

Customer Relationship Management
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Lecture – 21
Social CRM

Hello everybody, welcome to the Swayam NPTEL course on Customer Relationship management. This is Dr. Swagato Chatterjee from VGSOM from IIT Kharagpur who is taking this course. And, in this particular video, we will talk about Social CRM which is a specific type of CRM strategy.

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What is Social CRM?

CRM was about managing the customer

Social CRM is about engaging with the customer

"Social CRM is a business strategy designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted & transparent business environment. It's the company's response to the customer's ownership of the conversation."

So, what is social CRM? So, when we talk about CRM, CRM is about managing the customer. So, that is the first thing that we have to understand, that in this particular context we are trying to manage the customer, manage their likes, their dislikes, their complaints, their good and bad feelings about us and when we all when we try to do all of these things, we try to make sure that customers are happy. That is the primary objective of any CRM. Now a satisfied customer leads to loyal customers. Whenever a customer is happy that leads to loyalty.

A loyalty in the marketing context has three things, three basic contexts, one is attitudinal and behavioral loyalty, in the attitudinal loyalty the customer as we discussed about this in the previous videos, but I will quickly recap that attitudinal loyalty is that I like this, but not always liking is required for behavioral loyalty.

Behavioral loyalty has three parts one is that repeat purchase that I will keep on purchasing from this particular company, the second is that patronization; that means, I will probably defend some other companies marketing initiatives like they are giving me some offers and etcetera. So, I will close my eyes towards them and I will not buy them.

So, that is the second one. And third is that positive word of mouth that I will speak good, about things in the market. Now if you have to think about social CRM, the major part that social CRM has, is the third part which is the word of mouth, what customers are saying about you in social

media. Because what is social media? Social media is a platform where everybody is connected with each other and you as a company have no control on how one customer of yours is connected with another customer or your competitors' customers. You have no control over that. So, they are connected. Connected means they are sharing information, they are sharing ideas, they are sharing their own experiences and that information sharing, the idea sharing is happening sometimes that is good for you, sometimes that is bad for you. Now, as a company in the social, and why social things become very important because the internet is right now at a certain point of time internet was there only in the urban area.

So, for social CRM and etcetera was the concern for only those companies who were providing services in the urban areas. Now at this correct time period internet has become very cheap. In many places, for middle class people and even lower middle-class people can have access to the internet.

So, if they have access of the internet they can also have access of social media websites because lots of people are coming in the social media website, they are talking about each other, they are sharing videos, pictures, and etcetera.

So, and with that, the problem that is whatever being told about you can be shared very quickly, becomes a very important issue. So, in that context, the social CRM becomes a very important factor. That is number one. One is word of mouth. The second one is repeat purchase and countering the competing brand's marketing initiatives.

Now, in the social platform because information sharing is happening very easily these social platforms have also become a marketing platform. So, it is not only a communication platform, it is also a marketing platform. Marketing platform means you can give ads, very targeted ads to your customers also, for repeat purchase, to your alternative customers also to reduce their loyalty and etcetera and image formation and attitude image formation.

So, there is something called 'halo-effect' that we sometimes say, what is halo effect? Halo effect is that when some other image of yours is impacting your customers or somebody's perception about you. For example, to give an example, let us say I am a very good researcher. Let us assume that I am a very good researcher and there are lots of people who know that, okay, Dr. Swagato Chatterjee is a very good researcher.

Now, probably that Swagato Chatterjee is not so good a teacher, but they are in awe with my research work and blah blah blah. So, when they come to the class before they come to the class,

they have that awe that okay the class that I am going in is Dr. Swagato Chatterjees and he is a very good researcher. So, I will go and learn various things and then even before he, the persons the students actually get the teaching, they feel and awe they are very satisfied they are predisposed towards satisfaction. So, this is a halo effect.

Now brands also do that. Let us say there is a brand who does lots of customer...CSR activities, Corporate Social Responsibility kind of activities. Or there is a company who has given lots of money in this Covid. Or lots of them spend lots of money on certain aspects or they have banned in the current environment, there is a problem with a neighboring country that is going on with India and they have banned certain imports from that neighboring country.

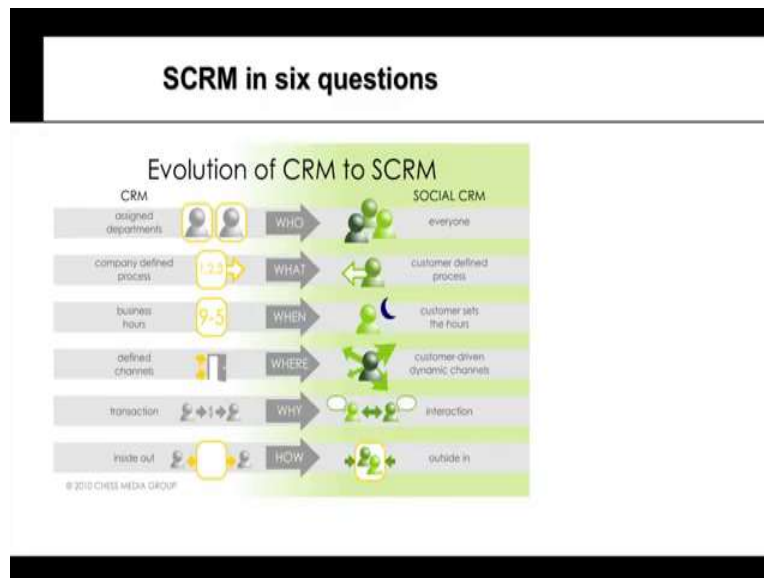
So, this can, there are lots of these different kinds of things they have done now all of these things are not directly related to the product that they sell. Probably the product that they sell is not so good quality, but because they did this and because they have used social media to tell you that they have done this and you have been informed you create a halo effect that is getting created on your mind and you have a positive predisposition over this particular company.

So, whenever you go and buy this company, irrespective of whatever call you. So, your benchmark comes down, your threshold comes down, you are easier, you get satisfied, not easily you get satisfied. So, this is something which also happens to social CRM. So, it is not only my current customer, my prospective customers can also be managed using social CRM. So, social CRM is about engaging with the customer.

So, our major job is to engage with the customer. Social CRM is a business strategy design to engage the customer in a collaborative conversation. Collaborative conversation means normally it's a monologue, it's not a monologue, you have to also talk with me in order to provide mutually beneficial value. Mutually beneficial value means, you are also getting benefited as the customer, I am also getting benefited as a service provider in a trusted and transparent business environment, is the company's response to customers ownership of the conversation.

So, that is blah blah blah basically. So, that is basically what social CRM is as a concept.

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Now, how it evolved over normal CRM activities is something that we will be interested to discuss. Normally, in normal CRM, ideally, was basically a customer call point. Basically, you can say the call center. The call center was handling CRM for quite a long time in the technology world and we will talk about call center as a part of CRM overall strategy very deeply because call centers even today are one of the major biggest parts of CRM.

Now, what are; so, there are some assigned departments in case of CRM, the normal CRM, but in case of social CRM everybody in this company is a face of the company. Everybody is responsible for example, I have seen this kind of situation. Let us say, the Airtel is not giving a good service, let us say, or Vodafone or some telecom company Jio or whoever is not giving the good service, somehow they are not giving the good service.

What happens is that by chance that particular person who is the customer manager in the call center and etcetera does not know that the customer to whom they are not giving a good service is probably a CEO of some company or some head of the strategy or even if not head of strategy some would say is a well to do person and he — there is a LinkedIn platform and in LinkedIn, everybody is connected with everybody and probably his boss is also connected with this particular person or his boss's boss is also connected with this person.

So, what happens is that let us say I am from top notch-B school and my friend was also or my senior was also from a top notch-B school and I know that senior is right now heading a certain department in the telecom company. I tag him when I say that this particular xyz company is giving me very bad service. I don't like it, blah blah blah, they did this, they did that, I called the call center, call center did this.

And then I have to send a mail, I spent four months and still no resolution. They put their everything out in LinkedIn; LinkedIn! Not in Facebook, in LinkedIn and then they tag the, probably head of finance.

Head of finance has nothing to do with customer relationship management, but he tags him still, expecting that that head of finance will push it to the head of marketing or head of services or head of something else and that is how his things will be resolved. If not the whole community knows that this is not a very professional company.

So, this becomes a boomerang and if that is the condition then the head of finance cannot say that, okay I am not CRM, why will I handle customer complaints. I am not a person who is...he cannot say that. He or she cannot say that. Why cannot say that? Because it's an open thing, everybody is seeing this. So, that is why everyone is responsible in social CRM, everyone in the organization. So, we are moving towards that direction.

There are certain company defined processes like the company says that, okay, when you call a call center, they say that, okay, if you have a problem related to cancellation of tickets press 1, if you have a problem related to knowledge, if you want information about flights press 2 if you want to book certain seats press 3, book food, press 4.

So, when you call a call center that was a company defined process you have to follow that process to reach that. But even social CRM, it's open, it's a customer driven process. Customers can write a small text and just want that can you give me the customer care number I will call him. Or customers can say whatever they want and other customers can reply in that particular thing wherever they want.

So, that becomes a huge issue at certain points of time. I will give you a live example. For example, let us say Decathlon. Decathlon is a company which sells retail products and recently there is a problem is going on with the neighboring country, with India and people who started saying, Decathlon was giving some ad and people started saying that Decathlon imports lots of products from that particular this thing, that particular country.

So, we should not buy from Decathlon. Now it is a public opinion. All of a sudden Decathlon is at a loss because this public and some of them are not even customers of Decathlon. So, what will say Decathlon? Decathlon cannot ignore them because there are genuine customers are also there, not so genuine customers are also there. So, what should be the retail strategy? So, Decathlon initially had a ready-made, this thing, answer that they did not focus on how much they buy from that particular country, they focused on how much they source from India. So, initially they are told that more than 40 percent we source from India and we are increasing it to make it up to 60 percent or 70 percent or something. And they give that we are very much promised to 'Atma Nirbhar' and 'Made in India' kind of initiatives that the Government of India is taking and this and that, so they give a very nice strong reply to that. Now more than 40 percent is not more than 50 percent.

So, they have to do something. So, the moment they said more than 40 percent people are further curious and how much of the rest 60 percent you source from there. So that, there is in customers' minds, there is always a competition going on. So, how many of our soldiers are killed, how many their soldiers are killed kind of stuff. So, if that is a situation, you have to take a call.

So, they then actually did a little bit of digging of their ERP systems and etcetera and they found out, no no, not 40 percent, it's higher than 50 percent. When the moment they got that, they put that higher than 50 percent.

And, now in the same platform what happens is that in the same thread there are some post where they are saying higher than 40 percent, in some posts where they are saying higher than 50 percent. Both are commented by Decathlon social media handle and probably within a difference of one day or or 12 hours or something like that. Now further people are starting questioning that, why are you are making these kinds of claims? Sometimes 40 percent, sometimes 50 percent? Stick to something.

So, all so whatever you say at the end of the day. Whatever you say leads to credibility and it is a customer-defined process. Customers, if they are happy, they will anyway go with you. If they are not happy or they want to-and they want to troll, at least they will troll, you cannot do anything.

So, you have to always be at the top of your position. You at least be ready to get trolled and to handle troll and to handle positive and negative customer vibes. So, that can happen.

Probably Decathlon has not done anything, but still faced all of this stuff.

So, all I am trying to say is that, if you cannot control the customer any more, they are empowered by these social systems and you have to deal with that.

The third one is business hours. So, you all know we wake up, which means it is a 24-7 thing. You cannot say that okay, our working hour is 9 to 5, that is why I will handle the customer complaints only at 9 to 5, that is not the scenario anymore. So, social media is alive the whole day, even at the end of late night also, somebody is doing something and they can post.

And, an early morning post, if you do not tackle an early morning post in the correct period of time within a correct frame by 9 AM in the next morning it can be already viral. If it is a negative post, it's already viral and you have lost control, on that particular virality. So, you cannot say that it is a predefined business hour, 9 to 5, within that I will handle anything. It's like an emergency counter in a hospital.

You cannot say that okay, 9 to 5, beyond that I will not see patients because beyond that it can be devastation.

Next is there are defined channels, now in this case you give okay, this is my mobile number, this is my email id, customer care at the rate blah blah blah dot com or you can say that okay, this is the toll-free number 1800 xyz xyz, you can call here.

So, these are predefined numbers only where you can get information in a classic CRM system.

In a social CRM, there is no predefined. People can post in Instagram, they can post in Facebook, they can post in Facebook's group, Facebook page, Facebook their own post, they can even post in something else.

So, let us say you, their means their friends are talking, some random people are talking, even there people go and post and say good or bad things about brands. So, there is no control. You cannot say that okay, if you have a complaint you have to only write here. They will write on their own page and tag you and you have to keep your tags. Keep checking your tags as a brand manager, you have to keep checking wherever my brand is getting tagged. And not everybody is good in tagging. Somebody might tag Airtel and they can write 'a i r t l' and you got to find out that. So, there are processes to do that, but these are also problems.

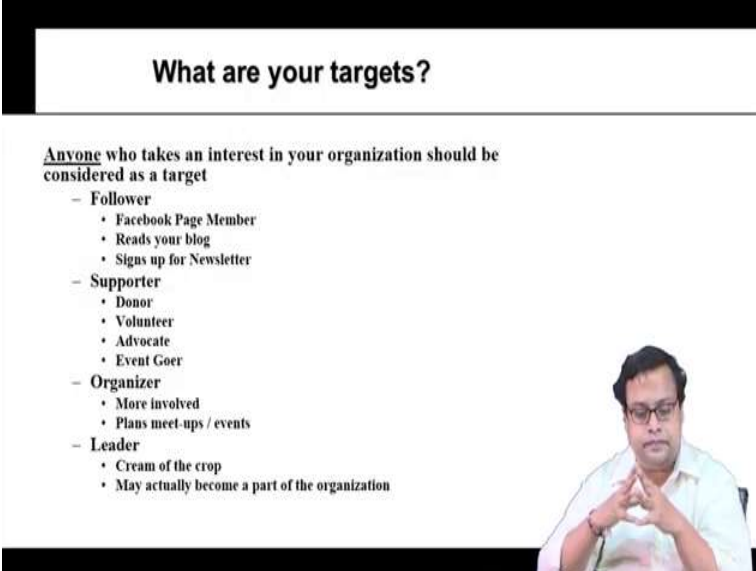
Now a very let us say well known person who is followed by many people but he is not very tech-savvy, let us say. If he posts something and he gets and he tags you and the tag is not right and you could not find out that is why the post and the post has already become viral, but you

could not find out because the tagging was not good. You cannot say that okay, you did not do the tagging correctly that is why I could not solve the problem at the right time. You cannot say that because by that time, whatever damage has to be done is already done.

So, customer-driven dynamic channels, they are conversations, Okay, so, everything is transaction-oriented, in this case, interaction oriented and this is an inside out approach. The other one is outside-in approach, meaning it comes from outside and it gets resolved. So, that is the very basic difference, the who, what, when, where, why, how the basic 6 WH questions of social CRM.

It's very nicely put by Chess Media Group, we have taken this particular picture from there and we are indebted to them, but it's a very nicely put concept on the four, 6 WH questions of social CRM. How normal CRM and social CRM are different?


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What are your targets?

Anyone who takes an interest in your organization should be considered as a target

- Follower
 - Facebook Page Member
 - Reads your blog
 - Signs up for Newsletter
- Supporter
 - Donor
 - Volunteer
 - Advocate
 - Event Goer
- Organizer
 - More involved
 - Plans meet-ups / events
- Leader
 - Cream of the crop
 - May actually become a part of the organization

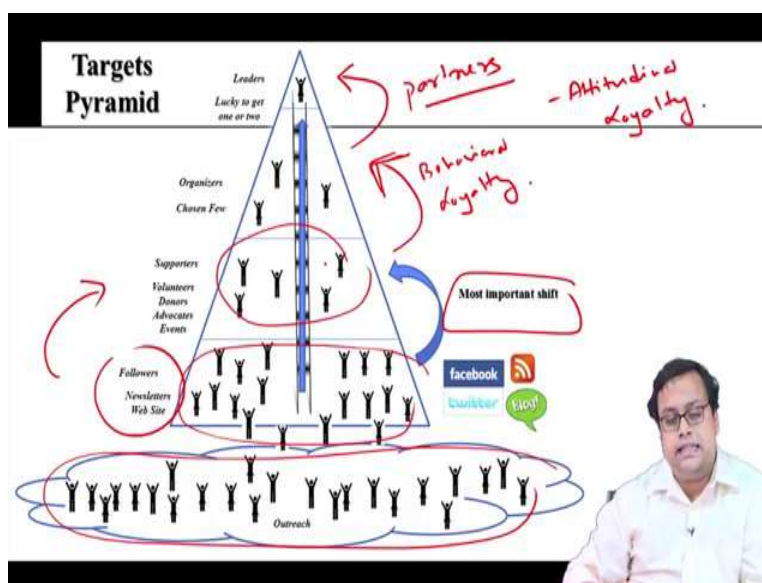


So, what are your targets in this particular context? So, anyone who takes that interest in your organization should be a target. So, ideally told that it's not only your company, your consumers whom you should target in social CRM, who are already existing consumers, no.

Anybody who has any interest about your company doesn't matter, they can be any stakeholder. It can be a follower like a Facebook page member, how many reads that you have in your blog or

how many sign-ups for your newsletter. So, any kind of follower will be your target. Your supporters are your target, so the donors, the volunteers, the advocate, the event-goers. So, those who just go to the events or those, in general, have a positive vibe about you and talk good about you. They are also your supporters, they are also your target. The organizers like who are more involved in plans, meetups, and events for your company under the brand name and the leaders, basically the cream of the crop and may actually become a part of the organization. These are all of your targets when you try to do a social CRM.

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So, this is basically the; so this is when you do an outreach activity. When you do an outreach activity in social media, what is your target? Your target is attitude building. You try to create an attitudinal loyalty. This is what you are trying to brief.

So, you do lots of outreach programs and there are some followers who like your pages or sign ups with your newsletters and etcetera. Now the most important, so these are followers that does not mean that they have a positive attitude to them. So, from here to here is a basically a shift who are your volunteers, advocates who try to do something good with you.

So, these are the people; this is the most important shift when you create attitudinal loyalty. Now after that, that attitude will turn up to be a behavior. So, here to here is basically a behavioral

loyalty, the first-hand behavioral shift is here to here. Where, a chosen few become the organizer or more involved with you and then, if you become so involved that they almost become your partners, your brand ambassadors probably.

So, this is the target that you are trying to achieve using your social media platform. You might have lots of followers and little, few supporters for that fewer organization and probably one or two leaders who will create a new solution with you, probably. So, this is the target pyramid that we generally create.

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Advocacy: the Social Customer

NPS → +WOM → +CLV

Advocates are created through continuous

- Engagement (conversation)
- Transparency (visibility)
- Authenticity (honesty, straightforward behavior)

Approach to Advocacy - Strategy

- Value Proposition: Creation of experiences and tools with products and services designed to appeal to a commonwealth of interest based on unique insights
- Customer Strategy: Outreach to customers/potential advocates. Property development for customers – communities, tools, products, services available via company, Godin: Date your customers
- Continuous Effort: Ongoing feedback, outreach, data tracking, program development, Constant desire for customer insight – not just data collection

The metrics of advocacy - Net Promoter Score - Referrals as metrics

- The one question that you need to ask your customer is "Would you recommend my company to someone you know?"
- Measured against the detractors to come up with score, Word of Mouth most influential, Customer Lifetime Value (CLV), Customer Referral Value (CRV), Customer Brand Value (CBV)

Influencer

- Followers/Reach
- Credibility
- Expertise
- Communication Capability

NPS

The advocacy, what is advocacy? So, there are advocates, are created through continuous engagement, transparency, and authenticity. So, we talk about influencer marketing a lot in the context of CRM or social CRM to be precise. So, who is an influencer to be or advocate in this case? Advocate when he is highly connected, he becomes an influencer. So, who is an influencer in the context of CRM?

So, influencers are a kind of people who have lots of followers. People actually look up to them and whatever they do they say can influence the decision making of multiple people. They can be political leaders, they can be movie stars, they can be some celebrities, some writers, directors

probably sometimes in case of technology there is, they can be scientists. So, these are basically influencers.

Now, influencers have various kinds of things, one, various kinds of factors makes an influencer important.

One is the number of followers. That is how much is the reach basically. The reach of the influencer.

The second is how much is the credibility, now there are influencers who are credibility is very contextual. Let us say, I am very credible in the context of management studies. I am not so credible if I give an opinion about politics or if I give an opinion about something else. Let us say geography or geological science then I am not so credible an influencer because...now regarding, let us say, something about economic condition, who will be the credible influencers? Probably our finance minister or probably some normal audits or probably some past finance minister or some people who are associated with IMF or World Bank. So, these are the people who will be incredible in those kinds of context. So, reach and credibility, how many people you can reach and how they will be taking you. Whether they will consider that whatever you are saying is credible or not, that can be believed or not.

This third is expertise, so the difference between expertise and credibility can be something which is, expertise is that okay, you are an expert in this area, but credibility means I can believe you. I can believe you means whatever you are saying, if you are an expert, let us say a doctor who is an expert doctor, he might not be credible because sometimes we know that they can be differing, it it applies in all professions. In all professions, probably an expert person, might be a good person, might be a bad person and through our personal experience to somebody else's word of mouth and etcetera we come to know or we create this kind of judgments that whether this person is credible or not so credible. So, similar things apply for influencers also.

So, one influencer can be very expertise, they, he has lots of expertise but whether he has credibility or not depends on multiple factors and you have to find out what are the drivers of the credibility of an influencer and how you can choose an influencer who is more credible, how you can choose an influencer who is less credible.

So, reach, credibility and expertise are the very basic three information and the fourth information which becomes very important in the case of social CRM is the communication

capability. That whether this person can connect with lots of people. Whether he can talk with lots of people. Now, these four things together create a good influencer.

So, an influencer can be converted to an advocate. An advocate means that they will talk good about you. The influencer is generic, he will be, so a company can take marketing initiatives to turn an influencer to an advocate. Sometimes this influencer can be bought like advertisements. For advertisements when you do celebrity endorsements you are buying an influencer. The moment you are buying an influencer, you will, that influencer is losing credibility. He can have expertise. Let us say, even with beauty products or a personal health product he can have expertise.

Let us say, a sportsman doing promotion for a health drink, he can have expertise in health drink because he consumes lots of health drinks. He can have reach, he can have communication ability also, but because he is putting you in, putting him in the ad probably a little bit of credibility is lost. So, can there be any other way because it's a social CRM you see everybody talks about with everybody?

So, even if there is a small information we try to hide now, people are like so much well connected that they get all of your information, all of your well-hidden information, comes out.

So, in that kind of situation, you cannot lose your credibility as an influencer, and if you are a company who wants to turn an influencer to an advocate you have to take that also seriously.

So, advocates are created through continuous engagement. So, you try to engage with these influencers, not celebrities, sometimes probably with, so for example, for to give an example I am a professor in IIT Kharagpur and I have some analytics background, I teach analytics.

So, various analytics related companies and etcetera come and or let us say, books, book sellers who say that okay, comes to us and say that okay, why don't you see this book or why don't you use this platform or why don't you use this group or ask your students to join this group for analytics related mentorship, internships, this that is going on.

So, they are trying to use me or trying to make me from an influencer to an advocate through what? Through continuous engagement. Transparency, they want to be as transparent in front of me as possible and authenticity. So, what is the approach to advocacy strategy?

So, first of all, you have to give a value proposition. What you are giving? So, creation of experiences and tools with products and services designed to appeal to a commonwealth of interest-based on unique insights. Then you have to create a customer strategy. So, what should

be your outreach strategy? What kind of communication you will do? What kind of promotions you will do?

So, like property development for customers like communities, tools, product, services available by the company. These are some of the things that you try to do and then you have to go on for doing this continuously. You have to, you going to stop. It has to be a continuous effort and what are the metrics? The metrics that we generally use in this context, that, would you recommend my company to someone you know. So, this is something that is a very common question. You will see that this is something that is a very common question that we ask.

And that is basically, so CLV calculation we have already talked about how this helps. This particular question is a measure of Net Promoter Score, NPS Net Promoter Score.

Net Promoter Score means that, what is the probability that this particular person will recommend my company to somebody else. So, that NPS score or Net Promoter Score is something which is very important for many businesses. As important as CLV calculation. So, CLV is one measurement, but in this context of advocacy, NPS leads to CLV. If you remember, we have talked about that purchase from cross-sales, not cross-sales. Basically, increase revenue from positive word of mouth, that you are creating positive word of mouth. Listening to a positive word of mouth, other people are coming up.

So, that positive word of mouth is actually an outcome of NPS the Net Promoter Score and positive word of mouth leads to further increases in CLV.

So, the relationship is NPS leads to positive WOM and that leads to an increase in CLV.

So, this is the basic thing, Net Promoter Score means, would you recommend my company to someone you know? So, that questions answer collectively for your customers, the score that you get is on NPS, that leads to positive word of mouth because when they think if 80 percent people think that they will recommend you, out of that 80 percent 40 percent will probably recommend other 40 percent will keep on thinking but they will not.

So, that 40 percent is that positive word of mouth. That out of that positive word of mouth some increase of CLV happens because some other people come and buy the products. So, that is how the advocacy works in social CRM. There are lots of other concepts under social CRM. We will come one by one and I will discuss that in the next video.

Thank you for being with me. See you in the next video.