Nature, Elements and Process of Customer Orientation: Evidences from Service Front Line

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Abstract : The research study is an attempt to understand how customer orientation happens in an organization particularly with reference to the role of front line. Critical Incident Technique was employed to collect stories of customer oriented responses from the front end managers of twenty interactive services organizations. The collected stories were analyzed and interpreted to capture the nature, elements and process of front end initiated customer oriented response. The responses were found to be systemic, localized and benefit driven in nature. Managerial initiative, system support and frontline participation were the elements which contributed to customer orientation. The process involved followed a generic decision making model with sequential steps of awareness, authentication, alternative generation, evaluation, response design, trial implementation, full scale implementation, and impact assessment and communication.

The paper provides a detailed study of the need for nurturing the leadership and initiative of the front line manager. Further, the current study should enlighten the top management of service organization that many customer oriented response initiation and implementation can occur at the grass root level within the organization rather than out of the vision of the top management.

Keywords : Customer Orientation, Service Delivery, Response Implementation

1.0 Introduction

Marketing philosophy entails that customer oriented organizations are better positioned to achieve long term business success than the ones that are not (Deshpande, Farely and Webster 1993; Kotler 2000). Customer orientation has been considered as an integral element of Market Orientation (Deng and Dart 1994) leading to superior firm performance in terms of profitability (Narver and Slater 1990), employee commitment and esprit de corps (Jaworsky and Kohli 1990). Given this significance of customer orientation, researchers in marketing have profusely studied factors contributing to superior customer orientation as well as varying implications of customer orientation across different organizational contexts (Chang and Lin 2008, Harris and Strong 2004, Ceyhern and Dursun 2007, Sax and Weitz 1982).

2.0 Theoretical Background

Researchers in the past have suggested the study of market orientation in a disaggregated manner (Noble, Sinha and Kumar 2002), particularly differentiating customer orientation and competitor orientation as separate constructs since their drivers are different (Homburg, Grozdanovic and Klarmann 2007). Customer orientation, particularly, has been treated as a culture driven, over all organizational orientation (du Gay and Salaman 1992) as well as individual employee orientation (Saxe and Weitz 1982). Researchers have studied influence of individual characteristics such as personality traits on customer orientation of service workers (Brown et al. 2002, Liu and Chen 2006). However, researchers have not given sufficient attention to the role of front line managers of service organizations in designing and delivering customer oriented response and especially to *how* such responses happen.

The boundary spanning employees could play a key role in making the firm customer oriented. The role includes understanding, filtering and interpreting information and resources to and from the service organization and its customers (Zeithaml, V. A. and Bitner

M. J. 2000). They also participate in designing and more so, in implementing customer oriented responses (Heskett, Jones, Loveman, Sasser Jr and Schesinger 1994). These customer oriented responses could be on the front end employees' own initiative or by virtue of the front end employee participating actively in organizations' top management driven customer orientation (Carr and Lopez 2007). There are multiple drivers for customer oriented behavior. While individual initiated customer oriented behavior by front end employee is driven by personality factors like openness and agreeableness (Periatt, Chakraborthy and Lemay 2007, Liu and Chen 2006) a more widespread- organization wide-customer oriented behavior is impacted by a market oriented organizational culture (Narver and Slater 1990). For example employee empowerment was identified to be positively impacting customer orientation (Bowan and Lawler 1992; Peccei and Rosenthal 2001). Similarly, education and training, involvement and contribution, and reward structure (Iris Mohr-Jackson 1991) were also found to be driving customer oriented behavior in service organizations at the front end.

Besides explaining key drivers of customer oriented behavior, existing literature deals in implications of customer orientation as well. Customer orientation of front end service employees was found to be positively influencing firm performance (Keilor, Parker and Pettijohn 2000) service quality (Carol, Carol and Rachel 2003) job satisfaction, commitment and organizational citizenship behavior (Donavan, Brown and Mowen 2004). The predominant measure for service quality was proposed by Parsuraman, Zeithaml and Berry (1988) in the form of SERVQUAL. Superior service quality leads to customer satisfaction and loyalty which in turn results in superior performance (Parasuraman et al. 1985). Service quality is achieved through matching or exceeding customer expectations (Zeithaml, Bitner and Gremler 2006). This would involve understanding, designing and delivering service promises in tune with customer expectations. Thus customer oriented behavior becomes a prerequisite of superior service quality and resultant customer satisfaction. Therefore, an understanding of the nature, elements and process of customer oriented behavior could facilitate front line employees as well as service organizations in improving on their customer orientation.

As discussed earlier, past research has largely concentrated on the key drivers and consequences of a customer oriented behavior. However, effort has not been made in identifying the nature, elements and processes of customer oriented behavior. An adequate understanding of these would demand a study into the "how" of customer oriented behavior. Therefore, the current research attempts to explore the nature, elements and process of customer oriented behavior in interactive services and the role of front end in implementing the customer oriented response.

3.0 The Context

Service, because of its intangible and inseparable nature, can only be delivered through customer-provider interaction. In almost all cases the provider is represented by service delivery personnel or service facility. Hence a customer oriented response in services has to be implemented through these boundary spanning elements. Service customers bring in variable demands and expect on the spot adaptations in services delivered. Service personnel, being organic in nature, are in a better position to understand the specific need and design and implement a response than an inorganic facility. Considering that the front end employees play a critical role in interactive services in becoming customer oriented, the researchers studied the characteristics and the process of customer orientation at the boundary spanning unit in interactive services. Hence, this research is carried out in the context of the front line unit of interactive services represented by the front line manager.

4.0 Methodology

Yin (1994) suggests that in order to answer a research question as to "how" a phenomenon occurs, an exploratory, qualitative and case based research strategy shall be adopted. As the researchers were primarily interested in the

process of customer oriented action, they adopted an exploratory, critical incident based approach. A critical incident is described as one that makes a significant contribution either positively or negatively to an activity or phenomenon (Bitner, Boom and Tetreault 1990, Grove and Fisk 1997 and Chell 1998). Studies in the past in similar areas like market orientation have heavily relied on narrations or oral histories by protagonists in initiating and implementing such activities (Gerhart 2006). In the current study, the researchers identified 20 customer oriented incidents. These incidents were particularly drawn from customer interacting levels of medium or large service organizations. The researchers chose a chief protagonist in these specific customer oriented incident to narrate the story. Further, as the method demands, the incidents were qualified by asking the respondents to report only those which they perceived to be making a significant contribution to the organization and which happened in the recent past. By qualifying these incidents, the researchers ensured that high impact customer oriented activities at the front end alone got attention and the scope of the study was limited to impactful incidents.

Further the definition of CIT entails two aspects to be taken care of at the time of collection of self report of the protagonist. One is the incident in itself and the second is the phenomenon or the theme which it contributes to. In the case of the present study, the incidents were customer oriented responses and the theme was customer orientation in itself which is constituted by customer oriented information collection and processing and also the response. Hence the guidelines for interviews contained items about the response as well as the information about the customer which led to the response.

Trained investigators collected oral stories from front end managers on a customer oriented response (incident in this case) that the respondents themselves considered important. The organizations were selected by using convenience sampling method. The respondents were facilitated to be natural and were encouraged to narrate the full spectrum of the incident with very minimal interference from the investigators in the form guiding. The spectrum involved what the incident was, why it occurred, who all participated, and how the entire incident occurred. The first transcript was prepared by the investigators with verbatim reproduction of narration wherever possible. The researchers analyzed the transcripts one by one whereby every next incident contributed to insights and relationships identified in the previous cases or revealed new insights or relationships.

In the analysis the researchers used a general frame work with three dimensions namely nature, elements and process of customer orientation. This frame work was used keeping in mind the research objective of exploring, identifying and describing the nature, elements and processes involved in customer oriented response in the service front end. Insights drawn from the information gathered were formed into data categories the aggregate of which gave a comprehensive understanding of the phenomenon under study. Each data category was labeled and a collection of categories contributed to the three dimensions of the frame work.

5.0 Data Analysis

By a close examination of the transcripts derived from the reported critical incidents, the researchers arrived at the nature (what), elements (which) and processes (how) of front end involved customer oriented activity. The insights arrived at from the analysis of the incidents are described below.

5.1 Nature of Customer Oriented Action:

Customer oriented activity in the front end was by and large found to be systemic in nature. By systemic we mean that a response was designed and implemented keeping all such future occurrences in mind without having to address on a case to case basis. Homburg, Grozdanovic and Klarmann (2007) distinguish between cognitive and affective organizational systems that drive customer and competitor orientation. While cognitive systems refer to the extent of information processing within an organization the affective systems refer to the

existence of values and norms to which the members are emotionally attached. They found that while affective organizational system is more important in driving responsiveness to customers, cognitive organizational system is more important in driving responsiveness to competitors. Similarly, we found that along with the implementation of a newly designed customer oriented response, supporting policies, procedures, guidelines and rules were also laid down by the organizations or units with an intention to drive similar customer oriented response in future. E-statement for ICICI credit card for travelling customers, Travel Insurance Policy for a new age group at Bajaj, Redefining responsibilities of staff in Reservations Office (CRO) at Landscape Resort, Introduction of express counter and separation of cash and card counters at Big Bazaar, Annual Maintenance Scheme at Bajaj service station, Express Delivery in case of short time for servicing and Night Shift during high demand by Bajaj Service Station were all examples for the same. All of the above responses were destined to be continuing for future with associated rules and procedures for supporting the implementation. After restructuring the CRO at Landscape Resort, the manager observed:

> ".....the work responsibilities were restructured; all the six CRO officers were made responsible for attending calls and the new policy was explained through a workshop organized".

Implementation of these systems was in such a way that it was clearly communicated to the customers as well as to front end employees. For example, the "new" e-statement facility provided by ICICI received a prominent position in front page of the company website and cash and card payment queue labels appeared prominently above Big Bazaar billing counters. We conclude from these observations that while disparate customer oriented action might happen at the individual employee level due to personality traits and characteristics of the employee, high impact and pervasive customer oriented responses, that in most cases

become a regular feature in future, draw support from systems and procedures for their continued implementation.

Benefit orientation was another characteristic of customer oriented activity. The responses initiated and designed by the front end manager were evaluated on cost and revenue bases. In most cases cost and revenue implications of customer oriented actions were evaluated with the involvement of higher authorities. The facilitation of revenue collection without much of cost was one among the reasons for introducing e-statement facility in ICICI credit card division. Branch manager of ICICI observed:

> "the senior management and all of us concerned realized the importance of such feedback that was crucial in receiving payments....giving an opportunity to augment service offering to enhance customer satisfaction".

Similarly, Revenue loss due to customers leaving the store even after picking the item because of long queues was controlled by introducing a billing counter at the drug store of the super market that did not demand corresponding additional cost. Bajaj Allianz did test marketing and projected the financial feasibility of introducing newer policy for aged customers while Landscape Resort considered CRO restructuring due to business loss as booking agents prioritized other hotels.

One of the major characteristics of customer oriented responses was that the implementation of these responses demanded higher levels of localization. The role of front end manager, as chief protagonist for a customer oriented change, facilitated the implementation of locally relevant responses. Local adaptations were made both in the service design and delivery as well as in marketing communication. Because domestic business customers coming to Goa carried some exotic images of Goa much like the tourist customers they expected an in-house bar at Ginger, a unit of the no-frills hotel chain. The Goa branch manager of Ginger Hotels had to get a bar

sanctioned against Ginger's organizational policy. Similarly, customer response at Fabindia's Panaji unit demanded more localized promotional strategies as against Fabindia's policy that resulted in superior business. e.g., Billboard on top of Inox multiplex and advertisement in local newspapers.

Customer oriented responses, in many cases, also required support and involvement of staff at the front end besides the manager. Therefore, as a practice, the front end managers included the immediate staff as early as response design stage through implementation and follow up. For example, the front line manager at Bajaj service station, Mr. Subhash, consulted and involved the head mechanic and others under him while deciding on night shifts as well as delivery based on service time requirement. He remarked:

> "....since implementation involves the rest of the mechanics, I consult the head mechanic from the beginning.........also orienting and training people if needed".

5.2 Elements of Customer Oriented Action:

The elements involved in the customer oriented response were not many. We found three main elements namely managerial initiative and leadership, front end implementers and system support.

In all the responses a front end manager took lead in selecting, pursuing, designing and implementing the customer oriented response. For example, in the introduction of single customer service number at Cidade de Goa, restructuring CRO at Landscape, introduction of bar in Ginger's Goa property, installation of separate billing counters at Big Bazaar and introduction of e-statement facility at the ICICI credit card division were all at the initiative and persistent pursuit of front end managers. The service manager at Cidade de Goa states

> "I carried out a survey on other hotels as to how they were tackling this service issue, took the results to the CEO.........the project took

about one year from conceptualization to implementation that involved training employees, adding infrastructure and new recruitments".

In most cases implementation of customer oriented response required participation of front end employees. The elicitation of participation took the forms of consultation in designing response (the involvement of chief mechanic in Bajaj service station), training for implementation (training of CRO staff at Landscape, training of counter sales executives in Bharne Creations) as well as assignment of roles in the implementation (all the incidents except the case of e-statement of ICICI for credit card customers).

In many cases, introduction of customer oriented response benefitted from existing organizational systems and practices as well as technological systems. Existence of rules, procedures, and roles were examples of organizational systems gearing up to support customer oriented response as in the case of ideation lab of ICICI bank, and feedback department of Café Coffee Day. These findings were found to be similar to past research findings that job design and value based training and the resultant employee empowerment lead to customer oriented behavior (Peccei and Rosenthal 2001). The outlet manager at CCD narrates the role of feedback department:

> "The outlets forward all feedback slips to Bangalore where they are carefully scrutinized......suggestions regarding eatables are passed on to food and beverages department, those regarding décor and service quality are passed on to marketing department".

On the other hand, introduction of software and hardware were examples of technology systems supporting implementation (online access to credit card statement in ICICI bank, new telecom infrastructure at Cidade de Goa,

call forward facility at Landscape Resort).

5.3 Process of Customer Oriented Action:

The first step in most cases was the front end service unit, specifically the manager, becoming aware of the need for a customer oriented action. This awareness was not a proactive discovery. Rather, a customer complaint, informal sharing of information by a customer or a channel member, formal reporting system and feedback mechanism brought such a need to the notice of the front end manager. For example, the cluster branch manager of ICICI credit cards received many customer complaints like the following one:

> "I have made my credit card payment on the basis of SMS received and I have actually not received the hard copy of detailed statement by mail. In case I am travelling abroad, I am unable to even receive this SMS and hence unable to access any credit card payment service."

However, this awareness was followed by detailed information collection for authentication which can be considered proactive. For example, the CRO manager at Landscape did the following steps for authentication; a) paid personal visits to major travel agents and sought their opinion and facts, b) made live booking calls from agents office, c) made 50 dummy calls over three weeks and tabulated the results.

Once the authentication revealed need for an action, further steps followed in the form of assessing possible alternative responses including financial implication. After selecting the optimum alternative, a detailed response design followed. This detailed response design, many a times, required participation of other members responsible for contributing to the design of the responses. These responses were then implemented on a trial basis. Along with the trial implementation, participating front line employees were trained to adapt to the changed system and areas for closer control and monitoring were identified. On successful lessens from trial implementation the customer oriented response was implemented as an organizational system throughout the organization. In certain cases, regular collection of information on the impact of the customer oriented response was gathered and communicated to the frontline response implementers with the purpose of motivating them.

While following the steps in generic decision making, the process also displayed a few specific features. The generic managerial decision making process involves the five steps of: a) problem identification b) developing alternative courses of action c) Evaluating and selecting alternatives d) Implementing alternatives and e) monitoring consequences of action (Koontz 2000). Figure 1 depicts the typical process involved in a customer oriented action that the front end manager considered important. The means of becoming aware of the issue, authentication of the issue, front end employee participation in designing response and impact assessment were salient to the process.
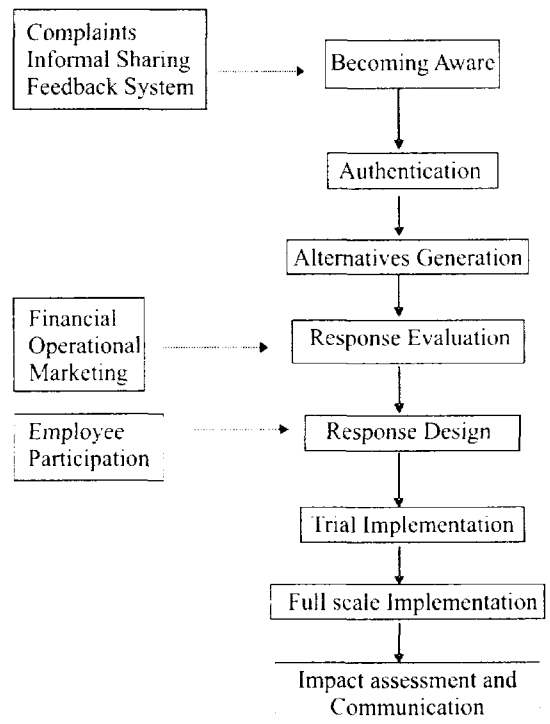

Figure 1: Process of Customer Oriented Action at the Service Front End

6.0 Managerial Implications

Given the systemic nature of responses and the need for system support for implementation, the onus is placed on the managers at higher levels to institutionalize the practices by designing or facilitating the design of proper systems in the form of policies, procedures, guidelines and rules. Again the reactive nature of customer oriented behavior stresses the need for systems and procedures which enable and facilitate the customers to express their needs and difficulties. Customer surveys, suggestion boxes and toll free numbers are some examples. The initiative, persuasiveness and persistence of the front line manager from becoming aware to impact assessment and communication has been found to be extremely important in the entire process. This has implication for front end manager selection, empowerment and facilitation.

Further the findings of the study have implications for human resource development in the front end for an attitudinal change through education and training. This should be in the form of developing a need for assigning highest priority for the customer need. The effort will be particularly relevant in the implementation of the customer oriented response through the front end. The need for nurturing the leadership and initiative of the front line manager is also evident from the research. Further, the findings of the current study should enlighten the top management of service organization that many customer oriented response initiation and implementation can occur at the grass root level within the organization rather than out of the vision of the top management. This calls for a change in perspective from a top down customer orientation to a bottom up customer orientation. But the research is based only on 20 incidents. Therefore, for many of the conclusions drawn a minimum number of at least five incidents (Zaltman) contributing to each insight were not available. Hence the contribution of this research largely remains generation of themes and insights relating to nature, elements and process of customer oriented responses rather than validation of the same.

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