

Drowned out? Rethinking corporate reputation management for the Internet

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ABSTRACT

The Internet has radically altered the dynamics of corporate reputation formation and management. In the growing hubbub of consumer, media and activist dissection of corporate behaviour, companies are finding it increasingly difficult to make their voices heard. By creating newly accessible channels of communication and organisation, the Internet has shifted the balance of power of 'voice'. The result is that corporate reputations are increasingly defined not by what companies do or say, but by how others perceive and respond to their actions and words.

This paper argues that the underlying challenge facing reputation managers is that traditional conceptions of corporate communications and corporate relations are unsuited to

the developing online environment. Effective online corporate reputation management requires companies to develop new relationships with their online stakeholders, with very different characteristics from traditional top-down communications models. The paper concludes with an attempt to describe a new conceptual framework for online reputation management.

KEYWORDS: corporate reputation, Internet communications, activism, stakeholder relations, online presence management

THE INTERNET: FACILITATING INTERACTION

In one sense, very little that takes place via the Internet is genuinely new. The Internet does not, in and of itself, change human motivations. What is radically new about the Internet is that it facilitates patterns of behaviour that previously were difficult, or impossible, to put into practice.

In particular, the Internet massively extends the scope and range of human communication by reducing (although not eliminating) the constraints of geography, access to audience, time and resources. Before the Internet, the only ways to communicate directly with more than a small number of people in a fairly small geographical area were to

own a means of publishing or broadcasting to them, or to have a physical presence, like a chain of shops.

Now, through newsgroups, websites, bulletin boards, chatrooms, instant messaging, e-mail and mailing lists, it is possible for anybody with Internet access to have a worldwide presence — and potentially to find a worldwide audience — for the cost of a local phone call.

People leapt at the possibility of (relatively) cheap, unconstrained global communication. One of the earliest demonstrations of the Web's possibilities was the explosion in the number of personal websites dedicated to individuals' life histories and holiday snaps. These may have held no interest whatsoever for 99 per cent of the online audience, but they worked; people communicated, they found friends with shared interests and they connected with each other. An oft-quoted but startling 'Internet fact' is that it took radio 38 years to reach an audience of 50 million, television 13 years, and AOL just two-and-a-half years.

UNDERSTANDING CORPORATE REPUTATIONS

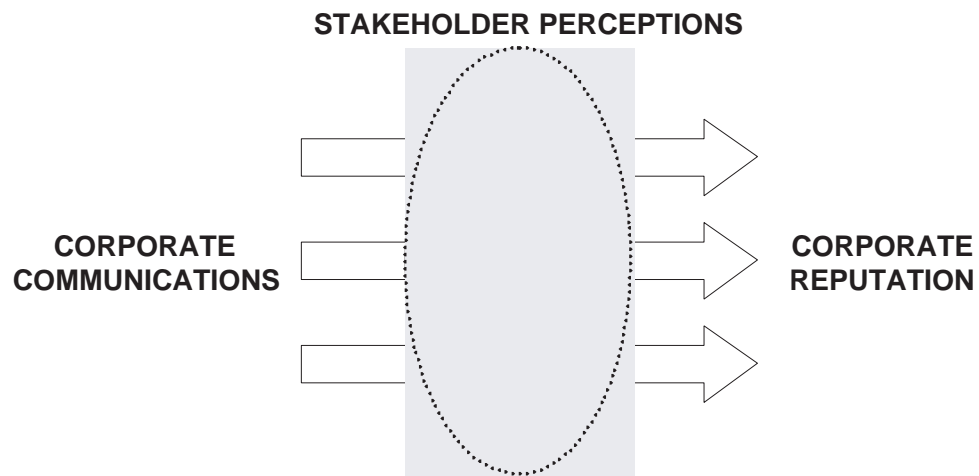
What implications does this liberation of human interaction have for corporate reputations? We have learnt over the last three decades that the relationship between companies and consumers is not a passive, one-directional form of communication. Consumers' perceptions, their beliefs and preconceptions — whether based on fact or otherwise — are as important to an organisation's reputation as what that organisation says and does. It is impossible to understand corporate reputations without understanding the tangle of perceptions, beliefs and presumptions surrounding the company in question.

Furthermore, these perceptions, beliefs and presumptions are not constant or predictable. The same consumers may react to different propositions in different contexts in wildly different ways.

A company's reputation is best understood as the end result of the interaction between the company's actions and statements and the reaction of the 'outside world' to those actions and statements. Companies communicate their chosen messages, through advertising, PR, their website, logo, media tie-ins, sponsorships and all the other devices of modern corporate communications. The success of that communication is determined by other people's responses to those messages. As corporate communications filter through the lens of their stakeholders' experiences, reactions and preconceptions, corporate reputations are forged and/or undermined (Figure 1).

Large companies have the advantage of being able to dedicate significant resources to try to ensure that the company's voice is heard. They have time and money to devote to refining and disseminating their messages, exploiting a wide range of communications channels. They have experienced public relations professionals responsible for managing their communications and relationships. Their international presence allows them, when appropriate, to project messages simultaneously to audiences across the world, while centralised communications strategy development helps to prevent inconsistent messages being delivered by different regional operations. Finally, they command a level of access to mass media that few of their stakeholders can hope to match. When BP recently announced its 'Beyond Petroleum' rebranding, it was able to use a panoply of communications media and tools to

Figure 1: The traditional relationship between communications, perceptions and reputation



maximise its chance of getting its message across: mass-market advertising on television and in the press, its Web presence, press coverage, leaflets in its petrol stations and posters on the forecourts.

Of course, these advantages have not always guaranteed that big companies will succeed in communicating their message effectively, nor that stakeholders will accept what companies have to say. Sheer size and resources have, however, given corporate communications tremendous influence. At the very least, historically the world's largest companies have usually been able to raise their voices above the volume of their opponents, even if their arguments were not always persuasive.

IMPACT OF THE INTERNET

With the development of the Internet, this is no longer a reliable assumption. The reduction of the constraints on communication of geography, access, time and resources has helped to reduce

the significance of corporate assets by making it easier for stakeholders to communicate independently. That is why the Internet is so important for corporate reputation management; corporations are losing some of their dominance over information flows as their critics have exploited the new freedoms created by the Net. The communications playing field is becoming more level.

There are several factors driving this trend. First, access to the new medium is much less reliant on money. Anybody can get enough free Web space to establish their own Web presence; with a working knowledge of HTML and some creative ideas, an individual's website may look as impressive as many big corporate sites. If its content is strong enough, that website may be able to use the networked nature and resources of the Internet to gain a bigger global audience than those corporate sites, at relatively low cost.

Secondly, the Internet has led to a proliferation of alternative authorities.

People who want information on any given issue are no longer restricted to companies involved in that issue, government agencies, or those non-governmental organisations (NGOs) with sufficient resources to commission research and publish their arguments. The Internet enables them to turn to organisations they might never have found offline, or to ask their peers for their views on newsgroups and mailing lists.

Of course, online commentators still have to be credible. The Internet, however, has developed at a time characterised by increasing suspicion of corporate behaviour, and a growing willingness to scrutinise what companies say and do. There are many examples that illustrate the breakdown of trust between companies and consumers: thalidomide; Nestlé's marketing of breast milk substitute; *Exxon Valdez*; Brent Spar; Shell in Nigeria; animal testing; BSE; and public opposition to genetic modification are just a few. These cases have contributed to the development of a credibility gap between corporate messages and public perception. In this environment it can be relatively easy for corporate critics to win the benefit of the doubt (witness Nike's persistent problems with allegations regarding use of sweatshop labour).

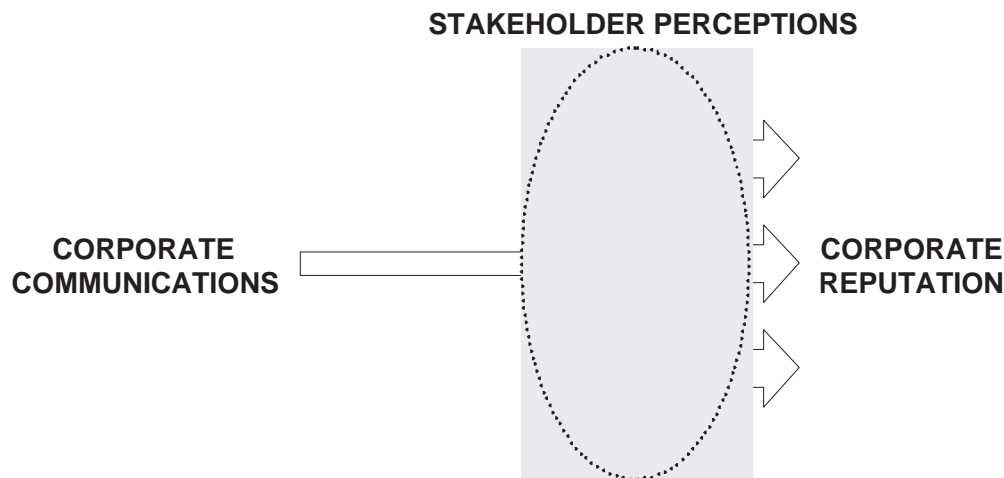
Finally, corporate opponents have proved themselves adept at utilising online communications resources. With limited resources to provide access to traditional media, the Internet was a godsend to NGOs, protest groups and activists. Some NGOs were among the first to use the Internet for campaigning and to raise awareness and support for their cause.

This early experience means that even now many activist organisations

are much more sophisticated in their use of online resources than many big companies. They have used all the tools of the Net to keep people informed about their activities and raise the profile of their campaigns. Most recently, for example, Greenpeace launched a campaign in partnership with 'culture jammers' and online activists Adbusters against Coca-Cola's use of cooling systems that rely on CFCs. The campaign has a sophisticated dedicated website (www.cokespotlight.org) and a mailing list to keep supporters up to date with campaign developments. The site provides a full battery of campaigning tools, including stickers and posters to download, Web banners to place on other sites, video that can be circulated by e-mail, a gallery of campaigners' activities, and pre-written e-mails to Coca-Cola's chief executive officer (CEO).

These challenges to corporate reputation management are not restricted to an online environment. It is often said that the Internet houses an 'anti-corporate culture'. As previously noted, however, the Internet does not itself change people's motivations, beliefs and values. It is not that the Internet has an anti-corporate culture; it is people who have that culture. What the Internet has allowed us to do is simply to see the scale of that anti-corporate culture, and to make it easier for those who agree with corporate critics to work more effectively together.

The effect of these developments has been to shift the power of 'voice' in the formation of corporate reputations away from companies themselves and towards their stakeholders. As new opinion leaders emerge via the Internet, and as corporate voices become less dominant, corporate reputations are increasingly likely to be defined by

Figure 2: The new relationship between communications, perceptions and reputation

external stakeholders' views rather than by what the company says and does (Figure 2).

The McSpotlight campaign against McDonalds provides a good example. It began as a result of the McLibel trial but has evolved into a major ongoing crusade, organised almost entirely via the Internet. The campaign claims that its website (www.mcspotlight.org) has received the most 'real-world' press coverage of any website in the world. The site currently registers more than 1.5 million hits per month; the campaign has achieved a global reach that would have been impossible before the Internet.

Some online services have emerged with the explicit goal of allowing Web users to share their views on others' sites, products and services. Third Voice (www.thirdvoice.com), epinions (www.epinions.com), and The Complaint Station (www.thecomplaintstation.com) in their different ways all undermine corporate control of brands by enabling consumers to swap experiences and opinions directly, and on a

global scale. Why would consumers take for granted what a company says about itself when they can so easily hear the views of their peers?

THE NEW CORPORATE COMMUNICATIONS

This analysis may lead managers responsible for corporate reputation to despair. Facing a proliferation of alternative authorities, increasingly well-organised and motivated critics and growing lack of faith in the corporate world, corporate communicators may believe there is little they can do, beyond crisis control, to address reputation management issues.

The authors believe that this sense of impotence is misplaced. If anything, these new challenges reinforce the value of effective corporate reputation management. The Internet has made good PR more important, not less. If companies are going to be able to make their voices heard in future, corporate communicators will have to learn to exploit the potential of the Internet. In this context, PR professionals can learn a

lot from the success of corporate critics and should welcome the emergence of the Internet as a valuable new communications and reputation-building tool.

For companies fully to harness the reputation-building potential of the Net, however, requires rethinking the nature of corporate communications. Bolstered by the dominance afforded by their resources, companies have tended to rely on a 'command and control' communications model, characterised by a tendency to communicate only when there are problems, and a resort to legal solutions to respond to hostile comment and opponents' attacks.

On the Internet, that dominance based on resources is less important. It is by no means guaranteed that companies can make their voices heard, for reasons already identified. Several companies have tried to apply the command and control model in high-profile cases, sometimes with disastrous results. When online retailer eToys tried to take the etoy art collective to court for unfair competition and trademark delusion, online activists declared toywar (www.toywar.com), which included a virtual sit-in that brought down the eToys server in the week before Christmas 1999 and attacks on the company via its private investor bulletin boards. Recognising the force of online opinion, eToys was forced to back down and www.etoys.com is back up and running.

In a similar vein, Volkswagen of America faced vigorous online opposition from previously loyal supporters when it instructed its lawyers to act against a number of fan and enthusiast sites deemed to be abusing the VW trademark or logo. This provoked outrage among the online VW user community, with dozens of posters to

newsgroups and bulletin boards from the USA and beyond stating that they will never buy another VW car. Several enthusiast websites became bitter critics of the company, turning its logo upside down as a symbol of their defiance. The company succeeded only in alienating a dedicated and loyal online community.

Examples like these suggest that companies need to rethink their approach to corporate communications in order to build and protect their online reputation. They must have a light touch and avoid heavy-handed legal solutions. They must win stakeholders over through persuasion rather than insistence or attack. They need to be open to alternative points of view and ready to enter a dialogue to make their points. Instead of only needing to monitor and work with a few key media, they have to contend with the anarchy and diversity of the Net.

At the same time, the Internet creates major new opportunities for corporate communicators. They are no longer limited by the soundbite culture of modern mass media, having the ability to direct detailed targeted messages to specific audiences which want that information. They can respond directly to hostile communities rather than working through the distancing tool of the media.

This implies a rethinking of the nature of corporate communications, as shown in Table 1.

NEW THINKING APPLIED

This analysis may be straightforward in theory, but it is harder to apply in practice. Online corporate reputation management is still in its infancy and there are few confirmed practical lessons. The authors believe, however, that the evidence so far suggests that

Table 1

<i>Old communications</i>	<i>New communications</i>
Mass media	Targeted media
Intermediated	Direct
Push	Pull
Didactic	Engaging
Information light	Information heavy
Generic	Specific
One way	Dialogue
Rose-tinted	Honest
Defensive	Proactive

effective online reputation management initiatives are characterised by one or more of the following features:

- engagement with the opposition
- direct communication on stakeholders' own territory
- use of third-party endorsement and advocacy
- building relationships with online stakeholders based on common interests.

Engaging opposition

Engaging opposition means responding to critics' concerns, but it also means recognising their right to an alternative point of view and providing space for them to articulate that view. Shell is probably the best-known example here, having invited views on its activities and established a network of discussion boards on its corporate site (www.shell.com) given over to uncensored commentary on the company. Shell staff participate on the boards to respond, often in great detail, to specific issues raised, but highly critical comments are left online for all to see. It is a brave step, but one which is appreciated, on the evidence of commentary on the discussion boards themselves.

Another approach to engagement was demonstrated by Dunkin' Donuts. In 1997, a disgruntled individual set up an anti-Dunkin' Donuts site as he claimed to have had difficulties obtaining a 'quality' cup of coffee at the Dunkin' Donuts franchises in his local area. The site grew over time as other disgruntled customers accessed it and began to e-mail their complaints to the author.

Attempts by Dunkin' Donuts to close the website down in July 1998, on the basis of copyright infringement and use of the domain name dunkindonuts.org, were unsuccessful. Following this, Dunkin' Donuts had an apparent change of heart. They sponsored the site and recognised it as a valuable source of consumer feedback; employees started to post responses to customers' complaints. These days the site simply points back to the main corporate Dunkin' Donuts site, with a potentially difficult situation averted.

Direct communication

Companies should recognise online forums and resources as the source of business intelligence that they are, and work with them, rather than against them, to build better relationships with their stakeholders. In March 1999, Pioneer discovered substantial numbers of complaints on Internet newsgroups about synchronisation problems with their DVD players and scanned postings for complainants' contact details. They approached individuals via e-mail and offered to fix their DVD players for free, regardless of warranty status. By adopting a low-key approach, Pioneer successfully reduced the amount of negative publicity their players were receiving online without 'officially' amending their warranty policy.

Third-party endorsement

On the levelling playing field of the Internet, third-party endorsement is a critical element of securing credibility and ensuring your point of view is heard. By itself, the corporate voice is often no longer enough. Procter & Gamble faced a potentially difficult situation when a story emerged that their fabric conditioner, Febreze, allegedly killed pets. The rumour began to escalate out of control and acquired the status of urban myth. Procter & Gamble developed a 'household safety' Web page of their own, but also sought third-party confirmation from well-respected sources such as the American Society for the Prevention of Cruelty to Animals, which refuted the story prominently on their own site.

Third-party endorsement is not only important in crisis situations. Recognising this, Unilever has developed a section of its corporate website, entitled Web Watch (www.unilever.com/ne/ut_ww.html), given over to third-party and media coverage of the company and its industry. It allows the company to present news of interest to both internal and external stakeholders with the credibility of an independent perspective.

Building relationships

Companies can use the Internet to build bridges with their stakeholders in a way that is practically difficult and expensive offline. They have new opportunities to reach highly targeted niche audiences. Successful online corporate reputation management will rely on identifying and proactively building relationships with relevant online communities, based not on commercial relationships, but on companies utilising their resources and expertise to work with their online stakeholders for mutual benefit.

In this respect consumer brands are leading the way. Companies like Warner Brothers and Adidas are offering extensive support to online fan communities, with the benefit to them of building cult loyalty for their brands. Warner has created an enormous resource, www.acmecity.com, to give television, film, cartoon and music fans the tools to build their own online communities, including 20MB of Web space, page builders, content and interactive facilities.

LOOKING AHEAD

The Internet still represents uncharted territory for most corporate communicators. There are a lot of questions still to be addressed. This paper has attempted to set out a conceptual framework within which the role of new online reputation management applications can be understood, but it has not tried to give much practical guidance beyond presenting a few examples of good and bad practice.

The Internet offers exciting opportunities for corporate PR professionals, and some companies have taken brave steps in new and challenging directions. The authors stress that companies should be grateful to the Internet for enabling them to get closer to their stakeholders; and believe that too many companies are locked into a defensive mode that prevents them from realising the full potential of the Net. It is worth remembering that the Internet frees companies as well as their critics from some of the historic constraints on the scope of their communication and interaction.

It remains the case, however, that corporate opponents have taken the lead in using the Internet to communicate their message. It is activist and pressure groups that have proved them-

selves to be quickest on their feet and most sensitive to online opportunities. Now is a critical period for corporate communicators; the more hesitant companies are, the more ground they will lose and the harder they will find it to make their voices heard. Compa-

nies must start thinking and planning now if they are serious about maintaining and building their reputations in an online environment.

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