

Marketing Orientation, Marketing Capability and Marketing Strategy of Oil and Gas Firms

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Abstract

The study examined the effect of both firm marketing orientation and marketing capability on marketing strategy, firm marketing orientation on marketing strategy and the mediating role of a firm's marketing capability on the marketing orientation- marketing strategy relationship. Data was collected from Oil and Gas marketing firms. A total of sixty Oil and Gas firms were invited to participate in the study. The SMART PLS software was used to obtain results on the influence of a firm's marketing orientation on its marketing capability and marketing strategy; the influence of a firm's marketing capability and marketing strategy and the mediating role of a firm's marketing capability on the marketing orientation-marketing strategy relationship. Findings indicated that both marketing orientation and marketing capability influenced marketing strategy, a firm's marketing capability influenced its marketing strategy and a partial mediation effect was observed when the mediating role of a firm's marketing capability on the marketing orientation-marketing strategy relationship was assessed. All in all, the research was carried out in Oil and Gas firms eliminating firms that deal in the sale of other energy products. The research assessed marketing orientation, marketing capability and marketing strategy in a local context eliminating the influence marketing orientation and marketing capability would have on marketing strategy in international energy marketing. Many Oil and Gas firms are international firms that deal with the upstream oil and gas activities.

Key words: Marketing orientation, Marketing capability, Marketing strategy, Oil and Gas marketing firms

1.0 INTRODUCTION

Marketing is among the key activities in the oil and gas downstream chain (Shqairat & Sundarakani, 2018; Adam, Zakuan, Bichi, Shettima, Ali & Almasradi, 2019). Marketing is required to inform consumers about the level of efficiency and long-term economic benefits that a consumer can receive. The success of a marketing strategy depends directly on how integrated the marketing efforts are, concerning the education and the creation of consumer value (Lavrinenko, Tinyakova, Shishkina & Partevian, 2020). A firm's marketing orientation is of great importance to Oil and Gas firms (Nakarado, 1996). Further, marketing orientation provides the basis upon which a business develops a marketing strategy, acquires, allocates and uses resources towards achieving an established mission, goal or objective (Drummond *et al.*, 2013). According to Drummond *et al.* (2013), marketing orientation enables firms be market-driven through matching market opportunities with capabilities (Drummond *et al.*, 2013).

Besides the above, general marketing research shows that both marketing orientation and marketing capabilities may be related, marketing orientation is a prerequisite for marketing capabilities (Atuahene-Gima, 2005; Rodrigues & Martins, 2020; Cacciolatti & Lee, 2016; Rodrigues & Martins, 2020); and enables firms develop more useful capabilities (Zhou and Li, 2010); a strong marketing orientation exhibits superior marketing capabilities (Dutta *et al.*, 1999); marketing orientation is a precursor to capabilities (Nasution *et al.*, 2011) while other scholars like Bıçakcıoğlu-Peynirci & Ipek (2020); Bamfo & Kraa (2019) and Kazakov & Ruiz-Alba (2020) advance that marketing orientation is an influential driver for marketing strategy. Also Morgan, Katsikeas, & Vorhies (2012); Najafi-Tavani, Sharifi & Najafi-Tavani (2016); and Agyapong, Osei & Akomea (2015) marketing strategy being dependent on marketing capabilities.

Although the general marketing literature shows that marketing orientation may affect a firm's marketing capabilities and marketing strategy and marketing capabilities may affect a firm's marketing strategy, research examining the effect of a firm's marketing orientation on its marketing capabilities and marketing strategy, and the effect of its marketing capabilities on marketing strategy is nonexistent.

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Existing research on oil and gas marketing firms examines supply chain orientation and stakeholder orientation of oil and gas marketing firms (Vandapuye, 2018); marketing orientation and managerial performance of oil and gas firms (Sanusi, 2015); marketing orientation and supply chain orientation as antecedents of agility in the downstream section of supply chain in petroleum industry (Piya, Shamsuzzoha, Khadem & Al-Hinai, 2020; Sheel et al., 2020); and market intelligence and strategic supply chain challenges in oil and gas firms (Raghothamarao, 2017).

Regardless of the gap in research, the global oil and gas market specifically is expected to grow. Global demand for liquid hydrocarbons is expected to grow annually by 1.2% on average and will reach 105 mb/d by 2025 while the liquified petroleum gas (LPG) market is expected to grow at a compound annual growth rate of 4.91% over the forecast period to reach a market size of US\$153.146 billion in 2026 from US\$109.493 billion in 2020 (Global LPG Market report, 2021). Except for a few countries, the majority of the countries rely on imported oil and gas products, Uganda inclusive. For example, the annual petroleum products imported into Uganda in 2018 amounted to 930,541,768 litres for petrol (PMS), 57,658,460 for kerosene (BIK), 982,220,283 for diesel (AGO) and 133,518,534 for jet fuel (JET A1). On average petroleum imports per month amounted to 77,545,147 (PMS), 4,804,872 (BIK), 81,851,690 (AGO) and 11,126,545 (JET A1). The country's import bill in 2018 amounted to UGX 7,724 billion shillings implying a 50.80% increase compared to UGX 5,122 billion shillings in 2017 (Ministry of Energy and Mineral Development, 2020). Besides oil products, production of gas products such as LPG production has been growing continuously and has always exceeded consumption (Oglen et al., 2015). This growth can largely be attributed to the gas extraction sector- whose LPG production capacities grew substantially through provision of LPG as by product. The supply of LPG is directly dependent on the extraction of fossil fuels. When fossil fuel extraction increases, more LPG becomes available and a further increase is expected given the identification of additional fossil fuel sources (Dalaba et al, 2018). This implies that there is excess capacity in the production of LPG in the world. Despite excess capacities, LPG remains scarce in many regions - especially in the rural areas of developing countries, Uganda inclusive (Chandra, 2010; The Energy Progress report, 2019). For example, the Uganda Bureau of statistics report on energy consumption for (2020) indicates that there is little usage of LPG in Uganda even in urban centres where this LPG is available while World Energy Outlook Special Report (2019) indicates low usage of LPG across Sub-Saharan Africa. Further, the Uganda Gas Association report (2020) indicates that Uganda is at 0.05% usage of liquefied petroleum gas for both domestic and industrial usage which is a very low percentage compared to countries like India whose LPG usage rate is at 78%. Whereas, oil and gas firms experience a lower demand for the LPG product despite their efforts to market LPG, such low demand may be an indicator of the ineffectiveness of their marketing strategy. Little has been done in accessing the effectiveness of their marketing strategies and the impact of their marketing orientation and marketing capability on marketing strategy.

Increasing the uptake of LPG may result in reduced poverty and improved situation for women and girls, who are mainly involved in cooking and fuel collection. Such an increase may act as a pathway to meet goal Seven (7) of the Sustainable Development Goals. However, the potential for reducing the amount of time spent on collecting wood fuel may be limited in the short to medium term, as woodfuel is mainly done in rural areas where LPG uptake will be slower. Nevertheless, transitioning to LPG may result in a reduction in the amount of time spent by women cooking and positive health effects primarily in case for the women.

2.0 LITERATURE REVIEW

This section reviews literature on the study variables. The review is guided by the established research hypotheses (see Figure 1).

Marketing orientation and Marketing strategy

Marketing orientation is found to be a foundation for marketing strategy. Marketing orientation refers to the ability of the firm to focus its marketing strategy to market requirements and continually change its marketing strategy based on the changes taking place in the market and business environment (Kanagal, 2017). Marketing orientation and marketing strategy concepts are not new concepts. However, the majority of the research explaining the relationships between these concepts is majorly atheoretical.

Besides, in some research, marketing orientation is taken to be synonymous with marketing strategies (Salehzadeh, Pool, Tabaeian, Amani & Mortazavi, 2017) while in other research, the two concepts are differentiated (Al Mamun, Mohiuddin, Fazal & Ahmad, 2018). Also, some scholars such as Bıçakcıoğlu-Peynirci & Ipek (2020); Bamfo & Kraa (2019) and Kazakov & Ruiz-Alba (2020) argue that marketing orientation is a dominant driver of corporate marketing strategy. Further, Wang, Shi, Chen & Gursoy (2019) find that marketing orientation significantly influences environmental marketing strategy.

Other, scholars argue that marketing orientation provides a context for the implementation of specific marketing strategies. Firms that possess a strong market-oriented culture employ value creation strategies such as market segmentation, new products/services development in new markets, and product or service customization (Dobni & Luffman, 2000). Firms that possess low marketing orientations (ineffectual cultures) are less aggressive and charge lower prices, provide limited customer service, engage in product/service standardization, and conduct limited market research. Whereas the link between marketing orientation and marketing strategies is recognized in previously published work, and possible marketing strategies for marketing renewable energy are identified, the influence of marketing orientation on marketing strategies has not been given significant attention in the energy sector whether renewable or non-renewable. Given the above discussion, it can be hypothesized that:

H1: A firm's marketing orientation positively influences its marketing strategy.

Marketing capability and marketing strategy

Marketing strategy development and execution are two interrelated marketing capability areas (Rufaidah, 2017). Marketing capability measures a firm's ability to implement its marketing strategy through organization and utilization of its marketing resources (Noble & Mokwa, 1999; Vorhies & Morgan, 2005; Mohammed, Rashid, & Tahir, 2014). Marketing strategy is defined as the marketing logic by which a firm creates customer value to achieve business objectives. This logic outlines which customers to serve and how to serve them. Although previous research shows that there is a link between marketing capability and marketing strategy, the effect of a firm's marketing capability on its marketing strategy is assessed on export marketing strategy and differentiation strategy. However, despite the differences in context in which the marketing strategy is assessed, Weerawardena (2003) argue that marketing capability plays a critical role in organizational innovation-based competitive strategy; internal marketing capability influences export marketing strategy (Koo, Kim, & Kim, 2016); marketing capabilities significantly affects the effectiveness of marketing strategy implementation (Morgan, Katsikeas, & Vorhies, 2012; Najafi-Tavani, Sharifi & Najafi-Tavani, 2016); and marketing capability is required to implement differentiation strategy (Agyapong, Osei & Akomea, 2015). Also Vorhies & Morgan (2005) and Shin & Aiken (2012) emphasize that architectural marketing capability is inclusive of marketing strategy formulation and execution (Shin & Aiken, 2012; Chang, Park & Chaiy, 2010). Overall a firm's marketing capability demonstrates its ability to develop and execute its marketing strategy appropriately. Whereas, previous research examines the link between marketing capability and marketing strategy, the research is conducted outside Oil and Gas firms. It can therefore be hypothesized that:

H2: A firm's marketing capability positively influences its marketing strategy.

Marketing orientation and marketing capability

In some research marketing orientation is studied as an independent variable and as a dependent variable in others. For instance, Lin, Hsu & Yeh (2015) find that marketing orientation is significantly related with marketing competence while Kurniawan, Budiastuti, Hamsal & Kosasih (2020) find networking capability has a significant positive effect on marketing orientation. Also, the majority of the research examines the direct effects of marketing orientation and marketing capability on firm performance ignoring the link between marketing orientation and marketing capabilities. Research examining the link between marketing orientation and marketing capabilities shows that, marketing orientation is a source for marketing capabilities of a firm (Atuahene-Gima, 2005; Rodrigues & Martins, 2020); plays a key role in the use of marketing capabilities (Cacciolatti & Lee, 2016; Rodrigues & Martins, 2020); and enables firms to develop more useful capabilities (Zhou and Li, 2010). A stronger marketing orientation manifests in a superior marketing capability (Dutta et al., 1999). Similarly, marketing orientation is seen as a precursor to some capabilities (Nasution et al., 2011). Therefore, effectiveness of marketing capabilities depends on knowledge on customer needs which needs may be achieved through market (Morgan et al., 2012; Murray et al., 2011; Rodrigues & Martins, 2020).

Besides the direct effect of marketing orientation on marketing capabilities, some research on the impact of marketing orientation is directed to specific marketing capabilities. For example, Atuahene-Gima (2005) and Dutta, Narasimhan & Rajiv (1999) argue that marketing orientation enhances development of different marketing capabilities while Guo et al. (2018); Mohiuddin Babu et al. (2019); Guenzi et al. (2016) and Rodrigues & Martins (2020) argue that personal selling capabilities are influenced by a firm's marketing orientation; and Kamboj & Rahman (2017) advance that marketing orientation has a positive influence on marketing capabilities, including product development, communication, channel linking and pricing. The positive influence of marketing orientation on various marketing capabilities shows that the success of a firm depends on the value it creates for its customers through developing desired products and marketing methods. A firm has to gather market information, upgrade marketing skills, enhance management capabilities and improve marketing technologies to increase its abilities to adapt new challenges from markets. Although research exists on the effect of marketing orientation on marketing capabilities, the impact of marketing orientation on marketing capabilities remains unexplored in the energy supply chains.

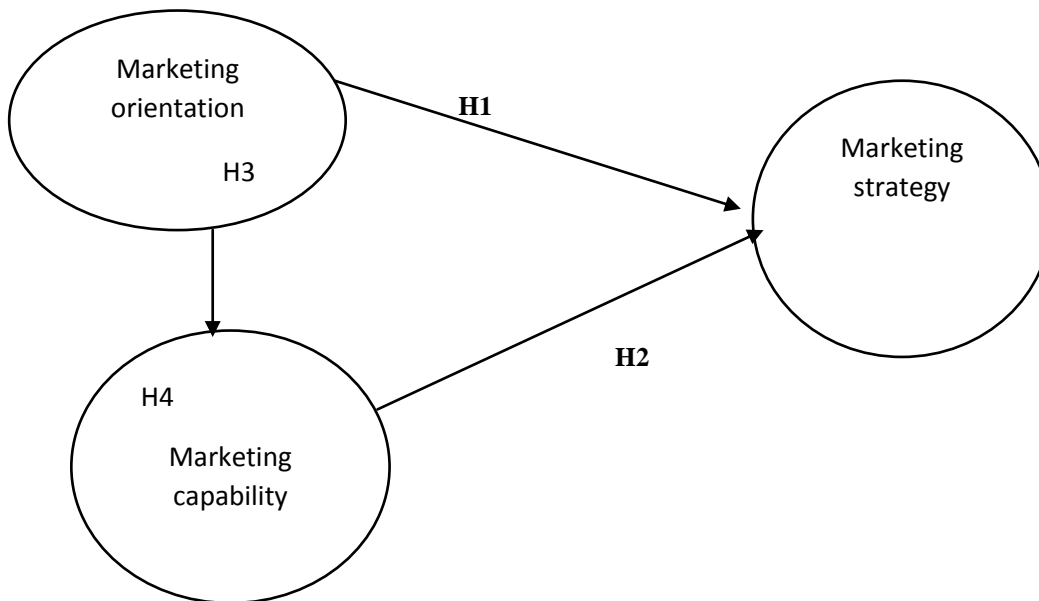
H3: A firm's marketing orientation positively influences its marketing capabilities.

The mediating role of marketing capability on the relationship between marketing orientation and marketing strategy.

Research examining the mediating role of marketing capability on the marketing orientation-marketing strategy relationship in the oil and Gas supply chains is non-existent. Whereas previous research examines the mediating role of marketing capabilities, marketing capabilities mediation role is examined in the marketing orientation- firm performance relationship(Morgan, Vorhies & Mason,2009); marketing orientation-new product development relationship(Najafi-Tavani, Sharifi & Najafi-Tavani, 2016);marketing orientation-performance of export ventures relationship(Murray, Gao & Kotabe, 2011); and marketing orientation- social enterprise relationship(Bhattacharai, Kwong & Tasavori, 2019).However, the mediating role of marketing capability on the relationship between marketing orientation and marketing strategy has not been given significant attention in the general marketing literature. Existing research examines the effect of marketing orientation on marketing capabilities and the impact of marketing capabilities on marketing strategy separately. Marketing orientation is a significant factor for marketing capabilities (Rodrigues & Martins, 2020); guides the development of more useful capabilities (Zhou and Li, 2010; Cacciolatti & Lee, 2016; Rodrigues & Martins, 2020). A stronger marketing orientation manifests in a superior marketing capability (Dutta et al., 1999). Marketing capability measures a firm's capacity to implement its marketing strategy (Noble & Mokwa, 1999; Vorhies & Morgan, 2005 Mohammed, Rashid, & Tahir, 2014). Also, Najafi-Tavani, Sharifi & Najafi-Tavani (2016) argue that a firm's marketing capability determines its ability execute its marketing strategy. Marketing capabilities significantly affects the effectiveness of a firm's marketing strategy (Morgan, Katsikeas, & Vorhies, 2012; Najafi-Tavani, Sharifi & Najafi-Tavani, 2016; Agyapong, Osei & Akomea, 2015). Given the above discussion, it can be hypothesized that:

H4: A firm's marketing capability mediates the relationship between its marketing orientation and marketing strategy.

Figure 1: Conceptual Framework



3.0 METHODOLOGY

This section provides a discussion on the research design, study population and sampling, unit of analysis and inquiry, and data collection and data analysis.

Research design

The study employed a quantitative cross sectional survey design. A cross sectional survey was employed because the study was undertaken at one point in time. The study also tested research hypotheses thus the use of a deductive reasoning approach where a quantitative approach was employed. Thus, a quantitative approach was more relevant in providing responses to the set research hypotheses.

Study Population, Sampling and Sample size

The study population consisted of 60 Oil and Gas Marketing firms that were captured in the Ministry of Energy and Mineral Development Survey (2018). The study focused on Oil and Gas marketing firms located in Kampala. Kampala was chosen because the majority of oil and gas marketing firms have headquarters and Oil and Gas retailing businesses in Kampala. All the oil and gas marketing firms were invited to participate in the survey. Two respondents were also chosen from the Oil and Gas marketing firms and the collected data was aggregated to the unit of analysis.

Validity of the Instrument

Pre-testing is commonly applied to ensure the content validity of a research instrument (Papachristos, 2014). In a pre-test, the content validity of the measurement items is obtained using a sample of respondents other than those from study population. After the items were developed into an instrument with a six-point Likert scale, they were pre-tested on an expert panel. Five Ugandan academics from the disciplines of energy economics and marketing were asked to assess the quality of the measurement items and the degree to which they related to the variables they were developed for. We considered that these academics had the required knowledge and therefore confidently felt that their feedback would ensure the content validity of the measurement items. Because we were constrained by time, technology, cost and COVID 19 disruptions, a pilot study was not feasible. Furthermore, in recognition of constraints, some models recommend pretesting with an expert panel only (see DeVellis, 1991; 2003). The Content Validity Index was used to test for validity to ensure that the scale items were meaningful to the sample and that they captured the issues that were being measured(See Appendix 1).

Data Collection and Instrument

Data was collected via a survey questionnaire. A drop-off and pick-up survey method and an electronic survey method were used. Responses were plotted on a 6 point Likert scale in line with similar studies. Respondents were given a period of two weeks to complete the questionnaire. Failure to complete the questionnaire within two weeks showed that a particular respondent was not willing to participate in the survey. Marketing orientation and marketing capability were measured using Ngo & O'Cass (2012) while marketing strategy was measured using (Cook 1983).

Data Analysis

Data were entered in SPSS software. Using the SPSS software, checks for normality, multicollinearity, reliability, and common method variance were conducted. Previous research on normality suggests that the absolute value of univariate skewness should be <2 while the absolute value for univariate kurtosis should be <7 (Curran et al., 1996; Xiong & King, 2015). Skewness values for all variables were less than 2 with a range from 0.814 to 0.88 while kurtosis values for all variables were less than 7 with a range from 0.070 to 0.248(see Appendix 1) as recommended by Curran et al. (1996). Similarly, there were no multicollinearity issues because the Variance Inflation Factors (VIF) were less than 10.0 and the tolerance factors were greater than 0.1 and no common method variance problems were observed as common method variance values for all the variables were below 0.50 (see Appendix 1).According to Lin & Sun(2018), such common method variance results do not invalidate research findings. Reliability values were above 0.70 as recommended by Nunnally & Bernstein(1994). Further, composite reliability values were higher than the minimum threshold of 0.40 and average variance extracted values higher than the minimum threshold of 0.50 implying the existence of convergent validity (Taks et al., 2015). Discriminant validity was measured using Fornell Lacker's criterion. According Fomell & Larcker (1981), the level of square root of AVE should be greater than the correlations involving the constructs.The square root of AVE was greater than the correlations among the constructs(see Appendix 2).

Factor analysis

Factor analysis involves examining the relationship between the measurement items and their respective constructs. The constructs in this case were marketing orientation, marketing capability and marketing strategy. Factor analysis was conducted using the SMART PLS software. All item loadings were above 0.30(see Table 1). Item loadings of 0.30 and above are considered important and reliable(Assa-Eley & Kimberlin, 2005).

Table 1a: Marketing Orientation Factor analysis Results

Construct	Measurement items	Loadings
Market intelligence generation	In our firm we meet with customers at least once a year to find out what products/services they will need in the future	0.30
	In this firm, we do a lot of in-house market research	0.504
	We poll end-users at least once a year to assess the quality of our products/services	0.369
	We often talk with or survey those who can influence our end-users' purchases (e.g., retailers or distributors)	0.490
	In this firm, intelligence on our competitors is generated independently by several departments	0.583
	We periodically review the likely effect of changes in our business environment (e.g., regulations) on customers	0.552
Market intelligence dissemination	We have interdepartmental meetings at least once a quarter to discuss market trends dissemination and developments	0.631
	Marketing personnel in our firm spend time discussing customers' future needs with other functional departments	0.685
	Our firm periodically circulates documents (e.g., reports, newsletters) that provide information on our customers	0.540
	When something important happens to a major customer or market, the whole firm knows about it in a short time	0.658
	Data on customer satisfaction are disseminated at all levels in this firm on a regular basis	0.470
Responsiveness to Market intelligence	It takes us ever to decide how to respond to competitor price changes	0.532
	We periodically review our product/service development efforts to ensure that they are in line with what customers want	0.682
	If a major competitor were to launch an intensive campaign targeted at our customers, we would implement an immediate response	0.511
	Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.	0.367
	For various reasons, we tend to ignore changes in our customers' product/service needs.	0.30

Source: Primary Data

Table 1 b: Marketing Strategy Factor analysis Results

Construct	Measurement items	Loadings
Cost Leadership Strategy	Our Company has broken bulk of its LPG sales volumes	0.608
	Our Company has reduced its operating costs drastically to keep the cost of LPG low	0.492
	Our Company has established distribution locations in residential areas	0.568
	Our Company has provided avenues for customers to learn on safety measures when using LPG products	0.537
Strategic Alliance Strategy	Our Company has entered into strategic alliances with distributors within estates	0.482
	Our Company has invested in its exclusive distribution network	0.416
	Our Company has allowed our products to be distributed alongside other LPG competitor brands	0.551
	Our Company is involved in upstream operations	0.563
	Our Company is involved in downstream operations	0.479
Focus Market Strategy	Our Company has special products for different market segments like restaurants among others	0.589
	Our Company has entered into long term agreements with some key account customers	0.584
	Our Company positions itself as the best in service quality in the industry	0.589
	Our Company has segmented the market for its products	0.641
Differentiation Strategy	Our Company has weighed its products when selling to customers	0.555
	Our Company has branded all its LPG cylinders	0.30
	Our Company has varied payment modes from our customers	0.444
	Our Company has priced all its LPG products uniquely	0.673
	Our Company has developed loyalty programs to reward loyal customers	0.482

Source: Primary Data

Table 1c: Marketing Capabilities Factor analysis Results

Construct	Measurement items	Loadings
Pricing capabilities.	Our firm uses pricing and systems to respond quickly to market changes	0.602
	Our firm has knowledge of its competitors' pricing tactics	0.608
	Our firm is doing an effective job of pricing products/services	0.471
	Our firm monitors competitors' prices and price changes	0.640
Distribution capabilities	Our firm strengthens relationships with distributors	0.641
	Our firm attracts and retains the best distributors	0.713
	Our firm adds value to its distributors' businesses	0.685
	Our firm provides high levels of service support to its distributors	0.572
Marketing communication capabilities	Our firm develops and executes advertising programs	0.435
	Our firm has effective advertising management and creative skills	0.552
	Our firm has effective public relations skills	0.562
	Our firm has effective brand image management skills and processes	0.474
Selling capabilities	Our firm Gives sales people the training they need to be effective	0.586
	Our firm has effective sales management planning and control systems	0.602
	Our firm uses selling skills of salespeople	0.690
	Our firm has effective sales management skills	0.644
Marketing Planning capabilities	Our firm provides effective sales support to the salesforce.	0.710
	Our firm has effective marketing planning skills.	0.738
	Our firm has the ability to effectively segment and target market.	0.647
Marketing capabilities implementation	Our firm has the ability to develop creative marketing strategies	0.691
	Our firm has thorough marketing planning processes	0.648
	Our firm allocates marketing resources effectively	0.603
	Our firm has the ability to organize and deliver marketing programs effectively	0.653
	Our firm has the ability to translate marketing strategies into action	0.670
	Our firm executes marketing strategies quickly	0.558

Source: Primary Data

4.0 FINDINGS

This section presents and discusses findings based on the established study hypotheses. Established research hypotheses include: the influence of a firm's marketing orientation on its marketing strategy; influence of a firm's marketing capability on its marketing strategy; influence of a firm's marketing orientation on its marketing capabilities; and lastly the mediating effect of marketing capability on the relationship between marketing orientation and marketing strategy. Below is the presentation and discussion of research findings.

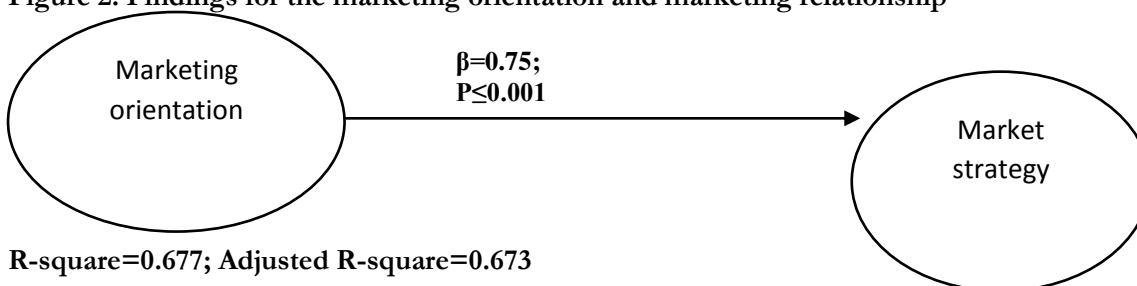
Marketing orientation and marketing strategy

The results indicate that a firm's marketing orientation positively influences its marketing strategy with a predictive potential of 67.7% (see Figure 2 below). An in-depth analysis of the research shows that a marketing strategy will be effective when the oil and gas firms generate intelligence on their competitors independently by several departments, periodically review product/service development efforts to ensure that they are in line with what customers want and implement an immediate response if a major competitor were to launch an intensive campaign targeted at their customers, and marketing personnel spend time discussing customers' future needs with other functional departments (Appendix 3a). From the results, an increase in market intelligence generation, market intelligence dissemination and responsiveness to market intelligence enables firms choose the most effective marketing strategy for marketing their product.

Using their marketing orientation, oil and gas firms have been able to use marketing strategies they think would promote or increase consumption for their petroleum products. For example, market segmentation has been used in the sale for LPG products where different cylinder sizes were introduced. This was meant for attracting several purchasers regardless of their levels of income. Other firms have embarked on using a distribution marketing strategy where several distribution points for oil and gas have been established so as to take the product close to their customers.

The findings are supported by previous research which argues that a firm's marketing orientation is a foundation for its marketing strategy (Kanagal, 2017). Also, some scholars such as Bıçakcıoğlu-Peynirci & Ipek (2020); Bamfo & Kraa (2019) and Kazakov & Ruiz-Alba (2020) argue that a firm's marketing orientation is a dominant driver of corporate marketing strategy. Further, Wang, Shi et al. (2019) find that marketing orientation significantly influences environmental marketing strategy. Other, scholars argue that marketing orientation provides a context for the implementation of specific marketing strategies. Firms that possess a strong marketing-oriented culture employ value creation strategies such as market segmentation, new products/services development in new markets, and product or service customization (Dobni & Luffman, 2000).

Figure 2: Findings for the marketing orientation and marketing relationship



Marketing capability and marketing strategy

From the results, marketing capability positively influences marketing strategy (see Figure 3 below). A detailed review of the data shows that an oil and gas firm that highly has knowledge of its competitors' pricing tactics, effective product pricing, sales management and control systems and marketing planning skills and has thorough marketing planning processes, gives sales people the training they need to be effective, provides effective sales support to the sales force, and monitors competitors' prices and changes will have an effective marketing strategy (Appendix 3b).

The findings have support from previous research. For example, Morgan, Katsikeas, & Vorhies (2012); and Najafi-Tavani, Sharifi & Najafi-Tavani (2016) argue that marketing capabilities significantly affects the effectiveness of marketing strategy implementation; marketing capability is required to implement differentiation strategy (Agyapong, Osei & Akomea, 2015); internal marketing capability influences export marketing strategy (Koo, Kim, & Kim, 2016); and marketing capability plays a critical role in organizational innovation-based competitive strategy (Weerawardena, 2003).

Marketing orientation and marketing capabilities

Results from the analysis show that marketing orientation positively influences marketing capability (see Figure 3 below). Marketing orientation predicted marketing capabilities by 55.73%. A detailed analysis of the data shows that marketing capabilities for a firm improve when Oil and Gas firms generate intelligence on competitors and periodically review their product/service development efforts to ensure that they are in line with what customers want, marketing personnel discuss customers' future needs with other functional departments, and provide an immediate response when a major competitor launches an intensive campaign targeted at their customers (see Appendix 3c).

The results are supported by previous that shows that marketing orientation is a source for marketing capabilities of a firm (Atuahene-Gima, 2005; Rodrigues & Martins, 2020); plays a key role in the use of marketing capabilities (Cacciolatti & Lee, 2016; Rodrigues & Martins, 2020); supports the development of more useful capabilities (Zhou and Li, 2010); is seen as a precursor to some capabilities (Nasution et al., 2011); and manifests in a superior marketing capability (Dutta et al., 1999). Also, Morgan et al. (2012); Murray et al. (2011); and Rodrigues & Martins (2020) argue that effectiveness of marketing capabilities depends on knowledge of customer needs which needs may be achieved through market. Besides the direct effect of marketing orientation on marketing capabilities, some research shows that marketing orientation is positively related with individual marketing capabilities such as personal selling capabilities (Atuahene-Gima, 2005; Dutta, Narasimhan & Rajiv, 1999; Guo et al., 2018; Mohiuddin Babu et al., 2019; Guenzi et al. 2016;

Rodrigues & Martins, 2020); and product development, communication, channel linking and pricing (Kamboj & Rahman, 2017). The positive influence of marketing orientation on various marketing capabilities shows that the success of a firm depends on the value it creates for its customers through developing desired products and marketing methods. A firm has to gather market information, upgrade marketing skills, enhance management capabilities and improve marketing technologies to increase its abilities to adapt new challenges from markets.

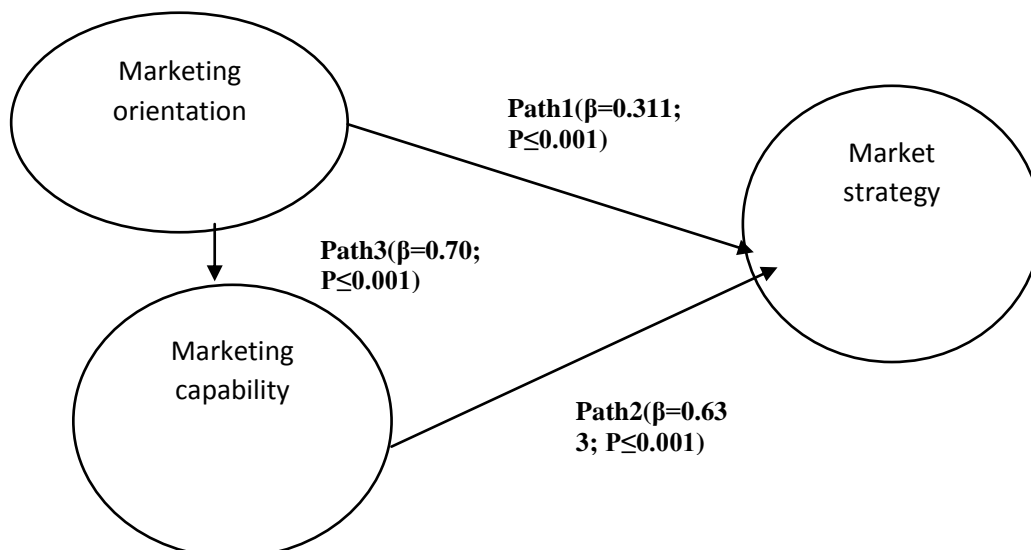
The mediating effect of marketing capability on the relationship between marketing orientation and marketing strategy.

A simultaneous mediation analysis was conducted to obtain the mediation effect of marketing capability in the relationship between marketing orientation and marketing strategy. A partial mediation effect was obtained (see Figure 3 below) where marketing orientation continued to have an influence on marketing strategy despite the presence of marketing capabilities in the model. This is because a reduction in the beta coefficient on the influence of marketing orientation on marketing strategy was obtained but remained significant when marketing capability was introduced in the model. To obtain the indirect effect of marketing capability, the procedure of Afthanorhan, Ahmad & Mamat (2014) and Warner (2012) was followed. The mediation was obtained through getting the product of path two and path 3 (Path2 = $\beta=0.633$ multiplied by Path 3 = $\beta=0.70$). Both paths had to have significant beta coefficients for the indirect effect to exist. The total indirect effect was 0.441. Marketing orientation and marketing capabilities predict marketing strategy by 79.55% while marketing orientation predicts marketing capability by 55.73%.

Research examining the mediating role of marketing capability on the relationship between marketing orientation and marketing strategy is non-existent. However, existing research examines the effect of marketing orientation on marketing capabilities and the impact of marketing capabilities on marketing strategy separately.

Previous research shows that marketing orientation is a significant factor for marketing capabilities (Rodrigues & Martins, 2020); and guides marketing capabilities development (Zhou and Li, 2010; Cacciolatti & Lee, 2016; Rodrigues & Martins, 2020). Besides the marketing orientation and marketing capability relationship, marketing capability measures a firm's capacity to implement its marketing strategy (Noble & Mokwa, 1999; Vorhies & Morgan, 2005; Mohammed, Rashid, & Tahir, 2014). Also, Najafi-Tavani, Sharifi & Najafi-Tavani (2016) argue that marketing capability determines a firm's ability to execute its marketing strategy while Morgan, Katsikeas & Vorhies (2012); Najafi-Tavani, Sharifi & Najafi-Tavani (2016); and Agyapong, Osei & Akomea (2015) argue that marketing capabilities significantly affect the effectiveness of a firm's marketing strategy.

Figure 3: Findings



R-square=0.55773; Adjusted R-Square=0.5730 for marketing capability and R-Square=0.7955; Adjusted R-Square=0.7912 for marketing strategy

5.0 CONCLUSION.

The research aimed at examining the influence of a firm's marketing orientation on its marketing strategy; influence of a firm's marketing capability on its marketing strategy; influence of a firm's marketing orientation on its marketing capabilities; and lastly the mediating effect of marketing capability on the relationship between marketing orientation and marketing strategy. The research was conducted in oil and gas marketing firms. Findings showed that a firm's marketing orientation positively and significantly influenced its marketing strategy

and marketing capability, marketing capability positively and significantly influenced its marketing strategy while marketing capability partially mediated the relationship between marketing orientation and marketing strategy.

From the results, aspects of marketing orientation and marketing capability are key aspects for an effective marketing strategy in oil and gas firms. High levels of market intelligence generation, market intelligence dissemination and Responsiveness to market intelligence in oil and gas firms may result in the development of strong marketing capabilities and adoption of an effective marketing strategy. Also, presence of strong pricing capabilities, distribution capabilities, marketing communication capabilities, selling capabilities, and marketing planning capabilities result in an effective marketing strategy that may result in increased consumption of oil and gas products such as LPG products.

The research has implications for theory, practice and policy. The research contributes to theory through investigating the influence of a firm's marketing orientation on marketing capability and marketing strategy and the influence of marketing capability on marketing strategy. A dearth of research covers marketing aspects in the energy sector. Further, the research takes a general approach when discussing the role of marketing in the energy sector and is mainly atheoretical.

Apart from contributing to theory, the research also makes a contribution to practice. Oil and Gas firms will be able to generate information concerning the customers for each product line, using the right marketing capabilities and effective marketing strategy. Currently, oil and gas firms use the same approach when marketing their products without assessing the effectiveness of the selected marketing strategy and the appropriateness of the existing marketing capability to the product being marketed. To, policy, the research will help guide policy makers in developing effective marketing programmes that will enhance the usage of certain oil and gas products such as liquefied petroleum gas.

Given that the majority of the oil and gas products are imported, the government may come up with tax waivers mainly on the oil and gas products that are relevant to a bigger proportion of the population.

Besides the contributions, the research has limitations. This research did not look at the impact of the petroleum industry culture and product characteristics, and local market conditions on marketing strategy of oil and gas firms despite their relevance to marketing strategy. Further, the research was carried out in Oil and Gas firms eliminating firms that deal in the sale of other energy products. The research also assessed the marketing orientation, marketing capability and marketing strategy aspects in a local context eliminating the influence marketing orientation and marketing capability would have on marketing strategy in international energy marketing. Many Oil and Gas firms are international firms that deal the upstream oil and gas activities. Also, previous research shows that the age of the firm and length of time it has spent in operation may determine its marketing strategy, thus the need for further research on it. Also, there is need for conducting a longitudinal survey, given that this research was cross-sectional. Data were collected using a cross-sectional research design, which restricts drawing inferences on causality. To confirm cause and effect relationships, future research may replicate the same study using a longitudinal research design. Besides a longitudinal approach, a qualitative approach may also be employed so as to get extra information that would not be obtained using a Likert scale on the study variables.

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APPENDICES

Appendix 1: Reliability, Composite Reliability, Collinearity, AVE values and Common method Variance

Variables	Reliability Values	Composite Reliability	Collinearity statistics Tolerance	Collinearity statistics VIF	AVE	Skewness	Kurtosis	Common method Variance	CVI
Marketing strategy	0.892	0.907			0.784	0.837	0.070	36.63%	0.88
Marketing orientation	0.816	0.851	.378	2.646	0.702	0.829	0.248	43.16%	0.80
Marketing capabilities	0.947	0.952	.378	2.646	0.44	0.814	0.126	46.17%	0.86

Source: Primary Data

Appendix 2: Fornell Lacker Discriminant Validity Values

Variables	Marketing orientation	Marketing capabilities.	Market strategy
Marketing orientation	0.830		
Market capabilities	0.526	0.870	
Marketing strategy	0.568	0.670	0.840

Source: Primary Data

Appendix 3

Appendix 3a: An exploratory analysis for Marketing strategy and marketing orientation

Construct	Marketing orientation items	Marketing strategy remains constant when low	Marketing Strategy improves
Marketing strategy and Market intelligence generation	In our firm we meet with customers at least once a year to find out what products/services they will need in the future		√
	In this firm, we do a lot of in-house market research		√
	We poll end-users at least once a year to assess the quality of our products/services		√
	We often talk with or survey those who can influence our end-users' purchases (e.g., retailers or distributors)		√
	In this firm, intelligence on our competitors is generated independently by several departments	√	
	We periodically review the likely effect of changes in our business environment (e.g., regulations) on customers		√
Marketing strategy and Market intelligence dissemination	We have interdepartmental meetings at least once a quarter to discuss market trends dissemination and developments		√
	Marketing personnel in our firm spend time discussing customers' future needs with other functional departments	√	
	Our firm periodically circulates documents (e.g., reports, newsletters) that provide information on our customers		√
	When something important happens to a major customer or market, the whole firm knows about it in a short time		√
	Data on customer satisfaction are disseminated at all levels in this firm on a regular basis		√
Marketing strategy and Responsiveness to Market intelligence	It takes us ever to decide how to respond to competitor price changes		√
	We periodically review our product/service development efforts to ensure that they are in line with what customers want	√	
	If a major competitor were to launch an intensive campaign targeted at our customers, we would implement an immediate response	√	
	Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.		√
	For various reasons, we tend to ignore changes in our customers' product/service needs.		√

Source: Primary Data

Appendix 3b: An exploratory analysis for Marketing strategy and marketing capability

Construct	Marketing capability items	Marketing strategy remains constant when low	Marketing Strategy improves
Marketing strategy and Pricing capabilities.	Our firm uses pricing and systems to respond quickly to market changes	√	
	Our firm has knowledge of its competitors' pricing tactics	√	
	Our firm is doing an effective job of pricing products/services	√	
	Our firm monitors competitors' prices and price changes	√	
Marketing strategy and Distribution capabilities	Our firm strengthens relationships with distributors		√
	Our firm attracts and retains the best distributors		√
	Our firm adds value to its distributors' businesses		√
	Our firm provides high levels of service support to its distributors		√
Marketing strategy and Marketing communication capabilities	Our firm develops and executes advertising programs		√
	Our firm has effective advertising management and creative skills		√
	Our firm has effective public relations skills		√
	Our firm has effective brand image management skills and processes		√
Marketing strategy and Selling capabilities	Our firm Gives sales people the training they need to be effective		√
	Our firm has effective sales management planning and control systems		√
	Our firm uses selling skills of salespeople		√
	Our firm has effective sales management skills		√
Marketing strategy and Marketing Planning capabilities	Our firm provides effective sales support to the salesforce.		√
	Our firm has effective marketing planning skills.		√
	Our firm has the ability to effectively segment and target market.		√
Marketing strategy and Marketing capabilities implementation	Our firm has the ability to develop creative marketing strategies		√
	Our firm has thorough marketing planning processes		√
	Our firm allocates marketing resources effectively		√
	Our firm has the ability to organize and deliver marketing programs effectively		√
	Our firm has the ability to translate marketing strategies into action		√
	Our firm executes marketing strategies quickly		√

Source: Primary Data

Appendix 3c: An exploratory analysis for Marketing capability and marketing orientation

Construct	Marketing orientation items	Marketing capability remains constant when low	Marketing capability improves
Marketing capability and Market intelligence generation	In our firm we meet with customers at least once a year to find out what products/services they will need in the future		√
	In this firm, we do a lot of in-house market research		√
	We poll end-users at least once a year to assess the quality of our products/services		√
	We often talk with or survey those who can influence our end-users' purchases (e.g., retailers or distributors)		√
	In this firm, intelligence on our competitors is generated independently by several departments	√	
	We periodically review the likely effect of changes in our business environment (e.g., regulations) on customers		√
Marketing capability and Market intelligence dissemination	We have interdepartmental meetings at least once a quarter to discuss market trends dissemination and developments		√
	Marketing personnel in our firm spend time discussing customers' future needs with other functional departments	√	
	Our firm periodically circulates documents (e.g., reports, newsletters) that provide information on our customers		√
	When something important happens to a major customer or market, the whole firm knows about it in a short time		√
	Data on customer satisfaction are disseminated at all levels in this firm on a regular basis		√
Marketing capability and Responsiveness to Market intelligence	It takes us never to decide how to respond to competitor price changes		√
	We periodically review our product/service development efforts to ensure that they are in line with what customers want	√	
	If a major competitor were to launch an intensive campaign targeted at our customers, we would implement an immediate response	√	
	Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.		√
	For various reasons, we tend to ignore changes in our customers' product/service needs.		√

Source: Primary Data