



**CUSTOMER INTIMACY STRATEGY AND ITS IMPACTS ON THE
PERFORMANCE OF MOBILE SERVICE PROVIDERS IN KENYA'S
TELECOMMUNICATION INDUSTRY**

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Abstract

This article assessed the impact of customer intimacy strategy on performance of mobile service providers in Kenya's telecommunication industry. The study employed descriptive survey research design, targeting three major mobile service providers (Safaricom PLC, Airtel Kenya Network and Telekom Kenya Limited). The research utilized a census approach to collect primary data through a structured questionnaire and interview guide from managers in the strategy, marketing/business development and operations departments. Qualitative data was analyzed using thematic approach to obtain substantial data from interview while quantitative data was analyzed using descriptive statistics (frequencies, mean and standard deviation) and inferential statistics (correlation and regression) with the aid of STATA statistical software. The study findings reveal that customer intimacy had a positive and statistically significant impact on the performance of mobile service providers in Kenya. The study recommends that the industry stakeholders and policy makers should invest in customer analysis tools to continuously develop innovative, customized value propositions. They should also emphasize on delivering seamless and personalized experiences across all customer touchpoints to enhance customer loyalty, improve retention and ensure long-term success in the dynamic and competitive Kenya's telecommunication industry

Keywords: Customer Intimacy, Performance, Mobile Service Providers, Telecommunication Industry

Introduction

The sophistication of customer demands, heightened global competition and rapid advancements in information technology have compelled organisations to adopt more effective strategies, in managing customer relationships (Liu, Chan & Chimhundu, 2024). Customer intimacy is one of the identified strategic paradigms that helps organisations in fostering strong relationships with customers for mutual benefits (Treacy & Wiersema, 1993). According to Treacy and Wiersema (1995), customer intimacy involves a deep understanding of customer needs, the delivery of tailored products or services and exceptional service all aimed at fostering customer loyalty. Krishnaraj (2022) and Wiersema (1998) further emphasize that customer intimacy goes beyond mere transactions. It involves fostering meaningful engagement, exchanging valuable insights, and collaborating with customers to solve their challenges. This approach positions organizations as indispensable partners' rather than mere service providers. As Osei (2017) highlights, customer intimacy reflects an organization's commitment to analyzing customer behaviour trends and tailoring offerings to meet the specific needs and preferences of a well-defined target market.

The rapid evolution of telecommunication industry necessitates an in-depth understanding of, the factors that influence the performance of mobile service providers, particularly within the Kenyan context. In Kenya's highly competitive telecommunication sector, mobile service providers are continually seeking strategies to differentiate themselves, increase market share and enhance profitability. Customer intimacy defined as the creation of deep, personalized relationships with customers, has emerged as a vital strategy for achieving sustainable success. However, despite its recognized potential, limited progress has been made both in practical implementation of customer intimacy practices and theoretical development of the concept in academia. Mobile service providers in Kenya still face challenges in effectively implementation of customer intimacy strategies and understanding their implications on sustainable competitive advantage. This study seeks to address this critical gap by examining the impact of customer intimacy on the performance of mobile service providers and by offering actionable insights to support long-term success in Kenya's dynamic telecommunications industry.

Research Objective

The general objective of the study was to determine the impact of customer intimacy strategy on performance of mobile service providers in Kenya's telecommunication industry

Research Hypothesis

Customer intimacy strategy has no significant impact on the performance of mobile service providers in Kenya's telecommunication industry.

LITERATURE REVIEW

THEORETICAL FRAMEWORK

Value Discipline Strategic Framework

Value-disciplines model was first published by Treacy and Wiersema (1993) in the ground-breaking Harvard Business Review article "Customer Intimacy and Other Value Disciplines," and later expanded in their book, "The Disciplines of Market Leaders" in 1995. Treacy and Wiersema (1993) distinguished three strategic approaches: operational excellence, product leadership and customer intimacy- a business can adopt in delivering value to customers and achieve sustainable competitive. Operational excellence focuses on providing value by offering the best total cost for a service, through a combination of quality, price and delivery systems

with an aim of leading their industry in price and convenience. Customer intimacy focuses on developing the best total solution for a consumer with the aim of achieving long-term customer loyalty through constantly refining products and services into a “solution” designed specifically for the individual customer. Product leadership on the other hand focuses on developing the best product or service. Organizations focusing on this strategy often display an emphasis on creativity and innovation and typically produce a continuous stream of state-of-the-art products and services that render competitor’s offering obsolete (Treacy & Wiersema, 1995).

Tracey and Wiersema (1995) proposed that in order to be competitive, an enterprise must be competent in all three disciplines, but to be a market leader, an enterprise must excel in just one discipline. They further proposed that an enterprise cannot excel in all the three disciplines, because of the basic enterprise culture, structures, people, facilities, processes and business models that lead to excellence in any one of the disciplines are incompatible with achieving excellence in the others. The current study sought to fill the knowledge gap by exploring the impacts of customer intimacy strategy on performance of mobile service providers in Kenya’s telecommunication industry

Balanced Scorecard

Business performance indicators represent the measures by which each area of the organization will be evaluated. No single set of performance measures is universal to all organizations. Many organizations have attempted to measure organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as financial, internal business processes, customer and learning and growth (Kaplan & Norton, 2001). The four perspectives permit a balance between short-and long-term objectives, between outcomes desired and the performance drivers of those outcomes, and between hard objective measures and softer, more subjective measures”. The financial perspective is considered the highest-level perspective. Companies focusing on this perspective focuses on improving shareholder value through a revenue and productivity strategy and the outcome are return of investment and profit. The internal business process perspective encompasses the entire internal value, which includes innovation, customer management, operational, and regulatory (Kaplan and Norton, 2001). The customer perspective, focuses organizations on the external environment and allows firms to emphasize on customer needs, which includes customer satisfaction and market share. The last is the learning and growth perspective. Outcome measures of the learning and growth perspective become indicators of the outcomes of each of the three perspectives above it in the hierarchy. Employees with higher skills and knowledge are compensated with higher salaries and employee benefits (Milkovich and Newman, 2002). The employee skills could increase internal business process perspective (Bryant et al., 2004). Common outcome measures include employee satisfaction, employee retention, employee productivity and turnover (Kaplan and Norton, 2004). According to Carton and Hofer (2006), organizational growth, which encompasses all aspects of growth including employee and sales are distinct and good measure of performance. For this reason, Carton and Hofer (2006) explain that sales growth and employee growth have been frequently used in many empirical studies as a measure of organizational performance. The current study, performance of mobile service providers in Kenya’s telecommunication industry was measured based on market share in terms of customer subscriptions, customer retention and overall organizational profitability.

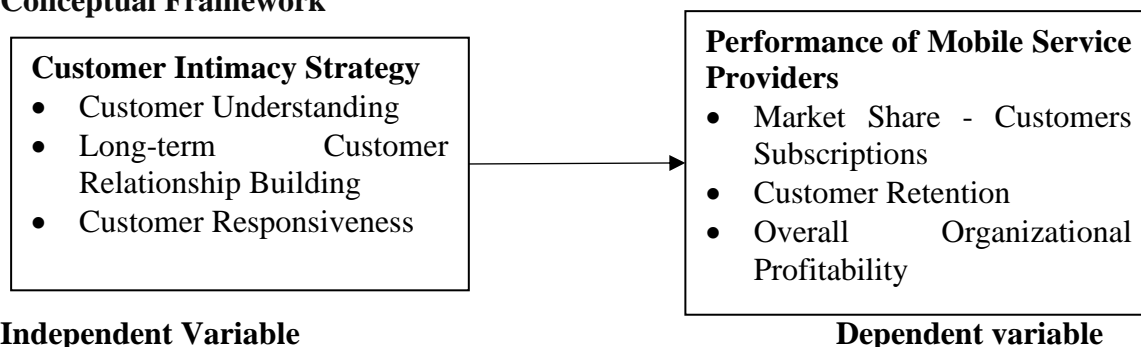
EMPIRICAL LITERATURE

Customer Intimacy and Performance

Customer intimacy has been defined as an organisation's commitment to study the behavioral trend of customers in order to tailor offerings to match the needs and wants of specifically defined target market (Osei, 2017). It focuses on segmenting and targeting markets precisely and then tailoring offerings to exactly match the demands of those niches (Treacy & Wiersema; 1993). Customer intimacy is a strategy used by organisations in obtaining detailed knowledge of all the customer needs and aligning company culture towards offering personalized products and services to optimize tremendous customer loyalty and reduce customer churn (Ramgade, Kumar & Brar 2022). No company can succeed today by trying to be all things to all people. Every customer is different and requires a different approach. It must instead find the unique value that it alone can deliver to a chosen market (Treacy & Wiersema, 1995).

Waburi, Kibe and Yatich (2024) ascertained that customer intimacy strategy had a strong positive significant influence on organizational competitiveness of tier-III commercial banks in Kenya and recommended that the banking sector decision makers, prioritize customer intimacy for sustainable competitive advantage. Ochieng (2024) emphasized that customer intimacy positively impacts sustainable competitive advantage of firms in the telecommunications industry in Kenya and recommended that the firms strive to meet and exceed customer's expectations through building trust and commitment, providing prompt customer service, understanding, and fostering customer journey maps in their plans and provision of products and services with their customers in mind to promote sustainable competitive advantage. Muli, Usman, & Parwanto (2021) studied the role of customer intimacy in increasing satisfaction and encouraging loyalty of Islamic bank customers in using e-banking and m-banking and revealed that customer intimacy not only encourages the emergence of customer loyalty directly, but also affects the factors that determine customer loyalty itself, such as perceived usefulness, perceived ease of use, perceived risk, trust, sharia compliance and satisfaction i.e. customer intimacy has a direct and indirect influence on loyalty. Dairobi and Anisah (2024) noted that customer intimacy and brand image were positively correlated with increased competitive advantage for SMEs in Palangka Raya City. They suggested a strategic pivot towards customer-centric and brand-oriented practices to be more beneficial for SMEs aiming for competitive superiority in the digital era. The current study hypothesizes customer understanding, long-term customer relationship building and responsiveness as the customer intimacy practices in the Kenya's telecommunication industry.

Conceptual Framework



RESEARCH METHODOLOGY

Positivism approach was used to collect all the facts and figures that are associated with and focus on the impact of customer intimacy strategy on performance of mobile service providers in Kenya's telecommunication industry. This study adopted a descriptive survey research design and census technique to select 178 managers which included three key interviewees

from Safaricom PLC, Airtel Kenya Networks and Telkom Kenya consisting of strategy, marketing/business development and operations departments since they were well versed with their organizational strategic choices on performance. The study relied on primary data, collected using a self-administered and interview guide. Data was analyzed using the assistance of STATA Statistical Computer software. The analyzed data generated descriptive statistics which included measures of central tendency, dispersion and association. Inferential statistics included correlation and regression analysis. Correlation analysis was conducted in order to establish the nature and strength of the impact of customer intimacy on performance of mobile service providers in the Kenya's telecommunication industry. Regression analysis was used to investigate the relationship that had been hypothesized between customer intimacy and performance. Analysis of variance (ANOVA) was used to investigate the degree of association between the variables in the research.

To estimate customer intimacy impact on performance of mobile service providers in the telecommunication industry the following regression equation was estimated:

$$Y = \beta_0 + \beta_1 X_1 + e \text{ ----- (1)}$$

Where:

Y= Performance of Mobile Service Providers

X₁= Customer Intimacy

e = Error term

β₀ = Constant

FINDINGS

Descriptive Statistics

The objective of the study was to establish the impacts of customer intimacy on performance of mobile service providers in Kenya's telecommunication industry. Results are presented in Table 1

Table 4.1 Customer Intimacy

	N	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std. Dev.
1. Our organization focuses on providing value to customers through offering them the best total solution	138	3.6	7.2	6.5	35.5	47.1	4.1522	1.06642
2. Our organization focuses on achieving long-term customer loyalty through constantly refining our products/services into a solution designed specifically for the individual customer	138	3.6	8.0	10.0	37.0	41.3	4.0435	1.07981
3. Our organization seeks a deep understanding of the customer that allows us develop customized value propositions for each of our customers	138	5.1	5.8	13.8	37.0	38.4	3.9783	1.10386
4. Our organization satisfy all the meaningful customer needs	138	5.8	10.1	28.3	30.4	25.4	3.5942	1.14393
5. Our organization has excellent collaboration between operations, sales and research and development (i.e. highly pragmatic)	138	6.5	13.0	23.9	25.4	31.2	3.6159	1.23408
6. Our organization offers a tight fit between customer demands and available offers	138	4.3	10.1	20.3	41.3	23.9	3.7029	1.07669
7. Our organization transfers knowledge to the customer to enhance performance of our products to the customer	138	3.6	15.2	18.1	30.4	32.6	3.7319	1.17480
8. Our organization has ability to handle customer complaints	138	5.1	5.8	11.6	37.0	40.6	4.0217	1.10386
9. Our organization provides a unique experience to the customer through a complete cycle of ownership	138	2.2	6.5	21.7	35.5	34.1	3.9275	1.00827
10. Our organization seeks to develop an integrated supply chain that links our key suppliers and customers	138	4.3	9.4	22.5	29.0	34.8	3.8043	1.14534
11. Our organization is able to reduce the likelihood of our customers switching to our competitor's products/services	138	5.8	6.5	19.6	33.3	34.8	3.8478	1.14562
12. Most of our new and innovated products are as a result of customer analysis	138	2.2	18.8	9.4	27.5	42.0	3.8841	1.20868
13. Focusing on specific market segments enables our organization to deliver high quality products/services	138	0.7	8.0	18.1	31.2	42.0	4.0580	.99464

SD= Strongly Disagree; **D=** Disagree; **N=** neither Agree nor Disagree; **A=** Agree; **SA=** Strongly Agree

The results in Table 1 revealed that majority of the respondents (42.0%) strongly agreed that most of their new and innovated products were as a result of customer analysis. 41.3% of the respondents agreed that their organization offers a tight fit between customer demands and available offers. 47.1% strongly agreed that their organization focuses on providing value to their customers through offering them the best total solution. On their organization providing a unique experience to their customers through offering them a complete cycle of ownership, 35.5% of the respondents agreed, 21.7% were neutral while 6.5% disagreed. 41.3% of the respondents strongly agreed that their organization focuses on achieving long-term customer loyalty through constantly refining constantly refining their products/services into a solution designed specifically for their individual customer. 32.6% agreed that their organization transfers knowledge to their customers to enhance performance of our products to the customer. 40.6% of the respondents strongly agreed that their organization has the ability to handle customer complaints. 23.9% of the respondents were neutral on the proposition their organization has excellent collaboration between operations, sales and research and development i.e. highly pragmatic (31.2% strongly agreed while 13.0% disagreed). 37.0% of the respondents agreed that their organization seeks a deep understanding of the customer that allows them develop customized value propositions for each of their customers. 28.3% were neutral on the proposition their organization satisfy all the meaningful customer needs (30.4% agreed while 10.1% disagreed). 42.0% strongly agreed that by their organization focusing on specific market segments they are able to deliver high quality products/services. 33.3% agreed that their organization is able to reduce the likelihood of their customers switching to their competitor's products/services. 34.8% of the respondents strongly agreed that their organization seeks to develop an integrated supply chain that links their key suppliers and customers

From the results in Table 1, it can be noted that all the means of the statements under customer intimacy strategy fall within 3.5 and 4.1. This implies that majority of the respondents were in agreement with the statements. The standard deviation also falls within the range of 0.9 to 1.2 meaning that, the responses are not very much dispersed from each other.

Correlation Analysis for Customer Intimacy and Performance

Correlation analysis was done to determine the impacts of customer intimacy on the performance of mobile service providers in the telecommunication industry in Kenya. Results were presented in Table 2

Table 2: Correlation Analysis

	Customer Intimacy	Performance
Customer Intimacy	1.0000	
Performance	0.2525* 0.0028	1.0000
Obs	138	138

Customer intimacy and performance were also found to be positive and significantly related ($r = 0.2525^*$, $p = .0028$). The results were in agreement with Mahsyar, Masrurah, Oktaviani, Novianti & Muhamad (2021) who concluded that customer intimacy had a significant influence on competitive advantage of mail and package courier service products PT Pos Indonesia (Persero) in their study to determine the factors that influence competitive advantage.

Regression Analysis for Customer Intimacy and Performance

Regression analysis was done to determine the impacts of customer intimacy on the performance of mobile service providers in the telecommunication industry in Kenya. Results were presented in Table 3

Table 3: Regression Model for Customer Intimacy and Performance

Source	SS	Df	MS	Number of Obs	=	138
Model	6.93144464	1	6.93144464	F (1, 136)	=	9.26
Residual	101.820641	136	.748681185	Prob > F	=	0.0028
Total	108.752086	137	.793810845	R-squared	=	0.0637
				Adj R-squared	=	0.0569
				Root MSE	=	.86526
Performance	Coef.	Std. Err.	t	P> t 		
Customer Intimacy	.2605556	.0856322	3.02	0.003		
_cons	2.51e-08	.0736561	0.00	1.000		

The results in Table 3 presented the model summary of fitness for the study phenomena customer intimacy. From the model, the adjusted R^2 was 0.0569, this indicates that customer intimacy was found to explain 5.69% variations in performance of mobile service providers. This also implies that 94.31% of the variation in the dependent variable is attributed to other variables not captured in the model.

The results on the analysis of the variance (ANOVA) indicated that the overall model was statistically significant with an F statistics of 9.26 and a P value of .0028 which was less than the 0.05 conventional significance level. The findings imply that customer intimacy was statistically significant in explaining the performance of mobile service providers in Kenya's telecommunication industry

Regression of coefficients results revealed that customer intimacy and performance of mobile service providers are positively and significantly related ($\beta=0.2605556$, $p=0.000$). This implies that a unit increase in customer intimacy would lead to a rise in performance by 0.261 units. Hence we reject the null hypothesis and conclude that customer intimacy has a positive significant influence on performance of mobile service providers in the telecommunication industry in Kenya. The findings agree with that of Odhiambo and Anyieni (2023) in their research on value disciplines and competitive advantage who confirmed that customer intimacy had a positive and statistically influence of competitive advantage of commercial lenders in Kenya

CONCLUSION

The study concludes that customer intimacy strategy positively impacts performance of mobile service providers in Kenya's telecommunication industry. The study reveals that building strong close long-term relationships with customers is a priority for mobile service providers in Kenya's telecommunication industry making it costly for them to switch, boosting their overall performance. By prioritizing customer intimacy strategy, the mobile service providers, places customers at the centre of their operations and decision-making processes with the aim of understanding their needs, preferences and challenges through conducting regular research to gain insights into their behaviors and pain point, offering personalized and customized solutions to meet individual customer needs. Moreover, the mobile service providers recognized the importance of tailoring their products and services to address the unique needs and preferences of its diverse customer base. This leads to a strengthened customer retention, high market share and sustained success. The study recommended that the mobile service providers' stakeholders and policy makers should invest in customer analysis tools to

continuously provide new and innovated customized value propositions, to meet evolving customer needs and ensuring all customer touch points offer seamless and unique personalized experiences, enhancing customer loyalty, retention and drive longtime success in the dynamic competitive Kenya's telecommunication industry

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