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Lucio Lamberti [a]

[a] DIG - Department of Management, Economics and Industrial Engineering , Politecnico di Milano , Milan , Italy

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Customer centricity: the construct and the operational antecedents

Lucio Lamberti*

DIG – Department of Management, Economics and Industrial Engineering, Politecnico di Milano, Milan, Italy

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Despite the relevant attention paid both by the academic and by the practitioner communities, extant understanding and knowledge about how to implement customer centricity is substantially scarce. The author draws on the occasional literature on customer centricity published over the last years in marketing and other disciplines, and on 43 field interviews with managers (marketers and non-marketers), consultants and academicians to move toward the establishment of a customer centricity theory. This work identifies and refines the domain of customer centricity, defines customer centricity under an operational viewpoint and provides a comprehensive framework for grounding further research on the topic, through the deepening of the personal, organizational, inter-organizational and instrumental antecedents of the adoption of a customer-centric strategy. The work concludes with managerial implications suggesting that, despite the enthusiasm around customer centricity, a thorough analysis of the contextual factors must be carried out to understand whether to be customer-centric or not. Further, some organizational and supply-chain implications are discussed.

Keywords: customer centricity; customer-centric marketing; literature review; construct definition; organizational antecedents; field study

> It is not uncommon for new constructs to be introduced to the [marketing] field without offering precise definitions, without clearly articulating the conceptual distinction between newly proposed constructs and related constructs already in vogue in the literature. (Varadarajan, 2010, p. 138)

1. Introduction

Among the newly emerged marketing concepts over the last few years, customer centricity is one of the most debated. Companies like IBM, JetBlue Airways and Best Buy have recently placed customer centricity at the core of their pursuit of a competitive advantage. Some of the most important consulting groups worldwide like Forrester, BCG and McKinsey are emphasizing the need for companies to assume a customer-centric approach in response to environmental turbulence and global competition. Some 800,000 web pages talking about customer centricity may be retrieved on the web. In time, scholars from marketing (e.g. Syam, Ruan, & Hess, 2005; Tersine & Harvey, 1998), organization (e.g. Anderson, 2005; Galbraith, 2002; Kim, 2007), IT management (e.g. Stefanou, Sarmaniotis, & Stafyla, 2003; Wagner & Majchrzak, 2007) and innovation management

*Email: lucio.lamberti@polimi.it

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(e.g. Selden & MacMillan, 2006), have referred to customer centricity as an incumbent when not ineluctable challenge for companies.

Despite the enthusiasm on the theme, though, even a cursory review of the literature will reveal how neither a shared meaning of the locution 'customer centricity', nor sufficient indications about what (and why) customer-centric firms do better than non-customer-centric ones have emerged so far. As a result, it is not clear whether and how customer centricity may be beneficial for a company (Gummesson, 2008a), how it is possible to implement customer centricity, nor if customer centricity should be a *must* for every enterprise, or a principle more suited to specific contingencies than to others.

Customer centricity currently reflects the situation experienced by the marketing concept until late 1980s, when the concept was no more than a business philosophy or an ideal policy statement (Gummesson, 2008b). Then, the refinement of the marketing concept implementation, through the analysis of their antecedents and constituting elements (e.g. Deshpandé & Webster, 1989; Jaworski & Kohli, 1993; Narver & Slater, 1990), was the basis for the development of a sound market orientation theory. This is a recursive pattern in theory building: the existence of a 'paradigm' setting some common traits about a particular topic is a fundamental key for increasing the discipline's attraction, external interest, attention by researchers from other disciplines and, finally, publications on the topic (Cote et al., 1991). When a concept remains overly ambiguous, insufficiently identified, fluid, changing in time and lacking in clear boundaries, indeed, the literature cannot develop, and theories and literature streams are destined, at first, to a barren and fragmentary proliferation of viewpoints and, given the absence of widely accepted interpretation, to a gradual disappearance (Goldman & Grinstein, 2010).

Unsurprisingly, looking at previous arguments, the customer centricity literature has fallen short in comprehensively analyzing the conditions favoring the implementation of customer centricity. Two main contributions may be detected so far in this area, that is, Shah, Rust, Parasuraman, Staelin, and Day (2006) and Sheth, Sisodia, and Sharma (2000). Sheth et al. (2000) analyze the environmental and structural factors (from marketing productivity issues to market diversity) raising the need for companies to move toward a customer-centric approach; Shah et al. (2006) stress the areas of intervention (at an organizational and managerial level) for reaching customer centricity in practice.

Nonetheless, they do not address two basic issues about customer centricity, which still remain substantially uncovered: (1) what customer centricity is and, especially, how it is really different from established marketing theories, first and foremost market orientation; (2) what are the firm-level antecedents, that is, the characteristics of the firm favoring/hindering the adoption of a customer-centric configuration.

The objective of this paper is to provide insight about these two points, moving forward extant knowledge and uncovering areas for future research. To do this, the author endorses the approach adopted in fundamental studies in the marketing literature (e.g. Kohli & Jaworski, 1990; Lytle, Hom, & Mokwa, 1998): I will match a review of the occasional and diverse literature on customer centricity with the managerial view of the topic obtained through a field study. This will help to elicit the cornerstones and possible components of the customer centricity construct. Having defined the cornerstones of the concept, then, I will develop a conceptual framework, grounded in diverse marketing and organizational theories, of the main antecedents favoring/hindering the adoption of customer centricity in practice. This framework will advance a comprehensive overview of the company-wide conditions for developing customer centricity and will set the frame for empirical research on customer centricity.

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Our hypothesis is that customer centricity, following the scheme previously adopted with other strategic orientations (e.g. Kohli & Jaworski, 1990), can actually be implemented only where some contextual factors are in play at *individual* (especially for senior managers), *intra-organizational* (i.e. related to the relationship among organizational units), *inter-organizational* (as customer centricity is supposed to impact on the overall supply-chain management policies) and *infrastructure and system* levels.

This analysis will lead us to the definition of a proposition inventory to orient future research on the topic, as well as to the elicitation of important issues related to the managerial domain of the implementation of customer centricity.

In the following, a review of the research method adopted will be presented; then, the results of the literature review and of the field study will be presented to shape the conceptual domain of customer centricity. This will represent the basis for the discussion of the conceptual framework. Finally, the implications of the studies as well as suggestions for future research will be proposed.

2. Research method

The first objective of the paper is to advance a conceptual refinement and elicitation of the customer centricity concept. To accomplish elicitation, a dynamic juxtaposition of empirical findings and theoretical contributions is required (Churchill, 1979). Indeed, induction and deduction coexist in theory building, especially as far as the elicitation of a shared concept view from different and contrasting viewpoints is required (Perry, 1998). This is the very case of customer centricity, where theoretical conceptualization is not sufficient to generate a common knowledge among practitioners (e.g. Gummesson, 2008a), and purely empirical knowledge is too fluid and relatively poor to lead to univocal theoretical interpretations. In this perspective, this work combines: (1) a purely theoretical and deductive approach (systematic literature review) to provide a preliminary field for conceptual refinement; and (2) a purely inductive approach to get the managerial viewpoint on customer centricity avoiding any kind of pre-constituted theoretical framework, and to develop theory from empirical observations. In the following, the methods adopted for the two studies are detailed.

2.1 Literature review

2.1.1 Field study

The field study consisted of in-depth interviews with 43 key informants operating in seven countries (Australia, China, Germany, Italy, Spain, UK, and USA (see Table 1).

Due to ampleness of the customer centricity concept and to the desire to understand its boundaries, it was important to deal with a wide range of experiences and perspectives during data collection. For this reason, a purposive/theoretical sampling plan (Glaser & Strauss, 1967; Kohli & Jaworski, 1990) was used to ensure that the sample included marketing and non-marketing professionals, operating in B2B and in B2C markets, in product and service markets, and representing all the firm size classes. This sampling method has been extensively used in construct development works (e.g. Kohli & Jaworski, 1990). We integrated the businessmen perspective with the view of consultants to avoid an excessive relevance of context-specific knowledge and to uncover possible salient factors unrevealed by the literature review or by the field study. Out of the 43 interviewees, 17 held marketing positions (e.g. marketing managers, brand managers, product managers), 14 held non-marketing positions, six were professors in marketing and management and

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Table 1. List of the key informants in the study (AUS = Australia, ES = Spain, I = Italy, GER = Germany, PRC = People's Republic of China).

Interviewee	Role	Industry	Country	Company size (no. of employees)
A.C.	Business Unit Manager	Mechanics	PRC	Very large (>1000)
A.C.	Senior product manager	Publishing	I	Medium–large (250–500)
A.F.	Marketing Manager	IT	UK	Medium–large (250–500)
A.M.	Partner	Consultancy	USA	Not appropriate
A.N.B.	Business Developer and Strategic Planner	Automotive	ES	Very large (>1000)
A.P.	Associate Marketing Professor	Academe	AUS	Not appropriate
A.P.	Marketing Professor	Academy	USA	Not appropriate
A.P.	Marketing	Healthcare	I	SME (10–250)
B.B.	Business Development	Steel industry	PRC	Very large (>1000)
B.C.	Marketing Director	Electric apparel	I	SME (10–250)
C.M.	Marketing and Strategy Manager	Food	I	SME (10–250)
C.M.	Strategic Planner	Food	I	Large (500–1000)
C.S.	President	Business services	I	Medium–large (250–500)
C.V.	Product Marketing Manager	Semi-conductors	I	Very large (>1000)
F.N.	Marketing Manager	Banking	I	Large (500–1000)
G.F.	International Projects	Software house	USA	Large (500–1000)
G.F.	Brand Manager	Toys	I	Medium–large (250–500)
G.P.	Product Manager	Web publishing	UK	SME (10–250)
G.R.	Consultant	Consultancy	I	Not appropriate
J.G.	Associate Marketing Professor	Academy	PRC	Not appropriate
J.L.C.	Strategic Planner	IT	UK	Large (500–1000)
L.R.	Marketing Manager	Mechanics	GER	SME (10–250)
L.G.	Marketing	Automotive	GER	Very large (>1000)
L.R.	Partner	Consultancy	UK	Not appropriate
L.S.	Business Developer	Pharmaceutical	GER	Very large (>1000)
M.B.	General Product Manager	Travel agency	GER	Large (500–1000)
M.L.	Marketing Specialist	Automotive	I	Very large (>1000)
M.M.	Marketing Manager	Animal nutrition	USA	Very large (>1000)

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M.V.	Partner	Consultancy	ES	Not appropriate
O.P.	President	Online B2C services	GER	SME (10–250)
P.A.	Business Developer	Consumer goods	I	Very large (>1000)
P.H.	Associate Marketing Professor	Academy	GER	Not appropriate
P.M.	Marketing Director	Consumer goods	ES	Large (500–1000)
R.B.	Manager	Consultancy	I	Not appropriate
R.B.	Senior Consultant	Consultancy	UK	Not appropriate
R.M.	Sales Manager	IT	UK	Very large (>1000)
R.R.	Marketing Professor	Academy	UK	Not appropriate
R.S.	Marketing Professor	Academy	USA	Not appropriate
S.C.	President	Software house	GER	SME (10–250)
S.G.	Regional Manager	Software house	GER	Very large (>1000)
S.S.	Top Manager	Steel industry	GER	Medium–large (250–500)
S.Z.	Marketing & Communication Manager	Web auctions	I	SME (10–250)
T.B.	Web Marketing Manager	Travel agency (I)	I	SME (10–250)

six were senior consultants, managers or partners in consulting firms. The following list of questions was tackled during each interview, after a brief introduction to the research project:

1. What does the term 'customer centricity' mean to you?
2. What does it mean for a company to be customer-centric?
3. Describe one (or more) situation in which your company (or a company you have worked for/with) has been particularly customer-centric.
4. Describe one (or more) situation in which your company (or a company you have worked for/with) has been particularly far from being customer-centric.
5. What are the main traits of a customer-centric company? Which activities does a customer-centric company do differently from the others?
6. What has a company to improve in order to achieve a higher level of customer centricity?
7. Can you think of business situations in which customer centricity is not so important or desirable?
8. What factors (may) favor/hinder your company from being customer-centric?

The interviews lasted about 45 minutes on average and were all conducted in the interviewee's mother tongue thanks to the collaboration with mother tongue academicians collaborating at the research project (except for interviews in Italian, Spanish and English, which were conducted autonomously by the author). The outcomes of the interviews were transcribed and sent back to the interviewee for approval. Interviewees were particularly encouraged to provide anecdotal memories about the topics and operational insights into the topic.

Data and information gathered through the interviews were manipulated before being analyzed. In particular, content analysis was applied (Carlson, Grove, & Kangun, 1993; Goulding, 2005): the coding process was undertaken by two coders with a solid marketing/management background and experience in content analysis under the supervision of two academicians. To enhance the reliability of the analysis, written guidelines for coding were prepared (e.g. Leonidou & Leonidou, 2011). Explanation-building procedures were applied so that the relationships among activities, ideal statements and actual initiatives discussed in the interview were identified. These structured procedures for data analysis, as well as the use of the semi-structured interview guide, helped enhance the reliability of the research (Yin, 2003).

Interviews highlighted a copious amount of new insights into the topic; for synthesis it was necessary to focus on the more 'interesting' ones (Kohli & Jaworski, 1990; Zaltman, LeMasters, & Heffring, 1982), where 'interesting' means those with the highest potential in terms of stimulus for future research.

3. Customer centricity: the construct

Customer centricity is a very fluid and ambiguous topic. Several papers have talked about customer centricity over the last 20 years under different perspectives: (1) descriptive works on customer centricity practices (e.g. Anderson, 2005; Wagner & Majchrzak, 2007); (2) dissertations eulogizing or harshly criticizing the impacts of customer centricity on business performance (e.g. Gummesson, 2008a, 2008b; Kumar & Petersen, 2005; Lenkold, 2004); (3) pre-eminently theoretical works on the contextual factors facilitating the implementation of customer centricity (e.g. Sheth et al., 2000; Wind & Rangaswamy, 2001); (4) theoretical works on the levers to accomplish customer centricity in a firm (e.g. Galbraith, 2002, 2005; Shah et al., 2006).

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3.1 Comparing literature and field perspectives

The conceptualizations of customer centricity in the literature generally endorse the idea of customer centricity as the opposite of product centricity (e.g. Galbraith, 2005; Shah et al., 2006). The underlying assumption of a product-centric approach sees the company as a repository of resources and competences developing products or services. These products and services are the core value proposition, and the company acts on them to please as many customers as possible, modifying the offer to meet customers' expectations (Galbraith, 2002). Customer centricity focuses its attention on the purchaser and on the establishment of mutually satisfactory customer relationships (Day, 2003): individual customers express needs and the company's resources are activated to develop solutions able to satisfy these needs.

Recently, criticism about the actual sustainability of a purely customer-centric approach has emerged (e.g. Gummesson, 2008a), suggesting that less extreme views, where customer centricity is balanced by a resource focus, may be more economically effective. Although a shared view is missing on this point, it can be hence hypothesized that, as customer centricity principles may be adopted also just in part by firms (Gummesson, 2008b), firms operate in a continuum that moves from product centricity to customer centricity.

In the literature, customer centricity has been associated with the capability by the company to: (1) generate customer intelligence, gathering and processing data and information to build comprehensive data repositories about the interactions between the customer and the firm, to support customized marketing activities (in the following, *customer intelligence generation*) (e.g. Sharma & Sheth, 2004; Wind & Rangaswamy, 2001); (2) actively involve customers in marketing and innovation processes, co-creating value with them (in the following *co-creation*) (e.g. Payne & Frow, 2005; Payne, Storbacka, & Frow, 2008); (3) move the focus from the product/service offered to the whole customer experience to create value in a way that is intimately related to the individual self of the customer (in the following, *experience marketing*) (e.g. Perry, 2004).

This view provided by the literature is quite consistent with the view provided by the interviewees, though some significant differences have emerged, and, remarkably, practitioners have provided a more operational view of the concept. Such a view refines the construct's domain, moving toward a more operational definition of the construct, facilitating future construct measurement, and eventually theory testing.

In the following discussion, we first contrast the field-based view of customer centricity with the literature view on the three commonly accepted pillars – customer intelligence generation, co-creation and experience marketing – and then elaborate on the elements of the field-based view of the construct.

3.1.1 Customer intelligence generation

All the interviewees emphasized that customer centricity requires a deep knowledge of customers. The idea, received from the literature, of customer database centrality (e.g. Syam et al., 2005) was generally confirmed, but interviewees pointed out a theoretically underdeveloped idea: the dialogical nature of intelligence generation in customer centricity. Customer intelligence generation, in fact, was associated with the ability to establish a dialogue with customers, aimed at revealing individual customers' hidden or unconscious needs that 'even the sharpest market survey will never be able to uncover' (Regional Manager – Software House). Interviewees underline that customer centricity

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is inherently interaction- and relationship-based. Unsurprisingly, the views on the actual feasibility of such an approach vary from market to market: while executives operating in B2B contexts generally consider a personalized approach to CRM in practice substantially feasible, B2C executives see customer centricity more as an ideal goal, hardly accomplishable in practice due to the poor concentration of the demand. As an automotive marketing manager notes: 'though the objective to satisfy individuals' needs is our goal, our marketing initiatives must be interesting for a sufficient number of prospects to be profitable'.

3.1.2 Co-creation

Though the term 'co-creation' has emerged mostly in the interviews with academicians and consultants, interviewees generally shared the idea of customer active involvement in value generation as a main trait of customer centricity. Customer involvement is perceived as one of the most impacting moments for establishing the dialogue with customers. The view provided by executives often goes beyond the mere participation in NPD, encompassing a participative approach in marketing decision making. For instance, the Marketing Director of a consumer goods company noted:

> we have launched a contest in 2009 asking our customers to propose concepts and ideas for the marketing campaign of our top product ... we received more than 50 videos and our community voted the best one, which, refined, became our TV commercial for the following campaign ... To me, customer centricity means not only providing customers with what they need, but also in the way they want it.

The idea of leveraging on user-generated content for developing more customer-focused marketing activities has been widely recognized as a way to improve the firm's customer centricity by executives. Hence co-creation, in practice, emerges as an integration or co-optation (Prahalad & Ramaswamy, 2004) of customer competences in the firm's innovation and marketing processes.

3.1.3 Experience marketing

The idea of customer experience management, as defined for instance by Schmidt (2003), has generally been neglected by executives. They generally used the term 'solution' to identify the object of exchange with the customer in a customer-centric perspective, consistently to Galbraith's (2005) view in the literature. Solution, from case to case, varied from a combination of product and services to a more complex interaction where products and services are provided as a means to satisfy functional and relational needs. For instance, an automotive strategic planner argued that being customer-centric in his company meant understanding 'every single frustration a customer may experience during the relationship with the company, from the moment in which the customer enters the showroom looking for information to the moment [he/she] decides to sell the car to buy a new one' and making all the people interacting with the customer behave with the objective of preventing such frustration. This viewpoint epitomizes the common perception about customer centricity as a firm-level, and not only a marketing-related, approach. In fact, the implementation of customer centricity has been associated with the ability to coordinate marketing and non-marketing activities toward the satisfaction of customer requirements, including also his/her emotional, social and ethical-self (e.g. Lamberti & Lettieri, 2011; Lamberti & Noci, 2012) and also to orient the whole supply-chain toward this objective. For instance, a Marketing Director in the electrical equipment industry highlighted: 'information sharing along the supply-chain is the key for providing customers with customized and precise solutions: improving delivery time, introducing components better fitting their needs, radically improving the underlying technology of the product', while a Senior Product Manager of a Publishing Company noted:

> customer-centric companies don't need a particular organizational arrangement. The most important thing is the organizational culture: everyone in the company should have the goal of giving to every customer the quickest and most complete answer to his questions and requests. ... It is necessary to adopt the most appropriate organizational structure to provide the right customer answers, but this is nothing without the development of a proper culture.

Finally, the idea of customer centricity as experience marketing does not find significant support in field interviews. Yet, the view provided by interviews confirms that customer centricity implies attention along all the customer touch-points with the firms and requires coordination both within the firm and with the whole supply-chain.

3.2 Conceptualizing customer centricity

The meaning of customer centricity surfaced in the interviews provides a more operational view of its constituting elements, suggesting that customer-centric firms manifest: (1) a continuous interaction with customers aimed at generating intelligence and at understanding customer explicit and hidden needs (in the following: *interactive customer relationship management*); (2) a systematic involvement of customers in marketing and NPD decision making (in the following: *customer integration*); (3) strongly coordinated organizational structures, gathering and sharing information about the customer and responsively and managing the interface all along the touch-points (in the following: *internal integration*) and; (4) the presence of a supply-chain coordinated with the firm and able to face the customization required by customers (in the following: *external integration*).

The nature of the field study, aimed at asking executives how customer-centric firms behave, depicts a direction of causality from customer centricity to the manifestations (customer integration; interactive CRM; internal integration; supply-chain integration). Hence, following Jarvis and colleagues' arguments (2003), customer centricity can be hypothesized as a reflective construct with four dimensions of manifestation (Figure 1).

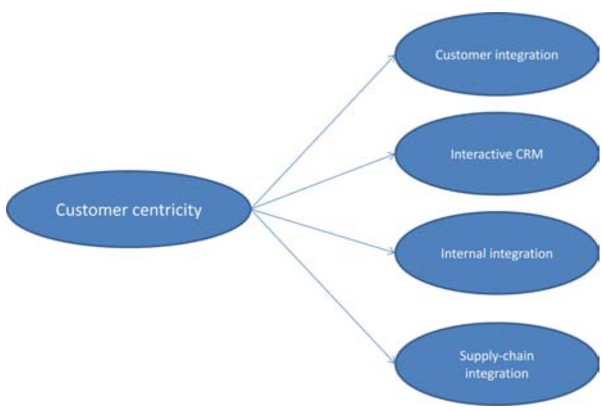

Figure 1. The customer centricity construct as emerged from the literature and the field study.

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Thus, a customer-centric firm is a firm where these four dimensions are operationally manifest. Accepting the reflective nature of the construct implies hypothesizing that the four dimensions should be highly correlated (Coltman, Devinney, Midgley, & Venaik, 2008).

3.3 Customer centricity and market orientation: what's really new?

The literature has generally contended that customer centricity finds a theoretical antecedent in the market orientation theory (e.g. Sheth et al., 2000), but also that customer centricity goes beyond market orientation (e.g. Gummesson, 2008a; Parasuraman & Grewal, 2000b), yet falls short in eliciting the actual differences.

Considering the objectives of this study, it is possible to provide some more insight into the issue. Both market orientation and customer centricity originate from the same underlying philosophy, derived from the marketing concept (Levitt, 1960). In both, the theories information coming from the market has a pre-eminent role in the development of marketing plans; however, customer centricity stresses more the individual customer intelligence and its nature of dialogical interaction (Ramani & Kumar, 2008; Shah et al., 2006) beyond the market intelligence generation contended by market orientation. Both the theories stress the need to share market information within the firm, but while market orientation focuses more on information exchange among functions (e.g. Narver & Slater, 1990), customer centricity implies organizations where functional boundaries glide into customer-centered processes, ideally neglecting the ideas of functions (e.g. Galbraith, 2005; Shah et al., 2006). Moreover, customer centricity introduces external integration, that is substantially absent in the seminal definitions of market orientation.

Customer centricity encompasses and goes beyond the market orientation theory's idea of 'customer orientation' affirming the need of a customer integration, that is, the shift from understanding customer wants and translating them into suited products (e.g. Day, 1994) to actively engaging customer competences in companies' decision making (Prahalad & Ramaswamy, 2004). Hence, while market orientation urges the need for companies to be responsive to market requirements (Kohli & Jaworski, 1990), customer centricity emphasizes the need to develop a customer intimacy (e.g. Antikainen, Mäkipää, & Ahonen, 2010; Dekel et al., 2007; Parasuraman & Grewal, 2000a), that is, a collaborative dialogue to co-create customer experiences that are valuable for both the company and the customer. Consequently, customer centricity, compared to market orientation, emphasizes that the products and services offered by the company are the instrumental part of the process of value co-creation engaging firm and customers' resources (Prahalad & Ramaswamy, 2004).

So, customer centricity goes beyond market orientation in that it applies the principles of customer orientation and inter-functional coordination (e.g. Narver & Slater, 1990) in a more customer-focused and personalized way, and it introduces co-creation and supply-chain integration as innovative constituting elements. Hence, if customer centricity implies a market orientation, the opposite cannot be taken for granted.

4. Refining the customer centricity construct

We next discuss in more detail each of the four manifestations of customer centricity that emerged after comparing the literature review with the field view.

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4.1 Customer integration

The literature argues that customer centricity goes beyond customization: a general customization (such as mass-customization) is essentially product-centric (Sheth et al., 2000), as it aims at adapting existing products to different customer needs rather than developing products around customer needs. Customer centricity is in play when not only the product/service, but also the whole marketing process is customized (Wind & Rangaswamy, 2001). In a customer-centric approach, customers are active players in the marketing process, as the ways through which products/services reach the customer and the nature itself of the content derives from a participatory decision-making process involving customers (Etgar, 2008; Payne et al., 2008). In this perspective, the literature stresses that a customer-centric company 'customerizes', that is, assumes a customer-based approach in which both the offer and the marketing processes are co-created and customized (e.g. Tersine & Harvey, 1998; Wind & Rangaswamy, 2001) through a co-opting of customer competences (Prahalad & Ramaswamy, 2004).

The interviews show that customer integration is the most recognized trait of a customer-centric firm. In fact, substantially all the interviewees affirmed that the ability for a company to treat customers as if they were ideally unique and involving her/him in the value generation process are the key behaviors of a customer-centric company. For instance, a marketing specialist (Automotive) notes: '[Being customer-centric means] To know the individual customer, and help her/him satisfy his unique informative and relational needs with the company.'

Customer centricity goes far beyond the market-driven innovation approaches in which market intelligence is translated into R&D inputs (e.g. Chiesa, Frattini, Lamberti, & Noci, 2009; Han, Kim, & Srivastava, 1998; Hurley & Hult, 1998), as customer-centric innovation is based, not just on a company's proactivity (e.g. Narver, Slater, & MacLachlan, 2004; Slater & Narver, 1998), but also on customer involvement (Galbraith, 2005). Nonetheless, the individualization of customer management contended in the literature (e.g. Shah et al., 2006; Sheth et al., 2000), though recognized as the cultural archetype of a customer-centric firm, is considered by companies more as a motivational *credo* as considered substantially impossible to translate into practical behaviors, especially in consumer marketing.

4.2 Interactive customer relationship management

Despite Sheth et al.'s (2000) argument in favor of a possible transactional nature, customer centricity is generally argued in the literature as essentially relationship-based (e.g. Gummesson, 2008b). Nonetheless, relationship marketing and customer centricity prerogatives differ: while traditional relationship marketing focuses mostly on the reduced acquisition costs for repurchases, customer centricity looks at establishing more intimate customer relationships aimed at favoring a real integration in the firm. In order to get an intimate relationship with the customer, the establishment of firm–customer trust is required (Jain, 2005) and it may be achieved only through adaptive learning of customer needs and preferences (Sun, Li, & Zhou, 2006), requiring interactivity. This explains the strong linkage between customer integration and interactive customer relationship management.

The holistic nature of the dialogue, based on the mix of rational and hedonic stimulus to dialogue, was emphasized during the interviews by practitioners working in high-touch industries; in general, they underlined the relevance of group dynamics, thus the role of

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linking value in generating engagement. This idea has found some support also in the literature (e.g. Lamberti & Noci, 2009a), suggesting that the stimulation of the emotional self in CRM could be a peculiar customer-centric manifestation. On the contrary, industrial marketing companies have focused more on decision-making interactivity, especially in terms of conjoint design.

4.3 External integration

The literature emphasizes just partly the supply-chain's role in implementing customer centricity, underlining how supply-chain alignment and collaboration (including co-design) are prerequisites for implementing an effective customer focus (e.g. Berger, Möslein, Piller, & Reichwald, 2005; Pero & Lamberti, forthcoming; Rindfleisch & Moorman, 2003). In one of the few works on the theme, Gagnon and Chu (2005) argue the need for a downward alignment between the companies and the retailers to provide greater levels of customer centricity, in accordance with Sheth et al.'s (2000) argument that customer-centric marketing implies the shift of marketing from demand management to supply management.

In the interviewees' view, external integration aims at a twofold goal: customer management and offer development. As far as customer management is concerned, interviewees outlined the relevance of a 'down-bound' supply-chain, that is, the role of the trade or the intermediaries:

> If I think about all the touch points between my company and customers, I see that almost the 90% of them is managed by someone not belonging to our company, and the Internet has even sharpened this situation. ... If we did not try to align the trade or to orient their behavior toward our objectives, we would totally lose the possibility to interact with customers. (Marketing and Strategy Manager, Food)

Trade alignment echoes the theories on customer experience management (e.g. Brakus, Schmitt, & Zarantonello, 2009; LaSalle & Britton, 2003), in which the retailer and, more in general, the trade have a strong impact on the establishment of a positive customer experience. On the other hand, suppliers emerged as key actors in offer development: especially as far as technologically advanced products or services are concerned, the innovative contribution by hi-tech suppliers in developing better customer solutions has been argued to be extremely relevant.

4.4 Internal integration

The literature emphasizes the relevance of internal integration and coordination as keys to developing customer centricity. Galbraith (2002) highlights the need of a common goal and of a shared cultural view of the role of the company to implement customer-centered processes. Sheth et al. (2000, p. 63) stress the concept of organizational alignment arguing that 'in customer-centric organizations, the emphasis [is] on the full integration of all customer-facing activities by better aligning all firm activities around customer value-adding activities'. Also interviewees have stressed the importance of internal integration in customer centricity. Almost unanimously, interviewees stressed the concept of customer touch-points and emphasized the need for marketing insight into all the functional areas. Especially as far as service companies are concerned, firms recognize how a large part of the interaction with customers involves non-marketing functions such as sales (first and foremost), after-sales, but also operations and information systems. Managing these interactions in a customer-centric way, in the executives' perspective,

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requires consistence in customer management approach among different departments (as contended at a theoretical level also by O'Leary-Kelly & Flores, 2002), emphasizing how customer-centric marketing activities are cross-functional processes (Galbraith, 2005), and the organization by process as the most likely organization for supporting customer centricity (Galbraith, 2002). However, the cultural dimension of customer centricity is seen as pre-eminent compared to the simple organizational configuration, as testified by the following statement:

> The most important thing is being culturally customer-centric: everyone in the company should have the goal of giving to every customer the quickest and most complete answer to his questions and requests. … Of course it is necessary to adopt the most appropriate organizational structure to face the external environment and provide the right customer answers, but this is ineffective without the development of a proper culture. (President, Online B2C services)

A significant portion of the respondents highlighted that organizing around touch-points has the advantage of favoring the diffusion of a customer-centric business culture, but also that there is a potentially dangerous shortcoming: organizing around touch-points means to 'open' the company, thus to put in contact different functional areas with customers. If the objectives are not shared among departments, the possibility of implementing inconsistent customer management is very high. The problems of intra-firm integration were particularly perceived in companies with a strong technological core: a Marketing Manager in a Mechanical company underlined that the frictions are stronger when the technological core (operations and R&D *in primis*) have a traditionally strong power, thus their political weight within the company is strong. An automotive brand manager suggested that marketing and R&D functions should have continuous briefings during the development process of a new product that should ideally be the result of the best technological path applied to needs and specifics required by customers. Also marketing–sales alignment emerged as a key issue: according to many interviewees, the way sales people approach the customer can be very relevant to assume a customer-centric approach, as testified by the following statement: 'How can you be customer-centric without providing customers with key account managers committed to helping them in their choice? It is about going beyond pure selling' (Product Manager, Mechanics company)

5. The firm-level antecedents of customer centricity

Sheth et al. (2000) depict a set of antecedents for the development of customer-centric marketing, that is, trends and structural problems fostering the need for a more customer-centric approach. Though this was considered as a paramount reference for the following discussion, it differed in both the perspective on customer centricity and in the scope of their analysis. If Sheth and colleagues (2000, p. 63) believe that 'a broad evolution toward customer-centric marketing is inevitable' and the antecedents (e.g. market diversity, marketing productivity problem and technology applicability) are not firm-specific, this work just considers customer centricity as a *possible* marketing strategy, whose implementation may be affected by internal contingencies and even being ideally undesirable or unreachable in specific situations. The implementation of customer centricity is, in my view, a deliberate choice by companies, and there are operational, organizational and infrastructural conditions favoring or hindering its implementation.

Figure 2 describes the conceptual framework supporting the following discussion. In particular, moving from the literature and the field study it was possible to identify four

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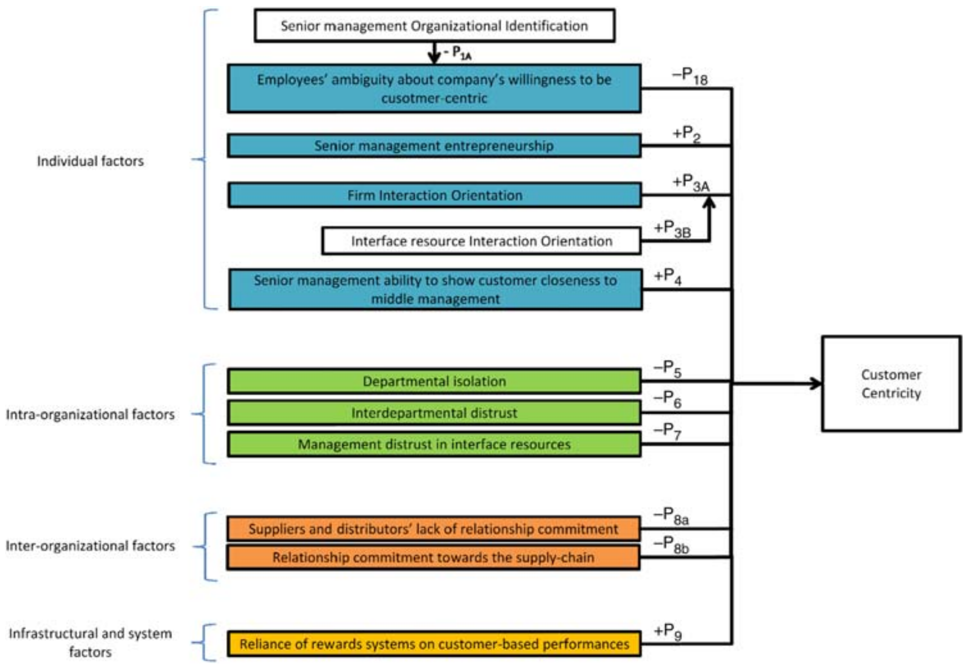

Figure 2. Conceptual framework.

main categories of antecedents: (1) individual factors (especially, but not exclusively centered on the senior management positions); (2) intra-organizational factors; (3) inter-organizational and supply network factors; and (4) infrastructural and system factors.

5.1 Individual factors

Consistent with the findings accomplished in the diverse literature regarding the implementation of changes in the marketing structure, such as market orientation (e.g. Kohli & Jaworski, 1990; Lamberti & Noci, 2009b), service orientation (e.g. Lytle et al., 1998) or marketing control (e.g. Jaworski, 1988), senior management factors emerged in the interviews as one of the most impacting variables in fostering or discouraging the implementation of customer centricity.

Charan and Colvin (1999) highlight that the success of customer centricity lies in the ability of leaders to drive the change. The cultural leadership in change management has become an undisputed issue in the management literature, and culture is a reflection of senior management credo and behaviors (e.g. Kumar, 2004). Wieseke, Ahearne, Lam and Van Dick (2009) show that an effective change management and a proper internal transmission of the company mission lies (1) in the sense of oneness with the organization (called Organizational Identification – OI) by top management and (2) in the ability to transmit OI along the middle management positions to reach the whole company. OI is a predictor of in-role performance and cooperative behavior (Riketta, 2005), hence since customer centricity is an organization-wide strategic and operational behavior, its implementation will be hindered by both a poor OI among senior managers and an ineffective transmission of OI toward lower positions. In fact, if a company desires to be

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customer-centric, whereas top management OI is not high or it is not properly communicated to employees, a significant ambiguity about the real desires of the company will emerge, with a detrimental effect on customer centricity. Hence:

P1a: The greater the senior management Organizational Identification, the smaller the employees' ambiguity about the company's willingness to be customer-centric.

P1b: The greater the employees' ambiguity about the company's willingness to be customer-centric, the lower the customer centricity of the company.

A second relevant aspect in the implementation of customer centricity deals with the company's propensity toward change: as being customer-centric means being ideally able to modify the whole offer and to co-create it with customers (e.g. Vargo & Lusch, 2004; Wind & Rangaswamy, 2001), customer centricity requires top managers to be, on the one hand, prompt in addressing external stimuli (especially when coming from the customer) and in modifying the internal configuration accordingly. This mindset is closely related to disruptive thinking (e.g. Sandberg, 2007), proactivity (e.g. Sun et al., 2006) and uncertainty management. As an interviewee noted:

> Standing close to the customer, discussing his/her needs and finding solutions together is not for free: you must be ready to work tailor-made even if you produce in series. This means making decisions, being able to start new, unexpected ventures. (Marketing Manager, Mechanics)

This suggests a link between customer centricity and top management entrepreneurship, defined as the extent to which a company innovates, acts proactively and takes risks (e.g. Covin, Green, & Slevin, 2006; Lyon, Lumpkin, & Dess, 2000; Miller, 1983). The literature suggests that the main activity related to entrepreneurship is market entry (e.g. Hult, Ketchen, & Nichols, 2002; Lumpkin & Dess, 1996), and one of the main assumptions of customer centricity lies in the systematic renewal of the content of the offer according to customer requirements (Galbraith, 2005; Vargo & Lusch, 2008). Hence:

P2: The greater the senior management entrepreneurship, the higher the customer centricity of the company.

Being customer-centric, built around a dialogue with the customer, and having shown in the previous discussion that dialogue is nurtured by interface resources (i.e. the resources interacting with the customers along all the touch-points), it seems reasonable to assume that interface resources' behavioral patterns actually impact on the adoption of customer centricity in practice. In particular, the 'read, discuss and react' approach encouraged by the customer centricity literature suggests that customer centricity is feasible whereas interface resources display positive intentions to interact (e.g. Jayachandran, Sharma, Kaufman, & Raman, 2005). Ramani and Kumar (2008, p. 27) introduce the concept of *interaction orientation* (IO), defined as 'the firm's ability to interact with its individual customers and to take advantage of information obtained from them through successive interactions'. The reliance of the IO definition on the idea of individual customers more than segments or markets establishes a link with the customer centricity principle of establishing a dialogical relationship with customers, suggesting that IO is a prerequisite for accomplishing higher levels of customer centricity. More formally:

P3a: The greater the Interaction Orientation, the higher the customer centricity of the company.

Nonetheless, the concept of interaction orientation has been proposed so far as a firm-level construct assessed through single key-informants. Previous studies on similarly complex

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organizational variables, such as service orientation, have shown how restricting it is to observe these variables at a marketing level (Lytle & Timmerman, 2006). The customer centricity literature, indeed, emphasizes the centrality of individual behaviors, besides strategic orientations, in the success of customer centricity. This suggests translating the concept of interaction orientation at an interface resource level: the more interface resources are personally oriented to interact with individual customers and to exploit the information gathered, the more the interaction orientation of the company can lead to a real customer centricity. More formally:

P3b: The greater the employees' interaction orientation, the stronger the link between interaction orientation and the customer centricity of the company.

Shah et al. (2006) highlight that customer centricity is built through a constant interaction with customers, even if a wide part of this interaction does not end with a transaction. Customer intimacy and the company's sense of oneness with the customer thus emerges as a prerequisite for implementing customer centricity (Berthon, Holbrook, & Hulbert, 2003). Interface resources are the main player in the establishment of intimacy, and should devote time and effort in getting a deeper knowledge about the market. Nonetheless, often these resources do not devote as much effort as they could because (1) they are accounted for the sales generated and non-sales activities are disregarded (e.g. Franke & Park, 2006), (2) they are not culturally motivated to do so by top managers. Two quotations gathered during the interviews are emblematic:

> Our CEO continuously tells us to be close to the customer, to love the customer and so on. Once I asked him a question about the management of the relationship with a specific, big account, and he barely knew the problems of a farmer. How can I trust in his claims? (Marketing Manager – Animal Nutrition)
> When I was hired, the Managing Director shocked me: during our first meeting, he spent 20 minutes explaining to me the technical and even the personal problems of a couple of key-customers. It is the kind of thing that makes you think about how important it is to know your clientele. (Divisional Manager, Mechanics)

The importance of the example given by leaders in orienting behaviors is a well-debated issue in the managerial literature (e.g. Galbraith, 2002). In order to transmit a customer-centric culture, senior managers should show concerns about customers' problems; whereas senior managers demonstrate a closeness to the customers, middle management units and interface resources may be more motivated toward creating customer intimacy, thus implementing customer centricity. That is:

P4: The greater the ability by senior manager to demonstrate customer closeness to middle managers, the higher the customer centricity of the company.

5.1.1 Intra-organizational factors

The intra-organizational factors depict the formal and informal variables related to inter-departmental dynamics. The field study supports the idea of inter-functional team-working as a key lever in accomplishing customer centricity, in accordance with Payne and Frow's (2005, p. 168) suggestion that an effective customer relationship management 'requires a cross-functional integration of processes, people, operations, and marketing capabilities'. Hence, the more the company is able to express inter-functional integration, the more the top management willingness to be customer-centric can be translated into suited behaviors. Nonetheless, the evidence and literature cannot support the idea that inter-functional

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integration is a sufficient condition for customer centricity. Actually, it is possible to imagine a fully integrated product-centric company, in which all the departments share information and collaborate effectively without being in any way customer-centric. Hence, unlike Kohli and Jaworski (1990), who, moving from arguments similar to ours, established a questionable positive linkage between inter-connectedness and market orientation, we will assume a more prudential approach, affirming that the factors hindering inter-functional integration have a detrimental effect on the corporate customer centricity.

In time, the literature has highlighted two characteristics facilitating cross-functional team-working: (1) inter-departmental connectedness, and (2) inter-departmental trust. The former refers to the existence of systems, procedures or norms enabling the communication among departments and supporting collaborative planning and execution (e.g. Walton & Dutton, 1969); the latter indicates the attitude of the cross-functional team member to have positive expectations toward team partners' behavior (Lewicki & Bunker, 1996).

Inter-connectedness represents a potentially effective lever for managing the market diversity and complexity fostering the need for customer centricity. For instance, market diversity urges companies to introduce product and market specialists to effectively put into collaboration different departments in order to face the increased demand-side uncertainty (e.g. Homburg, Workman, & Jensen, 2002; Sharma, 1997). This suggests that a greater inter-connectedness is a valuable lever for managing diversity.

More and more often, companies are introducing locational diversity, that is, multi-localization of the departments, to be more responsive to increasing market diversity. This makes the inter-connection harder, as often inter-functional teams are virtual or not physically connected (Crossman & Lee-Kelley, 2004). The literature shows that in these kinds of groups, inter-connectedness has more of an impact on the team outcomes (e.g. Kasper-Fuehrer & Ashkanasy, 2001). This suggests that the more the company is inter-connected at a departmental level, the more it can respond to market diversity in a way that is consistent with the customer centricity principles. Hence, the higher the departmental isolation (i.e. the lack of connection between departments), the lower the ability to provide customer-centric responses. More formally:

P5: The higher the departmental isolation, the lower the customer centricity of the company.

Inter-departmental team working implies the dependency of all the employees on others to accomplish their personal and organizational goals. Companies, in order to avoid opportunistic, dysfunctional behaviors as well as potential conflicts, introduce control mechanisms and contracts, and they modify their decision-making processes, systems and structures (e.g. Meyer, 1983; Sitkin & Roth, 1993); yet, these interventions have demonstrated to be ineffective in the absence of inter-departmental trust (e.g. Argyris, 1994; Donaldson & Davis, 1991). Trust is:

> the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party. (Mayer, Davis, & Schoorman, 1995, p. 712)

Inter-departmental trust has been associated in time with: (1) collaboration, that is, collaborative behavior between the trustee and the trustor (e.g. Bateson, 1988; Williams, 2007); (2) confidence, that is, the faith in the fact that trustees will behave in a way that is consistent to the group goals (e.g. Das & Teng, 1998); and (3) uncertainty reduction, that is, an

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enhanced predictability of the others' behavior, thus of the risk perception of the trustor about the trustee's behavior (Arnott, 2007; Bariff & Galbraith, 1978). Hence, inter-departmental distrust, hindering knowledge transfer, the basis for collaboration, decreases the effectiveness of inter-connectedness, limiting the customer centricity of the company. More formally:

P6: The higher the inter-departmental distrust, the lower the customer centricity of the company.

The literature, as well as field interviews, highlight that the interactive nature of exchange and customer relationships enhances the role of interface resources in a company's value generation. This implies that interface resources should decide more and more autonomously about customer management, but also that interface resources should be strategically aligned and systematically share customer information to make the company successful. The establishment of decisional autonomy for interface resources is limited where there is management distrust in interface resources. Hence:

P7: The higher the management distrust in interface resources, the lower the customer centricity of the company.

5.2 Inter-organizational factors

The relevance of inter-organizational integration in establishing customer centricity has been emphasized in the field interviews even more than in the literature, justifying the idea of the supply network factors as facilitating factors of customer centricity. Also in this case, the literature and evidence, as well as our view of customer centricity as a reflective (instead of formative) construct, do not provide enough support for the hypothesis of inter-organizational integration as a sufficient condition for customer centricity. Thus, in the following, it will be hypothesized that inter-organizational integration is a necessary condition for customer centricity, hence the factors hindering this form of integration also hinder customer centricity. The literature suggests a particularly relevant issue in determining inter-organizational integration: relationship commitment. Relationship Commitment (RC) is the willingness of a party to invest financial, physical or relationship-based resources in a relationship (Zhao, Huo, Flynn, & Yeung, 2008). As such, RC has been associated with the attitude of the supply network partners about the establishment and the development of a long-term-oriented mutual relationship (e.g. Moore, 1998). The literature has looked at RC as a relational, transaction-specific, investment increasing the dependence of the actor with the higher RC toward the other actor in the dyad (Heide, 1994; Joshi & Stump, 1999). In fact, it has been shown that RC is positively correlated to the attitude of the supplier to be influenced by the customer (Rezabakhsh, Bornemann, Hansen, & Schrader, 2006; Zhao et al., 2008), and that a possible manifestation of RC deals with the 'modification of internal manufacturing processes to accommodate a specific customer's product' (Zhao et al., 2008, p. 371). In this perspective, if the RC by a company's supplier or distributor is low, it is hardly possible for the company to get the responsiveness required to follow the customer's requirements. Hence:

P8a: The higher the company suppliers and distributors' lack of Relationship Commitment, the lower the customer centricity of the company.

P8a implies that the company's RC toward supply-chain actors (suppliers and distributors) increases the possibilities that the internal processes and products are oriented at complying to other companies (suppliers or distributors) along the supply-chain. This

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orientation may be counter-productive in terms of capability to provide customers with personalized solutions, as testified by the following statements drawn from the interviews:

> Several times, when we wanted to launch a new product that we think can be good for a customer, we have had problems with suppliers: they do not want to adapt their product to our requirements, and when they are much bigger than us, we have no way to get what we want. (Business Developer, Consumer Goods)
>
> We try to be as close as possible to the market, but we have a wholesaler and a retailer between us and our customers; they are stronger than us in bargaining power, so sometimes we must do what is best for them more than what is best for us and for our customers. (Strategic Planner, Food)

If the RC is high toward a supplier or a distributor, then the company generally devotes effort and resources to comply with the supplier or the distributor's requirements (Zhao et al., 2008). In general terms, this structurally reduces the effort and the resources the company can devote to comply with the end user.

Hence:

P8b: The greater the company's relationship commitment toward distribution channels and retailers, the lower the customer centricity of the company.

5.3 Infrastructural and system factors

The role of the performance measurement systems in the implementation of customer centricity is contended to be pre-eminent (e.g. Rust, Zeithaml, & Lemon, 2004; Shah et al., 2006; Sheth et al., 2000). Reward systems are a key lever for orienting employees' behavior, thus, as customer centricity requires employees' participation and intra-firm integration, the presence of suited performance measurement systems is necessary. The literature has underlined that a customer-centric performance measurement system is customer-based, that is, a system that, by considering customers as a core asset of the company, forces the company to assess the impact of marketing actions in terms of customer value (Galbraith, 2005). Paramount examples of this approach are customer lifetime value and customer equity theories (e.g. Kumar & Shah, 2009; Rust et al., 2004). In this perspective, rewarding people in ways that are consistent with the principles of individual customer satisfaction should orient people toward the culture of customer relationship management and customer centricity (see also Ramani & Kumar, 2008). More formally:

P9: The higher the reliance of rewards systems on customer-based performances, the greater the customer centricity of the company.

6. Managerial implications

Our work suggests several managerial implications. First and foremost, the work raises doubts about the idea, quite common especially in the practitioners' literature, of customer centricity as an autonomous choice of the company, as there could be environmental and firm-specific conditions in which customer centricity is substantially impossible to implement (e.g. when supply-chain conflicts or diverging RC are in play). So, the first implication regards the analysis of the boundary conditions before committing resources to customer-centric practices such as co-creation or interactive customer relationship management systems. Implementing customer centricity has indeed a (significant) cost related to resource commitments in information systems (sales force automation, empowerment of the market intelligence tools, establishment of knowledge sharing networks, etc.), interface resource empowerment (training, need for more skilled people, etc.), investment in production flexibility and performance measurement systems able to catch the customer integration performances to implement suited rewards systems. Moreover, requiring the supply-chain to be more flexible, together with the need to establish stronger relationships to manage market diversity, implies a lower price sensitivity by the company toward suppliers, ideally raising the costs of components.

Besides the economic aspects, the organizational stress of the adoption of a more customer-centric approach is noticeable: despite the obvious role of organizational commitment, customer centricity needs a process-based view and an encouragement of organizational entrepreneurship that may generate several inter-departmental conflicts. First, the process-based view and the diffusion of marketing skills among non-marketing departments may raise severe political problems related to ambiguous power, perceived undue influence by functional specialists and perceived loss of relevance after sharing knowledge (especially as far as interface resources are concerned). This is the reason why marketing, as a function among other functions, cannot be the leader of the organization change: I have deliberately adopted the term 'customer centricity' instead of Sheth et al.'s (2000) 'customer-centric marketing' to avoid any ambiguity about the need for a strategic commitment in the implementation of this customer relationship strategy.

Third, the work highlights the relevance of the supply-chain in the implementation of customer centricity. The role of suppliers in implementing a marketing strategy has found only limited attention in the literature (Ottesen & Gronhaug, 2002); nonetheless, this work suggests that the likelihood to move toward a more customer-centric strategy may be constrained or favored by the availability of suppliers able to support the venture and committed toward the company. Moreover, it is shown how the trade and the downward players in the supply-chain may balk at the efforts by a company to become customer-centric.

Foremost, the work shows that, in order to accomplish customer centricity, a series of preliminary steps must be undertaken and a set of constraints must be faced, from poorly collaborative suppliers and distributors to insufficiently skilled interface resources, from weakly interaction-oriented managers to poorly collaborative employees. This suggests that becoming customer-centric is actually a long 'path' (Shah et al., 2006), in which companies should develop the internal capabilities to manage customer centricity as well as nurturing external relationships (especially with the supply-chain) able to sustain the dramatic diversity in the offering potentially generated by customer centricity. In other terms, companies should develop customer centricity capability before implementing customer-centric practices.

7. Conclusions

In this work, through an extensive literature review and a field study, the domain of customer centricity was clarified, providing an operational definition and preparing the ground for the development of a measure of customer centricity. Moreover, the most relevant factors influencing the adoption of customer centricity was analyzed, showing that: (1) the implementation of customer centricity is a firm-wide process in which organizational behavioral, inter-department and inter-firm dynamics are stressed; (2) customer centricity cannot be suited to every company, as several of the necessary conditions for implementing customer centricity are partly exogenous variables.

The work aims at building the foundations for a comprehensive theory of customer centricity, and has a clear theory building rather than theory testing approach. In this perspective, extensive, empirical research on the topic is warmly encouraged, following

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on from the first steps toward the operationalization of the customer centricity construct accomplished in this study.

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