

# *A Review of the Impact of Social Media in Customer Relationship Management of Large Corporations in the UK*

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**Abstract:** Customer relationship management, abbreviated as CRM, is a concept used in marketing that focuses on the customers' needs and satisfaction to improve the company's performance. CRM puts the customer at the center of the company's operations, and all the information related to them is considered in making the company's important decisions. In the business world today, technology has changed traditional procedures due to the emergence of the internet and social media channels. Social media has changed everything from lifestyle to business operations. In this context, large and small business organizations are adjusting to the changes by adopting social media in their marketing strategies. It is clear that customers are the only source of current and future profits for the company thus, developing systems that are customer-centered is the new norm in the business world. Traditional CRM uses internal strategies that help understand customer needs, while Social CRM uses social media platforms to manage their customers. Integrating social media and CRM has helped companies improve customer interactions and offers ways of managing and measuring social networking for successful customer engagement. This paper aims to review various studies touching on the impacts of social media CRM on large Corporations in the UK.

**Keywords:** social media, customer relationship management (CRM), social customer relationship management (SCRM), social media platforms, large corporations in the UK

## 1. Introduction

In the modern world, the presence of the internet and its application has made everything easy, from living to doing business. The emergence of social media platforms such as Facebook, Twitter, and YouTube, among others, has changed business operations, including marketing and communication. Small to large corporations use social media to promote new or existing products and services. Promoting these products and services through social media enables direct online interaction between companies and their clients. However, many corporations keep looking for better ways of engaging with their customers online to increase their sales and improve their profits. Previous research has found ways a business can make profitable use of social media. In particular, social media can be used to manage customer relationships. Customer relation management (CRM) is a well-established marketing theory aiming to develop a relationship with customers and improve the

same to create customer value. Social media makes it possible for large companies in the United Kingdom to present their products and services to a new audience creating a new line of communication, strengthening their association with existing clients, and providing a solution to any crisis. In this case, this research review focuses on identifying various impacts of using social media platforms such as Facebook and Twitter in managing customer relationships of large corporations in the United Kingdom (UK). This review will involve looking at different studies from various scholars and gathering their insights on the impacts that social media provides when used as a tool for customer relationship management.

## **2. The Concept of Social Media**

Social media is a concept that provides people with a common platform where they can share views and opinions on what is surrounding them. The use of social media platforms such as Twitter, Facebook, and LinkedIn has changed the traditional mode of communication between a company and its customers [1]. Businesses use social media to facilitate transactions and communicate with potential and existing customers. At the same time, consumers participate on social networks to communicate with one another, create or share content, and build relationships with others [2]. In this context, social media is widely used in various contexts related to different technologies, and they have achieved much. Therefore, social media can be defined as producing, consuming, and sharing information across multiple platforms to facilitate social interaction. Wide use of social media makes people rely intensely on the internet for communication, either reading, speaking, or commenting [3]. Customers can interact with one another or with a variety of companies online and express their views conveniently, thus, social media has a significant impact on companies in all sectors. Patil states that the emergence of social media has completely changed the traditional way of doing things due to web-based technologies that have transformed media monologues into social media dialogues [2]. People interested in search engine optimization and internet marketing find social media key to their business. In this age of web 2.0 and high internet connectivity, new social communication mediums keep emerging to facilitate public communication. According to Ahuja and Medury [1], Social media communication range from email and instant messengers to medium blogs, microblogging, and social networking websites such as Twitter, LinkedIn, and Facebook, among others. In the UK, businesses' widely used social media platforms are Twitter, LinkedIn, YouTube, Instagram, and then Facebook. Many companies do not prefer Facebook because it is highly used by employees [4]. Large companies in the UK use LinkedIn, especially when working with foreign partners and for international collaboration in social media.

## **3. Customer Relationship Management (CRM)**

### **3.1. Customer**

Becker and Jaakkola define a customer as any person or Organization interested in buying a product or a service from a company and classified as either potential, present, or past customers [5]. According to Patil, a company can source its present and future profits from customers alone [2]. In this case, CRM is a concept that involves marketing activities based on the customers' information, such as their behavior, needs, and satisfaction.

### **3.2. Relationship**

A relationship between business customers helps build trust that can enhance the growth of referrals and retention of clients for future transactions. In this regard, a business forges a long-term relationship that can increase the brand's reputation and long-term profits. Acquiring new and

retaining existing customers requires a dedication of resources and investing in creating a long-term business relationship with customers that help them see their value in the corporation, and they can achieve their goals through purchasing products and services [6]. Notably, creating a solid long-term relationship between new and potential customers can allow a business to offer a highly personalized and enticing customer experience. Essentially, the quality of a company's customer experience tends to determine whether or not that company will establish a long-term relationship with its past, existing, and potential customers. A recent study by Greenhalgh found 86% of customers claiming that they value their experience with the same weight as actual products and services they purchase from a company [6].

### **3.3. Management**

Management in this context involves activities based on continuous corporate changes in its strategies and culture. Notably, CRM requires an intense change in the business activities and people of the Organization. Management in CRM entails identifying new selling opportunities and access to customers purchasing history.

### **3.4. The Concept of Customer Relationship Management (CRM)**

The idea of CRM emerged from an information technology practitioner and vendor community in the early 1990s [7]. Thus, over the last few decades, different authors and scholars have developed different approaches to defining CRM and identified its benefits to large corporations. For example, the article by Payne and Frow (2005) claimed that CRM is the implementation of an integrated series of customer-centric technology activities. Similarly, Chen and Ching defined CRM as a process that involves the use of technology for a better understanding of customer needs and to establish a good relationship [8]. Currently, CRM is a widely used business strategy in determining and targeting the most profitable customers of a corporation [2]. The CRM concept involves using both advanced and new marketing strategies that help retain existing customers and acquire new ones. A successful CRM is characterized by people, technology, and business process. Increased application of CRM activities in business helps improve close rates, increase call center efficiency, increase marketing activities, facilitate customer targeting and profiling, and increase profitability. In this technology era, the focus has changed from product-centric to customer-centric approaches. Where the marketer bases their strategies on customers' experiences.

### **3.5. Benefits of CRM**

Various articles by different authors have looked at the benefits of CRM measures to large corporations and found a number of them. A report suggested that creating CRM has helped companies improve their performance. This article developed the proven evidence of CRM practices after looking at the work of various authors, which provided comprehensive evidence on the benefits of CRM activities. On the same note, Ryals conducted a study that found a 270% increase in a firm's profit after implementing certain CRM measures [9]. Notably, large corporations obtain four main benefits through implementing CRM measures.

Firstly, applying CRM strategies in business helps large companies track customers' profiles. Tracking customer details through the CRM system helps create logs every time a customer interacts with the company's sales and provides support to the customer service team. Similarly, the customer's information is updated in real-time [10]. In this case, accessing the customer history facilitates business continuity and helps understand the customer journey with the corporation. Choudhury and Harrigan point out that CRM is a key activity for an organization that improves performance by creating a valuable relationship with customers [11]. For instance, when a company

has full details of customers' history, the customer spends less time explaining their earlier concerns to a company customer assistant whenever they come across the company's sales, thus saving time and improving customer experience.

Secondly, many organizations that use CRM programs build valuable relationships with their customers, resulting in improved performance. CRM improves the company's performance by promoting customer loyalty, enhancing customer service, increasing personalization, and improving sales and general profits [10]. Also, CRM programs help organizations measure customers' lifetime value by calculating each customer's profitability over the relationship lifetime in the present value of future cashflows [10].

Thirdly, CRM activities help a company in improving its customer knowledge, retaining the existing customers, and increasing customer researchers have focused on the CRM approach as a way of acquiring the right clients and observing their behavior to create a pricing policy that can improve the profitability of the company in the long run.

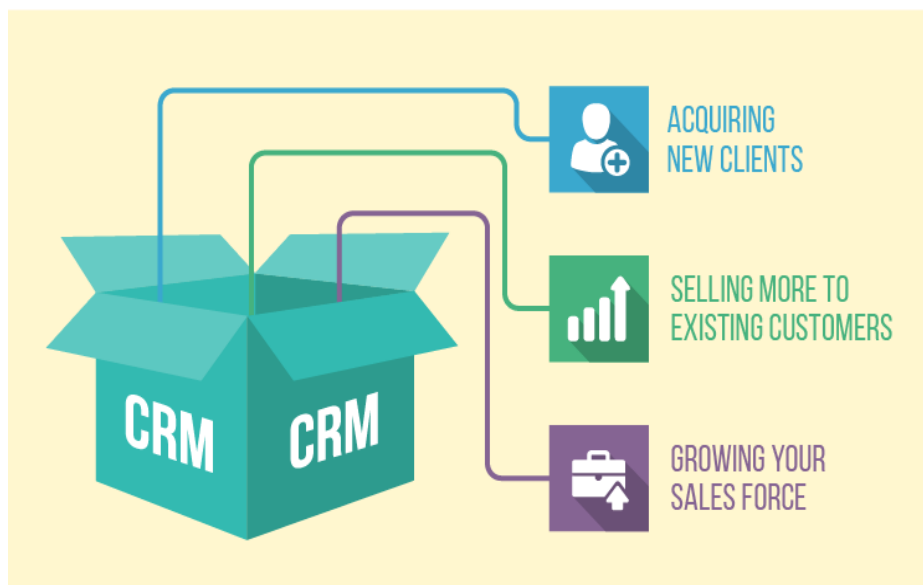


Figure 1: benefits of CRM to large corporations in the UK.

#### 4. Social Media Customer Relationship Management (SCRM)

Social media customer relationship management integrates social media with customer relationship management strategies. In this case, organizations use social interaction platforms to come close to their customers. The explosion of social media applications in almost all aspects of life creates intense pressure on businesses since they want to be close to their potential, past, and current customers. From a technological point of view, SCRM is used as a bridge between social media and traditional CRM Strategies. Increased use of CRM platforms increases social media interactions between customers and businesses through different channels improving customer service and increasing marketing activities based on the information obtained from the customer's social media data. Social media help in developing virtual communities and creating innovative e-commerce programs, streamlining customer research, and improving customer care. According to a study by Choudhury and Harrigan [11], blending social media with customer relationship management helps a brand pay attention to customers by listening to their opinions and considering their comments. SCRM improves traditional CRM from listening to customers' conversations to tracking new leads through tweets and Facebook posts and transferring them into the company's sale funnel [10].a

## **4.1. The Impact of Social Media Customer Relationship Management (SCRM) on Large Corporations in the UK**

Generally, over the last decades, social media has changed the concept of interaction between companies and their customers. The basic idea of applying SCRM has been building a close and personal relationship with customers, which involves monitoring customers on social media platforms such as Twitter, Facebook, LinkedIn, Instagram, and others. In this context, many corporations in the UK, such as One Umbrella, Vodafone, Unilever, and Tesco, have used SCRM for the last few years in CRM activities, which have greatly impacted companies' performance. Different authors such as Malthouse et al. research explore the Impact of interacting through corporate social media channels such as Facebook brand pages in Commands and found that social media interactions affect the core business of companies such as acquisition, retention, and termination and facilitate its activities such as performance evaluation, metrics, and marketing strategy, IT, and people [12].

### **4.1.1. Impact of SCRM on Customer Acquisition**

Social media platforms allow a company to connect with its customers through its client's social networks and connect with them. Companies generate leads by posting quality content on their pages at the right frequency to improve their brand awareness, thus scaling their efforts to a wider audience. In this case, a company can reach its target customers easily. Notably, the use of social media makes targeting and segmentation easy. A critical step in customer acquisition is to find the right target audience. Thus, social media platforms such as Twitter, Facebook, YouTube, Instagram, and LinkedIn, among others, have different niche audiences, making it an essential aspect of a company to their which platforms are favorite for their users and what time of the day are the potential customers mostly active. Many large corporations in the UK tend to use Twitter, LinkedIn, and Instagram social platforms to generate leads. However, due to employees' wide use of the Facebook channel, UK's large corporations have burned its use in their business. Additionally, due to the tendency of social media users actively join in that aligns with their interests or use hashtags to keep updated with their favorite trends, large companies use this aspect optimally as their segment audience to understand the preferences and demographic characteristics of their target customers. Large corporations mostly use Twitter, which is extremely effective in acquiring customers because it helps access social networks over a wider audience around the globe [13]. Within this social network, people tend to express their opinions and thoughts freely and show their curiosity and interest in the company's products and services. For example, Gym shark has been regarded as a successful brand in social customer service over the last years due to its fast response speed on social media platforms such as Twitter.

### **4.1.2. Impact of SCRM on Customer Retention**

Besides using social media to attract and acquire new customers, social media channels are important in promoting customer retention. Social media enhances traditional CRM by building strong relationships and trust and eventually developing loyalty with customers that follow the company on social media platforms. Customer retention is an important aspect of CRM that helps a company reach long-term goals through value creation. Through customer retention, a company is always guaranteed future business. Notably, retaining customers means that loyal customers can keep the business moving as the company continues to attract new customers. In this context, social media CRM enhances customers retention through the following:

### **4.1.3. Building a Strong Long-term Relationship with Followers**

The important aspect of retaining customers on social media is building a strong relationship with them. The relationship is always based on trust and liking the product or service of a particular brand that prompts customers to stay. According to a study conducted by Bello on the Impact of social media CRM on the Airlines Industry, the finding confirmed customer engagement and collaboration with the brand on social networks creates a close relationship with customers, thus retaining them [14]. However, Lipschultz claims that building a close tie with customers is a continuous process that calls for care and attention [15]. Brooks states that effective relationships are a two-way street, meaning that corporations should both listen to and communicate with their audiences [16]. Listening to and engaging customers has helped large corporations in the UK gauge their customer sentiments and make informed decisions for customer retention strategy. For example, Vodafone, an established corporation in the UK, uses social media platforms to actively listen to its customers and provide solutions based on the customers' needs, as seen in the following picture [17].

From the above picture, it is clear that the social customer service team provides solutions within the shortest time possible after the post. With the help of social media, a brand can provide unexpected responses even when the comment is negative as a sign of being available to create opportunities for the customers and turn negative into positive outcomes or retain existing customers [2]. Therefore, creating a strategy to listen and respond to customers' complaints is ideal for proper and positive brand representation. The right approach and content help capture and retain the target audience.

### **4.1.4. Increasing Customer Empowerment**

The use of social media offers customers an opportunity to share their views publicly on a certain product or service without fear. In this, customers are not influenced by a business on what to say rather, they have the power to give their thoughts. Research by Swarts on the Impact of social media CRM on construction industries found that builders used social media to provide information to their customers and to gain the same from the customers, thus giving customers the power to provide their views on the service building [10].

## **4.2. Negative Impacts of Social Media CRM on Large Corporations in the UK**

While social CRM positively impacts the business, such as improving performance and increasing marketing activities, adopting social media CRM encountered many challenges. The most important challenges are based on the privacy of the user's data [2]. Both customers' data and that of the company is a critical concern that needs attention. Essentially, most of the social media listening tools companies use can be denied access to public data due to certain regulations that prevent its usage and storage [2]. Additionally, companies must verify social media IDs to prevent interacting with unauthorized individuals. In this case, the Organization must prepare adequately before adopting social CRM activities.

## **5. Conclusion**

Social media integration with CRM strategies has helped large companies in the UK develop new relationships with their customers. Companies are connecting with their potential, existing, and past customers through conversations on social media platforms. There is a great difference between the traditional CRM and SCRM programs based on the strategies used and the Impact of each. While traditional CRM focuses on internal approaches to managing customers, social CRM focuses on the

company's ability to create customer value and provide customers with a good experience to satisfy their purchasing needs. SCRM looks at both the needs of the customers and the benefits for the company. With the continuous advancement in technology, the coming years will witness a greater integration of social media with customer management channels. Many studies have provided evidence that companies are moving their focus from product to customer-centric. In this case, Social CRM presents companies with an opportunity to improve their customer relationship as they increase their performance and profitability as well. In the future, technology will play a crucial role in advancing the collaboration between customers and companies. In summary, social media plays a critical role in bringing customers close to the companies, leading to improved customer acquisition, retention, and empowerment, resulting in increased profits and improved customer care.

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