

Saimaa University of Applied Sciences
Faculty of Business Administration, Lappeenranta
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Shahzaib Malik

**How to Build and Manage Strong Customer Relationships
(CRM) with the Help of Social Media**

Thesis 2014

Abstract

Shahzaib Malik

How to build and manage strong customer relationships (CRM) with the help of Social Media, 49 pages, 3 appendices

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Instructors: Senior Lecturer Riku Hytönen

Managing Director Heli Korpinen

The purpose of the study was to provide useful information and guidelines for companies about how to apply social media to managing customer relationships in the way which will help to build long-term profitable relationships with clients to increase customer knowledge, customer support, involvement in the company and loyalty to the brand to raise sales and increase the profits of the company.

The first step of the research was to analyze articles and studies of other authors written about the topic, in order to create a sufficient understanding and to reveal the current stage of development. These observations resulted in creation of the theory part of the thesis and determine the actual research questions. The next step was to choose a company which would be interested in the study and help with providing relevant information and data for practical research. The data for empirical research was collected by interviewing the personnel of Company X, by studying the opinions of the customers and by several small online surveys published on social media websites. Results of surveys conducted by other researchers were also used and summarized in this study. Theoretical information was gathered from books, articles, business magazines and Internet resources.

A conclusion of the research is that social media is a present and future way to get in touch with customers and to manage relationship with them effectively. The findings and conclusions presented are supported firstly by theory and secondly by the three online surveys which were conducted. In the end, few recommendations are provided for companies who use social media for CRM purposes.

Keywords: Concepts of Social media, Matrix System, IDIC model of CRM

Table of Contents

Acknowledgments	5
1 Introduction	6
1.1 Background of the study	6
1.2 Objectives of the study	6
1.3 Limitations of the research.....	7
2 Benefits and Disadvantages of Social Media in CRM	7
2.1 Benefits of social media in CRM.....	7
2.1.1 Large scale and low costs.....	8
2.1.2 Informational content and accelerate sales	9
2.2 Disadvantages of using social media in CRM.....	9
2.3 Customers needs from social CRM	10
3 Research Questions	12
3.2 Examples of metrics	15
4 Theoretical framework.....	16
4.1 Concept of social media	17
4.2 Types of social media	17
4.3 The most popular today social media	21
4.4 Definitions of CRM.....	22
4.5 Types of CRM.....	23
4.6 IDIC model of CRM.....	26
5 Social CRM and Marketing Aspects.....	27
5.1.1 HRM	28
5.1.2 Marketing.....	29
5.1.3 Public relations	29
5.2 Functional elements - characteristics of social media.....	30
6 Research method.....	34
6.1 Presentation of Company X.....	35
6.2 Company X culture	35
6.3 Company X and social media	35
6.4 Company X- Career.....	36

6.5 Suggestions to Company X about employees' attraction.....	37
7 Surveys.....	38
7.1 Survey No.1	38
7.2 Survey 2 "Main Factors of Social CRM"	40
7.3 Survey 3 "Measuring Effectiveness of Social CRM"	43
8 Conclusion	45
List of Figures	47
List of references	48
Appendix.....	51
Survey.1 Survey.2 Survey.3	51

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1Introduction

1.1 Background of the study

The topic of social media in CRM is of a primary importance for modern businesses. Today's customers are very different from the ones living 15 years ago. They buy considerably more and have become much more demanding as regards quality, innovations and functions of their purchases. In the modern world such concepts as technology, globalization and the internet have become part of our lives. They affect most of the people inhabiting our planet daily, changing them. This means that the behavior of consumers is also changing constantly, including their values, attitudes, motivations, decision making, buying behavior, lifestyle and many other things. Clients become smarter and get many tools for effective buying. For instance, with the help of the internet modern customers are able to read reviews, compare prices on the internet in different shops all over the world and choose the best options for them.

Such changes require marketers to adjust accordingly and thinking about more and more new, creative ways of how to get closer to customers. Social media is one of such ways, which has a great potential as a new marketing tool, because even today 1.2 billion people (potential clients) use Facebook; 490 million or more visit YouTube per month; 98% of people aged between 18 and 24 regularly use social media. Most likely these numbers will rise constantly until they will cover all people who have connection to the internet. A company that manages to use social media on bigger scale will get large rewards for its efforts. (Statistic Brain Research Institute.)

1.2 Objectives of the study

The main goal of the study was to find out how to manage social media, and the digital environment though which it operates, effectively in customer relationship management; to reveal prerequisites, successful methods and issues which must be avoided when using social media in interaction with clients. Another purpose was to analyze as much of the available information

on this topic as possible in order to bring some new knowledge and create benefits for Company X.

The purpose behind was to create a recommended course of actions and an effective model of Social CRM for the Company X through benchmarking of existing companies who do CRM online successfully. Creativity and more importantly, analysis of opinions and wishes of participants in social media marketing and users of the social media websites who consider themselves as potential participants were used.

1.3 Limitations of the research

Unfortunately it is not possible to cover within one study all related important details, especially when explaining such abroad and current topic as social media in CRM, which tries to unite traditional ways of managing customer relationships with technology, the internet and relatively recently appeared social media. The research is primarily focused on bringing valuable information for Company X. Therefore the results and recommendations may have a narrow scope of usage and not necessarily be suitable for some other companies who have very different types of goods, services and different purposes for its social media CRM.

The amount of responses received through surveys was not as big as was hoped for. Around 20 to 25 people participated in the online surveys.

2 Benefits and Disadvantages of Social Media in CRM

2.1 Benefits of social media in CRM

- Possibility to observe and analyse conversations, happening in real time and to simultaneously collect information that was created in the past.
- Assessing and studying of additional information provided by users, their photos and videos.
- Identification of the key influencing factors in particular fields of business and preliminary identification of the new coming trends.

- Large potential for exploration of customers through observing their behavior on social media.
- Reaching such segments of customers that would be impossible to reach in any other ways. For example, social media allows to do research on people who do not want to participate in any kind of researches, because their presence and activity on social media already can tell a lot about them.
- Establishing trust and building brand/company awareness.
- So much different types of data are available on social media that both qualitative and quantitative CRM researches can be easily conducted. (Marketing Research Association 2010, pp. 3-4.)

2.1.1 Large scale and low costs

As mentioned earlier, the main obvious advantage of using social media in managing customer relationships is the truly large number of people who can be reached easily without making any big expenses was mentioned earlier. A considerable part of the people who use the internet today tend to spend quite a lot of time on social websites, thus making it possible for businesses to come into contact with them during the time when they are online. Basically, social media allows studying customers from all over the world with just a computer connected to the internet with some tools for data analysis. What makes it so efficient is perhaps the structure of social media websites which itself facilitates sharing and exchange of information. For example if one user likes something on Facebook or Twitter, it will be automatically displayed on his own page where his "friends" or people connected to this user will see it.

Social media is beneficial for businesses as a relatively cheap CRM tool compared to other methods. The only expenses are; the cost of the internet, salary to the moderators of the blogs, cost of incentives if used to increase people participation. The costs are low compared to more expensive traditional CRM, in which telephone calls, direct mailing and email messaging are applied. (McKee 2012.)

2.1.2 Informational content and accelerate sales

Another undeniable benefit of social media for all the companies in the world is the large amount of information which people put about themselves and about anything else on these websites. It allows concerned companies to get a full picture of the person and their client which in turn gives them a chance to adapt themselves and their behavior towards this person in order to get from him whatever they want: a purchase, a visit to the local shop, a positive relation, or word of mouth, i.e. desire to communicate to other people some information directly or indirectly related to this company.

Successful social CRM is a key to increasing brand awareness and to enhancing sales manyfold. It is the experience of many companies that those clients who engage with a company via social media usually spend 20-40% more money than other customers. (Dugan 2012).

2.2 Disadvantages of using social media in CRM

Purpose of this research question is to underline possible drawbacks associated with using social media for managing customer relationships and to warn companies against making common mistakes.

Every coin has two sides. On the one hand, social media can be a key towards popularity of the company and increasing its sales revenues manyfold. On the other hand, trying to do business with the help of social media is the same as playing with fire, because it is quite difficult to control. When a company makes a profile on Twitter or Facebook, it must constantly keep an eye on what people are writing on it because they can use it for purposes which are not beneficial to the company. People can post complaints about the quality of service or product for example. Constant attention and quick response is one of the ways to keep the process under control. It requires a lot of time and additional spending. Still the consequences of using social media can sometimes be bad for the company.

Let us analyse a real example: A large company, McDonald's, is launching a social media marketing campaign in which it asks users to tweet happy

marks about having a nice dining experience with the company. However, contrary to expectations, McDonald's webpage receives many negative responses about the quality of their food or people got pain in their stomach after eating it. What will happen next? This negative information will spread very quickly and is seen by a large number of other people. The reputation of McDonald's brand will be undermined and its customers will decide not to go in this restaurant for a while. (Graham 2012.)

The above example shows some of the difficulties connected to social media CRM: "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." (Baird & Parasnis 2011, p. 3.)

2.3 Customers needs from social CRM

This is perhaps one of the most important questions of Thesis. Understanding needs and wishes of the clients is a commonly known prerequisite of success for any product, service or even marketing campaign. According to study conducted by IBM Institute for Business Value, more than half of the respondents do not consider interacting with companies through social sites. It's personal; for most consumers, social media is about engaging with friends and family and accessing news and entertainment not interacting with brands.

Many people tend to use social media for rest, communication with the closest people and for studies. Rather few of them utilize it for getting connected to a company and even if this occurs, in many cases it happens only one time. If a company takes the first step itself and tries to contact a person via social media, it can raise a negative emotion and irritation towards the business entity instead of a positive reaction. Therefore it is vital to choose the right words and incentives, which can create a positive mood and an interest to know more about what this company is doing on social media.

Unobtrusiveness and a reliable image of the company are very important. A person must be sure that if he visits the webpage of the company, its advertisement will not chase him every following online session.

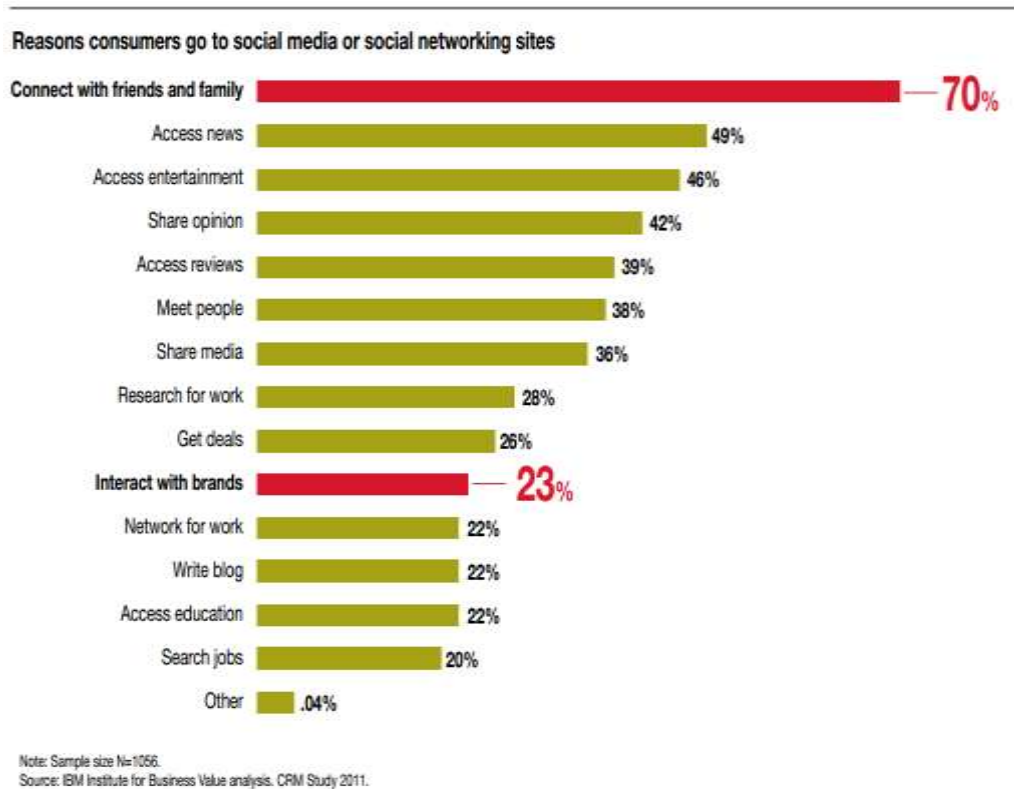


Figure1.Reasons Consumers Go to Social Media Networking Sites (Baird & Parasnis 2011, p. 7)

According to another study conducted by IBM Institute for Business Value, the main reason why consumers engage with businesses via social media is a desire to get some tangible value: for example a discount coupon or participation in a lottery with a possibility to win something nice. Another information source states that consumers are sometimes willing to get customer support from a company present on social media to find information about the company, the sales or recommendations. Indeed, it is convenient, to get an immediate response from a company employee about how to make the new printer, bought from them work, or read, that your favorite shop is

planning to have a sales campaign soon and come to the beginning of that happy event. (Baird & Parasnis 2011, pp. 8-15; Dugan 2012, p. 1.)

3 Research Questions

This chapter discusses the main factors enabling effective usage of social media in CRM. First the objectives are described. Then there is a presentation of some key elements and the metrics to be applied when evaluating the effectiveness of social media CRM.

3.1 Clear objectives defined

The purpose of this research is to provide a comprehensive list of conditions which make applying social media to CRM successful. The survey is mainly based on companies, which are doing well in the market. A number of factors are presented whether which determine company will get some benefits from using social media in CRM or not. Setting clear realistic goals and ways of their achievement is a necessary condition of success in any endeavor. The company personnel must think beforehand what the main purpose of embarking in social media is and based on it; create a further plan of actions. It is also crucial to think through details: to create a professional company profile, think of the content, decide on the frequency of updates and monitoring and analyze which incentives are best to use for attracting people.

Understanding difference between traditional and social CRM

When talking about social CRM, it is very important to understand social CRM and the difference between it and the traditional ways of doing CRM. These two tools have one similar goal: to attract and retain consumers, encouraging them to spend more, which results in higher return on investment.

"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 customer's 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?" (Baird & Parasnis 2011, pp. 1-2.)

To provide a constant and responsive two-way exchange of information

While traditional CRM usually involves one-way communication from brand to customer, in social CRM it is often a two-way process of exchange of information built around the customer (Denny 2013).

The faster a consumer will see a responsive reaction from the company on his action on social media, message or comment for example the better the quality of information exchange will be and the more positive is the experience of communication with the company that the customer will have.

It can also be mentioned that bad or irregular responsiveness may lead to displeasure and consequently to disappointment in the company: a client may lose any desire to do any kind of interactions with such company. Having relevant and updated information on the social media profile of the company is one of the building blocks of responsiveness.

Based on experience, it can be said that fresh information facilitates trust and creates an interest towards what is happening on the company web page, while on other hand, old information mostly disappoints.

Attracting advocates

One must always remember that one of the main goals of social CRM is to convert fans and followers of the company on social media sites into real customers and advocates of the brand who will be ready to come and to spend money (Denny 2013).

Be able to make the way through the crowd of competitors

“A company is not the only one who wants to make more money by attracting new customers and making new deals through social media. Already millions of such companies exist today. The customers gradually adapt towards this new trends. In order to be successful in using social CRM, companies must be able to overcome the noise of competing messages created by other businesses, and they must give to consumers some serious reason to make the contact through social media sites possible” (Denny 2013.)

A possible way to achieve this goal can be for example creation of some unusual appeal, something new that nobody else is doing yet. Novelty often brings very good profits to those businesses which implement it first.

Proceed cautiously

Statistics show that a rather big numbers of businesses fail to understand the importance of social media in effective CRM and fail to use it in a right way. (Denny 2013).

That is a rather predictable situation. When people do something the first time they, often tend to many serious mistakes especially in new and not well studied fields of business. This may bring negative results instead of expected positive ones and damage the company image and brand. Therefore those businesses that just start implementing social CRM, can be advised in the beginning to try to copy several techniques and activities of companies that are successful in social CRM and then gradually design their own unique strategy.

A right strategy is a key towards success. Therefore it must be well thought out and still have place for changes. This is because everything in this world changes constantly and those who do not adapt to changes die out.

How to measure the effectiveness of using social media in CRM?

First of all, one must know the goals of the business for social CRM, because a clear understanding of those goals allows to understand and to estimate achieved results better. Different objectives aim at different results and require different ways of measurement.

It is advisable to create a good system of metrics, which means a system to measure only relevant information and to screen out secondary data. A good system should be easily understandable to all parties that are interested in the results. For example, those who collect data must be able to explain the process of its collection and interpretation in such a way that all business departments can understand it at least on a general level. Otherwise it may not be possible to understand and measure the effectiveness of using social media in CRM. Data should be collected and analyzed consistently thus providing a fresh dynamic picture of the effectiveness or inefficiency of the process (Seiter 2013.)

3.2 Examples of metrics

Activity Metrics

Activity metrics show the level of activity of the company on social media. What does the company do on social media and how often? The key areas are posts, photos, optimizing of content, solving customer problems and answering their questions. Specific metrics include response rate, average response time and post rate. (Seiter 2013, p. 1.)

Engagement Metrics

Engagement metrics measure what effect your activities have on the target audience. They indicate if whatever is done on social media invites participation by target audience or if the content of the webpage of the company on social media is interesting material for the target audience. How often do people react on different content? Is it likely or unlikely that the audience will talk to the company and distribute the information the company needs?

By carefully studying the engagement metrics, the company will be able to say what kind of content is the most effective and creates the biggest amount of conversations and necessary responsive reactions. Specific metrics

include overall engagement rate, conversations rate and applause rate. (Seiter 2013.)

Reach Metrics

Reach metrics allow identifying and estimating the number and quality of those who hear the message and how they perceive the company and the brand. The metrics reveal how big the potential audience is and how it increases as well as what the audience thinks of the company.

Specific metrics include the growth rate of the audience, brand awareness and recognition, share of presence and conversations. (Seiter 2013.)

Conversion Metrics

Conversion metrics are the main tool of social CRM. They shape consumer preferences and directly influence their behavior. Conversion about the company on social media may have very different purposes: increase brand awareness, advertise new product or service, sell something, and invite as many potential customers as possible to subscribe the newsletter of the company, or to encourage download trial version of software. The final goal is common - to make more money. It is vital for success in all social media CRM to create and encourage right conversations.

Specific metrics include valuable social conversions, compared to the total amount of conversations, last interaction social conversions, social media as a percentage of the total conversions happening between clients and company. (Seiter 2013.)

4 Theoretical framework

This part of the thesis creates a basic understanding of the researched topic step by step while introducing the topic to the reader and making it possible to further analyze it and to suggest developments. There are detailed explanations of the used concepts and their interpretation from several points of view.

4.1 Concept of social media

Espoo 2008 VTT Research Notes 2454 defines social media as follow: "Social media refers to a combination of three elements: content, user communities and Web 2.0 technologies" (Ahlqvist etal 2008, p. 5).

"Social media is today's most transparent, engaging and interactive form of public relations. It combines the true grit of real time content with the beauty of authentic peer-to-peer communication" (Buyer 2011.)

"Social Media is a new marketing tool that allows you to get to know your customers and prospects in ways that were previously not possible. This information and knowledge must be paid for with output of respect, trustworthiness, and honesty. Social Media is not a fad, but I also think it's just the beginning of the marketing revolution – not the end" (Clayman 2011.)

It is evident that all the three definitions of social media are quite similar. A person who uses social media for different purposes can define social media as online means of communication which unite a large number of people in common online networks and virtual communities, allowing users to share and exchange information such as videos, photos, files personal ideas and posts.

4.2 Types of social media

Nowadays there are large varieties of social media. Under this term may be included social networking sites, collaborative projects, blogs, content communities, virtual social world and virtual game worlds. Everyday new social media are created and everyday many of them die.

This process can be compared to the birth and dying of stars in the space. It is truly a large working platform for companies who can choose the most suitable type of social media for its purposes or even create the in own one. Various types of social media are described below:

Social networking sites

“Social networking sites are applications that enable users to connect by creating personal information profiles, inviting friends and colleagues to have access to those profiles, and sending e-mails and instant messages between each other. These personal profiles can include any type of information, including photos, video, audio files, and blogs” (Kaplan & Haenlein 2010, p. 63.)

The biggest and the most commonly recognized example of social networking site is Facebook, created in February 2004 by Mark Zuckerberg, a Harvard student, and his five friends. In the beginning, the audience of this site was limited to the members of Harvard University only. Later on it was spread to other colleges in the US and gradually across the whole world. (Vargas 2010; Tabak 2004.)

Collaborative projects

“Collaborative projects enable the joint and simultaneous creation of content by many end-users. The main idea underlying collaborative projects is that the joint effort of many actors’ leads to a better outcome than any actor could achieve individually. Collaborative projects are trending toward becoming the main source of information for many consumers.” (Kaplan & Haenlein 2010, p. 62.)

In fact, anyone can create an article on Wikipedia and write about any interesting topic he or she wants. However, these writings are checked and any other person may add information or correct it. Unfortunately, teachers and professors all over the world do not like when students specify Wikipedia as a reference in their works and often even categorically prohibit it.

Blogs

“Web Blog - this term refers to a list of journal entries posted on a Web page. Anybody can publish their own blog. The only thing needed is to create and publish Web page. Some Web hosts provide an interface where users can simply type a text entry and hit "publish" to publish their blog. Instead of

writing confidential entries in a book that no one is supposed to see, people now can share their personal feelings and experiences with thousands of people around the world. Blogs are typically updated daily, monthly, or anywhere in between.” (Kaplan & Haenlein 2010, p. 63.)

As mentioned in above citation, the concept “blog” is compared to a diary which anyone can have on the internet and share the content with numerous users in the World Wide Web. A blog can also be dedicated to some specific area and contain information only about it. For example in a blog about cooking, a person can publish his or her own various food recipes with photos and descriptions of the cooking process step by step, for example blogs are the earliest form of social media. They can exist not only in writing format, but for example in video format as well. Interestingly, many people are able to earn good money with the help of their personal blogs.

Content communities

“The main objective of content communities is the sharing of media content between users. Content communities exist for a wide range of different media types. Users on content communities are not required to create a personal profile page if they do these pages usually only contain basic information.” (Kaplan& Haenlein 2010, p. 63.)

Example 1 - YouTube

Examples content communities are YouTube or Torrent sites. YouTube allows sharing of video and audio information with millions of people. Due to its large popularity, YouTube has a wonderful potential for doing social CRM. Even the smallest TV commercial lasting a few seconds placed before some popular song or video on YouTube can catch the attention of thousands of people towards the advertised company, product or service. YouTube puts a small commercial advertisement in front of almost all of its videos.

However, YouTube does this so skillfully that those commercials do not cause much of irritation in people but sometimes attract their attention. Today marketers use video more and more as an important communications tool. YouTube is an important social media channel to reach the audience.

A recent study published by IDG revealed that 95% of the people buying technological garments have viewed a describing video before purchase. Videos on YouTube can be easily shared and the most important thing found by title on search engines. Many companies have found out that video files can be very useful for effective customer support; It is better to show something one time than explain the same thing three times, the result with showing will still be better. That is why there are numerous videos on YouTube about how to use equipment, change spare parts, even how to use Microsoft Excel. It is a good way to provide additional after-sales and customer-care services. Sometimes customers or resellers themselves make their own videos, sharing knowledge and information about products and brands. (IAB's B2B council 2012, p. 7.)

“Salesforce is an interesting example of how a B2B company is effectively using its YouTube brand channel. This company has moved all its videos from their own site to YouTube, providing a higher value and making those videos easier for the audience to access and share. Salesforce has also measured the return on investment of the YouTube views: 7,500 YouTube video views are as effective as 46 hyper efficient sales respondents on the phone are” (IAB's B2B council 2012, p. 7.)

Virtual game worlds

“Virtual worlds are platforms that replicate a three dimensional environment in which users can appear in the form of personalized avatars and interact with each other as they would in real life. Virtual worlds provide the highest level of social presence and media richness of all applications discussed so far. They require users to behave according to strict rules.” (Kaplan & Haenlein 2010, p. 64.)

Virtual games are a very profitable industry bringing large sum of money to the owners. That is because of the enormous popularity of such games among large number of people. Virtual games are used in a number of industries such as advertising and production. An example is the legendary game “Prince of Persia”. Based on it a whole movie was created in 2010 and

sales of household items as well as office supplies with logos of “Prince of Persia” certainly brought fabulous profits.

Most people choose the easiest and the most available ways. What can be easier today than to join a virtual game world? Those games make people feel special and they like it. Successful social CRM and successful business marketers definitely have to learn not only how to create consumer needs in order to satisfy them later, but to make people feel special from the purchase they do or during communication and relationships management processes.

4.3 The most popular today social media

Facebook and You Tube were discussed earlier. In following paragraphs, other popular social media are described.

Twitter

A Twitter micro blog founded in 2006. In 2012 it had 500 million registered users who posted 340 million tweets per day. In 2013 Twitter had over 200 million active users every day. (IAB’s B2B council 2012, p. 6)

“Twitter has some limits: each update cannot exceed 140 characters. It is not very difficult to get started using Twitter for the benefit of the business. However is very important to remember that it requires a long term commitment to build an influential follower base that will bring you success. Twitter is a nice place for experiments with different ideas because of the speed and immediacy of its network. Often the latest important news and information of high value for businesses can be found on Twitter. One just needs to know where to read it.” (IAB’s B2B council 2012, p. 6.)

It must be pointed out, that one of the most common uses of Twitter in B2B is customer service. The responsiveness of Twitter is very useful for people who need to get an immediate response on questions and also other people can also see those answers and extend them by adding their own experience in the form of comments. (IAB’s B2B council 2012, p. 6).

LinkedIn

LinkedIn is a professional social network. It was created for searching and establishing business contacts and launched in 2003. A main characteristic of LinkedIn as a channel of social media is that it allows reaching the hard to access business audience. That is because users of LinkedIn are different from the users of other social media sites. People on LinkedIn usually come for some serious purposes like, to publish professional CVs and search for job (to search employees), to look for companies, people and groups by interest, to be represented through existing contacts and to expand relations, to create professional groups by interests and to recommend people and to be recommended. Such characteristics of LinkedIn allow it to be an irreplaceable social media for creation and maintaining of business-to-business relationships. LinkedIn is very useful for marketing. It allows establishing a brand presence on network among other companies. Many big organizations have a professionally looking company page in LinkedIn. Processes of interaction, collaboration and sharing of content allow engaging lots of new, useful for business connections (IAB's B2B council 2012, p. 5.)

4.4 Definitions of CRM

“CRM is the process of managing all aspects of interaction a company has with its customers, including prospecting, sales and service. CRM applications attempt to provide insight into and improve the company/customer relationship by combining all these views of customer interaction into one picture.” (Buttle 2009, p. 4.)

“CRM is an integrated approach to identifying, acquiring and retaining customers. By enabling organizations to manage and coordinate customer interactions across multiple channels, departments, lines of business and geographies, CRM helps organizations maximize the value of every customer interaction and drive superior corporate performance.” (Ghavami & Olyaei 2006.)

“CRM is a business strategy that maximizes profitability, revenue and customer satisfaction by organizing around customer segments, fostering

behavior that satisfies customers and implementing customer centric processes.” (Gartner Group 2006.)

To summarize, CRM is a number of processes aimed at knowing customers better, maintaining good relationships with them, satisfying customers and as a result increasing sales and profitability of the company. This is achieved through collecting of all possible information about customer experience from multiple sources in multiple ways. CRM can be also characterized as a control tool allowing businesses to monitor what was done well and what was not by answering a series of simple questions. Did our clients like what we did or not? If not, then why? What can be the reason? How can we improve our performance?

4.5 Types of CRM

Collaborative

In collaborative CRM all departments of the business collect and share with each other information about customers. Sales, marketing, technical and other parts of the business collect information together and unite it. It is a joint work of different channels aimed at creation of possibly complete portraits of clients for improving customer service. Collaborative CRM exists not only between departments of one business, but it can also be utilized by separate businesses.

“Collaborative CRM enables separate organizations to align their efforts to service customers more effectively. It is strategic and tactical alignment of normally separate enterprises in the supply chain for the more profitable identification, attraction, and development customers. It allows valuable information to be shared along the supply chain.” (Buttle 2009, p. 11.)

Strategic

Strategic CRM aims at creation of a customer centric business culture in which customer is the most important link of the chain. The purpose is to be better than competitors in creation and delivery of customer value for

winning, keeping and satisfying most profitable customers. In strategic CRM the business entity constantly adapts its activity to the changing customer requirements. Consumers are the kings and queens and they control the ball. Information is collected and analyzed carefully for creation of better products and better offerings for consumers. Financial resources are in the first place allocated to sectors and projects promising creation of the biggest customer value. (Buttle 2009, pp. 4-5.)

Operational

The main words describing operational CRM are automation and technology. Today such a large amount of customers and data about them may exist in big firms that automation of processes is the only possible way to deal with all that information. Automation technological software is used for automation of some (or all) activities. There are very useful programs which systematizes data and considerably simplify doing business. Such processes as sales forecasting, marketing, contact management, product configuration and even customer service can be done by computers, robots and software with the same quality as a human would do or even better. For example in marketing automation special software is used to automate marketing campaign management. Such programs “allow marketers to use customer-related data in order to develop, execute and evaluate targeted communications and offers in large scales and with less time costs.” (Buttle 2009, p. 7.)

Analytical

Analytical CRM is based on analysis of customer related data from internal sources (sales statistics, marketing data, payments history, purchasing and post-purchasing behavior) and external sources (exploratory analysis of the targeted sector of customers: their demographics, values and attitudes, lifestyle and culture. This data is obtained, stored, processed, interpreted, united, reported and then used for better knowledge of customers and prediction of their behavior. Analytical CRM allows answering a number of questions: who are the key customers who spend or can spend the biggest amount of money with the company? Which of the clients have the biggest

risk to switch to the competitors? Which of them will be most interested in this particular goods/marketing campaign? (Buttle 2009, pp. 9-10.)

Social

“Social CRM is a philosophy and a business strategy, supported by a technology platform, business rules, processes, and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment. It’s the company’s response to the customer’s ownership of the conversation” (Greenberg 2013).

Social CRM concept is discussed previously. To summarize, social CRM is a way to manage relationships with customers through social media.

This approach accepts the dominant role of the customers in relationships and tries not to “manage customers” but instead to get their attention, to understand them, and to deliver value. This type of CRM becomes more and more popular today and probably will be the most common one in the nearest future.

Social CRM aims to get deeper knowledge of customers because of their interactions on social media, sharing their private environment (personal virtual space/life). On social CRM people are more open and express themselves comfortably. Social CRM encourages high transparency in all interactions with clients because trust is important. Businesses pay most attention to the environments in which customers are engaged for creation of joint observable experiences. Social CRM tries to create meaningful conversations with customers, to engage them in discussion for getting their unique points of view, opinions. That is achieved by observations and guiding conversation in the right direction. (Greenberg 2009, pp. 36-37.)

Intellectual property in social CRM is created and possessed jointly by the company and actual authors. For example, all the articles in Wikipedia can be used for free by anyone (not only by the person who wrote them, but by the managers of Wikipedia and any other users). Social CRM is very innovative – it constantly develops its methods, tries something new and

never stops. Perhaps that is because technology is a considerable part of it. Moreover, technology as we know always changes. Technology integrates clients in to the value chain of a company making their collaboration possible. (Greenberg 2009, pp. 36-37.)

4.6 IDIC model of CRM

The IDIC was created by consultancy a firm called “Peppers and Rogers” in 2004. This methodology assumes that business entity has to go through four steps in order to create close relationships with customers:

- **Identify** who are your customers and create sufficient understanding of them. This may include a deeper look into the targeted segment of clients studying their way of life, values, perception, motivation, decision making process, social class, income etc.
- **Differentiate** your customers by those who bring most value today and those who will bring most value tomorrow. Categorize them also based on what needs they have. It will allow managing your customers effectively and better satisfying their individual needs.
- **Interact** with your customers in order to understand completely their wishes and expectations concerning your business and to know about their relationships with competitors – other companies and other brands. Keeping on conversation is a good way to monitor the situation.
- **Customize** your product, service, or marketing campaigns to be as suitable for the targeted group of customers as possible. Take into account what exact needs and values your customers have and think about what you yourself would like if you would have such a need. Adapt under the particular segment of people – try to get closer to them: talk like them in the advertisement, have people of the same age and cultural background in your selling and marketing departments etc. Be flexible and adapt quickly. (Greenberg 2009, p. 19.)

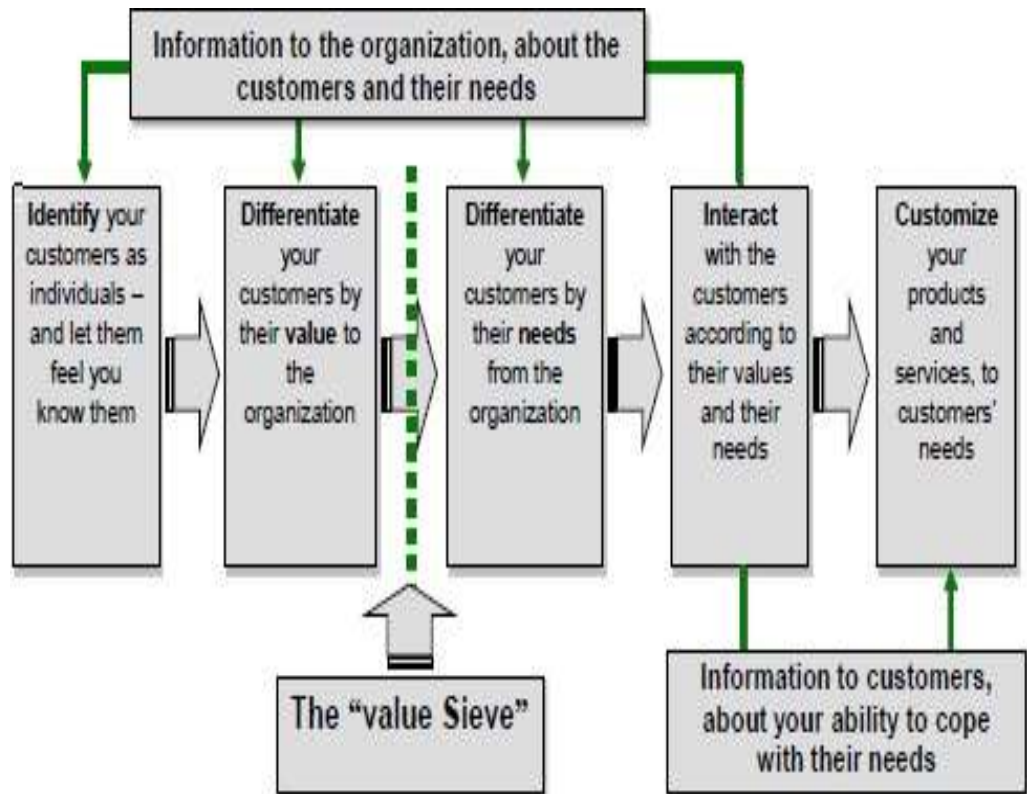


Figure 2. IDIC Model (WikiMemoires, 2014)

5 Social CRM and Marketing Aspects

This part of the thesis research work primarily contains interesting facts and excerpts of articles about social media, social CRM and related aspects.

5.1 How can social media affect the daily life of people using it?

Answering this question does not bring direct answers to research questions. However, it will illustrate some aspects of social media websites, in this way improving general understanding of this tool and its possible importance.

An interesting fact about social media, in particular websites which are about the most commonly used branch of it is that people tend to be very outspoken on the internet. Many users of all ages easily put and even discuss plentiful private information about themselves on Twitter, Facebook and other similar sites. In fact, those sites have now become a unique database of information about the people using them. Any entry, post, like,

music track, video, or picture may say to the trained psychologist about the person more than he himself knows about himself.

Social media sites can have a direct impact on people's careers. Before inviting a person to a job interviews on a serious position many companies will first google for the potential candidate's name and surname trying to find information about him beforehand. Understandably, if they find too much personal information or strange photos or posts which do not characterize the person from the best side that person most likely will never get the job in that company. Also many big employers and companies with international names pay attention to what their employees write about themselves and about their companies on those sites. There are many sad cases when people were losing their jobs because of thoughtless publications on Facebook or Twitter, containing uncomplimentary remarks about the company. Social websites create a misleading picture of privacy which somehow makes people forget about elementary safety. (Palmer 2013; Driscoll 2013.)

The following chapters will briefly review the current situation of the usage of social media in businesses, in other words where and how companies already use social media for their benefit.

5.1.1 HRM

One of the most common ways of using social media in human resource management is to attract new employees. Nowadays companies still actively search for new workers through traditional ways. They give advertisements in newspapers post announcements on websites of the job search to search for workers by acquaintance and recommendations. However, social media is gaining more and more popularity as a tool for attraction and acquisition of new employees. That is especially true for companies with a high turnover of personnel and for the involvement of employees of rare specialties. An example is how Company X and many other companies try to attract rare IT specialists through LinkedIn. Social media can also be very useful for collection of new ideas for improving existing business. People can leave their suggestions on social media and sometimes they suggest very good

things even new crazy ideas which are the he engine of human progress. (Gordon 2009.)

5.1.2 Marketing

Advertising is perhaps the key word marketing. There is no reason to discuss here how important good advertisements and marketing promotions are for businesses. Advertisement is one of the key ways of managing customer relationships; it encourages customers to interact with the company, which in many cases will end up with a purchase.

Social media also provides good opportunities for conducting cheap, quick and efficient marketing researches, for measuring customer satisfaction and for collecting customer reviews and opinions about the quality of provided products and services. It is interesting to mention here that primarily today's young people tend to be actively involved in social media because social media has appeared not a very long time ago, at the beginning of the 21st century. However, it is quite certain that there will be times when most of the human (population inhabiting the planet) and having access to the internet will be also being involved in social media. (Gordon 2009.)

5.1.3 Public relations

Social media has a big potential also in terms of self-representation to the outside world, because that is one of the reasons why social media were created. On different blogs, content communities and social networking sites businesses and individuals not only interact and exchange information , but also very actively “show themselves and watch on others “. Social media is a great tool for networking, establishing and maintaining new useful connections with very different people and representatives of different companies. (Gordon 2009, p. 9.)

The four most frequent public relations functions performed through social media are as below:

- managing the company profile

- distributing information about new appeared goods/services and press releases about company
 - monitoring and actively responding to posts about the company and its products
 - interacting with all interested participants such as bloggers and the press
- (Gordon 2009, p. 9).

5.2 Functional elements - characteristics of social media

Many different types of social media already exist on the internet. One of the ways to somehow classify and differentiate them can be to define their functional properties in accordance as displayed in Figure 3 below, in the “honeycomb of social media”. According to it, all social media have such characteristics as identity, groups, conversations, sharing, presence, relationships, and reputation. Closer look at the meanings of some of them is taken below.

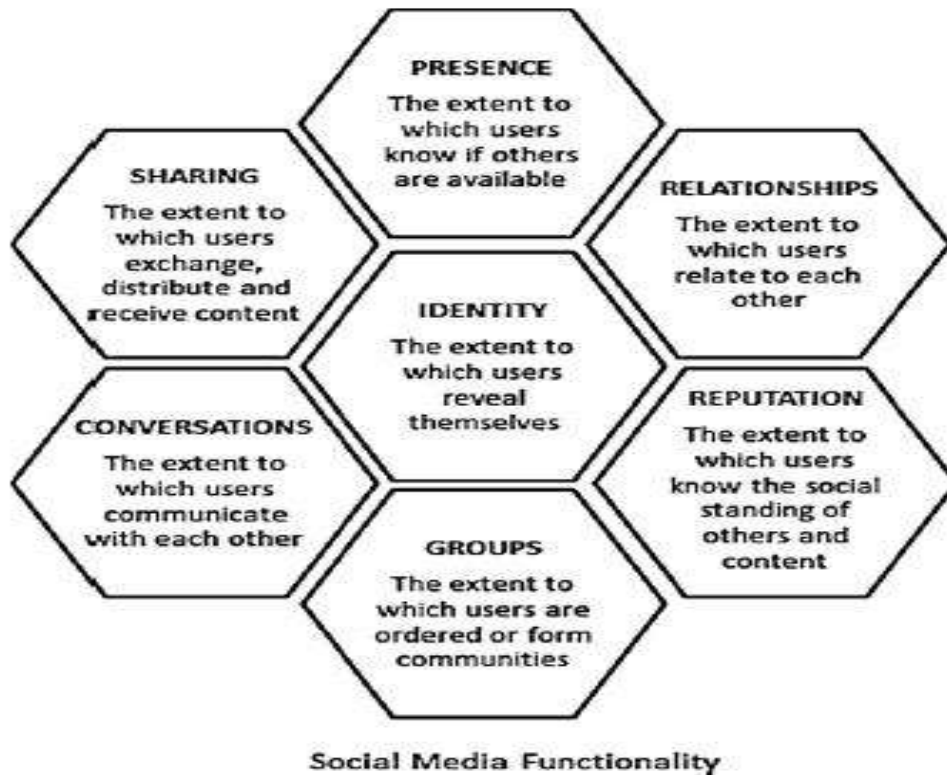


Figure 3. Honeycomb of Social Media (Keitzmann et al. 2011, p. 243)

Identity

It is noteworthy that identity is in the middle of the honeycomb of social media, showing that it is the most important element of it and of social media. Identity is how much people reveal about themselves and their private information on different social media. This may include such information as age, gender, nationality, citizenship, personal details including name and address, values, attitudes, status, photos, and other information which creates accurate portraits of the users. Self-presentation of a social media member's identity can happen in two ways: either conscious 'self-disclosure' concerning what information a person wants to give and what image of himself he wants to create, or unconscious 'self-disclosure' when the true-image of the person is created regardless of his wishes and control through subjective information such as posts, thoughts, feelings, likes, and dislikes. (Keitzmann et al. 2011, p. 243.)

Social media may often know more about its users than people know about themselves. Perhaps it is not a good idea to use social media very actively, unless want the whole world to know who you are and what your intimate feelings are. In some social media platforms identity is of a key importance which requires users to create profiles as in Facebook, for instance while in others identity is a secondary element as in collaborative project in Wikipedia, for example, in which nobody knows who has written what. When talking about identity on social media question of privacy automatically arises.

Despite the fact that users themselves willingly share their identities on social networking sites such as Facebook or Twitter, they do care what happens to that information and try to protect it, by limiting access to it. These attempts, in a sense, may be a complete fiasco, because once some information came to the internet, it will stay there forever and it may easily fall into the hands of people who will use it in the way you don't like, if not today then after few years. (Keitzmann et al. 2011, pp. 243-244.)

Groups

Groups mean the extent to which users can form different communities. That is directly related to communities by interests and communication between people with similar interests, living in the same geographical area, belonging to the same social group in real life. For example group which students create on Facebook to jointly do their group homework. An interesting fact about social media is that it allows maintaining relationships and contact with truly large numbers of people, much bigger number than people were able to handle before the appearance of social media. Social media records all the necessary information which can be easily accessed if the human memory fails. That characteristic of social media also shows how useful it is for CRM. Moreover, the CRM process to reach one member of the group, that member can transmit information to many other members of the group. (Keitzmann et al. 2011, pp. 247-248.)

Two main types of groups can be observed on social media. Firstly, there are groups which users create themselves for their own comfortable usage, for

instance a list of friends by a particular hobby on Facebook or on Twitter. Secondly, groups or clubs are created and managed by moderators who establish rules, approve entry of new members, invite new users, and punish rules breakers. Those groups can be 1) public, when anyone can join and see the information created and shared by the group, 2) private when the group is visible to other users of social media and they can ask to let them in the group but they cannot see the information shared by group or 3) secret when no one can see such a group and its information except for the members. (Keitzmann et al. 2011, pp. 247-248.)

Conversations

Conversations are related to the degree to which users communicate to each other: How often do they do it? How many people are involved in conversations? What is the content of their discussions? In which rate and direction are conversations progressing? Information derived from answers on those questions can be very useful for CRM. It allows companies to monitor people's mood, values, attitudes towards different components of the world and, the main thing, see and anticipate changes happening in their traditional behavior. Such observations help companies to adapt their strategies accordingly to serve and target their customers better, and earn more money as a result. (Keitzmann et al. 2011, pp. 244-245.)

The biggest part of existing social networking sites, including blogs has been originally created with the main goal to encourage individual users and whole groups to create conversations. People are social creatures who need to communicate with each other and social media helps them in it a lot. Social media breaks barriers of time, distance and even language when one can use online translators to communicate with people whose language they do not know. This partly decreases the fear to start a conversation with unknown people. Social media is the tool of present and future which allows people to be more communicative.

As a result people create a multiple of conversations which are very useful sources of information for companies about their clients. There is no doubt that most of those online conversations, happening every day on social

media are somehow tracked, analyzed and maybe even recorded in order to find better ways to target consumers' wallets or used for some other, more ethical reasons such as public safety, for example. Evidence of such a possibility is the existence of different advanced technologies, for example searching for information on the internet by keywords, which is very useful tool for social CRM!). (Keitzmann et al. 2011, pp. 244-245.)

6 Research method

Qualitative research method is used in this research work. The aim was to study people's opinions and effectiveness of social media and companies online. Qualitative method was an easier research method to organize and better information is obtained. The required data was gathered through questionnaire with close ended and open ended questions, which were sent to Company X. Moreover, additional responses were gathered through online questionnaires. Also, non-participant observation was used for analyzing the online profiles of companies. The final data was analyzed by direct interpretation. The quantity of the data was not big enough to require any special software tools for analysis.

During the thesis project three small surveys were conducted. Those surveys were aimed for receiving opinions of professional people. On a daily bases, these professionals are user of social media for business purposes.

The first survey was sent to IT Company X, which did not wish to disclose its name, but agreed to participate in the survey anonymously.

Sources

The data for the empirical research was collected by interviews with personnel of Company X with the help of online questionnaires. Data was also gathered by analyzing the online profiles of several companies on social media websites. The Theory part of information was gathered from books, articles, business magazines and from internet sources.

6.1 Presentation of Company X

Company X is a multinational company. Company X provides technical IT support to all members of the mother Company. Today, Company X offering top quality IT solutions, competitive telematics services, and insightful consulting services.

Key business of Company X is IT Consulting. They provides helps IT strategy and initiatives by providing architectural, operational and implementation support and planning to management of the company. For example, a member of the mother company has a problem with logging in the company computer system. Then he or she makes a call to Company X IT Support Help Desk Service and gets instructions to solve the problem. Another area is project management, where their goal is to meet the stakeholder's expectations. This includes planning, managing scope, time plan, budget, quality assurance, team development and communication.

6.2 Company X culture

The first principle is professionalism. High performance standard is required, which means focus on customers, quick response, driving result, technical skill and dedication to quality. The second principle is respect, a caring attitude towards people. This means honesty, openness, value diversity, cooperation and trust on employees. The third principle is Spirit, a sense of uniqueness and pride. This means that everyone has fun in doing business, shared objectives, challenges, and reorganization of performances and celebrating achievements.

6.3 Company X and social media

When company X profiles were analyzed on Facebook, Twitter and LinkedIn and even on YouTube, it appeared that the main headers everywhere on these online profiles were "Company X Jobs apply now".

From this point of view, it could be concluded that at this moment Company X is mainly using social media for attracting new workers. This means social media is not very extensively used for customer relationship management at the moment. Today IT-specialists are in high demand all over the world.

The IT branch has appeared relatively recently. Yet, there is not enough IT talent on the global market as workforce today. For this reason companies compete hard for talented IT people. It may also be that companies fail to provide them with very good salaries, work conditions and great incentives.

The aim of this study was to build a social media CRM strategy for Company X from the very beginning, also to give suggestions for attracting new employees which can be viewed as part of managing customer relationships where customers are potential new workers. However, this was a difficult task to do. When based upon the author personal knowledge gained from experiences of using social media during last 5 years.

Moreover, contemplation derived these from the knowledge the author had gained during international business management studies, especially on a course related to social media, marketing and customer relationship management.

6.4 Company X- Career

It seemed that managing relationships through social media with target group of new employees is organized well by Company X. The company profiles on social networking sites are very informative and they also contain plentiful facts about the company, the working environment and values, for example.

There are a number of photos and videos available online, which describe the work process of the company and can be visible to potential job applicants.

One important thing is interaction with the target group and engaging them by creating possibilities such as commenting on photos, making posts on the

companies profile, reviews and suggestions. Company X profiles sometimes include information for people who are seeking job-events organized by the company. For example; on the 2nd October 2013 there was a career day in a Swedish university. This event was advertised through a Facebook page. 48 people were going to visit it, according to Facebook event page. Due to privacy issues of the Company X, no other reference to this example can be shared.

6.5 Suggestions to Company X about employees' attraction

Company X could conduct a small survey through social media to find out what IT-people want from their employees. Also, they could come up with unusual tests for prospective employees, for instance: hack our system and we will take you to work for us. That is a dangerous way, but Company X would have a chance to get real talents into their team. The world is large and social media covers the entire world. So Company X could try to attract IT specialists from all over the world, especially from under developed countries such as Africa and India. This can be cost efficient because such workers can be ready to work with a bit smaller salary. In addition Company X could arrange IT competitions: "people who will design the best application in one of the five mentioned fields will get a prize of 500\$ and will sign a two years contract with Company X". In such a way lots of new ideas and talents can be gotten.

It may be profitable to search outside, but company should not forget about internal resources and regularly asks managers of different Company X departments whether they have some young workers on low positions with a noticeable tendency towards IT. The Company can choose best of them and send to help existing IT specialists. They will learn and become good IT people themselves. The company should use all connections which they have – online and offline. The employees should also know about what kind of IT talents the company is looking for. Perhaps some of them may know someone who will have just the right IT skills the company is trying to find. (Campbell 2013.)

The company should regularly put advertisements on social media platforms about open job vacancies and participate in job exhibitions organized by universities have IT departments and train IT specialists. Cooperation with such universities can attract a large number of fresh and young IT talents with up-to-date skills and plenty of energy to try their best in the IT branch of Company X. Communicating with such universities about what kind of specialists the company is looking for and about jobs and paid or unpaid placements in the IT field can bring many IT candidates to Company X. (Campbell 2013.)

7 Surveys

7.1 Survey No.1

Does your company plan to expand its current using of social media to cover more target groups?

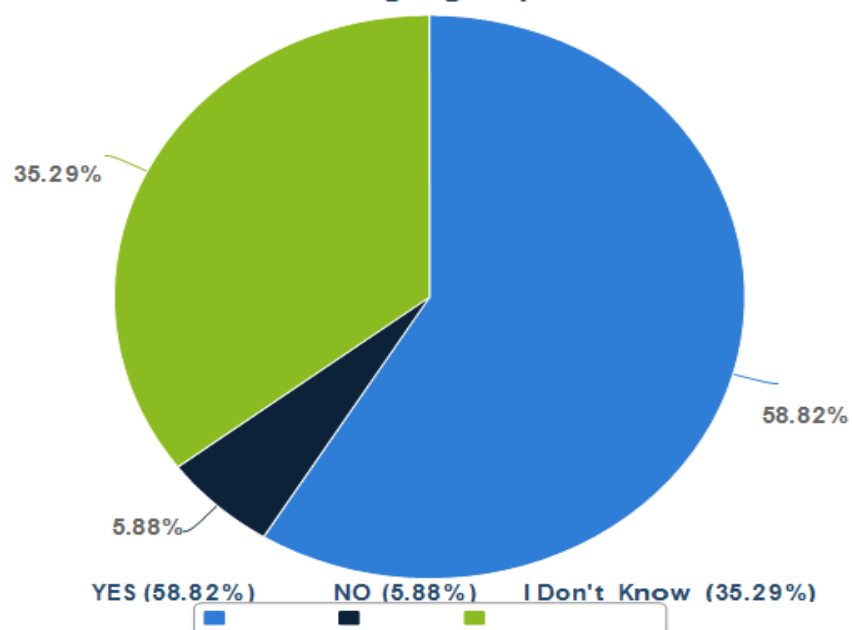


Figure 4. Survey.1

It was concluded that Company X does understand quite well the potential of social media in CRM and in acquisition of new customers. It has a positive relation towards social media: 59% of the employees of that company

answered in affirmative to the question “Does your company plan to expand its current using of social media to cover more target groups?”, while only 6% of the respondents gave a negative answer. However, more than one third of all respondents (7 out of 20) said that they did not know.

Supposedly Company X should pay more attention to explaining to its workers how social media may be beneficial for their company because increasing awareness in that area may bring better results in its usage. 56% of the respondents thought that “using social media by Company X today brings desired results and success to the company”, while 44% did not know.

According to the opinion of the company’s workers, the three main factors why social media may be useful for their company are that it covers a large number of people (39%), it is fast (22%) and it is efficient (17%). Though, it was quite surprising to notice that low price was not seen as an important advantage of using social media in business. When only 11% of the respondents have chosen the alternative “It is cheap”.

The trust of Company X towards social media is on an above-average level. To the question “Does your company have trust on social media?” 37% of all respondents said “yes”, 26% responded “yes, but does not apply to our Company’s secrets & problems”, 26% did not know (answers were hard to tell), and 10 respondents or 52% said “no”. Those responses could be interpreted as follows: some members of the company suspect that social media can be a potential threat of leaking information and therefore use it carefully or in limited scale. When asked directly “Do you think that more active using of social media by your company may lead to information leakage from the company?” one third of the respondents gave a positive answer, but 50% or 10 people out of 20 said “no”.

The question whether “Company X invests enough resources (money, time, attention) in using and developing social media for its benefit” showed that most of the employees did not think much about it; it did not seem an important problem for them. 47% of the respondents answered “Hard to Tell”, 37% said “yes” meaning enough investments in their opinion, 16% “no” meaning not enough investments. It was very positive surprise that nobody

out of the 20 respondents who participated in this research did not answer “Actually, we don't need it”.

The biggest part of the employees working at Company X do have some idea about what social media is because most of them have their profiles on one or several social medias. In fact, only 7% of the respondents (or 1-2 people out of 20) said that they did not have their own profile on any social media. Facebook is the most popular one among the workers of that company; 48% of the respondents are present on it. LinkedIn is the second most popular one, though far behind Facebook: 21% of Company X employees are present on LinkedIn.

Half of all the respondents (10 people) answered that Company X has its own social network which unites all IT workers of the company and allows them to exchange instant messages.

To sum up the results of this survey, it can be said that Company X is using social media for CRM and for some other purposes; however it is not seen as the core asset and the main tool of achieving success. The company is planning to expand the usage of social media in the future but it is definitely not the main priority in their plans. That may be connected to the specific field of business which Company X is involved in it. IT company which provides IT solutions and consultations primarily to one large main client and they do not actually need to attract more clients.

7.2 Survey 2 “Main Factors of Social CRM”

According to the findings, the most influential kind of information on social media generating the biggest response rates are photos (50% of the respondents chose this option) and videos (40%). This allows giving a recommendation to companies which have their profiles on social media: try to use more unusual, beautiful photos, short 2-3 minutes videos with interesting content and other graphical information to draw the attention of the potential audience and customers. Graphical information and videos can also be used for the purpose of customer support and problem solving. For instance, the company can analyze the list of most frequently asked

questions related to its business and then to post short records by the person answering each of those questions (1 – 3 minutes per question not more). Such a combination of visual and sound information is very effective in communication with customers; it creates the perception of an individual approach to customers' problems and a better understanding of it.

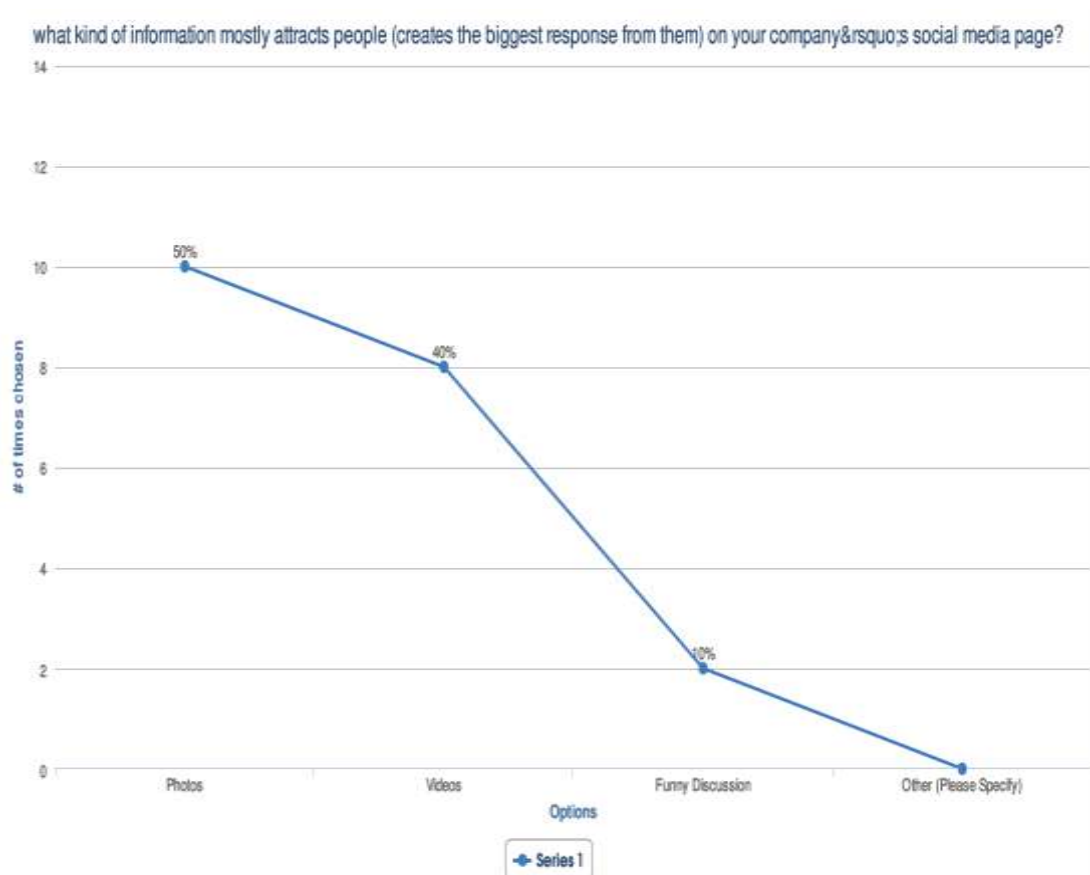


Figure 5. Survey 2

Survey number 2 demonstrated that the wider audience has a more or less good understanding of the reason why the company uses social media. 53% of the respondents who answered this question (8 out of 15) have chosen the option, “yes, I do and I can explain it in 2 sentences.” One third of the interviewees understood the general idea, but not completely. Only 2 people out of 15 (13%) did not know why their companies embark on social media.

The question, "What kind of incentives to attract attention on social media, is your company using? - List them" this brought very interesting results. It was suggested that the first three users will get a special discount: be our permanent customer and get a special discount. Another suggestion dealt with price incentives related to goods sold (discounts, special offers), announcements about entertaining activities that our company is organizing from time to time such as competitions and exhibitions. Other options included having social media pages; taking part in job exhibitions to contact direct with external people, offering jobs or internships in open social media, arranging parties at Christmas and New Year's Eve, for example a Facebook company page to spread news together with website page with news.

As described above, the word "discounts" is the most frequent word in the answers received. That shows that companies indeed very actively use social media to try to attract new customers and buyers with different price incentives. It was positive surprised to read the answers to the question, "Do you agree that social media is useful (or can be useful) for your company?" 93% of the respondents (14 out of 15) agreed with it, nobody answered "no" and only one respondent didn't know.

The broad audience understands rather well that CRM through social media somehow differs from traditional CRM. To the question "Is there any big difference between traditional ways of managing customer relationship and Managing Customer Relationship through social media?" 67% of the respondents (10 from 15) answered positively, 20% (3) did not understand the question, and only 1 person said "no" and 1 replied "Hard to tell".

Answer to the question "How often does your company update the information on its pages in social media?" showed that the frequency of informational content updating differs among companies: some organizations do it quite often, even on a daily basis (27% confirmed that) others do it every several days (also 27% or 4 people), 20% of the respondents update the company profile every week, 13% every month and 13% every few months. Nobody chose the option "every half a year".

It is evident that companies which create a profile on social media have some responsibility and pay attention to it. Almost all people who participated in the survey (14 out of 15) agreed that “social media has a great potential for their company in development of their relationships with the customers.” Only one person chose option “I don't know”.

7.3 Survey 3 “Measuring Effectiveness of Social CRM”

According to survey number 3, the most people visit social media profiles of different companies at the end of the week, so that is the most effective time of social media. 43% of all respondents (6 out of 14) chose this option. Such results were rather predictable. Closer to or during the weekends people tend to become more relaxed and allow themselves different types of rest, and being an active user of social media is a kind of rest for some people. Therefore companies should also pay the biggest attention to their social media profiles closer to the end of the week, for instance adding updates or new information in order to be prepared to high visitor activity.

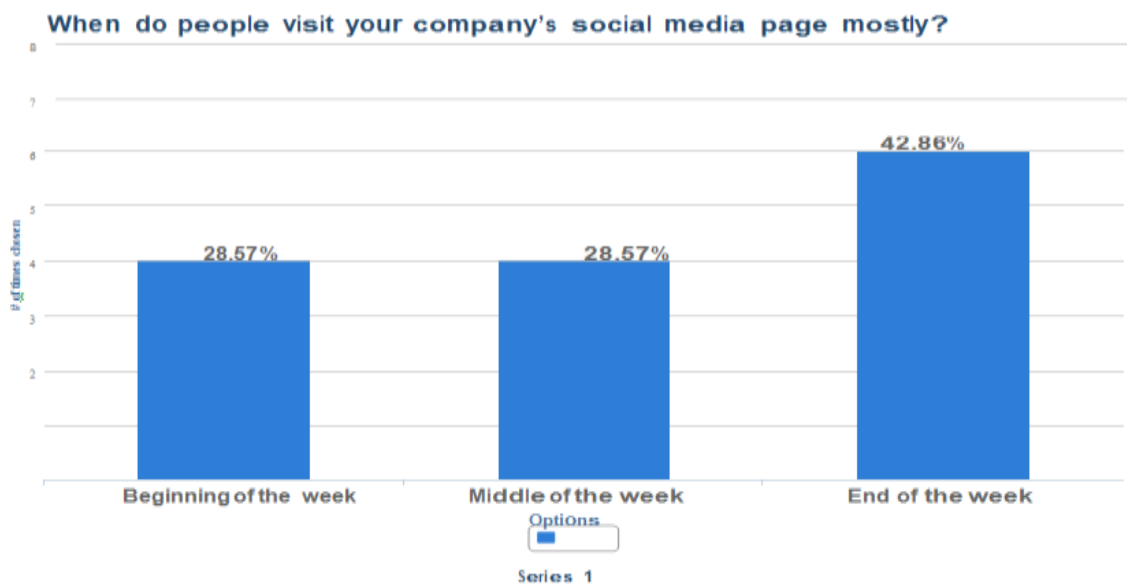


Figure 6. Survey 3

The question “Do people react (respond) on your company’s social media page?” brought rather positive results. People were asked to choose several options out of seven, reflecting different frequency and type of reaction on the company’s profiles, starting from “no reaction at all” and finishing with “everyday reaction”. 27% or 6 responses were dedicated to “yes, almost every day we have discussions.” 18% (4 respondents) chose “We receive sometimes negative reviews.” Another 18% of responses showed that a reaction happens once in a month and 14% or 3 responses claim that they have discussions from time to time. As can be seen, efforts of companies which have social media profiles are not useless – some amount of responsive reaction is being created. Usually the biggest numbers of visitors, 71% of all respondents spend between 1 to 5 minutes on a company’s profile in social media. To be more concrete 50% of the respondents spent 3 to 5 minutes and 21% spent 1 to 3 minutes. That is rather a good result, because such a time is usually enough for a person to not only receive but also to somewhat process the information.

Many companies today find using social media effective because the number of people who visit company pages on social media is increasing among many companies. This means a higher popularity of the business and a bigger audience. 57% (8 respondents) chose the option “yes, our audience grows gradually”, while considerably fewer respondents (21%) chose “It was growing rapidly in the past.” 14% (2 respondents) stated that “It stays on approximately the same level.” and only 7% (1 respondent) claimed “It decreases.”

Most of the people who participated in the research (64%) agreed that social media helps their company to get more people to the company’s website, which can be interpreted as social media being effective. 28 % “Don’t know” and only 1 respondent thought “no”, it does not help.

8 Conclusion

The thesis tried to cover the topic of using social media in business for effective customer relationship management. The advantages which companies gain if they use social media were reviewed together with possible disadvantages and obstacles. Special attention was paid to the problem, how to use social media in business effectively and what should be done for that.

Measuring the overall process of using social media in business was also an important question. The findings and conclusions presented here are supported firstly by theory and secondly by three online surveys. In online surveys the primary aim was to look for opinions regarding the research topic of people from companies which use social media in their businesses. The purpose of the three online surveys was to find out what modern businesses think about social media, if they find it effective, how they use it, if they trust social media, and what do consumers think about presence of companies on social media.

In fact, one finding was that social media becomes a present and future way to get in touch with customers and to manage relationships with them effectively. It was also found that modern consumers of all ages are actively using social media for keeping in touch with each other. Social media unites large number of people from all over the world in one big network, and that is why companies should also use it. It must be said that companies can find out the interests of their consumers and use that knowledge for the benefit of their business.

Recommendations for companies using SM for CRM

1. Determine a realistic purpose why you want to use social media and what you expect to get from it.
2. Find out which type of social media your audience is mostly using. For example, if you want to attract new professionals, go to LinkedIn, or if you dream about implementing viral marketing to make your product or service famous put a nice, funny video about it on YouTube, for example.
3. After determining your goals and choosing relevant social media think carefully about the design and content of your company's social media profile. To get an idea how it should look, visit sever profiles of world known companies and see how they do it. For instance, go to the McDonalds profile if your business is cafe or restaurant.
4. After creating a social media profile for your company, the most difficult job starts: how to attract people to visit your profile regularly? So you must be creative, use lots of nice photos, different price incentives, try to encourage people to interact with you.
5. Regularly keep an eye on what is happening on your company's social media profile: if an angry client writes a complaint, try to publicly resolve the problem as quickly as possible.
6. Regularly update the information on your company's profile in social media. There is nothing as boring as old information.
7. Create a system of metrics in order to monitor how your company is doing on social media. You should also justify the purpose and bring your desired results. If this is not happening, do not give up. Do different experiments and try different options. Some of them will be just what you need.

List of Figures

Figure 7. Reasons Consumers Go to Social Media Networking Sites (Baird & Parasnis 2011), p.11

Figure 8. IDIC Model (WikiMemoires, 2014), p.27

Figure 9. Honeycomb of Social Media (Keitzmann et al. 2011), p.31

Figure 10. Survey 1, p.38

Figure 11. Survey 2, p.41

Figure 12. Survey 3, p.43

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Appendix

Survey.1

Survey.2

Survey.3

There are 3 separate PDF files as appendix. However they are only readable for the supervisor. Due to privacy issues, they will not be published.