



## Strategic Customer Response Capability and Marketing Performance : An Empirical Investigation of Cosmetic Businesses in Thailand ความสามารถเชิงกลยุทธ์ในการตอบสนองลูกค้า และผลการดำเนินงานทางการตลาด ของธุรกิจเครื่องสำอางในประเทศไทย

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### บทคัดย่อ

การวิจัยครั้งนี้มีวัตถุประสงค์เพื่อการตรวจสอบอิทธิพลของความสามารถเชิงกลยุทธ์ในการตอบสนองลูกค้า ซึ่งประกอบด้วยด้วยตัวแปรอิสระดังนี้ การมุ่งเน้นความเชี่ยวชาญในองค์กร การมุ่งเน้นความรวดเร็วในการดำเนินงาน การมุ่งเน้นการสื่อสารลูกค้าเฉพาะราย การพัฒนาผลิตภัณฑ์ที่มุ่งเน้นลูกค้า และการตระหนักรถึงคุณค่าของลูกค้าซึ่งมีอิทธิพลต่อผลการดำเนินงานทางการตลาดโดยใช้รีวิวเชิงปริมาณ นอกจากนี้ทฤษฎีความสามารถเชิงกลยุทธ์ในการตอบสนองลูกค้ากับผลงานดำเนินงานทางการตลาด ข้อมูลประชากรสำมะจากกรมพัฒนาธุรกิจการค้า นอกจากนี้ครอบแนวความคิดนี้ใช้การเก็บข้อมูล ด้วยแบบสอบถามจากกลุ่มตัวอย่างของธุรกิจเครื่องสำอางในประเทศไทย จำนวน 162 คน มีการตรวจสอบสมมติฐานของความสัมพันธ์ระหว่างตัวแปรใช้การวิเคราะห์สมการทดสอบแบบคดดอยในการวิเคราะห์สมมติฐาน ผลการวิจัยพบว่า การมุ่งเน้นความเชี่ยวชาญในองค์กร การมุ่งเน้นความรวดเร็วในการดำเนินงาน การมุ่งเน้นการสื่อสารลูกค้าเฉพาะราย การพัฒนาผลิตภัณฑ์ที่มุ่งเน้นลูกค้า และการตระหนักรถึงคุณค่าของลูกค้า มีอิทธิพลในเชิงบวกต่อความเชื่อมั่นของลูกค้า และความจงรักภักดีของลูกค้า ในส่วนของความสัมพันธ์ระหว่างความสามารถเชิงกลยุทธ์ในการตอบสนองลูกค้า การมุ่งเน้นความเชี่ยวชาญในองค์กรมีอิทธิพลมากที่สุดต่อความเชื่อมั่นของลูกค้า และความจงรักภักดีของลูกค้า นอกจากนี้ความเชื่อมั่นของลูกค้า และความจงรักภักดีของลูกค้ายังมีอิทธิพลในเชิงบวกต่อผลการดำเนินงานทางการตลาดอย่างมีนัยสำคัญ บทความนี้ แสดงให้เห็นถึงการพิสูจน์เพื่อปรับปรุงผลการดำเนินงานทางการตลาดสำหรับธุรกิจเครื่องสำอางในประเทศไทย นอกจากนี้ยังมีข้อเสนอแนะ และเสนอแนะแนวทางการวิจัยในอนาคตไว้อีกด้วย

**คำสำคัญ :** ความสามารถเชิงกลยุทธ์ในการตอบสนองลูกค้า ; ความเชื่อมั่นของลูกค้า ; ความจงรักภักดีของลูกค้า ; ผลการดำเนินงานทางการตลาด

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## ABSTRACT

The objective of this study is to examine the effects of strategic customer response capability, incorporating organizational expertise orientation, operational speed focus, customer-oriented product development and customer value awareness on marketing performance by conducting quantitative research. This research paper applies the dynamic capability theory to explain the selective discussed phenomena. This theory illustrates the relationship between the dimensions of strategic customer response capability and marketing performance. The population was obtained from a list taken from the database of the Department of Business Development (DBD). Moreover, the model is evaluated using information from mail survey questionnaires of 162 cosmetic companies based in Thailand. The hypothesized relationships are relied upon variables that have been examined by ordinary least square (OLS) regression analysis. The results suggest that organizational expertise orientation, operational speed focus, customer-oriented product development and customer value awareness play an important role in developing positive relationships that improve customer commitment and customer loyalty. For the relationships of strategic customer response capability, organizational expertise orientation to be the most influential determinant on customer commitment and customer loyalty. Additionally, customer commitment and customer loyalty have a positive influence on marketing performance. This study proposes some important research findings with conclusions, applications, to improve marketing performance for cosmetic businesses in Thailand and suggestions and directions for future research. .

**Keywords :** Strategic Customer Response Capability ; Customer Commitment ; Customer Loyalty ; Marketing Performance

## Introduction

In recent times, the growth of globalization and technological advancements have led companies to compete in wider markets at both national and global levels (Miocevic, 2016). Competitive business has transferred its interest to *customer value* through *value exchange* (Payne and Frow, 2017). The business design includes customer focus, value proposition and processes of the organization that provide superior value to customers and produce profits (Srinivasan and Lilien, 2018). The increasing number of competitors and the wider market preference for consumers make it difficult to align themselves with specific customers (Kunz, Aksoy, Bart, Heinonen, Kabadayi, Ordenes, Sigala, Diaz and Theodoulidis, 2017). Customer orientation covers all activities related to the collection and distribution of customer information across an organization (Sigala and Gretzel, 2017). Employees are responsible for sensing market demand, distributing information about company offerings to customers and providing quality in ways that help to attract customers and loyalty (Chen, Rivas and Wu, 2018). Furthermore, employees make the companies and their respective consumer bases the necessary conduit (Varghese, Edward and Sahadev, 2017). A company must, therefore, analyze and respond adequately to customer preferences and changes so that customers choose the offers they provide instead of the offers of the competitors (Chiang, 2018). A customer-oriented firm aims to provide target customers with information that meets their expectations in terms of product development. Organizations must also focus on the needs of current customers as this will more likely reduce problem-solving errors, help make predictable patterns and reduce complexity to maintain the current demand for product development (Tseng, 2019). Furthermore, it helps maintain the current demand for product development (Racela and Thoumrungro, 2019).



2019). The development of a marketing concept, which almost always coincides with the aim of the company, is not to change the customer for the company but to respond to the customer (Yoo, Katsumata, & Ichikohji, 2019). Therefore, it is clear that the approach and ability to build organizational knowledge is to gather information and share knowledge between individuals and groups (Grönroos, 2017). Through defining and developing these customer-focused skills, organizations can become more market-oriented businesses. With a market strategy and the application of marketing capabilities, the emphasis needs to be on the importance of the customer in business operations. In addition, market-oriented reactive business logic promotes progressive adjustments to business environment changes and works through adaptive organizational learning (Park, Oh and Kasim, 2017).

Accordingly, reactive companies should also produce a high degree of competitive intelligence. In other words, a company's ability to offer effective distributor solutions to powerful consumers is a crucial prerequisite to performance. Consumer behavior also refers to the acts of all stakeholders in the value chain of the company. This definition is not restricted to clients. It focuses instead on behavior, including competitors, suppliers, distributors and complementary players any players within the industry's value chain. The objective of this study is to investigate the impact of strategic customer response capability on marketing performance in order to address study gaps. Additionally, this study aims to examine the influence of the relationship between strategic customer response capability and consequences (customer commitment, customer loyalty and marketing performance). The online Business Development Department database (updated in April 2016), estimated Thailand's total cosmetic market to be around USD \$2.15 million (approximately 64.5 billion baht) in 2010. However, changing external environments, including the appreciation of Thai baht, the Asia Free Trade Area and the development of technology, are increasing factors in an increasingly competitive environment. The cosmetics industry, for example, is constantly developing and improving products to meet changing times and the values of consumers. Furthermore, for any cosmetic product to meet consumer demand, it depends almost entirely on the purpose of the customer's needs and their buying power. More beauty products have been created to help suit the various industries who aim to produce. Customers can then be pleased with cosmetics. There is ongoing production of creativity and technology. Cosmetic goods are constantly created and revised, and culture and values shift. The desire to adapt has also added. A cosmetic product which can attract consumers of all ages, according to the fact that customers are buying an item for any reason. Additionally, a breakdown derived from literature reviews is attempted in this study. The earlier research involved factors that affect strategic customer response capability and how to use them effectively in the organization. Thus, this study intends to expand empirical studies to discover factor of strategic customer response capability to increase the competitive advantage in Thailand context. Then, cosmetics companies in Thailand are chosen for population and sample size, as the marketing conditions between serious competitive environments are rapidly increasing and changing. Therefore, the cosmetics industry is suitable as a sample for this study. The remaining parts of this article are as follows. First, the authors describe the main research objective, the relevant literatures and hypotheses development. Second, the authors explain the research methodology. Third, the result of hypotheses testing and discussion are described. Finally, the summary of the research, the theoretical contributions, managerial implications and future research suggestion are provided for in this article.



## Research Objectives

The goal of this study is to conduct quantitative research to examine the effects of strategic customer response capability, which includes organizational expertise orientation, operational speed focus, customer-oriented product development, and customer value awareness, on marketing performance.

## Literature Review

The phenomenon of strategic customer response capability is explained by dynamic capability. The dynamic capability that mentions the firm utilizing asset advantage is indicated by the occasion and time (Eisenhardt and Martin, 2000; Zott, 2003). Especially, the dynamic capacity theory suggests that the firm working fast ecological change and applies showcasing processes predictable within the context (Teece, Pisano and Shuen, 1997 ; Teece and Pisano, 2007). The dynamic capability explains how the strategic customer response capability has positive relationships with organizational expertise orientation, operational speed focus, customer oriented product development and customer value awareness on customer commitment, customer loyalty, and marketing performance. The conceptual model which present the relationship of variables are shown in Figure 1.

## Strategic Customer Response Capability

The available literature provides a wide range of customer response capability definitions. Companies ought to ensure the consistency of their goods and services at a reasonable standard and to be attentive to consumer needs (Ruekert, 1992). Jayachandran et al. (2004) defined customer response as a company's operation to quickly and effectively respond to customer needs. It differs greatly from the focus of bureaucracy on organizational stability and the precision and repeatability of internal processes (Filstad and Gottschalk, 2010). This knowledge increases the capacity to interpret details such as solve complicated situations (Hutzschenreuter and Horstkotte, 2012). The structure and processes already existing in the organization are integrated into organizational experiences (Cardy and Selvarajan, 2006). Therefore, the function of an organization is to respond quickly and provide customers with services (Lee and Lin, 2005). A successful company focuses on serving customers with what they want, the way they want it, and when they want it (Walsh, 2007). Likewise, the *new generation* of customers demand greater responsiveness to a dynamic set of requirements (Handfield and Nichols, 2002). Furthermore, responsiveness could be the key to achieving a competitive advantage for companies (Bernardes and Hanna, 2009). Additionally, with regard to appropriate newness, an original invention or creation communicates something that is new or novel. The criterion of suitability implies that novelty is a relative quality from the perspective of the customer who has only referred to that product but cannot recall other products within the same category (Snelders and Hekkert, 1999). Companies have the capability for product development. Therefore, it is imperative to constantly deliver superior customer satisfaction by designing products that meet customer needs, by combining existing resources in new ways in order to increase potential productivity with products that stand out and are of higher quality than the competition.

The strong relationship between a company and its customers has shown that it is a customer's right to leave, reducing relationship instability, and promoting partnerships (Morgan and Hunt, 1994). Therefore, the ability to understand the desires and needs of new and existing customers is imperative, as too is the ability to establish appropriate relations with them (Hooley et al., 2005). This is also true with the ability of an individual to achieve or attain predefined outcomes (Haimes, 2009). In addition, capability

is the capacity of a company to design a system that collects, processes and efficiently produces a corresponding range of products and information about different product requirements (Robert, 2004). Furthermore, the importance of capabilities, such as product design and manufacturing, are clear. However, to succeed in a volatile industry requires more than basic capabilities. Adaptive processes and structures that enable companies to change their basic capabilities, anticipating market demand shifts, developing and integrating new technologies, learning from market events and anticipating and capturing market trends are essential (Felin and Powell, 2016). For a business that recognizes opportunities and environmental changes to reconfigure its resources and capabilities, a competitive advantage can be created and sustained (Breznik and Lahovnik, 2016).

The ability to recognize customer needs and expectations, along with the capacity to build and create effective customer relationships, can enhance customer loyalty (Hooley et al., 2005). Moreover, the level of organization allows companies to build new technologies, leading to competitive advantages (Rodenbach and Brettel, 2012). In the context of a customer-oriented strategy, the aim is to create and capture value by satisfying the needs of the customer better than that of the competition. It expands the conventional product-centric rationale by stressing the experience of consumers, from sales to maintenance and development (Davenport, Harris and Kohli, 2001). Values are generated in companies by the actions of its members, which are carried out when the consumers are able to pay for their goods or services at the point of sale (Bowman and Ambrosini, 2000). Companies can anticipate precisely and respond to changes in their markets by developing new customer-oriented capacities (Foley and Fahy, 2009). Furthermore, strategy is seen as a conscious move of a company to leverage its distinctive resource endowment and can deliver superior results (Wernerfelt, 1984; Hamel and Prahalad, 1994; Lado et al., 2006). This is the successful strategic implementation of a firm's superior competitive advantage (Ussahawanitchakit, 2011). From the literature review, most of strategic customer responsive capability research examines the relationship of each single construct such as the relationship between marketing responsiveness orientation or market-driven strategy, and the consequences such as competitive advantage (Kumar, Scheer and Kotler, 2000), market control (Harris and Cai, 2002) and organizational performance (Saekoo and Ussahawanitchakit, 2009 ; Chen, Li and Evans, 2012). Moreover, there are few holistic models which integrated antecedents and consequences of strategic customer responsive capability into one conceptual framework. For the consequences of strategic customer responsive capability, there is no evidence to demonstrate the relationships between dimensions of strategic customer responsive capability and marketing performance. Additionally, there is a lack of research which examines the antecedents of strategic customer responsive capability.

Then, strategic customer response capability refers to a company's capacity to define the particular client requirements and develop a value chain to respond dynamically through environmental change, instead of creating the manufacturer-supplier value chain, and covers superior logistics facilities, the leveraging of information technology, distribution capitalization, real-time information flow and demand-driven business strategy business strategies will impact. The strategic customer response capability consists of organizational expertise orientation, operational speed focus, customer-oriented product development and customer value awareness which are described as follows:



### Organizational Expertise Orientation

Organizational expertise orientation refers to the capacity of a business to comprehend and use the benefits and gaps of previous events or practices that are most useful for an organization (Ozawa, 2019). When a company is able to experience the application of competition, this leads to more efficient operations and better quality compared to its competitors (Shehata, 2020). In addition, the positive, direct and indirect impact on market performance is a learning curve from the experience of manufacturing and service companies (Ferraris, Santoro and Dezi, 2017).

### Operational Speed Focus

Operational speed focus refers to the scope for the appropriate time (including both existing and potential customers) of the capacity of the company to find, understand and satisfy articulated customer demands (Krush, Agnihotri and Trainor, 2016). Lee, O'Cass and Sok (2017) suggest it is essential that companies need to respond promptly and expand new markets before their rivals. Moreover, online social networking sites, such as Facebook, can generate brand awareness or a fan page, and can also provide surveys to target both new and existing customers. Therefore, these solutions are part of a market reaction that can encourage rapid product awareness and companies can react quickly before customer trends change. Krush, Agnihotri and Trainor (2016) note that, from an empirical marketing viewpoint, responsive market orientation influences company efficiency with the potential for competitive strategy efficiency.

### Customer-Oriented Product Development

Customer-oriented product development refers to the ability of a company to think and create a new concept to develop a new product or service with results that accomplish the company's objectives. Therefore, in achieving a competitive advantage over the competition, customer-oriented product development is imperative. Hence, businesses should establish and market new products to satisfy customer requirements to boost the marketing benefit of innovative products (Medase and Barasa, 2019). Da Costa, Camargo, Machado Toaldo and Didonet (2018) suggest that new competence in product development is the resources and capacities of the business to produce new products or procedures that fulfill the requirements of its customers, set internal company targets and achieve the required marketing position. Companies that are strong in customer-oriented product development, tend to improve customer engagement and increase customer loyalty, which results in long-term customer relationships with the brand.

### Customer Value Awareness

Customer value awareness refers to the ability to generate a strong competitive advantage by reaching customer perceptions, in terms of general quality and costs, to arrive at the economic and non-financial evaluation of a product. Accordingly, companies must develop a deep understanding of customer value awareness, which can then be used to enhance subjective performance, such as customer commitment and customer loyalty. Previous research shows that customer value awareness can increase the ratio of success of newly-launched products. Furthermore, Kamboj and Rahman (2017) suggest that, when a brand is repeatedly associated, it will morph into an unconditional response. From the latest consumer experience, a favorable image association then has a positive link to customer fulfillment, perceived performance and customer loyalty (Flynn, Koufteros and Lu, 2016).

### Conceptual Framework

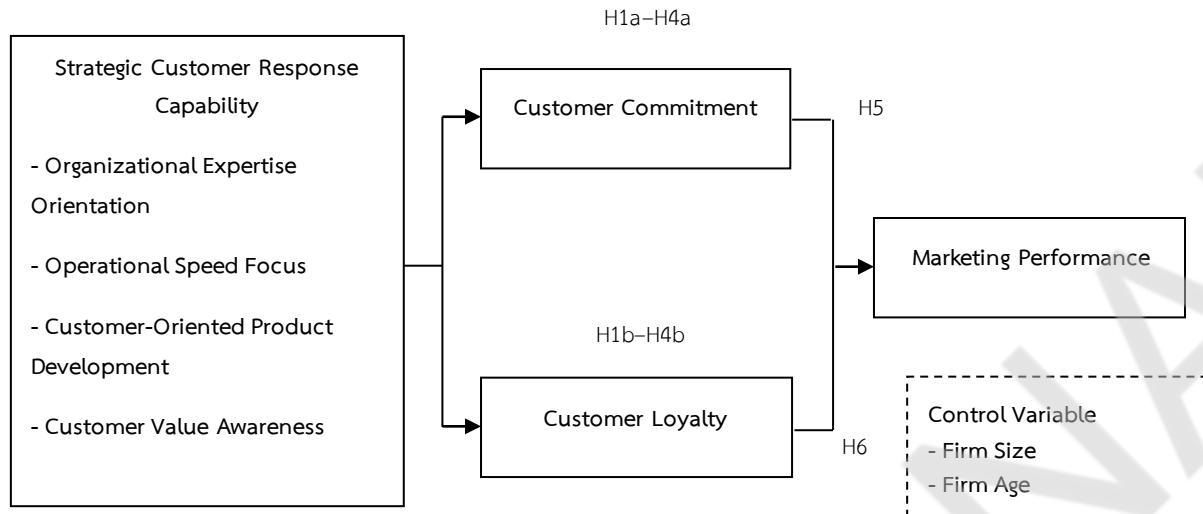


Figure 1 The relationship between variables

The relationship between customer commitment, customer loyalty and marketing performance

#### Customer Commitment

Customer commitment refers to a specific brand as the force of that customer, which has consequences for the choice of the relationship to be pursued (Jeon, 2017). From a marketing standpoint, commitment to customer relations is critical for increasing the purchasing intentions and readiness to pay for a service (Genc, Dayan and Genc, 2019; Iyer, Davari, Zolfagharian and Paswan, 2018). These attitudinal and behavioral results are crucial in several respects to boost business efficiency. Moreover, customers are anticipated to support the service company, even if they pay more than they get from the partnership (Powell, Noble, Noble and Han, 2018). Likewise, Powell, Noble, Noble and Han (2018) found that the relationship between affective customer commitment and business performance to be positive.

#### Customer Loyalty

Customer loyalty refers to the organizational success of maintaining and increasing the quality of customer satisfaction and customer relationship by comparative input and output factors. Moreover, it is an intended behavior related to repurchase intention in the future. Additionally, loyalty is a barrier toward brand switching in which customers change suppliers/sellers, because they are satisfied with the product or brand, as well as wanting to continue the relationship (Cakici, Akgunduz and Yildirim, 2019). Therefore, a company's marketing strategy to improving and developing products to respond to higher customer satisfaction, and maintaining customer loyalty, is connected with relationships made through customer relationship management (CRM) to maintain long-term satisfaction (Stone, Woodcock, Ekinci, Aravopoulou and Parnell, 2019). Customer loyalty brings together long-term relationships with customers and profitability, resulting in a competitive advantage in the market (Lee, 2016). Customer loyalty for a company and its products, combined with societal marketing strategies, may influence marketing performance.



## Marketing Performance

Marketing performance refers to the reputation of the company for creating or attracting fresh products that add value for new customers and retain and encourage existing customers (Rakthin, Calantone and Wang, 2016). Furthermore, profitability, market growth and market share affect market performance and should be the objective of marketing performance measures. Thus, the efficiency of marketing tends to achieve successful marketing.

### Hypothesis:

H<sub>1</sub>: Organizational expertise orientation is positively related to (a) customer commitment, (b) customer loyalty.

H<sub>2</sub>: Operational speed focus is positively related to (a) customer commitment, (b) customer loyalty.

H<sub>3</sub>: Customer-oriented product development is positively related to (a) customer commitment, (b) customer loyalty.

H<sub>4</sub>: Customer value awareness is positively related to (a) customer commitment, (b) customer loyalty.

H<sub>5</sub>: Customer commitment is positively related to Marketing performance.

H<sub>6</sub>: Customer loyalty is positively related to Marketing performance.

## Research Methodology

### Population and Samples

The population sample was based on marketing managers and marketing directors selected from 1,050 cosmetic companies in Thailand and was taken from the online database, Department of Business Development. Though 1,050 cosmetic companies were listed on the database, once any duplicate addresses were removed, only 683 companies remained. From the earlier research, a suitable sample is 172 firm under the 95% confidentiality rule (Krejcie and Morgan, 1970). Furthermore, a 20% response rate for a mail survey, without an appropriate follow-up procedure, is considered sufficient (Aaker, Kumar and Day, 2001).

The sample is listed from categories D 2423–2424 of the Thailand Industrial Index (updated in April 2016).

### Sample Selection and Data Collection Procedure

This article selects marketing managers and marketing directors of the cosmetic business firm in Thailand as the population which listed as member of the Department of Business Development. The 683 mailed survey of questionnaire is used to collect data. As a result, 172 mail was undelivered due to the changes of address and total of 167 questionnaires were returned. Five of 167 questionnaires are removed caused by the incompleteness. Consequently, the response rate was approximately 23.72 percent. According to the rule of thumb of the minimum sample size, the minimum sample size should be more than five observations per each variable (Hair, Black, Babin and Anderson, 2010). Subsequently, 162 cosmetic companies were happy to complete and return the questionnaire for the multiple regression analysis in this study.

### Test of Non-Response Bias

To detect possible response bias problems between respondents and non-respondents, a t-test comparison was conducted of the demographics between early and late respondents and corresponded with the test for non-response bias by Armstrong and Overton (1977). The responses from the first group mailing were used to compare with responses received from the second group mailing based on demographic information, including registered capitals, number of employees, operating periods and average revenue per year. This result shows that there is no statistically significant difference between early and late respondents with a 95% confidence level (Armstrong and Overton, 1977). Therefore, this study shows that non-response bias is not a considerable issue.

### Research Instruments

In this study, a questionnaire was developed in seven parts. Part one included questions that asked about basic personal information, such as gender, age, status, level of education, previous employment, salary and current position. Part two contained business information asking about a business model, business types, the number of employees, time in operation, capital investment or operation capital, awards won and annual revenue. Parts three to six involved the perceptual evaluation of respondents, in terms of each construct in the conceptual model. Specifically, evaluating each dimension of strategic customer response capability, organizational expertise orientation, operational speed focus, customer-oriented product development, customer value awareness influence customer commitment, customer loyalty, marketing performance, were included in parts 3, 4, 5 and 6 respectively. The final part provided an open-ended question asking for opinions and suggestions from respondents.

### Data Collection

The minimum sample size should more than five observations per each variable (Hair, Black, Babin and Anderson, 2010). Subsequently, 162 cosmetic firms responded by completing the questionnaire for the multiple regression analysis in this study.

### Data Analysis

The measuring method included the multi-purpose creation of the conceptual model for evaluating each structure. All constructs were, in fact, abstractions that could not be measured or observed directly and were measured by several elements. To ensure the quality and precision of each solution and the structure domain, the study depended on scales of the analysis method, with the procedure involving four phases in the development of organizational policies. The first phase was created to define the domain structure by clarifying definitions. The second phase was designed to produce samples of research technical papers, such as literary reviews, experimental studies and stimulating examples of insight. The third phase was created to purify the metric for validity and reliability testing using exploratory factor analysis (EFA). Therefore, these constructs were converted into real measurement operational variables. All variables from the survey were evaluated based on the 5-point Likert scale, varying from 1 (strongly disagree) to 5 (strongly agree) in order to evaluate each structure in the conceptual model.

### Method

The measurement process involves the multiple-item development for measuring each construct in the conceptual model. In fact, all constructs are the abstractions that cannot be directly measured or observed and should be measured by multiple items. The scales employed in the study instrument were



based on a concern for the validity and reliability of each construct, and the domain of the constructs. The procedures for developing organizational measures are of four stages. The first is to specify domain of the domain construct by described clarify definition. Then, the second is to generate sample of items with research techniques, namely literature review, experience survey, and insight stimulating example. Next, the third is to purify the measure with exploratory factor analysis (EFA) for testing validity and reliability. Thereby, these constructs are transformed to the operational variables for truly measuring. To measure each construct in the conceptual model, all of variables are gained from the survey and are measured by a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). All constructs are developed for measuring from the definition of each construct.

### **Dependent Variable**

Marketing performance (MKP) is measured by five-item scale, and it is assessed by firm's perception about the marketing outcomes that firm can achieve the goal in terms of sales growth, rate of sales volume, profitability, market share, continual business growth, ability to introduce innovation, customer satisfaction, and customer acceptance etc. This construct is adapted from Day and Wesley (1988) and Sookaneknun and Ussahawanitchkit (2012).

### **Independent Variables**

Organization expertise orientation construct is evaluated via five-item scale relating the degree to evaluate the analysis of both the advantages and disadvantages of work experience and the application of past experiences to improve performance in work. This construct is developed as a new scale. Operational speed focus construct is assessed by the scope to which the evaluation of social media utilizing to introducing, discovering new product faster than competitor, and in suitable time. This construct is adapted from Narver, Slater and MacLachlan (2004) ; Lee (2010) and Bodlaj, Coenders and Zabkar (2012). Customer oriented product development construct is evaluated by firm intends to identify core competency for creating, building, developing, and improving new products. This construct is developed as a new scale. Customer value awareness construct is evaluated by creating marketing activities that makes customer has greater attitude in product and service than the other competitors. This construct is developed as a new scale.

The independent variables are treated as consequences of strategic customer response capability in this research. These variables are measured with two characteristics: customer commitment, customer loyalty. For customer commitment, the measurement scale is perceived force that bind consumer to continue to purchase services, making impression, providing non-substitute and non-reusable service. This construct is adapted from Gundlach et al., (1995) and Bansal et al., (2004). For customer loyalty construct, the measurement scale is determined by the degree of organizational success of maintaining and increasing the quality of customer satisfaction and customer relationship such as cost for creating customer satisfaction, repeated purchases over less time, reducing resources for maintaining old customers and increasing the satisfaction of new customers. This construct is adapted from Prasertsang Ussahawanitchakit and Jhundra-indra (2012).

### **Control Variables**

Firm size is defined as how large or small the firm is and measured by the number of full-time employees in a firm averaged over the current year (Judge and Zeithaml, 1992). The number of employees was divided into four groups: less than 50 persons, 50-100 persons, 101-200 persons and more than 200 persons. This research divided firms into two groups: small and medium scale, and large scale.

Then, firm size is represented by dummy variable including 0 (Less than 50 persons and equal 50 persons) and 1 (more than 50 persons). Firm age refers to number of years a firm has been in operation (Nurittamont and Ussahawanitchkit, 2008). Concerning firm age, it may also affect.

The first 30 questionnaires sent back from the respondents were used to conduct the pre-test in order to test the validity and reliability of all measures that were utilized in the testing method. Furthermore, the validity of newly-developed scales and scales taken from prior studies were tested by confirmatory factor analysis (CFA) and EFA. The results indicate that the factor loadings of all measures in this study vary from 0.52 to 0.97. These values are greater than the 0.40 cut-off value (Nunnally & Bernstein, 1994). This indicates an acceptable construct validity. In addition, Cronbach's alpha is used to assess reliability. The findings of Cronbach's alpha coefficients were between 0.79 and 0.95 which exceeds the acceptable 0.70 cut-off score (Hair et al., 2010). Therefore, it can be concluded that the internal consistency of the entire scale exists in this study (See Table 1). The ordinary least square (OLS) regression analysis is used to test all hypotheses for the hypotheses test. The equation is depicted as follows:

$$\begin{aligned}\text{Equation 1: CMZ} &= \alpha_{001} + \beta_1 \text{OEO} + \beta_2 \text{OSF} + \beta_3 \text{CPD} + \beta_4 \text{CVA} + \beta_5 \text{FSS} + \beta_6 \text{FAG} + \varepsilon_1 \\ \text{Equation 2: CLZ} &= \alpha_{002} + \beta_7 \text{OEO} + \beta_8 \text{OSF} + \beta_9 \text{CPD} + \beta_{10} \text{CVA} + \beta_{11} \text{FSS} + \beta_{12} \text{FAG} + \varepsilon_2 \\ \text{Equation 3: MKP} &= \alpha_{003} + \beta_{13} \text{CMZ} + \beta_{14} \text{CLZ} + \beta_{15} \text{FSS} + \beta_{16} \text{FAG} + \varepsilon_3\end{aligned}$$

Table 1 Results of measure validation

Variables	Factor Loadings	Cronbach's Alpha
Organizational expertise orientation (OEO)	0.75–0.90	0.85
Operational speed focus (OSF)	0.52–0.90	0.81
Customer-oriented product development (CPD)	0.54–0.89	0.79
Customer value awareness (CVA)	0.82–0.97	0.95
Customer commitment (CMZ)	0.67–0.86	0.79
Customer loyalty (CLZ)	0.84–0.96	0.94
Marketing performance (MKP)	0.86–0.95	0.94

## Results and Discussion

The descriptive statistics and correlation matrix between the independent and dependent variables are presented in Table 2. Correlation coefficients of variables range between 0.27 and 0.60, which is lower than 0.80 and the variance inflation factor (VIF) varies from 1.69 to 1.81, which is lower than 10. Therefore, there was no multicollinearity problem found in this study (Hair et al., 2010).

The respondents are marketing executives, either the marketing manager or marketing director who has the most comprehensive knowledge regarding firm characteristics, marketing strategy, and firm performance. The respondent characteristics are described by the demographic characteristics, including sex, age, status, level of education, working experience, average salary per month and current position. The demographic characteristics of 162 respondents are as the following. Approximately 63 percent of respondents are female. The span of age of respondents is 41 to 50 years old (40.70 percent). The majority of respondents are single (50.60 percent). A total of 53.10 percent earned a bachelor's degree or equal. Of the respondents, 42.60 percent have work experience of less than 10 years. The average



monthly income of respondents is 50,000 to 100,000 baht (40.10 percent). Finally, the majority of the respondents hold a position as marketing manager (40.10 percent).

**Table 2** Descriptive statistics and correlation matrix

Variables	OEO	OSF	CPD	CVA	CMZ	CLZ	MKP	FSS	FAG
Mean	4.28	4.30	4.21	4.44	4.14	4.36	3.58	-	-
S.D.	0.52	0.56	0.57	0.50	0.53	0.51	0.63	-	-
OEO	1								
OSF	0.53**	1							
CPD	0.37**	0.53**	1						
CVA	0.44**	0.49**	0.59**	1					
CMZ	0.54**	0.54**	0.58**	0.58**	1				
CLZ	0.48**	0.43**	0.44**	0.47**	0.60**	1			
MKP	0.31**	0.27**	0.53**	0.30**	0.45**	0.44**	1		
FSS	0.02	-0.05	0.14	0.19*	0.04	0.08	-0.01	1	
FAG	0.02	-0.11	-0.04	0.07	0.10	0.27**	0.11	0.40**	1

Note: \* p < 0.05, \*\* p < 0.01

The results of the demographic characteristics of 162 cosmetic businesses indicate that the majority of the firm respondents have registered as a limited company (86.40 percent). Most of the business types that respondents provided to customers in this research are distribute for both entrepreneurs and customers (68.50 percent). A total of 66.70 percent of the firm respondents are situated in Bangkok. The majority of firm respondents employ less than 50 full-time employees (69.10 percent). The majority of the firm respondents have firm capital of less than 5,000,000 baht (57.40 percent). In addition, approximately 40.10 percent of firm respondents have been operating in a cosmetic business for more than 15 years. The most of the respondent firms have average revenue per year less than 10,000,000 baht (40.70 percent).

OLS regression analyzes the impact of the strategic customer response capability and Table 3 provides the outcomes. First, the results indicate that organizational expertise orientation (the first dimension) is significant and positively affects customer commitment ( $\beta_1 = 0.24$ ,  $p < 0.01$ ) and customer loyalty ( $\beta_7 = 0.25$ ,  $p < 0.01$ ). This sends a clear signal to customers and gives them trust in the company's success by supply chain preparation and connecting to customers and suppliers (Wang, Dou, Zhu, & Zhou, 2015). Consistent with Shehata (2020), Firm was able to understand past organizational experiences, which led to an improvement in strategy to attain a competitive advantage. Thus, Hypotheses 1a, 1b are supported.

Second, it is found that operational speed focus (the second dimension) is significant and positively affects customer commitment ( $\beta_2 = 0.16$ ,  $p < 0.05$ ), customer loyalty ( $\beta_8 = 0.14$ ,  $p < 0.10$ ). These findings are consistent with Krush, Agnihotri and Trainor (2016). A positive relationship exists between market information management capability and market performance. Furthermore, the results are consistent with Tseng (2019). Firm has positively and significantly integrated marketing and Research and Development departments and was also strongly related to market performance. Additionally, the results are consistent with Frambach, Fiss and Ingenbleek (2016). The owner may know some or all of their customers personally, with the result of such being relationships leading to long-term benefits,

including customer loyalty and higher levels of customer satisfaction and superiority in a highly competitive market. Thus, Hypotheses 2a and 2b are supported.

**Table 3** Results of hierarchical regression analysis for the effects of each dimension of strategic customer response capability of its consequences

Independent variables	Dependent variables		
	CMZ	CLZ	MKP
	Equation1	Equation2	Equation3
OEO (H1a-b)	0.24*** (0.07)	0.25*** (0.08)	-
OSF (H2a-b)	0.16** (0.08)	0.14* (0.08)	-
CPD (H3a-b)	0.29*** (0.07)	0.20* (0.08)	-
CVA (H4a-b)	0.23** (0.07)	0.17** (0.08)	-
CMZ (H5)	-	-	0.30*** (0.09)
CLZ (H6)	-	-	0.25** (0.09)
FSS	-0.27 (0.18)	-0.30 (0.20)	-0.15 (0.22)
FAG	0.28 (0.12)	0.63 (0.14)	0.07 (0.16)
Adjusted R <sup>2</sup>	0.51	0.40	0.23
Maximum VIF	1.81	1.81	1.69

Third, the results indicate that customer-oriented product development (the fourth dimension) is significant and positively affects all outcomes: customer commitment ( $\beta_3 = 0.29$ ,  $p < 0.01$ ) and customer loyalty ( $\beta_9 = 0.20$ ,  $p < 0.10$ ). The creativity of the company produces the product and thus relates directly to company performance (Cacciolatti and Lee, 2016). The result is also consistent with Kamboj and Rahman (2017), who suggest that a strategy tool to attract and retain customers has become one of the most important factors for the success of both production companies and service providers. Moreover, the result is also consistent with Takata (2016). The instrument for offering unique customer satisfaction is one way for continually repeating sales to customers and maintaining customer loyalty, as well as ensuring positive word of mouth. Thus, Hypothesis 3a, 3b are supported.

Next, the study reveals that customer value awareness significantly affects all outcomes: Customer commitment ( $\beta_4 = 0.23$ ,  $p < 0.05$ ) and customer loyalty ( $\beta_{10} = 0.17$ ,  $p < 0.05$ ). A previous study conducted by Pandey and Kumar (2020), found that quality perception, including quality circles, redesign efforts and communication with customers regarding quality improvement, helps identify a substantial competitive advantage. Moreover, the awareness that customers require, improves the product life cycle and thus the long-term profitability of existing brands that come from new product success (Ajina, Japutra,



Nguyen, Syed Alwi and Al-Hajla, 2019). The result is also consistent with Kamboj and Rahman (2017), who stated that, when a brand is repeatedly associated with something, it will morph into an unconditional response. According to Mu (2015), a company's ability to build personal relationships with customers that generate and sustain customer expectations has a positive impact on performance. Such customer participation can be established by showing customers authenticity, genuine interest and sincerity. Customer satisfaction, loyalty and influence, as well as enthusiasm for the products and services offered, accumulate commitment. The result is also consistent with Flynn, Koufteros and Lu, (2016). The study showed that a favorable image, created from recent consumption experience, has a positive relationship with customer satisfaction, perceived quality and customer loyalty. Thus, Hypotheses 4a, 4b are supported.

It was found also that customer commitment is significantly affected by marketing performance ( $\beta_{13} = 0.30$ ,  $p < 0.01$ ). The last result indicates that customer loyalty is significantly affected by marketing performance ( $\beta_{14} = 0.25$ ,  $p < 0.01$ ). From a marketing perspective, the commitment to customer relations was found to be critical in order to improve buying intent and readiness to pay for a service more (Izogo, 2017). Both these attitudinal and behavioral results are crucial in several respects for improving company efficiency. This is consistent with Hur, Kim and Kim (2018) who found that there is a positive relationship between affective commitment and contributes to sustainable competitive advantage. Moreover, this result is consistent with Jeon and Choi (2017). Success in the reaction to the market of an organization must have both customer performance efficiencies and marketing performance that lead to a basic result of an excellent reputation for superior economic performance. Thus, Hypothesis 5 is supported. For Hypothesis 6, the result is consistent with Kshetri and Voas (2019). The capacity of a company to react to customer requirements or market demands contributes to greater revenue, more profit and achievement for both the present and the future of its business. Ultimately, customer loyalty exerts a positive and significant effect on organizational performance (Iragena and Mulyungi, 2018). Thus, Hypothesis 6 is supported.

Moreover, the result of the power of indication illustrates that the adjusted R-square is between 0.23-0.51 and the maximum VIF is 1.81. All values are accepted. Therefore, the regression analysis is reliable and acceptable. Also, the results of control variables indicate that company size and capital are not significantly related to all dimensions of strategic customer response capability. It can be interpreted that a longer period of time in business and a higher amount of capital do not significantly affect the level of customer commitment or customer loyalty.

## Conclusion

The aim of this study was to examine the impact on marketing performance and the strategic customer response capability of Thailand's cosmetic industry. The outcome of the study has demonstrated a significant and positive relationship with customer commitment and customer loyalty when companies use four aspects of strategic customer response capability (organizational expertise orientation, operational speed focus, customer-orientated product development and customer value awareness). Moreover, customer commitment and customer loyalty have a positive influence on marketing performance. The results of this study indicate that strategic customer response capability (particularly organizational expertise orientation, customer-oriented product development) can help companies attain higher customer commitment and customer loyalty.

### **Theoretical Contribution**

The study aimed to gain a deeper understanding of the relations between strategic customer response capability and marketing performance. It can be stated that the results of this study provide four unique theoretical contributions. Likewise, a holistic framework and an empirical study of market-driven concepts are less than market-driving concepts. This study provides an important theoretical insight that has been developed through positive relationships among each dimension of strategic customer response capability and its outcomes. From the dynamic capability aspect, strategic customer response capability is a component that provides an advantage in the market segments and market positions of the competitive advantage of the cosmetics industry in Thailand by changing markets such as the consumer to establish new market segments or an imitable market place and benefiting the group by becoming a market leader contributes to higher marketing performance. Hence, the dynamic capability explains the relationships among each dimension of strategic customer response capability which newly develop (organizational expertise orientation, operational speed focus, customer oriented product development and customer value awareness) and the consequences (customer commitment, customer loyalty and marketing performance). The findings reveal that four dimensions of the strategic customer response capability encourage customer commitment and customer loyalty.

### **Managerial Contribution**

The study presents appropriate contributions and implications for organizations to develop strategic customer response capabilities through executives, marketing executives, directors and other top management. For the cosmetic industry in Thailand, it is continuously developed and has created a far more competitive market, as well as the occurrence of the new marketing possibilities. Thus, marketing executives have to conduct more marketing activities, such as customer orientation—which encourages customers to opt for one company's products and services over another—and to facilitate companies to dominate markets by enhancing customer commitment, customer loyalty and marketing performance. Moreover, marketing executives have to facilitate business in order to develop higher levels of organizational expertise by understanding what customers want and have the advantage of understanding the shortcomings of past events or practices. It is also beneficial to companies for enhancing the effectiveness of market expansion, outperforming competitors in terms of marketing strategy and creating customer loyalty and customer commitment. Additionally, the implementation of operational speed focus leads companies to enhance customer commitment, customer loyalty and marketing performance. Ultimately, the organization will build and leverage strategic customer response capabilities to improve customer commitment and customer loyalty to achieve a stronger marketing performance.

### **Limitations**

Though the results of this study will help businesses trying to connect with more potential customers, it does come with some limitations. First, the results of this study were analyzed from a single-source population: The cosmetic industry in Thailand. This could prove disproportionate over broader, more generalized populations with an eclectic mix of businesses. Second, 253 of the mailed surveys failed to reach their target and accounted for approximately 24.10 percent of the total. This was primarily companies that had either gone out of business or relocated, indicating that the address information obtained from the online database, the Department of Business Development, was not up to date and the additional samples may have affected the results, offering more support to the hypotheses.



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