



Exploring the Relationship between Customer Experience and Strategic Management New Approach in Alignment with Saudi Arabia Vision 2030

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Abstract: The purpose of this study is to explore the relationship between customer experience and strategic management, as a new approach in alignment with Saudi Arabia Vision 2030. Customer experience (CX) and opinions play an important role in achieving competitive advantage over other competitors which should be observed and analyzed continuously. The valuable theoretical finding of this research is to use key performance indicators (KPIs) for measuring external and internal customers' experience when applying Balanced Scorecard (BSC) and take in consideration the important combination between both external and internal customers' experience when utilizing Balanced Scorecard (BSC) in order to help keep an appropriate organizational strategy. [Mishal Ibrahim Alminqash. **Exploring the Relationship between Customer Experience and Strategic Management New Approach in Alignment with Saudi Arabia Vision 2030.** *J Am Sci* 2020;16(5):78-86]. ISSN 1545-1003 (print); ISSN 2375-7264 (online). <http://www.jofamericanscience.org>. 9. doi:[10.7537/marsjas160520.09](https://doi.org/10.7537/marsjas160520.09).

Keywords: Saudi Arabia Vision 2030 - Balanced Scorecard (BSC)- customer experience (CX)- key performance indicators (KPIs)- SWOT analysis.

1- Introduction

Nowadays, all traditional businesses face a lot of issue due to rapid changes in economic, social and political factors which affect their competitive advantages in the market. Traditional management can not overcome these changes without effective strategic management to manage and analyze all external factors in order to match up with nowadays' changes.

On the other hand, customer experience and feedback are also another important factor to develop an organization's inputs to increase customer's satisfaction through maintaining high quality products.

The current research focuses on exploring the relationship between customer experience and strategic management as a new approach in alignment with Saudi Arabia Vision 2030.

2- Research Problem

Customer's experiences (CX) and opinions play an important role in achieving competitive advantage over the other competitors which should be observed and analyzed continuously in order to achieve organization's objectives properly, however, it is still unknown and confusing when and how exactly to start analyzing customer experience and feedback because other scientific researches limited customer experience as a part of marketing research factors only and did not recognize it as a part of the strategic management factors.

3- Research Importance

Many researchers investigated the relationship between Strategic Management and other variables like organizational performance, profit, quality, etc.

However, this is considered the first research focusing on the relationship between customer experience and strategic management as a new approach in alignment with Saudi Arabia Vision 2030.

4- Research Questions

Based on research problem, the researcher formulates the research questions as below:

A- RQ 1: Which stage exactly customer experience should be analyzed?

B- RQ 2: What are the strategic tools that enable strategic planner to analyze customer experience and feedback?

C- RQ 3: What are the key performance indicators should be utilized in order to analyze customer experience and feedback appropriately?

5- Research Objectives

By reviewing studies, reports, periodicals and books related to the topic of study, the researcher identifies the main objectives of this research at the following objectives:

- Understanding the meaning of strategic management and its process.

- Understanding the meaning of customer experience.

- Understanding the relationship between customer experience and strategic management.

- Identifying the main key performance indicators used in analyzing customer experience.

- Understanding how Saudi Arabia Vision 2030 emphasizing on customer experience concept.

Understanding which stage exactly customer experience should be analyzed.

6- Research Methodology:

This study is theoretical descriptive based on the collection and analysis of results of studies, reports, periodicals and books related to the topic of study in order to investigate the relationship between customer experience and strategic management as a new approach in alignment with Saudi Arabia Vision 2030.

7- Research limitation:

This research has driven theoretically to investigate relationship between customer experience and strategic management as a new approach in alignment with Saudi Arabia Vision 2030 based on the collection and analysis of studies, reports, periodicals and books in order to have a deep understanding of the relationship between customer experience and strategic management.

8- Literature review

8.1 Definition of Strategic Management (SM)

Strategic management is the art of formulating, implementing, and evaluating cross-functional accommodations that allows a firm to accomplish its goals properly in an effective manner. (David, 2003) Maintaining a wise strategic management is a necessary key for a long-term organizational development. Strategic management can also be defined as a set of integrated decisions related to the organizational current and future performance through a lot of advanced methods and techniques created especially for these purposes to maintain high

competition between other competitors. (Will Kenton, 2020)

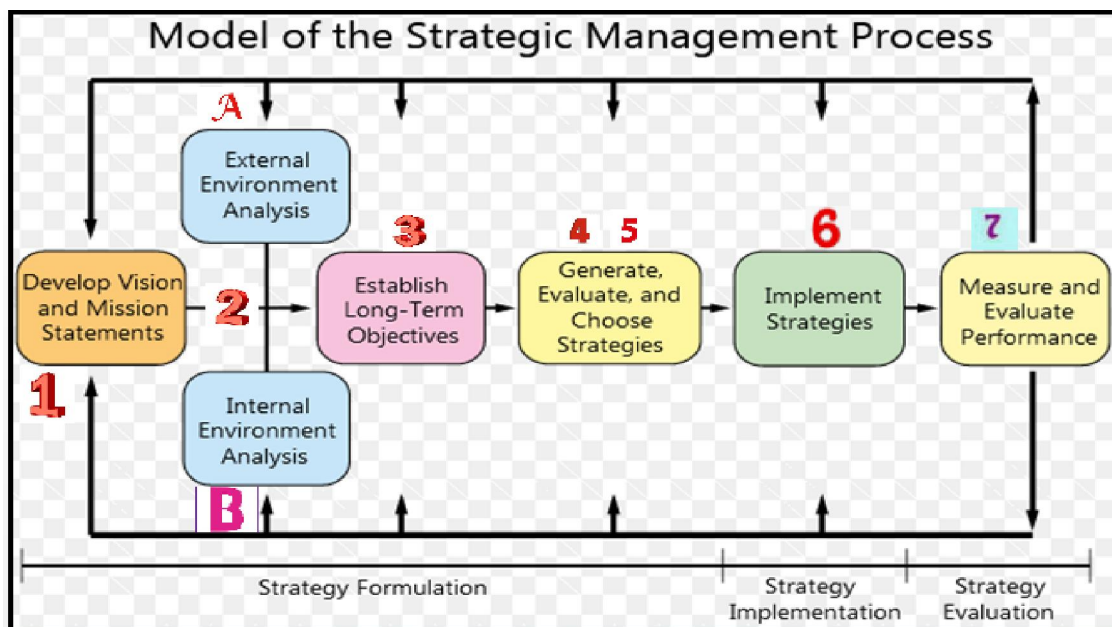
8.2 Importance of Strategic Management

- Strategic management is considered a road map to an organization which helps it to effectively use its resources smartly.
- It helps a company highly compete with another and increase the overall profit an organization gain.
- It will help other organization functions to develop its key performance indicators accordingly.
- effective strategic management can lead to increment in market share and overall organization performance.
- It will increase a firm's productivity and minimize the external risk by analyzing and scanning the external environment (opportunity and threats).
- It is also used to Harmonize employees towards organization goals.
- It also helps achieve total quality management criteria.

Finally, I can say that strategic management is the oxygen of the company, without it an organization probably fails and starts to shrink and bankrupt.

8.3 Stages of Strategic Management

The strategic-management process consists of three stages (*Strategy Formulation- Strategy Implementation- Strategy Evaluation*), the diagram below summarizes all the stages mentioned above which has been created by (David, 2009).



Source: David's Model of the Strategic Management's Process

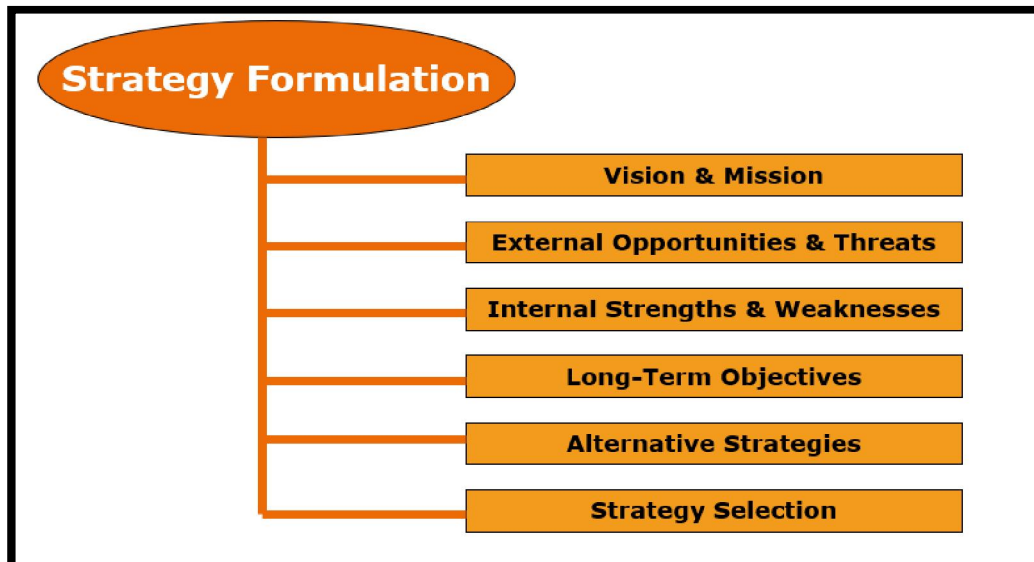
8.3.1 Stages of Strategic Management: Strategy formulation (SF)

Strategy formulation (SF): is considered the first stage of strategic management and when achieved properly all other stages will be as well accomplished easily because it provides a framework for the actions that will lead to the anticipated results and includes developing a vision and mission, identifying an organization's external opportunities and threats, determining internal strengths and weaknesses,

establishing long-term objectives, generating alternative strategies, and choosing particular strategies to pursue.

This stage consists of the following points:

- A. Develop vision and mission
- B. External environment analysis
- C. Internal environment analysis
- D. Establish long-term objectives
- E. Generate, evaluate and choose strategies



Source: David's Model of the Strategic Management's Process

A. Vision & mission statement

Vision statement stresses on the future and what the organization wants to become in the future dreams, however, Mission statement focus on the reason of an organization's existence and what is its role.

B. External Opportunities and Threats (O & T)

External opportunities and threats express all external variables which might the organization such as to economic, social, cultural, demographic, environmental, political, legal, governmental, technological, and competitive trends. Every organization that analyzes and study these factors continuously gets a chance to develop its performance and minimize risk.

Opportunities and Threats are considered out of organization control however any company should formulate its strategies by taking in consideration those factors mentioned above which also mean STEEP model by conducting several ongoing researches. Referring to Michael Porter's model, Analyzing the organization's competitors and substitute products through investigating the external factors are also important to get clear information about competitors' performance is an important dimension.

C. Internal Strengths and Weaknesses (S & W)

External factors are out of a firm's control, but when it comes to internal strengths and weaknesses it is always handled by the organization. Every organization should be aware of its Internal Strength and Weakness points in order to effectively manage its productivity, marketing, services, resources, and employee's capabilities. This requires deep analysis for the factors mentioned above to understand its current situation.

The scanning of internal and external factors of an organization is called SWOT analysis. This analysis should be conducted by specific committee known as the strategic management committee which is usually hired by CEO. (Thomson & Strickland, 2001)

D. Long-Term Objectives

There is an enormous difference between goals and objectives. Goals usually are broader than objectives however objectives are a specific result that an organization seeks to achieve in pursuing its basic mission.

The good objectives consist of 5 important criteria known as SMART objective that stands for Specific, Measurable, Achievable, Realistic, and

Timely. For instance, Saudi Arabia determined some of SMART objective for all sectors governmental and non-governmental which is derived from their 2030 Vision and these objectives has been divided through some of the executable program. (*Saudi Arabia - National Transformation Program-2020*)

E. Strategies

There are several strategies have been developed by (*David, 2009*) to be used by organizations to achieve its goals depending on their capabilities and potential, companies may display three postures: growth (offensive), retrenchment (defensive), and stability.

These strategies can be categorized as: Vertical integration (forward and backward integration), horizontal integration, market penetration, market development, product development, innovation, related diversification, unrelated diversification or conglomeration, retrenchment, divestiture, and liquidation.

F. Annual Objectives

Annual objectives are the short term means that should be accomplished in order to meet long term objectives. (*Whelen & Hunger, 2004*)

G. Policies

Policies are the method by which annual objectives may be accomplished. Policies involve principles, rules, and procedures established to support efforts to achieve stated objectives.

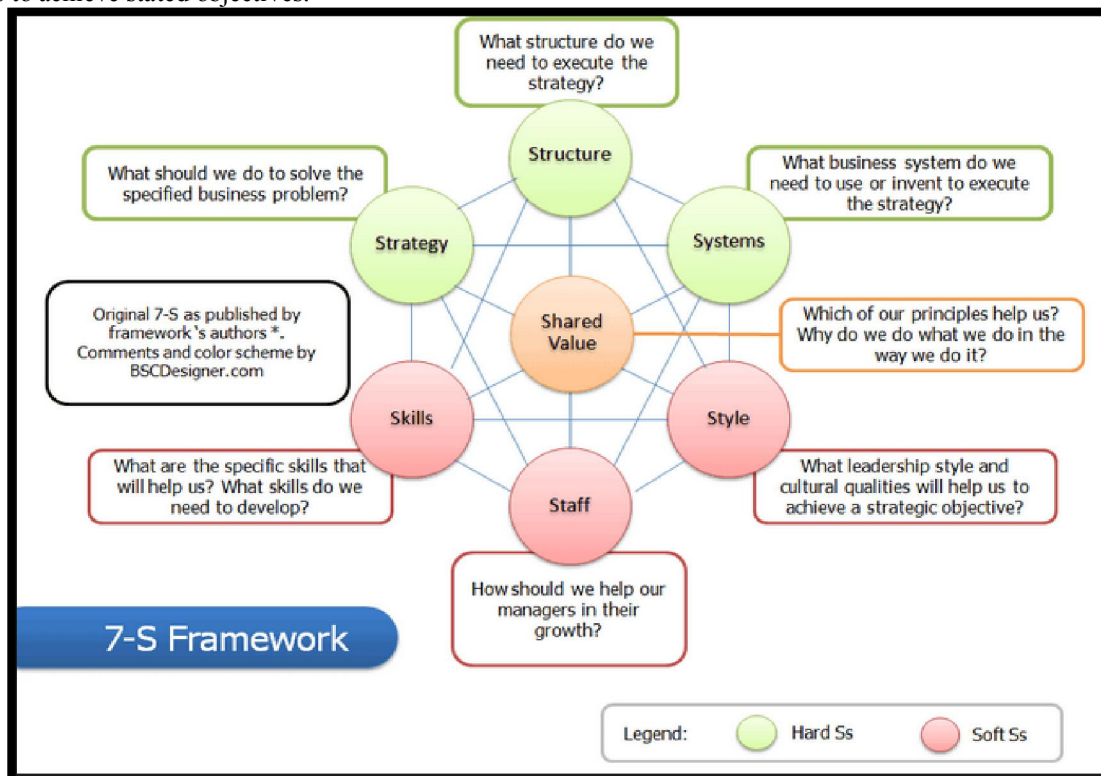
8.3.2 Strategy Implementation (SI)

Strategy Implementation (SI): is the second important stage of strategic management where we apply what we planned in the first stage (strategy formulation), it also is necessary for an organization to develop annual objectives, devise policies, encourage employees, and allocate resources so that formulated strategies can be implemented. Strategic implementation involves maintain a culture supportive to strategy along with developing a successful organizational structure. Strategic implementation requires also developing budgets, and connecting both employee compensation to organizational performance.

Author Tom Peters and Robert Waterman1980s provide in-depth analysis a good model useful in Strategic implementation and is called McKinsey Seven Elements. (*James Story,2020*)

The purpose of the model was to show how 7 elements of the company: Structure, Strategy, Skills, Staff, Style, Systems, and Shared values, can be connected together in order to achieve organizational goals effectively.

The key point of McKinsey model is that all the seven areas are linked and any change in one of these elements will affect on the rest of other 7elements. (*Ali Alshaher,2013*)



Source: Tom Peters and Robert Waterman1980s

8.3.3 Strategy Evaluation (SE)

Strategy Evaluation (SE): is the third and last critical stage of strategic management where we assure the plan made by managers in the first stage (strategy formulation) is applied professionally in the second stage of strategic management (strategy implementation). In this final stage, managers assure that all strategies used for a plan are effective to the organization.

Strategy evaluation involve three important activities:

- ✓ Checking the underlying bases of a firm's strategy.
- ✓ Comparing expected results with actual performance.
- ✓ Applying corrective actions to ensure that performance match up with plans.

8.4 Balanced Scorecard (BSC) and Strategy evaluation

Balanced Scorecard (BSC) played a very significant role in many recent researches as a tool of strategic management that enables firms to adjust their organizational activities to connect vision, mission, and strategy of the firm. As it also helps in enhancing an organization's overall performance.

BSC as a concept was first introduced by **Robert Kaplan and David Norton** in 1992. Authors presented a comprehensive framework on the value of Balanced Scorecard (BSC). The Balanced Scorecard (BSC) has been defined as a framework used for reviewing and managing an organization's strategy (*Kaplan & Norton, 2005*). In Saudi Arabia, there are many tries to apply Balanced Scorecard (BSC) at several sectors including public sector institutions for improving the knowledge management which have resulted in overall performance improvement of the organizations (*Al -Hamoudi, 2010*). (*Ibrahim Sweiti & Upendra Lele, 2016*) mentioned in their research that, the adoption of BSC significantly improves the revenue growth.

8.4.1 Perspectives of the Balanced Scorecard Model

- Financial Perspective is considered on the dimension of Balanced Scorecard which mainly focus answering "How do we look to our shareholders?". Financial Perspective depend on creating a financial measurement like Return on Investment (ROI), Profit Margins, Debt to equity ratio, Cost savings and efficiencies...etc.

- Customer perspective mainly focus on how to achieve customers satisfaction through customer experience and feedback. Customer perspective involve some objectives like increasing net promoter scores, or reducing call center waiting times, increase

market share and, increasing interactions on social media. (*Patricia Lotich, 2018*)

- Internal Process perspective stress on internal operational process and objectives and its efficiency to meet business needs such as simplifying internal approval process, Quality conformance such as reducing manufacturing waste, Capacity utilization and using technology to enhance productivity. (*Sandra Durcevic, 2019*)

- Learning and Growth perspective focus how the organization developed learning and growth in several dimensions such as Human capital – skills, talent and knowledge, culture, leadership and, staff engagement, employee net promoter score.

- Balance scorecard has been used by organizations long time ago only for their financial status, however, the three other dimension of Balance Scorecard (BSC) are given less attention but still have a great role in strategic evaluation. (*Alshammari, 2011*)

In my opinion, the most important dimension that organizations should focus on is the customer perspective. If the customer experience has been considered as the backbone of the Balanced Scorecard (BSC), the rest of other Balanced Scorecard (BSC) components will work accordingly, however, how many types of customer experiences are there?

8.5 Customer experience definitions and facts

Customer experience is a set of experiences and knowledge that contains encompass the result of the interaction between customer and company. All organization must satisfy customer expectation through providing high quality goods and services and maintain long term relationship.

8.6 Customer experience and key performance indicators (KPIs)

More recent studies have confirmed that questionnaires are the valuable tools to understand customers experience, however there are another key performance indicators (KPIs) used in analyzing customer experience as below:

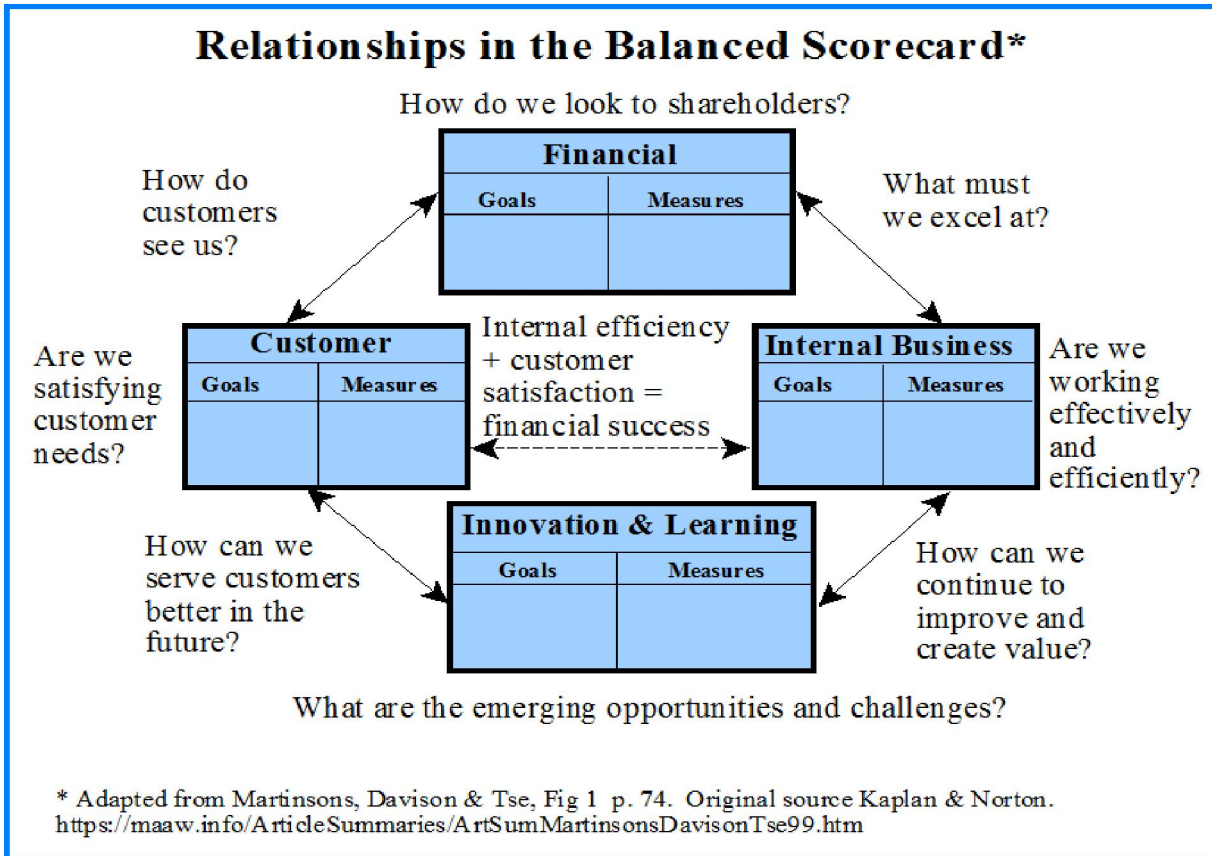
8.6.1 Create a Net Promoter Score (NPS) survey

Creating a Net Promoter Score (NPS) survey is used to measure customer satisfaction through using customer experience metric and allow customer to freely express their view points on the product. Net Promoter Score (NPS) survey makes an organization aware on how customer view their products and how likely they recommend the goods offered by a company to their friends or colleagues? (*Tamina Steil, 2017*)

Respondents give a rating between 0 (not at all likely) and 10 (extremely likely) and, depending on their response, customers fall into one of 3 categories to establish an NPS score:

- ✓ Promoters respond with a score of 9 or 10 and are typically loyal and enthusiastic customers.
- ✓ Passives respond with a score of 7 or 8. They are satisfied with your service but not happy enough to be considered promoters.

- ✓ Detractors respond with a score of 0 to 6. These are unhappy customers who are unlikely to buy from you again, and may even discourage others from buying from you.



Source: Eileen Taylor (2004), <https://maaw.info/ArticleSummaries/ArtSumMartinsonsDavisonTse99.htm>

8.6.2 Extremely satisfied or very satisfied

When an organization cares about how a customer is extremely satisfied or very satisfied, this helps it focus more on providing customer high quality products and services because these customers are categorized as an organization's loyal customer.

8.6.3 Number of Complaints

Being aware of customer's complaints and how often does it happen is very important to develop an organization's goals.

8.6.4 Benchmarking Analysis

It is considered a good tool to understand company current position comparing to other successful competitor in the market. Also, this will clarify why customers go to other competitors.

8.6.5 Brand attributes

Another important technique to measure customer loyalty and satisfaction through sending a

brand attributes survey to customers to get to know of how they view your company.

8.7 Worldwide Customer experience

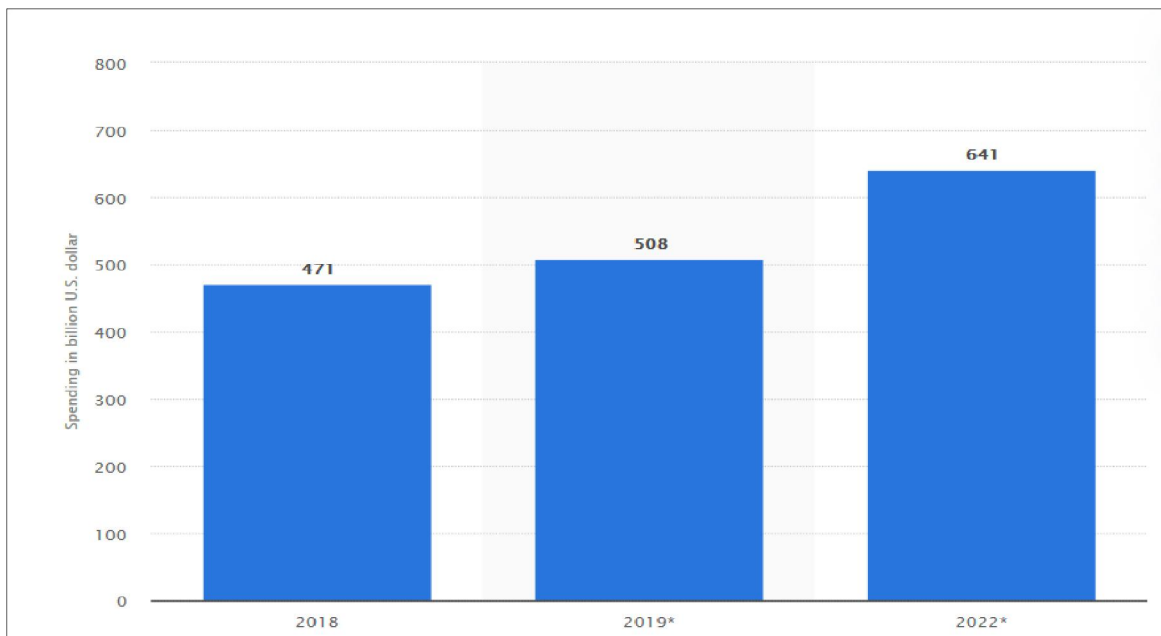
Due to the dynamic change in the external environment, international companies started analyzing the importance of customer experience to maintain high quality goods and services as well as survive in the market. Referring to (*Arne Holst, 2020*), Worldwide spending on customer experience (CX) technology is expecting an exponential increase from nearly 500 billion U.S. dollars in 2019 to more than 640 billion by 2022. Due to high consumption of internet and electronic devices, organizations have gathered more data on customer's experiences in order to manage their business accordingly.

8.8 How Saudi Arabia Vision 2030 emphasizing on customer experience concept

Saudi Arabia Vision 2030 assured the importance of customer experience in all sectors and channels of communications between government agencies, citizens, and the private sector are already expanding to ensure everyone can share their views. Government agencies are being encouraged to improve the quality of their customer services, and we are creating new interactive and online ways to engage with - and listen to - citizens. (*Saudi Arabi vision 2030*)

The support of 2030 vision of Saudi Arabia encouraged companies to concentrate on customers'

opinions and feedbacks. For example, STC is classified as a market leader in the quality of both mobile and fixed Internet services after conducting an independent study in 2018 called "Reinvent customer experience at world class standards". Afterwards, the percentage of the company's digital channel users increased from 93% through the use of digital sales and support channels for self-service, further digitizing customer contact points. (*Saudi Telecom Company (STC), Annual Report 2018*).



Source: www.statista.com, Spending on customer experience (CX) technologies worldwide in 2018, 2019 and 2022 (in billion U.S. dollars)

8.9 the relationship between customer experience and strategic management.

By analyzing all previous literature reviews and other related books, it is indicated that there is an important relationship between the customer experience as an important part in Balanced Scorecard and strategic management. An organization's Balanced Scorecard must involve customer experience metrics along with productivity, quality, and agility to continuously improve cross-functional business processes that map to your overall financial performance goals.

In my point of view, we should differentiate between external and internal customers experience. Internal customers experience means the experience that the staff and other departments within a company deal with each other, as well as suppliers and any other internal stakeholders with whom they work to get their

jobs done or who helps them get their tasks done. (*Elizabeth Kampf, 2020*)

I suggest some important key performance indicators (KPIs) that are appropriate to measure internal customers' experience and to be analyzed through Balance Scorecard (BSC) as well as external customers experience as below:

- Employee Net Promoter Score for (NPS) through asking internal staff if they would recommend a job at your company to a friend or family member
- Employees satisfaction questionnaires
- Turnover/Retention rates
- Number of new hire failures in 90 days
- Employee Health Index
- Billable hours
- Number of timesheets submitted on time
- New hires vs. replacement hires

I also suggest another important key performance indicators (KPIs) should be considered when measuring external customers experience as below:

- Time from inquiry/complaint to response
- Total number of calls answered
- Total time spent on calls in a day/week/month
- Average Answer Time
- Average backlog of emails
- Number of emails replied to in a day
- First Response Time
- Average per minute cost of call
- Average Resolution Time
- Tickets backlog
- Inbound calls handled in a day
- First-call resolution
- Calls handled
- % of calls transferred call
- First-line resolution rate

Actually, there are huge numbers of key performance indicators (KPIs) for measuring external and internal customers experience, however, the most important issue is to consider the combination between both external and internal customers' experience when applying Balanced Scorecard (BSC) in order to maintain a proper organizational strategy.

Conclusion

This study is theoretical descriptive based on the collection and analysis of results of studies, reports, periodicals and books related to the topic of study in order to investigate the relationship between customer experience and strategic management as a new approach in alignment with Saudi Arabia Vision 2030

By analyzing all previous literature reviews and other related books, it is indicated that there is an important relationship between the customer experience as an important component in Balanced Scorecard and strategic management.

The most important theory in this research is to take in consideration the important mixture between both external and internal customers' experience when utilizing Balanced Scorecard (BSC) in order to help keep an appropriate organizational strategy.

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