Chapter 13
Business and Technology Trends in Social CRM

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ABSTRACT

Social media technologies have transformed the traditional CRM applications landscape in many ways. Apart from extending the traditional customer touch points, social media technologies play a critical role in integrating the activities involved in operational and analytical CRM. This chapter explores the business and technology trends in social CRM and examines current social CRM solutions and their capabilities in the analytical and operational (sales, service, and marketing) efforts of organizations. The chapter also discusses the technological and managerial challenges organizations may face in embracing social media technologies in their customer relationship management processes.

INTRODUCTION

The operational as well as strategic advantages of CRM systems have long been understood by many organizations. CRM systems enable both small and large organizations to focus on their customers and generate value through long-term relationships. Royal Bank of Canada's 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 (Loveman, 2003) are few of the success stories. Social media technologies have further enhanced this value creation process by extending the scope and functionalities of CRM applications both at the analytical and operational fronts. Industry surveys indicate that the vast majority of today's customers rely on social media for information related to a company's product or brand (DEI Worldwide, 2008; Accenture, 2009). Social media tools and applications extend the traditional boundaries to create and maintain complex social interactions on a much larger scale. As a result, they empower organizations to be more effective and productive in the formulation of marketing strategies as well as in their execution in the sales, marketing, and service fronts. Social CRM leverages a new wave of social tools (e.g., RSS, social networking, videos, widgets, wikis, social analytics, etc.) and enables marketers to effectively interact with customers and gather information for actionable insights.

In its 2012 report on Magic Quadrant for Social CRM, Gartner defines Social CRM as "a business strategy that generates opportunities for sales, marketing and customer service, while also benefiting the online communities" (Gartner, 2012; p.1). Gartner's report highlights that to be successful in social CRM, companies should focus much less on how an organization can manage the customer, and much more on how the customer can manage the relationship. In other words, social CRM applications should encourage many-to-many participation among internal users, as well as customers, prospects, and other partners, capture and share user-generated content, provide varying levels of autonomy and engagement levels to the community, and demonstrate a mutual and balanced purpose for company and community use (Gartner, 2012). Greenberg (2009) also highlights that social CRM is not a replacement for CRM; it is a change primarily on how communications take place. While conventional CRM strategies focus on one-on-one customer interactions by leveraging integrated data and business processes across multiple touch points, social media channels, by contrast, make information freely available in order to shift influence to the community and power to the consumer (Tobey, 2010). These descriptions emphasize that social CRM complements traditional CRM, but brings several advantages and strengths to the CRM teams both in the analytical and operational roles. For example, service teams can broaden their understanding of the customer and her/his service expectations through conversations on social platforms. Social CRM enables service teams to redefine their roles and proactively indentify issues before they become problems (Accenture, 2009). Similarly, sales and marketing teams can take advantage of the wealth of social media technologies and content to develop more effective strategies and marketing campaigns.

The social Web brings new opportunities as well as challenges to how organizations acquire and manage customers. This includes how companies view consumers and embrace social media as a more robust and increasingly intricate channel of communication and relation building. Social CRM programs rely on conversations taking place at the various social media sites. Managing activity on social channels and the contents users generate can make already complex tasks even more challenging (Business-Software, 2010). Sales, marketing, and customer service teams need to manage and produce structured and actionable information from the social Web in order to take appropriate and timely business actions based on the conversations and relationships they engage in. Mining social media data requires efficient and scalable tools and analytics in order to effectively monitor and filter online conversations and manage new forms of data related to campaigning and relationships.

Unlike the traditional CRM environment, customers have relatively more control and power in social CRM. According to Forrester's survey, nearly 50% of users rank information from other consumers as more important than information from marketers (Greene et al., 2009; Accenture, 2009). Thus, social CRM represents a fundamental shift from a predominantly company-to-consumer dialogue to consumer-to-consumer dialogue (Accenture, 2009). Furthermore, due to the big data revolution and the nature of data companies deal with in the social media environment, tracking and measuring CRM performance is becoming increasingly challenging. The 3Vs of big data: *volume, variety and velocity* (Laney, 2001; McAfee & Brynjolfsson, 2012) show the CRM implications of big data challenges. For example, the volume dimension of big data emphasizes the infrastructural readiness (i.e., hardware and software capacity and scalability) of organizations to maintain and analyze the large amount of data that is coming from the various CRM touch points. In addition, the variety and velocity dimensions emphasize the ubiquitous nature and speed of unstructured data in today's CRM environment and the challenges organizations face in their data pre-processing and model building efforts.

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