Managing Brands in the Social Media Environment

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Abstract

The dynamic, ubiquitous, and often real-time interaction enabled by social media significantly changes the landscape for brand management. A deep understanding of this change is critical since it may affect a brand’s performance substantially. Literature about social media’s impact on brands is evolving, but lacks a systematic identification of key challenges related to managing brands in this new environment. This paper reviews existing research and introduces a framework of social media’s impact on brand management. It argues that consumers are becoming pivotal authors of brand stories due to new dynamic networks of consumers and brands formed through social media and the easy sharing of brand experiences in such networks. Firms need to pay attention to such consumer-generated brand stories to ensure a brand’s success in the marketplace. The authors identify key research questions related to the phenomenon and the challenges in coordinating consumer- and firm-generated brand stories.

Keywords: social media, brand management, brand stories
“A brand is no longer what we tell the consumer it is – it is what consumers tell each other it is.”

(Scott Cook, co-founder, Intuit)

Introduction

Brands are highly valuable assets for firms. Managers aim to create strong brands with a rich and clear knowledge structure in consumer memory by authoring compelling brand stories (Keller 1993; Srivastava, Shervani, and Fahey 1998). Generally, brand stories contain a plot, characters playing a role in the plot, a climax, and an outcome that causes empathy in listeners and helps them to remember the story (Schank 1999; Singh and Sonnenburg 2012; Woodside 2010). A brand story exerts a persuasive impact through narrative transportation, that is, by transporting consumers into the world of the brand narrative (Escalas 2007). Examples of firm-generated brand stories are advertising campaigns such as Dove’s “Real Beauty” campaign and Ben & Jerry’s website that stresses the origins of the company (Singh and Sonnenburg 2012). Firm-generated brand stories aim to create and strengthen consumers’ relationship with the brand by providing a theme for conversations between consumers and firms (i.e., brand owners) and among consumers themselves. Such conversations enable consumers to integrate their own brand-related experiences and thoughts into the brand story (Escalas 2004; Singh and Sonnenburg 2012). Hence, “[brand] stories can help build awareness, comprehension, empathy, recognition, recall, and provide meaning to the brand” (Singh and Sonnenburg 2012, p. 189).

Traditionally, brand managers have used one-to-many marketing communications, such as advertising, to pass their brand stories on to consumers (Hoffman and Novak 1996). While consumers have always appropriated and modified these firm-generated brand stories to create their own versions of relevant brand stories, their voices were not strong in the past and could be
safely ignored by brand managers if they chose to do so. But with the advent of social media, brand managers have lost their pivotal role as authors of their brands’ stories (Kuksov, Shachar, and Wang 2013). Instead, consumers who are now empowered to share their brand stories easily and widely through social networks have gained a more important voice that brand managers can no longer afford to ignore – even for firms that decide not to actively participate in social media themselves. Moreover, firms need to accept making mistakes due to the loss of control.

Consumer-generated brand stories interpret past or anticipated brand experiences (Boje 1995; Deighton, Romer, and McQueen 1989), and they can be positive (e.g., a homage to a brand or a spoof that makes well-intentioned fun of firm-generated brand stories) but also negative (e.g., consumer complaints). While consumer-generated brand stories can appear in various formats offline and online, we especially focus on those told online through social media (i.e., forums, blogs, social networks, video-, photo-, and news-sharing sites) in this paper. Consumer-generated brand stories told through social media are much more impactful than stories spread through traditional channels because they utilize social networks, are digital, visible, ubiquitous, available in real-time, and dynamic (Hennig-Thurau et al. 2010).

The story of Dave Carroll, whose guitar was destroyed by United Airlines’ baggage handlers, would probably have been met with little response in a world without social media. However, his video “United breaks guitars,” which he posted on YouTube, has gone viral and reached consumers around the globe. Such consumer-generated brand stories can no longer be ignored because they now shape what a large mass of other consumers thinks about a brand. These stories can determine a brand’s general associations, its image (Holt 2003), and eventually what consumers do with the brand. Public press, for example, speculates that the “United breaks guitars” episode had a negative financial impact on United Airlines through increased negative
word of mouth (McCarthy 2009). Since not all brands are equally strongly influenced by social media, a thorough understanding of the impact of consumer-generated brand stories on brand performance and the boundary conditions of this impact is thus central for brand managers. Moreover, knowledge about how to stimulate consumer-generated brand stories that benefit the brand, as well as how to react to brand stories that may harm the brand, is critical.

With these changes in the brand landscape, brand managers are losing control over their brands. However, they are not doomed to passively watch what consumers do with their brands. Instead, they face the challenge of integrating consumer-generated brand stories and social media into their communication mix to enable compelling brand stories. Some brands have already demonstrated that leveraging consumer input across an array of channels can affect brand performance positively. Prominent examples are Old Spice’s “The Man Your Man Could Smell Like” campaign, and BlendTec’s “Will it Blend?” series. Thus, the critical question for brand managers is how to successfully coordinate consumer- and firm-generated brand stories.

It is the aim of this paper to discuss key challenges of brand management in the social media environment, since a deep understanding of the impact of social media on brand management is critical in today’s dynamic, consumer-dominated social media environment. Therefore, we develop a framework of social media’s impact on brand management which serves to structure this article and contributes to the literature in several ways. The framework organizes a fragmented body of literature by linking the unique characteristics of social media to the core of brand management – i.e., creating brands that generate value for the firm. We discuss previous research findings related to the key challenges of brand management in the social media environment. The framework is also used to highlight gaps in the existing literature and to identify areas for future research.
Multi-Vocal, Co-Created Nature of Brand Stories

The conventional view of brand management is based on information processing theories of consumer behavior and understands the brand as a firm-owned and controlled asset that can be built in consumers’ minds through carefully coordinated marketing activities. The brand is a cognitive construal, a knowledge structure of brand-relevant information, and brand identity is firmly under the control of the brand manager (Keller 1993). Brand identity consists of carefully selected attributes, benefits, and attitudes that are communicated to consumers through purposeful marketing activities, such as brand stories told through advertising (Aaker and Joachimsthaler 2000). The assumption is that a brand’s identity will be understood in the same way by all members of the target audience. Thus, there is only one collectively held meaning for the brand as determined by the firm. In other words, brand image is congruent with the brand’s identity. Since consumers understand this intended meaning of the brand, it serves as a useful decision-making heuristic, reducing risk and saving time. The resulting brand knowledge or customer-based brand equity can be leveraged for creating and capturing incremental shareholder value (Keller 1993). This mindshare view of branding has the advantage of offering clear guidance to brand managers, as well as an illusion of control. Not surprisingly, it has dominated brand management practice for the past decades (Holt 2004).

Consumer culture theorists, inspired by a postmodern and thus less controllable view of the marketplace, have developed an alternative perspective of branding that fundamentally questions the nature of brands and with it the control that firms have over their management. Rather than thinking of brands as controllable knowledge structures, and of consumers as passive absorbers of brand knowledge, they understand brands as a “repository of meanings for consumers to use in living their own lives” (Allen, Fournier, and Miller 2008, p. 782), and all stakeholders of the
brand, including consumers, as active co-creators of these brand meanings. This view explicitly ascribes an important role to culture as the original source of general categories of meanings that people use to make sense of the world. These categories of meanings are shared among certain meaning-making groups and encapsulate understandings about the way the world works and how people should live their lives (Arnould and Thompson 2005). These shared cultural meanings are then transferred to brands through multiple brand stories, as different stakeholders make sense of the brand’s role in the world (Holt 2003).

Players in the broader cultural production system, such as writers, artists, movie makers, designers, and of course the mass media, also ascribe meanings to brands by literally using them as resources in the stories they produce (McCracken 1986). Moreover, individual consumers use possessions and specifically brands as resources to construct and express their identities, and in the process might even go so far as to change and customize them to fit their individual identity projects (Belk 1988; Holt 2002). Finally, brand community researchers have shown how certain brands can be at the center of so-called brand communities that transcend geographic and societal boundaries by providing a source of group identification (e.g., McAlexander, Schouten, and Koenig 2002; Muñiz and O'Guinn 2001), resulting in a plethora of brand stories that emphasize the brand’s linking value (Cova 1997).

The construction of brands can thus be interpreted as a collective, co-creational process involving several brand authors who all contribute their stories: firms, popular cultural intermediaries, as well as individual consumers and consumer groups (Holt 2003). As Cayla and Arnould (2008, p. 100) put it: “a brand’s meaning emerges out of consensus and dissensus, between the collective sharing of what the brand means to all its stakeholders and the active and often conflictual negotiation of such meanings.” The obvious implication of this research stream
is that brand managers are only one of the brand stories’ authors and exert far less direct control over brand meanings than was commonly assumed in the conventional brand management literature.

The rise of social media and the associated possibilities of large-scale consumer-to-consumer interaction and easy user-generation of content put the spotlight on the importance of recognizing, and if possible managing, the multi-vocal nature of brand authorship advocated by the cultural branding view. Consumers in particular are more empowered by social media, as these technologies enable consumers to share their brand stories widely with peers. Research has already highlighted the persuasiveness of consumer-generated brand stories in the context of electronic word-of-mouth (e.g., Chevalier and Mayzlin 2006; Chintagunta, Gopinath, and Venkataraman 2010; Duan, Gu, and Whinston 2008; Sun 2012). Such stories are more influential because they are often narratives and dramas that are more persuasive than arguments, since consumers also tend to organize information in such formats (Deighton, Romer and McQueen 1989; Escalas 2004). Moreover, stories that include provoking incidents, experiences, outcomes/evaluations, and summaries of person-to-person and person-to-brand relationships within specific contexts are easily retrieved from memory, which adds to the persuasive power of consumer-generated brand stories (Schank 1999; Woodside 2010).

A Conceptual Framework of Social Media’s Impact on Brand Management

Figure 1 introduces a conceptual framework that illustrates the impact of social media on brand management. Social media affect brand management because consumers have become pivotal authors of brand stories. Both firm-generated brand stories (i.e., brand B1’s stories are represented by black puzzle pieces in Figure 1) and consumer-generated brand stories (i.e., grey
puzzle pieces in Figure 1) are told through a plethora of communication channels (both traditional and social media channels) in a dynamic and evolving process. The characteristics of these different channels may influence the creation of brand stories by posing restrictions on, for example, the amount or type of content that can be created (e.g., Twitter message versus YouTube video). Consumer-generated brand stories can add to a firm’s pursued brand meaning (i.e., if grey and black puzzle pieces fit together in Figure 1), but they can also add new meaning to a brand that contests the brand’s aspired identity. While firm-generated brand stories typically are consistent and coherent over time (represented in Figure 1 by black puzzle pieces that do not change from t=1 to t=n), consumer-generated brand stories are more likely to change over time (represented by the modified appearance of the grey puzzle pieces in t=n compared to t=1) and may give the brand another meaning.

Firms are not restricted to just listening to consumer-generated brand stories by monitoring what is said about the brand over time. Firms can also try to actively influence consumer-generated brand stories and their impact on brand performance, which is represented by the arrow between brands and consumers in Figure 1. They can stimulate and promote consumer-generated brand stories that benefit the brand, as well as react to negative consumer-generated brand stories that harm the brand. They may further use consumer-generated brand stories to complement their own stories (represented by the grey puzzle piece (in t=1) that turns into a black puzzle piece (in t=n) in Figure 1). Thus, firms may benefit from coordinating consumer-generated brand stories with their own stories to ensure a brand’s success in the marketplace.

In the meantime, consumer-generated brand stories that are spread through social media may also affect consumers’ social networks. New connections between consumers could arise
because consumers exchange their brand stories and pick up, refine, and further disseminate the brand stories told by other consumers. Likewise, consumers interact with brands by telling brand stories, and consumer-brand networks are established that can be observed by other consumers and the firm (e.g., C2 is connected to a network of other consumers, but also to B1 and B2 through brand stories in Figure 1). Additionally, networks of brands may occur because consumers tell stories about multiple brands or when brands ally with each other or antagonize each other in telling their stories (e.g., focal brand B1 is connected with brand B2 in Figure 1).

Finally, the impact of social media on consumer-generated brand stories and brand performance may depend on market characteristics (e.g., visibility of consumption; competition (Fischer, Völckner, and Sattler 2010)), firm/brand characteristics (e.g., organizational structure; brand architecture), and consumer-brand relationship characteristics (e.g., brand attachment) (Figure 1). These characteristics may influence how strongly brands are affected by social media and how effectively they can navigate the social media environment. For example, high visibility of consumption should make brands more susceptible to social media because of the public nature of the consumption process and, consequently, consumers’ high purchase decision involvement. Conversely, for brands that are mostly associated with private consumption, social media should be less important. Likewise, a brand architecture following a branded house strategy (i.e., all products carry the same umbrella brand name; Aaker and Joachimsthaler 2000) should make the brand much more susceptible to social media because stories told about one product spillover to other products of the brand via the umbrella brand name. Labrecque et al. (2013) and Weinberg et al. (2013) in this special issue discuss the relevance of social media for consumer behavior (i.e., consumer-brand relationship) and a firm’s organizational structure in more detail.
Current Knowledge and Future Research Questions

Method

To create an overview of the state of knowledge about social media’s impact on brand management and brand performance, we conducted a thorough literature review spanning publications in leading academic and managerial journals covering the time span 2006-2013.1 We chose 2006 as the starting date because the last major article reviewing the state of branding research by Keller and Lehmann (2006) covers the branding literature until that year. Their paper does not yet discuss social media implications, mostly because today’s most influential social media networks had only just started to operate (e.g., Facebook was founded in 2004, YouTube in 2005, and Twitter in 2006). Most of the articles relevant for this review were published between 2010 and 2013. We searched for keywords related to brand management, consumer-generated brand stories, and social media. A combined keyword search revealed that there are very few papers that actually focus on managing brand stories in the social media environment. However, searching for single keywords resulted in a substantial number of papers from four literature streams: (a) brand communities, (b) electronic word-of-mouth (eWOM), (c) network analysis, and (d) product-harm crises.

Brand communities, offline and online, have received a lot of research interest over the past 15 years and are in fact quite well understood. As brand communities essentially connect consumers and enable many-to-many communication, they can be regarded as pre-cursors of today’s online social networks. Therefore, key findings from the brand community literature are also useful for understanding the relevance of social media for brand management. Literature on

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eWOM is relevant because it covers consumers’ evaluations of a brand through online reviews, which are a specific form of consumer-generated brand stories. Online reviews are distinct from consumer-generated brand stories shared through social media in the sense that they are usually told through Web 2.0 technologies that do not rely on network structures. Consequently, literature about (social) network analysis is also relevant for this review. Research on product-harm crises highlights the effects of negative events on product/brand performance and has investigated the moderating role of consumer-brand relationship characteristics on the impact of product-harm crises on brand performance. Since many consumer-generated brand stories cover negative events, this stream of research is also relevant for this article.

We grouped the articles we identified into the three topics covered by the conceptual framework in Figure 1: (i) consumers as pivotal authors of brand stories, (ii) networks of consumers and brands as a result of consumer-generated brand stories, and (iii) the coordination of brand stories.

**Consumers as pivotal authors of brand stories**

Most consumers will share brand stories through social media when they have had either a very positive or negative experience with the brand. As a result, many academics advocate that before even considering entering the social media space actively, a firm should be certain that it has its branding fundamentals right and is able to deliver the brand promise through all consumer touch points (Barwise and Meehan 2010). But, firms may want to go a step further by actively stimulating and promoting positive consumer-generated brand stories. Furthermore, in the case of negative consumer-generated brand stories, firms may want to react to such stories to impede potential brand dilution. Thus, firms do not want to act purely as observers but also as
moderators (Godes et al. 2005). The underlying assumption is that consumer-generated brand stories will eventually impact “soft” and “hard” brand performance measures (e.g., brand associations and attitudes, brand value). We thus start our literature review by discussing findings related to the influence of consumer-generated brand stories on brand performance.

*Impact of consumer-generated brand stories on brand performance.* Recent studies have investigated whether a brand can benefit from consumer-generated ads (Ertimur and Gilly 2012; Thompson and Malaviya 2013). Generally, these studies find that brands can benefit from consumer-generated ads under certain circumstances. When information is released that consumers, rather than the firm, created the ad, such attribution benefits the brand (i) if the ad viewers’ ability to scrutinize the message is low (i.e., constrained cognitive resources), (ii) if ad viewers learn background characteristics about the ad creator that enhance the perceived similarity between them and the ad creator, and (iii) if ad viewers are highly loyal toward the brand (Thompson and Malaviya 2013). Moreover, findings show that consumers respond to consumer-generated ads created in contests and unsolicited consumer-generated ads by engaging with the ad rather than the brand (Ertimur and Gilly 2012). Ad viewers perceive unsolicited consumer-generated ads as authentic but not credible, while they perceive consumer-generated ads created within a contest as credible but not authentic (Ertimur and Gilly 2012).

Vanden Bergh et al. (2011) investigate the impact of YouTube-hosted, consumer-generated ad parodies on consumers’ attitude towards the brand being spoofed. Combining content analysis with survey research, they find a positive relation between ad parodies containing humor and truth (i.e., consumers’ perceptions of ad parodies exposing advertisers’ false or exaggerated claims about their products) and attitudes towards the spoof. In contrast, offensiveness and attitudes towards the spoof are negatively correlated. Interestingly, the ad parodies do not
influence consumers’ attitude toward the brands that the parodies spoofed. This result matches the finding from Campbell et al. (2011) that conversations around consumer-generated ads focus on the ad itself and do not discuss the underlying brand.

However, we know from brand community research that participation in brand communities leads to a variety of beneficial outcomes for the brand, including stronger loyalty and purchase intentions (Algesheimer et al. 2010). Moreover, research on eWOM shows that online reviews affect firm performance (i.e., sales, cash flows, stock prices and abnormal returns) in both the short- and long-term (e.g., Berger, Sorensen, and Rasmussen 2010; Chevalier and Mayzlin 2006; Dhar and Chang 2009; Luo 2007, 2009; Tirunillai and Tellis 2012). Literature about product-harm crises stresses the negative effects of such crises on brand outcomes such as sales and marketing effectiveness (van Heerde, Helsen, and Dekimpe 2007). Moreover, this stream of research highlights that consumer-brand relationship characteristics (e.g., brand expectations, brand loyalty) and firm characteristics (e.g., proactive market-orientation) moderate the effect of crises on brand performance (Chen, Ganesan, and Liu 2009; Cleeren, Dekimpe, and Helsen 2008; Dawar and Pillutla 2000).

These findings from related research suggest that consumer-generated brand stories may indeed affect a brand’s success in the marketplace substantially, but we lack strong empirical studies that demonstrate such effects. Thus, there is much to investigate with regard to the impact of consumer-generated brand stories on brand performance. We lack knowledge on what types of consumer-generated brand stories (e.g., spoofs, mash-ups, customer complaints, stories by brand enthusiasts) affect brand performance with respect to measures such as awareness, attitude toward the brand, preference, loyalty, attachment, and sales. Do some types of consumer-generated brand stories affect brand performance only in the short-term (e.g., ad parodies), while
others influence brand performance in the long-term (e.g., customer complaints)? Furthermore, it is likely that not all brands are affected equally by either positive or negative consumer-generated brand stories. What brands are most affected by consumer-generated brand stories considering market, firm/brand, and consumer-brand characteristics? For example, how important is the public consumption of a brand to its susceptibility to consumer-generated brand stories? What role does brand equity play for the effectiveness of positive and negative consumer-generated brand stories? A thorough understanding of the impact of consumer-generated brand stories on brand performance is essential to making an effective decision on whether and how to react to such stories.

**Stimulating and promoting positive consumer-generated brand stories.** If positive consumer-generated brand stories affect brand performance sustainably, firms may want to stimulate and promote such stories. In such a case, they need to know why consumers tell brand stories, what types of brand stories are disseminated, and how network characteristics affect the diffusion of brand stories.

With regards to why consumers tell brand stories, Muntinga, Moorman, and Smit (2011) investigate why consumers engage in brand-related activities in social media. They introduce the behavioral construct COBRA, which stands for consumer online brand-related activity, and distinguish between three levels of consumer engagement—consuming, contributing, and creating. The authors thus cover a wide array of social media behaviors, ranging from reading tweets and following links, to telling friends and strangers about a product experience by posting a review, to creating a YouTube video about a brand. Muntinga, Moorman, and Smit (2011) conducted a large number of consumer interviews and find that entertainment is a key motivation for contributing and creating content (Phelps et al. 2004). Moreover, expressing one’s personal
identity (Schau and Gilly 2003), connecting to others (Phelps et al. 2004), and empowerment (Labrecque et al. 2013) are important motives.

Research on brand communities also offers insights into consumers’ motives to create and share brand stories as well as possible strategies to stimulate consumers to generate positive brand stories. In brand communities, consumers connect via the brand’s linking value to collectively consume and negotiate brand meanings (Cova 1997; McAlexander, Schouten, and Koenig 2002; Muñiz and O’Guinn 2001). In this process, a multitude of brand stories are created, shared, discussed and contested. Importantly, consumers not only generate their own brand stories, but also react to those created by the firm (Muñiz and Schau 2007). Muñiz and Schau (2007) investigate consumer-generated advertisements in the abandoned Apple Newton brand community, and find that consumers are very savvy creators of advertising, successfully mimicking advertising conventions and producing high-quality copy. They do so in order to defend the brand from competition and to reinforce brand community bonds (Muñiz and Schau 2007). In such cases, consumers’ positive brand stories can be an invaluable asset to brand managers, and firms should provide consumers with the necessary tools and the branding ‘raw material’ in order to actively encourage them to provide brand stories. A firm can offer brand-created visuals and structure their language in harmony with the brand’s identity, such as Mountain Dew’s DEWmocracy campaign. Two other successful strategies to motivate consumers to generate positive brand stories are to emphasize the anti-brand and build an “us versus them” mentality (e.g., Mac versus PC), and to stress the “underdog” story (e.g., Mozilla Firefox) if applicable (Muñiz and Schau 2007). Furthermore, research in the context of firm-sponsored online communities has shown that consumers contribute more and better content to community discussions if they are not only socially recognized by their peers, but also by the
sponsoring firm (Jeppesen and Frederiksen 2006). A caveat is that even though brand communities are similar to social media networks in terms of empowering consumers and enabling many-to-many interactions, there are also important differences. Brand community members are usually strongly attached to the brand, and membership in the community is purposeful and stable (Algesheimer, Dholakia and Herrmann 2005). In social media networks, consumers come in touch with brands on a much more casual and non-committed basis.

Research in the area of eWOM examines what motivates consumers to articulate themselves. For example, Hennig-Thurau et al. (2004) find four main reasons for why consumers contribute to eWOM: They seek social interaction, care for other consumers, strive for self-worth enhancement or respond to economic incentives. The authors further segmented consumers based on what motivates their behavior, and they identified four different segments: self-interested helpers, multiple-motive consumers, consumer advocates, and true altruists. Hennig-Thurau et al. (2004) suggest that firms may adopt different strategies in order to motivate their customers to engage in eWOM behavior. Although these findings are based on related literature streams, they reveal that marketing has developed quite a thorough understanding of why consumers engage in brand-related activities.

With regards to the types of brand stories that are disseminated, de Vries, Gensler, and Leeftlang (2012) examine in a recent study which firm-generated content on a social networking site stimulates consumers to react. They study the popularity of several hundred brand posts on Facebook from 11 international brands in different product categories. The authors find that vividness and interactivity of brand posts is important for consumers to like and comment on firm-generated brand stories. These findings support the notion that entertainment is an important motive for consumers to contribute and create content. Moreover, Berger and Milkman
(2012) find that positive content is more often shared than negative content, but they also reveal that the link between emotions and content dissemination is more complex and cannot be explained by valence alone. Specifically, content that induces high-arousal positive (e.g., awe) or negative (e.g., anger, anxiety) emotions is more frequently shared. Content that elicits low-arousal emotions (e.g., sadness) is less often shared. A recent study in a more traditional setting about online video advertisements reveals that the emotions surprise and joy enhance concentration of attention and keep viewers of the ad from zapping (Teixeira, Wedel, and Pieters 2012). The authors further show that the level of surprise is more important for attention concentration rather than the velocity (i.e., change) of surprise. In contrast, velocity of joy influences viewer retention more than the level of joy (Teixeira, Wedel, and Pieters 2012).

These scattered findings provide first insights into what content firms may generate to stimulate consumer-generated brand stories. However, more research is needed on what characteristics of firm-generated brand stories are effective in stimulating consumer-generated brand stories. This is critical because it will be difficult for a firm to stimulate consumers to tell brand stories without delivering the ‘raw material’. Moreover, firms need to know which consumer-generated brand stories will be spread on social media.

With regards to how network characteristics affect the diffusion of brand stories, the literature on social network analysis examines how network characteristics can affect information transmission through the network and how firms can best leverage these characteristics to disseminate positive brand stories (Liu-Thompkins 2012). So far, social contagion outcomes have been frequently associated with three network properties: centrality, tie strength, and network connectivity. Centrality indicates the importance of an individual node in a network. It can be measured by the number of connections (i.e., the size of the network) the
individual has (e.g., Goldenberg et al. 2009), or by the distance of the individual to others within the network (e.g., Stephen and Berger 2010). Some studies conclude a positive effect of network size (Chatterjee 2011; Goldenberg et al. 2009), whereas others find that a larger number of connections leads to negative diffusion outcomes (Katona, Zubcsek, and Sarvary 2011; Liu-Thompkins, and Rogerson 2012). It is possible that the effect of network size is contingent on other aspects of the network structure such as tie strength and the distribution of connections across the network. In contrast with these conflicting findings about network size, centrality as measured by distance to other network members has consistently shown a positive impact on contagion (Katona, Zubcsek, and Sarvary 2011; Stephen and Berger 2010; Susarla, Oh, and Tan 2012).

Tie strength refers to the relationship strength of each dyad in the network. Strong ties have both advantages and disadvantages in terms of facilitating social contagion. On the one hand, information shared by strong ties is typically perceived as more trustworthy and hence is more effective in eliciting the desired behavior such as referral or adoption (Liu-Thompkins 2012). On the other hand, as strong ties often exist between individuals with similar interests, new and novel information is less likely to emerge from the social exchange (Chu and Kim 2011; De Bruyn and Lilien 2008; Godes and Mayzlin 2009). From this perspective, strong ties may be better suited for situations where risk is involved and persuasion is the goal (e.g., encouraging sign-up for a new service), whereas weak ties are more appropriate when risk is minimal and overall reach is important (e.g., increasing awareness of a new brand or spreading a funny viral video).

Finally, network connectivity (sometimes referred to as clustering) describes how well connected a network is. It is typically measured by the number of actual ties as a percentage of
all possible ties in the network. The importance of network connectivity is well documented in the network analysis literature, where simulation studies show that a proper balance between high and low connectivity is necessary to achieve successful diffusion (Watts 2003). This is supported by Liu-Thompkins and Rogerson (2012), who find an inverted-U shaped relationship between network connectivity and diffusion rate of user-generated videos.

Although these studies help to understand how dissemination of positive brand stories depends on certain network characteristics, a more proactive stance is needed to aid brands in fully utilizing the power of consumers in social media. An important question in this regard is how a firm can identify and approach the influencers to stimulate the distribution of consumer-generated brand stories, and when the use of influencers may be optimal (Liu-Thompkins 2012; Trusov, Bodapati, and Bucklin 2010; Watts and Dodds 2007). Popchips forged ahead with one real-world example when the company leveraged celebrity Ashton Kutcher to be the “President of PopCulture” and ran a social media campaign to elect a VP of PopCulture from the fan base.

Identification of influencers is also part of a firm’s customer relationship management activities. As a result, brand management and customer management become more intertwined through social media; a detailed discussion of this linkage is beyond the scope of this paper. Besides identifying and utilizing influencers, future research needs to consider a more active role of the firm – either as a moderator, mediator, or participant (Godes et al. 2005). What is the impact of firms acting as moderators, mediators, and participants on the dissemination of brand stories? Furthermore, we lack research that identifies under what circumstances actively stimulating and promoting consumer-generated brand stories are appropriate and when it will be shunned by consumers?
Firm response to negative consumer-generated brand stories. There is a dark side to consumer-generated brand stories. Consumers’ complaint behavior has changed from a private to a public phenomenon: Consumers are sharing their negative brand experiences with the masses through social media (Ward and Ostrom 2006). The only empirical study that looks at the effect of different firm responses to consumer-generated brand stories is by van Laer and de Ruyter (2010), conducted in the context of service complaints in blog posts. The authors experimentally study how different types of firm responses affect consumers’ willingness to switch service providers. They find that it is important for firms to monitor the social media space for possibly damaging brand stories and respond to them, as not reacting at all reflects negatively on the firm. When firms do react, they have to ensure that content and form of the response match, and that the right person responds. The authors find that it is better if the employee involved in the service failure answers rather than a spokesperson of the firm. Furthermore, they find that the combination of denial content with an analytical format, and apologetic content with a narrative format, produces better results than matching opposing content and format. They advocate that employees be trained accordingly so that they know which content/format combination to choose when attempting to appease an irate customer who is generating negative brand stories.

Bernoff and Schadler (2010) also advocate drawing on the resourcefulness of a firm’s employees to use social media technologies to avert and solve problems and thus protect the firm’s brand. They call these employees HEROes, which stands for highly empowered and resourceful operative. Once identified, HEROes need the support of top management as well as IT to develop their ideas into actual scalable projects. One successful example of a HERO project is BestBuy’s Twelpforce, which provides quick customer service via Twitter and is supported by customer service staff, sales people, and technical service reps.
Literature about product-harm crises may also be informative, since such crises represent negative brand information. But the fundamental difference is that product-harm crises affect many customers of the brand, while negative consumer-generated brand stories often only involve one (some) consumer(s) – for example, service or single product failures that are not classified as a crises of public concern. Tybout and Roehm (2009) propose a four-step framework to tailor crisis response. First, the incident needs to be assessed: the likelihood of a scandal increases “when the incident is surprising, vivid, emotional, or pertinent to a central attribute of the company or brand” (Tybout and Roehm 2009, p. 84). Second, firms should acknowledge the problem: If the firm will be impacted, they should acknowledge the problem immediately, but leave specific details until later. Third, the firm should formulate a response: A firm should deny a false allegation, but only if spillover has occurred. If the allegation is true, explanation, apology, compensation and punishment need to occur. Fourth, the response needs to be implemented. Such a general framework certainly also applies to firm response to negative consumer-generated brand stories, but offers no detailed insights on how to react.

A few existing studies have provided a more detailed look into response strategies to product-harm crises and distinguish among four strategies: denial, forced compliance, voluntary compliance, and super effort (e.g., Dawar and Pillutla 2000; Laufer and Coombs 2006). So far academic research provides ambiguous results regarding the optimal strategy to use in a given situation. In one study, a proactive recall strategy (i.e., voluntary compliance) demonstrates the potential to harm brand performance and thus seems not advisable (Chen, Ganesan, and Liu 2009). The reasoning is that a proactive response strategy can be taken as a signal of severe product hazard and financial damage (Chen, Ganesan, and Liu 2009). However, other studies find that stonewalling and ambiguous response (both are examples of denial) harm a brand,
while unambiguous support (i.e., super effort) may help a brand to overcome a crisis (Dawar and Pillutla 2000). Thus, crises literature contributes some insights but no clear guidelines on how to react to negative consumer-generated brand stories. In addition, product-harm crises studies do not take into account the unique context of social media. One may speculate that more passive strategies may frustrate disappointed customers and may motivate them to vent their negative feelings on a large scale through their social network (Hennig-Thurau et al. 2004). We need to know what response strategies are effective at curtailing the damage from negative consumer-generated brand stories in a social media environment. In an ideal case, firms are not only able to stop the diffusion of a negative consumer-generated brand story, but they can turn the story around, thereby leading consumers to admire the brand for their reaction to the negative story. However, negative consumer-generated brand stories told through social media are ubiquitous and available in real time (Hennig-Thurau et al. 2010). Thus, the point in time a firm reacts to negative brand stories may be critical. However, product-harm crisis literature has to date ignored the question about when to react, and more research is needed to address this issue with regard to negative consumer-generated brand stories in order to avoid brand dilution.

*Networks of consumers and brands as a result of consumer-generated brand stories*

Social media not only makes networks of consumers visible and trackable but also networks of consumers and brands and networks among brands.

*A network approach to branding*. In a comprehensive discussion about social networks and marketing, van den Bulte and Wuyts (2007) note the importance of social networks to brand management. They argue that the social connections among consumers can affect how brand messages reach consumers, how consumers respond to such messages, and eventually how firms
should design their branding efforts. While the relevance of networks to branding is not limited
to the online environment, social media dramatically increases the reach and visibility of
consumer social networks and makes it much easier to mobilize consumers (Kane et al. 2009).
As a result, network effects are expected to be more salient in the social media environment.
Despite their importance, networks in social media have not received much explicit examination
in the marketing literature. Research under this theme examines how the networked nature of
social media affects the interaction and relationship between consumers and brands. It recognizes
a need to go beyond the consumer-brand dyad to incorporate the broader network context in
which consumers and brands are embedded (Kozinets et al. 2010).

Support for this network-oriented approach to branding can be gleaned from Narayan, Rao,
and Saunders (2011), who compared various proxies for peer influence. The authors found that
even crude network proxies such as membership in the same online social network (e.g.,
Facebook, MySpace, etc.) and frequency of interaction significantly outperformed non-network-
based measures of demographic similarity in capturing peer influence and predicting consumer
choice. Trusov, Bucklin, and Pauwels (2009) further show that consumers’ word-of-mouth
referrals have significantly longer carryover effect and higher elasticity than traditional
marketing in signing up users for an online social network.

A network-oriented approach to branding implies that a consumer’s relationship with a
brand now extends into the consumer’s social connections, whether it is the consumer
influencing or being influenced by such social connections about the brand. Hence the value of a
consumer to a brand is no longer restricted to the consumer’s direct purchase and consumption of
the brand. Instead, a consumer who does not purchase heavily from a brand may still be of
substantial interest to the firm if the consumer exerts significant influence on his/her social
connections. Reflecting this view, Kumar et al. (2013) incorporated consumer influence metrics into the design of word-of-mouth campaigns and showed a 49% increase in brand awareness and a similarly impressive gain in sales and return-on-investment, suggesting the value of incorporating network influence into branding efforts. These findings illustrate that brand and customer relationship management (see Malthouse et al. 2013 in this special issue) are conceptually linked in a social media environment.

*Consumer-brand networks.* One of the most profound changes in the new social media environment is the increasingly blurring line between brands and consumers’ social networks. Brands now do not only actively build on consumers’ networks of family, friends, and acquaintances to spread viral messages (Hinz et al. 2011; van der Lans et al. 2010) and develop new products (Mallapragada, Grewal, and Lilien 2012), but they converse with consumers at a personal level as if they were just another individual in the consumers’ social network via way of consumer-generated brand stories.

This carries several implications. First, consumers’ social networks and brand-centric networks are now often co-present and integrated, instead of their typically separate consideration in previous research. An example is the simultaneous connection among content (i.e., stories) as well as among users on YouTube. Looking into this context, Goldenberg, Oestreich-Singer, and Reichman (2012) show that the dynamics of the content and user network are intertwined and that the presence of both networks can improve consumer satisfaction when searching for information/content.

Second, consumer-brand connections contain valuable information since consumers also derive brand meaning from a brand’s users. Naylor, Lamberton, and West (2012) show that the amount of details provided about a brand’s followers affects consumers’ inference about and
attitude towards the brand. Although the idea that brand identity is reflected by the image and lifestyle of its customers is nothing new, social media make those associations more visible and impactful. This expands the role of a brand’s social identity, and the various participants in telling brand stories are knowingly or unknowingly absorbed into the brand’s identity. As a brand’s social network now consists of many voluntary connections from consumers (e.g., by people voluntarily following or liking the brand), this affects the authenticity of a brand’s social identity and at the same time adds complexity to the management of brand identity (Naylor, Lamberton, and West 2012).

Finally, originally-inanimate brands are becoming humanized through intimate conversations with consumers in social networks. Humanizing of brands generates more favorable consumer attitudes and thus improves brand performance (Puzakova, Hyokjin, and Rcereto 2013). Brands that have been considered as having less relevance than humans because of their inanimate nature (Aggarwal and McGill 2012) may now elicit a motivation for social interaction typically reserved for human subjects (Cesario, Plaks, and Higgins 2006). Research shows that a consumer’s perceived social relationship with a humanized brand can trigger different interaction strategies (e.g., assimilating or rejecting brand attributes) that affect a consumer’s reciprocal response to the brand (Aggarwal and McGill 2012; Schmitt 2012).

While these findings stress the relevance of humanized brands for consumer behavior, existing research largely ignores the social role a consumer assigns to a brand in his or her network (Aggarwal and McGill 2012). As the social role a consumer assigns to a brand can affect consumers’ interaction strategy with the brand (Chan, Berger, and Van Boven 2012; Fournier and Avery 2011; Naylor, Lamberton, and West 2012), understanding this assignment process is critical. Will the brand be seen as a mere acquaintance with the need for only
infrequent, superficial interaction (i.e., weak tie)? Or will the brand be elevated to the status of a friend (i.e., strong tie) who shares more intimacy with the consumer and has more power to shape the consumer’s thought processes and actions? In the most intimate scenario, the brand may even be considered a family member who becomes an integral part of consumers’ lives. To this end, Aggarwal and McGill (2012) differentiate between brands as partners and brands as servants. What factors influence the social role assigned to a brand in a consumer’s network? How can managers influence the role selection decision? Will the role assigned to a brand be predictive of its performance in the marketplace? Answers to these questions will help brands shape the stories and meanings they can elicit in consumers’ minds and offer guidance on how to further interact with consumers based on these roles.

Networks of brands. With increasing embeddedness within consumers’ social networks, brands also form social networks of their own. This is exemplified, for instance, by brands friendly following other brands in the social media space, as Starbucks does with Amazon.com and Pepsi does with Yahoo!, or by the not-so-friendly public dialogue brands engage in with each other through social media, such as the sharp exchange Microsoft and Google had on Twitter about patents (Siegler 2011). To date, little research has considered connections among brands enabled by social media. However, emerging research on product networks suggests the value of considering such connections. For example, while examining product networks formed through co-purchase information on e-commerce websites, Oestreicher-Singer and Sundararajan (2012) find that visible connections between products can significantly amplify the products’ impact on each other’s demand. Oestreicher-Singer et al. (2013) further demonstrate that considering product networks formed through recommendation links on e-commerce sites can help better gauge the true value of a product to the retailer. The literature on eWOM also
demonstrates the existence of networks of brands (Lee and Bradlow 2011; Netzer et al. 2012) which implies the overlap of social identities among brands and increases the risk of brand dilution (Pullig, Simmons, and Netemeyer 2006).

Existing research on networks of brands assumes a passive role on behalf of the firm – i.e., it acts as an observer (Godes et al. 2005). A more proactive stance is needed to aid brands in fully utilizing the power of their networks with other brands. To take a more active role and manage the network around a brand, managers need to know how networks of brands are actually formed based on consumer-generated brand stories. Moreover, they need an understanding of why specific brands are linked in a network and what factors determine the strength of a brand dyad. Ultimately, managers need to know how they can utilize the opportunities provided by networks of brands while at the same time minimizing the risk of brand dilution.

Coordination of brand stories

Since consumer-generated brand stories have become central for a brand’s meaning, managers need to consider coordinating their own brand stories with these consumer-generated stories. Such coordination may happen along different dimensions: content, channel, and space. We will discuss each of these dimensions in the following sub-sections.

Content. Consumers’ use of social media has led to a plethora of stories about a brand. Those stories may complement or contradict firm-generated brand stories. Chen and Xie (2008) develop a normative model to show how firms should adjust their marketing mix strategy in response to eWOM. Their results suggest that a firm can reduce its own marketing efforts (i.e., using a partial information strategy) if it can anticipate the availability of eWOM in the future.
However, this study focuses on product information made available by the firm, which is conceptually different from firm-generated brand stories that contribute to brand meaning. Nevertheless, their findings indicate that a coordination of firm- and consumer-generated content is recommendable.

Kuksov, Shachar, and Wang (2013) examine the interaction between firm-generated brand stories (i.e., image advertising) and consumer conversations and their joint effect on brand image. They reveal that sometimes by staying away from image advertising, the firm can strengthen brand image, because image advertising can reduce the informational value of consumer communications by making the customers of a brand homogenous. Furthermore, the authors show that abstaining from image advertising can be the optimal strategy when the firm is very well positioned to build and maintain a strong brand image (e.g., Red Bull). The authors point out two reasons for this result: first, consumer-generated brand stories are clear and reliable; and second, consumer-generated stories would be uninformative if the firm advertised. These findings suggest that, for some brands, reducing their own branding efforts and relying on consumer-generated brand stories can be valuable. However, Kuksov, Shachar, and Wang (2013) also note that this will not be the case for many brands.

No literature exist that addresses how such coordination between firm- and consumer-generated brand stories should be managed. One reason for the lack of academic research may be that most firms are only now slowly starting to let customers enter their arena. Yet, knowledge about the impact of integrated story telling on consumers’ decision-making is highly relevant and future research should shed light on this issue.

Branding literature further stresses that a brand story’s authenticity allows it to unfold its persuasive power (Chiu, Hsieh, and Kuo 2012). A brand story is authentic when it appears to be
‘the original’ or ‘the real thing’ (Grayson and Martinec 2004). If consumer-generated brand stories contest firm-generated brand stories, a brand may lose its authenticity when brand managers try to integrate consumers’ stories into their branding efforts. Brand dilution may be the consequence. The crucial question that arises is: under what circumstances does an integration of consumer-generated brand stories into firm-generated brand stories strengthen or weaken a brand? An answer to this question will provide guidelines as to when firms should act as an observer or as a dialog partner in consumers’ conversations around a brand.

Channel. Smith, Fischer, and Yongjian (2012) conducted an extensive content analysis of consumer-generated brand postings across different social media channels. They find that Twitter and Facebook are better channels for brands to converse with consumers and to evolve the brand story than YouTube, on which consumers are less interested in branded content. The authors suggest that firms should proactively manage Facebook and Twitter, provide enticing content, and acknowledge consumers’ contributions by responding to them. Of course, many firms already use Facebook and Twitter next to traditional media to tell their brand stories and to connect with their customers. The press reports successful social media campaigns that were delivered across a variety of traditional and social media channels, such as that from Old Spice (Ehrlich 2010). However, we have little knowledge about which social media channel to use under certain conditions (Weinberg and Pehlivan 2011). Should the choice of social media channels depend on market, firm and consumer-brand characteristics?

Previous research also shows that the sequence of exposure can affect consumers’ evaluations of brand stories (Voorveld, Neeijens and Smit 2012). Thus, studying sequence effects in cross-media campaigns seems relevant. One might argue that the prevalence of simultaneous media consumption undermines sequence effects (Mulhern 2009). But if
consumers tell a lot of stories around a brand through social media, this channel might be the ‘best’ starting point for a branding campaign. Thus, it would be interesting to know whether consumer-generated brand stories affect the optimal sequence when firms tell their brand stories through traditional and social media channels.

In the case of negative consumer-generated brand stories, firms need to decide how to react but also which channel to use for the reaction. Using social media channels to react instead of one-to-one communication may help the brand, but it may also harm the brand when the reaction is not appreciated by the consumer. We thus need an understanding of which channels firms should employ to engage irate customers who share negative brand stories.

*Space.* Managers face the challenge of ensuring consistent brand stories at not only a national level, but also at a global level. However, brands may have different meanings across countries. For example, Heineken is seen as a luxurious beer brand in Greece while it is the most popular one in The Netherlands. Such divergent brand meanings may result in incoherent brand stories. Moreover, we know that social media use differs across countries (Jackson and Wang 2013). Yet, research on social media’s impact on global brand management is non-existent and needs further exploration in a social media world without borders. A highly important and general research question is: how should managers coordinate national social media sites that are available globally (e.g., Facebook brand fan pages)? A related question is: how can managers ensure consistent brand stories on one single social media site when said site is used by consumers around the globe who might have completely different interpretations of brand meaning?
Conclusion

The rise of social media dramatically challenges the way firms manage their brands. Key features of this social media environment with significant effects on branding are a shift from the firm to consumers as pivotal authors of brand stories in the branding process; a high level of interactivity manifested in social networks of consumers and brands; and a multitude of channels and brand stories that cannot be easily coordinated. To reflect the participative, multi-vocal nature of brand authorship amplified by social media, Fournier and Avery (2011) use the metaphor of ‘open-source’ branding, which implies “participatory, collaborative, and socially-linked behaviors whereby consumers serve as creators and disseminators of branded content” (p. 194). As brand control now largely resides outside of the firm, they argue that in this paradigm, the focus is on protecting the brand’s reputation, making brand management more similar to public relations. Firms can follow three distinct strategies to brand management: they can follow the path of least resistance by listening carefully and responding (harshly said: giving in) to consumer demands; they can play the consumers’ game by trying to gain cultural resonance through demonstrating a deep understanding of the online cultural environment in which their brand operates and fitting in seamlessly (e.g., T-mobile’s “Life’s for Sharing” campaigns); or they can attempt to leverage social media’s connectedness and get consumers to play the brand’s game by creating branded artifacts, social rituals, and cultural icons for consumers to appropriate and work on behalf of the brand (e.g., the Old Spice campaign).

Singh and Sonnenburgh (2012) suggest yet another metaphor to describe today’s ideal brand management practice: improv theatre. In improv theatre, a moderator introduces a story and asks members of the audience to make suggestions for the performance, which are then used by the actors in their improvisation. Oftentimes, the audience is even invited to actively
participate in the performance. All participants, actors and audience, have to adhere to the rules set out by the improvisational process, which in fact provides boundary conditions for what is admissible and what is not. In that way, today’s brand management is similar to playing pinball (Hennig-Thurau et al. 2010). While the firm can manipulate the ball (i.e., the firm-generated brand story), it cannot with certainty predict its trajectory (i.e., pre-determine how the brand story will evolve). The best it can hope to do is to provide the boundary conditions that restrict the course of the ball (i.e., brand story) so that it stays within permissible limits.

In this article, we have suggested a framework of social media’s impact on brand management that serves to organize a fragmented body of literature and identify important, unsolved research questions about branding in a social media environment. Table 1 consolidates the research questions posed in the preceding sections to provide a summary of the issues raised in this article for further research.

==Insert Table 1 about here==

It is our hope that these issues will stimulate a systematic investigation into how brands should be managed in light of the significant changes brought forth by today’s social media environment.
References


Stephen, Andrew and Jonah Berger (2010), "Creating Contagious: How Social Networks and Item Characteristics Combine to Drive Persistent Social Epidemics," working paper


<table>
<thead>
<tr>
<th>Research questions</th>
<th>Key references</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers as pivotal authors of brand stories</td>
<td></td>
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<tr>
<td><strong>Impact of consumer-generated brand stories on brand performance</strong></td>
<td></td>
</tr>
<tr>
<td>▪ What types of consumer-generated brand stories (like spoofs, mash-ups and customer complaints) affect brand performance?</td>
<td>Campbell et al. (2011)</td>
</tr>
<tr>
<td>▪ Do some types of consumer-generated brand stories affect brand performance only in the short-term (e.g., ad parodies), while other influence brand performance in the long-term (e.g., customer complaints)?</td>
<td>Vanden Bergh et al. (2011)</td>
</tr>
<tr>
<td>▪ What brands are most affected by consumer-generated brand stories considering market, firm/brand, and consumer-brand characteristics?</td>
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<tr>
<td><strong>Stimulating and promoting positive consumer-generated brand stories</strong></td>
<td></td>
</tr>
<tr>
<td>▪ What characteristics of firm-generated brand stories are effective in stimulating consumer-generated brand stories?</td>
<td>Berger and Milkman (2012)</td>
</tr>
<tr>
<td>▪ What consumer-generated brand stories will be spread on social media?</td>
<td>de Vries, Gensler, and Leeflang (2012)</td>
</tr>
<tr>
<td>▪ How can firms identify and approach the influencers to stimulate the distribution of consumer-generated brand stories, and when might the use of influencers be optimal?</td>
<td>Ertimur and Gilly (2012)</td>
</tr>
<tr>
<td>▪ What is the impact of firms acting as moderators, mediators and participants on the dissemination of brand stories?</td>
<td>Jeppesen and Frederiksen (2006)</td>
</tr>
<tr>
<td>▪ Under what circumstances of actively stimulating and promoting consumer-generated brand stories are appropriate and when will it be shunned by consumers?</td>
<td>Katona, Zubcsek, and Sarvary (2011)</td>
</tr>
<tr>
<td></td>
<td>Liu-Thompson and Rogerson (2012)</td>
</tr>
<tr>
<td></td>
<td>Muñiz and Schau (2007)</td>
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<tr>
<td></td>
<td>Muntinga, Moorman, and Smit (2011)</td>
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<tr>
<td></td>
<td>Susarla, Oh, and Tan (2012)</td>
</tr>
<tr>
<td></td>
<td>Teixeira, Wedel, and Pieters (2012)</td>
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<td></td>
<td>Thompson and Malaviya (2013)</td>
</tr>
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Table 1. Research questions (continued)

<table>
<thead>
<tr>
<th>Consumers as pivotal authors of brand stories (continued)</th>
<th>Key references</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Firm response to negative consumer-generated brand stories</strong></td>
<td>Tybout and Roehm (2009)</td>
</tr>
<tr>
<td></td>
<td>van Laer and de Ruyter (2010)</td>
</tr>
<tr>
<td>▪ What response strategies are effective at curtailing the damage from negative consumer-generated brand stories in a social media environment?</td>
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<tr>
<td>▪ When should firms react to negative consumer-generated brand stories to avoid brand dilution?</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Networks of consumers and brands</th>
<th>Key references</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer-brand networks</strong></td>
<td>Aggarwal and McGill (2012)</td>
</tr>
<tr>
<td>▪ What social role does a consumer assign to a brand in his or her network?</td>
<td>Fournier and Avery (2011)</td>
</tr>
<tr>
<td>▪ What factors influence the social role assigned to a brand in a consumer’s network?</td>
<td>Goldenberg, Oestreicher-Singer, and Reichman (2012)</td>
</tr>
<tr>
<td>▪ How can managers influence the role selection decision?</td>
<td>Naylor, Lamberton, and West (2012)</td>
</tr>
<tr>
<td>▪ Is the role assigned to a brand predictive of its performance in the marketplace?</td>
<td>Puzakova, Hyokjin, and Rocereto (2013)</td>
</tr>
<tr>
<td>▪ <strong>Networks of brands</strong></td>
<td>Schmitt (2012)</td>
</tr>
<tr>
<td>▪ How are networks of brands actually formed based on consumer-generated brand stories?</td>
<td>Oestreicher-Singer and Sundararajan (2012)</td>
</tr>
<tr>
<td>▪ Why are specific brands linked in a network of brands?</td>
<td>Oestreicher-Singer et al. (2013)</td>
</tr>
<tr>
<td>▪ What factors determine the strength of a brand dyad?</td>
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<td>▪ How can managers utilize the opportunities provided by networks of brands while at the same time minimizing the risk of brand dilution?</td>
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</tbody>
</table>
Table 1. Research questions (continued)

<table>
<thead>
<tr>
<th>Coordinated of brand stories</th>
<th>Research questions</th>
<th>Key references</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Content</strong></td>
<td>- What is the impact of integrated storytelling on consumers’ decision-making?</td>
<td>Chiu, Hsieh, and Kuo (2012)</td>
</tr>
<tr>
<td></td>
<td>- Under what circumstances does an integration of consumer-generated brand stories into firm-generated brand stories strengthen or weaken a brand?</td>
<td>Kuksov, Shachar, and Wang (2013)</td>
</tr>
<tr>
<td><strong>Channel</strong></td>
<td>- Should the choice of social media channels depend on market, firm, and consumer-brand characteristics?</td>
<td>Mulhern (2009)</td>
</tr>
<tr>
<td></td>
<td>- Do consumer-generated brand stories affect the optimal sequence when firms tell their brand stories through traditional and social media channels?</td>
<td>Smith, Fischer, and Yongjian (2012)</td>
</tr>
<tr>
<td></td>
<td>- Which channels should firms use to engage irate customers who share negative brand stories?</td>
<td>Voorveld, Neeijens and Smit (2012)</td>
</tr>
<tr>
<td></td>
<td><strong>Space</strong></td>
<td>Weinberg and Pehlivan (2011)</td>
</tr>
<tr>
<td></td>
<td>- How should managers coordinate national social media sites that are available globally (e.g., Facebook brand fan pages)?</td>
<td>Jackson and Wang (2013)</td>
</tr>
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<td></td>
<td>- How can managers ensure consistent brand stories on one single social media site when said site is used by consumers around the globe who might have completely different interpretations of brand meaning?</td>
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Note: Both consumers and firms tell brand stories (i.e., grey/black puzzle pieces) through different channels. Firm-generated brand stories typically are consistent and coherent over time. Consumer-generated brand stories are more likely to change over time (modified appearance of the grey puzzle pieces in t=n compared to t=1). Consumer-generated brand stories may not only cover the focal brand (B₁) but also competing brands (B₂/B₃). When consumers talk about different brands in one story, these brands form a network of brands. Market, firm, and consumer-brand relationship characteristics influence consumer-generated brand stories and how strongly brands are affected by such stories.