
Original Article

Is SCRM really a good social media strategy?

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ABSTRACT With the growth of social media, some customer relationship management (CRM) practitioners advocate adopting social CRM (that is, SCRM) strategies. However, what is sometimes proposed is nothing more than the rehashing of old ideas such as one-to-one communication, relationship marketing or customer engagement applied to social media. Such thinking misses the crucial point that social media is about people interacting with each other (in a community). To develop a good social media strategy, it is important to realise that technologies are now allowing people to quickly connect, converse, create and collaborate with each other. Organisations forging new social media strategies should take this into account and not necessarily be tied to activities associated with their current (and possibly ineffective) CRM system.

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INTRODUCTION

There is no doubt that the rise of social media (SM) is now forcing companies to rethink their business strategy.¹ For this reason we need to understand how business processes may have to adapt. With respect to customer relationship management (CRM), recently, two articles on SM were published in the same issue of this journal offering two very different perspectives. The first article by me, Ang, discusses the idea that simply adding the social element to CRM and then labelling it as SCRM (that is, social CRM) is misleading.² In contrast, the second article, by Woodcock *et al*, discusses the exact opposite.³

The aim of this article is to reflect on these differences and in the process deepen our understanding of what exactly constitutes a good social media strategy. The fact that these two articles appeared in the same issue also encourages comparison. We will begin with basic definitions of SM and strategy, before contrasting more sharply the differences between the two articles.

WHAT IS SOCIAL MEDIA STRATEGY?

According to the Oxford Dictionary, SM is defined as ‘dedicated websites and applications used to communicate with

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other users, or to find people with similar interests to one's own'.⁴ SM includes sites and applications like blogs, forums, Twitter, Facebook, Bebo, LinkedIn, TripAdvisor and so forth. Michael Porter defines strategy as 'the creation of a unique and valuable position, involving a different set of activities' (p. 68).⁵ To Porter, strategy is more than just being efficient; it is also being different, to the extent that organisations are able and willing to perform a set of coordinated, reinforcing and optimal activities that sustainably set them apart from their rivals. If we accept these definitions, then social media strategy, at a basic level, means companies adopting a configuration of activities using SM to create value and set themselves apart from their competitors.⁶ With these basic notions in mind, I will now examine more closely the differences between the two articles (Table 1 summarises these differences).

Community-centric versus CRM-centric

The first difference is the emphasis placed on how SM users should be managed. Ang's view is that SM users are not necessarily customers, nor do they want to be. They value their relationship with each other (within their community) and dislike anything commercial to impinge on this social space. All this makes converting SM users to customers a real challenge, especially if one cannot identify these users. For these reasons, I suggest that the term SCRM is a misnomer. The key is to manage a community of users (including customers), which I have termed CoRM (community relationship management). I then show how some organisations are already doing this, illustrating the point with seven different successful applications.

Woodcock *et al* on the other hand take the opposite view. In their article, they emphasise the importance of customers and the company's existing CRM system in developing an SM strategy. More

Table 1: Principal differences between Ang (2011) and Woodcock *et al* (2011)

Ang (2011)	Woodcock <i>et al</i> (2011)
Community-centric	CRM-centric
Many-to-many interactions within a community	One-to-one communication between customers and organisation
Engaging with each other	Engaging with organisation

importantly, they insist that SM should be predominantly about this. For instance, on p. 52, Woodcock *et al* explicitly state, 'SCRM (social CRM) is about customers'. They also argue that SM should be 'harnessed' using existing CRM systems, implying that CRM must come first before SM can be effective. On p. 50 and again on p. 63, they claim, 'Harnessing with customer relationship management, social media can deliver financial benefits to companies no matter what sector'. And again on p. 54, they state, 'SCRM supports the whole customer management strategy and lifecycle. It should lead to increased sales and decreased costs'. Unfortunately, evidence on how SM can lead to this universal financial benefit for all sectors when it is 'harnessed' with an existing CRM system is not given.

For SM to be 'harnessed' by an existing CRM system, organisations must be able to identify SM users, whether they are customers or not. Only then can the strategic, operational and analytical modules of the CRM system be effectively deployed.⁷ However, identification of SM users is not always easy. For instance, anyone with a Twitter account can fire off a tweet about a brand in total anonymity. This is a major obstacle for SCRM, as Woodcock *et al* clearly acknowledge: 'SM data and tools will need to be integrated into traditional CRM systems to paint a full picture of a consumer's behaviour' (p. 59). If this is the case, can universal financial benefits of SCRM be attained?

Paradoxically, if indeed the identity of SM users can be uncovered or known

(perhaps an existing customer), why waste resources using SCRM? For instance, Woodcock *et al* argue that companies can use SCRM ‘to get to know the behaviour, attitudes and feelings’ of high-value customers (p. 56). Should a company not already know who their high-value customers are (through analytical CRM)? If so, why bother using SM to find out about the attitude and behaviour of these customers? Companies should already have this information – unless of course their current practice of analytical CRM (or simple marketing research) is deficient. If so, adding a social media component to it (that is, SCRM) will not help.

Woodcock *et al*'s claim of harnessing CRM to SM also ignores the fact that companies (across all sectors) have different competencies in using their CRM system. Not all companies are equally good at implementing or using their CRM system.⁸ In fact, Woodcock *et al* themselves pointed out the high failure rate of implementing CRM systems. If this is the case, then one's SM strategy is also likely to fail if it is ‘harnessed’ to such a CRM system. Furthermore, it should be noted that SM is still new, and many organisations are still struggling to understand how it can be effectively implemented.⁹ Given this, one could in fact argue the opposite – that is, that organisations, on average, are not likely to achieve any financial gain with its SM strategy.

Although I do not emphasise much about business strategy in my article, the implicit assumption is that it pays to first understand how consumers use SM. I suggest that the rise of SM is partly a result of our desire to connect, converse, create and collaborate with each other. I then outline seven applications of how companies can benefit from this knowledge even though an SM user is not necessarily a customer. All this has little to do with CRM, but simply a rethink of how basic marketing activities need to be reconfigured to achieve competitive advantage. Finally, it

is interesting to note that even the editors of a special issue of the Customer Relationship Management magazine on social media question who ‘owns the social customer’ (p. 21).¹⁰

Many-to-many interaction versus one-to-one communication

Woodcock *et al* seem to associate SM strategy with one-to-one communication. For example, in Box 1 (p. 52), Woodcock *et al*³ cite the example of Proctor & Gamble (P&G) having brands on Facebook as a form of SCRM strategy because it allows companies to communicate with individual customers (that is, one-to-one communication). This comment is in line with CRM as its roots lie in relationship marketing. However, by emphasising one-to-one communication, they overlook the real reason why social media exists: the emergence of many-to-many interactions (not just communications) in an increasingly networked society.¹¹ That is, SM allows users to connect, converse, create and collaborate with each other. While it is true that SM digital technology can still be used to communicate with customers, the *raison d'être* of SM is people-to-people interactions (that is, many-to-many), not just one-to-one communications between the organisation and customers.

This is an important point: if companies are encouraged to largely think of SM as a platform for one-to-one communication with their customers, then nothing will have changed since the 1990s when the notion of one-to-one communications first became popular.¹² Why then bother with SM? Such a mindset also relegates SM to yet another form of direct marketing medium, albeit a new one.

Engagement with each other versus engagement with company

Woodcock *et al* also discuss at length the role of engagement, trust and commitment

in SCRM (see pp. 55–57). What is curious is that Woodcock *et al* only see the concepts of engagement, trust and commitment occurring between organisations and customers, attributable presumably to the social component of SCRM (that is, the ‘S’). However, note that the ‘social’ component of SM is also between users themselves. If there is engagement, trust and commitment in SM, it is more likely to exist between people within the community. Many consumers do not want to have a relationship with an organisation, let alone a social one. In fact, most social networking relationships are personal rather than professional in nature.¹³ Moreover, only a miniscule section of SM users (3 per cent) are active fans of a particular brand, company or product.¹⁴ Thus, the key is to manage a (larger) community of users (including one’s customers). To express this more succinctly, people would rather be social with their friends and acquaintances (digitally enabled through SM) than with an organisation.

Finally, Woodcock *et al* seem to equate engagement with corporate branding. In Box 3 (p. 55), they cite how P&G gained greater efficiency with the use of corporate branding during the Winter Olympics. However, using corporate advertising to reduce cost is a well-known tactic as it helps spread the cost of media over many brands.¹⁵ This has nothing to do with customer engagement, trust or commitment. Even if SM can be used to engender these feelings, it is not the main reason for media efficiency.

CONCLUSION

Although the main aim of this article is to highlight the differences between Ang and Woodcock *et al*, the more serious objective is to question at a deeper level whether SCRM, as espoused by Woodcock *et al*, is indeed a good social media strategy. In the process, this article hopes to provoke more

careful thinking of what constitutes a social media strategy.

So what is social media strategy? It simply means an organisation configuring a set of activities involving dedicated websites or applications to help users interact with other users, or to find people with similar interests, and in so doing create value and competitive advantage for itself. As these SM users may not be one’s customers (and some are even ex-customers), organisations can still achieve this differential advantage if they know how to reconfigure their business practices, as illustrated by Ang with marketing research and public relations, nurturing opinion leaders or advocates, placing and creating advertisements, developing new products, lowering the cost-to-serve, building brand loyalty and sales, and amplifying buzz and visibility.²

Finally, if CRM consultants want to espouse SCRM as a good social media business strategy, they should ideally tell us what assortment of social media activities an organisation must adopt to set it apart from competition. Furthermore, as SCRM strategy is CRM-related, they should also spell out coherently (and logically) how this configuration of new activities differs from existing CRM activities. Only then will their contribution be insightful. On the other hand, if we think that social media represents a paradigm shift – as we move into a highly networked society¹¹ – why be ‘harnessed’ by a (possibly ineffective) CRM system?

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