

# Readiness, use and enablers of digital customer interaction tools in Austria

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**This contribution presents a first holistic measurement of Austrian B2B companies' readiness to improve customer interaction and sales performance through the application of digital communication services. To this end, the necessary steps to craft a sustainable and comprehensive corporate strategy for this subject matter are highlighted and the status-quo of implementation in Austrian Businesses is presented by means of a novel digital customer interaction metric on a scale of 1 to 100. The discussed digital communication services entail - but are not restricted to - well-known social media outlets as well as the interaction facilitated through digital communication such as LinkedIn, Twitter, Facebook, Blogs and YouTube, which belong to the most widely used tools globally. The conducted empirical analysis, which was carried out by means of a quantitative analysis among 74 representatives from different economic sectors, assessed the effects, which directly influence the degree to which Austrian businesses have implemented structured digital communication processes in sales and customer interaction service. The thereby gathered evidence supports the hypothesis of personal and industry-specific factors exhibiting the most significant effect on the introduction of digital customer interaction tools, as do the sales experiences based on digital lead and prospect generation. However, other often cited criteria, such as the size of the company, have not been found to directly influence the level of implementation likelihood.**

## 1 Introduction

Following tremendous technological advances in the past decade, a variety of digital communication tools are available which enable suppliers and buyers to engage with one another in a more effective, tailored and customized manner. These involve a set of social media and other communication tools, which - in this paper - are summarized by the „structured digital customer interaction” terminus.

The technological advances have made vast amounts of information available to both sides, thereby improving the efficiency of communication and transactions (Mantrala and Albers 2015). They help suppliers to investigate how customers use products and to quickly react with providing adequate information (Curtis and Giamanco 2010; Agnihotri et al. 2012). The usage of digital communication platforms provides fertile ground to spread information on products, services, events, community and company related issues among customers and partners in a timely manner (Agnihotri et al. 2012; Agnihotri et al. 2014).

Orchestrating organizational resources is necessary to bundle knowledge from different parts of a company before sending it out to customers in a highly compressed manner through the digital channel of their choice (Mantrala and Albers 2013). Thus, digital communication tools provide an important opportunity to directly talk to customers and monitor any reviews, appraisal or criticism of products and services offered by the own firm or a competitor and take actions quickly to adapt and improve product as well as service attributes (Agnihotri 2012).

These tools do not only allow to react quickly but also to be more proactive in addressing the individual needs of customers. Proactively customizing solutions for customers substantially boosts customer perceived value (Andzulis, Panagopoulos and Rapp 2012; Agnihotri et al. 2012). Because digital communication tools hold potential to improve almost all interactions between buyers and sellers, they also transform the selling process of products and services. Social media as a widely applied means of digital communication is found to assist in the gathering of timely and up-to-date information about decision makers, communication styles, buying risks and overall needs of the purchasing organization (Andzulis, Panagopoulos and Rapp 2012; Sashi 2012). Furthermore - and in contrast to many traditional communication channels - gatekeepers can be avoided because decision makers can be directly addressed on platforms like LinkedIn by starting conversations regarding latest news and developments found on social media (Minsky and Quesenberry 2016; Cuevas 2017; Greenberg 2009).

In terms of communication efficacy, research has identified the effects of increasing use of digital interaction tools in terms of trust establishment between the parties involved in the transaction (Ferrell 2010; Schaub 2014). As regards the impact on sales' processes, prospects have been found to publicly post their questions and concerns, which gives sellers the opportunity to listen, ask the right questions and analyze the prospects' underlying needs. These novel forms of communication thus enables sales organizations to inform/educate customers more efficiently and enrich the presentation process by promoting collaboration and engagement in order to arrive at win-win solutions (Andzulis, Panagopoulos and Rapp 2012).

## **1.1 Introduction of digital customer interaction methods**

The implementation of digital communication tools in the fields of sales and customer interaction consists of five steps: (i) a comprehensive strategy has to be crafted, (ii) the involved people have to be trained and (iii), a change in corporate culture that spans across all levels and departments has to be fostered. Step (iv) involves the required risk assessment throughout the whole process which includes the necessary steps to address found risks appropriately. Step (v) incorporates management's oversight from taking the first step, acting as role models and providing all necessary resources. Crafting a comprehensive strategy and stating clear goals requires a deep understanding of the value that the customer is looking for (Andzulis, Panagopoulos and Rapp 2012).

Market knowledge and research are crucial, especially in the preparatory phase. Resources have to be dedicated to assess which digital communication tools are most important in the respective industry or customer segment. Metrics and communication plans need to be defined for each of the chosen tools (Ivens and Rauschnabel 2015). In terms of organization and human resource implication, a focus on developing employees with social media skills is generally seen as a prerequisite for successful implementation (Itani, Agnihotri and Dingus 2017). An influx of new staff is found to positively influence the identification of existing staff with digital communication's development. Thus, the design and execution of trainings, the required assistance with setting up guidelines to avoid risks presented by the usage of digital communication tools and the creation of communication plans can either be dedicated to external specialists or social media savvy people in the firm (Bowen and Haas 2015).

## **1.2 Digital interaction metrics**

The efficacy of using digital communication tools can be assessed with different indicators, which are grouped into soft and hard metrics (Culnan, McHugh and Zubillaga 2015).

Soft metrics measure the effect of digital interaction with regards to changes to a company's follower base, the degree of customers' engagement with the content shared, the time followers spend on a firm's social media page and the intensity with which these contents affect associated forums and discussions. All these things can be measured with the help of features directly

integrated in most digital communication tools (Culnan, McHugh and Zubillaga 2010). Hard metrics on the other hand help to measure financial indicators of success like revenue and cost reduction and personnel related metrics focus on employee satisfaction. These metrics serve as indicator for organizational effectiveness related to degree of customer satisfaction improvement or customer retention as well as service time and product or service quality. Hard metrics also allow measuring system performance (Culnan, McHugh and Zubillaga 2010). Furthermore companies have to measure the return on investment of their social media selling activities and have to set up key performance indicators as well as benchmarks (Hughes and Reynolds 2016).

## 2 Empirical analysis

### 2.1 Methodology

In order to determine the degree to which Austrian B2B sales organizations use digital communication tools to improve sales results and raise service levels, a survey was conducted, yielding 70 individual responses from 54 different companies. To determine the exact degree of implementation a scoring model was developed. The participants could reach between 0 - 100 points. The score then allowed to classify the respondents into 4 different categories based on how intensively digital communication tools are used for conducting sales activities and providing services.

In terms of effect detection, a three pronged approach was applied. This entailed the detection of structural differences between observed company types by means of independent sample T-tests. Identification was based on the widely used ÖNACE system, which asserts the sectoral differences of industries by means of a holistic, European, classification scheme (NACE). Secondly, the investigation of sub-layer differences of accumulated implementation score was assessed over the entire sample by means of a variance analytical approach in order to detect the differences across branches.

Finally, multiple regression analysis was carried out to detect the driving forces of digital customer interaction services' implementation.

### 2.2 Results

The empirical investigation revealed the substantial differences of utilization of digital customer interaction tools as depicted in Figure 1.

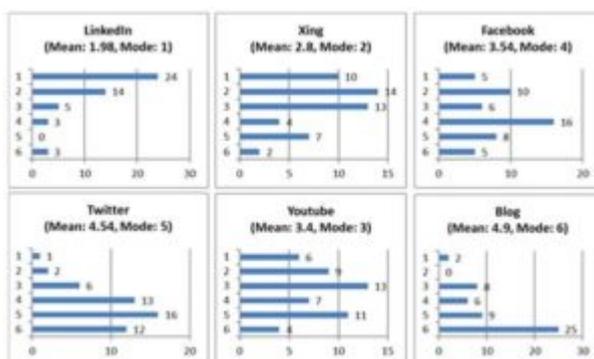


Figure 1: Social media tools and their frequency of usage by respondents (relative values, N=74)  
Source: Authors

The main motivation for the utilization in terms of the different stages of the sales process was

detected within the area of customer network extension. The majority of reasons why respondents use social media on the job lies in the advanced options for prospecting and pre-approach as depicted in Figure 2.

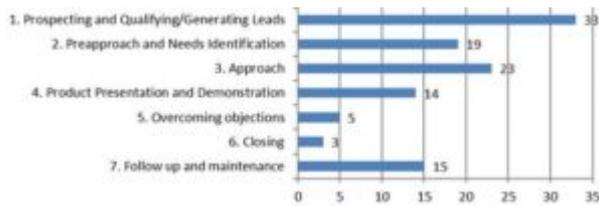


Figure 2: Distribution of Social media usage in the different stages of the sales process (absolute values, N=74).

Source: Authors

Major differences were also detected between industries, as classified by the ÖNACE classification. Manufacturing is found to show 9.8% lower implementation rates (sign. at .95), when compared to other industries.

The same holds for businesses active in information and communication (ÖNACE 10) as well as in professional, scientific and technical activities (ÖNACE 13), which score higher on social media selling adoption than firms in other sectors (sign at .95). The size of the firm is found to be insignificant by common statistical standards, whereas the age of the responsible employee is found to highly significant, thus increasing the likelihood of digital customer interaction tools' use by more than 12%.

In general, the degree of implementation among the majority of respondents is rather low. Few show a slightly advanced stage of implementing social media and even less reached a strong or full scale implementation. Austrian firms do not fully understand the role digital communication tools can play in order to overcome sales and service related problems. When looking at the degree to which social media is used in the sales process it becomes apparent that only a small fraction of respondents uses this technology throughout all stages. Respondents have profiles on professional social networks like LinkedIn but can be rather categorized as passive users. Top management does not strongly encourage using digital communication tools and little training is provided. Few companies are measuring social media success at all and only a small fraction of respondents have networks big enough to be visible in their target industries. Despite the low degree of adoption it has to be pointed out that firms are very interested in this topic because they believe that it will influence the way they sell in the future. As more and more social media savvy people from Generation Y are filling positions in sales organizations a quick change in the status quo is likely. However, it is the task of top managers to change corporate cultures and strategies in order to capitalize on the opportunities related to improving customer service through the usage of digital communication tools.

## 2.3 Discussion of empirical evidence

The investigated means of digital communication are found to assist overcoming a set of problems in traditional customer interaction and selling processes. Overcoming objections through social media can be facilitated through the creation of public forums where questions are discussed transparently and various parties are enabled to cooperate in order to reach a mutually satisfactory outcome. This is much in line with the findings of Andzulis, Panagopoulos and Rapp (2012) and affect different stages of the customer interaction and sales process.

For instance, after the completion of a transaction, customers can be provided with service instructions, news and answers to frequently asked questions by adding them to networking groups and forums. At this stage, the importance of inward facing social media grows because it helps to

find solutions for service requests by faster communication between people from various departments. Again, this is much in accordance to the relevant literature (Sashi 2012). We found that a large part of changing the corporate culture involves in-depth investigation of customers' needs and wants followed by a subsequent design process for according product and service offerings. These policy recommendations are also reflected by international research such as Culnan, McHugh and Zubillaga (2010) or Baird and Parasnis (2011).

The usage of digital customer interaction tools for sales and customer service related activities in Austrian B2B organizations is still in its infancy. The majority of companies are in an early or slightly advanced stage of adoption but with an increasing number of people that belong to Generation Y in sales positions this could quickly change in the next years. Few respondents show a high or full scale adoption of DCITs, social media in particular. Communication with customers via social media is happening rather infrequently. LinkedIn is the most popular social media platform among respondents.

When looking at the social media selling adoption scores by age group one cannot clearly state that younger people are more likely to use social media for their daily tasks than older respondents but it was found that the youngest respondents reached the highest scores more frequently. It was also found that people who are active in marketing, IT and telecommunications have a higher degree of social media selling adoption than those who work in manufacturing, wholesale or other industries. Austrian salespeople are confronted with a large variety of challenges. Respondents do not seem to be aware of the potential that social media holds to cope with a lot of these current problems. Nevertheless they acknowledge its increasing influence on the sales process, where the usage dominates in the early stages. Traditional ways to find new leads still dominate in Austria. Social media is more popular when it comes to collecting information about customer needs and decision makers as well as new trends.

The CRM systems in place in most companies do not allow their users to get a 360 degree view of customers because they do not integrate information about customers obtained through social media. Austrian B2B sales employees do not provide deep know how through social media, the usage of blogs is hardly existing when it comes to individuals and low when it comes to corporate blogging. Engagement with the content posted by customers or experts is relatively low. Alignment and interaction between the sales and the marketing department is high. This fulfills an important criterion for the usage of digital customer interaction tools for selling.

The size of the LinkedIn networks of Austrian salespeople is in most cases insufficient. This also holds true for the frequency in which individuals post content on this platform. Twitter plays only a small role compared to other social networks in Austria. Only few sellers use it. The ones who do often have a follower base that is too small and do not send out tweets frequently enough to exert sufficient influence and reach a large audience. All these facts give the impression of a rather passive attitude of Austrian sales representatives when it comes to using social media, which in turn could be the reason why their customers do not interact more intensively with them.

Only a small fraction of sellers could ever relate a closed deal to their social media activities. This is supported by the fact that most people did not see strong performance improvement due to social media usage and most are sceptical about the future influence of social media on their selling activities. Nevertheless, the majority of Austrian salespeople believe that digital customer interaction tools are an adequate to provide additional value to existing and potential customers.

## **3 Summary and managerial recommendations**

The process of implementing a social media selling strategy is not different from the implementation of a new pricing strategy. It requires the identification of the most pressing challenges, redefining

and rethinking of existing processes, cooperation of several departments, strong support from top management, training by experts, putting one-self in the customer's shoes, setting up metrics and step by step altering of the corporate culture to arrive at the desired status quo. It is also vital to understand that social media sales is not about selling a product or service on social media but that the integration of digital customer interaction tools in the sales process can lay the groundwork for future sales.

A deep integration of digital customer interaction tools in the sales and customer service activities is a continuous process that does not yield immediate results. All sales organizations have to keep a close eye on how the environment in which they operate changes. Even though it may feel strange for sellers to post whitepapers or case studies online without any reassurance that these efforts will lead to a directly relatable sale, they have to understand that this is part of a much bigger behavioral shift which is absolutely necessary to move from a transactional to a value-focused approach. Buying organizations are changing and the way in which selling organization interact and communicate with them has to adapt accordingly.

This contribution sheds light on the novel opportunities of customer interaction through social media, helps to better understand what drives the implementation of digital relationship tools and investigates the current level of incorporation with a focus on Austria for the first time. Future research ought to improve the empirical assessment of customer relationships' innovations thereby improving the scientific basis of this relevant business topic even further.

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## Klíčové slová/Key Words

digital customer interaction, sales performance, digital communication services, social media, digital communication

digitálna zákaznícka interakcia, výkonnosť predaja, digitálne komunikačné služby, sociálne médiá, digitálna komunikácia

## JEL klasifikácia/JEL Classification

M31

## Résumé

### **Pripravenosť, používanie a aktivácia digitálnych nástrojov interakcie so zákazníkmi v Rakúsku**

Tento príspevok predstavuje prvé holistické meranie pripravenosti rakúskych B2B spoločností na zlepšenie interakcie so zákazníkmi a výkonnosti predaja prostredníctvom aplikácie digitálnych komunikačných služieb. Za týmto účelom sú predstavené potrebné kroky na vytvorenie trvalo udržateľnej a komplexnej podnikovej stratégie pre túto oblasť a následne je prezentovaný súčasný stav implementácie v rakúskych podnikoch prostredníctvom novej metriky interakcie s digitálnymi zákazníkmi na stupnici od 1 do 100. Analyzované digitálne komunikačné služby zahŕňajú – ale nie sú obmedzené len na – známe sociálne médiá, ako aj interakciu uľahčenú prostredníctvom digitálnej komunikácie, ako sú LinkedIn, Twitter, Facebook, Blogy a YouTube, ktoré patria celosvetovo k najpoužívanejším nástrojom. Vykonaná empirická analýza, ktorá bola uskutočnená prostredníctvom kvantitatívnej analýzy medzi 74 zástupcami z rôznych ekonomických sektorov, zhodnotila účinky, ktoré priamo ovplyvňujú mieru, do akej rakúske podniky implementovali štruktúrované procesy digitálnej komunikácie v predaji a v službách zákazníkom. Takto získané dôkazy podporujú hypotézu osobných a odvetvovo špecifických faktorov, ktoré majú najvýznamnejší vplyv na zavádzanie nástrojov digitálnej interakcie so zákazníkmi, ako aj skúsenosti z predaja založené na digitálnom vedení a získavaní potenciálnych zákazníkov. Iné často citované kritériá, ako napríklad veľkosť

spoločnosti, však neboli identifikované, že by priamo ovplyvňovali úroveň pravdepodobnej implementácie.

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## **Recenzované/Reviewed**

24. March 2019 / 3. April 2019