Reputation, Image, and Social Media as Determinants of e-Reputation: The Case of Digital Natives and Luxury Brands

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ABSTRACT

Although the Internet represents great opportunities for businesses, some firms that are evolving in the luxury industry were initially reluctant to engage in digital activities. However, over the past few years, digital natives represent a main reason for these firms to start adopting online strategies. Specifically, reputation and image are inherent to the luxury industry, and with social media, they are considered the determinants of e-reputation. Using an online survey design, the authors find that the influence of reputation, image and social media on e-reputation differs based on the status of the luxury brand (traditional compared with modern) and that digital natives moderate these links.

KEYWORDS
Digital Native, e-Reputation, Image, Luxury Brands, Social Media,

INTRODUCTION

Social media is known for its immediacy, extreme speed and widespread sharing (Kaplan and Haenlein, 2010), whereas the luxury world is known for its heritage, immutability and exclusivity (Kapferer and Bastien, 2009). Nothing is fast in luxury; everything is held on to in time, is preserved or is aged. Nothing is shared, and everything is exclusive, secret and reserved for a selected clientele. Social media involves facts; luxury involves fantasy, in which the luxury brand “… goes beyond the object: it is constructed from the reputation” (Kapferer, 2012, p.142). Social media delivers raw contents without any artifice, whereas luxury delivers products on a silver dish with the required ceremony. Considering these two opposite worlds, one still wonders what Chanel can do on Facebook or why Dior is tweeting.

Luxury brands were initially cautious regarding social media. Currently, luxury brands are present on almost every type of social media, which may suggest that an online presence becomes very important to luxury brands’ image and reputation (Hennigs et al., 2012). One main reason that luxury brands engage in digital activities is to reach their future consumers, namely, the digital natives (Kennedy et al., 2008). This young generation is complex and requires additional insight (Hargittai, 2010). However, further academic research regarding the activities on social media in a luxury context is necessary, especially to analyze luxury brands’ offline and online reputation and to better understand the behavior of digital natives who represent future core consumers. Although reputation and image are inherent to the luxury industry (Kapferer and Bastien, 2009), and social

DOI: 10.4018/IJTHI.2016100104

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media represents a major challenge for luxury brands especially among digital natives (Hargittai, 2010), previous research has not explored their influence on e-reputation.

Using a survey design, this article (1) investigates the concepts of reputation, image and social media as the determinants of e-reputation and (2) analyzes the moderating role of digital natives in determining e-reputation.

We proceed as follows. First, we introduce the theoretical background. Then, we present the empirical setting. Finally, we discuss the results and conclude with contributions and avenues for future research.

THEORETICAL BACKGROUND

Our article is concerned with the stakeholders’ importance in the process of creating and managing reputation both off and online. Some player can influence or even determine the reputation of a company or a brand. If these players were previously limited, they are currently much more numerous. This increase in players has been true even since the initial presence of brands on the Internet. Considering the Web 2.0 era and the advent of social media as new stakeholders of reputation, we focus on the concept of digital reputation or e-reputation and its determinants. In addition, we present digital natives as key stakeholders, who display specific behavior that can influence the way e-reputation is formed.

E-Reputation

E-reputation has often been viewed as an extension of online reputation, although it refers to the “elements of reputation which is derived from electronic contacts” (Chun and Davies, 2001, p.316). E-reputation results from the perception of the evaluating online communities, their intrinsic motivations, and their retention of online content.

E-reputation is multidimensional. Chun (2005) suggests three blocs that form the e-reputation mix: e-character (personality of the company); e-identity (website’s structure and ergonomics); and e-experience (defines the online user experience). Dutot and Castellano (2015) identified the following four dimensions: brand characteristics; quality of website; quality of service; and social media. E-reputation can also have several sources that academic research still must uncover. Hence, further investigation is needed regarding the underlying determinants of e-reputation. We first analyze the perception that audiences hold towards brands and firms – reputation and image – because offline mechanisms may influence e-reputation. Second, social media as online tools also influence e-reputation. Finally, digital natives are investigated because they may influence the way e-reputation is determined.

Reputation

Reputation is a complex concept that is not easy to define. From a corporate perspective, reputation is defined as “a perceptual representation of a company’s past actions and future prospects that describe the firm’s overall appeal to all its key constituents when compared to other leading rivals” (Fombrun, 1996, p.72). Reputation is viewed as an organizational attribute that reflects how external stakeholders see companies as good and not bad. Reputation represents the aggregate perception of the company’s internal and external stakeholders’ perceptions (Dutot and Castellano, 2015). Specific types of reputation exist such as media reputation, which is “the representation of a person or organization in the media - from the standpoint of complex systems” (Murphy, 2010). Reputation has been assessed in terms of signals of quality, esteem, image, prestige, goodwill, hence to favorable
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