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Perils of Ignoring Social Media

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ABSTRACT

In 2010, we saw Social Media gaining influence over consumers while businesses remain apprehensive of engaging conversations online. Consumers have no qualms in making their voices heard on Social Media at all. Moreover, Social Media has become an avenue for consumers to seek more information before they make their purchase or patronize a service provider. Such behavior is even more prevalent with the coming of smartphones. Smartphones have developed a big group of “untethered” consumers that together with the abovementioned behavior, has offered “real-time” information to the communities they reside in and thus may affect buying decisions by the hundreds. In this paper, we are going to illustrate with examples of how businesses have responded to the challenges that social media brought to them.

INTRODUCTION

Social media came into its current form within a very short period of time with major players like Facebook and Twitter that started in the last decade. Using the Internet as a platform, it allows people to be connected to their friends and be in touch with them virtually. With the advent of smartphones, it has allow many to be constantly, 24/7 be in touch with their friends, knowing their thoughts and activities. Thus individuals are adopting social media fast as it satisfy the social needs of humans but many businesses have not realize the value that social media can bring because of various reasons. Such lack of experience in using Social Media has made most businesses frantic in handling any PR crisis especially those that are propagated by Social Media and costs them valuable brand equity.

In this paper, we are going to illustrate with examples of how businesses have responded to the challenges that social media brought to them. We hope through this paper, we can encourage more businesses to start thinking of using Social Media, engage their customers and later tap on Social Media, through Analytics, to improve on their businesses.

WHAT IS SOCIAL MEDIA?

When did social media come about? Since the advent of the internet, it has brought everyone that is connected to the internet closer, definitely not in the physical manner but more of the interaction distance. For instance, we can chat with someone from another country that is thousands of kilometers away through either ICQ or IRC (Sounds familiar?). I am very sure our grandparents would not have imagined that you can actually chat with someone that is outside your home country without incurring very high charges.

With the closer distance, it also brought about the ‘dark’ elements as well. Fraud such as identity theft, which is unheard of before the internet, can be done across the globe.

The ‘old’ social media tools are kind of passive and do not give much insight into what your friends are doing. With the advent of Facebook, you can now know what your friends are up to, their background, where they have been and so on. It need not be friends that you are keeping track of, but also your favourite things like, TV Shows, Sitcom, News and many more.

Similarly, with Facebook or other similar platforms, it has made information travel far and wide. Besides the normal social interaction, friends are now not limited physical distance when interacting. Friends can interact and share information almost 24/7.

BUSINESSES AND SOCIAL MEDIA

Most of us would have this “Oh My God” moment where we just came across bad services or lousy products. Being good consumers, we usually give the company a chance to rectify the mistakes made by calling the company or call centre for remedial action. And if the remedial action falls below our expectations, the next step we would take is to post our bad experience

on the social media, through Facebook, Twitter and blogs. The hero in us wants to inform the rest of our network that a particular shop or services has been very bad and asking them to stay away from it. Within minutes (or seconds with the advent of smartphones), we will have members of our network putting up their thoughts and comments about it, for instance, in agreement or sharing relevant experience maybe not from the same shop but other similar services. The comments that really sums up the perils of ignoring social media for business would be “Oh! I was about to go to XXX restaurant. Thanks for pointing it out!”

Social media has become an avenue for consumers to seek more information before they make their purchase or patronize a service provider. Such behavior is even more prevalent with the coming of smartphones. Smartphones have developed a big group of “untethered” consumers that together with the abovementioned behavior, has offered “real-time” information to the communities they reside in and thus may affect buying decisions by the hundreds.

Such environment caught companies in a Catch 22 situation. If they start to use social media to engage their customers, they are afraid of the wrath that social media can cause for a ‘genuine’ mistake and if they ignore social media, they are not able to reach the new generation of consumers that are going to define their business.

To help companies start with social media, we are going to show an example of how companies have handled PR ‘crisis’ brought about by social media and learn from it how they should handle social media. Hopefully through the showing of the example, companies would start to engage customers through social media and start on social media analytics later on.

CITIBANK & FABULIS

24th Feb 2010 would be an ordinary Wednesday to many people on the street, but something is stirring in the social media. Fabulis, a gay website, found their Citibank account has been blocked. They called up the call centre and found that their bank account was blocked because of “objectionable” content.¹ Almost immediately, through the social media, the information flowed and outraged a part of the online community. The printed media also picked up the news and was published in the newspaper, the very next day. Given that traditional media pick up on it, tremendous attention was given to that matter and made an impact on Citibank’s brand.

Citibank immediately took remedial action, by unblocking the account first, followed by issuing an apology to Fabulis. Next, it went to look at its internal processes and update it so that something similar would not happen again. To prove that they are not discriminatory, they made a donation to another charity that is of similar nature.²

With the almost immediate action taken, Citibank was able to put an end to the saga very fast.

LESSONS LEARNT

From this episode, we can see that speed is of the essence. Citibank took remedial action by unblocking Fabulis’s account first, after ‘quick’ investigation on their part. Next, it sent its apologies to the group, acknowledging that there might be lapse in their internal processes. The first actions taken can be seen as an acknowledgement of lapse made.

After the acknowledgement, to show that it will ensure that such things will not happen again, it looked into its internal processes. Such actions show to the public that the company sees it as a ‘serious’ mistake made and is willing to rectify. A lot of companies refuse to take remedial action as they see it as an acknowledgement that a mistake is made and would have detrimental

impact on their brand. But in actual fact, most people on social media are generally understanding and reasonable people who just wanted company to acknowledge that a genuine mistake is made, remedial action is taken and just move on.

What sweetens the whole solution to the PR saga was that Citibank took an extra step by making a donation to a similar charity, to show that it is non-discriminatory and given the media attention paid to the crisis, create better brand image for them.

CONCLUSION

Through the Citibank and Fabulis saga, we can see the power of Social Media on businesses. The spread of information is so quick on Social Media, that if business does not pay attention to it, they might be swept off their feet very easily with the negative sentiments. If the right solution is taken, as in the case of Citibank, we see that the 'crisis' behaves like a whirlwind, comes in very fast and it leaves very fast.

Therefore it is recommended that business start getting in touch with Social Media and understands how it works. Only through experimenting could businesses understand the mindset of consumers that are on Social Media. With the better knowledge, businesses would then be able to devise the right strategy to handle any PR crisis that arises from Social Media. During the learning process, companies could also start to figure out how Social Media can play a part in their Marketing Strategy and also other business functions.

Once the understanding of Social Media is reached, companies could then tap on Social Media to improve on their services and products through Analytics.

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