

Social CRM: An Emerging Medium

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Abstract

Purpose—Marketers have adopted Social media in business model, utilizing it for the purpose of understanding consumer's perception. They have moved further ahead by using social media as a channel to communicate with consumers for promotional purposes as well as to create a positive brand image. Over the period of time Social media and social networking sites have evolved into a medium for Consumer Relationship Management (CRM) where marketers are using social media to manage consumer requests, queries, and grievances etc. The purpose of this paper is to understand the integration of social media into CRM and its evolution into Social CRM.

Approach—Review of literature which discusses the use of social media and social networking sites for the purpose of building positive relations with consumers and then to Manage those relations using social media and social networking sites.

Findings—It identifies different factors which affects social CRM. It also suggests strategies for marketers to implement an effective Social CRM.

Implications—This paper would help marketers, researchers and academicians in understanding Social CRM better and would provide a base for further empirical research.

Keywords: Social CRM, Social media, Social networking sites, online social network

1. INTRODUCTION

With introduction of Web 2.0 [13] there was a drastic change in how people and organizations interacted with each other. It maximized communication and addresses the masses using online Communities, Blogs or Wikis. With Internet communication becoming more and more customer centric, the customer is no longer limited to a passive role in his or her relationship with a company [3, 10].

Organizations have their traditional processes and information systems such as CRM which has its own detailed database pertaining to knowledge about markets, customer information's. But on the other hand, customers discuss offerings and provide help to each other in the Social Web. Whether this social web can be used by marketers and organizations to build and manage relationships with the customers is one popular topic that has been discussed both in

academic research and business discussion. A new phenomenon in understanding buyers' needs and reaching new customers is social media. Organizations are capturing data from tools such as LinkedIn, Facebook and blogs, and attempting to integrate this information into their sales process, and focusing on using this internet phenomena to their advantage by using social media for CRM. Using this new Technology for increasing business and sales through relationship development with customers. [24, 23]. This paper is an attempt to understand the social CRM and how it can be used by marketers to their benefit.

2. DEFINING CRM

Within an organization, which deals with customers at a daily basis; CRM is very important when it comes to organizational approach to communicate and extend out to the customers [12]. It can be viewed as a maintaining a network between the organizations and the customers for mutual benefit [16]. If we were to give generalized definition of CRM then it would be that a general definition will be that it is an approach followed by organizations in understanding customers behavior by different meaningful communications, so as to increase customer profitability by increasing and improving customer acquisition, customer retention, customer loyalty. It is concerned with how an organization manages relationships with its customer using its various resources; namely, communications channels, interactive processes and various other contacts [7]. A more concise definition for CRM is:

“CRM refers to an all-embracing management approach, which seamlessly integrates sales, customer service, marketing, field support, and other functions that touch customers” [19].

Today the organization have understood that the customers have become an important resource and it is important to maintain relationship with them, which can be utilized for understanding their preferences and creating offers, products, services as per their needs [11, 14, 4]. CRM is an approach which follows both relationship management and the marketing and management theories and approaches [8]. Effectively managing customer relationships has becoming a task which is being given a higher priority and new

approaches are being used by organizations to improve the customer's satisfaction, sales and customer's loyalty [2, 9].

3. CRM PROCESS FRAMEWORK

A traditional CRM approach comprises of front-end operations that interacts and obtain data about the customer. This data is mostly consolidated from various points of contact with the customer and is fed to a central database warehouse. Apart from this data, the warehouse also collects data from other outside sources and provides a more solid ground for analysis. Data analysis is done by various data mining processes and the output from these process is transferred to a central repository where the firm employees might access it.

With technology being advancing at a fast pace, business organizations have been enabled to automate their business processes. CRM is a consolidated and a broad term which includes processes, strategies and applications working in sync to create a common grounds with customer and they enable organization with a single point of contact when it comes to being connected with customers. To have a healthy relationship with the customers it is imperative to monitor the behaviors and perceptions exhibited by the customer in each transaction and then providing them what they want.

CRM process framework has three functionalities [17]:

1. *Operational*-These are the solutions which involve customer touch points at the front end. Technological applications and systems are integrated into those parts of the business where the customer makes direct contact with the organization or the employee of the firm. This operational has its backend connected to an ERP system which collects the data generated by each interaction. Typical CRM solutions that fit into this category are customer sales and service, sales force automation, marketing automation and field services.
2. *Analytical*-The data collected from the operational is analyzed for improvement in business performance. Using relevant and useful analytical techniques, organizations can forecast regarding customer behavior, identifying relevant customer segments, identifying potential customers etc.
3. *Collaborative*-CRM gives way to facilitation of collaborative channels or services to facilitate interactions between customers and employees. This collaborative effort produces lot of data which is rich in customer information. It analyses the data using data mining and other technologies and in turn feeds the result (i.e. knowledge gained) back to the operational and collaborative CRM technologies.

All customers do not comply positively to the organizations profitability. Some contribute negatively some contribute positively. It is at the organizations behest to nurture the profitable customers. Using CRM to identify and then opening channels of communications using the technology specifically

meant for the purpose is what CRM is being utilized in organizations. It integrates all the front end operations so that the system remembers the customer and all the past interactions. Organizations may enjoy competitive advantage over its competitors by building mutually beneficial relationships with the customers which makes it difficult for the competitors to replicate and for customer to switch over.

4. EMERGING IMPACT OF INTERNET ON CRM

With internet technologies being evolved each year, people have exposure to various applications and internet tools which enhances their experience when it comes to using internet. Somehow this phenomena has infiltrated into their expectations when it comes to marketers engaging and creating relations with their customers. These trends can be as follows [17]:

1. *Increase in globe market space*-Internet has made this world global village where anyone from anywhere; irrespective of the country, region and continent; can communicate with each other. Customers from different regions may indulge in communication pertaining to a similar marketer or a similar market. Thus, involving exchange of information at a global level, which might spread word of mouth about the market or the marketer.
2. *Availability*-Internet is available at all times and thus any service using internet is accessible at any time. Marketers and customers are getting attracted towards various Internet technologies and applications for utilization.
3. *Speed*-Customers expect to be delivered a service at a fast speed. With internet technologies innovating exponentially, Internet speed is increasing and thus using web based application is becoming a need of time as it is better than the conventional methods.
4. *Merging of Time Zones*-Internet Time zone is becoming more and more prevalent as the physical time zones are being merged into each other.

The above trends focus on the efficiency and the better service that can be improvised and improved by using the Internet. CRM has been used as an information system within an organization but using internet its scope can be expanded beyond organization and the customers can be included directly in the CRM system.

5. THE SOCIAL CRM

With new technology emerging as the time advances forward, the dynamics of the on-to-one relationship between the organization and the customers is rapidly evolving. Internet and other technologies has given access to massive amount of information, which gives them deep insights about the any organization, its products, services and pricing etc. This information when amalgamated with the information gathered

by fellow customers and their experiences, thoughts and feeling; shapes their opinions about a product or a service. Web 2.0 and its collaborative technologies such as blogs, wikis, social networking sites etc., play an important part in this exchange of information.

Introduction of Social media has completely changed the scenario of online communication when it comes to meaningful communication between the organizations and their targeted segment in the population. It has also affects the customers and their use of social media to engage themselves and participate in social networks, where they create, share and exchange information with other customers, and build relationships with other customers [8]. By use of social media customers are able to interact with nearly any company and voice their opinion through the social media and social networking channels at their disposal.

It has been suggested by researchers that the CRM Technologies provide a better value to an organization when they are collaborated with other resources and processes within the organization [22; 21, 20]. Merging the present CRM technologies with social media presents a more collaborative approach involving network-focused customer relationship management. Social CRM has emerged as a new term which focuses on this new method of managing customer relationships and developing them [5]. It is defined as a merging and integrating the front end activities where customer is directly engaged, using the social media applications as the new technology to connect with customer in a more collaborative and meaningful conversations leading to better customer relationships [6,18]. Marketers and organizations are now recognizing the immense potential that social media can provide when it comes to connecting and communicating with customers, and have considered investing in CRM technologies which include social media the recent years. Investments on social CRM by organizations has exceeded \$1 billion in 2013 and it is expected to increase higher in the coming years as the social media technologies upgrade themselves [15].

6. SOCIAL CRM FRAMEWORK

Social CRM activities are not based on the problems faced by marketers which are technology driven, and can be solved by technology driven solution by an organization. Instead, all the activities incorporated as the social CRM activities are to taken up and executed as a whole at the organization's cultural levels. To create an environment and to implement Social CRM following capabilities should be developed by an organization [1]:

1. *Monitoring the social web*—Keeping a vigil on the communication going on the social web and collecting data and insights through systematic planning and processes to understand the perceptions, needs, wants and attitude of the customer. This can easily be done by participating in the social web just like any other

customer, and understand the dynamics of the target customers and their communities.

2. *Assessing and analyzing the outcomes of monitoring*—Data collected from the social web is then carefully analyzed to understand the opportunities and threats that prevail in the social web, which can be addressed by using Social CRM
3. *Create strategies and create a framework*—Building a strategy to take up social CRM by selecting various channels which are used by customer on the social web such as blogs, social networking sites, forums, wikis etc. A clear framework or structure is needed to create a guideline with specific purposes.
4. *Testing*—Using a small controllable section of the social web to test the strategy to determine whether the framework and the tools used to implement it are working as desired and calculating the ROI of the social CRM on this controlled testing.
5. *Implementing*—After Testing has been successful it can be implemented after outlining the desired activities on the social web along with defining the necessary systems and tools for this purpose. This is further supported by determining the roles and responsibilities of the employees, their incentives and the business targets.
6. *Review the Activities*—Social web has a dynamic environment which is ever changing. Adapting to this dynamic nature and improvising the social CRM activities, and upgrading them is a must. For this purpose the activities done under social CRM should be regularly assessed.-

This is a step-by-step framework which gives a structure to formulate any social CRM strategy for a successful social CRM implementation, but this framework is not enough as getting each step correct to its details is important. Each step in this framework should acquire capabilities in three major areas which are as follows [1]:

1. *Business Functions*—Building capabilities from generating new ideas and innovation to marketing and then to sales leading to services.
2. *Organizational Structures*—Including skilled people capable of understanding and implementing social CRM and how to adapt dynamically
3. *Incentive Structure*—Designing a structure to promote the use of social CRM and its constant up gradation.

Apart from the above three areas plans for development of the culture within the organization that encourages the use of technology platforms supportive of social CRM which include tools and Social CRM specific systems; and organizational culture which creates an environment for employees and focuses on collaborating with each other and creating a transparent and swift structure within the organization. It is also important to integrate the social CRM activities and processes within the IT architecture of the organization.

7. CHALLENGES FOR MARKETERS

Companies develop a social site to attract sales and they buy monitoring technology to hear what customers are saying, but they fail to use social media as another channel to optimize the customer experience. Following are the challenges marketers might face while implementing Social CRM [1]:

1. *Excess of Information*-Social media generates a lot of data which comprises of both structured and unstructured data. Organizations have a big challenge to process and analyze this heaps and heaps of data generated by social media. They may face a difficult choice of selecting relevant information from the heaps of data and therefore, some important data might get neglected.
2. *Ignoring to Understand the Customers*-Marketers might focus too much on social media sites as a means to direct marketing and generation of new leads; and might completely ignore the important fact that, it is also a channel through which they can listen and understand what the customer perceives about them, their product or their brand. They face a challenge as to creating a web portal or site which engages customers as well as extend support to the customers. Monitoring and responding effectively using the social channels to reach out to the customers is another challenge that the marketers face.
3. *Investment Decision*-Deciding about the level of investment an organization should make on the social technologies comprising of blogs, wikis, forums, social networking sites and other such platforms can be a hard decision which might be difficult to come up to. Apart from this they might also be unsure regarding the monitoring of the social web and selecting the right tools and systems for this purpose

8. CONCLUSION

The emergence of the Social Web established a new information source and interaction channel for individuals. Businesses now start to recognize the Social Web as more than an inexpensive channel for word-of-mouth marketing or targeted advertising through communities. With customers being the center of attention, it is but only logical to couple technologies like social media to existing customer-centric management systems, for better and enhanced performance of the relationship management.

Organizations need to take up social media into account while planning the CRM processes, activities and management systems. Since social media is a source of huge amount of data, organizations need to understand their capabilities of handling, storing and analyzing such big data. By following basic framework of social CRM they can build up their own customized and enhanced social CRM systems.

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