Investigating the usage of social customer relationship management (SCRM) and its impact on firm performance in the mobile telecommunication services: Egypt case

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Abstract
Purpose - The purpose of this study is to investigate the usage of social customer relationship management (SCRM) and its impact on firm performance in the telecommunication industry particularly the mobile services in Egypt.

Design/methodology/approach - This study used qualitative approach, which consists of semi-structured interviews. Twelve semi-structured interviews were conducted with the top management level from the four existing mobile operators in Egypt namely Vodafone, Orange, Etisalat and We. Data collected were analysed by using themed analysis.

Findings - It has been found that SCRM is a crucial tool for keeping long term relationships with customers which in turn affect the firm performance in terms of Growth and profitability in the Egyptian mobile telecommunication services.

Originality/value - This study contributes to the body of knowledge by providing insights and explanations regarding the extent to which the mobile operators use SCRM and how it affects their firm performance in Egypt, as one of the developing countries. Additionally, this study offers guidelines to the service providers particularly the mobile operators with valuable visions into the development of effective SCRM to be able to achieve a sustainable competitive advantage.

Introduction
In today’s business environment, firms face remarkable challenges due to several aspects, including severe market competition, fast technological developments, unpredictable changes in customers' preferences and trends (Elena, 2016). For this reason, keeping satisfied customers is considered the most crucial elements that leads to higher firm performance (Charoensukmongkol and Sasatanun, 2017). To attain this objective, firms must focus on managing customers’ relationships by understanding their needs and wants to be able to adjust the products (goods/services) to meet or surpass customers’ expectations (Trainor, Andzulis, Rapp and Agnihotri, 2014). Specifically, the marketing practice recognized as customer relationship management (CRM) is recommended to support firms to attain this objective (Wang and Kim, 2017).

CRM has been defined in several ways reflecting numerous viewpoints (Iriana and Buttle, 2006). The majority of CRM definitions are based on the collection and use of customer data for specific customer-focused activities (Xu and Walton, 2005). Based on Peppers and Rogers (2011) the CRM activities are classified into four processes. First the identification which includes the collection of customer information, second the differentiation that aims to segment customers into groups according to
their needs, third the interaction which comprises the communication with customers and finally the customization that includes the adaptation of products (goods/services) according to each customer.

This traditional CRM is usually implemented by firms through computerized software and database systems. As social media tools such as Facebook and Instagram have expanded globally in the past decade, firms require to manage these tools to achieve their strategic goals (Trainor et al., 2014). Firms are finding social media as an essential means to adapt their approach to customer relationship management (CRM) to enhance customer satisfaction (Wang and Kim, 2017). Thus, Social CRM (SCRM) is not a substitute for traditional CRM but instead is an extension that includes the social functions and processes to improve customer satisfaction and firm performance (Greenberg, 2010).

In this study, the authors assume the conceptualization of CRM activities proposed by Peppers and Rogers (2011) as the base for social media application. Despite the significance of incorporating social media with CRM, limited research in some western countries examined how social media interacts with CRM activities to enhance firm performance (Charoensukmongkol and Sasatanun, 2017; Wang and Kim, 2017). Therefore, this study will fill the gaps by focusing on the application of SCRM in the Egyptian mobile telecommunication services and its impact on firms performance. Egypt as an Arab developing country could be a fruitful area for this kind of study. Particularly, the mobile telecommunication services are considered as one of the most important services in the Egyptian economy, which faced rapid growth since the 1990s (El-Haddad, 2017).

In Egypt, the mobile telecommunication services are controlled by four big firms, three firms from the private sector namely; Vodafone, Orange, Etisalat and one newly firm from public sector namely WE. All firms now fiercely compete for increasing the number of subscribers they have to maintain satisfied and loyal customers. Thus, firms are forced to think of new ways to differentiate their products and services’ portfolio to attract new customers and to enhance their firms’ performance (Bishara and Wahba, 2004). Accordingly, the purpose of this study is to investigate the extent to which the mobile operators in Egypt use social media in the implementation of CRM activities and whether or not the use of SCRM can improve their firm performance.

2-Literature Review
2.1 The Theoretical background: The Resource Based View (RBV) and Dynamic Capabilities Extensions

The RBV and the dynamic capabilities perspectives are the theoretical foundations of this study. Both perspectives suggest that performance is determined by a firm's resource endowment and its effectiveness at transferring these resources into capabilities (Barney, 1991; Day, 1994). RBV proposes that competitive advantages depend on developing unique, valuable, inimitable, and non-substitutable resources (Barney, 1991; Lahiri, Kedia and Mukherjee, 2012).

Dynamic capabilities theory showed that marketplaces are dynamic, where firms, rather than being heterogeneous in their resource endowments, they tend to be different in the capabilities by which they acquire and deploy resources. These differences reflect inter-firm performance difference over time (Eisenhardt and Martin, 2000; Makadok, 2001; Teece, Pisano and Shuen, 1999). Capabilities are also dynamic, by which they help firms implement innovative strategies to adapt to varying market conditions through combining and transforming available resources in new and different methods (Morgan, Vorhies and Mason, 2009; Teece et al., 1999).

These judgments suggest that investments in hardware and software to aid CRM systems will not only improve business performance; rather, improved business performance takes place when specific marketing capabilities are formed by combining CRM technological resources with other complementary resources (Trainor et al., 2014). Thus, based on this judgment, we propose that social media marketing technologies must be incorporated with CRM systems to form a particular firm-level capability that affects firm performance (Trainor et al., 2014). Furthermore, the extent to which social media marketing technologies are integrated throughout the firm have a profound effect on marketing capability development, improve customer relationships, and increase customer satisfaction.
2.2 Evolution from Customer Relationship Management (CRM) to Social CRM (SCRM)

2.2.1 CRM

The concept of CRM first emerged in the mid-1990s, it is based on Relationship Marketing (RM) (Lee, Kim and Pan, 2014). CRM is defined as a comprehensive customer-centric strategy which helps the organization to identify, acquire, and keep profitable customers by focusing on maintaining effective relationships with them (Payne and Frow, 2005). The foundation of CRM is to engage the customer in a cooperative relationship and to fully understand the customer (Greenberg, 2010). CRM can be seen as a strategic tool of improving owners’ value through continuous development of relationships with key customers (Kumar and Reinartz, 2012; Soltani and Navimipour, 2016). As a result, CRM provides competitive advantage for a business, as well as affecting firm performance (Kale, 2004). CRM is broad in scope; it tends to involve all activities that are used in engaging with customers, ranging from sales, marketing and support at the front end; to finance, production, R&D and human resources at the back end (Assimakopoulos, Papaioannou, Sarmaniotis and Georgiadis, 2015).

2.2.2 Social Media

Social media provides value through the utilization of digital channels (Booth and Matic, 2011; Brasel, 2012; Sashi, 2012). It is used as a tool for providing firms with opportunities not only to be nearer to customers (Baird and Parasnis, 2011), but also to engage them as well (Greenberg, 2010). Social Media is a new era revolutionizing tool that includes communication between individuals, firms, and different groups from all around the world, sharing and exchanging information and ideas in an interactive way. Social media is essential for companies to remain competitive in the market (Elena, 2016).

The growth of social media technology has tremendously altered relationships between firms and their customers (Harrigan, Soutar, Choudhury and Lowe, 2015). Where social media technology has become an essential part of social life, not only it affects customer behaviour but also it significantly affects firm behaviour. Social media technology has offered new customer-centric resources that allow customers to interact with firms (Kietzmann, Hermkens, McCarthy and Silvestre, 2011).

Social media technology helps recognize the promise of marketing by developing the techniques to better satisfy customers and maintaining customer engagement to facilitate relationships (Sashi, 2012). Social media platforms have offered the opportunity for customers to discuss their online reviews, recommendations, agrees or disagrees or dissatisfaction regarding different aspects such as product quality or customer service. It includes social networks (Facebook, Twitter, LinkedIn, Instagram), blogs, forum, multimedia sharing platforms (ex: YouTube) (Elena, 2016). Therefore, social media has been seen as a valuable tool for a firm’s better business performance (Rapp, Beitelspache, Grewal and Hughes, 2013). A firm’s engagement in social media offers benefits for their business including improved brand value (Gensler, Vollckner, Liu-Thompkins and Wiertz, 2013; Hudson, Huang, Roth and Madden, 2016; Nisar and Whitehead, 2016); increase in sales (Kumar, Bhaskaran, Mirchandani and Shah, 2013); ecommerce and social commerce (Hajli, 2014); customer trust and Stickiness (Zhang, Guo, Hu and Liu, 2017); innovation and new product development (Palacios-Marqués, Merigó and Soto-Acosta, 2015; Roberts and Candi, 2014); knowledge sharing, and CRM (Rosman and Stuhura, 2013). Particularly, special attention has been devoted to examine the effective use of social media for building and sustaining CRM (Agnihotri, Dingus, Hu and Krush, 2016; Elena, 2016; Filo, Lock and Karg, 2015; Kim and Drumwright, 2016; Maecker, Barrot and Becker, 2016; Orenge-Roglá and Chalmeta, 2016; Sano and Sano, 2016; Xu, 2017). Using social media for CRM is the most useful method to help firms distinguish themselves from their competitors, where it provides an opportunity to communicate marketing messages to their target customers more clearly and effectively; and this allows them to achieve customer satisfaction better than competitors who do not perform SCRM (Barney, Wright and Ketchen, 2001; Makadok, 2001).

2.2.3 SCRM

In the new digital communications, with more than 1.5 billion people across the globe using social networking services (Buzzetto-More, 2013), SCRM is a method that combines social media technology with CRM (Baird and Parasnis, 2011). Marketing scholars have defined SCRM as a philosophy and a business strategy, backed by a system, technology, business rules, processes and social characteristics,
which together are aimed to engage customers in a collaborative interaction and provide mutually beneficial values in a reliable and transparent business environment (Greenberg, 2010; Trainor, 2012). SCRM applications offer great help for businesses to communicate within social networks and interact with customers, suppliers and partners, in addition to enhancing reputation, and overall brand loyalty (Ayanso, 2012). The conversion from traditional CRM to SCRM is the new challenge of this social era, where SCRM should be a vital part of the company’s current and future strategy (Elena, 2016). Therefore, the goal of SCRM is to use new social and collaborative technologies to build customer relationship and hence solve firms’ problems (Hart and Kassem, 2012).

The concept of CRM has extended to develop new capabilities empowered by the technological and social shifts brought by social media networking (Malthouse, Haenlein, Skiera, Wege and Zhang, 2013). SCRM strategy is a novel version of CRM empowered by social media technology that presents a new way of sustaining relationships with customers effectively (Ahani, Rahim and Nilashi, 2017). SCRM allows two-way communication with customers for cost-effective marketing, promotion, and sales (Parveen, Jaafar and Ainin, 2015). SCRM has been defined as “the combination of customer-facing activities, including processes, systems, and technologies, with rising social media applications to involve customers and improve customer relationships” (Trainor, 2012). In this study, the authors focus on the CRM activities by using social media based on Hennig-Thura et al. (2010); Castronovo and Huang (2012) and Trainor et al. (2014). SCRM activities are recognized as follows: First, for the identification process, when a person clicks “Like” on a firm’s Facebook page or puts comments about posts, the firm can see the profiles of that person and gain access to the information that the person has shared on his/her Facebook page. This function is similar to Instagram; the profiles of a person can be viewed after he/she clicks “Follow” on the firm’s Instagram page. The customer information that the company gets from social media is not only concerned with person’s basic demographic information, but it also includes their lifestyle and personal preferences, which can be implied from the status updates and photos that they post and share publicly on his/her personal social media page, thereby enabling the company to use this information to build customer database. Significantly, this information is also essential for the differentiation process of CRM, this information is crucial to segment customers into groups based on homogenous characteristics and preferences. For the interaction process, the firm can use social media as a tool to interact with customers more effectively through status updates and personalized messages (Trainor et al., 2014)

Furthermore, the company can also get feedback through customers’ comments which they provide on the company’s social media page. These feedback systems help the company to define the needs and preferences of the customers. Lastly, social media can be used to assist the customization process. Social media has a function that allows members of the social media page to be assigned to different groups, the information about marketing offers can be customized and then posted to separate member groups, where by the offers meet the distinct preferences of each customer group. The use of the hashtag (#) in social media posts is needed to categorize products, which makes it easy for customers to classify products according to their interests (Castronovo and Huang, 2012; Trainor et al., 2014).

2.3 SCRM and firm performance

Researchers recognize the main advantage of SCRM in building trust, gaining customer insights, establishing customer loyalty, attaining customer retention, participating customers in new product or service development, expanding customer lifetime value and company reputation, and decreasing the cost of service (Küpper, Lehmkuhl, Wittkuhn, Wienieke and Jung, 2015; Trainor et al., 2014).

Alt and Reinhold (2012) showed that the use SCRM enhances a company’s marketing performance, while Trainor et al. (2014) found that the implementation of SCRM technologies positively affecting customer relationship performance. Parveen et al. (2015) showed the positive effect of adopting SCRM on managing customer relations and customer service activities. Still, there are also some challenges that SCRM yields, the organization needs to define their business needs and based on that find the most suitable technology to reinforce them (Kietzmann et al., 2011).

Previous studies found that significant relationship were sought between SCRM with firm performance (Greenberg, 2010; Sarner, Thompson, Drakos, Fletcher, Mann and Maoz, 2011; Woodcock, Green and Starkey, 2011). There is a significant relationship between intensity of social media use for
CRM and firm performance satisfaction (Charoensukmongkol and Sasatanun, 2017). Trainor et al. (2014) found that the intensity of social media use in business is significantly linked to higher financial and non-financial performance. Some researchers linked SCRM with performance outcomes to provide evidences on how SCRM can provide benefits not only for organizations but customers too (Choudhury and Harrigan, 2014; Harrigan et al., 2015; Trainor et al., 2014; Trainor, 2012).

3-Methodology

A qualitative approach was done to investigate the use of SCRM activities and their impact on the firm performance in the Egyptian mobile telecommunication services. This study is new in the Egyptian context, where there is a lack of research regarding this topic. Therefore, qualitative approach was conducted to receive thorough information and thereby to obtain a profound understanding of the research problem.

In this study, the qualitative approach consisted of semi-structured interviews with twelve key staff managers responsible for social media and marketing activities from the four mobile operators in Egypt. These interviews were conducted from the managerial perspective based on nonprobability sampling technique, specifically a purposive sampling to gain the desired information related to the intensity level of SCRM activities usage and their impact on firm performance. The interviews were coded, transcript and analyzed by using themed analysis to provide a more reality-based standpoint of the interviewees.

3.1 Semi-structured interviews analysis: Descriptive analysis

The interviews were conducted with key staff managers from the four mobile operators. The demographic profile of these managers are as follows: 12 managers consisting of 2 females and 10 males, their age were between 35 to 45 years old and concerning their educational level, only 1 female has obtained doctorate degree, 5 have obtained Master’s degree and the others have obtained bachelor’s degree.

3.2 Semi-structured interviews: Themed analysis

The first set of questions in the interview was intended to examine the familiarity of the managers with the CRM concept and its usage in their firms by giving examples

The familiarity and usage of CRM

All managers of the private mobile operators were familiar with the CRM concept and they depended deeply on CRM in all their activities ranging from customer service, market research, research and development till the marketing and information technology. This point was supported by the following quote: “The customer represents the main asset in our organization”. Additionally, they declared that their customers were engaged in all their decisions, particularly nowadays where competition is becoming more powerful. Managers of the public mobile operator were also familiar with the CRM and they mentioned that they are focusing now on providing more coordination among departments in performing their CRM activities. Based on the interviewees explanations, the following theme has been emerged: “CRM is a well-known concept in the mobile telecommunication services, whether public or private sector.”

CRM activities

All managers mentioned that they have an updated database including consumption, number of points, phone calls, messages, use of internet, complaints and bills to keep track of all their customers. Managers in one of the private mobile operators mentioned that they classify customers according to gender to provide specific product/service. In more details, they provide different bundle of services to meet not only different ages but also different genders and income levels. The other two private mobile operators mentioned that they do not use gender as a basis of classification, but they use income levels and age groups in their classifications such as increasing mobile internet facilities for youth. On the other side, the public mobile operator does not use the demographic classification, however managers stated that they classify their customers according to individual buyers and business buyers. Lastly, all managers whether public or private mobile operators agreed that they cooperate with customers through assigned team who is responsible to deal with customer complaints via face to face communication, call centers,
messages, etc. Particularly, managers in the private mobile operators showed that they have well trained customer service to deal with customers’ inquiries, problems and complaints through call centers working 24 hours. Managers of the public mobile operator elaborated that they provide more training to their employees to acquire the needed skills to be able to provide their customers with full desired information. Based on the managers’ answers, the following theme was developed: “CRM activities are applied differently in private and public sector, still they are customer-oriented organizations.”

The second set of questions in the interview was intended to ask about the application of SCRM and the achieved benefits

Social media application of CRM

All managers whether private or public mobile operators stated that they depend highly on social media to succeed in their CRM activities. Additionally, they mentioned that the use of social media in the CRM activities is reflected in their marketing plan. Particularly, in the private mobile operators SCRM activities are shared by all their employees to the extent that it became a culture. Based on the managers’ answers, the following theme has been emerged: “The telecommunication mobile operators apply social media in their CRM activities.”

Social media platform and the extent of social media usage

All managers agreed that the most common platform used is the Facebook where they used to post videos (such as live coverage and events) to interact with customers. This point was supported by the following quote: “definitely, Facebook page”. In addition to the YouTube where they upload their advertisements to create an awareness about their services. Concerning the intensity of social media usage, the private mobile operators depend profoundly on social media and for the public operator, they considered it as a crucial method to promote their services. Based on the managers’ answers, the following themes have been emerged: “The most commonly used social media platform is Facebook followed by YouTube in the mobile telecommunication services.”

SCRM activities

Private mobile operators agreed that they extremely depend on their updated database on interacting with customers’ questions, inquiries, and complaints via social media platform to keep in touch with customers. On the other hand, managers in the public mobile operator, mentioned that they have specialized teams to communicate with their customers but concerning any technical problems, customers have to visit their stores for assistance. Besides, all managers whether in private or public mobile operators agreed that when it comes to introducing a new offer, promotion or a bundle of benefits, different kinds of messages and campaigns are communicated differently through social media to reach a variety of customers. Based on the customers’ interactions through social media, the organizations identify their needs and tailor new services to best suit their preferences. Furthermore, all managers mentioned that they use the hashtag (#) to categorize their services and events because they consider the hashtag (#) as an effective way of communication. Lastly, all managers stated that they create specific strategy reflecting different messages for each group of customers who interact using social media. Based on the managers’ answers, the following theme has been emerged: “Companies applied SCRM and they were distinguished based on the performed SCRM activities.”

The benefits of SCRM

Managers in the private mobile operators agreed that they use SCRM to satisfy all their customers’ needs and to provide them with better services. Moreover, they stated that SCRM is crucial to retain their customers and to attract potential customers to increase their market share. They stressed that in the past, they did not have SCRM but now the benefits of SCRM have been reflected in many aspects such as improved customer classification by using hashtag (#), better communication, quick response with customers, effective products/services promotion via posting video ads. On the other hand, the new mobile service introduced by the public mobile operator benefits from social media and still invest in the SCRM to maximize its benefits. Based on the managers’ responses the following theme has been emerged: “Tremendous benefits were achieved from SCRM in the private and public sectors.”
Firm performance

All mobile operators mentioned that firm performance in terms of Growth and profitability has been improved through the use of social media. For example: Managers from one of the private sectors stated that market share has increased immensely and became the market leader. Other private mobile operators stated that their performance have been improved through social media reflected in increase in sales and less complaints. As mentioned earlier, the new mobile service introduced by the public operator is in its way to increase its benefit from social media. Based on the managers’ answers, the following theme has been emerged: “The firm performance is positively influenced by SCRM.”

The third set of questions in the interview was intended to ask about the level of SCRM satisfaction from the managerial perspective and their recommendations

SCRM satisfaction

In the private mobile operators, all managers were highly satisfied with their achievements, a lot of progress had been accomplished through social media reflected in satisfied customers, more customer retention, market share, profitability and growth. Whereas in the public sector, the managers mentioned that they were satisfied with their accomplishments, yet some enhancements are needed in their social media usage. Based on the above answers, the following theme has been emerged: “firms were highly satisfied with their achievements.”

Future plans and recommendations

In the private mobile operators, managers stressed that online chatting should be used 24 hours for better interactions with customers. More emphasis should be given to other social media platforms such as Instagram. Continuous training of their employees is needed when dealing with customers. On the other side, in the public mobile operator, all managers mentioned that the assigned social media team who is responsible to interact with customers should have the authority to solve the customers’ problems immediately without guiding the customer to visit the nearest physical store. Based on the above answers, the following theme has been emerged: “Some recommendations are needed to improve social media usage in the private and public firms.”

4. Conclusion

SCRM began to mature in the minds of the business world as a crucial strategic tool for building and sustaining mutual relationships with customers. It gives firms the ability to maintain current customers and acquire new prospects. In the Egyptian mobile telecommunication services and based on the managerial perspective, SCRM is a vital mean for keeping long term relationship with customers which in turn will affect the firm performance. SCRM activities are applied mainly via Facebook which is the most used platform in social media. Although companies need to use more social media platforms other than Facebook in order to reach all their customers. The application of SCRM differs from one mobile operator to another. SCRM gives high potential to achieve a sustainable competitive advantage.

Due to the high competition that exists in the Egyptian mobile telecommunication services, companies need to stand high in the cloud to gain the competition. The shift toward SCRM is a cultural shift that should consider SCRM as an essential part of the firm’s strategy involving all levels of employees in the organization. This can be accomplished through fostering customer engagement practices, sharing feedback and maintaining collaborative conversations with customers. This study confirmed that top management support, staff with sufficient knowledge concerning social media tools, and employees experience and dedication are the central pillars for successful SCRM. Applying social media as a CRM tool provided significant opportunity for mobile telecommunication services to expand their market and gain more access to more potential customers who are social media users.

Finally, understanding customers is essential for the success of the firm and requires careful listening and stronger cooperation to ensure that the customer is the center of every activity. Particularly, in the social world, companies should move fast and share information to build better relationships with customers, growing and achieving their trust, where social media has now become a vital part of everyone activities. An organization with SCRM will build better relationships with customers, exchange of ideas over social networks, which is used by organizations to create products/services that satisfy customers and improve the firm performance. Findings revealed that investments in SCRM will provide relationship...
management benefits and enhanced interactions with customers. Particularly, in the Egyptian mobile telecommunication services with SCRM perspective will build a better relationship with customers, growing and gaining trust and confidence thus leading to improved firm performance.

Firms are more likely to enhance their performance with higher SCRM capabilities and adjust their marketing strategies using social media. SCRM had been considerably been applied in developed countries, the current study is an extension of previous studies carried out but within the Egyptian context, particularly the mobile telecommunication services. There appeared to be gap in literature and lack of SCRM adoption within the Egyptian context, the adoption of SCRM would help to overcome the challenges and problems facing the Egyptian economy.

5. Research Limitations
First, this study provided a useful foundation for further research because the findings of this study were based on qualitative data. Further research could test the relationship between SCRM activities and firm performance quantitatively to obtain a high level of generalizability. Second, this study was conducted from the managerial perspective. Although managers as main informants were adequate sources of reliable and valid data, more employees need to be asked. Additionally, it would also be important in future research to conduct a comparison study between the internal evaluation (e.g. managers) of the firm’s degree of SCRM with the level of SCRM as perceived by customers. Third, this study took place in Egypt. Future research could consider other countries. Fourth, this study focuses on the most used social media platform, which is the Facebook in applying the SCRM activities. Future studies should consider other platforms such as YouTube, Instagram, etc. Fifth, this study focused on a single industry particularly the mobile telecommunication services. Future research could attempt to replicate this study in other industries (e.g. banking industry, FMCG industry, etc.) and also in other CRM domains, such as Electronic CRM (ECRM). Sixth, cross-sectional data were used in this study. Future research should collect time-series data for testing the relationship between SCRM activities and firm performance quantitatively. Seventh, this study focused on some firm performance measures such as: growth and profitability. More research is also needed to develop a comprehensive firm financial performance measures such as ROI, etc.

References


