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SOCIAL MEDIA CUSTOMER RELATIONSHIP MANAGEMENT AND BUSINESS PERFORMANCE: EMPIRICAL EVIDENCE FROM AN EMERGING MARKET

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Abstract:

The purpose of this paper is to investigate how social media marketing engagement efforts mediate the relationships between CRM and the business performance. We argue that social media marketing engagement efforts used by the companies will enhance the positive influence of CRM on business performance. We used Hunt and Morgan's (1995) resource–advantage theory (R-A theory) as the theoretical framework for understanding the relationship between CRM and business performance mediated by online social media marketing efforts. Data for the study is collected using face-to-face personal surveys conducted with n=152 top management team members of randomly selected companies across a broad spectrum of industries located in Turkey. The study findings indicate that traditional CRM approach had positive effect on firm performance, but the relationship was partially mediated by the social media marketing engagement (SCRM) activities. The strength of the relationship along with the explained variance improved when SCRM was introduced into the structural model. This study provides additional empirical support for the role of the SCRM in modern organizations. It fills the gap in the literature in shedding light to the value of SCRM in the context of an emerging market environment to realize the full benefits of CRM.

Key words: *CRM, social media customer relationship management (SCRM), emerging market, firm performance*

1. Introduction

Researchers and practitioners had significant interest in customer relationship management (CRM) over the last several decades. As a result, CRM has been referred to

the new "mantra" of marketing (Winer 2001) and research interest in "relationships marketing" has increased substantially. The CRM concept initially became popular in the information technology field and is frequently described as "…leveraging customer data creatively, effectively and efficiently to design and implement customer-focused strategies" (Hansotia, 2002). Although not limited to the electronic interaction with customers, marketing scholars often considered CRM as an information technology enabled solution for customer management (Ryals and Payne 2001) and a critical dimension of the relationship marketing (Parvatiyar and Sheth 2001). Hence, the implementation of relationship marketing principles expected to require the use of technology-based customer relationship management (CRM) applications (Chen and Popovich, 2003).

During the last several decades, many companies have invested significant resources into CRM applications. Despite the strong conceptual support of marketing concept that why CRM should have a positive influence business performance, empirical research studies have provided inconsistent findings on the effectiveness of CRM on business performance. These inconsistent findings led researchers to start examining other factors that might have potential moderating and/or mediating role between the CRM and firm performance (Chang, Park, and Chaiy, 2010).

Today's world wide web technology and large online social media platforms have created significant opportunities for marketers to interact with their customers (two-way) in real time, gather information, analyze and predict customer needs more efficiently, and to provide quality service to large number of customers more effectively (Greenberg, 2009; Baird & Parasnis, 2011; Faase et al., 2011). Researchers have focused on investigating social media marketing objectives including sales, brand awareness, brand image, traffic, marketing cost reductions, and stimulating user posts or shares (Felix, Rauschnabel, & Hinsch, 2017). Charoensukmongkol & Sasatanun (2017) argue that "…the benefit of social media use for CRM will be significantly higher for companies that have more sales volume from social media than those with more sales volume from physical stores (p. 28). Hence, effective use of online social media tools is considered a necessity to improve customer relationship management performance (Trainor et al., 2014).

Accordingly, scholars argued that the traditional CRM needs to evolve into what is now called online "social customer relationship management (SCRM)." Researchers argue that CRM practices alone may not be sufficient to influence firm performance. To realize the full benefits of CRM, interaction with other firm resources such as online social media marketing practices (Chang et al.,2010; Jayachandran et al., 2005; Srinivasan & Moorman, 2005) are needed. Accordingly, to benefit from the CRM implementation, organizations have started making important investments (financial and human resources) in utilizing online social media platforms and direct their attention to social media marketing activities. Eighty-one percent of the surveyed executives indicated that they would expect to increase their investment on social media marketing applications and reduce spending on traditional marketing activities (Zhang et al., 2011). Although the adoption of social media tools was slower for the B2B companies in comparison to B2C companies, they are also starting to use such tools when communicating with their customers and suppliers to build better relationships (Bank, Yazar, & Sivri, 2019).

In this research, we attempt to examine if social media marketing engagement efforts have any mediating relationships between traditional CRM and the business performance. More specifically, we argue that social media marketing engagement efforts used by the companies will enhance the positive influence of CRM on business performance. We use Hunt and Morgan's (1995) resource–advantage theory (hereafter R-A theory) as the theoretical framework for understanding the hypothesized relationship between CRM and business performance mediated by online social media marketing efforts. We test the hypothesized relationship within the context of a firm operating in an emerging market environment where the marketers have increasingly started to focus on investing in social media marketing activities to realize the full benefits of CRM.

2. Literature review

Literature provides various findings supporting the argument that having online SCRM capabilities play an important role in improving traditional CRM effectiveness. Although there is no clear grouping of the research studies in the literature, one could organize the studies that have investigated the contributions of online SCRM in few categories.

Announcements—online social media has been successfully used to communicate with the customers with respect to various announcement and benefits offered by the product. Using real time pricing, changes in price or discounts offered can easily be communicated with the customer to influence their demand through Twitter and other social media platforms (e.g., Dell, Southwest (Andzulis, Panagopoulos & Rapp, 2012). Firms have been using online social media platform has to inform about upcoming events and reward them to encourage their continues loyalty by offering additional discounts, values or asking them to become fans (e.g., company likes, sharing, checking in, etc.). Using the convenience of online social media analytics, firms could gauge customer reactions quickly and/or experiment with various pricing or messaging initiatives.

Product development through customer collaboration—Online social media platforms have provided firms the ability to access the customer knowledge and seek their participation/collaboration for new product development ideas/improvements (Askool and Nakata, 2011). SCRM uses improve a firm's ability to engage with customers more effectively by having collaborative conversations, understanding customer workarounds, enhance customer insights, and harnesses co-creations through crowdsourcing (Ustuner & Godes, 2006; Trainor et al., 2014; Bagozzi & Dholakia, 2006; Askool and Nakata, 2011). In addition, relationships they have established through the social media networks has also the potential to recruit new customers through referrals and word-of-mouth (Rodriguez, Peterson, and Vijaykumar Krishnan, 2012, 369). Monitoring social media conversations and posts will be helpful in generating new leads or finding new product ideas. (Schaffer and Kummer,2013, p. 8).

Monitoring changes in industry trends and customer needs—evidence suggest that companies using social media proactively, learn more about the changing customer needs and industry trends. A significant amount of information (such as videos, posts, discussions, likes, complaints, various workarounds, etc.) is shared on various social

media platforms that provide a window to marketers about the changing environment. Although access to all data may be limited due to the privacy settings or social media platform policies, there is significant amount of information available publicly or volunteered by the users that provides valuable information to the marketers. User-generated content is usually freely available to marketers through effective monitoring and analyzing customer content posts on their social media sites (He, Zha & Li, 2013). Various social media tools allow marketers to monitor conversations, capture and analyze textual data (keywords) to discover/detecting new information about favored brands, popular product trends, and interest patterns (Governatori & Lannella, 2011; Chanthinok, Ussahawanitichakit & Jhundra-indra; Risius & Beck, 2015). Through the effective use online social media tools, marketers put themselves into a better position to gather actionable information, monitor the existing and changing consumer needs, and respond quickly (Trainor, 2012).

Promotion and word-of-mouth—various social media platforms and features provide efficient and effective way to communicate with target customers (Aral, 2014) in real-time and allow them to participate in the development of the marketing communication messages. Using microblogs, marketers can design unique communication messages to interested subscribers or fans for various special offers (Alt & Reinhold, 2012). Learning more about customer complaints and effectively responding to them could reduce potential damage to the brand and communicates a message that the company is committed to solve customer problems (Einwiller & Steilen, 2015). Such actions should also help with developing customer good will and encourage customers to share their positive experiences with their friends and acquaintances (Risius & Beck, 2015). In addition, online social CRM tools can help marketers to understand and respond if there are any customer service encounter related breakdown in their efforts to satisfy their customers (Smith, Bolton, and Wagner 1999).

Social media marketing literature provide ample evidence for heightened interest in understanding electronic word-of-mouth effects on sales, diffusion of information, and various performance measures (George & Paul, 2020). Positive consumer feedback and experiences posted on social media sites were considered valuable and influential for others in their purchase decision making process. At the same time, negative feedback and comments are known to discourage consumer purchases or challenge new consumer acquisitions (Jermsittiparsert, Sutduean, & Sriyakul, 2018; Ahmad, Abu Bakar, & Ahmad, 2019).

Market research—marketers need to integrate social media tools capture and analyze relevant data (e.g., demographics, behavioral profiles, competitive environment) to better understand and respond to their customers (Rodriguez, Dixon & Peltier, 2014; Gunelius, 2011). Social media also provides additional research opportunities (such as real time influences of buying decision, early warnings, feedback) that may not have been possible to access (Quinton, 2013). Examining the blogs and customer diaries can provide valuable information about what customers are passionate about and how to get them to share their product usage experiences with others. Online social media tools also allow marketers to gather data/information that can be analyzed using marketing analytics to predict, solicit, and infer new product ideas and concepts and make necessary adjustments in a timely manner (Hoffman and Fodor, 2010; Dutot & Bergeron, 2016).

## 3. Theoretical background and conceptual model

Similar to Wang and Kim (2017) and Trainor et al., (2014), we use the resource-advantages theory (R-A) as the theoretical basis for this current research. In general, the R-A approach suggests that firms' resources and capabilities drive business performance and subsequently differentiates organizations from others in the same industry (Hunt and Arnett, 2003). According to Morgan et al. (2006), R-A theory emphasizes the importance of resource heterogeneity among firms, which influences firms' performance. In other words, R-A theory posits that the resource heterogeneity that exists among firms combined with their ability to convert existing resources into capabilities (Barney, 1991; Day, 1994) causes performance differences among firms. Available firm resources affect their ability to develop and implement competitive strategies and ultimately influencing their performances (Swink & Song, 2007).

R-A theory argue that firm resources are related to assets, knowledge, and processes used to implement a business strategy. Accordingly, investments in CRM technologies (hardware and software) are considered firm resources but such initiatives alone will not be sufficient to achieve performance unless these resources are converted into distinctive capabilities by using organizational processes that are complementary. Hence, online social marketing efforts/effectiveness should complement the CRM process to achieve capabilities for better business performance (Nevo & Wade, 2010).

Conceptual Model and Hypotheses

Using the R-A view, we conceptualize that the relationship between traditional CRM and firm performance will be mediated by using social media marketing engagement activities (Figure 1).

Figure 1—Proposed Model
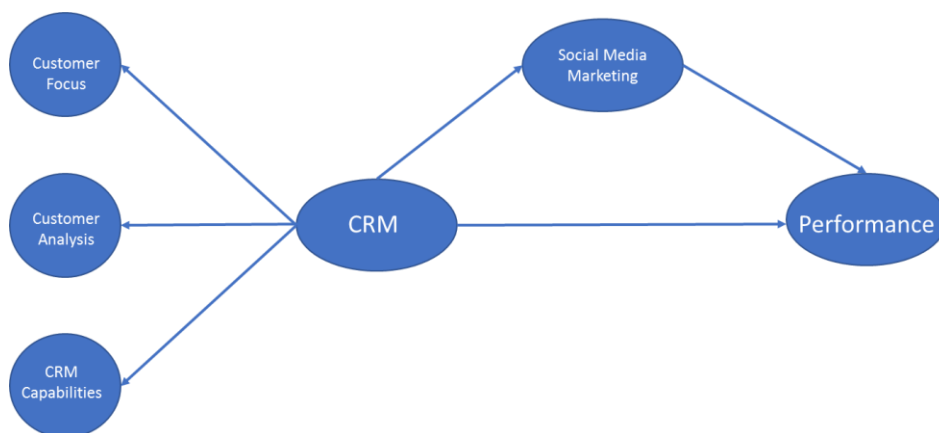
CRM:

Using the marketing concept, traditional CRM refers to using information and knowledge to satisfy customer needs and wants through effective relationship management (Bull, 2003; Levine, 2000). As mentioned earlier, some scholars (Ryals and

Payne, 2001) argue that CRM has often been used interchangeably with "relationship marketing". However, it is argued that CRM utilizes information technology tools to help establish the relationships with the customers (Payne and Frow, 2005). Hence, CRM is considered more of operational or transactional approach to customer management by facilitating or automating the transactions to achieve marketing outcomes. Through databases and customer insights obtained by marketing models, CRM is considered as the "implementation of information technology to support" marketing activities by providing the ability to individualize marketing efforts for each customer (Parvatiyar & Sheth, 2001). Accordingly, we conceptualize that CRM is being composed of three basic dimensions: *customer focus* (customer relationship orientation and customer-centric management), *customer analysis* (insights that companies obtain by analyzing large amount of data about their customers), and *CRM resources* (technology, support, analysis).   Based on the literature support, we posit the following hypothesis:

H1: The use of CRM will have a positive effect on its performance.

Social Media CRM (SCRM):

According to (Greenberg, 2009, p.8), social CRM "…is a philosophy & a business strategy, supported by a technology platform, business rules, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted & transparent business environment. It's the company's response to the customer's ownership of the conversation." From this perspective, social CRM provide crucial customer insights and having that capability refers how well a firm can generate, integrate, and respond to the insights obtained through interactions that are made possible by social media tools (Trainor et al., 2014). Researchers reported evidence that if companies have active social media presence, both user-generated and disseminated content increases (Risius and Beck, 2015). This is mostly done through higher levels of interaction and by establishing better relationships with the customers (Charoensukmongkol & Tarsakoo, 2019). Customers will appreciate the attention paid by the company and encourage them to engage further and continue with the relationship (Bank and others, 2019).

Social CRM resources will improve a firm's ability to get their customers to engage in open conversations and maintain relationship, leading to better customer satisfaction, loyalty, and retention (Trainor et al., 2014). Social media provides significant power to the consumers in terms of word-of-mouth communication (dissemination of information, opinions and recommendations). Of course, the information disseminated could be both positive and negative but active management involvement in the social media can magnify the positive communication and preempt the potential consequences of the negative word-of-mouth (Risius and Beck, 2015). Moreover, frequent online discussions and information sharing also contributes to higher levels of brand awareness. According to Wang & Kim (2017), "firms that actively use social media can increase consumers' awareness of their brand and themselves and also highlight their intentions to engage in interactive dialogue, thus augmenting the impact of social CRM capabilities" (p. 19). Brands may be considered as ongoing social processes and their value is co-created by various stakeholders (Muniz and O'Guinn, 2001; Fuller and Hippel, 2013). Effective social media activities are assumed

to contribute to the increases in brand awareness and mind (Ashley and Tuten, 2015). Overarching goal of social media usage is to improve firm performance (Odoom and others, 2017) and the increased positive reviews found to have an important impact on sales (Bowen & Bowen 2016). Hence, we propose the following hypothesis:

H2: Social CRM engagement will mediate (improve) the relationship between CRM and firm performance.

4. Study methodology

Measures and Questionnaire

To operationalize the constructs used in the conceptualized model, we used the existing scales offered in the literature. The study questionnaire was divided into several sections. The first section of the questionnaire included statements related to measuring firms' customer relationship management (CRM) activities. These 13 statements were adopted from Cildag (2007) and Hong-kit et al. (2004) studies were measure using a 5-point Likert scale. The second and third sections of the questionnaire contained questions and statements that are related to the existing organizational structure that is responsible to carry out social media activities and organizational practices used in managing social media activities. These questions were adopted from several studies (Linke and Zerfass, 2012; Becker et al., 2009; Jucan et al. 2013; Trainor et al., 2014; Buss and Begorgis, 2015). The fourth section of the questionnaire included statements to measure the social media relationship marketing related competencies and they were borrowed from the Buss and Begorgis (2015), Marzouk (2016) and Gartner (2010) studies. The next three sections of the questionnaire included social media marketing activities and firm performance related statements that were adopted from Marzouk (2016). Finally, the questionnaire also included a few demographic questions.

Data Collection

Data for the study is collected using face-to-face personal surveys conducted with top management team of randomly selected companies across a broad spectrum of industries located in Turkey. Individual appointments were made with the subjects for the data collection. The data collection process took approximately six weeks. Largest 500 Turkish company list has been used as the sampling fame to collect the data for the study. We used a market research firm to administer the survey questionnaires to selected subjects using personal interviews at company locations. Of the 330 randomly selected subjects from these firms contacted, n=152 completed the surveys—yielding approximately 46% completion rate.

Sample

Subjects in these firms were carefully selected based on their company positions (member of top management team) because we wanted to make sure that the subjects were familiar with the ideas and values within their organizations and had the knowledge on strategic initiatives and outcomes related to the study topic. Professional interviewers

emphasize that the responses will be kept strictly confidential and only the aggregate results will be published. To encourage participation in the study, subjects were offered to receive the aggregate results of the survey along with an executive summary of the study findings. Table 1 shows the sample profile of the subjects participated in the study.

Table 1—Sample Characteristics

Characteristics	Frequency	Percentage
Gender		
• Male	79	52
• Female	73	48
Age		
• 24 to 34	75	51
• 35 to 45	55	38
• 46 to 56	12	8
• 57 and over	4	3
Company position		
• CEO/Assistant General Manager	1	0.7
• Marketing Director	10	7
• Sales Manager	12	8
• Customer Services Rep	23	15
• Marketing Communications Manager	17	11
• Social Media Manager	13	9
• IT Manager	4	3
• Other	71	47
Number of Employees		
• Less than 100	10	7
• 101 to 500	33	22
• 501 to 1000	28	18
• More than 1000	81	53
Department for social media activities (multiple response)		
• Social Media	45	21
• Marketing	52	24
• Sales	10	5
• Customer service	9	4
• Information technology	23	11
• Corporate communications	66	31
• PR	5	2
Years of activity in social media		
• Less than 1 year	6	4
• 1-2 years	5	3
• 3-4 years	16	11
• 5-6 years	31	20
• More than 6 years	93	61
No of employees in social media activities		
• More than 10	22	15
• 5-9	42	28
• 2-4	60	40
• 1	15	10
• None	8	5
• Only advisory services	5	3

Table 1 shows that majority of the firms would be considered large firms based on their number of employees. Gender was approximately equally split, and almost half of the respondents were between the ages of 24 to 34. Considering the younger nature of Turkish population, this would be considered a representative age distribution. Moreover, majority of the firms have been participating in social media marketing activities for more than 6 years and employed 2 to 4 people for the social media marketing activities.

5. Analysis and results

To analyze the data, we used both descriptive and relational statistical analysis including structural equation modeling.

Reliability Analysis
The first step was to check the construct reliabilities for all constructs. Table 2 shows all constructs used in the study along with their reliability scores.

Table 2—Construct means, loadings, reliabilities and AVEs

		Mean	Sd	Loading	AVE
CRM (α=0.78)					0.45
Capabilities/Resources (α=0.81)					
1.	We have the right computer software to provide better service to our customers.	4.56	.648	.70	
2.	We organize training programs to improve our employees ' ability to better understand customer relationships.	4.42	.858	.69	
3.	We have successful and sufficient sales staff, marketing experts and resources in customer relations.	4.54	.754	.66	
4.	We use data warehouses to store information about our customers. (Data warehouse: the systems where all kinds of information belonging to the customer is brought together.)	4.74	.534	.49	
5.	We have a structure that communicates with our customers mutually.	4.64	.593	.72	
6.	We use contact channels (telephone, fax, email, web etc.) to communicate with our customers.	4.71	.571	.62	
Customer Focus (α=0.76)					
1.	We do value analysis for each customer (customer value analysis: the contribution of the customer to the profitability of the business during the time the customer purchases from the business).	3.90	1.066	.80	
2.	Different characteristics (financial, life forms, etc.) we provide different services to our customers and personalize our services for our valued customers.	3.72	1.158	.77	
3.	In our company, we regularly visit our customers according to their importance.	3.57	1.253	.53	
4.	We classify our customers according to their characteristics (financial values, lifestyle, income levels, needs).	3.63	1.331	.77	
Customer Analysis (α=0.70)					
1.	Our objectives are focused on customer acquisition, customer retention and customer satisfaction.	4.64	.635	.80	
2.	We constantly investigate what the needs of our	4.61	.755	.71	

	customers.			
3.	We take into account the complaints of our customers and report the results to them.	4.76	.485	
				.51
Social Media CRM *(α=0.94)*				0.60
1.	We use social media to detect and resolve customer complaints about our products or services.	4.02	1.193	
				.84
2.	We use social media to provide information about the distribution channels where our products or services are sold/marketed.	4.07	1.163	
				.84
3.	We use social media to promote our discounts and opportunities.	3.92	1.258	.84
4.	We use social media to promote our new product or service to the market.	4.11	1.226	
				.83
5.	We use social media to identify significant changes in our industry.	3.84	1.193	.82
6.	We use social media to understand the change in our customers ' product preferences.	3.85	1.321	
				.80
7.	We use social media to learn consumers ' views and reactions to the prices of our products.	3.78	1.312	
				.75
8.	We use social media to develop new products or services by asking our online communities their opinion and receiving feedback from them.	3.63	1.384	
				.75
9.	We use social media to conduct market research in our sector.	3.93	1.259	.68
10.	We use social media to respond to price changes of our competitors.	3.24	1.296	.53
Performance *(α=0.87)*				0.70
1.	Sales of new products and services have accelerated/increased.	3.86	1.094	.77
2.	Our sales have increased.	3.90	1.217	.79
3.	General marketing communications costs have decreased.	3.51	1.168	.95

All reliabilities meet or exceed the minimum expected thresholds listed in the literature. This could be influenced by the fact that the scale items we used in this study were obtained from the previously published studies in the literature and others have also reported that the scale items had content validity and reliability. To examine if the data was appropriate for factor analysis, we checked the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO-MSA) (Kaiser, 1970). Results shows that all KMO results were greater than 0.50, which is considered as the minimum cut off score in the literature. Similarly, we checked the significance levels (p<0.001) for Bartlett's test for sphericity, which also confirmed that the data is suitable for factor analysis.

Confirmatory Factor Analysis (CFA)

Next, we used CFA to assess the dimensional structure of the CRM items used in the study. AMOS CFA model fit indices were used to validate the structures of the three latent factors in term of their effectiveness in measuring the same construct. The CFA results showed that the three-factor solution (customer focus, customer analysis, and CRM capabilities) had good internal consistency, reasonable construct reliabilities, and decent model fit indices (Chi-square=174.51; GFI= .86; RMSEA=.09) to continue with the analysis. Although we could have improved the model fit by pruning some of the indicator variables, we have decided to keep all variables in our estimation. Our results showed that the standardized loadings were all above 0.5, AVE estimates were met the minimum criteria cited in the literature and the CR values were very close or above the minimum

threshold (0.70) suggested in the literature indicating adequate convergence or internal consistency (Table 3).

Table 3 —Standardized Factor Loadings, Variance Extracted, and Reliability Estimates

| Items	CRM	SCRM	PERF	Item Reliability	Eigen values	Delta	Const pairs	IC	SIC
X1	0.7			0.49		0.51	F1-F2	0.51	0.26
X2	0.69			0.48		0.52	F1-F3	0.58	0.34
X3	0.66			0.44		0.56	F2-F3	0.72	0.52
X4	0.49			0.24		0.76			
X5	0.72			0.52		0.48			
X6	0.62			0.38		0.62			
X7	0.8			0.64		0.36			
X8	0.71			0.50		0.50			
X9	0.51			0.26		0.74			
X10	0.8			0.64		0.36			
X11	0.77			0.59		0.41			
X12	0.53			0.28		0.72			
X13	0.6			0.36	5.823	0.64			
Y1		0.84		0.71		0.29			
Y2		0.84		0.71		0.29			
Y3		0.84		0.71		0.29			
Y4		0.83		0.69		0.31			
Y5		0.82		0.67		0.33			
Y6		0.8		0.64		0.36			
Y7		0.75		0.56		0.44			
Y8		0.75		0.56		0.44			
Y9		0.68		0.46		0.54			
Y10		0.53		0.28	5.986	0.72			
Z1			0.94	0.88		0.12			
Z2			0.8	0.64		0.36			
Z3			0.75	0.56	2.086	0.44			
Variance Extracted (AVE)	45%	60%	70%						
Construct Reliability (CR)	0.91	0.94	0.87						
SIC Estimates	(0.34, 0.26)	(0.52, 0.26)	(0.52, 0.34)						

IC=Interconstruct correlations; SIC=Squared Interconstruct Correlations; Delta=Standardized Error Variance; AVE=Average Variance Extracted; CR=Construct Reliabilities.

Therefore, we feel comfortable that there is sufficient evidence that provide support for the existence of convergent validity of the three-construct CRM. Although some statistics may be considered marginally below the cut offs suggested in the literature, we do not believe they will cause significant effect to model fit or internal consistency. In addition, various model fit indices provide reasonable support for the model fit. The AVEs were higher than their respective SICs, which may be interpreted as the indicators had more in commonality with the construct that they were associated with other constructs. Hence, model demonstrates discriminant validity.

Structural Equation Model

According to the conceptualized model, we modeled the CRM as a second order latent factor composed of three first-order latent constructs (resources, customer analysis, customer focus) measured by their respective indicators. We then first linked this CRM factor to firm performance and next introduced the social CRM (SCRM) as a mediating variable. Results of the structural equation model are displayed in Figure 2a.

Figure 2a--SEM Results
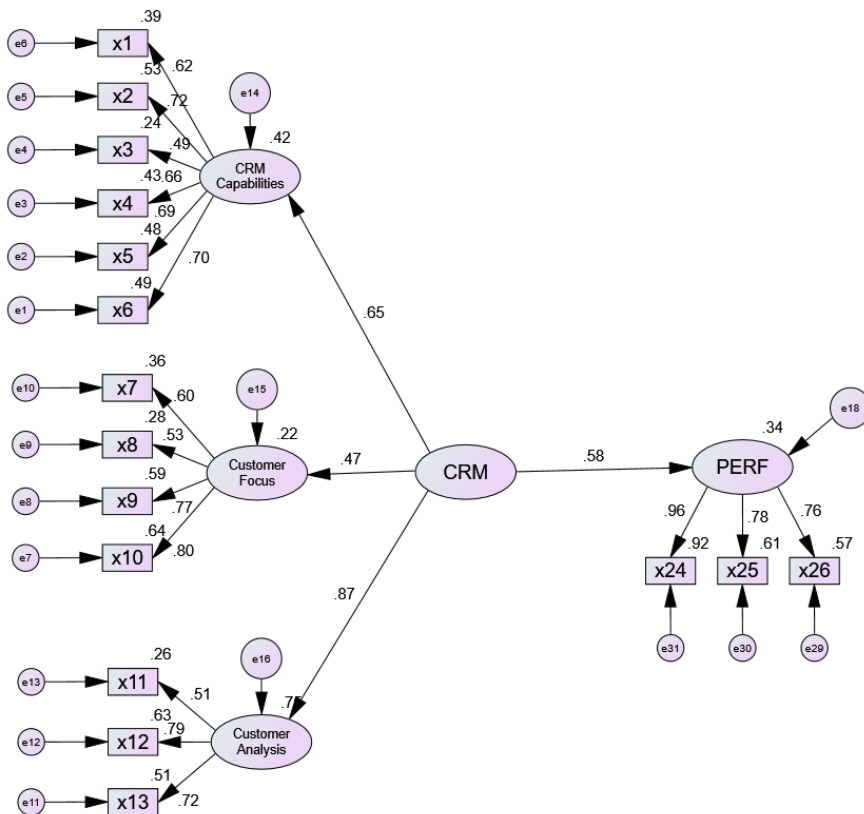
This Figure 2a shows the standardized path coefficients and the model R-squared values for the variables. All relationships displayed in that model are statistically significant and

explained variances (R-squared) are relatively higher. All factor loadings were above 0.50 indicating strong dimensionality. The results of SEM for the conceptual model revealed that overall fit indices were acceptable (GFI=0.85; CFI=0.86; RMSEA=0.09). Inspection of the SEM results displayed in Figure 2a showed that all relations between the constructs were in the hypothesized directions as it is conceptualized in the model and they were statistically significant (β=0.58, p<0.001).

We then introduced the SCRM construct in the model as a mediating variable between CRM and performance. Figure 2b shows that the direct path coefficient between CRM and performance has declined to β=0.35 from β=0.58, but remained statistically significant, indicating a partial mediation. Moreover, the model r-squared has increased from R^2 =0.34 to R^2 = 0.62 with the inclusion of the social CRM. The structural model results provide partial support for the second hypothesis.

Figure 2b--SEM Results
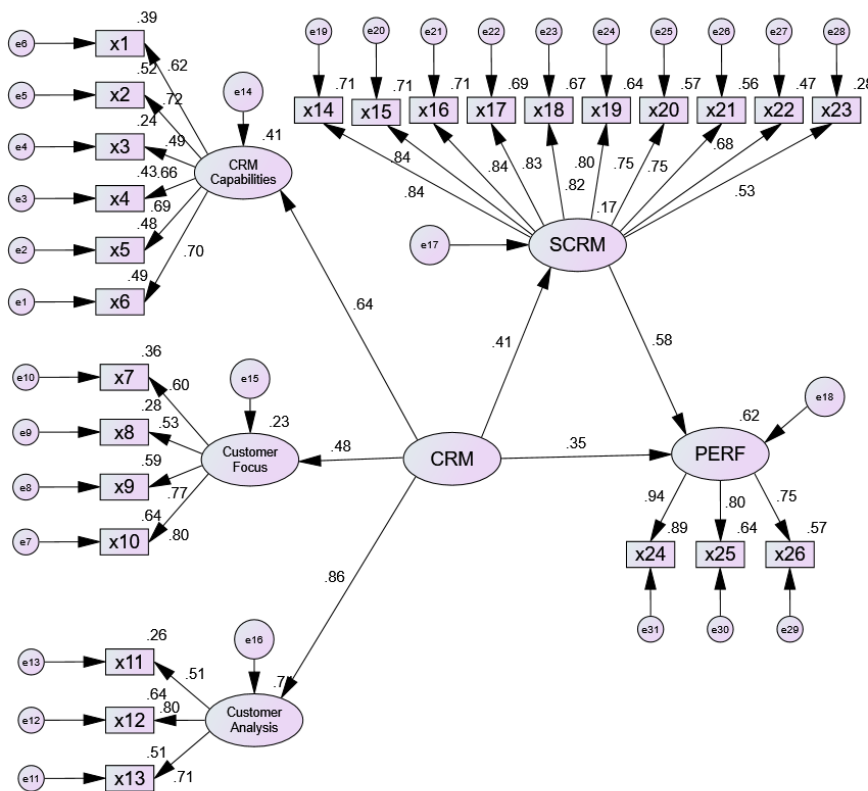
6. Conclusion and discussions

Customer relationship management (CRM) has been an important concept in marketing theory and practice for several decades. Using CRM technology, marketers have tried to leverage customer data in their effort to develop closer customer relationships and implement customer-focused strategies. Traditionally, CRM is considered as more of a transactional process that facilitates or automates customer contacts to achieve marketing outcomes. Marketers obtain customer insights through databases and the implementation of information technology provided the necessary support needed to individualize marketing efforts for each customer.

The objective of this study was to examine how social media marketing engagement efforts of firms facilitated the relationships between CRM and the business performance. More specifically, we argue that social media marketing engagement efforts (or social CRM) used by the companies should enhance the positive influence of CRM on business performance. To shed light, we used Hunt and Morgan's (1995) resource–advantage (R-A) theory as the theoretical framework and incorporated online social media efforts (SCRM) as a mediating factor between CRM and business performance.

Study results confirmed that the CRM had a positive influence on the business performance of large firms in an emerging market. Moreover, when the social CRM is used, the strength of the relationship between CRM and firm performance is improved. Although the direct link between CRM and the performance remained statistically significant, the decline in the size of path coefficient indicates a partial mediation effect of the social CRM activities. In other words, the influence of the CRM on performance increases when firms actively engage in social media customer relationships.

MANAGERIAL IMPLICATIONS

Although online social media engagement has become a critical part in consumers' daily lives and activities, the results of this study indicates that the marketers have be utilizing online social media to establish better relationships with their customers and improve business performance. Although our sample was mostly comprised of large firms in Turkey, only 21% of the subjects have indicated that they had a social media department and more than two thirds said they had less than four people responsible with social media marketing activities in their organizations. It is imperative that the modern organizational design and structure should include resources and dedicated departments to manage and coordinate online social media engagement efforts along with the traditional CRM processes. Marketing personnel employed in such departments/centers should be well trained in social media tools and use processes in order to maximize the positive benefits on firm performance.

Furthermore, marketing efforts and plans should incorporate an integrated communication strategy using blogs, microblogs, chat rooms, social networks, cyber games, etc. to keep customers engaged and respond to their changing needs. When the marketers complement their traditional CRM activities with online social media engagement, additional performance benefits such as effective pricing, product development, distribution, lower marketing communication costs, preempting competitors,

resolving customer complaints, loyal customer base and access to market insights will also be realized.

STUDY LIMITATIONS AND FUTURE RESEARCH

It should be noted that this study has certain limitations. First, this research used that large companies operating in Turkey as a sampling frame and convenience sampling was used to obtain the study sample. Although the sample size included some subject whose position would be considered "upper management," there was a large variation in the organizational positions of the participants in the final sample. A more controlled sampled would have been preferred in terms of the generalizability of the study findings. Hence, caution should be used to generalize the study findings to entire population. To enhance the generalizability of the research findings, future inquiries could employ more diversified samples and diverse national market environments.

Second, although the sample size was considered adequate for estimating parameters in this study, our findings need be replicated using larger samples taken from different companies operating in consumer markets. Hence, future studies should also include companies operating in consumer markets along with the B2B markets to validate the study findings.

Finally, we used subjective measures of business performance in this study. Our performance measure included improvements in sales, new products introductions, and declines in marketing communication costs as perceived by the subjects. Our performance measure would have been stronger if he had incorporated objective results along with the subjective perceptual data (use of accurate objective measures of performance would have preferred). However, in their article, Dess & Robinson (1984) argue that the subjective perceptions obtained from the top management team (TMT) were "…strongly correlated with objective measures of the absolute changes in return on assets and sales over the same time period." In other words, they concluded that the "…TMT's perception of how well their firm had performed measured in a subjective and relative sense-was consistent with how the firm actually performed vis-a-vis return on assets and growth in sales." Hence, they suggest that "…although the objective measures would be preferred, a researcher might consider using a subjective perceptual measure of organizational performance when accurate objective measures are unavailable, and the alternative is to remove the consideration of performance from the research design." Future studies should include additional objective performance measures to assess the role of online social media engagement activities on company performance.

7. References

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