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INCREASING CUSTOMER FOCUS IN METAL TRADING

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Abstract. Customer focus is a diverse and multifaceted concept and is an important element of organizational culture, closely related to the marketing function. Its various components are more significant for companies and have a different impact on formation of their customer orientation. The identification of the CF elements that are significant in managing consumer expectations in this context of distribution helps companies focus on specific characteristics, which means being more efficient and resonating with the largest number of target market customers. This article is part of a study to increase the level of corporate bonds in metal trading, and was carried out at enterprises of Kazakhstan, in the metal business.

Keywords: Customer focus; satisfaction; CRM; loyalty; commitment; services

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JEL Classifications: M3, M1, L9

1. Introduction

The Customer focus (CF) organization means the marketing orientation of its activities associated with a deep understanding of the needs and values of not only customers, but all participants in the distribution channel (stakeholders involved in the marketing process) as well. First of all, it is the organization's ability to generate additional profit due to a deep understanding and effective satisfaction of customer needs. These literary studies clearly show that customer focus and business performance are positively interconnected.

Customer focus in metal trading is building relationships with consumers of metallurgical products with the specificity expressed in the fact that the decision to buy metal is not made by one person, but collectively; the market uses rational rather than emotional motives; the market has an expressed seasonality. The metal trading market of Kazakhstan is oligopolistic with a differentiated assortment, large capitalization of companies, high barriers to entry into the industry, significant control over prices and non-price competition.

2. Satisfaction and Loyalty

Loyalty means a biased behavioral reaction expressed over time by a client in relation to one supplier from many suppliers, which is a function of making a “binding” decision and brand assessment process (Kankam & Achiaa, 2019). Oliver proposed the initial customer loyalty structure, the “cognitive effect” model based on four main dimensions: cognitive loyalty, affective loyalty, conative loyalty and action loyalty (Oliver, 1979).

Affective loyalty: develops on the basis of aggregate satisfaction resulting from use. Conventional loyalty: is a hidden stage of intentional behavior when a customer directly buys a certain brand. Customer satisfaction is seen as the result of a comparison process between the perceived characteristics of a product and previous customer expectations (Oliver, 1997). A review of the literature on customer satisfaction is seen as a multi-dimensional design (Yi, 1990), which includes: satisfaction of the product/service (Marr & Crosby, 1992), satisfaction from sales as a process in which interpersonal customer relations become the focus of attention, where the ability to meet and exceed customer needs is essential and satisfactory for after-sales services (Ostrom, & Dawn, 1995). Customer retention is an indispensable tool for successful customer relationship management practices. In addition, customer retention has a positive effect on the organization’s profitability and productivity, reducing customer switching to competitors and introducing fresh perspectives (Reinartz & Kumar, 2000).

However, there are a number of reasons why a client, despite a high level of satisfaction, cannot remain loyal. Such customers may be price sensitive when they see the offer cheaper. Customers can seek variety while enjoying new tastes or experiencing new perspectives. Customers can be completely polygamous, while being loyal to several brands. Customer needs may change, and therefore they may desert. In fact, studies of loyalty and profitability have been found to have a low correlation (Groening et al, 2019).

Information related to the cost price of products in digital marketing through content and product capabilities, a customer engagement strategy through feedback and analysis, and service quality assurance helps to provide customer satisfaction and maintain a loyal customer base (Hasanata et al, 2019).

3. Theory of Expectations Anticipation

Projected expectations are based on customer experience with a product or similarly competitive product. Clients compare the perception of a new experience with previous feelings of experience or other information gathered from various sources. Expectations provide the basis for customers to compare their experience. An increase in the level of satisfaction from expectation and comparison in experience depends on the level of Compromise, which should be positive. This is a marketing priority and is called exceeding customer expectations.

The controlled and uncontrolled expectations of consumers, company-controlled products and services, advertising, pricing and quality are highlighted which are memorable for customers and create or change expectations (Kurmanov et al, 2019). Uncontrolled expectations are the elements that the company cannot control, but what helps the client create expectations regarding their products and services, competitive advertising, customer experience with competing products, individual customer preferences. Anticipation of expectations is an

attempt to maintain awareness of these uncontrolled influences and include efforts that can be transferred and managed with controlled expectations.

Ideal expectations are based in part on both experience and the will of the client. Projected expectations are based on customer experience with a product or similarly competitive product. It represents what is likely to happen. Minimum expectation is an acceptable level of expectation, which contributes to minimal satisfaction. Identification of customer preferences is the main goal of Priority Marketing and its approach differs from traditional segmentation, goes beyond the traditional customer survey information by identifying information.

3.1 Ways to exceed customer expectations (Babalola et al, 2015):

- a combination of methods for maintaining customer participation: feedback, surveys, etc. to identify how well their expectations are met and what is important to them.
- assess the prospect of the client having studied the customer experience with your products and services in comparison with competitors.
- management of expectations should be focused on all verticals and processes, operational, administrative and other activities of the company, as well as built into the philosophy of business.
- measurement of customer preferences through Priority Marketing.
- set expectation levels, set a predetermined line of action on how these priority preferences will be fulfilled.
- surprise i.e. blinding a client using the unexpected and seeking novelty, excitement and immediate satisfaction.

An attractive, superbly crafted product will certainly compensate for the poor service and high price that often annoys customers.

Raising expectations is a logical and acceptable phenomenon, as customer expectations are always raising. If the expectations for a product or service become too high, the company will become vulnerable to customer dissatisfaction. By creating high expectations beyond their own performance capabilities, companies are doomed to failure. Thus, the hypothesis H1 seems to be as follows:

H1: Leading customer expectations positively affects rational loyalty.

4. Theory of co-creation of services

Co-creation of services theory recognizes that co-creation of value often involves networking, in which clients and companies engage in the division of labor to provide specialized knowledge and experience that increase productivity (Vargo & Lusch, 2006). These networks of customers and companies work as resource integrators, creating value that is shared between networks. Consumer skepticism in relation to a particular category of services restrains the influence of their interaction and assessment of the activities of a service company on the joint creation of services. Customer satisfaction also increases altruistic customer participation. Customer satisfaction can also partially offset the impact of engagement on altruistic customer participation (Johnson et al, 2019). Based on these arguments, hypothesis H2 is constructed as follows:

H2: Co-creation of services creates high customer satisfaction and creates affinity.

5. CRM - XRM System Transition Concept

Customer Relationship Management (CRM) is a combination of customer-oriented activities supported by organizational strategy and technology, and is designed to improve customer engagement in order to build customer loyalty and increase profit over time (Padmavathy et al, 2012). The main specific task of creating a

CRM strategy is customer differentiation, which is a qualitative analysis of the organization's client profile and consists of segmenting consumers based on their value to the organization (Gurova, 2017).

The introduction of CRM without explicit customer focus is XRM, so the acronym CRM is now replaced by the acronym XRM, where X- represents the management of any type of relationship. The transition of CRM to XRM leads to a great demystification of the CRM process in such a way that it ceases to be an island collecting data from other systems and becomes an integral part of everyday processes (Stojkic et al, 2014). XRM system means managing relationships with company processes, suppliers, customers, employees, equipment maintenance, and much more. XRM tools provide automation of administrative activities as part of business processes. XRM-oriented systems provide functions such as data management, creating flowcharts, recording user experiences, access and security, X-oriented analysis and reporting. Automating processes using XRM strategies and tools, using new technologies, leads to greater efficiency and transparency of business processes and ease of management (Petrova et al, 2020; Vazov, 2019; Mikhailov et al, 2018). XRM as a software tool is not and will not be a replacement for ERP-systems, but its application will be extended to administrative processes not covered by the ERP-system in the company. Thus, the proposed hypothesis H3 is as follows:

H3: Creating XRM systems in the enterprise positively affects the emotional loyalty of employees.

6. Key TQM Factors

TQM is a process of continuous improvement and revolves around four organizational principles: a) quality assurance, b) customer enthusiasm, c) continuous improvement and d) personnel management. It consists of nine key concepts, such as leadership, strategic sustainability, CF, relationships with suppliers, the use of information and quality analysis, a continuous improvement cycle, statistical monitoring and prevention, human resources management and process management (Novianty, 2019).

6.1 Leadership and CF.

Leadership is seen as the basis for the TQM pyramid (Subramanian and Gunasekaran, 2015) and has been recognized as a driving force, catalyst in the philosophy of total quality management. Leadership has a positive and significant impact on the implementation of TQM (Sriyakula et al, 2019). Theories are distinguished: transactional leadership, transformational leadership, process leadership, action-based leadership, adaptive, rational, kinesthetic (educational) forms of leadership, and individual stylistic, visionary, mentoring, affiliated, democratic, reference, dictatorial. Modern leadership requires leadership that encourages participation and creativity. Studies show that employees working with transformational leaders are more innovative and channel their energy towards the good of the organization (Xenikou and Simosi, 2006), which leads to continuous improvement (Feng et al., 2006). There is a positive and significant relationship between all leadership styles and continuous improvement in organizations, as well as indirectly and CF (Kumar & Sharma, 2018).

6.2 TQMFC

The multifaceted nature of customer orientation (CF) includes elements that focus on both existing and potential customers of the company, as it is necessary to study the efforts of the company in order to understand the needs of these customers, now and in the future. In this context, it is understood that CF is ensured by the management of consumer flows through the selection of set of combinations depending on the configuration of the external environment, customer requests and their perceived value to achieve target outcome indicators. Thus, we come to the following hypothesis H4:

H4: TQMFC creates low satisfaction and affinity.

6.3 Information and Analysis

Theoretical models for adopting innovations and technologies that positively affect CF have been tested and confirmed in numerous studies (Ramdani & Kawalek, 2007): Technologies - Organization - Environment

Framework (OO-Framework), Acceptance Model (TAM) technologies, Theory of Planned Behavior (TPB), combined TAM and SPT, TAM2, Diffusion theory of innovation, based on resources View Scene Theory and Unified Theory of Acceptance and Use of Technology (UTAUT). Managing customer knowledge creates a positive impact on trust (Barbosa et al, 2017). Some authors argue that trust promotes commitment, and this, in turn, affects behavior loyally (Čater & Čater, 2009). Thus, the proposed hypothesis H5 is as follows:

H5: Analysis and information positively influences rational loyalty.

6.4 TQMHR Management

TQMHR means a strategic and holistic approach to the quality management of the most valuable assets of the company, namely, people who individually and collectively contribute to the achievement of organizational goals. The client-focus (CF) is part of the organization's value system, and the focus is shifted to internal clients, which means creating a sense of relevance, significance and value of employees for the company. A number of authors and researchers argue that TQMHRs do not significantly affect the causal level of client focus implementation (Mady, 2009). Also, the issue of determining performance indicators in the area of employee CF (Striteskaa & Jelinkovab, 2015) remains problematic. Efficiency of advertising increases the pride of employees; Pride of employees increases the level of corporate identity (Celsi & Gilly, 2010). Thus, in the present study, hypothesis H6 is proposed as follows:

H6: A sense of demand for employees forms a high customer satisfaction and creates an affinity.

6.5 Process Management

Clients are a key link in managing the process of moving material and related information and financial flows. The management of the sequence of interrelated events aimed at quality is based on the participation of all members of the organization and is aimed at achieving long-term success by satisfying the consumer. Of course, a more CF is a decentralized approach with a bottom-up planning system such as lean manufacturing, JIT I, JIT II, Kanban, ECR, Efficient Consumer Response, Effective customer response. But all this does not reduce the merits of MRP systems if the company has a separate CF strategy in quality management.

6.6 Strategic Sustainability and SCM.

The idea of sustainability is rooted in stakeholder theory (Freeman, 2007), which emphasizes that a company should pay attention and take into account the interests of all the main stakeholders that are important for the functioning of the business (i.e. customers, employees and investors), and secondary Stakeholders that may influence the company's business indirectly (i.e. the community and the environment). Sustainability means the ability to anticipate dangerous and unexpected events for an organization in the face of threats. Market sustainability reflects the organizational culture of the company which focuses primarily on creating superior value for customers (Narver & Slater, 1990; Paladino, 2007; Naama, 1999). Stakeholder orientation refers to "the organizational culture and behavior that encourages members of the organization to be constantly up to date and active in various stakeholder issues" (Ferrell et al, 2010; Amoako George, 2019; Al-Minhas et al., 2020).

Orientation to the market stability of the company is positively related to the degree of CF. It has been proven that CF mediates the relationship between company market stability and productivity (Du et al, 2016).

6.7 SCM customer focus (SCMFC).

Quick response in the supply chain is the equivalent of flexible tools that can cope with widespread changes in demand. SCM's customer-oriented and demand-driven supply chain productivity initiatives increase customer satisfaction while reducing costs. The main requirements for increasing CF in the SCM process are characterized by stability, flexible response in the supply chain, reliability, flexible restructuring of the organization's internal relations (Madhani, 2018). Based on these arguments, hypothesis H7 is constructed as follows:

H7: Strategic resilience positively affects SCMFC.

7. Online and offline integration (O2O)

The modern multi-channel, cross-channel and omnichannel sales environment is integrated into online and offline outlets (Drobiaziewicz, 2018). Customers expect a smooth transition from offline to online contacts, and each channel should have the same information, including information about previous purchases. According to International Data Corporation (IDC), most purchase decisions in B2B (from 50 to 80%) are made before the seller participates. There is growing evidence that pure online retail has its limits and that click-based approaches will be of significant value when combined with offline presence (Simons & Bouwman, 2011). Thus, we come to our eighth hypothesis:

H8: Integration of online and offline forms low satisfaction and creates affinity.

8. Involvement

The basis of modern marketing strategies is not so much attracting or retaining as increasing the "involvement" of customers. The consumers involved show a higher level of emotional attachment and tend to value, deeply trust and patronize the firm more (Roderick et al 2011).

A separate topic in the literature highlighted the involvement of employees — those who are ready not to spare their work time for additional efforts for the benefit of the organization are fully interested in the company's activities and the implementation of its vision and mission. Employees who do not feel involvement may well work more than satisfactorily, but they are not enthusiastic. An atmosphere of openness and cooperation is a key factor in the successful motivation and involvement of employees. Companies conduct surveys to determine employee satisfaction because they recognize a direct relationship between employee satisfaction and customer service and customer satisfaction. There is also a link between ensuring engagement through effective leadership and tolerance for flexible work hours. Thus, we predict hypothesis:

H9: Engagement creates emotional loyalty among customers and employees.

9. CF measurement indicators

Companies measure customer satisfaction by using regular surveys. Nenadal et al. (2004) distinguishes four levels of measurement experience with respect to customers - analysis of data for complaints, measurement of customer satisfaction, analysis of customer value and measurement of customer loyalty. Studies show that only 3% of dissatisfied customers complain (Kotler, 2001). Thus, it is obvious that companies cannot use complaints as a measure of their satisfaction.

In order to evaluate the emotional reactions of consumers, the Kano Model (Franceschini et al, 2019), Taguti loss function, SERVQUAL, Importance of Performance Analysis (IPA), FCR (First Call Resolution) are used.

In order to evaluate and analyze the degree of CF employees and the relationship with the final sales results are used: SOCO scale, MKTOR scale (Popov & Tretyak, 2014), MARKOR scale, 9-factor Deshpande scale.

The following are used to measure customer satisfaction: TRI * MIndex, TRI * MTypology, TRI * MGrid, TRI * MCompetitive Analysis, TRI * MConversion Model; CSI (Customer Satisfaction Index), NPS (Net Promoter Score).

A tool to help in understanding both consumer behavior and brand image: NeedScope methodology.

10. Research model

Based on the theory of the conceptual research model for increasing customer focus (Islamgaleyev & Uruzbayeva, 2018) Figure 2 and previous studies, the proposed research model is as follows, Figure 1:

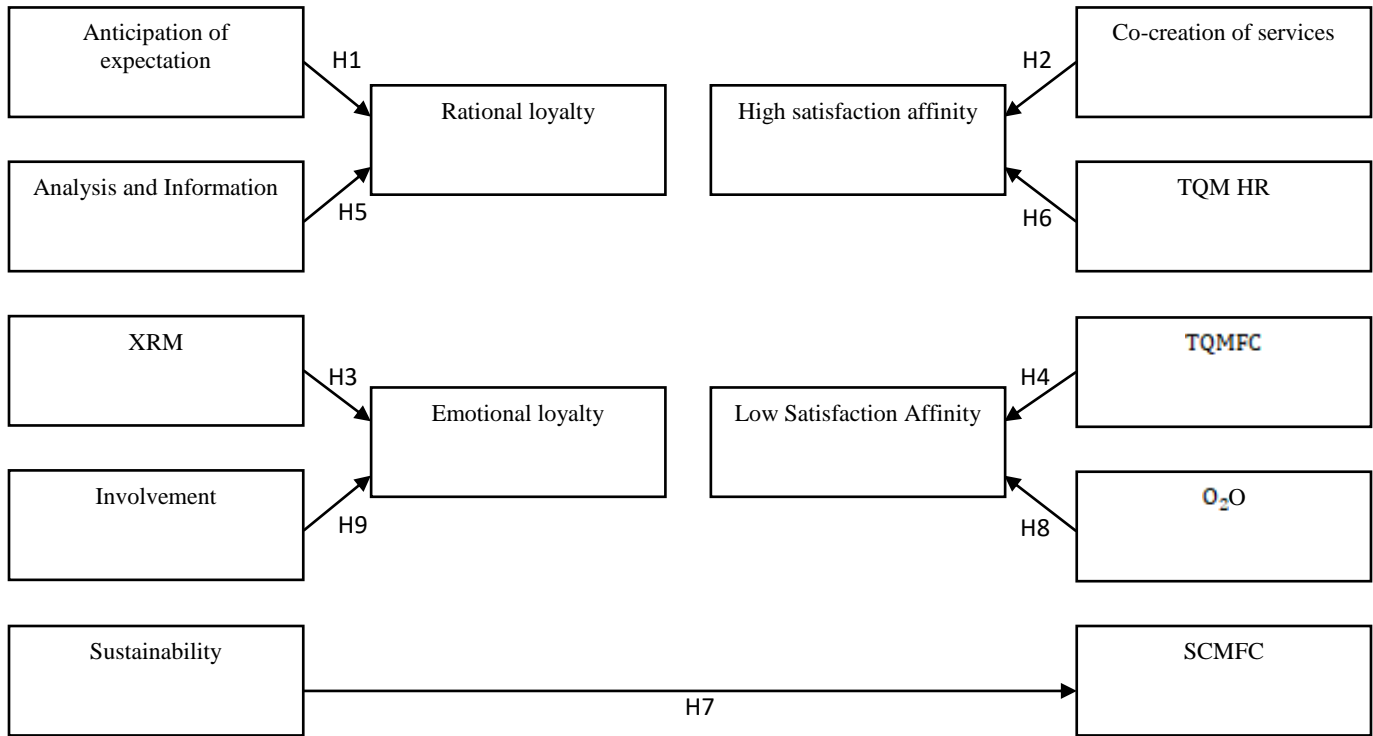


Fig.1. Proposed Research Model
 Source: compiled by the authors

This model was proposed due to the fact that the analysis revealed that Kazpromkompleks LLP clients are at different stages of development of relations with the company, therefore, each type of client requires a separate approach. This means that each type of customer should be addressed with messages of different content, ensuring a consistent transition of potential and unstabilized customers to customers, and then transfer them to a loyal group.

11. Research methods

In order to monitor the types of consumers in the metal trade market of Kazakhstan according to the parameters of this model, we interviewed the expectations and satisfaction of consumers and employees of Kazpromkompleks LLP and collected questionnaires from 190 respondents. The research method uses quantitative methods with explanatory and descriptive approaches. Data sources come from primary and secondary data using structured data methods using questionnaires in the field of the operational interaction of customers with accounting documents and local employees, by answering questions through Samsung tablets (model number SM-T230) with an assessment on a five-point Likert scale. The questionnaires consisted of four blocks (rational loyalty, emotional loyalty, satisfaction and high affinity, satisfaction and low affinity) with 12 questions each, mainly based on multi-element measurement scales. Checking the normality of the data using the determination of the tightness of the bonds by the Pearson correlation coefficient using SPSS software version 23.0.

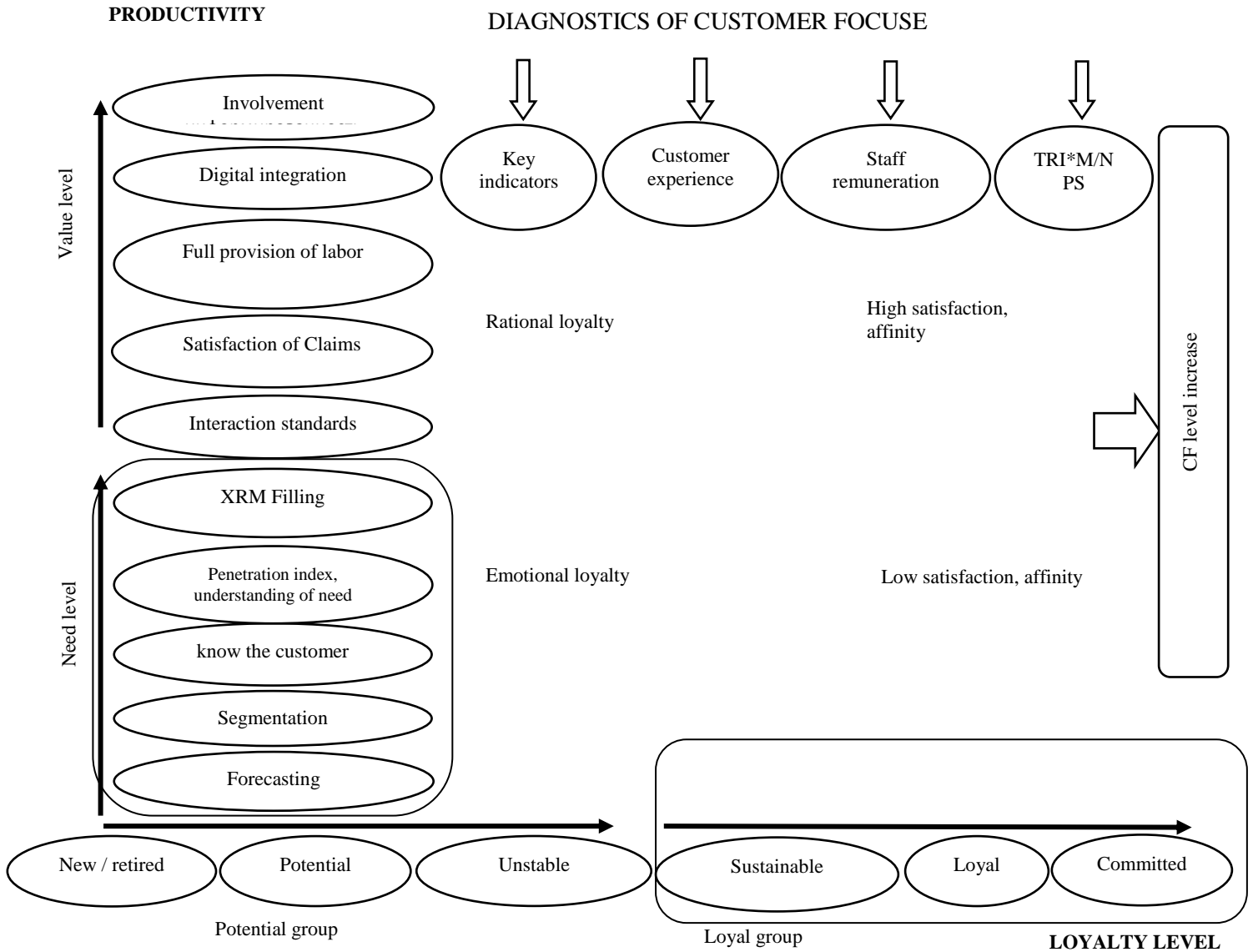


Fig.2. A conceptual study model for increasing customer focus.

Source: compiled by the authors

12. Results and discussions

The strength of the measurement model was provided by considering the load factor and the internal reliability of the structure (Table 1). All nine variables were tested on Cronbach Alpha and its coefficient of value ranged from 0.72 to 0.85 with a minimum level of 0.70, which, accordingly, proved the internal reliability of the design.

Assessing the validity of a measurement model focuses on convergent and discriminant validity. Convergent actions of factors were investigated by studying standardized factor loads. The recommended load factor should be 0.50 - 0.70 or higher to prove converged design validity. Converging validity is confirmed based on the mean

deviation highlighted (AVE). The values of each measurement of service quality (anticipation, co-creation of services, XRM, TQMFC, analysis and information, TQMHR, online and offline integration, involvement) and sustainability were 0.584, 0.597, 0.597, 0.641, 0.6, 0.590, 0.622, respectively 0.590, 0.638 than correspondingly converging reality was confirmed. Since all diagonal values were significantly greater than the correlation of a particular design with other designs, the adequacy of discriminant validity was ensured and all indicators had a high load. Thus, the discriminant validity is confirmed and sufficient to support the proposed model of this study. The higher the discriminant validity, the stronger the evidence that this design is unique.

Table 1. Reliability Statistics

Scale	Alpha valuation	Subject matters	Cronbach Alpha Based on Standardized Items	Average deviation
Ahead of expectations	0,78	Evaluate the desire of company employees to solve your problem.	0,73	2,09
		Evaluate the speed of processing the application.	0,74	
	+0,80	Evaluate the desire of company employees to solve your problem.	0,71	
		Estimate the breadth of the company's product range.	0,74	
		Estimate the speed of loading metal products.	0,72	
		How do you evaluate the quality of metal products of our company.	0,78	
Co-creation of services	0,83	Are you satisfied with the choice of a company as a partner in the metal business?	0,83	1,52
		Have you had any good experience with our company brand?	0,84	
		What is the probability that you will advise our company to your friends, acquaintances, colleagues?	0,83	
XRM	+0,85	Evaluate the level of help and satisfaction with the CRM system.	0,82	1,68
		My pilot experience with the XRM system was positive.	0,84	
		My colleagues share an opinion on a single system in the enterprise.	0,81	
TQMFC	0,73	Rate your satisfaction with the factor: in case of problems (marriage, short delivery), its quick solution.	0,56	1,86
		Appreciate the professionalism of the service.	0,72	
		Will you choose another metal supplier?	0,62	
Analysis and Information	0,76	Rate your satisfaction with the factor: speed and analysis of information processing in the company.	0,67	1,64
		Evaluate your degree of awareness about the route of metal products.	0,57	
		Are you satisfied with the timeliness of our delivery?	0,81	
TQMHR	0,78	At what level do you think the declared values of our company correspond?	0,59	1,59
		Does the level of additional remuneration or bonuses satisfy with the achievement of high results in my work?	0,84	
		Rate your level of development in our company.	0,76	
Online and offline integration	0,81	Evaluate the satisfaction and convenience of purchasing metal through an online store.	0,57	1,62
		Given the quality of the services we received when purchasing metal online, I rate the site / application as ...	0,83	
		Rate the ease of making payments on the site.	0,82	
Engagement	0,77	You have the opportunity every day to do what you know best. At what level do you realize these opportunities?	0,73	1,56
		Determine how your supervisor or someone at work cares about you as a person?	0,81	
		What is the level of consideration of your opinion (point of view) in the company or among employees?	0,79	
Sustainability and CSMFC	0,82	Estimate the level of pricing in the company.	0,84	1,64
		What is the probability, then you will advise our company as an employer to your friends, acquaintances?	0,82	
		Your reaction to the lack of a certificate of quality for metal products?	0,59	

Source: compiled by the authors

The discriminant actions were evaluated during the two evaluation constructs by limiting the estimated correlation parameter between them to 1.0, and then performing the test χ^2 difference from the values obtained for the limited and unlimited model (Table 2). The discriminant validity is estimated by limiting the correlation between each pair of coefficients to unity. If χ^2 the difference between the constrained and unconditional model is statistically significant, then it is likely that the correlations for this pair of factors are indeed not one.

Table 2. Measurement Model of χ^2 Differencies

Model	χ^2 natural	χ^2 resrained	$\Delta \chi^2$	Sig.
Anticipating expectations and rational loyalty	568,7	627,8	60,6	0,000
Analysis and information and rational loyalty	535,6	601,8	59,4	0,000
Co-creation of services and high satisfaction	557,9	712,4	154,2	0,000
TQMHR and high satisfaction	521,7	624,5	59,7	0,000
XRM and low satisfaction	501,2	588,7	87,9	0,000
Engagement and low satisfaction	546,5	618,7	58,4	0,000
TQMFC and emotional loyalty	512,2	583,7	72,5	0,000
O2O and emotional loyalty	562,8	629,7	60,1	0,000
Sustainability and TQMFC	42,3	188,6	147,3	0,000

Source: compiled by the authors

The results of the structural model show that in the construction of rational satisfaction it was found that the factor in determining the anticipation of expectations ($\beta = 0.94$ and $\beta = 0.61$, $p < 0.001$) of the H1 test, that is, anticipation of expectations positively affects the rational customer satisfaction and H5, analysis and information positively affects rational loyalty. The third hypothesis H3 was “Creating XRM systems in the enterprise positively affects the emotional loyalty of employees”, is also supported ($\beta = 0.27$, $p < 0.001$) in the model. The influence of involvement on emotional loyalty is calculated in the model ($\beta = 0.82$), which also demonstrates a strong positive effect of hypothesis H9. The influence of CF on satisfaction in the structural model ($\beta = 0.78$ and $\beta = 0.61$), which shows a positive and strong impact, therefore, H4, TQMFC creates low satisfaction and affinity, and the effect of online and offline integration on satisfaction forms low satisfaction and creates an affinity, H8. The design established a high customer satisfaction affinity that the co-creation of services and TQMHR form a strong influence ($\beta = 0.85$ and $\beta = 0.82$).

Table 3. Influence of variables in the structural model

	Direct effect			
	RLOY	ELOY	HSA	LSA
AE	+0,94			
AI	0,61			
XRM		+0,27		
Inv		0,82		
CcS			0,85	
THR			0,82	
TFC				0,78
O2O				0,61

Source: compiled by the authors

However, we have identified a tendency that product supply management creates low stability, apparently due to the fact that loyal consumers reduce requirements for product quality. This observation creates the conditions for further research in this area.

13. Conclusion

Despite the intense relevance of customer focus and the increased growth of empirical research on this topic, the heterogeneity and fragmentation of various approaches are obvious. However, from the discussion about the essence of the customer-oriented concept, it is appropriate to conclude that these convergence reflect generalizations regarding the objective versus the subjective nature of the concept. CF approach is currently perceived as a leading business paradigm. This is due to the complexity of creating unique competitive advantages of products using new digital technologies, as well as through the expansion of the product line of the organization's products, increasing its operational efficiency and introducing a competent pricing policy due to the possibility of copying by competitors. However, this does not apply to the "customer relationship" area, since it is impossible to copy it.

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