

**CRITICAL SUCCESS FACTORS AND BENEFITS OF SOCIAL
CRM IMPLEMENTATION**

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ABSTRACT

The objective of the master thesis is to understand what are the critical factors that help to implement SCRM successfully, the benefits and impact to the organisation. Being successful is crucial because failure, the consequences to the revenue, profit and customer satisfaction can be disastrous.

Semi-structured interviews were carried out with C-level managers, who directly connected to Social CRM (SCRM) projects and have already implemented or are about to implement SCRM within their organisation. The subjects were known large companies (start-ups and established organisations) worldwide from most of the sectors.

With higher competition, fewer differentiated products, lower control over the customer, problems that can escalate fast, there are only a few moments, where organisations can differentiate during the customer journey. That means it is no longer possible to ignore customer requests. Organisations need to be where their customers are and they need to interact to avoid problem escalation. The best way to do it would be in Social Media as this is where most of the customers are.

However, considering that already CRM implementation failure rate is very high – up to 70 percent (Woodcock, Green *et al.*, 2011), it is unclear how to guarantee the success of SCRM implementation and what are the actual benefits that a company can expect. Would it be enough for the organisation just to implement a new tool to have better results or do organisations themselves need to adapt to succeed? Those are the main questions that this master thesis tries to answer.

Keywords: CRM, Social CRM, Social Media, Customer Service, Communication

JEL Classification System: D00, L10, M15, O33

RESUMO

O objetivo desta Tese de Mestrado é o de entender quais são os fatores críticos que ajudam a implementar uma estratégia de Social CRM (SCRM) com sucesso: Nomeadamente quais são as vantagens e impacto para a Organização. Ter êxito nesta implementação é fundamental dado que no caso de insucesso, as consequências para a receita e lucro da Organização, bem como para a satisfação dos clientes, podem ser desastrosas.

Foram levadas a cabo entrevistas semiestruturadas com gestores de topo, diretamente relacionados com projetos de SCRM e que já implementaram ou estão em vias de implementar SCRM na sua Organização. Os entrevistados são responsáveis de alto nível de grandes empresas internacionais de sectores diversificados (startups e organizações bem estabelecidas).

Com concorrência crescente, menos produtos diferenciados, menos controle sobre o cliente e problemas que podem escalar rapidamente, há apenas alguns momentos onde as Organizações podem conseguir ser diferenciadoras durante a "viagem do cliente". Isso significa que já não é possível ignorar os pedidos e expectativas dos clientes. As Organizações precisam de interagir com os seus clientes onde eles estão para evitar a escalada dos. A melhor forma de o fazer é através do Social Media, dado que é onde a maior parte dos clientes está.

No entanto, considerando que a taxa de insucesso do CRM é bastante alta – até 70% (Woodcock, Green et al., 2011), acaba por ser pouco claro saber qual a melhor forma de garantir o sucesso da implementação do SCRM e quais são as vantagens reais que uma Empresa pode esperar. Seria suficiente para a organização implementar apenas uma nova ferramenta para ter melhores resultados ou precisam as próprias Organizações de se adaptar elas mesmas, para terem sucesso? Estas são as questões de fundo a que esta Tese de Mestrado tenta responder.

Palavras-chave: CRM, Social CRM, Social Media, Customer Service, Communication

Classificação JEL: D00, L10, M15, O33

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EXECUTIVE SUMMARY

As empresas enfrentam atualmente um ambiente de elevada concorrência, muito difícil de controlar. Não só têm maior número de concorrentes, como produtos menos diferenciados e também menos controle sobre os clientes, que são mais exigentes do que nunca e partilham a sua "voz" no Social Media. Um pequeno problema pode escalar rapidamente a nível global e pode danificar de forma imprevisível a imagem da Marca por um período longo. Ao mesmo tempo, as Organizações têm poucas oportunidades de diferenciação durante a "viagem do cliente". Para sobreviver, as Empresas precisam de se adaptar e o maior diferenciador atualmente é a interação e envolvimento com o cliente. A melhor forma de o fazer seria o Social Media, dado que é onde a maior parte dos clientes está.

A compreensão do que é o SCRM está ainda numa fase embrionária. Não existe uma percepção clara em relação à definição (é uma estratégia, uma ferramenta, uma combinação de ambas, u é simplesmente uma extensão do CRM?) nem em termos de utilização (é apenas para comunicação, relação com o cliente, ou envolve tudo incluindo informação de marketing e vendas?). O problema parece ser que os processos de marketing, comunicação e relação com o cliente, se tornaram mais complexos, enquanto os denominadores comuns - falar com o cliente e necessidade de compreender o cliente é maior. Além disso, correntemente é difícil dizer quem deve ser responsável por essa área.

No que diz respeito ao budget de Social Media e SCRM, é muitas vezes subvalorizado. O que pode acontecer por dificuldades em medir o impacto direto da comunicação e do relacionamento via Social media. Em relação a servir os clientes via Social media, torna-se também complicado uma vez que as Empresas não conseguem sempre identificar quem é de facto, o cliente por trás do "*nickname*" que usa no Social Media. O "Chat" de Social Media como canal, é usado mais frequentemente para dar suporte básico "*end to end*", mas é entendido como um canal tradicional e frequentemente conotado com uma ferramenta comum de CRM.

No entanto, é um facto que as Empresas vêm vantagens que podem ser alcançadas através de uma implementação de SCRM bem sucedida. Como na literatura, redução de custos operacionais, solução proativa de problemas, envolvimento e relação intercativo com o cliente, serviço ao cliente melhorado, satisfação do cliente melhorada, maior eficiência e profundidade da segmentação dos clientes, "*profiling*" mais fino dos clientes, um

entendimento melhor dos requisitos dos clientes, comunicação melhorada e colaboração com os clientes e melhoria na identificação das tendências, foram possíveis de perceber no decurso das entrevistas. Contudo para as Empresas as maiores vantagens são diferentes - agregação da informação, capacidades analíticas melhoradas, processos de tomada de decisão baseados em informação e numa visão global.

Similarmente, fatores críticos do SCRM que as Empresas vêem, não coincidem com a Literatura. As Empresas definem como sendo importante para uma implementação de SCRM com sucesso: Suporte do fornecedor do serviço, boa preparação e uma equipa de qualidade.

Os problemas que as Empresas continuam a ter mesmo depois da implementação de SCRM são: silos de dados e incapacidade para integrar SCRM com as ferramentas existentes, dificuldades com identificação dos clientes em todos os canais digitais, o que faz com que o processo de resolução de problemas via Social media fique incompleto. Do ponto de vista do "*Customer Care*" e em alguns sectores, o Social Media não pode ser usado em todo o ciclo de relação com o cliente.

Para concluir, o SCRM já trás muitos benefícios para as Organizações, mas ainda se encontra numa fase embrionária. Existe ainda muita margem de melhoria e necessidade de colaboração entre fornecedores do serviço e as Empresas clientes, de forma a criar ferramentas que estejam em conformidade com a definição atual de SCRM.

INTRODUCTION

Ever since companies grew bigger, there was a need to remember customer information in order to sell more. However, only after industrial revolution and invention of telephone, it became possible to attend more customers without physical presence. With computers, first CRM solutions came around at early 1980-ies and were first called as Contact Management, later as Customer Relationship Management (CRM) (Chung *et al.* 2007). Now with the digital revolution and spread of Social Media (SM) a new form of tools – Social Customer Relationship Management (SCRM) - have merged.

Besides that, younger generations (Millenials and Generation Z) do not pursue the traditional customer behaviour pattern, where companies were allowed to choose when, where and what to offer and with what intensity. Younger customers have taken this power and several studies show that older generations are following.

In 2017, it is almost impossible to control, when and what customers are talking about the brand. It has become very easy to share opinions via SM. A small problem can escalate fast. Freshfields Bruckhaus Deringer's (2013) study shows, that crisis can reach worldwide audience within one hour causing big damage for the brand reputation and affects revenue while it may take more than a year to recover from it. And the problem gets even bigger as SM worldwide at the end of 2016 was already approximately 30 percent and the number is growing fast (eMarketer, 2016).

The best example of it is Samsung Galaxy Note. Five years ago, Samsung would not have so big complications with their exploding devices. But in in September 2016 the problem escalated in the internet from 42 percent of interest to 85 percent within 24 hours and to 100 percent within 48 hours (Google Trends, 2017) causing the brand to lose with Mobile division 100 billion Korean won (approximately 80 million euros) in operating profit, which is 96 percent drop from the year on year basis (Business Insider, 2016)

Even traditional sectors like banking and finance start to feel the heat – around 11 percent of the customers worldwide prefer to interact with banks only via SM (Capgemini. Efma, 2016). That means it is no longer possible to ignore customer requests. Organisations need to be where their customers are and they need to interact to avoid problem escalation. With more tools available, higher competition, less differentiated products, lower control over the

customer, problems that can escalate fast, there are only a few moments, where organisations can differentiate during the customer journey.

To survive, companies need to adapt and the biggest differentiator right now is customer interaction and engagement. Best way to do it would be SM as this is where, most of the customers nowadays are. There are already several SCRM platforms that companies use worldwide, but considering that already CRM implementation failure rate is very high – up to 70 percent (Woodcock *et al.*, 2011), it is unclear how to guarantee success of SCRM implementation and what are the actual benefits that a company can expect. Would it be enough for the organisation just to implement a new tool to have better results or do organisations themselves need to adapt to succeed? Those are the main questions that this master thesis tries to answer.

The purpose of the master thesis is to understand what are the critical factors that help to implement SCRM successfully and what are the benefits and impact to the organisation. Being successful is crucial because in case of failure the consequences to the revenue, profit and customer satisfaction can be disastrous. Also, once the communication channel in SM is opened with customers, it is no longer possible to close it (Orenga-Roglá and Chalmeta, 2016).

The goal is to bring out critical factors that every company, who wants to succeed in SCRM implementation, needs to consider and what are the benefits that a firm can expect to achieve. It is done so in two different phases – literature analysis and with qualitative empirical study. Literature analysis allows to understand, what may be the factors that influence the outcome while qualitative analysis brings out real experience of the companies.

Methodology: Research will be conducted via eight in depth interviews (direct meetings, conference calls and answers that are given by writing) with C-level managers who are directly connected with SCRM projects that have been already implemented or are about to be implemented SCRM within their organisation. The subjects are known large companies (start-ups and established organisations) worldwide from most of the sectors. The research question is as follows: **What are the main factors that influence the success of SCRM implementation and guarantee that an organisation gains benefits from it.**

The master thesis is separated into theoretical and empirical part. Theoretical starts with defining main components - SM, CRM, SCRM, brings out benefits and implementation

critical factors that investigators have found up until today. Besides generic background information of the present market situation – generational change, increase of Social and Digital Media usage, existing problems with CRM are given. This allows to understand better of why companies would need to adapt and what benefits could they gain. It will also create an outline for in-depth interviews.

For the theoretical part, main sources about SCRM are used – well known authors like Greenberg, Ang, Faase, Frow and Payne, Harrigan, Küpper, Lehmkuhl, and studies and researches published by big consultancy firms like Forrester, Deloitte, Accenture etc.

Empirical part will compare literature with answers given by interviewees. This allows to understand:

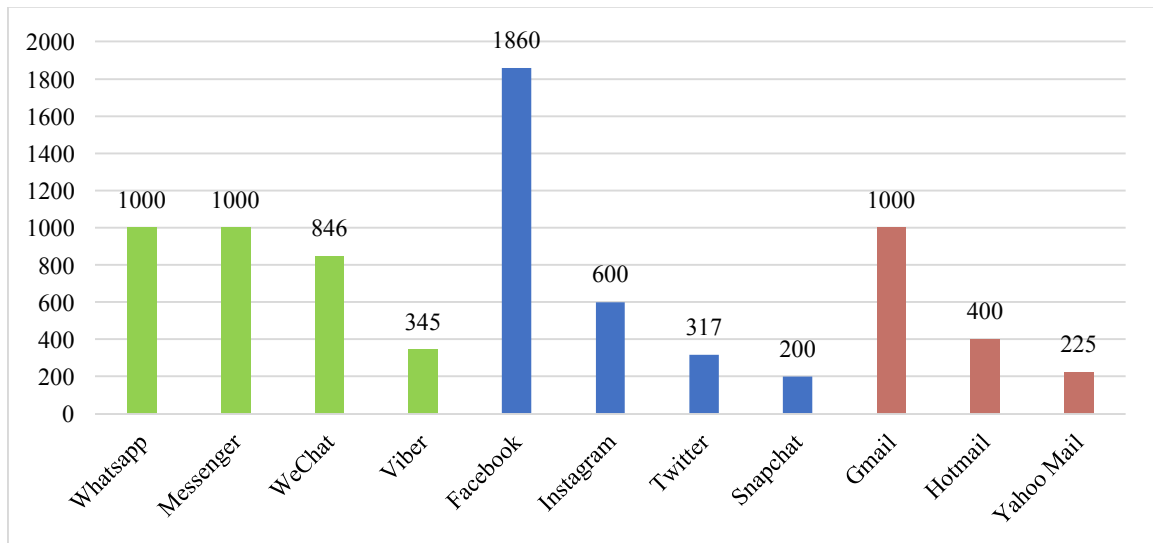
- If companies feel the pressure caused by SM and Generational change.
- How SCRM is perceived and reasons, why companies seek to implement SCRM and what problems they wanted solve with the implementation.
- Preparations and changes needed (if any) for the implementation to guarantee successful implementation.
- Outcome of the implementation – benefits gained, problems that still exist, suggestions that other companies could do better.

Comparing literature with the answers will allow then to bring out main factors that influence the success of SCRM implementation and improve results.

I. SOCIAL MEDIA

First SM tools as we know today appeared at the end of 1990-s with blogging sites and gained wider popularity with MySpace and LinkedIn in 2003. The most popular SM site – Facebook was launched a year later. (Digital Trends, 2016; Glenn, 2012) The most popular SM, chat and email channels are brought out in Figure I.

Figure I - Global Monthly Active Users, By communication type (millions)



(Source: Beaver, 2017; Facebook, 2017)

It was expected that by the end of 2017 there are approximately 2.20 billion social network users, which is around 30 percent of the global population (eMarketer, 2016), while Facebook at the end of December 2016 had 1,86 billion active users (Facebook, 2017), which means more than 1/4th of world population is using Facebook (Internet World Stats, 2016).

1.1. Social Media definition

Kaplan and Haenlein (2010, p. 68) define SM as:

The group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of User-Generated Content.

Boyd and Ellison (2008, p. 211) see SM from user perspective stating that it is *web-based service that allows individuals to construct a public or semi-public profile within a bounded system, articulate a list of other users with whom they share a connection, and view and*

traverse their list of connections and those made by others within the system. IBM Institute for Business Value (2011b, p. 3) adds: “Social Media is ultimately about interacting with others with an expectation of getting something in return. Even if that “something” is intangible, such as a feeling of connectedness or affection, participants are actively, purposefully seeking value.”

Finally, Resource Based View (RBV) defines SM as resources that, when combined with existing organizational capabilities like CRM, can yield higher order capabilities and create competitive advantage (Banker, et al., 2006) and thus, the challenge for the companies is understanding what their customers care about and creating experiences that deliver that value (IBM Institute for Business Value, 2011b) in SM.

1.2. Social Media Characteristics and Benefits

SM can be characterised with: reach, accessibility, usability and recency¹. Existing platforms provide users a way of actively engaging online. (Cognizant, 2011) However, information that SM generates is interactive, unstructured (Chen, et al., 2012), real time and indefinite (Hennig-Thurau, et al., 2010; Konus, et al., 2008) as every engagement of customer and with customer on SM creates more data (Bijmolt, et al., 2010).

SM has presented new opportunities to the companies. Social Consumers bring the same personal behaviour into engagement and communication with organisations (Hennig-Thurau, et al., 2010). It has become increasingly common for individuals to search support and connect with companies through the SM allowing them to overcome geographical and temporal boundaries (Lin, et al., 2016) and it is perceived as an effective channel to receive personalized and fast solution to their problems. Even a negative comment, when handled properly in SM, can improve customer satisfaction and loyalty (Tax & Brown, 1998).

This is especially helpful when SM is used for customer care. As information can reach to large audiences in a short period of time, then provided apology, solution or answer reaches can reach beyond the person itself – to peers and others who visit the company’s SM page. Provided information remains available for extended period allowing the users to see given

¹ SM profile information normally is updated.

answer more than once. (Manikaa, *et al.*, 2016) This at the same time helps to organically increase visibility (Newman, 2014) and through this also improves brand awareness.

According to Barry *et al.* (2011), customers who engage with companies over SM have higher loyalty and they spend up to 40 percent more with those companies than other customers. Studies also indicate that communication with customers over SM helps to develop long-term relationships (Canhoto & Clark, 2013), increases customer retention and strengthens interaction with the customer. (Venugopal & Priya, 2015)

SM gives additional access to public and private customers' information (profile, activities, interests, relationships) and their friends (Reinhold & Alt, 2012). This allows to understand better their opinions, experiences and needs (*Ibid.*) giving useful information for individual customer relationships. Customer interactions may also permit to understand how to improve products services and operations but also gathers insights about individual persons allowing to design tailored messages and offerings. On larger scale, this enables marketers to interact with thousands of customers across the globe on one-to-one basis creating higher relevance and trust (Choudhury & Harrigan, 2014).

1.3. Social Media impact and generation change

During last decade technology, internet and SM have changed the society. Studies made by (Baird & Parasnis, 2011; Hollebeek, 2011) show that customers are not passive recipients of information that is pushed out by the companies. Acker *et al.* (2011), Nunes *et al.* (2012b) and Greenberg (2010b) have said that social networks have created a new type of customer called "*Social Consumer*" or "*Social Customer*". In literature, they are also called as "*Non-stop consumers*" (Nunes, et al., 2012b) or "*Net Generation culture*" (Hamill, et al., 2010) that consists mostly by Millennials and Generation Z, who are connected in SM with their friends and acquaintances (also called as peers) throughout the day via Web or Mobile devices (Greenberg, 2010b). This has created a high a high dependency on SM. Dependency is especially strong due the fact that new generations are comfortable with technology, internet and many do not even know the world when using internet and SM was not an option (Simões & Gouveia, 2008).

Even without SM impact, new generations are considerably different. Cognizant (2011) reports brings out that Millennials is the generation, that feel:

- Special as their issues and problems have constantly looked after
- Sheltered as Millennials was the first generation born with “baby on board” signs and special car seats.
- Confident believing that they will be better off than their parents at the same age.
- Team-oriented presenting very strong group driven behaviour.
- Pressured with fully scheduled lives with different activities since early years.
- Achieving as they think very early about future degrees, jobs and salaries.

Millennials like the idea of the “open go” (i.e., getting on a plane, landing at the destination and having the vacation fall into place). They want everything on the spot. (Cognizant, 2011)

With SM, companies are no longer in control of the relationship. Instead, customers (and their influential networks) are now driving the conversation impacting company’s marketing, sales and service efforts with unprecedented immediacy and reach (IBM Institute for Business Value, 2011a). It is now about friends and family – not brands.

It is now the Non-stop consumer, who chooses when to consider a brand, engage with it or share information or views on products and services. However, the interaction is based mostly on self-interest for fulfilling their needs (Wu, 2011). They have heightened expectations for superior and relevant interactions across all digital and physical channels at all times and they are willing to share their personal information for superior customer service (Accenture Interactive, 2012a).

One of the reason, why companies lost control is that Social Consumers trust more their peers, that they may not know personally, than businesses. Net Generation likes doing things by themselves, want to participate and share their experiences, normally spontaneously (Grossberg, 2011), in real-time. Due to this, they expect information to be available for them 24/7 and need capacity to share it with their peers (Reyneke, 2014).

SM has also transformed communication. It has become multi-directional and does not happen anymore exclusively between two persons, but also with their friends and other web users (Choudhury & Harrigan, 2014; Faase, *et al.*, 2011)

To create a relationship with customer, it is no longer enough to have good technology. Companies need to build relationships and guarantee that information/knowledge that

company shares is relevant enough to its peers and make them want to share it. (Buchnowska, 2014).

Besides that, social consumers have more complex purchasing process – nonlinear with many providers simultaneously under consideration². They switch providers when they do not get what they want, when and how they want. Because of that loyalty is the lowest ever³. (Accenture Interactive, 2014). In fact, Accenture (2013) research indicates that 66 percent of consumers worldwide switched companies due to poor customer service. Because of that the core driver of the relationship between the social customer and the companies, is trust (Greenberg, 2010b).

² Five years ago, 78 percent of consumers used at least one online channel when prospecting. Today, 88 percent do and every four in 10 want even more digital interactions than what companies are providing (Accenture Interactive, 2014).

³ Only about one-quarter of consumers in 2014 felt very loyal towards their providers or were willing to recommend them (Accenture Interactive, 2014).

II. DEFINING SOCIAL CRM

2.1. Customer Relationship Management (CRM)

2.1.1. CRM definition

Customer Relationship Management has been studied intensively during last decades. However, there does not exist holistic view. The traditional view sees CRM as a combination of specific technological solutions to existing organisational processes and culture with an aim of managing customer relationships (Jayachandran, *et al.*, 2005; Payne & Frow, 2005). Frow and Payne (2009, p. 11), state:

“CRM is a cross-functional strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. It typically involves identifying appropriate business and customer strategies, the acquisition and diffusion of customer knowledge, deciding appropriate segment granularity, managing the co-creation of customer value, developing integrated channel strategies and the intelligent use of data and technology solutions to create superior customer experience.”

Finally, Bose (2002, p. 89) says: *“At the core, CRM is an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction. More specifically, CRM involves acquisition, analysis and use of knowledge about customers to sell more goods or services and to do it more efficiently”*.

RBV sees CRM as technological resource within organisation that has tactical and operational dimensions and is combined with strategic dimensions (customer orientation and engagement) in order to increase performance. Borges, *et al.* (2009), Chang *et al.* (2010), Wayland and Cole (1997) say that CRM has four elements that determine “Customer Value”:

1. Customer combination management
2. Value positioning
3. Additional-value role
4. Reward and sharing

There is also a discussion about which departments are involved with CRM. Kalakota and Robinson (1999) see it as a tool that allows all of departments and employees to work for

satisfying customers' demand and it is a system that integrates sales, marketing and after-sale service. Trainor (2012) agrees stating that traditional CRM systems are internally focused sales or marketing-centric tools. Others like (Jayachandran, *et al.*, 2005; Rapp, *et al.*, 2010), think that CRM provides support for sales, marketing, analysis and data integration. Acharyulu (2012) see CRM as a process that works around customer's life cycle to gather cumulative data, examine customer's needs and preferences in order to develop strategies to meet their needs, communicating through proper network to reach customers and analysing the result. Similar idea is presented by Ahearne (2007). While Park and Kim (2003) brought out that data that is collected with CRM consists of three main areas:

- Of the Customer - customer's personal and transactional data to understand and measure the customer value in terms of profitability or purchasing patterns;
- For the Customer - product, service or organisational information that is pushed to target groups;
- By the Customer - structured feedback, complaints, needs and suggestions.

However, Awasthi and Sangle (2012) warn that CRM is actually a concept that is used in Marketing theory as well as Information Technology (IT) and Information Communication (IC) research and because of that CRM is easily confused with the technology that supports the idea. For example, if practitioners simply view CRM as a software programme, such as Microsoft Dynamics or Salesforce, they fail to understand the theory behind the idea of CRM (Swarts, 2014). This happens because the concept itself is not well known to organisations, who tend to see and understand benefits and want to use it, but do not understand, what is CRM as a concept (Harrigan, *et al.*, 2011). To do that, Swarts (2014) suggests to learn how CRM developed out of relationship marketing theory and how it relates to SM. For that reason, the author finds that following definition given by Boulding *et al.* (2005, p. 138) is the most adequate:

... a strategy for the management of the dual creation of value, the intelligent use of data and technology, the acquisition of customer knowledge and the diffusion of this knowledge to the appropriate stakeholders, the development of appropriate (long-term) relationships with specific customers and/or customer groups, and the integration of processes across the many areas of the firm and across the network of firms that collaborate to generate customer Value.

2.1.2. CRM limitations

There are many studies that bring out benefits like increased capacity to react to the market, higher loyalty and sales, lower costs (Wu, 2011), increased competitiveness (Chung, et al., 2007), increased awareness, more efficient marketing (Harrigan & Miles, 2014), higher customer retention come with CRM program implementation.

However, the numbers show, that even if companies acquire the same CRM technology they do not achieve the same performance or competitive advantage (Keramati, et al., 2010). There are many reports already from the beginning of millennia that show high failure rates for CRM programmes (Krigsman, 2009). Results from 2009 suggest that only 32 percent of projects succeeded in delivering on time, on budget and with all objectives met, while 44 percent did not meet expectations (late delivery, over budget or did not deliver all requirements) and 24 per cent completely failed (were cancelled or delivered but never used) (Woodcock, et al., 2011). There are studies that show success rate of only 15 percent (Swarts, 2014). Kale (2004) and Awasthi and Sangle (2012) bring out that an estimated 60 percent to 80 percent of the projects continue to experience costly disruptive failure even after the implementation is fully finished.

As it was brought out in the previous chapter, one of the reasons, why CRM implementation fail, is lack of understanding of the CRM concept that causes high implementation costs and long implementation time (Kale, 2004; Ang & Buttle, 2006). Also, over time the CRM systems become ineffective because they are designed for stable environment, are inflexible and unresponsive to changes. Also, CRM is built for structured, linear (Park & Kim, 2003) and static data like purchase information, contact history and demographics that is often collected from one-way communication like e-mail and phone (Enache, et al., 2016). However, the today's real business world is turbulent. Also, as shown before, the consumer behaviour has changed and SM data is not structured.

Choudhury & Harrigan (2014), Faase, *et al.* (2011) Lehmkuhl (2014) add that CRM systems do help to manage customer relationships on a large scale. but as shown above, the relationship is no longer controlled by the company as it is based on interactions between company and customer and its peers. Besides, one way communication does not help to build trust that was shown above is the most crucial for the companies.

The reason why this happens, is the definition of itself. CRM helps advertising and sales but the customer has been seen as homogenic or in fixed segments and it does not consider with differences that exists between customers and does not target them individually. And trust cannot be built with thousands of customers over e-mail, mail or phone that are impersonal. For building trust, it is necessary to know the customer well and not just be limited to mere transactions as it is the case with traditional CRM (Woodcock, Green *et al.*, 2011). To know customer well it is needed to gather also qualitative (Dwyer, *et al.*, 2007) and unstructured SM data that consists from likes, reactions, comments, profile info etc.

Finally, (Ali, *et al.*, 2013) bring out that the CRM implementation failure is not caused only by technical issues, but by wider business, strategical, social, and cultural factors. Harrigan, Ramsey and Ibbotson (2011) indicate that CRM projects are often seen as short-term technical projects rather than long term strategies. Awasthi and Sangle (2012) add that for successful CRM implementation, organisations need to change from a technological view of CRM to a strategic view of CRM that includes also customer communication and customer information management (Harrigan, *et al.*, 2011).

2.2. Evolution of Customer Relations

Customer relations and service has always existed along with sales transaction. But for thousands of years the relationship was rather relationship based (personal) and with physical contact. With few customers, salesmen knew well their customers, their needs and all sales related actions were done personally.

With industrial revolution and possibility to produce for masses, the number of customers a company had, grew, and relationships became more transactional than relational. The focus of the company was turned to production as accessible prices increased demand (Orenga-Roglá & Chalmeta, 2016). Invention of the telephone by Alexander Graham-Bell in 1876 (Herschberger, 2014) took away also need for physical contact. At the same time the number of competitors grew giving more power to the customers to choose from which company they prefer to buy and companies began competing to persuade customers to buy their products (Orenga-Roglá & Chalmeta, 2016).

Introduction of Call Centres in the mid 1960-s brought customer service departments (Herschberger, 2014) into the companies and allowed to solve more customer issues

simultaneously. At the end of 1980-s, beginning of 1990-s with Call Centre Outsourcing (also called as Contact Centres), the efficiency of the transaction grew (Herschberger, 2014), but knowledge about the customers and their needs dropped even more⁴.

Chen and Popovich (2003) have also brought out that around 1950-s with even higher capacity to produce to masses, Customers lost their uniqueness completely as they became merely an “accounting number”. However, at the same time customers got more bargaining power due to the growing number of competitors. With the transfer of power from businesses to the customer, cost reduction with effective customer satisfaction became the priority (PWC, 2013) this accelerated the vicious cycle of cost reduction that caused even bigger unlearning of the customer. It became crucial for the organisations to understand and respond to customer needs and improve customer service and to understand, which channels are more effective in doing it (*Ibid.*).

The way to tackle this issue, was CRM. First CRM solutions appeared in the early 1980-s (Xu, *et al.*, 2002) and it was called Contact Management (Chung, *et al.*, 2007). Even though, CRM was meant to create a more personal interaction with the customer (Bose, 2002). This interaction, however, was only unidirectional (company-to-customer), inward facing and worked only one way (Harrigan & Miles, 2014). The “personal touch” came from the selling organization that was more knowledgeable about specific customers and could therefore address them more effectively (Faase, *et al.*, 2011). They were packaged solutions that emphasised automation and standardisation of internal processes (creating customer service agent scripts, capturing sales leads, etc.) relating to acquiring, managing and retaining customers and ultimately making the customers into an asset (Reyneke, 2014).

At the same appeared also Relationship Marketing concept that allowed deeper relationship development and maintenance with individual customers. It was based on two-way dialogue between the organisation and its customers, but according to Goodhue *et al.* (2002), it was labour intensive and was limited only to few customers.

By beginning of 2010-ties, globalisation and technological availability allowed companies to increase efficiency by transferring transactions and interactions with customers online. Customer un-learning was at its peak as most of the customer relationship was impersonal, done by 3rd party while number of competitors was continuously growing.

⁴ Outsourced call centres were paid merely based on attended calls and not the information stored.

With rise of SM and generation change companies struggled to find ways to differentiate their products and services. Customer-oriented businesses saw an opportunity to engage with both happy and unhappy customers in a more personal and public manner (Herschberger, 2014) via SM. Which created a new concept – SCRM.

2.3. Social CRM

New generation, impact of technology and SM and need to differentiate from competitors, consumer relationships started to shift from brands to consumers. Brand marketing became less about pushing messages out to consumers within a static relationship, but rather about brand being part of the dynamic conversation, listening, serving relevant content and experiences to earn the trust of consumers (Woodcock, Green *et al.*, 2011).

Companies needed to understand what consumers want from them before they were able market or develop a successful product. SM offered to these firms an unparalleled opportunity to access big quantity of data on customers' wants and motivations. (eModeration, 2015).

SM technologies have led to an extremely disruptive shift in marketing philosophy and the environment in which marketers are operating (Jiao, *et al.*, 2011). Such environmental dynamism requires organisations that implement CRM technology to constantly adapt to changing customer behaviours and new SM technologies (Coltman, 2007). Which, as shown before, is not possible to achieve with traditional CRM.

2.3.1. Social CRM definition

There are many studies and tentative to define SCRM. But in literature there have also raised a question if SCRM is a tool that helps to connect and import SM data with and into CRM or is it something completely new.

Most of the studies do not specify if the solution is or should be new. They simply describe what it is or should be. Ang (2011) for example describes SCRM in a perspective of the community management (4C model⁵) and proposes to use Community Relationship Management (CoRM) instead of SCRM. Kim and Ko (2012) however see it in RBV

⁵ 4Cs of Community Relationship Management (CoRM) represents connectivity, conversations, content creation and collaboration (Ang, 2011).

perspective stating that it is an IT resource to attain performance between the interactions and relationships between organisations and customers. Acker *et al.* (2011) say that SCRM fosters an outside-in perspective and affects all parts of the business, be it strategy, technology, processes, governance and culture.

According to Lehmkuhl (2014), the major functional element of the SCRM infrastructure is the analytical SCRM. It generates insights from different SM sources through data capture, aggregation, transformation, analysis and integration into CRM processes (Reinhold & Alt, 2011). Jacewicz and Cho (2015) agree as they found that most of the studies support this understanding. Finally, VanBoskirk's (2011) research shows that organizations have started investing into resources that integrate SM data into existing CRM systems. Klie (2015) specified that according to the research, 31 percent of companies have already integrated SM data into their CRM records.

Enache, *et al.* (2016) agree with this view and see SCRM rather a tool that adds deeper layer of information that comes from SM into traditional CRM. But the authors also bring also interaction, Omni channel, Social Influence and Source Data tracking, auditing capabilities into the mix.

Woodcock, Broomfield (2011) propose, that SCRM is an expansion and added value to traditional CRM as it offers an opportunity to enhance customer engagement and identify new prospects. Acker *et al.* (2011) agree that SCRM should not be seen as a replacement for the operational and analytical traditional CRM systems, but should rather be seen as an extension of them in order to potentially improve performance (Acker, *et al.*, 2011; Choudhury & Harrigan, 2014; Trainor, *et al.*, 2014)

Cognizant (2011, p. 5) concludes the idea: “*SCRM represents the outer circle, with traditional CRM subsumed inside — both forms of CRM are enclosed within a box called SM. SCRM is an extension of traditional CRM that strives to better understand the consumer mind-set, their likes and dislikes. This understanding (data) can be passed back to traditional CRM, where it can be sliced and diced for more sophisticated understanding. The existing CRM and new SCRM should merge to create a seamless flow and analysis of data.*”

Greenberg (2010b, p. 34) however thinks that SCRM is rather a business strategy that is based on traditional CRM. His definition goes as follows:

[Social CRM is] a philosophy and a business strategy, supported by a technology platform, business rules, workflow, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment. It's the company's programmatic response to the customer's control of the conversation."

Greenberg (2010) adds social functions, processes and capabilities to traditional CRM that helps to create collaborative interaction between firm and its customers and his/hers peers. He also indicates to new tools/technologies and processes that facilitate the interaction and has the goal of long term relationship.

Unlikely others, Jacewicz and Cho (2015) state that SCRM and its platforms might be perceived as a next after CRM, evolution stage of the Relationship Marketing (RM). So do Askool and Nakata (2011) who say that SCRM is a new paradigm for creating high value relationships.

Joshua March, CEO of Conversocial, have said (Klie, 2015, p. 28): *"From a technology perspective, you need to invest in software specifically designed for Social Media. You can't use basic CRM tools and just plug in Social Media. You can only deliver excellent social customer service if you are using software specifically designed for that purpose."*

The existing research made by Harvard Business School⁶ about SM data integration shows that SCRM should be considered as completely new tool. Incapacity to use traditional CRM for SCRM is shown also by Forrester (2014) report that brings out that only 33 percent of companies analyse unstructured data⁷ and less so in the Call Centre. Besides, there is a question how should be existing CRM systems store user data of likes, emotions, tweets, retweets, follows, shares, comments, reviews, posts and how should marketers or other departments quantify and analyse that information.

Reinhold and Alt (2011) say that the tools available on the market lack the integration of SM data with CRM data and processes. The solutions retrieve data primarily *"by keywords, index them and extract a pre-determined set of metadata"* (Ibid., p. 237) used for reporting or

⁶ Only 7 percent of marketers integrate their SM information into their overall CRM system (Harvard Business Review, 2010)

⁷ As shown before, most of the SM data is unstructured.

monitoring purposes. A comprehensive transformation of SM content into CRM related activities is therefore not given.

It is also unknown how could present CRM platforms cope with European Union Data Harbouring laws that ask companies to delete all data from the database if the user decides to delete all his/her data from the SM. For that reason, the author also believes that SCRMM should be rather a new tool that exists apart from traditional CRM. Connection between those two platforms is crucial to create 360-degree of the customer but it is not essential.

Even though, there does not exist clear, holistic view, it is sure that SCRMM needs a constant management of customer relationships via organizational culture that is oriented to long-term mutually beneficial relationship with customers which helps to achieve a competitive advantage (Boulding, *et al.*, 2005; Coltman, 2007).

For that reason, the most appropriate definition for this thesis that also considers the changes that SM and generation change has brought, adds strategical approach to technological capability, is given by Lehmkuhl (2014, p. 67):

[SCRMM is] a holistic and cross-functional approach supported by strategies, technologies, processes, corporate culture and social characteristics. It is designed to involve customers and other connected web-users in interactions on organizations' managed Social Media profiles and platforms as a means of providing mutually beneficial value.

2.3.2. Differences between CRM and Social CRM

CRM traditionally focused on solutions that dealt with customers via channels such as the company's website, call centres and the business's physical location, while SCRMM incorporates a more dynamic community of customers that communicate with each other via social networks (Reyneke, 2014). It uses Web 2.0 concept to support the acquisition, maintenance and revitalization of a customer relationship (Lehmkuhl & Jung, 2013) and is described as a holistic, strategic and customer-centric management approach (Greenberg, 2010b); (Lehmkuhl, 2014).

Traditional CRM systems are able to integrate offline data with online data from websites and email interactions (Bijmolt, et al., 2010) (Harrigan & Miles, 2014); (Hennig-Thurau, et al., 2010). However, as shown before, with the expansion of digital, including social, touch points

that a company has with its customers, the challenges of information integration and analytics, have multiplied (Harvard Business Review, 2010). Besides, in order to engage customers and offer personalised experiences, it is necessary to identify the customer in every digital touch point that the company has, including SM. With traditional CRM it is almost impossible.

CRM strategies do not enable to management of customer interactions on a sizeable scale, they do not assist in building relationships and trust between customers and organisations (Reyneke, 2014). SCRM on the contrary allows companies to listen into what customers are saying, allowing to better understand their needs, their voices and tie it back to actual customer profiles (Woodcock, Broomfield *et al.*, 2011). Kumar (2012) specified that traditional CRM is more tactical and operational, where customer strategy is just a part of corporate strategy, while SCRM is more strategy oriented where customer strategy is the core corporate strategy.

Payne and Frow (2005) say, that a multichannel integration must not only include virtual channels such as SM. It demands the alignment of any channels being virtual (e-mail, SM, mobile) and physical (e.g. outlet) to guarantee consistency of the firm's communication (Frow & Payne, 2007) and user experience in all channels and to give true 360-degree view of the customer. But the (Lehmkuhl, 2014) brings out that such solution does not exist yet. Buchnowska (2014) adds that it is because SCRM strategy requires a combination of many ICT solutions: Web 2.0 services, SM monitoring, analysis tools and traditional CRM systems.

More detailed comparison between CRM and SCRM can be found in annex A.

To conclude, Paul Greenberg (2010a, p. 35), has said: *“The underlying principle for Social CRM’s success is very different from its predecessor. ... Traditional CRM is based on an internal operational approach to manage customer relationships effectively. But Social CRM is based on the ability of a company to meet the personal agendas of [its] customers while, at the same time, meeting the objectives of [its] own business plan. It is aimed at customer engagement rather than customer management.”*

2.3.3. Benefits of Social CRM

In the literature two types of benefits of SCRM are brought out - tangible and intangible. Based on the Chen and Chen (2004) and Reyneke (2014) the main benefits are presented on the table I below.

Table I. Social CRM benefits

Tangible Benefits	Intangible benefits
Increased revenue and profitability	Increased customer satisfaction
Quicker turnaround time	Positive word-of-mouth
Reduced internal costs	Improved customer service
Higher employee productivity	Streamlined business process
Reduced marketing costs	Closer contact management
Higher customer retention rates	Increased depth and effectiveness of customer segmentation
Protected marketing investment with maximized returns	Acute targeting and profiling of customers
Proactive issue resolution	Better understanding/addressing of customer requirements
Interactive customer engagement	Enhanced communication and customer collaboration
	Increased reputation and brand building

(Source: based on Reyneke, 2014 and Chen & Chen, 2004)

Woodcock, Green and Starkey (2011) presented in their study benefits of SCRM that are:

- Reduction customer related costs;
- Building knowledge by internal and external stakeholders;
- Engaging prospects and customers;
- Innovation and co-creation;
- Developing customer value.

They also (*Ibid.*) add also, that financial benefits apply across the customer life cycle, in acquisition, retention, value development and managing cost to serve. Besides it can deliver insight, which will help drive real customer centric innovation, find new sales leads, respond faster to customer needs and maybe even anticipate needs by listening into their conversations and taking actions. Finally, the knowledge gained on customer behaviour, attitudes and mood will help drive benefits throughout the value chain, impacting on suppliers (for example, forecasting demand), intermediaries (for example, shaping in-store promotions) and at the end increases sales.

According to Lehmkuhl (2014) financial benefits are also achieved through engaged web-users in two ways: First, there is an impact on costs due to, e.g., a reduction of inbound calls at a service centre. Secondly better customer support increases sales as the users can make the decision faster. But not only, Chen and Chen (2004) showed that cost reduction is achieved also via lower marketing costs lower churn rate. And a survey with 46.000 shoppers has shown, that Omni channel experience drives also higher sales and loyalty (Sopadjieva, *et al.*, 2017).

Ang (2011) has brought out benefits like capacity to use customer feedback for market research and Public Relations, capacity to nurture opinion leaders and advocates, advertising products and services, new product development, lowering cost-to-serve, improving loyalty and sales, amplyfing buzz.

Researchers suggest that the use of CRM in the SM domain introduces the potential for influencing firm performance and agility, as more customer engagement, interactions and sharing of information takes place in these applications (Agnihotri, *et al.*, 2012; Hennig-Thurau, *et al.*, 2010; van Doorn, *et al.*, 2010)

In a constant cycle of listen-analyse-engage-evolve, organizations can optimize their SM programs to continually enhance their business (IBM Institute for Business Value, 2011a). Besides that, companies are able to segment their customers based on their needs and sophisticatedly target their customers at the right time with the right offer. (Reyneke, 2014)

Greenberg (2009) adds that continuous interactions with customers in the social environment have positive outcomes will mitigate the bad and enhance the good between customers and the company resulting in improved customer service. Better customer service and communication will develop trust between the organisation and its customers which help to improve reputation. Chen and Chen (2004) also mention positive word-of-mouth as a benefit of SCRM that again leads to better reputation.

Orenga-Roglá and Chalmeta (2016) summarize the benefits by dividing them qualitative and quantitative benefits. The qualitative ones include:

- a better understanding and interpretation of the market, through real time interaction;
- benefiting from word of mouth;

- involving and engaging the customer at all stages of development of the product or service offered by the company (design, production, testing, etc.);
- improving the overall customer experience and lifetime value;
- enhancing products and services, or building up trust

Quantitative benefits are (Orenga-Roglá & Chalmeta, 2016):

- increased sales;
- decreased service costs;
- reduced or replaced direct costs of printing and online advertising;
- reduced direct staff time costs;
- increased direct revenue from memberships, registers and advertising, exhibitions and sponsorship

To conclude, in the literature there are brought out many tangible and intangible benefits that companies can achieve. But the most common ones seem to be financial gains, improved customer service, satisfaction, engagement, communication and customer experience, increased trust. Most interesting uses for the organisations could be R&D and product / service improvement.

2.3.4. Social CRM implementation process

Acker *et al.* (2011) propose that, to successfully implement SCRM strategies, organisations should start with listening to Social Networks to get a better idea of where they stand in the mind of the consumers and build a team that is familiar with how the world of Social Networks operates. The authors also advise to use reactive activities such as monitoring the Social Web for complaints and managing occurrences of bad publicity. Reyneke (2014) points out that this is important for the companies because it is nearly impossible to completely control or anticipate negative reactions. Due to that it is crucial to build the proficiencies needed to control the crisis.

Based on Kietzmann, *et al.* (2011), Sigala (2011) and Marolt, *et al.* (2015) and author compiled four steps for SCRM implementation that consists of:

- Identifying Business needs and find the most appropriate technology to support them;

- Setting proper SCRM strategy that also includes implementation of new marketing and communication strategy to engage with customers and ideally educate employees in Public Relations and Customer Service.
- Putting in place control mechanisms of the conversations in the ambit of SM.
- Defining how to measure performance.

Similar, but more sophisticated approach to the implementation process is given by Reyneke (2014) (see annex B) The implementation process that consists of:

- Preparing the organisation through defining SCRM strategy and setting objectives, putting KPI-s in place, defining processes and procedures and action plans, outlining responsibilities and deadlines and finally aligning company culture.
- Commitment and a Buy-in, which includes explaining and communicating benefits of SCRM to workers, ensuring companywide commitment, having top management support, making sure that the staff is using.
- Creating knowledge and skills which involves training to use the tool and educating how to interact with customers.
- Technology – system integration to create Omni view of the customer and preparing data collection in order to be able to segment and target customers;
- Content strategy that is with high quality and interesting, updated and relevant to customers;
- Interaction that is based on constant feedback, listening and acting based on received information;
- Measurement and monitoring to have continuous feedback cycle based on consumer engagement, sentiment and opinions, platform performance, internal staff usage and web analytics.

2.3.5. Main challenges of implementing Social CRM

As with CRM, without proper preparations, the SCRM implementation will fail. (Faase, et al., 2011) and (Greenberg, 2010b) have brought out that existing research focuses mainly on the characteristics, opportunities and benefits that SCRM offers and not any methodological guidelines of how to succeed.

Woodcock, Green, *et al.* (2011) add that large companies have to also overcome three hurdles: “organisational readiness”, “over-hype and over-expectation” and “project management failings.

Based on the SCRM definition and CRM implementation failure reasons following challenges are used for thesis: Setting goals and defining SCRM, changing Organisational Culture and creating of Customer Centric organisation, creating SM and Communication Strategy, finding a right tool, adapting IT strategy, data and analytical capacity, improving customer relationship and trust, changing communication and customer engagement, defining Key Performance Indicators, measuring results and adapting.

2.3.5.1. Setting goals and defining Social CRM

Reyneke (2014) has brought out that it is important to have clear goals for the SCRM implementation and outcomes that are expected. Also, once there is no clear definition of what is SCRM, it is important that each company sets the definition based on the needs, goals and Business Model of the organisations and keeping in mind that SM users are not necessarily customers of an organisation (Ang 2011). In that case importing data into CRM is impossible as the record of the person does not even exist. Likewise, not all customers of an organisation use SM (*Ibid.*), which means that the CRM profile will be always incomplete.

Many cases, organisation's Business Model will allow to use strategical approach to SCRM with a simple tool (or not).

2.3.5.2. Changing Organisational Culture and creation of Customer Centric Company

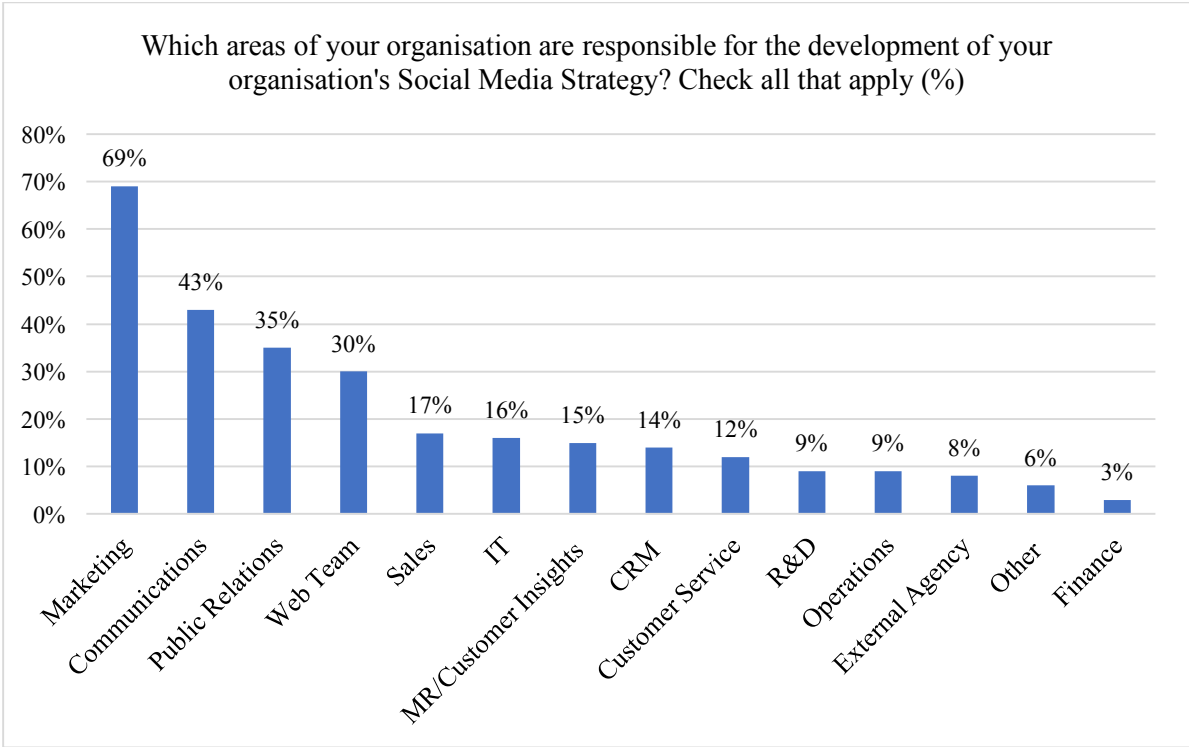
Development and implementation of SCRM is a complex task that involves different organisational, human and technological aspects (Bebensee, *et al.*, 2011). It needs a methodology for managing the innovation and change while reducing both the risk of failure in the implementation, as well as the time required to obtain business benefits (Lech, 2016). In fact, Greenberg (2009) and Reyneke (2014) have noted that for a SCRM system to work, there must be an important cultural and behavioural change in the company that is customer centric (Lehmkuhl, 2014), incorporates customer service consciousness and entails customer-focused marketing strategies (Acker, *et al.*, 2011). Chen & Chen (2004) add that processes, employee behaviour and technological infrastructure needs to be changed as well. Plus,

promoting contribution, sharing, collaboration, dynamism and bidirectional trust between the company and customers are fundamental (Lee & Lan, 2007)

Understanding what Customers value, is a critical first step toward building a SCRM strategy. It is important to understand what triggers a customer to seek out a company or brand via SM what would make a customer reluctant to interact (IBM Institute for Business Value, 2011a). But that would be impossible if an organisation is not ready to listen.

According to Lehmkuhl (2014), at the present moment, SM management is mainly responsibility of the Marketing or Communication department (see figure II) and quite often done solely by posting company information to SM in order to promote company campaigns without encouraging customer interaction. When Customer asks support via SM, basic enquiries related to products and services might be answered, but it without interdepartmental collaboration and customer information sharing, the answer may take longer time and may not be relevant enough to create engagement or trust. Not to mention that Marketing may not have valuable customer information to answer correctly.

Figure II. Social Media responsibility within the organisation



(Source: Harvard Business Review, 2010)

For that reason, achieving collaboration at least between Marketing, Customer Service Sales and Logistics department within the company is important. In fact, the whole organisation needs to understand that by being more transparent with their customers (Acker, *et al.*, 2011) and creating a conversation with them allow to create better long-term, and finally more valuable relationships. (Reyneke, 2014), but IBM (2011b) points out, there is strong evidence that many companies still have a fragmented, decentralized approach toward SM development with responsibility (and agendas) aligning to the function managing their own activity and objectives. At the same time, employees throughout the enterprise may be individually tweeting or blogging on topics that interest customers (IBM Institute for Business Value, 2011b), but generally lacking understanding, what and how has been told and what is the tone one should use. Because of that it not only important to retrain and educate staff about SM, but also at least basic knowledge in PR and providing incentives for change (Chen & Chen, 2004) is also crucial.

IBM (2011b) suggests that empowering employees to be the voice of the company may require a corporate culture shift for organizations used to traditional, top-down, controlled communications. If this is not done, then at least giving top management support (Reyneke 2014) for the project. According to IBM (2011b) only 30 percent of companies⁸ do that. But support should not mean controlling. There has to be at least some freedom to collaborate and experiment if SCRM is to be successfully implemented.

That is a reason, why businesses processes and a social strategy needs to be defined up front. Baird and Parasnis (2011) propose that consolidated guidelines and policies need to put in place as a key element of successful SCRM implementation. Acker *et al.* (2011) pointed out that it would be also necessary to develop a whole new set of tools and capabilities because SCRM should not be seen just as a “soft” add-on to existing CRM systems (Reyneke, 2014).

2.3.5.3. Social Media and Communication Strategy

Independently, if company sees in SCRM just a tool or a Strategical approach, it is needed to create at least some kind of SM strategy that consolidates also Communication, Engagement and Crisis Management. It should include a plan for guidelines, policies (Baird and Parasnis, 2011), governance and shared customer insights (IBM Institute for Business Value, 2011b).

⁸ Only 30 percent of companies have strong executive support for their SM initiatives and even lower percent, 27, share insights across functions (IBM Institute for Business Value, 2011)

Without that, it will be extremely difficult to understand the holistic customer impact or fully optimize benefits to the business and determine the influence of their social activities within the context of the full lifecycle of customer touch points across traditional and non-traditional channels (IBM Institute for Business Value, 2011b).

2.3.5.4. Finding a right tool

Finding a tool that helps to understand and identify who is the customer and connecting data silos (Ang 2011) creating Omni-view of the customer (Reyneke, 2014). Tool, that is not working isolation and has at least partly opened API, applies to regulations and data storing. (Lehmkuhl, 2014) and allows to filter and analyse information from a large volume of unstructured data (Hennig-Thurau *et al.*, 2010)

It has to support also customer-centricity and has to have a technical architecture that is reliable and scalable (Chen & Chen, 2004)

2.3.5.5. IT Strategy, Data and Analytical capacity

Woodcock, Broomfield *et al.* (2011) think that data is the defining factor of a SCRM strategy and it forms the basic building block for a business that is centred around the customer.

One of the major challenges that organisations, who are experimenting with SM, is deciphering and integrating personal information (Ang, 2011), gathering large volume of unstructured data from all touch points (Jayachandran, *et al.*, 2005, Lehmkuhl, 2014) and saving it in one silo to develop a single, 360-degree view of the customer (Kaplan & Haenlein, 2010; Bijmolt, *et al.*, 2010; Chen, *et al.*, 2012). Gathered information needs to be fed back into marketing decision-making at tactical and strategic levels, in areas such as market segmentation and marketing communications (Jayachandran, *et al.*, 2005; Choudhury & Harrigan, 2014)

According to Beaudin and Brinda (2015) bring out that right now most of the data company has about its customers, is quite often in different silos — a company's legacy CRM systems, its loyalty program databases, new cloud-based applications, third-party servers. And is divided between different departments (Boulding, *et al.*, 2005; Payne & Frow, 2005). Or it is the IT department who runs analytics on customer data. In theory, this should help with speed and grant more complex analyses, but due to that customer focus is lost, access to the data limited (Bijmolt, *et al.*, 2010), and quite often it slows down processes as marketing or other

departments must wait to get the data they need served up to them by IT (Beaudin & Brinda, 2015).

To difficult the situation even more, different platforms that organisations use, are normally built on different standards and are meant to work in isolation (Lehmkuhl, 2014). In order to be capable of access to all relevant customer information, selected SCRM should not be devised as an isolated standalone program, but needs to be integrated with other Customer-Facing initiatives (IBM Institute for Business Value, 2011b).

More than that, Hennig-Thurau *et al.* (2010) have pointed out that the challenge is the capacity to filter and analyse gathered information. Many different researches made by Forrester, Gartner and other consulting companies support that opinion and bring out that companies have a lot of information, but lack of tools and/or understanding of how to use it.

It would be necessary to understand, who is the customer in SM and in CRM. However, according to author's knowledge at the present moment there does not exist any tool that can do both: safely and accurately identify the customers (for example, who is the customer behind certain name in Twitter, who just commented) and import the customer data into CRM. This means that it is not possible to apply sophisticated strategic, analytical and operational tools of CRM to SM data.

At the same time, from a consumer's point of view, data access and information gathering must be as simple as possible (frictionless). Otherwise there is a perceived barrier which leads to higher dropout and lower sales. For digital channels, a Single Sign-On (SSO) has proved effective (Lehmkuhl, 2014). Besides that, SSO can be used to connect different Data Silos within a company.

Additional challenges that companies need to solve are regulatory concerns, dealing with the storage of personal information and technical challenges like system upgrades, system interfaces or a harmonization of data structures (Lehmkuhl, 2014), also new Data Harboring and Privacy laws that will become effective in 2018, need to be considered. (Woodcock, Broomfield *et al.*, 2011) have even indicated, that Data privacy is likely to become the most high-profile major social issue.

Finally, Chen and Chen (2004) emphasise also that it is important to align IT strategies and processes to match business goals and IT architecture. King and Burgess (2008) add

technological readiness and the ability to integrate systems is critical. Peterson, Gröne, Kammer and Kirscheneder (2009, p. 1) specified: “*IT architecture needs to enable the transformation from vertical, single-channel operations to true horizontal business processes that deliver cross-channel integration*”.

To conclude, in order to succeed, it is important for the companies to integrate data and create Omni view of the customer, have necessary tools and knowledge to analyse unstructured data and made it easily usable within the whole company. And most importantly, in most cases SCRM cannot be viewed solely as an extension of CRM.

2.3.5.6. Relationship and Trust

According to Faase *et al.* (2011) retaining excellent relationships with consumers is essential to attract future purchases. In order to create trust, customer relationship needs to be changed from transactional (Woodcock, Green *et al.*, 2011) to relational and establish company-wide, customer-oriented approach that leads to long-term relationships with customers (Payne and Frow, 2005). It is important to know customers in order to address their specific needs and sustain a profitable relationship, especially in economic downturns (Faase *et al.* (2011).

It is also very important to remember, that as soon as consumers are aware that the organisation is committed in SM, they expect them to act accordingly - having two-way communication, being responsive to requests, providing support, publishing relevant content and encouraging interaction (Lehmkuhl, 2014).

Opening doors in SM means also, that the business has to be ready for two things:

- a) Customers and their peers interact between themselves and probability that they discover for example similar bad experiences, is high. Quite often this kind of interaction is not desirable by the organisations. (Ang, 2011)
- b) Both good and bad news spread quickly and it is very hard to control or censor any kind of content in SM (Orenga-Roglá & Chalmeta, 2016).

2.3.5.7. Change in Communication and Engagement

Companies need to keep in mind that they have tendency to see customer interest levels higher as they actually are and that connection with companies is made more due to self-interest to obtain tangible value. (IBM Institute for Business Value, 2011a). To get attention, companies need to shift from a product-oriented push communication towards a consumer-

oriented dialogue (Lehmkuhl, 2014) and create a bi-directional, interactive relationship that encourages co-creation, information sharing about preferences, satisfaction (Payne & Frow, 2005) and competitors (Chen, *et al.*, 2012). It is not enough anymore just to share posts with nice images on the company's website or in SM. Relevant content has to have meaning, encourage interaction and engagement. Plus, the whole organisation should use same tone during any kind of interaction with the customer. (Widen, 2015)

2.3.5.8. Defining Key Performance Indicators and measuring results

“What can be measured can be improved”

(Galileo Galilei)

Woodcock, Green *et al.* (2011, p. 61) have brought out that approximately 70 percent of senior managers are *“not in a position to properly assess the success of their programme”* and 18 percent have admitted giving insufficient attention on defining the critical success factors. Absence of business success criteria, that often results in IT centric measures (for example, costs, hitting milestones and delivery dates and so on), has been noted and frequently causes in post-project phase debates whether the project was a success or not. Often, technically the project is a “success”, but the business does not see it as such.

Even though performance measurement is a fundamental principle of management (Weber & Thomas, 2005), there is still lack of clear understanding of what is of SCRM performance (Küpper, 2014). The measurement of performance is important because it identifies current performance gaps between current and desired performance and provides indication of progress towards closing the gaps. Carefully selected Key Performance Indicators (KPI) identify precisely where action is needed to improve performance. (Weber & Thomas, 2005)

Greenberg (2010a) was one of the first, who raised questions about how to measure SCRM performance results. He pointed out that the influence of SCRM on performance outcomes cannot be assessed merely by traditional quantitative measures, as it requires also new measures that *“can be used to measure the emotional tone and influence of the conversations in the either that are going on outside the corporate firewalls”*. Harrigan, et al (2015) and Sigala (2011) agree that there is a need to identify appropriate performance outcomes for SCRM.

Parmenter (2007) has said that many companies are working with the wrong measures and that only few organizations really monitor their true KPIs. To correctly define the KPI-s, a SMART⁹ model (Hursman, 2010) can be used, but it is important to keep in mind that KPI-s should be monitored 24/7, daily, or weekly. A monthly, quarterly, or annual measure cannot be a KPI. (Parmenter, 2007; Küpper, *et al.*, 2014)

Marolt *et al.* (2015) have brought out most common performance indicators in the literature: Customer Loyalty, Net Product Performance, Customer Lifetime Value, Company Reputation, Peer-to-Peer Communication. Similar, but more complex overview is given by Küpper *et al.* (2014) and (see annex C). However most of those measures do not fit for the “SMART” model for KPI-s.

Considering that implementation of SCRM affects the whole company, the author finds it important to bring out, when possible potential KPI-s per department. This will facilitate understanding of what KPI-s are important for every specific company and choosing the right ones. But it is important to emphasise that there does not exist a clear set KPI-s that are developed only for SCRM. Presented indicators per department that are presented below were gathered by the author from the literature and from various organisations

Finance

There are costs (time and money) involved in creating necessary internal capabilities. Because of that the ROI should be thought, tracked and measured (Reyneke, 2014). Also it is crucial to track (Net) Profit, Revenue and Customer Lifetime Value, preferably per channel and/or top customers, Market Share (Küpper, *et al.*, 2014; Reyneke, 2014; Verhoef, *et al.*, 2010; Woodcock, Green *et al.*, 2011; Marr, 2013a; Parmenter, 2007)

Customer Service

Companies can incorporate SM into their efforts to retain existing customers and to maintain ongoing relationships with them (Malthouse, *et al.*, 2013). Besides, as satisfaction levels are expected to improve, then the retention, that is directly connected to satisfaction levels, is increasing (Chen & Chen, 2004). So, the main objective within Customer Service is to understand what influences the retention and how to improve it.

⁹ The KPI criterias have to be: Specific, Measurable, Attainable, Relevant and Time bound (Hursman, 2010).

Indicators like can be used: Net Promoter Score (NPS), Customer retention and satisfaction index, Customer Turnover Rate, Number of Complaints, Time to First Response, Average Response Time, Average Handling Time (overall, by agent and per channel), Time to Resolve, Cost per Contact per Channel, Changes in sentiment, Number and Percent of Serviceable Posts (actual customer/consumer inquiries), Percent of Inquiries managed by social channel (such as Facebook and Twitter), Cost savings on call deflection, Flush Rate (posts that are no longer relevant or serviceable), Complain Escalation Rate, Resolved issues, Active issues, Channel redirection, Customer Loyalty Index, Lost Customers, Feedback Sentiment. (Küpper, et al., 2014) (Parmenter, 2007; Marr, 2013a; Trainor, et al., 2014; Verhoef, et al., 2010; Woodcock, Green *et al.*, 2011; PWC, 2013; Cognizant, June 2014)

Marketing, Communication and PR

With Marketing, Communication and PR it is important to understand communication volume and visibility vs results and engagement. Indicators that can be used are:

Customer Engagement Value (Kumar, et al., 2010):

- Customer Lifetime Value: Acquisition rate, Retention rate, Retention cost, Purchase frequency, cross-buying, value of purchases, variance in spending, cost of win-back
- Customer Referral Value: CLV of customers acquired from referrals, Number of Referrals, Number of connections and level of interaction with prospects
- Customer Influence Value: CLV of customers acquired from influence, number of reviews, product or service expertise, emotional valence of the reviews and interactions opinion leadership
- Customer Knowledge Value: the value added to the firm by feedback from the customer

Financial and campaign effectiveness measures can be also used.

Sales

Main objective here is to understand how SCRM impacts sales and what impacts sales funnel. Following indicators can help to do that: Page Views Per Visit, Unique Visitors Average Time on the Site, Average Order Value per Channel, Revenue per Visit, Shopping Cart Abandonment Rate, Lead Conversion Rate, Order Frequency, Orders Cancelled and Returned, Number of visits prior to conversion, Percentage of New and Returning Visitors/Customers, Landing Page Stickiness, Social selling - number of comments from other

users that drive sales, Customer acquisition rate, Percentage of identified Customers on the site (Number of customers who have used SSO), Market Growth Rate, Percentage of Customers with 360-degree view. (Küpper, et al., 2014; Marr, 2013a; Parmenter, 2007; Cognizant, June 2014)

Human Capital

And finally, as employees are the ones who carry out the SCRM strategy, it is important to understand, how well they perform and how many of them have already had proper training for SCRM implementation. For that purpose, indicators like Revenue per employee, Employee satisfaction index, Employee engagement, Staff Advocacy Score and number of staff that has had SCRM training (Küpper, et al., 2014; Marr, 2013a; Parmenter, 2007) can be used.

To conclude, before any implementation, companies need to think how to restructure the whole organisation and they need to be ready for it. SCRM is not a simple tool that can be added. It means creating a customer centric company, where all departments are connected to serve the customer. It requires adaptations in terms of strategies, value propositions, communication, culture and performance measurement. It means being open to any kind of feedback and wanting to have dialogue and not just to push out content that it finds relevant. And finally, defining how to measure success. Without proper preparation and organisation readiness success is impossible and the results can be very damaging because it is impossible to “*unplug*” later.

III. RESEARCH METHODOLOGY

3.1. Methodology

The main purpose of this research is to provide an understanding of what affects SCRM implementation success and grants higher performance to organisations. In the literature, there have been some tentatives to bring out of what factors influence implementation, but none of the studies known to the author, have matched the results with performance indicators. Which means, that real understanding of what actually are the factors that influence the outcome and improve organisation's performance, is not given. The author uses real examples from life to understand, what where the main factors that influenced outcome. For that, 10 interviews with 8 organisations were conducted via personal meetings, conference call and written answers over the three-month period. The interviews started at the end of February and ended in the middle of April 2017.

The research question is as follows: **What are the main factors that influence the success of SCRM implementation and guarantee that an organisation gains benefits from it.**

The research questions were analysed through qualitative, in-depth interviews (see the questions from annex D) with various organisations, method. Interview questions were semi-structured with the representatives of SCRM implementation project managers. This allowed respondents to give their own opinion about the project, but also to try to understand if any of the problems, benefits and performance indicators, that was brought out in previous chapters, were thought of or arouse during the implementation process.

3.2. Qualitative Research Methods

Initially, 50 different companies worldwide were contacted. Selection of the companies was made based on four criterias:

- The sector, where company acts. – the objective was to interview all consumer facing sectors and industries, that have large volume of customers.
- Another criterion was accessibility. The author already had established contacts within the company. Quite often it was necessary to talk with 2-3 team members before establishing the right contact. Having an internal contact was crucial. Also, some companies were contacted via LinkedIn.

- Author's knowledge of existence of the SCRM within the organisation.
- Size of the company. SCRM implementation involves substantial effort and efficiency is more visible with large enterprises.

Many of the contacted companies did not answer, some of them refused to make an interview due to various reasons like lack of time, internal policies, contact person could not get an answer from the right team member or the implementation process is still on very early stage and there is nothing to share.

Interview itself was made with ten persons, who are responsible of SCRM, from eight large companies worldwide. Quite often that same person was also responsible of the implementation. Interview was conducted via conference call tool (Skype, Facebook Messenger, Facetime, Zoom) or answered by writing. Only one person was met face-to-face.

The size of the companies varied from 100 employees to more than 50.000 employees. The number of conversations (traditional and via SM is generally close to 20.000 or more conversations per month and on average, the SCRM tool was implemented two years ago (see the comparative table of companies from the annex E). It is impossible to compare the companies based on the number of customers, as for some of the firms are unable to estimate exact number. Majority of the organisations are established companies, with years of experience. However, there were also start-ups that allows to compare the results also based on maturity level.

Almost all bigger sectors were covered during the interview. Sectors like: Software, Finance, Commerce, Technology, Marketplace, Automotive was represented. Author was unable to make an interview with the innovation leader – travelling (mainly aviation) sectors even though 12 companies from that sector was contacted.

The interviewees were generally from C-level and with 10 or more years of experience in the field and had already implemented some kind of tool before. Only for the company 7, the ongoing implementation is the first implementation.

Interview structure

For the purpose of this thesis semi structured in-depth interviews were used that allowed to gather qualitative, rich primary data from guiding questions. Previously defined questions helped to test and discover more on the topic as the author had some latitude to ask further

questions in response to what seem as significant replies. (Bryman & Bell, 2007) Or as Küpper *at al.* (2015) have pointed out, at the exploratory stage of research, conducting semi-structured interviews allows an in-depth discussion and yields new practical insights into the topic. This technique is useful ensuring that all information required information is obtained, while at the same time gives the freedom to respond and illustrate concepts.

On average, an interview had 45 questions that took approximately 60 minutes to answer. Each conference call and face-to-face interview was recorded. The questions were grouped according to the structure of the thesis. Starting with the general understanding of the company and the interviewee. Followed by perception of SM and generational change and impact to the company. The interview was then followed by implementation process description and finished with overall evaluation of the implementation process.

The objective of the interview was to understand how the organisation saw SCRM before, what preparations were made, what were the difficulties and changes that companies faced. This allowed later to match that information with literature and if matches with real examples.

IV. PRESENTATION OF THE RESULTS - LITERATURE VS PRACTICE

4.1. Profile of respondents

Most of the respondent were responsible of Marketing, Customer Care or Communication department and with more than ten years of experience in the similar field and had done software implementation before.

4.1.1. Importance of Social Media

In the literature, it was brought out that SM gives companies bigger reach, accessibility, usability and updated information and helps to engage better (Cognizant, 2011) with its customers. It gives a big pool of data, that is interactive and real time, but unstructured and indefinite (Chen, *et al.*, 2012; Hennig-Thurau, *et al.*, 2010; Konus, *et al.*, 2008).

With better accessibility to companies, customers tend to reach out more via Social than other channels (Lin, *et al.*, 2016) but creates a risk of crisis escalation, which gives an opportunity to improve customer satisfaction, trust and loyalty. (Tax & Brown, 1998; Choudhury & Harrigan, 2014) and through that also sales. As apology is visible to more people or peers (Manikaa, *et al.*, 2016) it is also expected to increase visibility and Brand Awareness (Newman, 2014).

For interviewed start-ups, SM has been always part of their strategy. However, the way companies and its customers use SM has changed. For example, company 2 brought out that in 2014 when they opened their SM channel, the questions existing and potential customers asked, were very basic and were answered easily by marketing department. With time, questions got more complex up until the moment marketing team was unable to answer. Now, the SM is split by two departments – Marketing, who is handling the content and does customer analysis, and Customer Care who answer to customer requests. Splitting the tariffs between departments is done also in company 1 and 5.

SM for customer care is also important for company 1, 3, 4 and 5. Company 1 and 3 try to get in touch with everyone, who talks with them, as quickly as possible. Company 1 even added that if they take too long time to answer, it is better not to answer at all because possibility to

help or possibility to sell is gone. Besides, all requests that come in via SM have the top priority and are answered first. Company 1 added also that received critical information about the product failures via SM.

Company 7 however finds that SM channels are not the best for complaint management and improving customer satisfaction because of the difficulties of identifying the customer and due to data protection. However, in order to investigate the situation and solve the problem, it is essential for the company to understand, who is the person, when and what model was purchased and if there has been previous communications or complaints before. With the present market situation, only call centre can do that. But, it is important that conversations that were initiated in SM and taken to Call Centre, will be closed also later in SM.

Company 7 specified that Social is good for two-way, outbound activities especially as it is possible to manage many situations simultaneously. It also helps to be proactive with specific campaigns, promote them and collect information. But for the lead and complaint management SM is not relevant because right now, the firm is unable to close the case or sales cycle.

Also, more customers seem to contact via Social. Company 2 mentioned that two years ago, the number of conversations via SM was less than 100 a day. Now it has risen to 300 or more. However, the main channel of choice is not always up to a customer, but a company itself. Company 1 indicated that they purposely pushed chat as the main tool. Company 2, 3 and 5 still see that other channels like phone are more important for Customer Service. Company 5 specified: *“Social is an important channel. Social is going to evolve and may switch some main channels we have right now. But people still want phone and email.”*

At the same time, for company 4 said there were no options – customers themselves chose SM to communicate. They have understood that the company needs to be, where their customers are and that is probably a main reason, why company 6 has made a conscious decision that SM needs to be integrated into all touch points in the Customer Journey. They even look opportunities to integrate social into the packaging, product, retail and every other business touch point, because: *“Social Media is really a core part of the brand as it allows customers to use our products and share moments of their lives with others. ... Social is natural piece of our business model.”*

Company 5 said that SM is important for Communication and Public Relations as it allows to go directly to consumers with organisation's brand messages, storytelling and engage into a conversation directly with them. Also, it permits to share messages with influencers who then amplify the messages. *"Influencer strategy is less professional and with smaller reach than normal journalist approach, but it gives more authentic, genuine and engaged community."* and added: *"Social Media is an opportunity to talk directly to our fans, potential customers and occurred customers who buy our products. As a B2C company it is one critical to have these platforms. It is important to balance the marketing piece of Social and Editorial Storytelling."* Creating awareness was also brought out by company 3 and 4. Company 3 uses it to: *"Create awareness and being part of the conversation, creating culture and experiences and inviting customers to be part of it and creating experiences. Social Media is good for that. But always trying to be true to themselves."*

Company 5 added that SM allows to access to consumer's real feedback about the products: *"It was possible before via traditional Customer Care, but the information was quite often biased as consumers who contacted were normally angry. With Social Media through listening and understanding it is possible to get product development ideas and it helps to detect quality issues. If a lot of consumers say: "I wish this product has this", then this should go into your (product development) cycle. It's like free Beta testing"*. Finally, relevance to prospecting and for outbound communication was brought out by Company 7.

Even though SM is perceived as important for the companies for Communication and Customer Care, it is not so in terms of budget and results generated with Marketing and Sales. Only company 4 said that Social and Digital Media is the main channel for marketing, communication and sales. While company 6 mentioned, that sales via SM is not their primary goal, but they have seen sales that was impacted by SM.

Company 5 gave an explanation: *"Social does not always drive immediate revenue, but it is putting people into loyalty category, advocacy or even awareness and educational one in marketing consumer journey and [we] hope that communication pushes customers along so marketing can detect and convert them into sales."* and added: *"We have to figure out as an industry how to illustrate the impact of it [Social Media], so everybody invests more."*

When asked if SM has changed the way organisation does business, company 3 answered that SM has not impacted them in that sense: *“It is more about reaching to an understanding that making their customers happy is good for the business. SM is just one way of doing it.”*

In the literature, it was also brought out that SM can amplify crisis situations. Most of the companies have experienced this at some level. Company 1 saw unsatisfied customers for example due to technical problems. Company 2 at the same time has seen also trolling, exaggerations and people complaining about mistakes they have made themselves. But problematic moments tend to be rare, are normally controlled and very small. Main reason why the problem does not grow into a crisis is because the organisation treats all comments as crisis.

Company 4 said, that normally customers go to SM if they feel that they have not got the answer as fast as they would like to. Company 6 explains this with shifting consumer behaviour because people have learned that SM is a quick way of getting companies attention and added: *“It is not specific to us. In industry wide, people are looking platforms like Twitter to vent or voice their dissatisfaction with product or company. Our company is ahead of the curve and monitors proactively any conversations and addresses any conflict or issue that arises. This has turned out very positive experience for us. It helps to connect with consumers who desperately wanted to connect with the brand.”*

Company 8 indicated, that as a consumer facing brand crisis moments or bad comments happen: *“We have had plenty of moments when something does not go quite right it is not received very well” but that “the Social Media] tools are valuable during that time because you can actually measure what is the actual volume of the conversation of the topic. Because if you get five really nasty messages, it might seem that the world is crushing down around you. But if that's five out of 100.000 it is kind a drop in the bucket. So, it really gives you a good sense perspective of how big this issue really is.”*

And finally, to being able to control the situation, company 5 has made preparations for various potential scenarios about how they would respond in certain crisis situation and have practiced with. And they have business continuity program in place.

To conclude, companies agree with literature, that SM helps to increase accessibility, engagement, satisfaction and loyalty, strengthens interaction and gives updated information and customer feedback. As allows to reach globally to customers and communicate one-to-

one basis. However, the receiving real time data, accessing to customer's private information, creating long term relationships and increasing sales was not directly mentioned during the interviews.

4.1.2. Generational change and its impact

Based on the studies, the new generations are not passive recipients of information anymore (Baird & Parasnis, 2011; Hollebeek, 2011), they are driving the conversation and choose, when to engage with the brand (IBM Institute for Business Value, 2011a) and expect interaction on the 24/7. They have heightened expectations for superior and relevant interactions including customer care independently of the contact time (Accenture Interactive, 2012a). Buchnowska (2014) also added that in order to have relationship it is important to build it via relevant content and information. Besides that, the new generation lacks loyalty and have more complex purchasing process. It is now very important to create trust to keep the customer. (Greenberg, 2010b)

Interestingly, companies themselves do not see that there has been a big impact by generational change. This is due to several reasons like the target group that has always been younger generation (company 2, 4 and 6). But also because of digital and SM revolution, that has changed consumer behaviour within all generations.

Person 1 from company 5 brought out that since last couple of years, customers expect different level of support – faster service: *“they are very vocal, they want things fast and find ways to resolve their problems quickly. The minimum level or requirement is the level of support and service that leading companies are providing.”* And person 2 added that everything must be mobile, with easy user interface and preferably with video: *“the amount of content we now have to produce to stay on top of the mind, to hit the algorithms and to be noticed is fast paced.”*

Company 5, person 2 also said that: *“You have to understand that the marketing of the past - let's tell the entire story in a beautiful advertisement - it just doesn't exist. And if you make a beautiful brand video then now it's important to think how can I use it in 24 different ways across owned, earned and SM. Because that beautiful video, people will watch if they are super engaged other than that they want to see a clip.”*

Company 3 said also that Generation Z has a huge sense of urgency while company 2 sees more differences within markets, than generations, but that keeping the same tone regardless of person helps to keep situations under control. Company 8 added that younger generations consume content and media differently, as they have different perceptions about boundaries and expectations, and they place their trust in different sources than many previous generations. *“Recognizing these differences is important, but at the end of the day, sound marketing principles of the right message, at the right time, to the right person, still hold true.”* (Company 8)

To conclude, the companies have needed to adapt, but it seems to be rather due to changed consumption habits heightened expectations than due to Millennials and Generation Z. Also, it still seems to be, that is the organisation itself who controls the conversation, though the way it is done has changed also.

4.2. Social CRM

4.2.1. Perception of Social CRM

As previously seen, there is no generic understanding, what is SCRM. Many academics see it just as a tool to help with SM, some perceive it as a strategy. However, based on Lehmkuhl (2014), it involves strategies, technologies, processes, corporate culture and social characteristics to involve SM users and provide mutual benefit. The SCRM is defined as (*Ibid.* p. 67):

[Social CRM is] a holistic and cross-functional approach supported by strategies, technologies, processes, corporate culture and social characteristics. It is designed to involve customers and other connected web-users in interactions on organizations' managed Social Media profiles and platforms as a means of providing mutually beneficial value.

When looked companies, then the understanding of what is SCRM, is generally not as complex. It is rather seen as a tool, strategy or way of communication. With company 1 the conversation was mainly about CRM, but their strategy and understanding of how to communicate with their customers and potential leads, what is necessary to satisfy them and generate sales, is rather SCRM than traditional CRM. Their definition goes as follows: *“CRM is a tool that helps systematically manage the customer. [It is a] channel, where company is*

proactive not vice versa. Tools, where the customer can start the conversation is not a CRM. It's just a customer care software.”

Company 2 on the other way brings in communication and information: “[SCRM is] a tool that allows to pull all the information/contacts from SM channels and allows to come back to the customer publicly as soon as possible.”

Company 5 on the other hand finds it to be rather information, global view and customer journey: “Social CRM is a way to bring together the enterprise of Social Media into one view across all of our brands. It is simplicity of the consumer journey, but on a social side.” They also indicated, that it should connect with traditional CRM to be able to see the whole customer journey, issues that each step has and to have more information to make “educated” decisions.

Integration with CRM was brought out also by company 6, but mainly because their understanding of SCRM is “[Social CRM] is an integration of User Generated content into CRM.” Importing data into a CRM is perceived important by company 7 also.

Similarly to company 5 and 6, company 8 also sees in SCRM similar tool as CRM, but with capacity to incorporate data from consumer touchpoints on SM. “The whole point of collecting and using CRM data is to have better interactions with consumers at all points of interaction, so social data should be a component of that.”

SCRM is seen very differently in companies 3, 4 and 8, where the focus is in strategy. Company 3 sees in SCRM questions like: “Are we being present, are we part of the conversation are we being authentic.” They want to give a great experience for existing customers and have built the whole organisation around. They try to be more than just selling shoes on their e-commerce site and try to see bigger picture. They constantly ask if they are living up to their promise that is done through constantly monitoring and working on customer satisfaction and engagement. Company 4 defines SCRM as “the way we use Social channel to have relationship with our customers.”.

Company 8 added that: “It is our strategy in social that drives everything we do. If that tool is no longer better in terms of strategy objectives, then we switch tools. Or if our strategy would not require a tool then we would not use one. ... I am a great believer that you can have a great Social Media program even if you do not have tools. I try not to let tools getting in a

way of us doing what we know what is best for us. It is not important to have 14 different tools and do many things. One tool that covers 80% of the needs is enough because what is actually going to make a difference are the team and the attitude they are taking.” Finding a tool that covers most of the organisational needs (Pareto 80:20 rule), is also perceived important for company 7.

In most cases (companies 1, 2, 3, 4 and 5) SM actions are divided between different departments – marketing and customer care, quite often also with communication department. But right now, in company 8, Social Media team is talking to everybody whether it is a customer care situation or just an engagement situation. Most of the companies, however started as company 8 – SM managed by one team but then split due to complexity and volumes.

When talking about differences between CRM and SCRM, then company 2 sees the biggest difference in mentality: *“CRM tools have a format and the systems are built to read that information. Chat is per line, you need to have conversation. The interaction is one-to-one personal. Companies tend to stay longer time. There is integration with internal payment or anything that you have internally and companies work on using the software as much as possible. In SCRM - you have to be careful what and how you say as everything is public or can go public. Tools that you use are a little bit more complex.”*

Company 4 brought out many characteristics and benefits that were mentioned above: *“Social CRM allows to be closer to customers, it is easier to communicate with them and have an opened communication. It is possible to segment the way companies communicate with customers. Have more empathy, have opened communication. Every person can participate. Every person has a share of voice and can share their opinions with other people.”*

For company 5, the main tool is CRM as this is where they manage most of their channels and gather as much information as possible from the customers. This at the end allows them to: *“make educated decisions run the business and helping the customer.”* Social is good for hearing complaints and getting complaints. Also for sharing content and educating the customer: *“It is very proactive to educating customer. A channel, where customers come back to look for you.”* Person 2 from company 5 added that: *“The biggest thing is User Experience for the people who are using it. And understanding the journey in a more sophisticated way and the data behind it.”*

Company 8 brought out that CRM and SCRM have many similarities like gathering information about customer from the touch points the company has with them. Both tools have the objective of giving 360-view of how do organisations interact with the customer in any given place. But Social tools are more than that because they give: *“kind of a predictive analysis, what people are talking about, volumes, conversations. It allows to have deeper interaction with people and helps to understand what kind of content is working well and what kind of content is not. ... So, we can engage with people better. I don't know that most of the traditional CRM tools are providing any kind of marketing data in that sense what content needs to be created.”* Having macro data, aggregating customer trends and marketing feedback were also brought out.

Person 2 in Company 5 said that they started the conversation around the importance of tying all data - social conversation, community content - together with marketing or customer care CRM information. However, no work has been done. Company 7 also knows that CRM and Social need to be merged, but at moment the silos are managed in two different environments in a very archaic manner. Company 8 brought out that they *“do not have a great system to combine our customer data with social connection data”* and that *“the future of customer care involves more Social that we are actually doing, “, but “for better customer experience it is important to have information about the customer – an access to customer database and customer records”*, that they do not have right now because this information is situated in CRM.

Similarly to literature there is a gap in understanding of what SCRM is. It is still at the early stage. Accordance to Lehmkhul's definition, strategies, technologies and corporate culture were mentioned, but rarely within the same company. This shows that there does not clear perception in definition wise if it is a strategy, tool or should it include both.

4.2.2.Reasons to implement Social CRM

One would expect that the main reason to implement SCRM would be gaining benefits that are brought out by industry and academics. Those benefits could be: increased sales and lower operational and service costs (Chen & Chen, 2004), capacity to use customer feedback for market research and product improvement, capacity to nurture opinion leaders and advocates proactive issue resolution (Menne & Halova, 2013; Reinhold & Alt, 2012).

Besides, as previously brought out, better customer service and communication will develop trust between the organisation. Orenga-Roglá and Chalmeta (2016) add to that list improving the overall customer experience and lifetime value, enhancing products and services, or building up trust, reduced direct staff time cost.

However, in most cases, the main reason was expansion of the company, internationalisation and/or growth in conversation volumes. That was brought out by company 2, 5 and 6.

Company 2 needed besides growing number of interactions a tool that helped to maintain or even improve response time and quality of the answer. At the same time, company 5 used before 6 different tools for customer care to manage all channels and one of the main tool was already so customised that they could not upgrade anymore without losing all the information. But they needed to understand changes in needs of the customer base because: *“Company’s strategy is, that every decision they make, has to be backed up with data. Having a good CRM is critical.”* And for communication the main reason why company 5 needed a tool, was globalisation and lack of analytical data. Before the implementation, they did not have possibility to see all SM channel performance metrics in one place and the quantity of when SM pages all over the world grew, it became uncontrollable. Needed a tool to share content and save money if worldwide agencies did not redo the same thing every day. At that time, the objective was not listening, paid media or anything else.

Globalisation was also a concern for company 6. The content that they were publishing across different pages grew substantially. They needed to manage content, control quality and processes for approval. Besides wanted tagging and tracking with good reporting and need a sophisticated tool that would allow them to control their glocalisation strategy – global management, local implementation.

Other motives were strategical reasons because the provider of the tool they were using before became direct competitor and needed to move their data out (company 1). Company 4 needed to create trust with the customers that was possible only through a solid image and coherent communication. It is important to mention, that company 4 implemented rather a SCRUM philosophy than a tool. Same was with company 3, who does not have one tool for everyone. Each person is allowed to choose the tool and quite often the work is done natively.

Company 8 seeked a platform to execute their strategy in a better way. The present tool is used as their main SM tool for almost every piece of SM program and it was *“the closest*

thing to all in one solution and remains this way.” and added: “the present tool helps to triage the messages. If you have very sensitive topic where you only want your top people on your team or people with little more seniority and experience responding to people you can send the messages over them and triage so the right person making those responses. It really helps in that aspect. It is very valuable in that aspect.”

Important is that most of the companies (except company 6) were using some kind of tool before the last SCRM tool implementation. And all those organisations indicated that the implementation preparation was very well planned – analysing and mapping the needs, researching and testing available tools and then choosing the best one.

During the interviews over 20 different SCRM tools were mentioned. But the most popular tool right now is Sprinklr, Zendesk and Salesforce solutions (see table II).

Table II. *Tools that are being used*

Name	Tools that are used now (number of companies)	Tools that were used before or have been under consideration (number of companies)	Total number of mentions
Sprinklr	3	1	4
Salesforce & Desk.com	1	2	3
Zendesk	2		2
Talkdesk	1	1	2
Trustpilot	1	1	2
Hootsuite	1	1	2
Crimson Hexagon	1		1
Sprout Social	1		1
Ahora	1		1
Wayn	1		1
Buffer	1		1
Slack	1		1
Sismos		2	2
Spreadfast		1	1
Oracle Vitro		1	1
Social Studio		1	1
Zoho		1	1
Buddy Media		1	1
Brand Watch		1	1
Freshdesk		1	1
Intercom		1	1
Helpshift		1	1
Curalate		1	1

Differently to literature, the main reason to implement SCRM was growth of the company (expansion of the company, internationalisation and/or growth in conversation volumes), simple need to maintain control over processes and content. Some other reasons that came out

were a need to improve customer service indicators, previous tool related issues and desire to improve trust.

4.2.3. Implementation

Acker *et al.* (2011) finds that organisations should start with listening to SM to get a better idea of where they stand in the mind of the consumers. Next step would be a building a team that are familiar with Social Networks. Monitoring or Social Listening is also important because it would help with building proficiencies needed to control the crisis (Reyneke, 2014).

As brought out before, there are four steps to implement SCRM (Kietzmann, *et al.*, 2011; Sigala, 2011; Marolt, *et al.*, 2015):

- Identifying Business needs and find the most appropriate technology to support them.
- Setting proper SCRM strategy that also includes implementation of new marketing and communication strategy to engage with customers and ideally educate employees in Public Relations and Customer Service.
- Putting in place control mechanisms of the conversations in the ambit of SM.
- Defining how to measure performance.

Reyneke (2014) has given similar process, that consists of preparing organisation – strategy implementation, defining KPI-s, organisational change; making sure everyone is using the tool; training and education of the staff; content strategy; customer interaction based on feedback, listening and acting on the information; measuring and monitoring customer engagement, platform performance and staff usage.

Similarly, what was proposed by Reyneke (2014), almost every company¹⁰ interviewed said that they started their implementation process with analyse – mapping the basic needs and preparing a “*wish list*” of the team(s). Talked with several providers and tested many available tools. Company 7 specified: “*Implementation is very relevant, but slow moving activity. We need to understand, which tool is the good one for the company.*”

The demands for the tools are also growing. For example, company 2 is planning to implement new SCRM because their needs are more sophisticated and need to know more,

¹⁰ Exact implementation process for company 4 and 6 are unavailable as the interviewees were not the ones, who actually implemented the tool. And company 4 does not use specific tool for managing SM.

who is contacting them, want to measure results by language and issue. They are now looking into more technical and strategical questions like:

- Why do we want to change?
- What options do we have right now?
- What tools have we used / tested before?
- How much information the tool pulls in?
- Is it reliable and imports all the comments?
- Does it allow to measure results and tagging?
- How good is reporting?
- What is the price?

Some other requirements that were brought by company 5, who said that they wanted training and an account manager, who is not charging by the hour, at their side to answer all the questions: *“It's actually in their best interest to make sure that they are using it.”*. Need feedback from the service provider regularly to know for example when they start to exceed their listening limits. Company 1 also brought out the pricing issue as they encountered many hidden costs. Other conditions that were considered were reliability, user friendliness, flexibility, scalability and good reporting (company 4). Company 7 also added that system integration that allows them to identify the customer in every digital channel and customise the answer to every person who gets in touch is also important.

SCRM implementation process from the moment decision to implement a tool until the process is finished, normally takes 3-6 months (companies 1, 2, 5 and 8). Company 7 is expecting also, that the implementation will take that time.

Company 2 present strategy is to test every tool at least 1 month before deciding which one is the best. They also invite people from marketing department to test the tool(s) also. They normally try 3-4 tools before deciding. Curiously, company 2 is testing constantly what is available on the market to make sure that they are really using the best available option.

In company 5 during the implementation the communication department let first everyone worldwide know why it is necessary to implement such a tool, what value SCRM will bring and had to make sure that they had enough training available and that implementation was scattered. Otherwise people would have just stopped using the tool. They also made a person responsible for the implementation, who created a timeline with all requirements, mapped

number of users needed, decided, which countries will start to use first, who needs training and what would make people to use the tool. *“Not even to give incentivize them, but rather give them positive recognition around the company if they were using it.”*. Company 5 also said, that the implementation is never done: *“Today we still have around 90-95 percent of adoption because we have new community managers or we open a new country. “, and that “it is still a constant process to make sure that everyone is using it and showing the value. “*

As company 3 and 4 have rather strategical understanding of SCRM, then for the company 3, the whole process was re-organising the company and implemented holacracy organisational design that allows them to put customer into the centre of the organisation.

Company 4 started with brand studies, focus groups and research to understand how the strategy should be implemented and tried to understand how the brand should communicate, what should be the right tone of voice, what kind of content should they share. Social and Digital media is rather integrated as a customer journey that consists of 3 pillars – creating awareness, acquire and retain customers. Each pillar has specific strategy and channel to use but with a general objective to have as smooth customer experience as possible. Also, the company has worked since the beginning to create Omni Channel communication.

Company 1 said that the implementation process did not bring any organisational changes. Everyone else said that they had at least some kind of changes. For example, company 7 brought in talented young people with Social and Digital background who will help them to map the needs and prepare the implementation. Also, that the next steps and if bigger organisational changes are needed, depend on the tool that they are going to implement *“It is very much related on the vendor whom we are going to choose and what are their “requirements for the implementation””* Company 8 also indicated, that as the platform they are using, has changed over time, they have adapted the team structure accordingly.

During the implementation, organisations did not see many big problems. Company 2 said because: *“because the tools were tested so much before”*. Mainly it was brought out technical issues that were caused by bugs (companies 1 and 5), but generally nothing critical. Company 5 said, that they had already a process implemented before to fix the problems. Also, that there were some gaps with the expectations (what they wanted) and reality (what was possible).

Company 4 however brought out, that at the beginning they did have difficulties to find the right KPI-is to measure and improve results, while company 5 and 8 still see some resistance to use the tool in some markets. Company 8 added that: *“The biggest problem and it applies to almost every company is that when implementation process starts – it is impossible to know fully what is needed from the tool in the future. And it is impossible to set up proper content tagging architecture, rules and macros without that. On the moment, it is realised “oh I would like to get this report”, but the set up for that is not done, means going back and redoing everything.*

Right now, the number of users varies from company to company – from 16 (company 2), to 50 (company 1), to 60-70 (Company 5, person 2), to 100 (company 8) to 350 (company 5:1) to probably more than 2000 (company 7). And channels that are connected also varies greatly – from main SM channels like Facebook, Twitter and LinkedIn to chat, email and phone. Again, it seems that connected channels have high dependency on the strategy (what Social channels are important) and what are the capabilities of the chosen tool. Company 7 plans to use again 80:20 rule to make sure that they are able to integrate the most relevant SM channels on their worldwide markets into to the system and choose the system accordingly.

All companies had support from the top managers but it seems to be very important not being restrained by them. Company 8 said: *“Our social initiatives on the whole were brought in by upper management that is what gave us resources to build the team, to purchase the tools. But upper management was not heavy handed to say: “choose this tool or that”. It was up to the team to choose the right tool and to know what was going to fill the needs and fulfil the needs for growing.”*

Users were trained (company 1, 2, 5, 6 and 8). Company 1 specified that based on the previous experience they prepared the whole team already for the rough period: *“You can prepare the team as much as you want, but if the expectations are not adjusted, there is still going to be quite a lot of frustration.”*

Finally, most of the companies (2, 4, 5 and 6) mentioned that they have SM strategy in place. Company 2 is using same tone to answer everyone and company 6 has a global strategy, that is translated to a local regions and markets. They have local people on the ground, who are experts for those markets that help to glocalize. However, the level of rules or varies from company to company. Company 5 said that they have guidelines for employees, community

managers. Besides there exists a strategy and governance to every new process and content that is being published. As do company 8, but they try not to be very heavy handed with the employees, because as their industry is not heavily regulated (compared with finance services or pharmaceutical industry), then there is no need for that. But it is important that the employees are not mixing their opinions with the brand opinions during conversations and that any information that is not ready for public consumption yet is not being shared. *“Those are the main points that any kind of good SM guidelines for employees go.”*

Company 3 on the other hand does not have specific guidelines. They focus rather on question: *“How can I help you today”* and employees need to figure themselves out how to do it, but at the same time staying *“true ourselves”* or to the brand.

Departments that have access to Social CRM data are normally Customer care, Sales and/or Marketing (see table III). Generally, it was not talked about how data is being used, but company 6 share insights by saying that they have a dashboard that monitors customer sentiment also what press, bloggers, influencers, athletes and average consumers are saying. And they give this information back to product team who makes changes if necessary. Besides that, a Customer Support team responds in real time to customer escalations. They also have dashboard that priorities the conversations based on urgency and are solving an issue there in terms of timely response and urgency.

Table III. *Departments that have access to SCRM platform and data*

Company	Customer Care	Sales	Marketing	Social Media	Analytics	Community	Everyone	Other
#1	x	x	x					
#2	x		x					
#3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
#4	x	x	x		x		x	
#5 Customer Care	x	x	x		n/a		x	
#5 Communication	x					x		
#6	x		x		x			
#7	x	x	x					x
#8	x		x	x	x			

When asked if the implementation process has finished, many companies answered no because: *“It will never be ready as the volumes and conditions change. But the passing period is over.”*, (Company 1). Similar opinion is shared by company 5: *“It is never finished, it is*

constant work. Every time we have an update, we have to consider if we will update community manager platform.” and by company 8

Most common KPI-s that are being used by the companies are mostly for Customer and Community care and SM like NPS, Engagement, Engagement rate, Number of conversations, Time to answer, Reach, Video Content consumption and Share of Voice (see table IV). It seems that First Reply Time is important because “there is a direct impact to customer satisfaction even if the first answer is not satisfactory. If answer comes too late, satisfaction is still low.” (company 1) And they were in place normally before implementation. Only company 4 and 8 made changes during the implementation. Company 8 specified that “*the obvious ones were in place before the implementation.*” But then added later and discovered some other metrics that they are able to measure, but weren't sure before that they can do that. Some metrics that are little bit more custom to show how well each of their markets are actually adopting to our mentality that we are after. Because “*more than just how much content you push out, it is also important to understand what is your audience size and with how many people are you talking to. If we combine those [three] things all together we have some custom metrics like engagement rank to combine those things.*”

Table IV. KPI-s in the literature vs KPI-s used by the companies

Potential KPI-s per department	Nr. of times mentioned by the companies	Mentioned in the literature
Customer Care / Community		
NPS	4	Yes
Number of conversations	3	Yes
Time to answer (SLA %)	3	Yes
Resolution Time	2	Yes
First Reply Time	2	Yes
Savings	1	Yes
Sentiment	1	Yes
Deflection	1	Yes
Growth of Conversations (monthly, yearly)	1	No
PR		
Page Views	1	Yes
Number of users in blog	1	Yes
Bounce Rate	1	No
Media Coverage	1	No
Social Media, Social Advocacy /Influencer		
Engagement	4	Yes
Engagement rate	3	Yes
Video/Content Consumption (views and engagement)	2	No
Share of Voice	2	No
Audience size	1	No
Engagement rank	1	No
Reach (including earned media)	1	No
Channel Growth	1	No

Potential KPI-s per department	Nr. of times mentioned by the companies	Mentioned in the literature
Volume of Content created and used	1	No
User Response Rate	1	No
Sales		
Conversion	1	Yes

To summarize, the implementation process takes normally 3-6 months but as with definition, there is no clear understanding if SCRM deals only communication or customer care or should it be used and data shared in other departments also. This also means, that there are two approaches to the implementation. When SCRM is seen rather a tool, similar steps to the literature are taken – analysing needs of the organisation and the team, mapping and testing existing tools, implementation. On the contrary, the strategical approach normally consists of changes in organisational structure or creating a SM team. In some cases market study was also needed.

4.2.4. Evaluation of the results

It is expected that through SCRM organizations can optimize their SM programs to continually enhance their business (IBM Institute for Business Value, 2011), gain financial benefits across the customer life cycle, in acquisition, retention, value development, managing cost to serve (Woodcock, Green *et al.*, 2011) and reduction of direct staff time costs (Orenga-Roglá & Chalmeta, 2016). Besides, insights through customer feedback can drive customer centric innovation (Woodcock, Green *et al.*, 2011), product development, market research and PR, give capacity to nurture opinion leaders and advocates, advertising products and services that helps to improve loyalty and sales and improves awareness. (Ang, 2011) Finding new sales leads, improving response time (Woodcock, Green *et al.*, 2011), lower cost-to-serve (Ang, 2011), improved customer satisfaction, trust and loyalty (Tax & Brown, 1998; Choudhury & Harrigan, 2014), customer experience and lifetime value (Orenga-Roglá & Chalmeta, 2016) could be also seen. This all should improve overall performance of the company

When talked more about less quantifiable results, then companies did see improvement of customer satisfaction (company 1), communication (companies 4, 5 and 8), Customer relationship and trust are improving (companies 4 and 8). Company 8 explained: *“We have to take different tactics to reach people in an authentic and engaging way. The more information we have, the better tools we have to help us connect all that information, the better the interaction can be. ... That for me is a crock-saw of CRM - how can we have a more and*

informed and intelligent conversation and more continuous conversation. It is not like each time you talk to a brand you are talking for the first time in their mind. There is some continuity with the last time, you spoke with us, and now.”

The difference however, seems to be in analytical capacity that has improved with almost all companies. Company 1 brought out examples of how they have been able to use data to improve User Experience. Company 2 is now focusing on analysing why customers are contacting, why what is the motive behind the words, what do they need and what can they change to improve Customer Experience.

Company 5 at the other hand does not get more or better information, they had most of the information before. But analytical capacity has improved as they are now able to visualise all that data in one, global, view. When before they had to check each Facebook page separately on the platform, now they can break down information for global, country level, category etc.

Company 6 also indicated, that their analytical capacity now allows to understand better consumer sentiment, have deeper understanding about social conversations around specific products and consumer's reactions. Similarly, company 8 said that they have gone from basic understanding and basic metrics to have a little more in depth information and more data sharing among groups. Different data silos can be tied together which gives a fuller picture. Company 8 also brought out: *“We continue to search for ways to give right message at the right time to the right person.”*

Information, data and analytical capacity is also the main theme when asked specifically, what are the benefits SCRM (see table V). More specifically: *“Biggest benefit for a global company is to see a global view. And being able to publish in one tool, one source one way to tag, one way to receive data. And trying to learn insights from that data.”* (Company 5) Company 6 added: *“We can handle large volume of content and large volume of interactions with people. It allows to work around the world so we can assign different incoming messages or different content to different users in the system independently where they are in the world. It also allows us to make more insightful decisions based on data. So we cannot just guess what our consumers care about but we can actually use the information to guide us with the decisions. Those things are the most basic things of the social tool, but those are the things that are the most valuable for us.”*

Table V. Main benefits of Social CRM

Company	Benefits
#1	Aggregated information, better statistics, language detection
#2	Better customer service, analytical capabilities, less manual work
#3	n/a
#4	Improved trust by customers
#5	Global view, better control, aggregated information, decisions based on data
#6	Aggregated information, analytical capabilities, information sharing
#7	Aggregated information ¹¹
#8	Capacity to handle large volumes of information worldwide; Decisions based on data; Better customer service that is independent of the location of the person.

Company 6 brought out big list of benefits, that SCRM tool allows them to do now: *“Consumer sentiment around products, campaigns and brand as a whole. To pass that back to internal stakeholders. To understand truly how the brand is doing in specific market in terms of brand awareness, what are the top questions customers are having around the products. What are the top themes in product feedback, ... sentiment all over the world. Deliver deeper insights from the KPI perspective. How specific content is performing which then allows to understand the type of use case that resonated with the consumer that helps to understand how to better refine our products.”*

Challenges during the implementation process or that still exists are: managing workers’ expectations (company 1), data silos (companies 1, 3 and 4) and understanding, who the person is in various digital touch points (companies 2 and 3) because quite often different names or nicknames are used and the name does not match with CRM data¹². Company 3 and 7 indicated that frequently that does not allow them to give real resolutions to customers.

At the same time integration with CRM to create more complete customer view, is still at an early stage. Company 5 will start to analyse the situation. Information is passed right now via forms, while company 8 has established a manual connection point with CRM.

Still needing to use other tools to check tweets and having considerable amount of manual work to understand better what happened during the month and limited historical records are still concerns that company 2 has. After testing many tools they find that: *“Existing platforms are not very good and it is hard to integrate them with other systems within a company. Same tool cannot’ be used for different needs (i.e publishing and customer service).”* Similar

¹¹ As company 7 is still in implementation phase, it is just an opinion not an outcome.

¹² Company 2 sees that in 60 percent of cases.

opinion about existing tools is held by company 7, who brought out that right now there are very limited systems and very few tools that integrate well with CRM and vice versa: *“If you have a CRM that is very powerful for lead acquisition and campaign management, then not very often it has the social integrated”* or that *“the integration with these 2 environments are on very early stage.”* It is probably because *“very often if you are good in something from the system perspective, then rarely you are good in something else.”* At the same time, older and more complex CRM systems were not built for integration with SM data and *“often Social providers do not understand the complexity to move chat into a CRM”*. Company 7 also brought out that frequently, the SM tools are not legally compliant with new Data Protection law. And when the tool is compliant, then it has been quite frequent that due to the complexity of the implementation and limitations of the tools, the integration is still not possible.

Independently of the difficulties, company 6 finds SM and its data so important that is now looking for ways to integrate SM to all touch points in the customer journey and analysing how to integrate social into the different areas of the business, like packaging, product, retail.

If companies would have a chance to implement the tool again, then generally, they would not change much. Company 1 would split the tasks, company 5 and 8 would build better data and tagging model. Another options that were brought out are: choosing different aggregator or would demand more support (company 1), would involve more people on decision making processes (company 5), have a better prepared team for project management (company 5) and better enforcement to use the tool globally (company 5)

Company 8 specified: *“Having a fresh start is always nice because you can really built it up based on the question: “What do we actually need to be using right now, what would add value to us.” and added: “You don't know what you don't know and you don't know what the future holds, you don't know what your needs are might to be in the future. You can make your best guess, but understanding that right now Instagram is important to us, but then Snapchat will be super important for us tomorrow. You can't choose a tool right now knowing what I'm going to need tomorrow. That's what you have to keep in mind in this business. New features are rolled out every day, new platforms pop-up every other month.”*

When talked about critical factors (see table VI), most of the points that are brought out in the literature were mentioned during the conversations. But what was specifically brought out by

the companies – support by the service provider, good preparations and talented team, did not collide with the literature.

Table VI. *Critical factors of successful Social CRM implementation*

Characteristics	Nr. of companies, who brought it out	Mentioned by more than 1 company during the conversation?
Good support from the provider or integrator during and after the implementation	4	yes
Good preparations	3	yes
Team (talent and support)	3	
Having 1 person in the team, who knows the tool very well	2	yes
Commitment to use - making sure, the team is using the tool	2	yes
Continuous training	2	yes
Managing expectations and being realistic	2	
Splitting the tasks	2	
Finding the best tool for the company	1	yes
Clear guidelines	1	

Company 2 said, that missing some features or having some bugs is not a big issue during the implementation, because all systems fail. There is no perfect tool, but it is important to test and everything they need and how the system works because without that it is impossible to find the best tool that fulfils the need of the organisation.

Company 4 brought specifically out that it is important to have experienced people, who are able to think and link to their customer in the team. Also, using the right KPI-s that help to measure, track and improve the results.

Company 6 emphasised that it is important to have at least one person, who knows everything about the tool and who helps to train rest of the team. Besides, it is important to make time to learn to use the tool and have dashboards that help to engage and track the results. Finally, to have continuous education and have a good relation and receive an excellent service from the integrator side.

Constant training to anticipate the needs of the future and making sure that new personnel knows how to use it was brought out by company 8. *“You need to put time and an effort in, to actually understand how to get most out of it. To think that you just hit the ground and start running and there will be no problem, is kind of misguided way of to look at it.”* also that: *“There has to be at least 1 person, who is going to be an expert and will help to lead the*

implementation and lead the change engine within those walls so that everybody is doing what they need to do to be successful.”

During the conversation, it also came out frequently that companies saw many failures of the systems. Not only in terms of connectivity with CRM, connecting data silos or bugs that were already brought out before, but also, lack of automatization and capacity to receive or send information. Company 5 said that they have a team who is constantly giving information to tool provider about “*I wish I had*” terms, but as SM is changing every day then even if the tool provider has a road map, they often cannot implement it because some changes in the rules of SM platforms. And added that “*Everything you use is constantly evolving.*”

Company 8 added that all of these SM tools have very similar problems in terms of data because the native platforms themselves limit the data that is accessible via API. “*There is simply some information that we cannot get out of Facebook and Twitter that we would like to get. ... Social Media is full of information, full of data, full of metrics, it is hard to get consistency in the way we are getting the information because again not we nor Social CRM tool owns the data. It is the [Social Media] platform themselves and they can change the way information is calculated and pulled in any given point.*” One of the examples happened in 2015, when Facebook deleted many inactive accounts from the fan pages and change the way number of fans was calculated.

But in general, all companies are satisfied with the results. Company 8 added that: “*There is always room for improvement. Right now, we are exercising retagging the content retroactively because we thought of some new uses for the data if we had tagged properly. There are always things that we could do better or optimise but we continue to use the existing tool because they still fulfil the need for us, they are constantly growing and their product road map about the future looks like is right aligned with what I'm trying to with this program here.*” But “*The challenge that almost every organisation faces is that sometimes you learn what you really want [from the tool] only after 6 months or a year after you have implemented it.*”

Finally, company 1 and 7 gave some suggestions for others: “*Analyse your data and try to fix [the problem] before implementing any new tool.*” (Company 1) and “*Social is a cross divisional activity that is not only related only to marketing. All departments should be engaged*”

In the literature, the implementation of SCRM seems to be a process that ends within certain period of time. Companies do not see in that way because their needs, size, SM channels and available tools are changing constantly. Also the understanding, what is important for the successful implementation is not the same with literature. Most of the points that were brought out in the chapter 2 were mentioned by the companies, but were not considered as critical. Companies see that support by the service provider, good preparations and talented team are the most important. Proper preparations are also important to guarantee that the implementation process goes without many big problems.

Besides that, top management support but without big restrictions seems to be critical in order to finalize the implementation successfully and gain benefits that were brought out in the literature – improved customer satisfaction, communication, improved communication and trust. But specific benefits that companies repeatedly brought out were: global view, aggregated information and improved analytical capacities, ability to make decisions based on data, better customer service.

V. DISCUSSION AND RECOMMENDATIONS

The main objective of this master thesis was to understand what are the critical factors that help to implement SCRM successfully and what are the benefits and impact to the organisation. For this purpose, a comparison between literature and organisations' real experience was made. In general, the ideas, motives to implement, factors that influence, expected benefits were similar, but as expected not always colliding.

Perception of Social Media

When talked about SM, then companies do see that SM helps to increase reach and accessibility, receive updated information and feedback, improve engagement as brought out by Cognizant (2011) and brand awareness (Newman, 2014). As indicated by Tax and Brown (1998), companies see potential giving fast and more personalised solution (if possible) to customers and have seen increase in satisfaction.

Differently that one could expect, the following characteristics of SM were not mentioned: interactive, unstructured (Chen, *et al.*, 2012), real time and indefinite (Hennig-Thurau, *et al.*, 2010; Konus, *et al.*, 2008) loyal customers spend more, long-term relationships (Canhoto & Clark, 2013) access to public and private customers' information (profile, activities, interests, relationships) and their friends (Reinhold & Alt, 2012).

Company 7 has a good way of defining SM and its importance: *“Social is the channel that helps the customer to shout in the valley, but the valley needs to acknowledge, understand and react as fast as possible. Because social channel is very quick.”*

SM is widely used for Social Customer Care and Communication but importance to sales, marketing even to communication is not always noticed at budget level, because often the direct impact to sales results is not visible. Reaching out more via SM is still not as common as brought out by Lin, *et al.* (2016). Conversation volumes are increasing and some organisations believe it can become main channel of choice if it is not yet. Especially as customers choose this channel to vent out, when feel that other ways are not fast enough to get an answer or solution.

Differently to the crisis that Samsung experienced at the end of 2016 due to the exploding batteries and problem escalation via SM, interviewed companies have not seen problems like that. Customers have tried to escalate the negative situation, but Company 6 sees it as an

attempt to get attention and feels, that when companies listen to the customer, then they can learn a lot and build deeper connection. Company 8 added that in those situations SCRM tools are good to understand if the problem is actually big and escalates or it is just a “*drop in the bucket*”.

Generational change

Generational change has not had a big impact. Companies did confirm that the “Net Generation” consists rather from consumers from all generation. They have not noticed that specifically younger generation does something very different. 24/7 availability (Cognizant, 2011), heightened expectations for superior and relevant interactions (Accenture Interactive, 2012b), everything is expected to be mobile, with easy user interface and preferably with video has been noticed cross-generations. A need to participate and share their experiences in real-time (Grossberg, 2011) was also mentioned. Company 5 said: “*customers expect different level of support – faster service: “they are very vocal, they want things fast and find ways to resolve their problems quickly. The minimum level or requirement is the level of support and service that leading companies are providing.”*”

Importance of sharing relevant information (Buchnowska, 2014) was given more specific description by company 5, who said that in order to stay on top of the mind of the customers and to hit the algorithms of the social channels, to be noticed, demands more work. Few years ago, one video was enough to get customer attention via various social and digital channels, then now consumer expect to see only short clips of the video and all content needs to be adapted to each digital channel. This means considerably higher workload for the organisations.

Companies did not bring directly out multi-directional communication with the peers (Choudhury & Harrigan, 2014; Faase, *et al.*, 2011) more complex purchasing process, bigger difficulties of keeping the customers loyal (Accenture Interactive, 2014) nor trust as a core driver of the relationship. (Greenberg, 2010). In any of the interviews conducted, was indicated that it is the customer who controls the relationship with customers (Wu, 2011). It rather seems, that companies have adapted to new reality and are more engaging.

Defining SCRM

“Social CRM is based on the ability of a company to meet the personal agendas of [its] customers while, at the same time, meeting the objectives of [its] own business plan. It is aimed at customer engagement rather than customer management.”

Greenberg (2010a, p. 35)

The most complete SCRM definition joins keywords like strategy, technology, processes, corporate culture and social characteristics that help to involve SM users and provides mutual benefit. Companies themselves see it in a more simplified manner – a tool, strategy of way of communication. Words that were used to define SCRM were: a strategy, information pulling, connection with CRM, UGC integration with CRM, answer publicly as fast as possible, being present, being part of conversation, seeing bigger picture, engagement, satisfaction, relationship with customer.

When describing differences and similarities with CRM, then the same ideas as in the literature were brought out at least by one company. Those are: SCRM is a strategic and customer-centric management approach (Greenberg, 2010), where customer strategy is the core corporate strategy (Kumar 2012). SCRM demands alignment of any channels being digital (e-mail, SM, mobile) and physical (Payne and Frow 2005). It would be also necessary to identify the customer in every digital touch point that the company has and tie it back to actual customer profiles (Woodcock, *et al.*, 2011). This will allow to listen, what customers are saying and permits to understand better their needs, their voices (Woodcock, Green *et al.*, 2011) and to guarantee consistency of the firm’s communication (Frow & Payne, 2007).

Academics (Kumar, 2012; Buchnowska, 2014) and organisations also agree that with SCRM businesses focus on environments, engagement, experiences, collaboration and relationship building. And that in the unstable environment companies need to adapt constantly and be prepared to react to negative comments and have capacity to learn from it. This however means adapting the organisational structure, mentality and culture. During the interview company 8 added that it should be rather a strategy that drives SCRM tool selection, because more than a tool itself, a good team and their attitude with clear vision guarantees the success.

Other descriptions of SCRM that were given during the interviews were: public information, need to be more careful, tools more complex, more empathy, SOV of customers is higher,

information gathering and data, User Experience, better Customer Journey understanding, predictive analysis, macro data, aggregated customer trends.

Interestingly, integration and interdepartmental data sharing is one of the characteristics of SCRM, but companies themselves find it important to separate the tasks in SM between the departments. The comparison of information sharing within the organisation before and after implementation was not made, but in general more three or more if not everyone within the organisation has an access to critical SCRM data.

Implementation

The main reason, why organisations decided to implement SCRM differs from the expectations of academics. It was generally a simple need to maintain control and cope with growth of the firm, internationalisation and/or increase in conversation volumes. Need to improve customer service (mainly answering time) or creating trust. Previous tool related issues and need to align them with company strategy was also brought out.

The implementation process that normally takes 3-6 months generally started with a preparation - analysing needs of the organisation and a team, mapping and testing existing tools. Communication the he need to implement the tool across the organisation and putting a team or a person to lead the project was also used. For organisations, that see in SCRM as a strategical approach, the implementation consisted of changes in organisational structure or creating a SM team. In some cases market study was also needed. Organisational change itself happened within other companies.

Reasons to choose one SCRM over another have changed over time and requirements seem to grow with time. Besides fulfilling big part of the existing needs, reliability, scalability (conversation volumes, different countries, different languages), user friendliness, flexibility, customer support, good reporting, price and integration with other tools were the points that firms consider.

Proper preparations seem to help with the implementation process as none of the companies encountered many big problems that were caused by minor bugs or by a gap between the expectation and reality. Finding right KPI-s, and some resistance to use were also disclosed. Constant change and probably also lack of best practices makes it also difficult to understand the needs of the future makes creating a right structure for the future hard. Also, top

management support, adjusting expectations with reality and having a SM strategy are important. As company needs and size, SM channels and offered tools are changing constantly, the implementation is never ready.

Achieved benefits with SCRM

Similarly to literature, companies did see benefits brought out by Reyneke (2014) and Chen & Chen (2004) like: cost reduction, proactive issue resolution, interactive customer engagement, improved customer service, increased customer satisfaction, efficiency and depth of customer segmentation, finer profiling of customers, better understanding of customer requirements, enhanced communication and collaboration with customers and improvement in spotting trends. So was customer centric innovation, finding new sales leads, answering faster to customer needs as emphasized by Woodcock, Green *et al.* (2011).

What companies did bring out was aggregated information, improved analytical capacity, global view, having everything in one place and working only with 1 or 2 tools. Less frequently were brought out: language detection, less manual work, information sharing, capacity to handle large volumes of data, employee flexibility for location, sentiment, content performance. Besides that, many conversations simultaneously with customers and leads, being part of the conversation, creating awareness, loyalty, brand advocacy; educating customers, retargeting, bigger reach, collecting information, receiving product development ideas and detecting quality issues were mentioned.

Critical factors of the implementation

Setting goals and defining Social CRM

In terms of defining SCRM and setting goals, then, as said before, companies do use different approaches to it. For some it is rather a tool, for others it is a strategy. But considering that independently of the SCRM definition, all companies have some kind of SM strategy, then one could say, that SCRM is a strategy that is supported by tools.

During the interview company 8 said that it should be rather a strategy that drives SCRM tool selection, because more than a tool itself, a good team and their attitude with clear vision guarantees the success. Also, as indicated by Reyneke (2014), defining clear goals and identifying needs are important.

Organisational Culture, Commitment and creation of Customer Centric Company

In terms of organisational change and customer centric company, majority of companies did have some kind of cultural and behavioural change like Greenberg (2009) and Reyneke (2014) have also shown. So was understanding about what customer value (IBM Institute for Business Value, 2011). For that, Social listening was used. But SM management is rarely fully integrated into all departments, but the tasks are divided by different departments, companies do share the information with other departments and firms do seek ways to integrate SCRM data with CRM and other data silos. It was also confirmed, that employees tend to share information through personal accounts as indicated by IBM Institute for Business Value (2011) so setting guidelines to keep the tone of the organisation, giving proper training and educating staff as (Chen & Chen, 2004).

The shift from top-down management style was not mentioned, but all companies received top management support and it was perceived important. Not having too much control and to have freedom to experiment was specifically brought out by company 8.

Differently from the literature, customer service consciousness and customer-focused marketing strategies as indicated by Acker, *et al.* (2011), were not a common theme among organisations. Social Customer care and Marketing activities were mentioned by some, but it is not yet as important as one could think.

Social Media and Communication strategy

As in literature (Baird and Parasnis, 2011; IBM Institute for Business Value, 2011), companies do find important to have SM, Communication and Crisis strategy and as already mentioned, clear guidelines how to talk about the brand in the private communications. But as indicated by company 8, it is necessary to make sure that the employees are not mixing their opinions with the brand opinions during conversations.

Finding a right tool

As mentioned before, many companies brought out that there does not exist a good tool that is able to identify a customer in all digital touch points, connect different data silos and create an Omni-view of the customer as Ang (2011) and Reyneke (2014) suggested. However, many firms are looking ways to do it. Besides integrations, companies also seek in a tool today reliability, capacity to work and support different languages and good analytics.

Generally, companies seem not to worry about the new data and privacy laws. Only a company 7 have had difficulties finding a tool that integrates with existing CRM, is legal and handles large volume of unstructured data.

Even though there does not exist perfect or good tool that would do everything that is needed (not only marketing, publishing and analytics, but also customer care for bigger volumes, different SM and digital channel integration, good integration with other tools, good reporting), companies do not see it that the problem lies in incapacity of the tool providers. Several organisations brought out, this is not always the case. Quite often firms themselves, their needs or understanding of what is necessary for successful SM strategy changes over the time. Quite often the SM platforms and user behaviour is limiting – not all the necessary data is available for the companies to use and platforms that are popular today might not be tomorrow. Policies and algorithms that are used today, might not work tomorrow. This means constant adoption and change not only for the organisation but also to the tool provider. And finally, it is quite common, that CRM platforms itself are not opened for integration with other tools or it demands a big effort.

IT strategy, data and analytical capacity

Organisations mentioned during the conversations concerns with large volume of unstructured data. Data silos that are divided between different departments was also brought out. Firms continue to struggle identifying, if and who is the customer SM. *“There is simply some information that we cannot get out of Facebook and Twitter that we would like to get. ... Social Media is full of information, full of data, full of metrics, it is hard to get consistency in the way we are getting the information because again not we nor Social CRM tool owns the data. It is the [Social Media] platform themselves and they can change the way information is calculated and pulled in any given point.”* (Company 8)

Deciphering and integrating personal information as Ang (2011) indicated seems to be less relevant. But it may be also due to the restrictions to access personal information, that the Social Channels (Facebook for example) have implemented. Additionally, firms added, that the existing tools allow them to have global view and enough information to make decisions.

IT department, who runs analytics was not mentioned, but the author herself has seen many big companies, who are doing this and who have problems with slow and limited data flow

within an organisation. SSO was not mentioned either. But data gathering, filtering and analysing as brought out by Hennig-Thurau *et al.* (2010), is a problem for the companies.

Relationship, Trust, Communication and Engagement

Relational, company-wide, customer-oriented approach was not directly mentioned, but the way companies described their processes and strategies, it is possible to see, that if this is not yet achieved, organisations work on it. However, understanding the customer and his/hers needs is an objective that almost all companies indicated.

But one is clear, firms try to improve relationship with customers and are oriented in creating trust. Especially organisations, who see SCRM as a Strategy. Also, changes in communication – from push communication to listening, creating dialogue that is put in use to fix existing product issues and for reach and development. As company 5 said – if a lot of consumers say: *“I wish this product has this”, then this should go into the [product development] cycle. It’s life free Beta testing”*

Companies also agree, that is not anymore enough to produce content and share posts with nice images. It now has to have meaning, encourage interaction, engagement, being adapted to a channel and the way consumers want to receive, and having the same tone. As company 5 put it: Now it's important to think how can I use [brand video] in 24 different ways across owned, earned and Social Media. Because that beautiful video, people will watch if they are super engaged other than that they want to see a clip.”

Measure the results and adapt, KPI-s

The KPI-s were generally defined before SCRM implementation. Normally they did not change. Only one company indicated that at the beginning they had difficulties in finding right KPI-s to measure and improve results.

KPI-s yes, did normally exist before implementation but the information was not shared. However, more than that, companies did confirm that the SCRM improves satisfaction, communication and engagement. Main KPI-s that were mentioned were NPS, Engagement, Engagement rate, Number of conversations, Time to answer, Reach, Video Content consumption and Share of Voice

However, differently from the literature, for companies the critical factors of successful implementation were good support from the provider, good preparation, talented and prepared

team, managing expectations, splitting tasks, making sure, that team is using it and continuous training.

When ask, what would they do differently today, then today organisations would split the tasks (company 1), build better data and tagging model (companies 5 and 8), choose different aggregator or would demand more support (company 1), would involve more people to decision making processes (company 1 and 5), have a team that is prepared better for the project management (company 5) and better enforcement to use the tool globally (company 5)

Suggestions

Company 1 and 7 gave some suggestions for others: *“Analyse your data and try to fix [the problem] before implementing any new tool.”* (company 1) and *“Social is a cross divisional activity that is not only related only to marketing. All departments should be engaged”*

In sum, companies do see benefits that can be achieved with successful SCRM implementation. Similarly to the literature, operational cost reduction, proactive issue resolution, interactive customer engagement, improved customer service, increased customer satisfaction, efficiency and depth of customer segmentation, finer profiling of customers, better understanding of customer requirements, enhanced communication and collaboration with customers and improvement in spotting trends came out during the interviews. But for the companies the main benefits are different – information aggregation, improved analytical capacities, decision making based on data and global view.

And finally, critical factors of SCRM that companies see, do not match with the literature. For them SCRM needs: support by the service provider, good preparations and talented team to be able to succeed. This means, that the success of the implementation is in most cases pre-defined as talented team exists already before, and that the integrator or the software provider has considerably bigger role than emphasized before not only by giving good support but also helping to prepare the implementation. Or simply put, doing, what they try to evangelise themselves with SCRM – customer centricity, good customer service, being present, engaging, building a relationship with customer and paying attention to customer satisfaction.

Research limitation and research propositions

No research is without limitations and here, they are as follows:

1. Number of interviews was eight, which is not yet conclusive Even though the answers did start to repeat.
2. Even though, the interviews covered almost all sectors, there results are still limited because some important sectors – banking, aviation, transportation, public sector and non-profit, are missing. Substantial effort was made to include them in the research, but due to lack of interest, time or incapacity to find a correct person to talk, interviews were not conducted with those sectors.
3. Interviewee selection process, that was based on accessibility and not status and depth of SCRM implementation.
4. The research method itself. Because of qualitative research there is lack of quantifiable results in terms of before and after SCRM implementation that would give a clear understanding of what impacts and how much implementation success and outcomes.
5. Finally, the fact that some company did not mention specific things does not mean they do not think about it or they do not have it. Because of that, the main factors that influence SCRM success and gained benefits that are brought out here may not be 100 percent correct.

There is still lack of understanding of what is SCRM within academics and organisations themselves. Broader discussion is needed not only to define it, but also to understand what is needed to improve the performance of the tools and with that performance of the companies. This works should also include making clear separation of which channels (digital and social) should be part of SCRM integration. Right now, some companies find that information from traditional communication channels like email and chat should be integrated into SCRM, some find it incorrect as this information should be in CRM.

After the interviews, it is also obvious that the name SCRM is misleading. Existing tools (except social listening), allow to integrate many different channels like Chat, SM, e-mail, websites, mobile apps etc. So, it has rather become Digital CRM, CoRM as described above by Ang (2011) or simply CRM 2.0 that is more interactive and has volatility of SM. Further analysis and investigation in SCRM usage is needed in order to really find suitable name.

Interviews covered almost every sector in the industry, but bigger research with more specifically before and after results would be needed to understand the impact. That should be done based on comparison of critical factors, benefits and KPI-s. This could also give an idea, how to measure SM and SCRM impact to the company in situations (communication for example), where direct impact to financial results are not visible.

Companies do have a notion of what is needed to implement a SCRM tool, but to facilitate the implementation process, further work on creating methodological guidelines is advised. Also, the work should cover also defining proper company-wide KPI-s based on benefits and objectives of SCRM

SUMMARY

Companies are facing competitive situation, that is extremely difficult control. Not only have they more competitors, less differentiated products, but also lower control of the customers, who are more demanding than ever who share their voice via SM. One small problem can escalate fast worldwide and can damage the brand for long time. At the same time, organisations have few opportunities differentiate during the customer journey. To survive, companies need to adapt and the biggest differentiator right now is customer interaction and engagement. The best way to do it, would be SM, as this is where, most of the customers nowadays are.

Understanding of what is SCRM is still at the early stage. There does not exist clear perception in definition wise (is it a strategy, is it a tool, or does it combine both or is it simply an extension of CRM) nor usage wise (is it just for communication, customer care or does it involve everything including marketing and sales information). The problem seems to be that the marketing, communication and customer care processes have become very complex, while common nominators – talking with customer and need for to understand their customers, are bigger Besides, quite often it is difficult to say, who should be responsible for that.

Budget wise SM and SCRM itself is sometimes undervalued. Which may be due to the difficulties of measuring direct impact of communication and engagement via Social. In terms of serving customers via Social, it is also complicated as companies are not always able to identify, who is the customer behind the (nick)name behind SM. Chat as a channel is used

more frequently to give end-to-end support, but this is perceived as traditional channel and is often connected with traditional CRM tool.

Never the less, companies do see benefits that can be achieved with successful SCRM implementation. As in literature, operational cost reduction, proactive issue resolution, interactive customer engagement, improved customer service, increased customer satisfaction, efficiency and depth of customer segmentation, finer profiling of customers, better understanding of customer requirements, enhanced communication and collaboration with customers and improvement in spotting trends came out during the interviews. But for the companies the main benefits are different – information aggregation, improved analytical capacities, decision making based on data and global view.

Similarly, critical factors of SCRM that companies see, do not match with the literature. Firms find important for successful SCRM implementation: support by the service provider, good preparations and talented team to be able to succeed.

Problems that companies continue to have even after SCRM implementation are: data silos and incapacity to integrate SCRM with existing tools, difficulties with customer identification in every digital channel, which makes problem solution via SM incomplete. At customer care perspective and within some sectors SM cannot be used for complete customer care cycle.

To sum up, SCRM is already driving many benefits to organisations, but it is still at the early stage. There is still a lot of improvement and collaboration needed between service providers and firms in order to really create a tool that is accordance to existing SCRM definition.

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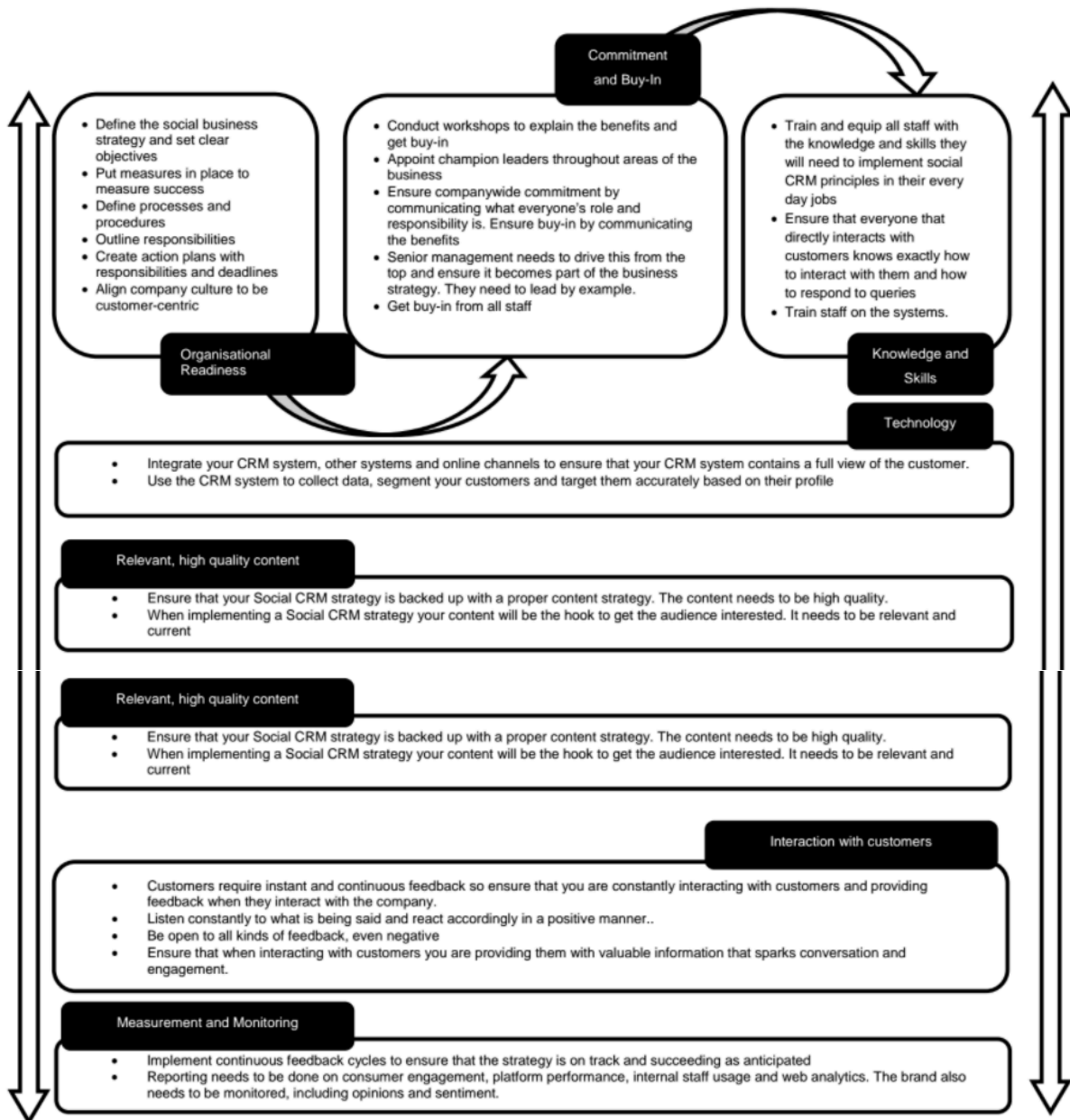
Annex A. Comparison of CRM and SCRM

Charateristics	CRM	SCRM
Context	Focus on individual relationships Messages are the value generators	Focus on collaborative relationships Conversations are the value generators
Customer View	Based on the history of operations, stored in the internal information systems	Objective is to create single customer view based on all digital channels and databases that the company has
Data	Linear, structured, static Customer data fragmented in data silos Allows to respond to feedback	Qualitative, unstructured, real time Creates 360- view of the Customer Allows to spot trends and understand customer needs
Communication	One way Company initiated, product oriented push messages Impersonal, generic	Two-way Customer initiated, pull interaction or dialogue Personalised, uses context to create meaningful conversations
How customer is perceived?	Homogenic, fixed segments	Needs constantly changing in time
Relationship	Static and Transactional Process centric Managed by the company	Dynamic conversation and engagement Relational Emphasis on collaboration
Business Focus	On products and services that satisfy customers	On environments, experiences, engagement and collaboration to engage customer
Strategy	Tactical and operational	Strategic
Departments that use	Marketing and Sales	Whole organisation
Intellectual Property	Protected with all legal might available	Is created and owned together with the customer, partner.
Company environment and structure needed	Stable, inflexible structure	Unstable, constant adaption needed
Marketing focus	Sending and optimising highly specific corporate messages to customers Constantly improving processes that send improved, targeted, highly specific corporate messages to customer.	Building relationships and engaging customers. In front line for creating conversation with the customer, engaging them in activity and discussion, observing and redirecting conversations among customers.
Processes	Customer Service processes are developed from the institution's standpoint Process-focused: adapt and optimise processes to support interactions and transactions	Customer Service operations are developed from the customer's standpoint Conversation focused. To include the "conversation" factor in order to establish an institution community, capture the new ideas and improve segmentation.

Charateristics	CRM	SCRM
Main objective	Sales with optimised costs Encourage friendly institutional relationship with customers To produce products and create services	Building trust through relationship and deep knowledge of the customer Encourage authenticity and transparency To aggregate experiences, products, services, tools and knowledge for the customer.
Targeting	Mass targeting or fixed segments	1-to-1 or groups that is based on constantly changing behaviour
Data integration	Offline data with Online (email, website)	Offline and any other digital channel company has
Organisation	Sales- and marketing centric Each department defends their own objectives: Isolation with back office Customer-focused corporate ecosystem	Customer Centric Interdepartmental collaboration
Process modelling	From the company point of view	From the customer point of view
Negative comments	Avoid or ignore	Prepare to react and learn from it
Customer Strategy	Is part of corporate strategy	Is the corporate strategy
Technology focus	Around operational aspects of sales, marketing and support	On both the operational and the social/collaborative and tool and integrates the customer into the entire enterprise value chain.
Changes needed to implement	Combine IT with human resources	The whole organisation structure and culture

(Source: Author's compilation based on Kumar, 2012 and Buchnowska, 2014)

Annex B. Social CRM implementation Process



(Source: Reyneke, 2014)

Annex C. Social CRM Performance measures

	SCRM performance measures	Description	Examples of operational performance measures
Infrastructure	Social Media Monitoring	Capturing information from Social Media about characteristics, needs, behaviour and relationships enables further analytical approaches.	Number of SCRM supporting tools
	Online Brand Communities	Companies provide a brand community to interact with customers e.g., about service or product related content.	Quality of engagement level
	Cultural Readiness	Not given	Number of employees trained in Web 2.0 principles
	IT readiness	Readiness of the IT by means of implemented functions and tools in order to integrate SM data with CRM master data in one application.	Degree of integrated data level
Process	Customer Insight	Companies analyze data obtained from SM to detect patterns in customer behaviors, and match the results with the existing customer data (master data) in order to obtain a 360-degree view of the customer.	Social customer knowledge creation
	Customer Orientation	As part of the SCRM strategy, a company can align organizational processes along customers' needs and devise every touch-point more customer-oriented.	Number of customer oriented activities
	Customer Interaction	Through SCRM, companies interact more effectively with customers (i.e. more intensive and customer-oriented).	Number of solved problems
	Market and Customer Segmentation	SCRM enables a more efficient and effective segmentation.	Number of new identified segments (SM)
	Customer co-Creation	SCRM activities support the involvement of customers as co-creators, e.g., in the innovation process.	Number of received product or service ideas
	Social Selling	Service and product sales are supported by recommendations (e.g., by postings, comments etc.) and/or from other customers or friends.	Number of comments from other users by a purchase
	Multi-Channel and Ubiquity Interaction	The company is able to ubiquitously communicate or interact with customers through multiple SM channels.	Distribution of interaction across SM
	Target Oriented Customer Events	Customer events are designed more efficiently and effectively through SCRM as well as used in a more target-oriented manner.	Number of events triggered by SM data
	Sensibility	Attentiveness and the regardfulness of actions within the use of customer data and agenda setting, e.g., to respect privacy customer.	Number of sensitive post (complaint) per all posts

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Custo mer	Customer-Based Relationship Performance	Customers perceive an enhanced relationship quality in the context of SCRM implying that the confidence increases and overall satisfaction rate rises.	Score on customers satisfaction (survey), views with positive sentiment
	Customer Loyalty	Web-users developed an emotional attachment to the company and are interested in a long-term relationship. It increases the customer willingness to attach with products or services of the company.	Net promoter score (NPS)
	Peer-to-Peer Communication	Customers get the opportunity to interact and collaborate with each other on SM.	Quantity/frequency of posts etc., amount of brand related user generated content
	Customer Convenience	A customer's access to a variety of support options facilitates a much easier, more efficient and effective interaction with the company.	Score of convenience ratio (survey)
	Customer Competence	In the SCRM context, customer competence describes the influence of the customer on the company's activities, due to transparent communication (e.g., opinion leader, specialists on a specific topic).	Number of opinion leader on SM
	Personal Product and Services	Not given	Level of personal service quality (survey)
Organi zationa l Perfor mance	Customer Lifetime value	SCRM has a positive effect on the profitability of a customer's value over his relationship lifetime. From the company's perspective, the net present value increases with respect to customer's maintenance.	Customer SM value
	Financial Benefits	SCRM increases the potential of cost reduction, particularly, in the area of CRM, as well as the potential of increasing sales.	Revenue of sold products or services

	SCRM performance measures	Description	Examples of operational performance measures
Infrastructure	Social Media Monitoring	Capturing information from Social Media about characteristics, needs, behaviour and relationships enables further analytical approaches.	Number of SCRM supporting tools
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	Cultural Readiness	Not given	Number of employees trained in Web 2.0 principles
	IT readiness	Readiness of the IT by means of implemented functions and tools in order to integrate SM data with CRM master data in one application.	Degree of integrated data level
	Brand Awareness	SCRM increases the brand awareness and brand recognition, e.g., by means of customers recommendations.	Likes per SM platform
	Organisational Optimisation	SCRM enables the enhancement of efficiency and effectiveness through the entire value chain of the company.	Number of successful process changes,
	Competitive Advantage	By implementing SCRM, the company encompasses itself from competitors and gained a sustainable competitive advantage.	Score of benchmark system (survey)
	New Product performance	SCRM increases the success of newly introduced or developed products and services.	Number of innovative new products

(Source: Küpper, et al., 2014)

Annex D. Interview Questions

1. Company and the person's background

1. Company name, number of employees
2. Person's name
3. Person's Position
4. How long have you worked with this area?
5. What does the company do (Sector, B2B or B2C)?
6. How many customers do you have?
7. What is the volume of the conversations per month?
8. What was your role with Social CRM implementation and/or what is your role now?
9. Have you ever worked with CRM or any kind tool implementation before?

2. Social Media

1. How important is Social Media for your organisation (marketing, communication, customer care, sales and other departments)?
2. How has Social Media impacted the way your company does business and communicates with its customers?
3. Have you had any crisis moments, where customer(s) escalated or tried to escalate a problem in Social Media? If yes, how did the company solve it?

3. Generational change

1. Has generational change (Millennials, generation Z) impacted your company?
2. If yes, how?
3. What does the new generation do differently than others?
4. What does the organisation do differently or how do you plan to do adapt?

4. Social CRM

1. How would you define Social CRM?
2. How does Social CRM differ from traditional CRM?
3. What were the main reasons the organisation decided to implement Social CRM?

5. Social CRM implementation process

1. What tools was your company using before the Social CRM implementation (CRM, Sales, Customer Care)?
2. How did your organisation prepare for the implementation? Can you describe the process?
3. When did the implementation process start?
4. How long did the implementation last?
5. Where there any changes within the organisation due to the Social CRM implementation? If yes, what changes?
6. Did you have any problems/difficulties during the implementation process? If yes, what kind of problems?
7. What were the main challenges of the implementation?
8. What departments are using or have access to Social CRM?
9. Approximately how many people are using the Social CRM?

10. What KPI-s is your organisation using? Where they defined before implementation, during or after?
11. How many and what traditional and Social Media channels are connected with Social CRM?
12. Did you have support from the TOP management?
13. Were there any training? If yes, then was it for the users or for the whole company?

6. Results

1. What is your general opinion about the implementation process? Was it on time and on budget?
2. What information does Social CRM offer that you didn't have before?
3. Is the Social CRM connected anyhow with CRM? If yes, how?
4. Have your analytical capacity improved?
5. How well are you prepared for the new Data and Privacy laws that will become effective in 2018?
6. Have there been any changes in communication?
7. Have there been any changes in relationships with customers?
8. Do you have any Social Media strategy or guidelines in place for the whole company? If yes, then with 1-2 sentences, what is it?
9. What benefits do you actually see from Social CRM?

7. Final evaluation

1. Do you see any failures with the existing Social CRM? If yes, what would you change/improve if possible?
2. Was there any information that should have been considered before or during implementation process?. If yes, then what? And why?
3. If you would start the implementation process today, what would you change (if at all)?
4. In your opinion what were the critical factors for the (un)successful implementation? Why do you think so?

Annex E. Profile of interviewed companies

Interview number (#), Organisational Role	Nr. of workers	Market type	Sector	Age of the company	Main target group	Conversations per month	Last SCRM tool
#1 EMEA Sales and Customer Support Manager Head of Marketing	> 500	B2B	SaaS software	Start-up	18+	>20.000	1,5 years ago
#2. Social Media Team Lead	>1.000	B2C, B2B	Fintech	Start-up	18+	> 50.000	2 years
#3. Culture Evangelist	>2.000	B2C	e-Commerce	Start-up/ Established	18+	+100.000	n/a
#4. Marketing Manager	>500	B2C	Renting Marketplace	Start-up	18-24	> 20.000	2 years
#5. Director of Customer Care VP of Global Communications	>10.000	B2C	Technology producer	Established	18+	> 50.000	For Customer Care 2 years ago, for Communication 4 years ago
#6. Social Marketing Lead in marketing team	>2.000	B2C	Technology producer	Start-up/ Established	20-24	Was not given	2,5 years
#7 General Manager Customer Experience	< 50.000	B2C, B2B	Automotive	Established	18+	n/a	Still implementing
#8 Social Media Marketing Lead	>10.000	B2C	Clothing	Established	18+ / everyone	Was not given	3,5 – 4 years