

Chapter 65

Social CRM: Platforms, Applications, and Tools

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ABSTRACT

This chapter provides an overview of social customer relationship management (CRM) and explores the Web-based platforms that provide social CRM solution in software as a service (SaaS) model as well as the applications and tools that complement traditional CRM systems. Based on a review of current practices, the chapter also outlines the potential benefits social CRM provides to organizations in their sales, service, and marketing efforts. Furthermore, while the Web and its new breed of technologies and applications open new opportunities for businesses, these technologies also pose several new challenges for organizations in implementation, integration, data security, and consumer privacy, among others. In addition, these technologies can be exploited in a negative way to propagate misinformation against businesses and their reputations. In view of this, this chapter also examines ethical and legal challenges businesses could face in embracing social media technologies at the core of their customer management processes and systems.

INTRODUCTION

Social media technologies have transformed the way companies build and manage customer relationships as well as how customers learn about products and services. According to a recent study by DEI Worldwide, 70% of consumers have used social media to research a product, brand or com-

pany (DEI Worldwide, 2008; Accenture, 2009). Businesses in different industries are trying to harness the empowering forces of these technologies and apply them to their sales, service, and marketing efforts. CRM applications rely on strong relationships in order to effectively retain existing customers and attract new ones. Building and maintaining strong customer relationships requires accurate and timely data to leverage collaboration that extends beyond traditional boundaries. Yet,

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traditional CRM applications did not have the capability to capture and manage such complex interaction, and they were not usually designed to be intuitive for the people who are handling the customer-facing applications. In addition, existing CRM solutions are not very effective in leveraging collaboration with customers as well as relationships within a company. As a result, new CRM platforms and applications enabled by social media technologies have surfaced to allow organizations plan, organize and manage their CRM strategies on a much larger scale than ever before. Social media technologies redefine the Web as a platform and empower individual users with light weight computing tools to manifest their creativity, engage in social interaction and share content in ways they never could before (Parameswaran and Whinston, 2007a; 2007b). Social media technologies empower sales people to be more effective and productive by leveraging the collective knowledge and experience of the broader sales community on the social Web.

Enterprise 2.0 is the term used to refer to the use of Web 2.0 platforms by organizations on their intranets and extranets in order to make visible the practices and outputs of their knowledge workers (McAfee, 2006; 2009). "Social CRM" represents Enterprise 2.0 in a sales, service, and marketing context by enabling individual sales users to easily interact with customer information and uncover business insights that were not readily available before (Oracle, 2008). Social CRM platforms help to ground and embody this vision by delivering software as a service (SaaS) and facilitating a community based on sharing information and making content available in real time via a new wave of social tools such as blogs, mashups, podcasts, RSS, social networking, widgets and wikis. Such platforms take advantage of the Web 2.0 interactive technology and its key features which include readily shared data and access to Web-based applications from anywhere. Therefore, social CRM applications have great potential for businesses to communicate and interact within social networks

and improve the quality and quantity of interactions with customers, suppliers and partners and boost reputation and overall brand loyalty.

A study conducted by Avanade, a global IT consultancy company, with top executives examines fundamental factors shaping the impact of social media on company performance and customer relationships, including user adoption, customer engagement, barriers to deployment and employee retention (Avande, 2008). The study covers three major areas of social media technologies in a business setting which include social media technology use by employees for business communications; social media technology use by customers with companies; and company use of social media in customer relationship management. The study indicated that businesses are aware of the trend toward social media, but most have no plan in place to manage the formal adoption of these technologies. According to the survey, over half of the companies have yet to put social media on the corporate agenda. Apathy, fear and concerns over productivity were cited as the main reasons for organizations to slow down the adoption of social media in the enterprise. On the other hand, the early adopters of social media report improved customer relationships, better corporate reputation and increased sales. On social media technology use by customers, the main benefits mentioned include improved feedback, creating a perception of the company as forward looking, the reduction in time to resolution for support issues, and even an increase in sales. Furthermore, on the benefits of social media to CRM, the majority of the companies surveyed feel that social media technologies provide an excellent means of uplifting customer relationships and allow them to add new value to their customer interaction, thus playing a major role in customer relationship management.

Avanade's survey clearly shows that "social media technologies have an important and positive role to play in the enterprise, and they provide businesses the opportunity to change the way they relate to customers, shifting the focus from

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