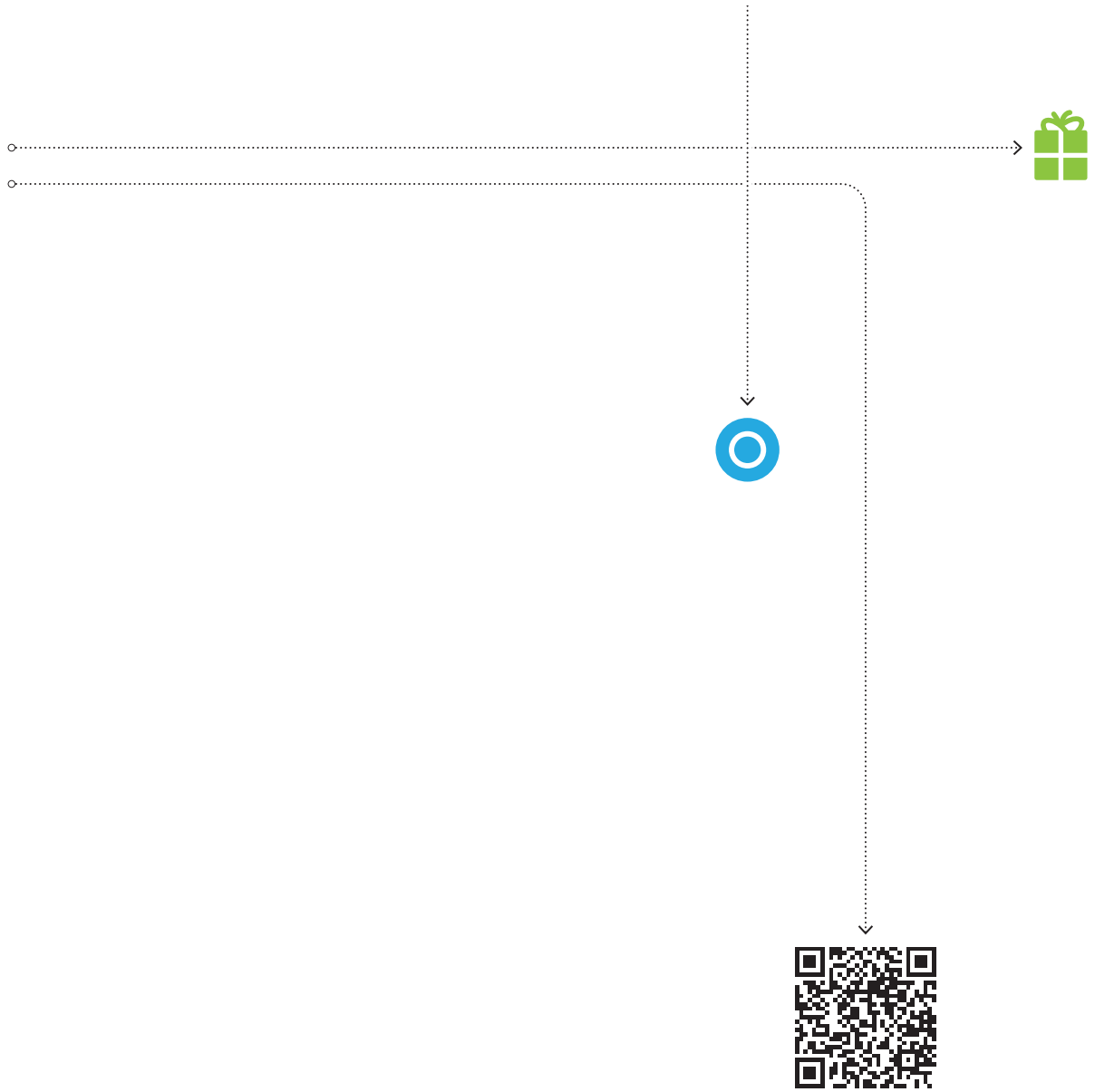# TOWARDS UNDERSTANDING THE ADDED VALUE OF SOCIAL CRM.

A SYSTEMATIC ANALYSIS AND
A CUSTOMER VALUE MAP

PUBLIC REPORT

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Management summary

Driven by factors, such as more empowered customers and a global financial crisis, many firms are searching for new ways to gain competitive advantage. For decades, C-suite officials have focused on internal sources of competitive advantage. Since recently, however, management executives have turned their attention outward to external factors, and have started to compete on creating and delivering superior value to customers. In order to create superior customer value, companies need to devise and implement effective strategies that are aimed at building enduring and mutually beneficial relationships with customers. As a relatively new business strategy, Social CRM can lead organizations to bolster competitive advantage. At the same time, the Social CRM field has remained largely unexplored and too little direction is provided to decide a roadmap for establishing an environment where social media and CRM are completely integrated. This study aims to gain a better understanding of Social CRM, and to present an integrated framework for understanding the added value of Social CRM. To address these research objectives, the following research problem was formulated: *What is the added value of social media combined with CRM?*

In order to address the research problem, a systematic literature review was conducted. The review includes analysis of the aspects that underpin Social CRM (i.e., CRM, Web 2.0 and social media), and the fundamentals of Social CRM (i.e., customer life cycle, relationship evaluation, customer knowledge management, and Social CRM practice). The review resulted in a preliminary definition of Social CRM, and a preliminary framework for understanding the added value of Social CRM. To further our understanding of Social CRM, and in order to validate the preliminary Social CRM framework, in-depth interviews were held with 17 experts, 3 users/customers and 5 software vendors from four different countries. Constant comparative analysis was used on the qualitative data.

This study provides a broad range of findings that contribute to the research problem. The most important results are summarized below:
— Social CRM is believed to be an extension of CRM, rather than a replacement. It includes traditional as well as social channels. Social CRM is related with three business objectives: (1) improving customer involvement, (2) enhancing customer interactions, and (3) creating mutually beneficial value. Although Social CRM is sometimes linked with operational phrases and tools, it is most frequently associated with strategy.
— Organizations that have the intention to adopt a Social CRM strategy need to be aware of three types of issues in Social CRM. First, organizational issues include issues with culture, structure, systems, staff and strategy. Secondly, technological issues include poor/no integrations due to incomplete technology; poor integration of social with traditional channels; and no systems that support all channels whereupon people interact. Finally, miscellaneous issues include dropping prices of Social CRM systems; more empowered customers; the speed of development of theory; and information overload.
— Businesses that are already harnessing the power of Social CRM must be aware of several opportunities and challenges. Main opportunities include advancing Social CRM technology; dropping prices of Social CRM systems; and the increasing availability of big data. Key challenges include the classical mindset of organizations; the rise of freeware; information sensitivity, quality and legitimacy; and changing customers' behavior.
— Companies that understand and have adopted Social CRM are currently in an exploratory phase. These companies perform some basic activities, such as monitoring Twitter. However, it is not part of an integrated strategy or plan. In 2017, the broad population of companies is expected to be in a functional phase and near to a scaling phase. In this rather mature phase, there is interaction between several departments in the organization, and firms are quite ready to establish a strategy, assign budget, involve employees, set up a policy, and implement tools.
— The integrated framework for understanding the added value of Social CRM has several strengths and weaknesses. Important strengths include the framework is a good starting base for developing a more elaborate framework; the framework could potentially be used by organizations for strategic decision-making or as an awareness model; the framework covers the right ground; the customer life cycle is clear and logical; customer knowledge management is a very innovative layer; and the cells in Social CRM practice are interesting. Important weaknesses include the framework is not self-explanatory; the framework misses

channel touchpoints, a customer journey, the role of non-customers, a service component, and concrete points of action; the framework is focused inside-out, rather than outside-in; the framework is too traditional; relationship evaluation is hard to understand; the sequence of the customer life cycle is too strict; the labels in customer knowledge management are not accessible; the Social CRM practice layer is too broad and universal; and proactive and reactive are broad and unclear terms.

— The most important suggestions for improving the Social CRM framework include focus on customer experiences; put the customer first in the framework; replace the framework with a customer journey map; disaggregate the phases in the customer life cycle; use simple terms and labels; focus on existing customers; use round shapes and arrows; turn around the customer knowledge management layer and Social CRM practice layer; add differentiation in the cells of Social CRM practice; and describe the Social CRM practices in detail and how they could add value in practice.

Based on the results, this study proposed an updated definition of Social CRM, and a revised framework for understanding the added value of Social CRM, which is referred to as a Customer Value Map. The Customer Value Map captures four basic activities (i.e., monitoring, reacting, activating and engaging) that allow businesses to add value to a customer's journey, via touchpoints and based on the customer information flows that appear as a result of a customer interacting with an interface of a brand, product or service. Furthermore, the added value of Social CRM is twofold. First, Social CRM has the ability to integrate new and traditional customer information, found on both conventional and social media, and allows businesses to capture, store, extract, process, interpret, distribute and report that information for developing a better view of customers, enhancing customer experiences, getting closer to customers and engaging them in the organization, providing them with personalized products and services, and ultimately creating mutually beneficial value. Secondly, the transparency that Social CRM brings along possibly allows businesses to look outside their boundaries for bringing in ideas and intellectual property in order to develop pioneering products, services and experiences for their customers.

The findings have many implications for theory. The main implications are summarized below:
— The results confirm that Social CRM is mainly associated with business strategy, rather than a technology, tools or processes. Also, the results illustrate that Social CRM involves creation of value for the customer and organization, as well as creation of value for the society at large and for all shareholders.
— The findings lean towards Payne and Frow's (2005) argument for positioning CRM in a more strategic and holistic context that emphasizes the management of customer relationships to create value. Moreover, unlike current CRM practice and literature, the results posit that CRM should focus on customer value and corporate profitability, rather than corporate profitability alone.
— This study offers evidence for social media as a techno-social system, associating social media on one hand with social values, and on the other hand with applications and technologies. Furthermore, This study advanced the social media literature and attempted to address the challenges in classifying social media, by developing a classification scheme that draws upon concepts from the specialized field of economics and social sciences.
— The Customer Value Map demonstrates that innovative service design tools like the customer journey can serve as an excellent basis for trying to understand and provide value to a group of customers, without falling into the pitfall of treating markets and segments as homogenous groups or treating customers as stand-alone entities. Furthermore, the findings contrast marketing literature and hint at blurring lines between industrial and consumer marketing.
— The results expose that co-creation has a much broader scope than products and services alone. Customers can also collaborate with an organization to create concepts or marketing programs. Furthermore, the findings in this study confirm that co-creation can serve as an effective tool to engage customers.
— While strategy literature often makes an either/or tradeoff in a firm's approach to gaining competitive advantage, the results in this study hint to a dynamic fit between internal resources and external factors.

This study adds to modern business practice in several ways. First, this study provides a workable definition of Social CRM that firms can use to guide their Social CRM strategy and initiatives. Secondly, this study offers a taxonomy that provides new insights into the use of social media, and gives new opportunities to practitioners and professionals in a variety of fields. Third, this study offers a toolkit to CRM managers, which contains four fundamental means (i.e., monitoring, listening, activating and engaging) for combining social media with CRM efforts. Fourth, this study makes businesses that have the intention to adopt a Social CRM strategy aware of three types of issues in Social CRM (i.e., organizational, technological and miscellaneous). Fifth, this study provides organizations that are already harnessing the power of Social CRM with insights into future opportunities and threats, so they can timely redefine their future direction or can appropriately respond to threats. Sixth, this study hands out a practical guideline to organizations that have already adopted a Social CRM strategy and wish to become truly customer-centric. Finally, this study provides CRM managers and consultants with a Customer Value Map, which allows them to better understand and serve their customers, to have boardroom discussion on Social CRM, and to address their Social CRM strategy and initiatives.

Research limitations include the use of perceived measures, moderate transferability of the results and conclusions, investigator bias in the selection of participants and in publishing the results, and ill-treated accuracy of the captured data.

This study identified several opportunities for further research. The five most important avenues for future research are summarized below:

1. The social media classification scheme is potentially a very powerful tool that allows scholars and practitioners to identify social media applications and group them according to the role of users and the spaces where they operate. Nevertheless, to enhance the usefulness of the scheme, further research is required to test the taxonomy in practice.
2. In a similar vein, the Customer Value Map is an exquisite framework that possibly allows businesses to devise strategies for engaging their customer and to provide them with superior value. Unlike the social media classification scheme, the Customer Value Map is supported with empirical proof, yet future research is needed to test the map in practice.
3. This study demonstrated that Social CRM has the potential to be helpful to businesses in gaining competitive advantage. However, further research is needed to measure the effects of Social CRM on achieving competitive advantage.
4. Moreover, this study exposed that in order to become truly customer-centric, businesses should adapt their culture, structure, systems, staff, strategy and technology. To extend this study, it would be interesting to investigate the alignment between Social CRM strategy, organizational elements, and the impact on organizational performance.
5. Finally, this study showed that one of the main issues in Social CRM is the lack of acute means to measure and justify the financial payback of Social CRM. This increases uncertainty among C-suite managers and refrains them from providing support to Social CRM initiatives. Future research could address this issue by developing a business case for Social CRM, and success metrics for evaluating the effectiveness of Social CRM initiatives.

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INTERVIEWEES
letting me work with them
—and then write about it

PEOPLE AT SIR
providing me the
opportunity to flourish
and let the thesis happen

SUPERVISORS
providing me knowledge
and direction

FRIENDS
wasting my time

PARENTS AND BROTHERS
loving and supporting me

GOD/JESUS
providing me strength,
inspiration, and motivation

Thank you for ...

1. Introduction

This chapter introduces the research problem and is organized as follows. First, the background and main objectives of this study will be outlined (1.1). Then, the research problem will be formulated (1.2), followed by a discussion on the relevance of this study (1.3). In section 1.4, the research strategy will be discussed. Finally, in section 1.5, the structure of this report will be described. The next chapter presents the theoretical framework of this study.

1.1 Research background and objectives

An amazing transformation is happening in organizations (Woodruff, 1997). Driven by increased competition, changing regulation, technological advances, and more demanding customers, combined with a global financial crisis, many firms are searching for new ways to gain competitive advantage (Devlin, 2012; Woodruff, 1997). Understanding sources of competitive advantage for firms has become a main area of research in the field of strategic management (Barney, 1991). For instance, Porter (1985) argues that a firm can build competitive advantage by either lowering costs or increasing product attributes. Quite differently, Dyer and Singh (1998) identified four sources of competitive advantage, which are embedded in inter-firm relationships: (1) relation-specific assets, (2) knowledge-sharing routines, (3) complementary resources, and (4) effective governance. Furthermore, Jackson and Schuler (1995) argue that human resource policies and practices may be an especially important source of competitive advantage. Although necessary in contemporary markets and industries, most of the conventional sources may no longer work to provide competitive advantage (Hoskisson, Hitt, Ireland & Harrison, 2008). According to Woodruff (1997), executive managers should turn more of their attention outward to markets and customers, and compete on creating and delivering superior value to their customers. Indeed, creating superior customer value has been regarded as fundamental to building competitive advantage (e.g., Huber & Herrmann, 2000; Parasuraman, 1997). However, to create superior customer value, organizations need to devise and implement effective customer strategies that are aimed at building long-lasting and mutually rewarding relationships with customers (Treacy & Wiersema, 1993).

For decades, firms have used relationship marketing (RM) principles, such as one-to-one marketing and personalized services, to attract, grow and maintain customer relationships (Grönroos, 1994). The key objective of RM has always been creating customer value and customer delight (Oliver, Rust & Varki, 1997). The emphasis of RM is diverted on building and maintaining customer relationships, then attracting new ones each time (Buttle, 1996). Nevertheless, due to technological advances in the 1990s, management executives shifted their focus away from RM to customer relationship management (CRM). More than relationship marketing, CRM changed the customer strategy from customer acquisition to customer retention (Faase, Helms & Spruit, 2011). In the past years, many scholars have studied CRM (e.g., Bolton & Tarasi, 2006; Chen & Popovich, 2003; Payne & Frow, 2005). The ultimate objective of CRM is to transform customer relationships into greater profitability by increasing repeat purchases and reducing customer acquisition costs (Faase et al., 2011). Bolton and Tarasi (2006) state that CRM explicitly recognizes the long-run value of potential and current customers, and seeks to increase revenues, profits and shareholder value via targeted marketing activities directed toward building, growing and maintaining successful customer relationships. Moreover, CRM applies tools, processes and systems to both understand the customer and concurrently provides the organization with ways of identifying the life cycle of customers (Greenberg, 2010). CRM focuses on so-called "customer-facing" departments—sales, marketing and support (Buttle, 2008). However, the success driver for CRM was and is sales (Greenberg, 2010). Much of its value to sales is based on account information, opportunity management, and pipeline management (Greenberg, 2010). Since CRM is largely driven by sales strategies, processes and applications, CRM initiatives initially had a relatively high rate of failure (Bolton & Tarasi, 2006). Yet, as companies scaled their expectations appropriately and CRM began to mature, comfort levels with CRM systems enhanced and the programs for success were crafted more around a proven set of practices, success rates enhanced proportionately (Greenberg, 2010). Nevertheless, CRM was originally meant to create a more personal interaction with the customer (Bose, 2002). This interaction, however, was only unidirectional (company-to-customer) and the "personal touch" came from the selling organization that was more knowledgeable about specific customers and could therefore address them more effectively (Faase et al., 2011). At the same time, the introduction of Web 2.0 and social

media in particular has given rise to a new type of customer who now has the means to create and share reviews and opinions about virtually every kind of product or service (Acker, Gröne, Yazbek & Akkad, 2010), and to interact with peers and organizations in a more collaborative fashion. Social media can enrich the current CRM environment, however, until recently scholars omitted the integration of social media in CRM initiatives (Faase et al., 2011). For this reason, a need is identified to conduct a study in determining a roadmap for integrating social media with CRM.

Internet pioneers and members in the CRM vendor community have already started to pick up on this new idea, and discuss concepts, developments and novel services made available by social media (Faase et al., 2011). Social media refers to Internet-based applications, tools and services that facilitate two-way interactions, and allow customers, non-customers and others to (co)create, modify, publish and exchange texts, images, audio files, videos and virtual content (Anderson, 2007; Childress, 2012; Evans, 2008; Wong, 2011). It offers a playground for firms to create, test and refine business models, and is supported by a technology platform and a set of social features (Constantinides & Zinck-Stagno, 2011; Gouseti, 2010; Osterwalder, 2010; Weinberg & Pehlivan, 2011). There are a number of strong appearances of social media usage in the CRM space already (Faase et al., 2011). A clarifying example is Best Buy, a multinational retailer of technology and entertainment products and services (Lithium, 2011). In early 2008, the company took the initial step to start engaging customers publicly and transparently, outside of conventional channels of retail stores and customer support. A Best Buy team was established to monitor Weblogs (blogs) for customers in need of either customer service or technical assistance and then helped solve their problems. Then, the team launched a Best Buy Community that allowed customers to engage in conversations with Best Buy advocates, and to ask questions, rate solutions and mark the best replies. Due to the overall success, a new social media "Twelpforce" initiative was launched in 2009. Best Buy integrated Twitter with its CRM system and allowed Best Buy team members to respond to questions directly from Twitter. The Twelpforce initiative provided around a five million dollar benefit to the organization (Lithium, 2011). Another popular example of social media usage in the CRM domain is the Dutch airliner KLM. In early 2010, KLM launched a pilot campaign called "KLM Surprise" to delight their customers who checked in on Foursquare at one of KLM's venues at Amsterdam Schiphol Airport with a customized gift (Kotadia, 2010a). KLM employees browsed Twitter and Foursquare, searching for people who mentioned that they were taking a KLM flight. Then, using the information the customer provided about him/herself on social media, KLM employees purchased a suitable gift and presented it to the passenger upon his/her arrival at the airport. News of these surprises spread like wildfire via mentions, tweets, re-tweets and word-of-mouth (WOM), and in November 2010 the KLM Twitter feed was viewed more than one million times (Peveto, 2011).

Social media is gaining an increasing impact on business, and there is rise in academic articles covering the topic (Faase et al., 2011). However, few of them link social media with CRM. Mohan, Choi and Min (2008), and Deng, Zhang, Wang and Wu (2009) appear to have made one of the first academic attempts to integrate social media with CRM, calling it "Social CRM". Both studies focus on the technological aspect of the integration of social media with CRM. In 2010, two contributions seem to have been made to the emerging domain of Social CRM. The first contribution was made by Lei and Yang (2010) who focus on the application of social media in the process of CRM. They conclude their study by stating that the integration of social media with CRM can increase interaction among customers, and can be a valuable tool for managing customer relationships, but that in the process firms should pay attention to the problems of the integration to make social media play an important role in CRM. The second contribution was made by Askool and Nakata (2010) who focus on Social CRM use in Saudi Arabia's financial industry. Their study identifies six factors that may influence Social CRM adoption: (1) social media features (ease of networking, ease of participation, and ease of collaboration), (2) TAM features (perceived usefulness, perceived ease of use, attitude towards use, adoption intention, and actual system use), (3) familiarity, (4) care, (5) information sharing, and (6) perceived trustworthiness. However, no research was conducted to validate these factors. Not surprisingly, most academic contributions to field of Social CRM seem to have been made in 2011. Ang (2011) and Woodcock, Green and Starkey (2011) focus on the strategic dimension of the integration, arguing that harnessed with CRM, social media can deliver financial benefits to organizations in every sector, and that the integration of social media with CRM can deliver insights that will help drive real customer-centric innovation. Sigala's (2011) study focuses on how social media is advancing the concept and implementation of CRM, and examines Greek tourism firm's

usage and readiness to embark in this field. Sigala (2011) reports two major findings. First, Greek tourism firms only use social media to create and retain customer relationships. Second, Greek tourism firms need to address three issues to increase their current use levels of social media: (1) improve the technological skills and competencies of their staff and/or outsource such skills to third parties, and incorporate social media responsibilities into marketers' job descriptions; (2) map and exert more appropriate CRM metrics that can be used for customer segmentation, targeting and reward strategies; (3) and exploit mechanisms to identify and eliminate the malicious usage of social media in order to ensure the reliability of user-generated content (UGC). Moreover, Pavičić, Alfirević and Žnidar (2011) appeal for an integration of Social CRM with another concept—customer information management. They argue that customers matter more than ever before, however, in order to delight them, firms need not only collect and analyze all existing forms of related knowledge in current CRM system, but also gather and use data found on social media. Finally, Faase et al. (2011) provide a working definition of Social CRM and present a new model that depicts the fundamentals of Social CRM in four layers. However, their study takes a rather conventional approach to Social CRM. Next to these academic attempts, a number of white papers (e.g., Greenfield, 2008; Leary, 2008; Lei & Yang, 2010; Morgan, Chan & Lieberman, 2010; Vinas, 2003) and books (e.g., Greenberg, 2009; Metz, 2011) have appeared on the application of social media in CRM. However, despite all these efforts of both academics and practitioners, the Social CRM field has remained largely unexplored and too little direction is provided to determining a roadmap for establishing an environment where social media and CRM are integrated. The objective of this study is twofold:

1. **to systematically analyze the Social CRM field in order to create a better conceptual and pragmatic understanding of Social CRM**, and
2. **to present an integrated framework for understanding the added value of Social CRM**.

1.2 Research problem

Considering the aforementioned, the resulting research problem is:

What is the added value of social media combined with CRM?
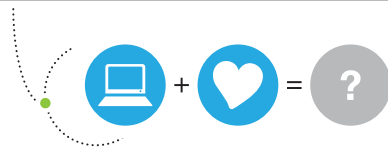
The definitions of the key concepts that will be used in this study are presented in Table 1-1.

Table 1-1 Definitions of the key concepts

Concept	Definition
CRM	A strategic approach for managing customer relationships to create business value
Social media	Internet-based applications, tools and services that facilitate two-way interactions and the (co)creation, modification, publication and exchange of user-generated content; social media offers a playground for firms to create, test and refine business models, and is supported by a technology platform and a set of social features; it is the ongoing manifestation of the Web 2.0 phenomenon
Social CRM	A business strategy for managing customer relationships through social media with the goal of improving business value

To address the research problem, several research questions have to be answered. Social CRM aims to manage customer relationships. A customer, though, can refer to both a consumer and a business user, and Social CRM may deal with each of them differently. This study focuses on business relationships, because combined with CRM business relationships are seen as essential to the success of modern business (Zeng, Wen & Yen, 2003). To have a better understanding of business relationships, the first research question (RQ) is formulated as follows:

RQ1: What is business relationship?

What is this study about?

In answering RQ1, this study will discuss the business relationship context, provide a definition of business relationship, and discuss its advantages. After the domain of business relationships has been reviewed, the Social CRM space will be explored. Hence, the second research question is formulated as follows:

RQ2: What is Social CRM?

As Social CRM covers a broad domain, RQ2 has been parsed into several other questions. As illustrated in Table 1-1, Social CRM is a business strategy. Thus, to better understand Social CRM, it is necessary to have a deeper look into strategy as a general concept. Therefore, the first question is formulated as follows:

RQ2-1: What is strategy?

The aim of RQ2-1 is to define strategy and describe the level of strategy at which Social CRM occurs. After this question has been addressed, the next step is to review the underlying aspects of Social CRM, which are CRM, Web 2.0 and social media, resulting in the following research question:

RQ2-2: What are CRM, Web 2.0 and social media?

After Social CRM and its underlying aspects have been reviewed, the fundamentals of Social CRM will be determined. Hence, the next question is formulated as follows:

RQ2-3: What are the fundamentals of Social CRM?

This study identifies four fundamentals of Social CRM. Each of them is discussed separately in section 2.2.3. The next step is to visualize and integrate the fundamentals of Social CRM in a framework. Hence, the next research question is framed as following:

RQ3: How can the fundamentals of Social CRM be visualized and integrated in a framework?

Table 1-2 contains an overview of the research questions and the section(s) where each question is addressed.

Table 1-2 Research questions

#	Research question	Section
RQ1	What is business relationship?	2.1
RQ2	What is Social CRM?	2.2
RQ2-1	What is strategy?	2.2.1
RQ2-2	What are CRM, Web 2.0 and social media?	2.2.2
RQ2-3	What are the fundamentals of Social CRM?	2.2.3
RQ3	How can the fundamentals of Social CRM be visualized and integrated in a framework?	2.3

1.3 Research justification

This research is relevant on several theoretical and practical grounds. First, although there is rise in academic articles covering the social media topic, there is a lack of research on the application of social media in CRM. The scant studies available either lack empirical justification (e.g., Greenfield, 2008; Lei & Yang, 2010) or focus on the technological or functional rather than the strategic aspects of Social CRM (e.g., Deng et al., 2009; Mohan et al., 2008). Thus, there is an urgency to investigate how social media could be integrated with CRM for managing customer relationships. Similarly, there are only a handful of studies focusing on how firms in the business setting can exert social media for business purposes. Research has traditionally paid more attention to the consumer environment. When properly designed and deployed, however, social media tools may bring a greater payoff to business users than in the consumer environment, because "*tools that enable faster and more personalized interactions between customer and vendor can enhance corporate credibility and*

deepen relationships" (Kho, 2008, p. 26). These factors are important, because they tend to have a higher monetary value and longer-term impact than consumer sales (Kho, 2008). Concurrently, firms' adoption of social media in the business space is still in early stages, as organizations contend with issues of productivity, security, privacy, and perceived irrelevancy to their field (White Horse, 2010). Hence, further research would be useful for a deeper understanding of how social media tools can be used in combination with CRM by firms in the business landscape. From a more practical perspective, an exploration of the field of Social CRM may lead firms to have an improved understanding into "social" business opportunities, and even provide firms in the business space the rationale for engaging in and adopting social as a way of doing business. As discussed above, customer value is the next source for competitive advantage, and social may be an important lever for creating customer value. Furthermore, a framework that visualizes the fundamentals of Social CRM may present CRM professionals a viable plan of action for acquiring, growing and retaining customers through a variety of social practices and based upon different customer information strategies, and help broaden the understanding of Social CRM and its role in improving customer value and corporate profitability. Customers may benefit of this research as well, because if firms increase their understanding of Social CRM as a customer-centric strategy, they may be more likely to engage their customers as co-creators of products and services, and customers, in turn, may receive products and services more aligned with their wishes and needs. The result may be an increased overall customer experience and enhanced customer satisfaction.

1.4 Research strategy

The main objective of this study is to understand the added value of social media combined with CRM. As Social CRM is a rather uncharted domain, it was decided to apply a qualitative research approach, because qualitative research is generally used to create a better understanding of a particular phenomenon about which little is yet known (Strauss & Corbin, in Hoepfl, 1997). Figure 1-1 presents the most important phases in the research project, including inputs and outputs that will provide access to a next phase. In the first phase, relevant literature will be explored and reviewed. After having explored and described literature, the most important concepts will be combined, resulting in the definition and a creation of an integrated framework for understanding the added value of Social CRM. In the third step, in-depth interviews will be applied to gain a better understanding of Social CRM, both conceptually and pragmatically, and to validate the integrated Social CRM framework. Interviews will be held with experts, users and vendors that are knowledgeable and/or experienced with Social CRM. In the next step, data analysis will be conducted based on constant comparative analysis, which involves taking one piece of data and comparing it with all others that may be similar or different in order to develop conceptualizations of the possible relations between various pieces of data (Thorne, 2000). Finally, in step five, conclusions will be drawn and the research findings will be discussed, which will contribute to a better understanding of Social CRM.

Figure 1-1 Research strategy

1 Review of literature	**2** Social CRM Framework	**3** Interviews with respondents	**4** Analysis of data	**5** Better understanding of Social CRM
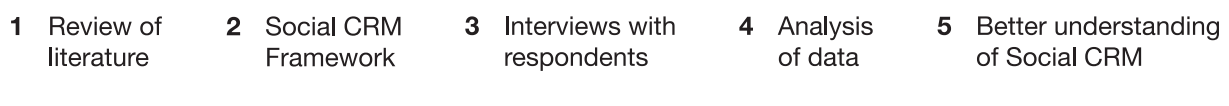
1.5 Thesis outline

As noticed, this report is structured in five parts through different colors. This part, what is this study about?, identified a research problem that has not been adequately addressed in contemporary scholarship, and at the same time adds to modern business practice. The what does theory tell? part will review critical literature on business relationships and Social CRM in order to present a Social CRM definition and an integrated framework for understanding the added value of Social CRM. In how can we test theory? the methods and procedures for data collection will be discussed. Then, in the what does practice tell? part, the findings will be analyzed and presented. Finally, in so, what's our story? conclusions will be drawn, findings will be discussed, theoretical and managerial implications will be presented, research limitations will be outlined and opportunities for future research will be identified and discussed. The references and appendices appear in grey.

2. Theoretical framework

The previous chapter introduced the research problem. This chapter aims to build a theoretical foundation whereupon this research is based, by reviewing relevant literature. This chapter is organized as follows. In section 2.1, the business relationship literature will be discussed in order to address the following research question: What is business relationship? Furthermore, in section 2.1, a description of the business relationship domain will be provided, the business relationship concept will be defined, and the reasons for entering into business relationships will be discussed. Then, section 2.2 will discuss the phenomenon of Social CRM and thereupon address several research questions at once—What is Social CRM? What is strategy? What are CRM, Web 2.0 and social media? What are the fundamentals of Social CRM? First, the strategy concept will be explained. Then, a discussion will follow on the aspects that underpin Social CRM, which are CRM, Web 2.0 and social media. In the last part of section 2.2, the four fundamentals of Social CRM will be discussed, which are the customer life cycle (CLC), relationship evaluation, customer knowledge management (CKM), and Social CRM practice. Finally, section 2.3 will present a preliminary framework that integrates and features these four fundamentals in order to address the following research question: How can the fundamentals of Social CRM be visualized and integrated in a framework? The next chapter will describe the research philosophy, outline the sampling procedure, discuss the method for data collection, and address the data analysis procedures.

2.1 Business relationship

2.1.1 The business relationship domain

For decades the main emphasis of marketing has been on the exchange paradigm, which focuses on discrete transactions between two organizations, while the relationship paradigm has been largely neglected (Järvelin, 2001). However, in the 1980s a revolution took place. The thinking in marketing shifted away from the exchange paradigm to the relationship paradigm, as firms started to understand the value of long-term customer relationships (Järvelin, 2001). Technologies that allowed customized communications bolstered this as well by allowing one-to-one communications over time (Villarica, 2012). Relationship-rich concepts took center stage (Villarica, 2012). Nevertheless, the exchange and relationship paradigm are not opposites, because the exchange of products, services, and information, together with social exchange occurs within relationships (Järvelin, 2001). Business relationships can be considered as relational exchange relationships (e.g., Håkansson & Snehota, 1995). However, service marketing literature has a rather different view on relationships, because it considers relationships as repeated episodes (Järvelin, 2001). The differences in these two views stem from the nature of parties in a business relationship (Järvelin, 2001). The IMP-approach describes the parties in a relationship as organizations, not individuals (Håkansson & Ford, 2002). In consumer markets, the relationship exists between the firm and individual consumer. In business markets, on the contrary, a relationship exists between two firms (Järvelin, 2001).

2.1.2 Defining business relationship

Despite the growing interest in relationships in marketing, there exists no universal definition of the term "business relationship". For instance, Plinke (1989, p. 307) defines business relationship as "*a series of market transactions and business-related interactions between a buyer and seller which are not accidental*". Quite differently, Anderson and Narus (1990, p. 98) refer to business relationship as "*similar or complementary actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time*". Håkansson and Snehota (1995, p. 25) seem to agree with this definition, describing business relationship as "*a mutually oriented interaction between two reciprocally committed companies*". Halinen (1997), however, states that business relationships involve at least two parties, have a long-term perspective with a common history, and at least to some extent shared expectations of future exchange. Finally, Salo, Tähtinen and Ulkuniemi (2009, p. 618) define business relationship as "*dynamic entities formed by at least two active parties*". For the purpose of this study, business relationship is defined as an interdependent process of continuous interaction and exchange between at least two actors in a business context (Holmlund, 1997).

2.1.3 Features of business relationships

Firms may have various reasons for entering into relationships with one another. Castro, Alves and Proenca (2005) state that business relationships are established, because they appear as a valuable resource essential for the economic performance. Oliver, in Halinen (1997) points out six reasons for establishing business relationships: (1) necessity based on some authority, (2) potential to exercise power, (3) reciprocity of benefits, (4) efficiency of operations, (5) increase of stability and predictability in an uncertain environment, and (6) improvement of organizational legitimacy. According to Buttle (2008), firms have five reasons for entering into relationships with one another: (1) product complexity, (2) product strategic significance, (3) service requirements, (4) financial risk, and (5) reciprocity. Furthermore, Dyer and Singh (1998) suggest that the development and creation of business relationships can result into sustained competitive advantage. Finally, via partnerships, a supplier can leverage its limited resources through joint efforts with customers, gain the benefits of customer's ideas and experiences, and garner higher profit margin from value-added services (Anderson & Narus, 1991).

2.2 Social CRM

2.2.1 Defining strategy

There is no universal definition of the term "strategy". Strategy applies to a wide variety of fields, such as military strategy, marketing strategy and investment strategy (University of Sunderland, 2004). Broadly speaking, there are two opposing views on strategy—intended or realized strategy (Mintzberg, 1978). Intended strategy is as conceived by the strategy-maker (Mintzberg, 1978), and is the result of a conscious process of negotiation, bargaining, compromise and planning, involving many people and departments within the organization (Grant, 1998). On the other hand, realized strategy emerges over time as intentions collide with and conform a changing reality (Mintzberg, 1978). In this study, strategy is defined as a long-term plan of action intentionally designed to achieve an organization's goals.

Strategy can be distinguished by the level at which it occurs (de Wit & Meyer, 2004; Tamošiūniene & Jasilioniene, 2007). Network level strategy deals with the question "*How should I interact with other organizations?*" and involves collaborative arrangements, a web of relational actors, and relative power positions in inter-firm relationships (de Wit & Meyer, 2004). Corporate level strategy defines the strategy for the organization as a whole, and is cascaded to business units below (University of Sunderland, 2004). It deals with the question "*What business should I be in?*" (Tamošiūniene & Jasilioniene, 2007). Once an organization understands in what businesses it wants to partake, it must address the business strategy (Tamošiūniene & Jasilioniene, 2007), which can be further separated into two interrelated parts: "*How do I beat the competition?*" and "*How do I win the customer?*" (Tamošiūniene & Jasilioniene, 2007). Once an organization or business unit determines its industry position, it must answer the question "*How do I operate?*" in order to achieve the business strategy? The functional strategy involves all the complex decisions on people, processes and technologies that will render the business strategy (Tamošiūniene & Jasilioniene, 2007). (Tamošiūniene & Jasilioniene, 2007). Social CRM is generally thought of as a form of business and operational strategy (e.g., Greenberg, 2010; Lei & Yang, 2010; Woodcock et al., 2011).

2.2.2 Social CRM underlying aspects

2.2.2.1 Defining CRM

In the 1950s, mass production systems and mass marketing altered the competitive arena by increasing product availability to customers (Chen & Popovich, 2003). However, the buying process that allowed the firm and customer to spend quality time getting to know each other also revamped fundamentally (Chen & Popovich, 2003). Customers lost their uniqueness, because they became an "accounting number" and firms lost sight of their customer's needs, as the market became full of product and service options (Chen & Popovich, 2003). In the mid-1990s, many organizations sought to re-establish connections with customers in order to increase long-term customer value through the implementation of RM principles using strategic and technology-based CRM applications (Chen & Popovich, 2003). Since then, there has been an explosion of interest in CRM by both academics

and practitioners. Nevertheless, despite the increased attention, a consensus has not yet emerged about what counts as CRM (Buttle, 2008). Many scholars (e.g., Kale, 2004; Khanna, 2001) as well as practitioners consider CRM as a technology solution that extends separate databases and sales tools to bridge sales and marketing functions in order to enhance targeting efforts. CRM is also regarded as a tool specifically developed for one-to-one customer communications, a sole responsibility of sales/service, call centers or marketing departments (Chen & Popovich, 2003). However, Greenberg (2004), and several other CRM notables (e.g., Kotorov, 2003; Pan & Lee, 2003; Payne & Frow, 2005) regard CRM as a holistic approach to managing customer relationships in order to create shareholder value. This study defines CRM as a strategic approach for managing customer relationships to create business value.

In order to have a better understanding of CRM, it is necessary to briefly consider its four dimensions. First, strategic CRM aims at developing a customer-centric business culture, which is dedicated to acquiring and retaining customers by creating and delivering value better than competitors (Buttle, 2008). Secondly, operational CRM comprises the business processes and technologies that can help improve the efficiency and accuracy of day-to-day customer-facing operations (Iriana & Buttle, 2006). Operational CRM can be separated into three main areas— marketing automation (MA), sales force automation (SFA) and service automation (SA) (Buttle, 2008; Iriana & Buttle, 2006; Torggler, 2009; Tuzhilin, 2012). MA is responsible for managing and supporting all customer-related marketing activities (Torggler, 2009). SFA applies software to the management of a company's selling activities (Buttle, 2008), and focuses on functions, such as order management (Torggler, 2009). Finally, SA allows firms to manage their service operations whether provided via call/contact center, the Internet or face-to-face (Buttle, 2008). Thirdly, collaborative CRM covers the control and integration of all communication channels between the company and its customers (Torggler, 2009). Through customer "touchpoints", which interface directly with the customer, a continuous dialogue between the organization and customer can be established (Buttle, 2008). Finally, analytical CRM is concerned with capturing, storing, extracting, integrating, processing, interpreting, distributing, using and reporting customer-related data to enhance both customer and company value (Buttle, 2008). Analytical CRM builds on the foundation of customer-related data (Torggler, 2009).

2.2.2.2   The evolution of CRM

CRM grew up in the age of the customer-focused corporate ecosystem, in which firms used CRM as an approach for understanding how to administer their customers' behavior (Greenberg, 2009). As just observed, it was via automating processes, customer interface programs, and analytical methods that were tied to an often-nascent executive strategy. CRM was utilized to discover what the individual customer was thinking by gathering customer data and tracking all customer transactions (Greenberg, 2009). The objective of using CRM was increased revenues or decreased costs (Greenberg, 2009). Furthermore, organizations used CRM for rendering customer-facing processes more effective and for business support functions tracking the customer facing activities (Greenberg, 2009). CRM was operational-focused on the firm tracing the customer and capturing valuable data about the customer (Greenberg, 2009). The thinking behind CRM was inside-out, meaning the organization produced products, and then delivered them to customers based upon the information the firm had about the customer (Morgan et al., 2010). It was a one-way push process with the aim of obtaining a transaction (Morgan et al., 2010). However, due to the emergence and widespread adoption of Web 2.0 technologies, and of social media applications in particular, the company-customer relationship ownership has moved beyond the organizational boundaries to the province of the customer (Greenberg, 2009; 2010).

2.2.2.3   Defining Web 2.0

Web 2.0 is a relatively new term. It was officially coined in 2004 by Dale Dougherty during a discussion on a potential future conference about the Web, and later popularized by O'Reilly (2007). Since then, the topic of Web 2.0 has attracted attention of scholars, and has been adopted by many practitioners as a notion underscoring the transition of the Web to a new state of use and service development (Constantinides, 2009). However, despite the popularity, there is no general consensus as to what Web 2.0 exactly means (see Appendix A). Most definitions either mix-up different dimensions creating confusion and ambiguity (e.g., Cooke & Buckley, 2006; Maness, 2006), or attempt to evade confusion by oversimplifying the situation (e.g., Aguiton & Cardon, 2007; O'Reilly, 2007). Review of literature on Web 2.0 suggests that the concept comprises four important

dimensions that shape the Internet—i.e., mechanisms, applications, UGC and social values. Building upon these terms, this study defines Web 2.0 as the set of mechanisms, applications, user-generated content and social values that shape the Web.

This study defines Web 2.0 mechanisms as Web-related techniques and technologies that spur the ideas behind the Web. Examples include Asynchronous JavaScript + XML, Web Application Programming Interface, and the folksonomy structure. UGC can be seen as the sum of all ways in which people make use of Web 2.0 applications (Kaplan & Haenlein, 2010). The term UGC can be separated into two parts: "user" and "content". Generally speaking, the moniker content is denoted as a term to describe a particular form of data that can be presented to a group of spectators (Lastowka, 2008). It is commonly synonymous with some form of creative works (Lastowka, 2008). Users are active Internet contributors who put in a certain amount of creative effort that is created outside of professional routines and platforms (van Dijck, 2009). Values refer to desirable, universal goals that vary in their importance as guiding principles in people's lives (Schwartz, in Roccas, Sagiv, Schwartz & Knafo, 2002). Accordingly, they must be represented cognitively in ways that enable individuals to communicate about them (Roccas et al., 2002). The aggregate of personal values is referred to as social values—that is to say, important goals a collective entity, such as a social movement or community, wishes to pursue. Web 2.0 has been a natural breeding place for a large stream of social values and principles (see Appendix B). Amongst the stream of values in Appendix B, the three values most associated with Web 2.0 are participation, collaboration and openness.

2.2.2.4   Defining social media

Social media is a relatively new and yet a highly popular concept. Individuals use social media to talk with their friends, create and upload music and read about products and services. Similarly, practitioners have rushed to embrace social media as a new way of doing business, witnessed by the tools and start-ups being announced on almost a daily basis (Anderson, 2007). Despite the interest, there is no general consensus as to what the term exactly means (Kaplan & Haenlein, 2010; Xiang & Gretzel, 2010). The phenomenon is often used along with the seemingly-interchangeable concepts of Web 2.0 (e.g., Usher, 2010), Web-based and mobile technologies (e.g., Bruns & Bahnisch, 2009), online applications (e.g., Constantinides & Zinck-Stagno, 2011), UGC (e.g., Childress, 2012), social outcomes (e.g., Anderson, 2007; Gouseti, 2010), network-based platforms (e.g., Parent, Plangger & Bal, 2011), communication tools (e.g., Evans, 2008; Wong, 2011), and business models (e.g., Gehl, 2011; Hanna, Rohm & Grittenden, 2011). Drawing upon these terms, this study defines social media as Internet-based applications, tools and services that facilitate two-way interactions and the (co)creation, modification, publication and exchange of user-generated content; social media offers a playground for firms to create, test and refine business models, and is supported by a technology platform and a set of social features; it is the ongoing manifestation of the Web 2.0 phenomenon.

Several studies (e.g., Bernoff & Li, 2008; Constantinides & Fountain, 2008; Xiang & Gretzel, 2010) have attempted to categorize social media in a more or less systematic manner. However, most of these studies face two main challenges in formally classifying social media (see Table 2-1). The first challenge is the transient nature of social media. The second challenge is the lack of theoretical underpinnings in developing a framework. In concert, these two challenges reveal how a social media classification should be developed: in a systematic manner, based on stable, universal dimensions, which are grounded in robust theories. To create such a classification scheme, this study draws on some concepts from the specialized field of economics and social sciences.

Table 2-1 Challenges in classifying social media

Challenge	Description
Transient nature of social media	Features evolve as technologies and standards improve and environmental forces act upon them. What is more, new features are added on a regular basis, which renders social media as portal plays.
Buzz-driven taxonomies	Classification schemes tend to be buzz-driven rather than theory-driven

With respect to the economic-related component of social media, two main actors in the market can be distinguished: producers and consumers (Kotler, 1986). Producers are simply those who create products or services, whereas consumers refer to people who use products or services (Kotler, 1986).

What distinguishes these two functions is whether the value-creation activities bring about "use value" or "exchange value" (Marx, in Humphreys & Grayson, 2008). Use value tells something about the satisfaction of a social need, whereas exchange value is the relative worth of an object when placed in exchange relation with another object of a different kind (Marx, in Humphreys & Grayson, 2008). Ritzer (2010) states that a paradigm shift is advancing in our thinking about the economy, which involves a movement away from thinking about separable producers and consumers, toward more of a focus on prosumers, which refers to individuals who are simultaneously involved in both production and consumption (Ritzer & Jurgenson, 2010). A major incentive for the increasing ubiquity of prosumption is the dawn of Web 2.0 (Ritzer, 2010). In the days of Web 1.0, content was typically produced and managed by producers and used somewhat passively by consumers (Birdsall, 2007). In contrast, Web 2.0 is defined by social media of which the contents are created by consumers (Ritzer & Jurgenson, 2010). Ritzer (2010) states that the focus in an economic system always should be on prosumption, though in some instances the role of a producer is more important than that of a consumer, while in others it is consumption that predominates. Although something of the distinction between producer and consumer remains in the latter case, it is obvious that Web 2.0 is the natural habitat of the prosumer. Applied to the context of social media, it is assumed that a first classification can be made based on the defining roles of economic actors.

As to the social dimension of social media, affordance theory states that people perceive the environment directly in terms of its potential for action (Gibson, 1977). Affordances point to the properties of the environment and the characteristics of a person that enable him/her to interact with the environment (Bradner, Kellogg & Erickson, 1999). As a special class of affordances, "social affordances" allow individuals or a group of individuals to perceive aspects of their social environment (Hogan & Quan-Haase, 2010). The concept of social affordances has long been discussed in studies of computer-mediated communication (e.g., Bradner, 2001; Kreijns & Kirschner, 2001), and more recently in studies of social media (e.g., Hogan & Quan-Haase, 2010; Tay & Allen, 2011). A recurring thread in these studies is the social affordance "communication". Conole and Dyke (2004) state that Web technology offers the potential to develop new forms of online communication and new means of communicating and sharing information, and Anderson, in Lee and McLoughlin (2008, p.2) argues that "*the greatest affordance of the Web […] is the profound and multifaceted increase in communication and interaction capability*". According to Treolar (1994), the Web consists of communication spaces that afford communication with other users of the Web in a variety of ways. This communication can be viewed as taking place along the dimension of "cardinality"—that is, the relationship between two objects and how they are connected (Pringle & O'Keefe, 2009). The basic cardinality types are one-to-one, one-to-many/many-to-one and many-to-many. Like Hogan and Quan-Haase (2010), this study argues that social media combines features of one-to-one, one-to-many/many-to-one and many-to-many. Hence, applied to the context of social media it is believed that a second classification can be made based on the social affordances of computer-mediated communication.

Combining both dimensions leads to a classification of social media, which is visualized in Figure 2-1. On one side of the spectrum, idiosyncratic applications enable the joint production and consumption of content by two end-users. Idiosyncratic applications might be useful in business support functions, such as customer service and/or for reputation building purposes. On the other side of the spectrum, prosumption applications enable the simultaneous creation and consumption of content by many end-users. In this sense, prosumption applications are the ultimate manifestation of social media. Drawing on the concepts of Marx, in Humphreys and Grayson (2008), this study distinguishes between two types of prosumption applications: utility applications and exchange services. Utility applications enable users to create content for themselves, whereas exchange services allow people to take on activities of the value chain to create content (or value) for others. From a corporate perspective, exchange applications may work well for hiring talented "employees" who create value for free, allowing businesses to be more efficient and innovative, and as a result to be more competitive in the marketplace. Somewhere in between are applications that enable a multiplex of people to jointly create content for a single user (production applications), and applications that allow many users to consume the content created by a single producer (consumption applications). From an enterprise point of view, production applications may allow ongoing communication between a vast number of employees and the CEO of a firm. Consumption applications, on the other hand, might be beneficial for learning environments and branding purposes.

Figure 2-1 Social media classification scheme
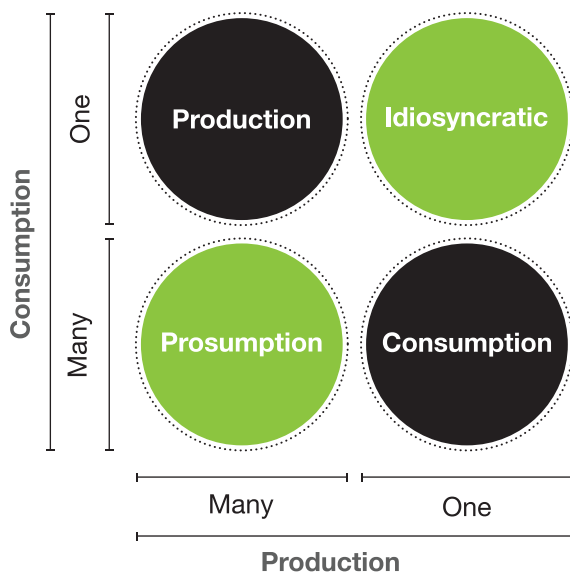
2.2.2.5 Defining Social CRM

As a relatively new concept, the exact meaning of Social CRM is still subject of heavy discussion. Several scholars use Social CRM to describe a technology or set of technologies for managing customer relationships. For instance, Mohan et al. (2008, p. 241) describe Social CRM as *"easy-to-use standalone applications that can be leveraged on the structured processes of existing CRM to help end-users better leverage social networks, internal and external data and news feeds, and existing sales and marketing content."* However, others focus on Social CRM as a business strategy. For instance, Kotadia (2010b) defines Social CRM as the business strategy of engaging customers through social media with goal of building trust and brand loyalty. By the same token, Greenberg (2009, p. 8) defines Social CRM as *a philosophy and a business strategy […] designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment […].* Faase et al. (2011) also define Social CRM as a strategy; however, unlike other scholars they argue that Social CRM is a CRM strategy that utilizes social media to encourage active customer engagement and involvement. At the same time, Faase et al. (2011) argue that Social CRM is a company-specific strategy for building stronger relationships with customers, indicating that in Social CRM customers do not define all business aspects. The firm still has to build and maintain long-term relationships with customers, and even though the mindset and tools have altered, the objective has remained the same—building or improving business value. Hence, this study defines Social CRM as a business strategy for managing customer relationships through social media with the goal of improving business value.

Social CRM differs in many ways from traditional CRM. For example, in CRM the firm managed the relationships, whereas in Social CRM the customer-firm interaction is a collaborative conversation. Also, in CRM, the organization sought to lead and shape customer opinions about products, services and customer relationships, whereas in Social CRM, the customer is a partner from the start in co-creating products, services and relationships (Greenberg, 2009). Despite the differences, Social CRM should not be seen as a replacement of CRM, rather as an extension (Acker et al., 2010). The most important change in Social CRM is the addition and inclusion of the social customer (Morgan et al., 2010). The term "social customer" refers to people who are shifting their trust away from corporate marketers and messages, and instead talking and listening to their fellow peers (Greenberg, 2009; Leary, 2008; Sigala, 2010; Woodcock et al., 2010). Their opinions about products and services are being shaped by the data they retrieve from fellow customers who offer their experiences and express their thoughts and beliefs over social media (Acker et al., 2010). According to Brito (2011), there are different types of the social customer. Venting customers are seeking attention from their peers and often make plain statements, such as "*I just purchased a TV*" or "*I love my iPhone, but the screen is too glossy*" (Brito, 2011). Passive customers, on the other hand, are in great need of help, but they do not seek actively support yet. Used-to-be customers are upset, vocal and need immediate support. They are constantly telling others about their negative experiences (Brito, 2011).

The collaborative customer is happy with the company, product or service, and seeks out venues for suggesting new products or services, or improvements to existing products or services (Brito, 2011). Customer advocates hype a brand, product or service, even while the company ignores them. These customers do not get monetary incentives for their efforts (Brito, 2011). Finally, the future customer is either a new customer or a customer who is considering an upgrade to a new product or service (Brito, 2011).

2.2.3 Social CRM fundamentals

2.2.3.1 Defining customer life cycle

Although the notion of a product life cycle is well entrenched in literature, the idea of a customer life cycle is much less well established (Ang & Buttle, 2006). Several customer management authorities have attempted to develop a conceptual notion of the CLC. For instance, Kincaid (2003, p. 45) defines CLC as "*the total time that the customer is engaged with your company from the customer's experience and viewpoint*". Somewhat differently, Baesens et al. (2004, p. 508) refer to CLC as "*a customer's spending evolution over time*". This notion of the CLC seems to be supported by van Meer (2006, p. 59) who states that the CLC "*reflects the fact that a customer's financial behavior changes over time, and aids in predicting his or her future [...] financial activity*". Others scholars (e.g., Ang & Buttle, 2006; Terlutter & Weinberg, 2006) have used the CLC to describe changes in customer-firm interactions over time. In this study, the CLC is defined as stages in the relationship between a customer and an organization.

In literature, many suggestions have been made for the differentiation between and characterization of the CLC (e.g., Dwyer, Schur & Oh, 1987; Grönroos, in Zineldin, 2002; Szulce & Sosnowska, 2010). These suggestions can be summarized into three core phases: acquisition, sales and retention (e.g., Park & Kim, 2003; Terlutter & Weinberg, 2006; van Meer, 2006). The acquisition phase is the first step in the customer-firm relationship (Bruhn, 2009), in which the firm attempts to acquire new customers (Terlutter & Weinberg, 2006). The firm procures information and uses different touchpoints to get in contact with the customer (Terlutter & Weinberg, 2006). During the customer acquisition phase, the customer searches for information about different providers and offers (Terlutter & Weinberg). The customer sales phase starts when both the firm and customer are satisfied with the customer acquisition phase (Strauss, 2010), and is characterized by an intensification of the customer-firm relationship (Terlutter & Weinberg, 2006). The sales phase runs over into the retention phase or into the beginning of a new acquisition phase (Terlutter & Weinberg, 2006). In the customer retention phase, the potential or actual completion of the customer-firm relationship is reached and both, one, or neither side strives to re-establish the relationship (Terlutter & Weinberg, 2006).

2.2.3.2 Defining relationship evaluation

Business relationships do not evolve just from one stage to another. Relationship partners usually go through a complex and ongoing process of evaluation, before they will proceed to a next stage (Järvelin & Mittilä, in McLoughlin & Horan, 1999). Literature distinguishes two types of evaluation—i.e., formative and summative evaluation (e.g., Bloom, 1971; Cavanagh, 1996; Murray, 1984). The former involves assessing the value of project while development activities are running, with the focus on intermediate results during the development process. On the other hand, summative evaluations appear at the end of a project with the focus on assessing long-term outcomes (Power, 2008). In this study, relationship evaluation is defined as the intermediate assessment of relationships along the customer life cycle.

In recent years, there has been a growing interest in studying concepts related closely to the evaluation done in business relationships (Järvelin & Mittilä, in McLoughlin & Horan, 1999). These concepts include, for instance, relationship quality and relationship value (e.g., Buttle & Biggemann, 2005; Rauyruen, Miller & Barrett, 2005). Wilson (1995) has proposed a list of factors that can be used to evaluate business relationships along different stages of relationship development (see Table 2-2). This study employs these factors as evaluation criteria for assessing relationship development as represented by the CLC. Appendix C includes a description of each of these factors.

Table 2-2 Factors for evaluating business relationships

Factors	Factors (continued)
Adaptation	Performance satisfaction
Commitment	Power/interdependence
Comparison level of alternatives	Reputation
Cooperation	Shared technology
Goal congruence	Social/structural bonds
Non-retrievable investments	Trust

Adapted from Wilson (1995)

2.2.3.3   Defining customer knowledge management

CKM is a fairly new term that integrates CRM with knowledge management (KM), which is a philosophy that drives firms to optimize the use of their knowledge resources. According to García-Murillo and Annabi (2002), KM has been of interest to firms, since they realize that it can contribute to their competitive advantage. In literature, several attempts have been made to define CKM. Paquette, in Schwartz and Te'eni (2011, p. 176), for instance, defines CKM as "*the processes that a firm employs to manage the identification, acquisition, and internal utilization of customer knowledge*". Quite differently, Beerli, Falk and Diemers (2003) refer to CKM as the business-oriented gathering and organization on customers and prospects. Furthermore, Chen, in Koohang, Harman and Britz (2008) defines CKM as the application of KM tools to support the exchange of knowledge in a CRM process. In this study, CKM is defined as the management and exploitation of customer knowledge.

Dwyer et al. (1987) state that each phase of the CLC is characterized by differences in behaviors and orientations and, therefore, each phase requires different CRM approaches. Literature suggests that all CRM models are based on identifying CRM practices for managing each relational phase (e.g., Christopher, Payne & Ballantyne, 1993). These models were enriched by the CRM model proposed by Park and Kim (2003), which identifies the required and appropriate CKM strategies for managing each phase of the CLC. This study applies the latter model for developing a framework that can demonstrate how firms can exploit social media for supporting and amplifying CRM strategies. Park and Kim (2003) identified three types of knowledge that are required for managing phases of the CLC. The first is "of-the-customer knowledge", which includes factual data about potential customers and customer segments (Daneshgar & Bosanquet, 2010), as well as personal and transaction data about individual customers (Park & Kim, 2003). Knowledge about customer is accumulated to understand customer's needs and to address them in a personalized way (Gebert, Geib, Kolbe & Riempp, 2002). Secondly, "for-the-customer knowledge" refers to product, service and organizational information that are perceived useful by customers (Sigala, 2011). This type of knowledge is presented via diverse means of communication so that customers acquire and process it to make more informed decisions (Park & Kim, 2003). Thirdly, "by-the-customer knowledge" reflects customer feedback that can be applied to develop new products or services, or to enhance critical business processes (Gebert et al., 2002). Knowledge from customers includes the customer's perceptions, insights and reactions, knowledge about other products or services, suppliers, markets and their environment (Daneshgar & Bosanquet, 2010). According to Smith and McKeen (2005), there is one other type of customer knowledge, which is co-created (cc) knowledge. Co-created knowledge is new knowledge that comes about as the result of collaboration between the organization and its clients and generates value for the customers as well as the organization (Buchnowska, in Wrycza, 2011).

2.2.3.4   Defining Social CRM practice

The term "practice" implies actively working in, engaged in, or observing a particular profession or religion (The American Heritage® Dictionary of the English Language, n.d.). In a business context, a practice refers to a method, procedure, process or rule employed by a firm in the pursuit of its objective (Business Dictionary, n.d.). In the context of CRM, practices are referred to as activities for managing business relationships (Shengdong & Xue, 2011), Hence, in this study, the term "Social CRM practice" is used to describe activities for managing customer relationships through and on social media.

Based on Pavlov's (1927) renowned stimulus-response theory, this study differentiates between two approaches for managing each phase of the customer relationship life cycle: a reactive and a

proactive approach. Firms with a reactive approach are driven by customer behaviors, by circumstances and by their environment. They might respond or "take appropriate steps of action" based on customer signals in their environment. Firms might employ a variety of reactive practices to manage each phase of the CLC. Examples include social marketing insights, social campaign tracking, market segmentation or customer profiling, and search engine optimization (see Bounsaythip & Rinta-Runsala, 2001; Hernández, Jiménez & Martín, 2009; Owyang & Wang, 2010; Sigala, 2011). In the proactive approach, firms are still influenced by external stimuli; however, their response to the stimuli is a value-based choice or response. They are in anticipation of problems and, therefore, might take course of actions appropriate for solving a problem before they have observed a change in their environment. Again, a variety of proactive practices might be used to manage each phase of the CLC. Exemplary practices within this category include branding, co-creation, personalization of product or services, and VIP experience (see Aaker, 1991; Hughes, 2010; Owyang & Wang, 2010; Prahalad & Ramaswamy, 2004; Sigala, 2011).

2.3 An integrated framework for understanding the added value Social CRM

Considering the literature review, this section introduces a preliminary framework for understanding the added value of Social CRM (see Figure 2-2). This framework is preliminary, as it will serve as groundwork for developing a more elaborate framework in chapter five. The Social CRM framework integrates and features the fundamentals of Social CRM that were described in section 2.2, which are the CLC, relationship evaluation, CKM and Social CRM practice. The framework differs from traditional CRM models (e.g., Chan, 2005; Henneberg, 2008; Parvatiyar & Seth, 2000) in two important ways. First, the Social CRM framework contains a "social" dimension, which is embedded in the cells of both CKM type and Social CRM practice. Traditional CRM/CKM models (e.g., Bueren, Scheirholz, Kolbe & Brenner, 2004; Park & Kim, 2003) have included CKM types, however, they have focused on information solely found on or provided via conventional means of communication. The Social CRM model focuses both on traditional and social channels. Similarly, most CRM models (e.g., Bose & Sugumaran, 2003; Dawson, 2010; Winer, 2001) have focused on one-way communications with the customer. The Social CRM framework, however, centers on two-way interactions between organization and customer, and among customers themselves. Furthermore, unlike traditional CRM models, this framework contains an "evaluation" aspect. Previous CRM models (e.g., Hawkins, 2003; Park & Kim, 2003) have described relationship development as a staircase model or as a linear process. However, the Social CRM framework depicts relationship development as an iterative process of continuous interaction between the customer and firm.

The starting point of the framework is the customer life cycle. In the customer initiation phase, the firm strives to acquire new customers, making the first customer-firm contact. The firm procures factual data about prospects and customers segments, as well as personal and transactional data about individual customers. This type of information may be found on social networks, microblogs, and specialized online communities. The firm might then use proactive practices, such as branding, positive WOM, and direct marketing, or reactive practices like social marketing insights and customer profiling to add value to the CLC. Acquired customers might be valuable enough for the firm to grow the relationship. However, before the relationship can proceed to a next stage, relationship evaluation is required. In the first stage of relationship development, evaluation may either be done by the customer alone, or in conjunction with the firm. The customer might evaluate the relationship based on the quality of the outcome of products or services in comparison with other providers and whether the employees have lived up to the reputation of the organization. The customer and organization in concert may evaluate the relationship based on goal congruence, power dependence, and the strength of their bonds.

In the customer development phase, the firm strives to intensify the contact with the customers and to increase sales among existing customers. The firm presents product, service and organizational data via diverse means of communication so that customers acquire and process it to make more informed decisions about future purchases. The firm may present this type of knowledge via social networks, video sharing sites and microblogs, as well as via search engines. Knowledge for the customer may also be presented by fellow customers via review and rating sites/through membership support on customer forums, or in association with customers via co-creation platforms.

Again, the provider might use proactive practices like cross/up-selling and co-creation, or reactive practices, such as social sales insights and rapid social sales response to add value to the CLC. Growth customers might be valuable enough to maintain the relationship. However, before the relationship can advance to the last stage, assessment is imperative. In this phase, evaluation might be done jointly by the customer and provider, based on the mutual adjustment of processes, the extent of joint commitment to the relationship, the degree of cooperation, goal congruence, costs of terminating the relationship, the provision of value, shared technology, strength of bonds and the extent of communal trust.

In the customer retention phase, the potential or actual completion of the customer-provider relationship is achieved and both, one, or neither customer nor firm attempts to re-new the relationship. If the firm attempts to re-establish the relationship, it may present data through different communication channels so that customers gather and process it for making more informed decisions about remaining loyal or not. If the customer strives to renew the relationship, it might provide information to the firm, which contains perceptions, insights and knowledge about other products or services, via social networks, forums, and microblogs, as well as via chats. However, if both the firm and customer strive to re-establish the relationship, they may collaborate to create new types of knowledge that is beneficial for the organization as well as the customer. In all three cases, the firm may use proactive practices, such as VIP experience, personalization of products or services, or reactive practices like social support insights and rapid social response. Retained customers may be turned into growth customers again, however, before this can be done evaluation is once again required. Similar to the growth phase, evaluation might be done cooperatively by the customer and provider, based on the mutual adaptations of processes, the degree of collective commitment to the relationship, the extent of collaboration, goal congruence, costs of ending the relationship, the provision of value, shared technology, strength of bonds and the degree of shared trust.

Figure 2-2 An integrated framework for understanding the added value of Social CRM
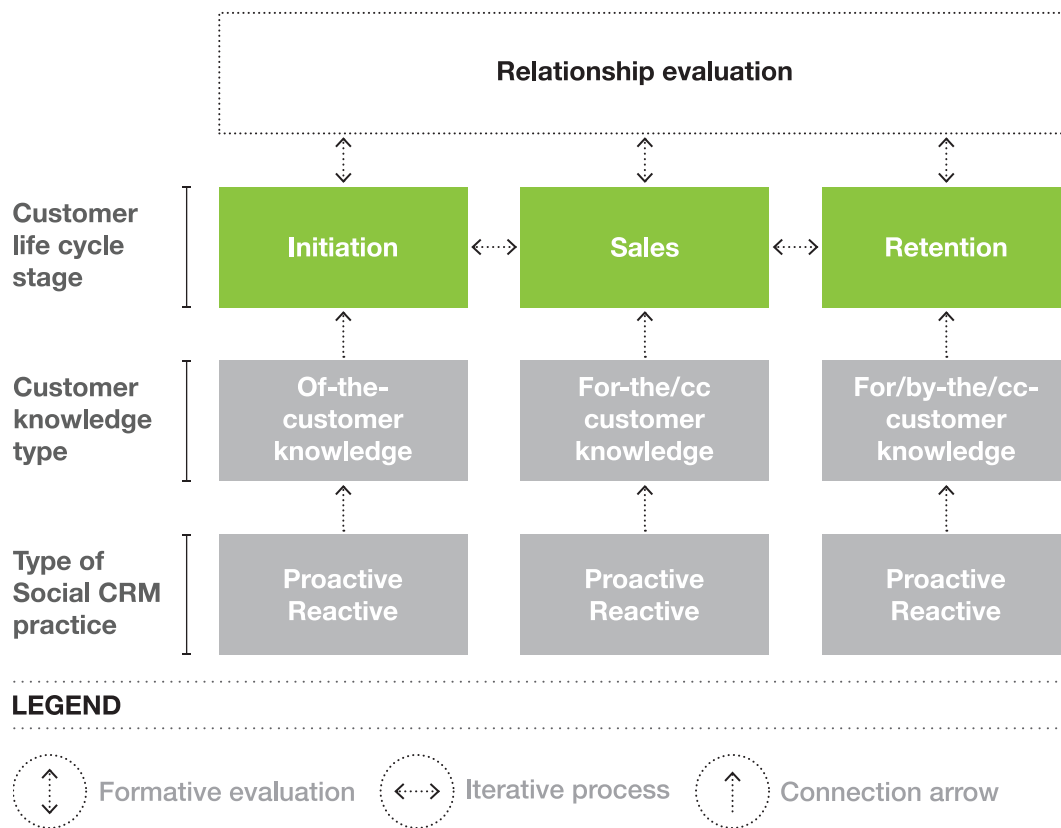
3. Methodology

The previous chapter reviewed the Social CRM field in order to create a better understanding of Social CRM, and presented a preliminary framework for understanding the added value of Social CRM. This chapter elaborates on the research methodology and is organized as follows. First, section 3.1 will discuss the research philosophy, approach and purpose. Then, the sampling procedure (3.2), and method for data collection will be described (3.3). Finally, in section 3.4, the procedures for data analysis will be outlined. The next chapter presents the study findings.

3.1 Research philosophy, approach and purpose

According to Saunders, Lewis and Thornhill (2009), the philosophy a researcher adopts contains important assumptions about the way the world is seen, which will underpin the research strategy and the methods chosen as part of that strategy. This study supports the assumption that research is value bound, and that the nature of reality is subjective. This assumption concurs with interpretivism. The essence of interpretivism is that there are differences between humans in their role as social actors (Saunders et al., 2009); people interpret their everyday social roles in accordance with the meaning they give to these roles, and interpret the social roles of others in accordance with their own set of meanings (Saunders et al., 2009). In general, there are two approaches to research: deduction and induction (e.g., Babbie, 2009; Eisenhardt & Graebner, 2007; Jonker & Pennink, 2010; Saunders et al., 2009). The essence of induction is that particular observations are gathered and general statements are then derived from these observations (Sim & Wright, 2000). It emphasizes gaining an understanding of the meanings humans attach to events, a close understanding of the research context, a more flexible structure to permit changes of research emphasis as the research progresses, and a realization that the researcher is part of the research process (Saunders et al., 2009). On the contrary, the essence of deduction is to infer from what has preceded (Morse & Field, 1995). This approach emphasizes academic principles, moving from theory to data, the application of controls to ensure the validity of data, and the operationalization of concepts to ensure clarity of definition (Saunders et al., 2009). This study opts for an inductive approach to enquire, since it aims to gain a better grasp of Social CRM and to develop a new framework for understanding the added value of Social CRM. Social research can serve many purposes, and three of the most common and useful purposes are exploration, description and explanation (Babbie, 2009). The object of an exploratory study is to find out what is happening; to seek new insights; to ask questions and to assess phenomena in a new light (Saunders et al., 2009). This approach typically occurs when a new interest is studied or when the subject of the study is relatively new (Babbie, 2009), as it is the case with Social CRM.

3.2 Participants

For gaining an improved understanding of Social CRM and for assessing the framework (see Figure 2-3), a total of seventeen experts that are knowledgeable about Social CRM were recruited through expert sampling. This method was chosen, since it is the best way to elicit views of persons who have specific expertise about a particular topic (Trochim, 2006). The inclusion criteria for the respondents were as follows: people having publications and research related to CRM, marketing, information technology (IT), social media and Social CRM; those working in either one of the pre-mentioned fields; and authorities having knowledge about and experience with Social CRM. To further assess the framework, eight firms (of which three users and five vendors) that are experienced with Social CRM were recruited via heterogeneous sampling. The inclusion criteria for these respondents were as follows: firms that provide Social CRM systems and/or Social CRM services, firms that have experience using Social CRM systems, and firms that have adopted a social media and/or a Social CRM strategy. Hence, a total of 25 interviews were conducted with 28 respondents that are knowledgeable and experienced either with conducting research on Social CRM or with the practice of Social CRM. The characteristics of the research participants are illustrated in Table 3-1. Although this sample may not be sufficient in size to result in findings that are transferable at large statistics, it is believed that it is adequate in terms of presenting findings that are strongly indicative toward the theoretical assumptions taken in this study.

Table 3-1 Characteristics of the research participants (confidential)

3.3 Data collection

In line with the inductive approach to enquiry and the exploratory nature of this study, semi-structured interviews were conducted. Semi-structured interviews are often used to answer the questions of "what", "how" and "why" (Saunders et al., 2009). This method of research was chosen, because it enabled us to have a better understanding of Social CRM and its added value. It also provided us the opportunity to "probe" answers, where interviewees were needed to explain, or build on their responses (Saunders et al., 2009). Furthermore, it permitted flexibility and the ability to adapt the research direction as a result of new data and insights that appeared (Robson, 2002). The drawback of a semi-structured interview is that it is not an appropriate means for arriving at statistical descriptions of a large population (Saunders et al., 2009). Furthermore, a semi-structured interview can increase the likelihood of bias, as the researcher might influence the opinion and the subsequent response of the respondent (Babbie, 2009).

A questionnaire (see Appendix D) was developed for gaining an improved understanding of Social CRM and for testing the framework. First, the general view of the participants on Social CRM was explored. Then, the view of the participants on the Social CRM model was examined. The interviewees were solicited to indicate the value of the overall framework, the value of each layer, and the value of each cell in the framework on a five-level Likert item (5=very valuable, 3=neutral, 1=not valuable at all). In the last part of the interview, the respondents were asked to evaluate the Social CRM framework. The items that have been used to devise the evaluation questions were derived from the field of data quality management (e.g., Bobrowski, Marré & Yankelevich, 1999; Strong, Lee & Wang, 1997; Wand & Wang, 1996; Wang & Strong, 1996), and are illustrated in Table 3-2.

Table 3-2 Quality items for validating the integrated Social CRM framework

Item	Description
Completeness	The extent to which a part of the framework is not missing
Correctness	The extent to which the cells in the framework represent a real-world situation
Reliability	The extent to which the framework, layers, and cells convey the right information
Timeliness	The extent to which the framework or layers are state of the art
Usefulness	The extent to which the framework is applicable for an organization
Transferability	The potential of the framework to be applied beyond its original context

Adapted from (with modifications) Bobrowski et al. (1999); Bohmann (2000); Pipino, Lee & Wang (2002); Tappen (2010); Wand & Wang (1996)

Respondents were invited personally via phone or Twitter. After they agreed to participate, a formal email initiation was sent to the participants, which contained the interview protocol. Depending on their place of residence and activity, the interviews[1] were either conducted face-to-face or via Skype, which is a voice-over-Internet-protocol application. Face-to-face interviews were recorded with a voice recorder and Skype interviews with a software application named call recorder. The recorded interviews were transcribed digitally using Word 2010 and PDF formats. Transcriptions were then sent to respondents for checking and approval. Only two respondents returned a transcription with modifications.

3.4 Data analysis

Constant comparative analysis (CCA) was used on the qualitative data. This method was originally developed for use in grounded theory methodology (Glaser & Strauss, 1967), and is now applied more widely as a method of analysis in qualitative research (Thorne, 2000). The CCA method involves taking one piece of data and comparing it with all others that may be similar or different in order to develop conceptualizations of the possible relations between various pieces of data (Thorne, 2000). The procedures for the CCA method are as follows. First, data will be read line by line, asking questions such as "*What is expressed here?*" and "*What is meant by this?*" (Meng, Xiuwei & Anli, 2010). By this procedure, data substance will be captured and segmented into substantive codes, all

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[1] On average, each interview took about 70 minutes to complete

of which are given specific labels (Meng et al., 2010). Secondly, codes of similar meanings will be clustered and categories will be formed via analyzing codes with similar content. Thus, relations between codes and categories will be identified and themes across the data. Then, the core category will be selected and all other categories will be related to it via selective coding. In the overall process, categories will be saturated with extra data assessed by new interviews or added by previously evaluated data. Codes will be verified through reviewing the data and finding items that require refinement. During the entire process of collecting and analyzing data, thoughts, preliminary assumptions and theoretical reflections will be written down in memos to preserve ideas (Kathy, 2006).

4. Results (confidential)

5. Conclusions and discussions

This study attempted to make both theoretical and practical contributions to the domain of Social CRM by (1) **systematically analyzing the Social CRM field in order to create a better conceptual and pragmatic understanding of Social CRM**, and (2) **by presenting an integrated framework for understanding the added value of Social CRM**. To address the research objectives, the following research problem was formulated: **What is the added value of social media combined with CRM?** In order to address the research problem, a systematic literature review was conducted in the second chapter. The review includes analysis of the business relationship domain, the strategy concept, three aspects that underpin Social CRM (i.e., CRM, Web 2.0 and social media) and four fundamentals of Social CRM (i.e., CLC, relationship evaluation, CKM and Social CRM practice). The review resulted in an initial definition of Social CRM, and a preliminary framework for understanding the added value of Social CRM. To further enhance our understanding of Social CRM and in order to validate the integrated Social CRM framework, 25 in-depth interviews were conducted with 28 respondents from four different countries. The results were presented in the previous chapter. This chapter will draw conclusions and discuss the research findings. The remainder of this chapter is organized as follows. In section 5.1, an updated definition of Social CRM will be presented, and the findings for having a better practical understanding of Social CRM will be recapitulated. Furthermore, section 5.1 will propose a revised framework for understanding the added value of Social CRM. Then, in section 5.2, the implications for theory and practice will be outlined, followed by a discussion on the limitations of this study. This chapter will be concluded with important avenues for future research.

5.1 Conclusions

5.1.1 Research objective I – Creating a better conceptual and pragmatic understanding of Social CRM

5.1.1.1 Creating a better conceptual understanding of Social CRM

As mentioned earlier, this study defined social media as Internet-based applications, tools and services that facilitate two-way interactions and the (co)creation, modification, publication and exchange of user-generated content; social media offers a playground for firms to create, test and refine business models, and is supported by a technology platform and a set of social features; it is the ongoing manifestation of the Web 2.0 phenomenon. The findings reveal that social media is associated with applications, tools, platforms, media and channels, supporting the first part of the definition. It is also very interesting to notice that social media is related with the tools to monitor the platforms, channels and media whereupon people interact and share content. However, is a magnifying glass the same as the magnified image of an object, or a pen like the ink it applies to a surface? Not by any means. Similarly, the tools to build, monitor, analyze, and gain insights from social media are not the same as the social channels themselves. Another interesting finding is the separation between internal and external social media. What makes social media externally focused? First, they are run independently, and secondly they focus on interactions between customers, non-customers and others outside the boundaries of an organization. As to the second part of the definition, the findings demonstrate that social media should be associated with business phrases, such as co-creation and WOM. Although these business phrases are much narrower than the phrases in the definition, they both convey that organizations can engage in social for business purposes. Furthermore, the findings provide evidence that social media is supported by a technology platform and a set of social features. According to a few interviewees, social values are not paramount in the business context. Yet, is it not precisely social values that render social media unique and at the same time valuable for both common people and organizations? Hence, based on the findings, social media is slightly reformulated as Internet-based applications, tools and services that facilitate two-way interactions and the (co)creation, modification, publication and exchange of user-generated content **between customers, non-customers and others outside the boundaries of an organization**; social media offers a playground for firms to create, test and refine business models, and is supported by a technology platform and a set of social features; it is the ongoing manifestation of the Web 2.0 phenomenon [italics and bold is added].

So, what's our story?

In chapter two, this study defined CRM as a strategic approach for managing customer relationships to create business value. The findings support the first part of the definition—that CRM should have been a strategy. The helping verb "should have been" is really intriguing, as it suggests that CRM ultimately evolved into a technology or a system for capturing transactions primarily based around process involvement. In practice, firms have been using CRM mainly as a technology solution. Nonetheless, both scholars (e.g., Kotorov, 2003; Pan & Lee, 2003; Payne & Frow, 2005) and practitioners (e.g., Greenberg, 2004; Metz, 2011) associate CRM mainly with a strategy. Nevertheless, the findings also reveal that CRM is related with operational phrases. It is believed that operational processes should support CRM strategy, rather than dictating it. The results also provide evidence that the organization manages and defines the relationship with the customer. Next to managing relationships, the organization controls the channels and conversations that occur on those channels, and it is needless to say that in CRM, the organization defines the systems, databases and operational processes. The last part of the definition conveys the objective of CRM, which was defined as creating business value. However, next to creating corporate profitability, CRM is also concerned about creating customer value, which can be achieved by enhancing customer interactions and having more personalized and better relationships with customers. Nevertheless, it is very important to note that bias towards either one of the value aspects could have adverse effects. Therefore, organizations should focus on optimizing value delivered to and realized from their customers (Sue & Morin, in Payne & Frow, 2005). Drawing upon the findings, CRM is redefined as a *company-defined* business strategy, *supported by a technology and operational processes*, *designed for enhancing customer interactions and developing personalized relationships with customers* in order to create *mutually beneficial* value [italics and bold is added].

This study defined Social CRM as a business strategy for managing customer relationships through social media with the goal of improving business value. The findings provide evidence that Social CRM is a business strategy. Nevertheless, there are still many misconceptions about Social CRM. For example, some people erroneously mix Social CRM up with the tools to analyze social channels. Yet others confuse it with the social channels themselves. Furthermore, the findings confirm that Social CRM is not a replacement of CRM, rather an addition, meaning that the basic core functionality of CRM is still part of Social CRM. Hence, Social CRM is supported by a technology and operational processes. The second part of the definition can no longer bear weight today, as the ownership of the relationships, channels and conversations in Social CRM has moved beyond the territories of the firm to the enclaves of the social customer. Despite the shift, the company still owns the systems, databases and internal processes. As to the third part of the definition, the findings reveal that Social CRM covers both social and traditional media. For that reason, Social CRM should include both traditional and social customer information. Similar to the CRM definition, the last part of the Social CRM definition conveys the business objective, which was defined as improving business value. However, again, this is merely one side of the story. Like CRM, the ultimate objective of Social CRM is to create mutual value. Yet, the environment in which value is created and the sort of value that is created differs greatly in Social CRM. In CRM, value was created in a closed and controlled business environment, whereas in Social CRM value is generated in a transparent business atmosphere. Also, CRM was just concerned with optimizing between customer and business value, whereas Social CRM is also concerned with optimizing value for the society at large and value for all shareholders. Next to creating mutual value, two other business objectives of Social CRM include improving customer interactions and enhancing customer involvement. Hence, building upon the findings, Social CRM is reformulated as a *customer-centric* business strategy, *supported by a technology and operational processes*, *developed for improving customer engagement and personalized customer interactions* trough social **and traditional media** with goal of *creating mutually beneficial* value *in a trusted and transparent business environment* [italics and bold is added].

5.1.1.2   Creating a better pragmatic understanding of Social CRM (confidential)

5.1.2 Research objective II: Presenting an integrated framework for understanding the added value of Social CRM (confidential)

Figure 5-1 Social CRM – Customer Value Map (confidential)

5.1.3   Conclusion

Organizations are undergoing dramatic changes. Factors, such as technological advances and more empowered customers drive companies to seek new ways for gaining competitive advantage. To keep ahead of the competition, organizations need to capture, create and deliver superior value to their customers, and the only way to do this properly in the every-changing business arena of the 21st century, is by developing and implementing effective strategies that are aimed at deep-rooted and mutually beneficial relationships with customers. As a new business paradigm, Social CRM has the potential to be helpful to businesses in capturing and creating superior customers value, creating enduring and mutually rewarding relationships with them, and in leading them to bolster competitive advantage. The added value of social media combined with CRM is twofold. **First, Social CRM has the ability to integrate new and traditional customer information, found on both conventional and social means of communication, and allows organizations to capture, store, extract, process, interpret, distribute, use and report that information for developing a better view of customers, enhancing customer experiences, getting closer to customers and engaging them in the organization, providing them with personalized products and services, and ultimately to create mutually beneficial value. Secondly, the transparency that Social CRM brings along possibly allows organizations to look outside their boundaries to customers, non-customers and others for bringing in ideas and intellectual property with goal of developing pioneering products, services and experiences for their customers**. Nevertheless, what is truly important for businesses is to abandon their traditional mindset toward the customer and to adopt a customer-centric business mindset, irrespective of whether it is called Social CRM, service design and social business design. Organizations that want to become truly customer-centric need to put the customer first at the center of their business universe. This means organizations have to transform their culture from controllability-focused to openness and transparency, start listening to customers, offer customers with what they need and co-create value with customers, add customer expenses in their bookkeeping, allocate resources to a new way of organizing and coordinating, provide incentives to employees based on customer-centric KPIs, breakdown the dysfunctional units in the organization to better understand and serve the customer, devise a customer-defined strategy focused on customer involvement, personalized customer interactions and mutually beneficial value, and address their technology in order to cope with all of this. The businesses and organizations that will successfully adopt a customer-centric mindset will be tomorrow's movers and new leaders. Those that will fail will be neither rewarded in benefits nor continued existence.

5.2   Discussions

5.2.1   Implications for theory

5.2.1.1   Implications for Social CRM, CRM and social media research

The findings in this study contribute greatly to the sparse academic work on Social CRM. To begin with, out of the nine academic articles that were mentioned in the first chapter, only five contained a formal Social CRM definition. Unlike this study, none of these five articles contained a definition that is both grounded in theory and supported by empirical data. To continue, early definitions focus on Social CRM as a technology, tools or processes. However, the findings in this study provide evidence that Social CRM is mainly associated with a business strategy, rather than a technology, tool or process, which is more in line with current Social CRM conceptions (e.g. Faase et al., 2011; Greenberg, 2009). Further, Pavičić et al. (2011) argue that customers matter more than ever before, and in order to delight them, organizations need to collect and analyze social as well as traditional customer information. The results in this study indeed confirm that Social CRM is concerned with both social customer information, such as a customer's beliefs, interests and experiences, and traditional customer information like a customer's age, name and transactions. Somewhat related, this study found evidence that Social CRM not only involves social media, but traditional touchpoints and means of communication as well. Hence, from a purist perspective, it is strongly believed that Social CRM is much more than just the integration between social media and CRM. Additionally, several authors and scholars (e.g., Greenberg, 2009; Woodcock et al., 2011) argue that organizations no longer define the relationship with their customers. Instead, the social customer now defines the relationship. The results affirm the shift of ownership in Social CRM; however, these results need to

be interpreted cautiously. The customer may now be the initiator of the relationships and conversations, but it is still the organization that defines the systems, databases, and operational processes. Moreover, Social CRM's objectives have been defined as involving customers and providing them with personal experience (Woodcock et al., 2011), building customer trust and loyalty (Kotadia, 2010b), finding the potential needs of customers and translate them into sales opportunities (Deng et al., 2009), encouraging active customer engagement (Faase et al., 2011), and creating mutually beneficial value (Greenberg, 2009). The results in this study confirm all these objectives. Concerning the last objective, the findings reveal that mutually beneficial value involves the creation of value on two levels of analysis. On the first level of analysis, mutually beneficial value implies creating value for both the customer and the organization. On the second level of analysis, mutually beneficial value entails creation of value for the society at large and value for all shareholders.

In their article "*A strategic framework for customer relationship management*", Payne and Frow (2005) define CRM in terms of three perspectives that lie along a continuum. In the first perspective, CRM is defined narrowly and tactically as a technology solution, in the second perspective as wide-ranging technology, and in the third perspective as customer-centric. The latter perspective reflects a more strategic and holistic approach to CRM that emphasizes the selective management of customer relationships to create shareholder value. According to Payne and Frow (2005), CRM should be positioned in the broad strategic context of the third perspective, because CRM is not simply an IT solution that is used to win and develop a customer base. The findings in this study clearly lean toward Payne and Frow's (2005) argument for positioning CRM in the broad strategic context of the third perspective. However, at the same time, the results advocate a central role of technology and processes in supporting CRM strategy. Apparently, CRM definitions are more a mix of different perspectives, rather than a single perspective alone. Moreover, CRM is commonly associated with business objectives, such as building long-term and profitable customer relationships, getting closer to customers at every touch point, maximizing the organization's share of the customer's wallet, acquiring new customers, creating personalized customer relationships, increasing customer loyalty, personalizing services, decreasing costs, and creating shareholder value (Campbell, 2003; Özgener & Iraz, 2006; Payne & Frow, 2005; Nguyen, in Nguyen & Papadopoulos, 2007). However, the findings in this study clearly show that CRM should also be identified with increasing customer interaction and creating mutually beneficial value. Zooming in on the latter, the results unfold that creating mutually beneficial value, in fact, should not be "just an objective", but the ultimate objective of CRM. Pragmatically, this means that organizations should focus both on realizing value from and delivering value to customers. This is in stark contrast with conventional CRM literature and practice, which evangelizes corporate profitability.

In their now-famous paper *"Users of the world unite! The challenges and opportunities of Social Media"* Kaplan and Haenlein (2010) touch on an issue that deserves a place in the spotlights—i.e., social media is often used along with the seemingly interchangeable related concepts of Web 2.0 and UGC. This "mix-up" issue has a much broader scope than Web 2.0 and UGC alone. Literature review exposed that social media is also used along with the concepts of Web-based and mobile technologies (e.g., Bruns & Bahnisch, 2009), online applications (e.g., Constantinides & Zinck-Stagno) social outcomes (e.g., Anderson, 2007), network-based platforms, communication tools (e.g., Parent et al., 2011) and business models (e.g., Gehl, 2011). Much of these concepts actually belong to the domain of Web 2.0, which is believed to be a techno-social system (TSS) that allows people to interact based on Internet technologies (Fuchs et al., 2010). The "techno" part of the phrase techno-social system refers to soft technologies and hard technologies, whereas the "social" part refers to the social values and user-generated content. In conjunction, it is strongly assumed that these four aspects shape the Web. Social media can be considered as a subsystem of Web 2.0 and, therefore, also as a TSS (Multisilta, 2008). This study offers evidence that social media is a TSS, associating social media on one hand, with social values like interactivity, involvement, participation and hyper distribution, and on the other hand, with applications and technologies. From a business perspective, the objective of social media as a TSS is to serve as a playground for creating, testing and refining business models. According to Osterwalder (2010), a business model describes the rationale of how an organization creates, delivers, and captures value. The findings point to the account of how an organization can capture and create value with social media; however, the results did not mention anything about how social media can deliver value. Indeed, next to the social media companies themselves, there are no clear examples that demonstrate how businesses can exert social media to

deliver value to their users and customers. Further, several studies (e.g., Bernoff & Li, 2008; Constantinides & Fountain, 2008; Kaplan & Haenlein, 2010; Weinberg & Pehlivan, 2011; Xiang & Gretzel, 2010) have attempted to categorize social media in a more or less systematic manner. However, most of these studies face two main challenges in formally classifying social media. A majority of taxonomies categorize applications according to features or capabilities. However, features and capabilities inevitably change as technologies and standards improve and market forces act upon them (Cain & Fox, 2009). What is more, new applications appear in the digital cosmos every day, with features and capabilities that are unheard in the social media landscape. A more profound problem is that features and capabilities can be added to or removed from a social application, which can result into a completely different classification of the same application or a multi-classifiable service. As a result, the boundaries between different types of social media are becoming increasingly fuzzy; a process also referred to as "portalization" (Sterling, 2007) of social media services. Hence, the first main challenge is the transient nature of social media. A second challenge is that most taxonomies lack theoretical underpinnings, meaning they are driven by industry buzz, popular press or in the case of Xiang and Gretzel (2010) based on a Google search result. In a sense, this challenge correlates with the transient nature of social media, as the use of robust theories will likely result in the identification of dimensions that are stable and universal. This study advanced the social media literature, and attempted to address these two challenges by developing a social media classification scheme (see Figure 2-1) that draws upon concepts from the specialized field of economics and social sciences. Although the 2x2 scheme is not supported by empirical "proof" and should be approached with cautiousness, it might be very helpful to scholarship, as it potentially allows them to quickly identify social media applications and to group them according to the role of users and the spaces in which they operate.

5.2.1.2   Implications for marketing, innovation and strategy research

A key element of conventional marketing is market segmentation, which allows marketers to divide a total market into schemes (Cahill, 1997), based on geographic, demographic, psychographic or behavioral factors (Goyat, 2011). Segmenting markets enables organizations to gain a better understanding of their target audience and to address them more effectively (Gunter & Furnham, 1992). The opposite of market segmentation is mass marketing, which treats the market as a homogenous group and offers the same marketing mix to all customers (Bashin, 2010). Although market segmentation recognizes some variety between customers, both approaches are not concerned with the distinct needs of the individual customer. As an alternative, Peppers and Rogers (1997) proposed the one-to-one marketing approach, which teaches marketers to look beyond homogenous segments to individual customers who actually buy their products and services. The results suggest that firms should take a more personal stand towards customers, as customers and their expectations are changing, and they now demand individual treatment and care much less about their group. However, the one-to-one approach towards customers is terribly expensive, as it requires an army of employees and other resources to understand and serve customers. The result may be more expensive products and services and potentially loss of customers. A viable outcome for marketing might be interaction with the already multidisciplinary field of service design. The Customer Value Map demonstrates that innovative service design tools like the customer journey (Stickdorn & Schneider, 2011) can serve as an excellent basis for trying to understand and provide value to a group of customers with similar needs, without failing into the pitfall of treating markets and segments as homogenous or treating customers as stand-alone entities. Furthermore, scholars have traditionally acknowledged that industrial and consumer marketing differ considerably (Fern & Brown, 1984). For instance, Ames (1970) provides evidence that significant managerial evidence exist for marketing to business and to consumers. Similarly, Håkansson & Snehota (1995) state that customer-firm relationships are far more prevalent for consumer situations than industrial, and these relationships are more complex, balanced and of longer duration. Other studies (e.g., Anderson & Narus, 1991; Biggemann & Buttle, 2005; Järvelin, 2001; LaPlaca & Katrichis, 2009) found support for separating industrial and consumer marketing. However, other scholars (e.g., Dant & Brown, 2008; Fern & Brown, 1984; Wind, 2006) offer evidence that the stated differences between industrial and consumer marketing are not important to the development of marketing theory or implementation of marketing practice. On one hand, the results in this study highlight some small differences between industrial and consumer marketing. For example, in industrial markets, measurement criteria might be perceived as being emotional and qualitative, whereas in consumer markets, they might be perceived as more rational and quantitative. However, in general, the findings hint at the blurring lines between

industrial and consumer marketing driven by a customer-centric view, new technologies and innovative business models. What are then the implications for marketing literature? Is it still necessary to separate industrial and consumer marketing? This study does not discard the important innovations and advances made in in marketing literature with respect to the separation between industrial and consumer marketing over recent decades. However, it is now time for broader thinking that can clutch both type of markets and the changing nature of relationships, and can resonate the modern reality of the complex intertwinements among companies and consumers.

This study also contributes to the field of innovation in an important way. In their article *"Co-opting customer competence"*, Prahalad and Ramaswamy (2000) introduced a groundbreaking concept, which is known as co-creation. In 2004, they further developed the concept in their book *"The future of competition"*. At the same time, Vargo and Lusch (2004) published an article where they described co-creation as an interactive process of value-creation. In brief, co-creation is the participation of customers along with organizations in the creation of value in the marketplace (Zwass, 2010). According to Vargo and Lusch (2004), the customer is even always a co-creator of value. In innovation research, the co-creation concept is often related with market-oriented new product development (NPD). For instance, Hoyer, Chandy, Dorotic, Krafft and Singh (2010) focus on the impact of co-creation on the NPD process. Similarly, Altun, Dereli & Baykasoglu (2012) present a framework for customer co-creation in NPD trough a multi-issue negotiation mechanism. Basically, co-creation in innovation research refers to customers participating in the creation of new products or improving existing products (Rindfleisch, 2010). However, the findings in this study suggest that co-creation also involves engaging people in creating services. This is more aligned with service design literature, which suggests that customers are paramount in developing user-centered services (e.g., Holmlid, 2009; Stickdorn & Schneider, 2011). What is more, the findings demonstrate that co-creation has a much broader scope than products and services alone. Customers can also collaborate with an organization to create concepts and/or marketing programs. This finding more or less confirms the work of various scholars (e.g., Frow, Payne & Storbacka, 2011; Rindfleisch, 2010; Zwass, 2010) who distinguish between different co-creation types. An important form of co-creation form that may gain weight in the future is co-creation of experiences, which involves engaging customers in the value creation process by offering engagement platforms where they can share interactions and experiences (Ramaswamy, 2008). Furthermore, Blasco, Hernandez and Jimenez (2011) measured the effects of co-creation on customer engagement. They found evidence that co-creation and interactions have a critical influence on engagement perceptions of customers. The findings in this study confirm that co-creation can serve as an effective tool to engage customers. In addition, this study shows that organizations can engage their customers via community-based innovation management, which involves a company building a community, attracting and engaging customers, enabling customers to vote on an idea, product or service, rank the ideas, and reward the best ideas. This new view on innovation management differs from conventional conceptions, as the customer is put central in the innovation process, rather than the organization or the employees of the organization.

There are currently two highly contrasting theories in strategy literature to explain why some organizations perform in a superior fashion and, subsequently, are related with higher value. The first theory is based on industrial organizational economics and takes an external market-orientation to address this issue (Makhija, 2003). This perspective, often referred to as market-based view (MBV) or the outside-in perspective (e.g., de Wit & Meyer, 2004; Porter, 1985; Slater & Narver, 1994), typically stresses indulged end product-market positions as a basis for above-normal future returns and hence higher current firm value (Makhija, 2003). Moreover, in the MBV, competitive advantage is the result of industry conditions and the resulting competitive strategy (Ziesak, 2009). In contrast is the resource-based view (RBV) of the organization or the inside-out perspective (e.g., de Wit & Meyer, 2004; Miller, Eisenstat & Foote, 2002), which focuses inwardly on a company's resources and capabilities to explain firm profitability and value (Makhija, 2003). In the RBV, competitive advantage is the result of distinctive, valuable firm-level resources that competitors are unable to reproduce (Barney, 1991). Thus, both views clearly point to different sources of competitive advantage for organizations. However, while literature makes an either/or tradeoff in a firm's approach to gaining competitive advantage, the results in this study hint to a dynamic fit between internal resources, such as employees, systems and structure, and external factors like developments in the market-place, customers and an organization's market position. Furthermore, the results suggest that firms that rely

too much on the MBV face the danger of losing control and their capability of developing innovative products or services for their customers. On the other hand, this study assumes that companies that are leaned too heavily on the RBV may at first be successful in developing innovative products or services for their customers, but in the long-run, they will be outperformed by competitors that are able to provide their customers with an offering they truly like and need. Is the MBV/RBV dichotomy in strategy literature still necessary? More generally, is it not time to change our views on strategy? This study suggests pursuing Kim and Mauborgne's (2005) example, to expand our mental models of strategy, and to shift to a world where a both/and proposition is put central, rather than and either/or trade off. Diverging views have helped strategy literature for decades, however, in order to keep up with the continuously changing business environment, we need novel thinking and research that reflects compound relationships between resources, organizations, networks, markets, governments, NGO's, and factors beyond willful control.

5.2.2 Implications for practice

This study adds to modern business practice in several ways. First, this study provides companies that have the intention to introduce or adopt a Social CRM strategy with a workable definition of Social CRM, which they might use to provide direction for their Social CRM strategy and to shape their Social CRM initiatives. Similarly, this study provides social media strategist with a working definition of social media to guide their social strategy and help form their social media actions. Second, this study offers businesses a social media classification scheme that provides new insights into the use of social media, and gives new opportunities to practitioners and professionals in a variety of fields, such as marketing, operations, healthcare, and venture capital. Marketers can use the scheme possibly in combination with the Social Technographics Tool® (Forrester, 2009b) for grouping online customers; analysts might use it as a tool to track the presence of users of social media applications; healthcare professionals can potentially use the scheme to identify applications through which empowered patients seek advice or support; and finally venture capitalist may employ the framework as a new means for identifying new business opportunities. Furthermore, this study offers a toolkit to CRM managers, which contains four fundamental means (i.e., monitoring, listening, activating and engaging) and ten basic methods (i.e., customer and brand monitoring, PR crisis management, customer service, brand and product awareness, lead generation and sales, customer loyalty and advocacy, co-creation and innovation management) for combining social media with CRM efforts, and for capturing and creating superior value for their customers. Fourth, this study makes organizations that consider the application of Social CRM aware of many critical issues that are involved in Social CRM, including controllability-focused mindset of companies; lack of uniform attitudes and languages among people and departments; outdated reward and control systems; rigid internal processes; lack of visionary people and support of C-suite officials; poor/no integrations due to incomplete technology; poor integration social and traditional channels; speed of development; and information overload. Fifth, this study provides organizations that are already harnessing the power of Social CRM with insights into future opportunities and threats, so they can timely redefine their future direction or can appropriately respond to future threats. Sixth, this study hands out a practical guideline to organizations that have already introduced or adopted a Social CRM strategy and wish to become truly customer-centric. This guideline contains many recommendations, including transforming culture to transparency; change mindset from product to customer-centric; add customer expenses in bookkeeping; allocate resources to a new way of organizing and coordinating; reward employees based on customer-focused KPIs; educate employees and develop capabilities; embed Social CRM in organizational processes; breakdown dysfunctional units; devise a customer-defined strategy; and purchase an integrated Social CRM system. Finally, this study provides CRM managers and consultants with a Customer Value Map, which they can use in several ways. First, it potentially allows them to better understand and serve each of their individual customers by first capturing information flows that appear as a result of a customer interacting with an interface of brand, product or service in each phase of the customer journey, and then by analyzing and using that data to create new or improve current products, services and experiences. Second, it potentially allows CRM professionals to have boardroom discussion on Social CRM, or to use it as a general guideline for determining their overall position in Social CRM. Finally, in combination with the Social CRM definition, it provides CRM managers that wish to introduce or adopt a Social CRM strategy a powerful way for addressing their Social CRM strategy and shaping their Social CRM initiatives.

5.2.3 Research limitations

This study has several limitations, which will be discussed in this section. Based on an extensive literature review, this study developed and proposed an integrated Social CRM framework in the second chapter. In order to test and improve the framework, interviewees were asked to indicate the value of the overall framework, its four layers and its seven cells based on a five-item scale and the data quality items identified in the third chapter. However, by soliciting interviews, this study merely measured the perceived value of the framework. In order to measure the actual value of the framework, this study should also have conducted a case study among organizations that have adopted or introduced a Social CRM strategy. In order to mitigate this limitation, Social CRM vendors and organizations that employ a Social CRM system/strategy were included in the sample. Nevertheless, as the new framework is based on perceived measures it should be approached and interpreted with cautiousness. In a similar vein, the phases in the customer journey layer are not based on actual measurement. Rather, they are grounded either in theory or theoretical assumptions. This limitation was more or less addressed by incorporating a decision loop that is extensively used and tested by a global management consulting company that is known for developing proven models and concepts. Further, the customer journey and touchpoint layers are already completed to demonstrate the interplay of the elements in the framework. In practice, the customer journey and touch points could vary, depending on the actual journey of a customer and the interfaces he/she interacts with in practice. Therefore, managers and organizations should feel freely to add/discard phases and/or touchpoints. In addition, this study initially focused on large and medium-sized companies in the business-to-business setting. Despite that the industrial context was explained in-depth in the second chapter, this study did not provide a description of large and medium-sized firms. This might eventually decrease the reader's confidence in transferring the results and conclusions presented to other situations. The transferability might even have been reduced during the study, as the business-to-business context was not applied in setting up the Customer Value Map. At the same time, technological advances, empowered customers, and blurring lines between products, services and experiences are softening the boundaries between different contexts, making it hardly necessary to develop a framework for a distinct organization, size, market or setting. Further, this study employed two purposive sampling techniques—that is to say, expert sampling for the expert group and heterogeneous sampling for the vendor/user group. Although purposive sampling is common in qualitative research, it does not negate charges of researches bias in the selection of participants, nor does it help to ensure that any "unknown influences" are distributed equally within the sample. According to Bouma and Atkinson (1995) random sampling can address these issues, as it provides the greatest assurance that those selected are representative of the larger group. However, the random sampling technique was not applied, since it increases the likelihood of selecting individuals who are uncooperative or inarticulate (Shenton, 2004). Moreover, after the interviews were conducted and recorded, they were transcribed digitally using Word 2010 and PDF formats. Transcriptions were then sent to respondents for "member checks", yet out of 28 respondents, only two returned a checked, modified and approved transcription. Three respondents replied a message, however, due to varying reasons they could not check the transcription. The remaining respondents simply did not reply. According to Guba and Lincoln (1985), member checks are the single most important provisions that can be made to bolster a study's credibility. However, as only two respondents returned a transcription, the accuracy of the captured data may be regarded as somewhat ill-treated. At the same time, emerging theories and inferences that are formed were verified "on the spot" in the course, possibly mitigating this limitation. Finally, this study attempted to provide findings that are the results of the experiences and ideas of the respondents to a feasible extent. However, it cannot be ensured that the characteristics and preferences of the author did not play any role in advancing the findings. The effects of investigator bias might even have been increased during the study, as the results were not cross-examined. In order to mitigate the effects of interviewer bias, a theoretical "audit trail" was conducted at the outset of this report, which is a diagram that shows the manner in which the concepts inherent in the research problem gave rise to the work to follow. This allows the reader to trace the course of research step-by-step via the decisions made and procedures described (Shenton, 2004). Also, by providing reasons for favoring one approach above the other and by identifying weaknesses in the techniques employed, the confirmability of the findings was safeguarded as much as possible.

5.2.4 Future research

This study served primarily as a metaphorical voyager to explore the newly discovered Social CRM galaxy. One of the reasons for carrying out this captivating "voyage" was to identify opportunities for future trips into the universe of Social CRM. These opportunities will be outlined next. The social media classification scheme proposed and developed in this study is potentially a very powerful tool that allows scholars and practitioners to identify social media applications and group them according to the role of users and the spaces in which they operate. Obviously, the merit of the scheme is that it is grounded in theories and developed in a systematic fashion. Nevertheless, to enhance the usefulness of the scheme, further research is required to test the taxonomy in practice, applying it to different types of organizations, sectors and contexts. In a similar vein, the Customer Value Map is an exquisite framework that possibly allows businesses to devise strategies for engaging their customer and to provide them with superior customer value. Unlike the social media classification scheme, the Customer Value Map is supported with empirical proof, yet future research is needed to test the map in practice. The case study as research design is recommended, as it is the best way to test a model or theory in practice (Saunders et al., 2009). In order to strengthen the results and increase confidence in the robustness of the map, the case study should include at least at two organizations and two contexts, such as KPN in the Dutch telecommunications market and Goldman Sachs in the USA financial services industry. Furthermore, this study demonstrated that Social CRM has to potential to be helpful to organizations in gaining a competitive advantage and in outperforming competitors. However, further research is needed to measure the effects of Social CRM on achieving competitive advantage. Depending on the research problem and objectives, an appropriate research design could be a survey amongst organizations in the fast-moving consumer goods branch or telecommunications sector that have the intention to improve their competitive position by introducing or adopting a Social CRM strategy, or a single, holistic case study, or a combination of both. Further research could also focus on measuring the effects of Social CRM adoption on other more direct variables like customer interaction, loyalty or customer engagement. Moreover, this study demonstrated that in order to become truly customer-centric, businesses should adapt their culture, structure, systems, staff, strategy and technology. To extend this study, it would be very intriguing to investigate the alignment between Social CRM strategy, organizational elements, and its impact on organizational performance. Additionally, this study proclaims that organizations, which are able to put the customer at the center of their culture, systems, structure, strategy and technology will be tomorrow's movers and new leaders, whereas those that fail will be neither rewarded in benefits nor continued existence. However, future research is needed to examine whether organizations with a customer-centric mindset will indeed be more successful in the future than businesses that fail to put the customer first at the heart of their business. From an innovation perspective, an interesting avenue for future research lies in examining the effects of various Social CRM dimensions or aspects on innovation capability. Furthermore, this study demonstrated that organizations could employ co-creation as a basic activity for achieving customer engagement; yet, future research is required to test whether co-creation indeed leads to higher rates of engagement among customers. Also, various scholars (e.g., Frow et al., 2011; Rindfleisch, 2010; Zwass, 2010) have proposed, developed and discussed different co-creation forms. It would hold the attention of both scholars and practitioners to make a synthesis of these various types and to measure their effects on customer engagement, or other variables like customer experience and customer satisfaction. Finally, this study showed that one of the main issues in Social CRM is the lack of acute means to measure and justify the financial payback of Social CRM. This increases uncertainty among C-suite managers and refrains them from providing support to Social CRM initiatives. Future research could address this issue by developing a business case for Social CRM, and success metrics/measurement model for evaluating the effectiveness of Social CRM and social media initiatives.

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Appendices

A Deductive comparison approach: comparing Web 2.0 definitions

Source	Definition
O'Reilly (2006)	The business revolution in the computer industry caused by the move to the Internet as platform, and an attempt to understand the rules for success on that new platform
Anderson (2007)	An umbrella term that attempts to express explicitly the framework of ideas that underpin attempts to understand the manifestations of these newer Web services within the context of technologies that have produced them; it is an attempt to conceptualize the significance of a set of outcomes that are enabled by those Web technologies
Aguiton & Cardon (2007)	A new link between the free-software culture and service users
Cooke & Buckley (2008)	The new generation of tools and services that allows private individuals to publish and collaborate in ways previously available only to corporations with serious budgets or to dedicated enthusiasts and semi-professional web builders.
Constantinides & Fountain (2008)	A collection of open source, interactive and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes
Harrison & Barthel (2009)	A way of architecting software and businesses into companies that seek to prosper on the basis of the user-created content

B Social values in Web 2.0

Values	Values (continued)
Centralization	Interaction
Collaboration	Learning
Community	Networking
Control	Openness
Democracy	Participation
Emancipation	Privacy
Empowerment	Security
Integrity	Trust

C Description of relationship evaluation factors

Factor	Description
Adaptation	Happens when one party in a relationship adjusts its processes or the items exchanged to accommodate the other party
Commitment	An implicit or explicit edge of relational continuity between exchange partners
Comparison level of alternatives	The quality of the outcome (economic, social, technical) available from the best provider at hand
Cooperation	Similar coordinated actions taken by firms in interdependent relationships to accomplish mutual outcomes with expected reciprocation over time
Goal congruence	The extent to which a customer and provider share goals that can be achieved via joint action and the maintenance of the relationship
Not-retrievable investments	Costs associated with terminating a relationship and beginning an alternative relationship

C Description of relationship evaluation factors (continued)

Factor	Description
Performance satisfaction	The extent to which the business aspect of the relationship delivers significant value and where both parties should be satisfied with the performance of the other
Power	The ability of one party to get the other party do something they would normally not do
Reputation	Represents a customer's perception of the capabilities of the provider
Shared technology	The extent to which one party values the technology contributed by the other party to the relationship
Social/structural bonds	Link and hold a customer and a firm closely together and represent the extent of mutual friendship and liking shared by the customer and the company
Trust	A party's expectation that another party desired coordination will fulfill obligation and will pull its weight in the relationship

Adapted from (with modifications) Anderson & Narus (1990); Dwyer et al. (1987); Powers & Reagan (2007); Wilson (1995)

D Semi-structured interview (confidential)