



Expand the SPECTR

Integrating the social media channel enables CRM to paint a more complete picture of the customer. by Bill Tobey

The emergence of social media is changing the way many consumers learn about companies, products and services; form brand preferences; and make purchase decisions. In response, a new generation of listening tools and analytics is emerging to help marketers monitor, filter and interpret the online conversation.

But to fully realize the value of these insights, organizations must integrate the social channel into existing customer profile and behavioral history information. Such integration works to retain a single, unified and actionable view of consumers' behavior as they interact across channels with the company and one another.

The Shifting Balance of Influence

What is the future of CRM in a socially networked world? It's not an academic question if you own the CRM portfolio for your organization. And it may be more than your existing investment at stake—it may be your business.



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EXECUTIVE SUMMARY

THE TREND: Consumers are increasingly turning to social media for information about companies, products and services, even for post-sales support. Companies are at risk of losing control of their message and their customer relationships.

THE SOLUTION: Social CRM—an emerging mix of network-native relationship strategies, Web-based listening tools and analytics—provides the capability to monitor conversations, engage influential participants and build networks of advocates.

THE OPPORTUNITY: By integrating social CRM tools and practices with existing infrastructure and data, organizations can integrate the social channel into a comprehensive CRM practice, restoring a holistic view of cross-channel interaction.

Conventional CRM strategies seek to optimize the productivity of one-on-one customer interactions by leveraging integrated data and business processes across multiple contact channels. At a tactical level, the mission is a uniformly satisfactory user experience, en route to the strategic goal of maximizing the value of each customer.

Social media channels, by contrast, make information freely available to all. The effect is to shift influence to the community and power to the consumer. Consequently, the fate of the business increasingly depends on the reliability of the information circulating in the social channel and on the loyalties of its most influential members.

“Customers are having more and more conversations among themselves, in social networks,” explains Ray Wang, enterprise software analyst and Altimeter Group partner. “They’re learning from each other and coming to their own conclusions. In many cases,

Survey Says ...

70%

of consumers have used social media to research a product, brand or company.

77%

of adult Internet users consider blogs a good source of company or product information.

Source: “Social CRM: The New Frontier of Marketing, Sales and Service,” Accenture

vendor organizations have very little input or influence. They don’t know where these new conversations are happening, on which channels, or who the new influencers are that they need to attract. The whole nature of influence has really changed.”



Todd R. Wagner, managing director of Accenture’s North American CRM

management consulting practice, and Joe Hughes, a managing director for Accenture’s Customer Service and Support practice, point out several measures of how influence has migrated from company-owned channels to community-owned channels in a new Accenture report, “Social CRM: The New Frontier of Marketing, Sales and Service.” Among these is the fact that social network users doubled between 2007 and 2009.

“These findings reflect a fundamental shift from a predominantly company-to-consumer dialogue to a consumer-to-consumer dialogue,” the authors write. “In this new world, companies have an opportunity or a threat depending on how they adapt marketing, sales and service of their products to a new consumer ecosystem. This environment is one in which enthusiasts and detractors can dictate customer perception and experience.”



An Inclusive Strategy

This migration of conversations and influence is forcing organizations to change the way they think about customer interaction. Wagner and Hughes advocate an expanded CRM strategy that integrates social media. They suggest companies consider directing their investments at new levers that enhance the customer experience. These levers include offering social CRM tools, remote services, and flexible scheduling and availability of a service professional for customers.

“To derive greater value from these new communication channels, companies should adopt a social CRM strategy,” they write. “Such a strategy will help them touch customers at many more points and much earlier in the buying process, often at lower costs than more traditional marketing, sales and customer service channels. To do so, companies should embrace the social media channels being used by their customers, identify and engage with the super-users who supply product expertise to other customers, and harness the power of advanced analytics to provide broad insights on customer needs, wants and behaviors.”

Jill Dyché, founding partner at Baseline Consulting and author of “The CRM Handbook,” says these changes are already taking place. “We see CRM strategy changing in two ways,” she explains. “The planning process is more formal and much more business-driven. And it’s finally incorporating social media conversations. CRM strategies are expanding to support the customer’s optimal experience, as well as including social media in customer retention, sales uplift, and voice of the customer initiatives. Social media is becoming part of a robust and deliberate CRM strategy.”

But enacting a strategy will require integrating the growing number of social media monitoring and analytics tools, most of which are software-as-a-service (SaaS) products, with existing CRM applications and data, which commonly reside behind the enterprise firewall.

Innovation and Diversification

As rapidly as social CRM is developing, it remains far from mature—as a business





Nearly 50%

of users rank information from other consumers as more important than information from marketers.



discipline, a strategy or a technology stack. Some companies have aggressively pushed their online presence, launching fan pages, customer forums, management blogs and tweet streams. Initially, much of this activity was reactive, defensive and limited in scope to brand management. However, the range of applications is diversifying rapidly with experimentation, experience and technical progress, particularly in two areas:

- > Automated listening tools let companies monitor comment activity across the Web, using keywords to scan for relevant posts and increasingly sophisticated analytics to identify key influencers, determine the sentiment and urgency behind posted comments, identify positive and negative trends, and generate alerts based on business rules.
- > Social middleware enables application integration and data migration between online social CRM services and across the firewall to enterprise customer data repositories and CRM solutions.

“Social CRM: The New Rules of Relationship Management,” a study by Wang and Altimeter Group colleague Jeremiah Owyang, identified 18 distinct use cases for social CRM in various stages of deployment readiness. “We found six areas of development focus,” Wang explains, “including traditional CRM areas like sales, marketing and customer service, together with emerging areas such as collaboration, innovation and customer experience. So it’s much more than brand management, and it involves the entire organization.”

These use cases include:

- > **Rapid social marketing response.** A coordinated, near real-time response by internal marketing personnel to negative events in the social channel based on

monitoring alerts, the severity of the event, the influence of the individual involved, and the context of previous interactions

- > **Rapid social sales response.** The ability to catch a lead in mid-air by monitoring social channels for sales opportunities
- > **Peer-to-peer unpaid armies.** Groups of harnessed customer and partner advocates with significant product and service expertise to extend the support organization and expedite the support response
- > **Crowdsourced R&D.** The act of engaging customers, partners and industry observers through the channel in requirement gathering, prototyping and testing to accelerate development cycles



Dyché also sees more varied applications for social CRM. “A single, enterprise-wide strategy for social media really isn’t enough,” she says. “What the most sophisticated companies are doing is crafting departmental-level strategy. A cable/Internet provider, for example, might use social media aggressively in its customer service organization, reacting to customer inquiries and complaints. A consumer packaged goods company might leverage social media more for marketing and branding.

“When you ask where the greatest business value is, the answer is different from department to department,” she continues. “The tactical applications may be entirely different across different lines of business, even though they may use the same data.”

New Source of Value

Wang and Owyang also indicate: “Social CRM does not replace existing CRM efforts—instead it adds more value. In fact, it augments

social networking to serve as a new channel within existing end-to-end CRM processes and investments. It enhances the relationship aspect and builds on improving the relationship with more meaningful interactions.” >>

ALTIMETER’S 5 M’S OF SOCIAL CRM

According to Altimeter Group’s Ray Wang and Jeremiah Owyang, five capabilities are fundamental to successfully engaging social channels:

1 Monitoring. Use listening tools to filter out the noise in social media and identify important conversations. The best tools integrate listening, analytical and alerting functions.

2 Mapping. Link social profiles with existing customer relationship management (CRM) data to map identities and understand relationships.

3 Management. Business rules, processes and priorities are essential to make social CRM information actionable.

4 Middleware. These technologies are essential for integrating applications, data and business processes between online social CRM services and enterprise CRM resources behind the firewall.

5 Measurement. Measure the impact and business value of your activities, and continuously reprioritize your investment based on performance and business objectives.

—B.T.



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—Jill Dyché,
founding partner,
Baseline Consulting

In a similar vein, Wagner and Hughes underscore the importance of grounding new insights in a more global context. “Companies must be careful to balance the online feedback they gain from current and potential customers,” they write. “While such feedback can provide valuable intelligence on what they are thinking, too much focus on one source or one segment can lead to a narrow or biased perspective. As a result, companies should consider integrating data from online channels with other, more holistic quantitative and qualitative data gleaned from other sources, to paint a more accurate picture of their overall customer base.”

Moving Target

So how does an organization begin to engage its customers through social channels? Wang says it all begins with listening. “You have to

JC Penney Innovates Through Social CRM

When US retailer JC Penney re-created its lingerie brand, now called Ambrielle, it took an innovative approach that centered on social networking.

The company established an online community and actively engaged with its members, enabling it to:

- > Gather input on every aspect of product, communication and experience
- > Redesign product and test it within the community
- > Revise communication and experience, then test them as well

Members of the online community have developed a sense of ownership of the experience because JC Penney asks them what they want and acts upon their input.

“We constantly get compliments from our community members just for listening to them,” says Laura Carros, customer loyalty and research business development manager for the Ambrielle community. “We intentionally took it to the next level by engaging the product designer. We gave him a little

Flip Video, so when he goes overseas to the manufacturers, he can show our customers what he does.”

To develop its social network, the retailer needed to know who had made a purchase recently, and what type of customer she is—an early adopter or community influencer, for instance. So JC Penney utilized its existing data warehouse and campaign software, both from Teradata, to access near real-time purchase information and communicate with customers.

The system provided more than name and contact information. To identify early adopters, for example, required data on what buyers purchased within a week. Those who qualified were then invited to join an online panel. Others were offered opportunities to customize their communication with the retailer, allowing them to provide feedback and receive messaging.

Source: This account is excerpted from “The Empowered Customer,” by Dr. Jeff Tanner and Deepa Morris



start with what we call the five M’s: monitoring, mapping, middleware, management and measurement,” he says. “That will help you understand where your company and its products are being discussed, in which channels



and by which individuals. Then you can decide which of these conversations are most important to you, which ones you want to join, and what you want to accomplish. You really have to decide what business value you’re trying to achieve, then go back to your basic insights to decide what’s realistic.”

Dyché advises to first understand your existing information environment before extending it. “You really want a good handle on your incumbent customer data before you toss something new, large and volatile into the mix,” she says. “Inventory your data. Know what you’ve got before you move forward.

Understand your existing data model, because social media will force you to extend it.

“Then try to understand where the highest-value conversations are taking place,” she continues. “You may very well decide that customer service is a higher priority than marketing. And you may decide to reach out to a specific, defined customer segment before hanging out your shingle on Facebook.” **T**

Bill Tobey, a senior technology writer based in Salt Lake City, covers the business applications of IT.



ONLINE

For more on this topic, check out the Web seminar “Putting all of the Pieces Together: Finding Value in Unstructured Data” at Teradata.com.