IMPACT OF CUSTOMER CO-CREATION FOR SOCIAL-CUSTOMER RELATIONSHIP MANAGEMENT (SOCIAL-CRM) IN PT. TELKOMSELTBK.

Fathiya Az Zahra  
School of Business and Management, Bandung  
Institute of Technology  
Bandung- West Java– Indonesia

Reza Ashari Nasution  
School of Business and Management, Bandung  
Institute of Technology  
Bandung- West Java– Indonesia

ABSTRACT

The development of Co-creation customers has changed the way customer’s interaction with the company as well as changing on how the company creates return on value. In turn it also contribute to product and service improvement. There are many recent researches on social media and how customer co-creates value for company. However, impact of co-creation customers on company’s customer relation through social media is yet to be explored. Referring to PT Telkomsel, one of Indonesian Telecommunication Company, researchers gains some inside knowledge on how company manages the impact of the involvement of customers in creating value for company and how every division in that company supports customer’s relation. This research reveals on how a group of stakeholders within an ecosystem of a company is integrated to implement customer relationship management through social media as a form to facilitate co-creation customer.

KEYWORDS: Co-creation Customer, Customer Relationship Management, Social Media

I. INTRODUCTION

Customer are become the co-creation for the company today (Prahalad and Ramaswamy, 2004). Co-creation relates to the value received by the customer through usage, consumption or experience (Hilton, 2008). The “co-creation of value” has been described through joint, interactive, collaborative, unfolding and reciprocal roles in a relationship (Vargo, 2009). Lusch et al (2007) extend the co-creation concept in the business refocus into the creation of customer value that firms might benefit from the collaboration in building and maintaining strong relationship with their stakeholders. This situation portray an armed with new tools and dissatisfied with available choices, where consumers want to interact as a basis for co-creation at the crux of the firms, and thereby co-created value (C.K Prahalad, 2004).

Whilst the value of convergence concept has been explored within the co-creation in the business process (Paul Greenberg, 2010), and co-creation in relation to consumer-brand relationship experience (Payne, Storbacka, Frow, & Knox, 2009), the implication for management to deliver innovative customers interaction to create value in return remain underexplored.

In another way, the concept of Customer Relationship Management (CRM) with the convergence of Social Media, so called Social-CRM, address the issues on how the interaction between customer co-creation with the company that handled by CRM program affect the company and managing the value on return for company. Social-CRM use to ensure the healthy and helpful two-way interactions between brands and customers to benefit both. The process in principle, ensure all stakeholders can initiate and evaluate the value propositions, and that the value created emerges from a broad cycle of communicative interaction (Ballantyne et al, 2011).

Additionally, the continues advance in technology, linked to globalization, changes in buying habits, and consumers’ revised behaviour, have made it more difficult for firms to differentiate themselves from competitors in saturated markets. This new economics and social framework demands force to rethinking the role of marketing in value creation process (Kotler et al., 2010), as the result in personalized interactions, the roles of the company and the consumer converge (fig.1). Both actors become competitors and collaborators simultaneously- partners in the creation of value and competitors for the removal of economic value (Prahalad and Ramaswamy, 2004b). With this idea in mind, this research will discuss on what are the
impacts from customer’s co-creation for Social-CRM ecosystem in telecommunication sector.

2) The type of value created: it is standardized value (benefiting all customer), customized value (e.g. mass customization of goods or services) or either personalized value (e.g. as in co-produced services)

This is how co-creation can be distinguished from related concepts as illustrated below, where co-creation sits and how all concepts depart from mass production (fig. 2).

Fig. 1 The emerging concept of market (Prahalad and Ramaswamy, 2004a)

II. CO-CREATION ACTIVITIES

The interaction between the firm and the consumer is becoming the locus of value creation and value extraction (C.K. Prahalad, 2004). Kambil, Friesen, and Sudaram (1999) define co-creation as the creation of value between a firm and its customer(s). Customer are become the partial “employees” for the organization, since customer can participate in every stage of value chain. Prahalad and Ramaswamy (2000) adopted the term refer to those activities where customer and company are involved together to create certain value. Sander and Stappers (2008) use the word “co-creation” for any collective creativity which shared by two or more people. Prahalad and Ramaswamy’s, stated that co-creation is strongly more popular conceptions that stress collaboration, indicating a need for not only compelling experiences, but a truly creative involvement of customers. The participation of customer in co-create value is driven by technology which enable consumers with access to unlimited amounts of information and the ability to communicate with other consumers and company anywhere and anytime (Hoyer et al., 2010; Füller, Mühlbacher, Matzler&Jawecki, 2010; Prahalad & Ramaswamy, 2004). In this situation, consumers are likely share their emotions and creating value. They like to share their experience, their opinions towards the products or services that they perceived. Consumers increasingly provide feedback to company, and so the company will received insight from that.

Researchers from LSE Enterprise (2009) introducing two dimensions of co-creation to answer what co-creation really means:

1) The role of the firm: the process could be more consumer-led or producer-led. While mass collaboration may be mainly user-driven, other approaches tend to be initiated and orchestrated by the firm.

Fig. 2 Co-creation matrix (LSE Enterprise, 2009)

A. Motives of Co-Creation

There are six motivation factors on how customer engage and what motivate them to get involved in the process of co-creation, as describe by Fueller (2010): curiosity, dissatisfaction with existing products, intrinsic interest in innovation, gaining knowledge, showing ideas, and monetary awards. Fueller (2010) also define the motives structured by four customer types:

1) Reward oriented customers: highly motivate to get engaged in co-creation driven by monetary awards, and little by customer interest in innovation and gaining knowledge

2) Intrinsically interested customers: highly motivated by interest in innovation activities. There very skilled novelty seekers, who like problem solving. Monetary award is not so important for them

3) Curiosity-driven customers: highly involved in co-creation, although they usually had little previous innovation experience. Customer are curious about the process and its result

4) Need-driven customers: customers participate in co-creation because they are not satisfied with the current products/services on the market. They are highly demanding and very interested to adapt existing offer to their own needs.

B. Types of Co-Creation

Frontier Strategy (2009) has own perspective in defined co-creation into four types based on two criteria: openness and ownership. Initiators of the co-
creation process determine if anyone can join the process or there is a selection process. On the other hand, the ownership on the co-creation outcome has to be defined, owners are just the initiators or initiators and contributors.

Fig. 3 Types of co-creation (MartijnParter, 2009)

These four types of co-creation define by MartijnParter (2009) (fig. 3):

1) **Club of experts**: define as the style of co-creation that fit with specific, time-pressured challenges that demand expertise and breakthrough ideas. Quality of input and chemistry between participants are key to success.

2) **Crowd of people** (Crowdsourcing): anyone can join this activity, for any give challenge, there might be a person ‘out there’ with a brilliant idea that deserves for considering. Using online platforms, people can rate and respond to each other’s suggestion. There is often a marketing and seeding component/objective attached to the process.

3) **Coalition of Parties**: coalition of parties’ team up to share ideas and investment. Each of the parties brings a specific asset or skill to the party. They are sharing knowledge and creating a common competitive advantage when multiple parties collaborate- especially important when capital expenditures are high.

4) **Community of kindred spirits**: Groups of people with similar interests and goals can come together and create for something greater good. This model so-far works mostly in software development and leverages the potential force of a large group of people with complementary areas of expertise.

III. THE CONCEPT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

The evolution of Relationship Marketing (RM) has been one of the most significant developments in marketing since the 1990’s (Chattananon et al., 2008). CRM is based on the principles of relationship marketing, which regarded as one of the key areas of modern marketing and has generated great research interest (Sheth 2000). The focus relationship marketing shift from customer acquisition to customer retention, which emerged from relationship management (Chakravorti, 2006). Ryals and Payne (2001) used the purpose of relationship marketing to concern with relationship with multiple stakeholders, while the focus of customer relationship management should be primarily on the customer. Furthermore, CRM define as the infrastructure that enables the delineation of and increases in customer value, and the correct means by which to motivate valuable customers to remain loyal, indeed to buy again (Dyche, Jill, 2002).

Chess Media Group (2010) explain the ‘traditional’ CRM as the set of linear, internally focused processes based around three key areas: marketing, sales, and service & support. These three pillars or key areas aims to target the customers, to allow the company to effectively manage the customer in order to keep them purchasing a product or services. The thinking behind traditional CRM is inside-out, meaning the company creates products and services and then markets them to customers based on the data that the company has about the customer; also as the one-way push process to get the transaction with customers. But the challenge is, the customer talk back, nowadays.

A. Framework of CRM

Four types of CRM framework have been identified by Francis Buttle (2009) on his book *Customer Relationship Management – Concepts and Technologies* as:

1. **Strategic CRM**: define as core customer-centric business strategy that aims at winning and keeping profitable customers by creating and delivering value better than competitors (including: strategy development and value creation process)

2. **Operational CRM**: focuses on the automation of customer-facing processes such as selling, marketing, and customer service. CRM software applications enable the marketing, selling, and service function to be automated and integrated (including: multi-channel integration and performance assessment process)

3. **Analytical CRM**: focuses on the intelligent mining of customer-related data for strategic or
tactical purposes. Analytical CRM builds on the foundation in enterprise-wide repositories: sales data (purchase history), financial data (payment history, credit score), marketing data (campaign response, loyalty scheme data), and service data (including information management process).

4. **Collaborative CRM**: applies technology across organizational boundaries with a view to optimizing company, partner and customer value.

![CRM Framework](image)

**Fig. 4 CRM Framework (Adrian Payne, 2006)**

**B. Transforming to Social Customer Relationship Management (Social-CRM)**

Social Customer Relationship Management (Social-CRM) combine social media and CRM, described as the business strategy of engaging customers through social media with the goal of building trust and brand loyalty (Woodcock et al., 2011). Structurally, Social-CRM is built under the foundation of CRM, with a few key additions (Chess Media Group, 2010), since the reputation of CRM project has not been stellar; social CRM seeks to build upon the successes and strengthen the weaknesses from CRM. Numerous study encourage the emerging along the border between CRM and social media. Yet the research from Gartner report calls social networking a “disruptive influence” on the CRM market, challenging companies to innovate and adjust (Metz, 2008). This phenomenon shift the traditional CRM into Social-CRM by involving social media as the intermediaries to connect with customer directly. Facebook, Twitter, LinkedIn, and Google + are the most social media that use to integrated with several Social-CRM software solution. Social-CRM facilitate the company not only to see 360° of their customer, but also to help company dealing with conversations and relationships with the social customer.

1) **Benefit and Challenge of Social-CRM**: Organization today are ahead of the curve of develop the social-CRM and have witnessed significant benefits- lowering of marketing/service costs, faster customer service response times, shorter sales cycle, etc. due to their ‘Social-CRM’ efforts. Going forward in the era social network of customers, enterprises need to deal with and further reorganize their customer relationship management models to cater the nuances of structure social networks of their customers because social network as an entity are likely to be different in characteristics, behaviour patterns, and dynamics of the engagement for the social networks. Researchers found the impact of social media for Social-CRM and how it created pitfall for the company, since the wide-spread of information in social media is something that inevitable. When something happened from the customer perspective, related with customer experience it is noteworthy to share on the social media, then it launch as the company global issues, be it positive or negative comments.

**IV. RESEARCH METHODOLOGY**

This research conducted based on exploratory research of what affected Social-CRM from customer co-creation. This research methodology build under the Yin (2009) theory’s of building a case study, research from one of the major telecommunication sector in Indonesia, PT. TelkomsetTbk. The research study will looking up into the Social-CRM implementation in the company and the way company work for the value in return. Depth interview with the responsible person in the area of CRM and Social Media also conducted in order to gain the knowledge of how the stakeholders in a company work in one ecosystem. Document and archival records also used additionally to support the evidence of the case study.

**V. CASE: PT. TELKOMSEL TBK. IMPLEMENTATION OF SOCIAL-CRM TOWARDS CUSTOMER CO-CREATION**

**A. Company Profile**

The research conducted a case study of implementing Social-CRM in PT. TelkomsetTbk., one of the major telecommunication sector in Indonesia. Telkomset is a leading cellular operator in Indonesia, launched as the first post-paid services provider in Indonesia in 1995. Operating since 1995, Telkomset is the subsidiary of PT Telekomunikasi Indonesia Tbk (65%) and Singapore Telecom Mobile Pte Ltd (35%). Telkomset came as an innovator to develop the telecommunication sector in Indonesia. Telkomset is the market leader in mobile telecommunication sector, and as the first operator provider that launched the international roaming network and 3G services in Indonesia. The predominance of Telkomset products and services successfully made Telkomset as the first
customer choice in all over Indonesia. Telkomsel serve the customers with 3 main products; Kartu Halo which positioned as post-paid brand of choice amongst the professionals and corporate customers segments, simPATI which positioned as the prepaid brand and design for savvy middle class segments, and the last Kartu As as the most popular prepaid brand with more than 70.3 million users. For 20 years of the existing, Telkomsel try to keep the customer loyalty and increasing new customers with innovation and program to satisfy their customers. This long way effort bring out 41 awards for Telkomsel in 2011 as the most innovator company. In 2014, receive Makassar Business Excellence Award 2014 for their achievement to serve Product Quality, After Sales Service, and Innovation of the products.

B. Customer Co-Creation

Company define the intention of customer co-create value for the company by three categories: Ask for information, complaint for the services or products, and ask for feature adding value for the services. That three intentions are the basic conversation that customers can deliver to the company. The focus of the research are the interaction between customers and company within social media: Twitter. Based on the research by Fueller (2010), researchers found that customers who are intendent to PT. TelkomselTbk. define as the need-driven customers where customers participate in co-creation activities because they are unsatisfied with the current products/services that company’s provide. Customer are highly demanding and very interested to adapt existing offer to their own needs. It also prove by company, that the percentage of complaint customers are also high even still below the category of ‘asking for information’. In another way as describe by MartijnParter (2009), researchers found the type of community of kindred spirits, where groups of people with similar interests and goals can come together and create for something greater good.

As seen that company provide the platform to interact with customers by social media (Facebook and Twitter) in order to make the interaction become more transparent and everyone can join.

C. Social Customer Relationship Management (Social-CRM)

Social-CRM in PT. TelkomselTbk, is supported by Oracle system, one of the CRM software that use by several company to support their CRM system. This system is very productive in providing a better solution to increase customer satisfaction and make an effective and efficient decision making process (Tori Bukit, 2013). Social-CRM in PT. Telkomsel started in the year of 2012, and still improving today. In the first year of CRM implementation in 2010, company created the way to serve post-purchase customers and create loyalty program through the customer database that company collected. Made available customer service that serve closely to customers in certain area was the goal of CRM in that early year. In the next further, the program wrap more simple, and efficient to use, and expected to make a two-ways interaction and discussion between customer to company and customer to customer. In this phase, social media involved as the intermediaries to connected customers with company to interact faster and directly. Three departments in the company gain benefits by implementing CRM system for company. First, for marketing department to offer new product loyalty program by easily find and select target customers/client through data contact of customer. Next will be the customer service & support that can solve customer service issue that assign to relevant person from customers calls and after sales assistance. And the last for sales department by create an order of attractive offers through sales process. These three departments are basically connected to customer’s data, in order to get the information about their customers.

VI. IMPACT OF CO-CREATION FOR SOCIAL-CRM

The co-creation activities have several impact for the company, including better product quality (Fueller et al. 2009); less business risk (Maklan et al., 2008), especially in the process of entering a new market or introducing a new offering; lowering costs; greater productivity and revenue growth, but with a smaller capital base (Ramaszwamy and Gouillart, 2010). This paper will explain the impact of co-creation according to the framework of CRM related with the case study of PT. TelkomselTbk.

A. Impact for Strategic CRM

Strategic CRM is how do company use to adapt with the change of the customer behavior nowadays. This come to the questions of ‘where are we’ and ‘what do we want to achieve’ as the company in order to make a balance situation between business strategy and customer strategy. Company force themselves to moving into business digital lifestyle start from 2012, when they are realize that digital services become more and more important within the environment trends nowadays. This digital services lead the company to receive customer feedback faster, captured and processing the customer voice directly within internal company, and then deliver response.
towards customer’s feedback. Business strategy development also related with the value that both customer and company will receives, when implemented strategic CRM. One of the impact on strategic CRM that researchers found is the change in company’s organizational structure. This is more to adding several position where they follow the business strategy moved into digital lifestyle. Company adding several position in the sales department which is very simple in the initial structure, limited into ecommerce and marketing department, but now company have additional customer care and social media department. In another words, today organizational are become more complex and specifically concern with the digital lifestyle. This has change the way company see the customers. Customers are not only the part of environment, but they involve to the company and can be very important for the development of the business.

B. Impact for Operational CRM

Operational CRM faced the necessity of offering consumers different channel types to meet customers changing needs during the sales cycle. Questions conducted on ‘what are the best ways for us to get to customers and for customers to get to us’. In order to give the best way for co-creation customers to get to company, company set two types of connection which are maintain by human and non-human (machine). By the time, Telkomsel always improving their services with provide additional CRM strategies as align with five types of interactions: Walk in (a store concept for customers to come towards company’s product or services); Call In (the way customers interact with company via phone call); mobile care (a store concept with on the car to serve closely to customers but doesn’t settle in the same place); E-Care (where social media and website are the basic media to connect both customer and company); and lastly self-care (customers can do anything for their services by themselves, without any involvement of the agent in the company). Focus point in this research is on the operational CRM specifically in the E-Care section as one of the part that responsible to maintain social media such as: Twitter and Facebook, that facilitated by company to interact with customers.

Customer mostly define by company as need driven customers, has been play a big role for the development of the whole ecosystem. In this part, company will face the customers either directly (walk-in, mobile care concept) or indirectly (call in, e-care, and self-care), through several media as describe before. This is indeed should be maintain and well managed by company in order to avoid a bad interaction for customers. Company anticipate a bad interaction by created a standard operational procedure (SOP), and trained their agent before facing the customers. Basic problem or trend issues in social media should be understand by the agents. The problem that comes from subscriber are always tracked under PMES (Problem & Mass Escalation Solution) department. It comes as a graphic that categorized as three types of intention of customers co-create value in company as explain in the beginning. The PMES department will control the graphic to balance and keep the graphic under the limit point. If the curve shows high (over the standard), means that there should be further act to maintain, what to do to face the problem that happened within the subscribers. Weather the company will keep the position, or do something to make a change. The PMES department also has the responsibility with the ticket complaint handling, this aims to evaluate the complaint that comes to company, and try to solve the problem. Before this position exist, the complaint are just came as a complaint, without a management handling to evaluate the problem, and to perform better next time. And today, PMES exist to analyse the customer’s voice in order to improve services, and decrease the problem that may exist.

Five types of interaction that Telkomsel provide nowadays are moving to develop the self-service section. The idea is to serve customers on the right time, effectively and efficient. Customers doesn’t need to interact with company at all, this will avoid or at least decreasing the bad word of-mouth from customers to company. In the near future, company will launch a program that available for customer to talk via chatting program on the company website, that is directly connected with the agents that ready to help. In the operational CRM the best way to get in to customers are to move slowly to the trend of digital lifestyle, meet closely with customers which identified mostly like to use social media in every transaction to minimize a cost in interaction, and fast response.

C. Impact for Analytical CRM

In the analytical CRM company focusing in data mining of the customer’s information which connected with several part: IT System, analysis tools, front office and back office application. Questions conducted of ‘how should we organise information on customers’ and ‘how can we replicate the mind of customer’. Customers need a direct answer towards their intention with the company, either asking for
added value for their service, ask for information, or complaint with the service or product. And the emerging of social media have been very disruptive, moreover when customers feel unsatisfied with the service or product. Therefore a fast response to customer should be done on time manner by company. As the award from Social Bakers announced that Telkomsel successfully got the number one in Twitter as the most responsive company in the world brand (Social Bakers Q1, 2015), company need to keep the customer trust towards the service in order to decreasing customer churn.

A massive and fast moving intention from co-creation customers has reinforce the company to make an arrangement of one-to-five response system for the back office application and implement an official name for each of the agents that interact with customers. The one-to-five response system only use for Twitter agents. So the first five tweets will be taken by agent “A”, then the next five tweets by agent “B”, and so on, like a queue line in the tweet traffic. This system are force the agents to solve certain customers immediately and important for each agent to have an official agent’s name. In the end of the tweet, each of the agent that replies the answer should write their agents name which is only 3-5 simple word as to detect who’s responsible in answering each of the tweet that came to company. For inappropriate or unsatisfied answer will be sure come up as a global issues, since the wide spread of information using social media. In order to avoid the negative impact, everyone in the company should be aware to re-act and provide solution towards the customer’s tweets.

VII. CONCLUSION

The way customers become co-creator, has been reinforce company to applied several strategies to improve the Social Customer Relationship Management (Social-CRM) in a company. In turns it also affected not only the company but also for other customers. In the era where social media are become the most important thing as the platform for customers involve to company not only for the development of the services, but also the involvement to idea generation. Although the concept of customer co-creation for company still not yet fully develop by company in terms to generate idea for the company’s New Product Development (NPD), because researchers found it is somewhat different to applied the concept of co-creation for services company compare to product-based company. Because the case study of the research is a telecommunication service, which actually provide not only services but also products for the services, but in the implementation it still some way different compare to another company that only provide products.

This research are focusing on customers co-creation which related with Social-CRM that give a mutually benefit within both parties. Company received input from customers in order to moving into customer-oriented company, and meet closely with customer’s need. Also customers gain benefit from the input that similarly meet what customer need. Behind the process of input and output from co-creation customers, Social-CRM responsible to maintain not only customer’s data, but also the value in return that they should deliver for customers. In turns, company should anticipate their customers, since the way people use social media are inevitable and uncontrollable, people can say what they feel, what they need, and how they response to company that provides service/products. In the next further, company should be ready to face the digital lifestyle by improving a fast moving connection to serve unlimited customers in a short-time period, in order to be capable to compete with others in the telecom sector.

REFERENCES


