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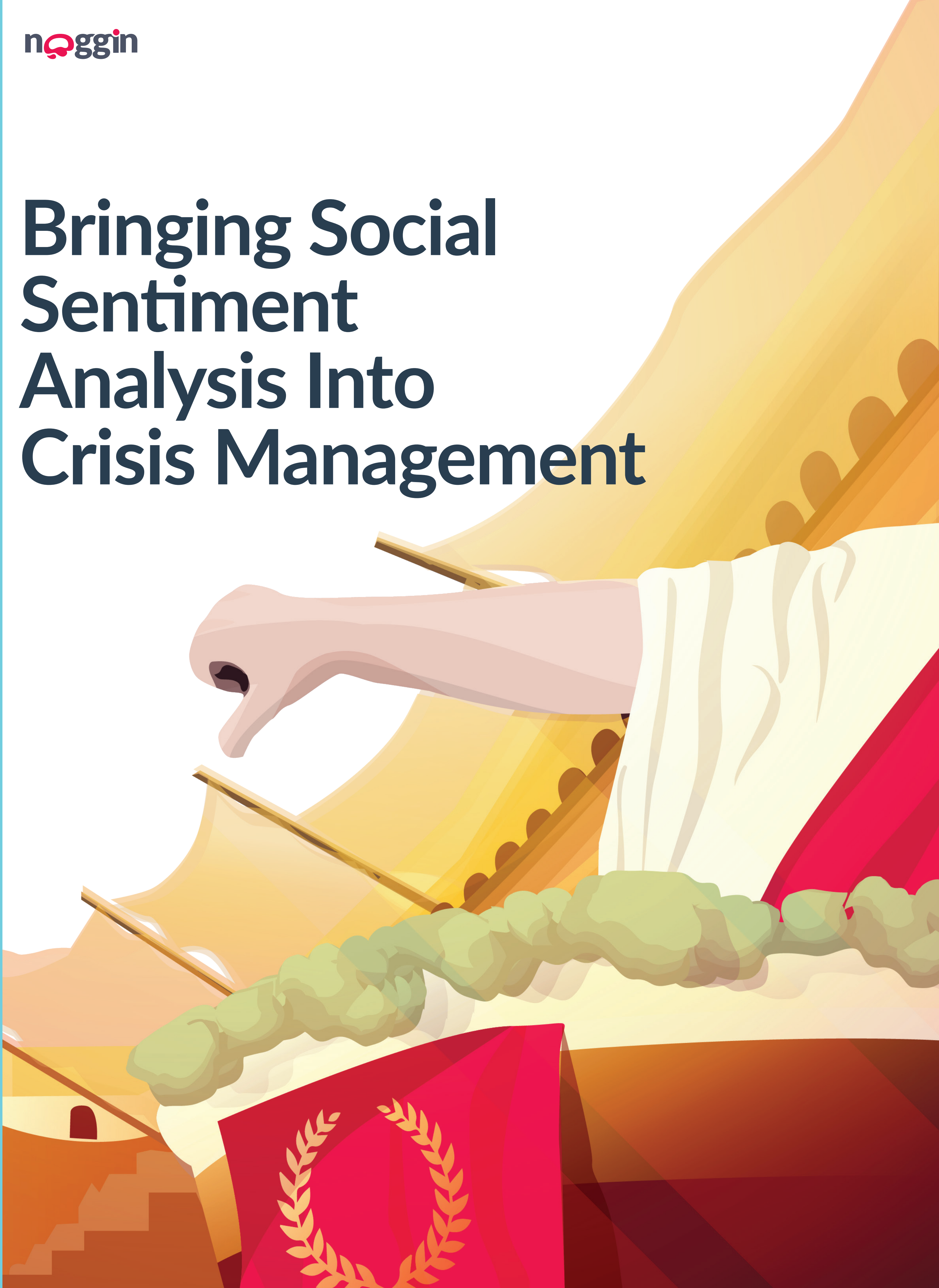
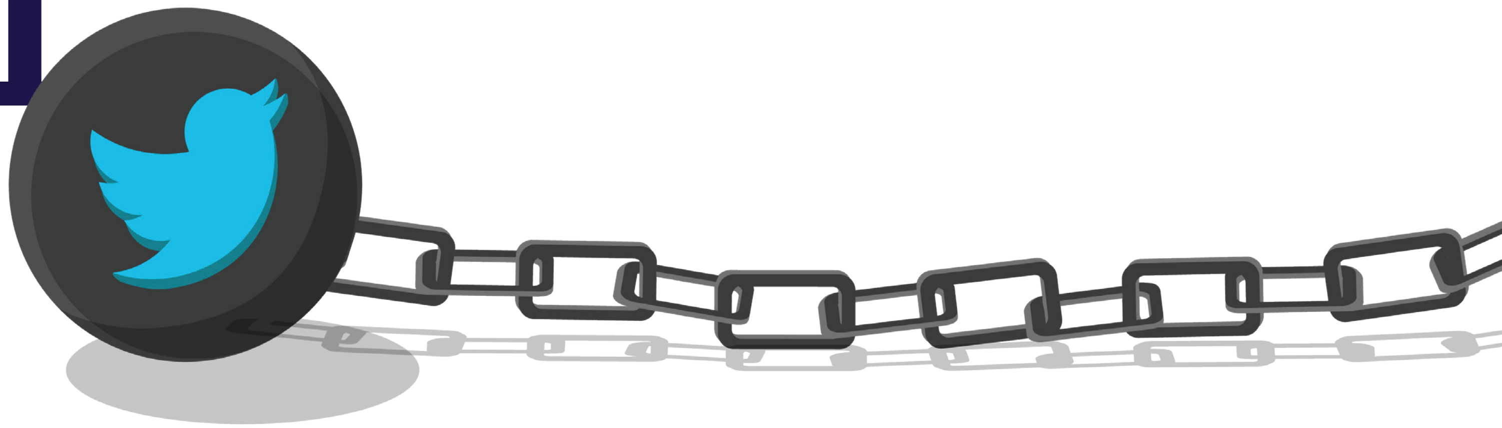
Bringing Social Sentiment Analysis Into Crisis Management



1 **Introduction**



The challenges social media poses to business

It's a truism, but social media has changed the game for business. Formerly, customers, looking to react to what businesses were doing, had to go through traditional media sources or company-controlled communication organs. Not anymore. The prodigious rise of free, easy-to-use, social channels has leveled the communications playing field, perhaps forever. Now, smartphone-wielding consumers, seeking to vent their spleens, can escalate simple issues into full-bore crises – often in the space of single tweet.

The social revolution: Facts and figures

- The typical American uses three of the eight major social media platforms
- Facebook is quickly closing in on the two billion user mark
- Two-thirds of Americans are Facebook users; and three quarters of those users frequent the site daily
- Twitter has around 330 million MAUs (Monthly Active Users)
- YouTube has a billion MAUs
- Three-quarters of U.S adults use YouTube, including nearly 95 percent of 18-24-year old's
- Yelp receives an average of 29 million mobile app unique users

Moreover, social media's runaway popularity (see the table below) means that businesses can no longer afford to ignore social channels. With the advent of the social net, consumers go to digital sources first when looking for information about a company. And what they read in those sources influences their final purchasing decision.

The numbers don't lie. A staggering 80 percent of consumers are influenced by online reviews, ratings, and comments. What's more, it's becoming increasingly more difficult for businesses to abstain from the social net while maintaining a competitive edge. Statistics show that companies with online customer reviews experienced an over 40 percent increase in business over companies that don't have any.

That's not the half of it. Social media isn't just changing the way information is proliferated, it's transforming the way information is received as well. Consumers have always trusted word of mouth. Just to put a fine point on it: 90 percent of consumers trust recommendations from others. But now, an online poster counts just (or nearly) as much as an actual friend, when it comes to potential influence over a purchasing decision. According to Pollara, 80 percent of adults are at least somewhat more likely to consider buying products and services recommended by friends, family, and authentic online consumers.
Clearly, social media creates a proverbial landmine for companies. A fact born out in research that shows that persistent online negativity is one of the most damaging issues companies face. Left unattended, those issues boil over into crisis. So what are companies doing about it the social threat?

The role of social media sentiment analysis

Companies are indeed attuned to the unique threat social media poses to their brands. By now, many businesses wield pretty advanced, AI- or Natural Language Processing-powered software to measure important social indicators, like social media sentiment, the perceived positive or negative mood being portrayed in a social media post or engagement.

Specifically, these tools monitor conversations on a company's social channels, so as to determine their deeper context. The resultant analysis gives businesses a data-driven understanding of what their constituents really feel about the company and brand, analytics which can help inform response to incidents. On the whole, sentiment analysis offers the following benefits:

- Provides audience insight, helpful in terms of gathering market intelligence.
- Supports customer service, especially if negative sentiment is linked to specific products or experiences.
- Helps inform corporate messaging, by giving Marketing and PR teams target audience intelligence before those teams respond to incidents.

When social media sentiment analysis doesn't effectively predict and monitor crisis

Sentiment analysis tools can quickly clue companies in on critical issues and potential crises. So problem solved, right? Well, not exactly. It's often too late by the time crisis management and business continuity teams learn about the incidents and crises picked up on by sentiment analysis tools.

That critical time lag is a function of where sentiment (and other social) analysis tools sit in an organization and what benefits those tools are procured to deliver. John Ludlow, senior advisor at the global professional services firm, Alvarez & Marsal puts it this way: "You have lots of people in communications listening to what newspapers and Twitter are saying and responding to it. That's not the best way to react over time. You shouldn't just be relying on the comms department to bat away nasty stories, you need to grow a capability in the company that understands and predicts the risks."

Ludlow is getting at a larger point. Social sentiment tools, though obviously helpful to the task of critical issues and crisis management, get procured to measure social marketing effectiveness and brand sentiment. That's why those technologies get housed in Marketing, Communications, and/or PR – in other words, teams that steward the company brand.

Of course, there's nothing wrong with the fact that marketers get technologies to support their efforts. But for crisis teams who could also make ready use of these social listening tools, it's worth stopping to inquire whether a company's brand management goals do, in fact, align with its critical issues and crisis management objectives. The fact that they don't might help to explain why brand stewards and crisis managers don't effectively share critical intelligence about the social threat environment.

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Brand isn't reputation: reputation poses the existential risk

Let's start by defining what brand is actually. Legendary advertiser, David Ogilvy described the concept as "the intangible sum of a product's attributes." We can say that brand is the perception people have about a company, product, or service, or what they think about or feel when they hear a company name – not just the factual information, but also the emotional content. What's more, brand measures a company's recognizability as well as how strongly that company is associated with attributes that consumers care about, like luxury, familiarity, ruggedness, individuality, etc.
It's not uncommon to hear business leaders use brand and reputation synonymously. No doubt, brand management and reputation management share common ends, namely mobilizing positive sentiment about a company. But there are some pretty fundamental differences. Companies (in general) and crisis teams (specifically) need to understand those if they want to get reputation management right – and there's quite the price to pay for getting it wrong.

Brand is focused on the customer, where reputation is all about the credibility that the company commands among a broad set of audiences – not just customers, but also employees, investors, regulators, journalists, communities, etc. A strong brand doesn't guarantee a good reputation; neither does a good reputation equate to a strong brand.

Reputation doesn't differentiate a company from its competition in the way that brand does. Reputation is the baseline all companies need to maintain in order to remain viable. Reputation, like operating capital, lies at the very crux of organizational value, and therefore implicates every department in reputation risk management. What's more, reputational loss can have catastrophic consequences for companies; here are some examples:

How a bad reputation threatens your business

- Loss of current or future customers, which leads to lost revenue and/or increased customer acquisition costs
- Loss of top-talent, which increases recruitment costs and/or lowers workplace productivity
- Loss of current or future business partners, which can lower efficiency and raise costs
- Increased cost of capital funding via credit or equity markets
- Increased regulation, including fines or penalties for infractions

Social media monitoring for effective reputation management

Effectively managing reputation involves proactively identifying exposures, perils, and hazards to a company's reputation, assessing them in terms of likelihood and severity, and finally exercising risk control. An ever-growing part of that threat picture is social media.

But most companies are woefully unprepared though. Between companies that misallocate the technologies to thwart or mitigate reputational damage, only 33 percent of companies are prepared to manage reputation threats on social, even though just as many companies actually experienced a social-media based reputation threat during the past 12 months. Faced with such an important threat vector, companies have yet to incorporate social monitoring software into their critical issues and crisis management toolkit, where it belongs.

Instead, reputation management gets bundled with brand management and shunted off to Marketing. That's even despite the fact that many reputational crises bubble up in different parts of the business. So what can companies do to develop reputation management as a critical business continuity capability? Here are some strategies to get started:

A

Figure out what drives your reputation.

Companies rarely understand what goes into shaping their reputation – is the business known for providing exceptional customer services, selling cutting-edge products, being a trend setter? Companies need to know what's driving their reputation. Once they've figured out what those factors are, companies should enshrine those findings as cultural values across the entire company.

B

Apply social monitoring technology but spread the wealth.

Social media monitoring technologies shouldn't reside exclusively in Marketing. If companies have a critical issues, crisis management, and/or business continuity function, those teams need social media monitoring tools to better understand the threat environment on social media and to monitor reputational impact during a crisis. Ideally, those reputation monitoring capabilities will come integrated into the critical issues and crisis management software they use already.

C

Plan out your response.

And finally, when a reputational crisis does occur, everyone needs to be ready. Achieving this level of preparedness should be part of a broader crisis management and crisis communication plan and process. Again, social media will be a key component of this plan as well. Companies should have pre-scripted responses (which they can modify) to share on their social channels. Social media monitoring technologies will also help teams measure the effectiveness of their responses (on social channels) and recalibrate accordingly.

Conclusion

Social media has changed the playing field, making companies more transparent to their constituencies than ever before. That transparency gives publics a hitherto unprecedented ability to affect a company's reputation – one of the most valuable assets a company has, but also one of the easiest to lose. In the words of Warren Buffett, "It takes 20 years to build a reputation and five minutes to ruin it." Businesses, be warned. Zealously guard against reputation damage with a company-wide commitment to reputation management anchored by integrated reputation monitoring technology.

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