

# **Social CRM**

**Harnessing Social Media for Maximum  
Customer Satisfaction & Experience**

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San Jose State University  
AJEEP**

**Social CRM**  
Harnessing Social Media for Maximum  
Customer Satisfaction & Experience

**Course Description**

In this course, students will get an in depth look at Social Customer Relationship Management (Social CRM) and how it is used to create more meaningful relationships with customers. Students will explore the dynamic behaviors of the social customer and learn how big brands have invested in technology and process creation in response. Students will also get an in depth overview and hands on training session of social CRM technology.

**Course Content Learning Outcomes**

Upon successful completion of this course, students will be able to:

- Identify the traits of today's influential and dynamic social customer
- Learn the difference between influencers and advocates
- Learn how to create a formal customer advocacy program
- Learn strategies and techniques of successful community management
- Learn how to use the latest social CRM technology to engage with customers
- Demonstrate the ability to write relevant content for search engines and the social web

**Required Texts/Readings**

**Textbook**

NA

**Other Readings**

- Social CRM: The New Rules of Relationship Management "18 Use Cases of Social CRM" (PDF)
- Guide To Understanding Social CRM" (PDF)
- IBM's From Social Media To Social CRM Part 1 (PDF)
- IBM's From Social Media To Social CRM Part 2 (PDF)

**Other Equipment / Material Requirements (Optional)**

- Skype and/or other online collaboration/video conferencing equipment
- Internet Connection

**Assignments**

- Weekly Quiz – Weekly quizzes will be based on the previous weeks discussion, slide review and assigned reading.

- Weekly Blog Posts – Blog posts are required every week and the topic must be relevant to the previous week’s discussion and assigned reading
- Social Media Audit – The class final is a social media audit and will require students to choose a company and analyze their social media footprint.

### **Grading Policy**

**25% CLASS PARTICIPATION, DISCUSSION AND QUIZ** Class discussions are crucial to this class. All students are expected daily to know the latest social media news, and be able to tie it back to classroom discussion. Deadlines must always be met when writing blog posts before each class. No extensions or make-ups. Quizzes will be done each week based on the previous week’s discussion and reading.

**25% BLOG WRITING** Each student must write one well-thought out blog post between each class. The topic is one or two key takeaways from the previous class discussion. Students will be evaluated on content i.e. linking to sources, strategic titles, keywords and using other forms of media.

**50% SOCIAL MEDIA AUDIT** Students will be required to conduct a social media audit of a company of their choice and analyze:

- How well they engage with their customers (Are they solving customer problems)
- How many social media channels do they have? Are they alive and are conversations happening or are they abandoned?
- Social Media Integration between properties

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Class	Date	Topics, Readings, Assignments, Deadlines
1		<ul style="list-style-type: none"> <li>• Course Syllabus and discussion on the social media audit</li> <li>• Session 1: An overview of the social customer</li> <li>• Case studies (Netflix, Bank Of America)</li> <li>• Assignment: Read “Guide To Understanding Social CRM”</li> </ul>
2		<ul style="list-style-type: none"> <li>• Session 2: Reaching the Social Customer With Effective Content</li> <li>• Discuss last week’s reading, blog posts</li> <li>• Assignment: Read “Social CRM: The New Rules of Relationship Management”</li> </ul>
3		<ul style="list-style-type: none"> <li>• Session 3: Formalizing A Customer Advocate Program</li> <li>• Discuss last week’s reading, blog posts</li> <li>• Assignment: Read “IBM’s From Social Media To Social CRM Part 1”</li> </ul>
4		<ul style="list-style-type: none"> <li>• Session 4: The Evolution of Social CRM</li> <li>• Discuss last week’s reading, blog posts</li> <li>• Assignment: Read “IBM’s From Social Media To Social CRM Part 2”</li> <li>• Discuss social media audit</li> </ul>
5		<ul style="list-style-type: none"> <li>• Session 5: An Overview Of Social CRM Technology</li> <li>• Session 6: The Social CRM Process And Analytics</li> <li>• Discuss last week’s reading, blog posts</li> <li>• Discuss social media audit</li> </ul>
6		<ul style="list-style-type: none"> <li>• Class presentations of the social media audit</li> </ul>



# Session Narrative & Class Outline

Social CRM: Harnessing Social Media for Maximum Customer Satisfaction & Experience

## **Definition of Social CRM:**

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 response to the customer's ownership of the conversation.

## **Additional Resources:**

- <http://www.socialmediaexaminer.com/what-is-social-crm/>
- [http://www.mfauscette.com/software\\_technology\\_partn/2009/01/what-is-social-crm-anyway.html](http://www.mfauscette.com/software_technology_partn/2009/01/what-is-social-crm-anyway.html)
- <http://www.youtube.com/watch?v=OI1cxXNoy4s>

## **Classroom Key points:**

- The customer conversation is no longer owned by the company
- Customers are now in control of the conversation and express their thoughts, concerns, complaints and praises publicly
- Traditional methods to communicating with customers are still relevant today (i.e. phone, email, in person customer care)
- New methods such as social media are becoming more popular for customers to express their concerns and criticism (i.e. Twitter, Facebook, Blog posts)
- New business models are arising to address the growing influence of social customers supported by process, governance and technology

## Vocabulary

**Social Media:** Social media includes web- and mobile-based technologies which are used to turn communication into interactive dialogue among organizations, communities, and individuals.

**Social CRM:** 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 response to the customer's ownership of the conversation.

**Social Customer:** Customers who use the social web to communicate with others and talk about the brands/products and services that they like, love or dislike.

**Content:** Content is used to share information about a product or service online. It could be contextual, videos, press releases, infographics, Facebook status updates, Tweets and blog posts.

**Proactive Content:** Is the planning of content that is meant to be shared online in an effort to change behavior (i.e. drive sales, brand awareness)

**Reactive Content:** Is the reaction of content created by customers, usually customer support and/or crisis communication issues.

**Twitter:** A social network that allows for the sharing of content in 140 characters or less.

**Facebook:** A social network that has a variety of features and functionality for consumers and brands.

**Online Monitoring (also known as Social Listening):** The method of listening to online conversations about a specific topic using a technology application (Radian6, Social Radar, Sysomos)

**Community Manager:** The community manager role is a growing and developing profession. People in this position work to build, grow and manage communities around a brand or cause. They are content creators, the number one cheerleaders, customer service agents, business developers, social media managers, keepers of the peace, feedback collectors, digital conversationalists, professional meeting goers, hype builders, news reporters, advocates for the end user, targets for all criticism, receivers of praise and about a thousand other things that change on a daily (or hourly) basis.

## Session 1 Overview:

Session 1 is focused on the growing influence of social customers and how they are causing businesses, large and small, to change their business models. A significant focus of this session identifying their online traits and demonstrating how customers trust each other when looking for purchase related information.

### Key points:

- Any person that shares his/her opinion about a product publicly, whether online or offline, is a social customer
- Customers trust each other and often search for peer reviews about product they are thinking about purchasing
- Product reviews on sites like CNet and Yelp as well as personal blog posts are show up in the search engines when customers search for specific products

Slide 5: Who Is the Social Customer – this is meant to emphasize that everyone is a social customer, whether they are online or not.

Slide 6: This slide empathizes that customer are influential regardless of how large or small their circle of influence is. The point is that many times brands do not listen or realize that these conversations are going on.

Slide 7: This slide transitions to an overview of customer traits – The Venting Customer, the Passive customer, the Past Customer, the Collaborative Customer, the Customer Advocate and the Future Customer. (Note: customer's can almost have MPD – Multiple Personality Disorder, depending on a specific experience with a brand i.e. a bad experience when dialing into customer support).

Slide 8: The Venting Customer is someone who repeatedly expresses his/her concern about products or services. They aren't necessarily mad but they can get mad if their problems aren't fixed.

Slide 9: The Passive Customers also expresses his/her concern online about specific products or services, however, they aren't necessarily asking for help or support about a given issue.

Slide 10: The Past Customer is someone who has basically given up on the product or service. They are infuriated and telling everyone they can about their negative experiences.

Slide 11: The Collaborative Customer loves to give feedback about products and services. They like attention and will often times blog about specific products or services.

Slide 12: The Customer Advocate is a customer who already has a strong brand affinity towards a product (think Google, Apple). They often tell everyone about their positive experiences with the brand and are very loyal customers.

Slide 13: The Future Customer is a customer who is looking for a change. So a brand's "Past" customer could very well be the competitive product's "future" customer.

Slide 14: This slide is meant to illustrate that customers today are inundated with media and their daily Internet journey is always dynamic. And because customers have to see, hear, and interact with a piece of content 3 – 5 times (Edelman Trust Barometer) before they begin to believe it, brands must provide relevant and meaningful content at every touch point, both online and offline. This means that marketing programs must be fully integrated with consistent messaging (search, paid media, social media, events, print, TV, etc.)

Slide 15: This is a model that customers go through. They typically start off by using search engines to research a product. Companies must learn how to capitalize on this and figure out how to move customers up the ladder from research to advocacy by providing relevant content, engagement with the community and doing so in a human voice.

Slide 16: The traditional purchase funnel has changed. Today, advocates (whether they know it or not) are in the center and influencing their micro communities through the purchase funnel simply by having conversations within their social networks (note: an example should be given about a personal experience of purchasing or not purchasing a product based on the advice of someone else i.e. airline, computer, mobile phone, etc.)

Slide 17: This is a study that reinforces that customers research products online and trust the reviews they read from others. The full study can be downloaded here:  
<http://www.coneinc.com/negative-reviews-online-reverse-purchase-decisions>

Slide 18: This is the Edelman Trust Barometer that illustrates how other customers (People Like Themselves) are trusted and have a high degree of credibility. The full study can be downloaded here: <http://trust.edelman.com/trust-download/executive-summary/>

# SOCIAL CRM

Harnessing Social Media for Maximum  
Customer Satisfaction & Experience

PRESENTED BY  
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# COURSE AGENDA

SESSION

**1**

An Overview of the Social Customer

SESSION

**2**

Reaching the Social Customer With Effective Content

SESSION

**3**

Formalizing A Customer Advocate Program

SESSION

**4**

The Evolution of Social CRM

SESSION

**5**

An Overview Of Social CRM Technology

SESSION

**6**

The Social CRM Process And Analytics



"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 response to the customer's ownership of the conversation."

Paul Greenberg

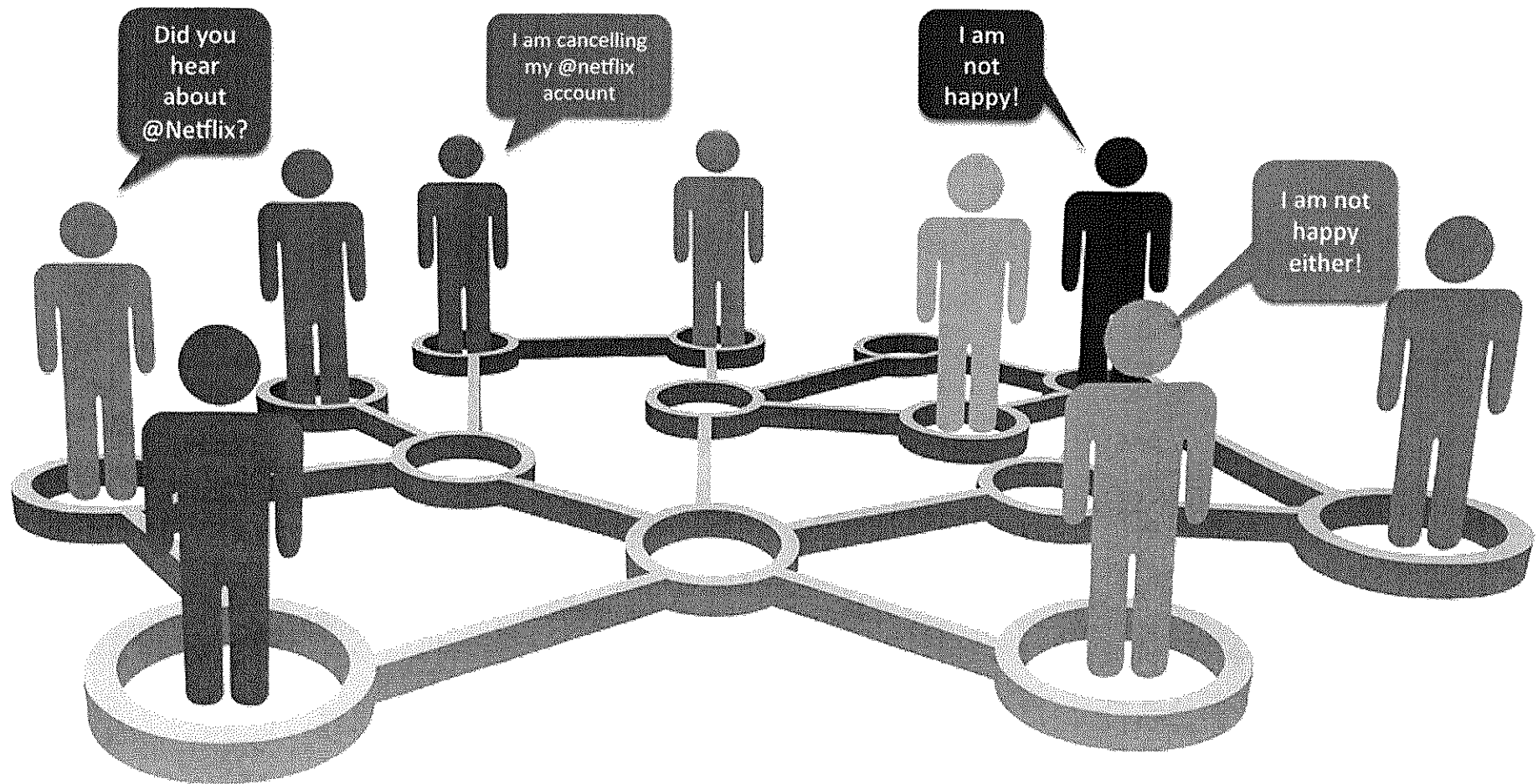
# SESSION 1

An Overview Of The Social Customer



# WHO IS THE SOCIAL CUSTOMER?

The Social Customer Is Everywhere



# WE ARE ALL SOCIAL CUSTOMERS

We Naturally Share Our Brand Experiences With Others



- Most social customers don't think of themselves as social customers
- Their behaviors are dynamic  
Conversations sprout everywhere – Twitter, Instagram, Pinterest, Facebook
- Social Customers are influential regardless of how many friends, fans and followers they have

# 6 TYPES OF CUSTOMER TRAITS

These Behaviors Shift Based On Brand Experiences



# THE VENTING CUSTOMER

There Is Still An Opportunity To Turn The Situation Around

“My Toshiba laptop keeps powering off after it’s only been on for 5 minutes and the battery is fully charged. Please help!”

# THE PASSIVE CUSTOMER

This Customer Is Indirectly Asking For Help

“I love my Dell laptop, but it’s way too heavy,” or “I just got Comcast installed. The high definition is amazing, but the cable box doesn’t match my furniture, ugh.”

# THE PAST CUSTOMER

Most Of The Time, It's Too Late To Save This Customer

“My Internet just went down again. I am sick of @Comcast and canceling!” or “1-800 Flowers was late delivering my mom’s flowers for her birthday. This is the second time. I am done with them forever!”

# THE COLLABORATIVE CUSTOMER

Brands Need To Pay Attention To This Customer

“I think @Dell should start shipping their machines with Linux installed instead of windows. I would probably invest in buying more!”

# THE CUSTOMER ADVOCATE

Advocates Talk About The Brand, Even When The Brand Isn't Listening

“I love my new @Dell laptop. It was affordable, shipping was inexpensive, it's fast and the battery never dies! Thank you!”



# THE FUTURE CUSTOMER

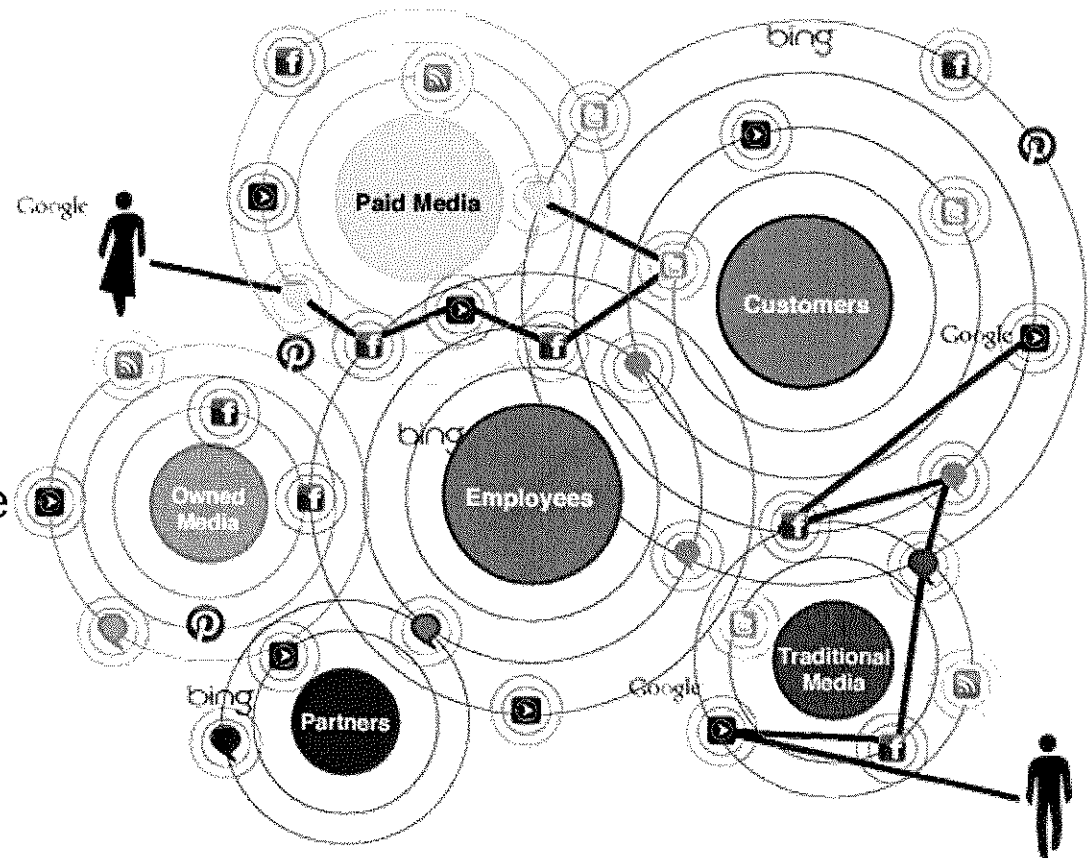
One Brand's Past Customers Is An Opportunity For Another

“I am thinking about getting Comcast. Tired of Dish Network's constant outages. What do you guys think? Is it a good decision?”

# THE DYNAMIC JOURNEY OF THE SOCIAL CUSTOMER

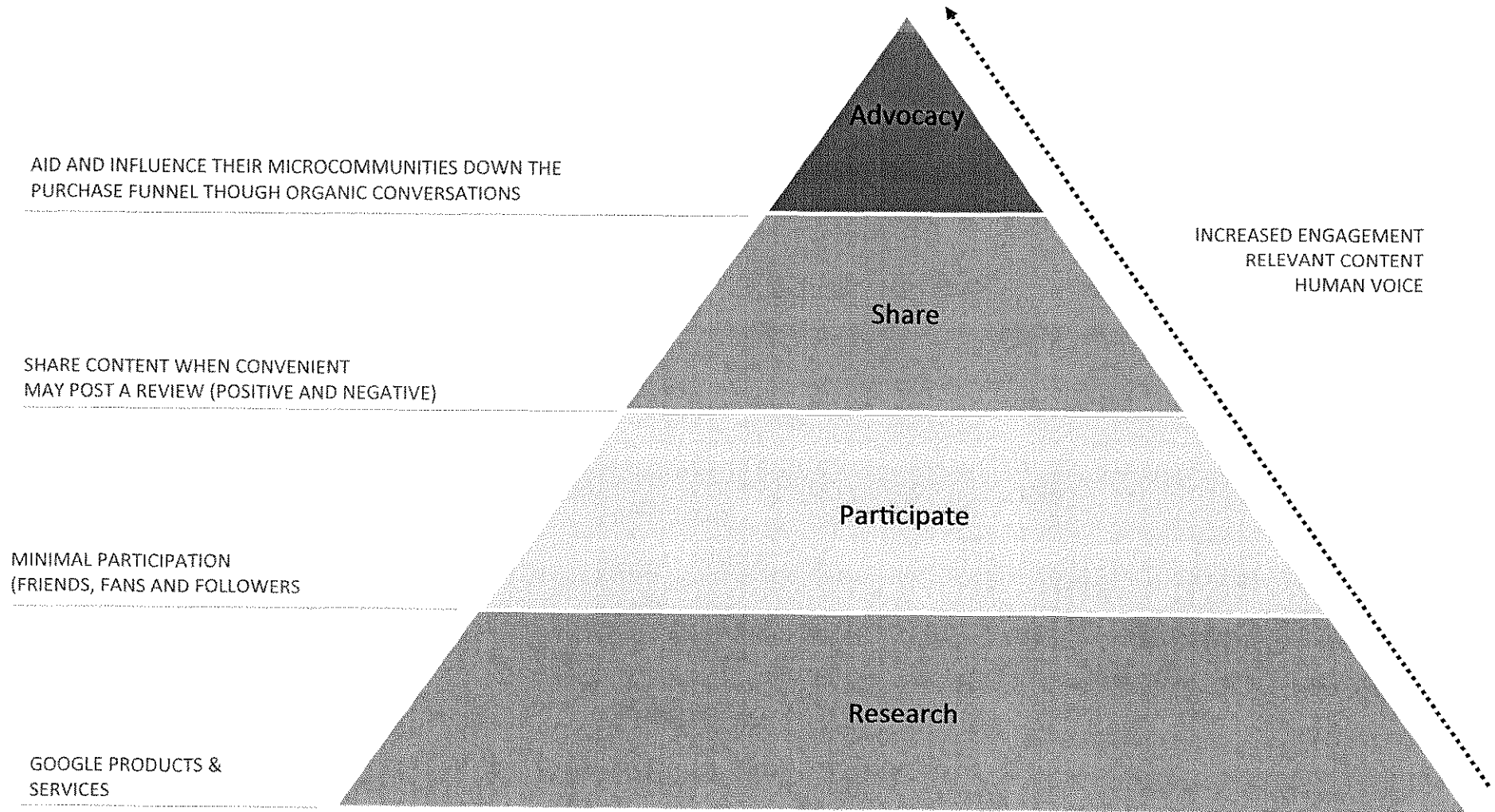
Brands Need Multiple Touch Points To Reach The Social Customer

- A customer journey is dynamic; they live in their streams (Twitter, News feed)
- People need to hear things up to 5 times before they actually believe it  
- Edelman Trust Barometer
- Due to the high degree of noise in the market, it's imperative that a brand has multiple communication channels in order to get their message heard



# FOSTERING CUSTOMER ADVOCACY

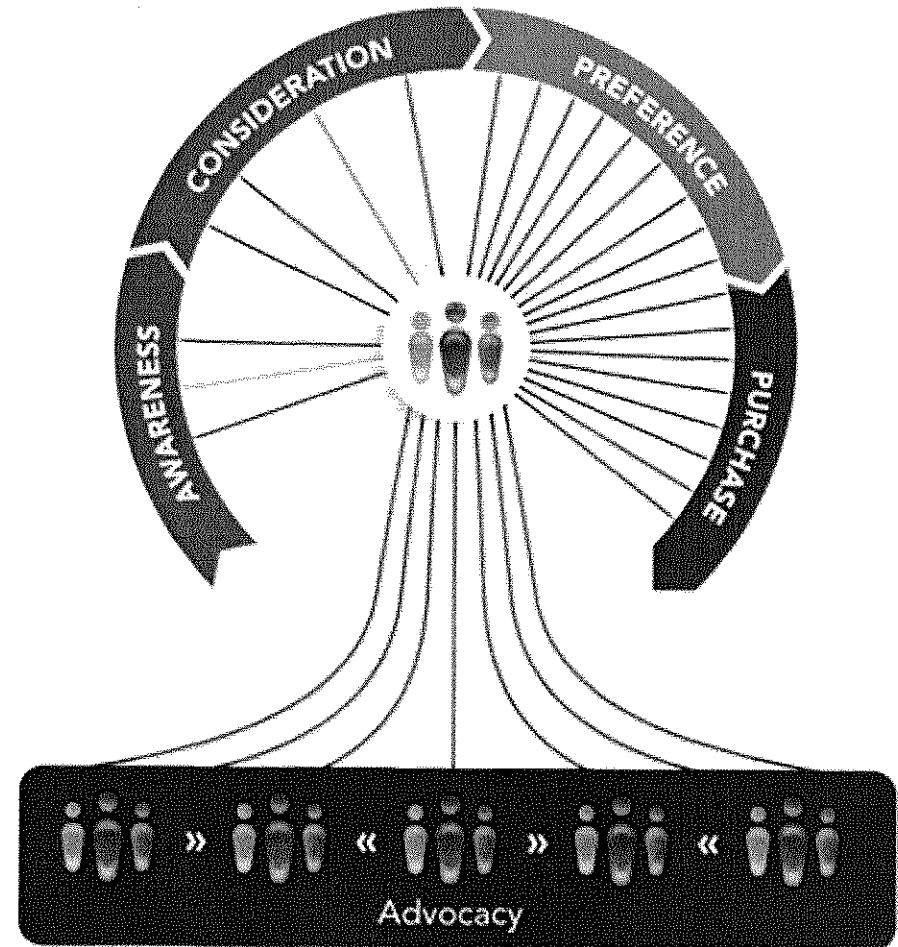
Turning Friends, Fans & Followers Into Customer Advocates



# THE NEW PURCHASE FUNNEL

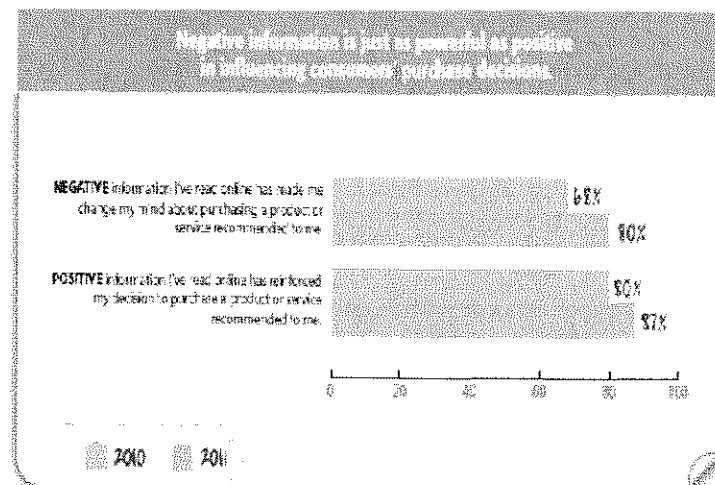
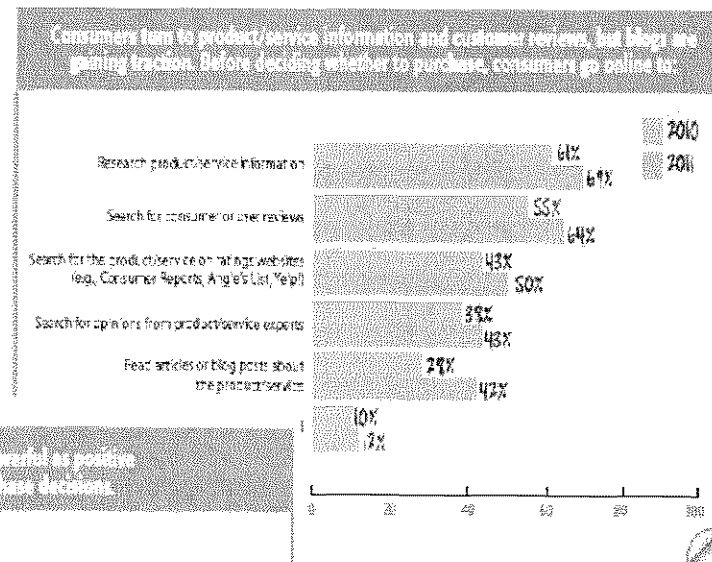
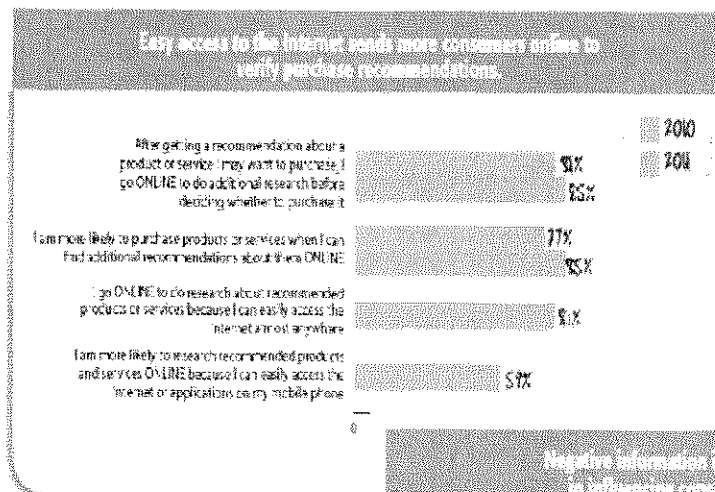
Advocates Aid & Influence Others Down The Purchase Funnel

- Advocates talk about the brand, even when the brand isn't listening
- Advocates are trusted among their peers and within their micro communities
- Advocates are aiding and influencing others down the purchase funnel
- The reach of *one advocate* is minimal; as an aggregate, the total reach can make a strong business impact



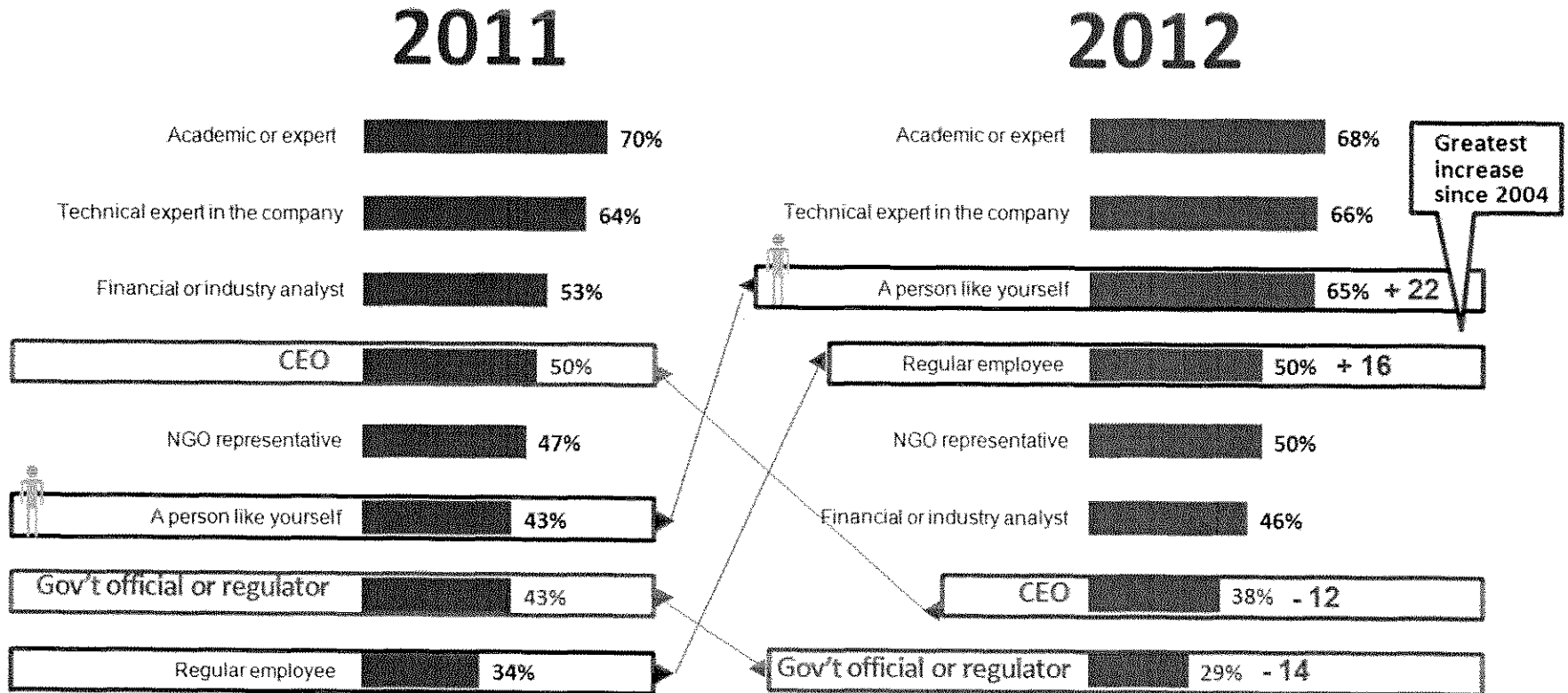
# CUSTOMERS VERIFY PURCHASE DECISIONS

2011 Cone Study Reveals Behaviors Of The Social Customer



# CUSTOMERS TRUST EACH OTHER

2012 Edelman Trust Barometer



## Session 2 Overview:

Session 2 highlights the content creation process. Everything a marketer and/or communicator does involves content – corporate website, social media, press releases, paid media and even out of home advertising. This session also breaks down the differences between proactive and reactive content; and then covers a case study of a local cable company.

### Key points:

- Content is the lifeline of social media
- Content can influence purchase, grow communities, change behaviors and even influences the outcomes of government elections and cause revolutions (see Egypt: <http://www.wired.com/business/2011/02/egypts-revolutionary-fire/>)
- Everything in a marketers toolkit is content – Tweets, Facebook status updates, copy on corporate web site, press release, white papers, ads, case studies and even videos

Slide 20: This is a content marketing model. It combines internal and external listening, which is meant to inform the editorial direction. The steps – Plan, Create, Engage and Measure – are described to show what it takes to provide the community with the right content, at the right time in the right channel. It is this type of content that changes behaviors.

Slide 21: In order to reach the social customers (refer to slide 16 – The Dynamic Nature of the Social Customer) brands must adopt the hub and spoke model. The hub is an online destination that links off to other communities. Usually, customers will find the hub through a search engine. It's important to ensure that social media communities are integrated with the hub because some customers would rather connect with a brand via Twitter and not Facebook and vice versa.

Slide 22: All content marketing initiatives and community management should be prepared to handle and solve customer support issues. Usually a decision tree is created that will help a community manager or customer support agent decide the next step in the engagement process. This is referred to as reactive content and there must be tight integration between marketing, customer support, operations and IT.

Slide 23 – 25: This is a case study of Comcast Cable Company. See blog post for more information and details: <http://www.socialbusinessnews.com/customers-want-responses-to-tweeted-complaints-but-what-about-solving-real-problems/>

Slide 26: This is a demo of Visibli. Visibli analyzes a brand's friends, fans and followers and will provide a report as to what type of content is being shared by the community. This will give a brand insight as to adapt their content to become more relevant.

# SESSION 2

Reaching the Social Customer With Effective Content



# RELEVANT CONTENT IS KING

The Right Content, At The Right Time, In The Right Channel

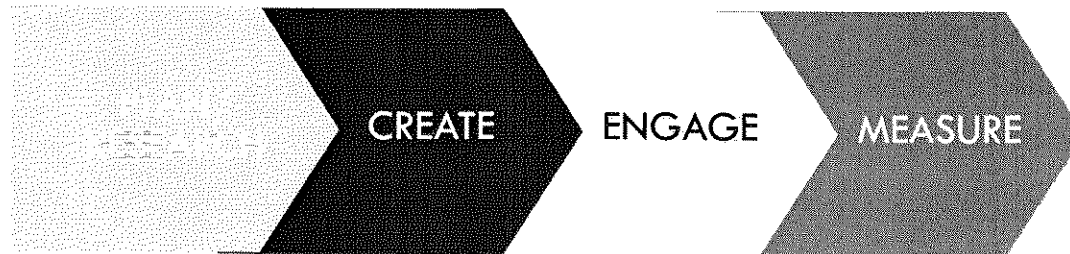
## Internal Listening

Corporate Communications

Internal Communications

Product Organizations

Subject Matter Experts



## External Listening

Community Engagement

News Articles

Online Monitoring

Search Engine Behavior

Audit the content that current fans are sharing within their social channels

Plan for relevant content that drives maximum engagement – the right content, at the right time in the right channel to the right customer

Bi-Weekly and Daily Content Calendars

6 Month Thematic Content Calendars

Daily “Tips” And Product News Based On Real Time Listening and Feedback From The Community

Inspirational content

Company News & Events

3rd Party Article & Blog Post Mentions

Contests, Quotes, Surveys & Other Content That Spurs Engagement

Inform the community

Solve customer problems

@reply influencers

Ask questions

Respond to questions, comments and concerns

Connect community members with each other via @replies

Just say “thank you”

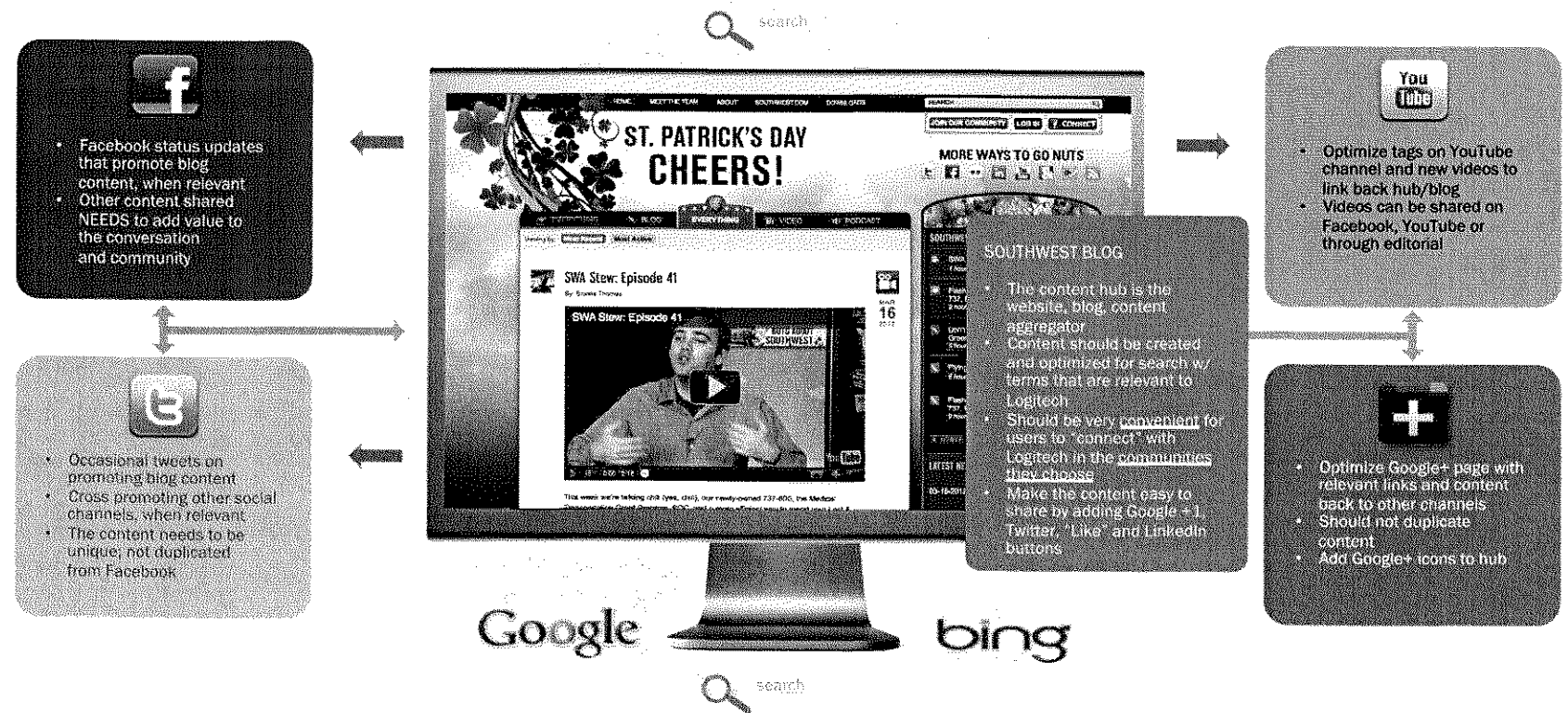
Month to Month Growth  
Community Membership

Month to Month Growth In Engagement

External Benchmark Metrics – Share Of Voice/ Engagement

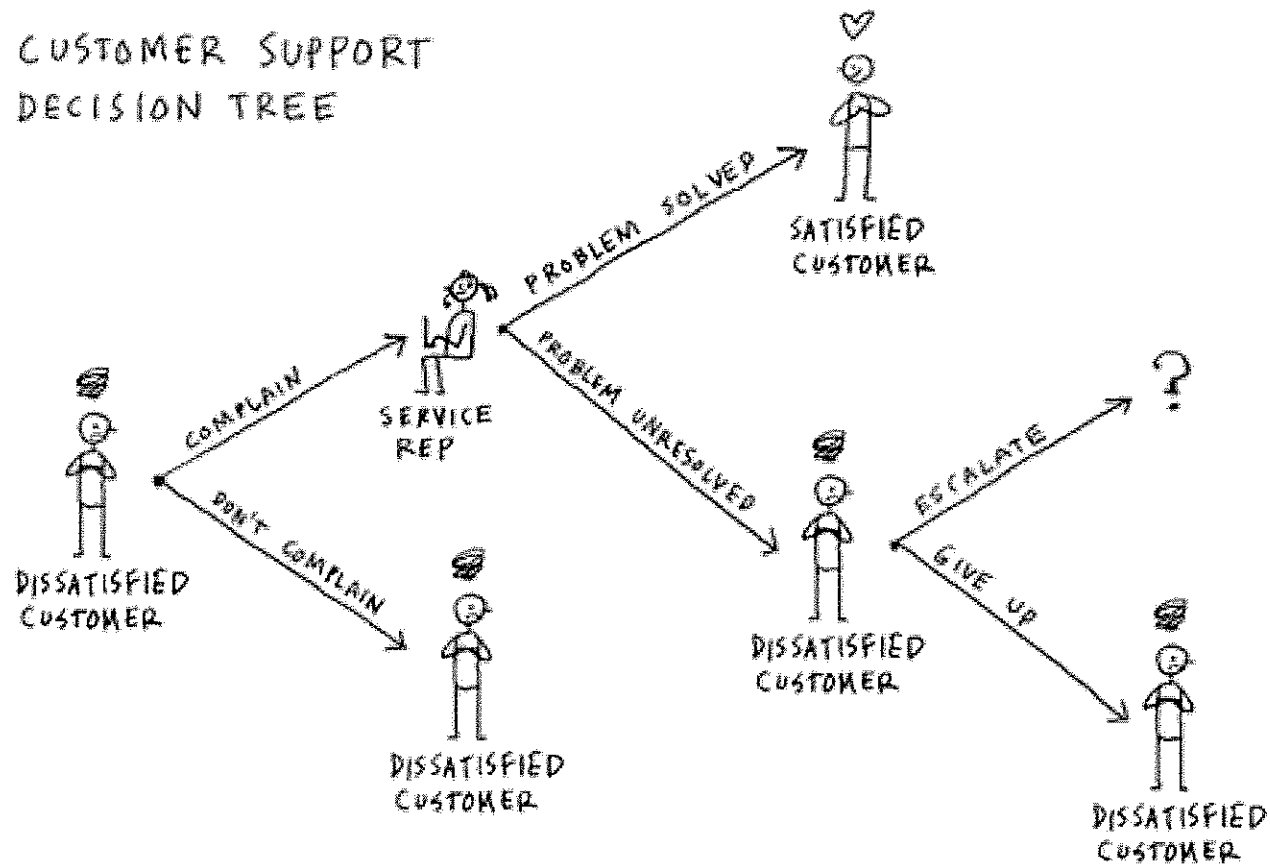
# LEVERAGING THE HUB & SPOKE MODEL

Providing Meaningful & Relevant Content



# REACTIVE CONTENT

Solving Customer Problems On The Social Web



# CASE STUDY: CABLE COMPANY

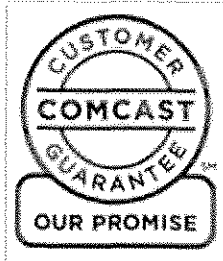
Solving Customer Issues OR Changing Business Processes



# WHAT IS THE COMCAST GUARANTEE?

Does Comcast Live Up To This Promise?

**Since 1963, Comcast has been dreaming big.**



We bring exciting products and unparalleled choices to customers across America with our state-of-the-art video, high-speed Internet, phone and online services. We push the boundaries of innovation and creativity because we want to exceed our customers' expectations.

We are committed to providing Comcast customers with a consistently superior customer experience. If for any reason something goes wrong, we will work to resolve the issue quickly and as professionally as we can.

**We make the following guarantees to our customers:**

**1 We will give you a 30-day, money-back guarantee on our video, voice or high-speed services.**

If you're not satisfied with these services and wish to cancel for any reason, you can do so in the first 30 days and get your money back. Simply return all equipment in good working order and we'll refund the monthly recurring fee for your first 30 days of service and any charges you paid for standard installation.

**2 We will always be on time within your appointment window or we'll credit you \$20 or give you a free premium channel for three months.**

As a courtesy, we will call you before we arrive at your home. And if we fail to arrive for a scheduled visit during the appointment window, we will credit you \$20 or give you a free premium channel for three months.

**3 We will resolve routine issues in one visit or we'll credit you \$20 or give you a free premium channel for three months.**

# THE PROBLEM CONTINUES ...

## Technicians Continue To Be Late Or Miss Appointments



**Stacy Oliver** @StacyLOliver

22h

Two hour window for the **Comcast** set up starts in 5 minutes. Taking bets: on time, **late**, or no show?



**Kristina Werner** @starofmay

1h

**Comcast** guy just came, fixed the issue, and left. All within 15 minutes. Sweet! He arrived 10 minutes **late** so they're crediting my account.



**Eli Lewine** @BoxOfLewine

21 Apr

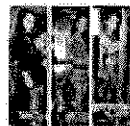
Strike 1 @comcast tech is **late**. Strike 2, he seems confused about the wiring in our house #ugh



**Dean Neemick** @DingoStarr

2h

I'm real easy going but when I call to find out why installation didn't **show up** and they try to sell me more crap, I get pissed. #comcast



**Ash Cash** @IAmAshCash\_

17 Apr

Okay **Comcast** is 30 min **late** now!



# Visibli Demo

<http://visibli.com>

## Session 3 Overview:

Session 3 goes into great detail defining and explaining the differences between influencers and advocates. Then, it gives a blue print to create a formalized customer advocate program. It ends with a demo of Fancorps; a brand advocate technology platform.

### Key points:

- There is definitely a fine line between influencers and advocates.
- It's important to realize that both influencers and advocates are important; however, advocate can deliver more business value See blog post for more information: <http://www.britopian.com/2012/04/19/shifting-the-conversation-from-influence-to-advocacy/>

Slide 28: This slide is meant to illustrate the common differences between advocates and influencers.

Slide 29: There is a four-step process in creating a formalized customer advocate program – (1) the infrastructure or the programmatic elements (2) the technology needed to manage the advocate program (3) a plan on what type of content will be used to engage and enable the advocates and (4) a decision on how the programs will be measured.

Slide 30: This slide kicks off the demo of Fancorps, specifically from a customer's perspective - <https://apps.facebook.com/chiliheadnation>

Slide 31 – 39: These are screen shots of Fancorp's back end system. They illustrate the platform's capabilities when managing a customer advocate program.



# SESSION 3

Formalizing A Customer Advocate Program

# ADVOCATES VERSUS INFLUENCERS

Understanding The Difference Is Imperative For Business

Advocates	Influencers
<ul style="list-style-type: none"><li>• Highly trusted among their friends</li><li>• Highly motivates</li><li>• Already talking about the brand</li><li>• Don't care if the brand is listening to or engaging with them</li><li>• Communities are not that big; not a lot of reach</li></ul>	<ul style="list-style-type: none"><li>• Relationship with a brand is built on incentives</li><li>• Will only talk about the brand if there is something "in it" for them</li><li>• Huge communities and high degree of reach</li><li>• Trusted as well</li></ul>

# CREATING A CUSTOMER ADVOCATE PROGRAM

## The 4 Pillars To Customer Advocacy

1

### INFRASTRUCTURE

- Selection criteria
- Longevity of program
- Organizational and customer expectations
- Organizational support
- Terms of service

2

### TECHNOLOGY

- Free networks (Facebook/LinkedIn)
- Branded communities (Lithium and/or Jive\_)
- Technology platforms (Fancorps)

3

### CONTENT

- Content planning
- Events / product launches
- Contests
- User generated content

4

### MEASUREMENT

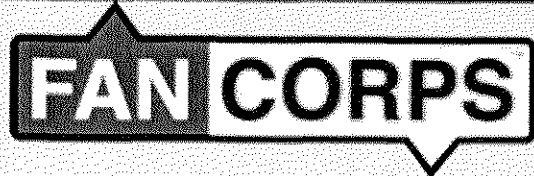
- Community growth
- New users to community
- Community attrition
- CSAT scores



# Fan Corps Demo

Chilis Case Study

<https://apps.facebook.com/chiliheadnation>



Fancorps (/fan-core) is a technology based social media marketing service provider. A proprietary brand ambassador and fan engagement platform

Like Send 14 people like this. Be the first of your friends.

Follow @fancorps

social networking with a purpose™



Back Home

Login

Welcome Back!

Username

Password

Remember Me?

Sign in with Twitter

Sign in with Facebook

Don't have an account?  
[Sign up.](#)

Forgot your Username?  
[Retrieve it.](#)

Forgot your Password?  
[Reset it.](#)





ALERTS

Sent Orders

Hide

Instagram: Your New Favorite Dish  
Sent: 01/20/2012



Try 2 + Review  
Sent: 01/23/2012



Take a Photo at our new location  
Sent: 01/19/2012



Share Your Favorite Video  
Sent: 01/16/2012



Initial Feedback on New Menu  
Sent: 01/16/2012



QUICK VIEWS

- Orders
- Forums
- News
- Events

FEEDS

- Community Feed
- My Activity

FOLLOWING

View Friends Feeds



Community Feed

Activities

What's on your mind about Brand XYZ?



@brandxyz

How do you guys like the new look? Give us feedback in a comment! If you experience problems let us know via the blue message box at the top of the Headquarters page. Thanks!

Like 16 · 18 · 14 days ago

Show 15 Older Comments



@jimmymac I love the new look!  
5 days ago



@dbestusa @qippi Simply click on the name and it shows only the posts from the Community Manager  
5 days ago



@qippi Thanks for the reply. But I meant a way to set this as the default view w/o needing to click on it each time. (The default is a full community feed which I have no interest in being bombarded with.)  
about 5 hours ago

Write a reply...



@allwester has completed the order Add your Google+ Circles along with 1 other member.



# COMMUNITY MANAGEMENT DASHBOARD

Quick overview of your community & available Tasks, Forums, News and Events. View alerts on Tasks, Rewards & Messages that require the community manager's attention. Interact with members through the Fancorps Community Feed.



## Orders Administration

Orders **Creates Order** Drafts (1) Templates

SETTINGS IMAG PRODUCTIONS AFFILIATES RELATIONS REVIEW

**Date**  
 Send Today with No Due Date  
 Customize Dates

**Order Targets**  
Online  
Facebook Twitter Google+ Tumblr Fancorps  
  
 Choose this option if your Order targets the web in general

**Order Proofs**  
2 Images (Screen Shots, Photographs)  
1 Written Text (Brief Description)  
0 Documents (Word, Excel, PDF)

**Additional Settings**  
**Repeatable**  
 No  Yes  
If you would like your members to be able to repeat this order then click **YES** otherwise this order will only be able to be completed once.

**Track Links**  
  
Tracking links will convert all links in this order to <http://fcps.me/????> link. Click stats are available on the Stats tab of your order details page.

**Rewards**  
**Activity Points** 500 **Store Credits** 500  
As a guide line one (1) Store Credit should equal one (1) cent. So as an example a \$10 item would equal one thousand (1,000) Store Credits

NEXT STEP →

## TASK MANAGEMENT

Assign and schedule Tasks to community members and track their progress along the way. Gauge completion, require proof of their work, define the Target for the task and Reward them for their efforts.



Orders

Create Order

Drafts (1)

Templates

SETTINGS

INSTRUCTIONS

ATTACHMENTS

RECIPIENTS

PREVIEW

## TASK MANAGEMENT

Target each customizable Task to members. Send to individuals, Ranks, Groups, or filter by Klout, geographic data, and a variety of other demographic or social criteria.

Send To All Members?  Yes  No

Notify Members Via Email?  Yes  No

**Recipients**

**Team**

by Rank

by Group

**Location**

by Country

by US State

by Zipcode

**Member**

by Klout

by Age

by Gender

by Member

**MEMBERS BY US STATE**

<input type="checkbox"/> Alabama (67 member)	<input type="checkbox"/> Alaska (7 member)
<input type="checkbox"/> Arizona (118 member)	<input type="checkbox"/> Arkansas (95 member)
<input checked="" type="checkbox"/> California (444 member)	<input type="checkbox"/> Colorado (105 member)
<input type="checkbox"/> Connecticut (92 member)	<input type="checkbox"/> Delaware (10 member)
<input type="checkbox"/> District of Columbia (4 member)	<input type="checkbox"/> Florida (634 member)
<input type="checkbox"/> Georgia (187 member)	<input type="checkbox"/> Hawaii (22 member)
<input type="checkbox"/> Idaho (10 member)	<input type="checkbox"/> Illinois (227 member)
<input type="checkbox"/> Indiana (96 member)	<input type="checkbox"/> Iowa (27 member)
<input type="checkbox"/> Kansas (43 member)	<input type="checkbox"/> Kentucky (49 member)

This order will be sent to **14** members who lives in "California" **AND** has a Klout score of  or higher **AND** who are between the ages of "18 and up"







Share the latest video promo on Facebook [More Details](#)

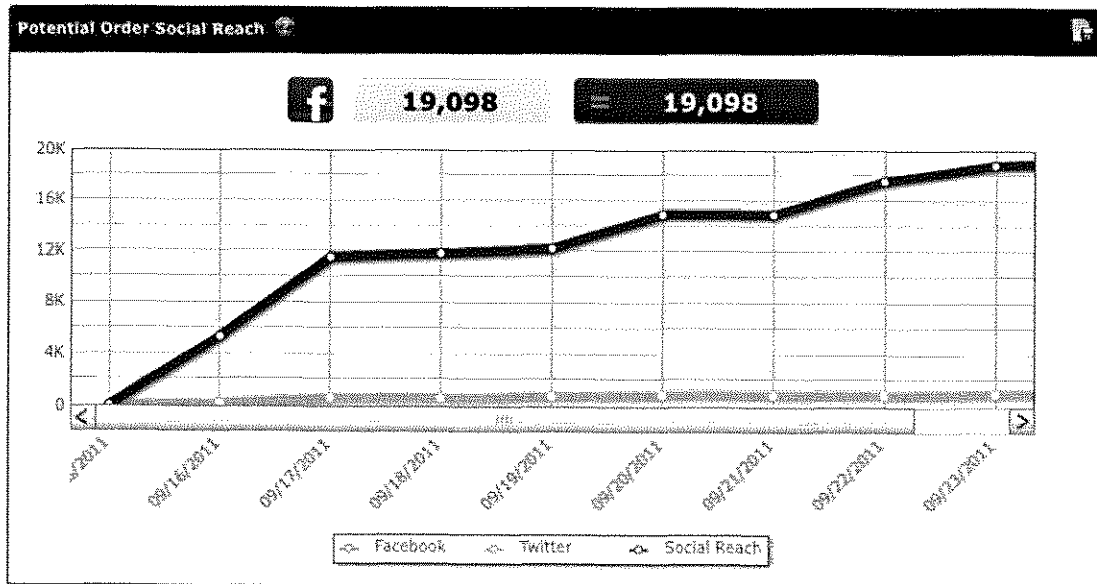
Type: **Simple Order**  
Time Frame: **Start Date: 09/12/2011 Due Date: 09/25/2011**  
Value: **Activity Points: 100 Store Credits: 100**  
Required Proofs: **Images (1)**  
Target: **Online: Facebook**

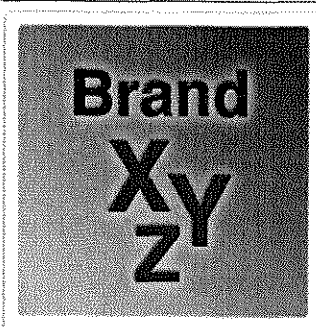
Members Accepted: **142** Members Completed: **86**

- SOCIAL REACH
- PROOFS
- DEMOGRAPHICS
- SHARE STATS

## TRACKING SOCIAL REACH

Track social impact by viewing the Potential Social Reach of each task. This number reflects the number of friends and followers Advocates currently have on their own personal networks at the time the Task was completed.





Re-Tweet the coupon code/link [More Details](#)

Type: **Simple Order**  
Time Frame: **Start Date: 10/10/2011 Due Date: 10/24/2011**  
Value: **Activity Points: 50 Store Credits: 50**  
Required Proofs: **Images (1)**  
Target: **Online: Twitter**

Members Accepted: **79** Members Completed: **70**

- SOCIAL REACH
- PROOFS
- DEMOGRAPHICS
- SHARE STATS

## PROOFS

Require proof of completion from members in the form of photos, written description, or documents. View and approve/deny submissions and quantify results with Stat reports that are easily shared.

Digital Proofs (Images)

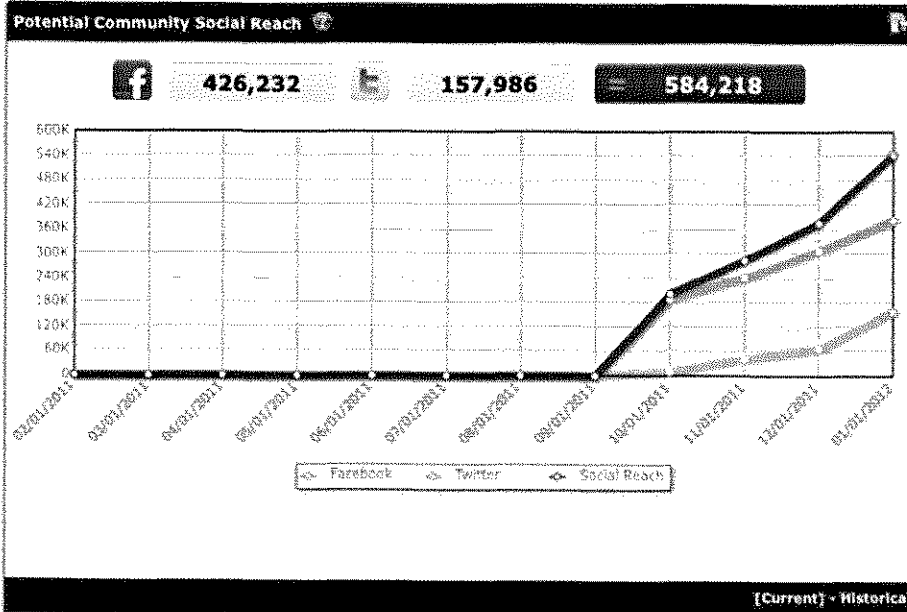



Community Stats

Overview		SHARE STATS	
<b>TO DATE</b>	<b>Total Members</b>	<b>LAST 30 DAYS</b>	<b>LAST 7 DAYS</b>
Orders Sent: 90 Messages Sent: 623 Admin Logins: 750 Member Logins: 11.9K	<b>3,174</b>	<b>New Members</b> Orders Sent: 7 Messages Sent: 23 Admin Logins: 99 Member Logins: 1,304	<b>231</b>
		<b>New Members</b> Orders Sent: 4 Messages Sent: 4 Admin Logins: 34 Member Logins: 384	<b>75</b>

Overview Stats updated every 24 hours. Last updated on Jan 24th @ 02:00 am CST

- SOCIAL REACH**
- ORDERS
- TEAM DEMOGRAPHICS
- TEAM ACTIVITY



Top Members by Klout

Member	Average Klout Score
1. Joscie (PRO)	64
2. Damsany (CHIEF)	64
3. shella77 (CHIEF)	62
4. sexythinker (CHIEF)	62
5. mweiss05 (CHIEF)	61

Top Members by Social Reach

Member	Social Reach
Average Social Reach	327
1. chillpable (CHIEF)	75,064
2. freebiesweps (PRO)	10,618
3. NinaMustang (CHIEF)	5,357
4. purplelover04 (CHIEF)	4,726
5. jilmcfarland (CHIEF)	4,722

## SOCIAL ANALYTICS

Community Stats offer an overview of all activity within the Fancorps environment. Quickly review admin and member data To Date and in the Last 30 or 7 Days. On the Social Reach tab view the communities total potential social reach and top members and averages for Klout and Social Reach.



Overview		SHARE STATS	
TO DATE	Total Members	LAST 30 DAYS	LAST 7 DAYS
Orders Sent: 90 Messages Sent: 623 Admin Logins: 750 Member Logins: 11.9K	<b>3,174</b>	Orders Sent: 7 Messages Sent: 23 Admin Logins: 99 Member Logins: 1,304	<b>231</b>
		Orders Sent: 4 Messages Sent: 4 Admin Logins: 34 Member Logins: 384	<b>75</b>

Overview Stats updated every 24 hours. Last updated on Jan 24th @ 02:00 am CST

- [SOCIAL REACH](#)
- [ORDERS](#)
- [TEAM DEMOGRAPHICS](#)
- [TEAM ACTIVITY](#)

Last 10 Orders Sent				
Subject	Target	Sent Date	Due Date	
1) Update your Facebook Timeline Header		01/24/12	no due date	
2) Try 2 + Review		01/23/12	02/29/12	
3) Instagram Your New Favorite Dish		01/20/12	02/29/12	
4) Re-Tweet the Coupon Code		01/19/12	02/29/12	
5) Try Your First New Menu Item!		01/17/12	01/31/12	
6) Initial Feedback on New Menu		01/16/12	01/23/12	
7) Share Your Favorite Video		01/16/12	01/30/12	
8) Monthly Re-Blog		01/01/12	01/31/12	
9) 10% off \$50 Gift Cards		12/20/11	01/08/12	
10) Happy Hour Reminder		12/20/11	12/21/11	

Orders Admin

Top 10 Orders By Completion				
Subject	Target	Sent Date	Due Date	Completed
1) Dedicate Your Status		11/30/11	12/25/11	451
2) Meet Your Community Managers		09/09/11	no due date	177
3) Like on Facebook		09/20/11	no due date	103
4) Follow on Twitter		09/20/11	no due date	99
5) Share the Donate Profits Day Event		09/12/11	09/25/11	86
6) Retweet Contest		12/16/11	01/02/12	70
7) Klout Initiation		11/28/11	12/12/11	69
8) Share the Google+ page		12/16/11	01/31/12	65
9) Add to your Google+ Circles		12/14/11	no due date	61

## ANALYTICS (TASKS)

The Orders tab within Community Stats provides a snapshot into recently sent tasks as well as the tops tasks by completion, per location, and social target.

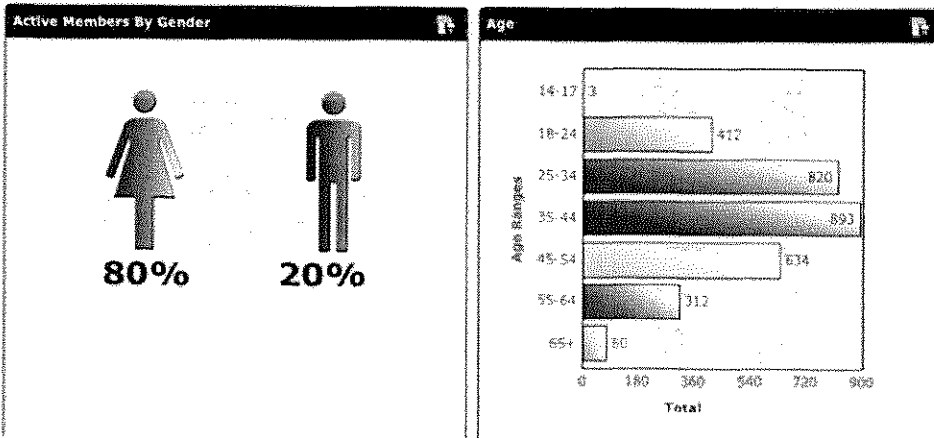
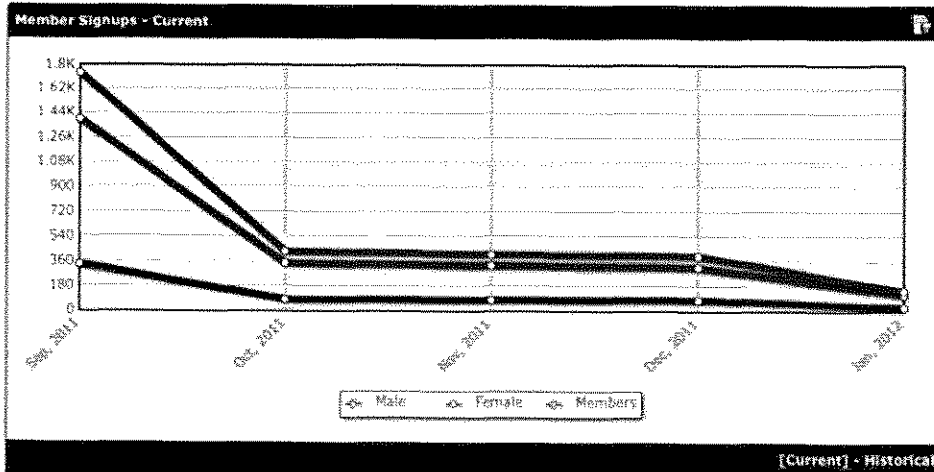


Team Stats

Overview		SHARE STATS	
<b>TO DATE</b>	<b>Total Members</b>	<b>LAST 30 DAYS</b>	<b>LAST 7 DAYS</b>
Orders Sent: 90 Messages Sent: 623 Admin Logins: 750 Member Logins: 11.9K	<b>3,174</b>	Orders Sent: 7 Messages Sent: 23 Admin Logins: 99 Member Logins: 1,204	Orders Sent: 4 Messages Sent: 4 Admin Logins: 34 Member Logins: 384
		<b>New Members</b>	<b>New Members</b>
		<b>231</b>	<b>75</b>

Overview Stats updated every 24 hours. Last updated on Jan 24th @ 02:00 am CST

- SOCIAL REACH
- ORDERS
- DEMOGRAPHICS**
- TEAM ACTIVITY



## ANALYTICS (DEMOGRAPHICS)

Easily view overall user specific data of your communities advocates within the Demographics tab of Community Stats. Gauge current and historical Member Signups in addition to members by operating system and browser.



## Session 4 Overview:

This session goes into great detail on the differences between traditional CRM and social CRM. There is also significance placed in delving deeper into defining social CRM and the social customer. Lastly, there are tips given to help overcome the fear of social CRM as well as the benefits of deploying a social CRM program.

### Key points:

- Social CRM must be supported by process and governance
- Processes include customer support escalation, crisis communications, technology integration
- Governance includes identifying roles and responsibilities, identifying who is in charge of the customer experience
- There are several technology platforms in the market today

Slide 41: This slide lists out the channels that customers use for both traditional CRM and social CRM. While the usage of social is increasing, traditional CRM channels should not be ignored. This may change in the future.

Slide 42: This slide illustrates a graphic that depicts an alternative definition of social CRM and the social customer.

Slide 43: A graphic that shows the difference between the old guard of traditional CRM and the new guard of social CRM.

Slide 44: This slide discusses the who, what, where, when and why of both traditional CRM and social CRM.

Slide 45: This slide offers several points to help overcome the fear of deploying social CRM initiatives in a company. It should be noted that another way of looking at social CRM is by comparing it directly to community management. See following blog posts:

- <http://www.socialbusinessnews.com/report-the-2012-state-of-community-management/>
- <http://www.britopian.com/2012/03/28/community-managers-are-driving-social-business-adoption/>

Slide 46: This slide illustrates the opportunities of deploying social CRM initiatives. See the following blog posts for more information:

- <http://www.definewhatiscrm.com/importance-of-social-crm/>
- <http://mashable.com/2010/05/21/social-crm/>

# SESSION 4

The Evolution Of Social CRM

# CRM VERSUS SOCIAL CRM

There Is A Fundamental Difference Between Approach And Theory

## Traditional CRM

- Phone
- Fax
- Email
- Service center
- Letters
- Personal contact
- Company's website
- SMS
- Instant Messenger
- Chat
- Media

## Social CRM

- Video sharing
- Microblogs (Twitter)
- Podcasts
- Price comparison websites
- Wikis
- Social networks
- Blogs
- Widgets
- Photo sharing
- Forums
- Slides sharing
- Reviews and ratings in retail sites
- Social bookmarking
- RSS



# THE TRANSITION TO SOCIAL CRM

Customers Now Control The Relationship

## WHAT IS SOCIAL CRM?

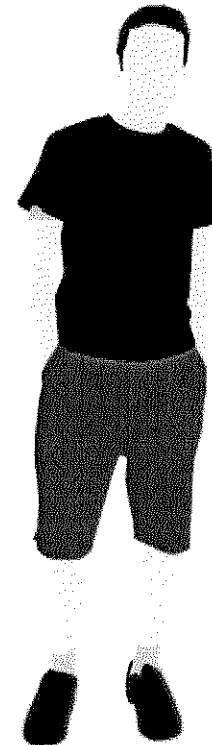


Short for customer relationship management, **CRM** is a company's strategy for overseeing clients and sales prospects.



**Social CRM** is a philosophy and business strategy designed to engage the customer in a mutually beneficial relationship. It's supported by social technology, business rules, workflow and processes.

## WHO IS THE SOCIAL CONSUMER?

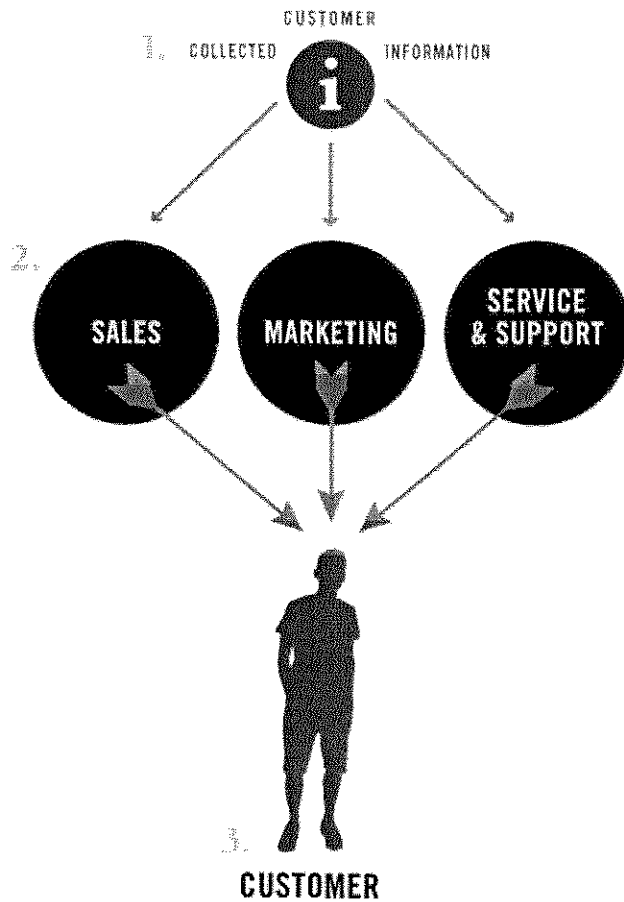


- Consumes information and learns about breaking news through sites like Twitter and Facebook.
- Learns about new products through social channels and networks.
- Is wise to unsolicited promotions and trusts only relevant information.
- Desires a conversation with the brand rather than one-way ad messages.
- Expects brands to be active in the same social media sites he/she hangs out in.
- Wants brands to listen, engage and respond quickly.

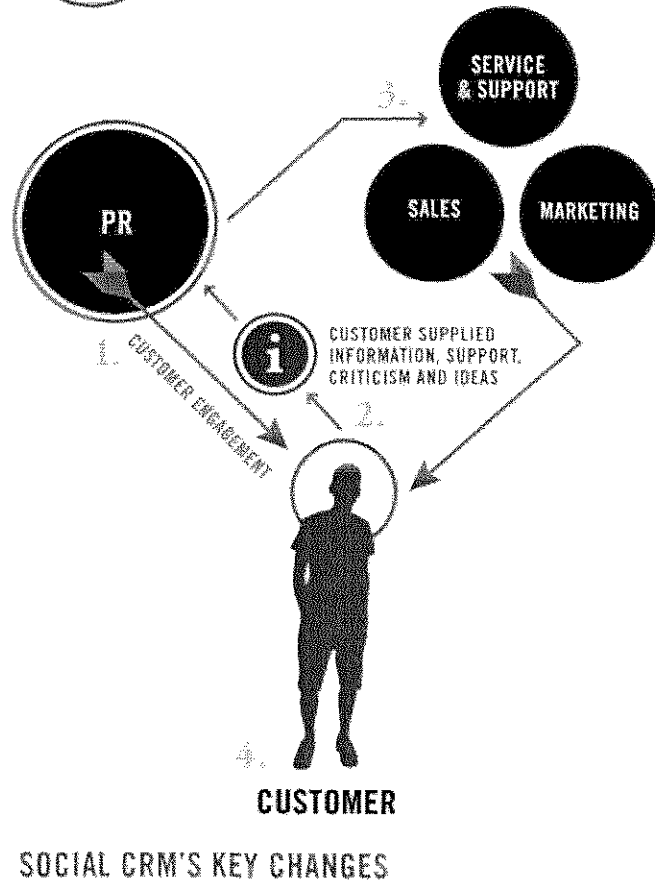
# ENGAGEMENT IS NOW A KEY FACTOR

Communication With Customers Has Added The New Dimension

**CRM** OLD GUARD:  
TRADITIONAL CRM



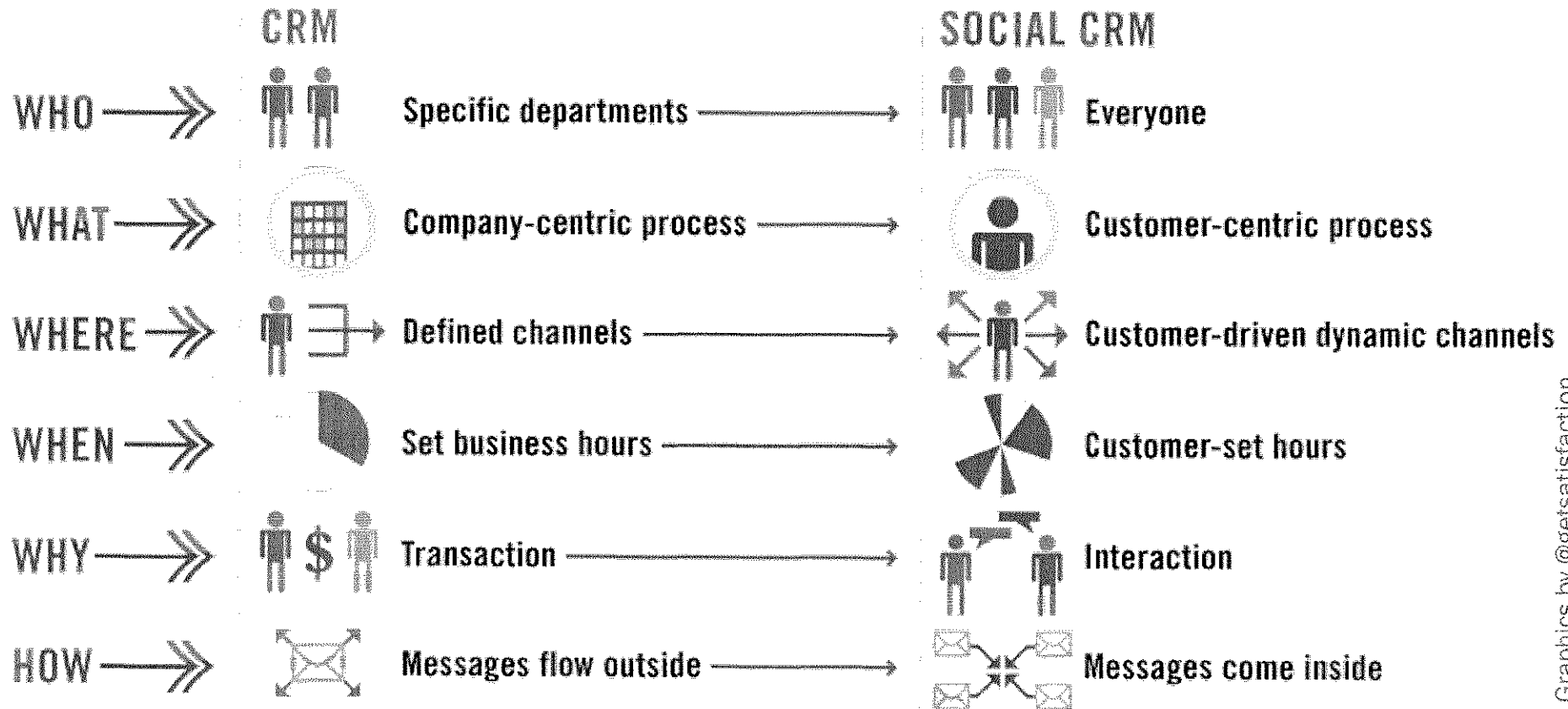
**S CRM** NEW GUARD:  
SOCIAL CRM



Graphics by @getsatisfaction

# THE EVOLUTION TO SOCIAL CRM

All Dimensions Have Shifted To Revolve Around The Customer

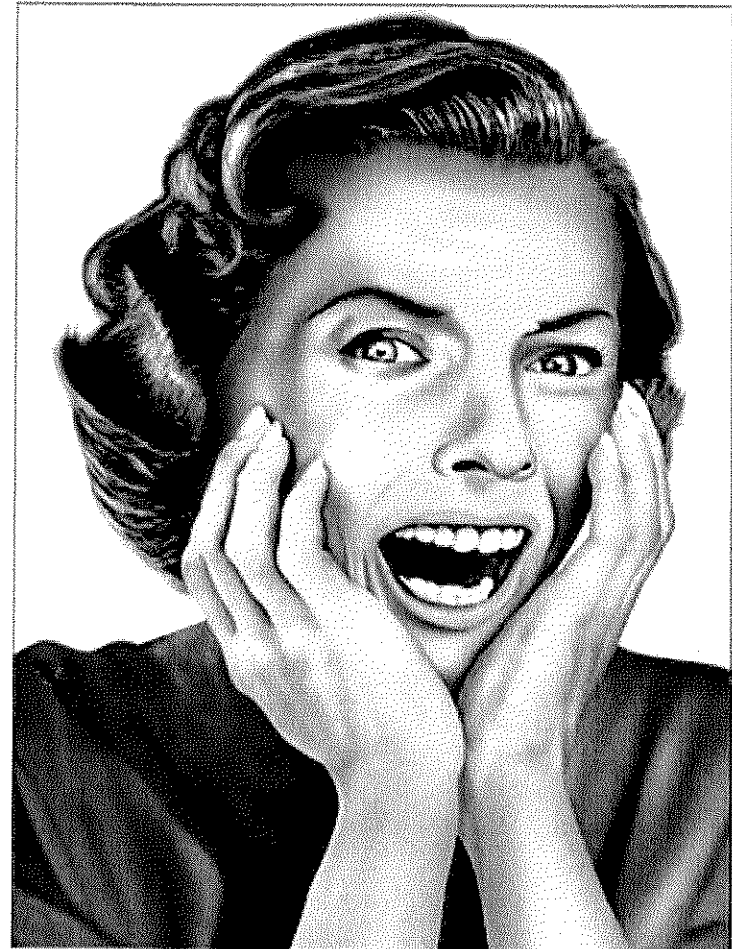


Graphics by @getsatisfaction

# OVERCOMING THE FEAR OF SOCIAL CRM

Loss Of Control, The Brand Message, Processes, Risk

- Exposes the company's reputation to risk
- Makes customer problems public
- Loss of “brand” control
- Limits the ability of the company to lead and shape customer opinions about products
- Reduces the ability of salespeople to control the sales process
- Empowers customers to give product and service problems a life of their own
- Loss of control of brand and intellectual property
- Requires technology and human investment



# THE OPPORTUNITY OF SOCIAL CRM

Loss Of Control, The Brand Message, Processes, Risk

- Provides dynamic new sources for customer feedback
- Enables peer to peer customer support
- Delivers customer insight into product problems
- Allows salespeople to locate and develop relationships with potential customers
- Facilitates product design, development and improvement through community crowdsourcing
- Allows companies to partner with influential customers
- Allows companies to develop a rich customer ecosystem that will lead it into the future
- Provides insight into competitive intelligence through social networking conversations



## Session 5 Overview:

This session is solely focused on social CRM technology and covers different software applications in the following categories: traditional CRM, online monitoring, content publishing (social SRM), analytics, communities and influencer identification. There are two live demos in this session – Sysomos (online monitoring) and Hootsuite (content publishing).

### Key points:

- Technology should not be the first decision when deploying social CRM programs
- Marketers and support teams must work with IT before making any technology decisions in order to avoid platforms not integrating with existing infrastructure
- There are several technology solutions in market today with many acquisitions happening in 2011/2012:
  - Salesforce acquired Radian6 and Buddy Media
  - Lithium acquired Scoutlabs in 2010
  - Oracle acquired Involver, Vitruve and Collective Intellect

Slide 48: This slide attempts to categorize the top technology platforms that fall into the social CRM suite of applications.

Slide 49 – 54: These are slides are merely informational about the demo

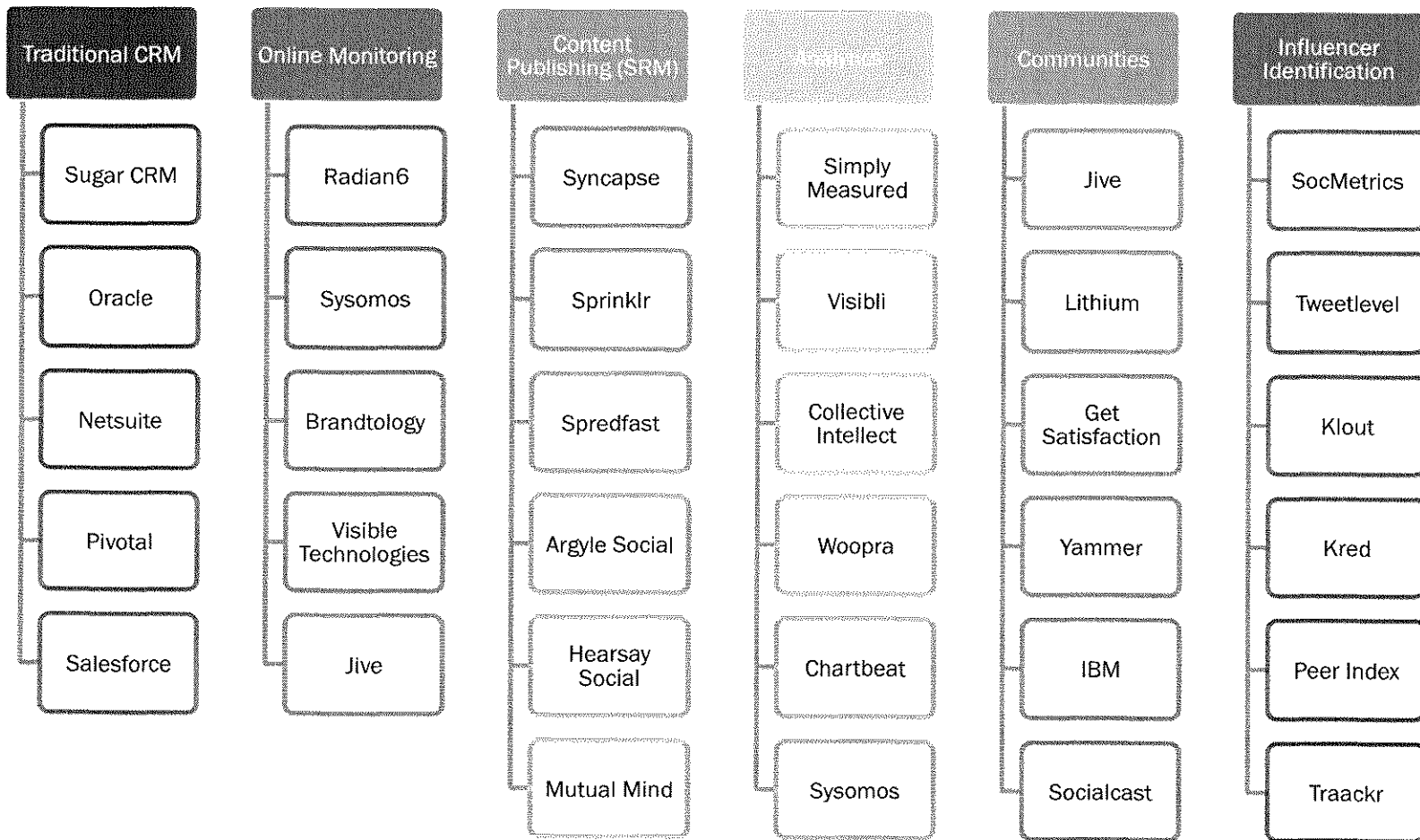
# SESSION 5

Social CRM Technology Overview

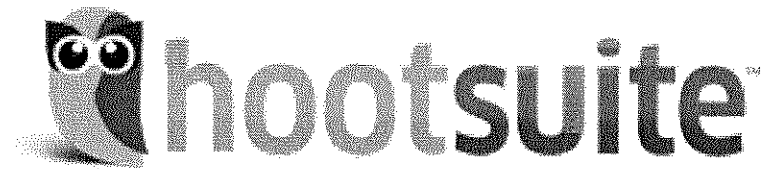


# SOCIAL CRM TECHNOLOGY OVERVIEW

There Is No “All In One” Social Platform



LIVE DEMO







The screenshot displays the sysomos HEARTBEAT dashboard with the following sections:

- Dashboard:** Features a line chart for 'Latest Activity' showing trends over time. Below it, a pie chart shows '12,787 members' with a breakdown of 912 members in the 'Like' category, 12,787 in 'Like + Retweet', and 34,307 in 'Like + Retweet + Reply'.
- Latest Heartbeats:** A list of recent posts with engagement metrics.
- Share of Members:** A bar chart showing the percentage of members in different categories: Like (21%), Like + Retweet (58%), and Like + Retweet + Reply (21%).
- Quick Links:** A list of navigation options such as 'View Profile', 'View Posts', and 'View Mentions'.
- Network Graph:** A circular diagram showing relationships between users.
- Top Influencers:** A list of users with their profile pictures and names.

Heartbeat is for real-time social media monitoring and measurement. Heartbeat provides constantly updated snapshots of online conversations.

# Differences between Heartbeat and MAP

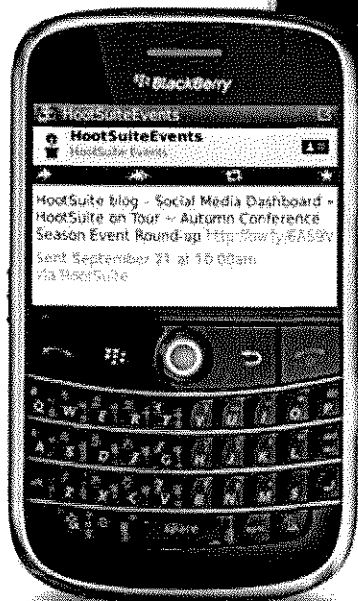
Feature	Heartbeat	Sysomos MAP
<b>Real-time, Comprehensive, Multi-lingual</b> Continuously refreshed database of entire social media universe.	✓	✓
<b>Unlimited Use</b> No limits on the number of returned results or usage.	✓ No restriction on the number of results analyzed	✓ Unlimited queries across any brand or topic
<b>Geography and Demographics</b> Age, gender, location, profession and language information.	✓	✓
<b>Sentiment</b> Automated analysis to positive, negative or neutral.	✓	✓
<b>User-defined Dashboards</b> Continuously monitored pre-set queries.	✓	n/a
<b>Ad-Hoc Querying</b> Instant access to results of any query across any time range or media source.	n/a	✓
<b>Text Analytics</b> Extraction of key insights, themes and trending topics.	✓ For monitored topics	✓ For any query across any time period with drill down capabilities

# Differences between Heartbeat and MAP

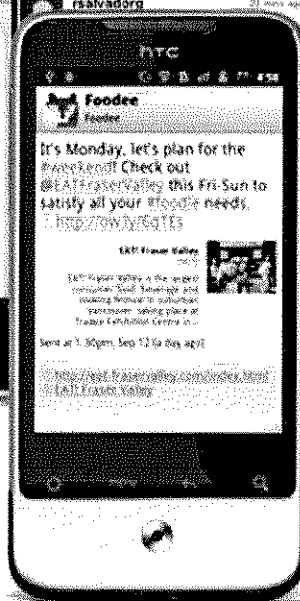
Feature	Heartbeat	Sysomos MAP
<p><b>Key Influencers</b> Automated search for opinion leaders and authoritative individuals.</p>	<p><b>PARTIAL</b> List of top influencers for monitored topics</p>	<p>✓ Unrestricted access to list of influencers across any industry and demographics</p>
<p><b>Drill Down</b> Focus and filter by age, gender, location, sentiment, time, competition, and topics.</p>	<p>✓ Up to 3 filters per data view</p>	<p>✓ Unlimited filters, granular data segmentation</p>
<p><b>Engagement Workflow</b> Collaborate and manage engagement with bloggers and other online influencers.</p>	<p>✓</p>	<p>n/a</p>
<p><b>Historical Content</b> Access to billions of social media conversations collected historically.</p>	<p><b>PARTIAL</b> Up to one year at additional cost</p>	<p>✓ Instantaneous access to all historical data.</p>
<p><b>Premium Support</b> Dedicated account manager for training, product support and best practices.</p>	<p>✓</p>	<p>✓</p>



iPad®



BlackBerry®



Android™



iPhone®



## Session 6 Overview:

This session revolves around process (i.e. when to and not to engage with customers) and provides a framework social CRM engagement. It then goes deep into social CRM analytics, real time data and determining a measurement framework.

### Key points:

- The processes in this session are meant to serve as an example; many organizations are different and will determine which process is more effective given their culture and structure
- The biggest challenge with social media measurement is that many organizations don't do it OR everyone in the organizations is measuring social differently
- There is a significant difference between social media monitoring and social media analytics:
  - Social Media Monitoring – listens to conversations all over the social web (News media, Twitter, blogs, Facebook, forums) and reports on reach, share of voice, sentiment as well as demographics.
  - Social Media Analytics is the measurement of engagement, reach, and community growth when a brand posts content with in the social media
    - Facebook - likes, comments, shares
    - Twitter - retweets, mentions
    - Blog posts – comments, page views, etc/

Slide 56: This slide is an overview of how the social CRM process actually works. Internal processes, data, collaboration and technology must support social CRM initiatives:

- Community: the conversations that are generated
- The process begins when there is a customer support issue developed in the social CRM and dropped into the social ecosystem or the traditional ecosystem
- These conversations are captured through an online monitoring tool like Radian6 or Sysomos
- Data is collected – social profiles, previous interactions, purchase history, transactions, preferences and demographic data
- The social media team (or customer support) would classify these conversations as being either macro or micro
  - If macro, an investigation would be conducted to find the root cause of the issue
  - If micro, the problem would be solved directly through some type of personal or canned response

Slide 57: The ARM process will determine “what” type of customer they are dealing with and also the appropriate response.

- Where the conversations was happening (which social networks, email etc.)

- What was the customer's intent?
- What customer data already exists in the database

Slide 58: Any social media engagement must consider a crisis communication protocol. This slide is an example decision tree that a community manager or customer support agent will follow in their day-to-day interactions.

Slide 59: This shows an example of using social media to intercept sales conversations. It shows an example of several people on Twitter asking their followers "which type laptop the should buy".

Slide 60: This slides gives an example of Dell and how they use technology to monitor real time conversations about their brand and specific products. They call it a command center. Watch this video to get more information:  
<http://www.youtube.com/watch?v=w4ooKojHMkA>

Slide 61: This slide highlights a real screen shot of some of the analytics that Dell is monitoring and measuring using their command center technology.

Slide 62: This is an example dashboard of social media analytics. The screen shot is from a technology platform called Argyle Social. They offer content publishing and analytics.

Slide 63: This is another example of a dashboard from a platform called Mutual Mind.

Slide 64: This is a measurement framework slide and highlights several ways that companies can measure their social media efforts. It's broken down by channel (Y axis) and measurement categories along the X axis – Attention, Engagement, Authority, Influence and Sentiment. Within each box are examples of data points.

Slide 65: This is the Facebook Engagement Megaphone framework taken from a technology platform called Simply Measured. More information here:  
<http://simplymeasured.com/blog/2011/10/new-facebook-analytics-unpacked-goodbye-funnel-hello-megaphone/>

## Supplemental Reading:

### Social CRM

- <http://www.web-strategist.com/blog/2010/03/05/altimeter-report-the-18-use-cases-of-social-crm-the-new-rules-of-relationship-management/>
- <http://www.slideshare.net/e2conf/social-crm-whitepaper>
- <http://the56group.typepad.com/pgreenblog/2009/07/time-to-put-a-stake-in-the-ground-on-social-crm.html>

### Measurement

- <http://blog.hootsuite.com/social-media-roi-customer-retention/>
- <http://infegy.com/get-white-paper/>

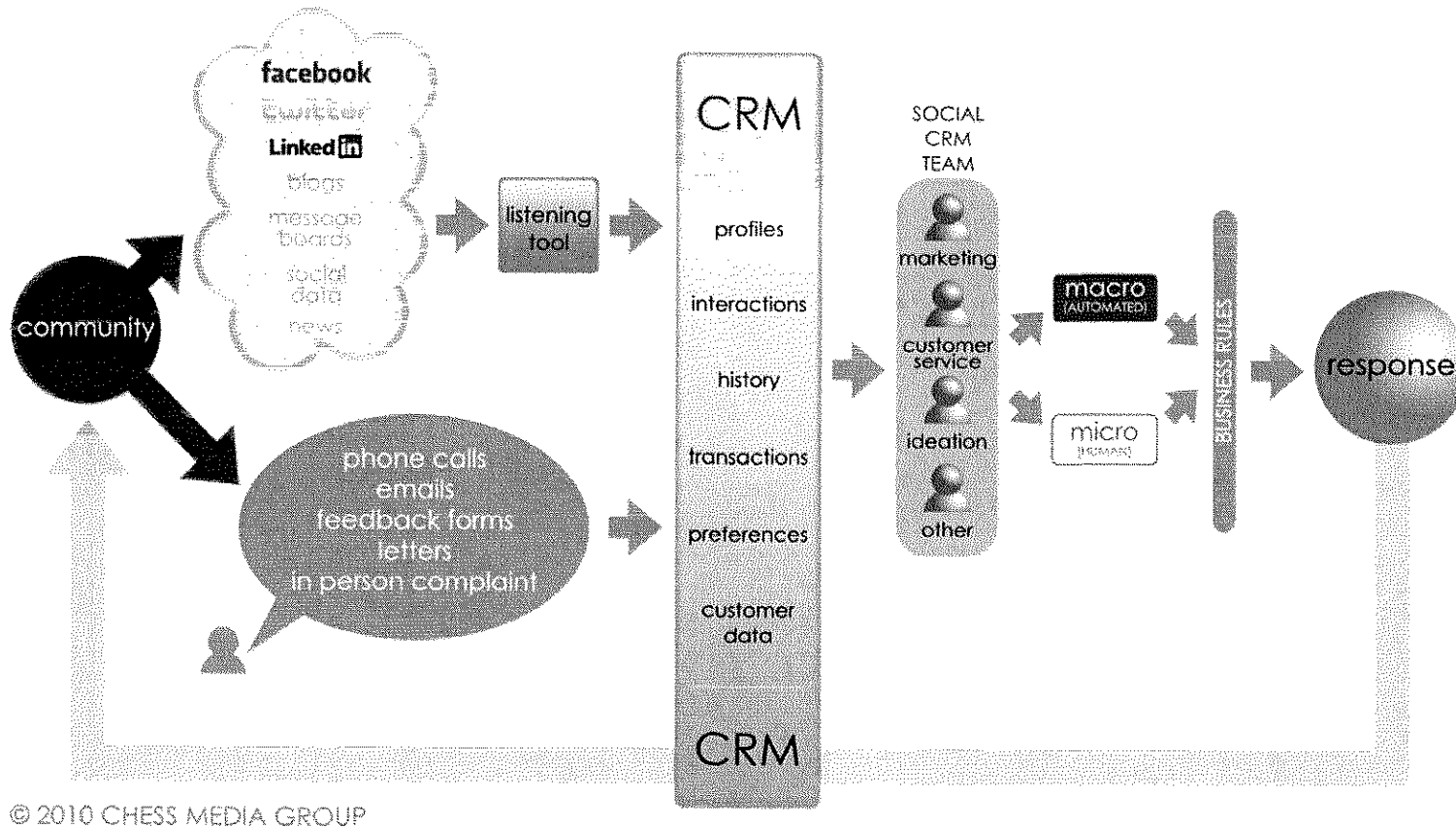
# SESSION 6

The Social CRM Process And Analytics

# SOCIAL CRM PROCESS

Processes Will Usually Be Defined In Planning But Will Change

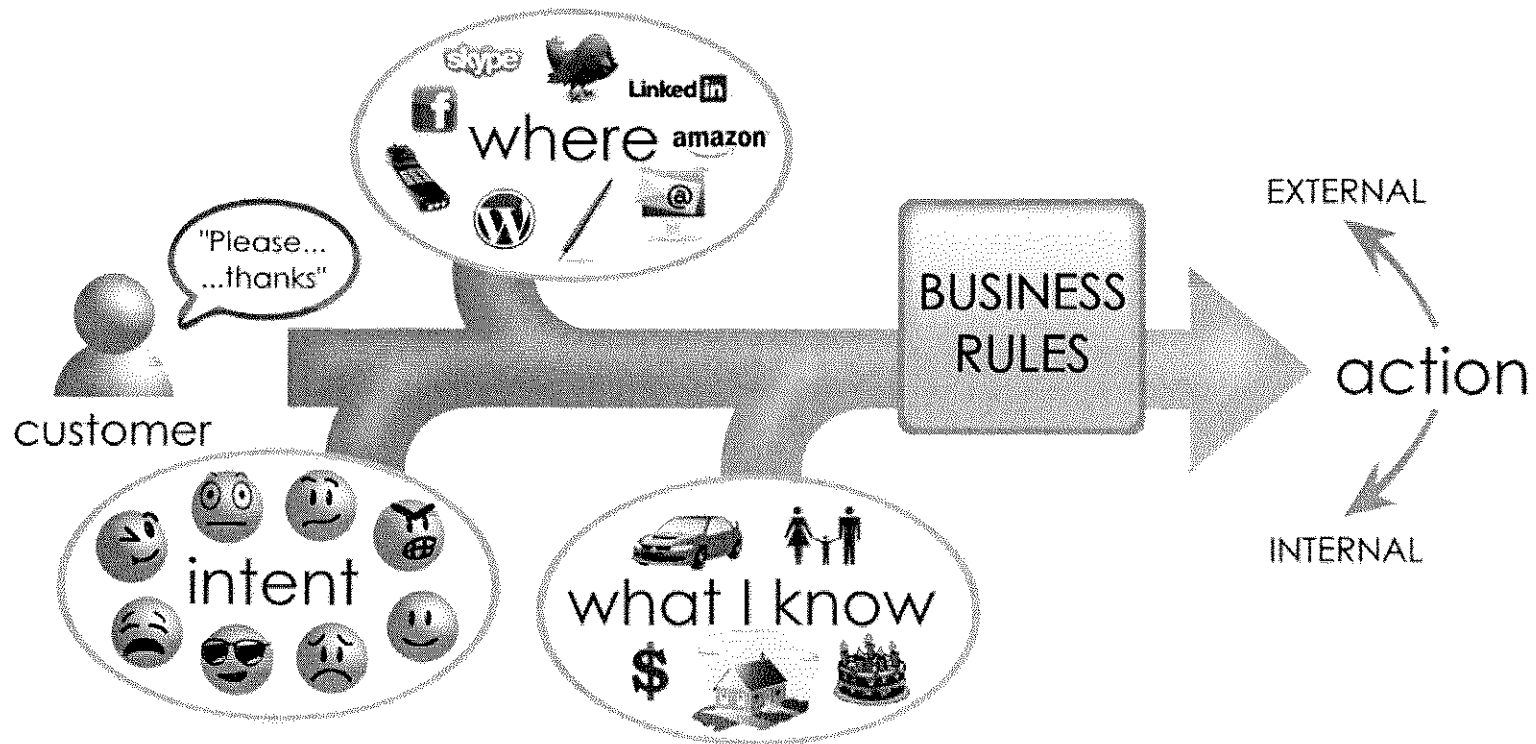
## Social CRM Process



# SOCIAL CRM PROCESS (ARM)

The ARM Workflow Decision Tree Will Determine The Type Of Response

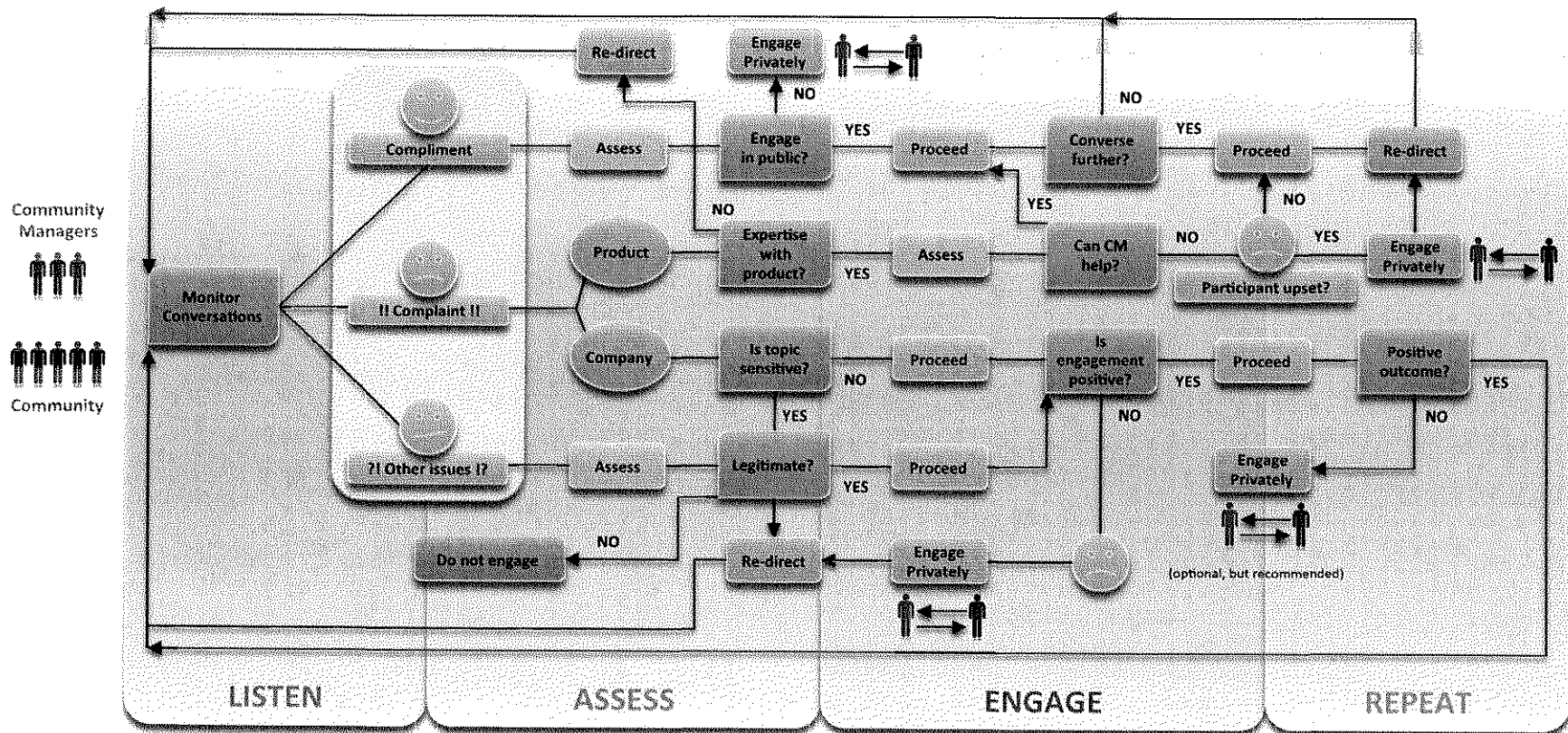
## Action/Reaction/Management (ARM) Process



© 2010 CHESS MEDIA GROUP

# CRISIS MANAGEMENT AND CUSTOMER SUPPORT WORKFLOWS

This Process Will Be Dynamic And Very Depending On Organization





# INTERCEPTING SALES CONVERSATIONS

This Process Must Be Handled With Extreme Care

 **Nickeli**  
@nickedmunds [Follow](#) 

HP, Dell, or Toshiba? Which computer should I get? #help

 **Ryan Sweatman**  
@Sweat\_Dogg [Follow](#) 

Still stuck on which laptop to get :s

 **Jolyn Wang**  
@Jolyn\_WangWang [Follow](#) 


Okay i finally give a damn on my poly hahaha, checking on which laptop to get.....

 **Ng Xian Wen**  
@cheeseeman [Follow](#) 

Ahhh don't know which laptop to get.

 **Hannah**  
@HannahPitt [Follow](#) 

Totally confused by which laptop to get. Help!

 [Shop](#) [Support](#) [Community](#) [Search](#)


[Solutions](#) [Services](#) [Systems](#) [Printer](#) [Software](#) [Accessories](#) [Advisors & Calculators](#) [TechCenter](#) [View All](#)

[Go to Cart](#) [My Order Status](#)

browse

**Dell vs. HP - Laptop Comparison**

[Embed](#) [Email](#) [★★★★☆](#)



**Dell vs. HP - Laptop Comparison**  
Listen to a side-by-side comparison to Dell and HP 15-inch, value-class laptops -- and why Dell comes out on top

**Related Articles**  
There are no results at this time.

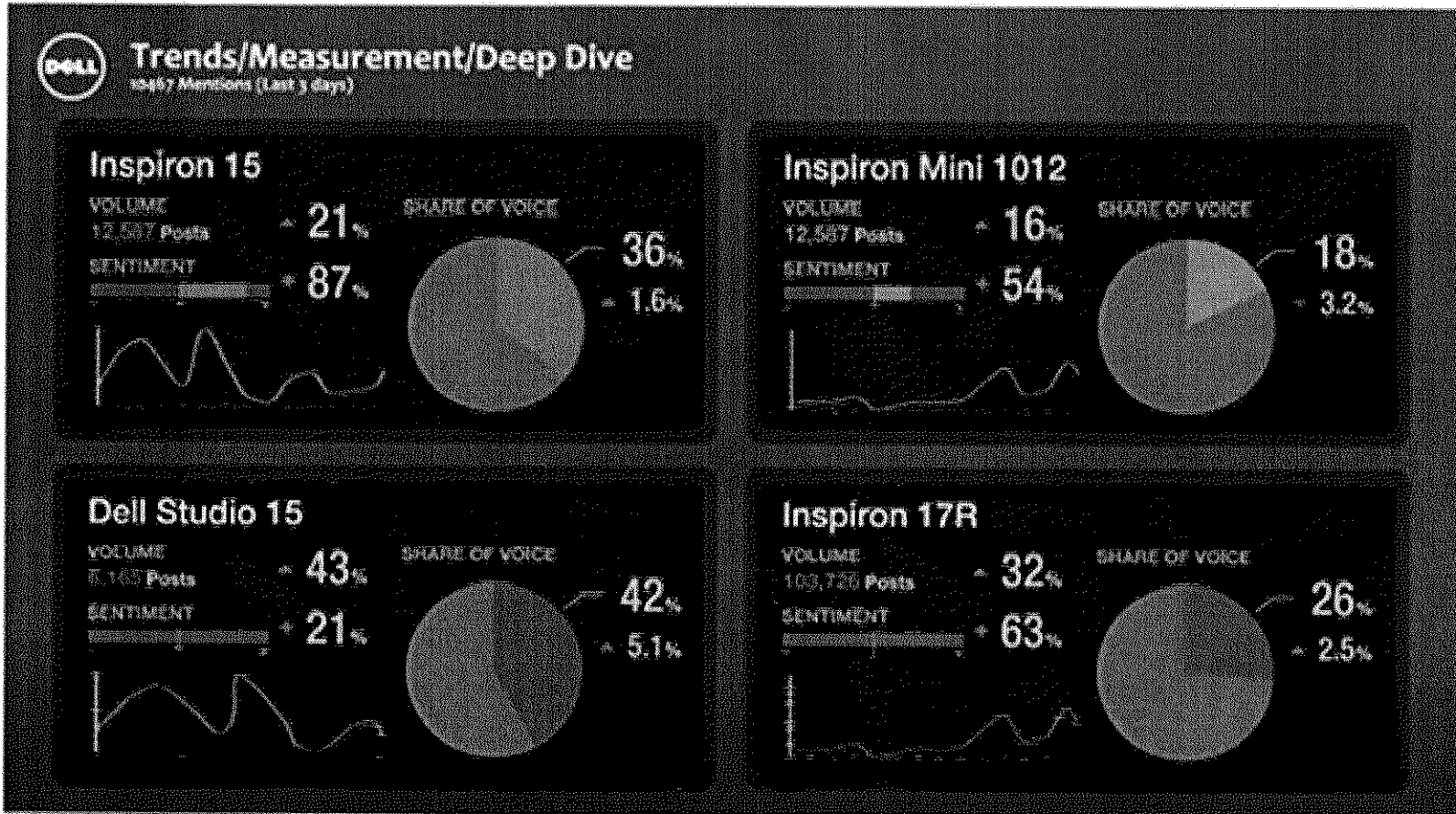
# A LOOK AT THE DELL COMMAND CENTER

24/7 And 365 Monitoring Of The Dell Brand And Products



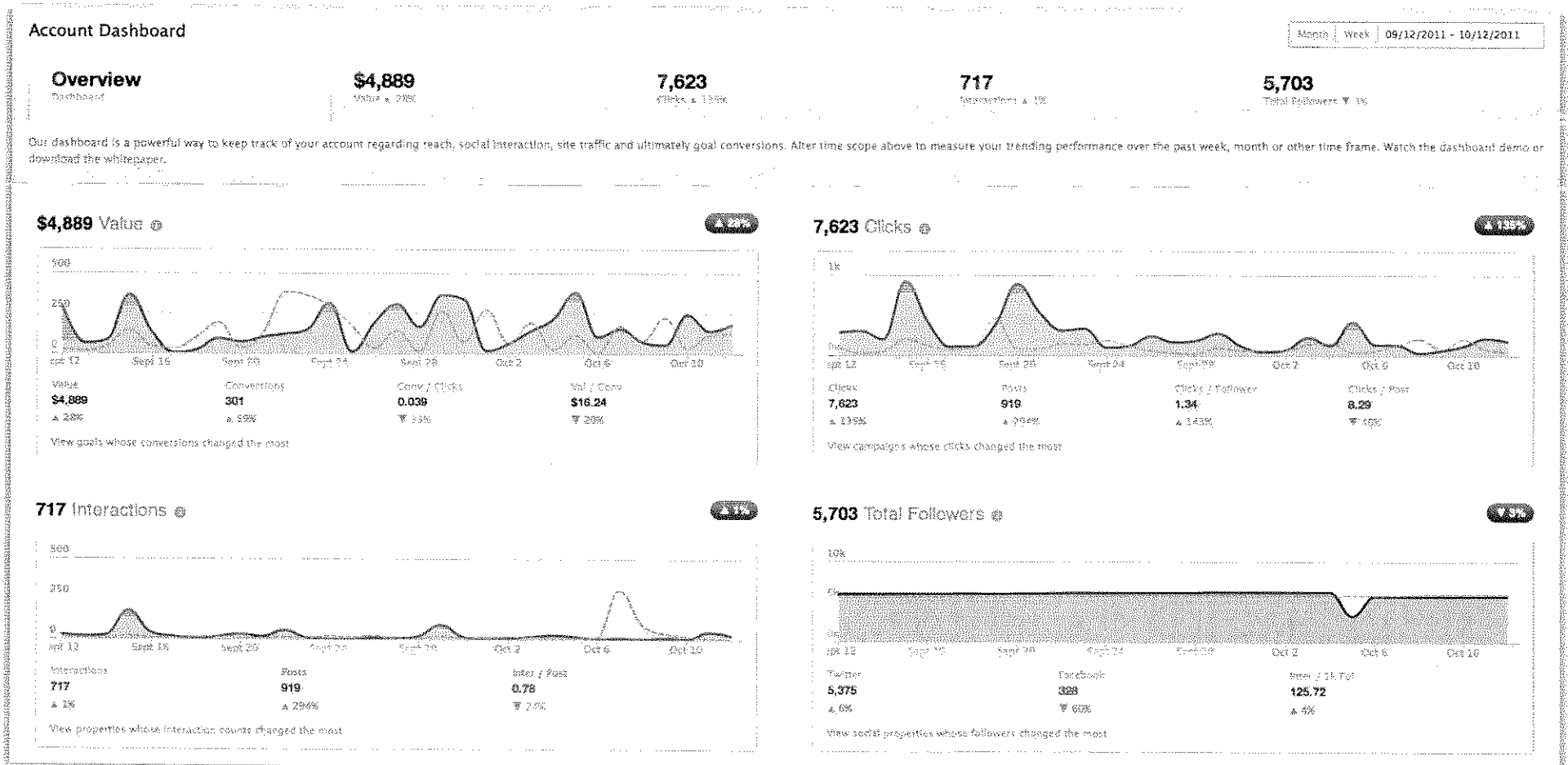
# DELL COMMAND CENTER ANALYTICS

Measuring Share Of Voice, Mentions And Product Sentiment



# REAL TIME ANALYTICS




## Sales, Conversions, Clicks, Engagement And Sentiment





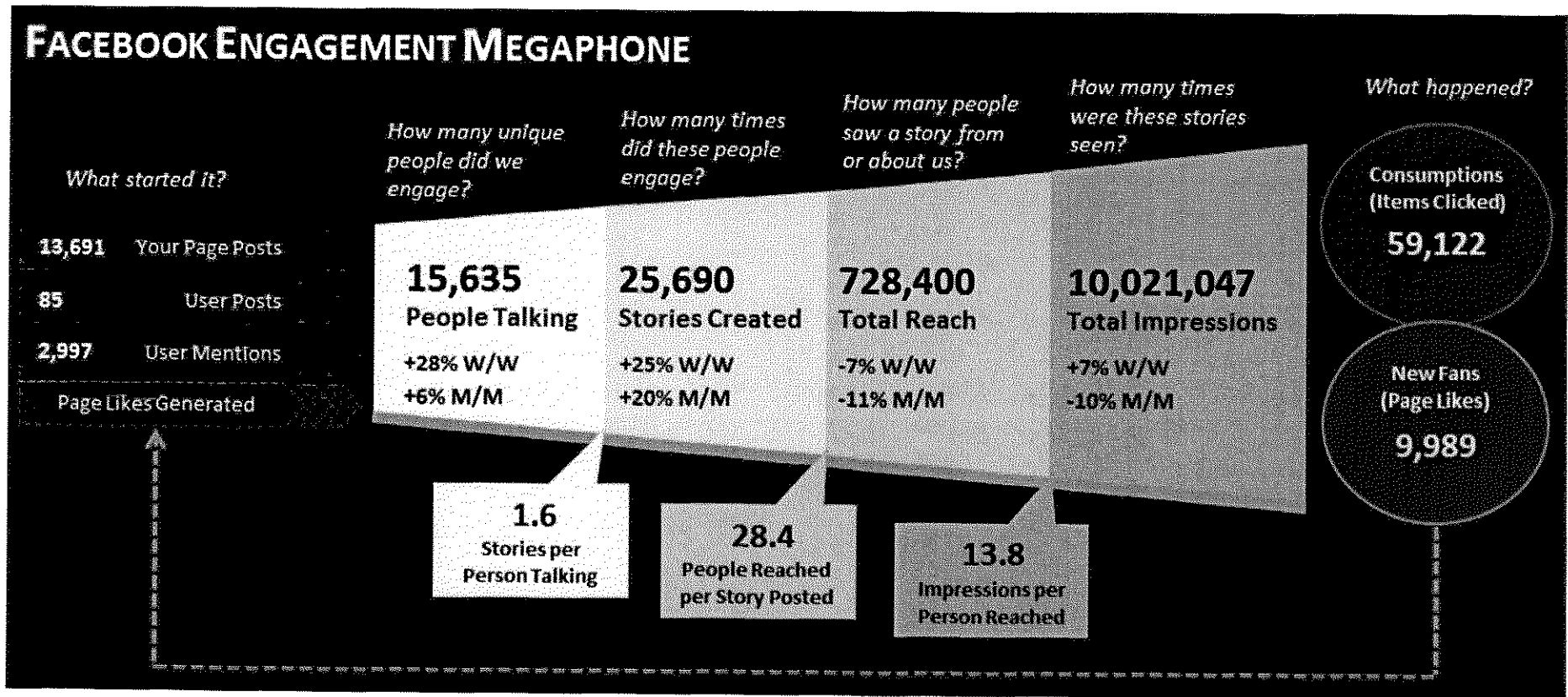
# DETERMINING A MEASUREMENT FRAMEWORK

Trending, Community Health, Community Growth

COLLECTION AND MEASUREMENT	ATTENTION	ENGAGEMENT	AUTHORITY	INFLUENCE	SENTIMENT
<b>FACEBOOK</b> 	<ul style="list-style-type: none"> <li>• Unique Users</li> <li>• Page Views</li> <li>• Media Consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Total Interactions – Wall Posts, Likes, Comments</li> <li>• Fan Photos/Videos</li> <li>• Post Quality</li> </ul>	<ul style="list-style-type: none"> <li>• External Links to Content and Discussion</li> </ul>	<ul style="list-style-type: none"> <li>• Total Fans</li> <li>• Subscribed Fans</li> <li>• Audience Profile as a Reflection of Target</li> </ul>	<ul style="list-style-type: none"> <li>• On-Message</li> <li>• Positive/Negative/Neutral</li> <li>• Change Over Time or Program</li> <li>• Reviews</li> </ul>
<b>YOUTUBE</b> 	<ul style="list-style-type: none"> <li>• Total Followers</li> <li>• Channel Views</li> <li>• Video Views</li> </ul>	<ul style="list-style-type: none"> <li>• Comments</li> <li>• Video Responses</li> <li>• Amount Favorites</li> </ul>	<ul style="list-style-type: none"> <li>• External Links</li> <li>• Embeds</li> </ul>	<ul style="list-style-type: none"> <li>• Channel Subscribers</li> <li>• Video Honors</li> <li>• Audience Profile as a Reflection Target</li> </ul>	<ul style="list-style-type: none"> <li>• On-Message</li> <li>• Positive/Negative/Neutral</li> <li>• Change Over Time or Program</li> <li>• Ratings</li> </ul>
<b>TWITTER</b> 	<ul style="list-style-type: none"> <li>• Total Followers</li> </ul>	<ul style="list-style-type: none"> <li>• RTs</li> <li>• DMs</li> <li>• Backtweets to Shared Content and External Hubs</li> </ul>	<ul style="list-style-type: none"> <li>• Inbound Links</li> <li>• External Coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Extended network and Relative Influence of Followers</li> <li>• Follower Profile as a Reflection of Target</li> </ul>	<ul style="list-style-type: none"> <li>• On-Message</li> <li>• Positive/Negative/Neutral</li> <li>• Change Over Time or Program</li> </ul>
<b>OVERALL</b>	<ul style="list-style-type: none"> <li>• Total Media Consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Total Interactions</li> </ul>	<ul style="list-style-type: none"> <li>• Total Trackbacks and Coverage of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Total Ongoing, Engaged Subscribers to Content and Community</li> <li>• Community Crossover</li> </ul>	<ul style="list-style-type: none"> <li>• Overall Sentiment</li> <li>• Total Shift in Sentiment</li> </ul>

# OTHER REPORTING EXAMPLES

## Facebook Engagement Megaphone





IBM Institute for Business Value

# From social media to Social CRM

*What customers want*

*The first in a two-part series*







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### IBM Institute for Business Value

IBM Global Business Services, through the IBM Institute for Business Value, develops fact-based strategic insights for senior executives around critical public and private sector issues. This executive report is based on an in-depth study by the Institute's research team. It is part of an ongoing commitment by IBM Global Business Services to provide analysis and viewpoints that help companies realize business value. You may contact the authors or send an e-mail to [iibv@us.ibm.com](mailto:iibv@us.ibm.com) for more information. Additional studies from the IBM Institute for Business Value can be found at [ibm.com/iibv](http://ibm.com/iibv)

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By Carolyn Heller Baird and Gautam Parasnis

**Getting closer to customers** is a top priority for CEOs, according to the IBM 2010 CEO Study.<sup>1</sup> Today's businesses are fervently building social media programs to do just this. But are customers as enthusiastic? Actually, most do not engage with companies via social media simply to feel connected. It turns out, customers are far more pragmatic. To successfully exploit the potential of social media, companies need to design experiences that deliver tangible value in return for customers' time, attention, endorsement and data.

With the worldwide explosion of social media usage, businesses are feeling extreme pressure to be where their customers are. Today, this hub of customer activity is increasingly virtual, located inside a social media or social networking site. But in an environment defined by customer control and two-way dialogue, are customers and businesses in sync with each other's expectations?

Consider the speed at which social media is being adopted by consumers and businesses alike. 2010 saw staggering numbers. There were more than 500 million active users on Facebook, 70 percent outside the United States.<sup>2</sup> By March 2010, more than 10 billion messages, or Tweets, had been sent through Twitter since its launch in 2006. By July, that number had doubled to 20 billion.<sup>3</sup> And in the Asia-Pacific region, 50 percent of the total online population visited a social networking site in February 2010, reaching a total of 240.3 million visitors.<sup>4</sup>

Clearly, this is where customers are congregating and businesses want to be. Social media holds enormous potential for companies to get closer to customers and, by doing so,

facilitate increased revenue, cost reduction and efficiencies. As might be expected, our findings indicate social media initiatives are quickly springing up across organizations.

However, using social media as a channel for customer engagement raises interesting challenges for traditional CRM approaches. CRM strategy, enabled by processes and technologies, is architected to manage customer relationships as a means for extracting the greatest value from customers over the lifetime of the relationship. These strategies typically concentrate on the operational responses required to manage the customer. With social media, though, companies are no longer in control of the relationship. Instead, customers (and their highly influential virtual networks) are now driving the conversation, which can trump a company's marketing, sales and service efforts with unprecedented immediacy and reach.

Companies need to embrace this shift with a new strategy – *Social CRM*, which recognizes that instead of managing customers, the role of the business is to facilitate collaborative experiences and dialogue that customers value.

Understanding what customers value, especially when they are in the unique environment of a social platform, is a critical first step toward building a Social CRM strategy. What triggers a customer to seek out a company or brand via social media? What would make a customer reluctant to interact? And does social engagement influence customers' feelings of loyalty toward a company as businesses hope it does?

To find out, the IBM Institute for Business Value surveyed more than 1,000 consumers worldwide to understand who is using social media, what sites they frequent and what drives them to engage with companies. We also asked 350 executives to tell us why they think customers are interacting with their organizations (see sidebar: Study methodology). What we discovered may come as a surprise to those companies that assume consumers are seeking them out to feel connected to their brand. In fact, consumers are far more interested in obtaining tangible value, suggesting businesses may be confusing their own desire for customer intimacy with consumers' motivations for engaging.

Our research shows that consumers have strong opinions about their social media interactions and, despite their embrace of social media, their willingness to engage with companies should not be assumed or taken for granted:

- *Consumers all over the world, across all generations, are swarming to social media, but most interact only occasionally.* Despite the astounding escalation of social media adoption, only a very small percentage of consumers engages regularly by responding to posts and authoring their own content.

- *It's about friends and family – not brands.* More than half of consumers don't even consider engaging with businesses via social sites. For them, social media and social networking are about personal connections with friends and family.
- *Perception versus reality – what consumers really want.* We discovered significant gaps between what businesses think consumers care about and what consumers say they want from their social media interactions with companies. In exchange for their time, endorsement and personal data, consumers expect something tangible. But businesses rank getting discounts and purchasing as the least likely reasons consumers interact with them.
- *The advocacy paradox – Is it the chicken or the egg?* Most businesses believe social media will increase advocacy, but only 38 percent of consumers agree, and more than 60 percent believe passion for a business or brand is a prerequisite for social media engagement. Companies need to find creative ways to tap the power of the trusted social community.

What are the implications for companies? We believe they have their work cut out for them. Even for customer-focused organizations, the introduction of social media presents one of the most disruptive forces facing businesses today. Our findings indicate companies are establishing the foundations of Social CRM but, as could be expected, they are experiencing the growing pains of change and uncertainty.<sup>5</sup> In their rush to join the fray, businesses need to stay laser focused on customer value to avoid falling into the perception gaps we've uncovered.

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*Obtaining tangible value is the top reason most consumers seek out businesses via social sites.*

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### Study methodology

In October 2010, we conducted two online surveys:

The first was completed by 1,056 consumers in the United States, Canada, the United Kingdom, France, Germany, India, China, Australia and Brazil. Participants represented a distribution of ages among Generation Y, Generation X and Baby Boomers, with annual household incomes from US\$25,000 to more than US\$100,000.<sup>6</sup>

The second survey went to 351 business executives in the same countries (except Canada). Executives represented companies from the following sectors: Distribution, Communications, Financial Services, Industrial and Public Sector/Healthcare. In addition, to capture qualitative data from executives responsible for social media programs, we conducted 17 interviews in the United States and the United Kingdom. In partnership with Oxford Economics, we also established a Social CRM blog to solicit feedback on Social CRM topics from social media and CRM specialists and other interested individuals.

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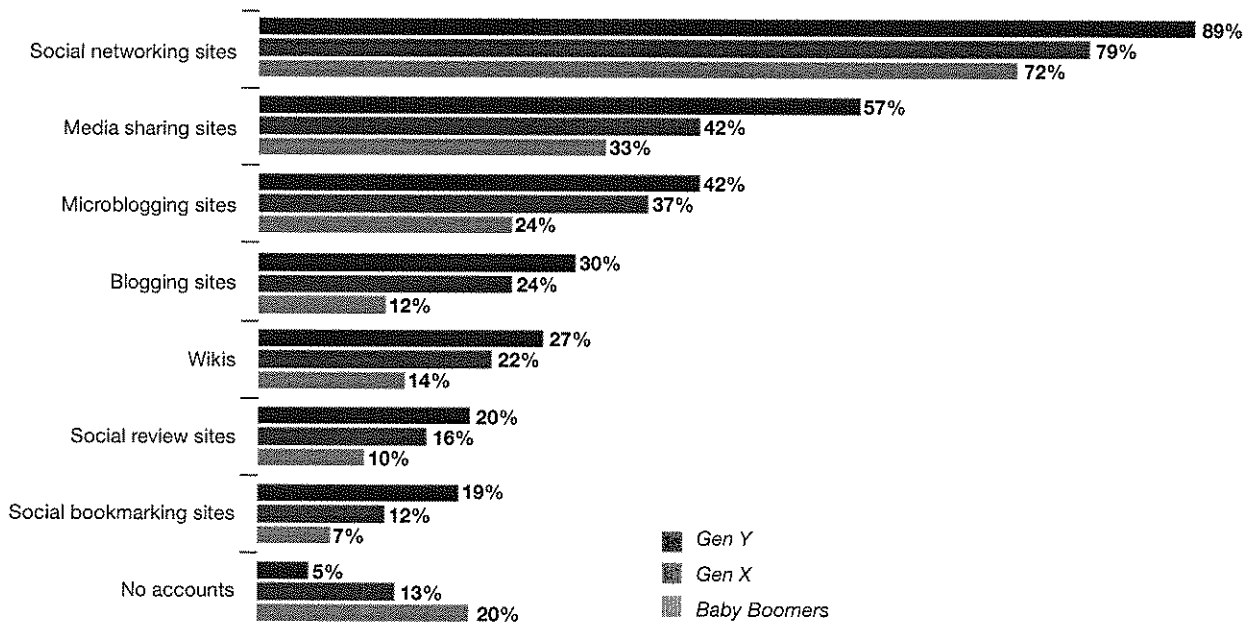
### Social media surge

*Nearly 80 percent of the online consumers we surveyed have at least one account on a social networking site where they can quickly and easily connect with people. Almost half have accounts on media-sharing sites where they can access or upload photos, videos and other types of media. But only a fraction of consumers, a mere 5 percent, consistently take the time and effort to regularly respond to others' comments or post original content.*

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. For businesses, the challenge is unlocking what their customers care about and creating social media experiences that deliver that value. But first, companies need to understand the dynamics of consumer growth and activity on social sites and take stock of consumer attitudes and the triggers that compel them to seek out a company in the first place.

So, who is embracing social media and which sites are they using? As expected, Generation Y still accounts for the lion's share of activity, but Generation X isn't far behind and Baby Boomers are quickly catching up, particularly in the use of social networking sites, such as Facebook, LinkedIn, Orkut, and QQ. Baby Boomers have demonstrated the most growth in terms of numbers using such sites. In 2009, 50 percent of Baby Boomers were using social networking sites.<sup>7</sup> Based on our survey, that number had swelled to 72 percent by 2010. However, Baby Boomers' use of other types of social sites is far less aggressive, and 20 percent do not have accounts on any social site, a much higher level of inactivity than Generation X or Y (see Figure 1).

Percentage of consumers with accounts on social sites



Notes: 1) Sample size N=1056. 2) Generation Y: People born between 1975 and 1992 (18 to 35 year olds); Generation X: People born between 1965 and 1974 (36 to 45 year olds); Baby Boomers: People born in or before 1964 (46 years olds and older). Source: IBM Institute for Business Value analysis. CRM Study 2011.

Figure 1: Who is using social media?

Baby Boomers are not alone in their love of social networking. These sites are by far the most popular for Generations X and Y as well. Media sharing sites (e.g., YouTube, Flickr and SlideShare) rank second in popularity, but the number of accounts drops significantly. Generation Y still leads the pack at 57 percent, but fewer than half of Generation X has an account on these sites, and only a third of Baby Boomers do.

Microblogging, e.g., “tweeting,” comes in third and is used mostly by Generation X and Y, with far less activity by Baby Boomers. People have even fewer accounts on the remaining types of social sites, such as blogs, wikis, social reviews and social bookmarking sites.<sup>8</sup>

People are flocking to sites where their circles of influence reside. They are joining networking sites such as Facebook because this is where the conversations are taking place. In contrast, consumers are much less inclined to have accounts on more niche sites, such as those dedicated to authoring blogs or writing restaurants reviews. However, the picture is somewhat different in emerging markets, where blogging and micoblogging tend to be more popular (see sidebar: Trends in emerging markets).

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#### Trends in emerging markets

In emerging markets, particularly in China, online users report a larger proportion of social media accounts are devoted to microblogging (75 percent) and blogging (66 percent) than in other countries. In Asia, people blog to stay connected to friends and family; consequently, a blog's range of influence tends to be relatively small, typically less than 11 people. In Western countries, however, blogging is viewed as a form of publishing, intended for larger audiences, which may also explain why fewer people in these geographies do it.<sup>9</sup>

Emerging markets have embraced social media with gusto. Both India and Brazil represent some of the most aggressive growth, where more than 90 percent of online survey respondents report having an account on a social networking site. The reasons for the rapid increase of social media usage in the emerging markets vary from country to country; however, the concentration of Generation Y and younger users in those regions, the cultural emphasis on maintaining regular contact with friends and family, and the influx of mobile technologies have contributed to this social media explosion.

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Companies, keenly aware of this global social media phenomenon, are feeling intense pressure to get in on the action. Nearly 70 percent of executives say their companies will be perceived as “out of touch” if they don’t engage, and over half believe their competition is successfully reaching customers through social media. Not surprisingly, their rush to embrace social networking sites has mirrored consumers’ adoption, with 79 percent claiming a profile or presence on a social networking site, and over half use media sharing and microblogging sites (see Figure 2).

Although the consumer stampede to social media is indeed impressive, companies also need to be aware the numbers can be deceiving. To get a better picture of actual social media interaction, we grouped consumers based on their social media engagement levels by asking them how they interact on social sites – whether they typically just read, occasionally interact or almost always engage. Our findings reinforce what other similar studies have also uncovered.<sup>10</sup>

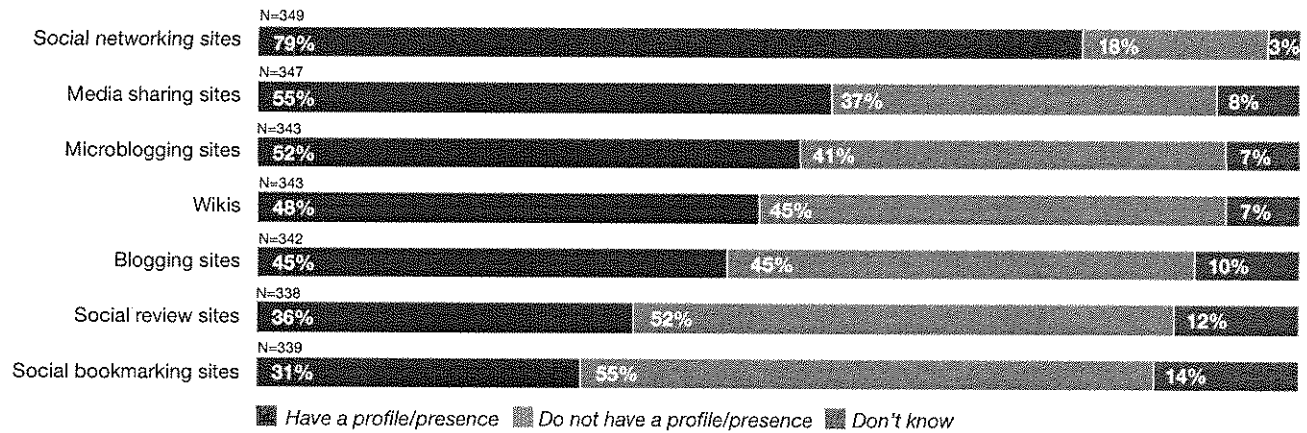
Only a small proportion of consumers – the Engaged Authors at 5 percent – nearly always respond to others’ comments or author their own posts. The next and by far largest group, which we dubbed the Casual Participants (75 percent), occasionally will respond or post their own content.

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*Only a small percentage of consumers on social sites can be counted on to interact regularly.*

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**Percentage of companies with a profile on a social site**



Note: Numbers rounded to equal 100 percent.  
 Source: IBM Institute for Business Value analysis. CRM Study 2011.

Figure 2: Companies tend to use social networking sites more than other types of social sites.

The last group, the Silent Observers at 20 percent, sits quietly on the sidelines. Although they have accounts, they read but do not participate and have never contributed to a conversation or posted their own content.

*Targeted campaigns with incentives to interact can entice the Casual Participant to engage.*

These participant categories have multiple implications for businesses hoping to use social media to get closer to customers. Innovative companies are identifying their Engaged Authors, collaborating with them and leveraging their influence as brand evangelists. The Casual Participants and, to some degree, the Silent Observers also constitute a rich reserve with the potential to engage. Businesses should view this as an opportunity to reach out to new and existing customers. However, it will likely take a targeted, multichannel campaign that rewards customers for using a social option with further incentives to motivate them to actually interact.

### It's personal

For most consumers, social media is about engaging with friends and family and accessing news and entertainment – not interacting with brands.

When asked why they go to social media or social networking sites, 70 percent of consumers chose “Connecting with network of friends and family,” while only 23 percent noted “Interacting with brands” (see Figure 3).

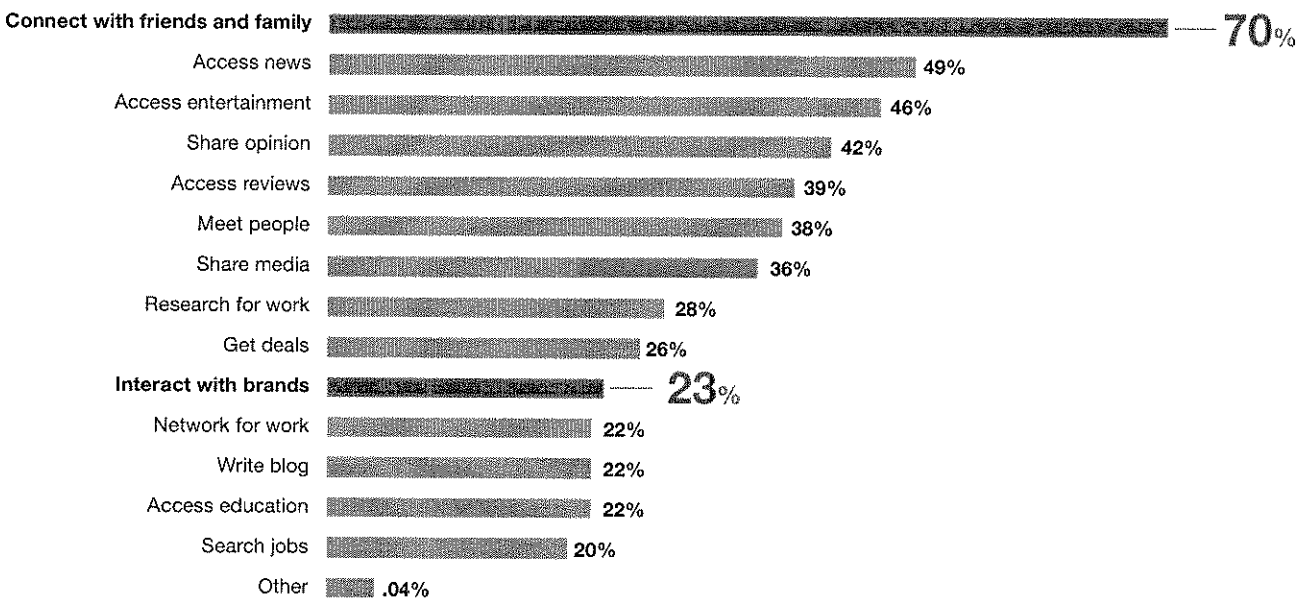
As a group, Engaged Authors are more likely to interact with companies (60 percent), but even they rank this reason well behind others on their list, with “Connecting with friends and family” receiving a whopping 92 percent.

In fact, just over half of consumers surveyed say they do not engage with brands via social media at all (55 percent).

Privacy concerns (47 percent) and spam (42 percent) topped the reasons why they are reluctant. Additionally, over a third (34 percent) cite simple disinterest in the brand as their reason for not engaging.

Of the 45 percent who *do* interact with brands, the majority (66 percent) say they need to feel a company is communicating honestly before they will interact. Sixty-seven percent of companies say they have a culture that endorses transparent communications with customers; however, a third were either lukewarm about this or felt their company culture was not supportive. Companies that struggle with transparency risk being perceived by customers as insincere or manipulative. These types of organizations may find it difficult to interact with the authenticity that has become a must for business-customer interactions in social media.

#### Reasons consumers go to social media or social networking sites



Note: Sample size N=1056.  
Source: IBM Institute for Business Value analysis, CRM Study 2011.

Figure 3: Less than a quarter surveyed use social media to interact with brands.



What does all this mean for business? Organizations need to be aware that less than half their customer base is likely to interact with them in a social media environment. This can fluctuate, of course, depending on the targeted market for a particular industry or type of business. However, regardless of the customer profile, as businesses build their social media strategies, it is important they ask a fundamental question: “Why would people choose to follow us in social media instead of reaching out via traditional channels?” The answer may be as simple as: “Because our customers congregate on social sites, and it’s how they want to communicate.” For the Engaged Authors and, now and again, the Casual Participants, that may be enough of a reason. However, the real opportunity lies in an organization’s ability to attract others who aren’t so inclined to participate. Companies need to make a concerted effort to communicate openly and authentically with these customers, learn what they value and offer benefits that entice them to act.

### Perception versus reality

*Sixty-five percent of businesses view social media as a new source for revenue but, at the same time, many believe receiving discounts or coupons and purchasing products or services are among the least likely reasons a customer would seek them out on social sites.<sup>11</sup> Ironically, though, consumers say getting tangible value is the top reason they interact with a company, which is good news for those organizations hoping to monetize social media.*

When asked what they do when they interact with businesses or brands via social media, consumers list “getting discounts or coupons” and “purchasing products and services” as the top two activities, respectively. They rank “reading reviews and product rankings” third, which is also often part of the purchasing process as customers research product information before deciding to transact.

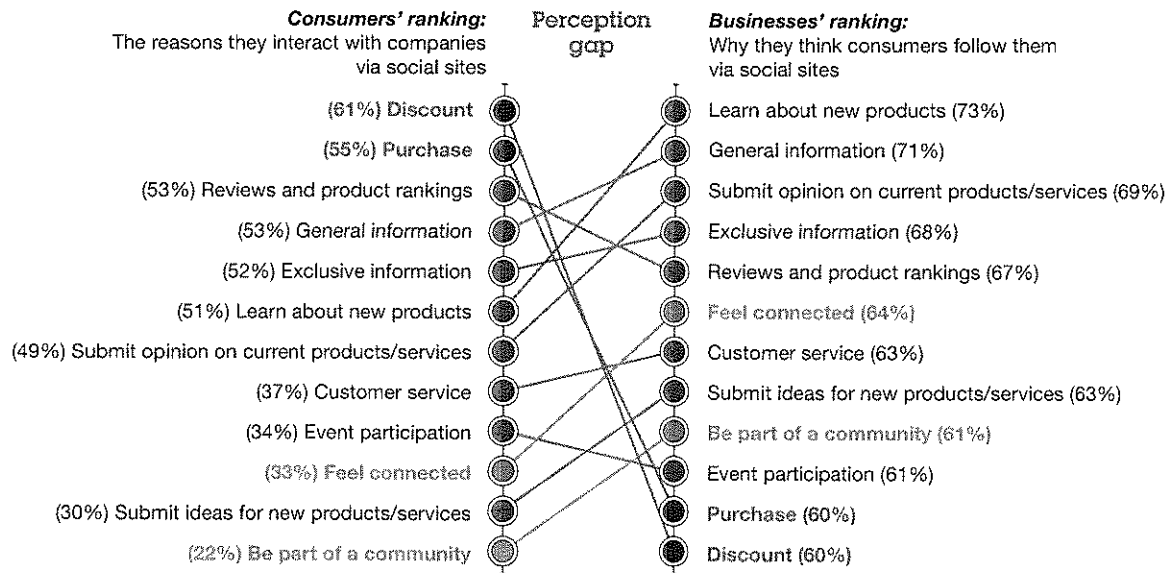
In contrast, when asked why they thought customers were following their companies on social sites, executives cite getting discounts and purchasing products or services as the two things customers were *least interested* in doing – the direct opposite of the consumers’ rankings (see Figure 4).

The same question reveals another related perception gap. Businesses are *three times more likely* to think consumers are interested in interacting with them to feel part of a community. Businesses also overestimate consumers’ desire to engage with them to feel connected to their brand. In fact, these two activities are among the *least interesting* from a consumer’s perspective.

Consumers are willing to interact with businesses if they believe it is to their benefit, feel they can trust the company and decide social media is the right channel to use to get the value they seek. That value could be in the form of a coupon or specific information. Engaging with a company via social media may result in a feeling of connectedness for consumers – an emotional, intangible gain – but the wish for intimacy is not what drives most of them.

Businesses hoping to foster closer customer connections through social media conversations may be mistakenly projecting their own desires for intimacy onto customers’ motivations for interacting. Interactions with businesses are not the same as interactions with friends. Most consumers are not motivated brand advocates who connect with a company primarily to feel associated with a brand community.

Despite this perception gap, the fact that customers desire to use social sites to transact with businesses should come as welcome news to companies that want to monetize social media. Social commerce is quickly becoming a major force in



Note: Consumer: N=1056; Business: Learn N=333, General info N=336, Submit opinion N=334, Exclusive info N=333, Reviews/rankings N=333, Feel connected N=331, Customer service N=331, Submit ideas N=332, Community N=329, Event N=332, Purchase N=334, Discounts N=331.  
 Source: IBM Institute for Business Value analysis, CRM Study 2011.

Figure 4: Companies have some misperceptions regarding why consumers interact with them via social sites.

social media, and we believe expediency, cost savings, and exclusive offers and sales will outweigh privacy fears. Consumers are increasingly using social media to gain recommendations, reviews and opinions from friends, family, experts and the collective social community. Once they access this content, the impulse to purchase immediately can be strong. Having to switch channels to transact will increasingly feel like an inconvenience, if not burdensome.

More companies are offering commerce opportunities delivered through third-party social platforms such as Facebook (see sidebar: Cold Stone Creamery – Real value for real friends). In 2009, 1-800 FLOWERS.COM was among the

first to enable customers on Facebook to select products and purchase directly from a Facebook page.<sup>12</sup> In 2010, Delta Airlines launched a “social media ticket window” on Facebook, allowing customers to book a flight without having to go to Delta’s Web site. Delta indicated Facebook is used by more customers while in flight than any other Web site, making it a “natural launching point” for its initiative.<sup>13</sup>

Social commerce adoption levels will vary based on industry, consumer concern over privacy (which is highest in China at 56 percent and Germany at 54 percent) and regulatory or legal restrictions. However, for most, the convenience and satisfaction of “one-stop shopping” will be hard to resist.

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#### Cold Stone Creamery – Real value for real friends

*Cold Stone Creamery's eGift program on Facebook is an excellent example of social commerce that optimizes the unique community aspect of social networking by enabling followers to send tangible gifts to friends.*

Cold Stone Creamery, an ice cream franchiser with 1,500 locations in 16 countries, wanted to find a creative way to engage followers with a valued offering and, at the same time, drive a measurable impact on in-store sales. From Cold Stone's Facebook page, customers select one or more friends to send gifts to, choose the product they would like their friends to receive, add a personal message and proceed through the security-rich checkout process.

Recipients get a Facebook message or e-mail with the eGift and its associated redemption code. Following the instructions provided, recipients can redeem their treat and customize its flavor in any U.S. Cold Stone store location.

The results are impressive. Cold Stone linked social media interaction with concrete consumer behavior patterns to increase profitability. They monetized their Facebook presence by facilitating a fun, easy way for followers to send small treats to friends – something they believed their customers would value. They were right – within weeks, eGift added thousands of dollars in incremental sales to franchisees.<sup>14</sup>

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#### The advocacy paradox

*Is it the chicken or the egg? Businesses are betting that social media interactions will engender increased customer loyalty. However, many consumers say they need to be passionate before they'll engage, and they are split regarding how much influence they think these interactions will have.*

In the IBM 2010 Global CEO Study, 88 percent of CEOs said “getting closer to customers” was the top priority for their business over the next five years.<sup>15</sup> This same driver is reflected in responses from executives surveyed for this study. Almost three fourths (70 percent) believe reaching out to customers via social media will help them increase customer advocacy.

However, consumers are divided on this issue. Only 38 percent feel social media interactions with a business will have a favorable influence on their loyalty to that company, 28 percent are neutral and as many as a third (33 percent) say their social media interactions will not make them feel more loyal to that business.

In addition, they are split as to whether social interaction with a company would influence their spending with that business. Just under half of consumers (49 percent) believe their engagement would likely lead to future purchases with that company. Twenty-seven percent don't think social media interactions will influence their spending, and 24 percent are neutral. Furthermore, for nearly two thirds of consumers (64 percent), passion for a brand or business is a prerequisite for engaging with that company via social media. This means the majority of consumers are inclined to interact only with brands they already know and love.

In other words, consumers who engage already have an affinity for that brand or company, and mere participation via social media may not necessarily result in increased loyalty or spending. But a recommendation from a friend or family member could make a difference. In a 2010 IBM study on the retail industry, we found 45 percent of consumers ask friends for advice before purchasing, and more than a third turn to external sources – either fellow consumers or independent experts – to get information about a product. Only 18 percent rely on retailers and manufacturers.<sup>16</sup> The power of the social community's endorsement and influence can be felt each time someone "likes" a company on Facebook or re-tweets a company's message on Twitter.

Companies can take advantage of this dynamic by designing social media programs with the explicit goal of touching customers emotionally and motivating them to share their experiences with others. The American Express Small Business Saturday program on Facebook is great example of a company using social media to connect with customers based on a shared sense of values, while also providing tangible value to both the consumer and the company (see sidebar: American Express Small Business Saturday – Crossing the emotional divide).

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*Most consumers interact with brands or businesses with which they already have a strong connection.*

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#### American Express Small Business Saturday – Crossing the emotional divide

American Express has two groups it wants to please: member card holders and merchants. In anticipation of the busiest shopping weekend in the United States, American Express launched Small Business Saturday, a program targeted at consumers to get them to patronize local small businesses. This clever campaign tapped into consumers' desire for discounts and their concern for their communities' economic wellbeing. At the same time, it provided support to small business clients during the peak shopping season.

Users on Facebook were encouraged to support the campaign by clicking the Facebook "like" button declaring, "I'm In!" and sharing their endorsement with all their Facebook friends. To advance the viral spread of the campaign, for each "like," American Express donated a dollar to a popular charity, Girls Inc. This charity donation was icing on the cake and a significant detail. Without having to provide personal information to engage, anyone could "like" the campaign and spread the word. Even non-card holders could click, key to creating affinity among people who aren't customers – yet.

On the program's Facebook page, customers and businesses could interact with "Shout Outs," and card holders could sign up to receive a US\$25 credit as a reward for using their American Express Card at small businesses. American Express raised US\$1 million for charity, extended the \$25 credit offer to the end of the year and encouraged fans to participate in polls about their experience.<sup>17</sup>

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## Recommendations and next steps

*Organizations need to carefully consider how they can create a social media experience that is unique to their brand, offers customer value and exploits the power of the social community.*

Companies should consider the following to lay the foundation for a successful social media program that will help them reinvent their customer relationships:

- *Recognize social media is a game changer.* We believe that for many companies, social media will become the gateway, if not the primary, communications channel to connect with customers. As companies design their social media programs, they need to think of their customers holistically and consider their social media interactions in the context of other customer touch points with the company.
  - *Be clear on the differences between social media and other channels.* Social CRM is about enabling engagement with the customer for the mutual benefit of the customer and the business. The traditional model of managing the customer relationship needs to adapt to the reality that the customer is now in control.
  - *Make the customer experience seamless – across social media and other channels.* If you know your customer in one channel, you need to know him or her in other channels as well. This means the social solution should not be devised as an isolated standalone program, but needs to be thoughtfully integrated with other customer-facing initiatives.
  - *Start thinking like a customer.* Instead of asking why your company should engage in social media, ask why a customer would choose to interact with your company in a social platform. Recast social interaction strategies to focus on giving customers the value they seek and the customer intimacy will come.
- *If you aren't sure what customers value, ask them.* Dialogue and participation is what social media is all about. Devise creative ways to capture the customer insight you need with polls, idea jams and challenges. Let customers participate by voting on their favorite ideas or innovations. In fact, getting customers invested in the outcome will help build the advocacy and brand affinity you seek.
  - *Monetize social media, if that's what customers want.* Make it quick and easy for customers to transact directly within a social media experience. Develop social commerce campaigns that target a specific customer need with time-sensitive offers or discounts that motivate customers to act. For people to engage and keep coming back, content should be fresh and relevant. Provide incentives for people to share content with friends to capitalize on the viral benefits a community platform offers.

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*A successful Social CRM strategy facilitates collaborative experiences and dialogue that customers value.*

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## Conclusion

It is understandable why companies want to use social media to interact with customers. The benefits are real and deep. First, there is the social interaction itself, which can provide direct value to the business through revenue from social commerce and cost savings when used for customer care or research, for example. Plus, social networking enables rapid, viral distribution of offers and content that may reach beyond what could be done in traditional channels – all with endorsement from connections people trust. But that is just the beginning. Companies also can use social platforms to mine data for brand monitoring and valuable customer insights, which can spark innovations for improved services, products and customer experiences. In a constant cycle of listen-analyze-engage-evolve, organizations can optimize their social media programs to continually enhance their business.<sup>18</sup>

With so much to gain, companies need to invest the effort to understand how to break through the noise and offer current and potential customers a reason to reach out to them via social media. Businesses, eager to get closer to customers, are building pages on social networking sites, posting videos and microblogging; however, if they don't focus on what the majority of their customers value in social media, they may be missing the boat. In fact, offering tangible value to consumers may be the strongest incentive to attract the 75 percent of Casual Participants who need a good reason to interact.

For companies that have been taking a “build it and they will come” approach to social media, these consumer findings are a wake-up call that much more needs to be done if they want to attract more than the most devoted brand advocates.

To learn more about this IBM Institute for Business Value study, please contact us at [iibv@us.ibm.com](mailto:iibv@us.ibm.com). For a full catalog of our research, visit:

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IBM Institute for Business Value

# From social media to Social CRM

*Reinventing the customer relationship*

*The second in a two-part series*



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IBM Global Business Services, through the IBM Institute for Business Value, develops fact-based strategic insights for senior executives around critical public and private sector issues. This executive report is based on an in-depth study by the Institute's research team. It is part of an ongoing commitment by IBM Global Business Services to provide analysis and viewpoints that help companies realize business value.

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By Carolyn Heller Baird and Gautam Parasnis

**Welcome** to the age of Social CRM, a different way of thinking about customer relationship management that focuses on using social media to enhance customer engagement. How prepared are companies to make this shift? Despite widespread adoption of social media, for most, Social CRM is still in its early stages, execution is patchy and concerns about ROI remain. To fully exploit the power of social media to connect with customers, organizations need to move beyond isolated projects to integrated programs and, ultimately, a Social CRM strategy.

According to the IBM 2010 CEO study, getting closer to customers is the overwhelming top priority for CEOs.<sup>1</sup> It's no wonder then that the pressure to exploit social media is so fierce. It is ideally suited for customer collaboration and offers opportunities for reach, access and immediacy that simply don't exist with other channels. By the end of 2010, nearly 80 percent of the companies we surveyed, anxious to interact with customers where they are congregating virtually, had a presence on a social networking site and were aggressively launching social media initiatives. But do companies have the strategies needed to make these efforts flourish?

As the next generation for customer relationship management, Social CRM is gaining momentum. Traditional CRM strategy focuses on management solutions for channels such as corporate Web sites, call centers, and brick and mortar locations. With Social CRM, these strategies now take into account the dynamics of the community-based environment that defines social media – an environment in which control of the relationship has shifted to the customer, who has the power to influence others in his or her social network.

To gauge companies' current Social CRM progression and their ability to provide the value customers seek in a social platform, the IBM Institute for Business Value conducted two online surveys. One went to 351 executives from functions where the responsibility for social media typically resides. The other was issued to more than 1,000 consumers to shed light on why they engage with businesses and how these interactions affect their feelings of brand loyalty (see Appendix for study methodology).

When we evaluated consumers' responses against those from executives, we uncovered some surprising perception gaps between the two groups. As highlighted in the first paper of this series, "From social media to Social CRM: What customers want," the search for tangible value – coupons, discounts, etc. – is what triggers most consumers to seek out a company via social media. Executives, on the other hand, say this is the least likely reason customers interact with them; and they significantly overestimate consumers' desire to engage so they can feel connected to the company or brand. Additionally, while 70 percent of businesses believe social media will increase customer advocacy, only 38 percent of consumers agree, suggesting businesses are more optimistic than perhaps they should be.<sup>2</sup>

Given customers' attitudes, companies have some work to do to provide the value customers seek and optimize the opportunities social media represents to their business. This requires a comprehensive strategy, as well as the operational structures to put the strategy into action. According to our survey, while the majority of companies have many elements of a social media program, progress toward an integrated Social CRM strategy is not linear, the challenges are deep and uncertainty abounds.

- *There's no turning back.* Feeling intense pressure to embrace social media, nearly two thirds of executives say it fundamentally is going to change the way they do business. As a result, their social media footprint has grown rapidly, but there is still much more companies can do to fully exploit the benefits social media offers.
- *Most companies have some elements of a social media program but struggle with integrated execution of an overarching Social CRM strategy.* Social media initiatives have sprouted up organically across the enterprise, but the key characteristics of a Social CRM strategy – executive sponsorship, integrated cross-functional governance, consolidated guidelines and policies, and sharing of customer insights to enhance innovation (from structured and unstructured data) – exist in varying degrees. Only about a third assertively report these elements are in place.
- *Social media challenges vary widely, but concern over ROI and mitigating risk top the list.* Sixty percent of companies attempt to track ROI to some degree, but there is no consensus on a standard approach. Applying analytics can help, but only about a third of executives believe they do it well. Despite fears of negative brand exposure, fewer than half monitor their brand, and only 53 percent offer social media training to employees.

It is noteworthy how quickly social media has become a priority for business. Companies are now grappling with managing the impact it can have on their engagement models, operations, corporate culture and bottom line. The message is clear. Social media is here to stay and using it to reinvent customer relationships will require companies to rethink their traditional CRM approach.

### **Businesses' expanding social media footprint**

*Companies aggressively have jumped on the social media bandwagon. Expectations are high, with two-thirds surveyed believing social media will transform business in the future. However, many companies, still in the early stages of social engagement, are not yet taking full advantage of the benefits social media offers.*

The velocity of social media adoption is astounding:

- As of May 2011, Facebook had more than 500 million active users, and the average user had 130 friends. Global penetration is deep, with more than 70 percent of users now residing outside the United States.<sup>3</sup>
- Also, by May 2011, LinkedIn had 85 million members representing 200 countries and 7 continents.<sup>4</sup>
- In March 2010, Twitter marked a milestone when the 10 billionth tweet was sent. By July, the number of tweets had doubled to an amazing 20 billion.<sup>5</sup>

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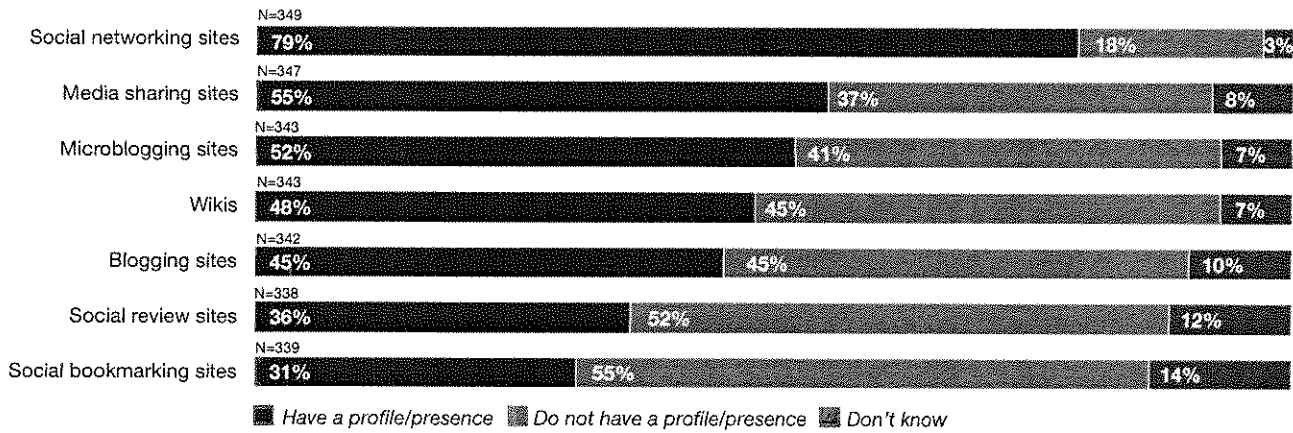
*Most companies that have enthusiastically embraced social media are now grappling with how to manage its impact.*

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Businesses want to be where their customers are, and executives are feeling significant pressure to get engaged and get it right. Social media has become a priority so quickly, nearly 70 percent say their companies will be perceived as “out of touch” if they aren’t using it. Two thirds (67 percent) say they need a social media presence to attract top employees, and more than half (58 percent) believe their competition is successfully reaching customers through social sites. Clearly, social interaction has fundamentally changed expectations for communication and engagement.

Companies are mirroring consumers’ stampede to social networking sites, such as Facebook, LinkedIn, Orkut and QQ. Seventy-nine percent of companies surveyed have accounts on these sites. More than half use media sharing sites, such as YouTube, Flickr and SlideShare, and microblogging sites, such as Twitter, Jaiku and Tumblr (see Figure 1). A small but notable percentage of executives weren’t sure if their company had a profile on a specific site type. This suggests the use of social media isn’t always a top-down directive, visible across the enterprise.

**Percentage of companies with a profile on a social site**



Note: Numbers rounded to equal 100 percent.  
 Source: IBM Institute for Business Value analysis. CRM Study 2011.

Figure 1: Companies tend to use social networking sites more than other types of social sites.



channel. Data about customer perspectives, desires and habits can be captured very quickly and for far less cost than traditional methods. We believe our findings are indicative of the early evolution of social media strategies. With time, we anticipate more companies will increase the reach of their endeavors.

### The strategy shift

*While companies are making strides in establishing social media strategies, they are less certain about putting those strategies into action.*

Traditional CRM strategies are not equipped to address this new social medium. They are designed to manage the customer relationship via traditional channels, usually from the company's perspective. A main goal of traditional CRM is to derive optimum value from the customer during the lifetime of the relationship. In today's environment, where the customer is in control, Social CRM strategy is emerging as an approach for managing the *dialogue*, not the *customer*. As Paul Greenberg, noted CRM guru, shared in *CRM at the Speed of Light*, "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."<sup>7</sup>

A social media strategy is not the same as a Social CRM strategy. Consider companies with siloed social media initiatives. Marketing may have established a Facebook presence where it posts company information and promotes campaigns to encourage customer interaction. Customer service may have representatives using social forums to answer customers' questions. At the same time, employees throughout the enterprise may be individually tweeting or blogging on topics that interest customers.

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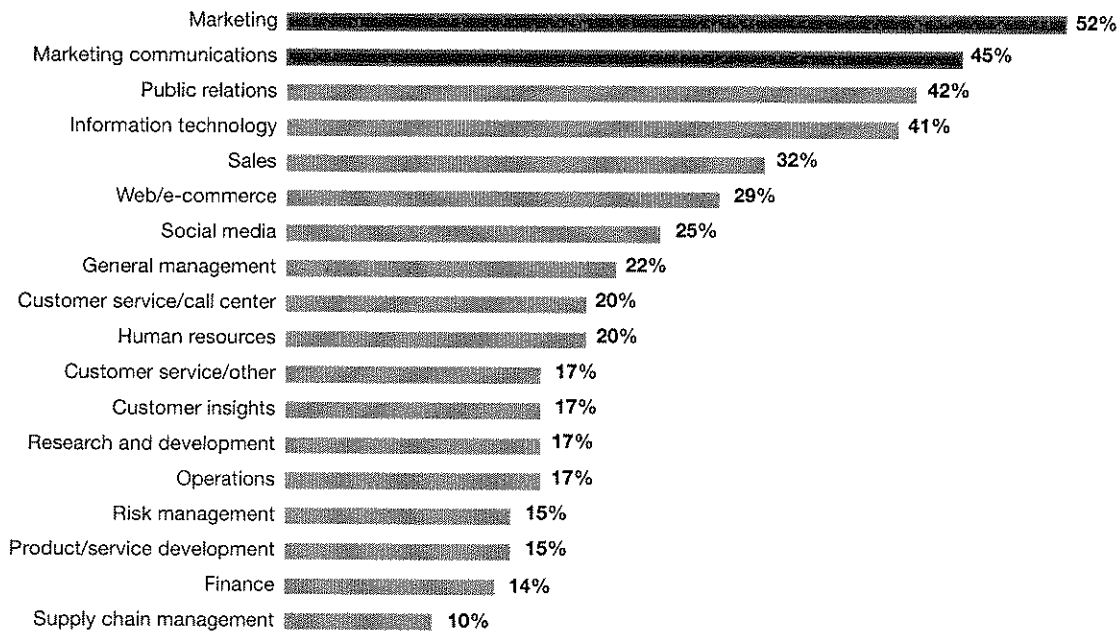
*A social media strategy is not the same as a Social CRM strategy.*

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Collectively, these initiatives constitute the use of social media for customer communication. However, they fall short of composing a Social CRM strategy because there is no integrated, overarching strategic approach for engaging customers regardless of where they are in the value chain. Additionally, if a Social CRM strategy does not include a plan for governance, guidelines and shared insights, it will be extremely difficult to understand the holistic customer impact or fully optimize benefits to the business. Once a Social CRM strategy is established, organizations are in a much better position to determine the influence of their social activities within the context of the full lifecycle of customer touch points across traditional and nontraditional channels.

Just under a third of respondents confidently report their company has a strategy for the use of social media. Forty percent "somewhat agree" that a strategy is in place. And, with the concentration of social media activity currently focused on customer communication, it comes as no surprise that more than half say marketing is responsible for managing and implementing social media strategies. However, it is an eye opener that so many other functions across the enterprise are engaged in social activities with some degree of strategy to support their efforts. These varied strategies provide further evidence that many companies have a fragmented, decentralized approach toward social media development, with responsibility (and agendas) aligning to the function managing the activity (see Figure 3).

**Which functions are responsible for managing and implementing a social media strategy?**



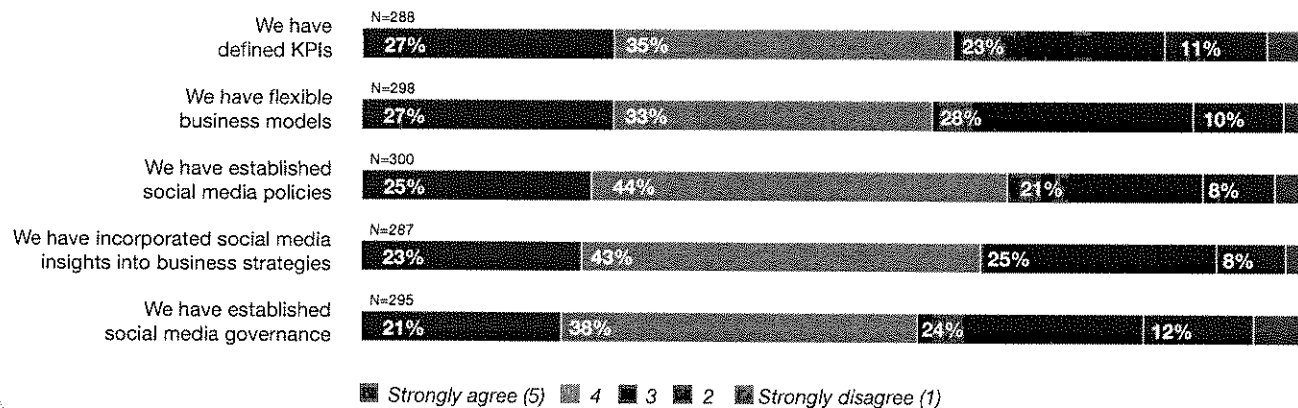
Notes: N=351. Not shown in figure: "I don't know" = 2 percent and "Others" = 1 percent.  
 Source: IBM Institute for Business Value analysis. CRM Study 2011.

**Figure 3: Typically, marketing is responsible for social media strategy, but strategies exist across the enterprise.**

Putting strategies into action is proving to be somewhat more challenging. Establishing governance models with engagement policies, key performance indicators (KPIs), metrics, shared insights, etc. is essentially what distinguishes the transformation from isolated social media projects to a consolidated, comprehensive Social CRM strategy. This is where the rubber hits the road and where companies appear less confident.

Only 25 percent are ardent about having defined social media policies. Forty-four percent "somewhat agree" policies are in place, and 21 percent are even less certain. Executives responded with similar results for defining KPIs for social media, having flexible business models to quickly exploit new opportunities, incorporating social media insights into business strategies and establishing social media governance programs (see Figure 4).

**Agree or disagree? Percentage of responses**



Note: Numbers do not total 100 because of rounding.  
 Source: IBM Institute for Business Value analysis. CRM Study 2011.

Figure 4: Companies find the operational aspects of Social CRM more challenging to execute.

These results are a reflection of the relatively short time companies have engaged in social media initiatives. We believe more will adopt a Social CRM approach as their programs mature and they make use of enabling technologies that integrate traditional customer data with data captured via social media.

In addition to operational changes, many organizations will need to address barriers generated by their corporate culture. Only 38 percent are confident their company endorses innovation and creativity, and just 30 percent say they have strong executive support for their social media initiatives. A mere 27 percent say they share insights across functions. Freedom to collaborate and experiment needs to be an executive mandate if Social CRM is to be successfully implemented.

**The networked hive**

Best Buy, a multinational retailer of technology and entertainment products and services, is a shining example of a company that has developed a strategic and operational model to facilitate thousands of employees throughout the enterprise to engage with customers via social media.

The program getting most of the media attention is Twelpforce, where customers use Twitter to send inquiries to Best Buy and thousands of employees – across all functions – are empowered to tweet a response if they know the answer. The company also maintains multiple community forums, blogs, an idea exchange and a Facebook presence. With so many employees engaging in so many social media initiatives, how does the company manage all these interactions?

Best Buy describes its governance model as a networked hive. Social media is viewed as a horizontal integration of initiatives, cutting across vertical functions throughout the enterprise. Governance is managed through a Center of Excellence model, with representatives from different programs participating. Corporate guidelines for social media engagement with customers are owned by the Communities Team within the Customer Support function, which also facilitates social media training for all employees. The results are powerful:

- US\$5 million in call center deflection
- More than 100,000 social conversations annually
- Nearly 3,000 registered employees on Twelpforce
- Improved employee morale, better knowledge sharing and connections across the enterprise, corporate passion for social media innovation and significant brand buzz.

Best Buy's model can serve other companies, even those whose social media programs are less ambitious. This networked, integrated approach to governance – with program-level ownership of social media initiatives that use a common structure for collaboration, guidelines and training – is flexible enough to expand as use of social media spreads throughout the enterprise.

“Our model is like a hive. Each group manages its own initiatives, but we work under a common strategy. We are well integrated, well networked, and everyone is responsible for social media,” said John Bernier, Product Manager-Connect, Best Buy.

### The big fears: ROI and risk

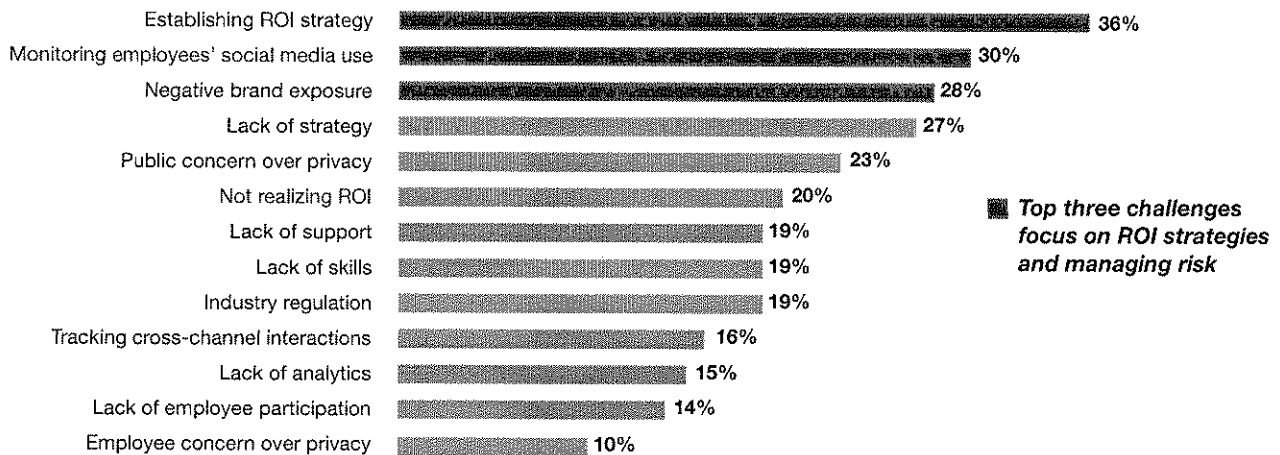
*When we asked executives to rank their key social media challenges, establishing a return on investment (ROI) strategy and managing risk rose to the top. Other challenges range from privacy issues to lack of analytics.*

#### Social media challenges

The complexity of implementing a social media strategy is evidenced by the wide variety of challenges executives identify as key concerns (see Figure 5). Companies' top challenges focus on establishing ROI strategies, monitoring employees' social media use and mitigating the risks associated with negative brand exposure. The absence of a social media strategy is also a significant concern. It is understandable that companies are experiencing these challenges, given they now need to:

- Determine if it makes fiscal sense to engage in social media
- Rally employees to use social media responsibly and convey the brand promise appropriately (in content and conduct)
- Contend with the social community now controlling the brand conversation and the potential for negative brand exposure.

Other challenges relating to privacy and government or industry regulations reflect the still emerging, transformative impact of social media and the many issues to be resolved by external forces beyond company control. In response, as companies establish their Social CRM footing, they need to develop localized policies for appropriately addressing these concerns.



Notes: N=351. Not shown in figure: "Other" = 3 percent.  
Source: IBM Institute for Business Value analysis, CRM Study 2011.

Figure 5: Companies' social media challenges are varied, with ROI and risk topping the list of concerns.

### The elusive ROI

When asked if their companies track a social media ROI, only 24 percent say they definitely do, and another 36 percent say they track it to some extent. But the rest are not convinced it is an imperative.

Establishing a social media ROI seems so elusive in part because there is little consensus about what to measure and the methodology to use. To better understand what companies are doing about social media ROI, we talked with managers

responsible for social media initiatives. Their responses are as varied as our participants (see sidebar: Measuring ROI). The ROI consensus is that there is no consensus.

The disparity in approaches is symptomatic of the lack of a recognized ROI standard, which was also indicated when survey respondents ranked "establish an ROI strategy" as a key challenge. Interestingly, it is not the realization of an ROI that concerns executives so much as determining the right methodology for measuring the return.

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### Measuring ROI

**Study participants had varying opinions on ROI, the best methodology to use and how accurately it can be measured:**

*“Social media is easier to measure than other areas of marketing because it’s digital. For example, we can look at net acquisitions per platform, or we can measure the percent of those on the platforms who engage in order to measure whether we are providing the right level of content.”*

**VP, Global Head of Digital Marketing and CRM, communications entertainment company**

*“There are plenty of different tools for measuring the likes of sentiment, page views and engagement levels. However, you don’t always get sales off of it. Even with a traditional loyalty program, it can be difficult to measure the value.”*

**Social Media and CRM Manager, passenger rail services company**

*“It’s not impossible to measure ROI, but it is difficult to measure it accurately. Consider measuring the change and the velocity of the change. You may not be able to target the actual effect, but I think it can be done by just measuring the change of your results. We developed our own analysis tools and went from measuring hits to unique users, and now we measure in-depth engagement such as retweets, comments and postings on other sites.”*

**Head of Social Media, multinational communications corporation**

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For those companies interested in demonstrating an ROI, analytics can help reveal the impact social media is having on their bottom line. A majority of survey respondents capture data and perform analytic tasks for social media to some degree. However, almost a third of respondents are unenthusiastic about the quality of their efforts to analyze, aggregate or disseminate information (see Figure 6).

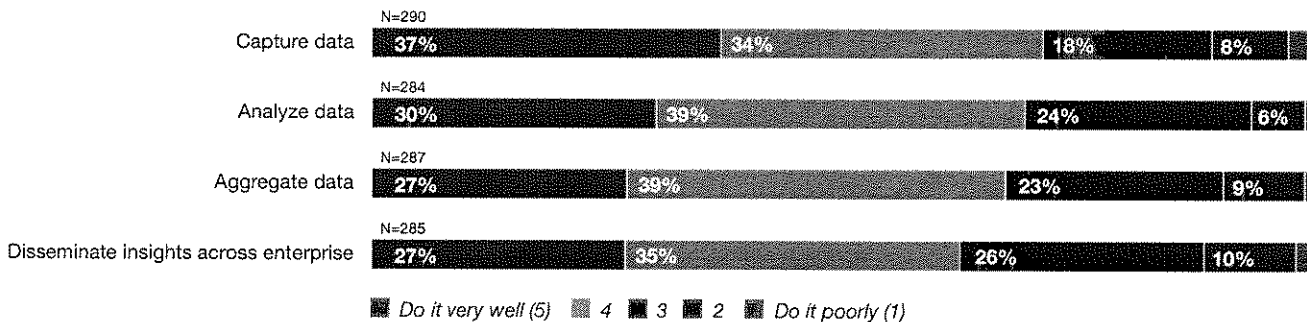
### Connecting the dots

The trick to measuring a social media ROI with analytics is being able to connect the dots to better understand how social interactions influence conversion to sales or other desired outcomes. Seton Hall University discovered this and now has a proven ROI that has changed how it reaches out to prospective students.

Seton Hall’s traditional methods to attract students were losing their effectiveness. In 2008, the incoming freshman class was smaller than targeted, resulting in revenue reduction and concern for the future if downward trends continued. The next year, Seton Hall used Facebook, Twitter and blogs to connect directly with prospective students, hoping to more strongly influence their college selection process.

Intuitively, the school’s marketing organization believed social media was making a difference, but the numbers were not showing the connection. Facebook metrics provided fan growth information, but this wasn’t enough to determine if the experience was impacting conversion. It was the quality of the conversation and the amount of interaction that mattered. So, Seton Hall implemented an impression attribution solution within Facebook – a combination of click-through and view-through analysis – to track whether social media interactions were influencing students to go to the university Web site and other touch points during the student admission/decision process.

### How well does your company perform the following data capture and analytical tasks for social media?



Source: IBM Institute for Business Value analysis, CRM Study 2011.

Figure 6: Companies use analytics to measure social media impact with varying levels of confidence.

The school found social networks were far more effective than traditional channels at driving prospective students to its Web site. In fact, high levels of engagement with Facebook pages correlated with higher levels of Web site engagement. As a result, Seton Hall had its largest freshman class in 30 years, an 18 percent increase in net present revenue of US\$29 million. By combining metrics from Facebook with impression attribution, the school was able to calculate its ROI and attribute this increase largely to its social media initiatives. Today, Seton Hall's social media program continues to grow, with Facebook emerging as the university's virtual communications hub for students and staff.

Seton Hall proves it is possible to measure ROI, particularly if an organization is willing to expand beyond standard evaluation measures.

"I wish we had anticipated more of the complexity for how things work and hadn't spent so much time looking at the standard evaluation measures, which told us the conversion wasn't great," said Rob Brosnan, Senior Director of Strategic Marketing, Public Relations and Marketing for Seton Hall. "But once we started using impression attribution and could see the patterns, I realized I was wrong. I had to challenge my own assumptions. I was thinking about social media as a channel, and I should have thought about it as a companion," he continued.

### Assessing and mitigating risk

While the fear of negative brand exposure is a top concern for many companies, the fear of missing opportunities presented by social media is greater. Over half surveyed have completed a risk analysis (58 percent), but more than a quarter are neutral about their efforts and 16 percent say they haven't done much analysis. If companies are worried about social media's impact on their brand, why aren't they doing more?

We believe it is the fear of not being engaged *right now* that is driving companies to jump into social media initiatives without having fully assessed the potential for risk. The gravitational pull to be "where customers are," the constant media drumbeat about social media innovation and exploding adoption levels add fuel to the fire. With so much potential gain, companies believe engaging is simply what they need to do to stay relevant and competitive and that the biggest risk is failing to ride the social media wave.

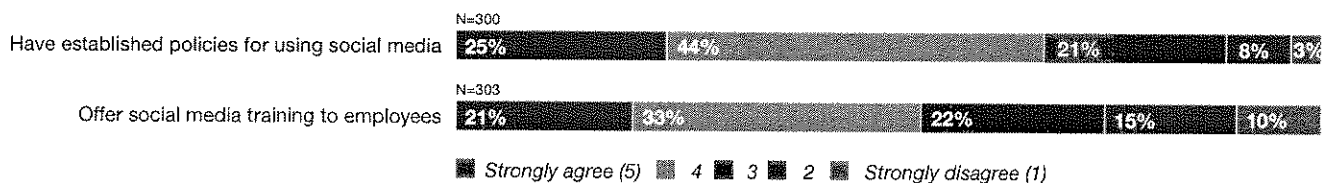
Nevertheless, companies should increase their efforts to mitigate the risk of negative brand exposure. Fewer than half say they monitor their brand using social media, and only 39 percent are working with brand monitoring software vendors today. Ignoring brand monitoring is a missed opportunity on two fronts. First, reputation analysis software can be used

defensively, giving companies early awareness of potential negative exposures so they can quickly respond to possible threats. Second, analytics can also be employed as an offensive strategy to track a digital trail. Even companies not yet using social media to actively engage customers could be listening to the social chatter to better understand the perception of their brand and determine how best to add customer value.

Related to these concerns is the challenge of effectively monitoring employees' use of social media. There is the obvious fear of an inadvertent employee gaff or intentional viral sabotage. But companies also worry about controlling employees' daily use of social media. The answer is they can't control it, any more than they can control every phone conversation or e-mail. However, one of the best ways companies can reduce the risk of misuse is to develop corporate guidelines for social media and consistently train and empower employees to make informed decisions that are in line with company values and the brand promise.

Yet, many companies are slow to put these measures in place. Only 25 percent of executives enthusiastically state their companies have established policies, while 44 percent say they do to some degree. As for social media training, only 21 percent assertively confirm their company offers it (see Figure 7).

### Agree or disagree? Percentage of responses



Note: Numbers do not total 100 because of rounding.  
 Source: IBM Institute for Business Value analysis. CRM Study 2011.

Figure 7: Only about a quarter of companies confidently assert they have social media policies and training.



This lack of training represents one of the biggest gaps in many businesses' current social media programs, especially since a third of executives aren't confident their company has the necessary social media skills to interact with customers. The need for trained communicators, savvy about social engagement, will intensify. Indeed, two thirds of executives anticipate the number of employees using social media in their jobs will increase over the next two years.

#### Empowering employees

Empowering employees to be the voice of the company may require a corporate culture shift for organizations used to traditional, top-down, controlled communications. Companies can migrate to this new approach by establishing internal social media pilots. Not only does this provide a risk-free zone where employees can become fluent in social media tools, practices and expression, it also can offer the company a vehicle for capturing fresh, innovative concepts for improvements.

American Express has done just that with its internal social media initiative, simply titled "If..." Like many large organizations, American Express has formal processes for idea generation, yet the company's leadership knew a pent-up supply of creativity and ingenuity still remained. American Express wanted to tap "the wisdom of the crowds" to harness exciting new ideas that all employees could access and evaluate – something that wasn't possible through traditional processes.

Managed by American Express's Growth & Innovation team, the program encourages employees to openly submit ideas for a variety of strategically important challenges. People post profiles, comment on each other's concepts and vote for the ones they like best. Subject matter experts evaluate the winning ideas to help ensure viability, all transparently on the site.

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*Social media guidelines and training for employees can help mitigate risks associated with social media misuse.*

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Within the last two years, as many as seven products that germinated through this social channel have been brought to market with a very positive overall ROI. In fact, because the cost of the program is so small compared to traditional methods, American Express believes it would be difficult not to realize a favorable ROI, assuming the ideas are good ones. Plans are now in place to open the program to the public as a way to engage customers in the cocreation of further innovation.

The stewards of the program believe it has played a key role in helping reshape the corporate culture and position American Express as an innovator in the social space. "This is what social networking is supposed to be – a tool to empower people. Anyone with a good idea can participate, and we all win when that happens, especially when those ideas come to life as real products or services," said Steven Faktor, Vice President, Business Growth & Innovation, American Express.

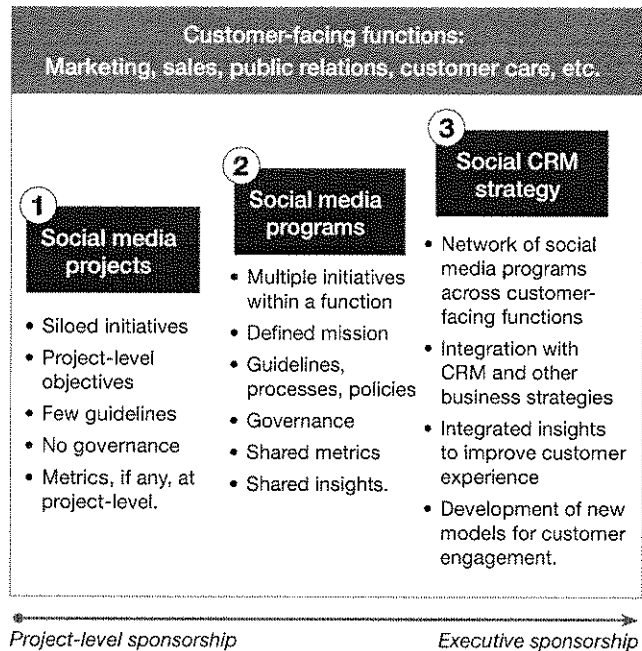
## Recommendations and next steps

*Companies are building foundations for social media strategies, but Social CRM strategies are not yet fully realized. The operational components are somewhat more challenging and addressing them will bring the next level of social media maturity for many companies.*

If companies want to unlock the potential of social media to reinvent their customer relationships, they need to think about CRM in a new light while building a strategic and operational framework that provides both structure and flexibility. Figure 8 illustrates how companies can progress from 1) isolated social media projects to 2) social media programs that encompass multiple initiatives within a function to 3) a full-blown Social CRM strategy.

Social media programs often have a defined mission, set of guidelines, and some degree of analytics, governance and executive endorsement. A Social CRM strategy takes social media programs a step further, moving beyond the domain of a single function, such as marketing, to implement a cross-functional network of integrated communities with customer-facing responsibilities, such as customer care and sales. This integrated approach treats the customer holistically and facilitates sharing customer insights derived from unstructured data captured through multiple social touch points, as well as structured data from traditional channels. These insights enable companies to improve the customer experience and can result in the development of innovative new models for customer engagement.

### From social media projects to Social CRM strategy



Source: IBM Institute for Business Value.

**Figure 8: Progression from social media projects to a Social CRM strategy.**

However, the progression from one stage to the next is neither tidy nor linear. As our research indicates, social media programs can have a mixture of qualities that suggest they are in one stage or another, but the lines of demarcation are not always clear. For example, one company interviewed had all the trappings of a social media program, but lacked executive sponsorship. Another had an interconnected cross-functional community of social media initiatives, but lacked defined KPIs.

To help with the transition to a Social CRM approach, companies can:

- *Blur the lines between marketing and customer care.* Social media initiatives originating in marketing and customer care functions need to be aligned better to support the customer holistically. Whether customers engage with a company to respond to promotions or seek information and support, they expect an authenticity that delivers the brand promise. Only 20 percent of businesses have a social media strategy for their call centers. We believe that percentage will grow substantially as companies use social media to:
  - Significantly reduce costs due to call deflection
  - Increase sales due to product or service recommendations
  - Increase customer loyalty due to the dependability of quality service that customers trust
  - Increase marketshare due to brand differentiation of service value.
- *Think global; act local.* Build a Center of Excellence governance model for Social CRM – a networked community with representatives from customer-facing functions. Collaboratively develop customer engagement strategies and share ideas that enable individual functions to leverage proven methods with the freedom to innovate. Develop a common set of measurements, tools, policies and usage guidelines. Use your company's business conduct guidelines and corporate values as a foundation. You can also leverage other companies' social media guidelines, many of which are publicly available, including those from IBM.<sup>8</sup>
- *Empower employees with training, mentorship and incentives.* Employ the Center of Excellence to develop and facilitate training for varying levels of social media expertise, but make sure all employees using social media receive training on guidelines, policies, customer communications practices, and

processes for mitigating risk and escalating concerns.

Augment training by pairing novices with mentors. Provide incentives for employees to enhance customer value, and tap employees for their wealth of collective insights on customer and marketplace trends.

- *Walk the talk.* Building virtual communities is what social media is all about. Establish communication and collaboration tools internally to make it easy for employees to connect, and facilitate cross-pollination of ideas and knowledge to help break down organizational silos. These internal social media platforms also provide novices with a safe training environment and serve as fertile ground to pilot and fine-tune new initiatives before launching publicly.
- *Improve ROI and mitigate risk with customer analytics and insights.* A distinguishing feature, indeed a cornerstone of Social CRM, is the practice of continually capturing and analyzing customer data from social interactions to develop viable insights that can help reduce risk and improve all aspects of the customer relationship. From basic sentiment analysis to more sophisticated predictive modeling, companies can employ a continuous loop of Listen-Analyze-Engage-Evolve.

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*We are very committed to transparency and authenticity of brand voice – the employee is the voice of Best Buy. We are passionate about that.”*

Gina Debogovich, Senior Manager, Communities, Best Buy

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## Conclusion

The majority of companies believe social media's potential to reinvent customer relationships is so promising that they are aggressively forging ahead with initiatives, despite concerns about ROI, negative brand exposure, or the lack of new strategies and support frameworks.

This gold-rush mentality to stake a virtual claim in the blogosphere has resulted in the launch of social media programs that now need to be evaluated for their overall value to the customer. Understanding why customers want to engage with a company via social media is the first step toward building the value proposition for a Social CRM strategy.<sup>9</sup>

Based on that insight, companies need to audit the full spectrum of their customer-facing social media initiatives. Many of these have sprung up as independent programs and may require collaboration and coordination across functions to fully assess their impact. Companies then will be better prepared to align these programs under an overarching, integrated Social CRM strategy that defines how to facilitate the social engagements customers value and those that also benefit the business through enhanced revenue and/or efficiencies.

The implications for business are significant. The shift to Social CRM is more than an adoption of new operational models or technologies; it is a philosophical, cultural shift. Social CRM is a strategy for stewardship of the customer relationship, not management. This transition is still in the early stages for many who are experiencing the growing pains of rapid change. The sooner companies embrace this fundamental precept – that the customer is now in control of the relationship – the sooner they can exploit this shift and unlock the full potential social media holds.

To learn more about this IBM Institute for Business Value study, please contact us at [iibv@us.ibm.com](mailto:iibv@us.ibm.com). For a full catalog of our research, visit [ibm.com/iibv](http://ibm.com/iibv).

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## Related publications

Baird, Carolyn Heller and Gautam Parasnis. "From social media to Social CRM: What customers want." IBM Institute for Business Value. February 2011. <http://public.dhe.ibm.com/common/ssi/ecm/en/gbe03391usen/GBE03391USEN.PDF>

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## Appendix: Study methodology

In October 2010, we conducted two online surveys, one for business executives and another targeted at consumers. The findings in this paper are based primarily on the business survey that went to 351 executives in the United States, the United Kingdom, France, Germany, India, China, Australia and Brazil, representing the following sectors: Distribution, Communications, Financial Services, Industrial, and Public Sector/Healthcare.

In addition, to capture qualitative data from executives responsible for social media programs, we conducted 17 interviews in the United States and the United Kingdom. In partnership with Oxford Economics, we also established a Social CRM blog to solicit feedback on Social CRM topics from social media and CRM specialists.

We also conducted a consumer survey of 1,056 respondents in the same countries, as well as Canada. Participants represented a distribution of ages among Generation Y, Generation X and Baby Boomers, with annual household incomes of US\$25,000 to more than US\$100,000.<sup>10</sup>

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- 10 We define Generation Y as those born between 1975 and 1992, Generation X as those born between 1965 and 1974 and Baby Boomers as those born in or before 1964.

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# **Social CRM: The New Rules of Relationship Management**

**18 Use Cases That Show Business How to Finally Put Customers First**

March 5, 2010

By R "Ray" Wang and Jeremiah Owyang  
with Christine Tran  
Edited by Charlene Li

Includes input from 42 ecosystem contributors



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## Ecosystem Input

This report could not have been produced without the generous input from some of the leading market influencers and the following solution vendors who have a vested interest in seeing success in Social CRM. Please keep in mind; input into this document does not represent a complete endorsement of the report by the individuals or vendors listed below.

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Wipro Technologies

## Purpose and Intent

This document serves as a starting point, checklist, and reference guide to real-world entry points for Social CRM projects. The use cases represent an amalgamation of over 100 conversations with organizations pioneering Social CRM initiatives.

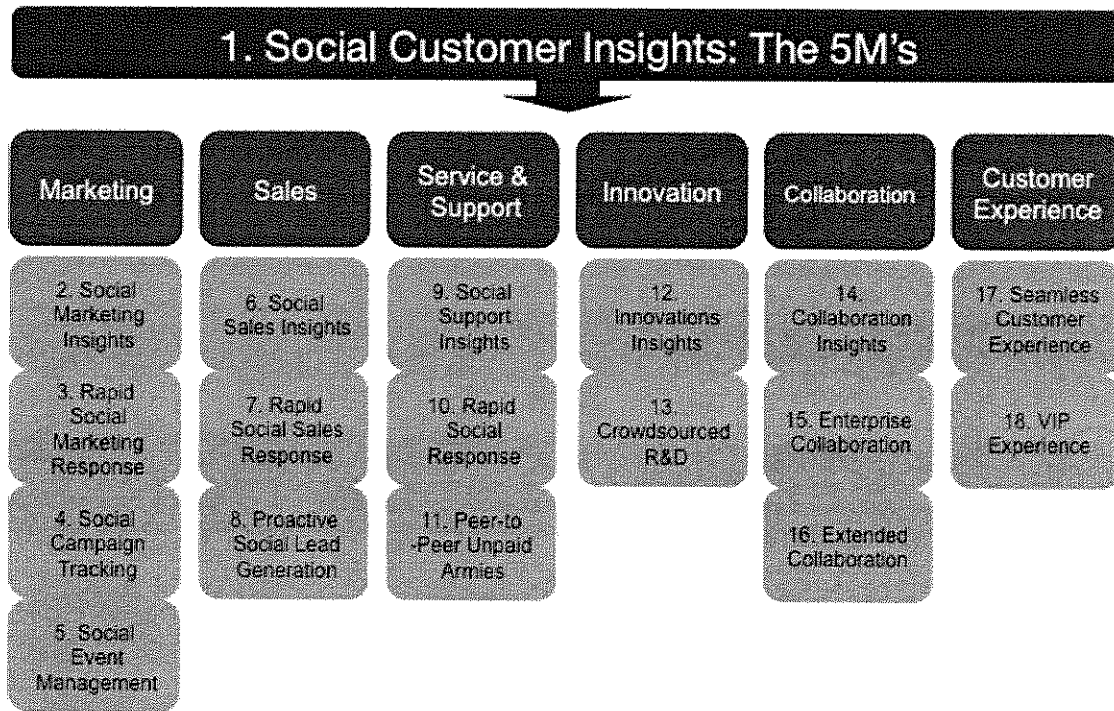
## Executive Summary

Customers continue to adopt social technologies at a blinding speed – yet organizations are unable to keep up. Why? Rapid adoption of social networking enables users to connect with individuals and communities who share mutual interests, increasingly leaving organizations out of the conversation. Simply hiring more people to keep up with social marketing, sales, and support will not be sufficient, as consumers and their new channels will always outnumber employees. As a result, companies need an organized approach using enterprise software that connects business units to the social web – giving them the opportunity to respond in near-real time, and in a coordinated fashion.

Social CRM does not replace existing CRM efforts – instead it adds more value. In fact, Social CRM augments social networking to serve as a new channel within existing end-to-end CRM processes and investments. Social CRM enhances the relationship aspect of CRM and builds on improving the relationships with more meaningful interactions. As the “Godfather of CRM,” Paul Greenberg notes, “We’ve moved from the transaction to the interaction with customers, though we haven’t eliminated the transaction – or the data associated with it... Social CRM focuses on engaging the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment. It’s (i.e. Social CRM is) the company’s response to the customer’s ownership of the conversation.”

Social CRM programs may start at the departmental level, but over time, must gain corporate buy in to transcend functional fiefdoms in sales, marketing, service, etc. Most organizations start their initiatives by building out the “5M’s” and deploying a customer insight program. From there, organizations should focus on business values across the seven categories of Social CRM use cases. Each of the 18 use cases can be prioritized by both market demand and technology maturity. With defined metrics in place, organizations can then begin the journey of bringing social networks back into their CRM systems. The below figure lists the 18 use cases:

Figure 1: The 18 Use Cases of Social CRM



## Customers Have Moved – Organizations are Falling Behind

The relationship between organizations and customers has traditionally been optimized around the organization, not the customer. However, the rapid adoption of social networks has shifted the balance of power to the customer. Companies and organizations have fallen behind in connecting with customers, and realize that they must find a way to at least participate in the conversation. Some still yearn to regain control of the customer relationship. The reality – this is no longer possible as a few key trends have emerged:

- Customers connect with each other – happily leaving organizations behind.** Customer behavior has changed. Businesses and organizations no longer control the conversations with their customers. In fact, customers and prospects have chosen to engage with organizations on their own terms, for instance in Yahoo! Answers, online communities, and on Twitter because they trust companies less and less. As a growing number of customers choose to connect and collaborate with each other, for instance, in Get Satisfaction, Yelp, and the blogosphere, they've discovered that they can enjoy a more accurate, timely, and relevant customer experience without the organizations, disrupting the flow of influence.

- **Companies know the problem will get worse before it gets better.** Organizations realize they are no longer in charge. They often lack a credible strategy that empowers their employees to catch up with their customers. Although Comcast Cares has over 10 employees responding in social channels, they know they can't scale in a 1:1 manner. Furthermore, a proliferation of new social networks and mobile tools are appearing at an increased pace – organizations will fall further behind. The result – tremendous amounts of waste in piecemeal data, customer records, APIs, and experiences – leaving companies unable to efficiently reach customers, prospects, and partners.
- **Outdated frameworks and pet theories relegate discussions to incremental fixes.** Organizations seek a unified framework from which to build use cases. What's lacking is a holistic approach to integrating social into CRM and enterprise apps. With technology providers espousing their point of views based on heritage (e.g. support, sales, marketing, and customer experience), and over 15,740 social media self-proclaimed experts on Twitter<sup>1</sup>, confusion abounds in the application of social CRM. The market seeks actionable frameworks to provide vision, build use cases, create entry points, address change managements, and consider technology requirements.

## Social CRM Reconnects Organizations Back to Customers

It's the relationship, stupid!<sup>2</sup> Traditional CRM projects have failed to grasp the complexities of the customer-company relationship. Though these CRM programs started out with the goal of providing a single customer view and 1:1 relationship management, early efforts quickly refocused on automation of front office tasks and improving management visibility across marketing, sales, service and support. Because these programs have often failed to support the front office worker's needs to manage relationships, internal adoption halted as users grew to resent, and in some cases revolt, against CRM.

At the same time, today's proliferation of new social channels leave existing CRM programs and technologies increasingly ill-equipped to build relationships within these new channels. Vendors touting simple Facebook Connect and Twitter integration only scratch the surface in embracing social technologies. Accordingly, organizations who require more innovation in their CRM programs and systems will seek Social CRM tools as a set of emerging solutions to relationship management. Moreover, relationship management must move beyond lists of past interactions. Social CRM captures both official and unofficial customer conversations, including emotional state, humor, anger, etc. Social CRM is more than just another channel. Properly practiced, Social CRM recognizes the depth of the relationship and understanding the current state – good, bad or ugly.

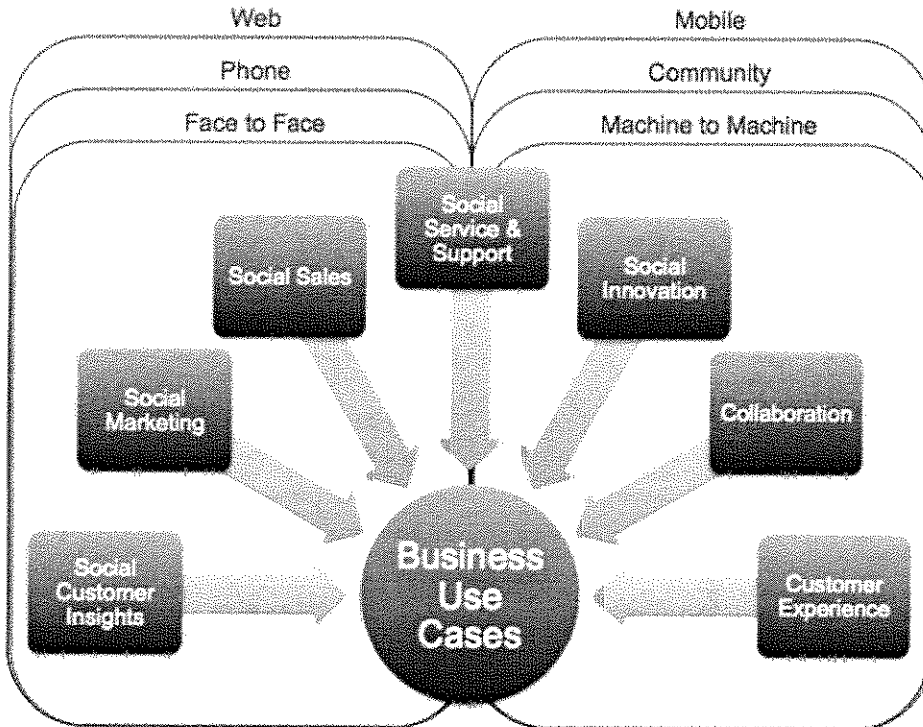
With the social "genie out of the bottle," organizations must re-engage by regaining a seat at the table. Efforts should be spent towards rekindling relationships by engaging with customers in their preferred environment (i.e. social channels). Increasing transparency through social channels may improve corporate reputation. According to the latest Edelman Trust Barometer,

transparent processes earned the top mark for improving corporate reputation (83%). In any case, participation in social channels will add to the mosaic of trust – restoring lost relationships.

## Avoid the Hype – Deploy Social CRM for Business Value

Social CRM programs must deliver real value, not buzz. Given today's tight budgets, limited resources, and little time, organizations need to focus on bite-sized entry points. Choose entry points based on business value.<sup>3</sup> Altimeter Group has identified seven categories that tie directly to real business use cases (see Figure 2):

Figure 2. Choose Your Entry Points to Business Value



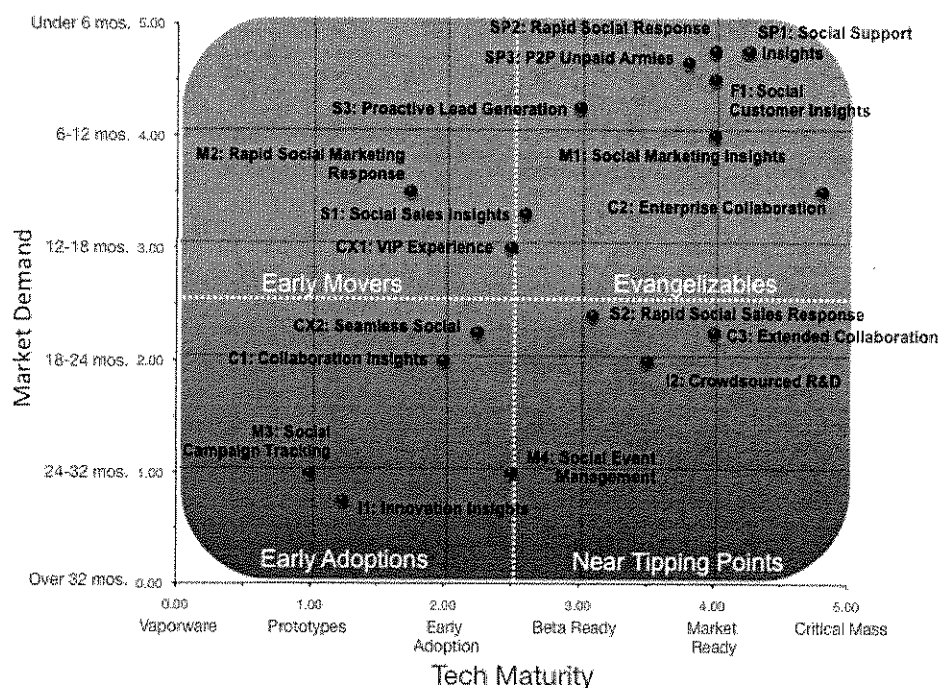
Each one of the 18 use cases brings definable metrics that should be incorporated in each Social CRM program (see Figure 3). Begin with the end in mind. Metrics should be aligned with an organization's entry points. Quantify the baseline and determine the effort. Adjust ROI targets to align resources with efforts to move the needle. The goal – drive business value.

## Get Value: Adopt the 18 Social CRM Use Cases

After months of study and interviews with over 100 organizations, Altimeter Group has identified 18 use cases for Social CRM. Despite the diverse set of options, not all use cases are equal. Organizations must prioritize based on market demand and technology maturity. Market demand reflects the urgency by organization to deploy a use case. For instance, high demand (i.e. in the next six months) scores a "5", while low demand (i.e. greater than two years) yields a "0". Tech maturity scores the market readiness and maturity of a solution. A solution set that gains a critical mass of customers earns a "5" while a conceptual solution is considered vaporware or scores a "0". A ranking of the use cases reveals four categories:

- **Evangelizables.** This category represents market demand that is *less* than 16 months and technology maturity between beta ready technologies and those with critical mass.
- **Near Tipping Points.** This category represents market demand that is *more* than 16 months and technology maturity between beta ready technologies and those with critical mass.
- **Early Movers.** This category represents market demand that is *less* than 16 months and technology maturity between vaporware and beta ready technologies.
- **Early Adoptions** This category represents market demand that is *more* than 16 months and technology maturity between vaporware and beta ready technologies.

Figure 3. Not All 18 Social CRM Use Cases are Market Ready



## All Use Cases Start with Listening

In each of the seven categories of Social CRM, Altimeter Group provides an order of operations. Use cases that address insight serve as the foundational requirements for all other activities. Each category of use case includes a range of reactive to proactive use cases of Social CRM in action.

### Social Customer Insights Form the Foundation for All Social CRM Use Cases

1. **Social Customer Insights (F1).** "Wondering why Facebook knows more about my customers than I do?" Social Customer Insights form the foundation for all Social CRM initiatives. Because many organizations have lost touch with their customers, they've failed to achieve a credible marketing presence in new social channels. Insights move beyond just preferences, interests or birthdays. The social web delivers insights into the opinions about an organization's products and services. Unfortunately, lack of customer insight has led many organizations to misunderstand their customer needs resulting in an array of product and solution design failures.

**Market Demand Index:** 4.50

**Tech Maturity Index:** 4.00

Thus, Social CRM projects must begin with the 5M's: Monitoring, Mapping, Management, Middleware, and Measurement (see Figure 4). These five foundational processes provide a framework to filter huge signal-to-noise ratios from blogs, tweets, and other social media. While not all of the 5M's need to be ready to start, organizations will need all 5M's to truly engage well with a customer. Output from the 5M's power the social customer insights for all the Social CRM use cases. Below is a detailed description of the 5M's:

Figure 4. The “5M’s” of Social CRM: Baseline Processes

	Why it's important	Resources and Requirements	What they don't always tell you	Vendors to watch
Monitoring	Provides listening capabilities to filter out noise from the social sphere. Encapsulate both metrics and measurement. Extract insights making measurement more effective.	Brand monitoring software that monitors and scrapes the social web, has team-based workflows and connects to existing CRM databases.	Use tightly scoped keywords to define the search parameters. Yet don't go too tight or you miss key opportunities – going too wide results in too much noise.	Biz360, Buzzmetrics (Nielsen), Cymfony, Radian6, SAS Institute, Scoutlabs, Visible Technologies
Mapping	Mapping solutions identify relationships. Due to lack of single identity, companies must link social profiles to customer records to provide a holistic experience.	First, find existing public profiles to match, like LinkedIn and Google profiles. Additional database fields must be created that match customer records to social profiles.	The trick is to get them to map their profiles for you. Entice them with rewards, better service, and special deals in an opt-in manner	Facebook (profiles), Gigya, Google (profiles), OpenID, SalesView, Spredfast, Sprinklr
Management	Management systems bring CRM processes to life. Without a purpose, social data is unactionable. Business rules and processes are needed to triage the right information to the right teams in real-time.	Tie back the social world and channels to existing innovation, marketing, sales, support and service processes. Triage profiles to create prioritization frameworks.	Companies must develop a crises plan for the worst possible scenarios and conduct internal fire drills. Expect the worst to happen on Friday afternoons when management is not available.	CoTweet Infor, KANA, Oracle, RightNow Technologies, SAP, SAS, SugarCRM
Middleware	Middleware technologies glue the social world to the enterprise. Social CRM connects to nearly every customer facing system. Data will have to seamlessly flow between systems, and advanced dashboards that provide intelligence.	Apply technologies such as complex event processing, business process management, business rules, workflows, data integration, and process orchestration among disparate systems.	Develop business rules based on your unique processes. They will include: workflows, complex event processing, and enablement technologies to respond.	Boomi, D&B Purisma, IBM, Informatica, Oracle, Pervasive, Progress Software, SAS DataFlux, SOA Software, Software AG, TIBCO
Measurement	What you can't measure you can't improve, therefore organizations must be able to benchmark what's been done.	Advanced dashboards that provide intelligence. Measure based on business objective like improved satisfaction, spread of message.	Rely on data to provide benchmarks, trending, prediction, and sentiment. Bring the insight into actionable state.	IBM Cognos, Information Builders, Microsoft, Oracle Hyperion QlikView, SAP Business Objects, SAS Institute



## Social Marketing Seeks to Achieve Customer Advocacy

Use cases start with Social Marketing Insights and move from reactive programs such as Rapid Social Marketing Response to proactive use cases such as Social Event Management. Details include:

2. **Social Marketing Insights (M1).** "Listen before talking." Social marketing builds off analysis from Social Customer Insights. To be effective, marketers must listen to what consumers are already saying, making them relevant when they deploy their social marketing efforts. Marketers must identify top influencers, rank top conversations, prioritize top channels, identify velocity of discussion, and gauge the tone of topics. Sophisticated marketers will create their own "private focus groups" using insight community vendors. One Fortune 500 consumer products company began their initiative with Social Marketing Insights and discovered that over 75% of its marketing spend did not reach its most influential social channels.

Market Demand Index: 4.00

Tech Maturity Index: 4.00

**Vendors to watch:** Alterian, Biz360, BlogPulse (Nielsen), Brandwatch, BuzzLogic, BuzzMetrics (Nielsen), Cymfony, Dow Jones Insight, Get Satisfaction, IBM Atlas for Lotus Connections, Jive Software (Filtrbox), Microsoft Dynamics, Overtone, Radian6, RightNow Technologies, SAS Institute, Scout Labs, Spiral16, Sysomos, Telligent, Visible Technologies. Insight community vendors: Communispace, Passenger

3. **Rapid Social Marketing Response (M2).** "Defending the brand." Companies can no longer afford to slowly respond to customers, as a blogger can trigger a discussion that results in mainstream PR crises (e.g. The Punked List<sup>4</sup>). To be successful, brands will have to identify what's being said, the severity of the information, the influence of that person, and context of previous interactions. They must quickly triage to respond in near real-time. The Social CRM system provides coordination among teams.

Market Demand Index: 3.50

Tech Maturity Index: 1.75

**Vendors to watch:** Alterian, CoTweet (ExactTarget), Hootsuite, Jive Software, Microsoft Dynamics, Radian6, RightNow Technologies, Salesforce.com, SAP, Scout Labs, Telligent, Visible Technologies

4. **Social Campaign Tracking (M3).** "Optimizing in flight." Unlike traditional advertising, social marketing is constantly changing and requires constant attention and massaging. As a result brands, must track what's being said so they can quickly respond. They must constantly monitor sentiment, velocity, discussion, and relationships in order to make real-time course corrections. For example, a large software gaming publisher used Social Campaign Tracking to change key elements of its product launch to address a new class of users. Armed with information about the

right language and conversations to participate in, a shift from a print campaign to an actual offer in a country specific multi-player environment led to a 23% increase in sales. As a result, they opened up a new market in a geography they had planned not to enter.

**Market Demand Index: 1.0**

**Tech Maturity Index: 1.0**

**Vendors to watch:** Alterian, Biz360, Dow Jones Insight, Overtone, Radian6, SAS Institute, Scout Labs, Visible Technologies.

5. **Social Event Management (M4).** "What happens in person goes social." Marketers need a social strategy before, during, and after the market for both online and physical events. Events are no longer a fixed period of time. They must use social to promote the event to connect customers, improve the event experience in real-time, and track mentions and follow-ups for lead generation. Leading organizations such as LeWeb and Tokyo 2.0 now incorporate a combination of Social Event Management tools such as Plancast event listings to real-time Twitter streams. Attendees already supplement traditional events with live chat press conferences, video uploads, and podcasts. Don't expect this to be limited to physical events. InXpo, ON24, and Unisfair will quickly develop solutions for virtual events tied with social. The goal – provide speakers with feedback, answer audience questions, and gauge overall sentiment.

**Market Demand Index: 1.0**

**Tech Maturity Index: 2.5**

**Vendors to watch:** Alterian, Biz360, Dow Jones Insight, Gigya, InXpo, ON24, Overtone, Radian6, Scout Labs, Unisfair, Visible Technologies

## **Social Sales Enables Seamless Lead Opportunities**

Use cases start with Social Sales Insights and move from reactive programs such as Rapid Social Sales Response to proactive use cases such as Proactive Social Lead Generation. Details include:

6. **Social Sales Insights (S1).** "Finding your prospects' and customers' watering holes." Due to limited budgets and poor tools, most organizations lack a sales presence in social channels. Social Sales Insights builds off analysis from Social Customer Insights to hone in on sales transaction channels. To succeed, organizations must identify not only where their key prospects and customers interact, but also the key needs that a brand aims to help with. By ranking the level of influence a social channel exerts, organizations can then target their social sales efforts to avoid an expensive and ineffective shotgun approach. A Fortune 100 financial services client used Social Sales Insight to determine when they could be helpful in social channels and conversations as opposed to interrupting the conversation. Four months later, social channel territory sales comprised 10% of all sales.

**Market Demand Index: 3.30**  
**Tech Maturity Index: 2.60**

**Vendors to watch:** Alterian, Biz360, BlogPulse (Nielsen), Brandwatch, BuzzLogic, BuzzMetrics (Nielsen), Cymfony, Dow Jones Insight, IBM Atlas for Lotus Connections, Jive Software (Filtrbox), Overtone, Radian6, Scout Labs, Spiral16, Sysomos, Telligent, Visible Technologies

- 7. Rapid Social Sales Response (\$2). "Catching a lead in mid-air."** Rapid Social Sales Response monitors key channels for sales opportunities. Armed with knowledge and sentiment analysis from Social Sales Insights, sales teams can target key buying communities and rapidly react to potential sales triggers. Sales teams who pinpoint a valid point of need can then engage. By participating in the right conversation at the right time, a sale can be intercepted from a competitor's hand. Sales teams then bring the prospects back into a sales channel of their choice: web, phone, or email to complete the transaction. Recently, a sales representative at a medical technology company intercepted a conversation in a chat group about a prospect's concern. Through Rapid Social Sales Response the representative jumped in and shared best practices with the prospect. Impressed by her professionalism, the prospect awarded a multimillion dollar deal to a company they had never even shortlisted.

**Market Demand Index: 2.40**  
**Tech Maturity Index: 3.10**

**Vendors to watch:** InsideView, Jive Software, Lithium Technologies, Telligent

- 8. Proactive Social Lead Generation (\$3). "Using Peer 2 Peer Lead Generation."** Proactive Social Lead Generation reaches customers who would like to be educated by the organization or its ambassadors. Even after tiering of key social channels through social sales insights, organizations still lack feet on the street so referrals, online customer testimonials and social recommendations will be key for scale. With savvy competitors siphoning off sales from traditional channels, organizations and ambassador programs can improve channel coverage and qualify social media opportunities into leads for response by the appropriate channel. A major consumer electronics vendor found that conversion of leads to sales in Proactive Social Lead Generation added immediate profits and reduced sales channel costs by as much as 33%.

**Market Demand Index: 4.25**  
**Tech Maturity Index: 3.00**

**Vendors to watch:** Aprimo, Genius.com, iContact, Manticore Technology, oppSource.com, Oracle, Scout Labs

## Social Support and Service Drives Sustainable Customer Satisfaction

Use cases start with Social Support Insights and move from reactive programs such as Rapid Social Response to proactive use cases such as P2P Unpaid Armies. Details include:

9. **Social Support Insights (SP1).** "Realizing where there's social smoke there's a social fire." Social Support Insights builds off analysis from Social Customer Insights. The output provides organizations with the information needed to rank an individual's level of influence, determine friend or foe status, associate the relationship with the organization, and select an appropriate response channel. For example, a consumer in a B2C environment could also be a key influencer in a B2B deal. Social CRM breaks down B2B and B2C and identifies relationships in Peer-to-Peer (P2P). Organizations gain targeted triaging based on key influence factors and improve the effectiveness of their spend on support and service. A major utility provider applies Social Support Insights to help their support and service teams prioritize key influencers and their involvement in key social channels. The result – 11% increase in customer satisfaction and a baseline for its Rapid Social Response initiatives.

**Market Demand Index:** 4.75

**Tech Maturity Index:** 4.25

**Vendors to watch:** Alterian, Baynote, BlogPulse (Nielsen), Brandwatch, BuzzLogic, BuzzMetrics (Nielsen), Clarabridge, Cymfony, IBM Atlas for Lotus Connections, Jive Software (Filtrbox), KickApps, Lithium, Microsoft Dynamics, Radian6, RightNow Technologies, SAS Institute, Scout Labs, Spiral16, Sysomos, Telligent, Visible Technologies

10. **Rapid Social Response (SP2).** "Discovering that real time isn't fast enough." Despite the proliferation of channels, organizations must be able to triage support requests and customer feedback. Failures can rapidly increase the likelihood of a groundswell of consumer activism and mainstream PR disaster such as United "Guitars." Organizations must be able to act quickly and respond to those who meet preset criteria. Several on-line retailers have successfully employed Rapid Social Response and found a 4 to 7% increase in customer satisfaction and a 1 to 3% improvement in retention rates.

**Market Demand Index:** 4.75

**Tech Maturity Index:** 4.00

**Vendors to watch:** Alterian, Helpstream, Lithium, Microsoft Dynamics, Microsoft SharePoint, Parature, Radian6, RightNow Technologies, Salesforce.com, Scout Labs, Telligent, Visible Technologies

11. **Peer-2-Peer (P2P) Unpaid Armies (SP3).** "Harnessing your advocates." Customers and partners now know more about your services and products than your organization does. No organization can have the resources to provide customer support in a 1:1 fashion. In addition, most organizations lack a presence in social networks to change

the tenor of conversation. As a result, smart organizations find ways to harness this collective expertise. They recruit, recognize, and reward advocates who provide support. Organizations gain scale in reducing support/service costs as they add each community and channel. Advocates also play a role in responding to scenarios where it may be awkward for the organization to address such as PR fires.

**Market Demand Index: 4.65**

**Tech Maturity Index: 3.80**

**Vendors to watch:** Bazaarvoice, Consona Corporation (KNOVA), CrowdEngineering, Expo.TV, Fuze Digital Solutions, Get Satisfaction, InQuira, Jive Software, KickApps, Lithium, Mzinga, Parature, RightNow Technologies, Telligent, Yammer, and Zuberance

## **Social Innovation Streamlines Complex Ideation**

Streamlined innovation represents ideation and innovation nirvana. Use cases listed below should support efforts to attain this state. Details include:

12. **Innovation Insights (I1).** "Catching innovation trends right under your nose." Innovation Insights utilizes the analysis from Social Customer Insights and Social Support Insights. With time to market increasing in importance, organizations can no longer afford to design products and services in a vacuum. Organizations must capitalize on innovation trends that can range from product fixes and enhancement requests to feature and solution suggestions. The goal is to capture, organize, and prioritize ideas. A large telecommunications company carrier utilized Innovation Insights to identify a large market for a new product accessory that had not yet been developed. One year later, the new product line accounts for 10% of all sales.

**Market Demand Index: 0.75**

**Tech Maturity Index: 1.25**

**Vendors to watch:** beRelevant, CrowdEngineering, Get Satisfaction, Idea Magnet, Jive Software, KickApps, Lithium, LiveWorld, RightNow Technologies, Salesforce.com, Telligent, UserVoice

13. **Crowdsourced R&D (I2).** "Real-time innovation and feedback." Crowdsourced R&D improves concept to delivery time frames. Because pace of innovation in traditional models is too costly and slow, organizations must find new ways to leverage the strengths of product experts. Customers, partners, and industry watchers can play a role to expedite requirements gathering, prototyping, and demo tests. As last-mile solutions become more detailed and industry specific, mechanisms for direct feedback increase precision in meeting customer demand for innovation. One large software publisher applied Crowdsourced R&D to prioritize its product development roadmap. They now employ the same number of Product Managers but have been able to scope out twice the number of features.

**Market Demand Index: 2.00**  
**Tech Maturity Index: 3.50**

**Vendors to watch:** CrowdEngineering, Get Satisfaction, Jive, Lithium, LiveWorld, Mzinga, RightNow Technologies, Telligent, UserVoice

## **Collaboration Reduces Organizational Friction and Stimulates Ecosystem**

With nearly every business unit now empowered to have discussions with customers, the risk of a fragmented customer experience is greater than ever. Therefore businesses and organizations should not be limited to one silo only, and nor should Social CRM. In order for companies to respond to customers in a holistic fashion, their internal tools must aggregate internal discussions, customer records, and workflows in a coordinated workflow. Social CRM will start to aggregate and connect internal collaboration tools used by employees, then expand to extranet systems where partners are connected. Social CRM should also extend to core assets such as employees, and then evolve to connecting with partners and the greater ecosystem. Employees who hear things first-hand gain empowerment to address issues and provide better solutions. Key collaboration use cases often improve overall customer experiences through empowered teams focused on delivering a single customer experience.

14. **Collaboration Insights (C1).** Organizations must learn from different arms in the company in order to quickly respond to customers. Now, with social tools, employees may be talking about customer problems in disparate silos. To respond to customers more efficiently, organizations must smooth processes by finding common hurdles and solutions, and understanding general sentiment of employees.

**Market Demand Index: 2.00**  
**Tech Maturity Index: 2.00**

**Vendors to watch:** CrowdEngineering, Get Satisfaction, Jive, Telligent

15. **Enterprise Collaboration (C2).** "Not everything lives in SharePoint." A single collaboration tool rarely sweeps across an entire corporation. Business units are often empowered to use SaaS providers like Chatter, Socialtext, PBworks, or even Yammer to get things done. Additionally, there may be enterprise rollouts of Telligent or SharePoint. Regardless of the tools used, departments must work together in a seamless way to get work done. Empower department and teams to work together across boundaries of functional fiefdoms through shared APIs that often feed back into a centralized CRM system. By tying enterprise collaboration to existing critical business functions, operations and applications, organizations can drive adoption and change management. A leading analyst firm managed to reduce the average number of emails per day by just over 100, creating extra hours of productive time for client delivery.

**Market Demand Index: 3.50**

**Tech Maturity Index: 4.80**

**Vendors to watch:** Get Satisfaction, IBM LotusLive, Jive Software, Microsoft SharePoint, Mzinga, Oracle, PBworks, Salesforce.com Chatter, Socialcast, Socialtext, Telligent, Visible Technologies, Yammer

16. **Extended Collaboration (C3).** "Help me help you." Organizations will extend collaboration to partners, channels, suppliers, and other stakeholders. Organizations must get ahead of the social trend where adoption occurs at the fringes, and provide a common collaboration tool for partners outside of the firewall to interact and work with employees and other partners. Extended collaboration provides organizations with the ability to effectively listen and educate their extended networks with social learning tools. At one wireless carrier, collaboration with handset suppliers led to the reduction of 10 days in the new handset introduction process, improving critical time to market requirements.

**Market Demand Index: 2.25**

**Tech Maturity Index: 4.00**

**Vendors to watch:** CrowdEngineering, Jive Software, Lithium, Mzinga, Oracle, RightNow Technologies, Salesforce.com, Socialtext

## **Seamless Customer Experience Sustains Advocacy Programs**

17. **Seamless Customer Experience (CX1).** "Customers don't care what channel or department you work in." Seamless Customer Experience mashes up the social experience with the enterprise. Why is this important? Proliferation of social channels and federated customer data decrease the odds of a consistent customer experience. Information access is often inconsistent and not timely. Customers view a company as a single entity, even though it is composed of a large number of departments or individuals. Presenting a consistent face to customers improves their comfort and satisfaction. Yet Seamless Customer Experience requires more accurate and real-time customer information. Social profiles must tie back to existing customer and account information to drive the backbone of personalized experiences.

**Market Demand Index: 3.00**

**Tech Maturity Index: 2.50**

**Vendors to watch:** Get Satisfaction, Helpstream, RightNow Technologies

18. **VIP Experience (CX2).** "Reward your best customers or lose them." VIP Experience delivers premium programs to top customers. The goal – ensure that your most profitable customers remain loyal. Since establishing a VIP Experience program, a

large hospitality company managed to increase the number of loyal patrons by 7% in a down economy.

**Market Demand Index: 2.25**

**Tech Maturity Index: 2.25**

**Vendors to watch:** We've yet to see a vendor emerge that can aid organizations, as often this is an internal business program. However, there are a number of traditional loyalty program vendors who will have to transcend social to move into this space. With that said, expect to use community platform tools, reputation systems, and brand monitoring tools to manage for now.



## Recommendations

Have the right plan in place before entering this new approach. Apply these six simple steps to your first set of Social CRM projects:

1. **Act now! Be deliberate and begin with an entry-level use case.** Begin with a pragmatic process and develop your listening program first (e.g. Social Sales Insights, or Social Service Insights). Then map out the biggest pain points in your company and prioritize use cases based on business value. Reduce your risk of failure and over commitment of resources by starting with an entry-level use case. Master that one use case, then layer on more advanced scenarios. By building in sequence, you can apply lessons learned that will cascade to other projects.
2. **Breathe social. Invest in change management and training.** You'll need your organization to walk the talk. Start with the basics by training them on best practices in using Twitter, Facebook, and LinkedIn accounts. Craft a pragmatic social media policy that supports your Social CRM efforts. Establish your organization's social presence and continue to research new tools, communities, and models.
3. **Complement existing CRM processes.** Align the Social CRM use cases with existing CRM strategy. The move to social channels adds a series of new customer interaction models that must be integrated into existing customer facing processes. However, Social CRM does not replace your overall customer strategy. In fact, you must augment and in some cases redesign your overall CRM program to support new models.
4. **Demonstrate value. Measure based on business goals not "engagement."** The 5M's in Social Customer Insights will be a challenge in any new endeavor, so devote extra resources to learn from new deployments. Start with measurement based on your use case objective. If your goal is to develop Rapid Social Responses, then measure the decrease in response time to prospects and customers – based on previous benchmarks before the project. Remember, measure based on the specific use cases – not less meaningful social statistics like followers, retweets, or fans. From there, adopt the rest of the 5M's to refine your engagement strategy.
5. **Encourage the right mindset. New deployments require rapid iteration.** In an immature market, expect and embrace rapid failure. Early pioneers quickly learn from their mistakes and then iterate. In your resource planning, allow for an agile development process as teams prepare to integrate new channels to legacy systems. Prepare the team to fail fast and rapidly apply lessons learned into future iterations.
6. **Find other pioneers.** Join early adopter communities. Take the time to identify other leaders in the market place. Pioneers ask the hard questions, share lessons learned and contribute best practices. Join the online group for Social CRM Pioneers at: <http://groups.google.com/group/social-crm-pioneers>

## Resources

Join the Altimeter ecosystem. Altimeter Group will be continuing the discussion via webinars, social conversations, and events. Let's start off with these key questions:

- Who's leading the Social CRM efforts at your organization?
- What are the top drivers for starting a Social CRM initiative?
- Which use cases are most ideal to deploy in your cost and benefit analysis?

Take part in the ongoing dialogue:

- Google Group: Join your peers in this group for Social CRM Pioneers at:  
<http://groups.google.com/group/social-crm-pioneers>
- Twitter: Add the hashtag #scrmusecase to your tweets and follow the conversation at:  
<http://search.twitter.com/search?q=scrmusecase>

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## About Us

Altimeter Group is a Silicon Valley-based research and consulting firm that provides companies with a pragmatic approach to disruptive technologies. We have four areas of focus: Leadership and Management, Customer Strategy, Enterprise Strategy, and Innovation and Design.

### About R "Ray" Wang, Partner

R "Ray" Wang (@rwang0) is a Partner with Altimeter Group. He focuses on *CRM systems* and disruptive technologies for the enterprise. As an enterprise strategist, Ray bridges the gap between today's enterprise landscape with an emerging class of enterprise business solutions adopting the spirit of social technologies and Enterprise 2.0 concepts. Research topic areas often include ERP, CRM, Project Based Solutions, Order Management, Master Data Management, and SaaS. For software vendors, he provides strategic guidance in go-to-market strategies; reviews and designs software licensing, pricing, support, and maintenance policies; delivers competitive assessments; evaluates software partner ecosystems; and researches business processes such as the perfect order and continuous customer management for the enterprise and SMB markets. In both 2008 and 2009, Ray was recognized by the prestigious Institute of Industry Analyst Relations (IIAR) as Analyst of the Year.

### About Jeremiah Owyang, Partner

Jeremiah Owyang (@jowyang) is a Partner with Altimeter Group. He focuses on *social business* and disruptive technologies for customer strategies. Hailing from enterprise web management and a former industry analyst, Jeremiah consults and speaks on the topics of disruptive technologies for brand related customer strategies. Previously, Jeremiah was a Senior Analyst at Forrester Research, focused on social computing for the interactive marketer. Prior to that, he was the Director of Corporate Media Strategy at PodTech Network, a podcasting and online video startup. From 2005-2007 Jeremiah held the title of Manager of Global Web Marketing at Hitachi Data Systems and launched the community and blog program. He also served as the Intranet Architect at World Savings (now Wells Fargo) and was a user experience professional at Exodus Communications. He writes the Web Strategy blog and is a columnist at Forbes CMO Network.

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# Guide to Understanding Social CRM

By Chess Media Group, in Collaboration with Mitch Lieberman

June 2010



## Executive Summary

The word 'social' is likely the most over used word of both 2009 and 2010, and we are not even half way done with 2010. A simple Google search for "social" returns almost one billion results. This is reminiscent of a simpler time when we put an 'e' in front of everything, way back in 1999. How then do we move beyond the hype and help companies to understand what "social" is, and what it means to a modern company. At the highest level, *social* means that each company needs to understand that they lead and participate within an ecosystem - this is the new *normal*. If they do not already, companies and organizations need to understand why this is a reality, and understanding is a necessity in order to grow and prosper.

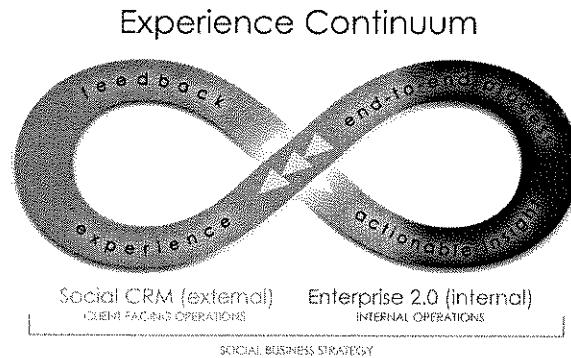
The social customer, knowledge worker, collaborative partner and informed supplier are all changing in the era of the social web. Companies are struggling to better understand how and what it means to become social themselves. No, not sit around the campfire social; that is not what we are trying to address in this context. Social is not about becoming friends, linked or following one another. Becoming a *social business* is about being a viable member of, and a leader within your own ecosystem. Businesses have a responsibility to, well, stay in business. A social business is one that understands their ecosystem, leverages people as the platform, and gives as much as it receives.

Any company who is able to harness this new normal will be able to build and deliver better products and services and have better, more engaging and longer lasting relationships with each member of their ecosystem. Executing against this objective requires an internal focus, an external focus and a rock solid method to align the two. Enterprise 2.0 looks inwards and at the employee, partner and supplier part of the ecosystem via collaborative enablement strategies, tools, and technology. Social CRM (SCRM) is externally focused, via people, process and technology, in response to the social customer. One without the other is not all that useful and both blend into each other as opposed to being mutually exclusive components of social business.

This paper presents the foundational components of Social CRM and lays the groundwork required for your company to build and maintain long and valuable customer relationships. We build a strong case as to why Social CRM is relevant to companies today and why it is one of the most pivotal concepts to understand in business today. It is intended to meet the needs of both someone new to the concepts, as well those requiring a comprehensive guide. Our hope is that you will find this paper serves as a starting point for your company to begin engaging deeply with your customers.

So what does this all look like?

The Experience Continuum diagram depicts how social CRM and Enterprise 2.0 work together. How does customer feedback make its way into the enterprise, get managed along other data, get analyzed, integrated into business processes, acted upon, and then disseminated again externally for your customers? This process then repeats and we see a continuous relationship between the customer and the enterprise. It's also important to note that there is no distinct point at which SCRM becomes E2.0 and vice versa; there is some overlap but you can see here that the two need to continually work together.



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## What is Social CRM?

Before a discussion of Social CRM takes place, the basics of CRM (Customer Relationship Management) should briefly be addressed. CRM is a technology-based framework used by companies of all sizes and by several departments: sales, marketing and support departments. When used by sales, CRM is also referred to as SFA (Sales Force Automation). The first generation of CRM focuses heavily on data, task and transaction management. CRM was, and is, internally focused, with an emphasis on specific processes, and optimization of those processes. Among the issues CRM faces is that the value to the end user, within the company, is limited. User adoption is also limited, in part because of this inward focus of the solution.

**Social CRM is based on the simple premise that you are able to interact with your customers based on their needs, not your rules.**

SCRM is an extension of CRM, not a replacement, and among the important benefits is that it adds value back to the users (increased adoption) and your customers. It is the one part of the social business strategy that addresses how companies need to adapt to the *social* customer and the expectations these customers have with respect to companies they do business with. With a focus on strategy, customer engagement and relationships, Social CRM moves beyond management of customers, transactions, and money.

Social CRM is a customer engagement strategy in support of your defined goals and objectives towards optimizing the customer experience. Success requires focus on people, process and technology associated with customer touch points and interactions. Customers are choosing how they interact with companies and companies' brands, and this poses a challenge; a challenge of data volume dynamic channels and elevated expectations. The social customer is vested and participatory, and has active involvement within the business ecosystem, not just as purchasers, but as advocates and influencers as well. Individuals are influenced by friends, friends' friends, and friends' friends' friends. For Social CRM to be successful, and by extension the businesses who employ the strategy, we must recognize the power of social networks and the impact to your business.



A social network is a group of people tied together by overlapping and intersecting interests. The ecosystem created and lead by your business will therefore be a form of social network. Within this network, one of the most efficient ways for people to interact is to use social media designed to be disseminated through social interaction, aka social media. Therefore, the careful selection and use of social media channels and technologies must be a part of any Social CRM strategy. It's important to remember that social media is not the only communication channel used. It's an important part of SCRM but not the only part. There are plenty of offline or traditional interaction channels that should be utilized to build customer advocacy and relationships between customers and companies. Examples are, but not limited to, in person, letters, phone calls, feedback forms, and comment cards. We have to remember that there is still a lot of interaction that occurs between the customer and the company *offline or in real life*.

There are recent statistics that help explain the shift that we are currently seeing in customer-centric companies. The critical point is to remember to be where your customers exist – or 'hang out where your customers hang out'. The following stats speak strongly to the customer's desire to participate and communicate with like-minded individuals:

- The fastest growing sector for internet use is communities (+5.4% in a year) (Nielsen, "Global Faces on Networked Places")
- Member communities reach more internet users (66.8%) than email (65.1%) (Nielsen, "Global Faces on Networked Places")
- By 2010, over 60% of Fortune 1000 companies will have some form of online community deployed for CRM purposes (Gartner Group, "Business Impact of Social Computing on CRM")
- 60% of Americans use social media and a third of them report having a stronger connection with companies they interact with that way. (Omnicom Group, "2008 Cone Business in Social Media Study")
- "By 2010, more than half of companies that have established an online community will fail to manage it as an agent of change, ultimately eroding customer value. Rushing into social computing initiatives without clearly defined benefits for both the company and the customer will be the biggest cause of failure." (Gartner Group)
- Trust and transparency are as important to company reputation as the quality of products and services. (Edelman Trust Barometer 2010)

Companies today are becoming overwhelmed with the vast amounts of data that customers are sharing about them and feel as though they need to respond to every complaint and every customer contact or request. However, the real value comes from being able to change how your company does business and improving the user experience while building advocacy. Simply responding to as many comments or tweets as possible is senseless and not scalable. A much better solution is to actually fix the problems the customers are identifying and collaborating with your customers to help give them what they want. This is part of what being a social business is about.



## Why Your Company Needs Social CRM

How, when and where your business needs to engage with your customers has changed significantly and rapidly due to the broad adoption of the social web. This has been called a communications revolution. Customers are now sharing their experiences and feedback on any company and any brand. This means that whether or not your company chooses to be involved, these experiences will still be shared. Today's reality is that customers exist on many social networks and that is where they like to communicate and share information. This type of communication and interaction is mainly happening from their computers and we are also seeing a rapid rise in mobile device use.


**More and more people are starting to trust "people like me."**

Social customers are more knowledgeable, empowered and connected than ever before. Prior to making any kind of purchasing decisions, customers now turn to peers and non-traditional industry influencers for answers through very public social networking platforms - more so than any other source for information gathering.

In order to succeed in this hyper-connected environment, companies will need to adapt their business strategy, apply new technology, expand their marketing and PR efforts, and alter and adapt their internal culture. Formalizing a Social CRM strategy will allow a business to locate, educate and engage their current and potential customers where they prefer to communicate. Empowering the Social Customer is a critical objective within any social business strategy.

Social CRM strategies and technology offerings should complement, but not replace traditional Customer Relationship Management (CRM) software — the platform businesses have traditionally used to hold and analyze customer data. While many traditional CRM solutions are highly regarded and excellent at automating processes, managing the customer data and provide management reports to track sales, Social CRM focuses on the relevant conversations taking place online and offline. Social CRM not only addresses how you will respond to this new kind of customer and the demands that he or she puts on your company, but also how you can engage non-traditional industry influencers like bloggers, independent analysts and customers who are passionate about brands. The key difference between Social CRM and traditional CRM is that Social CRM is based on a strategy for customer engagement, not managing customer data.

Too often a company's approach to solving problems is primarily technology focused, because the business becomes enamored with the latest and greatest software offerings. Prior to choosing technology, businesses must first assess their organizational readiness, skills/expertise and culture, and then recommend specific steps to address gaps within teams and/or business processes. In the early stages, the gaps might be filled with a cross-functional team formed specifically to look at social business and customer engagement efforts. As the business matures, more permanent solutions might include formalizing a job function within the company that has the responsibility and authority to promote and maintain social business across the company.



When considering a Social CRM strategy, companies are experiencing both business and technology challenges.

Business challenges that we are seeing:

- Being led by senior management teams that do not have the time to adapt to the new ways that customer are communicating online.
- Putting technology ahead of strategy and thus not seeing the results they want or expect.
- Uncertainty about how to transform their existing culture to one that embraces openness, transparency and engagement. Businesses are confronted with the fact that an effective change management process takes years but are wanting to see more immediate results.
- Struggling to develop and adapt existing legacy processes and frameworks that keep up with the social customer.
- Trying to respond to as many interactions as they can without actually solving or making changes at the source.
- Wrestling with developing effective advocacy programs for their loyal customer.

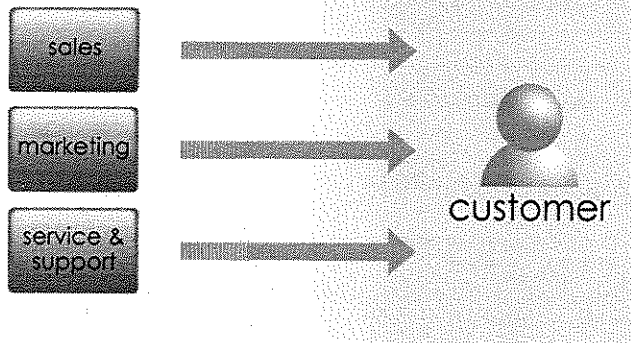
Technology challenges that we are seeing:

- Lack of knowledge about the newly available technology tools that are most appropriate for their company to drive sales, marketing and customer service.
- Need for better understanding of which technologies will help them optimize their relationships with their customers.
- Technology and software purchasing decisions are being made without proper knowledge of the changes in how and where customers want to communicate.
- Companies are not technologically coordinated internally with respect to focusing on the connected customer.
- Since cloud-based solutions are sometimes too easy to implement, departments are 'doing their own thing' creating data silos across the company and impacting how companies leverage their data.

## Understanding Traditional CRM

Traditional CRM has always been a set of linear, internally focused processes based around three key areas: marketing, sales, and service and support. These three pillars or key areas then target the customer. The end goal of CRM is to allow the company to effectively manage the customer in order to keep them

### Traditional CRM



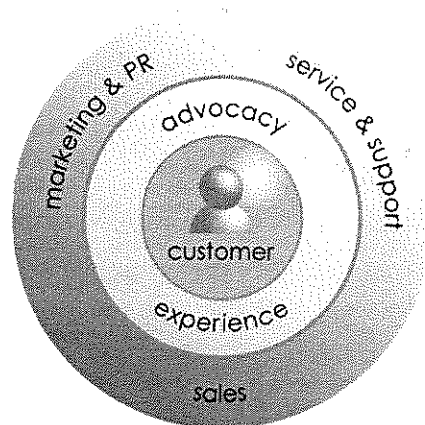
purchasing a product or service. CRM has always been about the customer, however a collaborative relationship with the customer never existed and the customer was never actually a part of CRM. Although CRM has always been about the customer, it has been so in a transactional approach with an emphasis on "how can the customer benefit my company." CRM is very data and information driven as opposed to relationship driven. Companies collect as much information as they can about a customer so that they can better market and sell to him/her. The thinking behind traditional CRM is inside-out, meaning the company creates products and services and then markets them to customers based on the data that the

company has about the customer; it's a one-way push process whose goal is to get to a transaction. The challenge is that now the customer talks back.

## Understanding Social CRM

Structurally, Social CRM is built on a strong foundation of CRM, with a few key additions. Historically, the reputation of CRM projects has not been stellar; Social CRM seeks to build upon the successes and strengthen the weaknesses. From an internal perspective, the addition of public relations is an important augmentation, a recognition of the social customer and the social web. Customer issues are no longer just support issues but they are now also marketing and PR issues, thanks to the web. That said, the most important change is the addition and inclusion of the customer as a key component and foundation of SCRM. If you like thinking in organizational terms, the customer has a seat at the table, and is part of your Monday morning staff meeting in all departments. Social CRM actually involves companies collaborating with their customers to create advocacy, by improving customer experiences.

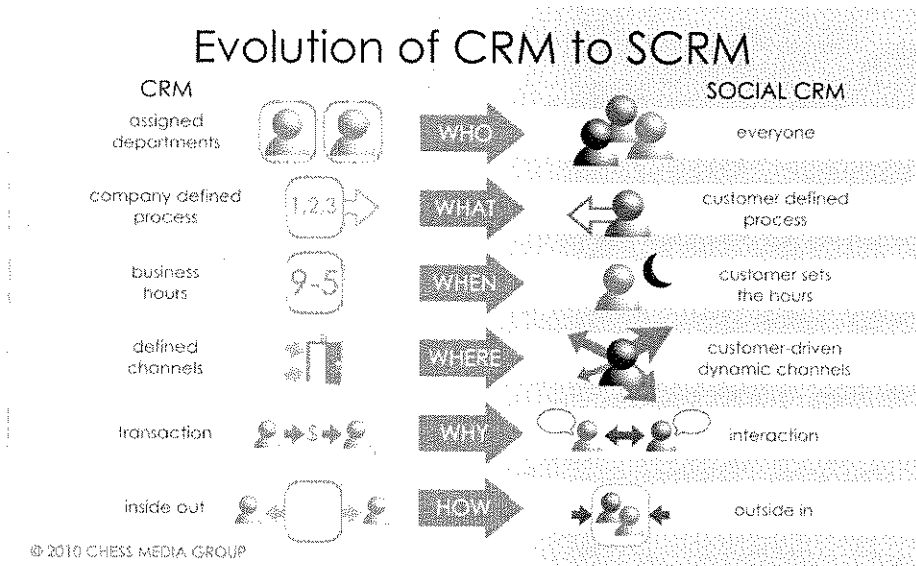
### Social CRM



The addition of the customer provides an effective and necessary amplification of all the work you do. An example of this is sales. While certain elements of sales will not change, improved advocacy and the customer experience shift sales from push to pull rather than relying on the one-sided sales process to create value for the company .

## The Evolution of CRM to Social CRM

In order to better understand how CRM has evolved into SCRM, we focused on the key areas mentioned above. Looking at the diagram below, we can see how this evolution is taking place and what it means to both the company and to the customer.

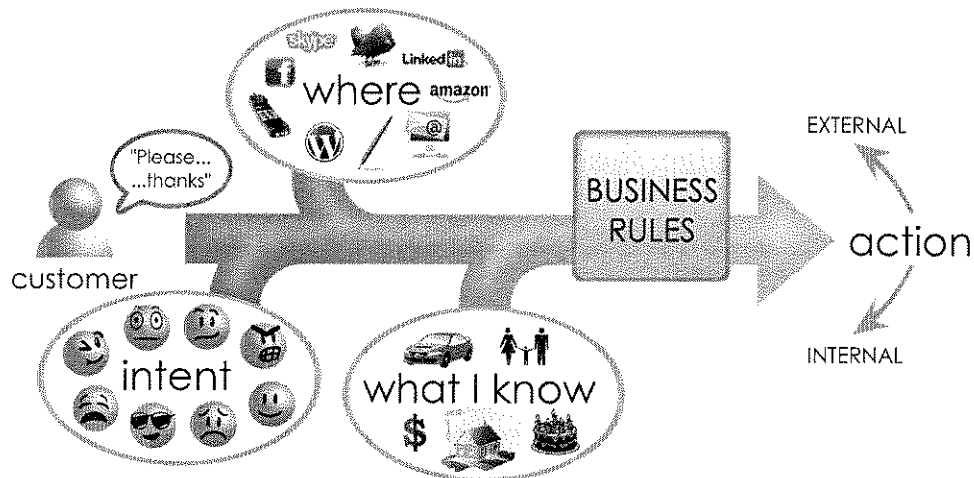


## Action / Reaction / Management (ARM) Process

It is often possible to take a very complex set of processes and boil them down to something so simple and straightforward that it may seem like the complexity has been ignored. This is not the case here, we absolutely respect the complexity. To use clothing as an analogy, if you have three blouses, one skirt, two nice pairs of pants, two scarves and three pairs of shoes, how many outfits do you have? A lot, trust us. The point is that most people do not think that what is listed is a large amount of clothing. In the Action / Reaction / Management Process diagram, every company should be able to logically process all interactions through this model. The complexity of this assessment is hidden behind the intent. The combination of static data along with interpreted information, like intent, with your business culture is what makes this process unique to you and your business.

The Action / Reaction / Management (ARM) process is a straightforward protocol by which all inbound interactions can be judged, analyzed, responses evaluated, chosen, and implemented. This is not about automation, yet, as each business will need to decide which segments require a human evaluation. It breaks down the essential elements into discrete components, and allows a business to evaluate each component first in isolation, then together as part of the whole (first decentralized, then centralized). The ARM process is more a thought process guide, than it is about automation. Once an individual interaction has been cataloged and responded to, the business can and should learn from it. Over time, business intelligence will be built, and a business might then be able to codify parts of the process.

## Action/Reaction/Management (ARM) Process




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**What was said or done** - This is straightforward, as it is simply a matter of cataloging and identifying an event and who initiated it. It is likely to be a customer, but it might not be. It could be an influencer, recommender or partner. Most often these are words, but they may be more than words such as a purchase, renewal or cancellation.

**Where it was said** - This speaks specifically to the channel where the event or communication occurred. This includes, but is not limited to, face-to-face, mail, email, fax, phone, text, Twitter, Facebook, a blog or review site. The location, *where*, will likely influence the business on how to respond. For example, a response on Facebook might be different than a response on LinkedIn.

**Intent** - This is the most complex part of Social CRM. It will be the hardest to codify, why "best practices" will not work and why it will require training. Part of the *intent* evaluation process will determine the sociability (discussed further, below) of the action. Intent needs to definitively weigh and specify what the customer wants to be done based on the action she took. There are a number of human elements within intent, and the channel itself may speak to intent. You should be able, but not necessarily assume, that you can gauge the emotional state of the customer



**What I know** - This is core CRM data plus social data. This is verified data, and verified information, but not all data will be owned by the organization. Elements of "what I know" are not open to interpretation; the person did send an email on this date, they did make a purchase, they did submit a complaint and/or they did change their address. The social data will increasingly be a part of a standard profile data set. However, since this data exists on other networks there potential issues, ownership and validity. The ability to pull data from disparate systems in real-time is a requirement.

**Business rules** - While we noted that intent is the most complex, business rules are a close second, and will remain dynamic, open to interpretation and based on the needs of the customer. The business rules associated with Social CRM are an extension to the business rules created for CRM. Each business will need to decide what the rules are, based upon the input to the system. A more sophisticated business may choose to call this 'business intelligence.'

**Action** - Each event will require a decision and an action. Yes, each and every event. This is not to say that each event requires an external action. A business will need to actively decide what to do, or what not to do. Each input into the system will have at least one internal action (even if it is simply storage of data), but not necessarily an external action (response).

### Diving deeper on intent

Not everything that happens, from transactions to interactions, should be considered "social". But everything that happens is important, and each business needs a methodical approach to determining intent. The *intent* of an interaction speaks much more to the sociability than the channel used. I can broadcast a message on YouTube and do nothing but send spam links on Twitter just as easily as I can pick up the phone or send an email to a group of people. Which is social, which is not? The importance of having well-defined processes will enable a business to determine how each interaction should be treated, and should not be underestimated. Some of the processes can easily be codified and repeatable, while some will require human thought and input.

### Social Interactions

The focus of this document has, and should be from the customer perspective. The sociability of any interactions needs to be considered. When a company initiates a conversation, event or action, this is often proactive. When a customer initiates, by action, conversation or event, the company needs to respond or react, based on the sociability. As we stated earlier, Social CRM has a strong focus on these response mechanisms, as they need to be dynamic and adapt to the needs of the customer. As a business you need to understand how and when to respond, therefore an interpretation of the sociability of the initial event is critical. Interpreting a simple event as 'social' can be as bad as interpreting a social interaction as trivial - the keys are the intent, and the perception of the intent (interpretation).

A customer progression from non-sociability to sociability might look something like this:

1. **Transactional / Monologue**  
I said what I said, or did what I did. I'm really not hoping for a response, just action. Example - self-checkout at the grocery store, check-in for a airplane flight, a white paper download. There is only one person.
2. **Request / Call to Action**  
I said what I said, or did what I did looking for a specific response. This could be a purchase, a support case, but it is one on one. It is social only in that there are two people involved.
3. **Passive / Venting**  
I am talking or doing, and I might need a response, but even I am not sure. I'm hoping for acknowledgment, not necessarily a response, but it might be nice. Examples - I cannot find what I need, in a store or online. Body language/tone suggests frustration. Poor experience by an airline on Twitter.
4. **One-Sided Dialogue**  
Two parties are talking, but the conversation is a bit one sided. To get results, multiple departments, partners might need to get involved. For the most part, the interactions are 'contained' and both parties are working to keep it this way. The words, "I am sorry" and "there is nothing we can do" find their way into these interactions.
5. **Information Seeker / Social Pressure**  
I am actively asking for information. I will not be happy until I get it. I may begin with a simple email, but will progress to blogs, Twitter and other very public channels. This might be an escalation to number 4.
6. **Active / Engaged**  
We are engaged in a conversation. Others may join in to push things forward.
7. **Community Driven**  
We are all conversing. It is many-to-many, I am helping others, giving advice. I may want recognition, free things, and special support.
8. **Specific Intent / Cross Channel**  
My actions suggest intent of plans for the future - travel, leisure, purchase. I made statements on the Social Web. Almost no directionality, just comments to friends on networks

*(The above is a guide; within your company some may not exist, or you may have more stages)*

**As Paul Greenberg states in his book CRM at the Speed of Light:**


*"Transaction is not the paramount artifact of the interaction. Instead, a transaction becomes the side effect of rich relationships that are built on conversation. This notion is fundamental, and is a radical switch in priorities for the interaction between customer and vendor."*

The time of the passive customer is history. Empowered, vocal, and knowledgeable, these customers are more engaged than ever before, and are setting the tone, pace and direction that companies must go. Companies must begin to collaborate with and engage the customer, but need to be respectful, and therefore must also deliberately decide on the proper response to each interaction with her. This will require greater internal collaboration (E2.0) with finance, operations, innovation, and other departments within the company.

There is no blanket or one-sided approach to developing an Social CRM strategy. To capture the value to be derived from a customer network, companies must create their own process map of what SCRM looks like within your organization. This is a long-term approach that requires careful planning and companies need to start now.

**Would you like to learn more? Contact Us Today.**  
[inquiries@chessmediagroup.com](mailto:inquiries@chessmediagroup.com)





### **About Chess Media Group**

Chess Media Group is a social business consultancy that focuses on developing Social CRM, Enterprise 2.0, and social media strategies. We implement collaborative and participatory solutions that strengthen business performance. By combining deep industry knowledge, experience, expertise, and innovation, we design and implement solutions that help our clients release their potential. Chess works with medium and enterprise size companies who benefit from our team with more than 50 years of combined experience in collaboration, CRM, knowledge and content management, information architecture, and strategic marketing communications fields. As with chess, we understand that in order to succeed, you cannot focus only on one particular part of the board while ignoring the rest of the pieces that are in play. To become a social business, you must have a clear strategy from the start, one that can be adapted, scaled and modified to better manage the relationships with your internal and external communities.

### **About Jacob Morgan, Principal and co-Founder, Chess Media Group**

Jacob is widely regarded as a thought leader in social business. He co-founded Chess to help companies understand the business value of employee, partner, and customer collaboration (Enterprise 2.0 and Social CRM). Jacob helps companies can boost productivity, cut costs and foster business agility from their social business initiatives. Jacob's book, *Twitffaced – Your Toolkit for Understanding and Maximizing Social Media* was entirely co-authored through online collaboration and demonstrates the power of social media and online collaboration. Jacob's blog is ranked among the top 100 most influential marketing blogs by AdAge; he contributes to publications like Marketing Profs and the WSJ, among others. Prior to Chess, Jacob consulted on SEO and worked with Adobe, Conde Nast, New Horizons Computer Learning Centers, Salesforce, and Sandisk.

### **About Connie Chan, Principal and co-Founder, Chess Media Group**

Connie is a senior marketer with 15 years of marketing, management and consulting experience. She co-founded Chess to help companies unlock the full potential of combining people, process and social technologies to achieve high business performance. She has developed and implemented effective strategies, and delivered integrated demand-generation campaigns that produced measurable value to clients. She uses her extensive experience in traditional marketing to help clients to integrate Web 2.0 strategies and traditional marketing. Prior to co-founding Chess Media Group, Connie has been optimizing online and offline marketing communication and customer service strategies for companies like Ivanhoe Cambridge and Rogers Communications and for clients like McDonald's, Insurance Corporation of BC and Greyhound at DDB Worldwide.

### **About Mitch Lieberman, President, Comity Technology Advisors**

Mitch is recognized by his peers as one of the world's thought leaders in Social CRM and is on the forefront of ideas, strategies, and technologies. He has a passion for solving complex business problems by creating the optimal alignment of people, process, and technology. Mitch works with companies of all sizes, helping them leverage social technology to better manage their relationships with individual consumers and/or their business customers. He shares his thoughts on his syndicated blog *A title would limit my thoughts*. He has continuously shown his leadership in developing and delivering strategies for creative solutions that integrate the right technology at the right time to meet the business objective. Mitch has 15+ years designing and implementing CRM solutions for a wide variety of industries including telecom, banking, insurance, healthcare and retail.