

## Social Customer Relationship Management

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**Abstract** There is a word that is beginning to be more and more important for society and companies, and this word is “community.” In today's virtual social networks, people seek to replicate their real world society—they need a virtual community too. And mere community is not enough; they also need activities, and this is the point where companies link in to promote their goods and facilities. To do this they use the next stage of customer relationship management, the fulfilment of social needs. We live in an age of social shopping; communities are everywhere and everyone shares information. Until now, classic CRM systems have run from static databases. Now, however, contrary social CRM systems perform two-way communication, starting a conversation with customers and encouraging them to voice their opinions, which are constantly changing on social media, and building a dynamic database while they communicate with customers through response-reactions. Does this new strategy bring a whole new world to companies, or is it only another channel in the development CRM?

**Key words:** CRM, social CRM, SCRM, social customer relationship management

### The basis of CRM

Influenced by the crisis, the GDP of the world increased by 1.8% in 2010; this rate was -0.2% in the EU zone. After that the goals were the following: operational cost-saving (68%), increase of incomes (53%), retention of cash (45%), search for new investment sources (25%), and winding-up assets (9%). Besides the support of goods development (48%), authorities also planned to invest in information technology

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(48%) with business intelligence, CRM, and virtualisation as priorities. However, the IT budget decreased by 6% in 2009 (Ed, 2010). After this, company IT leaders had to find new means for suppliers to realise individual marketing so they could reach potential consumers with the support of an adequate IT architecture. Companies can approach the question from different angles; global enterprise resource planning systems are already set to serve the increasing demand and CRM systems have also been operating successfully for a long time. The next important element is that people, consumers, customers all want to join to some kind of a community and this significantly changes consumer-related communication. If we analyse system-related crisis management in terms of CRM, the goals were cost-saving, ensuring greater efficiency, the development of new technological solutions, prioritising cloud computing, business intelligence, and community software and networks related to CRM systems. It is worthwhile to consider them, because their volume has increased despite the crisis, and they only have to take advantage of social relationships and business intelligence, which is qualified to provide a basis for the variations of response reactions.

CRM has several definitions, but many agree about that customer relationship management is a strategy that places the demand of customers in the centre of organisation's operation so as to make a contribution to the profitability of the company and the satisfaction of customers. A general definition of CRM is difficult to find also because solution carriers approach the question differently, though the principal direction is the same. Some companies emphasize customer-centric methods and consider this a main goal inside the company. Every process and department is connected with CRM solutions through its strategic goals. There are CRM systems that allow consumer demands to enter the level of product-innovation.

The mostly widely accepted definition can be attributed to Adrian Payne, who called customer relationship management the rejuvenated form of relational marketing. With the support of technological development, maintaining a connection to many consumers is easier than ever. It is important to note the three levels of Payne's definition: the first is the CRM designation of the project leading to the technological solution. The second is the integration of customer-centric technological solutions. The third is when customer relationship management is an emphasized strategy (Payne, 2007).

CRM is not only the utilisation of the possibilities of new technologies, it is also the elevation of relation marketing to a whole new level, where the customer is truly essential and everything is subordinated to him or her in the hope of profitable long-term relationships. As the demands of consumers have changed, so has the marketing environment; the classical relation marketing concept has had to change too. At present the emphasis is on interactivity, which is implemented in a relation system with quality management, customer-orientation, and business strategy plan related processes, the importance of customer service, and commitment (Ed-Marandi, 2005). The transformation of the marketing approach resulted in the birth of two-way communication, without which any kind of CRM system or skilful marketer is worth nothing at all if communication between the company and its customers was not effective enough to strengthen the shaping of a partner relationship. It is important to note that the CRM system is only a technological solution, that is, a background architecture, a cloud of the sort that can be found behind any other application like business intelligence. The success of an effective CRM system depends on the background marketing methods and philosophy.

The marketing concept has changed and its recent history can be divided into three periods. First was the sales period, where quantity was the priority and the main goal was to sell more and more. The second period was brand management, where personalised brands and messages appeared. But the real breakthrough was brought by the informational period. That was when two-way communication appeared. Customers received the information communicated by companies in the first two periods, but there wasn't a response backwards. Two-way communication appeared at the informational period, where there was opportunity for feedback too (Doyle, 2002). In my opinion the development of informatics helped these strategies come into existence, because, despite the fact that relation marketing already existed, it has only been made truly effective through the use of computers. It would be difficult to handle hundred thousands of customers manually, and at present marketing is unimaginable without objective applications, namely, ERP and CRM systems. Customer-centricity has become the new strategic goal, wherein companies build their brand and image together with their customers. Relation marketing is such a customer-oriented strategy. It is strongly connected with two-way communication and relation management that helps effectively process information given by customers. The task of a marketing information system is to provide extensive information about consumers, the market, and the competitors. The strategy of relation marketing can be realised effectively if information management and decision support are also effective in the organisation's system operation.

CRM is realised as a system-level organisational application, one that is elementally part of business philosophy. Information technology supports its implementation, which provides constant communication with customers and parties affected by the company. The management of customer relationships is a strategic way of thinking, a customer-centric business philosophy, and the aggregate of process supporting IT solutions (Ed-Marandi, 2005).

The shortest definition of CRM is probably the "production of value for business parties." Businesses shouldn't put emphasis on information technology solutions but rather on customer relations. That is the common root mistake in connection with CRM systems: it is not enough only to introduce them, we also have to be committed to their operation and we have to participate actively in in-company domestication.

Customers should be segmented so that marketing communication can be adjusted to provide information in a more personal way and so that campaigns are more precise, making the whole communicational process more effective and cheaper. Gaining and effectively processing information about customers creates the opportunity for the company to keep the profitable customer and to create buoyant possibilities from loss-making connections.

Many authors (e.g. Payne), do not differentiate between CRM systems established for electronic markets and classic CRM systems. By definition, e-CRM emphasizes the use of electronic channels. But this is also a part of the CRM system, so they do not define it separately (Payne, 2007). In my opinion, those who do not want to separate e-CRM systems are right because this is only a channel between the others, but one with growing importance. Networks are part of everyday life now, email and electronic communication advance in an incredible way. We could mention infinite statistics about their distribution and effectiveness in company life. There are some approaches where CRM means emotionless marketing, where rational reasons and data are the main aspects (Töröcsik, 2000). According to another view, the

formation of customer relations is influenced by hardly documentable factors such as emotions and interactions (Révész, 2005). Scientific bibliography also confirmed that the development of informatics and communication goes a long way towards the development of CRM systems (Hennig, 2001). Beyond that, the Internet is the one thing that has really changed the whole CRM philosophy (Zablah, 2003).

It is worth thinking about the real meaning of CRM, because definitions and different Hungarian translations abound. The English acronym CRM stands for Customer Relationship Management. Many authors mention it as customer-management, which is also a correct definition, but if we want to understand the real essence of CRM, we must not leave out the word relation, meaning the interaction, something we expect from a modern system.

This philosophy can be adjusted to the structure of companies too, they have to pay attention to electronic commerce; these days there are no longer any pure “brick” companies. Each company has to be familiar with virtual space and exploit such channels. Virtual companies spread all over the world trading their products and services on the Internet. These can also be virtual goods (e.g. content providers).

At this point we have arrived at the definition of social CRM, where the connection is not between the customer and the company, but the customer and the customer. Community is the defining notion, where the customer tells his or her opinion about a product or service and others take up these opinions, communicate with each other and also express their own opinions. Companies should examine these relations and try to exert their influence if needed. With this philosophy CRM systems should open toward communities, applying the newest web 2.0 technologies. From the view of the community it does not matter if the used tool is a forum, Facebook or Twitter, these can change from one day to another, it is the base concept that is the most important, because communities have opinions, but so does each and every person within them.

They should think in the terms of systems. The whole relation marketing and the customer relationship management is worth nothing without an adequate system in the background. These bases were supported by the development of information technologies, so we can think explicitly about CRM systems, but if we want to subordinate the whole company to be customer-centric as a strategic goal, then we should think about the use of ERP systems. ERP systems build business functions and processes starting from the master data.

### **ERP systems**

The route leading to the notion of Enterprise Resource Planning was long, because the culture that could receive this new philosophy had to evolve at companies. Constantly developing technology played a role in this evolution. It has been a long time since integrated applications first began to support each group of business processes, and knowledge engineering has existed since the very beginning of informatics. Integrated financial, accounting, human resource management, logistics, stock management and other systems have also been in play a long time. But to establish greater efficiency at a corporation level these processes must be integrated (Heteyi, 2009). The characteristics of integrated systems differ from those of unique systems in that they can process information in subsystems only if the subsystems cooperate closely and if

they use the same data built on one database. They establish connection between insular systems or they take advantage of extant connections.

Wallace thinks that ERP is not so much software as philosophy. Sometimes company transaction processor software systems are also called ERP, but these programmes usually do not fully realise effective resource planning. They use many corporate management procedures that do not belong to the category of resource planning. Wallace named these software ES-s, which means Enterprise Software/System; they do not contain usual ERP functions and can give solutions that are not part of the ERP system (Wallace, 2006). Thus ES is a somewhat misleading denomination.

In an era of globalisation, it is not enough to work with national ERP systems, because at present transnational companies and solutions exist that require a new ERP system to prosper, a global ERP system.

### **Global ERP systems**

In contrast to national companies, multinational companies solve their data processing and management tasks with the help of multiple national ERP systems; Shell, for example, uses more than one hundred. In 2005 Shell decided to arrange these into a transparent structure, so as to unite the existing and different ERP systems inside the concern (Kulcsár, 2006). The authors Eggert and Forholz analysed 34 ERP systems advised by the German market, which can serve to establish the unified data processor system for a multinational company. Their aspects during the analysis are the same for all systems: industrial/professional orientation, consideration of country-specific differences, language manageability (for example: Arabic, Farsi, etc.) and the correspondence to the globalised models of Gronau (Eggert, 2009). Globalised ERP-s can form a unified system inside a multinational company, if, for example, it has equivalent database administration and standardized integration interfaces. Based on our research, the forming processor structure is not homogeneous, but nationally specific and multi-level.

The nationally specific form is illustrated by the example of Stäubli AG, a machine manufacturer concern based in Bern (Switzerland) that sells its products through subsidiaries. This company introduced financial and production management modules at production units in different countries, while the CRM system was established at Asian sales companies and the financial controlling and leader system processes took place at company headquarters (Szabó, 2009). Forming multi-level ERP structure meant processes organized by region. An American-based company that sells software all over to the world has its Eastern-European management headquarters in Budapest. At the national level, the processor system's main unit is a newly introduced CRM. The trade data are merged in Budapest from where it is forwarded to the next regional management system, where the European-level summary happens (Szabó, 2010). It is a general characteristic of company ERP structure that national-level processing (module) forwards data to the centralised (main) system, to assure the informational demand of the concern-level management.

### **The customers**

Several marketing bibliographies mention that today's consumer makes decisions not only based on price and brand but in reaction to connected services as well. The service, the warranty, the quality of customer service, and the good will of the company are considerable factors. Today's products can seem to be homogeneous—think about that how difficult it is to decide between the best cell phones when their price and quality are the same—so consumers must be won over by the related services. Companies should provide values that make them prominent among the competition.

This was the opinion of CRM 1.0 about the processes. The next step of CRM towards consumers is to get more information from the two-way communication, to know the will of consumers, what is on their minds, and what their opinion is about the company or its products. We have to be there when they form their opinions and take active part in the conversation. All of this should be automated. The customer should feel that we care about them and they are not only a grain of sand in the “profit-making machine;” they are truly important to us. This is called personalized marketing, which at first was only available at the B2B area, but at present the performance of information systems also enables this field of marketing solutions in B2C areas.

Nowadays the customer is in contact with other customers, and if they have an opinion about a company's product, they tell it to the community they are living in, so the company is not inevitably the first to be informed about their problems. They discuss their problems, happiness, and sadness forming sympathetic social networks. This is increasingly natural for them. The “Facebook generation” is growing up quickly into a consumer layer of society that makes up a large portion of demand and hangs on the Internet all the time. Nowadays they do not browse mashups and forums, but social networking sites and blogs. Companies do not only have to focus on company-customer dialogues, but also on customer-customer relations. There are authors who do not mention “customer-customer relations,” by name, preferring to call them “customer-prospects.” It amounts to the same thing, because in the background the customer is in relation with his or her friends and acquaintances (Leary, 2009).

The new guidelines of marketing also support communities, which are called tribes by Seth Godin. He says that people are members of tribes based on social motivation and communication occurring within larger tribes. People like to categorize the communities to which they belong such as family, friends, co-workers, and many more. All of these tendencies can be exploited by electronic solutions (Godin, 2008). Web 2.0 technologies provide the base for this and companies have to link to the customer through them. The area of rumour marketing is where they analyse how, why, and where we discuss products and how we share our opinions. An obvious solution is the social network, which plays an increasing role in our lives. The function of today's CRM can be appositely defined: how can the company build its brands without irritating the consumer (Bublik et al, 2009).

## **Social relations**

Social networks are based on the theory of relation's net, which is a social structure built from nodes. These nodes are linked by one-to-one or one-to-many dependency relationships such as family, friendship, values, opinions, business, or any kind of other relations that can be found between communities. These relations are strengthened by features like the "like" button, which creates a new community in the second when the possibility of the button was added to the content. We become the members of a certain community after pushing that button. CRM point of view social network are not only the ones to matter, but every solution, blog, and forum in connection with the community where customers could give their opinions.

It is worthwhile to have a look at statistics: while we spend approximately one and a half hours using Google's services (mostly searching), we spend about 6 hours in a month on Facebook, which is 66% more time than last year (NielsenWire, 2010a). We spend most of our time on social networks, as is reflected in the fact that the usage of email decreased by 28%. About 14 minutes are spent on social networks out of every hour spent on the Internet, and if we add other important CRM elements, this value increases to more than 20-25 minutes (NielsenWire, 2010b). Facebook alone has 500 million users, 50% of them log in daily, have 130 connections, and are related to, on average, 80 social sites. An average user publishes 90 items of content in a month, which means 30 billion monthly items of content total (Facebook, 2011). There are specific social websites like LinkedIn, centred around business, where professionals share information among themselves. This creates more relevant contents than would a general social network. On more general ones it is the "fun factor" that is most important, while LinkedIn is about business. Companies have to consider which social network content is worth more to them (McKay, 2009a). Innocentive is one of the most well-known problem-solving sites, with 125 thousand researchers and engineers connected to each other and dealing with social problem-solving. This can be a goldmine for companies, because they can find innovative solutions for their own products and services (Greenberg, 2009). Based on Gartner's forecast, social CRM will be a business worth 1 billion dollars by 2013, which means that the global CRM business will be worth 12 billion dollars (Ed et al, 2011).

## **CRM 1.0 and 2.0**

CRM systems go back only 10-20 years, so they are still in their infancy, but the technological background changed a lot during that time. Relations marketing research shows that the most important question is the following: is CRM 2.0 only the utilization of opportunities given by technology or a real functional development of CRM systems? The answer is quite simple: while CRM 1.0 was a one-way transaction based communication, 2.0 is two-way and thinks in the terms of business processes. It is worthwhile to have a look at the initial steps. Every book discussing CRM history has written that at the advent of CRM, nobody knew what it was really about. Adrian Payne collected some definitions about data warehouses, campaign management, and the automatization of sales function (Payne, 2007). In my opinion we should not close our ears to these definitions, because they are all part of the complete solution. I think that CRM solves customer relationship management by

itself, but can not manage the entire company's customer-centric mission; that demands an ERP system and an adequate corporate culture and strategy.

CRM 2.0 is like a dialogue-based marketing solution supported by information system tools, where we do not only want to sell, but to know customers' reactions, why they are dissatisfied, why they like our products, what their problems are, and how we could make them satisfied again. Since Kotler everyone has written that the cost of acquiring a new customer significantly exceeds the cost of resources directed at keeping an existing customer. This does not mean that it is needless to recruit new customers, because they have to put everything into acquiring new customers, but they should not do this at the expense of the existing customers. The methods of obtaining new customers have changed too, as illustrated by Samsung's Twitter message offering free Samsung Galaxies to dissatisfied iPhone 4 users (Gibb, 2010). We could tell several examples, but one of the best is the case of Dell: when a known blogger wrote some negative feedback and other dissatisfied customers seized upon the story and voiced their own opinions, Dell was compelled to build quickly a website where customers could exchange their complaints (Myron, 2007). At the time, social networking sites such as Facebook were still only rising. Social networks gave companies the best of CRM 2.0: masses of customers who group themselves around a brand. All this happens without re-registration or resubmitting their data, by pushing the "like" button or sharing content they are in. Several authors think that CRM 2.0 should be part of the company's main strategy, but it should not be the only main strategy, and customer-centricity should not depend on it (Lager, 2007). Many researchers have written that in 2008 CRM suppliers did not know in which direction to go. Greenberg wrote that they created a lot of platforms with the goal of creating more communities (Greenberg, 2008). They saw the directions things were heading and used today's important key expressions such as SaaS, mobile solutions and best practises (Tsai, 2008). The fight of Oracle and Microsoft in 2008, where the stake was the earlier CRM on-demand solution, was a symptom of this (Ferguson, 2008).

CRM 2.0 systems automatically observe social media and generate automatic responses and actions based on collected data. There are so-called "actions" designed to respond to certain conditional presets. These actions apply generally and so cannot respond specifically to the many thousands of possible possibilities. The unique demands of small communities can be further managed by human interference, but companies have to start a dialogue with the customer in any case. Content presented by the customer is the most valuable, because no matter whether it is positive or negative, the content was received through the company's channels in both cases. The company needn't use its resources to get a customer to tell his or her opinion, it needn't use questionnaires, it needn't gain information with marketing tools, because the information appears in the social media by itself; they only have to acquire it (Goldenberg, 2008). The next step of social CRM could be when they urge users to provide content by themselves through social media. In this case they use marketing tools that give a personal feeling to the dialogue. The customer feels like he or she is being cared for. Customer relationship management combined with the adequate tools can process information found in the social media and can reuse it in the future, as in the case of a comment posted on a forum in connection with some software solving the problem of another customer. If CRM stores such information, it can later use it anywhere else on the Internet. Of course, this demands another innovative technology, which also needs business intelligence, but today it is not the technology but the solution that matters (McKay, 2009b).



We must not forget that social CRM does not replace classic solutions, and as long as the generations mentioned in the next paragraph do not depart the market, our approach will not change, and classic CRM and its methods will still have a place in our lives. After all, we still watch television, listen to the radio, and read printed media. Even if their popularity is decreasing, they are still with us and this is why generational research is important. We have to know the targeted segment, the customer him- or herself. A statistic from 2008 indicated that a CRM system working with a background database offered free opera tickets to 1000 people who had never previously attended such an event. Analysis showed that they could be interested in this form of entertainment. 75% of them accepted the ticket and could become potential consumers in the future. This worked in 2008 and should function today too, but databases are expensive and that data must generally be purchased, while “free” content sharers provide this information themselves, so they only have to be reached. This should be the CRM 2.0 and the social customer relationship management (Bland, 2008).

Social customer relationship management has an element that has to be mentioned: widgets or mini-applications, which are part of social life through smartphones, social networks, or desktops. These are the applications that make our lives easier and give us the chance to choose from channels and opportunities. The foundation of Bill Gates developed an application for schools that helps learning, but we could also mention The Schumacher Groups, who created an application for hospitals that helps to avoid dangerous situations that could occur during, for example, the threat of a hurricane. Another example is the Trash-It solution of Microsoft Dynamics CRM Live. This application manages refuse collection vehicles with the help of Tom-Tom Work online (Ferguson, 2008). There are applications that show data from the CRM system next to Facebook profiles, supporting the use of social relations (McKay, 2008).

We could bring up several examples of companies for which online prestige becomes more and more important. Lancomé, L’Oreál, and Rolex have all introduced relation marketing elements on social networks with CRM support beside the usual marketing tools. As late as 2008, companies thought that the future would lie in their own websites and not the social media (Mignot et al, 2008). Now there is a trend named “customer intelligence” that suggests why a customer might not be loyal or how best to give them a greater level of freedom (Myron, 2009).

We have to raise this question: is social customer relationship management more than a new channel or a technological question? Time goes by and customer-preferences change, do we still want to receive postal letters, though we already manage everything electronically? The question is not decided yet because both sides have supporters and there are authors who want to make Google a universal CRM provider. The idea may be good, since Google is often the first medium we turn to with our problems and the first place to look for things to buy. Scientific literature considers social networks like Facebook and Twitter to be new channels, each with its own strong points (Jacobs, 2009). The introduction of CRM is getting simpler. Consumers provide data and use the newest technologies, so companies can realise personalized marketing with the help of a modern CRM system (Bublik et al, 2009).

Statistically speaking, the ratio of CRM systems is 90:9:1 (operation, analytical, social), and based on Gartner’s analysers, this rate will change to 70:20:10 by 2010. 60% of companies on the Fortune 100 list have some kind of a community that can be used for customer management functions (Musico, 2009).

If we want to analyse CRM generally, the following three innovations are the ones that have really affected these systems (Bublik et al, 2009):

- Content created by the consumer, which is called peer-to-peer content by scientific literature. This is the information that can be found everywhere, from comments under a product's description to social media sites.
- Mobile applications. There is no doubt that mobile is the future, but this category includes all those mini-applications that can be run on cell phones and on desktops.
- Bringing in the user and making them committed to further products. This means that companies ask the consumer what they want, how they want and generally pay attention to their desires.

It is worthwhile looking at the fact that there are CRM suppliers, like Microsoft, who make the social media manager component accessible for free. At Microsoft Dynamics CRM this is the “social networking accelerator” or “partner relationship management accelerator,” where available customer information can be monitored (Tsui, 2009).

### **Social marketing**

Marketing has a new aspect too, social marketing, a new form of relation marketing enriched with several information technological elements like social networks, CRM, or social applications. We must clarify that social marketing is used in other constructions. The first is when it is named collective marketing, where a product's, product group's, or branch's producer participates, so it comes to existence as a constraint union (Tomsányi, 1988). Today's marketing experts define social marketing as a form of marketing activity that exceeds a company's marketing work and completes marketing tasks for the given branch in cooperation with its characters (Totth, 2003). They really consider social marketing from the social point of view as a strategy which starts and keeps an active but not aggressive connection to customers and potential customers. So if we consider the marketing tools, then CRM and social networks help social marketing even while browsing search results, but social marketing only means social websites in this case. It is important to notice that community and social marketing are two different expressions.

For me social marketing is an area in which generational research can really reach and segment the customer-base with the use of new technologies. Many authors think the same way and want to reach the customer through every existing and available channel, whether it be online games, podcasts, forums, livecasts or other technologies (Vebtraffic, 2010).

A very important element of social marketing will be generational research, especially the effort to get to know the coming generations, their habits, and their demands. Such research can be approached from two sides, the first is through broad categories, for example, the “Facebook generation,” composed of people who spend all day on Facebook, know the newest technologies, want to belong to communities, and want others to understand them. These people were born between 1982 and 2000 and will have grown up soon, leave the teenage world and receiving the torch, having acquired the newest technology and philosophy totally naturally (McCrindle, 2004).

There are people who already talk about “always on,” “always connected,” and “always marketing,” which is compatible with social CRM philosophy, because we have to target that group with these tools. According to published studies, 44% of US grown-ups can be called content creators, those who write blogs and share their experiences on social networks. This information should be used by companies. Barely more than the half of 12-17-year-olds can be called content creators though there are 70 million blogs in the United States alone, and a new one is created every second (Goldenberg, 2008). These are great statistics from 2008, when there wasn’t anything like micro blogs, or a social network boom, but it is indisputable that these content providers are here with us, share information, and that they have grown-up to represent demand for companies.

The other approach to generational research differentiates seven kinds of customers between social media users: inactives, look-arounds, entrants, collectors, critics, companions, and creative. Each group has a typical behaviour and, with the help of statistics, we can break down each of the seven groups according to age. For example, 36% of men between 25 and 34 are creative, after projecting the results to the groups (Forrester, 2009).

We can infer from both sides how much these people watch TV, read newspapers, how they use the Internet, and every other important aspect about them from a marketing perspective. It is worthwhile to pay attention if we want to know our customers. Every generation prefers different channels. Previously, if a consumer wanted to find a company, he or she searched for their email address on their websites or wrote a message on the given form. This is natural for a “baby boomer” or a customer from the “X generation,” but for “Y”-s and “Z”-s, email does not mean anything; their primary channels are instant messaging systems and social websites (Fluss, 2009).

The philosophy behind social marketing comes from the mid-90’s, when Don Peppers and Martha Rogers thought that every customer relation is a transaction where information is the most important part. In those days there wasn’t any technological background management for managing these transactions; that was brought by a new social media for companies. There are several new opportunities, tools that can be collectively named infostream (Pombriant, 2009).

Community-provided information can be grouped as below (Carfi, 2009):

- Profiles: customer data can be found here, where their actions are summarized in an infostream.
- Connections: here we can see whom customers are related to, it does not matter which social media we are talking about, connection counts everywhere.
- Content: this is the most important, where our thoughts, images, videos, links, opinions, and problems are—everything we want to inform the world about.
- Activities: what we do on these channels such as becoming friends with someone or “liking” the products of a company.

There is a trend among researchers to predict that social sites will take control from company websites and CRM. That time seems to have come in 2011, the age of “social colonization.” The next ages may be “social context” and “social commerce,”

but we can already get a preview of this with social shopping, where customers are in connection with each other, providing a base for social customer relationship management systems (Owyang, 2009). As customers now update their own data on social networks, companies can get a more accurate, up-to-date, and completely free profile of their target consumers (Shih, 2009).

### **Requirements of social customer relationship management**

Nobody has outlined the requirements of a social customer relations management system yet. I think that over the basic CRM requirements, the following items are needed to make such a system successful:

- **Fast development:** social CRM has to follow the changing conditions of social media. The structure of Facebook changes from one day to another, as noted in the Facebook Development programme, but a company has to authorise the process. The case of tablets is also revelatory: year earlier there were no tablets on the market, yet now everyone develops for them. People demand constant innovation even to the point of reducing clicks-of-the-mouse or more efficient business dashboards, which is a question of UI. Yet companies also have to pay attention on business processes like the 360 degree customer view.
- **Rapid customization:** as has been suggested earlier, this is more likely to be present in connection with social customer relationship management, adequate to the changing conditions, but not in development questions. Rapid applicability is important, even if we are talking about an inner corporate change or an outer change of conditions, it is important to fulfil the conditions of rapid customization (Szabó et al, 2011).
- **SaaS facilities:** CRM is closely tied to cloud-technology; every data source that it works from occurs in the cloud. Companies have to possess data synchronization that enables online/offline work. It has to accommodate to standards and standard processes at the database level, so customers can import/export data between different cloud-based services.
- **Knowledge management, adequate real-time and relevant data:** As the community is changing all the time, the system has to utilize data with the same speed. Furthermore, data has to be able to be simplified, so we can see only what we want and no more or the opposite: to only see what we originally do not see from the data.
- **Returns, online traceability from the view of the solution's returns.** It does not matter which method we use to analyse the returns, but we should see the details and the root data. We have to see the details of the tools' returns, so we could trace the critical performance indexes.
- **Instant decision making.** At the present, decisions have to be made rapidly, so every condition has to be provided to the decision maker: data, statistics, business dashboards, detailed explanation in order for them to make instant decisions and for the company to accommodate the demands of today's accelerated world.

The most important element will be to recognize that consumers do not turn to our company first but rather Google, Facebook and their friends/acquaintances. Companies do not recognize that customers do not like to sign up, apply for, or communicate in newer channels. That is why Facebook developed the connect button, with which users can login to several services without re-entering their information. This could be an advantage for companies too, because if they get customer information from Facebook it will surely match and be up-to-date in the company database too.

### Summary

Sands are shifting and no one strategy or information system can avoid evolving. But what are the evolutionary steps in this unavoidable development? In my opinion this question is still open. Informatics had a meaningful effect on the evolution of CRM systems and the philosophy had to change too. Social solutions, where users provide the content and you do not even have to ask for it, are still developing, but it is still open how companies could best use these methods and the opportunities they provide. Social CRM mixes informational solutions, called web 2.0, with opportunities given by social media and the new marketing philosophy, where the customer is the true king and we start to converse with him or her and really ask what he or she wants. The label, “customer,” should be changed to “digital customer,” since nowadays every customer has some kind of a connection to the digital world. Just think about it: who wants to receive postal letters about the newest offers? We must not forget the important aspect of customers having connections and the connection of the connection has a connection too, so that all of social media is centred around content sharing and even people whom we don't know can get information about our opinions. Social customer relationship management is more a philosophy than a technological solution. It is a bit of everything: classic CRM, social marketing, and, in the end, information technology. We must not forget classic CRM solutions either, because the digital social world does not tell us what we purchased in the store or when we will go shopping next, and it will not tell the amount we spent. Only classical methods can access this information. The two of them together provide a great service for the company, helping it know as close to “everything” about the customer as it can, especially in the case of social customers.

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