

Top Use Cases and Benefits for Successful Social CRM

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Adoption of social applications by sales, marketing and customer service departments has exploded during the past two years. Actual use cases are diverse, narrow in scope and unevenly diffused across a company with experimentation that, most times, forgoes measuring business benefits. This research analyzes top use cases and benefits for social CRM projects.

Key Findings

- Buyers of social applications have been primarily individual pioneers in a company, division or department that is willing to experiment with social CRM.
- Few early projects measured business benefits, but this is changing, as decision makers demand quantifiable business benefits to justify further adoption and investment.
- The customer service department has been the most successful organization at using social applications to generate measurable business benefits, particularly around call deflection. During the next five years, expect community peer-to-peer support to replace Tier 1 phone support in over 40% of the top 1,000 companies with a contact center.
- Marketing's use of social applications has been the most varied of the departments, and is showing measurable benefits around product development and enabling product reviews at the evaluation stage of a buying process.
- Social software in sales is at an earlier stage of adoption, but is beginning to reveal measurable benefits around lead qualification and collaborative processes for deploying sales content.

Recommendations

- Understand that focused experimental use of social applications can unlock benefits, because social media is constantly evolving and new uses are frequently being discovered.
- Have those using or considering social applications to begin to identify metrics that support business cases for ROI at a later date.

- Do not yet attempt to standardize on a few big vendors for social applications; the market is too immature, and no clear leaders have yet emerged.
- When evaluating social CRM vendors for one department, such as marketing, consider the potential of innovations to be reapplied to other departments.

WHAT YOU NEED TO KNOW

Most successful social CRM implementations will provide clear benefits for the companies using the software and their customers, but multiple use cases are still evolving. Don't bother waiting for one vendor or solution to solve all uses, as it will take many years or may never occur.

STRATEGIC PLANNING ASSUMPTION(S)

Though 2011, business-to-consumer (B2C) or business-to-business (B2B2C) enterprises will account for over 90% of spending on social CRM.

During the next five years, community peer-to-peer support projects will replace Tier 1 contact center support in over 40% of the top 1,000 companies with a contact center.

Though 2012, 90% of social CRM projects for sales organizations will focus on aiding prospecting and internal collaboration.

ANALYSIS

Beginning social application initiatives are full of unfocused experimentation and innovation, largely at the expense of measurable business benefits. Social CRM projects will start to ground these initiatives, taking advantage of the opportunities for social (see Note 1) within a mutually beneficial business purpose.

Social CRM applications share two key attributes. First, social CRM encourages organizations to share data by ceding control to a community through user-controlled mechanisms. The community is part of the process and decision making. Second, successful social CRM implementations provide clear benefit for an organization and its customers.

Benefits to customers using social CRM applications are:

- Access to more trusted and independent information on products, services and organizations (including individuals inside an organization) through many-to-many participation.
- Personalization of interactions with an organization and products or services offer:
- Greater control over their own level of engagement with an organization, through controlled online personas and reputations.
- Greater control over the information they want, rather than being pushed information promoted by a company.
- A buying process that aligns with a buyer's needs assessments, information gathering, evaluation, transaction and postpurchase activities.
- Fulfilling emotional needs, such as self-esteem, respect, belonging and friendship.

Benefits for organizations using social applications are varied and dependent on the use case to which an application is applied. We examine the most common use cases for marketing, customer service and sales that Gartner has encountered during the past two years.

Use Cases for Marketing, Customer Service and Sales

1. Social CRM for Marketing

Marketing has been the most aggressive adopter of social applications of any department. New uses continue to develop, but the seven most common use cases we have seen to date are:

- **Idea management:** This is engaging a community to share, capture and vote on ideas for the improvement of, or new, products, services, pricing, packaging, distribution channels and other issues (for example, mystarbucksidea.force.com).
- **New product or service proposition and market research:** The use of both open and closed communities for collecting feedback on new products or services before and after their launch to the market. This may be the testing of concepts and prototypes. For example: Prelaunch beta testing for software; JCPenny using an online focus group to field test women's undergarment designs; a postlaunched TV show utilizing online focus group communities to test potential arcs to a TV show.
- **New product or service launch to market:** Understanding, engaging and targeting different segments of a community with a new product or service at the point of launch. For example: The Ford Fiesta Movement, where the automotive vendor provided 100 vehicles to participants for six months in return

for YouTube videos of their experiences in their cities in a competition for the best video to win the car (see <http://www.fordvehicles.com/fiestamovement/>).

- **Social campaigns:** Tracking, monitoring and utilizing community and the strength of relationships for targeting and treatments of different segments of a community (such as influencers) in a campaign. Social campaigns enable marketers to make real-time adjustments to campaigns, rather than making changes postmortem. For example: Facebook's Like button, a viral campaign to attract tourism (see <http://islandreefjob.com.au/about-the-best-job/>), and social monitoring to detect and react by changing a movie trailer for a prereleased film when the original trailer missed its message.
- **Social event networking:** Creating networking communities of company/customer shared interests before, during and after events. Establishing communities before the event can help shape content and themes for the event. Social event networking during the event can produce real-time feedback to make relevant event changes (such as adding a workshop or dropping a less-interesting breakout session). Social event networking after an event can shape future event planning and lead generation/nurturing, and connect community members for future connections. For example: Many of Microsoft's TechEd conference attendees meet each other before, during and after the annual meetings, and use an online community to connect to people from all over the world (see <http://northamerica.msteched.com/teched-bloggers?fbid=TYilxBzEJ6B>).
- **Public relations (PR):** Used for awareness, reputation, crisis management, damage limitation. Some campaigns are using customer support for announcements or news that PR teams have pushed out. The risk of not taking this seriously can be high. For example: During the Gulf of Mexico oil spill, BP ignored social media, and then saw its official Twitter account, @BP_America, lampooned by the fake @BPGlobalPR.
- **Brand/reputation promotion and defense:** The use of social-media monitoring tools to promote, develop, strengthen, or defend a product or company brand. Understanding and fostering viral and word-of-mouth marketing on social networks. For example: Dove Evolution, Intuition using YouTube and send an e-flower (www.dove.com).

Application Types Used

The main types of social applications used by marketing are:

- Social-media monitoring (e.g., Nielsen BuzzMetrics, Radian6 and TNS Cymfony)
- Hosted community platforms (e.g., Communispace, Jive, LiveWorld, Mzinga and Pluck)

Benefits Measured

The strongest measurable benefits have been for shortened product-development cycles, using a community for product ideas, testing and improvements in promotion targeting, and using customer product reviews as a promotional and influencing tool in the evaluation stage of a buying process.

Cross-Departmental Link

Social marketing has strong ties with service for areas such as customer experience, as well as links to sales in areas such as lead management and competitor intelligence.

2. Social CRM for Customer Service

We believe that this will be the most innovative area of focus for service organizations during the next five years, with a new set of vendors entering the field from their broader focus on external social software. The use of social software for customer service has been around the longest in the form of online forums for technical or gaming support, which can be traced back for over a decade. The four most common use cases to date are:

- **Community peer-to-peer support:** These are tools and communities to help customers engage one another for customer support. They also foster engagement between employees of the company and customers; some are used to improve the dialogue among colleagues inside the enterprise working on behalf of the customer to resolve issues. During the next five years, expect community peer-to-peer support to replace Tier 1 phone support in over 40% of the top 1,000 companies with a contact center. Social and community knowledge are key sources of insight, and need to be aligned with the corporate knowledgebase. For example: HP launched the consumer support forum in seven languages for over 20 countries. More than 4.6 million HP customers have had their issues resolved through the forum to date.
- **Service customer feedback:** Customer feedback (survey) tools are commonplace; but in a social context, these solutions facilitate four forms of feedback: customer complaints, personalized surveys for each community member, forum topic-based surveys/polls, and general satisfaction surveys and comments. The results from the later two need to be visible to community members and facilitate associated social dialogue. National Public Radio (NPR) launched an audience advisory Web panel, gathering hundreds of thousands of responses on topics ranging from monthly feedback on the NPR shows they hear on the radio each day on their local NPR member station to iPhone application testing, and from gathering feedback on end-of-year fundraising to measuring the impact social media has had on listeners.
- **Service listen and respond:** This category of social-media monitoring software focuses on the detection of potential support situations voiced in a social environment such as Twitter. Once detected and analyzed using text mining to

determine the topic and relevance/importance of responding, the task is ideally assigned to a customer service representative alongside his other more-traditional customer inquiries spanning e-mail, chat and the phone. Drugstore.com (www.drugstore.com), a leading online retailer of health, beauty, vision and pharmacy products, invested in a multichannel customer support solution that spanned social media, Web self-service and its contact center. Tweeting customers can be detected and diverted to a chat session with a contact center agent.

- **Service process analysis:** These tools analyze and report on social service performance. Aspects such as the time to inquiry resolution, the number of posts, the accuracy of responses, and the number of participants are all captured and displayed. This highlights the impact and ongoing health of the social-service strategy to the organization and community members. Giffgaff (www.giffgaff.com), a U.K.-based mobile network provider, relies exclusively on its customer community for customer support. Monitoring the performance of this service environment is, therefore, of critical importance, as giffgaff has no direct control over it. As a result, activity is closely tracked through various metrics, such as inquiry volume, time to response and response accuracy.

Application Types Used

- Enterprise feedback management (e.g., Globalpark, MarketTools and Overtone)
- Hosted communities with search, integration tools, workflow and rule engines – e.g., to escalate an unresolved community support post to an employee after a fixed time frame (e.g., Jive, Lithium, LiveWorld, Mzinga, Pluck and RightNow)
- Social-media monitoring (e.g., Cisco SocialMiner, Radian6 and RightNow)
- Text mining (e.g., Attensity and Clarabridge)

Benefits Measured

Most measurable social projects start in the social service area. Many social service projects point to call deflection in call centers as a top measurable key performance indicator (KPI). However, softer metrics, such as elevated customer satisfaction, are additional key potential benefits due to the speed and accuracy of response within a support community and the proactive nature of the support organization that interjects into a social dialogue.

Cross-Departmental Link

Social service has the strongest connection to social marketing, fostering engagement and improving customer experience.

3. Social CRM for Sales

The sales department has been the most conservative customer-facing organization in terms of investigating and implementing social software innovations. However, social CRM for sales abruptly gained visibility in enterprises during the past year. A Gartner survey in June 2010 of 113 organizations worldwide on social CRM goals revealed that more than 25% of respondents were interested in social software for sales effectiveness. Most sales organizations are just entering exploratory phases in evaluating social software, with live implementations comparatively few in number, siloed and experimental in nature.

Gartner estimates that 95% of social CRM projects pursued by sales organizations in 2009 and 2010 focused on aiding prospecting and internal collaboration. Our forecast is that over 90% of projects will continue to focus on those concerns through 2012. Overall applications of social CRM for sales can be bifurcated into two overarching categories:

- **Social sales prospecting and research:** This category focuses on tools and resources that help salespeople better qualify leads, conduct prospecting activities more efficiently, and become better informed of both accounts and prospects. Functions include lead qualification, call planning, competitive intelligence, maintaining up-to-date contact information for prospecting, profiling prospects and frontline research, real-time feeds on contacts and/or accounts (from the Web, external social communities, proprietary contact data communities, sales information services providers, etc.).
- **Sales social collaboration:** This category is concerned with exploiting social software to introduce new methods for internal and external collaboration. Internal collaboration could involve interactions within a sales force, as well as between salespeople and marketing, sales operations, or other peer support organizations (i.e., deal desk, content authors, etc.). External collaboration can encompass support for activities with partners (often involving channel managers in marketing or their equivalent), and even direct interactions between frontline sales and customers for collaboration in virtual workrooms responding to RFPs, tailoring solutions and delivery schedules, working on proposals or contracts, etc.

Application Types Used

- Social contact management, with data derived from communities (e.g., InsideView, salesforce.com Jigsaw and ZoomInfo)
- Lead management (e.g., CDC Pivotal Social CRM, InsideView, Hubbard One ContactNet and salesforce.com Jigsaw)
- Call planning (e.g., Artesian Solutions and Oracle Social CRM Sales Prospector)

- Sales content management, with social software providing a collaborative environment (e.g., iCentera, Oracle Social CRM Sales Library, salesforce.com Chatter and Savo Group)
- Social-media monitoring (e.g., Radian6 and Visible Technologies)
- Proposal management, with social software providing a collaborative environment (e.g., Brightidea Switchboard)
- Social network analysis (e.g., 7 Degrees, Saba and Trampoline Systems)

Benefits Measured

Lead management ultimately presents compelling value propositions for social CRM for sales, particularly with KPIs concerning sales-ready leads and the impact on sales cycle durations: number and percentage of leads deemed ready for sales attention, leads committed to sales pipelines, lead velocity, impact on close rates, decreased time invested in lead qualification and early stages of prospecting.

However, companies are also exploring how social software can imbue improvements in turnaround time with proposals, providing sales content and encouraging cross-selling and upselling within sales cycles. KPIs are being crafted to track aspects of the following concerns: RFP response times, bid or proposal cycle times, accepted proposal and quotes, instances of upselling, attach rates, deal size and reductions in sales cycle duration (specifically with stages concerning needs assessments, proposing solutions and negotiating deal parameters).

Cross-Departmental Link

Social sales has the strongest connection to social marketing for lead-management capabilities. However, applications are emerging for better connecting subject matter experts in marketing (product management, competitive intelligence, field marketing) with sales to drive proposal processes, improve sales presentations, handle objections and confront competitors, as well as improve deal parameters (product mix on a deal basis, as well as optimal prices and discounting guidance). Sales has the weakest ties to customer service social processes, although positive and negative client experiences may be important to ongoing account management.

Note 1. Social Definitions

Social CRM: Gartner defines social CRM as a business strategy that mutually benefits cloud-based communities and businesses by fostering engagements, while generating opportunities for sales, marketing and customer service. Social CRM applications are used by sales, marketing and customer service organizations to engage customers or prospects along any CRM process. They may engage customers to codevelop new products or services, generate brand awareness, aid information gathering and evaluation decisions, offer price comparisons, assist the selling process, enable peer-to-peer customer support or in marketing support for postpurchase dissonance. Social CRM applications have internal- and external-company users, and they can be public or private, outsourced or hosted, and can make connections to independent communities and social networks, such as patient groups or Facebook.

Social systems describe the context for the way everyone works. Social systems emerge from the people, processes, tools, organizations, relationships, skills and information associated with a group of individuals.

Social computing describes an approach to IT whereby individuals tailor information-based collaborative technologies to support the way they work.

Social networking describes the use of online services, such as Facebook, for participants to share information and interact with others. It is a subset of social computing.