
DRAFT

Social Media

A new communication medium in the marketing area pertains to the area of social media.

The following lecture notes are based on the book, *Open Leadership*, by Charlotte Li, (Jossey-Bass, 2010, San Francisco).

Introduction

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Introduction

Part I – The Upside of Giving Up Controls

1. Why Giving Up Control is Inevitable

Li (p. 3, 2010) starts out with the case in which a United airline passenger viewing his luggage being mishandled by the baggage passengers at O'hare (OHR) airport, tossing and dropping the baggage, which included guitar cases of the professional musician. It was, therefore, the inappropriate behavior of the employees of the airline which set off the concern of the passenger. Had this behavior not occurred, or being viewed by the passenger, then there would be no customer complaint.

The passenger's first response was to contact the onboard flight attendant, the closest representative of the airline (Li, p. 4, 2010). Her response was that the passenger needs to contact the gate agent about the incident. Which gate agent, at O'hare or at his final destination in Omaha. Remember, he was already on board the outbound flight and the baggage handlers in question were at O'hare in Chicago. The belief appears to be that the agent did not care or had no power to deal with the situation (Li, p. 4, 2010); turning the matter over to someone else. Nonetheless, the responses/behavior of the baggage handlers and the onboard agent, all company representatives, reflect an attitude toward the possessions of passengers, in the first case, and a concern of a passenger, in the second case. In the first case, how should baggage handlers care for the possessions of passengers, knowing that the items in question were in a visible guitar case? In the second case, what was the responsibility of the flight attendant? Did she provide an appropriate or inappropriate response? Was the customer provided with an appropriate response? Was the customer satisfied with the response provided?

The passenger departed O'hare and landed in Omaha, his final destination (L1, p. 4, 2010). When he checked his guitar cases, he found his Taylor guitar to be badly damaged (Li, p. 4, 2010). Li (see p. 4, 2010) does not state whether the guitar case was examined at the Omaha airport or later. As is normal, airline passengers are often in a hurry; as was the case for the Omaha passenger, who had scheduled back-to-back gigs to perform (Li, p. 4, 2010). It was not until 3 days later that he contacted United to report the damage. At the least, the passenger should have examined the baggage in question for possible damage at the Omaha airport and reported any damage at that point, instead of reporting any damage, in order to create a paper trail. Better, yet, the flight attendant should have reported the improper handling of the baggage and had an inspection made. As it turns out, the airline refused to pay the initial \$1,200 damage claim filed by the passenger, since the company required claims to be filed within 24 hours of a flight (Li, p. 4, 2010), since accessing responsibility for becomes more difficult as time passes (Li, p. 4, 2010). Was the airline or the passenger to blame for the failure to file a timely claim? Who was to blame for the alleged damage? When could a claim be filed by the passenger? When was it convenient for the passenger to file a claim? Were there obstacles in the way for the passenger to file a timely claim? Who was responsible for any such obstacles?

Once a claim was filed, on November 2008, 9 months after the incident, the passenger was able to speak to someone with decision-making authority from the airline. No progress was made (Li, p. 4, 2010). The airline representative claimed that she could do nothing because of airline policy and stated that there was nothing that the airline could do (Li, p. 4, 2010).

The passenger was frustrated and believed that he was wronged (Li, p. 4, 2010). He was facing a negative state of attitude toward the airline. In response, he created and posted a video of his experience on YouTube[®]. His response made him feel better, not expecting many to view his creation (Li, p. 4, 2010). The video was posted on July 7, 2009.

The online video generated over 1 million views within 3 days (Li, p. 4, 2010). By the end of 2009, over 7 million views were recorded, with hundreds of news stories about the passenger's experiences (Li, p. 4, 2010). With such a response, United approached the passenger (Li, p. 4, 2010). The negative image being created of the airline all started with the behavior of a baggage handler. Without such behavior,

there would have been no negative story to tell. There would have been no need to rely on the new communication channel - - i.e., one to many - - which allowed a single customer to see tell others of his story with little cost. At long as the story was documented and true, there would be no fear of defamation (i.e., libel, slander).

The main objective of the video was to get the company to change the corporate policy related to damaged baggage (Li, p. 5, 2010), a growing revenue source for the company. Clearly, the video was enough to get United Airline[®] to sit up and listen. Some policies were changed immediately (Li, p. 5, 2010). Engaging the passenger helped to control the growing groundswell of anger that was developing (Li, p. 5, 2010). The resulting response by the passenger was to create a new video for posing, thanking United for resolving the dispute and praising the professional behavior of the company employees (Li, p. 5, 2010).

Part of the service package of airlines is the proper handling of baggage, something important to customers. Baggage handling is minor compared to the primary or core service offered by airlines. Baggage handling is a supplementary service to the primary or core service of transportation. In most cases, things are handled properly. In this case, something went wrong. The new form of communication – social media – gave a passenger a channel to use – reaching others to tell the story. What started as a relatively minor personnel issue, got out of control. Had the baggage handlers given proper care to the luggage of others, nothing would have been damaged and no story would have had to be told to millions of others - - all damaging to the image to the company.

The use of social media allows (i.e., gives power to) customers to broadcast their messages, whether positive or negative, at a level not known before. The use of YouTube[®] gave such power to an unsatisfied passenger. He was able to reach an audience of 7 million individuals with little cost and effort. The “one” to “many” channel is a characteristic of such a channel.

As the online channel continues to diffuse through the market place and market penetration of a channel continues to grow, marketers have to adapt. The culture of sharing information is also a characteristic of the developing social media market. The concern also has to extend to the growing number of social sites developing in area of social media. Li (p. 6, 2010) indicates that printed paper, telegraph, telephone, and email were forms of communication technology that progressively got faster, cheaper, and easier to use. The introduction of the fax also did much harm to the local and international postal service. The developing communication technology related to social media also has a negative impact on the old ways for businesses to communicate with the market. Flickr[®], Facebook[®], Twitter[®], and YouTube[®] are all examples of such technology. The new technology is not only simple to use, but is scalable (Li, p. 6). It is relatively cheap.

Social media allows customers and employees to collaborate with one another (Li, p. 6, 2010), whether the issue is good or bad for the firm and those involved. The identified public channels of communication have replaced the private channels of phone calls and email (Li, p. 6, 2010). Disgruntled employees and customers are no longer limited to private communication channels and their immediate circle of acquaintances (Li, p. 7, 2010).

Letting Go of Control

Social technologies are a source of power (Li, p. 8, 2010) for whom ever makes use of them. Such technology offers the chance to find out what customers are saying about the firm, to get ideas from customers, and provide the opportunity to lower corporate support costs by having customers solve the problems of other customers (Li, p. 8, 2010).

Some firms have made use of social technology and have done well; other firms that have followed the same route, have failed (Li, p. 8, 2010). The size of the firm, the industry, and prior experience with the technology do not predict the outcome (Li, p. 8, 2010). Having an open-mindset seems to be a better predictor of success (Li, p. 8, 2010) - - the leader needs to have the ability to let go of control to the degree required and when necessary (Li, p. 8, 2010). It needs first to be recognized that the customers, the employees, and the partners are in control of the firm, not the leaders (Li, p. 8, 2010). The rules and roles of the 'good old days' are gone. The power of social media may be a fad, but it is not a fad that will quickly disappear – whether you are involved with it or not (cf., Li, p. 8. 2010). In the area of marketing, a fad is a short-term trend; as defined by Kotler and Keller (p. 324, 2006), a fad is “a fashion which come quickly into public view, are adopted with great zeal, peak early, and decline very fast.” As far as Li is concerned, social technology appears not to be of this nature (see Li, p. 8, 2010). According to Li (p. 8, 2010), this fad appears to have the capability of growing stronger, not to fade away like a fad. Why it is called a fad, therefore, appears to be confusing. Perhaps, the term style (vs. fad or fashion) life cycle would better apply to social (communication) technology. According to Kotler and Keller (p. 323, 2006), a “style is a basic and distinctive mode of expression appearing in a field of human endeavor. A style can last for generations, and can go in and out of vogue.” Finally, a “fashion is a currently accepted or popular style in a given field. “ Furthermore, only time will reveal the stage of the product life cycle (i.e., introductory, growth, maturity, and decline) to which the use of social technology applies. However, if social technology only reflects a fad, why would a firm go to great effort and invest a significant amount of money developing this area of communication?

Letting Go of Control to Build Relationships

- To be continued -