

## Chapter 42

# Collaborative Customer Relationship Management– Co-Creation and Collaboration through Online Communities

**Shirin Alavi**

*Jaypee Institute of Information Technology, India*

### **ABSTRACT**

*There are four trends reshaping the world of business-technological advances and the speed with which new technologies are created and copied, the loss of geographic advantage resulting from globalization, the shake-up of traditionally stable industries as a result of deregulation and the rising power of the consumer and their ability to get what they want, when they want it, from whomever they want. With this in mind, the collaboration experience becomes one of the greatest competitive aspects for a business's survival. This has made companies realize the significance of the two levers of Customer Value Management –Co-creation and Collaboration. Further, with the internet having built an open network where information can flow freely, innovation, entrepreneurship and democracy are fast thriving over the world. Self directed co-creation is a wide range of consumer activities that amount to consumer-side production of value. Thus individuals, online communities have become a considerable prolific force in e- commerce. This research paper details the usage of online communities as tool for co-creation and collaboration The research study further classifies the online communities of organizations on the basis of their scores on co-creation and collaboration and further goes on to develop a Community Co-creation and Collaboration Matrix (CCCM). The online communities which depict a high score on co-creation and collaboration are the most desirable from the organization's perspective. They facilitate a dynamic environment in terms of reciprocity and optimal level of customization for a win-win organization-community member relationship. Co-creation and collaboration is the strategic outcome of collaborative customer relationship management. Thus online communities can be used to achieve the two important functions of Customer Relationship Management i.e. co-creation and collaboration.*

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## **1. INTRODUCTION**

The collaborative web along with the E-enterprise has brought into vogue, the use of emergent *internal and external online communities* within companies, or between companies and their partners or customers. The internal online communities are meant for exchange of information across employees in an organization whereas the external online communities are the online communities hosted by an organization for exchange of information between companies and their partners or customers.

This, along with organizational willingness to take risks has created new opportunities for companies in the domain of innovation, internet based collaboration and co-creation. Innovation processes are continuous and appropriate human capital is fast becoming a scarce resource. Distinctive capabilities coupled with institutional excellence now spell sources of competitive advantage. Organizations are transforming from hierarchical, bureaucratic, functional, pyramid structures to interconnected subsystems, characterized by flexibility, employee empowerment, and flat or networked structures.

*People, knowledge and capabilities are the key organizational assets:* Ad hoc workgroups and online communities, both organizational and standalone are constantly forming and operating in diverse locations over widespread geographic areas, countries and companies. Geographic proximity is no longer essential for people working together, courtesy the advances made in the field of Information and Communication Technology. People are engaged in project-based work with an ever changing and increasing circle of colleagues, customers and partners, many of whom they have never met:

*While adequate research has been undertaken in the area of “co-creation using online communities” the objective of usage of online communities as tool for co-creation and collaboration is an*

*untapped arena. Thus online communities can be used to achieve the two important functions of Customer Relationship Management i.e. co-creation and collaboration. Thus a need was experienced to create a framework for classification of online communities of organizations on the basis of their scores on co-creation and collaboration and further this was one of the research questions of the study.*

## **2. LITERATURE REVIEW**

### **2.1. Customer Relationship Management**

A restricted view of Customer Relationship Management would be database marketing focusing on how promotional marketing is linked to database management tools. A more widely accepted idea states that it is the application of technology that emphasizes on individual or one to one relationships with customers by integrating database knowledge with the long term prospects of growth and customer loyalty (Peppers & Rogers, 1993). Managing a successful CRM implementation requires an integrated and balanced approach to technology, process, and people (Chen, Injazz, & Popvich, 2003).

CRM or Customer Relationship Management is an enterprise wide initiative that belongs to all areas of an organization (Singh & Agrawal, 2003). It reflects the comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. Customer Relationship Management is a term for the methodologies, technologies and e-commerce capabilities used by the firms to manage customer relationships. In particular CRM software packages aid the interaction between the customer and the company, enabling the company to co-ordinate all of the communication efforts so that the customer is presented with a unified message and image (See Figure 1).

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