Customer Expansion Processes Mediating by Knowledge from Customer in the Jordanian Telecommunication Sector to Achieve Customer Profitability

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ABSTRACT

The topic of Customer profitability is a focal concern for telecommunication sector who seeks to identify its antecedents and causal structure with the aim of better understanding managing customer profitability. For this reason, Customer expansion processes and “Knowledge from Customer” is widely used in this competitive environment to achieve Customer profitability. The purpose of this paper is to suggest a model that defines how the combination between Customer expansion processes and “Knowledge from Customer” would achieve the Customer profitability. This paper adapts the quantitative research approach by using the survey strategy which is conducted by a questionnaire collected from 193 people working in the management position of Jordanian telecommunication organizations. The researcher uses the Smart Partial Least Square (PLS) as an analysis technique to test all hypotheses. The findings suggest that there is a positive effect on adapting the Customer expansion processes for improving the Customer profitability mediated by the “Knowledge from Customer”.

Keywords: Customer Expansion, Customer Profitability, Customer Representation, “Knowledge from Customer”, Telecommunication

1. INTRODUCTION

In order to have a new knowledge economy and business, organizations are now facing major challenges due to external pressures as well as the environment of the workplace. This gives rises to the necessity of improvement of a strategic, and adoption of Customer expansion processes, and “Knowledge from Customer” to improve the Customer profitability. Additionally, the globalization of business has highlighted the need of Information Technology (IT) to understand

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the rapid growth of customers’ demands, due to the global competition; defensive marketing is becoming more attractive and popular. Obviously, this trend is magnified by the rapid development of Customer Relationship Management (CRM) systems and the implementation of the customer-centric orientation (Stefanou et al., 2003). In view of this, organizations from different fields of business are increasingly engaged in development of Customer expansion processes to strengthen their relations with their customers in order to improve a competitive advantage as a weapon against the strong competition (Alhawari, 2013). In addition, the organization has been using a process to decrease the time to process customer requests, improve ongoing service, and better structured deals to meet customer expansion (Nehari-Talet et al., 2010). Also, CRM is a strategy to identify and satisfy customer need and behavior; and doing so will result in a stronger relationship with them, the objective of CRM essentially is to enhance this cumulative outcome and thus the loyalty of the customer (Chandra & Strickland, 2004). Till date, customer expansion has arisen as one of the most challenging issues in business because of the value predictable from carrying out the customer expansion processes in organizations. Also, Customer expansion became an important business processes because it touches the most significant assets of all organizations that are the customer (Alryalat & Alhawari, 2008).

In this new era, companies are focusing on managing CRM in order to efficiently maximize customer profitability. Today, the tone of the conversation has changed from customer acquisition to retention to expansion. This requires a different mindset and new method in business environment. So, most businesses are becoming ever more knowledge intensive and a majority of teams are moving to customer expansion (Alhawari, 2012).

While numerous studies relating customer expansion and “Knowledge from Customer” frameworks have been conducted, there has been a definite lack of academic effort addressing the issue of the customer expansion processes impact on “Knowledge from Customer” and customer profitability. In this conceptual model, they concentrate on how “Knowledge from customer” could be executed successfully by linking the customer expansion processes and “knowledge from Customer” to improve customer profitability. The paper seeks to contribute to this field by addressing one of the concerns related to the “Knowledge for Customer” and the customer expansion and by providing a reliable and confident method of employing the customer expansion processes as a valid model to improve Customer profitability.

Consequently, this paper helps and provides guidance for the IT industry to show how an analytical process should be taken into account in developing countries to support to achieve customer profitability in Jordanian telecommunication sector. Therefore, the aim of this paper is to shed light on establishing long-term relationships with customers by using “knowledge from Customer” to support Customer profitability and how they can be built while showing how Jordanian business software companies utilize the customer expansion processes impact on “Knowledge from Customer” to improve Customer profitability.

This paper is organized as follows. In the next section, we review relevant literature; section three proposes the research model and hypotheses, section four is about the research methodology in which we discuss the design of the questionnaire, sample size, and data collection, in section five we discuss the hypotheses analysis and results. The last part of this paper is our conclusion.

2. LITERATURE REVIEW

2.1. Concept of Customer Expansion

Chaffey, (2004) noted that the customer expansion is the method of extending the relationship with the existing customers. Additionally, Verhoef et al (2007) explained that the expansion of
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