

Options of Improving Customer Focus of Small Businesses

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Abstract. Customer focus is one of the key factors determining success of small businesses. The purpose of this study is to define the options for improving customer focus of small enterprises and their staff and to implement the tools required to that end. The article proposes both organizational and individual level options and tools for customer focus improvement. Following the implementation of the elaborated recommendations, the number of customers completely satisfied with the company's level of services exceeded 80%; the rate of flaws detection as identified in the course of the initial study focused on the level of the main service components necessary for customer satisfaction decreased by more than three times. The implemented activities have significantly improved customer focus of a small business. The efficiency of the developed options for improving customer focus of small businesses was assessed and the findings indicated the practicability of using the proposed tools for the specified purposes.

1. Introduction

In this day and age, customer focus is probably one of the key factors determining success of enterprises and organizations and a crucial component of their competitive strength, since it is the attitude of customers, their satisfaction with the goods and services provided by the organization, as well as their loyalty that are critical for the company and its development.

Any organization maintains its market power as long as it satisfies the customer needs by offering its goods and services while doing so in the most effective ways compared to its competitors. If the organization fails to satisfy a customer, or a competitor finds a way to boost satisfaction and loyalty of goods or service buyers, the organization loses its customers, its market share, proceeds and profit, and if it fails to improve customer focus, it may go out of business. Therefore, it is currently very important to define practical options to improve customer focus of the organizations operating in a highly competitive environment of the modern economy.

2. Problem statement

The issues of the companies' customer focus were first studied in the 1950s. Initially, customer focus of a company was considered through its marketing activities. Then, the researchers focused on the issues of customer focus of the companies' personnel. The subject of customer focus was studied in the works of such authors as Peter Drucker, Theodore Levitt, Ajay K. Kohli, Igor Ansov, Fred Reichheld, Mike Woodcock, Dave Francis, and others [1; 3; 4; 6-8; 18-21]. Likewise, many Russian

scientists addressed this issue. The following authors studied customer focus of organizations and personnel: O.U. Yuldasheva, Ya.Yu. Salikhova, M.N. Shavrovskaya, A.G. Rozhkova, S.N. Apenko, etc. [5; 11-13; 15; 16]

However, remaining unaddressed is the issue of making an exhaustive list of tools used to improve customer focus of companies and their personnel.

Small businesses play a significant role in the modern economy. The share of small businesses in the GDP of such developed countries as the Great Britain, Germany, Japan, and the USA exceeds 50%. In Russia, the contribution of small businesses to the country’s GDP is just over 20%. The task of small business development has been on the agenda for many years in our country, though, it still remains unsolved. This task is complex, but one of the aspects of successful small business development is the competitive growth, which depends specifically on customer focus.

The stated problems helped determine the purpose of the study.

3. Purpose of the study

The purpose of this study is to define the options for improving customer focus of small enterprises and their staff and to implement the tools required to that end. The study subject is customer focus in the context of the modern economy. The study focuses on the available options to improve customer focus of small businesses.

4. Research questions

To achieve the specified purpose, the following is required:

1. Identification of improvement options, and development of efficient tools to promote customer focus at the organizational level.
2. Identification of improvement options, and development of efficient tools to promote customer focus at the personnel level.
3. Implementation of the developed tools of customer focus improvement in the practical activities of the organization.
4. Evaluation of the proposed tools efficiency.

5. Research methods

The works of Russian and foreign scientists served as a theoretical and methodological framework of this study. The empirical data obtained through the collection and analysis of materials based on a survey of the company’s employees serve as an information base of this study.

The research was done in a small enterprise, which is a dealer and a regional representative of AQUAPHOR (St. Petersburg), the largest national producer of water filtration systems and filters.

Options to improve customer focus of a small business are proposed for two levels: organizational and individual (Figure 1). The proposed options of customer focus improvement at the organizational and individual levels are given in Figures 2 and 3.

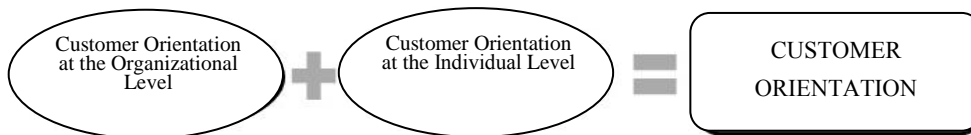


Figure 1. Components of Customer Focus of the Organization.

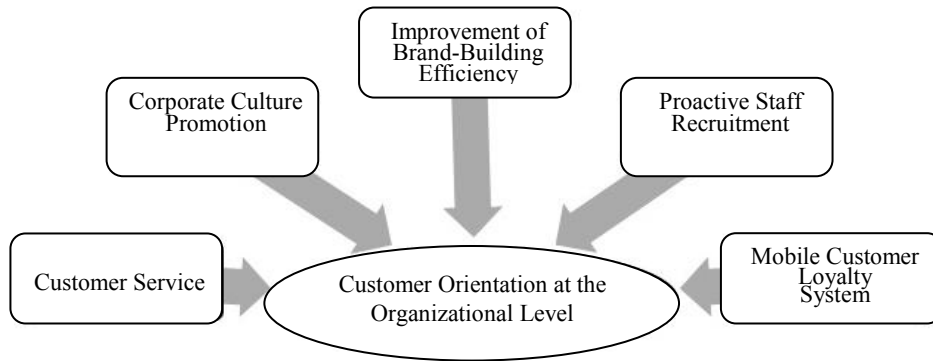


Figure 2. Organizational Level Options for Customer Focus Improvement.

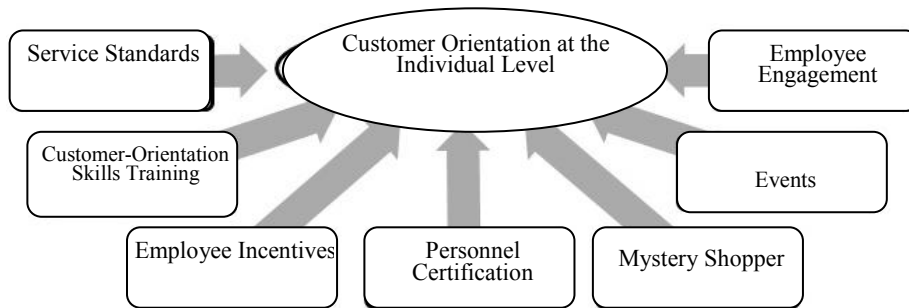


Figure 3. Individual Level Options for Customer Focus Improvement.

Quality of service is one of the customer focus indicators and a distinct competitive advantage. To assess the quality of service, a research was conducted using the Mystery Shopper method. Its findings suggested that the service components necessary for customer satisfaction were provided at the average level. The main identified flaws were the following: non-compliance with certain job description requirements by staff (12% of cases), incomplete knowledge (15%) and insufficient informational value of a consultation (9%), inadequate level of knowledge of sales techniques (13%).

A research was done to assess the customer attitude towards the organization, its service and products, which showed that the majority (67%) are regular clients who are satisfied with the level of the company’s service, yet there are those who are not entirely satisfied with the service (18%) and those who are barely familiar with the company (15%). Most of the company’s profits come from regular clients, who should be retained by increasing their loyalty based on satisfaction improvement. Besides, a random client could become a regular one, if the customer focus level of the company and its staff is improved.

To improve customer focus at the organizational level, the following tools were used: establishment of a customer service, corporate culture development, improvement of brand-building efficiency, proactive staff recruitment, and mobile customer loyalty system.

It was proposed to establish a Customer Support service with the main objective to increase customer loyalty; this proposal was then implemented.

To promote corporate culture that would support customer focus, it was proposed to prompt open communication between management and staff, including communications using common live chats in web-based messengers; this proposal was then implemented.

To increase brand-building efficiency the following was ensured: the company’s online presence through social media platforms, recognition of corporate identity and corporate brand colors. The company’s presence in social networks and its willingness to communicate with its clients contribute to customer focus improvement.

To recruit proactive staff, it was proposed to focus on recruiting employees through social networks. Creating an impression of a customer-oriented company will allow the applicants to

understand whether this company meets their expectations as an employer, which will help to fill the vacant positions with proactive candidates who have the opportunity to communicate with their potential employer directly in a way most convenient for them.

It was proposed to use a mobile customer loyalty system, which would be nationwide and common for all representative offices and dealers of the parent company.

The following tools were used to improve customer focus at the individual level: development and implementation of service standards, personnel training in customer-oriented service, company's personnel certification, personnel assessment based on the Mystery Shopper method, improvement of the employee incentive system, running of events, promotion of the company's employee engagement.

Client interaction principles and strategies were developed for the employees and implemented in the company's daily practice. To train the employees in customer-oriented service, it was proposed to organize training courses on sales techniques [9, p. 98].

A system of objective personnel certification was developed and implemented, based on the results of which the appraised employee is put through a rotation, or additional training, or, if absolutely necessary, dismissed [10, p. 73]. There was a proposition to implement regular assessments using the Mystery Shopper method, which was approved. These tools provide for a timely identification and elimination of flaws in the customer focus through remedial actions.

The following changes were proposed and introduced into the employee incentive system: following the results of personnel assessment and certification, employees were assigned to certain categories (ranks), high-ranking employees gained the right to be mentors, variable remuneration was increased, and staff bonuses based on the certification results were introduced.

The last of the proposed tools of customer focus improvement at the individual level introduced in the course of the study were special activities of event marketing and improvement of employee engagement. The special events contribute to a proper brand positioning and improvement of customer focus of the organization [2, p. 251; 17, p. 49]. We should also take into account the effect such events have on the employee engagement level in the company that is involved in event communications. To assess the level of employee engagement, a study was done using the Gallup company technique. The employee engagement index was 57.5%, which is equivalent of the average level. The initial survey done during the event showed that the customers required additional information sharing. After the special event, the brand-loyal audience increased by 25%, awareness of the brand and company's products increased by 20%. The previously studied employee engagement was reevaluated. It is worth noting that the mentioned employees were involved in the organization and running of the event. The employee engagement index increased from 57.5% to 75%, which indicates an improvement in customer focus and competitive strength of the organization [14, p. 51].

6. Findings

After introducing the elaborated recommendations for customer focus improvement into the company's practice, the study of the customer satisfaction level was repeated to assess the effect of these recommendations on customer focus at the organizational level. The study indicated that the number of customers completely satisfied with the company's level of service increased to 81% and a share of not entirely satisfied customers decreased by half. The level of company awareness increased, the percentage of customers barely familiar with the company decreased to 10% (Figure 4).

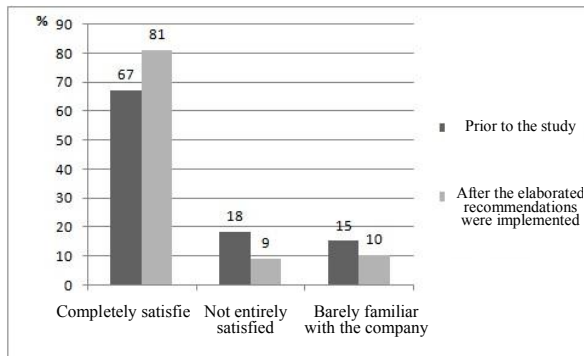


Figure 4. Results of the Customer Satisfaction Study.

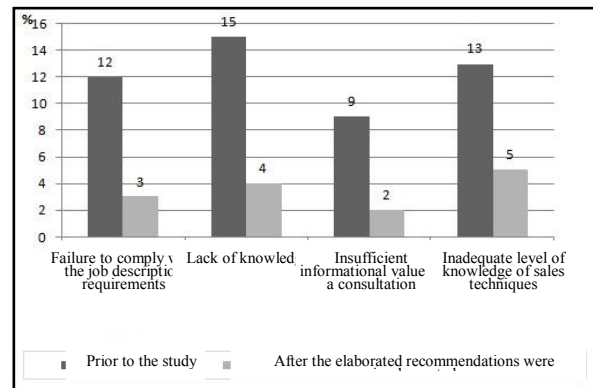


Figure 5. Results of the Quality of Service Study.

Once the elaborated recommendations were fully implemented, a study was conducted using the Mystery shopper method, to determine the effect of these recommendations on customer focus at the individual level. The study results indicated that the implemented measures were highly efficient. The rate of flaws detection as identified in a similar initial study significantly decreased (Figure 5).

The measures implemented to improve customer focus of the small business were significantly successful. Further work in this sphere will be continued, since customer focus improvement is necessary for the company's business development.

Business development in the context of the modern economy, regardless of whether it is a large company or a small business, is impossible without customer focus improvement. The tools to improve customer focus, considered in the article, which allow for such an improvement at the organizational and individual levels, do not by any means constitute an exhaustive range of tools. Yet, using the research data it is possible to conclude that the application of the proposed tools contributes to a significant improvement of customer focus of small businesses in the modern economy.

7. Conclusion

The study tasks of identifying the options to improve customer focus at the organizational and individual level, and developing the efficient tools to that end were completed, the tools of customer focus improvement were implemented in the practical activities of the organization. Their efficiency assessment showed the practicability of using the proposed tools to improve customer focus of small businesses. The purpose of this study – a definition of the options and implementation of the tools required to improve customer focus of small enterprises and their personnel – was accomplished.

The activities aimed at customer focus improvement should not be ceased, since all current-day companies operate in a highly competitive environment. Further identification of options and application of efficient tools to improve customer focus of small businesses is required.

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