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## **Strategic approaches effective social CRM implementation in service organizations**

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# Strategic approaches effective social CRM implementation in service organizations

(On the case study of Air Market LLC)

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**Abstract-** This study aimed to define strategic approaches for the successful implementation of social CRM within organizations. Based on the Social CRM House Model, a hypothesis was proposed that the use of social CRM positively influences an organization's financial performance. Survey results support the hypothesis: 70% of companies use social media to engage with customers, while 80% of customers expect companies to communicate via social platforms. These findings highlight the crucial role of social media in enhancing customer engagement. By applying the strategies proposed in this study, organizations can retain customers and improve market competitiveness.

**Keywords:** Relationship management; CRM strategy; CRM house model; Engagement, Brand loyalty, Employee skills, Financial performance

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# Strategic approaches effective social CRM implementation in service organizations

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## 1. INTRODUCTION

We are living in a world where everything is digitized. The internet has revolutionized the way we work and communicate, making a drastic change in our daily lives. Social media and the internet have become the main platforms for information, resulting in a decline in the number of people using traditional media. A recent study shows that 59% of internet users worldwide use social media platforms on a daily basis, spending an average of 2-3 hours on social media. Likewise, Mongolia's internet usage has been growing rapidly in recent years, increasing the use of social media users.

As of February, 2024, over 90% of the Mongolian population was reported using the internet on a regular basis. Compared to the same period of the previous year, the number of people using the internet has increased by 9%. This growth is closely attributed to mobile phone usage and mobile internet development. A mobile network is available in every corner of Mongolia, yet the accessibility and optimal use of the internet service are still relatively low compared with its regional countries. With the advancement in technology, many companies opt to use social media platforms to interact with customers and provide service. It can be proven by the latest study that shows approximately 80% of the world's top brands actively use social media platforms for marketing and improved customer satisfaction.

In recent years, Mongolian companies have been attaching great importance on the use of social media platforms to interact with their customers and to gain clear insights into customer behavior, preferences and feedback regarding the services and products they offer with the purpose of improving service quality. Yet, in terms of the use of social CRM, the Mongolian companies are still in the developmental stage as they are lacking experience in integrating social media marketing with social CRM and implementing a marketing strategy based on customer engagement. It is related to the fact that they are not pursuing marketing strategies designed to receive customer feedback via social media and to use the gathered customer data effectively. Unlike the traditional CRM, social CRM allows businesses to process and analyze the customer data and feedback on social media. But it would be wrong to assume that social CRM is just data collection. It enables businesses to take measures tailored to individual customer inquiries and requests. Thanks to successful implementation of social CRM, the world's top companies are increasing customer satisfaction and brand loyalty and enhancing business competitiveness.

In the Mongolian business environment, there have been attempts to use social CRM, yet no visible progress is made in terms of effective use and successful strategies of social CRM. Instead of fully leveraging customer data, many businesses are only focusing on marketing advertisements. It should be noted that social CRM is not only a marketing tool, but also a comprehensive marketing system to improve customer engagement and to increase business value.

Social CRM provides more opportunities for businesses to automate tasks such as gathering customer data, improving collaboration, and making sales and marketing strategies more effective. Thus, it is key to increased customer satisfaction and retention and overall business success. With the advancement in technology, customers are having quick access to information, thus requesting companies and businesses to provide prompt and smart services. Hence, it is required to conduct in-

depth studies into development and use of social CRM systems in the Mongolian business environment. Customers are essential for any business as they bring in revenue and drive long-term business success. No company can survive or thrive without them. Hence, more and more businesses and companies have been turning to a customer-centric business in order to attract customers, and to increase customer engagement and retention. Social CRM helps companies directly interact and engage with their customers via social media and other social media platforms. Accordingly, there has been a growing need to carry out in-depth studies into social CRM models. Some SCRM studies conducted at an international level are given below.

Table 1. Studies on SCRM conducted by foreign researchers

<b>№</b>	<b>Title</b>	<b>Author(s)</b>	<b>Journals</b>
1	From social media to Social CRM: Reinventing the customer relationship. Strategy & Leadership,	Baird, C. H., & Parasnis, G.	Emerald Group Publishing Limited 39(6), (2011) 27-34.
2	Managing Customer Relationships in the Social Media Era: Introducing the Social CRM House.	Edward C. Malthouse, Michael Haenlein, Bernd Skiera, Egbert Wege and Michael Zhang	Journal of Interactive Marketing 27 (2013) 270–280
3	Social CRM: A Review of the Literature and the Identification of New Research Directions	Kritchka Yawised, Peter Marshall University of Tasmania, Hobart, Australia	International Journal of Virtual Communities and Social Networking (2013)
4	Impact of Social CRM Technology Use on Social CRM Performance: An Organizational Perspective	Tobias Lehmkuhl and Jung	Thirty Sixth International Conference on Information Systems, Fort Worth, Texas, (2013)
5	Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM.	Trainor, K. J., Andzulis, J. M., Rapp, A., & Agnihotri, R.	Journal of Business Research, 67(6), (2014) 1201-1208
6	Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM	Kevin J. Trainor, James (Mick) Andzulis, Adam Rapp, Raj Agnihotri	Journal of Business Research 67 (2014)
7	Social Media and Social CRM	Antonín Pavlíček and Petr Doucek	IFIP International Federation for Information Processing (2016)
8	The Impact of Social CRM Capabilities and Customer Engagement on the Firm Performance: Mediating Role of Social Media Usage	Muhammad Azhar Bhatti, Muhammad Farhan, Munawar Javed Ahmad	Pakistan Journal of Humanities and Social Sciences (2019)
9	Social Impact of CRM on Customer Engagement and User Loyalty to Services by.U	Ali Ibrahim, Lukmanul Hakim, Alif Mustaqim, Naberi Oktaria, Tasya Permata Listi, Yunita Faujiyah	JITE (Journal of Informatics and Telecommunication Engineering) (2022)

# Strategic approaches effective social CRM implementation in service organizations

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In the above-mentioned research papers, the authors have presented the existing theories and key concepts associated with CRM and investigated the ways how to successfully implement CRM in the service organizations such as software service providers, mobile operators, and internet service providers operating in the banking and IT sectors. It should be noted that studies on social CRM, an upgraded version of traditional CRM, are widely available in English. Yet, in Mongolia, no in-depth studies have been conducted on social CRM, showing that there is a growing need to study this emerging field.

## **2. THEORETICAL FRAMEWORK**

### **2.1 SOCIAL CRM AND SOCIAL MEDIA INTERACTION MANAGEMENT, STRATEGY AND TOOLS**

The term social CRM has emerged to describe the use and integration of social media in CRM. Due to the growing importance and use of social media platforms, there has been a big change in CRM. With the emergence of social CRM, many scholars and researchers have a different understanding of what it is and introduced the definitions regarding social CRM. Some of the most-cited and generally accepted definitions are given below.

CRM 2.0 is a business strategy designed to develop mutually beneficial collaboration between product-service providers and customers and to open up a possibility for a partnership [20]. Greenberg. P first introduced the term "Social CRM" in his CRM 2.0 concept [9]. According to him, the traditional CRM creates and gathers transactional data while the social CRM focuses more on a customer. He also defined social CRM as a comprehensive business strategy designed to engage customers via technologies, infrastructure, and social media platforms in order to build mutually beneficial trust and brand loyalty [12].

According to the definition by N. Woodcock, social CRM allows an organization to have more customer data and to build an effective interaction between an organization and its customers [16]. In the earlier CRM model, the organization was the one that formed the customer's opinion, but in the social CRM model, the customer is regarded as an individual or a partner who contributes to forming the opinion about products and services. (Greenberg, 2009) [9].

As a result of social media marketing and promotions, there has been a significant increase in a customer base. Thus, it is required to conduct a statistical analysis into the needs and demands of customers. Sarner (2012) stated that in order to boost business revenue, the business organizations must use social CRM applications that give the opportunities such as building customer trust, getting insights, improving selling, up-selling or cross-selling, gaining word of mouth, differentiating products and services, lowering service cost and improving the experience of customers [19]. In addition to its main business operations, companies need to focus on customer feedback and comments posted on social media. (Milan Kubina, Viliam Lendal, 2014) [26].

Social CRM development has been greatly influenced by social media and rapid technological advancement, thus the social CRM House Model has been developed on the basis of the traditional CRM. Trainor. K, Andzulis. J, Rapp. A and Agnihotri. R. (2016) studied the difference between social CRM and the traditional CRM and the effects of social CRM on customer engagement and business competitiveness [25]. According to the study by Baird. C, and Parasnis. G. (2011), a successful social CRM implementation in an organization plays a crucial role in understanding customer behavior through social media [15]. Researchers Lehmkuhl. T and Jung. R developed a model designed to process and analyze customer data by integrating social CRM with the traditional CRM [22].

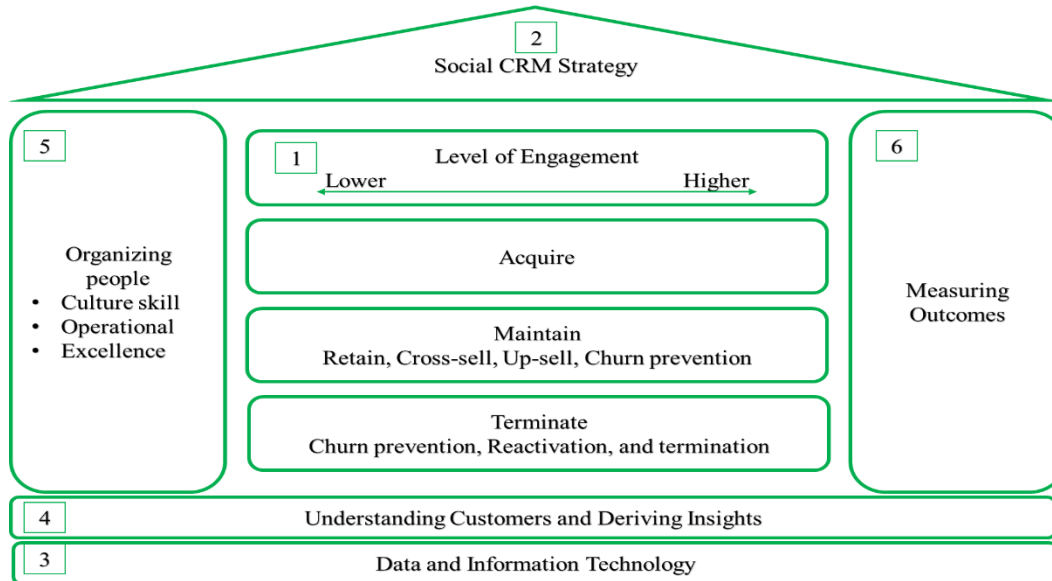
Upon reviewing and studying the previous studies on the traditional CRM and social CRM, Buttle. B and Maklan. S (2019) developed a framework, known as the Social CRM House Model. The proposed framework, which can be applied at a strategic level within an organization, enables an organization to manage customer relationships with the help of social media platforms [32]. The social CRM house model illustrates how social media engagement influences customer acquisition, retention, and termination processes and supports the key functional areas of a business such as employees, IT, performance evaluation, metrics and overall marketing strategy [23].

The social CRM house model is composed of the following components.

1. *Level of Engagement* – Identification of a level of customer engagement from lower to higher
2. *Social CRM Strategy* – A comprehensive plan on managing customer relationships and analyzing customer interactions
3. *Data and Information Technology* – Technologies and social media platforms used in customer data collection, analysis, and application
4. *Understanding Customers and Deriving Insights* – Understanding of customer behavior to collect data to be used in social CRM
5. *Organizing People* – Organizational culture, employee skills, and operational excellence
6. *Measuring Outcomes* – Key performance indicators (KPIs) to measure the performance of CRM strategy

## Strategic approaches effective social CRM implementation in service organizations

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Source: E.C. Malthouse et al. / Journal of Interactive Marketing 27 (2013) 270–280

Figure.1 Social CRM house Model.

Social CRM house model presents a conceptualization of the approaches for interacting a CRM strategy of an organization with social media. This model defines IT, data, customer insights, employees, KPIs as the key pillars of a social CRM strategy. Organizations can employ this model for retaining loyal customers and increasing business competitiveness.

Judging from the comparison between the main process phases of both CRM and social CRM, social CRM has a direct impact on marketing and sales and focuses more on customer engagement and interaction via social channels.

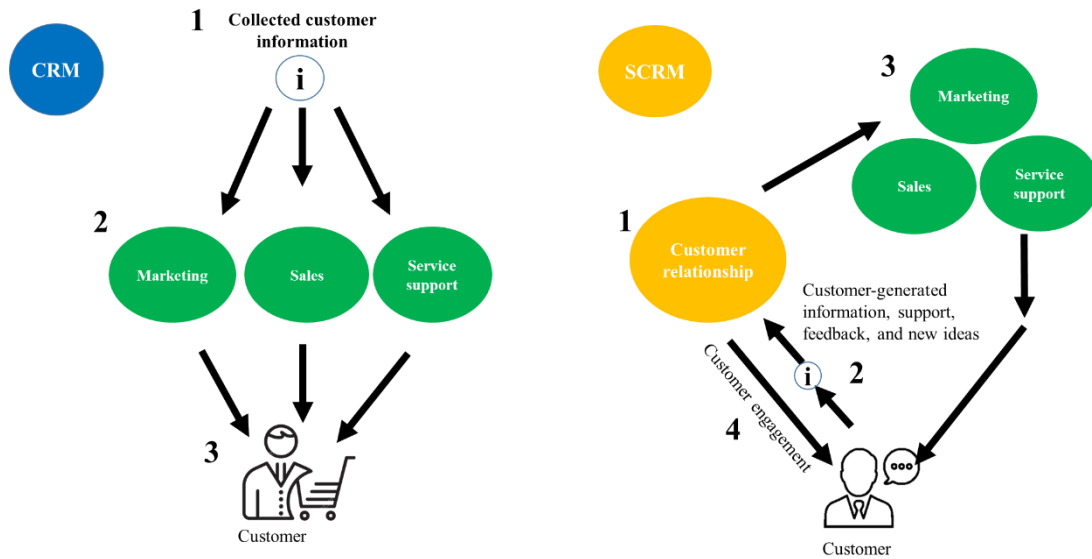
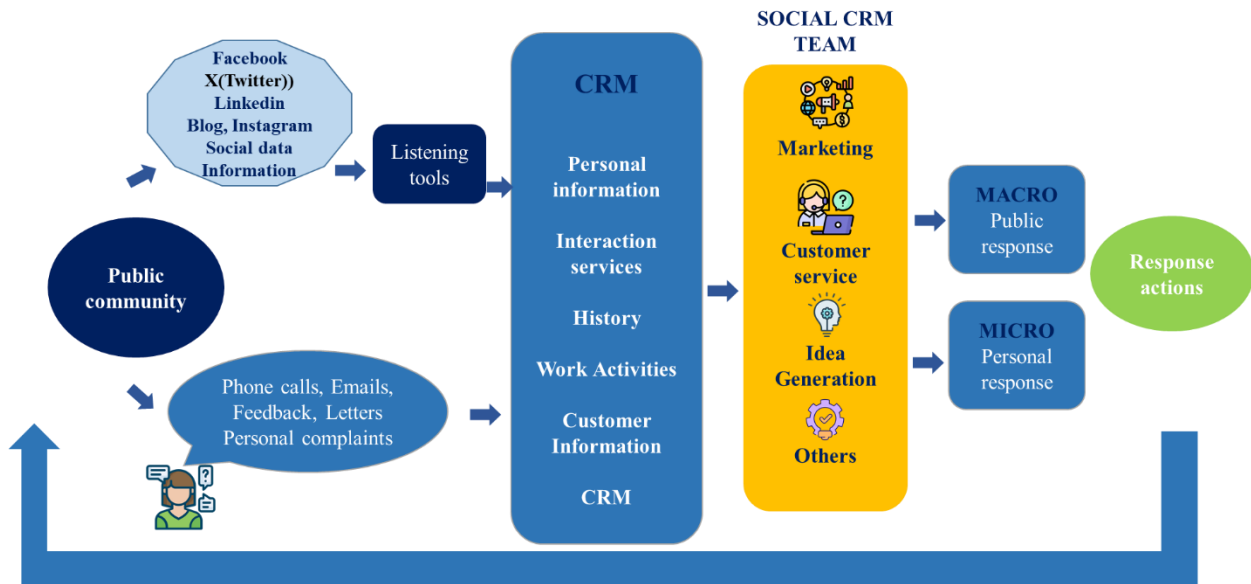


Figure 2. Social CRM process 1

Unlike a traditional CRM which does not analyze the collected customer data, social CRM uses the customer data to respond to customer needs by taking marketing strategies and customer service into consideration, and implementing appropriate policies and planning tailored to the customers' needs.



Source: Chess media group

Figure 3. Social CRM process 2

# Strategic approaches effective social CRM implementation in service organizations

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Figure 3 given above illustrates how the social CRM process works. Customer data is collected through social media platforms and communication channels such as phones, emails, letters and complaints and then stored and processed in a CRM system. A social CRM team is responsible for taking measures tailored to individual customer inquiries and requests. It can be either automated macro responses or private responses. This process is aimed at improving customer service, marketing strategies, product development and business decision-making.

## 3. RESEARCH DESIGN

**Research participants:** Mid and top-level managers working in the service sector, and customers of the AirMarket LLC

**Research objective:** The purpose of the study is to define the strategic approaches for effective social CRM implementation in organizations.

The following objectives are set under the above-mentioned purpose:

- Study and compare theories on CRM and social CRM;
- Define the implementation level of social CRM in business organizations;
- Identify the key challenges facing social CRM implementation;
- Investigate and determine the current state of social CRM and social media in service organizations; and
- Develop effective approaches to successful implementation of social CRM

**Research method:** In this study, we have employed both quantitative and qualitative research methods.

**Research methodology:** Pursuant to the proposed hypotheses, we have used the social CRM house model developed by Edward C. Malthouse, Michael Haenlein, Bernd Skiera, Egbert Wege and Michael Zhang (2013).

**Research hypothesis:** Successful social CRM implementation will result in the following.

- **Hypothesis 1:** Increased customer engagement in social media has a positive effect on customer and brand loyalty.
- **Hypothesis 2:** The use of social CRM has a positive effect on the improvement of an organizational internal process and employee skills.
- **Hypothesis 3:** The use of social CRM has a positive effect on cutting marketing costs and increasing the financial performance of a company.

The survey participants were asked to state their levels of frequency, satisfaction, and importance of the use of social CRM, using a five-point Likert scale.

Table 2. Assessment description

Point	Level of the social CRM use by the companies	Satisfaction scales	Importance scales
1	Never	No effect at all	Not at all important
2	Rarely	No effect	Of little importance
3	Sometimes	Neutral	Of average importance
4	Often	Moderate effect	Very important
5	Always	High effect	Essential

#### 4. RESEARCH RESULTS

An infographic given in Table 3 shows the demographic information on the survey respondents. The respondents working in 7 sectors were surveyed, of which 31 (35.2%) respondents represented the trade and sales sector; 13 (14.8%) from the banking sector; 18 (20.5%) from the information and technology sector; 13 (14.8%) from the manufacturing and construction sector; 7 (8%) from the health sector; 4 (4.5%) from the telecommunications sector; and 2.3% from other sectors respectively. To put it simply, trade and sales organizations as well as IT companies are more likely to use social CRM in their operations in comparison with the other organizations.

Table 3. Organizations, by sectors and types

N <sup>o</sup>	Sector	Frequency	Percentage
1	Trade and sales	31	35.2%
2	Information technology	18	20.5%
3	Banking and financing	13	14.8%
4	Manufacturing and construction	13	14.8%
5	Health	7	8.0%
6	Telecommunications	4	4.5%
7	Others	2	2.3%

Organizational size is determined by the number of people employed by an organization. Table 4 shows the number of people employed by the organizations surveyed.

Table 4. Organizational size

N <sup>o</sup>	Organizational size	Frequency	Percentage
1	Above 200 employees	41	46.6
2	Up to 50 employees	32	36.4
3	101–150 employees	8	9.1
4	51–100 employees	7	8.0
5	Total	88	100.0

## Strategic approaches effective social CRM implementation in service organizations

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It can be seen from the table above that the majority of the surveyed organizations employ more than 200 people (47%), showing that organizational size is vital to the effective implementation of social CRM.

Since social CRM is of vital importance in honing employee skills, improving organizational internal processes, and assessing work performance, we have mainly surveyed the people holding the managerial positions. Table 5 given below illustrates the seniority level of the employees.

Table 5. Seniority level of employees

<b>№</b>	<b>Position</b>	<b>Frequency</b>	<b>Percentage</b>
2	Senior managers	22	25.0%
3	Managers	21	23.9%
4	Top-level managers /CEO, vice president, executive directors/	18	20.5%
5	Heads of departments, divisions, and units	17	19.3%
6	Others	10	11.3%
	<b>Total</b>	<b>88</b>	<b>100.0%</b>

In terms of the seniority levels, we have involved up to 88 people holding the positions of the middle-level managers and senior managers in the organizations, of which 25% are the front-line managers, 24% are the executive managers, 20% are the top-level managers, i.e., CEO and executive directors, vice-presidents and 19% are the heads of the departments, divisions and units, and 11% are the people holding the positions other than the management levels. Cross tabulation of social CRM use and duration of social CRM usage is given in Table 6.

Table 6. Cross tabulation of social CRM use and duration of social CRM usage

<b>Social CRM use</b>	<b>Duration of social CRM usage</b>					
	13 to 18 months	19 to 24 months	Over 25 months	Up to 6 months	7 to 12 months	Total
Never	0	0	5	1	3	9
Rarely	2	0	0	0	4	6
Sometimes	9	0	9	14	4	<b>36</b>
Often	4	6	5	8	4	<b>27</b>
Always	0	0	6	0	4	<b>10</b>
<b>Total</b>	<b>15</b>	<b>6</b>	<b>25</b>	<b>23</b>	<b>19</b>	<b>88</b>

The results reveal that 42% of the organizations partook in the study use the social CRM on a regular basis while 40% responded that they occasionally use the social CRM in their business operations. According to the desk study conducted in 2023, the number of Facebook users in Mongolia amounted to 2,905,700, which accounted for 86.8% of its entire population. It can be also proven by the surveys

conducted among the organizations involved in our study. We have also studied how much money has been allocated by the organizations to the social media platforms in order to gain more customer insights. The results revealed that 71.6% of the survey respondents spent most of their marketing budgets on Facebook. Table 7 provided below illustrates the types of social media platforms used by the organizations and the social media platforms receiving the most of the social media marketing budgets allocated by the companies.

Table 7. Cross tabulation analysis of the organizational social media marketing budget and social media types

Social media types	Which of the following social media platforms does your organization allocate most of your social media marketing budget to?				
	Facebook	Instagram	Website	YouTube channels	Total
Facebook	23	1	3	3	30
Instagram	10	1	2	2	15
X/Twitter/	4	1	0	0	5
LinkedIn	1	0	0	1	2
YouTube channel	7	0	1	1	9
Tiktok	1	1	0	0	2
Viber	1	0	2	1	4
Website	18	0	2	1	21
<b>Total</b>	63	4	10	9	88

Information regarding a market type is vital to getting a clear understanding of the organization. 66% of the organizations using social CRM in their operations both engage in B2B and B2C businesses while 22% are B2B companies, and 12% are B2C companies. The most-widely used social media platforms by these companies are as follows: Facebook-34%, Instagram-17%, YouTube channel-(vlogger) 10%, X-6%, Viber-5%, LinkedIn-2%, Tiktok-2%, and Website-24%.

The survey results reveal that the majority of the organizations surveyed allocate most of their social media marketing budgets to Facebook and Instagram ads. Social media platforms can be powerful tools for organizations to reach their target market and listen to what their target audiences want and expect from them. In addition to this, social media is the quickest and easiest way to promote your goods and services. Should the organizations implement an effective and systematic social CRM, they will be able to receive positive feedback on the proposed hypotheses from customers.

**Hypothesis 1:** Increased customer engagement in social media has a positive effect on customer and brand loyalty.

We have conducted a statistical analysis to investigate customer engagement in social media. The set of data values measuring the use of social media is illustrated in the table given below.

## Strategic approaches effective social CRM implementation in service organizations

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Table 8. Use of social media

Central tendency	Values	
Mean	4.4886	
Median	4.5000	
Mode	4.00	
Std. deviation	1.12438	

As it can be inferred from Table 8, the mean, median, and mode values of a given dataset are calculated as 4, indicating that the use of social media has a positive effect on increasing customer engagement. In terms of the use of social media for increased customer engagement, 50% fall into a category of active users, 30% fall into the average user category, and 17% are categorized as low users.

Increased customer engagement significantly affects brand loyalty. The set of data values measuring the effect of increased customer engagement on improving brand loyalty is given in Table 9.

Table 9. Customer engagement effect on brand loyalty

Central tendency	Values	
Mean	3.6932	
Median	4.0000	
Mode	3.00	
Std. deviation	.73278	

According to the survey results, 53% of the respondents said that increased customer engagement has a high impact on improving brand loyalty whereas 47% responded that it has a moderate impact. As can be inferred from Table 9, the mean and mode values are calculated as 3 while the median value is 4, indicating that increased customer engagement positively affects brand loyalty. We have employed Pearson's correlation method to examine whether the increased customer engagement in social media is correlated with customer and brand loyalty. The linear dependency between these two variables is tested to determine the strength of dependency between them. The correlation analysis results are given in Table 10.

Table 10. Correlation analysis 1. Customer engagement and brand loyalty

<b>Correlations</b>			
		4.2 How actively does your organization use social media to improve customer engagement?	4.3 Does increased customer engagement improve brand loyalty?
4.2 How actively does your organization use social media to improve customer engagement?	Pearson Correlation	1	.728**
	Sig. (2-tailed)		.000
	N	88	88
4.3 Does increased customer engagement improve brand loyalty?	Pearson Correlation	.728**	1
	Sig. (2-tailed)	.000	
	N	88	88
**. Correlation is significant at the 0.01 level (2-tailed).			

It can be seen from the correlation analysis shown in Table 10 that the Pearson correlation coefficient ( $r$ ) is 0.728 indicating a strong positive correlation between the two variables. Thus, in the given values ranging from 0.7-0.79, there is a high degree of association between the studied variables. To put it simply, the Pearson correlation coefficient value of 0.728 confirms the proposed hypothesis H1: Increasing customer engagement in social media has a positive effect on customer and brand loyalty. In addition to this, the p-value (Sig. 2-tailed) of 0.000 ( $p < 0.01$ ) is considered statistically significant. **Hypothesis 2:** The use of social CRM has a positive effect on the improvement of an organizational internal process and employee skills.

We have conducted a statistical analysis to investigate the effect of the social CRM use on the improvement of an organizational internal process. 50% of the survey respondents said that the use of social CRM had moderately improved the organizational internal process, 22% responded that the internal process improved as a result of the use of the social CRM, and 22% said that it had a great effect on the internal process. While, the remaining 6% said that it had no effect at all.

Table 11. Effect of the social CRM use on the improvement of an organizational internal process

Central tendency	Values	
Mean	3.5341	
Median	3.0000	
Mode	3.00	
Std. deviation	1.00515	

## Strategic approaches effective social CRM implementation in service organizations

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As revealed by the results shown in Table 11, the mean, median, and mode values of a given dataset are calculated as 3, indicating that the use of social CRM has a moderate effect on an organizational internal process. 42% of the survey respondents said that the training on social CRM had moderately improved the employee skills, 25% responded that the training improved the employee skills, and 31% said that it had a great effect on the employee skills. Table 12 shows the results of the statistical analysis which was carried out to examine whether social CRM training improves employee skills. It can be seen from the table that both mean and mode values are calculated as 3 while the median value is 4, indicating that the social CRM training improves employee skills.

Table 12. Effect of social CRM training on employee skill improvement

Central tendency	Values	
Mean	3.6932	
Median	4.0000	
Mode	3.00	
Std. deviation	.73278	

Pearson correlation method is used to examine a correlation between the use of social CRM and an improvement of an organizational internal process and employee skills. The linear dependency between these two variables is tested to determine the strength of dependency between them. The detailed results are given in Table 13.

Table 13. Correlation analysis 2. Organizational internal process and employee skills

		4.1 Does your organization use social CRM?	3.1. Does the use of social CRM improve your internal process? (1-Not improved yet, 5-Significantly improved)	3.3. Does training on social CRM have an impact on employee skills? (1-No impact all, 5-Very high impact)
4.1 Does your organization use social CRM?	Pearson Correlation	1	<b>.743**</b>	<b>.432**</b>
	Sig. (2-tailed)		.000	.000
	N	88	88	88
3.1. Does the use of social CRM improve your internal process? (1-Not improved yet, 5-Significantly improved)	Pearson Correlation	<b>.743**</b>	1	<b>.593**</b>
	Sig. (2-tailed)	.000		.000
	N	88	88	88
3.3. Does training on social CRM have an impact on employee skills? (1-No impact all, 5-Very high impact)	Pearson Correlation	<b>.432**</b>	<b>.593**</b>	1
	Sig. (2-tailed)	.000	.000	
	N	88	88	88

The Pearson correlation coefficient of 0.743 confirms what is apparent from Table 13 that there is a very strong positive correlation between the use of social CRM and an internal process of an organization. Simply put, the more an organization uses the social CRM, the more an organizational internal process improves. Sig. (2-tailed) value of 0.000 or  $p < 0.01$  signifies statistical significance. In terms of the correlation between a training program on social CRM and employee skills, we find the Pearson correlation coefficient to be 0.432. It can be interpreted as there is a moderate positive relationship between the training on social CRM and employee skills. Training on the use of social CRM has a moderate effect on improving employee productivity and effectiveness. Sig. (2-tailed) value of 0.000 or  $p < 0.01$  implies statistical significance. With regard to the correlation between an improvement of an organizational internal process and training on social CRM, the Pearson correlation coefficient is 0.593, indicating there is a moderately positive correlation. In other words,

## Strategic approaches effective social CRM implementation in service organizations

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if the social CRM is used, there will be an improvement in the internal process resulting in improved employee performance skills. Sig. (2-tailed) value of 0.000 or  $p < 0.01$  shows statistical significance.

It can be concluded from the correlation analysis that the use of social CRM has a very positive effect on the internal process and workflow as well as the improvement of employee skills and overall profitability of the organization.

**Hypothesis 3:** The use of social CRM has a positive effect on cutting marketing costs and increasing the financial performance of a company.

Table 14 shows the results of the statistical analysis of the impact of the use of social CRM on marketing cost reduction. The mean value is calculated as 3, while the median and mode values are calculated as 4, indicating that the use of social CRM positively affects marketing cost reduction in the organization. 44% of the respondents surveyed said that the use of social CRM reduces marketing costs whereas 44% responded that it significantly reduces marketing costs. 16% of the survey respondents said that it moderately reduces marketing costs.

Table 14. Effect of social CRM on financial performance

Central tendency	Values	
Mean	3.7955	
Median	4.0000	
Mode	4.00	
Std. deviation	.98447	

As shown in the statistical results testing the effect of the social CRM on financial performance illustrated in Table 15 that both mean, median and mode values have the same values of 4, indicating that the social CRM positively affects the financial performance. 52% of the respondents surveyed have reported that the social CRM is effective in increasing the organizational financial performance while 47% of the respondents have said that it has a very high effect on the financial performance.

Table 15. Analysis of the effect of social CRM on financial performance

Central tendency	Values	
Mean	4.4432	
Median	4.0000	
Mode	4.00	
Std. deviation	.56442	

Table 16. Effect of the use of social CRM on ROI

Central tendency	Values	
Mean	3.3409	
Median	3.0000	
Mode	4.00	
Std. deviation	.89554	

We have conducted statistical analysis to investigate how the use of social CRM affects the Return on Investment /ROI/ increase. It can be seen from the results given in Table 16 that the mean, median, and mode have the same values of 4, indicating the use of social CRM positively affects the ROI increase. 41% of the survey respondents said that the use of social CRM in marketing increased the ROI, 41% responded that the ROI moderately increased as a result of social CRM use whereas 18% said it slightly increased.

Table 17. Regression analysis 1. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	<b>.823a</b>	.678	.666	.62856

The results of the regression analysis to estimate whether the social CRM use has a positive effect on the marketing cost reduction and financial performance improvement of the organization are given above. It can be seen from the regression analysis illustrated in Table 17 that the correlation coefficient  $r$  of 0.823 presented in the Model Summary indicates that there is a very strong correlation between the response variable representing the use of social CRM and the explanatory variables representing ROI, marketing costs, value and profitability.

A R-squared measures the explanatory power of a regression model, showing how well an independent variable predicts a variation in a dependent variable. Hence, the R-squared value of 0.678 indicates that 67.8% of the variance in the dependent variable is explained by the independent variable in the regression model. In other words, the variables in the given regression model are effective in predicting the effectiveness of the social CRM with 67.8% accuracy. The adjusted R-squared value of 66.6% shows the high reliability of the regression model.

Table 18. Regression analysis 1. Continuation

ANOVAa						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.801	3	23.267	58.891	<b>.000b</b>
	Residual	33.187	84	.395		
	Total	102.989	87			

## Strategic approaches effective social CRM implementation in service organizations

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The results of an analysis of variance (ANOVA) given in Table 18 show that F-statistic is 58.891, indicating that the given regression model as a whole is statistically significant and provides a better fit. To put simply, the combined explanatory variables employed in the regression analysis are well predicting the dependent variables. Sig. = 0.000 or  $p < 0.01$  signifies that the given model is statistically significant, meaning the observed results are not due to random chance and likely represent a real relationship between the variables in the model.

Thus, it can be interpreted as the use of social CRM has a positive effect on ROI, marketing cost reduction, improvement in a financial operation, supporting Hypothesis 3: The use of social CRM has a positive effect on cutting marketing costs and increasing the financial performance of a company.

Table 19. Statement of the conclusion

№	Proposed hypotheses	Conditionality	Results
H1	<b>Hypothesis 1:</b> Increased customer engagement in social media has a positive effect on customer and brand loyalty.	0.728 (significant)	Supported
H2	<b>Hypothesis 2:</b> The use of social CRM has a positive effect on the improvement of an organizational internal process and employee skills.	0.743 (high positive correlation) 0.432 (moderate positive correlation)	Supported
H3	<b>Hypothesis 3:</b> The use of social CRM has a positive effect on cutting marketing costs and increasing the financial performance of a company.	0.823 (significant)	Supported

In accordance with the social CRM house model, the use of social CRM is crucial for the organizations as it positively affects the financial performance of the organization. The importance of the social CRM usage has been proved by the hypotheses proposed as part of the study into the organizations using the social CRM.

On the basis of the hypotheses supported by the study, the following recommendations for the effective social CRM implementation are made:

1. With regard to increasing customer engagement in social media, it is recommended to take the following measures:
  - **Custom content:** Create contents tailored to preferences, interests and needs of customers in order to improve customer loyalty
  - **Prompt response:** Provide prompt and polite response to feedback and questions by customers

- **Tracking consumer attitude:** Track and analyze consumer attitudes via Social Listening tools and strategy
  - **Customer incentive:** Organize incentive programs designed to increase customer engagement
2. With regard to increasing an organizational internal process and improving employee skills, it is recommended to take the following measures:
- **Training program and workshop on CRM:** Hold in-service training program and workshop on CRM involving all staff
  - **CRM system with a user-friendly interface:** Develop simple and easy-to-use CRM interface
  - **Employee performance track:** Track whether employees are using CRM and provide assistance if required
  - **Improvement of internal communication:** Simplify and automate information exchange between the staff
3. With regard to reducing marketing costs and increasing financial performance, it is recommended to take the following measures:
- **Customer-centric marketing:** Formulate a customer-centric marketing strategy using the CRM data
  - **AI-based automatic response system:** Deliver automatic responses and contents to customers by using AI
  - **Marketing ROI tracking:** Track and monitor the effectiveness of a marketing campaign on the basis of CRM data analysis
  - **Cost tracking:** Monitor and track expenses via a CRM system and allocate efficiently
4. With regard to improving brand loyalty, it is recommended to take the following measures:
- **Personalized discounts and promotions:** Offer personalized discounts and promotions based on customer preferences and interests using the CRM data
  - **Loyalty program:** Automate a CRM-based loyalty program
  - **Listening to customer feedback:** Receive customer feedback and complaints via Social Listening and identify areas for improvement to offer high quality service
  - **Customer experience improvement:** Create a positive customer experience using the CRM data and analytics
5. With regard to optimizing a CRM system to enhance its efficiency and effectiveness, it is recommended to take the following measures:
- **Identification of key KPIs:** Determine key KPIs for measuring CRM effectiveness and performance
  - **Survey on the CRM use:** Conduct a survey on the use of CRM involving all employees to track the usage rate

# Strategic approaches effective social CRM implementation in service organizations

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- **Refining a business strategy:** Optimize and refine a business strategy on the basis of CRM data and analytics
- **CRM system improvement:** Upgrade and improve a CRM system on a regular basis

Under the social CRM model house, we have made the above-mentioned recommendations with regard to effective use of social CRM that will help the organizations improve their financial performance and organizational internal processes and increase customer loyalty.

## 5. CONCLUSION

In this study, we have used the social CRM house model developed by Edward C. Malthouse, Michael Haenlein, Bernd Skiera, Egbert Wege and Michael Zhang in 2013 in order to investigate the current state of the use of social CRM in the organizations.

Having conducted this study, we aim to delve into the social CRM process that involves interactions with customers via social media platforms and customer data analysis based on their behavior, preferences and feedback that an organization implements with the purpose of retaining customers and keeping brand loyalty from the perspective of both customers and organizations.

As part of the study, we have conducted a survey on the social CRM implementation in the organizations by asking the respondents questions regarding the use and duration of social CRM and the social media platforms used by them to keep customer loyalty and retention. The survey involved 88 mid and top-level managers representing a total of 7 sectors.

The target population of the study was the “Air Market” LLC, an international flight, travel service and ticket booking company founded in 2000. The company is an official authorized distributor for the well-known world airlines such as MIAT, Korean Air, Air China, Turkish Airlines, Asiana Airlines, Aeroflot, Singapore Airlines, Delta Airlines, Malaysia Airlines, United Airlines, and AeroMongolia. In total, it sells tickets for approximately 290 airlines across more than 120 countries. In 2023, the company introduced the Nisleg v2.0 mobile application that offers more affordable, accessible, and diverse flight ticket options for its customers.

Of 88 respondents, 31 (35.2%) respondents represented the trade and sales sector, 13 (14.8%) from the banking sector, 18 (20.5%) from the information and technology sector, 13 (14.8%) from the manufacturing and construction sector, 7 (8%) from the health sector; 4 (4.5%) from the telecommunications sector; and 2.3% from other sectors respectively.

Majority of the organizations involved in the study have employed more than 200 people (47%). In terms of the seniority levels, 88 people holding the positions of the middle-level managers and senior managers in the organizations were surveyed, of whom 25% were the front-line managers, 24% were the executive managers, 20% are the top-level managers, i.e., CEO and executive directors, while 19% were the heads of the departments, divisions and units, and 12% were the people holding the positions other than the management levels.

The study findings reveal that 42% of the surveyed organizations use the social CRM on a regular basis while 40% responded that they occasionally use the social CRM in their business operations.

66% of the organizations using social CRM in their operations both engage in B2B and B2C businesses while 22% are B2B companies, and 12% are B2C companies.

The most-widely used social media platforms by these companies are as follows: Facebook-34%, Instagram-17%, YouTube channel-(vlogger) 10%, X-6%, Viber-5%, LinkedIn-2%, Tiktok-2%, and Website-24%.

Under the social CRM house model, the use of social CRM is vital for the organizations as it positively affects the financial performance of the organization. The importance of the social CRM usage has been proved by the hypotheses proposed as part of the study into the organizations using the social CRM. The proposed hypotheses are as follows.

- Hypothesis 1: Increasing customer engagement in social media has a positive effect on customer and brand loyalty.
- Hypothesis 2: The use of social CRM has a positive effect on the improvement of an organizational internal process and employee skills.
- Hypothesis 3: The use of social CRM has a positive effect on cutting marketing costs and increasing the financial performance of a company.

The study reveals that 70% of the survey respondents use social media when interacting with customers while 80% of the customers think that the companies should interact with customers via social media. This data proves social media plays a major role in improving customer interaction.

We are living in a world where everything is digitized. Thus, by implementing the recommendations based on the above-mentioned hypotheses, the organizations will be able to retain customers and increase their market competitiveness.

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