

Evaluating role of customer-orientation and business management

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Abstract: The present research aims to evaluate role of customer-orientation and business management. To achieve this, survey method and alternative questionnaire have been applied to investigate significance of customer-orientation indices at the area of business management. In this study, sample group consists of 92 experts and managers in commercial companies, selected systematically for the purpose of fulfilling the questionnaire. To analyze the data, SPSS software, t-test and Fireman test would be applied. Obtained results from the study indicated that customer-orientation indices are significant in business management process and can have a significant effect on improving quality of business management process.

Key words: Organization; Customer-orientation; Attraction; Customer loyalty; Customer needs

1. Introduction

With regard to an overview on literature review in the context of marketing, it could be found that companies, especially commercial companies, have been conducted towards customer-oriented marketing in process of passing over different orientations of marketing. In 1950, companies found that they have to produce required products and goods of people, instead of persuading them to buy what they have produced. This could cause emergence of marketing orientation. Before 1990, main attention of companies was on conducting commercial transactions with centralized customers. However after 1990, many companies became focused on some aspects such as how to preserve positive relations with customers, how to enhance customer loyalty and how to change lifetime value of centralized customers (Fred, 2001).

Majority of scholars have conceptualized customer-orientation from two perspectives: first, individual level that has been presented by (Sox and Wits, 1982). According to them, customer-orientation is a concept, in which seller assists its customers to make decision for purchase without any pressure while meeting their needs. Hence, customer satisfaction would be enhanced. Second, organizational level, in which several organizational methods of customer-orientation have been derived based on studies of Live (2009) from papers and manuscripts of previous researchers like Shapiro Decision making, Market Intelligence of Javrsky and Kohli, behavioral culture-based perspective of Naror and Slather, strategic theory of Rukert, Webster and others (Abbasi and Salehi, 2011).

Dashpand et al. have considered customer-orientation in view of organizational culture and

have defined it as a series of ideas, which firstly determine benefit of customer without making them exception from others like owners, managers and employees with the aim of providing a profitable organization in long-ter. In addition, Dunlap (1998) has also emphasized that selling with customer-oriented method may lose short-term targets; although they can finally gain satisfaction of their customers in long-term. (Khodabakhsh Gorgani, 2010) believes that employees of organizations as internal customers of the organization ply key role. Hence, attraction, development and motivation and also qualitative and quantitative promotion of abilities and value creation, constant improvement of servicing, enhancing level of working quality as a product and also cooperation in conducting processes through using management can guide the organization towards presenting high quality products and services. As a result, satisfaction level among outside customers of the organization would be enhanced (Marinova Ye and Singh, 2008).

In regard with customer-orientation, sufficient perception of a company is about its target customers, so that it can provide more value for them. Customer-orientation is focused on a constant and active process for encountering needs of customers. Business units, which are active in turbulent environments, face rapid changes in needs and preferences of customers and their unpredicted needs and demands. Therefore, they need to be more customer-oriented because of their evolutionary needs and expectations. Current potential customers can be future's customers and can have good perception of their current need and their desire in the future, their current perception and the thing that they may perceive as their satisfactory factors in the future (Song et al., 2008).

George Cox has considered 4 key elements in order to found competitiveness feature of the

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organization in the current competitive situation: culture (existing attitudes and behaviors in the organization, processes, systems (with specific emphasis on communications) and creativity and innovation in the organization. In order to be customer-oriented, organizational culture should be changed and commitment to customer-orientation should be firstly created in high organizational level. Organizational processes and systems should be also changed. Being creative and authorized are also other factors that can help organizations to solve problems and complaints of customers.

In the current age, the issue of business and customer-orientation strategy are in direct relationship with each other and survival of each organization is depended on desirable results of the two phenomena. As it is obvious, people have attempted constantly over the history to take benefit of others' facilities to supply their needs and requirements. For this purpose, providing the needs used to be done by transferring products in form of mutually beneficial transactions. However, over the time and with the specialization of products and prosperity of technology and emergence of money as mediator, the previous relations were cancelled and monetary relations were dominated. Since then, the discussion of business was considered as its scopes were ranked and investigated (Ruver and Haaker, 2009).

2. Definition of business model

Business model specifies that how a company can earn money and specifies also for this purpose that where depended organizations and companies are placed in value chain. In other words, business model can make relationship between inputs and outputs of an organization. Centralization of business model indicates its importance. Hence, for purpose of knowing that how one can change inputs of an organization into suitable outputs or how one can apply outputs of and organization to control inputs of the organization, certain and organized business model should be designed for holding company and depending companies and then the model should be implemented properly.

2.1. Basic elements of business model

- 1) Value position: after describing customers, those products or services, which can meet needs of customers, can be considered as value position. Value of the product or services in view of customer can be considered for purpose of determining the value position of the owner.
- 2) Market sector: this is the group of customers considered. It should be noted that different sectors of the market have different needs. Sometimes, innovation in a business model can cause dramatic changes in the market.
- 3) Structure of value chain: position of activities of mother organization and dependent companies in value chain and manner of gaining certain part of

produced value in this chain by the personnel can form structure of its chain.

- 4) Creating interest and margin: how one can gain benefit? How is cost structure? And how desired benefit can be gained?
- 5) Position in value network: identification of competitors, dependent companies and effects created by cooperation network can be placed in this field. The definitions can describe position of organization in value chain.
- 6) Competition strategy: how personnel attempt to make sustainable competitive advantage for the organization? The advantage may be in manner of cost management or same hidden and unavailable market by the competitors. However, existence of the competitive advantage is essential (Krasnikov and Jayachandran, 2008).

2.2. Customer relationship management (CRM)

The term "CRM" with its current concept has been emerged since 1990 and has been also codified in form of a business strategy for purpose of selecting and managing the most valuable relationships with customers. Customer relationship management is need for a customer-oriented philosophy and culture of supporting effective strategies of marketing, sales and after sales services in the organization. Customer-oriented culture is based on a simple concept of person to person relationships between customers and sellers. The attitude considers each customer as a person with relevant purchases and needs. Using CRM, the relationship of customers with the company and their needs would be investigated. CRM is in fact a process for purpose of collecting and integrating information for purpose of effective application of them. The information can be related to customers, sales, effective marketing and sensitivities and needs of market.

2.3. Definitions of CRM

CRM is a system for customer relationship management. In fact, the system can be a strategy for collecting business needs and behaviors of customers to create more sustainable relationship with them. Finally, strong relationship with customers is the key for success in any kind of business. CRM has been formed of 3 main parts as follows: customer, relationships and management. The aim by customer is final consumer, which has supportive function in value creation relationships. The aim by relationships is creating more loyal and useful customers through a learning relation. Finally, management refers to creativity and conducting a customer-oriented business process and considering customer as focus point of organizational processes and experiences. Today, organizations consider strategic importance for CRM. In hard competitive situation, on time and organized relationship with customers is the best way for enhancing customer satisfaction, increasing sales level and decreasing

costs. Due to these issues, CRM in organizations can be considered as a kind of business strategy.

CRM is a term for collection of methodologies, processes and systems, which help organizations and institutes for effective and organized management of customer relationships. CRM provides a comprehensive and organized strategy that enables the organization to identify, attract and preserve and grow profitable customers through creating and maintaining long-term relationships.

2.4. New concept of customer service

The concept of customer service includes new definitions that whole organization, not a small part of it, in central structure of the organization from senior directors to ordinary personnel have key role in meeting needs of existing and potential customers. Even if a person is not in a situation that can support the customer directly, he/she can support employees, who give service to customers. According to this attitude, customer service includes all affairs performed by company to satisfy customers and help them to receive highest value from purchased services. The comprehensive definition contains everything. Everything that is additional to core service of supply and can also separate it from competitors can be considered as customer service (Fred, 2001).

2.5. Opportunities for maintaining customers

- 1-Tangible methods: the method needs cost consuming. For example, when an advertising gift is sent to customer or while giving a special discount for buying one of the products in birthday.
- 2-Intangible methods: the methods usually need no significant cost consumption. The methods can be implemented through spending some time and adjustment. For example, sending congratulation message in birthday or marriage of customers. Unfortunately, many owners of business think about their competitors and this is a big mistake. Basis of business should be on demands of customers. It should be always considered that many customers would be lost as a result of incuriosity of employees (Hult et al., 2005).

3. Research hypotheses

- 1) Targeting all customers is important in business process.
- 2) Attraction and maintenance of customer loyalty through personal relationship is important in business process.
- 3) Having constant contacts with customer is important in business process.
- 4) Choosing customer based on concept of customer lifetime value is important in business process.

4. Methodology

Literature data of the study have been collected through library method and analytical data have been also collected using field method and in form of questionnaire and interview. For purpose of conducting the study, 92 persons of economists and scholars in field of marketing have been investigated. Then, SPSS software has been applied for purpose of data analysis. Following, research hypotheses and applied statistical tests applied in this study have been presented.

5. Discussion and results

5.1. Descriptive results

5.1.1. Frequency distribution of respondents based on gender

Table 1: Frequency distribution of respondents based on gender

Gender	Frequency	Percent
Male	55	59.78
Female	37	40.22
Total	92	100

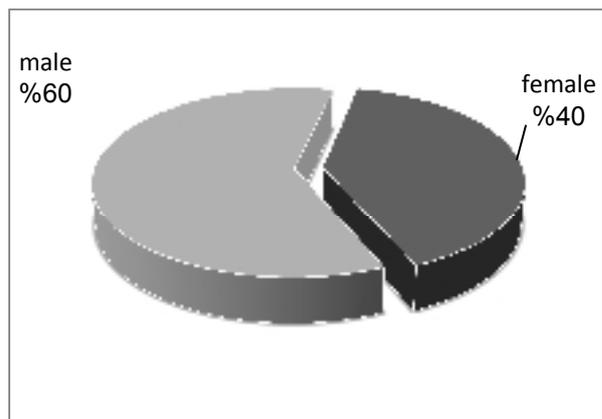


Fig. 1: Diagram of ratio of respondents based on gender

According to table and Fig. 1, gender of respondents has been estimated in nominal scale and has been categorized in two groups. Majority of respondents are male (59.78) and 40.22% of them are female.

5.1.2. Frequency distribution of respondents based on age

Table 2: Frequency distribution of respondents based on age

Age	Frequency	Percent
Below 30 years old	5	5.43
31-40	25	27.17
41-50	39	42.39
Above 50 years old	23	25
Total	92	100

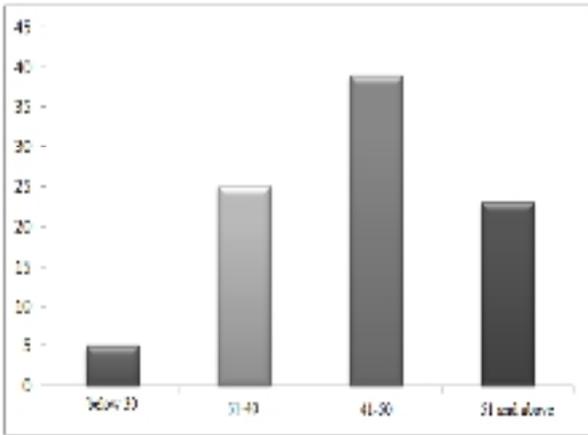


Fig. 2: Frequency distribution of respondents based on age

According to table and Fig. 2, it could be observed that majority of respondents (42%) are in age range of 41-50 and 5.3% of them are in age range below 30 years old.

5.1.3. Frequency distribution of respondents based on education

Table 3: Frequency distribution based on education

Education	Frequency	Percent
BA	11	11.96
MA	50	54.35
PhD	31	33.70
Total	92	100

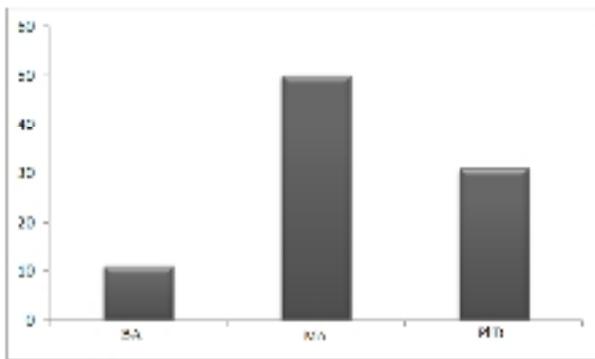


Fig. 3: Frequency distribution of respondents based on education

According to table and Fig. 3, it could be observed that majority of respondents (54.35%) have MA degree and 11.94% have BA degree.

5.1.4. Frequency of respondents based on work experience

Table 4: Frequency distribution based on work experience

Education	Frequency	Percent
Less than 5 years	4	4.3
6-10 years	15	16.3
11-15 years	28	30.43
16-20 years	25	27.17
More than 21 years	10	21.74
Total	92	100

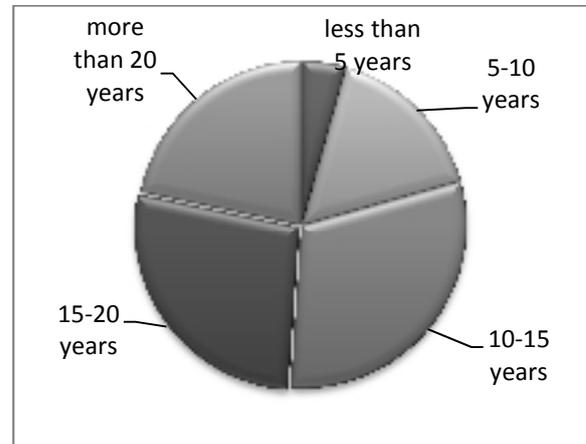


Fig. 4: Diagram of frequency distribution of respondents based on work experience

According to table and Fig. 4, it could be mentioned that 30.4% of respondents have 11-15 years' work experience and 4.3% have work experience less than 5 years.

5.2. Inferential results

Hypothesis 1: Targeting all customers is important in business process.

If mean value of targeting all customers for purposes of business management is more than intermediate level, it could be found that the targets have emphasis on feature of targeting all customers one by one. In order to investigate this issue, one-sample t-test has been applied.

Table 5: Test statistics

N	Mean	SD
92	18.6413	3.25334

In one-sample t-test, mean value for targeting customers has been estimated (M=18.6413) and obtained results from the test (sig>0.05) indicate that the hypothesis is significant. It means that targets of business management have emphasis on "targeting customers one by one".

Table 6: Obtained results from one-sample t-test for targeting customers one by one

t-value	df	Sig	Mean difference	Confidence level of 95%	
10.735	91	0.000	3.64130	Lower bound	Upper bound
				2.9676	4.3115

Hypothesis 2: Attraction and maintenance of customer loyalty through personal relationship is important in business process.

If mean value of attraction and maintenance of customer loyalty through personal relationships for business management purposes is more than intermediate level, it could be found that the targets

have emphasis on attraction and maintenance of customer loyalty through personal relationships. In order to investigate this issue, one-sample t-test has been applied.

Table 7: Test statistics

N	Mean	SD
92	17.4783	3.20192

Table 8: Obtained results from one-sample t-test for targeting customers one by one

t-value	df	Sig	Mean difference	Confidence level of 95%	
				Lower bound	Upper bound
7.424	91	0.000	2.47826	1.8152	3.1414

Hypothesis 3: Having constant contacts with customer is important in business process.

If mean value for having constant contacts with customer for business management purposes is more than intermediate level, it could be found that the targets have emphasis on having constant contacts with customer. In order to investigate this issue, one-sample t-test has been applied.

Table 9: Test statistics

N	Mean	SD
92	17.0435	3.72374

Table 10: Obtained results from one-sample t-test for targeting customers one by one

t-value	df	Sig	Mean difference	Confidence level of 95%	
				Lower bound	Upper bound
5.264	91	0.000	2.04348	1.2723	2.8146

Hypothesis 4: Choosing customer based on concept of customer lifetime value is important in business process.

If mean value for Choosing customer based on concept of customer lifetime value for business management purposes is more than intermediate level, it could be found that the targets have emphasis on Choosing customer based on concept of customer lifetime value. In order to investigate this issue, one-sample t-test has been applied.

Table 11: Test statistics

N	Mean	SD
92	15.2935	2.81885

Table 12: Obtained results from one-sample t-test for targeting customers one by one

t-value	df	Sig	Mean difference	Confidence level of 95%	
				Lower bound	Upper bound
18.012	91	0.000	5.29348	4.7097	5.8772

In one-sample t-test, mean value for attraction and maintenance of customer loyalty through personal relationships has been estimated (M=17.4783) and obtained results from the test (sig>0.05) indicate that the hypothesis is significant. It means that targets of business management have emphasis on "attraction and maintenance of customer loyalty through personal relationships".

In one-sample t-test, mean value for having constant contacts with customer has been estimated (M=17.0435) and obtained results from the test (sig>0.05) indicate that the hypothesis is significant. It means that targets of business management have emphasis on "having constant contacts with customer".

In one-sample t-test, mean value for Choosing customer based on concept of customer lifetime value has been estimated (M=15.2935) and obtained results from the test (sig>0.05) indicate that the hypothesis is significant. It means that targets of business management have emphasis on "Choosing customer based on concept of customer lifetime value".

5.3. Friedman test

For purpose of investigation of variances of variables, Friedman Test has been applied. Friedman test is a nonparametric test for variance analysis with iterative (intragroup) values, which can be applied for comparing mean ranks in K variable (group). The test can be applied when the aim is investigating opinions of a group in several fields. Based on the ideas, priority of each item would be determined based on significant ranking.

Table 13: Results of ranks

Rank	Specification	Mean rank
1	Targeting customers one by one	3.90
2	Attraction and maintenance of customers through personal relationship	3.29
3	Constant contacts with customers	3.13
4	Choosing customers based on concept of customer lifetime value	1.68

According to table 3, it could be found that purposes of business management have mostly emphasis on targeting customers one by one. Attraction and maintenance of customers through personal relationship; constant contacts with customers; choosing customer based on concept of customer lifetime value are respectively in later ranks.

Table 14: Results of Friedman Test

Test	N	Chi-Square (X ²)	df	Sig
Friedman	92	105.445	4	0.000

According to obtained results from the test and its significance in confidence level of 95%, it could be found that the difference between mean value and variance of variables is significant.

6. Conclusion

Over the two decades, many slogans have been expressed by companies based on importance of customer and meeting needs of customers. Today, companies have also abundant emphasis on importance of customer's role. Here, several definitions of customer have been presented.

Customer deserves most polite attention and behavior. Customer is a person, whose needs can be met by individuals or the organization. Customers are those individuals or organizations that sign contract with others to supply their required goods and services. In market culture, customer is a person, who has the ability to buy a product or service. Such ability and skill can be appeared constantly in individuals and selecting product and purchasing it can be conducted. From this perspective, customer is an intelligent and smart person, who can investigate his/her need properly and select desired product through valuating and considering his/her talents and facilities. The present study aims at investigating customer-orientation in business process and has also evaluated position of important indicators of customer-orientation in business management. Obtained results indicate that factors such as targeting customer's one by one, attraction and maintenance of customer loyalty through personal relationships, constant contact with customer and choosing customer based on concept of customer lifetime value are important in field of business management and can improve business status.

Dissatisfaction of customers can be a good reason for this issue that specific improvement should be created in the existing situation. This can be realized using different methods like interview or field studies on current performance of the company. It should be noted that in each method, some people are required that can perform these tasks carefully and honestly. A successful customer-oriented company should be aware of feedback of its customers completely. This can be achieved through constant evaluation of customer satisfaction. Clearly, employees can support this issue. Therefore, with

the increase in satisfaction of employees, proper and considerable bonus of employees should not be ignored. This can result in creating a customer-oriented organization based on observance of correlation and competent selection in the organization.

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