

MANAGEMENT OF CRISES OF BRAZILIAN BRANDS ON SOCIAL NETWORKS: AN ANALYSIS UNDER THE LIGHT OF THE CONCEPTS OF TRANSPARENCY AND DIGITAL SWARM

Gestão de crises de marcas brasileiras nas redes sociais: uma análise à luz dos conceitos de transparência e swarm digital

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ABSTRACT

Consumer behavior in a digital environment is the central element of this study and represents a relevant theme and a challenge for marketing managers. The starting question of this study is related to concepts such as transparency and digital swarm proposed by the South Korean philosopher Byung-Chul Han. These concepts are relevant to understand the Brazilian context of brands involved in the digital environment. This study uses a qualitative approach for data collection, through the methodology of multiple case studies. For data collection, the ethnographic method of research and content analysis were used for the evaluation of results. The findings reject the theory proposed by Byung-Chul Han, since Brazilian consumers seem to be avid to engage in storms caused by online crises. In addition, they present enough capability to articulate the promotion of concrete negative effects from the point of view of economic losses, political pressures, and shocks in the stock market segment. For future studies, analyses in other international contexts are suggested to compare and discuss about the exercise of freedom by citizens in a digital environment and its negative impacts on the corporate assets of organizations.

Keywords: Consumer Behavior, Brazilian Brands, Corporate Image Crisis, Digital Transformation.

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GESTÃO DE CRISES DE MARCAS BRASILEIRAS NAS REDES SOCIAIS – UMA ANÁLISE À LUZ DOS CONCEITOS DE TRANSPARÊNCIA E SWARM DIGITAL

Management of crises of brazilian brands on social networks: an analysis under the light of the concepts of transparency and digital swarm

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RESUMO

O comportamento do consumidor em ambiente digital é o elemento central deste estudo e representa um tema relevante e um desafio para os gestores de marketing. A questão de partida deste estudo está relacionada a conceitos como transparência e enxame digital propostos pelo filósofo sul-coreano Byung-Chul Han. Esses conceitos são relevantes para compreender o contexto brasileiro das marcas envolvidas no ambiente digital. Este estudo utiliza abordagem qualitativa para coleta de dados, por meio da metodologia de estudos de casos múltiplos. Para a coleta de dados utilizou-se o método de pesquisa netnografia e análise de conteúdo para avaliação dos resultados. As descobertas rejeitam a teoria proposta por Byung-Chul Han, uma vez que os consumidores brasileiros parecem ávidos por se envolverem em tempestades causadas por crises online. Além disso, apresentam capacidade suficiente para articular a promoção de efeitos negativos concretos do ponto de vista de perdas econômicas, pressões políticas e choques no segmento bolsista. Para estudos futuros, sugerem-se análises em outros contextos internacionais para comparar e discutir sobre o exercício da liberdade pelos cidadãos em ambiente digital e seus impactos negativos nos ativos corporativos das organizações.

Palavras-chave: Comportamento do Consumidor, Marcas Brasileiras, Crise de Imagem Corporativa, Transformação Digital.

INTRODUCTION

The Contemporary society is experiencing a series of new dynamics imposed by technology, which impact on changing online consumer behavior. Facing a new type of customers, more informed, connected, and reactive, companies are challenged to foster a positive relationship with their stakeholders in defense of the organizational reputation. Marketing is one of these tools to enable good customers' experience with the brands, but not always, a positive relationship is established in the field of consumption, which results in a certain dose of tension.

Certain tensions such as reactions to corporate positions/actions, considered morally unacceptable, can result in brand crises on social networks. Once not happy, individuals manifest themselves on the digital environment and opinions reverberate everywhere. Anchored by the network of connections, this dynamic process causes a negative impact on online communities and beyond geographical limits with any reasonable predictability. To Kotler (2017, p. 21), online communities are those who have power, produce noise, and are used to “sharestories, good and bad, about their consumption experiences”.

The crisis of corporate image on social media is a theme which is growing fast in the international field, but still scarce in Brazilian scientific literature, being restricted to studies in the area of communication and few initiatives in the field of marketing management (Porto, Mendonça, Milan, 2016; Hansen, Kunsen, Henning-Thurau, 2018; Teixeira, 2019). So, from the scientific point of view, the present study is justified, considering its contribution to enlighten the discussion about corporate reputation and image management under crises of digital environment in Brazil.

1 CONSUMER BEHAVIORS IN DIGITAL ENVIRONMENT

The digital environment is a dynamic system (with characteristics such as scope, complexity and network format), which encourages transformations in consumption and enhances relationships between geographically dispersed individuals, as it is configured as a territoryless entity (Firat, Venkatesh, 1995; Lévy, 1999; Castells, 1999). The behavior of consumers connected in this digital environment is based on their active participation, which means that “the citizen identifies on consumption the password that authorizes him to interfere politically at any time or place” (Beck, 1999, p. 130).

In this sense, Boyd (2010) argued that technologies in network formats enable the amplification, registration and dissemination of information and social actions, which are shared through interaction of the dynamics of word-of-mouth (WOM) with a greater impact on product judgments, formation of attitudes and on the decision-making process (Brown, Broderick, Lee, 2007). These concepts help to understand the strong impact of consumers' opinions and participative role in the digital environment (Souza, 2010).

With the evolution of the internet and the appearance of online relationship platforms, the way of information is consumed has changed as well as the relationship between consumers and brands has provided a huge transformation of human experiences in commodity (Rifkin, 2001). From the marketing point of view, the focus should be the establishment of a long-term relationship, using these technologies since markets opened space for the strategic use of relationship platforms. These new Technologies have also a disruptive effect and can present themselves as a villain or not, but never as a neutral element (Kranzberg, 1985; Rogers, 2019).

In this context, consumers build and elaborate their social reality under the light of these new technologies and their dynamics is reflected in the form of expressions of online feelings (Venkatesh, Karababa, Ger, 2002). When these feelings are negative, crisis of corporate image is configured in the digital environment, which, according to Pefeffe, Zorbach and Carley (2014), is characterized by a wave of indignation motivated by rejections of a company's act or statement.

Another view on crisis in corporate image is brought by Teixeira (2019), who argued that crisis may be a moment of alertness, of changes and of instability which requires quick decisions to stop them to gain strength and to evolve for a next level. According to Luecke (2017), corporate image crisis has the potential to “cause

serious damage to employees, to company's reputation and financial result. As in both cases, most of them, crisis occurs "due to management errors or employee involvement" (Forni, 2013, p. 20).

When it comes to crisis in social networks, repercussions are inevitable and corrode the image of corporations and all entities involved (Parente, 2015). Even during online crisis, companies need to "maintain composure and continue to communicate and interact" (Peffeffer, Zorbach, Carley, 2014, p. 123).

Understanding that shifts in consumer behavior, the characteristics of the digital environment and the corporate image during crisis, the following paragraphs will focus on discussion of two key concepts for this research: transparency and digital swarm. The theoretical discussion will serve as a basis for analyzing the cases of this study.

1.1 Transparency and digital swarm concepts

According to Han (2017), transparency becomes a reality when there is a lack of negativity. For him, negativity is avoided because it would paralyze communication, since, through the like, "connective communication would appear much faster than with dislike" (Han, 2017, p. 24). Although this construct can be contested, it establishes the concept of transparency, presented as essential for understanding the logic of consumption in a digital environment.

Transparency, then, may gain ideological contours pointing out to surveillance and control, which may be discussed depending on the degree of democratic freedom of certain nation or the articulation of online countercultural groups (Castells, 2017). The absence of negativity, on the other hand, is also an inconceivable reality in democratic structures and presupposes an evident autocratic logic. Absolute positivity may also sound like an exacerbation of the politically correct or even an unhealthy social situation resulting from the cult of like (Brooker, Brides, Armstrong, 2011; Pondé, 2012).

When transposing the discussion to the dimension of the relationship between customers and brands, it becomes necessary to admit that there are frequent, at least in the Brazilian context, situations in which companies start to account for a bunch of criticisms in social media and there is an expressive engagement of individuals. This is opposed to what Han (2019) has proposed. For him, digital communication operates smoothly, because what are exchanged in the digital environment are almost always positive and enjoyable things.

However, cases of crises of great repercussion on social networks, with an exponential volume of negative comments, deny this argument. If positivity factors always prevail, what will explain social commotions that lead thousands or even millions of people to engage in a joint reaction expressed in negative comments about brands on the internet?

According to Han's theory, contrary comments and reactions may even be understood as acts motivated by negativeness, by something that does not show transparency or by what rescue a negative memory of the fact or content. For Han (2019, p. 15), what causes disgust leading people to reject a certain image occurs through the negativity of the "shock" or "aggression". The potential of the propagation of this wave of dissatisfaction, according to him, is inherent to digital communication itself, which "makes an instantaneous discharge of possible affections" (Han, 2018, p. 15).

Consumer dissatisfaction behavior occurs through exceeding or not exceeding their expectations, regarding the performance of a product or service (Santana, Sobrinho, 2008). So, starting with the collective dimension of individuals' comments in a digital environment, a new concept is open for discussion: The digital swarm. To Han (2018), the digital swarm is formed by the so-called new crowd, a bunch of anonymous individuals who, despite connected and sharing similar thoughts, do not seem to find ways to express their collective energies and, therefore, apparently do not generate any expectations of future.

According to Han (2018), because of the ephemerality, they do not develop any political energy, reinforcing the thesis that mass is power, however, it is limited. Despite Han's theory that people in the digital

environment are diffused and may not generate any political energy, mass movements of negative comments may hurt companies' image and reputation.

The damage to reputation, although intangible, cannot be disregarded, when the impacts of the mobilization of groups of individuals in the digital environment is being taken into consideration, what seem to be the case of the Brazilian context, where there are situations in which investor's confidence is shaken and capital shares lose market value, or cases in which public policies are reviewed, such as the example of the tobacco industry in Brazil, which has become an international case of combating cigarettes (G1, 2019)¹.

This kind of instability, in addition to jeopardizing the image and reputation of the companies, impacts the organizational climate, interferes in the stability of production, and creates rumors capable of affecting corporations' financial statements. Stakeholders have doubts about the organization's integrity and ethics (Teixeira, 2019).

In these cases, as a strategy to recover the organizational image, companies must introduce governance policies, which presuppose a commitment to transparency (in the sense of publicizing information), social and environmental responsibility.

These attributes add value to companies and help them to face unfavorable economic scenarios and regain investor confidence (Ribeiro Neto, Famá, 2002; Kim et al., 2016). In Brazil, the concept of transparency takes other shapes and is anchored by the access to the Information Law (12,527/2011), which is essential for democratic exercise of citizenship (Medeiros, Magalhães, Pereira, 2014).

Han (2017) understands the potential of these social mobilizations in the digital environment, but bets on the concept of ephemerality of the digital swarm and argues that, in a society of transparency, indignations manifested on the internet would be an "affective state, which does not develop any form with the power of action", and the digital swarm is not a mass, "consists of singularized individuals" (Han, 2018, pp. 23- 27). He insists in his arguments, perhaps because the Brazilian reality is not part or object of his studies and analysis. Some cases chosen to illustrate intangible losses which were due to brand crisis in the social medias and part of the digital environment remain there forever due to the property of "searchability". In this case, it is just enough a new crisis for the memory of the old one be rescued through a simple search for keywords or the name of the company (Bueno, 2014; Teixeira, 2019).

In scenarios of crises of corporate images, managers start looking for an effective corporate discourse to end the avalanches of indignations. The literature points out that organizations must position themselves immediately (according to the logic of the networks), with objectivity, transparency (their speech must go beyond a mere apology) and dialogue with the consumer in the digital environment (Forni, 2013; Bueno, 2014; Parente, 2015; Park, 2017; Chung et al., 2019).

Parente (2015) gives an example of a crisis that occurred during the Rio 2016 Olympic Games in Brazil, involving a food supply company. During the crisis on social medias, in addition to the publication of an explanation letter, the company responded to all comments on the social platforms, in a personalized and individual way.

Despite his contribution being relativized in some respects, Han (2018) collaborated with this discussion, through his concept of sovereignty, which can be translated by the effectiveness of corporate responses.

2 METHODOLOGY

This present study has a qualitative approach, using a multiple case study strategy and has a descriptive nature (ability to characterize a certain phenomenon), involving cases of crises in corporate image of Brazilian companies. The choice of the cases was based on those that "provide insights or that assist in the understanding of other aspects that go beyond the case studied" (Ceni, Rese, 2018, p. 8).

¹ <https://g1.globo.com/jornal-nacional/noticia/2019/07/26/oms-reconhece-brasil-como-modelo-de-sucesso-no-combate-ao-fumo.ghtml>

For data collection, the procedure adopted was the netnography, through the selection of reports that mentioned four companies involved in crisis episodes (Vergara, 2005; Kozinets, 2012²). Data analysis, on the other hand, was done through content analysis and consists of the following steps: pre-analysis, material exploration, data processing and interpretation (Roesch, 2005; Bardin, 2011).

3 RESULTS AND DISCUSSIONS

The present study involves image crises of two Brazilian companies during the period of June 2018 and September 2019. The wave of negative characteristics of these cases on social networks and the strength of the engagement of Brazilian internet users confirm the strength of the “dislike” and the absence of organizational and governmental controls, regarding individual and collective expression in the digital environment.

The first episode involved the Shopping da Bahia (opened in 1975, in Salvador, the second shopping mall built in the country). This enterprise has more than 500 stores, where more than 3.5 million people circulate per month (Shopping da Bahia, 2019)³.

On July 11, 2018, Shopping Bahia faced an image crisis when a video in which a security guard opposed to a customer's initiative for paying a meal to a young boy, in a condition of social vulnerability, went “viral”. This video was seen and shared on Facebook by millions of people. This case generated social commotion and discussion on social media, with references to terms such as institutional racism, prejudice, preconception, discrimination, and shame. This mobilization with an ideological and moral characteristic goes against Han's proposal (2017, p. 103), in which “the digital network as a mean of transparency is not subject to moral imperatives”.

The second case concerned a security guard working for the Extra supermarket in the city of Rio de Janeiro, who killed by suffocation a young man, who supposedly was a drug user. This episode happened in February 2019 (G1, 2019)⁴. The entire act of immobilizing the suspect until his death was filmed and went “viral” on social networks, provoking a national protest movement against the Extra brand, sharing the hashtags #ACarneMaisBarataDoMercado (#Thecheapestmeatinthemarket) and #VidasNegrasImportam (#Black lives matter) (Queiroga, 2019)⁵.

Both cases caused attacks on companies' brands and clear repudiation of racism and mobilized protests on social media in a clear awareness of exercise of citizenship. These cases reinforce the gap between the theory proposed by Han (2017) about transparency and the lack of political strength in digital swarms and real cases of management of crises in the images of Brazilian companies.

CONCLUSION

This study suggests that concepts of transparency and digital swarm proposed by the South Korean philosopher Byung-Chul Hando (2020) not appear to be relevant to explain phenomena such as crises in corporate image on digital environment in the Brazilian context. Findings seem to refute such theories, since Brazilian consumers seem to be greedy to participate actively in discussions against companies and brands when episodes cause some kind of social commotions, in particular, when episodes may have concrete effects, resulting in economic and political pressures, financial losses and substantial drops in companies' shares value.

As a suggestion for future studies, discussions such as the exercise of citizens' freedom to express themselves in the digital environment, and the instruments of control and surveillance that may limit the emergence and mobilization of countercultural groups in different countries. For comparative purposes, it is also

² http://bravdesign.com.br/wp-content/uploads/2012/07/netnografia_portugues.pdf

³ <https://shoppingdabahia.com.br/sobre-o-shopping/>

⁴ <https://extra.globo.com/casos-de-policial/morte-de-jovem-por-seguranca-gera-protostos-acarnemaisbaratadomercado-23456250.html>

⁵ <https://extra.globo.com/casos-de-policial/morte-de-jovem-por-seguranca-gera-protostos-acarnemaisbaratadomercado-23456250.html>

suggested to test, in different economic, political, and cultural contexts, the hypothesis, inspired by the work of Han (2018) that digital swarms do not necessarily result in concrete actions.

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