Chapter 14
Best Practices for Social CRM

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ABSTRACT
This chapter presents a study of integration of traditional CRM systems with new social networking technologies available on the Web, such as Twitter, blogs, and communities, showing a set of the best practices on the use of these technologies to improve business relationships with customers. The authors present a set of best practices with guidance on how social networking technologies can help companies squeeze and improve the relationship with their customers.

INTRODUCTION
The growing use of social networks by people and the recent need of companies to keep in touch with customers make social networks an efficient means for relationship and trust. A survey conducted by Amcham has detected that companies recognize social media as an important channel for business and that they plan to expand their investments in the next year (Furtado, 2012).

Information technologies provide an adequate support for these actions, allowing companies to store more information about their customers and about a greater number of people. Some companies already use social networks for contacts with customers and for generating promotions. Actions on social networks enable companies to be closer to the people, allowing them to collect wishes and complaints, as to offer better products and services in a way that is more natural than advertisements.

However, as these technologies are very recent, there are no studies about the best practices for companies on social networks. Traditional CRM systems only use traditional communication channels such as the telephone, physical presence in shops or malls, and multimedia totems. The Internet is only utilized to supply customers with product catalogs, e-mail, or “contact us”, where the answers to the customers are not quick enough or accurate or even do not occur.

Such considerations suggest a gap: the lack of guidelines and tips for companies on how they can engage in relationships with customers.
via social networks and on how to expand their traditional CRM systems to the Web, in two-way touch-points. In order to fill this gap, this chapter presents a compendium of the best practices identified through case studies. Studies on new social networking technologies available on the Web were conducted as well as the verification of how these networks are being used by people and companies. The sources of such case studies include periodicals, scientific and traditional Websites, and surveys.

As a result of these studies, the chapter has identified social technologies that can be used to support CRM systems and how they can be used by companies. Also included in this study is a discussion about personalization (recommendation) of services and products to support CRM systems. Finally, a set of best practices for using these new technologies indicates how social networking technologies can help companies squeeze and improve the relationship with their customers.

**BACKGROUND**

Relationship marketing refers to the attraction, development and retention of customer relationships. Therefore, the main idea is to develop and manage unique relationships with individual customers. For authors like Payne and Holt (2001), Relationship Marketing represents a paradigm shift in terms of orientation and marketing approach.

Customer Relationship Management (CRM) is considered by Srivastava, Shervani, and Fahey (1999) as one of three business processes that create value for the customer. The other two are the management of product development and supply chain management. The CRM is responsible for the consumer identification process, creation of knowledge about the consumer, the construction of a relationship with him/her, and the adequacy of consumer perceptions about the company and its products. CRM is used to describe the process of deployment and management of relationship marketing.

Gummesson (1998) says that, despite that the relationship between a company and a consumer may be commercial, it requires a long-term vision, mutual respect, win-win strategy, and the adoption of the consumer as a partner and co-producer of value—not just a receiver of goods or services. In relationship marketing, the consumer is first recognized as an individual, then as a member of a community or a group of affinity, and finally as an anonymous member of a segment.

Peppers, Rogers, and Dorf (1999) presented four essential steps to implement a program of relationship marketing in the company: consumer identification, differentiation between them, interaction with them, and customization of products or services in such a way to meet individual needs of each consumer. These steps have a particular complexity, but also lead to an increasing level of benefits to the company. These steps are explained in detail:

1. **Identification:** It is critical to know the customers individually, with as many details as possible and to be able to recognize them at all points of contact, through all kinds of messages, across all product lines, in all places, and in all divisions. In this step, the idea is that the company is able to locate and contact directly at least a reasonable portion of their more valuable consumers. It is important that the company learn about its consumers individually, not only their names, addresses and phone numbers, but also, their habits, preferences, attitudes, and other relevant characteristics.

2. **Differentiation:** Consumer differentiation implies that they are different in two broad directions: different value to the company (some have very high value, others, not so much) and different needs of company’s products and services. Differentiation
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