

# CUSTOMER CENTRICITY: A QUALI-QUANTITATIVE STUDY ABOUT ITS ANTECEDENTS

LUCIANA FALUBA DAMÁZIO<sup>1</sup>

JOÃO LUIZ SOARES<sup>1,2,3</sup>

HELENA BELINTANI SHIGAKI<sup>3</sup>

CARLOS ALBERTO GONÇALVES<sup>3</sup>

*luciana.faluba@fdc.org.br, joao.soares@fdc.org.br,  
belintanihs@gmail.com, carlos@face.ufmg.br*

<sup>1</sup>Fundação Dom Cabral, <sup>2</sup>FAPEMIG, <sup>3</sup>Universidade Federal de Minas Gerais

## RESUMEN

*Este trabajo presenta la evolución de un estudio con abordaje cuali-cuantitativo sobre los antecedentes de Customer Centricity en empresas brasileñas que actúan en mercados competitivos. El trabajo ha desarrollado su fase exploratoria / cualitativa, originando un modelo teórico de Customer Centricity por medio de revisión bibliográfica y de un panel de expertos con ejecutivos de marketing. El objetivo de esta próxima fase es validar el modelo, utilizando un enfoque cuantitativo. Para ello, se realizará un Análisis Factorial Confirmatorio de datos de una encuesta a ser realizada con profesionales de marketing del mercado brasileño. Las contribuciones esperadas en este estudio consisten, en el campo teórico, en validar el modelo propuesto de Customer Centricity, con sus respectivos constructos, y, en el campo gerencial, en disponibilizar un modelo que posibilite evaluar el grado de Customer Centricity de las organizaciones, permitiendo la identificación de brechas en los equipos, políticas internas y procesos adoptados.*

## Palabras clave:

Customer Centricity, Estrategia de Marketing, Ejecutivos, Análisis Factorial Confirmatorio.

## ABSTRACT

*This work presents the evolution of a study of the antecedents of Customer Centricity in Brazilian Companies playing in a competitive marketplace through a quali-quantitative approach. This study has developed its own exploratory-qualitative phase, which gives rise to a theoretical model of Customer Centricity by means of a bibliographic review and also an expert panel with marketing executives. The aim of this new phase is to validate the model by employing a quantitative approach. A Confirmatory Factor Analysis will be done based on a survey with marketing professionals. The contributions expected from the study consist, theoretically, in validating the Customer Centricity model proposed, alongside its respective antecedent constructs. In the managerial field, the work aims at devising a model that can assess the extent to which Customer Centricity is applied in the companies. The research is also expected to identify gaps exposed by the teams, internal policies and processes adopted.*

## Keywords:

Customer Centricity, Marketing Strategy, Executives, Confirmatory Factor Analysis.

## 1. Introduction

In Marketing, amongst the various concepts defining Customer Centricity, one of them may be the extent to which a company is directed towards an understanding of the clients and the delivery of solutions as indicated by them (Frankenberger, Weiblen, & Gassmann, 2013; Vlašić & Tutek, 2017), thus resulting in a form of management oriented towards an understanding of what the client desires and how the company can better adapt in order to best meet the clients' needs, be paid for the service and make a profit (Teece, 2010). Therefore, the true essence of the paradigm Customer Centricity lies in ambidexterity i.e. the ability of a company to create mutual values, for the client and for itself alike (Boulding, Staelin, Ehret, & Johnston, 2005; Shah, Rust, Parasuraman, Staelin, & Day, 2006).

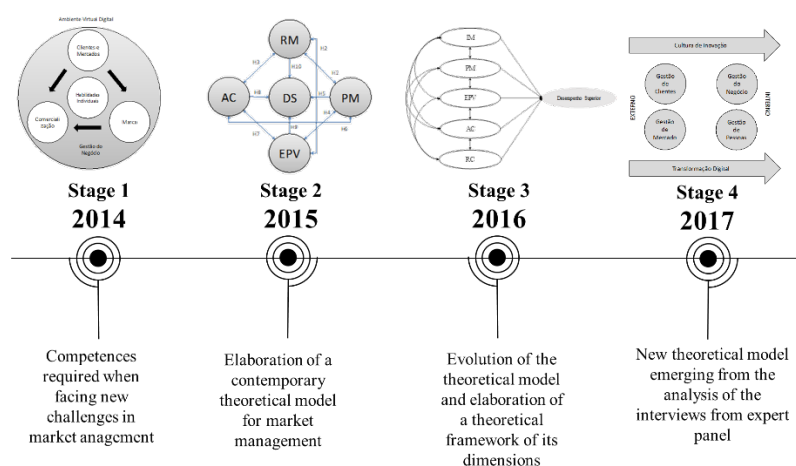
Although the principles and the practices of Customer Centricity may have originated in the 1950s and have been extensively discussed throughout the years, the predominance of the marketing strategies focused on products lingered on until fairly recently (Shah et al., 2006). However, the advent of competitive markets, changes in clients' behaviour as well as technological advances have made the way the client is dealt with a more central guideline to be used in business activities (Reilly, 2018).

The works of Jaworski and Kohli (2017) and Ozkaya, Droge, Hult, Calantone and Ozkaya (2015) point to the fact that the companies that achieve results that outstrip the average figures attained by the competitors are oriented towards the market; thus bettering the understanding of their clients and prospects. They place the client in the centre of their strategies. More noticeably, alongside the development of digital technologies, the concept of Customer Centricity has recovered its importance, once this approach is expected to yield 30% or more in ROI (Return On Investment) than what is forecast for a marketing approach which does not focus on the client (Vlašić & Tutek, 2017).

More recently, Ulaga (2018) pointed out that the subject of Customer Centricity is still in its early days in the academic world and therefore calls for new research into the exploitation of marketing strategies that enable the organisations to expand their competence in this area. Therefore, also considering the need to best understand the company's dynamics to focus on the client (Jaworski, 2018; Ulaga, 2018), one of the gaps appointed by Lee, Sridhar, Henderson and Palmatier (2015) consists in the investigation of the antecedents of a structure focused on the client, taking into consideration the companies that adopt this design.

In this perspective, the current work is being developed by means of a medium-term study employing a quali-quantitative approach. The exploratory/qualitative phase started in 2014 and went through a series of stages, as depicted by Figure 1, resulting in a proposal for a Customer Centricity theoretical model.

FIGURE 1  
Stages of the research exploratory/qualitative phase

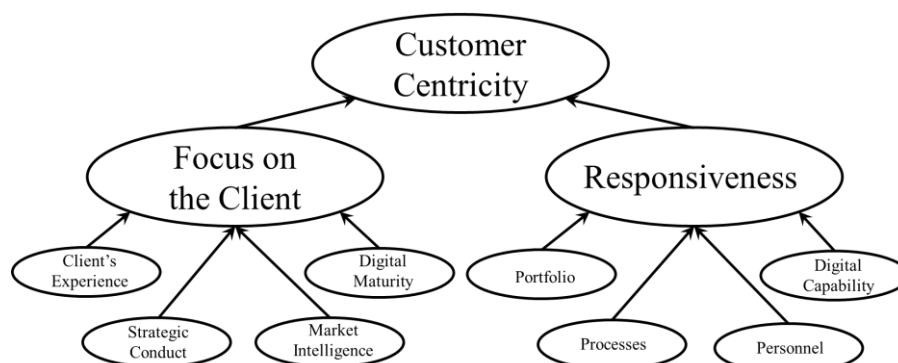


Source: Elaborated by the authors.

In 2014, the competence necessary for the achievement of high results in the marketing strategies were mapped based upon primary data. In 2015 a theoretical model having the same end was proposed based

on an extensive bibliographic revision inspired by the former phase. This theoretical model improved in the following years in function of discussions with fellow researchers in congresses, and also collection of primary data, culminating in the model of Customer Centricity as depicted by Figure 2 to be validated in the following phase proposed in the current study.

FIGURE 2  
Customer Centricity Research Model, resulting from the qualitative phase in 2018



Source: Elaborated by the authors.

This Customer Centricity theoretical model is supported by two constructs, the first being Focus on the Client, which is more strategic and is formed by the constructs Client's Experience, Strategic Conduct, Market Intelligence and Digital Maturity, referring to the organisation external aspects, clients and market. The second construct namely Responsiveness has a tactical/operational nature and is formed by constructs related to the internal aspects of the organisation, such as Portfolio, Processes, Digital Capability and Personnel.

Therefore, the following phase devised for the development of this work consists in an investigation by means of a confirmatory/quantitative approach, in which a Confirmatory Factor Analysis will be made based upon data collected in a survey answered by marketing professionals working in Brazilian companies.

## 2. Objectives

The main objective of the current phase of the study is to confirm, by means of a quantitative approach, the constructs that constitute the Customer Centricity Theoretical Model obtained via the qualitative phase of this research project.

Once validated, the model proposed can be improved as to be applied to more specific sectors of the economy, such as to the various hierarchical levels of the organisations considered in the study.

## 3. Methodological Aspects

In the present study, an instrument made up of 8 first order indicators (Client's Experience, Strategic Conduct, Market Intelligence, Digital Maturity, Portfolio, Processes, Personnel and Digital Capability), 2 second order indicators (Focus on the Client and Responsiveness) and 1 third order indicator (Customer Centricity) will be validated.

In order to validate and create indicators of interest, Confirmatory Factor Analysis will be done (Hair, Black, Babin, Anderson, & Tatham, 2006). The estimation of the Confirmatory Factor Analysis via maximum likelihood calls for a set of assumptions to be observed, including multivariate normality of the data and minimum sample size, amongst others. If the assumptions are not met, the use of robust estimators for the analysis can be an option. By definition, the variables used in the study do not present normal distribution, once they present a discrete and limited scale. Hence, a method of maximum likelihood having robust standard errors and Satorra and Bentler (1994) rescaled test statistics will be used. Satorra and Bentler correction utilizes a sandwich estimator for the standard errors, correcting not only the normality but also the heteroscedasticity of the data.

In the assessment of convergent validity, the Average Variance Extracted (AVE) criterion will be used –as proposed by Fornell and Larcker (1981), which represents the average percentage of shared variance between the latent construct and its items. This criterion guarantees convergent validity for values of AVE above 50% (Henseler, Ringle, & Sinkovics, 2009) or 40% in the case of exploratory research (Nunnally & Bernstein, 1994). In order to verify reliability, the indicators Cronbach's Alpha (CA) and Composite Reliability (CR) (Chin, 1998) will be applied. According to Tenenhaus, Vinzi, Chatelin and Lauro (2005) the indicators CA and CR must present values above 0.70 as an indicator of reliability in the construct, or values above 0.60 in the case of exploratory research (Hair et al., 2006). For discriminant validity, the Fornell and Larcker (1981) criterion will be used, which ascertains discriminant validity when the AVE of a construct is greater than the shared variance of this construct and the remaining ones. In order to verify the dimensionality, the Kaiser (1958) criterion is used.

Also applied will be the quality parameters of the models:  $\chi^2/G.L.$ , CFI, TLI and RMSEA. For good adjustment  $\chi^2/G.L.$  is expected to be greater than 3 (Arbuckle, 2008; Wheaton, 1987), CFI greater than 0.90 (Bentler, 1990), TLI greater than 0.90 (Bentler & Bonett, 1980) and RMSEA (Steiger, Shapiro, & Browne, 1985) should be below 0.08 – figures below 0.05 being ideal.

In order to compare the indicators of the model proposed to the characterisation variables, the tests Mann-Whitney (Hollander & Wolfe, 1999) and Kruskal-Wallis (Hollander & Wolfe, 1999), will be used, whereas in the comparison of the indicators having numerical or ordinal variables, Spearman correlation (Hollander & Wolfe, 1999) will be applied.

The software to be used in the analysis is R (version 3.5.0).

#### 4. Foreseeable Contributions

As far as the need for investigation of the antecedents of a structure focused on the client is considered, (Lee et al., 2015), this work is expected to render invaluable theoretical and managerial contributions. Amongst the theoretical contributions, an aspect to be considered is the validation of a novel Customer Centricity Theoretical Model as proposed hereby, alongside its respective antecedent constructs, resulting from the quantitative phase of the present research.

Moreover, in a managerial environment, this work is expected to render distinguished contribution to the assessment of the extent to which Customer Centricity is applied in the companies, also the present research addresses the identification of gaps in teams, internal policies and processes adopted. Also expected is that such assessment may encourage the development and execution of plans in an attempt to improve Customer Centricity potential, aiming at the reping of considerable benefit to a company's performance.

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