

Chapter 83

Brand Reputation in the Facebook Era: The Impact of User Generated Content in Brand Reputation Management Brand Reputation in the Facebook Era

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ABSTRACT

The vitality of the Internet highlights the research relevance that online reputation studies are acquiring. Most available research suggests that online reputation might also be managed (Online Reputation Management, ORM). However, technology development has given consumers a digital fingerprint and impact on a brand reputation. Therefore, brand reputation management is eventually limited to some tools. A literature review was conducted to pay attention to the most important emerging research topics on the field and to identify interesting research areas.

INTRODUCTION

The Internet has changed the way members of society interact with each other. The amount of tools and applications available for interaction can be overwhelming, ranging from email, blogs and instant messaging to online opinion platforms or social network sites. Almost everything and everyone can be found online with very little effort in engine searchers. The online world has many characteristics that make it unique and specially challenging for brands: reach and accessibility, as there are almost no boundaries to it as long as access to the Internet exists; and speed, as it allows for news to spread all around the world in a matter of seconds.

What does this all mean to brands and consumers? Brands now have a new wide channel to communicate with consumers, and consumers do not risk their reputation when talking about a brand. Consumer behavior has changed, using the Internet to share what they like or dislike of a brand and spread their

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comments to the virtual world. This new consumer behavior and tools represent a challenge for brands' online reputation management. The development and maintenance of brand reputation on the web is at the heart of companies' marketing plans, especially in the face of highly competitive markets with increasing unpredictability and decreasing product differentiation.

In order to understand the new role of consumers in the reputation building process, it is important to know the characteristics of the new consumer that brands are facing at present. Generation C ("C" from content) is the name that some top marketing websites, such as www.trendwatching.com, started to use in order to describe those consumers who were born in a world where everything is built around digital technologies. It is not the birth date that determines whether consumers are part of Generation C or not; this is determined by their behaviors. Generation C can briefly be described as the content creation generation. The 5 C's (creativity, casual collapse, control, celebrity and content) further enrich the definition. Members of Generation C use creativity to generate new content. Creativity leads to what is known as casual collapse: this new generation is breaking the formalities imposed by previous generations concerning beliefs and attitudes towards family life, work, etc. Besides being creative, Generation C is characterized by a need to take control of everything that is going on around, which is why brands decided to customize anything for consumers (Hardey, 2011),

In this new context, what does "to be empowered as a consumer" exactly mean? According to previous research, brands were empowering consumers using a mass customization strategy, what means offering customers the possibility of changing the product settings and shaping the final product according to their tastes. Additionally, consumers were also allowed to exchange concerns with the brands through their websites. Basically, consumers were empowered by a brand that was looking to reduce costs and risk when creating new products or selling existing products (Fuchs, Prandelli et al. 2010).

What Is Online Reputation?

Reputation has certainly no easy definition. Scholars do not agree on a single definition (Gotsi and Wilson, 2001; Barnett et al., 2002; Balmer, 1998; Rindova et al., 2005). Some authors, such as Balmer (1998), go even to the extent of giving multiple definitions of the concept depending on the point of view being considered. Thus, according to him and from the accountancy perspective, reputation would be an intangible asset that has its own financial value; whereas from the strategic point of view, reputation would be a collection of assets and entry barriers into an industry or market; and so on.

Some authors argue that reputation is a necessary condition for survival and profitability (Jackson, 2004; Preston, 2004); while others think that it helps stakeholders, consumers among them, reduce uncertainty when it comes to evaluating products and services, specially when it is difficult to assess their quality without having previously tried them or require some kind of specialized expertise to evaluate them (Weiwei, 2007; Souiden et al., 2006; Brown and Dacin, 1997). According to Fombrun and Shanley (1990), reputation represents the public's aggregate judgments over time. Research has also shown that the main features of reputation are perception, time and expectations, judgments, and admiration and credibility from the public (Siano et al., 2011).

Summing up, most authors agree that reputation is constructed over time based not only on past events, but also on expectations from stakeholders (Hatch and Schultz, 2008; de Bussy et al., 2000). Therefore it is even harder to define what online brand reputation is. Chun and Davies (2000) take a first approach by saying that e-reputation is the element of reputation that is derived from online contacts. According to Siano et al. (2011), the literature on e-marketing contains little in the way of conceptual

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