ROLE OF SOCIAL MEDIA IN CRM: A STUDY ON E-RETAIL SECTOR IN INDIA

Madhu Kiran V
Alliance University, Bangalore India.

Abstract
Customer relationship management (CRM) is a tool which is used to refining customer relationships by aiding in customer retention, customer expansion and building up the sales curve thereby leading to maximization of profits. The key constituents of customer relationship management comprises of a mix of traditional as well as novel tools such as marketing campaigns, market research analysis, cloud, mobile tools such as apps and social media.

The present day tech savvy customers have access to a plethora of tools to choose from to manage their customer issues and they may resort to by tweeting their concerns, resorting to emails and phone service. More recently social media is fast gaining ground amongst the tech savvy customers and this trend is now effectively used to feel the pulse of the customers. Organizations especially the e-retail sector is banking on social media to gain customer insights so as to gain more information on customer preferences. Social media in CRM involves business engaging customers directly through social media platforms, such as Facebook, Twitter & LinkedIn.

There exists plenty of literature on role of social media in CRM however it is observed that not much of literature is available pertaining to e-retail sector in Indian markets in particular. There is dearth of literature on role of social media in CRM in the e-retail sector in India, This research paper aims to fill this literature gap and study the role of social media as a CRM tool in India.

Key Words: Social Media, Customer Relationship Management, E-Retailing, Sales, Customer Retention, Consumer Behavior.

Introduction

The customary strategy of customer relationship management is based on the usage of several traditional methodologies to extract customer related data. Some of these methodologies are the company's website, the retail shops which sell their products and customer care centers. The pressure to know and be with the customer has always been a top priority with company's worldwide since it's important for them to feel the pulse of the customers in order to survive in the market. Internet penetration in urban India was 64.84% in December 2017 as compared to 60.6% last December 2016(Source: TOI Feb 18). In comparison, rural internet penetration has grown from 18% last December to 20.26% in December 2017. The social network penetration in India from 2015 to 2022 is also worth a mention. In 2019, it is estimated that **18.86 percent** of the Indian population will be accessing social networks, up from **14.64 percent** in 2017.(Source: Social media penetration in India 2022). The social media is a very powerful environment since in this platform customer has the supremacy to influence others in their chain of social network thereby playing a substantial role in institutingcommunity opinion. This is apparently the reason why social media has been widely used as a tool for customer relationship management by company's with the belief that tapping customer attitudes over social media would significantly transform the way business will flourish. This research paper primarily focuses on the role of social media in CRM with specific reference to the e-retail segment of e-commerce. The study also focuses on the various paradigms by which social media is leveraged by e-commerce companies in India. The study further evaluates case study of Amazon to further understand the facets of social media and CRM. The research methodology is purely exploratory research and no primary data has been used for the same. Data is gathered from various secondary resources such as research journals, websites, and internet portals.

Literature Review

In business nowadays, companies inevitably face tremendous challenges, such as the high competitive rivalry among existing firms, the unpredictable changes in consumption trends, and more sophisticated customer demands (Porter, 2008).While the traditional CRM, implemented through computerized software and database systems, is commonly adopted by large corporations, there is evidence that social media such as Facebook and Instagram have also become an emerging trend in facilitating the implementation of CRM activities by small firms (Malthouse, Haenlein, Skiera, Wege, & Zhang, 2013; Trainor,Andzulis, Rapp, &Agnihotri, 2014; Woodcock, Green, & Starkey, 2011).In a general sense, CRM can refer to the utilization of customer related information or knowledge to deliver relevant products or services to consumers, in order to improve customer retention through the effective management of customer relationships (Bull, 2003; Levine, 2000). Ryals and Payne (2001).Recent studies have proposed that social media technology can provide the opportunity for microenterprises to implement CRM activities (Malthouse et al., 2013; Trainor et al., 2014; Woodcock et al., 2011).In recent

research, the contributions of social media are also supported empirically by the study of Trainor et al. (2014), which found that the intensity of social media application in business positively and significantly links to higher financial and non-financial performance.

Social Media and CRM in E- Commerce

Customer satisfaction is one of the major corporate goals. The contemporary business world relies heavily on customers and the importance of retaining customers and getting new customers is significant. There are huge costs involved in finding new customers and these costs cannot be undermined. Thus to retain the existing customers businesses need to get a clear insight into customer behavioural patterns and align their businesses in ways that can best serve the ever demanding customer of today in addition to a multitude of benefits such as improved revenues, better internal communication with customers fostering customer loyalty and retention. A good CRM tool pitches on the both the sales and customer delight. Several tools are used by companies the world over to get the relevant data on customers such as SAP, Oracle, Salesforce etc. However, these software's are used by large corporations. In addition to these novel tools social media is predominantly used by many company's to get insights into customer data and stay connected with the customer.The integration of social media with CRM is done by engaging customers directly through social media platforms, such as Linkedin, Twitter, you tube, instragram etc. Social media offers an open platform wherein customers can voice their experiences, opinions about the brand good or bad.As a value addition to this process certain social media tools are used to keep track of these conversations analyse them, and even focus on addressing customer related disputes and enquiries. Companies are fascinated in apprehending customer sentiments so that they can design and develop business strategies to better suit the customer. Companies often club the data obtained from sales department along with social media inputs to get a deeper insight into customer tastes and preferences.

CRM and E- Retail

The spiraling growth of e-commerce in the recent times has given social media CRM a new dimension. According to a joint study by ASSOCHAM- Deloitte the digital ecommerce market in India is anticipated to cross $50 billion mark by the end of 2018 on account of the ever increasing internet population and online shoppers pegged at $ 38.5 billion. This reflects the fierce competition that arises between online retailers and thus fueling the need to have a suitable and customized CRM that would not only improve customer experience online but also help in unearthing the required type of data. E-commerce companies have been able to bridge the service gap considerably by sending service updates and other communication via their mobile app, e-mail, and SMS, adds the joint study.Customers can get alerts, view product catalogues, purchase and pay with a simple mobile application offering a compelling user experience. Also, from mobile usage, the e-tailers get valuable customer information which can be used for analytics to improve their services and sales. The potential is vast and still unexplored.

Case Study :Amazon.com Inc

Amazon.com, Inc is an American electronic commerce and cloud computing company based in Seattle, Washington that was founded by Jeff Bezos on July 5, 1994. Since its inception the company has made tasted success in the e-commerce platform. The shooting success of Amazon is indeed magical and Amazon has managed to wriggle its way into every aspect of its customers day to day lives from books to kitchen knives and grocery. Its believed that Amazon handles information on its social media platform in a very strategic manner at a stage much ahead of its rivals could even think of pitching in. The company is very customer friendly and heavily relies on facebook, twitter and amazon to stay connected with its customers. The Review System at Amazon is one of its kind. Customers are free to post in their reviews before and after the purchase which can be done by either giving a star rating or write a unedited review about the product. These reviews can be shared with the seller and the same is reflected on their site unedited. Customers are further allowed to share their experiences on facebook, twitter and pinterest and are even given the freedom to upload videos of their experiences.

Customer reviews producecandid consumer interaction on social media thereby making the whole process consumer – driven . More so customers can also get connected with their preferred sellers and can buy and sell products. Customers further can connect with their fellow reviewers and share their views. Amazon has permitted moderation by letting customers vote to measure the usefulness and relevance of the reviews. Customers can even follow- up on the discussion threads . Amazon had been following this strategy since the beginning of its online presence and it has been doing so till date and it has succeeded in roping the online customers to its advantage. So, perhaps having a first mover advantage and consistency over the years is the success factor in managing customer reviews. Promotional activities on social media is even more enchanting. When products are posted on social media or on its own portal amazon quickly replies to the queries posted by its customers. These conversations not only create brand value but also makes the customers feel valued. Further

there are a whole lot of contests, sales packages and a whole plethora of offers that reflects the idea of "something for everyone".

Conclusion

This research paper is based on secondary data and no primary data is used. There is scope for further research and maybe a questionnaire method of survey can be undertaken to analyse customer preferences for the brand and even a comparative study on leading e-retail brands can be conducted to get deeper insights into the topic under consideration.

References

1. Bull, C. (2003). Strategic issues in customer relationship management (CRM) implementation. Business Process Management Journal, 9(5), 592-602.
2. Malthouse, E. C., Haenlein, M., Skiera, B., Wege, E., & Zhang, M. (2013). Managing customer relationships in the social media Era: Introducing the social CRM house. Journal of Interactive Marketing, 27(4), 270-280.
3. Porter, M. E. (2008). The five competitive forces that shape strategy. Harvard Business Review, 86(1), 79-93.
4. Payne, A., &Frow, P. (2005). A strategic framework for customer relationship management. Journal of Marketing, 69(4), 167-176.
5. Woodcock, N., Green, A., & Starkey, M. (2011). Social CRM as a business strategyJournal of Database Marketing & Customer Strategy Management, 18(1), 50-64.
6. Trainor, K. J., Andzulis, J., Rapp, A., &Agnihotri, R. (2014). Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM. Journal of Business Research, 67(6), 1201-1208.

Internet References

1. Times of India: https://timesofindia.indiatimes.com/business/india-business/number-indian-internet-users-will-reach-500-million-by-june-2018-iamai-says/articleshow/62998642.cms.
2. Statistica: https://www.statista.com/statistics/.../share-of-indian-population-using-social-networks/.