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Integration of CRM system with social networks as part of quality management
approach: case for a Russian regional company from beauty industry

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ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ

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АННОТАЦИЯ

Автор	Коновалова Дарья Васильевна
Название магистерской диссертации	Интеграция ЦРМ системы и социальных сетей, как часть подхода управления качеством: кейс российской региональной компании из индустрии красоты
Факультет	Высшая школа менеджмента
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Научный руководитель	Жукова Киран Витальевна
Описание цели, задач и основных результатов	<p>Активное развитие социальных сетей изменило парадигму продвижения и маркетинговых коммуникация не только для крупных компаний, но и стало платформой для активного развития малого и среднего бизнеса. С другой стороны существующие подходы к управлению компаниями рынка бьюти индустрии не соответствуют текущим требованиям рынка. Встает проблема: как адаптировать текущую «цепочку ценностей» компании и интегрировать существующие технологические решения для работы с социальными сетями в управляемый бизнес процесс компании.</p> <p>Цель магистерской диссертации состоит в актуализации существующей «цепочки ценностей» описывающих работу компаний выбранной индустрии, с учетом сильного тренда торговли и продвижения в социальных сетях и технологических решений, для интеграции.</p> <p>Были исследованы аспекты менеджмента качества, а также характеристики и преимущества ЦРМ систем, и выявлена их применимость в улучшении управления малыми и средними предприятиями. Отдельно были рассмотрены аспекты е-коммерции, изучены существующие методы описания потребительских паттернов под влиянием феномена социальных сетей. Далее была описана актуальная система ценностей, с которой сравнивались типичные компании из индустрии на предмет отличий и выявления ключевых функциональных отличий. Рекомендуемая система интеграции была апробирована на одной из исследуемых компаний</p> <p>Результаты показали, что интеграция ЦРМ системы и социальной сети повышает прозрачность процессов компании, и позволяет наладить процессы планирования и оценки эффективности сотрудников</p>
Ключевые слова	Управление качеством, ЦРМ системы, индустрия красоты, социальные сети, е-коммерция, интеграция ЦРМ

ABSTRACT

Master Student's Name	Konovalova Darya
Master Thesis Title	Integration of CRM system with social networks as part of quality management approach: case for a Russian regional company from beauty industry
Faculty	Graduate School of Management
Main field of study	Management
Year	2016
Academic Advisor's Name	Zhukova Kiran V.
Description of the goal, tasks and main results	<p>Active development of social networks has a significant impact on promotion and marketing strategies not only from corporation, but also became a platform for rapid start for small size companies. From other side, the current approach of control for company from beauty industry is not satisfied the requirements of market. There problem arises how to integrate the social networks into manageable process within company infrastructure.</p> <p>The aim of the masher thesis is the development is to make actual the value chain, describing business processes of small companies from beauty education and beauty service markets, taking into consideration the strong trend of social networks e-commerce perspectives and describe the main reasons of gap between existing software solutions and its real business implementation The Objectives is to increase the efficiency of planning system and employees' performance evaluation in small sized company from beauty-education and beauty-service market.</p> <p>It was observed the aspects of quality management approach and the advantages of CRM system, the impact of CRM on service companies. Separately were studied aspects of e-commerce and existing patterns of customer behaviors under social networks phenomenon. Further the current model of value chain was described, and comparison analysis of chosen companies with this model, as mini cases methodology</p> <p>Results showed that integration of CRM system with social networks into internal company infrastructure has positive impact on planning system and make process more transparent. The performance evaluation system became more efficient.</p>
Key words	Quality management, social networks, e-commerce, beauty industry, CRM system, integration of CRM

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INTRODUCTION

The customer relationship management is important part for sustainable company development. The CRM approach attempts to analyze data about customers' history with a company, in order to better improve business relationships with customers, specifically focusing on retaining customers, in order to drive sales growth. Nowadays the importance of social networks is increasing significantly, which consequently has impact on customer behavior patterns and markets requirements. From socio-cultural perspectives customer moved into social networks, and the trustworthy phenomenon of social media information is observed. Due to this trend many enterprises have to adapt their business processes under this phenomenon. This is reflected in marketing and promotional strategizes, brand positioning, sales strategies and post service production. Essentially, the industry plays a significant role of this adaptation process. This master thesis focused on beauty industry, which could characterized as highly competitive and heterogeneous. To specify the research the small sized, Russian regions origins companies provides educational courses and salon services were selected to research. These companies mostly actively use the social media for sales and marketing. Not only small sized company, but also Internationals brand switched their marketing campaigns into social media. Especially for small sized companies the challenge of integration the social media within internal CRM system is becoming vitally important, because of strong dependences of their business process on social networks. Additionally, companies belonged to selected industry's sector are mostly have service-oriented approach. Therefore the problem statement of the work is to make actual service-oriented model, describing business processes of small companies from beauty education and beauty service markets, taking into consideration the strong trend of social networks e-commerce perspectives and describe the main reasons of gap between existing software solutions and its real business implementation. The aim of research is to increase the efficiency of planning system and employees' performance evaluation in small sized company from beauty-education and beauty-service markets, through integration of CRM and Social Media.

The work is consists of 6 Chapters. First chapter is observed literature from 3 main perspectives: quality management practices, and customer relationships management as one of quality management approaches (both as management practice and technological solution), social networks trend and e-commerce opportunities through social networks, and the last but not least the industry aspects under the social medial trend. The result of this chapter is the research gap revealing.

Second chapter is concerns research design and methodology. Despite of narrow focus of research, the research objective is complicated. Taking into consideration the shortage of scientific research on Russian beauty market companies, we have to implement multidisciplinary study. To explore the first part of research the online questionnaire conducted. After main obstacles, companies faced working with social networks, are clarified, to more detail exploration of gap between existing software solutions and companies business process descriptive analysis conducted. Following benchmarking approach is used to integrate social media with internal CRM solutions, based on existing best practices and case results.

Following, in chapter 3, chapter 4 and chapter 5 empirical results are presented. Questionnaire illustrates that companies firstly evaluated social networks as main sales tool, secondly they faced troubles with data collection, analyzing from networks, due to technological aspects and unsynchronized information flows. Case studies results provide information about current service-oriented model, and the changes of business process under network trend. Cross case results illustrates that process and approaches of typical companies are homogeneous, consequently results could be generalized. And finally, the best practices of integration of CRM and quality management approaches are implemented to one of the company from case study. The integration process was running during one year, because changes concern many aspects and almost all company process. The result of integration of CRM and social media has positive impact on operational cycle time and planning efficiency, which were measured after integration.

The study contributes to the theory for new paradigm of customer relationship management systems. Reveal the necessity of new approaches to sales department evaluation, due to strong dependency on customer relationship management. Also study provides theoretical recommendation for CRM launching process for small and medium sized company.

The managerial implications of the following study are aimed at the following groups of managers: 1) management of beauty industry companies, who are going to use CRM system software, 2) the sales department managers, who are going to implement measurable system of performance evaluation, 3) management of CRM solutions development companies, by clarifying customer needs and expectations.

Due to the homogeneity of business processes within this industry this recommendations could be useful for all companies operating in social media in order to improve process approach efficiency or improve measurement basis for employees' performance.

1. STATE OF THE ART OF INTEGRATION OF CRM SYSTEM WITH SOCIAL NETWORKS AS PART OF QUALITY MANAGEMENT APPROACH

In this chapter the analysis of literature from quality management, e-commerce approaches and review on beauty industry market, customer preferences perspectives, existing cases of successful marketing strategies via social media, and mostly the academic research of existing and future trends of promotion and sales organization are presented. Additionally the research gap is revealed and present master thesis work's aims are set.

1.1 Quality management approach

The topic of this paper is concerning the quality management approach, it is essential to identify the definition of what is quality, what drivers of this approach are exist, and find out the results of last researches in implementation quality management practice in service industry.

Quality definition

There are many definitions of quality. According to Edwards Deming – pioneer in quality approach, he claimed in 1944 that quality is a fitness for purpose (Bergman and Klefsjo, 2002). Further for a long time quality was considered as an error ratio or the number of defective units. Further investigation by P. Crosby (1979) which was interpreted in Zairi's (Zairi M ,1997) defines the reason of errors and defects. He found out two reasons: the lack of information and lack of attention. The next step of revealing quality definition was done by the Japanese scientist Noriaki Kano, because he took into consideration the customer, as the finish users of products. Quality was suddenly an area needed to be specified in every situation (Karlof and Lovingsson 2007). According to the Noriaki Kano (1980) the quality has five dimensions to observe, and he represented it in his model, named as Kano Model.

According to the Lars Lyberg (2004) quality is observed by three- level concept. The first level product quality, the second is process quality and the third one is organizational quality. On product level is important to manage the product characteristics and established them with main users, on process level it is important to control and well-design the procedure of service or production, and on organizational level the leadership, innovation and high competences are vital.

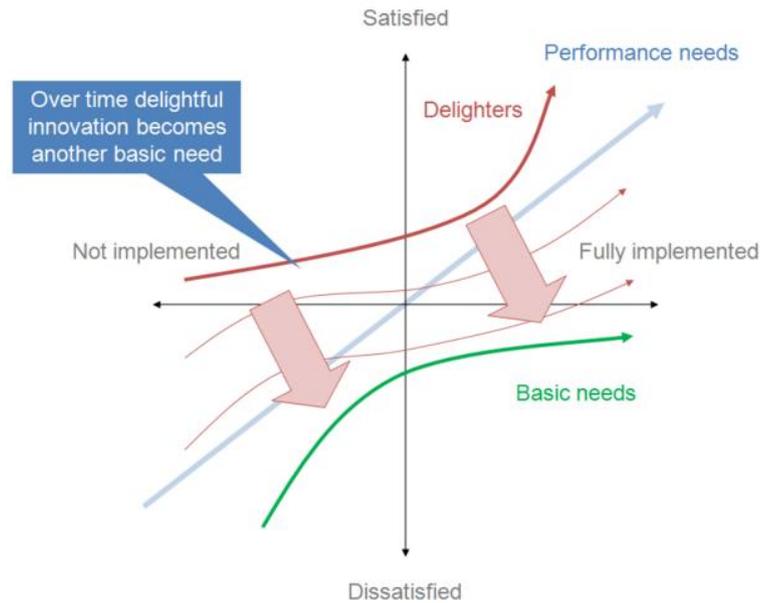


Figure 1.1 Kano Model of service quality

Hereafter will be observed existing quality management practices and new results in this sphere. There are many definition of “quality management” and it depends on the context. Nowadays quality management gains to relevance, announcing quality as a strategy to gain competitive advantage. (Dulce Gonçalves, 2010).

The lasts empirical research shows to us that quality management approach brings better results when runs on all organizational levels. It is impossible to obtain quality from an isolated effort in a single area. This is why the execution process should be carefully prepared. This approach has a huge synergy effect with project management. Due to the Dulce Gonçalves’s article the improvement of project’s quality bring changes not only on product’s level, but also at the leadership and project management levels. It was empirically proved that only 15% of a quality problem concerns the “project level”, everything about production activities or manufactures cons. It could be conclude such as the rest 85% of problems originate from leadership and strategical organizational level. (Dulce Gonçalves, 2010).

According to Deming the top management plays the key role in a process of obtaining the efficient quality. The project manager should transmit the values of company and enhance the structural approach, transfer the customer oriented service, integrate the workflows between the employees. It’s essential to be concentrated on each person in a team, and bring the idea that each person is valuable and accountable for whole company performance. (Kerzner, H, 2001).

Quality management system could be presented as selection of business processes to continuously meet customer expectations and increase the level of customer satisfaction. This is why, quality management system required changes in all companies level: structure, procedure and processes. Today's reality required to satisfy both investor and customer, via perceived quality. Quality management system is regulated mostly by the ISO 9000 family of standards.

According to Poksinska (2002) the ISO 9000 is a detailed and useful tool, which described quality management system addressing the processes surroundings, innovation development and the added value process of a general product or service. ISO was designed as a recommendation tool for organizations how to meet the stakeholders interests while meeting legally effective and regulatory requirements related to a product.

ISO standards are reviewed every five years and revised if needed. ISO 9000 – 2008 have eight dimension – principles, and according to them manage changes in all organization levels. (ISO standards, 2008)

1. *Customer focus.* Companies' performance depends on final consumer, on their needs and expectations. Therefore it is significant understand current needs and predict future trends. Company should be able to adopt for customer expectations and strive to do it fast.
2. *Leadership.* Leaders choose the way how to obtain companies goals, form and maintain the productive atmosphere within company to help people be involved into company processes, to reach the organization's objectives.
3. *Involvement of people.* People are the main assets of each company. When company provide necessary conditions for their full involvement it allow transfer stuff abilities into companies' benefit.
4. *Process approach.* A desired result is achieved more efficiently when activities and related resources are managed as a process.
5. *System approach to management.* It order to achieve companies objectives, all interdependent process should be identify, understand and manage as one system.
6. *Continual improvement.* The permanent objective of company is a regular improvement of the companies' overall performance.
7. *Factual approach to decision making.* To make decision-making process more efficient it should be based on the data and information analysis.
8. *Mutually beneficial supplier relationships.* Productive relationship between interconnected company and their supplier create value for both of them.

ISO standards are one of the most extensively used approaches worldwide (Clifford 2005).

There is new version of ISO 9000: 2015, and it has several significant changes in comparison with 2008 year version. There is lack of articles concerning the managerial application or cases based on new standards, but some useful information is provided by the International Organization of Standardization.

The new version of the standards emphasizes:

- Attention on leadership development.
- Attention on risk diversification and provide information how do it in systematic way.
- Provide well structural and easy to use terminology, which are particularly useful to multiple management systems.
- Provide more user friendly structure for service and knowledge-based organizations.

Quality management implication

Hereafter will be observed empirical researches on the topic of quality management implication and methodologies of business process approach evaluation.

The main goal of business process management is in integration different methodologies and instruments, which will result in increasing efficiency and effectiveness of business processes. Even if this approach is popular, the empirical studies regarding its value contribution is few and far between. (Hung 2006).

Business process management (BPM) gains new opportunities though development of IT infrastructure. There are interesting group of researches about implementation of service-oriented business process architecture. Below, it is presented the model of service-oriented approach construct with ISO 9000:2015 in the Figure 1.2. Service-oriented model is a combination of all aspect of process within company. This framework is constructed under quality management approach, and illustrates how the planning, support and operation, performance evaluation, improvement and leadership are connected. One of the main aspects of quality management is continual improvement and this framework allows implementing it to the process within company on all management levels. Initially this modeling used for IT infrastructure development, further it was transfer to business architecture, which provides a comprehensive view of the analysis, design, and architecture of all in an organization

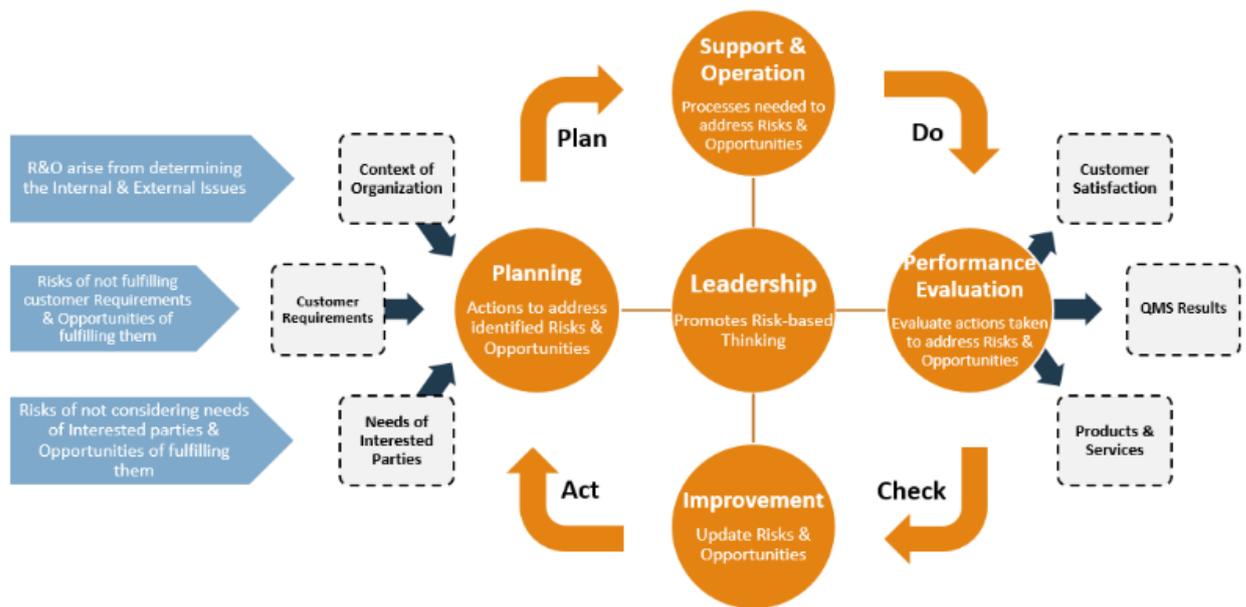


Figure 1.2 Process oriented model of quality management ISO 9000:2015

In Daniel Beimbom article studied the opposite question: the impact of service-oriented architecture business process on business quality management, and describe the influence of service-oriented business process in achieving high quality efficiency. In this paper was provided the empirical study of 157 German companies (from service industry). The main result is that service-oriented architecture has strong positive impact on business process quality. The importance of interaction of all process in one IT infrastructure and ability to continually track their performance is emphasized in this paper. “The majority of the firms (84%) agreed that using the joint impact of SOA and BPM on business process quality IT-based BPM tools is important or very important” (Daniel Beimbom, 2011).

According to the Stephan Poelmans’s work business process management systems (BPMS) is the informational system of organization with strong dependence on ability to clear modeled process logic. This system provides a relatively easy way to track and manage the items along business process.

It was emphasized in Sarkis article (Sarkis 2004) empirical results showed that companies obtained better results when quality management standards are properly executed. Specifically, a project has a higher probability of success when a careful quality management is carried out.

It was deeply studied the sphere of software decisions for business process management, and the results which are obtained by such technological solutions.(Negash, S., Ryan, T., &

Igbaria, M. 2003) For example, in Lewis W.E. work (Lewis 2004) described a system that characterized by its reliance on explicitly modelled process logic in updatable schemes.

1.2 Customer relationship management system

Customer relationship management is one of the useful tools, integrating both trends: quality management approach, with its systematic view on processes, collecting and information analysis paradigms, with software solutions. Usually CRM is used for organizing sales department. There are a lot of researches concerning this topic. Generally they could be structured as CRM (customer relationship management) system as a part of ERP(enterprise resource planning) system for a large company, CRM decision for small and medium sized enterprises, observation of social customer relationship management.

CRM system tools for a large company are not so interesting for this paper, because our aim is find a recommendation for small and medium sized enterprises. IT solutions for large companies are much more complicated and have lot peculiarities due to company size, IT infrastructure and etc. Also the main difference is the way of gathering and analyzing information.

International companies have a developed system for gathering all necessary customer information and make a prediction due to these data. The influence of integrating technological system into business process could have ambivalent results: for already efficient companies will make even more efficient, for inefficient just intensify the problems and bottlenecks. (Natti, S., & Still, J. 2007, Klie, 2015)

Integrating the different information flow from sales, marketing and customer interaction, connecting the ERP system with databases such as CRM allow to progressive company maximizing efficiency. If the ERP and CRM tend to be separate, it will be difficult to integrate them in future, while company growth. Nevertheless, “both systems independently offer substantial benefits to business” (Klie, 2015)

Additionally, in Klie’s work was analyzed the influence of “customer-centric ERP” on customer retention rate, revenue growth and profit margins. “Companies that have adopted what it calls “customer-centric ERP” have 15 percent higher customer retention rates than those that haven’t; 27.8 percent higher year-over-year revenue growth; 27.5 percent higher year-over-

year profit margins; a 3 percent higher rate of complete and on-time deliveries; and 10 percent greater improvement in time-to-decision” (Klie, 2015). These results were taken from a research of Canadian companies. According to the results of the article we could make a hypothesis that the same results could be obtain in small and medium sized companies via integrating “customer centric ERP”. Significant part of this research is concerning the integration of CRM system into ERP. The authors argued that integration is always a good idea if companies have repeat transaction with customer. “Integration is definitely a good idea. Nick Castellina, director of Aberdeen research group said, that it became easier to make decisions into organization, because people can align supply chain and demand planning with realistic information from customer, and finally it will make company a more cost-efficient.

Another group of academic researches develop the question about influence on CRM system into new product development. It is obvious that in modern environment company should hurry to satisfy market changes and customer preferences. One of the ways to be in market’s trend is creating more customized new product, so continuous product development is necessary tool for company growth. Large companies from one side have more resources to be fast in production, but from another side they couldn’t launch decisions fast because of the bureaucracy process entire the organization.

Knowledge sharing among development team, suppliers and customers result in decreasing the defects in new product development and costs, improve customer satisfaction. (Salman Nazari-Shirkouhi, 2015). The Salman’s paper provides a framework for new product development using simultaneously both concepts: customer relationship management and supplier relationship management.

CRM should be not just a tool or part of IT infrastructure. If CRM system is used only like a database it makes almost impossible use it efficiently to obtain financial goals. CRM should be a part of long-term strategy, involving all relative activities and be mutually beneficial with customer. . (Chen, I.J., & Popvich, K. 2003). Reinartz consider “CRM as a process for customer interaction management to build, develop, and maintenance long-term and beneficial relationships with customers.” Systematically collected information from customer could be efficiently used in NPD process. As it was mentioned in Salman’s paper, this capability is one of the key factors for successful NPD. When company change the paradigm of CRM in case of database to mutually beneficial, customer start play a role as a resource: source of idea generation, innovation, co-creation of product design and development. (Lin, Y.C., & Su, H.Y., 2003).

Turbulent environment not only push company find a way to decrease a time of new product development, customer preferences, but mostly customer attitude in general, which essentially result in how company organized the relationship marketing. The next group of researchers studied the role of CRM in relationship marketing based on touristic companies. (Nadeem, M.M., 2006). According to the Agnieszka Gawlik's paper we could find out what kind of criteria (information flow) small and medium sized company used for making decisions. Companies able to identify customer needs and satisfy them, will make greater profits than those which fail to do this. (Barsky and Nash, 2003). Implementation of CRM system like an instrument render probable to build a sustainable competitive advantage in a changing environment (Jones et al., 2007; Vogt, 2011).

Observed Poland companies in Agnieszka Gawlik's paper mostly used CRM for analysis sales levels (52%). "Only 2 of 50 surveyed hotels (4%) make analysis showing loss of customers to competitors. It is surprising, as long as such studies provide information about existing problems in satisfying the needs of customers and help prevent such situations in the future." (Agnieszka Gawli, 2014).

Another group of researchers proved the important of information synchronization lead to company sustainable development. Social CRM have enormous business sense, especially for companies operating in the Internet. (Ku, Edward C. 2012, O'Connor, P. 2003)

The successful implementation of CRM requires the use of appropriate instruments for better market segmentation, customizing products and services, obtaining higher quality products, gaining access to information and employee satisfaction, and above all, ensuring long lasting customer-retention and loyalty (Alomtairi, 2009; Ozgener and Iraz, 2006; Stockdale, 2007; Verma and Chandhuri, 2009).

1.3 Social networks in e-commerce approach

The fact of social reality nesting widely in the realm of the Web creates certain challenges for the researcher to investigate important events of social life of large scale. The existing instruments, even with already existing breakthrough semantic technologies and models of complex systems, often are either underexploited for social phenomena analysis or the results of such exploitation is under analyzed.

However, there are certain phenomena which need such modeling and instruments application. One of those is the smart mobs, which have highly active essence and potentially influential character, as outlined in the Rheingold, H. (2007). The initial impulse for such mob formation is often spread through communicating means of social networks, therefore semantic detection of concepts and ontologies may help to investigate whether there is a smart mob emerging and what characterizes it.

Emerging smart systems, as mentioned in Rheingold, H. (2007) possess the following characteristics: no centralized control, autonomous but highly connected sub-units of the system, web-like causal peer-to-peer influence. These characteristics may be analyzed through gathering social, conceptual and ontological information on the three levels of the semantic network, building of which will be based on the profiling semantic network similar to Jung and Euzenat (2007).

In turn, semantics of the social networks has been studied with various purposes: for internet of things construction facilitation (as in Atzori et al. 2012), search through social networks facilitation with the help of Semantic Web (Yu L., 2014), or provision of personalized academic recommendations (Xu Y. et al. 2012). The modeling of semantic social network using several levels of meaning above social relationships, analyzed as network consisting of people, was applied by Cantador, I. & Castells, P. (2006), Mika P. (2005), and Jung, J. J., & Euzenat, J.(2007).

According to Velichko (2015) it was suggested to implement this technique to make comparison of subscribers of public pages, belonging to one community. Researches took for the purposes of global community investigation followers for certain groups and public pages, and build an integrated graph of relationships between all the subscribers of analyzed communities. Thus reveal semantically similar groups which potentially may not be personally acquainted, but nevertheless using such method the ontologies were identified and go beyond to the concept level. This potentially could help to identify semantically common groups of person pages. Due the fact, that all such pages share several interests we could confirm that these objects are close to each other on concept level. The model is presented in figure 1.3. The work is summarized the available semantic networks analysis tools for vivid construction of present prototypes of smart mobs: tightly organized communities' aggregates, forming relevant ontologies, defining the particular interests of common subscribers of defined public pages and groups. The proposed method would be especially applicable together with community readiness model, which would allow for each certain investigated case study

to determine, on which stage towards particular action, is the aggregated community and how this action is probably is going to be undertaken, according to the thorough analysis of the corresponding concept level

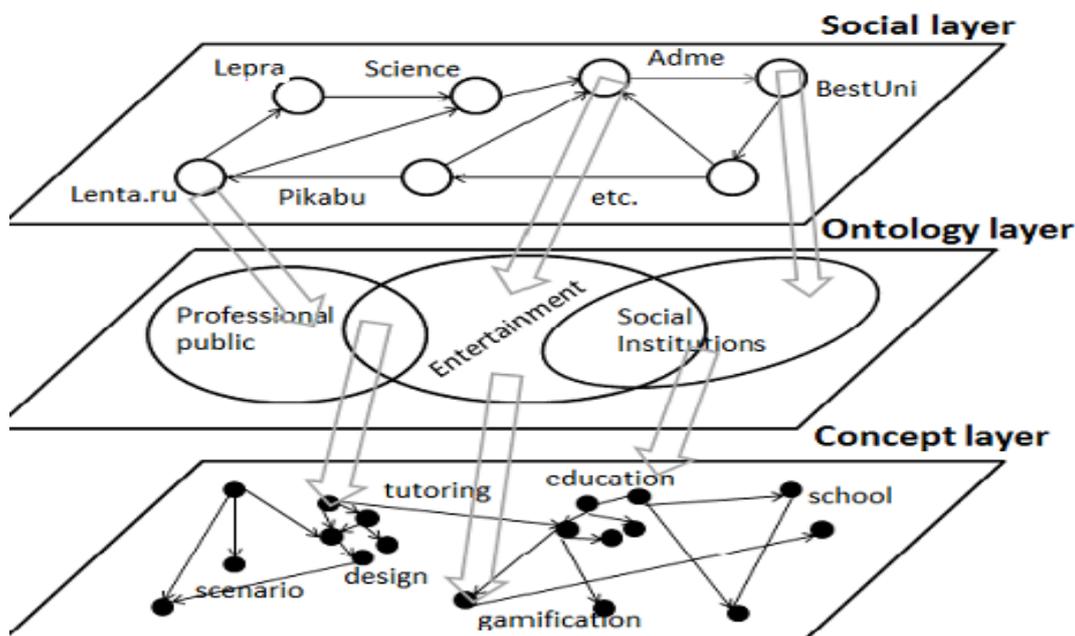


Figure 1.3 Example of the semantic network: social, ontology and concept layers.

Another group of researchers are concerning the usage of social networks pattern into sales procedure. According to the Baird and G. Parasnis (2011) empirical research there are strong correlation between promotion in social networks and financial performance of company. They conducted survey for 1056 customer from the United States, Canada, the United Kingdom, France, Germany, India, China, Australia and Brazil. The second stage of research was survey for 351 business executives in the same countries (except Canada). They collected data from Social Media program within the companies by conducting deep interview. In partnership with Oxford Economics, a Social CRM blog was established to solicit feedback on Social CRM topics from SM and CRM specialists and other interested individuals (Wereda, 2013).

The same results were provided by Fotopoulos (Fotopoulos, 2010). According to International Data Corporation, that revenue in this sector has grown 191 percent.

1.4 Beauty industry aspects under the social networks trend

For efficient usage of Social Media organization should provide values which brings mutual benefits through specific services, customer time allocation, break the pragmatic approach by designing series of experiences. It is a challenge to manage services and brings mutual benefits for customer where netizens play the main role. Organization should go to

cooperation, be on the same level with customer, be ready to open dialogue and share experience with their target audience. The sustainable development and goals achievement are led by synchronization of all activities. (Miguel del Fresno García, 2016)

To keep meaningful insight into CRM customer profiles organization should build self-sustaining public and provide social communities. Hence, the customer engagement is obtained by these social communities. (Nakata, C., & Zhu, Z. 2006)). It is a long process, which required at least one year establishing the opinion leaders and bloggers within you community. Opinion leaders are extremely important in terms of trust and engagement client within you social profiles. According to Zhiquan Liu research social media have affected many aspects of daily life, and mostly he reveals the correlation between customer trust patterns and social media opinion leaders. Trust management plays important role in service-oriented social networks. In terms of trustworthy it is the best way to service oriented networks when services meet functional and personal requirements. In Zhiquan Liu paper provides a model, which integrates two types of evaluation: local trust-based and reputation based, which proposed integrated scheme for trust evaluation. The model is analyzed from four dimensions: quality of service, maximum local trust, reputation-based algorithms and aggregative trust evaluation. Local-trust evaluation algorithm is presented to identify all the trustworthy service witnesses and only the service ratings from them are considered in this module. The scheme is presented in figure 4. (Zhiquan Liu, 2016)

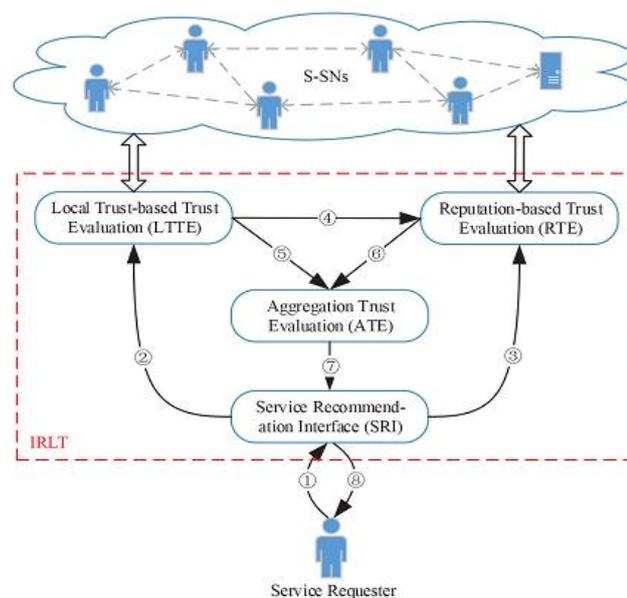


Figure 1.4 Integrating Reputation and Local Trust for Trustworthy Service Recommendation in Service-Oriented Social Networks model

The correlation between user's social media profiles and their e-commerce behavior were deeply analyzed in Yongzheng Zhang article (2014).

During last years it became popular among many e-commerce companies move to social media networks. For example, such company like Amazon and E-bay allow to their users register on their web-sites via their profiles in social networks. It is strategic way to collect meaningful information about clients, for further investigation and for analyzing social experience of customer. Also, company try to rejuvenate clients, thus moving to social networks attract younger users (McKinney, V., Yoon, K., & Zahedi, F.M. 2012).

Yongzheng Zhang's research is concerning purchase behaviors and Facebook information more then 13 700 users. Scientist reveals the statistically significant correlation between some Facebook subset's and purchase preferences. Also in article it is provided the model and machine learning algorithms, which allow predict a category of product from which user will buy. Hypothesis were proved, the results based on eBay users datasets who connected with Facebook.

Digital promotion within social networks provides an opportunity to beauty industry companies for additional customer engagement. The social networks play an important role for service and product testing, People use official them to research the information about quality of service. According to the "From social media to Social CRM" research Facebook and Twitter educate to purchase for 34% of buyers. Almost four from ten clients which equal 37% or 15 million customers have interacted with brand online through social network. (Baird and G. Parasnis, 2015)

According to the "BusinessCreator Inc" report, the increase of salons and beauty education centers social network's usage is mentioned. For example, the number of beauty salons who actively promoted in Facebook is increased by 46%. (Halevy, A. Y, 2015).

Currently the beauty brand has been evaluated as the most digitally. Beauty brands have long process of e-commerce legacy and have been selling online much longer than many brand categories as fashion or jewelry.

Despite of classical advertising methods, Facebook and other social networks have been playing a significant role for beauty companies marketing, e-commerce and customer service strategies.

Companies as Lancôme and MAC became a leaders in the social networks sphere because of their powerful advertising campaigns within social media. These integrated campaigns have to recognize Facebook as the main powerful tool for customer relationship management. (Business Creator Inc., 2015)

1.5 Research gap and research goal

It was analyzed more than 35 articles which cover 3 main academic spheres relevant to this master thesis.

Firstly, it was analyzed quality management approach. Identify what is quality, what standards are regulated this approach, and successful practice was observed. Mostly, it was observed the academic investigation of the CRM system as a part of quality management approach. The empirical study is about correlation between implementation CRM and financial or customer satisfaction parameters. The next step was researches are about IT solutions for integrating CRM system into manageable business process. It was defined that there is a lack of information how connect social promotion and sales via social network through CRM system.

Secondly, it was analyzed e-commerce sphere: current investigation of social network phenomenon, semantic and ontological layout. In this perspective of view articles provide the importance of social networks for sustainable development of e-commerce organization. There is lack information about how to collect and organize the information of customer profile to predict and to offer better product solution.

Thirdly, it was observed the customer behavior pattern in context of social media. The importance of opinion leaders, the phenomenon of conformism for purchases process was observed. Trust management approach role in service-oriented social networks was studied. In terms of trustworthy, service oriented networks when services meet functional and personal requirements was observed. Additionally, the beauty industry peculiarities and specification of promotional and customer engagement strategizes in context of social network have been revealed. The empirical results of customer education by the social engagement were observed.

To sum up, there research gap is in intersection of this three academic spheres (Figure 1.5).

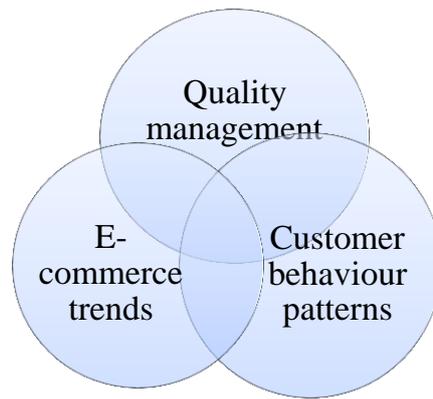


Figure 1.5 Research gap scheme

Research gap

Research gap is how integrate sales department via customer relationship management system in manageable process. There is lack information about CRM solutions for SME, lack information about integration sales department and CRM solutions in context of social media.

Problem statement

To make actual service-oriented model, describing business processes of small companies from beauty education and beauty service markets, taking into consideration the strong trend of social networks e-commerce perspectives and describe the main reasons of gap between existing software solutions and its real business implementation.

Objectives

To increase the efficiency of planning system and employees' performance evaluation in small sized company from beauty-education and beauty-service markets

Research questions

1. What is the main obstacles which company faced actively working with social networks?
2. Why there is a gap between companies' needs and technological solutions?
3. How do companies operate in social network? How do they integrate this operation with companies' infrastructure?
4. How companies can use existing CRM solutions for social networks in order to improve business process efficiency?

2. RESEARCH DESIGN AND METHODOLOGY FOR MULTI DISCIPLINARY STUDY

In this chapter the main methodology, necessary for answering on research question, will be observed. Research methodology could make a supposition for the result of a given study, this is way it is important describe what methods will be used, and how data will be collected.

2.1 Research design

The overview of the literature in the previous chapter has demonstrated a research gap between the publications dedicated to importance of social networks in e-commerce, customer engagement perspectives for beauty-brand in social networks and software solutions integrating the information flows about clients from social media into the manageable process.

To contribute in order to fulfill the research gap it is important to reveal the main obstacles of active social media customer relationship management, to research the changes in companies' business process under this trend, and explore best practices of integration to provide a practical guide for small sized companies about CRM and social networks integration.

On the one hand, social network integration is a highly innovative topic in research, yet on the other hand several Russian companies have already started adopting this technology, and that is why this study is a subject of both exploratory and explanatory research which will be based on the analysis of real-life evidence.

To research the defined research gap, we set the four research questions.

1. What is the main obstacles which company faced actively working with social networks?
2. Why there is a gap between companies' needs and technological solutions?
3. How do companies operate in social network? How do they integrate this operation with companies' infrastructure?
4. How companies can use existing CRM solutions for social networks in order to improve business process efficiency?

To answer on first research question the online survey methods will be used. This method allows obtaining more representative and not-biased results if sample is big enough. Data will be

collected through online questionnaire. Companies sample will be collected from open source information, based on criteria's such as: industry, company location, size, presence in social media. The aim of this questionnaire is to analyze the distribution of problems within industry and distribution of social networks usage as sales tool.

To reveal changes in business process, through answering on second and third research questions, the case study methodology will be used. The case study will have descriptive nature to study the business process of small sized companies. As a goal of our research is concerned the quality management approach, to run case study the quality dimensions will be used as a basis. To fix and compare the business process the service-oriented model will be used. Business process modeling is the activity of representing processes of an enterprise, so that the current process may be analyzed or improved. Descriptive studies refer to collect information, which will demonstrate the relationships and delineate the real-life context and phenomenon as it exists. To obtain the external validity of research results multiple case studies will be used.

The business objective is often to increase process speed or reduce cycle time; to increase quality; or to reduce costs, such as labor, materials, scrap, or capital costs, which will be in the last research questions. "How companies can use existing CRM solutions for social networks in order to improve business process efficiency?" As drivers for research the planning efficiency and process time reduction will be used. Benchmarking will help us to bridge the gap, which was demonstrated during the literature review and supported by the empirical data collected from the interviews, to appropiate recommendation to companies by implanting it tor one company.

2.2 Online questionnaire to obstacles revealing

To answer on RQ1: "What is the main obstacles which company faced actively working with social networks?" the online questionnaire will be used. In this paragraph the sample collection process and questionnaire design will be observed. Further, the theoretical paradigms of results interpretation discussed.

2.2.1 Company and data selection process

According to ESOMAR online survey research accounted for 20% of global data-collection expenditure in 2006. They offer capabilities beyond those available for any other type of self-administered questionnaire. (Vehovar, V.; Lozar Manfreda, K., 2008).

The aim of research is to reveal the obstacles of small sized companies form beauty industry. Consequently the criteria's for respondent will be:

1. Small sized company
2. Operating in regions of Russia
3. Providing education or service in beauty industry
4. Actively presented in Social Media
5. Russians origins and not operating under International franchising

Companies will be selected from open source information: participants of Moscow Beauty Day, Saint Petersburg Beauty Day, and Wedding Conferences and from social media reports. Additionally, the partnerships of well-known of beauty brand will be used. For example, international brand as TomFord and Becca have regional representatives. Through the regional representatives companies will be selected.

After we clarify how the companies will be selected, it is necessary to understand the sample size. According to the recommendations to provide sample size with 10% of statistically significance should be more than 100 respondents if population is big enough. For example, according to Kalpana Chandrasekhar, if the 10% of error is compline with research aim and population is bigger than 1000, than sample size should be bigger than 100. (Kalpana Chandrasekhar, 2014) After rough estimation, through summarizing participants of thematic events, it is clear that population more than 10 000, because we are going to study companies in all Russian regions. Consequently, to assure at least 100 respondents we need to send questionnaire more than 750 companies, because according to MonkeySurvey research the expectable rate of answers is approximately equal 25%. (Kalpana Chandrasekhar, 2014).

2.2.2 Questionnaires design

Design of the questionnaire divides in to three main aspects

- To determine the questions to be asked,
- To select the question type for each question and specify the wording

— To design the question sequence and overall questionnaire layout.

Different types of questions can be used, e.g. open vs. closed, single vs. multiple responses, ranking, and rating.

Questionnaire should present itself a structured set of questions, where each of them is reflecting to research procedures and aims. Questionnaire should include introduction, where the aim of research and short characteristics of results expectation are explaining to the respondent. Also the potential benefits of research should be explaining in introduction, because it could have positive impact on amount of responses. The anonymous of data and responses should be mentioned also in introduction. (Gummesson, 2003)

The questions should be classified by dependence on research aim. It is recommended to put the more important questions in the beginner.

1. Put the full name of your company here below
2. How long does company exist on the market?
3. How many people work in your company?
4. Classify the directions of your business (multiple choices)
 - a. Education programs for professionals
 - b. Education programs for ordinary users
 - c. Beauty salon
 - d. SPA
 - e. Own cosmetic brand
 - f. Sales of cosmetic product from other brands
5. In what extend do you agree with statements?
(Disagree, Undecided, Agree, Strongly agree)
 - a. We try to implement planning system, but factual results always differ significantly
 - b. We don't know how evaluate the manager's performance
 - c. We have KPI system for managers
 - d. We have instructions, but they don't work (formal, but unpractical)
 - e. We have system control of sales manager's performance, but couldn't implement it
6. How do you evaluate the different source of lead's generation?
(Unimportant, Rarely use, Important, The most important)
 - a. Instagram

- b. Vkontakte
 - c. Facebook
 - d. Direct contacts via conferences/events
 - e. Advertising in non-social media sources
7. How do you evaluate the different sales instrument?
- a. Instagram
 - b. Vkontakte
 - c. Facebook
 - d. Direct sales
 - e. Messengers (viber, whatsapp etc.)
8. In what extend do you agree with statements?
- a. We have separate sales department/ persons who fully responsible for sales procedure
 - b. We use special software for data analysis
 - c. We used scripts for calls and messages
 - d. We use the sales funnel
9. In what extend do you agree with statements?
- a. The main problem with client's data collection is incomprehension of the criteria basis of data
 - b. The main problem with client's data collection is incomprehension of future usage of this data
 - c. The main problem with client's data collection is incomprehension of software product which could be used
 - d. The main problem with client's data collection is in transfer all data from social networks to internal databases
10. What sales instruments do you use mostly?
- a. Social Networks
 - b. E-mail/calls
 - c. Direct sales
11. How you collect data from clients
- a. Via special software (Bitrix, amoCRM, megaplan, Jira, mango-office, salesforce)
 - b. Use excel spreadsheets
 - c. Keep temporary data in paper based system
 - d. Keep mostly in dialogues in Social networks

This questionnaire includes different types of questions: open, close, multiple choices a combination of

2.3 Case study of small sized company in beauty industry

2.3.1 Case study methodology description

Case study research methodology helps described and understand complex object, which called “case”. The case should satisfy several requirements: be a complex functional unit, be investigated in its natural context with a multitude of methods, be contemporary. (Rule, P 2015). Detailed analysis of conditions, their correlations and relationships are fully describes via case study analysis, and it could bring extend understandings of context. Case study extensively used in social science and other disciplines. According to the K.Yin the case study is empirical investigation of current situation within its real-life context when there is not clear the boundaries between phenomenon and context. (Yin, 1984).

According to Yin (2003) a case study design could be used when:

1. Focus of the study on answering “how” and “why” questions;
2. It is impossible to handle the behavior of those involved in the study;
3. The contextual conditions are relevant to the phenomenon under study
4. The boundaries are not clear between the phenomenon and context.

According to Yin (1994) the case study design must have five components: the research question(s), its propositions, its unit(s) of analysis, a determination of how the data are linked to the propositions and criteria to interpret the findings. The purposes of case study research may be exploratory, descriptive, interpretive and explanatory (Mariano, 1993). Following this definition second and third research questions could be studied under this methodology.

RQ2 Why there is a gap between companies’ needs and technological solutions?

RQ3 How do companies operate in social network? How do they integrate this operation with companies’ infrastructure?

Specifically because:

1. Questions are explanatory: “why” and “how” types, and for them methods suits the best
2. The context is important, and there is no ability to manipulate the behavior, because study has descriptive approach
3. Question is concerning a contemporary phenomenon, this is why case study is most appropriative methods.
4. There is no clear boundaries under studying phenomenon, because social networks itself are phenomenon, and it is unclear where is the end of within company process according to usage of social networks and where social networks itself begun.

The purpose to answer on this research question is descriptive, this is why there is no any study propositions in order to predict obtaining biased results. Descriptive studies refer to collect information, which will demonstrate the relationships and delineate the real-life context and phenomenon as it exists.

To obtain the external validity of research results multiple case studies will be used. It enables to explore differences within and between cases. The goal is to replicate findings across cases. “Because comparisons will be drawn, it is imperative that the cases are chosen carefully so that the researcher can predict similar results across cases, or predict contrasting results based on a theory” (Yin, 2003). In a multiple case study, we are examining several cases to understand the similarities and differences between the cases.

Necessary criteria’s to run descriptive research correctly

1. To analyze only small sized Russian companies actively used social networks for business purposes;
2. To analyze all aspects of company performance irrespective of the fact do they use software solutions, do they have internal database or do not.
3. To focus on the beauty education centers and beauty service of new formation (beauty-bars and etc.)
4. To focus on potential gains of integration solutions for company benefits in term of improving control system, process efficiency.

5. To reveal company-specific, industry- and region-specific factors which influence organizations' decisions whether to resort to CRM integration or not.

As it was mentioned above, this paper is focused on small sized company; this is why the most appropriate defined unit will be company itself.

Limitations of the unit of analysis are defined by the limit for scientific generation to reveal how this phenomenon could be described in slightly different industry (ordinary salons, e-commerce of cosmetic) or bigger company size.

Based on criteria for case study's findings interpretation and descriptive nature of research will be used for comparison the model of quality management for service oriented companies, which were described previously in Chapter 1 during the literature review.

According to Yin (2003) multiple case studies can be used to either, "(a) predicts similar results (a literal replication) or (b) predicts contrasting results but for predictable reasons (a theoretical replication)". In this paper both approaches will be used, because this technology has rare adoption and at the same time being quite innovative.

2.3.2 Detailed scheme of case study execution

The detailed scheme of research is presented below:

Stage1 Describing Experience	Stage2 Describing Meaning	Stage3 Focus of the Analysis
<ul style="list-style-type: none"> - Relevant literature observation - Case selection - Design data collection procedure 	<ul style="list-style-type: none"> - Running data collection from deep interviews and open-sources - Case execution (4 regional companies) - Report preparation for each case separately 	<ul style="list-style-type: none"> - Analysis of cross-case conclusions - Development of policy implications and recommendations for the companies - Preparation of a cross-case report

Table 2.1 Research scheme

Data collection

After regional companies were selected for case investigation, next step is data collection. Both Yin and Stake recognize the importance of effectively organizing data (Yin, 2003). To increase construct validity will be used different sources of information: deep interviews, companies' reports, and open-source information. (Saunders, 2003)

Data collection questions

The purpose is to collect real business data of obstacles, gains and perspectives which they obtained using social networks, and reveal internal process how they operate, use and analyze data within the company. The process oriented model of quality management ISO 9000:2015 (was detailed observed in Chapter 1 during literature review) will be used as a benchmark to reveal the differences between real-business situation and "ideal" model. (Wilkinson, 2002)

The planned list of questions for an interviewee is demonstrated below:

1. How do you organize work with social networks?
2. Who is responsible to profiles and public infrastructure?
3. How do you evaluate different source of lead's generation? What of them are more efficient?
4. How do you measure the conversion rate from you social networks?
5. How do you organize the client's database? Is it unique for all clients' group or different?
6. Do you use CRM system? What sources do you use for collecting clients information?
7. Do you use clients' information to specify the product/service?
8. How do you measure clients' satisfaction rate?
9. What actions do you take to increase customer service?
10. Do you have loyalty system/loyalty card?
11. Who is responsible for sales organization in you company?
12. What sales instrument do you use?
13. Do you use sales funnel? If yes, how do you integrate it with social networks?

14. How do you measure the efficiency of sales managers?
15. Do you know about integration solutions between social networks and within company infrastructure?
16. What are the main obstacles for you to use it?
17. Do you have training or development system for employees?
18. Do you have transparent control system?
19. What information do you use to develop the plan for next period of time?
20. How do you evaluate time efficiency of process within company?
21. Do you have KP system? Is it practical to use?
22. What is the main peculiarities did you faced working online?
23. What would you like to learn from other companies and implement in your organization regarding CRM solutions and planning efficiency?

Focus of the Analysis

Describing 3 different cases by the same scheme of interviews and open source information will positively result in convergence of evidence. (Pauwels, 2004). In order to provide meaningful result of case study we are going to provide multiple measures for the same phenomenon. The report of company will include key information about organization, the comparison with process oriented model (what company do in terms of leadership, customer service, process orientation and etc.) analysis of the interview data and demonstration the possibility for further development. The report of common analysis will be explanatory by nature, and consist of comparison of companies; theirs approaches and rival the observed literature and scientific explanation.

2.4 Benchmarking approach for quality improvement implementation

2.4.1 Benchmarking methodology description

The last research question: RQ4 “How companies can use existing CRM solutions for social networks in order to improve business process efficiency?” will be explored by benchmarking methodology.

Benchmarking will help us to bridge the gap, which was demonstrated during the literature review and supported by the empirical data collected from the interviews, to approbate recommendation to companies by implanting it tor one company.

Benchmarking itself is the process of comparing and measuring one organization against others, to benefit from insights into measures, performance, and practices in a way that can rapidly improve the company performance. Benchmarking has several forms; it could be internal: studies the performance within organizations, or external: studies performance of others preferably world-class companies. Also the different approach could be taken under specific studies. To answer on research question mentioned above the *process benchmarking* approach will be used.

According to the report of “Consortium Benchmarking Methodology guide” (2003) process benchmarking is focused on firstly identifying the concrete process or procedure to be improved through detailed process mapping and secondly on implementing external examples of excellence and it emulation within studied company. Process benchmarking provides information how top companies realized distinct processes. After identifying how others perform the same functional procedure observed company gain insights, which supported by quality decisions making could be achieve. Through realizing recommendation, company gets all benefits of *process benchmarking*. It means that company tries to duplicate a specific process design expecting to get the same results, from a study that had been conducted.

As with any methodology, this approach also has its limitations. The process models that support it can be very complicated, and the structure of the one process is concerning the context and allied process, so sometimes it became almost impossible to fix and improve one

separate process without context, and process relationships can be obscured through a set of assumed coefficients used in the process

2.4.2 Detailed scheme of benchmarking execution

In general benchmarking approach will be executed according to the following scheme:

1. Planning:

-Identification of parameters which need benchmarking. According to the problem statement it is planning efficiency, performance measurement practice and transparency of process within company

-Identification of comparative companies. One of the selected companies from multi-cases research and practices described in literature from other industries

- Choosing on data collection methods. Mostly secondary data, but also the data collected from interviews.

2. Analysis:

-Determination of the current competitive gap;

3. Integration:

-Presentation of benchmark findings;

4. Action:

-Development of action plans and it approbation on company.

Measurement of performance after approbation period.

To sum up, benchmarking methodology is allowing analyzing existing best practices within industry, and transferring experience from aligned industries. Further implement it to selected company's business processes, and measure the improvement by selected parameters.

3. EMPIRICAL RESULTS OF ONLINE QUESTIONNAIRE

The empirical results will be presented in this chapter. This chapter is subdivided into 3 main parts. First part is concerning survey results, which describes the general companies information, second part is about current situation in chosen industry and the evaluation of social media as sales and leads generation by companies perspectives of view. The last but not least part is concerning results of the main obstacles revealing of running sales and marketing strategies within social media.

3.1 The respondents description

The online survey was conducted among small companies from beauty industry who mostly provide saloons and education services, have active social accounts. Mostly there are beauty schools named by well-known makeup and hairdresser specialist, which grew up around one specialist, also modern educated centers and fashion school for hair-design, and fast service beauty-bars. All of them are actively presented in social networks, promote their service, and create new trends. Typical salons or hairdressing salons were not observed. Here by “typical” salons we mean the business model when the location plays the main role, and all masters provide the same service according to the current trends, and there is no education.

Among 120 sent survey 87 responses was collected (42% of response). The questionnaire consists of 3 main aspects:

1. Company description
2. Management problems
3. Usage of social networks evaluation

It was 87 responses collected. According to analyze all observed companies are small sized. There is almost half (43%) companies working on the market 2-3 years, than almost the same groups of companies who works less than 1 year, 1-2 and 3-4 years : 16%, 18%, 16% correspondingly. The smallest group is company who works more than 4 years (7%).

The companies’ analysis of business diversity mostly provides educational service: for professionals and for individual users. Types of education are not mutually exclusive. Also, the sales of cosmetics products are additional business almost for 70% of respondents. It is

interesting that more than half companies are going or planning to start their own brand production. It is strongly correlated with mentioned in literature review trend that small and medium sized company easy to start production of cosmetics product, which rapidly satisfies current customer expectation, while corporations needs more time to change their production lines to produce new products, colors or texture. For example, the small brands of lipsticks on USA market, which became very popular among internet users, are a good case of this trend. Nevertheless, only 3% respondents have their own brand. Among them are brushes, eyelashes, and eye-shadows. More detailed picture is presented in figure 3.1

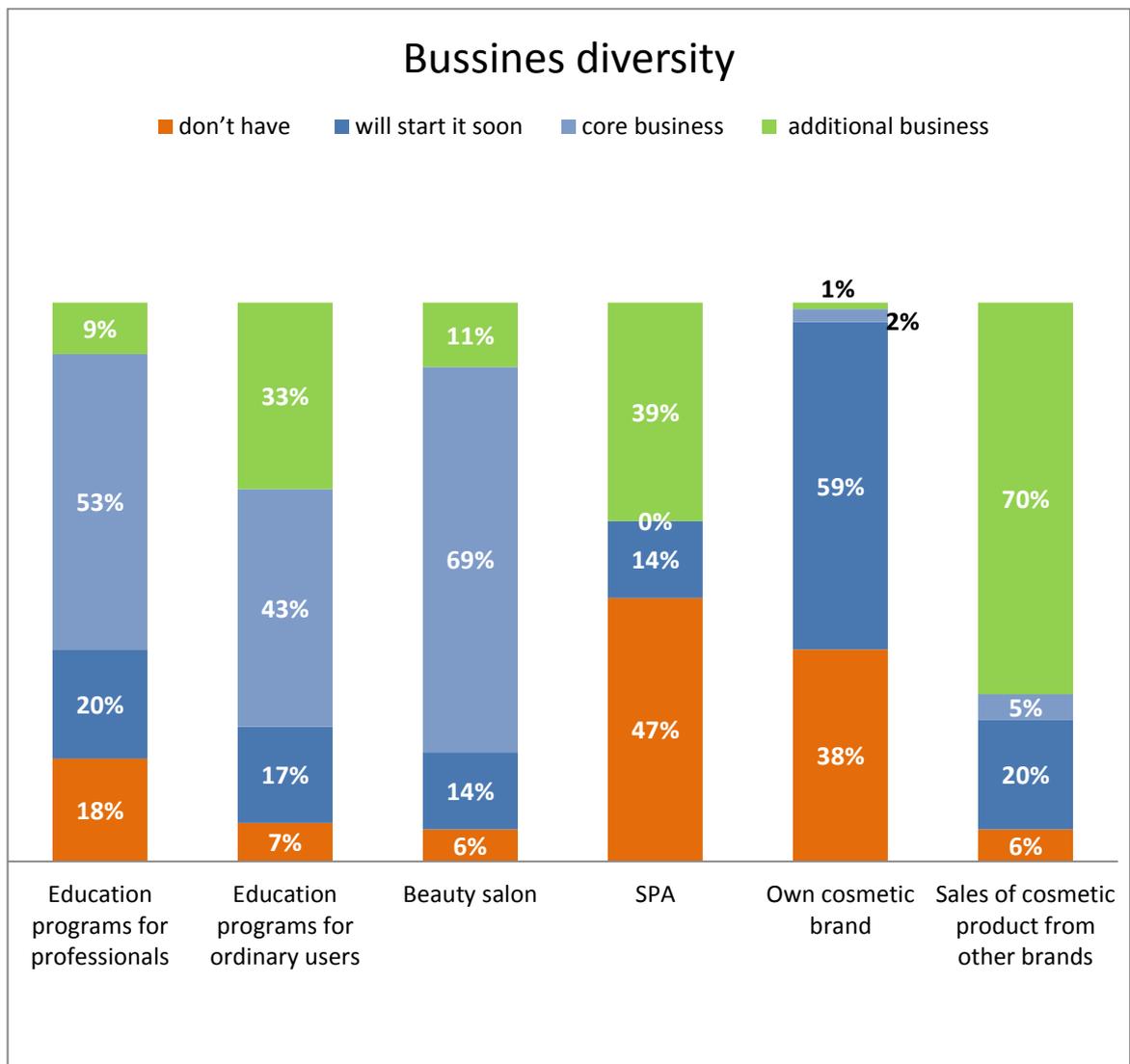


Figure 3.1 Business diversity

To sum up, the sample representatives mostly focused on providing the beauty salons services and education programs as core business. Additionally, the selling the cosmetic products are the predominantly estimated as additional source by companies. The structure of services is quite homogeneous in terms of the similarity of business activities within sample.

3.2 The main obstacles for social media integration

In this paragraph the main management problems of actively usage of social media as sales tool were analyzed. According to the business model of chosen company, they mostly used social networks for marketing, brands promotion, sales, for customer engagement, almost for everything. It results in enormous data flow from social networks, which is unsystematic but important. Due to this fact it was necessary to reveal main peculiarities to manage efficiently the business processes. The survey results are shown that company faced problems with planning system and almost half of companies complain on impractical approach of instructions. More detailed information in figure 3.2. One of the potential reasons for these peculiarities is incorrect usage of information. Without data collection it is impossible to provide realistic plans, without understanding how runs the sales process, how many time and work-force it required it impossible to evaluate the manager's efficiency. Also, the 32% don't know how to implement system of control means that process itself is unclear.

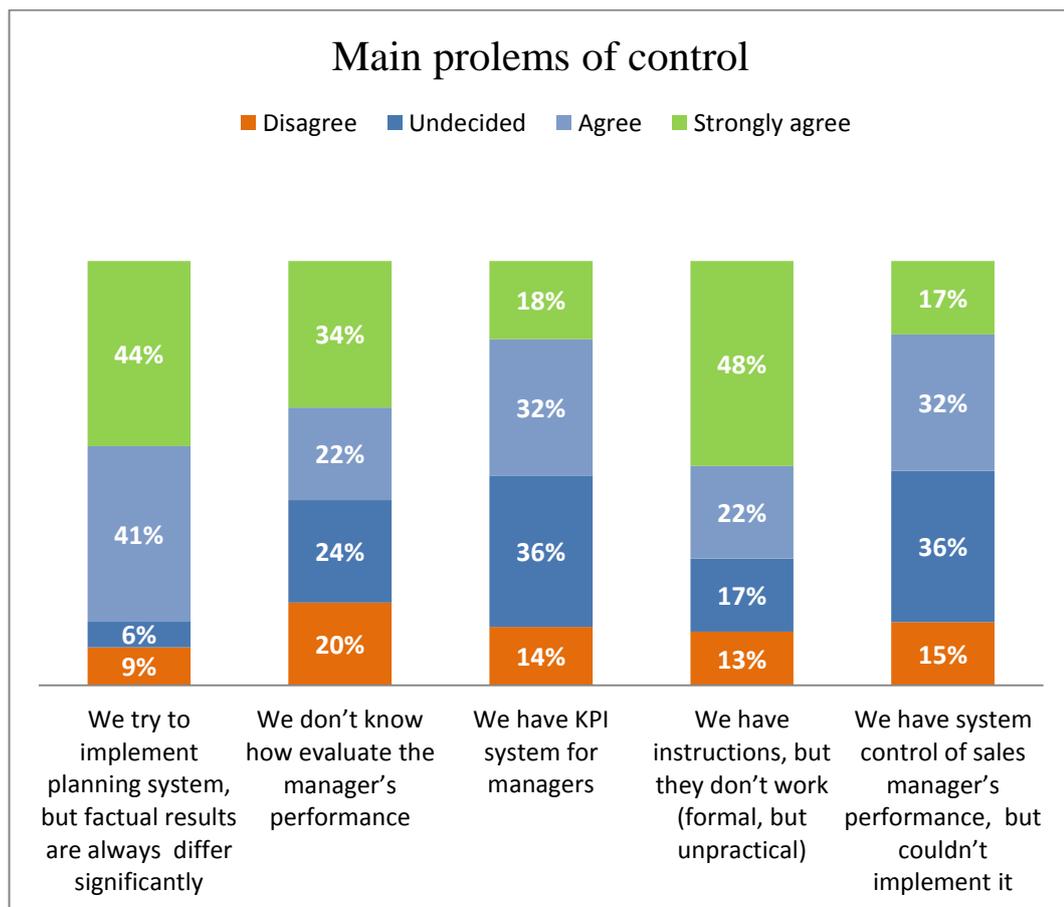


Figure 3.2 Comparison of problems from SM point of view

To sum up, the structure of problems which companies faced actively using social networks is variegated and heterogeneous. There is no unambiguous predominance of one problem. According to survey analyzed we could generalized that the social network has influence in business process within different aspects, because company mentioned problems with planning, control, efficiency measurement and etc. To provide more detailed scheme of correlation between company performance and business process adaptation the descriptive case study will be presented in chapter 4.

3.3 Social networks implementation analysis

According to fact that companies operated mostly with social networks, the data collection and analysis process is important. The detailed information is presented in figure 3.3. Firstly, there is a strong influence on process of transferring data from social networks to internal data-base. It is quite essential, if all customer communication is in private dialogues in social profiles, it require too much time to move this data into internal system. Within special software solutions it means that manager at least should duplicated twice information. The gap between existing technological solution and its real implementation is proven by survey. More than half or respondent have doubts about software solutions. 22% of respondent mentioned that they strongly agree that incomprehension of software solution is one of the main problems. On the other hand respondents don't have doubts about necessity of data collection and it future usage. In comparison with planning problems company understands the importance of data analysis, but some other obstacles like how to structure and collect the information from potential clients' profiles are faced.

It was mentioned in literature review that there is a dispute how to evaluate the social networks as only marketing tool or sales also. This is why, it is important to reveal how company evaluates efficiency of social networks. It is quite clear, that company accurately could calculate the conversion and leads via web-site, but how to do it through social media is unclear, there is no methodology for accurate calculations. Nevertheless, it is possible comparatively evaluate the efficiency of social media, especially for lead generation. But firstly, the sources of lead generation should be prioritized.

Different group of clients presented in different social networks. More detailed information is in figure 4.4 The obtained results slightly different from literature review, as we studied Russian market Vkontakte is more popular then Facebook, and 51% of respondent mentioned it as main instrument for leads generation. Even bigger proportion belongs to Instagram: 55% thought is the most important instrument.

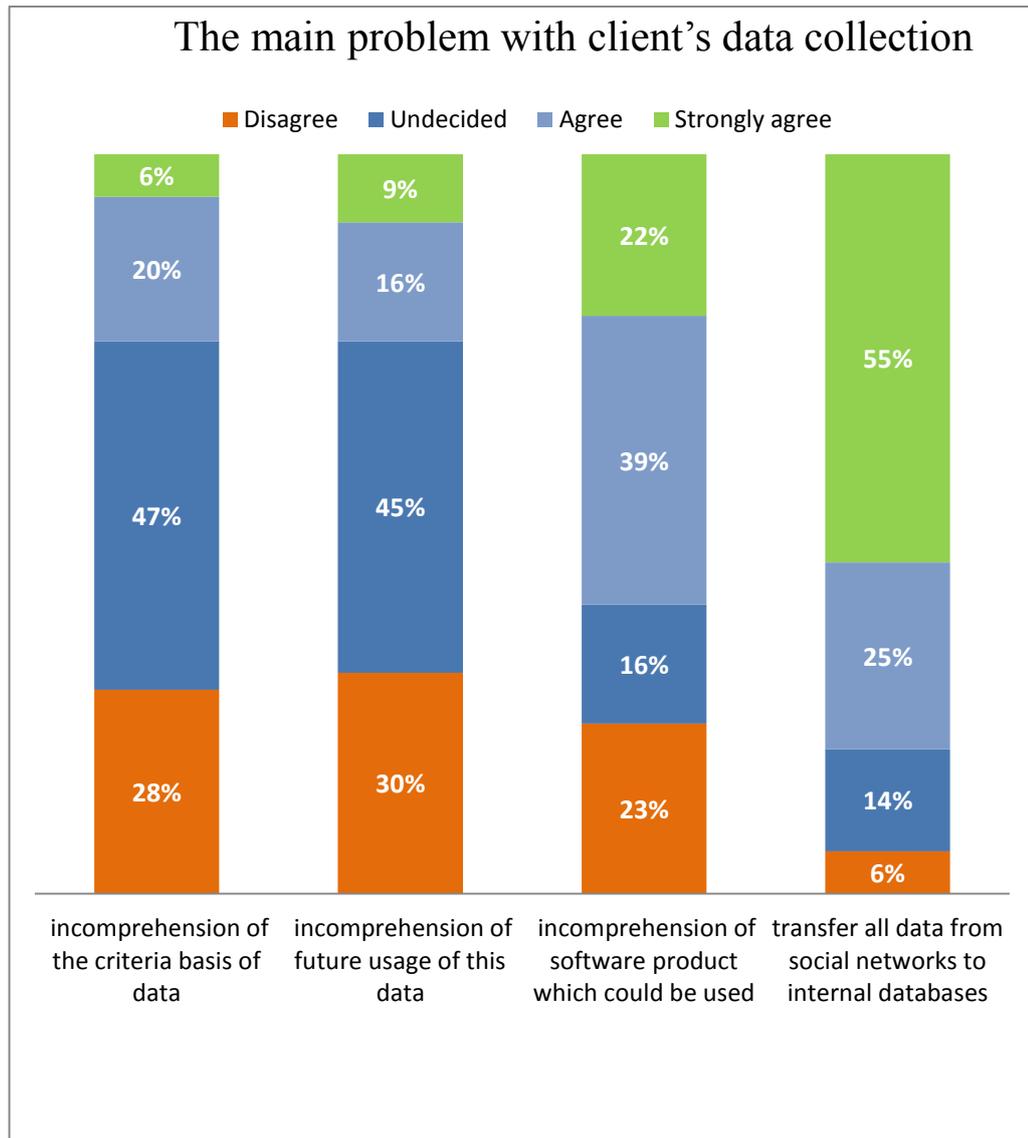


Figure 3.3 Data collection peculiarities.

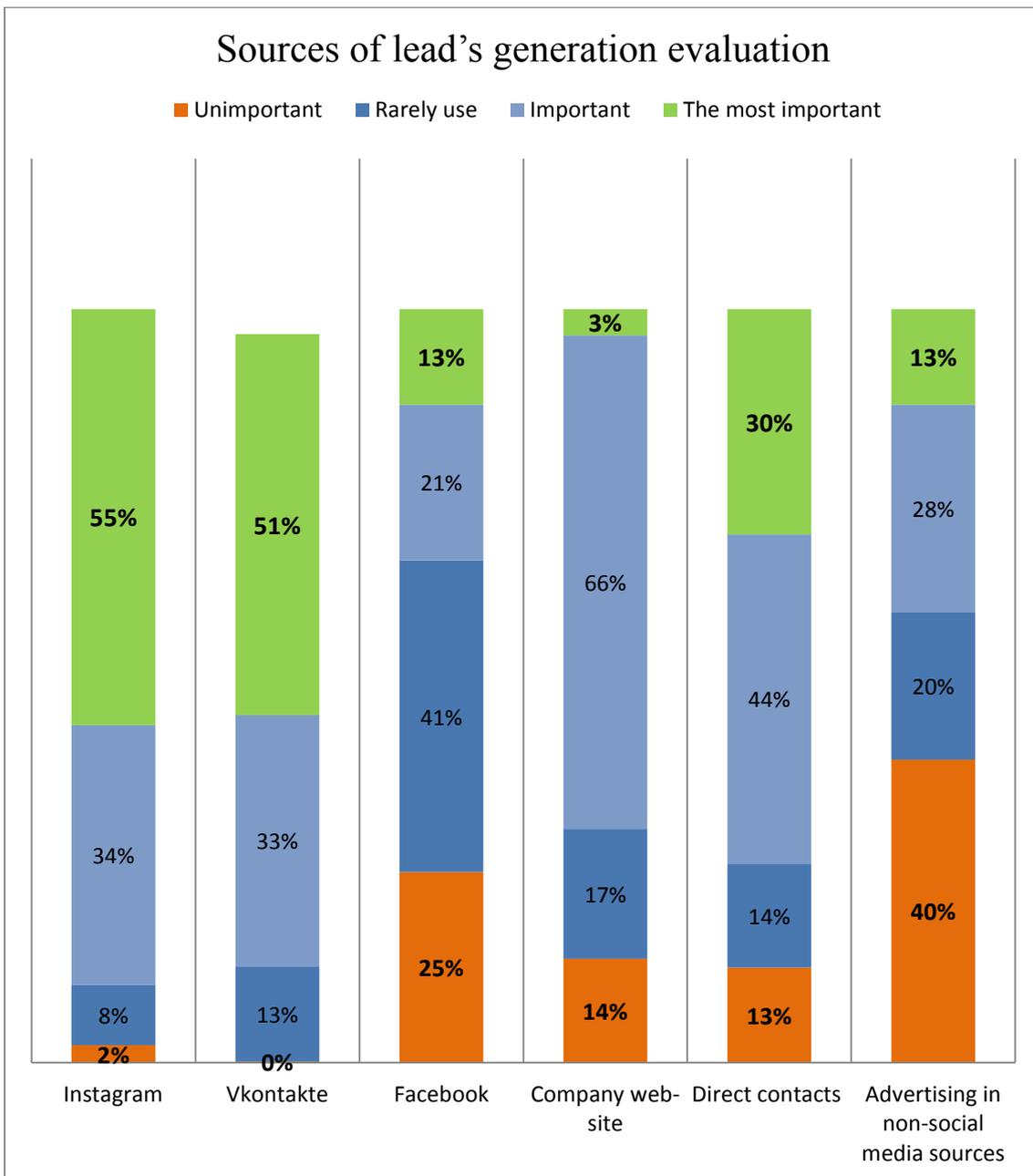


Figure 3.4 Sources of lead's generation

To sum up, survey shows that company expected social networks as main instrument to client's attraction and lead's generation. At the same time, it is not clear what kind of technologies solutions use and it is not popular to use it in this sphere. All of these results in management problems, such as: how to tune the process, what evaluation approach use to control managers performance, and what instrument is necessary to make adequate planning system, how to increase the internal efficiency mostly will be researched in Chapter 4.

4. EMPIRICAL RESULTS OF CASE STUDY ANALYSIS

4.1 Framework description for case study execution

To conduct a case study will follow the methodology, fully described in Chapter 2. As it was mentioned in Chapter 2 Methodology, empirical results of case studies are divided on three main steps.

Step 1. Company selection. It based on criteria's as company size, usage of social networks, industry.

Step 2. Data collection. The internal data mostly collected through deep interviews and companies reports, external information collected through open source information, social media profiles, bloggers articles and etc.

Step 3. Case studies description. The companies will be described by quality management approaches from 8 components, which were fully described within literature review.

1. *Customer focus*
2. *Leadership*
3. *Involvement of people*
4. *Process approach*
5. *System approach to management*
6. *Continual improvement*
7. *Factual approach to decision making*
8. *Mutually beneficial supplier relationships*

After summarizing all data the service oriented model will be used. According to the literature review this framework could show the connection of all procedures for service-oriented companies.

Step 4. Cases comparison from CRM perspectives of view.

The collected data will be compared in terms of usage of social networks, similarities and inequalities of data collection and managing process.



Figure 4.1 Service -oriented framework

4.2 CASE 1: Novokuznetsk School of Style analysis

4.2.1 Case description via quality dimensions

Company was opened in 2011 in Novokuznetsk city, after in 2012 subdivision in Novosibirsk and Belovo cities, and then in 2015 in Saint-Petersburg. Interview was conducted with owner and director of company.

General company information

First Studio was opened in 2011 as new format of makeup educational center and fast-beauty salon. Studio provides qualification improvement courses for professional makeup artists, educational programs for beginners, organize huge beauty events, provide beauty workshop over all Russia and Europe. Also they have all specter hair saloon services, and finally have own brand of brushes and official sales representative of well-known brands as Becca cosmetics and etc.

Company is small sized, 59 employees are working there. The owner and director, SMM mangers, administrators, team of makeup artists, sales management department, marketing managers, operational director, IT manager, and copyrighters. According to open source

information Studio is unique case for Russia, due to successful brushes brand and highly promoted workshops.

Social networks usage.

Company has a web-site, but it mostly promoted online education programs. "... the main brand promotion instrument for us was YouTube channel" said studios' director. "Nowadays, we actively used Instagram for advertising our products and service, but for sales we used messengers. We firstly sold only by web-site, but the efficiency was low. We compared the conversion rate and it was surprised that we lost almost half client by the way from social networks to web-site. Then we go completely into social media, it is harder for us, because we have less control there, but generally the sales rate is higher".

Company has active social profiles, with more than 100 thousands followers in Instagram (the sum value for all profiles) and 15 thousands followers for salon official page in Vkontakte.

Company has strict market and content plan, which conformed by marketing managers and director of company. Content plan is created according to sales plan and partnership programs with cosmetic brands. SMM manager is responsible of official account and official public in Vkontakte. Administrators use official pages, with same naming to answer on all questions and comments.

Sales managers use the profile information and follower's data to make customize offers, but it runs by hand without any special software.

Company uses special software to measure the efficiency of social media, use Yandex Direct and Google AdWords metrics to measure conversion rate and analyze efficiency of context advertising. Company actively used target advertising in Vkontakte.

The main problems with social networks are overload of information, work-duplication, and difficulties of integration with internal CRM system was mentioned by companies.

Customer relationship management and customer loyalty system

Company has developed customer relationship management's system. Firstly, they have clear loyalty system for customer, discounts for regular customers, has special program for brushes sales representatives. They put attention for repeat orders, and try to increase the level of repeat sales by customized price of special orders. "...we put efforts to make our service as much as possible perfect. We work on each complains from our clients with delays or long-answering,

our goal is to be at the all dimension with our clients. For us it is a tricky task, because the information flow rapidly increased and to analyze it we need time and people. We have more than 200 hundreds dialogues every day, and manger should answer on it, and duplicate this information into CRM”.

Secondly, company uses special software solution to collect all information from partners and clients. “Before we have been implemented CRM it was a chaos. We were losing money every day, just because we couldn’t be fast, as this industry required. The implementation of CRM system was painful for us, and required investment, trainings and time, but finally it allows scaling the business.”

They use ATS (automatic telephone station), connecting with CRM. The main dialogue with client runs into social networks, but company has developed algorithms to collect all data from client, than duplicate this information into CRM. “We spent half- year by testing different drivers of our client, and now we have system how to classify them” said director. Company emphasized that the main current problem is to reduce the amount of loses information from dialogues to CRM. “Sometimes administrators forgot to transfer client into CRM. This means, that we loosed this client, because our social profiles too active and sales manager work only with CRM”.

Sales procedure

Company have separate sales department. “We knew, that brand recognition and marketing in general are important, but it is very competitive market, therefore we attract specialist for sales”. “...I want them work better, we just did our first step in tinning sales department, and there is a lot of problem. We are working on them” said director.

Company follows analytical approach and used all sales data for future prediction. Sales mangers work with CRM data-base and sales plan. They had developed system of rewards and bonuses and special system for sales representatives.

As it was mentioned above, company has their own production and actively sale cosmetics product. “Orders mostly run in social networks platform, and due to the information overload some orders are lost.”

They have KPI’s system for sales efficiency, but it is not the transparent within subdivisions. Company has different KPI’s and evaluation system for each subdivision.

Leadership and employees trainings

“..When we start to growth, we faced too much complains on our service, it was a signal for us to switch on leadership development program” mentioned director of the Studio. Company provides trainings for employees: sales, orator skills, personal development, phycology and management.

Despite of trainings and clear bonus system, company faced significant stuff turnover, and explain it by attraction of industry and real market peculiarities. “To connect the people from different subdivision is our main goal. We always need to keep the team-work atmosphere” said director.

Concerning to specialist, company faced troubles; there is no regular basis education system for makeup team. Only personal brand of the owner of company is well know, there is no personal brands under the company. “It is our strategy. We decide to work by one brand, and company doesn’t interesting in personal band development. We are growing specialist, but not brands. ”

Integration solutions

Company doesn’t know anything about possibility to integrate theirs social networks profile with internal data base system, and about optimization. “Our IT specialist works on optimization process, but we just tuning the CRM’ work and educate managers to work with it instrument. I don’t believe in any integration solution and couldn’t imagine how it will work. I will reduce my expenses twice if the automatic system will answer on each order” said director.

Company has a quality manager, responsible for controlling the quality of work and service. Sometimes clients complain on long answering time sometimes we forgot to inform about changes in schedule. “Integration will help make a transparent system, easy to scale” said studio director.

Process management

“...to be honest, it is chaos. We growth too fast and have different processes from production to international workshops. We have a strong partnership networks, and simultaneously involved in hundred processes. We put efforts to optimize it, to control deadliness and spheres of responsibilities, but it is still difficult for us. We expect to improve internal management system during this year and ready to invest time and money on this” said owner.

Company uses CRM software to allocate task and control realization. “We start each process in CRM, but then all moved to dialogues into social networks dialogues, because everybody used to them.” Company has instructions and regulations norms for repeat processes.

Experience adoption

“We are shaping the industry and leaders in the market, because of the first starting produce own brand, makes strong partnership with international brands. It is interesting to study from different industries, for example from private health-care centers” said director of studio.

Company prefers to take experience from other industries and implement in to beauty companies. Also, they mentioned about franchising experience, because potentially will implement it.

4.2.2 Actualized company’s service-oriented model analysis

Case 1 has customer focus, but they oriented more for market requirements and trend then to customer satisfaction. They provide modern product in-time, shaping industry but not care too much about customer preferences.

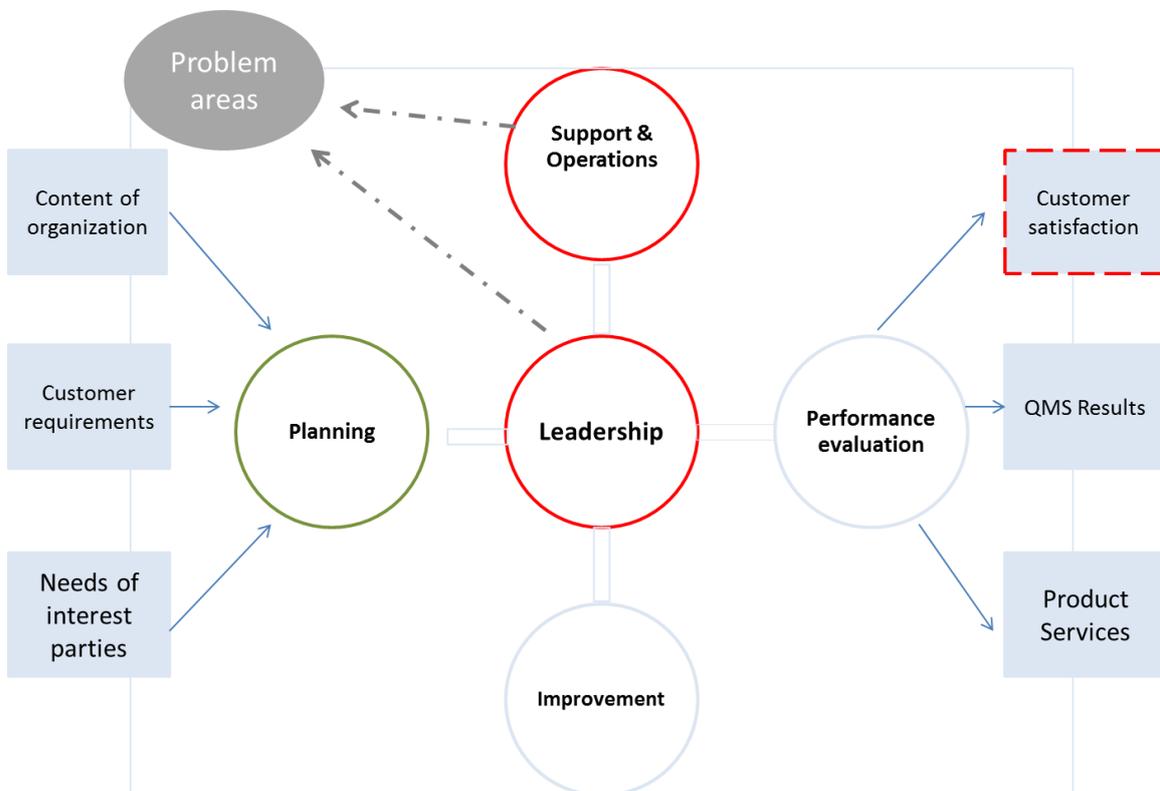


Figure 4.2 Service oriented model of Case 1

They don't have system of customer feedbacks analyzing and customer complains weakly uses for improvement business processes. It should be taken into consideration, that company is flexible for rapid market changes and could satisfy current customer needs. Leadership as a system of employees' involvement is not implemented; nevertheless some different steps in this direction have been successfully implemented: trainings, development programs and etc. The high level of employees' turnover proved low level of employees' involvement. Process approach is strength of company, because almost all activities are observed as process with efficiency measurement and resource evaluation. Company partially implemented the system approach, because of form one hand they observed all processes as one system, but from another hand due to segmental information flows it brings troubles to do it successfully. Company on regular basis implements new technologies into work and tries to improve their service and overall performance. Factual approach to decision making is strength and competitive advantages of the company. All decision is taken based on statistical analysis and customer preferences are taken into consideration.

To sum up, the case 1 actively use social networks for sales and brand promotion. They defined the YouTube as the main instrument for their brand promotion, and Instagram as main sales tool. Company use CRM system, and has approach for categorize client database. This allows them to get customer requirement from the market and use it for planning process. Currently, company has separate business process management system and CRM system, which brings to them work duplication, and difficulties with scaling. This highly correlated with Kile's (Klie, 2015) result, observed in first chapter. It was mentioned in the paper, that integrating the different information flows into one platform allows maximizing efficiency, but if company has different platform for process management and CRM it tend to difficulties with future integration, while company growth. Nevertheless, all this separately approaches helps to sustainable development. Some leadership troubles indirectly relevant on customer satisfaction level. According to information, provided by company, they measure and try to increase customer satisfaction level. From other hand, according to open source information there is many complains on service, especially by unfriendly atmosphere and long answering in social networks. Concerning company approach to transfer experience from different industries, integration different methodologies, with expectation to gain better benefits is correlated with Hung article. (Hung 2006)

4.3 CASE2: Ekaterinburg School of Style analysis

4.3.1 Case description via quality dimensions

Company was opened in 2012 years in Ekaterinburg, Russian Federation. Interview was conducted with the owner and company director.

General company information.

It was opened in 2012 as new format of brow-bars and education center. Studio started as private cabinet of well-known makeup artist, and further grows into separate educational and beauty center. Studio provides qualification improvement courses for professional makeup artists, educational programs for beginners, individual private beauty workshops, also all specter hair saloon services, and finally cosmetic and styling products for sale. Company is small sized, 32 employees are working there. The owner and director, 2 SMM mangers, 2 administrators, 1 operational director of studio, and the rest team of teachers and makeup artists. According to open source information it is in top 10 best saloons in the Ekaterinburg city.

Social network usage.

Company doesn't have a web-site. "...Our clients mostly used Instagram or Vkontakte, we don't need a web-site. We tried to create it two years ago, have invested money in it, but it was a mistake. We don't have time on make it interesting on daily basis. Our clients want lively everyday pictures – it is the main resource for sale. We decide to be present were our clients spent their time. Everybody use social networks. The bright brand in social networks is important in our industry" said director.

Company has active social profiles, with 65 thousands followers in Instagram for personal page of director, and 9 thousands followers for salon official page. Vkontakte official public is slightly less active, there are 6 thousand followers.

SMM manager is responsible of official account and official public in VK. Administrators used official pages, with same naming.

Company doesn't have strict market plan, according to which they should post information. Manager have operational and sales plan, and according to them decide the amount of thematic and brand posts. Company uses excel spreadsheets where collected data from social networks and analyzed it. They evaluate Instagram as main instrument for leads generation.

Customer relationship management and loyalty system.

Company doesn't use any CRM software solution. Nevertheless, they realize client-oriented strategy and going to implement loyalty cards.

Concerning data collection, company complains on overload of unsynchronized information. They use ATS (automatic telephone station), but it is not connecting with any CRM solutions, this is why it is almost useless. In addition to this, all connection with clients leads in social networks.

Firstly, company collected all data in dialogues, and partially duplicated it in paper-based documents. Further they faced a lots trouble with duplicates, difficulties to update and etc., this is why have been started to use excel spreadsheets as main tool for clients data-base. But still, this process is manage by administrators and required twice more time for one client. Also they faced troubles with changing the structure of data base, because studio is growing and new problems how analyze the group of clients are raised.

Sales procedure

Company doesn't have separate sales department, or sales manager. The role of sales managers plays administrators. Studio director mentioned that it is a weak sphere of business process organization. Firstly, it is combination of two different roles, secondly administrators don't have special skills for sales and company rewarding system doesn't motivate them to sale more. It was mentioned by company, that it becomes necessary to attract sales manager to solve current problems with sales. Company has sales plan, but they didn't implement a sales funnel. Director said that it is unclear how to measure the efficiency of staff, and efficiency of sales, because they try implementing KPIs, but it doesn't work.

Leadership, employees training system

"...we have a strong team of makeup artist, who is an opinion leaders in the industry, and all of us invest a lot for personal development. We continuously study and adopt experience from gurus". "Our main pain is how to involve ordinary managers into work. Employees come to this work because they interesting in industry, and expect easy and "beauty work", but when routine is starting company faced troubles with employees turnover."

Studio doesn't have special bonus and training system, for administrative staff. Cosmetic brands company as Tom Ford or Becca provide some sale educational trainings for administrative staff

also, but it mostly concentrates on product sales, not on within company business process performance. It has educational program for operational staff, and clear bonus system.

Integration solutions

Company doesn't know anything about possibility to integrate their social networks profile with internal data base system, and about optimization. "...It will be great to integrate networks, because it will reduce duplication work for administrative managers and it will be much more transparent in terms of control. Personally I control managers, control how they work with clients, but it is impossible to cover all dialogues. Sometimes clients complain on long answering time sometimes we forgot to inform about changes in schedule. Such kind of integrated system will solve many problems with our client service and positively influence on brand recognition" said director of studio.

Process management

"At first time our process looks very simple, but it is not truth anymore. Market became very competitive and it pushed all sector to adjust for new trends. We participate in conferences, organize events, provide workshops in different cities and all of these are our process, which connected work of hundreds people every day" said director.

Company is using flowchart method to control and analyze the process for organizing external events, but has very weak approach to internal process management. There is no clear instruction and sphere of responsibilities, and "everybody do everything".

Experience adoption

"We are ready to change" said director of studio. Company oriented on Moscow colleagues, where teamwork's are preferable to push into the leading position such kind of business. Company mentioned as the main problems are lack of professional knowledge and expenses.

4.3.2 Actualized company's service-oriented model analysis

Case 2 has customer oriented focus. They use customer satisfaction rate as KPI to performance measure efficiency. But due to unsynchronized information flows company is inflexible to rapid market adaptation. Leadership is a weakness of company because there is low

involvement of employees into company processes to reach the objectives. In addition to this, director mentioned that they don't put attention to skills training for operational managers. Company faced problems with process oriented approach, and additional to this they couldn't manage all activities as one system. There are several reasons for this, firstly business process are not regulated by any instructions, secondly chaotic approach to knowledge collection within company. Last, but not least is factual approach to decision making, which is impossible to run without systematic data.

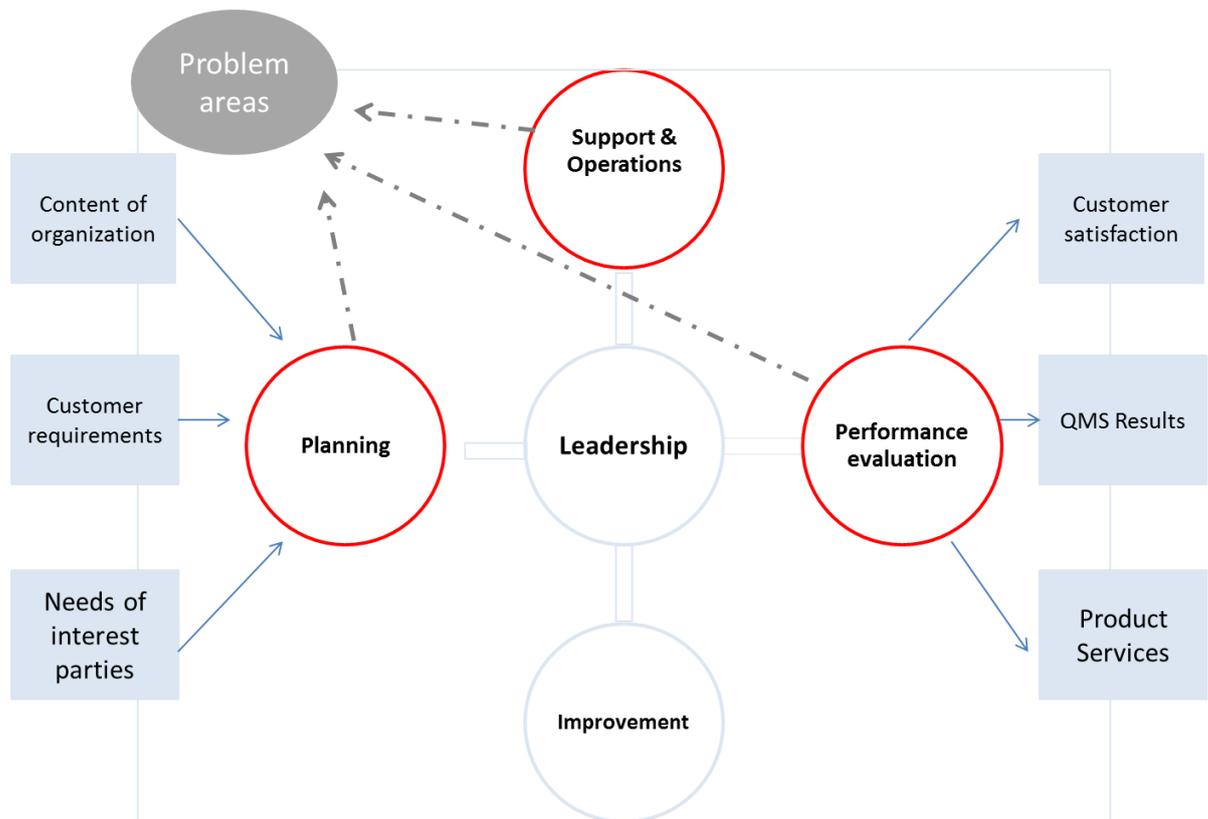


Figure 4.3 Service oriented model for Case 2

To sum up, it was defined that company doesn't have clear process management approach, because they couldn't identify where each process start and end, and who is responsible for running each process. Company's director complains on inefficiency of current management system, because it doesn't allow to measure efficiency and collect data. They emphasize on professional development of operational staff, more than final customer service level. It results in unmeasured client service's level. It highly correlated with Jones article (Jones et al., 2007) observed in literature review. According to his paper result, CRM system and clear client data-base became a base for sustainable company development, and provide all necessary information for planning approach. Described case, doesn't use clients data base, and they faced problems with planning and efficiency measurement, which in turn in unsustainability. The described in literature review trend of sales within social networks by Kumar's article "From

Social to Sale” has been reflected in the case 2. Company has emphasized the importance of social networks, and evaluated it as main sales instrument. Company faced troubles with planning, because couldn’t collect customer requirements rapidly, and consequently with operation, because couldn’t work with clients services and finally, the performance evaluation is a weakness of process.

4.4 CASE 3: Novosibirsk School of Style analysis

4.4.1 Case description via quality dimensions

School was opened in 2012 years in Novosibirsk city. Interview was conducted with owner, with School director, and operational director of salon within School.

General company information

School was opened in 2012 as first education center in Siberia where wedding stylist education programs was offered. School based on personal experience and unique educational programs of well-known bridal stylist.

Studio provides qualification improvement courses for professional makeup artists and hair-stylist, educational programs for beginners, organize huge beauty events, provide beauty workshop in eastern part of Russia. Also they have all specter hair saloon services, and have partnership with such brands as Davines and TIGI.

Company is small sized, 75 employees are working there. There are owner and director, small administrative department with School director, hair studio director, SMM manger and accountant, 3 administrators and remaining 69 persons of hair, makeup, colorist, and bridal stylists’ team. According to open source information school is unique case for Russia, due to unique educational format, which provides there.

Social networks usage

Company has a web-site, but it mostly promoted qualification improvement courses for professional makeup artists and hair-stylist. According to the interview, they will set new web-site soon for online education. “We actively used Vkontakte social network, and to be honest, during first two years it was main instrument for promotion. Now, we are shifting focus on Instagram and Facebook, despite of active VK profile. We believe that only excellent group

project could shape the industry in current market situation. Therefore, we use wide partnership's network to promote our brand and new tendencies in the market" said director of School.

Company doesn't have clear vision how to evaluate the efficiency of social network, and predict the workload within it.

Company has active social profiles, with more than 30 thousands followers in Instagram (the sum value for all profiles) and 25 thousands followers in Vkontakte.

Company has market and content plan, conformed by School's director. Content plan is created without correlation with sales plan or any financial plans. "We try to follow our market plan, but usually it doesn't work. It is a creativity process, we follow by current situations" said School director.

SMM manager is responsible of official account and official public in VK. Administrators used official pages, with same naming to answer on all questions and comments.

"...we have problem with sales. Our Instagram page is provokes people to ask questions and put some comments on our posts. Administrators do quick responses, but after we don't collect these potential clients for future work. It means that we are lost them. I am confident, that my success as private bridal stylist was in virtue to good personal connection with clients. I always get feedback, recommend them products, invite to me again to sup up I always try to become a friend with clients. We do the same first time in the School, but now it became impossible due to the amount of question. We are losing this warm and friendly atmosphere; consequently we are losing client and money. We need to do something to improve it" said the owner.

Company use client's database via Excel spreadsheets, hair salon clients are collected paper-based. The main problems with social networks are overload of information, work-duplication, and difficulties of integration with internal CRM system was mentioned by companies.

Customer relationship management and customer loyalty system

Company has customer relationship management's system, but it is doesn't have clear proposition for ordinary users. "...It is sometimes surprised us, that our regular clients od salon doesn't know about our education service or about online-stylist application. We worry that information about school is not clear to final users" said director. "We put efforts to make our service personalized, it is our main strengths" said director.

Nevertheless, company doesn't have loyalty system, special benefits for regular clients or instruments for customer engagement.

Company doesn't use software solutions and doesn't analyze customer information for future offers. They have complains on long-answering and faced some problems with time-planning. "It became a real problem to create efficient schedule. We try to respect our clients' preferences, and make schedule comfortable for them. Unfortunately, it resulted in time gaps of our masters. The main difficulties are that we keep information in different sources. For example, studio masters have classes and have clients within studio. Administrators should check doubles is it possible to put client into fixed time slot. There is quite often situation when client want to change day/time. Here chaos is starting. When we was a small studio just with two masters it was ok, but now we have more than 50 and it is challenging task for us. " said hair studio director.

Company defined themselves "inflexible" in terms of future planning and efficiency measurement. They use ATS (automatic telephone station), but it doesn't connect with CRM.

Sales

Company doesn't have separate sales department. Company marked sales as the main weak aspect of total business problem. "We were ready to hire sales manager. The main problem, that our process requires significant changes, we couldn't provide necessary instruments for sales department, as we didn't organize database, clear description of products and etc. We too much "creative", this we have to eliminate soon by implementing more strict control" said director.

School director is responsible for sales plan, with which administrators and salon director is working. "If during the month we understand that we are far from our sales expectation, we bring changes into our educational schedule, put additional workshops or lectures..." said owner.

Company has different KPI's and evaluation system for each subdivision.

Leadership and employees trainings

Company have development program for each employee, but the program is biased. It means that all efforts they put into industry involvement. "...the quality of our service is the main important criteria for our development, and personally I believe that each person in my team should translate the brand positioning, through their personal style, knowledges and hobbies. We organize special lectures about fashion history and on regular basis attend

qualification improvement workshops.” said owner of the company. Occasionally they provide skills trainings for administrative employees. Company uses down-up approach, and many of realized projects or initiatives was get from employee’s suggestions.

Integration solutions

Company doesn’t know anything about possibility to integrate their social networks profile with internal data base system. We start use Bitrix CRM system, but we couldn’t transfer our business process into this system. Moreover, we three times duplicate information: first we get information into social network, than secondly transfer from social network into excel on daily basis, than thirdly, from excel into CRM on monthly basis. It was too complicated; this is why we stop to use it. If it is possible to integrate, it will be great” said director of the School.

Process management

Internal process is regulated by instructions. “...each position and action are described in instructions. Also we use spreadsheets for administrative employees, where necessary information about time and workload” Company faced troubles with external process. “When we participated in partners programs we spent many human resources, time and etc. without any evaluation. We don’t have any algorithms how to evaluate efficiency of such kind projects. Taking into consideration that this projects is significant part of our business we want to improve this sphere. But again, without clear customer data-base it is almost impossible” said director.

Experience adoption

“Concerning product development we always study from Europe colleagues. We built our school and our service as it does the best schools in Italy. We need to improve financial situation of company, and again we are ready to implement Italian strategies. They use team-works approach, separate teams supported each event or course, marketing and advertising they work together”. Company oriented on foreign experience adoption.

Case 3 has a strong customer focus, because they evaluate their performance mostly by customer satisfaction rate. Company provides high level services and educational products, but inflexible in terms of rapid adoption to customer needs and markets requirements.

In terms of leadership company try to implement within company leadership strategy and emphasized importance of tem-work in each level. Currently they successfully implemented it only for masters and stylists which resulted in from on hand excellent service, from another resulted in down-up projects. Employees feel free to launch and realized their idea into within

company's project. The development program for administrative and operational employees is a weakness of company. Generally company provide productive atmosphere and help people to be involved into processes and to reach objectives. Additional arguments to prove this statement is low level of staff turnover.

Case 3 company believes that employees are the main company assets. But from another side company has difficulties with business process and without significant changes in daily work couldn't provide necessary instruments for sales manager work. Organization has significant problems with process approach. External companies activities are not managed as process, and don't have recourse related approach. Finally, it resulted in unmeasured workload without clear spheres of responsibilities. Again company complains on unsystematic clients data became one of the main peculiarities. System approach to management is the weakness of company. In order to achieve companies objectives, all interdependent process should be identify, understand and manage as one system. Company doesn't have clear vision at all processes, doesn't have thorough KPI system to measure performance and doesn't use any ERP or CRM software solutions.

4.4.2 Actualized company's service-oriented model analysis

Company has problem with one more criteria of successful quality management approach: factual approach to decision making. Without gathering and analyzing data it is impossible to make evaluated decisions. It is resulted in highly risk approach and unsustainable financial performance.

Service-oriented model illustrates that company has problem with planning, operation and performance evaluation. The reasons of these are mostly in disintegrated information flows. Having active social media profiles company have to adopt business process, because marketing, sales and customer engagement are realized through social medias' profiles. Without clear process of customer engagement it is impossible to track customer expectations and measure customer satisfaction of service. Again, quality improvement is highly correlated with integrations of CRM and social network. Taken into consideration that company doesn't install software solution to keep and analyze customer information and their rapid growth it is a risk to lose a competitive place in the market. System approach to management is the weakness of company. In order to achieve companies objectives, all interdependent process should be identify, understand and manage as one system.

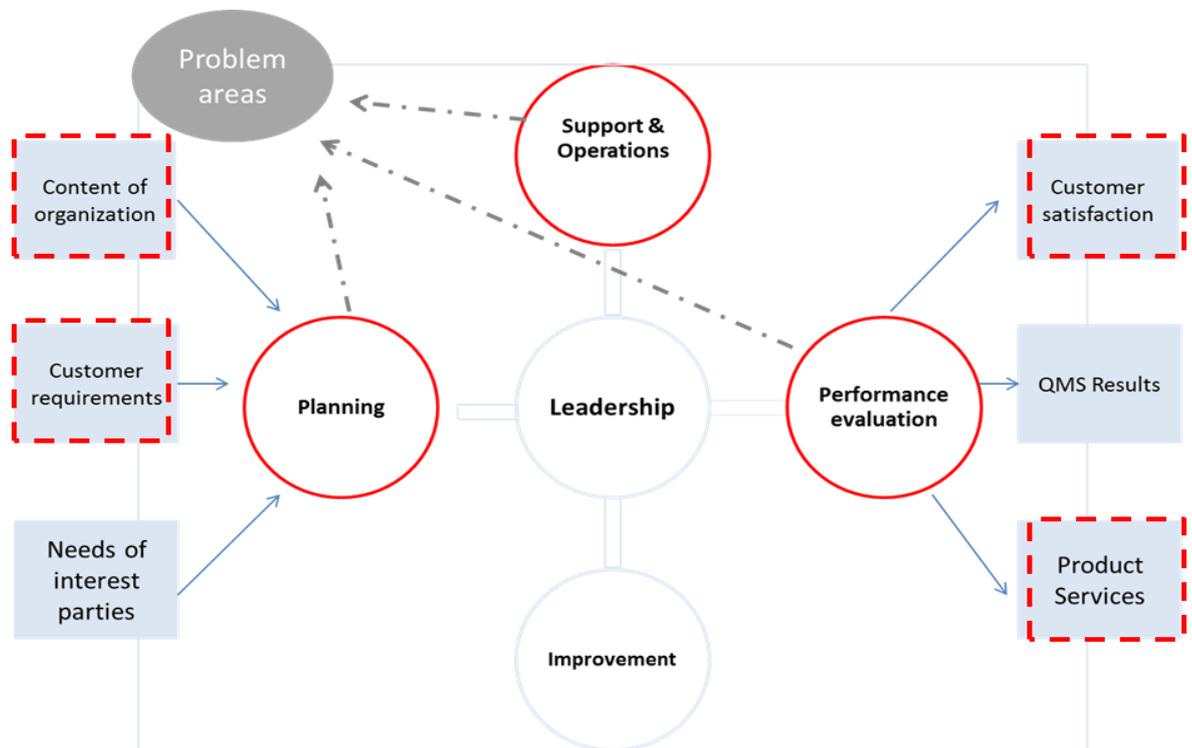


Figure 4.4 Service-oriented model of Case 3

To sum up, case 3 actively use social network for brand promotion and sales, and work into social networks is one of the main company’s activities. Company evaluates works into social networks as one of the main part of their business process. Company complains on overload of information flows from clients and partners. According to interview results, company get benefits from employees initiatives. It is highly correlated with Dulce Gonçalves’s article, which empirically proved improvement of project’s quality brings changes not only on product’s level, but also at the leadership and project management levels.

4.5 Cross case analysis and comparisons via quality dimensions

It was observed 3 regional companies, which are presented 6 case studies because of one of the company (Case 1) has 4 subdivisions, which managed as separate business units, with separate CRM and ERP system. Consequently, according to Yin (2003) multiple case studies can be used to either, “(a) predicts similar results (a literal replication) or (b) predicts contrasting results but for predictable reasons (a theoretical replication)”. In this paper both approaches will be used, because this technology has rare adoption and at the same time being quite innovative.

From one perspective of view we expected the same approaches of using social network as main sales instrument. This expectation is based on results of Wioletta Wereda article (Wereda 2013), that stated the importance of networks for company - clients' communication. From another perspective of view we expected low level of integration, and low level of education within companies about these opportunities. Here below in the table 4.1 the comparison of case studies will be presented.

Dimension of quality	Case 1	Case 2	Case 3
<i>Customer focus</i>	Low customer focus in terms of final service and satisfaction. Flexible to quick adoption to current market requirements "Be in time" with new product, new services and etc.	Customer focus is part of strategy, which realized by high service quality. KPI system is one of the approaches used by companies. Inflexible to current customer requirements	Customer focus is part of strategy. Orientation of customer satisfaction. Problems with measurement of satisfaction Inflexible to current customer requirements
<i>Leadership</i>	Partial action to involve employees Skills trainings, focus on sales and operational managers/ Low level of employees' engagement, High level of employees turnover	Focus on professional development of masters. Doesn't have special bonus and training system, for administrative staff.	Focus on professional development of masters. Personal brand development and company's brand. Clear system and track of development for each employee. Down -Up approach
<i>Involvement of people</i>	Wide and efficient of partnerships and company's representatives. Low level of engagement of operational staff	High involvement of administrative employees, inefficient partnership's network	High level of engagement of employees into company process. Productive partnerships network

Table 4.1 Case studies comparison (continues)

Dimension of quality	Case 1	Case 2	Case 3
<i>Process approach</i>	CRM system software, ERP system. Process approach implemented. Problems with overload of information from clients and inefficiency of CRM solution	Excel spreadsheets for internal process regulation. Attempts analytically evaluates process efficiency, but was stopped by chaotic information flows.	Internal processes are regulated by instructions. External activities are chaotic, without any systematic approach or measurement to analyze efficiency/effectiveness.
<i>System approach to management relationships</i>	System approach is realized, main peculiarities due to separate systems of ERP and CRM, plus overload of duplication work due to disintegration of social networks into manageable process	Unsystematic approach, due to disintegration of activities into manageable process	Unsystematic approach, due to disintegration of activities into manageable process
<i>Factual approach to decision making</i>	Planning system based on collected data and companies processes allowed to use customer profiles to make customized offers.	Insufficient information to factual approach decisions making. Data from clients weakly used to decisions and offers customization.	Insufficient information to factual approach decisions making. Data from clients weakly used to decisions. Company has to change process approach to reduce loss of information.

Table 4.1 Case studies comparison

4.6 Actualized service-oriented model under social network trend

The similarity of observed cases that there are troubles in all levels of management which companies faced due to unsystematic approach to the data collection, and managing communication through social networks as separated process. Here below the actualization of service-oriented model will be observed due to the interviews results and open source information.

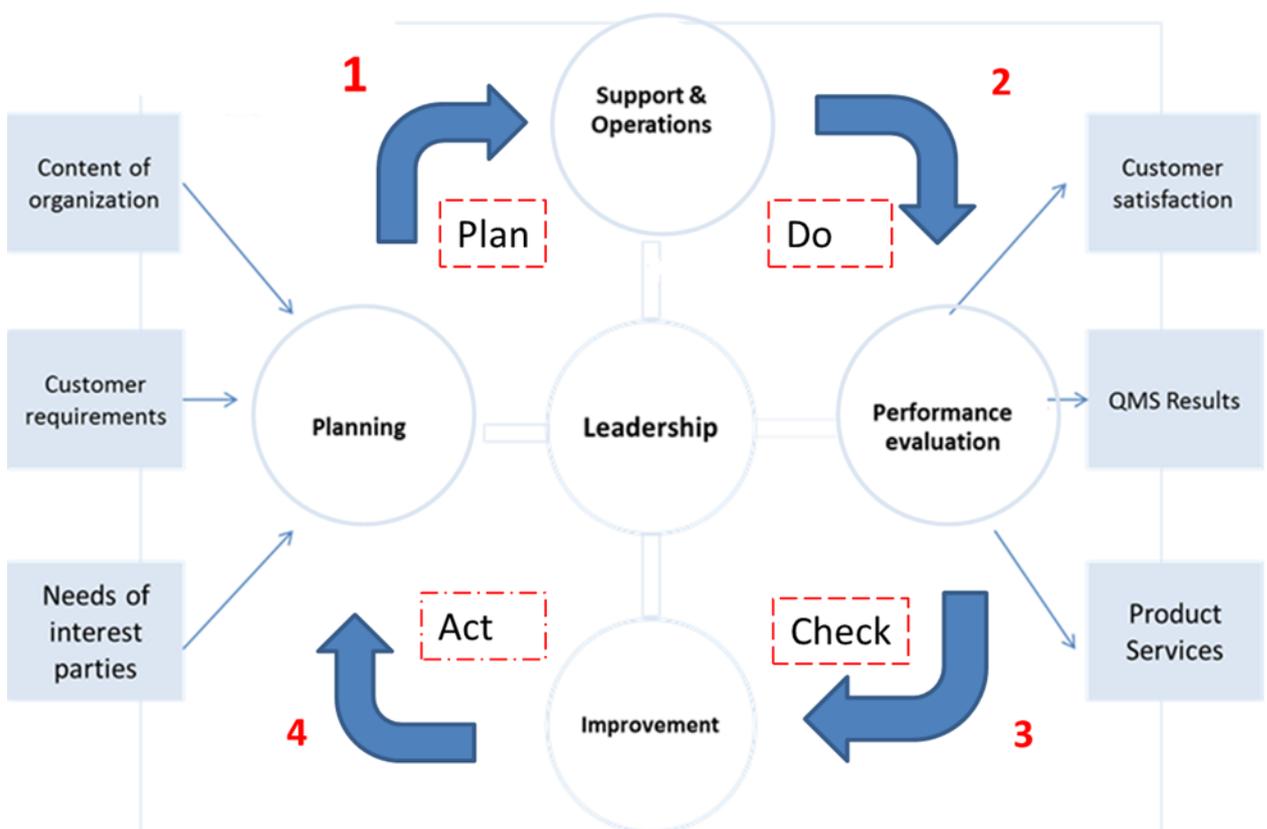


Figure 4.5 Actualization of service oriented model

Service oriented model is common framework to analyze processes in service-oriented companies, absorbed different dimensions, influencing on quality.

Our research goal is reveal the operational approaches in social networks and how to use social networks in order to improve business process efficiency. Therefore, it is important to reveal on what aspects integration solution could influence in company business process via service oriented framework.

Step 1. Plan. When integration solution is implemented, company has essentially information to make prediction of future trends. Planning is based on 3 components customer requirements, organization context and needs of interested parties. Integration solutions allow collecting current customer expectation, to reduce communication time between company-client, so company could adapt to market expectations.

Step 2. Do. Integration solutions brings additional value to the company, firstly by operational managers worktime reducing per one client, secondly it becomes an analytical basis to evaluate operating strategies. Integration solution will automatically save information of “lead” form social profile into internal database. All cases mentioned that currently they do it manually and underlined that due to this company faced operational problems. Also, when integration is tuned, it is possible to implement adequate KPI system to measure social networks efficiency. Cases showed that even if company has KPI system or any internal approach to measure it brings unrealistic results, due to information losses, unavailability of time measurement. To sum up, in operational context integration of social networks allowed to transfer all existing experience for example from call-center into messengers or social networks, with developed KPIs, sales algorithms, sales funnel, testing the efficiency of strategies and etc.

Step 3. Check. Partially it was mentioned at previous stage, that integration allows testing hypothesis of sales mechanism and communicational approaches. Before integration is tuned, company mostly uses «likes» and «followers» as main index, whether integration provides more options to get feedbacks, to use statistical methods for analysis. According to the cases description each companies faced difficulties, to get daily feedback from customer. In rapid changing environment it is vitally important to continuously improve service.

Step 4. Act. According to case information the gap between initiatives and their implementation were defined. Companies evaluate the unsynchronized information flows as main problems aspect on the way of systematic approach. In Daniel Beimborn article was provided the empirical study of 157 German companies (from service industry). The main result is that service-oriented architecture has strong positive impact on business process quality. The importance of interaction of all process in one IT infrastructure and ability to continually track their performance is the significant competitive advantages.

To sum up, the cases results are highly correlated with observed literature within first chapter, and almost each aspect of real companies’ process has theoretical junctions in management research. Company underlined the problems with systematization of the information flows, which correlated with Kike’s work. (Klie, 2015). Also, the importance of

social networks promotion was emphasized by each company, and Instagram was evaluated as main efficient sales tool. For example, the sales growth results in case 1, company correlated with transferring efforts into Instagram. This correlated with Baird and G. Parasnis (2011) empirical research, which illustrates strong statistically significant correlation between promotion in social networks and financial performance of company. Cases illustrated importance of customer patterns analysis and complains in technological problems to continuous run this. This aspect has reflected the Yongzheng Zhang's research concerning purchase behaviors, where statistically significant correlation reveals between some Facebook subset's and purchase preferences. The main goal of business process management is in integration different methodologies and instruments, which will result in increasing efficiency and effectiveness of business processes. Cases have shown that company already implemented technological solution are more flexible and manageable. This observation is correlated with Hung results. (Hung2006). Case 1 has developed system of clients database classification. In details this approach to classification is correlated to the Rheingold, H. (2007) approach of analyzing through gathering social, conceptual and ontological information on the three levels of the semantic network. And finally, the quality management standards proper execution brings benefits in terms of customer services, finical performance and ability to scale. It reflected the Sarkis's article empirical results. (Sarkis 2004)

5. EMPIRICAL RESULTS OF CRM AND SOCIAL MEDIA INTEGRATION

Here the idea of integration will be implemented to described in Case 3 company and the efficiency of planning system and employees' performance evaluation in small sized company will be evaluated before and after implementation.

5.1 Benchmarking execution of process improvement

The last research question: RQ4 "How companies can use existing CRM solutions for social networks in order to improve business process efficiency?" will be explored by benchmarking methodology.

To run benchmarking it is required to clarify the drivers and objectives. As it was mentioned above we are gain to evaluate planning system improvement and operational managers' efficiency. The best practice of case 1 and the best practices from allied industry will be used.

Firstly, we analyzed general approach, what should be done before implementation. Results are presented as companies recommendations, which could be used by small-sized companies from the same industry. Secondly, the changes implementation algorithms will be fully described. Again, it will be presented as general recommendations. All recommendations are coordinates with ISO 9001 2008 and satisfy the main principles of quality management. Thirdly, the results of integration will be presented.

According to the results of case studies all company emphasized the difficulties with unsystematic approach, therefore process oriented management need to be discussed. The 3 dimension approach as internal, integration and external is appearing of to the case study analysis. As the objective of this work focused on CRM integration, the sales department, - as main users of CRM solutions, processes will be analyzed.

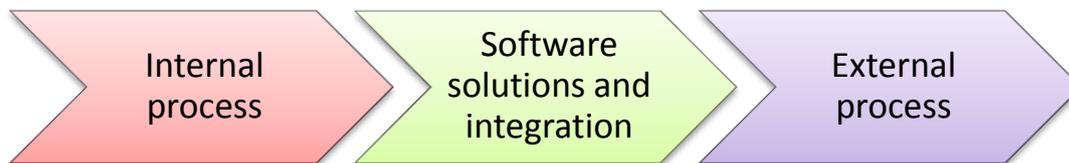


Figure 5.1 Scheme of sales department integration process

1. Internal process of sales department organization
2. Technological solution for CRM and Social Networks
3. External process: data collection process via customer information

External processes

1. Provide a user-friendly platform for customer communication. It could be messenger, Instagram, Facebook, Vkonakte or another social network, where customer is used to be
2. All sales procedure: from *wants formation* to sales decision and *aftersales services* should be easy for customer, and mostly conduct via social networks.
3. Company should provide clear loyalty system for *active users* (not always repeat clients):

- a. To motivate plays role of “promotional agent”: share information, marked friends under informational posts, comments, likes and other. activities
- b. To motivate share their opinion or experience of the service, products, and team
- c. To attract opinion leaders and blogger to help shape the industry through promoting new products and trends
4. To collect on regular basis feedbacks and complains after purchase was done
5. To collect information from customer’s profile and systemize it via software on internal data base. The information should include:
 - a. Personal data
 - b. Interests and hobby: analyzed via profile’s communities
 - c. The history of communication. What kind of products clients prefer, what kinds of product was interested by ant etc.
6. To develop transparent system of benefits of using products.
7. To create a system of clients satisfaction

The benefits should be mutual, it means company should create and wildy promote the bonus system for active followers. The motivation system should include: material rewards, promotional price on companies services and mutual promotion for bloggers.

According to the ISO 9001 2008 organization should provide customer communication via informing about product, working with customers enquiries and gathering customer feedbacks or complains.

Internal process

1. To provide a necessary instruments for sale’s managers: software solution system, calls and mails scripts, clients data base, whole vital instruction
2. To provide comfortable work- conditions for sale’s mangers
3. To use sales funnel, integrated into social networks context
4. To use measurement approach of efficiency of time and obtained results
5. To take all decisions according to statistical data from previous period
6. To collect the all sales data and customer behavior through continuously monitoring special public communities
7. To develop system of criteria’s: how to classify clients by
 - a. Paying capacity
 - b. Loyalty to the company brand
 - c. Level of communication

- d. Customer expectation of service
8. To take leads from first comment or like to sale.
9. To deeply analyze the tree of communication with clients, despite of the result of sale
 - a. If *lead* became a client company should analyzed “why”. What messages script is result into purchase? What algorithms of communication were used?
 - b. If *lead* denies buying, organization also should analyze why. What was wrong during the sales procedure?
10. To provide a transparent system of bonuses for sales manager. Each person should clearly understand and demonstrably see the dynamic of his/her performance in financial terms
11. To calculate the cost of leads according to marketing, sales expenses
12. To continuously improve the sales mechanism, to increase efficiency of managers and decrease the cost of lead.
13. To collect statistical data from successful/unsuccessful contracts.

Technological solutions

1. To use special software which integrated CRM (if it exist in company) with social networks account
2. To create algorithms of sales for each categories of product, and scripts for each category of clients
3. To organize client database (even in company doesn't have CRM system), which should be synchronized with social network application

It was mentioned in ISO that for Internet sales is almost inefficient to analyze the process of each order, it is better to analyze how products are promotes, what information does clients have and etc. New product/new important client should be analyzed by special group meetings with director of department. Regular or small orders analyzing is run during work-process by responsible managers. Productive dialogue with clients: from client we get his/her expectation, preferences, from company we translate our values, inform about products

It is important to analyze:

- information of there is any problems with our service/products
- customer orders
- opinion of repeat customer of service level

- any additional information helping to understand the customer behavior, market trends or competitors action.

5.2 Procedures of changes implementation

Hereafter changes implementation will be discussed by the steps, which organization should follow for successful reformation.

Stage 1: To reveal the problematic in current situation and persuasive employee why changes is important.

At this stage it is vitally important to realize the problems of current situation and consequent effect which will occur if decision will not take place. The future prospect, company vision should be described. It is important to explain for each employee within sales department why changes are required and what benefits employee will get after (better work conditions, material rewards, ability to professional and personal growth). Drawing the dramatic picture of situation without any changes is also effective way to perceive employee believe in common objective. The chief if the department should understand that changes are directly concerns people, so his goal to involve employees into this process. It is required from two weeks till one month to conduct interviews with employees, depending on company size. At this stage should be done:

- Analysis of current problems (revenue decreasing, level of customer satisfaction, decreasing of sales, troubles during work process, overloads of documents and etc.)
Measure and evaluate current situation.
- Demonstrate current situation in numbers to employees, describe the future situation if changes will not take.
- Analysis of successful practice of competitors, how do they do their work, what tools did they use and etc.
- Formalizing the vision of common goal, and promote this vision within the department.

Stage 2: Reformation team creation

After sales department is informed about future changes, the chief of the department should organize the reformation team, who will implement and manage future changes into life. At this stage important evaluate how many people will join this team and who are they will be.

The director, chief of the sales department and at least 20% of sales department's employees should create a reformation team. It is impossible to manage the whole process by one person without team support. Implementation of new system is always painful process, which faced a antiperistalsis. Group should be formed by people, who have leader skills and highly loyal to the company. If this stage is skipped, than employee will sabotage further actions. At this stage should be done:

- The detailed plan for one, three and six month, including all steps, timing, and objectives by periods.
- The timeline for whole process, and timeline for members, for example the Gantt diagram
- The key figures should be denoted, when and what result should be obtained

Stage 3: Goal settings

This stage is to deeply understand by all reformation team members that goals are common. The objective of chief is inspire people to work hard and believe that this difficult time of changes is only one way to get benefits in future. Tram leader should organize a regular strategic sessions, where individual approach are required. Result:

- The reformation team should be the ideologists of changes

Stage 4: Promoting the idea of changes

The support from other department is one of the key elements of success. Also, even in small and medium sized company there is a lack connection between departments, it is not clear for what people from another departments is responsible for. Director or top management should in regular basis inform why this changes is necessary, what results company want to get, what steps in sales department are doing for whole company performance. At this stage mechanism of communication should be done. To put it another words, communications with employees, ability to collect feedbacks and productive ideas from stuff should be organized. Through all channels the information about new system should be translated. The frequency plays a role in case of understanding and acceptance of changes. Reformation team communication strategy should inspire to be open-minded, shared opinions and suggestions, and provide the mechanism how to do it. At this stage should be done:

- Mechanism of communication between reformation team and stakeholders.

- Involvement of employees among of reformation team within sales department
- Active promotion of changes strategy benefits through all company channels
- Chief of the department and reformation team should became an exemplar of new system.

Stage 5: Integration of changes

This stage is painful for account-manager who used to old-system and used to stability of high salary, because all changes concerning sales always come with instability. If company before changes doesn't have a performance system, which evaluate performance in terms of KPI's it is additional risk for conservative employees, because they will afraid of decreasing in fixed salary. At this stage it is better to dismiss the employees who sabotage the new system. Company behavior pattern is the main peculiarities on new way of efficiency. If person are not ready to join formation process is better to rotate this person to another department or dismiss, because this anticipation force could be crucial for whole work. It will be an example, that company is serious in their action, and new system implementation is not a new caprice for to-management. This stage could be named as employee's integration. Team should put attention on coherence within department. At first stage of integration there will be people who are more likely relate to changes, team leader should keep the contact with them, because during the integration process they will be providers of real information and truly feedbacks. At this stage should be done:

- Involvement of sales department into changes process
- Provided a mechanism of opinion-sharing's, without pressure
- Dismiss employees who are not ready to change

Stage 6: Short-term goal achievement

Employees will lose the motivation and believes in reform, if they don't see the short term results. The chief of department is fully responsible for obtaining short term results. The chief should play a leader role, and promote first results within department and within company in general. Especially if sales department change the structure of employees, and newcomers are start to work, it is important guide them by new way. It is important to share these results with subordinates, because reformation team is highly involved and results are essential for them. To fix effectiveness of reform will help at further stages. To get results in sales, team should create detailed algorithms of sales, including first communication till signing of contracts, system of communication, measurement of efficiency (it was discussed above). It is emphasized, that

success is not only efficient scripts or fancy catalogues, but mostly in systematic approach how company communicate with clients, how director set goals and help to achieve it, how the intermediate analyze is analyzed. At this stage should be done:

- Mechanism of sales are approbated
- First results obtained and promoted

Stage 7: Analysis, adjustment

Long term planning is a good strategy if market stable, and company has a represented data from previous periods. If not, the main objective is rapidly collecting the feedbacks from the customer, competitors, and managers within the company. Ability to understand how market is changing, what customer is thinking about launched new product or new service is key factor to be successful. The next step is deeply analyzed this information to correct current strategy. To learn from mistakes and be flexible is important to obtain the goal. At this stage should be done:

- Planning system according to statistic data
- Flexible system of gathering feedbacks
- Flexible system of management due to benefits scheme and KPI performance

Stage 8: Tightening up the results and optimization

If there is a positive trend in increasing volume of sales, the changes should be continued. The scaled process of reformation is crucial for whole process. There is no unique solution for all cases, but it is quite essential that structural changes are required time. Timeline is defined by the scale of department, by grands of problem and etc.

This stage is mostly focused on improving the process in detailed: debugging the process of customer communication, optimization of client's database, implementation of cross-sales, developing special loyalty program for VIP clients and etc. Employees trust will increase simultaneously with the new achievements. At this stage company could face the second dismissal wave.

Stage 9: Results analysis and further improvement

This stage is a final step in first round of improvement. All results are collected and deeply analyzed what were done successfully, what were not. All mechanism of communication is analyzed as process. Metrics of performance should be re-analyzed and correct if need. At this stage should be done:

- Transparent system of motivation and direction
- Arranged process approach for sales
- Working instruments to measure performance of the department.

5.3 Novosibirsk School of Style CRM integration results

The process before implementation the integration approach is presented in figure 5.2. Company had to stages of information collection. First they transferred the clients in excel spreadsheets. Only clients were transferred, it means that almost 90-95% leads information have been losing at this stage. There is no option to control and influence on motivation of negative response. Transferring clients into Excel spreadsheets also limited the access to client, and required additional time to continue communication. Plus, there is no option to measure efficiency of sales strategy, because it is not transparent what algorithms/scripts were used with clients. It is a barrier to quality improvement.

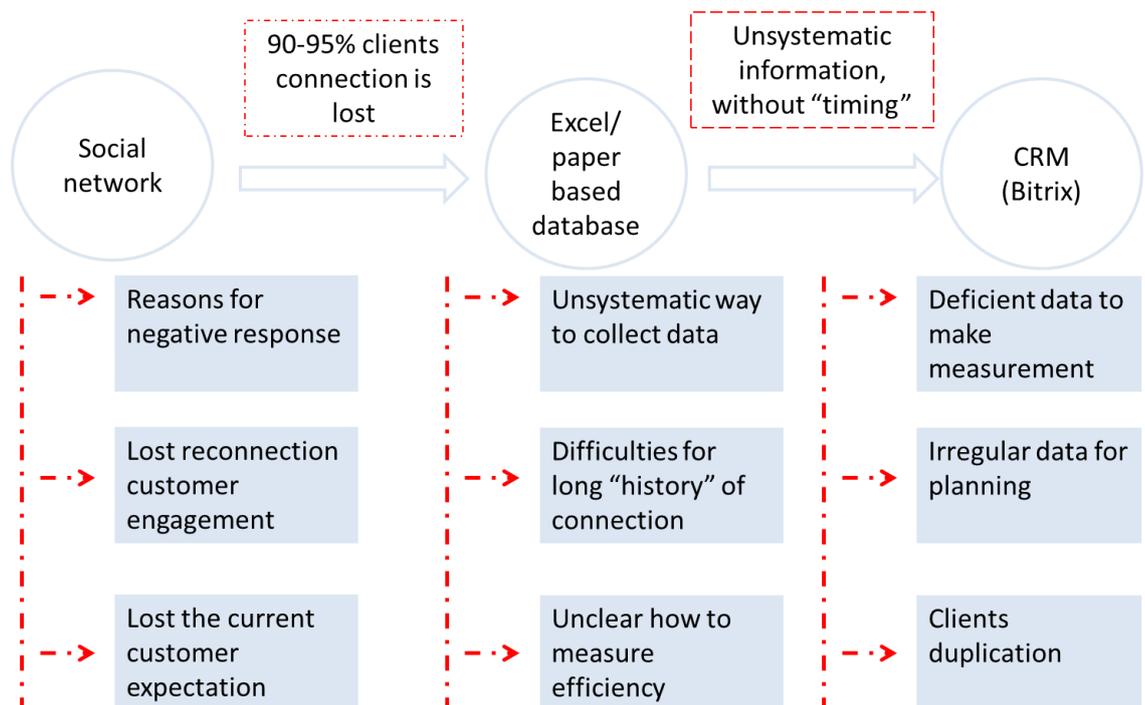


Figure 5.2 Scheme of CRM connections before SN integration

After improvement changes the second stage was eliminated, and according to exist practice CRM system automatically integrated with Bitrix CRM system. The integration process

could be run with different CRM software solutions. The market of integration software quite developed and it is possible to choose best solution due to business process requirements. In this case company already had Bitrix CRM solutions, and this is way BlueSales software was used. The necessity of direct integration was shown in case 1, due to inefficiency of CRM without direct connection with social network profiles. The integration scheme is presented in Figure 5.2. The internal database was eliminated. We have imbedded the integration program among them, which directly connect all leads from social network, analyze them, compared with existing database and if necessary add new leads into CRM or add information for clients track. This approach allows to reduce time processing per unit more than 20-25%. Brings sustainable approach to measure sales strategy, because each algorithms automatically tested by KPI's. The main important aspect, that integration reduces information loses and company will have sufficient information to implement factual decision making approach. Consequently the planning system will be more realistic, has measurement approach, and clients/markets expectation could rapidly tracked, analyzed and be taken into consideration for decision making.

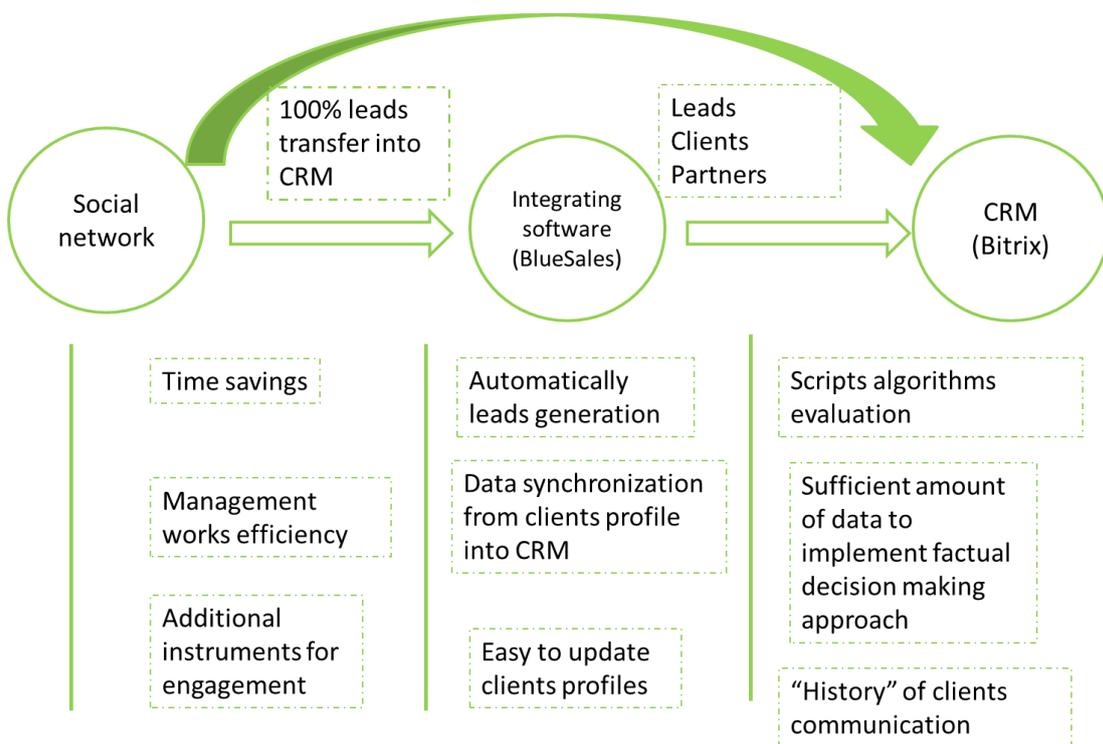


Figure 5.2 Scheme of CRM connections before SN integration

The process of approbation has taken one year, because it concerned changes in all management level. The coefficient was fixed before the implementation of changes, during the implementation process and two month after the end of integration.

First driver was time efficiency. During first week before any changes have begun, operational managers asked to put information about how many leads were manipulated, and time requiring on this process. All communicational process was divided by three main categories: first communication, qualifying communication and post-service communication. Then mean value for each categories were taken. The same movements have been done during and after integration process. The time before any changes begun have taken as 100% , than in each step the changes in time have been measured, afterwards the deviation from the beginning value were calculated. The results are presented in table 5.1

According to the table, we could conclude that integration system brings to the company time reduction almost by 20%. At first stage of changes negative results could be explain firstly by incomplete scripts for automatic answers, secondly by several mistakes of connection between products items datasets within CRM and BluSales program and thirdly by necessity to educate staff how to use application. By end of testing period results are stabilized and even small reduction is observed. After the scripts was fully complicated, small mistakes within infrastructures eliminated and operational managers used to the new process, company obtained positive results.

Category of communication	The first week after CRM and network were integrated (testing period)	The fifth week after CRM and network were integrated (testing period)	Two moth after integration was done
First communication with client/ studying	+5 % 	-11% 	-15% 
Qualifying communication	+10% 	-7% 	-10% 
Post-service communication	-3 % 	-15% 	-20% 

Table 5.1 Time-efficiency results

The next drivers are planning efficiency and employee performance measurement was calculated as weighted index number. This parameter includes: the transparency of process for director, the transparency of process for operational managers. These drivers were evaluated during the integration period from 1 to 10, with weights of importance 70%, 30% correspondently for director and manager. After two month after integration process was

finished, the value of transparency increase by 25%. This result means that as for director as for manager it became easy to take operational decisions according to collected data.

Ability to evaluate employees' performance is represented by two parameters: conversion rate per employee (amount of leads converted to clients divided by total operated leads) and customer evaluation of employee (gathering through feedbacks). Before the CRM have been integrated with social networks there is no option to measure employee performance, because firstly there is no responsible manager for each employee (everybody was responsible for everything) and secondly the feedbacks gathering was not on regular basis.

To sum up, the integrated social networks could bring to the company measurable benefits on different management levels. Firstly, the planning process becomes easy to run. Secondly, company has ability to conduct measurable KPI system for marketing and sales strategy. Thirdly, the role of each employee of sales department could be tracked and analyzed. The obtained results illustrate the reduction of time per each client, and transparency of business process.

6. DISCUSSION AND CONCLUSION

6.1 Discussion of the findings

The aim of the present master's thesis was to describe the business processes of small companies from beauty education and beauty service markets, through the actualizing service-oriented framework, taking into consideration the strong trend of social networks e-commerce perspectives, describe the main reasons of gap between existing software solutions and its real business implementation.

First research question relates to the revealing the main obstacles which company faced actively working with social networks. To answer on it, the questionnaire methodology was implemented. The online questionnaire was sent to 120 companies, but only 87 responses were collected (42% of response). Firstly, the results of survey are highly correlated with observed literature, because 55% of respondents evaluate social networks as main tool for leads generation. Secondly, the results illustrates that more than half of respondents faced difficulties with information overloads (58%) and serious difficulties to develop criterial basis to classify and analyze the information from social networks (72%). Taking into consideration that 30% of respondents relate to data collection as "highly important" and 45% as "important" concludes that the reason of gap in concerned technological aspects or real implementation obstacles of this approach. The main important result of survey was defined that companies are faced troubles with choosing CRM software solutions and transferring data from social network into internal database, because 39% and 58% correspondingly respondents mentioned it as "highly important" and "important".

Second and third research question was aim to find out how company currently operate and use trend of e-commerce within their business process, how they integrate the social networks into manageable process. Also, aim to find the reasons of gap between companies' real business process and existing technological solutions. To answer on this questions case study methodology was used. The regional companies from observing industry were selected. The case studies conducted under quality management approach, this is why the interview reflecting the quality aspects as: customer focus, leadership, involvement of people, process approach, system approach to management, continual improvement, factual approach to decision making, mutually beneficial supplier relationships. As the aim of present work is actualizing the business process under the social networks influence, the service-oriented model was selected as main framework,

because firstly it represent the correlation of all aspects of organization and could be used as separate on all organizational level, secondly because cases are from service-oriented organizations and we aim to reveal the quality management aspects for them. The case results illustrate that firstly all chosen company have almost the same business process and almost the same obstacles with CRM system, clients database, unsynchronized information flows from social networks. It could be conclude that industry is homogenous and results could be transferred and implemented to the same small sized companies. Secondly, they have different level of technological automatization and different approaches, which allowed silhouetting the track of companies' development and correlation between approaches and results. It is necessary to emphasizes that cases studies had descriptive nature and the conclusions we obtained only describes reality of regional companies. Results illustrates that business process of companies changed under social networks influence and became a significant part for all observed cases. Company mentioned that sales mostly provides within social network, and they evaluate networks more sales instrument them marketing or brand tool. The incorporation of networks into companies brings more troubles with control and process evaluation. Firstly, without special software solution it is almost impossible to collect, classify and analyze the information from customer and leads within networks. In context of highly competitive and quickly developed market it became a serious risk for a company. Secondly, to improve and manage service level became a challenging task, again due to all customer communication is run within social networks. Thirdly, company couldn't evaluate the efficiency of process, employees' performance or any adequate KPI's without transferring and fixing the customer communication. If we are talking about the reasons of existing gap between the companies' requirements and existing technological solutions the reasons are various. Due to the cases results the common problem for all observed companies was low level of acquisitions with possibility to directly connect the CRM with network. The tendencies of CRM implementation are overlooked within the observation, companies start from some internal Excel spreadsheets than implement CRM with software solutions. Also, the technological aspects remain the main. Companies mentioned that packages solutions couldn't bring fast result and companies are afraid to invest to customizing of CRM solutions. The last, but not least revealed reason is that implementation of any software automatization required changes in any management's levels. This process is time and money consuming, requires changes in all process and employees adaptation. Without clear value proposition from software companies it will be impossible to perceive the beauty company to install automatization system.

Fourth research question was about approbation of existing methodologies and best practices of integration social networks in order to improve business process efficiency for one case-company. To answer on this research question the benchmarking methodologies was used. In order to provide best recommendation the cases results and best practice of changes implementation from aligned industry were used. As main drivers of benchmarking the employees' performance efficiency, planning process transparence and operational managers' time per one client reduction were chosen. The detailed list of recommendation, from internal, external, and integration of them perspectives of view is provided. Due to the homogeneity of business processes within this industry this recommendations could be useful for all companies in order to improve process approach efficiency or improve measurement basis for employees' performance. This instruction provides information on question "what" company should take into account in order to improve their process under revealing trend. Secondly, the detailed instructions of changes implementation were presented. The instruction consists of 9 steps, on sales department example. Nevertheless it would be generalized to another departments or management objects. This approach helps on answer "how" to run changes within companies, what stakeholders should be involved into this process, and reveal the main problems which usually arise. The last, and main important result is the numerical evaluation of approbation this instruction on a company. The results illustrates that the integrated social networks could bring to the company measurable benefits on different management levels. Firstly, the planning process becomes easy to run. Secondly, company has ability to conduct measurable KPI system for marketing and sales strategy. Thirdly, the role of each employee of sales department could be tracked and analyzed. The obtained results illustrate the reduction of time per each client could be reduced almost by 20%, and transparency of business process could be increased by 25%.

6.2 Theoretical implications

The study contributes to the theory for new paradigm of customer relationship management systems. Reveal the necessity of new approaches to sales department evaluation, due to strong dependency on customer relationship management. Also study provides theoretical recommendation for CRM launching process for small and medium sized company.

Concerning quality management approach present master thesis provide small contribution through revealing the actualized variant of service oriented model and the investigation of CRM system ad a part of quality approach. Due to the case study results, it could

be conclude that business process of the typical representatives of the industry is homogeneous; consequently the results of modern service-oriented framework could be generalized.

The work has been revealed the main obstacles companies faced under observed trend. It could be observed as a theoretical basis for IT researcher for further investigation of software products.

Additionally, it was analyzed e-commerce sphere: current investigation of social network phenomenon, semantic and ontological layout. In this perspective of view work contributes to research of social networks for sustainable development of e-commerce organization, through providing information about how to collect and organize the information of customer profile to predict and to offer better product solution.

The main theoretical contribution is in revealing necessity for new paradigm of customer relationship management systems and it correlation with actualized service oriented model.

6.3 Managerial implications

The study not only contributes to the theory with the results, but also provides valuable managerial implications.

The managerial implications of the following study are aimed at the following groups of managers: 1) management of beauty industry companies, who are going to use CRM system software, 2) the sales department managers, who are going to implement measurable system of performance evaluation, 3) management of CRM solutions development companies, by clarifying customer needs and expectations.

Work provides two practical instructions, which could be used not only by typical company from beauty industry, but also by small sized company from aligned industries. These recommendations contribute to quality management implementation and management of changes. The detailed list of recommendation, from internal, external, and integration of them perspectives of view is provided.

Due to the homogeneity of business processes within this industry this recommendations could be useful for all companies in order to improve process approach

efficiency or improve measurement basis for employees' performance. This instruction provides information on questions "what" and company should take into account in order to improve their process under revealing trend and "how" to run changes within companies, what stakeholders should be involved into this process, and reveal the main problems which usually arise.

6.4 Limitations of the study

Due to the nature of the qualitative research there is always an issue of the generalization of findings. Also, to answer first research question the survey methodology was used. Due to the low response level, the sample is not enough to make certain generalization of the results. It will be better for thesis results operate with bigger sample, which could ensure to run hypothesis testing. Finally, the benchmarking will generate more valuable result if there are outstanding best practices within the industry, Due to the limitation of such kind company cases and very narrow open source information about the industry, we have to transfer experience from aligned industry and adopt it to market peculiarities.

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