

MEETING CUSTOMER EXPECTATIONS BASED ON INNOVATIVE ACTIVITIES

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Abstract: The impact of consumers on the economy is now widely known. Unfortunately, the actions taken by companies to meet the expectations of buyers still resemble actions without a clear strategy. Learning about consumer preferences and behaviors based on innovation activity is currently extremely important. An attempt to implicate innovation management in the process of creating systemic solutions that allow for effective satisfaction of buyer expectations. Such a strategy seems to be a possible and effective solution. The article presents the concept of creating innovative solutions for studying the decision-making process of consumers on the market based on process modeling.

Keywords: innovations, innovative activity, process organization, logistics customer service, decision-making processes in economics

1. Introduction

Customers play an extremely important role in the functioning of enterprises. They provide financial resources and intangible assets. Values obtained from consumers allow for the development of interactions with other market participants. As a result, an organization's customers are increasingly defined as an important resource of the enterprise, which should be monitored and measured to develop the organization. A company that prudently attempts to maintain and improve its competitive position based on the consumer must meet emerging market challenges, must get to know the consumer and their needs and expectations. Considering the needs and expectations of the customer creates a strong foundation for organizational and process innovations, especially in a changing environment.

Companies that decide to fight for customers in the broadly understood market should pay more and more attention to innovative activities, which are considered by many to be one of the most important determinants of development. (Brzeziński, 2001, pp. 29). Every

enterprise or organization needs innovations to develop effectively and dynamically - new products, new technologies, new systems of organization and management, marketing, etc. (Penc, 2001, pp. 141). It should be emphasized, however, that novelty is not absolute, but relative. An alternative to novelty may be the renewal of something – a process, organizational management, or marketing. In addition, it should also be remembered that in the case of innovation, the degree of novelty often depends on the subjective assessments of the consumer, which is why a new product is a relative and subjective category from the consumer's point of view (Wasiluk, 2002, pp. 335). To conclude the above considerations, innovation can be mainly defined as the ability to create new solutions.

In the search for an idea for process, marketing or organizational innovations, a huge role is played by the internal resources of the company, including creativity, knowledge and commitment of the staff, leadership focused on development and change, as well as the organization management system functioning in it. Similarly, the principle of focusing on the customer's expectations can be used, which, if properly recognized, can encourage the company to search for innovations. This is particularly important in the case of the consumer goods market in the B2C market, where companies are forced to adapt to the needs of customers. In this case, through the mutual exchange of information and experiences between the company and its customers, innovations concern not only the products offered, but also organizational solutions.

This article focuses on innovation activity in the process approach to the consumer. The process approach requires organizations to define the processes necessary to achieve goals, identify consumer needs, build their decision-making processes, establish links between processes, define the scope of responsibility for process management, and analyze the methods and resources necessary to achieve a specific result. The article aims to present the possibilities of managing innovation in a process organization based on knowledge of the consumer's decision-making process.

2. Process modeling

In the current economic conditions, one of the basic factors influencing the effectiveness of an organization in fulfilling its mission is a high level of management of key processes, associated with constant, continuous improvement of the quality of the services or products

offered. (Czekaj, 2009, pp. 19). In many areas, most resources are relatively obtainable, but competitive advantage is determined by the ability of an organization to optimally adapt to existing market conditions and optimize activities related to the use of these resources, especially in the face of the growing dynamics of external processes and their often difficult to interpret structure. (Fundaliński, 2014, pp. 178). The process approach is one of the concepts that creates real premises allowing for the improvement of the quality of management of the organization. There are several definitions of the process in the literature. In general, it is the entirety of continuous and systematic activities related to planning and monitoring the implementation of a given process in the organization to fully realize its goals. (Romanowska, Trocki, 2004, pp. 47). Unlike the traditional approach to management, which involves managing individual organizational units and individual activities, the essence of process management comes down to managing entire sequences of activities, i.e. processes, in the implementation of which several organizational units usually participate. The key is to apply the knowledge, skills, tools, and techniques necessary to define, control and improve processes aimed at meeting customer requirements. Process management is the continuous verification and improvement of processes, by applying corrections when the achieved results differ from those originally planned. The effectiveness of process management depends on the change of direction in the organizational structure of a given organization. The transition from a vertical to a horizontal structure improves both communication in the organization and the flow of information (Bednarz, 2009, pp. 24).

It should be remembered that the division of labor postulated by the classics of organization and management does not work in modern enterprises, because contractors and managers, focusing on individual elements of the process, lose sight of the broader goal, i.e. delivering products to the consumer's own hands. Individual activities included in the process are important, but they mean little to the customer when he does not receive the ordered products. Hammer and Champy define a process as a set of activities requiring an "input" at the input and giving an output of some value to the customer. (Jokiel, 2009, pp. 18). The literature on the subject indicates that in today's business environment, organizations should focus on the processes they perform, rather than on job positions, functions, or tasks. This approach allows for a broader view of the organization's activities. In view of the above, the process should be understood as a system of sequentially occurring activities, the results of which constitute inputs for subsequent activities. A characteristic feature of the process output is the so-called added value of the product, which is the result of the process. Processes reflect the image of the company's operations. Their analysis enables the company to quickly adapt to changes in the

company's environment. This is one of the main advantages of using the process approach to improve the management of organizations. Process management is the pursuit of increasing the share of activities that add value and simultaneously reducing ineffective operations, the so-called empty runs. The same approach can be applied to sub-processes, sub-sub-processes, or individual activities. Analysis of their usefulness for achieving added value is a means of optimizing processes, ensuring an increase in the company's competitiveness. The idea of the process approach also assumes the possibility of striving to build or continuously improve the organization, based on their division into the simplest possible elements, which a person can understand and analyze in detail. The organization is perceived as a kind of ecosystem of elements with a complex system of mutual interdependencies, and interference in even one element can destroy the logic of its functioning and threaten the existence of the whole. Therefore, processes in the organization should be approached as a set of interconnected elements, where introducing an impulse to one or several of them automatically causes a reaction in the others. It should therefore be understood that in the process approach, the entire organization is a team, whose individual cells should not compete but support each other in the implementation of previously established processes. The process should also be understood as a certain value chain, and each stage of the process is intended to increase the added value of the manufactured product or the provided service. The value chain may include marketing, consumer behavior research, design, production, distribution, service, etc. According to Kaplan and Norton, the processes taking place in the organization are to enable the creation of value that will attract and then retain customers and meet the expectations of shareholders regarding the financial results achieved (Kaplan, Norton, 2001, pp. 43).

3. Process of innovation

The Lisbon Strategy has introduced a number of concepts that refer directly or indirectly to innovation into almost every-day use. (Lisbon European Council, 2000). Innovation comes from the Latin word *innovatio/innovare*, which means to renew/renew. However, modern definitions do not provide such clarity in understanding innovation. Currently, innovation is an ambiguous concept, difficult to define precisely, although it is usually associated with processes, product, technique, or technology. The concept of innovation is rarely associated with other areas such as cultural activity, medicine, organizational, intellectual, and

administrative activities. In order to develop effectively and dynamically, every enterprise or organization needs not only change, it needs innovation: new products, new technologies, new systems of organization and management, marketing, etc. (Penc, 2001, pp. 141). In the literature on the subject, one can find very diverse attempts to explain this issue. The most important of them, from the point of view of this article, include: (Marciniak, 2000, pp.8) (Penc, 2001, pp. 8, 25, 35):

- innovations as purposeful changes introduced by humans or designed by IT systems, which consist in replacing previous states of affairs with others, assessed positively in the light of specific criteria and contributing to progress,
- innovation means a new, previously unknown way of meeting consumer needs,
- innovations are changes in processes, changes consisting in a different than before use of material or human production factors, in the production launch of previously unused natural forces, in the creation of production and consumer goods with new properties,
- innovation is finding good ideas and bringing them to market,
- innovation should be understood as a modification of a product, service, process or technology.

Entrepreneurs use innovation to turn change into an opportunity to start a new business or provide new services. They should purposefully search for sources of innovation, look for changes and their symptoms indicating an opportunity for effective innovation. They should also know and apply the principles of effective innovation. Drucker has long emphasized that innovation does not have to be technical, it does not even have to be something material. He was an advocate of the widespread use of social innovations, claiming that such innovations are much more difficult to use than technical innovations. Janasz also provides a broad definition, writing - innovation can occur in every field of human activity, and its main feature is the element of novelty. He defines innovation as any thought, behavior, or thing qualitatively different from previously existing (Janasz, Koziół, 2007, pp. 21).

There are many criteria for dividing innovations because there is no agreement on one definition of innovation, so there can be no definition of one type of innovation. Their division is made depending on the goals they are to serve. Individual types of innovations are related to each other, and sometimes exactly the same innovations belong to different groups.

Very often all types of innovation occur together, especially in companies focused on process activities. The production of a new product, regardless of whether it is essentially new or just a modification of an old product, always requires a new combination of inputs, and therefore a new process innovation. (Janasz, Koziół, 2007, pp. 22). Individual innovations can be assigned a specific source, i.e. a place from which they originate. The literature on the subject lists many different sources of innovations classified according to different criteria. The source of innovation can be anything that generates specific ideas, ideas, projects and can become the reason for searching for or inventing new things, undertaking projects, implementing them and improving them. (Penc, 2001, pp. 156). When considering innovation activity in a process organization, from the point of view of the process activity, it should be noted that the following criteria are adopted for the division of innovations: complexity of the process, originality of changes, the economic sector (from which they originate), the scope of the effects they cause, the degree of novelty, the scope of impact, the psychosocial conditions of the people implementing them, the benefits brought to society, the possible effects of using the innovation in the enterprise, the depth of the changes caused, or the subject of the innovation itself. (Penc, 2001, pp. 157). Therefore, we can say that process organizations should be focused on coupled innovations, which are the basic type of innovation in modern industry, resulting from the joint effort of a larger number of people, teams of specialists or even institutions. The requirement to couple activities in the innovation process results from the complexity of technology, its increasingly higher level, division of labor, specialization of employees, mutual interpenetration of science, technology and production. Not the system of activities that make up the innovation process, but the dimension related to shaping their effectiveness, resulting from the continuity of the activities carried out (Baruk, 2006, pp. 248). It is assumed that the subject of the activities performed in the innovation process is not a single innovation, but all activities carried out by the organization, leading to the production and commercialization of innovations aimed at consumers. The first distinguishing feature of the innovation process is interactivity and multidisciplinary. The implementation of innovation processes requires shaping the relations of the enterprise with institutions conducting innovation activities. The second determinant is the dependence on the resources of knowledge, information, experience of managers and employees. Innovation as a multi-aspect and multi-dimensional activity is most often the result of skillful combination of processes in terms of goals and functions in relation to the environment, in particular the fulfillment of customer needs. Another important factor is the location of innovation processes. Despite the development of information and communication technologies, geographical proximity and frequent personal contacts are still

an important factor supporting the formation of business relations with key customers or suppliers involved in the innovation process. On the other hand, barriers related to the innovation process include low predictability of the length and complexity of the innovation development cycle. These conditions are shaped by the increasingly rapid accumulation of knowledge, the increasing pace of technological change and changing market needs.

4. Consumer decision-making processes

Over the last few years, our country's economy has undergone a metamorphosis. It is common knowledge that the consumer is the most important link in running a business. Based on their requirements, preferences or opinions, a strategy is built or an offer is selected. The consumer and meeting their needs have become the main priority in running a business, which mainly affects the efficiency and flexibility of both the offer and the functioning of the process organization. When a consumer decides to purchase a given service or product, they do not just buy a product but also establish cooperation with the organization. Long-term relations between a company and a consumer should be based on reciprocity, which results from the assumptions of the logistics chain, where on the one hand the consumer receives the goods together with information about them, and on the other hand the company receives feedback and financial resources for further business activity. Once a favorable climate of credibility and loyalty is created between the participant of the logistics chain and the customer, an exchange of intangible values takes place (Coyle, Bardi, Langley, 2002, pp. 28). There is no doubt that companies should look for ways to build effective relationships with consumers. In a situation where it is increasingly difficult to maintain a competitive advantage thanks to a product, it is innovations in customer service, including finding ways to learn about the customer's purchasing behavior, that are the element that distinguishes the company's offer from other competitors.

The essence of the process organization's activities is the flow of goods and information that will satisfy the customer and will enable the greatest possible cost optimization while maintaining or improving the company's competitive position. (Krzemińska, 2002, pp.14).

The competitiveness of enterprises is determined by many factors, which include, among others, the state of material and intellectual infrastructure, relations with contractors and competitors, management methods, modern techniques and technologies or even the quality of manufactured products. Innovations occupy a special place among the factors determining the

competitiveness of enterprises. They decide not only about the pace and directions of economic development, but also largely determine the forms and structure of cooperation between the enterprise and the environment, mainly the consumer. The efficient flow of goods is mainly revealed in the fact that the process of their delivery to subsequent participants of economic processes takes place smoothly, with appropriately selected intensity and in such a way that they allow for the satisfaction of needs at any time, in any place and in the expected quantity. The recipient of material goods plays a key role in this process (Skowronek, Sarjusz-Wolski, 2012, pp. 22).

The activity of each enterprise is conducted in a specific environment. The enterprise enters into various interactions with the environment. Since the mutual influence of two entities is dynamic and unbalanced, the enterprise must constantly adjust to changing conditions on the basis of adaptation. In order for adaptation to be possible, systematic changes are necessary in many aspects of the enterprise's activity. In this respect, two main strategies should be distinguished - the process approach, emphasizing primarily the internal activity of the enterprise and the marketing approach, according to which customers are the most important. It is common knowledge that companies from many industries are noticing the urgent need to adapt their operations to the growing demands of the market. The process approach in the organization, flexibility of the company's structures, openness to change and the marketing approach are key in this respect. As part of innovative activities, the company can become aware of how important logistics customer service is becoming. It results from the purpose and principles of logistics management, which are expressed by the common 7W rule. In this context, customer service is perceived as the ability or skill to satisfy the requirements and expectations of consumers, mainly regarding the time and place of the purchased goods, in accordance with the widely known Nicosia model illustrating the relationship between the company and the customer, who constantly interact with each other (Solomon, 2006, pp. 25). It is precisely the increasing demands of customers, their behaviour on the market and the ways of making purchasing decisions that influence the fact that companies should continue to improve their customer service methods and tools through innovations..

Consumer behavior is a cycle related to the process of buying a product. It includes not only physical actions but also all operations taking place in the consumer's psyche during the purchase. These behaviors show the actions aimed at satisfying the needs of buyers. Consumer behavior is a concept that cannot be easily defined, so in the literature you can also find other definitions of this term. According to J. C. Mowen, consumer behavior is a field of science that deals with people who make purchases and all the processes related to it, from the way in which

a given good is purchased to the possibilities of consuming it (Kotler, 2002, pp. 139). Interestingly, consumers make intentional purchases, which indicates great consideration and responsibility in making decisions about the act of purchase. (Cywiński, 2016, pp.7). Antonides and Raaij, on the other hand, believe that consumer behaviour includes all activities, both mental and physical, related to the acquisition, use and consumption of goods, as well as the household's own production, which allow the consumer to achieve goals and achieve satisfaction (Kotler, 2002, s. 141). Consumers make voluntary purchases for basic necessity products. The situation is slightly different in the case of secondary necessity products. Here, respondents allow chance to decide, which is characteristic of the influence of psychological factors. It is likely that purchases become compulsory, for example due to a sudden lack of a product in the household, but it cannot be ruled out that such action may be the result of the influence of other people on the consumer's action, such as advertising or a consultant. (Cywiński, 2016, pp. 8). In turn, the decision-making process as the analysis of collected data, which takes place according to a specific plan that is controlled by the individual, is described in the Bettman model (Światowy, 2006, pp. 12). This plan is recognized as skillful decision-making based on wisdom stemming from experience. According to Bettman, this process depends on, among other things, the ability to use accumulated knowledge, skillful evaluation of data, and limited ability to process information, which is crucial in our case.

Consumer behavior during shopping is determined by four groups of factors. We have no influence on most of them from the point of view of logistics processes, but they should still be considered when constructing the customer service process. Continuing with Kotler's division of consumer behavior, attention is additionally paid to rational decisions, i.e. those that allow the consumer to be as satisfied as possible with the purchase made, i.e. when the consumer buys as many goods for the amount of money they have to be as satisfied with the purchase as possible. Rational behavior is based on the assumption that a given individual is able to identify their needs to the extent possible, is able to define their hierarchy (from the most intensive to the least necessary) and makes choices that allow for the greatest satisfaction. Providing satisfaction to the consumer is possible by providing the required information. Such behavior refers to treating customer service as a philosophy (Coyle, Bardi, Langley, 2002, pp. 154). At this level of understanding, the customer service process is raised to the rank of an obligation for which the entire enterprise is responsible. This view of this issue is characteristic of many modern organizations that emphasize process management. An enterprise at this level of customer service does not look at it as a set of performance measures, but involves all of its areas in it. Focusing on finding new solutions for measuring service performance and meeting

customer needs is of great importance because it allows for assessing how process management functions in the organization.

5. Conclusion

The source of a high market position is primarily innovative activity and innovation. Such a situation allows for the development of the enterprise with special distinction of those units that are affected by innovation, which can translate into gaining a competitive advantage and a large market share. The advantages of the process approach include primarily flexibility in assessing the attractiveness of products, better identification of competitors, suppliers, customers, and potential substitutes. Process management allows for the isolation of the company's strengths by analyzing the extent to which the current set of activities creates prospects for achieving a competitive advantage by the organization and allows for making decisions on their basis regarding the direction of development.

In the early 1990s, the concept of process management as an innovative management method gained considerable publicity in the world of science and business. It introduced a new perspective on the organization and noted many successes. There are numerous examples of companies that decided to implement the concept of process management successfully. Introducing a new way of thinking and convincing employees to it requires exceptional leadership skills in the leaders of the organization, which is not easy at all. The recipe for success is therefore related to the courage to introduce changes. Particular attention should be paid to the methods of using information technology in companies. This applies primarily to the implementation of integrated management systems. The real power of process management is not that it can improve the functioning of old processes, but that it allows companies to break with old rules and create new or improved ways of improving their competitive position in the market based on consumer behavior. Organizations of this type, due to their flexibility of operation, have enormous innovation potential. This is why companies are currently considered the basic carrier of innovation. Innovation in enterprises is mainly dynamic in nature and to a very large extent its presence is marked in the strategy of the enterprise's operation and development. To a large extent, the development of an organization depends on itself, i.e. elements perceived as internal stimuli and on stimuli flowing from its environment. Both the environments, both internal and external, stimulate or limit the development of the enterprise's innovative activity. The elements within the enterprise that influence the introduction of new

innovative solutions include primarily information, and mainly the ability to adapt and use it for the organization's purposes, then proper communication and trust. The external elements include the broadly understood environment of the enterprise, which imposes a number of requirements to which every organization must adapt, over which the enterprise has little influence. The basic manifestation influencing modern innovative activity is the consumer, who decides on his needs and influences the organization's activities, mainly by generating demand. In the current market economy, each enterprise builds its market position throughout its operation, being aware that no one has a guaranteed stable market position.

The customer service process includes not only the functional aspects of service, but is expanded by the concept of customer service effectiveness strategy (Kowalska, Markusik, 2011, pp. 23). Therefore, the organization should aim to improve customer service through close cooperation and collaboration between manufacturing, trading and other participants in the supply chain, aimed at meeting customer needs better and faster. Mutual sharing of information about buyers' decisions and their behaviors between individual participants in the supply chain becomes a source of competitive advantage in the market environment. As a result of such a strategy, the customer receives a product at a price that he is able to accept in his calculations and with a satisfactory level of service, guaranteeing both the effectiveness of the service and the lowest cost of this service. Currently, exemplary logistics activity is characterized by a high level of data processing, which shapes information about the decision-making of buyers by consumers. The use of Internet technologies, based on innovations, has revolutionized the process of collecting and transmitting information. Connecting buyers and sellers with an ICT network has already allowed not only building in the consumer's awareness the need to purchase a product, obtaining information about the availability of the product and its shipment, but what is particularly important, learning about the behavior of consumers in terms of making their purchase decisions, while building a lasting bond with the customer. Providing information about the customer's needs, their behavior on the market, methods of analysis, calculation and decision-making about the acts of purchase has become extremely important. Collecting information about consumer purchasing decisions reduces errors during the transfer of relevant information between individual participants in the logistics chain. Collecting, exchanging data and information about consumer behavior and preferences in decision-making not only reduces the number of errors that a rational consumer does not accept, but also speeds up the flow of goods in the logistics chain, resulting in cost reductions throughout the organization. A consumer who makes purchasing decisions voluntarily, often in a forced manner, but rationally requires two-way communication with the seller. Maintaining contact with the customer is very

important, and the communication channel should be constantly open and easily accessible to all customers, because it facilitates meeting the rigorous requirements of the modern consumer.

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