



# Best Practices for Optimizing Social CRM Maximizing the Value of Customer Relationships

# Social CRM

**Companies must do more than participate in today's social environment.**  
They must engage and optimize—turning insight into action.

While traditional CRM is focused on managing customer intelligence, social CRM (SCRM) engages the customer across every touch point, from sales, marketing and customer service to product development. Companies who harness the power of SCRM are better positioned to optimize the customer experience resulting in an improved brand presence and competitive advantage.

Executing on this objective requires organizations to align SCRM strategy with business objectives. This imposes both challenges and urgency on those organizations that don't yet have a SCRM strategy. Research by Gartner predicts that by 2015, "70 percent of social media programs will fail due to the lack of a well-conceived strategy."<sup>1</sup>

A comprehensive SCRM solution built around innovative technology and best practices will help companies maximize the value of customer relationships, increase sales and improve their bottom line. Taking this further and integrating social media with current customer facing processes helps to increase customer satisfaction by transforming customer support from a reactive engagement to a proactive one. Research by Gartner estimates that "by 2015, more than half of the world's formal contact centers will include a level of customer participation and engagement in the service process in real time."<sup>2</sup>

This paper will discuss the importance of a comprehensive SCRM solution in maximizing the value of customer interactions and improving competitive advantage. We'll explore the challenges associated with SCRM and the best practices that can be used to help to address these challenges. Finally, the benefits and challenges associated with the three most common approaches to implementing a SCRM solution will be discussed.

## The Value of Social CRM

Aberdeen Research reveals that Best-in-Class organizations that engage in social media monitoring and analysis activities are 3 times more likely than the industry average companies, and 82 times more likely than the industry "laggards" to improve their ability to identify and reduce risks to the brand.<sup>3</sup> The explosion of social media has led to a fundamental culture shift from the established paradigm of customers lining up for companies to companies now lining up for customers. Social customers expect a deeper level of interaction from brands and are more likely to churn if they're NOT engaged in their preferred environment

Marcel LeBrun, CEO of a leading social monitoring service, Radian6, underscores the need for organizations to rethink their current business strategy, predicting that "The process for creating enterprise-wide change and integrating social strategy will take time because making changes to large, well established processes is complex, but there isn't a company who will get through 2011 without making the necessary investments in listening and responding to its customers on the social Web."<sup>4</sup>

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Insights gained from listening to social customers can be leveraged to drive product innovation and fine tune brand messaging. Distilling these insights into strategy helps to optimize product marketing, customer support, competitive intelligence and overall business innovation. As Gartner sees it, “An SCRM vision encapsulates the very essence of a company’s reason for existence, highlighting the differentiated attraction for its customers.”<sup>5</sup>

Social media activity is especially high across sectors that require a high degree of customer support such as the high tech, consumer goods and retail sectors. Research by Forrester underscores this, finding that “SCRM is generating very positive results in customer service and support scenarios, particularly those supporting customers in pre- and post-sales scenarios such as answering customer questions before buying, scheduling installation and repairs, billing, and diagnosing problems.”<sup>6</sup> SCRM also provides the first line of defense in protecting the brand. Early recognition and response to issues in these sectors, such as network outages, helps to proactively address negative trends that could harm the brand.

SCRM can be a game changing strategy for any organization, but understanding the complexities of integrating social media into established operations can be challenging.

## Challenges

### Understanding the Purpose of SCRM

Projects often fail because organizations don’t have a clear understanding of the purpose of SCRM and how it can be used to improve their business. Companies develop a social site to attract sales and they buy monitoring technology to hear what customers are saying, but they fail to use social media as another channel to optimize the customer experience.

### Information Overload

Social media greatly complicates the vast amount of structured, semi-structured and unstructured data types and sources available today. Companies are challenged to distill meaning from all this ‘noise’. They struggle to determine first what information is relevant and then to tie that data to the CRM database.

### Understanding Customers

Too often companies focus on using social media sites as direct marketing and lead generation for sales, rather than as a means of listening to and understanding what their customers are really saying about their brand. They are challenged to provide a site that engages customers and provides a means of support. And they’re further challenged to monitor and effectively respond to customers across all social channels.

### Making the Investment

Companies have hard decisions around the level of investment they should make in social technologies like blogs, wikis, forums, customer feedback tools, social networking sites, and customer community platforms. They’re not sure which monitoring and engagement tools are right for their purpose, much less how these new capabilities integrate with their transactional CRM systems.

<sup>5</sup> Applying the Eight Building Blocks of CRM to Social Media, Gartner Research, January 26, 2011)  
<sup>6</sup> Forrester Research, Inc. , Defining SCRM for Business Process Professionals, March 2, 2011

# Best Practices

**Social CRM is complex.** It requires strategy, process, technology and best practices to help an organization achieve their objectives around maximizing the value of customer relationships.

## Aligning Objectives

According to Forrester Research, “A SCRM plan should be tightly linked to business goals, focused on customer benefits, clearly identify the processes and constituencies that will be affected, and specify the associated information and capabilities required”<sup>7</sup> The organization’s SCRM strategy should reinforce customer engagement and satisfaction across all departments with the overarching objective to provide long-term business value.

## Innovative Technology

SCRM relies on advanced analytical technology to scour the Internet to find references about an organization, then aggregates those conversations from blogs and other social networks into a centralized database and reporting dashboard for review and possible action by social media experts. Technology can unify these activities into a single system and set of processes managed by a single team across the entire enterprise.

## Integrate SCRM with the Contact Center

Socially-networked customer service is the cornerstone to a comprehensive SCRM strategy. As businesses evolve their use of social networks from simple listening and publishing to more meaningful engagement, they will require tools and process to optimize customer support. Research analysts agree that social customer care will no longer be an afterthought or an adjunct to SCRM; it will sit squarely at the core of business strategy alongside other forms of customer interaction.<sup>8</sup>

## A 360 Degree View

Touch points across the end-to-end customer and product lifecycle must be integrated into the SCRM solution to ensure the customer receives a consistently positive experience with the brand. The SCRM solution must be comprehensive enough to address all aspects an organization’s including social media monitoring, reporting, and engagement as well as traditional CRM integration and analytics.

## Insight Analysis

Insight analysis streamlines how companies manage comments made about their brand. This helps to filter the noise into meaningful data and allows for immediate action when necessary. Technology can be programmed, for instance, to automatically direct all negative comments about a new service to a subject matter expert for review and to possibly direct a contact center agent to respond by e-mail or text message to the commenter in real time.

## Metrics and Performance Measurement Reporting

One of the most important SCRM processes is that of defining metrics and benchmarks to show how organizations are tracking towards goals over the long term. Forrester Research recommends that “In addition to traditional CRM metrics, social metrics around customer sentiment, influence, and value need to be developed as well.”<sup>9</sup> Performance measurement dashboards and reporting provide a way to link relevant social metrics to balanced scorecard performance. This builds a strong connection between social media and business objectives, promoting a culture of continuous improvement.

# The Approach

**To help them remain competitive in the social environment, organizations must develop a comprehensive SCRM solution.** Generally, there are three approaches an organization will take in response to SCRM solutions: treat SCRM as a fad and ignore it, attempt an in-house solution in conjunction with a technology vendor, or outsource SCRM to a service provider.

## Ignore the “SCRM Fad”

Research shows that nearly 80 percent of us interact with a company or brand via social media and 74% of social media users think more highly of a brand when they can interact with the brand via social media. Not surprisingly, consumers still feel the company’s top social media priorities should be to problem solve and provide information.<sup>10</sup>

Despite this evidence, many business and IT leaders question whether SCRM is just a fad, viewing it as the buzz word of the day that will soon fall by the wayside. Because SCRM can manifest itself in different ways for different companies, it’s challenging to develop one-size-fits-most SCRM technology. And to some, the lack of a standard software product means that there is a lack of market validity for SCRM.

These views are understandable, but they’ll put an organization at a competitive disadvantage. Social CRM provides competitive advantages, not because of innovative technology, but because forward-thinking companies understand that a comprehensive SCRM solution will allow them to effectively engage with customers and to harness business intelligence from those interactions.

Many forward-thinking companies understand that the social customer now controls the conversation around their brand and have made the decision use an in-house SCRM solution.

## In-House Solutions

Companies deciding to implement a SCRM solution in-house generally rely on a blend of external technology vendors and internal support personnel. Niche technology vendors can provide monitoring and engagement tools generally suited to the particular needs of a company. The organization’s marketing team is tapped to develop company pages on Facebook and other social media sites, while resources from various areas are tasked with the monitoring and engagement activities.

These in-house solutions are often challenged from the outset because they fail to use SCRM as a means to gain a 360-degree view of the customer. SCRM initiatives are often initiated to gain space in the social networks, rather than as a strategic approach to tear down walls within the organization. Since cloud-based solutions are easy to implement, departments are ‘doing their own thing’ creating silos across the company and creating a disjointed customer experience.

Organizations often buy SCRM tools and implement them without thinking through all the other complementary capabilities required to turn the tools from expensive pieces of software into business value enablers. To help them develop a holistic SCRM solution, companies often turn to service providers.

## Service Providers

Service providers typically partner with one or more vendors to provide a SCRM solution including monitoring and engagement tools, social media site development capabilities, and managing CRM components. Service providers are generally skilled in providing BPO or ITO services and understand the complexities of implementing these individual services.

Service providers, however, are challenged to offer a holistic SCRM solution that incorporates social media across all customer-facing touch points. Typically the provider is strong in either social networking technology implementations or BPO processes but is challenged to bring it all together. Service providers may solve this problem by bringing in more vendors, resulting in a costly, time-consuming and disjointed engagement for the organization.

The key, then, is to partner with a service provider that offers a complete SCRM solution focused on aligning with overall business strategy. One that has the financial strength, collaborative focus, and innovative solution to address changing customer conditions along with specific business concerns without substantial investments in technology and resources.



## The End-to-End SCRM Solution from Xerox

Xerox is a trusted service provider offering an end-to-end SCRM solution designed to integrate seamlessly with the contact center environment. This allows companies the ability to listen and interact with customers across the entire social web using the latest technology and Xerox's proven contact center best practices.

Xerox partners with innovators in social media technology to deliver leading-edge monitoring, engagement and analysis tools to manage the entire range of customer contact points from a single platform. Analytic and reporting services help companies understand online conversations that impact the organization, such as how people feel about your quality of service, the latest product release or a new marketing campaign. Analysis reports provide insight into brand sentiment and customer behavior trends. Xerox leverages these insights to help organizations drive product innovation and optimize the customer experience.

By developing a complete social media strategy and integrating social networking technology into their existing CRM solution, Xerox helps companies:

- Maximize the value of customer interactions
- Optimize the customer experience
- Increase customer loyalty
- Reduce operational costs

The end-to-end SCRM solution from Xerox aligns technology, people, and processes with key business objectives to help companies maximize the value of customer relationships and increase profitability.

## Case Study – Largest U.S. Electronics Retailer

### Challenge

- 30M Customer interactions annually; seasonal spikes
- Siloed multi-channel customer satisfaction program
- Lacked sentiment analysis to proactively identify issues

### Solution

- Dashboard ranks sentiment change across categories
- Root cause dashboard identifies phrases impacting sentiment
- Real-time analysis during the holiday shopping season

### Key Benefits

- 31 % Reduction in contact handle times
- Social media support deflected contact center calls
- Improved issue response times during peak periods

## Case Study – Leading Transport Carrier

Turnover rates of 100% are typical in the trucking industry, and this leading carrier was no exception.

### Challenge

- Over 100% driver turnover
- Improve retention
- Attract high-end drivers

### Solution

- Identified and filtered relevant conversations
- Engaged drivers in real time to resolve problems
- Interactive website promotes supportive driver community

### Results

- The carrier is now regarded as a preferred carrier, attracting high-end drivers and improving driver retention.

## Summary

Social CRM merges social networks with customer relationship management to help companies manage and build customer relationships. The problem is that customers continue to adopt social technologies at a blinding speed and organizations are unable to keep up. Simply buying technology and hiring more people to keep pace will not be sufficient. Companies need an organized approach to leveraging social channels and CRM data across their organization to improve brand presence and foster better customer relationships.

Companies that don't act now will be left behind. The key is to find a trusted partner to help you succeed in fully using SCRM to optimize the customer experience, maximize customer value and improve profitability.

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