



Reshaping Service Business –Transforming to Customer Intimate Business in Oman: An Assessment

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Abstract

Business competitive landscape evolves and conventional approach to business success may render ineffective or insufficient to drive the company to their desired state. Business practices and models are cropping up to win customers' trust and increase their market share and maintain and develop customer loyalty. This study is intended to assess service giving businesses' effort in one of the facets of the competitive arena which highlights the level of customer intimacy of service businesses to their customers. Determining the customers' perception and expectation on the level of customer intimacy based on the current customer centric approach implemented will be the framework used. Service giving businesses, which primarily requires high level of interaction, the determination of the actual level of customer intimacy will serve as an input in initiating and reshaping customer-centered policies, programs and processes.

Keywords: Customer Intimacy, CRM, Customer Service, Consumer Behavior

Introduction

According to Treacy and Wiersema:

“Companies that have taken leadership positions... They have focused on delivering superior customer value in line with one of three value disciplines – operational excellence, customer intimacy, or product leadership. They have become champions in one of these disciplines while meeting industry standards in the other two.”

In line the Oman Vision 2020, promoting of entrepreneurial activities as part of economic diversification strategy to reduce reliance on oil and gas is one of the focus of the government.



Thus, respondents in this studies are customers of small scale businesses with the primary intention of increasing the success rate of small scale businesses.

Due to the simple structure and sizes of target businesses, it has been observed to be lacking in this aspect given the lack of focus and lack of customer relation skills of their respective front-liners.

One of the factors that could affect the behavior is learning; from the environment and from the academe. Academically, students, the future business entrepreneurs, are being trained and instilled in their minds the basic concept in marketing which is to match between the needs and product/s to able to have successful business. In addition, another highlight is on providing high level of quality of the products. Thus, the present paradigm of most small scale businesses is that needs satisfying product could result to customer satisfaction and eventually profits. However, due to dynamic and ever-changing competitive landscape and customer preferences and perceptions `viz-a-viz` business practices.

In today's ever changing competitive environment, the strategic link to organisational effectiveness and competitiveness is also based on meeting and exceeding the needs and expectations of customers (Potgieter & Roodt, 2004, p5). In a demand driven and service-centric market, where companies face ever increasing competition, leveraging business relationships to achieve a competitive advantage is a key business strategy (Tuominen, Rajala, & Mo, 2004). Thus, the mere traditional marketing concept of matching the needs of the customers and the product/s is way beyond the contemporary approach and could have an impact on the overall strategy of the business thereby, requires a paradigm shift by businesses in reformulating their company strategies.

According to Peppers & Rogers Group:

“Unfortunately, however, most organizations lack the holistic view of their customers that's required to fully understand and react to customers' needs in a way that will help to forge tight-knit and trusting relationships with them. Decision-makers are impeded by barriers such as silos of customer data, poor data quality and misaligned business strategies that prevent them from developing a comprehensive view of each customer and leveraging the business potential of each relationship.”



The focus of this study is on service-giving businesses where customer intimacy aspect of strategic actions comprises the largest part in achieving sustainable competitive advantage. Kraemer, Gurbaxani, Dukle & Vitalari (1996) discussed in their study, “Service firms are clearly further ahead in using customer intimacy as a competitive strategy. They depend on a deep relationship with their customers, provide advice and coordination, and often integrate operations, even to the point where they assume some customer administrative functions. This is a hallmark of customer intimacy.”

Evaluating customer intimacy is the first step towards determining the current competitive environment in terms of how the customer perceived the businesses’ effort in integrating customer intimacy either as part of their competitive strategy, in general, or specifically as an important component of their marketing effort. Information generated from this study will be used as an input in reshaping their business to be a more customer-centric businesses.

Customer-centric business lies in customizing service that will be best fit to the needs of the consumer to achieve customer satisfaction and experience which will be the start of creating tight relationship.

Review of Literature

One of the most important goals of every organization is to serve customers as best as possible (deWaal, 2012). Customer intimacy advances cozy connections and enables organizations to use information to tailor and shape items and services to fit an inexorably fine definitions of the client (Wiersema, 1997). It is not only about having a high quality relationship with a customer: it is also about how an organization and its members are able to leverage the knowledge acquired through this relationship in order to shape the offering and to achieve a competitive advantage (Habryn, Blau, Satzger, & Kölmel, B., n.d.). In the efforts to build customer intimacy with customers, companies must learn as much as possible about each customer’s behaviour, attitudes and expressed needs and use that to understand where and what pain points are in order to meet customers’ expectations and retain loyalty and trust which have become more important (Williams, Hernandez, Petrosky, & Page, 2010). The core of customer intimacy involves providing complete solutions for customers’ needs. In doing so, customer intimate companies craft relationships of



openness, confidence, sharing and cooperation, based on the premise of mutual benefits (Wiersema, 1997).

To reiterate, customer intimacy, the second value discipline, means segmenting and targeting markets precisely and then tailoring offerings to match exactly the demands of those niches. Companies that excel in customer intimacy combine detailed customer knowledge with operational flexibility so they can respond quickly to almost any need, from customizing a product to fulfilling special requests (Potgeiter & Roodt, 2004; French, 1995; Gubman, 1995; Treacy & Wiersema, 1993; Zemke, 1993). The customer intimacy strategy focus on offering an attractive set of client benefits that takes into consideration personalized and customized service to meet contrasting client needs. Treacy and Wiersma (1993) mentioned that customer-centric companies tend to have a decentralized organization which allows them to learn and change quickly according to customers' needs. These types of companies often keep an entire ecosystem of partners for the actual production and delivery of products and services to their customers.

Methodology

Ministry of Commerce and Industry identified small-entities as establishments with six (6) to twenty five (25) workers and annual sales of RO100,000 to RO500,000 and due to difficulty of identifying annual sales due to its confidentiality, number of workers is used to classify an establishment as small scale service businesses. The researcher used quantitative approach in this study and data are gathered through combination of purposive sampling, which focuses only small scale service businesses, convenience sampling in identifying which small business to be covered, snowball sampling, where a staff is contacted for each identified businesses and instructed to distribute such randomly to their customers under study, simple random sampling. The geographical scope of this study covers Sohar being the largest city in the Al-Batinah region.

This study is based on the five dimension model of customer intimacy; *Care, Communication, Trust, Comfort and Commitment* by Stern, 1997. Correlational analysis will be made on the variables identified herein and coefficient of variance to determine which of the variables are more reliable and credible. Moreover, comparing of means have been made in order to determine the level of agreement on various statements and One-way ANOVA to determine its variance.



Analysis and Findings

Statistical inferences have been employed to determine the perception of the customers towards the determination of the level of customer intimacy. First part of the analysis is focused on comparing means of various dependent and independent variables followed by ANOVA to determine if there are significant differences on the group means of aforementioned variables and coefficient of variance to determine the most relevant variable that are reliable and consistent. Correlations between the dimensions to determine the interrelationship of the different dimensions.

A. Comparing of Means

Table 1. Caring, Trust, Communication, Comfort, Commitment * Gender

Gender		Caring	Trust	Communication	Comfort	Commitment
Male	Mean	3.42	3.57	3.47	3.29	3.35
	N	57	57	57	57	57
	Std. Deviation	.538	.438	.527	.483	.465
Female	Mean	3.42	3.50	3.44	3.32	3.42
	N	93	93	93	93	93
	Std. Deviation	.454	.340	.475	.379	.337
Total	Mean	3.42	3.53	3.45	3.31	3.39
	N	150	150	150	150	150
	Std. Deviation	.486	.380	.493	.420	.390

It can be statistically inferred that all dimensions except for trust shows that based on the gender of the customers, they **somewhat agree** that service businesses do care, communicate, comfort and are committed with means ranging from 3.29 to 3.47. Though, customers agree that they do trust the business with the mean of 3.53. However, considering the number of customers of both genders, female perceived lower level of appreciation in terms of trust and communication but higher appreciation on comfort and commitment as compared to male customers.



Table 2. Caring Trust Communication Comfort Commitment * Customer Type

Customer Type		Caring	Trust	Communication	Comfort	Commitment
Regular	Mean	3.51	3.65	3.62	3.37	3.37
	N	45	45	45	45	45
	Std. Deviation	.594	.358	.461	.451	.467
Non-regular	Mean	3.38	3.47	3.38	3.28	3.40
	N	105	105	105	105	105
	Std. Deviation	.429	.378	.492	.405	.354
Total	Mean	3.42	3.53	3.45	3.31	3.39
	N	150	150	150	150	150
	Std. Deviation	.486	.380	.493	.420	.390

Classifying customers between regular and non-regular customers tends to differ in their perceptions which resulted to patronizing or non-patronizing the service of a particular company. Regular customers of different service providers agree that they do care, trust, communicate, comfort and are committed while non-regular customer do somewhat agree in this regard. Expectedly, regular customers tends to have higher level of appreciation on their service providers however, the possibility of having no other alternative is present. It is noteworthy to emphasize the number of non-regular customers 105 or 70% against 45 or 30% which will serve as an opportunity for service providers to capture and convert them to regular customers or loyal customers.

**B. ANOVA (One-Way)****Table 3. ANOVA-Gender**

		Sum of Squares	df	Mean Square	F	Sig.
Caring	Between Groups	.001	1	.001	.004	.950
	Within Groups	35.206	148	.238		
	Total	35.207	149			
Trust	Between Groups	.180	1	.180	1.247	.266
	Within Groups	21.344	148	.144		
	Total	21.524	149			
Communication	Between Groups	.020	1	.020	.081	.777
	Within Groups	36.246	148	.245		
	Total	36.266	149			
Comfort	Between Groups	.034	1	.034	.192	.662
	Within Groups	26.253	148	.177		
	Total	26.287	149			
Commitment	Between Groups	.155	1	.155	1.018	.315
	Within Groups	22.545	148	.152		
	Total	22.700	149			

Statistical inferences shows that no statistically significant difference in the means of the five dimensions of customer intimacy between male and female taking into account the significant value of greater than 0.05 as illustrate in table 3. It can be inferred that regardless of gender, their responses on the five dimensions were basically the same.

**Table 4. ANOVA-Type of Customer**

		Sum of Squares	df	Mean Square	F	Sig.
Caring	Between Groups	.566	1	.566	2.419	.122
	Within Groups	34.641	148	.234		
	Total	35.207	149			
Trust	Between Groups	.985	1	.985	7.100	.009
	Within Groups	20.538	148	.139		
	Total	21.524	149			
Communication	Between Groups	1.734	1	1.734	7.432	.007
	Within Groups	34.532	148	.233		
	Total	36.266	149			
Comfort	Between Groups	.279	1	.279	1.586	.210
	Within Groups	26.009	148	.176		
	Total	26.287	149			
Commitment	Between Groups	.022	1	.022	.147	.702
	Within Groups	22.678	148	.153		
	Total	22.700	149			

Statistical inferences shows that no statistically significant difference in the means of caring, comfort and commitment dimensions of customer intimacy based on the type of customer taking into account the significant value of 0.122, 0.210, 0.702 respectively as illustrated in table 4. However, significant differences occur in terms of trust and communication with significant value of 0.009 and 0.007. The result suggest that regardless of whether the customer is a regular or non-regular, caring, comfort and commitment are the dimensions that more or less present but trust and communication, as expected, will be the source of differences because business are more frequently communicating with their regular customers and in a way find its course to earn their trust.



C. Coefficient of variance

Table 5. Coefficient of variance

	Caring	Trust	Communication	Comfort	Commitment
Mean	3.42	3.53	3.45	3.31	3.39
Std. Deviation	0.486	0.38	0.493	0.42	0.39
Coefficient of variance	14.21	10.76	14.29	12.69	11.50

It can be inferred the priorities of the respondents in terms of the five dimensions of customer intimacy and determine the most reliable and credible dimensions. The most reliable and credible is communication dimension with 14.29, caring with 14.21, comfort with 12.69, commitment with 11.50 and the least would be trust with 10.76 coefficient of variance.

D. Intercorrelation of the dimensions

Table 6. Intercorrelations of dimensions

		Caring	Trust	Communication	Comfort	Commitment
Caring	Pearson Correlation	1				
Trust	Pearson Correlation	.469**				
Communication	Pearson Correlation	.196*	.756**			
Comfort	Pearson Correlation	.339**	.480**	.746**		
Commitment	Pearson Correlation	.267**	.240**	.444**	.878**	1

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

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

The five dimensions of customer intimacy suggest that they are positively correlated though caring and communication correlation is significant at 0.05 level however, other dimensions are significant at 0.01 level. Each dimensions tends to positively affect the other and lacking of it could have the same effect on the other dimensions.



Generalization

In the previous decade, researchers have announced that customer's satisfaction goes past consumer loyalty as the last focuses at the aftereffect of one or a set number of experiences amongst customers and organizations, while the previous alludes to a progressing connection between these clients and organizations (Bügel, 2010). Jun and Cai (2010), while researching the dimensions of internal customer satisfaction, found that customer intimacy was the most influential dimension to achieve both high internal customer service quality, and subsequently, satisfaction. True customer intimacy can only arrive through aligning the product development, manufacturing, administrative functions and executive focus around the needs of the individual customer (Treacy & Wiersma, 2013)

Significantly, huge opportunities can be exploited based on this study which highlights the possibilities of targeting higher level of achievement based on the five dimensions of customer intimacy which can drive the customers for a higher level of satisfaction and ultimately influence repurchase behavior thereby resulting to customer loyalty. Customer loyalty has many advantages for an organization: favorable word-of-mouth marketing, justified price premiums, reduced employee training costs, and lower employee turnover, all resulting in higher firm profits (Yim et al., 2008; Bügel, 2010).

Institutionalizing customer intimacy as a strategy, service businesses will become more responsive to the unique and diversified needs of the market not only in terms of customizing products/services but more so on the process on how businesses are responding to these needs but with consideration on the emotional aspects of the customers. The most important driver of customer loyalty and commitment is affective commitment, driven by emotions (Verschuren, 2014.; Haan & Langerak, 2008). Therefore, according to Birst Inc. (n.d.), the monitoring of customer satisfaction and experience requires customer insight into emotions.



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