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## Concept of Integration between Social Media and Customer Relationship Management: Impact on business performance and growth

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### Abstract

Companies that successfully integrate Social Media (SocMed) as a tool for their Customer Relationship Management (CRM) will create a synergy that will further enhance business performance and growth. Unfortunately, not many SMEs realize this potential and because of that Social Media adoption for CRM and other purposes among SMEs is still very low. This study aims to develop a research framework of Integration between Social Media utilizations and Customer Relationship Management practices on business performance and growth. The findings will help to formulate strategies on how to further enhance the use of SocMed and CRM to improve business performance and growth.

**Keywords:** Social media; Customer Relationship Management; Business Performance; Growth; Research Framework

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### 1.0 Introduction

The paradigm of Social Media (SocMed) is now has changed dramatically. At the beginning of its existence, individuals were among Social Media users and now it's changed where Organizations, Government Agencies, Institutions, and Non-governmental Organizations (NGOs) also have their own SocMed accounts, i.e., Facebook, Instagram, Twitter, and YouTube. No surprise when the number of users of SocMed is rapidly increased from year to year. 59.9% of the world's population now use social media platforms approximately around 4.80 billion people up to April 2023 (DataReportal, 2023). According to WeAreSocial and HootSuite, Facebook and YouTube are among the most used SocMed in the world.

SocMed can engage its users in their way, i.e., through posts, stories, reels, and live. These features led organizations to use SocMed as a platform for their marketing, reaching out to their customers, launching new product(s), product(s) evaluation, and much more. Apart from that, companies are also able to update posts, stories, and reels at any hour at any time, i.e. events go live. Organizations can connect with their existing customer more closely and attract potential customers at the same time.

Utilizing the usage of SocMed to manage customer relationships can significantly influence the organization's performance. This is due to the applications increasing customer engagement and the value created from these engagements (Trainor 2012). Empirical study has shown that SMEs' customers use SocMed to generate content, influence other customers through positive reviews, and mobilize



others' actions toward the brands or products (Guha, Harrigan & Soutar, 2017). According to Rugova & Prenej (2016), SocMed increases communication around brands or products and enhances positive as well as negative word-of-mouth around a business and its products and services. In a nutshell, any information and products published on SocMed can be seen by millions of people in a very short time.

Despite the numerous advantages of SocMed, its adoption and utilization especially in the context of SMEs is not without barriers and problems (Stelzner, 2014). Rogova & Prenaj (2016) stated that depending on the business type, size and age, and management style of the SMEs, hard efforts need to be made in some areas which include the need to engage human and time resources to manage the SocMed presence, the need to be very active and produce new content regularly to stay in the radar of the consumers, the need to control the contents to be published to avoid any reverse effects on the SMEs image and reputation. The aforementioned challenges are among the reasons why SMEs are still not taking full advantage of the SM presence.

As opposed to SocMed, Customer Relationship Management (CRM) has been widely used by companies for establishing contacts with their customers. The implementation of CRM has shown many positive impacts on the company's well-being which include increasing organizational performance and improving revenue and profits (Siti Hajar, et. al, 2014; Ata & Toker, 2012; Sudhakar & Sudharani, 2012). Despite the positive testimonies of CRM implementation, there were reports on its problems and failures. For instance, Richard et al. (2007) found that 70% of CRM projects resulted in loss and showed no improvement due to a lack of knowledge and financial resources.

Mining the literature suggests that studies on SocMed and its integration into CRM by SMEs are still very limited. Furthermore, the available literature was mainly done in countries outside Malaysia. While the findings of these studies undoubtedly helped the researchers to better understand SocMed utilizations, they are not easily applied or implemented in the Malaysian settings. To this effect, a study that focuses on SocMed use and its integration into CRM among SMEs in Malaysia is seen as very crucial. Therefore, this study aims to develop a research framework of Integration between Social Media utilizations and Customer Relationship Management practices on business performance and growth.

## 2.0 Literature Review

Customer Relationship Management (CRM) aims to recognize customers' behavior by interacting with the customers, increase customer loyalty, enhance customer satisfaction, and in return increase business performance. (Navimipour et. al, 2016, Chung et.al, 2010 Yim et. al, 2004). Findings have shown that the implementation of CRM activities benefited companies and businesses to gain more profits and good relationships with their customers. Results show that the better the implementation of CRM activities, the stronger and more positive its influence on business performance. To enhance business performance, it is necessary to strengthen the differentiation strategy, the use of information technology, and the implementation of CRM activities.

Companies pay great attention to building rapport with customers in many ways, and one of the important elements is through social media. Studies have shown that SME customers use SocMed to generate content, influence other customers through positive reviews, and mobilize others' actions toward the products (Guha, Harrigan, & Soutar, 2017). However, empirical studies have also shown that SMEs tend not to use SocMed for making important strategic decisions, due lack of resources, data management, and privacy (Mohamad et al. 2014, Sajan & Shetty, 2017). In line with the objectives of the study, the framework consists of three main variables which are SocMed, CRM, and Business performance. These variables are extracted from past studies done mainly in countries outside Malaysia. Drawing upon the findings of past studies, we argue that both SocMed and CRM will jointly predict business performance. The subsequent sections will describe the details of the dimensions for each of the above-said variables.

### 2.1 Business Performance

Corporate social performance is measured by the ability of a respective organization to establish a good relationship with the society on their products/services (Paniagua & Sapena, 2014). The measurement is commonly divided into three states of classification which were taken from the corporate behavior needs: social obligation, social responsibility, and social responsiveness (Sethi, 1975).

In the traditional approach, financial performance is defined as indicators in measuring profits and also gives attractive returns to the organization's investors (Sardana, 2008). Financial performance is an important element to measure as it may enhance the economic value of an organization and some of the dimensions measured are sales level, sales growth, profitability, and stock price (Venkatraman & Ramanujam, 1985).

The term operational performance has been used interchangeably across studies. Some researchers used business performance to define operational performance (Chung et al., 2012; Ata & Toker, 2012). Nevertheless, it has the same meaning. Several authors measure the dimensions of operational performance such as manufacturing cost, inventory level, quality levels, cycle time, performance delivery, market share, profit margin and return on investment (ROI), return on assets (ROA), sales growth, and market share of sales (Mackelprang & Nair, 2010; Moori, Pescarmona & Kimura, 2013 & Nawani, Teong & Othman, 2013).

### 2.2 Social Media (SocMed)

Advertisement platform has evolved from time to time as technology grows. With the introduction of social media, organizations started to switch their platform of advertisements as it offers and carries different privileges. Thus, social media advertising has changed the traditional advertisements landscape (Alhaddad, 2015). According to Voorveld et al. (2018), social media is not only meant for interactive communication but beyond that. Social media is also capable of tapping and engaging with their targeted users easily by looking at the user's interests.



Social media marketing is not a new concept anymore. Social media marketing is defined as "the process that empowers individuals to promote their websites, products, or services through online social channels and tap into a much larger community that may not have been available via traditional channels" (Weinberg, 2009). Little investment but reaching a million audience will always be a choice (Khan & Jan, 2015).

Social media management is about this platform taking the organization to gain their profit. In this social media management, organizations need to put into consideration some of these elements, i.e. business strategies, business models, policies, processes, and opportunities for retailers to get profit from this platform (Wang & Zhang, 2012).

### 2.3 Customer Relationship Management (CRM)

Knowledge Discovery is an interdisciplinary area focusing on methodologies for extracting useful knowledge from data. Customer knowledge has a positive influence on service quality and CRM. (Tseng, et al. 2014). The measurements will include: recognizing specific market and investment opportunities by analyzing customers' information; making better decisions by analyzing past data and customers' characteristics; recognizing, segmenting, and predicting customers to allow firms to distribute resources to customers who make high contributions to profits.

Marketing Planning is a systematic approach to the achievement of marketing goals. There is a positive relationship between CRM and business performance and also indicates that marketing planning and implementation play a mediating role in the relationship between CRM and business performance. (Mohammed et. Al, 2017). Marketing plans will include analyzing customers' information; designing marketing or service activity types according to customers' reactions; planning an effective model for communication with customers; recognizing effective marketing channels to increase business; and discovering factors of business interaction between customers and firms.

A customer interaction management solution is a software or system that facilitates the interaction between the company and its customers. (Brenner, et. al. 2015). CRM requires activities to design interfaces for customers at customer interaction points, including constant interaction with customers through information software or systems equipment; interaction with customers via various channels; detection of customers' reactions, and constant update information.

Collecting social data and then integrating them into a CRM (Customer Relationship Management) has led companies to understand customer needs and therefore to improve the development process of their products. (Ennaji, et. al. 2016). It includes analyzing information obtained by interaction with customers, constantly recognizing customers' needs; and modifying any planned marketing strategy in the light of analytical results, to obtain new business opportunities.

## 3.0 Discussion & Conclusion

SocMed has given added value to all its users, especially organizations. In getting their users to continuously use, respective SocMed actively introduced new features from time to time. Obviously, in one platform, users can reach their goals successfully. Meanwhile, CRM is traditionally used to capture and store customers' information. Some organizations, process customer data just for marketing purposes, product expansion, formal communication with customers, analyzing customer patterns, and customer loyalty programs. Organizations shall connect with their customers beyond that. Thus, studies show that whenever organizations incorporate SocMed and CRM, they will increase their business performance and growth.

Thus, this study aims to develop the theoretical framework. Perhaps, the findings from the preliminary fieldwork will be applied to refine the theoretical framework to ascertain that it conforms to the actual phenomenon of Customer Relationship Management (CRM) and Social Media (SocMed) on business performance and growth in the context of the case organizations studied. The researchers aim that the findings of the study can be used to either defy or strengthen the theories or frameworks that have been adopted. Meanwhile, the Instrument to gauge the level of SocMed & CRM use for supporting business processes leading towards business performance. Furthermore, the instrument also can be used during the selection process for awarding funds to any business applicants.

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## Paper Contribution to Related Field of Study

The contribution of this paper is in the information science field of study.

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