

## **THE ANALYSIS OF ECONOMIC PERFORMANCE OF COMMERCIAL SOCIETIES FROM SOUTH-EASTERN EUROPE USING SOCIAL CUSTOMER RELATIONSHIP MANAGEMENT**

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### **ABSTRACT**

*The emergence and development of Internet has changed the business model. Now, the notion of quantity and quality, that represented the only references for the increase and development of a business, were replaced with the visibility of commercial society and of its products on the market. The Internet will help any commercial society to successfully promote its products and services, it will help to communicate and interact faster with clients through online marketing.*

*This paper aims to demonstrate the existence of a strong link between SCRM and the increase of profits of a commercial society, by studying SCRM within commercial societies from the South East of Europe.*

**KEYWORDS:** *CRM, SCRM, Internet, commercial society, profit*

**JEL CLASSIFICATION:** *L1, D22, L22, L25, A13*

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### **1. INTRODUCTION**

CRM has developed into a major element of the business strategy of many companies and it is based on the creation and development of some personalized relationships with customers in order to increase their profitability.

A CRM strategy allows a business a rapid adaption of organizational behaviour to the changes emerged on the market and thus the commercial society will better meet the wishes and demands of its customers.

The managers of performant commercial societies start from the rationale "it is harder to conquer a customer than to keep an existing one", in support of this idea come the research made on the costs involved by these two alternatives; those determined by the winning of a new client are from 3 to 15 times bigger depending on the branch and product than those involved by fidelity of an existing client. The way the approach of the customer evolved may be presented as it follows: a few decades ago satisfying the needs of the customer represented the premise of doing business. It was noted, however, that they easily migrate from one manufacturer to another. Thus it was necessary the winning of customer's loyalty through various actions and loyalty programs: a client was offered certain advantages such as promotional offers, discounts, loyalty points etc. Lately, however, there

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are required more and more strategies that determine the enthusiasm of the customer that can be caused by surprising offers addressed to him and that generate the sharing of its enthusiasm in the reference groups.

Adopting a CRM project is driven by the recognition of the fact that personalized relationships with customers represent one of the most important assets of commercial societies, and creating an informatics system that will manage these individualised relations determine a competitive advantage materialised in the increasing of the level of loyalty and retention of customers.

Epistemological position of the scientific research involves the diversity of the theorists and specialists' points of view, exclusiveness not being taken into account. This paper aims to reflect their own contribution to the development of the management theory and managerial practice in the South East Europe. Firstly, the scientific approach is a positivist one.

*The positivist approach* of the paper refers to the interposition of own reflections, which means observing what happens in the market, authentic presentation as it is. *Secondly*, the actual scientific approach is a *constructivist* one, for this is a process of transmitting the information, in the form of symbolic messages, between two or more people, some with the status of transmitter, others with receptor status, through specific channels after Niculescu (2011). *Thirdly*, the scientific approach is an *interpretativist* one, as there was sought the identification of the limits and advantages of a method or another, in the process of determining the optimal balance for obtaining and maintaining an effective management.

The two paradigms, positivist and constructivist, are not opposed, but complementary. The identification of the epistemological positioning was necessary in achieving the scientific approach on determining issues, hypotheses, research methodology and methods of validating the working hypotheses. This thing allowed putting a fundamental question for the present paper: to what extent and in what manner, the CRM paradigm can influence the achievement of a performant management by the promoting of performant strategies.

## 2. THE OBJECTIVES OF RESEARCH

The main objective of the scientific research is that of highlighting the importance of social networks as a means of developing a business by creating new opportunities, by promoting the brand and by a better visibility on the market.

Social networks operate on the basis of some sites that make up this community of online users; these are divided into different categories such as: hobbies, religion, politics, interests or various other activities, respectively all together on traditional social networks (where everybody has access and can apply, regardless of the interest and visions they have). Corresponding to this elements, there were pursued a number of objectives derived from the main objective, respectively specific objectives, such as:

1. Highlighting the very simple and convenient way that we interact with others, known or unknown, through social networks. The fact that everything happens on a terminal's screen (PC, laptop, tablet, mobile phone, etc.) makes everything simpler. We do not have to move, we can avoid awkward discussions over the phone or messenger, and we do not have to feel obliged to keep in touch with a certain person. The social network can be used and updated anytime, depending on the wishes of each of us. We can answer favourably and ignore anyone; we can be up to date with what is happening around us, as there is always a part of social media followers to update their personal pages, as well as those of the index/home/main page of the site in question.
2. Highlighting the fact that online social networks help a lot in terms of business. Commercial societies may use these online methods, for example, to recruit people for various jobs. The employers with an openness to new technological methods prefer to use them, due to some practical aspects such as: the quality of the employees; more suitable candidates may be

found, with a larger openness, professional, with recommendations from former colleagues or superiors; it may be easier to check both their psychological profile and the historic of previous jobs, the employment speed, higher rate of acceptance of offers, high level of reliability, low costs, etc. Another method of alternative recruitment may be considered the blog also. It can be personal or professional and it may offer useful information about certain candidates: general views, their vision and preoccupations.

3. The identification of the degree of implementation of a CRM system in commercial societies in Romania, Bulgaria, Greece and Republic of Moldavia and their opening to new online technologies as a means of implementing such a system in order to improve performance.

In order to achieve the objectives mentioned above we have used, as research methods, both the qualitative and the quantitative analysis. The qualitative analysis precedes the quantitative one and has to identify the causes and mechanisms of the studied phenomena. The quantitative analysis was required to highlight the size of the influences of causes.

### **3. RESEARCH METHODOLOGY**

In the literature of specialty were outlined a number of methods to evaluate the way in which commercial societies approach the CRM: the method of call, the interview, the questionnaire, etc.

The quantitative investigation of this paper was conducted based on a questionnaire of evaluation, as the main tool used, addressed to the employees of some commercial societies in Romania, Bulgaria, Greece and Republic of Moldavia. The qualitative investigation was conducted at the end of the research, on the basis of analysing and structuring the obtained information.

### **4. THE QUANTITATIVE RESULTS REGARDING THE PERCEPTION OF SCRM**

In the contemporary era, when millions of people use the Internet and many of them have accounts in social networks, it is expected for the commercial societies to start thinking of various ways to get involved in this sector also. Having the satisfaction of customers as the main way to ensure the development of the commercial society, finding new ways of communicating with them becomes a basic requirement. Traditionally, CRM focused on improving the way of operating of commercial societies. Currently, in addition to focusing on the increase of operational efficiency, commercial societies pay a special attention to cultivating the relationship with customers and gathering information about the satisfaction of their requirements. For this purpose, commercial societies can benefit from a variety of SM platforms that they can use to create bridges between consumers and them.

In order to analyse to what extent the commercial societies actually use the SM platforms in communicating with clients, I have used in the questionnaire a number of 6 questions, reporting myself to the most used six global platforms: Facebook, Twitter, LinkedIn, Forsquare, Google Plus and Pinterest.

The results obtained after the analysis of the responses received confirms again the weak opening of Southeast European commercial societies for the use of new media technologies referring to increase performance, almost 21% of respondents considering that SM is less effective compared to other methods of CRM referring to the communication of commercial societies with customers in the field of marketing (question 28), while only 9% of those interviewed considered the SM tools more efficient than other CM methods in the same field.

Moreover, in the field of effective sales (same question) 31,52% of the answers consider SM less effective and 10,59% even less effective, while only 2,84% of the respondents believe that for the growth of sales communication with clients with the help of SM is more effective.

**Table 1. Implementing a SCRM system within commercial societies from South-eastern Europe**

<b>Questions referring to the implementation of a SCRM system in commercial societies</b>	<b>Medium score/score</b>
I28. Compared with other CRM methods, how do you consider SM in the communication of commercial societies with customers, referring to the following activities?	<b>3,17</b>
➤ Marketing	3,38
➤ Effective sales	2,75
➤ Handling complaints	3,02
➤ Increase the satisfaction of customers	2,86
➤ Maintaining contact with customers	3,86
I29. What information do you consider useful in SM for an appropriate management of relationships with customers?	
I30. Indicate with what categories of persons do you keep in touch more through social networks, for your business;	
I31. What are the reasons that would cause you to use a certain social network in your business?	
I32. To what extent can you improve the CRM in your society using the following social networks?	<b>3,61</b>
➤ Facebook	2,82
➤ Twitter	3,97
➤ LinkedIn	3,91
➤ Forsquare	4,09
➤ Google+	3,01
➤ Pinterest	3,88
I33. For how long do you use the following tools of relationship with customers?	<b>4,50</b>
➤ Customer Relationship Management	
➤ SM	4,97
➤ Social CRM	3,87
➤ Internet	3,50
	5,68
I34. Do you think that if you won't implement a form of SM the results of your company will be affected?	1,61
<b>The position of respondents regarding the implementation of a SCRM system in commercial societies - TOTAL</b>	<b>3,22</b>

*Source: own processing of data in Annex 2*

Things are similar also in the sectors of handling the complaints and increase customers' satisfaction, where 29,46% and respectively, 9,56% of those interviewed think that using SM platforms is less effective in communicating with customers than the traditional methods of CRM, the answers from the opposite pole (more effective), being in proportion of about 30,49%, respectively 5,94%. Things are not very different in maintain the contact with customers also, sector where over half of the respondents considered SM tools as effective as the methods practiced until now.

At the same conclusions lead us also the answers got at the item I30, which in proportion of over 40% highlights the fact that commercial societies never keep in touch with collaborators (partners, customers, suppliers, producers) through social networks, the percentage specified being obtained at the category producers, but having significant percentage of respondents to the other categories also (around 13% referring to communication with various business partners, around 38% referring to the suppliers and, highlighted negatively, almost 13% referring to customers). To be noticed the fact

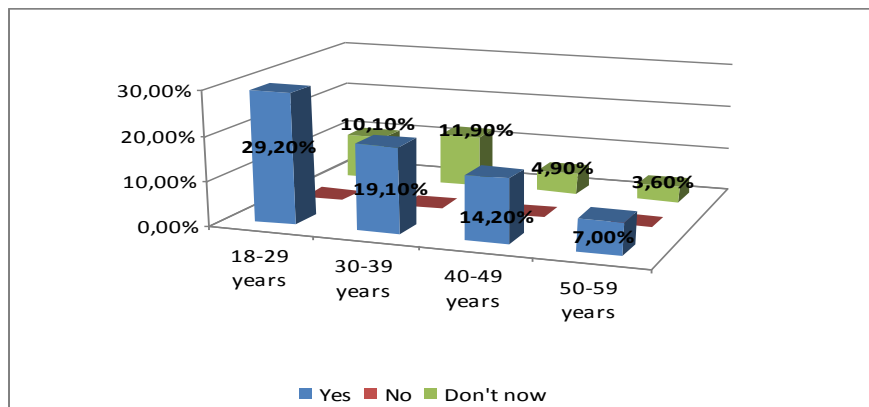
that commercial societies keep in touch with customers through social networks only in a percentage of 39%, and with potential customers only 21%.

It is obvious the fact that evaluating the satisfaction of customers is vital for the survival and development of businesses. Successful assessment of consumers' satisfaction maximizes their loyalty degree and helps commercial societies to position themselves more effectively on the market to attract potential future customers. But an inefficient evaluation does not contribute to the discovery of needs and expectations of consumers or to the rise of loyalty level and does not help the company to improve.

The methods of evaluation of customers' satisfaction are very important tools for commercial societies, as it measure the level of satisfaction, thus contributing to the determining loyalty toward the commercial society. But now once with the expansion of globalization phenomenon and widespread use of the Internet, consumers have much higher expectations. Thus, to achieve competitive advantage on the market, commercial societies have to insure that they are fully satisfied with the products and services offered to them.

At present, a method to make CRM more efficient and to measure their degree of satisfaction is to adopt strategies of relationship through social media. Unlike traditional techniques, those of social networking offer to commercial societies the possibility to communicate more quickly and efficiently, as well as to encourage clients to submit information and opinions in real time, these proving to be extremely valuable from the point of view of meeting their requirements. Regarding the improving of CRM practiced by commercial society using the most popular SM platforms, the opinions are divided again: 20, 41% of respondents consider that CRM can be improved in a large extent with the help of Facebook network, while 17, 31% have an opposite view, namely that Facebook may improve the CRM process only in a very small extent. To be observed the fact that to this question a majority of answers focused in the second part of the table with solutions, aiming the options „Average”, „Small” and „Very small”, these solutions referring to the measure in which the CRM process implemented in the commercial society could be improved with the help of the six most popular platforms of SM. In contrast, respectively in the first half of the table with solutions, that reflects a very large extent in which CRM could be improved through SM, the options of respondents have led only to Facebook (20,41%) and Google+ (22,74%) networks.

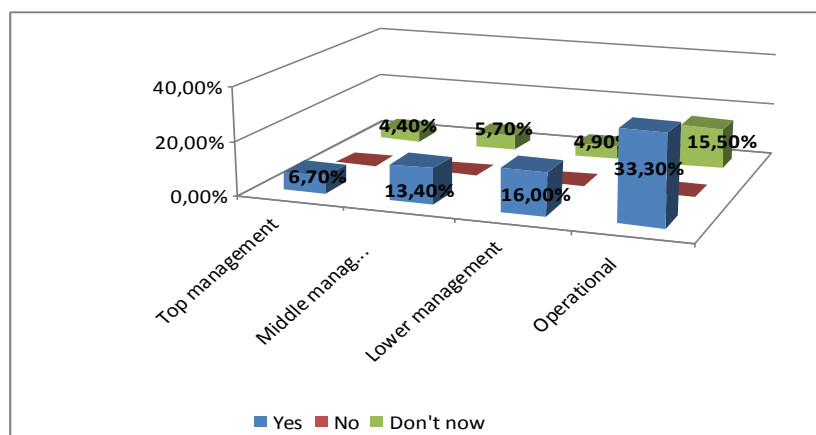
In this era of fierce competition between commercial societies and the high expectations of consumers, evaluating their satisfaction is crucial for the evolution of development strategies. The quality of services being the basic factor that influences the decision of selection of a certain product, commercial societies have to maintain a close relationship towards clients, this thing being possible by using some appropriate methods of evaluating satisfaction. The commercial society has to know the opinions of customers about the products and services offered to manage to keep them. Those who are not fully satisfied will turn to a competitor that exceeds their expectations, especially on highly-competitive markets, in this case the results of the commercial society being heavily affected. Also, consumers must be informed of the importance of the expressing their opinions, their responses contributing to implementing change within the company. The fear that the performance of commercial society would be affected is highlighted to us by question 34, as wanting to contradict all the conclusions toward which we are heading: 69% of the respondents consider that the failure to implement any form of SM in CRM will however affect the results obtained by the commercial society. And here is also another thing to note, namely that the difference of percentage until 100% of respondents have preferred to refrain, at item 34 opting for the variant „I don't know”. Therefore, none of the respondents believes that the results of commercial society will not be affected unless any of the SM tools is used. Regarding to this question it is noticed the fact that the difference of age stands out. The highest trust in SM as a way of applying the CRM is owned by the youth who fit in the age category 18-29 years, the trust gradually decreasing again with the age, as it is shown in figure no.1.



**Figure 1. Trust in SM as a way of applying CRM**

*Source:* Own processing through Microsoft Office Excel of data obtained with the help of SPSS program

To be noticed the fact that this trust in SM decreases not only once with the increase of category of age, but also once with the increasing of management level. Figure no.2 highlights this negative aspect, the employees from top management having a trust of about 5 times smaller in the SM tools than those in the operational departments.



**Figure 2. Trust in SM as a way of applying the CRM**

*Source:* Own processing through Microsoft Office Excel of the data obtained with the help of SPSS program

Thus it is explained the average score of only 1, 61 obtained by the item 34 of the questionnaire. The advantages of using SM for a performant CRM are: the increase of consumers' loyalty, the improvement of the quality of services, increase the market share, finding the position on the market, obtaining information about the development of new products, drawing priorities according to customer's requirements, obtaining input for creating new products and services, offering an opportunity to express their discontent, allocating resources to the areas of interest, etc. To take full advantage of the SM platforms in their aim of tools to perform services for clients, commercial societies have to invest time in their monitoring and offering answers in a personal and quick manner. In addition, the SM applications should be used regularly, daily and even permanently and not sporadically, to be more efficient.

**Table 2. Descriptive statistical analysis of the studied variables**

<b>Indicators/ Variables</b>	<b>I28c</b>	<b>I32c</b>	<b>I33c</b>	<b>I34</b>
<b>Mean</b>	<b>3,02</b>	<b>3,91</b>	<b>3,50</b>	<b>1,61</b>
<b>Min</b>	1	3	1	1
<b>Max</b>	<b>5</b>	<b>2</b>	<b>7</b>	<b>3</b>
<b>Stdev</b>	1,550	0,922	2,279	0,922
<b>Skew</b>	<b>-0,018</b>	<b>-0,528</b>	<b>0,395</b>	<b>0,851</b>
<b>Kurt</b>	-1,343	-0,539	-1,341	-1,283

*Source:* Processing data obtained through SPSS program

Kurtosis  $< 3$  – platikurtic distribution, flatter than a normal distribution having values spread out over a larger interval around the media. The probability of extreme values is lower than in the case of a normal distribution.

In the case of questions I28 and I32 Skewness  $< 0$  representing a distribution that is skewed to the right, having more extreme values to the left. As for the questions I33 and I34, Skewness  $> 0$  - the distribution is skewed to the left, having more extreme values to the right.

## 5. THE QUALITATIVE STUDY THROUGH INTERVIEWS

To each object of a research fits one or more methods of data collection. “Success in the field of human social sciences is conditioned by the respecting of certain methodological principles, among which: [...] the unity of qualitative and quantitative, imposing the convergent use of statistical and casuistic methods” (Ristea and Franc, 2009). So, for a more detailed research of the results obtained from the use of questionnaires, we have conducted interviews with the employees on the implementation of a SCRMM system, on a small sample of only five commercial societies. These qualitative data obtained from the brief interviews come to complete the quantitative ones, to correct eventual mistakes occurred or to confirm the conclusions obtained about the CRM diagnosis in the South-eastern Europe. So it can be said that the interviews capture the opinion of subjects directly to the theme of study, and provides extra information on the factors studied.

## 6. CONCLUSIONS

We can say that the media is one of the main trainers of public opinion, if not the main one, controlling the public sphere. It takes care to transmit information, but also to control and orient the opinions of the public. Therefore, the SM can also form quite fast media crisis to decrease the favourability of public for certain commercial societies or political persons.

Media is recognized by society as having a certain status, but it is not recognized as having the exclusivity of some information and the power to influence people’s ideas and reactions. This being known as a means of manipulating individuals, it can be highlighted the negative impacts that can be offered on commercial societies.

At any time it can be offered false information or defamatory desire to influence consumers to give up to certain products of some commercial societies or to give up to certain services. On the other hand, both SM, and the media in general, can provide a beneficial source of information for customers, for example to what company they find at the best price the product they look for, or the opinions of other consumers referring to a certain product or service, etc.

Thus, it is easy to analyse the fact that, sometimes, media may influence decisions of individuals related to some preferences for certain products or services, it may even be the decisional factor for choosing some commercial societies.

For commercial societies interested in strengthening customer relationship and continuous improvement of products and services it offers, it is obvious the need of taking into account the use of SM and its transformation in a communication tool.

Thus, by using tools specific to SM, such as boxes for comments, forums, online polls, providing ratings, etc., commercial societies can obtain crucial information for the evaluation of customers' satisfaction, information that can be more difficult to get traditionally. It can be observed and collected through SM platforms such as Facebook, Twitter, LinkedIn, Forsquare, etc. (these being among the most used by commercial societies) and used for the purpose of evaluating customers' satisfaction.

At a time when millions of people benefit from an Internet connection, it would be incomprehensible for commercial societies to ignore such an opportunity to build lasting relationships and increase loyalty to the brand.

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