

## Chapter 79

# Challenges and Opportunities of Consumer Empowerment in Online Reputation Management

**Agostino Vollero**  
University of Salerno, Italy

**Alfonso Siano**  
University of Salerno, Italy

### ABSTRACT

*This chapter addresses the role of consumer empowerment in a social media context and its influence on the building of an online reputation. The main objective of the research herein is to delineate the “new” power of consumers when they operate within social media, such as blogs, social network sites, opinion platforms, and/or reputation-based systems, etc. To this end, the chapter aims to answer the following research questions: “What are the different categories and features of online consumer empowerment?” and “What is the role of empowered consumers in maintaining/developing a favourable online brand/corporate reputation?” From a practical standpoint, the identification of the decisive factors that support a firm’s e-reputation can indicate how an organisation could benefit from online consumer empowerment, without being overwhelmed by it. Moving to conceptual implications, the prime value of this chapter is that it attempts to narrow the gap in the field in terms of existing research and suggests online reputation management as an interpretative key of a modern conceptualisation of e-marketing.*

### INTRODUCTION

Many managers and marketing/communication practitioners have put the activities of social media marketing and online reputation management at the top of the agenda today. And yet, despite this, the web initiatives to face these new challenges remain as confounding as ever. Many practitioners

tend to overestimate the value of social media presence, which is seen as a panacea to attract and engage new customers. Indeed, many digital marketing initiatives seem not to understand the reputation risks associated with inadequate social media strategies.

Nowadays, the principal developments in digital marketing seem to be mainly determined

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by progressive consumer empowerment (Prahalad & Ramaswamy, 2004; Sheth & Sharma, 2005; Pires, Stanton, & Rita, 2006; Cova & Pace, 2006; Kucuk & Krishnamurthy, 2007; Fuchs, Prandelli, & Schreier, 2010; Siano, Vollero, & Palazzo, 2011). This process of empowerment is enhanced by advances in ICT and Web applications, as evidenced by the intense connectivity between individuals and groups (Shankar & Malhotra, 2007), and which, in turn, opens up the possibility of more effective action by consumers (Pitt et al., 2002; Urban, 2004).

Yet, despite scholars highlighting that “the use of the Internet by consumers for marketing related activities” is a deeply studied concept (Schibrowsky, Peltier, & Nill, 2007), the effects of the so-called “participative/collaborative web” are under-researched from the standpoint of marketing. In fact, consumers cannot only retrieve information about potential suppliers and their products from the Internet relatively easily (Harrison, Waite, & Hunter, 2006), but they can also generate ‘new content’ that can affect the perceptions of other consumers and stakeholders of a given firm or brand. Thus, comments of consumers in the typical social media quickly spread and can damage the image and the reputation of the organisations involved (Melewar & Smith, 2003). In recent years, there have been many examples of companies that have suffered reputation crisis where social media either produced or amplified a damaging situation for a company/brand.

In this chapter, we argue that the online empowerment of consumers is a pervasive process that modifies the relationship between consumers and firms. From this perspective, empowerment primarily offers consumers an increasing degree of control over expressing their opinions on the Net, and, in turn, progressively reduces a firm’s control of online information (Bunting & Lipski, 2000; Gorry & Westbrook, 2009). In brief, the recent advances of the Internet toward a ‘social’ web configuration are beginning to have a major impact on corporate and brand reputation. In fact,

all three social processes of reputation building (Fombrun & Rindova, 2001) discussed in the present chapter are influenced by online consumer empowerment. Thus, it may be expected that empowered consumers play the role of mediator in reputation building in particular social media contexts.

The aim of the chapter is to identify the main factors that affect online brand/corporate reputation as reinforced by the empowerment of consumers in the social media context. It is organised as follows: first, we describe the conceptual foundations of the three main constructs considered here, namely ‘online consumer empowerment,’ ‘social media dimensions,’ and the ‘social processes of reputation building in an online context.’ Based on these premises, we discuss the crucial factors that shape corporate/brand reputation, then verify the presence and role of these elements in digital environments. In addition, we analyse how these determinants change according to the specific features of online consumer empowerment. The chapter is enhanced by the description of some examples from an Italian context, regarded as successful practices in facing the challenges of customer empowerment and reputation building in an online context.

## **Conceptual Foundations**

The following literature review begins with an overview of what online consumer empowerment represents in e-marketing literature. The description of three different categories of online consumer empowerment serves to develop a comprehensive picture of the challenges organisations face in the social media ecosystem. The second section examines specific dimensions characterising the social media ecosystem, highlighting the role of the so-called “earned media,” considered as an effective (or disruptive) vehicle to those organisations that have acquired a place in their consumers’ minds by means of online conversations. Lastly, the third section illustrates the

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