

Pointofview



THE EVOLVING ROLE OF SOCIAL MEDIA ON CORPORATE REPUTATION IN CANADA



Ipsos Reid

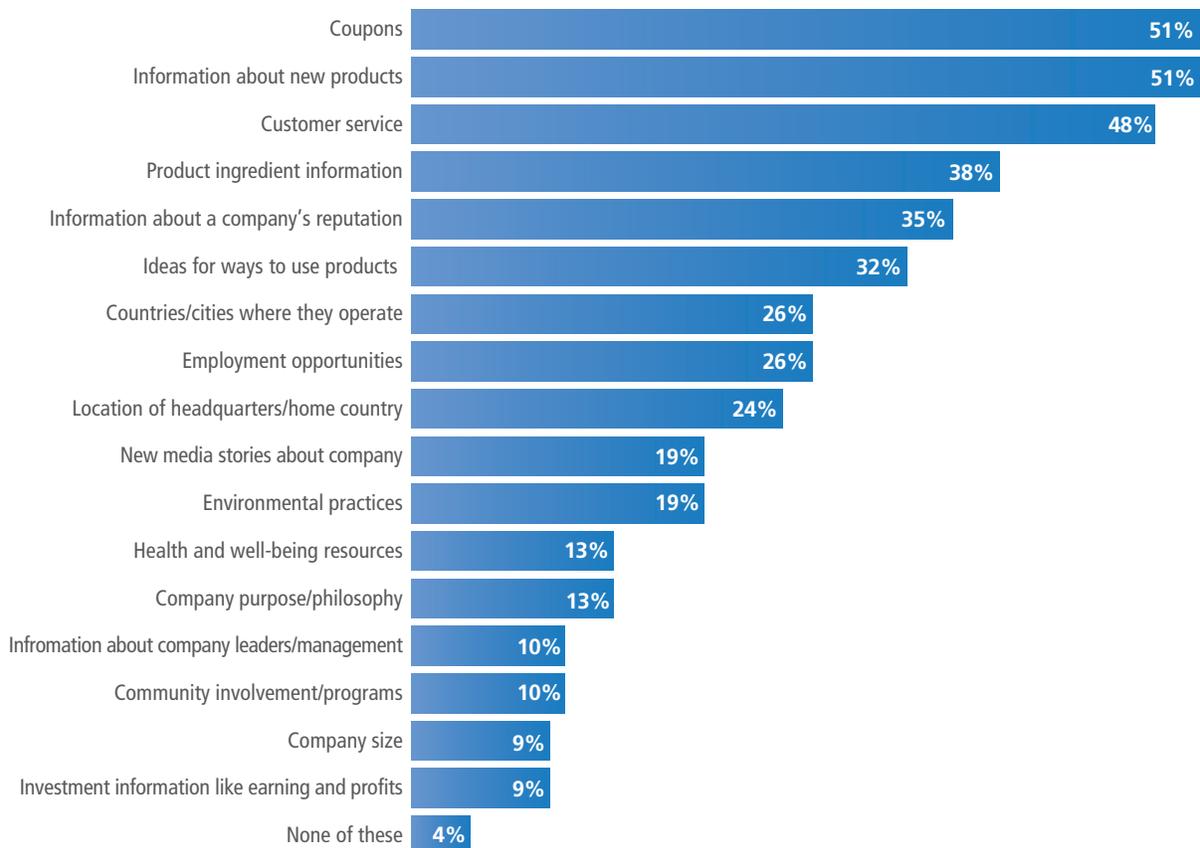
Pundits, analysts, and commentators worldwide often refer to the present age as the “information society.” In essence, they are asserting that the collection, use and distribution of information are defining characteristics of current economic, social and political activity. The prevalence of smartphones and the rise of social media and social networking seemingly corroborate the assertion that information is increasingly important as a currency in our daily lives. Nowhere is this more important than in the corporate world – particularly the nexus between companies, products, and consumers.

Poor consumer reactions to a product or company action can quickly spread virally, often leading to a crisis of confidence, and damage to a company’s reputation. There are many documented instances of corporate crises spurred by active social media campaigns. However, have we truly entered the age of the hyper-aware consumer who actively utilizes social media as a lance to joust at the windmill of bad corporate actors?

Information Seeking

Ipsos research indicates that, in the population as a whole, information seeking and sharing (particularly in reference to companies) is not as widespread as some would have us believe. While only one in ten (10%) indicate they never research or seek out information about companies, recent Ipsos data shows that fewer than half of Canadians (41%) are active information seekers, and a similar proportion (36%) are inactive seekers of information about companies (10% never/26% rarely).

Given the less than robust amount of research that consumers engage in vis-à-vis companies, the information they seek tends mostly to relate to personally relevant topics. While no topic dominates the search agenda of consumers, coupons (51%), information about new products (51%), and customer service (48%) top the list of information sought. After these concerns, there is a noticeable drop in search activities to the second tier of inquiries. This second tier includes product ingredient information (38%) and information about a company’s reputation (35%).

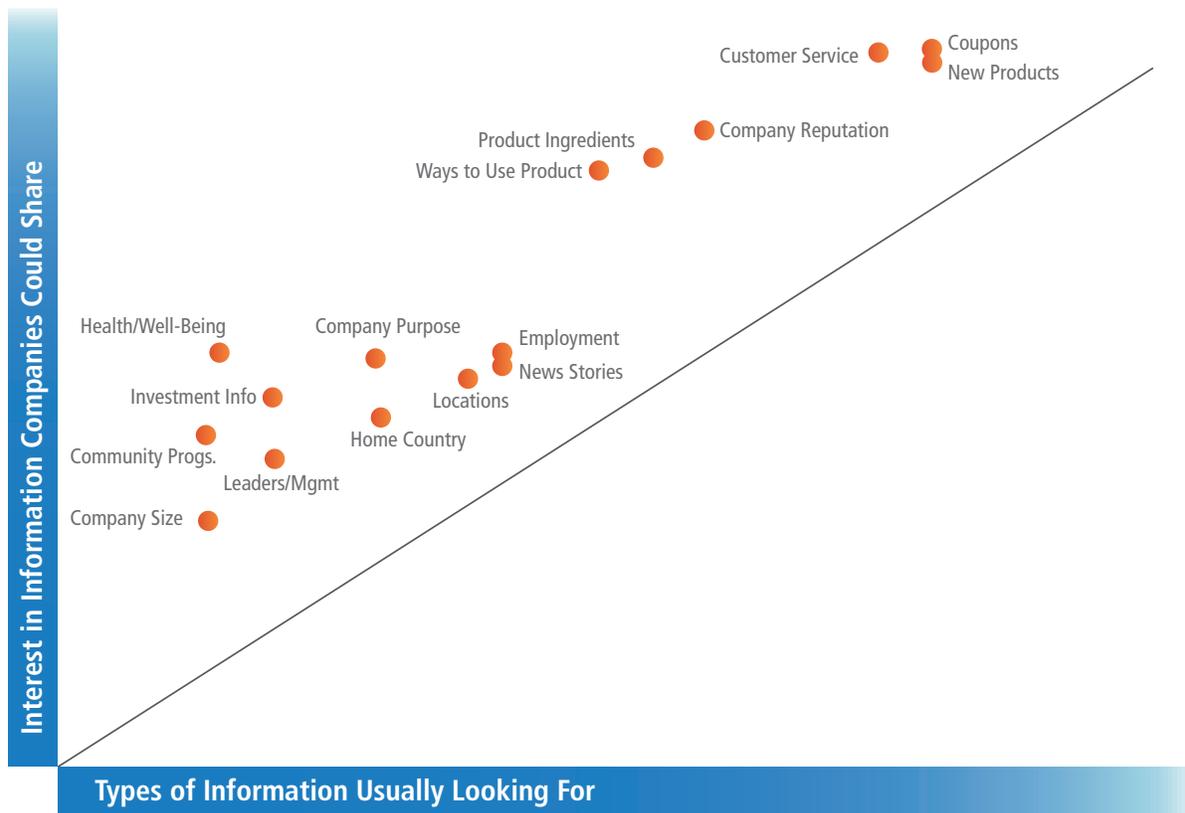


Q. When you look for information about companies, which of the following types of information are you usually looking for?

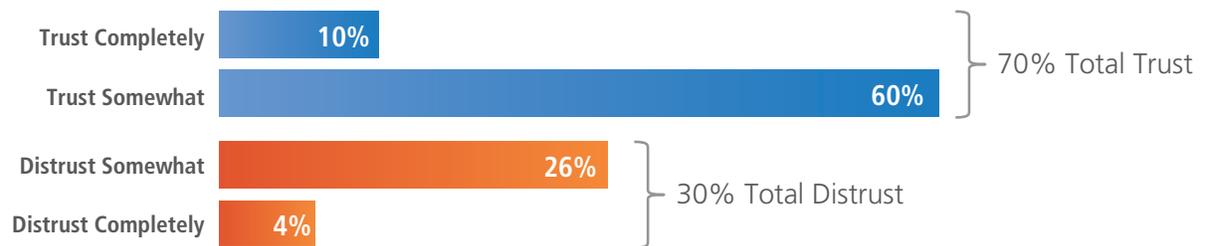
While consumers are not hyper-active in looking for information about companies, and tend to gravitate towards information that meets immediate needs (such as customer service), this does not necessarily imply that consumers are active information avoiders.

We asked Canadians to tell us the kinds of information they look for about companies and their interest in receiving that type of information from companies (whether they are looking for it or not). This information is summarized in the chart below – if interest matched up with the level of information-seeking, all points would fall directly on the diagonal line. But, what we found in general was that interest in receiving information outpaces the level of active searching. This is particularly true for “product-oriented” attributes such as coupons, ingredients or ways to use products. But surprisingly, consumers are also much more receptive to receiving information about “softer” manifestations of corporate behaviour, such as health and wellbeing resources, company reputation, and community programs.

Since seven in ten (70%) of those surveyed indicated they trust the information that comes from companies, this suggests an opportunity for companies not only to proactively provide information to consumers that could help manage and improve their reputation, but also have that information perceived as credible by consumers.



Q. How interested would you be in each of the following types of information that a company could share? When you look for information about companies, which of the following types of information are you usually looking for?



Q. When it comes to information about a company or a product you see on the internet, how much do you trust each of the following sources?

The Role of Social Media

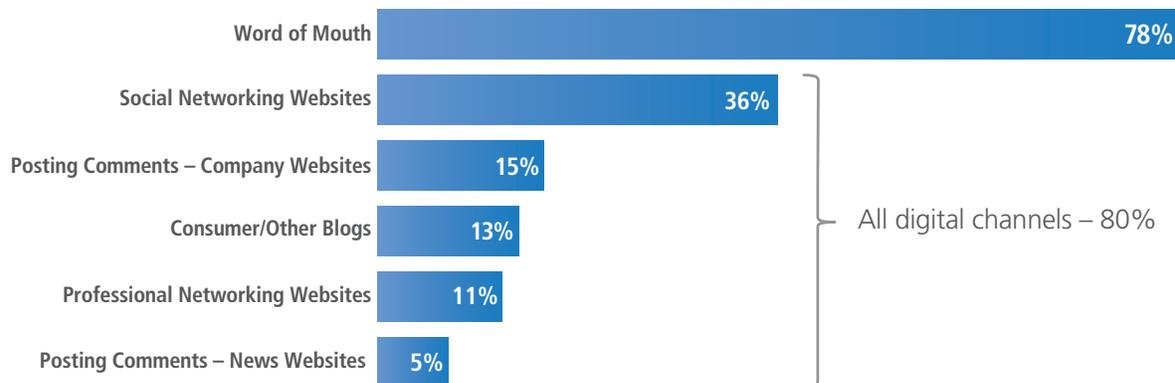
The sheer volume of attention to social media and social networking gives the impression that these channels have become the primary information sources in the information age. Technological innovation has certainly improved the ease and efficiency of looking for information, but the most recent Ipsos data does not support the assertion that social media is king. In terms of information sources, consumers turn most frequently to internet search engines (61%), followed by word of mouth (50%), and company websites (48%).

While one in four (25%) report they rely on social media and social networking for information about companies, even the combined impact across various “new media” (including social networking, professional networking, and blogs) is only 46% – roughly even with company websites and substantially trailing internet searches. In addition, trust in information from social media is at the same level as information that comes directly from companies (70% trust for social media vs 70% trust for companies) – and both of these significantly trail the credibility given to word of mouth sources (friends, family, colleagues), where over nine in ten (94%) report they trust the information about companies provided by people they know. Note that there can be overlap between “social media” and “people they know.” Hearing from people they know is fairly platform agnostic; it can be accomplished through either traditional or digital channels. As we will see later, the younger the audience, the more likely there is to be an overlap between word of mouth and digital tools.

A last key feature of the information society centres on the distribution of information. Overall, consumers certainly do report that they share information about companies with others; in a recent Ipsos study, 86% of those surveyed report they share information with others at least occasionally. However, the frequency of this sharing is less vigorous. Only 5% report they ‘frequently’ share information about companies with others. Additionally, 31% share information ‘sometimes.’ In all, a total of only one-third (36%) of consumers regularly share information about companies with other individuals. Our crisis management monitoring for clients indicates that propensity to share information increases greatly if something is perceived to be a serious problem for people that one is close to.

While the pace of information flow might be less than expected in a true “information society,” there is at least a tacit contention that the bulk of information sharing activity would centre on digital channels, leveraging advancements in information technology. Recent Ipsos data paints a mixed picture in this respect. Three quarters (78%) of those who *ever* share information about companies still rely on the more traditional mode of word of mouth (talking with friends, family or colleagues).

This far outpaces the use of any single digital channel but overall the combined usage of digital channels is on par with the more traditional word of mouth – 80% for *all* digital combined vs. 78% for word of mouth. So digital channels still trail more traditional modes of sharing information on a one-to-one basis, but overall are becoming more and more popular.



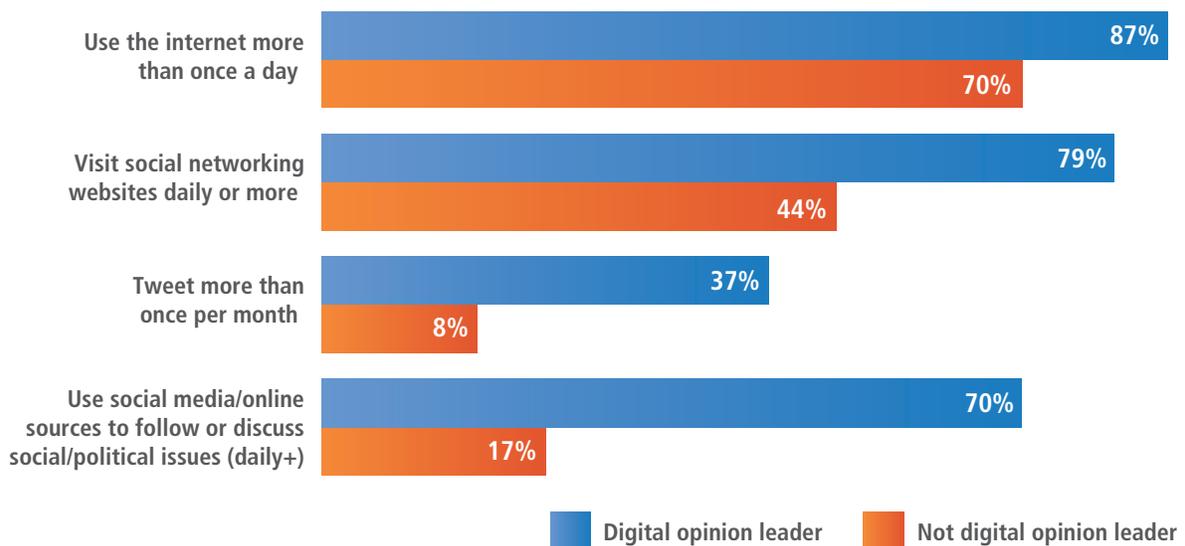
Q. Please indicate which of the following you use to share information about companies.

Digital Opinion Leaders

While the collection, use, and dissemination of information about companies manifests in only modest levels in the general population, a small subset of the population rely heavily on digital channels and appear to much more closely resemble the hypothesized “linked consumer” of the information society. This subgroup (22% of total population) is defined by high levels of information sharing (with regard to companies), and also a high degree of online activity with regard to public policy, social and political issues. These “digital opinion leaders” are far more likely to seek out information about companies (and company activities/behaviours) as well as share their opinions with others. As such, this small group of individuals should be an audience that companies closely monitor (and one that can be efficiently identified in online surveys).

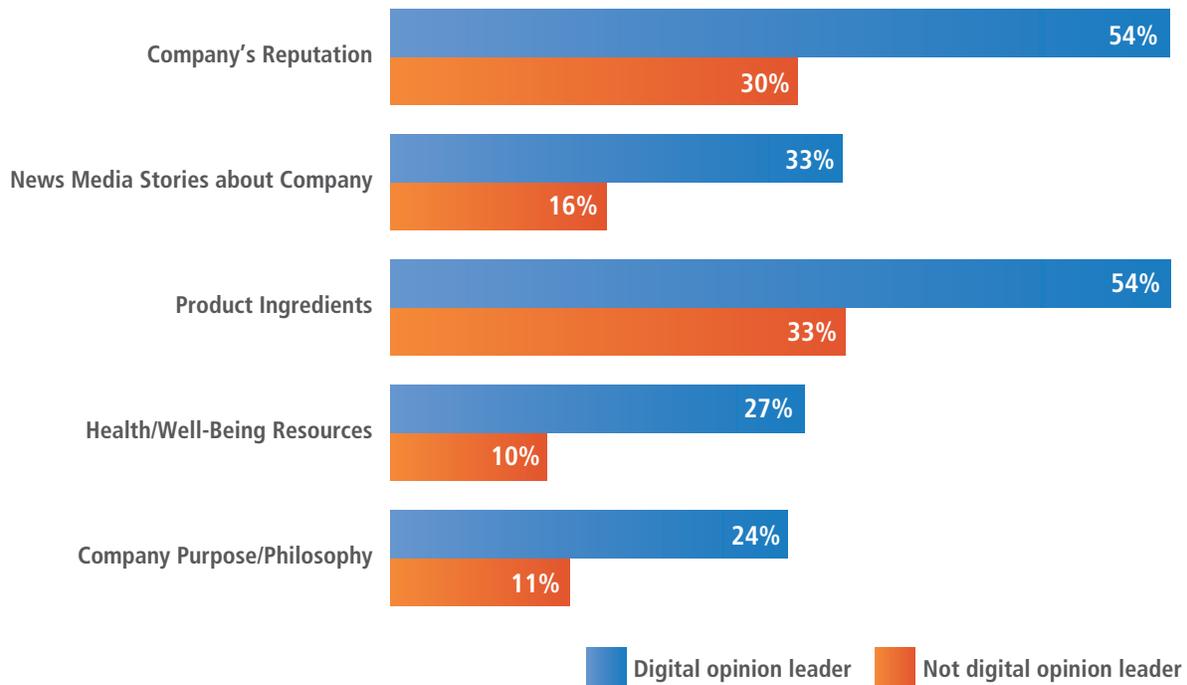
Traditional “opinion leaders” can be distinguished from the general population on a number of behavioural traits such as attending public meetings, serving as an officer or on a committee of a local organization, and contacting politicians, among others. And while their categorization as an opinion leader is defined by these behavioural traits, they also tend to be disproportionately highly educated with higher incomes. Digital opinion leaders display many of the same behavioural predispositions toward activism, but are fairly evenly distributed across most socio-demographic groups.

Interestingly, Canadian digital opinion leaders are equally as prevalent among ‘Millennials’ (26% of this group are digital opinion leaders) as those from Generation X (25%). Overall, however, middle-aged Canadians (ages 35-54, 42%) top their younger counterparts (ages 18-34, 32%) when it comes to being a digital opinion leader. This finding is somewhat unexpected as most Millennials came of age in the era of the internet and smartphones, so it seems natural that they would be more likely to utilize digital modes of information seeking and sharing.



Q. How frequently do you do the following things...?

In addition to the increased frequency of online activity, digital opinion leaders are also significantly (77% vs. 41% among non-opinion leaders) more likely to actively seek out information about companies. While digital opinion leaders do still engage in more mundane activities like looking for coupons, they also engage in more substantive activities such as seeking information on company reputation, news stories about companies, product ingredient information, health and wellbeing resources, and information about company purpose or philosophy.



Q. When you look for information about companies, which of the following types of information are you usually looking for?

Digital opinion leaders show a greater propensity to seek out information that directly impacts a company's reputation, and are much more active in sharing that information (26% share information frequently, compared to 8% among those who are not digital opinion leaders). As a result, digital opinion leaders seem much closer to the ideal of a citizen of the information society. Currently, these individuals comprise a relatively small proportion of the population. But given the current representation of Millennials among digital opinion leaders, it seems reasonable that the size of this group will increase and eventually overtake Generation X'ers. Current Millennials have grown up in a world dominated by technology and increasing levels of available digital information. One can reasonably expect that they will continue to demand unfettered access to information as the focus of their information seeking changes and matures.

Currently, there are three key lessons that business leaders should understand about the impact of social media on corporate reputation:

First, most consumers are not active information seekers, but are open to corporate communications on a variety of subjects of importance to a company's brands and reputation. As companies do not suffer from an acute lack of credibility with regard to communications, sharing information can help build corporate equity.

Second, reliance on social media and social networking has not yet reached a "tipping point." Active use of social media as a channel for seeking and sharing information about companies is still relatively limited and trusted less than traditional channels. This suggests that business leaders still need to focus communications on traditional channels while complementing these channels with greater levels of digital communication and interaction. This is, in large part, a generational shift.

Finally, digital opinion leaders have the potential to shape corporate reputation, given their significantly higher levels of information seeking and sharing. Coupled with a greater degree of digital activity, business leaders should be cognizant of these developments and develop communications strategies that take their interests and concerns into account.

Contact

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About the Ipsos Global Reputation Centre

The Ipsos Global Reputation Centre helps its clients to identify the issues and actions that build corporate reputation and deliver corporate brand equity. Together with our clients we identify and engage with their key stakeholders including customers and employees as well as influencers such as government and the media – individuals that can impact business performance, license to operate, and market competitiveness.

<http://www.ipsos-na.com/research/public-affairs/corporate-reputation-risk-management/>



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