

Research project: Online Reputation Management

By [Vittoria Jooste](#)

Introduction

The reputation of a company is critical in determining how its value is perceived by stakeholders. In today's connected world, reputation can be built up in the space of a few hours and destroyed even quicker, thanks to the unique ability of online conversations to spread like viruses. It is therefore even more important that a company devote considerable focus and resources to the ongoing management of its reputation, not only as a good corporate governance practice, but also as a strategy for survival and growth.

For my analysis of two ORM case studies, I have chosen to look at SAA and Vodacom. The former, South Africa's national carrier, was founded in 1934, became a division of Transnet in 1990 and has been privately owned since 1999. In 2008 it had sales of ZAR22.5 billion. The latter, a publicly listed telecommunications company and South Africa's first cellular network, was founded in 1994 and had revenue of ZAR 43 billion in 2008.

CASE STUDY 1 - SOUTH AFRICAN AIRWAYS (SAA)

Background and rationale for establishing an online presence

Flysaa.com, SAA's online portal, launched in February 2001. According to its developer Dimension Data the website was designed to implement a dynamic online ticketing service that would enhance Africa's leading airline's service offering (http://www.deimositalia.com/about/abt_cssaa.asp).

The launch of flysaa.com was to be the first phase of a series of 'e-commerce' initiatives. It was expected to change the way in which SAA interacted with its customers by enabling customers to get real-time information, book, earn miles, pay by credit card and redeem miles online. Customers would also be able to get responses to queries and complaints and to phone a single call centre dedicated to serving online customers.

Implementation and consumers' response

Since flysaa.com launched, its user base has experienced steady growth year on year with close to 700,000 visitors each month. The website remains primarily an online ticket reservation and sales vehicle with some added after-sales functionality such as seat and meal reservations and online check-in. Notwithstanding recently added interactive functionality, it remains far from a two-way interaction channel dedicated to serving online customers.

Looking at the response from the users' side, some data from the consumer website hellopeter.com best illustrates the situation: SAA is listed among the 'companies that do not respond' (this alone speaks volumes on their ability to engage with their customer base); it ranks 6th under 'most complaints about' for the last 5 days at the time of writing; over the last 365 days, it has had a score of 389 negative vs. 26 positive feedback instances. Even bearing in mind that people tend to be more vocal with their complaints than their compliments, this is definitely something that SAA should watch and address.

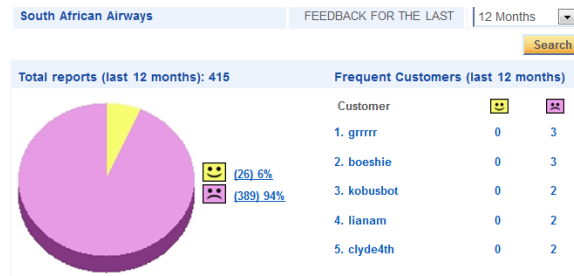


Fig. 1: South African Airways complaints and compliments (source: hellopeter.com)

Compared to the airline industry as a whole - ignoring the 'Other' category for lack of further insight - SAA does badly in the Booking Query (14% vs. industry 8%) and even worse in the Call Centre category (14% vs. industry 4%). If one looks at the original vision for the call centre, there is reason to be alarmed.

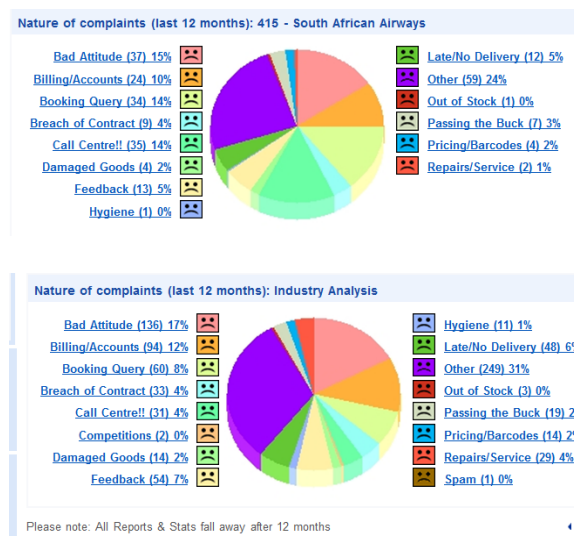


Fig. 2: SAA and airlines industry complaints analysis (source: hellopeter.com)

About one year ago, SAA went through an ORM crisis after a disgruntled Justin Hartman registered www.SAAsucks.com to expose SAA's wrongdoings. Neither the viral spread of conversations about (against) SAA, which even made front page news, nor the direct approaches to the airline managed to elicit a response.

In spite of this widespread negative sentiment, SAA seems to be making no effort to step in, engage with consumers and redress their perceptions where possible.

CASE STUDY 2 - VODACOM

Background and rationale for establishing an online presence

Vodacom online went live in September 1996. According to information published on vodaworld.co.za, the primary motivation was to provide a reliable, 24 hour information base to all stakeholders. The site was designed from the consumers' perspective with an emphasis on people interaction rather than technology. It was expected to offer relief to the Customer Care Centre by answering queries and empowering customers to help themselves through the use of search engines

and discussion groups. Communication was expected to be two-way and consumers would be engaged for their opinion and insight.

Implementation and consumers' response

According to Vodacom's website, the company's continued investment in enhancing customer care has resulted in 2009 in improved call centre service levels (up 6.3% YoY to 73.7%), first call resolution (up 9.7% YoY to 73.3%) and higher customer satisfaction results. These improvements can be ascribed to focused initiatives in a number of areas including skilling, customer satisfaction reviews and ongoing process improvements.

A fundamental element of Vodacom's online strategy is its continued and visible presence on the consumer forum mybroadband.co.za. Here, a Vodacom representative called vodacom3G monitors and addresses consumers issues on an ongoing basis. Vodacom has chosen to follow its consumers into the space where they are most comfortable and engage with them in a very direct and personal way, as opposed to redirecting them to its website.

It is therefore not surprising that Vodacom is listed under the 'companies that respond' on hellopeter.com, where it features in second place (after Standard Bank) for moving from negative to positive in the past 60 days. Although the ratio of complaints to compliments is high (5742 to 741), it is the trend that counts and Vodacom ranks as 5th in the most compliments in the last 5 days at time of writing.

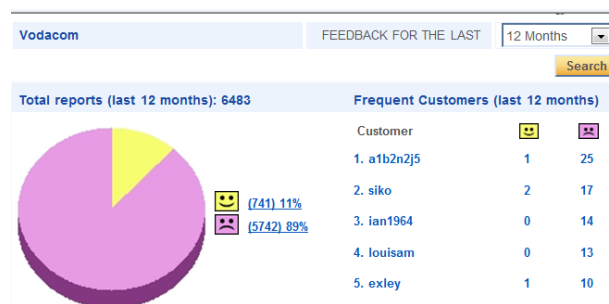


Fig. 3: Vodacom complaints and compliments (source: hellopeter.com)

The nature of the complaints directed at Vodacom is generally aligned to the industry averages, with some room for improvement in the Repairs and Services category.

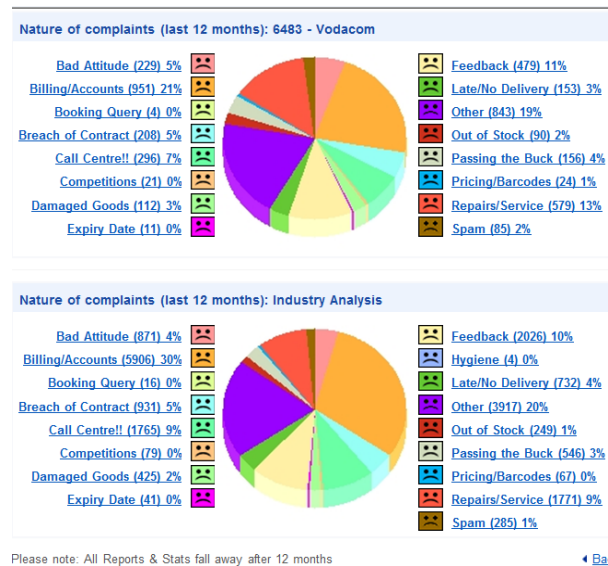


Fig. 4 Vodacom and telecoms industry complaints analysis (source: hellopeter.com)

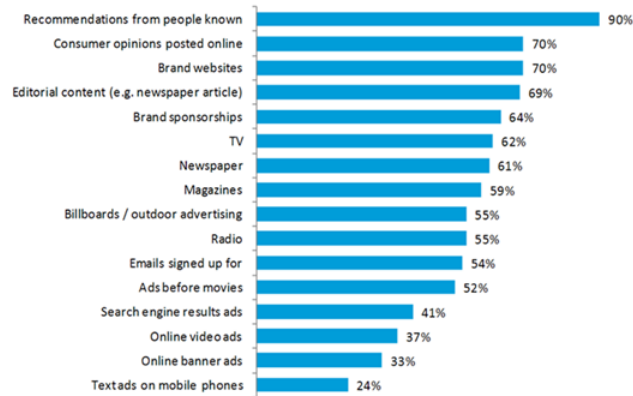
Managing a company’s online reputation is not just about minimising and addressing complaints. In Vodacom’s case, the company’s reputation is continuously reinforced by its visible online presence and commitment to communications, as demonstrated by its acquisition of two successive stakes in Zoopy, a South African social media company (40% in June 2008, recently increased to 75%). Added to this, Vodacom has recently launched a low cost, user-friendly cellphone aimed at the elderly, in line with its belief that “communication is a necessity that must be afforded to everyone”, as MD of Vodacom South Africa Shameel Joosub said recently. Vodacom’s commitment to innovation and new services was recognised earlier in 2009 with the award for the *New Telecommunications Service* of the year for ‘The Grid’, a location-based advertising platform. In terms of ORM, Vodacom’s commitment and achievements are contributing to building and reinforcing a positive brand in the minds of its stakeholders.

Conclusions and recommendations

The immense spread in Consumer Generated Media over the last few years means that consumers rely increasingly on word of mouth for their decision-making process. Consumers are increasingly empowered by the online medium and encouraged to be vocal by the safety of online ‘anonymity’.

According to the latest Nielsen Global Online Consumer Survey of over 25,000 internet consumers from 50 countries (http://blog.nielsen.com/nielsenwire/wp-content/uploads/2009/07/pr_global-study_07709.pdf), 90% of consumers surveyed trust recommendations from people they know, while 70% trust consumer opinions posted online. It is interesting to note that brand websites are trusted at the same 70% level as online consumer opinions.

Have some degree of trust* in the following forms of advertising
April 2009



Source: The Nielsen Company

*E.g. 90 percent of respondents trusted "completely" or "somewhat" recommendations from people they know

Fig. 5 Online consumers trust survey (source: blog.nielsen.com)

An online presence is a 360° commitment: once visibly online, a company cannot choose its exposure. It is also a responsibility to an increasingly informed and empowered online audience that cannot be ignored and whose expectations need to be managed all the time.

Engaging in conversations with consumers should be the first step for any company who is serious about managing its reputation. Preferably, a company should use the same tools as its consumers to participate in and influence the conversations and make an effort to balance listening with talking. By listening carefully, a company can benefit largely from consumers reaching out and coming forward with suggestions.

Vodacom has demonstrated humility and maturity in making a deliberate effort to initiate the online conversation and is reaping some rewards. It is now critical that it remain consistent and keep consumers' trust by maintain alignment between what it says and does.

SAA should place its efforts on establishing a visible presence online (Sex Addicts Anonymous should not feature on the first SERP for a search on "SAA"), and preferably maximize positive references. Its communications lines should be two-way and functioning at all times and there should be someone dedicated to monitoring and responding to conversations at a grassroots level.

SAA needs to rebuild some trust and it can only do this by demonstrating a genuine effort to resolve its many reputational issues. Being open and appealing to the collective wisdom of crowdsourcing for solutions should be one of the strategies to consider, and consumers should be kept posted with steps taken along the way.

If again faced with a potential crisis, it should respond proactively and follow the widely-documented guidance of ORM gurus *a' la* Quirk. Identifying who will be the 'Don Quixote' of the cause and engaging with that individual/constituency as early and as directly as possible should be the approach to avert future reoccurrences of reputational disasters such as SAAasucks.

About the Author

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