

Exploring the Link Between Customer Care and Brand Reputation in the Age of Social Media

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The following is the executive summary of a research study conducted by a team of Fellows of the Society for New Communications Research. This research was made possible with support from SNCR Corporate Member, Nuance Communications.

Consumers are more empowered than ever to share their customer care experiences. Through the use of social media and new communications tools and technologies, messages can be sent more widely than ever before.

This research study examined the links between social media, customer satisfaction, brand reputation and customer loyalty. The Society for New Communications Research designed the research to examine how customer care influences brand reputation given the widespread adoption of social media. Objectives of the research included:

- To assess the extent to which consumers research and review companies' products/services online prior to making purchase decisions
- To assess the influence of social media on user opinions as they relate to the customer care experience
- To determine what types of online resources and social media are considered the most valuable sources of information about the customer care experience
- To assess the extent to which consumers are influenced by their own customer care experiences and how they think sharing that information online influences how others view products and brands

Methodology

The study was conducted via a web-based survey created by TWI Surveys, Inc. and the SNCR research team. The survey instrument included 5 point ordinal scales to capture data on consumer use of social media to learn about customer care, what sources of information available online is most valued and what motivates a customer to share their customer care (positive or negative) through social media. Customer complaint behavior was examined, as well as how companies address customer comments shared

online. Consumers' motivations to share their negative customer care experiences online was explored. The survey was conducted from February 2008-March 2008. The findings in this study are statistically valid at 95% confidence with an error level of +/- 5.5%.

Sample

The final sample of 320 active Internet users is demographically diverse. Females made up 55% of respondents, males 45%. Most (78%) ranged in age from 25-55, while 6% were under 25 years old and 15% were over 55. More than half are college-educated and one-third reports income of over \$100,000 while 21% reported annual income of less than \$60,000. Almost three quarters of the respondents come from professions that include business management, communications, consulting, education and small business ownership. Awareness/usage of social media by respondents ranged from no familiarity with social media (13%) to social media power users who frequently use social media (35%). Nearly 40% of respondents reported that they read or view social media, but do not post original material.

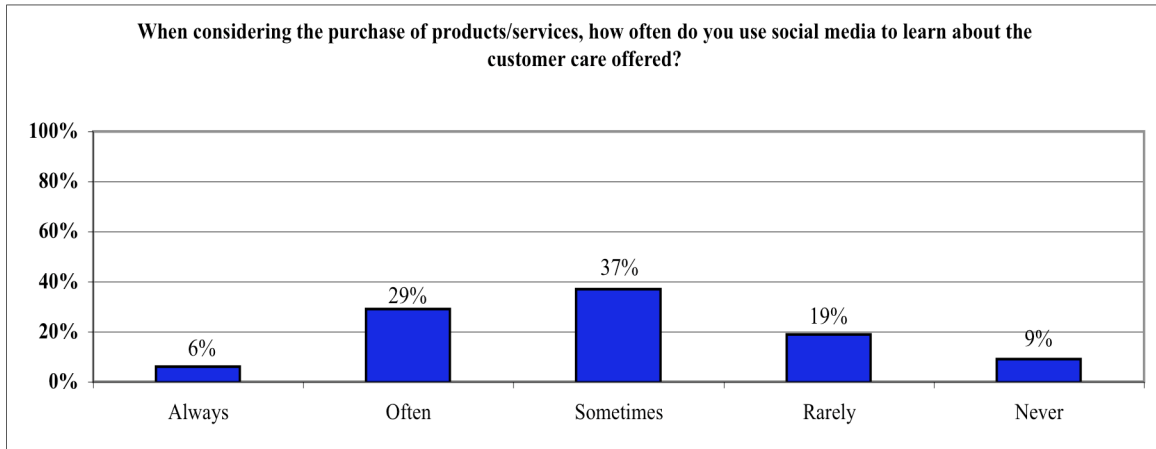
Case Study Component

In addition to the survey component of this study, in-depth case studies of corporations, online forums and consumers who responded to the survey were conducted by the SNCR Fellows. (These case studies will be made available as podcasts via the SNCR's New Communications Conversations podcast series and will be shared in full text in the final report.)

Findings

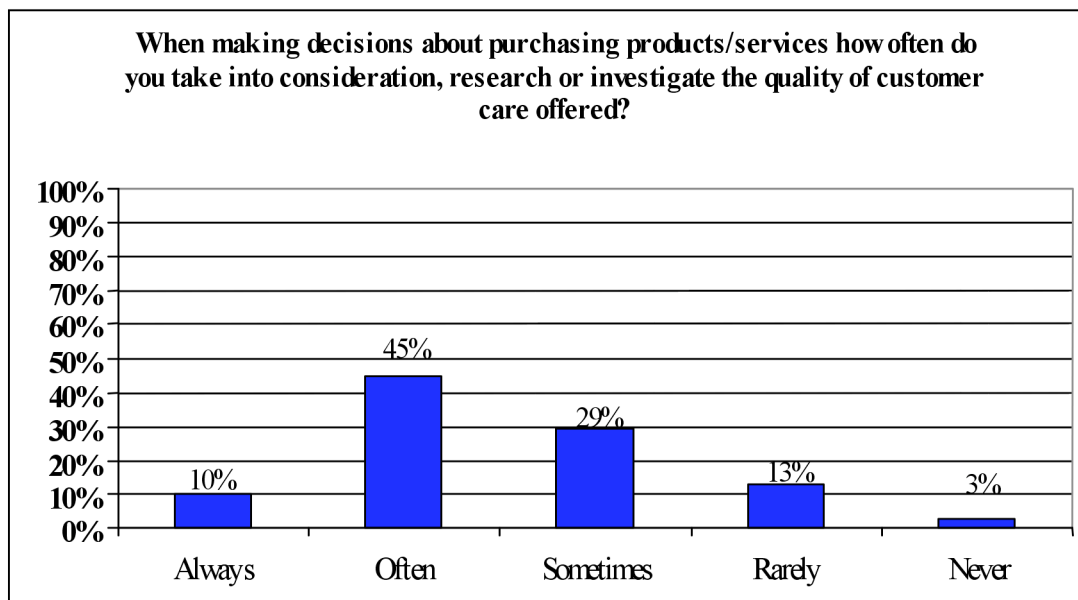
Respondents were asked how often they use social media to learn about the customer care offered when considering a purchase. More than 70% reported that they engage in this pre-purchase behavior at least sometimes. Nineteen percent of respondents rarely use social media to learn about customer care and 9% never do. (See Table 1)

Table 1: When considering the purchase of products/services, how often do you use social media to learn about the customer care offered?



To assess the potential influence of social media sites on user opinions as they relate to care experience, respondents were asked how often they take into consideration the quality of customer care offered when making buying decisions. Eighty-four percent said they do consider the quality of customer care at least sometimes, while 16% said they rarely or never do. (See Table 2)

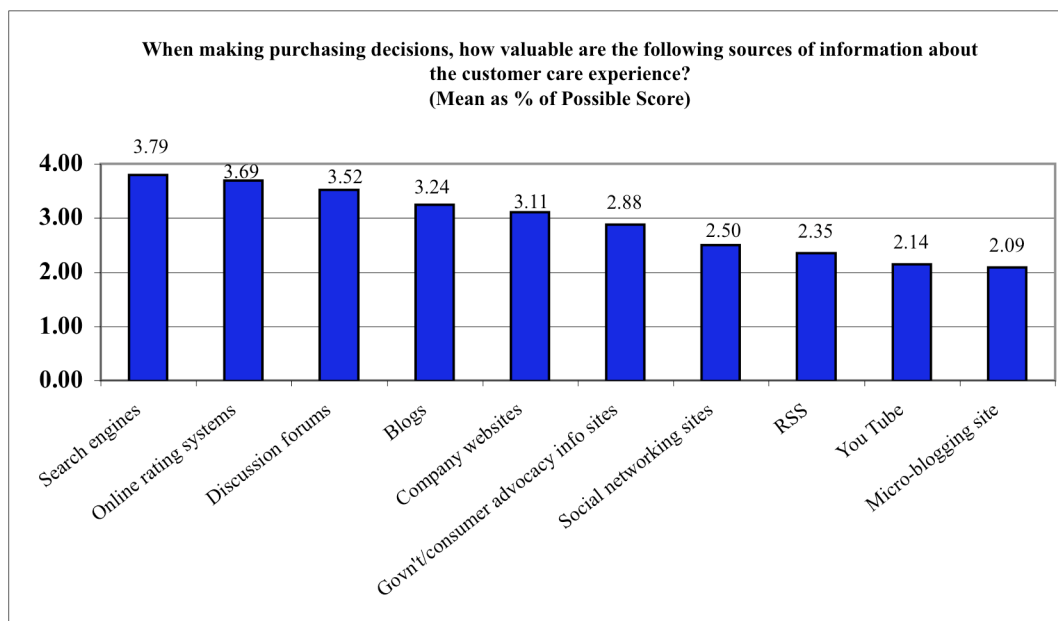
Table 2: When making decisions about purchasing products/services how often do you take into consideration, research or investigate the quality of customer care offered?



To determine what types of online sites are considered the most valuable sources of information about the customer care experience, respondents were asked to rate a list of common online information sources. Search engines were rated as very valuable by 29% of respondents, online rating systems were considered very valuable by 21%, and discussion forums were very valuable to 17%. Some respondents also noted that trusted sources include family/friends, word-of-mouth and *Consumer Reports*.

It is interesting to note that some forms of social media are considered of no value as sources of information about customer care. Those rated of no value include micro-blogging sites like Twitter or Pownce (39%), YouTube (27%) and social networking sites like Facebook and My Space (22%). (See Table 3) There are only slight variations on this with the respondents under the age of 25 being somewhat less skeptical about the value of social networking sites.

Table 3: When making purchasing decisions, how valuable are the following information sources?



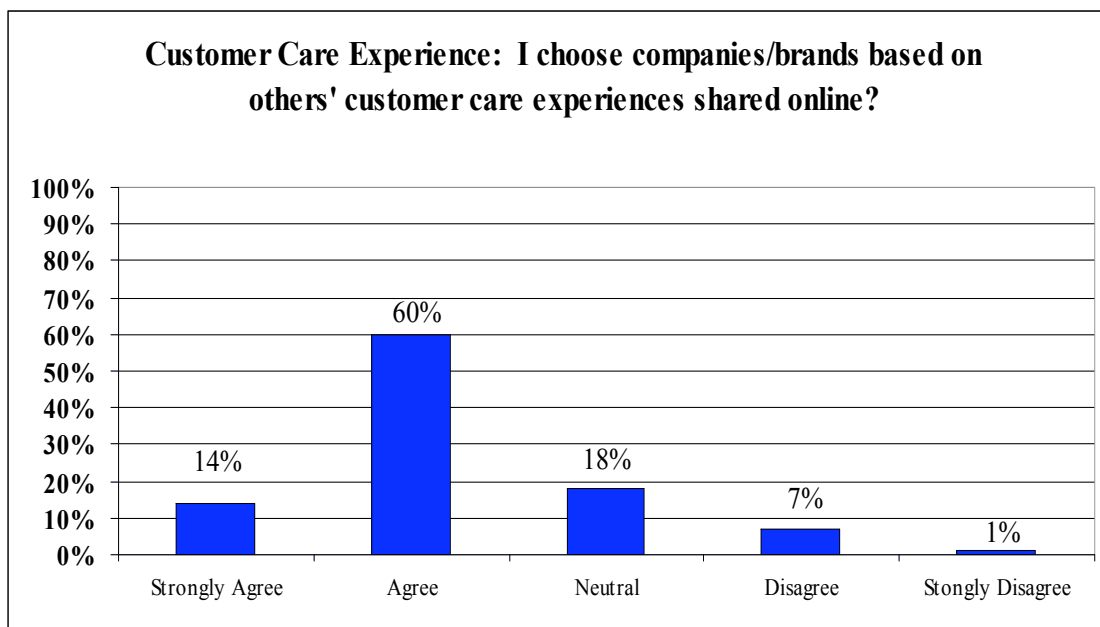
A Likert scale was used to assess the extent to which a customer’s own customer care experience influences future choices and how sharing that information online is perceived to influence how others view products and brands. Ninety-five percent of

respondents agreed with the statement, “I have chosen companies/brands based on my customer care experiences.” Clearly, the customer care experience is a major predictor of future purchase decisions.

When presented with the statement, “I choose companies/brands based on others’ customer care experiences shared online” almost three quarters (74%) of respondents agreed. (See Table 4)

This strong trend continues with the statement, “I believe that blogs, rating systems and discussion forums can give consumers a greater voice in effecting changes in customer care.” Eighty-one percent of respondents agreed that using social media to share customer care experiences can bring about a change in how consumers are met in the marketplace.

Table 4: I choose companies/brands based on others’ customer care experiences shared online.



It is interesting to note that despite the strong feelings about researching products and brands and customer care experiences, many consumers are not optimistic about businesses taking note. When presented with the statement, “In general, businesses take

customers' opinions seriously," less than one in three respondents agreed. Ironically, when asked why they use social media to share their customer care experiences, the most popular answer was "to protect others." Well-intended consumers are looking for someone to listen, yet openly question if they are being heard.

It should be noted that respondents reported sharing positive as well as negative customer care experiences online. Several respondents commented that they recognize excellence by posting their good customer care experiences online. When asked which types of companies that have done the best job in using social media to respond to customer care issues, Dell and Amazon were cited more often than any other company. In terms of industry segments, technology, retail and travel companies were reported as doing the best job while utilities, health care and insurance were least likely to receive positive endorsements.

While much more research is needed on this new topic, in short, this initial study indicates that there is a growing group of highly desirable consumers: 25-55 year olds, college-educated, earning \$100,000+, a very powerful group in terms of buying behavior. These most savvy and sought after consumers are using social media to research companies. They will not support companies with poor customer care reputations, and finally, they will talk about all of this openly with others via multiple online vehicles. This research should serve as a wake-up call to companies: listen, respond and improve.

Dr. Nora Ganim Barnes, Ph.D. is a Senior Fellow and Advisory Board member of the Society for New Communications Research. Dr. Barnes is Chancellor Professor of Marketing and Information Systems. She earned a Ph.D. in Consumer Behavior from the University of Connecticut and is a Chancellor Professor of Marketing and Director of the UMASS Center for Marketing Research. She has been selected by her peers at UMass Dartmouth to be the recipient of the prestigious Leo Sullivan Excellence in Teaching Award (1993) and by her undergraduate college as the recipient of their Distinguished Alumni Award (1996). She was recognized by the faculty as Scholar of the Year at UMass Dartmouth in 1999, becoming the first member of the faculty to receive both the Teacher of the Year and Scholar of the Year Awards in the history of the school. Most recently, she was selected to receive the University of Massachusetts President's Community

Service Award. Dr. Barnes has worked as a consultant for many national and international firms including the National Pharmaceutical Council, the National Court Reporters Association, and the Board of Inquiry of the British Parliament. She also works closely with businesses in the Southern New England area providing marketing research assistance to small businesses. Dr. Barnes has authored more than ninety articles published in academic and professional journals, has contributed chapters to books, and has been awarded numerous research grants.

The team of SNCR research fellows included Dr. Nora Ganim Barnes, John Cass, Susan Getgood, Paul Gillin, and Francois Gossieaux, working in conjunction with TWI Surveys, Inc. The final results will be highlighted in the Society's Journal of New Communications Research and published in a full report later this year. The research was sponsored by Nuance Communications. The Society thanks Nuance for its sponsorship of this research.