Chapter 3

The Impact of CRM and Social Media Technologies on Customer–Orientation Process and Sales Performance

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ABSTRACT

The purpose of this chapter is studying that technology, such as customer relationship management systems and social media, improves the understanding of how to manage interactions with customers in today’s digital era. Iran’s auto industry has passed the first states of a new born auto industry (assembling the imported parts) and before the revolution, some of the car factories were upgraded to factories with the ability of design and production of spare parts. In order to examine the research model, data was gathered from survey of car representatives of IRAN. Participants included different levels in sales. Data was collected using an emailed link to an online survey supported by two reminder emails. 843 respondents completed the 130+ item. No significant difference between the data was evidenced. Results show that CRM and social media positively influence customer orientation activities, which in turn positively impact sales performance. Managerial implications are provided regarding the potential power CRM and social media has on sales performance.

1. INTRODUCTION

Iran’s auto industry which started from the 1959 has passed the first states of a new born auto industry (assembling the imported parts) and before the revolution, some of the car factories were upgraded to factories with the ability of design and production of spare parts. After the revolution, due to the shortage of qualified engineers and closure of car factories, we had a great downfall in auto production. The car

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industry tried to survive but, because of the war it faced another shock and auto production experienced another slump. In addition, by the first 15 years until 1993 it was mainly producing some outmoded cars (with the out of date technology of 20 years before).

Auto industry which was started up by two production lines at the two strands of the Atlantic Ocean in 1896, today, after 150 years has reached an annual production of 50,500,000 cars and involves nearly 100,000,000 employees.

Before the advent of super markets and automobile, people shopped from their neighborhood general store. This relationship between the buyer and the seller was highly personalized as the proprietor not only recognized his/her customers by name and by face, but also knew about his/her customers preferences and wants. As the population grew and people moved towards urban centers, this idyllic customer relationship disappeared. The reason behind the transition was the introduction of large superstores which benefitted from economies of scale and mass marketing to provide cheaper and standardized goods. Customers now became fickle, moving to the supplier who offered the cheapest price or the greatest number of features.

The auto industry is amidst an era of marketing disruption. Traditional advertising models and budgets are withering. Consumers’ time and attention have quickly transitioned to social and digital platforms. Interspersed among those platforms are growing ranks of brand advocates and detractors who share their purchase and ownership experiences through text, photo and video postings on their personal networks. That process alone is having significant influence on purchase decisions.

The percentage of people who pause to share their purchase and ownership experiences using social and digital platforms is growing significantly. The process is always on and relentless. It’s a new playing field for automakers, dealers, and suppliers. The sum of connected experiences shared online and how they influence transactions is what we refer to as social selling.

As a result, Customer Relationship Management (CRM) evolved as an important business tool in the last several years. It is a simple concept that focuses on marketing to each customer individually rather than marketing to a mass of people or firms. The main purpose of this one-to-one approach is to analyze previous purchases, wants and preferences of a customer in order to formulate new offers that are likely to be accepted.

In the extremely fluid and unstable world of social media, Social CRM is not the latest marketing “trend” or simply an elevation of traditional CRM, kitted out with a fashionable adjective. It is the adaptation of companies’ organization and brands’ communication to a new Customer Relationship Management landscape. E-reputation and community management – still very new and evolving disciplines – are generally perceived as communication-related functions and activities. Social CRM goes further: it has made its way into the heart of current thinking in Commercial Management, Customer Services, Communications, IT, etc.

Social CRM is changing the scale and perspective of brand involvement in social media. What was once a Communications department issue is now becoming an organizational challenge for any company that claims to be “customer-centric”. Social CRM is the connection between social media and a company’s internal and external communication systems. The question for companies is no longer whether to engage with social media, but rather how to engage with it. Companies that have already started implementing Social CRM strategies rapidly see the impact on their internal processes.

In an article predicting 2012 CRM market trends, analysts pointed out that CRM will allow companies to become more customer-centric and that integrating social media with CRM will be essential for organizations (Schiff, 2012). Technology is useful for enhancing the customer relationship and in