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Social Media – a Strategy in Developing Customer Relationship Management

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Abstract

In this era of new technologies, social media is a must for an organization to remain competitive on the market. Social Media is a tool to manage relationships with customers and keep them closer. This paper aims to analyze how social media supports the development of customer relationship management. It is examined the significant role of social media, the use and the rise of social networks. The use of social media marketing represents a strong factor in developing a CRM strategy. CRM considers the client the center of a business and orientates the marketing policy in this direction. Based on case studies and questionnaires, this article analyzes the necessity of transition from traditional CRM to social CRM. Although social CRM is a relatively new domain, the researchers are very interested in how CRM can emerge with social media. The study emphasizes examples of how companies can benefit from the use of social media, growing sales and profitability, creating advertisements, acquiring new customers, retaining them and make them loyal. Organizations should adapt to the rise of this new trend – social media.

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1. Introduction

The customer relationship management became popular in the mid-90s, although this concept was called in the '80s: database marketing. The concept was defined as a group that had to interact individually with all the clients of an organization in order to create databases full of information about customers. Roberts believes that, because of

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the huge size of these data bases, to keep the communication lines opened and to be constantly informed about clients` needs, they were setting a target group, usually, the key-clients.

Nowadays, CRM applications can use the advantages that new technologies offer. CRM applications can use technology to collect and process the information that can predict consumers` behaviour. CRM exists today due to technology, due to computer science, due to Internet. CRM can be defined in many ways. The most fitting definition for Customer Relationship Management is: CRM is a business strategy, strongly related to relational marketing, based on the evolution of technology and customer focus.

An important component of a CRM strategy assumes interaction on two channels: between client and organization (external communication). CRM wants to keep a strong relationship between customers and organization, in order to find the best solutions to satisfy customers` needs and make them loyal.

2. Transition from traditional CRM to social-CRM (SCRM)

The transition from traditional CRM to social CRM is the new challenge of this social era. In order to meet the purpose of this study, we will briefly define these two dimensions, observe the impact social media has on them and identify how the connection to each other can lead to increasing company value and profit alike.

2.1. Traditional CRM

Customer relationship management defined as a business strategy, it is considered to be strongly related to the principles of relationship marketing and it is based on a solid orientation of the whole organization on clients. CRM assumes developing and maintaining long term relationships with strategic clients of the company.

From a technological point of view, CRM is a process that offers technological solutions of managing customer relationships in an integrated manner. (Pellen 2005)

A traditional CRM system includes:

- A data warehouse that allows the organization to collect information regarding the customers, supplied with analytical instruments in order to understand the past behavior and the possible future behavior of the clients
- A set of applications that allow automatization and integration of all intern process that takes place at the contact points with clients (marketing department, sales, service) involving different communication channels. The dialog between client and company is easily made, without obstacles due to the communication channels and delivery ones that have been integrated.

From this point of view, CRM represents a concept used in the industry in order to describe the software solutions used by the organization. The companies can benefit of useful data about clients. All the information is stored in a central data base and can be accessed by the management, the sales force, the people from call-centres. The purpose is to create a customized offer, a selection of distribution channels and best communication tools in order to satisfy clients` needs, taking into consideration the value of the client for the company.

Organizations should know the reasons their clients are leaving them and they must find solutions to keep them. Loyal customers represent the most important factor and all the attention and efforts should concentrate on them. Building relationships with clients represent a complex process that takes a lot of time.

2.2. Social Customer relationship management

Social Media can be defined in many ways. In my opinion, the most fitting definition is the following: Social Media is a new era revolutionizing tool that allows communication between individuals, companies, different groups from all around the world, sharing and exchanging information and ideas in an interactive way. Social media platforms such as Facebook, Instagram, Twitter, LinkedIn have offered the opportunity for clients to discuss their online reviews, recommendations, agrees or disagrees or dissatisfaction regarding different aspects such as product

quality or customer service. When we are talking about social media, we refer to: social networks (Facebook, Twitter, LinkedIn, Instagram), blogs, forum, multimedia sharing platforms (ex: YouTube), collaboration tools (Yahoo answers).

Social Media is a key factor in the customer buying decision: The customers make a research of products or services, they are willing to buy, through social media.

In order to expand the communication with clients, companies are using social media and the result is: better customer interaction. Customer relationship management is about getting closer to clients, is about communication with clients. In this era of new technologies, communication means social media. Social media is actually an open diary of preferences and dissatisfactions, of likes and dislikes. If getting closer to clients means blogging, means Facebook or Twitter, companies should adapt to this rise of social medias in order to remain competitive on the market.

These are the reasons why organizations should use SCRM and they have to accept this transition from traditional CRM (emails, call centres, direct phone calls) to social CRM. I am calling it transition because companies should not forget about the old practices of CRM, but integrating the new ones and focusing their attention on them.

Social media presents huge opportunities to listen and engage with customers. Stelzner believes that social media is important for business and it helps generate exposure, increasing traffic and providing market place insight. Social media networks constitute new channels for the brand's voice and content. For example, loyalty can increase by creating a brand's Facebook page, which will make it more accessible and it will help familiarization with devoted clients. It offers the possibility of keeping them updated by posting news about products or services. Brands who engage in social media enjoy higher loyalty from their customers, according to a report published by Texas Tech University.

CRM needs social media to serve better the clients' interests, to build them a support, to increase clients' experience and to help clients choosing their channels for a better collaboration (JAKOB MORGAN 2010)

Social CRM refers to companies using social medias as marketing techniques to interact with clients. This means interactive participation of clients in collaborative discussions.

A strong argument for the transition from traditional CRM to SCRM is the statistics made by Content Marketing Institute (2012) which states that 86% of people skip TV commercials, 44% of direct email is never opened, 91% of email users have unsubscribed from a company email they previously opted into.

Heidi Cohen, the President of Riverside Marketing Strategies, agrees that Facebook is the most popular method for sharing interesting content and over 70% of online adults use a form of social media networking.

CRM allows you to create campaigns that start getting leads to your organization using different tools like direct email and phone calls. CRM creates groups and direct monitor the results. Social CRM is more about customer service representative, about putting the customers first and using social media accounts in a way to connect one to one, not just to push marketing materials to them.

3. Social Media – a necessity

Social media became a mass phenomenon for customers. The numbers are talking about social media: Facebook, the most used social network, has more than 950 million people that log on daily (source: Facebook, April, 2015).

In September-October 2015 I conducted one survey and was completed by 87 business executives/managers from Romania. The executives represented companies from different industries such as: financial services, distribution, communication and tourism. Moreover, I conducted 3 interviews with people responsible for the social media platform of the organization.

The percentage of companies that applied social medias as part of their marketing strategies: 90% of the companies use social networks, while 10% do not have a profile yet, 40% of the organizations use media sharing sites, while 60% don't have a profile yet, 70% use blogging sites, 30% have never used one, 30% use other social media tools, while other 70% don't use other social media tools.

The survey conducted shows that people who use social medias in Romania are mostly aged between 18-34. The results in Romania are different from the general surveys found on the internet maybe because the elders are reticent. They lived most of their lives in communism and this transition to technology is hardly accepted. Another reason could be the level of education and the standard of living. But this tells us that in the future social media will

raise and will be used by more and more people in Romania and will definitely be an important tool for companies that will want to stay competitive on the market, grow profit and gain market share. The trend in Romania is that companies use more social networking sites than other types of social media.

Another question I tried to find an answer is: What are the companies doing with social media? How are they using the platforms? What is the purpose of using social media?

Most companies use social medias to communicate with customers and respond their questions and complaints, while more than half are using social medias to grow sales: to generate sales leads and to sell products. The survey revealed also that more than 50% of the companies use social media to promote events. Organisations also use social media for customer reviews, to provide support or find out customers` ideas. They use social media as a marketing tool more than collecting and analysing data.

80% said they do not know the concept of SCRM but they are open to find out new opportunities. The result is that they are reticent when it comes to SCRM because it is expensive and they have small businesses that do not need such a software. Most of the companies interested in SCRM are corporations and multinational companies.

Modern technology is constantly evolving and along with it, organizations are trying to adapt accordingly by coming up with innovative marketing strategies, some of them being especially based on social media. Indubitably, the significant role social media plays in influencing consumer behaviour can lead to raising brand awareness, gaining popularity and trust, as well as client benefit and expanding customer base.

4. Social media strategy versus SCRM

Social media strategy is different from SCRM. The organizations can quantify the marketing and communication a campaign using the social CRM, generating statistics on likes and dislikes. Opting for SCRM is without doubt a long term commitment.

SCRM is a different approach that monitors the social networks to obtain a growing rate of clients` interaction and also identify in a more efficient way the opportunities/leads that come through these channels.

In Romania, the majority consider social media as a value, companies have interactions with the market in this environment, but they do not have a strategy or activities planned in this direction. Usually, organizations in Romania, act intuitive, without specific objectives or measurable results. The study reveals that, small companies, with small workload, the social activity can be realized by an experienced individual, but usually a software instrument is necessary, especially, if the company wants automation of monitoring the social media and the integration of traditional applications of CRM and e-commerce.

A social-CRM software is a CRM that integrates the accounts of Social Media of an organization and automatize the interactions with fans, followers, clients, likes, etc. In a structured way, the company finds out what the market thinks about their products and services, can plan or schedule a respond, can forward information to the right persons, etc.

Social CRM implies listening to customers, analysing the conversations through social media and developing efficient marketing activities. Traditional CRM was built around the company that was detaining the initiative. The organization was contacting the clients and the suppliers, the organization was imposing the work procedures, the company had a fix schedule when it could be contacted. With SCRM everything changes. The SCRM solutions put the client in the centre of the application, because he is the one controlling the conversation. In my opinion, SCRM does not replace the classical CRM, it is more an extension to the old one, that tries to get closer to the client through blogs, forums, social networks, searching engines, sharing sites, etc.

Usually organizations understand that a social media strategy is a marketing tool. Social media is the fastest and most efficient method to distribute information, promote products and services and enlarge the number of potential customers. The marketing on social networks represents the next step that each organization should take. The reasons are simple- people like to socialize and tend to believe more in others opinions than in a traditional advertisement.

4.1 The objective and the benefits of SCRM

SCRM supports the customer management strategy and it could generate increased sales with decreased costs for

the organization. Companies spend a lot of money on marketing campaigns looking for increased profitability.

The key objectives of Social CRM help organizations understand the importance of using such a strategy:

- Building knowledge and understanding
- Keeping customers
- Engaging prospects
- Winning new customers
- Developing customer value
- Gaining information about competitors

The above objectives are strongly related one to another and help the organization to expand their activity and become globally recognized and gain brand awareness. It is said that the best way to promote your company is “mouth-to-mouth”, through SCRM customers can be engaged in caring and sharing messages that the company wants.

The benefits of using a SCRM system are the following:

- The organization obtains a complete image over the sales opportunities and interactions with clients
- Automatization of the sales processes considerably optimizes operating procedures, increasing the time assigned for the sales, that means an increasing number of opportunities
- The clients can be observed in a one centralized system and detailed analyzes can be realized based on obtained reports, the optimal sales scenarios can be identified; also the performance ratios can be followed in real time through this application
- The services for clients are better managed – organizations can solve faster the clients` requests by accessing complete databases with complaints and involved customers
- Companies can plan, implement and evaluate marketing campaigns. The marketing campaigns, activities task and marketing budgets can be planned and followed up for each activity
- The communication becomes more relevant for each segment of clients by capturing the preferences, relations and the dynamic communication on social networks
- The information is accessible all around the world, no matter what time it is, by each employee.

According to Gartner, until 2017, 25% of the companies that adopt CRM will have extended centres for the relationship with customers that include social media and other online communities. It is absolutely necessary that organizations show that they listen to the voice of their clients, are interested in their opinions and ideas, they solve customers` requests, they implement customers` recommendations and work hard on improving the experience with clients, from a global point of view.

Organizations are listening more and more about their customers` social behaviour, due to the increasing influence of social media. Therefore, companies are almost being obliged to implement SCRM in their marketing strategies, due to the fact that it is a powerful marketing tool which provides useful client experience insights, acknowledging their dissatisfactions, as well as receiving their positive feedbacks and recommendations. This information gives organizations an opportunity to rethink or improve their marketing strategies to meet their customers` requirements.

Companies can also conduct market researches, by gathering customers` details, identifying target groups and optimizing promotional campaigns, by utilizing SCRM.

Nevertheless, a SCRM software implementation, takes a lot of time. It is a long process that gives results in time and implies all the people from the organization, from different departments, just from the beginning stages of implementation. A SCRM strategies allows feedback and follow up, it generates reminders and helps the specific departments to schedule activity. Also a SCRM tool will update data constantly and will de-duplicate data.

3. Conclusion

Social media is growing fast and continuously. An organization with a social CRM system will build better

relationships with customers, growing and gaining trust and confidence. Customers are exchanging ideas over social networks and the information revealed should be used by the organizations to create products and services that satisfy better clients' needs and generate profit for the company.

In a social world, companies should move fast and share knowledge more than ever. Also, organizations should connect with customers' according to their customs and habits that means more and more connecting the business to social networks. Clients are expecting to obtain quality services, customized, according to their demands. This is a strong reason companies should accept to emerging social CRM as part of their present and future strategy.

The major influence of social media in consumer behaviour is, unquestionably, changing the face of modern marketing strategies and becoming one of the most powerful marketing tools. In the foreseeable future, we will observe how more and more organizations will adopt social media as part of their marketing strategy, given the positive results it has in raising brand awareness, creating brand loyalty and improving quality perception; therefore, brand equity and company value, as well as sales, will increase.

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