![ZIFF DAVIS]

Why Social CRM is Important to Business

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Summary

The term "social CRM" carries two very different meanings for businesses. On the one hand, social CRM can refer to customer relationship management systems that track social media campaigns and engagement. On the other, social CRM systems can be considered those that use familiar features of social networking to facilitate collaboration and communication across and within business units. The first is increasingly critical for successful marketing and sales; the second is becoming indispensible for organizations looking to involve a variety of stakeholders in customer-centered sales cycles. This paper explores both facets of social CRM and explains how businesses can benefit from their implementations.

Social CRM: Tracking Social Media

The Changing Role of Social Media in Sales, Marketing, and Customer Service

What is the first place potential customers go when they first hear about a new product? Google? Facebook? They see what's being said about the product and company, if any of their "friends" (in the loosest social media sense) know about it (or, more to the point, "like" it), and find reviews in various online media outlets. Depending on the product or service, they might even take to Amazon or Angie's List to see what other people think. They might even visit the company's website.

> " If you are a marketing professional who wants to reach your buyers directly, you will likely encounter resistance from corporate communications people. They'll say the old rules are still in play… They'll say you need to talk only about your products. They'll say that the media is the only way to tell your story and that you can use press releases only to reach journalists, not your buyers directly. They'll say that bloggers are geeks in pajamas who don't matter. They are wrong. "
>
> David Meerman Scott
> The New Rules of Marketing and PR

They don't go visit a brick and mortar store. They don't wait for a telemarketer to call them with an offer they can't refuse. They fast-forwarded through the commercial about it on their DVRs. They flipped past the full-page ad about it as they perused a magazine on their iPads. The email blast about it went into their spam folders.

Bottom line? Social media has changed everything for consumers and even for businesses making purchasing and contracting decisions. The "sales pitch" has been replaced by "customer engagement" and a shout out from @JimmyFallon or @Oprah accomplishes far more in an evening than a direct sales team could in a month (or 6).

For businesses, social media falls somewhere between art and voodoo. Those that do it well reap significant benefits at lower costs than could ever be expected with traditional approaches. Those that do it poorly see their competitive advantage slipping away because they just don't get it. They haven't moved on with the rest of the billion people on Facebook.

Although even the best social media marketers will tell you that it's much more art and intuition than science, there are a number of tools that can inject analytics, reporting, monitoring, and good old-fashioned number crunching into the process to drive strategic decision-making and improve the effectiveness of social media for businesses. Among the most important are social CRM platforms.

Companies like Attensity, SAS, and Lithium are all moving aggressively into the space (or, in fact, have built their brand from the ground up around social CRM) and give businesses a variety of ways to evaluate customer perceptions, engagement, and community interactions around their products and services. More recently, social CRM is being referred to as "Customer Intelligence"; like business intelligence, CI provides analytic and decision support engines for managing the vast social media sphere with which companies are confronted.

Social Campaigns and Customer Engagement

It takes more than a Facebook page with a few thousand likes to qualify a company as being engaged with customers through social media. The key here is conversation. Social media were never meant to be one-way broadcast tools. Sitting at a conference listening to a lecture is not social and neither is reading a company's Twitter feed announcing their latest product updates or blog entries. Sitting around a table at a dinner party, on the other hand, is social. The same goes for an ongoing conversation with a growing community of users and potential customers, even if they've never met face-to-face and are only connected through a social medium.

Traditional marketing campaigns focus on this one-way broadcast approach. TV commercials, print ads, press releases, radio spots—all are designed to talk to a wide swath of potential customers. Social campaigns, on the other hand, leverage existing communities of like-minded individuals or businesses and use social media to both expand and engage with those communities with the ultimate goal of lead generation and sales conversions. This can become an arduous process of so-called "lead nurturing", but, if done successfully, can reduce marketing costs and increase sales because marketing activities are directed at people who

are actually listening. The same can't be said of expensive television ads that people either ignore or skip.

Even web advertisements appearing via networks like Google Adsense or Facebook Ads are increasingly social in nature. The most effective lead potential customers to a clear call to action and convince them to begin engaging with a community, even if only in relatively minor ways. The days of the ad campaign are over, replaced by targeted communications and managed conversations designed to convince potential customers that a potential product is popular, respected, and trustworthy. When those conversations become more managed, one-way broadcasts and less authentic exchanges, savvy customers will go elsewhere.

Take, for example, Nike's recent social campaign during the 2012 London Olympics. While Adidas was the official sponsor (a position that cost it several million dollars), Nike's simultaneous campaign focusing on ordinary athletes netted the company over twice as many new Facebook fans and almost double the Twitter traffic enjoyed by Adidas at a fraction of the cost. Adidas ended the games with the perception of a corporate sponsor while Nike left the games with a larger community that perceived it as a brand for every athlete. According to econsultancy.com,

Data from Experian Hitwise shows that Nike achieved a 6% growth in its number of Facebook fans and a 77% boost in engagement on its Facebook page compared to 2% and 59% respectively for Adidas.

Turning new customers into repeat customers

CRM stands for Customer Relationship Management. Yet that word "Relationship" comes into laser focus when businesses seek out robust, authentic interactions with customers via the social Web. A 2010 report from the Altimeter Group explained,

"Social CRM does not replace existing CRM efforts – Instead it add more value … Social CRM enhances the relationship aspect of CRM and builds on improving the relationships with more meaningful interactions."

Social media and customer intelligence are also driving new business models focused on subscriptions. Brand loyalty, trust, and engagement open customers not just to the idea of repeat business, which is nothing new, but to long-term commitments to products and services. These subscription-style business models then translate into ongoing, regular revenue that frees businesses to continuously innovate and improve their products rather than chase individual sales. The exploding Software as a Service industry is a prime example of the subscription model at work and heavy competition across nearly all verticals means that businesses must not only differentiate themselves through innovation but also through great customer experiences.

This sort of engagement, though, can be labor-intensive, just as direct sales models have always been. And, just as traditional CRM revolutionized, modernized, and helped scale traditional sales and marketing, so too can social CRM and customer intelligence help manage social media marketing, community development, and customer conversations. Managing the social presence of an organization could be handled by simply throwing manpower at the various networks and communities with which a company needs to engage. However, at scale (and, in reality, the Internet brings everything to scale very quickly), this would become prohibitively expensive. It also becomes increasingly difficult to manage an organization's message and analyze the data and information flowing from social channels.

Social CRM helps organizations of any size scale their conversations and, more importantly, drive product, marketing, and sales strategies with objective data. Applying analytics to something as subjective as social media is no small task but the right software can make it much easier.

Yes, Support Really is Part of Sales

Customer support and customer sales are overlapping like never before, in large part because of social media. It wasn't so long ago that customers struggling with a product might pick up a manual or even call tech support. Now, however, users first turn to the web, searching for support forums or visiting a company's Facebook page or Twitter stream to ask support-related questions. When they do, will they see many other similar unanswered questions? A growing community of dissatisfied customers? Or rapid, helpful responses to questions? In a subscription world, it had better be the latter.

And what about new potential customers, searching those same social channels for thoughts and opinions from existing customers? Will they find well-supported happy customers or a lot of grumbling about shoddy products and worse support? Because these communities will emerge regardless of a business's interventions. The only thing a business can do is ensure that the conversations with these communities are positive and that support is useful and timely.

Social CRM tools and customer intelligence platforms increasingly incorporate support into their services because support provided both through social and traditional channels is inextricably linked to new sales as well as repeat business.

Social CRM: Examples and Use Cases

SAS is one of the most powerful analytics engines in the world, providing the basis for everything from clinical trial data analysis to risk assessment for credit organizations to customer intelligence. Their customer intelligence module, in fact, provides a powerful

example of ways in which social CRM can be used to drive growth. SAS provides customized, targeted marketing decision support for customer subgroups, social media analytics (with several measures of customer engagement across a variety of social networks), and campaign management tools with facilities for testing and optimizing both social and traditional web-based campaigns. It is a true decision support system for marketers, helping aggregate and analyze data so that businesses can ensure the lowest cost of customer acquisition and retention.

Attensity, on the other hand, was designed from the ground up to apply big data analytics to social data. The platform can automate and analyze customer interactions on social networks, provide real-time reporting on engagement and trends, and even automatically comb the text of social channels to provide decision support.

Even big players in traditional CRM are increasingly highlighting the value of their social CRM offerings. Oracle, for example, has a platform devoted to "social-enabled customer service" while SAP recently debuted innovative social media analysis tools and is refocusing its business on social platforms.

In most cases, uses can range from determining optimal times to tweet announcements based on customer click-throughs to helping companies track lead generation, lead nurturing, and conversion costs based on the relative success of social campaigns.

Social CRM – Social Media Hits the Enterprise

The other aspect of social CRM relates to the user experience for users of the software itself. Though less important for business growth directly, CRM systems that use social paradigms to enhance collaboration across and within a company's business units can improve adoption and increase collaboration. If the relationship between sales and support is clear, then it would follow that marketing, product management, and engineering groups should also be looped in. The easiest, most familiar way to do this for most users is to layer social interactions over more traditional systems.

> ❝ Outsourcing isn't the answer to everything. Lots of internet marketing pundits will tell you to outsource, outsource, outsource. Having a trusted team that knows each other and enjoys working together is good, too. ❞

Ian Lurie

Communication and Collaboration, Social Media Style

Liking, friending, and following work just as well for reconnecting with old high school friends as they do for receiving updates from influencers or subscribing to data feeds from organizations. The same is true within a business collaboration context. The ability to form ad hoc teams or formally and informally share information across a company by simply "following" a co-worker or project is a fairly elegant solution to the challenges of collaboration and transparency.

There is no more obvious use case for social sharing than CRM (or the business of sales and marketing in general). Countless Dilbert cartoons have been made about the frequent disconnects between sales/marketing and engineering/product management. Sales teams can hardly be effective without intimate knowledge of a company's products or services and the roadmap for their continuous improvement. Product teams are too often isolated from customers and their requirements and expectations. Support teams often don't have a good mechanism for communicating issues to engineers and driving future improvements and so on.

Like most social media tools, CRM platforms that make use of social paradigms generally present users with a dashboard of new information (feeds) from the teams and individuals they follow. The exchange of information that is so often lacking between business units is instead front and center for every user. Similarly, social-enabled CRM platforms provide a means for easily messaging other users and drilling down into relevant topics from a common interface. Discussion threads, polls, and open questions can all invite participation from interested parties, regardless of the organizational silo in which they might reside.

As a very simple example, how often do sales and marketing teams struggle to get access to their own company's product roadmaps, which tend to be maintained by product or engineering teams? If the roadmap is maintained within the social CRM application, then sales and marketing staff could simply subscribe to updates on the roadmap and receive notification in their dashboard or email when it's updated.

Twitter has grown into a wildly successful social network in large part due to its simplicity. When keeping cross-functional teams engaged and on the same page is as simple as posting an update on Twitter then social business platforms are doing their jobs.

Here Come the Millennials – Driving CRM Adoption

CRM systems, social or otherwise, are critical to strategic decision-making and resource allocation for a variety of sales and marketing campaigns. However, strategic thought supported by objective data isn't possible if every stakeholder doesn't fully embrace a given CRM system. Adoption is critical issue in CRM implementation and the related scalability of

sales and marketing efforts. Oftentimes, CRM systems feel like unnecessary overhead to sales teams on the ground and businesses often struggle to fully leverage their investments in these platforms as a result.

Nowhere is this more apparent than among the growing number of Millennials entering the workforce, many of whom have grown up with the immediacy of the Web at their fingertips and have little patience for enterprise data systems. They communicate just fine via Facebook—why track, log, describe, and otherwise be slowed down by yet another platform?

Make that platform social, though, and it's another story. This is a way of sharing information that they understand and that provides the real-time interactions they expect. For many employees, particularly those fresh out of college, adding social features to most business applications will be a necessary facet of enterprise computing in the 21st century if adoption is to be ensured among social media natives.

Conclusion

Social CRM, whether viewed as customer relationship management centered around social media and customer intelligence or as a social-enabled collaboration engine for businesses to improve team performance, is one of the most important trends in sales and marketing. In the 21st century, social channels are essential to both customer acquisition and retention, while business platforms are increasingly adopting social paradigms to improve productivity and break down organizational silos. Social CRM and related facets of customer intelligence and aren't just nifty add-ons that businesses should give a bit of thought to in the coming year. Social is the future of CRM and customer intelligence will make the difference between success and failure in a rapidly evolving sales environment.

About Ziff Davis

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