Customer-Centric Innovation: Case of Oman Entrepreneurship

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Abstract

Purpose
The objective of the study is to explore the concept of customer centricity in Oman and to analyze the challenges of implementing customer-centric innovations, and the strategies in building momentum for the customer centricity.

Design/methodology/approach
For carrying out the research study, the concept of customer-centric innovation and the current practices by selected top companies of Oman were considered.

Findings
The finding of the empirical study reveals that the organizations in Oman are finding the way to transition from its existing customer-centric approach to more innovative and technology aligned strategy, keeping the core strategies in place that are focused on operational issues.

Practical Implications
Only a few notable organizations in the country are very open about their initiative to improve customer interaction. It is apparent that organizations in the country are still yet to realize the importance of building core strategies that put customers in the middle. Companies in Oman can drive growth by means of business process improvement that will attract more customers and building stronger business-customer relationships.

Social Implications
There are several ways in which innovation can be integrated into customer centricity. The technologies available today provide the best tools for improving customer interaction.

Originality/value
No study has investigated before the customer-centric innovation in Oman, and this study will help the organizations especially Small and Medicum Enterprises (SMEs) to plan their strategies accordingly.

**Key Skills:** Customer Experience, Customer Value, Customer-centric Innovation, Customer-centric Initiatives, Customer-Centric action.
Introduction

The age of globalization has brought countless innovations to the business world, which enabled global companies to increase their competitive advantage in a very competitive global market. One of the major focus of business innovations today surrounds customer centricity, which in various ways allow companies to create new ideas to bring in more customers to their doorsteps. Customer-centricity is an approach of doing business that focuses on creating a positive experience to the customer. Customer-centricity is not a new concept because it has been a key part of every company’s marketing strategy. Entrepreneurial strategic behaviors are the drivers of growth and/or expansion of products and technologies often fuelled by environmental conditions (Moreno & Casillas, 2008). In fact, the degree of practices and innovation put forth by companies into customer centricity varies depending on the market conditions. No matter how hard companies attempt to approach innovation; the rate of growth sustainability still depends on how customer centricity was integrated into the innovation approach (Selden & MacMillan, 2006). The actual realization of customer-centric differs from company to company. Customer-centric strategy companies need to focus on forward-looking indicators and ensure a synergistic relationship between decision rights, performance measurement, and reward systems (Bonacchi & Perego, 2011).

There are several ways to spot how customer-centric the business is, but in the case of Oman spotting the difference would involve considering the factors such as the market, the culture, and the business practices in the country. Oman’s economy driven by its oil industry and the small private sector in the country is still yet to fully integrate innovation in customer centricity. Notable companies in the country are already adapting the concept, but ensuring the growth of the private sector would mean adapting to new technologies in order to establish an organizational culture that has customer relationship improvement in its core objectives.
Advances in technology in combination with the growth in information and technology have empowered global customers over the years. The availability of technology and innovations in communication has enabled customers to be more expressive of their needs, which companies are expected to take into consideration when implementing new market strategies. Of late, political and economic events encompassed urgency for global companies and especially the companies in Oman to understand the need for creating a new approach to attribute customer purchasing decisions with the organization’s decision-making process. Organizations in the country would need to realize the impact of technology and innovation in the business and how innovations can be applied to increase customer centricity.

The objective of the study is to explore the concept of customer centricity in relates to Oman and to analyze the challenges of implementing customer-centric innovations, and the strategies in building momentum for the customer centricity across the organizations in the country.

A qualitative study by SAS customer intelligence brought out the following model to explain the components of customer-centricity as follows:

1. Customer experience
2. Customer Value
3. Customer Life Cycle (InSites Consulting, 2012).

Figuratively,
It was propounded that there are differences in the role of segmentation of the customers, Customer-centricity and customer retention (InSites Consulting, 2012).

**Concepts in Customer-Centric innovation**

The concept of customer centricity revolves around addressing the customer needs and applying innovation in the process (Steinhoff & Breuer, 2014). Integrating innovation throughout the organization requires reaching out for the available data from industry research labs and discovery centers in order to gain regular insights into the changing customer demand and dynamics. Foroudi, Gupta, Sivarajah, & Broderick (2018) investigated the effect on the role of customer dynamics and the customer experience in embracing the innovative application of smart technologies claimed that the increased use of smart technologies by customers is leading to recognition of their influence on the shopping experiences of customers by practitioners. In addition, the process of integrating customer centricity with innovation also involves a regular internal test and learn the process to create new ideas on how to effectively apply the innovation in improving customer centricity. Selden and MacMillan (2006) confirmed that companies cannot successfully innovate and gain growth unless they are able to strategically utilize their resources towards research and development. This indicates implementing a customer-centric innovation involves taking the result of
research into executable strategies wherein the offensive and defensive approaches play
together in establishing a strong relationship with the core customers.

Shah et al. (2006) claimed that many firms are striving to align themselves to the customer-
centric paradigm and the core challenges that deter them from becoming customer-centric are
related to organizational culture, structure, processes, and financial metrics of the firm and
also suggested that a strong leadership commitment, organizational realignment, systems, and
process support, and revised financial metrics can only help to overcome these barriers.

Marsh, Sparrow, & Hird (2010) argued that customer centricity is composed of six core
features viz.

1. mass customization
2. involving customers in the design process
3. structuring around the customers
4. enablement of the staff
5. the democratization of customers and
6. Capability to filter data sets.

Not all of the aforementioned core features can be found in every customer-centric
organization. This is the reason that several models were introduced in various literature to
demonstrate how the elements of customer centricity can be modified to fit the needs of the
organization, the stakeholders, the customers, and the larger market. Burns et al. (2013)
argued that customer-centric innovation has five main stages across competencies and
business models. The first step is to take a realistic look at the solution proposition. The next
stage is to define the customers and their needs followed by involving distributors of the
innovation. Generating customer engagement across their life cycle is also part of the
important step in building loyalty, which should be the basis of building a business culture
with the customers at the center.
Certain industries due to its intangible nature make the environment more competitive and thereby the created corporate diversity, needs to be fulfilled by a customer-centric approach and customer co-creation in service innovation (Jirinova & Kolis, 2013).

To build a customer-centric culture, the business leader should take the following six actions viz.

i. Operationalize customer empathy
ii. Hire for customer orientation
iii. Democratize customer insights
iv. Facilitate direct interaction with customers
v. Link employee culture to customer outcomes
vi. Tie compensation to the customer (Yohn, 2018).

Through the above customer oriented interactions, an entrepreneur gains marketing knowledge which becomes operationalized in the whole customer cycle (Deacon & Harris, 2011).

**Customer-Centric Action in Oman**

The concept of customer centricity has long been practiced by large global corporations. Even local organizations are also using the concept to improve their competitiveness. In the case of Oman, the country has a small private sector mainly because the country is highly reliant to its oil-based economy. However, the private sector in Oman particularly the banking sector is using customer-centric innovation to improve their market foothold. The list of Customer-Centric Initiatives in Oman has been summarized and given below in Table No.1. The list is illustrative but not exhaustive.

**Table 1. List of Customer-Centric Initiatives in Oman**

| Organization          | Initiative Name                                  | Source                                      |
|-----------------------|-------------------------------------------------|---------------------------------------------|
| Oman Oil              | Talent2 International workshop                  | [https://www.oomco.com/news/2009/Nov.1,2009](https://www.oomco.com/news/2009/Nov.1,2009) |
| Zawawi Trading Company| Mercedez-Benz My Passion & DMEL 2020 vision     | 2014                                        |

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From the above table, it is clearly evident that the best example of an organization in Oman that utilizes customer-centric innovation is Bank Muscat. In 2017, the bank posted a net profit of RO176.82 million ($458 million), which is slightly higher than its 2016 profit (Bureau, 2018). Although the increase is of roughly 0.1% low from a percentage point, it demonstrated a positive outcome of the strategies implemented by Bank Muscat in terms of innovating its customer centricity. Furthermore, the bank was also praised for its unrivaled customer service experience rating in its personal banking services. Bank Muscat is progressing well in terms
of maintaining a strategic direction in ensuring that their personal banking services remain customer friendly and using it to remain competitive (Chief-Editor, 2017).

Another example of a customer-centric company operating in Oman is Zawawi Trading Company LLC. The company is the exclusive distributor of Mercedes Benz cars in Oman that continuously growing their profit margin year by year making them the second overall best performing distributor of the car brand in the Middle East (AMEInfo, 2015). In its financial report, the company showed a 35% increase in sales in 2014 and continues to grow annually by 1.8% (AMEInfo, 2015). The car distribution company sees its breakthrough sales figure as a result of their customer-centric strategies that ensures their customers are getting exceptional service. According to the company’s CEO Clive Hammond, the customer-centric approach is viewed by the company as an integral part of the sales strategy by creating a unique journey for their customer from the time they set foot in the car showroom up to the time they are driving their new Mercedes. It is crucial for the exampled companies to sustain their customer-centric efforts to ensure long-term growth and at the same time to provide the needs of their customers. Customer satisfaction is the core context of customer centricity and the innovations integrated into the concept make all the difference in maintaining a long-lasting customer relationship.

**Challenges in Customer-Centric Innovation**

Typically most companies in Oman encounter challenges inherent of the current business practices, socio-cultural environment, political, and business operating models in the country. Oman is a middle-eastern country in which religion and cultural values influence all aspects of the Omani life including business. Among the most common barriers to customer centricity in the country are the organizational silos, which encompasses the unwillingness and the lack of initiative to share customer data and cooperation with other organizations. Another critical issue observed in adapting customer-centric innovation among the organizations in Oman is
the lack of systematic upgrade to business processes. The legacy systems and processes encompass insufficiency and poor quality towards acquiring end-customer data, which in return poses a problem in managing the end-to-end customer relationship. Even if a customer becomes orphan or there is no longer an organizational representative or intermediary attending to their needs, some companies are hesitant to seize the opportunity to re-establish a relationship with the customer. One of the factors influencing the issue of the prevailing cultural values in the country that prevents an intermediary to approach customers. From the general context of customer centricity, the challenges are often the result of not putting emphasis on innovating customer centricity.

Customer centricity is not immediately become second nature. There are culture change initiatives goes out with a huge impact but loses momentum at some point during the implementation process because, for the most part, people often revert back to the old habits. Secondly, the organizational training dedicated to customer centricity improve does not carry through because there is a lack of follow up on retention measurement (Goyette, 2017). It is important that putting customer-centric innovation in place requires measuring the efforts to weather challenges that the organization is likely to face. Another critical challenge in adopting customer-centric innovation is the lack of readiness from the managers to accept the new way. When employees and the managers demonstrate behaviors that do not support the organizational changes, they develop a mindset that prevents them from absorbing the importance of the changes very seriously. The customer-centric culture is considered as an effective approach in establishing deep customer relations, hence, the competitive advantage that comes along with it. However, the practical realities of the day-to-day operations make it difficult for companies to fully adopt the concept in action let alone integrating innovations that will enable the organizations to gain benefits and growth for the long-term. An entrepreneurial firm needs to explore new opportunities towards adopting customer opportunity-driven approach to the culture, and strategy called entrepreneurial marketing.
(Morrish, Miles, & Deacon, 2010). As a result trends evolve with technology and application innovation, a customer-centric framework for the information systems should be developed as good pointers for future development with customer profiles as key components (Liang & Tanniru, 2007).

**Discussion**

Based on the aforesaid concept of customer-centric innovation and the current practices by some of the top companies in Oman as shown in Table No.1, it is apparent that customer centricity still has a lot of room for improvement in the country. It was mentioned that part of the innovating customer-centricity is to integrate not only the underlying conceptual interpretations but also involving the technologies available. For example, the use of mobile devices particularly smartphones is highly popular. Organizations in Oman can get greater advantage of utilizing the technology, as technology is creating customer-centric innovations. It was estimated that a single household in Oman with four members owns at least six smartphones (Vaidya, 2013). In addition, 65% of the Omani population owns a mobile device, which translates to about six million Omanis using mobile devices on a regular basis (Staff Reporter, 2017). What it means for the organizations in the country is that a large pool of the population can be a potential customer if the right and innovative approaches were taken towards customer centricity. The potential of mobile devices as a tool for customer-centric innovation is that customer communication can be improved through the devices are given that most individuals are now using mobile devices to connect to the Internet.

The availability of mobile devices had a tremendous change in consumer dynamics. Social media in particular and the peer-to-peer review sites allowed a stronger voice for the consumer public. This also created a population of consumers that know what they need and becoming well informed about their demands. Use of social media in Oman is steadily rising up to 43%
as of 2017 (Al Amri, 2017). In particular, 90% of social media users in the country access twitter on a regular basis. The statistics imply a very important opportunity for the business organizations in Oman to take advantage of the available platforms to improve customer interaction as part of their customer-centric innovation. It is apparent that customers are willing to build a lasting relationship with their service or product providers. However, organizations should improve their communication channels by adopting a more efficient, fast, effective approach, which in this case is utilizing technology to their advantage. Companies in the country can take an example from Bank Muscat that reinforced its customer-centric innovation by tapping into the communication potentials of using social media (Times News Service, 2017). The challenge now for organizations in Oman is finding the way to transition from its existing customer-centric approach to more innovative and technology aligned strategy.

For business organizations in Oman, becoming more customer-focused means having the core strategies in place that are focused on operational issues. Companies in Oman can drive growth by means of business process improvement that will attract more customers and building stronger business-customer relationships. Given that adopting customer-centric innovations are not easy considering the legacy operational procedures and systems, it would be easier for organizations to transition from existing strategies to the ones that deliver what the customer wants. One example would be the real estate companies in Oman that are struggling because of the declining rental market. Recently, the Omani government passed a Visa restriction policy towards expatriates (Times News Service, 2018). As the expatriate population in Oman makes up almost 30% of the country’s overall population (which is one of the largest customer segment of the rental market in the country), Nationalization of the labor force policy and Visa Restrictions are causing a slow turnover in the country. Given the implications of the new policy, the rental market and the companies in it have to shift to another strategy to keep customers coming. One of the ways in which the rental market can
improve the situation is to establish a more effective approach by offering lowered rates for the local renters (Staff Writer, 2018).

**Conclusion**

Customer-centric innovation can be beneficial for organizational growth because of the emphasis given to meeting the customers’ needs. The changing consumer dynamics as an effect of globalization, emerging technologies, and changing consumer behavior makes it more relevant for organizations in Oman to adopt innovation in customer centricity. The country has a small private sector and so the number of private businesses has a greater opportunity to pull in more customers into their doorsteps. The challenge for these organizations in Oman is keeping those customers coming back. One of the essential benefits of driving customer-centric innovation is the fact that it would establish deeper business-customer relationships. In the case of Oman, there are only a few notable organizations in the country that are very open about their initiative to improve customer interaction. It is apparent that organizations in the country are still yet to realize the importance of building core strategies that put customers in the middle. There are several ways in which innovation can be integrated into customer centricity. The technologies available today provide the best tools for improving customer interaction. Social media, for instance, is gaining popularity in the country and organizations in the country should see it as an opportunity to widen their approach towards improving customer relationships.
The above-concluded factors can be illustrated through the conceptual model names Customer-Centric Innovation (CCI) model developed to explain the customer centricity as follows:

The model could be empirically tested and will be useful for customer centricity implementation in the country.

Fig.2 Customer-Centric Innovation Model
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