

The Five Stages of Social Media Adoption for CRM

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Social media adoption can take several paths to CRM. However, more than 80% of organizations follow a common pattern. IT leaders supporting social media must record the lessons learned in each stage, document best/worst practices, and make them accessible across the organization in order to mature.

Overview

Key Challenges

- Risk aversion and fear of the unknown are the primary reasons for companies failing to progress past the initial stage of social media adoption for CRM.
- Organizational silos prevent the majority of companies from progressing their social media strategies for CRM past the defined stage, resulting in almost 90% of companies worldwide without a cross-enterprise social media solution.

Recommendations

For IT leaders supporting social media:

- Discover your level of maturity and why you are at that level.
- Experiment by engaging with customers on social channels to accelerate from the initial to the developing stage of adoption.
- Implement, track and refine an ongoing, consistently supported social media program to define its role in your marketing efforts.
- Create processes for a full range of customers who are intent on transitioning from the defined stage to the managed stage of adoption.
- Integrate social technologies and strategies with legacy technologies and strategies to cross the chasm between the managed stage and the optimizing stage of adoption.

Introduction

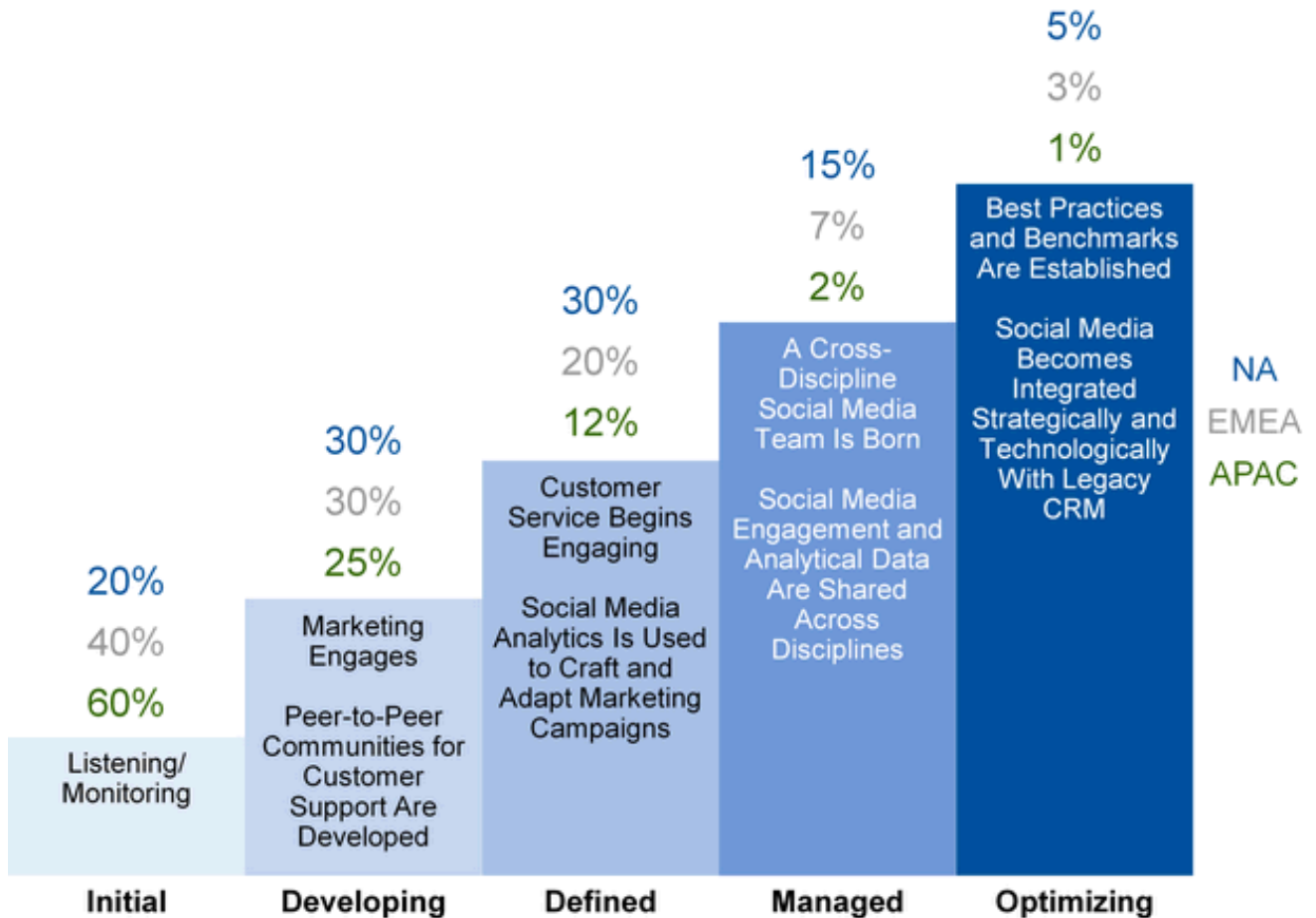
Enterprise adoption of social media for CRM and the social software that supports it has greatly increased over the last two years and is estimated to be a \$1.2 billion market in 2013. This is a global market with the highest rates of adoption in North America-headquartered organizations, followed by Western Europe and select areas of Asia/Pacific, including Australia and China.

North American organizations have been the most aggressive adopters of technologies for handling social media — in part because Facebook, YouTube, Twitter and others all started in the U.S., but also because of the dynamic nature of high-tech startups that created a wide variety of options for buyers from 2008 and 2009 onward. North America-headquartered companies deployed the technologies globally, and both Europe-headquartered and Asia/Pacific-headquartered firms followed rapidly in 2009 and 2010. However, the bigger explanation of the time lag in geographies is the speed with which North American firms imitated their competitors and learned from other industries. European and Asian firms have, in some industries, already overtaken their counterparts in North America, but only in those sectors where social media use is widespread, such as luxury goods, fashion, consumer goods, media, high tech and

telecommunications.

There are five stages that make up a common pattern of social media adoption for CRM (see Figure 1) ¹.

Figure 1. The Five Stages of Social Media Adoption for CRM



Source: Gartner (October 2013)

Stage 1 – Initial: Companies in the initial stage of social media adoption for CRM are in a discovery phase. Some work with their marketing agencies to pull reports on sentiments being expressed about their company on social media. Others use free or inexpensive tools to aggregate social media feeds that mention their brand or its competitors. The initial stage of social media is characterized by learning, but also by inaction.

Companies are not concerned with social business metrics so much as the novelty of social media.

Stage 2 – Developing: Developing-stage companies are beginning to engage on social media to promote and protect their brand. The developing stage is characterized by an attempt to own or control social media activity that affects the brand. It is for this reason that companies in the developing stage also look to invest in peer-to-peer communities and establish a social network, on their own .com page.

Companies become concerned with metrics such as the number of fans, followers and community members. Companies also start looking at the number of mentions or shares they have on each post.

Stage 3 – Defined: The defined stage of social media adoption for CRM is characterized by definition and action. While companies still engage on social media for marketing, they also look to engage for customer service. Instead of just promoting and protecting, they're entering into discussions in order to solve customer issues. Social media listening and monitoring mature toward social media analytics, and companies define their purpose for listening online. Social media analytics are used to craft marketing campaigns, and this becomes a core use case of companies in the

craft marketing campaigns, and this becomes a core use case of companies in the defined stage of social media adoption for CRM.

Companies start looking at metrics like the average response time for posts, share of voice percentages around their brand and certain topics, and overall positive and sentiment analysis percentages.

Stage 4 — Managed: In the managed stage, companies have begun to recognize and plan for cross-discipline social media engagement. A cross-discipline strategy is formed and plans for escalating and handing off social media conversations and insight are established. A social media team is born and hosts representatives from marketing, communications, customer service, sales operations, HR, IT and perhaps even procurement. In the managed stage of social media adoption for CRM, all social media constituencies within a company work to get on the same page.

Companies start looking at correlating metrics, like how increases in engagement lead to increases in customer satisfaction and ultimately lead to retention.

Stage 5 — Optimizing: In the final, optimizing stage of social media adoption for CRM, best practices and benchmarks begin to develop. Rather than focusing on the exchange of information and insights across disciplines, companies start to look at cross-discipline successes and failures to determine enterprise social media direction for CRM, moving forward. Social media for CRM is no longer seen as an innovation initiative, but as a critical component of existing marketing, communications, customer service, sales, HR, IT and procurement strategies. Investment is made to encompass social media data within legacy CRM applications.

Companies look at metrics like what percentage of social customer profiles have been matched to legacy customer profiles, or how many personas they've been able to develop based on social data.

Analysis

Discover Your Stage of Maturity and Why You Are at That Stage

Most organizations are unaware of their overall social media maturity. This is, in part, due to a lack of coordination for organizations at the most immature stages of adoption. As seen in Figure 1, maturity levels vary by geography, as well as by industry.

To measure your own level of maturity, read the details of each of the maturity levels in the analysis sections below.

For advice on what to do to improve your maturity level, each section has a description of steps that can be taken. Also, in "How to Establish a Social Strategy for CRM," there are 10 tactical steps to get your social program for CRM off of the ground:

1. Define what social means to existing CRM programs in your organization.
2. Garner executive support, and identify an executive sponsor.
3. Decide who is in charge of social initiatives for CRM.
4. Measure the baseline metrics for the process you wish to work on.
5. Establish your business goals.
6. Develop a strategy document.
7. Determine a response and escalation strategy.
8. Define how social efforts with customers will be captured in CRM systems.
9. Create an accessible analytics dashboard.
10. Learn and change.

In the remainder of this research, we will highlight the three or four steps that should be the focus in order to move to the next level for the differing levels of maturity.

Experiment by Engaging With Customers on Social Channels to Accelerate From the Initial to the Developing Stage of Adoption

Companies in the initial stage of adoption are hesitant to begin conversing with constituents on social media and instead "listen" to social media feeds. Getting stuck in the initial stage will feed the misconception that social media posts are simply noise and there is no real customer relationship management value to be extracted from social media. There are two major barriers that block progression from the initial stage: legal and educational

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The development of social media policies can help companies surpass much of the legal and organizational fear that is holding them back (see "Take Four Steps Toward a Social Media Policy"). Similarly, the development of social media education programs can help employees recognize the impact that they can have on the business by engaging with customers on social media (see "Case Study: Virtusa's Social Media Plan Begins With Purpose Definition and Employee Education").

Once companies put policy in place and educate employees, Gartner recommends thinking tactically to progress from the initial to the developing stage. Identify two or three proactive social media engagement activities that you can begin right now: Every day, initiate a conversation with someone who uses a common hashtag on Twitter; participate once a week in a LinkedIn group; or start a company blog. Familiarize your marketing, customer service, sales or social media teams with different social networks (see "Best Practices in Business Etiquette for Social CRM").

Work to:

- Define what social means to existing CRM programs in your organization.
- Garner executive support, and identify an executive sponsor.
- Decide who is in charge of social initiatives for CRM.
- Measure the baseline metrics for the process you wish to work on.

Implement, Track and Refine an Ongoing, Consistently Supported Social Media Program to Define Its Role in Your Marketing Efforts

Once a conversation has started, it's important to consider where it's going to go, and what objective it's going to serve. In this way, you advance your social program by changing the collective thinking: Everyone involved begins to think of social media as a strategic tool that can be used to build the business, and by putting a more structured framework around it, you will have guardrails to guide activities and investment.

Begin by thinking about how further customer engagement can advance your marketing or organizational objectives. Consider the natural conversation styles and benefits of different social sites and tools, the target audience engaged with them, and your own ability to develop a richer dialogue on or with those sites and tools based on the resources you have available. From there, put together an ongoing plan for continuous engagement with consumers (see "How to Choose Social Sites That Suit Your Marketing Goals"). Address what tactics you're going to use to draw a follower base and how you're going to keep them engaged over time (see "Seven Ways to Create a Following for Your Online Community"). Once you've got a plan for where you're going to invest in developing a social presence, and an idea of who you're engaging, or resources available to engage more/different users, wrap it up with a measurement plan for how you're going to determine the impact of your social programs. Think not only about activity reporting, but about metrics that get the attention of others in your organization: from brand awareness and perception metrics, to increases in purchase intent, lead generation metrics or shifts in brand loyalty. By connecting your efforts to strategic goals, and demonstrating impact against them, you elevate the importance of your program and begin to build an argument for further investment and expanded capabilities.

Make sure to connect your social program to other offline and online programs and campaigns within your organization. This begins to put your social program on equal footing with other more entrenched tactics your organization may leverage, and forces others to consider how their own actions impact your initiatives. Marry your efforts with their planning cycles to whatever extent possible so social media becomes part of larger multichannel engagement strategies. By applying more rigor and structure to what you do, and moving at the pace of the broader organization, you establish yourself firmly in the next stage.

Work to:

- Measure the baseline metrics for the process you wish to work on.
- Establish your business goals.
- Develop a strategy document.
- Determine a response and escalation strategy.

Create Processes for a Full Range of Customers Who Intend to

Create Processes for a Full Range of Customers who Intend to Transition From the Defined Stage to the Managed Stage of Adoption

Companies in the defined stage of adoption have both customer service and marketing engaging in multiple communities, from hosted to external social networks. Here, the opportunity for true engagement exists, a conversation rather than one-sided messaging blasts across social channels. Inbound messages from customers are full of nuances, and customers want the intent of their message understood and addressed, not responded to with a canned marketing department message or a customer service message. Thinking such as "this is a customer service department issue" or "this is for marketing" quickly breaks down, as siloed engagement won't speak to the full intent of the interaction.

Companies transitioning to the managed stage will start orchestrating processes around the intent of customer interaction, bringing together multiple constituents from multiple areas, and will be able to share information and analytics. The implication here is that cross-discipline teams are developed out of need, fueled largely through customer demand.

Work to:

- Determine a response and escalation strategy.
- Define how social efforts with customers will be captured in CRM systems.
- Create an accessible analytics dashboard.

Integrate Social Technologies and Strategies With Legacy Technologies and Strategies to Cross the Chasm Between the Managed Stage and the Optimizing Stage of Adoption

The managed stage of adoption sees that companies recognizing all components of social for CRM must work side by side to produce positive business impact. Companies in the managed stage have good cross-discipline orchestration of social media, but need to join their social customer conversations and insights with legacy conversations and insights. The optimizing stage is where social media is integrated with the legacy customer-facing departments that have legacy structures and processes.

The technical challenge is minor compared to the strategic organizational change, and requires organizations to move to consolidate technologies for traditional interactions (voice, face to face, emails, SMS, etc.) with social interactions. For customer service, this means adopting customer engagement applications that encompass both sets and styles of interactions so that cases are automatically created for both (see "Social Media for CRM Will Force a Shift From Contact Centers to Customer Engagement Centers"). In marketing, it means taking multichannel campaign management applications and incorporating social campaigns (see "Magic Quadrant for Multichannel Campaign Management").

The strategic challenge is in the bidirectional sharing of best practices, metrics and benchmarks between the social teams with the traditional sales, marketing and customer service organizations. The social teams will often have taken the approach of deciding whether to respond to a social interaction based on Klout score or sentiment, and how fast to respond. Social teams will often have learned to communicate on social networks and online communities where there is far less control than in traditional channels. The result is that new best practices will have emerged along with new KPIs and service levels. These best practices and benchmarks must be set and documented. Reconciling these different measurement cultures and customer expectations can only be done with time, compromise and recognition that all customer touchpoints have significant business value.

Work to:

- Define how social efforts with customers will be captured in CRM systems.
- Create an accessible analytics dashboard.
- Learn and change.

Gartner Recommended Reading

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"Best Practices in Business Etiquette for Social CRM"

"Handling Social Media Issues Appropriately Requires Preplanning"

"How to Establish a Social Strategy for CRM"

"Technology Overview for Social Analytics for Public-Facing Social Media"

"There is No Such Thing as a Social Media Management System"

"Toolkit: Establishing a Policy for Social Media Participation"

"Top Use Cases and Benefits of Social for CRM in 2013"

Related Research

This is part of an in-depth collection of research. See the collection:

- Organizations Progress, but Continue to Struggle With Social for CRM

Evidence

¹ The percentages in Figure 1 are based on five Gartner analysts' conversations with clients during client inquiries over the past two years, totaling over 1,500 interactions on the topic of social for CRM.

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