The Role of Market Orientation in Advertising Spending During Economic Collapse: The Case of Turkey in 2001

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The authors investigate the role of market orientation in advertising spending during economic contraction. They use the 2001 economic collapse in Turkey as the empirical context in which to test hypotheses regarding why some firms increase their advertising spending in a contraction period while the majority of firms cut back. Analyzing market orientation at the level of its intelligence and responsiveness facets, they find the responsiveness facet to be positively associated with increases in advertising spending but observe the intelligence facet to be negatively associated with advertising spending. Importantly, positive shifts in advertising spending during the economic contraction predict better subsequent business performance. The opposing roles of the intelligence and responsiveness facets disappear in a subsequent economic expansion period. These findings have managerial and theoretical implications. Firms that nurture the responsiveness facet of market orientation during economic contractions go against the tide to increase their advertising spending and experience the performance benefits that such countercyclical actions can amass.