

# HOW COMPANIES MAKE USE OF CLIENTS' ACTIVITY IN THE INTERNET?

## 1. Demand models of innovation

In the times of technological development, accompanied by significant social and market transformations, the position of a consumer as a market subject is changing – he is becoming the co-creator of market offer and social-economic reality. This trend was reflected in the development of marketing orientations and paradigms, and a shift from marketing 1.0, focused on the product, towards marketing 2.0, focused on the use of information technologies and customer-oriented, and marketing 3.0, which emphasizes company values as the basis of its objectives, regulations and market perception. The so called ‘new wave’ technology is applied in communication with clients, based on social media and transfer of data and opinions from databases to user interface<sup>1</sup>. The fundamental value is the corporate social responsibility, aimed at distinguishing a company on the market and encouraging clients to cooperate on various levels. Holistic perception of a client, both as an individual, and a member of various communities, has an impact on the kind and nature of customer-company relations. It is a way to make marketing ideas more credible, and hence it increases their efficiency in making the world more user-friendly.

Marketing 3.0 idea is based on the rules of co-participation and development of creativity, which makes self-fulfillment and achievement of internal and interpersonal harmony easier. The mechanism of creating new values with the participation of target users is described by demand models of innovation. They rely on knowledge and competencies of the ‘crowd’, i.e. customer groups which are the actual or potential users of products and services. The rules and significance of these models was presented in Table 1.

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<sup>1</sup> Ph. Kotler, H. Kartajaya, I. Setiawan: *Marketing 3.0*. MT. Biznes, Warsaw 2010.

Table 1

## Demand models of innovation

| Criteria             | User Driver Innovation   |   | Design Thinking  |
|----------------------|--|---|--|
|                      | Consumer voice   | Consumer leadership   |  |
| Aim                  | Identification of needs  | Identification of solutions   | Deep understanding of human needs  |
| Customer role        | Consumer is the subject of observation and study   | Consumer is the co-creator of the offer   | Consumer is the active user and participant in the innovation development process  |
| Forms of realization | <ul style="list-style-type: none"> <li>– Qualitative research methods</li> <li>– Creating prototypes</li> <li>– Testing and implementing products</li> </ul>                         | <ul style="list-style-type: none"> <li>– Expert panels</li> <li>– Heuristic techniques</li> <li>– Projection techniques</li> <li>– Games</li> </ul>   | <ul style="list-style-type: none"> <li>– Team work</li> <li>– User observation</li> <li>– User context analysis</li> <li>– Design methods</li> <li>– Creating and testing prototypes</li> </ul>                                      |
| Rules                | <ul style="list-style-type: none"> <li>– Product-orientation</li> <li>– Culture of innovation development</li> <li>– Creating new experiences for customers and employees</li> </ul> | <ul style="list-style-type: none"> <li>– Cooperation with a consumer</li> <li>– Company development</li> <li>– Product-service platform development</li> <li>– Searching or identifying leaders to develop solutions</li> </ul> | <ul style="list-style-type: none"> <li>– Application of project thinking</li> <li>– Combining the sense of context of a given problem with insight creativity and possible solutions and rationality of business analyses</li> </ul> |
| Conditions           | Shaping employee skills  | Shaping employee skills and including user competencies. Using various combinations of business techniques and tools  | Making use of resources of various disciplines, esp. marketing, design and craft   |
| Effects              | Better adjustment of the offer to customer needs   | Innovation of an offer – Customer satisfaction with the offer development   | Compatibility of product attributes with user needs in functional and emotional terms  |

Source: Based on: W. Pander: *Popytowe podejście do innowacji*. European Social Fund 2011; E. Wojnicka: *Nowe trendy i kierunki wspierania rozwoju innowacyjności*. CEBBIS, Warsaw 2011.

## 2. Crowdsourcing – making use of ‘crowd’s wisdom

Companies make use of consumers’ wisdom in various ways – by tracking their opinions on websites and Internet forums, or even developing special Internet platforms, where consumers can submit their ideas. Examples of such platforms were presented in Table 2.

Table 2

## Examples of crowdsourcing

| Company                                 | Problem   | Motivations  | Results from a company   | Results for a customer                                  |
|---|---|--|--|---|
| Lufthansa                               | New customer service model related to cargo freight   | trainings on flight simulators – counting cruised miles for the sake of future passenger flights insight of an institutional client into the certification program | Efficient facilitation of customer service                             | Increased customer satisfaction                         |
| Bombardier                              | Train interiors designed with innovative equipment. Now seat model introduced.  | Financial awards (200-2000 EUR) and notebooks  | Increased number of passengers   | Greater comfort of passengers                           |
| Refresh Everything Pepsi                | Acquiring ideas on how to change the world in different areas, e.g.: culture and art, health care, education, animal breeding, plant cultivation, neighborhood. | Allocating funds for the implementation of the best projects, which are a dream of their creators. 20 million USD spent on individual creators and institutions.   | Large publicity<br>Financial economy                                   | Ability to fulfill dreams, financial profits            |
| Lays                                    | Introducing new taste of potato chips   | Making expert advice and resources available   | Creating a funny commercial. Boosting sales and profits.               | Strengthening brand relations, customer satisfaction    |
| Million-You                             | Best film competition, searching for original movies  | Financial awards, prestige, possibility to show one's talent   | Creating outstanding movies, e.g. films about Tolkien by Peter Jackson | Satisfaction with creating new values                   |
| Digital-koot (Finnish National Library) | Creating a clear database, containing all press articles  | Participation in two funny games available at the project site   | Greater library recognition and better library image                   | Easier access to book resources                         |
| O'Reilly Media                          | Improved distribution of books in large bookstores  | Free books for volunteers in exchange for monthly reports and spreadsheets for the company   | Boosting sales of books  | Greater availability of books and comfort for customers |

Source: Based on: Crowdsourcing P2P Foundation and 'Oglądaj, kręć, zarabiaj, MillionYou- crowdsourcing + video+ads', O'Reilly Media, <http://www.oreilly.com>; Kuczyński B.: *Digitalizacja i crowdsourcing*. National Audiovisual Institute, <http://www.nina.gov.pl/nina/18.03.2013>.

The largest crowdsourcing platform in Poland was created by MillionYou company, whose offer includes many insights related to communication messages and brand development. By analyzing the acquired ideas creatively it shapes genuine, long-term customer-brand relations. Specialists from all over the world are now discussing the future of crowdsourcing<sup>2</sup>.

The development of crowdsourcing leads to the establishment of its various forms, referring directly to distinct groups and environments. An example could be artsourcing directed to the men of art, architecture and design<sup>3</sup>.

It is worth emphasizing that in order to use the 'crowd's wisdom effectively, a company should adopt the following assumptions:

- customer's knowledge and competencies are a significant potential for a company,
- it is important to adopt a customer perspective when searching for new solutions,
- it is worth involving company employees in building and maintaining company-customer relations,
- it is worth launching a viral mechanism of spreading information about company initiatives and offers,
- it is worth integrating offline marketing actions with actions launched in the Internet.

The potential of Internet communities grows, if marketing activities are conducted at the edge of real and virtual worlds. It is possible using e.g. geo-location social networking sites, which make it possible to find friends and places interesting for consumers, e.g. sales outlets, pubs or restaurants offering various promotions<sup>4</sup>. The cooperation of these venues with social networking sites strengthens the results of undertaken marketing activities.

The involvement of clients in development of a market offer depends to a large extent on motivation and the way they use the Internet. Types of Internet users were presented in Table 3; the largest creative potential belongs to creators, who express their opinions by writing blogs, publishing pictures or suggesting music in the form of video files and other forms of expression. Such consumers have their own websites, because they are also interested in promoting themselves and influencing reality.

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<sup>2</sup> *The Future of Crowdsourcing Million You*. Konferencja odbyła się 12 kwietnia 2013 r. w Warszawie, a kolejne odbędą się wkrótce w Berlinie, Singapurze, Amsterdamie i Kuala Lumpur, <http://www.millionyou.net/wiedza/wydarzenia/crowdsourcing-week2013-05-09>.

<sup>3</sup> *Inspiracji szukaj w tłumie*, <http://Marketing.nf.pl>.

<sup>4</sup> *Social media report 2010*, p. 79.

Table 3

## Typology of Internet users

| User type        | Forms of activity in the net  | Used tools  | Share [%] |
|------------------|---|---|-----------|
| Creators         | Expressing opinions, promoting oneself, publishing texts and images   | Own websites, blogs, video files, podcasts                        | 10        |
| Collectors       | Searching for collections, buying and selling, ranking preferences    | RSS, tags, rankings   | 10        |
| Gatherers        | Creating own profiles, joining with the others, chatting with friends | Social networking sites, participation in programs, communicators | 12        |
| Commentators     | Publishing comments, ranking preferences                              | Internet forums, wiki, rankings                                   | 20        |
| The curious ones | Reading messages, exploring websites, watching films                  | Search engines, blogs, video files, podcasts                      | 37        |
| Uninvolved       |   |   | 53        |

Source: Harvard Business School, Groudswell after: P. Fisk: *Geniusz konsumenta*. Oficyna Wolters Kluwer business, Warsaw 2009, p. 199.

The next group, i.e. collectors, is significant in terms of establishing criteria of choosing products offered in the Internet and ranking preferences. Collectors search for collections, and also participate in purchase and sale transactions. Meanwhile commenters post comments and in this way play an active role in building systems of recommendations, so significant in shaping the market offer. These recommendations are diffused mostly on social networking sites, which allow consumers to join with one another and establish virtual communities. Their members were classified as the gatherers in this typology, since they gather and stimulate the development of consumer networks and communities. However, most users are ‘the curious ones’, who only receive messages published in the Internet, and hence have an impact on the popularity of these messages and their influence on the senders.

Taking into consideration customer relations management, communities established by companies creating social projects for their target consumer groups, have a special role to play. Such communities develop on the basis of dedicated Internet platforms, and also other kinds of social media, such as Internet forums and special discussion panels. The functioning of consumer communities in the Internet is beneficial both for the company and for the customer, because:

- companies can reach various consumer groups more easily, join with them, monitor the flow of information about their offer,
- consumers have an influence on companies, brands, shaping their reputation,

- consumers acquire more strength and power in negotiations with the company,
- staying in touch with consumer communities makes brand development easier and facilitates it<sup>5</sup>.

In order to increase the influence exerted on receivers, companies work on solutions aimed at integrating social media with basic areas of their operations, i.e. sales, promotion and customer service. A good example could be the Cosmic solution (Comprehensive Observation of Social Media Integrated with CRM) ), which enables identification, analysis and classification of various utterances and posts on social networking sites; the functionality of this tool is integrated with the CRM software<sup>6</sup>. Thanks to this data obtained from social platforms can be used in CRM processes. A good example of a combination of IT processes and social media is a solution applied by Giffgaff – a virtual telecommunication operator from Great Britain. It enables selling and carrying out customer service via an Internet channel integrated with social services. Cooperation with the virtual community members brings definite benefits both to companies, which cut costs, and customers, who receive money saved by the company in return for helping to solve a promotional or sales problem<sup>7</sup>.

### 3. Use of Internet technologies by companies in customer relations (study results)

In 2013 a CATI study was conducted nationwide, during which 150 companies of various sizes<sup>8</sup> were surveyed. It turned out that Polish companies use Internet technologies more and more often in customer relations, but it is limited to traditional ways, such as e-mail (98% of companies) and own website (95% of companies). Only every third company established its profile on social networking sites, and just 14% of companies are active on Internet forums. As few as 5% of companies declare writing their own blog. The main purpose of contacting clients via the Internet is, according to company declarations, the presentation

<sup>5</sup> P. Fisk: *Geniusz konumenta*. Oficyna Wolters Kluwer business, Warsaw 2009.

<sup>6</sup> *Update Cosmic Next Generation Social CRM*, [http://www.update.com/pl/Microsite/Social-CRM/Cosmic/?utm\\_source=marketing](http://www.update.com/pl/Microsite/Social-CRM/Cosmic/?utm_source=marketing) (access: 20.04.2011).

<sup>7</sup> K. Sumara, S. Prokurat, P. Kubisiak, M. Krzycki: *Polskie firmy w mediach społecznościowych*. „Harvard Business Review Polska” 2012, No. 4.

<sup>8</sup> The study was conducted in April 2013 under the project ‘The use of Internet in marketing and customer-company cooperation with the use of new technologies’ supervised by K. Mazurek-Lopacińska K. It was a nationwide study on the sample of 150 companies of various sizes: small (50), medium (50) and large (50).

of company offer and operations (43% of companies) and acquiring new clients, which is especially popular among small entrepreneurs – every second company from this sector declares this aim. Small companies also appreciate exchanging information with clients more, since 43% of them declared that aim, compared to the average 39% of all companies. On average every fourth company points out clear sales and promotional aims, especially concerning advertising.

Taking into consideration new tendencies in communication with clients, companies which keep their profiles on social networking sites are especially worth noticing. Their intention was first of all to build a company image (71% of companies) and increase brand awareness among customers (66% of companies). A much smaller number of companies (36%) was motivated by the need to gather comments and opinions of users.

A sign of insufficient Internet activity of companies is the fact that just 7.3% of entrepreneurs organize special Internet discussion panels, mostly on their own websites, although also on social networking sites and Internet forums. At the same time companies do not exploit fully the potential of Internet technologies, which they could use to recognize customer preferences and apply them in creating the company offer.

The study revealed that only 13.8% of companies conduct electronic surveys investigating customer preferences concerning the designed patterns, product and services features, accompanied by the presentation of these patterns. This percentage is even lower among small companies – just 10%. As far as submitting spontaneous ideas by the Internet users is concerned, 38.2% of surveyed companies pointed at this phenomenon. These ideas refer mainly to the functionality of a product or service, and also to promotional activities, organization and means of distribution, design and packaging. The scope to which these ideas are used is not huge, because companies admit that clients' suggestions are only an indication for them how to modify their offer, but do not contribute to any major changes in it. Clients' role in creating innovations refers mostly to incremental innovations, rather than radical ones, since consumers possess insufficient knowledge about production technology and the nature of available solutions.

The nature of benefits recognized by companies depends on the scope to which they use social networking sites. A study conducted among 2100 companies all over the world<sup>9</sup> revealed that only 12% of them are actual social sites users, i.e. such companies which claimed that taking part in these portals is beneficial for the company. These entrepreneurs pointed at the following benefits derived from using social media:

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<sup>9</sup> *Social Media: What Most Companies Don't Know* (access: 21.04.2013).

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- increasing recognition of the company and its products on the target market (50% of companies);
  - ability to monitor consumer trends in the environment more easily (23% of companies);
  - acquiring ideas for new products (11% of companies);
  - Other entrepreneurs taking part in the survey about benefits of using social media, mentioned the following advantages;
  - increased traffic on the company Internet website (26% of companies);
  - stimulating the development of marketing activities (21% of companies);
  - better understanding of the brand recognition mechanism of consumers (20% of companies);
  - identifying factors facilitation the development of new products (11% of companies);
  - early warning against difficulties related to the sale of company products.

Achieving such benefits requires formulating and applying the social media strategy, which should be the basis of combining social media and business processes.

Although 79% of companies from the study sample were using or were planning to use social media, 2/3 of them declared they had no social media strategy, and only 1/3 of them perceived possessing such a strategy as a priority. Meanwhile just 7% of companies admitted that their marketing strategy was integrated with social media.

In order to gain an in-depth insight into the scope in which companies use the social potential, a study was conducted among large Polish firms operating in the most important sectors, i.e. financial, FMCG (fast-moving consumer goods), power sector, TMI (telecommunication, media, Internet) and motorization. The assessment was based on the Social Media Use Maturity Scale designed by Capgemini company<sup>10</sup>. The model incorporated the following criteria:

1. Organization awareness concerning the role of social media and benefits derived from it by a company.
2. Authorizing employees to use social networking sites.
3. Coherence of undertaken actions with the marketing strategy of an organization.
4. Integration of aims and actions with company business processes.
5. Vision of communication tools in the media.
6. Scope of applied IT tools.
7. Usefulness of IT tools.
8. Degree of employee involvement in performing tasks in the Internet.

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<sup>10</sup> K. Sumara, S. Prokurat, P. Kubisiak, M. Krzycki: Op. cit.



9. The scope of acquired information.
10. Processing information: number of details and processing modes.
11. The scope and ways of using the acquired information.
12. Reaction to user responses and their influence on intra-company processes.
13. Regulations and directives.

Application of these criteria revealed the advantage of IT companies, where the awareness of the necessity to exist in social media is high, and where appropriate authorizations concerning this issue are applied. The fulfillment of other criteria is much lower, although the relative degree of involvement of employees and their reactions to social services users' responses is quite high. FMCG companies were ranked as the second ones; they are distinguished by high awareness of the role of social media, and quite a broad scope of information acquired from the Internet, although the degree of applying it in company operations is still limited. Next financial companies were ranked, which are aware of the role of social media in customer relations, but they are still rather uninvolved and do not use information acquired in this way. The situation is even worse in case of power sector and motorization companies, which are now just looking for the most effective solutions taking into consideration the specificity of these two sectors.

It is worth emphasizing that most of the surveyed companies use social media for image building purposes and promoting products, and contacts with virtual communities are the responsibility of marketing, communication and public relations departments. It does not allow to use the social media potential efficiently, because these media are not integrated with company business processes. A traditional approach to social media is connected with treating them only as an important source of information about Internet users' attitudes and interests, yet this information is not used efficiently, because companies do not apply IT solutions supporting automated monitoring and notifications about the ongoing market events, as well as launching processes in response to these events. Such solutions should constitute basis of an integrated marketing communication system.

#### **4. Stimulants and des-stimulants of crowdsourcing development**

Attractiveness and efficiency of crowdsourcing results from the following premises:

- ideas acquired from a large number of people are assessed as more valuable due to their credibility based on authentic experience and expectations,
- crowdsourcing makes creating an offer more innovative,

- larger efficiency for a company due to low costs of acquiring ideas,
- involvement of consumers in company-brand relations,
- participation of clients as authentic brand ambassadors in building corporate image,
- genuine support in solving real company problems.

However, crowdsourcing limitations cannot be neglected, since they are condition by various factors.

The first group includes factors, which impede the implementation of solutions based on using social networking sites by companies. Every third company includes here the lack of conviction among managers to implement such solutions, and every fourth company points at the lack of procedures concerning the use of social media by companies. Every fifth company perceives incompetency of employees as an obstacle preventing the implementation of solutions based on social media<sup>11</sup>. These competencies should be based on understanding rules governing the virtual world. Apart from that personal predispositions of employees in charge of customer relations also matter, i.e. demonstrating genuine pro-social attitude, activity in the Internet, writing a blog, sharing one's opinions with others.

Crowdsourcing development can be also impeded by factors related to consumers, i.e. their low creativity resulting from insufficient knowledge about production technology or product structure, or business mechanisms.

In order to turn consumer communities into business partners, they should be skillfully stimulated, both using instruments triggering involvement and creativity, as well as by applying appropriately selected motivational actions.

Crowdsourcing-related threats include also the lack of clearly defined regulations concerning the cooperation with Internet users and protecting copyrights. Another source of threats could be attempts to manipulate a group by a leader, not always favorable to a company<sup>12</sup>.

## Conclusion

Social media are becoming an integral element of brand strategies, because they generate a whole system of communication with Internet users by means of cooperating with a company using various tools. Social media are used at all stages of a marketing process:

<sup>11</sup> *Using the Internet as a Tool of Effective Business Communication*. Cisco Forum Report 2010, <http://Web.gov.pl>. Supporting business.

<sup>12</sup> *Crowdsourcing Benefits and Threats*, <http://marketing.nf.pl> (16.10.2012).

- the stage of research, aimed at recognizing and understanding expectations, opinions, consumer profiles, lifestyles,
- the stage of developing emotional bonds with a brand,
- the stage of developing range by acquiring more and more brand enthusiasts,
- the stage of generating sales results, both in the Internet and real life.

Companies appreciating the potential of social networking sites, treat them as a kind of ‘Toolboxes’, which contain coherent sets of tools necessary to perform brand strategy<sup>13</sup>.

The results depend of the degree of company maturity to make use of social media and other IT tools. Companies are aware of the growing significance of social media in company functioning, however there is still no integration of these media with business processes. It results from the lack of strategic approach to make use of on-line communication. What is necessary is in particular business models based on social media, which will increase benefits derived from crowd-sourcing. Apart from that users’ and company employees’ involvement should be increased.

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<sup>13</sup> *Social media report 2010*, pp. 67-68.

*Update Cosmic Next Generation Social CRM*, [http://www.update.com/pl/Microsite/Social – CRM/Cosmic/?utm\\_source=marketing](http://www.update.com/pl/Microsite/Social-CRM/Cosmic/?utm_source=marketing) (access: 20.04.2011).

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## HOW COMPANIES MAKE USE OF CLIENTS' ACTIVITY IN THE INTERNET

### Summary

The subject of the article is how companies make use of Internet users' potential in creating values. The presented information include aims, rules and ways of implementation, as well as expected results of demand models of innovation based on consumers' knowledge and competencies. The main emphasis was put on user driven innovation and design thinking attitudes. The next part of the article refers to crowdsourcing as a mechanism of acquiring clients' ideas, with the indication of assumptions and examples of this kind of cooperation with clients. The diversity of Internet users' potential was also underlined. In the third part of the article research results were analyzed, which referred to how companies use Internet technologies in customer relations. Particular emphasis was put on the results of nationwide survey conducted by the author, and in order to deepen the diagnosis, the author presented the results of a survey conducted among companies, which are leaders in strategic sectors of Polish economy. A significant point of reference for the discussed issues was also results of studies conducted in companies operating on international market. The last part of the article was devoted to factors stimulating and inhibiting the development of crowdsourcing, which companies should take into account when developing their cooperation with clients in the Internet.

Keywords: clients' activity, Internet, company