

# Changes in CRM Approach: Refined Functional Blocks for Customer Creative Engagement in Services

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## ABSTRACT

Relationship marketing principles shifted with the emergence of the social Web. The firm-centric, traditional closed doors approach is no longer assuring the survival in a global market with demanding and informed customers. Customer touch points are replaced by an open mentality where customer experience and creative collaboration with prosumers has changed even CRM techniques. The present paper analyses the journey from traditional CRM, to social CRM and PoRM (Prosumer-oriented Relationship Management) in response to consumer creative engagement desires. Thus, four PoRM processes are conceptualized by taking into consideration the necessities for prosumer management: the creation of a community, creativity enablement for open innovation, knowledge management and communication channels. In the end general functional blocks with several patterns are presented for efficient services and innovative ideas. This research constitutes one of the first steps into the conceptualization and explanation of the PoRM theory with implications in the design of future relationship management technologies.

## KEYWORDS

Customer Engagement, Open Innovation, Prosumer, Prosumer-Oriented Relationship Management (PoRM), Relationship Marketing Management, Social CRM, Social Media

## INTRODUCTION

Marketing has experienced a quantum shift away from the traditional transaction or sales-oriented business strategy toward that of customer attraction and retention (Berry, 1995). Webster (1992) also presented an emphasis on long-term customer relationships and militated for the formation and management of strategic alliances with customers. Even from the end of the 20<sup>th</sup> century, firms have

been seen concentrating on the creation of a relationship with their customers and other stakeholders (Gummesson, 1997). Grönroos (1994) named this phenomenon relationship marketing, where the focal point is the customer, especially in services.

Nardelli (2015) tried to present the relationship between ICT (information and communication technology) and innovation in services. In this line of reasoning, the implementation of relationship marketing principles has already been implemented in some extent with the help of technology-based CRM (Customer relationship management) applications (Chen and Popovich, 2003). Sin et al. (2005) considered CRM to represent a comprehensive strategy and process that enables an organization to identify, acquire, retain and nurture profitable customers by building and maintaining long-term relationships with them. Unfortunately the full potential of CRM technologies is rarely realized (Reinartz et al., 2004). Chang et al. (2010) argues that only 30% of companies that implemented CRM experienced improved performance. This problem has been enhanced by 2007's economic crisis, the emergence of Web 2.0, consumer communities and more informed and demanding clients. Customers have begun adopting social media applications to connect with peers and demand the same level of interactivity with companies (Berthon et al., 2012).

Social media is not designed for organizational CRM purposes, but it can facilitate customer relationships due to the fact that we are talking about a platform through which opinions, perceptive insights and media can be shared among customers (Harrigan et al., 2015). Trainor et al., (2012) argue that social media technology needs to be integrated with CRM processes to form a firm-level capability with the final purpose of influencing business performance. Therefore, Greenberg (2010)'s "social customer" gave way to an extended perspective of CRM, namely to social CRM, a business strategy supported by IT and social characteristics, designed to engage customers in a collaborative conversation for mutually beneficial value in a transparent business environment (Harrigan et al., 2015). Social CRM includes the principles of customer engagement, which was missing in the basic CRM model.

With today's intelligent partnership between producers and consumers which has materialized in Prahalad and Ramaswamy (2004)'s co-creation model, the firm-customer interaction changed together with the common view of the customer. CRM changed once again as well. Chesbrough (2003)'s corporate open innovation initiative envisioned the need for external partners in organizational innovative processes. Thus, Humphreys and Grayson (2008)'s prosumers, a new type of consumers who are producing extra value with and for a company have been chosen as the most important external partners in innovative processes. Accordingly, Toffler (1980)'s "prosumer" reemerged, extending the CRM model to a Prosumer-oriented Relationship Management (PoRM) approach (Izvercian and Seran, 2013). Izvercian and Potra (2014) argue that PoRM facilitates consumer creative engagement, unlike basic and social CRM, because prosumers are indeed empowered consumers who entail creative engagement characteristics very useful for corporate objectives.

The current global competitive environments demanded both in literature and practice the transformation of the relationship between ICT, more specifically traditional CRM into a more adaptable approach for innovative services. The present paper aims to explain why PoRM is able to respond to the new consumer needs for creative engagement and to delineate the management process and functional blocks which enable the new PoRM technology.

## **CONSUMER AND CRM CHANGES**

Due to the fact that information management is a highly differentiating area, ERP (enterprise resource planning) and CRM have been seen as powerful tools to guide customer-oriented understanding (Fernandes, 2013). While firms have always sought to hear the "voice of the customer", customers have traditionally tended to play a passive role as recipients of the firm's activities (Sawhney, Verona, Prandelli, 2005). Therefore, earlier CRM technology was seen as the ability to collect and analyze data on customer patterns, the interactivity with the customer was limited to maintenance and call centers.

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