

CUSTOMER FOCUS ON BUSINESS SUCCESS OF DOWNSTREAM OIL AND GAS COMPANIES IN NIGERIA

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Abstract

This study examined the relationship between customer focus and business success of downstream oil and gas firms in Nigeria. The study adopted an explanatory research design. The population of the study comprised 132 downstream oil and gas firms in Nigeria. The sample size was 100. Primary data were collected from the respondents using semi-structured questionnaire designed in the 5-point Likert scale. The Pearson Product Moment Correlation statistic was used to test the correlation between customer focus and indices of business success (market share, sales growth and profitability). The study found that customer focus predicts business success of downstream oil and gas firms in Nigeria; and therefore, concludes that business success of downstream oil and gas firms in Nigeria in terms of market share, sales growth and profitability depends on the level of their customer focus. The study recommends that downstream oil and gas firms should ensure that gathering intelligence on customer needs whether intermediate or final consumers is a deliberate organizational activity to ensure that the firm is abreast of changes in customer requirements.

Keywords: Business success, customer focus, market share, profitability, sales growth

Introduction

Customers are important constituents in any organizations. In business environment where competition is fierce and customer preferences shift, organizations come under pressure to pay attention to customers to achieve business success. Businesses have become increasingly aware that poorly managed customer relationship causes disconnected sales (Ismaylis & Moschidis, 2015). Over the years, organizations have been pushing towards strategies that incorporate the ever changing preferences of consumers.

Customer focus is key to ensuring business success for downstream oil and gas companies in Nigeria. Downstream oil and gas companies focus on distribution and sale of petroleum products to end users, such as gasoline stations, industries and households. These companies prioritize customer satisfaction in order to maintain competitive edge in the industry (Al-Muhaidib, 2017).

According to Ogwo and Agu (2016), customer focus is essential to the success of downstream oil and gas companies in Nigeria, as the industry is highly competitive and customers have a wide range of options when it comes to purchasing petroleum products. By understanding the needs and preferences of customers, companies tailor products to meet these demands, thus enhancing market share and profitability (Wanyoike, 2016).

Customer-focused firms achieve long-term success and sustainable growth, by providing high-quality products and excellent customer service (Panuwatwanich & Nguyen, 2017). This helps to build a strong reputation, attract more customers, and ultimately drive revenue growth and profitability. Customer focus is a quality management practice that keeps a firm in the know-how of emerging trends in the business which task them to make needed changes and improvements accordingly (Ikay & Aslan, 2011).

The prominence of customer focus stems from the fact that customer tastes and preference change with time, therefore customer focus identifies these changes and prepares the firm to adjust to prevailing conditions (Psomas & Kafetzopoulos, 2012). However, customer focus is yet to receive the kind of attention it deserves specifically in the downstream oil and gas firms; as the specific impact of customer focus on business success of downstream oil and gas companies in Nigeria is under-researched. Hence, this study sought to bridge the knowledge gap by examining the impact of customer focus on business success of downstream oil and gas companies in Nigeria.

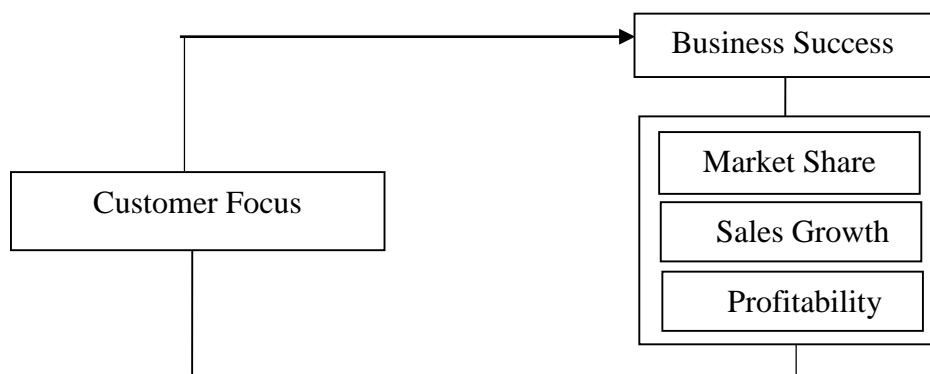


Fig. 1: Conceptual framework on the impact of customer focus and business success of downstream oil and gas industry in Nigeria.

Theoretical Framework

This study is underpinned by Resource-Based View (RBV) of the firm (Wernerfelt, 1984). RBV was adopted based on validation from previous studies (Zhou 2021). RBV states that bundle of assets or resources tied semi-permanently to a firm are its primary source of competitive advantage. An organization's unique and not easily copied capabilities and assets are its source of competitive advantage and superior performance (Barney, 1991; Xiao et al, 2021). This explains why firms perform differently.

RBV reiterates the value of digital transformation strategy of firms and believes that under-utilized resources are useful to the implementation of an organization's digital transformation strategy (Hess et al., 2016). It acknowledges the importance of customers as unique resources to an enterprise (Vial, 2019). RBV also posits that the level of customer involvement determines the performance of digital transformation (Vial, 2019). This is because customers are involved in resource sharing, which enhances integration and management of operational resources and basically enhances the market value of the enterprise through the creation of, differentiated but customer driven offerings.

RBV draw the attention of the organization to all assets, capabilities, processes, attributes, information and knowledge controlled by it that enables it to conceive and implement strategies that improve its success (Barney, 1991). RBV challenge organizations to explore internal resources to implement a value creating strategy that is unique and difficult to copy by competing firms. RBV is considered as an appropriate foundational theory for this study because it has been used by scholars (Kunar et al., 1998; Pan et al., 2021; Yu & Moon, 2021) in related studies.

Concept of Customer Focus

The business environment all over the world is dynamic; and is characterized by increasingly demanding customers. A core element of competitive advantage in this environment is customer-focus, which is itself, a central tenet of market orientation. Customer-focus is the set of beliefs that put customers' interest first, in order to develop long-term profitability (Nwokah &

Maclayton, 2019). Customer focus is essential to business success. Fuentes et al. (2006) states that actions and functions of customer-focused organization are planned and implemented to learn and serve customers' requirements (Kombo, 2013).

In a business environment where competition is growing fierce and customer preference shifts daily, organizations come under pressure to adjust to, and manage environmental variations thoughtfully. An area of great concern is the management of customers because customers are considered essential assets in any organization (Azad & Hashemi, 2013). Mokhtar (2013) notes that the practice of customer focus was identified as pivotal for any organization seeking to reach a level of sustainable success.

Similarly, Verhoef and Lemon (2013) observed that firms with strong customer focus move beyond the objective of dealing with products that met customer expectation. Rigby (2013) observed that information collected through customer interactions support effective customer service programmes, generate reliable sales forecasts, provide feedback on customer preferences, and enable sales representative to see financial impact on different configurations. Otherwise, customer ambiguities can lead to different interpretations engendering wrong response resulting in missed opportunities and weak competitiveness.

As customer's requirements and expectations change, organizations are required to constantly improve and manage their products (Racela, 2014). Customers-focused planning is key to improved performance of organizations. In today's context, organizations do not only aspire to satisfy and please customers; they also attempt to do this more efficiently and effectively than their competitors (Azzam, 2014). Putting customers at the heart of an organization's product-market definition is the first rule of customer orientation (Nwankwo, 1995) many organizations get into difficulties through an inappropriate vision of customers and their needs.

Concept of Business Success

Success is the condition of achieving a defined set of expectations (Likierman, 2014). Au et al (2011) opined that success is the ability of an individual or organization to adapt to and incorporate changing demands in order to achieve set objectives. Paige and Littrell (2002) conceptualized success with intrinsic criteria (freedom and sovereignty, ability to control one's prospect, and being in charge) and extrinsic outcomes (increased financial returns, personal income and wealth). In this study, success is seen as accomplishing set goals. These goals might be personal or corporate.

It is pertinent to note that the major purpose of a business is to make profit, achieve success and ensure continued existence. However, a successful business is one that produces an acceptable return on investment. Better (2015) describes business success as capacity of a business to attain its stated objective. Business success essentially means achieving business goals.

Ateke and Simeon (2018) describe business success as the health of a firm as an outcome of management processes measured against nominated goals or compared to the performance of competitor; while Auffermann (2010) posits that business success provide information on efficiency, growth, profit, size, liquidity, success/failure, market share and leverage. In this vein, business success indicates if a business is profitable, effective and efficient (Nwokah & Aeene, 2017). Charity (2011) notes that successful businesses ensure current customers are delighted and acquires new ones while making a profit. However, success can be measured by growth; profitability and business/market control (Sherman, 2020).

Business success is long-term ability of an organization to grow its sales, be profitable and have a reasonable control of its business and market in order to maximize shareholders value. A business is said to be successful if it is good at generating high level of sales revenue, high market share, sell products with high profit margins, exceed sales targets, and profitable (Le MeunierFitzHugh & Lane, 2009, Le Meunier-FitzHugh & Piercy, 2011).

Business success can be measured in financial terms (return on assets, sales, profit) and non-financial (customer satisfaction, loyalty, retention, expansion) terms (Masuo et al., 2001). In this study, we adopt market share, sales growth and profitability as financial and non-financial indices of business success.

Market share

Didia and Nwukah, (2015) define market share as the percentage of the entire market that a firm serves. It is the portion of a given market segment served by a firm over a specified time period. Firms with market share below a certain level may not be viable. Similarly, within a firm's product line, market share trend for individual products are early indicators of future opportunities or problems. Conversely, losses in market share can signal serious long-term problems that may require strategic adjustments (Elena, 2016).

Increase in market share allow a company to achieve greater scale of operations and improve profitability. A company expand its share of a market, either by lowering prices, using advertising, or introducing new or different products. In addition, it can grow the size of its market share by appealing to other audiences or demographics.

Change in market share impact performance of companies in mature or cyclical industries with low growth rates (Hayes, 2016). Market share is calculated by taking the company's sales over a period and dividing it by the industry sales over the same period. An organization's market share is an indicators of how well it is getting along in a market. Organizationa use market share to measure or determine viability of their marketing efforts (Etor, 2019).

Sales growth

Sales growth shows the increase in sales over a specific period of time (Bhuian, 2019). It is the percent growth in the net sales of a business from one fiscal period to another (Reddigari, 2019). Sales growth is seen as the amount a company derives from sales compared to a previous, corresponding period of time in which the latter sales exceed the former. Investors are very interested if the sales growth of an organization's product will increasing in the future (Shardo, 2015). Sales growth is a measure of the firm's size and its ability to support increases in operating and other expenditures.

Sales growth contribute to survival and profitability of a company, and may result to increased dividends for shareholders and higher stock prices (Bhuian, 1998). Sales growth is an essential parameter for survival and financial growth of the company. A good sales growth benefits employees and company in terms of providing salary raise, acquiring new assets, an expansion of the company or the product line.

Profitability

The profitability of a company shows its ability to generate profit from utilization of its assets. Profit is realized when the amount of revenue gained from a business activity exceeds the expenses and the cost incurred to carry out the activity. Therefore, profitability measures the

performance of a company in terms of profit it realizes from assets utilized or capital employed in business.

Since most investors vote resources in expectation of returns, the profit earned by a business is often used to serve as a measure of success of investment. Rakasiwi (2017) explain that profitability is the amount of money a firm can create with whatever resources it has. Thus, profitability is a prerequisite to business success in today's increasingly competitive and globalized market.

In addition, profitability does not only serve as a means to attract investors; it also improves the level of solvency, and thus, strengthens consumers' confidence (Kumar, 2013). Profitability and ways of improving it are extensively debated issues among managers and scholars (Pratheepan, 2014). This is born out of the fact that the primary objective of a business is to achieve maximum profit in addition to secondary objectives such as increase in sales, assets, and market share (Aparna, 2015).

Customer Focus and Business Success

Micheni and Wambui (2019) examined the influence of customer focus on performance of agricultural firms in Kenya; and found that customer focus has a positive and significant effect on the performance of agricultural firms. This suggests that customer focus is key to performance. It however, also challenge firms to focus on improving service quality to sustain their customer-base and address customer complaints promptly.

Similarly, Ledwith and O'Dwyer (2019) examined the relationship between customer focus and business success among small and medium scale businesses in Nigeria. Results of this study indicate that there was a positive and significant relationship between customer focus and business success in the context of Nigerian small and medium scale business.

Also, Setiyaji et al. (2022) investigated the effect of customer focus on hotel performance in Kenya. The study found that customer focus has positive effect on performance of star rated hotels. More so, Ateke and Simeon assessed the link between marketing alliance and business wellness of deposit money banks in Rivers State, Nigeria; and observed that marketing alliance and business wellness have a positive and statistically significant correlation. The study specifically reports that marketing alliance informs business wellness measured as customer satisfaction, market share and profitability.

Based on the results of the studies reviewed, the following hypotheses were formulated:

H₀₁: Customer focus does not significantly relate to market share of downstream oil and gas firms in Nigeria.

H₀₂: Customer focus does not significantly relate to sales growth of downstream oil and gas firms in Nigeria.

H₀₃: Customer focus does not significantly relate to profitability of downstream oil and gas firms in Nigeria.

Methodology

This study examined the relationship between customer focus and business success of downstream oil and gas firms in Nigeria. The study adopted an explanatory research design. The population of the study comprises 132 downstream oil and gas firms in Nigeria. The sample size was 100. Primary data were collected from the respondents through semi-structured questionnaire designed in the 5-point Likert scale. The primary data were analyzed using both descriptive and

inferential statistics. Univariate descriptive statistics such as mean, standard deviation, variance, skeweness and kurtosis were used to classify the data. Table 1 below presents a summary of the result of test of reliability.

Table 1: Reliability Analysis of Items on All Variables

Variable	Number of items	Cronbach alpha coefficient
Customer Focus	4	0.792
Market Share	4	0.776
Sales Growth	4	0.742
Profitability	4	0.784

Source: SPSS output of data analyses (2025)

Table 1 indicates that all the variables have high Cronbach alpha, surpassing the threshold of 0.70. This means that the instrument was reliable. The Pearson Production Moment Correlation was the statistical tool used for data analyses, with the help of Statistical Package for Social Sciences (SPSS), version 23.0.

Results

Table 2: Correlation between Customer Focus and Market Share

Correlations		Customer Focus	Market Share
Customer Focus	Pearson Correlation	1	.525**
	Sig. (2-tailed)		.000
	N	96	96
Market Share	Pearson Correlation	.525**	1
	Sig. (2-tailed)	.000	
	N	96	96

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output of data analyses (2025)

The Pearson correlation coefficient (r) in Table 2 is 0.525. This indicates a moderate relationship between customer focus and market share. The probability value is 0.000 which is lower than the level of significance 0.05; meaning that the relationship is significant. Therefore, the researcher rejects null hypothesis; and restates that there is a significant relationship between customer focus and market share.

Table 3: Correlation between Customer Focus and Sales Growth

Correlations		Customer Focus	Sales Growth
Customer Focus	Pearson Correlation	1	.480**
	Sig. (2-tailed)		.000
	N	96	96
Sales Growth	Pearson Correlation	.480**	1
	Sig. (2-tailed)	.000	
	N	96	96

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output of data analyses (2025)

The Pearson correlation coefficient (r) in Table 3 is 0.480. This suggests a moderate relationship between customer focus and sales growth. Also, the probability value is 0.000, which is lower than the level of significance 0.05. This means that the relationship is significant. Hence, the null hypothesis is rejected; and the researcher restates that there is a significant relationship between

customer focus and sales growth.

Table 4: Correlation between Customer Focus and Profitability

Correlations		Customer Focus	Profitability
Customer Focus	Pearson Correlation	1	.467**
	Sig. (2-tailed)		.000
	N	96	96
Profitability	Pearson Correlation	.467**	1
	Sig. (2-tailed)	.000	
	N	96	96

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output of data analyses (2025)

The Pearson correlation coefficient in Table 4 is 0.467 which shows a moderate relationship between customer focus and profitability and the probability value is 0.000 which is lower than the level of significance 0.05 meaning the relationship is significant. Hence, we reject the null hypothesis and restates that there is a significant relationship between customer focus and profitability.

Discussion of Findings

This study assessed the nexus between customer focus and business success of downstream oil and gas companies. The results of test of the statistical tests conducted, showed that customer focus has moderate positive correlation with market share, sales growth and profitability, which were used to proxy business success. In addition, the results show that all correlations were statistically significant. These findings substantiate the idea that customer-focus is a central tenet of market orientation and a pivot of business performance. The findings also support the view that customer focus is a set of beliefs that put customers' interest first; and which heralds long-term profitability (Nwokah & Maclayton, 2016).

Similarly, the current findings provide empirical support for the arguments that customer focus is key to business performance enhancement; and that firms with strong customer focus delivery superior value, customer satisfaction and enjoy repeat business and customer referrals (Verhoef & Lemon, 2013). In addition, the findings align with the report that that customer focus has positive effect on the performance of star rated hotels (Setiyaji et al., 2022).

Our finding cohere with that of Nwokah (2019) a strong positive relationship exists between customer focus and marketing performance; Micheni and Wambui (2019) that customer focus has positive significant effect on performance of agricultural firms in Kenya; and Ledwith and O'Dwyer (2019) that there is a positive significant relationship between customer focus and business success of Nigerian small and medium scale business in Nigeria. Further, our findings align with that of Yaacob (2018) that customer focus is a significant predictor of employee satisfaction, innovation, and customer satisfaction. And that Olowokudejo and Adeleke (2011) that there is a positive relationship between customer focused and customer satisfaction in the Nigerian insurance industry.

Conclusion and Recommendations

Based on the findings of this study, the conceptual linkages identified in literature and previous findings of related empirical studies, this study concludes that customer focus has a positive and significant relationship with business success of downstream oil and gas companies in Nigeria. In specific terms, the study concludes that focusing on customer needs i.e. gathering information

on customer needs, balancing it with a focus on competitor's activities and capabilities and actively disseminating such information across the organization for an organization-wide response would enable organisations in the oil and gas sector to achieve increased profitability, market share and sales growth. Thus, the study recommends that downstream oil and gas firms should ensure that gathering intelligence on customer needs whether intermediate or final consumers is a deliberate organizational activity to ensure that the firm is abreast of changes in customer requirements.

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