Chapter 6

Introduction of Social Media Platforms and Social Media Analytics for Social CRM

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ABSTRACT

This chapter reviews customer relationship management, social media platforms, and social media analytics, and discusses how social media platforms and social media analytics are used to support social CRM. Social CRM emerged by integrating social media with customer relationship management. Social media offers companies an array of innovative ways to interact with their employees, customers, partners, and other stakeholders. As the user base of social media is growing rapidly, it is crucial for companies to understand their social media platforms, develop a plan to continually integrate social media with CRM, analyze social media data with social media analytics, and quickly respond to the needs of customers. To help CRM managers utilize social media analytics systematically, this chapter discusses various analytics methods and presents analytics processes for social media data.

INTRODUCTION

Over the past several decades marketing discipline shifted its focus from transaction orientation to relationship orientation driven by the loyalty building and value creation paradigm (Yoon & Sims, 2014). Driven by this paradigm shift, customer relationship management (CRM) emerged as an invaluable marketing approach to strengthening customer relationships and creating co-value for both the company and the customer. The core of any CRM practice is to encourage voluntary engagement of target customers, with a special attention to those who are opinion leaders, into the value creation process (Boulding, Staelin, Ehret, & Johnston, 2005; Payne & Frow, 2005). CRM has been successfully used by large and small companies and touted as a robust marketing program for retention of existing customers and acquisition of new customers.

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CRM evolved from traditional face-to-face CRM, to e-CRM, and more recently to social CRM. This evolution reflects technological developments and customers’ changing expectations surrounding CRM. With the rise of e-commerce in the 1990s, electronic CRM (e-CRM) was conceptualized to leverage various web technologies in furthering CRM efforts (Llamas-Alonso & Jiménez-Zarco, 2010). While e-CRM is a subset of the broad CRM domain, it expanded traditional CRM with the use of real-time data and interactive web channels and could achieve a closer relationship between customers and business organizations (Chandra & Strickland, 2004). Fjermestad and Romano (2003) proposed two types of e-CRM: analytical and operational. Analytical eCRM focuses on the collection and analysis of customer data, while operational eCRM focuses on the management of day-to-day customer touch-points throughout a transaction.

Since the mid-2010s, social media have paved new ways of attracting new customers, retaining existing customers, and improving various types of the firm’s performance indicators. While most people have been using social media for personal networking purpose, companies have utilized social media to promote their businesses and products to potential customers (Mangold & Fauld, 2009) and provide better services to their customers (Baird & Parsnis, 2011). Social media enhances the company’s ability to offer better valued products/services by engaging customers in the value creation process as well as in the value feedback process. Customers are using online social networking applications to learn about products and services. Furthermore, customers are having higher expectations for products and services due to increased competition among sellers and more and better information about the products and services.

Social media is often used by customers to protest irregular business practices and customers’ complaints posted on in social media are disseminated at high velocity. Companies need to analyze and respond to any postings on social media sites involving publicly disseminated complaints, allegations or other negative comments about the company, as these customer generated contents are having a great impact on corporate value (Katz & McIntosh, 2013). To strengthen their CRM efforts, major companies are keeping track of social media sites to monitor consumers’ views on their socially responsible business practices.

Social media allows a company to reach a large group of people by tapping into the social network (Amoroso, Mukahi, & Ogawa, 2014). Each social network consists of members connected to a group of people and multiple-layer social networks can easily turn into a large-size network of networks of people. Leveraging the vast social networks, social media have great potential to accelerate the diffusion process of a company’s innovations, to encourage opinion leaders to influence behaviors of opinion seekers, and to transform various customer engagements into the co-value creation. Despite social media’s popularity, however, some companies are still hesitant to invest heavily in social media, because the value of social media investment remains to be proved.

According to Yoon and Sims (2014), social customer relationship management (social CRM) is defined as the business practice of promoting voluntary customer engagement activities with a mix of social media into the value creation process to build long-term co-beneficial relationships with target customers under the umbrella of customer relationship management (Yoon & Sims, 2014). In essence, social CRM embeds customer-business interactions into social media platforms. In an attempt to deliver customized messages and promote the voluntary engagement of opinion leaders into the value creation process, marketing practitioners have included social media as an additional new promotional element (Yoon & Sim, 2014) and have developed social media metrics to measure the effectiveness of social CRM efforts (Hoffman & Fodor, 2010).
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