2nd GLOBAL CONFERENCE on BUSINESS, ECONOMICS, MANAGEMENT and TOURISM, 30-31 October 2014, Prague, Czech Republic

Successful Application of Social CRM in The Company

Milan Kubina[a]*, Viliam Lendel [a]

[a]University of Zilina, Univerzitna 8215/1, 010 26 Zilina, Slovakia

Abstract

Problems of successful application of social CRM in the company are still poorly explored and in practice weakly applied area of marketing management. Managers often do not know modern techniques and metrics for assessing implementation of social CRM. The aim of this paper is to create a system for successful application of social CRM in the company based on detailed analysis of sources and conducted research. In addressing were identified innovative approaches to relationship marketing (e-CRM, social CRM…) and their use in conditions of Slovak companies (conducted own empirical research).

© 2015 The Authors. Published by Elsevier B.V. This is an open access article under the CC BY-NC-ND license (http://creativecommons.org/licenses/by-nc-nd/4.0/).
Selection and/ peer-review under responsibility of Academic World Research and Education Center
Keywords: social CRM, relationship marketing, customer, enterprise;

1. Introduction

In the current period can be observed more intensive use of information technologies for collecting and storing information about clients. This trend is also reflected in the use of innovative approaches to relationship marketing, which gave rise to new types of customer relationship management (CRM). These are primarily electronic (eCRM) and social (SCRM) CRM.

Problems of successful application of social CRM in the company are still poorly explored and in practice weakly applied area of marketing management. Managers often do not know modern techniques and metrics for assessing implementation of social CRM. The main difference between traditional CRM and social CRM can be seen the way you work with customer data. Social CRM allows through various social platforms customers to actively participate in partnership with its suppliers. Specifically, it can influence and contribute to the improvement and adaptation of its product according to their wishes and requirements.

The aim of this paper is to create a system for successful application of social CRM in the company based on detailed analysis of sources and conducted research.

* Milan Kubina, Tel.: +421-41-513-4463
  E-mail address: milan.kubina@fri.uniza.sk

2. Objective and Methodology

The main aim of the paper is to acquire new knowledge in the field of marketing management focusing on the area of social CRM and highlight the possibility of creating the system for successful application of social CRM in the company. Solution of the examined issues in the paper requires the use of several methods depending on the character of each part of the solution. For the acquisition and collection of information were used method of analysis of documents (when analyzing current and historical data relevant to the issue), questionnaire method and the method of semi-structured interviews (data collection in empirical research), method of observation (visiting businesses).

For the information processing was used mainly method of quantitative assessment (formation of statistical averages, percentages, application of statistical tests and other statistical methods) and the comparative method (when comparing data obtained from the relevant empirical research and the collation of data from the analysis of secondary sources). For solve of the problem were used methods of induction, deduction, synthesis (in developing system for successful application of social CRM in the company), abstraction and modelling.

3. The Current State of Dealing with the Issue

At present, in domestic and foreign literature may be encountered with the use of multiple definitions of social CRM. This is a new trend that combines several different areas of Web 2.0 and traditional CRM. From the wide spectrum of opinion marketing theorists and practitioners can be chosen the most accurate definition of social CRM. Table 1 summarizes the definitions of the term social CRM.

Table 1. Definitions of social CRM

Author(s)	Definition
Faase et al. (2011)	Social CRM is CRM strategy which encourages customer collaboration and involvement.
Ang (2011)	This term is a misnomer because online community members are not necessarily customers of the organisation. A better term is community relationship management (that is, CoRM) because it more accurately reflects what people do in online communities – connect, converse, create and collaborate.
Acker et al. (2011)	This new relationship will have two goals: to develop the credibility needed in the social web and to use this web to boost sales.
Askool and Nakata (2011)	Social CRM is emerging as a new paradigm for integrating social networking in more traditional CRM systems.
Reinhold (2011)	Social CRM is an emerging concept that includes strategies, processes and technologies to link the Social Web with CRM processes.

Based on the study of domestic and foreign literature can be said that the base of social CRM most accurate rendered Greenberg (2001). Because according him the social CRM is the business strategy of engaging customers through social media with goal of building trust and brand loyalty (Woodcock et al., 2011).

4. Using social media for CRM

Social CRM requires learning a new way of customer relationship management, listening and adjusting business messages to maximize profitable opportunities. Business can still run usual, but don't miss opportunities to hear what your customers are really saying about and to you through their social network.

Customers want to engage on a social level with brands, similarly to how they communicate with friends and family. For example Facebook user can tag photos, comment on post and photos and make recommendations to connect with a company, product or brand. The fundamental idea behind social CRM is managing the social

networks, because with social media, business can have more channels where they can reach customers. (Paul, Nilsson, 2011)

Social CRM is especially valuable, because the users voluntarily decide to be entertained and updated by the company. Traditional CRM activities, such as direct mailing campaigns are usually designed to sell, or to gather customer data, but not to engage customers. These activities help managing customer relationships. A Facebook fan page or a presence in any other social network is often also a good hunting ground for acquiring socio-demographic data, such as age, relationship status or even addresses to be able to, on the one hand enrich existing customer profiles but also to include Facebook fans in traditional CRM activities.

5. The situation in Slovak companies – results of empirical research

Research was conducted from March to the end of December 2012. Its primary task was to obtain and interpretation of information that predicative rate of the utilization of innovative approaches to relationship marketing in medium and large businesses operating in the Slovak Republic. A substantial part of the research was focused on identifying the main problems of application of innovative approaches to relationship marketing and resource gathering innovative ideas.

The target groups were medium and large businesses operating in the Slovakia. The objects of research (respondents) were managers at senior and middle level management of these businesses. Into the research were involved 207 respondents.

The biggest problem that hindering to the successful introduction of innovative approaches to relationship marketing is the lack of necessary funds and it is in the 119 businesses in Slovakia. Distrust of management to possible outcome (in 57 businesses) may be partly related to the lack of information about technologies and markets (29 businesses).

Innovative ideas are not recording by any information system in more than 64.25% of the companies in Slovakia. Of the 25.12% which information system use about 88.46% has created its own information system. In addition, Slovakia is using a system to record ideas by firm Salesforce.com in 11.54% of companies.

The results of the research confirmed the important role of innovative approaches to relationship marketing in the process of customer involvement in the production process. Customer requirements and their need are valuable information that could assist produce successful products on the market. The important role plays information system, respectively use of information and communication technologies. Currently, the increasingly popular area among customers becomes social networking and e-commerce. There are formed concepts and solutions E-CRM and social CRM to enable it to reach a specific group of customers and build strong relationships with them.

6. Successful application of social CRM in the company

There is no single correct answer to developing a Social CRM strategy, but there are basic components that will enable success. The first step in relationship is traditionally the campaign (one specific message that is delivered through specific channels in a time frame to the prospects). In opinion of Nieto (2009), this first step using the social networks would be the content as a tool to generate conversations and meaningful relationships (Figure 1). In the traditional CRM divides the customers in the sales cycle but in the social CRM is based in a collaborative relationship creating value for ourselves.

CRM has been oriented to the operational: the automation of processes through technologies and programs that are designed to make the employees of a business more effective and efficient in the management of relationships with customers. Typically customer insight was used as data, rather than the other way around (data being used to ascertain customer insight). This concept is now undergoing dramatic transformation. Social model of CRM where customers increasingly expect access, transparency, honesty and collaboration with the companies that they choose to do business with.
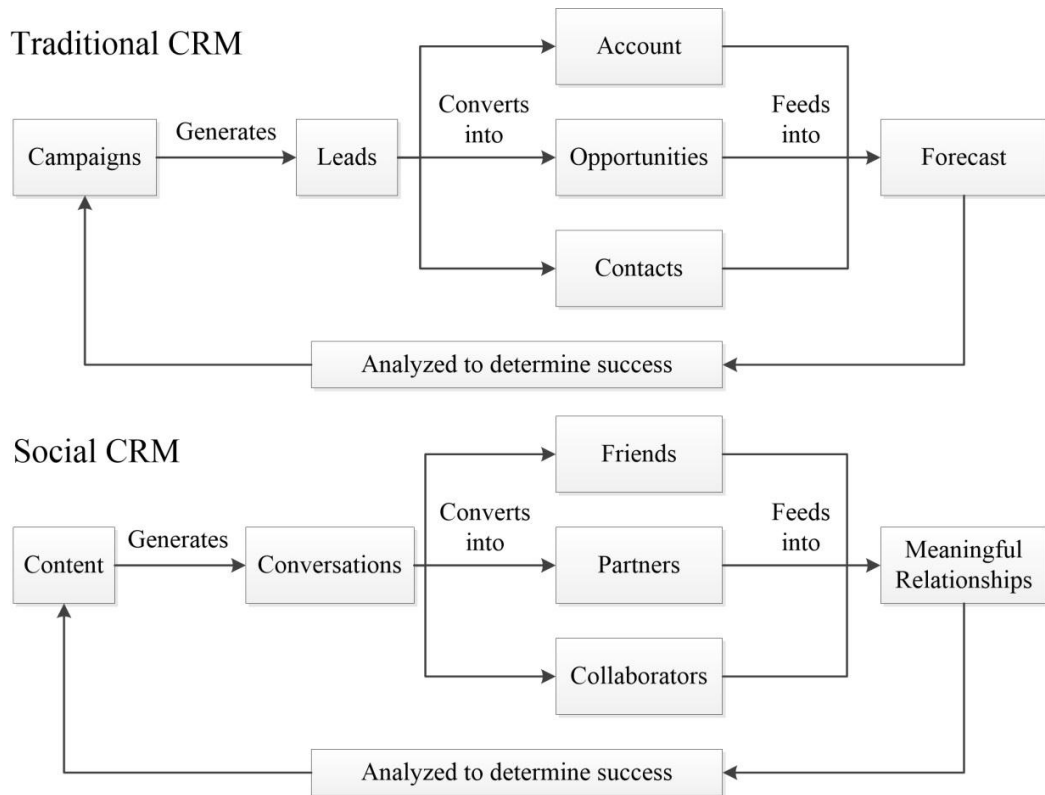
Figure 1 Traditional and social CRM by Leary (2008)
Source: Leary (2008)

Customers expect of every institution (be it business, political or social) is that it will have the products, services, tools and experiences they need to sculpt an individualized relationship with the company – personalized (and personal) in the way that they want it. As a result, CRM vendors are beginning to incorporate social tools such as wikis, blogs, social networks and Web 2.0 applications into the CRM systems they offer. Companies like IBM, Intel and even Cisco are offering pure collaborative systems so that practitioners (the vendors' customers) can offer the level of interaction that customers demand (Greenberg, 2008).

7. Conclusion

The main difference between traditional CRM and social CRM can be seen the way you work with customer data. Social CRM allows through various social platforms customers to actively participate in partnership with its suppliers. Specifically, it can influence and contribute to the improvement and adaptation of its product according to their wishes and requirements. Business strategies that do not recognize the presence of complexity and uncertainty with related and future changes will be inflexible and unlikely to be correct (Varmus 2009).

The implications for business are significant. The shift to Social CRM is more than an adoption of new operational models or technologies; it is a philosophical, cultural shift. Social CRM is a strategy for stewardship of the customer relationship, not management. This transition is still in the early stages for many who are experiencing the growing pains of rapid change. The sooner companies embrace this fundamental precept – that the customer is now in control of the relationship – the sooner they can exploit this shift and unlock the full potential social media holds.

Acknowledgements

References

Acker, O. et al. (2011). Social CRM: How companies can link into the social web of consumers. In: *Journal of Direct, Data and Digital Marketing Practice,13*, 3–10.

Ang. L. 2011. Community relationship management and social media. *Journal of Database Marketing & Customer Strategy Management 18*, 31–38

Askool, S., Nakata, K. (2011). A conceptual model for acceptance of social CRM systems based on a scoping study. In *AI & Society, Volume 26,* Issue 3, pp 205-220. Springer Verlag London

Christopher, M.; Payne, A.; Ballantyne, D. (1991). Relationship marketing. Oxford: Butterworth-Heinemann.

CRM's New Trends Take Shape. Available on Internet: http://www.crminfoline.com/crm-articles/crm-trends.htm

Faase, R., Helms, R., Spruit, M. (2011). Web 2.0 in the CRM domain: defining social CRM. *International Journal of Electronic Customer Relationship Management. Volume 5*, Number 1/2011, ISSN 1750-0664, 1-22

Greenberg, P. (2001). CRM at the Speed of Light. Berkeley, CA: Osborne/McGraw-Hill. 360 p. ISBN 978-0072127829.

Greenberg, P. (2005). Global CRM Trend 2005. Available on Internet: http://www.business-software-books.us/sales_and_marketing_0003.php

Greenberg, P. (2008). Three long-term CRM trends to watch. Available on Internet: http://www.sas.com/news/sascom/2008q3/column_emergingtrends_crm.html

Grönroos, C. 1997. Value-driven Relational Marketing: From Products to Resources and Competencies. *Journal of Marketing Management. 13*(5): 407-419.

Klučiarová, I. 2013. Information providing of selected innovation processes of the company. Diploma Thesis. Žilina: FRI ŽU in Žilina, 102 p.

Leary, B. (2008). Social CRM in Pictures ... and Words. Available on Internet: http://crm2.typepad.com/brents_blog/2008/07/social-crm-in-p.html

Lendel, V.; Kubina, M. (2009). Relationship marketing - how to successfully build relationships, *Marketing Inspirations 4*(2): 11–16.

Lendel, V.; Varmus, M. (2012). Proposal of the evaluation system of preparedness of businesses for implementation of an innovation strategy, Business: Theory and Practice 13(1): 67-78.

Mettam, G. R., & Adams, L. B. (1994). How to prepare an electronic version of your article. In B. S. Jones, & R. Z. Smith (Eds.), Berry, L. L. 1995. Relationship marketing of services – growing interest, emerging perspectives, *Journal of the Academy of Marketing Science 23*(4): 236–245.

Nieto, D. (2009). Social CRM vs Traditional CRM. Available on Internet: http://www.speakingcrm.com/2009/04/crm-social-vs-crm-tradicionalsocial-crm-vs-traditional-crmsocial-crm-vs-traditional-crm/

Paul, A., Nilsson, J. 2011. Social CRM For Dummies. Chichester: John Wiley & Sons Ltd, 2011.

Reinhold, O. (2011). Analytical Social CRM: Concept and Tool Support. 24th Bled eConference eFuture: Creating Solutions for the Individual Organisations and Society. June 12-15, 2011, Bled Slovenia.

Sarner, A. et al. (2010). Magic Quadrant for Social CRM. [online], [cited 12 January 2014]. Available from Internet: http://www.lithium.com/pdfs/whitepapers/Gartner-MQ-Social-CRM-t4OR7RhY.pdf. Gartner RAS Core Research Note G00201531, R3419 07072011.

Sociální CRM [Social CRM]. [online], [cited 13 January 2014]. Available from Internet: http://www.crmportal.cz/ redakcni/socialni-crm.

Sterne, J. (2010). Social media metrics: how to measure and optimize your marketing investment. New Jersey: John Wiley & Sons. ISBN 978-0-470-58378-4.

Varmus, M. (2009). Comparison of Selected Concepts Strategies. In: Theory of Management 1. Žilina, EDIS, 2009. ISBN978-80-554-0147-8.

Vitaiová, O. (2011). Analysis of Social CRM Potential. Bachelor Thesis. 73 p. [online], [cited 15 January 2014]. Available from Internet: http://www.orny.cz/downloads/xvito06BP_AnalyzaPotencialuSCRM_revize.pdf

Woodcock, N., Green, A., Starkey, M. 2011. Social CRM as a business strategy. Database *Marketing & Customer Strategy Management, Vol. 18*, 1, 50-64.