



**Customer Centric Business Strategies**

**The Definitive Guide to Social CRM**

*Maximizing Customer Relationships with Social Media to Gain Market Insights,  
Customers, and Profit*

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# Chapter 1

## Understanding the Intersection of CRM, Social Media and Social CRM

For decades, organizations have stressed the importance of ‘putting the customer first,’ with varying degrees of success. Now, Social Media has turned the table, enabling customers to have their say, posting exactly what they think about any organization’s products, services and policies – for everyone to see. Social Media is all about the ability of individuals to share and connect freely online. I will define Social Media as:

- A set of highly interactive technology tools that leverage the fundamental human desire to interact with others.
- A new way for organizations to communicate with and relate to employees, consumers, partners and other stakeholders.

Pew Internet found in its 2013 Social Networking survey that 73% of U.S. adults online are using a Social Media tool such as Facebook, LinkedIn or Twitter. The average American worker currently spends 1.2 hours daily on Social Media-related tasks. At present, 61% of online Americans under 30 use Social Media-related Websites on a daily basis. As this chorus of conversations and the proliferation of technologies that enable participation in Social Media grows, organizations of all kinds are forced to make sense of this new channel for consumer interaction.

The growth of Social Media is having a tremendous impact on business throughout the world. Social Media is changing the rules of the marketplace, just as the Internet did a decade ago. It is still early and no one – not even the experts – can clearly visualize the total impact Social Media will have on the marketplace. So far, it is clear those who do not embrace Social Media will go the way of dinosaurs. As I foresee: those who don’t embrace Social Media will be relegated to the sidelines and left behind in the marketplace of the future.

The transformational phenomenon of Social Media is forcing organizations to adapt – and build a definitively more customer-centered focus. Because Social Media stimulates interaction between organizations and customers, it requires organizations to learn new ways to effectively communicate in the Social Media arena.

How organizations choose to adapt to this new environment, in which customers truly lead the conversation, will have an enormous impact on the long-term sustainability of many organizations. When an organization invests in a Social Media online presence, customers are more likely to respond and join in on conversations. Customers really appreciate when a business reaches out to them, instead of the other way around, and when they are able to create a two-way dialog with businesses.

In many organizations, Social Media can be used to go that extra mile for customers, separating the organizations from competing providers. By being willing to explore and embrace this new world order, organizations can learn how to minimize the impact of negative posts on

Social Media communities. Customer comments in Social Media communities can damage an organization's reputation, making access to all Social Media-related resources that are used to track and monitor Social Media activity vital for quickly and efficiently engaging customers and resolving disputes. This in turn, can also improve the organization's image in the eyes of others who read Social Media posts. On the plus side, any positive experiences that customers share can also be openly viewed on Social Media communities. This type of feedback often VASTLY outweighs positive statements made by the organization about its products/services in traditional marketing venues, e.g., advertising, and is worth more than the expensive ad campaigns needed to attract new customers.

A key impact of Social Media is on the Customer Relationship Management (CRM) marketplace. There is an increasing shift in mindset from promoting an organization's wares to seeking new ways to interact with customers to provide value. The more perceived value an organization can provide, the better their relationships will be with customers, improving loyalty and growing bottom line revenue. Social Media and its integration with Social CRM drives home the concept of customer-centric services, so organizations can grow from closing sales to deepening long term relationships with their customers, to driving customer advocacy.

CRM is a phrase coined in the mid-1990s, which has been heavily promoted in the marketplace since then. Providing a concise definition of CRM is challenging due to its continuing evolution, but here is a place to start:

*Customer Relationship Management (CRM) is a business approach that integrates people, process, and technology to maximize relationships with customers. CRM increasingly leverages the Internet and Social Media to provide seamless coordination among all customer-facing functions. (ISM Inc.)*

The increasing interplay of Social Media with CRM has created an entirely new marketplace phenomenon, **Social CRM**, which is forecasted by Markets and Markets to grow to a \$9 billion+ worldwide market by the end of 2018. Social CRM is the intersection between Social Media and CRM. It consists of the ability to: *harvest information from Social Media communities, integrate this information into customer profiles and use the expanded profile to better personalize customer service, marketing messages and sales offers.*

With Social CRM, an organization can gather information about customers from information that their customers have placed online (such as their opinions on a product/service) using Social Media tools. Afterward, filtered customer information can be placed into an organization's Social CRM system and added to the appropriate customer profile. Subsequently, the organization can use this information to personalize their customer communications such that customers will receive only organizational communications relevant to them. While understanding what is relevant to an organization's customers can be a real challenge, an organization's staff can use various Social Media analytical tools, online surveys and polls as well as relevant comments that the customers posted on various social communities.

At present, a majority of organizations are just gathering what I call 'transactional' information concerning customers/prospects, i.e., what they have purchased, when and at what

price – along with basic demographic information including for example where the customer lives, works, their title, etc. and placing this information in their Social CRM system. With Social Media, an organization's staff can now easily gather an additional type of information, which I call 'sentimental' information, from customer including their attitudes, likes/dislikes and sentiments on various topics/issues that impact the organization. Furthermore, with Social Media, an organization's staff can quite easily open a two-way online conversation with their customers and prospects relating to their preferences and their emotional content concerning the organization's products/services.

The most successful product offers are those that are most relevant to the customers being targeted. An organization's staff can determine product-offer relevancy from Social Media postings by gathering and analyzing their customers'/prospects' attitudes, preferences, thoughts and reviews. One can also find out what people are most interested in, what they care about, their buying history, etc., and obtain customer/prospect feedback about certain products/services. With Social Media, one can furthermore acquire sentiment analysis from customers/prospects and incorporate this element in a way that will be communicated with an organization's constituencies. This functionality has never been available before. Social CRM enables organizations to harvest such information and use it to make customer communications and product/service offerings that, as a result, have become more appropriate and more relevant to their target audiences.

As I see it, Social CRM is the next logical step in CRM's evolution. If CRM is a business approach that integrates *people, process and technology* to maximize relationships with all customers, provides seamless collaboration between all customer-facing functions and increasingly leverages the Internet and Social Media, then Social CRM is the next wave that will engage the 'social customer' in customer relationship efforts.

#### How does Social CRM engage the customer?

- Captures indirect feedback from customers on social networks and communities that adds insight into the emotional side of the relationship.
- Shares ideas for innovation by leveraging customer insights that can result in co-development of new products/services.
- Enables customers to get help from other customers, thereby decreasing service costs.
- Generates brand awareness and visibility.
- Increases Web traffic and advertising income.
- Assists in sales, marketing and service efforts by sharing contacts in a sales community, marketing trends in a marketing community and service issues in a service community.

The impact of Social CRM is expected to be tremendous in the next few years. Gartner stated that 50% of its clients were using some type of Social Media applications within their Social CRM systems at the end of 2013. By the end of 2015, Social Marketing processes will influence at least 80% of consumers' discretionary spending. Social CRM has the potential to bring new and dynamic methods for improving customer service. It is also creating opportunities for new and existing providers in the customer service and contact center infrastructure markets.

Current Social CRM vendors have typically come from two directions – the traditional CRM market, in which vendors are adding Social CRM capabilities, and from Social Media platform start-up suppliers, which are focused on customer engagement. Social CRM is in its infancy, appearing in a fully realized form in only a limited number of businesses so far, and yet there is a great deal of clamoring already going on in major organizations to harness the tremendous potential of Social CRM functionality.

## **Social CRM Benefits**

Key benefits resulting from Social CRM include:

- **Sales staff** can access significantly more relevant information about their customers and prospects from an integrated view of their Social Media activities using digital analytics (Website visits, Internet searches, mobile activities, email, etc.) and existing Social CRM activity history.
- **Marketing staff** can meet prospects at their point of need, connecting much earlier in the buying process by leveraging real-time listening and monitoring of Social Media activities. Marketers can also gain a greater insight into the effectiveness of their marketing and communication efforts to their customers and prospects. In addition, they can compare which types of Social Media forums and communities are most effective in generating positive word-of-mouth, resulting in desired actions on an organization’s Website or on other digital channels. Afterward, the marketing staff can calculate the ROI of their content marketing and outreach efforts by connecting associated Social Media activities to Website traffic, downloads, sales or other desired actions.
- **Product development staff** can engage and collaborate directly with customers and prospects throughout the development phases from the initial generation of ideas (“ideation”) through the phases of design, prototyping and testing new/modified products/ services which can drive down costs as well as deliver significant advocacy and positive word of mouth in the marketplace.
- **Customer service staff** can provide a memorable service by proactively responding to customers with an integrated view of their entire interaction, engagement and Social Media activity history.
- **Community and Social Media staff** can access the Social Media content generated by customers and prospects for use on their outreach and engagement efforts.

To date, CRM has been essentially a one-way dialog from the corporation to the customer. With the emergence of Social Media, customer interactions have moved from a one-way to a two-way dialog. Customer expectations and behaviours have changed as the world has moved to a new era of ‘information democracy’ with the arrival of the Social Media and other digital channels. Consequently, an organization’s marketing staff must understand that with the

advent of Social Media, there is an increasingly empowered customer that now has the ability to interact with the organization at their convenience. Customers are more accessible than ever and organizations can connect and provide a more personalized customer experience by listening to customers on Social Media communities and reaching out to them through online and digital channels.

If Chapter 1 has created a sound argument for raising an awareness of the benefits of Social CRM, read on. The chapters that follow will cover topics ranging from smart ways to incorporate Social Media into the enterprise to leveraging Social Media information to advance any organization's CRM efforts. With this book, I hope to provide a more comprehensive understanding of the current CRM, Social CRM and Social Media marketplace. I also hope to provide readers with insight into how other organizations have achieved specific goals via best practices in Social CRM, and to help overcome skepticism so that any organization can exploit the real benefits of Social CRM.