

# Reputation 2.0: The role of social media in corporate reputation - Case Nokia

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Reputation 2.0: The role of social media in corporate reputation – Case Nokia

**Objectives** - The objective of this study was to examine the role of social media in corporate reputation. In more detail, the study focused on the question if the participation of companies in social media affects their reputation. Nokia served as the case company to examine this objective. The study was divided into three research problem areas: (1) the study aimed at finding out what potential social media users were influenced by the reputational activities of companies in social media, and who participated in Nokia's social media activities; (2) the study examined if social media users were potentially aware of the participation and reputational activities of companies in social media in general, and of Nokia's social media participation in particular; and (3) the study observed if the participation of companies in social media positively or negatively influenced their corporate reputation in general and Nokia's in particular.

**Methodology** - The study used a single-case approach, consisting of qualitative interviews with four communication consultants, as well as a quantitative consumer survey among 284 social media users. Nokia was chosen as the case company, as it is a well-known and reputable brand, which is actively incorporating digital and social media marketing throughout its viral campaigns.

**Findings** - The present study could not give a definite answer to the question if social media plays a role in corporate reputation. For instance, it seemed that neither the respondents' awareness of Nokia's presence in social media nor their participation in Nokia's social media activities had a key impact on the evaluation of Nokia's reputation. However, the few respondents that evaluated Nokia's social media participation more positively or negatively also rated the company's reputation correspondingly. Therefore, a relation between companies' social media participation and its impact on their corporate reputation could neither be excluded nor denied. For this reason, it seems advisable to test the findings further to achieve more concrete answers based on a larger and more diverse research sample.

**Research limitations** - To date, studies on social media are scarce, and the concept of corporate reputation elusive. Research models linking the two phenomena did not exist, enforcing the utilization of a case study whose results only deliver suggestive considerations.

**Practical implications**- Communication practitioners should consider a combination of communication media to send corporate information to consumers. When using social media, a positive image can only be achieved when social media are not seen as a mere marketing channel, but a communication tool to start a dialogue with online stakeholders. In addition, the local and global level of social media services play a crucial role in reaching a target audience and, thus, have to be considered carefully, depending on the needs of the company in question.

**Keywords** - social media, Web 2.0, corporate reputation, corporate image, Nokia, international business communication

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## 1. INTRODUCTION

*“We’re still in the process of picking ourselves up off the floor after witnessing firsthand the fact that a 16-year-old YouTuber can deliver us 3 times the traffic in a couple of days that some excellent traditional media coverage has over 5 months.”*

**Michael Fox, founder of Shoes of Prey**

As Michael Fox, founder of the custom-made shoe design company *Shoes of Prey*, argues, companies are still struggling to identify how social media affect their businesses (Booth & Matic, 2010). Social media allow users to become the key contributors on the Web (short form for World Wide Web); they provide information, exchange experiences, and, thus, influence their peers in making buying decisions (Jones, Temperley & Lima, 2009; O’Connor & Galvin, 2001; Bunting & Lipski, 2000; Firestein, 2006; Booth & Matic, 2010). As a result, the traditional way of corporate communication has changed (Bard, 2010), leading to the notion that the reputation of companies is no longer defined by their actions and accomplishments, but by how consumers perceive, share and comment on companies in social media.

As a consequence of the above-mentioned changes, social media has turned into a buzzword in the corporate world. On the one hand, corporate communication practitioners embrace the concept as a cost-efficient solution to seek direct communication with consumers and interact with various stakeholder groups, and, thus, influence the reputation of companies in a positive way (Li & Bernoff, 2008; Pfeiffer & Zinnbauer, 2010; Constantinides & Fountain, 2008; Evans, 2008; Jones, Temperley & Lima, 2009; Tuten, 2008). On the other hand, it is argued that the contemporary distribution of information in the Web entails reputation risks and risk dynamics that are outside the control and management of companies (Aula, 2010; Scott, 2009; Coombs, 2007, Rice, 2010; Tuten, 2008). For instance, Dell had to experience the effect of negative viral conversations in 2005, when a consumer complained publicly about

Dell's services in his blog, which led to a reputation crisis of the company (Espen, 2007; Geoliv, 2007).

This increasing interest in social media has created a need to examine social media in more detail and shed light on the debate of its business and reputation impact. However, despite the expanding use of social media, the academic world has not yet embraced the phenomenon (Constantinides & Fountain, 2008; Hearn, Foth & Gray, 2009). As Constantinides and Fountain (2008, p. 232) affirm, "there is still no generally accepted definition of the term [Web 2.0] and no systematic research on its importance and its effect on marketing practices". The few studies done on social media concentrate predominantly on Web 2.0 as a technology advancement created by the user (Constantinides & Fountain, 2008; Mazurek, 2009; Christopher, 2007), or on the benefit of social media as an advanced marketing tool (McKinsey 2009; Hearn et al., 2009), providing mostly theoretical propositions. One reason for the lack of research might be that social media is a relatively new phenomenon (Evans, 2008). Therefore, Constantinides and Fountain (2008) urge researchers to undertake further studies to (1) identify and classify the different tools of social media, and (2) examine the effect of social media on consumers' perceptions, needs and behavior. Due to these reasons, three propositions derive that legitimize the purpose of this study. These three rationales form the focal point in the present study.

First, this study aims at examining the two gaps identified by Constantinides and Fountain (2008). Accordingly, *Reputation 2.0* is the keyword of this study, combining the subjects of Web 2.0, the technical platform for all social media applications, and corporate *reputation*. The aim is to increase knowledge of the effect of social media on corporate reputation.

Second, to date, studies on social media emerge predominantly from the fields of business technology, marketing, advertising, and strategic management (McKinsey 2009; Hearn et al., 2009, Evans, 2008; Constantinides & Fountain, 2008; Mazurek, 2009; Christopher, 2007; Weber, 2008; Tuten, 2008). However, research of the business communication discipline has left the topic of social media yet untouched. Thus, this study focuses on social media from a business communication perspective, examining it



as a potential communication “channel” that might affect the image and reputation of companies.

Third, studies in social media seemed to ignore the consumer perspective of the phenomenon, focusing predominantly on the benefit of social media as a marketing tool for companies (McKinsey 2009; Hearn et al., 2009). However, in order to examine the effect of social media on consumers’ perceptions, as suggested by Constantinides and Fountain (2008), consumers active in social media have to be analyzed. This consumer-perspective is taken in the present study.

### **1.1. Objective and research questions of the study**

The overall objective of this study is to examine if the participation of companies in social media generally affect their corporate reputation, using Nokia as the case company. According to international reputation rankings, including BrandZ, the Global Reputation Pulse Report, and Fortune’s Most Admired Companies, Nokia seems to be a well-known and reputable brand among consumers worldwide, usually scoring comparably high in the ratings. Furthermore, Nokia very actively incorporates social media in a large number of company activities, thus, gradually incorporating social media into its marketing and communication strategy (Erkkola, 2010). Finally, the global business activities of Nokia add an international aspect to this study. Therefore, Nokia presents a good case company to complement the investigation of this study.

The objective of the study comprises three different aspects that have to be taken into consideration, when examining if the participation of companies in social media might affect their corporate reputation. First, it has to be identified what potential consumer groups participate in social media. It is obvious that those are the people primarily influenced by the social media activities of companies and those that form the reputation of such companies in social media; however they might only cover a small percentage of consumers, which will limit the findings of this study. Second, it has to be determined if social media users are generally aware of the social media activities of companies. If this would be the case, it would indicate that social media users might be influenced by the social media activities of companies in social media. Third, it is

essential to know if the participation of companies in social media positively or negatively influences their corporate reputation from the perspective of social media users. The answer to this question would give the strongest indication to the main objective - if the participation of companies in social media affects their corporate reputation.

On the basis of these three considerations, three research questions have been formulated. Due to the general research approach of this study and the simultaneous deployment of the case company, this study arranges general research questions and Nokia-specific questions into three research problem areas to meet the research objective. Thereby, a-questions address the general core of the research issue while b-questions specifically express questions that relate to Nokia. The three research problem areas are as follows:

*1a. What potential social media users would be influenced by the reputational activities of companies in social media?*

*1b. Who participates in Nokia's social media activities?*

*2a. Are social media users potentially aware of the participation and reputational activities of companies in social media?*

*2b. Are social media users aware of Nokia's reputational social media activities?*

*3a. Does the participation of companies in social media positively or negatively influence their corporate reputation?*

*3b. Does Nokia's social media presence have a reputational effect on its social media participants?*

Due to the limited scope of the study, the concept of reputation cannot be observed from a variety of perspectives. Therefore, in this study, *reputation* will be only referred to as the “stakeholder’s overall evaluation of a company over time ... based on the stakeholder’s direct experiences [...and...] any other form of communication” (Gotsi & Wilson, 2001, p. 29). In addition, the term *consumer*, one of the primary stakeholder groups of companies, in this study refers entirely to consumers active in social media, in other words social media users, as it is assumed that social media do not have any impact on non-social media users.

## 1.2. Nokia and its social media approach

This section outlines Nokia's social media approach based on information collected through investigations in the Internet and two interviews with Nokia employees. The interviews were conducted with a Digital Marketing Manager and a Social Computing Strategist of Nokia in order to gather information about the external social media services Nokia employs and the company's use of social media as internal collaboration tools among employees.

Nokia is the world's leading manufacturer of mobile devices with an estimated share of 38% of the global device market in 2009. Having sold about 432 million devices in 2009, the company's reported net sales amounted to 41 billion Euros. Furthermore, the company owns NAVTEQ, the leader in comprehensive digital mapping and navigation solutions, and holds a joint venture with Siemens (Nokia Siemens Networks), which provides equipment, services and solutions for communications networks worldwide (Nokia, 2010).

Taking a brief look at the company's overall reputation evaluation, Nokia regularly ranks among the top 50 global companies in annual corporate reputation rankings, such as BrandZ, the Global Reputation Pulse, and Fortune's Most Admired Companies (BrandZ, 2010; Global Reputation Pulse Report, 2009; Fortune, 2010). Table 1 provides an overview of the various reputation rankings.

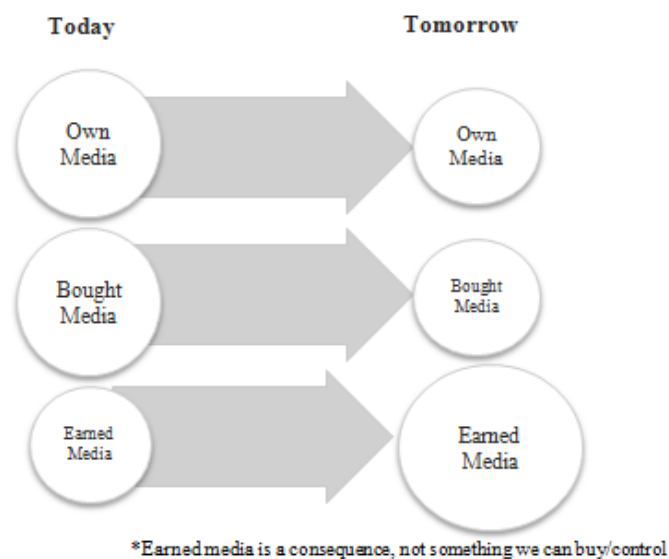
**Table 1. Nokia's corporate reputation rankings**

<b>BrandZ</b>	<b>Global Reputation Pulse Report</b>	<b>Fortune's most admired companies</b>
3 <sup>rd</sup> Apple	6 <sup>th</sup> Apple	1 <sup>st</sup> Apple
14 <sup>th</sup> BlackBerry	7 <sup>th</sup> Nokia	41 <sup>st</sup> Nokia
43 <sup>th</sup> Nokia		42 <sup>nd</sup> Samsung Electronics

As Table 1 depicts, in comparison to its competitors, the company usually ranks behind rivals, such as Apple and BlackBerry, but before other competitors, like Samsung,

SonyEricsson, or Motorola (BrandZ, 2010; Global Reputation Pulse Report, 2009; Fortune, 2010). Whether Nokia’s social media activities have any effect on these results is impossible to evaluate. However, the competition among mobile device manufacturers is severe, and companies in general have to increase activities to strengthen their corporate reputation and to remain sustainable in the future (Van Riel & Fombrun, 2008).

In order to ensure this future sustainability, Nokia embraces novel approaches towards marketing and communication, including social media marketing. Thus, the company launched its first online forums in the early 2000s and the first external blog in 2005. Figure 1 presents Nokia’s social media strategy, showing a simultaneous reduction of expenses in traditional marketing and communication media and an increase of expenses in social media. The amount of expenses is expressed by the size of the circles.



**Figure 1. Nokia’s social media strategy (adapted from Erkkola, 2010)**

As can be seen in Figure 1, Nokia’s social media strategy intends to gradually reduce the expenses spent on the company’s own media (e.g. its websites) and bought media (e.g. advertisements) and invest in earned media, which Nokia defines as “something, which can neither be bought nor controlled”. In the marketing context, earned media is often defined as publicity, which can derive from public relations (Henderson, 2006).

According to Blackshaw (2009) and Cass (2009), social media in particular have fostered the dispersion of earned media, evolving from conversations held in social media by various people, and including buzz, word-of-mouth, as well as brand and corporate reputation.

In fact, Nokia realizes that social media may potentially enhance the reputation of the company, as the presence and participation in social media signals proactive thinking to the consumer. Nokia expects especially younger generations to feel attracted to a company that embraces innovation, authenticity, participation, and transparency in such a way. In addition, Nokia aspires to become more attractive to future employees. However, as Nokia's Social Computing Strategist underlines, a sound reputation is merely a positive side effect, while Nokia's main attention is paid to the market and to promoting Nokia brands in form of online marketing and viral campaigns.

Nokia's social media strategy is accomplished through the participation in multiple and diverse social media tools and services. The range of tools and services Nokia uses specifically targets different stakeholder groups and satisfies their needs and demands: some social media tools inform people, some try to attract future employees, and others aim at pleasing the geeks and technology enthusiasts. The variety of target groups is visible within the different social media services employed, as they are selected according to two factors: first, consumer behavior and usage and second, objectives and targets set by Nokia. Below, the main social media tools and services used by Nokia are introduced:

- **Blogs** – Nokia maintains several blogs with emphasis on different topics and subjects (e.g. an official Nokia blog [nokia.conversations.com](http://nokia.conversations.com), the Ovi Blog promoting Nokia applications, or the Nokia Nseries Blog promoting devices)
- **Forums** – Nokia keeps several support forums where users can share advice and tips (e.g. [discussions.europe.nokia.com](http://discussions.europe.nokia.com)) or develop and distribute own applications ([forum.nokia.com](http://forum.nokia.com))
- **Social Networks** – Nokia opened groups and fan pages in various social media networks, such as Facebook and LinkedIn. Consumers can find the most suitable group to obtain information about the company (e.g. Facebook and LinkedIn)

group of the Nokia company, Nokia Italy, UK, or France) and its products (e.g. Facebook groups about the Nokia 5800 Xpress Music, or Nokia E71), receive alerts about job openings (e.g. Facebook group Future Talent @ Nokia), get into contact with the company, and exchange information with other group members.

- **Microblogs** – Nokia supports a number of branded Twitter accounts, for instance, about the company, specific products (e.g. Nseries), Ovi, Nokia Conversations, Forum Nokia, and Nokia Beta Labs, as well as a range of local Twitter accounts.
- **Photo and video sharing** – Nokia has its own channel on YouTube ([www.youtube.com/Nokia](http://www.youtube.com/Nokia)), showing commercials and other promotion material, and publishes, for instance, product pictures on Flickr.
- **White Label Network** – Ovi, the brand for Nokia's Internet services, enables users to download Nokia services, and share photos, videos and other files through third parties, such as Flickr, for instance.
- **Collaborative tools** – via the Nokia Beta Labs users can try software and applications and give feedback or start discussions.
- **Internal social media** – Nokia implemented a number of internal blogs and blog-hubs, wikis, micro-messaging tools, video hubs, and discussion forums to improve collaboration between different departments and across different subsidiaries, collect ideas, and distribute information. Moreover, those internal social media tools shall flatten the organizational hierarchy, motivate employees, provide a tool to express opinions, and altogether foster the affiliation and loyalty of employees towards the organization.

In order to drive traffic to its social media services, Nokia's external and internal social media services are advertised and promoted. For instance, Nokia creates a number of campaigns, posters, videos, and other communication activities to increase the awareness of its social media presence and participation. In addition, Nokia engages its social media stakeholders in various activities. For instance, Nokia has asked its Facebook participants to upload pictures taken with their Nokia phones on their personal profiles, and it has invited them to discuss their favorite Nokia mobile phone.

All social media services are integrated into Nokia's marketing and communication strategy. Employees throughout the organization collaborate to manage Nokia's social media activities in order to ensure a comprehensive implementation of the strategy. For instance, besides agreeing on the services and messages of social media activities, the effect of these activities is measured. Measures applied comprehend, for instance, page hits (the number of visitors on the page) and page stickiness (the length of time visitors spend on a webpage). Such examples illustrate that social media is an important part of Nokia's digital marketing approach, professionally integrated into the company's business activities.

### **1.3. Definitions**

As the terminology for social media is not yet established, some terms will be explained to prevent potential confusion of expressions in this study. The danger of confusion primarily derives when describing social media: often social media are interchangeably described as platforms, channels, tools, or applications. However, this study predominantly applies the terms *social media tools* and *social media services*:

*Social media tools* encompass the various channels in social media, such as blogs, social networks, or photo sharing sites.

*Social media services* define examples of service providers in the different social media tools, as in line with Aula (2010). For instance, Facebook is a service provider within various social networks, and Flickr is a service for photo sharing tools.

In addition, the term *social media marketing* is used in this study to describe social media activities that trigger conversations of companies and their brands (Evans, 2008). According to Weber (2007) the main tasks of social media marketing comprise to (1) create experiences consumers would want to have and talk about, and (2) participate in the viral conversations about companies in social media. However, these tasks imply primarily communication activities, positioning this study into business communication rather than marketing.

#### **1.4. Outline of the study**

This study is structured into six chapters. Chapter 2 reviews relevant literature on social media and corporate reputation, the two focal points of this study. Chapter 3 outlines the empirical research methodology and design. On the one hand, interviews with Nokia employees and communication and marketing consultants were held; on the other hand, a quantitative consumer survey was conducted that will both help to answer the research questions. Chapter 4 and 5 analyze and discuss the findings of the study, and compare them to earlier studies reviewed in the literature. Finally, Chapter 6 concludes the study, suggests managerial implications, and presents the limitations of this study.



## 2. LITERATURE REVIEW

The purpose of this chapter is to review literature that is relevant to the objective of this study, which is to examine if the use of social media affects the reputation of companies. The aim of the chapter is to develop a theoretical framework for the forthcoming research. In order to pursue this aim, the literature review pays special attention to the three research questions of this study, analyzing (1) who uses social media, (2) what is their awareness level of companies in social media, and (3) how important is the participation of companies in social media in the view of consumers.

The literature review is divided into four sections. The first section describes social media and establishes a common understanding of the phenomenon. It particularly emphasizes the development of social media and describes social media tools (in this study defined as blogs, social media networks etc.) and services (in this study defined as Facebook, YouTube, Twitter etc.). The second section discusses the concept of corporate reputation, which is, similar to social media, rather vague and often interchangeably used with the concepts of corporate identity and corporate image. Due to this misunderstanding, the second section clarifies the concept of corporate reputation, as well as explains its building and maintenance and the benefits of a sound reputation and risks of a weak one. Social media and corporate reputation are discussed to develop the foundation for the third section, which examines the impact of social media on corporate reputation. This is the most important section, as it addresses the objective of this study. Based on the literature review, the fourth section finally develops the theoretical framework for this study.

### **2.1. Social media**

This section examines social media from different perspectives, focusing specifically on its technological evolution and categorization of social media tools. Due to its recent emergence in 2005, social media has received limited attention in the academic literature so far. As this limited attention might indicate a lack of knowledge about social media, the aim of this section is to provide a common understanding of the elusive phenomenon. This understanding is important to examine the impact of social

media on the reputation of companies, which will be done in more detail in section 2.3. First, the section reviews the different viewpoints on social media in an attempt to offer a consensus of the phenomenon. Second, it describes the evolution of Web 2.0, the technical platform of all social media tools and services. Third, it provides an overview of the different social media tools and services, and categorizes them.

#### 2.1.1. Definition of social media

This subsection gives an overview of social media as it is understood today in academic literature. This is important to achieve a shared understanding of the concept.

Despite the growing interest in social media, there are few definitions of the technological tools. Especially scholarly articles lack definitions of social media. For this reason, other respectable sources have to be consulted in order to define the concept. The Social Networking and Media Association (2009) summarizes that the “term ‘social media’ relates in general to the effective use of Web 2.0 tools to provide a more collaborative Web. Social Media is focused mostly around User Generated Content (UGC) ... [It comprises] the ability for people to rate, comment, link, blog and discuss”. In the international conference on Web Search and Web Data Mining Agichtein, Castillo, Donato, Gionis, and Mishne (2008, p. 183) came to a similar conclusion about social media; they describe the term as “popular user-generated content domains [that] include blogs and Web forums, social bookmarking sites, photo and video sharing communities, as well as social networking platforms such as Facebook and MySpace, which offer a combination of all of these with an emphasis on the relationships among the users of the community”. Finally, the user-contributed online encyclopedia Wikipedia (2010) defines social media as “web-based technologies to transform and broadcast media monologues into social media dialogues. They support the democratization of knowledge and information and transform people from content consumers to content producers”.

To summarize the descriptions above, definitions of social media center around three main agreements.

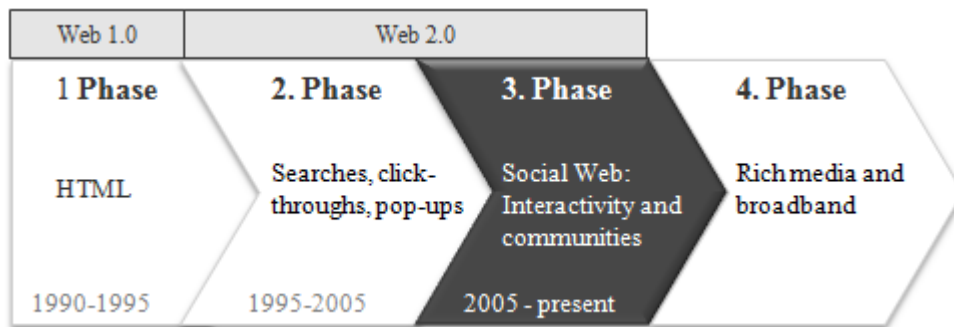
- (1) Social media are web-based technologies enabled through Web 2.0,
- (2) Social media comprise content provided by its users, and
- (3) Social media emphasize dialogues and relationships among users of a community

This study uses these three characteristics to create a shared understanding of social media for this study, which is important to fully understand social media in the context of this study.

### 2.1.2. Evolution of social media

This subsection outlines the evolution of the different social media tools and services through Web 2.0, the technical platform of all social media (Tuten, 2008). In order to fully grasp the impact of social media on the communication approaches of companies, it is significant to understand what factors drove social media to emerge and what level of importance and value it has among its users. This will be done in the following subsection.

According to Weber (2007), the evolution of the Web (short form for World Wide Web), and, thus, the emergence of social media, can be described in four phases, as illustrated in Figure 2.



**Figure 2. The evolution of the Web (Weber, 2007, pp. 12-13)**

As depicted in Figure 2, the first phase, the Web 1.0, concentrated on the website building using Hypertext Markup Language (HTML), which provides structure to a website using, for instance, headings, paragraphs, lists, links, and quotes. As a result, websites were rather static, offering companies an additional one-way communication tool to broadcast information to stakeholders (Mazurek, 2009). The second and third phases of the Web comprehend what is known today as Web 2.0. During the second phase of the Web, the Internet became more interactive, marking the emergence of search engines, click-throughs of Web banners and pop-ups. Since the initiation of the third phase in 2005 the consumption of the Internet has proliferated, leading to different ranges of software such as Facebook or Microsoft Messenger (MSN) that fostered the formation of online communities and the interaction among people (Li & Bernoff, 2008; Hearn, Foth & Gray, 2009). Thus, Web 2.0 allows a two-way or multi-way communication composed by the consumer (Mazurek, 2009). According to Weber (2007), the Web is currently undergoing this third phase. However, in the future, it will head towards the fourth phase, featuring rich media, such as video, sound and touch transmitted via high-speed broadband connections, allowing the Web to be more emotional (Weber, 2007).

Tim O'Reilly and Dale Dougherty coined the term Web 2.0 in 2005, describing the Web as a *platform* where users create content and new sites, thereby, encouraging others to participate, collaborate and exchange content (Jones, Temperley & Lima 2009; Constantinides & Fountain, 2008; Singh, Veron-Jackson & Cullinane, 2008). Due to this participation and collaboration empowerment, Web 2.0 is often referred to as the

Social Web (Jones, Temperley & Lima, 2009; Evans, 2009), signifying the way people communicate, make decisions, socialize, learn, entertain themselves, and interact with each other in the Web (Schau & Gilly, 2003; Booth & Matic, 2010). Since O'Reilly's and Dougherty's publication, the term Web 2.0 has turned into a general buzzword, encompassing social media services such as eBay, Amazon, Wikipedia, Flickr, Google, BitTorrent and Napster, to name but a few (Constantinides & Fountain, 2008).

However, Web 2.0 is often interchangeably used with *social media*, although there is one major distinction between the terms: Web 2.0 predominantly refers to the technical platform on which social media tools and services can be used, whereas social media rather describe the social aspects of Web 2.0 applications, including participation, openness, conversation, community, and connectedness enhanced through various tools, such as blogs, social networks, or discussion forums (Constantinides & Fountain 2008). This distinction will be also maintained within this study.

In order to make the difference between Web 2.0 and social media more distinct, Constantinides and Fountain (2008, p. 232) provide a comprehensive definition of Web 2.0, taking the different aspects of the technology into account. According to them "Web 2.0 is a collection of open-source, interactive, and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support the creation of informal users' networks facilitating the flow of ideas and knowledge by allowing efficient generation, dissemination, sharing and editing/refining of informational content".

To date, millions of social media participants create and share social media content, including texts, photos and videos. For instance, in 2009 the Internet population of the United States accounted for 200 million people with the majority of them consuming social media (Booth & Matic, 2010; Li & Bernoff, 2008). Thus, social media became the biggest invention in the history of public relations and a significant communication tool with reputation (risk) dynamics (Aula, 2010; Flanagan, 2010; Booth & Matic, 2010).

To summarize, it is important to distinguish between Web 2.0 and social media, as the two terms are still interchangeably used. However, due to the development of Web 2.0 in 2005 and the proliferated spread and consumption of the Internet, the Web became more social, enabling social media services to emerge. As a result, the marketplace undergoes a tremendous shift of market power from producers and vendors to consumers, which will be debated in more detail in section 2.3. (Constantinides & Fountain, 2008; Bunting & Lipski, 2000). This development and shift of market power is very important to understand in order to comprehend the effect of social media on the communication strategies of companies, and, subsequently, the strategies to build and maintain their corporate reputation.

### 2.1.3. The social media landscape

This subsection reviews the various social media tools and services, and categorizes them. Merely naming the different tools and services in social media is not enough anymore to obtain a comprehensive overview of the phenomenon, but it is important to understand what purpose and function they fulfill. On the one hand, this knowledge helps to identify social media users and their activities in social media; on the other hand, companies can define the range of social media activities they can undertake to enhance their reputation.

The sheer number of social media tools available to date makes their understanding rather challenging. Until recently, the attempts to structure and categorize social media for a better understanding did not exist. In 2007, the former Microsoft employee and celebrity blogger Robert Scoble (2007) was among the first to illustrate and categorize the social media landscape, which he named the *Social Media Starfish*. An overview of this graph including examples of social media tools and their most popular services can be found in Appendix 1.

In reference to this Social Media Starfish the most important social media tools are described below:

- **Blog** – short for weblog - is a sequential online diary others can comment on and post images or links to other websites (Weber, 2007). However, these comments differentiate the blog tremendously from a diary, and make it interactive and participative (Evens, 2008). Often blogs are combined with digital audio or video files (Constantinides & Fountain, 2008).
- **Collaborative Tools** – include for instance open-source software products such as Linux or Firefox. The code of the software is provided on an online platform and contributors can collaboratively build, test, and improve such software products (Li & Bernoff, 2008).
- **Events** – mean event service provider, such as *Eventful*. Members can upload their music list from popular listening services, such as iTunes, and the event service provider will send a notification to the user, when his or her favorite artist plays a concert close-by. In addition, Eventful recommends related genre artists the user might like (Evans, 2008).
- **Forums** – are online discussion sites on which people can post questions and react to others' questions and comments. *Yahoo* and *AOL*, for instance, provide very popular discussion forums on a number of subjects (Li & Bernoff, 2008).
- **Microblogs** – are a form of blogging that differs from traditional blogs in the sense that their contents are predominantly short sentences, phrases or thoughts, often limited to 140 characters (Evans, 2008). One of the most successful microblogs is the service provider *Twitter* with a user base of 75 million people (Neal, 2010).
- **Personal Social Networks** – are applications allowing users to build personal websites and meet like-minded people to express opinions and share information (Weber, 2007; Constantinides & Fountain, 2008). One of the most popular service providers of social networks is *Facebook*, having currently more than 400 million active users (Facebook statistics, 2010).

- **Photo and Video Sharing** – are websites that organize and share content in form of photos (e.g. *Flickr*) and videos (e.g. *YouTube*) (Constantinides & Fountain, 2008).
- **Podcast** – are audio and video files, which are distributed via an RSS feed (an alert to inform about updated Web content) to subscribers of the service. The audio and video files can then be played on computers or portable digital audio players (Scott, 2009; Li & Bernoff, 2008).
- **Reviews and Ratings** – are very popular tools on retail sites such as *Amazon.com* to evaluate a product, either by formulating one’s opinion in a short essay (review) or by appraising the product’s position on a scale (rating) (Li & Bernoff, 2008).
- **White label social networks** – can be described as an organization’s or brand’s own social community, including, for instance, Apple’s iTunes store or Nokia’s Ovi store. The purpose of such private networks comprises to enhance customer support, product development, and customer engagement (Evans, 2008).
- **Wiki** – is a site that multiple contributors develop collectively, often in form of texts and pictures (Evans, 2008; Li & Bernoff, 2008). The largest and most popular service provider is *Wikipedia*, a user-contributed online encyclopedia, currently encompassing more than seven million articles in over 200 languages (Scott, 2009).

Given this vast number of social media tools and services, Evans (2008) concludes that (1) social media consist of a number of different activities, including video sharing, texting, blogging and so forth, and (2) their effectiveness relies on the activities and combination of tools the audience is attracted to. Taking these two assumptions into account, Li and Bernoff (2008) grouped the activities facilitated by social media into five categories. These categories are valuable, as they describe why people use a certain range of social media, and suggest how companies can utilize this information for marketing and communication activities. Weber (2007) adds that companies, thus, have



specified consumer segments to target and influence. The five categories of social media suggested by Li and Bernoff (2008) are described below:

1. **People Creating** – people create content in form of photos, videos, podcasts and texts as a way of self-expression, to enact brand relationships, and seek opinions of other consumers (Schau & Gilly, 2003). Blogging is indeed one of the most popular social media activities. According to Forrester's Social Technographics Survey of 2007, an independent technology and market research company, one out of four Americans reads blogs. In Japan even half of the online consumers are active blog readers. Therefore, social content channels are an advantageous solution for companies to follow conversations and spot consumers' opinions about themselves or their brand (Scott, 2009; Li & Bernoff, 2008).
2. **People Connecting** – users joining social networks or online communities aim at maintaining own profiles, connecting to other people, and interacting with them. One key activity connected to social networking is the so-called *friending*, a means to develop and maintain relationships with friends and acquaintances. Furthermore, people join online communities to share information and experiences, and to belong to a group (Weber, 2007). Companies can join such social networks in order to observe consumer conversations, increase their awareness, and energize consumers (Li & Bernoff, 2008).
3. **People Collaborating** – collaboration encompasses the common and collective contribution of participants in wikis or other collaborative sites. When coordinating and steering such collaboration towards a common goal, the outcome can be powerful, leading, for instance, to new product ideas and even product developments (e.g. open-source software). From this point of view, such collaborative tools can be very advantageous for companies aiming, for instance, at improving products or sales processes. However, companies often have no influence on the content of such wikis. Monitoring the content of wikis and correcting false details is often the only action they can take.
4. **People reacting (to each other)** – forums, ratings and reviews are very common online tools for online retailers nowadays, empowering people to interact and

react to each other by participating in discussions and sharing opinions and experiences. This gives retailers and companies the benefit of enhancing sales and identifying what people like and dislike in a product in concrete terms.

5. **People organizing content** – people can organize online content by tagging. Tagging is a way to categorize and classify, for instance, photos, videos, podcasts and even blogs, helping others to find this content without much effort. Companies can monitor how people classify them and their products as well as upload and tag own content to support people finding them in social media.

Reviewing the different media tools identified by Scoble (2007) and integrating them into the five categories defined by Li and Bernoff (2008), the following Figure 3 aims at summarizing the social media landscape:

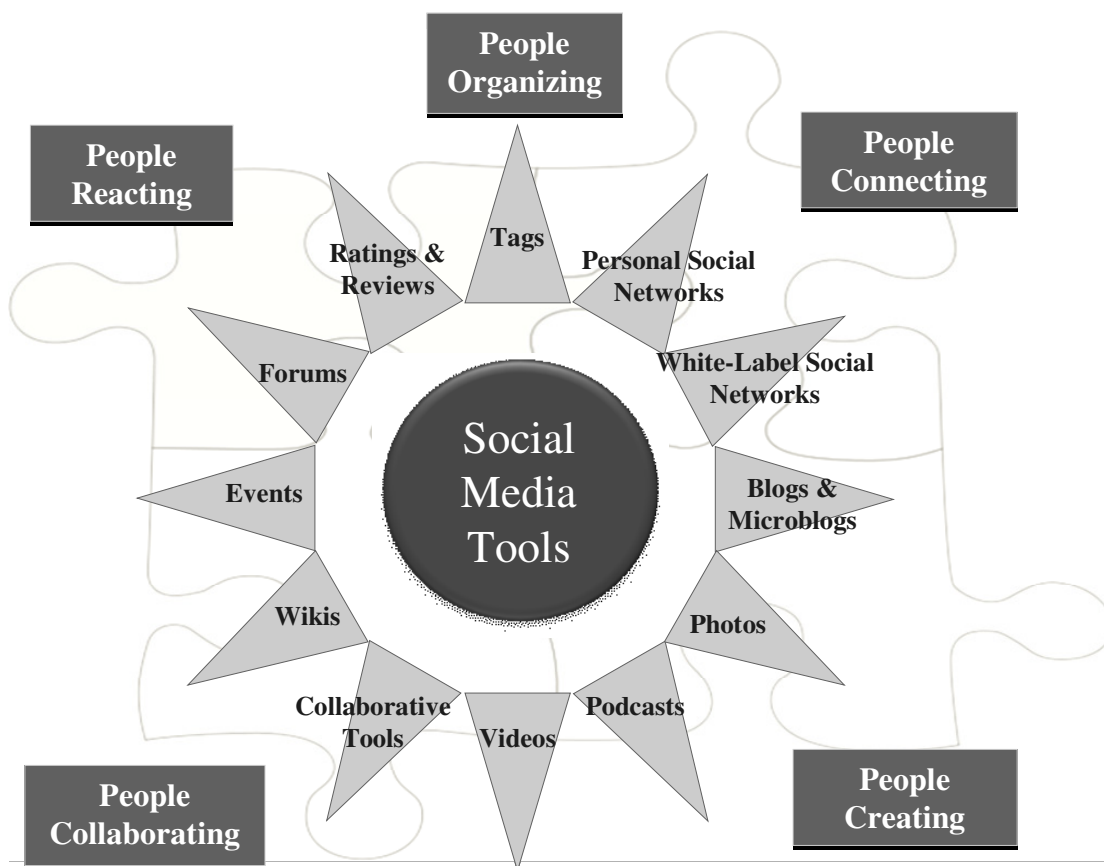


Figure 3. Social media tools and groupings (adapted from Scoble, 2007; Li & Bernoff, 2008, pp. 17-39)

Figure 3 above provides an overview of the social media landscape and how people use the different social media tools. The middle part represents the Social Media Starfish by Scoble (2007) with the various social media tools he defines. The Social Media Starfish is revised and complemented by Li and Bernoff's five social media categories at the edges of the figure. The puzzle pieces that match each other illustrate that the social media tools are interconnected and cannot be observed entirely in isolation, as outlined by Cartman and Ting (2008).

Although typifying and categorizing social media contributes to obtaining an overview of the social media landscape, it still does not explain what consumer groups largely use which social media tools or services. This means that consumer groups cannot be simply distinguished by their activities. In 2010, Bloch conducted a survey using Google Ad Planner to determine users groups of the eight most successful social media networks (Digg, Stumbleupon, Reddit, Facebook, LinkedIn, Twitter, MySpace, and Ning) (see Appendix 2). He observed that there are obvious differences in the demographics of these network users with regard to gender, income, education and age. Five of these eight social media networks are compared in Table 2, as they represent the most common personal social networks.

**Table 2. Demographics of personal social networks (adapted from Bloch, 2010)**

<b>Demographics</b>	<b>Reddit</b>	<b>Facebook</b>	<b>LinkedIn</b>	<b>Twitter</b>	<b>MySpace</b>
<b>Gender</b>	More male	More female	Equal ratio	More female	More female
<b>Income</b>	Average/ High	Average/ High	High	Average/ High	Average/ High
<b>Education</b>	College/ Bachelor	College	College/ Bachelor	College	High school/ College
<b>Age</b>	25-44	25-64	25-64	25-54	0-17 & 35-54

As Table 2 demonstrates, the social network services Facebook and LinkedIn attract, among others, a mature crowd of people up to 64. According to Bloch (2010) and Usman (2009) many new users are between 45 to 55. In contrast, similar social network

services like MySpace primarily attract users below the age of 18 (Chong, 2010). While Facebook, MySpace, and Twitter rather attract female users, the female/male ratio in LinkedIn is equal, and Reddit attracts proportionally more male users. In addition, compared to Facebook, Twitter and MySpace, LinkedIn and Reddit have a higher proportion of well-educated people with, for instance, a Bachelor's degree, which subsequently results in a larger amount of high-income level users (Chong, 2010). In addition to that, the *BIGresearch Simultaneous Media Usage Survey* of over 22.000 participants revealed that the majority of social media users use several social media services. For instance, 63.4% of LinkedIn users also use Facebook, while 24.3% are also active in MySpace, and 22.1% employ Twitter (Flanagan, 2010). These results imply that social media users are scattered in social media consuming different social media services according to their needs and interests, as suggested by Kevany (2010). Even more, they use a variety of social media services. This means that social media tools and services should not be observed entirely in isolation, but as part of a complex system, as users participating in social networks will most likely also read and comment on blogs, and share videos or photos (Cartman & Ting, 2008). The challenge for companies is, thus, to assess where their online stakeholders are and to target them directly.

To summarize, the vast number of social media channels, from blogs to wikis, has to be structured and categorized in order to understand the social media's range of activities, and to comprehend their purposes. In connection to this study, this is relevant to identify social media users as well as to define the range of social media activities companies can undertake to enhance their reputation. Scoble (2007) and Li and Bernoff (2008) provide categories that cluster consumers into segments, and, thus, support companies to decide on the most suitable communication and marketing actions to reach out to those segments. However, even though this categorization provides a tool to cluster consumer segments, the various social media services attract different users. In addition, social media users seem to use a variety of different social media tools and services. This means companies still need to investigate these social media tools and services in order to explore where their stakeholders or potential target groups are.

To conclude section 2.1., emerging in 2005, social media form a recent phenomenon of which the knowledge and effect on the business performance is scarce. Especially the shift of market power from a company to the consumer is a fact that should be realized by the corporate world. Understanding the concept of social media and the function and purposes of the various social media tools and services is, therefore, essential for this study and presents a crucial part for the examination of the effect of social media on the reputation of companies.

## **2.2. Corporate Reputation**

Before examining the role of social media in corporate reputation, this section discusses the elusive concept of corporate reputation, and puts it into the context of this study. As such, corporate reputation needs to be further explained to fully grasp how it is constructed, and what factors influence the perception of consumers, who, subsequently, form the reputation of companies (Helm, 2007; Gotsi & Wilson, 2001; Bontis, Booker & Serenko, 2007). First, the section reviews the different viewpoints on corporate reputation in the literature in an attempt to define the elusive concept. Second, it describes how a positive reputation is built and maintained. Third, it explains the benefits of a positive corporate reputation and the risks of having a weak one.

### **2.2.1. Definition of corporate reputation**

This subsection aims at shedding more light on the vague and complex construct of corporate reputation, as it encompasses a number of definitions that often distinguish dramatically from each other and even contradict (Bontis, Booker, and Serenko, 2007; Chun, 2005; Gotsi & Wilson, 2001; Caruana, 1997; Helm, 2007). Furthermore, it is necessary to differentiate corporate reputation from the related concepts of corporate image and corporate identity, which, as key components of corporate communication, form the internal and external perception of companies. Based on the definition of corporate reputation, it is possible to examine the impact of social media on the reputation of companies in the present study.

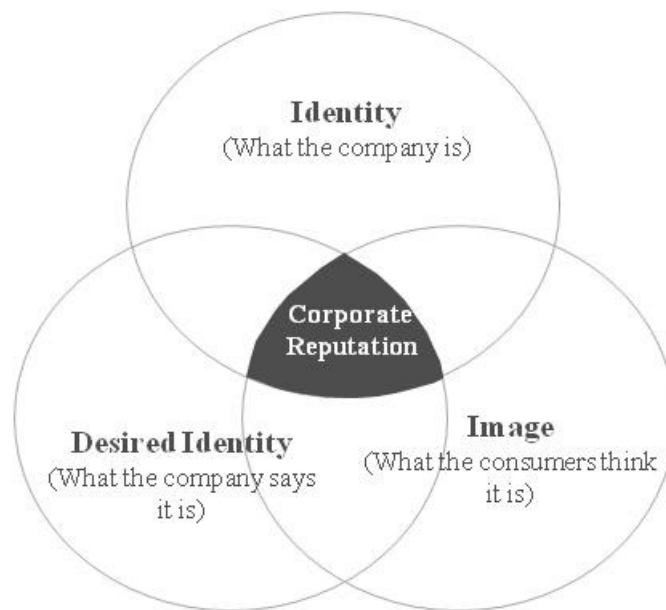
Reviewing the corporate reputation literature, it becomes apparent that there is no single definition of what corporate reputation is, as this concept is relatively new, is undergoing constant changes, and is subject to ongoing research within the corporate reputation and communication discipline (Bontis et al., 2007; Gotsi & Wilson, 2001). Gotsi and Wilson (2001) developed one of the most comprehensive definitions of corporate reputation that can be found in the literature. They gathered the facts consistent with the majority of corporate reputation definitions and developed their own description of the concept. According to Gotsi and Wilson (2001, p. 29) “corporate reputation is a stakeholder’s overall evaluation of a company over time. This evaluation is based on the stakeholder’s direct experiences with the company, any other form of communication and symbolism that provides information about the firm’s actions and/or a comparison with the actions of other leading rivals.” This definition of corporate reputation shall also be applied in this study.

Based on Gotsi and Wilson’s (2001) classification, the reputation of companies is created through consistent communication towards the companies’ stakeholders, including advertising, public relations, websites, logos, media tie-ins, sponsorships and other tools of modern corporate communications. More importantly, companies have to prove the messages communicated through deeds (Deephouse, 2000; Bunting & Lipski, 2000; Marken, 2004; Genasi, 2001). Caruana (1997) adds that reputations can even be formed through indirect experiences with the firm triggered through word-of-mouth, the media, or other publics. The success of such communication is subsequently the responses to those messages (Bunting & Lipski, 2000).

Due to its historical development, corporate reputation is often synonymously used with the related concepts of *corporate image* and *corporate identity*. According to Bennett and Kottasz (2000) corporate reputation evolved already in the 1950’s, focusing predominantly on corporate image, a concept related to corporate reputation. In the 1970’s and 1980’s this focus shifted towards corporate identity, another construct closely intertwined with corporate reputation. Finally, in the 1990’s corporate reputation received proliferating attention due to its competency to create financial (stock) value, attract investors, support consumers in their buying decisions, or retain employees (see section 2.2.3.). This development labels corporate reputation as a rather new academic

subject influenced by various concept-relevant disciplines (Deephouse, 2000; Weiwei, 2007; Chun, 2005; Gotsi & Wilson, 2001; Fombrun & van Riel, 1997; van Riel & Fombrun, 2008).

However, according to Chun (2005), corporate reputation represents rather an umbrella construct for corporate image and corporate identity, as can be seen in Figure 4.



**Figure 4. Key elements of corporate reputation (adapted from Chun, 2005, p. 98)**

According to Figure 4 image, identity, and desired identity are independent concepts that form corporate reputation. *Image* is the perception of others of a company (Chun, 2005). Chun (2005, p. 95) formulated this into a simple statement: “How others see us”. Image can, thus, change more quickly than reputation through, for instance, advertisements. *Identity* refers to what the members of the organization perceive, feel and think about the company. This is a rather internal view of a company. Chun (2005, p. 96) attached the statement “How we see ourselves” to the concept to describe its core meaning. Chun (2005) further includes the concept of *desired identity*. Desired identity describes how a company likes to be perceived - “How we want others to perceive ourselves” (Chun, 2005, p. 97). This relates to the visual cues such as name, logo, and symbols, as well as the strategic cues, such as the vision, mission and philosophy of a company. The gap represents how a company is perceived internally and externally, as well as how it wants to be perceived. Wide gaps in the identity, image, and desired

identity indicate inconsistencies in the communication approaches, and have to be aligned to strengthen a firm's aggregated reputation.

A concept simultaneously appearing with social media is *online reputation*. Online reputation simply comprises the reputation of companies established in the Internet (Jones, Temperley & Lima, 2009). According to Weber (2007) online reputation is predominantly built by community participation and through the so-called 'reputation aggregators', such as search engines like Google, which enable people to find content online. However, Wind, Wind and Mahajan (2001, p. 153) conclude that, especially in the online environment, participants are rather diverse and scattered in the Web so that a good "reputation alone has a limited effect in the open, global, heterogeneous, and constantly changing system" companies use to establish their corporate reputation. This development changes traditional approaches to corporate communication aiming at enhancing the corporate reputation of companies, which has to be taken into account when participating, for instance, in social media (Bunting & Lipski, 2000). How online reputation is affected by social media is explored in more detail in section 2.3..

To summarize, corporate reputation is simply the stakeholders' overall long-term evaluation of companies, which is formed through the experiences of stakeholders and the communication approaches of companies. Furthermore, although linked to those concepts, corporate reputation has to be distinguished from corporate image - the external perception of a company - and corporate identity - the internal perception of a company. This definition and distinction to other concepts is relevant in order to examine the effect of social media on the reputation of companies. Furthermore, due to new communication channels such as social media, at least the traditional way of communication, including advertisements and public relations, has to be adapted to the online environment, which will be analyzed in the section 2.3..

### 2.2.2. Building and maintaining a strong corporate reputation

This subsection discusses the way the various reputations of companies can be aligned to build and maintain a strong corporate reputation. Looking at this subject could generate more specific answers to the question how social media affect the reputation of



companies. From the different literatures (e.g. Chun, 2005; Doorley & Garcia, 2007; Helm, 2007) it becomes apparent that the enhancement of reputation lies within the observations of different stakeholder perceptions, and alignment of those perceptions via communication actions to form a consistent and strong corporate reputation. Studies by Page and Fear (2005) and Helm (2007) illustrate that the fair treatment of consumers and company success frame the key characteristics that impact stakeholders' perceptions most. Thus, companies should communicate information on these two topics to all stakeholders in order to enhance their overall reputation.

In order to build and maintain their reputation companies have to understand who their stakeholders are and how these stakeholders perceive them (Alsop, 2006). The stakeholder theory implies that companies can hold multiple reputations depending on the interest and background of their stakeholders (Gotsi & Wilson, 2001; Bontis, Booker & Serenko, 2007). This means that reputation is formed by the collective perception of a variety of individuals. The gap between the various perceptions is crucial in reputation management (Chun, 2005). The more similar the different stakeholder reputations of a specific company are, the stronger the reputation of that company. However, except from that instruction, the literature agrees that the reputation of companies is rather difficult to control (Greyser, 1999).

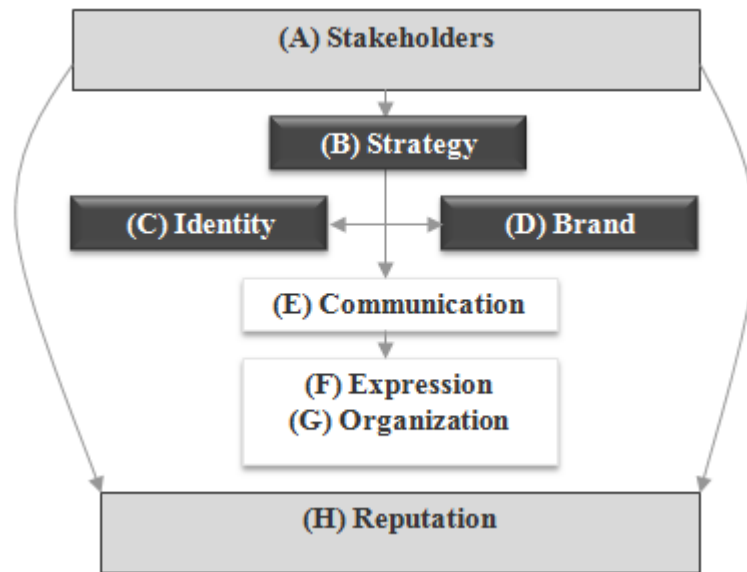
A study by Page and Fearn (2005) suggests that the multiple reputations of companies can best be enhanced and aligned by communicating consistent messages about (1) the leadership and success of companies and (2) the companies' position towards consumer fairness in advertisements, press releases, websites, and other forms of communication:

- (1) **Leadership and success** – implies the success, innovativeness, leadership style, and behavior of the CEO. Indeed, a study in 2003 showed that the majority of respondents attribute more than half of the reputation of companies to the reputation of their CEO (Alsop, 2005).
- (2) **Consumer fairness** – encompasses the adequate treatment of consumers, fair pricing, the quality of products, trust in companies, and credible advertising.

In addition to the study of Page and Fearn (2008), Helm (2007) measured the perception of companies' reputation among different stakeholder groups (consumers, employees and investors) based on the same dimensions as identified by those two researchers. However, Helm (2007) aimed at observing whether the stakeholders' perception of companies is influenced by different criteria, and if so, which stakeholder group values which criterion. She came to the conclusion that the three stakeholder groups examined assess the reputation of companies based on the same criteria. This finding implies that for managing and enhancing the reputation of companies, executives have to concentrate on the same content of messages in order to ensure a consistent corporate communication, and, thus, be able to build and maintain a strong corporate reputation.

In order to communicate these consistent messages, the communication process has to be orchestrated into unison. This is called integrated marketing communication (IMC), and describes "the strategic co-ordination of all messages and media used by an organization to collectively influence its perceived brand value" (Gurău, 2008, p. 171). This includes the concept of strategic alignment of all internal and external messages, free from all internal contradictions, to nourish the brands' or companies' value (van Riel & Fombrun, 2008). The concept of IMC evolved in the 1990's due to the increased fragmentation and segmentation of markets, the development of new communication technologies and database applications as well as the increased fragmentation of media audiences and multiplicity, and saturation of media channels (Singh, Veron-Jackson & Cullinane, 2008; Gurău, 2008). Therefore, marketing and advertising executives searched for a way to provide greater communication consistency and improve the client return on investment (Gurău, 2008).

Van Riel and Fombrun (2008) developed a model to demonstrate how communication has to be aligned in order to influence the stakeholders' formation of the reputation of companies. The model is illustrated in Figure 5 below.



**Figure 5. The integrative model (van Riel & Fombrun, 2008, p. 10)**

As Figure 5 shows, stakeholders (A) influence the strategy of companies, and form reputations (H) of the same ones. Depending on the behavior of their stakeholders, companies have to adapt their strategy (B) to the various needs of their constituencies. The strategic attributes have to be consistent with the organizations' identity (C) and brand (D) in order to be perceived as credible by the stakeholders. This means that in order to be authentic and able to strengthen the corporate reputation, companies have to align their strategy to the firm's core values and corporate brand as part of the visual representation of themselves. Van Riel and Fombrun (2008) define the strategy, identity, and brand as the *starting points* of every corporate communication system. Furthermore, the strategy, identity, and corporate brand have to be communicated (E) in a consistent manner to signal a comprehensive picture of companies. Communicating effectively requires a systematic integration of all communication channels and messages in order to prevent a blurred or fragmented image of organizations (Hawabhay, Abratt & Peters, 2009). This is called expressiveness – the visibility and distinctiveness, but also transparency, authenticity, and responsiveness of messages (F). Moreover, the way the communication process is integrated into the companies affects their organization and structure (G). In return, this entire corporate communication system leads to the stakeholders' beliefs about the honesty of companies to deliver their

promises; in other words it leads to a positive corporate reputation and a sound way to manage reputation, if successfully implemented (van Riel & Fombrun, 2008).

To summarize, companies need to measure, monitor, and co-ordinate the different stakeholder reputations they possess in order to manage their corporate reputation. The more these stakeholder reputations are identical, the stronger is the reputation of companies. The studies by Page and Fearn (2005) and Helm (2007) show that communicating messages with regard to fairness to consumers, leadership, innovation, and company success in a consistent manner can align the various perceptions of the stakeholders of companies and, thus, strengthen the corporate reputation of those companies. In order to signal an authentic identity, companies have to co-ordinate their entire strategic communication approach at all organizational levels to communicate an honest and credible picture of the corporation that influences the stakeholders' perception of the companies in a positive way. This assumption will potentially also apply when building a reputation online, which should be considered with regard to the social media context. This is an important point in the present study, as the dimensions supporting the creation and maintenance of a sound reputation give valuable clues about how companies can potentially affect their reputation in social media.

### 2.2.3. Impact of corporate reputation

This subsection describes the benefits of a sound corporate reputation and risks of a weak one. Both conditions play an essential role with regard to social media, and are, therefore, relevant to mention. For instance, a positive reputation underlines the valuable asset corporate reputation can form, while a negative reputation is considered a major threat to business operations by many researchers (Aula, 2010, Evans, 2008, Tuten, 2008; Weber, 2007). Especially the loss of reputation in social media presents a major risk to companies (Aula, 2010).

The benefits of corporate reputation can be divided into five streams of research results: earlier studies revealed that a positive corporate reputation (1) increases the stock value of companies, (2) provides greater competitiveness, (3) influences satisfaction and

loyalty of consumers, (4) attracts and retains employees, and (5) supports companies in times of crisis (Deephouse, 2007, Sarstedt, 2009; Greyser, 1999; Helm, 2007):

- (1) **Increased financial performance** – Past research concluded that a positive reputation is an asset leading to financial benefits, such as increases in stock value. Overall, corporate reputation can indicate the future cash flow of companies, and, thus, serves as a risk-reducing indicator of the capital market performance of companies for investors. This means that investors provide money in form of shares more willingly to companies (Sarstedt, 2009; Helm, 2007; Deephouse, 2007; Chun, 2005). Other studies found that a good reputation correlates with superior overall return, lowers cost of capital, and enhances the competitive ability of companies (Caruana, 1997; Chun, 2005)
- (2) **Greater competitiveness** – Sarstedt (2009), Caruana (1997) and Helm (2007) argue that companies with a favorable reputation can easily charge higher prices. A positive reputation can increase the perceived quality of products, and make consumers less price conscious; hence, they are more willing to pay premium prices. Furthermore, companies can also use their reputation as a source of distinctiveness and differentiation from their competitors. Research has shown that nine out of ten consumers choose the brand with the most favorable reputation when the product or service offering is similar in quality, features, and price (Greyser, 1999; van Riel & Fountain, 2008).
- (3) **Higher satisfaction and loyalty among consumers** – Various authors confirm that a good reputation increases satisfaction and supports the establishment and retention of loyal relationships with consumers (Rice, 2010; Chun, 2005). By examining the linkages between satisfaction, reputation, loyalty, and service recommendation, Bontis, Booker and Serenko (2007) found that corporate reputation is enhanced by satisfaction, which, in turn, positively influences consumers' loyalty and recommendation likeliness (or word-of-mouth) (see Appendix 3). As a result, the sales performances of companies and their market shares increase (Chun, 2005).

- (4) **Attract and retain employees** – The human resource management literature provides evidence that a positive corporate reputation attracts highly skilled job applicants and ensures employee retention (Chun, 2005; Helm, 2007, van Riel & Fombrun, 2008). Reputation can enable a strong organizational identification, and even increase the inter-organizational cooperation, or citizenship behavior, which positively influences both future and current employees (Caruana, 1997).
- (5) **Support in crisis** – Finally, reputation is a valuable asset in any crisis, and can help companies to overcome it and prevent high economic losses (Greysier, 1999; Jones, 2000). A study by *CoreBrand*, a communications consultancy, showed that companies with a good reputation experience less market decline compared to companies with a weak reputation (van Riel & Fombrun, 2008). A good reputation can potentially strengthen the corporate image and, thus, influence stakeholders' perception of problems companies are facing (Jones et al., 2009). As such, corporate reputation can affect attitudes, which sequentially influence the behaviors of stakeholders (van Riel & Fombrun, 2008).

In addition to these five benefits, when the reputation of companies is affected, its revitalization is challenging. As Firestein (2006) explains, stock prices can recover, business strategies can be adapted, but when an organization's reputation is damaged, its recovery is difficult and long lasting. Therefore, reputation risk, "the possibility or danger of losing one's reputation", constitutes a major threat to a variety of companies (Aula, 2010, p. 44). As Aula (2010) outlines, reputation risk comprises an operative risk generated by the inability of companies to operate internal processes, systems, people, or external threats. However, the loss of reputation is devastating, affecting, for instance, the competitiveness of companies and their positioning, the trust of external stakeholders, the availability of employees, the relationships with consumers, or media relations. Sometimes even financial and legal obligations might occur.

Although the benefits and risks corporate reputation entails are crucial, Chun (2005, p. 91) argues that the majority of the above mentioned claims "have been challenged as being anecdotal" or subject to flawed research methods. For instance, the effect of the reputation companies in crisis situations is difficult to scientifically evaluate.

Furthermore, Page and Fearn (2005) note that a poor reputation hampers the establishment of strong brands, but a good reputation is no guarantee of success either.

To summarize, a positive corporate reputation seems to offer companies a number of valuable financial, competitive, and strategic advantages that can enhance their performance. Although corporate reputation is a valuable asset, it seems that its constitution is rather fragile and exposed to many reputation risks. Among these reputation risks is, for instance, the free flow of information in social media (Aula, 2010), which will be described in more detail in section 2.3.. The effect of corporate reputation on the performance of companies is relevant to mention here, as both a positive and negative reputation are, among others, potential consequences of the activities companies in social media.

To conclude section 2.2., understanding the construct and influence of corporate reputation is crucial for companies. Corporate reputation, as the stakeholder's overall long-term evaluation of companies, influences the stock value of companies, their competitiveness, consumer satisfaction and loyalty, and employees, and protects companies against external threats. Especially in the light of this study corporate reputation presents an essential part, aiming at examining the effect of social media on the reputation of companies. Therefore, this section explained how corporate reputation is constructed, and what factors shape the perception of consumers. Furthermore, it is relevant to understand the impact of a positive or negative reputation to the business performance in order to fully assess the impact of social media on companies.

### **2.3. The role of social media in corporate reputation**

This section examines the impact of social media on corporate reputation, which forms the main objective of this study. Therefore, specifically consumers' awareness and consumers' perceived importance of the participation of companies in social media are emphasized to build a foundation for the theoretical framework. As outlined in the previous sections, the emergence of social media has led to a change of behavior among consumers, since they are now able to exchange information and experiences, learn

about companies from various sources, and make buying decisions dependent on this information without companies being able to influence such processes (Schau & Gilly, 2003; Bunting & Lipski, 2000). As a consequence of embracing social media, a number of authors and researchers agree that companies should refrain from the traditional top-down communication models and build open, qualitative, and trustworthy dialogues with stakeholders in social media to increase consumers' awareness and perception of them (Tuten, 2008; Bunting & Lipski, 2000; Evans, 2008; Weber, 2008).

Gurău (2008) summarizes the impact of social media applications on the behavior of online audiences. According to Gurău (2008):

- (1) Social media equal a network, making it possible for various audiences to communicate back to companies
- (2) Audiences are connected to one another, enabling discussions and debates about companies and their product
- (3) Audiences have access to other information ensured through the spread of the Web and discussions with other stakeholders of the companies
- (4) Audiences are now able to select information they want to receive

Due to these implications it can be concluded that companies lose their dominance over information flows, being exposed to critics and negative word-of-mouth affecting their reputation at a vast speed (Bunting & Lipski, 2000; Jones et al., 2009, Neef, 2003; Ferguson, 2008; Rice, 2010; Aula, 2010). According to the Word of mouth Marketing Association (WOMMA) (2007), word-of-mouth "is the most honest form of marketing, building upon people's natural desire to share their experiences with family, friends, and colleagues". In addition to losing dominance over information flows, Aula (2010) argues that companies also lose their control over stakeholder relations and communications between their various stakeholder groups. These arguments are supported by the example of Dell, which underwent a difficult phase in 2005 after the consumer Jeff Jarvis complained about the company's customer service, writing "Dell sucks" as a post on his blog. This situation resulted in a series of negative comments throughout the Web, impacting progressively on the company's reputation (Espen,



2007; Geoliv, 2007). Therefore, it can be concluded that social media increase the risk of reputation and comprise certain risk dynamics (Aula, 2010).

Aula (2010), for instance, summarizes three scenarios in which social media can increase the reputation risk that companies are exposed to:

- (1) While the content in social media is user-generated, social media users can publish true and false facts of companies, or distribute information about them that differs from what the companies are willing to share;
- (2) Social media can enhance expectations (e.g. in the ethical behavior and transparency of companies), which companies might not be able to fulfill; and
- (3) Reputation risk results from the dialogues and behavior of companies in social media, including reactions to conversations held, or the manipulation of information (e.g. facts about the company in Wikipedia) and activist influencers in social media (e.g. the bribing of popular bloggers).

In contrast to Aula (2010), Valor (2009) argues that “the internet is the best tool for improving reputation that has yet been created”. He suggests that blogs and social networks reveal new opportunities for consumers to express positive opinions about companies and their brands, and influence the reputation of corporations in a positive way. In addition, Flanagan (2010) underlines that social media attract voluntary participants, who join social media services, because it is advantageous to them. These are desirable target groups, as it can be assumed that they are rather active consumers. As Andy Sernovitz, CEO of WOMMA explains, people appreciate to talk about brands and mention on average 20 to 30 brands a day during ordinary conversations (Ferguson, 2008), which certainly also applies to conversations held in social media.

To enhance these positive conversations about companies and their brands in social media, Bunting and Lipski (2000) suggest to adapt the traditional corporate communication methods to the complexity of the social media environment. As Clark (2001, p. 262) argues, “the Internet changes the ability of external commentators to make their opinions widely known, and in this way requires change in the process of reputation management”. For this reason, a number of practitioners and researchers argue that companies need to participate in social media in order to observe

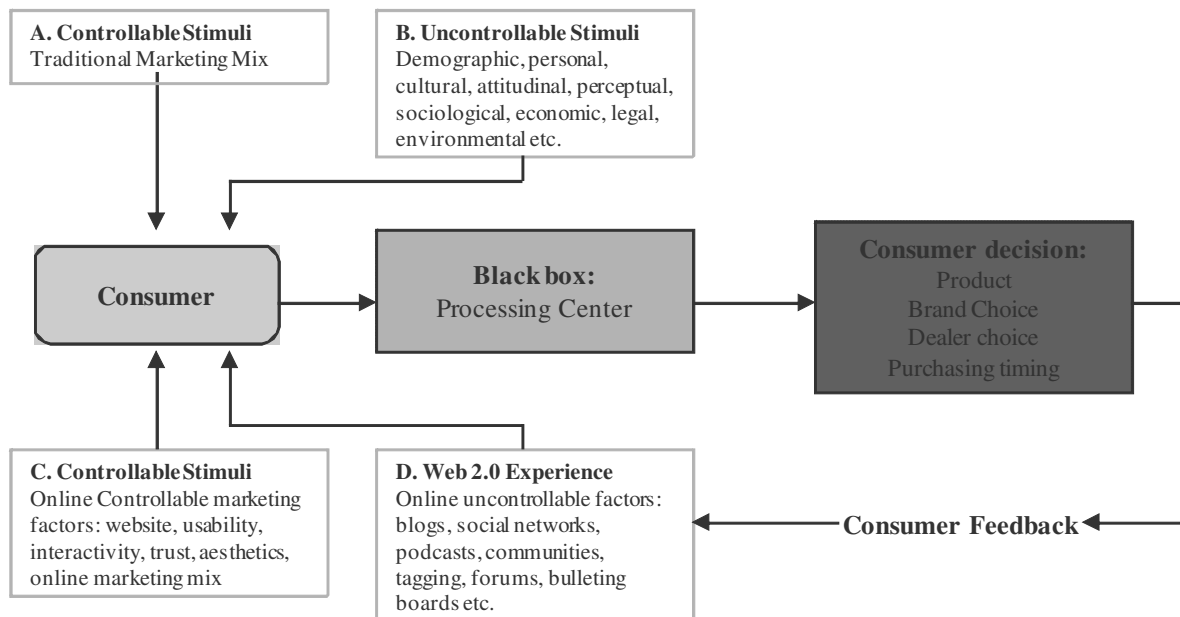
conversations and correct information in time (Coombs, 2007; Rice, 2010; Tuten, 2008; Aula, 2010). An illustrative example for this proposition is the case of B&H Photo-Video, a leading photo and video equipment store in the United States. The photography supplier took orders for the new Nikon D200 camera, which was sold out right after its launch, and cancelled all orders after charging buyers the price of the camera via credit card. Within a few hours a number of forums discussed this issue, and the tone became very critical of B&H until a B&H employee apologized and explained why this mistake occurred. By acknowledging the issue, the tone of the discussion changed entirely, and probably saved the reputation of the company (Scott, 2009).

In addition to participating in social media, Aula (2010) even suggests that a proactive communication approach should be implemented in order to prevent the risk of losing online reputation and being able to correct such situations. Indeed, a McKinsey study by Burghin, Chui and Miller (2009) showed that companies implementing social media into their business operations have:

- 25% increased awareness,
- 19% higher consideration of purchases,
- 17% greater conversions from online registrations to actual purchases; and
- 30% higher consumer satisfaction and loyalty.

Thus, the participation of companies in social media can also lead to valuable benefits, which practitioners should consider.

With regard to consumers' awareness of companies in social media, a study by Constantinides and Fountain (2008) illustrates that consumers are not only exposed to information in social media, but also through communications by companies. They identified four stimuli, or influencers, that affect consumers in their behavior and purchasing decisions. Figure 6 depicts the four stimuli influencing this decision-making process.



**Figure 6. Stimuli influencing the decision-making process of consumers (adapted from Constantinides & Fountain, 2008, p. 240)**

As Figure 6 shows, consumers are equally influenced by:

- (A) Controllable stimuli, such as the traditional marketing mix of companies,
- (B) Uncontrollable stimuli steering from the demographics, culture, economic situation, environment etc. of a person,
- (C) The Web experiences (online, controllable) consumers undergo when surfing on the websites of companies, and
- (D) The Web 2.0 experience (online, uncontrollable), comprising inputs from others in social media.

According to Constantinides and Fountain (2008), these stimuli are processed by the consumer in the processing center, leading finally to decisions with regard to products, brand choices, dealer choices, or purchasing time. Although not particularly emphasized in the model, it can be assumed that the reputation of companies is also influenced by those stimuli.

Distinguishing between Constantinides and Fountain's (2008) controllable and uncontrollable stimuli, controllable ones (A. and C. in Figure 6) predominantly comprise a one-way communication, meaning that the company sends out information

through, for instance, TV, radio, and print as well as the majority of the online media. Furthermore, uncontrollable stimuli (B. and D. in Figure 6) entail a two-way or multi-way communication composed by the consumer (Mazurek, 2009). However, according to a study of Deloitte Touche USA in 2006, consumers do not trust traditional marketing actions. In contrast, 62% of the US consumers read consumer-generated online reviews (uncontrollable stimuli), influencing 80% of those consumers to base their buying-decisions on them (Constantinides & Fountain, 2008). This implies that word-of-mouth, including conversations via social media, is generally considered more trustworthy, and, thus, more important to consumers, than controlled media messages (Evans, 2008; Li & Bernoff, 2008; Tuten, 2008).

With regard to the importance of the social media participation of companies to consumers, Bromley (2000) argues that people form opinions about companies based on three levels:

- (1) **Primary level** – based on personal experiences
- (2) **Secondary level** – based on what friends and colleagues have to say about companies or their products
- (3) **Tertiary level** – based on mass media information, including paid advertising and unpaid publicity

As Broomley (2000) remarks, the largest influence on reputation derives from personal experiences consumers make with companies or their products. However, only few people draw information on this primary level, but obtain it from indirect sources, such as friends or the media. In this sense, word-of-mouth has a greater influence on individual perceptions (van Riel & Fombrun, 2008). In addition, Steffes and Burgee (2009) support this assumption by observing that online word-of-mouth is equally influential in students' decision-making as speaking with friends in person (word-of-mouth). Moreover, Neef (2003) examined that the online behavior of companies and their perception by the stakeholders has an increasingly greater impact on the reputation of those companies than any philanthropic actions, donations, websites, or CSR reports. Finally, Singh, Veron-Jackson and Cullinane (2008, p. 282) surveyed that consumers are more likely influenced by marketing activities “when they have control over what

they see, when they see it, whether it can be personalized to fit their needs, and when they can actively participate in the marketing process”. From all these studies it can be concluded that social media have a great impact on the perception of consumers towards companies, and that, subsequently, online word-of-mouth and online reputation influence companies tremendously.

Although social media seem to be influential and important to consumers, a study by Pfeiffer and Zinnbauer (2010) illustrates that traditional advertising, specifically emphasizing TV commercials, outperforms pure online search-engine marketing when aiming at generating awareness and online registrations. Conversely, compared to TV, search engine marketing clearly shows a higher conversion rate from an actual registration to a paying membership. This means that online marketing, including social media, is effective once a product or brand has gained awareness. However, to enhance brand strength and foster the market position of companies, and potentially also their reputation, traditional advertising remains a necessity. This is an important fact when answering the questions about consumers’ awareness of the social media activities by companies and its importance to them.

To summarize, the evolution of social media allowed consumers to become the key contributors on the Web, providing information, exchanging experiences, and, thus, influencing peers in their decision-making process of products and services (Constantinides & Fountain, 2008; Bunting & Lipski, 2000). This implies that companies lose some of their dominance over information flows, which can affect their reputation significantly. Besides these reputation risk dynamics, companies can actively influence online users, and, thus, protect their reputation by engaging in social media. This requires that companies need to reconsider their communication strategy and incorporate social media activities into their overall communication approach to listen to consumers and start dialogues with them (Jones et al., 2009; Constantinides & Fountain, 2008; Bunting & Lipski, 2000). As Bunting and Lipski (2000, p. 174) put it “the Internet has made good PR more important, not less”. Word-of-mouth is considered an important component in influencing individual perceptions of consumers with regard to the reputation of companies. However, traditional marketing and communication approaches still play an important role and are as essential as social

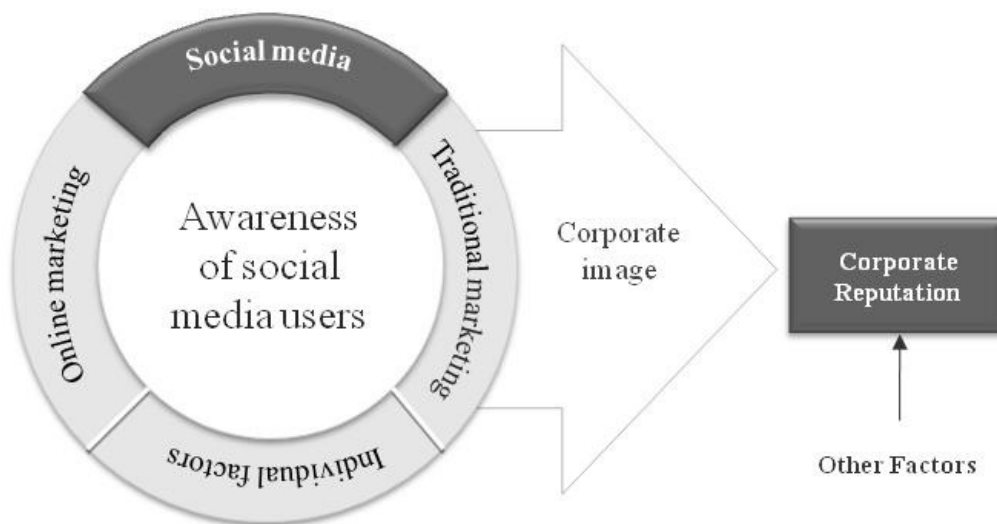
media in building and enhancing the reputation of companies (Pfeiffer and Zinnbauer, 2010). Therefore, Constantinides and Fountain’s (2008) model of stimuli (see Figure 6) will be predominantly considered in this study.

To conclude section 2.3., the impact of social media on corporate reputation presents the main objective of the present study. In addition, consumers’ awareness and their perceived importance of the participation of companies in social media are essential prerequisites in constructing the theoretical framework for this study. Therefore, this section plays a very relevant role in this study.

## 2.4. Research Framework

This section combines the three core areas discussed in the literature review to form the theoretical framework of the present study.

The theoretical framework deriving from the three core areas is illustrated in Figure 7 below:



**Figure 7. Theoretical framework of the study**

As Figure 7 shows, the diversity of consumers using social media is presented in the middle of the circle. Based on subsection 2.1.3., these users cannot be identify

specifically, as they do not distinguish from each other by their social media activities or demographic factors, including age, gender, education, or income level. This means that a company needs to determine beforehand who and where its specific online stakeholders are, if it wants to participate in social media. Furthermore, it is assumed that companies can only influence the perception of social media users if they are aware of the social media activities of those companies.

Social media users are influenced by four stimuli as identified by Constantinides and Fountain (2008) and shown in Figure 7 – (1) the traditional marketing mix of companies, (2) the online marketing mix, including companies' website(s), pop-ups and other online advertising, (3) social media, including conversations by participants of social media, and (4) individual factors steering from the demographics, culture, economic situation or environment of a person (see Figure 6 in section 2.3.). As section 2.3. demonstrates, word-of-mouth stimulated via conversations in social media is increasingly affecting the reputation of companies and plays an important role to consumers (Steffes & Burgee, 2009; Singh et al., 2008; Neef, 2003). Nevertheless, traditional media have a great impact on realizing awareness, and driving traffic to a webpage (Pfeiffer & Zinnbauer, 2010). Therefore, the present study agrees with Constantinides and Fountain (2008) that the four stimuli influencing consumers are equally affecting the consumers' behavior and reputation formation.

As Figure 7 further shows, these four stimuli affect consumers' image perception of companies, which, in the long run, shapes the reputation of those companies. Corporate image is here assumed to be the mediating element between social media users and corporate reputation. As section 2.2. describes, consumers form opinions rather about the corporate image of companies. Only multiple opinions and perceptions indicate the collective reputation of that company (Chun, 2005). In addition, as other external and internal factors impact the reputation of companies as well, these factors have to be taken into consideration, and are marked here as *other factors*.

To summarize, the framework established in this section forms the foundation for the research of this study. The propositions of potential relations among the factors derive from the literature review and will be tested in the upcoming research.

### 3. METHODOLOGY

This chapter outlines the methodology applied in the present study to examine if the participation of companies in social media affect their reputation. For this purpose, a case study was conducted. A case study is an “empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context” (Yin 2009, p. 18). To date, case studies have become increasingly popular and relevant research strategies (Eisenhardt, 1989) and belong to the most impactful research methodologies in the management field (Gibbert & Ruigrok, 2010). As Yin (2009) and Perry (1998) underline, case studies give answers to “how” and “why” questions or “how do” problems that help to explain phenomena or experiments. Their function is to educe hypotheses, which later studies can examine in more depth, and to correct old theories (Malhotra & Birks, 2006; Flyvbjerg, 2004; Cooper & Schindler, 2008). Therefore, a case study approach presents a valuable tool for the following study on social media.

The following sections will describe (1) the design of the case study research, including the rationale and role of choosing Nokia as the case company, (2) the data collection methods, encompassing qualitative interviews and a quantitative consumer survey, (3) the data analysis, and (4) the trustworthiness of this study.

#### **3.1. Single-case design**

This section justifies the two-step empirical single-case study design, which was chosen to address (1) social media users, (2) their awareness of companies active in social media, and (3) the importance they attach to the social media participation of companies. Due to the practicability of this study, only those consumers can be examined that are active in social media, in other words social media users, as it is unlikely that companies can influence non-social media users through their social media participation. This fact naturally limits the findings of the present study, which has to be taken into consideration.

Due to the fact that the area of social media is rather broad and previous studies lacking, Nokia was selected as the case company to answer the research questions. According to



various researchers, case studies prove especially valuable in the preliminary stages of an investigation, which applies to the under-researched area of social media (Eisenhardt, 1989; Flyvbjerg, 2004; Gibbert, Ruigrok & Wicki, 2008). In such cases accepted principles and theories are not yet established, and case studies' inductive approach generates new theory without the need of previous literature or prior empirical evidence (Eisenhardt, 1989, Eisenhardt & Graebner, 2007; Perry, 1998). However, case studies entail one of the weakest research methods with regard to the quality of the research design (Yin, 2009). In order to diminish this weakness, Perry (1998) points out that both induction and deduction approaches have to be involved in the case study research: the analysis of prior theory adds value to the development of new theory and can be used to triangulate additional evidence, and thus quality, to the research results.

Furthermore, case studies are often seen as subjective and liable to bias. To overcome bias, Eisenhardt and Graebner (2007, p. 30) underline that "careful justification of theory building, theoretical sampling of cases, interviews that limit informant bias, rich presentation of evidence in tables and appendixes, and clear statement of theoretical arguments" support the legitimacy of this research method. These points will be considered to enhance the rigor of the present study (Eisenhardt & Graebner, 2007; Gibbert et al., 2008).

Case studies can be conducted qualitatively, quantitatively, or as a combination of the two methodologies (Eisenhardt, 1989; Yin, 2009; Gibbert & Ruigrok, 2010). Qualitative research methods emphasize the inductive approach in which the result of the research is the theory (Bryman and Bell, 2003; Cooper & Schindler, 2008). Quantitative research methods, in contrast, focus on the collection and analysis of data, and, therefore, follow the deductive approach, which aims at testing theory on the basis of the data collected. Nevertheless, various researchers agree that the combination of qualitative and quantitative methods increases the value and perceived quality of the research. This approach is called triangulation, aiming at observing the research issue from at least two different angles including multiple data collection methods (Eisenhardt, 1989; Cooper & Schindler, 2008; Flick, 2004). As Cooper and Schindler (2008) explain, qualitative and quantitative research methods can succeed one another, or be conducted simultaneously, thereby compensating the weaknesses of the other

methodology and providing stronger validation of new theories. Therefore, the present study applies both methods to increase its quality and rigor.

The present research process consists of two major steps. In the first step, qualitative interviews with Nokia employees and communication consultants were conducted. In the second step, a quantitative consumer survey was carried out online. The Nokia case is used to support the quantitative consumer survey, as questions can be formulated explicitly, generating clear results. In particular Nokia was chosen, as

- (1) The company is a globally well-known and reputable brand (BrandZ, 2010) so that the probability is large that survey respondents know Nokia and are even connected to the company in social media,
- (2) The company has actively incorporated digital and social media marketing throughout its viral marketing campaigns since 2005,
- (3) In the interviews with communication consultants Nokia was suggested as a pioneer among the companies participating in social media in Finland, and
- (4) In line with Eisenhardt and Graebner (2007), Nokia seemed to be an informative case example with opportunities for research access.

The qualitative and quantitative research methods aim at answering the research questions and achieving the research objective outlined above. Their details are summarized in the following sections.

### **3.2. Data collection**

This section outlines the process of preparing and conducting the data collection approaches. Thereby, the two methodologies of qualitative interviews and the quantitative consumer survey are described in chronological order to alleviate the understanding of the two-step empirical process design.

### 3.2.1. Qualitative interviews

This subsection gives an overview of the in-depth, semi-structured interviews used to collect information. First, Nokia representatives and, second, communication consultants were interviewed.

#### *Nokia interviews*

Two Nokia employees were interviewed, using the semi-structured interview approach. They were experts in digital and social media marketing: one of them was a Digital Marketing Manager, sharing his knowledge on the external social media services Nokia employs and the other one was a Social Computing Strategist, outlining the appliance of social media as internal collaboration tools among employees. The interview method seemed best as it generates deep knowledge of Nokia's social media strategy (Mack, Woodsong, MacQueen, Guest & Namey, 2005; Cooper & Schindler, 2008). The interviews were only conducted to receive background information about Nokia's social media participation, which is described in the introduction of the present study.

Due to the convenience of the two interviewees, the interviews were held at the same time, July 7th, 2010 between 9 and 10am. The interviews lasted approximately 40 minutes, and were structured by the following questions: "What external/internal social media services do you use in Nokia?", "Why does Nokia engage into social media activities?", and "Do you think social media can be used to enhance the reputation of Nokia?". The interviews were conducted in English and the interview framework is attached to Appendix 4.

#### *Consultant interviews*

Four communication consultants, in this study referred to as *consultants*, were interviewed, using the semi-structured interview approach. As in line with Eisenhardt (1989), the interviews were used to form the basis for the quantitative consumer survey. Thus, for instance, the interviewees' answers were used to improve the questionnaire directed at consumers. Furthermore, the interview findings were used to triangulate

them with the survey findings. The interview method seemed suitable as it presents a way to gather information from the most knowledgeable specialists that can explain and clarify an issue and provide reasons for their answers (Mack et al., 2005; Cooper & Schindler, 2008). The interviews, including interviewees' position, their company, the interview date, and the interview duration, are summarized in Table 3.

**Table 3. Consultant interviews**

<b>Interviewee</b>	<b>Position</b>	<b>Gender</b>	<b>Company</b>	<b>Interview Date</b>	<b>Interview Duration</b>	<b>Referred to in the text</b>
Interviewee 1	Interactive Strategy Director	Female	Company A	13.08.2010; 9-10am	36 minutes	<b>I1</b>
Interviewee 2	Account manager	Female	Company B	20.08.2010; 10-11am	32 minutes	<b>I2</b>
Interviewee 3	Account manager	Female	Company B	20.08.2010; 10-11am	32 minutes	<b>I3</b>
Interviewee 4	General manager	Male	Company C	21.09.2010; 2-3pm	36 minutes	<b>I4</b>

The consultants were selected based on their proficiency in the field of social media. Not all communication consultancies provide social media services, and the knowledge and know-how of consultants was pivotal for the success and value of this study. In addition, the location of the consultants' consultancy played an essential role, as, due to the financial resources of the author, only consultants in the Helsinki region could be selected. All the information was reviewed in the Internet before requesting interviews. In total, nine communication and marketing consultants were contacted, of which four from three different consultancies agreed to give interviews:

- **Company A** – is a communications specialist management consultancy with expertise in all areas of communications. Especially Company A is at the forefront in advising on the rapidly evolving digital media (Company A Website, 2010).
- **Company B** – is a consultancy specialized in corporate, financial, healthcare, change and crisis communications. The company recognizes the importance of reputation in the digital environment, and, thus, offers in-depth surveys, advice on how to operate in the social media environment, and guidelines for creating internal social media policies (Company B Website, 2010).

- **Company C** – is one of the leading strategic communication consultancies in Scandinavia, offering advice in critical communication events and crisis situations. Examples of its services include developing communicative leadership, establishing a favorable reputation, and building a strong corporate brand (Company C Website, 2006)

The interviews lasted approximately 30 to 40 minutes, and the interviews with the two consultants from Company B were held simultaneously. The interviews were structured according to the research questions, and aimed at identifying (1) what consumer groups use social media, (2) how aware consumers are of companies participating in social media, and (3) how important the participation of companies in social media is to consumers. All interviews were conducted in English. The complete interview framework can be found in Appendix 5 and the transcripts of the interviews are attached to Appendix 7.

The challenge of conducting the interviews laid in finding knowledgeable informants and avoiding bias. With regard to the former, although nine consultants were approached, only four agreed to give interviews. Yet, according to Perry (1998), four interviews are within the limit of a qualitative study in a master's thesis, providing enough evidence for the study. With regard to the latter, Eisenhardt and Graebner (2007) suggest gathering informants who view the focal phenomenon from different perspectives. Although all interviewees were communication consultants, fortunately, all of them advanced different views on social media, which added much value to the interview data.

### 3.2.2. Quantitative consumer survey

This subsection outlines the survey process and sample structure as well as question design of the quantitative consumer survey. The quantitative consumer survey, hereafter only referred to as *survey*, aimed at providing empirical evidence to complement the interview findings. As Eisenhardt (1989, p. 538) explains, “quantitative evidence can indicate relationships which may not be salient to the researcher. It also can keep researchers from being carried away by vivid, but false, impressions in qualitative data,

and it can bolster findings when it corroborates those findings from qualitative evidence”. In addition, unlike the interviews, the survey analyzes the consumer perspective on the role of social media in corporate reputation. As mentioned already in the outline of the research design, Nokia was chosen as the case company around which the survey was designed.

### ***Survey process and sample structure***

The most suitable means to conduct the survey was to publish the questionnaire in the Web, using Google Docs, and distribute the link. However, also online surveys encompass disadvantages; for instance, in this format participants needed to scroll the screen and change the page from time to time, which might have affected participants’ willingness to take part in the survey (Cooper & Schindler, 2008). Due to a better comparability of the answers, the questionnaire was only provided in English; when translating the questionnaire, for instance, into German or Finnish the meaning of words and expressions have to be changed, which might affect the understanding of, and thus answer to the questions. The participants were selected based on their use of social media, as non-social media users are not likely to be affected by the participation of companies in social media. However, this also reduces the study’s perspective on consumers to social media users (as part of consumers) only.

The author distributed the link of the questionnaire to her private and business contacts within her social media networks (e.g. via Facebook and Twitter) as well as via email. Furthermore, key contacts that had a large network of relationships in social media distributed the questionnaire within their personal and professional networks (e.g. via Twitter). Distributing the survey in this manner and thus collecting a “rolling sample” might have fostered some bias. For instance, people are more likely to think alike and have the same ideas about social media and Nokia. In addition, respondents are on average rather young, female and students, as can be seen in Table 4 below. This was taken into account, when interpreting the findings of this study and drawing conclusions. Therefore, the results of this study can only be considered as tentative and further investigations are needed.

Before distributing the questionnaire, answers from all four interviews were used to finalize the questions. Furthermore, a small-scale data collection trial was conducted with two volunteers to test the conception and understanding of the questions. Some revisions were made accordingly. Both measures served to increase the validity of the empirical study (Yin, 2009), resulting in an 18 questions encompassing questionnaire provided in Appendix 6.

As the survey was distributed online, and forwarded to a large number of contacts, the response rate is impossible to measure (de Vaus, 2002). A total of 287 respondents completed the survey, of which number three non-social media users were discarded, as the major requirement for respondents was their activity in social media. The decision to discard these three responses is in line with Malhotra and Birks (2006).

The remaining 284 respondents represented 38 nationalities of which Germans (n = 151) and Finns (n = 63) were the biggest group; the average age was 24.8; there were more females than males; and there were more students than professionals. Furthermore, three respondents were unemployed, and one did not indicate her profession. A summary of respondents' demographical background can be found in Appendix 8 and in Table 4.

**Table 4. Quantitative survey demographics**

<b>Characteristics</b>	<b>Number of respondents</b>
Number of respondents	284
Number of nationalities National Groups:	38 Americas = 8 Asia & Oceania = 23 Eastern Europe = 22 Northern Europe = 72 Southern Europe = 8 Western Europe = 151
Average age Age groups:	24.8 18-20 = 17 21-25 = 159 26-29 = 90 >30 = 18
Females Males	227 57
Professions:	Student = 203 Employed = 77 Unemployed = 3

As Table 4 demonstrates, the characteristics of the respondents are very similar, which can be explained by the rolling sample used in this study. Thus, respondents come mainly from Western or Northern Europe, are in their 20s, female, and students. Furthermore, the sample is rather small, considering the mass of people that use social media nowadays. These facts are a major limitation to the findings of this study, as the sample does not represent any population of a country, certain demographic consumer group, or special group of social media users. Therefore, the results of this study can only be considered suggestive.

### *Question design*

The design of survey questions is a key essential in every quantitative research project (Cooper & Schindler, 2008). With regard to the choice of an online-based questionnaire, there is a range of suitable structured and unstructured questions that can be imposed on the respondent. In the present study predominantly open-ended questions, dichotomous questions, multiple choice questions, checklists and rating questions were used.

Unstructured, or open-ended, questions were used to determine the respondents' demographics, including nationality, age, gender, and profession, as such answers generally only generate one or two words. No other unstructured questions were applied, as they pose significant problems in interpretation, or result in a lack of response (Cooper & Schindler, 2008).

In the rest of the questionnaire, structured questions were used. Dichotomous questions suggest simple yes-or-no responses when basic facts need to be stated. Multiple-choice questions were used when respondents could choose among several alternatives. Checklists asked respondents to provide multiple answers to a question, if applicable. Finally, rating questions were applied when gradations of preference, interest, or agreement were sought (Cooper & Schindler, 2008). According to Cooper and Schindler (2008) and Nardi (2006), these question types present a suitable form for online-based surveys and foster accurate generalizability. However, they also restrict answers, which pose challenges in interpreting results (Nardi, 2006).



Both multiple choice and rating questions apply a five-item Likert-scale to estimate the extent of the favorable and unfavorable attitude to a question (Malhotra & Birks, 2006). According to Malhotra and Birks (2006) the Likert-scale typically consists of statements to which respondents evaluate their agreement or disagreement. Each response is expressed in a numerical number that reflects the degree of attitudinal favorableness. The average of the overall respondents might indicate the respondents' general attitude. This summated rating scale was chosen, as it is the most reliable tool in the data collection, and provides the greatest volume of data (Cooper & Schindler, 2008; Malhotra & Birks, 2006).

### **3.3. Data analysis**

This section briefly describes the stages of the qualitative and quantitative data analysis applied in the present study. The qualitative data analysis focuses on the data assembly, reduction and presentation, whereas the quantitative data analysis concentrates on the coding of data and the various tests applied.

With regard to the interviews, data was taped and transcribed right after each interview (see Appendix 7). Furthermore, first interpretations of the answers were made after the interviews. When analyzing the interviews, data was organized and structured according to the research questions (Malhotra & Birks 2006), reducing the amount of data to the most valuable quotations. For presenting the interview findings, verbatim quotations were included, increasing the trustworthiness of the study (Corden & Sainsbury, 2005).

Regarding the survey, as Malhotra and Birks (2006, p. 421) state, "the care exercised in the data preparation phase has a direct influence on the quality of statistical results". Therefore, the data was carefully summarized in an excel sheet and then coded to have a better foundation for calculating certain statistics. Furthermore, some demographic information of respondents, like their nationality and age, needed to be grouped to compare responses better. For instance, the nationalities were comprised into national regions, as used by the United Nations Statistics Division. More information on the coding can be found in the codebook in Appendix 8. Subsequently, means and correlations were calculated to test bivariate relationships, as they are the best way to

summarize the “strength of associations between two metric variables” (Malhotra & Birks, 2006, p. 512; Nardi, 2006).

### **3.4. Trustworthiness of the study**

This section discusses the trustworthiness of the study by evaluating the research methods used. According to Gibbert and Ruigrok (2010), the most influential model used to ensure the rigor of a case study is the so-called *natural science model*, including reliability and validity.

- *Reliability* refers to the accuracy with which a measurement can be repeated, leading to the same result (Yin, 2009)
- *Validity* describes whether “you are observing, identifying, or measuring what you say you are” (Mason, 1996, p. 24)

These two criteria are dealt with one by one as follows. Thereby, both criteria will be not only analyzed on the base of the case study approach used, but specifically also by the means of the interviews and survey applied.

#### ***Reliability***

As Cooper and Schindler (2008, p. 289) formulate, “reliability has to do with the accuracy and precision of a measurement procedure”. In more detail, reliability ensures that the data collection procedure can be repeated, generating the same findings and conclusions. In order to ensure reliability, Yin (2009) suggests to document all procedures and measures taken in form of (1) a *case study protocol*, describing the case study questions, data collection procedures, outline of the case study report, case study questions and evaluation of the study, or (2) a *case study database*, including the responses of the survey and a survey report. This study applies both measurements: First, this study serves as a report of the research describing the content and processes of the data collection and analysis, and providing the interview and survey frameworks. These frameworks are attached in the Appendices 4, 5, and 6 so that the replication of the research is facilitated. Second, interview answers were saved and documented,

serving as a case study database and can be found in Appendix 7. Unfortunately, the survey data is too large to be attached to this study. With reference to the interviews, LeCompte and Goetz differentiate between external and internal reliability in qualitative research methods. External reliability refers to the replicability of the study, while internal reliability describes if a measure is consistent within itself (Bryman & Bell, 2003). Naturally, it is difficult to replicate an interview under the same conditions. As suggested by LeCompte and Goetz, the author adopted a similar social role in all interviews to maintain the same social settings and circumstances. In addition, the same set of questions were asked to create the same conditions throughout all interviews. Internal reliability can be measured by test-retest measures, such as the split-halves test. However, the perspectives and answers of the interviewees were so diverse that an internal reliability seems very weak (Bryman & Bell, 2003). With regard to the survey, *test-retest* and other measures are often applied to determine a survey's reliability as well (Nardi, 2006). However, apart from the small-scale data collection trial, no other retest methods could be conducted in the time period available, which limits the accuracy and consistency of the quantitative research method.

### ***Validity***

The warranty of validity is an important issue in every research, as without a truthful validity, it does not matter if the research is reliable, as it does not measure what the researcher is aiming to achieve (Cooper & Schindler, 2008). According to Cooper and Schindler (2008) and Yin (2009) there are many forms of *validity* discussed within the business research methods literature, but the most common ones in case studies are construct validity, internal validity, and external validity. Table 5 gives an overview of the three forms:

**Table 5. Forms of validity of case studies (Yin, 2009)**

<b>Test</b>	<b>Case study tactic</b>	<b>Phase of research in which it occurs</b>
<b>Construct validity</b>	Use multiple sources of evidence (e.g. triangulation)	Data collection
	Establish chain of evidence	Data collection
	Have key informants review draft case study report	Composition

<b>Internal validity</b>	Do pattern matching (position hypotheses)	Data analysis
	Do explanation building (explain causal links prior to the research)	Data analysis
	Address rival explanations (explain how rival explanations cannot be supported)	Data analysis
	Use logic models (explain repeated cause-effect-cause-effect patterns)	Data analysis
<b>External validity</b>	Use theory in single-case studies	Data collection
	Use replication logic in multiple case studies	Data collection

Construct validity refers to the identification of the right operational measures for the concepts studied (Yin, 2009; Gibbert & Ruigrok, 2010). As Cooper and Schindler (2008, p. 290) explain, construct validity answers the question “what accounts for the variance in the measure?”. Cohen, Manion, and Morrison (2003, p. 132) add that the concept is simply achieved when “the performance on the test is fairly explained by particular appropriate constructs”. Therefore, construct validity plays a major role in the data collection phase of a study (Gibbert & Ruigrok, 2010). As can be seen in Table 5, Yin (2009) suggests three measures to ensure construct validity: researchers can (1) use multiple sources of evidence (e.g. triangulation), (2) establish chain of evidence, and (3) have key informants review the study. This study applies the triangulation of different sources of data and a chain of evidence. First, this study triangulates the findings from the interviews with those of the survey, using the survey to support assumptions made in the interviews. Second, the study maintains a chain of evidence, revealing, for instance, the time and place of interviews, or the key information of survey responses in the appendices so that external observers are able to follow the source of evidence from the initial research questions to the conclusions (Yin, 2009; Gibbert & Ruigrok, 2010). With regard to the survey, construct validity is measured by considering other factors that might affect the actual result, such as demographics or the use of a Nokia mobile phone, as was done in the present study (Nardi, 2006). In addition, high correlations provide valid evidence for assumptions (Wrench, Thomas-Madox, Richmond & McCroskey, 2008); however, this study measured moderate correlations between 0.3 and 0.5, which are statistically significant, but not very high (Malhotra & Birks, 2006).

Internal validity explains the causal relationships between the variables and provides strong arguments for the conclusions (Yin, 2009; Gibbert & Ruigrok, 2010). This

means, internal validity tries to cover if the research method measures what its designer proposes (Cooper & Schindler 2008). As Table 5 shows, Yin (2009) suggests four methods to achieve internal validity: (1) pattern matching, (2) explanation building, (3) addressing rival explanations, and (4) logic models. The present study applies two of the four methods: First, to meet the pattern matching, a framework was established before the actual research was conducted to predict the outcome of the research questions based on prior literature. However, no existing framework could be used that combines social media with corporate reputation so that a relation needs to be assumed and tested within the empirical research. Second, results were verified by comparing them to prior studies of the literature review, as is common in explanation building. Internal validity plays also a major role in the interviews. It is the strength of this qualitative research, as the interviews allowed time to discuss the questions and ensured a high level of correspondence between the concepts and observations (Bryman & Bell, 2003).

External validity refers to the “data’s ability to be generalized across persons, settings, and times” (Cooper & Schindler, 2008, p. 289). According to Yin (2009) and Flyvbjerg (2004), this circumstance has been the major challenge in conducting case studies, as academics often argue about the impossibility to generalize from cases. Especially single case studies are vulnerable, as the risk of simulated and subjective results is large (Yin, 2009). However, Flyvbjerg (2004, p. 425) underlines that “one can often generalize on the basis of a single case, and the case study may be central to scientific development or alternative to other methods”. The key is to rely on analytical generalization (generalization from empirical observations to theory) rather than statistical generalization (generalization from observation to population). Therefore, even the results of a single case study can be used to formulate general theories, which can be tested afterwards (Gibbert & Ruigrok, 2010; Yin, 2009). It is suggested to provide a clear rationale for the choice of the case company and describe details about the case study context to achieve external validity in single-case studies (Gibbert & Ruigrok, 2010; Gibbert et al., 2008). Therefore, this study gives arguments supporting the choice of choosing Nokia as the case company. In addition, this chapter explains how and why the survey fits to Nokia and what the aim of this approach was. In addition, unlike internal validity, external validity is a key problem in the interviews

conducted. For instance, only a small sample of 4 interviews could be made and the selection of interviewees was limited by their location within the Helsinki region. Therefore, the interview findings cannot be generalized (Bryman & Bell, 2003).

With regard to the above-mentioned forms of validity, only construct validity is important to the survey. Quantitative research attaches importance to content and criterion validity, which, therefore, will be briefly reflected here. *Criterion validity* focuses on “how accurately a new measure can predict a well-accepted criterion or previously validated concept” (Wrench et al., 2008, p. 204). Similar to construct validity, the correlation between two measures is calculated to prove criterion validity, which was the main tool to verify relations (Wrench et al., 2008). Content validity is a subjective type of validity, depending on the researchers own judgment to decide whether the measuring instruments are related to what the researcher wishes to measure (Wrench et al., 2008). The author, for instance, asked others for feedback, which demonstrates content validity in this study.

### ***Implications of the research methods***

To briefly summarize and evaluate the research methods applied in this study, a critical overview of the research procedures and measure is presented, which is in line with Zalan and Geoffrey (2004). The overview is provided in Table 6:

**Table 6. Implications of research methods (adapted from Zelan & Lewis, 2004, pp. 507-528)**

<b>Test</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Single-case study</b>		
Design of the research	Study triangulated interview and survey findings	Study focused only on consumers active in social media, but generally not all consumers
Quality and reliability	Study involved induction and deduction approaches Study justified research methods and clearly stated theoretical arguments	Case studies have the weakest quality of design
Justification	Study generated new theory Study was suitable method to examine an under-researched field like social media	Study generated no generalizable research results
Interpretation of results	Survey gave evidence to assumptions made in the interviews	When interview and survey findings were contradicting, their interpretation was challenging
<b>Interviews</b>		
Sampling procedure	Interviewees were experts in their fields	Selection of interviewees was limited by their location within the Helsinki area

Data collection procedure	Interviews allowed time to discuss questions Author had experiences in conducting interviews	The cooperation of potential interviewees was moderate, as 5 of 9 consultants refused to give interviews Interview period was long
Quality and reliability	Interviews were taped and transcribed and are provided in the appendix of this study	Interviews were exposed to bias It is difficult to replicate the interviews
Data limitations	Interviewees had different views on social media	Only four interviews were conducted, limiting the variety of findings
Data management	Interviews were tapped and transcribed	It was difficult to code interviews
Interpretation of results	Standardized questions for better comparability were asked	Interpretation of answers was subjective
Bias	Interviewees had different views on social media	All interviewees had similar backgrounds with regard to social media consulting Author's personality, race, sex or age could have biased responses Interpretation of answers was subjective
<b>Survey</b>		
Sampling procedure	Survey generated large sample, encompassing respondents with different national and professional backgrounds of different ages	Sample size was comparable low compared to the number of social media users Sample was comprised of personal contacts The sample was not very diverse with regard to nationality and age
Data collection procedure	Answers from all four consultant interviews were used to finalize the questionnaire Small-scale data collection trial was conducted Survey was ideal to conduct online The use of the Likert-scale in questions provided the greatest volume of data	In online surveys scrolling the screen and changing the page often could have affected the willingness of respondents to participate Author was inexperienced in survey conduction
Quality and reliability	Survey was administered under standard, well-controlled conditions Survey is easier to replicate	Due to the large amount of data, the survey responses could not be attached to this study Survey applied no test-retest measures Survey measured only weaker correlations between 0.3-0.5
Data limitations	It was easier to compare results to similar studies Findings were generalizable	Structured questions could have been restrictive
Data management	All responses were collected in one database and coded for better interpretation The codebook provides overview of the data	Survey generated a large amount of data, which was difficult to handle
Interpretation of results	By conducting the survey only in English, results could be better compared It was easier to code structured questions	It was difficult to explain some answers
Bias	Results were all presented Results were compared to interview findings and prior studies of the literature review	Sample comprised personal contacts, which might have had similar interests and opinions

In conclusion, although the research methods were carefully selected to support the reliability and validity of the present study, they contained a number of disadvantages that should be taken into account when interpreting the findings of this study.

## 4. FINDINGS

This chapter presents the findings of this study gathered from the interviews conducted with consultants and the consumer survey. The objective of the present study was to identify the role of social media in corporate reputation. In particular, this study examined the general impact of the social media participation of companies on the awareness of and influence on consumers, and observed the consumers' awareness and perception of the case company Nokia. In the context of this study, consumers are represented by social media users only. Furthermore, although in the findings it is often referred to Nokia's reputation, this reputation reflects more the image of the company, as, according to Chun (2005) image is the part that is perceived by consumers. The findings of the study are described in the order of the three research question groups:

*1a. What potential social media users would be influenced by the reputational activities of companies in social media?*

*1b. Who participates in Nokia's social media activities?*

*2a. Are social media users potentially aware of the participation and reputational activities of companies in social media?*

*2b. Are social media users aware of Nokia's reputational social media activities?*

*3a. Does the participation of companies in social media positively or negatively influence their corporate reputation?*

*3b. Does Nokia's social media presence have a reputational effect on its social media participants?*

### 4.1. Potential social media users

This section presents the findings related to the first research question group, focusing on the potential users of social media in general, and the participants of Nokia's social media activities in particular. In addition, this research question group tried to circumscribe the purpose of using social media. The findings suggested that social media users were a homogenous group of people that seemed to be mainly interested in the so-called *friending*. However, about 45% of the survey respondents also looked for company information in social media, which indicated that social media users were also



interested in companies in social media. This section, first, introduces the interview findings and, second, the survey findings.

### ***Potential social media users***

The interviews suggested that the typical social media user cannot be distinguished per se. However, the use of the various social media services gives clues about how to differentiate its users by their social media behavior. Furthermore, the common reason to use social media seemed to be *friending* (see Appendix 7).

As all interviewees agreed, the typical social media user is difficult to differentiate by his or her demographic characteristics. As Interviewee (3) underlined, “*some companies may think that most of the social media users are of the younger generations ... students and teenagers. But ... the number is increasing all the time in all age groups*”. However, the use of different social media services seemed to play a role in distinguishing social media users:

*“It is really hard to say generally who is there [in social media] and who is not. It totally depends of which part of social media we are talking about.”* (I2)

*“I would say, if the question is, who is using it, and what groups, and what are the age groups that are using social media, we need to look into social media services ... service by service.”* (I1)

As is highlighted by these quotations, social media users seemed to vary by the different social media services they use. In the context of social media, services included LinkedIn, Twitter, and Facebook etc. that offer a different range of activities. Apart from the range of social media services, Interviewee (1) underlined that a global and local level of social media needed to be considered as well:

*“the big difference is, what language they [consumers] are talking. So, for example, the use of Twitter is really kind of widely spread with English speaking persons. And then how many ... and what are the groups that are using, for example, Twitter in Finland in Finnish ...”* (I1).

Furthermore, all interviewees agreed that the common purpose for using social media was mainly personally related, emphasizing the so-called friending:

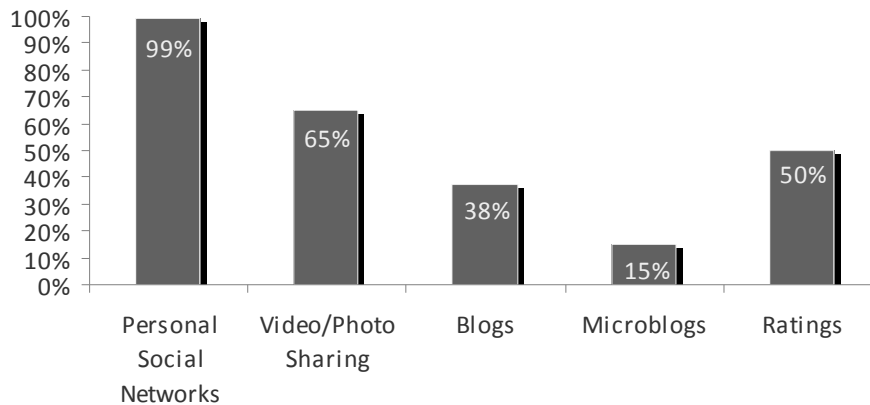
*“They [consumers] socialize with their peers. They talk about life. They talk about what’s happening in their lives at the moment, as we do in these real life situations as well. So, they compare products, they tell about their experience, they blame the company that, you know, behaved badly. Stuff like that that we do in the normal life as well” (I1).*

For companies, this proposition means that “[they] need to understand where [their] customers are active, and where then, parallel with that, [they] need to be active.” (I1).

### ***Respondents’ social media participation***

In line with the findings from the interviews, also the survey suggested that the typical social media user might not exist. As the main criterion for selecting respondents was their participation in social media, all of the 284 survey participants represented social media users. The findings indicated that when distinguishing users by national group, age group, gender and profession, only minor distinctions could be made, which did not help to describe social media users specifically. In addition, the findings illustrated that the majority of respondents seemed to use social media networks (e.g. Facebook, LinkedIn etc.), video and photo sharing sites (e.g. YouTube, Flickr etc.) as well as made buying decisions dependent on other users’ product and service ratings and reviews (e.g. the online sales store Amazon.com allows its customers to rate products). The main reasons for participating in companies’ social media activities seemed to be to look for product information, job opportunities, and company and industry information.

Examining the use of social media services, as suggested by the interviewees, the majority of respondents used personal social networks, photo and video sharing sites and ratings and reviews, as can be seen in Figure 8. Respondents could choose several options.



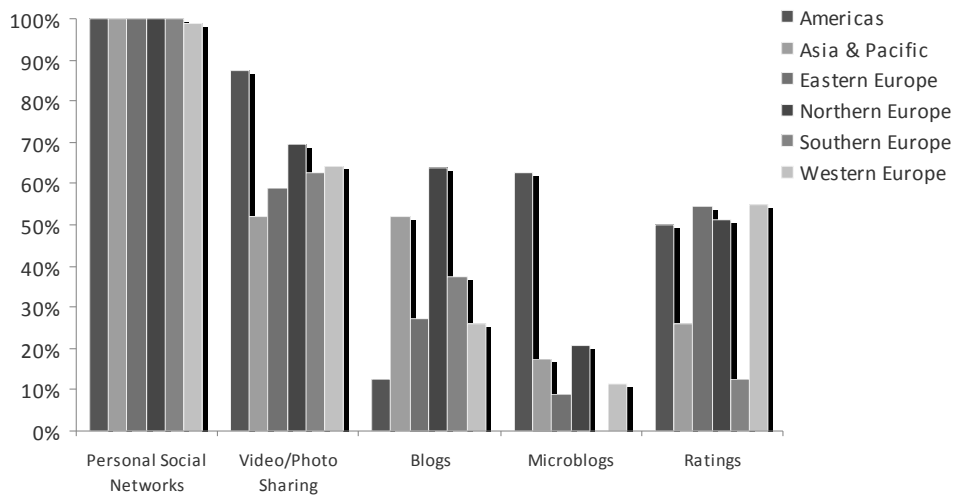
**Figure 8. General use of social media tools (N = 284)**

As Figure 8 shows, 99% of respondents indicated that they used personal social networks, followed by 65% of respondents that stated they were using photo and video sharing sites. Furthermore, 50% of respondents said they are orienting themselves by ratings and reviews when buying products and services. Blogs and microblogs (e.g. Twitter) seemed to be less used by the sample of respondents, the former ranging at 39%, and the latter at 15%. On average respondents used 2.67 tools.

Distinguishing the use of social media tools by nationality (Figure 9), age (Figure 10), gender (Figure 11) and profession (Figure 12), the sample of respondents only indicated minor distinctions, as shown below. To be able to present the data better, ‘nationality’ and ‘age’ were grouped. How these groups are divided can be seen in the methodology section (3.2.2.) or in the survey codebook in Appendix 8.

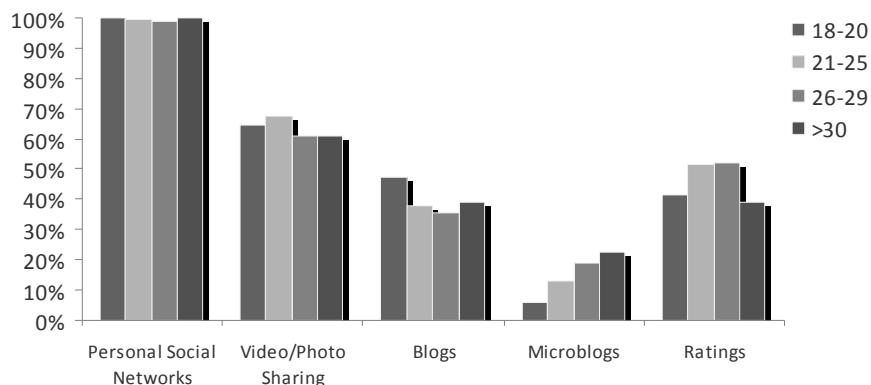
The general trend of using personal social networks, video/photo sharing sites and ratings was also observed, when distinguishing respondents by national groups, as Figure 9 shows. Respondents were divided into six national groups to present the data better. These national groups were: Americans (n = 8), Asians (n = 23), Eastern Europeans (n = 22), Northern Europeans (n = 72), Southern Europeans (n = 8), and Western Europeans (n = 151). However, apart from personal social networks, respondents’ national group seemed to play a role, as some used a number of social media services more often than others. For instance, it seemed that Americans used all social media tools actively, except blogs. Northern Europeans were the most active in blogs, while Southern Europeans did not participate in microblogs. These distinctions

might demonstrate the difference between the global and the local level of using social media, as outlined in the interviews.



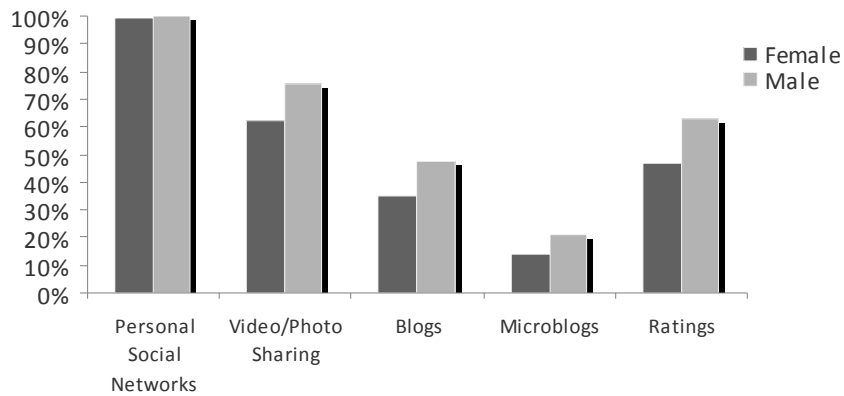
**Figure 9. The use of social media by national groups (N = 284)**

With regard to the age, respondents were divided into four groups: the under 20s (n = 17), beginning 20s (n = 159), end 20s (n = 90) and over 20s (n = 18). As depicted in Figure 10, respondents of all age groups seemed to use mainly personal social networks, video/photo sharing sites and ratings. The only trend that might have become apparent was that the consumption of microblogs seemed to slightly increase by age.



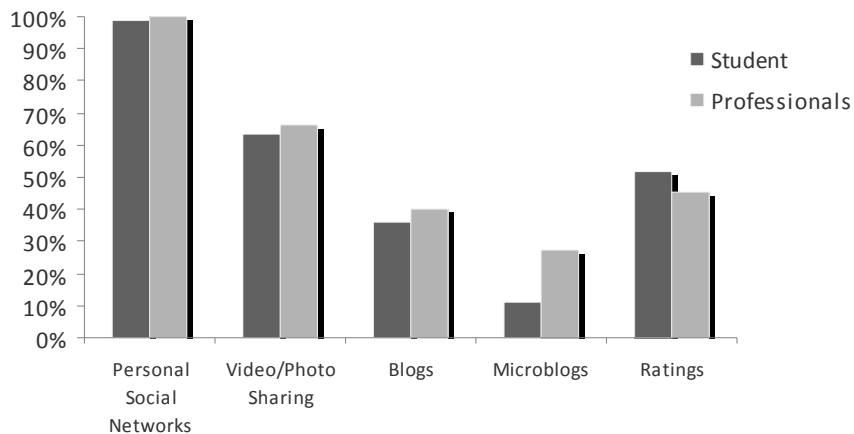
**Figure 10. The use of social media by age groups (N = 284)**

In line with the general trend, female (n = 227) and male (n = 57) social media users predominantly used personal social networks, video/photo sharing sites and ratings, as can be seen in Figure 11. Among the genders, men tended to use social media tools somewhat more frequently than women. However, this difference might occur, as only a few men participated in the study and, thus, no clear average social media usage could be determined.



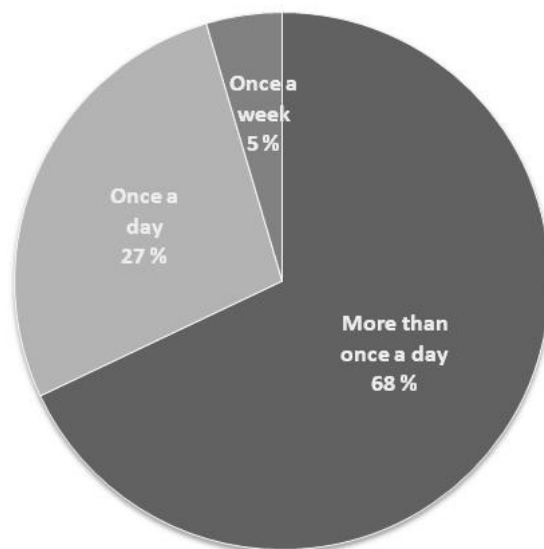
**Figure 11: The use of social media by gender (N = 284)**

Finally, also students (n = 203) and professionals (n = 78) seemed to use personal social networks, video/photo sharing sites and ratings often, as illustrated in Figure 12. A minor distinction between professionals and students was that professionals seemed to use double as often microblogs than students, while students used ratings slightly more often. However, these distinctions are only minor.



**Figure 12. The use of social media by profession (N = 281)**

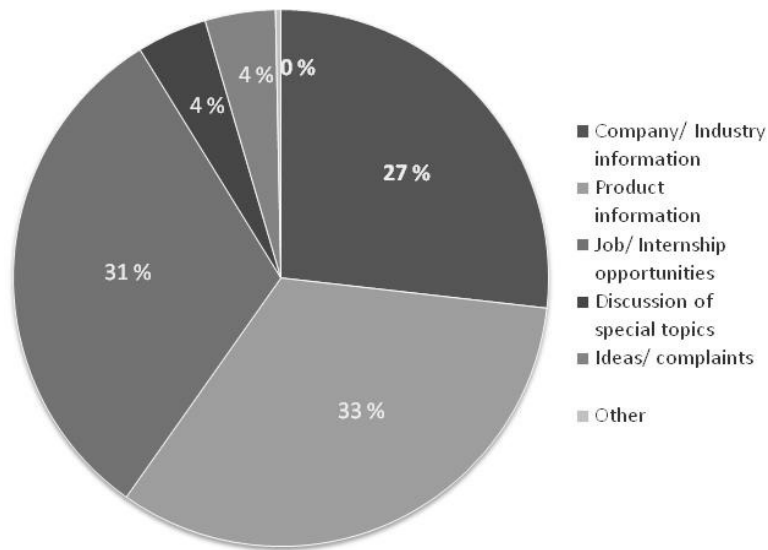
Regarding the frequency of social media usage, findings indicated that nearly all respondents used social media services at least once a day, as depicted in Figure 13.



**Figure 13. Frequency of social media usage (N = 284)**

As Figure 13 shows, 95% of respondents used social media on a daily basis. Approximately two thirds of the respondents used social media several times a day; another 27% once a day, while only 5% used it more rarely.

The main purpose of using social media seemed to be friending; 55% of respondents used social media to meet this need. However, 45% of respondents, a total of 127 participants, also followed companies in social media. Figure 14 provides an overview of the reasons mentioned to participate in companies' social media activities.



**Figure 14. Reasons for participating in companies' social media activities (N = 127)**

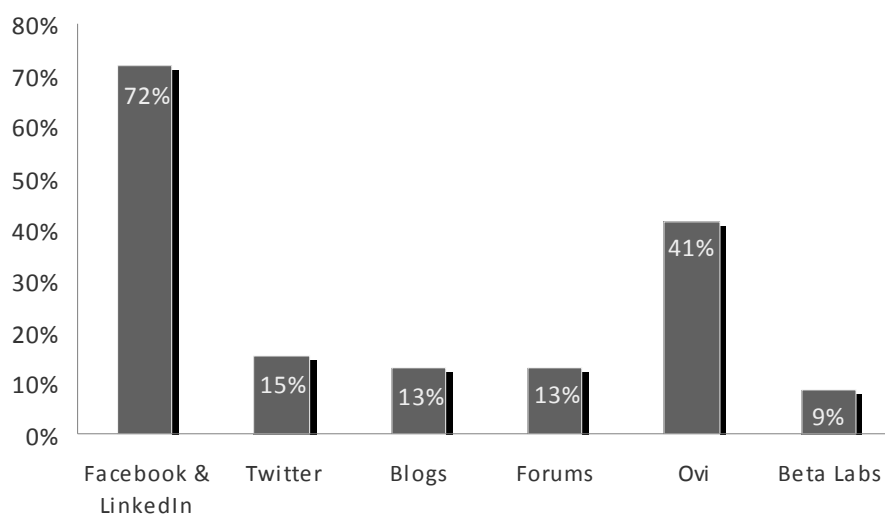
As Figure 14 illustrates, the main reasons for participating in the social media activities of companies were indicated as looking for (1) product information, (2) job or internship opportunities, and (3) company or industry information. Conversations with companies about certain topics of concern, ideas and complaints in social media seemed to be less a motivation to participate in the social media activities of companies.

With slight variations, the key incentives for participating in companies' social media activities were reflected in the various demographic groups – national groups, age groups, gender and profession - as well, as shown in Figures 40 to 43 in Appendix 9. This means that the primary interest in job opportunities, product information and company information was visible even when examining respondents according to demographic information. However, minor distinctions between the various groups were noticeable: The least interested in companies in social media seemed to be Southern Europeans, while Asians were the most interested, scoring relatively high within the range of reasons. Respondents above 30 had various interests for participating in companies' social media activities, while respondents under 20 seemed to look primarily for product information and respondents in their 20's for job opportunities. Men were more interested in company information than women, but had otherwise similar interests in companies in social media. Students looked more for job opportunities, while professionals were interested in product and company information.

### *Nokia's social media participants*

Nokia's social media participants seemed to somewhat differentiate from the common social media user characteristics. In general, participants of Nokia's social media activities showed particular characteristics, which might be typical for Nokia's stakeholders, being rather male, above 25 with a profession. In addition, these social media stakeholders predominantly used personal social networks and Nokia's own private network Ovi to participate in the social media activities of the company, as in line with the respondents' general social media preferences.

Approximately 16% (46 respondents) participated in Nokia's social media activities, some even via several social media services. Figure 15 gives an overview of the social media services that the respondents used.



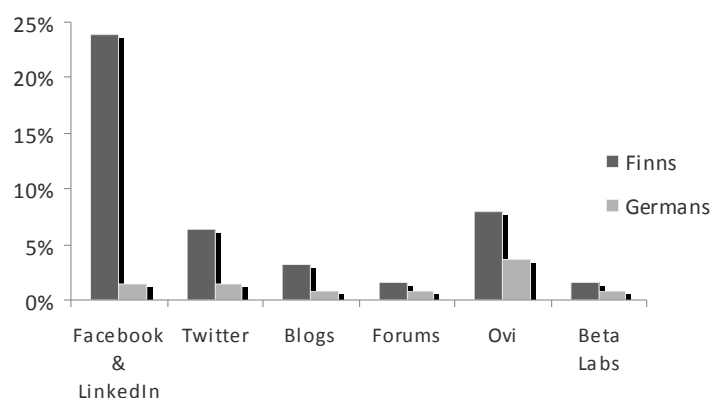
**Figure 15. Nokia's social media participants in percentage (N = 46)**

As Figure 15 shows, the most popular social media tools seemed to be personal social networks used by 72% of the 46 respondents, followed by Nokia Ovi with 41%. Furthermore, respondents participated via Twitter (15%), Nokia blogs (13%) and forums (13%), and even Nokia Beta Labs (9%) in Nokia's social media activities. The use of these services was in line with the general trend of participating largely in personal social networks, and only occasionally in blogs and microblogs, as identified above.



This trend of participating mainly via personal social networks and Ovi in Nokia's social media activities was also observed in the light of the different demographic characteristics of respondents. With regard to the national groups, no comparison could be made, as not enough respondents were representing every national group. However, as the sample group of Finns and Germans was comparably large, a comparison was made between these two nationalities, as illustrated in Figure 16. Furthermore, Figure 17 presents the comparison of the different age groups participating in Nokia's social media activities, while Figures 18 and 19 demonstrate the difference between the genders and professions.

As can be seen in Figure 16, of the altogether 199 Finns and Germans, Finns (in total 25,4%) participated in Nokia's social media activities more often than Germans (in total 4,4%), which might be due to ethnocentric reasons<sup>1</sup>. The major difference between the two groups was that all Finnish respondents mainly participated via personal social networks. The German respondents seemed to prefer Ovi as the channel of choice when participating in Nokia's social media activities. Thus, the global and local level of social media seemed to play a role in participating in the company's social media activities. Respondents could choose several options.

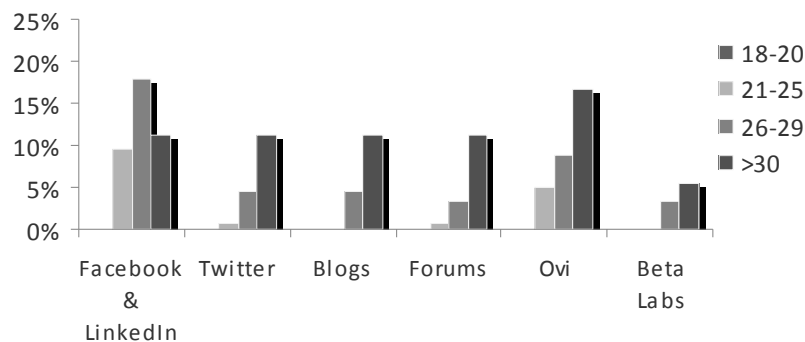


**Figure 16. Nokia's social media participants by nationality (Finns and Germans) (N = 199)**

As illustrated in Figure 17, of all the respondents, Nokia's social media services were similarly used by the different age groups. In total none of the respondents under 20

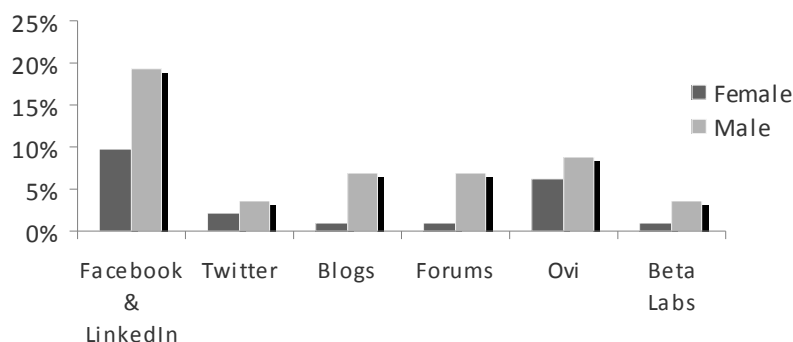
<sup>1</sup> According to Steenkamp, Batra and Alden (2003, p. 59) "highly ethnocentric consumers tend to reject brands that are culturally dissimilar while favoring those that originate in their own culture".

participated in Nokia's social media activities, while 14,5% of the respondents between 21-25, 22,2% of the respondents between 26-29, and 16,7% of the respondents over 30 participated. A minor trend, which could be detected when comparing the different age groups was that the respondents over 25 years of age seemed to be more likely to participate in Nokia's social media activities than the under 25-year-olds. Respondents could choose several options.



**Figure 17. Nokia's social media participants by age groups (N = 284)**

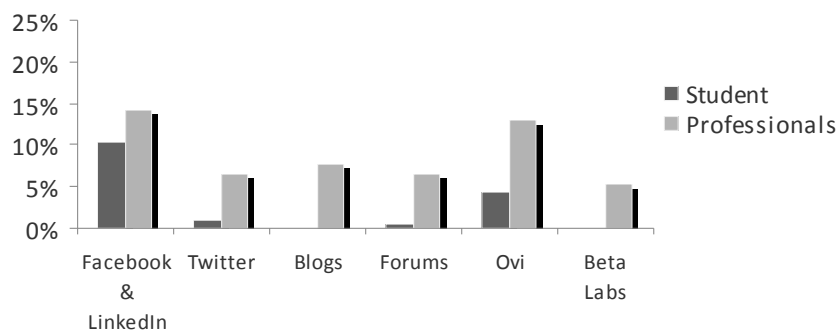
With regard to the differences in gender, Figure 18 shows that of the 284 respondents male social media users (in total 24,5%) participated in Nokia's social media activities slightly more likely than female users (in total 14,1%). Especially Facebook/LinkedIn, blogs and forums seemed to have been very popular among male Nokia participants. Respondents could choose several options.



**Figure 18. Nokia's social media participants by gender (N = 284)**

Finally, of students (n = 203) and professionals (n = 78), professionals (in total 19,5%) seemed to participate in Nokia's social media activities more likely than students (in

total 14,8%), which is not in line with the general social media user trend, as can be seen in Figure 19. However, it has to be mentioned that there were a number of Nokia employees as well as communication professionals among the respondents that might have a particular interest in the company or the telecommunications industry, which could have influenced this particular finding. Respondents could choose several options.



**Figure 19. Nokia's social media participants by profession (N = 281)**

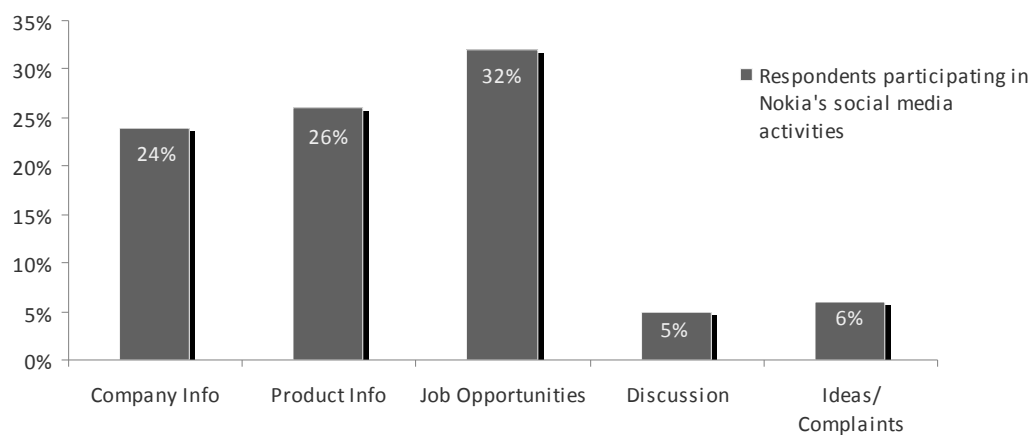
As could be concluded from Figures 16 to 19, Nokia seemed to attract a distinctive participant group, which might be called *online* or *social media stakeholders*. It is difficult to say, if these social media stakeholders were similar to Nokia's primary stakeholders or consumers. Therefore, it was examined whether the possession of a Nokia mobile phone might play an important role when participating in Nokia's social media activities. Table 7 compares participants and non-participants of Nokia's social media activities and whether they had a Nokia phone.

**Table 7. Comparison of Nokia mobile phone owners and participants of Nokia's social media activities (N = 284)**

Possession of Nokia mobile phone	Respondents participating in Nokia's social media activities	Respondents NOT participating in Nokia's social media activities
No Nokia phone	1	38
Nokia phone in the past	8	75
Currently a Nokia phone	37	125
<b>Total number</b>	46	238
<b>Correlation</b>	0,213	

As Table 7 depicts, although more Nokia phone owners participated in Nokia's social media activities than non-Nokia phone owners, there were also many Nokia phone owners that did not participate in the social media activities of the company. This first impression was also supported when correlating Nokia's social media participants and non-participants, resulting in a rather weak correlation ( $R^2 = 0.213$ ). This might indicate that the possession of a Nokia mobile phone did not play a very important role to the respondents when participating in the company's social media activities.

The main reasons for participating in Nokia's social media activities seemed to be job opportunities, product information as well as company and industry information, as depicted in Figure 20. Respondents could choose several options.



**Figure 20. Reasons for participating in Nokia's social media activities (N = 46)**

As can be seen in Figure 20, the reasons for participating in Nokia's social media activities reflected the general trend of reasons to attach oneself to companies in social media, which were (1) product information, (2) job or internship opportunities, and (3) company or industry information (see Figure 14). However, interestingly the order of reasons changed: the participants seemed to be primarily interested in job opportunities (32%), followed by product information (26%) as well as company and industry information (24%).

## *Summary*

To summarize and compare the interviews and the survey, findings illustrated that the general social media users seemed to be a rather homogenous group of people that hardly showed major distinctions between them. Although the survey respondents were compared according to their nationality, age, gender and profession, the only major distinctions could be made in the use of local and global social media services, both with regard to the general social media user and Nokia's social media participants. In addition, the study indicated that the majority of social media users used personal social networks (e.g. Facebook and LinkedIn), photo/video sharing sites (e.g. Flickr and YouTube), as well as reviews and ratings common on retail sites (e.g. Amazon.com). Furthermore, respondents seemed to consume a number of social media services at the same time, using on average 2.67 tools. These findings indicated that (1) people were scattered in social media, using different services, and (2) a variety of people not only used one social media service, but participated in several ones.

Taking participants of Nokia's social media activities into account, more noticeable distinctions could be made, identifying the company's social media participants as rather male, above 25 and professionals. Furthermore, respondents used mainly personal social networks and Nokia's own private network Ovi to participate in the company's social media activities. Less frequently consumers read and commented on Nokia's blogs and forums, or followed the company in Twitter (microblogs). Similarly, respondents participated in Nokia's social media activities via, for instance, social networks, also followed Nokia in Twitter or read Nokia blogs etc..

With regard to the purpose of using social media, findings showed that socializing and friending with peers seemed to be the main incentive. More than half of the respondents of the survey indicated to use social media only for private matters. However, about 45% of the respondents also participated in companies' social media activities, primarily to receive company and industry as well as product information, and to look for job and internship opportunities. About 16% of the respondents stated that they also participated in Nokia's social media activities. The major motivation to participate in Nokia's social media activities was job opportunities, as in line with the general

reasons to participate in companies' social media activities. The possession of a Nokia mobile phone seemed to be less important to the respondents when deciding to participate in the social media activities of Nokia.

## **4.2. Consumers' awareness of companies' activities in social media**

This section presents the findings related to the second research question group, emphasizing consumers' awareness of the participation and activities of companies in social media. While most of the interviewees agreed that consumers are aware of and look for companies in social media, the survey indicated that respondents had limited knowledge of Nokia's social media participation. First, the interview findings will be introduced, providing a general picture of consumers' awareness of companies' social media participation; second, the survey findings present consumers' awareness of Nokia's social media activities in particular.

### *Awareness of companies' activities in social media*

The interviews revealed that generally consumers seemed to be aware and interested in information about companies and their products in social media. However, the content had to be valuable to consumers and companies had to start a continuous dialogue with them, which might be a driver for increasing the awareness of companies active in social media. With regard to the suitability of certain companies and industries for social media, opinions differed, but answers implied that companies should consider participating in social media, if important stakeholder groups were active in there (see Appendix 7).

To determine if consumers were aware of companies in social media is generally difficult. As indicated by the interviewees, this question might be answered positively, given that consumers "*are interested in a certain product, or a topic that the company is expert in, or if the content has some value*" (I3). Moreover, companies "*have to have that kind of content there that people want to spread*" (I4). Interviewee (1) added:

*“I think we are starting to get there that the consumers understand that the companies are there [in social media]. The situation was totally different a year ago. So, the change is really rapid [...] consumers are searching for the information, or looking for the information by their needs.” (I1)*

Considering how a company can increase its awareness to consumers in social media seemed to be challenging. Interviewee (2) pointed out:

*“I wouldn’t think that if you are not already there [in social media], you would ever kind of be aware of [social] media campaigns. You definitely need to be there and use those tools, and then you can be kind of drawn into that.” (I2)*

Although non-social media users were impossible to attract, the easiest way to attract consumers to the companies’ Facebook profiles, for instance, was that *“a friend tells to a friend”* (I4). This spread of word-of-mouth seemed to be a suitable solution in the social media environment. Related to this, Interviewee (1) pointed out:

*“How well you are found as a company depends on how well you do your digital communication. And it’s not just being in one social media platform, it is being part of the ecosystem [...] providing information in video format in YouTube, tweeting your press releases with your Twitter account, creating appealing information on your website, and then getting the latest insights on the Facebook and so on.” (I1)*

Considering this ecosystem companies have to build up, Interviewee (1) underlined that companies should not think of social media as a marketing channel, but as a communication tool to develop dialogues with consumers:

*“I would say it is more about communications and more about customer service in social media, than it is about marketing and campaigning in the way that we usually think of it, in the traditional way.” (I1)*

With regard to the suitability of certain products in social media, interviewees had opposing views. Interviewee (4), for instance, clearly stated that consumer brands, NGOs or political parties might have a good foundation to conduct communication and

marketing in social media. In addition, he believed that “*the BtoB branch ... shouldn't consider of doing any of those [marketing] things in social media*” (I4). Yet, interview (2), consulting mainly BtoB clients, said:

*“I think in a way it is easier for those BtoC companies to have all these ideas and develop some creative campaigns, because ... they have this mandate to have a direct contact to consumers. But I think it is definitely not impossible for BtoB companies to be successful in social media, because consumers may be interested in having conversations with them, or hearing what the BtoB company has to share.”* (I2)

Interviewee (1) finally concluded:

*“I would say it is not so much about the products and services. It is about the consumer. You know, you need to know your stakeholders. If your company has active users in social media whether they are analysts, or media persons, or, you know, consumers, or NGOs. For example, how silly it might sound to you, the Forest industry is starting to be really active in social media, because the NGOs and other third parties are really active in social media. So, you need to be active there. Otherwise you are not part of the game. So, you need to know your stakeholders, whether it is the consumer or other parties that affect your business ... if they are active [in social media ...] or if the topics or the themes, you know, that are discussed around your business environment are discussed in social media, don't be dumb, and let alone, be part of the discussion.”* (I1)

This quotation indicated that the product a company sells or industry a company is active in plays only a minor role, but that companies have to engage in social media, if important stakeholder groups use social media.

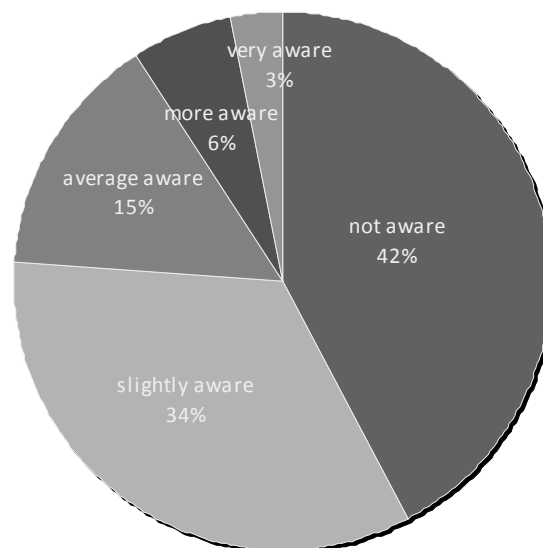
### ***Awareness of Nokia's social media activities***

While the findings from the interviews gave an overview of the general awareness of consumers of companies' social media participation, the survey analyzed consumers' awareness of Nokia in social media. This subject matter was particularly relevant, as



Nokia planned to gradually reduce its expenses for traditional marketing and websites and instead invest in social media. However, the findings indicated that the respondents' awareness of Nokia's social media activities was comparably low. Even though minor variances between the various demographic groups existed, none of the groups seemed to have a high awareness of Nokia in social media. In addition, the use of Nokia's products did not seem to have an important impact on the awareness of the company's social media participation. The awareness of respondents was mainly raised through a combination of advertisements in traditional marketing channels, social media and by recommendations of friends. This would imply that there is no one-way solution to increase the awareness of companies in social media, but a combination of means has to be applied.

Evaluating respondents' awareness of Nokia's social media participation on a scale from 'not aware' to 'very aware', findings implied that the majority of respondents had limited knowledge of the company's social media participation, as shown in Figure 21.



**Figure 21. Respondents' awareness of Nokia's social media participation (N = 284)**

As depicted in Figure 21, the majority of respondents was not aware (42%) or only slightly aware (34%) of the social media activities Nokia had. About 15% had an average awareness of the company in social media, while altogether only 9% were more to very aware.

Although the general awareness level of Nokia’s social media participation seemed to be low, the degree of awareness varied slightly from respondent group to respondent group with regard to national group (Table 8), age group (Table 9), gender (Table 10) and profession (Table 11), as depicted below. Respondents could evaluate their awareness on a scale from –2 (not aware) to 2 (very aware). This scale had the advantage that an average score of 0 and above would imply a high awareness and an average score under 0 a low awareness.

With regard to nationality, among the respondents the average awareness seemed low in every national group. Furthermore, it varied by even more than half a point between the six regions, as shown in Table 8. For instance, Western Europeans and Americans seemed to be less aware of Nokia’s social media participation than the other national regions. Asians as well as Eastern and Southern Europeans had the ‘highest’ awareness level.

**Table 8. Awareness of Nokia’s social media participation by national groups (-2 = not aware; 2 = very aware) (N = 284)**

<b>National group</b>	<b>Average awareness</b>
<b>Americas</b>	-1.3
<b>Asia &amp; Oceania</b>	-0.5
<b>Eastern Europe</b>	-0.6
<b>Northern Europe</b>	-0.8
<b>Southern Europe</b>	-0.6
<b>Western Europe</b>	-1.4

A similar result of low awareness can be seen with regard to the four age groups. Interestingly, it seemed that the awareness increases by age. Also surprising was that the respondents under 20 had a very low average awareness of Nokia in social media. The findings are depicted in Table 9.

**Table 9. Awareness of Nokia’s social media participation by age groups (-2 = not aware; 2 = very aware) (N = 284)**

<b>Age groups</b>	<b>Average Awareness</b>
<b>18-20</b>	-1.4
<b>21-25</b>	-1.1
<b>26-29</b>	-1.0
<b>&gt;30</b>	-0.9

With regard to the different genders, it is noticeable that female respondents seemed to be slightly less aware of Nokia’s social media participation than their male counterparts, as shown in Table 10. Nevertheless, both genders show a rather low average awareness of the company in social media.

**Table 10. Awareness of Nokia’s social media participation by gender (-2 = not aware; 2 = very aware) (N = 284)**

<b>Gender</b>	<b>Average Awareness</b>
<b>Female</b>	-1.1
<b>Male</b>	-0.7

In line with the above-mentioned results, students seemed in average to be slightly less aware of Nokia’s social media participation than professionals, as illustrated in Table 11. However, again, the difference between the two groups is fractional, and both of them can be considered as rather unaware.

**Table 11. Awareness of Nokia’s social media participation by profession (-2 = not aware; 2 = very aware) (N = 281)**

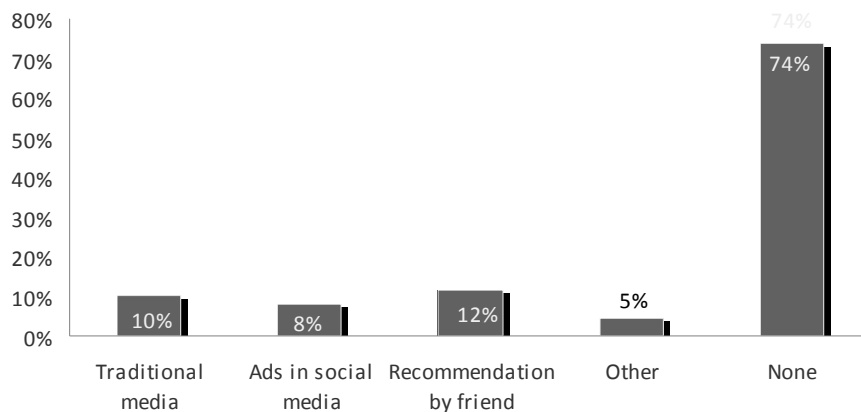
<b>Profession</b>	<b>Average Awareness</b>
<b>Student</b>	-1.1
<b>Professional</b>	-0.9

To conclude Tables 8 to 11, Nokia’s social media participation seemed to be generally perceived lowly by respondents. Although smaller distinctions were noticeable between

the various demographic groups, no single group showed a considerable awareness level of at least 0. This finding could underline that respondents used social media mainly for personal reasons, or that they may not expect companies to participate in social media.

Very importantly, it was examined if respondents, who were more aware of Nokia's social media participation, also participated in the company's social media activities. This would mean that companies could engage more participants into their social media activities, and, subsequently, establish their online or social media reputation, if they are able to make aware of their social media presence. Comparing the awareness level of participants and non-participants of Nokia's social media activities generated a high correlation ( $R^2 = 0.619$ ), which would support this suggestion.

In order to raise awareness, recommendations by a friend (word-of-mouth), traditional media and advertisements in social media seemed to have attracted the attention of the respondents, as depicted in Figure 22. Respondents could choose several options.

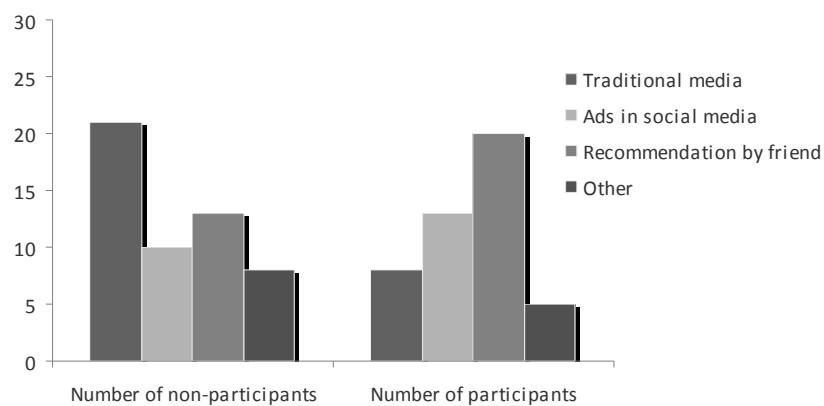


**Figure 22. Means to raise awareness (N = 284)**

As Figure 22 shows, recommendations by a friend, in other words word-of-mouth, showed to be the most successful means, followed by traditional media and advertisements in social media. Nevertheless, these means seemed to be rather evenly distributed so that no clear proposition could be made, how to attract consumers to the social media activities of Nokia. Other means to raise awareness were mainly lectures,

assignments and advertisements at the university, particularly affecting students, as well as articles in online newspapers or the influence of friends working at the company.

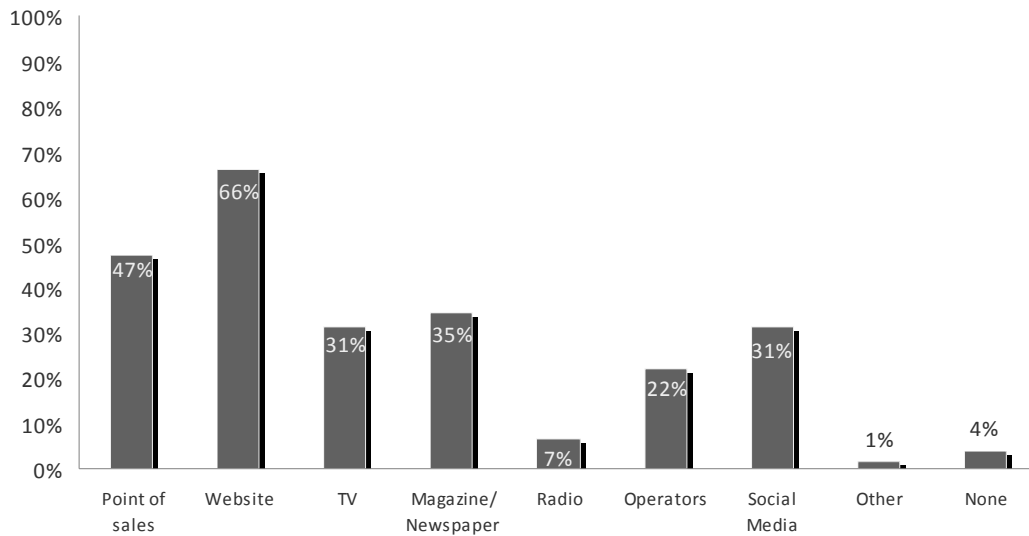
As some of the means to raise awareness might be more successful in influencing respondents to participate in the company’s social media activities, participants and non-participants of Nokia’s social media activities were compared, as illustrated in Figure 23.



**Figure 23. Means of awareness of participants and non-participants of Nokia’s social media activities (N = 284)**

As can be seen in Figure 23, while the awareness of non-participants of Nokia’s social media activities was raised mainly through advertisements in traditional media, participants were attracted primarily through recommendations by friends or advertisements in social media. Other means included lectures or projects. This finding would lead to the assumption that in order to attract participants in social media, a combination of communication and marketing means has to be employed.

Finally, respondents favored a number of information channel to receive information about Nokia, which is presented in Figure 24.



**Figure 24. Preferred information channels (N = 284)**

As Figure 24 illustrates, the findings indicated that respondents preferred to independently look for information they needed from websites and points of sales. Approximately one third of the respondents liked to receive information via traditional marketing channels, such as TV and magazines/newspapers. An additional one third of the respondents liked to draw product, company and job information via social media. This one third of respondents would indicate that social media at least play a role to consumers.

Observing which demographic group preferred to receive information via social media more than others revealed interesting results, as depicted in Appendix 9. For instance, 75% of Americans indicated that they preferred information via social media, followed by 47% of Northern Europeans, 39% of Asians and 37% Southern Europeans. Eastern and Western Europeans were by far less keen to retrieve information or get into contact with Nokia via social media. Differences in the age groups showed that more than 40% of the above 25-year-olds preferred social media as information and communication channels. However, respondents above 30 were also the ones indicating (11%) that they did not want any information (about Nokia) at all. The comparison between genders showed that men (40%) preferred information and communication via social media over women (29%). Finally, more professionals (43%) preferred to receive information and get into contact with Nokia via social media than students (27%).

## *Summary*

To summarize and compare the results of the interviews and the survey, while the interviewees acknowledged that consumers seem to be aware and interested in valuable information about companies and their products provided in social media, the survey indicated that respondents seemed to be less aware of Nokia's social media participation. Even when breaking down respondents into demographic groups, there was no single group of respondents that was more aware of Nokia's social media participation. However, what can be recognized from the survey findings was that respondents more aware of Nokia's social media participation seemed to participate in the company's activities in social media.

In addition, respondents indicated that recommendations by friends, in other words word-of-mouth, were the most successful means to raise awareness. However, traditional media and advertisements in social media played a similar important role. Though companies have a limited influence on word-of-mouth, this would imply that they should use a combination of different online and offline communication means to increase their awareness in social media.

Finally, the findings indicated that consumers seemed to look for information of companies and products in social media, however, they did not search for specific company or product names, but for content that suited their needs. Thus, it could be concluded that consumers use social media as a communication and information channel to participate in companies' social media activities given that the content matches their needs.

### **4.3. Reputational influence of companies' participation in social media**

This section presents the findings related to the third research question group, focusing on the importance of companies' participation in social media to consumers. The findings did not indicate any clear result whether the participation of companies in social media played a role to consumers. First, the interview findings will be introduced, providing a general picture of the participation of companies in social media; second,

the survey findings specifically present respondents' evaluation of Nokia's social media activities.

### ***Reputational influence of companies' participation in social media***

In general, the interviewees' answers indicated that companies' participation in social media has shown increased importance to consumers. It was implied that the role of social media was not as considerable as in the United States, for instance. Therefore, it was suggested that companies prepare for the change to come within the next 5 to 10 years. With regards to the ability of social media to increase the perception and reputation of companies, it was unanimously agreed that companies could enhance their reputation in social media as much as they could ruin it, which might result from the lack of knowledge of the social media tools, a lack of resources, or pressure of competitors (see Appendix 7).

Interviewee (1) referred to a study conducted by *Taloustutkimus* to describe the importance of the social media participation of companies:

*“The question always is, if the consumers are talking with each other, are they willing to talk with the company. And the result [of the study by Taloustutkimus] was clear, and Yes, they want to talk with the company about what they think is important for them. They don't want to have a company pushing them messages, so it is not advertising. They want the companies to be present in social media, so if the consumer has a question, he or she can go to a company and talk about that, ask questions, you know, tell about their experiences, and stuff like that.”*

(I1)

Interviewee (4) did not recommend social media as a communication and marketing tool by any means, as he believed that in the long run it is not possible to execute marketing activities in social media. Furthermore, he considered social media services as entirely for private purposes, which gives reason to his arguments. This minor role of social media seemed to be particularly noticeable among European consumers, as Interviewee (1) said:



*“Companies won’t die if they are not in social media this year ...I don’t think it’s [social media] a main thing at the moment. I think it is still coming. But we can see, at least in US ... because I get a lot of information via the [Company A] network ... we can clearly see that still US is a totally different world compared to Europe, for example, and then Asia is totally different. So, I think the US as a market is far ahead of us. So, I think there we have good examples where the consumers are really active and search for the information and want bigger companies to be active, and giving them information about the products and services and so on, but in Europe I would say we have some experiences, and some groups of people are willing to ask the questions in social media services.”*

(I1)

As social media was unimportant for European consumers, Interviewee (1) further suggested that companies should use the time to prepare themselves:

*“At this point, at least in Finland and Europe, the most critical thing for the companies is to get prepared for the future, because if the development of communications continues like this, the companies will face a situation in 5 years time or 10 years time where most of their consumers are online, demanding to having all the information they need in social media services, and the cultural change and the change in the working processes inside of the company is so huge that it would be wise to start practicing now, and then they are prepared where the masses are then demanding for the service in social media services.”* (I1)

Preparing to understand the dynamics of the social media environment seemed like a valuable advice, as all interviewees agreed that social media might enhance the reputation of companies, but could also destroy it as easily, if the communication is not done properly, as the following quotations show:

*“It [social media] could, and it can ruin it [reputation]. It can do the both. As all communications. It’s a risk.”* (I1)

*“It very easy to totally ruin your reputation there [in social media] as well by doing stupid stuff, kind of stuff that doesn’t really suit your image ... In half a day you can have so much damage.” (I2)*

*“And I think in social media all those effects can be even multiplied, because people talk about it and share information.” (I3)*

*“I believe that most of the social media is a bad place to do any kind of marketing. Really bad. I think there won’t be many cases where marketing would really affect. But on the other side, you can lose a lot if you try to do some stupid marketing there.” (I4)*

The three main reasons for ruining the reputation in social media seemed to be a lack of resources, a lack of understanding the complexity of social media, and pressure of competitors, as Interviewee (1) pointed out:

*“because if you just go to social media and your company is not ready for that, you will ruin your reputation. And usually it is for long-term commitment ... they [companies] don’t have resources ... or the understanding of social media, you know, but then they want to get it done, because somebody else does it already.” (I1)*

Interviewee (4) described his experiences of the merger between Company E and Company H, which supported this claim. During the merger, both companies suffered problems with the IT integration of their systems, resulting in major complaints of aggrieved parties in social media: *“all our problems were discussed on the social media. And, honestly, we were not so ready for that. We were expecting that, of course the social media has some kind of role, but we didn’t understand social media already then” (I4).*

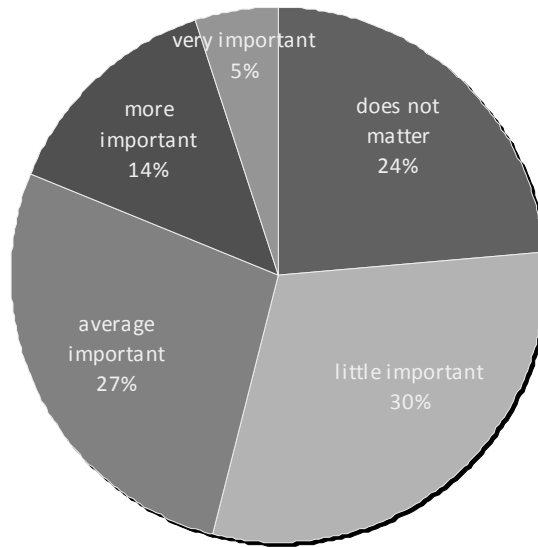
Interviewee (2) added that *“it always takes some kind of courage from the company to be there [in social media], because they need to be much more open then they traditionally have been. So, it requires totally new attitudes, because we are actually openly discussing and sharing things” (I2).* For this purpose Interviewee (3) recommended:

*“It is good for any company to be aware of what people are talking about them in social media. But then they need to decide what their strategy is – if they want to participate in the conversation, or if they just let it be as it is ... Actually, in our business this is often the first step that we recommend a company to just start monitoring social media, just looking at it and seeing what people are talking about them or some themes that are relevant to them.” (I3)*

### ***Reputational influence of Nokia’ participation in social media***

With regard to the reputational influence of Nokia’s participation in social media, the survey gave opposing views: on the one hand, the majority of respondents did not seem to attach a high importance to the participation of the company in social media. In addition, the participation in Nokia’s social media activities did not seem to influence the company’s general reputation rating, which would imply that social media had only a minor impact on the reputation of the company. On the other hand, the respondents who indicated to attach importance to Nokia’s social media participation seemed to be positively affected by it; those participants that evaluated the company’s social media participation high also assessed Nokia’s reputation better. Therefore, a link between social media and corporate reputation cannot be entirely excluded. To remind the reader, although the findings refer to the reputation of Nokia, it rather reflects the image of the company, as, according to Chun (2005), image is the part that is perceived by outsiders of a company, such as consumers. Also, reputation is formed over a longer period of time, as implied in the definition of reputation by Gotsi and Wilson (2001, p. 29), and it is possible that the impact of social media can therefore not yet be seen.

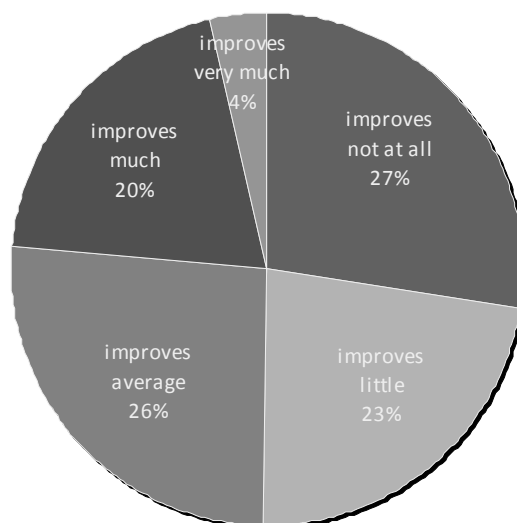
Evaluating how important it was for all the respondents to receive information and get into contact with the company via social media, one half stated that it was not at all or only little important to them, while the other half found it important or very important. An overview of the answers is presented in Figure 25.



**Figure 25. Importance of Nokia's social media participation to respondents (N = 284)**

As can be seen in Figure 25, altogether 54% of respondents attach little or no importance to the fact that Nokia is in social media. For another 27% this seems to be important, and in total only 19% find it more or very important.

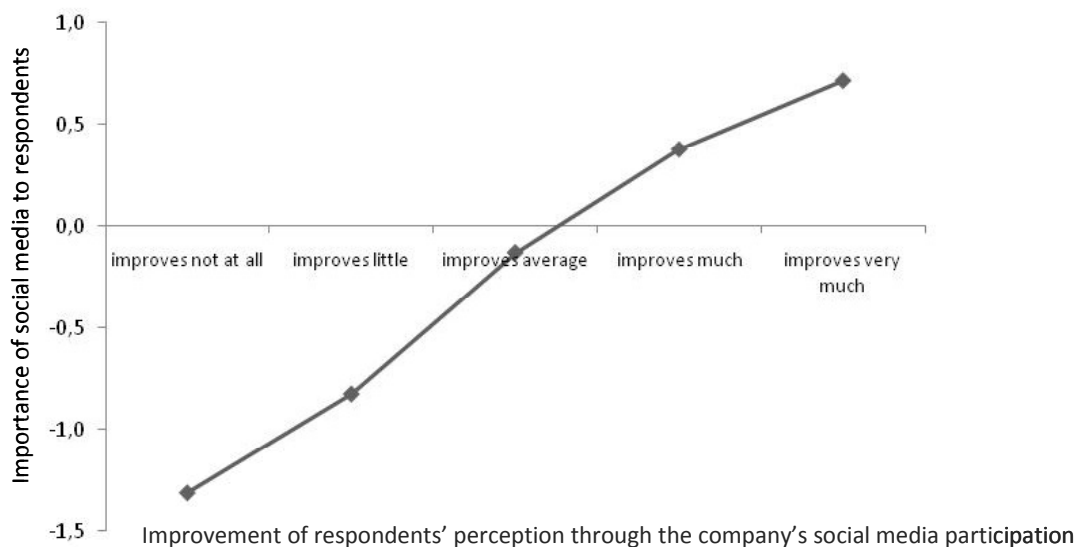
These answers corresponded with the question if respondents were positively affected by Nokia's social media participation. For approximately half of the respondents this fact did not have any effect, while for the other half the perception of the company was improved, as can be seen in Figure 26.



**Figure 26. Improvement of respondents' perception of Nokia through Nokia's social media participation (N = 284)**

As illustrated in Figure 26, altogether 50% of all the respondents did not have an improved perception of Nokia due to its social media participation. For 26% of respondents this fact improves their perception, while for altogether 24% of respondents the company's presence in social media improves their perception of the company much to very much.

Based on the importance respondents attached to Nokia's social media participation, it was measured to what extent this influenced the perception of the company to respondents. As depicted in Figure 27, it seems that respondents had a proportionally improved perception of the company, who attach also more importance to the participation or presence of Nokia in social media. However, researchers, such as Gotsi and Wilson (2001) agree that reputation is formed over a longer period of time, and it might be that the total impact of social media cannot yet be measured entirely.

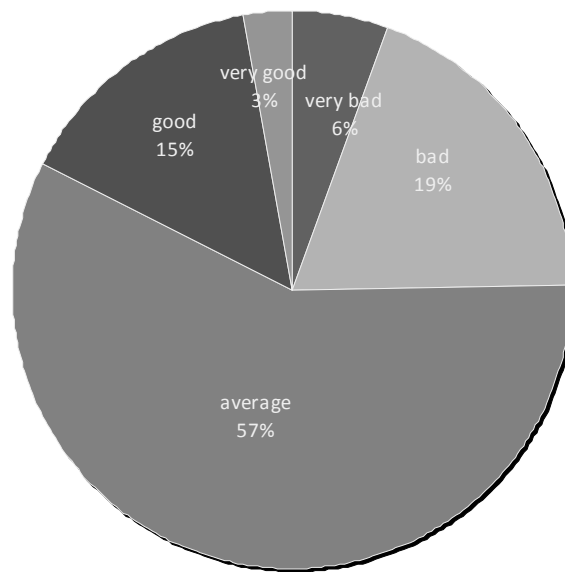


**Figure 27. Improvement of respondents' perception of Nokia based on importance respondents attach to Nokia's social media activities (N = 284)**

As Figure 27 illustrates, respondents who attached a low importance to Nokia's social media participation also had the lowest improved perception of the company due to this social media participation. In contrast, respondents who attached a high importance to the company's social media participation, also had an improved perception of Nokia. This finding might indicate that respondents who attached importance to Nokia's social

media activities were also influenced by it, which was supported by a correlation coefficient of 0.533.

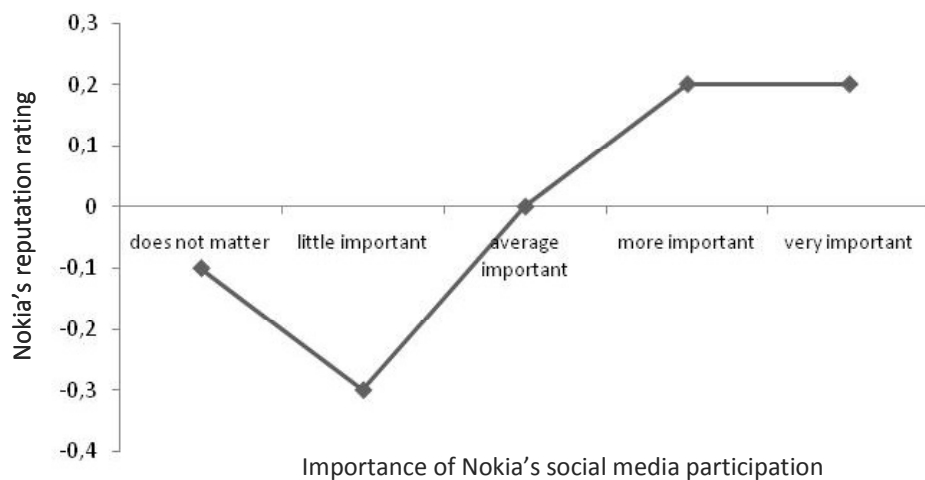
Although the awareness of Nokia's social media activities seemed to be generally rather low, as was observed in section 4.2., respondents indicated to have a generally positive perception of Nokia's social media participation, as can be seen in Figure 28.



**Figure 28. Evaluation of Nokia's social media participation (N = 284)**

As depicted in Figure 28, only 25% of the 284 respondents perceived Nokia's social media participation bad to very bad, while for 57% of respondents the participation was satisfactory. Only altogether 18% found it good to very good.

Based on the respondents' evaluation of Nokia's social media participation above, it was examined if respondents who found it important to receive information and get in contact with Nokia via social media also evaluated the company's reputation correspondingly and vice versa. The findings are presented in Figure 29.

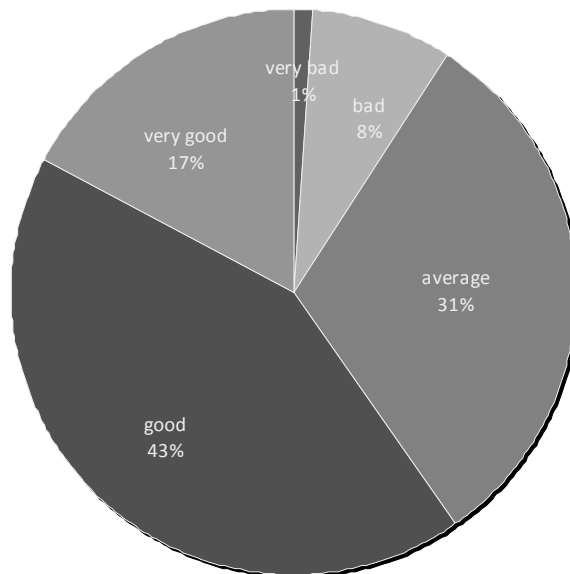


**Figure 29. Importance of Nokia's social media participation to respondents and its evaluation (N = 284)**

As Figure 29 shows, generally respondents tended to evaluate Nokia's reputation lower when they found the company's social media participation less important. This evaluation increased the more important respondents evaluated Nokia's social media participation. It is interesting that respondents, who found it little important rated Nokia's reputation lowest. However, this finding only indicated a rather weak correlation (correlation  $R^2 = 0.174$ ). This would mean that respondents who appreciated Nokia's participation in social media did not necessarily evaluate the company's social media performance better than the others.

In addition, the various demographic groups evaluated Nokia's social media activities similarly, as can be seen in Tables 15 to 18 in Appendix 11. The biggest difference could be observed within the geographic regions. Furthermore, the possession of a Nokia mobile phone did not seem to influence the perception of the company through its social media participation, or the evaluation of Nokia's social media activities considerably, as shown in Tables 17 and 18 in Appendix 11.

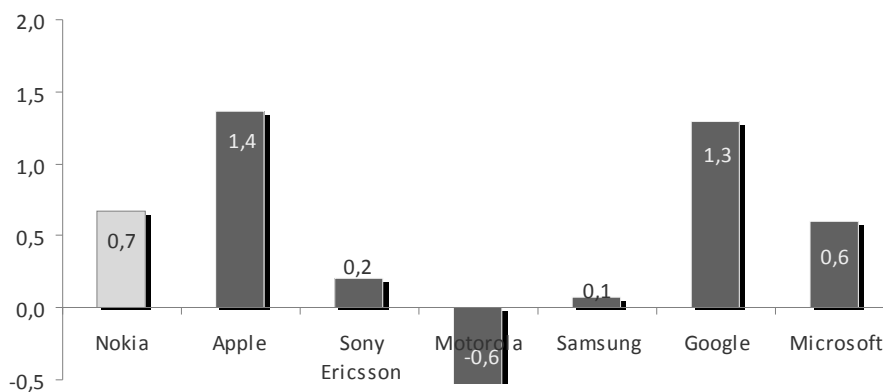
Rating the overall reputation of Nokia, findings showed that Nokia's reputation seemed to be very positive, as depicted in Figure 30.



**Figure 30. Respondents' overall reputation rating of Nokia (N = 284)**

As can be seen in Figure 30, only altogether 9% rated Nokia's overall reputation bad or very bad. 31% of respondents rated it average, whereas altogether 60% regarded Nokia's reputation good or very good. This means that more than 90% of respondents evaluated the company's reputation rather positively.

In comparison to a number of its competitors, Nokia's reputation was evaluated moderately by the respondents, as illustrated in Figure 31. The highest value, respondents could rate the reputation of the companies was 2, while -2 was the lowest value.



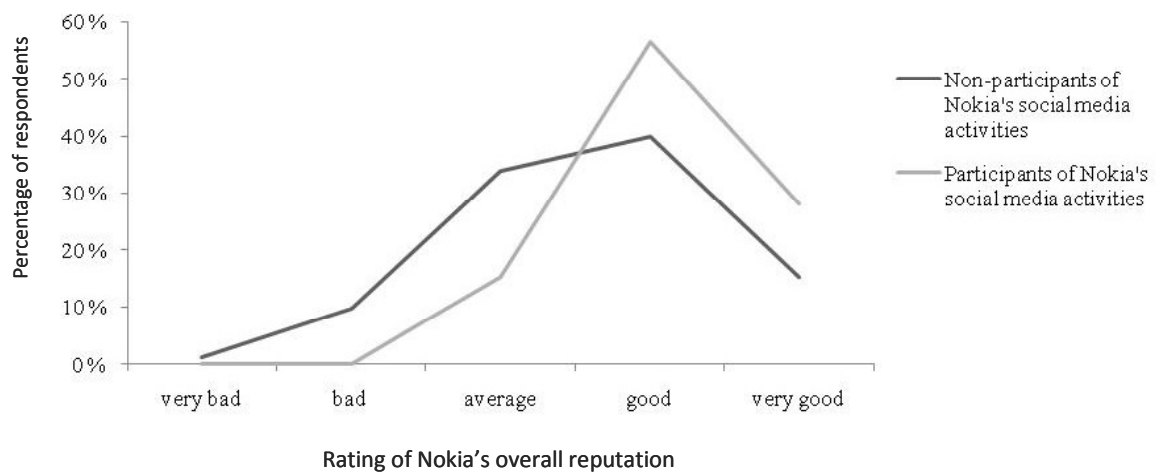
**Figure 31. Nokia's reputation in comparison to its competitors (N = 284)**



As shown in Figure 31, Apple and Google had a very positive reputation, while Motorola seemed to have a negative one. Nokia and Microsoft range in the middle, both having an obviously positive rating. Sony Ericsson and Samsung seem to have an average rating of around 0.

The possession of a Nokia mobile phone did not seem to have any important influence on the company’s reputation rating, as shown in Table 21 in Appendix 11.

Although Nokia had an overall positive reputation, comparing whether respondents who participated in Nokia’s social media activities also evaluated the reputation of the company better, and vice versa, showed ambiguous results, as illustrated in Figure 32.

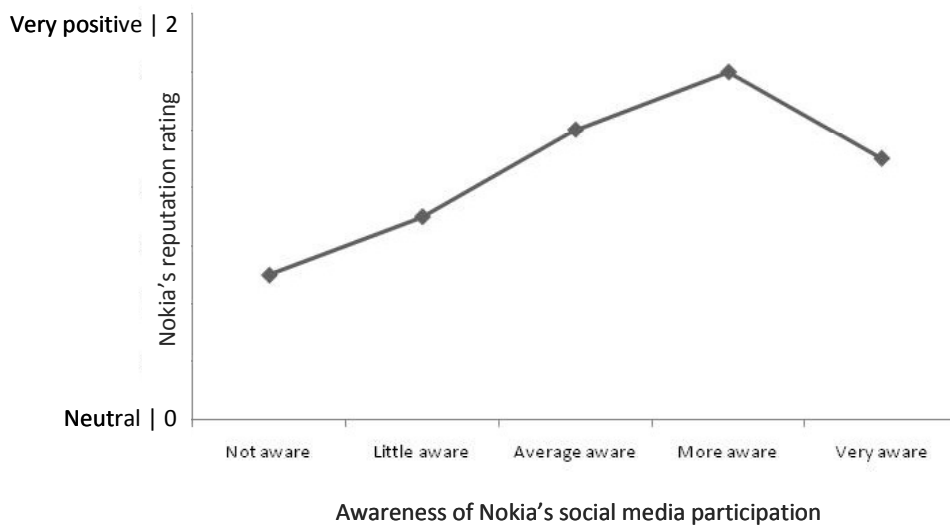


**Figure 32. Nokia’s reputation rating of participants and non-participants of the company’s social media activities (N = 284)**

As depicted in Figure 32, on the one hand, the positive rating of Nokia’s reputation of the company’s social media participants (light gray curve) increases proportionally, meaning that the majority of the company’s social media participants tended to evaluate Nokia’s reputation positively. On the other hand, the same tendency can be seen for non-participants of Nokia’s social media activities (dark gray curve). Furthermore, both groups indicated that only very few respondents rated Nokia’s overall reputation very good, which can be also seen in the drastic decrease in the two curves in Figure 32. Measuring the correlation between participants’ and non-participants’ rating of Nokia’s reputation resulted in a weak correlation ( $R^2 = 0.228$ ), supporting the fact that

participants of Nokia's social media activities do not necessarily evaluate Nokia's reputation better than non-participants.

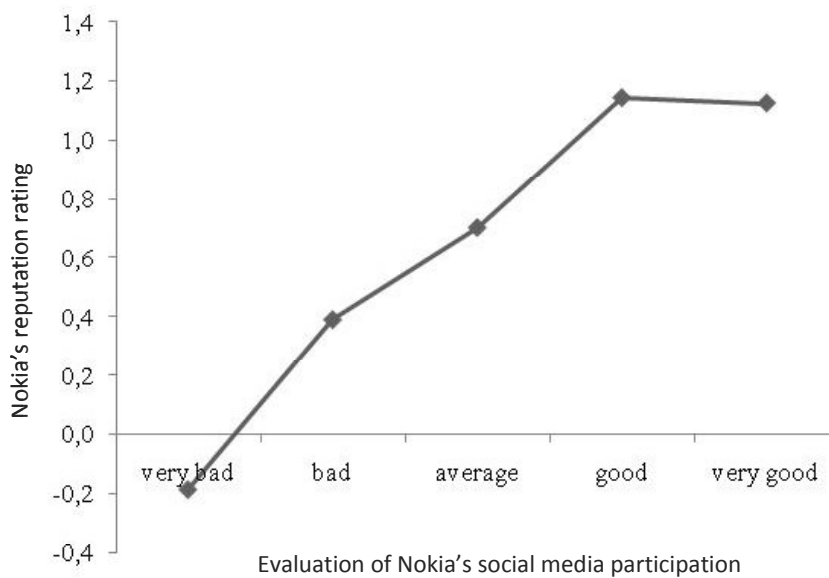
In addition, measuring whether respondents who were more aware of Nokia's social media participation, also rated the company's reputation higher than others, resulted in a weak correlation, which is depicted in Figure 33.



**Figure 33. Respondents' awareness of Nokia's social media participation and their rating of Nokia's reputation (N = 284)**

As depicted in Figure 33, there seems to be a trend of rating Nokia's reputation in average higher, when being more aware of the company's social media participation and vice versa, which is demonstrated by the proportional increase of the curve. However, those respondents that were most aware of the company's social media activities rated Nokia's reputation lower than those that were 'more aware' and 'average aware', which is illustrated with the slight decrease at the end of the curve in Figure 33. Comparing respondents' awareness level to their rating of Nokia's reputation showed a rather weak correlation ( $R^2 = 0.231$ ). This could mean that those respondents, who were aware of Nokia's social media activities, might not have been highly affected by it.

Interestingly, the findings showed that those respondents, who evaluated Nokia's social media participation positively or negatively, also rated the company's reputation similarly, which is depicted in Figure 34.



**Figure 34. Respondents' reputation rating and social media evaluation of Nokia (N=284)**

As Figure 34 shows, it seemed to be the case that those respondents, who evaluated Nokia's social media participation positively or negatively, also rated the company's reputation correspondingly, which is illustrated by the proportionally increasing curve. However, this time, the curve does not decrease drastically at any point. Also the correlation between the two variables supports this fact ( $R^2 = 0.338$ ). This would imply a weak link between Nokia's social media participation and corporate reputation.

To conclude the above-mentioned findings, results are very vague and give no definite answer to the question, if respondents are influenced by the social media participation of Nokia, and if they would rate the company's reputation better based on its social media participation. For instance, some findings are contradictory, while others show a tendency to answer the question positively, but resulted in a statistically weak correlation. Therefore, based on the small and identical sample of this study, it seems advisable to test the results in further research to achieve more meaningful findings.

## *Summary*

To summarize and compare the results of the interviews and survey, the findings generally did not indicate that there was a significant relation between Nokia's social media participation and respondents' evaluation of the company's reputation. For instance, Nokia's social media participation did not seem to be very important to all the respondents, and both, participants and non-participants of Nokia's social media activities rated the company's reputation similarly. In addition, also the interviewees indicated that social media is not yet very important to consumers in Europe. In this respect, the findings would suggested that social media played a minor role to social media users.

In contrast, half of the respondents found it important to have Nokia in social media and for this half the perception of the company was improved based in the company's social media activities. In addition, the few participants that evaluated Nokia's participation more positively, and vice versa, also rated the company's reputation correspondingly for which reason a relationship between social media and corporate reputation cannot be entirely excluded. There might be a link between social media and corporate reputation, but this link has to be further researched.

Therefore, it was suggested that companies, like Nokia, prepare by making resources available and adapting to the transparent social media environment. Thus, they could ensure a positive rather than a negative effect of social media on their corporate reputation.

## 5. DISCUSSION

This chapter discusses the main findings of this study and links them to the literature review. The objective of this study was to examine the role of social media in corporate reputation. In more detail, this study examined whether social media users were aware of the activities of companies in social media, and, subsequently, if they were positively or negatively affected by such activities.

The findings of the empirical study did not reveal any definite answer to the question if social media plays a role in corporate reputation. This means that some findings would suggest that consumers were not influenced by Nokia's social media participation, while others offer some insights that would indicate the possibility that the participation of companies in social media might play a role to consumers, or social media users. For instance, only 45% of respondents participated in the social media activities of companies, whereas 16% of the respondents participated in Nokia's social media activities. Moreover, it seemed that these 16% did not rate the company's general reputation better than the other respondents. However, 50% of the respondents stated that they gained an improved perception of Nokia based on its social media participation. In addition, it was found that respondents, who evaluated the company's social media activities positively or negatively, rated Nokia's reputation correspondingly. These were especially participants of Nokia's social media activities. Therefore, the claim of various researchers and practitioners that social media influences the reputation of a company can neither be supported nor denied (Constantinides & Fountain, 2008; Evans, 2008; Jones et al., 2009; Tuten, 2008). For that reason, it seems advisable to test the findings further to achieve more concrete answers based on a larger and more diverse research sample.

According to the interviewees, the three problems that companies seem to face with regard to building up a reputation in social media is a lack of resources, a lack of honesty and transparency, and pressure of competitors active in social media. Two additional challenges, with which the study was concerned, were

- (1) The identification of potential social media users, in particular those that participated in the social media activities of companies; and

(2) The lack of awareness towards the social media activities of companies in social media

With regard to the first challenge, this study's empirical findings identified two traits that might help to distinguish social media users. First, the findings implied that social media participants of Nokia's social media activities distinguished themselves from the mass of social media users: they tend to be male, above 25 and professionals. This might indicate that Nokia has a certain online stakeholder group, which might be in line with Nokia's general stakeholders. Consequently, the findings, suggest analyzing where the stakeholders of companies are active in social media and, thus, participating in those social media tools and services, as in line with practitioners like Evans (2008), Weber (2008), Li and Bernoff (2008) and Tuten (2008). Furthermore, the findings recommended building up an 'ecosystem' within social media by which it is meant to link content from service to service and, thus, spread this content in social media. This way, companies can be found quicker. Second, the findings recognized national and cultural differences in the use of social media. For instance, the role of social media differentiates between users in the United States, Asia, and Europe: 75% of Americans indicated that they preferred information via social media, followed by 47% of Northern Europeans, 39% of Asians and 37% Southern Europeans. This fact is partly in line with current studies in social media. For example, Bloch (2010) observed that there are obvious differences in the demographics of personal social network users, which affects social media behavior. Scoble (2007) and Li and Bernoff (2008), for instance, offer models to distinguish social media users by their social media usage, which helps companies to find their stakeholders in social media. However, this might also be difficult, as the findings of the present study indicated that respondents used on average 2.67 social media tools, which was also observed by the BIGresearch Simultaneous Media Usage Survey (Flanagan, 2010).

With regard to the second challenge, awareness seemed to be an important component in social media, as it triggers the participation of social media users in the social media activities of companies. The findings implied that respondents had little knowledge about Nokia's participation in social media and more than half of them were generally not interested in attaching themselves to companies in social media. In addition, the

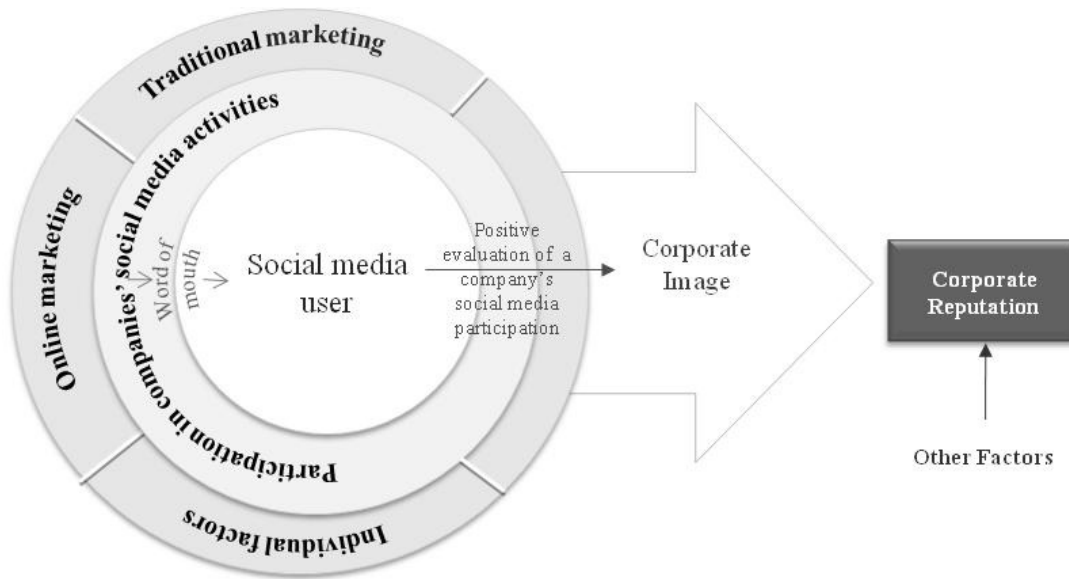
majority of respondents stated that they prefer to look for information from companies' websites or points of sales. However, one third of respondents also indicated to favor social media. These findings seemed to be in line with the social media literature. For instance, Constantinides and Fountain (2008) state that consumers are influenced by a combination of communication channels, including traditional marketing, online marketing, social media and individual (demographic) factors (see Figure 6 in 2.3.). This means that a combination of communication channels has to be applied to potentially raise the awareness of social media users. Particular non-participants of Nokia's social media activities seemed to be mainly made aware of the company's social media activities via advertisements in TV and magazines, which is in line with Pfeiffer and Zinnbauer (2010), who argue that traditional media are still strong in contributing to awareness, and driving traffic to a website. To raise awareness is specifically important, because the findings implied that those respondents, who were more aware of Nokia' social media activities, were also more likely to participate in the company's social media activities. Based on these findings, Nokia's decision to gradually reduce marketing in bought media (e.g. advertisements in TV and magazines) and their own media (e.g. Nokia's websites) by increasing the level of earned media (e.g. social media) has to be considered with care, as respondents said that they retrieved information especially from Nokia's websites.

The primary means to attract awareness, as indicated in the findings, was word-of-mouth, although advertisements in traditional media and in social media were only slightly less effective when raising the awareness for Nokia's social media activities. The possession of a Nokia mobile phone seemed to be less important to motivate respondents to participate in Nokia's social media services, or be aware of the company's social media activities. Thus, Bromley's (2000) study who determined that people form an opinion primarily based on personal experiences of a product or service, and only secondarily based on word-of-mouth did not seem to hold in the study on Nokia. Therefore, with regard to this study, word-of-mouth was considered the primary level of opinion making, followed by information retrieved from mass media, including advertisements. This means that Nokia needs to consider using a combination of communication channels if it wants to increase its social media awareness.

In order to drive consumers to participate in the social media activities of companies, the content has to match consumers' needs. For instance, respondents seemed to expect to receive information about job opportunities, products and the company via social media, which Nokia partly offers. Respondents did not prominently desire discussion with Nokia about certain topics or the submission of ideas or complaints. However, according to the studies by Page and Fearn (2005) and Helm (2007) the majority of stakeholders preferred to know about the fairness to consumers, quality of products, commitment to environmental measures, corporate success, and treatment of employees, which would enhance the reputation of companies. Comparing these topics to the findings of the empirical study shows slightly opposing outcomes. Although Nokia informs about and discusses its products, the company rather interacts with its online or social media stakeholders by involving them in activities. For instance, just recently Nokia asked its Facebook participants to upload pictures taken with their Nokia N8 phone on their personal profiles. Such activities were also recommended by a number of social media practitioners, as they engage participants with the company and enhance a dialogue (Tuten, 2008; Bunting & Lipski, 2000; Evans, 2008; Weber, 2008). On the one hand, it could be argued that the online and offline environments differ from each other, and, thus, require different measurements. On the other hand, Nokia could involve some of these reputational topics examined in the studies by Page and Fearn (2005) and Helm (2007), such as fairness to consumers or commitment to environmental measures, to enhance its reputation even more.

Based on these findings above, the theoretical framework, which was presented in section 2.4., had to be revised, as depicted in Figure 35.





**Figure 35. Revised theoretical framework**

As Figure 35 illustrates, since social media had no exclusive impact on the reputation of Nokia, it has to be concluded that corporate reputation is influenced by other communication means and channels as well, or a combination of them. Therefore, the four stimuli identified by Constantinides and Fountain (2008) – traditional marketing, online marketing, social media, and individual (demographic) factors – remain the same, with the same level of importance. However, respondents learned about Nokia’s social media participation, among others, through traditional marketing and online marketing. As, thus, other communication channels seem to affect the awareness of the social media participation of companies, social media is moved to a middle layer to show the effect of other communication means on the social media awareness. Furthermore, word-of-mouth played an important role in impacting the participation of social media users in the social media activities of Nokia, which, therefore, had to be highlighted specifically in the model. Finally, in particular those social media users were positively or negatively influenced by Nokia, who participated in the company’s social media activities. Therefore, social media was more specified as the *participation in companies’ social media activities* and its link to corporate image was indicated in the model between the social media user and the image of the company. However, since this link is rather weak, it was drawn in a light gray arrow.

## 6. CONCLUSIONS

This chapter concludes this study by (1) briefly summarizing the research and presenting the main findings, (2) providing practical implications and recommendations for the social media participation of companies, (3) presenting limitations of the study, and (4) suggesting future research projects.

### 6.1. Research summary

The overall purpose of this study was to determine the role of social media in corporate reputation, which was referred to as *Reputation 2.0*. Corporate reputation was defined as “the stakeholder’s overall evaluation of a company over time [...] based on the stakeholder’s direct experiences [...] and [...] any other form of communication” (Gotsi & Wilson, 2001, p. 29). The objective was steered by the claim of various researchers and practitioners that social media can influence the reputation of companies in a positive way through the creation of word-of-mouth (Li & Bernoff, 2008; Constantinides & Fountain, 2008; Evans, 2008; Jones et al., 2009; Tuten, 2008). However, research on social media is lacking, leading to the fact that the understanding of the phenomenon is still elusive and its benefits difficult to comprehend. Therefore, Constantinides and Fountain (2008) suggest, among others, to identify the different tools of social media, and examine the effect of social media on consumers’ perception, needs and behavior. In order to meet the objective of this study and include Constantinides and Fountain’s (2008) suggestions, the research questions that this study set out to answer were:

*1a. What potential social media users would be influenced by the reputational activities of companies in social media?*

*1b. Who participates in Nokia’s social media activities?*

*2a. Are social media users potentially aware of the participation and reputational activities of companies in social media?*

*2b. Are social media users aware of Nokia’s reputational social media activities?*

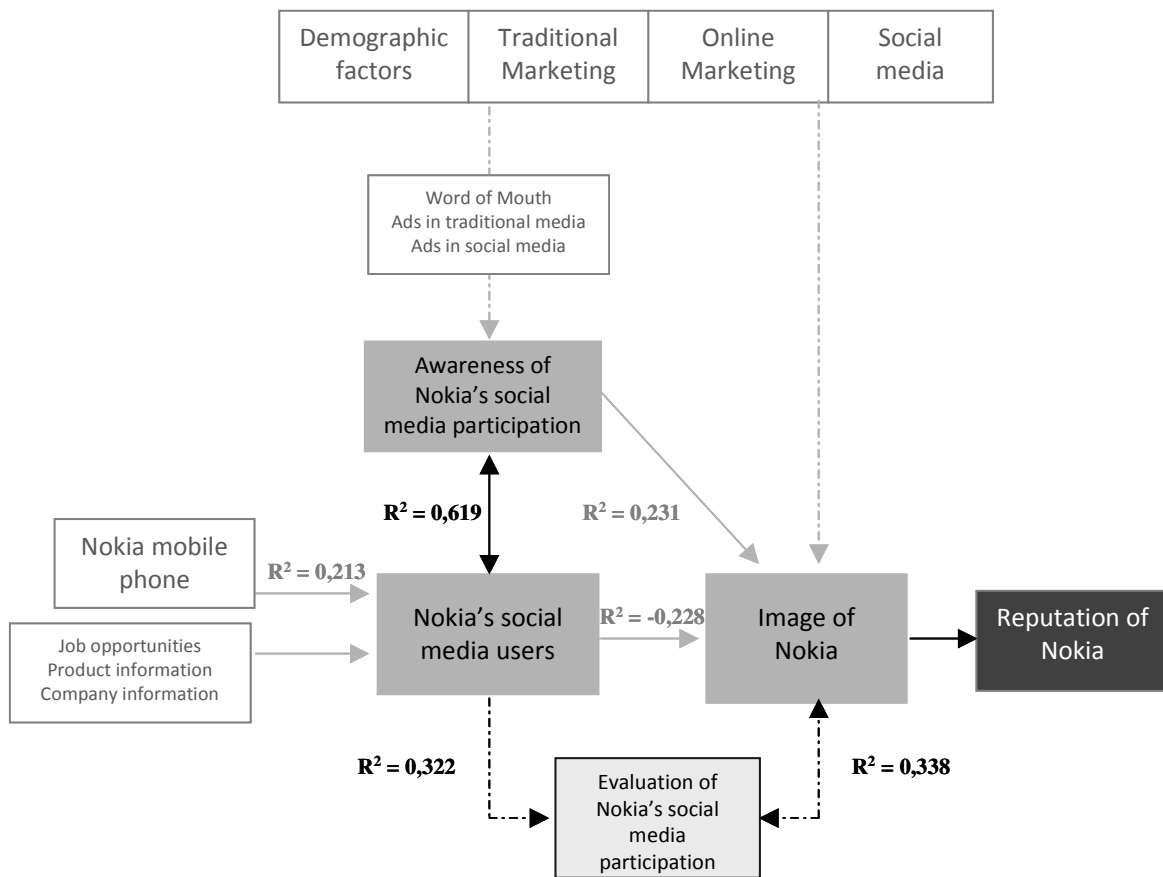
*3a. Does the participation of companies in social media positively or negatively influence their corporate reputation?*

*3b. Does Nokia’s social media presence have a reputational effect on its social media participants?*

The novelty of the present study on the topic of social media was threefold: first, it developed a framework illustrating the effect of social media on corporate reputation; second, it focused on social media from a business communication perspective and, third, it analyzed the consumers' view on social media. However, it is important to note that although this study emphasized a consumer-perspective on the topic of social media, in this context the term *consumers* only encompassed those consumer groups active in social media, meaning social media users, as it was assumed that non-social media users were not affected by the social media activities of companies.

The methods of the study consisted of qualitative interviews with Nokia employees and communications consultants, and a quantitative consumer survey. For the survey, Nokia was chosen as the case company, as questions could be formulated straightforwardly and the author was able to conduct interviews with two Nokia employees. The data collection approach was done in two steps, combining qualitative interviews with a quantitative consumer survey: first, two Nokia representatives were interviewed to receive further background information on Nokia's digital marketing and social media approach, and identify Nokia's standpoint on the effect of social media on the company's reputation. Furthermore, interviews with four consultants were conducted to gain a deeper understanding of the social media phenomenon and finalize the survey. Second, an (online) survey was developed and the link sent to the author's private and business contacts of social media users via email and through social media services (e.g. Facebook and Twitter). In addition, key contacts that had a large base of relations in social media distributed the survey further in social media.

The main findings of the empirical study indicated that social media users seemed to be not much influenced by Nokia's social media participation, which would indicate that social media plays only a minor role in corporate reputation. However, some evidence was found that would assign social media a more prominent role in influencing consumers to form a more positive (or negative) reputation of a company. Therefore, it is suggested to further research the link between social media and corporate reputation. A full summary of the findings is illustrated in Figure 36 below. The gray colored boxes mark the main variables examined, while the black arrows indicate the significant relations and the gray arrows the insignificant ones between the variables.



**Figure 36. Summary of findings**

To summarize the findings, as depicted in Figure 36, it seems that awareness of the social media participation of companies played a key role in convincing social media users to participate in Nokia's social media activities. This awareness was triggered by word-of-mouth and other communication means as well as the content of Nokia's social media activities. Primarily, respondents answered that they wanted to receive information about job opportunities, products and the company. The possession of a Nokia mobile phone did not seem to play a major role when participating in a company's social media activities. However, neither the participation in Nokia's social media activities nor the awareness of the company's social media participation seemed to have been enough to convince respondents to rate Nokia's reputation positively, and vice versa. This implies that Nokia's reputation is formed through other communication channels and means as well, including traditional marketing, online marketing and other individual factors. However, the results also showed that Nokia's social media

participants seemed to evaluate the company's social media participation better than other respondents, and those who did, seemed to have a better perception of the company's reputation so that a link between social media and the reputation of a company cannot be entirely excluded. Therefore, no definite answer can be given to the answer if social media plays a role in corporate reputation, but it is rather suggested to further research this potential link.

To conclude the findings, with regard to the first research question group, it seemed that potential social media users are a homogeneous group of people that only differ by their use of social media services on the global and local level. However, the quantitative survey indicated that social media participants of Nokia's social media activities distinguish themselves slightly from the mass of social media users, forming a group of specific stakeholders. With reference to the second research question group, the findings indicated that only a small proportion of consumers seemed to be aware of the social media participation of companies. Especially related to Nokia, only a few respondents were aware of the company's social media participation. However, it seemed that respondents who were aware of Nokia's social media activities generally also participated in its social media activities, though the awareness had no clear influence on the reputation rating of the company. Finally, as regards the third research question group, it seemed that social media users are not highly affected by the social media participation of companies. In addition, the participation of Nokia in social media might not have had a considerable impact on the respondents' rating of the company's reputation. Nevertheless, a number of respondents seemed to have been positively influenced by Nokia due to its participation in social media. Moreover, respondents, who evaluated Nokia's social media activities positively or negatively, assessed Nokia's reputation correspondingly, which might indicate a weak link between social media and the reputation of companies.

The findings of the present study support and give counter arguments against studies in social media. For instance, in line with Bloch (2010), this study observed that there seem to be differences in the use of social media, affected primarily by the nationality and use of social media services of its users. Therefore, models by Scoble (2007) and Li and Bernoff (2008) could help to distinguish social media users by their social media

behavior. Also Constantinides and Fountain's (2008) model was supported by this study, which stated that consumers are equally influenced by a combination of factors, including traditional marketing, online marketing, individual (demographic) factors, and social media. In contrast with earlier research and claims of a number of researchers and practitioners arguing that the participation of companies in social media can influence their reputation, or rather their image (Li & Bernoff, 2008; Pfeiffer & Zinnbauer, 2010; Constantinides & Fountain, 2008; Evans, 2008; Jones et al., 2009; Tuten, 2008), this study could not find much support, but did not give any evidence to the opponents as well. Finally, Bromley's (2000) study, which determined that people form an opinion primarily based on personal experiences and only secondarily based on word-of-mouth, seemed to be inconsistent with the present study. In this study, word-of-mouth seemed to be important when forming opinions, followed by information retrieved from mass media, such as advertisements.

## **6.2. Practical implications**

The findings provide practical implications for the corporate world. These implications that can be generated from the study are threefold:

First, companies should consider a combination of communication channels for marketing and communication purposes. Although social media are a current trend among digital marketers, the empirical study showed that consumers still prefer other marketing and communication channels, including points of sales and websites. Only one third of the respondents of the present study liked to receive information and get into contact with a company via social media. Therefore, other communication means have to be considered to inform consumers and start a dialogue with them.

Second, companies have to focus on communication rather than (traditional) marketing approaches in social media. The social media literature (Tuten, 2008; Bunting & Lipski, 2000; Evans, 2008; Weber, 2008) and findings of the present study suggest that companies have to engage social media users in a dialogue from which word-of-mouth is generated that, subsequently, enhances the reputation of companies. From this point of view *social media marketing* could be wrongly understood. Practitioners have to

keep in mind that social media rather implicate communication, transforming social media marketing into a mere communications function, which has to be mutual, transparent and open to enhance a positive perception of companies.

Third, companies have to decide whether to act on the global or local level of social media services. The findings showed that national and cultural distinctions exist that influence social media users to apply different social media services. This means that some social media services are shared worldwide (the global level) and others only used within one country or culture, entirely operating in the local language (the local level). Communication practitioners have to consider, which level to influence, as it is not possible to participate in all social media services worldwide. Thereby, these practitioners have to be aware that applying global social media services (i.e. Facebook and Twitter could be considered global) will not have any impact on countries that extensively use local social media services (i.e. Studivz, a German personal social network) and, vice versa.

### **6.3. Limitations of the study**

The study contains a number of weaknesses, which nevertheless do not affect the trustworthiness of this study. However, these limitations have to be kept in mind when interpreting the results of the present study.

First, the research framework was created on my own. To date, studies on social media are scarce; in addition, the concept of corporate reputation is still elusive, limiting efforts to examine social media and its role in corporate reputation. For this reason, it turned out to be difficult to find existing models that show or prove the link between social media and corporate reputation. Thus, I had to create a model on my own and it was then tested in the empirical study. Although this model is based on current academic literature in the communication and marketing fields, some of the relations rest upon assumptions made, which might affect the rigor of this study.

Second, the research results can only be considered suggestive. As the literature on social media is limited, the case company Nokia served as an example to examine the

subject in its preliminary stages, as suggested by Flyvbjerg (2004), Yin (2009) and Eisenhardt (1989). However, although a number of academics, such as Flyvbjerg (2004), argue for the generalization of single-case studies common in sociology and management studies, single-case studies are more vulnerable with regard to subjectivity. Eisenhardt (1989) suggests conducting at least four case studies to be able to generate comprehensive theory, which was not possible within the time available for this study. Therefore, the findings of the present study should be considered suggestive.

Third, the sample of respondents is small and not diverse enough. Although the corpus of the quantitative survey consisted of 284 responses of participants, compared to the worldwide number of social media users, the number of respondents is minimal. Furthermore, the diversity of respondents, such as their nationality, age, gender and profession, could have been expanded. Especially with regard to the age, respondents only range between 18 and 41 with most of the respondents in their 20s. This might have influenced the findings.

Fourth, the sample was selected, among others, from my personal and professional contacts, which could have generated some bias. In general, respondents that are connected to one person might share the same interests and opinions, which influence the diversity in social media behavior among participants. Therefore, distributing the survey among such contacts could have affected the research findings, which has to be taken into consideration.

#### **6.4. Suggestions for further research**

As outlined before, research on social media is still lacking, leading to the prospect of various research opportunities. The present study provides at least four propositions for further research.

First, the relation between companies' participation in social media and their reputation among their stakeholders requires further investigation. The link between the use of social media and reputation enhancement is weak. On the one hand, respondents who participated in Nokia's social media did not rate Nokia's reputation better. On the other



hand, respondents, who evaluated Nokia's social media activities positively or negatively, rated Nokia's reputation correspondingly. Therefore, further research needs to be conducted to define the link between the two variables more closely.

Second, the relation between word-of-mouth and corporate reputation could be researched more closely. Social media researchers (Constantinides and Fountain, 2008; Evans, 2008; Jones et al., 2009; Tuten, 2008) agree that social media can support companies to create word-of-mouth, and, thus, enhance their reputation. The empirical study showed that word-of-mouth, indeed, seemed to play a role in attracting social media users to the social media activities of companies. However, advertisements in social media and traditional media are crucial as well. Therefore, it is suggested that the effect of word-of-mouth on the reputation of companies active in social media needs to be explored in addition to the impact of other marketing and communication channels.

Third, to understand the impact of social media and users' social media behavior, the local and global level of social media services could be examined. This study observed differences in the use of social media services. On the one hand, all respondents regardless of their nationality seemed to use similar social media tools. On the other hand, a variety of them used different social media services of the same tools. For instance, nearly all of the respondents use personal social networks, but only a small proportion uses global social networks such as Facebook, while others seemed to prefer local social network. However, it is yet unclear which factors influence people to choose one specific social media service over another. Therefore, the global and local level of social media should be investigated to understand users' social media behavior better.

Fourth, in order to observe the impact of social media in the future, further investigations would be necessary. Findings predicted a dominant and influencing role of social media on the corporate reputation of companies in the future. As Nokia plans to enhance its investments in earned media, including social media, it is advisable to conduct a similar study in a few years to compare the impact of increased spending on social media activities. If such research would show more significant effects of social

media on the reputation of the company, the rationale for the increased spending on social media would be justified.

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## **Interviews**

1. Nokia Social Computing Strategist. 07.07.2010. Finland
2. Nokia Digital Marketing Manager. 07.07.2010. Finland
3. COO and Interactive Strategy Director. 13.08.2010. Finland
4. Account Manager. 20.08.2010. Finland
5. Account Manager. 20.08.2010. Finland
6. General Manager. 21.09.2010. Finland

# APPENDICES

## Appendix 1: Scoble's Social Media Starfish

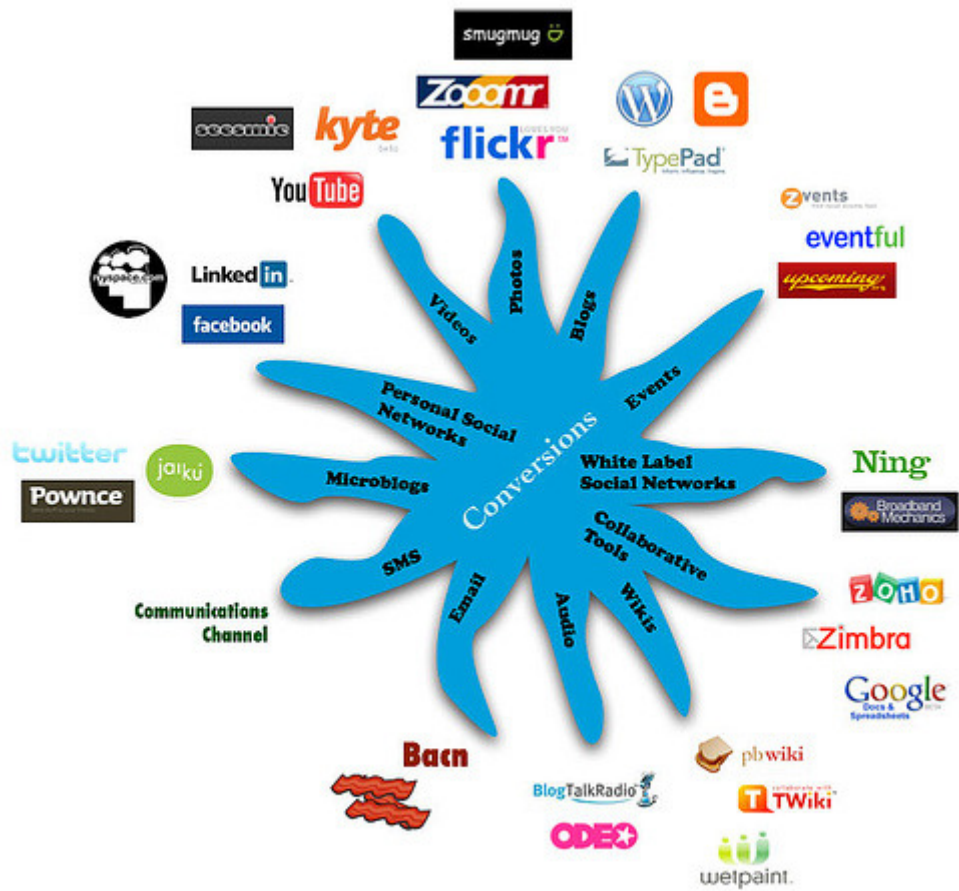


Figure 37. The Social Media Starfish (Scoble, 2007)

## Appendix 2: Personal social network demographics

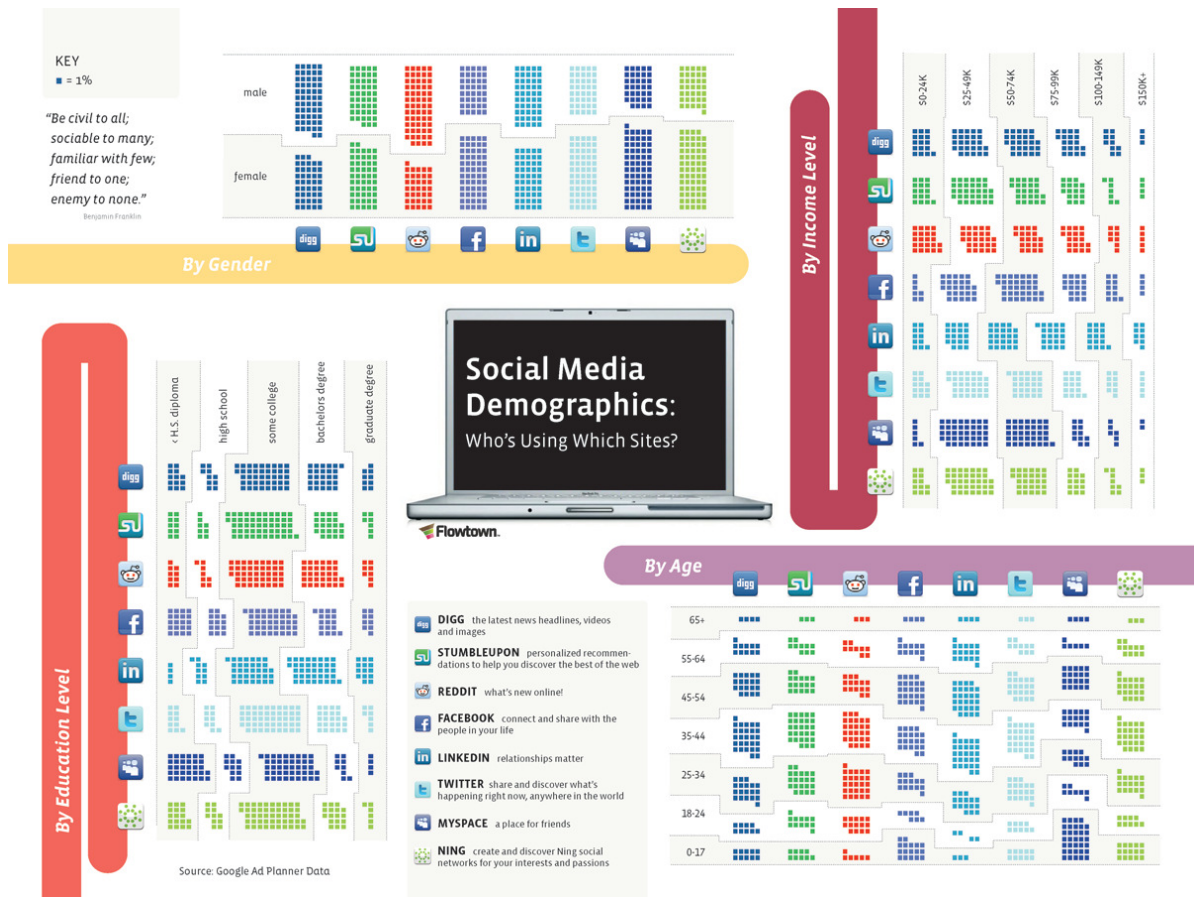


Figure 38. Personal social network demographics (Chong, 2010)

### Appendix 3: Satisfaction, loyalty, reputation and recommendation

In their study Bontis et al. (2007) aimed at finding a mediating effect of organizational reputation on customer loyalty and service recommendation (word-of-mouth). Therefore, they constructed the model below based on findings gathered from the literature. Their study revealed that:

- (1) The accepted relationship between perceived value and satisfaction is supported
- (2) The strong link between customer satisfaction and loyalty is valid
- (3) The relationship between customer satisfaction and corporate reputation is significant
- (4) There is a strong support for the link between satisfaction and recommendation
- (5) Reputation has a significant effect on loyalty
- (6) Reputation has a significant effect on recommendation

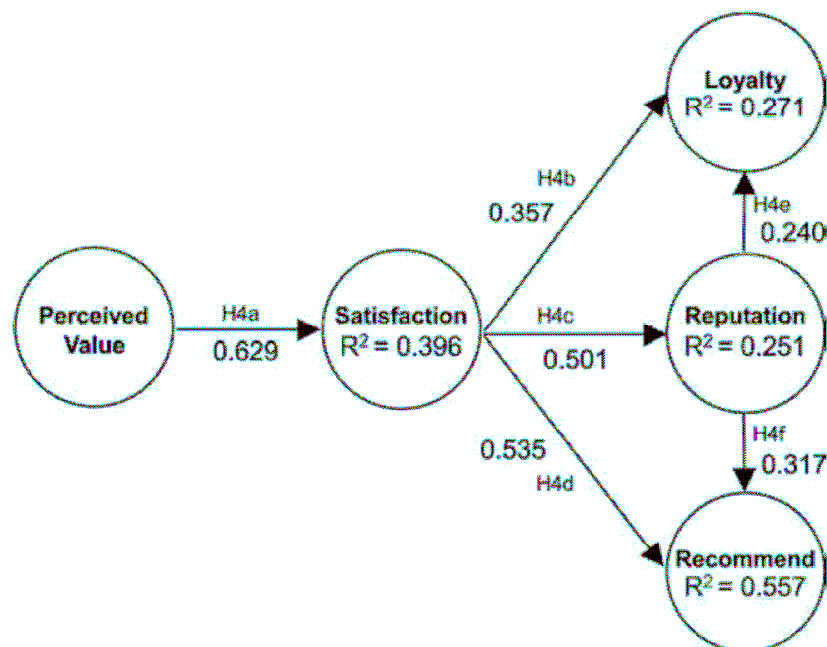


Figure 39. Relationship between satisfaction, loyalty, reputation and recommendation (Bontis, Booker & Serenko, 2007, p. 1439)

## **Appendix 4: Interview framework Nokia**

1. What external social media tools do you use in Nokia?
2. According to what criteria did you choose the social media tools?
3. Whom/what stakeholders do you try to reach with the chosen tools?
4. Do you have different channels for different stakeholder groups? (e.g. consumers, investors...)
5. Do you use social media also for informing/ reaching out to other stakeholder's like investors, governments, suppliers etc.?
6. Why did you choose Nokia's current social media channels? What purpose/ strategy are you following with them?
7. Did you develop any marketing strategy for the social media tools used, or did it emerge?
8. Are all social media activities integrated in Nokia's overall marketing and communication strategy?
9. Do you think social media can be used to build/enhance the reputation of a company?
10. Do you think/ have you made the experience there is any specific social media tool to enhance the reputation of a company?
11. Do you work together with other departments (even outside of Finland) to manage used the social media tools, or is there just the digital marketing department (for the external social media tools)?
12. When did you start using social media?
13. Do you "advertise" your social media tools?
14. Have you had any negative experiences with using social media? Do you think there are any risks connected to using social media as a company?
15. Do you measure the success of the social media channels applied? Do you measure it regularly? How?
16. According to Nielson's 90-9-1 rule, only 1% accounts for most of the contribution, 9% contribute irregularly, and 90% only read? Do you think people are in general aware of Nokia's social media activities?
17. How many of Nokia's stakeholders are aware of Nokia's social media activities? How many people use it (in percentage)? If measureable.
18. Do you think it is important for a company nowadays to be active in social media?

## **Appendix 5: Interview framework consultants**

### **Usage**

1. What consumer groups, do you think, use social media?\*
2. For what purpose do consumers use social media?

### **Awareness**

3. According to a number of studies, social media are still lacking the ability to attract users, which is a problem in social media marketing. Do you think consumers are aware of companies participating in social media?\*
4. How do you think a company can increase its awareness to consumers in social media /and other media?
5. Do you think consumers prefer to receive information about a company and its products and get into contact with a company via social media above other media?
6. Are there brands better suitable for harnessing social media than others?

### **Importance & Perception**

7. How important, do you think, is the presence of companies in social media to consumers?\*
8. Is the presence of companies in social media more important than marketing via TV, magazines, and radio?
9. Can you remember any case example of companies using social media for marketing purposes in the most advantageous way?
10. Do you think, the presence of companies in social media can enhance the perception of consumers in a positive way?\*
11. Do you think, social media can be used to enhance the reputation of a company? How?
12. Which specific social media activities could enhance the reputation in particular?



## Appendix 6: Social Media Consumer Survey

Welcome and thank you very much for taking the time to support this research project. Specifically, the survey at hand contributes to the empirical part of a Master Thesis in the area of Marketing and Communication.

The main aim of this research is to explore social media and its contribution to the corporate reputation of a firm. Social media include, for instance, social networks, blogs, microblogs, photo and video sharing sites, discussion forums, ratings and so forth, such as services like Facebook, Twitter, YouTube, Flickr, etc. In order to have a more straightforward approach to this very broad topic, I am using Nokia as a case company. Your answers will help understanding this newly developed phenomenon.

It will take about 5 to 10 minutes to complete all questions. All answers are treated anonymously.

### DEMOGRAPHICS & ADDITIONAL INFORMATION

1. What is your nationality? \_\_\_\_\_
2. What is your age? \_\_\_\_\_
3. What is your gender (F/M)? \_\_\_\_\_
4. What is your profession? \_\_\_\_\_
5. Do you have a Nokia mobile phone?
  - I currently have one
  - I had one in the past
  - None of the above
6. How familiar, do you think, are you with Nokia and its products?

Not familiar					Very familiar
1	2	3	4	5	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

## SOCIAL MEDIA USAGE

7. What social media services do you use?

- I use social networking sites (e.g. Facebook, LinkedIn, My Space etc)
- I use video and photo sharing sites (e.g. Flickr, YouTube etc.)
- I use blogs and forums
- I use microblogs (e.g. Twitter)
- I review product ratings on websites
- None
- Other, please specify \_\_\_\_\_

8. How often do you use social media?

- More than once a day
- Once a day
- Once a week
- Once a month
- Less often than a month

9. Do you use any of Nokia's social media services?

- I am a fan of a Nokia group/page in Facebook/LinkedIn
- I follow a Nokia group in Twitter
- I read (and comment on) Nokia's blogs
- I read (and comment in) Nokia's forums
- I use Nokia Ovi
- I participate in Nokia's Beta labs
- None
- Other, please specify \_\_\_\_\_

10. Are you connect to/read about/follow other companies in social media?

Yes

No

11. If, why are you connect to/read about/follow companies in social media?

I am looking for information about the company or its industry

I am interested in the products of the company

I am interested in job and internship opportunities

I want to discuss about subjects of personal concern

I want to submit ideas of improvement or complaints

Other, please specify \_\_\_\_\_

#### AWARENESS OF NOKIA'S SOCIAL MEDIA PARTICIPATION

12. How aware are you of Nokia's participation in social media? Please rate on a scale from 1-5.

Not aware

Very aware

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. If your ratings is 3-5, how did you find out about Nokia's social media participation?

Advertisements in TV, magazines, newspapers, etc.

Advertisement in social media services I am using

It was recommended by a friend/I recognized a friend using Nokia's social media services

Other, please specify \_\_\_\_\_

14. How would you like to receive information about Nokia and its products, or any other company?

- Points of sales/store/retail shop
- Website(s) of the company
- Television
- Magazines/Newspaper
- Radio
- Mobile phone operators (e.g. Telefonica, Vodafone, etc.)
- Social media
- Other, please specify \_\_\_\_\_

#### IMPORTANCE & PERCEPTION OF NOKIA'S SOCIAL MEDIA PARTICIPATION

15. How important is it for you to receive information of a company, such as Nokia, and be able to contact it through social media? Please rate on a scale from 1-5.

- |                          |                          |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Does not matter          |                          | Very important           |                          |                          |
| 1                        | 2                        | 3                        | 4                        | 5                        |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

16. To what extent does Nokia's social media participation improve your perception of the company? Please rate on a scale from 1-5.

- |                          |                          |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Not at all               |                          | Very much                |                          |                          |
| 1                        | 2                        | 3                        | 4                        | 5                        |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

17. How would you evaluate Nokia's social media activities?

Very bad					Very good
1	2	3	4	5	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

18. How would you rate the reputation of the following companies?

	Low			High	
	1	2	3	4	5
a) Apple	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) SonyEricsson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Motorola	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Nokia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Samsung	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Google	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Microsoft	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## **Appendix 7: Consultants Responses**

### ***Interview II (Company A)***

Interviewee: Interactive Strategy Director

Time: August 13, 2010, 9- 9.50

A : What user groups do usually use social media? Are that certain smaller groups, is it the mass of people?

II: Are we talking social media in general now?

A: Yes, like blogs, social networks, or micro-messaging ....

II: Like the whole thing. ok. Have you defined the global level and the local level? Because, you know ... the big difference is, what language they are talking. So, for example, the use of Twitter is really kind of widely spread with English speaking persons. And then how many ... and what are the groups that are using, for example, Twitter in Finland in Finnish ... that is really hard to define. We know it is something between 5.000 and 10.000 and so on, but, you know, I think it is a big question for you to define what is the global level, usually spoken in English, and what is the local level usage. So, in this perspective, I think we need to talk what's happening in Finland, and what's happening globally. For example, we have clear study results from the US that the biggest that started to use Facebook is women between 45 and 65. That's the group that is actually retiring, they have the basic knowledge of using computers, because they worked for 10 years at least with the computers, and then, when they retire, or are not that active in the work life anymore, they have more time to, for example, keep in touch with their grand children and so on. So, they are using Facebook. That is a really interesting trend. And at the same time, the trend setters, the small that usually goes to certain services and use it the first time, they are saying that we are not using Facebook anymore. We try to find something else etc. But at the same time, the masses are starting to use the Facebook. And I think it's some kind of a similar curve with the web services. It might happen with twitter as well, or it might not. At the moment, I think, the usage of Twitter in Finland, it started really actively during 2009, and I think by the end of 2009, we had a certain group of users that uses it ... journalists ... I think a lot of journalists are using Twitter at the moment, because it is the easy way of getting information, both from Finland and internationally ... and then, of course, the kind of digital communications or social media marketing/ communications professionals are using it ... and then I can see that a lot of educational people like teachers in Finland, the university level lecturers, they are using Twitter a lot, because it is an environment where you can get a lot of information really easily with your tags and key words and so on. So, I would say, if the question is, who is using it, and what groups, and what are the age groups that are using social media, we need to look into social media services, you know, service by service. We have different groups using LinkedIn ... in general

speaking, we say that LinkedIn is for HR purposes to recruit people, to get people's CVs visible there and so on, but at the same time, but at the same time, the Germans are not using LinkedIn. They have their own service. And again, we have the local level and global level, and there are a lot of differences. But to be able to understand the nature of the social media services, then you can maybe get an understanding of what are the groups of people using it and for what purpose. That's kind of a long answer to that question.

A: But it shows that it is more complicated than people might think. You cannot go online as a company and promote yourself. You have to research beforehand.

I1: And one thing I would like to emphasize on this point is that here at [Company A], we call it an ecosystem. Because, I think it is a good word to describe it for the companies. You need to have your own ecosystem. You need to understand where your customers are active, and where then, parallel with that, you need to be active. And, you know, it's rarely just one place. usually, it's multiple places. For example, if you are active in Twitter, you need to have content there ... so, where do you get content, you perhaps have your company site in Facebook ... so, if you are doing something in Facebook, you maybe would like to link that from Twitter, right. So, the ecosystem starts like that. If you have content in video format, you put it on YouTube, and then, of course, you post the video on your Facebook site, and again you start tweeting it. So, it's like going around.

A: It's a circle.

I1: Yeah, it's a circle, it's an ecosystem.

A: Ok, the next question might result in a longer answer as well. Simply, for what purpose are consumers using social media, but I guess, we have to, then, look at the different groups and the different platforms as well.

I1: Exactly, but, you know, generally speaking, for what purpose does the end customer uses social media. Ähm, they socialize with their peers. Right? They talk about life. They talk about what's happening in their lives at the moment, as we do in these real life situations as well. So, they compare products, they tell about their experience, they blame the company that, you know, behaved badly. Stuff like that that we do in the normal life as well. But it's interesting, we have ... the latest research was done by Taloustutkimus, and the result was from last spring I think. Because, the question always is, if the consumers are talking with each other, are they willing to talk with the company. And the result was clear, and Yes, they want to talk with the company about what they think is important for them. They don't want to have a company pushing them messages, so it is not advertising. they want the companies to be present in social media, so if the consumer has a question, he or she can go to a company and talk about that, ask questions, you know, tell about their experiences, and stuff like that. So, I would say it is more about communications, and more about customer service in social media, then it is about marketing and campaigning in the way that we usually think of it, in the traditional way.

A: And, I found some studies that say that social media, like, if a company is in social media, the platform itself is lacking the awareness of people. People need to know

where to find stuff, and this could be a problem, for instance, for social media marketing. Do you think that consumers are aware of companies in social media? Do they go there to look for them, or is it coincidence how they find them?

I1: I think we are starting to get there that the consumers understand that the companies are there. The situation was totally different a year ago. So, the change is really rapid. But at the moment, and I think it will continue, the way consumers are searching for information, it's not namely by the company name. So, if I want to know something about shampoo, I don't look for P&G, I will look for ... my key word for my Google search is 'shampoo', right. Then it depends, how clever and intelligent the company as been, promoting their information about shampoo. So, for your question I would say, the consumers are getting the understanding that the companies are there with their messages and their information, but still the consumers are searching for the information, or looking for the information by their needs.

A: And that does not necessarily mean, they are looking for the company, but for something else. It can be information provided by a third party.

I1: Exactly. And then, if you look for information about the latest shampoo, or what would be the best possible shampoo for my hair ... so, it is about the ecosystem again. Because, how well are you found as a company depends on how well you do your digital communication. And it's not just being in one social media platform, it is being part of the ecosystem ... you know, providing information in video format in YouTube, tweeting your press releases with your Twitter account, creating appealing information on your website, and then getting the latest insights on the Facebook and so on. It's about the ecosystem. It helps Google and the other search engines to understand that you are the expert in the shampoo business, and then the search engines offer the best possible information to the end user.

A: And when we speak about the traditional way of marketing, it is not anymore about pushing information to the consumer, but the consumer to pull information from the Internet?

I1: I would say there still needs to be a push as well, because people are lazy. You know, if I am looking for a shampoo, I won't go online every time to look for the information. So, for a certain time of the life cycle as me being the consumer, I need push. But in certain stages I need pull as well. I want to be the active part, I want to search for the information, and then I need the company to be there for me. So, I think it is about dialogue. It's not about push and pull, of course it is about both, but as it is in dialogue sometimes I am the active part and sometimes you are. Right? And then if I am interested, if you push me something, I would start a dialogue with you. And then the outcome of that dialogue is the thing that is important for the company. But the challenge for the companies is that they are used to doing purely push. So, they are not ready for the dialogue. So, as I said, please continue doing the push, but you need to the pull as well, and you need to be prepared for the dialogue. And then, if at the same time one of the mega trends, or the hot topics in communication and marketing is to be transparent and sustainable ... uh ... we need to know what we are talking about, right. And if we start the dialogue, you might ask me something, but I am not willing to answer. So, that's the tricky part. Companies need to change.



A: And when it comes to the push part from the company, before it comes to the pull part, would you recommend something like advertising?

I1: It depends on the company so much. I mean if you are a BtoB company, or if you are a BTOC company, or if you are, you know, a service sector company, it varies a lot. So, I won't give you an answer that, you know ... first, we need traditional advertising, and then you need to do this and this and this ... and of course it depends on the brand value as well. If you are really well known ... your activities might be totally different than if you are a new player. And it depends on the market situation as well, if it is fully penetrated, if it is a mature market, or emergent market ... so, the companies need to solve the puzzle themselves.

A: That's true and research a lot. Ähm, we kind of touched upon that already, but do you think consumer appreciate to receive information about a company, its products, and get in contact with a company via social media? Is that one of the main things?

I1: I don't think it's a main thing at the moment. I think it is still coming. But we can see, at least in US ... because I get a lot of information via the [Company A] network ... we can clearly see that still US is a totally different world compared to Europe, for example, and then Asia is totally different. So, I think the US as a market is far ahead of us. So, I think there we have good examples where the consumers are really active and search for the information and want bigger companies to be active, and giving them information about the products and services and so on, but in Europe I would say we have some experiences, and some groups of people are willing to ask the questions in social media services ... äh, but of course you will next ask me, what are the groups, right ... but it depends really much ... and then we usually get into discussions with the companies that, you know, what is the amount of people that want service in social media services, and still it is hard to measure, and I would say at this point, at least in Finland and Europe, the most critical thing for the companies is to get prepared for the future, because if the development of communications continues like this, the companies will face a situation in 5 years time or 10 years time where most of their consumers are online, demanding to having all the information they need in social media services, and the cultural change and the change in the working processes inside of the company is so huge that it would be wise to start practicing now, and then they are prepared where the masses are then demanding for the service in social media services.

A: That's a good point. Have you made the experience that there are certain brands that are more suitable to be kind of promoted in social media? Or is there a difference between different products?

I1: I would say ... First of all, I wouldn't use the term 'to be promoted' in social media, because I truly believe it is about the dialogue. So, I would say it is not so much about the products and services. It is about the consumer. You know, you need to know your stakeholders. If your company has active users in social media whether they are analysts, or media persons, or, you know, consumers, or NGOs. For example, how silly it might sound to you, the Forest industry is starting to be really active in social media, because the NGOs and other third parties are really active in social media. So, you need to be active there. Otherwise you are not part of the game. So, you need to know your

stakeholders, whether it is the consumer or other parties that affect your business. And then the second point I would make at this point is that how ready is your company. Because if you just go to social media and your company is not ready for that, you will ruin your reputation. Because, if you start ... it's like ... I have compared the social media usage ... this is more a Finnish metaphor, but I will explain it to you: During the winter time, when we have birds outside, they won't get the food from the trees, because they are all buried under the snow. And then people start to feed them. Start to give them all this, what is this, siemenet. And if they start doing it, it is unfair to finish that, right. Because the birds get used to that that they get the food from here. It's the same with social media. If you just do one campaign and promote your brand there, it is unfair for the consumers. Because then they get used to the idea that, ok this brand is here for me and I can go and talk to them about their products and services whenever I like, but if it is just a campaign for let's say one month, they won't be there after the campaign, but the consumers will be there. So, comparison to feeding birds during the winter time ... do not use it ... do not do it only one time, do it the whole time that your stakeholders want you to be there. And usually it is for long-term commitment. And then your company needs to be ready. You need to have the resources, you need to have the answers for the tricky questions, and you need to be transparent ... that's it. Easier to say here than do it in real life.

A: Definitely ... Well, my questions are repeating. How important do you think is the presence for companies in social media to consumers?

I1: I think it is really crucial for certain companies. Again, you need to know your stakeholders. If they are active there, please do it yourself as well. Or if the topics or the themes, you know, that are discussed around your business environment are discussed in social media, don't be dumb, and let alone, be part of the discussion. Ähm, I could give you an example of the research that we made about employer branding. The interesting part was that the young people were saying that the companies that are not present in social media are not in their world, so to say. So, if they list the companies that they would like to work for when they graduate, if they are not in social media, they would say it is a dull place to work, that they haven't even heard the name, and so on. I think that was the interesting part. So, as I said, it is not ... the companies won't die if they are not in social media this year. But what happens in 5 years times, you know, or in the future ... because then the young people who are now studying, will be the ones that will go and work for certain companies, and you know ... let's see. It's an interesting puzzle.

A: Maybe we can continue with another question. Do you think that the presence or participation of companies in social media can enhance the perception of consumers, meaning that it could for instance increase the reputation?

I1: Mmh, it could, and it can ruin it. It can do the both. As all communications. It's a risk. If you start a dialogue, if I say something stupid you will never ever buy my products again. So, the logic is the same. But it can enhance as well, if you do it well.

A: That's true. Well, kind of a stupid question, but ...

I1: I don't think there are stupid questions.

A: But I am looking forward to your answer. Do you think there are like certain social media platforms that are good for enhancing the reputation? Can you say something like that, or is it more the ecosystem, as you said?

I1: I wouldn't name one, I would say it is the ecosystem. Knowing your stakeholders, and building up your ecosystem, based on the knowledge you have about your stakeholders. That's the key.

A: But in this way it also has to be integrated into the company, because, let's say there are two people working in this digital marketing department, and one is responsible for the social networks, while the other for the Twitter account, and they all communicate different messages ...

I1: And the problem is that it is not only about, you know ... of course it is all about communication, but it might be an HR issue, it might be content that is related with R&D, it might be a, you know, corporate communications investor relationship, you know, message, so the silos that the companies have within them: here we have the HR department, this is the marketing department, there is communications, here is whatever, logistics, and blablabla .. the problem is, social media and the people and the people that are active there, they are not interested in your organizational chart, they just want the information. And if we then have this digital communications two-person team, who is trying to be active there, they need to get the messages from all the departments. So, it is actually integrating. It is forcing the company to integrate messages really, really transparently to the end user. And that is the tricky part I am talking about. The companies are not ready. And the worst things I've heard during the past year is that they had the summer trainees. They had the summer trainees to build the social networks accounts and for the Twitter and so on, and I have compared ... I had this one discussion with a communications director, and I ask her, you know, have you planned to have a summer trainee answering the critical company questions in front of a television camera. And she was looking at me and saying 'of course not. Why are you saying so'. You are putting him to build your social network and giving all the answer there for the whole public. It is so ridiculous.

A: probably they don't have the resources in the company ...

I1: They don't have resources for the company, or the understanding of social media, you know, but then they want to get it done, because somebody else does it already.

A: is there any, let's say in Finland, is there any company that does it extremely well?

I1: Of course Nokia. If you want to interview them [Person D] is the expert.

A: I had the interview in July.

I1: Yeah, he is a really good guy. And they had the strategy. They are pretty active there, and, of course, Nokia is Finnish, but maybe with your question you meant a more Finnish company than Nokia, which is kind of an international company. Let me think if I think of a good example. I think Raisio ... it's an interesting example, because it is a so traditional Finnish company.

A: What are they doing?

I1: You know Elovena. Puurohiutale. They are in wheat business. So, you might want to check raisio.com. What else? I think most of the companies ... did you see the article this week in Talouselämä .. or I think it was Taloussanoma. It was the Sanoma corporation that made a poll with the biggest companies in Finland, and they ask, which of the companies have already put in place the social media guidelines. And it was roughly half of the companies, who had some kind of a policy for social media usage, and, you know, based in that information you can clearly see that not all of them are so active there, because they don't even have the guidelines in place. But I think this is a really nice example. So, they have the Twitter account, they do videos in YouTube, they are active in Facebook ... And the other one, of course, is Leaf. Leaf is international of course. But Leaf Finland that's the company behind brands like Malaco, the candies, or Tupla, or Jenkki, the chewing gum. So, I think that's another nice example.

A: Well, I guess the target more the young people.

I1: Exactly.

A: Ok.

I1: And one more example as we talked about the forest industry. Of course you need to check the StoraEnso example. So, its [www.storaenso.com](http://www.storaenso.com) slash .. I cannot remember ... I will send you the link, but you can find it from the main page as well. It's a forest website that is really well integrated into social media. So, they have this Facebook account ... well, at least that one ... I think it is a really good example from the BtoB companies. I will send you the link.

A: I have seen another interesting websites. It is, I think, from UPM and it is target to young people.

I1: But I am not sure how integrated that is to social media.

A: I think there are some interactive tools there, but it's more information. I liked it... I think we went through more or less all of my questions.

I1: If you have any more questions when you go through and, you know, have more interviews, you can always come back. Call me or email.

### ***Interview I2 & I3 (Company B)***

Interviewee: I2, Account Manager; I3, Account Manager

Time: August 20, 2010, 10.00 – 10.30

A : Could you first give me a job description of what you are doing?

I2: I am in our financial communications team. So most of my clients are within the financial sector. There are a number of ... what are there ... one is a retail bank, and then there are private sector companies, and a few funds ... fund managers ... and also a

real estate investor. That is sort of businesses. And I am also working for TEKES. You might know. Supporting some of their programs.

I3: And I am part of our corporate and change communications team. So basically we are working with all other industries. All other businesses. And my own focus has been for the last like 2 or 3 years especially change communications ... all kind of organizational changes, and new strategies, and some merger situations. Of course internal communications matter all of those situations, but of course I also work with the external site, like with media relations.

A: So, does one or both of you use social media in your work?

I2: In these days it comes to be everywhere. For example when we are doing media campaigns, they can also be enhanced in social media. You also need to know what is written about the companies you are working for. What is written in social media. You have to know what is going on there.

I3: We definitely need to think about it in everything we do, and our clients often ask us what they should do or shouldn't do. But I think it is not really a focus in any of our ... but it is increasing.

I2: But yeah, I produced a Facebook site for my client and that sort of stuff. Develop the profile, and try to increase the awareness for using those tools.

A: So, you recommend to your client that this is one tool they should use?

I2: Yes.

I3: Yes, depending on the situation.

A: When you make your research in the Internet, looking where the stakeholders of your clients are, and you specifically see, they should use those and those tools, because a lot of their stakeholders are there ... how do you do that? How do you find out who the stakeholders are?

I2: I don't know if I understand the question correctly. Of course we discuss with our clients, because they know their stakeholders quite well usually.

A: How do you start is basically the question. How do you start with your project?

I3: Most of all, we try to keep our eyes open, but of course we personally use a lot of social media. So whenever I see something, which could be interesting from the point of view of my client, so of course we tell them and share information. But of course we also trust our clients that they kind of know their stakeholders best. But we always have this external view of things, so we can even question something and provide some new information that they haven't been thinking about.

I2: And they often know the profile of their clients or the people they are targeting at. So we tell them to find different tools and methods to find them, but they actually need to know what they are looking for. At least they should.

A: That's true. Do you have the feeling that companies know what kinds of stakeholders use what kind of social media? Do the companies know that, do they do their homework?

I3: I think some do better than others. But of course sometimes they may have a little too narrow perspective on the issue, because the world is changing, and some companies may think that most of the social media users are of the younger generations, some, you know, students and teenagers. But I think the number is increasing all the time in all age groups. On the other hand, those teenagers will be like, within 10 years they will be some business clients. So, they can't really stay out of it. Or it wouldn't be wise.

A: And can you kind of say who uses social media. As you said, the companies think that it's like younger generations, but I think there are also older generations. Can you kind of say those and those groups use social media, or is it more the mass of people?

I2: Social media is a really wide thing. So, obviously some kind of ... I wouldn't think that anybody in my age kind of hang out and have a hotel and sort of thing, but everybody are on Facebook and LinkedIn, so it totally depends of which part of social media we are talking about. It is really hard to say generally who is there and who is not.

I3: And even some older generations, even though they would stay out of Facebook and all these forums, they might be very active in some 'Suomi24' discussion forum, or ... there are so many different channels and places to be. But I think in some older generations there might still be some percentages that are not using social media at all ... like, for example, people our age, I think everybody uses some channels.

A: have you realized that there are differences when we talk globally about social media and locally? That there are different behaviors in social media?

I2: Well, I think Twitter is a good example for that. Like in Finland, it hasn't come through at all. From our perspective at least. So, everybody uses Facebook, but hardly anyone is on Twitter. It doesn't seem to suit our kind of our way we are communicating. But everywhere else, on all other places, Twitter is the place to be.

I3: And I am not sure about the exact figures, but I think there are lots of more Facebook accounts, and especially active accounts, than Twitter accounts. So, I think there is a big difference, because in some other countries it might be the other way around.

I2: I don't know if there are any kind of demographics, older, younger users ... I have no clue or details about that.

A: Do you think that even if people are not in social media, do you think that the consumer is aware of companies using social media? Or is it just like, if you don't use social media at all, or if you don't use the Internet at all, it is kind of a different world?

I3: In what sense?

A: Lets say, I am a 55 year old women, don't use any social media tools, do you think that the activities that companies do in social media are just in this Internet or social

media world, and I am not aware of that, or do you think that companies are able to create kind of that much buzz that I kind of recognize it as well?

I2: I wouldn't think that if you are not already there, you would ever kind of be aware of media campaigns. You definitely need to be there and use those tools, and then you can be kind of drawn into that. But not otherwise.

I3: Yes, I agree. But for those people who are there active in social media, I think that the company can create something very creative and create some buzz there, and then they will be noticed. But for those people that are not part of social media at all, I think they won't know about it.

I2: For example there was this Audi campaign, when they tried to attract as many users as possible ... to create this ... their Facebook fans. I am sure that many people heard about it, because other media were communicating about this campaign actively, so, I am sure many non-users heard about that as well. But, it's very hard to see that somebody actually joins Facebook for that reason, just to part of that campaign.

A: So, would you still say that even if whatever company, Nokia has a Facebook group, they still need to create awareness of it, or is it just enough for them to be there and just to attract people, if they are Facebook users?

I3: I think it really depends what their targets are. It really depends on the situation, if it is wise to create more buzz about it, or is it just to encourage people to some conversations around a topic, when it is enough to have those people that come there anyway. It is hard to say anything in general, because it is really depending on ...

I2: Yes, And if you think how Facebook works, it is that ... you don't actually need to ... people are telling to each other ... and then noticing good campaigns anyway. So, you don't need to actually think who are you talking at, but it kind of escalates ... I don't know what's the right word ... but anyway, it can spread there, because those good campaigns are picked up anyway. But if it is not of anyones interest then it won't be noticed.

A: Do you think that in general users of social media are interested to see companies coming there, getting information, into contact with the companies themselves, getting information about the products, or certain projects companies are doing? Do you think that this is important for the consumer?

I3: If they are interested in a certain product, or a topic that the company is expert in, or if the content has some value.

I2: I don't think consumers cares that much what is the method he could access the information or whatever he is looking for, but he wants to get it somehow in a relevant, interesting way. And then the company succeeds, if they manages to kind of attract consumer interest ... it can be also via normal, traditional media. It can be in some cases a much more relevant way then via social media, but they just need to know what's the best target group is and where.

A: Do you think that, because you have different kind of industries you are working in, do you think there are certain products or brands that are more suitable to be marketed within social media and some are less?

I3: As we said, we are operating in BtoB environment, so it is for all BtoB companies then for those companies that are producing for example consumer products, because those BtoC companies have this kind of direct interface with the consumer, because it is a product that the consumer uses or is interested in. So, I think in a way it is easier for those BtoC companies to have all these ideas and develop some creative campaigns, because they have kind of ... anyway, they have this mandate to have a direct contact to consumers. But I think it is definitely not impossible for BtoB companies to be successful in social media, because consumers may be interested in having conversations with them, or hearing what the BtoB company has to share. But they just have to think about it in a different way. And I think it is more about ... it hasn't that much to do with companies, business, or their products, but more about what their attitude is like and the company culture, because if a company is very, very conservative, I think they won't really succeed in social media.

I2: Yes, it always takes some kind of courage from the company to be there, because they need to be much more open than they traditionally have been. So, it requires totally new attitudes, because we are actually openly discussing and sharing things, and that can be really hard for some BtoB companies. And people are often there with their own names, and that is also a big step for some people even, because it is very hard to distinguish between your personal self and your professional role, and you don't want to mix them. So, that's why people don't want to be there at all, because they just can't ... it's very hard for them to keep these two roles separate.

A: But still, people still talk about you in the Internet or in social media, without maybe you recognizing it. Do you think this is a big issue?

I3: I think it is good for any company to be aware of what people are talking about them in social media. But then they need to decide what their strategy is – if they want to participate in the conversation, or if they just let it be as it is.

I2: But they always should know anyway ... it is obviously hard, because there is so much content, but there are quite good methods these days to follow the discussion ... it is so valuable information for them for the future, for product development or other developments.

I3: Actually, in our business this is often the first step that we recommend a company to just start monitoring social media, just looking at it and seeing what people are talking about them or some themes that are relevant to them.

A: Do you think that, still generally speaking, that companies participating in social media are able to enhance their reputation towards consumers?

I3: If they do it right.

I2: It is very easy to totally ruin your reputation there as well by doing stupid stuff, kind of stuff that doesn't really suit your image. It definitely does not enhance, but the totally opposite.

I3: And I think in social media all those effects can be even multiplied, because people talk about it and share information.

I2: The reactions are so quick compared to traditional methods and media ...



I3: Both in a positive and negative way.

I2: In half a day you can have so much damage.

A: Was there any company that you maybe consulted that made it quite well in social media? Who stepped into it and had a good approach? A good example for that?

I2: I think most of our clients are kind of beginners.

I3: Yes, most of them are in this monitoring phase.

I2: I think the advanced companies wouldn't be our clients. Ours are just entering there ... But it is a very important step to do it right when you just enter that world, because quite often our contact people in these companies ... they are not used to it, they are just aware that they need to know and need to be there. But they are not familiar with it, they are an older generation.

I3: And they may be a bit afraid of this thing.

A: Is there otherwise, from your personal experiences, a company that made a good social media approach?

I2: We discussed about that Finnair is a good thing which has kind of upsides and downsides during the ash cloud situation, because they already had launched their Facebook profile a few weeks earlier. I think it was very effective when people could share their experiences and knowledge about the situation and about the flights. It was actually very quick, and a good base for this kind of conversation. And without it, they would have had even more problems.

I3: And I think they made a wise choice there, because Facebook is so popular among Finns ... but also they receive some criticism, because overall, globally, Twitter was more related to the whole ash cloud problem. So Finnair had nothing ... or I don't know if they had something small, but they maintained all this Facebook, and they were not that active in Twitter. And Twitter was otherwise used a lot.

A: And did Finnair just open this Facebook page to give consumers a platform to use it, or did they also actively participate and answer questions?

I2: There was a person filling in the information all the time ... so, it shows that it can be really useful in crisis situations, where lots of people are involved, people who are used to use that tool.

I3: And I think not only crisis situations are one example, but then another one is when you really try to develop something. There are lots of examples of real success stories, when some companies have, for example, renewed their values, and they have used social media internally within the company by having this kind of value chance and discussion forums where people can participate, and are willing to create the values together. I think this is really suitable for some big companies that have tens of thousands of employees around the world. And they can all really give their input and be part of the process ... and of course here we come to crowdsourcing, and there are lots of implications for that, like even if there are some BtoB companies, when they are developing their products or processes, they can of course involve their partners or

suppliers, or whoever ... and I think those kind of actions, they really strengthen commitment, and get people engaged.

I2: And that's definitely social media, that people should remember the usage and think it as a social thing. It really connects people ... so, it is not good for one way or two-way communication, but multi-communication.

I3: And you can really create things there ... and for these really conservative companies, the hard part is that they really have to approve that they can't manage, can't control it. I think that's the hard part for many, because with traditional media, you can't manage that as well, of course, but a little bit more. You can have some control over it. Although journalists write what they want to write, but you can have some influence. In social media you have to accept the fact that you can't really control it anyway.

A: Have you made the experience that there are certain tools that work quite well for companies, for example in the Finnair case it was Facebook, are these social media networks a really good tool to enhance the reputation of a company, or do you have to see it more, I heard the term 'ecosystem' in another interview, or do you have to see it not in isolation, but as part of something big?

I2: Very big question. But, yes, I kind of like the idea that it is part of something big. Definitely, you shouldn't do anything in isolation. The world is more and more connected, and it is hard to do just something using one social media tool, it is always limited. So, if you want to kind of reach loads of different ... because, you can't really know where people are, because ... where the consumers are, where your clients are, you just need to use different methods and do it wisely.

I3: Yes, we can't really name a "one size fits all" solution regarding tools and methods. It really depends on the company, and the situation. But I think the "ecosystem" thinking is good here.

#### ***Interview I4 (Company C)***

Interviewee: I4, General manager

Time: September 21, 2010, 14.00 – 15.45

I4: So, what kind of research are you doing?

A: I look at social media in general, like social networks, blogs, micromessangers and all this stuff, and see that if a company uses those tools, if they are able to enhance its reputation.

I4: So, we are mainly focusing on strategic communication consultancy. So, we are not almost ever social media marketing on our own, but every now and then we have clients that want to have a social media project. And then we discuss together with the client, and most likely we find some third partner who conducts the implementation. In general, it normally goes like that. We have done one or two projects on our own,

because the customers are ... we want to be that close to the customers, and they have been quite easy projects.

A: And to whom do you usually outsource the implementation?

I4: It depends. Quite often, I would say, it is the advertising company for our customer. And my own background, I've been 2 years here. Before that I was working 8 years in financing business as head of business communication in [Company E]. Especially when we were doing the integration process for [Company E] in 2008, then I think I learned so much about social media that I can never learned again.

A: Yes, I can imagine. You actually learn it by doing it.

I4: Because we had a lot of problems in IT integration and that was the time when social media really strike out, and all our problems were discussed on the social media. And, honestly, we were not so ready for that. We were expecting that, of course the social media has some kind of role, but we didn't understand social media already then. Me, we, or I ... I think nobody understood exactly ... now it is easy to say that, 2 years later, we should understand that. But that was the first case in Finland when a big company had major problems, and social media was so aggressive and so strong.

A: And that was about 2 years ago, so 2008 about?

I4: yes.

A: And what kind of social media tools did you use there?

I4: Honestly, we didn't have any kind of tools there yet, but we just noticed the power of social media then. Because we had ...it was a huge IT integration process, the biggest in the Nordic ever, and we were converting, for example, a few figures and [web accounts] from one system to another system in over night. And we had ... I think we had more than 2500 people working for that operation for one years period. So, that was huge work to do. And we had a lot of problems. Our [web accounts] was closed for 2 days, and still after half a year there was plenty of customers who couldn't use their [web accounts] from their own or their old computer. So, the big surprise was that all the problems were reported immediately in social media with ... without ... we were following social media quite closely already then ... but we decided not to be active of our own in the social media. So, to do not ... to use only the traditional ways, because it felt the right decision then. But afterwards, probably we might use also to be more active in social media ourselves, but I don't still think that it would make any difference.

A: However, I read some cases about it, and sometimes it is just good to be there for the people who have the conversations in social media and just like try to explain them why the problems occurred.

I4: Well, we did that in our own website of course. All the time. During that process we had one or two cases where employees from [Company E] started to participate in discussion groups. When he or she noticed that this is not true what they are writing, then they went there, and described: no ... this is the real case. Each time they were accused that ok, you are paid by [Company E], you don't understand what is true and you are just lying. So, we decided after that after a week that employees are not allowed

to participate on the discussion groups. Every time when it started, and that wasn't my idea, that was the company's idea, ...because the employees felt that they were quite proud about what we had done. So, they wanted to defend the company. But every time it went the wrong way. So, then we decided it is not any sense to be there.

A: And, connecting now to my questions, what kind of people were there, having the conversations in social media? In that case?

I4: All kinds of, but mostly younger customers, or course, and then special groups, I think at least then ... it would be nice, I don't have that kind of case from 2010 .. yeah, I have one, but that's too new. But during that time, special groups like Linux users, Apple Macintosh users, who doesn't ... the average user, who was using Internet Explorer and Windows, because of course the program was tested for them. But then, for example, the new system was [country]-based, it was from [Company F], and Linux has no ... not at all the same kind of role that it has in Finland. So, they haven't even tested one Linux browser for this new [web account], and that was the biggest catastrophe. And they are really aggressive. And also Mac users. That was more tested. But if you noticed that this week or last week [Company E] announced that they have done some special system for iPhone users. So, they are still looking quite closely how to be more active and help these special groups. So, I would say we have two special groups during that time. Especially, Linux users, but also Mac users.

A: So, basically the people that were affected by the problem.

I4: Yes. I don't know ... we didn't have any ... it was more younger people than older ones, more highly educated than less educated, more people that are using more computer all the time in the work than ... usually people that their home machines didn't have any kind of problems. But because companies doesn't like that they are using [web accounts], facebook during the work time. So, there was the biggest problems.

A: Ok, now we have to go in another direction. Otherwise, my questions won't fit. I'm just trying to connect them, but it is not possible. But maybe you can give me your opinion about for what purposes social media users use social media? Is it just for work issues, or for private life?

I4: So, you mean the average user, we are not ...yeah. I would say that mainly on personal issues. If you are not working in communication, or marketing, or things like that, then it is still some minor thing in web issues.

A: There are still some studies that not so many people are attracted by social media, or respectively that if a company is in social media, as you said, there are more private users of social media, how could a company, for instance, use social media for their advantage? How can they attract to their social media activities they are doing?

I4: I believe that most of the social media is a bad place to do any kind of marketing. Really bad. I think there won't be many cases where marketing would really affect. But on the other side, you can lose a lot if you try to do some stupid marketing there. And that's the role for social media. That would be the role of social media. If we take the example from history then I think that social media users trust marketing, which is done

in social media, for example in Facebook, as much, or as little, as they before have believed magazines, and customer letters.

A: However, maybe another example is, for instance, users ... lets take Amazon, for instance. User can rate books, and then other people, seeing the ratings of the book might think “oh yes, this seems to be a good book, maybe I can buy it”...

I4: Yes, that’s true. That supports marketing for the books. But marketing for books, movies, music, all the time this has been totally different. If you look the media, for example, ...morning TVs. It is totally normal that when someone writes a new book, he or she will come and tell about the book. And nobody feels that’s marketing. But it is marketing. Or if a rock group releases a new CD or record, it is natural that they will be part of that program. If Hatwall announces a new drink they will never get the same position. And there we have a difference. So, we have few businesses, which journalists and the general public feel that they will never do that kind of marketing. And your example comes from that site.

A: So, you want to say that the traditional way of marketing is not possible in social media, but when we use social media, you have to have some kind of marketing strategy in another way.

I4: Yes. On the other hand, I have a good example quite effective marketing ... this is a Facebook example. My biggest hobby, well this is not only a hobby, but almost a life style, is [XX]. And I have, together with my nine friends, we own the company, which owns the only [XX] place in Finland. And we have that kind of Facebook ordering system that I can send you and five other friends invitations “lets go and play there”. And 1, 5 hours slot will cost that and that much, and when I get four answers, it immediately sends information to the system that now we have booked the time for that, and that will send an invoice to me. So that way it is marketing done in Facebook. And also a quite effective way to do sales. But, like I said, it won’t work if I give that same kind of advice to ... what would be a good example... some drinking company to do it the same way. That won’t work. I don’t have any explanation, why some kind of businesses is considered as not business and somebody are, but that’s life.

A: Well, I guess that depends on the situation as well. But maybe taking your [XX] company into account, like how do you attract people to your Facebook group, page, or site you have? How do people know about it?

I4: From the people that already played and we had an [XX] for five years, so in the beginning we had more than 200 friends or people who liked us. And then it has slowly started to grow and I think now we have somewhere about 500. And the easiest way is that a friend tells to a friend. We have to have that kind of content there that people want to spread.

A: So, you use word-of-mouth basically.

I4: Yes, pictures and things like that.

A: And when did it start. Like how many years are you active ...

I4: We started in this model in .... early this year.

A: So,  $\frac{3}{4}$  of a year. So, it takes time.

I4: But you have to be reminded that it is a small sport in Finland.

A: But, if you have the opportunity to play it, because you don't have that long summers, then maybe it becomes more popular. Maybe a general question: how do you think a company can increase its awareness to consumers in social media, like is there a way, do you think?

I4: Yes, of course increase awareness is important, to do marketing is another thing. And it is really important that companies do expand their awareness. Then again we come to the question that is it a good or bad idea that a company wants to have all their employees in their Facebook site. My answer is no. It is not a good idea.

A: And why do you think so?

I4: I don't like that in the long-run .. I don't believe that in the long-run it is possible ... I still feel like Facebook is quite strongly personal thing. It is not a business thing. And because of that.

A: But then on the other hand, there are NDAs. So people are usually not allowed to talk about business issues on Facebook, for instance.

I4: If I think myself I am using Facebook, I have a few customers there, people I have known for a long time, but I would say that I don't accept any customer that I don't consider also as my friend, because 70% of my Facebook comments and pictures come from ... they are related to [XX]. So, this is totally no business thing for me.

A: So, you try to separate your business life and our private life. Do you think that if a company is using social media and publishes information, for instance, about themselves or their products. Do you think that's a good way to make customers aware of that?

I4: It depends on the company again. Probably I get boring, but in a sense it is standard that it depends on the company. We have a good customer, [Company G], the camera brand. And we did a few social media things during this on our own, because we have a long-term with them, and we decided to do everything. So, we started a Facebook page for them in June and we launched a picture competition. So, take a picture and we have a theme each month, and then you can win the [Company G] camera. That was quite good success. So, I think things like [Company G] ... companies like [Company G], it is a good idea to do the new product launch also there. Of course we were really lucky. I don't know if you remember, it was June or July, they came...it was quite ... it got plenty of hits in YouTube: A turtle found a camera. That was [Company G]. So somewhere in ... I don't remember where it was ... Caribbean. So, there was ... somebody was diving, and he or she lost his camera, and it fell to the sea bottom. And then after a while, a turtle came and started to play with the camera, and gets that camera going on. And it took photos from that for 1 hour or something. And it was sheltered from the water, so it was functioning very well. And then somehow after a few weeks or something, the camera ... the water rolled to the beach, and somebody found that, and then they started to ... they found out whose camera it was, and they noticed that it was still working, and then the film that the turtle was filming went to YouTube,

of course. And that was really good success for us. You can find it: turtle and camera. That was one thing, that was good. And then we launched a second project together with them. That was ... we found that there were more than enough blogs already. But there was only few, and almost any good photo blogs. So, we have a run a professional photographer, who has interest for that, and it is called [Company G] bloggi, or [Company G] Kuva Bloggi. We launched that together with [Company G] 3 to 4 month ago, and in the first weeks that was in the top 10 in Finnish blogging search. And one of the ideas is that we have professional photographer ... we use of course professional stuff, but also this small cameras which are used of everybody.

A: And did you use also other, traditional ways of marketing, to promote the new camera, or is it just social media?

I4: We had press releases, and we had contact to journalists, who are following the cameras. This is a quite limited group in Finland, and they are really active, so we had that. And then [Company G] had some kind of road tour in a marketing way. So, a road show. But interesting is that we haven't had any new launch. The new models came in early September. So, the launch ... we didn't have any kind of launch when we do this kind of marketing.

A: And I guess it was also less expensive then the usual, traditional marketing.

I4: Yes, it was for sure. I would say, we are talking ... in this two cases we are talking about so small amount of money that it was worth the money.

A: I think we had that question 6 already, but do you think some brands are more suit for social media than others.

I4: Yes, consumer brands especially. If you talk the BtoB branch, you shouldn't consider of doing any of those things in social media.

A: How important do you think consumers consider the presence of companies in social media, or social media activities of companies? Is it more a minor role, or ...

I4: Yes, I would say it is a minor role. You can lose everything in social media, but it is hard to win even something.

A: The next question is self explanatory. So, social media, you mean then is less important then traditional marketing via TV, radio, magazines etc.? So, you still would market a product more via TV, radio, magazines and other channels?

I4: I would say the answer is not yes or no. It depends, because also the role of traditional marketing has decreased dramatically. The biggest mistake a company can do is to start a huge TV marketing program. But I am not marketing specialist in that sense, but I think I have some kind of understanding. But I would say that marketing ... we don't have easy ways to do marketing than we had 10 years ago. In that sense it is as stupid to put 10 millions in TV as to put it in social media. So, you have to find the right way for your product.

A: Is there any positive example you have in mind for a company that used successfully, or that promoted its brands successfully in social media?

I4: I like this [Company G] case. Then, of course, Apple has done good work. They have done this also before social media, it's not word-of-mouth marketing, because it comes also via media. But this is probably one of the best examples. If you think we still don't have iPad in European market, but it's already sold out. But I really don't think ... it is a really good product. I don't have that, but I have used it plenty of times and I am sure that I will that machine, but still the marketing is very good, but the machine is not so good. Other examples ... I think that there are many ... another kind of organization, for example, I have to say that Greenpeace has done really good work to market their ideas in social media. Same way the Activists against the fair industry have done really good work. And probably ... now we are coming to the point that when I am all the time saying, it is hard place to be as company, but if you are doing something else then a company, you are not doing business, you are doing marketing, ideology, politics ... the Obama case is of course, it was a revolution, how he did that. I guess, an interesting issue is that ... I haven't been following so closely the Swedish elections last week, Sunday, because the winner of the elections, Swedish democrats, were totally banned from the media. Because they are the racist party in Sweden. So, the traditional media was boycotting them all the time. So, they sued to have used social media. And I think in politics, you can do a lot of marketing while in social media. Much more than in business.

A: What do you think about Nokia's social media activities? I think during the past 2 years they got really active?

I4: Comparing to Apple they haven't done anything.

A: Coming more closer now to my topic, do you think that if a company is active in social media, it could enhance the perception of the consumers?

I4: It should. But it's not easy. If you think what happened to KitKat example, when they did everything in the wrong way. It is really hard, and this I know from experience, even though I was participating only in few discussions with customers with email. So, if the customers sends to company some kind of arguments that you have done something wrong ... so, there is almost nothing that a company can do after that. If the company doesn't answer, that's a bad thing; If a company does answer and tries to explain that the customer hasn't understood it in a little bit wrong way, that's a bad answer; If a company excepts everything, that's also a bad answer. I got, during the [Company E] example, 50 to 100 mails per day, and I decided to answer every one personally. But, of course, I needed to have a specific answer to the big questions and then I formulated that. And still they were complaining, although I did each email personally, they said that we are just copy-pasting. Or why are you not apologizing all the time. So, I couldn't get any positive answer. That was really boring, because I still don't believe that I am so bad in getting any good answers. Because when the customer has decided that there is something wrong, it is really difficult to handle. And this is the same in social media. You can't participate. You can't tell your view in Facebook. Because this gets angry customers to become more angrier.

A: And do you think, maybe before a crisis, if it would be possible that if a company is in social media and kind of builds up a reputation there, online already, and if the crisis happens, afterwards it might prevent the worst outcome of that crisis.



I4: I think that, of course now we are talking about different companies, but in our case, the best way was, and it worked well, and because of this the company still exists, was that employees, they were really believing in the company. And their response to the customers was good, and they were saying that can't you see we are trying our best. And I am sure that helps. But there was a crucial point for us that employees were really strongly supporting the company.

A: I think that was it already. Thanks for the interview.

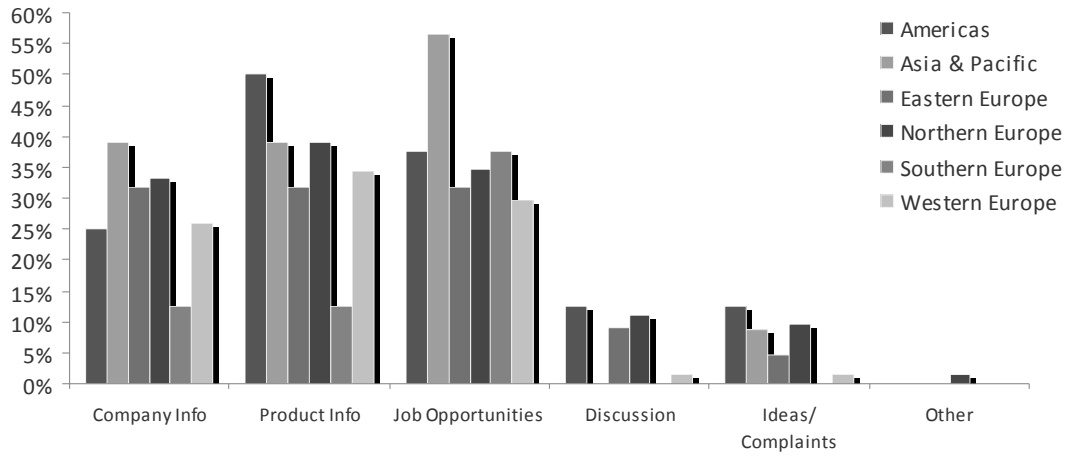
## Appendix 8. Survey codebook

Table 12. Survey codebook

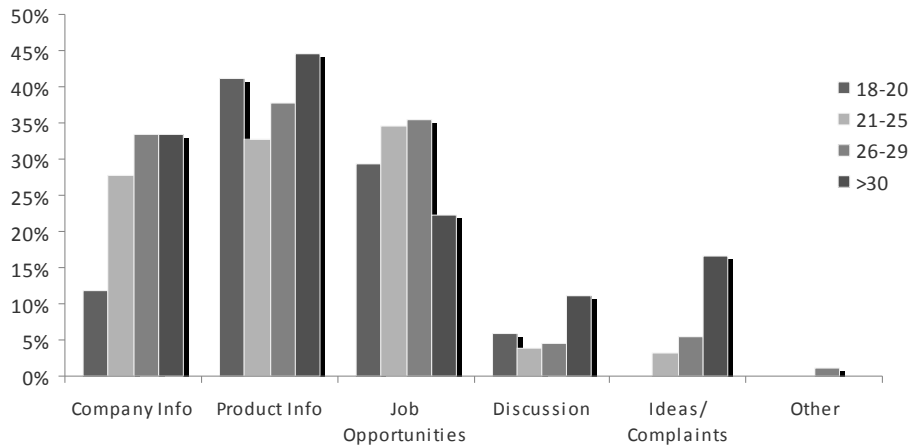
Question name	Question number	Coding instructions	Number of respondents	Additional information
<b>Nationality</b>	1	1=Mexico 2=Brazil 3=Colombia 4=Canada 5=Kazakhstan 6=Kyrgystan 7=Uzbekistan 8=China 9=Bangladesh 10=India 11=Iran 12=Philippines 13=Viet Nam 14=Australia 15=Belarus 16=Bulgaria 17=Czech Republic 18=Hungary 19=Poland 20=Romania 21=Russian Federation 22=Estonia 23=Finland 24=Iceland 25=Lithuania 26=Norway 27=Sweden 28=United Kingdom 29=Greece 30=Italy 31=Portugal 32=Spain 33=Austria 34=Belgium 35=France 36=Germany 37=Netherlands 38=Switzerland	1= 5 2= 1 3= 1 4= 1 5= 1 6=2 7= 1 8= 5 9= 1 10= 2 11= 1 12= 1 13= 8 14= 1 15= 1 16= 3 17= 3 18= 2 19= 4 20= 3 21= 6 22= 2 23= 63 24= 1 25= 2 26= 1 27= 2 28= 1 29 = 1 30= 2 31= 3 32= 2 33= 1 34= 1 35= 3 36= 136 37= 9 38= 1	
<b>National regions</b>	1	(1) 1-4=Americas (2) 5-14=Asia & Oceania (3) 15-21=Eastern Europe (4) 22-28=Northern Europe (5) 29-32=Southern Europe (6) 33-38=Western Europe	1 = 8 2 = 23 3 = 22 4 = 72 5 = 8 6 = 151	Regions were divided according to the United Nations Statistics Division  Link: <a href="http://millenniumindicators.un.org/unsd/methods/m49/m49regin.htm">http://millenniumindicators.un.org/unsd/methods/m49/m49regin.htm</a>
<b>Age groups</b>	2	1=18-20 2=21-25 3=26-29 4=30>	1 = 17 2 = 159 3 = 90 4 = 18	Due to the fact that most respondents were in their 20s, the group was divided into 4 groups: the under 20s, beginning 20s, end 20s and over 20s.
<b>Gender</b>	3	1=Female 2=Male	1=227 2= 57	
<b>Profession</b>	4	1=Student 2=Employed 3=Unemployed	1= 203 2 = 77 3 = 3	As there were only 3 unemployed respondents, this group plays only a minor role in this study.
<b>Nokia mobile phone</b>	5	1=None 2=had one in the past 3=Currently one	1 = 39 2 = 83 3 = 162	
<b>Familiarity with Nokia</b>	6	-2=-not familiar -1= little familiar 0=average 1=familiar 2=very familiar	-2 = 14 -1 = 45 0 = 107 1 = 85 2 = 33	As in line with Malhotra and Birks (2007) and Nardi (2006) the words on the scale were transformed into numbers from -2 to 2 so that positive and negative opinions can be better recognized.
<b>Which services</b>	7	0=No 1=Yes		
<b>Frequency of use</b>	8	1=More than once a day 2=Once a day 3=Once a week 4=Once a month		
<b>Use of Nokia's social media</b>	9	0=No 1=Yes		
<b>Connection to companies</b>	10	0=No 1=Yes		

<b>Reason for connection</b>	11	0=No 1=Yes		
<b>Awareness of Nokia in social media</b>	12	-2=not aware -1=little aware 0=average 1=more aware 2=very aware		As in line with Malhotra and Birks (2007) and Nardi (2006) the words on the scale were transformed into numbers from -2 to 2 so that positive and negative opinions can be better recognized.
<b>How found out about Nokia in social media</b>	13	0=No 1=Yes		
<b>Mean to receive info</b>	14	0=No 1=Yes		
<b>Importance to receive info in social media</b>	15	1=does not matter 2=slightly matters 3= average 4=important 5=very important		As in line with Malhotra and Birks (2007) and Nardi (2006) the words on the scale were transformed into numbers from -2 to 2 so that positive and negative opinions can be better recognized.
<b>Improvement of perception through social media</b>	16	1=not at all 2=little 3=average 4=much 5=very much		As in line with Malhotra and Birks (2007) and Nardi (2006) the words on the scale were transformed into numbers from -2 to 2 so that positive and negative opinions can be better recognized.
<b>Evaluation of Nokia's social media participation</b>	17	-2=very bad -1=bad 0=average 1=good 2=very good		As in line with Malhotra and Birks (2007) and Nardi (2006) the words on the scale were transformed into numbers from -2 to 2 so that positive and negative opinions can be better recognized.
<b>Evaluation of Nokia's image</b>	18	-2=very bad -1=bad 0=average 1=good 2=very good		As in line with Malhotra and Birks (2007) and Nardi (2006) the words on the scale were transformed into numbers from -2 to 2 so that positive and negative opinions can be better recognized.

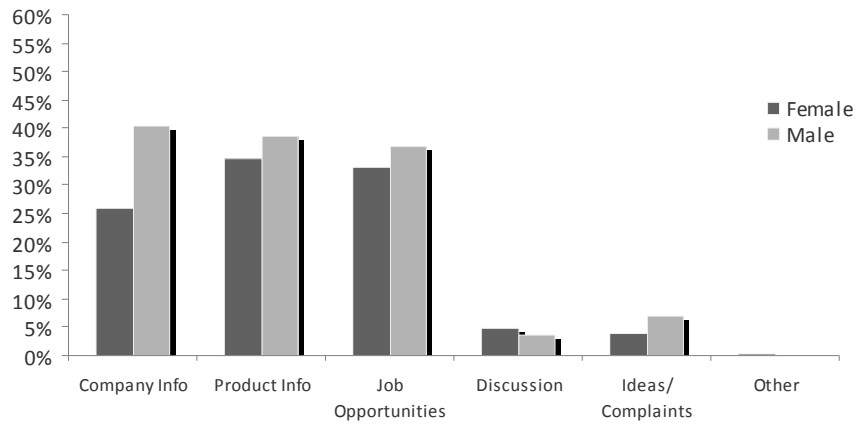
## Appendix 9: Data Analysis of social media users



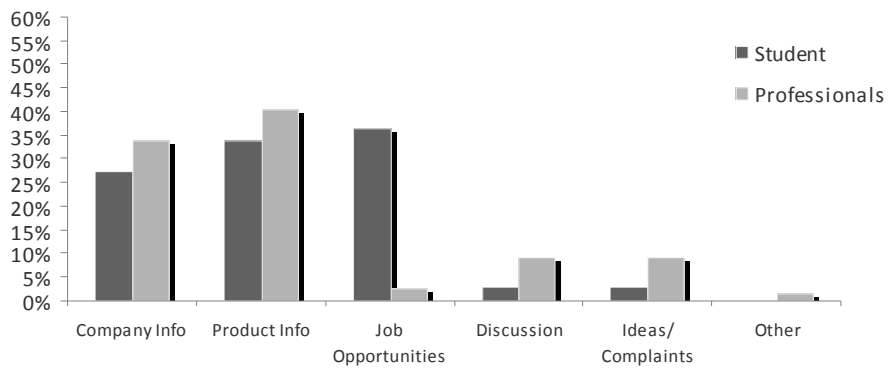
**Figure 40. Respondents participating in companies' social media activities by national groups (N = 127)**



**Figure 41. Respondents participating in companies' social media activities by age groups (N = 127)**



**Figure 42. Respondents participating in companies' social media activities by gender (N = 127)**



**Figure 43. Respondents participating in companies' social media activities by profession (N = 127)**

## Appendix 10: Data analysis of respondents' awareness of Nokia's social media participation

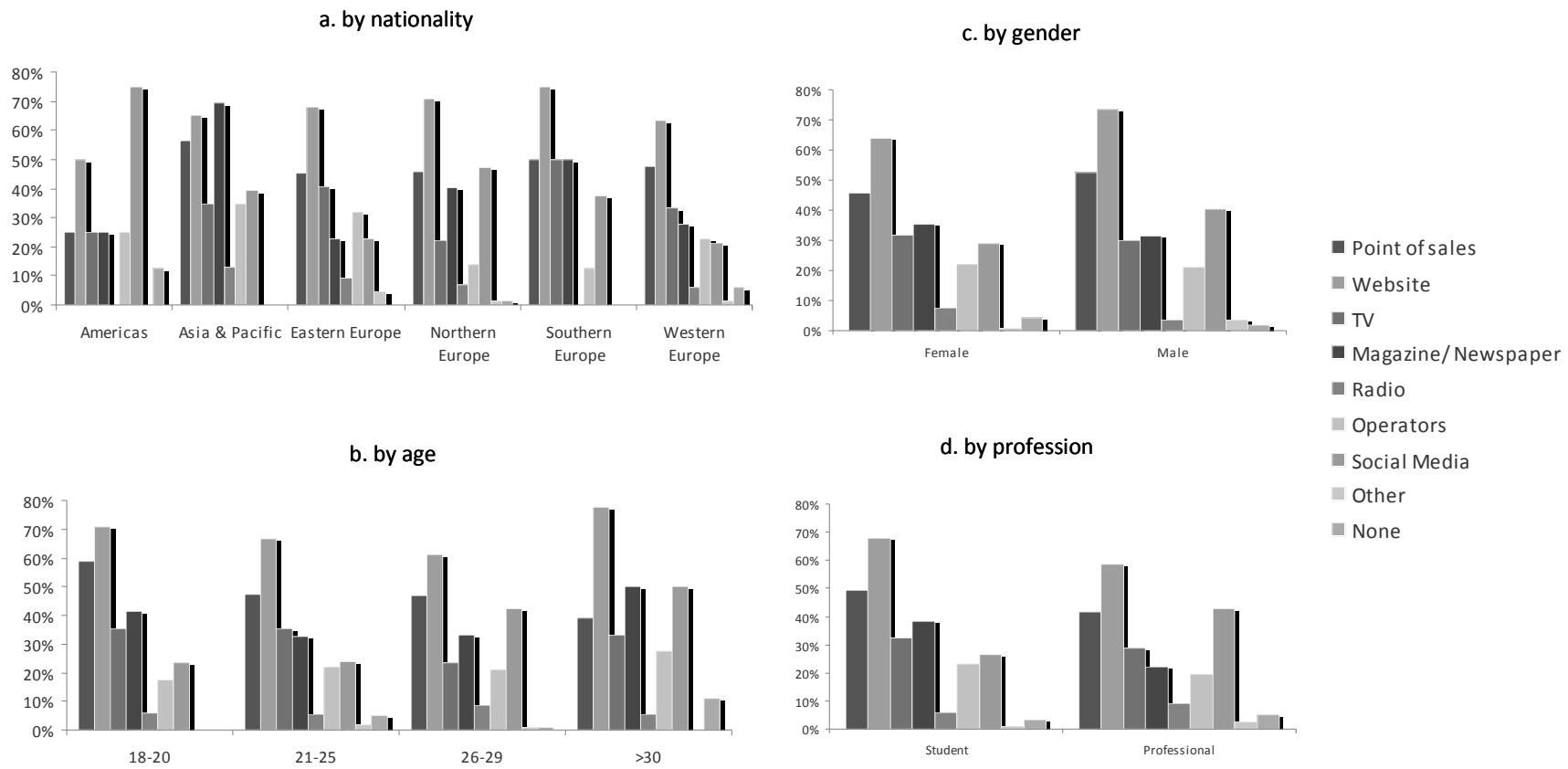


Figure 44. Preferred information channels by demographics (N = 284)

## Appendix 11. Data analysis of respondents' importance to Nokia's social media participation

**Table 13. Influence of Nokia's social media evaluation by national groups (N = 284)**

<b>National region</b>	<b>Average evaluation of Nokia's social media participation</b>
Americas	-0,3
Asian & Pacific	0,3
Eastern Europe	0,0
Northern Europe	0,0
Southern Europe	0,1
Western Europe	-0,2

**Table 14. Influence of Nokia's social media evaluation by age groups (N = 284)**

<b>Age group</b>	<b>Average evaluation of Nokia's social media participation</b>
18-20	-0,1
20-25	-0,1
26-29	-0,1
>30	-0,2

**Table 15. Influence of Nokia's social media evaluation by gender (N = 284)**

<b>Gender</b>	<b>Average evaluation of Nokia's social media participation</b>
Female	-0,1
Male	-0,2

**Table 16. Influence of Nokia's social media evaluation by profession (N = 284)**

<b>Profession</b>	<b>Average evaluation of Nokia's social media participation</b>
Student	-0,1
Professional	0,0

**Table 17. Correlation between mobile phone and evaluation of Nokia's social media participation (N = 284)**

<b>Nokia phone owners</b>	<b>Nokia mobile phone</b>	<b>Evaluation of Nokia's social media participation</b>
<b>Nokia mobile phone</b>	1	
<b>Evaluation of Nokia's social media participation</b>	0,169	1

**Table 18. Correlation between mobile phone and improvement of Nokia's perception through its social media participation (N = 284)**

<b>Nokia phone owners</b>	<b>Nokia mobile phone</b>	<b>Improvement of respondent's perception through Nokia's social media participation</b>
<b>Nokia mobile phone</b>	1	
<b>Improvement of respondent's perception through Nokia's social media participation</b>	0,091	1

**Table 19. Correlation between mobile phone and rating of Nokia's reputation (N = 284)**

<b>Nokia phone owners</b>	<b>Nokia mobile phone</b>	<b>Evaluation of Nokia's image</b>
<b>Nokia mobile phone</b>	1	
<b>Evaluation of Nokia's image</b>	0,174	1