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Managing social media crises with your customers: The good, the bad, and the ugly

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Abstract Social media (SM) are transforming the ways in which customers communicate with firms following service failures. While there is a positive side to this phenomenon, there is also a negative side, which can lead to serious social media crises. In light of this duality, the current article addresses the good, the bad, and the ugly uses of SM in the customer complaining process. Herein, we identify six different types of SM complaining situations. The good represent opportunities: (1) when customers complain to the company online immediately after a first-service failure, or (2) when consumers publicize extraordinary recoveries. The bad involve risks: (3) when customers discuss a failure without complaining to the firm, or (4) when consumers reach out to online third-party complaint intercessors. The truly ugly represent the peak of online threats and public crises: (5) when customers spread negative publicity through user-generated content SM following a double deviation, or (6) when competitors respond to this content to steal customers. As a takeaway for managers, we formulate specific recommendations to deal with each type of online complaining.

1. Revenge via social media

Many customers now turn to social media (SM) to vent their frustrations and seek retribution after being slighted or ignored by a company (Tripp & Grégoire, 2011). This can cause major public crises that need to be carefully managed by the company (Laufer, 2010; Laufer & Coombs, 2006). Social media have empowered consumers to complain online. Given the importance of this new outlet, customers value companies' reactions; indeed, a cross-industry study revealed that 88% of consumers are less likely to buy from a company that ignores online customer complaints (Drennan, 2011). Once negative word-of-mouth is spread online, users build on each other's comments and the involved

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company may lose control over the conversation. Yet, many executives fail to see the source of a crisis in the jungle of SM. In light of the problem, this article will help managers identify and respond to such threats, specifically to the six types of SM complaints outlined in Figure 1.

Consider the following: In January 2012, a group of young people in France made a song listing all the reasons why they were switching from cell phone provider Orange to Free, the new industry cost leader. The cohort posted on YouTube its 3-minute video of singing inside a Paris Orange store, but before the company could respond, the video went viral. The clip, We Leave You For Free, was viewed more than 1.5 million times almost overnight. From a firm's perspective, this is one of the ugliest ways customers can complain.

Before the rise of SM, the vast majority of dissatisfied customers failed to complain after a bad experience because the costs of complaining were perceived as exceeding any potential benefits (Chebat, Davidow, & Codjovi, 2005). This situation has drastically changed due to SM. Online venues now make complaining much easier and more effective than ever before: no more calling the company, navigating an automated telephone system featuring multiple and confusing options, and spending hours on hold while being passed from representative to representative. Within minutes, customers can compose a complaint online. If they do not receive a quick response, they at least get their 'pound of flesh' by spreading the word about bad service. Such reactions are not uncommon. According to a recent survey sponsored by Five9 (Grant, 2013), a whopping 85% of consumers say they will retaliate if their needs are not met, and 21% of 18 to 34 year-olds say they will do so using SM outlets—a disturbingly large amount. Clearly, customers are becoming less silent than before.

FedEx learned this lesson well during the 2011 Christmas holidays, when a home surveillance video was posted to YouTube showing a FedEx delivery driver throwing a package containing a fragile computer monitor. Even though FedEx created an adequate response within 3 days via the company blog, it was too late: the video had already been viewed over half a million times. Three years later, the video is still viral, with over 9 million views.

Figure 1. The place of social media in the customer complaining process