

Social media and its impact on crm assignment

Sociology



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CUSTOMER RELATIONSHIP MANAGEMENT ASSIGNMENT SOCIAL MEDIA AND ITS IMPACT ON CUSTOMER RELATIONSHIP MANAGEMENT Word Count: 3132

Submitted in partial fulfillment of the requirement for the Degree of Post Graduate Program In Management by Kunal Verma(08P084) Under the Guidance of Prof. Neelu Bhullar Management Development Institute, Gurgaon Contents Social Media and CRM

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Social media supports the human need for social interaction, using Internet- and web-based technologies to transform broadcast media monologues into social media dialogues. It supports the democratization of knowledge and

information, transforming people from content consumers into content producers. Social media can be said to have three components: 1. Concept (art, information, or meme). 2. Media (physical, electronic, or verbal). 3. Social interface (intimate direct, community engagement, social viral, electronic broadcast or syndication, or other physical media such as print).

Common forms of social media: ? Concepts, slogans, and statements with a high memory retention quotient, that excites others to repeat. ? Grass-Roots direct action information dissemination such as public speaking, installations, performance, and demonstrations. ? Electronic media with ' sharing', syndication, or search algorithm technologies (includes internet and mobile devices). ? Print media, designed to be re-distributed. Customer relationship management (CRM) consists of the processes a company uses to track and organize its contacts with its current and prospective customers.

CRM software is used to support these processes; information about customers and customer interactions can be entered, stored and accessed by employees in different company departments. Typical CRM goals are to improve services provided to customers, and to use customer contact information for targeted marketing. While customer relationship management can be implemented without major investments in software, software is often necessary to explore the full benefits of a CRM strategy. However, most CRM software vendors stress that a successful effort requires a holistic approach.

Many initiatives often fail because implementation was limited to software installation, without providing the context, support and understanding for

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employees to learn, and take full advantage of the information systems. Tools for customer relationship management should be implemented “ only after a well-devised strategy and operational plan are put in place”. Impact of Social Media on CRM Everyone knows that social media has a major impact on CRM, but as lot of people on the sales side struggle with exactly how that will manifest itself. There doesn't seem to be any such struggle on the service side of the equation; there's a group of companies who seem almost overly eager to bring social media into a service context. There's a real cultural difference between these companies and their competitors. One group defines itself as “ customer service solution providers” and the other still sees itself as “ contact center solution providers. ” One orients its identification around customers, the other around the technology. The idea that social media can provide almost a service hotline is really catching on.

The fact of the matter is that many people, burned by poor customer service experiences in the past, may click a URL and ask a peer community for help before they dial for help to a vendor. Moreover, because the rapid evolution of communities, experts are starting to make themselves known through the depth of their participation and the usefulness of their comments. Some of the typical examples may include: ? A community intended to help its customers tap into best practices for customer service excellence, many of which it culled from experts in various communities. It's really driven by customers. A very interesting product that takes some social networking metaphors and uses them to provide a platform for “ subscribing” to experts within communities, allowing users to keep close tabs on the most useful participants in conversations, and allowing companies to stay engaged with

them and understand the conversations they're influencing. The platform allows users to see what other participants have worked on in the community and understand their areas of expertise, and make it easier to find answers to questions by flagging other users who have common experiences and interests. Allowing customer service functionality into Salesforce.com and Oracle CRM On Demand, so that users interact with the portal while service and sales reps interact with them through the CRM interface they're accustomed to. This emphasis on the interface is really interesting since adoption is the killer of CRM efforts and letting users employ the interface that makes them feel most comfortable is one way of encouraging adoption. Exactly what that interface looks like - a Facebook page, Salesforce.com interface, a customer service interface - is not important as long as the interface allows the user to do what he or she needs to do. It's a sign that certain vendors are letting go of the vanity around their own interfaces and approaching the issue from a customer-centric point of view - in other words, using CRM to help sell CRM.

CRM and Social Media: Maximizing Deeper Customer Relationships

Social media technologies are storming the workplace - often undetected by management - and are augmenting and improving many traditional business functions, including managing customer relationships.

Given the right strategy, integrating social media technologies into business allows to maximize customer value: ? ? ? ? Increase the quality and quantity of interactions with customers, suppliers and partners. Boost the company's reputation and overall brand loyalty. Improve the feedback loop between company and its customers. Leverage new forms of media to meet the needs

of the company with increased sales and improved customer satisfaction. ?
Get a step up on its competition by being one of the first in the industry to embrace and reap the benefits of social media.

Maximizing Deeper Customer Relationships Attracting and retaining customers, and growing customer relationships, have always been top priorities for business. But in a globalized economy it is more critical - and challenging - than ever to build vibrant customer relationships across geographies, industries and at all levels throughout organizations. An independent market research firm recently completed a groundbreaking global survey of companies and how they use social media technologies to attract and retain customers. Several key themes emerged: ? ? ?

Social media technologies have the potential to transform the way companies build and manage relationships with their customers. Apathy, fear and uncertainty - more than costs - are preventing companies from formally adopting social media technologies. Social media technologies are invading the workplace undetected. Companies know this, but most have no formal plan to manage them. Companies that understand the impact of these trends can improve their competitive position in the market. Those that do not adapt to rapid changes or move fast enough to respond to those changes will lose customers and fall behind in the market.

Social media technologies are reaching a turning point - no longer lingering outside the domain of IT departments. Facebook, LinkedIn, blogs, wikis, instant messaging, live Web chat, short-text blogging such as Twitter, and user comments such as product reviews and submissions to sites such as

Digg have combined to create a powerful means of communications, collaboration and knowledge sharing for large and small businesses. The study by Coleman Parkes Research revealed the following data: ? ? ? ?

More than 75 percent of companies worldwide admit that social networking will come into the business undetected if not proactively managed.

Approximately 60 percent of respondents say integrating social media technologies is not on the agenda. Only 18 percent of respondents have any kind of strategy in place to integrate these technologies within the company for employees. The key barriers to adoption of social media technologies are:

- o Concerns about security (76 percent).
- o Senior management apathy (57 percent).
- o Fear of using unproven technologies (58 percent).
- o Half of companies fear a negative impact on productivity. ? ? 58 percent of companies agree that senior managers do not understand the potential that social networking offers both for employees and customers. Two-thirds of companies see improved customer satisfaction from the adoption of social media and 64 percent report an improved reputation in the marketplace.

Already 2 in 5 companies can directly associate an increase in sales with the move to using new forms of media. The full findings of the study, conducted by Coleman Parkes Research underscore the unprecedented confluence of social media and customer relationships.

The “ CRM and Social Media: Creating Deeper Customer Relationships” study examines fundamental factors shaping the impact of social media on company performance and customer relationships, including user adoption, customer engagement, barriers to deployment and employee retention. The full report covers three major areas of social media technologies in a <https://assignbuster.com/social-media-its-impact-on-crm-assignment/>

business setting: o Social Media Technology Use by Employees for Business Communications o Social Media Technology Use by Customers with Companies o Company Use of Social Media in Customer Relationship Management

Traditionally, companies have used CRM technologies to interact with customers in a narrow, highly prescribed way that focuses primarily on transactions, structured processes, contact data, efficiency and cost. In the “CRM and Social Media” study, relatively few companies are taking steps to adjust their strategies and technologies to improve the customer experience, foster deeper relationships, and build brand loyalty at a time where the technology exists to fundamentally change the nature and quality of the customer relationship in many industries.

The emergence of new social media technologies gives businesses the opportunity to change the way they relate to customers, shifting the focus from managing transactions to building deeper relationships. Businesses can apply social networking and related technologies to reach a new level of internal and external collaboration in a variety of business. Social media technologies will allow companies and customers to establish a deeper relationship that empowers the customer in new ways and pushes both parties to a more rewarding level of engagement.

Companies that understand the impact of these technologies can improve their customer relationships, corporate reputation and increase sales. Those that do not make plans to formally adopt these technologies can lose customers and fall behind in the market. How social media is changing CRM

It used be that even the most extroverted consumers could spread their stories to only a handful of others. Meanwhile, companies eager to measure perceptions had only a few blunt tools, such as surveys, focus groups, and sales tallies.

Now social media has opened a new kind of conversation full of expression and relevance that's changing CRM. Let us take a beautiful example. Say, Mr XYZ was to fly from destination A to B. But instead, he was sent traipsing from counter to counter, with hours of anxiety, confusion, and waiting. He told the world about it — or at least a blogger/media person with „ N? number of followers on Twitter etc. They will give the experience more weight than, say, a newspaper story and much more than the airline's buttoned-down ads. Count the entire followers as now more reluctant to fly on that airline.

Twitter and the many other types of social media — such as blogs, Facebook, YouTube, MySpace, and TripAdvisor that broadcast everything from everyday muses to extraordinary videos — has thrown companies' focus back onto customers. One reason is that social media is a goldmine of perceptions that's often more expressive than traditional methods, such as survey questionnaires. Another reason is fear; the competition might be using it to get an edge. The biggest change in behavior is that “ there are actually people charged with ‘ listening’ to the social chatter about their companies. At the Zappos online shoe retailer, for example, that's the CEO's task. Even listening isn't enough, however. “ The hard part is that they have to marry the data gathered from these new sources with data gathered in more traditional ways. ” Only then can socialmedia awareness make a <https://assignbuster.com/social-media-its-impact-on-crm-assignment/>

difference. Several companies have had big success with social media. Starbucks managed to engage thousands of customers and collected many new ideas. Southwest Airlines — which was not the airline that disappointed Madsen — provides several ways (such as on Facebook) for customers to post itineraries and comments.

All this also raises customer expectations. DMG Consulting senior analyst Beth Eisenfeld says, “ Companies better get with it. ” One airline recently e-mailed her with a promise of “ fares as low as \$39. ” She says, “ They have my e-mail address and my phone number, and they know I live in Tampa. I looked at every single departure and there was not one \$39 flight out of Tampa. Why are they sending me e-mail for something I can’t buy? ” She complained on Twitter. “ Not one person [from the airline] has bothered calling,” and she knows the airline monitors social media. “ It’s been 10 hours now. “ Until this stuff is integrated,” she says, “ it’s going to be clunky. It needs to be seamless. ” Businesses have to service each customer on the customer’s preferred channel. Monitoring often entails text analytics.

Statistics and linguistics can extract text from large volumes of text quickly and inexpensively, says Seth Grimes, an analytics strategy consultant with Alta Plana Corp. Accuracy — the term used instead of data quality — can still be a challenge, he says, but text analytics is still very useful. The cost is “ somewhat similar” to traditional market research, wrote Tom H.

C. Anderson of Anderson Analytics. Unlike questionnaires and other traditional research methods, which can only test researchers’ best guesses, text analytics “ finds order and insight within vastly unstructured and unfiltered information,” he writes. It seems to have paid off for Unilever <https://assignbuster.com/social-media-its-impact-on-crm-assignment/>

Dove's pro-age project after TV networks rejected its ads portraying mature women in the nude. The company ran a check of customer attitudes, and executives wound up feeling vindicated. Anderson Analytics found widespread perception of Dove and pro-age as a champion of women over 50.

Sometimes the news is not so pleasant. Grocery chain Trader Joe's executives must have cringed to see one talented customer's sometimes-flattering take on their brand on YouTube, " If I Made a Commercial for Trader Joe's. " It came to YouTube on January 27, and as of press time it's had over 247, 000 views. David Armano, vice president of marketing agency Critical Mass, loved the video. " It's catchy as hell and one of the best advertisements they never made," he writes in his blog. " Remember, a brand isn't what you say it is — it's what they say it is. " Other social Web users are not so benign.

Reviews by friends or enemies of book authors selling on Amazon would seem minor if artificial intelligence could spew out reviews on TripAdvisor and other sites. Getting the right Social Media for CRM Often, it's about setting up Facebook groups or fan pages, or making sure their organization is tweeting announcements from corporate accounts. Some build networks to try and drive traffic to their web sites. Social media is about getting followers, becoming a guru or simply driving traffic to another site, it's likely not going to be effective for long-term benefit.

External social networks like Twitter and Facebook allow limited conversations but not ones which are contextually centered on your business

or organization. In truth they are more about broadcast than social. Try having a real conversation with someone on Twitter sometime. It's not impossible, but support and issue resolution will likely need to move to another forum to be completed. A good conversation happens because there's a two-way dialogue and it's at least somewhat intimate. Where to do it? The best social media CRM implementations happen right on somebody's own interactive properties.

If somebody has got an issue with a product or service, he usually start by conducting a web search, then refining it down to a search in a knowledge base or FAQ at the site of the organization of interest to him. An external social network is not a comfortable or intimate enough environment for this. Plus, it may just be a personal preference, but many people don't follow corporate tweets and I don't join corporate Facebook groups or pages. They may update Facebook through ping.fm or another service and rarely directly visit the site any more. For example, if a customer is purchasing something from a site halfway around the world.

He has a question that cannot be answered without some help. He will be very impressed after knowing that he can have a live chat with a customer service representative via an on-page box. He just has to input his name and issue and wait in a short queue. The question is answered quickly and the purchase completed. By contrast, think about the same situation but one where the customer is forced to leave a voice message or send an email after hours and wait a few days or longer, or sometimes not receive a response at all. The opportunity is lost and the customer has likely gone to a competitor. Think about the Amazon.com model. Not only can users review <https://assignbuster.com/social-media-its-impact-on-crm-assignment/>

books and publish wish-lists for their purchases, but reviews can then be subject to ratings. The system continually provides more and more information of relevance to a potential customer within Amazon's own context, not via external networks. While a post-secondary institution is hesitant to allow customer reviews of courses for myriad reasons, opening your organization up to external feedback and publishing relevant information to assist potential customers in their decision-making process will continue to become increasingly important in order to compete.

How to do it? Some companies have some solid thoughts on how you need to think about a social media CRM strategy. For example, IBM's thinking is to extend an external network like Facebook to connect students and mentors in a more meaningful way: " Facebook and MySpace are great places for social networking, but they don't really have a goal. They don't make the kind of connections you need to move forward," Mr. Vogt said. This platform is helping students say, Here are my ideas, and IBM is saying, Come work with us and we'll help you. " A big chunk of BCIT's student demographic is older and looking at applied skills to improve their job prospects or is upgrading, mid-career. Twitter might reach some of that target for push communications, but not so much for a traditional post-secondary trying to reach mostly students who are still in high school: In June 2009, only 16 percent of Twitter.com website users were under the age of 25. Bear in mind persons under 25 make up nearly one quarter of the active US Internet universe, which means that Twitter.com effectively under-indexes on the youth market by 36 percent. References: ? " Social Media: the future of small business marketing," - Constructaquote ? Malthouse, Edward C; Bobby J

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