Integration of Social Media Platform in Their Customer Relationship Management Process (CRMP) and Its Impact on Performance of SMEs

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Abstract

Background/objectives: Organisations in general need to have innovative strategies to tackle today’s business environment and demonstrate that they are adopting sustainable and new business practices. Accordingly, SME Companies aim to use the potential offered by social media for customer relationship management (CRM) to build up added value and long-term relationships based on a high customer engagement.

Methods/statistical analysis: We used a method to examine the relationship between social CRM media and performance outcome in SMEs. Social CRM is a business strategy supported by social media tools to provide added value for organisations and their target customers. While, SMEs can be identified by three main criteria; the number of employees, the annual turnover, and the assets.

Findings: This research studies the relationship between the use of social media tools and customer relationship development in SMEs sector. In addition, it concerns with understanding the role that social CRM plays in improving the performance of SMEs.

Improvements/applications: From this research, organisations will be benefited. Organisations in general need to have innovative strategies to tackle today’s business environment and demonstrate that they are adopting sustainable and new business practices. Accordingly, SME Companies aim to use the potential offered by social media for CRM to build up added value and long-term relationships based on a high customer engagement.

Keywords: Social Media, Social CRM (sCRM), Resource Based View (RBV), Fit Viability Model (FVM)

1. Introduction

Customer relationship management (CRM) is a set of practices, strategies, and technologies used to manage companies’ interactions with current and potential customers, and analyse customer data to improve customer services and assist in customer retention and driving sales growth. CRM implies that organisations should be customer-centric, which means that the focus should be more on customers and the relationships with them instead of products and services. It has been widely used to facilitate customer engagement with marketing, sales, and services of many organisations. It can improve the organisation competitiveness by boosting customer satisfaction and retention rates. The advances of technologies create new channels of communications and interactions. These channels represent an integral need of CRM to extend services. Social media have emerged as a revolutionary Internet-based technology, which become a primary source of information for customers about products and services. It represents a new tool of interaction with current and potential customers. Facebook, Twitter, YouTube, LinkedIn, and many other peer-to-peer websites (blogs, wikis, photo, and video sharing) are examples of social media tools. Customers openly share about products, services and brands through these tools.

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Accordingly, the use of customer-preferred tools becomes critical for companies to acquire and retain such customers. Nowadays, marketers extensively use these tools and statistics indicate that 80% of business executives consider social media as an important marketing tool.  

### 2. Problem Background

CRM systems have a critical role in facilitating customer engagement with marketing, sales, and services of many organisations, which improve customer service relationships and assist in customer retention and driving sales growth. However, due to limited resources, SMEs may do not implement CRM. Social media has the potential to reduce or remove the need for purchasing the traditional CRM system. Using social media, SMEs can build up added value and long-term relationships based on a high customer engagement. It is expected that integrating social media in CRM processes will improve SMEs performance. SMEs need to effectively design and implement an sCRM strategy to incorporate social media in managing customer relationships with aiming to improve competitiveness by boosting customer satisfaction. Furthermore, SMEs should be aware of factors affecting the use of sCRM to improve their performance.  

According to Refs., researchers argued the potential of sCRM to improve the organisations’ performance. In addition, some researchers investigated the impact of adopting sCRM on the performance in terms of benefits for organisations and customer’s. Although, the studies that try to identify proper performance outcomes for social CRM raised in the recent years, the studies that empirically explored the impact of social CRM on performance suggest further research. In Refs., Harrigan and Sigala argued the need to identify more proper social CRM performance outcomes. Furthermore, Marolt and Puchar discussed the need for a comprehensive social CRM performance model. Accordingly, the impact of social CRM technology use on the company performance needs to be investigated and evaluated. Despite social CRM great potential, to date very limited attention has been paid to the relationship between social CRM adoption and performance amongst SMEs. Therefore, the objectives of this research are focus on Detect the factors influencing SMEs to utilize social CRM and Develop integrated model to achieve performance in SMEs through social CRM media.

### 3. Methodology

In this section, we present methodology this research which is based in couple of sections; (1) Social CRM Media and (2) Small and Medium Enterprises (SMEs). The details of both methodologies are given below:

#### 3.1. Social CRM Media

Social Media tools provide companies with a multi-directional mode of communication and interaction with customers rather than the one-directional communication based on channels such as e-mail and newsletters. Multi-directional implies that the communication and interaction is extended to be among customers, their friends and other web users, rather than only between company and its customers. Using social media, companies can access not only customers’ information, but also the profiles of customers’ friends, their activities, interests and relationships as well as company’s social media account followers’ information (as potential customers). The multi-directional mode of communication provides more access ability to more information compared with the existing approach of CRM. Currently, social media plays an important role in CRM. The integration of Social Media into CRM is referred as Social CRM or sCRM. According to Ref., Social CRM is a business strategy supported by social media tools to provide added value for organisations and their target customers. The most accepted definition of social CRM is the definition, which 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.” Social CRM (sCRM) is a complement of traditional CRM, so companies use traditional CRM systems to manage customer transaction data and use social media to share and communicate knowledge with prospects and customers. A company aims to use the potential offered by social media for CRM to build up added value and long-term relationships based on a high customer engagement.

Today, companies apply new strategies, conduct organisational change, and get new technologies to create competitive advantages. Social CRM helps companies to achieve customer retention by building trust, gaining
customer insights, and establishing customer loyalty.\textsuperscript{10} It involves customers in product/service development, and improves customer lifetime value.\textsuperscript{10,11} Social CRM enhances the company reputation, and lowers the cost of service with sCRM, staff from any functional department can respond to customer enquiry/feedback timely, accurate, and sensible response.\textsuperscript{14,21,24} This requires a trained staff from all units of the company to interact with customers. As the response come from multiple department of the company concurrently, the outcome is more trust and more information of customers' needs which results in customer loyalty and retention.\textsuperscript{8,25} In addition, customer communities can be involved to test ideas, products, and services.\textsuperscript{26,27} According to, Ref.\textsuperscript{28} Shokohyar et al. identified the sCRM capabilities for different functional areas of the company.

However, to utilize sCRM, the company should first identify its business needs and find the most appropriate social media tool.\textsuperscript{26} Companies should integrate social media into strategy, operations and decision-making. The company needs to have a convenient strategy to move beyond social marketing and exploit opportunities offered by social media in sales, customer services and e-commerce.\textsuperscript{30}

Technology use in the context of CRM has positive impact on the performance.\textsuperscript{31} Accordingly, social CRM is expected to improve the performance.\textsuperscript{8} Many researchers have argued that integrating social media with traditional CRM have a potential to improve the companies' performance.\textsuperscript{10,12} To transform to social CRM, the company should identify the objective and the performance measures.\textsuperscript{22,23} Companies should realize and assess the fitness of sCRM technologies to their tasks and the benefits of implementing these technologies.

3.2. Small and Medium Enterprises

SMEs can be identified by three main criteria; the number of employees, the annual turnover, and the assets.\textsuperscript{14} This research adopts the SME definition by the number of employees, so companies with less than 200 employees are SME.\textsuperscript{35} SMEs contribute active in every economy and towards the GDP. According to Ref.\textsuperscript{36} SMEs directly improves employment rates and generates income. According to the General Investment Authority (GIA), SMEs play a very active role toward achieving the major national economic objectives. They make the national economy diversified, promote locally sourced innovative products and services, and provide a more balanced economy growth.\textsuperscript{32} Due to the significant effect of SMEs as the most critical players for local economy, the idea of how the performance of SMEs could be further enhanced to gain the maximum benefits. Accordingly, this research concerns with understanding the role of sCRM on the performance of SMEs.

4. Literature Survey

This section presents the most related literature of the sCRM. First, the previous studies in the area of social CRM are presented. Then, the review concentrates on the studies related to the impact of sCRM adoption on the performance of the companies, more specific SMEs. In Ref.\textsuperscript{26} the author conducted a review study focusing on sCRM. It concluded that both scholars and practitioners agree on that sCRM is an extension of traditional CRM and the main objective is to increase customer engagement. However, scholars investigate the issues related to the theoretical concept of sCRM, while practitioners identify the challenges and opportunities of adopting sCRM. In addition, Lehmkuhl and Jung\textsuperscript{27} presented another review of the related literature from the scholars' point of view.

The studies categorized into four groups based on sCRM systems design components including organisational factors, processes, relationship lifecycle, and sCRM framework. Another review was conducted by the author\textsuperscript{38} with focusing on sCRM performance outcomes. The related studies were grouped based on performance measurement systems into four types: infrastructure, process, customer, and organisational performance. In 2015, a review study was conducted by Marolt and Pucihar,\textsuperscript{2} aiming to present a comprehensive view of sCRM adoption and its impact on performance outcomes. The reviewed studies categorized into three classes: the status of sCRM adoption, the factors influencing CRM adoption, and the impact of sCRM on performance outcomes.

4.1. Social CRM Adoption in (SMEs)

Several issues regarding sCRM adoption and its implications for performance outcomes need additional empirical investigation, and extensions of the existing models recommended. Furthermore, in the context of sCRM use, Woodcock et al.\textsuperscript{27} developed sCRM architectures by identifying individual features of sCRM technologies. However, actual use within companies not
investigated. Another study by Zablah, measured CRM technology use from an organisational perspective by exploring CRM technology features, with ignoring the social media perspective. In contrast, researchers examined social media technology from the customer perspective which means that companies use tools to communicate about several social media channels on different social media accounts. In Ref. researchers developed a reference framework to support management in the strategic planning to adopt sCRM.

Companies should first understand the applicability, opportunities, scope, and objectives of integrating the social media in CRM. The basis for sCRM demands and boundaries should be identifying, then, a structured and holistic planning approach should be followed. The proposed framework identified eight processes: readiness assessment, strategy development, value creation, multichannel management, information management, performance assessment, and project and change management. In Ref. the researcher explored network externalities as a potential predictor of sCRM adoption in organisations. The results supported the positive impact of network externalities on adoption of sCRM in business organisations. According to Ref. the organisations that implement new technologies without determining their level of readiness either fail at the implementation phase or do not get any ROI. Thus, a model is required for assessing readiness of organisations for adopting sCRM.

4.2. Factors Influencing CRM Adoptions in (SMEs)

Implementing sCRM in a company is a complex task that involves different aspects (organisational, human, and technological). Four main categories and dimensions, naming organisational, technological, human, and environment factors were identified as the factors affecting the organisation’s readiness in accepting sCRM. Company should be attentive of all the opportunities that social media brings, especially for the sales and customer service sectors, where social media have great potential. The company should be aware of all the opportunities offered by social media for departments where this technology has great potential such as sales and customer service.

In addition, companies should be aware of factors that influence the utilisation of sCRM towards improve the performance in terms of understanding customers’ needs, providing better services and products, and continuous interaction with customers. In addition, four main dimensions of factors that affect organisation’s readiness for sCRM including organisational, technological, human, and environment were identified. Furthermore, Orenga-Roglá and Chalmeta proposed a methodology to guide the process of sCRM adoption with reducing the risk of failure and the time of getting benefits.

The results showed that using the proposed methodology helps project managers to have a comprehensive view of the needs, scope, consequences and opportunities of sCRM. In addition, the proposed methodology allows managers to implement sCRM with less time and problems. In the context of SMEs,Yawised et al. explored the role and status of sCRM in SMEs. The status of sCRM adoption in SMEs in Australia, types of the used social media tools and the benefits and barriers of implementing sCRM investigated. The study revealed that the expected benefits of sCRM in terms of customer intention are doing not appear immediately. It concluded that the lack of knowledge of how to effectively implementing sCRM is a critical barrier to successful sCRM adoption by SMEs. In Ref. Ahani et al. examined the predictors of sCRM adoption by SMEs based on Technology Organization Environment Process (TOEP) adoption model. Furthermore, the influencing factors ranked based on the experts’ view of point. This can help managers or owners of SMEs to advance the adoption of sCRM in their firms, or plan to adopt sCRM by assigning resources according to the ranked factors.

In regards to the impact of sCRM usage on the performance, Sigala investigated the readiness of Greek tourism organisations for sCRM. The impact of sCRM on performance outcomes in terms of customer loyalty, customer profitability, quality levels, and company reputation examined. Furthermore, a performance evaluation framework was proposed by Malthouse, to provide guidelines for developing KPIs to measure the performance outcomes.

In addition, Trainor provided evidence of the positive impact of sCRM capabilities on customer satisfaction and customer loyalty as performance measures. Although, Choudhury and Harrigan did not support the relationship between customer engagement through sCRM and customer relationship performance, they found a link between relational information processes
and customer relationship performance. This implies that sCRM can improve customer relationship performance. In contrast, Harrigan did not provide an evidence of the existence of relationship between relational information processes and customer relationship performance. This confirms the need for suitable performance measures and development of more comprehensive sCRM performance measures.

Furthermore, authors proposed a sCRM performance dimension model based on the resource-based view (RBV) and the dynamic capabilities perspective. Valuable insights into relevant sCRM capabilities for infrastructure and process performance dimensions were provided. In addition, new and validated definitions of infrastructure and process components related to sCRM introduced. Moreover, authors proposed sCRM performance model by examining the link between four dimensions of sCRM performance including infrastructure, process, customer, and organisational performance. The results showed that infrastructure performance has an indirect link, process performance has a direct link and customer performance does not have any association with organisational performance.

4.3. Effective of Social CRM on (SMEs) Performance Outcome

sCRM has capability critical role to improve firm performance by demonstrating the moderating role of social media usage, which amplifies the positive impact of sCRM capabilities on firm performance. In Ref., Wang and Kim investigated the impact of social media usage on CRM capabilities and business performance. Social CRM capability to improve customer engagement and firm performance was confirmed through examining a model that integrates the RBV and dynamic capabilities theory frameworks. Moreover, Charoensukmongkol and Sasatanun examined the link between the sCRM usage and the business performance satisfaction in Thai microenterprises. The results revealed that the intensive use of the social media for CRM results in higher entrepreneurs’ satisfaction with their business performance. This relationship is moderate by entrepreneurs’ social competency. Furthermore, Diffley and McCole developed a model to examine the key factors of the social CRM process. More specific, chain-of-effects that occurs because of the social CRM process to enhance the levels of Irish hotel performance were addressed. Results revealed that the social CRM process enhances hotel service innovation, which affects the ability to develop a customer-linking capability, resulting in higher levels of customer performance.

In Ref., Askool and Nakata explored the current status of sCRM adoption in banking industry in Saudi Arabia. The adoption of sCRM from perspectives of businesses and customers investigated. Based on the TAM model, a model proposed to identify the factors influencing sCRM acceptance. Factors such as familiarity, caring behavior, sharing information and perceived trustiness integrated in TAM to generate cognitive view about the relationships between employees and customers. However, the proposed model was not tested empirically. Furthermore, authors proposed a conceptual model based on Technology Organization and Environment (TOE) framework to examine the intention to adopt social CRM by Saudi banks. The results showed that technology infrastructure and competitive pressures are the most influential drivers to adopt sCRM, whereas, IT skills, security concerns, and organisational structure tend to hinder social CRM adoption. In Ref., Alqahtani and Saba examined the need for adopting sCRM in the context of tourist industry in Saudi Arabia based on the awareness, attitude, and perception of the Saudi people to tourism inside the country, and the service delivery and customer satisfaction of the Saudi Commission for Tourism and Antiquities (SCTA). A framework proposed to recommend introducing the social CRM strategy to involve the Saudi people into the process of implementing tourism services including designing, planning, execution, and delivery. Furthermore, Saleh examined the relationship between the use of social media and customer relationship development in telecommunication service sector in Saudi Arabia. Three factors associated with customers on social networks were identified (trust and loyalty, service assessment, and information engagement). The results showed that, trust, loyalty, and service assessment influence customers’ use of social media for interaction with the company.

The study recommended adopting sCRM by telecommunication companies to leverage the effectiveness of CRM, and to develop customer service skills of their staff in charge of social media. The results confirmed the link between the customer crowd source and sCRM.
5. Integrated Proposed Model (IPM)

Many issues should be considered when organisation adoption new technology. The decision to use a new technology involves many risks. Thus, developing a model that can help examining the fitness and the appropriateness of this technology for the intended context requirements is valuable. The application of a new technology or system concerns not only with the features of technology, but also takes in consideration the readiness of the context. The architecture of the proposed model is shown in Figure 1. It shows the methodology that we have followed to examine the relationship between social CRM media and performance outcome in SMEs. Details for each stage are discussed as follows.

Fit Viability Model (FVM) involves technology features (fitness) and organisation readiness (viability). Moreover, FVM is an extension of TTF which defines factors predicting use of technology and the performance. In other words, the factors that affect the success of sCRM should be identified based on the fit and viability, so the performance of SMEs can be enhanced.

Furthermore, in the context of sCRM, reviewing the literature shows that RBV and network externalities theories are widely accepted and verified. The RBV emphasizes that for businesses, to have competitive advantage they should possess and have control of valuable, rare and non-substitutable resources. Regard to CRM, resources may include technological, business, and human resources which can be purposefully combined to develop CRM capabilities. These capabilities can enhance the performance. Based on RBV, performance can be enhanced by integrating technological resources with other resources. On the other hand, network externalities highlights that the value of a technology depends on the larger network of technology users. This applies to social CRM because the nature of social media which allows to engage a large number of users.

Accordingly, by considering the definition of “Viability” which is the extent to which an organisation is ready to implement a new system or adopt a new technology in terms of possessing the required resources, a link between the RBV and viability can be proposed. Furthermore, the network externalities can affect the fitness of social CRM to SMEs task requirements in terms of high customer engagement. Therefore, a holistic model proposed that integrates network externalities and RBV theories with the FVM to address the factors related to utilizing sCRM to improve the performance of SMEs.

6. Discussion

Though there are research and discussion conducted in the field of sCRM is amply available, but most of the research found was on the adoption of sCRM in
organisations, and little research done in the context of SMEs. Moreover, some studies investigated the impact of sCRM on the performance of the organisation. To the best of the researcher’s knowledge, this study is among the first empirical works that empirically investigates the adoption of sCRM to enhance of SMEs. However, these studies proposed measurements to measure the performance after utilizing sCRM. More research and testing is required to gain a better understanding of the predictors and factors influencing the use of sCRM towards enhancing the performance, more specific in the context of SMEs.

7. Conclusion

Organisations remain competitive by using social media platform CRM to their advantage. The use of customer-preferred tools becomes critical for companies to acquire and retain such as customers. Despite sCRM great potential, to date very limited attention has paid to the relationship between sCRM adoption and performance among SMEs. Therefore, a holistic model is proposed that combines network externalities and RBV theories with the FVM to address the factors related to utilizing sCRM to improve the performance of SMEs. However, the proposed model still needs to be implemented and tested in empirical reality.

As a future research, we must adopt a quantitative method through a cross-sectional field survey for implementation of this IPM and measure the influence of the factors related to sCRM adoption for enhancing the performance in SMEs.

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