Reputation management: How to deal with online reputation threats?

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ABSTRACT

Growing popularity of social media, which is established due to the development of information technology entails fundamental changes in both global business environment and organisational communication. Now, as conversations are situated in a new environment with free flow of unfiltered information, threats for corporate reputation evolve into a new degree of severity. In addition customer empowerment is integrated in the new context of social media, enhancing the importance for organisations to restructuring existing crisis communication strategies and adapting to the online social world. This research was performed in order to combine the existing crisis management strategies with the new arising online reputation threats. By conducting a critical literature review of well-established theories, discussing and analysing the articles, a solution for countering reputation threats is provided. It was found that existing crisis communication strategies are still applicable on the new social media environment, even though minor adjustments are required. In this context every department in an organisation has its own strategy but the role of public relations is critical in the implementation stage. Concluding, this research enlightens the importance of using social media as a tool for communicating with stakeholders instead of to stakeholders and turning threats into strategic advantages, which is illustrated in the case study.

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Keywords

Corporate reputation, customer empowerment, crisis communication, online reputation management, social media, public relations

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1. INTRODUCTION

Before the emergence of information and communication technology, which lead to empowerment of individuals, buyer was more dependent on seller by causes of insufficient product knowledge, low product or service alternatives or lack of trust on information provided by seller. However, the circumstances started to change. Although, bargaining power of suppliers is influenced by a number of characteristics such as the sort of industry, concentration among suppliers, characteristics of products and services, spare parts or substitutes, the technologic development strengthened the position of the buyer over the last 20 years (Blythe, 2006). By now, customers have access to various information sources. It became much easier to reach the essential information by making use of the internet. Exchanging information online never has been so easy and transparent as individuals can now make their opinions easily accessible to other Internet users (Dellarocas, 2003). Customer ratings, comments and other online communication tools help to enlighten customers about products, services or companies. This phenomena also made the market more transparent since consumer exchange product or service information based on their personal experience, which is more trusted than information provided by the producer (Bart et al 2005). For example, Compete Inc. (2006) found that nearly 50% of travel purchasers visited an online forum before purchasing online travel products. Websites, such as TripAdvisor, Booking.com are one of the most used websites by travel purchasers (Compete Inc. 2006). The ratings illustrate the experience of a former customer about the service he used and depicts his satisfaction. This has a big impact on decision making of a potential customer who sees the rate given by other customer (Zhang et al., 2010).

In addition the emergence of social media increased the facility of exchanging information (Kietzmann et al., 2011). Uploading or watching YouTube videos, sharing pictures on Instagram or updating Facebook profiles became a daily routine. Everyone with access to internet has the opportunity to create an account on social media and publish his opinion, of course in a legal way (Vollenbroek et al., 2014). Actually, the development of social media became a new trend, since celebrities or even politicians have accounts on social media and are followed by thousands or millions on their official account. In the meanwhile one can reach millions of people by publishing a message through the use of an account on social media. Although the process of using social media sounds very simple, it has a huge effect in real life. "Social media has amplified the power of consumer-to-consumer conversations in the marketplace by enabling one person to communicate with literally hundreds or thousands of other consumers quickly and with relatively little effort" (Mangold & Faulds, 2009, p5).

But on the other side, this means that any information can be made public even if it is not true, since anyone can say anything about any topic. Generally, a biased information published by a person, who has not explicit knowledge about the topic, can be spread around the world within minutes. This leads to the fact that publicly discussed content is not always based on truth. It is even possible that people share purposely content which contains false information in order to manipulate individuals' thoughts or feelings to cause certain actions (Williams & Buttle, 2014).

Looking from the perspective of organizations, it is hard to adapt to changes caused by the emergence of new technologies, which lead to an increase of exchanging information and empowerment of (Constantinides, 2008). Due to the rapid change of habits in daily life and variation in business environment. companies face the difficulty to deal with new formation. Certainly the emergence of such a trend like social media also offers advantages. Since companies are aware of the advantages of social media, in which they can address millions of people, they try to use it as a marketing tool. But the uncontrollable exchange of information also shows threats for companies given that useful as well as harmful information can be spread through the world (Vollenbroek et al., 2014).

As stated above a number of problems and threats can also arise for companies. One of the main problem is that companies are easier to get harmed. Since one can publish various critics about a firm or a product, everyone can access these comments, which leads to the effect of eword-of-mouth (Zhang, Ye, Law. & Li, 2010). According to Jim Blythe spreading a massage through word-of-mouth is a powerful tool of public relations (Blythe, 2006). In contrary negative comments about products, low ratings in customer service, bad revision about consulting, all of these information can be spread through social media to thousands and damage the reputation of the company. In this new world of Web 2.0 corporate reputation can be easily enhanced or permanently damaged (Jones, Aiken & Boush, 2009). A poor image of a company can result in a serious threat to a business. The risk of being harmed increases when customers are using the internet to launch attacks or blackmail the companies.

Undoubtedly, companies have strategies and methods to deal with crisis situations but "many executives are unable to develop strategies and allocate resources to engage effectively with social media" (Kietzmann et al., 2011). To identify the most suitable strategy against an online customer attack a research needs to be conducted. Although a number of research is done about this topic, it is still a challenge for companies to successfully implement strategies and models to prevent reputational damage. So, the aim of this study is to gain more insight on this topic and develop a strategy which helps organisations to define a path in case of a customer attack and implement it in a proper way. In order to do that the following research question will be answered in this paper:

"How can companies deal with reputation threats in online social environment"?

The importance in this study lies in the fact that more and more companies start performing in the online environment and there is a research gap in how companies manage the treat in this market. This thesis is a basic for both, an academic contribution for the literature and a practical contribution for companies. In order to give an adequate answer to the research question, the following sub-questions are discussed and answered. Further, a case study is conducted to combine theoretical results with practical findings.

- 1. What are the sources of crisis situations and how do they effect the reputation of a company?
- 2. How do companies respond to crisis situations especially to online reputation threats?
- 3. Case study, to address the research question.

1.1 Methodology

This study presents review results of 35 academic papers and 6 news articles. The papers selected for the review were published between 1995 and 2014 with an exceptional article by Richins, 1983. Different types of literatures are analysed, for instance scientific articles, published journals and case studies. Scientific articles are collected by searching on web-sites such as Google Scholar, Scopus and Scienceresearch. The search terms are mainly about management and reputation. So primarily the following terms are emphasized while searching on search engines: "Reputation Management", "Online Reputation Threads", "Social Media", "Corporate Reputation", "Customer Empowerment" and "Crisis Management". Moreover, several articles are found, by working with journals such as Journal of Marketing, Journal of Consumer Research, Journal of Public Economics, Journal of Computer-Mediated Communication, Journal of Management Information Systems and Corporate Reputation Review. Also by searching for scientific articles the "snowball" method is applied. Snowballing is the process whereby new articles are retrieved from previous relevant articles. Thus, articles relating to the topic are detected. Since the research is about a recent development in marketing field, most articles correspond to recent literature.

In order to conduct the research properly, initially key terms are defined that will help the reader to understand the literature review. Then a literature review is performed to give an adequate answer to the aforementioned subquestions. After sub-questions are discussed and answered with the literature review, the case study Primark is introduced, as the case shows similarities with the conducted literature review. In other words the fashion company Primark faces reputational damages because the company is accused of operating with suppliers that illegally employ children in production facilities. Later, the results of the case study is compared with the theoretical findings from literature review. In the end, the conclusion and the discussion part of this paper will provide the reader with information and recommendation about reputation management in crisis situations in the age of Web 2.0.

2. LITERATURE REVIEW

In interest of the reader this part of this paper will define key terms, in order to help to fully understand the conducted research. Then an in-depth discussion about the crisis types and responses of crisis situations will be provided by handling Coombs' Situational Crisis Communication Theory, abbreviation as SCCT, integrated in an approach that aims on giving advice to companies in case of a crisis situation caused by customer attack on social media. The case study Primark will show the conducted strategy after being attacked by customer and it will compared with the established crisis response strategies by Coombs.

2.1 Defining Corporate Reputation and its Key Terms

2.1.1 Corporate Reputation

Corporate reputation is an important topic in business and business related fields and the value of reputation increases at the same time as the global economic development. Some scholars even say that reputation is one of the most valued organizational assets (Gibson et al., 2006). But the definition of corporate reputation is a fundamental problem in the literature (Wartick, 2002). Despite the

importance of the topic and the need to come to an agreement about the definition of corporate reputation, scholars still differ in defining the term. Before the development of the new terms like corporate identity or image in mid-1990, corporate reputation was simply comparable to the trustworthiness of a company (Fan, Tan & Whinston, 2005). When the buyer decided to buy a product he needed trust the seller sufficiently and the other way round, the seller needed to trust the buyer enough to realize the payment. So the main idea was trust which was established and evaluated in terms of product quality, expected delivery time, price, payment or customer service (Yu & Singh 2002).

However, definitions such as corporate identity, corporate image, corporate goodwill and prestige started to be used more often which are still discussed by researcher whether there is a difference or not (Wartick & 2002: Barnett et al., 2006). Since mid-1990 there are serious works by Charles Fombrun to define corporate reputation, especially his work in 1996 has been widely used by scholars. He defines corporate reputation as "a perceptual representation of a company's past actions and future prospects that describes the firm's overall appeal to all of its key constituents when compared with other leading rivals' (p.72) (Wartick, 2002). In relation to this citation, some points are criticized by Wartick and Walker (2002:2010). According to Wartick reputation cannot be "purely perceptual" (2002) and Walker says that aggregate perception of all stakeholders is problematic since reputation is issue specific and measuring the perception of all stakeholder is not possible (2010). Moreover Fombrun's definition about specification of comparison "compared with other leading rivals" does not point out whether the comparison is made against firms' previous reputation or against an industry average (Walker, 2010). Furthermore he adds two more perspectives to Fombrun's definition. According to Walker corporate reputation requires the distinction between positive and negative for better determination. There is also a need to define reputation as stable and enduring (Walker, 2010).

Later in 1998 Fombrun and Van Riel introduce the idea that various disciplines have different perspectives about corporate reputation and announce 6 different views. 1. The economic view, which acknowledges that reputation is perception of an external observer. 2. Strategic view which sees reputation as an asset. 3. Marketing view that illustrates the "pictures in head" when the name of the company is heard. 4. Organisational view, whereby the experience of employee inside the company determine the reputation. 5. Sociological view, emphasizes legitimacy as an indicator of reputation. 6. Accounting view lacks of a definition due to an insufficient financial data of intangible assets (Fombrun & Van Riel 1998). These differentiations are also acknowledged by Wartick (2002). Various disciplines emphasize different terms for example, sociologists prefer the term prestige, economist the term reputation, marketers favour "image" accountants talk about "goodwill" (Wartick, 2002).

However, most scholars agree on the difference between corporate identity that results from internal stakeholders such as employee or managers' actual or desired view and corporate image which is built by the view of external stakeholders' such as customers' or investors' view (Wartick, 2002: Fombrun & Van Riel 1998: Walker, 2010). Oppositely, Barnett et al. state that identity is not an image of internal stakeholder but a core character of firm and corporate image which can be regarded as internal or

external can be shaped by media and is "what comes to mind", which is similar to the marketing view by Fombrun (2006). Nevertheless Wartick says that one "grand reputation" is required to measure corporate reputation and based on recent research the following definition is a proper way to come to a common opinion (2002). Corporate reputation is "A relatively stable, issue specific aggregate perceptual representation of a company's past actions and future prospects compared against some standard" (Walker, 2010, p.14).

As stated before corporate reputation is essential due to a number of advantages. Namely having a good corporate reputation can lead to strategic benefits, such as lowering firms costs, enabling firms to charge premium prices, attracting applicants, increasing profitability and creating competitive barriers (Walker, 2010).

2.1.2 Reputation Management

Since the research emphasizes the online management strategies against customer threats, it is important to know the definition of the reputation management. According to Hutton et al. reputation management, which is a business function, is based on the traditional term "public relations," or also commonly known as "corporate affairs" (Hutton et al., 2001). Though there are different assumptions about the existence of reputation management. Hutton et al. illustrate the difference: "David Finn, Doug Newsom and others have pointed out that concepts such as "reputation" and "image" are not generally something that can be managed directly, but are omnipresent and the global result of a firm's or individual's behaviour" (2001, p.249). In contrary a new journal, Corporate Reputation Review, was launched in 1997 and several articles about reputation management were published.

2.1.3 Web 2.0

The term Web 2.0 is defined as a platform whereby content is not created by individuals but instead by more than one user that can continuously modify the content. The term was first introduced by software-developers, which was then adopted by end-users (Kaplan & Haenlein, 2010). Applications such as personal web-pages that belong to the era web 1.0 are replaced by blogs, wikis or collaborative projects of web 2.0.

2.1.4 User Generated Content (UGC)

The term User Generated Content gained popularity in 2005 and was used to define the actions made by social media users. It describes the various forms of media content that are published by end-users (Kaplan & Haenlein, 2010). According to the Organisation for Economic Cooperation and Development (OECD, 2007) UGC requires three characteristics to be defined as such. It needs to be published either on a publicly accessible website or on a social networking site accessible to a selected group of people, show a certain amount of creative effort and it needs to have been created outside of professional routines and practices.

2.1.5 Social Media

The era of Social Media started around 1990 when Bruce and Susan Abelson founded "Open Diary", a social networking site that was used by online diary writers, which formed a community. Nevertheless, according to Kaplan and Haenlein "Social Media is a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content" (2009).

In the interest of this research brief explanation of different types of social media is given below.

Collaborative Projects

A well-known example of a collaborative project is the online encyclopaedia Wikipedia. However, a statement is given by Kaplan & Haenlein to avoid misconceptions (2009, p.62). "Collaborative projects enable the joint and simultaneous creation of content by many end-users and are, in this sense, probably the most democratic manifestation of UGC".

Blogs

According to the unique forum OECD, blogs are special "types of websites that usually display date-stamped entries in reverse chronological order" (OECD, 2007, p.38). They belong to the Social Media group and can appear in different variations e.g. as personal diaries or summaries of all relevant content.

Content communities

Content communities are webpages such as YouTube and My Video and "The main objective of content communities is the sharing of media content between users" (Kaplan & Haenlein, 2009, p.63).

Social networking sites

Social network sites (SNSs) are increasingly attracting the attention of academic and industry researchers. According to Boyd and Ellison social network can be identified by three requirements. SNS is a web-based service that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system. E.g. Facebook (Boyd & Ellison, 2008).

Virtual game worlds

Virtual worlds are platforms that replicate a three dimensional environment in which users can appear in the form of personalized avatars and interact with each other as they would in real life (Kaplan & Haenlein, 2009).

2.2 Crisis Situations

Various approaches and theories are discussed and developed by scholars to analyse and counter crisis situations. Two of them aim to establish a relation between crisis response strategies and crisis situations: Neoinstitutionalism and attribution theory. Neoinstitutionalism stands for the organizational legitimacy and indicates that as far as stakeholders' expectations are met and social rules are expected the organization is granted legitimacy (Coombs, 1995). The second approach that serves as a cornerstone for a number of research is Coombs' attribution theory which says that "people make judgments about causes of events based upon the dimensions of locus, stability and controllability" (Coombs, 1995). The well-known "Situational Crisis Communication Theory (SCCT)" by Coombs is built on the attribution theory, which is discussed later in this paper. Coombs further explains the dimensions of the attribution theory. First dimension is locus, it is about the fact whether the crisis is caused by internal e.g. technical breakdown or external factors such as economic crisis. The second dimension is stability which is related to the frequency of occurrence of the cause of an event, like whether the cause of the event happens frequently (stable) or infrequently (unstable). The last dimension controllability refers to the fact whether the actor can affect the cause or if the cause is beyond the actor's control (Coombs, 1995). Similarities can be found in Richins (1983) paper, which is about the negative word of mouth by dissatisfied consumers. He also identifies three variables that affect complaining: "severity of dissatisfaction, attribution of blame and perception of retailer responsiveness" (Richins, 1983). Here too, it is acknowledged that the higher the external attribution of blame the stronger is the reaction of negative word of mouth and the higher the threat for reputational damage. According to Richins, responsiveness of retailer plays a critical role that stimulate the act of negative word of mouth by consumer (1983).

2.2.1 Sources of Crisis Situations for organizations

A number of literatures show that management is not sufficiently trained and equipped to face various crisis situations (Kietzmann et al., 2011). A crisis does not only affect one department or the organization itself but it also affects its stakeholders and its environment. Crisis are unpredictable events, which can occur anytime and anywhere. These can disturb organizations' operation and damage reputation of an organization (Coombs & Holladay, 2002). There are numerous works and research about the topic due to the need that reputational damage must be controlled and prevented by organizations, as it can lead to financial damage and even threaten company's survival (Coombs & Holladay, 1996). In order to identify strategies and tools to manage crisis situations and counter reputational threats, it is essential to define crisis types, even if each crisis does have unique features and shows variations in its effects for organizations (Coombs, 2007). Therefore Coombs developed a list of nine potential crisis types in his work in 1996. But later this list of crisis types were refined and extended to 13 to reflect more variations in crisis, which is illustrated in the following list (Coombs, Holladay, 2002).

- 1. Rumors: the spread of false information to harm organization (Coombs & Holladay, 2002). Nowadays this sort of crisis is a particular threat in the online world, because the spread of a rumor can reach millions in couple of seconds, and can have a significant impact on the reputation of an organization. For example company Snapple was accused for financing far-right-community Ku-Klux-Klan and had to fight against the blame (Coombs & Holladay, 2002). This crisis type is of particular importance for this paper as the research is about managing online reputational threats.
- Natural disasters: that can hit any organization anytime (Coombs & Holladay, 1996). There are a number of organization faced huge losses after natural disaster e.g. the whole tourism industry in Taiwan is confronted with huge financial losses by the reason of earthquakes (Tsai & Chen, 2008).
- Product tempering: is a result from an external agent imitating a product or a service that damages your organization. For instance in 1991 two people were killed in State Washington as a consequence of taking cyanide-laced capsules, which was an instance of product tampering (Hilts, 1991).

- Workplace violence: occurs when an employee is attacked by an internal person or former employee of the organization. For instance Larry Jason, a postal mechanic, shot a coworker to death and wounded two others, in Michigan, USA on December 1993.
- 5. Challenge: competitors or external stakeholder claiming the company for operating in inappropriate manner (Coombs & Holladay, 2002). For example, the American Family Association's (AFA) claimed that Waldenbooks was a pornography peddler because it carried Playboy books containing nudity.
- 6. Technical breakdown accident: occurs in industrial accidents caused by technology or equipment failure. An example of this type is the crash of a Turkish Airlines Flight 1951 during landing at the Amsterdam Schiphol Airport on 25 February 2009. The investigation found that the crash was caused by a faulty radio altimeter.
- Technical breakdown product recall: is a recall of product or service because of a technological or logistical failure.
- Megadamage: is a technical breakdown accident that results in significant environmental damage. For instance, several accidents on the ocean during the transportation of oil count for this crisis type (Coombs & Holladay, 2002).
- Human breakdown accident: is an industrial accident caused by human error. For example, chemical explosions due to miscalculations belong to this type.
- 10. Human breakdown product recall: result as a recall of products due to human failure.
- 11. Organizational misdeeds with no injuries: happens when management defrauds stakeholders but without causing injuries.
- 12. Organizational misdeed management misconduct: occurs in cases when management violates laws or regulations on purpose.
- 13. Organizational misdeeds with injuries: is the fact that management knowingly places stakeholders at risk and causing injuries.

2.2.2 Reflections on Corporate Reputation

Since consumer often seek someone or something to charge for the cause of the event, it is of use to define the attribution theory. The judgments people make about these three causal dimensions affect their emotions and also their behaviours toward the actor. Thus, the stronger the attribution of organisational responsibility, the stronger are the emotions like anger and the more likely the act to harm the organization (Coombs, 2004). Therefore, Coombs (2001) introduces the model of SCCT for better understanding the connection between crisis situations and organizational reputation.

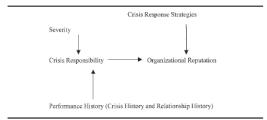


Figure 1: Model of SCCT by Coombs 2002

As stated above, after or during a crisis, victims seek for responsibilities and usually attribute responsibility to organizations. However, perception of responsibility is influenced by a number of factors. SCCT propose that firm's performance history, which is divided into two groups, namely crisis history and relationship history, affects the perception of the crisis, which is described as crisis responsibility in the model (Coombs & Holladay, 2001). Crisis history indicates whether the crisis was a one-time event or a pattern of similar crisis. This view is similar to the second dimension of Coombs attribution theory, namely stability. "Repeated crises reflect stability, which is a core dimension people use when making attributions of responsibility" (Coombs & Holladay, 2001 p.323). Relationship history, the second component of performance history is about the fact that organizations meet or fail to meet the expectations of its stakeholder. A number of publications, state that a favourable pre-crisis stakeholder relationship, whereby the expectations of them are met, is an important and valuable asset to crisis management (Coombs & Holladay, 2001). Both combined result in performance history that directly effects crisis responsibility of a company, which is also influenced by severity. Severity indicates the amount of damage generated by a crisis (Coombs & Holladay 2002). In case severity increases or performance history worsens the attribution of crisis responsibility to a company will rise and consequently this will have a bad influence on organizational reputation. Namely according to the SCCT model, crisis responsibility leads directly to organizational reputation. In addition it is essential for the organization to find a suitable action against crisis situations and it is of equal importance what the management says and does after a crisis hits the organization. Part of the success against crisis situations or customer threats depends on crisis response strategies. This idea roots back to Benoit's paper in 1997. So, as you can see on the model, organizational reputation is affected by the combination both, perception of crisis responsibility and crisis response strategies. Coombs and Holladay argue that all these factors influence the organizational reputation, which is illustrated by SCCT model (2002).

Furthermore management is also confronted with a Velcro effect. "A performance history is like Velcro; it attracts and snags additional reputational damage. Anyone with Velcro on their coat will recognize this effect. Relationship and crisis history can create a strong, negative velcro effect" (Coombs & Holladay, 2001 p.335). This effect shows some similarities with the "prospect theory" which reveals that negative information is considered more powerful and has a stronger influence on consumer than positive information (Lee, Park & Han, 2008). Thus, a favourable performance history is of prime importance for management and its organization, not only for current crisis situations but also for future crisis situations (Coombs & Holladay, 2001).

So far, this paper depicted traditional crisis situations identified by Coombs and Holladay (2002) though current technological development, increasing use of Web 2.0 and the shift from traditional media to online media, changed and increased the potential crisis situations and consumer threats. New communication channels such as blogs, forums, chat rooms or wikis became available and the interaction of individuals rapidly increased in the last years. Through the Internet, individuals can create virtual profiles and accounts announce their ideas and opinions via various platforms, which is easily accessible to other Internet users (Dellarocas, 2003). Consequently rumors can easily arise and be spread through the web users. According to Coombs and Holladay (2002) rumors are not harmful to organizations for a short term anymore, but can cause a reputational damage for a long time and have more powerful effect than before. Information is spread to millions within seconds and rumors are highly effective in damaging corporate reputation and can even threaten organizations' existence. Word of mouth is a strong marketing strategy to influence the consumers' view about a product or service, consequently negative word of mouth (NWOM) can became a serious problem for a company (Richins 1983).

When a consumer was dissatisfied with a product or service, there were three potential answers identified by Richins (1983): switching brands, complaining or telling others about the negative experience, all a potential loss for the organization. The first answer was the most used response by dissatisfied consumers and the latter has gained least attention of all three areas by dissatisfied consumer. Nevertheless, these days the effect of "telling others" reached a new dimension. There are multiple articles about the effect of online consumer reviews, which emphasizes the importance of word-of-mouth (Dellarocas, Zhang & Awad, 2007; Lee, Park & Han, 2008; Zhang et al., 2010). Studies have demonstrated that online usergenerated reviews have a significant influence on sales of consumer products (Zhang et al., 2010). Hence, the term word of mouth was more and more used by scholars. According to Richins word-of-mouth (WOM) refers to interpersonal communications among consumers concerning their personal experiences about a firm or a product (1983). As stated above such communications show a powerful influence on consumers' purchase behaviour. Moreover, NWOM is reported to impact a number of aspects which harms the organization. It influences customer acquisition, customer retention and loyalty, profitability and organizational reputation (Williams & Buttle, 2014).

Particular these days in the era of Web 2.0 the power of "telling others" increased. The Internet contributed to the spread of positive word of mouth (good buzz) and negative word of mouth (bad buzz) (Dellarocas, 2003). Even a new term is introduced namely electronic word-of-mouth (ewom). According to Lee, Park and Han (2008) e-WOM is more powerful and is spread more than traditional WOM. Although in traditional media such as magazines or newspapers, editor reviews contributed to a significance increase of popularity of products no matter if it is a negative or a positive review (Sorensen & Rasmussen, 2004), online media or e-WOM can reach wider population. The flexibility of online media users, and facility to use more than one communication channel caused an unfiltered information flow around online world (Jones, Temperley & Lima, 2009).

It is said that NWOM has two sources, one of them being complaint by consumers and the more powerful one is said to be media comment, because it comes out of nowhere and it is difficult to control. One of the biggest anxiety of the senior management is the spread of NWOM by media comment (Williams & Buttle, 2014). Williams and Buttle analysed a finance company and conducted an interview with a manager who says: "you could spend millions and millions of dollars building a brand which is what we've done over the years and it can get destroyed in one day by media" (Williams & Buttle, 2014 p.7). NWOM by media comment is highly risky for organizations, as it is a threat for management stability, degrades employee morale and influences operation performance, not to mention that corporate reputation is also damaged. Moreover, it is of essential use to know which conditions trigger NWOM. Williams and Buttle (2014) verify that facts such as customer dissatisfaction, service failure, product recalls, and breaches of law lead to dissatisfied customers. These triggers can be completed with Coombs' list of 13 crisis types. Jones, Temperley and Lima are of the opinion that meanwhile, the effect of NWOM via online media is so powerful that, it is more important for organizations to emphasize how it behaves online than, operating PR actions such as donations or CSR Reports (2009).

Another threat is that competitors inventing false news on purpose to damage the reputation of the organization and harm the company, in particular while the organization is launching a new product or offering a new service (Williams & Buttle, 2014). Especially when customers are dissatisfied due to any crisis type competitors can trigger perception of attribution of responsibility to targeted company and leverage the effect NWOM. This is easily done by the help of social media, blogs and forums, as negative buzz is spread faster and has a bigger influence on consumer than positive buzz (Lee, Park and Han, 2008; Zhang et al., 2010).

After defining the crisis types and threats it is also useful to categorize them, because crisis types within a specific crisis cluster will produce similar attributions of crisis responsibility to organization (Coombs & Holladay, 2002). Thus, crisis managers can use similar crisis response strategies to address crisis types within the same cluster. Coombs selects clusters that are related to attribution of responsibility of crisis situations: victim cluster, accidental cluster, preventable or also called intentional cluster (2007). These clusters determine the level of attribution of responsibility in case of a crisis. Victim cluster reflects the situation where the organization and the stakeholders are harmed by the crisis (Coombs & Holladay, 2002). There is no intention of the organization to attain advantage of the event rather the cause of the event is external and the organization has limited control. The organization is viewed as the victim of the crisis. Crisis types such as natural disaster, rumors, workplace violence and product tampering belong to this cluster (Coombs 2004). The second cluster is the accidental cluster, which results in harming stakeholders. Though the cause of the event is purely accidental and not intended by the organization. This cluster includes crisis types such as challenges, technical error recalls and technical error accidents. The last cluster, preventable cluster, depicts that the organization is responsible for the event (Coombs & Holladay, 2002). It is intentionally harming stakeholders, by violating regulations or even laws. Organizational misdeeds, human error accidents and human error recalls are among the crisis types that belong to preventable cluster (Coombs 2004). Threats for organizations and

crisis types are categorized in above stated clusters in the aim of serving Situation Crisis Communication Theory (SCCT) developed by Coombs and Holladay (2002). Coombs research identifies crisis types, categorizes them in clusters in order to find a suitable response strategy and develops crisis response strategies, which are further discussed in the following chapter.

2.3 Handling crisis situations and customer attacks

Companies have various internal strategies that are implemented in different crisis situations and threats. Coombs started a research about attribution theory to find out the relationship between crisis situations and crisis response strategies.

In previous chapter Coombs' symbolic approach was discussed. For a short recap, symbolic approach argues that crisis can seriously damage company's reputation and management is assigned to find the most effective answer to defend the threat. Hence, seven crisis communication strategies (CCS) are identified by Coombs to respond to reputational threats (1998).

- 1. Attack the causer: The person who claims that a crisis exists is confronted by management
- 2. Denial: It is said that there is no crisis.
- 3. Excuse: Crisis manager tries to minimize the responsibility of the organization.
- 4. Justification: Perceived damage is tried to minimize by management.
- Ingratiation: Actions are designed in favour of stakeholders.
- Corrective action: Crisis managers try to repair the damage.
- 7. Full apology: Management takes full responsibility for the crisis.

These answers serve as resources for management to protect or repair reputation of an organization. Since these strategies are in general rough responses Coombs (2007) develops a new theory which refines and completes the CCS. The new theory is called situational crisis communication theory (SCCT) as mentioned in the previous chapter. SCCT is an extension of his previous research about attribution theory on matching crisis response strategies to the crisis situation. SCCT uses attribution of responsibility to connects crisis situations to crisis response strategies. However, the central focus of SCCT is how to manage organizational reputation during a crisis. Similar to image restoration theory by Benoit (1995) SCCT appeals to the importance of communication during managing crisis situations. According to Coombs, image restoration theory is a descriptive system used to analyse crisis situations with speculative (not empirically tested) conclusions (2007). Coombs revises crisis response strategies by adding victimization as the eighth response, scapegoat as ninth and reminder strategies as tenth response (2007). These strategies are divided into three groups, denial, diminish and rebuild categories (Coombs, 2007). By using a strategy in a denial category, company attempts to reject the connection between the organization and the event which is suitable for rumors and challenge crisis type, as management argues that there is no real crisis caused by the organization. Response strategies such as attack the causer, denial or scapegoat belong to this category. The second group is diminishing group including excuse and justification response strategies, claims that the situation is not that bad as assumed and minimize the perceived damage caused by the crisis. The problems worsens when news media or online media argue the opposite of organizations' statement, which leads to the emergence and spread of NWOM (Zhang et al., 2010). The third response group is the rebuild category, which attempts to improve company's reputation by offering symbolic or material help to victims, mostly used for serious reputational threats by for example intentional crisis with unfavourable performance history (Coombs 2007). In that case compensation and full apology strategies are the appropriate crisis response strategies.

In contrary to Coombs SCCT model Williams and Buttle, (2014) assert that each department has its own crisis response strategies, which is dependent on the crisis type, though the stance of the public relations (PR) department plays a critical role. In order to answer crisis types particular skills are required. Thus for example, organizations prefer seasoned journalist as personnel in the PR department. They have the proper abilities and a broad media network. As a crisis arises PR emphasizes the cooperation with CEO by analysing the threat. Then PR applies crisis management strategies to defend the crisis. According to Williams and Buttle external PR agencies can be hired to develop early warning systems, or to collect data to have a better overview of the crisis (2014). Worstcase scenarios are practiced, risk assessment meetings are organized and external liaison with media is created. Internal communication guidelines are instructed such as forbidding the employee to talk to media in order to prevent contradictory statements. Moreover PR department is instructed with monitoring online media channels, such as blogs, social networks, chat-rooms, customer forums to identify potential messages with tendency to spreading negative information (Williams & Buttle, 2014). There are also important tasks for senior management. In case of an online customer attack, developing Key Performance Indicators (KPI) and implementing a reporting system about NWOM-related variables are essential for senior management to identify early reputation threats. In contrast marketers aim to find advance indicators of NWOM to create campaigns that prevent NWOM and engage in "reputation-enhancing Cause-Related Marketing" (Williams & Buttle, 2014). Besides the actions by various departments in case of a crisis situations that can affect the reputation of a company, it is also essential to implement after-crisis procedures. Though it is not possible to control or monitor manually each negative comment on social media due to an immense number of data that is forced into the online world. But online consumer reviews and the other variations of e-WOM can be observed and controlled unlike traditional WOM communications (Lee, Park & Han, 2008). New software developments make it possible to track negative comments in order to prevent the spread of NWOM in online world. So consumers can be easily observed and the quantity and quality of positive and negative opinions can be measured. Functional software are designed to monitor and measure online reputation and negative buzz for example "TheBuzzMonitor", is an open source software application tracks and measures negative comments by consumers, or "Radian6" a social media monitoring application measures the engagement of online consumer. That resulted also in the emergence of Online PR monitoring companies such as "BuzzGain" (Jones, Temperley & Lima, 2009).

Before introducing the case study of Primark a short recall of the findings is summarized. Until now this paper explained the empowerment of customer due to an increase of uncontrolled information flow thanks to the emergence of social media, which also established serious reputational threats for organizations. In order to answer reputational threats Coombs identified 13 crisis types, which are categorized into 3 groups: Victim cluster, accidental cluster and intentional (preventable) cluster. Later Coombs' 10 crisis response strategies are described, which are also grouped into 3 clusters: denial, diminish and rebuild strategies (2007). In addition the effect of Negative Word of Mouth (NWOM) and Electronic Word of Mouth (e-WOM) on reputation is explained and strategies to counter potential threats are identified (Williams & Buttle, 2014). These findings are implemented in the following Primark case.

3. CASE STUDY

In order to illustrate the implication in reputation management during the era of Web 2.0 a case study is conducted. Furthermore to give the problem a practical view and to compare it with above discussed theoretical foundations the case study of Primark is chosen. Especially the company Primark is selected due to the increasing online public pressure on the company in last years and its unique application of online reputation management strategies. This research approach aims to develop new insight into management strategies in case of an online customer attack in era of Web 2.0.

3.1 Primark and online reputation management

Primark Stores Limited is an Irish clothing retailer, operating in several European countries and in USA and it is the subsidiary of international food and retail group Associated British Foods. Primark sells fashionable clothes at the low cost to end market. Primark has 258 operating stores across the world with 51,250 people employed.

Despite its successful expansion in European market and its effective retailing performance, Primark faces serious accusations by global media in relation to unethical stance. Primark was hit hard on Web 2.0 applications such as forums or blogs and many discussion were made on social media about the arguable attitude of the company referring to working conditions (Jones, Temperley & Lima, 2009). Namely a number of articles were published by wellknown media channels claiming that Primark Stores Limited is operating in its supply chain with unethical companies. According to the article in Telegraph by Harcourt Primark operated with a supplier that employed 11 years old children from refugee camp in India (2008). General public was shocked by the news about illegal child labour, which lead to protests in front of the Oxford Street retailer in London by customers (Hopkins (2008). Even the program BBC published some of Primark's scandalous business practices and called on Primark executives to give a statement regarding to the accusations. In addition, Primark was voted as the most unethical retailer in the UK as a result of a research conducted by an Ethical Consumer magazine (Whitehead, 2005). Despite Primark's immediate reaction to this accusations by dropping the contract with these suppliers, public reaction did not diminished (Arnott, 2008).

However, Primark decided to take further actions against these accusations and decided to go directly to the web, by passing the mass media channels (Jones, Temperley & Lima, 2009). They built up a web-page to answer the questions and accusations of protesters. After activating the web-page many comments were published by both fans

of Primark who defended their fashion company and angry consumers that accused Primark to be involved in unethical operations. As a matter of fact Primark built an online barricade through its customers who spoke up on behalf of Primark in social networking sites, chat rooms, forums and blogs to defend its reputation (Jones, Temperley & Lima, 2009). This communication strategy, to bypass mass media channels and directly address dissatisfied consumers or protesters resulted in open communication and enhanced the establishment of a transparent dialogue with consumers, which fulfilled the needs of stakeholders.

4. CONCLUSION

Former research has shown that reputation threats for organizations arise as a result of crisis situations (Coombs, 2007). This research has acknowledged the fact that the emergence of Web 2.0 applications such as blogs, wikis, forums or social media web-sites lead to a significant increase in potential reputation threats for organizations, since the unfiltered information flow entered an uncontrollable dimension in the social world. Furthermore it is pointed out that a number of factors influence the corporate reputation. Especially in this online environment organizations are more open to customer attacks, as one single comment can have a huge impact on companies' online reputation.

In order to answer the main research questions, first subquestions were discussed and a case study was conducted. The first sub-question "What are the sources of crisis situations and how do they effect the reputation of a company?" could be answered with the use of Coombs' Situational Crisis Communication Theory (2007). Coombs's SCCT was originally developed in the aim of preventing corporate reputation from threats by identifying crisis types and allocating crisis response strategies. The list of 13 crisis types, which are grouped into three clusters were helpful in understanding the sources of crisis situations. Findings show that by identifying the crisis types, management can anticipate how much crisis responsibility stakeholders will attribute to the organization, which has a direct influence on corporate reputation (Coombs, 2002). In addition clustering crisis types helps crisis managers to come up with a certain strategy which fits to a specific cluster. The SCCT model's illustration of the relationship between crisis responsibility- crisis response strategies- and corporate reputation played a critical role in this paper to find out how the reputation of a company is effected by different factors. It turned out that the performance history of a company is a significant factor, which influences the attribution of responsibility to an organization (Coombs & Holladay, 2001).

The answer of second sub-question "How do companies respond to crisis situations especially to online reputation threats?" is based on the combination of Coombs SCCT model and several other articles that examining the electronic word of mouth (e-WOM) and the effects on reputation of companies. It was highlighted by most articles that every crisis has unique features and response strategies usually depend on crisis types. Nevertheless 10 common strategies were identified by Coombs that are grouped into three specific clusters, which indicated how organizations should response to various crisis types. It is important not to use overly accommodating strategies when it is unnecessary, because it can worsen the situation. Stakeholders begin to think the crisis must be worse than they thought if the organization is responding so

aggressively. On the other hand implementing a denial strategy in case where rebuild strategy is inevitable, the public outcry can be enormous (Coombs, 2007). These findings by Coombs mostly refer to general crisis situations and not to online reputation threats but despite the fact, they suit to certain cases.

Moreover the findings of several articles (Williams & Buttle, 2014: Lee, Park & Han, 2008: Jones, Temperley & Lima, 2009) contributed an important aspect to this paper, because they approached the issue of corporate reputation in relation to the era of Web 2.0. Williams and Buttle share the view that every department has its own certain strategies and highlighted the role of public relations as critical to implement these strategies and collaborate with other departments to defend reputation threats (2014). Moreover Jones, Temperley and Lima (2009) emphasized the idea of the enhancing online reputation by benefiting from search engines such as Google, Yahoo or MSN, which determine the importance of the web-sites by ranking them in a specific order.

As already mentioned by Coombs and Holladay (2001) it is important in online reputation management to develop a transparent and ethical dialogue with its various stakeholders, which occurs in the case study of Primark. In order to develop a feasible answer to the main research question "How can companies deal with reputation threats in online social environment" first the subquestions were answered. But in addition a case study was conducted to give the problem a practical view.

There are two main conclusions regarding this research question. The first and more general conclusion that is supported by a number of studies is that handling reputation threats especially in an online environment is very difficult and also hard to measure, since the spread of negative buzz can happen anytime and anywhere (Williams and Buttle, 2014). In addition the free flow of endless unfiltered information makes it nearly impossible to control the content.

In order to demonstrate the second conclusion the Primark case is analysed and later compared with the established theories

One can see on the Primark case how companies can deal with online reputation threats. The case study of Primark shows that media comments are tremendous dangers for companies' online reputation, since the spread of an unfavourable information is very harmful for the organization and is hard to control. The reaction of Primark against accusations shows that there are different ways for defending the online reputation of the company, whereas the case also illustrates that with minor adjustments the established SCCT model by Coombs is still applicable. The complication in the Primark case shows that the problem cannot be directly identified as an "organizational misdeed" as mentioned in Coombs 13 crisis types, because regulations were unknowingly violated. But according to Coombs, the problem can still be categorized in the preventable cluster, since Primark was operating with unethical suppliers that were knowingly violating laws or regulations and placing stakeholders at risk (Coombs, 2007). In addition it seems that the company has a history of past crisis, which will lead to greater attribution of crisis responsibility and thus greater risk for reputational damage. That leads to the fact that Primark is also confronted with the Velcro effect. If a company is already accused to operate in an unethical manner, it will attract more reputational damage (Coombs, 2001). In this case particular crisis response strategies

were developed by Coombs to most effectively defend the company's reputation. According to Coombs crisis response strategies, rebuild strategy is the most suitable option for the crisis situation, since Primark faces a serious reputational threat. "Rebuild crisis response strategies should be used for crises with strong attributions of crisis responsibility (preventable crises)", (Coombs, 2007.p11). The reaction of Primark shows similarities with the "apology" option in rebuild crisis response strategies by Coombs (2007). Namely Primark decides to take action and goes directly to the web taking full responsibility, and building a dialogue with attackers. This strategy applied by Primark emphasizes the importance of communication, which is highlighted also by the SCCT model as Coombs says "SCCT shares this belief in the power of communication with Image Restoration Theory" (Coombs, 2007.p9).

In order to illustrate the differences and similarities between the Primark case and the established theories the following table is created.

	Theory	Primark
1. Stage: Identification crisis cause and categorisation	Crisis identification: Organisational misdeed (Knowingly violating regulations) Categorized in the preventable cluster. Velcro effect (Coombs, 2007)	 ✓ "Unknowingly" violating ethical regulations ✓ Preventable ✓ Additional reputation threats attracted (velcro effect)
2. Stage: Developing response strategies	Rebuild strategies > apology > compensation (Coombs, 2007)	✓ Taking the full responsibility for the crisis (apology) ➤ Ending contract with accused suppliers (No compensation)
3.Stage: Implementation	PR department deals with media channels (Williams and Buttle, 2014) data collection methods early warning systems New software like "TheBuzzMon itor" or "Radian6"	 ✓ Building a webpage to communicate with stakeholders (PR action) ✓ Mine and list data through search engines ✗ Bypassing mass media channels ✗ No early warning systems or new software
4. Stage: Evaluating results	 Stakeholders interactivity Fulfilment of stakeholders needs protect ing corporate reputation 	✓ A transparent dialogue with stakeholders ✓ Stakeholder interactivity

Table 1. Dealing with online customer attacks

In this context the second conclusion of the above state research question can be given. There are four stages highlighted for an organization in case of an online customer attack to defend the corporate reputation. The first stage is when the crisis occurs, management analyses the content and tries to figure out what the roots of the crisis are. Furthermore a crisis type is identified by making use of Coombs SCCT model (2002). This crisis type is categorized into a cluster to define the proper strategy. The second stage deals with the response strategies of management. In order to react to the reputation threat, a response strategy needs to be selected. Again Coombs SCCT model is used to identify the suitable strategy (2007). The third phase is the implementation stage, which should be made according to Williams' and Buttle's conclusion, namely by involving PR department in order to benefit from their broad media network and unique skills to deal with media comments (2014). In addition the company can benefit from data collection methods and early warning systems used by the PR department to avoid the spread of NWOM in online world. In different cases, even professional help is accepted and external PR agencies are contacted. Moreover as already introduced by Lee, Park and Han (2008) e-WOM can be observed and controlled unlike traditional communications, because the communication form consists of written formations. Therefore consumer reviews can be measured. Also by making use of new software developments such as "TheBuzzMonitor" or "Radian6" the company can monitor and measure online media content to oppose the spread of negative e-WOM (Williams and Buttle, 2014). The last stage is the evaluation stage. In this stage it is discussed whether the needs of stakeholders are fulfilled in order to get their support for improving corporate reputation and avoiding supplementary reputation threats. This framework, consisting of 4 stages, is a practical overview for organisations to deal with online customer attacks in order to avoid reputational damage.

5. DISCUSSION

Despite inconstantly developing business environment and rapidly changing communication channels, organisations should be aware of the importance to follow a framework in crisis situations. In this case Coombs SCCT model is applicable to identify the crisis and categorize it in clusters in the aim of developing suitable response strategies. Nevertheless, it is also essential for an organisation to develop a flexible character in its business processes in order to adapt to the variations in online media environment. As already mentioned, during the implementation process, PR department has a central role, since it coordinates the execution of the response strategy and cooperates with various departments, especially with senior management. Therefore it is important for management to fund PR department, so personnel can be educated and trained for instance by practicing worst-case scenarios and organizing monthly risk assessment meetings. In some cases external PR personal should be contacted to avoid mistakes in time of a serious crisis situation. Another aspect that should be acknowledged by an organisation is the including new software systems to track negative word-of-mouth in online media. With the help of software such as "TheBuzzMonitor" or "Radian6" online content can be controlled and the spread of harmful information avoided. For the company Primark it is advisable to implement such software, since the company was mainly attacked on online applications for instance in blogs, forums or social web sites. Moreover, Primark should also apply the compensation strategy suggested by

Coombs response strategies, for instance by introducing a campaign to help the affected children in particular supplier firms. Another act to improve corporate reputation would be the implementation of the fair trade label for clothing industry, which is used only in a few companies in the world. Therefore Primark could assure that all companies in its supply chain follow strictly guidelines. In this paper the value of transparency and honestly is repeatedly highlighted, so the main advice for organisations is the emphasizing honesty in business processes and establishing transparent communication channels.

5.1 Implication for theory

Corporate reputation management is a fiercely discussed topic in the literature, which is aggravated with the emergence of the social media culture. Likewise is the complication in finding the proper strategy to prevent reputation from online customer attacks. In addition there is a lack of empirical evidence that depicts the outcome of applied crisis response strategies. Therefore this research indicates that there is a strong need for research that fills the gap for lack of evidence.

5.2 Implication for practice

Findings figure out that especially in the vivid social media environment, a crisis can cause serious reputational damage and can occur anytime regardless the industry, country or company. Organisations need to be aware of this fact and prepare a plan to minimize the damage, by developing a framework or a strategy to prevent the company from reputational damage. This plan should be integrated to the organisations structure to avoid complication in the implementation stage. Nevertheless, it is very important to act transparent and emphasize honesty by addressing its stakeholders. Training employee to cope with the online environment and accepting social media as an opportunity to communicate with its customer instead of recognizing it as a permanent threat, is essential for the organization.

5.3 Limitations

This research has a number of limitations starting with the fact that it relies on academic literatures showing partly discrepancies regarding the recognition of reputation management. Another limitation is the complication to measure corporate reputation, as it difficult to assess an intangible asset. Moreover Coombs SCCT model relies on case studies, thus the degree of responsibility attribution cannot be measured. Further, the SCCT model was originally developed to counter crisis situations in the aim of protecting corporate reputation, but it was not confronted with the new era of Web 2.0 which significantly changed the business environment. In this research only one case is investigated, so a generalisation can be excluded.

5.4 Future research

Research in the future should focus on finding empirical evidence on the effects of applied crisis response strategies. Moreover, regarding to Coombs SCCT model, it is from particular importance to find out whether performance history and crisis response strategies have the same effect on corporate reputation in various crisis types. Another interesting topic that should be further researched is the relevance of time organisations need to react to a crisis situation. For example one question to ask would be "How does the reaction time of companies during crisis situations influence the effect of applied crisis response strategy?"

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