Social Media Environments: Influencing Factors on Corporate Reputation

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This research was conducted in order to illustrate basic principles of social media marketing. A recent literature review reveals how customer empowerment evolves in social media. In addition, customer empowerment is placed into context of social media environments. Therefore, additional influencing factors on corporate reputation are elaborated and identified as corporate communication and online reputation management. Revealing customer empowerment in the context of corporate communication and online reputation management was done in order to provide examples of how businesses might analyze their social media presence. Therefore this research suggests an extensible conceptual model and operationalizations which might be used by businesses and future researches. In order to turn the Web 2.0 environments into strategic opportunities for businesses a specific focus was laid on strategic recommendations. Strategic recommendations are elaborated in terms of dealing with empowered customers in social, the right channel selection for corporate communication strategy and a recommendation on the message itself. Concluding, this research illustrates how businesses might actively use social media environments in order to turn them into strategic opportunities. This is done by responding, interacting and engaging stakeholders in an efficient way through the identification of the most influential actors in social media as well as the right management of corporate communication and targeted online reputation management.

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1. INTRODUCTION

Nowadays, social media raises more and more attention in science but also for businesses. There are several studies underlining the importance of growing communities within the social network atmosphere (Vollenbroek et al., 2013; Spina et al., 2013; Matesic et al., 2010). Social networks are increasing steadily and the “success of social media is enormous” (Vollenbroek et al., 2013, p. 119). Over the last years social media became ubiquitous to everybody as people use it every day. To be more precise people share facts and opinions about entities in online communities (Spina et al., 2013). This leads to a deluge of data which is generated by millions of users and available on the web.

“Millions of users daily view Facebook profiles, send tweets, write or react to blogs or watch YouTube videos” (Vollenbroek et al., 2013, p. 119). As a consequence consumer created content is generated. This can be made accessible and used as a valuable source of information for different purposes. Especially, in the field of marketing the customers’ data generated online can be analyzed and marketers might get into direct contact with their customers. This is the reason why marketers constantly try to understand the roles and possibilities of social media for marketing and integrate social media as instruments into their marketing programs (Vollenbroek et al., 2013).

Furthermore, social media enables companies to reveal themselves. On the one hand social media is used for advertising purposes while on the other hand it can be used in order to promote relationships with existing customers or prospects. It is not only the customer who creates content within this social media atmosphere. For example, online communities enable customers to interact with each other or with a company. Rather more important for marketing is that also companies or marketers are able to publish content or that it is possible for them to engage with their audience. In contrast, traditional media such as newspapers or magazines are based on one-way communication as readers do not have the possibility to directly respond. This illustrates a major difference compared to social media and underlines the fact that social media is participatory which enables two-way communication (Matesic et al., 2010). Due to this two-way communication we are able to distinguish proactive and reactive communication streams (Vollenbroek et al., 2013). Companies can directly talk to their stakeholders in social media but stakeholders can also respond, forward and discuss the message with each other (Utz et al., 2013).

First of all, the companies’ presence and action of publishing content within social media can be seen as proactive commitment which might as a consequence receive a reaction from sites of the customer. Customers not only view content they are rather in a position of contributing their thoughts about a brand, company or product which is at the same time available to other users. Researchers argue that due to this social media has a substantial influence on corporate reputation of organizations (Vollenbroek et al., 2013; Matesic et al., 2010). As a consequence radical changes in monitoring and managing personal, corporate and organizational reputation is required in the online atmosphere (Matesic et al., 2010; Vollenbroek et al., 2013).

Due to the impact of social media on corporate reputation it is worth investigating this relationship further which leads to the focus of this research. There are recent studies which demand measurements and metrics for companies’ online performances (Hoffman & Fodor, 2010; Osterveer, 2011; Michaelidou et al., 2011; Cooke & Buckley, 2008). Defining online reputation evolved by the Web 2.0 development this research especially considers customer empowerment and describes appropriate metrics and measures for companies for assessing and managing their online reputation. Revealing a communication strategy and investigating influential factors that impact the online reputation of companies within social media shall be the foundation of this research.

Jones et al. (2009) state that:

“Companies […] need to focus on procedures and practices in order to manage their reputation and the risks involved as they set out to engage with the wider community in the social web”.

Within this context one might argue that corporate reputation can be stimulated or damaged by social media. Due to the fact that customers are free on content they publish and share with their community there is a threat for corporate reputation. It is the social media enabling technology of the Web 2.0 which empowered the customers and made them more influential to the company by sharing their thoughts with a larger audience. Recent topics in science are related to “customer empowerment” which can be viewed as a channel for corporate reputation threat. However, different sources of reputation threat exist. This research focuses on corporate reputation within online communities by considering the following triggers: customer empowerment, corporate communication and online reputation management (ORM) (Constantinides, 2010; Vollenbroek et al., 2013).

Companies are not able to fully control user-generated content in online communities which is the reason why this research shall explore the practice of online reputation management further in order to overcome reputation threats and turn them into strategic opportunities. This would illustrate the specific added value of this research for businesses and its individual contribution to the research field.

Basically, this research is conducted in order to illustrate influential factors of social media environments on corporate reputation. The first part of this research illustrates the role of social media on customer empowerment. Focusing on mechanisms and techniques provided on social media platforms, this part provides examples of what empowers the customers and what makes the empowered customer so influential to the company. The second part of this research sets customer empowerment into the context of social media environments. Therefore, customer empowerment shall be viewed in conjunction with corporate communication and online reputation management. In the third part the evolvement of customer empowerment, corporate communication and online reputation management within social media environments is reviewed by illustrating their impact on corporate reputation. To sum up, the last part of this research shall reveal strategic implications for businesses and illustrate targeted strategies for dealing with social media environments.

Hence, this research sets up several research questions to be answered:

1. How do social media empower customers? (Part 3.1)
2. What are corporate communication practices constantly used in Web 2.0 environments? (Part 3.2)
3. Does customer empowerment and corporate communication influence corporate reputation? (Part 3.3)

Contributing to the research stream this paper concludes by answering the last research question:

4. What are the best strategies for dealing with social media generated reputation threats in social media environments? (Part 3.4)
2. METHOD
In order to answer the research questions a recent literature review is performed. The literature was obtained by web searches on Google Scholar, Scopus and on the online Library & Archive of the University of Twente. Due to the fast changing social media environment specific focus on the selection of search results was laid on the publication dates. Therefore, a qualitative literature review on recent literature is investigated which shall follow the structure of the research questions. A comprehensive analysis of social media environments shall reveal influencing factors on corporate reputation. Several articles were retrieved at the Journal of Marketing Management; Journal of Database Marketing & Customer Strategy Management; and the Journal of Management Information Systems. The main source was the Journal of Interactive Marketing. In addition the relevance of articles according to the research topic was of specific interest. Therefore terms like “Social Media”, “Corporate Reputation”, “Customer Empowerment”, “Corporate Communication”, “Online Reputation Management” and “Communication Strategy” were of primary relevance while searching.

3. LITERATUR REVIEW
3.1 The role of social media on customer empowerment
- How do social media empower customers?
Triggered by proactive-reactive characteristics of social media platforms customers are in a position to communicate their thoughts and experiences about a brand, product or company rapidly to their social network. Tafesse (2012) states that “Social media empowered users as it enabled them to share their knowledge and experiences over the net unlimited” (p. 15). Furthermore, the numbers of so called professionalised consumers are increasing (Jones et al., 2009). A reason for this might be that there are many sources of information on products, services or brands available online. Especially, the fact that social media creators might create and spread their own versions and messages about a company rather than simply forwarding messages illustrates a threat for companies (Utz et al., 2013).

The phenomenon of networking in social media is illustrated by Jones et al. (2009) as a shift from solely broadcasting to “socialcasting” (p. 931). Customers no more only broadcast their message to their contacts rather more they participate, collaborate and exchange their experiences with each other which creates a social atmosphere. In addition Constantinides (2010) reveals that social media is a collection of interactive, open source and user-controlled internet applications which enhances the experience, collaboration, knowledge and market power of users while engaging with businesses. This as well refers to a more sophisticated social process within the network. Especially, in purchase decisions the interaction within social networks might illustrate an important determinant.

The consumers’ voices are not quiet, because consumers have shifted from being passive to actively engaging with companies and other consumers at the same time. In this realm Jones et al., (2009) talk about passivity and activity which has given birth to a new breed of consumers illustrated as the “consumanager” (p.935) who is in a position of actively influencing and shaping the future success of a business. This is the reason why social media in terms of increasing customer empowerment have become a source of concern for marketers, advertisers and recently became subject of academic focus (Constantinides, 2010).

Furthermore, empowered customers have devised new tactics in searching, evaluating, choosing and buying goods and services which is the reason why customers gained greater control over the commercial process (Constantinides, 2010). Instead of listening to advertisements pushed at them, customers rather trust information they gathered on their own. The commercial process shifted from pushing advertisements at the customer to rather the customer pulling information from the internet. Customers might search for online reviews and information about products or services available to them as those might be more objective which ultimately affects the purchase decision.

To sum up, customers engage with each other in the social network and exchange their experiences, opinions and thoughts about brands, products or services within the social network. However, it is also possible for them to directly interact with a specific company or marketer via the individual social media platform. Furthermore, it is not always the customers’ voice which is represented online in social media environments. Also marketers try to actively engage and communicate with their audience in the social network atmosphere, which can be illustrated as corporate communication practices.

3.2 Social Media Environments
- What are corporate communication practices constantly used in Web 2.0 environments?
3.2.1 Corporate Communication
Corporate communication is especially important when managing corporate reputation. To be more precise, online communications can be viewed as an additional channel for marketers to communicate with their audiences. Jones et al., (2009) state that: “The development of Web 2.0 as an additional communication tool for the management of corporate reputation is a significant and developing research area” (p. 936). Underlining the importance for businesses social media enables that a relatively high number of targeted customers or stakeholders can be reached which is the reason why several companies actively use social media to engage with their audience. The importance of corporate online communication for reputation management is illustrated by Aula (2011) as well because corporate communication is an important tool for communication professionals and one of the rising functions for stimulating corporate reputation. In addition corporate communication is considered to be beneficial in order to inculcate positive corporate associations and purchase intentions of customers (Groza et al., 2011).

Jones et al., (2009) illustrate the importance of corporate communications online as they refer to web brand management practices that are necessary for effective online corporate communications. To be more precise it is not enough to only broadcast a message, the authors’ state that broadcasting as well as a form of socialcasting is required while operating in a multi-layered and multi-dimensional environment (Jones et al., 2009). In this realm socialcasting clearly addresses the functionality of social media as it enables the company to not only broadcast a message to their targets. They are rather in a position to engage and interact with their audience which is described by socialcasting. Hence, corporate communication in the Web 2.0 should focus on interaction and engagement with their target customers and stakeholders.

However, Jones et al., (2009) reveal that corporate communication online is multilayered and a dynamic approach is required to enable flexibility that allows to adapt to changed circumstances and different priorities. Flexibility in online
communication management is required because the external environment of the company is changing rapidly. This is the reason why Goncalves et al., (2013) assume that social media changes the organizational realm and requires an organizational strategy capable of adapting to a changing environment. Furthermore Jones et al., (2009) state that management results are best achieved once external and internal conditions of transparency and stakeholder interactivity are satisfied. What is required for businesses are flexible strategies for managing online interactions. Furthermore, as transparency is required managers have to decide which content has to be published and how.

An answer to this question is provided by Vollenbroek et al., (2013) as they illustrate that corporate communication can be separated into management communication, marketing communication and organizational organization. However, as management communication is rather illustrated as an internal communication stream it is not relevant in social media. More important are Marketing Communication and Organizational Communication including six domains of corporate communication identified by Vollenbroek et al., (2013).

Lewis (2001) states that most companies’ corporate communication strategy in terms of advertisement for example fails to meet all stages of the building block. Companies rather try to persuade their audience of their products or services, while they fail to meet other stages relevant to convince or satisfy them. Once an online communication strategy is developed the online performance of a company has to be managed in order to achieve the desired reputation.

3.2.2 Online Reputation
As customers are in an empowered position to distribute their thoughts about a company online, it is of importance to recognize that online reputation exists in conjunction with overall reputation of company. Aula (2011) defines online reputation as being built on the stories formed by stakeholders and spread within networks and on other shared meanings. Nevertheless, online reputation is also content-based in the sense that users are evaluated by their online contributions (Liao et al., 2012).

Distinguishing different forms of reputation Brown (2010) states that there are two kinds of reputation – personal and corporate reputation. This study focuses solely on corporate reputation. Furthermore, Brown (2010) defines reputation as everything that influences people to think, feel and talk about you the way they do. Therefore reputation can be seen to be established in consumers’ minds. As illustrated by Vollenbroek et al., (2013) corporate reputation is a stakeholders’ overall evaluation of a company over time which is related to direct experiences with the company. In addition Brown (2010) and
Hung et al., (2012) distinguishes between offline and online reputation, because reputation can be communicated offline with real people and in the real world but what is constantly more dominant is online reputation communicated within the Web 2.0.

This research focuses on corporate online reputation and defines corporate online reputation as: All associations, experiences and opinions established in stakeholders minds and communicated online. People have their own impressions about a company. These can be raised by direct experiences with a company, but also indirectly evolve from impressions and experiences broadcasted by others. As already illustrated social media enables stakeholders to share their thoughts about companies, brands and products online by engaging in conversations with other stakeholders. It is possible to view online reputation different from overall reputation. Especially, when viewed from the measurement perspective online reputation is of greater importance, because it can be measured directly (Hofman & Fodor, 2010; Aula, 2011).

### 3.2.3 Online Reputation Management

Brown (2010) underlines that careful treatment of companies’ online performance and interaction with customers is required which emphasizes the necessity of Online Reputation Management (ORM). In addition Matesic et al. (2010) state: “channels that became widely available and [...] widely acceptable made the reputation management more important than ever” (p. 852). Hung et al., (2012) argues that more and more customers depend on online opinions when confronted with purchasing decisions, which is the reason why reputation management becomes a more critical issue especially in reducing the risk of negative publicity within social media.

Literally, online reputation management (ORM) refers to the way companies reveal themselves and manage their presence in the online atmosphere. It is the way marketing managers contribute content in the social networks and manage relationships. Constantinides (2010) refers to a paradigm based on openness, engagement, cooperation, co-creation and propensity to help rather than control the customer. Other researchers state that understanding the role, effects and potential of Web 2.0 applications as strategic marketing tools is the first way to profit from the social media (Tafesse, 2012). In addition online reputation management is on the cross line between marketing communications, public relations and search engine optimization (SEO) (Tafesse, 2012). Furthermore, online reputation management has been considered as a significant tool of internet marketing (Hung et al., 2012).

Tafesse (2012) provides a comprehensive definition of online reputation management as it is: “The process of positioning, monitoring, measuring, talking and listening as the organization engages in a transparent and ethical dialogue with its various online stakeholders”. Again, especially two-way communications is of specific relevance.

Another definition is provided by Spina et al.:

“Online Reputation Management consists of monitoring and handling the opinion of internet users (also referred to as electronic word of mouth) on people companies and products, and is already a fundamental tool in corporate communication” (2013).

This definition as well describes the two-way communication within social media which has to be handled appropriately. In this context Vollenbroek et al., (2013) distinguish between proactive and reactive communication. On the one hand companies are in a position to proactively engage or contribute on social media while in most cases there is a reactive communication stream from sites of the customer.

Using online reputation management as a strategic marketing tool benefits companies if done right. Due to the networked environment of social media communication is participatory and collaborative (Tafesse, 2012). Increased interaction between marketing managers and consumers is the outcome. However, imagining that sometimes thousands of consumers try to interact in the obscure social media channels requires appropriate management. Especially, when dealing with the reactive communication stream there is the problem of management for marketing.

Online interactions between marketing managers and consumers are important parts when considering reputation management. Aula (2011) illustrates that especially communication professionals in reputation management should try achieving reputational advantages, which would have a positive effect on corporate reputation. As a consequence due to online reputation management the company might achieve a competitive advantage. This is described by Aula (2011) as the reputational principles of communication, evaluation, and differentiation. Consumers view online communications and based on this evaluate a company while differentiating their practices opposed to those practices of competitors for example.

### 3.3 Social Media Influencing Factors

- **Does customer empowerment and corporate communication influence corporate reputation?**

  “Every social media user has some degree of social influence on other users.” (Vollenbroek et al., p. 122, 2013). This is the reason why they are more easily trusted by others. The fact that social media enables customers to share their thoughts with as many as possible users, depending on the reach of their network, makes the impact on corporate reputation even bigger. In addition consumers are in a position to share their thoughts in real time status updates which might be supported by additional mash-up uses like picture, video, or website references makes their impact even stronger. In addition the spread of a message is possible at the very moment the consumer is exposed to an experience with a company or product. Hence, it can directly influence the corporate reputation of businesses. Additionally, social media is where your actual and potential customers are interacting, and it shapes how both segments think about your company (Fisher, 2009). Therefore not only potential customers might be affected by corporate online reputation, but also existing customers might be encouraged to change their opinions about certain products or brands.

Since customers are empowered through social media and online reputation of companies exists it is likely that there is an influence on corporate reputation. There are diverse scientists that underline this relationship (Vollenbroek et al., 2013; Goncalves et al., 2013; Lewis, 2001; Aula, 2011; Jones et al., 2009). Due to the ability to share thoughts about organizations customers can affect the corporate reputation of companies within the social media (Goncalves et al., 2013). These thoughts can either be positively or negatively related to the company. Vollenbroek et al., (2013) express the same thoughts that negative voices within social media can damage your corporate reputation while positive voices can improve the corporate reputation.

Due to consumer power stakeholders are in a position to reward “good” companies and punish “bad” companies (Lewis, 2001). Basically, this underlines that customers can choose one of two stances while revealing their thoughts online. On the one hand
they might choose a supportive stance in favour of the company while on the other hand they could choose a more harmful stance to the company, product or brand. However, there is still the possibility representing a more natural sentiment in messages. Nevertheless, all contributions online reveal some degree of influence on corporate reputation being positive, neutral or negative. Companies must be aware of their audience’s influence on corporate reputation. This is the reason why they proactively should communicate and constantly try to win the hearts and minds of their audience (Lewis, 2001).

Furthermore, a recent survey by Aula (2011) showed that online communication was perceived to have positive impacts on the structure and advantages of reputation, and that these two aspects would still be strongly dependent on each other (Aula, 2011). Thus, online communication can especially be used within the field of marketing in order to stimulate corporate reputation. Corporate communication is important when considering assessments made by stakeholders about an organization and its products or services. Corporate communication might be used to reveal responsibility, success, a companies’ ability to change and develop, and its public image (Aula, 2011). However, as corporate online reputation is present in social media marketers constantly seek and try finding appropriate ways to measure it. What are needed are strategies, measurements and tools for marketing in order to cope with the threat of customer empowerment, enhance their corporate online communication practices and make use of effective online reputation management while responding to their audiences.

There are a number of challenges such as how best to interact with consumers (Jones et al., 2009). In addition Constantinides (2010) demands revisiting old tactics by placing the social media in the right perspective in order to benefit from it. This does not only illustrates that proactive marketing in social media should be able to monitor and prevent negative publicity. Rather marketers should use social media as a major opportunity and powerful strategic tool in order to learn how to actively engage with consumers which emphasizes Online Reputation Management (ORM).

3.4 ORM Strategic Perspective & Communication Strategy
- What are the best strategies for dealing with social media generated reputation threats?

The previous literature review has shown several factors influencing corporate reputation which were identify as empowered customers, corporate communication and online reputation management. Taking corporate reputation and influencing factors into account we are now able to develop a suitable strategy in order to effectively deal with social media reputation influences. The empowered customers were identified as influencers within the Web 2.0 (Vollenbroek et al., 2013). In addition to this the channel selection within social media has a substantial influence on the corporate communication (Utz et al., 2013). Furthermore, it is the message itself which was identified as corporate communication that matters (Jones et al., 2009; Aula, 2011; Groza et al., 2011; Goncalves et al., 2013, Vollenbroek et al., 2013; Utz et al., 2013). Nevertheless, in terms of online reputation management, the way marketers manage their social media presence can be illustrated as having an impact on corporate reputation. In this context Jones et al., (2009) for example address the theory of corporate social responsibility (CSR) which has to be communicated carefully. Jones et al., (2009) state that it is the managements’ task to determine the level and type of communication strategy to be employed in each situation. Hence, a consistent communication strategy enhancing corporate reputation and preventing corporate reputation threats in a changing environment is required. Constantinides (2010) as well underlines the importance of understanding the impact of social media by utilizing the Web 2.0 environment to marketing’s advantages and constantly trying to receive greater control over it. Controlling, managing and dealing with social media is relevant in order to stimulate corporate reputation. Aula (2011) states that corporate E-reputation exists as a consequence of relationships between organizations and stakeholders and their success. According to Aula (2011) social media is multilayered which should be kept in mind when assessing and measuring online communication. This is the reason why marketers should constantly try to engage with their stakeholders within the social media atmosphere as it benefits corporate reputation. In addition Jones et al., (2009) suggest that good online reputation and branding strategy can potentially strengthen corporate image, increase the gap between the brand and the competition and add value and competitive advantage to the business. Engagement in this realm is the key to benefit from social media. However, as its hard to manage the deluge of data and conversations a strategy is necessary.

In the context of Web 2.0 Constantinides (2010) argues that marketing strategist should revisit old tactics by placing the Social Media in the right perspective and learning to use them to their advantage. For this reason the strategic part of this research shall reveal suitable communication strategies for companies to deal with social media generated reputation threats.

3.4.1 Dealing with Empowered Customers
Reputation of an organization is determined by concerned citizens (Vollenbroek et al., 2013). It might be argued that within social media there are some actors that do have a greater influence on corporate reputation than others. Vollenbroek et al., (2013) illustrate that there are specific characteristics like expertise or authority for example, that makes an actor more influential in comparison to others. These influential actors are then of specific interest for companies in order to manage their online reputation. Due to the fact that it is hard to manage all online communications with customers within social media, companies need to be able to identify the most influential actors within the social media. Vollenbroek et al., (2013) underline that especially multinationals cannot react to each social media voice which is the reason why it is important to identify the most influential people in the social media. In addition Jones et al., (2009) that businesses need to have a strategy for getting into the results for users who matter to them. This as well emphasizes the more influential users. Companies therefore not only have to review what is said about them online, rather they should identify the most influential messages of users that are disseminated. While considering the most influential users within the social network, marketers do have to respond, interact and engage them in the first place. Jones et al., (2009) stress the issue that communication strategy should begin by addressing the needs of the community in a conversational, collaborative and reputable way. For this reason careful attention has to be paid to stakeholders’ voices and what they say about your company. Valuing customers’ thoughts and concerns as well as considering them as input for the company is relevant. Especially, the causal model by Vollenbroek et al., (2013) is practical for companies in order to identify the most influential users for a company. They describe 10 indicators
that have the greatest value for the identification of influence within the social media.

### 3.4.2 Channel selection & Conversations – the right channel.

Basically, we are able to distinguish one-to-many communication channels as it was realized in the traditional media like newspapers, and Web 2.0 applications in social media. Social media in contrast illustrates a many-to-many communication channel. Hung et al. (2012) underlines that distributed reputation systems where participants merely record the comments about experiences with other parties are the most important criterion when considering corporate online reputation. Therefore a shift from traditional media to social media is recommended. In addition Aula (2011) illustrates that corporate reputation management has to take into account multilayered aspects which emerge within the social media. Customer relationships can be stimulated and social responsibility can be incorporated in social media which underlines the effectiveness of online reputation management (Hung et al., 2012).

Even though there is a difference between social media functionality and traditional media, corporate communication should never be based on one channel alone. Utz et al., (2013) state that people mainly tend to talk about news from traditional media as they perceive it to be a more reliable source. Especially, in corporate crisis communication strategy, companies should not neglect traditional media nor should they ignore social media. Rather more important is to find an appropriate strategy of dealing with both. Therefore a company might use traditional media in order to clarify circumstances in a responsible way. Jones et al., (2009) support this stance as they recommend developing a well-crafted online strategy which entails and combines the right mix of social media tools in order to positively influence corporate reputation. Constantinides (2010) as well illustrates social media as a powerful strategic tool for companies. According to him it is useful to engage customer what emphasizes conversations and interaction with customers. Customers try to engage with the company by complaining, commenting or awarding products, services or a company as a whole. For this reason a more proactive attitude by using various Web 2.0 applications as part of the marketing toolbox is required (Constantinides, 2010).

Several researchers underline the effectiveness of social media especially in crisis communication (Utz et al., 2013). Utz et al., (2011) states that due to interpretations and use experiences of the customer specific media technologies influence the effects of crisis communication. In addition the selection of a specific media medium influences the effectiveness of a crisis communication as it is seen as a statement of an organizations willingness to quickly inform their stakeholders in order to get into dialog with them (Utz, 2013). Therefore specific media selections can be seen to have different degrees of influence on corporate reputation according to the specific situation. The right choice of media selection by the company is relevant for different purposes. Utz et al., (2013) figured out that crisis communication via Facebook resulted in a more positive reputation and less secondary crisis reactions. However, again organizations should not neglect traditional ways of crisis communication (Utz et al., 2013). Furthermore, especially communication via Twitter leads to more positive outcomes for the organization (Utz et al., 2013). To sum up especially in crisis communication the specific use of Twitter and Facebook in combination with traditional media channels such as TV or newspapers is beneficial in crisis communication strategy and should be constantly used by businesses in order to proactively engage their stakeholders and reveal responsibility. Nevertheless, besides the right selection of media channels the message which has to be distributed is relevant and has another impact on corporate reputation.

### 3.4.3 Corporate message & CSR – the right content

For the reason that it is possible to interact with customers in many ways and to respond to different messages at the same time it is recommended to develop a specific communication strategy in terms of the message itself. Utz et al., (2013) claim, that organizations need an integrated communication strategy that spreads a consistent message across different channels. Although different communication channels are used by a company, they need to focus on a consistent message together for all channels. Especially in crisis communication this prevents that companies might be perceived to resorting to excuses. Revealing their responsibility in this case is the most valuable communication method a company might choose. Responsibility in communication strategy is a key determinant for crisis communication and an acute resolution stage, through a consistent renewal discourse (Goncalves et al., 2013). In case of high crisis responsibility, for example, Utz et al., (2013) recommend more accommodative strategies such as apology or compensation which should be chosen to avoid reputation damage. In addition Situational Crisis Communication Theory (SCCT) argues, that corporations should use different strategies (deny, diminish, rebuild, reinforce) to prevent negative crisis effects, depending on the attributed level of crisis responsibility (Utz et al., 2013).

Furthermore, Utz et al., (2013) reveal that companies or PR departments should not only focus on rationalizations, but also address emotions within their messages. By doing so it is important to reduce anger because anger drives (negative) secondary crisis communication and secondary crisis reactions as investigated by Utz et al., (2013). In addition Jones et al., (2009) and Lewis (2001) state that online branding strategy should carefully consider how organizations plan, develop and communicate their CSR practices. This puts specific emphasis on the distribution of CSR which is more and more required by customers and might be used as a strategic competitive advantage. Basically, Lewis (2001) underlines that, it is important to avoid a monologue deciding the message then conveying it with ruthless efficiency and move to dialogue, knowing what matters to an audience and communicating on that level.

### 4. FINDINGS

The literature review revealed that in social media environments factors that are influencing overall corporate reputation can be illustrated as Customer Empowerment, Corporate Online Communication and Online Reputation Management. For businesses and scientists relationships need to be further analyzed and have to be taken into account while developing marketing communication strategy. To precisely analyze social media environments this research sets a focus on specific concepts and measures. Customers are empowered in social media environments as they are able to spread their own messages and intentions. Illustrated by the conceptual model the customer message which might have a different underlying sentiment being it positive, negative or neutral might have an impact on corporate reputation. In addition it is the message of the company itself which might have an impact on corporate
reputation. In terms of corporate communication strategy companies might use social media messages for different purposes. Using social media for crisis communication or public relations for example might retrieve a different impact on overall corporate reputation. Furthermore the way social media is treated by a company, whether they actively use it to interact with customers or prospects in terms of online reputation management might have an impact on corporate reputation. For this reason the conceptual model in Figure 3 illustrates basic assumptions for correlations and relationships.

Based on the conceptual model in line with recent literature specific operationalizations were elaborated in Table 1. These can be used in order to measure the impact of social media environments on corporate reputation.

### Table 1: Operationalization of Variables

<table>
<thead>
<tr>
<th>Operational Variable</th>
<th>Definition</th>
<th>Operational Measure</th>
<th>Literature</th>
</tr>
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<tbody>
<tr>
<td>Customer Message Sentiment (Independent Variable)</td>
<td>The underlining sentiment of a customer message in social media environments. Can be in favor of, against or neutral to a company.</td>
<td>Number of Positive, Negative or Neutral responses</td>
<td>Favier, 2012; Groza et al., 2011; Vollenbroek et al., 2013</td>
</tr>
<tr>
<td>Corporate Message (Independent Variable)</td>
<td>The overall use of corporate communication, determining the intention and purpose of messages in social media environments.</td>
<td>Coding Categories: Corporate Advertising, Public Relations, Direct Marketing, Recruitment, Crisis Communication or Webcare</td>
<td>Vollenbroek et al., 2013</td>
</tr>
<tr>
<td>Corporate Degree of Interaction (Independent Variable)</td>
<td>The overall management of content in social media environments, the number of times a company interacts</td>
<td>Number of interactions (Responses)</td>
<td>Hofman &amp; Fodor, 2010; Brown, 2010; Tafesse, 2012</td>
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5. CASE STUDY

**Case Study**

In order to illustrate basic concepts of this research and apply them practically, I would like to introduce the case of Amazon. The company was founded in 1994 in Seattle, Washington and grew steadily to what it stands for today – an international conglomerate (Amazon Inc. (1), 1996-2014). Basically, Amazon offers retailers the possibility to distribute their products via their own branded website. Millions of products are sold on the website, while Amazon provides the possibility for retailers of fulfilling orders through their e-commerce system. For the reason that Amazon is technologically and innovatively versed and actively participating in the social media atmosphere it is worth using their treatment of social media as a practical example. Exemplary, in crisis communication the company initiated diverse disaster relief campaigns that they host on their homepage, revealing that they donated about $38 million to global relief campaigns (Amazon Inc (2), 1996-2014). In addition they are active in environmental protection programs and have a strong corporate social responsibility appearance (Amazon Inc. (3), 1996-2014). According to Fortunes’ ratings Amazon is among the top 500 Americas most admired companies (Fortune (1), 2014). To be more precise based on the Fortunes’ rating Amazons attributes of reputation were leading in: quality of management and quality of products and services. In addition they were ranked second in Innovation and long-term investment value. Furthermore they were ranked third in Financial Soundness and People management (Fortune (2), 2014).

After analyzing Amazons treatment of social media on diverse channels it gets obvious that the company is a perfect example of how social media can be used actively in order to promote corporate reputation. In terms of corporate social responsibility, Amazon recently posted on Facebook their practices of how they try to reduce waste in packaging and billing systems in cooperation with their retailers, that they will no longer print bills in packages (Appendix 9.1). Furthermore they substantively use mash-ups in order to support their messages, being it pictures, videos or external website references. For example photos and videos about products are used for advertising purposes.

In addition the company proactively connects their e-commerce systems with social media by the launch of Amazon Giver and Amazon Grapevine applications on Facebook. Amazon Giver application enables that Facebook users can purchase products similar to those their friends have listed on their Amazon wish list as well as to find out the recent public activity of their Facebook friends (Lietsala & Sirkkunen, 2008). To be more precise users on Facebook can see which products their friends added to their wish list and directly turn it into a shopping list, which shortens up the purchasing process from social media
users to Amazon. In addition Amazon Grapevine connects product reviews by customers made on the corporate website with Facebook. The application enables customers to disseminate information about the user-written reviews and product tags, while the members of the same network see what others have lately updated on Amazon (Lietsala & Sirkkunen, 2008). The example of those applications is a perfect way of using Facebook for advertising purposes by engaging customers’ trough social media. In terms of the six domains of corporate communication by Vollenbroek et al., (2013), this illustrates how social media might be used for direct marketing by involving the customers directly trough enabling technologies.

Furthermore, when reviewing their corporate Twitter account it gets obvious that it is primarily focused on direct marketing. The example provided in Appendix 9.2 perfectly illustrates how the company engages their customers and rewards their participation with a discount. They proactively use #Hashtags to engage their audience. In addition as illustrated in Appendix 9.3 Amazon directly responds to those customers which further enhance interactions. 

By comparing the corporate accounts on Twitter and Facebook one can see that they are primarily used for corporate advertising and direct advertising. Their Facebook account partly reveals public relations practices as they to some extend reveal their waste reduction practices. However, one can assume that in this case Facebook was used as a fast way of informing their customers about new business practices. In comparison Amazon is active in LinkedIn. However, in this case their messages are primarily focused on recruitment which is different to Facebook and Twitter. Therefore the communication used on LinkedIn is not marketing oriented. It has rather an organizational purpose as they search for new professionals.

6. CONCLUSIONS

Answering the first research question “How do Social Media empower customers?” the first part of this research illustrated how social media empowers customers. Customer empowerment evolves through the enabling technology of social media. It is the customer who talks about a company and there are many voices represented online having an impact on corporate reputation. In social media customers are in a position of distributing and exchanging knowledge and experiences about companies, products or brands with each other. There is much information about companies or products available online which might be customer-created and is available to millions of users. This information can be used by other users as customers are more and more actively searching, analyzing and evaluating goods or companies online before purchasing. This means that their market knowledge about products, services, brands but also concerning competitors increases and as a result positively influences their market power. Customers tend to rely on product reviews for example which emphasizes that they trust information published by other users. Due to the fact that customers rather tend to pull information about companies and products from the net illustrates that advertisements pushed at them might be less trusted as they rather tend to rely on product reviews, experiences and thoughts of other customers.

Compared to traditional media channels social media is illustrated to be interactive by offering two-way communication, stimulating reactive and proactive conversations and not solely being a channel of broadcasting a message. Social media enables customers to directly get into contact and engage with businesses in an informal and uncomplicated way. The fact that conversations and content is publicly available and the opportunity that other users are able to add content or comments even strengthens the customer empowerment. In addition social media functionalities enable the customer to spread a message by real-time status updates with a larger audience which further strengthens the customer empowerment in social media.

Besides customer empowerment this research illustrates that companies can be represented in social media as well. Therefore finding an answer to the second research question “What are corporate communication practices constantly used in Web 2.0 environments?” this research illustrates basic corporate communication practices which are used in social media. In social media the environment is rapidly changing and characterized by a multi-layered and multi-dimensional structure. Basically, these environmental characteristics determine corporate communication practices. Corporate communication practices have to be flexible in order to be able to engage and interact with customers and adapt to changing circumstances. Businesses might use social media by communicating corporate practices online in order to involve the customer in discussions. Furthermore, social media is constantly used in order to constitute positive corporate associations and purchase intentions. This illustrates that social media might be used for different purposes. In terms of corporate communication businesses are able to publish content related to the six domains of corporate communication of Vollenbroek et al. (2013). On the one hand it can be marketing communications identified as corporate advertising, public relations or direct marketing, while on the other hand it can be organizational communication identified as recruitment, crisis communication or webcare. These are basic categories which might be targeted in a corporate online message.

Especially, in corporate crisis communication companies might use social media in order to reveal their responsibility. There are several authors underlining the importance of interacting with customers within the social media (Jones et al., 2009; Aula, 2011; Goncalves, Somerville & Melo, 2013). Companies corporate communication online is opposed to a fast changing environment which is the reason why they have to be flexible in responding to their stakeholders. The problem however is that companies might lack the capacity of responding to all customer voices at the same time. Therefore it is important to identify the most influential customers to be targeted. Corporate communication online should therefore be concentrated on marketing communication as well as organizational communication. Nevertheless, social media could be used for innovativeness as customer co-creation in social media exists.

Answering the research question “Does customer empowerment and corporate communication influence corporate reputation?” this research was able to illustrate that corporate reputation can be stimulated or damaged within the social media atmosphere. Stakeholders distribute their views and stories about companies online. This leads to the fact that customer empowerment has a substantial impact on corporate reputation. Customer empowerment can directly affect corporate reputation. The features of social media enable the customers to influence the reputation of a company negatively, neutrally or positively. In this realm corporate communication in social media from sites of the company is required to actively work for stimulating their corporate reputation online. Online communication can be used to stimulate corporate reputation. Key communication features for stimulating corporate reputation in social media are to reveal responsibility, success, a companies’ ability to change and develop and its public image. This is required by businesses and can be done by disclosing the corporation trough interacting,
responding and engaging customer and stakeholders in an effective online reputation management strategy.

In order to answer the last research question of “What are best strategies for dealing with social media generated reputation threats?” this research was able to demonstrate an online reputation management strategy to be used for businesses by pointing at the influence of social media on corporate reputation. As represented in the causal model of this research we were able to show that customer empowerment, corporate online communication and online reputation management are influential factors for corporate reputation, which have to be acknowledged by businesses. The operationalizations show that the sentiment of customer messages, the corporate message itself, but also the management of social media interactions has an impact on corporate reputation.

Answering the last research question of “What are best strategies in dealing with social media generated reputation threats?” this research was able to provide a comprehensive recommendation for companies. The strategic recommendation assists companies in actively dealing with social media generated reputation threats. Basically, marketers should use social media in order to stimulate positive conversations about a company, products or brands. This can be achieved while following some basic principles and rules which were illustrated in the literature review. The strategic recommendation follows three basic concepts. In first instance recommendations on dealing with empowered customers, secondly recommendation on the right channel selection for communication strategy and thirdly the right message which shall be incorporated by communication strategy.

Dealing with empowered customers is necessary in order to stimulate corporate reputation. However, as it is likely that the capacity of organizations in dealing with all voices represented online might lack of sufficient resources it is necessary to identify the most influential actors in social media. This can be done in using the indicators identified by Vollenbroek et al. (2013). For example, marketers should pay attention to active users which constantly engage with a company and are those users that have greater influence on other users due to their credibility and authority. Specifically, responding to the most influential actors in social media while observing conversations online might be the best opportunity for companies to make efficient use of resources. Generally, responding, interacting and engaging customers are of greatest importance for stimulating corporate reputation.

Concerning the channel selection this research recommends that social media should be used in conjunction with traditional media, because of two reasons. First, it seems that traditional media is more trusted by customers. Second, while traditional media only considers one-way communication it is useful to use social media for quickly informing stakeholders and for directly revealing responsibility by getting into dialogue with influencers. Proactively using social media in conjunction with traditional media in terms of crisis communication for example is recommended in order to maintain corporate reputation in terms of crisis communication for example.

Furthermore, this research illustrated that by using different channels being it traditional media or diverse social media channels such as Facebook or Twitter for example it is necessary to develop communication principles. These communication principles should be used in order to develop a consistent message across all channels, also in responding and interacting with customers. This further encourages trust and might be positively related to corporate reputation. Concerning the message itself, this research determines that in terms of crisis communication revealing responsibility and addressing emotions in corporate messages is a useful way in order to protect corporate reputation. In addition constantly revealing corporate social practices in social media has a substantial impact on corporate reputation.

Furthermore, by identifying the most influential actors in social media corporate reputation might be protected or improved. On the one hand a negative voice in social media might be apprehended by revealing responsibility while on the other hand a positive voice represented online should be used in order to promote corporate reputation. Voices with neutral sentiment should be paid less attention as they rather tend to have less impact on corporate reputation.

Besides a conceptual model which might be used and extended by future researchers and companies this paper was able to show what can be influencing factors in social media environments for corporate reputation. In addition targeted strategies and recommendations are illustrated of how companies might actively manage their social network presence in order to turn functionalities of social media environments into strategic opportunities.

7. DISCUSSION

The literature review of this research has shown how social media characteristics empower customers. In addition we were able to illustrate that besides empowered customers also corporate communication and online reputation management influence the corporate reputation of a company. Due to the fact that corporate reputation matters and that companies constantly try to stimulate corporate reputation this research has shown best practices and a strategic focus to actively manage their online presence. Therefore the strategic contribution to science and businesses reveals how companies should deal with empowered customers within the social network, which channels could be selected by interacting with customers and how messages should be developed, formulated and used within social media. Best practices of various sources illustrate examples which might be used especially for marketing managers. However, by presenting some factors having an impact on corporate reputation and their targeted strategic treatment, there are different sources of corporate reputation influencers which are not considered by this research. In addition we were not able to illustrate the a specific degree of social media’s influence on corporate reputation, because their might be other sources having a greater impact on corporate reputation.

To sum up customers have greater control over the commercial process. This means that the presence of marketing activities in social media is requested by customers. Customize products, active market participation from sites of the companies, co-creation channels and two-way communication are examples of what is requested in social media and its provision can or should be tried by the marketer. For the reason that customers are aware of their possibilities within the social network, companies have to afford their presence in the online atmosphere in order to be able to engage with their audience.

7.1 Scientific Relevance

This research was able to contribute to the research field by identifying important factors having an impact on corporate reputation. The theoretical part of this research offers a causal model which might be extended by other experts. In addition the causal model might be used empirically. The recommendation for future research illustrates a possible way how the model might be used to test relationships empirically. At the same time empirical testing would increase the reliability
of this research. Scientists can not only use the causal model they are rather in a position to add different influencents on corporate reputation to it.

7.2 Practical Relevance
The practical contribution of this research can especially be addressed by the strategic recommendation targeting relationships represented in the causal model. Companies should actively be represented in social media. Therefore the strategy recommendation suggests that concerning the message, companies should consider a constant message for all channels. In crisis communication revealing responsibility is of greatest importance. Revealing emotions and empathy within messages is important but also interaction with customers is a significant determinant to stimulate corporate reputation. In addition businesses have to consider an appropriate channel which has to be selected. Therefore this research sets a recommendation of how companies might decide on the channel selection for their communication purposes. Specific focus while considering the channel selection is laid on the functionality of social media network sites, because different sites entail and enable different functionalities. Social media should especially be used in order to support traditional media. While traditional media only enables a company to broadcast a message they should refer to their online presence in order to interact and get into direct contact with their customers. In crisis communication for example the selection of appropriate social media has an impact on crisis communication effectiveness which underlines the importance of selecting the right channel. In addition this research revealed examples of how to identify the most influential and empowered customers and specifically focuses of how they should be managed.

7.3 Limitations
There are limitations of this research. Basically, the terms customers and stakeholder were used interchangeably within this research. It does not explicitly state that there is a difference between stakeholders and customers because in terms of corporate reputation it is assumed that it does not make a difference whether a customer or a stakeholder expresses their experiences and thoughts about a company. It is assumed that both voices represented online do have more or less the same impact on corporate reputation. However, as stakeholders for example might be investors, creditors or employees for example it might be assumed that their experiences and thoughts are preferential and not objective. In the realm of online reputation this would illustrate a different stance compared to customers who contribute to online reputation of a company by product reviews for example. It could be argued that due to different backgrounds and interests of stakeholders and customers there should be a more precise distinction. Nevertheless in terms of the causal model and relationships this does have minor importance. In addition measuring corporate reputation was simplified to the Fortune’s rating. There is extensive research of how to measure corporate reputation. However, analyzing corporate reputation in every detail would be beyond the scope of this research.

7.4 Recommendation for Future Research
Future research should try to extend the causal model by additional factors, and aim to empirically investigate and test the determined relationships. Especially, testing causal relationships represented in the model empirically is of major relevance for future research. Researchers should consider testing the impacts of corporate communication, customer empowerment and online reputation management on online reputation empirically for various social media sites. For example I would recommend observing corporate social media accounts for a given period. Specific focus should be laid on how companies use their accounts in terms of corporate communication strategy, because their might be different strategies of treating their corporate accounts. For instance in terms of the intention of messages at whom they are targeted and how those are managed. This could be done by using Hofman and Fodor (2010) as they represent appropriate measures to analyze the return on investment of social media. According to them social media objectives are Brand Engagement, Word-of-mouth and Awareness. Especially Word of mouth factors might be used in order to measure corporate online reputation.

In addition future research should aim to extend the causal model by adding several additional factors to it which do have an impact on corporate reputation. Furthermore the presence of trust in media should be further investigated as it is likely that trust in social media compared to traditional media has a substantial influence on the way customers think about products, services or companies. There might be differences concerning trust in online reviews opposed to reviews provided in printed media such as periodicals.
8. REFERENCES


9. APPENDICES

9.1 Corporate Facebook Account (June 24, 2014)

9.2 Corporate Twitter Account (June 24, 2014)

9.3 Corporate Twitter Account (June 24, 2014)