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A CONFRONTATION OF THE IMPACT OF THE MARKET ORIENTATION DIMENSIONS ON BUSINESS RELATIONSHIPS BETWEEN WINE PRODUCERS AND INTERMEDIARIES.

ABSTRACT

For the past two decades several market orientation (MO) models and streams with different dimensions have been proposed assuming it as a one-dimensional concept and neglecting the role of each of the MO dimensions in the development of business relationships. The aim of this paper is to evaluate the impact of each key MO dimension and the impact of the perception of the business partner's MO on the development of relationships between producers and intermediaries. The findings suggest that there are significant differences between both groups in the MO dimensions' role in the establishment of business relationships. On the producers' side, only responsiveness had a direct impact on business relationships, while on the intermediaries' sample responsiveness was the single MO dimension that did not account for any direct effect. Perceived MO has a stronger effect in business relationships than any of the MO dimensions.

KEY WORDS: market orientation, perceived market orientation, buyer-seller relationships, Wine.

Introduction and objectives

Market orientation (hereafter referred as MO) has been defended through the last twenty years as the implementation of the marketing concept (Kohli and Jaworski, 1990; Elg, 2007; Foley and Fahy, 2009) and sustained as the ultimate evolutionary degree in business philosophies (Kotler & Keller, 2006; Hedaa and Ritter, 2005). Moreover, relationship marketing (hereafter referred as RM) has emerged, since the last decade of the 20th century, as one of the actual leading paradigms in the marketing field (Sheth and Parvatiyar, 1995; Hedaa and Ritter, 2005). RM presents itself as a new way to understand marketing's actual trends (Sheth & Parvatiyar, 1995) as business is increasingly moving from the transactional short term marketing to the long term customer retention approach (Payne, 1995). If MO is the implementation of the marketing concept, it should have strong implications in RM as it is argued that the core of MO is the successful establishment of strong relationships between buyers and sellers (Steinman et al., 2000). RM implies activities that enhance or terminate relationships at a profit, meeting the objectives of all parties involved (Gronroos, 1994; Mattsson, 1997). These activities should result from the organization's orientations, suggesting that MO should also imply a relationship orientation (Chaston, 2000). Some initial connections between these two concepts can be found in Kohli and Jaworski (1990), who have theoretically conceptualized a relation of causality between MO and the repetition of businesses by customers. Evidence of this relationship is further given by Narver and Slater (1990), who found empirical support for an association between MO and the holding of customers (although indirectly, since what is referred is the acquisition of market control).

Although most of the studies on MO focus on the empirical evidence of a positive relationship between MO and organizational performance, the study of the nonfinancial consequences of MO is, by comparison, still relatively scarce (Frasquet et al., 2008; Blesa and Bigné, 2005; Sanzo et al., 2003). The impact of MO on the relationship amongst buyers and sellers is still an area that needs further development as only few researches have empirically cross-analysed the concept of MO and RM (ie, Siguaw et al., 1998 and 2002; Baker et al., 1999; Steinman et al., 2000; Langerak, 2001; Helfert et al., 2001; Sanzo et al., 2003; Bigné et al., 2004; Beaujanot et al., 2004; Blesa and Bigné, 2005; Mason et al., 2006). More critically, most of the studies adopted the perspective of measuring the effect of MO as a single dimensional construct. It is argued that MO cannot be assumed as a one-dimensional construct (Tuominen et al., 2004; Blesa and Bigné, 2005) since it has been suggested that the different MO dimensions can have different effects (Diamantopoulos and Hart, 1993; Lukas and Ferrell, 2000). This was empirically demonstrated by Blesa and Bigné (2005), who showed the different impact of the MO dimensions on different relational variables. There is also no consensus about the different MO streams, namely between the behavioural and cultural that need to be more fully integrated (Kirca et al., 2005). Consequently, each MO study adopted one of the above-mentioned streams. Blesa and Bigné (2005) only considered the behavioural dimensions and Hult et al. (2004) adopted the Narver and Slater (1990; 1994) cultural approach. We believe that both streams have to be included in order to provide a comparison of its consequences on a relational level. The inclusion of a cultural dimension along with the behavioural ones in the analysis can also help to explain possible differences in the relationship between MO and RM in different contexts, as suggested by Baker et al. (1999).

Measuring MO should imply measuring not only customer orientation, but also the relationship between the several stakeholders that constitute the market (Greenley et al., 2005). This reinforces the argument of interdependency between the concepts of MO and RM, particularly in organizations that have to deeply rely on their channel partners (Baker et al., 1999). Therefore, having business partners sharing a similar orientation seems critical (Lush and Brown, 1996) as it causes a positive impact on both partner's profitability levels (Kalwani and Narayandas, 1995). This link between MO and RM in channel performance was investigated by Siguaw et al. (1998) and by Baker et al. (1999), who posited that MO has a positive effect on the buyer/supplier relationships. One of its conclusions is that its supplier's MO positively influences the distributor's MO. This is also sustained by Chaston (2000) who argues that the relationship between them depends on meeting the perceived expectations the partner has of a similar orientation that affects the choice of business partners (Beaujanot et al., 2004). The distributor would be more market oriented ''to comply with its reference group's norms or in meeting some perceived standard'' (Baker et al., 1999, p. 101). The importance of the relationship between buyers/sellers and MO is also acknowledged by Narver and Slater (1990) who recognized that the seller needs to understand the buyer's present and future needs in order to create a superior value. Conversely, the existence of gaps in the understanding of the MO between business partners has a negative impact on business relationships (Steinman et al., 2000). Baker et al. (1999) have also analysed the impact that the perceived market orientation (hereafter referred as PMO) of a reseller has on the business relationship. This indirect measure is used due to the fact that business partners do not systematically measure the partner's self-reported MO, having to rely on their own perceptions of the partner's MO. In this sense, the partners will evaluate each other's behaviours and attitudes that "are easily observed by the (…) firm because they provide a direct signal of the supplier's true intentions" (Siguaw et al., 2003, p. 315). This argument suggests that the PMO can have a more direct contribution to their relationships than their self reported MO, so the results of researches using PMO as a surrogate of MO can suffer a bias that still needs to be assessed. The few existing studies dealing with the consequences of PMO (Backer et al., 1999;

Jones et al., 2003) have not examined its antecedents, namely the impact of the self-reported MO dimensions.

The Baker et al. (1999) findings indicate that the supplier's orientations are the ones that influence the distributor's MO. But there is evidence that this should occur with more emphasis in the opposite direction, where the buyer/intermediate would be more influent due to the increasing barging power of intermediaries in the agro-food sectors (Hernández-Espalhardo and Arcas-Lario, 2003). Also the fact that the intermediaries are in closer contact with the consumers is more likely to strongly influence the suppliers' orientation. This creates asymmetries not only in the relationship (Hernández-Espalhardo and Arcas-Lario, 2003), but also in market information (Dijk and Mackel, 1994), which are explored by the intermediaries in their own benefit (Wathne and Heide, 2000). This suggests that MO and its intelligence generation dimension in particular can have a determining impact in the relationship development. Moreover, the perceptions over the partners MO will also depend on their self-reported level of MO, where partners with higher MOs would better overcome the information asymmetries. There's also a need to develop more studies that take into account the distributor/intermediary point of view (Frazier, 1999; Siguaw et al., 2003). Only a very limited number of studies compared both sides of the channel partnership in specific agro-food sectors. Here we propose to overcome these gaps by developing a study that can compare both sides of the channels in the Portuguese wine sector.

The objective of this research is to determine the impact of the different MO dimensions on business relationships and the moderating role of PMO between them on both sides of the channel partnership. This paper initially discuses the concept of MO and the function of each of its key dimensions considered in this research. It then discusses its intersection with RM by examining the findings in the investigations that linked both concepts. Based on what has been found and in gaps still existing in this line of research, we propose the hypothesis to be tested and analysed. The data is analysed by means of multiple regression, which is performed separately on both sides of the business relationship. This research contributes to the existing literature by: (1) analysing the contribution of the different MO dimensions on business relationships on both sides of the channel; (2) integrating both behavioural and cultural dimensions in the analysis; (3)

analysing the role of PMO on both sides of the channel relationship; (4) describing and comparing the effect that the self reported MO exerts in the PMO of both partners; and (5) comparing the effects of self-reported MO and PMO on business relationships.

Literature Review and Research Model

The concept of market orientation and its key dimensions and streams.

Market orientation is a concept developed in the late 80's and early 90's by the Marketing Science Institute (MSI) that discussed the need to better define, measure and model the concept. Prior to these developments the terms market-oriented, customer-focused, market-driven and customer centric were synonymous to those who view the customer as the centre of the business strategy (Deshpandé, 1999). Part of this debate was triggered by Shapiro (1988), who questioned the true meaning of MO. Nevertheless, the concept of MO was not completely cleared, as it seems still divided between different streams. Market orientation has been defined as: "organizational culture that effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers, and, thus, continuous superior performance for the business" (Narver and Slater, 1990, p. 21). Other definitions refer: "a set of activities or behaviours relating to market intelligence gathering, market intelligence dissemination cross functionally within a firm, and the actions responses based on this intelligence (Despandé, 1999, p. 3). The concept appears divided between a cultural based and an activity based approach. This means that, although the Slater and Narver (1994) scale seems a more robust measure of MO, Deshpandé (1999) reminds us that the concept dimensions consensus have more to do with the Kohli and Jaworski's (1990) proposed dimension (intelligence generation, intelligence dissemination and responsiveness). Although the relation of MO with the marketing concept itself is widely acknowledged (ie, Kohli and Jaworski, 1990; Henderson, 1998; Lafferty and Hult, 2001; Elg, 2007; Foley and Fahy, 2009), it was analysed by Kohli and Jaworsky (1990), based on the marketing concept of Kotler's (1988). This has been recently reformulated by Kotler and Keller (2006) into the holistic marketing concept: "the development, design, and implementation of marketing programs, processes and activities that recognize their breadth and interdependencies" (p. 17) that includes the relationship marketing as one of its four major components. Adding to that, the American Marketing Association current "official" marketing concept is stated as: "an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders" (AMA, 2009). This emphasises the need the MO concept has to embrace the RM concept. Moreover, to validate its ability to measure the implementation of the marketing concept, MO has to demonstrate its significant impact on business relationships.

The research of MO as one of the factors that favour business performance has been developed settling on the proposals and lines of investigation of Kohli and Jaworski (1990) (later Kohli et al., 1993), Deshpandé et al. (1993) as well as Narver and Slater (1990) with important contributions to the concept by Lear (1963), Shapiro (1988) and Ruekert (1992). According to Jaworski et al. (2000) and to Lafferty and Hult (2001), there are a few different approaches to MO namely the division between cultural and behaviour streams (Ruekert, 1992) or between cultural, behaviour and systemic streams (Helfer et al., (2001). In addition, there are also five different streams with five key authors supporting each one of them (Lafferty and Hult, 2001): decision making (Shapiro, 1988), market intelligence (Kohli and Jaworski, 1990), cultural based (Narver and Slater, 1990), strategic marketing focus (Ruekert, 1992) and customer orientation (Deshpandé et al., 1993). This suggests that each of these have developed a particular approach, each one with their stream of followers. Nonetheless, these divisions all seem to converge in the settling of MO in three major areas: the knowledge of the market, the spreading of this knowledge within the corporations and the ability to adapt their offer to the market (Deshpandé, 1999; Jaworski et al., 2000). Therefore, the MO concept is not only based on activities but also on a dynamic and systematic nature. Lafferty and Hult (2001) agree in the convergence of the different streams but found four different areas (emphasis on customers; importance of information; inter-functional coordination; and taking action) similar to the ones referred by Deshpandé (1999). However, there was a distinction made in "emphasis on customers" that, from the perspective of Lafferty and Hult (2001), corresponds to the need to understand its customers. This distinction, although similar to the market knowledge dimension, also encompasses a cultural perspective. It seems that if it is true that the original dimensions proposed by Kohli and Jaworski (1990) can bring some consensus to the MO main dimensions, the customer orientation as a corporate culture also needs to be measured to allow for a more integrated view of MO

(Kirca et al., 2005). The exclusion of the competitor orientation dimension from the measurement of MO proposed by Narver and Slater's (1990) and Slater and Narver's (1994), follows the suggestions by Deshpandé et al. (1993) that it is antithetical to customer orientation because it would distract the firm from the focus point of the customer needs.

Market knowledge/intelligence generation (IG): since the beginning of the development of the MO concept, IG was seen as requiring a specialized knowledge of the needs of its target markets (Lear, 1963). This dimension is closely connected with Kohli and Jaworski (1990) intelligence generation and, in many ways, shows similarities to the proposed scales of Narver and Slater's (1990) and Slater and Narver's (1994) customer orientation, as this dimension also measures information generation activities. Furthermore, Ruekert (1992) recognizes the role of information in determining the level of MO of a firm. This dimension implies identifying the customers' actual and future needs in order to create a superior value for the clients. Additionally, it involves analysing the exogenous factors that influence them and their suppliers, distributors and competitors, as well as how they react to changes in the markets (Kohli and Jaworski, 1990). In this dimension, the role of information collection in MO is of critical nature, as it is considered to be part of a key market sensing capability that captures the essence of MO (Foley and Fahy, 2009). Market orientation promotes the acquisition of information on market needs: customers, competitors, suppliers and environmental forces in such a way that all this information generates a greater value to the organization (Sanzo et al., 2003). This capability implies a form of organizational culture that views organizations as knowledge systems based on the cognitive organization theory (Deshpandé et al., 1993). This relates to the importance of the intermediaries' role as information providers and restrainers that can lead to information asymmetries between business partners (Hernández-Espalhardo and Arcas-Lario, 2003; Dijk and Mackel, 1994), both having an impact on their PMO and business relationships.

The second dimension *dissemination of market knowledge/inter-functional coordination* (ID)*:* refers to the spread of the information generated in a first stage by the various sectors of a corporation over every department of that same corporation (Kohli and Jaworsky, 1990). This would imply that when the information is available, organizations should introduce and design formal processes of communication, as well as stimulate informal interactions between those that contribute to a better information flow (Maltz and Kohli, 1996; Varela and Rio, 2003). This dimension also implies, in Narver and Slater's (1990) perspective, the coordinated use of the available resources of the corporation in order to create a higher value for the customers. In order for this to occur, all the information should be shared by every sector of the corporation, making it possible for the decisions to be taken in an inter-functional manner (Narver and Slater, 1990; Slater and Narver, 1994; Shapiro, 1988).

As for the *ability to adapt the offer to the market* (*responsiveness)* (RES), it implies changing the previously acquired knowledge into concrete actions, which may involve transformations in the ways of using the marketing mix as a means to improve the market performance of the company. The MO is only complete when the company uses the generated and disseminated intelligence in order to allow for the refinement of its actions in the market (Kohli and Jaworski, 1990). Ruekert (1992) sees the adaptation of the offer to the market as a strategy implementation and Narver and Slater (1990) see this dimension as the utilization of the company's resources in order to deliver a higher value to customers and a higher profit to the company. This dimension is closely linked with the profitability dimension of Kotler's (1988) marketing concept, as the response should allow for the company to achieve its goals. Although Shapiro (1988) initially pointed out that a company has to be sufficiently responsive to provide customer satisfaction with significant impact on business relationships, the market response doesn't seem to have been considered in some of the main MO scales. This poses serious limitations as RES is truly a behaviour component of MO and should be the final aim of its process since it allows to adequate the supply to the market needs and compensates for the resources used in the previous stages (Houston, 1986).

Cultural customer orientation: (CUST) although related to the intelligence generation, this is many times mistaken by the MO concept itself (Deshpandé et al., 1993). Customer orientation implies the understanding of the buyer's entire value chain (Narver and Slater, 1990). It is the set of beliefs that puts the customers' interests first, where a unique focus on information gathering can be inappropriate as it forgets the fundaments (values and beliefs) that should rule such activity (Deshpandé et al., 1993). Deshpandé and Webster (1989) view customer orientation as a reflection of the organizational culture. This implies that every company is a knowledge system that each manager and employee interprets according to their own set of values and beliefs, greatly influenced by the high management perspective that defines the global organizational culture. A true market oriented behavior can only be reached by sharing these set of beliefs and values. Reversely, when not shared, they become the most critical barriers to the development of a true market oriented behavior (Harris, 1999). According to Varela and Rio (2003), the market oriented culture is particularly useful because it stimulates the organization to continuously collect information about target-customers' needs and competitors' capabilities. Likewise, it uses this information to create continuous superior customer value (Slater and Narver, 1995) sugesting that it enhances bussiness relationships. Including this cultural dimension together with the remaining behavioral dimensions has been adressed by Gainer and Padany (2005), as its analysis allows for the convergence of the two main streams of MO (behaviorist and cultural), giving greater insight about the contribution of each one of them.

There is still a limited number of researches on MO in the wine sector, although it was Sharp's (1991) seminal work that put in evidence some of the difficulties in making the marketing concept work in the wine business environment, particularly for small wineries. The production orientations are more prevalent in some wine environment where MO struggles due to some inertia and resistance, lack of knowledge, amongst others (Zaharieva et al., 2005). A recent study on MO in France and Hungary wineries found that the majority of wineries do not have organized and large information gathering systems. Their marketing strategies are defined based on communication objectives (rather than on performance or relational ones), concluding that MO is a strong driver to explain communication and target strategies (Durrieu and Hofmeister, 2008). Some cultural differences were also found: French wineries' information gathering has an impact on marketing strategies but in the Hungarian ones it doesn't. The difficulties for information search have a strong positive impact on image strategy but this relation is not so strong in Hungarian wineries. Beaujanot et al. (2004) tried to understand how firms that differ in their MO and in their buyer seller perspective value the business characteristics of their overseas distributors. Pomarici et al. (2005) analyzed the degree of MO in 130 wineries in the south of Italy showing very different degrees in the MO of wine producers. These researches give a clear support for the need to check the MO implementation on the Portuguese wine sector and the impact of each of its key dimensions on business relationships.

Market Orientation and Relational Marketing

Relationship marketing seems to be an old practice in commerce as the basis for the direct relationships amongst buyers and sellers, which, in pre-industrial times, were based on friendship, cooperation and trust (Sheth and Parvatiyar, 1995). Some early literature already addressed some of the RM issues such as Alderson's "systems" approach to marketing and Fisk's "consensus command systems", as well as some of Drucker's works (Murphy et al., 2007). Nonetheless the designation of "relationship marketing" was firstly introduced by Berry (1983) in the service marketing area where it was broadly defined as: ''attracting, maintaining, and enhancing customer relationships''. Later, Gronroos (1991) proposed a definition that implied the establishment of relationships with customers and other parties at a profit by mutual exchange and fulfilment of promises. For Morgan and Hunt (1994) RM concerns all marketing activities that contribute for the establishment, development and maintenance of successful relationships. Relationship marketing does not only relate to buyer/seller exchanges, but also to business partnerships, strategic alliances, and cooperative marketing networks (Murphy et al., 2007), as in the case of Gummesson (2002) that sees RM mainly as an activity based on relationship network interactions.

According to Hunt and Lambe (2000), two of the key research streams in marketing that have made the greatest contribution to business strategy are MO and RM (along with resource-advantage theory). However, the convergence between these two streams is still reduced to a limited number of studies (Frasquet et al., 2008; Blesa and Bigné, 2005), all of which have stated the existence of a positive association between market orientations and business relationships between buyers and sellers (ie, Siguaw et al., 1998; Baker et al., 1999; Steinman et al., 2000; Langerak, 2001; Helfert et al., 2001; Sanzo et al., 2003; Donavan et al., 2004; Bigné et al., 2004; Blesa and Bigné, 2005; Mason et al., 2006; and Karatepe et al., 2007). There are also studies in related areas by Tuominen et al. (2004) that measured and proved the relationship between MO and customer intimacy, as well as those by Frasquet et al. (2008) that measured the impact of IT on customer orientation and on manufacturer and supplier commitment to the relationship.

The effects of MO in the context of marketing channels were investigated by Siguaw et al. (1998) and Baker et al. (1999), emphasising the importance of MO on the build up of channel relationships. Siguaw et al. (1998) stressed that a supplier's MO affects its distributor MO and commitment to the relationship. Baker et al. (1999) sustained that the supplier's perception about MO will positively affect the perception of the key relational marketing constructs (trust, commitment, cooperative norms and satisfaction). This corroborates Lush and Brown's (1996) proposition that the most important issue will not be the duration of the relationship but rather its (common) orientation. Baker et al. (1999) put forward some suggestions for future investigations, such as the application of these purposes to consumer markets and other cultural contexts outside the USA. In the context of this research it is also pertinent to take into account the impact of the customer's perception of the supplier's MO, as well as the perception of the intermediary's MO by the supplier in the establishment of a stable relationship between both of them.

The essence of MO is the successful management of a relationship between supplier and customer and there's an overlap between the concepts of MO and RM (Steinman et al., 2000). For the authors, the appropriate degree of MO must be defined by the customer's understanding of the product, and from this a potential gap derives between the perception of a supplier and that of a customer about MO. This gap will eventually disappear when supplier and customer establish a consensus and both became part of the same *in-group* identity (Steinman et al., 2000). The importance of the relations between customer and supplier, and the establishment of ongoing relationships between both is equally stressed by Dwyer et al. (1987) pointing that RM takes the form of a union between supplier and customer (Dwyer et al., 1987). This convergence will allow for a wider product differentiation, setting up barriers to the exchange by other suppliers and providing larger competitive advantages (Day and Wensley, 1983).

The evidence of a positive association between MO and business relationships is also supported by other researches. Langerak (2001) found that MO positively influences customer oriented behaviour, which in its turn positively affects the key relational constructs. Helfert et al. (2001) defend that MO needs to be translated to a relationship management task in order to be effective. Hernandez-Espallardo and Arcas-Lário (2003) adopted a somewhat different perspective as they analysed the effects of authoritative mechanisms of coordination of MO on asymmetrical channel partnerships, and demonstrated that the use of such mechanisms helps to achieve higher levels of MO. Sanzo's et al. (2003) main conclusions confirmed the indirect influence that the buyer firm's cultural MO exerts on the level of satisfaction with its main supplier. Their conclusion was that MO may favour and facilitate the satisfaction felt by a customer with a chosen supplier due to the fact that this makes an improvement in the flow of communication and a more exhaustive selection of suppliers. Tuominen et al. (2004) revealed a strong positive association between MO and customer intimacy that implies the design and management of inter-firm relationships.

Blesa and Bigné (2005) evaluated the impact of the different dimensions of MO on the distributor's satisfaction. The MO dimensions (inter-functional coordination, intelligence generation, information dissemination, and response implementation) generate dependence and, with the exception of response implementation, have a significant impact on distributor satisfaction. This concludes that, although costly, the market oriented activities such as information generation and dissemination generate a higher value that materialises in distributor satisfaction.

Other supports of this link between MO and business relationships come from Doney et al. (2007), who acknowledge that customer orientation is an antecedent to relational trust, as well as from the researches of Donavan et al. (2004) and of Karatepe et al. (2007) who found a positive link between customer orientation and commitment. In this field it has been stated that if a supplier is market oriented and willing to satisfy its distributor's needs, the latter is likely to better perceive the cooperative norms that rule the relationship (Siguaw et al., 1998). Therefore, the market oriented behaviour, or one perceived as such, will affect the relationship in both ways. This argument is also supported by Frasquet et al. (2008), who consider MO an antecedent variable of business relationships, as a company's customer orientation will affect the development of business relationships towards both members of the supply chain. For Min and Mentzer (2000), MO should also help firms build commitment, trust, and cooperative norms and reduce conflict. The existence of conflicts seems to constrain the information share inside the organizations (Jaworski and Kohli, 1993) and it is expected to have the same effect on external relationships.

The relationship between MO and buyer seller relationships was examined in the Australian wine business environment by Beaujanot et al. (2004). The study aimed to evaluate the differences between groups of producers according to their MO and business relationships, and how these affect the choice of overseas distributors. They found that MO and business performance affect the overseas distributor choice, although the long or short term relationship did not differ significantly in their customer selection. However, the study only focused on one side of the relationship (81 Australian small medium size wine producers) and did not explore causality or directionality between MO and business relationships.

Hypothesis: The importance and systematic nature of each of the MO dimentions suggests that market orientation needs to be considered as a multidimensional construct (Tuominen et al., 2004; Blesa and Bigné, 2005). Although the exact dimensions of MO are still subject to the previously discussed search for a consensual approach, it seems unusual that, unlike many other multidimensional concepts, most of the studies tend to treat MO as a one dimensional construct (ie, Narver and Slater, 1990; Slater and Narver, 1994; Deshpandé et al., 1993; Pulendran et al., 2003; Kirka et al., 2005). However, there are indications that when studied individually, the role of each dimension gives important insight about the MO, as they are "more 'tangible' and action-oriented than the higher order MO construct" (Hurley et al., 2005, p. 282). One of the initial researches that examined each dimension of MO is by Jaworski and Kohli (1993), who acknowledge the individual importance of each of these dimensions (intelligence generation, intelligence dissemination and responsiveness) but only discriminate them at the antecedence impact level. More recently, Zhou et al. (2009) also researched the impact of MO antecedents on each of the market orientation dimensions, demonstrating significantly different impacts on each dimension. Ruekert's (1992) researched the consequences of each MO dimension. He analyzed the relationships between his proposed dimensions (information collection, strategy development and strategy implementation) and individual internal relational outcomes such as job satisfaction, trust in top management and commitment to the organization. All these relationships proved to be significantly related. Tuominen et al. (2004) studied the relationships between MO and customer intimacy, namely how well the three components of MO proposed by Kohli and Jaworski (1990) can predict the low vs. the high customer intimacy group membership. The association was found with intelligence generation and responsiveness but not with intelligence dissemination.

Homburg et al. (2004) found that the responsiveness component of MO has a positive effect on the efficiency of the SBU. Blesa and Bigné (2005) found that the different dimensions of MO have a positive effect on the distributor's satisfaction with responsiveness (response implementation) having no impact on customer dependence, while all the other dimensions had a positive effect on the same variable and on distributor satisfaction. These results reinforce the need to measure the impact of each MO dimension individually.

Gray et al. (1998) sustained that MO has beneficial effects on customer satisfaction and loyalty in consonance with what was proposed by Kohli and Jaworski (1990) regarding the beneficial effects of MO on customer satisfaction. Thus, being MO the implementation of the marketing concept (that implies satisfying the customers), the value creation and the relationship management would have to involve customer satisfaction as the sustaining force of the relationship. It is therefore important to verify the relationship that may exist between the attitude towards MO and the level of relationship between the producers and the intermediaries, as it has already been tested in other contexts with buyers and sellers by Bigné et al. (2004), Helfert et al. (2001), Langerak, (2001), Steinman et al. (2000), Siguaw et al. (1998). It is recognized that this discrimination of the role of each of the MO dimensions "provides more nuance and insight than combining the three scales into global market orientation" (Woodside, 2004, p. 274) but this has been little explored so far. Therefore, each of the different MO dimensions can have different contributions to their relationships as they imply different activities, each one with different impacts (ie, Blesa and Bigné, 2005; Tuominen et al., 2004, Hult et al., 2004, Beaujanot et al., 2004). The positive impact that knowledge and information sharing have on business relationships was demonstrated by Coulter and Coulter (2003). Their research stated that the more encounters the business partners have (a typical inter-functional coordination activity but also an intelligence generation activity according to Kohli and Jaworski, 1990) the more information is accumulated about the business. This suggests that the inter-functional coordination of one side can be the intelligence generation source of the other. Blesa and Bigné (2005) found that market oriented activities such as information generation and dissemination generate a higher value that materialises in distributor satisfaction. Intelligence generation and responsiveness seem crucial for business relationships as suppliers should have a deep knowledge of customers' needs, problems and satisfaction in order to respond in a more effective way to obtain a sustainable competitive advantage (Sanzo et al., 2003). The integration of behavioural dimensions (IG, ID, RES) along with a cultural dimension (CUST) has not yet been attempted, to our knowledge, and makes sense as "culture reflects norms, values and beliefs that reinforce behaviours ultimately related to business performance" (Hult et al., 2004, p. 430).

H1a: The magnitude of intelligence generation (IG) is positively related with the magnitude of the business relationships amongst producers and intermediaries.

H1b: The magnitude of intelligence dissemination (ID) is positively related with the magnitude of the business relationships amongst producers and intermediaries.

H1c: The magnitude of responsiveness (RES) is positively related with the magnitude of the business relationships amongst producers and intermediaries.

H1d: The magnitude of the cultural customer orientation (CUST) is positively related with the magnitude of the business relationships amongst producers and intermediaries.

Mason et al. (2006) recognized that MO can act as a common cultural platform helping a higher careful identification of the supply chain partners that would share the same objectives. The effect could reach the point that, when partners don't have the requested level of MO, the core firm can level the MO of the partnering firm (Siguaw et al., 1998). Beaujanot et al. (2004) state that a firm cannot fully capitalize on the benefits of MO unless their own customers perceive them as market oriented and that this perception will influence their choice of customers. This statement still needs to be empirically verified, as Beaujanot et al. (2004) did not actually measure the PMO. The role of PMO was only explored by Backer et al. (1999) and by Jones et al. (2003) but this hasn't been compared, to our knowledge, with the self reported MO of those evaluating the partner's MO. Baker et al. (1999) sustain that the distributor's MO is positively influenced by its supplier's MO — the distributor would be more market oriented ''to comply with its reference group's norms or in meeting some perceived standard'' (p. 101). Additionally, it has been found that companies with a higher MO tend to select customers differently than less market oriented ones (Beaujanot et al., 2004). This acknowledges that each of the parties bring specific MO behaviours to their relationship in a way that partners act as a reference influencing each other's MO behaviours. In this sense, they will both tend to seek and keep partners that share similar views about the market and their customers.

However, the positive results between the PMO and the RM key dimensions found by Baker et al. (1999) can result from some perceptual bias as partners can better perceive the degree of each other's MO influenced by their self reported levels of MO. This means their MO activities, such as IG, allow them to compare information about consumers and their market response (RES) actions, which can be directly evaluated by their partners. Langerak (2001) confirmed this hypothetical relationship by suggesting that the MO dimensions (IG and ID) are "necessary to understand how the know-how and skills of suppliers can be used to create superior customer value" (p. 223).

Hypothesis 2a: the degree of the perceived partner's market orientation (PMO) is determined by their own level of intelligence generation (IG).

Hypothesis 2b: the degree of the perceived partner's market orientation (PMO) is determined by their own level of intelligence dissemination (ID).

Hypothesis 2c: the degree of the perceived partner's market orientation (PMO) is determined by their own level of responsiveness (RESP).

Hypothesis 2d: the degree of the perceived partner's market orientation (PMO) is determined by their own level of cultural customer orientation (CUST).

The importance of PMO to the development of business relationships is recognized by Siguaw et al. (2003, p. 315): "the distributor-perceived supplier customer orientation signals intentions for an ongoing relationship and the level of importance of the distributor to the supplier". This is empirically supported by the Baker et al. (1999) findings that the level of a suppliers' perceived market orientation of its channel partners was positively associated with relationship commitment. The identification between both parties leads to an incremental benefit in business relationships, namely by reducing barriers and raising comfort levels (Coulter and Coulter, 2003). Anderson and Weitz (1992, p. 20) also acknowledge that ''channel members presumably reveal their true feelings, actions, and intentions to each other during interactions over time.'' For

Chaston (2000), the suppliers expect to receive more value from the partners they perceive as having similar orientations. This is reinforced by the argument that the more similar oriented business partners are, the more willing they are to change their attitudes (Woodside and Davenport, 1974), and this attitude change and similar perception will favour the evaluation of their mutual trust (Morgan and Hunt, 1994; Doney and Canon, 1997). Here we hypothesised that the same happens in the other direction, i.e.: the perception of the producers over the suppliers' PMO will also favour their relationship. This implies that both producers and intermediaries tend to seek and keep a business partner that shares the same type of MO (Coulter and Coulter, 2003) and that has an impact over their relationships. We also consider that this suggests the PMO can have a more direct effect on their relationships than their self reported MO.

Hypothesis 3. Their business relationships (REL) are positively associated with their perception of their partner's market orientation (PMO).

Method

Data Collection procedures: The data collection process of the present study used two independent databases of wine producers and intermediaries. This results from the aim of the research, which was to compare perceptions of suppliers and buyers on their self reported MO and its impact on the PMO, while also comparing the impact of MO and PMO in business relationships (REL). For the intermediaries, the study used sample databases from professional boards and from wine event organizations, allowing a contact with some of the most representative wine intermediaries in Portugal. All the supermarket chains were contacted but only two replied. Considering the low response rates (around 8%), it was decided to use the in-house contact, therefore nearly 50% of intermediaries sample was collected in this way. The final response rate for all the contacted intermediaries was of only 15%, as many refused to answer. The producers' samples were entirely collected through an on-line survey included on an email sent by the main national wine board (Viniportugal) and by the main *Appellation d'origine* commissions. The estimate response rate was of around 5% of all registered wine producers in Portugal.

All cases containing missing values were deleted from the final analysis. The variables outliers were identified and deleted in the samples using the box plot and the Mahalanobis distance to identify cases with strange patterns of scores (Tabachnick and Fidell, 2001). The producer's sample (137) is larger than the ones used in MO researches of the wine sector in other countries [ie, Beaujanot et al. (2004) with 81 valid questionnaires in Australia and Durrieu and Hofmeister (2008) with 131 in France and 66 in Hungary].

Table 1. Design and characteristics of the research work

Type of survey	E-mail survey
Universe	Portuguese wine producers and wine intermediaries (distributors, specialist retailers, wine bars, restaurants, agents).
Geographical scope	Portugal
Sample size	137 Producers and 76 Intermediaries valid questionnaires (after the missing values and outlier identification).
Data collection method	E-mail structured, personal, with a link to an on-line survey sent by the main wine producers' representatives to their e-mail databases. The intermediaries' survey used e-mail with databases from trade associations, wine events and personal in home survey.
Sampling procedure	Convenience sample. Producers: 201 total replies but only 137 were validated. Intermediaries: 103 total replies but only 76 were validated.
Date of field work	January - July 2009

Scale development: The procedure to build the scale and to evaluate its reliability, validity and dimensionality was evaluated in accordance with the methodology suggested by Churchill (1979), Carmine and Zeller (1979), Malhotra (2004) and Churchill and Iacobucci (2005), and using the different contributions in order to achieve a sound procedure. The main steps in the procedure were combined as shown in table 2.

Table 2. Procedure adopted for the scale development

Step 1	Defining the construct and identifying the dimensions.	A literature review was conducted in order to check for conceptual models and to establish the key dimensions and variables to include in the scale.
Step 2	Generating the items and designing the scale.	The initial pool of items was generated and pre-tested qualitatively. Some items were dropped and some new were suggested.
Step 3	Collecting initial data and assessing its reliability and validity.	An adapted scale was developed and pre-tested (alpha and EFA).
Step 4	Collecting final data. Evaluating scale reliability.	The data collection was tested for its reliability and dimensionality (EFA). The proposed scales were all statistically reliable according to the Cronbach α and presented a high α.
Step 5	Assessing validity.	The scale validity was tested using the criteria of content and construct (Convergence) validity (Churchill and Iacobucci, 2005; Malhotra, 2004).

Steps adapted from Churchil, (1979), Carmine and Zeller (1979), Malhotra (2004) and Churchill and Iacobucci (2005).

Defining the construct and identify the dimensions: The scales development process was completed in accordance with the recommendations of Churchil (1979) and of Deng and Dart (1994): submitting the scale to expert assessment (6 university lecturers from the marketing/business field) and conducting a pre-test of the questionnaire using a smaller sample of firms (35). Ten in-depth interviews were initially conducted. Five with wine producers and five with intermediaries from different regions and with different business sizes. The aim was to build a scale that would be compatible to both publics. A first contact was made showing the scales that were used in the Siguaw et al. (1998) and in the Backer et al. (1999) studies. Considering the objections made to some questions, the researcher asked for alternative suggestions. With this information, and attending to the specific nature of the dimensions that had to be included in both scales, new scales were developed. The new scales gained high acceptance on both sides, only with some minor sentence formulation adjustments that were included in the final version. The development of the market orientation scale was developed and validated from a scale of 32 items, which was reduced to a 16-item scale supported by an exploratory factor analysis of the producers' sample (as it was collected before the intermediaries' sample). It was then subjected to reliability and validity tests: content and construct validity (convergent, discriminant and predictive). The scale analysis suggested the exclusion of the competitor scale dimension and the inclusion of the cultural customer orientation (CUST) along with the intelligence generation (IG), intelligence dissemination and inter-functional coordination (ID) and responsiveness. The scale integrates elements from the Narver and Slater (1990) and Slater and Narver (1994) scales, from the Kohli et al. MARKOR scale (1993), as well as new variables suggested in the qualitative stage of the research. Furthermore, two additional scales were developed: relationship scale (REL) and the partner's perceived market orientation scale (PMO). The need to create two new scales from scratch, instead of using the ones used or developed by Siguaw et al. (1998) and by Baker et al. (1999), was due to the extension of the relationship scale aimed at evaluating the global MO effect in different relational dimensions, which was not the purpose of this research. That scale also presented problems in the understanding of some of the question formulation, which were raised in the qualitative pre-test. This same question was also raised in the PMO scale developed by Baker et al. (1999). It also included the competitor orientation dimension that was excluded from our study. A new PMO scale compatible with the global MO scale and the main dimensions used in this study was then developed. This PMO scale is composed of 5 items: a global assessment of the partner's MO, and one for each of the main MO dimensions. The REL scale aims to be a condensed version that encompasses the entire key relational dimensions (trust, commitment, cooperative norms, satisfaction) used in similar studies (Siguaw et al., 1998; Baker et al., 1999). Likewise, it includes another variable to measure the conflicts existence, due to the emphasis given by Min and Mentzer (2000) to the fact that MO contributes to reducing conflict, and by Siguaw et al. (1998) that it reduces tension amongst buyers and suppliers. We followed the Hair et al. (2010) indications for the number of items per construct advising parsimony, at a minimum of four items, which should provide a full coverage of the theoretical domain without creating sub-factors that could interfere with the analysis.

As the objective is to make a comparative analysis between producers and intermediaries, the use of summated scales has the advantage of being able to compare the same groups of variables in both samples, allowing to reduce the measurement error and representing the multiple faces of a concept. They can also be easily replicated amongst different samples, overcoming the difficulty of replicating the factor scores in different studies (Hair et al., 2010). Due to the low acceptance of the Backer et al. (1999) scales by both producers and intermediaries in the pre-test qualitative stage, both scales were specially developed for this research and needed to be checked for their reliability and validity.

Table 3. Scales reliability

MO sub scales	RES	ID	IG	CUST	Global MO	PMO	REL
Number of items	5	5	3	3	16	5	6
Producers alpha	.848	.841	.859	.759	.917	.818	.903
Intermediaries alpha	.584	.788	.869	.741	.863	.925	.924

Legend: MO – Market orientation; REL – Relationship scale; PMO – Perceived market orientation

Scales reliability: only one of the MO sub scales presented values below the borderline of 0.60 (RESP in the intermediaries' sample – Malhotra, 1994) – but presented a good value in the producers' sample. One item was dropped from the CUST sub scale as it made the scales reliability drop both in the intermediaries and in the producers, and it presented poor inter item correlations. Although item 1.8, if deleted, presented a higher value in the IG scale, it was kept due to the fact that the sub scale had already good reliability values and the remaining items made a good representation of the IG dimension.

The REL scale was higher than all the dimensions values of the relationship scale used by Backer et al. (1999), which ranged from .65 to .92, and no items if deleted showed a significant increase in the general alpha. The PMO scale was above the Backer et al. (1999) scale (alpha of .83) in the intermediaries, but slightly below in the producers' case (using nearly half of the variable number). These demonstrated the pertinence of the development of these measures adapted to this research purpose.

Scale validity: The MO scale validity was tested using the criteria of content and construct (convergence; discriminant; predictive) validity (Churchill and Iacobucci, 2005; Malhotra, 2004). The adapted MO scale showed good content validity as it provided a fairly good representation of the proposed model dimensions in both samples, although with different explained variances. The construct validity also has a good support with all scale dimensions having significant correlations with the single item MO (see table 4.). The predictive capacity of the scale is limited but can be explained by the economic crisis and no significant correlations were found with performance factors at the time of collection. Customer satisfaction was also used as a predictive item, not only because it is less subject to economical context, but also because of the suggestions made by Kohli and Jaworski (1990) and Gray et al. (1998) that MO has beneficial effects on customer satisfaction. This item was strongly correlated in the intermediaries' sample (all but ID were significantly correlated), while in the producers' sample it was only significantly correlated with IG, although correlated with the global MO.

Table 4. Validity of the MO scale

Producers	Dimensions				
	RES	ID	IG	CUST	Global MO
Contend Validity: Factors found and Total variance explained	41%	6.9%	5.9%	4.6%	-
Construct convergent validity: Correlations with the single item MO	.389**	.424**	.216**	.261**	.617**
Construct discriminant validity: Correlations with Product Orientation	-.052	.134	-.034	.037	.037
Construct Predictive validity: Customer satisfaction	.115	.139	.217*	.050	.288**

Intermediaries	RES	ID	IG	CUST	Global MO
Contend Validity: Factors found and Total variance explained	6.5%	14.2%	34.8%	8.7%	-
Construct convergent validity: Correlations with the single item MO	.601**	.487**	.388**	.421**	.606**
Construct discriminant validity: Correlations with Product Orientation	.026	.070	.001	.089	.055
Construct Predictive validity: Customer satisfaction	.401**	.216	.267*	.260*	.350**

** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed).

The REL and PMO scales showed good *contend validity* as they converged into a single factor in the exploratory factor analysis in both samples. The *construct – convergence validity* test by correlating all the REL and the PMO scale variables showed that all the variables correlate significantly and positively at a 0.001 level in both samples (in PMO the intermediary's correlations were higher). The correlation matrix (table 6.) gives a positive indication of the scales discriminant validity, with the exception of the correlation between RESP and IG, with all other correlations not being superior to the alphas coefficient for either scales (Gaski and Nevin, 1985).

Findings

Descriptive measures: The means of the MO dimensions as well as the global MO are all significantly different: the intermediaries' means are always higher than the producers'. The PMO and the REL means of producers don't differ significantly. It was also observed that in the MO dimensions, the CUST is always the one with the highest mean followed by RES, IG and ID in both samples (table 5.).

Table 5. Descriptive Statistics and mean differences

	Producers Mean	Producers Std. Deviation	Intermediaries Mean	Intermediaries Std. Deviation	T test (sig.)
RES	6.65	1.64	7.49	1.16	.000
ID	5.65	138	6.38	1.96	.005
IG	5.80	2.37	6.65	2.30	.011
CUST	7.31	1.30	8.00	1.07	.000
MO GLOBAL	6.38	1.53	7.08	1.27	.001
PMO	5.86	1.47	5.95	2.02	.736
REL	7.40	1.25	7.64	1.38	.208

All variables are related in a positive and significant way in the producers' sample. Regarding the intermediaries, only IG is not significantly correlated with PMO. The relationships between REL and PMO are always stronger than the MO between the MO dimensions and these variables, excepting the correlations between REL and CUST in intermediaries. The global MO measure is used to compare it with the correlation between its dimensions and the global measurement. The correlation between the global MO and REL are, in both samples, below the correlation between one of its dimensions. Adopting the quick clustering method (Kamen, 1970) suggested to Hult et al. (2004) by Woodside (2004), we can compare its linkages with the proposed conceptual model. This method implies visualizing the most meaningful associations of a correlation matrix by signing the pair of variables with the strongest correlation, and then identifying the other variables with the strongest correlation with one of them, creating a network of relationships between the variables. This method confirms the full model in the producers' case – all correlations are significant and the PMO is central as it has the highest correlation with any other variables. In the intermediaries' sample the correlation between PMO and IG is non significant and REL is the central variable with all the strongest correlations with the other variables.

Table 6. Pearson Correlations

		Producers							Intermediaries						
Var.		**RESP**	**ID**	**IG**	**CUST**	**PMO**	**REL**	**GLOBAL MO**	**RES**	**ID**	**IG**	**CUST**	**PMO**	**REL**	**GLOBAL MO**
RESP	Correlation	1	.677(**)	.602(**)	.681(**)	.464(**)	.415(**)	.881(**)	1	.567(**)	.626(**)	.515(**)	.383(**)	**.443(**)**	.855(**)
	Sig.		.000	.000	.000	.000	.000	.000		.000	.000	.000	.001	.000	.000
ID	Correlation		1	.548(**)	.524(**)	**.487(**)**	.339(**)	.769(**)		1	.415(**)	.211	.397(**)	.351(**)	.820(**)
	Sig.			.000	.000	.000	.000	.000			.000	.068	.000	.002	.000
IG	Correlation			1	.553(**)	.309(**)	.195(*)	.810(**)			1	.461(**)	*.105*	.281(*)	.793(**)
	Sig.				.000	.000	.022	.000				.000	.368	.014	.000
CUST	Correlation				1	.378(**)	.295(**)	.727(**)				1	**.317(**)**	**.512(**)**	.565(**)
	Sig.					.000	.000	.000					.005	.000	.000
PMO	Correlation					1	**.548(**)**	**.507(**)**					1	**.508(**)**	**.387(**)**
	Sig.						.000	.000						.000	.001
REL	Correlation						1	.362(**)						1	.473(**)
	Sig.							.000							.000

Note: ** statistically significant at the 0.01 level and * statistically significant at the 0.05 level (2-tailed).

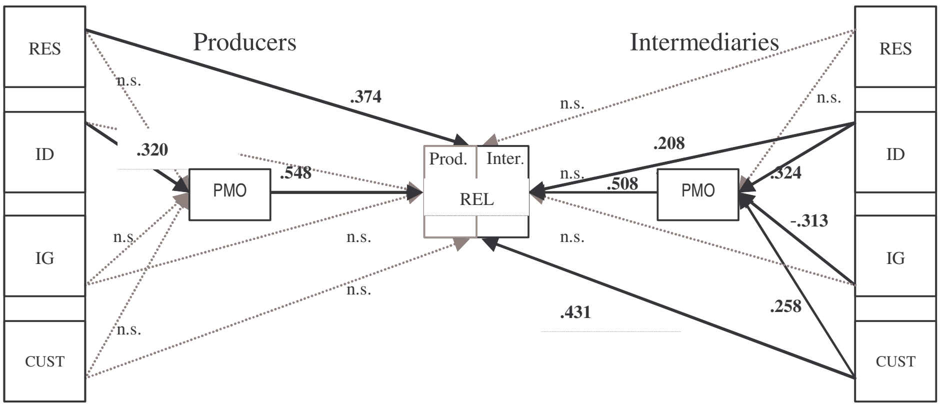
To explore the predictive relationships amongst the MO dimensions and the REL and MO presented in the conceptual model, a multiple regression analysis is used, as it is the most adequate analytical technique due to the sample size constraints (Hair et al., 2010). The criterion of VIF < 10 (Hair, 2010) is observed suggesting that collinearity is not a problem here (see appendix). The predictive power of the relationships is always superior in the intermediates for every incremental unit in the independent variables. Likewise, there are differences in the predictive power of the MO dimensions in business relationships, which is higher than the PMO in the intermediaries but not in the producers. Regarding the betas values (table 7.), the fact that the producers' IG activities are not associated with both the REL and the PMO suggests that the PMO is based more on intuition than on any formal information gathering activity. In the producers' sample, the only dimension that shows a high association with the PMO is the ID activity. It is also observed that only RES contributes directly to REL in the producers' case, and only CUST and ID in the intermediaries' case. ID. The research also found a negative relationship between IG and PMO in the intermediaries' sample. Likewise, PMO has a significantly higher explanation over REL than any of the MO components, both in the intermediaries and in the producers' case.

TABLE 7. Regression results

	Producers Adjusted R Square	Anova sig.				Intermediaries Adjusted R Square	Anova sig.			
H1:	.253	.000				.302	.000			
H2:	.163	.000				.237	.000			
H3:	.295	.000				.248	.000			
Hypothesis	**REL Beta**	**sig.**	**Hypothesis**	**PMO beta**	**Sig.**	**REL Beta**	**sig.**	**Hypothesis**	**PMO Beta**	**Sig.**
RESP - H1a	**.372**	**.004**	H2a	.212	.083	.174	.239	H2a	.262	.092
ID - H1b	.134	.225	H2b	**.320**	**.003**	**.208**	**.084**	H2b	**.324**	**.011**
IG - H1c	-.125	.232	H2c	-.044	.653	-.113	.379	H2c	**-.313**	**.022**
CUST- H1d	.040	.716	H2d	.091	.386	**.431**	**.000**	H2d	**.258**	**.037**
PMO - H3	**.548**	**.000**				**.508**	**.000**			

Values assumed at 0,1 sig. level

Figure 2. Relationships amongs the varibles



Discussion

The descriptive statistics show that both sides of the partnership have similar means of REL and PMO but differ significantly in their self reported MO dimensions, which are higher in the intermediaries. This implies that wine producers perceive themselves as being less market oriented than the intermediaries. Although the difference is not statistically significant, the producers rate their partner’s PMO lower than the intermediaries. This study provides empirical evidence that MO has a positive impact on business relationships and on the soundness of analysing each MO dimension separately, as they have different impacts on business relationships and on the PMO. In the producers’ sample, only H1a was confirmed (responsiveness has a significant impact on the business relationship). This implies that only the visible actions undertaken by the producers have a positive impact on business relationships, so intermediaries would value more actions like post-sale services and logistic efficiency than information sharing about the target consumers. For intermediaries, the only dimensions with a direct positive relation with business relationships are cultural customer orientation and intelligence dissemination. This implies that it is their own belief in being market oriented that influences their relationship with the producers, more than their actual market orientated activities. That fact that intelligence generation has no effect on relationships contradicts the Sanzo et al. (2003) assumption that the suppliers should have a deep knowledge of customers' needs, problems and satisfaction in order to obtain sustainable competitive advantages. The findings are also against the Blesa and Bigné (2005) findings that market oriented activities, such as information generation and dissemination, generate a higher value that materialises in distributor satisfaction. Surprisingly, however, that intelligence dissemination and inter-functional coordination (ID) have a positive impact on business relationships, when intelligence generation has no significant contribution. A possible explanation is that some of its inter-functional coordination activities, such as customer visits and meetings do contribute more to the strengthening of business relations than sharing information inside the organization. This suggests that future research may consider these two separate components of MO. The second hypothesis (the MO dimensions on the PMO) showed that only intelligence dissemination (ID) has a positive impact (with a similar beta to the ones of the intermediaries) on the producers' perception of the intermediaries' PMO. In the intermediaries' sample, cultural customer orientation (CUST) and intelligence dissemination (ID) also have a positive impact on the PMO. These results are in consonance with the Coulter and Coulter (2003) findings that the more encounters the business partners have, the more information is accumulated about their business. So again, it seems that the inter-functional activities have a positive effect on the perception of each other's MO. Regarding the third hypothesis, both for producers and intermediaries, their perceived partner's market orientation relates more strongly with their business relationships than with the MO dimensions. This confirms the Baker et al. (1999) findings that the supplier's perception of a reseller has a positive effect on their business relationships, attributing greater expertise and benevolence to the intermediary, and that it happens on both sides. It also partially confirms Coulter and Coulter's (2003) statement that producers and intermediaries seek business partners that share similar views of market orientation.

The findings suggest that producers and, more noticeably, the intermediaries tend to over appreciate their own concept of MO without implementing the necessary activities to actually become more market oriented. The fact that the predictive power of PMO over the business relationship is higher than any of the actual MO dimensions indicates that both partners rely on their PMO rather than actually using their own MO activities to determine the partner's MO. This suggests that they both seem to not have the necessary and organized systems of information gathering and dissemination requested to be fully market orientated. These findings are supported by the non-significant or even negative impacts of the intelligence generation (IG) dimension on the PMO. Without the implementation of IG, which implements the first set of activities that an organization needs to become market oriented, all the other dimensions would be less meaningful. The findings of a stronger relationship between PMO and REL than between any of the MO dimensions and REL, suggest that PMO acts as a moderation variable between MO and REL enhancing the relationship more than the actual MO dimensions. Therefore, the PMO measurement should not be used as a surrogate to the measurement of the self reported MO. Our findings also suggest that both wine producers and intermediaries may still be in an embryonic stage of MO. They tend to overemphasize the MO cultural aspects (values and beliefs) but don't yet fully implement most of the MO activities, namely the necessary and organized systems of information gathering and flow. This is similar to what was also found in the same sector by the Durrieu and Hofmeister's (2008) research. The implications are that the companies in the wine sector do not act as true knowledge systems, as postulated by Deshpandé et al. (1993). Nonetheless, as the cultural aspects of MO seem to precede and favour the behavioural activities (Homburg and Plesser, 2000; Sinkula et al., 1997), it is expected that future researches might find an increase in the behavioural levels of MO.

Limitations and suggestions for future research

The findings and conclusions should be considered within the boundaries of the research: this research only used a single business environment, which can limit the generalization to other contexts. Likewise, the sampling method, and the fact that it is a cross sectional study, can bias some of the results, namely the fact that it occurred in a time of economical recession. Although both sides (producers and intermediaries) of the channel were analysed, it was impossible to obtain a dyadic approach as both samples had to be completely independent. Other studies should try to confirm the patterns found here. One of the sub scales used (RESP) had a low reliability level in the intermediaries' sample, so the results may suffer from this conditioning.

Future researches should apply the individual impact of each individual MO dimension on business relationships in other business environments. Researches may also try to use the model in other sectors that are more willing to cooperate and use a dyadic approach. This research only dealt with the consequences of MO on the Portuguese wine sector, therefore it would also be useful to check some of its antecedences, namely at a cultural level. It is also recommended to do a follow up of the research to evaluate if the cultural MO is favouring the behavioural components of MO.

Managerial implications.

The results show that the Portuguese wine sector is very fragile to changes in its business environment, particularly those relating to changing consumption patterns. There are some pitfalls where both sides of the channel can easily fall. The results suggest that both tend to rely more on perceptions and intuitions of their business partners that they tend to perceive as being market oriented. This can be more dangerous in the case of the producers that tend to rely on their intermediaries because they perceive them as more market knowledgeable, as they are in closer contact with consumers, which can favour the development of products based on incomplete or inaccurate market information. This is in consonance with the Murphy et al. (2007) statement that relational trust implies a certain expectation and confidence about the behaviour of others and an implicit vulnerability to the partner's actions. Both producers and intermediaries should further develop their intelligence systems, which would allow them to not only overcome their partner's limitations but also use them as arguments for the product development and mix.

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