Social CRM: A Review of the Literature and the Identification of New Research Directions

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ABSTRACT

Social customer relationship management (social CRM) is an emerging practice that utilises social media to engage with customers. In its most complete form, social CRM is a concept and a practice that integrates social media and social networking with traditional CRM technologies, processes and practices in order to bring about a superior engagement with customers including improved customer service, leading, hopefully, to improved revenues and profits for adopting businesses. This paper reviews the academic and practitioner literatures on social CRM, makes a broad comparison between the two literatures, and then, based on an assessment of the literature, specifies possible new research directions and opportunities. In terms of the findings, the literature review revealed that academic research in social CRM focused, unsurprisingly, on the theoretical notion of social CRM and on specifying the key processes for it, whereas the practitioner literature focused on how to respond to the challenges of social media and capitalise on the opportunities presented by such media.

Keywords: Academic Literature, Practitioner Literature, Research Opportunities, Social Customer Relationship Management (Social CRM), Social Networking

INTRODUCTION

The emergence of social networking has changed the way that people and business organisations interact via the Internet. That this has implications for business is clear to the managements of businesses, as executives observe the rapid adoption and use of social networking sites by their customers. On such sites, companies and their products are discussed along with prices, customer service, as well as good and bad customer experiences with corporations. As a result, businesses are beginning to incorporate and integrate the phenomenon of social networking into their traditional customer relationship management (CRM) approaches. Such new emerging practices are called ‘social CRM’.

Despite no one clear cut definition of social CRM, a popular characterisation has been that of Greenberg (2009a, p.34) who defines social CRM as “a philosophy & a business strategy, supported by a technology platform, business rules, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted & transparent business environment”. Based on this definition, social CRM
is a new approach that integrates social networking into traditional CRM systems with aiming to engage customers and to create meaningful of conversations to make them feel as a key part of the entire business relationship.

In terms of customer management and engagement, business organisations are now faced with the two worlds. Firstly organisations have their existing traditional CRM and associated information systems which record and manage the detailed data and knowledge about current and prospective customers, markets and transactions; secondly, customers form online communities through social networking sites which enable them to connect interactively with each other and share information, mutual interests and experiences. Although both worlds are connected in the sense that the ‘share of voices’ in social networking highly correlates with the ‘share of market’ (Rappaport, 2010), the challenge of how to effectively integrate them remains a significant one for business organisations.

Whilst the role of social CRM in the creation and delivery of customer value has recently received considerable attention by CRM practitioners (see consultants reports such as Chess Media Group, 2010; Keuky & Clarke, 2011; Reinhold & Alt, 2011, 2012; Sarner, Thompson, Dunne, & Davies, 2010; Sarner et al., 2011; Wang & Owyang, 2010), so far there has been little empirically based and rigorous academic research on this topic. However, in order to summarise and assess the current state of research this paper aims to review the extant literature on social CRM from both academic and practitioner domains, determine similarities and differences between them, and suggest potential future research opportunities.

ACADEMIC RESEARCH ON SOCIAL CRM

There is a general consensus in the academic literature that the objectives of social CRM are to build ‘trust’ and establish customer ‘loyalty’ (Acker, Grone, Akkad, Potscher & Yazbek, 2011; Greenberg, 2009a; Stone, 2009; Woodcock, Green & Starkey, 2011b). While these particular objectives are also included in traditional CRM, the practices differ in that social CRM provides businesses with additional new and potentially effective channels by which to identify, interact and engage with customers (Woodcock et al., 2011b). Whilst traditional CRM helps manage customer relationships, it does not help build mutual trust on any significant scale between the organisation and customers due to the limitation of interactions (face to face) and traditional communication channels (e.g. telephone and mail) (Woodcock, Broomfi, Downer & Starkey, 2011a). In social CRM, in contrast, a company has the opportunity and means to join and belong to the customer’s digital ecosystem. In other words, customers are not seen as a target, but rather as client who is involved in relevant conversations with a business. By observing customer conversations regarding the business and also engaging in discussions with customers, additional data of significant relevance can be collected to support customer management, customer service, product design, business processes and so on (Greenberg, 2009a). Given the above, academic research suggests that social CRM can be viewed as a business strategy that acts to build trust and loyalty through engaging interactively with customers, not just simply in managing relationships or transactions, but also in responding meaningfully in areas like product design and business process redesign.

However, it would appear that the emphasis in academic research is placed more on an understanding of the principles, elements and resources required for successful engagement in social CRM, than on the key factors for achieving success in social CRM initiatives. Despite these tendencies there are some academic papers that spell out the key factors underpinning social CRM success. Acker et al. (2011), for example, indicate that the key to a successful social CRM
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www.igi-global.com/article/supporting-social-networks-with-agent-based-services/85357?camid=4v1a