

## Prerequisites for Customer Orientation

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### Abstract

A highly competitive global market means numerous opportunities as well as numerous threats and challenges. Products become increasingly indistinguishable. Companies need therefore to develop concepts and strategies for relationships with their customer. For this purpose, a comprehensive consideration is necessary. The shift from transaction marketing to relation marketing already took place, and the focus is on the customer. Customer relationship management seems to provide possible solutions for competitive markets. The CRM hype is ongoing even though failing CRM implementation rates of up to 75 percent are reported. One of the success factors for CRM implementation is orientation toward the customer. Customer orientation requires various different measures like change management, cross functional collaboration, process management, employee commitment and the support as well as the encouragement from the owners or investors of a company. Internal marketing is necessary to convince employees to switch from functional to cross functional thinking. Customer orientation is a strategy, a journey and a long-term undertaking and requires continuous review and improvement. This paper provides a comprehensive insight on necessary factors for customer orientation.

**Keywords:** CRM, customer orientation, change management, cross functional, process management,

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### 1. Introduction

In a complex environment of changing markets, very fast technological advances, and in which most information is available for everyone at any time, it is increasingly difficult for companies to establish a sustainable relationship with customers. Companies struggle to build sustainable relationships with loyal customers (Bruhn, 2016, pp. 3-4). Increasing competition leads to shorter market cycles, especially in challenging market situations. Companies need to calculate higher costs for development of new products due to increased requirements from customers as well as the complexity of new technology. There is a big challenge to generate profits with more complex products with shorter product life cycles. Thus, all costs must be covered within a shorter period of time. Companies strive to gain profits with innovation of new products, but it becomes more difficult to be successful because markets are saturated and customers very often skip development steps of products (Keuper, 2010, p. 9). Increased customer requirements and greater competition have an impact on customer relationships. Supply overtakes demand and the wide range of similar products in a global market exacerbates the trend towards variety seeking. Hence, the customer is in a strong position now. Furthermore, the communication between seller and buyer is also changing, not in the least because of different distribution channels (Schimmel-Schloo, 2007, p. 33).

The behaviour of customers has changed as well over the years. Customers are more familiar with new technology and they use this technology for more transparency. Moreover, they intend to be more flexible and variety seeking is a common trend. Fewer change barriers exist and this also supports variety seeking. In addition, customers appreciate the convenience of easy procurement from home without restrictions on opening hours (Schneider, 2008, pp. 1-2).

Arguments mentioned before induce firms to build relationships with customers or even to achieve customer loyalty. The shift from transaction marketing to relationship marketing has already occurred. Transaction marketing puts the focus in most cases on the completion of the sale, whereas relationship marketing goes beyond one transaction (Schneider, 2008, p. 2).

The consideration of a customer relationship is often linked with monitoring the customer life cycle. Customer life cycle is a common marketing term which could lead to misunderstandings. In general, it explains the development of the customer