

Achieving customer satisfaction in services firms via branding capability and customer empowerment

Aron O’Cass

School of Management, University of Tasmania, Tasmania, Australia, and

Liem Viet Ngo

Australian School of Business, The University of New South Wales, Sydney, Australia

Abstract

Purpose – The goal of this paper is to investigate how market sensing (market orientation) and customer linking capabilities (service branding and customer empowerment capabilities) enable firms to achieve superiority in customer satisfaction.

Design/methodology/approach – To achieve this goal, a conceptual model was developed, specifying the mediating role of branding and customer empowerment capabilities in the relationship between market orientation and customer satisfaction. The model was tested using partial least squares, on 266 responses obtained via an online survey conducted amongst executives of services firms in Australia.

Findings – The findings show that possessing a strong service branding capability and co-opting customer involvement through customer empowerment in the marketing effort is essential for services firms to realize the potential value of market orientation. This is important if the firm wants to translate the understanding gained from market intelligence (via market orientation as the “know-what” capability) into superior customer satisfaction.

Practical implications – Through interaction activities that centre on utilizing market intelligence and shared sense of brand meaning, customer empowerment practices help institutionalize market orientation and service firms branding capability.

Originality/value – This study offers a greater understanding of the underlying processes (i.e. service branding and customer empowerment capabilities) which market orientation works through to contribute to customer satisfaction.

Keywords Market orientation, Service branding, Customer empowerment, Customer satisfaction

Paper type Research paper

Introduction

Advancement in services is important as services represent approximately 77 percent of gross domestic product (GDP) in Australia (ABS, 2008), 80 percent in the USA (Bitner and Brown, 2008) comparable levels in other countries. Services innovation promotes the design of new services and enhancements in service delivery systems. While the contribution of services to economies varies dramatically across the globe, services in many countries make up the majority of the economic foundation and growth potential. Particularly, for Australia, the strong contribution of services is evident in the average total employment within the services sector in 2006–2007 of 724,600 people, representing 75 percent of all employment (ABS, 2008). Importantly, while substantial growth has occurred in services from an economic view point, managing services branding remains one of the most important challenges to business strategy in the services economy (Moller *et al.*, 2008).

To satisfy customers and capture the value they create, service firms need to rely on “isolating mechanisms” such as reputation building and branding (Lepak *et al.*, 2007; Mizik and Jacobson, 2003). We conjecture that branding is a central isolating mechanism, which effectively captures back to the firm the value it creates. Firms need to place their emphasis on the deployment of branding capabilities in order to achieve superiority in firm value appropriation (e.g. customer attraction, customer retention, customer satisfaction, and cross-selling) (O’Cass and Ngo, 2010) that in turn enhances their marketplace performance (e.g. financial value appropriation indicators such as market share, sales growth, and profitability).

Past research suggests that a firm’s marketing capability is an important isolating mechanism (Mizik and Jacobson, 2003); however, we conjecture that what matters, especially in service firms is service branding capability. Service branding capability refers to a firm’s capacity to mobilize a bundle of interrelated organizational routines to performing branding activities such as communication, pricing, and distribution of a service brand. To appropriate value, firms should build and nurture service branding capabilities that restrict competitive forces and which allow the firm to appropriate the value it has created. Branding differentiates the firm’s value offering and helps erect barriers to imitation, and extends the duration of competitive advantage (Mizik and Jacobson, 2003).

The current issue and full text archive of this journal is available at www.emeraldinsight.com/0887-6045.htm



Journal of Services Marketing
25/7 (2011) 489–496
© Emerald Group Publishing Limited [ISSN 0887-6045]
[DOI 10.1108/08876041111173615]

Possessing market sensing (the ability to understand customers’ expressed and latent needs) and customer linking (the ability to create and manage customer relationships) is essential in understanding and satisfying customers (Day, 1994). The marketing literature posits that market orientation (MO) captures the essence of market sensing and that being market-oriented enhances customer satisfaction (Jaworski and Kohli, 1993; Kirca *et al.*, 2005; Slater and Narver, 1994). However, given less attention in this stream of research has been how MO contributes to customer satisfaction. Kirca *et al.* (2005, p. 181) assert that “a MO involves multiple departments sharing information about customers and engaging in [customer-linking] activities designed to meet customer needs”. Urde (1999) indicates that to be brand-oriented is MO “plus” (an additional degree of sophistication) and further research should uncover brand orientation as a source of satisfaction of customer needs and wants. Further, Ramani and Kumar (2008) emphasize that customer empowerment is an important customer linking activity that shapes customer-firm interactions.

Importantly, given that customer satisfaction has been given a high research priority it appears problematic that less attention has been given to how MO contributes to customer satisfaction. Further, given the significance of branding in commercial goods there appears to be a need for greater attention to services branding. The role of branding appears pivotal even in relation to MO, where the linkage between branding and MO is described as brand orientation is MO “plus” (Urde, 1999). This is particularly so in relation to research seeking to uncover branding as a source of satisfaction of customer needs and wants, which at present is still missing from the literature. A further piece in the puzzle of satisfying customers can be found in the work of Ramani and Kumar (2008) who emphasize that customer empowerment is an important customer linking activity that shapes customer-firm interactions and which from an initial analysis may prove valuable in satisfying customers.

To address these issues the paper proceeds as follows. The first section details the conceptual framework and hypothesis development, followed by sections on method and results of the study. The article concludes with the discussions and implications.

Theory and hypotheses

Services have been argued to have special characteristics that set them apart from goods (see Berry *et al.*, 1991). Services are often intangible and perishable; and production and consumption are less separable (Parasuraman *et al.*, 1985). Given these unique characteristics of services and the direct interactions between the customer and service providers, we contend that branding capability, customer empowerment capability and MO are of paramount importance. The unique characteristics of services firms offerings, leads to a greater need for branding capability and customer empowerment capability to be employed to induce trial and purchase. Similarly, the participation of the customer in the actual production of many services requires a close understanding of customer needs and expectations, as well as meeting demand requirements which requires a high degree of MO.

Many services are personnel intensive, customized to suit heterogeneous needs and preferences, jointly produced by both producer and customer(s), and generally intangible

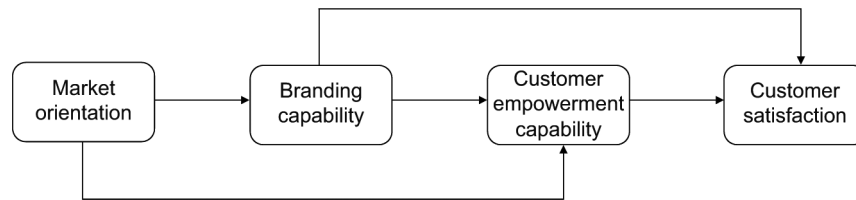
(Grönroos, 1990; Lovelock *et al.*, 1996; Shostack, 1977). These characteristics imply customization (ability to innovate) will be important in determining customer satisfaction (Anderson *et al.*, 1997). Further, it is often important to customize services to meet individual needs and preferences. The nature of many services means smaller lot sizes and there is a requirement for greater flexibility on the part of service personnel in delivering the service offering. There are as such, greater opportunities to improve performance via how services firms interact with customers and work toward satisfying customers.

Further, branding capability represents a firm’s ability to link with customers; it enables a market-oriented service firm to effectively compete in its chosen markets in areas such as product, pricing, channel management, marketing communications, marketing planning, and marketing implementation (see Morgan *et al.* (2009) and Song *et al.* (2005) in relation to marketing). Firms possessing a high level of MO are more likely to develop higher order branding capability to achieve customer-related advantage with respect to customer satisfaction.

There are some indications within the literature that a more market-oriented firm is able to identify and deploy distinctive capabilities more efficiently and effectively than less market oriented. This point raises specific issues associated with the MO-performance relationship. In their 2005 meta-analysis Kirca *et al.* (2005) indicate that their analysis shows that the correlation between MO and revenue-based performance is lower in service firms than in manufacturing firms. Furthermore, the extant theory in marketing, as documented by Anderson *et al.* (1997), also supports this finding. We contend that while this evidence is strong, the underlying reason behind the results, especially for service firms is that the mediational role of capabilities has not been explored. We contend that firm capabilities (especially branding capability and customer empowerment capability) mediate the MO – customer satisfaction relationship. The implementation of MO requires a high level of specific customer focused capabilities in service firms.

Our theoretical contention implies that the relationship between the level of MO in service firms and corresponding customer satisfaction will be mediated via specific customer oriented firm capabilities, especially service branding and customer empowerment capabilities. Specifically, the relatively unique features of the service firms’ offering requires that service firms implement MO to ensure a greater sensing ability because of the need to use branding and customer empowerment to target smaller customer segments, create and communicate the features of the offering to increase sales and market share (revenue-based performance measures) and customize offerings (as well as the lack of tangibility, perishable nature and the like). Further, there are indications within the literature that MO might be more integral to service firms because of the greater necessity of direct firm-customer interactions. Therefore, MO could be viewed as a failure-prevention approach (a “hygiene” factor) in service firms (see Kirca *et al.*, 2005; Varadarajan, 1985).

Our study addresses specific gaps in services marketing theory by examining the relationships among MO, branding capability, customer empowerment capability, and customer satisfaction as shown in Figure 1. In the following section, we integrate the distinct and yet related bodies of literature of

Figure 1 Conceptual model linking market orientation, branding capability, customer empowerment capability, and customer satisfaction

MO, branding and customer empowerment capability, proposing a set of specific hypotheses.

Recently, a small body of marketing literature has emerged focusing on the prominence of what has been labeled as brand orientation in the implementation of marketing strategy (e.g. Bridson and Evans, 2004; Ewing and Napoli, 2005; Hankinson, 2001; Noble *et al.*, 2002; Reid *et al.*, 2005; Urde, 1999). In this literature there has been interest in exploring the relationship between MO and brand orientation. MO from the behavioral perspective refers to the generation and dissemination of, and responsiveness to market intelligence (Kohli and Jaworski, 1990), while brand orientation is the organizational wide process of generating and sustaining a shared sense of brand meaning that provides superior value to customers and stakeholders (Ewing and Napoli, 2005). To be brand-oriented regards the firm as a brand with which its actions and attitudes are consistent in an ongoing interaction with target customers (Hankinson, 2001). MO and brand orientation are linked via their extensive focus on customers. Urde (1999) suggests that brand orientation provides the basis of the firm's interaction with customers, and brand orientation should be built on the foundation of MO. Indeed, "the necessary understanding of customers, competitors, and organizational processes associated with successful branding suggests a tie to the market orientation" (Noble *et al.*, 2002, p. 28). We further argue that as MO captures the essence of market sensing, it is about understanding customers instead of satisfying them. By this we mean MO does not provide the satisfying mechanism, branding capability does. Brands exist to serve customers (Rust *et al.*, 2004) and as such, in this study we hold the view that branding capability is an imperative customer-linking activity that facilitates the contribution of MO to customer satisfaction. Thus, we hypothesize that:

H1. Service branding capability mediates the relationship between MO and customer satisfaction.

It is increasingly acknowledged that focusing on the connection and collaboration between the firm and the customer results in greater customer satisfaction (Ramani and Kumar, 2008). Proactive customer participation is increasing (Prahalad and Ramaswamy, 2000), and thus empowering the customer is an essential mechanism through which the customer and firm can co-create value. Customer empowerment reflects the extent to which a firm provides its customers avenue for proactive customer involvement (Ramani and Kumar, 2008). Particularly, firms seek to interact with customers to design offerings that meet customers' unique, changing needs. They also provide customers with supporting systems to help them get more value out of their consumption. Customer empowerment practices help institutionalize MO and branding capability through interaction activities that center on the use of market

intelligence and shared sense of brand meaning. Therefore, we believe that to be effective, MO and branding capability should manifest in customer empowerment. Thus, we hypothesize that:

H2. Customer empowerment capability mediates the relationship between MO and customer satisfaction.

H3. Customer empowerment capability mediates the relationship between service branding capability and customer satisfaction.

Method

We obtained a sample of 1,000 Australian services companies that identified one senior marketing or brand executive per company from a well-known, commercial database vendor. Each respondent in the sample was contacted via email and asked to fill out an online survey. They were also questioned about their knowledge of the strategy and activities of the firm to ensure they were suitable respondents and asked about their confidence to complete the survey. To ensure informant competence, each respondent was pre-qualified by telephone and held a managerial role that involved ongoing management and evaluation of branding and customer-related activities. These firms were also pre-screened to ensure they had formal monitoring of customers, especially customer satisfaction levels. A reminder email was sent one week after the first one. Totally, we received 266 usable responses, which represent a 26 percent response rate. The sample profile of responding firms consists of 79.3 percent that are small and medium in size (with less than 200 full-time employees) and 20.3 percent large (with more than 200 full-time employees). The sample profile also shows that 78.6 percent of the firms operate within domestic markets, while 21.4 percent export.

All items used to measure the focal constructs were closed-ended with seven-point scales of strongly disagree to strongly agree. MO was measured through a 12-item scale adapted from Jaworski and Kohli (1993), tapping three components (e.g. intelligence generation, intelligence dissemination, and responsiveness). Service branding capability was measured via a 12-item scale adapted from Ewing and Napoli (2005), tapping three components (e.g. interaction, orchestration, and affect). While the original work of Ewing and Napoli (2005) focused on not-for-profit organizations the current scale as adapted here appears suitable for use in service branding contexts. This view is held after extensive pre-testing of the survey instrument (discussed below). Customer empowerment capability was measured via three indicators adapted from Ramani and Kumar (2008) and Prahalad and Ramaswamy (2000). Customer satisfaction was measured via three indicators adapted from Kano (1984) and Jayachandran *et al.* (2005).

We conducted two-phase pre-test and survey instrument refinement. In phase one, the draft survey was presented to an expert panel of academics and doctoral students in the areas of services marketing and branding at a large east coast university to specifically assess the content and face validity of the items. This process followed a similar procedure to that outlined by Hardesty and Bearden (2004) and also used by Grace and O'Cass (2004). Following this phase having generated and initially tested via expert judges, the survey underwent focus group evaluation and pilot testing (see also Grace and O'Cass, 2004). This process led to some alterations relating to item wording, duplication, layout and item sequencing. In this phase a pre-test was also undertaken using a convenience sample of 50 participants drawn from the sample frame for the final data collection in terms of age, gender, and familiarity with the topic under investigation. The analysis of the data indicated reliabilities were within acceptable ranges as recommended by Nunnally (1978).

Results

Measurement model

We used PLS (variance based path analysis) to analyze the data and test the hypotheses. We assessed the adequacy of the measurement model through examining individual-item reliabilities, convergent validity, and discriminant validity. As shown in Table I, all items had loadings above the cut-off suggested by Hulland (1999). Following Fornell and Larcker (1981), we calculated composite reliabilities of the four constructs (ranging from 0.90 to 0.94), which are above the 0.70 benchmark (see Table II). The average variances extracted (AVE) in all constructs were greater than 0.50 cut-off. The exceptional case includes MO, which demonstrates the marginal but acceptable AVE value of 0.43 (Barclay, 1991; Green *et al.*, 1995). Thus, these measures demonstrate adequate reliability and convergent validity. On the basis of Fornell and Larcker (1981), we found that the square root of AVE values (ranging from 0.66 to 0.91) were consistently greater than individual correlations (ranging from 0.35 to 0.61), thus providing evidence of discriminant validity.

Common method variance

To check for the presence of common method bias, we conducted two tests following Lindell and Whitney (2001) and Podsakoff *et al.* (2003). First, we conducted a Harmon's single-factor test that shows no single factor accounted for the majority of the variance (the first factor accounted for 36.7 percent of the 68.2 percent explained variance). Second, we used the marker variable technique (Lindell and Whitney, 2001; Maholtra *et al.*, 2006) and selected market type (export versus domestic) as a marker variable to control for common method variance ($r_M = 0.04$, $p = 0.53$). The mean change in correlations of the five key constructs ($r_U - r_A$) when partialling out the effect of r_M was 0.02, providing no evidence of common method bias.

Structural estimates

We used a bootstrapping method with 500 bootstrapping runs to assess the statistical significance of the parameter estimates. Table III presents the results of direct and indirect effects of MO, service branding capability, and customer empowerment capability on customer satisfaction. As *H1*, *H2*, and *H3* focus

on the meditating logic, we followed Baron and Kenny's (1986) procedure to test linkages in the mediating model. *H1* hypothesizes that MO's indirect impact, mediated by service branding capability on customer satisfaction is positive. As shown in Table III, MO positively affects customer satisfaction ($\beta = 0.38$, $p < 0.05$) and service branding capability ($\beta = 0.61$, $p < 0.05$); branding capability positively affects customer satisfaction ($\beta = 0.25$, $p < 0.05$); and the positive effect of MO on customer satisfaction becomes weaker when branding capability is included ($\beta = 0.38$ vs 0.23). Thus, service branding capability partially mediates the relationship between MO and customer satisfaction, in support of *H1*. *H2* indicates that MO's indirect impact, mediated by customer empowerment capability on customer satisfaction is positive. Results show that MO positively affects customer satisfaction ($\beta = 0.38$, $p < 0.05$) and customer empowerment capability ($\beta = 0.43$, $p < 0.05$); customer empowerment positively affects customer satisfaction ($\beta = 0.40$, $p < 0.05$); and the positive effect of MO on customer satisfaction becomes weaker when customer empowerment capability is included ($\beta = 0.38$ vs 0.23). Thus, customer empowerment capability partially mediates the relationship between MO and customer satisfaction, in support of *H2*. *H3* suggests that service branding capability's indirect impact, mediated by customer empowerment capability on customer satisfaction is positive. As expected, service branding capability positively affects customer satisfaction ($\beta = 0.40$, $p < 0.05$) and customer empowerment capability ($\beta = 0.35$, $p < 0.05$); customer empowerment capability positively affects customer satisfaction ($\beta = 0.41$, $p < 0.05$); and the positive effect of service branding capability on customer satisfaction becomes weaker when customer empowerment capability is included ($\beta = 0.40$ vs 0.25). Thus, customer empowerment capability partially mediates the relationship between service branding capability and customer satisfaction, supporting *H3* (see Figure 2).

Discussions and implications

The purpose of our study was to investigate how services firms service branding capability and customer empowerment capability contribute to their ability to achieve superiority in customer satisfaction. Drawing on the extant literature, we theorized that MO emphasizes the firm's ability to sense and understand the customer, while service branding and customer empowerment capabilities are customer-linking capabilities that enable market-oriented firms to deliver superior customer satisfaction. Through our study, we establish that MO leads to greater service branding capability. This finding is in line with that of Reid *et al.* (2005) and provides empirical support for Urde's (1999, p. 118) proposition that "to be brand-oriented is market orientation plus". Further, our study offers a greater understanding of the underlying processes through which MO contributes to customer satisfaction. Specifically, our findings indicate that a service firms' branding capability and customer empowerment capability capture the indirect effect of MO on customer satisfaction. Given the significant focus of MO on customers, our findings indicate the importance of services firms possessing a high service branding capability and co-opting customer involvement in the marketing effort. This is important if the firm wants to translate the

Table I Measurement model results

Constructs and manifest variables ^a	AVE	Composite reliability	Loading ^b
<i>Market orientation (MO)^c</i>	0.43	0.90	
<i>Intelligence generation (IG)</i>	0.61	0.86	
We survey consumers to assess the quality of our brand(s) (MO1)			0.71
We gather market intelligence about our competitors (MO2)			0.78
We gather information on the likely effect of changes in our business environment (e.g. regulations) on our customers (MO3)			0.80
We collect information about social and economic trends (e.g. environmental consciousness, emerging lifestyles) that might affect us (MO4)			0.80
<i>Intelligence dissemination (ID)</i>	0.59	0.85	
Our staff spend time discussing the implications of information about customers' needs (MO5)			0.81
We circulate documents (e.g. reports, newsletters) that provide information about our customers (MO6)			0.61
We have meetings to update our knowledge and share information (MO7)			0.83
Market information spreads quickly in our business (MO8)			0.78
<i>Responsiveness (RESP)</i>	0.68	0.90	
We respond quickly to our customers' needs (MO9)			0.81
We are responsive to environmental changes (suppliers and competitors) (MO10)			0.87
We respond well to competitors' campaigns targeted at our customers (MO11)			0.78
We respond well to changes we see in social trends (MO12)			0.85
<i>Branding capability (BC)^d</i>	0.58	0.94	
<i>Interaction (INT)</i>	0.71	0.93	
We invest adequate resources in improvements in the brand that provide better value to the market (BO1)			0.78
We keep "in touch" with our stakeholders' needs in relation to our brand (BO2)			0.90
We focus on creating a positive brand experience for our stakeholders (BO3)			0.90
We keep "in touch" with current market conditions in relation to our brand (BO4)			0.85
We have a system in place for getting stakeholders' feedback to the people who can make changes to the brand (BO5)			0.78
<i>Orchestration (ORC)</i>	0.73	0.93	
We design our marketing activities to encourage consumers to directly use our brand (BO6)			0.78
We design our integrated marketing activities to encourage our suppliers, distributors and other key stakeholders to promote our brand to consumers (BO7)			0.84
We ensure that managers within our business are aware of all of the marketing activities that involve the brand (BO8)			0.89
We develop marketing programs that send consistent messages about our brand to our stakeholders (BO9)			0.90
We create a brand/sub-brand structure that is well thought out and understood by our staff (BO10)			0.86
<i>Affection (AFFE)</i>	0.76	0.86	
We develop detailed knowledge of what our stakeholders like or dislike about the brand (BO11)			0.88
Our brand name is an expression of what the brand does and the values it represents (BO12)			0.84
<i>Customer empowerment capability (CEP)^e</i>	0.79	0.92	
We interact with customers to design offerings (products and/or services) that meet customers' unique, changing needs (CE1)			0.88
We co-opt customer involvement in providing services for customers (CE2)			0.90
We provide customers with supporting systems to help them get more value out of their consumption (CE3)			0.89
<i>Customer satisfaction (CS)^f</i>	0.83	0.94	
We ensure that customers product and/or service preferences are satisfied (CS1)			0.90
We deliver products and/or services that are exactly what customers want (CS2)			0.93
We deliver products and/or services that exceed customers' expectations (CS3)			0.91

Notes: ^a Items were measured using a seven-point scale 1="strongly disagree" and 7="strongly agree", ^ball item loadings are significant at 0.05

Sources: ^cAdapted from Jaworski and Kohli (1993); ^dadapted from Ewing and Napoli (2005); ^eadapted from Ramani and Kumar (2008) and Prahalad and Ramaswamy (2000); ^fadapted from Kano (1984) and Jayachandran *et al.* (2005)

Table II Construct-level measurement statistics and correlation matrix

Constructs	Internal consistency	MO	BC	CEP	CS
Market orientation (MO)	0.90	0.66			
Branding capability (BC)	0.94	0.61	0.76		
Customer empowerment capability (CEP)	0.92	0.41	0.35	0.89	
Customer satisfaction (CS)	0.94	0.38	0.40	0.51	0.91

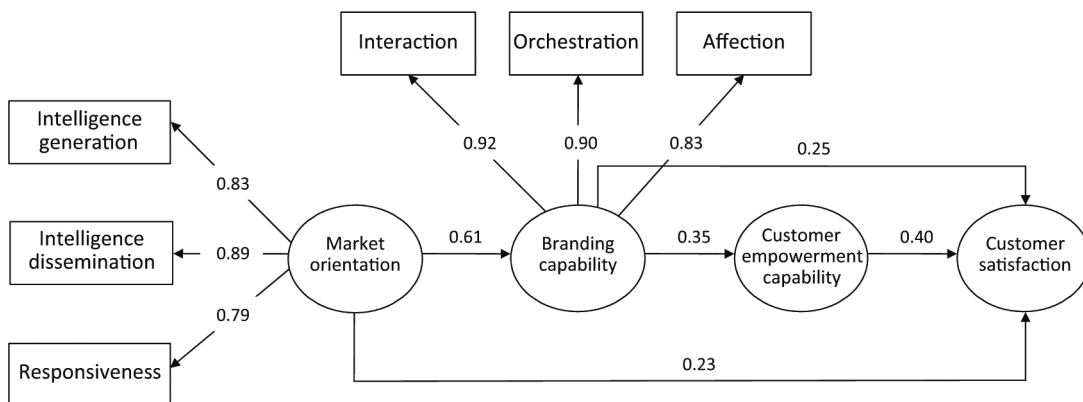
Note: Diagonal entries show the square roots of average variance extracted, others represent correlation coefficients

Table III Direct, indirect, and total effects of market orientation, branding capability, and customer empowerment capability and customer satisfaction: standardized partial least square coefficients

Dependent variable	Independent variable	Without mediation effects		With mediation effects			R ²
		Direct ^a	R ²	Direct ^a	Indirect ^b	Total effect	
H1. Market orientation → branding capability → customer satisfaction							
Customer satisfaction	Market orientation	0.38*	0.17	0.23*	0.15	0.38	0.21
	Branding capability	–	–	0.25*	NA	–	–
Branding capability	Market orientation	–	–	0.61*	NA	–	0.44
H2. Market orientation → customer empowerment capability → customer satisfaction							
Customer satisfaction	Market orientation	0.38*	0.17	0.23*	0.17	0.40	0.32
	Customer empowerment capability	–	–	0.40*	NA	–	–
Customer empowerment capability	Market orientation	–	–	0.43*	NA	–	0.18
H3. Branding capability → customer empowerment capability → customer satisfaction							
Customer satisfaction	Branding capability	0.40*	0.18	0.25*	0.14	0.35	0.33
	Customer empowerment capability	–	–	0.41*	NA	–	–
Customer empowerment capability	Branding capability	–	–	0.35*	NA	–	0.12

Notes: ^a standardized coefficients of direct effects (β_{direct}); ^b $\beta_{indirect} = \sum_{m=1}^n \beta_{X_{independent} \rightarrow X_m}^* \beta_{X_m \rightarrow X_{dependent}}$, m is mediator; NA=not available; * $p < 0.05$

Figure 2 Results for the conceptual model



understanding of market intelligence (via MO as the “know-what” capability) into superior customer satisfaction.

Similarly, we found that customer empowerment does matter within the context of the contribution of branding capability to customer satisfaction. These findings support an emerging stream of research, which indicates that marketing should place more emphasis on capitalizing on customer empowerment practices that enable customers to participate in the marketing effort (Berthon *et al.*, 2000; Ramani and Kumar, 2008). In terms of future research direction, we

suggest that richer insights might be available if the moderating impact of environmental influences (e.g. competitive intensity) and organizational structure could be examined in researchers’ efforts to better understand customer satisfaction and a firm’s ability to satisfy its customers.

Overall, we show that to satisfy customers and capture the value they create, services firms can rely on isolating mechanisms such as service branding. Branding and customer empowerment appear to operate as a central

isolating mechanism which assists the firm to capture back the value it creates via higher customer satisfaction. As such, services firms need to place their emphasis on the deployment of branding capabilities and empowerment in order to achieve superiority in satisfaction. Possessing market sensing and customer linking is essential in understanding and satisfying customers according to our findings. In this sense, the marketing literature posits that MO captures the essence of market sensing and that being market-oriented enhances customer satisfaction through service branding and customer empowerment. On this point Urde (1999) indicates that to be brand-oriented is MO plus and we show empirically that branding capability is a source of satisfaction of customer needs and wants. Service firms possessing a high level of MO are more likely to achieve superior customer satisfaction through its branding and customer empowerment capabilities.

Specifically, we show that the relatively unique features of the service firms offering requires that service firms must implement MO to ensure a greater sensing ability because of the need to use branding capability and customer empowerment capability to target smaller customer segments, create and communicate the features of the offering in efforts to satisfy customers.

We believe that our focus on branding as well as customer empowerment is important and shows that some service firms seek to interact with customers to design offerings that meet customers' unique, changing needs. They also provide customers with supporting systems to help them get more value out of their consumption. Customer empowerment practices help institutionalize MO and branding capability through interaction activities that center on the use of market intelligence and shared sense of brand meaning. Therefore, we believe that to be effective, MO and service branding capability should manifest in services firms a strong customer empowerment.

References

- Anderson, E.W., Fornell, C. and Rust, R.T. (1997), "Customer satisfaction, productivity, and profitability: differences between goods and services", *Marketing Science*, Vol. 16 No. 2, pp. 129-45.
- Australian Bureau of Statistics (ABS) (2008), *2008 Year Book Australia*, ABS, Canberra.
- Barclay, D.W. (1991), "Interdepartmental conflict in organizational buying: the impact of the organizational context", *Journal of Marketing Research*, Vol. 2, pp. 145-59.
- Baron, R.M. and Kenny, D.A. (1986), "The moderator-mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations", *Journal of Personality and Social Psychology*, Vol. 51 No. 6, pp. 1173-82.
- Berry, L.L., Conant, J.S. and Parasuraman, A. (1991), "A framework for conducting a services marketing audit", *Academy of Marketing Science*, Vol. 19 No. 3, pp. 255-68.
- Berthon, P., Holbrook, M.B. and Hulbert, J.M. (2000), "Beyond market orientation: a conceptualization of market evolution", *Journal of Interactive Marketing*, Vol. 14 No. 3, pp. 50-66.
- Bitner, M.J. and Brown, S.W. (2008), "The service imperative", *Business Horizons*, Vol. 51 No. 1, pp. 39-46.
- Bridson, K. and Evans, J. (2004), "The secret to a fashion advantage is brand orientation", *International Journal of Retail & Distribution Management*, Vol. 32 No. 8, pp. 403-11.
- Day, G.S. (1994), "The capabilities of market-driven organization", *Journal of Marketing*, Vol. 58 No. 4, pp. 37-61.
- Ewing, M.T. and Napoli, J. (2005), "Developing and validating a multidimensional nonprofit brand orientation scale", *Journal of Business Research*, Vol. 58 No. 6, pp. 841-53.
- Fornell, C. and Larcker, D.F. (1981), "Evaluating structural equation models with unobservable variables and measurement error", *Journal of Marketing Research*, Vol. 18, pp. 39-50.
- Grace, D. and O'Cass, A. (2004), "Examining service experiences and post-consumption evaluations", *Journal of Services Marketing*, Vol. 18 No. 6, pp. 450-61.
- Green, D.H., Barclay, D.W. and Ryans, A.B. (1995), "Entry strategy and long-term performance: conceptualization and empirical examination", *Journal of Marketing*, Vol. 59, pp. 1-16.
- Grönroos, C. (1990), "Relationship approach to marketing in service contexts: the marketing and organizational behavior interface", *Journal of Business Research*, Vol. 20 No. 1, pp. 3-11.
- Hankinson, P. (2001), "Brand orientation in the top 500 fundraising charities in the UK", *Journal of Product & Brand Management*, Vol. 10 No. 6, pp. 346-60.
- Hardesty, D.M. and Bearden, W.O. (2004), "The use of expert judges in scale development: implications for improving face validity of measures of unobservable constructs", *Journal of Business Research*, Vol. 57 No. 2, pp. 98-107.
- Hulland, J.S. (1999), "The effects of country-of-brand and brand name on product evaluation and consideration: a cross-country comparison", *Journal of International Consumer Marketing*, Vol. 11 No. 1, pp. 23-40.
- Jaworski, B.J. and Kohli, A.K. (1993), "Market orientation: antecedents and consequences", *Journal of Marketing*, Vol. 57, pp. 53-70.
- Jayachandran, S., Sharma, S., Kaufman, P. and Raman, P. (2005), "The role of relational information processes and technology use in customer relationship management", *Journal of Marketing*, Vol. 69, pp. 177-92.
- Kano, N. (1984), "Attractive quality and must-be quality", *The Journal of the Japanese Society for Quality Control*, Vol. 14 No. 2, pp. 39-48.
- Kirca, A.H., Jayachandran, S. and Bearden, W.O. (2005), "Market orientation: a meta-analytic review and assessment of its antecedents and impact on performance", *Journal of Marketing*, Vol. 69 No. 2, pp. 24-41.
- Kohli, A. and Jaworski, B. (1990), "Market orientation: the construct, research propositions, and managerial implications", *Journal of Marketing*, Vol. 54 No. 2, pp. 1-18.
- Lepak, D., Smith, K.G. and Taylor, M.S. (2007), "Value creation and value capture: a multilevel perspective", *Academy of Management Review*, Vol. 32 No. 1, pp. 180-94.
- Lindell, M.K. and Whitney, D.J. (2001), "Accounting for common method variance in cross-sectional research designs", *Journal of Applied Psychology*, Vol. 86 No. 1, pp. 114-21.
- Lovelock, C.H., Magi, A. and Julander, C.R. (1996), "Perceived service quality and customer satisfaction in a store performance framework: an empirical study of

- Swedish grocery retailers”, *Journal of Retailing and Consumer Services*, Vol. 3 No. 1, pp. 33-41.
- Maholtra, N.K., Kim, S.S. and Patil, A. (2006), “Common method variance in is research: a comparison of alternative approaches and a reanalysis of past research”, *Management Science*, Vol. 52 No. 12, pp. 1865-83.
- Mizik, N. and Jacobson, R. (2003), “Trading off between value creation and value appropriation: the financial implications of shifts in strategic emphasis”, *Journal of Marketing*, Vol. 67 No. 1, pp. 63-76.
- Moller, K., Rajala, R. and Westerlund, M. (2008), “Service innovation myopia? A new recipe for client-provider value creation”, *California Management Review*, Vol. 50 No. 3, pp. 31-48.
- Morgan, R.E., Vorhies, D.W. and Mason, C.H. (2009), “Market orientation, marketing capabilities, and firm performance”, *Strategic Management Journal*, Vol. 30, pp. 909-20.
- Noble, C.H., Sinha, R.K. and Kumar, A. (2002), “Market orientation and alternative strategic orientations: a longitudinal assessment of performance implications”, *Journal of Marketing*, Vol. 66 No. 4, pp. 25-39.
- Nunnally, J.C., Sinha, R.K. and Kumar, A. (1978), *Psychometric theory*, 2nd ed., McGraw-Hill, New York, NY.
- O'Cass, A. and Ngo, L.V. (2010), “Examining the firm's value creation process: a managerial perspective of the firm's value offering strategy and performance”, *British Journal of Management*.
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1985), “A conceptual model of service quality and its implications for future research”, *Journal of Marketing*, Vol. 49 No. 4, pp. 41-50.
- Podsakoff, P., MacKenzie, S., Podsakoff, N. and Lee, J. (2003), “Common method biases in behavioral research: a critical review of the literature and recommended remedies”, *Journal of Applied Psychology*, Vol. 88 No. 5, pp. 879-903.
- Prahalad, C.K. and Ramaswamy, V. (2000), “Co-opting customer competence”, *Harvard Business Review*, January-February, pp. 79-87.
- Ramani, G. and Kumar, V. (2008), “Interaction orientation and firm performance”, *Journal of Marketing*, Vol. 72 No. 1, pp. 27-45.
- Reid, M., Luxton, S. and Mavondo, F. (2005), “The relationship between integrated marketing communication, market orientation, and brand orientation”, *Journal of Advertising*, Vol. 34 No. 4, pp. 11-23.
- Rust, R.T., Zeithaml, V.A. and Lemon, K.N. (2004), “Customer-centered brand management”, *Harvard Business Review*, September, pp. 110-8.
- Shostack, G.L. (1977), “Breaking free from product marketing”, *Journal of Marketing*, Vol. 41 No. 2, pp. 73-80.
- Slater, S.F. and Narver, J.C. (1994), “Market orientation, customer value, and superior performance”, *Business Horizons*, Vol. 37 No. 2, pp. 22-8.
- Song, M., Hanvanich, S. and Calantone, R. (2005), “Marketing and technology resource complementarity: an analysis of their interaction effect in two environmental contexts”, *Strategic Management Journal*, Vol. 26, pp. 259-76.
- Urde, M. (1999), “Brand orientation: a mindset for building brands into strategic resources”, *Journal of Marketing Management*, Vol. 15 No. 13, pp. 117-33.
- Varadarajan, P.R. (1985), “Product effort and promotion effort hypotheses: an empirical investigation”, *Journal of the Academy of Marketing Science*, Vol. 13 No. 1, pp. 47-61.

Corresponding author

Aron O'Cass can be contacted at: aron.ocass@utas.edu.au