

Exploring the concept of Customer Relationship Management: emphasizing social

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Today the amount of data available is huge and the growth is even vaster. Data containing all sorts of information is easy to acquire and available for all who seeks it. The age of Information Technology has produced many potent techniques to collect and compile data; however the next decennia may produce technologies that better help us understand how to transform this data into action. This paper seeks to analyze and explain the importance for firms to use a Customer Relationship Management system that combines all consumer information available. The authors argue that combining consumer information with increased analytical capabilities could increase the number of decisions based on rationality. Firms need to increase internal cooperation between departments, and put an end to departments working as separate units.

The purpose of a firm is to create customers. Creating customers can sometimes prove difficult. In a competitive environment where consumers have several options, this is even more difficult. For firms this means that it is of great importance to know which product or service that will create a customer. Once a customer has been created, firms need to switch part of its focus from only customer creation to maintaining and developing strong ties to already created customers. Hence, in our opinion, the combination of both creating and maintaining customers makes a successful firm.

In this paper we argue that the trick of succeeding in such an endeavor is a Customer Relationship Management (CRM) system that combines information from all available CRM channels in order to increase internal synergies and enhance a firm's analytical capabilities. Today, data collection software is highly advanced and automated; software can collect and interpret both numbers and text. This enables CRM solutions to capture data from all types of sources with minimal human involvement and at a reasonable cost. Collected data can then be interpreted using software with advanced statistical applications. The data is not only analyzed from a historical perspective, CRM data can also involve real-time streams. Real-time streams can further be explained as; data reaching the analytical capabilities of the CRM system with minimal delay, by making this process as efficient as possible, this delay could be as short as micro-seconds. This enables the system to learn and adjust the outcome of the analysis, as new information is included. In order for this system to produce a usable output for businesses selling directly to consumers (B2C), the system needs as many sources as possible to collect data about consumers. One data source that for the last couple of years rapidly increased in generating data is social media. Hence, including social media as a CRM channel would increase the CRM system amount of data, especially when collecting data about consumers in the younger ages.

A study by Statistics Sweden (SCB, 2011) found that 95 percent of males and 93 percent of females in the ages 16 to 24 have used social media such as

Facebook and Twitter. Another social media study by Hutton and Fosdick (2011) shows that people creating a social network profile increased from 27 percent to 74 percent within the period 2006-2010. Social networking could therefore be argued to be a global movement (Hutton & Fosdick, 2011). Social media have a broad definition and can include channels such as social networks like Twitter and Facebook, but also other types of media like blogs, and forums. Data regarding all types of sectors can easily be found in social channels and the amount of data is rapidly increasing. According to Bollier (2010) and The Economist (2010) big data could provide firms with more extensive information about their consumers. The dominance of the digital economy has made the amount of consumer information data increasingly important for decision-makers (Frolick & Ariyachandra, 2006). Davenport & Harris (2007) and Ahmad & Quadri (2012) stress the importance for firms to analytically understand this huge amount of data, take action and decisions. Explanatory models, predictive models, statistics, and quantitative analysis are the elements of firm's decision-making. Information from social channels include information that consumers themselves provide, Bedell (2011) argues that data from these channels might need to be included in traditional decision-support tools. This might lead to improved financial performance across entire businesses, streamlined operations and enhanced customer satisfaction.

In order for B2C to gain insight into customer behavior, they need to have the capacity to capture and analyze critical customer data in terms of customers' needs as well customers' willingness to interact with the company (Freeland, 2003). Arnold (2009) argues that real-time intelligence is a concept, which should include data from social media. Real-time intelligence is possible since the data from social media can be collected by automatic processes.

Internet has provided firms with a unique opportunity to get closer to customers, these days customers turn to the web first for practically anything (Beyer, 2011).

“Jumping into the center of the pond and closely studying the dynamics of the ecosystem. Surrounded by so many organisms and so much activity, you’re certain to figure out where in the pond the most fish reside, what they’re hungry for, etc.” (Crosley, 2011 p.40)

We argue that Crosley (2011) is correct in his reasoning about the opportunities that are available for firms to get closer to customers. However, we do not believe that the quote above aims to describe a situation where it is a matter of firms not wanting to jump into “the center of the pond” with customers. It is rather the customers that have switched pond and firms need to switch as well.

The aim of this paper is to study how firms today use CRM as a concept. The purpose of the paper is: 1) to analyze if and how traditional CRM channels and social channels can be combined. 2) to analyze the potential benefits of such an endeavor.

The structure of the literature review is as follows: first we present the CRM concept. Then we present the social aspect of CRM. The CRM concept is then widened to include the social aspect; hence we develop our own definition of a modern customer relationship management concept (MCRM).

The aspects of commitment and innovation both benefit with increased customer insight. Increased customer insight is also something that we see as an output of MCRM. Hence, the aspect of creating commitment and innovation are further elaborated in the literature review. In this paper, problems with increased business insight are described as the analyzing process of big data sets. Therefore, the literature review also has an analytical perspective. This analytical perspective focuses on problems and possibilities with large data sets. The end of the literature review describes the technical aspect of handling big data. The technical perspective was included to educate a reader without a technical background about how data physically are collected, analyzed, and made actionable.

The concept of Customer Relationship Management

The concept of Consumer Relationship Management (CRM) does not have a clear definition; rather Payne & Frow (2005) state that there is a lack of a consensus on the definition of CRM. Foss et al. (2008) provides two guidelines of the CRM concept. First, a CRM concept that is too narrow-based often contributes to the failure of CRM projects. Second, a contributing factor to the failure of CRM projects is when an firm views CRM from a limited technology perspective or undertakes CRM in a fragmented way. A CRM system is a firm tool that is technology-based for developing and leveraging consumer knowledge to nurture, maintain, and strengthen profitable relationships with consumers. Therefore according to Buttle (2001), a CRM system is a crucial part of a global CRM strategy, in where the shareholder value through the development of

appropriate relationship with key consumers and consumer segments is of utmost importance.

According to Foss et al., (2008) CRM can be divided into two parts, operational and analytical. The operational CRM perspective is about training employees, especially the sales force, in how to deal with consumers. A firms operates with this training to control the interaction it has with its consumers, this involves sales force automation, marketing, and consumer service. This is done in order to make these functions more efficient and effective e.g. CRM system might guide a salesperson through identification of consumer-related information when making a sales call. The information can immediately be connected to back offices or transferred to other functional departments and other channels of communication in order to identify and provide the consumer with a valuable market offering. Analytical CRM involves the technologies that aggregate consumer information and provide analysis of the consumer data to enhance managerial decision-making and actions. Analytical CRM is based on technologies such as data warehousing and data mining. In a perfect world, the database should be accessible from all the relevant departments e.g. consumer service, sales, and marketing. This type of CRM forms the foundation for planning and evaluation of marketing campaigns and assists cross-selling and up-selling functions. In order to successfully implement CRM, organizations must combine physical resources, e.g. computers and technological infrastructure, with informational resources, e.g. consumer databases, salespeople’s call records, consumer service interactions, with organizational resources, e.g. consumers oriented culture, information sharing routines. According to Hunt & Lambe (2000) a successful CRM implementation is when a CRM system helps a company profitably deliver market offering to consumers that: provide value to consumers if possible to a lower cost than the competition, provide more value at the same relative cost relative to the competition, provide more value at a lower cost than the competition.

Adding Social Media to Consumer Relationship Management

The concept of CRM described by Foss et al., (2008) discusses consumer channels such as sales force automation, marketing, and consumer support. These channels have traditionally been consisting of information that has flown directly between firms and consumers. Hence, firms have historically had a strict grip over this relationship. Today, a new channel of information is growing; this channel is generally called social media. The difference between social media and the traditional CRM channels is that it cannot be controlled by firms. Consumers are no longer solely communicating directly to firms; the trend is that consumers are interacting with each other in terms of expressing their opinions, ideas, thoughts, experiences, confidences and jokes on social media. Through social media, consumers are able to reach a big audience with

relatively low costs; therefore it is argued that the power and influence of consumers are increasing (Pavicic et al., 2011). If firms manage this channel correctly, it gives them a huge opportunity to get insight in consumers' wants and needs since consumers tend to express their wants and needs on a deeper level through social media channels than on traditional CRM channels (Heller Baird & Parasnis 2011; Woodcook et al., 2011). The aspect of managing customer relationships by means of social media channels, Social Customer Relationship Management (SCRM) can further be explained as firms engaging consumers; when there is a consumer need, wherever the consumer is, in a way that is convenient for the consumer. Woodcook et al., (2011) argue that by engaging consumers through a social media channels, firms can provide consumers with personal experience which is crucial in order to keep them interested, informed, engaged and maybe even entertained. Over time, firms learn to tailor solutions to individual consumer needs. However, a social media channel cannot replace traditional CRM channels, but it can contribute to increased business insight. Combining a traditional CRM channel, e.g., a consumer loyalty club with a social CRM channel e.g. mobile phones containing GPS services, enables firms to offer a specific deal to a consumer. This deal would be based on earlier purchasing behavior and the location of the consumer at that specific moment. Further, a CRM system containing the social media channel could increase a "personal touch" in the B2C relationship since the social media channel contains information about consumer's feelings, thoughts, opinions etc. on a more personal level than traditional CRM channels (Woodcook et al., 2011).

Developing Modern Customer Relationship Management and creating commitment

Adding Social CRM to the CRM concept should be the foundation of a modern CRM concept (MCRM). In a MCRM concept it would be an increase in the amount of data being collected; hence, it will require that firms have automated processes in order to handle increased amounts of data. Automated processes will give benefits both in operational perspective of MCRM and in the analytical perspective of MCRM. The operational perspective will benefit in terms of economies of scale from combining e.g. customer support from both traditional CRM channels and social CRM channels. The analytical perspective will benefit from a more comprehensive picture of consumers. MCRM might, therefore, increase business insight and increase firms' response time to understand consumer behavior. It may also minimize ad hoc decision making, since the analytical part of MCRM produces actual figures that are based on data from both social media channels and traditional CRM channels. A reasonable assumption is that by having a deeper understanding of consumer behavior, firms should be able to increase consumer commitment. Consumer commitment has been shown to be significantly correlated to consumers financial value for firms (Woodcook et al., 2011) and commitment is

important because: 1) *"the greater the consumer engagement, or emotionally loyalty, the greater the financial value of the consumer"*. 2) *"Deeply engaged, or committed, consumer drive brand performance"* 3) *"Not all committed consumers are of equal value...For committed consumers, if you were to split the group into high, medium and low category spenders, the high spenders may spend around 5-10 times as much as low spenders"*. 4) *"Commitment is extremely difficult to achieve"*. (Woodcook et al., 2011, p.56)

Heller Baird & Parasnis (2011) and Woodcook et al., (2011) argue that firms including SCRM in its CRM strategy can identify high value consumers and increase its engagement in creating consumer commitment.

Modern Customer Relationship Management may increase innovation

As described in the previous sections, CRM activities aim to develop and strengthen relationships between firms and existing and potential consumers, although there is also another significant benefit of CRM activities. This benefit consists of the data generated by the consumer to the consumer-firm relationship. This data can be used in development of existing and new products or services. The data generated from the communication and information sharing between firm and consumer in the traditional product development process can often be categorized as ping-ponging and a process of trial and error. Therefore, the firm, based on information from consumers, develops an incomplete or only partially correct prototype. When the product reaches the consumers, they are not completely satisfied and therefore request corrections when finding flaws (Thomke and von Hippel, 2002).

One can quite easily understand that this iteration process might be both time consuming as well as costly since the cycle continues until a satisfactory solution is reached. Based on this, it can be argued that there might be a gap between the information that reaches the firm and consumers needs and wants. Due to this dilemma, firms' decisions are often based on historical data from consumers (Ahmad & Quadri., 2012) and not on real-time information (Arnold, 2009).

However, the trend that consumers are willing to share their ideas, thoughts, opinions etc. in real-time on social media, enables firms to get access to real-time information which may enhance their decision making (Heller Baird & Parasnis 2011; Woodcook et al., 2011). According to a study by Wasko & Faraj (2005), individuals choose to contribute with knowledge on electronic networks when they perceive that contributing with knowledge enhances their professional reputations and in some cases when it is enjoyable to help others. The likelihood increases when consumers are structurally embedded in the social network and have previous experience of sharing information with others.

Information sharing between consumers is something that the software industry has used for several years. Open source software firms view consumers as a

potential source of value creation in terms of innovation and product development (Bogers et al., 2010; Thomke & von Hippel, 2002). This approach involves handing the consumers a toolkit for creating and designing product features. This can take place both before and after a product has reached the market. According to Jeppesen (2005) there are three categories of consumer involvement; listening to consumers, interacting with advanced users, and user toolkit for innovation. The first category, listening to the consumer is described as a weak method since it traditionally depends on interviews or surveys; hence, it depends on the analysts' ability to analyze the information received without being biased. Further, the study group only answers the questions that have been asked; this might lead to important information being undiscovered. If the interviewed have answers to questions not included in the survey or interview, the firm would not get that information. The second category, interaction with advanced users is a method which can be considered as a moderate form of consumer involvement according to Jeppesen (2005), since the willingness of those advanced users to participate in product development can be costly and it can be difficult to identify advanced users. The third category, user toolkit for innovation is a strong method according to Jeppesen (2005). In this method the firm hands certain development tasks to consumers which give the consumers the possibility to create their own desired product features. In that way, consumers can by themselves do design work or other need-related tasks. Thomke & von Hippel (2002) also found that a user toolkit for innovation can be useful in software related innovation. They found that when firms let consumers add custom-design modules to their standard products and then commercialize the best components it was beneficial for the firms using this method. Thomke & von Hippel's (2002) study focused on open source software firms.

Providing consumers with a toolkit can help firms avoid costly iteration of errors, since the consumers are contributing in the design-by-trial-and-error processes. However, there are some disadvantages with using a toolkit for innovation. Thomke & von Hippel (2002) argue that one disadvantage for a firm which uses the toolkit lies with the design of the toolkit. According to Jeppesen (2005) another disadvantage lies with the process of handing the toolkit out to consumers. Jeppesen (2005) also claims that supporting costs for the toolkit may be high if the consumers are not willing to share information between each other.

We believe that the toolkit has its benefits in a firm using a MCRM system. However, we do not agree with Jeppesen's (2005) assessment that it has great advantages compared to the other two methods described; listening to consumers and interacting with consumers. By using a MCRM system, a firm is able to automate the process of listening to consumers, since a system combining information from traditional CRM channels and social media channels already would collect part of the desired information. Concerning the

process of interacting to consumers, Jeppesen (2005) argues that it is a moderate method since there are high costs identified with identifying advanced users. We believe that a firm using a MCRM system might not have as much increased costs in identifying these kinds of users compared to a firm that is not using a MCRM system. This since a firm using a MCRM system would collect data from social media channels with the use of an internal software collection tool. Although, it would be increased start-up costs when implementing a MCRM system, due to the fact that different IT systems in terms of traditional CRM systems and the internal software collection tool that gathers social media data needs to be compatible and integrated with each other.

The process of transforming data into action

MCRM would enable firms to gain access to huge amounts of data, both in the operational phase and the analytical phase. In the operational phase e.g. customer support queues will grow since more data needs to be handled by the customer support department. In the analytical phase, the amount of data to analyze is likely to increase exponentially.

Historically, some of the most sophisticated users of analytics of big databases have been internet-based firms like search engines, online retailers, and social networking websites. With time, storage technologies have become cheaper and bandwidth has become more available, which has created opportunities for other industries, government agencies, and universities to adopt this new form of data-analysis techniques and machine-learning systems (Bollier, 2010).

Chris Anderson in Bollier (2010) proposes that "*the data deluge makes the scientific method obsolete*", he argues that in an age of massive datasets and cloud computing, the real challenge is to sift through the data in new ways to find meaningful correlations, not to come up with new taxonomies or models. Anderson also claims that because of the inadequacy of testable models, the solution is to find meaningful correlations in massive piles of big data. Instead of looking for models, we can analyze data without hypotheses about what it might show. In its place we can throw all the numbers into the biggest computing cluster the world has ever seen and let statistical algorithms find patterns where science has not so far. J. Craig Venter in Bollier (2010) used statistical methods and supercomputers to find patterns that made sense from shotgun gene sequencing. This methodology can be used more broadly, "*Correlation supersedes causation, and science can advance without coherent models, unified theories, or really any mechanistic explanation at all. There's no reason to stick to our old ways. It's time to ask: What can science learn from Google*" (Anderson, C in Bollier, 2010 p.5).

In order to understand the implications of big data sets, it helps if one first understands the more significant uses of big data and what kind of forces are expanding inferential data analyses (Bollier, 2010). Firms need to be aware that consumer data generated from a MCRM system is not the only source of

information a firm could consider in a decision-making process. Hence, MCRM is only one among many systems in a firm's Business Intelligence (BI) solution. BI was first mentioned by Hans Peter Luhn (Luhn, 1958) and since then its influence on providing information to firms' infrastructure has only increased. BI solution is a decision-support tool to help decision-makers, and according to Davenport, et al., (2010) a big contributor in successful firms. Business Intelligence (BI) can be defined as a broad category of applications and technologies for gathering, storing, analyzing and providing access to data in order to improve decision makers for enterprise users. In some literature, BI is referred to as the successor of decision making systems, and also to facilitate various kinds of enterprise reporting tools. A standard BI system includes data sources where transactional data is accumulated, data warehouses / data marts, reporting and visualization tools, but also predictive analytics and modeling (Brannon, 2010).

In other words, BI can be described as follows:

"an architecture, tool, technology or system that gathers and stores data, analyzes it using analytical tools, facilitates reporting, querying and delivers information and/or knowledge." (Ahmad & Quadri, 2012, p.64)

Golfarelli et al., (2004) argue that knowledge is the output of a process that transforms data into information. According to Wu et al., (2007) and Buytendijk et al., (2004) BI tools provides firms with access to compiled information. Jonathan's (2000), Clark et al., (2007) Zeng et al. (2007) reasoning regarding BI is similar to Golfarelli et al., (2004) and they further argue that individual(s) can rationalize conclusions or assumptions based on the analyzed information in the BI solution. Ranjan et al., (2009), Cui et al. (2006) further argue that by using BI as a basis for firm actions, firms can improve vital decisions on a daily basis. It can also help firms increase efficiency in performance measurement (Van Drunen, 1999 in Ahmad & Quadri, 2012). According to Ahmad & Quadri (2012) a prerequisite for a successful BI strategy is that it should be a part of a firm's overall information technology (IT) strategy. This helps a firm to get an overall perspective and may create new efficiencies as well as synergies across different firm areas. Hence, firms need to keep in mind when implementing a MCRM system, that this system should be compatible and integrated with the firm's existing BI solution and the firm's overall IT strategy.

From the decision-maker's standpoint, it is important to understand what type of problem or opportunity one wants to investigate. Otherwise, the decision-maker might end up with a large amount of data without any use. In some cases, big data can even make it more difficult for a decision-maker to take action since; the time and effort of analyzing the data and the insecurity of choosing a bad alternative also increases when one has many different options (Bazerman & Moore, 2009). It all comes down to what types of decision a firm favors; Bazerman & Moore (2009)

categorize decision-making into System 1 and System 2 thinking. System 1 thinking is described as decisions based on gut feelings, and System 2 thinking is described as decisions based on information. System 2 thinking is characterized as rational, intentional, deliberate, extensional, and rule based. When analyzing data, all those characteristics will be fulfilled. At the same time, System 1 thinking (intuition, emotions and the affect heuristics) often has some effect on decisions, even if the decision-maker has data available. System 1 thinking especially has an effect when the decision-maker is facing extreme time pressure, then the decision tend to be based on emotions rather than based on data. If rational decision-making (System 2 thinking) can be seen as something positive in firms, it requires the decision-maker to have all the available facts at hand. A decision-maker needs to reflect, analyze, and be aware of emotions in order increase the level of rationality in decision-making. However, according to Bazerman & Moore (2009) bounded rationality stops decision-makers from taking completely rational decisions. In other words, decisions can only be partially rational.

The technical perspective

In general terms, data from firms can be broken down into two broad categories: unstructured and structured data. Typically, structured data is included in databases, and the data is organized into tables with columns and rows of defined data types; in other words, relationships between various data fields and tables are defined clearly. The most common ones are relational database management systems (RDBMS) these systems are capable of handling large volumes of data such as Oracle, IBM DB2, MS SQL Server, Sybase, and Teradata. Many firms use enterprise resource planning (ERP) system or other types systems, these systems captures daily transactions (e.g. shipments, order, inventory movement, etc.), human resources, business planning, accounting, and components of financial reporting, It is also possible that they have a web server with a database that consists of transactions that are executed via the web. Most firms, especially large entities that grow through multiple acquisitions have a wide variety of systems. A wide variety of systems creates complexity since it is preferable that different systems are compatible and integrated with each other (Brannon, 2010).

All data that resides outside of structured databases is called unstructured data, e.g. electronic documents, spreadsheets, emails, PowerPoint presentations, images, schedules, IM logs, and multimedia files. This data might reside on file servers or on individual computers. There are however some cases where the data needs to be searchable. If it requires further analysis it might be organized into a structured database and made available as part of a business intelligence solution. There are numerous solutions for this, these solutions are incorporated in systems and often called content management systems, they are designed to organize unstructured data in order to help control and manage content, versioning, and access

rights. These systems might include: LotusNotes, Microsoft SharePoint, EMC Documentum, and IBM FileNet. Business intelligence then comes in as a sense making system with the assignment to analyse and put the data into perspective (Brannon, 2010).

Source systems collect information that later will be analyzed, these include; web transactional systems, inventory scanners, time card systems, point of sale systems (electronic registers), etc. The data captured by the source system is then stored in data aggregations referred to as transactional databases or data sources. These systems are normally configured for a high speed of processing rather than data analysis. The third step involves the data going through a process called extract, transform, and load (ETL) where the data is extracted from the source system, and transformed to meet business needs, and then loaded into a data warehouse. A big number of different data sources can be consolidated in one single data warehouse. The information is then taken from the data warehouse and made available to end users in the form of data marts. In the data marts, the data is organized to answer specific types of business questions. In the last step, reporting tools and analytical tools are used to analyze the information from the data marts. The tools include ad hoc reporting, dashboards, online analytical processing (OLAP), alerts, statistical and other predictive and optimization models. (Ahmad & Quadri, 2012; Brannon, 2010)

Designing the study

In this paper we use a research philosophy labeled as positivistic since we will use an objective way of gathering data, using qualitative data collection techniques (Saunders, Lewis & Thornhill, 2009: 119). The paper takes an inductive approach since it investigates how firms today combine traditional CRM channels and social CRM channels. By studying the case firms, we hope to contribute to an understanding how traditional CRM channels can be combined with social CRM channels. According to Corbin & Strauss (2008) it is important when studying the unknown to stay open and use several dimensions related to the studied phenomena. When seeking to explore the unknown, in order to contribute to new empirical validated theory, a case study should be a valuable approach (Yin 1981; Eishenhardt, 1988).

When deciding on appropriate case firms, we focused our search on firms working with both CRM and big data sets. We included firms experienced in managing big data sets, because we believe that this is a crucial variable in order to be able to use a MRCM system to its fullest extent. Hence, we needed firms that regularly were working with a steady and high flow of consumer information. In our opinion, firms that have most experience working with such flows are firms with large consumer incentive programs, or in other words, large customer clubs. To make our selection process easier we chose to search for firms with a customer incentive program (customer club) containing 500 000

members or more. In order to minimize our travel expenses we chose to limit our search to firms with headquarters in Stockholm. We sent out requests of participating in the study to five firms, and two accepted. The case firms are in the empirical findings called Firm A and Firm B, the interview subjects have been given fictive names. All quotes in the empirical findings are directly translated from Swedish to English.

Case companies and interview subjects

Firm A is operating within the retail industry and is selling different brands directly to consumer. Firm A is in its CRM activities divided in three organizational divisions: 1) market & communication department 2) customer service department 3) brand & customer communication department. The brand & customer communication department consist of two sub-divisions: 1) social media division 2) brand awareness division.

All information about firm A is gathered from interviews with Andersson, Bertilsson and Carlsson. The data collected from the market & communication department is from an interview with Andersson. She is head of the customer incentive program. The customer incentive program is the market & communication department's main focus area. Andersson has been working at the firm for two years and before that she was working with a variety of CRM problems, she has also headed up customer incentive programs and marketing for other firms. The data collected from the brand & customer communication department is from interviews with Bertilsson and Carlsson. Bertilsson is head of the social media division. She has been working at the firm approximately one and a half year. Data collected from the brand awareness division is from an interview with Carlsson. She is head of brand awareness and has been working at the firm two months. Data collected from the customer service department is from interviews with Andersson, Bertilsson, and Carlsson. Organizationally, Bertilsson and Carlsson have the same manager, even though they are working on separate sub-divisions. Andersson has a different manager; her manager is the marketing director.

Firm B is operating within the consumer transportation industry. The firm has recently undergone some changes concerning how the firm conducts CRM activities. Today, the focus of the CRM activities is on understanding how consumers think. The data collected about firm B's CRM activities is from an interview with Davidsson. Davidsson is organizationally head of all CRM activities. Hence, she is the head of: 1) market & communication department 2) customer service department 3) brand & customer communication department. Davidsson has been working at the firm approximately one year, she started out as head of the customer incentive program and her responsibility has since grown to include all CRM activities. Davidsson has an academic background within business, focusing on marketing and has previously been working with service marketing, service management, customer loyalty questions, and e-commerce.

Empirical findings

Firm A's and firm B's data collection and operational performance

Firm A's work with market & communication focuses on the customer incentive program. Andersson works operatively with the customer incentive program, both short and long-term. Firm A's customer incentive program consist of 800 000 members with an average age of 51. Firm A is continuously working on increasing the number of members; as well as strengthening the relationship with existing members. The data that firm A is gathering from the customer incentive program contains information concerning members' earlier purchasing behavior. From members' earlier purchasing behavior, the firm acquires knowledge about: 1) what each customer purchased 2) where they purchased.

In order for the data to be collected, a customer has to be registered in the customer incentive program and at the purchase use a membership card or a Social Security Number.

Data from the customer service department is collected by the use of semi-automated processes. When for example a call is made to the customer service department, the handler has to manually categorize the customer's issue in pre-determined categories. However, most of the time, these categories are not enough, due to time pressure of handling many customer calls. The customer service enables consumers to communicate with the firm with the use of: phone, email, and letters. Today, the customer service department handles around 6000 consumer calls each day. Firm A is not identifying if a consumer that is in contact with the customer service department is a member of the incentive program or not. The market and communication department does not have any direct customer contact. On the other hand, they have a close dialogue with the customer service department.

Data from brand & customer communication is collected from social media, and external market research. Social media activities in firm A involves listening to consumers and answering their questions. Firm A is actively communicating with consumers on the following social media channels: Facebook, Twitter, and YouTube. Currently five employees (including Bertilsson) are working with social media channels. Firm A is using a point application¹ to collect data from social media. This data is being collected based on specific keywords provided by firm A. The data is gathered and compiled by the point application.

One essential operational task for Bertilsson related to social media is answering questions and intervening in conversation on social media, e.g. if consumers have misinterpreted something, are dissatisfied or are angry for some reason. She has identified that consumers are communicating with each other, consumer to consumer, and that they sometimes

give each other wrong advice. Consumers giving each other wrong advices usually take place in specific social media forums, where firms are not allowed to communicate with consumers. Bertilsson has recognized that as potentially dangerous. Bertilsson says:

"...Sometimes they give each other crazy advice, then it would be good if we could get in and respond to questions."

As mentioned previously, data collected from the point application is keyword based. When firm A is presented with the data, the firm gets the whole sentence in which the keyword was mentioned. Therefore, Bertilsson spends a lot of her time manually categorizing those sentences. She categorizes the sentences using the scale: interesting, positive, negative, and neutral. The results of her categorization are not stored in the same CRM system as e.g. the customer service system. As a matter of fact, the information from social media is at the moment solely handled by Bertilsson.

"...At the moment I am sending different sentences further as for your information (FYI). But the idea is that we shall work with this information over time, see changes and see how we can affect, but we cannot do everything at the same time" (Bertilsson).

The sentences forwarded are containing either interesting information or a question that Bertilsson was unable to give a satisfying answer to. The forwarded sentences are sent either to the customer service department or to the market & communication department. The coordination is done since Bertilsson is lacking both time to respond to all consumers, as well as lacking front-edge competence in specific issues. The vision, according to Bertilsson, is that the five people who currently are working with social media shall be better integrated with the customer service department.

Bertilsson explains that it is important to have a good relationship with bloggers, especially bloggers that have high influence in their social network. Consumers that have a high influence over other consumers are called advocates. Advocates that write about brands that firm A is carrying are therefore of importance. Hence, firm A is continuously running different campaigns and other types of event for advocates. The purpose of the campaigns is to influence advocates positively towards the brands that firm A is carrying.

Data collection from the brand awareness division is gathered with the use of an external firm. The data requirement for the brand awareness division is tailor-made by firm A. Data is gathered from various areas e.g. external environment analysis, customer surveys, and consumer panel. Firm A is interested in information concerning market research and brand recognition. Brand tracking studies are performed four times a year. Brand tracking studies measures consumers' view of the firm and their view on others actors within the industry. The key performance indicators are: 1) customer service in a store 2) product range 3) Brand image 4) If firm A's values reaches the consumers.

The consumer panel consists of around 1000 consumers and is mix of members from the firm A's

¹ A specific data collection service provided by an external firm

customer incentive program and other consumers. According to Carlsson, the customer panel primarily answering questions concerning specific product categories. Firm A is also gathering customer data through the purchase of external general reports about the market.

"We get offerings to purchase external reports which are general, e.g. concerning the retail-market...trend monitoring, or external environment monitoring." (Carlsson)

Firm B's work with market & communication also focuses on a customer incentive program. This year in May the customer incentive program has been active for five years and it has over 800 000 members. Davidsson says:

"We know very much about the customers in the incentive program, we know how they travel, where they live, how old they are and what they spend onboard."

The data that firm B is gathering from the customer incentive program contains information about members' previous purchasing behavior. The knowledge acquired from customers purchasing behavior is: 1) money spent on tickets 2) on-board purchases 3) routes travelled.

In order for a purchase to be registered, it is required that the customer uses one of three alternatives: 1) Use their membership card when purchasing, 2) Report their membership number along with the purchase, or 3) Manually register their purchase after the purchase is made. If a customer is not registering the purchase using one of the above alternatives, the purchase will not be registered. Members that are not using their membership card are seen as inactive members. The qualification of an inactive member is; the member has not registered a purchase within a period of 12 months. According to Davidsson, firm B is trying to do several analyses in order to understand why some customers go from an active status to an inactive status. Davidsson think that customers become inactive because the process of registering a purchase is too difficult. She also feels like firm B has been poor in communicating what the customer incentive points are good for.

Firm B is currently trying increase the use of the membership through allowing members to only use their Social Security Number when registration a purchase. Allowing members to register purchases without cards and "difficult to remember" membership numbers would give further incentive to inactive members to once again become active, according to Davidsson. She further elaborates and says that making registration of purchases easier is only one of the actions that firm B is taking. The next step is to increase registered members of the customer incentive program; she thinks that in order to increase the member base the firm needs to communicate clearly what kind of benefits consumers will get by registering. Today the membership points can be used to get cheaper prices on tickets and food onboard, but by registering purchases the consumer will also benefit by getting custom-made

offers and being provided with detailed information about the route they usually travel.

Data from customer service is, similarly to firm A, collected by the use of semi-automated processes. The services personnel are with the use of pre-determined categories, categorizing all calls made to firm B's customer service center. When a customer calls, e-mails or sends a letter, all data is saved. However, Davidsson explains, the average call only last a few minutes, the support personnel have to be very fast when categorizing. Most times the pre-determined categories are not enough. Hence, a lot of calls are being labeled as uncategorized.

Data from firm B's brand & customer communication is collected from external market research and social media. Firm B is active in several different social media. The firm is using Facebook, Twitter, Flickr, and YouTube. Firm B has won many prizes for their Twitter communication. According to Davidsson, firm B has a clear strategy of actions concerning the social media channels where consumers can communicate with the firm. However, that strategy is not coordinated with the firm's strategy for other CRM activities. Rather the strategy for social media is more focused on communicating to consumers rather than having a mutual dialogue. Firm B is not identifying consumers that are particularly active on social media.

"...we look at these channels as another way to communicate our message and communicate with our customers but, we do not log their activities from social media in terms of activity." (Davidsson)

"A customer can e.g. be a frequent customer which spend a lot on money on traveling and on onboard purchases but we do not know how highly involved this customer is in other aspects." (Davidsson)

Firm B does get weekly reports containing data from social media and is using a point application to collect data from social media. The point application is collecting data and compiles it. Firm B is therefore getting frequent updates when consumers are mentioning the keywords that the firm is interested in. The firm is, however, not taking an active role in communicating with the consumers who are mentioning these keywords. Davidsson further explains that if a consumer is communicating on firm B's Facebook wall, the firm answers the consumer's questions immediately.

"... if the consumer is clearly engaging us, we will communicate directly to that consumer." (Davidsson)

Firm B answers that specific question by using a private channel e.g. by e-mail or message.

"On the other hand if one consumer has said something negative of us on e.g. a blog, we do not communicate directly to that consumer in that forum, since that is not a part of our social media strategy" (Davidsson)

The personnel in charge of answering questions on social media have very close ties to the customer support department, hence they benefit from each other. Firm B has also discovered that there are advocates

available online which are very positive to firm B's brand. These advocates can often answer questions that other consumers ask before firm B has had the chance to answer that question. Davidsson explains that there has been a lot of discussion lately within the firm about identifying and including these advocates on a larger scale. Some ideas were to include them in product development, e.g. she explains that firm B is considering involving consumers in the designing process. She describes that by putting software for product design online, and allowing consumers to design products themselves could enable this.

Data on brand awareness is collected from other sources than CRM activities. Firm B frequently conducts market research through surveys. These surveys focus on brand awareness and customer satisfaction. Firm B also conducts surveys if information is needed about one specific subject that their own data cannot answer. Most times, firm B uses an external firm to conduct these surveys.

Firm A's and firm B's analytical process and actions

When analyzing data from the market & communication department; Andersson explains that **firm A** has for the last one and a half years worked with implementing a new IT-system. This IT-system has transferred the database of the customer incentive program to a new system and added an analytical module, which has made it possible for firm A to do its own analysis on consumer data in-house.

"Now we have a base, so we can start working with customer behavior and do segmentation, but we have not come that far with social media, and how we shall connect that" (Andersson).

Analyzing data from the market & communication department has enabled firm A to: 1) identify customer base 2) segment the market 3) better understanding of customer behavior 4) custom-made offers. At the moment, firm A cannot in its CRM system see margins on sold products. However, firm A has discussed to re-build its CRM system to include margins. One practical example where firm A has been able to benefit from analyzing customer data is; firm A discovered that there were a lot of frequent customers interested in one specific product group. Firm A analytical team started working on the hypothesis that these customers most likely were interested in purchasing a related product group.

"what is this consumer segment willing to buy more?" (Andersson)

"Can we start marketing related products to that product range?" (Andersson)

Hence, firm A re-located the related products closer to each other. This resulted in increased revenue. Another practical example of how firm A is working with analytics is the way the firm constantly identifies, segments, and tailor-makes offerings. This is mainly done by e-mails, which are targeted to specific customer segments based on key performance indicators and

earlier purchasing behavior. The idea is to increase sales with similar or related products, which a customer already purchases. Those e-mails are built up on different elements, as Andersson describes it.

"...every e-mail sent by the market & communication department contains one principal message. This message is sent to all customers, in addition every customer in the incentive program receives two-three tailor-made offerings based on earlier purchasing behavior. Those tailored offerings are available for everyone that visits a store, but are highlighted in the e-mail for a specific customer segment." (Andersson)

"We have seen the purchases done by the members have increased, their average receipts, which indicate that they receive relevant information regarding offerings from us, which is important" (Andersson)

Andersson also stresses the importance of not communicating irrelevant messages to customers in the incentive program. A message is irrelevant if it does not capture a customer's attention. A customer's attention is measured as the outcome in terms of rate of messages opened and clique frequency. The results of the outcome are reported weekly. Firm A also uses control groups when messages are sent out. Andersson explains a control group as follows: *"... if an offering is targeted to a segment of around 80 000 customers, then some customers from that segment will not receive a specific e-mail offering. This is done in order to measure if that specific e-mail offering resulted in increased or decreased sales relatively to the customers that did not get that specific e-mail offering."*

According to Andersson, it is also important to not communicate too frequently. Therefore, the average number of offerings or campaigns that is sent to a specific customer by e-mail is approximately 25-30 each year. Variables that determine the number of e-mails sent out are: 1) earlier purchasing behavior 2) where a customer lives. E-mails are used as a communication tool since it has the least environmental impact and is cost-effective.

Data from the customer service department is sent to Carlsson. She compiles the data and creates quarterly reports which she presents to her manager. One of her more recent assignments is to include data from all other types of consumer data collection activities.

Data from the brand & customer communication department is divided into two categories in the analytical process: 1) social media data is gathered and compiled with the use of a point-application. 2) brand-awareness data is gathered and compiled using an external firm. Bertilsson receives the report from the point-application and she is also in charge of analyzing and taking appropriate actions. One aspect of Bertilsson's routine work is make sure that all offers that are sent out to members of the customer incentive program are also available on social media.

"If there is some sort of competition on Facebook, this is included in the e-mails that we send out

if we can identify that it could be of interest for a specific customer segment.” (Andersson)

At the moment, firm A is not identifying if a customer that is asking a question on social media is member of the customer incentive program.

“It may be the case that half of the people that is active on Facebook is members in the customer incentive program, we should have that in the CRM system, e.g. that those that are members in the customer incentive program and members on our Facebook page have a star or something similar. But currently we do not have that” (Andersson)

“Our vision is to have a system with a comprehensive customer picture, e.g. what type of customer is this? Is he/she member of the customer incentive program?” (Andersson)

The data collected from the brand awareness department is gathered using external firms. The external firms compile and in some ways analyze the data before forwarding it to firm A. However, firm A still needs to decide how to act on information received.

“What does this data mean for our development etc.? We need to decide what to do with it and which actions we shall take based on it.” (Carlsson)

Carlsson further describes that firm A does not work well with integrating the data from: market research, social media and other CRM data. Carlsson thinks this decreases firm A’s chances of maximizing the value of the data. However, this is something that firm A is aware of and is looking at opportunities for further integration development of different consumer data sources.

“We have identified that many customer calls is regarding a specific issue... the problem can be solved for the moment, but it might be an issue that needs to be considered a bit more seriously.” (Carlsson)

Carlsson ends the interview by emphasizing:

“Our expectation is that is shall be more focus on how to analyze big data”.

Firm B analyzes the data from the market & communication department using an internal statistician. That statistician categorizes different customer segments based on consumers’ earlier purchasing behavior. This segmentation lays a foundation for firm B to tailor-made promotions to certain customer segments, according to Davidsson. Firm B is communicating frequently with customers, especially VIP members. VIP members are registered in the customer incentive program and are categorized after how much purchases they register. One feature of firm B’s CRM that Davidsson finds very useful for VIP members she describes as follows:

“...in time of traffic blocks on certain routes, the customer incentive program is able to identify the most frequent members of the customer incentive program traveling that route and communicating to them directly on a personal level, that there is a problem with the route.” (Davidsson).

Other areas where firm B is acting on information from the customer incentive program is e.g.

if the firm is trying to get more customers to try first class tickets. In order to get certain customers to travel in first-class, the firm gives different types of incentives to these specific customers, e.g. some of the target group gets a 50 percent discount, another target group gets 30 percent discount, and a third target group gets “buy two tickets, pay for one. Experiments like the previous described, are always compared to a control group. Davidsson expresses:

“...it is also such a pleasure working with identified customers, they know that we are talking to them, and we can see exactly how they react. We can put their response in perspective compared with other customers, now everything is so measureable. We are always measuring the result of our marketing promotions I’m not saying that all of them are profitable, but after 5 years of experience we are getting quite good at it.”

Davidsson describes firm B’s analysis process a rational process in which the firm uses a lot of statistics as a foundation to find a solution. The analysis of the data is mainly done in order to answer to very specific questions that the marketing department is interested in. Firm B also uses cluster analysis methods in order to segment the market. Davidsson emphasizes that firm B finds it very important to get measurable benefits of data “value for the bucks.” Davidsson further expresses that if there would be one thing in their analysis department that could be improved, it would be a more exploratory thinking towards analysis of customer data. However today there is not enough money to spend on such endeavors but also, she explains that it is very difficult to find talented statisticians.

“I should tell my kids to be statisticians and analysts.” (Davidsson)

“Simply put, our problem is not that we don’t have enough data, the problem is that we have too much data.” (Davidsson)

“How can we get the most insight? How can we transform the data into actions? How can we make the most value out of it?” (Davidsson)

Davidsson also emphasizes;

“who is the data for? Is it for making strategic decisions on a managerial level or is it for sales personal in the moment of directly selling to customers?”

She does not believe that any firm today is able to make the most out of the data; the techniques just are not there yet, she says.

“In general I believe that people and management are going to change their decision-making process from a process of gut feelings to be more ruled by facts and rationality.” (Davidsson)

When analyzing data from the support centers it can sometimes be difficult since a lot of the calls are being labeled as uncategorized. Davidsson expresses that in order to increase the quality of the data being collected from the support centers the system for categorizing has to be improved. Improvement of the system categorizing customer calls may be a new

technological solution such as e.g. speech mining², she says.

In the analyzing process, data concerning brand & customer communication is divided into two categories. Data concerning social media is gathered and compiled with the use of a point-application. Data concerning consumers' opinion in specific topics and brand-awareness is gathered and compiled using an external firm. Davidsson receives the report from the point-application and she is also in charge of taking appropriate actions. Firm B is not identifying if a customer that is asking a question on social media is member of the customer incentive program. Even though firm B seems like a firm preferring to base decisions on facts and rationality, we get the feeling that this may not be the complete picture. This since reports from the different consumer data collection sources are gathered and compiled separately. It is then up to Davidsson to comprehend all the information and take appropriate actions. Hence, the final process of decision making might be a bit irrational.

Analysis

Analyzing data collection and the operational work with CRM channels

Firm A and Firm B both have well-established CRM concepts and all interview subjects favor rational decision making in their firms, which can be connected to Bazerman & Moore's (2009) System 2 thinking. Two examples of preferring rational decision making by the case firms are the following quotes:

"Our expectation is that is shall be more focus on how to analyze big data."(Carlsson)

"In general I believe that people and management are going to change their decision-making process from a process of gut feelings to be more ruled by facts and rationality." (Davidsson)

During interviews with Andersson, Berilsson, Carlsson, and Davidsson we quickly got the feeling that getting to know their customers was the most crucial part of the firms' future business; hence, they seemed keen on trying to control all aspects of consumer interaction. During the interviews with both case firms, our understanding is that even though both firms have a broad CRM concept, there are still pieces of the puzzle missing. Foss et al., (2008) describe that if CRM is defined to narrowly based, it often contributes to the failure of CRM projects. Firm A and firm B do not have a narrow-based concept of CRM. Rather, in both firms difficulties might lie in connecting the different aspects of the CRM activities into one single unit. For instance, in both firms, the customer service departments have problems involving the pre-determined categories. The purpose of these pre-determined categories are used to enable the service personnel to easier categorize consumer information. However, both firms seem to lack crucial parts that enable the customer service work to its

fullest potential. In other words, to both use customer service as way of communicating to consumers in need of assistance, and at the same time increase the firms' knowledge banks. Both firms appeared to be good at answering difficult questions that customers were asking, but had difficulties collecting and compiling the data from the customer service department. Davidsson said that when firm B was analyzing the data from its customer service department, most customer calls were labeled as uncategorized. Hence, making this uncategorized data useless.

According to Buttle (2001) CRM can be used in several different ways; where the main reason is to strengthen already existing relationships. Both firm A and firm B collect consumer data from various sources: customer incentive programs, customer service center, a point application, and through external firms that conduct market researches. Hence, it can be argued that both firms are willing to get as much information as possible from consumers in order to strengthen the relationships.

The sources that firm A and firm B collect consumer data from can be categorized according Foss et al.,'s (2008) operational and analytical CRM. In both firms, the only units working with CRM activities that have close ties with each other are: the social media departments and the customer service department. Two potential reasons to why those departments have stronger ties are A) social media is viewed as a channel where consumers are asking questions; hence it is logical to connect it with customer service department. B) The social media departments do not have enough personnel or specific knowledge to answer specific questions.

The other units working with CRM activities do not have as strong ties as the two units describe above, the reasons behind this could e.g. A) historically, technology has not made effective information sharing possible. B) in case firm A, the different units are reporting to different managers.

However, different managers may be a problem of the past. In the near future, firm A is going to integrate all CRM activities to a higher extent. Carlsson describes this integration as an organizational border-crossing endeavor, where she is charge of compiling data from all firm A's CRM activities. When compiling data from all CRM activities in firm A the amount of data is likely to increase.

In firm B, all CRM activities are reported to the same manager. However, the data from each department that are working with CRM activities is not compatible with each other. Simply put, Davidsson gets a report from each department. One issue in both firms might therefore be that crucial data is not included in the decision-making process. To further elaborate; when e.g. the market & communication department sends its report to a decision-maker, it is most likely containing the key issues that department has discovered. The same can be said for the other CRM departments. This might lead to important information not being forwarded since it is not considered to be a key issue in that specific department.

² A software that can transform spoken words into written words

For instance, a minor issue in the market & communication department and a minor issue in the social media unit might together be a big issue for the firm. Therefore, we believe that using separate IT-solutions for each department in order to create reports for separate departments might lead to important information being overlooked. This reasoning can be connected to what Foss et al., (2008) describe as undertaking CRM in a limited technology perspective.

However, we understand that an IT-solution covering all CRM activities will take time and money to develop and implement. It will also contribute to increased amount of data and as described by firm B, big amount of data is a problem in itself.

“Simply put, our problem is not that we do not have enough data, the problem is that we have too much data.” (Davidsson)

Although, as argued by J. Craig Venter in Bollier (2010), big data in itself is not a problem, the problem rather lies within automating data and analyzing data. Today, firm B is analyzing data with the use of questions related to key performance indicators. By directing questions to data, firm B may miss out on information. There might be relevant information in the data that the firm could have discovered with the use of a more exploratory approach. Anderson, in Bollier (2010), describes that with the use of statistical methods and supercomputers it is possible to find patterns that made sense from shotgun gene sequencing. In other words, according to Anderson, the real challenge is to sift through the data in new ways to find meaningful correlations. Hence, results of using technology that enables comprehensive analysis of big data sets, can result in increased System 2 thinking. A big difference between firm A and firm B seems to be the use of internal statisticians. Davidsson describes firm B's analyzing process as providing the statistician with questions. Andersson, Bertilsson, Carlsson from firm A, are not referring to an internal statistics department. Rather, most of the statistical analytics appears to be conducted in the separate departments. Hence, in our opinion firm B's analytical process includes the concept of CRM on a slightly more comprehensive level. Although, as previously described, consumer data from different sources in firm B as well as in firm A is not compatible.

Both firm A and firm B are collecting consumer data from a point application, this indicates that both firms are aware of consumers' power and influence on social media are increasing, which is in line with Pavicic et al., (2011)'s reasoning. However, the operational work with social media in firm A and firm B differs. Firm A is listening and actively communicating with consumers while firm B:

“look at these channels as another way to communicate our message and communicate with our customers...if the consumer is clearly engaging us, we will communicate directly to that consumer... on the other hand, if one consumer has said something negative

on us on e.g. a blog, we do not communicate directly to that consumer in that forum” (Davidsson.)

Hence, one may argue that firm A's operative work with social media is more aggressive than firm B's. This, since firm B does not have the intention of engaging in conversations with consumers on social media. Woodcock et al., (2011) argues that engaging with consumers on social media may increase firms' ability to keep customers interested, informed and maybe even entertained. Considering firm A and firm B's current social media activities, one may argue that firm A is better in offering consumers' tailor-made solutions, since it is a result of consumer engagement. According to Heller Baird & Parasnis, (2011) and Woodcock et al., (2011) social media channels cannot replace traditional CRM channels, but social media channels can increase business insight. Therefore, we argue that it can be of interest for firm B to more aggressively pursue social media in order to increase business insight.

To elaborate on the differences between firm A and firm B concerning social media strategy is that firm A is actively intervening in open conversations with consumers on social media, whereas firm B is answering a specific consumer directly by using a private forum. However, one exception is when a consumers asks something on firm B's Facebook wall, then firm B shares the response on a specific consumer question to other consumers as well. If a consumer is mentioning something on social media that is potentially wrong, firm A will communicate directly using the same media as the consumer. This allows other consumers using that social media to follow the conversation. However, it might be a problem with communicating too frequently and giving consumers irrelevant messages. Therefore, we argue that it is of importance to understand the difference between communicating on a reasonable level and not communicating too frequently. Hence, it is important for firms to make sure that personnel in charge of communication on social media are doing so aligned with the firm's interest. Andersson from firm A mentions that when sending out offerings to consumers, firm A have a limited the number of offerings to a level of 25-30 each year. Offerings are communicated to customers in the customer incentive program.

Firm A takes an active role in identifying potential advocates to brands the firm retails and the firm brand itself. Bertilsson actively searches, identifies, and communicates to advocates. The same cannot be said about firm B. Firm B is aware of advocates, however, it does not identify or communicate especially to advocates. Firm B has noticed that consumers on social media sometimes steps in, answering questions directed to firm B before the firm itself have the time to answer the question. Hence, we argue that both firms are aware of advocates but the firms' operational strategy regarding advocates differs.

How is firm A and firm B creating commitment and innovation?

Both firms are able to identify advocates, even though none of the firms are storing information about these advocates in an IT-system. One could argue that the advocates that are positive towards the firms are both engaging and emotionally loyal to the firms. Hence, the likeliness of them being committed is according to Woodcook et al., (2011) and Heller Baird & Parasnis (2011) high. Since committed customers are of great financial value and drive brand performance (Woodcook et al., 2011) these consumers should be of great importance for firm A and firm B. Both firm A and firm B should be able to categorize and study these positive advocates further in order to understand what creates commitment. By understanding commitment, both firms might be able to increase the level of positive advocates, which should result in increased financial value for the firms.

Today, firm B is not actively engaging with advocates. However, this is something that is being considered to change in the near future, according to Davidsson. Firm B was thinking about involving consumers in designing new products. Davidsson's description of how consumers could be involved in the designing process is very similar to Jeppesen's (2005) reasoning. Jeppesen (2005) argues that there are three ways of involving consumer in product innovation, where the strongest method is providing consumers with a toolkit of innovation. The toolkit of innovation is very similar to what Davidsson is describing. The toolkit of innovation is also discussed by Bogers et al., (2010) and Thomke & von Hippel (2002) and the focus of their research has been around software development. The reason behind this focus is that it has been considered appropriate to provide consumers within software industry with a toolkit. It may be possible that the concept of toolkit of innovation can be applicable to other industries as well. However, in order for the toolkit of innovation to be applicable in other industries, these industries have to be able to produce a consumer toolkit at a reasonable cost. Apparently, Davidsson explicitly explained that the transportation industry may achieve this.

Today, both firm A and firm B are able to identify advanced users (advocates) at a reasonable cost. Therefore, one can argue that Jeppesen's (2005) argument of high costs associated with identifying advanced-users could be criticized. On the other hand, the willingness of advanced users to participate in product development and innovation is unknown. Although, we argue that the likelihood of advanced users willingness to participate could be considered as high, since advocates by their nature are using time and effort to express their opinions and ideas.

Jeppesen (2005) argues that listening to consumers is a weak method as a source of innovation since; it comes with high costs and the information provided by such methods might be biased. Both firm A and firm B are at the moment listening to consumers as

the primary source of innovation. However, none of the interview subjects describes negative aspects of the method, which aligns to Jeppesen (2005) reasoning. One explanation to this might be the fact that firm A is innovating without asking questions to consumers, hence eliminating the biased information argument. Since listening to consumers is handled through the same channels as the relationship building of the CRM perspective, no increased costs are associated with listening either.

If the concept of listening to consumers is widened to include the use of e.g. earlier purchasing data from the customer incentive program; one could argue that firm A managed to enhance profits. When listening to the data from the customer incentive program, firm A was not asking questions; rather the firm was looking at the data from an exploratory perspective. For instance, the decision of moving two product categories closer to each other resulted in increased sales of both product categories.

Firm B, on the other hand, is not showing an exploratory approach when it comes to analyzing data. Davidsson describes the firms analyzing process as purely question driven. However, there are no increased cost with the approaches firm A and firm B uses when listening to consumer data as a source of innovation. The costs that do exist are the startup cost of the IT-solution and the operating cost of the personnel involved. Although we would categorize the personnel costs as relatively small, since the personnel is not part of the data collection process. Rather, the personnel would be needed even if the innovation process were driven differently.

Concluding remarks

The aim of this paper is to study how firms today use CRM as a concept. Further, the purpose of the paper is: 1) analyze if and how traditional CRM channels and social channels can be combined. 2) analyze the potential benefits of such an endeavor.

Our findings connected to the aim of the study and the purpose is as follows: Firm A and firm B both have a well-functioning CRM concept, and both firms are in our opinion including most aspects of the CRM concept. However, it can be argued that both firms may undertake CRM from a limited technology perspective, since CRM units within both firm A and firm B are, from a technology perspective, working as separate units.

After examining the empirical findings, we argue that both firms are today including social media in their CRM concepts. Hence, we conclude that the social media channels can be combined with traditional CRM channels. Even though social media channels are included in both firms CRM concepts, they are not being included to their fullest potential. Interview subjects from both firms describes that both firms are trying to increase co-operation between CRM units in the near future. At the moment both firms' social media units have strong ties to the firms' customer service units, but these are also the only two units within both firms that

are co-operating frequently. Other units working with the firms' CRM concept are co-operating, but not as frequently.

Following the above reasoning, traditional CRM channels and social CRM channels can be combined. In both case firms, these channels are today being combined. However, at the moment the channels are not combined from a technological perspective, only in a conceptual perspective and not all traditional CRM channels are part of this cooperation process.

By introducing the same technological solution in all CRM units and increase the co-operation between CRM units, both case firms would most likely benefit, both operationally and analytically. From an analytical standpoint, different consumer data from CRM units would be compatible and stored in the same technological solution. We argue that increased amount of data enables firms with a more exploratory approach towards analytics and a more comprehensive picture of consumers; to increase business insight and consumer awareness. Operationally, more advanced analysis of consumer data would enable personnel in firms to provide consumers with enhanced service and create tailor-made offerings. An increased level of service as well as tailor-made offerings may result in more satisfied customers. More satisfied customers may create brand loyalty and commitment. Loyal and committed customers are those consumers that are creating the highest financial value for a firm. Hence, creating consumer commitment and loyalty is necessary for firms to drive financial performance. Consumer commitment could also be beneficiary to consumer innovation. At the moment, innovation in both case firms is being handled through listening to consumers. Listening to consumers is something that involves all aspects of consumer data collection, we argue. With increased consumer data collection, and analytical capabilities, firms would be able to listen to consumers at lower cost and being unbiased. Firms would also be able to map advanced-users, which will enable firms to identify and interact with advanced-users at a low cost. Therefore, we argue that a more advanced and integrated technological solution, covering data from both traditional CRM channels and social CRM channels, would improve analytical capabilities, which would result in better innovation processes.

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