


THE ROLE OF CUSTOMER ORIENTATION IN THE OPERATION OF SMEs

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Abstract: *Micro, small and medium-sized enterprises play a key role in the economy, as they contribute tangibly to the improvement of the competitiveness of the given country, and, thanks to their high market coverage, they provide a high number of workplaces. Businesses, however, have to face many challenges, as the coronavirus epidemic has made it very difficult to acquire customers. We can say that in the current situation, corporate success is closely related to customer satisfaction. During the research presented in this study, we examined the effect of the coronavirus epidemic on the sales promotion of micro, small and medium-sized enterprises with regard to customer focus in both Hungary and Slovakia. By analysing the collected primary data, we examined our formulated hypothesis that the more attention the company pays to market research, the easier it is to address customers in the given market. As a result of the testing, in the case of both countries, it can be said that if companies pay more attention to market research, they are more easily able to address the audience in the given market.*

Keywords: *SME, customer orientation, Slovakia, Hungary, competitiveness*

JEL Classification: E21, P36, L81

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1 Introduction

As the decades unfold, it becomes more and more difficult for companies to create a sustainable competitive advantage, since whatever advantages the given company has, it is almost certain that sooner or later the competitors operating in the given target market will find a way to create a similar or better one. However, one thing is certain, namely that customer focus will play an extremely important role in the success of companies. (Parniangtong, 2017) As already written by Peter Drucker (2010) in his book "The Practice of Management", customers determine what the business is, what it produces and whether it will prosper at all. This statement has an extremely important role in the current situation and will play an even more prominent role in the near future. This is also supported by the following studies: Yen, Thi and Li. (2021) study, customers will be well prepared in the near future and will be willing to play an active role in the life of their preferred companies. In such cases, when customers are active and function as repeat customers in the life of the given company, it is extremely important to have a deeper understanding of the customers and a more precise definition of their needs. As a result, the added value can be much higher. Based on a study by Tiitto (2021), strategic customer focus is currently one of the most important drivers of growth, and its importance will only increase in the near future. A focus on customer experience is often one of the most important characteristics of economically successful companies.

2 The theoretical background

The management and creation of customer value in today's market plays a critical role in the life of both service and product offering companies. The management of that company must create an organizational culture that obsessively researches and manages customer centricity. Unique business models and value propositions based on market differentiation are generally more successful in global markets. Companies must have customer value and provide exceptional value to customers, as solid customer relationships ensure development and adequate business performance. (Weinstein, 2018)

Customer focus plays an increasingly important role in low-growth markets. In these markets, the company is usually able to grow by winning customers of its competitors. The result of this, though, is increased competition, which

means that the pressure on price increases is also growing. Therefore, in order to offset this price pressure, it is necessary to offer a value that distinguishes the given company from its competitors. Naturally, most companies focus on product differentiation to achieve this, but it is very important to note that products can be easily copied in many cases, so this competitive advantage has merely a short term effect. Moreover, the development and research costs only burden the company's budget. Nevertheless, customer focus significantly contributes to the creation of a long-term competitive advantage, as it is difficult to copy and represents a significant obstacle to companies wishing to enter the given market (Uhl & MacGillavry, 2016) Intensified market competition, and affected the management of wage costs, which has forced individual companies to lay off their employees in many cases (Csinger, 2021)

If the company properly assesses and at the same time understands the needs of the consumer, then develops a product and/or service that provides adequate customer value, and effectively advertises and prices it, then the given product/service can be sold properly. (Machová et.al, 2018) Customer-centric marketing has never been more important than it is today. If the given company wants to be customer-centric, everything must be built around the customers in the strict sense of the word. Thanks to the digitized world, it is possible to continuously increase the number of customers, so customer focus plays an extremely important role in the long-term success of the company (Aslan, 2021)

Many researchers deal with customer focus and analyse its importance in the life of companies. The previously presented and used research all proves that customer focus will play an extremely important role in the future and its absence significantly increases the chance of failure. Garai-Fodor (2022) pointed out that it is only possible to meet the economic demands of the age with conscious preparation and skill.

Based on McCraw's (2016) study, it is necessary to pay attention to four extremely important factors when developing customer focus. In the first step, it is very important that the company listens to its customers. The feedback that the company receives from customers is extremely helpful for the implementation of this step. Considering social dynamics, it is almost certain that customers will communicate directly or indirectly with the company. Based on this opinion, many marketers make the mistake of being afraid of possible critical feedback. As a second step, it is very important for the company to be

able to think reading the customers' minds. In this case, the company has to understand what kind of experiences customers have had before, during and after buying the products and services. In the penultimate step, it is extremely important that the company asks the customer and contacts him again after the purchase. Several effective methods can be used to carry out this step, thanks to which we can find out what feelings and experiences the customers have had. The last step generates a kind of continuity, since the customer must be constantly analyzed and monitored based on his opinion. Professionals responsible for marketing must constantly seize all opportunities to learn as much information as possible about customers, their habits, and their opinions.

According to Johnson (2019), if a company decides to develop customer centricity, full commitment is required to achieve it. It is necessary that each member of the team understands the set goal, so it can be achieved with the combined strength of the team and management. Customer-centric marketing treats customers as an essential part of a company's marketing message. His opinion partially supports the approach of McCraw (2016), according to which it is extremely important to analyze the opinions of customers. In today's digital world, there are countless tools that can be used to collect and analyze feedback, such as e-mail, phone calls, the chat interface on the website, and other options offered by social media. Based on his opinion, it is also necessary to put a lot of emphasis on critical feedback, since through this feedback the company learns which areas need improvement. Thanks to this, the service, product and other factors offered by the company can be tangibly improved.

3 Methodology

In the course of our international research, we examined the effect of the coronavirus epidemic on the sales promotion of micro, small and medium-sized enterprises in the context of customer focus in both Hungary and Slovakia. During our descriptive research, we used the single cross-sectional research method, because we took a single sample from the general population, from which we collected information. To elaborate the practical part, we used a quantitative research method, within which we chose an online version of questionnaire, which was distributed in the form of e-mail to the companies included in the database we had collected. The questionnaire was processed using Google Forms and was available in Hungarian, Slovak and English. The collection of opinions of the target population we were investigating lasted

from September 2021 to January 2022. The questionnaire basically contained closed questions, among which there was also a classification question.

During the survey period, we sent a total of 5,463 letters. During the query, we managed to collect a total of 423 correct entries. The proportion of Hungarian companies is 45.39% (192 responses), and that of Slovak companies is 54.61% (231 responses). During our research, we analyzed micro, small and medium-sized enterprises and their distribution was as follows: 54.17% of Hungarian respondents were micro, 22.92% were small, and 22.92% medium-sized enterprises. On the other hand, 66.67% of Slovak respondents were micro, 10.39% were small, and 22.94% were medium-sized enterprises. Microsoft Excel and the SPSS statistical program were used to analyze the received responses. Our formulated hypothesis:

The more attention a company pays to market research, the easier it is to address customers in that market

H0: No linear relationship is shown between paying attention to market research and addressing customers

H1: A linear relationship is shown between paying attention to market research and addressing customers

4 Results

In the process of verification of our formulated hypothesis, we used Pearson's correlation analysis.

Based on the scatter diagram, it can be stated that there is a linear relationship between the variables we have examined. To examine the following condition, the Shapiro-Wilk normality test was used, the results of which can be seen in the following table for both countries:

Table 1: Shapiro-Wilk, Hungary and Slovakia (Based on primary data collection of Kořesmáros-Marča)

Shapiro-Wilk, Hungary			Shapiro-Wilk, Slovakia		
Statistic.	df	Sig.	Statistic.	df	Sig.
0.980	0.980	192	0.106	231	0.007
0.976	0.976	192	0.083	231	0.086

Source: author's own calculations

Based on the values in the Table 1, we can say that our assumption regarding the normality test was not compromised. After the condition tests, we can state that the Pearson correlation analysis can be performed and the results can be interpreted.

The following table illustrates the results obtained for both countries:

Table 2: Pearson's correlation - Slovakia, Hungary (Based on primary data collection of Korcsmáros-Marča)

		SK	SK	HU	HU
Market research	Pearson Correlation	1	0.231	1	0.368
	Sig. (2-tailed)		0.000		0.000
	N	231	231	192	192
Reaching customers	Pearson Correlation	0,231	1	0.368	1
	Sig. (2-tailed)	0.000		0.000	
	N	231	231	192	192

Source: author's own calculations

In the Table 2 Pearson Correlation means the Pearson correlation coefficient (r). The Sig. (2-tailed) represents the two-sided significance level of the correlation coefficient, while N represents the number of paired observations, in other words, the sample size. In the case of Slovakia, the coefficient is 0.231, which results in a weak relationship, while in the case of Hungary, the value is 0.368, which represents a moderate relationship. In the case of both countries, based on the values of the two-sided significance level, the obtained correlations are statistically significant.

In accordance with the statistical rules, in this case it is also necessary to determine the variance of the coefficient of determination. In our case, we will define this as a square of the correlation coefficient. In the case of Slovakia, it is 0.2312, while in the case of Hungary it is 0.3682. In the case of Slovakia it is 0.053361, which results in 5.3%, while in the case of Hungary it is 0.135424, which results in 13.54%.

Based on the results obtained, we can say the following for both countries:

Thanks to Pearson's correlation statistical analysis it was found that if

companies paid more attention to market research, they were more easily able to address the audience in the given market. In the case of both countries, a statistically significant association can be demonstrated, since $p < 0.005$. Based on the results, we accept the null hypothesis and reject the alternative hypothesis for both countries.

5 Discussion

Testing the formulated hypothesis, we investigated whether the appropriate market research significantly affects the addressing of potential customers. During the investigation, we used Pearson's correlation, for which the necessary conditions were examined visually and by other statistical tests. As a result of the testing, in the case of both countries, it can be said that if companies pay more attention to market research, they are more easily able to address the audience in the given market.

On the grounds of the results obtained during our research and the mapping of the theoretical background, the following suggestions and conclusions were formulated: basically, the profit generation of companies with a customer-oriented approach depends on three main factors, namely the acquisition of new customers, the decision of old customers to buy, and the increase of the basket value. Of course, several other factors can influence profit generation, but tangible profit increases, even doubling, are significantly influenced by the previously mentioned factors. Based on this, the company must use a strategy that will positively influence these three factors. In addition, it may be worthwhile for the company to place more emphasis on addressing the potentially lost customers, since remobilizing them is actually risk-free, as the company has nothing to lose.

6 Conclusions

The success of the period during and after the epidemic will be significantly determined by the ability of companies to adapt, since consumer habits are often completely different from what they were used to before. In many cases the new habits will remain, as a consequence of which the company needs to react almost immediately and adequately meet the new demand. In the extremely turbulent market, it will be more and more difficult and costly

to maintain a competitive advantage over other competitors, which will also be made more difficult by possible new entrants. However, it is important to mention that there are factors that can positively influence competitiveness and its maintenance, such as a customer-oriented approach, which will be the key to corporate success in the coming years. By using the right tools, experience and knowledge, the company can fully understand the consumer's needs, and then, aware of all this, develop the product and/or service in such a way that it provides adequate customer value with an effective advertising and pricing strategy, the result of which will be successful sales.

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