Chapter 4

Adoption of Facebook for Customer Relationship Management for SMEs: Exploring the Underlying Motivations

Babak Abedin
University of Technology, Sydney, Australia

ABSTRACT

This study has explored organizations’ motivations to adopt Facebook for customer relationship management purposes. Interviews with twenty small to medium sized Australian organizations in this study showed that market pressures, direct customer service, brand promotion, and testing and experiencing are among key motivations for organizations to begin having presence on the Facebook. Ease of use, ease of receiving customers’ feedback, availability of rich tools, and the opportunity to reach a large number of potential and existing customers are found to be amongst the key benefits of such presence. Furthermore, the findings show that dealing with negative comments, finding qualified human resources, ensuring the reliability of Facebook policies, and scalability of Facebook pages are some of the key issues that organizations have experienced with using this website for managing relationship with their customers.

INTRODUCTION

With currently more than 60% of Internet users involved in social networking sites (SNSs) and three SNSs appearing in the world’s top 10 visited websites in 2013, more organizations use SNSs’ tools for advertisement and communication with users. Social networking sites such as Facebook enhance the level of collaboration between users by allowing them to connect with friends or colleagues, recommend links, and use software applications.

Social relationship management has been defined as technology enabled and supported business strategy, which is supported by business processes and social characteristics to engage customers in a collaborative discussion for providing mutually beneficial values (Greenberg, 2010). Social CRM is
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supported by organizational strategies and culture as well as technology platforms and processes, and facilitates engagement and establishes mutually beneficial relationships (Lehmkuhl & Jung, 2013). Increasing customers loyalty and building a long term relationship with them is an essential objective of CRM systems and social networking sites present a new communication channel and structure for organizations to create value through expanding and supporting long term relationships (Friedrichsen, 2013). Gu et al. (2011) suggest that Facebook enable organizations to increase customers’ loyalty through impacting on customers’ perceived value, satisfaction, and their knowledge about products and services.

Kaplan and Haenlein (2010) have argued that organizations have not been able to successfully adopt social media and social networking sites. A successful adoption is not just creating a Facebook presence, it is rather effectively use SNSs such as Facebook as CRM tools. One reason behind unsuccessful adoption of social media is a lack of understanding of the potential various configurations of SNSs. Organizations have mainly focused more on establishing, maintaining and updating their SNS presence than trying to drive people to it (AIMIA & SENSIS, 2012). While traditional relation systems were under the control of organizations to manage relationships with customers, with Facebook organizations are no longer in control of this relationship (Baird & Parasnis, 2011; Erfani et al., 2013). Instead, customers have now the power to drive the conversation, and therefore organizations need to use new strategies to recognize the importance of Facebook by addressing social aspect of relationship management on these websites (Trainor et al., 2014).

The current research attempts to investigate how organizations use Facebook, as the largest SNSs, for managing relationship with customers, and also to explore organizations’ motivations for adoption of Facebook. In particular, this study is trying to answer what are the factors and motivations for organizations to adopt Facebook for managing relationship with customers?

RESEARCH PROBLEM AND BACKGROUND

Social networking sites are web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system (Erfani et al., 2013). SNSs are slightly different in mechanism, but most of them support their members with various tools and features to enable them to build a sense of community in an informal and friendly way (Boyd & Ellison, 2011). Through an SNS, people interact with each other in a common information space and participate in a variety of interactive and social activities such as posting information, photo sharing, tagging, organizing events, and so on (Greenberg, 2010).

While the use of SNSs for customer relationship management has widely been increased, it is yet unclear how organizations use SNSs such as Facebook for establishing and managing relationship with customers. The current research is a preliminary study that attempts to investigate how organizations use Facebook for managing relationship with customers, and also to explore organizations’ motivations for adoption of Facebook. In particular, this study is trying to answer the following main question: What are the underlying motivations for organizations to adopt Facebook as a CRM tool?

The paper proceeds as follows. In the next section, the capabilities of the social networking sites and Facebook in developing relationship with members are reviewed. The paper then presents results of in-depth interviews with Australian organizations regarding their experiences in using Facebook to