



Microsoft Dynamics® CRM

CRM and Social Networking: Engaging the Social Customer

White Paper

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Introduction

Overview

As social networking sites explode in popularity, the hype and interest continue to build. Facebook alone topped 200 million users in 2009 (Wauter 2009). But sorting the fact from the hype can be a challenge. Social networking at a high level is described as the convergence of technologies that make it possible for individuals to easily communicate, share information, and form new communities online. But the big question today is not what social networking is, but rather what it means for businesses.

While social networks began as the province of individuals, businesses are now trying to capitalize on this trend as they search for specific strategies and tactics to derive value from it. In fact, Gartner Research shows a large increase in investment in social networking by businesses (Metz, 2008).

Used effectively, social networking sites can enable marketing professionals, salespeople, and customer service agents to develop meaningful relationships with customers in new ways. But the true value from social networking can't be achieved in isolation. Rather, organizations need to take stock of their core business processes and customer management initiatives and identify how social networking can further enhance and extend those initiatives. This paper discusses tangible ways that organizations can extract measurable business value from social networking by leveraging it in conjunction with Customer Relationship Management (CRM) solutions.

What does social networking mean for business today?

Unlike other communication mediums, social networking sites not only provide the ability for users to communicate with each other but also enable users to find like-minded individuals. Once they discover each other, members can form ad hoc communities based on their mutual interests. Multiplied many times over, these individuals become the new power behind the old saying, "power of the masses." Thus social networking sites help shift power from the company to the consumer as the masses are able to channel and exert their influence.

As social networking sites continue to grow in popularity, firms can no longer solely rely on traditional mediums (print, radio, TV, etc.) to enforce public perception of their product. Conversely, these new communication channels also provide organizations with a way to discover and maintain a persistent connection with their most vocal constituents. By harnessing this social networking information organizations can use it to help identify their most influential consumers, drive participation in product development, and improve brand sentiment.

While some organizations may still question the business relevance of social networking, un-monitored conversations that impact their business are likely occurring online right now. *And as many companies have learned, it is important to be involved in those conversations.* In this case, ignorance is not bliss. Ultimately, social networks should be viewed as a channel that organizations need to monitor and engage in.

The Intersection of Social Networking and CRM

What does social networking have to do with CRM?

At the heart of any business are customers, and social networking represents an opportunity to build even more mutually rewarding and candid relationships with those customers. But for organizations to realize tangible business benefits, they need to better plan, manage, and measure their social networking efforts. This is precisely where CRM intersects with social networking.

Adam Sarnier, Gartner analyst, contends that in social networking, "CRM is where you are going to see the ROI in the business model as opposed to anywhere else. It's all about connecting and engaging in new ways with

customers,” (McKay 2009). This isn’t surprising. Customers using social networks want meaningful engagement with companies. And businesses want a way to manage and measure their forays in social networking.

When social networks and CRM work together well, businesses gain the ability to better listen to customer conversations and engage social customers on their own terms while managing and measuring their efforts to do so. Social networks, by bringing in otherwise untapped and unmanaged online conversations, also help organizations get closer to a true 360-degree view of the customer so they can further optimize their marketing, sales, and customer service efforts.

A combined strategy for richer customer interactions

The combination of social networking and CRM provides an enormous opportunity to enrich customer interactions and give businesses a way to manage and measure how they use social networking while successfully engaging social customers. A Gartner Research report calls social networking a “disruptive influence” on the CRM market, challenging companies to innovate and adjust (Metz, 2008). There are, however, some basic strategies that can help organizations better leverage social networking as part of their overall customer management strategy:

- **Treat social networking as a new channel within CRM.** Many companies already use CRM solutions to manage customers, contacts, interactions, and communications, so it makes sense to continue to use customer management tools when these activities move into social networking channels.
- **Enhance and extend CRM through social networking.** While social networking activities can be considered as an additional channel in CRM, they also extend and enhance the capabilities of CRM with new ways of engaging customers and managing conversations.
- **Play to the strengths of both CRM and social networks.** Use CRM and social networking sites together to better listen to customers, analyze information, and respond to customers in a way that’s meaningful to them.

Social Networking Accelerator for Microsoft Dynamics® CRM

In order to help businesses implement these strategies, Microsoft offers the Social Networking Accelerator for Microsoft Dynamics CRM. Accelerators for Microsoft Dynamics CRM are add-on modules developed to address specific business needs. The Social Networking Accelerator allows Microsoft Dynamics CRM users to discover online conversations, identify influential people, and engage with them on social networking sites using their customer system of record—Microsoft Dynamics CRM.

Additionally, the Social Networking Accelerator for Microsoft Dynamics CRM includes the same easy-to-use interface and industry leading analytics that allow organizations not only to capture data but also make sense of it.

With the Social Networking Accelerator for Microsoft Dynamics CRM, marketing professionals can identify their most influential advocates and better manage the brand. Sales professionals can discover new leads and zero in on key data points, and customer service agents can proactively identify and address issues.

Social Networking for Marketing

Perhaps the biggest benefactor of social networking is the marketer. Social networking provides marketing organizations with new insights into their brand, innovative ways to execute and track grass-roots marketing programs, and new methods to turn fragmented online conversations into actionable insights. To do so, though, organizations will need ways to monitor, understand, and participate effectively in those conversations and leverage them in conjunction with existing marketing programs and processes.

Increase brand awareness

The first step in engaging social customers is to listen to what they're saying. While social networking sites provide a rich source of customer opinions and attitudes, the challenge is to capture this information in a useful form and in a way that benefits the business.

The Social Networking Accelerator for Microsoft Dynamics CRM can help organizations increase the awareness of their brand and products and improve market sentiment by:

- Identifying key influencers in each product area to increase brand awareness.
- Automatically tracking public online conversations of interest within the customer system of record.
- Rating and tracking the sentiment of specific social networking conversations.
- Tracking online reaction to new announcements or developments.
- Keeping track of competitors by monitoring their public online conversations.
- Using social networks as a source of market research by creating online focus groups.

Better leverage online channels

Social networks can also provide an excellent opportunity for grass-roots online marketing initiatives. Because social networks tend to be egalitarian and informal, they have the potential to appeal to customers at a personal level in a way that's difficult through traditional channels.

Marketing via social networking sites, however, does not replace traditional marketing. Instead, it should be treated as an additional channel with its own unique characteristics that complement other marketing efforts, an approach that can ultimately enhance the effectiveness of all channels.

The Social Networking Accelerator for Microsoft Dynamics CRM can help marketing organizations engage social customers while managing and tracking their efforts by:

- Quickly spotting developing PR or perception issues and addressing them with pinpoint responses.
- Authoring social networking messages directly from the customer system of record.
- Automatically tracking responses to social networking messages or conversations.
- Seamlessly integrating social networking channels into existing marketing methodologies.
- Launching online marketing programs that engage social customers in their preferred environment.
- Seamlessly tracking responses and leads generated from online marketing efforts.

Measure results

As social networks continue to emerge as a viable marketing vehicle, organizations will need flexible analytical tools to take that information and turn it into actionable insights. With these tools, social networking data can greatly enrich and expand upon information from traditional sources.

The Social Networking Accelerator for Microsoft Dynamics CRM can help organizations capture useful data from social networks by:

- Identifying and tagging public online conversations about their product, brand, and industry.
- Analyzing message effectiveness by measuring impressions, replies, and other key metrics.
- Using pre-built analytics to track follower count and identify evolving trends in real-time.
- Gaining instant visibility into brand health with the Social Networking Dashboard.
- Using powerful analysis capabilities to identify the biggest online champions, influencers and complainers.

Social Networking for Sales

Social networking also promises significant benefits for sales organizations by providing them with new ways to find, connect with, and understand their customers.

Despite the opportunities, some uncertainty remains towards social networking in many sales organizations. Cautious or more established salespeople may view social networking as an unproven channel that takes them away from “core sales activities.” But for every hesitant salesperson there is a hungry and resourceful one that is looking for the next competitive advantage. Increasingly, sales organizations are realizing the benefits of incorporating social networking into their traditional sales processes.

Find and connect with new prospects

In sales the hunt is always on for the next deal, and social networks provide a rich prospecting resource. Unlike traditional channels, social networks provide the added benefit of allowing a salesperson to gauge a prospect’s interest through their online profile before communication is initiated. For example, if done respectfully and in accordance with the terms of service for each social networking site used, prospects will often be more receptive when approached informally or through a common contact on a relevant subject than they would to a cold call.

The Social Networking Accelerator for Microsoft Dynamics CRM provides key capabilities to help sales organizations gauge interest and find prospects by:

- Tapping into social networking contacts to jumpstart “warm” lead generation efforts.
- Identifying prospects by focusing on conversations and topics relevant to the product or service.
- Better measuring the online influence of each contact based on follower counts and postings.
- Leveraging online career information to better understand the contact or decision maker.

Engage in more meaningful conversations

While they will not replace traditional relationship-building activities, social networks do provide sales organizations with a new tool to build and enhance relationships with prospects or customers. With the ability to quickly identify and integrate key online data points with the main customer data repository, salespeople can engage prospects and customers with all the relevant information at their fingertips.

The Social Networking Accelerator for Microsoft Dynamics CRM can help sales organizations engage in more relevant conversations by:

- Engaging in online discussions with prospects and customers right within the core sales force automation solution.
- Viewing social networking conversation history within the customer system of record.
- Instantly seeing a social networking profile for each contact for a more holistic customer view.
- Effortlessly creating new contacts in Microsoft Dynamics CRM from social networking contacts.
- Easily creating an opportunity in Microsoft Dynamics CRM directly from social networking sites.

Better understand your customers

Social networking sites can also provide a wealth of information about customers and their interests, lifestyles, and attitudes—data that might otherwise be difficult or impossible to acquire. Paired with the right analysis capabilities, publicly available customer data from social networking sites can provide an additional layer of insight into customer preferences, behaviors, and sentiment, which can lead to more successful sales interactions.

The Social Networking Accelerator for Microsoft Dynamics CRM can help sales organizations better understand customer attitudes and interests by:

- Leveraging interests and discussion threads for more relevant conversations.
- Sorting incoming messages by account, status, and other criteria for greater relevancy.
- Analyzing interests and discussion threads to hone in on key trends.
- Better tracking relevant professional events such as job changes and promotions.
- Leveraging out-of-box reports to identify chief online champions and influencers.

Social Networking for Customer Service

Increasingly, customers are using social networks as an important channel to find, receive, and communicate information about the products and services they use. This change in customer behavior creates both opportunities and challenges for customer service organizations. Social customers expect service delivered through their channel of choice, often with a personal touch. And they are certainly not afraid to express their views or displeasure.

Social networks provide a rich source of unfiltered feedback and a dialogue that can be invaluable in identifying service issues and spotting opportunities for product improvement. Thus, used correctly, social networking channels can help customer service organizations be more effective and create value for the business. In addition, social networks provide an interaction channel that not only helps remove perceived barriers between customers and companies, but may also reduce the cost of service.

However, when all is said and done, social networking is another communication channel and something that should not be done in a vacuum. It needs to be embedded in the everyday processes of customer service organizations and delivered in a consistent manner for the true benefits to be realized.

Create an early warning system for product issues

One often mentioned observation about social customers is that they aren't shy about sharing their experiences online. Tracked and harnessed, these opinions and views can provide a valuable early warning system for organizations and help them identify emerging problems or zero in on the top issues for a particular product.

The Social Networking Accelerator for Microsoft Dynamics CRM can help customer service organizations better monitor and identify customer issues within Microsoft Dynamics CRM by:

- Proactively monitoring social networks for key words, complaints, and issues relating to a brand.
- Monitoring chronic complainers to identify top potential service issues.
- Seeing social networking conversation history right within the customer system of record.
- Tracking the number of influencers and followers of a given topic or issue.

Provide efficient multi-channel service

By the very nature of its opt-in and shared interest structure, social networking can help customer service organizations address customer issues in a highly efficient manner. As these customers turn to social networking sites for help, organizations have the opportunity to help them *en masse*, for example, by posting information in relevant communities or providing self-help capabilities through the Web.

This in turn can reduce call volumes and has the additional benefit of increasing satisfaction among the growing mass of customers who expect this kind of service. A report by DMG Consulting, a leading call center consultancy, shows new and emerging channels can help service organizations increase service coverage and reduce call volumes at a relatively moderate cost (Fluss, 2009).

The Social Networking Accelerator for Microsoft Dynamics CRM can help service organizations better address customer needs by:

- Making knowledge base articles publicly searchable so savvy customers can find information themselves without burdening the contact center.
- Addressing new issues by posting a response online quickly and automatically tracking responses.
- Leveraging the power of community-driven support as an additional channel.
- Instantly creating a case in Microsoft Dynamics CRM from online conversations and addressing the case through an established problem resolution process.

Tap into new feedback channels

Social networking sites enable organizations to track service issues in more places, thereby gathering more intelligence on their products and on customer experiences with them. With social networking, customer service organizations have an opportunity to leverage unfiltered feedback to drive business improvement. For example, user communities may provide the first public feedback on a new product release, or usability hiccups may appear as an increase in user questions posted online. This kind of information can help customer service organizations create a valuable feedback loop, helping them improve the business while at the same time improving customer satisfaction.

The Social Networking Accelerator for Microsoft Dynamics CRM can help service organization analyze and better leverage customer feedback right within Microsoft Dynamics CRM by:

- Tracking feedback by monitoring and participating in customer communities.
- Identifying the most talked-about issues and using them for improvement in products and services.
- Creating a mechanism to elicit feedback from customers and creating an idea repository.
- Conducting aggregate analysis and identifying key customer service trends and patterns.

Technology Requirements

Social networking, in combination with customer relationship management, can enhance an organization's marketing, sales, and service efforts. But to take advantage of social networks in a way that is consistent, sustainable, and open to analysis, organizations need customer management solutions that provide the right capabilities.

By investing in Microsoft Dynamics CRM, companies receive:

- A holistic CRM suite with robust marketing, sales, and customer service capabilities for easy sharing of information and a 360-degree customer view.
- A familiar and easy-to-use interface through the native Microsoft Office Outlook® client for Microsoft Dynamics CRM.
- Seamless integration to key social networking sites, allowing Microsoft Dynamics CRM users to directly track and leverage data and relationships from them.
- Insightful analysis capabilities that enable organizations to capture and make sense of customer data.
- Robust workflow capabilities that can be used to capture and automate business processes.
- A CRM application built on a flexible service-oriented-architecture (SOA), providing a scalable and highly flexible infrastructure for innovation.
- An extensible data model that supports traditional CRM, but also provides the flexibility to address changing customer paradigms and new business models.
- Ease of customization that enables organizations to tailor the solution to their unique business needs.

Conclusion

The surging popularity of social networking sites is indisputable. Yet many organizations still struggle to translate it into real business benefits. By acquiring tools that let them manage their social networking initiatives alongside traditional marketing, sales, and service activities, organizations can take advantage of social networking without losing focus on their core business.

Ultimately, success will lie with those businesses that can integrate social networking's wealth of customer data, unfiltered feedback, and informal conversations into existing customer management initiatives and processes. Microsoft helps our customers achieve this goal through the Social Networking Accelerator for Microsoft Dynamics CRM.

This solution equips organizations with the capabilities to better listen, respond, and analyze social network activities. By applying that insight, Microsoft Dynamics CRM allows organizations to better integrate this emerging channel into existing business processes for a more holistic and effective customer management approach—something that will continue to be paramount for success.

For More Information

For more information about the *Social Networking Accelerator for Microsoft Dynamics CRM*, see <http://crm.dynamics.com/>.

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