Why Collective Intelligence is Essential to Social CRM

By Allen Bonde
Abstract

The potential of social media as a service channel, along with the success of self-service and early peer support models is drastically changing the face of customer service. Against this backdrop, the notion of harnessing the wisdom of crowds and applying this collective intelligence to both leverage and manage the explosion of user-generated content and interactions has emerged. Listening to customers and delivering personalized, more relevant content offers both near-term as well as strategic benefits such as reduced service costs, increased customer loyalty and an expanded customer network. Coupled with the growing interest and demands of Social CRM, collective intelligence has become an essential foundation. In this white paper, we’ll look at how social media changes things in service and support, where the wisdom of crowds can be applied, and how Baynote’s Collective Intelligence Platform offers to cut the time to realizing the full value of communities and Social CRM, while dramatically improving the customer experience.
The Social Web Paradox: Content Quantity vs. Customer Experience

The growth of the Internet Economy over the past 25 years has created many new business models, revolutionized media and entertainment, and enabled legions of consumers to research, buy, and maintain goods and services on their own terms. With the mainstream adoption of email, and then chat and Web portals came new channels for providing customer service and support, and the need for a new era of true multi-channel CRM applications which could address all modes of interaction, whether with an agent or salesperson, on the Web via self-service, or peer-to-peer via early user forums.

At the same time, by starting to watch what consumers did online and even across multiple touch points, innovators such as Amazon, Dell and Priceline.com started to see the benefits of applying analytics and personalization to better understand buying patterns, anticipate customer needs, and proactively push out solutions, recommendations or offers. Customers and vendors were getting closer, and in many ways customers even started calling the shots. And this was all before the Social Web exploded on the scene.

How the Social Web changes things...

While many of today’s popular social networking sites launched between 2003 and 2005, the past couple years has seen almost exponential growth in the adoption, investment and hype surrounding social media and Web 2.0. In just a few short years, multi-channel service has come to mean handling offline (e.g. phone, direct mail), online (e.g. email, chat, Web) and social channels – Twitter, blogs, Facebook, LinkedIn, etc.!

The Social Web continues to attract bigger and bigger crowds. According to Forrester, four out of five online Americans are now active in either creating, participating in or reading some form of social content at least once a month. Meanwhile, 63% of service leaders say social media will be very desirable or critical to service and support organizations in two years, but only an estimated 2-10% of total customer service and support is handled using social media today, according to TSIA research.

With the addition of product communities, ratings and review sites, and other social options, companies need to be prepared to have personalized communication with people no matter what their preferred channel may be. Mix in mobile devices and service organizations now have a remarkable number of channels to manage, a potentially huge volume of interaction data, and increasingly sky-high expectations from customers who are conditioned to want their information and answers fast, relevant and personalized. It’s almost as if the Social Web has created too much of a good thing!

...and sets the stage for Social CRM

The explosion of customer touch points and expectations is a key challenge for service organizations. Yet this trend also presents a unique opportunity to tap the potential of these channels to boost loyalty, improve knowledge sharing among marketing, sales, and service teams, and even reduce support costs via greater engagement, self-service adoption, and peer support. This in many ways is the vision of Social CRM, which offers to turn traditional support
models “inside out” by harnessing the wisdom of crowds, grouping customers with similar interests and applying other emerging characteristics of social business. The key aspects of Social CRM include:

- Everyone (not just reps or account managers) is a contributor as well as a user,
- User-generated content like blogs, tagging and mash-ups becomes a primary source of new solutions, reviews and insight vs. content written in-house by support or marketing,
- Processes are profile and context-driven vs. contact driven in traditional CRM,
- Service becomes the new marketing – and communities spread the word about good/bad experiences and even define your brand or new product ideas, and
- Companies focus on customer experience vs. (solely) the cost of service.

As discussed in the remainder of this paper, collective intelligence is essential to leveraging the power of Social CRM in order to deal with the increasing volumes of user-generated content, interactions and other artifacts. At the same time, Social CRM is made more effective, personal and relevant using collective intelligence. This relationship between collective intelligence and Social CRM is shown in Exhibit 1.

Exhibit 1: Collective Intelligence and Social CRM.

Like early self-service adoption, the key here is making Social CRM user-centric, relevant and convenient for end users, as well as economical for the business. This is especially the case for multi-channel service where there is demonstrated correlation between customer experience and loyalty⁷, and web support – where if consumers can’t complete a goal online, they often switch to more expensive channels like the phone."
Using Collective Intelligence to Find a Needle in a Haystack

The wisdom of crowds idea\(^9\) has both influenced and spread with the growth of online communities, e-commerce and social media. The prototypical online community has several actors: creators (super-users) who contribute their expertise frequently and in large volumes; editors who occasionally add to existing conversations; and the silent majority — the audience who mostly consumes information rather than contributing to it (the 90-9-1 principle\(^{10}\)). A central concept of collective intelligence is to aggregate behaviors of the silent majority, augment that information with the expertise of the super-users and provide the most relevant information that meets every user’s goals. In service and support environments this somewhat radical view may necessitate a fresh look at how knowledge is gathered, codified, published and shared — but the benefits in terms of efficiency and scale vs. traditional expert/KM approaches are likely to outweigh concerns about loss of control or ownership.

At the same time, a growing number of enterprises is seeing the benefits of tapping communities, social networking and other Web 2.0 tools to enable new modes of communication, collaboration and knowledge sharing. The experience of some early adopting organizations has provided proof of this potential: decreased time to market for new products, improved employee satisfaction and even reduced costs of communication, travel and operations.\(^{11}\)

With large enterprises jumping on the Web 2.0 bandwagon — and slowly but surely moving from “edge” processes to core business functions like procurement, innovation and even business intelligence\(^{12}\), the time is right for service and support organizations to look at ways to harness their “wisdom” in practical, focused ways by:

- Building on the latest cognitive science theories to automate the monitoring, capturing and processing of behavioral data across all offline/online/social channels — and applying this collective intelligence at the point of need to provide relevant/timely answers,
- Enhancing expert knowledge and existing KM and enterprise search solutions via crowd-generated search, recommendations and navigation, and
- Tapping into Web content management and analytics — to provide greater insights and personalized content based on behavior of the group and individual preferences.

**Defining a Collective Intelligence Solution**

A collective intelligence solution can help service executives and their staff harness wisdom, to deliver the most relevant content, achieve quick wins, and also scale up Social CRM in their environment. In general a collective intelligence solution should observe actions such as time on page, page scroll, repeat visits, etc. across all channels, learn behavior with context to spot trends and determine relevancy, and adapt relevant content and guidance (based on rules and analysis) — to lower support costs and improve the customer experience. This process is shown in Exhibit 2.
Applying a collective intelligence solution to adapt search results and increase their relevancy results in “social search.” Combining recommendations, social search and navigation, this approach connects users (customers or agents) to the right information at the right time, and benefits customer service, sales, and marketing via:

- **Reduced costs** – deflects calls to self-service and peer support,
- **Higher conversion rates** – recommends most engaging and persuasive content, and
- **Increased loyalty** – provides a superior experience that makes it easy for customers to accomplish their goals.

Exhibit 2: Collective Intelligence in three steps.

**Baynote Collective Intelligence Platform**

The Baynote Collective Intelligence Platform provides real-time personalization and social search solutions across multiple channels while providing a single point of measurement, testing and control. Powering this is Baynote’s patented UseRank® technology – which blends engagement, context modeling and the concept of *like-minded peers* – to track dozens of behavioral heuristics and group similar users. In action, the Collective Intelligence Platform augments KM, portals and enterprise search, automatically delivering highly relevant results that these solutions often struggle to deliver.

The platform can deliver links or content (knowledge base articles, external files, multi-media) and enables editorial control for administrators. Acting as a complete collective intelligence “engine,” the Baynote solution is adaptable to user-generated or enterprise content and any channel (email, Web, mobile and social) as shown in Exhibit 3. The UseRank approach also eliminates all explicit manual tagging and is constantly self-learning and adapting to help organizations fully leverage the power of communities.
Collective Intelligence Success Stories

In practice, the Baynote solution offers a range of benefits when applied to service and support. The following examples highlight some early success stories; the first at a consumer software company which has deployed the Collective Intelligence Platform for online support, and the second at a global telecommunications group which has made social search and collective intelligence part of its foundation for developing a broad multi-channel Social CRM program.

Case Study – consumer software

For the developers of Intuit TurboTax, the leading consumer tax preparation software, customer service is king. Especially in tax season in the US, when the company closes 90% of its personal and small business sales during the three months leading up to April 15. Driving customers to online support to provide a more cost effective way to answer large volumes of questions and avoid bringing on extra seasonal call center staff is critical. However, with thousands of pages of tax code information (much of which changes each new tax year), in addition to product documentation and other support content, their traditional search engine approach was falling woefully short.
Yet many of the company’s more active online customers – individual filers, business owners and accountants – could find the right information if they looked hard enough on the company’s support site. How were they finding it, and what content was helping them complete their tasks quickly and accurately? And which content and resources would be most helpful to other customers? Baynote provided a solution and specifically enabled the company to easily observe online interactions, learn the most popular searches and topics, and then adapt personal, more relevant recommendations and content via auto-generated FAQ lists, site updates and even dynamic navigation and creation of new content groups.

Tapping the wisdom of crowds and deploying social search at TurboTax resulted in greater search effectiveness, higher click-through rates on featured content, and hundreds of thousands of dollars in savings from reduced seasonal hiring due to higher call deflection and reduced expenses from no longer having to manually tag search results. At the same time a streamlined online experience and more engaged customers resulted in boosting sales conversion, something that will continue to improve over time.

Overall, TurboTax is a great illustration of both the near-term and strategic benefits of better understanding customers and delivering more relevant content. For more information on this example, readers should explore the excellent case study published by Forrester\textsuperscript{13}.

\textit{Case Study – telecommunications}

For BT Group, a global provider of communications services, social search fits into the company’s broader focuses on social media, communities and Social CRM. The beachhead for these efforts is the BT Business community, which brings customers together to learn and share ideas for getting the most out of their products and services. According to Brooke Molinaroli, BT’s Head of Digital Care, going social is not only about lowering costs via greater self-service adoption. It’s also about delivering a high quality of service that is fast, efficient and most importantly – “human.”

BT is currently using Baynote to deliver more relevant content and exceptional service in its BT Business community. And as the business scales up its Social CRM program and focuses on additional ways to leverage social media for customer support, several key requirements point to a broader role for tapping the wisdom of crowds across BT.

These drivers start with proactively monitoring, contacting and engaging with customers via Twitter and external communities, and providing “full” service for all queries, whether they are technical or billing related across all service lines such as phone, broadband, TV, etc. They also include delivering on the goal of providing service that is fast, efficient and personal, and reducing the time to market for new social media offerings as additional departments come on board.

For more information on BT’s approach to providing exceptional service using social media, readers are encouraged to listen to the replay of the recent TSIA Webcast\textsuperscript{14} featuring BT.
Summary

Social CRM enables customers to engage with other customers and the company in new ways that are turning traditional business and support models “inside out.” This model promises to aid customer service, sales, and marketing with an active customer network that can provide peer-to-peer support, amplify the company’s brand, and help the company with new ideas. The key to unlocking the potential of Social CRM is harnessing the wisdom of crowds via collective intelligence to deliver relevant, personal and engaging information to end-users. The net result: collective intelligence is essential to Social CRM because it delivers a high quality customer experience amidst the exploding quantity of user-generated content. More specifically, collective intelligence benefits the enterprise in several ways:

- Collective intelligence reduces customer service costs by deflecting calls to self-service and peer-to-peer support,
- Collective intelligence increases customer loyalty with superior, personalized customer experiences, and
- Collective intelligence enhances the customer network as more customers experience higher engagement with Social CRM.

Getting started with Collective Intelligence

Whether deployed as part of an overall social business or community program, or search improvement initiative, it is good practice to apply collective intelligence as follows:

- Start with one channel, e.g., Web self-service,
- Identify search and navigation scenarios,
- Test user success rates for collective intelligence-enhanced experience vs. current search/KM tools on target scenarios, and
- Add and test additional channels.

When building the business case, targeting collective wisdom via a Collective Intelligence Platform offers to fill gaps in traditional search and KM, and also can achieve benefits in both self-service adoption (call deflection, agent productivity) and social adoption (loyalty, improved customer experience). A secondary benefit is labor savings from not having to process and manually tag articles and solutions. As discussed, there are many near-term and strategic benefits of better understanding customers and delivering more relevant content. A Collective Intelligence Platform helps to tap this potential through this whole lifecycle.

Employing a commercial Collective Intelligence Platform like Baynote provides a quick-to-deploy ‘bundle’ of capabilities that yields measurable results within weeks and builds a strong foundation for future Social CRM efforts. The Baynote solution also works across any content/channel and can quickly boost search performance and relevance so that everyone can benefit from the “best” answer - and the full power of community support.
Endnotes

5 Social Media: Change is the Only Constant, Shawn Santos, TSIA Technology Services World, Las Vegas, October 21, 2009.
6 Service and Social Media: You’re Not Social (Enough), Christopher Musico, CRM Magazine, June 2009.
7 Customer Experience Correlates to Loyalty, Bruce Temkin, Forrester Experience Matters blog, February 18, 2009.
12 Blending BI and Web 2.0: The Path to Collaborative Business Intelligence, Evoke CRM Partners White Paper, February 2010.
14 The Five Secrets to Delivering Exceptional Customer Service in the Social Age: A Case Study from BT Group, TSIA Webcast, April 8, 2010.

About the Author

Allen Bonde is managing director at Evoke CRM Partners, a consultancy he launched to help clients tap into the power of social media and Web self-service. A former CMO at eVergance, McKinsey consultant and Yankee Group director, he has advised a number of leading brands and high-tech companies on their customer acquisition and online support strategies, was chairman of the first DCI Self Service Conference, and has been a columnist for SearchCRM and CIO.com. His research and perspectives have been featured in over 100 publications worldwide and he blogs regularly at http://abonde.typepad.com/blog.