

Coursework Header Sheet

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Tutor's comments

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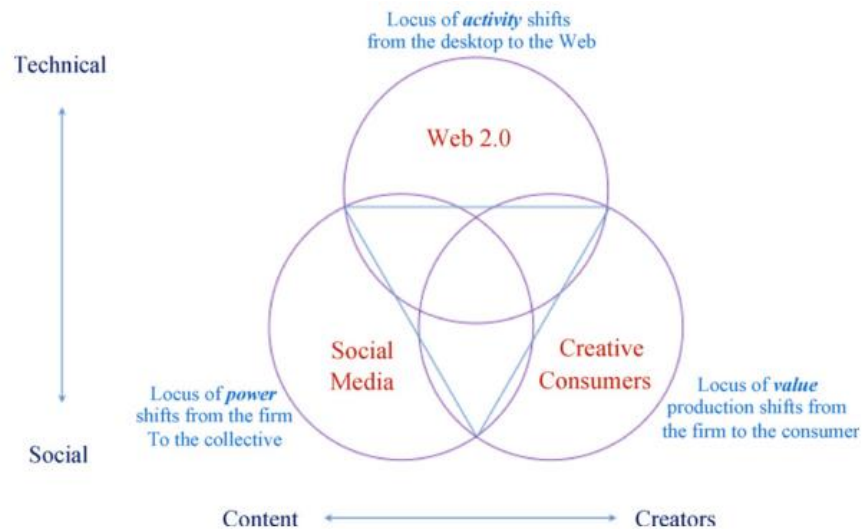
Role of Social Media in Customer Relationship Management (CRM)

Introduction to Social Media and Web 2.0

According to Tsimonis & Dimitriadis, (2014) the speedy transformation of the World Wide Web has offered customers with many different opportunities and few of them are; to look for information, converse without any limitation, and the benefit to express feelings and sentiments on social media. Similarly, Sam & Larissa, (2013, pp. 01) mentioned that social media penetrates among these platforms such as; (desktop computers, mobile phones, tablets, and lastly on modern network capable television) which as a result creates a diverse network of individuals with their shared moments of everyday life. The author further cited from Boyd and Ellison (2007), that there was a time when social networking sites (SNSs) were just for the young, but today it has been penetrated between young and old in everyday life. However, Tsimonis & Dimitriadis, (2014) cited Dicky and Lewis, (2010) that because of the increasing penetration of social media in society, major firms are increasingly considering them as a part of their marketing and brand building activities cited (Gallaughar and Ransbotham, 2010).

Alternatively Jung, Ineson, & Green, (2013) stated social networking sites as a great opportunity. In contrast, it is also defined as a network of consumers from all demographic groups who are becoming literate with social media also with substantial advancement in technology. Furthermore, in relation to the previous mentioning this author also states that this situation poses some opportunities and challenges for marketers and recommended for them to glide and take benefit of social media and its different types like; blogs, social networks, content communities, forums, bulletin boards and content aggregators. (Williams & Chinn, 2010).

Social media can be translated as a tool from which consumers can communicate, connect and collaborate with others and these tools are based in Web 2.0 technologies that was first founded by Tim O'Reilly (Williams & Chinn, 2010). Additionally, Tsimonis & Dimitriadis (2014) cited Constantinides and Fountain (2008, p.232) explains Web 2.0 as a collection of open source, interactive and user controlled online applications that increases the experiences and market power of the online consumers in business and social operations. However, Berthon, Pitt, Plangger, & Shapiro, (2012) states that from this new concept of web 2.0 users are benefited with rich context, interactive websites that are user friendly which induce participations. Furthermore, the author also describes about "creative consumers" as a new emerging situation in the online setting and called them the dynamos of the new media, which is often referred to as consumer generated media (CGM). As identified by Akar & Topçu, (2011) the population on social networking sites mentioning the most popular "Facebook" has more than 100 million visitors per month cited (Chui, Miller and Roberts, 2009). Thus, these (SNSs) are becoming an essential part of our daily lives, which is why social media is a rising phenomenon in marketing. (Akar & Topçu, 2011).



(Berthon et al., 2012)

Ways to form relationships through CRM

According to Liang & Chen, (2009) relationship marketing is interacting with customers, and service providers found it important to provide seasoned, favorable, tailored intermingled communications is essential which is a foundation to develop successful relational exchanges with customers. Additionally Jung et al., (2013) cited Cook and Emerson (1984) where he added that this idea of relationship marketing is complex and derived from several theories but most of the contribution come from social exchange and social network theory which is essentially a part of everyone's life. Additionally, it has been said that, Relationship Marketing has developed as a major central point for business strategy in the recent past years. (Bejou & Palmer, 1998). In contrast, Vivek, Beatty, & Morgan, (2012) argued from the pioneers on relationship marketing (Morgan and Hunt 1994), (Gronroos, 1990) and (Berry and Parasuraman, 1991) and said that, it is aimed only to enhance, retain and maintain relationship with existing customers and less attention given to 'acquire' new customers. However, Bruhn (2003, p 13) first reference to marketing goals, and then stated that the transaction marketing activities are focused only to acquire new customers and further claims that relationship marketing not only acquire but also emphasize on retention and recovery. Therefore, as Jung et al., (2013) cited Cox (2009) that social networking can be used as an cutting-edge marketing landscape which has the ability to grip and converse directly with a potentially broad audience from actual customers.

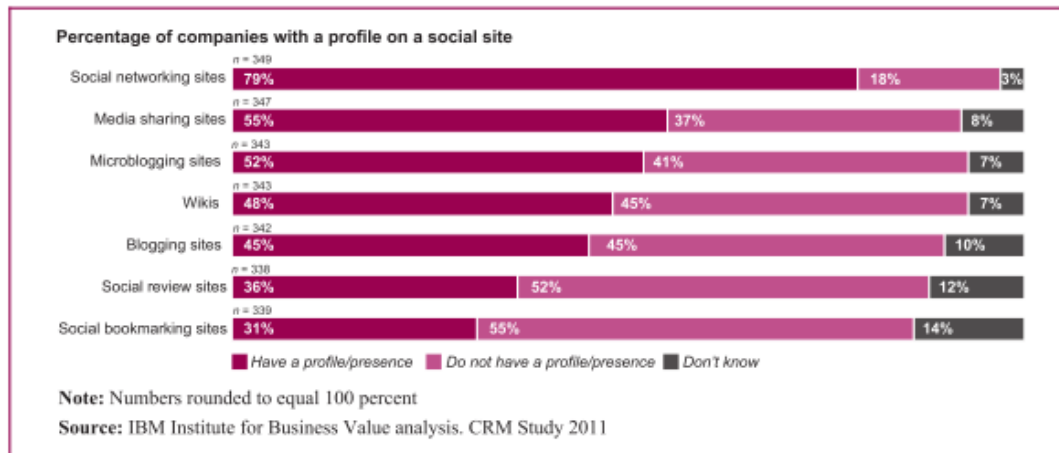
On the other hand, Williams & Chinn, (2010) analyzed the relationship quality view of relationship marketing within the sports context by examining the impact of the main relationship constructs that is

trust, commitment and satisfaction. Furthermore, the author found that relationship quality indicates the behavioral effect. However, Bejou & Palmer, (1998) identified that an affective level of attention has been to the development of trust. Whereas, Liang & Chen, (2009) agreed that satisfaction works as a core element of interaction for good relationship between buyers and sellers. While Sashi, (2012) mentioned that potential level of satisfaction is achieved only when the customer expectations are surpassed and their emotions turned into a positive influence which is being explained as not only a form of satisfaction but a feeling of pleasure from the experience. Conversely, Bejou & Palmer, (1998) mentioned that trust will be developed only when the perceived experience syncs with the promised performance.

Therefore, the key to maintain customer satisfaction is to use social CRM which enable organizations to connect each other anywhere and however they want (Diamond and Ferrara, 2013), because several previous studies has confirmed that satisfaction affects customer retention (Peter C. Verhoef, 2014). As a result it will gain chances of creating long-term customer life cycle. In Contrast, Lacy, Diamond and Ferrara, (2013) states the benefits by using CRM it is possible to track and manage the activities that are required to move customers through a sales buying cycle. However, Bruhn, (2003) cited Strauss, (2000) mentioning the product life cycle curve (PLC) and added that because of the shift from the product oriented marketing to more customer focused marketing, hence, it is reasonable to implement the life cycle concept to the maturation of customer relationship.

Thus, Tsimonis & Dimitriadis, (2014) stated consumer engagement as one of the important criteria to consider to form relationship between seller and customer. Because, for business it is important to provide collaborative experiences and dialogue that customers can value, which will result of getting behavioral responses with establishment of trust and commitment (Baird & Parasnis, 2011). However this behavioral context is being referred to the action taken by the user on social media (Vivek et al., 2012). To confirm, Baird & Parasnis, (2011) calculated the percent of companies use social media and came with an analysis; around 70% of executives confirmed that they believe they are not in touch with their customers if they do not engage, additionally with a proof that over half of the competition is victoriously maintaining the relationship with their customers on social media.

Exhibit 1 Companies tend to use social networking sites more than other types of social sites



(Baird & Parasnis, 2011)

Hence, this being identified that customer engagement do play a role within customers to build emotional bonds (Sashi, 2012), and more likely to advocate and make purchase decisions through social media such as Facebook, Twitter than from previously they were engaged. (Akar & Topçu, 2011) cited (Chadwick Martin Bailey, 2011). Hence, the author suggested focusing on a customer engagement by satisfying and providing them the ultimate value than the competitors to build trust and commitment in long-term relationships.

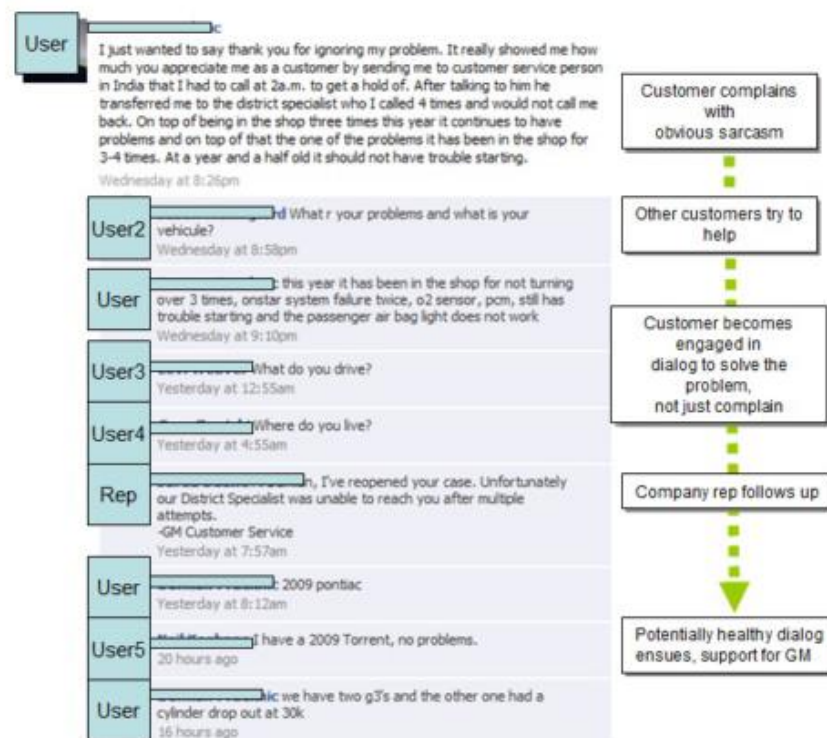
How Social Media is utilized as a Service Recovery tool

Sashi, (2012) has identified that the rising interest in consumer engagement is the reason for the birth of new digital technologies. Additionally he also mentioned the benefits on social media, that organizations can construct relationships with new and old customers and builds groups that can engage to discern and comprehend problems and provides solutions for their customers. Owing to the fact that, if these social media activities are executed properly than it can greatly improve the brands marketing, communications, and customer service, since broadly, these activities and practices point out to create, modify and share information among the network of your own community that is your family, friends, co-workers and especially your customers (Connor & Macmillan, 2009). Indeed, social media have been accepted as the most effective online environment for relationship building (Tsimonis & Dimitriadis, 2014). As a result, Akar & Topçu, (2011) mentions that marketers has started to comprehend the use of social media in their marketing strategies and campaigns to acquire more customers

However, Ajmera et al., (2013) points out that customers engaged on a social media brand page expect attention to their queries and responses, just likely a traditional CRM model such as e-mail or phone, In contrast to above, the negative point he mentioned that all conversations on a brand page are public and visible for anyone to see. Hence the major disadvantage of this that pessimistic conversation can go

viral in no time and as a result the organization act on the conversations near to real-time. In contrast, Tsimonis & Dimitriadis, (2014) cited Dekay (2012) that receiving negative Facebook comments is one of the most uncertain situations that happen very often, however, according to recent studies most of the companies ignore responding to negative feedback. Moreover, the firms who take give importance at this step; they do not acquire definite strategies that can help alter those comments in effective opportunity for communication.

furthermore, Ajmera et al., (2013) shares an example of a social CRM on an automotive brand page on Facebook, where initially customer first wrote a dissatisfied experience and complaint about the company. Next, Other customers took interest to learn the problem and provide a solution for it. However the first person who complained was not anticipating any response but get involved to resolve the issue. Eventually the company and other customers continue to help the person until he is satisfied. This is a clear example that shows how social CRM can help the customer to solve their problems and turning a bad sentiment into positive, not to forget that this effort equally requires the company to get engage in the conversations or else the customer will more likely to get lost. Thus, Akar & Topçu, (2011) cited Blackshaw and Nazzaro (2005) who stated that the online users are important for marketers because they are engaged and constructive, and due to this nature they are not hesitant to use new products and share their experiences within their own online community.

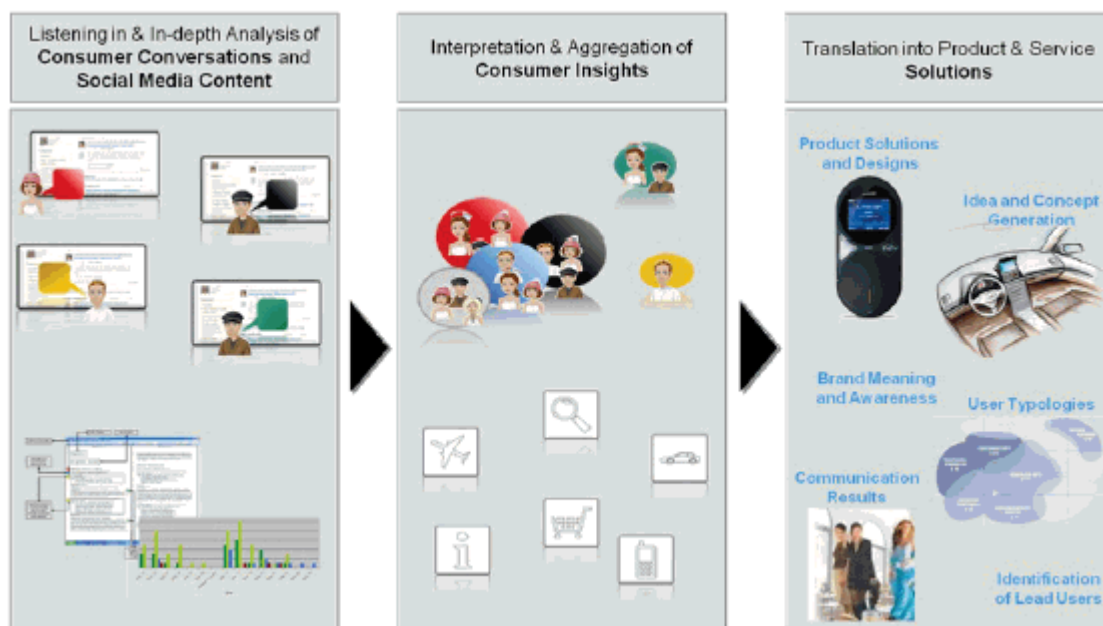


(Ajmera et al., 2013)

In relation to the above example, Sashi, (2012) confirms that when any problem happens in a relationship within a customer engagement, it is likely to be resolved with a positive acceptance or an encouraging discussion instead of withdrawing from the engagement. Also Jung et al., (2013) cited Wang et al. (2002) who stated that consumers are now passively showing interest to scope out to firms to share their experiences in the form of criticism, appreciation, or asking a question and anticipate a quick response because of the exclusion of time barrier wreck by the internet. He continue citing Hong and Wang (2009) that a customer firm relationship is being established through the contribution of the marketers by giving attention to their matters and acknowledge back to their questions.

Thus, From the above example, it is now evident that the potential value and benefits that can be utilized to meet relationship marketing objectives on social media are significant (Williams & Chinn, 2010). Hence, these rapid developments in technology have opened new and creative ways for organizations to connect and create individual relationships with each of their customers.

In addition to above, Bilgram, Bartl, & Biel, (2010) stated an analysis of online consumers and social media having the goal to understand their needs, desire, questions, and possible solutions that are being expressed within the online communities, and later the discussions were analyzed using a qualitative data analysis software, and the finding expose that the consumers conversing about several problems rolling around the buying of the product.



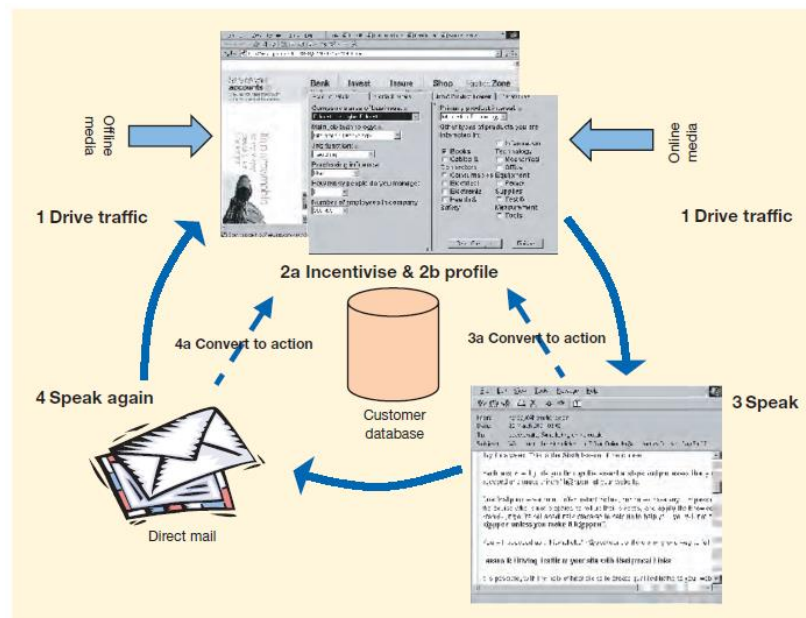
(Bilgram et al., 2010)

CRM implementation and Challenges

According to (Ahearne, Rapp, Mariadoss, & Ganesan, 2012) defines CRM as a process of recording customer information and with it creating an appropriate strategy in communication with the sales person to maximize sales performance, furthermore the process includes the recognition of prospects, up-selling, cross-selling within the current customers. However, Ko, Kim, Kim, & Woo, (2008) cites Swift (2001) who defines CRM as an endeavor approach to define consumer behavior using purposeful communications in order to improve customer acquisition, retention, loyalty and profitability. Additionally, because of its technological orientation it has been recognized as a powerful management tool of managing customer relationship in an integrated approach using these three components; people, process and technology (Kimiloglu & Zarali, 2009) cited (Chen and Popowich, 2003)

But, Osarenkhoe & Bennani , (2007) cited hertz and Vilgon (2002) that several CRM implementation projects were executed in difficulties because of technically not delivering the expected business benefits. Thus, Kimiloglu & Zarali, (2009) understanding the content of CRM and comprehending its impact on organizational outcomes for e-business is important.

Therefore, the approaches for implementing e-CRM are explained in detailed by Chaffey (2006) and are used to achieve online customer acquisition, retention and to successfully go through with the process of relationship building to accomplish different level of customer life cycle. The process of implementing the strategy is divided in 5 stages.



(Dave, Fiona, Kevin, & Richard, 2006)

1. Acquire new and existing customers

The author stated the object here is to attract quality visitors from different channels and with creative promotions like competitions or free information's related to the niche.

2a. Incentivize visitors to actions

Here it is suggested the quality and credibility of the should fulfill to retain the visitor interest, so he can spend his time on the website.

2b. Capture customer information to maintain relationship

As discussed previously, recording the customer database is one of the most essential steps in CRM, however for online such databases are collected using the form illustrated.

3. Maintain dialogue using online communication

Maintaining a relationship between customer and organization it is suggested by the author that e-mailing to customer and displaying targeted information on the website for customer are some of the main methods of making direct communication. As well as other physical methods of establishing contact with the customers is to encourage them to return on the website by using loyalty schemes (which will generate a need to check loyalty points in account) or share product or price promotions.

Maintaining dialogue using offline communication

For this method, the author advised to use e-mail or direct mail as the most suitable form of communication because of its customizable nature tailored to each individual and to their preference with the objective to increase traffic to the website.

Conversely, Kimiloglu & Zarali, (2009) cited Liu et al. (2006) that the important factors of the e-CRM success is 'responsiveness' to the customer enquiries and 'efficiency' of the e-CRM implementation. From the cost reduction and time saving perspective. However, e-CRM is not about technology and software cited Rigby et al., (2002) but about syncing the business processes with the consumer plan of action benefited with the technology. Thus, the objective of CRM is to attain a competitive advantage in managing customers, Ko et al., (2008) cited (Gartner group, 2006), improve customer service and keep valuable customers (Fjermestad & Romano, 2003).

therefore, Kimiloglu & Zarali, (2009) researched the factors of success in e-CRM and found that companies with greater sense of e-CRM success claimed increase in customer satisfaction and transaction frequency and amount. Including the customers of the organizations shows an addition in the usage/re-usage and re-buying frequencies from different departments from the site. In fact the amount of time customers spent was greatly higher for businesses that were more successful in e-CRM

To confirm, Fjermestad & Romano,(2003) adapted an e-CRM implementation framework that illustrates the benefits it can have such as greater ROI, and increased customer loyalty Scullin et al. (2002) He stated 4 direct benefits mentioning the example for each of them which are as follows:

1. As a result of capturing information through an e-CRM system, it can help an organization to categorize the actual cost of acquiring and retaining individual customers including *increased customer loyalty*
2. *More effective marketing* can be done because of having detailed customer information from e-CRM system; it gives the leverage to the company to predict the type of products the customer will likely to buy including the time of purchase.
3. *Customer satisfaction* will improve as they more likely to get receive accurate information's, updates about the product.
4. *Greater efficiency and cost reduction* is expected through the consolidation of customer data in one database which gives an opportunity to the marketing teams to exchange information and gather with different department and work for common objectives.

Challenges

Some of the challenges described by Ajmera et al., (2013) for implementing a social CRM system is the informal nature of content, which leads to an highly unstructured, misspelled noisy and poor grammatical content. Whereas, CRM technicalities such as e-mail is not able to translate unstructured medium effectively. He further mentioned priority determination as an important challenge to overcome because of the significant number of actionable posts, additionally priority selection to each one of them is to obtain best implementation of customer service. Lastly he stated that analytical tricks required the data in a sequential order for the best level of accuracy. However in the age of social media, finding sequential data is a big challenge. In contrast, Herbert & Ave, (2004) cited Meredith Levinson (2004) stated that identifying a business need is a crucial step first and then to develop the system. Furthermore the author suggested the organizations to truly scrutinize themselves for CRM implementation as the planning, and strategy should have to go with the organizations values and mission statement.

Conclusions:

The fact that, day by day, it's becoming easier to communicate on internet because of its interactive nature and for companies it is now possible to track their consumer from all touch points, and transaction types from where it is possible to gather significant amount of information on the consumer interests and server the customers accordingly such as: giving instant customer service or responding to the inquiries faster with a recovery approach. Comparatively, all of this process can be done from the traditional methods but it will be less convenient, take more time and not customizable for every individual customer such as person – person or telephone service (Liang & Chen, 2009). Additionally, also stated by (Baird & Parasnis, 2011) that utilizing social media as a medium for customer engagement constructing challenges for traditional customer relationship management methods. Therefore as per the suggestions made by author, the companies should enfold their new strategies using social CRM.

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