Market-Oriented Culture in Nollywood Industry: An Empirical Investigation of Film Makers and Producers in Nigeria.

Amue Gonewa John Ph.D, MNIMN
Senior Lecturer, Department of Marketing
University of Port Harcourt

Igwe Sunny R. Ph.D, MNIMN
Lecturer, Department of Marketing
University of Port Harcourt

Friday Nkoro
Rivers State Polytechnic Bori

Abstract

The collapse of movie-theatre going culture and the incessant harassment of innocent citizen by criminals, the country's economic downturn and various problems affecting celluloid film production gave rise to video films in Nigeria. It is on record that the industry rakes gross estimate of about 200 million dollars every year with a popularity that cuts across the entire continent of Africa to Europe and North America. Efforts have been made to investigate the effects of market orientation and performance of the Nollywood industry. As part of these efforts, this study employed market-oriented culture as a competitive strategy in the creative industry and based on reviews of relevant literature, developed relationship between market-oriented culture and performance, and finally verified the relationships from the entire industry. It was found out that, market orientation has direct effects on performance of the Nollywood industry. The findings of this study add new understanding to the literature on market orientation and performance in entertainment industry.

Key words:

market Orientation, Nollywood, Performance, competitive Strategy, Creative industry.

INTRODUCTION

The entertainment industry popularly known as Nollywood is acclaimed by industry players to rank as the third largest movie industry in the world after India's Bollywood and America's Hollywood. According to movie scholars and critics, Nollywood industry, which despite its relative young emergence in the global movie market has successfully become an enviable artistic cultural vehicle with which African narrative is communicated to the world, ironically emerged as a child of necessity to fill the gap created by the total collapse of the country's theatre and stage culture (Nwachukwu, 2012).

Nollywood in Nigeria has existed for about 20 years, the industry has been trailed with disturbing criticisms of poor infrastructure, the industry also is accused of playing the antics of western etiquettes by portraying in many of their movies the continent backwardness. Nollywood movies are said to be replete with images of cultist, voodoo and fetish re-enactments that do not in any way represent African practices of the present generation. There is also the problem of gender in balance in movie naratology, we discovered that scripts and directional interpretation of Nollywood movies still follow the Patriarchal order and, therefore favors the men folks over the women (Nwachukwu, 2012). Almost all their video films down play the liberating and positive roles of women. Women characters are viewed in such way that they are mere appendages to men in our society, women are more object of sexual gratifications. The Nollyhood productions should see women in the light of contemporary achievements. The industry has the problem of prolificacy of films, going by market indicators; Nigeria is one of the highest producers of video films in the world. It produces an average of 50 video films per week, 200 per month and 2,400 video films per year (Geoffrey and Goldon, 2011). This is understandably, so going by the fact that producer of Nigerian films go for low budgets production, the low budget film makes it possible for them to shoot and complete production at the shortest possible time which affects the quality of productions as everything is hurriedly done (Person and Kayoed, 2011). The industries also suffer the hard bite of piracy and copyright infringement.

From all available information, Nigeria loses an estimate of $50million annually to international piracy (Nwachukwu, 2012). This sad situation is worsened by the present distribution network which makes it impossible to satisfy the ever growing need of Nollywood customers across the globe. With low budget, piracy and inadequate infrastructure, movie producers are therefore left in the hands of mediocre and unprofessional, it is against this background that it behooves on us to ask: to what extent can the Nollywood industry imbibe the market - oriented culture to cope with the identified problems? Based on the above, this study examines market orientation and its influence on firm's performance.

We make theoretical contribution to the literature on market – oriented culture by introducing a set of oriented culture and develop a testable model of their impact on performance. In the following sections, we discuss prior research on market orientation and conceptualize a set of orientations that is needed for creative markets. We develop our conceptual model and test it on a sample of Nollywood films makers and producers in Nigeria.

PRIOR RESEARCH

Market orientation provides an organization with a better understanding of its customers, competitors and product which then leads to enhanced customer satisfaction and performance. Drawing from previous research, Narver and Slater (1990) defined market orientation as the firms culture "that most effectively and efficiently create the necessary behavior for the creation of superior value for customer and, thus continuous superior performance for the business."

Narver and Slater consider that market orientation embraces three basic components; customer orientation, competitor orientation and product orientation. Drawing from the work of Gatignon and Xuereb (1997) as it is in the work of Augusto and Coelho (2002) they defined customer orientation as an organization's commitment to integrate customer preferences into the product development and marketing process; competitor orientation as a firm's commitment to integrate competitor intelligence into the product development and marketing process and finally he saw product orientation as an organization's commitment to integrate innovation into the product development and marketing process. Many studies on market orientation agree that good implementation of this strategic orientations leads to better performance (Deshpande and Farley, 1998; Jaworski and Kohli, 1993; Slater and Narver, 1994). Following past studies (Peterson and Davidson, 2009; Bobmanuel, 2010; Clarkson et al, 2011). We take an integrated approach in investigating the links between market orientation and performance; we disintegrate the effects of market orientation components on firm performance. We shall examine the predictor effects on performance.

Customer Orientation

This is the first dimension of market orientation, positioned as marketing contribution to business strategy (Linjconsin and Jaaji, 2010). The advantages of customer orientation are argued to be a consequence of improved market-sensing capabilities and thus improved market responsiveness most especially in a hostile and unpredictable Nollywood business environments (Jackson and Melford, 2008). Many researchers argued that over dependence on customer orientation results to negative impacts on the degree of product innovation, Karije et al (2010) as in (Benneth and Cooper, 1981; Christensen, 1997; Christensen and Bower, 1996) in their work, they contended that many organizations fail because they listen carefully to their customers, they believe that customers do not actually know how their needs will evolve and how certain technologies may impact on the satisfaction of their needs. However, this argument is too parochial and short-sighted. Infact, it has been recognized by many authors and (Han et al, 1998; Kohli and Jarwoski, 1990; Narver and Slater, 1990, 1998, 1999) that being customer-oriented goes far beyond simply listening to customers. It involves an understanding of how the future needs of customers will evolve and how firms can satisfy them. Therefore we offer the following hypotheses:

Hypothesis 1a: the greater the firm competitive intensity, the greater is the influence of customer orientation on performance.

Hypothesis 1b: the greater the firm competitive intensity, the greater the influence of product orientation on firm performance.

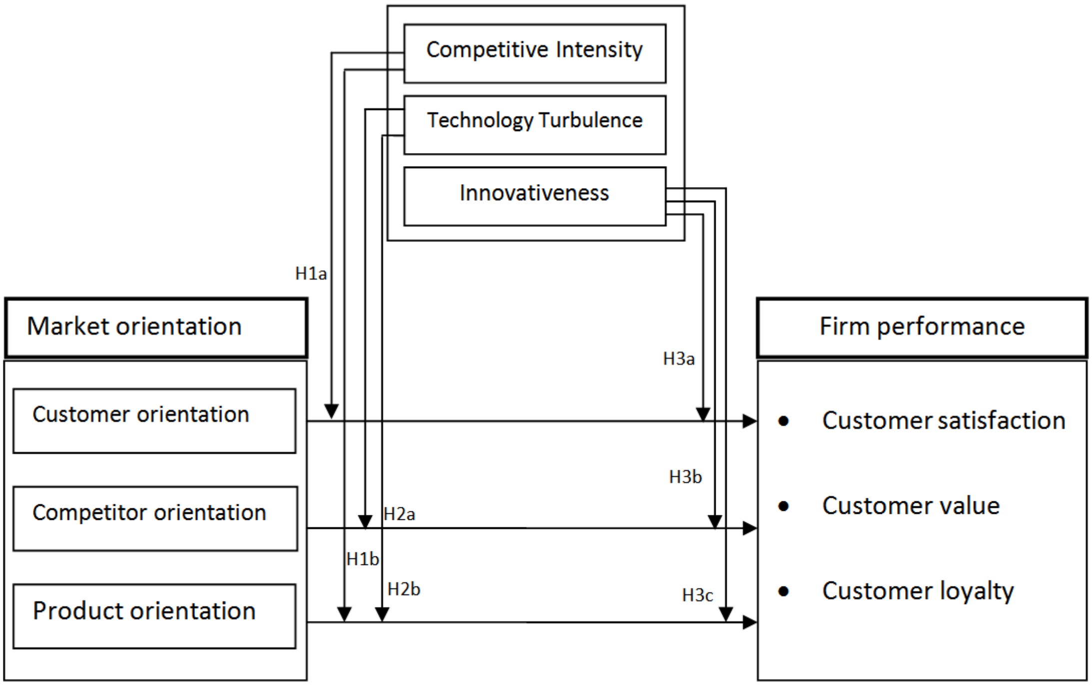
Competitor orientation

Competitor, as a firm's commitment to integrate competitor's intelligence into the product development and marketing process (Gatignon and Xuereb, 1997). Narver and Slater (1990) consider competitor orientation as comprises the analysis of current and potential competitors, and this includes "the total set of technology capable of satisfying present and future customer needs". In this sense, scanning competitors can help a firm to identify emerging substitutes, the speed with which substitute technologies will disseminate, and the timing of technological shift (Belema and Kotis, 2009). Conclusively, of the best course of actions to enhance their current position. It is also of note that through technological innovation, firm may develop competitive innovations, lessening the link between market orientation and performance.

Narver and Slater (1990) in Mende's (2011) noted that these environments provide more opportunities for creating value to customers, and this would pave the way for the introduction of innovative products. The link between competitor's orientation and product or service innovation is also likely to be intensified in these environments because competitor intelligence will provide warnings about whether competition can use opportunities created by an emerging technology to improve performance. Therefore, we offer the following hypotheses:
Hypothesis2a: The greater the technological turbulence, the greater is the influence of competitor orientation on firm performance.
Hypothesis2b: The greater the technological turbulence, the greater is the influence of product orientation on firm performance.

Market Orientation and Firm Innovativeness
A firm with an innovative outlook will support innovativeness and foster the sharing and utilization of information. Therefore, customer and competitor knowledge is likely to yield greater service innovation. The argument is that film makers and producer are more likely to use this information in more creative ways, thus yielding greater product innovativeness. We propose that:
Hypothesis3a: Innovativeness moderates the effect of customer orientation on performance.
Hypothesis3b: Innovativeness moderates the effects of competitor orientation on performance.
Hypothesis3c: Innovativeness moderates the effects of product orientation on performance.

Figure 1 conceptual model of market orientation and firm performance



Source: conceptualized from literature, 2012.

METHODOLOGY

For the purpose of this research work, we selected the Nollywood industry in Nigeria as the context for our research this is because the industry is rated as the third largest producer behind Bollywood of India and Hollywood of America. Besides, the industry provides a universal interface for film makers and producers to participate in the entertainment markets, which suggests that the industry is a productive context in which to examine market-oriented culture and performance measures. The Nollywood context was also interesting to us because the industry rakes gross estimate of about 200 million dollars every year with a popularity that cut across the entire continent of Africa to Europe and North America. With the nature of the industry, Nigeria is one of the highest producers of video films in the world, an average of 50 video films are churned out from different producers every week meaning that the industry has numerous customers, we constructed our sampling frame using multiple sources. Again, we were looking at performance from customer's perspective (satisfaction, loyalty and value). So our key informants where customers who patronize the products at Alaba market – Lagos; Onitsha market and Aba market. This process resulted in a sampling frame of 2000 customers. Thus, we used a sampling of customers of Nollywood industry to explore empirically the relationships between performance and market – oriented culture.

We used the Taro Yemen formula to determine the sample size of 400 respondents. 400 copies of questionnaires was administered and 250 was returned of the 250 only 160 was used for purpose of analysis resulting in a response rate of 40%. Thus we used this response rate to explore empirically the relationship between performance and market oriented phisolophy.

We examined the relationship between market-orientated culture and performance using subjective measures of performance. Subjective measures of performance captured customers' satisfaction of the product of the Nollywood film makers and producers, customers' value and customers' loyalty. These measures used a five-point scale which anchored onto a little extent and to a large extent.

Market orientation is measured using multiple item scales drawn from literature and adopted to Nollywood entertainment industry. Thus, the resulting scales are market-oriented cultures in the entertainment industry.

DATA ANALYSIS

To test our hypothesis, we use regression analysis that substituted the various performance measures as dependent variables. For each performance measures, we conducted a regression analysis that tests for independent and interaction effects for the hypothesized moderator, see below:

1. $Y = b_0 + b_1cs + b_2\,cl + b_3cv + b_4ci + b_5tt + b_6in + b_7co + b_8co_1 + b_9po + b_{10}\,(co \times ci) + e.$
2. $Y = b_0 + b_1cs + b_2\,cl + b_3cv + b_4ci + b_5tt + b_6in + b_7co + b_8co_1 + b_9po + b_{10}\,(co_1 \times tt) + b11\,(po \times tt) + e.$
3. $Y = b_0 + b_1cs + b_2\,cl + b_3cv + b_4ci + b_5tt + b_6in + b_7co + b_8co_1 + b_9po + b_{10}\,(Co \times IN) + b_{11}\,(co_1 \times in) + b_{12}\,(po \times in) + e.$

Where:

Y = Performance measure
CS = Customer satisfaction
CL = Customer loyalty
CV = Customer value
CO = Customer orientation
CO_1 = Competitor orientation
PO = Product orientation
C_1 = Competitor intensity
tt = Technological turbulence
in = Innovativeness
e = The error term

Note: Test of Hypothesis Are Two-Tail Test

We hypothesized that the effects of customer orientation interact with competitive intensity to influence firm performance variables. Consistent with the hypothesis, our results show that competitive intensity moderates the influence of customer orientation, such that competitive intensity increases the effect of customer orientation on firm performance (Hypothesis 1a: b = .21; P<.05). however competitive intensity does not moderate the effect of product orientation on performance (Hypothesis 1b), we found out partial support for the interaction between competitor orientation and technological turbulence such that competitive intelligence may provide warnings about whether competitors may use opportunities created by an emerging technology to improve performance (Hypothesis 2a: b = -.56; P<.05); this interaction is not significant for firm performance. For the interaction between product orientation and technological turbulence, we found support for firm performance such that the integration of innovation into product development through technological efforts enhance firm performance (hypothesis 2b: b = .085; P<.05).

We hypothesized that firm-specific factor (i.e innovativeness) moderate the impact of customer orientation, competitor orientation and product orientation on the performance variable. Our results show significant moderating effects on product orientation (hypothesis 3c: b = .20; P<.05), thus supporting hypothesis 3c. Again, hypothesis 3b predicted that innovativeness would enhance the effects of competitor orientation but we obtained a significant negative effect, showing instead an attestation of the relationship (hypothesis 3b: b = -.48; P<.05).

We found support for the interaction between customer orientation and innovativeness such that innovativeness would strengthen the effects of customer orientation on performance variables. The table reveals a significant interaction effect in the hypothesized direction (hypothesis 3a b = .63; P<.05).

Table 1 Descriptive Statistics, Correlation, Reliability And Variance

	Mean	SD	X_1	X_2	X_3	X_4	X_5	X_6	X_7	X_8	X_9	X_{10}	CR	AVE
Customer orientation(CO) x_1	5.13	1.03	-										.82	53
Competitor orientation (CO) x_2	4.75	1.15	.56	-									.79	.50
Product orientation (PO) x_3	4.60	1.30	.52	.60	-								.83	.48
Competitor intensity (C_1) x_4	5.20	1.00	.50	.32	.60	-							.78	.39
Technological turbulence (tt) x5	5.09	0.90	.49	51	40	50	-						.82	.50
Innovativeness (in) x_6	4.78	1.21	.30	.33	.16	.16	.10	-					.73	.69
Firm performance (Y) x_7	4.80	1.30	.18	-.05	-.15	-.05	.12	-.16	-				.82	.50
Customer satisfaction (CS) x8	5.15	1.14	.20	.28	.30	.20	.26	-.05	.28	-			.83	.51
Customer loyalty (CL) x_9	5.35	1.01	.38	.30	.20	.25	.20	.31	.15	-.05	-		.72	.46
Customer value (CV) x_{10}	4.90	1.20	.32	.50	.26	.30	.21	.28	.21	.10	.20	-	.82	.56

Note:CR = Composite Reliability; AVR = Average Variance Extracted.

Table 2 Estimated Result

	Unstandardized coefficient	*S.E*	*t-value*	*p-value*	*hypothesis*
Moderating effects x competitive intensity	.21	.18	2.05	.05	Hi (+)
Product orientation x competitive intensity	-.30	.12	-1.22	.05	H1b (-)
Competitor orientation x technological turbulence	.085	.16	2.31	.05	H2b (+)
Customer orientation x innovativeness	.63	.19	3.16	.05	H3a (+)
Competitor orientation x innovativeness	-.48	.14	-3.02	.05	H3b (-)
Product innovativeness x innovativeness	.20	.15	2.15	.05	H3c (+)

Test of hypotheses are two-tail test

Table 3 Summary of Hypotheses Testing

	Hypothesis	*Coefficient*	*Result*
Customer orientation x competitive intensity	Hi (+)	0.21	Supported
Product orientation x competitive intensity	H1b (-)	-0.20	Not supported
Competitor orientation x technological turbulence	H2a (+)	-0.056	Partial support
product orientation x technological turbulence	H2a(+)	0.085	Supported
Customer orientation x innovativeness	H3a (+)	0.63	Supported
Competitor orientation x innovativeness	H3b (-)	-0.48	Not supported
Product innovativeness x innovativeness	H3c (+)	0.20	supported

Discussion And Implications

In this paper, we attempted to provide some understanding of the drivers of market-oriented culture through philosophies or beliefs perspective. We advanced the notion of market orientations, identified a set of philosophies that are relevant to market-oriented culture in the Nollywood context of the entertainment industry, and tested their interactions influence on performance outcomes specific to Nollywood in Nigeria. We conceived firm's specific factors (innovativeness) and environmental forces (technological turbulence and competitive intensity) as providing moderating effects on market-oriented culture. Thus, we took a disaggregated view on firm performance. Our results show notable findings with respect to market-oriented culture.

Our results show that customer focus culture in conjunction with competitive intensity is critical for superior performance of the Nollywood industry. The Nollywood industry is technology-driven and the environment is dynamic and turbulence, there is a payoff of being customer focus that is by anticipating and shaping customer needs and wants. In the industry, film makers and producers should be customer focus and provide the quality of production that their customers need and want. They should be able to have the technology that collect, store and analyze customer data in order to predict future customer behavior. Here, customer focus culture provides requisite synergy to improve the Nollywood performance. Again, competitive intensity enhances the positive relationship between customer focus-culture and performance contributing to firm's competitive advantage in Nollywood performance. It is of note that, we do not find a significant effect of the interaction between product orientation and competitive intensity on Nollywood performance. This shows that the moderating impact of competitive intensity for customer focus culture is negligible on performance.

We argued that competitor orientation provides the firm with the ability to identify emerging technology that will assist in prediction of the best course of actions to enhance current position. Our results show that, as we hypothesized, the interaction between competitor orientation and technological turbulence is complex. First, the interaction between competitor orientation and technological turbulence does not affect performance, we find partial support. However we find support for the interaction between product innovation and technological turbulence.

We do not find statistical support for the interaction between competitor orientation and innovativeness, the results show marginal evidence. In these circumstances, it is possible that firms may wait to see the technologies or a product trend that begins to consolidate and then take the appropriate steps to capitalize on others' development and it also indicates that for higher levels of innovativeness, increases in competitor orientation decrease the launch of innovative products. It is possible that innovativeness, which promotes breakthrough ideas, together with strong competitor knowledge, may originate the identification of contradictory new ideas causing the company to become uncertain about the way to proceed and this may mitigate the development of innovativeness.

Our study also shows the impact of the interaction between customer orientation and innovativeness. The results indicate that the positive impact of customer orientation on performance is contingent upon a high level of competitive intensity; it becomes more important for innovative effort to be guided by customers' needs, so that the company does not lose customers to competitors' with more customer-oriented focus.

Summarily, this research contributes to the literature in two or more ways. It has enriched the entertainment industry which has scarcely been considered in previous research, it also explains how market-oriented culture dimensions affect the performance of Nollywood industry. Our study shows that these effects are environmental forces (technological turbulence and competitive intensity). This may not be in tandem with other studies.

Contributions And Implications

The Nollywood industry is an emerging economy and it demands resources acquisition and infrastructural development for better results and quality productions for its teeming customers. That the entertainment based firms face unique challenges was more evidence in the late 80's and early 90's resulting in negative manner at which the public viewed public shows, especially as it had to do with cinema, stage and theatrical performance. Our research responds to the need, pointed out by both scholars and producers for a systematic study of performance drivers in Nollywood industry, given the enormous potentials of the industry. We believe that our study makes the following contributions to the growing literature on market-oriented culture and performance in the entertainment sector.

We recommend that film makers and producers must consider that the payoff associated with market-oriented culture is influenced by the environment, and this appreciation can be useful in calibrating resources acquisitions and infrastructural development. The rewards of customer focus culture increase with the level of competitive intensity. Consequently, producers should divert more of their attention and resources to the analysis of customer needs in environment marked by fierce competition.

Our results indicate that producers and film makers in the Nollywood industry should build a market orientation along with an organizational culture that values innovations. They should use need – uncovering approaches, such as the probing of unconscious needs and participatory observation.

However, the Nollywood industry players will need to make both structural and behavioral adjustments to institutionize these techniques. Productions should not be hurriedly done in less than few days and equally devoid of premiere, which is the only professional way of introducing a new movie to the viewing public.

The Nollywood industry since inception, rakes gross estimate of about 200 million dollars every year with popularity across the globe. Government of Nigeria should divest or intervene in this industry and not over dependence on oil revenue. This industry can employ more of unemployed youths rooming the street. We advanced a framework for producers and film makers to understand the drivers of performance in terms of market-oriented cultures. Film makers and producers can derive the appropriate orientations by examining both the Nollywood context and their core performance processes in tandem. When this is done, industry players can tap into them to execute strategies for sustainable competitive advantage.

Directions For Future Study

The context we elected for this study serves as a limitation. The Nollywood industry provided a worldwide setting for this study. This is so, because the market-oriented culture involved is particularly relevant. However, the setting is relatively unique and thus to ensure generalizability, the effects of orientations should be examined in other entertainment context.

Thus, the pattern of findings showed in this study needs to be replicated in other entertainment contexts, such as the music industry. It would be interesting to determine whether the core market-oriented culture vary from context to context. We made use of innovativeness, competitive intensity and technological turbulence as our moderating variables, there are other variable that can also moderate the influence of market orientation on performance. Future research should consider other moderating variables like competitive strength, inter-functional coordination, product characteristics and industry characteristics.

With respect to the measurement of performance variables, our study is limited to subjective measures based on key informant data could suffer from bias. Future study should consider objective measures.

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