The Grande Guide to

Social CRM

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What is a Grande Guide?

If you've read our guides before, you know what they're all about. But if not, our Grande Guide series is designed to equip marketers with the maximum amount of knowledge they need to tackle new trends, technologies and topics with a minimal investment in time.

This guide focuses on the evolving "Social CRM" industry. Our lead contributor is **Paul Greenberg**, a big name in the CRM space (CRM Magazine named him to its Hall of Fame) and noted expert on Social CRM. Also featured is **Brian Vellmure**, another go-to source for advice on all things CRM and social.

What is Social CRM?

Customer relationship management (CRM) has been around for at least two decades. It was created to help companies operationalize the practices and processes that would improve their relationships with customers. At least in theory.

After about a decade of working out the kinks, CRM began returning a measurable value on the dollar. A recent study by **Nucleus Research pegged the return for every dollar invested at $5.60**. That explains why the CRM industry has enjoyed consistent growth for the past 10 years. Depending on which analyst you ask, the industry was worth between $12 billion and $18 billion in 2011.

Yet, for all its success, CRM never quite achieved its fundamental promise to improve the customer's experience with the company. Nor did it seem optimal for delivering to customers an experience that made them feel valued.

To do that an organization must understand each customer's interests and needs. Ordinarily, companies would use transactional data collected through commerce (a purchase history, basic contact information, demographic information, etc.) as a proxy for the individual's interests. But then social media came along and suddenly conversations between the company and customer were spread to channels like Facebook, Twitter and LinkedIn, where customers share unfiltered experiences, which are amplified by their network.

Many consumers prefer to communicate with a brand this way. In response, companies have begun to "meet" customers on the social Web, giving rise to Social CRM. Like many emerging disciplines, Social CRM has been defined in a variety of ways (check out the chart to see a sampling.) The most common definition states that external social channels, such as Twitter and Facebook, and online customer communities, are incorporated into traditional channels like email, SMS, phone, and in-person discussion, allowing companies to prioritize where and how their customers want to communicate with them.

In other words, Social CRM drives the totality of the customer's interactions with the company.

CRM is a business science that attempts to reproduce how humans interact. Social CRM incorporates the customer into the planning mix and the feedback loop so that they can have some say in their experience with the company.

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Why Your Business Should Care About Social CRM?

The principles of business haven't changed. The world in which we run our businesses has.

We have undergone a communications revolution.

It's changed how we communicate (from in-person to phone to desktop to mobile), what we use to communicate (a bring-your-own-device-to-work movement), the frequency of communication (the seemingly never-ending LinkedIn and Facebook updates), and expectations around communication (instantaneous strongly preferred). Most importantly, it's shifted customer trust from institutions to individuals.

Since 2000, Edelman has produced a Trust Barometer, a measure of who we perceive are our most trusted sources. In 2003, the most trusted sources were industry advisors and financial experts. "A person like me" – someone respondents perceive to be similar in tastes, ideas, cultural bias, etc. – was cited as the most trusted source by 23% of respondents that same year. By 2004, it was 51%. In 2012, it's 65%.

> 88% of CEOs feel that their most important business imperative is getting closer to their customers.

Customers are turning to social channels to find these trusted sources. And business executives are realizing they need to leverage these same channels to develop tighter relationships with customers. **According to one study of CEOs**, a staggering 88% of all of their respondents felt that their most important business imperative for the next five years was getting closer to their customers. Simultaneously, **CRM is becoming a bigger concern, leaping from the 18th most important initiative for CIOs to the 8th most.**

Companies must recognize that while they can't control which channels customers use, nor the substance of the conversations, they can equip customers with the means – products, tools, services and consumable experiences – to deepen their brand relationship and share their experiences with peers. That's where Social CRM comes in.

How to Implement Social CRM

First a word of clarification and caution: typically "implementation" is used to describe putting software in place. But implementing Social CRM involves far more than software. It requires working with your staff and customers. Try these steps to get started:

Involve Your Customers. First, identify what your customers want. How would they describe an ideal relationship with your brand? Try to capture the voice of the customer in subsequent correspondence.

Develop a Customer-Focused Strategy. Once you know what your customers want, you can develop a strategy that balances their wants with what you can realistically do and the channels you can use. Make sure your desired outcome is reflected in the plan.

Put Programs in Place. Social CRM programs should be designed around the outcomes mapped out in your strategy. Maybe it means a focus on improving advocacy among your customers. In this case, you would develop a rewards program that would get customers talking to their peers about their experiences with your product.

Assess Your Processes. Processes are now guided based on how they impact customers. The degree to which they enhance the customer's experience can determine whether or not processes should be kept, modified, or eliminated.

Find the Tools. Social CRM is as much about culture as it is about technology. That said, there are tools you will need to support these programs and processes (more about this in the next section). You need to understand your options and the related costs.

Foster Cultural Change. The basic tenet of Social CRM is that the buyer, not the seller, controls the conversation. If you want to succeed, you need to make sure your company accepts this new reality.

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5 Facets of the Customer Experience You Need to Know

If you want to implement a Social CRM strategy within your company, you need to understand your customers. There are five critical insights you need to collect and analyze.

Who are your different customer segments?
This is done not only by traditional means for segmentation, but also by incorporating data from social channels. The combination helps companies understand their customers on an individual level.

Which communication channels do your customers prefer?
For example, do certain segments prefer Twitter, whereas others gravitate toward email?

What do they want to communicate with you about on each channel?
Do your customers use Twitter as a support channel, or are they receptive to marketing messages there as well? Are your customers receptive to calls from your call center? These insights tell you what the protocols to adopt.

What will it cost to communicate with customers on the appropriate channels?
For example, if most of your customers expect support over the phone, yet your audience routes non-critical questions ("What's your address?") through your website, then you may steer support calls online to reduce costs.

How do you prioritize investments in each channel?
Several factors – the volume of communication, the nature of the interaction, the importance placed on the channel by the customer – can affect the priority your organization places on each channel.



Are You Ready for Social CRM? 5 Questions to Ask First



Brian Vellmure

By this point, you might feel ready to conquer the world with your newfound Social CRM knowledge. But is your organization really ready?

Before any organization rolls out a Social CRM initiative, there are two underlying principles to recognize.

As valuable as social channels are for sales and marketing, they are mostly an onramp to more meaningful discussions in the usual places. While an interaction may start on a social channel, it's often transitioned into more robust communication channels such as email, phone, and face-to-face meetings.

Social media amplifies good and bad, and communication cascades through networks in real-time. In a social world, it's as if every interaction is being performed in front of a potential crowd of several million people.

It's important to keep those two principles in mind when evaluating whether your company is ready for Social CRM. If you are ready, here are five questions you should ask before moving forward:

1

> **Are your customers, partners, and competitors participating in social media?**

The number of companies that answer "no" to this question is dwindling. But if you sell screws to airplane manufacturers, spending a lot of time and money on social interactions may not make much sense. If your stakeholders aren't there, don't bother (or, at least, don't prioritize).

2

> **Are your core systems of record (CRM, marketing automation, enterprise resource planning) and related processes defined and optimized?**

Many organizations want to engage on social channels, but haven't sorted out their core competencies yet. Integrating social media conversations into customer service tickets, sales opportunities, and other interdepartmental processes is hard work. If those fundamentals aren't in place, your efforts are better spent getting them ready so you can properly leverage social platforms and interactions down the road.

3

> **Does your business have a culture of sharing and collaboration?**

In contrast to traditional top-down forms, communication on social networks is open and collaborative. The likelihood of harnessing value from Social CRM is arguably tied to an organization's culture being flat, open, and collaborative. If your business fits this bill, you have a better shot seeing value from Social CRM. If your company takes a more siloed approach, it could hold you back.

4

> **Have you identified use cases that align with your organization's core vision, strategy and objectives?**

You have real organizational objectives. Maybe you're trying to add more customers. Or perhaps you're trying to grow your EMEA channel. You could be trying to generate more leads. The point is Social CRM should serve as a toolkit of strategies, tactics and enabling technologies to help achieve those goals. But you need to articulate how. Most often use cases emerge from within traditional business functions such as marketing, customer service or sales. It's worth spending time digging these up before taking the plunge.

5

> **Is there already in-house competency and desire for engaging on social channels?**

If you're going to succeed with Social CRM, you need knowledge of how social media works. The more folks within your organization that understand its power and how to leverage it, the more likely the initiative will provide tangible benefits. Trying to execute a Social CRM initiative in an uninterested or uneducated environment doesn't provide the fertile soil required for success.

If you can confidently state that you've got most of the above in place, then it's time to get started. If the above questions triggered a sudden surge of uncertainty, your first steps should be to focus on meeting prerequisites. Reading this guide is a great start. Continue to listen, learn, experiment, and begin to build the core competencies in each of these five areas so you can ultimately leverage the power of Social CRM.

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Tools of the Trade

Shifts in how data is handled and communication flows are fundamentally changing the traditional tools of CRM. The transactional and operational tools are now being connected, and often reinvented, with a whole new set of functions.

Traditional CRM Tools

Sales Force Automation: This may include account management, opportunity management, pipeline management, contact management, quoting systems and sales dashboards.

Marketing Automation: This includes processes for multi-channel campaign management, lead scoring, lead nurturing, email marketing, and data cleansing.

Customer Service: This could involve case management, call center automation, speech recognition, interactive voice response, knowledge management, and online self-service features.

These tools evolved dramatically as communication within social channels became mainstream. These are not replacements for classic CRM tools, they're additions.

New Social CRM Tools

Social Media Monitoring: Tools that allow you to "listen" and make sense of what your prospects are saying on the social Web. The most robust ones, such as Salesforce.com's Radian6 or Sysomos, scale to 200 million sources of that unstructured information.

Big Data Management: Given that we are over 1.8 of data, tools have to be ready to handle that. If you're processing large amounts of data, or expect to scale over time, it's important you find a tool to manage massive amounts of data such as the open source tool, Hadoop, which some consider the standard for big data management. Ask any vendors that will handle your data how well they perform as your data needs grow.

Predictive Analytics: Data is useless if you can't get value from it. Using predictive analytics tools, sentiment and text analysis tools can deliver valuable insights regarding your prospects' and customers' preferences.

Community Platforms: Online community forums are becoming one of the key places to engage, educate and inform customers. While many of these communities may form on external channels (Facebook pages, LinkedIn Groups, etc.), many companies find it helpful to build internal online communities where they can oversee the structure, concept and content. Jive is a strong player in the B2B space, while Lithium has a lot of traction in the consumer market.

Collaboration Tools: Bi-directional communication with customers and employees is mission critical. There are tools that provide windows to what your customers are saying as well as a means to respond. Tools like Microsoft's Yammer or Salesforce's Chatter are well known examples of activity stream-focused collaboration tools. Pivotal's Social CRM application is a system that incorporates the ability to open a case as well as communicate with the customer right from the customer's tweet or Facebook message.

GiffGaff's Customers Do the Talking

Don't bother calling GiffGaff's call center if you have a question. They don't have one.

Instead, the UK-based virtual mobile network operator (VMNO), lets customers do the talking.

GiffGaff marketed with user-generated videos, getting them noticed with a small budget, and enabling them to build up a substantial customer community online. That community now serves as the support team, answering other customers questions and providing handy tips.

The results are remarkable. The average initial response time is under three minutes and the question is typically answered in under an hour. The top ten users spend 9.5 hours per day on the site.

GiffGaff doesn't treat its customers like a free ride, though. There are rewards of free time and services. With just 14 employees, GiffGaff has a Net Promoter Score of 72, roughly on par with Google and Apple, making them one of the highest scoring companies in the telecommunications business.

For more on GiffGaff's Social CRM story, check out Laurence Buchanan's article on the brand.

Do's and Don'ts of Social CRM

DO...

...Know Your Customers. The social customer is a lot like the customer of old: they expect to be valued. The difference is now the world is watching the way you interact with customers. It's your job to meet those expectations, regardless of the channel.

...Get the Premise. Anyone who wades into the Social CRM waters without truly understanding that the buyer controls the conversation is unlikely to see real value. You have the ability to control what you do, not what they do. Accept it and respond.

...Make it Multi-Channel. Remember social CRM isn't about one platform. It's a multi-channel strategy. Identify which channels your customers are using to talk about your brand and – this is important – the topics that matter to them, even if they're not about you. Then decide on an approach that takes into account the costs, the benefits of outreach on the channels they use, the value of creating a new outpost (e.g. a community behind your firewall), and the media that you might want to drive them to.

...Consider Outcomes. Remember the outcome you're looking for (ROI, increased revenues, profitability, better customer satisfaction or Net Promoter Scores) isn't necessarily what your customers are seeking. They want to feel valued and that they have your attention. You're looking for mutually beneficial outcomes, not identical outcomes.

DON'T...

...Adopt it Because it's "Social." Don't assume that because its social, you have to do it. You don't. And that kind of thinking can lead you down an expensive, frustrating path.

...Assume it's Cheap. There's a myth that social is cheap. Yes, the cost of entry and the costs of failure are minimal. But success can be very costly when you start to scale. @comcastcares, Comcast's highly successful Twitter service channel has many people on it full-time because it's been so successful. Valuable, yes. Cheap, no.

...Consider Software a Savior. A lot of people buy Social CRM software as a panacea. The software is an enabler, not a problem solver. It will enable your systems, programs, processes and strategy, not drive them.

...Treat Each Channel the Same Way. You can't assume the protocols for engaging customers are the same across all social channels. They are very different. You cannot interact with your customers on Twitter the same way you interact with them on Facebook. Managing comments on corporate blogs is different than communicating on customer forums. The expectations of behavior are different for each channel.

Resources

Books

CRM at the Speed of Light, 4th Edition by Paul Greenberg

End of Business as Usual by Brian Solis

Hello Ladies, Dispatches from the Social CRM Frontier (blog compendium) by Denis Pombriant

Social Business by Design by Dion Hinchcliffe and Peter Kim

Publications

CRM Magazine

1to1 Magazine

Sites:

MyCustomer.com

CRM Search

Search CRM

Destination CRM

Social Media Today

1to1 Media

Blogs:

ZDNet: Social CRM The Conversation (Paul Greenberg)

Brent Leary's Social CRM Blog (Brent Leary)

ThinkJar (Esteban Kolsky)

BeagleResearch Blog (Denis Pombriant)

Michael Maoz (Gartner Analyst)

ZDNet: Enterprise Web 2.0 (Dion Hinchcliffe)

A Software Insider's Point of View (Ray Wang)

Organizations (each of these have analysts who speak about Social CRM frequently)

Gartner Group (Michael Maoz, see Blogs)

Forrester Group (Bill Band, Kate Leggett)

IDC (Mike Fauscette)

Constellation Research (Ray Wang) (see blogs)

Awards Programs

These awards programs are considered the paradigms for the industry for small emerging SCRM tech companies, the CRM industry as a whole, and customers. (Disclosure: I run the first two.)

CRM Idol – modeled on American Idol for small emerging SCRMish companies.

CRM Watchlist – Industry award for SCRM tech cos worth watching

Gartner/1to1 Media CRM Excellence Awards – Joint effort between Gartner & Peppers/Rogers to award customer excellence in CRM

Constellation Group SuperNova Awards – Award for customer excellence among which is customer-facing/ social categories.

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