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SOCIAL MEDIA AND BRAND CRISIS

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THE DIGITAL ENVIRONMENT

At the time of writing, more than 3 billion of internet users exist, close to half the world population. Every second, 37,145 Gigabyte of contents are created, 55,692 Google searches executed, 7,035 Tweets sent. Numbers like these help to depict the magnitude of disruption brought about by the advent and raise of the Digital Era, which has changed the way people interact, behave, shop and react to the environment. In order to prosper and survive the digital disruption, companies need to understand the principal forces, trends and players that regulate the Digital Environment.

- Uncertainty: The world economic crisis has reshaped and is reshaping the business world. Companies once strong have now fallen, while others had to reshape and refocus, following the new demand's elasticity to price. Customers started to "stretch every dollar" looking for the best possible value for money and adopted a more frugal consumption behavior. Everything is extremely fast and in perpetual evolution, it is impossible to predict precisely the impact of events and to forecast mid and long term.
- OTT (Over-The-Top) Players: service providers that, through the use of Internet, disrupted the business worlds. Examples includes WhatsApp, Facebook etc.
- Mobility: users are constantly connected to the Internet through portable "screens", such as smartphones, tablets and even wearables.
- Customers have become "Digital Customers": they are the most relevant force of the digital environment, which is both their habitat and their product, filled with Customer Generated Media (CGM). CGM represents the "web collective intelligence". Thanks to social media, the Digital Customers are always connected among them, ready to discuss, review, analyze the companies' actions. They will, however, wish to be engaged by the company, willing to create a relationship and participate. For companies they can be a resource as much as a threat.

These forces shape a complex and dynamic environment that calls for a specific marketing process, centered around creating and nurturing brand-customers relationships

The Digital Era, through Big Data, introduced new tools and practices to analyze the customers' behavior, preferences and ideas and find new way to address their needs. Those "needs", incorporated in new products or services are delivered through new channels, like websites, e-commerce and social media. After the "consumption", customers will share their impressions online, in ways that can be easily intercepted by the company, which can react, refining its products or services.

Fig. 1.1: **The Digital Marketing Process**
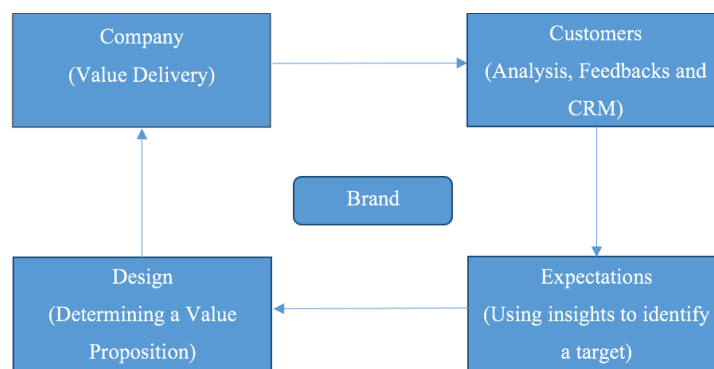
Source: Prof. Maximo Ibarra, A.A. 2015/2016, Digital Marketing course, class materials

Throughout the process, however, the brand is the most important asset in the hands of the company. In a constantly interconnected and interactive environment, creating meaningful relationships with the customers is crucial to survive. Consumers "humanize" the brand, they attribute it a personality by interpreting its behaviour. The brand become the emanation of the company that can act as a viable relationship partner, suited to interact with customers. Customers, on their hand, are willing to participate in the creation and definition of their brands. In fact, as argued by Fournier and Avery, the Digital Age is also the Age of the "Open Source Branding". Companies can "leverage Web 2.0 interconnectedness" to engage with them, in particular, through the use of social media. By accepting the "Open Source Branding" companies can benefit from the help of customers in the co-production of products and services. They can be a source of insights, positive WOM and brand advocacy. However, if managed incorrectly, social media can pose a threat for companies since customers could "hijack" the brand. Hence, executives needs a strategic tool capable of guiding them in this environment.

UNDERSTANDING SOCIAL MEDIA

The definition of the term "Social Media" is not unique in the literature. The most used, however, seems the one from Kaplan and Haenlin: "*Social Media is a group of Internet-based applications that build on the ideological and technological foundation of Web 2.0, and that allow the creation and exchange of User Generated Content*". It follows the authors 'own description of the Web 2.0 as a shift in people's ideology toward using the Internet as a mean to exchange ideas, media and opinions (Customer Generated Media CGM). To better explain this definition, they created a matrix [Tab. 1.1]. By considering two different variables (Media Richness and Self Disclosure), they classified the digital media considered to be "social".

Tab 1.1: **Social Media Matrix**

| | | Social presence/ Media richness | | |
		Low	Medium	High
Self-presentation/ Self-disclosure	High	Blogs	Social networking sites (e.g., Facebook)	Virtual social worlds (e.g., Second Life)
	Low	Collaborative projects (e.g., Wikipedia)	Content communities (e.g., YouTube)	Virtual game worlds (e.g., World of Warcraft)

Source: Kaplan A. M., Haenlin M. (2010)

However, as noted by Obar and Wildman, the constant changes and evolution together with the fact that all web technologies offers forms of interaction, makes defining exactly which services are social media a challenging tasks. Their own definition is composed of the following 4 elements: 1. *Social Media services are (currently) Web 2.0 based*; 2. *User-Generated Content is the lifeblood of social media; 3. Individuals and groups create site-specific user profiles within the boundaries of the social media service.* 4. *Social Media services facilitate the development of social networks online by connecting a profile with those of other individuals and/or groups.* For the purpose of this dissertation, "Social Networks" seems to be the most useful for the company's online presence. Their medium level of Media Richness together with their High Self Disclosure, in facts, is considered in literature the most adequate to be able to influence people's real life behaviors. What is more, requiring personal profiles and high degree of interaction means they are the obvious point in common between the two definitions.

In order for the company to *"make sense of the social media ecology",* Kietzmann et al. created the "Honeycomb framework" [Fig. 1.2]. It is composed of seven building blocks that are used to analyze and understand social networks' structures.

Fig. 1.2: **The Honeycomb Framework**
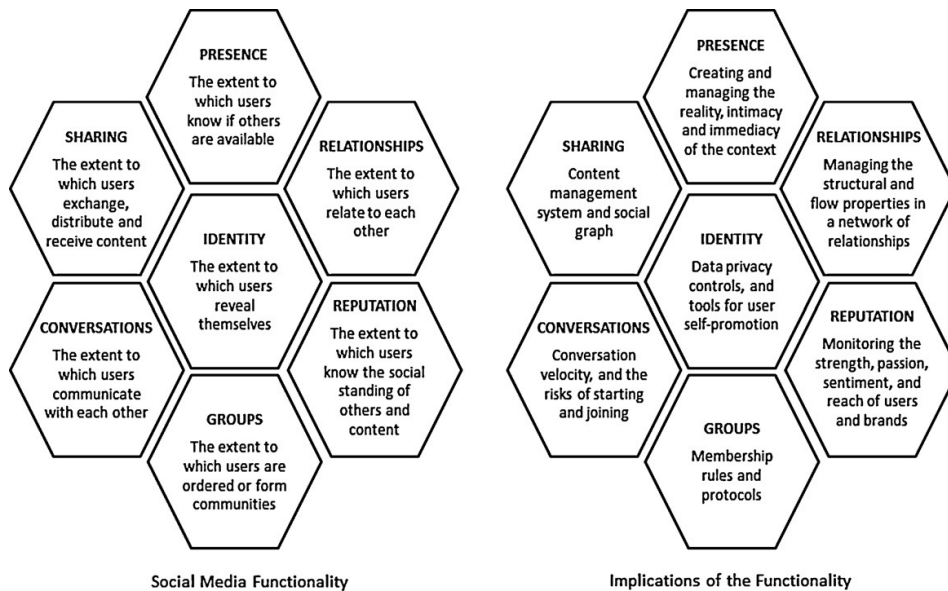
Source: Kietzmann J. H et al. (2011)

Identity, the central block, is about the extent to which information regarding the users are part of the social media. This includes also disclosure of preferences, opinions, etc. **Conversations**, is about the importance of connecting, talking and confronting with other users. **Sharing,** is about the importance of distributing contents. Studies unveiled that users share contents in order to: entertain others, generate reciprocity and boost their reputation by "showing that they know useful things". Contents inspiring negative emotions, such as anxiety and anger, tends to often become viral. **Presence** is about the importance that availability has in the social network. This also includes the extent of user's participation in the social network activity. **Relationship** measure the extent and centrality of connections among users. Higher the importance, deeper the created relationships. **Reputation** is about the possibility to create different standings on the social network in order to be "recognized" by others. **Groups**, is about the possibility to create sub-groups among the social network population.

As of January 2016, Social Media active users are over 2,3 billion and they are growing almost double-digit with 220 million new users each passing year. Every social media can be effectively leveraged, with some being terrific for selected audiences. In this dissertation, for matters of space and scope, three social networks will be deemed central: Facebook, being the one with the (far) greatest number of active users and greatest user growth rate; Instagram, the one with the greatest average number of interactions per content; Twitter, as it is the social media where news are unleashed earlier and spread faster.

The most relevant blocks for the structure of each social network are colored in dark grey. Middle importance blocks are light grey. White blocks are the least important in the structure of the specific social network.

Fig. 1.3: **Facebook Honeycomb**
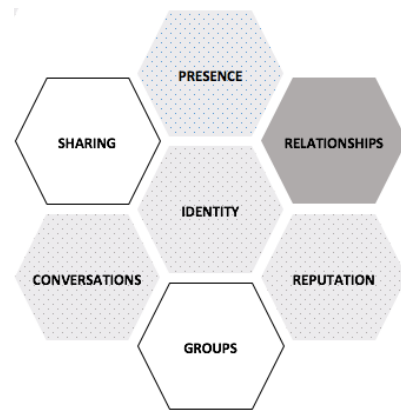
Source: Kietzmann et al. (2011)

Fig.1.4: **Instagram Honeycomb**
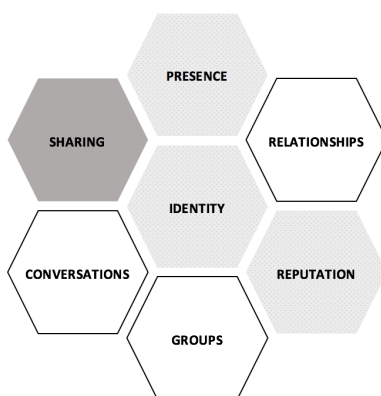
Source: Personal Elaboration

Fig. 1.5: **Twitter Honeycomb**
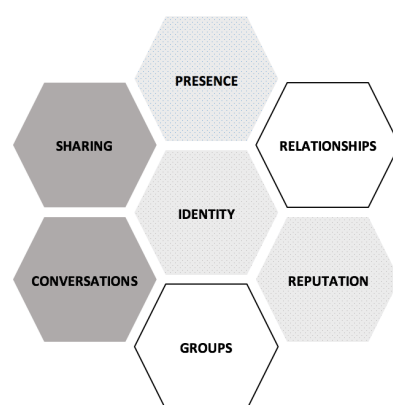
Source: Personal Elaboration

Social media are a tricky environment: each with its own structure, laws and customs. This is where the Honeycomb Framework comes to help: it is the compass companies need to navigate the CGM ocean.

CASE STUDY: VOLKSWAGEN AND THE "DIESELGATE"

Volkswagen position in the US, the second biggest automotive market of the world, has historically not been very good. In the 2013, it held a mere 3,6% of the market. For a comparison, the "Detroit 3", Ford, General Motors and Chrysler, held together the 45,1% of the market

Tab. 1.2: **2013 US Market Share and Top Selling Vehicles**

	Vehicle	Sales	YoY change
European brands 9.7	1. Ford F-Series	763,402	+18.3%
Other Asian brands 5.0	2. Chevrolet Silverado	480,414	+14.8
Nissan 8.0	3. Toyota Camry	408,484	+0.9
Hyundai/Kia 8.0	4. Honda Accord	366,678	+10.5
Honda 9.8	5. Ram 1500-3500	355.673	+21.2
Toyota 14.3, GM 17.9, Ford 15.9, Chrysler 11.5			

Source: David Ingold / Bloomberg Visual Data & Craig Trudell/Bloomberg News

Given the competitive landscape, Volkswagen positioned itself in the U.S. as the eco-friendly brand who produces safe and "affordable" cars with the German's quality, aimed towards smart and environmental-savvy customers. On the 18th of September 2015, the United States Environment Protection Agency (EPA) sent an issue of violation of the Clean Air Act to Volkswagen Group, for the installation of a "defeat device" in their vehicles. Such device enabled the VW cars to cheat environmental certification tests, while being 40 times over the limit in real world conditions. This was the start of a brand crisis of exceptional magnitude, the Dieselgate. When it broke through, the immediate consequence has been a coverage of the fact on the media. Customers started to know about the issue and to discuss 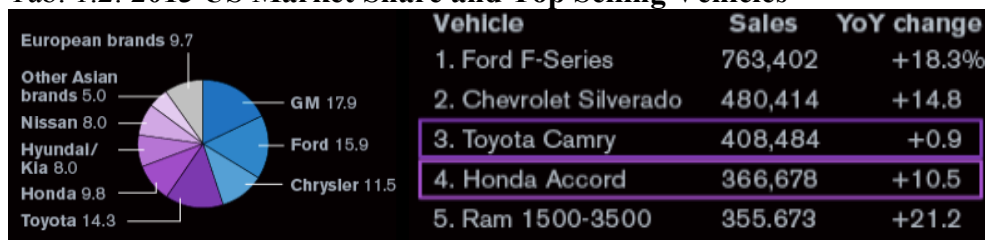it on the social networks. Some customers started to spread the news to made their negative feelings known to the company, others demonstrated willingness to participate and defended their brand through act of brand advocacy. The long term effects of a brand crisis depend on the customers' perception emerging from the news and online media, which will be *the final arbitrator of the crisis frame*". This means that the decision about the attribution of the responsibilities and the consequential reputational damage, will be up to the public's opinion. Since in the digital era customers discuss and form their opinions on social networks, crisis managers must engage in social media listening if they wish to minimize the long term impacts on the brand equity.

The aim of this case-study is to test the accumulated knowledge on the Digital Customers and the Digital Environment, together with the Honeycomb Framework, to make sense of the reaction to the Volkswagen brands crisis on the social networks. Among the building block of the Honeycomb model, the most relevant for brand crisis is **Conversations**. Social network with an important accent on this block, like Twitter and Facebook, should be home to discussion and buzz about the scandal. On Instagram, instead, the brand shouldn't face much reactions, since its structure is not suited for **Conversations** and/or sharing of opinions. The type and timing of reactions should also be different among Twitter and Facebook. On Twitter information should spread faster, what's more, given the importance that **Reputation** holds on this social network, relevant influencers will probably be engaged into the discussion. User of this social network are also likely to capitalize on the event to build their **Reputation** by showing "knowledge of useful things". Due to the structure of Twitter, the Brand's own profile shouldn't offer as much clues on the ongoing opinions as citations of the brand and hashtags. On Facebook news should arrive later on, however, being centered on the **Relationships** building block, it should be the chosen by customers to relate and engage with the brand, hence, it is expected to be home to brand advocates. Among the people that will choose to engage into discussion, Millennials are sure to be found, being the most prominent part of the social media population. However, they could well take part in the conversation just to stay up to date with what's trending (satisfying their narcissistic tendency). Moreover, research reports that Millennials are not much interested in themes regarding the environment, something that, instead, concerns Generation Xers. Talking about the kind of expected reactions, part of the generated content should use irony as a tool for hijacking the brands contents and revert them against the company. This phenomenon, however, should be short lived, being a reaction that can be qualified as of being of neutral value. To evaluate the accuracy of these speculations and the predictive capabilities of the model, reactions and conversations that took place on Facebook, Twitter and Instagram had been analyzed through manual review, sentiment analysis' tool and secondary sources. United States, United Kingdom and Global Volkswagen accounts were considered.

On Facebook Volkswagen has one fan page that collects its fan from the whole world (currently over 27,6 millions). Whereas each national account is managed separately, VW 'social media strategy across all three, with some country-wise differences, is consistently executed through the use of images advertising the company offers and brand heritage contents. When the Dieselgate broke-out, all three accounts started to post contents informing customers about the issue. Also, albeit with different timing, all three accounts shared an "apologies" post. The first do do so has been the Global account, which posted a video of Volkswagen CEO Martin Winterkorn, apologizing and talking about the issue on the 22nd of September 2015. Although some users criticized Volkswagen, the greatest part of the community defended it. On the 25th of September, another articulated apologies post was shared, it attracted over 3,000 (over 6 times the average) likes and 595 comments (35 times the average) from brand advocates. The page kept posting contents about the crisis, only giving information until the two posts of the 20th and 22nd of October 2015. They both showed VW employee showing affection towards the brand. The community answered with an overwhelming quantity of brand related contents, such as tattoo featuring Volkswagen, statement of "standing by their brand" and so on. After that, the page restarted to post also normal contents, getting a generally positive sentiment and a slightly above pre-crisis average degree of interactions. The US account did not post anything from the 18th of September 2015 (crisis start), until the 25th. On this day, it shared an apologies post featuring Winterkorn. On the 27th it was followed by a post pointing out to a website explaining the issue. In both occasion users defended the brand. Some engaged into storytelling about Volkswagen cars saving their lives during car crashes. Others stated that given the exceptional quality and mileage, the emissions were not an issue, since they were not the main reason for their purchase. 8,807 interactions under the two posts were analyzed, 86,39% advocated for the brand, either directly or by sustaining others. Just 10,5% showed negative emotions. Tab. 1.3 reports all posts between the 1st of July and the 4th of January and the relative number of comments, shares and likes. As can be seen the posts regarding the crisis got an attention way over the average. Relevant points before the crisis (11,000 and 7,500

likes), corresponds, respectively, to a post from the Waterfest (Volkswagen Motor Show) and one reporting the Racing Team had won the Red Bull Global Rallycross. The last point corresponds to a post about Volkswagen being chosen as 2016 Top Safety Pick+" of the IIHS. After that the page got back to its usual posting behavior.

Tab. 1.3: **Volkswagen US Interactions per Post**
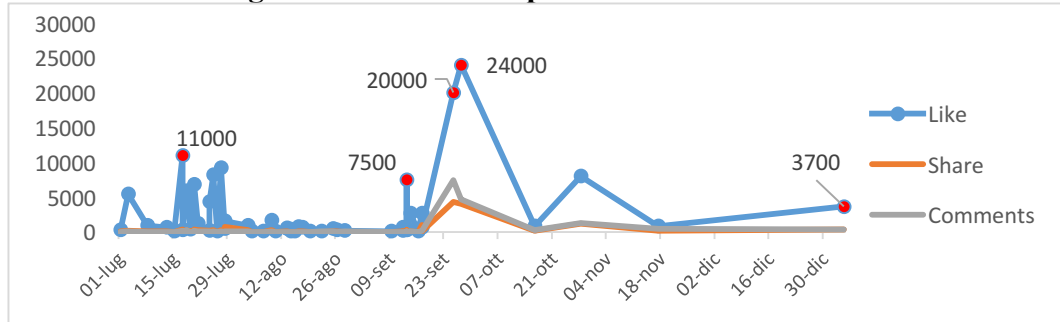
Source: Personal Elaboration

The UK account was analyzed through the use of Sentimental analytics software. The pre-crisis period, as can be seen in Tab. 1.4, is mainly characterized by a positive sentiment towards the brand. On the 23rd of September the page shared a post linking towards the website explaining the issue. As can be seen, this correspond to a spike of negative sentiment. The post was followed by other similar ones on the 30th of September and the 6th of October. The most used words in the comments under these posts are reported in Fig. 1.6. Albeit negative sentiment is present, so are customers sustaining the brand. On the 21st of October the page shared a full-fledged apologies post, that generated a lot of engagement, but did not reverse the negative tendency, something that, instead, will happen on the 4th of December, when a post about the Volkswagen Van (brand heritage) obtained just 5% of negative sentiment. From that post onward the page will go back to normal posting behavior.

Tab. 1.4**: VW UK Post's Comments Sentiment Analysis**
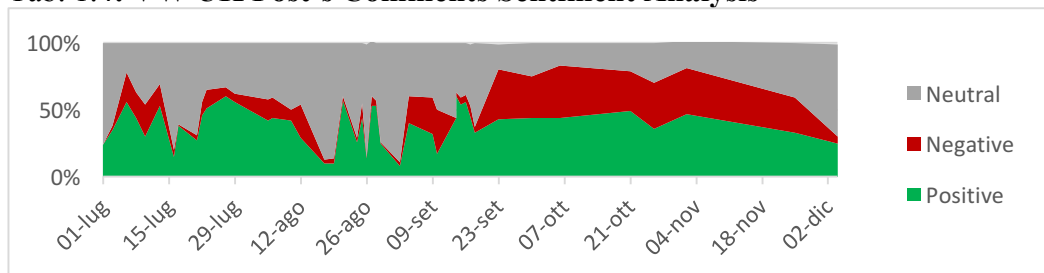
Source: Personal Elaboration

Fig. 1.6: **Crisis Comments frequent words, in chronological order**

Source: Elaboration obtained with Sentimental Analytics Software

Social Media Analysis: Instagram

On Instagram, Volkswagen Global and US account were monitored starting from July 2015 and until, respectively, end of May 2016 for the US account and early January 2016 for the global account. An UK account does not seem to exist. Overall, Volkswagen seems to be less dedicate towards Instagram, as the accounts mainly post the same exact contents posted on Facebook. On Instagram, the company experienced a low number of reactions to the emissions scandal on both its profiles. Whereas detractors existed, they mainly addressed the brand ironically. Volkswagen did not post any "apologies" contents on either account, so detractors commented on previously posted contents. The two accounts got back to their normal posting behavior at the same time of the respective Facebook accounts. The new posts obtained pre-crisis level of positive sentiment. Also, the overall engagement level of the community did not decrease measurably after the event. A part from analyzing Volkswagen own profiles, a brief environmental analysis has been performed. Contents posted on the social network by every user using the hashtags involved in the scandal were analyzed, finding only 6,303 contents. Another type of analysis was performed on the US account by correlating the average numbers of "likes" received and the type of contents posted. The results [Tab. 1.5] shows how some of the most engaging contents on Facebook instead attracted low engagement on Instagram and vice-versa.

Tab. 1.5: **Most liked Contents on VW U.S. Instagram Profile**
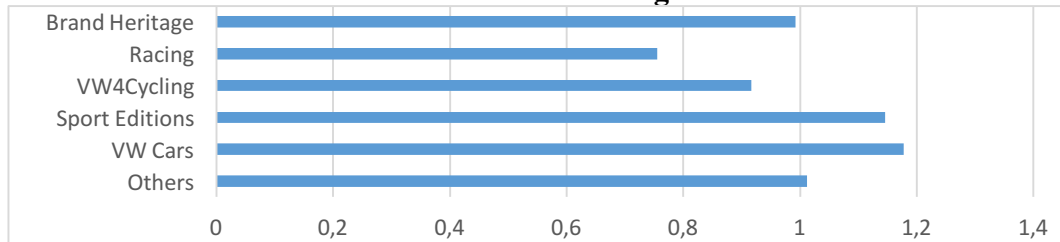
Volkswagen has several national accounts on Twitter, however, due to the structure and scope of Twitter, which is based around information sharing, the environmental analysis is much more important to understand how this social network influenced the users' opinion. The first analysis involved the hashtags most associated with "Volkswagen" during the crisis. These were found to be, in order of relevancy: #dieselgate; #emissions; #scandal; #Volkswagenscandal; #VWGate; #EPA; #Disaster; #pollution; #vwscandal; #recall. The first contents to relate Volkswagen with the aforementioned hashtags can be already found in the morning of Friday 18th of September. Before the end of the day, the hashtag #dieselgate was already born and Volkswagen had been associated with the word "emissions" more than 50,000 times. Some of the earlier influencers can be traced back to Mashable, Wired.com, The Verge, the Wall Street Journal. An article from Parsons, published on Visibrain, reports the evolution of the buzz in the first 10 days [Tab.1.6]. It exploded on the 21st when Bloomberg reported the VW shares price falling.

Tab. 1.6: **Buzz Around Volkswagen Emission Scandal Escalating**
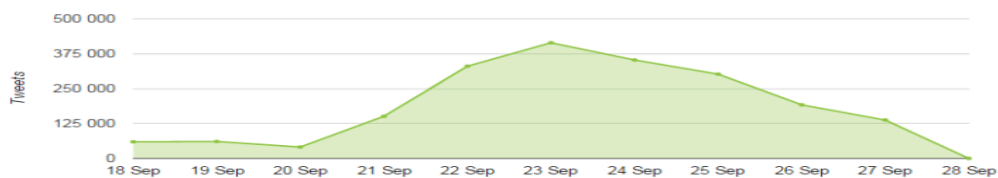
Source: Parsons G. (2015), report for Visibrain

Tab. 1.7 shows the position of the hashtag "#dieselgate" among the most used in Germany on Twitter on the 22nd of September 2015. The data shows how the arguments stayed among the top referenced for the whole day, with a peek around lunch-time, when it become the most referenced.

Tab. 1.7: **#dieselgate among most Used Hashtags of 22nd of September 2015**
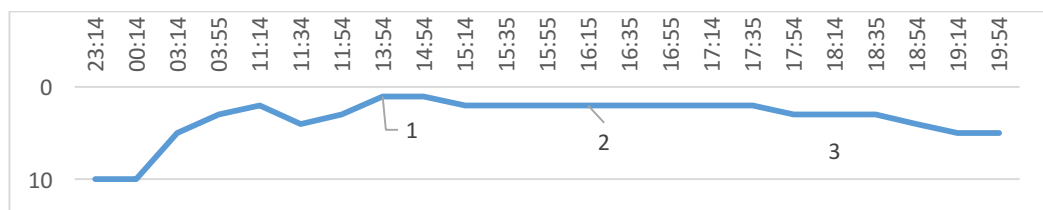
Source: Personal Elaboration

CASE STUDY DISCUSSION & CONCLUSIONS

The research proved the speculations made by using the Honeycomb model to be correct and not sensitive to cross-country differences. Facebook was found to home the most brand advocates and the highest degree of direct interactions with the company. The news become viral on Twitter before other social networks, however, the interests also fade away rather quickly. On Instagram Volkswagen experienced the lowest level of reactions, which were also mostly ironic. What is more, Volkswagen did not even share an apologies content on this social network. As a side note, the content engagement analysis showed different level of liking for content across Facebook and Instagram, suggesting that they reached a different audience. The Honeycomb, albeit well performing, was deemed to benefit from an extension that can better incorporate the accumulate knowledge about the digital environment, which was essential to the analysis. It is hence proposed to use the model in two stages. In the first stage, the regular structural analysis for which the model was born is performed. In the second stage, the relations and flows between the blocks are evaluated. Some blocks are labelled as "means" while others are labelled as "ends". In this way, the concepts of *why* and *how* consumers use social networks can be incorporated in the analysis. A part from testing and refining the Honeycomb model, the Volkswagen case study has been useful to unveil some insights on strategic brand and social media management. Apologizing is appreciated and should be done extensively and earlier on. It was also found that engaging the community in the brand defense is incredibly effective. Customers even employed some effective strategies at doing so, for example, they re-focused the attention on the safety of Volkswagen cars during car-crash, they diminished the real-world meaning of the issue and called upon the brand's heritage. By letting them help, Volkswagen was able to fully exploit the power of the social networks as an earned media. Listening to them could also have given insights on how the brand could be repositioned. Incidentally, in fact, when Volkswagen restarted its regular posting it did so by addressing either brand heritage or safety, as had been done by its community. The broad implication coming from this finding is that social media management and listening are not just a public relation or communication issue: they are a strategic approach.

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LUISS

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SOCIAL MEDIA AND BRAND CRISIS

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Questo lavoro è dedicato a tutti coloro che mi sono stati vicini,
che mi hanno sostenuto e aiutato nei momenti difficili,
riso con me nei momenti felici.

Ma più di tutti, lo dedico alla mia Famiglia.

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Grazie ai miei amici, a Iacopo, a Claudia e a tutti gli altri
che hanno reso speciali questi anni.

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INTRODUCTION

As of 2016, the world has changed. The reality is now partially digital: people spend a great amount of both their free and working time immersed in the digital environment, interacting among them on the social media. Some authors argue that even people brains have changed to accommodate to this new environment. Customers have become "Digital Customers", they are enhanced by the web "collective intelligence" and they are not an easy task to handle for companies. This new, vast and ever-evolving environment has its centre in the social media. These are virtual places where people meet, converse, interact, share and form relationships, creating an ocean composed of Consumer Generated Media (CGM). Companies can be part of this environment too, by using their Brands. These constructs are humanized by customers who will then engage, talk, help and defend them, i.e. they will form relationships with them. This makes the brand even more important: to survive the Digital Disruption, companies have to create long-lasting relationships with their customers.

In order to do this, social media are the place to be. However, even if the management science offers many different tools, models and matrix to advise the practitioners, models that help to makes sense of the digital environment seems to be less numerous. Some of the main social networks, such as Facebook, Twitter or Instagram, have a number of users that can be counted in the hundreds of millions when not in billions. This means that for companies, they are just too relevant to be ignored. They are a great opportunity and at the same time a great threat that must be managed carefully.

The aim of this thesis is hence to identify and review a capable framework, offered by the academic literature, that can act as a compass to help companies navigate the CGM ocean: The Honeycomb Model. This compass has been tested in a storm: it has been used to analyse and foresee the implications of the "Dieselgate", the recent scandal on diesel emissions that invested the Volkswagen brand. The Honeycomb Model proved to be a capable tool, able to effectively advise a strategic approach to social media management. The case study also unveiled some useful insights that can help practitioners and managers during brand crisis: start by apologizing, then

ask your brand community for help and let brand advocates emerge and take care of the detractors. Then review and analyse how they have defended the brand. In this way, you will get insights that can advise on the next step: regaining the market's trust and save the brand.

The first chapter will start by offering an overview of the digital environment, by analyzing the forces and players shaping it. The most important player of the digital environment, the Digital Customers, will be analyze by combining market researches and psychological, managerial, educational and sociological academic literature. The analysis will conclude that the "Digital Natives" profile and behavior calls for a specific marketing process, that by leveraging the digital touch points is able to satisfy their needs and capitalize on their willingness to participate. The aforementioned marketing process, will be discussed in all its components. Attention will be dedicated to the psychological and sociological foundation of the purchase decision process, to understand the role occupied by the digital media and their users. The last part of the chapter will review existing literature to discuss the centrality of the brand in the digital marketing process. The discussion will point out the importance of the social media as a tool for companies to create meaningful relations with their customers and the risk arising from an incorrect use of the aforementioned tool.

Having discussed their use and importance, the second chapter will discuss the social media. First, an overview of the digital media will be offered by identifying digital's paid, owned and earned media. The dissertation will continue by reviewing meaningful academicals contribution in order to come to a social media working definition and introduce the Honeycomb Framework. The Honeycomb, is a tool designed by Kietzmann et al. in 2011, that can be used to analyze social media structures in order to meaningfully advise marketing executives about their use, not only as communication tools, but firstly and foremost for their strategic role. The model will be deeply reviewed and discussed in all its seven "building blocks", expanding it when possible and necessary. In the last part of the chapter, the model will be used to analyze three of the main social networks: Facebook, Instagram and Twitter. The three social media history will be briefly reviewed and then the relative

Honeycombs, either borrowed from Kietzmann et al. or personally elaborated, will be explained and discussed. At the end of the chapter, the theoretical presentation of both the strategical model and the environment will be complete.

The third chapter will be used to test-out the model, giving a demonstration of how it could be used, by discussing the Volkswagen's "Dieselgate". This case-study relevance and impact will be a meaningful test for the Honeycomb Model and the notions on the digital customers that has been accumulated through out the first two chapters. Volkswagen company's profile, focusing in particular on its positioning in the US market competitive landscape, will be discussed in order to outline the context of the Dieselgate. The scandal will be then reported by reviewing its most salient moments. With the event made clear, the Honeycomb will be finally used to to try to predict the public's reactions on Facebook, Instagram and Twitter. The case study will address the aforementioned social media by analyzing reactions to Volkswagen US, UK and Global accounts, together with environmental analysis for Instagram and Twitter. During the analysis, performed prior, during and after the crisis out-break, accessible tools for social media analytics, manual review of the occurred interactions and secondary sources will be combined. A complete view of how the event developed on the social media will emerge.

The last part of the chapter will discuss how the Honeycomb model performed as an analytical tool, arguing that, despite being accurate in its findings, it could be extended by using a two-stage process able to incorporate the relations between its building blocks. The second stage, in fact, would complete the model by pairing its intended structure analysis, with a functional analysis, underlining *how* and *why* customers use specific social media. The discussion will finally dwell in the case-study implications for managers and practitioners in the management of social media and brand crisis. Executives will be advised on the importance of social media listening as a strategic tool, capable of orienting and advising marketing and business plans. What is more, recommendations on how to manage the different social media in order to capitalize and elicit brand advocacy during brand crisis will be given, advancing the knowledge in the field.

CHAPTER 1: THE DIGITAL ENVIRONMENT

1.1 AN INTRODUCTION TO THE DIGITAL ENVIRONMENT

"Last time there was this much excitement about a tablet, it had some commandments written on it"[1]

This quote, reported by The Wall Street Journal, was used by Steve Jobs when presenting the first iPad[2]. Thinking about the importance that religion has had during the human history and, the extent to which it permeated everyday life, to compare a device that grants access to the Internet to an important religious object, does not seem too far-fetched.

At the time of writing, more than 3 billion of internet users exist, this is close to half the world population and their number is increasing more than the world population itself. There exists over 1 billions of websites and every second 37,145 Gigabyte of contents are created, 55,692 Google searches executed and 7,035 Tweets sent[3]. Numbers like these help to depict the magnitude of disruption brought about by the advent and raise of the Digital Era, which has changed the way people interact, behave, shop and react to the environment. A degree of communication and interconnection similar to the one achieved nowadays had never before been contemplated. Furthermore, this new environment keeps evolving and growing every passing day: *"There were 5 Exabyte of information created between the dawn of civilization through 2003, but that much information is now created every 2 days*[4]. Through their tablet, smartphone, smart TV or smart watch, in one word, through screens, people continuously record and share their everyday life, thoughts and opinions. This new environment unleashes a plethora of opportunities for

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[1] Peers M. (2009) "Apple's Hard-To-Swallow Tablet", *The Wall Street Journal*. [Accessed on 12th of August 2016 http://www.wsj.com/articles/SB10001424052748703510304574626213985068436]

[2] Poultier, S., Bates C. (2010), "Apple iPad is finally here…but will anyone want to buy one?", *Daily Mail.* [Accessed on 12th of August 2016, http://www.dailymail.co.uk/sciencetech/article-1246551/iPad-Steve-Jobs-unveils-Apples-revolutionary-tablet-computer.html]

[3] Data Accessed on 12th of August 2016 at http://www.internetlivestats.com/one-second/

[4] Schmidt E. (2010), Techonomy Conference, Lake Tahoe, CA, 5th of October 2010. As reported by "The Huffington Post" on October 5th, 2010.

marketers to understand, interact and bond with customers although it poses also as much risks. In order to be able to grasp the opportunity, while avoiding the risks, companies need to understand how the Digital Environment works and then implement a data-driven, dynamic and efficient marketing process that is able to address the new customers, by correctly using the state-of-the-art tools and levers.

Paragraph 1.2 will give an overview of the forces that shape and regulate the Digital Environment. However, as will be discussed in paragraph 1.3, the most relevant and game-changing force is represented by the customers themselves, who are now way different than they used to be. In order to properly address them, a specific marketing process (described, in paragraph 1.4) is needed. As it will be pointed out later, the central aspect of the new marketing paradigm, the real element behind success in the digital marketplace, is the brand, which needs to be nurtured and protected, in order to gain and retain the competitive advantage.

1.2 THE PLAYERS AND FORCES OF THE DIGITAL ENVIRONMENT

As argued, the Digital Environment has permeated the daily life to an overwhelming extent, being the number one "place" where customers spend their free time[5]. Consequently, it is practically impossible for companies to ignore the Digital Environment if they want to connect with them. For any environment to prosper, however, the knowledge of the surroundings is necessary; in the case of the Digital Environment it means to understand the principal forces, trends and players depicted in this paragraph.

- Uncertainty: The world economic crisis has reshaped and is reshaping the business world. In fact, great companies, considered once strong, have now fallen, while others had to reshape and refocus, following the new price elasticity of demand. Customers started to "stretch every dollar" looking for the best possible value for money and adopted a more frugal consumption behavior[6]. In the meantime, the Globalization, while in theory should lead the world's customer's behavior and preferences to converge, the migratory fluxes, re-distribution of buying power among nations and the rise of higher-end demands in developing countries, have for now contributed to rise the uncertainty, thanks to an augmented importance of cultural variables[7]. Everything is extremely fast and in perpetual evolution; it is an environment in which it is impossible to predict precisely the impact of events and to forecast mid and long term due to *the velocity at which changes occur and the unpredictable behavior of consumers*[8].

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[5]eMarketer (2013), "Digital Set to Surpass TV in Time Spent with US Media". Published on August 1st 2013. [Accessed on 3rd of September 2016 at www.emarketer.com/Article/Digital-Set-Surpass-TV-Time-Spent-with-US-Media/1010096]

[6]Koetler, P., Armstrong, G., (2012), "Principles of Marketing (14th edition)", Upper Saddle River, New Jersey, Prentice Hall

[7]De Mooij M. (2003), "Convergence and Divergence in consumer behavior: implications for global advertising", *International Journal of Advertising*, 22, pp. 183-202

[8]Peterson R. A., Balasubramanian S., Bronnenberg B. J. (1997), "Exploring the Implications of the Internet for Consumer Marketing", *Journal of the Academy of Marketing Science*, Vol. 25, No. 4, pages 329-346.

- OTT (Over-The-Top) Players: the term is used to define those companies that provide a set of online services which can substitute, to some degree, traditional media and telecom services. Those services are delivered over the Internet Network by companies that are not network providers[9] for instance: Twitter, Facebook and WhatsApp, fall under this category. By, formally, not being network providers, they do not have any major barrier at entrance (i.e. installing/renting physical networks) and are not specifically regulated like networks providers are. This means that they are able to freely transform, adapt and evolve without constraints, as opposed to "traditional" companies and service providers. The result is that true "giants" may rise (and fall) with disruptive effects not only on the other companies in the business but also on consumers' overall preferences and behaviors. As an example, consider the rise of the *sharing economy*, the concept of "owning things just when you want to use them", can be easily traced back to P2P services.[10] This kind of services obviously disrupted the music industry, however it is not difficult to see that the rise of companies based on innovative concepts, like AirBnB[11], can be considered as an emanation of the same "sharing" principle: it began somewhere but then evolved to completely different fields by changing the consumer perceptions.

- Consumers are different: the digital environment offers a plethora of new ways to analyze and understand consumers. Therefore, it is possible to track their activity and even their thought-streams, by analyzing, for example, the succession of links on which they click using specific software. At first

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[9] European Parliament Directorate-General for Internal Policies, Policy Department A, Economic and Scientific Policy (2015), Over-The-Top players (OTTs), Study for the IMCO Committee

[10] Codagnone C., Martins B. (2016), "Scoping the Sharing Economy: Origins, Definitions, Impact and Regulatory Issues", European Commission Institute for Prospective Technological Studies, Digital Economy Working Paper 2016/01

[11] AirBnB is a service that allows users to rent accommodations in villas, apartments, houses etc. all over the world at extremely competitive prices. These spaces are offered by other users, often private citizens, who happen to have extra accommodations available and are willing to rent them.

glance, this seems to mean that, in the Digital Environment, companies have even more power, since they are now able to fully understand (and hence direct) consumer' behavior. Instead, as argued by Deighton and Kornfeld, quite the opposite is true "*because as marketing became more ubiquitous it encounters this person (i.e. the consumer) in roles that has nothing to do with consuming of being part of an audience or market target*"[12]. In fact, they argue that consumers actively participate in a series of "cultural exchanges", which comprehend the co-creation of brand meanings, the diffusion of WOM both positive and negative and the possibility to talk-back to the company. All in all, the consumer became a "*person*" who interacts and is not "*stereotyped as a couch potato*" like in traditional mass media marketing.[13] As will be further discussed in the following paragraph, even the brain of the consumers has been changed by living in the digital environment.

- Mobility: numbers as big as the ones presented in the previous paragraph are possible only thanks to the constant connection to the Internet, which is a direct consequence of the multiple smart devices that each one of us carry and use every day, such as smartphones, tablets and even wearables. As underlined in a study by Google[14], we spend 4.4 hours of our free time in front of screens, mostly on portable screens: 47% of our media interaction are done with either smartphones or tablets or both. Smartphone are also the most common starting point for online activities. It is easy to understand how everything that the company does must be not simply mobile friendly, but mobile oriented.

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[12]Deighton J., Kornfeld L. (2009), "Interactivity's Unanticipated Consequences for Marketers and Marketing", *Journal of Interactive Marketing*, 23 (2009), 4-10
[13]Deighton J., Kornfeld L. (2009), *ibidem*
[14]Google (2012) "The New Multi-Screen World": Understanding Cross-platform consumer Behavior" [Accessed on 12th of August 2016, http://services.google.com/fh/files/misc/multiscreenworld_final.pdf]

These forces and players have created a hyper-competitive landscape in which being dynamic and responsive to change is a must for companies. To address the digital environment fully, companies need to constantly monitor their surroundings, to be able to catch opportunities and swiftly react to rising threats. Among the different forces the most relevant for marketers is obviously represented by the customers, since its by addressing their needs that a company can thrive. Understanding customers can be done, as will be argued, even at individual level, since Big Data and Social Media enables one-on-one analysis and interactions. However, traditional analysis conducted on customers as aggregated entities, like the ones about generational cohorts, can still play a relevant role in providing a general view of market's demand and can hence be a solid starting point in order to formulate companies' strategies and plans. For this reason, the next paragraph will analyze the Digital Customers, in particular, by eliciting the differences between Digital Natives and Digital Immigrants.

1.3 CUSTOMERS IN THE DIGITAL ERA

"The numbers are overwhelming: over 10,000 hours playing videogames, over 200,000 emails and instant messages sent and received; over 10,000 hours talking on digital cell phones; over 20,000 hours watching TV (a high percentage fast speed MTV), over 500,000 commercials seen—all before the kids leave college. And, maybe, at the very most, 5,000 hours of book reading. These are today's —Digital Native [...]"[15]

In 2001, Marc Prensky used these numbers to quantify the magnitude of interactivity exposure that the new generation, the Digital Native as he will call them, were experiencing. The generation he was talking about is the same that will be later identified as "Generation Y" or Millennials, i.e. individuals born between 1980 and 1999[16], of whom more than a half were in their childhood at the time of his writings. Nonetheless, Prensky was able to pinpoint something that would later be evident: the advent of the digital technology was creating a *discontinuity*[17] the so-called "Digital Disruption", changings people's mind. In fact, Prensky argues that the exposure to the dynamics of the computers and the video-games modified the way people think and, perhaps, due to a mechanism known as Neuroplasticity, even the way the brain is physically structured.

To the present day, 15 years later, the Digital Natives or Millennials[18], have grown up and they are the backbone of the Internet users and even more so of the Social Media Users[19]. The dynamics taking place in the Digital Environment are, for the

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[15]Prensky, M. (2001), "Digital Natives Digital Immigrants, part II: Do they Really Think Differently?", *On the Horizon*, vol.9, no. 6.

[16]Crampton, S. M., Hodge, J. W. (2009), "Generation Y: Unchartered Territory", *Journal of Business & Economics Research*, vol. 7, no. 4.

[17] Prensky, M. (2001), "Digital Natives Digital Immigrants", *On the Horizon*, vol.9, no. 5.

[18] Methodical Notes: The terms "Digital Natives", "Natives", "Millennials" and "Generation Y", will be used interchangeably in this dissertation, referring to the generational cohort described in this paragraph. This is done in respect of the orientation of the existing academic literature, even if, as argued by some, it may not be completely correct. More specifications on the matter can be found in the opening of paragraph 1.1.1

[19]Pew Research Center (2010), "Millennials: Confident, Connected, Open to Change". [Accessed on 15th of August 2016 at http://www.pewsocialtrends.org/files/2010/10/millennials-confident-connected-open-to-change.pdf]

most part, a product of their actions and of their way of thinking. Hence, it is key to properly understand their characteristic as a generation, in order to be able to correctly address this environment and to anticipate how they will be reacting and acting to actions and events involving the company.

Digital Natives, however, are not the sole inhabitants of the Digital Environment, in fact, the other (older) generations, the Digital Immigrants, as Prensky collectively calls them, are part of it as well. However, the Digital Natives culture can actually be considered representative of that of the Digital Customers: taking into account that *technology influences organizational norms, values and behaviors*[20], it should be possible to conclude that once a Digital Immigrants starts to inhabit the Digital Environment, he/she learns and interiorizes the culture and language of the environment. Although, as Prensky notes, he cannot get ride of a sort of "accent". Following this consideration, it will be practical to start by defining the Digital Natives characteristics and then define the Digital Immigrants by qualifying their "accent", as to say, by analyzing the distinctive aspects of their culture and psychology.

Subsequently, the characteristics of both groups will be analyzed from a sociological and psychological point of view, with special attention to the implications for their online behavior.

1.3.1 Digital Natives: Who are they and why are they different?

It is not easy to precisely define the Digital Natives, since an extensive and not unanimous, body of literature exists. The majority part of the discussions come from an educational and/or organizational background, so even if their psychology has been deeply analyzed with scientifically valid studies, the "Digital Natives" are defined because they are part of a generational cohort rather than because they are

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[20]Orlikowski W.J., Robey D. (1992), "Information technology and the structuring of organizations." *Inf. Syst. Res*. 2, 143–169

part of a group demonstrating the same norms and behavior[21]. This may be limiting, since people outside the generational cohort, can still have a degree of proficiency with technology equal to that of Natives. It will also be possible that a specific individual who is a "Millennial" is not also a "Digital Native" due to his/her personal background. Even though, as researches show, the two definitions should be interchangeable way more often than not[22]. However, for the purpose of this dissertation, this limit will not be an important factor: the company should be more interested in understanding that a group of users with some defining behavioral characteristics populates the Digital Environment, than id identifying exactly the individuals that are part of the group. Following this specification, the defining aspects of the Digital Natives culture, as studied by the existing literature, will be reviewed in order to draw some brief conclusions of the threats and the opportunities that they represent for the company.

According to the literature, the Millennials cohort is:

- *Attracted by graphics*: Digital Natives, maybe due to their time playing videogames[23], are inherently attracted by graphic elements and tend to be attracted by information presented via graphic means. This does not sound unanticipated, considering the success of Social Media based almost solely on photos, videos and in general graphic contents, like YouTube, Instagram, Snapchat and, to some degrees, Facebook. The relevance of the image in the Digital Natives mind can also be seen by the increase in the use of tools like the Infographics, who help to portray facts and phenomenon using

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[21]Braccini A. M., Marzo F., (2016) "Digital Natives and Digital Immigrants Behavior in Trust Choices: An Experimental Study on Social Trust Attitudes and Cognition" *Lecture Notes in Information System and Organisation* 19, Springer International Publishing, Switzerland.

[22] Most Millennials, actually, shows the level of technology use that qualify "Digital Natives" cfr. Pew Research Center (2010), "Millennials: Confident, Connected, Open to Change". It is also worth to note that the terms "Digital Natives" as originally used by Prensky, actually encompass a generational cohort, which he noticed to be particularly technology savvy, hence labelling them "Digital Natives".

[23]Prensky, M., (2001), *opus citatum*

graphic elements and are considered particularly effective to address a Millennials' audience[24].

- *Composed of gamers*: the very psychological structure of the Digital Natives has been born from extensive videogame consumption during their childhood and teenage years, being that so, Prensky says, to gather their attention the use of games seems optimal.[25] He also reports the successful use of the concept in the creation of the game "*The Monkey Wrench Conspiracy*" which aim was to teach to a Digital Natives audience the use of CAD software.

- *Fast and easy to bore:* the Millennials minds go fast, studies reports how their mind is prone to responding faster to both expected and unexpected stimuli[26]. They have a multitasking mind, which follows non-linear thought streams[27]. Furthermore, having been raised in the customer service environment, they have "*zero tolerance for delays*: *they expect that services will be available 24x7 in a variety of modes (Web, phone, in person) and that responses will be quick*"[28].Millennials get bored easily and gaining and retaining their attention is a challenge.[29] Having been constantly immersed in a world full of stimuli, they have refined the ability to select what to care about and for how long to do so[30].

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[24]Young A. M., Hinesly, M. D. (2014), "Infographics as a Business Communication Tool: An Empirical Investigation of User Preference, Comprehension, & Efficiency", [Accessed on 15th of August 2016 Available at SSRN: http://ssrn.com/abstract=2548559]

[25]Prensky M., (2001), *opus citatum*

[26]Greenfield M. P. (1984), "Mind and Media, The Effects of Television, Video Games and Computers", Harvard University Press

[27]Winn W. D., Director of the Learning Center, Human Interface Technology Laboratory, University of Washington, quoted in Moore P, (1997) "Inferential Focus Briefing" September 30, 1997.

[28]Oblinger D. (2003), "Boomers, Gen-Xers, Millennials: Understanding the new students", *Educause Review*, 38.3, 36-42*, July-August 2003

[29]Crampton, S. M., Hodge, J. W. (2009), *opus citatum*

[30]Lorch E., psychologist, at Amherst College, as quoted in Gladwell M., (2000), "The Tipping Point: How Little Things Can Make a Big Difference", published by: Little Brown & Company

- *Non-Trusting:* they are the generation of "sharing economy", but, as some have argued, the sharing economy is actually an "access" economy[31], where the real point is not "sharing" but "value". In particular, the possibility to pay only for the exact amount (or time) of the consumption[32]. If it is true that Digital Natives are the "*collaboration generation*"[33], this is because they have found the advantage of having tools to "*constantly think critically, exchange views, challenge, authenticate, verify, or debunk*"[34], not because they have a particular desire to collaborate per-se. As mentioned in the previous paragraphs, they are taking advantage of a form of "collective intelligence" but this does not mean that they inherently trust others. In fact, during a survey conducted by Pew Research Center, the question "*Generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people?*" was asked and just 19% of Millennials (less than other generations) said that most people could trusted[35]. A report from the U.S. Chamber of Commerce reported that more than half of the Millennials engaged in volunteering declare to do so only if it can benefit them professionally[36]. What's more, in an experiment conducted by A. M. Braccini and F. Marzo in 2016, Digital Natives

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[31]Eckhardt, G. M., Bardhi, F., (2015) "The Sharing Economy Isn't About Sharing at All", *Harvard Business Review,* [Accessed on 15th of August 2016 at https://hbr.org/2015/01/the-sharing-economy-isnt-about-sharing-at-all]

[32]Goldmansachs Reports, "Millennials Coming of Age", Goldman Sachs Global Investment Research [Accessed on 15th of August 2016 at http://www.goldmansachs.com/our-thinking/pages/millennials/]

[33]Tapscott D., Williams A. (2008), "Wikinomics: How Mass Collaboration Changes Everything", Atlantic, New York, NY as quoted in Selwyn, N., (2009),"The digital native – myth and reality", *Aslib Proceedings*, Vol. 61 Iss 4 pp. 364 - 379

[34]Tapscott D., Williams A. (2008), *ibidem*

[35]Pew Research Center (March 7, 2014), "Millennials in Adulthood: Detached from Institutions, Networked with Friends". [Accessed on 15th of August at http://www.pewsocialtrends.org/files/2014/03/2014-03-07_generations-report-version-for-web.pdf]

[36]U.S. Chamber of Commerce Foundation (2012) "The Millennial Generation Research Review" [Accessed on 15th of August 2016 at https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf]

demonstrated a tendency to trust others less than previous generations and to "share" less[37], demonstrating an enhanced desire to be in control. Trzesniewsky K. H. and Donnellan M. B. in an extensive study confirmed that Millennials are less trusting and more cynical and also less interested about social problems like pollution, green consumption, etc.[38]

- *Narcissistic:* Sometimes called the "Trophy Generation"[39], they tend to think highly of themselves, believing to be "above average"[40]. In an extensive study, Twenge et al. reported that the self-esteem of the Millennials is significantly higher than that of previous generations and so is narcissism[41] (Young and Pinsky notes that it is as high as that of some sample celebrities[42]). Although Twenge does not asses the cause of narcissism increase, he argues that it may be a factor in determining the success of Social Media; considering that three-quarter of the Millennials have one or more Social Network profiles that they access several times a day and where one-in-five is likely to have posted at least a video of themselves online[43], his conclusion seems plausible. Also interesting, as

[37]Braccini A. M., Marzo F., (2016) "Digital Natives and Digital Immigrants Behavior in Trust Choices: An Experimental Study on Social Trust Attitudes and Cognition" in D'Ascenzo F. et al. (eds.), Blurring the Boundaries Through Digital Innovation, *Lecture Notes in Information System and Organisation* 19, Springer International Publishing, Switzerland.

[38]Trzesniewsky K. H., Donnellan M. B (2010), "Rethinking Generation Me: A study of cohort effects from 1976-2006", *Perspectives on Psychological Science*, 5 (1), pp. 58-75.

[39]Crampton, S. M., Hodge, J. W. (2009), *opus citatum*

[40]Sweeney R. (2006), "Millennials Behaviors and Demographics", published by CERTI (Center for Educational Research and Teaching Innovation). [Accessed on 15th of August 2016 at https://certi.mst.edu/media/administrative/certi/documents/Article-Millennial-Behaviors.pdf]

[41]Twenge, J.M., Konrath, S., Foster, J.D., Campbell, W.K., Bushman, B.J. (2008), "Egos inflating over time: a cross-temporal meta-analysis of the narcissistic personality inventory", *Journal of Personality*, Vol. 76, pp. 875-901

[42]Young S. M., Pinsky, D. (2006),"Narcissism and celebrity", *Journal of Research in Personality*, 40, 463–471.

[43]Pew Research Center (2010*), opus citatum*

reported by Business Insider UK, makeup is one of the three top spending categories for Millennials' women[44].

- *Require personalization and flexibility*: being immersed in the customer-centered market place for their whole life, they think that *broad choice and personalization are their birthright*.[45] This aspect does not only apply in their purchase choices. In fact, they long for one-on-one interaction in every aspect of their life: on the workplace they ideally want to have their own mentor to turn to and their main concerns when considering if to work for a company are related to how much flexibility they will be granted[46]. When they need help because they cannot figure out something by themselves they are likely to want to speak to a human being (either by phone or in person) to get "better answers".[47]

The resulting picture is one of a complex generational cohort, which is the product (and at the same time the author) of the Digital Environment. It is a generation that is always connected and always ready to engage in discussion and participate to the web "collective intelligence". In order to do so, they will always carry smartphones, tablets or other devices to be able to interact with their peers and with their networks (which of course include companies), practically in every moment[48]. When the interaction begins, the company needs to be ready to confront them. For this

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[44]Schlossberg M. (2016), "Millennials are spending their money on three major categories", Published by Business Insider UK on March 23, 2016. [Accessed on 17th of August 2016 at http://uk.businessinsider.com/how-millennials-are-spending-money-2016-3?r=US&IR=T]

[45]Sweeny R. (2006), *opus citatum*

[46]Deloitte Report, "The 2016 Deloitte Millennials Survey". [Accessed on 15th of August 2016 at https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-millenial-survey-2016-exec-summary.pdf]

[47]Meyers K. (2016), "Millennials as Digital Natives: Myths and Reality", published on Nielsen Norman Group. [Accessed on 15th of August 2016 at https://www.nngroup.com/articles/millennials-digital-natives/]

[48]Pew Research Center (2014), "Millennials in Adulthood: Detached from Institutions, Networked with Friends". [Accessed on 14th of August at http://www.pewsocialtrends.org/files/2014/03/2014-03-07generations-report-version-for-web.pdf]

purpose, the main implications for companies of the aforementioned Millennials' characteristics are summarized in the following table [Tab 1.1].

Tab. 1.1: **Millennials and the Company**	
Attracted by graphics	Information, facts and communication spread through graphics will most probably get the Millennials attention. The company should be aware that this will also be true in the event of contents representing negative WOM.
Composed of gamers	Millennials will be attracted by activities that imply competition. Their mind is also skilled in finding the rules and rationales governing an environment or somebody's actions[49], something that, together with the "collective intelligence" that they use, means that they are not easy to fool.
Fast and easy to bore	Every digital tool that the company decide to use, such as websites, e-commerce, social media, forum etc. must be responsive and seamless. Useful information should be easily reachable and direct to the point. The Millennials will not be spending their time waiting, for goods delivery nor for webpage load time.
Non-Trusting	They are inherently skeptical which means they are likely to investigate the company statements, which must be supported by data and facts. This is not to say that aspirational claims do not work, but the company has to live up to the expectation it creates.

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[49]Prensky M. (2001), *opus citatum*

Narcissistic	They will test products and services and share their opinion online and in general create contents related to the company, looking for ways to showcase themselves, their work and their achievement. In their quest to get exposure, they are likely to be willing to participate in trending discussions, which means that they are likely to amplify the resonance of headlines news.
Require personalization	The company needs to directly engage Millennials in discussion and to make them feel part of the brand.[50], for example, by making them participate in the design of a product or a communication campaign[51]. In the purchase process, they will prefer highly customizable goods and services. When interacting with websites or contents, they will want to personalize their user experience.

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[50]Kaye D., (2014) "Marketing to Millennials? Make it Personal and Customized", Enterpreneur.com. [Accessed on 15th of August 2016 at https://www.entrepreneur.com/article/234891]

[51]Some example can be found at http://www.postano.com/blog/10-great-examples-of-user-generated-content-campaigns

1.3.2 The Digital Immigrants

As previously mentioned in the opening paragraph, the Digital Immigrants will be defined by analyzing the differences between them and the Natives, which means the components of their culture and behavior that represent their "accent", as it is called by Prensky. Following the assumption made in the previous paragraph that Digital Natives are mostly Millennial, it will be useful in order to draw a comprehensive picture, to define the Digital Immigrants by dividing them between the generational cohorts that constitute the group, describe their peculiarity and finally analyze their unifying points.

The generational cohorts identified as part of the Digital Immigrants, from the oldest to the youngest, are:

- *The Silent Generation*, also called Veterans, born between 1925 and 1945. They have experienced difficult times, such as the World War II and the Great Depression. They are disciplined and respectful of rules and regulations, prone to obeying orders.[52] They think that their honesty and morality set them apart from other generations together with their different historical experiences and are, generally, the least happy among the various generation. Their social media usage is scarce, with only 6% having a Social Network profile and only 1% using Twitter or posting videos of themselves online. In general, they have the least favorable view of technology, being the generation that, more than the others view IT as making life too complicated and to be a waste of time. Still, 40% of them (and growing) do use internet, although most of them use it from hard-wired computers. Their main news source is Television, followed by physical newspapers.[53] This generational cohort is the smallest constituent of the digital Immigrant, with their impact being practically non-relevant, due to their scarce use of interactivity.

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[52]Crampton S. M., Hodge J. W. (2009), *opus citatum*
[53]Pew Research Center (2010), *opus citatum*

- *Baby Boomers*, born between 1946 and 1964, until 2015 they used to be the largest part of US population, being now surpassed by the Millennials.[54] They grew up in relative prosperity, away from terrorism and pollution but also under the fear of the Cold War. They are generally optimistic and respectful of rules of which they understand the value. At the same time, they look positive towards personal freedom and are against discipline. They are more individualistic compared to other generations and prone to take risks[55]. Like the Silent Generations, they think that their moral values make them unique together with different historical experiences. They recognize the usefulness of technology in everyday life, in fact, 4 out of 5 use Internet although they still find it complicated. Interestingly the percentage of them who visit Social Networks daily is already greater than the population average. Overall, 30% of them have social network profile but only 2% posted video of themselves online. Their main source of information is still the Television by a great margin (which is not a surprise considering that they were the first generation to be exposed to it) but their degree of interactivity begins to be relevant. In fact, close to 10% are likely, in the last 24 hours, to have watched a video online and to have posted at least one message on their Social Media profile, where they will have an average of 100 friends[56]. They may have done so by using their smartphone, which 60% of them own or their tablet, owned by around 40% of the Baby Boomers[57].

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[54]Andrews T. M. (2015), "It's official: Millennials have surpassed Baby Boomers to became America's largest living generation", The Washington Post. [Accessed on 16th of August 2016 at https://www.washingtonpost.com/news/morning-mix/wp/2016/04/26/its-official-millennials-have-surpassed-baby-boomers-to-become-americas-largest-living-generation/]

[55]Howe N. (2014), "The Boom Generation: What a Long Strange Trip", published by Forbes on August 20, 2014. [Accessed on 16th of August at http://www.pewinternet.org/2016/03/22/technology-adoption-by-baby-boomers-and-everybody-else/]

[56]Pew Research Center (2014), *opus citatum*

[57]Raine L., Perrin A., (2016), "Technology Adoption by Baby Boomers (and everybody else)", Pew Research Center.

- *Generation X,* born from 1965 to 1979, they are the children of the Baby-Boomers who taught them to be self-reliant and individualistic, to the point that they are labelled as the "Me Generation". They are very results focused[58]. They were the first generation to be exposed to the technology and to regularly use it. Most of them think that it made life easier and allowed a more efficient use of time. What's more, 12% think that technology is in fact what set them apart from other generations, together with their work ethic. They are equal to the Millennials in regards to internet, to the point that they use it as much as the Television as a News source. They are also close to Millennials as per their interactivity: 50% of them have a Social Network profile, 10% frequently use Twitter. About a third as the Millennials, are likely to have posted video of themselves online, whereas one out of five have watched one in the last 24 hours. Maybe they also shared it on a Social Media[59], for their 200 friends to see[60]. They are as mobility oriented as the Millennials, with an equivalent percentage owning tablets and smartphones[61].

1.3.2.1 The Digital Immigrants "Accent"

As seen, Generation X is not that different from Millennials and in fact they are, among the Immigrants, the ones likely to have the least "accent", but even them still possess it to some degree. In fact, the historical events each generational cohort experiment and the environment in which they are born and raised influence their thinking and behavior[62]. Some characteristics, even though they have some

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[58]Crampton S. M., Hodge J. W. (2009), *opus citatum*
[59]Pew Research Center (2010), *opus citatum*
[60]Pew Research Center (2014), *opus citatum*
[61]Raine L., Perrin A., (2016), *opus citatum*
[62]Smola, K.W. and Sutton, C.D. (2002), "Generational differences: revisiting generational work values for the new millennium", *Journal of Organizational Behaviour*, Vol. 23, SP1, pp. 363-82

variance between the different cohorts, seem to divide the Immigrants from the Natives.

Immigrants trust others more than Natives do. They are also more concerned about the environment, as they say themselves[63] and therefore they are more likely to recycle and to buy green products or organic foods.[64] They are also more involved with political concerns and generally more patriotic. To sum it up, they are more concerned with others and less satisfied with how things are going today. They desire to change the world, whereas Millennials do not care that much.

When working, however, the opposite is true, as Immigrants are likely to be more individualistic, less prone to share, to review together, to engage in discussion and to confront with others. This, together with different media consumption usage, can have an effect when a brand crisis arise: it is likely that Millennials will form their opinion, mainly by discussing with their peers and mainly online, whereas Immigrants will probably shape their opinion using more traditional and less interactive media, like television and newspapers.

As for the use of technology, the review of the literature suggests that it is mainly correlated with age as is the use of Social Networks. However, Immigrants not only use Social Network far less often than Natives but also with far less interactivity: they rarely post something on their own profile or share videos and they are less likely to participate in online communities and care much less for the interaction with brands.[65]

Finally, Immigrants are not that much interested in personalization, preferring the homogeneity of the crowd.[66] They are, however, more sensible to quality and less

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[63]Pew Research Center (2014), *opus citatum*

[64]Pew Research Center (2010), *opus citatum*

[65]Goldmansachs, "Millennials Coming of Age", Goldman Sachs Global Investment Research [Accessed on 15th of August 2016 at http://www.goldmansachs.com/our-thinking/pages/millennials/]

[66]Schlossberg M. (2016), "There's one huge one difference in attitude among boomers, Gen X and millennial", published by Business Insider UK on June 20, 2016. [Accessed on 17th of August 2016 at http://uk.businessinsider.com/differences-between-boomers-gen-x-and-millennials-2016-6?r=US&IR=T]

to price[67], probably as a consequence of having been raised in an environment with a more positive economic outlook than the Natives one.

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[67]Goldmansachs, *ibidem*

1.4 THE DIGITAL MARKETING PROCESS: AN OVERVIEW

"*A profession, no less than a craft, is shaped by its tools. The profession of marketing, its theories, its practices, and even the basic sciences that it draws on are determined by the tools at its disposal at any moment. When the tools change, the discipline adjusts, sometimes quite profoundly and usually quite belatedly. […] As the marketing faculty at the Harvard Business School thought about the evolving technology landscape, it seemed to us that the main thrust of the transformation in marketing practice could be reduced to this: a shift from broadcast marketing to interactive marketing. Mass-marketing concepts and practices are taking advantage of new ways to become more customized, more responsive to the individual […]"[68].*

With this passage, 20 years ago, John Deighton introduced the commentaries to a conference held at Harvard Business School to understand if and how the interactivity could reshape the marketing paradigm. At the times, Internet had more or less 35 million of users and just a bit more than 100 thousand websites. It was the very beginning of the World Wide Web, still, they were able to identify what was going to be at the core of the disruption: the individual. The Digital Era made possible a new series of tools and practices to encompass the customers' behavior, preferences and ideas, analyze them and find any possible way to address their needs or even to make new needs arise, anticipating even the customers' desires. Those "needs" are then incorporated in new products or services and finally delivered through new channels, like websites, e-commerce, social media and so on. After the "consumption", the customers will give their feedbacks in a way that is, again, new: they will react online, telling each other about their impressions and thoughts, in ways that can be easily intercepted by the company, which can react by refining its products or services to better suit its customers.

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[68]Deighton, J. (1996) "The Future of Interactive Marketing", *Harvard Business Review*, 74, 6, 131-61

From this brief summary two things emerge clearly:

- Customers have way more roles than they used to; their feedbacks are a crucial part of the design of products and services[69].
- The company has access to a faster and more cost-efficient way to gather data and feedbacks but also to deliver the value it creates to its customers[70].

One more thing has to be considered: while it is true that the consumers are more exposed to the company, the opposite is also true: the company's product and behavior will constantly be evaluated, reviewed and analyzed by the customers. They are, in fact, empowered by a sort of "collective intelligence", rendered possible thanks to the opportunity to rapidly gather information from various sources and the possibility to peer-review products and services among many different individuals. These capabilities greatly magnify their ability to make informed comparisons between different products/services, pinpointing the differences[71].

To succeed in the digital environment, it is even more crucial for the company to resort to non-material differentiation. It is crucial to identify a set of values, a Vision, that set the company apart from the competition and to instill this Vision not only in its products and communications, but to place it at the foundation of each and every aspect of its behavior. In short, the creation of a strong brand became even more central. The company must always stay true to the brand personality and always hold its promises; if ever shall they be broken, every tool and force of the digital environment will be diverted against the company by its own most loyal customers, giving birth to a brand crisis of incredible resonance. The strongest reactions, in fact, are caused by changes in the brand perception. Moreover, if

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[69]Costantinides, E., Fountain S. J. (2007), "Web 2.0: Conceptual foundations and marketing issues", *Journal of Direct, Data and Digital Marketing Practice*, Vol.9, No.3, pp 231-244.

[70]Koetler, P., Armstrong, G., (2012), "Principles of Marketing (14th edition)", Upper Saddle River, New Jersey, Prentice Hall

[71]Costantinides, E., Fountain S. J. (2007), *ibidem*

changes are breaking a brand promise, the reactions will be even stronger, as it will be explained later in this document

To better underline the brand relevance in the Digital Environment and the need for continuous evolution and development, it is useful to depict the classical Koetler and Armstrong[72] marketing model in the way that follows (Fig.1.1).

Fig. 1.1: **The Digital Marketing Process**
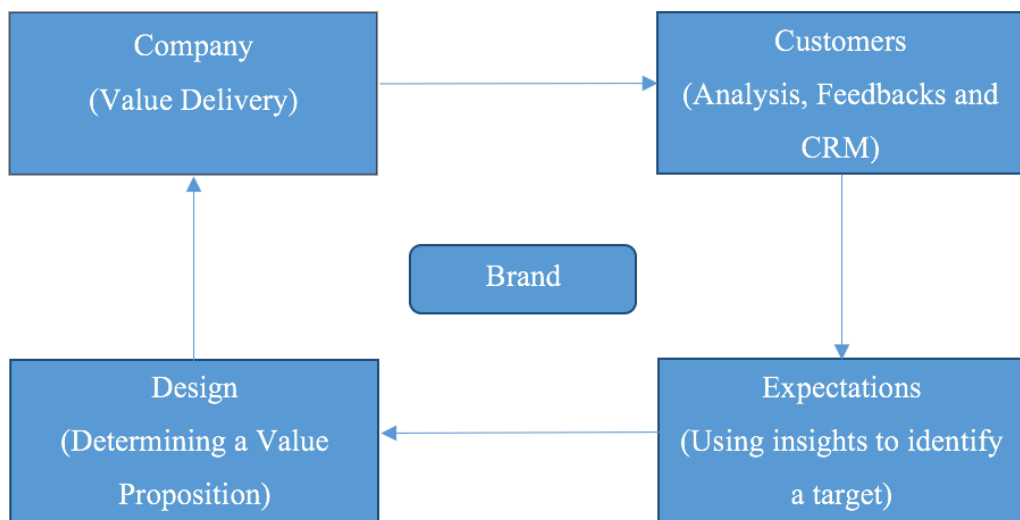
Source: Prof. Maximo Ibarra, A.A. 2015/2016, Digital Marketing course, class materials

In the following paragraphs, every step of the model will be briefly treated, focusing on the digital aspects and with particular attention to the role played by social media.

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[72]Koetler, P., Armstrong, G., (2012), *opus citatum*

1.4.1 Customers: Big Data and Insights

Classical microeconomics tell us that the necessary (but not sufficient) condition of existence of a company is, of course, to make profits. In order to make profits a company has to produce products and/or services at the least possible cost and then sell them for the maximum possible profit. To do so, the company first needs to actually understand what to produce and sell and then it has to create and sub-sequentially deliver, a value proposition. There exist two main families of concepts about this: the product concept, that focuses on what the company is able to most efficiently produce, sell and distribute, and the marketing concept which begins with the analysis of customers *needs, wants* and *demands* to find, and then produce and sell, what they are still missing. The majority of consumer companies, can benefit more from the marketing approach, especially by using the tools offered by the Digital Environment. First among them, the possibility to gain insights about the customers.[73]

To understand the consumers, it has been traditionally necessary to engage in expensive and complicated researches, using tools like focus groups, surveys or ethnographic studies. These, often led, however, to imprecise results because of an unsurpassable limit: it was possible to analyze only a sample of the population, so that the results uncovered by the research could be very different just because different sample selection criteria were applied. The Digital Environment however, brought to marketers a new tool, the so called Big Data, which costs (relatively) less, works 24/7 and opens up possibilities that were unthinkable a few years ago.

Big Data was defined for the first time in 2001 by a Gartner analyst, Doug Lanely as "*high volume, high velocity, and/or high variety information assets that require new forms of processing to enable enhanced decision making, insight discovery and process optimization.*"[74] This definition, often called "the 3 Vs", underlines the

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[73]cfr. Koetler, P., Armstrong, G., (2012), *opus citatum* and Kotler P., Keller K. L (2009), "A Framework for Marketing Management", 4th edition, Prentice-Hall, Upper Saddle River, New Jersey.
[74]Gartner IT Glossary. [Accessed on 18th of August at http://www.gartner.com/it-glossary/big-data/]

three main futures of the Big Data: *the immense volume*, since they are continuously collected and stored, *the velocity*, since they are always and readily collected and made, *the variety*, since Big Data can be composed of text, numbers, videos, image, processes and so on. The Gartner definition also explains the main implication of Big Data: the possibility to gather insights. Insights may help to target specific customer's groups or to understand what is most interesting for the company's customers, to evaluate the consumers in general or the company's delivery channels (both digital and physical). They are an invaluable resource[75] that the company can use to implement changes where they can have the greatest impact, leading to less resource wasting (cost savings) and better results on sales and thereof profit[76]. Even more game-changing, Big Data can help to really understand the customers and hence to build long lasting and strong relationships that are the backbone of success in the ever-changing Digital Environment[77].

1.4.1.1 Big Data History

As explained, Big Data are only information and as such, they are useless per-se: their utility comes from the possibility to analyze them in search for insights. Chen, Chiang and Storey, argue thereof that the definition "Business Intelligence and Analytics (BI&A)" is more suitable to encompass their meaning for companies and other relevant stakeholders. Following this approach, they developed an "historical" and functional framework to understand what actually compose Big Data[78]:

- BI&A 1.0, the "legacy" Big Data, collected by companies from the 1990s and onwards. They are gathered, for example, from loyalty programs or

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[75]Sicular S. (2013), "Gartner Big Data Definition Consists of Three Parts, Not to be Confused with three Vs", published by Forbes on March 27, 2013. [Access on 18th of August at http://www.forbes.com/sites/gartnergroup/2013/03/27/gartners-big-data-definition-consists-of-three-parts-not-to-be-confused-with-three-vs/#4be96bf53bf6]

[76]LaValle S., Lesser E., Shockley R., Hopkins S. M., Kruschwitz N. (2011), "Big Data, Analytics and the Path From Insight to Value", *MIT Sloan Management Review*, vol 52, no. 2, pp 21-31.

[77]cfr. Koetler, P., Armstrong, G., (2012), *opus citatum*

[78]Chen H., Chiang R. H. L., Storey V. C. (2012), "Business Intelligence and Analytics: From Big Data to Big Impact", *MIS Quarterly*, vol. 36, no. 4, pp. 1165-1188.

shopping transactions (collected either by credit card companies or by players in the mass distribution, i.e. Supermarkets). These data are mostly used for commercial purposes, basically to understand what sells well and what not and analyzed through statistical techniques such as regressions, association analysis and clustering.

- BI&A 2.0, emerged together with the Internet mass usage, in the early 2000s. They are divided in two sub-type:

  ➢ Web 1.0 data, which comes from cookies and searching behavior on engines like Google or in digital marketplaces, like Amazon or eBay. They can also derive from the analysis of click-streams in the company's website, which help to understand what contents are the most relevant for customers, what they look for on the website, what they are not able to find or what does not interest them. Finally, hyperlinks paths, i.e. which pages customers used to enter a website and which one they used to leave it, also fall in this category[79]. These data are still widely useful and widely used, since they are often collected by the aforementioned IT players themselves by using ad-hoc tools that the company can access by paying a fee. This kind of data are very important because they allow a complete vision of the customer journey, both to improve it where needed and also to find out about thought-stream that may help to identify the characteristics of the typical company customers and consequentially identify possible prospects (i.e. consumers that are not yet customers but who could be interested in the company offering).
  ➢ Web 2.0 Data, come from the user-generated content analysis, as such, they are mainly gathered on social networks and other web 2.0

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[79]Kent M. L, Carr B. J., Husted R. A., Pop R. A. (2011), "Learning web analytics: A tool for strategic communication", *Public Relations Review*, 37, 536-543.

based applications, such as forums, online groups, virtual worlds and games. They include, for example, Facebook comments about specific trending arguments or Twitter interactions with the company. Listening to the Web "voice" may uncover issues with the company offers or even suggest all-new products and services. This category of data is more difficult to analyze in a structured way, because it requires tools for text mining and topic-identifications that few companies have at their direct disposal, although agencies specialized in the field are emerging. The Web 2.0 data are extremely interesting in terms of "tempo"; in fact, they can often uncover real-time insights, whereas the Web 1.0 data, to become meaningful, have often to be analyzed ex-post.

- BI&A 3.0, born in the 2010s, represents the future. They are based on the "Internet of Things" and take advantage of mobile screens with their ample number of sensors. This type of data are location and contextual aware and as such they potentially offer insights even about the "immediate future": for example, it will be possible to know that a customer is physically near to the company store and consequentially send some ads on his/her Smartphone, possibly with an offer that is highly customized and takes into account his/her own personal preferences. However, simple tools and techniques to analyze and take advantage of these data are not available yet.

1.4.2 Expectations: What All Customers Want

Big Data Analysis, as mentioned, can be used to precisely encompass the consumer's world. One of their most interesting applications, as said, is the possibility to define homogenous clusters and to analyze them to look for unsatisfied *needs, wants* or *demands*.

Needs, wants and *demands*, are, in the Koetler and Armstong framework, the three basic constructs that identify potentially interesting opportunities. *Needs* arise from

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the psychological and physical sphere, things like eating, sleeping or socializing are *needs*. They can, of course, be satisfied in various ways and this is why there exist a variety of "solution" for each one of them. For the *need* to eat, for example, it is possible to eat pasta at Eataly or to have a sandwich at SubWay. The customer will *want* to satisfy his/her need with a specific one of the offered solutions. While doing so, he/she will also want to have a series of further services and personalization options, for example, he/she will *demand* an ample choice of wines to have with pasta at Eataly.

Through the use of Big Data, the company is able to identify a "Use Case", which means to find a series of characteristics and behaviors that are shared by a group of consumers who have the same unsatisfied *need, want* or *demand* and who therefore constitute a potential target. Interestingly, the "target" of some products and services can well be composed of a single customer: the contemporary technology offers enormous personalization possibilities, hence making it possible to shape certain futures of the company offer to suit the demands of one specific customer.

Finally, it is worth mentioning that Big Data are often effectively mixed with other information sources, like sales and front office reports, complain units logs, market researches, demographic studies, etc. [80] in order to get useful insights.

1.4.3 Design: Determining a Value Proposition

1.4.3.1 Understanding the purchase decision process

Once the company has understood who its customers are (or who they could be), it can start to design its offer. In order to do it properly, the company must take into account how the customer's decision process works: it begins with the perception of a *need* or *want*, followed by a research for information to enumerate the various products or services capable of satisfying the customer's desire. Subsequently, the

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[80] cfr. Koetler, P., Armstrong, G., (2012), *opus citatum* and Kotler P., Keller K. L (2009), *opus citatum*

possible alternatives are considered and a purchase decision is made. After the consumption follows a post-purchase evaluation.[81]

In the Digital Environment a great part of the process will likely happen online. For example, finding information will be very easy: the company's website, e-commerce, web magazines etc. can provide an unlimited number of data. Also, in order to exploit the Web's "Collective Intelligence", a customer will probably look for the opinion of relevant influencers, or directly ask in forums or groups dedicated to the company offering, for advise and guidance. When decided, the customer will go on with the purchase, which is likely to also happen online. After the use, the consumer will make his/her post-purchase evaluation, which will be taking the form of a review, to be shared with the other users, generating earned media. The consumer may even join an online community and become himself or herself an advocate for the brand. The whole purchase process become, thanks to the Web, easier, faster and more data driven, something that, as already seen, responds to the non-trusting and fast-demanding-tendency of the Digital Customer.

However, what even in the Digital Environment remains difficult, is the evaluation of the alternatives, since it happens directly in the human brain. All the computational capacity of the Digital Environment cannot change the fact that humans, as individuals, have a limited computational capacity, which means that even if they can find all the information they want, they cannot use all of them when making choices. They will use only a sub-set of what is available[82]. Moreover, finding information remain costly in terms of time, which means that their availability will still play a part in the decision. In order to overcome these limits, humans tend to rely on *stereotypes*, a sort of "mental labels" which are selections of information, gained from direct experience into the environment and considered

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[81]Zeithaml V. A., Bitner M. J., Gremler D. D., Bonetti E. (2012), "Marketing dei Servizi", third edition. Published by McGraw-Hill, Milan. Original title "Services Marketing. Integreting Customer Focus Across the Firm", 6th edition. Published by Mc-Graw Hill.
[82]Newell A, Simon H (1972) "A Human Problem Solving", published by Prentice-Hall

the most fitting and relevant to form a basic idea of an object, environment or situation[83].

The information that will be selected to form the "mental labels" and the importance that they will have in the decision process, are of course different for different individuals. They are a consequence of personal experiences, ability to retrieve and process information, culture, demography etc. to the point that the process itself is often called the "*black box*"[84]. However, there exist some psychological insights about what information will be often relevant in the decision making process, hence demanding attention from the company:

- The mental labels are often very dependent on first impressions and are resistant to changes[85]. Taking this into account, it is crucial for the company to ensure that the customers have a clear view of its offering, coherently presented in every possible touch-point, since every one of them could be the first.

- When there exist many similar choices, thanks to a phenomenon called "*isolation*", the distinguishing ones will have the greatest impact on the choice itself[86]. This is part of an ampler phenomenon known as "*framing*", which implies that the way information are presented have an influence in decisions[87].

- The "*agenda-setting theory*", describes how the salience of themes and information in people's mind is prominently influenced by what

[83]Castelfranchi C. (2012), "Ascribing Minds", *Cognitive Process* 13, No.2, 415-425

[84]Kotler P. (2003), "Marketing Management", 11th ed., Prentice-Hall International Editions, Englewood Cliffs, New Jersey

[85]Rule N. (2011), "Even fact will not change first impressions", Society for Personal and Social Psychology Annual Conference, Austin, Texas. As reported by Science Daily. [Accessed on 20th of August at https://www.sciencedaily.com/releases/2014/02/140214111207.htm]

[86]Kahneman D, Tversky A (1979) "Prospect Theory: An Analysis of Decision under Risk", *Econometrica,* vol. 47, no. 2, pp. 263-292

[87]Shafir E., Simonson I., Tversky A. (1993), "Reason-Based Choice*", Cognition*, vol.49, pp. 11-36

is most present in the media[88]. It is easy to see how this is especially true in the hyper-connected Web 2.0, where the exposition to media content is massive. The implication is that if, for example, some characteristics of a company are trending on the Social Media (this being, the argument of this dissertation), they will likely be influencing the choices and behavior of customers more than they will normally do.

- *The hierarchy of trust between information sources*. Information is only as relevant as its source is considered reliable. Moreover, the source reliability is affected by what the information' seeker perceive is the motive behind them being provided[89]. In short, the information provided by the company is the least relied-on because consumers know that the purpose is not to help them but to convince them to buy. Independent and hence unbiased sources of information are considered more reliable and at that, not every independent source is equal. In particular, information provided by expert reviews are more relevant in the final purchase decision compared to simple consumer's reviews[90].Even if, review provided in a community context are considered more likely to be adopted as a source of information[91].

- *Generational Differences,* as explained in the first paragraph, play a role also in the decision process. Natives, as already seen, know

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[88]McCombs M., Shaw D. (1972), "The agenda-setting function of mass media", *Public Opinion Quarterly*, vol. 36, no. 2

[89]Castelfranchi C, Falcone R (2010), "Trust Theory: a socio-cognitive and computational model", (Vol. 18). John Wiley & Sons.

[90]Nielsen (2014), "The role of content in the consumer decision making process", study commisioned by inPowered, released on March 2014. [Accessed on 4th of September at www.inpwrd.com/the_role_of_content_inpowered.pdf]

[91]Huang L., Farn C. (2009), "Effects of virtual community on purchasing decision making: the moderating role of information activities", PACIS (Pacific Asian Conference on Information Systems) Proceedings.

better how to research in the digital environment and this means that they will probably be able to find more information. They will also be more concerned about pricing, which will make them hunt for offers and discount. They also hate to wait, meaning that availability will be very relevant to them. Immigrants, in turn, are more interested in quality, which means that they may be willing to read more reviews, wait and ponder. If possible, they will want to try the alternatives in person, by going into a physical store, the existence of which will thereof be helpful. Immigrants, as seen, are also more interested in environmental-friendly characteristics, that will hence gain major resonance for this target, whereas expandability and personalization will be key for Natives.

The role of the company is to implement an integrated marketing approach; by understanding the purchase decision process. Correct and relevant information has to be available exactly where it is likely to be researched. Something that, thanks to the Big Data analysis, will be in the company's knowledge. The aim is of course to ensure that the "mental labels" that will form in the mind of the customers will correctly reflect the positioning imagined by the company for its brand[92].

1.4.3.2 Differentiation

As seen in paragraph 1.4.2, the aim of the Big Data analysis is to identify a target composed of individuals who share homogenous characteristics and desires. Once found, sometimes they will constitute a "blue ocean", a target where no competition exists. In this case, the company will simply have to address their need in order to succeed. However, more often, the company will find that there already exist some products or services that are able to somewhat satisfy the need of the spotted target. It is by differentiating its offer from the competitors, that the company will be able to conquer the target. Differentiation is the result of the combination of two types

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[92]Koetler, P., Armstrong, G., (2012), *opus citatum*

of attributes: *Search* and *Credence*. *Search* attributes, the ones that the "customer can determine by inspection prior to the purchase"[93], are physical and practical aspects of the products. *Credence* attributes, the ones that cannot be assessed without a deep research or cannot be assessed at all, reflect more "immaterial aspects". Claiming that a product or service is exclusive, environmental friendly, smart, etc. means to use *credence* attributes[94]. For example, Apple is a brand characterized by its attention to design and the employment of luxury materials (*search* attributes), but also by its role as a status symbol and usability (*credence* attributes). When considering if to buy an iPhone, a customer will immediately know that it possesses this kind of characteristics, since they are the value proposition of the Apple products.

A relevant point to note is that the Digital Environment is shifting towards the customer a growing part of the creation of the value proposition: customers want to choose the attributes of their products, the price to pay for them and the time and place of delivery[95], leaving a smaller part of the actual positioning in the hands of the company. In turn, the company is theoretically able, as already seen, to identify and satisfy the specific need of even an individual customer, essentially becoming an on-demand provider of services and products.

Using social media, review blogs and website, forums etc. customers are also contributing to a great part of the promotion and placement of their favorite products. Some have argued that, in order to reflect this prominent role in the creation of the value proposition, a fifth "p" should be added to the classical 4p of the marketing mix: *People*[96].

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[93]Nelson P. (1970), "Information and Consumer Behavior", *Journal of Political Economy*, no. 2, vol. 78, pp 311-329
[94]Nelson P. (1970), *ibidem*
[95]Wind J., Mahajan V. (2002), "Digital Marketing", *Emerging Issues in Management*, n.1, pp.43-54.
[96]Constantinides E. (2006), "The Marketing Mix Revisited: Towards the 21st Century Marketing", *Journal of Marketing Management,* 22:3-4, 407-438

1.4.4 Delivery: An Integrated Approach

"In the virtual marketplace the four elements [price, promotion, product, placement] of the [marketing] mix are not detached from each other. They are heavily interrelated and for all intents and purposes jointly experienced by the online customer, being merely parts of the content of the Company– Customer interface, better known as the Web Site"[97]

In his 2002 article Constantinides suggests that the classical "4p" of the marketing mix do not make much sense anymore since, in the Digital Environment, every "p" is either disrupted (price and product) or integrated and distributed among many places and actors, the most prominent (and controllable) one being the company's website.

The website, he argued, is the central interface of the interaction with the customers and the most important digital touch-point[98]. It should be centered around usability, i.e. "*ability to find one's way around the Web, to locate desired information, to know what to do next, and, very importantly, to do so with minimal effort*[99]". Other important factors are: aesthetics (since it is considered by the customers as an important indicator of the vendor quality[100]), speed, and interactivity (which means the possibility to personalize the experience and to interact with the other users). The website is also especially relevant, since its structure and aesthetic greatly influence the perceived positioning of the brand[101].

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[97]Constantinides E. (2002), "The 4S Web-Marketing Mix Model", *Electronic Commerce Research and Applications*, no 1, pp. 57–76

[98]Constantinides E., (2004) "Influencing the online consumer's behavior: the Web experience", *Internet Research*, Vol. 14 , no. 2

[99]Nah, F.F.-H. and Davis, S. (2002), "HCI Internet research issues in e-commerce", *Journal of Electronic Commerce Research, Special Issue: Human Factors in Web-based Interaction*, Vol. 3 No. 3. As cited by Constantinides E., in (2004) "Influencing the online consumer's behavior: the Web experience", *Internet Research*, Vol. 14 , no. 2, pp. 117

[100]Vrechopoulos, A., O'Keefe, R.M. and Doukidis, G.I. (2000), "Virtual store atmosphere in Internet retailing", *Proceedings of the 13th International Bled Electronic Commerce Conference*, Bled, Slovenia, 19-21 June. As cited by Constantinides E., in (2004) "Influencing the online consumer's behavior: the Web experience", *Internet Research*, Vol. 14, no. 2, pp. 119

[101]Constantinides E., (2004), *v. supra*

To fully exploit the virtual value chain, the website should be integrated with the e-commerce, either proprietary or of an "information intermediary". Information intermediaries are, for example, Amazon or Alibaba: platforms where "*customers can do one-stop shopping of several products and services, which are generally marketed by a number of different companies[102]*" something that can prove positive, since "*an information intermediary can assemble the products and services from different companies and sell them to customers by bundling or unbundling these products or services*"[103]. The Information Intermediary can give better personalization opportunities to customers which, as already seen, are very important for the digital customer. The single most important aspect of the e-commerce is the payment process, which has to be easy and secure. Being that there is reduced quantity of interactions between the vendor and the user, every means able to reduce uncertainty, like FAQs, clear statement about return policy and refund options will rise the possibility of the customer completing the purchase[104].

Finally, the digital presence of the company has to be mobile oriented, since (as reported by Smart Insights), according to comScore, in 2014 the number of mobile users around the world has exceeded that of the desktop users and, of the 9.9 hours spent by Americans in front of screens, one-third is spent on mobile screens[105]. What's more, the number of users using mobile devices to access the e-commerce websites is growing at an enormous rate. For example, access to Amazon from mobile screens, experienced a growth of the 87% from 2013 to 2014[106]. The implementation and management of the mobile touch-points seems, therefor, one of the most important tasks in the company's agenda.

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[102]Ganesh D. BhattAli F. Emdad, (2001),"An analysis of the virtual value chain in electronic commerce", *Logistics Information Management*, Vol. 14 Iss 1/2 pp. 78 - 85

[103]*v. supra*

[104]Constantinides E., (2004), *opus citatum*

[105]Chaffey D. (2016), "Mobile Marketing Statistics compilation", published by Smart Insights. [Accessed on 21st of August 2016 at http://www.smartinsights.com/mobile-marketing/mobile-marketing-analytics/mobile-marketing-statistics/]

[106]comScore Mobile Matrix, June 2014. As reported by Tech Crunch [Data accessed on 21st of August 2016 at https://techcrunch.com/2014/08/21/majority-of-digital-media-consumption-now-takes-place-in-mobile-apps/]

1.4.5 Brand: The Heart of the Company

1.4.5.1 Defining the Brand

"If this business were split up, I would give you the land and bricks and mortar, and I would keep the brands and trademarks, and I would fare better than you[107]"

The American Marketing Association (AMA), defines the brand as *"Name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers[108]"*. This definition, by focusing on the physical aspects of the brand, can be a good start to understand the general concept. The listed component, together with slogans, jingles, fonts, colors, tone of voice etc. are the constituent of the visual and "physical" aspects of the brand, the so called Brand Identity. Those features are the ones that help customers recognize the brand and distinguish it among the many existing in the market. However, this definition, does not set seems to set the brand a part from the juridical concept of "trademark", while, in realty, the brand is more complex than that. By using it to identify the company's products and services in the market, the mere "symbol" becomes a physical representation of immaterial concepts: the relationship with customers, the consistency behind the companies offers or the promise to live up to a set of values, which all together represent the Brand Image. The Brand Image is a mental construct and it acts as stereotype of the characteristics of the company's offer. As explained in paragraph 1.4.3.2, in fact, it will be the basic source of information about products and services, to which, by analogical association, the brand characteristics are attributed. The company can influence the brand perception by designing and controlling the Brand Identity with its actions, products and communications, but the resulting Brand Image is ultimately composed in the mind of the customer, being by itself a *credence* attribute. Buying and using a specific brand can very well be used by the customers to communicate choices about themselves, to express their way of being, to make cultural statements, to elicit

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[107]Stewart J., former CEO of Quaker Oats as quoted by Koetler P., Armstrong G. (2012), *opus citatum*

[108]American Marketing Association (AMA) Dictionary (2016). [Accessed on 6th of September 2016 at www.ama.org/resources/Pages/Dictionary.aspx?dLetter=B]

emotional rewards, loading of meanings the act of its consumption that are well above the basic *need* satisfied with the consumption per-se[109]. By adding deeper meanings, the consumption becomes interaction and the brand can become, in the long term, a viable partner for a relation. The possibility to keep buying the brand or not is consequentially evaluated from emotional and rational viewpoints, considering sentimental affection and goal compatibility[110].

Consumers "humanize" the brand; they attribute a personality to it by interpreting its behaviour. The relations formed can be various, as Avery et al. pointed out[111]; in fact, consumers can effectively desire complex relationship, akin to the once between humans and not just "Basic Exchange" between seller and buyer. For example, they may see the brand as their "Buddy", a friend without any deep sentimental commitment. A "Best Friend", with whom it is possible to entertain a sincere two-way relationship, without the risk of him/her (the brand) taking advantage of the customer. Or even a "Fling", a partner that allows the customer to experiment with new identities, providing passion and excitement. All the meanings attributed to the brand, together, form the pool of the brand associations, the relevance of which can be measured by the company on the basis of three different constituents: the association Uniqueness, Favourability and Strength. The most unique, favourable and strong the association to a brand are, the most Equity the brand has. Ultimately, the aim of the company is in fact to build, with its actions, positive Brand Equity. Keller summarizes the concepts discussed up until this point in a four step process to build Brand Equity:

1) Ensuring that the customer resonates with the brand and associates it with specific product categories and needs.

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[109]Vernuccio M. (2008), "Brand and Communication [Original Title: Marca e Comunicazione]", in Pastore A., Vernuccio M. (2008), "Impresa e Comunicazione, Principi e strumenti per il management", 2nd edition, Apogeo, Milan, Italy.
[110]Fournier S. (1998), "Consumer and Their Brands: Devoloping Relationship Theory in Consumer Research", *Journal of Consumer Research*, vol. 24, pp. 343-373
[111]Avery J., Fournier S., Wittenbraker J. (2014), "Unlock the Mysteries of Your Customer Relationships", *Harvard Business Review*, July-August 2014.

2) Establishing the totality of the brand's meaning in the mind of the customer by using tangible and intangible links.

3) Eliciting a favorable response of the consumer to the brand.

4) Converting this response into Loyalty, or as argued by Fournier[112], even better in to a customer-brand relationship.

Brand Equity is a relevant asset in the hand of the company, since it produces a differential effect on the reactions of the consumers to the marketing policies adopted by the company[113]. That is to say that it has a moderation effect on "negative" (from the customer point of view) actions and choices, such as higher price tag or company misbehaviours. Having a strong Brand Equity, hence, represent a significant competitive advantage. Even more so in the Digital Environment, where personalization, OTT-Players, price competition and the other forces analysed in this chapter give to the customer-brand relationship an even more central role for the success of the company, making the quote by John Stewart at the paragraph's opening even more true.

1.4.5.2 The Brand in the Digital Environment

As defined, the brand is a very complex construct, built by different forces: the company, who build the Brand Identity and the individual customer, who build (its own perception of) Brand Image. However, there is also an additional force in play: the customers as a collective entity. In the Digital Environment, as seen, a growing part of the positioning, which is in fact what the Brand Identity defines, has shifted towards the customers. This means that it will be shaped by their opinions, comments, reviews and interactions. As argued by Fournier and Avery the Digital Age is also the Age of the "Open Source Branding"[114]. One tool of the Digital Environment, above the others, seems to them to be particularly meaningful for the

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[112]Fournier S. (1998), *ibidem*

[113]Keller K. L. (1993), "Conceptualizing, Measuring, and Managing Customer-Based Brand Equity", *Journal of Marketing*, vol. 57, no. 1, pp. 1-22

[114]Fournier S., Avery J. (2011), "The uninvited brand", Business Horizons, 54, pp. 193-207

brand: the social media. "Given the lowering efficiency of traditional media advertising, marketers turned to social media. By virtue of the time spent on them by consumers and the relatively low cost per reached customer, they seemed like an easy win". Instead, as discussed by Fournier and Avery, "marketers experienced a harsh environment: their social media efforts gone either ignored or where turned by the social media users into ironic contents, reversing their desired effect". The two researchers were able to identify 4 different concepts, which they named "Age", that define the digital era as for brand management purposes[115]:

- *The Age of Social Collective*, the social media gave customers more and more power in determining brand meaning and even strategies. Some brands had their equity lowered, because they were not able to correctly address the negative implication coming from the confrontation happening in the Digital Environment (e.g. McDonald, Porsche). Others, instead, received much love and appreciation, with customers even helping them develop their social media presence (e.g. Nutella, Coca-Cola). Some companies were able to exploit customer generated content, like Mentos that capitalized on the Mentos & Diet Coke videos. Others lost their focus in order to follow recommendations coming from the Web. In the Age of Social Collective customers control brands, which means that they can help them as well as ruin them[116].

- *The Age of Transparency*, everything that might get exposed will be exposed. In an environment where people look for notoriety (i.e. see Tab 1.1) there is who purposely look for something to uncover or reveal, in particular if it is a company misbehaving, since content inspiring anger have a greater possibility to go viral (see paragraph 2.3.3.1). Even the leak and consequent diffusion of internal company materials is not unusual, sometimes perpetrated by the employees themselves. Trying to be secretive

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[115]Fournier S., Avery J. (2011), *opus citatum*
[116]v. supra

might be difficult or even unsustainable The correct approach for a brand is to embrace the transparency as an unreplaceable part of its strategy.

- *The Age of Criticism*, everything that the company does is reviewed, commented, criticized and then either promoted or dampened by the consumers on the Web. The Customer Generated Content spreads, often without even the company being able to notice it in time and mostly without it being able to respond anyway. Being prepared to criticism means to monitor the social networks, which requires full-time personnel and ad-hoc analytics tools. Because when criticism raise, the company has to be ready to answer promptly, as all the network and viral tool will be against the brand, ready to spread the incriminated contents or information.

- *The Age of Parody*, "spoofing is a particularly popular activity on the web"[117]: it is easy for the Digital Natives to use even professional program to re-touch the original content and then share it in their network. The most iconic a brand content is, the most a parody based on it can be diffused and appreciated. This means that a strong brand can expect to be parodied and especially so when they misbehave. Often enough the parody becomes even more popular than the original source itself.

The implications of the Digital Environment on the brand, in this framework, are rather disruptive, to the point that researchers conclude that the central aspect of Brand Management has shifted from brand development to brand protection. Since, in fact, the former is mainly in the hand of the customers, the role of the brand manager becomes trying to direct this development in a direction that is non-negative. Fournier and Avery sighted in their analysis three different approaches that have been taken by brand managers:

1. <u>The Path of Least Resistance</u>, that means letting the brand fully in the hands of the customers, consequentially acting to follow their direction and will. Many companies see it as the inevitable path on the long run.

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[117]Fournier S., Avery J. (2011), *opus citatum*

2. <u>Playing Their Game</u>, means to become a part of the social media context, blending in it and taking part in the discussion as a normal user, diminishing the negative perception of the brand being an intruder in the social media. To be successful in this strategy the company needs to study the principles, style and mechanism that govern the environment and behave accordingly.

3. <u>Leveraging Web 2.0 Interconnectedness</u>, if customers are willing to participate, then they should be directly invited by the brand to do so. They have to be proactively involved, which is done by understanding their habits and behaviour. If successful, the company can make them work in directions that are favourable towards the brand projected goals, mixing what the customers want to do and what the company needs them to do. To execute this strategy, however, the company needs to dynamically follow on a daily basis the developments of the social media. It requires a lot of commitment but is the one with the highest potential pay-off.

At the beginning of the paragraph, the brand has been placed at the centre of the digital marketing process. This was done because the brand is one of the most important, if not the most important, asset in the hand of the company. In a constantly interconnected and interactive environment, the brand is the emanation of the company that can act as a viable relationship partner, suited to interact with customers. If controlled properly, both parts can profit of this interaction: brands can enjoy the moderation effects of the Brand Equity and the opportunities coming from the co-production. Customers, on the other hand, can have brands that listen to them and keep their same goals, evolving and "growing" according to their preferences.

Both executives and the academic literature perceive the social media as the place to be for brand managers. Hence, the company should give them a relevant spot in its business strategy. However, doing so means to engage in the open-source branding, which presents, as already seen, its own perils. If the company is not able to handle the social media, these will be more disruptive than helpful.

CHAPTER 2: UNDERSTANDING SOCIAL MEDIA

2.1 THE DIGITAL MEDIA: AN INTRODUCTION

Traditionally, the media principal aim has been to transmit information between a sender and a recipient, as the Latin etymology of the world itself implies. Media are "instruments" used to facilitate communications. In the case of the company, communications have various recipients: government, institutions, other stakeholders and shareholders; but one of the most prominent roles of the communication is to make the company's products and services known to potential buyers. The first media to be used for marketing communication purposes were, historically speaking, the store' signs: a simple name or symbol that contained the "value proposition", i.e. what the store was selling, together with the name of the store owner, which, in certain ways, was the brand's ancestor. The basics of what will for centuries remain the main role of the media mix, although in an extremely basic fashion, were all there: inform the public about who is selling what. With passing years and decades, new and refined tools become available: billboards, then newspapers, followed by the radio and the cinema, up until the single revolution that was to completely reshape the broadcast communication possibilities: the television. The TV rapidly entered the house and lives of millions of people. This refined tool gave to companies the possibility to be much more creative, mixing up videos, music, even colors to create memorable advertisings. The mass-media communication was practically at his peak, as nothing else seemed to be able to surpass the ubiquity of the television.

However, in the 1970s, a bunch of people, following the concepts of ARPANET, created a way of interconnecting computers, forming a network, so that they could exchange some basic information from one side of the world to the other. Internet was being born. In its early years it was mainly a tool for scientists and researchers, used to exchange useful data among them; however, as seen in the previous chapter, it ended up becoming something entirely different, more ubiquitous than the TV

could ever be[118]. It is also growing at a fast-paced rhythm, with more and more part of companies' budget dedicated to the online media[119]. The Internet and the digital disruption, changed, of course, also the media mix, giving marketers new tools, like websites, blogs, forums, etc. But more than anything else, it changed the concept of media communication: what was in fact a one-way broadcast, became two-way, real, communication. The most relevant tool for this new type of communication might well be the Social Media.

As seen in Chapter 1, Social Media can have multiple roles in the digital marketing process; being a tool for getting insight about the customers, having a role in the creation of customer's *needs* and being one of the most prominent delivery tool available to digital marketers, in particular in terms of building strong digital brands.

This chapter will start by discussing in paragraph 2.1.1 the various digital media, by using the paid, earned and owned framework and evidencing where Social Media fit in. Paragraph 2.1.2, will discuss the potential risks coming from the choice to build a web presence, with particular attention to the ones coming from building an incorrect relation with the customers. In paragraph 2.2 the literature defining the Social Media will be reviewed in order to obtain a working definition to be used by the company to identify what social media are. Paragraph 2.3 will illustrate and expand the Honeycomb framework, a useful tool to understand and address the differences between the different social media. This tool will be used in paragraph 2.4 to analyze the principal social media, identified by their number of active users, time spent and relevance for the company. Their "population" will be reviewed together with their structure, with the aid of the Honeycomb framework. Finally, in

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[118]Rashtchy F, Kessler A M, Bieber P J, Shindler N H, Tzeng, J C, (2007), "The user revolution: The new advertising ecosystem and the rise of the Internet as a mass medium", Piper Jaffray Investment Research, Minneapolis, 2007

[119]CMO Council research, as published on August 19th 2014 by Marketing Charts in "How is the Marketing Mix Changing?". [Accessed on 25th of August at http://www.marketingcharts.com/traditional/how-is-the-marketing-media-mix-changing-45058/]

paragraph 2.5 the most relevant aspects of the social media will be briefly discussed, synthetizing the previous argumentations.

2.1.1 Paid, Owned and Earned Media

To understand the differences between the different media they are often divided, both in practice and in the academic literature, in three categories: *paid*, *owned* and *earned* media. This categorization has existed and has been used, of course, also prior to the digital disruption, however, in the digital era, both their sheer numbers and reach have been greatly expanded upon, in particular, concerning the *earned* media. In order to better encompass the differences between the three categories, it will be useful to start by qualifying how some non-digital media fit in the framework, subsequently expanding it by including the new digital media.

Television advertising, newspaper pages, rented billboards are all *paid* media; they are owned by an editor who is payed by the company to display its advertisings. The company store' sign, point-of purchase materials, catalogs, newsletters etc. are all *owned* media since they are direct properties of the company without editors involved in their transmission to the customers. *Earned* media, lastly, are somewhat different as they are media provided, on their own accord, by third parties, to promote the company, its products and its brand. It is easy to see how numerous they are in the digital environment, made by reviews and social media, however, prior to that, the term would have probably been applicable only to press generated in response to PR campaigns and more generally, to the various forms of Word of Mouth (WOM). It can be said that the earned media digital declination is still in the field of WOM, just with the possibility for a customer to speak not with 10 other people but 10 million[120]. The focus of this chapter is to analyze, as mentioned, the role of a specific earned media, the Social Media. For accuracy purposes, it should be underlined that Social Media can actually fall under all three categories: the company profile on a social media can definitely be considered an owned media, whereas using the social to deliver ads makes them a paid media. However, for the

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[120]Gillin P. (2007)," The new influencers: A marketer's guide to the new social media", Sanger Quill Driver Books

purpose of this dissertation, the Social Media earned media role will be the most relevant, as they will be viewed as a place for the company to interact with customers and for customers to interact between them, giving ample possibilities to stretch the company's own reach by capitalizing on Customer Generated Content (CGM) such as communities, comments, review, posts, likes, shares, etc.

Before proceeding with the Social Media, however, it is particularly important to have a complete view of the digital media landscape. In order to do that, aforementioned framework of owned, paid and earned media will be expanded upon to comprehend the digital media:

- *Owned media*[121]. They are a property of the company and the most controllable digital media. The typical owned media is the website, that, as discussed in chapter one, acts as a hub for the company's online presence. Blogs, social media channels, (proprietary) e-commerce site are all owned media and should be integrated in the website experience. Owned media are the company's controlled brand presence in the digital sphere, they are its "business card" and as such they have to be polished, simple, functional and easy to reach.

- *Paid media*, their role is to dive traffic to the owned media. As for the traditional media, the concept behind them is to pay an editor to display and

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[121]Definition of owned, paid and erned media results from various sources, for all three, cfr.: Smith K. (2016), "How to measure Paid, Owned and Erned Media", published by Brandwatch on June 30th 2016 [Accessed on 25th of August 2016 at www.brandwatch.com/2016/06/define-measure-paid-owned-earned-media/]. Yu J. (2013), "Earned Media Rising-The Earned Media Ripple Effect", published by Marketing Land on October 7th 2013, [Accessed on 25th of August 2016 at marketingland.com/earned-media-rising-the-earned-media-ripple-effect-56528]. Chaffey D. (2012), "The difference between paid, owned and earned media – 5 viewpoints", published by Smart Insights on June 17th 2012 [Accessed on 25th of August 2016 at www.smartinsights.com/digital-marketing-strategy/customer-acquisition-strategy/new-media-options/] . Goddal D. (2009), "Owned, Bought and Earned Media" [Accessed on 25th of August at https://danielgoodall.com/2009/03/02/owned-bought-and-earned-media/]. Corcoran S. (2009), "Defining Earned, Owned and Paid media", published by blogs.Forrester, on December 16th, 2009. [Accessed on 25th of August at http://blogs.forrester.com/interactive_marketing/2009/12/defining-earned-owned-and-paid-media.html]

promote the company contents. Social media websites, as said, offer many ways to sponsor contents and as such, they are a potential paid media. Other typical paid media are, for example, banners, a sort of digital equivalent of the billboards. They can be *fixed*, i.e. always shown when visiting certain websites or other advertising spaces, behaving like proper billboards, or *programmatic*, i.e. selected by the editor, thanks to ad-hoc and often proprietary algorithms and are to be personalized for every different individual interacting with the advertising space, in order to be showed only to the supposedly interested visitors. One of the most used digital tools, the Search Engine Marketing (SEM), is also a paid media since it involves a payment to the search engine provider (ex. Google, Yahoo) in order to have the company's page displayed in top positions when searching for selected, pre-determined, keywords. Finally, paying web influencer's to review, test, use or shares the company's product is a good way to come in contact with a large pool of potential clients, often profiled (ex. If a football champion advertises the company's sportswear on his Twitter profile, it is likely that his followers will be sporty people, hence, profiled).

- *Earned media*, basically, can act similarly to paid media, driving traffic to the company's owned media, potentially with better results. For example, the resulting effect of the SEO (search-engine optimization) is the same as the SEM but it is generated from the interactions of consumers with the company's owned media (e.g. number of visitors, unique visitors, time of permanence, multi-media contents interaction etc.). However, SEO is often more important than SEM, since it is seen as not being artifact by the company, being an "organic" consequence of a website quality. It is, however, more difficult to obtain, since it requires a continuous effort to keep the website updated and interesting. In addition, the search engine criteria when ordering search results change often, so technical commitment is also required to meet those standards. This example can effectively synthetize the differentiating elements of the earned media: they can brilliantly take the place of paid media and be even better in augmenting the

reach of the company, but require to be "paid" in the form of time and efforts. What set them a part, however, is the effect coming from users' reviews, mentions, hashtag, videos, photos, social-buzz, word of mouth etc. in one-word Consumer Generated Content (CGC, also defined as User Generated Content, UGC). CGC can not only be terrific in improving the company's reach well behind even the biggest advertising budget but, as discussed in paragraph 1.4.3.1, they will be more effective in converting leads and impressions into customers, since Digital Natives are more likely to trust online reviews, perceived as being independent from the company, than the company's own communication channels[122]. As previously said, social media fall also under the earned media category, since they offer the possibility for users to engage into discussion about the brand and to share its products and contents, exposing them to other potential customers free of (direct) charge. Forums and brand groups can also be a parallel source of information and consultation for potential customers, as seen in the first chapter. During the purchase funnel users are prone to look for center of knowledge about the brand to retrieve information and therefore forums and social network groups can very well become the equivalent of consultant expert about the company offers and willing to help and engage others.

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[122]Foux G. (2006), "Consumer-generated media: Get your customers involved", *Brand Strategy*, 2012

Fig. 2.1**: Owned, Bought and Earned Media: Reach and Control relation**
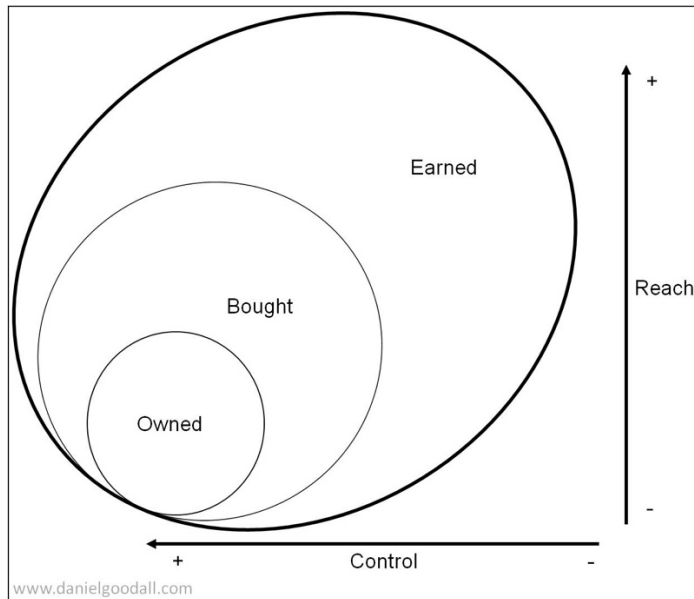
Source: danielgoodall.wordpress[123]

The above figure [Fig. 2.1] helps to visualize the different potential reach and control of the three different categories, basically, underlining how control is inversely proportional to reach. Earned media offers the greatest potential reach, even if, being non-controllable, means that they can also be negative (as happens during brand crisis). Possible back-fires of the online presence, however, come also from incorrectly used paid and owned media; this topic will be discussed in the next paragraph.

2.1.2 Media in The Digital Environment: Risks of the Online Presence

"Today, if an Internet user types the name of any leading brand into the Google search, what comes up among the top five results typically includes not only the corporate webpage, but also the corresponding entry in the online encyclopaedia Wikipedia. Here, for example, customers can read that the 2007 model of Hasbro's Easy-Bake Oven may lead to serious burns on children's hands and fingers due to a poorly-designed oven door, and that the Firestone Tire and Rubber Company has

been accused of using child labour in its Liberian rubber factory. Historically, companies were able to control the information available about them through strategically placed press announcements and good public relations managers. Today, however, firms have neither the knowledge nor the chance – or, sometimes, even the right – to alter publicly posted comments provided by their customers".[124]

In their 2010 article, Kaplan and Haenlin discussed the implications of the social media in the reshaping of the power' structure between companies and customers. Among the benefits and threats that they underlined, the reported passage seems particularly significant, due to the exposure to one of the most perilous threats of the online presence: the web remembers everything.

As discussed in the first chapter, the World Wide Web allows a sort of collective intelligence. This intelligence actually comprehends, as already seen, a "collective memory": the actions of the companies are not more nor less than one of the millions of information indexed and always accessible in the digital environment, as such, they will be easy to retrieve in every moment, living through much more time than a simple News' headline. For this reason, it is essential for companies to manage potential crisis with particular attention to the digital environment. As pointed out by Kaplan and Haenlin, the consequences in terms of generated information are, however, not in control of the company and as such, its possibilities of intervention are limited. This brings to light the first potential risk of the online presence: the earned media are not controllable. When positive, they can be a driving force that can even surpass the paid media in making connections with potential customers, however, when negative, they can pose a threat for the company by essentially diminishing or destroying its trust capital. However, it must be noted that in case of company 's wrong-doing, conversation and possible negative WOM will spread regardless of the existence of a company active presence on the Web. This can be useful instead as a moderating factor, since being on the Web means not only that the company can respond to its customers but that it can

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[124]Kaplan A. M., Haenlin M. (2010), "Users of the World Unite! The challenges and opportunities of Social Media", *Business Horizons*, 53, pp. 59-68

also benefit from previously created (and fostered) communities, willing to help and defend the company, to act as brand advocates. At the same time, the interaction with customers (and with users in general) if not well managed, can be the greatest risk coming from the establishment of a company online presence. For this reason, it is essential for the company to know the proper "netiquette" to adopt, in particular on the social media and especially so during times of brand crisis, being hence able to avoid (or reduce) long term consequences.

The risk of ruining the perception of the company or brand, however, does not come only from an improper management of the direct interaction with customers, which is, in fact, magnified by the velocity of the digital environment but exists off-line nonetheless; it also derives from technical and functional problems that arise inherently with the decision of being active on the Web:

- *Lack of Reliability*, every space of online presence is effectively a touch-point, not different from, for example, the company's physical store, and it must thereof be reliable. This means to have a solid technical structure, that can avoid crashes and errors, which will compromise the customer journey, with potential loss of customers. As seen in paragraph 1.2.4, the digital experience is quite demanding from a technical perspective; not being able to deliver it in the proper way can be detrimental to the company, subtracting from the perceived quality of the vendor[125]. The design of the website itself has been shown to be a determining factor of re-purchase intentions[126]. Reliability has to be considered also in terms of the information rendered available, which must absolutely be accurate,

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[125] Vrechopoulos, A., O'Keefe, R.M. and Doukidis, G.I. (2000), *opus citatum*

[126] Zhou T., Lu Y., Wang B. (2009), "The Relative Importance of Website Design Quality and Service Quality in Determining Consumers' Online Repurchase Behavior", *Journal of Information System Management*, vol. 26, issue 4, pp. 327-337

since incorrect information can lead to a negative customer experiences or even to the rise of legal issues[127].

- *Data Security,* especially relevant in case of e-commerce. When collecting personal information the company must comply with privacy and security laws and rules. In order to do so, specific software and server security procedures will need to be used, raising the costs sustained by the company.[128]

- *Costly professionals required.* It is likely that the company will face competition in the digital environment, which means that its investments may not be repaid. The online presence requires important technical commitment[129]. Even though the company can have major digital skills in the organization, it is probable that some services (e.g. Hosting, data security, data-storage, servers, etc.) will have to be externally bought or rented. What's more, as already seen, it will be essential to provide good content, both from a user perspective and a search engine prospective, to achieve good search engine positioning through SEO. In order to accomplish that it will be probably necessary to hire specialized SEO writers and/or SEM agents, who possess the necessary skills[130]. An incorrect use of the tools can in fact lead to associations with wrong keywords that in

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[127]For example, in Italy there is a specific regulation, issued by Banca d'Italia for companies involved in the financial services market about the consequences of incorrect or conflictual information presented through the company's communications (including every means of the online presence). Summarizing, the law obliges the company to always apply the best presented condition to the customers if conflictual communications exists.

[128]Niranjanamurthy M., Dharmendra C. (2013), "The study of E-Commerce security issues and solutions", *International Journal of Advanced Research in Computer and Communication Engineering*, Vol. 2, Issue 7

[129]cfr. Patel N. (2016), "2016 SEO Chechlist for Website Owners", published by Search Engine Journal on May 23rd 2016. [Accessed on 26th of August 2016 at www.searchenginejournal.com/seo-checklist-website-owners-updated-2016-beyond/163767/]

[130]Di Silvestro A. (2013), "Common SEO risks: to take or not to take", published by Search Engine Journal on April 17th 2013. [Accessed on 26th of August 2016 at www.searchenginejournal.com/common-seo-risks-to-take-or-not-to-take/62638/]

turn will mean a low ROI[131]. Sponsored results tend also to be more effective when backed-up by an organic top ranking of the website, due to a sort of "confirmation effect"[132], which suggests that to raise the efficiency of SEM investments, SEO capabilities are relevant.

The risks of the online presence, the non-controllable customers' behavior (which may give birth to negative WOM) and the lack of the necessary expertise, seems to suggest that the company should evaluate the possibility of creating an online presence by balancing pros and cons. However, this might be misleading. If the sheer force of the numbers viewed at the beginning of the first chapter shouldn't be enough to suggest that, currently, entering the Digital Environment is practically unavoidable, the consideration that the company will be discussed online regardless, should advocate towards the positive outcome of the decision.

Incidentally, gaining expertise with the digital tools, as will be discussed, will also help the companies to better address and hence mitigate, the digital after-effect of brand crisis and other relevant negative events, since it will give them the necessary capabilities to listen, learn and react to the customers' voices, that, without an online presence, would remain largely unanswered by the company.

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[131] Hunt M. (2016), "How to use purchase intent for more effective keyword search", published by Search Engine Watch on 12th of July 2016 [Accessed on 26th of August 2016, at https://searchenginewatch.com/2016/07/12/how-to-use-purchase-intent-for-more-effective-keyword-search/]

[132] Yang S., Ghose A. (2009), "An Empirical Analysis of Search Engine Advertising: Sponsored Search in Electronic Markets", *Managemet Science*, vol. 55, issue 10, pp, 1605-1622

2.2 SOCIAL MEDIA: A WORKING DEFINITION

The definition of the term "Social Media" is not unique in the literature; in fact, the different authors using the term often include a number of digital applications in it. The shared foundation of the term, however, seems to be the Kaplan and Haenlin definition: "*Social Media is a group of Internet-based applications that build on the ideological and technological foundation of Web 2.0, and that allow the creation and exchange of User Generated Content*"[133]. This definition follows Kaplan and Haenlin's own description of the Web 2.0 as a shift in people's ideology towards a more collaborative use of the Internet, which in turn gave birth to services that made possible for Internet's users to exchange ideas, media, opinions and materials of their own creation (the User Generated Content UGC). To better explain this definition, they created a matrix [Fig. 2.1] that, by considering two different variables (Media Richness and Self Disclosure), classifies all the media that they consider to be Social. Their definition and the following matrix, however, is quite ample; in fact, it encompasses also applications like "Wikipedia" (that they classified as a collaborative project) or virtual online games (mostly MMORPG, Massive Multiplayer Online Role Playing Game and Social Worlds). These applications are obviously collaborative and deeply influenced by their users, but suffer from limitations of either reach (very specific for games), or scope (Wikipedia is a collaborative project but it is not meant for users to interact among themselves) and are, in fact, found at the "corners" of the matrix, being either "Low" on self-disclosure or too "High" in media richness. The Social Media included in the "Medium" column of their matrix seems, for this dissertation purpose, the most relevant. The column comprehends, in fact, Social Media with a medium social presence and media richness that, in their definition, means media that allow a not too shallow but not too intimate degree of "*acoustic, visual and physical contact*[134]", which is enough to give to users some influence on others'

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[133]Kaplan A. M., Haenlin M. (2010), *opus citatum*

[134]Short J., Williams E., Christie B. (1976), "The Social Psychology of telecommunications", as cited by Kaplan A. M., Haenlin M. (2010), "Users of the World Unite! The challanges and opportunities of Social Media, *Business Horizon*, 53, pp. 59-68.

behavior, while at the same time, not being so pervasive as for people to customized adopt behaviors. Something that, on the contrary, happens as a consequences of acting through an "avatar" in virtual worlds and games[135].

Tab 2.1: **Social Media Matrix**

		Social presence/ Media richness		
		Low	Medium	High
Self-presentation/ Self-disclosure	High	Blogs	Social networking sites (e.g., Facebook)	Virtual social worlds (e.g., Second Life)
	Low	Collaborative projects (e.g., Wikipedia)	Content communities (e.g., YouTube)	Virtual game worlds (e.g., World of Warcraft)

Source: Kaplan A. M., Haenlin M. (2010)[136]

Considering this analysis, among the Web 2.0 applications allowing the creation and sharing of UGC, "Social Networks" and "Content Communities" seems the most useful for the company's online presence, being: a) interactive and b) a source of influence for people's behavior in real life.

It is still necessary, however, to understand which services fall as of today under these two categories. For example, the definition of "Content Communities" given by Kaplan and Haenlin, includes in fact services ranging from "YouTube", which has general entertaining purpose to Slideshare, which is used for work and study oriented tasks. What's more, in Kaplan and Haemlin framework, YouTube is also considered before its fundamental 2011 re-design, which reshaped the service to be channel centered, hence giving major resonance to users as individuals[137]. As noted by Obar and Wildman, the constant changes and evolution together with the fact that a lot of technologies offer some form of interaction possibility, makes a

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[135]Davis A., Murphy J., Owens D., Khazanchi D., Zigurs I. (2009), "Avatars, People, and Virtual Worlds: foundations for researches in Metaverses", *Journal of the Association for Information Systems*, vol. 10, issue 2, pp. 90-117.

[136]Kaplan A. M., Haenlin M. (2010), Users of the World Unite! The challanges and opportunities of Social Media, *Business Horizon*, 53, p. 62

[137]BBC News (2012), "YouTube's website redesign put the focus on channels", published by BBC on 8th March 2012. [Accessed on 28th of August 2016 at http://www.bbc.com/news/technology-16006524].

challenging tasks defining exactly which services are social media and which are not[138]. In order to better encompass the Social Media phenomenon, Obar and Wildman combine the Kaplan and Haemlin definition with the one from Boyd and Allison of Social Media as: *"web-based services that allows individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system"*[139]. Their resulting Social Media working definition is composed of the following 4 elements:

1. *Social Media services are (currently) Web 2.0 based*. This means, as seen in Chapter 1, that they are based on interaction, personalization and collective intelligence. This definition interestingly underlines that the future evolution of the Web 3.0 can change the Social Media services.

2. *User-Generated Content is the lifeblood of social media.* The interactions and their tools, such as comments, videos, messages, photos, etc. are the basies of the "social" activity.

3. *Individuals and groups create site-specific user profiles within the boundaries of the social media service*. A profile is needed to interact with other people, what it contains is up to the different social media and begins with the most basic "username", adding pictures, address, contact information, personal preferences and tastes etc.

4. *Social Media services facilitate the development of social networks online by connecting a profile with those of other individuals and/or groups*. After a profile has been created, the users can interact with other profiles. They may be called "friends", "connections" or "followers", again depending on the social network being considered. This also implies a difference in how much interaction occurs with non-friends and how much accent is put on

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[138]Obar J., Wildman S. S. (2015), "Social Media definition and the Governance Challange", Working Paper for the Social Science Research Network (SSRN). [Accessed on 29th of August 2016 at ssrn.com/abstract=2633190]

[139]Boyd D. M., Ellison B. N. (2008), "Social Network Sites: Definition, History and Scholarship", *Journal of Computer Mediated Communication*, 13, pp. 210-230.

making new connection vs remaining in contact with existing ones. The social media environment also allows people to find like-minded individuals by looking for specific "topics" or by entering in dedicated communities, which can very well be brand centered.

Although this definition helps to understand what are the qualities that a Web application must have to be defined as a social media, it is still necessary to understand how social media can be different from one other. Interaction can have many finalities and can take various forms; content shared are different between each social media, profile can contain different information aimed at different targets and the creation of a network of people can follow several structures. To clarify the matter, the next paragraph will be used to introduce a framework that is useful to classify and understand the differences among the social media, in order to be able to know how to enter and behave on each one of them.

2.3 THE HONEYCOMB FRAMEWORK

As already seen, the term social media, as defined, qualifies a broad number of platforms, each of them with its own rules, scopes and differentiating futures. In order for the company to properly interact with its customers in the different social media it is necessary to "*make sense of the social media ecology[140]*". In order to do so, Kietzmann et al. have created the "Honeycomb framework", which, by pointing out seven different potential building blocks of the social media, helps to understand their structure and thereof the different type of activity in which users (and companies) will engage on them. This paragraph will describe the Honeycomb, when possible expanding its theoretical foundations in order to adopt it in the next paragraphs to analyze the most relevant social media.

Fig. 2.2: **The Honeycomb Framework**
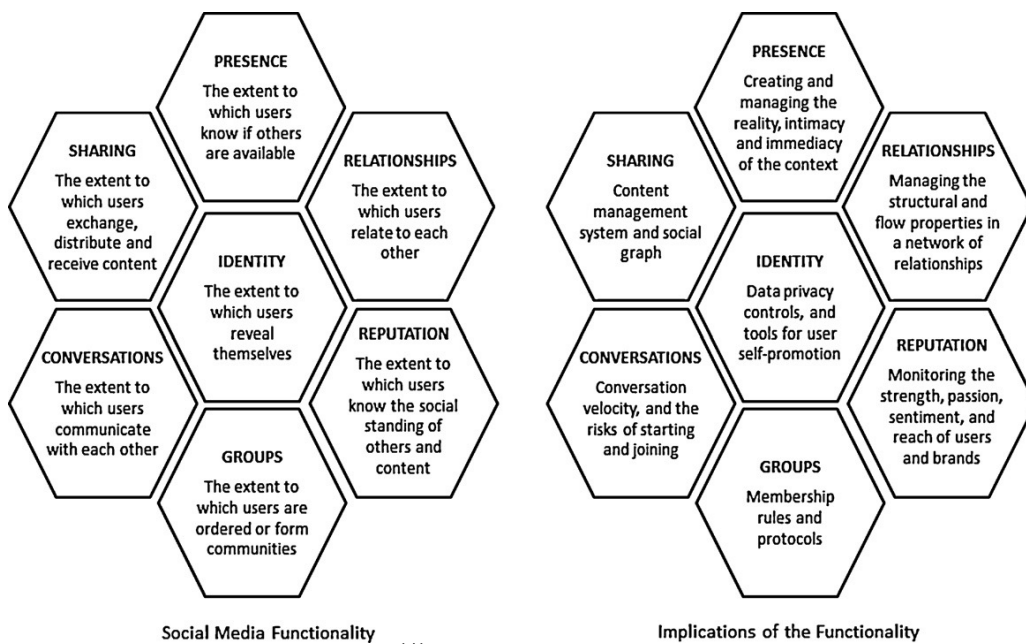
Source: Kietzmann J. H et al. (2011)[141]

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[140]Kietzmann J. H, Hermkens K., McCarthy I. P., Silvestre B. S. (2011), "Social Media? Get serious! Understanding the functional building blocks of social media", *Business Horizons*, 54, pp. 241-251
[141]Kietzmann J. H, Hermkens K., McCarthy I. P., Silvestre B. S. (2011), *ibidem*

2.3.1 Identity

Identity, the first and central block of the honeycomb is about the extent to which information regarding a user is part of the social media. This involves sensible data like name, surname, address, contacts and so on, that will be requested to potential users in order to join in. Facebook and LinkedIn, for example, relay heavily on identity: it would not be possible to find your friends if they do not use their names, and the same is even more true for potential business contacts. Social media that build on identity are often about personal branding; the aforementioned LinkedIn is a good example in this regard. One of the most basic principles of branding is that shared information and opinion should be tailored to the audience[142]; in fact, it is often possible for a user to share some information about him/her in one network, while hiding them in another. The first and obvious implication of this building block is that the company can potentially understand exactly *who* its followers (and/or customers) are. This rises an interesting question on whether the use of real names has an effect on users' behavior. In particular, it is generally believed that it implies that users are more likely to be moderated in their positions and less likely to be offensive or otherwise adopt negative attitudes. Even the former Marketing Director of Facebook, Randi Zuckerberg declared that to oblige people to use their real name online would drive them to behave better[143]. Research results on the matter, however, are not univocal. A research from Daegon[144] made in 2007 in Korea, after the enforcement of a law that obliged social networks with relevant numbers of users (in the hundred of thousands) to mandatory request real names, suggests, with statistically relevant results, that the use the of real name effectively

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[142]Hyder S. (2014), "7 Things you can do to build an awesome personal brand", published by Forbes.com on August 18, 2014. [Accessed on 1st of September 2016 at http://www.forbes.com/sites/shamahyder/2014/08/18/7-things-you-can-do-to-build-an-awesome-personal-brand/#63ec0e831274]

[143]Zuckerberg R. declared so during an online panel held by Marie Clear, as reported by Bosker B. of The Huffington Post, in her article "Facebook's Randi Zuckerberg: Anonimity Online has to go away", published on 27 of July 2011. [Accessed on 1st of September 2016 at www.huffingtonpost.com/2011/07/27/randi-zuckerberg-anonymity-online_n_910892.html]

[144]Daegon C. (2012), "Empirical analysis of online anonymity and user behaviors: the impact of real name policy", HICSS, 47th Hawaii International Conference on System Sciences, pp. 3041-3050

acted as a moderator. However, since the the Korean's government has scrapped the law, principally because it attracted hackers looking for exploitable personal information but also because, according to the KCC (Korea Communications Commission) it decreased the malicious comments total by only 7%[145]. As opposed to the use of the real name, of course, there is the possibility to use pseudonyms or nicknames. However, the identity component has to be read as the degree in which the user's profile is central for the social network activity, meaning that even if it may raise different issues in fields like data privacy, the use of real names vs nicknames is not relevant per-se.

2.3.2 Conversation

Conversation: the second block is about the importance of connecting, talking and confronting with other users in the social network structure. Conversation can take different forms and degrees. For example, Twitter conversation tend to vary a lot and to scatter across different fields with relative velocity, meaning that it is not easy to track down exactly what is happening and to grasp the general ongoing opinion about a topic. On the contrary, reddit.com, which is an aggregator of links and information, also tends to evolve very rapidly but it is organized in a way that ensures that the arguments stay (for the most part) categorized (under the so-called sub-reddit), being therefore more easy to track.

2.3.2.1 Social Media Listening

Social media listening is an activity that companies and brands can undertake in order "*to hear customers' views, rapidly respond to their comments and concerns, and gain insight into how the company is being discussed*[146]" and it is hence particularly relevant in social media based around conversation. Due to the amount

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[145] The Chosunilbo, "Real-Name online registration to be scrapped", published on 30th of December 2011. [Retrived on 1st September 2016 at http://english.chosun.com/site/data/html_dir/2011/12/30/2011123001526.html]

[146] Crawford K. (2009), "Following you: Disciplines of listening in social media*", Continuum: Journal of Media & Cultural Studies*, vol.23, no. 4, pp. 525-535

of interaction happening, however, it is practically impossible to "listen" without the aid of ad-hoc analytics tools. These tools are able to scan through the various social media and their thousands of contents and generate meaningful (and usable) metrics that sum up the state of the brand's online presence. There exist various analytics services with some companies even crafting their own analytics tools. Most, however, are from third-parties and can be used just by paying their subscription fees. There exist even free tools that offer simpler, less refined, analytics. Although every service has its own peculiarities, some metrics, often borrowed and re-adapted from traditional media analytics, are common to all of them and can be divided into two categories[147]:

1. *Reach.* Monitor the quantity of mentions and quality of their authors. Authors can have, in fact, different "reach", depending on how much activity they engage in and how many people interact with them. It is essential to understand who the central influencers of the brand fan base are and keep under control their profile and sentiment, in order to predict the influence of their comments and opinions on the other followers. Also, it is important to understand where on the Social Media discussions about a brand or an event occur, since, as the Honeycomb model implies, the "virtual place" is determinant of the tone and type of interaction. By monitoring Twitter, Facebook, brand forums, blogs, and so on, the company can understand where its brands are more relevant and develop its online presence accordingly. Number of mentions is reported practically by every service, often filtered by date and "virtual place", sometimes even by geographical position. Main authors are qualified by the quantity of written content, about the brand or about specific keywords, together with their network centrality.

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[147]Murdough C. (2009), "Social Media Measurement: It's not Impossible", *Journal of Interactive Advertising*, Fall 2009, pp. 94-99

2. *Discussions*. Understand content. What do the various "authors" think of the products, services, communications and behaviour of the brand? What are they exactly talking about? Are there any central topics in the conversation? The two most used metrics in this regard are: the "keywords" or "hashtags" analytics, that work by reporting which are the most used and their relative frequency and the "sentiment", which is qualified as positive, negative or neutral by screening algorithms.

The issue behind every analytics service, however, is that being based on algorithms they will effectively eliminate human's evaluation bias, but they will be ineffective when it comes to understanding different nuances (e.g. irony) in the content they find, leading to imprecision in the final results. This is particularly relevant for *Text Mining* services, which are the ones that are used to understand the posts' sentiment. By using different services together, this issue can be mitigated, due to the different variables taken into account by each one. Moreover, it is possible to integrate results from different types of services, for example, services that analyse the trending topics together with services focused on the engagement generated by the company's own activity. In order to aggregate these results, companies often rely on ELP (Enterprise Listening Platform) that can gather different data from different services and present them in convenient reports and dashboards. Finally, most social networks offer proprietary analytics tools to analyse how the company's own page(s) fares, often integrated with suggestions and solutions (both paid and free) to boost their performance.

2.3.3 Sharing

This block is about the importance of sharing and distributing content. They can be both User Generated (UGC) or proprietary (e.g. brand messages or advertising): Flickr.com, Snapchat are all centered around sharing UGC, whereas proprietary contents can often be found, for example, on YouTube, in the form of movies' trailers or music's video. Contents can, in fact, take various forms: video, images, text, sounds and can respond to various interests or aims. For example, Flickr.com is about sharing photos of, theoretically, artistic value to critically review with fellow photographers; YouTube was born to share home-made videos but it ended

up being used also by companies and even to illegally publish copyrighted content. This building block, in fact, raises concern about what is shared: copyright is, in general, a complicated matter on the web; in the case of sharing in social networks it became even more problematic due to the low relevance that the "owner" or "author" maintains throughout the sharing mechanism.

Sharing is an activity in which the users' different tastes and interests are important[148], meaning that social networks based around sharing should be easier to profile in terms of users' population and hence potentially more attracting. The company can of course share its own ads, which can theoretically be the same used on TV or other media. However, in this way it will be setting itself out of the environment's tone of voice and communication style, which is something that can prove disruptive for its purpose[149]. Instead, if the company wants to intervene in the "sharing" it should study the "language" of the social network in order to grasp which are the used themes and communication style and opportunely adopt them. By doing so, its contents can become viral, bringing a lot of earned media exposure. For a content to become viral, however, great value or informing power is not, enough. In the next paragraph, the discussion will hence go through what makes contents go viral, analyzing the "format", characteristics and psychological antecedents that have by this kind of content.

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[148]Berger J., Milkman K. L. (2012), "What makes online content viral?", *Journal of Marketing Research*, vol. 49, no. 2, pp. 192-205
[149]Fournier S., Avery J. (2011), *ibidem*

Fig. 2.3: Memes Examples

Source: www.google.com/imges

On the social media it is possible to find various type of User Generated Content (UGC), as discussed in the previous paragraph; reviews, comments, articles etc. are all part of the category. However, very often, the encountered UGC takes a multi-media form such as videos, audio or images. Images in particular are very numerous in the social media landscape, maybe because, due to their intrinsic velocity of fruition, they are compelling towards the Digital Natives demand for "fast contents". As everyone navigating the social media will have probably noticed, they often take forms similar to the ones at the beginning of this paragraph. Those are called "memes". The word originated well before the Digital Environment. It can be tracked back to "The Selfish Game" a 1976 book written by the biologist Richard Dawkins, which defined "memes" as the equivalent of "genes". The biologist's metaphor underlines that contents are like viruses, since they both spread among different individuals and contain pieces of information[150]. The concept of viral content was built around this line of thought and further defined by Rushkoff[151] as "contents that get rapidly distributed in a network by passing from person-to-person", or in the Digital Environment, from user-to-user, "through the use of a shell". The "shell" can be an image, video, music, clothing fashion, iconic person, news etc. i.e. something that has the correct characteristics to be relevant and

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[150]Dawkins R. (1976) "The Selfish Game", Oxford University Press, p.189.

[151]Rushkoff, D. (1994), "Media Virus: Hidden Agendas in Popular Culture", New York: Ballantine

"accepted" by its target. Hence, the next step is to describe how this "shell" looks like.

In paragraph 1.4.5.2, one of the Digital Era labels, among others, was the Era of Parody. Memes perfectly follow this tendency: their content is mostly humorous or parodic, which is unsurprising; in fact, as shown by research, "humor" is the key for contents to become viral[152]. What is most interesting about memes, however, is that they are *not effectively content* per-se but *a vehicle to share content*[153]; they are an "iconographic language" which is used to "write" contents in a popular "format" that will enable it to become viral. Their structure is made of different layers; for example, the two memes at the beginning, are images and they are both from popular movies of which they re-interpret a scene or line. Their content is, however, the phrasing about the thesis and not the image per-se. In fact, those same images exist in thousands of iterations, with an identical structure but different contents. In this sense, it can be understood why the metaphor depicting them as a virus is fitting: they are the vehicle that transports information. Memes can also be video, for example, there are a number of different humoristic sub-titled version of a scene from the German drama "Der Untergang" (2004) which depicts the last days of Hitler's life. Understanding the structure and potential of memes can prove useful, for the company, in order to "feel the pulse" of the environment, since by looking at memes it is possible to know what are the trending arguments.

A part from the "memes" shell, there exist other characteristics that can raise the possibility of contents becoming viral; Berger & Milkman conducted a series of studies to unveil those characteristics and the motivation behind the sharing of contents[154]. What they found out is that people mostly share contents in order to:

- Entertain and surprise others, in order to boost their mood

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[152]Porter L., Golan G. J. (2006), "From subservient chickens to brawny men: A comparison of viral advertising to television advertising", *Journal of Interactive Advertising*, vol. 6, no. 2, pp. 30-38.
[153]Jenkins H. (2009), "If it doesn't spread its dead", Author's personal blog. [Accesed on 8th of September 2016 at henryjenkins.org/2009/02/if_it_doesnt_spread_its_dead_p.html]
[154]Berger J., Milkman K. L. (2012), "What makes online content viral?", *Journal of Marketing Research*, vol. 49, no. 2, pp. 192-205

- Generate reciprocity
- Boost their reputation (by showing that they know useful things)

What is interesting is that they found out that the contents which get shared the most are actually not inherently "positive", as the aforementioned emotions; instead, they are the ones that inspire strong, but often negative, emotions, such as awe anxiety and even more anger. The company should be aware of this finding, since, as will be argued later, it will play a role in the diffusion of news and opinions during brand crisis.

2.3.4 Presence

This building block is about the importance that availability (for the online presence) and position (for the real world presence) has in the social network. This block is particularly relevant for companies, since it builds on the implications of the sensor-driven and location-aware web 3.0: social network based around presence are the most evident source of information for organizing real-time interactions. Social Networks build around presence are, for example, real time chat, like Facebook Messenger or WhatsApp (online presence), but also Waze in which (physical) presence is important in order to give out information about traffic, accident and so on. Some virtual games, like Ingress and most recently PokémonGo, can also be considered, a part from obviously being games, as social networks heavily centered around presence. For example, PokémonGo has been used by companies to attract customers to their store[155], or as a basis to create social events like has been done, recently, by Algida (Ice cream brand used by Unilever in Italy), that used some in-game future to invite customers to bring customer to its event in Rome[156].

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[155]Castillo M. (2016), "Another Use for 'Pokemon Go': An Advertising experiment", published by CNBC on 12th of July 2016. [Accessed on 1st of Septemeber 2016 at http://www.cnbc.com/2016/07/12/companies-are-using-pokemon-go-to-help-sell-coffee-pizza.html].

[156]Rossi D. (2016), "Pokemon Go and Bait marketing for your company ", published Whead.it on 27th of July 2016 (original title "Pokemon Go e il 'Bait Marketing' per la tua impresa!). [Accessed on 1st of September 2016 at www.whead.it/marketing-digitale/pokemon-go-e-il-bait-marketing-marketing-esca-per-la-tua-impresa]

2.3.5 Relationships

Relationship is the extent to which creating new connections or maintaining the existing one is central to the social media structure. In LinkedIn, for example, there is ample accent on the relationship with others: users are often presented by evidencing how many degrees of separation divides them, in order, for example, to ask to be introduced to a new potential business partner or employer. Facebook is centered around relationship: the number of information about you that other users are able to access can be limited in force of the degrees of separation; the system itself tries to introduce users to new people that they can potentially know by analyzing the number of friends in common. Before making a connection with another user you have to confirm that you know each other and so on. In the Honeycomb framework two main qualities of the relationship are considered: their structure and their flow. The structure, is about the centrality of a user among its contacts: an influencer can be spotted by analyzing the number of its connections and the way they are related among themselves; if the user is an influencer it is probable that he will be one of the few connections in common between its follower/friends respective networks. The other aspect, the flow, is about whether the connections made are durable or not, and if they come from different social spheres (e.g. being a social where most connection are between co-workers versus them being also with friends). Relationship is pretty much related with identity; the personal information given away are correlated with the aim of the social network, with different types and amounts needed for either finding new friends, finding new business opportunities, find individuals with shared interests, etc.

2.3.6 Reputation

Reputation is about the possibility to create different standings on the social network. For example, in forums, Reputation is a key factor due to some fixed community roles that exist for their functioning (e.g. Moderator, Expert, Administrator etc.). In Flickr.com people often try to be featured on the homepage, which is only possible if the content shared attracts a lot of comments and attention from the community. Instagram is centered on getting likes from others or growing a large number of followers. Number of friends, comments, views, likes, positive votes, etc. can all be potential indicators for finding users with an important

standing in the community. It is key factor for companies to understand which one is the most important for the specific social network, in order to be able to map the influencers of its followers and take them into account when designing its social media strategy.

2.3.7 Groups

This final block is about the possibility to create sub-groups among the users of a social network. It refers both to groups determined by a user to organize its contacts (like Lists on Twitter) and to groups that are created with active participation of a number of users. Facebook, for example, offers several possibilities to create the latter type, setting them to be open to everyone, closed (must be accepted), or secret (on invitation only). Obviously, a company can create and exploit groups for its social media strategy, as they can be a great tool to create and foster a brand community.

2.4 SOCIAL NETWORKS: USERS AND PLATFORMS

As of January 2016, Social Media active users are over 2,3 billion and they are growing double-digit with 220 million more users each passing year. Even if, as of now, most of the users are Millennials or younger, surveys on the American population show that the social media usage penetration among every generational cohort is increasing at similar rates[157]. This suggests that social media are growing closer and closer to encompass practically all of the world's internet users, regardless of their age, something that can have relevant implications for brands and companies' strategies.

As already seen, speaking of "Social Media", however, means to include under one label several different services (without even full accordance in literature on which should be included and which not, as discussed in paragraph 2.2). Since it is inefficient to craft and manage the company presence on every existing one, it becomes necessary to understand which social media can be considered the most important and, hence, the worthiest of being analyzed and "listened to" by the company. This choice might well be dependent on the business the company is involved in; for example, Canon and Nikon may be very interested in Flickr.com, a social media based on photography, whereas it makes little to no sense to be in it for the likes of Barilla or Ferrero. However, it should be possible to point out some basic criteria for companies to evaluate social media regardless of their business segment:

- *Number of active users*. One of the main points of the Social Media for the company is their role as an Earned Media, which means that the more users are there, the more potential reach it can get.
- *Average number of use time/access per user*. A greater time of permanence or access means a greater possibility for the users to come in contact with

[157]Chaffey D. (2016), "Global social media research summary 2016", published by Smart Insights on 8th of August 2016. [Accessed on 12th of September 2016 at www.smartinsights.com/social-media-marketing/social-media-strategy/new-global-social-media-research/]

the company or, in general, with content and information present in the media.

- *Average number of interactions per content.* If users interact with content, they boost its possibility to spread among other users as per the algorithm beneath the social media "home pages". What's more, a social media where interaction tendency is inherently higher means that users should be less passive and hence have a greater will to interact also with the company.

- *Users' growth rate.* Finally, since the commitment needed to understand and monitor a social media and to design an online presence is relevant, it makes sense to plan for the future, prioritizing social media that have a steadily increasing number of users and should hence prove to be the best investment in the long run.

Of course, there exist many social media, that can be pinpointed by applying those criteria and could be beneficial to the company to use and analyze. Just to cite some: LinkedIn, with 100 million users, is a great resource for meeting new potential employers and employees; Pinterest, with a tremendous reach among women[158]; Snapchat, the most profiled around teenagers[159], etc. Every social media can be effectively leveraged, with some being terrific for selected audience. However, in this dissertation, due to space and scope limitations, the social media commonly defined as "social networks" will be the main point of discussion. These platforms are, among the social media, the ones that can be considered less specific, since they cater to different audiences. This, in return, mean that they are also the ones with the greatest number of users. Choosing them, for the company, means to maximize the effects of its efforts. Among them, by applying the aforementioned criteria, three will be selected and

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[158]Duggan M. (2015), "Mobile Messaging and Social Media", Pew Research Center, published 19th of August 2015. [Accessed on 12th of September 2016 at http://www.pewinternet.org/files/2015/08/Social-Media-Update-2015-FINAL2.pdf]
[159]Hoelzel M. (2015),"Update: A breakdown of the demographics for each of the different social networks", published by Business Insider UK on 29th of June 2015. [Accessed in 13th of September 2016 at uk.businessinsider.com/update-a-breakdown-of-the-demographics-for-each-of-the-different-social-networks-2015-6?r=US&IR=T]

discussed: Facebook, being the one with the (far) greatest number of active users and greatest user growth rate[160]; Instagram, the one with the greatest average number of interactions per content[161] and Twitter, as it is the social media where news are unleashed earlier and spread faster[162].

[160]Chaffey D. (2016), *opus citatum*

[161]*v.supra*

[162]Ritholtz B. (2013), "Twitter is becoming the first and quickest source of investment news", published by the Washington Post and reported by The Guardian on 23rd of April 2013. [Accessed on 12th of September at www.theguardian.com/technology/2013/apr/23/twitter-first-source-investment-news]

2.4.1 Facebook

Fig. 2.4: **Facebook Italy Fan Page**
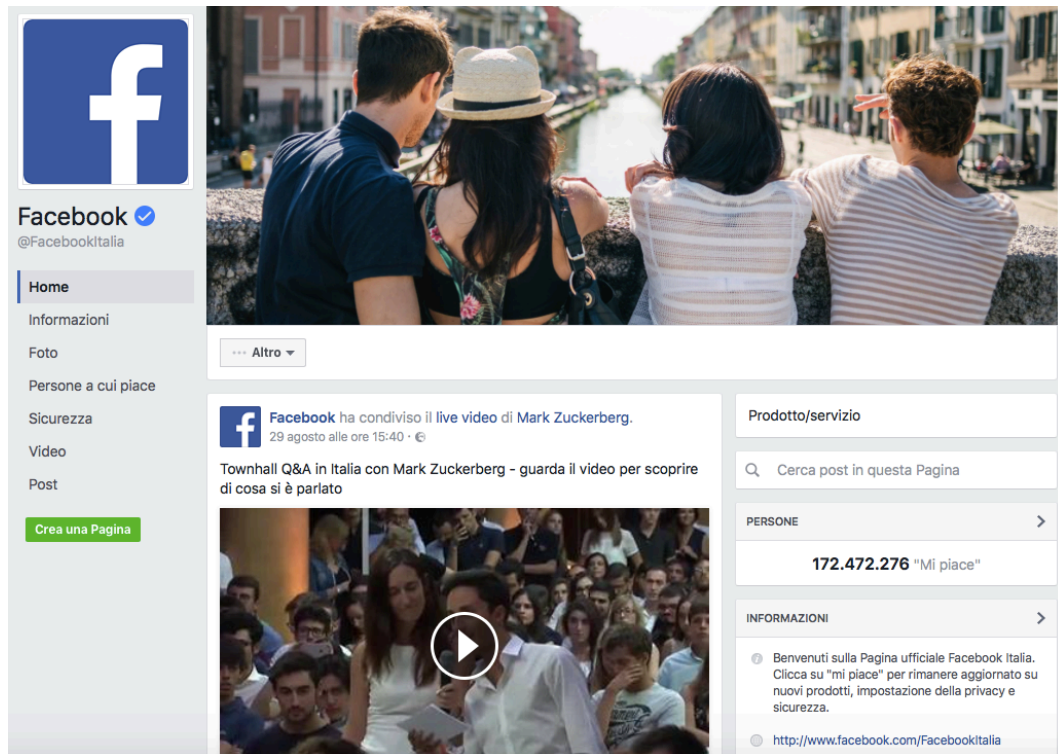
Launched on 4th of February 2004 and conceived as a platform for Harvard' students to come to know each-other, it promptly evolved to grant access to students of other universities; finally letting go of the "student-only access" on the 26th of September 2006 it became available to anyone above the age of 13 ever since. From then, it grew to become the number one social media platform both in terms of active users (1.590 billions) and time spent on (over 1,000 minutes per month per user). Close to 80% of Italian internet users (around 28 million) have visited it in the last month, whereas 63% of US 'users have done the same, accessing it an average of 15 days per month and 8 times per day[163]

In terms of users' population, female and male are evenly present. While Millennials and younger Gen Xers represent the backbone of its users, it is also the
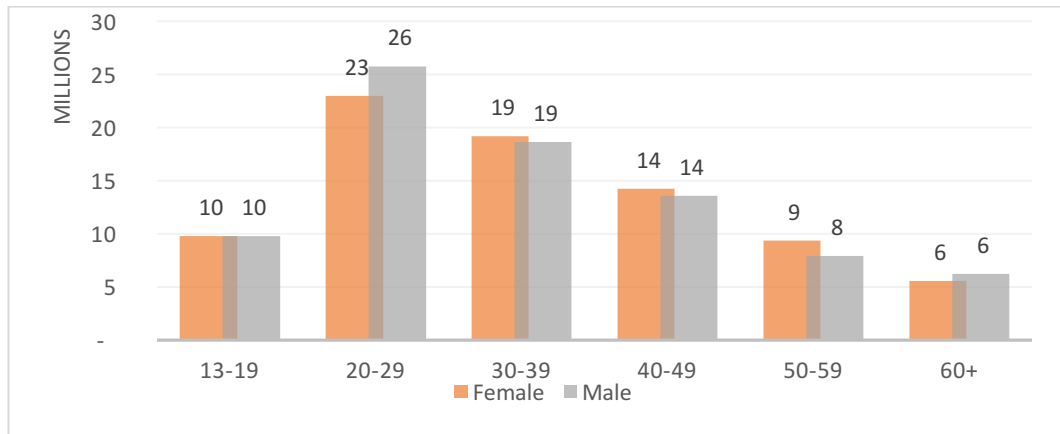

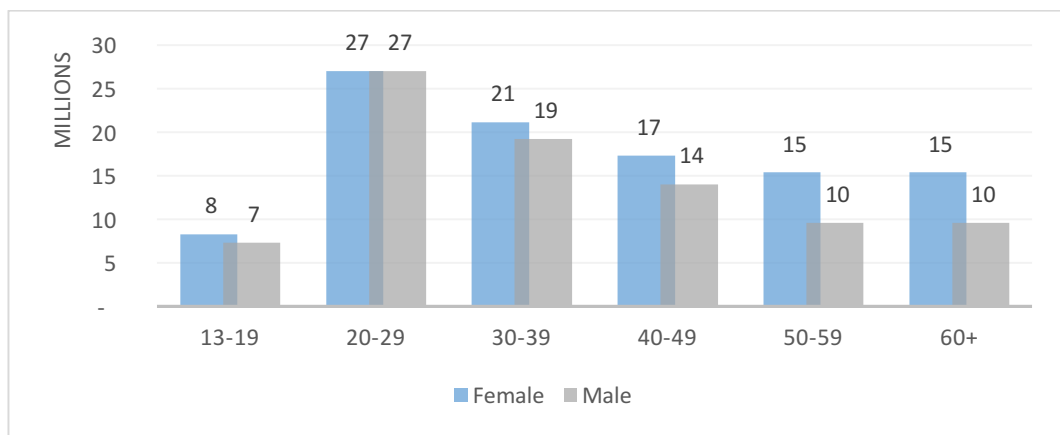[163]Chaffey D. (2016), *opus citatum*

most populated by Boomers and older Xers. Tab. 2.2 and Fig. 2.3 help to visualize Facebook's European[164] and American users' populations.

Tab. 2.2: **Facebook European Users Demography**

Source: Personal Elaboration[165]

Tab. 2.3: **Facebook USA Users Demography**


Source: Personal Elaboration[166]

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[164]*v. infra*

[165]Personal Elaboration based on data from Italy Germany, UK, Spain, France and Poland, which together accounts for about 70% of EU population. Original data from Kemp S. (2016), in We're Social, "Digital in 2016" [Accessed on 11th of September 2016 at wearesocial.com/it/blog/2016/01/report-digital-social-mobile-in-2016] 6].

[166]Personal Elaboration on original data gathered from Kemp S. (2016), in We're Social "Digital in 2016" [Accessed on 11th of September 2016 at wearesocial.com/it/blog/2016/01/report-digital-social-mobile-in-2016]

Fig. 2.5: **Facebook Honeycomb**
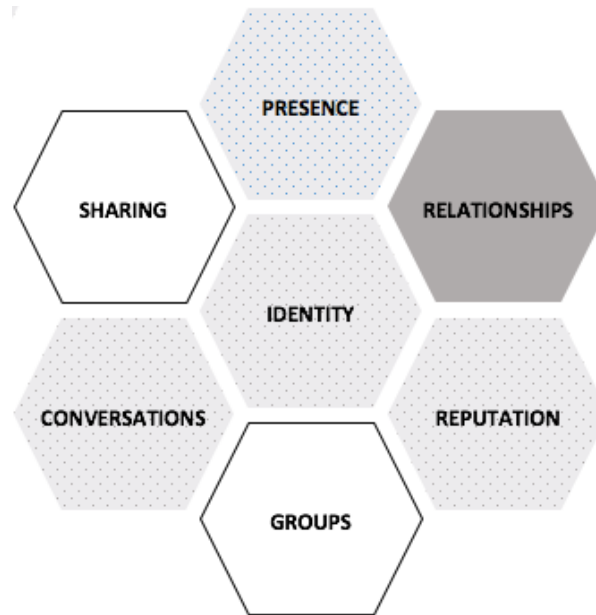
Source: Kietzman et al. (2011)[167]

As its name suggests, Facebook was born after the "face book", which is a directory (either physical or digital) given to US' students in universities containing similar information to the ones in the Facebook profile. Mimicking its conceptual ancestor, *Identity* plays a relevant role in this social media: the user profile is the first thing that needs to be completed when registering, with basic information such as first and last name, email address, place of residence, date of birth, together with more meaningful information about tastes and preferences. Such information is crucial to the correct development of this platform Honeycomb structure, which is "*Relationship*". Facebook is, in fact, about both maintaining connections with existing friends and meeting new ones. For this purpose, concept like "requesting friendship" and "confirming friendship" are the basis for making new contacts. When publishing contents it is often possible to limit the possibility to visualize it to sub-group of friends (i.e. only specific people, close friends, friends, friend of my friends) or the other way round, to stop groups of people from seeing it. The

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[167] Kietzmann J. H, Hermkens K., McCarthy I. P., Silvestre B. S. (2011), *opus citatum*

platform itself suggests new friendship based on similarity in friendship sphere. In addition, a tile-structured box is featured in a relevant position in each user profile, giving immediate feedback to the user on how many friends in common they have. Common interests are also elicited in appropriate spaces on both profile and the user's homepage, which is called "News Feed". News Feed collects information from various sources and displays them to each user according to a proprietary algorithm[168]. The News Feed is where the "*Conversation*" building block takes place. While it is in fact not known which exact parameters are being used, it is known that it expands on some characteristics of the previous algorithm (EdgeRank), namely: *affinity*, based on what the users and his/her friends often like, read, share and visualize and *time decay* which gives more importance to contents if they are newer[169]. Content that are new and evaluated in-line with the users (and his friends) interests will be displayed, which means that both personal preferences and the personal social sphere have a relevant role; contents from friends and family are in fact the most visualized. Every content can be "liked" (from 2016, replaced with "reactions" that cover six different "emotions" from like to love, surprise and anger)[170], "shared" (with customizable audiences permitted to visualize it i.e. everyone, friends only etc.) or "commented". People can also be "tagged" in a comment or content in order for them to be notified about it (boosting the importance of the *Relationship* building block). The composition of the user's social sphere, as a consequence, is relevant for the content that will be displayed to him/her, and also for his/her content that will be displayed to others. "*Reputation*" on Facebook is mainly driven by two factors: for "pages" the number of fans and followers, for users, the number of friends. Being that contact are "friends" they tend to be less than on other social networks, with their average number being

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[168]McGee M. (2013), "EdgeRank Is Dead: Facebook's News Feed Algorithm Now Has Close To 100K Weight Factors", published by Marketing Land on August 16th 2013. [Accessed on 12th of September 2016 at http://marketingland.com/edgerank-is-dead-facebooks-news-feed-algorithm-now-has-close-to-100k-weight-factors-55908]

[169] *v. supra*

[170]Stinson L. (2016), "Facebook Reactions, the Totally Redesigned Like Button, Is Here", published by Wired on 24th of February 2016. [Accessed on 12th of Septemebr 2016 at https://www.wired.com/2016/02/facebook-reactions-totally-redesigned-like-button/]

around 155 (more for female, 166 than males 145, with an exception in teens with an average of 390 friends[171]

A part from Instagram, Facebook is the social media where content posted receive, on average, the higher number of interactions[172]. Posted content can be of every type, ranging from text and articles to multi-media content, like videos, images etc. without length limits. Often, users tend to share contents about what they are doing or thinking which can be completed with their GPS tracked position, bringing in the "*Presence*" building block. Position and availability are also part of the built-in messaging system, Facebook Messenger (used by more than half of the Facebook users). Even if Facebook has the possibility to take part in *Groups*, this feature has not been particularly elicited, which explain its low positioning in the Honeycomb. However, recently, Facebook's executives pointed out that they will be investing to enhance the possibilities and usage of this part of their product, suggesting that it can take a more central role in the platform experience[173].

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[171]Smith C. (2016), "Facebook Statistics and Facts (August 2016)". [Accessed on 12th of September 2016 at expandedramblings.com/index.php/by-the-numbers-17-amazing-facebook-stats/]

[172]Chaffey D. (2016), *opus citatum*

[173]Van Grove J. (2014), "Why Facebook is suddenly smitten with Groups", published by Cnet on 28th of February 2014. [Accessed on 12th of September 2016 at www.cnet.com/news/why-facebook-is-suddenly-smitten-with-groups/]

2.4.2 Instagram

Fig. 2.6: **Instagram new and old logo**

Source: Google/images

Instagram was born on 6th October 2010, as an iOS application. It has since been developed also for Android and Windows Phone OS, keeping its focus on the mobile aspect, which makes its 400 million of active users[174] an even more astonishing result. The "mobile-oriented" nature of the social network is due to the image, or to be more precise, the snapshot (i.e. informal photograph that is taken quickly) as the defining centerpiece of the Instagram experience. The Social Network has in fact a built-in tool that lets the user take photos with his/her smartphone (only square, at least prior to 2015), that, for format and twisted colors, are an imitation of the famous Polaroids. Those photos are then modified, with the use of digital filters and uploaded on the social network part of the application.

As per the users, American teenagers name it as their social network of reference[175], also, with a penetration of Millennials over 60%, it is second only to Facebook in this regards[176]. It is one of the youngest social media, with just 51% of users being Generation Xers or older (Tab. 2.4, Millennials on the right). In addition, women are more likely to use Instagram, with 31% of female internet users (vs 24% of men) being also on it. Interestingly, Instagram users are likely to have a College

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[174]Chaffey D. (2016), *opus citatum*
[175]Hoelzel M. (2015, *opus citatum*
[176]Chaffey D. (2016) *ibidem*

level of education and to be urban or suburban residents, something that is not recognizable in, for example, Facebook Users[177].

As mentioned at the beginning of the paragraph, Instagram is also the Social Network with the greatest number of interactions per content, with an average of 50+ interactions for each 1,000 followers. This can be explained by the immediate fruition of the type of content around which Instagram is built i.e. images (and to a lesser degree video), which, as seen in the first chapter, are a type of content which are particularly likely to attract Millennials' attention.

Tab. 2.4: **Instagram Users Population**
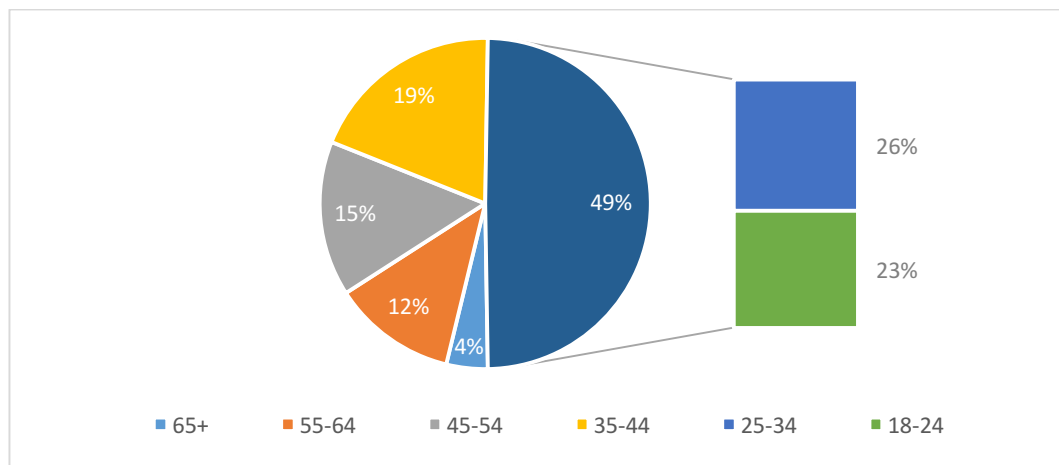
Source: Personal Elaboration[178]

Finally, as for how brands fares on Instagram, the most popular brand pages seem to be either from the fashion industry, particularly from the affordable luxury segment (e.g. Dolce & Gabbana, Michael Kors, Dior) or from the sports garments industry (e.g. Nike, Adidas)[179].

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[177]Duggan M. (2015), *opus citatum*

[178]Personal Elaboration on comScore US data (December 2014). Original data from published by Business Insider UK. [Accessed on 13th of September 2016 at uk.businessinsider.com/update-a-breakdown-of-the-demographics-for-each-of-the-different-social-networks-2015-6?r=US&IR=T]

[179]Ratcliff C. (2016), "23 up-to-date stats and facts about Instagram you need to know", published by Search Engine Watch on 20th of April 2016. [Accessed on 13th of September 2016 at searchenginewatch.com/2016/04/20/23-stats-and-facts-about-instagram/]

Fig. 2.7: **Instagram Honeycomb**
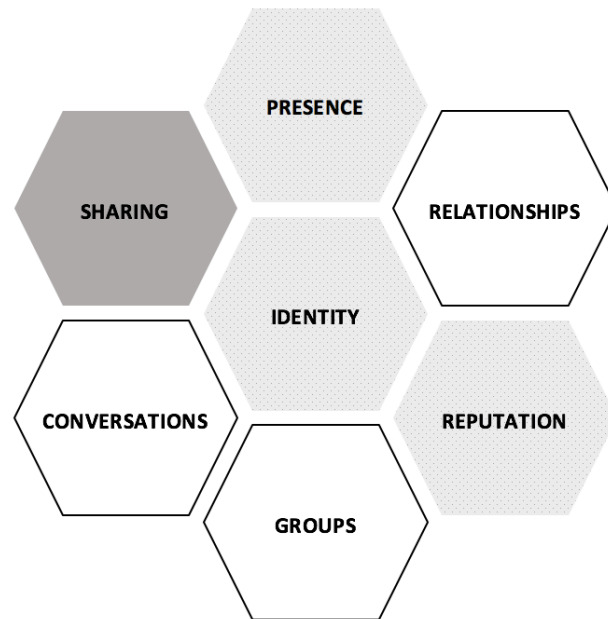
Source: Personal Elaboration[180]

As said, the sharing of photographs is the center of the Instagram experience; hence, it is fitting for the "*Sharing*" building block to be the most important one in this Social Network. Despite being about images, Instagram is very different from other photo-based social networks like Flickr.com, since the photos taken are meant to be from the everyday life, simple snapshots of what the users are doing, eating, wearing and so on; the photos are then modified with digital filters that are meant to give to the snapshot a Polaroid-like vintage feel. The nature of the snapshot itself drives to the second block, which is *Presence*: most of the shots are meant to "tell a story" about the users surrounding and occupation, which can be even incorporated in the "post" using a GPS sensor, something that, according to some statistics results in 79% higher engagement with the content[181]. Contents can be

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[180]This scheme was obtained by applying the principles of the Honeycomb Framework to Instagram. It was necessary to proceed with a personal elaboration since in Kietzmann et al. (2011) article Instagram hadn't been analyzed, probably due to it being relatively young and small at the time.
[181]Ratcliff C. (2016), *opus citatum*

enriched with text (usually short, even more so since there is no correlation between text length and engagement on Instagram[182]) and more importantly, with "hashtags", which are small phrases or words preceded by the "#" symbol that act as keywords for indexing and categorization purposes (i.e. the content will be shown when the hashtag is searched). Hashtags allow users to search for content based on concept, word, places etc. rather than looking directly for the user that created it. On Instagram, in fact, *Identity* has a lower role: it is possible to register with just a nickname, which means that disclosing one's own identity or forging a complete virtual one is not much relevant as it is, for example, on Facebook. Still, the central point of the experience is often sharing content about oneself, which may, or may not, include pictures portraying the user so that he/she is recognizable, giving to the *Identity* a mixed role in the platform. The profile page is, in fact, very scarce of *Identity* information, being a simple collection of the contents that the user posted on the platform, topped by a profile photo, the user's name (or nickname) and a short space for a brief personal statement or description, often taking the form of a simple motto. The profile is then completed with information regarding the number of followers, number of users followed and total number of posted contents.

With regard to followers, the *Reputation* building block has a relevant spot, being Instagram considered as one of the platforms more likely to generate aggregation around influencers[183]. Several people have hundreds of thousands of followers, up to several millions of followers for Hollywood stars, singers, sportsmen, models, etc. However, company are reporting investing in minor influencers (with 10,000+ Instagram followers), with 1 to 1,5 billion dollars per year being spent by brands

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[182]*v.supra*

[183]*cfr*. Adams R. L. (2016), "10 Impressive Instagram Profiles to follow", published by Forbes on 14th of April 2016. [Accessed on 13th of September 2016 at www.forbes.com/sites/robertadams/2016/04/14/the-top-10-instagram-influencers/#3e0e492318e7]; Wong K. (2014), "The Explosive Growth Of Influencer Marketing And What It Means For You", published by Forbes on 10th of September 2014. [Accessed on 13th of September 2016 at www.forbes.com/sites/kylewong/2014/09/10/the-explosive-growth-of-influencer-marketing-and-what-it-means-for-you/#741db424595f]
Ma A. (2015), "How to Make Money on Instagram", published by The Huffington Post US, on 30th of July 2015 [Accessed on 14th of September 2016 at www.huffingtonpost.com/entry/make-money-on-instagram_us_55ad3ad6e4b0caf721b3624c].

advertising on the platform. Thomas Rankin, CEO of Dash Hudson, a consulting agency specialized in Instagram brand campaigns, reports how influencers usually approach them (or directly brands) on their own accord to propose themselves as ambassadors for specific brand campaigns, looking for a way to capitalize on their reputation on the social media. Usually such campaigns are carried on providing the chosen influencer with the products that have to be advertised; these, will be then presented in his/her posts in a way that is coherent with his/her usual tone of voice and content style. The single most relevant indicator to select brand influencers, as said, is the number of followers. However, being Instagram based around images, their personal page contents should resemble a photographer or artist portfolio and therefore be of high qualitative standards, while remaining, of course, adherent to the "everyday life shot" theme of the platform.

As per the remaining building blocks, it is sufficient to say that there is not the possibility to directly create *Groups* on Instagram, even if some users do aggregate around profiles that do not refer to real users but, acts instead as "gallery" for content either proposed by a community or selected by the "curator". *Relationships* plays a minor role, the act of "following" somebody being a one-way choice of the follower. Regarding *Conversations*, as said, Instagram is the social media with the greatest average number of interactions per content, which may come in form of "Likes", comments or shares (which are, however, aimed directly to one of the sharing user contacts and not to everyone in his/her social sphere, like in Facebook). Users can also be "tagged" on contents or in comments, by preceding their nickname with the "@" symbol.

2.4.3 Twitter

Fig. 2.8: **Twitter New Tagline**

Source: twitter.com/twitter[184]

Twitter was born in 2006 following the idea of creating a micro-blogging platform that people could use to exchange information in small groups. Eventually, it has evolved into a platform that people use to exchange information, but in a group of 320 million users. Speaking of Twitter users, it is interesting to note that there is a slight positive correlation between instruction level and use of Twitter, with 27% of Internet Users who hold a College or higher degree being on Twitter, versus only 19% of people holding only High School or lower grades[185].

As per the demographic aspects, users are quite evenly divided between men and women, whereas, as Tab 2.5 shows, the penetration is higher among younger generations, with Pew Research Center reporting that 32% of US Millennials report to be Twitter Users, compared to only 23% of the general population[186]. Referring to what has been discussed about Millennials in the first chapter, it seems plausible that Twitter resonates with their desire for information, providing news fast and,
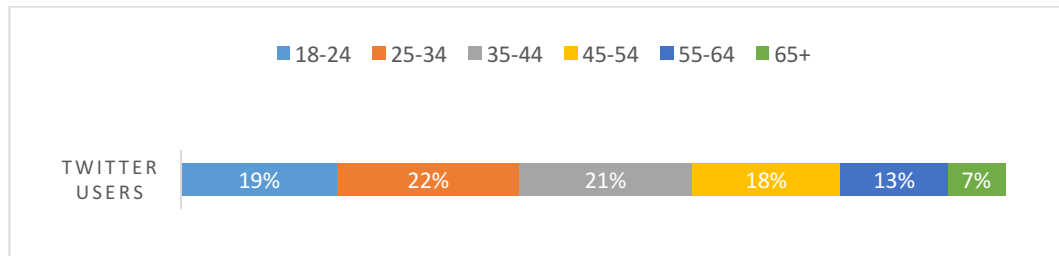
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[184][Accessed on 14th of September 2016]

[185]Duggan M. (2015), *opus citatum*

[186]*v. supra*

above everything else, in a highly customizable way. For example, by using "Lists", a precious Twitter tool that will be further discussed in paragraph 2.4.3.1.

Tab. 2.5: **Twitter Demography**

Source: Personal Elaboration[187]

In terms of average interactions per content and growth rate, Twitter comes after both Facebook and Instagram, with an average daily time spent on per user under 5 minutes[188].

This metric, however, might well be unable to effectively represent the potential impact of Twitter: since it has been adopted by users mostly as a constant News feed (as the newly launched tagline in Fig. 2.8 emphasize) using it and spending time on it might be two different concepts. In fact, Twitter feeds can very well be received and read through smart devices notification' systems, without the need to effectively access the social network. To better qualify its reach, instead, it should be considered how it has been reported to be the place where information spread faster than everywhere else, including, often, press agencies[189].
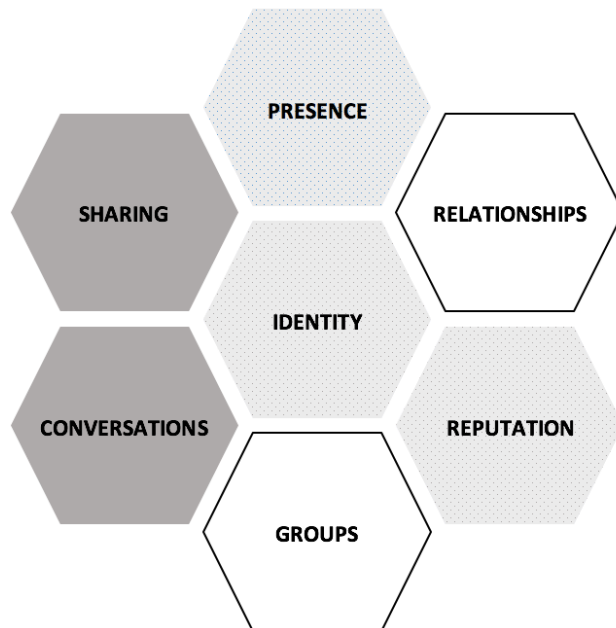
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[187]Personal Elaboration on comScore US data (December 2014). Original data published by Business Insider UK. [Accessed on 13th of September 2016 at uk.businessinsider.com/update-a-breakdown-of-the-demographics-for-each-of-the-different-social-networks-2015-6?r=US&IR=T]
[188]Chaffey D. (2016), *opus citatum*
[189]Ritholtz B. (2013), *opus citatum*

Fig. 2.9: **Twitter Honeycomb**

Source: Personal Elaboration[190]

As argued, Twitter is about spreading, reading and interacting with news, which qualify the "*Conversations*" building block as the most prominent to this social media structure. The posts, called "tweet", have a limited length of 140 characters, hashtags included, which prompt users to be concise and adopt a "tagline" style of communication designed to demand attention. It is also often backed up by images, videos or external links to articles and other resources. In regards to the interactivity needed for conversations, it is possible to like, respond or "retweet" (share) contents. There is even a built-in future to create tweets containing surveys. Every tweet has a link that can be shared, either directly with contacts in the social media or in external places (e.g. other social media, messaging system, forum, website etc.). On the Homepage every user can view what is being shared by the people who he/she follows; a tab on the left suggests, instead, topics that are trending on the social network, listed using the associated hashtags. Hashtags (see paragraph

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[190]This scheme was obtained by applying the principles of the Honeycomb Framework to Twitter. It was necessary to procede with a personal elaboration since in Kietzmann et al. (2011) article Twitter had been cited, but not analyzed through the Honeycomb.

91

2.4.2.1 for technical explanation) are the main and foremost items used to categorize information on Twitter, having actually originated on this social network before being adopted elsewhere with similar purposes. It is interesting to note that the sharing happening on Twitter is made by "*spontaneous action of the actor, and no form of collaboration*"[191], meaning that is different from what happens on Facebook or Instagram, where the sharing action is made in order to elicit an interaction from viewers/readers. Information sharing per-se, as on Twitter, in fact, happening without any relevancy of Relationships and Groups, is a one-way act of participation that does not imply reciprocity[192].

A part from hashtags, users can use "Lists" to organize their news feeds. Lists are a tool that allows the user to create, as the name suggests, a list of other users of his/her own choice (regardless of whether he/she follows them or not). The tweets from those selected users will then be collected and shown on a specific page. Lists can be either private (accessible to their creator only), or public, accessible to anyone, with the latter option being used often during conferences, presentation or other similar events to collect the Tweet from the participants. It is also possible to use lists to create newsfeed specifically dedicated to some subjects. For example, listing together users that tweet about digital marketing, politics, gossip and so on. In fact, one prominent use is to include relevant opinion leaders in lists in order to have a collective view of their opinions. Lists are the feature closer to *Groups* on Twitter. However, they are far from being real groups, since they do not involve active participation, being only a way to read tweets, without any possibility to directly interact with the list's participants.

Presence has instead a mixed role: tweets can be GPS localized and certainly what users tweet might be correlated with where they are and what they are doing. Moreover, Twitter is a place where it is potentially possible to reach and "respond"

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[191] Spagnoletti P., Resca A., Gwanhoo L. (2015), "A design theory for digital platforms supporting online communities: a multiple case study", *Journal of Information Technology*, advance online publication 10 February 2015, pp. 1-17
[192] *v. supra*

to anyone, sustaining the "online" Presence. However, it is also perfectly possible to use Twitter, for example, only to tweet about personal interests or subjects that are completely alien to extemporary news.

Identity and *Reputation* instead, are very important on Twitter and best discussed together. Whereas a user's profile page has actually little space for personal information, with just a tab under the user's name and a potential picture of one's own interests given away by knowing whom he/she follows, Twitter users are actually often followed based on *who* they are: politicians, journalists, opinion leaders, brands, sportsmen and so on. This means that, even if their identity is not extensively discussed directly on their Twitter's profile, it is still relevant to the functioning of the social media. Twitter has also been used by political men and women in order to build their (perceived) Identity. This brings the topic to Reputation which, on the contrary, can also be evaluated directly on the platform. For this purpose, the primary and most accessible metric is the number of followers, together with the number of responds and re-tweets. Users have additional metrics at their disposition that are not displayed to others, including the number of impressions of each one of their tweets (reach) and the number of lists of which they are part.

Finally, *Relationship*, as in Instagram, is the least important among the building blocks, given that also on Twitter following and unfollowing are one-way acts. In fact, on Twitter people are likely to follow mostly, as discussed, for motives that have nothing to do with building relationships. It is a social network based around news, information and buzz, so users tend to follow people based on the usefulness of the information they share, rather than to form relationships with them.

2.5 NAVIGATING THE CGM OCEAN

"Type in any brand name or product into a Google or Yahoo! Search engine, for example, and you're just as likely to find a consumer-owned content about the product (positive or negative) as you are to find the corporate or brand Web site. The same high ranked links that marketers work so hard to achieve often share the same real estate with heavily-trafficked consumer-generated links, yet the CGM link often carry higher credibility and trust. So what does this mean for marketers?[193] "

The above line, a quote from Blackshaw and Nazzaro, does an exceptional job in summing up the concepts analyzed in the first two chapters. CGM are numerous in the Digital Environment and receive much consideration, to the point of being, as seen in paragraph 1.4.3.1, one of the most trusted information sources for customers when making purchase decisions.

But what does this mean for marketers?

First of all, it means dealing with the Digital Customers, who are demanding and challenging. As seen in paragraph 1.3.1, they want customizable experiences when relating with brands and companies. They are enough narcissistic and self-centered to demand one-on-one interactions in order to go over their natural skepticism and start to bond with companies. Before doing so, they will use the web collective-intelligence to search and review information, relating with other customers, experts and communities to take an informed decision. However, once they begin to bond with a brand, they will develop even complex relationships and will be willing to help; something that, if properly addressed, this attitude can be very beneficial to the company.

Following the considerations made by Fournier and Avery (see paragraph 1.4.5.2), if the company wants to interact with customers, it should head to where they are,

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[193] Blackshaw P., Nazzaro M. (2006), "Consumer-Generated Media (CGM) 101, Word-of-Mouth in the Age of the Web-Fortified Consumer", Nielsen BuzzMetrics White Paper, Second Edition, Spring 2006

to the social media, where the company can follow and participate in the conversations, through its "humanized construct", the brand. If correctly executed, inviting customers to "*play the Brand Game*", can lead to the creation of durable and valuable relationships, which will build Brand Equity. As they note, however, social media are tricky environments: not being able to address them correctly means to potentially lose control of the brand, letting it in the hand of the customers, who may, or may not be benevolent.

Social media are tricky environments not only due to their "native" population, but also because they are many and different: each with its own structure, laws and customs. In order to navigate them safely the company needs a "compass". This is where the Honeycomb Framework comes to help. By using its seven different blocks the company can have a clear vision on what will be happening on each social media and of what shapes its environment. The company can use it to map where it should be expecting conversations and content sharing to happen, which means where opinions will be formed. It can also understand which places is better to avoid, for example, social media dedicated to personal relationships. Or, furthermore, where potential influencers can be found.

With this tool, brand managers have their compass and are ready to safely navigate the social media ocean, at least, as long as it is calm.

But what happens when the storm hits? What will happen on the social media during a brand crisis?

The third chapter will look into this type of situation. The Honeycomb Framework and the accumulated knowledge about the digital environment and the digital customers will be tested in order to understand if they are also able to guide the company through the brand crisis storm, foreseeing where the lightings will strike.

CHAPTER 3: CASE STUDY: VOLKSWAGEN AND THE "DIESELGATE"

3.1 CASE STUDY INTRODUCTION

On the 18th of September 2015, the United States Environment Protection Agency (EPA) sent an issue of violation of the Clean Air Act to Volkswagen Group. They were accused of having installed a so called "defeat device" in their vehicles. Such device enabled the VW cars to emit less pollutant while being tested for certification, while on the streets, they vehicles would automatically "switch mode", resulting in 40 times as much pollutant being released in the environment. This was the start of a crisis of exceptional magnitude, that some US politicians even compared to the Enron scandal, calling Volkswagen "The Lance Armstrong of the auto industry"[194].

Volkswagen used to be one of the most respected brand in the world, with environmental safety even being a central part of its mission. This infringement generated hundreds of News headlines, conversation and surely negative word of mouth, with even a new word emerging to refer to the fact: Dieselgate. Social networks, as seen in the second chapter, are the place where customer talk, interact and confront, among themselves and with brands. It took only a short time for the Dieselgate to become one of the main argument of discussion. People started to spread the news on Twitter and to both condemn and defend the brand on Facebook and Instagram. Volkswagen social media managers had to face both their brand aficionados and detractors, to try and reduce the impact of the event on the Brand's reputation. An event that is both this recent and relevant, with evident implication for brand and social media managers, made the Dieselgate the obvious choice for a case study.

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[194]Tovey A. (2015), "Volkswagen scandal on the same scale as Enron, say US lawmakers", published by The Telegraph on 8th of October 2015. [Retrieved on 26th of September 2016 at www.telegraph.co.uk/finance/newsbysector/industry/11920596/Volkswagen-scandal-on-the-same-scale-as-Enron-say-US-lawmakers.html]

In this chapter, the brand crisis literature and the the case history will be briefly reviewed. Then, the Honeycomb Framework will be used as a predictive tool to anticipate reactions on the social networks, testing its previsions against evidence collected through primary and secondary sources.

3.2 DEFINING A BRAND CRISIS

The Financial Times Lexicon defines the term "Brand Crisis" as:

"A special form of a product-harm crisis (caused by a product being found to be defective, contaminated or even harmful to consumers) where the negative event centers on one particular brand or a set of brands belonging to the same company. […] In the long term, the incident can severely damage the affected brand's reputation. "[195]

This definition, although being a good starting point for discussion, ought to be further specified. To do so, it can be effectively divided in two parts:

➢ The first part is about the "trigger" of a brand crisis. The definition takes into account the failure of a company's product. This kind of crisis can indeed be considered the most relevant. It will, in fact, often lead to products recall, which means bad customer experience, cost to be sustained, negative news-headlines etc. It is not, however, the sole event that can lead to a brand crisis. Crisis, in fact, can also emerge from non-product related matters, for example, they can be the consequence of a scarce company social responsibility (CSR) or the results of misbehaviors of a company spoke-person. Greyser further specifies the argument, identifying 9 different occurrences that can lead to brand crisis[196]: (i) product failure, (ii) social responsibility gap, (iii) corporate misbehavior, (iv) executive misbehavior, (v) poor business results, (vi) spokesperson misbehavior and controversy, (vii) loss of public support (ix) controversial ownership.

➢ The second part is about the consequence arising from a brand crisis: a damage to the brand reputation. J. R. Gregory, Chairman of Tenet Partner,

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[195]Financial Times Lexicon, "Brand Crisis". [Accessed on 14th of September 2016 at lexicon.ft.com/Term?term=brand-crisis]

[196]Greyser S. (2009), "Corporate brand reputation and brand crisis management", *Management Decision*, vol.47, no. 4, pp. 590–602

the world famous brand consultancy firm, said that they "*define brand crisis when "Familiarity" grows and "Favorability" declines significantly and quickly"[197], which means that more people than usual start to know the brand, but with less favorable associations. As discussed in paragraph 1.4.5.1, the favorability of the brand association is one of the main constituent of the Brand Equity, which means that during a brand crisis, the company will be effectively loosing part of its value. The most important consequences, however, arise from potentially lowering the quality of the brand-customer relationships that, as argued in the first chapter, are essential for retaining competitive advantage in the digital environment.

3.2.1 Customer responses to brand crisis

When the brand crisis breaks through, the immediate consequence is a coverage of the fact on the media. Customers will start to know about the issue, either from the news or the social media, something that, as discussed in paragraph 1.4.3.1, will have, in the short-term, a general negative effect on sales, due to the high availability of the information boosting its relevance in the decision making process.

Instead, the long-term effects, as reported by some studies[198], will be dependent on the level of involvement that each individual feels toward the matter. For example, in case of a company misbehavior having negative impact on the environment, people highly involved with themes such as environment preservation, green

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[197]Gregory J. R. (2009), "AIG- The very definition of a brand crisis", March 19, 2009. As reported by Visibility Press Room. [Accessed on 14th of September 2016 at www.visibilitypr.com/Press_Room/Entries/2009/3/19_AIG_The_very_definition_of_a_brand_cris is.html]

[198]cfr. Celsi R. L., Olson J. C. (1988), "The role of involvement in attention and comprehension processes". *Journal of Consumer Research*, no.15, pp. 210–224. Richins M. L., Bloch P. H. (1991), "Post-purchase product satisfaction: Incorporating the effects of involvement and time", *Journal of Business Research*, 23, 145–158. Both article, as cited by Choi Y., Lin Y.-H. (2009), "Consumer response to crisis: Exploring the concept of involvement in Mattel product recalls", *Public Relations Review*, no. 35, pp.18-22

production and pollution control, will feel a higher level of involvement with the issue. As a consequence, they will pay more attention to the matter, will start to look for sources to understand the fact and will have stronger emotional and behavioral reactions. If the customers, by researching the crisis, find out that it could not have been prevented by the company, they will be sympathetic towards it. Whereas, if the company is at fault, they will have negative reactions.

Choi & Lin, found that the most common type of negative reaction to the company wrongdoing is anger[199]. In another study[200], Romani et al. reported that the negative feelings can actually be broken up between anger, contempt and disgust. They also underlined how personal empathy acts as a moderation factor: the more an individual is empathic, the stronger the resulting negative feelings will be.

As per the consequences triggered by the aforementioned emotions, Romani, Grappi and Bagozzi[201], discovered that disgust will not develop in anti-brand activism, whereas anger and contempt will both lead to punitive actions being undertaken. However, where contempt will be the emotional foundation of destructive punitive actions, such as the diffusion of negative WOM, anger will trigger constructive punitive actions. Examples are customers making their negative feelings known to the company or demonstrating willingness to participate in the post-crisis decision making process.

The company's aim during the brand crisis should hence be to influence the customer's feeling arising from the event in order to control their reactions. To do

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[199]Choi Y., Lin Y.-H. (2009), "Consumer response to crisis: Exploring the concept of involvement in Mattel product recalls", *Public Relations Review*, no. 35, pp.18-22
[200]Romani S., Grappi S., Zarantonello L., Bagozzi R.P. (2015), "The revenge of the consumer! How brand moral violations lead to consumer anti-brand activism", *Journal of Brand Management*, vol. 22, no. 8, pp. 658-672
[201]Romani S., Grappi S., Bagozzi R.P. (2013), "My anger is your gain, my contempt your loss. Explaining consumer responses to corporate wrongdoing", *Psychology & Marketing*, vol. 30, no. 12, pp. 1029-1042

so, the crisis managers need to have a strategy, which will be the subject under discussion in the next paragraph.

3.2.2 Situational Crisis Communication Theory (SCCT)

The situational Crisis Communication Theory (SCCT)[202] is a model developed by W. T. Coombs aiming at building a tool for crisis managers to understand and react to the crisis. Of course, every crisis is different, but this simple yet effective tool can be a good starting point for determining the best approach to follow.

The obvious aim of the crisis management is to prevent long-term effects on the company's reputation. In order to accomplish that, the company needs to pursue three objectives: "*(1) shape attributions of the crisis (2) change perceptions of the organization in crisis and (3) reduce the negative affect generated by the crisis*".

The first thing to do is, obviously, to express concern for the victims, since "*this is expected by stakeholders and recommended by crisis experts but is not admission of guilt*". After that, the "*crisis managers must begin their efforts by using communication to address the physical and psychological concerns of the victims*".

Those concerns depend, as argued by Coombs, on the "frame" of the crisis. As in any event or decision, in fact, customer's evaluation of the crisis is influenced by a framing effect[203], which means that the context that led to the crisis' outbreak will change its consequences. According to Coombs there are three possible "frames":

1. The *victim*. In this cluster the company is also a victim. This can happen in case of a natural disaster, the circulation or false (negative) rumors about the company, acts of violence perpetuated by the company's employees acting on their own accord. The threat posed to the company's reputation is mild and the reaction of the public should mainly be sympathetic.

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[202]Coombs W. T. (2007), "Protecting Organization Reputations During a Crisis: The Development and Application of Situational Crisis Communication Theory", *Corporate Reputation Review*, vol. 10, no. 3, pp. 163-176
[203]Shafir E., Simonson I., Tversky A. (1993), *opus citatum*

2. The *incident*. The crisis derives from the company's misbehavior, which however, was unintentional. It could be caused, for example, by equipment and machinery's failure that causes an industrial accident or a product to be recalled. The reputational impact is higher than in the previous cluster; the company has to reassure the public that it was not in its power to avoid the event.

3. The *intentional* crisis, depending on a deliberated act or choice of the company. For example, violations of laws and regulations, false claims that provoked damage to people or things, or avoidable errors. This frame poses, obviously, the greatest risk to the company's reputation.

There are two additional factors that influence the crisis outcome: history of similar antecedent crisis and the existing relationship with customers. The latter will moderate the effects, whereas the first will basically "raise the level" of the crisis of one step: it is more difficult to sustain that an accident was impossible to foresee if it has already happened other times.

Coombs suggests three different strategies to manage the crisis communication. Each one is tailored to suit one of the previously mentioned crisis frames in order to create a counter-frame, i.e. "company's version of the story". The first one is *deny;* it is suited for the crisis in which the company is also a victim and the aim is to deny the company's responsibilities in the event. The second one is *diminishing,* suggested by Coombs to be applied when the crisis is the result of an incident; the purpose is to frame the incident as a lesser event, with the company holding minimum or no responsibilities. The last one is *rebuilding;* when the crisis is perceived as the company's fault the only thing to do is to take responsibility and try to rebuild the relationship. This can be done by repairing at the caused harm and eliciting memories of previous positive behaviors of the company, to try to counter-balance the ill effects of the crisis.

It is key to note that remaining coherent with the chosen strategy is a must. As changing it on the go will make the public and customers doubt about the real crisis' extent, motive and responsibilities, worsening therefore the reputation damage.

Finally, it must be taken into account that the perception emerging from the news and online media, will be *"the final arbitrator of the crisis frame"*, which means that regardless of the company strategy, the decision about the attribution of the responsibilities and the consequential reputational damage, will be up to the public's opinion.

3.3 VOLKSWAGEN AND THE DIESELGATE

3.3.1 Company's Profile

Fig. 3.1: **Volkswagen Group Logo**

Source: www.volkswagengroup.it/video

Volkswagen was founded in 1937 in Wolfsburg, Germany, with the aim of producing a car for the German's population. The Volkswagen Type 1, which will later be known as Beetle, was this car. Since then, in its 79 years of history, Volkswagen has been one of the main actors in the world's automotive industry. Both with its own brand and through others acquired or founded during the years. In 2015, Volkswagen has been the second largest car manufacturer of the world, with its iconic models, Volkswagen Golf and Volkswagen Beetle, being the third and fourth best-selling cars ever[204].

Today, as its own website states:

"The Volkswagen Group […] is one of the world's leading automobile manufacturers and the largest carmaker in Europe. […] In 2015, the number of Group vehicles delivered to customers amounted to 9.931 million. Group sales

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[204]Investopedia, "5 Best Selling Car Ever" [Accessed on 15th of September 2016 at www.investopedia.com/slide-show/best-selling-cars/]

revenue in 2015 totaled €213 billion (2014: €202 billion). The Group comprises twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN.[205] "

Volkswagen Group is present, with its brands, practically all over the world, albeit with different market penetrations. It has got a very strong position in the Chinese market, where, in 2013, it outgrew General Motors as the first foreign seller[206]. Obviously its position is also very strong in Europe, where most of its production is located, with over 35% of its net volumes coming from the EU. However, the company position in the US, the second biggest automotive market of the world, has historically not been very good. In 2009 just 2,3% of vehicles sold in the U.S.[207] where from Volkswagen. In the 2013, with just over 565,000 vehicles sold (-2% YoY), it held a mere 3,6% of the market. For a comparison, the "Detroit 3", Ford, General Motors and Chrysler, held together the 45,1% of the market. Toyota, Hyundai and Honda also held more then 32% [See Tab 3.1]. Moreover, the market preference was towards light-duty tracks. Card such as the Ford-F Series and Chevrolet Silverado were the two top selling vehicles of 2013[208].
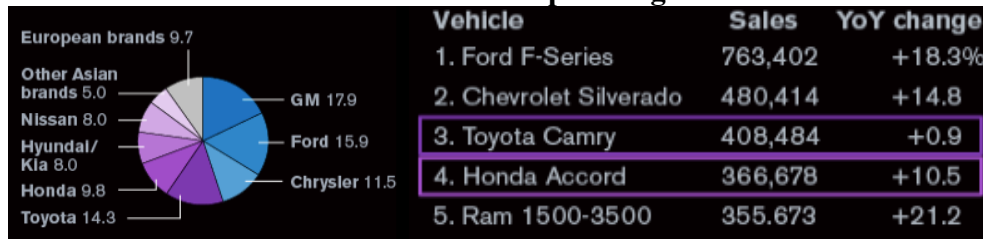
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[205][Retrieved on 15th of September 2016 at www.volkswagenag.com/content/vwcorp/content/en/the_group.html]

[206]Young A. (2013), "China Auto Sales September 2013: Up 21% As Japanese Automakers See Strong Rebound In China Sales A Year After Territorial Dispute Pummeled Sales; Ford Focus Charges Ahead", published by the International Business Time on 12th of October 2013. [Retrieved at www.ibtimes.com/china-auto-sales-september-2013-21-japanese-automakers-see-strong-rebound-china-sales-1423100 on the 1st of October 2016]

[207]Boche J. (2012), Head of Volkswagen Group Treasury, "Volkswagen – On the Road of Success", Volkswagen Reports, 10th of September 2012, Paris, France

[208]Ingold D., Trudell C. (2013), "Auto Sales Increase in 2013 as Detroit 3 Gain Market Share", published by Bloomberg on 4th of December 2013 [Retrieved at www.bloomberg.com/graphics/infographics/auto-sales-increase-in-2013-as-detroit-three-gain-market-share.html on the 1st of October 2016]

Tab. 3.1: **2013 US Market Share and Top Selling Vehicles**

Vehicle	Sales	YoY change
1. Ford F-Series	763,402	+18.3%
2. Chevrolet Silverado	480,414	+14.8
3. Toyota Camry	408,484	+0.9
4. Honda Accord	366,678	+10.5
5. Ram 1500-3500	355.673	+21.2

Pie chart: European brands 9.7; Other Asian brands 5.0; Nissan 8.0; Hyundai/Kia 8.0; Honda 9.8; Toyota 14.3; GM 17.9; Ford 15.9; Chrysler 11.5

Source: David Ingold / Bloomberg Visual Data & Craig Trudell/Bloomberg News

Volkswagen, however, wishing to become the number one in the world's automotive industry[209], deemed the US market central for its strategy. In fact, in the early 2014 the at the time CEO of Volkswagen, Martin Winterkorn declared that "*The U.S. is a cornerstone of our 2018 strategy*"[210] and that Volkswagen was going to invest $ 7 billion in order to sell 1 million vehicles in the US under the VW brand in the 2018[211]. To reach this mark, Volkswagen aimed to boost Golf, Passat and Jetta's market penetration. The sedans could compete and steal part of the market share of the equivalent Toyota Camry and Honda Accord. In order to do so, Volkswagen strategy was to resort to "Think Blue"[212]. Think Blue its an initiative that Volkswagen lunched in the U.S. in the 2011. It involves the creation of environmental sustainable production plants and the commercialization of Eco-Friendly vehicles. The initiative, initially, saw the participation of the MoMa of

[209]Trefis Team (2014), "Volkswagen Eyes Passenger Car Sales Growth in the U.S.", published by Forbes on 28th of July 2014. [Retrieved at www.forbes.com/sites/greatspeculations/2014/07/28/volkswagen-eyes-passenger-car-sales-growth-in-the-u-s/#70510d42a6a on the 1st of October 2016]

[210]Boudette N. E. (2014), "Volkswagen to Invest $7 Billion in North America", published by The Wall Street Journal on the 12th of January 2014. [Retrieved at www.wsj.com/articles/SB10001424052702303819704579317331370281814 on the 1st of October 2016]

[211]Taylor E., Frost L. (2014), "Volkswagen says it plans to invest $7 billion in North America", published by Reuters on the 12th of January 2014. [Retrieved at www.reuters.com/article/us-autoshow-detroit-vw-investment-idUSBREA0C00O20140113 on the 1st of October 2016]

[212]*cfr.* Volkswagen Media Services. [Retrieved at www.volkswagen-media-services.com/en/detailpage/-/detail/Relaunch-of-Volkswagen-Think-Blue-website/view/306194/2bfbd1fb1bba2820cae2b8162ca7819c?p_p_auth=0dJ7clts; www.volkswagen-media-services.com/en/detailpage/-/detail/Volkswagen-opens-new-chapter-in-Think-Blue-Book/view/305402/2bfbd1fb1bba2820cae2b8162ca7819c?p_p_auth=ne8PzKmO; http://media.vw.com/release/717/ on the 1st of October 2016]

New York and involved billboards, print ads, online campaigns and commercials[213]. Volkswagen positioned itself as the "economic and eco-friendly car producers", both in the U.S. and in the world, with several press releases[214]. In 2013 the company even published a report explaining how the company was working to lessen its environmental impact. "*The Volkswagen Group has set itself the goal of becoming the world leader in environmental protection. We will achieve this through resource-efficient production plus a unique, broad-based approach to our powertrain and fuel technology. This will help to conserve resources and shape the mobility of the future.*" Can be read in the website version of the report[215]. Consequentially, in the 2015, Volkswagen ads focused on fighting the common opinion about Diesel-engines, namely, that they are loud and dirty. They created a campaign that they called "Old Wives Tales". The commercials featured a series of video in which three old women (The Golden Sisters[216]) in a Golf, debated over the various "myths" on Diesel. In particular, episode #6, showed one of the three women placing its white scarf in front of the exhaustion tube to show how "clean" it was. Moreover, all the video of the series ended with the statement "TDI Clean Diesel". The series debuted to be online-only in the late February 2015 and was released on YouTube and on the company social media (Facebook and Twitter). Having got a positive response, the commercial hired also on TV starting from April 2015[217]. The campaign fit right in the tone established by Volkswagen via its previous campaigns, being humorous and fun, catering to "smart families". For example, the 2012 Super Bowl's commercial featured a kid dressed up as Darth

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[213]Volkswagen Group Official News (2011). [Retrieved at www.volkswagenag.com/content/vwcorp/info_center/en/news/2011/05/Volkswagen_rolls_out__Think_Blue___in_the_USA.html on the 1st of October 2016]

[214]*cfr.* Volkswagen Press Releases [www.mynewsdesk.com/uk/volkswagen/subjects/sustainability-csr/pressreleases accessed on the 1st of October 2016]

[215]Volkswagen Official Sustainability Report 2013 [http://sustainabilityreport2013.volkswagenag.com/environment accessed on 1st of October 2016].

[216]The Golden Sister are three sisters that become famous over the internet in the 2013, by commenting the Kim Kardashian sex-tape. After that, they were hired for a documentary-reality series that hired on Oprah Winfrey Network.

[217]Fishman C. (2015), "Who Are Those Sassy Sisters In The Volkswagen Campaign?", published by Ad Age on the 15th of July 2015. [Retrieved at adage.com/article/cmo-strategy/hilarious-elderly-women-make-campaign-viral/299762/ on the 1st of October 2016]

Vader trying to use "The Force" to move things in its house, finally having success in powering-up its father's VW Passat (with the help of the former via the "remote-start"). The 2013 commercial involved an employee trying to "Get Happy" (commercial's tagline) its co-workers by driving them in its New Beetle. Also in 2014, the brand hired a famous and humorous commercial with a father telling his daughter about Volkswagen engineers getting angel's wings every time a VW reach 100,000 miles. Advertisings like that helped Volkswagen to position itself in the U.S. as the eco-friendly brand who produces safe and "affordable" cars with the German's quality. The cars aimed towards smart and environmental-savvy customers, often families, willing to "Think Blue" without relenting some fun while driving. Volkswagen spent more than 800 million dollars in the 2013-2014[218] to transmit this positioning to its customers, using a variety of both online and offline touchpoints. The Dieselgate, as will be discussed, challenged this positioning heavily, with the campaigns ready to back-fire at Volkswagen itself. Unsurprisingly, the "eco-friendly" campaigns were swiftly removed from most of the brand touch-points. The video cannot be found anymore on Volkswagen's YouTube channel and were also removed from its online touch-points, its social networks profiles and its websites.

3.3.2 The Dieselgate

On the 18th of September 2015, the United States Environment Protection Agency (EPA) sent an issue of violation of the Clean Air Act to Volkswagen Group. The agency found out that the company had willingly programmed its TDI (Turbo Diesel Injection) engines to change their emissions performances during laboratory tests. The engines, in this way, were certified to have low level of emissions, which meant, in the US, tax exemptions and even subsidies for the production of "green cars"[219]. In a real world use, however, the emissions were 10 to 40 times higher

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[218]Statista.com [Data Retrieved at www.statista.com/statistics/467681/volkswagen-ad-spend-usa/ on the 1st of October 2016]

[219]The Guardian (2015), "Volkswagen diesel emissions: what the carmaker did, and why", published by The Guardian on 24th of September 2015. [Accessed on 15th of September 2016 at www.theguardian.com/business/video/2015/sep/24/vw-volkswagen-diesel-emissions-carmaker-why-video]

than the maximum legal limits. This was the beginning of the so-called "emissions scandal" or Dieselgate. By altering the emissions' performance test, Volkswagen committed a fraud against governments and institutions and caused a significant harm to the environment and to consumers.

Following the EPA notice, Volkswagen on the 20th of September 2015 ordered an external investigation. The CEO apologized, saying to be "deeply sorry"[220]. The following day Volkswagen' shares dropped by €15 billion. The next day, Volkswagen admits that there are 11 million of affected vehicles[221]. On the 23rd of September, Volkswagen CEO Martin Winterkorn resigned, even if he affirmed to not have had any part in the deception, claiming to having not be aware[222]. On the 25th of September, the newly appointed CEO Matthias Müller claimed that a small group of the company's engineers and technician were responsible for the deception, something that he said to be admitting for the sake of regaining the customers' trust through transparency[223]. However, on 27th of September, a German newspaper reported that the Volkswagen board had been warned about illegal emission practices, at least from 2011. Another newspaper, the *Bild*, reported of a 2007 letter from Volkswagen's components manufacturer Bosch, warning *"against the possible illegal use of Bosch-supplied software technology"*[224]. Volkswagen did not respond to the fact, whereas Bosch said that their dealings with Volkswagen were confidential. On the 6th of October, Volkswagen announced that by the end of

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[220]Rushe D. and agencies (2015), "VW software scandal: chief apologies for breaking public trust", published by The Guardian on 20th of September 2015. [Accessed on 15th of September 2016 at www.theguardian.com/business/2015/sep/20/vw-software-scandal-chief-apologises-for-breaking-public-trust]

[221]Kollewe J. (2015), "Volkswagen emissions scandal – timeline ", published by The Guardian on 10th of December 2015. [Accessed on 15th of September 2016 at www.theguardian.com/business/2015/dec/10/volkswagen-emissions-scandal-timeline-events]

[222]Winterkorn M. (2015), official statement. [Accessed on 15th of September 2016 at www.volkswagenag.com/content/vwcorp/info_center/en/news/2015/09/Statement.html]

[223]Ruddick G., Farrell S., (2015), "VW scandal: staff suspended as car giant appoints new CEO ", published by The Guardian on 25th of September 2015. [Accessed on 15th of September 2016 at www.theguardian.com/business/2015/sep/25/volkswagen-appoints-matthias-muller-chief-executive-porsche-vw]

[224]Reuters, "Volkswagen Was Warned of Emissions Cheating Years Ago: Reports", published by Newsweek on 27th September 2015. [Accessed on 15th of September 2016 at europe.newsweek.com/volkswagen-knew-emission-cheating-years-ago-reports-333701?rm=eu]

2016 all the affected diesel vehicles will be fixed. On the 8th of October Michael Horn, Volkswagen US CEO, affirmed, while testifying to the congress, that he found it hard to believe that the deception was just the work of some engineers. He admitted, however, to had first heard of potential pollution problems in 2014, following the publication of the research from West Virginia University (that will later led the EPA to research the matter)[225]. On 2nd of November 2015, EPA accused Volkswagen of having installed the incriminated "defeat devices" also in cars carrying a different engine (initially only one engine was suspected) sold under the Audi, Porsche and VW brands[226]. On the 9th of November Volkswagen US launched a website where U.S. customers that were in possession of vehicles involved in the emission scandals could receive a "goodwill package" consisting in a gift card of $1,000 to be spent in VW accessories[227]. On the 4th of January the U.S. Justice Department sued Volkswagen for having installed the device in more than 600,000 vehicles sold in the US. One the 10th of March 2016, Michael Horn stepped down from his VW U.S. CEO position, shortly after, the 29th of March 2016, the U.S. Federal Trade Commission sued Volkswagen for false commercial claims about its environmental friendly "clean diesel". On the 28th of June 2016 Volkswagen settled to allocate $15,3 billion dollars to the resolution of the contention[228]. The amount will be needed to pay fines to the U.S government, to fix the affected vehicles and to compensate their owners in the U.S. However, Volkswagen will probably have to recall also 8.5 million cars in Europe, including

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[225]Rushe D., Kasperkevic J., Ruddick G. (2015), "VW chief voices doubts to US Congress over board's claims in emissions scandal ", published by The Guardian on 8th of October 2015. [Accessed on 15th of September 2016 at www.theguardian.com/business/2015/oct/08/volkswagen-scandal-us-congress-testimony]

[226]Associated Press, "Volkswagen diesel emissions scandal timeline", published by SFGate on 28th of June 2016. [Accessed on 15h of September 2016 at www.sfgate.com/business/article/Volkswagen-diesel-emissions-scandal-timeline-8330612.php]

[227]Thielman S. (2015), "Volkswagen offers $1,000 gift cards as 'goodwill package' to US owners", publishes by The Guardian on 9th of November 2015. [Accessed on 15th of September 2016 at https://www.theguardian.com/business/2015/nov/09/volkswagen-gift-cards-vw-emissions-scandal]

[228]Associated Press, "Volkswagen settles emissions-cheating cases for over $15B", published by CBS News on 28th of June 2016. [Accessed on 15th of September 2016 at www.cbsnews.com/news/volkswagen-agrees-to-14-7-billion-diesel-settlement/]

2.4 million in Germany and 1.2 million in the UK[229]. It is also potentially exposed to be sued by European's nations and consumers. Müller, however, explained that Volkswagen will not offer, in Europe, a compensation akin to what has been done in U.S. since the different laws and regulations do not calls for an intervention on that scale. Although, he admitted to be primarily concerned about the financial aftereffects for Volkswagen should it be required to the same[230].

3.3.3 Effects on the Volkswagen Brands

Since the Dieselgate was uncovered, the VW Group and its brands were hit by a powerful aftereffect. In the following Fig. 3.2, the Volkswagen Group share price is showed from just before the scandal until July 2016. When the scandal breakout, on Friday 18th of September 2015, VW price per share were just over €160. During the weekend, Winterkorn made the public announcement and the following Monday (21st of September) the price dropped to €132.20 [Tab. 3.2]. It kept falling, reaching €92.36 on October 2nd, the lowest value of the whole crisis period until today (20th of September 2016). The value kept bouncing reflecting the various events of the period, with downhills following accusation from EPA also to vehicles sold under Audi and Porsche brands and the U.S. Justice Department sue in March. As of today, the crisis has not yet ended and the price per share is currently around €120, comparable to early 2012 values.

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[229]Hotten R. (2015), "Volkswagen: The Scandal Explained", published by BBC News on 10th of December 2015. [Accessed on 15th of September 2016 at www.bbc.com/news/business-34324772]
[230]Boston W. (2016), "VW Rejects Cash Offer for European Car Owners", published by The Wall Street Journal on 4th of July 2016. [Accessed on 15th of September 2016 at www.wsj.com/articles/volkswagen-ceo-stands-fast-on-european-compensation-after-scandal-1467570500]

Tab. 3.2: Volkswagen Price per Share September 2015-2016

Source: Google Finance-Yahoo Finance-Msn Money

The Volkswagen's brand value had the same destiny of its shares. The Brand Finance 2016 "100 Most Valuable Brand Portfolio" report listed the VW Group as the biggest faller, precipitating from the 6th position of 2015 to 23rd position in 2016. It lost over 36% of its brand value[231]. Interestingly, however, its reported evaluation its still AAA+ (the highest possible). However, it should be noted that the report was issued on the1st of January 2016, meaning that the reported effect does not yet consider the 2016 events.

The Interbrand 2016 report its not yet available. The 2015 ones, that was disclosed very shortly after the beginning of the Dieselgate, listed VW Group three main brands, Volkswagen, Audi and Porsche, respectively as 35th, 44th and 56th, with an aggregated value of just over $30 billion[232]. Should the three brands equally share a fall equivalent to the one reported by Brand Finance (-36%), the will probably all settle well behind the 50th position.

In Tab. 3.3, YouGov reported some key value of their BrandIndex regarding Volkswagen in the first 10 days of the scandal. As can be seen, the overall brand

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[231]Ahern D., Pannu J. (2016), "The World's Most Valuable Brand Portfolio Revealed", issued by Brand Finance on 1st of January 2016. [Accessed on 20th of September 2016 at brandfinance.com/images/upload/most_valuable_brand_portfolios_2016.pdf]
[232]Interbrand (2015), "2015 Best Global Brands Ranking". [Accessed on 20th of September 2016 at interbrand.com/best-brands/best-global-brands/2015/ranking/#?listFormat=sq].

health (Index, in dark blue), fell in negative territory. Reputation and Impression declined in a similar way. It is interesting to note that Quality hold the most, losing 25 points, but remaining in positive territory. On the contrary, Buzz, which measures whatever people have heard positive or negative things about the brand, went from neutral territory to extremely negative.

Tab. 3.3: **Volkswagen Brand Health**
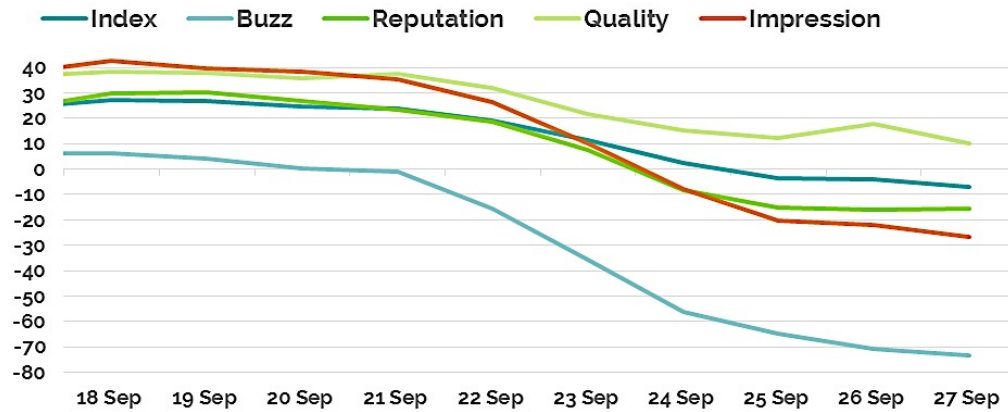
Source: YouGov BrandIndex[233]

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[233]Murphy S. (2015), "VW scandal: How it compares to Toyota's recall crisis ", published by YouGov UK on 29th of September 2015. [Data retrieved on 20th of September 2016 at yougov.co.uk/news/2015/09/29/volkswagen-crisis-lessons-history/]

3.4 USING THE HONEYCOMB MODEL AS A PREDICTIVE TOOL

As explained in the last part of the second chapter, the aim of this dissertation is to use the accumulated knowledge on the Digital Customers and the Digital Environment to make sense of the reaction to the Volkswagen brands crisis on the social networks.

The first thing to determine is which social networks will be the main scenarios for the customers' reactions. Among the building block of the Honeycomb model, the most relevant for the task is *Conversation*. Social networks with an important accent on this block, like Twitter and Facebook, should be home to discussion and buzz about the scandal. On Instagram, instead, the brand shouldn't face much reactions, since its structure is not suited for conversations and/or sharing of opinions. Moreover, its mainly Millennials population shouldn't be too interested in the issue. An all three social media, although with different degrees, contents building on the event should become viral. In fact, as seen, brand crises are likely to inspire anger, which is the emotion most often found to trigger viral diffusion of contents. Contents will probably be shaped in form of Memes, hence be ironical transpositions of VW advertising, logos, etc. reverted against the company.

The type and timing of reactions should be different between Twitter and Facebook. On Twitter information should spread faster, moreover, given the importance that *Reputation* holds on this social network, relevant influencers will probably be engaged into the discussion. However, being that the *Relationship* building block is instead a minor one on Twitter, brand advocates are not expected. User of this social network are also likely to capitalize on the event to build their *Reputation.* In paragraph 2.3.3.1 one of the motive behind the diffusion of viral contents was found to be, indeed, to boost one's own *Reputation* by showing "knowledge of useful things". Due to the structure of Twitter, the Brand's own profile should not offer as much clues on the ongoing opinions as citations of the brand (e.g. @Volkswagen) and hashtags (e.g. #Volkswagen, #diesel, #emissions, #scandal etc.). Those two features, in fact, should be the users 'tool to engage into the discussion with either the brand or the social network populations.

On Facebook news should arrive later on; however, it should be playing a more relevant role as for brand advocacy. As discussed in paragraph 1.4.5, in fact, the brand is a viable partner for relationships. Facebook being centered on the *Relationships* building block, should be the social network of choice also to relate and engage with the brand, hence, it is expected to be home to brand advocates. However, given the resonance and implications of this particular scandal, it might be possible that no one will want to actually defend the brand.

Millennials will be for sure among the people that will choose to engage into discussion; since, as already seen, they are the most prominent part of the social media population. However, they could well take part in the conversation just to stay up to date with what's trending (satisfying their narcissistic tendency). Moreover, research reports that Millennials are not much interested in themes regarding the environment, which instead, concerns Immigrants and specifically Generation Xers.

If some Millennials show to be interested, they are to be feared, since they have the network, ability and potential to be relevant players. Especially in case of ad-hoc crisis communication, their non-trusting behavior and willingness to discover the company misdoing will probably direct them to look for controversial content, to bust the "company version of the story". The company has to make sure to harness the existence of such contents and consider them while building its strategy.

Talking about the kind of expected reactions, part of the generated content should use irony as a tool for hijacking the brands contents and revert them against the company. However, this is mainly done by Millennials through their expertise. The phenomenon, giving their tendencies to boredom and predicted scarce interest for the matter in the long term, should be short lived. Their reactions can be qualified as of being of neutral value or of simple "disgust" (see paragraph 3.3.1) since they shouldn't find themselves much involved with the issue. More attention has to be paid to people (regardless of their generational cohort) who demonstrates precedent relations with the brands. In fact, even if, as already seen, this acts, as a moderation factor, leading to more positive responses to the crisis, it could also prompt customers to engage in punitive actions. If any relevant contributors are found, they

should be monitored and mapped as, especially on social media strong in the Reputation building block, like Twitter, influencers can play a part in setting the overall sentiment.

To evaluate the accuracy of these speculations and consequently the predictive capabilities of the model, the remaining part of the chapter will analyze the reactions and conversations that took place on Facebook, Twitter and Instagram. For the purpose, both primary sources (like manual review and sentiment analysis' tools), backed up if and when necessary by secondary source (such as reports, articles, researches, etc.), will be used.

3.4.1 Social Media analysis: Facebook

On Facebook Volkswagen has a unique fan page that collects its fan from the whole world (currently over 27,6 millions). The page, however, has several different accounts, one for every nation in which Volkswagen is active. Facebook automatically retrieve the nation of residence of the reader and shows the page accordingly. Mexican will view a page curated by Volkswagen Mexico, Americans will view the Volkswagen US page and so on. As for nations where a dedicated page does not exist, Facebook will redirect users to the global account. This account uses English and it is managed from Europe. In this dissertation three accounts will be analyzed: VW US account, being USA the country where the scandal broke-up. Global account, since it gathers responses from various parts of the world and VW UK account. This last one was chosen as the point of reference for Europe mainly due to language coherency and comparability, but also because as will be shown in paragraph 3.4.3.4, is where the term "Dieselgate" was born. The three accounts' posts and interactions were analyzed for a whole year, going from July 2015 to July 2016. This period allowed to have a workable sample of the pre-crisis period (from July to early September 2015) and to follow the post-crisis period until its last major development, the settlement made on the 28th of June 2016 in the U.S for the payment of \$15.3 billion[234]. As will be seen, each account has is unique management style and thereof call for different responses from the community. Interestingly enough, however, there are three topics that seem to be universally loved by VW's fan all over the world: the VW's heritage, specifically, in the form of its vintage VW Type 1 "Beetle" and VW Type 2 (a.k.a. the Van); the Golf GTI, particularly its sport versions and the Volkswagen Tiguan SUV.

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[234]Methodological Note: the level of detail adopted in the analysis vary across different periods and different accounts, according to the tools used for the analysis and the level of relevance of the period for the crisis. The time spawn from July to the out-break of the crisis was analyzed on a day to day basis. The same has been done from the outbreak of the crisis through the restart of BAU posting and for the first weeks of the same. The period of time going from February 2016 until June 2016 was analyzed by selecting samples taken around relevant and randomly selected dates.

The pre-crisis social media strategy of Volkswagen US consisted primarily in the use of images to advertise the company offers or news regarding new products and services. Moreover, at least in the period of analysis, posts about VW Motorsport were more frequent compared to the other two accounts. The posts often incorporate hashtags referring to the company (e.g. #VW4Cycling, #VWAccessories; #VWGRC) and external links. These links often lead to Volkswagen accessories' e-commerce or other news and announcements on the VW website. Sometimes video would be used instead of images, whereas text-only posts are not used. The content shared was for the most part aimed at informing the readers about the company products, just occasionally engaging in brand storytelling and/or questions aimed at interacting with the fans.

As far as customers are concerned, their relations with Volkswagen on the page was a little tense, with most posts being received with a negative sentiment. In particular, most people used to respond to the brand's post complaining about issues with their VW car, asking for help, reporting bad experiences with the customer service etc. In the period of analysis, the VW team did not respond to a single comment through the whole August 2015, even if, they kept posting with an average of one post every 1,43 days (or 0,70 posts per day). They started responding to comments on the 12th of September, shortly before the crisis began. As regards the reach of their posts, in the pre-crisis period they had, on average, 1784 likes, 126 share and 50 comments per post. The most engaging posts were the ones featuring either motor shows or news about the racing team. For example, a post presenting the "Waterfest Audi & VW Car Show", on the 17th of July, got over 11,000 likes (+600% vs average), 329 shares (+260% vs average) and 224 comments (+450% vs average). Another example, the news reporting that the VW Motorsport team had won the Red Bull Global Rallycross, reported in separated posts on the 13th and 17th of September, respectively, over 7,500 likes and over 2,700 likes.

As seen in the previous paragraph, the crisis broke-out on Friday 18th of September 2015. On that day and until the 25th of September, Volkswagen US did not post anything on its Facebook profile, nor BAU (Business as Usual) neither regarding

the scandal. The first reactions were therefore posted as comments to precedent contents. In particular, some early protester started to react by commenting a post from the 16th of September, which was advertising of VW signed garments for men and kids. Brand detractors emerged as soon as the 19th of September, however, most of their activity took place on the 22nd. The early commenters division by generational cohort is reported in Tab 3.4.

Tab. 3.4: **Early Commenters 's Generational Cohort**	
Baby Boomers	20,8%
Generation Xers	62,5%
Millennials	16,6%

Source: Personal Elaboration[235]

The most liked of the detractors' comments was posted on the 19th and stated "*VW owes us all an apology for getting around the clean air laws in the US and making a bunch of severely polluting cars. Shame on you VW! That's disgusting.*"

Tab. 3.5: **Volkswagen US Interactions per Post**
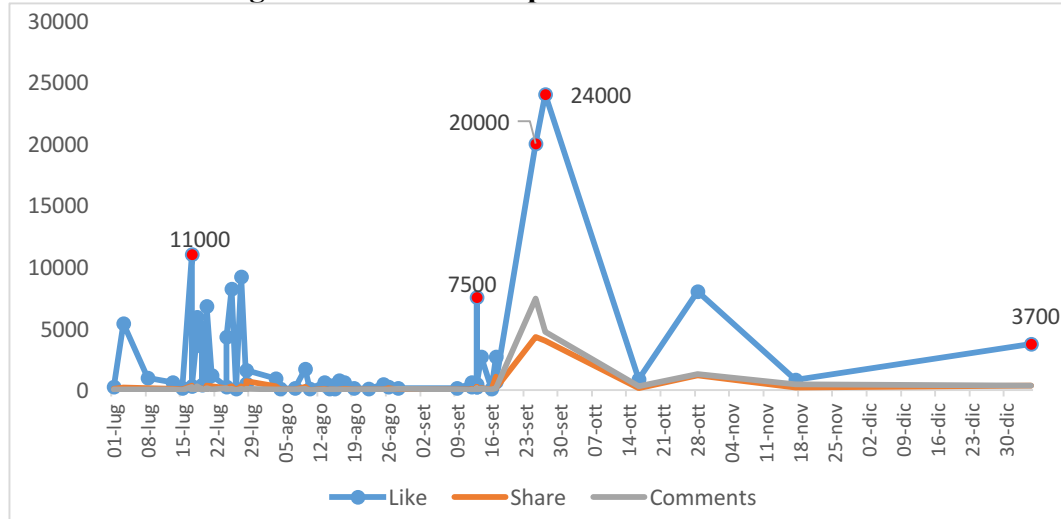
Source: Personal Elaboration[236]

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[235]Elaboration based on data gathered by analyzing the Facebook profiles of the early commenters. Due to the privacy setting of the commenters, it was possible to assess the birth's date of only 37 of them; the sample is therefore based on a population of N=37.
[236]VW US Facebook fanpage's posts between the 1st of July 2015 and the 4th of January 2016, were manually collected and analyzed. [Original retrieved on www.facebook.com/VW/]

The above Tab. 3.5 draws a complete picture of the customer's interaction with VW US profile. The graphic starts on the 1st of July 2015 (beginning of the analysis) and goes on until the 4th of January; on this date, in fact, the page restarted its BAU posting.

The first two post regarding the crisis were made on September 25th and 27th and attracted an extremely high number of interactions. Considering the first, the number of "likes" was eleven time the average, the number of "share" 34 times the average, the number of comments 148 times the average. The first post content is reported in Fig. 3.2. The second post of the 27th contained information about the website "VWDieselInfo.com", which was created by VW to act as a FAQs document for its customers. On the website the issue was described, together with a tool that customers could use to understand if their vehicle was affected or not.

Fig. 3.2: **First Post of VW U.S about the emission scandal**
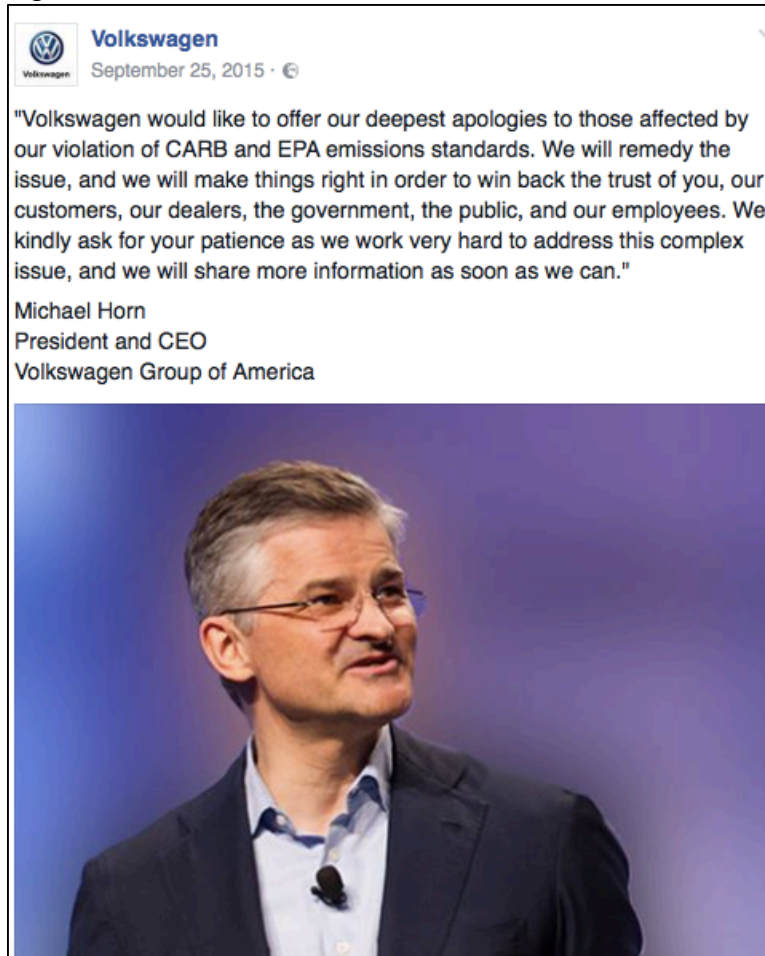
Source: www.facebook.com/VW/

The majority of the comments were posted on the same date and were from Volkswagen's brand loyal fan, who advocated for the brand. Some of them reported that they did not mind the emissions, since VW cars saved their lives in a car crash, hence granting the brand their eternal support. Others stated that the EPA standards were unrealistic and that cheating them should not be considered a big deal. Tab. 3.6 shows the aggregated behavior showed by the commenters; Fig. 3.3 reports some of the comments.

Tab. 3.6: **Commenters' Feelings**	
Behavior	**%**
Advocacy	86,39%
Anger	9,83%
Neutral	3,11%
Disgust	0,43%
Contempt	0,24%

Source: Personal Elaboration[237]

Fig. 3.3: VW Brand advocacy

Source: www.facebook.com/VW/

As can be seen in Tab. 3.6, users expressing advocacy while commenting the "apologies" post of the 25th (86,39%) are the great majority. Among the

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[237]Sampled Interactions N=8807. The method followed was to consider the most liked comment (i.e. every comment with 10 or more likes). The comments are classified following the expression of constructive/neutral/destructive behavior suggested by Romani et al. (2013) and determined as follows: Advocacy, if user defended the brand; *Anger*, if the user accused the brand but stated to want to keep buying; Neutral, rational reactions or questions that do not express emotions (e.g. asking for economical compensation due to lost value); *Disgust*, brand is criticized but no intention about remaining loyal or not is demonstrated and *Contempt*, commenters' stating he would not be buying anymore. Users that "liked" comments were considered to be expressing the same behavior of the original poster.

commenters some VW's employee could be found, some directly advocating and others expressing gratitude for the amount of support that the brand was receiving.

After the first two posts, the posting of the VW US profile during the crisis period is reduced to the minimum. The page becomes just a space to publish official announcements. Only six posts were published from the 27th of September until the 4th of January 2016. Those comments elicited much less reaction compared to the first two (see. Tab. 3.5). Moreover, the majority of commenters expressed concerns for the value of their vehicles and asked VW for compensation. The brand advocates during this period are way less present than at the beginning.

On the 4th of January 2016, the page publishes its first not crisis-related post since its outbreak. It reports that VW was "2016 Top Safety Pick+" of the IIHS (Insurance Institute for Highway Safety). From this date onwards, the page returns to a posting rhythm equivalent to the one of the pre-crisis period, mentioning crisis-related subjects only once. The posts go back to being BAU, with new products presentations, Racing Team images and VW fairs and motor shows constituting the bulk of the shared contents. The top comments, however, are from customers asking about what VW intended to do with their TDI owners. Most of the time VW page's managers do not answer customer's comments; when they do, its only to address someone reporting some vehicle's dysfunction, but not users asking about the Dieselgate. At this point the brand advocates are intervening to respond to accusation made to the brand only sporadically.

The brand's detractors start to be less frequent from April 2016 onwards and after the 28th of June, when the page posts the details about the settlement made with the U.S. government, they practically stop to comment the contents.

3.4.1.2 Volkswagen UK Account

Volkswagen UK behaved similarly, as anticipated, to the other two accounts. The majority of shared contents either advertise VW cars, accessories and repair services or are a reference to the brand's heritage. What's more, Volkswagen UK sponsored a contest during the month of August: they pitched a Volkswagen Van's shaped camping tent in a UK' city. In order to win the tent, commenters then had

to guess, through images and some tips, in which city the tent was located. The contest run for the majority of August and received much appreciation. For example, a post 28th of August, was liked 3,026 times, being the third most liked post in the pre-crisis period, together with a post about the new Tiguan (4,673 likes, 14th of September), and new Golf GTI (3,251 likes, 17th of September). Overall, in the pre-crisis period (1st of July 2015-17th of September 2015) the posted content received an average of 1,386 likes and 81 comments, which while not much different from the VW US account, seems a bit more on the active engagement site, since the average number of comments is higher, whereas the average number of likes is lower.

Unlike the VW US account, the VW UK account got, on average, most positive comments from its users. For example, the below Fig. 3.4, shows, the words that were used the most in the comments to one of the contest's post (28th of August 2015, one of the most commented post, with 587 comments) and for a post of the 1st of July regarding the Golf MK I Fun club.

Fig. 3.4: **Most Used Words in Pre-Crisis Comments**
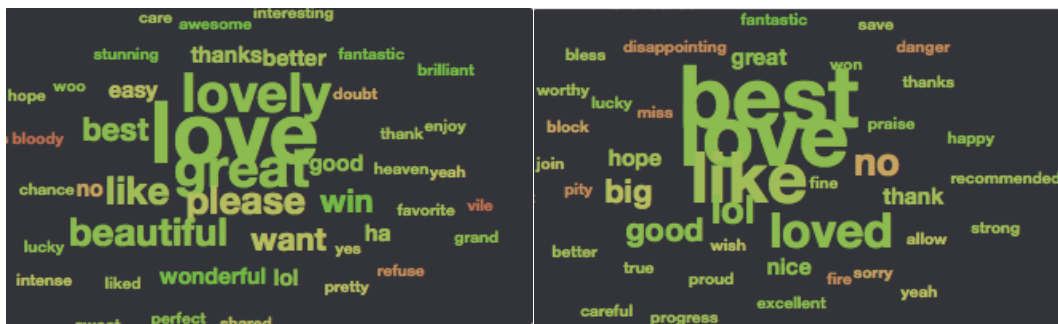
Source: Sentimental Analytics Tool[238]

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[238]Sentimental is a free-to-use Facebook Sentiment Analytics tool. It is based on the AFINN-111, a database of English words rated for valence with an integer between minus five (negative) and plus five (positive). The database has been developed by Finn Årup Nielsen (2011) in "A new ANEW: Evaluation of a word list for sentiment analysis in microblogs", Proceedings of the ESWC2011 Workshop on 'Making Sense of Microposts': Big things come in small packages 718 in CEUR Workshop Proceedings, pp. 93-98.

In Fig. 3.4, greater the size of the word, the greater number of times the word appeared in the comments. Also, words colored in Green have a positive valence, whereas words in brown/red have a negative valence (with intermediate degrees portrayed by greenish and reddish yellow).

Tab. 3.7 shows how the sentiment of the comments to the various posts is split between Positive (Green), Negative (Red) and Neutral (Grey). The posts from the 1st of July 2015 until the 16th of September 2015 (last pre-crisis post) show, on average, mainly positive comments, with occasional negative peeks. Interestingly, these peaks occur when the page's post something about its repair services. It seems, in fact, that several users have had problems with it.

Tab. 3.7: **VW UK Post's Comments Sentiment Analysis**
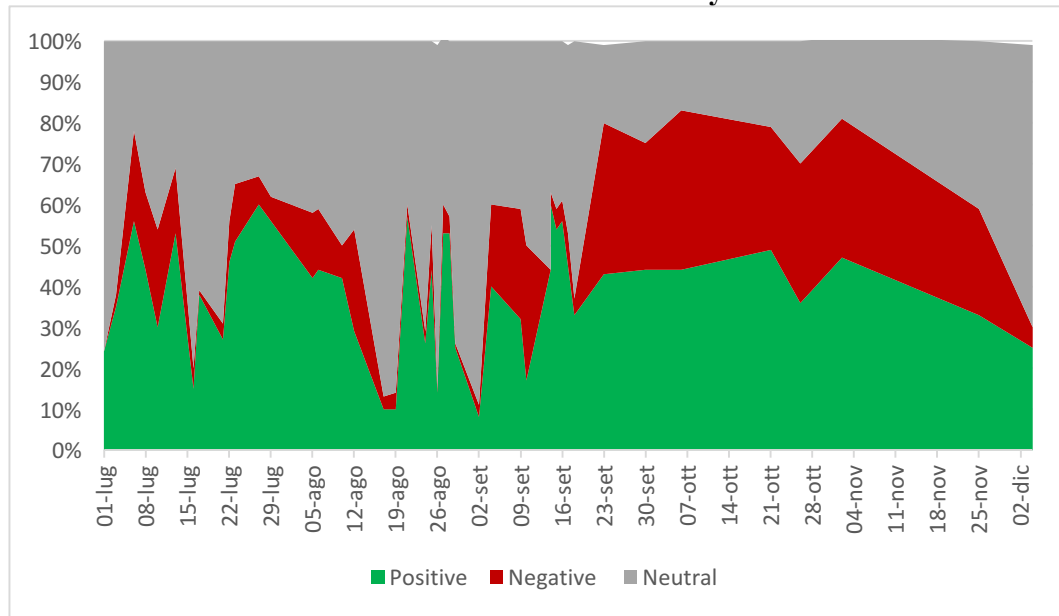
Source: Personal Elaboration[239]

The first post about the crisis was made on the 23rd of September 2016. As can be seen, this correspond to a spike in negative sentiment in Tab. 3.7. Interestingly, as opposite of what happened in the VW US account, the post of the 23rd of September shows only 160 likes, which is only 11,5 % of the average and 240 comments

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[239]Original data retrieved by manually aggregating data retrieved with Sentimental Analytics Tool (for more info *v. supra*). The tool can be accessed for free at sentimental.herokuapp.com.

(296% vs average). In addition, posts about the crisis (2 out of 5) are the only ones featuring more comments than likes. The 23rd September post can be seen in figure 3.5.

Fig. 3.5: **Volkswagen UK post about emission scandal**

Source: facebook.com/VolkswagenUK/

The post is made of plain text and does not contain any multimedia content a part from the link (pointing to www.volkswagen.co.uk/owners/emissionsinfo).

Fig. 3.6 shows the most used word in the comments of the 23rd and 30th of September and 6th of October. They are all similar and include, plain text pointing towards the "emission info" website, and are the only contents being posted on the page.

As can be seen, even if the negative sentiment is higher than pre-crisis, people advocating for the brand its still present, with words like "love"; "best"; "good" or "great", being still relevant.

Fig. 3.6: **Crisis Comments frequent words, in chronological order**

Source: Elaboration obtained with Sentimental Analytics Tool[240]

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[240]Sentimental is a free-to-use Facebook Sentiment Analytics tool. It is based on the AFINN-111, a database of English words rated for valence with an integer between minus five (negative) and plus five (positive). The database has been developed by Finn Årup Nielsen (2011) in "A new ANEW: Evaluation of a word list for sentiment analysis in microblogs", Proceedings of the ESWC2011 Workshop on 'Making Sense of Microposts': Big things come in small packages 718 in CEUR Workshop Proceedings, pp. 93-98.

Fig. 3.7 shows some negative and positive comments received under the aforementioned posts. As can be noted, advocates post received a higher number of "likes" from the community.

Fig. 3.7: **Comments on the First Crisis post**

Source: facebook.com/VolkswagenUK/

The three aforementioned posts, however, share a low level of engagement. The one made on the 30th of September got only 172 likes and 136 comments and the one of 6th of October got even less: 33 likes and 71 comments.

Things changed on the 21st of October, when the page post an image of the VW logo together with the phrase *"We have broken the most important part in our vehicles: your trust. Please rest assured that all our vehicles are safe and*

roadworthy and that we'll continue to do everything we can to win back your trust. If you are unsure whether your vehicle is affected, please visit [link]."

This post generated more engagement, with 2870 likes (209% vs average) and 1128 comments (more than 13 times the average). Most of them are of advocacy, with people telling their stories about repetitive purchase or posting picture of their VW, etc. The post that follows is the last one about the crisis, it is in the same form of the initial three and generates the same resonance. From the 23rd of November, the page tries to get back to BAU posting but, as can be seen from Tab. 3.7, it only has a modest success, with negative sentiment fading very slowly if at all.

Things change on the 4th of December, when the pages post a series of picture about a vintage Volkswagen Type 2 (Volkswagen Camper Van). This is the final point in Tab. 3.7. The percentage of negative sentiment expressed is very low 5%, as can be seen in the graphs. The number of likes and comments is stellar (compared to the page average), with 5.193 likes and 1.145 comments.

Following this particular post, the page experiences a period of hiatus. Its posts in the months of December 2015, and January and February 2016 follows their usual posting rhythm, but receive a close to irrelevant amount of interactions from the company, with likes averaging below 50 and comments around 10. These figures are so low that trying to analyze their expressed sentiment produces unreliable data or is even completely impossible.

From March through April 2016, the page start to post images and videos about their new vehicles. The level of engagement generated is high, but BAU content is practically absent. This situation ends in May 2016, when the page got back to BAU posting and started to experience level of engagement similar to the pre-crisis one.

The posts nearest to the pivotal date of the 28th of June were made on the 29th and 30th. A part from a few question about what VW intends to do to compensate European citizens like it will be doing in the U.S., the sentiment is mostly positive or neutral and stays so for the remaining of the analysis period.
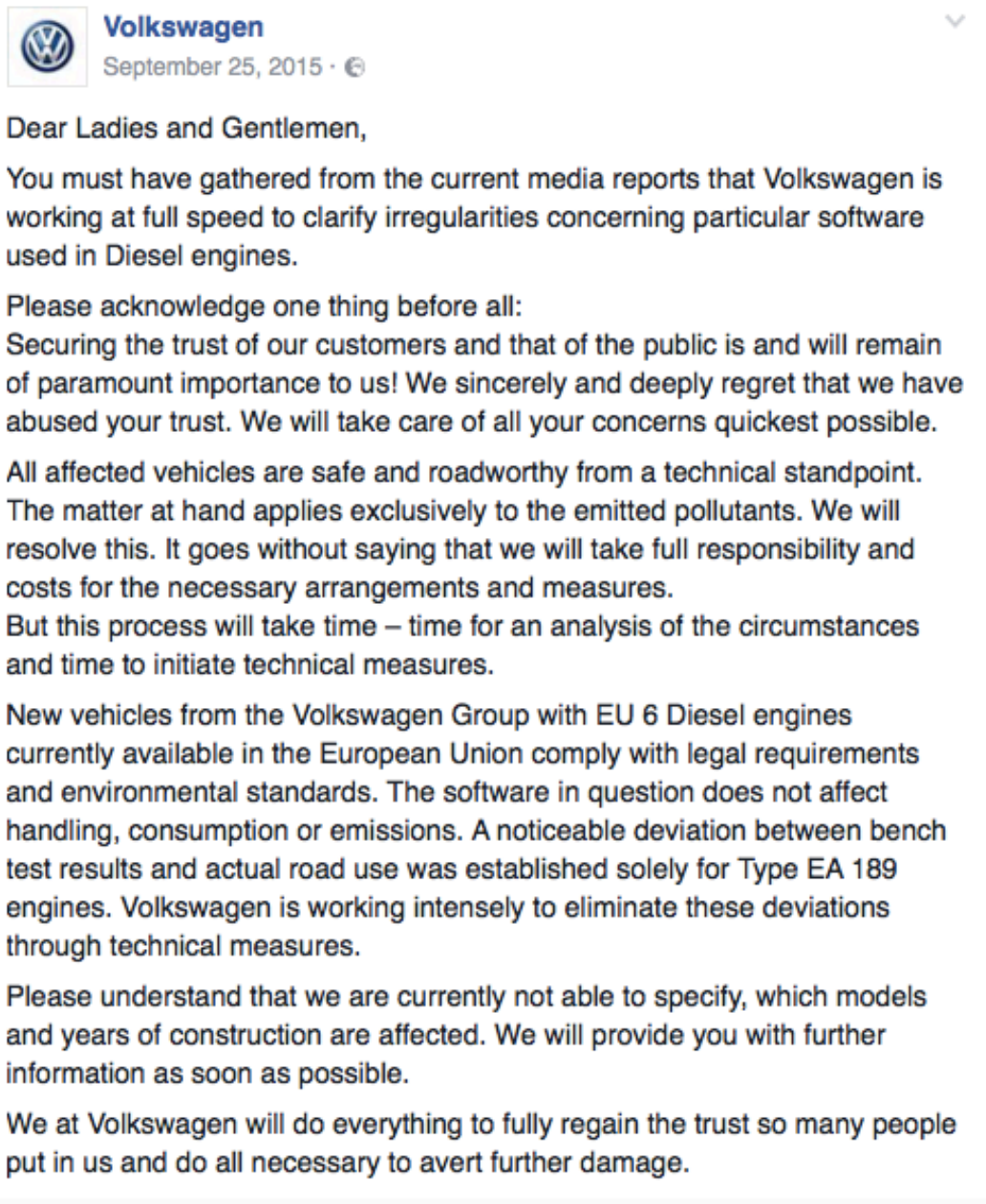
3.4.1.3 Volkswagen Global Account

The pre-crisis behavior of the Volkswagen Global account is not much different from the ones of the other two. The contents posted are similar: VW Tiguan, VW brand heritage and VW Golf are the most liked contents, without any "specific" topics emerging. The degree of interaction is what set it apart from the US and UK accounts, in fact, its posts have an average number of comments of 14 and an average number of likes of 464. Considering that most countries do have their own page, these numbers are not surprising. In the analysis period the most liked posts were one of the Tiguan (over 1,700 likes), one of a personalized Golf that asked the users to show their own cars (over 1,800 likes) and one of brand heritage (over 3,000 likes).

This account, interestingly, was the first one to experience some form of protest, with detractors commenting on posts of the 19th, 20th and 21st of September. It was also the first one to post about the crisis, doing so with a video of Winterkorn talking about the issue on the 22nd of September 2015. The post received 403 likes and 136 comments, most of them in defense of the brand.

Another post followed on the 25th of September and its reported in Fig. 3.8. As can be seen, it displays plain text, like the one of the UK account; however, it is very articulated, both apologizing and partially explaining the consequences. This post received over 3.000 likes, 922 shares and 595 comments which, compared to its own average, is the biggest reaction of all three accounts. The greatest majority are brand advocates and interestingly, many of them are Americans. It must be noted that for a US resident to visualize the global page it is not sufficient to look for it in the Facebook search engine; the user will also have to manually switch the location on the page. Immediately after this post and until the 15th of October, the page posted several more contents about the crisis, both plain text and images for a total of eleven posts, which is more than twice the number of crisis posts of both UK and US' accounts. The kind of information provided is also different. In fact, a part from usual contents pointing to the "emissions info" website, the page shared contents about the managerial and strategical reorganization of VW, such as Matthias Müller being appointed CEO and a link pointing to official announcements of the VW's

group board about organizational changes, activity refocus and so on. Practically each of these contents encountered some form of protests, but for the most, the brand was being supported. What's more, every post received an above average number of comments, around two to three times the BAU average.

Fig. 3.8: **Volkswagen Global Statement**

Volkswagen
September 25, 2015 ·

Dear Ladies and Gentlemen,

You must have gathered from the current media reports that Volkswagen is working at full speed to clarify irregularities concerning particular software used in Diesel engines.

Please acknowledge one thing before all:
Securing the trust of our customers and that of the public is and will remain of paramount importance to us! We sincerely and deeply regret that we have abused your trust. We will take care of all your concerns quickest possible.

All affected vehicles are safe and roadworthy from a technical standpoint. The matter at hand applies exclusively to the emitted pollutants. We will resolve this. It goes without saying that we will take full responsibility and costs for the necessary arrangements and measures.
But this process will take time – time for an analysis of the circumstances and time to initiate technical measures.

New vehicles from the Volkswagen Group with EU 6 Diesel engines currently available in the European Union comply with legal requirements and environmental standards. The software in question does not affect handling, consumption or emissions. A noticeable deviation between bench test results and actual road use was established solely for Type EA 189 engines. Volkswagen is working intensely to eliminate these deviations through technical measures.

Please understand that we are currently not able to specify, which models and years of construction are affected. We will provide you with further information as soon as possible.

We at Volkswagen will do everything to fully regain the trust so many people put in us and do all necessary to avert further damage.
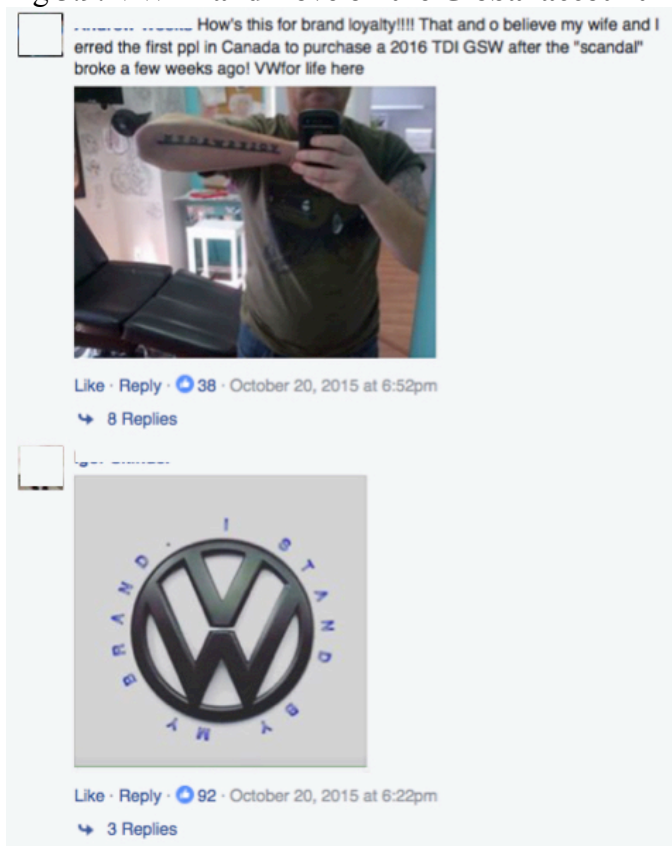
Source: www.facebook.com/volkswagen/

On the 16th of October the account shared a posted stating *"More transparency, more openness, more diligence. We are working on a new Volkswagen. We've already taken the first steps. We are changing structures. We are reviewing our*

procedures. And of course we are putting everything into looking after our customers". This post is, again, unique to the Global account.

After that, two subsequent posts on the 20th (2,300 likes) and 22nd of October (626 likes) centered the attention on brand love. They both featured VW employees making a heart with their hands in front of VW advertising. The posts gathered a very large amounts of comments from brand loyal fans, some are reported in Fig.3.9 (the tattoo on the forearm of the first commenters says "Volkswagen").

Fig 3.9: **VW Brand Love on the Global account**

Source: www.facebook.com/volkswagen/

After the event, the page mixed BAU posting to information on the emissions scandal up until the first week of November, then it went back to its normal posting behavior. Interestingly, it enjoyed a slightly above average degree of interactions from the community until early January 2016, reversing to pre-crisis period from February onwards and staying so also around the 28th of June 2016.

3.4.2 Social Media Analysis: Instagram

On Instagram Volkswagen has different profiles for different nations, since, unlike Facebook, it is not possible to use a mechanism to change the visualized page by assessing the reader's nationality. The Official VW Global account has 594 thousand followers; The VW US account has 347 thousand followers. Unlike the global account who does not follow anyone, the US account follows 408 profiles. Among them there are other VW pages from all over the world, including the ones of its other brands, Audi and Porsche and some consumer owned pages that act as VW brand's fan groups. However, interestingly, there are also several accounts of people that do not seem to have any official connections with the brand, neither, judging from their followers' number, could they be classified as Instagram influencers. The two accounts were monitored starting from July 2015 and until, respectively, end of May 2016 for the US account and early January 2016 for the global account. These shorter analysis periods were justified by the low number of reactions to the emissions scandal that the two accounts experienced and that will be the argument of discussion in the next two paragraphs. It is also worthy to note that Volkswagen, overall, seems to attribute to Instagram a lesser role compared to Facebook, since both analyzed accounts seems to post mostly the same kind of images that accompany the respective Facebook's pages, without contents crafted ad-hoc. Moreover, less nations have their dedicated account; for example, United Kingdom does not seem to have an Instagram account of its own.

A part from analyzing the communication strategy of the Volkswagen own profiles, a brief environmental analysis has been performed. Contents posted on the social network by every user using the hashtags involved in the scandal were analyzed. The following hashtags and all their variations were included: #dieselgate; #vwscandal; #volkswagenscandal; #volkswagengate; #vwgate; #vwemissions; #gasauto; #dascheaters. The research, however, found that they were used only a total of 6,303 times. To give a scale: the hashtag #volkswagenbeetle, without variations, has been used 10 times that much; the hashtag #volkswagenlove, without variations, 5 times that much.

3.4.2.1 Instagram Global Account

The Volkswagen Global Account post an average of 1,43 times per day. In the pre-crisis period most of the contents posted are images, a lot of them are the same exact ones that were posted on the Global Facebook pages. The other images use mainly an advertising style, with some of them directly being taken from the VW's advertising. The ongoing themes are the same of the Facebook account: brand heritage and new products. The posts receive an average of 2,340 likes and 33 comments, which are practically always positive, expressing liking, although most of them are short phrases or even just emoticons. When the account engages in interactive behaviors, like asking questions to its followers, it generates only slightly above average interactions. The account also makes use of hashtags to categorize its posts; the most used are the names of its models, e.g. #vwgolf; #vwpassat; #vwbeetle or #drivingexperience.

The first comments regarding the emission scandals can be found under images posted on the 18th of September, from the IAA (an international motor show that takes place every year in Hannover). The following 8 posts, made from the 18th until the 21st, are all of images from the IAA. The majority of comments found under those contents are about the emission scandals; however, the level of interactivity does not change significantly, staying at an average of 2785 likes (+20% vs pre-crisis average) and 33 comments (+3% vs pre-crisis average). Things changes on the 22nd of September, with the post in Fig. 3.10 receiving 233 comments (+728% of the average).

Fig. 3.10: **VW Instagram post, 22nd of September 2015 with comments**

Source: www.instagram.com/p/77OAHoBIQp/?taken-by=Volkswagen

Although some comments, as the ones in Fig. 3.15, come from brand advocates, the majority are of people accusing or mocking VW about the emissions, mostly by using ironical or even vulgar wordings. Some of these comments were collected and are shown in Fig. 3.11.

Fig. 3.11: **Ironic comments under the VW Instagram post**

Source: www.instagram.com/p/77OAHoBIQp/?taken-by=Volkswagen

As can be seen some people are attempting to hijack the brand motto "Das Auto" by changing in hashtags like #gasauto or #dascheaters. Another user is interacting with the post itself, asking if the presented car configurator has "polluting and not polluting" as selectable options. Yet another is ironically pointing out how VW actually did a favor to its customers, by making them pay less taxes due to its vehicles being classified as less polluting than they should have.

After this post the VW Global account does not post anything else until the 13th of October, when it posts a video of a Volkswagen car on a wet and icy road, together with the phrase "*The weather can change faster than you think. Safety first, everyone! It's time to fit your winter tyres. #drivingsafety #volkswagen #vw #dasauto*". The post gets 2.770 likes and 32 comment, in line with pre-crisis average. Some comments are from brand detractors, some from brand advocates but most are just interacting with the argument of the post.

Albeit with a little lower average number of post of just one per day, the account goes back to BAU posting. Although someone blaming the brand can still be found, it is a rare occurrence that disappear from December 2015 onwards.

3.4.2.2 Instagram US Account

The Instagram US account, like its Global counterpart, posts mainly contents akin to the ones found on the national Facebook page. The most used hashtags are, in fact, #VWGRC (Volkswagen Racing Team); #VW4Cyclyng (Volkswagen is the main sponsor of the USA Mountain Bike National Championships); #vagfair and #waterfest21 which are two Volkswagen Motor Shows. In the pre-crisis period, it used to post often, with 1.55 posts per day, which received, on average 4,150 likes and 44 comments, more than the Instagram Global Account. This is similar to what happens with regards to the VW Facebook's accounts; in fact, these also get more interactions than the Global page, although, it must be considered that it is not known how much customers follow each of the two accounts.

Comments about the emission scandal can be found under the eleven posts that were made from the 13th of September 2015 to the 15th of September 2015, with the latter reaching 291 comments (613% of the average). However, due to the

Instagram structure, it is not possible to exactly determine when the comments began to be posted. They were made under the aforementioned posts, especially the one made on the 15th, because those represented the only available spaces. They were, in fact, the last ones made by VW until it restarted its BAU posting, which happened on the 7th of January 2016.

Fig. 3.12: **Volkswagen US Instagram Last Post, with comments**
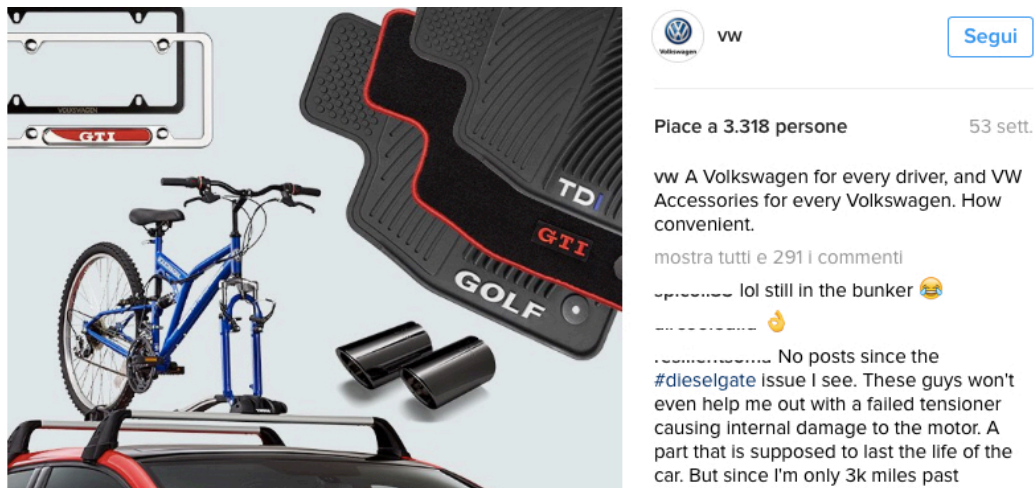
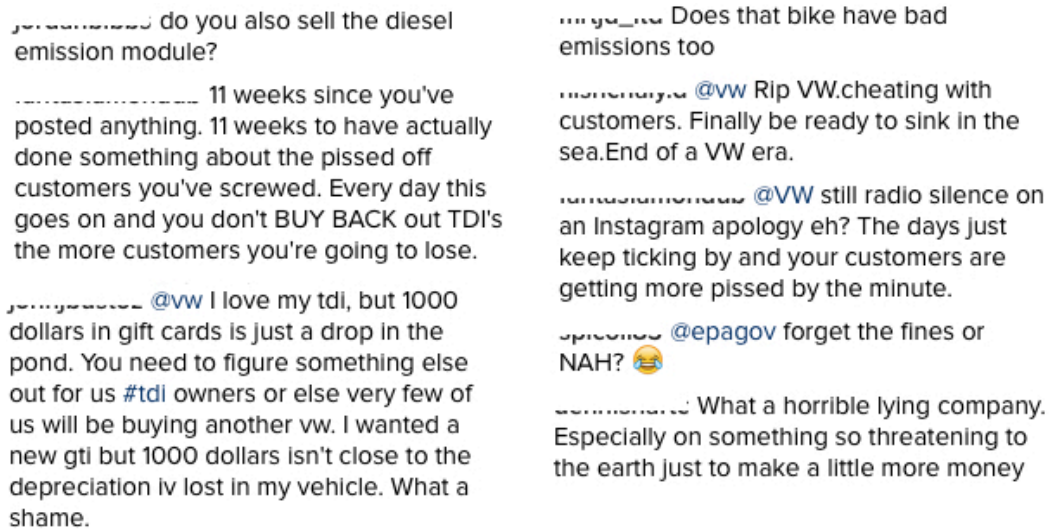*Source*: www.instagram.com/p/7p-WpPgc1a/?taken-by=vw

As for the comments made, some are reported in Fig. 3.13. As can be seen, the tone is not much different from the one adopted by users on the Instagram Global account. What is more interesting, on the VW Instagram US account one of the controversial points of the VW crisis management emerges more often than in other places: the "Goodwill Package" offered by Volkswagen. It was an attempt by Volkswagen to regain their customers' trust, as said by Michael Horn. However, not everyone appreciated it; some thought of it as insulting, given the premium price they had paid for their "green" Volkswagen vehicle; others suspected that by accepting it they were relenting their right to sue Volkswagen[241].

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[241]Hirsch J., Masunaga S. (2015), "Does VW 'goodwill' payment clause prevent owners from suing?", published by Los Angeles Times on the 9th of November 2015. [Accessed on 24th of September 2016 at http://www.latimes.com/business/autos/la-fi-hy-volkswagen-rebate-20151109-story.html]

Fig. 3.13: **VW US Instagram Comments**


Source: https://www.instagram.com/vw/

The page got back to BAU posting on the 5th of January 2016, with a post on an electrical Van concept. The same post was shared on the VW U.S. Facebook page. It received 259 comments, which, albeit negative, were mainly against the concept itself than about the emission scandals, although some of the latter were indeed present.

A part from some isolated comments on the argument, the emissions scandal is not brought up by the page audience in the comments. During January, similarly to what had been done on Facebook, the company posted two videos about safety control of its vehicles, among other BAU postings. The only noticeable difference in the post-crisis behavior of the page is that the posting rhythm decreased to an average of 0.45 posts per days, from January until the end of the analysis, at the beginning of June 2016.

Tab. 3.8 shows the results of an analysis that correlated the average numbers of "likes" received and the type of contents posted. The value is expressed as fractions of the average; for example, general contents, labelled as "Others" received 0.8 times the average number of likes. The most liked categories are, similarly to what happens on the VW US Facebook page, Brand Heritage contents (e.g. VW Beetle, VW Van; VW Golf MK I) and Sports Version of current vehicles (mainly, the Golf R Edition). VW Cars it's a label identifying a type of contents unique to the

Instagram profile. These contents feature VW vehicles from its current line, in front of panorama, driven on streets (or off-road), etc. Interestingly, contents about the Racing team, that are the among the most popular on the Facebook Page, are the least liked on the Instagram page, with only 0.751 times the average number of likes.

Tab. 3.8: **Most liked Contents on VW U.S. Instagram Profile**
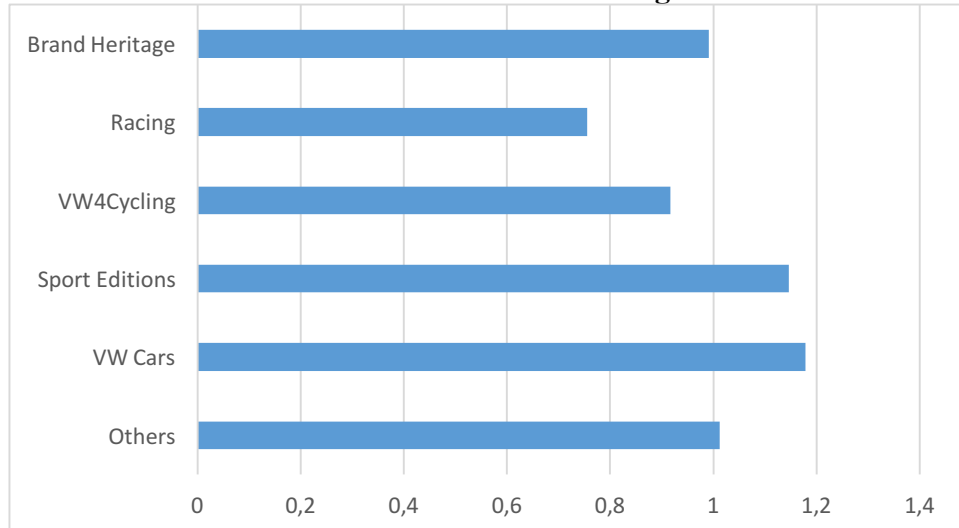
Source: Personal Elaboration[242]

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[242]The analysis was made by categorizing the content posted on the page from the 3rd of July 2015 until the 29th of May 2016 and averaging the likes received. Sample of posts analyzed N=167

3.4.3 Social Media Analysis: Twitter

Volkswagen has several national accounts on Twitter, in this paragraph the ones from US, UK and the Global account will be analyzed in their usual posting behavior. However, due to the structure and scope of Twitter [see paragraph 2.4.3.1], which is based around information sharing, the environmental analysis will be much more important to understand how this social network influenced the users 'opinion. For this reason, the posting behavior of the three Volkswagen accounts will be discussed briefly, while the environmental analysis will be discussed in more detail.

3.4.3.1 Twitter US Account

The Volkswagen US profile has 492 thousand of followers and has posted to date 24,200 tweets. Interestingly, it is also following 4,318 users. Like for the VW US Instagram, among them there are other VW profiles, but the mostly seem to be regular users. Currently Volkswagen US also follows 4 different Lists, curated by Mashable[243]. The four Lists are labelled "Celebrity"; "News"; "Twitter Stars"; "Brands". By conducting an historical analysis, it seems that none of the currently listed "Twitter Stars" were actually an influencer during the crisis outbreak. It is, however, not possible to determine if Volkswagen US were following the lists when the crisis broke out, neither what users were in the lists themselves at the time[244]. Moreover, the "News" lists do not (as of now) comprehend Bloomberg, which as will be discussed has been one of the main influencers during the Volkswagen brand crisis. As per the posting behavior of the profile, it closely mimics the ones that the Brand has on Facebook (Racing, Cycling and Brand Heritage).

The first post about the crisis [Fig. 3.14] is exactly as the one that VW posted on Facebook, just with the citation enclosed in the image (probably to get around the

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[243]Mashable is a digital media website headquartered in New York. It is considered one of the main resources for social-media related news, contents, suggestion etc. *cfr*. McNichol T. (2009). "Mashable - 25 Best Blogs 2009", published by Time Magazine on 13th of February 2009. [Retrieved on 25th of September 2016 at content.time.com/time/specials/packages/article/0,28804,1879276_1879279_1879302,00.html]
[244]Lists are modified often by its curators to keep them up-to-date

140-characters limit). It was re-twitted 622 times and liked 846, both numbers are relevant if compared to the average number of interactions received by the page's content, although, this kind of measure might not be meaningful for Twitter analysis[245].

Fig. 3.14: **VW US Twitter Apologies**

Source: twitter.com/VW

Following this post, other 4 follow, giving information about the launch of the "emissions info" and goodwill package websites. The page will get back to its BAU posting on the 4th of January 2016, again pointing out the IIHS choice of Volkswagen as Top Safety Pick. From that moment onwards the page will re-start its usual posting behavior, maintaining its alignment with Facebook and Instagram.

3.4.3.2 Twitter UK Account

The VW Twitter account has 143 thousand followers and from September 2010, when it joined the platform, it sent 18,400 tweets. Like its US counterpart it also

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[245]As discussed in paragraph 2.4.3, Twitter is mainly seen as a newsfeed from its users, so the number of interactions that occurs with contents are an adequate proxy to understand the importance of the content itself and its resonance.

follows some other accounts (749), mainly from journalists, other brands, car's reviewers, pilots, social media agencies etc. The account subscribes to three Lists, one of "Journalists", curated by fellow VW Group brand, Seat; one of "AutoBrands", curated by a long-since inactive "Autovia Motors" profile and another one labelled "Cars UK" and curated by an UK based Digital Consultancy Agency. Once again the UK account closely follows the posting behavior of its Facebook counterpart; its main posts are hence about the brand's heritage, new products, etc. The first posts about the emission scandals is the same one that was posted on Facebook, pointing out to the official websites for information. What is interesting is that the UK Twitter is missing the Facebook's 21st of October post that apologized to the customers and elicited a strong reaction from the community. The only two posts of the Twitter account speaking directly to the UK customers to try to reassure them are the ones reported in Fig. 3.15. The ones of the 21st of October replace the aforementioned one, while the one of the 26th is identical to the Facebook one posted on the same day. As can be observed in the figure, their reaction in terms of retweet is not comparable to the one of the "apologies" post made on the VW US Twitter Account. The page will return to BAU posting on the 23rd of November.

Fig 3.15: **VW UK Twitter Crisis Posts**
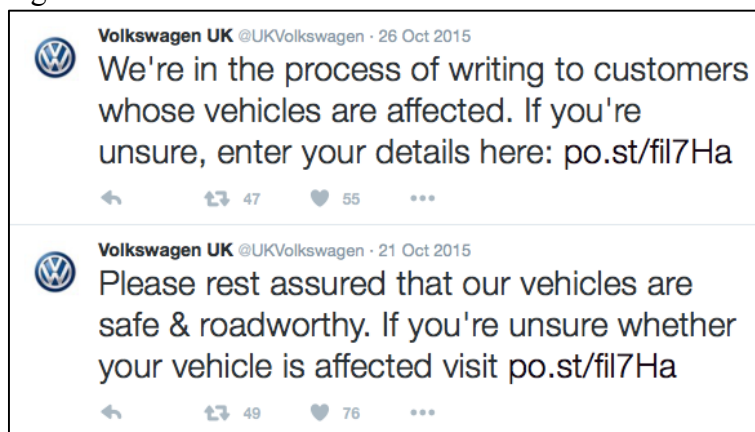
Source: twitter.com/UKVolkswagen

The Global Twitter account is the youngest among the three, having joined Twitter in February 2011. It has also the less number of followers, 79,600. Interestingly, Lists and profiles followed for this account have been hidden. Again, the contents posted are the same across the Global Instagram, Facebook and Twitter. This applies also to the crisis posts, that are presented in the same exact fashion and on the same dates. The post in Fig. 3.16 is the same one that was praised by the community of the Facebook profile. On Twitter, with its 125 "likes", is also the most liked content of the crisis period and one of the overall most liked of the profile.

Fig. 3.16: **VW Global Twitter Brand Love**

Source: https://twitter.com/Volkswagen
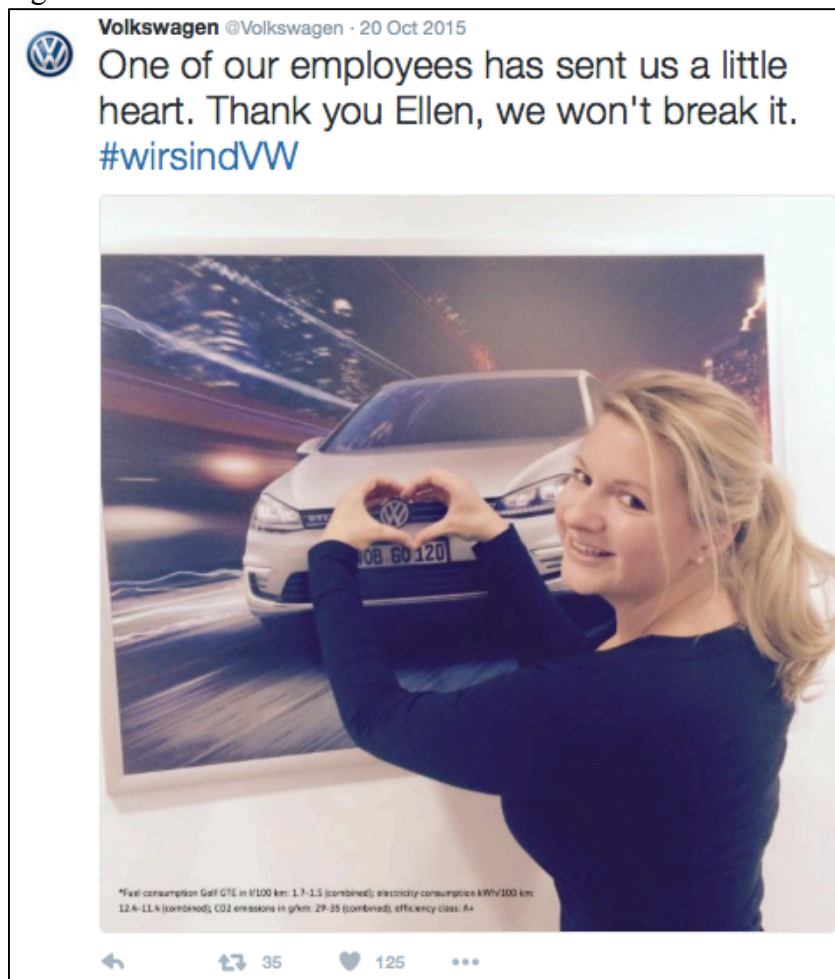
3.4.3.4 Twitter Environmental Analysis

As mentioned in previous paragraphs, Twitter should be especially relevant for the amount of buzz and sharing that it should host around the emission scandals. Since professional-grade services were not available[246], the first thing to consider In order to track this amount of information is what hashtags were the most associated ones with "Volkswagen" during the crisis. These were found to be, in order of relevancy: #dieselgate; #emissions; #scandal; #Volkswagenscandal; #VWGate; #EPA; #Disaster; #pollution; #vwscandal; #recall. To date, #dieselgate is still, the most frequent hashtag associated with Volkswagen on all the existing (historical) tweets. It even comes before the company used #Golf; #WRC, and even the obvious #cars and #autos[247]. The first contents to relate Volkswagen with the aforementioned hashtags can be already found in the morning of Friday 18th of September, shortly after VW received the notification from the EPA. From that moment onwards the situation started to escalate. Before the end of the day, Volkswagen would have been associated with the words "emissions" more than 50,000 times. At this point journalist and news firms were already on the subject and were sharing on Twitter. Some of the earlier articles can be traced back to Mashable, Wired.com, The Verge, the Wall Street Journal. The hashtag #dieselgate, that will accompany the scandal through its Twitter evolution was already born, the first tweet featuring it is reported in Fig. 3.17. As regards the subjects of the tweets, most contains links pointing to information sources; some others address the scandal ironically, creating and diffusing memes on the argument. For example, as early as the 26th of September, a version of "Der Untergang" parody [see paragraph 2.3.3.1] can be found.

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[246]Methodological Note: Companies, advertising and PR agency, as discussed in paragraph 2.3.2.1, can usually resort to complete analytics suit that by communicating with Twitter's API are able to recover, analyze and effectively present, great amount of both real-time and historical data. Such services are, however, not available to the general publics without the payment of relevant fees. Although some free services used to exist, the most significant one were taken over and incorporated in payment services. For this reasons, this paragraph will have to resort mainly to secondary information sources.
[247]Data retrieved by using #GetHashtags on the 25th of September 2016. The service can be accessed for free at gethashtags.com

Fig. 3.17: **First Tweet using #dieselgate**

Source: twitter.com/drewpasmith/status/644948857470722048

An article from Parsons, published on Visibrain, reports how the news started its escalation on Friday, partially lowered its relevance during the weekend and definitely exploded on Monday 21st, when Bloomberg tweeted information about the VW shares price falling. It reached its peak on the 23rd of September, when Winterkorn resigned from its position as CEO. The evolution of the buzz during the first few days can be seen in Tab. 3.9.

Tab. 3.9: **Buzz Around Volkswagen Emission Scandal Escalating**
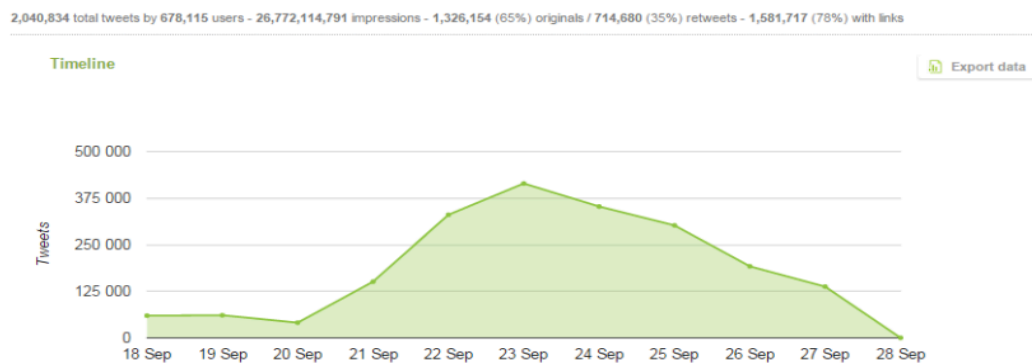
Source: Parsons G. (2015), report for Visibrain[248]

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[248]Parsons G. (2015), "#DieselGate: How the Volkswagen emissions scandal unfurled online", published by Visibrain on 30th of September 2015. [Retrived on 14th of September 2016 at www.visibrain.com/en/blog/volkswagen-dieselgate-crisis-twitter-analysis/]

The following Tab. 3.10 shows the position of the hashtag "#dieselgate" among the most used in Germany on Twitter on the 22nd of September 2015. The data were constantly assessed and chronicled on Twitter by Trendinalia DE several times per hour. The data shows how the arguments stayed among the top referenced for the whole day, with a peek around lunch-time, when it became the most used.

Tab. 3.10: **#dieselgate position among most Used Hashtags of 22nd of September 2015**
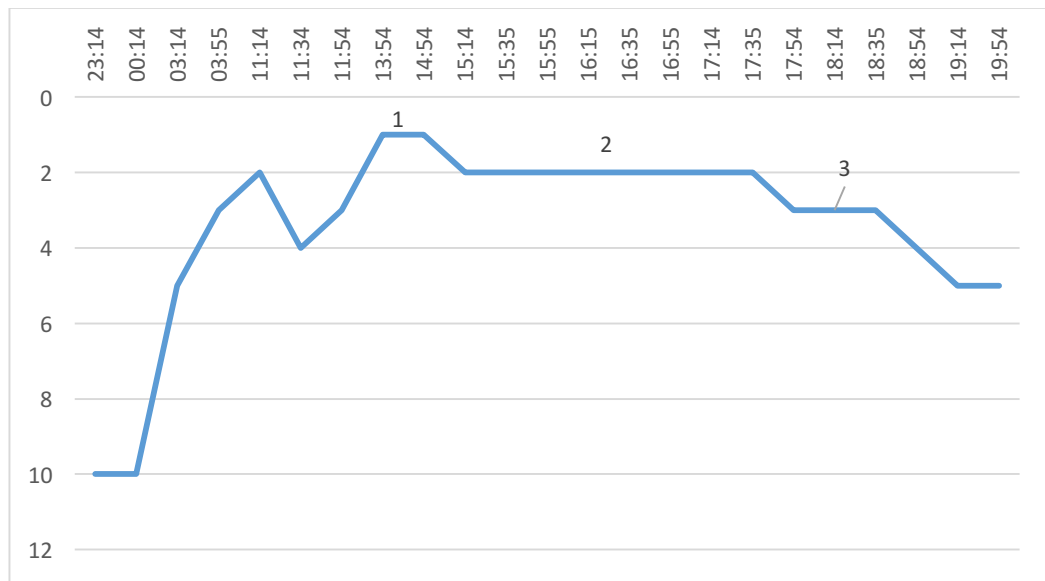

Source: Personal Elaboration[249]

Vanitha Swaminath and Suyun Mah also published a research on Harvard Business Review about the average number of tweets being posted each day during the period from September 29th 2015 until January 25th 2016. The results of the research are portrayed in Tab. 3.11. They unveiled that peaks in the daily number of tweets correspond to new information on the scandal being released to the public. For example, they argue, the peak on the 4th of January can be explained by being the date of the U.S. Justice Departments suing VW for 600,000 vehicles carrying the defeated device.

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[249]Elaboration on data posted on Twitter by Trendinalia DE on the 22nd of September 2015. Time is expressed in CEST.

Tab. 3.11: **Number of Tweets per Day mentioning Volkswagen**

NUMBER OF TWEETS PER DAY
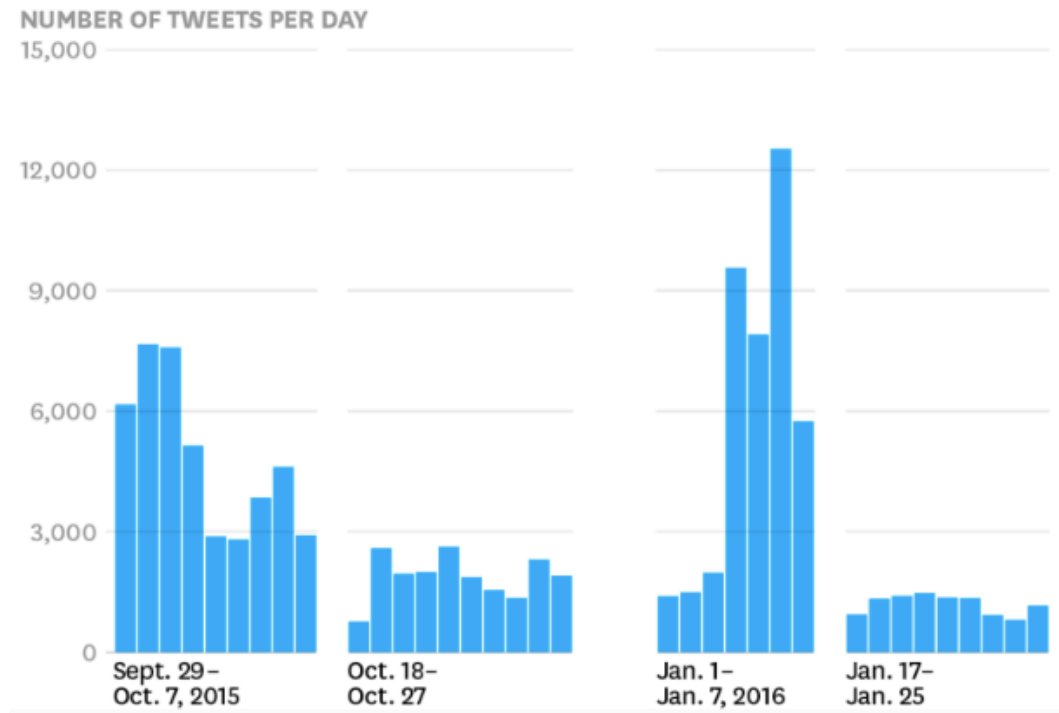
Source: Vanitha Swaminath, Suyun Mah (2016), as published by HBR[250]

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[250]Vanitha Swaminath, Suyun Mah (2016), "What 100,000 Tweets About the Volkswagen Scandal Tell Us About Angry Customers", published by Harvard Business Review on 2nd of September 2016. [Retrieved on 25th of September 2016 at hbr.org/2016/09/what-100000-tweets-about-the-volkswagen-scandal-tell-us-about-angry-customers]

3.5 CASE STUDY DISCUSSION

3.5.1 Testing and Expanding the Honeycomb Framework

The developed case-study considered three different accounts, with different audiences from different countries, specifically, United States of America, United Kingdom and, in case of the Global account, a cross-country user population. The results of the research are in line with the previsions made at the beginning of paragraph 3.4, suggesting that the Honeycomb Framework is a capable tool for understanding and anticipating social media reactions and it is not susceptible to cross-countries differences. It is able to analyze and advise social media strategies based on the structure of the environment, which in this case-study proved to be the main component orienting the behavior of customers in social networks. The research, however, unveiled how building blocks per-se are not enough to integrally understand a social network. By reviewing and discussing the case-study in the following pages, this statement will be cleared and the model will be expanded.

Facebook was assumed to be home to the greatest degree of brand advocacy, being a social network centered around the "Relationship" building block and being the brand [see paragraph 1.4.5.1] defined in literature as a viable partner in a consumer-company relationship. This proved to be true, since all three Facebook accounts showed an ample degree of Advocacy. Tab 3.2 helps to quantify how Brand advocates were more abundant and had more resonance than brand detractors during the first crisis days. On the Facebook US account people started, on their own accord, to attack EPA[251] or engaged in storytelling about their own "love

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[251] It is interesting to note that shortly before the Volkswagen emission scandal, the EPA itself had been at the center of a "brand crisis". During the cleaning of a toxic waste pond near a mine along the Animas river an incident occurred that resulted in the contamination of a major part of the river. As a consequence, EPA experienced lot of critics from U.S. citizens, due to it being extremely restrictive and prone to sue and fine other organizations, while having been so lax itself. It is the author speculation that this event might have incidentally aided Volkswagen. Since the source of accusation had recently lost part of its trust capital, considering the discussion about decision-making process held in paragraph 1.4.3.1, when making a decision about "what to think" about the Volkswagen scandal, the bad reputation and news' relevance of the EPA incident might have lowered the anger of customers. For more information about the incident www.theguardian.com/environment/2015/aug/11/animas-river-spill-epa-anger

stories" or "best friendships" with the brand. A lot of brand advocates diverted the attention on the safety of Volkswagen' vehicles during car-crashes, going as far as posting images or their destroyed vehicles along with statements of them having made it out unharmed. The emotional value of this type of storytelling is self-evident and certainly got the approval of the community, helping Volkswagen to hold its reputation by diverting the focus on personal safety rather than environmental safety. Other users underlined how the mileage obtained with Volkswagen cars was enough to justify this kind of infringement and beyond. Some, even argued that being "40-times more polluting than certified" was still meaningless compared to other vehicles regularly travelling the American streets, something to which the community agreed, regardless of the accuracy of the statement. On the US Account people took control of the brand and re-shaped its meaning in order to save it from the brand crisis effects[252]. On the Global account, instead, the social media managers demonstrated a more pro-active behavior: they "Leveraged the Interconnectedness of the Web 2.0", in the words of Avery and Fournier, since they were the first to actually post contents demonstrating brand love, using images of their employees showing affection towards the brand, hoping to elicit the same reaction from their community. This attempt seems to have been successful, since users started to post images and tell stories about their relationship with Volkswagen, going as far as to show their tattoos featuring the brand name. The analysis made on the UK account about the evolution of the sentiment expressed by the community and presented in Tab. 3.7 shows how despite the crisis outbreak, the degree of positive sentiment expressed by the community did not decrease. This can be traced back to the work of the brand advocates contrasting the brand detractors who, instead, become more abundant. The text-mining results in Fig. 3.6 suggests that what happened is more like a "polarization" of the sentiment, where words and statement of neutral value were substituted by negative

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[252]It is important to remember that in the US, prior to the crisis, Volkswagen was focusing its advertising communication on the supposed clean and environmental friendly characteristics of its diesel engines. After the scandal outbreak, customers were complaining that they were cheated as the paid a premium price exactly to have to this characteristic.

ones, with brand advocates retaining, instead, their relevance. In the next paragraph, while discussing the implications of this case study for practitioners, further considerations on how to trigger brand advocacy will be made. The analysis of Facebook showed that people enter the *Conversation* to engage with an entity, the brand, with which they have a *Relationship*. They defend their *Relationship* with the brand because it is part of their *Identity*, it is a part of their own life-story. This result can be read in the light of the work of Fournier, meaning that by defending the brand, customers were actually defending their own identity.

Instagram was foreseen as the least relevant social network for the crisis outbreak, being low on *Conversation* and with its *Sharing* component focused on daily activities and themes, being just a mean to support *Identity* and *Presence*. This prevision proved to be adherent to the research results. Not only the degree of reaction triggered was lower than that of the other social networks, but firstly and foremost, while in the other ones an "apologies" statement was shared as a mean to "make peace" with the customers, such statement did not exist on either Instagram's Account a choice that did not affect in a relevant way the reactions to the post-crisis contents posted by the brand. When present, the reactions were mostly ironical and, judging by the scarce attention that anti-brand content achieved on this social network environment, do not seem to have triggered anti-brand activism. In fact, despite some contents to mock and blame Volkswagen (such as memes), existed on Instagram, they did not get much attention. It can be speculated that this is a positive clue to the prediction that the mainly Millennials population of Instagram were not much interested in the Volkswagen scandal, since environment is not the first of their concerns. After an initial phase of contestation, that could be interpreted just as a form of participation in a trending topic, the community simply lost interest in the matter, to the point that an apologies post seemed not necessary, to the social media managers. An alternative explanation could be that, users following Volkswagen on Instagram, also follow the brand on other social networks and that they hence read the apology somewhere else. This statement, however, seems incoherent with the different level of engagement demonstrated by Instagram and Facebook's community with the posted content. This, in fact, suggests that the two

accounts have a different audience[253]. Future researches could look deeper in this evidence, by focusing on discovering if and how many of the users following a brand on a social network, follow it also elsewhere. The collected data per-se, however, suggest that, on Instagram users engaged with the brand with less commitment in the crisis period. When they did, it was not as much as to entertain a *Conversation* as for stating their *Presence*, in particular through their participation in a trending topic. Since the act was not essential to either their *Identity* nor their *Reputation*, it was readily abandoned.

Twitter was foreseen as the social network were the reactions to the scandal should have started. This proved to be accurate, since as early as the 18th of September over 50,000 tweets on the emissions were posted and even a dedicated name for the event, "Dieselgate", had been forged. Apart from newspapers, magazines and other news 'firms, thousands of regular users shared information about the issue, in fact, as can be seen in Tab. 3.9, by the 28th of September more than 670,000 users had tweeted at least one time about the Volkswagen Scandal. This seems coherent with what has been said about people engaging in the diffusion of the viral content to show their "usefulness", in an attempt to boost their online reputation. Trying to enlarge one own reputation can surely be seen as a reflex of the narcissistic personality that has been attributed in the first chapter to digital users, in particular to "Natives". However, the research was not able to gather information on the generational cohort of the users that shared the news, and therefore the specific pertinence of this characteristics to Millennials cannot be confirmed with certainty. However, it can be speculated that the more abstract entity definable as "social network's users", specifically Twitter users, could be motivated in their sharing by a narcissistic trait. This could be an explanation of why the volumes of conversation were so high at first and then lowered as time passed to, as noted by Vanitha Swaminath and Suyun Mah, re-growth when high-impact news made it to the headlines. Users were just participating in the topic since it was "trending" rather

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[253]This subject will be further analyzed in the next paragraph

than due to a real interest in the issue. The existence of a real-time chronicle of the level of usage of the hashtag #dieselgate, conducted by Trendinalia DE (which even went as far as researching and crediting the first person to have used the hashtag), further avail the speculation. This suggest that a relevant part of the attention generated on Twitter (and maybe on social networks in general) during brand crisis does not translate in any kind of anti-brand activism on the long term. It is simply a sociological response to a trending event, that has its foundation on participation rather than true interest. As suggested by Spagnoletti et al., in fact, information sharing on Twitter is a one-way act, derived from the free-will of the user to participate. It does not imply reciprocity since it is not an act of collaboration, aimed towards a group of individuals with which the users share relationships or boundaries. In Honeycomb terms, this means that people started *Sharing* to participate in the conversation because it was a way of showing that they were *Present* (in on-line sense) on the topic, that they were participating. They were not collaborating in a *Group* nor forming or maintaining *Relationships*. It is argued, that by "showing that they knew useful things", they were trying to boost their *Reputation*.

By reviewing the Honeycombs proposed for Facebook, Instagram and Twitter in paragraph 2.4, it can now be noticed that although some building blocks are equally relevant among them, the actual implication they carry in the social networks were different. The environment was defined not only by the building blocks, but also by the way in which they interacted among them. On Twitter, for example, people were *Sharing* to participate in the conversation and build their *Reputation* through their on-line *Presence*. On Facebook, people participated in the *Conversation* because they were defending a *Relationship* that was meaningful for their *Identity*. On Instagram users participated to the *Conversation* just to state their *Presence*, it was not essential to their *Identity* or *Reputation* and hence were readily abandoned.

It is hence proposed to extend the model by dividing its use in two different moments: first it will be used, as per usual practice, to describe the environment by its structure, then the building blocks will be related among them to understand how

they relate to each-other. For this second scope, the building blocks can be divided in "ends" blocks and "means" blocks. The "ends" blocks will be the ones determining *why*, i.e. for what purpose, users are on a specific social network; while "mean" blocks will describe *how* they want to accomplish that. For example, the second-stage Honeycomb for Twitter would list the *Presence* and *Sharing* block as "means" and the *Reputation* block as "end". This simple additional step could offer a more precise description of the social network being analyzed.

This dissertation started by pondering if the continuously evolving digital environment and specifically, the social networks, would be navigable through the use of a fixed, albeit flexible, theoretic framework. The Honeycomb Framework, if extended properly, proved to be a valuable tool. This research, in fact, offers evidence of the capability of the model in effectively advising strategical approaches to social network management, even during the brand crisis "storm".

3.5.2 Implications for Managers and Practitioners

Apart from testing and advancing the Honeycomb Model, the Volkswagen Case Study unveiled some useful insights, that could aid practitioners both during brand crisis and during day-to-day management of the social networks.

The first and most important implication of the case study seems to be that social media listening is an extremely powerful tool. It is not possible to know if the US Volkswagen Social Media managers actually acted as they did due to listening to their customers during the crisis but certainly, their choice of re-focusing the social media communication strategy on safety proved to be a good one. This choice, as seen, is the same that brand advocates made in order to defend Volkswagen. By listening to them Volkswagen would have acquired (and maybe did acquire) a useful insight on what to do next, with a guarantee of its effectiveness. The ample appreciation that contents about the Gold R Edition and Golf Tiguan received, compared to the low affection demonstrated towards some "futuristic" concepts, could also offer some clues about the preferences of the Volkswagen customers. The implication for social media managers outside of Volkswagen should be that engaging and actively listening to users on social media should not be viewed just

as a public relation activity. It plays, instead, several roles, that stretch from marketing research to strategic planning.

Another precious insight that brand managers can acquire about their social media community is that contents regarding the brand heritage are generally loved. Volkswagen fans, indeed, demonstrated to love their brand's heritage across all accounts and social network. Posts containing either the original Beetle or Van always guaranteed, on both Facebook and Instagram, the attention and appreciation of the community. This should suggest that after and during a brand crisis, leveraging on brand heritage, story and rituals are a good way of re-engaging customers. In case of the UK Facebook account, a content featuring the Van itself was able to turn the tide of the ongoing sentiment of the community (see Tab. 3.7), which, after the early intervention of the brand advocates was not improving due to their reduced presence. This unveils another, more controversial, observation: on all three Facebook accounts and also on Instagram (albeit with its lesser degree of overall interaction), brand advocates were especially committed at the beginning of the crisis, but less so later on. This research does not give evidence on why this happened. It could be speculated that brand advocacy follows the same flow of the general interest for the topic and consequentially decrease over time. It could be added that the digital customers, being easy to bore, stay "on topic" for less time and hence demonstrate diminishing commitment over the crisis period. Instead, negative emotions being more powerful[254], brand detractors stay active for more time. This, however, does not seem coherent with the existing literature, that provides evidences on the long-term commitment that customers have towards the brand they love.

Another implication for practitioners is that in case of brand crisis apologizing is a must and should be done earlier on. On every Facebook account the "apologies" post gathered large approval from the community and triggered reactions from

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[254]This is amply recognized in psychological studies and is known as Negativity Bias, for example, *cfr*. Baumeister R. F., Finkenauer C., Vohs K. D. (2001), "Bad is stronger than good", *Review of General Psychology*, vol. 5, no. 4, pp. 323–370.

advocates and brand fan. The Volkswagen UK brand is a good example on the matter. The first contents that the social media managers decided to post were aiming at providing information and did not elicit much attention from the community. The "apologies" posts of the 21st of October, however, registered a significant level of engagement, with several times above average likes and comments, with many of the latter being from brand advocates. Even on Twitter the post received relevant attention. Among the three accounts the one that arguably fared better during the crisis is the Global one. Its first post about the crisis was the "apologies" video of Winterkorn; it was followed shortly after by a fully articulated post that further asked for forgiveness and provided relevant information. It was the first account to apologize and arguably, the one that did it more effectively. This further confirms the correctness of the Coombs recommendation by which apologizing is the first thing to do in case of brand crisis.

Also, immediately after the crisis, the Global account made the smart move of "inviting the customers to play the brand game", in the word of Avery and Fournier, asking them to show that they loved the brand and why they did so. This choice had an ample resonance in the community, even more by considering that a portion of the people answering were from countries with a "native" VW Facebook account. They had to purposely switch region in order to access the Global account. Arguably, this gave to the social media managers the courage to go back to their BAU posting earlier on. The Global account, in fact, restarted to post regular contents as soon as the 23rd of October, just a month after the event, while the US Global account waited until January 2016. It must be noted, however, that the scandal broke out in the U.S. meaning that the situation was tenser. The choice to wait, in this country, might have been the right one. This finding confirms the rightfulness of Coombs 'recommendation on eliciting the good that has been done by the brand. It also builds the concept further, suggesting that doing so through an earned media, specifically by asking directly the community for Customer Generated Content, can be even more effective. In fact, as discussed in paragraph 1.4.3.1, Customer Generated Contents have a stronger degree of influence on consumer's perceptions and decisions.

As per Instagram, the results of the research suggest that in case of brand crisis, simply temporary suspending the interactions on this social network can be a feasible strategy. Both Volkswagen Global and US acted in this way and it did not alter significantly their relationship with their Instagram community. This, as argued in the previous paragraph, might be due to Instagram having a different user base compared to the other social networks. This should raise the concern in practitioners to understand their different audiences on different social networks and act accordingly. The Honeycomb Framework is actually a tool developed exactly in this direction: by underlining the differences among social networks, it suggests that contents that are adequate for a social media might not be so for another. Analyzing the Volkswagen posting behavior on social networks it seems that this issue has not been effectively addressed. Apart from a little customization happening on Twitter to meet the 140 characters' maximum limitation, neither of the three accounts seems to plan and execute a different strategy for different social media. The brand, in fact, simply repeats the same contents all over the three different social networks. Tab. 3.10 should give evidence to advise against this strategy. The Racing Team contents, for example, were among the most liked on the US Facebook profile, whereas on the country's Instagram, they shared last place with the "Volkswagen for Cycling" contents. This evidence suggests that the brand has a different kind of audience in the two social networks, an information that should be capitalized upon. By using both social networks the company is effectively reaching a different community. This means that by being present on both, the company is not only forming a relationship with another portion of its customers, but is also gaining information on a different audience. It could be assumed, due to the population distribution of Instagram, that Volkswagen is effectively reaching Millennials, while, from the data presented in Tab. 3.1, on Facebook the brand is addressing mainly Gen Xers. This assumption, however, should be treated carefully. On Facebook it was possible to determine with certainty the generational cohort of only a small fraction of the community. On Instagram this was altogether impossible. Of course, by manually reviewing the users' profiles, their generational cohort could be guessed. However, this is both imprecise and unpractical. The obstacle is a direct consequence of privacy settings on

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Facebook and, even more troublesome, of the social network structure itself on Instagram. Should the company be able to profile their social network audience, it could effectively gain more relevant, profiled, information on their audiences. For example, it could frame the community reactions, interaction and suggestion considering their age, residence, possible income, etc. Big Data Analytics can, of course, be the right solution to correlate data coming from different sources and use them to profile social networks audience. However, this could also be done through the use of simpler and perhaps more holistic solutions. For example, a growing number of mobile applications can be accessed through social media profile. Upon access, the app asks the users for authorization to access personal information, which can consequently be stored and analyzed by the company. Designing apps in this way can hence cater for different scopes: boosting the quality of the resulting product; by providing a simple and mobile-friendly access for users and gathering information for the company to profile its social networks audience.

As per Twitter, the great amount of buzz and sharing generated around news suggests that the company should always monitor this ever-evolving social network. Lists can certainly be a useful tool for the scope, providing a one-place access to information being shared by relevant influencers. Users can be added to Lists either directly by the company or by the lists' curator. The VW Twitter UK account seems to resort to Lists actively, whereas the US account seems to follow both other users and lists without a specific strategy. Lastly, the Global account completely hide the information. It is actually possible, for all three accounts, to be following private lists, so their Twitter listening strategy cannot be fully evaluated. A retrospective analysis on what profiles they were following during the crisis outbreak is similarly not possible. Various analytical tools are available for companies to monitor the ongoing Twitter sentiment and conversations; first among them, the Twitter search engine itself. By following the conversation and hashtags evolution, for example, Volkswagen could have discovered that Bloomberg was one of the main Twitter influencers during the first crisis period, having posted several times upon the argument and basically unleashing the majority of the reactions by reporting the fall of Volkswagen shares. However, the research does not offer insight on how this kind of knowledge could have been used. In the

previous paragraph it has been argued that most part of the attention around news is a reflection of participation rather than interest. Although this might be correct, it would still mean that, for a period of time, negative sentiment is being shared on an earned media. Which means that in the short term a negative effect on the brand perception could still exists.

In paragraph 3.3.3 the reported Volkswagen's brand evaluation by Brand Finance assessed that it lost 23 positions from 2015 to 2016[255]. This should mean that even if Volkswagen was arguably able to completely hold its reputation among its social networks brand community, the same could not be considered true for the general public's opinion. At the moment, however, not enough data are available to quantify the long term impact of the scandal on Volkswagen brand's reputation outside of the social networks. There, as argued in this research, brand advocates have been able to counter-balance the crisis, greatly reducing the impact of the event. Actually, Volkswagen reports that its vehicles sales volume in North America decreased only by 1.3% in the first eight months of 2016, whereas in Europe, they instead growth by 3.1%. Worldwide sales also grew by 1.8%[256].

3.5.3 Limitations

This research is subject to some limitations. First of all, due to time limits, the choice was to focus on the Volkswagen brand, even if also vehicles sold under the Audi and Porsche brand carried the defeat device. A brief overview of these brands' social pages suggested that in the analysis period they experienced a smaller degree of contestations. A deeper analysis, however, could have been more revealing. As per Volkswagen, the research had to focus on only three social networks, albeit the main ones. Analyzing other social networks and social media, for example, LinkedIn, YouTube or Reddit would have created a more complete picture of the reactions to the crisis in the digital environment. The same is true for the selected

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[255] It must be noted that the research was published on the 1st of January 2016, suggesting that its evaluation might be influenced, both negatively or positively, by the proximity to the crisis outbreak.
[256] www.volkswagenag.com/content/vwcorp/info_center/en/news/2016/09/VW_AaK_Konzern.html

nations; only three of the Volkswagen social networks national accounts could be analyzed, whereas several do exist. The research selected the three considered to be the most relevant (see paragraph 3.4) but was also influenced by language barriers. For example, an analysis of the German accounts would have probably been interesting. Albeit it was considered relevant, the reactions could not be profiled by generational cohort. This kind of analysis was impossible with the available tools. The limits of the research could in fact be addressed by using more powerful, ideally custom-made, big data analytics tool, that could offer a time and cost efficient way of analyzing sentiments and interactions across many different social networks and countries.

3.5.4 Futures Researches

This case-study opens several questions, that future researches could answer. Brand Advocacy was found to be mainly present at the beginning of the crisis and less so as time passed. This evidence seems to be against the current opinions of the literature. Future researches can try to deep-dive in the brand advocacy phenomenon during brand crisis in relation to time. Another difficulty encountered during this research is that it was not possible to either observe or suggest an effective strategy to control and counter-balance the news diffusion on Twitter. However, as argued, the real impact of this social network on brand reputation has not emerged clearly. Future research could focus on these two issues.

CONCLUSIONS

The Digital Environment, as extensively discussed in this thesis, is both a great threat and a great opportunity for companies. In the first chapter, the full implications of making business in this dynamic environment were considered. In particular, the first and most important force, the digital customers, were discussed. In order to do so, academic literature from managerial, sociological, psychological and educational sciences were consulted. The conclusion, has been that to correctly address them, a specific digital oriented marketing process is needed. The center of this process is the brand. The brand is the means by which companies can build lasting relationships with their customers, which are essential to survive the digital disruption. By analyzing existing literature on brand management, social media were found to be the tool of choice to engage with customers in the digital environment. This task was found, however, to present its own risks, since by actively engaging with its customers on the social media the company is making its brand "open-source".

Following this finding, the second chapter, drawing on existing literature led to a working definition of social media. The most relevant contribution was deemed the one from Kietzmann et al. By consulting, collecting and evaluating the work of famous authors of the blogosphere, they developed the Honeycomb Framework. This tool is aimed at guiding and advising executives on the strategical approach to social networks. As such, it is the perfect tool to satisfy the need expressed at the beginning: finding a strategic model to address social networks. Although a precious contribution, this model was created in 2011. It is still valid but, 5 years are a very long time in the digital environment, so this tool had to be reviewed, discussed and then tested. The second chapter was used to carry out the first two tasks. Each of the seven building blocks of the model were analyzed and updated where necessary. Lastly, the Honeycomb was used to discuss the structure of two of the main social networks that Kietzmann et al. did not analyze back in 2011: Instagram and Twitter.

The third and final chapter was used to test the Honeycomb Model on the field. Due to it being extremely recent and relevant, the Volkswagen emissions scandal, a.k.a.

the Dieselgate, was chosen as the testing ground. The Honeycomb model, together with the notions on the digital customers and the digital environment was used to predict what was likely to happen on Facebook, Twitter and Instagram. By looking at their structure and user population, it was speculated that each one would hold a specific role during the crisis. In particular, Facebook was deemed to be the home to brand advocates, due to it being the best place for users to build relationships with the brand. Twitter, centered on conversations, was deemed to be the source of news, the one that had to be the first to discuss and spread the scandal. Lastly, Instagram, was deemed to be the least relevant during a brand crisis, due to its focus being elsewhere from both conversations and relationships. A deep research made through analytics tools, secondary sources and manual review of comments and interactions was performed. The number, contents and sentiment of the interaction were all analyzed both previously, during and after the crisis period, for a period of time ranging from 5 months to one year. What is more, to eliminate the potential effect of national cultures on the reactions, Volkswagen USA, UK and Global accounts were considered. The research proved that the speculations previously made by using the Honeycomb model were correct. However, the Honeycomb, albeit well performing, was deemed to benefit from an extension. It has been proposed, in the last part of the third chapter to use the model in two stages. In the first stage, the regular structural analysis for which the model was born is performed. After the main building blocks have been found, the second stage takes place. In this phase, the relations and flow between the blocks is evaluated. Some blocks are labelled as "means" while others are labelled as "ends". In this way, the concepts of *why* and *how* consumers use social networks can be explained. Twitter, for example, becomes the social network where the "end", i.e. Reputation, is met through the "means" of Presence (on-line) and Conversations. On Facebook, the "end" is building and maintaining an Identity; the "means" to accomplish that are "Relationships", "Groups" and "Conversations". It is argued that people engaged in brand advocacy on Facebook precisely for the central role of Identity. They were part of a community, the Volkswagen brand community, since by purchasing and using the brand, it became a constituent of their Identity, a part of their own stories. When the brand was being attacked, by advocating for it, customers where

participating in their group and defending one of their relationship, the one with Volkswagen. By doing so, they were ultimately defending their own Identity.

Apart from testing and refining the Honeycomb model, the Volkswagen case study has been useful also to unveil some insights that can help executives to manage brand crisis on the social media and, arguably, even in their communication and marketing strategy. Two of the recommendations made by Coombs in its SCCT (Situational Crisis Communication Theory) were confirmed. One, is that apologizing is appreciated and should be done extensively and at the very early stage of the crisis. The other is that eliciting, in the customer's mind, the good that has been done by the company is the way to build-back a relationship. What is more, it was found that directly asking the brand community to do so, by showing their love for the brand, is even more effective. Customers were found to have deep commitment toward the brand, they were willing to participate and defend Volkswagen. They even employed some effective strategies at doing so, for example, they re-focused the attention on the safety of Volkswagen cars during car-crash; they diminished the worth of the accusing entity, the EPA, and minimized the real-world meaning of the issue. By letting them help, Volkswagen was able to fully exploit the power of the social networks as an earned media. What is more, listening to them gave out some suggestions and insights on what the company could do to reposition its brand. For example, the first after-crisis post of the Facebook and Twitter US accounts, reported that Volkswagen had been chosen as "2016 Top Safety Pick" by IIHS. The post obtained much appreciation. Incidentally, focusing on safety, was the same things that brand advocates did in the US. In the UK account, the overall sentiment of the community was struggling to get back to normal. Then, a post focusing on the brand heritage practically nullified the negative sentiment. Incidentally, brand heritage contents were measured as being the most appreciated in pre-crisis periods. It is not possible to know if the Volkswagen social media managers were inspired by their community or not. However, they certainly could have been. The broad implication coming from this finding is that social media management and listening are not just a public relation or communication issue: they are a strategic tool.

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