An Empirical Study on Social Customer: Evidence from Social CRM

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ABSTRACT

The purpose of this study is to gain an understanding of the social customers’ behavior by identifying the factors that influence their decision to participate in social customer relationship management (CRM) programs. A social behavioral model (SBM) was developed in this study. The construction of the SBM was partly based on two popular models: technology acceptance model and theory of planned behavior. The data (n=305) were analyzed with exploratory factor analysis, confirmatory factor analysis, and path analysis. Attitude and usefulness, and perceived risk are the two most influential factors in SBM. Three other variables—social identity, ease and control, and enjoyment and satisfaction—affected intention indirectly. Subjective norm and image did not affect intention directly or indirectly; therefore, these two variables were dropped from the SBM. The resultant conceptual framework provides a stronger theoretical basis for understanding the behavioral aspect of social CRM implementation.

KEYWORDS

Customer Relationship Management (CRM), Social CRM, Social Customer, Technology Acceptance Model (TAM), Theory of Planned Behavior (TPB)

INTRODUCTION

Customer Relationship Management (CRM) has been considered to be “a basic building block of corporate success” (Rigby & Ledingham, 2004). To achieve CRM effectiveness in an organization, a firm should develop customer-focused learning and an interaction-oriented culture (Kumar & Ramani, 2006). The literature on CRM implementation identifies numerous factors that are keys to its success. Of these factors, customer participation, corporate culture, customer strategy, project management, and technical complexity are reported to be the most important. While each factor is critical to the success of a CRM implementation, this study focuses on customer participation toward a CRM program.

Since the emergence of social media, its usage has increased exponentially, leading to a change in the CRM landscape. The CRM market has experienced tremendous global growth. According to the market research firm Gartner (2012), revenue of the worldwide CRM market totaled $9.15 billion in 2008, a 12.5% increase from 2007’s revenue of $8.13 billion. Global CRM revenue hit $18 billion by 2012, with North America being the largest market for CRM application, having reached $10 billion by 2012 (CRMcwatch, 2012). Gartner (2012) also revealed that more than 50% of CRM implementations failed during the last decade. This created the need for companies to gain a deeper understanding of the factors that influence social customers’ intentions to participate in social CRM programs. In spite of such multibillion-dollar investments and the reported high failure rate, little empirical research has been conducted in this area (Bull, 2003). Since the customer-centric behavioral...
studies are under-focused areas of CRM research, this opens a door of opportunities for marketing researchers.

Academic research in CRM is still in its infancy and consists mainly of case studies (Avlonitis & Panagopoulos, 2005; Liu, 2007). Therefore, there has been a dearth of research that examines the behavior of social customers and explores the key factors that influence their decision to engage in social CRM programs. To understand social customers’ intentions and to identify the key factors that influence their decisions, a solid theoretical model needs to be developed and should be empirically tested. Hence, the goal of this study is to develop a comprehensive model by integrating the key factors that influence their decision to engage in social CRM programs.

PURPOSE OF THE STUDY

This quantitative, empirical research study has multiple purposes, the most prominent of which is to gain an understanding of social customers’ behaviors by identifying the factors that influence their decision to participate in social CRM programs. A comprehensive theoretical model was developed to test social customers’ behaviors to address the gap in research. Another purpose of this study is to empirically investigate the relationship between the major factors that influence social customers’ intentions to participate in social CRM programs.

GAPS IN RESEARCH

While building a strong relationship with customers through engagement is the primary objective of social CRM, a question arises as to what factors influence consumers’ intentions to engage in social CRM programs. Because social media is a new phenomenon, theoretical knowledge about the social customer’s behavior in this domain is very limited. Therefore, an empirical investigation is necessary to enhance knowledge in this new domain.

CRM has become an attractive area of research because of its potential benefits, continuous growth, and the volume of capital investment in this area. Because of its involvement in multiple functional areas in its implementation, CRM research encompasses numerous academic disciplines. Marketing, business and management, and information technology (IT) are some common academic disciplines for CRM research (Parvatiyar & Sheth, 2001; Rajola, 2003). IT departments are heavily involved in CRM implementation; thus a significant amount of research has been undertaken in this area.

Customers’ engagement in the customer-company conversation is one of the founding pillars of social CRM. Therefore, customers’ intentions to participate in a social CRM program is one of the key preconditions for the success of social CRM. Hence, social CRM will not work until customer participation exists, and customers will participate when they perceive benefit in this engagement. Ramsey (2003) suggested that if a company wants to achieve the benefits of CRM implementation, it must consider the customer as an important factor when investing in CRM. Although this may seem obvious, firms nonetheless often fail to include the customer in CRM initiatives (Kale, 2004). The majority of the existing CRM research has focused only on the company side of CRM implementation (Jallat & Ancarani, 2008). Therefore, marketing academicians have overlooked customers’ perceptions and attitudes toward CRM implementation.
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