

Role of Social Media in Customer Relationship Management

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Abstract

In the age of globalization, customer relationship management (CRM) is an important component of corporate communication, which has undergone a series of changes and modifications all over the world. The growth of economy as well as that of both communication science and technology has brought about commendable changes in the art and craft of CRM all over the world. Modern organisations have realized that managing customer relationships is a very important factor for their success. Despite the growth in social media, managers are still unclear as to how it can be used to benefit their organisations. Part of the problem stems from confusing customers with online community members through the popularization of the term ‘social customer relationship management’ (social CRM). This term is a misnomer because online community members are not necessarily customers of the organisation. A better term is community relationship management because it more accurately reflects what people do in online communities – connect, converse, create and collaborate. Organisations can take advantage of these predispositions by using marketing research and public relations, nurturing opinion leaders or advocates, placing and creating advertisements, developing new products, lowering the cost-to-serve, building brand loyalty and sales, and amplifying buzz and visibility for the organisation.

CRM is a strategy that can help them build long-lasting relationships with their customers and increase their profits through the right management system and the application of customer-focused strategies. New media are powerful tools that can support CRM to attract more customers to any organisation in the world. In other words, using new media in CRM will increase customer satisfaction. Usage of new media helps customers gain powerful and useful information about the price, product and the latest information about companies. Very speed and potty that causes customer’s satisfaction from companies. This study examined the rate of accessible of new media in CRM in Iranian and Indian corporate houses. Four Iranian and Indian corporate houses (two public and two private) were selected for this study. The results of this study showed that new media are accessible in CRM in these companies.

INRODUCTION

In today’s society, organizations are looking to optimize potential social interactions and increase familiarity with customers by developing relationships with various stakeholders through social media platforms.

Strategic Customer Relationship Management in the Age of Social Media provides a variety of strategies, applications, tools, and techniques for corporate success in social media in a coherent and conceptual framework. In this book, upper-level students, interdisciplinary researchers, academicians, professionals, practitioners, scientists, executive managers, and consultants of marketing and CRM in profit and non-profit organizations will find the resources necessary to adopt and implement social CRM strategies within their organizations.

Customer relationship management is a new competitive weapon for organizations for serving internal and external customers. Today's organizations are focusing on conquering the minds of customers, to make them satisfied and loyal with the help of sophisticated, well-organized CRM efforts.

CRM is high-touch, person-to-person communication. And it is the most powerful and time-consuming marketing technique. The philosophy or foundation of relationship marketing is the belief that strengthening ties with existing clients heightens customer satisfaction heightens our abilities to serve clients. It can be seen that the customer market is increasingly gaining greater importance and thus there is the need to focus on building or fostering relationships. Customer loyalty, as we conceptualize it, focuses on a customer's repeat purchase behaviour that is triggered by a marketer's activities.

Social media as means of marketing evolved from the late '90s and today, it has become the biggest source of communication around the world. Social media is the outline content created by people using highly accessible and scalable publishing technologies. Social media fundamentally alter the state of online communication towards a dialogue among web-users as well as organizations and their target groups. Interaction-based social media has taken the world by storm and is reinventing how we consume, view and share information. It is a new entry into the marketing arena, which can be typically termed as 'buzz marketing'. Online brand monitoring and real-time customer engagement are the most important points to increase the online presence and efficiency. Deploying actionable social media marketing campaign for branding of products and brands will make the products appear compelling and attractive. Businesses, which are lacking in this area will tend to lose the overall view of their customers by ignoring the most important and relevant channel of communication today, i.e., social media. It is also important to know what is working for the customer, simultaneously keeping a tab on current market trends.

The combination of social media and CRM creates an enormous opportunity to enrich customer interactions and give businesses a way to manage and measure how they use social networking while successfully engaging social customers. This research paper indicates the integration of social media with customer relationship management (CRM) strategies, and defines the benefits of this integration for business.

RESEARCH OBJECTIVE

The objective of this study is to indicate the integration of social media with customer relationship management (CRM) strategies, and defines its benefits for business.

LITERATURE REVIEW

Parvatiyal and Sheth (2007) defined as CRM as “Customer relationship management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer”(To understand e-CRM first of all it is important to understand what CRM is because CRM has been referred to as ‘the paradigm shift in marketing’ CRM has gained a lot of importance as it has replaced business strategies by customer strategies.

According to Peppers and Rogers (2011), there is global tendency in customer relationship management that relates to the shift from transactional model towards the relationship model. In other words, Peppers and Rogers (2011) argue that satisfying customer needs as a result of on-time transaction is not sufficient today in order to ensure the long-term growth of the businesses.

Mueller (2010) characterizes customer relationship management aspect of the business as a highly dynamic, and convincingly argues that businesses have to adopt a proactive approach in devising relevant programs and initiatives in order to remain competitive in their industries.

Manish Parihar (Jan 2012) founded that although the traditional touch points with the customer are to stay, but the new generation online tools have radically changed in the way that companies connect and relate to their customers the concept of customer experience management has been an extension of the new-age customer relationship management.

Lehmkuhl Tobias & Jung Reinhard (Jun 2013) stated in their study that the triggers of SCRM are technological advancements and societal changes leading to an empowered web user. Persons are engaged in a public and direct dialogue with organizations and their peers in order to derive personal utilitarian and effective value .SCRM added to that point by facilitating customer engagement as a means to establish mutually /beneficial relationships.

With the explosive growth in social media facilitated by diverse tools the way business organizations interact with customers has been revolutionized. Customers on global level are using social media to interact and share valuable information from marketing point of view. This has made marketers to rethink their Customer relationship Management (CRM) strategies and techniques and the customer information sources. CRM being a dynamic and evolutionary concept needs to adopt social media to retain and augment the customer relating ability. This integration of social media and CRM has given rise to a novel concept of Social CRM, used by marketers now to understand and relate better to customers. With this background this paper attempts to develop a conceptual frame work that will facilitate the marketers and the academics to develop better understanding of integration of social media and customer relationship management (Syed Zeeshanzahoor, Ishtiaqhussainqureshi, 2016).

RESEARCH METHODOLOGY

The methodology employed for research is exploratory in nature and does not include primary data collection. No survey or response method is used. Data is collected from several secondary sources like journal articles, research papers, websites and online social media portals.

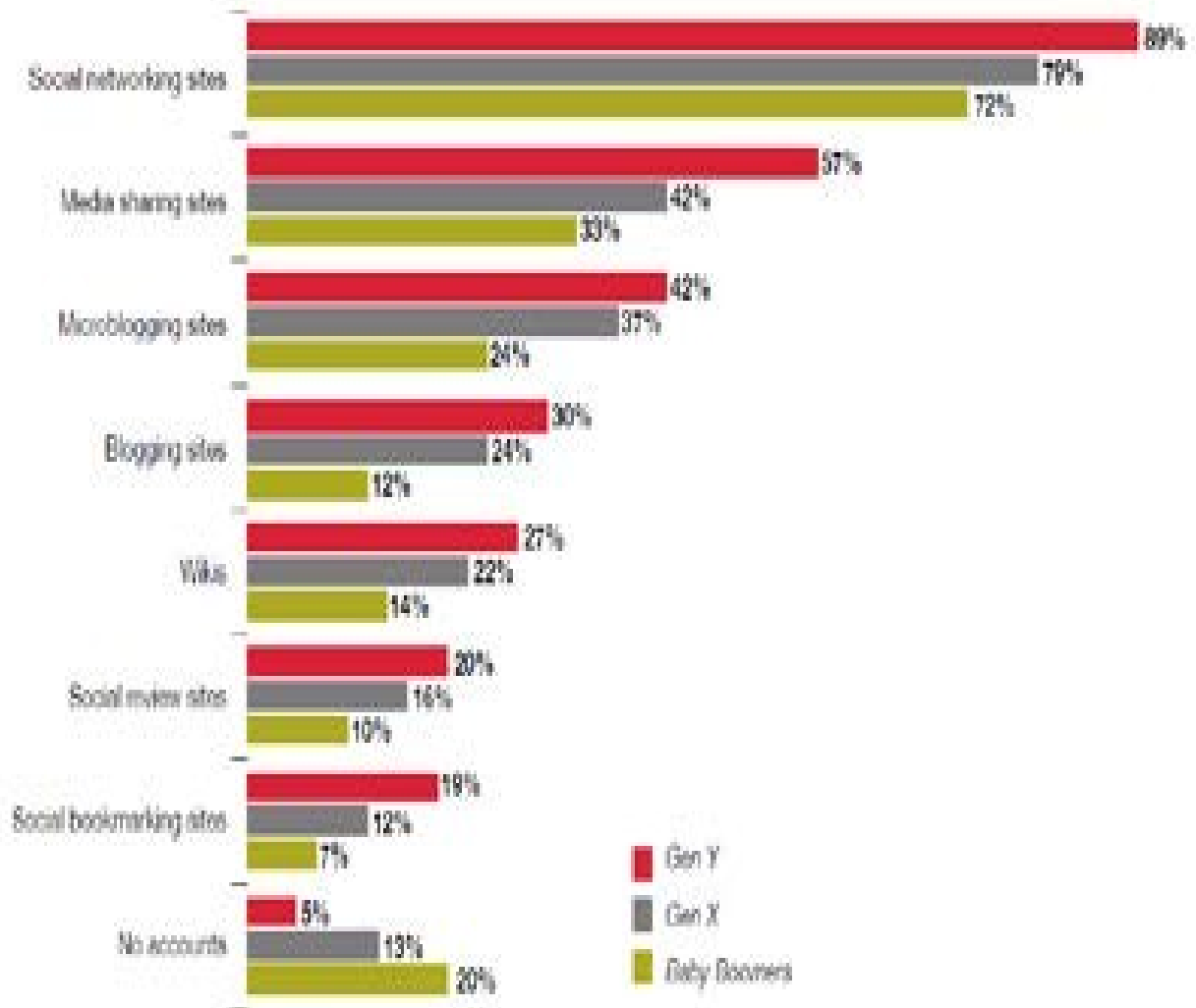
DATA ANALYSIS

The integration of social media with customer relationship management (CRM) strategies-is the next frontier for organizations that want to optimize the power of social interactions to get closer to customers. With the worldwide explosion of social media usage, business is feeling extreme pressure to be where their customers are. The social CRM from technological standpoint bridges social media with the traditional CRM.

Social media holds unprecedented potential for companies to get closer to get closer to customers and, by doing so, facilitate increased revenue, cost reduction and efficiencies. Businesses are rapidly embracing social media not only to build virtual communities, but also to create innovative social commerce programs, improve customer care and streamline customer research. With so much to gain, companies need to invest the effort to understand how to break through the noise and offer current and potential customers a reason out to them via social media. The blend of social media and customer relationship management (social CRM) enables your brand to truly listen to your customers more than ever before. It enhances your traditional CRM by listening for and with social media conversations, tracking new leads from a Tweet or Face book post and moving them into your sales funnel.

Social media continuously generate hoards of information so that it be comes difficult for enterprises to monitor them. As a result ,an increasing number of CRM developing companies of CRM developing companies are now offering social media integration their CRM. CRM customization allows your social media accounts to be linked and managed through your customer relationship management software .It helps businesses in devising business strategy using the insight gained from societies.

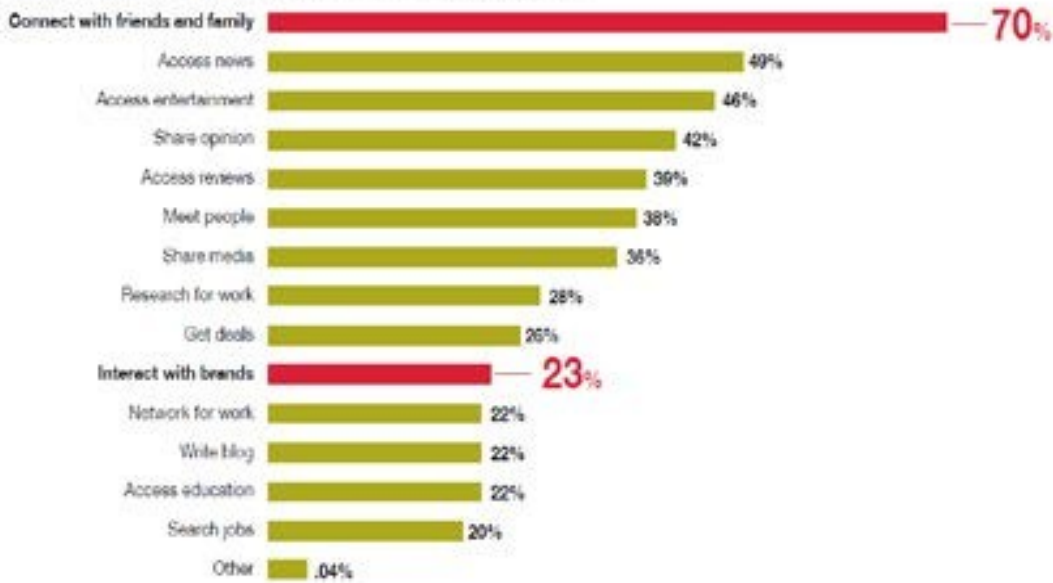
Percentage of consumers with accounts on social sites



Notes: 1) Sample size: 1016. 2) Generation Y: People born between 1975 and 1990 (24 to 33 year olds); Generation X: People born between 1965 and 1974 (35 to 45 year olds); Baby Boomers: People born in or before 1964 (46 years olds and older)
 Source: IBM Institute for Business Value analysis, CPM Study 2011

DRIVERS FOR USAGE OF SOCIAL MEDIA

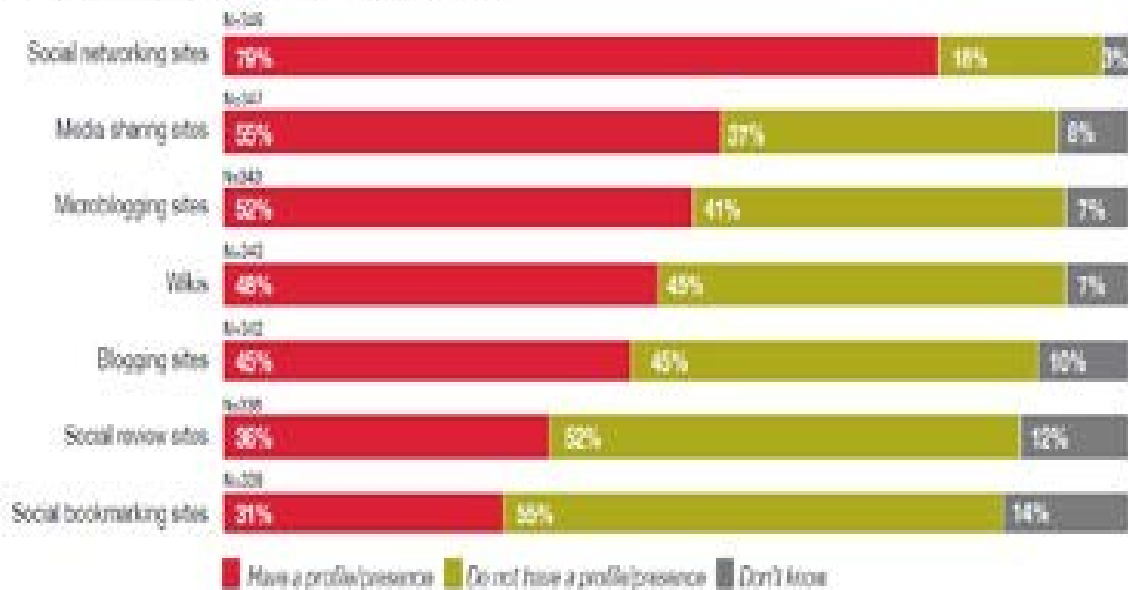
Reasons consumers go to social media or social networking sites



Note: Sample size N=1006
Source: IBM Institute for Business Value analysis, CRM Study 2011

PERCENTAGE OF COMPANIES USING SOCIAL MEDIA

Percentage of companies with a profile on a social site



Note: Numbers rounded to equal 100 percent.
Source: IBM Institute for Business Value analysis, CRM Study 2011

The benefits offered by SCRM or social CRM are:

- Improved peer to-peer interaction in offering customer support.
- Market feedback research
- Idea management
- Brand positioning and promotion
- Product launching

CRM helps business in streamlining operation and improve customer dealing. Integration of social media to it further enforced its usefulness in helping businesses to connect and serve their customers better. Customer channels have to identify before a company can build and manage its customer relationships via social networks. Once done, the full potential of Social CRM can be realized: because nowadays, customers like to use the social networks to share information about themselves and their interests. Social CRM in the current state is just a beginning of the larger shifts that are likely to take place on the foundation stone of today's emerging directions.

The principal objective of CRM is to manage customer relationships so as to maximize their lifetime value for the organisation. This means, applying the right strategic, analytical and operational tools so that the management of customer relationships is easier and in some cases fully automated. This includes having a 360° view of all customers, managing the customer life cycle, developing customer portfolios, migrating customers from one segment to another, managing the customer experience across segments, developing and communicating offers to the right segment at the right time and so forth. However, applying such a managerial approach to the users of SM, as implied by the term 'social CRM', may be counterproductive, if not impossible, for the following reasons:

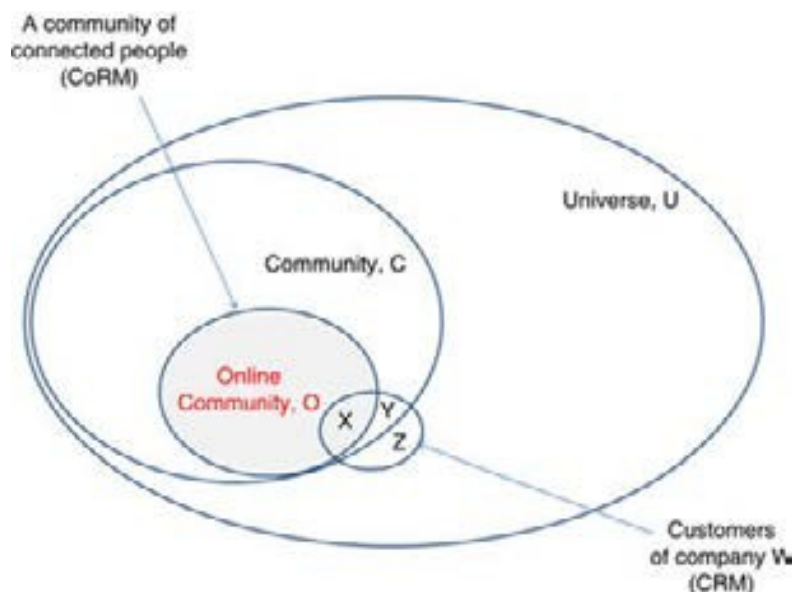
First, users of SM are not necessarily customers of an organisation; likewise, not all customers of an organisation use SM. The term 'social CRM' lumps these two groups of people together – note: the 'C' in this term stands for 'customer', which is not necessarily the case in social networking. People who use SM share something in common – either in friendship or a mutual interest (for example, they like fine wine). They use SM platforms (for example, Facebook, MySpace, Twitter, Bebo) to facilitate their social interactions with each other, and here, there is nothing commercial about such relationships. They are just people interacting with each other; they are not customers. In fact, users of SM tend to eschew having anything commercial impinge on their social milieu. ¹³ Their interactions are in fact governed by different norms.

Second, in CRM, organisations know their customers intimately. However, the same level of intimacy does not exist (so far) between organisations and users of SM. For instance, there is currently no way of knowing who just posted a blog about a product (unless the blogger chooses to self-identify). This means that it is not possible to apply sophisticated strategic, analytical and operational tools of CRM to SM data. Indeed, one of the major challenges facing organisations experimenting with social networking is that of deciphering and integrating personal information from SM back into the CRM system. ¹⁵ Furthermore organisations that have contractual arrangements with call centres as part of their CRM practice may find

this integration difficult. One recent study found that only 6.5 per cent of contact centers have support for SM.

Third, in CRM the emphasis is on building a business relationship with one's customers, as exemplified by the notion of one-to-one relationship marketing. Communication is assumed to flow between the organisation and their customers. Customer-to-customer communication, on the other hand, is never acknowledged in traditional CRM. In fact, organisations may not necessarily want their customers to interact with each other for fear that the customers may discover they share similar bad experiences, for instance. Sharing of information between customers is not necessarily a good thing for an organisation. This is not the case with social networking – in fact, it is the *raison d'être*. Individuals are encouraged to share with each other in social networks.

Bearing these differences in mind, it can be argued that the term 'social CRM' is a misnomer. The users of SM are primarily a community of people bonded together by a common interest – not necessarily customers of organisations. Indeed, one can even venture to suggest that the term CRM is more accurate than social CRM. Furthermore, managing a community of online users requires a different mindset, skills and technologies. Anecdotal evidence suggests that organisations should hire younger and more online-savvy people (for example, active bloggers or twitters) to manage their online communities. They have been found to be effective in reeling in the prospects. Traditional CRM practices with older workers may be less effective.



RESEARCH FINDINGS

Several benefits are observed such as it raises marketing return on investment and development of product quality .Improve effectiveness of marketing through innovation and creativity. Encourages companies to identify new business opportunities through new and existing customers, social networking,

reduction in sales commission costs through community building around a product or service. Increase Research and Development capabilities and innovative idea through social customer's initiatives. Create abilities to increase customer loyalty through promotion of transparent dialogue and also encourage employee/customer interaction. Ability to decrease customer's service costs through self helping communities.

The social CRM from technological standpoint bridges social media with the traditional CRM. Thus the complete picture is only to establish when different components weaved around social media are integrated with leveraged by the CRM system. Social CRM offers tremendous opportunities for organizations to get insight into its own competitors brand perceptions. These insights can be used to fine tune various strategies, such as promotions, customer engagement etc. Organization can work closely with its customers to co-create product service ideas. It also offers opportunity to engage with customers via newer channels such as micro blogs and communities leading to higher customer association with the company and brands. Traditional CRM is based on an internal operational approach to manage customer relationships effectively .But Social CRM is based on the ability of a company to meet the personal agendas of (its) customers while at the same time meeting the objectives of its own business plan .It is aimed at customer engagement rather than "customer Management".

While adopting social CRM there are plenty of challenges. Most important is a privacy of user data is critical concern. While most social listening tool can only access „public data. There are specific regulations that prevent storage and usage of such information. Social media IDs would also need to verify in order to prevent interaction with unauthorized persons give the different aspect organization need to think and also looks into the readiness to adopt SCRm for future scope.

CONCLUSION

The coming years will see more integration of social media to customer management platform. The integration procedure depends upon the social media maturity level of your organization with companies at the initial stage needing more comprehensive social media plans. These brands are using social media as a meaningful way to develop relationships with their customers and publicity of their products. Customers are connecting and having conversations about enterprises through social media, whether enterprises are actively engaged or not, and brands risk being raised if they fail to participate. Social CRM is an opportunity for organization to become customer centric. It contents the new communication and collaboration medium of social media to improve the existing business processes of marketing, sales & services. Technology will play a vital role in taking social CRM to take next level of maturity. It is concluded that social networks holds unprecedented potential for companies to get closer to customers facilitate increased in revenue, cost reduction and efficiencies. Business is embracing Social Medias for virtual communities also to improve customer care.

This article shows many examples of how organisations can benefit from the use of social media. People like to connect, communicate, create and collaborate with each other. Organisations can take advantage of these predispositions by using marketing research and public relations, nurturing opinion leaders or

advocates, placing and creating advertisements, developing new products, lowering the cost-to-serve, building brand loyalty and sales, and amplifying buzz and visibility for the organisation.

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