Strategic Direction

Emerald Article: A more equal footing: How social media have transformed customer relationships

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A more equal footing

How social media have transformed customer relationships

N ew phenomena come and go on a frequent basis. But every now and then something with true game-changing potential comes to the fore. The business world is rarely immune to any reverberations that ensue.

Why social media matter

Few would argue that social networking is the latest addition to this category. The unrelenting global expansion of Facebook and Twitter is testimony to that fact. User numbers for these platforms alone are now measured in hundreds of millions. As a result, massive scope exists for organizations to exploit social media as a means of productively engaging with consumers.

Given the size of the captive audience, many firms have not surprisingly jumped on the social networking bandwagon. A fear of being left behind is also a motivating factor. However, simply establishing a presence on key sites provides no guarantee of success. Making it fruitful demands significant effort on a company's part, together with the realization that traditional approaches to customer relationship management (CRM) are all but redundant in this online world.

The previous norm saw organizations setting the agenda to maximize returns from the associations formed with their customers. Not anymore. The immediacy and sway of virtual networks has generated a notable power-shift and consumers now call most of the shots. Any interaction takes place on their terms and marketing claims are no longer accepted unreservedly.

Collaboration is king in this new order where a firm's role is to facilitate rather than manage. And instead of attempting to dictate to consumers like in the past, it is more important than ever to acquire knowledge of what they value and desire from the relationship. Such effort can prove worthwhile though. Organizations willing to adopt new ''social CRM'' strategies might better understand how to connect productively with consumers through social media platforms.

Online habits die hard

It is clear, however, that many companies still have much to learn. For instance, an assumption prevails among the business fraternity that seeking out brands is a key reason why consumers join social networking sites. In reality, that is rarely the case. Social media exist to enable closer engagement with family and friends. Personal connections have always mattered most and anything else is principally an afterthought.

So why don't people want to connect with brands online? For some, it is the old chestnuts like spam and privacy concerns. That others are simply dissatisfied with the brand in question should be heeded as a wake-up call. Many of those who are willing to engage have already established some affinity towards the brand through previous encounters.

And which brands are most likely to appeal? Ones that are open and honest in their communications. Somewhat predictably, a fair proportion of companies believe they are sufficiently transparent in how they relate to customers. Others are perhaps more candid about the unsuitability of their organizational culture. The key factor is that all firms must recognize that sincerity is crucial if they are to secure consumer trust.

Identifying customer needs

When it comes to understanding what customers want from brands, the room for improvement is considerable. Some organizations remain arrogant in their belief that people use social media to connect with brands and become part of their communities. The reality is quite different in most cases. Users are beginning to appreciate the value of their time, personal data and support for a brand. And since there is no such thing as a free lunch, they quite naturally seek rewards such as discounts and vouchers. Customers also interact in order to buy products and services, and like to access relevant information and reviews to enrich their purchase decision-making. A degree of emotional connection to a brand can materialize, although this is rarely a primary basis for engagement.

Best positioned to state what customers value are customers themselves. What firms should do is find creative ways to extract this information. Online polls, feedback and challenges are ways to garner the necessary insight, whilst providing the added bonus of increasing interaction levels.

In order to better identify with customers in the social media context, brand managers must learn to think like one. Doing so will also enable them to realize the significance consumers place on the opinions of family, friends and others within the online communities they frequent. A recommendation from these sources will often tip the balance in favor of making a purchase. This fact has not escaped the notice of alert operators who have successfully designed social media programs that resonate emotionally with customers to an extent that they rush out to inform others of their experiences.

Which consumers should be targeted is another important issue. Companies need to be aware that the social networking community is not a homogenous one. Users differ in their degree of participation. At one end of the spectrum are a small percentage who post messages frequently and comment on what others have to say. A larger number of users take a voyeuristic approach and merely observe without posting or making any active contribution to discussions. In the middle are those who sporadically participate. This category accounts for around three-quarters of account holders.

Targeting users accordingly is the obvious way to go and smart organizations recognize this. The logical approach is to identify and interact with regular contributors, with the aim being to persuade such users to become ambassadors for the brand. Since it is reasonable to presume that this category will incorporate the most influential participants, the wisdom appears sound enough. Significant potential also exists to engage with other users, especially those inclined to make the occasional contribution.

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A new trade window

Businesses which get it right are already realizing that social media offer great scope for commerce. Delta Airlines is one perfect example. The company observed that many of its clients use Facebook during flights and has consequently launched a program that enables people to book flights via this social networking platform without visiting its own website. Cold Stone Creamery similarly exploited Facebook to spectacularly boost sales. This ice cream franchisee introduced a scheme for consumers to purchase a personalized e-Gift through the Facebook site. The transaction process is straightforward and highly secure and recipients can print the voucher and redeem it for a customized flavor in any US store.

Social media should be part of an integrated approach to enhancing the customer experience. Rather than being a discrete program, it needs to operate in tandem with other important customer touch-points. Nevertheless, organizations should still recognize how social media differ from other communication channels, not least because of the interaction they can generate.

Comment

The review is based upon: ''From social media to social customer relationship management'' by Carolyn Heller Baird and Gautam Parasnis. The impact of social media on customer relations is explored in detail within this article. Baird and Parasnis argue that the phenomenon has served to empower consumers and changes the face of customer relationship management (CRM). The interesting account also points notes the common misconceptions that exist about why people use social media. Suggestions as to how organizations can utilize the channel to engage more effectively with their customers and identify commercial opportunities are offered.

Keywords:
Social media,
Customer relations,
Communication

Reference

Baird, C.H. and Parasnis, G. (2011), ''From social media to social customer relationship management'', *Strategy & Leadership*, Vol. 39 No. 5, pp. 30-7, ISSN 1087-8572.

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