

Customer misuse of social media and consequences on firm strategies

Author: Anita Davoudi
University of Twente
P.O. Box 217, 7500AE Enschede
The Netherlands

Abstract

This paper identifies the economic as well as the technological aspects of the relatively new online application which is known as social media. The focus in this paper lies in the investigation of social media and their misuse from the end-consumers towards their own benefits and on the impact of such practices on the marketing strategies of companies. The experiences so far, based on literature, is that the social media lead to an empowerment of the end-consumers who sometimes misuse their increasing power to damage a company. The consequences are profound and extensive, affecting not only the reputation of an organisation but also its business survival. On the one hand, the academic perspective requires that attention towards social media must be paid specially within the marketing strategies, whereas from the practical point of view firms do not understand the importance and undervalue the impact and consequences of social media.

Supervisors: Dr. E. Constantinides and drs. Patrick Blik

Keywords

Social media, misuse, marketing strategy, threats, consequences, reputational loss, communication, technology, Web 2.0

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5th IBA Bachelor Thesis Conference, July 2nd, 2015, Enschede, The Netherlands.
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1. INTRODUCTION

Nowadays the usage of social media websites is among the most common activity of the people in the 21st Century. Thereby any website that allows social interaction is considered as a social media platform including 'social networking' on sites such as Facebook, Twitter or Myspace (O'Keeffe and Clarke-Pearson, 2011). This breath-taking raise of the usage of social media involves nearly all aspects of everyone's private and professional lives (Qualman, 2010). In a daily basis, social media do not exclusively belong to the marketing and public relations department anymore, however, they should be also an important part of a company's overall strategy (Qualman, 2010 and Zhou et al., 2007)

It has been more than a decade that the World Wide Web has been offering customers the possibility to buy products or services directly from website applications, which reduces the need to visit local stores. Additionally, the Internet and in particular social media platforms (SMP) "have given consumers unprecedented control, information and power over the market process, posing retailers with a number of important dilemmas and challenges" (Constantinides et al., 2008, p.1).

Subsequently, technological improvements related to SMP's become increasingly important in Business-to-Customer (B2C) sales activities, since they serve as a great opportunity to build strong ties and relationships between both parties (Miller and Lammas, 2010). Moreover, the interface (a point where two systems, subjects, organizations, etc. meet and interact) between customers is nowadays possible with the connection and interaction through social platforms. The exchange of information can enhance the process of democratization of certain knowledge, whereas potential customers have the opportunity to actively participate in this process by sharing their own experiences and opinions (Constantinides et al., 2008). "The result is a unique form of customer empowerment allowing customers to affect as never before the market power structures and [...] the shapes of future marketing" (Constantinides et al., 2008, p.8).

Opportunities and threads go hand in hand. Chu and Kim (2011) argue that customers might abuse their power through SMP's, in order to exploit their own benefits. The abuse of their power can lead to several complications such as online price wars between competitive firms, execute calumny of firms which did not fulfil the essential requirements in terms of price, quality or delivery service and so forth (Chu and Kim, 2011).

The growing developments of the Internet and its progression regarding to social media have provoked that the importance and the power of the Internet is substantially discussed from an academic and theoretical perspective (Constantinides et al., 2008).

1.1 Management problem

The major challenge that management of organisations are facing, is how to handle social media and its interactions in their marketing as well as overall firm strategy. To successfully integrate social media into the daily work routine, the organisation must first understand the value and importance of social media and deploy professional-trained IT and communication staff. Since the threats of misusing social platforms are steadily increasing, firms are obliged to re-orient their strategies. To this end, first it should be understood what different dimensions of misuse exists, how they can influence the company and how to strive against them. Therefore, the research problem with which the present study will deal, is:

'To what extend does misuse of social media influence the marketing strategies of organisations?'

1.2 Relevance of this paper

The current thesis will be of academic relevance, since it presents a critical overview about the current literature on the misuse of the customer's power over social platforms. The thesis also overview the factors that influence the marketing strategy of companies. Additionally, the two variables will be connected to each other and determined in how far the power of the customer impact the marketing as well as overall strategy of the firms. Thus, a link will be established between the two fields of research. By combining the literature about social media and the literature about increasing power of customers over firms, the paper aims at presenting an overview about the influence of the customers over the strategy of companies. Furthermore, future research directions will be outlined with the aim of deepening the knowledge of the misuse and its impact on organisations at the end of this study.

Besides the academic relevance, this paper would potentially serve as a guideline for managers to recognize the importance of social media in their strategy and in general for their daily activities. Moreover, the present study attempts to reveal what kind of misuses exist and how to deal with them in order to avoid bad reputation through the customers' power via social platforms. It is crucial to understand the buying behaviour of the customers as well as the advantages via online purchase so as to develop strategies which are beneficial for both sides. Win-win situations lead to satisfied customers who in turn are more loyal and less price sensitive. According to Matzler and Hinterhuber (1998) it costs five or six times more to acquire new customers than to keep one.

1.3 Connection of the sub-questions

In section three of this paper, a literature review will be given which is based on a well-matched and ordered series of sub-questions. These sub-questions aim to split the numerous research questions into smaller pieces and lead to the solution step-by-step. The questions are based on a sequential structure: at first the basic understanding and definition of social media is illustrated, this is followed by the detailed description of what the misuse of social media is and how companies can protect themselves from its menace. At the end, methods and procedures before and after reputational losses will be described and analysed.

2. METHODOLOGY

The methodology that will be applied in this research paper comprises a qualitative data collection and conducted interviews among ten companies which are located in Germany and the Netherlands.

2.1 Literature Review

According to Webster and Watson (2002) a review of pre-existing relevant literature is a fundamental feature of any academic work. An adequate review is able to create a strong foundation for advancing knowledge. Moreover, a literature review is a sort to collect data from preliminary researches (Kajornboon, 2004). However, a literature review could simplify theory development, close areas where the opulence of research exists and divulge areas where research is needed. A well-chosen sample of current literature from different well-deemed professional journals gives the reader a first impression about the issue and leads to the comparison between theory and practice. The focus of specifically selected keywords while searching professional journals helps to filter irrelevant publications and to

concentrate on adequate findings. Browsing the search engines the following keywords were used: misuse of social media, threats of social media, change in strategy caused by social media, consumer empowerment, shift in power from organisation to consumers, definition of social media, characteristics of social media, general hazards of companies, protection against social media, reputational loss, avoiding reputational loss, forfeiting reputational loss, etc.

2.2 Data collection

As outlined above, the collected data would be of qualitative nature and contains interviews with several companies from different industry sectors. It is a proper and often common method especially for case studies. Furthermore, a qualitative interview is a fundamental element of a qualitative research projects (Myers and Newman, 2007). As defined by Lyn Richards (2015) 'qualitative methods are ways of studying people and their social worlds by going there, observe them closely, in their natural setting, and learning how they understand their situations and account for their behaviour.' (p.1). Rather than testing existing theories in quantitative methods, qualitative research methods attempt to understand individuals or a small number of cases. The rich and immense detailed data helps to analyse specific situations. In this paper the intention is to test hypotheses and a specific situation (Richards, 2015).

2.3 Participants

A table with detailed information of the participants of the interview can be found in the appendix of this paper. The participants are from different industry sectors but we mainly concentrate on the hotel and restaurant sector which is more involved into social media and its misuses. Nevertheless, companies from the automobile sector, outdoor toys sector and fashion industry are also represented.

2.4 Interview / Procedure

According to Myers and Newman (2007) there are three types of qualitative interviews: (i) 'structured interview' (p.4), (ii) 'unstructured' or 'semi-structured interview' (p.4), (iii) 'non-structured interview' (p.4). The type of interview which has been applied for this research paper is a structured interview where '[...] a complete script is prepared beforehand' (p.4) and all participants were asked the same questions; a standardized interview to be able to make a comparison between the different companies and industry sectors. Since face-to-face interviews were not possible for all firms, an online interview was scheduled via email or directly through the computer.

After collecting all interview records, the further procedure will be an in-depth analysis of the results between the different sectors and afterwards a comparison between the critical findings of the literature and the outcome of the case studies. This enables us to examine possible similarities and differences and hence suggesting appropriate solutions and recommendations.

3. LITERATURE REVIEW

3.1 How can social media be defined?

In the first section of this paper a general definition of the term 'social media' will be given. It is further defined how social media is divided into different sub-categories and how far these sub-categories are connected to each other.

In practice, social media employ web-based technologies to develop interactive platforms with which individuals as well as communities share, co-create, discuss, and modify user-generated content (Kietzmann, Hermkens, McCarthy and Silvestre, 2011). Generally spoken, social media contains four main categories: there are blogs - online journals, the most known and fastest-growing category, social networks -

application allowing users to build personal websites, communities - websites organising and sharing particular types of content, and forums - sites for exchanging ideas and information (Constantinides and Fountain, 2008). The most common and popular examples of SMP are Facebook, Twitter, Myspace, Cyworld and YouTube (Boyd and Ellison, 2007). Commonly, the term social media is the abbreviation for social network sites (SNS) and contains hundreds with different technological affordances, supporting a wide range of interests and practices (Boyd and Ellison, 2007). According to Boyd and Ellison (2007) a web-based social media service 'allow individuals to (i) construct a public profile within a bounded system, (ii) articulate a list of other users with whom they share a connection and (iii) a view and traverse their list of connections and those made by others.' (p. 218). However, social network sites can vary to the extent to which they are able to incorporate new information and communication tools such as mobile applications, blogging, photo- and video sharing (Berthon, Pitt, Plangger and Shapiro, 2012).

Additionally, a few journals state that the term social media is the synonym to the current term of 'Web 2.0' and can be used interchangeably (Constantinides and Fountain, 2008). This is the ultimate evolution of Web 1.0 and an intense increase in the usage of the World Wide Web. The Web 2.0 is altering incredibly the way people are behaving in their daily routines: it changes the way of communication, the decision-making process, how people socialize themselves, learn and even entertain themselves with the interaction with other 'online' people (Constantinides and Fountain, 2008).

With regard to the definition of social media from the technological perspective, Berthon et al. (2012) asserted that the Web 2.0 transform 'Broadcast media monologues (one to many) into social media dialogues (many to many)'; additionally added by Constantinides and Fountain that Web 2.0 is an assortment of 'open-source, interactive and user controlled online applications [...]' (p. 232).

Although social networks are developed to allow individuals to meet strangers and communicate with them, based on same character attributes and shared interests, the most surprising contradiction is that social media is often used only as a maintenance of already existing relationships. Furthermore, the openness of the users is all too often impaired by their reliance damage and bad experience with foreign users who deceive people in many ways (Agichtein, Castillo, Donato, Gionis and Mishne, 2008).

However, the current interest in social media from an organisational point of view lays on the way in which these applications are challenging the strategists and marketers. Organisations have to take care of the immense evolution of social media platforms and their great empowerment of the end-consumer, since according to Constantinides and Fountain (2008) social media transform the consumers' group and individual behaviour. Berthon et al. (2012) visualized the different aspects of Web 2.0, social media and the so-called creative consumers and their similarities and differences:

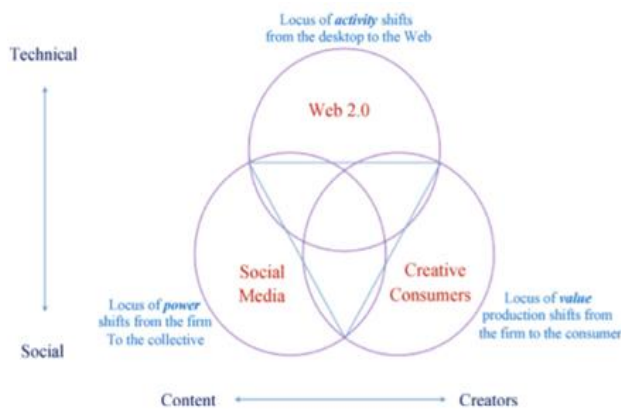


Figure 1. Visualization of Social Media and its different aspects

The graph shows the divergent positions between social to technical and content to creators. As one can see there is a locus in social media from shift in power from firm to the collective; a locus of activity shifts from desktop to web at Web 2.0; and locus of value production shift from the firm to the customer in terms of creative consumers. This emphasize the connectivity between the three terms and how they are able to change the relationship between firms and consumers.

3.2 What are the business hazards of social media platforms?

Social media by its definition, as previously described in the first section, have a lot of benefits in the globalized world, such as the better connection through the Web 2.0, improved communication ways between the users, and higher information proliferation (Berthon et al., 2012). Although companies benefit from social media in terms of being closer to their customers and gain a better and sophisticated understanding of customer needs, they are faced with several threats.

By the cause of social media or the Web 2.0, the highly globalized world has become quicker with regard to the spread and flow of information, and therefore organisations have firstly to be aware of this unfamiliar situation (Bellmann et al., 1999). Consequently, gaining information about a specific company's product / service has become a lot easier. Regardless if the actual information is positive or negative, the result is the unpredictable speed of forwarding the information into the World Wide Web which is the immediate threat for any organisation (Berthon et al., 2012).

In his article, Smith (2009) addressed that most of the time the user of social media platforms, who are naturally the end-consumers, do not comment or blog about a specific product or firm in order to intentionally damage the firm. Nevertheless, there are also communities who intentionally share their own thoughts and views about a company for their own purposes such as damaging an organisation. These people discern that the content of their public opinion is able to get reported via other channels and receive high attention. Consequently, this can lead to bad reputation and furthermore to damage of a company's prestige (Agichtein et al., 2008).

Additionally, a survey carried out by Miller and Lammas (2010) showed that consumers try to gain information about a specific product / service via social media twice as often as from the official websites of the companies; and roughly half of those who obtained the required information through the platforms build up their purchasing behaviour on this knowledge.

Furthermore, the evolution of customer power which is caused by social media would be another potential business hazard (Kaplan and Haenlein, 2010). The past years has displayed that the trend of using social media websites increased enormously and that in the next upcoming years the trend will continue (Asur and Huberman, 2010). The number of people who get connected online through SMP will increase simultaneously and consequently leads to a shift in power since 'the general public reigned' (Kaplan and Haenlein, 2010, p. 62).

Social media enables the consumers to communicate to hundreds, thousands or even millions of people in the world in an easy way. However, it is a two-edged sword, meaning that the Web 2.0 empowers the customer and at the same time weakens them (Asur and Huberman, 2010). Due to the increase in power via social media, the companies are faced with the problem of losing control of the consumers (Kaplan and Haenlein, 2010), thus the consumers' influence to companies will increase and become more customer driven (Smith, 2009).

One additional aspect which is worth mentioning, is the triggered price war between the companies and the abuse of the vulnerability of competitive companies (Berthon et al., 2012). Price war on social platforms developed through the misuse of the customers who benefit from the low prices (Kietzmann et al., 2011). Companies are often forced to participate in the competition since otherwise they can possibly lose a considerable customer base. But the additional compulsion leads to a healthy competition since organisations are not able to be the market leader and define the prices (Asur and Hubermann, 2010).

To recapitulate briefly, social media is not only able to promote positive aspects to companies but also can threaten company's reputation or even jeopardise their survival. As Hanna et al. (2011) stated 'we are all connected' - the speed of information flow has increased so dramatically that as a result it become easier for consumers to misuse social media in order to damage a company's reputation. Mostly companies are not able to prevent these negative impacts of consumers before the general public notice (Bellmann et al., 1999).

3.3 What types of misuses exists on social media platforms?

The next important question to mention here is what kind of misuses actually exists on social media platforms and how we can identify them. The following section will give an overview of the different misuses.

Obviously the whole evolution from using the World Wide Web until the misuse starts very early as consumers start utilizing the social media platforms (Kietzmann et al., 2011). There are content-sharing sites, blogs, social networking and wikis and all of them enable to create, modify, share and discuss specific content (Komiak and Benbasat, 2004). The aforementioned platforms leads to the so-called 'social media phenomenon' which can nowadays with their power significantly impact the organisation's reputation and even their survival (Kietzmann et al., 2011). One of the main reasons why people prefer using social media platforms to share their opinions, thoughts and comments is that, according to Komiak and Benbasat (2004), social media is the more impersonal, anonymous and automated way to communicate with the external world. Similarly, consumers think it is easier to write their real opinions such as criticizing the products with which they had bad experience (Wright and Hinson, 2008). Furthermore, the additional advantage of using the social websites is that one is able to be reached by far more people than in 'real-life' (Mayfield, 2011).

Since social media has become a normal everyday part of many people's lives, it has also become a very powerful tool which

empowers the consumers as opposed to firms and organisations (Shirky, 2008). The empowerment of consumers is angst-inducing for many organisation since they are losing their power to influence people in their buying-behaviour (Shirky, 2008). Misusing something can have different faces: there is calumny if a consumer is very dissatisfied with a firm or a product; different assessment and rating portals in which consumers can tell the world their experiences and broadcast misuse with that videos are made by consumers in which they put products to the acid test and afterwards articulate a recommendation or not (Abrahamsa, 2012). It is notable that the hotel and restaurant sectors are also affected by the misuse of the end-consumer. There are thousands of rating websites in which consumers share their bad or good experiences (Kaplan and Haenlein, 2010). Besides sharing experience of the consumers, rating websites are usually the deal breaker for many consumers as they only look at the ratings of the previous users/consumers and check out whether they have recommended that specific hotel or restaurant or not (Nair, 2011). According to Kietzmann et al. (2011) negative ratings from previous consumers are more influential during the decision-making process than positive ratings.

3.4 To what extent are companies capable of protecting themselves against the misuse of the customers' power?

As identified in the previous section there are several misuses of social media that consumers do for their own advantage and harm companies with their behaviour. This chapter will provide some facts of how companies can protect themselves against these misuses.

Berthon et al. (2012) asserted that there are several barriers that companies should overcome in order to be able to protect themselves against social platforms. The first barrier that companies need to address is the attitude and language of engagement towards the customers. Listening and learning are more important than preaching and forcing actions. Organisations have to take a personal tone in their conversations with the customers.

Finding the balance in the paradoxical situation between attempting the stakeholder to engage in social media and simultaneously prohibiting the own employees from using the social networking tools at work, is the second barrier for organisations.

Furthermore, companies have to understand that social media strategies require speed and flexibility. The management has to be fast and circumvent bureaucratic rules, otherwise it can extremely decelerate the decision-making process.

According to the study accomplished by Berthon et al. (2012), employees usually lack IT and communication skills. 74 % of the surveyed employees reveal that it is very easy to damage a company's reputation on social media but only 17% of the surveyed companies have installed programs to observe and mitigate potential risks related to their social networks.

The last but not least barrier is that senior decision makers look at social media as a wasteful indulgence of the youths. Since the senior decision makers are from an older generation, they often cannot recognize the immense importance of social media.

Nevertheless, there are a lot of possibilities how a company can avoid or overcome these barriers such as employing skilled labours, especially in IT and communication sectors.

Generally, a company should integrate their employees more into the daily business activities in order to monitor their opinions and perspectives about the company (Baird and Parasnis, 1996).

An additional way to protect oneself is to implement programs to control, oversee and reduce potential reputational risks. These programs are able to discern potential risks in advance such as continuous checking different social media platforms and in the case that there are specific keywords found which are directly connected with the company, the system sends an alarm and the responsible persons can easily respond to the potential risks (Shirky, 2008).

As Abrahamsa et al. (2012) showed in their article, applying such a program is a way to protect the company from the threat of misusing. The text mining program distinguishes automatically mails between complaints and non-complaints and therefore speeds up the IT department's reaction.

Creating a social media plan can also serve as a safeguard against the misuse by customers (Berthon et al., 2012). The organisation is able to analyse its environment beforehand and take important steps. Thus, the company develops a better situational awareness (Mayfield, 2011).

As mentioned earlier in this chapter, one barrier was that the senior managers do not see the relevance and significance of social media in nowadays businesses. In order to protect a company from being attacked by the misuse, those employees and junior managers who have a closer relationship to the older senior managers should make themselves active in the Web 2.0. Since in today's business life companies benefit through a well-planned and -structured presence in the social media world, building a team which is responsible for monitoring social media and 'act as the eyes and ears' is necessary (Mayfield, 2011).

Moreover, teaching the employees the importance of social media or creating an extra team who is responsible for social media is another way of protection.

Nonetheless, a company can never completely protect itself from these types of attacks since the social media world is too fast to be controlled for every single thing within a short period of time.

3.5 How can bad reputation through the misuse of customers' power via social media be averted by companies?

The fundamental step to harness the power of social media, especially for international marketing strategists, is to understand the technology that reinforces the social media (Berthon et al., 2012). The strategists must understand the consumers and their position. This is crucial since technology has transformed the prior traditional passive consumer into a dominant source of creative talent (O'Keeffe and Clarke-Pearson, 2011). The shift in the power has to be recognized by the organisations in order to adapt themselves to the new and unknown situation and to be able to survive in the business (Nair, 2011).

As reported by Chibuike Iwu-Egwuonwu (2010) 'corporate reputation positively impacts on firm performance' (p. 1). Several journals are firmly convinced that reputation can bring an immense amount of wealth for any organisation. Besides, reputation became an intangible asset which ultimately increases the sustainable competitive advantage, and is therefore, indispensable (Chibuike Iwu-Egwuonwu, 2010).

In contrast to positive reputation, negative reputation can cause an extremely tough situation for companies, as it threatens the overall performance (Heinonen, 2011). Nevertheless, negative reputation on social media platforms can trigger a big rush for the companies which is connected with stress, pressure and enormous time exposure (Kietzmann et al., 2011) and should be avoided by actively participating on social media (Berthon et al., 2012). Generally speaking, there is no 'perfect' or 'appropriate' strategy that companies can always follow to avoid bad

reputation (Kaplan and Haenlein, 2010). Additional actions that can be taken are for example start listening to the customers and their requests instead of advertising the product or service one is offering; have a sympathetic ear for customers' feedback (e.g. on rating websites), understanding the environment they are acting in and behaving like a 'sponge' by absorbing outside influences (Schiele, 2010) and putting criticism into practice. Although social media is a way of communication, organisations should avoid communicating with customers in an impersonal and anonymous way. Instead, they should try to talk to them in a way as a trustworthy 'friend'. This leads to the point that the customers feel themselves as relevant and as 'human beings' who have the right to complain, talk or request (Williams and Chinn, 2010). The crucial point is not to lose personal contacts with the customers, therefore the following points describe how to be social: 'being active, being interesting, being humble, being professional and being honest' (Kaplan and Haenlein, 2010, p. 63).

3.6 What opportunities exist for companies after forfeiting reputation?

The previous part showed a couple of alternatives how a company can avoid bad reputation which can be caused by the misuse of social media by customers. However, as mentioned in an earlier section it is not possible to completely avoid the risk of reputational damage. Thus, companies have to be aware of being eventually confronted with reputational losses (Wright and Hinson, 2008). Therefore, in this section various opportunities after forfeiting reputation will be given.

According to Wright & Hinson (2008), companies often tend to forget realizing that the end-consumers are human beings. The customers' complaints are only taken as a beneficial source of product intelligence (Abrahamsa et al., 2012) and not as humans with 'real' problems. Therefore, the first step in interest of a company is to create a consciousness about treating customers correctly.

Equally important is to provide direct channels of communication to the end-consumer in order to show them the importance and priority of each customer (Wright and Hinson, 2008).

Nevertheless, the significance of every reputational forfeiture has to be evaluated for the given situation. There is no universal rule where each problem can be resolved through a specific pattern (Kietzmann et al., 2011).

Besides the aforementioned possibilities, Hanna et al. (2011) stated that creating and afterwards assessing so-called 'worst-case scenarios' enables the organisations to act correctly but also quickly while experiencing reputational losses. No matter how well firms are prepared, not every situation can be carried out to the advantage of the firm; but the crucial point is to learn and avoid making mistakes after suffering (Hanna et al., 2011).

If organisations are not capable of handling the situation or the adequate amount of time is not available, they would have the other opportunity to hire marketing agencies that undertakes the daily social media activities in an appropriate and professional way. The activities of the customers as well as the organisation itself will be monitored and analysed in order to give feedback (Mayfield, 2011).

Finally, according to Nair (2011) the involvement of the end-consumer into new product designs as co-creator is a favourable opportunity in order to build a positive and trustworthy relationship between organisations and their customers. Another potential solution is to integrate all vendors and partners into the value chain so that all participants can benefit from such connections.

3.7 Summary - critical findings

In the previous sub-sections, a detailed literature review was given to answer the research questions. In the following section, the main critical findings of this review are presented to provide a holistic overview of the literature.

Critical findings
<p>1. Definition of social media:</p> <ul style="list-style-type: none"> ➤ social media employ web-based technologies to develop interactive platforms with which individuals as well as communities share, co-create, discuss, and modify user-generated content ➤ social networks are developed to allow individuals to meet strangers and communicate with them, based on same character attributes and shared interests
<p>2. Business hazards of social media platforms:</p> <ul style="list-style-type: none"> ➤ unfamiliar situation for an organization to deal with the quicker flow and spread of any information ➤ bad reputation through end-consumers who wants to intentionally damage the firm via different online channels ➤ shift in power from firms to the end-consumers since increase usage of social media leads to statement that 'the general public reigned' (Kaplan and Haenlein, 2010) ➤ due to the evolution of customers' power, firms are faced with losing control of the customers ➤ triggered price war between companies and the abuse of the vulnerability of the competition
<p>3. Types of misuses:</p> <ul style="list-style-type: none"> ➤ Empowerment of consumers leads to losing the power to influence people in their decision-making and buying-behaviour ➤ Calumny if a consumer is very dissatisfied with a firm or product/service ➤ Different assessment and rating portals in which consumers can tell 'the truth' ➤ Broadcast misuse with that videos are made in which they recommend a product or not
<p>4. How to protect themselves against misuse:</p> <ul style="list-style-type: none"> ➤ Employing skilled labour especially in IT and communication ➤ Giving employees workshops about usage and handling of social media ➤ Generally, integrate their employees more into daily business activities to monitor their opinions toward the company ➤ Implement programs to control, oversee and reduce potential reputational risks (text mining) ➤ Creating a social media plan with which the firm can analyse its environment beforehand ➤ Building teams who are responsible for social media maintenance
<p>5. How bad reputation through misuse of customers' can be averted:</p> <ul style="list-style-type: none"> ➤ Strategists have to understand consumers, their position and their crucial importance as a source of creative talent ➤ Listening to the customers' voice and requests instead of advertising their product ➤ Have a sympathetic ear for customer's feedback ➤ Understanding the environment and act as sponge which absorbs every outside information ➤ Awareness of technology

6. Opportunities after forfeiting reputation:

- There is no 'universal rule' which can be followed to act successfully against reputational losses
- Creating 'worst-case' scenarios that enable organisations to act correctly and quickly
- Hire marketing agencies which undertake the daily social media activities in a professional way
- Involvement of end-consumers into new product design as a co-creator
- Provide direct channels of communication

3.8 Research questions

After stating the research problem and filtering relevant academic papers, three additional research questions developed through the facts and arguments from the literature review which will be tested in this paper in order to sufficiently prove and analyse the research.

Question (I): Does the misuse of social media platforms influence the company's reputation?

Question (II): Do social media, in general, change the marketing strategy of a company?

And question (III): Do social media change a company's overall strategy?

In the following, the formulated questions will be tested and in the end approved or rejected.

4. EMPIRICAL FINDINGS

After presenting a detailed description of the current literature about the misuse of social media in theory, we will now turn the theory into practice and test the hypotheses and the facts on ten companies from different branches as a case study. The organisations are from four different sectors, including: the restaurant-, hotel-, automobile-, and outdoor toys sector. Most of the interviewed organisations are acting in the B2B as well as the B2C industry and consequently allow a holistic overview about the impact of SMP on the current situation of these companies.

Since all firms strive for the same purpose, namely, being successful and making profit, good reputation is inevitable and is nowadays endangered by SMP and the, consequently, empowered customers. Especially the Business-to-customer (B2C) sector is very sensitive since these are directly connected with the end-consumers and therefore need adequate presence and appropriate recommendations in order to stay in business (Richards, 2015). Primarily affected are firms such as hotels and restaurants in the B2C sector.

4.1 Interviews with companies

The interviews with the companies were all made online via e-mail exchanges. The survey form was sent as an online PDF which can be afterwards edited by an appropriate PDF reader. The answers were immediately analysed and compared with the facts which we already elaborated in the literature review. Since the given data from the organisations have to be treated confidentially, we are not allowed to publish the answers of the participating firms. Therefore the facts will be generalized without mentioning specific information about the firms.

In the following subsection the answers of the interviews which we receive from the organisations will be summarized.

The survey form was used in two languages in German as well as in English. The general questionnaire can be found in the appendix.

4.2 Results

In order to give a holistic and appropriate overview about the comparison between the findings of the literature review and the critical findings of the case studies, we will present the summarised results of the interviews from our ten cases.

Generally, it turned out that all ten interviewed companies agreed to participate on social media platforms in any way. Thereby 40% mention to be daily active which equals approximately 4-5 times per week. The organisations added that 'being active' means not only to inform customers about current offers but also communicate with them, such as replying messages and requests. 30% out of ten firms say they are minimum once a week active on the platforms, 10% at least once a month and additional 20% emphasize that they try to be active at least once in a half year.

Besides the aforementioned activities on SMP's, 70% state to have more online contact to their actual customer base than before along with 100% who emphasize to drum up potential customers via social media as well. To canvass for potential customers is defined very divergent between the interviewed organisations. Especially in the automobile- and restaurant-sector, promoting new products and offering customized vouchers are very popular and effective. But still 30% asserted to have no online contact to their customers, these are mostly very small firms which do not have enough enquiries online.

By asking the organisations who is responsible for the social media activities, three out of ten say to have a special team, 50% state to have a specific responsible person and only 20% chose a person randomly. Mostly the teams and persons are within the management area like public relations, human resources or marketing and sales.

The second part of the interview was about the misuse of social media and the experiences of the organisations. Surprisingly, seven out of ten firms experience so far kinds of misuses from their customers. Usually, hotels and restaurants were worst affected by negative ratings and comments on platforms. The second largest mentioned type of misuse were negative and senseless messages on the official 'fan pages' of the firms. The public messages on the newsfeed has the immense power to be spread very fast with losing the control. This can lead to extensive consequences with regard to reputational losses.

Since rating websites have a significant impact on the decision-making of the customers, hotels and restaurants are more faced with reputational problems. Nevertheless, no company assert that the reputational problems lead to a heavy drop in the customer base. Customers are more sceptical but there is no immense decrease in turnovers obvious compared to previous years.

Worth mentioning is that those organisations which are more actively participating on social media, have a higher amount of work on SMP's, therefore start filtering relevant messages and requests from different types of customers is crucial.

Additionally, every organisation confirm that they avoid discussions with customers via SMP and search for direct communication channels to solve specific issues. The personal and direct contact give the customers the feeling to get a sympathetic ear which simultaneously leads to satisfied customers in the end.

Concerning the change in strategy, 100% agree and see social media platforms as an opportunity for further marketing activities which is as an additional advantage very cost-efficient.

Three companies indicated that they are too small to see an impact from social media into their business strategy. Even one organisation say that there is completely no change in their strategies with regard to social media.

Only 20% give SMP a higher grade of importance in their strategies and methods and imply them in their daily routines.

By asking if the shift in empowerment from firms to customers is noticed, firms respond that they only recognize a tendency but not a complete shift in empowerment. But they realise to give more attention to the customers' voice. The importance to the customers' voice increased significantly from 2010 onwards because since then the usage of social media starts to grow heavily.

While most of the interviewed companies answered that there is only a tendency in the shift of empowerment, 70% have still the feeling of losing control through the power of social media in general. The awareness that the classical way of marketing is not enough anymore to face the immense power of social media is clearly recognizable at any asked organisation. They know that they are forced to put more effort into their online marketing strategies – if they perform online marketing broadly.

In order to avoid misuse and reputational losses on social media, the companies which practice online marketing, are compelled to dispense positive statements about the company itself. This can be sponsoring charity events or investments which in turn influence the prestige of a firm in a positive way. Also human resource activities such as recruitment can help to gain positive reputation.

5. ANALYSIS

In the previous chapter the case study and the interview procedure were described. Subsequently, the results were presented and generalized in an adequate scheme followed by a visualization.

Henceforth, the given facts will be now analysed and compared with the theory of the literature. Moreover, in the end of this chapter the critical findings of the literature will be confronted with the results of the case study.

5.1 Comparison between literature and case study

While summarising the results of the current literature and the results of the case studies, some similarities and differences have been extracted from the data.

Since the discovery of more similarities than differences have been identified, it is clear that literature and 'the reality' nearly correspond to each other.

First of all, literature and the cases agree that nowadays social media have a huge impact on the customers' behaviour and can lead to reputational problems. Seeing that the literature assert SMP's are indispensable, 100% of the interviewed firms approved to be represented on social media in any way.

Both the academic and the practical perspectives recognize the shift in empowerment from firms to customers and realise the tendency of losing control over the customers' buying behaviour through social media.

Besides the aforementioned change in empowerment, literature as well as the organisations understand to value the customers as a beneficial source such as involving them into new product development and to introduce them as potential co-creators. Therefore listening to the customers' voice and developing a sympathetic ear for their feedback is of crucial importance.

The perception of cost-efficient marketing strategies is present in current literature as well as in the interviewed organisations. Mostly specific persons or teams are necessary who are responsible for the social media maintenance.

As the articles and the experiences of the asked firms express, hotels and restaurants are more susceptible to attacks from the different customers and suffer more often from reputational problems. Furthermore, the organisations which already made some experiences about the misuse of customers, consent the different types of misuse from the literature but added that there are many senseless messages, comments, etc. as well.

The main important point in the literature is to search for direct communication with dissatisfied customers and not trying to solve the issue in public. During the interviews, it became clearly that the firms are aligned with the argument and solve specific problems directly and particular privately with the users. Due to the quick and improved communication channels with the actual and potential customer base, problems can be solved way swifter than before.

Moreover, the interviewed firms together with the academic papers state that the classical way of marketing is not enough anymore and has to be adjusted with the current circumstances. Surprisingly, every asked organisation share this opinion but not all of them practice the strategies in their business.

With every comparison, differences arise as well. In the second part, we will now turn to the differences between the current academic and practical perspectives.

The most unexpected result is that no asked company has ever take legal steps against the different customers and their misuses. The current journals state that taking legal steps is a day-to-day work and is happening every day. Instead of proceeding legally, the organisations first try to find direct ways to communicate with the customers and solving the problem in an appropriate and respectful way.

The importance to change the overall or marketing strategy with regard to the power of SMP is also not present at every firm. Since the heavy confrontation with reputational losses via social media is not recognized by everyone, the significance to use it in the daily business routine is not obvious.

Moreover, the argument that the market is turning to be only customer driven is not approved, either. The answers of the firms were very clear: they notice only a small tendency towards the claims of their customers. And although they are all faced with misuse on social media platforms, no one had a remarkable decrease in their turnovers.

Summarising, it can be said that the current literature correspond very clearly with the 'reality' of the asked organisation and it confirms the proposed arguments from different academic journals. The differences are very slightly and do not force us to change or reconsider the stated facts and hypotheses from the literature review.

5.2 Similarities and differences

SUMMARY OF CRITICAL FINDINGS

<p>Similarities:</p> <ul style="list-style-type: none"> ➤ Social media have a huge impact on the customers' behaviour and can lead to reputational problems ➤ Shift in empowerment from firms to customers ➤ Tendency of losing control ➤ Understand to value customers as a beneficial source and to gather the customers' voice ➤ Social media can be seen as a cost-efficient way of marketing ➤ Classical way of marketing is not enough anymore to reach all customers in all interest and age groups
<p>Differences:</p> <ul style="list-style-type: none"> ➤ Neither one of the companies had taken legal steps against the customers who exert an misuse of social media for their own benefit ➤ Market is not only customer driven only a tendency is recognisable ➤ Importance to change the overall strategy towards social media is missing

5.3 SWOT analysis

The SWOT analysis¹ is used for positioning and strategy development by companies and other organizations. It aims to emphasize the strengths, weaknesses, opportunities and threats of a specific company, industry or environment. In this case, we implement the SWOT analysis for social media in general. This allows to get a superficial impression about social media's opportunities and threats which result from the strengths and weaknesses.

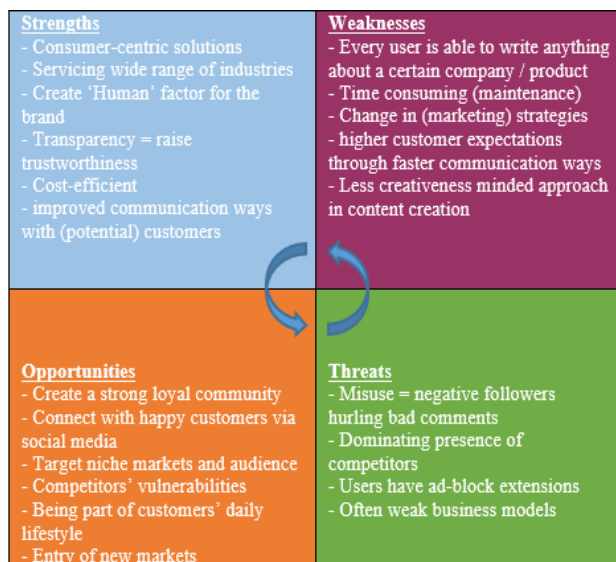


Figure 2. SWOT analysis of social media

6. CONCLUSION AND DISCUSSION

The introductory paper presents an extensive picture of the theoretical and practical perspective about the evolution of the social media platforms and its misuse from the empowered end-consumers. We identified the main types of misuse, how

companies can protect themselves against the misuse, what steps to take to avert reputational losses and what to do after forfeiting prestige. The article first reviews current academic literature and proposes hypotheses which then are examined during the analysis of the ten case studies.

The core statements and essence of the current academic literature state that the misuse of the end-consumers on social media platforms is present and is still increasing in their power. Different types of end-consumers exert divergent models of misuse such as conscious calumny towards a company and its product/service, negative comments and messages to extort personal advantages (such as vouchers) and/or unfavourable statements on rating websites.

The basis of the development of misuse from the end-consumers are the business hazards of SMP which can have an immense impact on an organization. The important point is to understand the huge consequences of the technological developments and to insert them into the business. Due to the unfamiliar situation with the fast spread of information, bad reputation can be diffused very quickly and can therefore damage a firm heavily. The shift in power from firms to the end-consumers leads in the end to the different types of misuse.

While the organisations are powerless with regards to the general usage of end-consumers on social media, several 'tricks' can help to avoid bad reputation and what to undertake after forfeiting bad reputation. The most meaningful and crucial advices are to hire skilled IT and communication staff who are able to take action, creating teams and plans only for the social media platforms and to recognize the customer's voice.

After analysing current academic journals, we interviewed ten companies within Germany and the Netherlands to get an insight about the real implementation of social media into the daily business. As stated already in chapter 5.1 several facts from the literature appear to be true for the organisations. The understanding of social media and its impact on a company's business is obvious for every interviewed firm. Since neither one of the ten cases made an extensive experience with the misuse and suffered from reputational losses, making general statements is not possible. As further outlined in the next chapter, the case study of ten small organizations, the limitations of time and the dread to allocate confidential data, forced us to analyse the cases superficially.

In general, it can be said that the facts from the literature corresponds very clearly to the gathered information from the organisations. Common strategies to take action against the misuse are to creating worst-case scenarios, making a social media plan, hiring a marketing agency or participate in special workshops. As the German philosopher Heinrich Böhl said 'good preparation is half the battle'.

In the beginning of this paper, we stated three additional research questions which were tested during the analysis of the literature and the cases. To recall the questions, we can now suggest which one is approved and which one rejected.

Regarding the first hypothesis which claims that the misuse of social media platforms influence a company's reputation, we cannot definitely approve or reject it. It is a 50/50 decision with which we summarise that SMP do not have to influence the reputation of a company but it can possibly lead to reputational problems.

¹ The SWOT analysis is developed by Robert S. Kaplan, Henry Mintzberg and David Norton at the Harvard Business School in the 1960s.

The second hypothesis asserts that social media, in general, change the marketing strategy of a company. This hypothesis is a very contradictory one since the literature confirms the statement and even suggests that companies must change the marketing strategy, meanwhile the cases claim something different. Although ten out of ten firms state that social media is important and one has to be aware of it, only 20% say that they imply social media into their marketing strategy and daily routines.

The last hypothesis we stated during the introduction is that social media change a company's overall strategy. Very common to the second hypothesis, we can conclude that again the literature approves this statement and even states that social media have such a huge impact on a company, that these have to lead to a complete change in strategy. Our cases do not share this opinion and therefore did not change their strategies with regards to social media.

Concluding, it can be said that the awareness of social media is present in the literature as well as in the cases. Nevertheless, the impact of how social media and the misuse of its end-consumers is far more intensive in the literature and less distinct in our ten case studies. This leads to less introduction of social media into the business strategies until a misuse is recognized and influenced the reputation of a firm.

Finally, all indications lead to the conclusion that social media is important, crucial for organisations and can be used against the reputation or prestige of a firm. The power of social media and its end-consumers will increase heavily. In the future, marketers and strategists have to learn to co-operate and communicate with the powerful customers and to rate them as an equal part of the marketing and product development process.

7. LIMITATIONS AND FUTURE RESEARCH

As is the case with any research, readers have to consider the presented findings and results within the context of limitations. Also the process of answering specific research- and sub-questions typically bears more questions which need to be examined through additional research. Furthermore, this is an explorative study and is not representative for all firms and sectors. Since the number of cases is too small, the generalisation of the given answers is not feasible.

Most importantly with respect to our current study, one has to remember that we considered only a small number of case studies within a small period of time. The possibility and time to understand and analyse the customers' point of view to social media (mis-)use and their buying behaviour was not given.

The restricted number of pages in this study is also a reason for the limited view of the misuse of SMP.

Moreover, the spread of the companies within many different sectors and industries in two different countries, makes it difficult to give an in-depth understanding of the organisation's behaviour. Since every industry and every country has other threats, barriers, rules and aspects, a general statement cannot be made. For future research, the concentration on one sector in one country such as hotels in the Netherlands can help to gain an improved insight into the companies' reactions to SMP and its customer misuse. Also important to mention is that this paper is limited by small companies with a max. of 20 employees. These firms are too petty to be capable of integrate social media issues into their business strategies. The confrontation with a high number of competition, price wars and the direct misuse from end-consumers is missing and do not allow us to get an insight of the firms' reactions.

Since not every organisation is not willing to share confidential information and data, a greater number of firms is needed to be able to gain a sufficient amount of information.

More research needs to be carried out within a longer period of time. Companies and their decision-makings need to be observed in the long-term in order to give answers which satisfy the reader. Psychological aspects have to be examined as well. These psychological aspects enable the reader to understand why and how specific situations happen and how the organisations deal with them. An appropriate example of a detailed analysis is the creation of 'worst-case' scenarios in one organisation. The worst-case scenarios show how exactly firms react in such situations and if the decisions can in the end lead to a successful countering against reputational losses.

Finally, the sometimes normative style of this academic paper is to some extent the result of the lack of scientific support and is therefore partly motivated by the urgent need to establish some bases for future research.

8. ACKNOWLEDGMENT

I would like to express my deepest appreciation to my supervisor Dr. Constantinides, who supported and motivated me during my thesis. Without his guidance and persistent help this bachelor thesis would not have been possible. Also a big thanks to drs. Patrick Blik who gave me advice and support me as my second supervisor.

An additional thank to my student colleague Mr. Koray Erdogan, who conducted with me the interviews, go through the gathered data and supported me all the time.

Last but not least, a big thanks to my family. They supported, motivated and comforted me not only during my bachelor thesis but also the complete three years of my study at the University of Twente.

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8. APPENDIX

The interview:

Part I: Questions about social media presence:

1. Are you participating in social media platforms (Facebook, Twitter, blogs, etc.)?
a. Yes b. No
2. Are these platforms you are using, up-to-date (e.g. maintenance of Facebook page such as regular posts, reacting to consumer requests, etc.)?
a. Yes, daily (4-5x / week)
b. Yes, regularly (1x /week)
c. Yes, sometime (1x /month)
d. No (less than 1x/half year)
3. Do you nowadays have more contacts with your current customers online instead of face-to-face?
a. Yes b. No
4. Do you drum up potential customers via social media platforms such as Facebook?
a. Yes b. No
5. Are there persons or teams who are only responsible for the supervision of social media?
a. Yes, Person
b. Yes, team
c. No, it's done randomly
6. If yes, from which department?

Answer:

Part 2: Experience with misuse of social media:

7. Did you ever experience an unfavourable influence from the end-consumer towards the company on social media?
a. Yes b. No
8. What kind of incident (e.g. bad comment on Facebook about the company, shitstorm)?
Answer:
9. If yes, did it have an impact on the reputation of the company and in how far?
Answer:
10. How did you react (e.g. ignored, taking legal steps, etc.)?
Answer:

Part 3: Change in their marketing as well as overall firm strategy:

11. Did your marketing strategies change over the increase use of social media?
a. Yes b. No
12. If yes, how?
Answer:

13. Did you already recognize that there is a shift between the empowerment of end-consumers and companies?
a. Yes b. No

14. Do you feel that you are losing the control over consumers and it tends to become more customer driven?
a. Yes b. No

15. How did you integrate social media into your marketing strategies?
Answer:

16. It is said that a firm's reputation positively influence the performance, do you experience that positive or negative reputation via social media impact your overall firm performance?
Answer:

The interviewed companies:

Company name	industry sector	city / country
wueins GmbH	Marketing agency/ B2C	Münster, Germany
Hotel Adria	Hotel/ B2C	Munich, Germany
Riverside Hotel	Hotel and Restaurant/ B2C	Nordhorn, Germany
Exit Toys	Outdoor toys/ B2B & B2C	Doetinchem, Netherlands
BMW Cyran	Automobile/ B2C & B2B	Gronau, Germany
Mercedes Benz Beresa	Automobile/ B2C & B2B	Gronau, Germany
Porsche Center	Automobile/ B2C & B2B	Apeldoorn, Netherlands
Ristorante Trattoria	Restaurant/ B2C	Braunschweig, Germany
Hotel Marco-Polo	Hotel/ B2C	Münster, Germany
Frühlings-Hotel	Hotel and Restaurant/ B2C	Braunschweig, Germany