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Papers

Business reputation and social media: A primer on threats and responses

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Abstract

With the emergence of the interactive web (or Web 2.0), social media applications gained enormous popularity among internet users, forcing businesses to adapt their marketing strategies and engage with social media as part of their marketing toolbox. Social media has empowered the public and weakened the position of businesses by exposing them to negative publicity, customer attacks and reputation damage. This study analyses the threat of social media to corporate reputation, which can be damaged by three different actors: the customer, the employee and the corporation itself. We review the literature on the impact of each of these actors and assess the findings by means of real-life cases. On the basis of these findings, social media reputation threats are discussed in light of corporate response strategies. The results indicate that organizations need to develop a portfolio of response strategies with several approaches, specifically relating to each of the three actors of reputation damage — the best policy for businesses to successfully manage their reputation is to create an organization capable of managing the risks to corporate reputation arising from employees and the corporation itself. The real-life cases indicate a lack of organizational knowledge on how to manage social media risks effectively, highlighting the need for businesses to update their knowledge on using social media as part of their marketing toolbox. Finally, the various response strategies are classified according to the source of the reputation threat.

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Introduction

In today's world, the degree of interconnection between companies, stakeholders and shareholders has increased drastically. This implies a mutual dependency on one another's behaviours and actions. This growing degree of interconnection is rooted in the fact that people and businesses are increasingly adopting Web 2.0 applications as part of their daily life. The term Web 2.0 defines the second generation of internet applications

Emergence of social media as reputational threat

(interactive web) that are commonly known by the term social media.¹ With the emergence of Web 2.0, social media sites have gained increased popularity among the public and many companies have adapted their marketing strategies towards being active in the social media sphere. However, the development of social media has made companies vulnerable to negative publicity and endangered their reputation.

Threats from customer-generated content

The emergence of social media brings with it several threats to organizations.² As a recent study³ mentions, people can easily generate, edit and share content with large numbers of people. Such interactions and customer-generated content can be a threat to organizations since customers take an increasingly active role as market players through social media and are able to reach a wide audience.⁴ Hence, the power of individuals to spread rumours or complaints about companies⁵ in a very short time is increased and this, in turn, means that companies have less time to respond to attacks. Other threats include the existence of social media users who follow with the sole purpose of spreading negative word-of-mouth about a company or employee behaviour that is not in line with customer expectations or organizational ethics. It has been pointed out that the major threat for businesses is to 'ignore social media and allow conversations to happen without awareness or participation'.⁶

Threats from employees' posts

In addition to the threat of empowered customers, organizations also face threats from their own employees who often post on social media with the permission of their company and on behalf of the organization. These posts are published either through employees' private accounts or the company's social media accounts, for example blogs or social networking sites.

Threat from lack of team or policy

Current literature^{7,8} suggests the existence of a third source of threats, which emerges from the corporate side itself, for example, the lack of a social media website or the lack of a web care team, leaving the company unable to detect and react to discussions, posts or blogs about themselves. Furthermore, reputational damage can occur if the company has no response strategies or co-ordinated emergency plans in place to deal with social media crises.

Considering threats from three angles

It is therefore fair to state that threats to the reputation of an organization can emerge mainly from three different angles: the customer, the employee and the corporate angle. All of these are discussed separately in this paper. To the best of the authors' knowledge, no previous studies have explicitly discussed the threat of social media from all three angles. In this respect, this paper aims at answering the following question: Is social media a threat to an organization's reputation?

Extensive negative effects of reputation damage

The use of social media by commercial organizations is a topic that has received quite a lot of research attention.⁹⁻¹¹ Most researchers agree that there is a clear trend towards the empowerment of online users and an increasing threat to the reputation of organizations. Research¹² clearly identifies the possible negative effects of reputation damage: loss of market share, fewer sales, loss of stock price value, fewer purchase intentions, and the disturbance of the relationship between an organization and stakeholders.

Diversified nature of the risks

The majority of the existing literature defines social media threats to business reputation as a single danger without distinguishing between

different actors or angles that can cause it. However, the danger arising from social media activities is highly diversified and has several sources. Thus, this study reviews current research by approaching the threats from three different angles, leading to a more detailed description of each source of potential social media threats.

Identifying strategies and success stories

In a first step, journal articles and books have been reviewed, looking for reputational threats and possible response strategies, differentiated according to the three different angles. In a second step, a number of news websites have been searched for current incidents regarding reputation damages arising from social media activism in order to compare the practice with the literature findings and identify social media response strategies. As already mentioned, companies' social media usage has not yet been fully researched,^{9–11} and the real-life cases point out shortcomings and research gaps in the available body of knowledge.

Consumer empowerment increases importance of reputation management

Theoretical background

Different definitions of social media are presented in the current literature. Social media sites can be defined as highly interactive platforms via which individuals and communities share, co-create, discuss and modify user-generated content and share it with friends and followers.¹⁰ Others¹³ add to this definition that social media gives the press, but also individuals, the opportunity to express and spread their opinions. Thus, social media leads to significant consumer empowerment while companies increasingly lose control over communication between users.¹⁴ As a consequence, firms are increasingly exposed to reputation issues and should devise ways to deal with them effectively.

Reputation defined by participation and perception

Reputation can be defined as an intangible asset that is of financial value for an organization and can influence the attraction of customers, the motivation of workers, the generation of investment interest, and positive media coverage.¹² Researchers¹⁵ define reputation on social media as being built mostly by community participation, collaboration and tailor-made content ranked by search engines. A recent study¹⁶ sees reputation as a valuable asset of an organization that needs to be protected by all means. Reputation can thus be summarized as the public perception of an organization.

Top-down and bottom-up strategies

Reputation management implies taking harm to the company's reputation seriously and, in turn, actively developing strategies to treat each case individually.¹³ Furthermore, the management of a company's reputation must be a two-way path: top-down and bottom-up.¹⁵ Top-down means that top management needs to guide and organize lower-level employee behaviour and, in turn, lower-level employees must inform top management about current trends, issues and circumstances. Considering the increasing diffusion speed of opinions online, a company needs to carefully develop contingency strategies in this domain. On the other hand, lower-level staff might be in much closer contact with the customer, which implies the need for bottom-up communication to adjust current reputation management strategies.

Exploring risks of corporate reputation damage arising from social media

Customer angle

Empowered consumers represent a significant threat

The customer angle is concerned with the possibility that customers might negatively affect the reputation of a company via social media activities. The literature shows several characteristics of Web 2.0 applications that enable the empowerment of customers and the actions with which consumers can actually harm an organization's reputation.

Power shifts to customers

In a world where consumer time zones have become invisible and communication more and more immediate, the power shifts away from a company towards the consumer.⁵ Therefore, consumer-generated content or consumer-generated media play a significant role in shaping current markets. Research¹⁰ identified the democratization of communication, that is, the shift of power towards individuals and communities, as one of the most important results of the wide adoption of social media by the public.

Customers confronting companies

Due to this empowerment, consumers often confront companies with their social, ethical and commercial responsibilities.² These confrontations may include exposure of product failures or misconduct, forcing the organization to respond to criticism. Furthermore, research also identified anonymity on the internet as a possible threat. Other research¹⁷ confirms the influence of social media that allows users to post content or get interactive without any permission. Another characteristic leading to higher influence of the consumer is pro-activity as 'consumers use new media to contribute to all parts of the value chain, ranging from superficial articulation (reviews on retail or fan sites) to extensive co-creation [...]'.¹⁷

Real-time sharing and remembering

The fact that social media content is visible to other users can also influence the reputation of a company because the number of internet users is steadily increasing and thus many potential or existing consumers have the opportunity to gain access to the published content of other users. The real-time sharing of knowledge and experience as well as the memory of the internet can be potential threats. This refers to the difficulty in deleting content that once appeared on the internet and can still be found years later, harming the corporate reputation, even though these statements might be incorrect or no longer represent the company.

Users modify products and perceptions

As consumers have the power to affect the company's reputation in various ways, companies should be aware of reputational problems caused by consumers via social media. In this respect, 'creative consumers tend to mess with products, often modifying them in ways that have little to do with the product's original purpose and frequently at odds with the original need the product was intended to fulfil'.⁵ Due to differences between countries and cultures, consumers may experience a different satisfaction level with products and often use products in ways that do not provide them with the expected value — in such cases, customers try to modify or adapt products, which may not correspond to the original product usage patterns as intended by the manufacturer. This may lead to negative perceptions and negative product reviews, which may be damagingly associated with the overall image of a brand or the whole organization.

Through social media, these negative reviews and perceptions can be further shared all over the world.

Anti-branding activists

Anti-branding sites might also have a negative effect on a company's reputation.¹⁴ Anti-branding sites are organized by consumers and usually focus on expressing feelings of dissatisfaction, thereby creating negative publicity about a specific target brand. The issues can range from 'workplace equality and corporate domination to environmentalism and marketing propaganda'.¹⁸ The internet facilitated anti-branding as it can be done extensively and strategies, as well as coalition building, are not restricted by space or time.¹⁹ Anti-branding communities do not require much effort and time from the consumer to create negative content. Additionally, the consumers' amalgamation into a bigger group increases the influence of their anti-branding sites.¹⁸

Emotional and irrational criticisms

'Sh*tstorms' are another way consumers can negatively affect the reputation of a company.²⁰ A term used in some German-speaking countries, 'sh*tstorm' denotes emotional and often irrational criticisms carried out by many consumers. Rational negative opinions usually form the basis for 'sh*tstorms', which eventually grow through irrational and assertive content added by other dissatisfied users. Such forms of customer activism are often magnified due to the leader-follower effect.²¹ The leader-follower effect can be explained as follows: 'These days, one witty tweet, one clever blog post, one devastating video — forwarded to hundreds of friends at the click of a mouse — can snowball and kill a product or damage a company's share price'.²²

Google restricts YouTube comments

The above facts describing the seriousness of customer activism are illustrated by a real-life case. Some users of the video platform YouTube criticized the fact that Google restricted the option to comment on videos.²³ As a protest against this restriction, the British singer Emma Blackery wrote 'My Thoughts on Google+', a harshly written song with numerous insults about Google. The song reached more than 2 million views, many of which supported and shared Blackery's negative opinion about Google+. Some of them suggested that people stop using YouTube and switch to the video platform Vimeo. Furthermore, a petition was started on the website change.org, which reached more than 200,000 people.

Google resists criticism

According to Google, the restriction was necessary because the company increasingly has to deal with troll comments, which are comments that are neither serious nor theme-related. Customers complained with the counter-argument that people are still able to construct fake accounts on Google+. The second reason Google mentioned was that it is now able to put the most interesting comments on top because it is able to separate between the '[v]ideo performers and other interesting personalities'.²³ In spite of this negative customer perception, Google did not change back to the old comment function or a modified one that takes customer complaints into account.

The power of one

This case gives evidence for three dangerous attributes of social media, which companies always need to be aware of. First, the case shows how powerful the voice of just one customer can be. It is important to keep in mind that just one customer can lead to a snowball effect, causing numerous customers to complain as well.

Small change, high awareness

Second, the case shows that even small changes can lead to high awareness. Google just wanted to connect the users of its video platform YouTube to the social media platform Google+ and ended up with users suggesting a switch to its competitor Vimeo. This shows that organizations are required not only to properly plan every change on their social media accounts, but also to monitor the implementation extensively and have contingency plans in place. Underestimating the dangers of the outcomes of small changes in the sphere of social media can lead to high reputation damages for organizations.

Engage, rather than ignore

Third, the case can be seen as an example of how a firm should not react to customer complaints. It is important that firms choose not to ignore customers' comments, but respond to them. Google at least tried to justify the new comment function, but did not change back to the old function.²⁴ Nevertheless, Google's justification was not sufficient for many users and therefore the petition gained numerous subscribers.

Potential threats from employees' actions

Employee angle

Employees, current as well as previous ones, have a considerable impact on the reputation of their employers. Employees are 'the primary interface with customers, suppliers, and other key partners'.²⁵ Consequently, their behaviour and actions can influence either positively or negatively how outside stakeholders perceive the organization. On the basis of the literature, employees are able to negatively affect the reputation of organizations via social media applications in two ways: employees can either intentionally voice their dissent as private Web 2.0 users and/or they can unintentionally harm their employer's reputation when responsible for the management of social media accounts on behalf of the company.

Employees gain a voice

With the advent of Web 2.0, new channels for voicing their opinion are available to employees. This leads to an increased power over their employers' reputation because social media gives employees the opportunity to make their employee voice heard, not only in the real world, but in the virtual one.^{26–28} Intentionally expressing employee voice via social media channels can seriously harm an organization's reputation. Employee voice can be defined as 'an employee's attempt to use either organisationally-sanctioned or unsanctioned media or methods for the purpose of articulating organisational experiences and issues or influencing the organisation, its members, or other stakeholders'.²⁸

Unfiltered dissent

The real threat to organizations is the employees' power to spread their dissent as private individuals²⁹ via unsanctioned media such as Web 2.0 applications^{26–28} so that employee voice no longer stays within organizations. Instead, due to the inherent characteristics of social media such as real-time communication, ease of access and widespread adoption of Web 2.0, these differences of opinion can be spread 'unfiltered'²⁹ outside the company on a global scale, reaching vast numbers of Web 2.0 users within seconds.^{27,28} Expressing dissent via private online accounts might lead to decreased consumer trust in the company.³⁰ The unhindered access to global stakeholders is further exacerbated by the fact that the publication of negative content by one single employee can be enough to

Websites dedicated to dirt

draw the attention of large numbers of people to organizational shortcomings. As Cravens and Oliver state, 'the actions of a few bad apples can be devastating to many'.²⁵

Various possibilities exist for employees to become global publishers.^{27,28} Examples are websites specifically dedicated to giving employees the opportunity to air their work-related grievances (eg AboutMyJob.com or EmployeeDirt.com), video uploads on YouTube showing internal work processes that do not comply with legal standards, or using Twitter as a way to complain about the employer's product offerings. Additionally, users of social media can further share and spread content published by employees — as Heng, Meyer and Stobber note, 'this multiplies reputational risks'.²⁹

Hearing employee dissent before it is published

Employees' dissent has a significant potential to destroy an organization's reputation, as contradictory opinions point to wider organizational problems in terms of employee dissatisfaction or the company's demise.³¹ Companies may not yet have identified the importance of becoming aware of employee dissent and reacting to it before employees make their opinions public via social media.²⁶ This can turn into a vicious circle: employees who do not have the feeling of being heard by their employer feel increased dissatisfaction.²⁷

Distraction and damage from dissent

The consequences of negative employee voice are described in impressive terms in the literature: public dissent can 'cause substantial damage'²⁹ to a company's reputation; 'employee voice can be [...] a time bomb waiting to explode' leading to 'sustain[ed] serious collateral damage' that can be 'devastating'²⁸ and 'unrecoverable [...], or at least a public relations nightmare'.²⁷ Further on, negative publications by employees have the potential to 'detract from an organisation's desired image and its desire for competitive advantage'.²⁷ At worst, employees' public dissent can even 'lead to infractions that result in legal exposure for the organisation'.²⁸

Domino's Pizza

One example concerning intentional damage by employees that quickly spread on the internet is the activity of two employees of the American restaurant chain Domino's Pizza.³² A video was uploaded on YouTube showing how two employees violated health standards while preparing food in one of Domino's restaurants. The video reached more than 1 million views and many people discussed the employees' behaviour on social media applications like Twitter. The company reacted by firing the respective employees and de-contaminating the store. Overall, this video led to an increased negative perception of the company. Domino's decided to create an account on Twitter and posted an apology video.³²

Untraceable and unpredictable behaviour

This case shows that, in the era of Web 2.0, even a few employees are able to negatively influence the perception of customers towards a brand. Moreover, this case adds to the existing theory that employees sometimes act in ways that are neither fully traceable nor predictable. Therefore, companies have to be very careful and consider possible actions to prevent such situations.

Detecting signals on social media

In order to take advantage of the opportunities offered by Web 2.0 applications, companies increasingly adapt their marketing strategies and become active in building up their own social media presence.

Networking sites such as Facebook may be used to build up two-way interactions with customers or to support market research by analysing social media sites in order to detect weak signals of market changes.³³ Employees may unintentionally damage an organization's reputation while managing their employer's social media accounts. A survey among public relations executives⁶ revealed that employees might not fully understand how to use social media tools or how to incorporate them strategically. Older employees especially are less familiar with Web 2.0 applications compared with younger generations. Additionally, social media applications are being developed constantly. Both factors lead to the situation that employees may not always be able to use social media in the best interests of their employer.⁶

Apologies can lead to liabilities

Social media accounts can also be used in crisis communication. However, if employees apologize on social media too soon, when the organization's responsibility for the crisis has not been ascertained, the organization automatically accepts the responsibility with the apology. This can harm an organization's reputation significantly since the company's apology can lead to substantial financial losses or it can be used as evidence during lawsuits against the company.³⁴

American Rifleman

There are several recent cases of unintended organizational damage for a variety of reasons. In the case of the journal *American Rifleman*, which publishes articles about modern firearms, the reason was simply inappropriate timing. Via Twitter, the tweet 'Good morning, shooters. Happy Friday! Weekend plans?'³⁵ was released shortly after a mass shooting in Aurora, Colorado, in which 12 people died. The reactions of other Twitter users were mostly negative and the Twitter account was shut down on the same day. As it turned out later on, the tweet was published by an employee who had not heard the news about the tragedy. *American Rifleman*'s spokesman Andrew Arulanandam apologized in an interview with CNN: 'Our thoughts and prayers are with the victims, their families and the community'.³⁵ This case extends the theory by two more points: unintentional damages may arise due to poor timing of publications and employees lacking company external information. Thus, the ability of employees to use social media applications is not the only crucial aspect in protecting a company from unintentional damage.

Full oversight is not possible

Overall, employees can harm a company's reputation in multiple intentional and unintentional ways. The possibility of damage can never be fully avoided because it is not possible to keep an eye on every employee at all times. The two cases show that companies cannot just focus on the threats identified by the existing literature, but have to consider more possibilities.

Corporate angle

Reputation management should be strategic and consistent

The corporate angle focuses on an organization's perspective on possible social media activities that have the potential to negatively influence the organization's reputation and brand image. The literature indicates strategic failures when engaging on social media as well as ineffective response strategies when social media crises arise. First, the literature

Integrating all social media

highlights potential risks for an organization by engaging on Web 2.0. Through the emergence of social media, responsibility for occurring crises can be attributed to an organization faster and more easily. It could be ineffective not to align different social media activities with each other because user-generated complaints could be overlooked.⁹

If companies miss being present on all social media sites, they are not able to correctly monitor customer complaints, which could damage their reputation immensely.³⁶ Furthermore, the possible threat of not integrating social media activities with traditional marketing activities is apparent.⁹ Many companies make the mistake of treating different media independently.³⁶ Instead, the social media approach of companies should be handled as an integrated strategy. If marketers use them independently, they are not able to reach the highest possible amount of influence and attention with their marketing strategy or may send contradictory messages. In addition, the choice of social application is crucial for a successful Web 2.0 presence. By using a variety of social media applications, different kinds of customers can be reached. Thus, the wrong choice could lead to an ineffective marketing activity.⁹

Impossible to ignore

Second, in order to react to negative publicity, companies can use several different online response strategies. Some of these strategies are poorly planned and turn out to be ineffective. The effectiveness of response strategies can be crucial to a firm's reputation: 'The actions that the organisation takes in dealing with social media and how it responds during times of crisis could drastically diminish the harm if managed properly or significantly increase the harm if mismanaged'.¹³ This shows that it is highly inefficient to try to ignore the complaints occurring on social media.

Risks from forced compliance

Although firms may not have any presence on Web 2.0, they are not excluded from online complaints. Customers are able to develop their own websites to complain. Companies usually make use of different response strategies: denial, forced compliance, voluntary compliance and super effort.¹² Hence, the forced compliance strategy fundamentally undermines a company's reputation by forcing employees to implement actions that are set top-down. If a company uses the forced compliance strategy, employees are less flexible and cannot react to customer behaviour before management approves it. This can cost a company valuable time during which its reputation can be further damaged.

Honesty is paramount

Moreover, it is of utmost importance that firms are honest in their social media communication because they should 'never expect that other participants may not find out' whether firms lie in their public statements.⁹ Therefore, honesty should be a basic necessity in every response strategy. Additionally, by using diverse social media applications, different kinds of customers can be reached. Thus, the wrong choice could lead to an ineffective marketing activity.

Pre-prepared crisis management

Other research³⁷ states that the use of 'internet-based emergency response systems' can bring significant benefits to governments in terms of natural disasters. For companies, it is important to develop Web 2.0 crisis solutions before a disaster occurs. However, due to the infinite number of potential scenarios, firms struggle to predict the correct one.

No space for monologue

Furthermore, there is little space for monologue in social media.¹⁵ Companies should rather try to develop a dialogue with their customers, as monologues restrict the amount of feedback companies can get. Moreover, customers might get bored due to the lack of interactivity.

Greenpeace v Nestlé

The following section presents a case from Web 2.0, showing how organizational reputation damages are further magnified due to ineffective corporate response strategies. In 2010, Nestlé decided to use palm oil for the production of KitKat to intensify the taste and flavour of the company's product. Greenpeace, stating that Nestlé is destroying vast expanses of habitats for orangutans, started a 'sh*tstorm' and claimed that Nestlé was endangering the population of the primate.³⁸ Greenpeace created two videos that heavily criticized Nestlé and were intended to prompt consumers to stop buying KitKat. Nestlé's initial reaction was to shut down its social media activities, delete comments by users on its platforms and take legal action against Greenpeace for the creation of the videos. This response strategy went in the opposite direction to what was initially desired — the topic was heavily discussed and spread on Web 2.0.

Nestlé builds social media capabilities

Subsequently, Nestlé identified the strong impact social media activities can actually have on a company's reputation in the form of word-of-mouth, decreased customer loyalty and declining profits. Nestlé's corporate management immediately changed its strategies and decided to make social media activities of strategic importance. Nestlé hired new staff with social media experience to scan and control all the social media activities related to one of Nestlé's products. This strategy is called digital acceleration team (DAT) and is the key element of the company's strategy.³⁸ The aim is to listen to users, interact with customers and inspire them. In addition, Nestlé merged its controlling and scanning mechanisms on Web 2.0.

Summarizing theory and real-life cases, the importance of social media activities is demonstrated, and it can be highlighted that companies need to handle social media activities strategically.

Corporate response strategies: A way to diminish or prevent reputation damages occurring from the customer, employee or corporate angle

Understanding threat profiles

After a comprehensive review of the literature on possible risks to corporate reputation and the application of four real-life cases, it is possible to summarize these social media threats. Figure 1 shows, on the left side, an overview of potential threats in the domain of Web 2.0, classified into the customer, employee and corporate angle, which have the potential to seriously harm an organization's reputation. This overview presents a summary of the findings reported in the literature, supported by the outcomes of the real-life cases. In order to counteract these social media risks, organizations have to employ effective corporate response strategies, shown on the right side in Figure 1, which help to restore a company's reputation after a social media crisis or even prevent reputation damages from occurring altogether.

Figure 1: Juxtaposition of social media threats and corporate response strategies

Customer, employee and corporate angle

Regarding the customer angle, corporate reputation can be harmed through unintended customer modifications and redesigns of products, social media posts such as product reviews and tweets, anti-branding sites, ‘sh*tstorms’, or online petitions.^{5,14,18–20,23,39} Looking at corporate reputation damages arising from the employee angle, literature findings see the main risk arising from employee voice and unintentional damage occurring when managing a firm’s social media accounts.^{6,25–29,34} Real-life cases add that organizations may also be faced with irrational and unpredictable employee actions.^{32,35} Finally, reputation damages may arise from an organization internally. Firms may commit strategic failures when using social media applications or ineffective response strategies during social media crises.^{9,12,13,15,36}

Risks to reputation

Regardless of the specific angle, the above-mentioned threats put corporate reputation at serious risk due to the inherent characteristics of social media that are apparent in each angle: real-time communication, ease of access, widespread adoption of Web 2.0, the long-term memory of the internet, the leader-follower effect, and the fact that organizations have no control over social media users.^{2,5,17,21,27–29}

A portfolio of response strategies

An organization needs to have a portfolio of response strategies from which it can choose an appropriate strategy for each corresponding case.³⁴ Consequently, as can be seen on the right side of Figure 1, the corporate response strategies are also categorized according to the customer, employee and corporate angle so that organizations match the source of social media threats with the appropriate type of response strategy. Additionally, different strategies may need to be launched simultaneously in order to increase effectiveness.¹³

Potential of third-party alliances

Corporate response strategies for reputation damages arising from the customer angle include training and empowerment of employees. Organizations should have a team of employees that is responsible for managing the firm’s social media accounts.³⁰ To be able to effectively deal with customer complaints, these employees need extra training.¹² As the Nestlé case shows, this could take the form of a DAT.³⁸ Additionally, research¹³ points out that the best strategy for corporations may be to accept responsibility and to take corrective action. The case of Nestlé further indicates the potential of alliances with third parties, which are experienced in the domain of social media.³⁸

Apologize and de-escalate

When customers show their displeasure via social media applications, the company should respond from a defensive position and apologize for the causes of the complaint in order to reduce the possibility of further customer action that might damage the firm’s reputation.⁵ Companies should try to communicate with dissatisfied customers and to de-escalate the harmful situation as far as possible. Many users can be calmed down if they notice that the company responds to their specific complaints. Thus, instead of ignoring customer complaints, a pro-active role should be taken, whereby a one-to-one communication is mostly more effective than a one-to-many communication.

Educated employees maintaining corporate reputation

Regarding the possibility of reputation damages arising from the employee angle, the main corporate response strategy is the extensive education of employees. First, all employees need to be educated on how

the firm would like to be perceived by outside stakeholders, the benefits arising from a positive reputation and the long-lasting nature of reputation damages, as well as employees' actions that have the potential to damage the corporate reputation.²⁵ Employees who are aware of the organization's desired brand image and feel that their psychological contract with their employer is intact are less likely to choose social media applications to harm the corporate reputation.²⁸

Dedicated social media training

Second, employees who are responsible for managing the corporation's social media accounts need dedicated training in social media usage.^{6,12} Furthermore, organizations should also have internal mechanisms in place that allow employees to express their criticisms.²⁷ If employees have the feeling that the company appreciates their opinion and will act upon it, they are less likely to use Web 2.0 applications to air their grievances.²⁸ Thus, the organization can keep employee voice internal to the company and avoid its spread through social media. Finally, the organization should ensure a corporate culture that encourages employees to be open with their employers and that gives employees the possibility to trigger organizational improvement.^{31,40} Thus, the organizational context is a decisive factor regarding the extent to which employees negatively affect the company's reputation via social media applications.

Corporate strategies similar to the customer angle

With respect to the corporate angle, response strategies are relatively similar to response strategies found in the customer angle. Again, employee training and empowerment are important in order to enable employees to effectively manage the corporation's media activities and the interaction with customers.¹² Organizations may also consider allying with third parties who are more experienced and qualified in the area of social media if internal capabilities to effectively use social media channels have not yet been developed.³⁸ Furthermore, research⁴¹ states that it is important that the response in terms of social media activities is planned in detail and executed in a structured way.

Demonstrating sympathy

Firms should apologize with sympathy in order to show that responsibility is accepted and customer complaints are being acted upon. Results show that a correct choice of media has a significant influence on the effectiveness of the response as different customers can be reached through a variety of social media channels. Finally, research¹⁰ mentions that it can be helpful for companies to react in a way that matches the jargon and humour of the customer complaints. Organizations are further advised to take corrective action in any case, even though the reputation may have already been seriously damaged.

Every company is responsible for its own reputation

The conclusion that can be drawn from this overview of social media threats and corporate response strategies is that the main opportunity for an organization to successfully manage its reputation lies internally. As corporations cannot control social media content posted by customers, organizations can only try to manage the risks to corporate reputation that arise from the employee and the corporate angle. The first step is for top-level management to see the strategic importance of social media applications. The second step is the appropriate choice of social media applications and their alignment with traditional marketing activities. Finally, organizations need to develop a portfolio of proactive response

strategies for each of the three angles from which reputation damages might occur.

Conclusions, limitations and further research

Framework of threats and responses

Using literature as a foundation, three different angles have been identified from which threats to an organization's reputation in the area of social media may arise: the employee, customer and corporate angle. For the first time, potential sources of reputation damages have been categorized according to different stakeholders of the organization. The developed framework (see Figure 1) summarizes the social media threats and compares them with effective corporate response strategies. Both threats and response strategies are listed according to the three different angles, highlighting the need for organizations to match appropriate response strategies with the source of reputation damages. Thus, it is important for organizations to consider each angle and to develop a portfolio of response strategies.

Match response to the source

However, the case examples used in this literature review show that organizations seem to be insufficiently informed about how to deal with social media attacks and therefore they tend to avoid confrontation with dissatisfied customers or employees. The companies analysed in this literature review mostly shut down their social media activities, ignored customer complaints or responded reactively by apologizing after the crises occurred. Although scientific literature addresses corporate response strategies to proactively manage social media threats, organizations seem insufficiently informed about how to proactively and effectively engage in social media. Therefore, organizations are advised to actively seek information on how to use social media as a corporation, for example, by hiring external consultants to help them develop internal capabilities to successfully manage social media activities.

Potential lack of investment

Regarding the limitations of this literature review, it has to be pointed out that examples of real-life cases have been used to further underpin and extend the existing literature. The outcomes of these cases are not comprehensive and may present exceptional circumstances. Moreover, the social media threats and corporate response strategies as summarized in Figure 1 may not apply to all organizations equally, for instance, due to different industries and businesses or due to a lack of available capital to be invested in social media activities.

B2C v B2B strategies

With regard to the research articles analysed, most of them focused mainly on the social media activities of B2C companies. Therefore, future research should investigate to what extent the social media threats and corporate response strategies are also applicable in the domain of B2B organizations. A difference may be expected in the complaint behaviour of private and business customers via social media applications. Additionally, there might be the possibility of further analysing threats and appropriate response strategies for different angles than the employee, customer and corporate angles: communication media such as TV and newspapers especially further spread news of social media attacks, leading to an

increased awareness of the organization's shortcomings and the potential of additional harm to the organization's reputation.

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