

## Social Media and Customer Relationship Management

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### **Abstract**

Traditional big data analytics lack the contextual components that social media storytelling and client participation do. There is a lack of study on how customer relations managers might integrate social media into their data analytics to enhance business performance. This qualitative case study explores how customer relations managers use social media in conjunction with current data analytics in Maharashtra, India. With the aim to extend existing literature of Social CRM adoption in enterprises, the paper takes off with an extensive theoretical framework. Hereby, the researchers intend to integrate related research areas of Social CRM, like relationship marketing, Social Media usage, CRM, adoption behavior and diffusion of innovations.

**Keywords:** Social CRM, Social media, Customer Relationship Management

### **Introduction**

The extant literature shares a reasonable consensus that social media and customer relationship management technologies are valuable enablers of the buyer-seller interface (Agnihotri, Dingus, Hu, & Krush, 2016; Guesalaga, 2016). Social media usage increases marketing opportunities for salespeople (Andzulis, Panagopoulos, & Rapp, 2012; Guesalaga, 2016) through market-sensing (Trainor, 2012). It can also be a powerful tool to collect market intelligence (e.g., Pérez-González, Trigueros-Preciado, & Popa, 2017; Scuotto, Del Giudice, & Carayannis, 2017). In a similar vein, sales organizations use customer relationship management technology to attain sustainable competitive advantage (Phan & Vogel, 2010; Zahay & Griffin, 2004) by improving marketing strategies, facilitating communication with buyers, and providing better services and support (Wang, Hu, & Hu,

2013). Buyer-seller partnership success depends to a great extent on communication behaviors such as information sharing and participation (Mangus, Bock, Jones, & Folse, 2020; Monczka, Petersen, Handfield, & Ragatz, 1998). Information sharing is a key relational behavior in industrial relationships (Itani, Goad, & Jaramillo, 2019; Mangus et al., 2020; Newell, Ellegaard, & Esbjerg, 2019) as it can reduce information asymmetry and uncertainty between organizations (Dyer & Chu, 2003; Pei & Yan, 2019). Information acquisition from buyers helps sellers gain information and leverage the buyer's information advantage (Li, Zheng, Sethi, & Guan, 2018). Today's marketplace increasingly expects the professional salesperson to function as a knowledge broker (Verbeke, Dietz, & Verwaal, 2011) who ensures information sharing occurs within the business relationship. Information sharing within business

relationships can be difficult, however, because most buyers are not willing to share their information for nothing (Li et al., 2018). Researchers have examined the rising utilization of sales technologies such as customer relationship management systems and social media and their transformative effects on sales processes (Ancillai, Terho, Cardinali, & Pascucci, 2019; Guesalaga, 2016; Limbu, Jayachandran, & Babin, 2014; Trainor et al., 2014). Despite this increased attention to the effects of these technologies, few studies have explored how these tools can engage buyers to co-create value through two-way information exchange (Agnihotri, Trainor, Itani, & Rodriguez, 2017).

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 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.

### **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 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.

### **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 – 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). 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.

The social-CRM is a new marketing domain, and researchers have initiated emphasising the boundary between social media and CRM (Itani, Krush, Agnihotri, & Trainor, 2020). Social media's powerful technologies to increase CRM by involving customers in brand building and value co-creation are critical challenges for managers of the marketing field (Foltean et al., 2019). For managers to successfully deal with this challenge, understanding social media technologies and the effective utilisation of these technologies in CRM has become a central research topic. Kaplan and Haenlein (2010, p. 60) define social media (SM) as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and allow the creation and exchange of user-generated content".

Social media network' expansion is an excellent contribution towards the rapid-changing technology like Web 2.0 that is also producing a distinctive experience for the user . The interaction opportunities of marketers with existing and potential customers on various social media platforms, including Instagram and Facebook, enable them to appeal to and retain customers in the CRM process (Dewnarain et al., 2019; Foltean et al., 2019). Indeed, new technologies and/or social media networks would act as essential drivers for the hotel industry changes after incorporating it into its CRM processes. It has also been pointed out that the relationship between CRM and social media technologies is the topic that is being under-researched in the context of the

hospitality sector. The above findings lead to the development of the following proposition.

### **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 automize 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, creative consumers who generate value-added content in social media also fall outside traditional CRM frameworks (Berthon et al. 2012; Greenberg 2010). This expanded concept of CRM reflects new capabilities enabled by the technological and social shifts brought about by social media networking (Trainor 2012; Trainor et al. 2014).

Greenberg (2010) attempts to incorporate these technological and social changes, suggesting the terms “CRM 2.0” or “social CRM” to

reflect the more collaborative, network-focused approach to managing customer relationships and describe new ways to develop and maintain customer relationships (Trainor 2012).

**Social CRM Capabilities** Social CRM studies generally focus on the boundary between traditional and social CRM (Malthouse et al. 2013). Social CRM is an extension, not a replacement, of traditional CRM and comprises new capabilities associated with both firm–customer and customer–customer interactions (Greenberg 2010). A few studies that adopt a resource-based view (RBV) indicate that investments in IT can be integrated to form new capabilities that ultimately enhance firm performance (Malthouse et al. 2013; Mithas, Ramasubbu, and Sambamurthy 2011; Nath, Nachiappan, and Ramanathan 2010; Rapp, Trainor, and Agnihotri 2010). Previous studies also demonstrate that marketing capabilities (Morgan, Vorhies, and Mason 2009), e-marketing capabilities (Trainor et al. 2011), and CRM capabilities (Srinivasan and Moorman 2005) all can positively influence both customer relationships and organizational performance. Trainor et al. (2014) propose social CRM capabilities, as a unique combination of emerging technological resources and customer-centric management systems that lead to customer satisfaction, loyalty, and retention. As they demonstrate, social CRM capabilities are positively associated with customer relationship performance (Trainor et al. 2014).

Dutta, Narasimhan, and Rajiv’s capabilities definition as the efficiency. Dutta and colleagues (1999, 2005) define capabilities in general as the efficiency with which a firm uses the inputs or resources available to it and converts them into whatever outcomes it pursues or its objectives. As this definition makes clear, capabilities represent an intermediate transformation step, between inputs (e.g., resources) and desired outcomes (e.g., objectives, such as sales). Their definition is consistent with the RBV. However, because it is difficult to observe capabilities directly, it

requires inferences about how they convert resources into outcomes. In addition, a marketing capability is not merely the possession of marketing-related resources; it requires the efficient integration and conversion of those resources into desired marketing outcomes. It depends on a firm's prior and consistent, ongoing investments (Bharadwaj, Varadarajan, and Fahy 1993; Dutta, Narasimhan, and Rajiv 1999, 2005).

### **Social Media Usage and Customer Engagement**

Customer engagement is a relatively new advancement in CRM for a society where customers easily interact with other firms and customers via social media (Lim, Rasul, Kumar, & Ala, 2022). From a strategic standpoint, practitioners defined engagement as user experiences that “allow businesses to build deeper, more meaningful and sustainable interactions between the company and its customers or external stakeholders” (Sashi, 2012, p. 255). Customer engagement depends on creating relationships between customers and a firm and developing new and high-value relationships with customers (Alvarez-Milán, Felix, Rauschnabel, & Hinsch, 2018; Harrigan, Evers, Miles, & Daly, 2018).

### **Discussion and Conclusion**

Future research is needed to gain astute insights on customers, employees and managers. That would help the hoteliers monitor the inconsistencies between their expectations and the willingness of other stakeholders to support the efforts aimed for improved firm-customer relationships, leading to higher performance outcomes.

The author also recommends further research with a purely quantitative approach, such as (experiments, correlations, and surveys) so that the relationship between Social Customer Relationship Management (SCRM) can be seen significantly as a communication tool in customer relationship management.

However, due to its rapidly evolving nature, further research in academia is needed to reach a clarified definition. That way it will be

possible to investigate deeper insights from varying perspectives on whether the usage has a positive influence on companies' performance and their relationships with customers. This study examines the emerging field of Social Customer Relationship Management, which has gained popularity due to the widespread use of social media in organizations. Due to a lack of academic literature, the authors analyzed the change from traditional Customer Relationship Management (CRM) to the emerging Social Customer Relationship Management. The authors utilize a corporate perspective to provide theoretical and practical implications for adopting and using Social Customer Relationship systems in international organizations.

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.

Furthermore, too much social data and touch points might become challenging for marketing and sales departments since they do not know how to use it efficiently. Although companies might face those and other challenges while implementing and using a Social CRM system, the opinions about future opportunities do in the majority have a positive sentiment.

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