Chapter 2
Social CRM Analytics: 
Gaining Customer Insights for Designing Social CRM Strategies

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ABSTRACT

Social CRM entails the premise of customer relationship management channelizing the latent power and potential of social media platforms to enhance customer engagement. Social CRM encompasses a community-based environment in which the control and rules of engagement in the relationship with organizations has shifted from the unidirectional ways of traditional CRM directly to the customer who has the power to influence others in his social network. Marketers are expending efforts and devising new strategies to understand the field of social media and networks to demystify and understand consumer behaviors, patterns of engagement and attitudes and then harness the gained insights for business value. Analytics can help marketers in analyzing social CRM data to identify the most valuable insights from conversations driven by peer groups, industry professionals, prospects, customers and competitors. The objective of this chapter is to explore the opportunities analytics provides to organizations in terms of converting social CRM data into useful insights for designing CRM strategies.

INTRODUCTION

The advent and prevalence of information and Web-based technologies resulting in the emergence of the digital era has made the business environment very competitive as well as tough to survive for all players—enterprises, small and medium businesses and multi-location corporations. The forces arising from digitization, the emergence of the new digital marketplace, liberalism, intense competition, and demanding customers are forcing businesses to consider customers as a basis of profitability and progressive development (Sen & Sinha, 2011). On the other hand, technological innovations are reducing time-to-market, thereby eroding product differentiation and customer loyalty (Gupta & Jain, 2014). Organizations use customer relationship management (CRM) to address these issues by focusing on...
identifying new customers and attracting them as well as ensuring that they maintain relationship with their existing customers. The objective of this is to ensure a sustainable relationship which is equally valuable for customers as well as for the organizations. To achieve this, organizations need to ensure that they are able to identify right customers, which can be targeted with appropriate offers conveyed through appropriate channels (Sen & Sinha, 2011; Swift, 2001).

Getting closer to customers is essential for organizations. According to Korn Ferry Marketing Pulse survey (2014), ability to create sustainable and engaging customer relationships while improving the customer experience is one of the top priorities of organizations. This is also endorsed by Consumer Goods Forum and KPMG International in their annual Global Top of Mind Survey (2014), which suggests that designing a digital strategy for engaging consumers through mobile and digital platforms is a top-of-mind concern for organizations. Nowadays organizations are adopting social media to do just that.

There has been a recent explosion of social media tools, services and strategies. As a result, the ways, methods and approaches of engaging and communicating with customers have changed quite dramatically. Social media is the emerging phenomenon which encompasses a whole slew of varied sources of online information. These new outlets and mediums initiated, created, circulated and used by consumers are used as educational and informational aids to know more about brands, products, services and personalities (Blackshaw & Nazzaro, 2004; Mangold & Faulds, 2009). To be sure, the advent of communication between consumers has been emulated in the market with better attuning by the producers and marketers of goods, products and services (Mangold & Faulds, 2009). Organizations have to cotton on to this shift and embrace a new strategy. Social CRM is the new strategy which delineates the approach needed - that of recognizing that instead of managing customers at micro-levels, businesses need to create a platform that will aid customers to share their experience which will be of great value to the organizations. Enterprises and businesses need to devise and design social CRM experiences that will explore the features of social media. The endeavor would be to provide credible value to customers for the time they are spending in giving their views, sharing their experiences, and endorsing the products or services consumed.

Today, social media is becoming a hub of customer activity, and this hub has brought millions of users together. Online social networks create a huge repository of data by capturing every single post created on these sites (e.g., Twitter, Pinterest, or Facebook) in a form of a digital footprint. Further, when somebody browses through these posts, they add to the data trail. It is amazing to look at the speed of adoption of social media by consumers as well as businesses. The growth of two major social sites Facebook and Twitter can vouch for this trend. Facebook has 1.44 billion monthly active users as of March 31, 2015 (Facebook, 2015) while Twitter has 288 million monthly active users, and it observes 500 million Tweets per day as of March 31, 2015 (Twitter, 2015). According to the study conducted by eMarketer in 2012 on worldwide social network users, count of Internet users will grow from 2.3 billion in 2012 to 3.6 billion by 2017, which will be more than 40% of the world’s projected population (eMarketer, 2013).

Managing and analyzing this huge set of data is challenging because of its varied format (text, audio, and video) and unstructured nature (blogs, tweets, comments, etc.). This is where analytics can help organizations. Analytics holds enormous capabilities for analyzing customers’ interactions on social media. It can help organizations in understanding customers, their preferences, and predicting their reactions to the new products or promotional strategies. Further, this analysis can be used by organizations for designing their Social CRM strategy for getting closer to customers.

The purpose of this chapter is threefold. First, we will try to understand the difference between social CRM and traditional CRM. In addition, we will discuss the role of social CRM in managing customer
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