



LUND UNIVERSITY  
School of Economics and Management

# SOCIALNOMICS

- *A study of eCRM in social media  
and how corporations can benefit from online interactions*

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*Master Thesis*  
International Marketing and Brand Management  
Spring 2010

# Abstract

**Title:** Socialnomics

**Date of Seminar:** June 2<sup>nd</sup> 2010

**Course:** BUSM08 Master Thesis in International Marketing and Brand Management

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**Keywords:** Customer Relationship Management (CRM) Electronic Customer Relationship (eCRM), social media, customer loyalty

**Thesis Purpose:** The purpose of this thesis is to explore the role of social media as a tool for eCRM.

**Methodology:** This thesis has an explorative research approach as it aims to explore social media as a tool for eCRM. It has further an iterative approach and is based upon qualitative data combined with observational data.

**Theoretical Perspective:** This study builds on the existing literature and theories within customer relationship marketing (CRM). The subfield to CRM, called eCRM, is further studied as well as the phenomenon of social media in a business context.

**Empirical Data:** The study builds upon empirical studies of three corporations using social media on a daily basis. The empirical material was collected through face-to-face interviews in order to gain knowledge and understanding of how corporations use social medias. In addition, observations were conducted in order to gain a deeper understanding of how different social media was used by the corporations, and also to see how customers reacted to their initiatives. Further, interviews have been conducted with two consultant agencies within marketing and communication that consult corporations in their usage of social media. These respondents were chosen in order to gain expertise knowledge within the field of social media.

**Conclusion:** Social media is a new way to interact, it involves rapid interactions that are spread fast and can be visible to anyone using the Internet. It comes along with many challenges as well as great opportunities. It is vital that managers can direct the employees to use social media in a correct way in accordance with the brand values to avoid contradicting messages. It needs to be used by employees with social competence, as it involves interacting with customers. Corporations need to be involved in social media to be able to influence what people write about the corporation. It is a valuable channel in order to gain customer knowledge and customers' opinions about the corporation and their offerings. It is also a way to acknowledge complaints and thus be able to handle them. An adequate complaint handling can in turn enhance customer relationships. As social media is a relatively new and constantly evolving phenomenon, it requires curiosity and courage. Further, it can be used to create emotional bonds with customers by providing a personalization of the corporation in form of letting employees write for the corporation in their private names and pictures.

## Acknowledgements

*We want to thank our supervisor Veronika Tarnovskaya at the Department of Business Administration, School of Economics and Management, Lund University, for her excellent and professional knowledge sharing and support during the thesis period. We also want to give our sincere acknowledgements to the respondents at The Duffy Agency, Stena Line, Good Old, Helsingborgs Dagblad, and Sydsvenskan for their participation in the thesis.*

*Lund May 15<sup>th</sup> 2010*

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**Appendix**

Interview Guide

Appendix 1

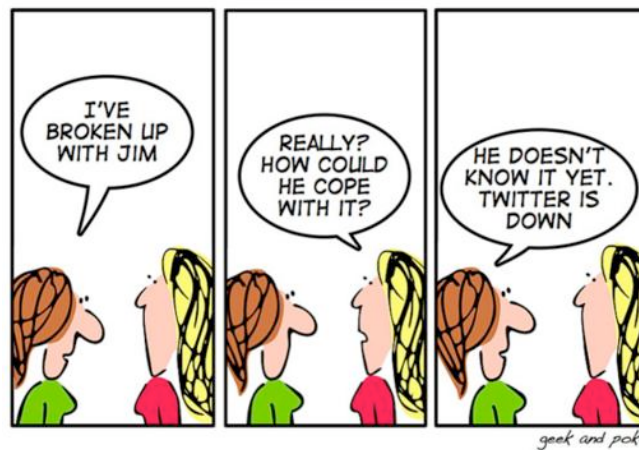
## 1

## Introduction

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*The first chapter introduces the field of study. It presents some background information and problematizes the research area, which further leads up to the purpose and limitations of this study. Finally, a thesis outline is displayed.*

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(Geek and Poke 2010)

Some people meet their partner on Facebook. Others end their relationship on Twitter. A number of people use social forums to keep in touch with old friends, while others are using it to gain information and opinions before purchasing decisions. People are interacting online for various reasons, and social media can further be described as an electronic equivalent to what people usually do in person: talk to each other. However, one important difference to real life may be that online, these conversations are highly visible and quickly spread among an abundant number of people.

*“If Facebook were a country it would be the world’s 3rd largest ahead of the United States, and only behind China and India”*

(Socialnomics- Social Media Blog 2010)

Social media enables extremely fast communication, and word-of-mouth has moved towards world-of-mouth (Socialnomics- Social Media Blog 2010). The World Wide Web enables customers from every corner of the world to share opinions and experiences of goods and

services with a small amount of personal time, effort, and commitment. These online conversations deserve some serious attention from marketers (Hennig-Thurau et al 2004). A survey conducted recently by Nielsen Global Online shows that as many as 90 % of the 25 000 respondents find recommendations from personal acquaintances or opinions posted by consumers online as the most trusted forms of advertising (Nielsen 2009) Corporations can no longer ignore their need for relationship and the fact that communication is not only about talking, it includes listening as well (Social Marketing Forum 2010) In a society where competition is striking, the need to understand customer inquires and further meet these becomes important. At the core of marketing, creating value is still about building relations; no matter which channel is being used (Social Marketing Forum). Accordingly, social media is not here to replace traditional marketing channels, but rather to add another channel. A corporation's presence in a social forum can indeed have positive impact on the relation to customers. Corporations need to communicate where their customers are, and in many cases, this appears to be in social media.

## 1.2 Background

Anderson (2007) argues that within the last fifteen years, the World Wide Web has grown from a work tool for a group of scientists to an information and entertainment space with more than a billion users. Even though the web still runs as a traditional tool for reading and writing, it has in recent years entered a more social and participatory phase. A 'second phase' of the web, often referred as Web 2.0, is defined by Constantinides & Fountain (2008) as follows;

*Web 2.0 is a collection of open-source, interactive and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support the creation of informal users' networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing / refining of informational content.*

(Constantinides & Fountain 2008)



Furthermore, Constantinides & Fountain (2008) divide Web 2.0 into five main categories; blogs, social networks, content communities, forums/bulletin boards and content aggregators.

1. Blogs: Short for Web logs, which refers to online journals where the blogger uploads blog posts. It is argued to be more than 200,000,000 blogs (China Internet Information Center, Wikipedia) and there are different categories of blogs, e.g. blogs about fashion, food, gardening and technology.
2. Social Networks: Applications, which allows the users to build personal websites, accessible to other users within the social network. On websites such as Facebook and Twitter, members can exchange personal content and communicate. In April 2010, Facebook had more than 450 millions users globally (TechCrunch; 2010). Twitter had, in January 2010, 75 million users, where about 10-15 million people were active users, publishing short messages, i.e. tweets on their walls. (Computerworld, 2010)
3. Content Communities: Websites organising and sharing particular types of content, such as YouTube, which is a community for video sharing, and Flickr, a site for photo sharing.
4. Forums/bulletin boards: Sites where users exchange ideas and information, usually around special interests (Constantinides & Fountain, 2008).
5. Content aggregators: Applications that allow users to customize the web content, for instance Rich Site Summary (RSS) applications allowing users to fully customize the web content they wish to access. These sites make use of a technique known as Real Simple Syndication or Rich Site Summary (RSS). Examples are <http://uk.my.yahoo.com/>, <http://www.google.com/ig>, <http://www.netvibes.com/>

These categories are all platforms for interactions and the amount of these has exploded during recent years. These social channels are nowadays called “social media” (Caverlee 2010). The usage of the web as a way to communicate, integrate and socialize has lead many observers to view Web 2.0 and social media interchangeable. However, some researchers correlate the term Web 2.0 mainly with online applications and the term social media with social aspects of the online phenomenon, e.g. online conversations, participation and communities (SpannerWorks, 2007). Drury (2008) holds the social aspect to be the key element and furthermore argues that managers and marketers tend to emphasize too much on the medial aspect in terms of social media.

Social media has rapidly developed to evolve hundreds of million people and has become an important part of peoples’ everyday lives (Won & Kim 2010: 216 & 234). It has provided the

customers with more power over corporations' reputations and business, and has transformed the way customers collect information (Sigala, 2009: 463). They are able to access previously unknown information and knowledge, and furthermore hold an unlimited choice of goods and services, which are found only a few clicks away. Further, social media also offers an opportunity for dialogue between customers (Sigala 2010: 464). Hence, Feinberg & Kadam (2002) consider the Web 2.0 to engage and integrate the customers in the corporation. It enables corporations to create customer value and customer relationships through social networking, co-learning, co-production and collaboration.

The increased usage of social media among customers entails business with new challenges, as Web 2.0 not only develop technology, but also the domains of business strategy and marketing. The power structure in the marketplace is constantly changing, and some researchers hold a skeptical approach to the increasing customer power. Singh et al (2008) argue that corporations should only use communication channels where marketers and customers have equal power. Hence, they reject social media as a successful tool for interaction. Drury (2008) on the other hand, holds that marketing no longer consists of only one dimension; it is now a two-way process engaging both a brand and an audience. Marketing is not only about sending a message; it is about receiving and exchanging perceptions and ideas, which make social media highly suitable as a channel for customer interaction.

### ***1.1.1 eWOM – electronic Word-of-Mouth***

As Web 2.0 has provided consumers to communicate online with more people in a shorter period of time, the place for word-of-mouth has also changed. Word-of-mouth is explained as when satisfied customers spread positive words about a corporation (Grönroos 2008: 114-116). Before, consumers talked to each other face to face about their relationship to a corporation. Nowadays, this interaction has moved online and consumers can offer their consumption-related advice by engaging in electronic word-of-mouth, further referred as eWOM (Gruen et al. 2006). Regarding a wide range of contents, and its anonymous nature, the power of eWOM is expanding and people are likely to rely on eWOM messages (Doh & Hwang 2009).

It is stated that eWOM is one of the best forms of marketing, as it incurs no costs and is more effective than many other marketing efforts. People rely on other individuals more than on corporations. As corporations start to realize the power of eWOM, the arena for social networking has moved into new areas, such as business areas, and more common in Customer Relationship Management strategies, further referred as CRM (McKay; 2010).

### **1.1.2 CRM- Customer relationship management**

In the last decade, many authors have studied CRM, and it has played a relevant role in the new business economy, as the global competitiveness has increased. Swift (2001) defines the term as an *enterprise approach to understanding and influencing customer behaviour through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability* (Swift, 2001 in Yueh et al.; 2010). CRM has evolved from business concepts and processes, such as relationship marketing, focusing on *to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met* (Grönroos, 1994 in Ndubisi et al. (2007). CRM is based upon the belief that customer relationships are the best way to create loyalty (Dowling, 2002 in Yueh, Chen, Lee & Barnes 2010). As it is argued that finding new customers is more expensive than retaining existing ones, corporations must start to focus on the interaction and view the customer as a partner in a relationship. With this, marketing is no longer focusing on single transactions and short-term strategies. Instead, it is centred on the concept of customer relationship (KhakAbi et al. 2010). Aggarwal (2009, in Payne et al. 2009) compares this relationship with a relationship with a human partner. Several authors agree, and the discussion about relationship with a brand is a popular field to do research within (Fournier 1998, Long-Yi 2010).

For this corporation-customer relationship, corporations need to gain privileged information about customers, and thereby gain a better understanding of their needs. A relation gets the corporations close enough to the customer to sense their needs and to create and deliver superior value, which result in loyal customers (Ndubisi et al. 2008).

On the other hand, a marketing study made by Kumar (2008) questions this profitability of long-term customers and relationships, and stresses that the link between loyalty and profitability is too weak. The study showed that the total cost for advertising, service, sales force etc. was less than the total investments in loyalty programs with the purpose to retain customers. About half

of the loyal customers did not generate a profit, while half of the highly profitable customers were short-term customers. The reason why many CRM-activities fail is that high costs derive from loyalty programs, which in turn have a huge impact on the profitability (Kumar, 2008). Kumar (2008) stresses that many loyal customers are very demanding, why they might cost the corporation more than they generate (Kumar; 2008). Pedron and Saccol (2009) present statistics that shows that 50% of all CRM projects fail. They further state that one reason for the many failures is due to a misunderstanding between what a corporation considers as CRM and how consumers view relationships. A true relationship is characterized by mutual respect, caring, empathy, social support and a two-way communication, which is stated as difficult to achieve with a corporation. Additionally, Grönroos (2007:37-38) also questions the importance of CRM, and considers the issue whether all customers are interested in relationships with corporations. He states that some customers get annoyed when contacted by corporations.

Despite this critique facing CRM, many authors argue for its advantages (Hande & Hülya; 2009, Yueh, Chen, Lee & Barnes; 2010). Research has been made in the area for decades, as will be seen further in the thesis. With this in mind, the authors of this thesis assume that CRM initiatives are critical for corporations' success. Therefore, the thesis is developed with the assumption that CRM has a positive influence on corporations' performance.

## 1.2 Problem Discussion

With customers' increasing power, corporations face a huge challenge to satisfy and improve their experiences (Eisenfeld & Fluss 2009). Day & Bens (2005) mean that corporations need to be engaged in Information Technology (IT) to enhance customer contact. Development of IT strengthens organizational performance and competence, and can create a bridge between corporations and customers (Lee et al 2010). Also, Greve & Albers (2006 in Samsudin et al. 2010) discuss the link between IT, positive CRM performance, and customer relationships. The entrance of IT into organisations has lead to a new term, *eCRM* that emphasize the importance of IT in CRM. Hence, *eCRM* is seen as a subfield to CRM, rather than a substitute (Lee et al. 2010). It consists of a variety of objects that are all affecting customer loyalty, e.g. hardware, software, process and management commitment (Samsudin et al. 2010: 368). However, due to the nature of research problem this study will emanate from Kennedy's (2010) definition:

*eCRM refers to 'the marketing activities, tools and techniques delivered via the Internet which includes email, world wide web, chat rooms, e-forums, etc., with a specific aim to locate, build and improve long term customer relationships to enhance their individual potential.*

(Kennedy 2010: 59)

While CRM is seen as essential for corporations, Hande & Hülya (2009) emphasize having an understanding of the dynamics of eCRM, as it is a growing field within CRM that must be managed, according to Kennedy (2006). Thus, Kennedy (2006) argues that eCRM cannot be treated as a single channel that stands in isolation from others. Eisenfeld and Fluss (2009) agree and declare that corporations available in different communication channels as phone, e-mail, self-service, and social media are the ones who will gain more profitable relationships with their customers.

eCRM can be seen as a strategy to integrate customers into the corporation, which enhances the possibility to gain loyalty and attract new customers (Wahab et al. 2010). It is an efficient way to deliver practical value. While authors see eCRM as providing many opportunities for corporations (Lee et al. 2010, Hande & Hülya 2009), several authors also emphasize its challenges (Chen & Chen 2004, Kennedy 2006). Like the many failures in CRM, eCRM is no exception, and many implementations turn out unsuccessful. Often, corporations engage in eCRM without any thoughtful strategic intent and plan (O'Reily & Paper 2009). Another reason is that corporations believe that they can move offline-CRM online without any complications (Burgin 2001, in Lloyd 2001). Chen and Chen (2004) further mean that it is difficult assessing eCRM benefits and charting its success.

Research within the area of eCRM is fairly limited and several authors stress the need for more research in the field (O'Reily & Paper, 2009, Hande and Hülya, 2009). O'Reily & Paper (2009) hold that eCRM becomes even more urgent to corporations when traditional advertising showing failing returns and increasing costs. Further on, Hande and Hülya (2009) write that many studies in eCRM focus on the outputs of the eCRM performance. Not many discuss the complexity from a perspective, where organisational factors such as commitment are highlighted. They advise that these studies must increase.

In the area of eCRM, the discussion about Web 2.0 and social media has evolved. Authors hold that, to establish customer relationships, corporations need to go out and listen to what

consumers are saying in social media. Before the era of Web 2.0, one counted that out of every unhappy customer, eleven more customers would hear about the experience. Now, this message can reach millions of customers. The Web 2.0 allows people to express their frustrations and look for companionships. Greenberg (2009) explains that customers share their complaints around certain corporations on sites such as Planet Feedback, that has about 125 000 visitors per month. These conversations online are available to anyone and out of control of the corporation. This lack of control generates a big risk for the corporation, but can at the same time be seen as an opportunity (Eisenholt & Fluss 2009: 48).

Sigala (2008) discusses the notion of Web 2.0 in eCRM, which she refers as “Web 2.0 strategies”. For attracting and integrating customers in corporations, usage of social media is suggested. Thus, she states that there is an urgency to investigate how Web 2.0 broadens the scope of eCRM so that consumers can contribute to the formation of relationships through social media. Besides, Petouhoff (2010) finds that social media channels could offer new opportunities to listen and engage, to receive feedback, address complaints, and to influence customers’ opinions, without the need to increase the amount of employees.

When reviewing the literature considering social media, it becomes visible that it mainly includes different social channels and their functions, how people communicate and build trust in social networks, and how social media is used as a source for information. However, as seen above, a few authors (Sigala, 2008, Petouhoff, 2010) stress that there is a positive link between corporations’ usage of social media, and customer relationships. But, they urge for more research within this. Accordingly, there is a gap in the research of how social media can be used in eCRM, and further broaden the scope of it. Thus, the authors of this thesis hold that if corporations are to succeed using social media as a tool for eCRM, more research is required. The above discussion leads us in to our purpose.

### **1.3 Purpose, Contribution and Limitations**

The thesis will contribute to an existing, but very limited research of how social media can be used as a tool for eCRM.

*The purpose of this thesis is to explore the role of social media as a tool for eCRM.*

By studying this perspective, we will further extend the literature within eCRM; a field that several authors mean needs more research. As the authors have study factors influencing eCRM, several aspects that are stressed as urgent to study will be provided with more research. Besides contribution to the academic world, this thesis also intends to provide the business world with valuable material. It further aims to give managers and marketers within various industries useful insight of how social media can be managed with the purpose to create loyal customers. Many researchers emphasize the role of technique in eCRM. The authors have chosen not to deal with this field, as they want to investigate the communicative aspect of social media in eCRM. The significance of technique is not submitted, but not chosen to investigate further in the thesis. This thesis focuses on social media as a tool to create customer loyalty. The study holds a corporation perspective, studying corporations actions, which aims to influence customer loyalty in social media, and will therefore not investigate how customers perceive the eCRM activities. Many corporations interact in different forums online. But due to time restriction, this thesis is only focusing on the corporations' official accounts considering Blogs, Facebook, Twitter and YouTube.

## 1.5 Thesis Outline

Chapter one provides a background of the phenomenon of social media, as well as a problem discussion that leads to the purpose and the thesis' contribution. Chapter 2 presents the methodology and practical framework, as well as the method of data collection, degree of reliability, validity and generalization, and finally limitations of this study. Chapter 3 displays the theoretical framework focusing on CRM and eCRM, which in the end will display a new theoretical model. Furthermore, previous research that is of relevance to this study will be presented. Chapter 4 displays the empirical findings, and Chapter 5 discusses and thoroughly analyzes these findings. Chapter 6 is serving as the ending chapter, presenting a concluding discussion, concluding reflections, and finally leaves suggestions on future research.

# 2

## Methodology

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*The second chapter provides an overview of how this study was undertaken. It presents the object of study, methodological approach, research design, methods of data collection, role of theory and data processing, and finally a discussion about the thesis' reliability, validity and the degree of generalization.*

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### 2.1 Object of study

As presented in the first chapter, the nature of this research problem is aiming to explore the usage of social media in order to create loyal customers. When reviewing the literature within customer relationship management, it was found that there exists much research in the field, and many authors have studied the field for years. However, the perspective of how to create loyalty has changed over time and the platform where this interaction takes place has started to move online towards social forums. As the phenomenon of social media has grown rapidly, there exists limited theoretical knowledge of how corporations can use the social channels as a platform to create loyal customers. Many corporations know that they need to use social media to maintain loyal customers and also to stay competitive in a world where the presence online may be essential. Even so, many do not know in what way they can and should use the platform. Hence, the authors of this thesis want to expand the existing knowledge and research within the field, and provide corporations with a framework for the usage of social channels. Further, the authors will investigate how the usage of social media can work as a tool for eCRM.

### 2.2 Methodological Approach

*The relationship between theory and data is important for the quality on the management research and the research design. The philosophical view is a determinant of kind of empirical data that needs to be collected.*

(Easterby-Smith et al 2002:56)



There are two main approaches to the relationship between theory and empirical material: deduction and induction. Jacobsen (2002:43-44) describes a deductive approach as studying existing theories, which are thereafter applied on reality and being either confirmed or rejected. The researcher enters reality without assumptions or expectations and collects relevant data. An inductive approach, on the other hand, concerns the opposite- the researcher studies reality without expectations or assumptions and thereafter tries to find or create new theories.

The deductive approach can result in a limited empirical collection as it has its base in already founded theories. Another weakness is further that the researcher unconsciously searches for relevant data, according to Jacobsen (2002: 35,43). The inductive approach is questioned as human beings have their share of social and psychological limitations, and it is hard to see reality with a completely open mind. People have in most cases a pre-understanding of the field a study aims to explore (Jacobsen 2002:45), and therefore it can be argued that this research is developing. To minimize the limitations with these approaches, the relationship between theory and research for this thesis is of an iterative nature, which is a combination of them both. The reason is that there exists research within both the field of social media and eCRM, but almost none about the correlation between the two. Consequently, a deductive approach was not suitable. As the purpose with the thesis is to broaden the eCRM perspective, an inductive was not appropriate either since the authors wanted to first review the literature to find areas of interest and that could help to develop existing research. The authors wanted to be able to establish the conditions that the theory would hold. Thus, an iterative approach was the most suitable as it allowed the authors to go back and forth between theory and empirical material. This enabled the authors to explore new theories about the correlation, while it also made it possible to have an own foundation in already existing theories. The iterative approach enabled the authors to create a new theoretical model based upon existing literature and collected data that later could be tested on the empirical material.

### ***2.2.3 Philosophical assumptions***

In management research, philosophical assumptions are key issues as these are influencing the research design. The philosophical position helps clarifying what type of empirical data is needed for the given research problem, and furthermore how it can be obtained (Easterby-Smith et al 2002:28). Hence, refining the philosophical position at the beginning of the research is essential.

Von Wright (1971 In Bryman & Bell 2007: 17) describes two contrasting ontology's: positivism and hermeneutic. Positivism concerns an explanation of human behavior (Bryman & Bell 2007; 19,20) and regards the social world as being external and objective and that knowledge is based on facts. Research should be measured through objective methods and holds often a deductive approach (Easterby-Smith et al. 2008:57). The hermeneutic view on the other hand, emphasizes the understanding of human behavior and concerns to understand the empirical material from the phenomenon's view (Bryman & Bell 2007; 17,20). The researcher sees every situation as unique and the researcher's role is open and interpretive (Kvale 1997: 209). Despite that the two basic beliefs are contrasting, in actual use the borders seem to be less clear. Researchers usually present ideas that belong to either of the philosophical assumptions the study contains ideas from both positivism and social constructionist philosophy (Easterby-Smith et al 2002:28). Considering the explanations given above, along with the nature of research problem, this thesis is argued as emphasize a hermeneutic view more than a positivistic. The reason is that social media is a wide concept, and meaning is created within the individual, and could therefore be seen as if people construct reality. In addition, the authors were searching for an understanding of the respondents' thoughts and perceptions about social media, which is discussed within the hermeneutic approach. However, the thesis has influences by the positivistic ontology as well. In the iterative approach e.g. quantification in the analysis such as "two respondents argues" "all respondents agree". Further, the authors consider that there are different ways to use social media in order to create customer loyalty. It might not be the same ways that works for all relations, but some ways are considered to be work in general. (kaka fattar nada)

### 2.3 Research Design

Based on above methodological considerations, a research design for this study is proposed. Bryman and Bell (2007:39) refer to research design as a framework for analysis and data collection, where design strategy is discussed.

### **2.3.1 Design Strategy**

When the research purpose and the philosophical view are defined, choice of methodology is the next step. The purpose of the thesis must act as a base for the choice of methodology. Within design strategy, authors can choose between a quantitative and a qualitative research. The first regards studying the frequency of the phenomenon of study, which often provides a narrow view. The latter considers a deeper understanding by studying words and behaviors in a specific context. The purpose of this thesis is to explore the field of eCRM in social media. Jacobsen (2002: 56 & 57) holds that an explorative approach demands a methodology that can provide different aspects and nuances of the empirical material. Often, a qualitative methodology is the most appropriate alternative, as it both provides the opportunity to talk to respondents and study behaviors. With this in mind, the thesis is based upon a qualitative methodology that provides the desired understanding through talking to people working with social media, and also to observe their behavior in social channels. The qualitative method provides the thesis with flexibility, where new aspects can appear in the data collection that may deepen the understanding of how the phenomenon of social media might be handled to enhance loyalty.

## **2.4 Method of Data Collection**

According to Jacobsen (2002: 56- 57) there are different ways of collecting qualitative data, through primary data collection or secondary data collection. The choice of data collection is important as it influences the validity of the study. In this thesis, both primary and secondary data are used, which they are presented and discussed below.

### **2.4.1 Primary data**

The data collected in this thesis is mostly based upon primary data, meaning that the researcher is the first to collect the data from the primary source, and that the data collection is based upon a specific problem. Interviews, observations and surveys are the most common, according to Jacobsen (2002; 57). The authors have chosen to collect primary data as research and data concerning the relationship between social media and customer loyalty is limited. The primary data was collected through interviews and observations, which is discussed below.

The primary data was collected from interviews with people from three corporations working with social media on a daily basis. In addition two people from two different consultant agencies have been interviewed in order to collect their expert knowledge around the usage of social media. These people consult other corporation in their work with social media. A short presentation of the respondents and their employers follow in the section concerning sampling.

#### ***2.4.2 Interviews with the character of a dialogue***

When doing interviews, the degree of openness must be decided. As the authors of this thesis searched for knowledge in how specific respondents use social media in their work, and further how they perceive the platform as a base for interaction with customers, open interviews were found as the best alternative. Jacobsen (2002; 161,161) supports the appropriateness of open interviews when trying to understand peoples' perceptions and thoughts. Further, Jacobsen holds that such interviews can be similar to a dialogue and that this methodology is appropriate when relatively few interviews are conducted, as it is very time-consuming. In this study, five respondents are interviewed; a number that the authors found was appropriate for conducting open interviews.

The negative about this methodology is the large amount of information that may be provided by the respondents (Jacobsen, 2002; 161,162). However, to steer the interviews and decrease the amount of information, the interview had a semi-structured approach. A discussion about the semi-structure interviews is presented in the next part called Freedom under control with semi-structured interviews.

The interviews were conducted face-to-face, as it is easier to hold a dialogue that is more personal and spontaneous when meeting the respondent live than talking on phone. Frey and Oishi (1995, in Jacobsen, 2002; 161) also hold that when using phone, respondents can lie or withhold information, but when meeting the respondents live, this risk decreases. Moreover, the authors of this thesis could, during the meeting, take notice of body language and face expressions, which sometimes changed the direction of the interviews. Jacobsen (2002; 162) expresses that through observing the respondent, the interviewer can also see if a question is inappropriate. The interviews were further conducted at the respondent's office, as it is stated by Jacobsen (2002; 164) that respondents might behave differently in an unfamiliar milieu. To make respondents even more relaxed the authors introduced the object of study in the introduction of the interview.

It is argued by Jacobsen (2002; 165), that in some cases, respondents hide information or lie when knowing the reason behind the interview. Since the authors of the thesis thought that there was no reason for the respondents to hide information about their usage of social media. Instead, the authors felt that more appropriate information could be gained when respondents know the area of study. During the interviews, the respondents showed to be very interesting in the area and wanted to share their knowledge, experiences and challenges.

All of the thesis' authors took part in the interview that was recorded. This increases the validity, which will be discussed in the end of the methodology section.

### **2.4.3 Semi-structured interviews**

Bryman and Bell (2007; 474) state that highly structured interviews are an alternative when conducting interviews. These interviews increase the validity as the same questions are asked to all respondents. On the other hand, highly structured approaches neglect the opportunity to ask follow-up questions and the opportunity to explore new topics disappears. From the opposite, interviews can also be open. Above it was stated that open interviews were used in this thesis, but as the authors wanted to decrease the risk of gaining too much irrelevant information, the interviews had a semi-structured character meaning that some questions are readymade from the prior understanding (Bryman & Bell, 2007; 474). Below, topics for the readymade questions, as well as an explanation for why they were considered appropriate, are presented.

With a degree of structure, the authors could guarantee that the readymade questions became answered. Also, semi-structured interviews were found more appropriate as not all respondents hold the same position and working tasks as they work with social media in different ways. Also, Easterby-Smith et al. (2008) declare that semi-structured interviews are more appropriate when considering peoples' perceptions. It gives the opportunity to understand underlying meanings as the interviewer can take notice of, for instance, inflection of the voice, and thereby find appropriate and interesting follow-up questions. Several follow up questions were asked during the interviews as the authors felt that some respondents showed more interest in some topics more than others. The qualitative data could hence be enriched.

The readymade questions had an open character meaning that the respondents speak freely. These questions are to be found in the appendix where the reader can see that the same questions

were not the same for all corporations. There are two different versions, one for the three respondents representing the corporations using social media, and one for the two consultant agencies. The authors found that the same questions could not be asked to the two groups, as the corporations worked with social media differently, as mentioned above.

The readymade questions derived from research concerning CRM and eCRM. Significant concepts within the areas acted as a base for the topics discussed during the interviews. The follow-up questions gave the authors new interesting topics that could be discussed and used in the thesis.

#### **2.4.4 Sampling**

When doing interviews, appropriate respondents must be found. According to Jacobsen (2002; 199), there are different criteria when choosing respondents. One criterion is to find respondents that the authors think can provide them with rich and appropriate material, for instance people holding much knowledge in the area of study. To find suitable corporations to the interviews in the thesis, the authors had a meeting with a person working as a successful consultant within social media. He is also a debater in areas concerning traditional, new, digital and social media. The meeting provided the authors with a good knowledge based in the field and also some names of persons that could give them interesting knowledge. By having this meeting with a person holding insight in the field, the snowball effect became a fact as he provided us with some names on knowledgeable persons in the field. Hence, despite that the snowball effect is one methodology mentioned by Jacobsen (2002; 201), it is not dominant in this study. How and why the respondents were found and used is presented below where a presentation is provided.

The corporations that the authors have chosen to study are chosen due to their usage of social media. They all hold different experiences and knowledge in the field and the authors believed that the empirical data would provide knowledge that was appropriate to extend the research literature. Five corporations with one respondent from each and every corporation are used in the study, as mentioned above. While three of the corporations are working with social media through eCRM to create loyal customers, two other work with consulting other corporations. This mix is, according to the authors, very suitable as the thesis handles an area that lacks research so far. Hence, it may be important to have a perspective from experts within the area, but also study how corporations using social media think of the phenomenon and use it in real

life as an eCRM tool for creating loyalty. With the latter perspective the thesis becomes more realistic as many challenges might occur in implementing and using the new platform.

Below, a short presentation of each and every corporation is provided as well as an explanation for why the respondent was chosen.

### **Stena Line**

Interview respondent: Social media Manager, April 14<sup>th</sup> 11- 12.06am, Gothenburg

Stena Line is a corporation providing transportation on sea between several destinations in Europe. Moreover, they offer cruises with different themes and sometimes accommodation for their travelers is also provided. (Stena Line Website) The corporation was chosen as the authors found much interesting material about Stena Line's engagement in social media, when searching for successful corporations in Sweden using the social channels. As the corporation also has an employee working full time with social media, the authors found it very interesting to conduct an interview with this employee as it was assumed that when having an employee with this task, the corporation must have good knowledge and a good will to engage online. The respondent showed to have a broad education in the area, and in addition much experience as she works on a daily basis with the social channels.

### **Helsingborgs Dagblad**

Interview respondent: The New Media Manager, April 8<sup>th</sup> 1-2.15 pm, Helsingborg

Helsingborgs Dagblad is a corporation established in the Helsingborg area. They provide one newspaper for subscribers, two free newspapers, and a growing web page called hd.se. The corporation's focus lies on providing credible news to people in the area around Helsingborg. (Helsingborgs Dagblad's website) Helsingborgs Dagblad was chosen because they are highly involved in different social media channels and has been in the channels for a long time. The respondent holds the position New Media Manager and is the person responsible for HD Nya Medier, involving www.hd.se. He is among those that are most involved in social media at Helsingborgs Dagblad. Hence, the authors found him interesting for an interview.

### **Sydsvenskan**

Interview respondent: Digital Media Manager, April 9<sup>th</sup> 10.30 – 11.30am, Malmö

Like Helsingborgs Dagblad, Sydsvenskan is providing newspapers to subscribers and through their website. The corporations' vision is to provide news to people in the Malmö- Lund area. (Sydsvenskan's website) The corporation has about 100 000 readers each day. The choice of

Sydsvenskan for this thesis lies in their wide involvement in social media, holding a leading position in the field. Like Helsingborgs Dagblad, the corporation interacts with their customers in several popular social channels. The respondent is Digital Media Manager, responsible for the digital development of mobile and digital products. He started to use social media early and uses it on a daily basis in his work. The choice of this respondent was due to his long experience in the area and the authors thought he had interesting knowledge in the field.

The reason why the authors chose to use two corporations within the newspaper genre lies in difficulties in finding corporations that were successful in their social media handling. The purpose with the thesis is not to generalize as there are too few corporations studied. Instead, the purpose is to gain an understanding of how different corporations use social media and what challenges they meet in the usage. A further discussion about generalization is provided in the end of the methodology section.

### **The Duffy Agency**

Interview Respondent: Owner and Marketing Consultant, April 9<sup>th</sup> 1.30- 14.45 pm, Malmö

The Duffy Agency is a consultant agency operating in Malmö. The agency is specialized in social media and they are consulting other corporations in their handling of the social platform. The respondent is the owner of the corporation and the reason why he acts as a respondent in the thesis is because he has worked as a consultant for many years and holds a long and thorough experience. As there are not very many corporations using social media in a successful way in Sweden, the authors saw a consultant in the area would give a very valuable material to the thesis as he is an expert in an area that lack theoretical research today.

### **Good Old**

Interview respondent: Internet strategist, April 15<sup>th</sup> 4- 5 pm, Malmö

Good Old is, like The Duffy Agency, a consulting agency operating in Malmö. The corporation is specialized in developing strategies within digital media. Moreover, they offer educations and training in social media area. (Good Old website) The respondent was chosen due to her expertise within Internet and social media, and her ability to provide other corporations with strategies on how they are to behave in social channels. The authors of the thesis got knowledge about the respondent through the first basic meeting with the consultant.



Good Old is the second consulting agency in the thesis and by interviewing two agencies the authors believe that several perspectives from experts could be found that could give the study more nuances, angles and depth. This can also make the study more credible as consultants are, as mentioned earlier, experts within in the area.

Finally, all of the respondents mentioned above are anonymous, which is why their names will not be published in the thesis. Instead, their position is used to separate them from each other.

#### **2.4.2 Observation**

A second method for receiving primary data is through observations, often called ethnography. When observing online, the term netnography is commonly used (Kozinets R, 1998). Data from ethnographic methodologies can provide an understanding of the context and at the same time minimize the risk of incorrect information that may be received during interviews, according to Easterby-Smith et al. (2008). As stated by Jonsen and Jen (2009), respondents sometimes misunderstand questions or place different meaning to questions, and hence answer incorrectly. To gain a full understanding and to study whether the respondents on the three corporations actually are using social media in the way they considering they use it, observations have been made on each corporation's social media activities. The authors have made observations on how the corporations use social channels and which ones that are used. Campaigns, competitions, and interactions are studied. The latter concerns conflict handling and how corporations use customers knowledge. The observations also gave the authors opportunity to gain knowledge about how customers interact with the corporations. By studying comments and discussions, a full understanding of situations could be gained. Moreover, the authors' understanding could be developed as customers' interaction with the corporations could be read. The observations have acted as a complement to the information received from interviews, which is a main purpose with observations according to Patel and Davidsson (2003; 87,88). These observations either supported or showed the opposite form what the respondents had answered during the interviews. With the observations, the result in the thesis can be seen as more credible and valid, as it provides the readers with different perspectives. The choice of using several methodologies is, as also declared by Johnson and Jehn (2009), increasing the reliability and validity of the study. The aim is to support the findings by deliver the same findings by independent methods.

Before doing the observations, the authors did preparations by analyzing what to study and how to register the observed material, in accordance with Patel & Davidsson's (2003; 90) suggestions. With structured observations, the authors knew which areas to study and the areas were based

upon areas derived from CRM and eCRM. When doing the observations, the authors chose to act as both participants and non-participants, meaning that accounts in the different social channels were created to be able to see conversations between corporations and customers as well as between customers. In that sense, the authors were participant, but on the other hand, the authors did not have any contact with anyone, why it was more as a non-participant observation.

The observations were conducted over a period of one week, during week 17, 2010. How the observations were processed is further presented in the Data collection part. The social forums observed are the following:

### **Sydsvenskan**

Twitter (both the corporation's account and the account belonging to a journalist, Facebook (corporate page and their fan page), YouTube, Website ([www.sydsvenskan.se](http://www.sydsvenskan.se)) and blogs containing writing about the corporation.

### **Helsingborgs Dagblad**

Twitter (both the corporation's account and the account belonging to the New Media Manager), Facebook (corporate page and their fan page), YouTube, Flickr, Website ([www.hd.se](http://www.hd.se)) and blogs containing writing about the corporation.

### **Stena Line**

Twitter (both the corporation's account and the account belonging to the Social media Manager), Facebook (corporate page and fanpage), YouTube, Website: ([www.steanline.se](http://www.steanline.se), [www.thesuperferries.com](http://www.thesuperferries.com)),) and blogs containing writing about the corporation.

### **2.4.3 Secondary data**

Secondary data emphasizes data being collected by other researchers, often out of a different problem than that the researcher wants to study. Secondary data can be used to either support or reject primary data (Jacobsen 2002; 153). In this study the secondary data, including Helsingborgs Dagblad's guidelines for how to behave online, is used to provide the reader with an understanding of how corporations work with the usage and implementing social media. Hence, it has the function as supporting or rejecting the primary data.

#### **2.4.4 Data processing**

All interviews were recorded and then transcribed. The transcription of interviews is, stated by Kvale (2007), as critical to the material's validity as the transformation of spoken words to written text may influence the material's original meaning. The context where the interviews were conducted as well as the body language is impossible to present exactly in written text. It is therefore important to write in detail what was said and what happened, which the authors have done as far as possible.

The technique used during the interviews simplified the analysis of data and provided a complete picture of what was said. Computers were thereafter used as a help to structure the empirical material and the material that was relevant for the purpose was chosen. Thereafter, the material was categorized, meaning that the material concerning similar themes was categorized together. This can be done in different ways, according to Bryman and Bell (2007; 310). The material in this thesis was categorized according to the new model that was used as a framework. Each category was thereafter discussed to find interesting angles and nuances.

Moreover, several quotes are used in the thesis. As four out of five respondents were Swedish, four of the interviews were also made in Swedish. Hence, the authors have translated the quotes in the text as precisely as possible as it otherwise may affect the credibility.

During the observations, the authors wrote down relevant material from online. It was important to rewrite exactly what was said as these quotes were translated later on. Like with the interviews, the data collected was categorized and discussed so that everyone had understood everything in the same way, which increases the validity, according to Kvale (1997: 200).

### **2.5 The role of theory**

According to Patel and Davidsson (2003; 10) the purpose with research is to create new, or develop existing knowledge through providing new theories. Hence, for this thesis it was important to find existing research in the area that could act as a base for the theory part. This is also stressed by Bryman and Bell (2007; 407) who argue that the theoretical work should stem from somewhat existing knowledge. A literature review was made to gain knowledge in existing research. This review is seen as an introduction to the area of CRM and the subfield eCRM.

As earlier mentioned, a new theoretical model was found containing significant concepts within the CRM-area. As the CRM-area is more explored than eCRM, the authors chose to use this model as a base for the interviews. Although, after having conducted the interviews, the authors found several more areas that seem to play an important role in the usage of social media as an eCRM tool. Hence, the authors decided to hold an iterative approach, why they went back to theory for gaining more research in these areas. The original CRM-model was thereafter developed with frequently discussed concepts from eCRM-literature. The new model has worked as a framework for the analysis, and has further helped the authors to find patterns and findings that could extend research within the eCRM-area.

## 2.6 Reliability, validity and generalization

Reliability aims to question whether the results of the research are repeatable (Bryman and Bell 2007:40). It concerns the study's trustworthiness (Jacobsen). There is a risk with interviewing people that the so-called interview effect appears meaning that the interviewers physical attendance influences the respondent's behavior during the interview. This may result in another behavior and if conducting the interview a second time, it would appear differently (Jacobsen 2002). As the observations act as complement to the interviews, the reliability in the thesis increased (Johnson & Jen, 2009). Something that can affect the reliability further is variation in respondents' answers (Patel & Davidsson 2003; 102,103). The authors did notice neither variations nor changes in the answers during the interviews. Moreover, after the interviews and the observations, the authors have had several discussions about the respondents' answers and all have agreed upon what was said, heard and seen. Bryman and Bell (2007; 410) hold this to play a critical role in providing a reliable study.

Validity concerns the conclusions of the research. It concerns whether the measurement really are measuring what is supposed to be measured. It highlights the integrity of the conclusions (Bryman and Bell 2007:40). The methodology of data collection was, after careful concern, considered to be the most suitable for the study's purpose. Further, the interview questions have been selected to help answer the research purpose and they were carefully discussed before to know that they were appropriate and relevant. To further improve the validity, all of the authors were present during the interviews, as earlier mentioned. Thereby, the risk for own interpretations minimized, which increase validity as also argued by Cha & Trent (2010). In addition, the usage of two research methods has also improved the validity of the research by making a triangulation of data. Johnsen and Jehn (2009:125-126) explain that triangulation of data is to use more than one method in a study. The combination of methodologies provides a more

fair and reliable picture. Besides, the validity was improved when all authors attended the interviews. With this, the risk that own interpretations would influence the material was minimized. According to Cho and Trent (2010), own interpretations are a big risk if there is only one researcher interviewing. To further increase the validity, the authors recorded the interviews. Technique is seen as increasing validity, as stated by Cho and Trent (2010). By using technique, the authors could focus upon asking relevant questions, formulate follow up questions and take notice of body language and take notice of different nuances and sounds during the interviews. These details were thereafter transcribed to provide the most truthful picture of the context.

Finally, generalization concerns if the study is representative for other cases within the same area (Bryman & Bell, 2007; 63). According to Eisenhardt and Graebner (2007), it may be difficult to make generalisations when doing qualitative research. Often, the studies aim to provide knowledge to a knowledge gap with no or limiting research. With limiting research there are no studies to compare with, as in this case, and therefore it is difficult to generalize. However, this thesis will provide new theory in the field, which can be tested to see if any theoretical generalisation is possible. This is, according to Eisenhardt and Graebner (2007) a common strategy when doing qualitative research. However, the result of this study shows several patterns of how corporations think of, and use social media. Hence, it may be assumed that these patterns can also become visible when studying other corporations' usage of social media.

## **2.7 Critique of sources**

The authors have had a critical position towards the sources that are used. Many of the sources are providing different perspectives of the same areas and by holding and discussing them against each other, nuances and differences becomes visible that are important to discuss as they create a more credible and reliable study with a critical approach.

# 3

## Theoretical Framework

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*The third chapter will serve as our theoretical backbone on which we base our analysis, discussion and conclusion upon. It starts by presenting a literature review and then exhibit key foundations within the field of traditional CRM and eCRM. In the end of this section, these key foundations are summarized in a model.*

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### 3.1 From RM to eCRM

The discussion about attracting new customers or retaining existing ones has been going on for a long time and corporations have worked with relationships long before it was discussed in the marketing literature. One of the first authors discussing relationships was David Yorke. In the 1970'ies, he brought in ideas from the interaction approach and discussed it as business relations. (Ennew 2008) Also, Shostack (1982) discussed the importance of designing the offer to optimize customer satisfaction in order to build relationships and customer loyalty. Moreover, Dr. Leonard Berry, president-elected of the American Marketing Association was the first to introduce the term “relationship marketing” at the American Marketing Association’s Services Marketing Conference in 1983. “The new customers only” approach is, according to L. Berry (2002), seen as wasteful, since it costs more to acquire new customers than retaining existing ones, as also mentioned above. Thinking in terms of relationship with existing customers, not in terms of acquiring new ones, is seen as crucial for corporations. Since Berry introduced the term, many authors have studied the area in different academic disciplines. Marketing, Business and Management, and IT are commonly studied disciplines for CRM research (Rajola, 2003 in Ngai, 2005).

CRM is often studied in a service context, since the nature of services allows many corporations the opportunity to customize the relationship. In so doing, customers get an incentive to stay loyal to the corporation rather than starting over with a competitor. An effective relationship is seen as beneficial for both the corporation and their customers (Berry 2002).

Additionally, two internationally recognized schools have developed the relationship marketing approach, The Nordic School and The French School. Both stressed that a new marketing

perspective was needed because customer's perceptions about a corporation is not a task only for the marketing department; it involves the whole corporation, where the employees are important to encourage customer relationships. The Nordic School consisted of researchers such as Grönroos and Gummesson (Grönroos, 2006). They developed a service-oriented knowledge based upon characteristics of service relationships. Areas discussed were the importance of marketers outside the marketing department, meaning employees seen as part-time marketers. This resulted in the notion of customer relationship life cycle and interactive marketing function, where the latter meaning the impact of interactions between customers and corporations' different contact points, such as employees and their business systems. Moreover, the school made significant contributions to international research with their studies of service management, service quality and internal marketing as crucial areas for building customer relationships (Grönroos 1991).

The French School included the researchers Eiglier and Langeard. Like The Nordic School, they also studied relationship marketing from a service perspective. They stressed the importance of a relation between customers and employees and its effects of the global management of the service corporations. They introduced the famous concept Servuction system, which include the physical environment, personnel, participating customers, and other customers in the creation of service and relationships. (Dickinson 2001)

From the relationship marketing concept the CRM term developed, which was introduced earlier in the thesis (Grönroos, 2007: 36-37). Several authors have engaged in the CRM research. Grönroos is one of the most famous authors in the field, writing about CRM from different perspectives; customer value, satisfaction, trust and service. He stresses the importance to deliver a better product or service than the customer expects. The idea of superior service is emphasized as well as its impact upon positive word-of-mouth. Moreover, significant authors within CRM research are also Ngai E. W.T., Raymond Ling and Yen David C, Wilson Hugh, Melinda Nykamp, and Kaj Storbacka. The authors have contributed to the international CRM research both by developing strategies for implementing and managing CRM, but have also criticized the field, and questioned whether CRM is a myth or reality. Gummesson (2004) also discusses the return on relationships (ROR) when investigating CRM. Commonly used concepts in the field are sales activities, customer support and services, information technology and information systems. These fields are the most important and most studied fields of CRM (Kincaid, 2003 & West, 2001, in Ngai 2005).

Since the global business environment changes rapidly due to fast development in technology, authors stress usage of more information technology in business, and in CRM. (Yueh et al. 2010) Consequently, terms like eCRM, has emerged as a subfield to CRM. The concept is widely discussed in the recent research of CRM. Significant authors such as Shannon Sue Scullin, Jerry Fjermestad and Nicholas C. Romano (2004) state that eCRM can add to traditional marketing concepts of CRM and enhance it, rather than change the marketing. Other authors doing research in the eCRM field are Liz Lee- Kelley, Marianna Sigala., and J Dyche. When investigating the field, disciplines such as consumer behavior, product development, data mining and personalization are discussed. (Olafsson & Wu 2008 in Scullin, Fjermestad & Romano 2004) Additionally, Sigala (2008) suggests several strategies for implementing eCRM, which she calls 2.0 strategies, including social media, wikis and blogs.

### **3.2. Key foundations within CRM**

CRM has been found to play an essential role in creating loyal customers (Khak Abi S et al. 2010, Dowling 2002 in Yueh et al. 2010). Marketing studies have theorized a number of key foundations of CRM: Competence (Kim et al 2010, in Ndubisi et al 2004) Communication (Crosby et al 1990, Morgan & Hunt 1994) Commitment (Driggs 2007, Morgan & Hunt 1994) and Conflict handling (Grönroos 2007, Tronvoll 2007). Based on these findings, Ndubisi (2007) has developed a model considering these four key elements. He argues that these elements directly have influence upon trust, relationship quality and - in the end - customer loyalty. With this in mind, Ndubisi's model had been found suitable to function as a platform for this thesis as it is based upon CRM (See Figure 1).



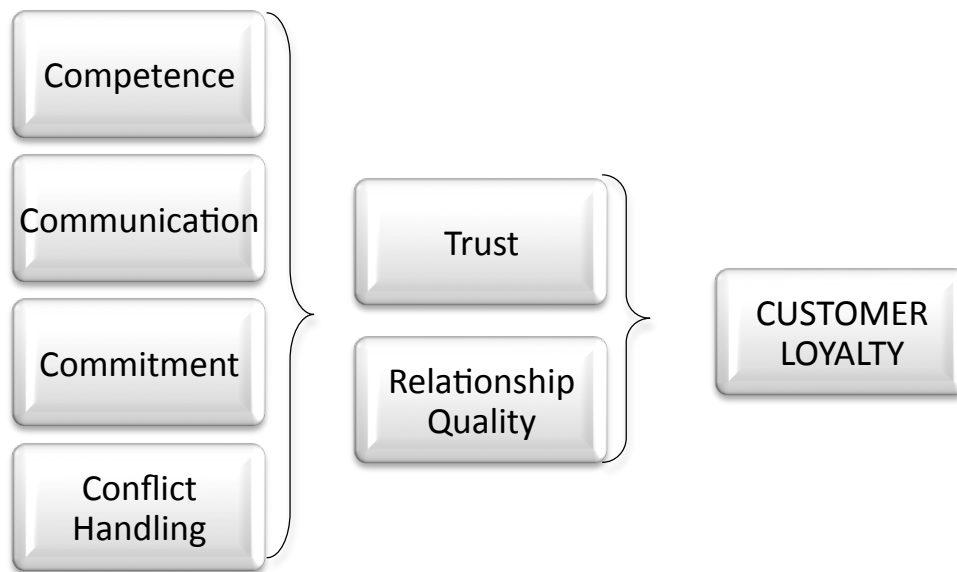


Figure 1 (Ndubisi et al. 2007)

Since this thesis holds an organizational perspective, not a customer perspective, it has been found difficult to study elements such as trust and relationship quality since these are rooted in customers' perceptions. With this in mind, our Theoretical Framework will only consider aspects of Competence, Communication, Commitment and Conflict Handling and leave Trust, Relationship Quality and Customer Loyalty behind. In the following section, we will present each and every element of the four key foundations of Customer Relationship Management.

### 3.2.1 Competence

The first key finding in Ndubisi's model is Competence. For a corporation to meet new, different and higher demands, competent personnel are required in the society today (Ivarsson 2005: 33). Competence is defined as *education or experience that is required for a certain position or function* (Nationalencycledin 2010: B). Lovén (1995, in Ivarsson 2005: 33) argues that Competence is more than formal education and further adds engagement and motivation to the definition. Stenberg (1993 in Ivarsson 2005: 33) defines Competence as something more complex than only formal education as he argues that Competence consists of three components: Theoretical Knowledge, Knowledge Skills and Social Knowledge. The first part, Theoretical Knowledge is acquired through scholarly learning. Collins (1979 In Ivarsson 2005:33) holds that Theoretical Knowledge could only be used as an entrance ticket and further argues that skills required could

only be maintained through practical exercise within the profession. Pemberton (1992) considers theoretical competence as to provide understanding. Theoretical knowledge can improve quality and reduce errors in practice. The second component is Knowledge Skills, which implies practical knowledge based on past experience. Finally, the third and final part is Social Knowledge, which refers to the ability to interact with other people (Ivarsson 2005). Forssblad and Magnusson (2000) highlight an increase importance of Social Knowledge and argue that knowledge considering working tasks is no longer the only thing matters. The ability to collaborate and cooperate with others is also substantial.

Kambil (2010; 43-45) has made a study showing that curiosity is a vital asset for developing Competence. Curiosity makes people dive deeper in fields of expertise, and enhance the expanding of Competence about for instance corporations' different operations. In addition, the study showed that courage was an important quality for building Competence. If stepping out of the comfort zone, taking new assignments and experience new things, the Competence could be expanded, which is considered as crucial in corporations. Additionally, high uncertainty often implies a fast accumulation of knowledge and Competence, since it forces development of creativity (Oikawa, 2010; 899-910)

### **3.2.2 Communication**

The term has several definitions that differ from one another. According to Nationalencyklopedin (2010: A), Communication is defined as: *(The) transferring of information between human beings, animals, plants or devices.*

This definition emphasizes the transfer of a message, while Business Dictionary (2010) is focusing more upon a two-way Communication, where both participants are creating an understanding together. It is defined as: *(A) two-way process of reaching mutual understanding, in which participants not only exchange (encode-decode) information but also create and share meaning.*

The marketing literature dealing with the term discusses both definitions, but the majority of the authors agrees upon the latter definition and means that the reason is change in control. Corporations can no longer base their marketing upon shouting out their message, a so-called push strategy. Before, they could act autonomously, designing products, developing processes, and controlling sales channels without interference from customers (Prahalad & Ramaswamy

2004). Anderson (2009) compares this with a conversation in which one party cannot hear or understand what the other is saying. Greenberg (2009) holds that the Internet enhances the opportunity for people to engage in corporations' activities and they can easily influence the brand by, for instance, writing on blogs and websites. Hence, the control is moving to the costumers. While many corporations complain about the loss of control, Engeseth (2009) holds that *communication is always based upon a sender and a receiver- it's just that the receiver has changed. The receiver now demands more control over the message* (Engeseth 2009: 30). The shouting, mentioned above, has moved towards collaboration and interactive marketing because customers seek to influence in every part of the corporation's business systems, and want to co-create value (Prahalad & Ramaswamy 2004). Interactive marketing will engage each customer and create a dialogue between sender and receiver.

The term dialogue is defined as follows: *Interactivity, engagement, and a propensity to act- on both sides. Dialogue is more than listening to customers: it implies shared learning and communication between two equal problem solvers. Dialogue creates and maintains a loyal community.* (Prahalad & Ramasamy 2004; 6)

Grönroos (2000: 278) argues that the purpose with a dialogue between corporations and customers is that both participants have a will to listen and an ability to discuss for the sake of achieving a common goal. A potential outcome of the dialogue opens up for opportunities to create solutions that fit both parties, and that enhance the experience for everyone (Prahalad & Ramasamy 2004).

Authors discuss the importance to integrate customers in business processes. However, opinions about when and to what extent differ (Engeseth 2009, Prahalad & Ramaswamy 2004). According to Grönroos (2007: 38), customers can either act as passive or active. Passive customers do not want to communicate with corporations between purchases, while active prefer contact. The degree of preferred contact might differ along the active customers. Some want it continually, while others want to have opportunity to contact corporations if they want to. Nevertheless, Storbacka & Lithenen (2000) mean that corporations must continually communicate with customers. Otherwise, customers do not view it as a relationship. Moreover, they stress that when customers are responsible for the relation, it may be restricted by customers limited knowledge in the area. Percy (2008) also holds the importance of continuous contact. He states that frequency is a main issue when a corporation wants to enhance the awareness of the brand. Frequency makes people remember the brand.

However, the level of contact with customer is not always the main issue as the communication objective sometimes is to change customers' attitudes. If the purpose is to influence their attitude towards a brand, effective communication in specific and carefully chosen media is needed to communicate benefits. A strong emotional response is a goal to achieve, to finally reach the possibility to change the attitude (Percy 2008). As the communication objective corporations have might differ, Percy (2008) emphasizes the need of a well-developed communication strategy to ensure that a consistent message is delivered in the right media channel and in the right way.

### 3.2.3 Commitment

The third key finding is Commitment. Similar to Communication, it has several definitions. In this thesis, marketing scholars define Commitment as *an attachment between two parties that leads to a desire to maintain a relationship* (Moorman et al., 1992; Morgan and Hunt, 1994 in Fullerton 2005: 100). Commitment is, by Morgan & Hunt, 1994 in Chang & Ku 2009), argued as a prerequisite for CRM success.

Customer Commitment is often discussed from the CRM perspective, where it is seen as a key for facilitating customer loyalty. If customers lack Commitment to a corporation, all resources that are invested in creating relationships are a waste (Gundlach et al. 1995, Morgan & Hunt 1994, in Fullerton 2005). The term affective commitment, meaning involvement and attachment, is frequently discussed in marketing relationship literature (Gundlach et al., 1995 in Fullerton 2005). It is built upon social bonds and emotional feelings that customers have to a corporation. This is an essential stage in creating and maintaining a relationship, since a positive relationship between affective commitment and customer retention is found (Doney & Cannon, 1997, Fullerton, 2003; Garbarino and Johnson, 1999, Morgan and Hunt, 1994; Pritchard et al., 1999 in Fullerton 2005). A second perspective of Commitment is dependence and switching costs, i.e. continuance commitment. A customer is more likely to be committed to a relationship if the switching costs are high and if received benefits are difficult to replace from another corporation (Bendapudi and Berry, 1997 in Fullerton 2005). Continuance commitment is argued having a negative impact on customer loyalty, as many feel "trapped" in the relationship (Fournier et al., 1998 in Fullerton 2005).

In the discussion of Commitment, trust is frequently mentioned (Fullerton 2005; López et al 2010). In a web "2.0 world" trust has become a main issue and a differentiator for corporations

as customers are more likely to create a Commitment to corporations they trust (McKay 2009). Trust is viewed as a belief, sentiment, or an expectation about a partner's trustworthiness, its credibility and honesty (Blau 1964; Pruitt 1981; Rotter 1967 in Moorman et al. 1992). Trust may result from the ability to communicate information that is comprehensive, accurate, and timely. This is critical for trust as it provides the partner with a deeper understanding of the context. It is stated that information will enhance the perceived quality of the relationship (Blau 1964; Pruitt 1981; Rotter 1967 in Moorman et al. 1992).

### 3.2.4 Conflict handling

*...employees make mistakes, systems break down, customers in the service process may cause problems for other customers, or a customer may not know how to participate in the process or may change his mind regarding some aspect of the service during the process.*

(Grönroos 2007: 125)

The forth, and last key finding considering Ndubisi's model concerns conflict handling. Even though corporations try to provide error-free goods and services, failure occurs. Negative experience may cause defection of customers, who are becoming increasingly intolerant to corporations' limitations and weaknesses. In general, dissatisfied customers tell between eight and ten people about their negative experience (Eccles & Durand 1998). Word-of-mouth has a substantial effect and long-term impact on consumption. A negative comment from a customer can easily change someone else's perception of merchandise or service (Grönroos 2007:191). However, even though complaints might consist of negative messages, it should be viewed as a positive action. Throughout complaints handling, corporations are able to find errors and mistakes and correct and compensate them. Understanding the process of complaint handling could be fundamental, as a successful implementation may prevent loss of customers who experience a quality failure (Varela-Neira et al 2010). Grönroos (2007:126) describes Service Recovery as corporations' second chance to create positive quality and improve customers' perception. Marketing strategies, focusing on customer retention through adequate complaint handling will hence maintain long-term customer relationships, which have been proved to be good for businesses (Varela-Neira et al 2010).

Traditionally, goods and service-related failures have been handled in an administrative way, e.g. formal complaints, which carefully has been analyzed and compensated only if necessary. This short-term cost savings of traditional complaint handling stands in contrast to the process of long-term profitability Grönroos 2007:126). Grönroos (2007:125-126) holds that each and every problematic situation is an opportunity for the provider to show its commitment to service, and a well-managed recovery process can strengthen and deepen a corporation's relationship to its customers. But Service Recovery does not happen by itself. Eccles and Durand (1998) argue *training* and *empowerment* to be the most important aspects of Service Recovery. Employees are responsible for customers' impression of the corporation and through training programs they will become trained in customer service practices so that they can identify customers' needs and find a suitable solution. Closely linked to training is the request for empowerment. Empowerment enables employees to stay with dissatisfied customers from start to the end, meaning they do not have to leave to get permission from a supervisor, something that has a negative impact on the complaint handling process (Eccles & Durand 1998). Further, Grönroos (2007: 130) states that employees with customer contact need to be empowered to take care of complaint handling. In addition to correction of the mistake and adequate compensation, a quick response is considered to be a crucial element as it makes the customer more satisfied with the quality than he or she would be otherwise (Grönroos 2007:131, 134). However, Grönroos also declares that there are no empirical studies showing any negative effect of poor timing of conflict handling.

### 3.3 eCRM- an evolving part of CRM

Web 2.0 is argued to change individual behavior along with group behavior, which further affects the market structure (Constanides & Fountain (2008). This makes it important to further study CRM in an online context, the eCRM. During time of data collection, significant information for the specific context was noticed, although the four foundations presented above could not cover it. This forced the authors to further search in the literature for previous findings, where Chang et al study captured their interest. Chang et al. (2010) have done a review of literature within the eCRM area and discuss the organizational context as one important factor for eCRM performance. By organizational context they mean organizational support in a corporation. They highlight important elements as having a positive impact upon the eCRM performance. Personnel asset and customer knowledge management are mentioned as having specific importance. Furthermore, when reviewing the eCRM literature, these elements are also frequently discussed (McLaughlin, 2010; Ip et al. 2006; Chen & Chen, 2004; Fjermestad & Romano, 2003)

Therefore, the authors of this thesis have chosen to develop the existing CRM components discussed above with these four elements.

### **3.3.1 Personal asset**

Personal asset is argued by Chen et al. (2010) to be employees' competence and willing to solve problems and conflicts to improve customers' experiences. Related to the area is Roche's (2009) discussion that emphasizes the significance that employees interact in accordance with the corporation's vision. Kapferer (2008; 171) agrees and holds the vision as a base for corporations to build its identity and core values that drive the opportunity to create customer loyalty. Grönroos (2007; 336-341) shares the opinion as he also discusses the importance of brand identity. The identity is explained as the image that the corporation wants its customers and stakeholders to have. All interactions with the corporation must support vision and the identity to assure that a consistent message is sent out. An inconsistent message affects customers' view of the corporation, leading to a shattered image. This can destroy the corporation's credibility and in turn affect customers' will to stay loyal. According to Roche (2009), the interaction with employees plays an important role in how customers perceive the corporation. Employees must therefore feel committed to the organization and its CRM strategies to be able to deliver a consistent message. However, employees' commitment is perceived as a challenge to develop, as it is seen as rather abstract. Soltani et al (2005) highlight that appropriate top-management behavior is essential to create committed employees in general. Managers have the opportunity to influence other employees' will to learn, develop competence and deliver quality. Moreover, management support is also stressed as needed, by O'Reilly and Paper (2009). Without continually support, a resistance against eCRM may evolve influencing employee commitment negatively.

According to Fjermestad and Romano (2003), many eCRM initiatives fail due to lack of recognition of how much influence employees can have upon the customers when they interact through online channels. A challenge discussed in eCRM implementation is that employees involved are often a diverse group including people from different positions in the corporation. The "new" group differs from the more homogeneous one that used to handle traditional CRM. The challenge lies in implementing eCRM in a way that ensures a consistent message from the corporation (Fjermestad & Romano 2003). When implementing both CRM and eCRM, a change of employee thinking, behavior and emotions might be required to enhance employee

commitment. An area that may change these factors is communication (Shum et al. 2008); Roche (2009) highlights that all employees engaged in eCRM must have access to all information they need in order to handle online interactions quickly.

To prevent problems concerning attitude and behavior in eCRM, Fjermestad and Romano (2003) hold a corporate culture to be of importance. On the contrary, Bentum and Stone (2005 in O'Reilly and Paper, 2009) argue that there exists no single eCRM culture, but that an open corporate culture of communication is important. Nevertheless, Chen and Chen (2004, in O'Reilly and Paper, 2009) mean that an underlying customer-oriented corporate philosophy must be present, since the move to online from offline CRM will not improve the corporation's customer relationships by itself.

Chen et al. (2010) further express that committed employees with the right competence and attitude towards solving problems are significant in order to create customer commitment and customers' motivation to stay loyal.

### **3.3.2 Customer knowledge**

The new media has been used significantly to educate, communicate, inform, organize, protest, and increase social awareness (Karakas 2009). Accordingly, Internet enables customers to share their opinions and experiences of goods and services with other users, and this eWOM deserves the serious attention of marketing managers and researchers (Hennig - Thurau et al 2004). Learning and sensing customer market concerns *the ability to continuously sense and act on events and trends in dynamic customer markets* (Te-Ming Chang et al 2005). Continuous learning is significant to stay competitive in long-term (Te-Ming Chang et al 2005) and a need for rapid incremental actions are essential to be understood by corporations (Kabiraj 2003).

*Listen carefully to what your customers want and then respond with new products that meet or exceed their needs.*

(Thomke & von Hippel, 2002: 74)

Campbell (2003) indicates that a corporation will know its customers' needs in a deeper level when integrating their knowledge into product development. Te-Ming Chang et al (2005) refers customer knowledge management to capture, store, and share customer-perspective knowledge



to add value both to the organization and customers. Customer knowledge management is to capture information regarding a corporation's customer and with this in mind, building customer relationships. When a corporation strives to create new products or services and intensify interaction with customers, it is convenient for a corporation to develop customer-centered strategies (Lee et al. 2010). By gaining knowledge and information, staff can integrate the interactions and experiences with customers and create a more customer-oriented business with improved satisfaction. However, existing processes must be adjusted to enhance the new approach. Even though corporations are encouraged to integrate customers, Thomke and von Hippel (2002), highlight the costs of understanding and responding to each and every customer's comments.

### 3.4 Developing a new model

As stated in the introduction chapter, eCRM is a relatively new phenomenon. Research within the area exists, but appears to be limited. This gap of knowledge forced the authors of this thesis to search for theoretical abutment elsewhere. As eCRM often is described as an extension of traditional CRM, key foundations within CRM seemed to be appropriate to use as a foundation. Competence, communication, commitment and conflict handling are found to have a significant impact on CRM, and the authors of this thesis hypothesized this to be the same in the electronic surrounding. However, during the time of data collection, some findings came to mind but these did not truly fit under the concept of the four key foundations. Still, they appeared to play a key role when working with eCRM. These made the authors go back to the literature and search for further understanding. Two elements were commonly mentioned: Personal Assets and Customer Knowledge.

The four key foundations within CRM together with the two frequently discussed elements in eCRM are collected into a model. This will work as a tool when presenting, analyzing and discussing the empirical findings in the following chapters. Since the thesis aims to study a social context online, the model's six elements have been provided with an e-in front of the subject of study. Figure 2 presented below, illustrates the model, which has been developed in accordance with the thesis purpose.

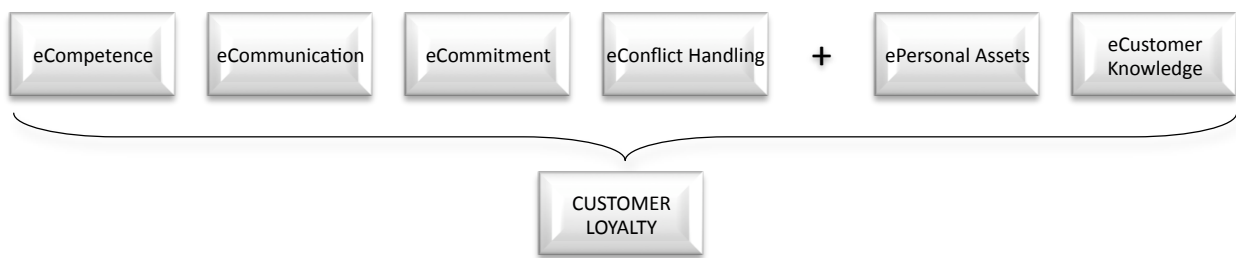


Figure 2

# 4

## Empirical Findings

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*The fourth chapter presents the Empirical Findings. Material from interviews as well as observations have been combined and categorized under the models that were being introduced in the Theoretical Chapter.*

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### 4.1 eCompetence

Competence has been defined in the theoretical chapter as involving theoretical knowledge, knowledge skills and social knowledge. Furthermore, curiosity and courage are found to be crucial for developing competence. These concepts will guide the reader through the competence section presented below.

#### 4.1.1 Theoretical Knowledge

None of the respondents emphasize any theoretical knowledge to be required for using social media in the work. Although, Sydsvenskan and Helsingborgs Dagblad provide employees with lectures and workshops in order to gain knowledge about social media. The Marketing Consultant at the Duffy Agency means that a person can have extremely good theoretical knowledge in fields, such as digital and knowing everything about i.e. the infrastructure on the web, and generally this is argued to have a great impact upon the success in social media usage. But, the Marketing Consultant states that social media is something completely different, which is not based upon expertise in digital, rather it is based on how social the corporation is in their usage of the channels as it is all about interactions.

### 4.1.2 Knowledge Skills

Similar to the theoretical knowledge, the majority of the respondents do not highlight employees' knowledge skills, i.e. past experience, considering social media as vital. However, the New Media Manager at Helsingborgs Dagblad tells that they encourage their employees to use social media to gain experience and communicate with customers. The Digital Media Manager at Sydsvenskan means that with more experience, employees will more likely meet customers' needs online in a desired manner. Managers cannot in detail decide what should be done online.

### 4.1.3 Social Knowledge

All respondents argue that social knowledge is crucial for the dialogue online and all respondents stress it to be the most important competence when interacting in social forums. The Social Media Manager holds a social knowledge as vital by saying:

*You need a communicative vein when you work with this - you must like to interact with people.*

(Social media Manager, Stena Line)

The Internet Strategist at Good Old agrees and further argues that social media is about working with people, more than anything else. Everyone will not be suitable for this type of interaction, employees conducting the social channels must find it interesting and amusing, and further have social knowledge. The Social Media Manager at Stena Line means that the employees who should interact are those with the ability to go along with people. The Internet Strategist at Good Old means that if corporations succeed to identify talented people within social media interaction, they are likely to lift the entire corporation.

The New Media Manager at Helsingborgs Dagblad describes that an employee working with social media does not need technical competence; one can always learn those skills. Instead, he emphasizes personal abilities such as ambition and interest.

#### **4.1.4 Curiosity and Courage**

The New Media Manager at Helsingborgs Dagblad holds curiosity and interest in the Internet as important aspects for using social media. This is also emphasized as important abilities when recruiting people to the corporation, as it is the employees that are the force driving the corporation's interaction in social media forward.

The Internet Strategist at Good Old states that corporations must be curious and have the courage to experiment while using social media. Further on, the New Media Manager at Helsingborgs Dagblad and the Digital Media Manager at Sydsvenskan also emphasize experimentation and courage. They both describe their online appearance as exploring, full of experimentations and without any clear direction. The New Media Manager at Helsingborgs Dagblad means that they are following what is happening, trying to gain a position, and learn over time.

## **4.2 eCommunication**

The second key finding in the theoretical finding is communication. The element considers the relocation of platform and market power, and furthermore a move towards two-way communication, customers' attitudes towards the corporation, and the degree of customer contact. These areas will further act as a framework for the empirical part below.

### **4.2.1 Change in platform and market power**

All respondents state that many interactions have moved to take place online, as a large group of people spend a lot of their time on the Internet. The Digital Media Manager at Sydsvenskan means that the corporation needs to follow the users. He stresses:

*3,3 million people are using Facebook. Our readers can be found there, which makes it strange if we were not.*

(Digital Media Manager, Sydsvenskan)

All respondent agrees that much of the control of communication has moved from corporations to customers. The Digital Media Manager at Sydsvenskan emphasizes that customers use the Internet and social media as sources for information and as foundation for purchase decisions. Hence, customers today have more power to influence corporations' brands than ever before.

The Internet Strategist at Good Old means that corporations need to get involved in discussions online to be able to influence them, and to some extent control their brand. The New Digital Media Manager at Helsingborgs Dagblad shares the opinion and states that by engaging in the social channels, they can at least try to control the brand because customers will write about the corporation, no matter if engaging online or not.

#### ***4.2.2 Continuous dialogue with customers***

The Digital Media Manager considers that social media must be viewed as a conversation and not a megaphone. The most important is to respond to online writings. The Marketing Consultant at The Duffy Agency supports the statement and stresses the importance to always respond to all questions, may it be individually or collectively.

The Social Media Manager at Stena Line sees the usage of social channels both as a good opportunity to integrate customers in the corporation, and to interact with them continually to build long lasting relationships. She explains that many of the customers are travelling with Stena Line's ferries only once a year, and through social media, the corporation is able to hold a continuous dialogue with its passengers all year around. The Marketing Consultant at The Duffy Agency also discusses the opportunity to have a continuous interaction with customers. He further states that if corporations lack time to answer all questions, they should not be involved in social media as the platform is based upon continuous and quick dialogue. Although, the Digital Manager at Sydsvenskan holds that no one can manage to read and respond everything that is written as it takes too much time. But he means that they try to respond to most comments and questions.

### ***4.2.3 Passive or active customers?***

Several respondents underline that corporations using online channels must update often. The Internet Strategist at Good Old, stresses that a frequent updating is essential when interacting as it improve the possibility to create relationships. A corporation with a rich material and a message with high quality should update as much as possible. The Social Media Manager holds that even though there is nothing exciting going on in the corporation, social media can be used to retain contact with customers. Although, the Internet Strategist at Good Old argues that frequently updating is very time-consuming. Nevertheless, there are differences between the actions of frequent updates and spamming. Hence, corporations must be aware of this subtle line. When observing the Twitter-account held by Sydsvenskan, it was found that the corporation one day updated their account no less than sixty-nine times and most of the tweets seem to be direct links to news published on their homepage.

### ***4.2.4 Change customers' attitude through communication***

According to the Social Media Manager at Stena Line, YouTube is a channel that can appear as trust-worthy as it provides movies and not pictures, which more easily are being retouched. Blogs, on the other hand, have turned out to be successful to reach a more specific group of people, as they tend to have a more unique and personal approach than other online media. Stena Line has created a webpage called [www.superferries.com](http://www.superferries.com) where customers can follow the construction process of their new ferries. By letting employees updating the blog, posting tweets and uploading photos, people who find the construction process interesting can easily take part and interact. Further, the Internet Strategist at Good Old explains that corporations also can make themselves visible on famous blogs, attracting a specific target group that are passionate about the topic of the blog. Stena Line's Social Media Manager explains that the corporation has started to collaborate with popular bloggers, as they are able to capture the target audience with precision. Stena Line invite well-known bloggers to join cruises for free so that they hopefully write about their experiences on the blog. Through customers' relationships to famous bloggers, Stena Line is able to successfully reach a specific group reading the blogs, and further take part of the bloggers exciting network. These blogger are further perceived as more credible and trustworthy than information from the corporation itself. The Digital Media Manager at Sydsvenskan argues that the most suitable social channel varies between individuals and corporations. The Marketing Consultant at The Duffy Agency stresses that corporations should interact through the most well known and frequently used social media, while the Internet Strategist at Good Old holds that corporations have to try different platforms to find the most

suitable. Furthermore, she stresses that social media should be evaluated and channels that are not fulfilling the purpose of usage must be left behind.

### **4.3 eCommitment**

In the following part, employees' commitment towards the corporation is being discussed. The section will focus upon two main topics; affective commitment, meaning to involve customers to create social bonds, and trust.

#### ***4.3.1 Affective commitment- social bonds and emotional feelings***

The New Media Manager at Helsingborgs Dagblad argues that customers prefer having contact with employees, using their private names and picture on social channels, rather than through corporations' accounts in these channels. People want to know to whom they are talking. When discussing interactions on blogs, the New Media Manager holds that blogs tend to enhance a personal feeling more than other channels do. Many bloggers write in a personal way, which tends to evoke an interest among the readers. The Digital Media Manager at Sydsvenskan agrees, and believes that people are more interested in following a person in social media than a corporation. During the observation of Sydsvenskan's corporate Twitter-account it was found that employees within the corporation who held a Twitter-account in their private name, but used it for the corporation's interest. A significant difference between these accounts was found. The employees' own Twitter accounts showed to be much more interactive. The readers were engaged and participated in the discussions, while Sydsvenskan's Twitter was more of a one-way communication without any noticeable interaction.

Likewise, the Marketing Consultant at The Duffy Agency states that a corporate logotype in social media is never as good as having a picture of a person. It is a good way to make the brand more personal and it can create a stronger bond.

#### ***4.3.2 Affective commitment- involving customers***

The Internet Strategist at Good Old holds that engagement is an important factor for gaining and maintaining customers' attention. The Social Media Manager at Stena Line informs that they have

daily searches of what is written about them in social media, and try to engage customers by, for instance, responding travelers and welcome them onboard. She further holds that to continually engage customers, even though there are no exciting things to tell, competitions and quizzes are used. During Christmas, they outlined a Facebook quiz, testing people on “What kind of Christmas gifts do you prefer?” This resulted in 6500 people taking the quiz. The social media Manager at Stena Line argues that people on average have around 135 friends on Facebook, which means that the quiz and Stena Line’s logotype thereby became visible to a lot more people than only the quiz-takers. Moreover, the Digital Media Manager at Sydsvenskan also informs about their weekly news quizzes and how customers can interact both with other customers, and with the corporation, through leaving comments in the corporation’s blogs or in news articles. These quizzes and chats in social media engage more people and lead traffic to the website. To engage even more, Sydsvenskan sometimes ask customers questions or ask for expertise, as it both engages customers and help the corporation. However, it is crucial to provide feedback to customers that have contributed. Several respondents recognize that they many times fail providing feedback.

#### ***4.3.3 Trust – Timely and accurate information***

The Marketing Consultant also emphasizes the need to respond quickly when interacting via social channels. If not receiving a quick response, customers can go online writing about their dissatisfaction. Likewise, the New Media Manager stresses the significance to respond quickly and to respond to everything as far as possible.

Moreover, several respondents stress the need for providing accurate information. The Internet Strategist at Good Old accents the importance of being honest. Many corporations hide behind the computer screen when using social media. They tend to exaggerate and sometimes even lie in the social channels. She further states that the corporations do not realize that it can lead to negative consequences that will damage the corporation’s brand, according to the Internet Strategist.



## 4.4 eConflict handling

In the theory chapter, the importance of conflict handling has been discussed, and the opportunity to enhance the long-term customer relationship if handled adequately. This part contains the empirical material's findings of how social media can be a tool to discover complaints and further how complaints should be handled in a successful way online.

### 4.4.1 *The need for serious conflict handling*

Good Old's Internet Strategist holds that a dissatisfied customer will tell his story to many more people than a pleased customer would. As information is spread fast along with the Internet and can be reached by millions of people, complaints now need to be taken more seriously. The Internet Strategist states that through online conversations, the number of people who can take part of customers' negative experiences can be multiplied several times compared to earlier. All respondents are fully aware of the challenges that come along with social media.

### 4.4.2 *Successful conflict handling*

The Digital Media Manager at Sydsvenskan explains that when observing what is written about them in social forums, the corporation is able to identify customers with negative experiences and furthermore correct these. The corporation has found that when replying to angry comments, they often get to hear positive comments for answering them. Customers feel well treated when the corporation takes their disappointment seriously. Even so, The New Media Manager at Helsingborgs Dagblad reports that some critique is ignored, as only meaningful and relevant comments will be responded.

The Internet Strategist at Good Old holds that complaint handling needs to be taken care of by a manager who actually holds the power to set things right, something that is not particular for only social media, but customer care in general. Contrary to this, the Marketing Consultant at The Duffy Agency argues that anyone in the corporation can handle conflicts online as long as they are aware of the brand values. The Social Media Manager at Stena Line also argues empowerment to be significant for successful conflict handling online, but she explains further that they have no clear strategy considering a specific person who is responsible for complaint handling online. Instead, employees from the Guest Relation Office or Webmasters often follow up questions

asked in the online forums. She mean that it is crucial to understand that social media is communication, not technology.

When a complaint occurs online, the dialogue tends to be very long and complicated. As the conversation is visible to other people online it can have a negative impact on other customers' relationship to the corporation. To avoid scenarios like these, the Marketing Consultant, along with the Social media Manager at Stena Line, argue that sometimes conversations need to take place offline and the phone might be the best alternative. They further describe social media as a complement to the traditional media channels, hence not a single solution. However, the Social Media Manager at Stena Line means that some dialogues are more suitable to take place online, even though they hold a negative approach. As other customers can see that problems and complaints are taken care of, it can have a positive impact upon the corporation's brand. The Internet Strategist at Good Old agrees and also holds that when a great number of customers are disappointed for the same reason, a corporation can go online to meet the critique and thus reply all customers at the same time in a very cost-efficient way.

Several respondents underline the importance of responding critique in a short period of time. The Duffy Agency's Marketing Consultant holds that, in general, all negative writings should be addressed, especially when it comes to social media. He means that there are two ways that customers use social media when having a negative experience with a corporation; by doing negative framing, meaning using social media only to hurt the corporation, or as a cry for help. The first is hard to deal with, while the latter is easier but demands a quick reaction. Stena Line's Social media Manager holds that the corporation holds a policy to respond all questions and incorrect facts within a period of 24 hours. Although, they cannot respond to everything written online. All respondents mean that their corporation try to find and reply to the writing online. Several of them underline the time aspect in conflict handling, for instance, the Marketing Consultant at The Duffy Agency holds that if customers do not get responded to quickly, they will just go online writing negative things about the corporation.

#### **4.5 ePersonal Assets**

Personal asset in the theoretical chapter has focused upon the employees' value in the organization and the importance of them being committed to the corporation and acting in accordance with the brand values. This section will focus upon the empirical findings within the

theoretical field, and further discuss the risks and opportunities having many employees using social media.

#### ***4.5.1 To act in accordance with the brand values***

The Marketing Consultant at The Duffy Agency argues that all employees within a corporation can interact online. However, they must act in accordance with the corporation's brand values, which is described as a hygienic factor when communication in social media. He furthermore visualizes online communication in social channels as putting a microphone in front of all employees and let them say whatever they want to. Hence, it becomes important to define and educate the employees in the corporation's values. If not, there is a risk that the brand appears confusing, as employees can send out contradicting messages to the audience.

The New Media Manager at Helsingborgs Dagblad has a similar opinion. The corporation works with values, but these are not specific for social interactions, but for all their day-to-day work, both offline and online. Further, the Social Media Manager at Stena Line responds similarly and explains that employees must understand the corporation's foundation and they must feel a willing to stay loyal. Stena Line has established guidelines, manuals and regulations in the employment contract of how employees should behave.

#### ***4.5.2 Employees representing the corporation even after office hours***

The New Media Manager at Helsingborgs Dagblad means that all of their employees should be involved in social media. Social media usage during work hours is therefore not only accepted, it is also a part of the working task. Even though interaction in social media is supported and everyone working at Helsingborgs Dagblad should hold an account at Facebook, the New Media Manager sees a risk with the usage. Separating the personal and professional identity can be difficult and employees must always remember that they represent the corporation, even when office hours are over. Also, the Digital Media Manager at Sydsvenskan highlights the risk and states that even on a private basis need to adhere to the corporation's values, as customers might follow them as private persons as well. To decrease the risk of damaging the corporate through social media usage, Helsingborgs Dagblad have, similar to Stena Line, developed guidelines, which suggests a desired behavior online. It says:

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*We encourage our employees to participate in the social web. Hence, remember that you as an employee at Helsingborgs Dagblad are always representing the corporation, even when you publish something on the web. It means that you have a responsibility to make sure that the picture of yourself that you deliver in social media cannot be held against you in your role as employee at HD. When we give an answer to a comment on hd.se, we always sign with name and title.*

(Material received from the New Media Manager at Helsingborgs Dagblad)

Both the Digital Media Manager at Sydsvenskan and the New Media Manager at Helsingborgs Dagblad explains that they have a continuous communication about social media. When an employee want help with the platform, the managers, and other employees holding knowledge in the area, can give advice and provide training so that everyone can at least try. The Social media Manager at Stena Line, on the other hand, tells that there is only a limited group using social media. Her task is to control what is written and further correct if something is wrong. The usage of social media among all employees is not encouraged.

#### **4.5.3 Opportunities of having a diverse group of employees online**

The Internet Strategist at Good Old can understand the fear that managers might feel about exploiting their brand through their employees, but argues that if employees are allowed to go on meetings and interacting with customers as a part of their daily work, corporations must have trust in them. This trust is exactly the same needed for employees' engagement in social media. Moreover, the Internet Strategist states that if many employees are allowed to use social media, the brand will be spread. It can reach more customers, as all employees have different interests, and therefore also attract different networks online. On the other hand, the Internet Strategist also underlines the risk with many employees using the social channels, as strong personal bond occur. If an employee successfully has created a broad group of followers, and leaves the corporation, there is a high risk that the network will follow along with the employee. With this in mind, the Internet Strategist stresses that it is also risk management to let several employees get involved with social media, as this spreads the risk of loosing networks.

## 4.6 eCustomer Knowledge

In the theoretical chapter, the section about customer knowledge discusses the opportunities to receive customers' opinions about the corporation's products and services that come along with social media. The chapter further highlighted the importance to sense and act on trends. This chapter will present the empirical findings

### 4.6.1 Integrating Customers in the process

The Digital Media Manager explains that the corporation uses social channels to find useful information. Through an observation of Sydsvenskan's Twitter, the following tweet was found:

*Two explosions occurred in the Moscow metro during the morning. Do you know someone who is there?*

(Sydsvenskan's Twitter 2010)

By using information received from Twitter or another online channel, the corporation can create articles with updated information. Further on, all respondents in this study describe social media as a source for information, but also as a good way to gain knowledge and understanding about their customers needs and wants. The Digital Media Manager at Sydsvenskan declares that they use to conduct expensive customer surveys. But thanks to the birth of social media, this scenario has changed. Marketing studies can nowadays be carried out online, which, turn out being both timesaving and cost-efficient. The Social Media Manager at Stena Line explains that the corporation for a long time thought their booking system online was easy to manage, as their surveys conducted onboard showed so. But since the corporation started to interact with customers online, it turned out the system was not easy. When writing the surveys onboard the ferries, customers had forgotten about the booking system. But since implementing Social media as a communication tool, the corporation could be able to identify the situation.

### 4.6.2 To act upon trends and demands

The Marketing Consultant at Duffy Agency argues that through social media, corporations can form an idea of prevailing market conditions. The Internet Strategist at Good Old states that corporations must have the courage to gain knowledge from customers, as they are the one using

the product every day. Social media should be used as a channel for input rather than as a megaphone. The Social media Manager at Stena Line means that earlier, the marketing department tried to figure out what theme or happening on the cruises their customer might have wanted. But ever since Stena Line started to get involved in social media, the corporation is able to project a more accurate picture. The Social media Manager recounts when the creator of the Facebook group one day contacted the corporation to express the 7000 members desire for a rock-theme on Stena Line's cruises.

The Social media Manager invited the creator to the office so that they together could start planning for the corporation's first rock-cruise. The group's members became co-producers of a rock cruise. Consequently, new groups are continuously popping up, expressing a certain wish toward the corporation. The Social media Manager at Stena Line welcomes this growing phenomenon as the way to conduct goods and services that customer's desires are becoming far easier. She exemplifies the positive outcome of involving customers' desires by saying:

*It is hilarious when our customers say: this is what we want! It is so much better than using focus groups for 200 000 SEK to discuss with five people what they want. Now we have 7000 people expressing their wish, and we haven't even asked for it!*

(Social Media Manager, Stena Line)

Helsingborgs Dagblad also integrates their customers to improve their production process. The New Media Manager explains that some articles are engaging many readers. Readers leave comments and some of these are later used as foundation for a new article. An example of this was found on the newspapers homepage:

*Is the ash hazardous? Will the airline compensate me? And how does this affect Iceland already poor economy? Last Friday we encouraged you readers to ask questions about ash cloud- after that we search for the answers.*

(Helsingborgs Dagblad website 2010)

The Internet Strategist at Good Old describes this type of integration with that customers are becoming co-producers in the process of progress. The New Media Manager at Helsingborgs Dagblad further explains how the corporation successfully integrated their readers during the earthquake in Haiti. By using photographs published by people on location, the newspaper managed to get a rich material even though they did not have any journalists or photographers in

Haiti when the disaster occurred. The Digital Media Manager at Sydsvenskan agrees that customer involvement is important as there are so many qualified people holding great knowledge and brilliant ideas. But what also matters is for corporations to always show customer appreciation for their involvement. People want to be seen, and they want to be taken serious. They expect comments or answers and absence of this can result in negative word-of-mouth, which is bad marketing

# 5

## Analysis

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*The fifth chapter the empirical findings are analyzed and integrated into each stage of the extended model presented in the end of the Theoretical Chapter. Findings from interviews provide the majority of the material being used, and findings from observation figure as supporting material.*

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### 5.1 eCompetence

#### 5.1.1 Is there a need for theoretical knowledge and knowledge skills?

The first element in the new model is Competence. Stenberg (1993 in Ivarsson, 2005:33) states employees' competence to play a key role today and highlights employees' Theoretical Knowledge and Knowledge skills. None of the respondents stress these competences to be vital when it comes to a corporation's communication in social media. Nevertheless, two of the respondents have provided the employees with some training and workshops within the field of social media, but mostly they follow what is happening and learn during time and empowerment is therefore seen as central. This limited amount of education can lead to a lack of understanding for the phenomenon, stated by Pemberton (1992). He means that an increased amount of theoretical knowledge within the field can lead to reduced errors and improved quality. To enhance employees' understanding and improve the quality of the usage of social media, a more systematized training would therefore be desired. When communicating through social media this can be seen as even more important as customers' interactions go extremely fast and potential mistakes and errors might be spread to millions of people in a short time. The risk for negative eWOM increases, which is found to be very dangerous as it can lead to negative consequences for corporations' reputation and business.

However, social media is a relatively new phenomenon for corporations and many have not yet started to use it as a tool for creating customer loyalty. With this in mind, it can be seen as relatively natural that corporations' knowledge skills and theoretical knowledge in the usage of social media are lacking. Yet, the level of research in the area will probably increase in the near future, as several more authors will conduct research within the field. In turn, the theoretical knowledge will increase and this enhances corporations' ability to find research, and improve their theoretical knowledge. But as the platform for social media is constantly changing, the usage



of it is also rather complex. The need for constantly updating the theoretical knowledge may therefore be crucial in order to continually deliver quality and reduce the risk for error.

Still, Oikawa's (2010; 899-910) study shows that theoretical knowledge may not be that important when starting something new. Instead, it is argued that high uncertainty can have a positive influence upon the development of new competence. It forces corporations to act creatively and as a result, new competence is developed. Consequently, it can be argued that corporations' low level of theoretical knowledge may only be positive for their ability to develop new competence in the area.

### **5.1.2 Social knowledge**

Several authors stress social knowledge to be a significant competence (Ivarsson, 2005, Forssblad & Magnusson, 2000). All respondents agree upon the fact that the social aspect is important when discussing employees' competence in the engagement in social media. Several respondents even hold social knowledge to be crucial when interacting online. However, they also stress the importance of liking people and have the will, motivation and interest in interacting with customers, no matter online or offline. Thus, even though the platform for interaction has changed due to social media, still the same competence is needed as earlier.

Finally, the respondents place theoretical knowledge and knowledge skills in the shadow of social knowledge, curiosity and courage. As the platform is relatively new and constantly evolving, social knowledge in combination with courage and curiosity may have more importance today than theoretical knowledge and knowledge skills. However, theoretical knowledge is important and corporations need to stay updated of the research within the area so that they can reduce errors and improve the quality of their interactions online.

### **5.1.3 Curiosity and courage**

Curiosity and courage are also mentioned as vital assets for expanding competence (Kambil (2010; 43-45). One of the respondents emphasizes curiosity, and an interest in the Internet and its development, as important aspects that will drive the corporation forward. Moreover, two respondents hold that a corporation must have the courage to experiment when using social

media. With this in mind, it can be argued that corporations that encourage curiosity in social media and have the courage to get involved will gain more experience in the area over time. Hence, the level of knowledge skills will most likely increase, which is important according to Stenberg (? In Ivarsson, 2005: 33). By sharing knowledge with other corporations, as two respondents mentioned they did, the knowledge skills may increase further. Nevertheless, one respondent stresses that courage and curiosity is not enough if corporations that want to see any result of their usage of social media. Developing a strategy and goals are essential so that they can evaluate results.

With the high speed that social media is changing and developing, the need for curiosity and courage seems urgent if corporations are to follow the development. High uncertainty will most likely occur in the fast changing environment, but by being curious of the new developments and by being courageous, corporations may develop more competence over time.

In traditional CRM, competence is argued to consist of theoretical knowledge, knowledge skills and social knowledge. Along with this comes curiosity and courage. When it comes to eCRM, where a limited research has been carried out and previous experience is narrowed, the social knowledge, courage and curiosity becomes even more important. Hence, competence is, even online, crucial and therefore forms the term eCompetence.

## 5.2 eCommunication

### 5.2.1 *From a megaphone to a dialogue*

Greenberg (2009) and Engeseth (2009) explain that along with the Internet, the control of corporations' brands is moving to the customers. Customers have the power to influence their business by writing about them in social media channels, visible for anyone. All of the respondents agree that the platform for interaction along with the control has moved. One of the respondents means that corporations need to get involved in discussions online to be able to influence and in the end create relationships. Online discussions about the corporations will take place, no matter if the corporation chooses to be active in social media or not. However, if the corporation is present, they have more power to influence the discussions going on online and creating a dialogue with the customers. The authors highlight the need for collaboration and interactive marketing, (Prahalad & Ramasamy 2004) which also all respondents agree upon. One respondent holds that social media is not a megaphone, rather a chance to keep up a continuous

dialogue. A dialogue is according to Prahalad and Ramasamy (2004; 6) and Grönroos (2000; 278) a way to enhance loyalty and create solutions that fit all parties. Hence, if social media is viewed as a dialogue, the channels are very suitable for creating customer loyalty.

However, one of the consultants holds a strategy, a vision and goals as crucial when communicating in social media. Two of the respondents hold that they lack strategies, which according to the consultant might end up in delayed results and a time-consuming process. Percy (2008) states that corporations must have a well-developed communication strategy to assure that their message is being sent out in the right way and in appropriate media. It may be questioned if the two corporation lacking strategy are wasting time in their chosen media channels as they may serve another purpose. If having a strategy for their online presence, the result would perhaps see results in a shorter time period. In turn, more resources can be used in channels that generate a better result.

### ***5.2.2 Provoke emotional feelings that enhance loyalty***

At the same time as corporations' purposes of using social media differ, so do their attitudes towards different social channels. Percy (2008) holds that different communication channels are more suitable for certain objectives. If the purpose of a message is to influence customers' attitude towards the corporation, effective communication in specific and carefully chosen media is needed with a goal to achieve a strong emotional response. One respondent tells that the corporation have its own blog where employees write about the construction process of their new ferries. These blogs attract a specific target group that are passionate about the blog's topic. Moreover, the corporation use strategies to be visible in different well-known blogs, to be able to address and reach a specific target group and reach a higher credibility. It can be assumed that strategies like these can influence customers' attitude towards the corporation, as they will meet the corporation in another context. In the new context, the customer might feel a passion to the blogs' topics and they may perceive it more credible as the corporation is not controlling what is written. This can enhance the possibility that an emotional response is created that improve the attitude towards the corporation. In turn, an improved attitude towards corporation might lead the customer to start consuming the corporation's products or services and if they are satisfied, their will to stay loyal may increase.

### 5.2.3 *When to communicate and what to communicate?*

Several respondents state that frequent updating is crucial when interacting through social media. This acts in accordance with the opinions made by Storbacka and Lithenen (2000). If corporations do not constantly seek contact, some of the customers might not consider that a relationship exists. One of the respondents highlights social media as a way for the corporation to interact with customers on a regular basis and in that way build relationships. Thereby, the usage of social media is an opportunity to hold a continuous dialogue, which is a prerequisite for a relationship with some customers, according to Stobacka and Lithenen (2000). Additionally, without corporations running the contact, the relationship might be restricted by customers' limited knowledge in the area. Hence, there is a need for corporations to take contact and communicate with customers, both to maintain the relationship and to make sure that customers receive information that may extend their knowledge about the corporation and their products. However, Grönroos (2007:38) holds that different customers' desire different levels of contact with corporations. While some prefer a constant and active dialogue, others favor a less frequent contact. Thus, there is a challenge for corporations to find a balance in between and be aware of this subtle line. When observing Twitter, it was found that one of the corporations during a day had sixty-nine tweets. This frequent update can be discussed as some of the followers might see it as continually receiving interesting information, while others argue it to be spamming. One of the respondents argues that quality plays a major role in this discussion about what to update. Messages need to consist of valuable information, and as long as it does, corporation should update as often as possible. However, as quality is determined in the eye of the receiver, it can be difficult to know what different customers would perceive as useful and what would be considered as useless information. Hence, corporations' challenge is to gain an understanding of *what* to publish and *when* to do it.

Due to the birth of Internet, customers can easily access and publish an unlimited amount of information, may it be good or bad, which is quickly shared with a boundless number of people. This change has led to an increased customer power. Communication has moved from monolog to dialogue and corporations need to listen to what their customers are saying. This characterizes the move from offline-Communication to online dialogue, i.e. eDialogue.

## 5.3 eCommitment

### *5.3.1 The positive outcome of involving customers through social media*

Several authors express the importance of customers' commitment to corporations (Gundlach et al. 1995, Morgan & Hunt, 1995). Affective commitment, built upon emotional and social bonds, is seen as essential for building relationships. Involvement and attachment is expressed as influencing the degree of affective commitment (Gundlach et al., 1995, in Fullerton, 2005). Two of the respondents declare that they try to provoke this engagement by implementing quizzes and chats in social channels, but also by asking for their knowledge and expertise within different fields. By these actions, the emotional and social bonds are increasing as customers are given the chance to contribute to corporation's business. However, Gundlach et al. (1995, in Fullerton, 2005) stresses the feeling of involvement to be essential. Corporation can therefore not only include customer knowledge in the development; they have to show the customers that they do it as well. Several of the respondents hold that they in some cases fail to do this. They receive valuable information and make use of it, but their appreciation to the customers who gave it to them is lacking, which one can assume have a negative impact upon the creation of a relationship.

### *5.3.2 Having a relationship to the corporation or its employees?*

Another way to create stronger social and emotional bonds through social media is, according to several respondents, to let employees represent the corporation with a personal name and picture. A picture is stated as more personal than a corporate logotype. Thus, customers are keener to establish emotional bonds when a more personal feeling is attached. Hence, customers may further become more inclined to be affective committed to the corporation, according to the theory made by Gundlach et al. (1995, in Fullerton, 2005). As there is a positive correlation between affective commitment and customer retention (Doney & Cannon, 1997, Fullerton, 2003; Garbarino and Johnson, 1999, Morgan and Hunt, 1994; Pritchard et al., 1999 in Fullerton 2005), employees may be used to enhance the possibility to retain customers and build relationships, which may in turn end up in loyalty.

The observations made on Twitter confirm that the personal aspect engages customers to a great extent. The employees' own accounts showed to be more interactive than the corporations' accounts. The personal accounts involved customers and were characterized by a two-way

communication. Hence, these can enhance customers' establishment of social and emotional bonds to the employee, and indirectly also to the corporation, as the employee is a representative.

With this in mind, it seems like social media can be used as a way to personalize the corporation, as customers may feel a personal connection, and at the same time associate the corporation with that of a person.

In addition, Bendapudi and Berry (1997 in Fullerton, 2005) hold that customers can also feel continuance committed to a relationship with a corporation, often because of high switching costs. This is argued to have a negative impact upon loyalty. Social media can, after the above discussion, be seen as enhancing customers' emotional feelings, and the risk for customers feeling trapped may decrease. The reason is that customers are more involved in the corporation because they want to and because they have a feeling for the corporation, not because of high switching costs.

### ***5.3.3 The importance of trust in creating commitment***

When discussing commitment, Fullerton (2005) and Lopez et al. (2010) highlight the need for trust. Trust is stated as a prerequisite for customers' willingness to have a relationship with corporations (McKay 2009). As declared by McKay (2009), trustworthiness and honesty are crucial for developing trust. One respondent has stated famous bloggers as a way to develop trust, as they appear very trustworthy and objective. Furthermore, one of the respondents accent that showing movies on YouTube appear very trustworthy, as movies are perceived more authentic than pictures that are more easy to retouch. Thus, social media brings several opportunities for corporations to influence customers' trust. They need to analyze which social channels that may create and improve customers' trust. If they do succeed in facilitating trust, McKay (2009) argues that this might act as a good differentiator and will most likely lead to commitment.

To facilitate trust it is important to provide customers with information that is timely, as it will enhance the perceived quality of the relationship (Blau 1964; Pruitt 1981; Rotter 1967 in Moorman et al. 1992). Several of the respondents also mention the time aspect. A continuously held dialogue is important, and one of the respondents argues that corporations should always respond online questions quickly, either individually or collectively. The importance of time

seems even more important online than offline. When a response is delayed, customers might write negative things in social networks that become visible to other people and can in turn affect their trust to the corporation as well.

Further on, accurate information is mentioned in building trustworthiness (Blau 1964; Pruitt 1981; Rotter 1967 in Moorman et al. 1992). One respondent emphasizes the importance of publishing honest information in social channels. They mean that many corporations sometimes think they can write false things online and hide behind the computer screen. As stated earlier, information online is available to many people. If corporations handle a situation in an ethically incorrect way, this tends to be very problematic due to the quick spreading of information on the World Wide Web. Hence, corporations need to be careful about way they say and how they act. A rule might be to not do anything online, which they would not do offline.

Commitment plays a key role when it comes to CRM and the shift towards eCRM is no exception. In eCRM, Commitment is still an important issue, but what has changed is the way to facilitate and enhance customers' commitment. A two-way interaction provides opportunities to involve customers, and by having employees interacting in social media customers can establish strong emotional bonds to the corporation. Hence, facilitating customer Commitment is very important in online channels as well. Therefore the term eCommitment is developed.

## **5.4 Conflict handling**

### ***5.4.1 Successful complaint handling- a must in a 2.0 world***

Eccles and Durand (1998) declare that dissatisfied customers will tell eight or ten people about their negative experience. Along with the Internet and social media, dissatisfied customers are able to spread their negative experiences to many more people. All respondents are fully aware of the challenge this brings. The social media channels have become a great part of many peoples' lives, and a big part of peoples' interaction is taken place in these channels. As the information is easily wide spread, the need for conflict handling is even more urgent than before and responding to criticism is highly important, which is stated by all respondents.

Further, if a problematic conversation is visible in social media, it can have an effect on other people, as negative comments can change their perception about the corporation. This can in turn, also have a long-term impact on other customers, according to Grönroos (2007: 191). Although, as stated by Varela-Neira et al. (2010), negative criticism can be viewed as a chance for corporations to improve customers' perceptions, leading to customer retention. No more can complaint handling be handled only if necessary. Rather, this must be seen as an opportunity to create strong relationships, according to Grönroos (2007: 126). Most likely, negative writing about a corporation will occur in social media, no matter if the corporation participates or not. One respondent means that, by participating in social media, the corporation has an opportunity to find negative writing and respond to questions and correct mistakes. A well managed complaint handling can hence lead to long-term relationships, which is argued by Varela-Neira et al. (2010) to be good for business.

#### ***5.4.2 Complaint handling offline or online?***

Several respondents have expressed a need for taking care of some problems offline. If a serious complaint occurs in the social channels, the customer sometimes needs to be contacted by phone to set things right. Grönroos (2007; 126) states that through a well-managed complaint handling, there is an opportunity to strengthen and deepen a customer relationship. With a quick response or a more personal complaint handling offline, the relationship can therefore become stronger. Social media is hence not to be seen as one single solution, but as a complement in the complaint handling. Additionally, one respondent declares that it may sometimes be effective to let other customers see conversations and complaint handling online. It might strengthen the corporate brand as people can see that a conflict is taken care of and furthermore save both customers and corporations a lot of time.

#### ***5.4.3 Who is talking about us and in what way?***

Grönroos (2007:125-126) stresses that the conflict handling enables corporations to create long-term customer relationships. All respondents mean that they try to find and reply to the writing online to correct errors, which according to theory is necessary for relationship building. One of the respondents emphasizes the importance of letting customers know that corporations are taking them seriously. However, even if the social channels can generate a wide spread of



negative information about corporations, it can also be seen as opportunities to find out about the negative experiences. Thus, corporations are able to handle the complaints and thereby able to enhance relationships.

Nevertheless, the majority of the respondents agree that it is impossible to find and respond to everything that is written about the corporation in social media. One of the respondents holds that they only answer to meaningful criticism. However, something that appears to be meaningful to one person might not be meaningful to others. If a customer writes something negative about a corporation, the criticism may be meaningful for that person and a respond is desired. By not responding to all criticisms, corporations might therefore lose their ability to create long-term relationships with those customers that are not responded to. When not receiving a respond, customer may be upset, going out in social channels and spread negative eWOM. The judging of what is meaningful and not might therefore become essential.

#### ***5.4.4 Empowerment- a key to successful conflict handling online***

The opinion about which employee that is responsible for responding to critique differs among the respondents. According to Eccles & Durand (1998), employees with empowerment and training are the ones to handle conflicts. Grönroos (2007: 130) declares that every employee with customer contact must have empowerment. Two of the respondents agree and mean that empowered employees are more appropriate for helping customers. On the other hand, one of the respondents explains that only certain employees are empowered to respond in social media. This may, according to Eccles & Durand (1998), have a negative impact, as it is time-consuming when the employee must get permission from a manager to help a customer. According to Grönroos (2007:131, 134), a quick complaint handling is necessarily for satisfying a dissatisfied customer. Even though it is also declared that empirical material concerning to what extent time may affect customers is missing, all of the respondents are in agreement that time is important in social media due to the speed. One of the respondents expresses that people are not anymore willing to wait a long time for corporations to provide a response. Instead, they enter the social medias and tell everyone about their dissatisfaction. For this reason, it can be argued that empowerment is important in online complaint handling as it allows all employees to help customers on their own. Hence, customers will to write negative things about the corporation may decrease when receiving a quick response.

However, empowerment is not the only critical aspect in effective complaint handling. Eccles and Durand (1998) also hold training to be crucial. None of respondents mention that training is provided for online conflict handling. According to Eccles and Durand (1998) this might affect employees' ability to improve customers' experiences.

Conflict handling has always been argued as an important issue when it comes to CRM, but in eCRM this importance gets even more urgent. Due to a rapid speed in social media, negative experience is quickly spread and before it reaches too many peoples' computer screen, this need to be taken care of. As Conflict handling is crucial online as well, the term eConflict is established.

## **5.5 Personal asset**

### ***5.5.1 Managing the employees to act in accordance with the brand values***

Several authors underline the importance for a corporation to deliver a consistent message, as an inconsequent message may damage the corporation's credibility and in turn affect customer loyalty (Roche 2009, Grönroos, 2007; 336-341) Brand identity and core values are prerequisites and employee commitment is needed if a consistent message is to be delivered in the interaction with customers. Roche (2009) stresses that employees must feel committed both to the corporation and to CRM. Two of the respondents agree with the theory, and highlight corporate values as important. One respondent means that employees' knowledge of the corporation's brand values is a hygienic factor in the usage of social media as the interaction goes fast, is uncontrolled, and can reach millions of people. The majority of the respondents further mean that some guidelines and rules are needed for how to behave as an employee at the corporation. Even when employees act in social media on a private basis, they can be seen as representatives. If an employee cannot act in accordance with the corporation's values, contradicting messages are sent out and the corporation will appear confusing, which is a similar consequence as the one stressed by Grönroos (2007; 336-341). However, Grönroos also means that the contradicted messages can destroy the corporation's credibility and in turn affect customers' loyalty. Although, the other respondent mentioning values as important declares that the corporation has the same values offline as online. O'Reilly and Paper (2009) states that a common failure in implementing eCRM is that many corporations move CRM online without adaptations. This might influence the corporation negatively as eCRM requires a change in employees' behaviors and attitudes.

### **5.5.2 Management support**

One respondent holds that employees' understanding of the corporation as well as the need of being loyal is important. The statement makes the link towards employee commitment visible. But according to Soltani et al. (2005), it is a challenge to create commitment, and managers' behavior and support are seen as essential for other employees to feel committed. Roche (2009) further states that information is important, since it simplifies employees' ability to handle interactions correctly and quickly. Two of the respondents state that managers as well as knowledgeable employees coach other employees in their usage of social media. With continuous communication about social media, employees might feel more committed and ready to handle online interactions. On the other hand, one respondent means that she controls others that interact online, but do not mention anything about acting as a coach. The consequence of the latter statement can, according to Soltani et al. (2005) end up with uncommitted employees resisting to use social media in a customer-oriented way. Also, the lack of support may influence their will to deliver quality. Hence, a result might in turn be that customers become dissatisfied and a contradicting message is sent out that can influence their loyalty.

Several authors stress the need for a corporate culture, or at least an underlying customer-oriented corporate philosophy, when working with eCRM (Fjermestad & Romano, 2003, Chen and Chen, 2004, in O'Reilly and Paper, 2009). This is declared as preventing the occurrence of complex situations while using eCRM. However, no respondent mention a certain culture linked to eCRM, which is similar to the opinion mentioned by Bentum & Stone (2005, in O'Reilly and Paper, 2009). However, the respondents highlight their guidelines, which direct how to interact with customers. As discussed earlier in the thesis, not all employees are suitable for using social media. The social knowledge was earlier stated as significant, and one of the consultants means that people that are suitable for using social media are the ones that are good with people. Hence, the ability to interact with other people are crucial, whether doing it offline or online. As many eCRM initiatives fail because corporations lack understanding of how much influence employees can have upon customers when interacting online (Fjermestad and Romano, 2003) corporations should take the question about appropriateness serious. Even though they establish rules and guidelines, only appropriate employees should interact online.

The challenge of having a diverse group engaged in social media is also highlighted by Fjermestad & Romano (2003) who stress that a change in attitude and behavior might be needed when using

eCRM. This can be assumed as essential when interacting online as a non-appropriate behavior from an employee, private or during working hours, is spread very quickly and can damage the corporation. The more employees using social media, the greater is also the risk that some employees will act incorrectly.

### ***5.5.3 A diverse group of people attracts a diverse group of customers***

Even though there are many challenges with having many employees interacting online, it also means many opportunities. One of the consultants holds the positive about attracting different kinds of customers. Furthermore, if several people use social media it can minimize the risk that an employee with many followers online takes customers with him/her if leaving the corporation. Hence, if customers interact with several different employees, the risk also decreases that the whole corporation is being judged if one employee behaves badly. All of the respondents see great benefits in many employees using social media, except for one that states that they do not prohibit employees from using it, but do not encourage it either.

Finally, if all employees that use social channels during working hours are committed to the corporation and hold a social knowledge, they can become an important resource for the corporation, as they, according to Chen et al. (2010), also can create committed customers. Committed customers are in turn more motivated to stay loyal.

Before the social media era, a homogeneous group with the same attitude and behavior handled CRM. In eCRM, a heterogeneous group is highlighted as leading to several advantages. However, the importance of brand values is essential when interacting online. A manager that is well understood with the values must communicate these to the employees. Thus, management is crucial for steering employees in the social media usage in eCRM. The term Personal asset is therefore replaced by eManagement.

## 5.6 Customer knowledge

### *5.6.1 Killing three birds with one stone: Customer information, customer orientation and relationship at the same time*

Hennig-Thurau et al. (2004) explain the Internet to enable customers to share their opinions and experiences of goods and services. This comes along with many opportunities for corporations to receive information and opinions about their products and services. Several respondents emphasize these opportunities. One of the consultants states that corporations must have the courage to gain knowledge from customers, as they are the one using their products or services. In addition, one respondent have a good example of how the corporation gained information through social media about a service that many customer disliked. It was found that they actually lost customers due to this service. With the information received from the social channel, they could improve the product to simplify for future customers. Te-Ming Chang et al (2005) see this as knowledge management that he holds can add value to both the corporation and customers, which is a strategy to also build customer relationships. Further, Lee (2010) holds that gaining information and understanding about the customers enables the employees to embody the interactions and further create a more customer-oriented business with improved satisfaction. Hence, the usage of the social platform is one way of customize the corporation and creating closer bonds to customers.

### *5.6.2 Customers as co-producers*

Several authors discuss the positive about integrating customers in the product development. It may provide them with a deeper understanding of customers' needs, as argued by Campbell (2003). Several respondents agree, and emphasize the importance of seeing social media as a way to receive customers' input, which can improve the corporation's business. A similar opinion comes from Thomke and von Hippel (2002: 74), stating that when paying attention to customers' wants and needs, corporations will be able to develop products which meet these inquires. One respondent tells a story of how a group in social media acted as a base for a new product. The respondent considers social channels to generate a huge opportunity for the corporation that becomes able to produce a service they know that many people desire. To use social media as a channel for input rather than a megaphone, is highlighted by one respondent. As in the situation above, it can make customers to become co-producers in the process. In doing this, one respondent emphasizes the need to show gratitude towards customers that have provided

information. Thus, if customers get the knowledge that they are now co-producers, one may assume that their attitude towards the corporation may be improved.

Moreover, another respondent highlights social media as a forum to also notice what engages customers. It is a way to learn and sense the marketing, which is stated as central, according to Te-Ming Chang et al. (2005). Products and activities may be created that customers wish for at the same time as learning and sensing the marketing is an opportunity for long-term competitiveness. One of the consultants agrees: through social media, corporations can form an idea of prevailing market conditions.

### ***5.6.3 An economic perspective as well***

One of the respondents declares that the corporation's marketing department previously tried to figure out customers' opinions and needs through complicated surveys, expensive focus groups, and a lot of guessing. But since the corporation started to interact with customers in social forums, they have been able to maintain a more accurate picture. Customers are continuously expressing their requests in social media channels and the corporation is now able to gain knowledge from far more people without nearly as much effort. Hence, social media is not only a source for information, it can also be seen as a chance for corporations to save both time and money.

### ***5.6.4 Customer as co-producers also contains challenges***

Even though customer involvement can improve products and services, Thomke & von Hippel (2002) emphasize a problematic issue in the movement towards customization and "the market of one". The cost of understanding and responding to each and every customer can easily become enormous. Several respondents indicate that it takes time to engage in social media, and often, time is the factor that limits the ability to interact with the customers. Thus, one of the consultants stresses that if corporations do not have the time to answer all comments in social media channels, they should not use the channels at all.

Adding on, customer involvement must also mean a challenge for corporations in order to evaluate which comments and opinions are valuable for the corporation. It may be costly to take time to understand all writing, and there is further high uncertainty involved. There is no guarantee that because people join a group on Facebook that desire a certain product, they will

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actually consume the product or service in reality. Thus, integrating customers too much may end up with having products that no one wants in real life. Hence, in similarity with Thomke von Hippel (2002) statement, adjustments of business processes and much integration of customers into the corporation should carefully be considered.

The role of customer knowledge has changed because of social media. The social channels enhance that corporations can use customers' knowledge and expertise to improve and develop products. This may lead to economical advantages but also bring challenges when every customer can express their opinions and desires online. Hence, customer knowledge is important when using social media in eCRM, and the concept is therefore named eCustomer knowledge.

# 6

## Conclusion

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*The concluding section begins with a discussion about social media as an eCRM tool, which further leads to the thesis' key-findings. Finally, our theoretical contribution, reflections, and suggestions for future research are presented.*

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### 6.1 Discussion

A high number of members in social channels worldwide show that social media has become a great part of peoples' lives, and this number is continuously increasing. The birth of social media has changed the way people interact and many conversations have moved to take place online, and they appear to be highly visible to an abundant number of people, regardless location. Customers express their opinions and experiences, not least from interactions with corporations. This has lead to an increased power to customers, as they may influence a corporation's business simply by writing in a social channel. Thus, it becomes essential for corporations to go online and find what customers write about them, to further be able to influence these writings. From an offline CRM, the eCRM has developed to handle customer relations online, with a desire to create and maintain customer loyalty. Social media is one tool for eCRM, and this new platform means both opportunities and challenges for corporations that choose to interact online.

After studying social media as an eCRM tool, it has been found that several concepts that is seen as essential in offline CRM has come to have a new meaning when used in an eCRM context. eCRM in social media is a relatively new and unexplored phenomenon, and it has been found that corporations lack theoretical knowledge and knowledge skills in social media. However, theoretical knowledge and knowledge skills are important, but as social media develops extremely fast, theoretical knowledge and knowledge skills become obsolete very fast as well. To continually stay updated of the development in research is important, but the need for curiosity and courage are more prominent in social media. By being both curious and having courage corporations can be able to deal with new and sometimes unpredicted situations online. Corporations must be driven by curiosity and courage to try to gain first-mover advantages. Nevertheless, sometimes there may be a need to learn from others to identify success factors and mistakes. The goal to achieve must be to continually drive the corporation and the processes forward.

When using social media in eCRM, the importance of social knowledge has been found as one of



the most important competences, both by theory and respondents. The usage of social media is more about interacting with people, and less about working with managing techniques. Thus, corporations face a challenge to find appropriate employees that hold social knowledge and that can interact online. Employees that are social, optimistic, communicative, and that like people have been found suitable. Employees' social knowledge becomes visible when interacting online. It steers the way employees interact, the tone they use, and their ability to adapt their writing to each and every customer.

Further on, the way to communicate with customers online has changed when using social media. The one-way communication has evolved to a two-way dialogue where listening and finding solutions that fit both parties are crucial. Again, courage becomes essential when corporations nowadays need to involve customers to create a two-way communication. A change in corporations' attitude may be necessary as they have always been the ones steering their businesses and processes alone. However, the push strategy does not allow customers to interact. Nowadays, customers demand to be a part of the process of progress and become co-producers as it signifies value for them. However, a two-way conversation does not happen by itself, corporations need to invite customers by for instance asking them questions online, respond to their questions, and create engagement and involvement through other activities for instance competitions and quizzes. The conversation needs to be vivid and continually maintained. However, it became visible that the frequency of interactions needs to be taken into consideration. Customers prefer different level of contact, which is a challenge for corporations.

Moreover, to stay competitive corporations need to show curiosity for the customers. To be able create a dialogue with customers corporations need to have people responsible for the usage of social media. It was found in the thesis that interaction online is time-consuming, and a structure around a corporation's involvement online might be needed to guarantee that customers are constantly maintained and that all questions asked online are responded to. This requires a faith of the benefits the corporation can gain from the involvement in social media. Further, it demands a new structure in the organization, and the courage to allocate resources and explore the field of the social world.

The interaction online further needs to be fast, as customers expect to receive a reply in a short period of time. As it is visible for thousands of people, it is important that corporations can take rapid actions towards what is written. The corporation thereby becomes transparent when everyone can see their response and writings online. When interacting in social channels, it has

also been found that what to write and when can become a challenge that corporations need to take into consideration.

Corporations transparency increase further when many employees are involved in the usage of social media. By letting different people at different positions manage the online communication with customers many advantages can evolve. The speed of interaction can increase, at the same time as a diverse group of employees attracts a diverse field of customers. This may broaden the group of target audience. Despite that, there appears to be some challenges with having different people from the corporation using social media as well. There is a risk that messages sent out is unclear, and in worst case contradicting, as the homogenous CRM group that earlier handled customer interaction becomes heterogeneous, and may have different behavior and attitude. With the new conditions that come along with social media, i.e. the speed, lack of control, and high visibility, acting in accordance with the brand values becomes crucial. Thus, every manager must understand the corporation's brand values and communicate these to the employees, to ensure that they deliver a unified message in accordance with the values. Hence, before starting to engage in social media it can be seen as essential that managers have a belief in social media and that they understand what it means for the corporation. Social media is not something that is only implemented without any plan or preparation. Thus, it may be necessary to provide the managers with knowledge about the platform and that can change a possible negative attitude. This is a big challenge as peoples' attitudes can be very hard to change. The need for managers to communicate brand values increases when employees act in social media on a private basis. Even in private, they can be regarded as representatives for the corporation, and must therefore always consider their behavior and not send out inappropriate messages that can damage the corporation. However, if many employees use social media appropriately, during both working hours and in private, the diverse group can act as ambassadors that may lift the corporation.

Social media is further found as a very suitable way to facilitate affective commitment. The affective commitment was considered important in offline CRM as well. Nevertheless, two-way dialogue was found to involve customers more than one-way, and therefore social media is very suitable for facilitating affective commitment. Social media can further be seen as an effective channel for customers to establish strong emotional bonds to the corporation by personalize the corporation. It is found that customers do not want to follow a corporation they want to follow people. Employees using their private name and picture in social media have further proved to involve customers to a greater extent than a corporate logotype does. Thus, customers associate the corporation through the employees. Hence, social media enhances the building of emotional

relationships and facilitating of affective commitment in an efficient way, without even meeting the customer. However, it is a challenge for corporations to find employees that they want the corporation to be associated with, at the same time as the employee must hold the ability to attract customers. To be able to reach people and capture their interest may difficult for everyone to do, but essential. An employee that writes interesting updates, that are funny, knowledgeable and personal, might lift the corporation and attract many followers. In that way, the brand becomes broader and people associate the corporation with the employee.

Furthermore, it was found in the empirical material that to facilitate trust and affective commitment, the information that is provided by corporations must be truthful and accurate. Considering the rapid spread of information that comes along with the Internet, untruthful messages can result in negative eWOM that can damage the corporation for a long time to come.

Moreover, involvement is an effective way to facilitate the creation of emotional bonds. As discussed, many activities can be used to involve customers in the corporation. Competitions, bloggers, questions, voting, chats, and using celebrities are some examples of practices that corporation can engage in. To continuous involve customers corporations need to be curious about the development to be able to find new areas that might be suitable for involvement. Thus, innovation, rethinking and courage are significant as corporations are fighting about customers attention, continuously trying to create exciting happening that involve. As earlier mentioned, social media may bring transparency, and by making the corporation visible at different levels, for instance showing processes and having employees using social channels, customers might feel more involved in the corporation, which enhance emotional bonds.

Further on, conflict handling is argued to be vital in traditional CRM, and in eCRM, this becomes even more urgent due to the nature of social media. Stories from dissatisfied customers are spread rapidly over the Internet and are visible to anyone, which can affect other customers' perception of the corporation negatively. In order to keep up with the speed, it becomes important that not only managers or a small group of employees handle conflicts online, as this tends to slow down the complaint handling process. Instead, empowerment to all employees with customer contact has been found as central. By letting all employees interact online, complaints can be handled at an earlier stage, which reduces the risk for the spread of negative eWOM. This strategy may have an impact upon corporations existing complaint-handling process, as several more people might need more empowerment and responsibility. When many employees handle the complaint handling, there may be a risk that the process is handled in different ways as

different employees can have different opinions about the process or about an accurate compensation.

Also, the spread of peoples' complaints in social media is a great challenge for corporations, but it can also be viewed as a great opportunity. An adequate way of handling complaints has proved to enhance long-term relationships and loyalty. Thus, social media should be seen as an opportunity to efficiently discover complaints that can be corrected and compensated. Thereby, corporations get the chance to maintain the customer and even enhance loyalty. However, it requires someone to read and find complaints, which is very time consuming. As social media continually evolves, the more people will get involved. This can in turn lead to that more customers will start to write negative things about corporations which requires the corporation to start to think of social media as a channel for complaint handling an customer service.

Customers' thoughts and feelings expressed in social channels are not always negative. It can also act as a good source for information. Before the entrance of social media, information about the markets and customers' needs was often gained through expensive surveys and focus groups. Nowadays they can be accessed without any costs by interacting in social forums and at the same reach many more people. It is important that corporations use this information in order to improve their products and services, sense the market and follow trends. However, the costs involved in adapting the corporation's processes to respond to customers' needs, are considered as high, as it is very time-consuming. Moreover, there exist difficulties for corporations in judging and analyzing market trends and customers' desires. It becomes a challenge to judge which opinions and what information received from customers that can generate value for the corporation. Furthermore, it can be viewed as very uncertain to only use social media as a source for customers' information, as it may be seen as doubtful that people will consume a product or service only because they choose to enter a group in a social channel. However, social media is a good way to gain knowledge about customers' needs and opinions, but corporations need to analyze the value the information can generate before using it. Again, to find and use customers' knowledge can be seen as very demanding and time consuming. But compared to the expensive surveys that were conducted before, social media can be seen as a very effective, cost-efficient and valuable strategy. At the same time it involves customers in the corporation that has been found facilitating customers' affective commitment, as earlier stated.

### ***6.1.1 Concluding findings and a new theoretical model***

Based on the concluding discussion above, several of the six concepts in the model that has acted

as a framework for the thesis, is considered as crucial for offline CRM, but has also been found to be vital when using social media in eCRM. Still, the authors see a need to replace a few concepts and change the meaning of others to make it more appropriate in the social usage. Furthermore, the modification allows an enhanced understanding of the field, as the authors have clarified the model by highlighting important elements within each and every concept. The new model that will be presented below is thereby adjusted to the social media context and can therefore act as a framework when using social channels in eCRM. Furthermore, the authors have chosen to replace two concepts in the model, to make it more appropriate. The first replaced concept is eCommunication. As it was found in the theory that this concept could be understood as either a one-way or a two-way conversation, it was not suitable for interaction through social media. The reason is that the empirical material showed that social media should not be characterized as a one-way conversation, but as an interaction between people. As found in the theory, the term dialogue concerns a conversation between people, and the authors found this term more suitable for how social media is used as eCRM. Thus, eCommunication has therefore been replaced by the concept eDialogue, characterized by the conversation **between** people. Further, a continuous interaction has emerged as a critical factor, both according to theory and the empirical material. Continuity is viewed as highly important to maintain the eDialogue, and it is therefore an important term within the eDialogue concept.

The second replaced concept in the new model is ePersonal Asset. The theory regarding ePersonal Asset concerns employees' abilities to deliver a consistent message. However, from the empirical material it became visible that a prerequisite for a consistent message to be delivered by employees is managers' ability to lead employees in their usage of social media, meaning mainly communicating values and managing a heterogeneous group online. Hence, the concept is now called eManagement to emphasize the management aspect. To stress the two most important aspects, founded in theory and empirical material, communication of values and heterogeneous group are added as parts of the concept.

Additionally, the authors also find it suitable to change the meaning, but not the name, of the concept called eCompetence, to make it more appropriate for its new meaning in the usage of social media in eCRM. When investigating competence in social media interactions, it became clear from the empirical material that theoretical knowledge and knowledge skills were not that prominent. Instead, social knowledge, curiosity and courage are seen as highly important in the usage of social channels and are therefore also added to the competence concept.

The concepts left are eCommitment and eConflict handling. The concepts are found as being characterized by similar meaning in a social media context, as in CRM, and will therefore not be renamed. However, social media has proven to be a very appropriate channel for facilitating commitment and to handle conflicts. Regarding eCommitment, both theory and the empirical material emphasize the building of emotional bonds and trust, and are therefore added as important aspects for the concept eCommitment. Concerning eConflict handling, social media has found to be a suitable and effective platform for finding complaints and thus enabling an accurate compensation, which can enhance customer loyalty. Yet, it demands empowerment. Hence, complaint discovery and empowerment have been highlighted as significant aspects in the eConflict-handling concept.

The final concept is eCustomer knowledge and was discussed in theory as a tool for eCRM. The thesis' empirical material supports the possibilities related to customer knowledge that was highlighted in the theory. Social media has proven to provide huge opportunities for gaining customers' knowledge. By listening to what customers are saying and writing, they can be used as co-producers. Hence, the term is still called eCustomer knowledge but the terms listen and co-production are further added to emphasize their importance.

These findings are summarized in our new theoretical model, which is illustrated in figure 3 and further presented below:

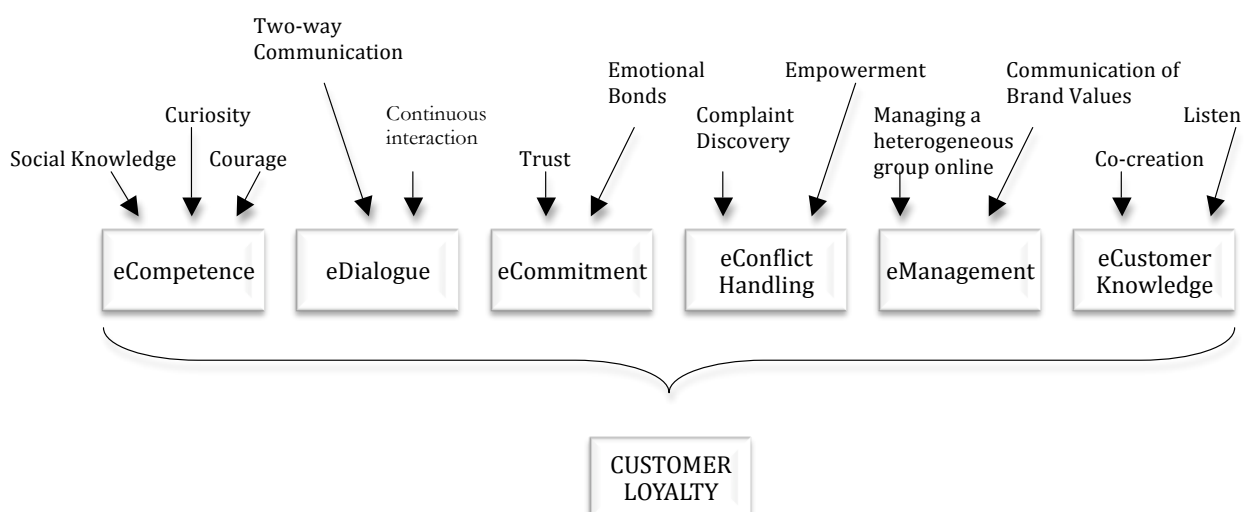


Figure 3

Based upon the summarizing discussion and the new theoretical model presented above, key findings linked to the purpose of this thesis will now be clarified.

*Purpose: The purpose of this thesis is to explore the role of social media as a tool for eCRM.*

Social media is proved to be a valuable tool to manage and create successful CRM in online surroundings. The platform brings huge opportunities to hold a continuous interaction with customers online that in turn can enhance customer loyalty. However, a continuous held interaction can also be perceived as spamming by some customers, and may further affect their will to stay loyal. If having a balanced interaction, social media can play a very important role as a tool for eCRM. Moreover, corporations can increase credibility by being present in other channels beyond their owns.

The engagement in social channels has further proved to act as a very effective tool for facilitating customers' affective commitment, which may lead to long-term customer relationships. The engagement online enables customers to establish emotional bonds to a corporation as they may interact with employees and thereby personalize the corporation. Moreover, social media is a way to involve customers to a great extent by for instance creating happenings that engages. However, providing timely and trustworthy information online is crucial to facilitate customer commitment. Thus, social media may become a good and important channel for building committed customers, if handled appropriately.

Social media has further become a platform for writing negatively about corporations. Complaints are spread and become visible to every one. When using social media, corporations have the possibility to both find and quickly respond to negative writing online. By empowering all employees that interact online, time is saved for both the customer and the corporation. Hence, online involvement may become critical for turning a dissatisfied customer to a satisfied, and the possibility to create strong relationships is enhanced.

By empowering many employees to use social channels, more customers may be reached and time is saved. However, it requires that they all deliver a consistent message online. To communicate brand values and manage a heterogeneous group appropriately is as essential to gain employee commitment. If corporations have committed employees that are aware of the brand values, they will most likely deliver a consistent message. Then, a high number of employees interacting online, becomes a strong advantage as it is stated that committed



employees have the ability to also influence customers' commitment, which may lead to loyalty.

Through an online dialogue with customers, corporations can further listen to, and use customers' knowledge, to customize their offerings and improve customers' value that in turn enhance strong relationships. Again, challenges exist when corporation need to handle all information gained from customers. However, by analyzing information written in social media and use it appropriately, the social channels provide enormous advantages as an input channel. Corporations get the opportunity to create customer-oriented products that meet customers needs and wants through listening to what is written in social media.

Finally, social media may have a very positive impact upon customer relationships and customer loyalty and is therefore seen as an appropriate tool for eCRM. However, to take part of the advantages that the social media usage may bring, the above stated challenges within eDialogue, eCommitment, eConflict handling, eManagement and eCustomer knowledge need to be handled careful. Furthermore, it is crucial that corporations are aware of the fact that not every employee is suitable for interacting online. Only those with good social knowledge are able to successfully interact with customers on the World Wide Web.

## 6.2 Contribution

Research within the field of CRM has previously focused on face-to-face interaction. This thesis provides a development of this perspective, as it applies CRM theories to an electronic context, where a corporation interact with its customers in online forums, so-called eCRM. To interact with customers online is a growing phenomenon and it is, as seen in the problem discussion, several authors (Sigala 2008, Petouhoff (2010) that stress the urgency to investigate how social media can broaden the scope of eCRM and how social media can be used in eCRM.

This study contributes to the field of customer loyalty, as it applies previously mentioned theories regarding CRM and eCRM to social media. However, in similarity with Burgin's (2001, in Lloyd 2001) findings, a corporation cannot succeed with the implementation of eCRM if they move offline-CRM online without further adjustments. Some improvements have to be done and a strategy needs to emerge.

Along with the process of research, some key foundations within the field of CRM and eCRM were found to be of importance when using social media in an electronic social surrounding.



However, the key foundations need to be improved or developed to better suit the social context online. Taking these findings into consideration, a new theoretical model has been developed. It is built on six elements (eCompetence, eDialogue, eCommitment, eConflict handling, eCustomer Knowledge), which are all found to have more or less impact on customer loyalty in social media. By introducing these modified elements, the authors of this thesis present a framework, highlighting important aspects when implementing and using social media. Accordingly, this study further contributes with research to O'Reilly and Paper (2009) research on how eCRM can be planned and implemented.

CRM is a criticized field, and it has been argued that the costs of advertisements and sales are lower than the costs of retaining loyal customers (Kumar (2008)). However, this study shows that eCRM in social media can bring some economic benefit. Marketing research along with customer service and conflict handling can be carried out in a cost saving and less time-consuming way. Hence, this thesis contributes with some insight information on how costs linked to customer loyalty can be reduced when using social media.

The findings in this thesis are contributing both to the academic world and the business world. The theoretical knowledge within the field has been improved and several knowledge gaps that are stressed as needing more research are studied in the thesis, as discussed above. The thesis also intends to prove the business world with valuable material. It aims to give managers and marketers within various industries useful insights of how social media can be implemented and managed with the purpose to create loyal customers. The new model is given managerial implications on how to work with eCRM in social media, and can be seen as a tool to successfully implement eCRM in social media.

### **6.3 Concluding reflections and further research**

During the course of writing, several fields to study came across, but due to the purpose of the study and time restrictions, this study could not further investigate these areas. Instead, concluding reflections and suggestions considering the field that has been encountered along the writing process are presented below.

This research is limited to the amount of respondents participating. In order to confirm the

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study's result, a more extended data collection can be in order. A larger and richer empirical data to base analysis, discussion and conclusion upon, could increase the possibility to see patterns and correlations between eCRM and social media. It could also enhance the possibility to generalize in a more extensive way.

This study shows the importance of courage, curiosity and speed in corporations to successfully use social media for eCRM. What could be interesting to further investigate is how corporations that struggle with these areas are working with social channels online, such as corporations characterized by bureaucracy and hierarchy

This study is focusing on corporations and social channels in Sweden. However, since social media is a worldwide phenomenon, not limited to country-borders, it could be meaningful to put eCRM in social media in an international context.

The thesis holds a corporate perspective, which means that the research is not conducted from a customer perspective. In the future, it could be very interesting to further explore eCRM in social media from a customer perspective since this most likely would give the researcher some insight findings. To gain Customer Loyalty it has been found highly important to not just talk to the customers, but listen to them as well. Hence, a study from this perspective could give the corporation some useful information to success in their usage of eCRM in social media.

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## Interview questions (Stena Line, Helsingborgs Dagblad and Sydsvenskan)

How did you start using social media? What was the idea behind? How did you implement the use of it?

How do you view your usage? How do you use it? Has it changed?

We know that you are active on blogs, Facebook, chats, what other social media channels do you use?

What kind of people are using these channels?

How do you use them?

What is the main purpose? Do you use them mainly to reach new customers or to develop existing relationships?

How do you work with CRM?

How do you work with eCRM?

Have you measured how your work with social media has influenced your customer relationships?

*Competence:* Do you use social media in order to develop your competence on the market? Needs? Skill knowledge, practical experience, what kind of experience has the employees involved in social media? Expertise in social media? Social knowledge-the ability to integrate theoretical knowledge with training? Affective competence- the emotional aspect, the willingness and patience. How do you motivate employees acting in social media?

*Conflict handling:* What do you choose to respond to?

*Commitment*

*Communication:* information about the market the moment of truth- only one chance. How do you collect information about the market, what do you look for? How was the contact with customers? Do you have a dialogue with your customers through social media? What kind of information about your market do you receive from social media? How do you use the information?

## Interview Questions (The Duffy Agency, Good Old)

### *Brief Description, implementation of Social Media among customers*

· When social medias first came, many marketers and managers held a very sceptical approach to the phenomenon. What is the common view on social media today among companies? Are there businesses and industries where social medias are more accepted than others?

. Why is companies' appearance in social medias important? Why should companies implement social medias in their organisation? Are social Medias communication channels for everyone, or is it more suitable for a certain type of industry or company? In that case, which?

What has turned out being most successful- creating new customers or maintaining already exciting ones through social medias?

Which platforms within the category of social medias are most commonly used? Is anyone found more successful than others? For what purpose and why is it successful?

How could the outcome from a consulting project be measured? In what way is the result expressed, examples from previous project e.g., profits and sales, increased customer relations?

### *Competence*

- Which ability, knowledge and skills are needed to create successful interaction through social medias?
  1. Are there any basic knowledge required?
  2. Specific interest?
  3. Capability and previous experiences?
- How do you consider companies to gain knowledge about markets and consumers needs and desires?

### *Communication*

- Who should be active in social medias, writing the company's blogs and running the twitter account? The marketing department? Managers? Specific department or just any who among the employees?
  1. Is there a risk letting anyone expressing their personal opinion, still representing the company? Losing control?
  2. Would it be more efficient for a specific department to manage the interaction in social medias?
- Should a company use different communication techniques in different social medias?
  1. Are there a general rule how to interact wisely?
- How should a company encourage customers to share their information and run a dialogue on a daily basis?

- What kind of information can a company gain from social media? What importance should this information have for the company? (influence strategy, product development?) what can be gained through listening to social media?)

*Commitments: (engagement, motivation)*

- How can companies engage and encourage their customers through social medias?
  - What does companies presents in social medias generate in the long run? Loyal customers, trust? Emotional commitment or bond?
  - How can companies motivate their employees to get involve in social medias and furthermore use it in their daily work?

*Complaints:*

- How should negative writings in social medias be handled by the companies? Should it be respond or just ignored. Where should complaints be answered ( in blogs or similar forums. Other suggestions?)

Who should reply to negative writing? Managers or the person who wrote it? Anyone within the organisation?