



Navigating a Reputation Crisis

Overview

The proliferation of social media, and the accompanying volume of news and information, is forcing companies to change how they manage their reputations. Consumer-generated media outlets and social networking sites provide immediate access to both intelligence and gossip and can affect the perception of millions of people in a startlingly short timeframe. With over 2.4 billion Facebook users, 200 million bloggers, and 330 million Twitter users, companies can no longer control the flood of information circulating about their firms; however, by monitoring the volume and tone of these messages, and using that information to predict and manage reputation impact, corporations can take steps to proactively affect the end result.

Monitoring Social Media to Assess Reputation Impact

The rapid growth in consumer-generated Internet media can provide companies with additional insight into their corporate perception among a variety of audiences. Integrating data from these online sources with information from traditional brand management exercises (research, focus groups, etc.) affords a clearer picture that can be used to assess company reputation more thoroughly.

A study conducted by Cambia Information Group investigated whether the volume of media coverage had an influence on consumer favorability for a Fortune 50 business client, and if so, whether that influence was impacted by type of media or audience. In addition, the study examined whether the impact was immediate or time delayed. Cambia had been conducting primary reputation research for this client for nearly a decade and was able to supplement this research with media performance data from new articles, Twitter feeds, and blogs where the firm's brand was discussed.

The research analyzed five data series over the first ten months of the year: 1) the perceived favorability of the client's brand held by its primary target market, 2) the perceived favorability of the brand held by the voting public, 3) the volume of relevant media coverage in the mainstream news, 4) the volume of blog conversations regarding this brand, and 5) the volume of tweets concerning the brand. All these data series were synchronized by the date of their occurrence. For purposes of the study, and given the climate surrounding this client at the time, it was assumed that all the influential media coverage was negative in tone.

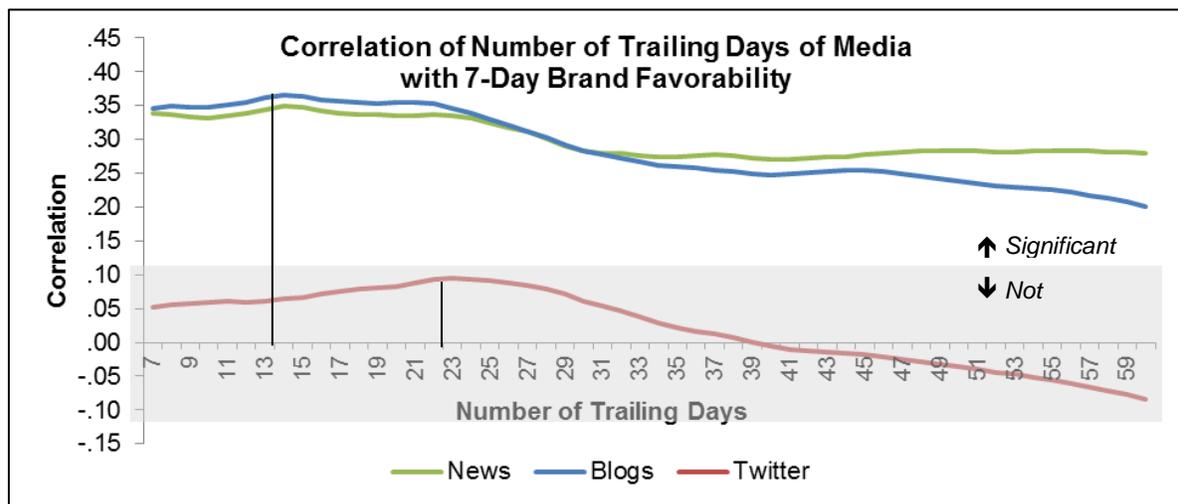
An initial round of analysis focused on perceived favorability among the client's primary target market found no significant relationships among the data. Favorability among the stakeholders deemed most important by the firm (such as clients, investors, and employees) appeared to be uninfluenced by the volume and tone of social media. However, a second round of analysis focused on the Voting Public exposed a clear link between the volume of social media coverage and perception among this stakeholder group.

The Link Between Social Media and Reputation

An analysis modeling the relationship between favorable perceptions of the Voting Public and each of the three different media coverage volumes (mainstream news, blogs, and tweets) revealed that news and blog data tended to correlate to the reputation favorability scores fairly similarly, in contrast to the correlations found between the tweet data and the favorability scores. In fact, the news and blog data had much stronger correlations with favorability than did the tweet data.

In addition to finding a link between volume and favorability perception, the research tested the lag between social media publication and reputation impact to determine the time required for the effect of a negative news story or blog on consumers' favorable perceptions of the brand to be felt. A variety of different trailing times were examined ranging from 1 day to 60 days, and the trailing dates between when a particular media was adversely impacting consumer favorability scores were significantly different for news and blogs versus that of tweets.

The strongest relationship was found between the current 14 days of data for blogs and for news with the current 7 days of data for brand favorability. The model of association with 7-day favorability gradually dropped off after 14 days. When the same analysis was performed on tweets and brand reputation favorability ratings, a similar but weaker (insignificant) effect occurred maximizing at 23 days' worth of tweets. Volume of tweets were only directionally related to favorability at this point, at best, and accumulating more days only dropped the relationship further.



The Case for Proactively Managing Reputation

Social media and news stories do in fact relate to the greater public's perceptions of the firm's reputation. Research indicates blogs and news are significantly more impactful on reputation than are tweets; however, a combined or cumulative effect between news, blogs, and tweets is likely to exist, so all three should be monitored and managed and in different fashions. Blogs are significant to a firm's reputation as they can be the forum for influential and relevant individuals. Monitoring specific forums should be a component of an efficient social media strategy.

Conclusion

While consumer-generated media has lessened the control organizations have over their strategic messaging, it also provides an opportunity to identify problem areas or issues, and directly engage key stakeholder groups. The time lag (approximately two weeks for blogs and news) between adverse media coverage or postings and its impact on a firm's reputation indicates the impact can be proactively managed. Therefore, once a firm can predict their reputation impact from social media channels, they can affect that impact through messaging of their own. Measurement and ongoing monitoring of reputation health via relevant and compelling metrics can provide management with the data needed to make sound strategic and tactical decisions for the future, as well as to prepare for the possibility of a business crisis.