CUSTOMER ORIENTATION CAPABILITY (COCAP) IN ASEAN CONTEXT – A QUALITATIVE APPROACH

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Abstract - The aim of this paper is to explore the nature and role of customer orientation capability (COCAP) in the ASEAN Market, highlighting its positive and negative consequences. The study adopts a qualitative approach, utilizing in-depth interviews to collect data. Responses were categorized based on similarities using a reasoning technique. Subjects' feelings and knowledge were monitored during the interviews, with time and place controlled to ensure equivalence. The sample comprised 11 managers from ASEAN. The study reveals various perspectives on COCAP, emphasizing its potential as a hallmark of success, competitive advantage, and business profitability. Factors fostering COCAP include organizational structure, top-level management vision, and organizational policy and culture, while factors discouraging it include short-term orientation, conservative leadership, and absence of a customer-oriented mindset. The paper also discusses the positive consequences of COCAP, such as higher profit, teamwork, and market leadership, as well as its negative consequences, including higher costs and lack of innovation. Overall, the research offers valuable insights into COCAP and its implications, suggesting the need to develop strategies tailored to modern businesses in the ASEAN market.

Keywords - Customer Orientation Capability, ASEAN Market, ASEAN Managers, Firm Performance

I. INTRODUCTION

Navigating today's business is the most challenging. Even though it is very easy to start up business today, staying in the competitive scheme is another story. With the concern in mind, few question are raised. "What does successful business organizations have in common?" and "How can business organization stay ahead of the competitors?" Is it the way companies are able to sustain the quality of their products and services? Or is it the way companies are able to satisfy their customer's wants and needs and maintain their customer's loyalty? Nowadays, new information spread quickly and any changes could significantly impact business operation. It implies that the strategy that was effective yesterday may no longer work today and could cause a serious problem for tomorrow. To ensure the success in this rapidly changes business environment, strategies taken need to be consistently monitored. In this qualitative paper, an emphasis is placed on one of marketing capabilities that many business organizations have adopted over the years, the customer orientation capability.

II. LITERATURE REVIEW

In 1986, Dickinson in "marketing concept and customer orientation" stated about customer orientation The marketing concept is a long-standing principle in marketing education, with its cornerstone being customer orientation. This principle asserts that for a business to succeed, it must prioritize meeting customer needs. It operates on two key assumptions: that consumers are knowledgeable and rational in fulfilling their desires, and that consumer preferences are paramount.The definition of customer orientation, from this paper, is straightforward and clearly defined. Customer orientation is the origin of the marketing concept and any business conducted should meet the needs of its customers. During this period, customer orientation represents foundation of marketing strategies and hallmark of successful business.

Market orientation is closely linked to customer orientation, which is considered a subset of it. Shapiro (1998) and Webster (1988) suggest that the terms are interchangeable. Both concepts entail a business approach focused on meeting customers' hidden needs and desires. Narver and Slater (1990) propose that customer orientation is one aspect of market orientation, alongside competitor orientation and interfunctional coordination, all guided by long-term focus and profitability. Berthon et al. (2004) note that customer orientation involves understanding and satisfying customer needs, akin to the marketing concept, which emphasizes delivering desired satisfactions more effectively than competitors (Kotler, 1988). Customer orientation is not only crucial for business success but also a key driver of competitive advantage. Firms compete by delivering superior customer satisfaction, making them more customer-oriented.

In 2006, Jason Huang and Dastmalchian mentioned, customer orientation stresses the importance of meeting customer needs and desires to fulfill organizational objectives. The primary motivation behind this focus is evident: the goal of creating value for customers is not an ultimate objective but a method to achieve another, potentially more traditional, goal such as profitability or attaining a specific level of performance. It shows that, as the studies of customer orientation progressed, while the definition is still the same, the concept slightly

changes and differently represented. In this study, customer orientation represents business profitability. It can be interpreted that companies intend to satisfy the customers' wants and needs to achieve their "mission" or other goal such as, higher profit/income or desired level of performance. Cross, et al. (2007) claimed,the customer orientation of salespeople plays a pivotal role. In today's business landscape, the key objective of marketing and sales activities is to precisely identify and meet customer needs to establish value in enduring relationships, which encapsulates the core of customer orientation. From this research paper, customer orientation can be interpreted as a necessary antecedent of competitive advantage. At the individual level, salespeople will try to determine and satisfy the needs of customer so they can develop long-term relationship with their customers (customer royalty). Customer royalty can act as a competitive advantage over the competitors, which could also lead to business profitability. In addition, Brown et al. (2002) suggest that customer orientation, an individual-level construct, is the key to a service organization's ability to be market oriented. Customer orientation has been defined as the degree to which contact personnel implementing the contemporary marketing concept involves assisting customers in making purchasing decisions that fulfill their needs (Saxe and Weitz, 1982; Macintosh et al., 2007).

In 2010, Valenzuela et al. stated customer-centric companies prioritize customer care as their paramount goal, while also ensuring the interests of shareholders and employees are not compromised. There is also an implicit understanding that the resources deployed in customer orientation will lead to business growth and long-term profitability. Valenzuela and Torres (2008) demonstrate that customer-focused companies enhance customer equity by allocating company resources to enhance customers' perceptions of value.Interestingly, customer orientation concept is now taking other stakeholders into account (i.e. stockholders and employees). In modern business, while the companies should still try their best to satisfy the customer's wants and needs, they should not sacrifice the interest of other stakeholders. Customer orientation is now more challenging because it forces business organization to consider 360-degree business environment.

From all of the literature reviews, many knowledge of "customer orientation" has been acquired. The definition, without a doubt, is consistent throughout the years of studies; to satisfy the wants and needs of the customer. However, some studies, especially the ones in the earlier years, explained customer orientation in a way that it is a hallmarkfor successful business. Then, the concept developed and others said that customer orientation acted as a necessary antecedent of competitive advantage. In modern business, however, from the most recent study, customer orientation is a capability necessary for firms to stay competitive (Thoumrungroje & Racela, 2013, 2022). By able to satisfy the customers' needs, without sacrificing the interests of other stakeholders, companies will create value with their customer, which leads to customer loyalty, business growth, and profits. As mentioned, strategies taken need to be consistently monitored in order to be successful in this rapidly changing business environment.

III. RESEARCH METHOD

The data collection method used for this qualitative paper is in-depth interview technique. The data was collected in words and similarities among responses were categorized using reasoning technique and group them together. Although, initially, the ASEAN managers were targeted as a sample to represent a population, particularly, marketing managers,a review of methodological literature indicates that a small sample of in-depth interviews is more appropriate than a large sample (Yin, 1994). Thus, keeping this in mind and considering the timing, expenditure of the research, and reachability of the respondents. When the research was carried out, only 11 managers were selected as a sample: 10 Thai managers and 1 Non-Thai manager. The interview was mainly conducted in English and partially Thai to ensure the respondents were able to fully explain their answers and clear understandings could be derived. The questions asked during interviewwere open-ended questions. The interview questions can be categorized into three parts: (1) To define the meaning of customer orientation in respondent's perspective, (2) To see the pre and post effects of customer orientations, and (3) To identify the key drivers and/or anything that discourage customer orientation. All of the interviewees are managerial-level who has knowledge and specific ideas on the particular topic and specialize in their own industry. Out of 11 respondents, 8 were interviewed face-to-face while 3 were interviewed via telephone call.

During the interview, subjects were monitored in terms of the feelings at the time they response and knowledge of the matter. Time and place were also control to ensure the equivalence. The collection period is between August and September of 2023. As for the environment, the selected place is mainly quiet with no distraction from the public. The interviews are consistent and systematically done. All of the conversations in the interview are recorded and respondents are also aware of that matter. The questions asked are in the same sequence for each interview and the interviewee will have time to elaborate their answers if necessary. This research consisted of two interviewers in which their responses were integrated. In addition, because data were collected in partially Thai, the translation is required. For analyzing the data collected, several steps have been taken. First, the responses were read

and translated very carefully to confirm the translation equivalence. Then, the similar responses were identified and categorized into groups and the prepared matrix, based on the literature review. After putting them in to the same categories, frequencies were done for each category before the results can be concluded.

IV. RESULTS

The in-depth interview clarified the meaning of customer orientation, its positive and negative consequences, as well as its key drivers. First, from the data collected, customer orientation can be classified into two meanings; (1) customer orientation is viewed as a strategy to satisfy customer wants and needs and (2) customer orientation is corporate culture and organizational policy in which the company focusedon customer and try to understand them from within, tapping into their unrealized needs. For the first meaning, customer orientation is viewed strategy to satisfy customer wants and needs. This can be witnessed from the one of respondents who stated as follows:

Customer orientation, for me, from a business perspective, is understanding the degree in which how important your customers is in that what you do and how you create that experience, the relationship management, and structure the process around it […]

The other respondents who see customer orientation as the same meaning further stated that:

Customer orientation is strategy or policy that support customer. The degree of customer oriented in each company is different vary on many factors. For my company, the degree of customer orientation is less than other FMCG company in present day because other brands have their own customer service […]

For the second meaning, customer orientation is the corporate culture and policy in which company try their best to satisfy the unrealized needs of customers, two respondents identified that as follows:

In my opinion, customer orientation is when firms are able to truly understand the customer, not only able to build the product to satisfy the customer but actually understanding them from within, their unrealized needs. Customer orientation should be built as a corporate culture. For example, the regular production employee in the factory would not care about customer orientation. They would simply leave the customer-oriented job to the marketing team to do the research on. However, if the corporate culture were customer-oriented, everyone in the organizations would contribute. In fact, the customer orientation should be like a mission and vision of the company. Also, "customers" can be both the end consumers and the suppliers.

Another respondent stated as:

The meaning of customer orientation is actually straightforward. It is to mainly focus on the customer perspective like what they want. For example, in my organization, we call it "Corporate value". These corporate value talks about what are the things that the corporate perceived as a core values. Then, set those core values to be the common ground for every employee to use it as a guideline in their research, analysis, and practices. Our corporate value is "Think customer" It is the concept that when we work, we will think like a customer by putting ourselves in the situations customers are facing […]

Not only that, the qualitative paper also observed the organizational factors that foster and discourage the customer orientation. The key organization factors that foster the customer orientation are organizational structure, policy, culture and vision of the top-management level. As for the factor that discourages the orientation, they are operational constraint, conservative leadership, and absence customer-oriented mindset. Here is the example from the respondent who stated that organizational structure is the organizational factor that fosters the customer orientation:

Well, first of all, customer orientation needs to be top-down from the organization. Vision and culture needs to be built in the organization to create the best customer experience.

In addition, another respondent also said organizational policy and culture are the key drivers of customer orientation. The respondent stated that:

KPI fosters the customer orientation. Each organization will have different requirements, even though they are in the same business. For example, for automotive industry, they focus on the just in time and lean management concept [...]

To add on to the previous respondent said, another respondent mentioned that:

[...] Many different parts of organization foster the customer orientation all of which have different magnitude. Mainly, it is the company's policy and culture. Definitely, marketing and salespeople who always interact with customer will be more customers oriented. […]

Another organizational factor is the vision of the top-management level. The respondent stated as:

Many companies put customer orientation in forefront of everything they do. Mission. Vision. Then, it is pushed down to every part of organization, which is really hard to do. From the management aspect, it is difficult to determine how to tie the compensation to those things […]

As for the factor that discourages the customer orientation, short-term orientation is one of them, based on this response:
As for what discourage the orientation, I'm not sure about organizational factors, but external factors. If you are short-term oriented, which most of companies are, it would total effect the customer orientation; especially, because CEO life span is short nowadays. Everyone is going for that number or certain margin. Sometimes, it's about the balance between the short-term goal that needs to be accomplished and the long term like customer orientation […]

Conservative leadership or absence of customer-oriented mindset also discourages customer orientation; in which it can be witnessed from these following statements:
[…] For example, if they care so much about margin and profit, they would not care customer orientation. The strategies they take are more profit-oriented. If the owners of the company do not have customer-oriented mindset, when the customer wants certain things, they would try to compromise for the maximum profit as possible. For example, when one-day margin is not reached the target, owner would tell the marketing team to go negotiate with the customers. It's not that they don't know what customer wants, but they choose not to do it. […]
All respondents confirmed that customer orientation certainly have positive effect toward the organization. The positive consequences of the orientation are higher profit, market leader, and teamwork. As for the negative consequences are higher cost and lack of innovation.High profit is the positive effect of customer orientation as it can have witnessed from this response:
The positive aspects of customer orientation are financial benefits. For example, Toyota is where they are today because they put customer benefit first and the money come second […]

Customer orientation can lead to market leading position within the industry, stated by one of the respondents:
In my opinion, customer orientation seems to be mostly positive. As there is high competition in this present business, by focusing on customer would help the company to have its own competitive advantage. […]

On top of that, respondent also said that teamwork within the organization is the result of the customer orientation:

The positive consequence is when customer sees the benefit of doing business with us and realized that we care about them; it will create a synergy of two firms. For example, we are manufacturer of hair care and we are the leader in the market. When doing business together, we actually helping the retailer to have better portfolio, at the same time, sell our products. […]

As for negative consequences, there were two that could be identified from the respondents. First, majority of respondents confirmed that higher cost is the main effects of the customer orientation:
[…] The negative aspects of that is higher sales and administration cost. In the long term, you might get more market share or whatever. But in the short term, will you be ready to take that hit?

Secondly, lack of innovation is also the negative consequence of the customer orientation. It is stated as follows:
[…] We shouldn't just see the fact or just the information on the research. Basically, what I'm trying to tell you is that a negative consequence of customer orientation is when firms rely too much on fact. Sometimes, we need to believe in gut-feelings or instinct and see beyond the fact. When we rely too much on customer orientation, we would not be able to tap into what we called, unconscious needs. Like I said, if we rely too much on fact, we will lack on imagination and innovation.
As a result, different perspective toward customer orientation has been discovered. Customer orientation can be strategy to satisfy customer wants and needs as well as corporate culture and organizational policy in which the company focused on customer and try to understand them from within, tapping into their unrealized needs. Furthermore, the study identified the factors that fostered to the customer orientation (organizational structure, the vision of the top-level management, and organization policy and culture) and discouraged it (short term orientation, conservative leadership, and absence customer-oriented mindset). Lastly, customer orientation positive and negative consequences were discussed. Higher profit, teamwork, and market leader are the positive consequences of the customer orientation while the negative consequences are higher costs and lack of innovation.

V. DISCUSSION AND CONCLUSION

This qualitative research provides many viewpoints toward customer orientation. From literature review, it can be concluded that the definition of the customer orientation has developed over years. Although the results are mostly consistent, it still can be classified as a hallmark of successful business, a necessary antecedent of competitive advantage, and business profitability. From the data analysis and interpretation, the definitions of customer orientation in ASEAN context are the strategies to satisfy customer wants/needs and corporate value as well as culture of the company. The organization factors that contribute to this orientation are the organizational policy, structure, and the vision of the top management level. However, there are few

organizational factors that discourage the customer orientation which are short-term oriented goals, conservative leadership style, some operational constraints, and the absence customer oriented mindset. With these reasons, customer orientation will be difficult to achieve. As a result of the customer orientation, there will many positive along with negative consequences. The positives effects are higher profit, teamwork within the organization as it gives the sense of direction for every functional department, the market leading position, and customer loyalties. Undoubtedly, the customer orientation also has negative effects such as high costs and lack of innovation. Listening to customers all the time often result into situation where customers take it for granted and use it against the company, as stated by one of the respondents. Eventually, it would lead to high overall costs, particularly sales and administrative costs. In addition, when the company relies too much on customer orientation, it would be lack of new products and services. Customer orientation is like a fact. Using survey usually identifies the wants and needs of customer. By doing so, the organizations will be lack of imagination and innovation as it would only listen and cater to customer wants and needs without tapping into the unconscious needs. Still with all these mentioned, the benefit of customer orientation is certainly outweighed the disadvantages. With today's business are getting more competitive, have customer orientation would differentiate the company among its competitors which lead to the winning outcome.

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