Chapter 28
Analytics and Performance Measurement Frameworks for Social Customer Relationship Management

Anteneh Ayanso
Brock University, Canada

Derek Visser
Brock University, Canada

ABSTRACT

This chapter provides an overview of the analytics and performance measurement frameworks for social customer relationship management (SCRM). Based on a review of academic research and industry practices, the chapter discusses the limitations of traditional CRM, and the technology and analytical capabilities that support SCRM. The chapter also provides a review of existing measurement frameworks for SCRM strategies and outlines the various metrics that have been proposed and/or are currently in use as part of SCRM systems. Furthermore, in view of the opportunities and challenges of big data and the social media environment, the chapter highlights current business practices as well technology and analytics trends that facilitate the implementation and maintenance of SCRM systems.

INTRODUCTION

The introduction of social media and related Web 2.0 technologies has significantly changed traditional ways of interacting with consumers. Nearly exponentially, consumers are joining social networking and blogging sites, creating, sharing, and using incredible amounts of information. Increasingly, firms are recognizing the potential of social media and are driving their marketing activities to exploit this potential. For example, Netflix has recently lobbied the U.S. government to amend a bill that has now been endorsed, allowing users to share their Netflix activity on Facebook (Lawler, 2013). Nielsen, the TV statistic watcher, has taken notice and has partnered with Twitter to monitor social chatter about television shows and has changed their model for the 2013 year to

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begin to incorporate Internet TV as well as TV consumed on IPads and Tablets (Titlow, 2013). A study by IBM (2011b) revealed that 82% of chief marketing officers (CMOs) plan on increasing their social media presence over the next three to five years. McKinsey Global Institute (MGI) (2012) has also found that companies using social technologies have the potential to unlock a 20-25% increase in high-skilled knowledge workers' productivity. In addition, 72% of the businesses that MGI surveyed are utilizing social technology, of which 90 percent acknowledged realizing benefits from its use. These are tangible results that are hard to ignore. Social technologies have enabled consumers to be heard and provided companies with the opportunity to listen and engage. Consumers are voicing their thoughts, emotions, and their positive and negative opinions about products and services. This chapter discusses the limitations of traditional CRM strategies and technologies, and provides insights into the analytics and performance measurement frameworks that support social CRM (SCRM) strategies.

SCRM is the future of real-time, proactive, and actionable marketing. Woodcock, Broomfield, Downer, and Starkey (2011) suggest that "SCRM will help move interested customers from 'social' engagement and basic interaction to a deeper level of personalization, engagement and involvement" (p. 253). In traditional CRM, firms tend to focus on the reporting and analysis activities, with limited insight into predictive capability. The lack of computing resources and real-time analytics are some of the key constraints that force firms to limit the scope of CRM. Social media and new data management technologies have broken this resource barrier and offered firms a huge potential to extend their CRM activities and analytics beyond traditional capabilities and value networks. The increasing availability of these technologies has extended the capability of CRM systems to predictive modeling and real-time decision making. In order to benefit from this extended capability, organizations are striving to create an environment with the right people, process, and technology and therefore improve strategic business decision making. This new capability also calls for a performance measurement framework that can comprehensively monitor and evaluate the impacts of the analytics efforts. A comprehensive measurement framework can equip organizations with the ability to view several dimensions of their CRM performance. In particular, the social media frontier and the associated marketing activities present new challenges for organizations to evaluate their business strategy and monitor their operational efficiency in real-time or near real-time. This does not necessarily mean that organizations should create a brand new measurement system. However, the expanded analytics capabilities require revisiting traditional performance measurement systems and aligning them to the opportunities and challenges of the social media environment.

Traditional CRM

Marketers have been employing CRM as a strategy for customer retention and profitability for several decades. Indeed CRM systems have allowed many small and big organizations to move from product focus to customer focus. With this shift in focus, many have realized both operational as well as strategic advantages over their rivals. Notable examples include Royal Bank of Canada's (RBC) early adoption and success with CRM technologies in the banking industry (Khirallah, 2001), and Harrah's dramatic achievements in customer service and profitability in the casino industry by shifting from an operations-driven strategy to a marketing-driven strategy under Loveman's leadership (Loveman, 2003). Today, in some industries such as banking, CRM systems have become a necessity, rather than a competitive weapon. CRM systems help to identify prospective consumers, cultivate value, and promote

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