Citation: de Ruyter, K. and van Laer, T. (2014). It's the social, stupid! Leveraging the 4C markers of social in online service delivery. In: Rust, R. T. and Huang, M. H. (Eds.), Handbook of Service Marketing Research. (pp. 413-436). Cheltenham, UK: Edward Elgar Publishing. ISBN 9780857938855

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Link to published version: http://dx.doi.org/10.4337/9780857938855.00029

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It’s the social, stupid!

Leveraging the 4C markers of social in online service delivery

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for publication in the Handbook of Service Marketing Research
In an attempt to capitalize on the benefits of social media, Royal Dutch Airlines (KLM) launched Club China, a social network aimed at business travelers and entrepreneurs who do business in the emerging economy. For the airline, it represents a way to develop extended connections with high margin service segments. For customers, the community goes far beyond traditional travelers’ loyalty programs that rely on selective incentives (i.e., frequent flyer points). Its primary proposition is based on “linking value,” that is, the added value of social bonds (Cova 1997) that provide relevant information and relationships with peers. Immaterial value also stems from being part of an exclusive club, which in turn reflects the customers’ entrepreneurial identity. Club China’s online forum allows customers to maintain valuable contacts, share experiences through personal stories, pose questions, and propose new service concepts. Experts offer insights into matters related not just to business operations and investments but also to social issues, such as how to improve life in China’s factory towns and the use of renewable energy in rural industrial centers. Members also can choose their seatmates for a flight by using a “meet and seat” functionality based on Facebook and LinkedIn profiles. Dedicated phone support services are available of course, and off-line events take place in both China and the Netherlands. A myriad of services aimed at professional development and relationships through social media thus enhance the airline’s core service, namely, transporting people from A(msterdam) to B(eijing).

As this little vignette shows, social media have evolved from small talk with family and socializing with friends or colleagues to big opportunities for businesses. They challenge existing conceptions of market relationships and customer roles. For service firms in particular, they are transforming existing business models and core service delivery processes, because service delivery is all about interactions. In a social media reality, these interactions become much more transparent and increasingly beyond the control of the service provider; firms simply are not in a position to dictate the terms of engagement. Rather, companies
increasingly seem like the “uninvited crashers of the Web 2.0 party,” a role that some firms have trouble accepting (Fournier and Avery 2011, p. 193). Keeping track of and adjusting to these developments is proving difficult even for tech-savvy practitioners—as well as for services researchers, whose studies at the intersection between services and social media are only beginning to emerge. As our understanding of a profoundly networked marketplace grows, it becomes more apparent that we must come to terms with the basic forces that drive change. Media and technology platforms are essential parts of the equation, but we also need to recognize that various tools and applications will come and go, and their “solutions” will generate new problems.

If social media are fundamentally changing the way firms market and manage services, then we must identify the key tenets that drive this transformation into social service delivery. Social media essentially enable relationships among people and between customers and companies. Service marketers need to learn how to nurture these relationships through their strategically active participation. A fan base on Facebook, a follower relationship on Twitter, or a connection on LinkedIn represent human communications that go beyond the mere exchange of information.

Services research offers little guidance. As Kozinets, Belz, and McDonagh (2011, p. 207) observe, few authors seek to offer frameworks for “connecting the reality and potential of social media with transformative concerns.” To develop a deeper, more fundamental understanding of the transformative impact of social media on service firms and their customers, we direct attention to their social components and examine in detail how doing so may leverage firms’ service strategies and operations.

The Markers of “Social”

The term “social” inherently refers to association, originating from the Latin word socius (Dolwick 2009). Its connotation refers to both individualistic and communal elements
of how people associate (Lorenzo-Molo and Udani 2012). In their associations, people create, recreate, and disseminate information. Through user-generated content, customers share their experiences with products and services; online reviews, recommendations, and testimonials thus have replaced traditional marketing information channels as the most trusted source for informing purchasing or strategic alliance decisions (Godes and Mayzlin 2004). Because online experience and opinion sharing has reached such prominence, new evaluative criteria are needed to assess the effectiveness of the process by which customers serve customers by sharing their experiences (Liu, Karahanna and Watson 2011).

Content is widely available and accessible, so customers will react to it, and service firms are drawn into participatory conversations, in which it is less acceptable to rely on professional spokespersons. Instead, cross-sections of employees, fellow customers, and even competitors join the conversation, with a reach that has taken a lot of companies by surprise. It took three years to reach the 1 billion Tweet limit; today, 1 billion Tweets are sent every three days (www.twitter.com). Companies such as Best Buy and Dell have established listening centers and allow large cross-sections of their employees to talk back via Facebook or offer Twitter-based, real-time customer support. As people share more stories, narrative becomes the primary format of online conversations and the currency of persuasion. Adopting a “conversational human voice” thus may be an essential element of building and maintaining relationships in a networked marketplace (Kelleher 2008).

In addition to rational motives, such as information sharing, emotional motives, such as the need for social connection and self-expression, also govern customers. That is, people present aspects of their selves to others in their social networks, and in these environments, their visibility gets filtered through features such as wall posts, symbols, likes, and number of connections. In KLM’s Club China, some members send subtle signals of their expertise. Social media present ample opportunities for value creation through self-knowledge and self-
enhancement (Banaji and Prentice 1994; Hollenbeck and Kaikati 2012). In addition to identity construction, they feature serious issue related to control over personal information and social privacy.

Finally, many companies organize and facilitate online conversations in collectives and integrate communities at various stages of their value chains. Crowdsourcing platforms and after-sales support communities “constitute an online social structure woven from continuous interactions among individuals focused around shared interests and common practices” (Dahlander and Frederiksen 2012, p. 989). In this sense, they add informational and social value to core service propositions, as KLM’s Club China example makes clear. Communities such as these provide social support (Ballantine and Stephenson 2011) and fulfill needs for connection, interaction, and belongingness (Zaglia 2012). These platforms represent a relational perspective on innovation, because they gather wisdom and creativity from the collective. Thus, in line with recent theorizing about the nature of social media, we advance four markers of “social” with the potential to extract additional value in service delivery: (1) conversation, (2) content, (3) construction of identity, and (4) community.

**Conversation**

Recent years have experienced unparalleled growth in the volume and importance of online conversations. Customers use this form of discourse to scrutinize, discuss, and evaluate products and services. Because markets are a form of conversation, firms face the challenge of entering a conversation in this social media environment, analyzing what is being said, and determining how to talk back. Facebook’s size is often discussed relative to the size of countries, because millions of users comment directly on products and service experiences (Incite 2011). A substantial percentage of tweets also focus on brand, product, and service experiences (Jansen et al. 2009). Online retailers, such as Amazon.com and Bertelsmann.com receive hundreds of customer reviews on a daily basis. These developments have been
referred to as the “big data” challenge: The sheer volume and lack of structure of the qualitative information available in online, text-based conversations presents a formidable challenge (Cao et al. 2011; Singh et al. 2011). Most online businesses claim their performance is hampered by their inability to efficiently decipher or reliably analyze conversations among their online customers (Bonnet and Nandan 2011).

The rise of online conversations even has surpassed traditional, one-directional, firm-to-customer messages, forcing companies to reinvent their business models to remain competitive. For example, enabling any customer to write product and service reviews has been key to Amazon’s exponential growth. A 2005 Deloitte market study shows that 69 percent of those who read customer reviews share them with people in their social circle, thus magnifying their impact (Kambil, Conroy, and Alvanos 2005). An even more recent Nielsen (2010) survey shows that 41 percent of customers are willing to share negative product experiences online through Twitter or by writing a review. Online conversations can thus add as well as subtract value.

The unstructured, text-based nature of online customer conversations renders traditional methods for detecting customer perceptions (e.g., preference data, satisfaction surveys) virtually obsolete. Even widely used quantifiable rating scales (e.g., star ratings) fail to capture the sentiment and impact of text-based conversations. For example, despite mildly positive quality ratings (e.g., 6.2 out of 10 on imbd.com, 67 percent freshness score on the Rotten Tomatoes movie review site), the motion picture Bruno fell $20 million short of box office expectations. After the fact, this performance emerged as in accordance with information-rich narrative reviews that expressed audience members’ disappointment (Corliss 2009).

The nature of online conversations may demand more attention devoted to computer-aided text analysis (Lee and Bradlow 2011). Text mining commonly proceeds in three steps:
(1) structuring any form of written texts into a database, (2) extracting word usage patterns from these textual accounts, and (3) using quantitative analysis to make inferences from the texts to the context in an objective and systematic manner (Pollach 2012). The central premise of text mining reflects the assumption that the frequency with which particular words and concepts occur in a text is a measure of their relative importance, attention, or emphasis (Krippendorff 2004), such that it conveys psychologically relevant information, over and above the words’ literal meaning (Pennebaker et al. 2003).

Forrester (2009) in turn predicts that the value of text analytics will increase from $499 million in 2011 to $978 million in 2014. This set of tools enables marketers to deal with social media conversations by analyzing vast amounts of unstructured data and quantifying information that is mostly qualitative in nature. There is emerging evidence of the usefulness of text mining tools, demonstrated across diverse forms of online content, such as blogs (Cohn et al. 2004), web forums (Dino et al. 2009), instant messaging (Slatcher and Pennebaker 2006), and online group negotiations (Huffaker et al. 2011). How people put their words together to create a message (i.e., communication style) is the question underlying text analytics. Whereas the average native English speaker has an impressive vocabulary of well over 100,000 words, fewer than 400 are so-called function words (Pennebaker et al. 2007). This deceptively trivial percentage (less than 0.04 percent) accounts for more than half of the words people use in their daily conversations (Rochon et al. 2000).

Function words not only have powerful impacts on the reader but also reflect a great deal about the writer. Tausczik and Pennebaker (2010, p. 29) posit that “intertwined through these content words are style words, often referred to as function words. Style or function words are made up of pronouns, prepositions, articles, conjunctions, auxiliary verbs, and a few other esoteric categories.” These categories identify not only what people convey (i.e., sentential meaning) but also how they write (sentential style), so both have diagnostic value
that affects decisions (Bird et al. 2002). In contrast with non-functional words (e.g., nouns, verbs, adjectives), which convey content, function words set the tone for social interactions and are key to understanding the relationships among speakers, objects, and other people (Chung and Pennebaker 2007).

Building on communication accommodation theory, researchers have argued that symbolic actions, inherent to communication styles, form the basis for linguistic style adaptations. The central premise is that conversation partners align their communication style to become “more like their fellow interactants in a bid to decrease social distance, seek or signal approval, and thereby accommodate” (Giles et al. 2007, p. 142). People consciously or subconsciously accommodate their conversation partners to develop closer relationships and signal empathy, credibility, and a common social identity. Within the context of social media conversations, the words used in text-based posts are the sole symbols available to form an impression about people (Ma and Agarwal 2007). Conversations in social media communicate specific linguistic styles that reveal aspects of the authors’ personality. Research has revealed that alignment in conversational style, or linguistic style match (LSM), irrespective of content, increases rapport, credibility, and shared perceptions between conversants (Ireland and Pennebaker 2010). For example, for couples on a first date, LSMs predict subsequent relationship viability; Huffaker, Seaab, and Diermeier (2011) show that in online negotiations, greater matches in function word usage increase interpersonal rapport and agreement between potential coalition partners. Therefore, in relation to textual conversations in social media, LSM may be a sensitive, unobtrusive symbol of conversant affinity, diagnostic of behavioral outcomes, regardless of the interaction environment, perceived quality, length, or objective.

In a recent study, Ludwig and colleagues (2013a) analyzed the linguistic content and style properties of verbatim customer reviews on Amazon.com and assessed their impact on online retail sites’ conversion rates. This online retailer adds customer reviews as an important
information service to its website to assist its customers in making purchase decisions. For 17 consecutive weeks, information about a total of 591 books and 18,682 customer reviews was recorded and used to determine whether the tone of voice expressed in these reviews drove sales conversion. As predictors, changes in affective content and linguistic style properties of the book reviews also were taken into account. The authors also posited that in online reviews, authors likely read other reviews about their product of interest (e.g., science fiction books) and write reviews for an audience that shares this interest (Forman, Ghose, and Wiesenfeld 2008). Therefore, within product interest groups or genres, reviews likely reflect a certain linguistic style associated with that interest group, and reviewers non-consciously mimic it in their own writing. In line with communication accommodation theory, reviewers’ adjustments to a genre-specific linguistic style should elicit perceptions of shared identity and rapport among the reading collective (Giles 2009). Such perceived rapport sends important signals to readers of the review that likely influence customers’ judgments and behaviors if they process the information heuristically, as is common in online information searches (Jones, Ravid, and Rafaeli 2004). When new reviews align with the genre’s way of conversing, it should lead to a closer match with the interest group’s linguistic style and thus a positive change in conversion rates. A dynamic panel data model reveals that the influence of positive affective content (e.g., conveying emotions such as happiness, sadness, anger) on conversion rates is asymmetrical, such that greater increases in positive affective content in customer reviews exert a smaller effect on subsequent increases in conversion rate; no such tapering-off effect occurs for negative content. Beyond the semantic content, the authors demonstrate that the linguistic style in which such reviews are written also has direct implications for conversion rates. Taken together, positive changes in affective content and increasing congruence with the product interest group’s typical linguistic style jointly increase conversion rates. These findings suggest that firms should not only pay attention to what
customers are saying but also how they express themselves, emphasizing the importance of LSM as a social media metric.

Ludwig and colleagues (2013b) also examine whether style matching has predictive value in real-time conversations in social media by investigating its impact in crowdsourcing platforms. In these settings, companies solicit customers to submit ideas, suggest service improvements, and discuss experiences. Popular examples include Dell’s IdeaStorm (“where your ideas reign”) and Audi’s Virtual Lab, where brand enthusiasts develop concepts for infotainment services. Their study used text mining to monitor the conversations of more than 74,000 members across 37 crowdsourcing platforms. In addition, a prestudy comparing the results of a short survey (N = 622) and participants’ LSM scores served to corroborate whether LSM could be equated with participants’ social identification levels. Members’ linguistic style matches with the common style of conversing on a particular platform signaled social identification with the channel and affected participation quantity and quality. Quality was operationalized by the level of cognitive effort that participants exerted to post in discussions, focusing on the use of causal words (e.g., because, cause, effect) and other words suggestive of cognitive processing (e.g., realize, understand). Because these authors monitored the conversations for 10 weeks, it was possible to identify trends and reversals (i.e., instability) and determine their impacts on the quantity and quality of posts as well. Whereas a stronger alignment trend led to greater participation quantity and quality, frequent reversals in members’ LSM developments suggested lower participation quantity. Finally, at the platform level, greater synchronicity in the linguistic style across all participants helped stimulate participation behavior. Collaboration in social media platforms thus offers a unique opportunity to tap a reserve of expertise and creativity and involve customers as co-creators of new service concepts. To effectively exploit this opportunity, text analysis provides valuable insights into how crowdsourcing can be leveraged to enhance service delivery.
Content

The earliest conceptions of social media made clear that they entail people’s regular sharing of (written) stories on weblogs (blogs), supplemented by photos and videos, about themselves and their experiences, with interested friends and relatives. For most social media users today, the focus is on updating their status on Facebook, Twitter, or other social media sites. These extended stories explain who the posters are and what they have been doing (Kozinets et al. 2010). For these purposes, a “story” is any account of an event or sequence of events, leading to a transition from an initial state to a later or end state, which a storyteller conveys to a recipient (Bennett and Royle 2004). Telling stories is a valuable exercise for both storytellers and recipients. Stories constitute a powerful device to frame a service or product experience (Gergen and Gergen 1988; Thompson 1997; Shankar, Elliott, and Goulding 2001) and can therefore influence the storyteller’s likelihood of repeating the narrated experience and/or to advise others about that experience (Moore 2012).

For the story recipient, stories associated with advertising, branding, communication, other consumers, and service research all provide benefits, for both potential consumers and the companies. Zappos generates so much positive electronic word of mouth with its fantastic service experience that the company can afford to spend significantly less on traditional marketing than its rivals. These stories recount the origin of the business, how the company has solved problems, and the role the business plays in the wider landscape of the market. Stories show the human side of the business, bringing the brand to life, such as the dramatic origins of Facebook or the ups and downs of Apple. Despite anecdotal evidence of the persuasive power of stories though, service professionals and researchers still know little about how to leverage storytelling in social media.

A growing number of companies places high value on the stories that customers and employees tell as important assets. When companies realize that storytelling can enhance
service delivery, they start looking for stories everywhere, updating their websites with “tell us your story” pages (e.g., Dell, Starbucks) and asking customers to post testimonials on YouTube (e.g., cosmetic surgery clinics). These efforts can yield hundreds of captivating stories, shedding light on unique and authentic customer experiences. On some websites, the experiences get stored in so-called storybanks, central digital repositories that can be used to instruct, entertain, and inform employees (Goodman 2009). KLM’s Club China is a particularly good example of the power of storybanking. The social network challenged the first major wave of members who went to do business in or with China to share their stories and to post this content to the Club China website, as well as on Facebook and Twitter. Club China thus introduced the traditional passion for storytelling into its social media environment. Stories also can be shared from anywhere in the world by anyone with an Internet connection. Currently, Club China has almost 100 members who actively write and post stories to the site: “Club China members share their business experiences with you! How did they get their start? What were their key learnings in setting up their business in China?” (www.flyingblueclubchina.com). The goal is clear and timely: By using social media to capture and share customer stories, Club China not only highlights the power of customer connections but also builds momentum and visibility for the KLM brand. To reach this goal, it needs to curate its growing collection of stories to ensure that only those stories that engross customers get posted.

Stories in social media also engross and persuade through narrative transportation (Green and Brock 2000, 2002; Slater and Rouner 2002; Escalas 2004, 2007). Gerrig (1993) uses the term “transportation” to describe the feeling of entering the world evoked by a story. Narrative transportation is the extent to which (1) a customer empathizes with the story characters and (2) her or his imagination is activated by the story events, which leads her or him to experience suspended reality during the story reception. As a result of being
transported, readers are no longer aware of their beliefs, attitudes, and intentions prior to reading, because they are engrossed in the story events.

In contrast, when confronted with an analytical, factual claim that counters their attitudes and intentions, customers are inclined to rationalize and draw on their prior beliefs to generate negative cognitive responses (Petty, Cacioppo, and Schumann 1983). Negative cognitive responses offer counterarguments, and the persuasive attempt will probably fail, because facts are not perceived as an attempt to start a dialogue. However, narrative transportation inhibits such negative cognitive responses (Green and Brock 2000). Consequently, it “may lead to at least temporary acceptance of values and beliefs that represent a shift from the individual’s existing beliefs” (Slater and Rouner 2002, p. 177). In other words, whereas readers tend to argue against analytical persuasive messages that are inconsistent with their prior attitudes and intentions, they do not do so when confronted with a story-based claim, even when it runs counter to their attitudes and intentions (Slater and Rouner 1996). Instead, transported readers empathize with the main story character (Green and Brock 2002). Whereas once customers had to read professional, analytical reviews for opinions on restaurants and travel, today the customer reviews on websites such as Urbanspoon.com and Tripadvisor.com enable them to identify and empathize with fellow customers, transporting them into their service delivery experiences.

In social media settings, people also tend to share negative service delivery experiences. Voicing discontent online forms a threat to consumers’ confidence in companies (Ward and Ostrom 2006). Even unconfirmed messages can develop rapidly into stories with serious destructive potential (Elsner, Heil, and Sinha 2010), because peers who read about these experiences tend to empathize with the protagonist. Well-known companies have experienced massive reputation damage based on posts in social media. Consider the example of United Airlines and Dave Carroll. United Airlines’s careless handling of Carroll’s $3,500
guitar in March 2008 led the Canadian artist to record a song—and YouTube music video—called “United Breaks Guitars,” which by August 2010 had been seen more than 9 million times and exerted a negative impact on the company’s bottom line. For such companies, a strategy of reticence, or hoping that the storm of negative word of mouth will just blow over, is not effective. Rather, the highly reactive social media environment demands a quick and appropriate response to avoid the further erosion of customer trust and subsequent loss of market share (Li, Bernoff, and McHarg 2004).

An online experiment has shown which service recovery responses in social media works best in which conditions (Van Laer and De Ruyter 2010). For example, the narrative content of a response contributes to an effective restoration of trust. These authors distinguish apologetic versus denying responses, such that users reading a narrative apology in response to a trust violation came to empathize with the accused party and were consequently transported. The feeling of empathy had a positive influence on how the users felt about the expression of regret in the apology. Conversely, such an effect did not occur when they processed a denial. These results demonstrate that companies can restore most of their trust and retain customers by posting the right response in the wake of negative stories in social media: apologizing in the form of a narrative that triggers customers’ affective reactions.

Commonly, a company’s spokesperson or public relations (PR) professional formulates the reply to a trust violation, presumably to exploit his or her greater credibility (in comparison with the accused person). However, in social media, source credibility may be largely irrelevant. In this context, statements from official spokespeople appear to be “cheap talk,” whereas customers relate more with workers in the lower ranks (Gaines-Ross 2010). After the explosion of BP’s Deepwater Horizon drilling platform, for example, more people chose to follow a Twitter account holder posing as an employee (Leroy Stick [an alias]) than the actual BP corporate response Twitter feed. van Laer and de Ruyter (2010) also examine
the narrative content of responses to social media messages about service failures specifically in relation to the perspective of the specific narrator, arguing that telling a story from the point of view of the person directly involved enhances the probability that social media users empathize with this person and his or her world view. In their experiment, a personal response by the employee directly responsible for the service failure was more effective in restoring trust than a response issued by the company’s spokesperson. The implication is that successful trust restoration depends on who communicates for the company. If a firm chooses to respond to a trust violation in social media with a narrative apology, consumers’ opportunity to feel for the involved party becomes crucial and, in effect, determines whether they will trust the firm again. A recent study by A.T. Kearney (2011) reveals that the majority of companies still do not respond to customer comments on Facebook pages. Emerging research shows that they must think more carefully about their social service recovery strategy; it has become clear that an appropriately humanized response strategy can protect and enhance a company’s reputation. In such a strategy, the art of storytelling takes center stage.

**Construction of Identity**

The rapidly growing use of social media also influences the way customers present themselves. In virtual meetings and marketplaces, it becomes possible to maintain multiple forms of identity that contribute to personal branding (Cheung and Lee 2010). Work on self-presentation and self-disclosure in computer-mediated environments thus emphasizes that social media are services that motivate people to construct their online identity (boyd and Ellison 2007; Schau and Gilly 2003). This research highlights two main components of any constructed identity: personal and social (Skitka 2003). Personal identity is “the person’s construction and maintenance of an autobiography—a life story that is built, told to (and by) others in various contexts, and from time to time revised to fit changing experiences or preferences” (Hewitt 2003, p. 111). Personal identity refers to pursuits that set a person apart
from referent others. For example, users can manage a profile page and wall of posts that bear detailed witness to their personal experiences, brand preferences, and significant (or less significant) events. In contrast, social identity refers to pursuits that associate a person with referent others. This component of identity derives from membership in popular interest groups (Tajfel and Turner 2004), including brand fan pages such as Coca-Cola’s (54 million members).

Yet some carefully constructed identities reportedly are violated when social media users are exposed to ridicule and insults or sometimes even bodily harm (Parker 2012; The Economist 2011). Cases of so-called cyber harassment have caused members to exit social networking sites, a trend that has affected Facebook and Twitter, as well as the weblog communities run by Procter & Gamble, Porsche, Sony, and Walmart (Edelman 2010; Martin and Smith 2008; Moore 2009; Avery 2010). In response, some companies attempt to intervene in peer-to-peer (P2P) conversations to counteract cyber harassment, such as by altering the privacy controls on user accounts to regulate access to personal information (Sledgianowskie and Kulviwat 2009; Krasnova et al. 2010). Paradoxically though, tightening the rules of engagement limits the freedom of self-expression and identity building undertaken by benevolent customers (Kleinrock 2004). Thus Facebook was criticized recently for failing to tell members it was disabling a feature that shares user addresses and telephone numbers with external applications and websites (Bowen 2011; Purdy 2011). Social media communities often regard sudden, unexplained decisions by network providers to intervene in their conversations as violations of their painstakingly crafted personal and social identities (Raphael 2009; Walters 2009)—an issue that provokes strong feelings and complaints about any restrictions on people’s freedom of expression (Urban, Amyx, and Lorenzon 2009). Therefore, it is important to determine how to address cyber harassment in a way that members regard as necessary, appropriate, and in their best interests, instead of as unjust.
The tension between perceptions of intervention as an immoral identity violation versus a morally defensible anti-harassment tool provides a foundation for emerging research focused principally on social media provider interventions and communications about the decision to intervene. Mayer and colleagues (2009) find that when a service provider’s decision to intervene in a conversation violates personal or social identity, it has a negative influence on acceptance of the decision. They further note that the two components differ with respect to the influence they exert on people’s reactions to decisions: People are more prone to accept decisions to intervene when the decision (slightly) violates social identity. For social identity violation, it seems “sorrow shared is sorrow halved,” so decisions may be endured more easily when shared with others.

Decisions by social network providers also may be framed to dampen violating perceptions. For example, van Laer (2011) shows that framing decisions to restrict expression by a list of factual arguments explaining the rationale for the decision were viewed as greater violations of personal identity than of social identity. When the basis for the decision to intervene was provided using an anecdote about a particular cyber harassment episode (i.e., an experiential account, narrating the rationale for the changed policy), people perceived no difference in the violations of either identity and deemed the measures equally acceptable. Van Laer (2011) thus asserts that decisions based on experiential evidence or customer stories increase the acceptability of the measure, because customers can more easily imagine that they could be the victims of cyber harassment too one day. This phenomenon—experiencing the event from one’s own perspective—is called self-referencing (Escalas 2007; Burnkrant and Unnava 1989), which can be prompted by expressions such as “Imagine yourself…” (Escalas 2004). A self-referencing strategy encourages people to use their personal identity, thoughts, feelings, likes, and dislikes to process the information. If they do so, but the decision to intervene is presented as a list of factual arguments, people take a more critical
look at the information. Not surprisingly, the use of this strategy appears to decrease the possibility that people accept a decision (Burnkrant and Unnava 1989, 1995; Meyers-Levy and Peracchio 1996). Instead, a self-referencing strategy combined with an anecdote about a cyber harassment episode helps users imagine themselves as victims and increases the chances that they will accept the decision to intervene. That is, the best way to get users to accept decisions to intervene in their identity construction seems to be through an experiential account of cyber harassment in which users imagine themselves as victims and are stimulated to invent different outcomes for the cyber harassment experience (i.e., social media provider intervention). Customers’ acceptance of the boundaries of identity construction thus can be framed as a customer experience with which they identify more easily. Social networks should review their privacy policies and service strategy, instead of blindly extending or limiting freedom of expression in social media.

Community

Two decades ago, Howard Rheingold (1994, pp. 57-58) recognized that community is an important element of online environments and thus defined online communities as “social aggregations of a critical mass of people on the Internet who engage in public discussions, interactions in chat rooms, and information exchanges with sufficient human feeling on matters of common interest.” Today, such platforms have become important marketing tools. Virtual communities serve brand building, customer relationship management, and idea generation purposes (e.g., Algesheimer, Dholakia, and Herrmann 2005), and increasingly service delivery and after-sales support goals too (e.g., Mathwick, Wiertz, and de Ruyter 2008). Socially embedded service delivery augments informational elements with value accrued through peer connections. These social networks enable members to “build and maintain a network of friends for social and professional interaction” (Trusov, Bucklin, and Pauwels 2009, p. 92). Online forums therefore have been ranked among the top 25
management tools in use today, and they form an important part of many firms’ social media marketing strategy (Rigby 2011).

Scholars identify social capital as a key metric for assessing the viability of peer-to-peer problem solving (P3) communities. This intangible resource is part of and accumulated within the community’s social structure, governed by relational norms of voluntarism, reciprocity, and social trust (Mathwick et al. 2008). In contrast with the accumulation of financial capital, social capital accrues through shared, mutual benefits that arise from social investments. In an online social network, these benefits may be instrumental in nature, such as enhanced stocks of knowledge and information resources gained through the support of and guidance from other members (Adler and Kwon 2002). That is, virtual P3 communities have both informational and social value propositions. After-sales service support in this setting commonly entails minimal employee involvement (employees participate on a rotation basis to guarantee the quality of responses and correct undesirable behavior), creating a very low cost channel. Customers post questions, issues, or problems about product use, and often incredibly quickly, fellow customers suggest high quality solutions and provide answers. These peers thus participate by serving other customers as partial employees, activities traditionally designated to frontline service staff. Mathwick, Wiertz, and de Ruyter (2008) show that social capital, as determined by the normative influences of voluntarism, reciprocity, and social trust, is an important impetus for a community’s informational and social value proposition and thus of member commitment toward the community. These authors also provide evidence of the emergence of different factions within collectives, demarcating “newbies” from established “wikis.” The newcomers appear to join virtual P3 communities to gain access to the problem solving and information exchange; they regard social support and solidarity as a notable but relatively unimportant result of the community’s social capital. Among more established members, the opportunity to receive social support is
a key driver of continued active membership though. Longer-term members come to regard one another as “family,” and the camaraderie they experience fuels their continued commitment to the community.

In many companies, the business case for the use of virtual networks relies on cost reductions. But others have begun to explore online social networks as revenue-generating service channels, such as when basic services are available for free, but upgraded or premium services can be accessed according to a subscription-based model. Yet we lack much insight into the viability of such an approach, and several authors argue that these revenue models are perhaps overly complicated, because so many online services are free of charge that a critical mass is needed before any of them can reap the financial benefits. Service researchers have begun to investigate how value creation through community can be capitalized upon.

Extending social capital to community value creation, Vock and colleagues (2013) argue that viewing the community as an entity may provide additional insights into the formation of community value propositions and ultimately the willingness to pay a subscription fee. These authors introduce the concept of entitativity, which refers to “the degree to which a collection of persons are perceived as being bonded together in a coherent unit” (Lickel et al. 2000, p. 224), or simply the “groupness” of a group (Hamilton, Sherman, and Castelli 2002, p. 140). Entitativity denotes whether members of an online community or social network view themselves as members of a single and meaningful entity. Campbell (1958) proposed several elements that determine whether people experience entitativity, including similarity and proximity, boundedness, sharing a common fate (e.g., collective goals), and collective movement. Lickel and colleagues (2000) argue that the degree of interaction among members of a collective is also an important factor that leads to perceptions of entitativity.
A focus on this construct helps us understand how community, as a marker of social, introduces value-added elements that change the nature of service delivery. Online communities and networks vary considerably in their demographics, such as size and membership profile, and their purpose; in turn, they vary with respect to whether they are tight-knit entities or loose aggregates of anonymous members. Research in social psychology demonstrates that when members perceive they are a part of an entitative group, they feel more committed and are willing to invest in the collective (Hamilton et al. 2002). Social networks perceived as high in entitativity likely display high degrees of interaction, collective goal orientation, and a focus on communal outcomes, and as a result, a higher social value proposition. In addition, entativity influences the perceived economic value of online collectives, perhaps because the members of the in-group are positively biased about the community’s potential to realize positive achievements and material goals.

Vock and colleagues (2013) confirm the impact of entativity on community value propositions and willingness to pay across two social networks that differ in outlook: (1) a community whose primary purpose is to help members find and interact with former classmates and (2) a professional network that enables members to find jobs, people, and business opportunities or recommend others. Differences emerge between these communities. In the former, entativity exerts a direct impact on members’ willingness to pay a premium; in the professional network, the impact is more indirect and moves through the social, economic, and functional value that members derive from their interactions with other network members. Whether direct or indirect, the results demonstrate that it may be viable for community facilitators to pursue a strategy aimed at realizing financial returns. Because of their feeling of “we-ness,” members are willing to pay a premium for the services the community offers.

Online social networks, such as LinkedIn, encourage the formation of special interest groups that are accessible only to specific members. These groups are more specifically defined and
often founded with a specific communal focus. KLM’s Club China also has a specific focus on forging relationships within a narrowly defined network. In this way, perceptions of entitativity increase, and profitable value propositions can be offered to these communities.

As firms seek to explore the knowledge and creativity of their customers, it is also becoming rapidly clear that online networks are socially complex phenomena with a myriad of challenges. Most research has focused on the infusion of value-laden propositions, depicting online communities as virtual spaces characterized by altruism, mutuality, and reciprocity, such that individuals serve the interest of the collective and co-create services (e.g., Mathwick et al. 2008). The coexistence of regular and premium members, and newbies and wikis, suggests that different factions appear within online networks, so there may be a need for a regulatory mechanism to forge relationships between loosely aligned members with differing commitment, self-interest, knowledge, and ability. Without contractual obligations or formal authority, an important issue is finding ways to govern the behavior of members to ensure quality content and enhance service delivery.

Social collectives commonly develop behavioral governance “from the bottom up,” that is, mainly through social norms. Research on online communities has demonstrated that the norm of reciprocity (i.e., an implicit obligation to return any favors received) strongly governs behavior (Wasko and Faraj 2005). In addition, online collectives have introduced various incentive structures that seek to exploit the impact of status recognition. Companies as diverse as Apple, Amazon, Hewlett-Packard, Sears, and Yelp all have implemented recognition schemes to motivate customers to contribute. Moreover, public displays of accumulated symbolic capital can serve as a proxy for members who search for expert content.

At the heart of these recognition systems is a mechanism that allows peers to award points, depending on the perceived quality of the contributions or answers to questions posed.
Such points serve as selective incentives that allow members to improve their status ranks on the basis of their individual merit. Public recognition systems are critical to many online collectives. Yet they also prompt some undesirable results. An explicit focus on status motivates people to manipulate the system to achieve higher status more quickly. Because not all members have equal opportunities to advance, factions of “haves” and “have nots” also come into existence. Wiertz and colleagues (2010) show that the presence of a meritocratic governance system thus interacts with a system of normative governance, such that a sense of reciprocity develops in relation to the point system. In response to the tensions between ranked and unranked factions in a service support community, members increasingly adhere to a norm that requires them to reciprocate points for the answers and solutions they receive. Thus the system is sabotaged, which ultimately threatens the continuity of the community. That is, a public recognition system offers a way to judge the quality of the community’s knowledge resource, but it also emphasizes the differences between ranked and unranked, such that it profoundly affects the community’s social strata. This research corroborates evidence on dysfunctional social interactions in online collaboration systems that undermine the quality and usability of public resources as diverse as Wikipedia and Google Maps.

In summary, services in social media are a complex issue, encompassing both which bright and dark sides, such as the voluntary nature of conversations through storytelling and identity building to peer-to-peer collaborative efforts. Further research may be able to chart those aspects and assess what needs to be done to come to terms with their negative sides.

**Concluding Remarks**

Social media hold the promise of transforming service delivery from a faceless voice or fingers on the other end of the line or e-mail, into a social process in which customers engage service providers and other customers in real time, in real language, and through a real voice. Yet many industry reports show that the majority of firms remain socially shy, and
delivering on social media’s promised value propositions involves many challenges. To meet these challenges, service firms are looking to academic research for guidance. Therefore, this chapter offers several suggestions for ways in which social media could add significant value, according to the 4C markers of social: (1) conversation, (2) content, (3) construction of identity, and (4) community. Service firms should rely on these insights as they embrace social media in their service delivery strategy and operations. In this final section, we therefore provide service researchers with some directions for research, in relation to how each of the 4C markers of social may transform the nature of service delivery.

We argue that it is important to analyze what customers using text analyses of the words used in a conversation. The analysis of large volumes of unstructured, verbatim data may yield valuable consumer insights, as demonstrated in relation to the predictive capability of customer reviews in relation to conversion rates and the quality and quantity of idea generation in crowdsourcing environments. Matching linguistic styles also offers a way to dynamically monitor real-time conversations in social media. Possible research extensions could assess conversation styles across different personas (e.g., popular archetypical customer profiles, widely adopted in business practice to replace market segments) and—through dynamic website adaptations—present profiles with information in a style congruent with their own. Furthermore, the development of intelligent virtual agent technology has made it easier for online customers to engage in real-time conversations with companies, as Kohler and colleagues (2011) show. Further research on linguistic style matching may provide important inputs into how virtual service employees can effectively converse with customers and turn service encounters into transporting experiences.

In relation to the second marker of social, content, we have argued that in social media, customers share experiences by telling stories. Such a vivid narrative format has the ability to transport readers, so different rules of persuasion come into play. Social media
content already is moving beyond the use of words to compose stories, as (audio-)visual components become more important, such as photo albums on Facebook or videos on YouTube, posted by customers who wish to tell a story about what they experienced. Researchers therefore should explore the role of increased media richness in the degree of transportation of readers or viewers of such narratives. We have not yet explored the various impacts of these developments. On the one hand, the less a message triggers the senses, the more imaginative effort may be required, resulting ultimately in higher engagement levels and engrossment. On the other hand, as Polichak and Gerrig (2002) suggest, audio-visual content generates a richer participatory response by triggering the sense of hearing too. Ongoing research needs to resolve these issues.

In relation to the construction of identity, we note that successful online identity management depends on the different identities consumers use to engage with social media. We can distinguish personal and social identities already, but there may be more. A coherent service strategy also should incorporate consumers’ online personal branding. Additional research could investigate whether profiles might become internalized offline over time, in which case social media usage may be an interesting boundary condition: When people log on more frequently, do they experience less strain associated with a perceived discrepancy between their offline and online identities? Furthermore, service researchers should assess ways to monitor and recognize which peer-to-peer conversations are prone to result in identity violations. Further research can examine ways to present privacy regulations in a way that makes them stand out from the background chatter and ensure user satisfaction and loyalty.

Finally, with regard to community, this chapter reveals that online forums constitute multiple value propositions; the notion of social capital transforms a functional service delivery experience into a sense of belonging and an opportunity for self-actualization. Furthermore, emerging research demonstrates that informational, social, and functional value
propositions are independent predictors of community performance metrics, such as participatory behavior, continuing commitment, and willingness to pay or upgrade. However, not much is known about what these value propositions mean for different stakeholders. For example, health professionals evaluate the value of health communities primarily from a medical perspective, in which doctors act as custodians of content, largely oblivious of the social value that these platforms offer to patients. It would be worthwhile to explore what happens when formalized medical information contrasts with patient experience and thus provide guidance for resolving such discrepancies in complex service delivery situations. Community represents an arena for the development of informational value, enriched with the social value of layperson interactions. That is, service encounters can be redefined by incorporating social value attributes.

By paying careful attention to the 4C markers of social, service researchers and practitioners can continue to develop our understanding of how service delivery is, more than ever before, a collaborative venture between consumers and producers that stimulates innovation, mutual learning, and, ultimately, customer loyalty.
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