

Customer's Attributes and Organizational Performance

Davood Gharakhani^{1*}, Mohammad Reza Farrokhi², Hamed khajevand³, Arshad Farahmandian¹

¹Department of management, Zanjan Branch, Islamic Azad University, Zanjan, Iran

²Department of management, Qeshm Branch, Islamic Azad University, Qeshm, Iran

³Department of management, khouzeestan Science and Research Branch, Islamic Azad University, khouzeestan, Iran

*Corresponding author: davoodgharakhany@yahoo.com

Received October 28, 2013; Revised December 10, 2013; Accepted December 26, 2013

Abstract This study explored how Product-related attributes of customers financial performance. Despite ongoing debate regarding the specific dimensions of the customer relationship orientation construct, the link with organizational performance is almost universally recognized. The findings suggest that financial service managers could consider treating consumers as partners in their provision of existing services or their quest to develop successful new services. Reciprocal behavior will foster a positive atmosphere, remove barriers arising from risk, and enable relationships to progress, ultimately improving financial performance. Marketing research has shown that firms are more successful when they focus on their customers' needs. Although some empirical studies have investigated the relationship between Product-related attributes of customers and financial performance, they have failed to show the mechanism by which Product-related attributes of customers promotes financial performance.

Keywords: *customers attribute, customer satisfaction, organizational performance*

Cite This Article: Davood Gharakhani, Mohammad Reza Farrokhi, Hamed khajevand, and Arshad Farahmandian, "Customer's Attributes and Organizational Performance." *American Journal of Industrial Engineering* 2, no. 1 (2014): 1-4. doi: 10.12691/ajie-2-1-1.

1. Introduction

Many researchers identify brand equity as the most important asset of a company. Brand equity has been extensively studied and there is evidence that it can influence consumer recognition and purchase intention. Previous studies [1] suggest that in creating satisfaction, the website design dimension is important because it is directly related to the user interface. This dimension includes content, organization, and structure of the site, which are visually appealing, fascinating, and pleasing to the eye. It is also assumed that a website interface often directly affects the perceived trustworthiness of the system. Two selling strategies are widely discussed in the literature customer-oriented selling (or customer orientation) and sales-oriented selling (or sales orientation). These two orientations differ both in terms of their objectives and the means used to achieve objectives. Customers have preferences both in the immediate and long term. Typically, short-term preferences (or wants) are felt and clearly articulated whereas long-term preferences (or needs) tend to be latent. A customer-oriented salesperson aims to uncover and satisfy these latent needs. The study of the impact of brand name on the perception and attitude of consumers has been a significant issue since competitors are keen on capturing higher market share. One issue that has emerged, as one of the most critical areas of marketing management, is brand equity. That is, the first impression of a retailing website may strongly affect the development of trust, and effective

communication may facilitate trust maintenance [2]. For example, the graphic elements of usability or content design were most likely to communicate trust in e-commerce settings. Loyal customers are indeed crucial to business survival [3]. For that reason many companies use defensive marketing strategies to increase their market share and profitability by maximizing customer retention. Although, traditionally, more efforts are dedicated to offensive strategies [4], research has shown that defensive strategies can be more profitable through increased cross selling, possibly at higher prices, and positive word of mouth (WOM) communication. Customer needs have become a primary concern for companies who compete in the global market. Companies can no longer rely solely on high-volume and low-cost production to maintain growth or even survive in the market. Instead, they put their effort into meeting customer needs or requirements (CRs) and achieving customer satisfaction to remain competitive in the market. An important part of the salesperson's function is to help customers make purchase decisions that will satisfy customer preferences.

Customer value is defined as "an interactive relativistic preference experience" [5] identifies four diverse meanings of value as: (1) low price, (2) whatever one wants in a product, (3) the quality that the consumer receives for the price paid, and (4) what the consumer gets for what they give up. The majority of past studies on perceived value have focused on the fourth definition of Zeithaml [5], which is basically similar to the concept of value judgment proposed by Flint, Woodruff, and Gardial [6].

2. Customer-Oriented Behavior

The importance of meaningfully conveying product/service attributes and benefits in influencing the perceptions of prospects and buyers has also long been recognized. For example, Abruzzini [7] found that the more closely the wording used in advertisements matches the language of target customers, the higher the comprehension and interest in the product or service offered. In both theoretical and applied studies [8] business marketers have employed a wide assortment of attribute descriptors to obtain perceptions and preferences for competing offerings. In this paper, we argue that it is important to make a meaningful choice of attributes in a manner that links derivation and selection of the attributes to specific types of business offerings. The term "customer orientation" is pervasively used in the marketing literature. It has been used to describe a type of organizational orientation where customer needs are the basis for planning and designing organizational strategy. Therefore, customer orientation, at the firm level, is defined as the set of beliefs that puts the customer's interest first, while not excluding those of all other stakeholders in order to develop a long-term profitable enterprise. It is one of the behavioral components of market orientation. Buyers are viewed as seeing a market offering as a bundle of tangible and intangible benefits consisting of perceived product or service attributes, imagery, and the transactional environment.

3. Service Quality

In some service contexts, buyers face considerable uncertainty stemming from such factors as intangibility, complexity, lack of service familiarity and the long-term horizon of delivery. Uncertainty of outcomes implies the possibility of service failures and unfavorable consequences. Relationship quality from the customer's perspective is achieved through the salesperson's (banker's) ability to reduce perceived uncertainty. Prior studies have suggested that effective relationship selling (marketing) will be more critical when: the service is complex, customized, and delivered over a continuous stream of transactions (Berry [9]; many buyers are relatively unsophisticated about the service (Ghingold and Maier [10]); and the environment is dynamic and uncertain in ways that affect future needs (demand) and offerings (supply). Bitner [11] defined service quality as the customers' overall impression of the relative inferiority/superiority of a service provider and its services and is often considered similar to the customer's overall attitude towards the company. This definition of service quality covers several points. One of them is an attitude developed over all previous encounters with a service firm.

4. Attribution Theory

Attribution theory is a collection of several theories that are concerned with the assignment of causal inferences, and how these interpretations influence a customer's subsequent evaluation. Weiner [12] suggested that people make attributions along 3Ds: controllability, stability, and

locus. Controllability refers to the degree to which the cause is perceived to be under the firm's volitional control. This involves the customer's belief as to whether the organization or personnel could have influenced or prevented a failure from occurring. In other words, when customers perceive the firm to be able to control another customer's misbehavior (e.g. talking loudly), but fails to exercise this control (e.g. by saying to that person "Sorry, Sir, but would you please keep your voice down."), they hold the firm responsible for the negative experience. When used in a market research context, "Attributes" are simply properties of a given product, brand, service, advertisement or any object of interest. Much brand and market research is targeted at understanding the most significant and powerful attributes of a product/service/brand or product/service/brand class. A product, service, or brand can have many attributes including cost, value for money, prestige, taste, usability, liking ("affect") and a wide range of image or personality attributes. To use one very common example, the car or "automobile" brand class can sometimes include attributes such as prestige, cost, reliability, exclusivity, availability, type (e.g. sporty, family, luxury) and country of origin. Usually a client wishes to measure their product or brand as perceived by target markets along several attributes they see important to the brand. If they are in a competitive market, they also sometimes need to know how they rate against competing offerings. In "brands", where attributes are often related to brand personality, image and brand identification related variables, these can often be uncovered by qualitative and depth interview techniques. Beside brand equity, consumers select a product by considering physical functions, which refers to product attributes. Keller [13] argued that product-related attributes are defined as the ingredients necessary for performing the product or service function sought by consumers, and non-product-related attributes are defined as external aspects of the product or service that often relate to its purchase or consumption in some way.

5. Customer Satisfaction

Most researchers agree that customer satisfaction refers to an attitude or evaluation formed by a customer comparing pre-purchase expectations of what they would receive from the product or service to their subjective perceptions of the performance they actually did receive. In order to control customer defection, most companies focus on managing customer satisfaction. Customer satisfaction has gained very much attention in the last few decades in all areas of production. In an increasingly competitive and dynamic environment, greater attention is continuously paid to customer relationships and satisfied customers. By measuring customer satisfaction, organizations are able to get an indication of how successful they actually are in providing products to the market. Customer satisfaction is an abstract and rather ambiguous concept. Manifestations of satisfaction vary from one person to another and from one product to another. The state of the so-called "satisfaction" depends on a number of psychological and physical variables, and correlates with certain behaviors. Among the psychological variables, personal beliefs, attitudes and

evaluations may affect customer satisfaction. A business ideally is continually seeking feedback to improve customer satisfaction (See Figure 1).

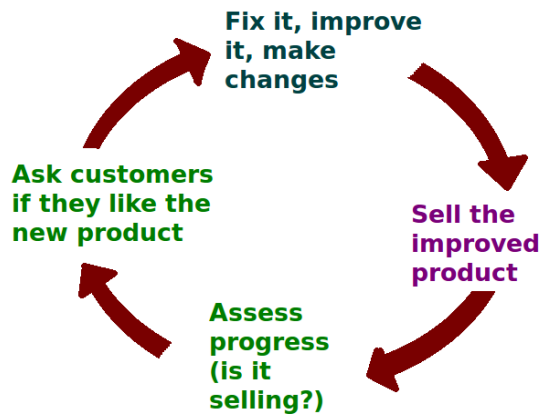
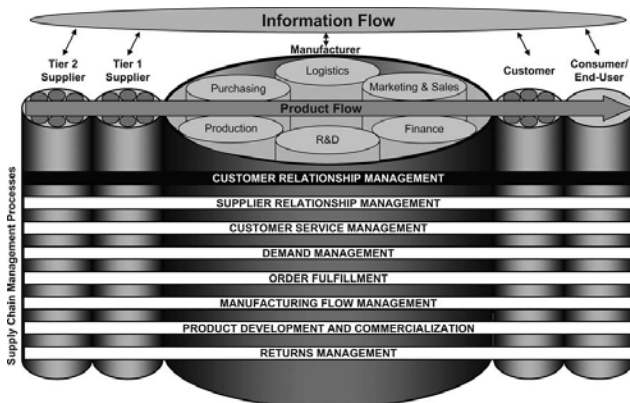


Figure 1. improve customer satisfaction



Source: Lambert (2008a) adapted from Lambert et al. (1998)

Figure 2. The eight macro-business processes: integrating and managing relationships across the supply chain

6. Organizational Performance

Thus, not just the presentation, but the quality of results achieved refers to the performance. Performance is used to indicate firm’s success, conditions, and compliance. Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. It refers the act of performing; execution, accomplishment, fulfillment, etc. In border sense, performance refers to the accomplishment of a given task measured against preset standards of accuracy, completeness, cost, and speed. In other words, it refers to the degree to which an achievement is being or has been accomplished. In the words of Frich Kohlar “The performance is a general term applied to a part or to all the conducts of activities of an organization over a period of time often with reference to past or projected cost efficiency, management responsibility or accountability or the like.

There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt.

7. Conclusion

Regarding financial performance and customer perceptions, most studies mentioned these as important concepts, but ambiguity remains regarding their measurement in the marketing literature. Financial institutions increasingly offer comparable merchandise, copy price promotions of competitors, share common distribution systems, and offer consumers similar standards of service, and thus the results of this study appear to provide increased opportunities for increasing the focus on developing and implementing relationship bonding tactics.

A key mistake in attribute-based research is for the most salient attributes to be missed, or the attribute definitions to be posed in such a way as they are not clear to the consumer subject pool. The former often occurs when a brand is product rather than consumer driven. It is often important therefore for research aimed at "uncovering" the salient attributes of the product according to the consumer, rather than the client, to be conducted also. From the conclusions presented above, it can be inferred that firms attempting to invest in improving customer satisfaction not optimize their investment unless they understand why their customers buy from them. Namely, managers should treat consumers as partners in their provision of original services or their quest to develop successful new services, while reciprocal behavior will foster a positive atmosphere, remove barriers of risk, and enable relationships to progress, ultimately improving financial performance. This work investigates the potential influence of investments in relationships on consumer attitudes, behavior and the relationship between such investments and customer and firm financial performance. While the development and sustainability of loyalty is increasingly difficult to achieve and its underlying determinants remain ambiguous, we believe that this study makes a distinctive contributions to relationship marketing theory.

References

- [1] Van Riel, A.C.R., Lemmick, J., Streukens, S. and Liljander, V. (2004), “Boost customer loyalty with online support: the case of mobile telecoms providers”, *International Journal of Internet Marketing and Advertising*, Vol. 1 No. 1, pp. 4-23.
- [2] Egger, N.F. (2000), “towards a model of trust for e-commerce system design”, available at: www.zurich.ibm.com/~mrs/chi2000/contributions/egger.html (accessed March 20, 2007).
- [3] Semejin, J., Van Riel, A.C.R., Van Birgelen, M.J.H. and Streukens, S. (2005), “E-services and offline fulfillment: how e-loyalty is created”, *Managing Service Quality*, Vol. 15 No. 2, pp. 182-95.
- [4] Fornell, C. (1992), “National customer satisfaction barometer: the Swedish experience”, *Journal of Marketing*, Vol. 56 (January), pp. 6-21.

- [5] Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: A means-end model and synthesis of evidence. *Journal of Marketing*, 52, 2-22.
- [6] Flint, D. J., Woodruff, R. B., & Gardial, S. F. (1997). Customer value change in industrial marketing relationships. *Industrial Marketing Management*, 26, 163-175.
- [7] Abruzzini, P. (1967), "Measuring Language Difficulty in Advertising Copy," *Journal of Marketing*, 31, 22-26.
- [8] Stiff, R. and I. Khera (1977). Industrial Product Positioning: Pragmatic Uses. *Industrial Marketing Management*, 6, 119-123.
- [9] Berry, L.L. (1983), "Relationship marketing", in Berry, L.L., Shostack, G.L. and Upah, G.D. (Eds), *Emerging Perspectives of Services Marketing*, American Marketing Association, Chicago, IL, pp. 25-8.
- [10] Ghingold, M. and Maier, K.C. (1986), "Questioning the unquestioned importance of personal service in services marketing: discussion and implication", paper presented at the American Marketing Association Services Conference, Boston, MA.
- [11] Bitner, M.J. (1990), "Evaluating service encounters; the effects of physical surroundings and employee responses", *Journal of Marketing*, Vol. 54 (April), pp. 69-82.
- [12] Weiner, B. (1980), *Human Motivation*, Holt, Rinehart & Winston, New York, NY.
- [13] Keller K. L. (1998). *Building, Measuring, and Managing Brand Equity*. New Jersey: Prentice Hall.
- [14] Lambert, D.M. (Ed.) (2008a), *Supply Chain Management: Processes, Partnerships, Performance*, 3rd ed., Supply Chain Management Institute, Sarasota, FL.