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INFLUENCE OF CUSTOMER EXPERIENCE MANAGEMENT ON PERFORMANCE OF OIL MARKETING COMPANIES IN KENYA

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ABSTRACT
The study set out to assess the impact of customer experience management on the performance of oil marketing companies in Kenya. The target population of the study was oil marketing companies in Kenya. Data analysis used descriptive analysis, multiple linear regression, and correlation analyses. The study results revealed that oil marketing companies have embraced cognitive experience management and relational experience to a great extent, and sensory experience management and physical experience management to a moderate extent. It was established that customer experience management and firm performance have a positive correlation relationship. Overall, customer experience management was found to have a constructive impact on the industry's performance. The study recommends that oil marketing firms should augment their practice of customer experience management in order to enhance performance. Oil marketing firms should map out and invest in specific aspects of customer experience management practices that impact performance. This study recommends that organizations focus on managing customers' sensory, cognitive and physical experiences in order to improve customer experience and ultimately performance.

Keywords: *customer experience management; performance; oil marketing companies.*

Introduction

Understanding customer experience is not only critical for firms' success but also contributes to high patronage and consumer preferences. Changing lifestyles and environmental influences have enabled customers to interact with organizations through a series of touchpoints in multichannel and media hence making the customer experience more social in context (Bolton et al., 2014). Moreover, most business organizations comprehend that effective customer experience management is necessary for attaining business success. However, the exact role of customer experience management in connection to performance is often unclear. There has been increasing attention in the literature to the issues of service failure recovery, customer experience and firm performance. A service failure is a negative encounter which arises from the service process, interaction or outcome and distorts customer experience (Ngahu, 2019).

Customer experience is an integral part of a firm's relationship management strategy and is valued because of its contribution to customer retention which impacts overall performance. It involves the customer's perception of the relationship with an organization arising from all the interactions throughout the entire journey during the customer life cycle. Customer experience management is assessed along the dimensions of cognitive, emotional sensorial, physical, social, and spiritual elements that mark the customer's indirect or direct interactions with other actors in the market. It's the interaction of information from these dynamics that combines to create an experience. An experience can relate to particular aspects of the offering such as technology, people, processes, outcomes, or brand. Customer experience relates to interactions between the company and the customer at discrete points generally referred to as touchpoints (Homburg & Kuehl, 2015). The foundation of customer experience management is integrated into multiple marketing philosophies and includes varied elements of concepts of marketing like service quality, relationship marketing, customer satisfaction, and customer equity. Critical understanding of the customer experience is better understood through a review of contributions of established research and scholarly works including those relating to customer purchasing process models, customer loyalty and satisfaction, service quality, relationship marketing, customer relationship management (CRM), and service recovery and customer engagement. The theories of the Value Hierarchy Model and the Resource-Based Theory are applicable in the study of the customer experience. The Value Hierarchy Model conceptualizes value from the customer's perspective and gives three levels of value. The levels are desired attributes, desired consequences, and desired end-states or goals. The customer value hierarchy proposes that the customer conceives desired value in a manner akin to means and ends. Looking at the hierarchy from a bottom-up perspective: first, the customer thinks of a product as a bundle or set of specific attributes and attribute performances (Woodruff, 1997). According to the resource-based theory, each firm has unique tangible and intangible resources and firm abilities to utilize those assets. Resources owned by each firm form a basis of competitive advantage for the organization when effectively developed. Furthermore, the resources owned by a firm play a crucial part in an organization's strategic imperatives and overall performance.

The majority of firms excel in customer interactions but fail to pay sufficient attention to customers' comprehensive experience in the buying procedures and post-purchase evaluations. Firms that have perfected customer journeys benefit enormously in terms of rewards, improved customer satisfaction, condensed churn, amplified revenues, reduced costs, and enriched collaboration across the company. Creating a strong customer experience is a critical management objective. Klaus and Maklan (2013) held that focus on customer management needs to be grounded on the creation of customer value. Increasing attention on customer experience and preference has arisen because consumers now are interacting with companies through many media and multiple channels, creating more complex and multifaceted customer journeys (Verhoef & Lemonk, 2015).

The balanced scorecard creates performance measurements based on the mission, vision, and strategy of the firm. It serves as a tool for assessing the organization's overall performance. It encompasses four key perspectives including financial performance, customer satisfaction, business processes, and organization capability and competence. The financial side captures the economic implications of the organization's diverse decisions. Customer satisfaction is important because it focuses on the market side, and helps assess a fundamental measure of success for a business. Another significant metric is internal procedures and systems that capture the organization's high-performing business processes. Finally, a balanced scorecard emphasizes learning and growth, both of which are critical for a company's long-term success. The balanced scorecard was used in this study because it is a well-recognized performance management tool that enables managers to monitor and track strategy execution. This paper is based on a study that was carried out among oil marketing companies in Kenya. Kenyan oil marketing industry has witnessed increased competition in the recent past and this has forced companies to go back to the drawing board to seek new ways of expanding their businesses and reach new markets more economically (Singh, Ehrenberg & Goodhardt, 2017). Other challenges have come from the regulatory angle including the control of prices of oil products by the government, and the threat of entry and mergers of local firms with international players. These factors together serve to increase the level of business risk for oil firms. Due to a large number of players in the industry and price regulation, the companies have to deploy varied cost-effective approaches to capture new markets and increase market share. The Kenyan oil marketing industry is one of the most lucrative and vibrant industries in the country. It contributed an estimated 2.8% to GDP in 2019, with the net domestic sales of petroleum products increasing by 6.5% (Energy Regulatory Commission, 2019). Vision 2030 identified the petroleum and energy industry as the prime movers of the Kenyan economy. The industry has witnessed an upsurge of new entrants due to the discovery of oil petroleum deposits in the country (Rashid & Karachi 2018).

Literature Review

Customer experience is conceptualized as the customers' journey, which encompasses the buying cycle involving numerous touchpoints. The customer experience process includes consumer responses during the pre-purchase search, evaluation, actual purchase, consumption, and after purchase stages. The process is alterative and evolving as it involves past experiences as well as external factors. Pre-purchase includes the interaction between the customer's needs and product information. The evaluation captures the product and the environment where the transaction is undertaken. Purchase moments cover customer interaction with the brand and its immediate environment characterized by the selection, making an order, and paying (Kotler & Keller, 2015). Post-purchase is the third stage that includes customer relations with the brand/product/services in a particular environment. Notable behaviors in this stage encompass consumption and usage, after purchase engagement, and service requests.

Enhancing customer experience is of great concern to marketers and business practitioners. Brand equity can influence brand development, brand preference, purchase intention, and the willingness of the customers to adopt high prices. Brand preference leads to acquisition, positive word of mouth, and re-purchase intention. Brand association, brand loyalty, and distribution intensity significantly influence brand preference. Consumer-based brand equity impacts brand preference and purchase intention, and these elements are recognized when consumers have a high level of brand awareness and acquaintance as well as desirable, unique, and strong associations (Shamim & Bett, 2013).

Customer experience has a positive impact on brand preference and enables the customer to define, promote and maintain self-concept. Ultimately, positive customer experience influences repeat purchase and the likelihood to recommend or promote the brand to others. A strong congruency between self-concept, brands and experience promotes preference for as well as satisfaction with a particular product (Tsai, Chang & HO, 2015).

Customer-to-customer relations through social media are providing important opportunities and major challenges to companies. According to Leeflang et al. (2013), peer customers' influence impacts buying behavior.

Nevertheless, companies have limited control of customer experience and the customer journey, resulting in behaviors such as showrooming. Firms are facing complex challenges in trying to create, control and manage customer experience (Edelman & Singer, 2015; Rawson, Duncan & Jones, 2013).

Management of consumer experience is a complex process that includes strategic management of consumer experience with a company or brand. This process involves five stages, including building an experimental customers' world, building the experimental platform, envisioning the brand experience, constructing the customer experience, and engaging in unceasing innovation. It is critical to map each interaction a customer has with your brand and to manage customer experience across varied touchpoints (Eldelman and Singer, 2015).

Piercy, Cravens, & Morgan (2017) did a cross-sectional survey on the effects of customer experience on performance among SMEs in Canada. The study results explained a significant statistical relationship between customer experience and performance. The study concluded that firms should invest in customer experience to increase the overall firm performance. On the other hand, a research paper published by Bhatti in Pakistan in 2018, highlighted the role of price discounts and sales promotion on customers' purchase intention, particularly when presented via social media. The study which was based on a cross-sectional survey further underscored the role of sales promotion in influencing consumer purchase behavior. The studies suffered a limitation of context which was only based in developed counties.

A study by Fathali (2016) examined customer experience and its effect on firm performance among Iranian automobile companies. Data collection was through questionnaires administered to 286 executives of automobile firms where correlation techniques were used for analysis. The findings showed that Porter's competitive strategies positively and significantly affected corporate innovation. However, the study used quantitative tools for analysis and the context was automobile companies making it impossible to generalize the findings to SMEs.

Melis et al. (2015) examined the impact of multichannel retail mix on consumer behavior in an online store. The findings outlined the various influences of online purchases including the psychographics and social influences, costs, perceived benefits, marketing mix tools, and post-buying behavior. Hsiao and Lin (2008) explored how government institutions extended customer-oriented ideas throughout the whole organization by means of a service system design and management. They explored the implications of the expectancy disconfirmation model applied in assessing citizen satisfaction in government entities. The research found that customer orientation and service recovery procedures were applicable in the public sector as its structures had transformed from the prior conventional hierarchical framework.

Methodology

This paper employed a cross-sectional descriptive survey design. This approach was fitting as the study required information relating to customer experience management and performance. The target population of the study was 85 oil marketing companies in Kenya as per the energy regulatory commission report (2020). The study was conducted using data obtained from primary sources. To collect primary data, a structured questionnaire was used. The questions in the questionnaire were close-ended. The questionnaires were distributed through Google forms since the study was conducted during stringent health protocols on social distance as a result of Corona Virus Disease of 2020. The target respondents were marketing managers. Multiple hierarchical linear regression analysis was employed to examine the relationship between customer experience management and performance.

Results

The study assessed the influence of customer experience management on the performance of oil marketing companies in Kenya. Customer experience management was regressed on performance with the aim of assessing the nature of the relationship and significance. The pertinent results are summarized in the Tables below.
Regression Results showing the Influence of customer experience management and performance.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820[a]	.672	.570	.482

Table 2: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.222	4	.056	1.696	.018[b]
	Residual	1.037	65	.033		
	Total	1.259	69			

a. Dependent Variable: Firm Performance

Table 3: Regression Coefficient

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	4.222	.617		6.838	.000
	Sensory Experience	.067	.093	.143	.718	.047
	Cognitive Experience	.121	.099	.203	1.220	.023
	Physical Experience	.178	.140	.279	1.271	.021
	Relational Experience	.153	.096	.299	1.591	.012

Table 1 demonstrates a robust association between customer experience management and firm performance as evidenced by R=0. 820. The results also denoted that 67.2% of the variation in service delivery is accounted for by predictors in the model, while 32.8% of the variation is unexplained due to other factors that are not in the model.
In table 2, when determining the significance of the coefficient of determination, this Table shows that at $\alpha = 5\%$, the f statistic is 1.696. There is a p-value of $0.018 < 0.05$ which is significant. This implies that customer experience management parameters are significant in predicting firm performance.

In table 3, when all other independent factors are held constant, increasing the sensory experience in relation to customer experience management by a single unit, will result in a 0.067 change in firm performance of oil marketing companies in Kenya. Increasing the cognitive experience parameter in relation to customer experience management by a single unit will result in a 0.121 change in firm performance of oil marketing companies in Kenya while increasing the physical experience parameter in relation to the firm performance of oil marketing companies in Kenya by a single unit, will result to a 0.178 change in firm performance. Increasing the relational experience parameter in relation to customer experience management by a single unit will result in a 0.153 change in the firm performance of oil marketing companies in Kenya.

Conclusion

The objective of the study reported in this paper was to investigate the impact of customer experience management on performance. The findings revealed a statistically significant relationship between the two variables. Furthermore, regarding sensory experience management, this study concluded that sensory experience management positively affects firm performance. Products were found to have a high appeal to the five senses of touch, sight, sound, taste and smell, and their design was deemed attractive to customers.

With regard to cognitive experience management, the study found that cognitive experience management positively affects firm performance. Products have features that inspire repeat purchase. However, customers do not evangelize or recommend the products to others. The products also do not make customers want to get complementary products. Moreover, the study also established that physical experience management positively affects firm performance.

The study recommends that the oil marketing companies should practice customer experience management in order to enhance firm performance since customer experience management was found to have a constructive impact on the industry performance. The investigation recommends that firms map out and invest in the specific aspects of customer experience management practices that are more impactful in improving performance. This study recommends that organizations focus on managing customers' sensory experience, cognitive experience, and physical experience. Further, oil marketing companies should enact policies and procedures that promote strong employee engagement and commitment to the vision and mission of the company, in order to enhance the effective execution of customer experience strategy.

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