

Client Focused Behavior: To Personalized Trust through Collaborative Filtering

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Received: 15 December 2016 Accepted: 1 January 2017 Published: 15 January 2017

Abstract

The article analyzes different authors' approaches to understanding the essence of the term "client orientation." Various aspects of client orientation manifestation are shown by using the McKinsey 7S Framework as a basis. A conceptual client orientation model has been proposed, which on the one hand allows structuring client orientation and on the other to estimate this competence in a company. The basic values of client orientation have been defined. The main approaches of economists to understanding competences and distinguishing core competencies have been analyzed. The strategic vision in the context of the modern development of relationship management theory, as well as club trade and economic relations, based on collaborative filtering, have been suggested as new core competences.

Index terms— client; customer, customer orientation, key client management, core competencies, strategic vision, trust, club consumption.

1 Introduction

In modern business area the companies dealing with creation of a stable competitive position, more and more stop focusing on current sales performance and strive to develop long-term interactions with key market participants, first of all with clients. The company achieves the creation of stable competitive positions by constructing a system of partner relations, allowing increasing efficiency of processes of creation and distribution of value. There are at least two reasons of this special attention to clients, which we analyze, in modern economy. The first reason deals with a consequence of scientific and technological advance (STA) that causes the increase in share of consumer goods of complicated design and structure. Depending at what stage the consumer can define quality and utility of products, they can be subdivided, relying on the studies by C. Price and I.A. Aliev, into a priori (conventional consumer products,) prior (search characteristics prevail), post priori (experience characteristics prevail) and undefinable (belief characteristics prevail) products (Price, Aliev). At that the share of the two latter groups of goods and services where an intangible component of quality dominates, constantly grows. That causes information asymmetry between the seller and the buyer: the seller knows about quality and performance attributes of such products significantly much more, than the buyer. The second reason consists in that that globalization contributes its important mite to increase in variety of intra specific range of products which confuses the buyer even more. The third reason is also associated with STA consequence -massified production and consumption (which defects were noted by A. Toffler as far back as some decades ago): non ethical behavior of the person in the organization increases with growth of collective with which one -directly or indirectly -is in contact. Consumers more and more leave this global market fertile for misinformation for local markets offering more reliable information about goods and services.

Thereby the conscientious consumers more and more sensing marketing and, particularly, advertising misinformation in coming society which can be renamed as information and misinformation society, impose a boycott on depersonalized trust. They prevent deceit, hence their economic damage as well, by switching over to local personalized relations. In this context focus on the client and construction of system of partner relationships seems one of the most perspective areas of research and management.

Rapid acceleration of market processes, quick change of technological platforms and increase in the level of uncertainty in company environment make the focus on the client the main source of competitive advantages and of value creation. Among factors impeding the organization to become the client focused it is possible to put an aggressive organization strategy directed on essential increase in market share as well as on short-term gain. To win a stable competitive position deeper understanding of focus on the client is necessary when practical mechanisms to increase client orientation become the most called-for ones. Client focused approach (end of the 20 th century -early 21 st century) develops in response to manifestations of globalization and of information revolution. What manifestations of the aforementioned processes have specifically triggered the renaissance of once existed phenomenon -client focused behavior (CFB). What new is carried by the modern modification of this behavior and why this behavior is so attractive to economic agents? The present article deals with the search for answers to these and associated questions.

2 Research Methods

The methods of structural, functional, institutional, of phenomenological and of multiple-factor approaches, of typological and of logical analyses, of synchronous and of diachronic comparisons are used in the work. A theoretical basis for the research is works of foreign and of Kazakhstan researchers concerning client focused behavior, core competences, long-term vision, trust, club consumption.

3 III.

4 The Main Part: Analysis and Discussion

It is necessary to consider client focused approach as one of the main preconditions of development of companies in modern conditions. Such features of development of enterprises and of their relations with market actors at the present stage, as innovativeness, self-organization, availability of special competences, active interaction are reasons for it. Basic CFB components are: focus on keeping clients, on individual communications based on relations (instead of a product), on cooperation with clients. The company that sees CFB as a source of development, does not renounce main principles of the technocratic and marketing approaches, but management of development becomes more complex and comprehensive. It is possible to assert, that CFB is more effective for the enterprises focused on a long-term profit.

When analyzing the basic tendencies of change in a situation on various corporate markets constant growth of competition is obvious. However the majority of heads and of specialists not quite realizes what should be done specifically that the client has voted by one's money for client orientation.

Traditionally «client orientation» is meant the policy of a successful organization realizing, that its activity is focused on the client. Often a substitution of concepts occurs: client orientation is identified with availability of qualitative service standards in the company. In spite of the fact it is widespread the concept of client orientation has no unequivocal scientific definition adequate to established new economic conditions. Therefore it seems important to analyze the essence of the term «client orientation» from various authors' positions. For some authors the client focused approach is a strategic approach to organization development ensuring increase in its competitive ability and profitability growth meaning mobilization of all its resources to reveal, involve, attract clients and to keep the most profitable of them due to improvement of quality of service of clients and to satisfaction of their requirements» (Kareeva 2007). According to another definition (Loshkov 2014), client orientation is "ability of the organization to derive an additional income due to deep understanding and effective satisfaction of clients' requirements." I. Mann defines client orientation as «triggering positive emotions and delight of prospective and current clients that leads to selection of goods and services of your company among a multitude of competitors' goods, to repeat purchases and getting new clients due to existing clients' recommendations» (Mann 2014). "This is the highest value of enterprise focus on the maximum satisfaction of the client." (Busarkina 2007) One more author (Rusanova 2008) asserts that "this is the process directed on increase in life cycle of company interaction with the client."

"Understanding of one's target buyers to be able to create superior value for them continuously. ?requires that a seller understand a buyer's entire value chain, not only as it is today but also as it will evolve over time subject to internal and market dynamics" (Narver and Slater 1990).

A number of western authors consider that CFB is a part of corporate culture, a set of beliefs putting the client's interests ahead of those of managers, of shareholders, of employees. Thus, in focus there is not only understanding the requirements of existing and prospective clients, but also understanding their values and beliefs (Deshpandé, Farley and Webster 1993).

The focus on clients has to lead to increase in the organization efficiency. If there is no additional gain from better service there is no client orientation either. In this aspect the concept of «client orientation» according to Smirnov and Lutchkov (Smirnov 2013, Lutchkov 2010) is dearer to us. The former notes that this is the strategy of an enterprise directed on the account and satisfaction of the client's requirements and on formation of as comfortable relationships with him as possible for the purpose of a long-term professional interaction. The latter considers that "client orientation is the ability of a company to create an additional stream of clients and an additional income due to a deep understanding and satisfaction of clients" (Lutchkov 2010). Misunderstanding this fact causes unjustified expenses as invested resources are used inefficiently. In our standpoint B. Ryzhkovskiy

successfully described the term under discussion: "client orientation is a tool of managing relationships with the clients, aimed at getting a stable income in the long-term period and is based on three criteria: core competence, target clients and equality of positions" (Ryzhkovskiy 2005).

5 Client orientation forms by the elements of the McKinsey 7S Framework.

Various aspects of client orientation manifestation are well demonstrated on the basis of the McKinsey 7S Framework which considers the organization as a system consisting of seven elements. The result of similar arrangement of client orientation forms is presented in Table 1. (Ruvenniy 2015). The staff is an active participant of communications between the organization and its clients, i.e. receives and passes the information on degree of clients' satisfaction

6 Style

The management style accepted in the organization; significance of chiefs and their role in acceptance of strategic decisions on business development

The client focused style of relationships enables to improve and correspond to clients' expectations Typical front office functions include communications with clients, obtaining and introducing, for a subsequent processing, documents from clients, interaction with other internal divisions of the company for giving the information to the client, calling and distribution of information reports to the clients, processing of incoming calls.

As examples of front office divisions are call centers, sales areas and showrooms, customer service desks. As examples of front office of information systems -a customer self-service portal («client area»), an information booth of a sales area, a distant banking system, information systems of front office activity support -CRM, ERP modules to enter client orders, ABS modules to maintain operational area activity.

The concept of front office is often contrasted with that of back office (divisions in which the administrative work of a business is carried out), sometimes (in financial sector) -with middle office (divisions checking and directly processing client operations).

Thus, it is possible to define the following obligatory conditions for an organization claiming to be the client focused one: availability of realized and purposefully developed core competences and absence of declarative core competences of general nature (examples of the latter: quality product manufacture at a fair price, satisfaction of consumers' expectations); an unambiguous definition of target groups and revealing their unique requirements; readiness to refuse the nontarget client for priority servicing the key one; preference of long-term profit over short-term one; the task of development instead of survival is topical.

By the results of analysis of various authors' approaches to the term «client orientation» it is possible to note ambiguity and pluralism of opinions of scientists, businessmen and experts concerning the given concept. Some understand by the given term -process, others -characteristic, still others -method (tool).

Besides, the majority of authors formulating the essence of «client orientation» category do not define precisely what «client» means. It should be noted the ambiguity of the term «client» and its difference from the term «consumer. » A dictionary of economics and law gives the following definitions: Client is a legal or physical person using the services of another physical or legal person, entering into business relations with the latter.

Consumer -prospective or actual buyer having intention to acquire either acquiring or using products, works, services exceptionally to suit one's own ends not connected with profit derivation.

Thus, «consumer» and «client» are different economic terms and are not synonyms. The concept of «client» is wider and includes the term «customer» in its structure. Within the frameworks of client focused approach it is expedient to formulate the term «client» as follows. Clients mean legal or physical persons acquiring products and services of a company nongratiotously, namely -existing or prospective dealers and end users.

It is possible to agree with each of the given definitions, but in the present article we consider client orientation as «tool of management of relationships with the clients, aimed at getting a stable profit in the longrun period and is based on three criteria: core competence, target clients and equality of positions» (Ryzhkovskiy 2005).

IV.

7 Basic Values of the Client Orientation

Core competence helps the company to achieve certain results more efficiently. The core competence should be prolong in time (not short-term and not one-time) realized by company management and is used regularly (personnel should be able to repeat its successful actions.) At that the formulation should be specific to the limit, giving an accurate idea about the advantage of a given firm (Kravtchenko 2010).

To single out core competences it is necessary for a company to define its primary resource for creation of competitive advantages and for selection of a strategy of changes of business. It is no wonder that a number of authors (Porter, Prahalad, Hamel) investigate a problem of the concept and of the use of «core competency» category. First, they analyze the history of this term development, but have still not come to a single unequivocal opinion what it means (Crainer.2002) Second, practice of using in core competences of companies for formation of competitive advantages considerably lags behind theoretical works.

Internal knowledge (Kaplan, Norton 2004) were called higher competence, inaccessible to direct perception of the consumer which indirectly expressed in the use value of a final product through the effectiveness of use of capabilities and resources of an organization with which help the maximum use value is produced.

Resources with which help the company can gain competitive advantage and generate in the client's view an exclusive value have been enumerated by McGrath (McGrath 2005). So far eight properties of core competences have been identified (Payne 2007). M.Porter mentions the fact that core competences can be in various forms for the first time (Porter 2008). In an interdisciplinary dictionary of management it is noted that core competence is "all that the company or its divisions do best of all" (Myasoyedov 2005).

According to G. Hamel and Prahalad, the company should be perceived not as the sum-total of its constituent business units and as the combination of core competences -habits, abilities, technologies allowing the company to provide its consumers with certain values (Hamel, Prahalad 2002). The core competence is a strategic potential of the company. The day-to-day management of the company is a method to derive benefit from potential (Apenyko 2010). The number of core competences can be different, from 5 to 10 of the more mostly distinguished. The timely understanding of core competence clears the way for a long-term market leadership and the conquered leadership, in turn, demands to concentrate efforts on a core competence.

Two questions arise: a) how to define core competences; b) whether they are constant or can vary in time. Apenyko (Apenyko 2010) offers one of the methods of definition of core competences of the company -through revealing key clients, nature of their requirements and company role in satisfaction of these requirements. This way allows client focused company to receive the answer to the question: "What should the company do today and tomorrow to meet clients' requirements?" It seems that the aforementioned author, unlike previous ones, not only assumes relationships with the company for the future, but also wonders "what should the company do in this future?" We notice that under conditions of an intensive competition developing into hyper competition, it is rather difficult, but is very important to be guided in this issue for CFB.

Vision and strategy of a company. In modern strategic management the term «vision» connected with intuition is persistently occupying its place. It would be very simplified to identify vision only with intuition. It seems to us that for a reliable vision the combination of experience and basic knowledge of a manager of one's job with intuition are required provided that knowledge and experience can alternately pass from crystallized (applied) to fluid (abstract) intelligence. In other words, G. Hamel and C. Prahalad define core competences as habits and skills which allow the company to provide consumers with fundamental benefits (Hamel, Prahalad 2002). In another work (Ivens 2004) core competence is defined as a set of interconnected habits, abilities and technologies, providing the company with an effective solution of certain problems, situations.

According to the definition given by another group of authors (Kotler, Berger, Bickhoff 2012) the core competence of an organization -competence ensuring its competitive advantage. At that the core competence should have three characteristics: value -it should be irreplaceable; uniqueness -should exclude copying; availability -the company should be able to use it. Some authors extend the list of signs of core competences (McClelland 1973) intellectual and creative components should interact: "pure intuition -intuitive search strategy -systematic search strategy -directed search strategy -exact calculation," as shown in the teaching manual of creative management (Svidruk, Ossik).

Besides, we believe that a core competence which is vision, should be realized in interrelation with others competences in the conditions of a personified trust (about it will be said a little below -under the heading «equality of positions»). Revealing and using core competences by companies should cause their growth and development. Hamel and Prahalad name this interrelation of competences «portfolio of core competences» and it is expedient to conceive of the organization from these viewpoints, instead of considering it as a group of business units (G. Hamel, Prahalad 2002).

Searching for competitive advantage the organization cannot do without the already mentioned «look inside itself», thus trying to identify within those abilities around which it is possible to build business space (Yefremov 2001). Owing to development of internal factors some companies manage to conquer leadership in traditional industries of the mature market.

(Ancoff 1965) suggests «grid of competences» in the form of a stereo typed list of abilities and resources which should be made regularly both for the company proper and competitors to make a comparative analysis and to reveal a relative force of competitors in a given market.

Deeper search for possibilities to coordinate the abilities of an organization and external environment factors was realized in the concept of deriving competitive advantage from correlation of distinctive competences and existing possibilities, described in works of such known authors of the Harvard Business School (Learned, Christensen, Andrews and Guth) in the 1960s. It promoted the emergence of known model of SWOT analysis (Learned, Christensen, Andrews, Guth 1965, Andrews 1987).

Thus, in the modern conditions client orientation is manifested in advanced study of consumer values, «look inside itself», mutual vision of the present and the future of some organization -from range and productive to outlook aspects. Therefore vision is called the main strategic resource of CEOs.

Target clients -limited list of clients or client groups, priority for the company in the long-run. Target clients' characteristics should be formalized and correspond to the basic criteria of segmentation presented by Solovyova (Solovyova 2010).

Thus, recently the conception of key client management gains an increasing popularity, aimed at individual-

ization of service of the most important consumers of services and fuller satisfaction of their needs (Ivens 2004). Taking into consideration Pareto's Law according to which 80 percent of income is brought in by 20 percent of clients, it is possible to draw a conclusion that it is necessary to treat clients differentially and to establish its relations with them, assuming their individuality as a basis. As F. Reichheld and T. Teal note, the total number of attracted and lost clients is not as much important as the number of attracted and lost key clients (Reichheld, Teal 2005).

The major feature of key clients is their indisputable appeal because the work with them allows lowering costs considerably through the study of key clients' changeable requirements (Melnikov 2016). The importance of the client for the manager-company can be defined by different criteria. M. Starenkov (Starenkov 2011) explains the basic aspects of Key Client Management conception as follows: "In the portfolio of any firm there is always a central nucleus of customers. They are those customers whom the supplier defines as its key clients. Key Client Management means formation of a new mission (like creation of new jobs, development of new scopes of activity etc.) and its integration into existing company structures." Key Client Management is the conception due to which it gets an opportunity to become familiar more closely with consumers' needs. Key Client Management coordinates specific organizational decisions with the given consumers. The purpose is to better serve them and to attach to the company in the long run. As J. Tschohl notes service becomes competitive advantage only then when affects purchase decision and occurred changes become noticeable for clients (Tschohl 2006).

Equality of positions (partnership) -relationships between the supplier and the client, when there is no dominance (conscious or casual) of one of the parties at any stage of relationship defining CFB. The main feature of partner relationships is the absence of dependence on the contractor (Tchernyshev 2004).

When managing long-term business relations purely economic indicators give only a partial idea about success of cooperation. This concept is concretized mainly by three main «uneconomic» components -trust between partners, obligation in relations and satisfaction with them. We will consider them at greater length.

In our opinion, trust is such a position of a decision-making person which in a situation assuming a choice from several alternatives, induces him to reject certain models of behavior connected with certain costs and loss of time. Obligation in relations, like trust, is mainly conceived as the individual's position. R. Morgan and Sh. Hunt define this component as position when the partner believes existing ties with the other party to be so important, that they deserve maximum efforts for them to be continued. Such set is a basis for stabilization of relations and for attachment of the client (Morgan, Hunt 2004).

As L. De Chernatony and M. McDonald emphasize that the new way of value creation means active involvement of consumers in the product creating 2 shows the classification of German school of this conception, which is mainly based on statements of the exchange theory and neo-institutional economics theory (Sonina 2011) with our addition. The researchers' attention covers applied aspects of relationships which can be extrapolated mainly on the sector of B2B markets. However it is worth noticing that aspects of researches of relationships on B2B markets have not so much conceptual as applied usage. Analyzing relationship management theory, it is possible to notice that shift of emphasis from transactions to relationships occurred. The distinguishing feature of a new market is transformation of consumers into a new source of experience for companies, introduction of the concept of experience as competitive advantage of the organization (Webster 2007).

A. Dolgin's approach (Dolgin 2010) seems prospective to us, whose radical suggestions and conducted experiments show that the experience of collaborative filtering also extends to other non-and material goods and services. In this case a clientfocused policy hinges on club consumption within rather closed communities. Let's consider this approach at greater length.

In the second half of the 20 th century the unethical selfish behavior of financial tycoons of the planet has destroyed common, i.e. depersonalized trust for which Putnam, F. Fukuyama as well as a long list of economists and sociologists -advocates of liberal market economy -stood up so much. In other words global economic (in the first place financial) elite «swindled» trusted world (and some states in particular) for a large amount of money, pumping out their profits. In so doing, this elite destroyed social channels of economy capitalization. "Bright future welfare" from market economy illuminated the world so much that in the beginning of 2017 highlighted preposterous outrageous facts: according to euro news 8 people on the planet possess the same amount of wealth as 3.6 billion of the poor. This became a conspicuous proof of that apocalypse which liberal market economy with its globalized scenario, financial bubbles, already come mis-(or pseudo) information society (under the banner of depersonalized trust) is preparing for the world. behavior is long-term trend under conditions of intensification of processes of deglobalization, regionalization and of liberalization of economy, progressing ever more dynamically.

V.

8 Conclusions

The issues of client focused approach to company management have been analyzed and attempt to systematize the ideas about the essence of this concept has been made. It has been suggested that by means of focusing on target clients by using factors of core competences, of unique needs of every target client and of equality of positions the company will be able to achieve leading positions on domestic and foreign markets.

The client orientation is suggested to be understood as organization self-restraint, rewarded by its target clients. Thus it is possible to define the following essential conditions for the organization claiming to be client focused. 1. The presence of realized and purposefully developed core competences (which include strategic vision,

collaborative filtering and club relations) and the absence of declarative core competences of general nature; 2. Unambiguous definition of target groups and revealing their unique needs; readiness to refuse the non-target client for priority servicing the key one; preference of long-term over short-term profit. The task of development instead of survival becomes topical regarded in that light. ^{1 2}

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7S	The essence of an element	Client orientation forms
Frame-work element		
	The long-term plan for organization development promoting the growth of	The availability of a strategy allows the organization to achieve corecompetences in
Strategy	competitive ability and creation of strong competitive advantages	various aspects of relationships with consumers
Structure	Way of organization of interaction between subdivisions with indication of principles of subordination and of area of responsibility	The interaction between front office* and back office* for the purpose of provision of well coordinated work of the staff while servicing consumers.
	Methods of making managerial decisions, of	Conformity of the adopted rules and
Systems	running daily work in the organization, of developing business	procedures to a requirement of the maximum satisfaction of clients' needs
Shared values	Norms and standards of interaction in the organization; principles of corporate culture, mission	Promotion of client orientation values among organization employees
	Abilities, potential and competences the staff	The competences which are necessary for
Skills	of an organization has	implementation of client focused approach
Staff	How many employees are working in the organization, what their occupation, how work with staff is organized: hiring, advanced training, motivation	

Figure 1: Table 1 :

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Schools	Representatives	Directions of researches
Institute for Marketing, LMU Munich	Silke Bartsch/Jan Engel/Anton Meyer /	Satisfaction behavior, client orientation of the
University of Leipzig	?????Lubler	Concept of value in relationship marketing, including the concept of consumer value.
German school ESMT Berlin		Influence of client focused behavior of the seller on the client's willingness to make a purchase
Leipzig School of Management Graduate	Mario Rese	Consumer's comprehensive relationships between companies and other interested parties.
Russian Higher School of Economics School	Manfred Kirchgeorg	Collaborative filtering of economic actors, club consumption, post-factum payment (service)
	A. Dolgin	

Figure 2: Table 2 :

- [illegible]