Negative Electronic Word-of-Mouth in Corporate Social Responsibility Online Communication: A Case Study of a Cosmetics Company

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Abstract: Corporate Social Responsibility (CSR), as a stakeholder-oriented concept, requires companies to be interactive with stakeholders. CSR communication, therefore, is recommended to be dialogical despite their fear of negative conversations with stakeholders. This thesis aims at understanding how a cosmetics company which is well-known for actively engaging in CSR handles negative eWOM in CSR online communication with consumers. The research purpose is to understand emerged negative eWOM in CSR online communication with consumers and how it is handled by the case company for dialogical communication.

The theoretical framework was build combining CSR communication research and negative eWOM management research. Inductive research approach and single case study method is used in this study. This study collected and analysed computer-mediated data as consumers’ negative feedbacks and company’s responses from the company’s Facebook fan page. The results of this study indicate that negative eWOM can be handled with structural and strategic approach. Different types of emerged negative eWOM were handled with different strategies which could be either responsive or non-responsive. The chosen strategy acted as a guide for response construction in order for desired strategic outcomes. Responsiveness and tone of language is also important when responding to negative eWOM. Overall, the company took active participation in CSR online communication with consumers in order to solve consumers’ challenges and to project its CSR reputation.

Keywords: Corporate Social Responsibility, Corporate Social Responsibility communication, electronic word-of-mouth, social networking sites.
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1. INTRODUCTION

“Corporate Social Sustainability is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it because it is good for our business” - Niall FitzGerald, Former CEO, Unilever.

Corporate social responsibility (CSR) has been not only a duty but also a business interest of many companies (Holm & Watts, 2000; APCO, 2004). The essence of CSR is the development of a company itself without compromising the interest of society at large (Holm & Watts, 1999). In other words, CSR aims at creating values for the company in consideration of how its operation does not cause harm to the society and environment. The changes in today’s world have lead to “the era of co-creation” or “the age of sustainability” (Ellis, 2010) in which the role of the companies, consumers, non-governmental organizations (NGOs), government and society has dramatically changed (Schmeltz, 2012). One the one hand, the adoption of CSR practices in many companies derives from increasing pressure from NGOs, increasing awareness of consumers, and social and environmental ongoing issues. On the other hand, reputational risks and opportunities associated with corporate responsibilities have encouraged many large companies to seriously invest in CSR in order to ensure the alliance of their performance with social and environmental norms (Dawkins, 2004).

Many studies have reported significant benefits from firms’ CSR implementation such as positive effects on company image and reputation; positive effects on employee motivation, retention, and recruitment; cost savings; revenue increase; and CSR-related risk management (Weber, 2008; Kesavan & Bernacchi, 2013). However, CSR implementation alone is not sufficient to fully exploit benefits from CSR. There should be interaction and communication between the firms and its stakeholders concerning CSR-related issues (Bonsón & Ratkai, 2013). Effective communication with stakeholders enables companies to be updated with changing trends, stakeholder interests and needs. Therefore, CSR communication is essential in informing the firm’s stakeholders of its CSR activities and gathering information from stakeholders. Dawkins (2004) also confirmed the importance of CSR communication as a tool to improve consumers’ awareness of firms’ CSR activities, therefore, positively influence
their purchase behaviors. Moreover, increasing demand in transparency from stakeholders requires a solution from companies to convey their CSR message. Therefore, it is worth studying how companies can at the same time implement CSR practices and integrate CSR across their functions. In this study, how CSR is integrated in corporate communication is of special interest.

CSR has gained a lot of attention from both researchers and practitioners. However, there have not been many studies discussing about how CSR benefits can be leveraged by strategic CSR communication. Morsing et al. (2008) stated that one of the challenges for companies is to be perceived socially responsible across stakeholders. The values of CSR engagement would not be well understood and exploited without communication to relevant stakeholder groups (Schmeltz, 2012). In light of these concerns, it is essential to investigate the relevant strategic management towards CSR communication which would result in better cooperation with stakeholders and high volume of transparency followed by reputational opportunities.

1.1 Research problem

Corporate CSR communication is divided into two processes: expert CSR communication processes and endorsed CSR communication processes (Morsing et al., 2008). Expert CSR communication aims at communicating CSR practices of the company with CSR experts through facts and figures while endorsed CSR communication communicate with the public and consumers (Morsing et al., 2008). Regardless of any specific type of CSR communication, it was claimed that CSR communication management should be dialogical more than monological (Pearson, 2005 cited by Bonsón & Ratkai, 2013). In other words, CSR communication should be not only transparent and well informed among stakeholders (Morsing et al., 2008) but also interactive with stakeholders in order to bring co-creation in meaning, emergence of joint setting of CSR agenda, and shared social values (Kent & Taylor, 2002). Dialogical CSR-related conversations are a medium for corporate to reach stakeholders in a direct and active manner. They are also an instrument to establish stakeholder involvement in CSR conversations which allows a company to be updated with changing stakeholder expectations (Morsing & Schultz, 2006). By this, the company
can maintain positive relationships with stakeholders, therefore, build stakeholder loyalty.

Despite the importance of dialogical conversations in CSR communication, Gomez and Chalmeta (2011) found that companies make efforts to inform their audience about their CSR activities without intention to create a dialogue which is an essential element of communication. This could be partially explained by the fear of negative conversations with stakeholders (Ralph, 2011 cited by Bonsón & Ratkai, 2013). In other words, the emergence of negative feedbacks from stakeholders is seen as a barrier for companies in establishing dialogical conversations. This could be a challenge that any corporate need to handle with since it is impossible to avoid negative feedbacks. Moreover, the development of Web 2.0 has provided a variety of communication channels through which negative feedbacks can be easily publicized with stronger influential effects on companies. Therefore, it is important to take into account how firms should handle negative feedbacks in an efficient and professional manner. Concerning handling negativity in corporate communication, Stoker & Tusinski (2006) claimed that public relations should attempt to discover and solve differences/conflicts with public rather than reluctantly finding agreements. In other words, corporations should shift from avoidance or ignorance to interaction by engaging in negative conversations with offensive strategy (Kent & Taylor, 2002; Morsing et al., 2008).

Many researchers (Richins, 1983; Charlett et al., 1995; Buttle, 1998; Anderson, 1998) claimed that consumers can respond to dissatisfaction by making direct complaints to sellers or third party. When the complaints are directed at both the company and other consumers in an exchange for information concerning evaluation of a company’s products/services, they are considered as a type of negative word-of-mouth due to their powerful impacts on other consumers’ behaviors (Westbrook, 1987; Anderson, 1998; Brown et al., 2007). This is consistent with Einwiller & Steilen’s claim (2015) that “complaints are a specific form of negative WOM communication.”. Negative WOM derives from dissatisfaction of customers from their experience with products, services, or social values of a company (Richins et al., 1983; Charlett et al., 1995; Gelb & Johnson, 1995).
Word of mouth (WOM) is claimed to have influential power on consumers’ behaviors more than marketing efforts from firms (Buttle, 1998; Hung & Li, 2007; East et al., 2008; Bruyn & Lilien, 2008; Cheung & Thadani, 2012). In addition, many literatures reported that negative WOM usually have more weight than positive WOM in forming overall evaluation about a corporate (Richins, 1983; Ahluwalia et al., 2000). Moreover, it is claimed that dissatisfaction from consumers usually leads to greater word of mouth (Anderson, 1998). Therefore, managing negative consumer feedbacks as an expression of customer dissatisfaction is essential due to its reputational impact and constructive meanings.

In light of these concerns, we can recognize a challenge for firms: being dialogical in CSR communication despite the fear of negative WOM as discussed above. Due to the influential impacts of negative WOM on a company, there is a question to be answer: How can the company overcome the fear of getting involved in dialogical conversations with stakeholders by managing the uncontrollable emergence of negative WOM in CSR conversations efficiently? Therefore, it is worth exploring negative WOM in CSR communication.

1.2 Aim of study

Word-of-mouth defined as the spreading of positive and negative opinions about consumers’ purchase and use (Anderson, 1988) has been gaining lots of attention from practitioners and researchers. However, it is difficult to measure and evaluate word-of-mouth in face-to-face contexts (Godes & Mayzlin, 2004). In contrast, virtual communities (VCs) as “a dynamic, multi-media, and social interactive platform for WOM” provide a great medium to trace and study electronic word-of-mouth (eWOM) (Hung & Li, 2007).

VCs has been widely exploited by firms as communication channels with stakeholders. One of the unique features of VCs is that they offer platforms in which both firms and consumers are able to raise their opinions independently with the market. VCs has facilitated firms with the involvement in negative WOM uttered by consumers, therefore, the possibility to make a constructive change. Therefore, it is sensible to use
VCs as a source of negative eWOM in corporate communication, especially in CSR communication as the interest of the researcher. In this study, Facebook as a platform for virtual communities will be chosen as a source of negative eWOM due to its capability of facilitating dialogue conversations (Bortree & Seltzer, 2009). This study will not focus on how a company is using social media in their corporate communication. Rather, Facebook will be used as merely a medium to collect relevant data.

For the reasons mentioned above, the aim of this study is to explore the practice of a case company in handling negative eWOM in CSR communication. To be specific, Lush will be used as a case company in order to investigate how it responds to negative eWOM in CSR online conversations. Lush is well-known as a cosmetics company which actively integrate CSR values into its core offerings and many campaigning activities. In addition, consumers are usually more ethically conscious when it comes to cosmetics purchases (Sahota, 2014). Therefore, it is interesting to study how a cosmetics company can cope with CSR-related consumer dissatisfaction. Moreover, it seems that Lush also has active activities in communication with consumers on its Facebook fan page. Therefore, a study focusing on how Lush as a case company is handling CSR-related negative eWOM on Facebook is relevant. In order for this to be possible, it is essential to figure out types negative eWOM which can be found to emerge on the company’s Facebook page and how the company responds to these negative eWOM. Therefore, this study will attempt to answer two research questions:

1/ What kind of negative eWOM emerge in CSR online conversations with consumers?

2/ How does the company respond to negative eWOM in CSR online conversations with consumers?

There have been a large number of studies with the focus on WOM and eWOM. The studies concerning WOM and eWOM have been conducted from various angles in many contexts. However, WOM and eWOM has rarely been studied in a CSR context before. Although CSR has been gaining lots of attention from both researchers and practitioners, it still does not receive enough attention about its strategic impacts towards a company and how it can be seen in integration with other resources. This lack
of a holistic view towards CSR, especially CSR communication becomes the interest of this study in which CSR will be integrated in corporate communication with the focus on negative conversations.

The expected results of this study will contribute to the literature of corporate communication concerning the management towards negative eWOM. More importantly, this study looks at the integration of CSR into corporate communication as well as customer relationship management which can provide researchers with new views about CSR and help practitioners have a broader views towards CSR in a corporate context. To be specific, the results will help practitioners gain more in-depth knowledge about how they can handle negative WOM which can emerge in CSR communication in order to improve relationships with the public and consumers. By incorporating CSR into corporate communication and viewing WOM in a unique CSR context, this study will point out the importance of having an integrative approach towards CSR other than viewing CSR as a separate task in business. Otherwise, CSR still remains as a subject which is implemented mostly because of pressures from stakeholders concerning social and environmental impacts instead of a strategic tool used to not only meet the demand of stakeholders but also capture many values for firms. In addition, CSR will not be effectively engaged in a company’s practices for desired outcomes unless the company manages to establish an interactive communication channel with stakeholders in order for learning from and co-creation with stakeholders. Knowing how to handle negative eWOM would help managers overcome the fear of actively engaging in conversations with consumers and efficiently tackle with negative impacts of negative eWOM.

1.3 Delimitations of the study

Firstly, this study will focus on investigating computer-mediated WOM. In particular, companies’ brand fan page on Facebook will be used as a source for data collection. Since it is almost impossible to collect or control word-of-mouth in face-to-face context (Godes & Mayzlin, 2004), Facebook as one of the most common used social media network to date will provide an ideal medium to study WOM in CSR communication. In addition, Facebook is a potential platform for dialogue conversations (Bortree & Seltzer, 2009) and a great CSR branding and firm branding tool and medium (Kesavan
This study will not study how the company is using Facebook as a communication channel. Instead, Facebook will be used as merely a medium to collect relevant data.

Secondly, this study aims at understanding the practice of a company in handling CSR-related negative electronic word-of-mouth (eWOM) in social media context. Therefore, this study will be conducted from the corporate perspective. This means the focus of this study is the company’s responses to negative eWOM, not consumer behaviors in negative eWOM itself. Both the literature framework and data analysis will be conducted from the corporate perspective. Consumers’ negative eWOM will be studied for the purpose of understanding implications for companies in dealing with negative word of mouth.

Thirdly, the term ‘electronic word-of-mouth’ in this study will be restricted to those involved in CSR communication. EWOM in corporate Facebook fan page covers a wide range of content concerning different aspects of a brand. Therefore, CSR-related negative feedbacks will be filtered out to study. In addition, this study will focus on negative eWOM which emerges in company-initiated posts on the company’s fan page. Posts initiated by consumers will not be relevant in this study.

Fifthly, this study will focus on negative eWOM which emerges in company-initiated posts on the company’s fan page. In a brand fan page on Facebook, users can actively participate in the community by either being interactive in company-initiated posts or making their own posts. Posts initiated by consumers will not be used in this study.

Lastly, this study will only collect and analyze negative eWOM in the context of endorsed CSR communication whose target audience is the public and consumers (Morsing et al., 2008). This is consistent with the choice of Facebook as a source of negative eWOM. Expert CSR communication which uses facts and figures in the form of formal reports will not be considered in this study.
1.4 Structure of the study

This thesis consists of six main sections: introduction, theoretical framework, methodology, findings, discussion, and conclusion. The paper starts with introduction in which the research problem and scope of research is clearly introduced and presented.

Subsequently, the theoretical framework of this thesis presents and discusses the key concepts of this study. To be specific, the definitions and CSR and CSR communication from existing theories are introduced and discussed in relation to this study. In addition, strategies in CSR communication are also brought up for discussion from many previous studies. Regarding the aim of this study, it is essential to introduce negative eWOM and its implications for companies. Lastly, different strategies to handle negative eWOM is presented and discussed.

The third chapter of this paper is methodology. In this part, the choice for research method and research design is presented and explained. This means how the data is collected and analysed will be discussed in this chapter. In addition, evaluation of research quality will be conducted based on existing literature.

The fourth chapter of this paper will present the findings about the case company’s practice concerning CSR online communication with consumers. The findings are presented and argued with illustration from collected data. The fifth chapter will discuss the findings in relation to theoretical framework. Research limitations, suggestions for future research, and theoretical and managerial implications will also be discussed in this chapter. The last chapter will conclude the paper by summarizing all the conclusions reached in this thesis.
2. THEORETICAL FRAMEWORK

This chapter will review and discuss the theory concerning main themes of this study. To be specific, they are the concept of CSR, CSR communication, negative eWOM, and negative eWOM management. When discussing about CSR and CSR-related concepts (i.e. CSR communication), the term stakeholders is usually used to refer various groups of people who have a stake in a company. Since this study only focuses on consumers as a particular stakeholder group, the discussion in this chapter will use both general stakeholder and specific consumers interchangeably in order for clear and thorough understanding of the literature in relation with the area of research.

Since this study’s focus is corporate communication in CSR context, it is essential to establish background understanding in CSR communication. Therefore, chapter 2.1 will review previous literature about CSR and CSR communication. In addition, CSR strategies which are used as a guideline for CSR communication will also be discussed in this part. Subsequently, chapter 2.2 will discuss negative eWOM as the focus of this study. To be specific, traditional word of mouth, its characteristics and implications for firms are reviewed and discussed. Before reaching the discussion of negative eWOM and its implications for firms, chapter 2.2 will also establish understanding around the transition from WOM to eWOM and how it has impacts on firms. The last chapter of this part (2.3) will be discussing around the management towards negative eWOM. In this chapter, the company’s roles in negative eWOM management will be discussed as well as different strategies which could be used when dealing with negative eWOM. Besides, customer relationship management (CRM) will be discussed in relation to dealing with negative eWOM.

2.1 Corporate social responsibility communication (CSR communication)

2.1.1 Corporate social responsibilities

Corporate social responsibility (CSR) has been a growing trend in many fields to date. The trend derives from the increasing awareness of human concerning their impacts on the world. There is no doubt that CSR has shifted from ideology to reality. Many corporates has well incorporated CSR into their business activities. Ethos Water of
Starbucks, aid provision after natural disasters of Disney, Force For Good Foundation of NuSkin, Employee Giving Campaigns of Microsoft are some widely known examples for socially responsible activities of corporates.

In order to conduct this study concerning CSR communication, it is essential to investigate how CSR is perceived and understood. There are several definitions of CSR which can be used for reference in this study. Holm & Watt (2000) defines CSR as the commitment by business to behave ethically, and improve the wellbeing of workforce, local community, and society at large while making economic development. Similarly, Andersen (2003) refers CSR as a concept about extending immediate interests of a business to include those of fellow citizens, the society and future generations. In other words, CSR is about integrating social and environmental concerns into business operations in order for the benefits of stakeholders (Commission of the European Communities, 2001; Werther & Chandler, 2005).

From these perspectives above, corporate social responsibilities can be understood as activities which are voluntarily planned and executed by corporates in order to fulfill their responsibilities concerning economics, societal issues, environment, and business management, etc… In other words, CSR perceived and adopted by corporates usually goes beyond the minimum legal requirements (McWilliams & Siegel, 2001). When discussing about CSR, we usually refer to voluntary activities of corporates from which they are not the only beneficiaries. This is also discussed by McWilliams & Siegel (2001) as “actions that appear to further some social good, beyond the interests of the firm and that which is required by law”.

CSR, as a stakeholder-oriented concept, views firms as organizational entities which “exist within a network of stakeholders, face the potentially conflicting demands of stakeholders, and translate the demand into CSR objectives and policies” (Lindgreen & Swaen, 2010). In other words, CSR must clearly define their stakeholder groups, understand their interests and the mutual impacts between firms and stakeholders, and meet the demand of different stakeholder groups such as suppliers, employees, consumers, community organizations other than shareholders (Sprinkle & Maines, 2010). However, conflicts in demand can occur either among groups or within one group. When the conflicts cannot be completely solved, stakeholders in general or
consumers to be specific would probably make complaints to express their dissatisfaction. This means there is a challenge for firms to solve the conflicts by communication and actual practices. Therefore, it can be inferred that effective and efficient CSR communication with stakeholders is of strategic important for successful CSR practice.

Nowadays, more and more firms are engaging in CSR activities. This trend could be explained by the increasing pressures from stakeholders and increasing awareness of consumers (McWilliams and Siegel, 2001). Sprinkle & Maines (2010) discussed the underlying reasons for the increase in CSR engagement.

First, the trend could be motivated by altruistic intentions of firms to “do good”. In this case, CSR efforts derive from true belief in ethical and morality values. Some outstanding examples are Procter & Gamble, Honda, and Walmart donating money and supporting after the 9/11 attacks without publicizing their contributions (Sprinkle & Maines, 2010).

Secondly, firms usually engage in CSR due to their awareness of potential benefits of CSR (Sprinkle & Maines, 2010). Sprinkle & Maines referred CSR activities as “window dressing” to please different stakeholder groups and to ease the public’s concerns of their impacts on society and environment. By engaging in CSR, firms’ reputation can be improved in the eyes of stakeholders and the public. Firms with good reputation for their social responsibilities actually last longer (Kotler & Lee, 2005). In addition, various benefits can be achieved from engaging in CSR. Good reputation for corporate social responsibility can help succeed in attracting human resources; building customer loyalty; increasing sales and new products/markets; higher productivity (Burke & Logsdon, 1996; Sprinkle & Maines, 2010). Kotler & Lee (2005) also discussed various benefits from CSR engagement which are increased sales and market share; strengthened brand positioning; enhanced corporate image and clout; increased ability to attract, motivate, and retain employees; decreased operating costs; increased appeal to investors and financial analysts. However, these benefits could hardly be achieved and maximized without efficient strategic communication with relevant groups of stakeholders. Therefore, it would be essential to investigate how CSR communication should be perceived and established.
2.1.2 Corporate social responsibility communication - CSR communication

“Corporate communication operates at the interface between the organization and its environment, to help gather, relay, and interpret information from the environment as well as representing the organization to the outside world” (Cornelissen, 2004).

Corporate communication plays an important role for any company since it bridges the relationships between business and its stakeholders. Communication is central to building information network within a company and between the company with external stakeholders.

CSR communication defined as “the process of communicating the social and environmental effects of organizations” is essential to the relationship between a firm and society (Vurro & Perrini, 2011). The growing trend of integrating CSR into strategic business decisions has dramatically changed the roles of firms and their relationships with stakeholder groups. As discussed above, CSR engagement provides firms with various potential benefits including economical benefits and non-economical benefits. This poses a question of how such benefits can actually be gained from firms’ efforts in CSR practices. Since CSR concepts view firms as an organizational entity which exist in a network of complex relationships with different stakeholders, how firms conduct CSR should be communicated with relevant stakeholders in order for the achievement of expected outcomes from CSR engagement. Therefore, CSR practices should be conducted and at the same time communicated with relevant stakeholders.

One of the major challenges for firms is to be perceived socially responsible by different stakeholder groups (Morsing et al., 2008). Therefore, CSR communication should be included in CSR agenda in order to make CSR activities widely known by stakeholders or consumers. Studied from the view of Freeman (1984) in his stakeholder theory, it can be said that CSR communication will maintain interactive relationships between a firm and its stakeholders, especially consumers who are the main source of revenue. The firm will be able to inform consumers of its CSR practices as well as to gain more understanding of their interests. In addition, consumers will be able to enjoy their rights to be informed of the CSR agenda. Efficient CSR communication strategies will allow
firms to build good relationships with consumers, therefore, maintain consumer loyalty (Morsing et al., 2008).

CSR communication should be used as a strategic tool in supporting the practice of CSR. According to Bonsón & Ratkai (2013), firms should engage in visible socially responsible activities and communicate with consumers in order for the achievement of legitimacy. In other words, CSR communication conveys the CSR messages of firms to consumers. Being aware of reputational opportunities and risks from CSR-related issues, firms should pay more attentions to how their CSR messages are successfully brought to the right target groups (Kesavan & Bernacchi, 2013). In addition, there is an urgent need to improve CSR communication since consumers are more concerned about ethical issues in business than ever which can directly influence their purchase behavior (Dawkins, 2004).

Although CSR communication can be used to strengthen the legitimacy of companies in their CSR practice, it also poses a challenge for companies to at the same time establish legitimacy and avoid skepticism from consumers. According to Morsing & Schultz (2006), communicating about CSR can be a double-edged sword in a sense that it can either increase or decrease legitimacy. To be specific, if a company communicates its CSR practice too loudly, it can be labelled greenwashing. This could happen when a company tries to draw public’s attention to their good practices in order to hide their bad practices. In other words, if the company put heavy emphasis on their CSR activities, it would probably gain counter-productive results (Morsing & Schultz, 2006). Therefore, it leads to the challenge for companies to communicate about CSR practices but not too loudly (Morsing et al., 2008). When consumers are in doubt or dissatisfied with a company’s CSR values, negative eWOM from consumers could have more chances to occur.

Successful CSR communication should be planned and executed with consideration of to which target groups it wants to convey CSR messages, how CSR messages can be clearly and accurately delivered, and to what extent firms should make their CSR practices public. Moreover, CSR communication should be consistent with actual CSR practices and compatible with the company’s context (Du et al., 2010). Therefore, Du et
al. (2010) presented a framework of major concerns in building CSR communication strategies.

When communicating about CSR practices, firms can choose to merely focus on either the social causes or the company’s involvement in the social causes (Du et al., 2010). Predominantly communicating about the social or environmental issues may lead to consumers’ skepticism about intrinsic motives of firms. Therefore, firms should talk not only about the social causes but also firms’ involvement in the social causes in order for the credibility of CSR communication (Du et al., 2010). When building the message content in CSR communication, companies should highlight how the company is committed to the CSR issues, what are the motives behind these commitments, how such CSR practices fit with the company’s core business, and the achievements gained from the company’s efforts in the issues (Du et al., 2010). In addition, more detailed information about “the amount of input, the durability of association, and the consistency of input” could be included in the CSR messages (Du et al., 2010). Although high perceived fit between the social issues and company’s core business are believed to gain more trust from consumers, low perceived fit can sometimes gain favourable outcomes due to its perceived sincerity (Du et al., 2010).

Figure 1: A framework of CSR communication (Du et al., 2010).
Another concern in designing CSR communication strategies is communication channel. A company can communicate its CSR practices through CSR reports, press releases, or corporate websites or other public channels such as advertising, commercials, media, magazine, product packaging (Du et al., 2010). Company’s control over communication content varies depending on chosen communication channel. For instance, the company can totally control communication content in its own corporate website while it only plays a minor role in controlling its CSR content on media. However, there is a trade-off between controllability and credibility of CSR communication (Du et al., 2010). Consumers tend to be skeptical of CSR channels which are highly controlled by the company. Therefore companies who want to get involved in CSR communication are encouraged to promote credible communication channels such as word-of-mouth.

Level of stakeholders’ engagement in CSR communication is reflected by their own interests, knowledge, and awareness (Du et al., 2010). This means consumers tend to have more support for social issues for which they have more interests and knowledge. Therefore, companies are suggested to clearly and frequently communicate about important social issues in order to gain stakeholders’ support (Du et al., 2010). Another suggestion for issue support is to encourage the involvement of consumers in CSR planning. This will allow companies to meet the right demand of consumers.

2.1.3 CSR communication strategy

CSR communication has developed into its own discipline within corporate communication (Vidaver-Cohen & Brønn, 2015). Therefore, CSR communication can be conducted with any corporate communication tools in order for brand equity and reputation (Vidaver-Cohen & Brønn, 2015). However, CSR with distinctness in its nature should be paid more attention since any failure in CSR communication would lead to damaging results for firms (Vidaver-Cohen & Brønn, 2015). Therefore, CSR communication deserves having distinct and relevant strategies which should guide practitioners in building credible and trustworthy communication channels for consumers.
Being aware of changes in the era when sustainability seems to play a dominant role in corporates’ reputation and development, Reilly & Hynan (2014) made some suggestions for effective communication in social responsibility.

Firstly, statements made in CSR communication should be clear, specific, and comprehensive in information (Reilly & Hynan, 2014). The clearer the information is, the more trustworthy it sounds to consumers. This is similar to Du et al. (2010) framework which suggests firms to talk about many features of social issues and social initiatives in CSR practice. Since consumers are sensitive with the credibility of companies’ claims about their CSR engagement, sincerity and transparency in CSR in general and CSR communication in specific are of strategic importance.

Secondly, greenwashing detected in CSR communication would have devastating effects on companies’s reputation. Reilly & Hynan (2014) suggested that repetition about issues which are already legislated may lower companies’s image in sustainability. This is similar with Morsing & Schultz’s discussion (2006) of consumer skepticism as a challenge for companies if they communicate about their social responsibilities too loudly.

As pointed out by Du et al. (2010) and Morsing et al. (2008), the mission of companies is to meet various and changing demand of consumers in CSR practices and CSR information. Consumer’s interests vary with different industries, geographical areas, cultural values, or self interests (Vidaver-Cohen & Brønn, 2015). Moreover, consumers’ concerns in CSR have no longer focused on the focal company but expanded into other parties in the business network such as suppliers, investors, buyers. The constant changes in society and environment also leads to more issues to be tackled. Therefore, it is of strategic importance for companies to incorporate latest trends and development in order to meet the demand from consumers. With the focus of CSR concepts on stakeholder relationships, Morsing & Schultz (2006) developed three different strategies in communicating CSR with stakeholder. They are stakeholder information strategy, stakeholder response strategy, stakeholder involvement strategy. These strategies are made to be used when communicating with stakeholders in general. Therefore, they can also be applied in the case of communicating with consumers as a distinct group of stakeholder.
Stakeholder information strategy adopts the traditional view of stakeholder relationships in which one-way relationships are promoted. This means companies who follow this stakeholder information strategy view communication as “telling, not listening” (Morsing & Schultz, 2006). Using this strategy, companies try to inform their CSR practices with stakeholders without the need to be persuasive (Morsing & Schultz, 2006). In this case, stakeholders can only express their attitudes by their purchasing power. They can either support by repeated purchase or oppose by boycotting the company (Morsing & Schultz, 2006). Companies make efforts to objectively report their CSR activities and gain support from stakeholders. With such motives in the stakeholder information strategy, companies have no efforts to build a mutual channel between different entities in the business network. Therefore, there is little chance for stakeholders to raise their voice concerning CSR issues. This means the companies are not able to listen to stakeholders’ opinions, therefore, have the chance to deal with their dissatisfaction.

The second communication discussed by Morsing & Schultz (2006) is stakeholder response strategy. In contrast with stakeholder information strategy, stakeholder response strategy uses “two-way asymmetric” communication model (Morsing & Schultz, 2006). In this strategy, companies send information to and receive information from stakeholders. However, this communication model is unbalanced due to the intentions of companies to drive stakeholders’ interests in their desired directions (Morsing & Schultz, 2006). Acknowledging the importance of stakeholder endorsement, companies conduct opinion polls or surveys to collect responses from stakeholders (Morsing & Schultz, 2006). However, these activities are merely to reinforce and support companies’ actions and identity rather than to seek for stakeholders’ demands. Although this strategy views stakeholder engagement as an essential element, it still facilitate companies dominant and subjective role in the communication model.

Another communication model discussed by Morsing & Schultz (2006) is stakeholder involvement strategy in which stakeholder involvement in CSR conversations is uplifted to higher level compared with stakeholder response strategy. In this strategy, companies make efforts to create two-way conversations with stakeholders in which
both parties involved in the dialogue are willing to change (Morsing & Schultz, 2006). One of the major differences of this strategy and stakeholder response strategy is the extent to which stakeholders’ opinions are considered and possibly adopted. In this model, stakeholders are invited to co-construct CSR activities (Morsing & Schultz, 2006). By this, companies ensure to be up to date to changing CSR trends and changing expectations of stakeholders. However, this also means companies are facing a challenge of defining the extent to which stakeholders’ opinions can make changes to existing CSR activities or the extent to which companies should insist on its own decisions (Morsing & Schultz, 2006). Morsing & Schultz (2006) also emphasized the need to maintain genuine, concurrent, and comprehensive conversations with stakeholder in order to ensure a progressive communication.

2.2 Word of mouth

2.2.1 Word of mouth

Word of mouth (WOM) is defined as “informal communication between private parties concerning evaluations of goods or services” (Anderson, 1998). In other words, WOM is a “consumer-dominated channel of marketing communication where the sender is independent of the market” (Brown et al., 2007). Similarly, Westbrook (1987) defined WOM as “informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their seller”. Arndt (1967) is one of the pioneers in WOM research who discussed WOM as “oral, face-to-face communications” between those who are non-commercial (Brown et al., 2007). WOM is a form of communication of which brands or companies have limited control over context, space, and time. Therefore, WOM is believed to be reliable, credible, persuasive, and lacking in commercial bias compared with company-initiated communications (Brown et al., 2007; East et al., 2008; Cheung & Thadani, 2012).

WOM can be created with a variety of issues concerning several aspects of a company. The information contained in WOM concerns with “product performance and social and psychological consequences of the purchase decision” (Brown et al., 2007). In other
words, WOM uttered by consumers can be related to either a company’s core offerings or its CSR values. This means there is a need for companies to extend the focus of its communication about products/services to non-financial values such as those of CSR.

### 2.2.2 Characteristics of WOM

Word of mouth (WOM) is usually misperceived with advertising. It is usually regarded as companies’s efforts to promote their image and reputation (Buttle, 1998). One can distinguish WOM and advertising by the extent to which corporate influence is traced in the information source. Buttle (1998) discovered some characteristics of WOM including valence, focus, timing, solicitation, and intervention.

One of the distinctiveness of WOM is its lack of boundaries (Brown et al., 2007). WOM involves the oral and face-to-face exchanges of information without verbal record. Therefore, WOM occurring in a spontaneous manner cannot be saved but transmitted from person to person. Messages in WOM can be widely transmitted and can reach various audiences in an uncontrollable manner.

WOM can be either positive or negative, or a mixture of both (Buttle, 1998; Anderson, 1998; East et al., 2008). The perception of positive or negative WOM can be different depending on adopted viewpoint. Brown et al. (2007) stated that “what is negative from corporate viewpoint may be regarded as extremely positive from a consumer viewpoint”. In this study taking a corporate’s viewpoint, negative WOM is considered as those that have potential risks to the company’s values such as reputation, brand image, sales revenues, or market opportunities. Despite the fact that WOM is created in a spontaneous manner, companies’ management efforts such as complaint handling process, service recovery, and service guarantees can influence the direction and volume of WOM (Buttle, 1998). In other words, companies would be able to drive negative WOM to an expected direction by having strategic management towards negative WOM.

WOM does not need to be limited to conversations between consumers. Buttle (1998) developed a six-markets model in which various parties are potentially involved in
WOM (i.e supplier/alliance, referral, internal, influencer, recruitment). Since corporate is an organizational entity which exists within a network of various parties, its mutual relationship with other parties affects and is affected by its reputation. WOM about a company can occur concerning issues about its products/services, brand reputation, and the company itself. Such issues have direct or indirect influence on stakeholders’ decisions. For instance, a company with good reputation will be attractive in the market towards investors. However, the effects of WOM do not need to be restricted within a specific group in which it emerges. WOM between consumers can also have impacts on other stakeholder groups’ perception of a company, especially with facilitation from the technology nowadays. This means the company should not underestimate any type of WOM in any particular stakeholder group. Being aware of the influence of WOM onto its beneficial relationships with other parties, companies can proactively intervene and manage WOM activity (Buttle, 1998). WOM management can be conducted at individual or organizational level (Buttle, 1998). However, potential damage caused by irrelevant WOM management by individuals who do not have a representative image of the company (Buttle, 1998) should be avoided.

### 2.2.3 The power of word of mouth

Word of mouth (WOM) is claimed to have influential power on consumers’ behavior more than marketing efforts from firms (Buttle, 1998; Hung & Li, 2007; East et al., 2008; Bruyn & Lilien, 2008; Cheung & Thadani, 2012). WOM was reported to be nine times as effective as advertising in forming positive attitudes from consumers (Buttle, 1998). With its origins from informal sources, WOM gains more trust and credibility from consumers. They believe WOM which is not a result of marketing efforts are more likely to reveal the genuine information about products, services, or organizations. Brown et al. (2007) and Buttle (1998) discussed WOM as a powerful tool to influence customers’ behavior, especially information search, evaluation and decision-making. East et al. (2008) claimed that WOM being one of the major reasons for brand choice has positive effects on new brand adoption and brand switching. From a corporate’s perspective, the power of WOM can outweigh a company’s marketing effort. With such power within WOM, it can become either opportunities or risks for a company.
depending on the characteristic of WOM (negative or positive) and the company’s management towards WOM.

These notions concerning the power of WOM can also be applied in CSR context. Many previous studies have proved that business ethics of a company, nowadays, has as much power as the attractiveness of core offerings on consumer decision-making. Therefore, WOM concerning CSR values of a company has certain impacts on consumer evaluation and behaviors towards the company.

### 2.2.4 Negative WOM

Previous researchers have proved and discussed the influential effects of WOM towards consumers’ perceptions of brands and consumer behaviors. WOM could be either positive or negative or a mixture of both (Anderson, 1998; Charlett et al., 1995 Brown et al., 2007). Many studies claimed that negative WOM is more influential than positive WOM (i.e. Richins et al., 1983, Arndt, 1967). Therefore it is essential to understand how negative WOM is created and to figure out the right strategic management towards negative WOM.

Negative WOM derives from dissatisfaction of customers from their experience with products, services, or social values of a company (Richins et al., 1983; Charlett et al., 1995; Gelb & Johnson, 1995). Customer dissatisfaction could derive from “imbalance between expectations and perceptions” (Buttle, 1998). In other words, WOM is mediated by customer satisfaction level (Buttle, 1998). Therefore, it can be inferred that positive WOM is likely to be created when customer expectations are met or exceeded while negative WOM is likely to be created when customer expectations are failed to be met. It was reported that customer responses to dissatisfaction can take several forms (Richins, 1983; Charlett et al., 1995; Buttle, 1998; Anderson, 1998) including:

- Direct complaints to sellers or to third party
- “Exit the relationship” or brand switching
- Uttering negative WOM in social network.
Negative WOM is regarded as a form of customer complaining behavior. While direct complaints to sellers are usually made at retail level and are not passed on to top management (Richins, 1983), negative WOM within the social network (negative eWOM) creates more influential effects to fellow consumers or other parties in the business network of the company. It was also found out that there are higher chances that consumers will talk about their experiences with others if they find it difficult to make complaints with the company (Gelb & Johnson, 1995). TARP (1986) and Richins (1987) said that dissatisfied customers talk about their bad experiences with 11 acquaintances while satisfied customers share their stories with only 3 acquaintances (Charlett et al., 1995). This means negativity from consumer experiences are spread more widely to others compared with positivity. One implication for companies is that if they could manage to deal with negative WOM and consumer dissatisfaction in a thorough manner, consumers will be less likely to share their dissatisfaction with fellow consumers.

There is no doubt that negative WOM has extremely bad influence to corporate reputation and business as already discussed with WOM in general. East et al. (2008) reported that negative WOM can decrease the purchase probability of consumers and, therefore, can cause financial damage to a company (Lau & Ng, 2001 cited by Audrain-Pontevia & Kimmel, 2008). While positive WOM can promote a company’s reputation, products/services, encourage customer purchase behaviors, and strengthen customer loyalty, negative WOM can cause damaging effects to the company’s reputation, decrease sales, and business opportunities. Despite the fact that dissatisfaction from consumers will lead to greater engagement in WOM more than satisfaction, Anderson (1998) stated that common propositions concerning the size of this difference appears to be exaggerated. However, being aware the impacts and redress strategies towards negative WOM is of strategic importance for companies who wants to build good relationships with consumers and maintain positive image in business market.
2.2.5 eWOM

2.2.5.1 From WOM to eWOM

In order to reduce risks from making wrong purchasing decisions, consumers usually seek for genuine information from informal information exchange with fellow consumers, reviewers, bloggers, etc… before, during, or after a purchase. The power of WOM has been even further extended with the advent of the Internet and Web 2.0 from which WOM is extended to virtual settings (Cheung & Thadani, 2012). Traditional WOM has emerged with a new form called computer-mediated word of mouth or electronic word of mouth (eWOM). On the Internet, eWOM can be created in various forms such as comments, reviews, discussions forums, social-networking sites, or newsgroups (Hennig-Thurau et al., 2004; Bronner & Hoog, 2011; Cheung & Lee, 2012) on different types of Internet platforms. The advances in technology have enabled the significant development of WOM regardless of restrictions in time and space. Therefore, the power of eWOM is more influential (Hennig-Thurau et al., 2004) due to “its speed, convenience, one to many reach, and its absence of face-to-face human pressures” (Sun et al., 2006).

2.2.5.2 Electronic word of mouth (eWOM)

EWOM is defined by Hennig-Thurau et al. (2004) as “any positive or negative statement made by potential, actual, or former customers about a product or company” which is accessible to a variety of people and institutions via the Internet. Similarly, Litvin et al. (2008) defines eWOM as informal communications among consumers concerning their evaluations of goods, services, or their sellers. Studying definitions about eWOM, it can be recognized that there is not much differences in how WOM and electronic WOM is understood and defined.

In spite of various similarities between WOM and eWOM, eWOM is claimed to have some distinctness by which it is differentiated with WOM. Firstly, eWOM possesses “unprecedented scalability and scale of diffusion” (Cheung & Thadani, 2012). Traditional WOM is created and exchanged in groups of individuals who are present in the conversations. In other words, time and space are the restrictions in WOM communication. Unlike traditional WOM, eWOM occurring on online platforms have
far exceeded the capability of traditional WOM in transmitting information and keeping the conversations going. Information of eWOM does not need to be exchanged at the same time when it is created (Cheung & Thadani, 2012; Cheung & Lee, 2012). For examples, posts on social media can always be traced and discussed. Secondly, eWOM communications are more “persistent and accessible” (Cheung & Thadani, 2012; Cheung & Lee, 2012). Most of the available information on the Internet are archived and can be stored and used in an indefinite time. Thirdly, “eWOM communications are more measurable than traditional WOM” (Cheung & Thadani, 2012; Cheung & Lee, 2012). Lastly, eWOM allows individuals discuss and talk about any topics without worries about being identified (Cheung & Thadani, 2012; Cheung & Lee, 2012). Due to such advantages of eWOM over WOM, companies are facing with even more impacts from eWOM, especially negative eWOM. The change from WOM to eWOM seems to place more power on consumers in the relationship with companies, therefore, create more pressures for companies to deal with consumer dissatisfaction.

### 2.2.5.3 Types of eWOM

Internet is a public platform which provides users with various types of communication to engage in. In other words, there are a lot of types of eWOM communicated on the Internet. Schindler & Bickart (2005) discussed seven ways in which eWOM is communicated online including posted reviews, mail bags, discussion forums, listservs, personal email, chat rooms, and instant messaging.

One major difference between these forms of eWOM is the degree to which they can be accessed by large number of people which is termed referability by Schindler & Bickart (2005). Posted reviews, mailbags and discussion forums are the most widely accessible eWOM among these types since the information from these forms are stored in a considerable period of time and are easy to gain access (Schindler & Bickart, 2005). In contrast, personal email, chat rooms and instant messaging are not published on the Internet and, therefore, can only be accessed by a limited number of people. These types of eWOM is much less influential compared with other published eWOM.

Consumer comments on Facebook are referred as posted reviews which are archived and easy-to-access. This means that when consumers express their dissatisfaction in a
brand fanpage, it is available to a huge number of Internet users. Even if a company does not establish an official fanpage on Facebook for communication with consumers, they will be likely to face the challenge of negative eWOM uttered by consumers within their network. Therefore, it is of strategic importance for the company to have a medium channel in which it can reach and have impacts on consumer negative eWOM.

2.2.6 Negative eWOM on social networking sites

2.2.6.1 Social networking sites

The emergence of user-generated content such as blogs, social networking sites, and Wikipedia has encouraged consumers to place more power and control onto their media behavior as well as their information seeking activities (Chu & Kim, 2011). The development of social media has provided users with many communication channels such as email, blogs, social networking site, photos and videos sharing sites, or virtual worlds (Subrahmanyam et al., 2008; Safko & Brake, 2009). They are a platform for users to create public or semi-public profile, create and view their own as well as others’ profiles and interact with other users in their network (Subrahmanyam et al., 2008; Safko & Brake, 2009; Chu & Kim, 2011). They provide a great medium for consumers to have online profiles, build their network, and create and distribute information publicly (Kaplan & Haenlein, 2010; Bonsón & Ratkai, 2012). With its unlimited capacity and speedy information transmission, social networking sites has been more popular than ever in bringing individuals closer and facilitating them with huge amount of information.

2.2.6.2 Facebook

Facebook is said to be one of the most popular social networking sites used widely among Internet users. Facebook was reported to have more than 21 millions members generating 1.6 millions page views each day (Needham & Company, 2007 cited by Ellison et al., 2007). Facebook is a free social networking site which allows users to create profiles, upload information, share photos and videos, send messages, and express their concerns towards discussed issues. It can be used to connect either with
offline friends or acquaintances or with new people. With a continuing increase of Facebook utilities and Facebook users, Facebook has been used more than merely an entertainment tool. Companies or organizations can use Facebook for brand building and creating conversations with consumers. As discovered by Horton (2009), a randomly selected population of 33 companies in the 2009 Fortune 100, 73 percent are found to be presented on Facebook (Dekay, 2012).

2.2.6.3 Negative eWOM on Facebook

The increase in the number of online communication channels and information demand has led to active engagement of consumers on online communication venues. Facebook is an obvious example where millions of people regardless of age, gender, or interests are connected. eWOM on Facebook occurs when consumers provide or search for informal product-related information about specific products, services, or brands with the intention to reduce failures in decision-making (Chu & Kim, 2011). eWOM created and exchanged on Facebook is highly influential in a sense that it can be reached by unlimited number of people without restrictions in time and space.

Consumers can create eWOM on Facebook by various ways including posting their stories or experience about specific products/services on their personal profiles which is called Facebook “wall”, commenting on other people’s posts, sending messages to friends in the network (Chu & Kim, 2011). As mentioned above, not only individuals but also companies or organizations also allow themselves to be interactive and connected with consumers via Facebook platform. To be specific, they also have their own business profiles which are called brand fan pages. On brand fan pages, companies can make entries or discussion threads about new product launches, promotion of events, surveys, or informational announcement on which viewers can comment and voice their opinions (Dekay, 2012). Most companies permit viewers to either initiate their own discussion threads or to make comments on the discussions initiated by the companies (Dekay, 2012). Viewers can either actively seek for WOM or passively encounter WOM when they are using social networking sites like Facebook. One who does not intend to seek for information is still likely to pay attention to or get involved in WOM if they found interesting information.
Consumers can utter both positive and negative eWOM on a conversation initiated by the company by making comments. Negative comments were defined as those that are made with the intention to criticize a company’s products, service, or social values while positive comments are those that do not contain negative implications for the company (Dekay, 2012). From a corporate’ perspective, comments that pose risks for a company’s reputation and performance will be considered negative. Although negative comments do not necessarily happen to be the truth, it is still considered as negative eWOM due to its effects other consumers’ perception or choices. The negative impacts of negative eWOM on a company are basically similar to those of traditional negative WOM as discussed earlier. However, negative eWOM can be even more influential due to some differences in characteristics.

2.3 Management of negative eWOM

2.3.1 Company’s role in eWOM management

From a corporate view, eWOM can be used as a marketing tool which has huge potential influences on commercial businesses (Zhang et al., 2011). Therefore, companies are suggested to consider eWOM and incorporate eWOM into marketing strategies (Zhang et al., 2011). This means eWOM management, especially in CSR context, can be used as a strategic tool to promote itself with CSR values. Moreover, companies should not only consider eWOM as a passive actor but also take an active role in managing and participating in eWOM communication. Concerning corporate’s role in managing eWOM, Godes et al. (2005) discussed four strategies that companies can use in eWOM communication management. Companies can be observer, moderator, mediator, or participant in eWOM communication (Godes et al., 2005).
• **Observer**: Being an observer means watching eWOM communication uttered by consumers and collecting relevant information for reference (Godes et al., 2005). Taking this role, the company does not engage in the communication but learning from what is being said about itself. However, this put the company in a passive situation in which companies are not able to create interactive and supportive relationships with stakeholders as suggested by Freeman’s stakeholder theory (1984).

• **Moderator**: In this role, companies goes beyond gathering information from conversations and facilitate eWOM communication platforms such as social networking sites, customer feedback websites, or brand communities, etc… (Godes et al., 2005). However, this role poses many questions for companies concerning how the companies can establish and control eWOM communication and its influence on the companies in a way that maximizes potential desired outcomes.

• **Mediator**: As a mediator, the company takes control of eWOM message and disseminate it itself (Godes et al., 2005; Zhang et al., 2011). The company tries to manipulate the communication content and the extent to which the eWOM messages are conveyed. This strategy seems to be no longer relevant in such an era where advances in technology facilitate significant connections in the social network.

• **Participant**: A company can take participant role by engaging in eWOM conversations (Godes et al., 2005). Social networking sites like Facebook can enable the company to take this role. This strategy requires the company to take good control of the communication platform by having strategic planning which is in accordance with company’s targets in order to fully exploit the eWOM conversations and promote the company’s values.
2.3.2 Response strategy towards negative eWOM

Thomas, Peters, Howell & Robbins (2012) developed a framework of suggested strategies for handling negative WOM with the purpose to protect their brand image and profitability. The framework consists of five strategies including: delay, respond, partner, sue, and control. Thomas et al. (2012) stated that these strategies are not mutually exclusive. They can also be applicable at different stages in a communication model depending on a company’s strategic goals and consumer behaviors. The strategies are identified to belong to a spectrum of offensive and defensive initiatives (Thomas et al., 2012).

![Figure 2: Strategies for handling negative eWOM on social media (Thomas et al., 2012).](image-url)
• *Delay*: A delay strategy is formed based on the idea that negative eWOM will die down on its own (Thomas et al., 2012). A company using this delay strategy tends to not respond or ignore negative feedbacks from customers (Thomas et al., 2012). The logic lying behind this strategy is the huge volume of news emergence in social media channels which allows the public to be easily distracted with newer and more attractive information. This logic would make sense if the negative feedbacks are not severe or relating to core business of the company. Irrelevant or insulting feedbacks can also be handled with delay strategy. Thomas et al. (2012) claimed that delay strategy, in some cases, can reduce the run time of negative eWOM by constantly providing viewers with newer news. In addition, this strategy may work for industries which do not have “heavy users of social media” (Thomas et al., 2012). However, the disadvantages of this strategy seem to outweigh its advantages. The fact that more and more people are engaging in social media channels is a pressure for a company to be interactive and responsive on media channels. A delay strategy will form the belief that the company “is being unresponsive and unwilling to listen to their consumers” (Thomas et al., 2012). Having no response to negative feedback also take away an opportunity from the company to raise its voice, strengthen the brand image, and become connected with consumers and the public. In other words, ignoring unfavorable comments demonstrates a lack of company concern towards existing and future customers (Dekay, 2012). In some cases, a late response can be considered as a delay. Howell et al. (2012) took an example from Domino’s Pizza giving a response two days after the occurrence of negative publicity to emphasize the diluting effects of late responses. Therefore, timing in giving responses is also crucial. Although delay strategy is risky and irrelevant in this technology era, it can still be used as a temporary and initial step in handling negative feedbacks which gives the company more time to think of proper and relevant answers (Thomas et al., 2012).
Response strategy, defined as “listening to, acknowledging, and potentially addressing negative feedbacks generated via social media”, is a viable option for creating dialogue conversations between a company and consumers (Thomas et al., 2012). Response strategy can be conducted in various forms from giving replies to individual customers or making strategic business decisions depending on the severity level of negative comments (Thomas et al., 2012). This strategy also has its own advantages and disadvantages. Response strategy enables the company to be transparent and authentic (Thomas et al., 2012). Transparency and authenticity is important in corporate communication in general and in CSR communication in specific. Consumers and the public expect companies or any organizational entity to be real, honest, and authentic (Thomas et al., 2012). Being responsive to consumer feedbacks will help the company to be perceived transparent and willing to public its information. Besides, response strategy is an opportunity for the company to be interactive with consumers in taking and receiving information. A proper response will help the company in correcting false information, soothe the hype, and deny negative rumors (Thomas et al., 2012). Therefore, the company will be likely to strengthen its relationship with customers, increase customer satisfaction, and build brand loyalty (Thomas et al., 2012). However, response strategy would also lead to stronger disagreement if the responses are not well drafted or the negative feedbacks are formed on the basis of wrong information or wrong perceptions (Thomas et al., 2012). Another challenge for a company using response strategy is to acknowledge relevant responses towards different types of negative comments (Thomas et al., 2012). Some consumers give negative comments to merely gain attention while others are more concerning with legitimate issues which are worthy of addressing. (Thomas et al., 2012). What is to be addressed in the responses is of strategic importance since unreasonable explanations will only lead to worst situations. Similar to delay strategy, response strategy needs to be done with right timing. Late responses will be destructive to the company’s reputation, especially when information is easily and quickly spread out in social media channels.
• **Partner:** Using partner strategy, a company would choose to partner with consumers in the marketplace for constructive and committed relationship (Thomas et al., 2012). In other words, an outside spokesperson will be used in promoting, managing, and responding to messages or feedbacks (Thomas et al., 2012). This strategy enables the company to not only build an interactive with consumers but also enhance its credibility and transparency (Thomas et al., 2012) since an outsider’s voice seems to be more trustworthy than corporate’s marketing efforts. Another advantage of this strategy is the opportunity to have efficient use of company resources (Thomas et al., 2012). The company can “capitalize and market to the huge audience created by fan page” (Thomas et al., 2012). However, partnering with consumers also limit company’s control over the communication channel. If the company emphasizes or focuses too much on its own messages other than the community’s messages, the relationship between the company and the community will be diluted (Thomas et al., 2012). Therefore, it is suggested that there should be co-creation, participation, and honour between them (Thomas et al., 2012). In addition, using partnership strategy will make the company be dependent on relationship with chosen partners in order to maintain the communication channel with consumers. Information confidentiality is also a sensitive issue that needs to be considered if the company opts to this strategy.

• **Legal action:** Legal action in corporate communication is defined as “one party initiating judicial proceedings against another” (Thomas et al., 2012). Legal action can be initiated from either the company or a consumer concerning sever issues such as defamation, resource ownership (Thomas et al., 2012). Although this strategy has high legitimacy values, it poses certain risks for the company. Whether the company can win in the legal battle or not, the company will always face with reputational damage, especially when the public tends to advocate for the individual consumer (Thomas et al., 2012). Gaustrais sees taking legal action in social media “like using a canon to kill a fly” (Thomas et al., 2012) since legal process is complicated, expensive, and time-consuming. Therefore, legal action should be the least favoured option to choose when dealing with negative feedbacks on social media.
Censorship: Censorship means “removing or suppressing information via the social media forum” (Thomas et al., 2012). Similarly to legal action strategy, censorship enables a company to take control over available information concerning its business on the Internet (Thomas et al., 2012). However, making attempts to control consumer messages only dilutes the company image since it builds a lack of transparency and lack of honesty in consumer perception of the company. What is seen from consumer perspective is different with that from the company perspective. Therefore, an effort to control the spread of false information may result in bad impression for consumers.

2.3.3 Customer relationship management (CRM)

How a company responds to negative user-generated content on social media has certain impacts on the relationship between the company and consumers. Therefore, it is essential to look at negative WOM management from the perspective of customer relationship management (CRM). Complaint handling is said to be one of the important service element in building and strengthening the relationship with consumers (Gronroos, 2004). CRM defined as “a combination of people, processes, and technology that seeks to understand a company’s customers” aims at managing and developing relationship with customers (Chen & Popovich, 2003). Studying from CRM’s point of view, social media as a communication channel is a company’s touch point where customers are enable to retrieve information from the company concerning many issues such as products, services, or social activities (Chen & Popovich, 2003). CSR is not merely a platform for marketing and sales but also a medium to strengthen the relationships with consumers, increase brand equity, and, therefore, increase profitability.

Consumers as one of the most powerful stakeholder should be treated with “customization, simplicity, and convenience” (Chen & Popovich, 2003). Regardless of communication channels or adopted strategies, communication content should be consistent in all cases (Chen & Popovich, 2003). Therefore, it can be inferred that companies should try to handle negative feedbacks in a thoughtful and honest manner.
Individuals have different concerns for various issues concerning CSR. Companies should not use a general procedure to apply in all cases when responding to negative feedbacks. Instead, the management of negative feedbacks should be throughout and customized in a sense that it would meet the information demand of individuals and solve the ongoing conflicts. In addition, responses should be made in the same communication platform where negative feedbacks are voiced. The content of responses should be well drafted in order to deliver the right information and soothe the intense from customer dissatisfaction. Another important feature in message content is consistency in message content and in delivery manner. Lack of consistency in corporate communication would result in suspicion and confusion for consumers which, especially, should be avoided in CSR context.

The logic of CRM put customers at the centric position in all marketing activities. Although products or services are the core of the business, they do not involve in a long-term relationship with customers (Gronroos, 2004). Therefore, companies should adopt customer centricity logic in all its activities including corporate communication. When responding to customer feedbacks, it is important to focus on solving the confusion or misunderstanding of consumers by giving true information rather than only expressing concerns about the company’s benefits (Gronroos, 2004). In other words, the communication should benefit both consumers and the company itself. Moreover, two-way communication is recommended in CRM for sharing and creation of knowledge among involved parties (Gronroos, 2004). It is suggested that companies should maintain dialogue communications and interactive relationships from which both the companies and consumers will gain valuable information. From the corporate perspective, dialogical conversations allow companies to gather valuable information concerning customers’ interests and needs. Having no response or late response to negative feedbacks will discourage consumers to raise their voice and prevent companies from having an opportunity to fix the situation.
2.4 Summary

This part will shortly summarize the theoretical framework. Therefore, what is brought up in this chapter has been discussed and explained in the previous chapter.

CSR has been growing as a trend widely adopted in many corporates’ practices. The motives for engaging in CSR activities could derive either from legal obligations concerning a company’s impacts on society and environment or from the company’s voluntary efforts to capture values for itself and create values for surrounding environment in which it operates. Being aware of many potential benefits of CSR, many companies are engaging in CSR activities with the latter approach in which CSR is used as a tool to not only comply with legal obligations but also gain various benefits for themselves. Such benefits would be more likely to be achieved if companies can manage efficient CSR communication with target audiences. In this case, CSR communication with consumers will enable companies to improve the relationship with consumers, increase sales, and enhance brand image and equity.

WOM or eWOM has been discussed as a reliable source of information for consumers concerning evaluation about a company’s products, services, or social values. Consumers’ concerns about a company do not restrict to its core offerings, but extend to non-economical values such as social or environmental impacts. In other words, consumers can utter WOM (positive and negative) concerning a company’s ethics or CSR values. This could become either an opportunity or a risk for companies who engage in CSR. Positive WOM can be seen as a medium by which companies can promote their CSR values. In contrast, CSR negative WOM can dilute the its brand image and value.

Negative feedbacks or negative WOM are inevitable in doing business in general. To be specific, negative feedbacks from consumers have been a serious concern for companies engaging in CSR when they face with the need to establish dialogical conversations with stakeholders. When the complaints are directed at both the company and fellow consumers, they are considered as negative WOM due to its large impact on behaviors of other consumers. The development of Web 2.0 and emergence of social networking sites has even reinforced the power of WOM by converting it into eWOM. This
transition also place more power on consumers with more possibilities to utter negative WOM and create more challenges for companies in communication with consumers.

When dealing with public negativity from CSR negative eWOM, companies should be able to execute the functions of both CSR communication and negative eWOM management. Although CSR communication can be executed with any tools from corporate communication, CSR communication with its distinctness should be executed with more diverse tools and strategies concerning on which channels CSR should be communicated, the extent to which firms should convey their CSR activities, what are the motives behinds these activities, or how conducted CSR activities fit with a company’s core business.

When handling with negative eWOM on social networking sites, a company should define their role in eWOM communication management. It can be observer, moderator, mediator, or participant. In addition, it was found out that a company can respond to negative eWOM on social media by using either offensive strategy or defensive strategy. Among the spectrum between offensive and defensive initiatives, five different strategies are identified including partner, respond, censor, legal action, and delay strategy.

Regardless the characteristics of eWOM (positive or negative), eWOM communication between a company and consumers can be seen as consumer experience with the company. Therefore, it is essential for the company to facilitate consumers with positive experience including receiving reactions from the company about negative eWOM. Positive experience with the company’s eWOM management will likely reduce consumer dissatisfaction and strengthen the relationship between the company and consumers.
3. METHODOLOGY

3.1 Choice of research approach

3.1.1 Inductive research

Research approach is one of essential elements in research design which determines how the study will be conducted in order to meet the aim of the study. Saunders et al. (2009) discussed two approaches in doing research including deductive approach and inductive approach. Deduction is the development of theories from previous studies and the use of scientific tools to test these theories. This approach is referred as “a testing of hypotheses” (Saunders et al., 2009) which usually requires the use of quantitative methods in data analysis. Since deductive researches use data to test theories, it is suggested to select sample of sufficient size for statistical generalization (Saunders et al., 2009). In contrast with deduction, induction is a process of building theories by studying cases or events. The theories are built based on identified patterns from and understandings of how the social world is interpreted by human (Saunders et al., 2009). Therefore, an inductive research involves with a collection of qualitative data. Unlike deductive approach, inductive approach is less concerned with generalizations of the results but in-depth understanding of studied problems.

The approach of this study is chosen with connection with the research questions. Since this study aims at understanding the practice of Lush in handling negative comments concerning CSR issues, this study can be considered inductive. By studying the case of Lush, new theories and concepts about the management of negative word of mouth in CSR communication will be developed. Inductive approach will enable a close understanding of chosen context and how existing theories in CSR communication and negative eWOM management is used by practitioners.
3.1.2 Qualitative research

The choice of which research method to be used is dependent on the aim of the study as well as how the chosen research method will help answer the research questions. A study could be either qualitative or quantitative research. As mentioned above, qualitative studies usually have inductive approach while quantitative studies have deductive approach. Qualitative studies aims at understanding patterns or details of a problem or phenomenon in order to explore new concepts and theories while quantitative studies concerns with testing hypothesis on large samples in order for generalization (Silverman, 2006). One way to distinguish qualitative research and quantitative research is the nature of collected data in each type of research. Quantitative research is conducted by using data collection technique and data analysis procedure that generates or uses numerical data while qualitative research generates or uses non-numerical data (Saunders et al., 2009). Although quantitative is highly appreciated since it “offers a highway to the advancement of knowledge and science” (Gummesson, 2000), qualitative research is a powerful medium for researchers to be flexible and innovative in knowledge development process (Gummesson, 2000; Silverman, 2006).

Since this study is considered an exploratory research which aims at new insights into how a company is handling negative customer feedbacks in CSR online conversations, it can be referred as a qualitative study. Taking a qualitative approach will enable researcher to be creative and flexible in interpreting meanings and motives in the company’s practices. Moreover, using qualitative techniques will result in rich information and patterns of collected data. In this qualitative study, mono method defined as the use of one single method in data collection and corresponding data analysis procedure (Saunders et al., 2009) will be used throughout the research process. To be specific, computer-mediated data collected from the company’s brand fan pages will be used as primary data for this study.
3.1.3 Case study research

There are seven research strategies discussed by Saunders et al. (2009) including: experiment, survey, case study, action research, grounded theory, ethnography, and archival research. Among these research strategies, the decision in research strategy should be guided by the research objectives (Saunders et al., 2009). Therefore, this study can be considered a case study since it aims at developing understanding about a phenomenon and giving answers to “how” and “why” questions, especially when behaviors of those involved in the study cannot be manipulated by the researcher (Yin, 2003 cited by Baxter & Jack, 2008). Case study are defined as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence” (Robson, 2002 cited by Saunders et al., 2009) which will result in rich understanding of studied area and its context (Saunders et al., 2009). Ghauri & Grønhaug (2010, p. 114-115) discussed case study as a description of management situations which occur in real-life contexts. Case study can be exploratory, explanatory, or descriptive in its nature (Ghauri & Grønhaug, 2010, p- 114-115). This study is an exploratory research which aims at exploring and understanding the practice of Lush company. Although case study will not result in broad generalization in its meanings, it will lead to unexpected discoveries of real-life situations which, if removed from its social context, cannot be understood (Ghauri & Grønhaug, 2010, p. 114).

The design of case study can be either single case study or multiple case study (Yin, 1994). A single case study is favourable when the case is unique or new to researchers while multiple case study is chosen when researchers aim at contrasting or comparing findings among many cases (Saunders et al., 2009). This thesis uses single case study design which focuses in only one company. The choice of this case study design is supported by the fact that there are not many cosmetics company that establishes public online conversations with consumers about CSR issues. In addition, the fact that few previous studies considered WOM management in CSR context is a good justification for this choice. Although single case study is criticized for its generalization, it enables the researcher to closely study about this new research problem.
3.1.4 Case study sampling

Sampling is one of important steps in research design since it allows researchers to identify clear scopes of entities which will be used as data sources. Such entities are called unit of analysis (Patton, 2002). According to Patton (2002), unit of analysis is major entities which are analyzed in a study such as organization, individual, time, culture, and incidence. Unit of analysis is a critical factor in conducting a case study (Tellis, 1997). The choice of unit of analysis should be made on the basis of how it will help answer the research questions and achieve the aim of the study (Patton, 2002). Since unit of analysis is the basis for sampling decisions, it is important to identify relevant units of analysis which will guide researcher in sampling.

Sampling is a process of choosing units from the population based on identified unit of analysis (Patton, 2002). There are two main sampling strategies: random probability sampling and purposeful sampling (Patton, 2002). “The logic and power of random probability sampling derive from statistical probability theory” while “the logic and power of purposeful sampling lies in information-rich cases for study in-depth” (Patton, 2002). Purposeful sampling is suitable for qualitative studies since it enables researchers to choose the most relevant and information-rich units for analysis. Within purposeful sampling, Patton (2002) discussed many sampling strategies such as extreme case sampling, intensity sampling, maximum variation sampling, homogeneous sampling, typical case sampling, critical case sampling, snowball sampling, criterion sampling, stratified sampling, etc… In this study, intensity sampling, convenient sampling and criterion sampling will be used to select data units. The choices of unit of analysis and relative sampling strategies are illustrated in Table below.
The choice of case is made by using a combination of intensity sampling and criterion sampling strategies. As discussed earlier (Chapter 1), negative eWOM management has rarely been studied in CSR context. Therefore, intensity sampling is used to identify an information-rich case for intensive and relevant data. This choice is consistent with Tellis’ recommendation (1997) which emphasizes the importance of choosing relevant cases in order to maximize what can be learnt in a restricted period of time. In addition, the case is chosen on the basis of determined criterias deriving from the objectives of this study. In other words, Lush is chosen due to its disclosure about CSR practices as well as the extent to which corporate communication is executed on its brand fan page. Among many locations of the company such as Lush UK, Lush North America, and Lush Finland, this study will only gather data on the brand fan page of Lush North America. Compared with other fan pages in different locations, Lush North America seems to be active with high volume of interaction between the company and Internet users.
Since WOM is not easily observed and collected in face-to-face context, social networking sites are a great medium on which WOM information can easily be obtained. Among many social networking sites, Facebook is chosen to be the information source in this study. As already mentioned above, Facebook is one of the most popular social media to date. It can also be noticed that Lush has an active profile in Facebook with various activities concerning marketing, sales, sustainability, etc… Therefore, it can be fast and convenient to collect data on Facebook. However, Facebook with high information capacity contains large volume of posts and comments on the organization’s profile. This means there should be a restriction in the time frame in which available data is collected. In choosing time unit, convenient sampling strategy is used to facilitate a fast and convenient approach to data collection. To be specific, relevant information available from June 1st, 2017 to July 31st, 2017 will be collected as primary data for this study.

On a brand fan page, consumers can establish conversations with the company by either posting comments on company’s posts or generate new posts. In this study, data will only be collected in posts made by the company. In other words, company-initiated conversations will be the focus of this study. These conversations will be filtered by some other criteria which are set based on the aim of this study. In particular, only CSR-related negative comments will be collected and used as relevant data in this study. The data will be carefully collected based on chosen samples in order to gain credible and beneficial results.

### 3.2 Data collection

The aim of data collection is to gather relevant information concerning the aim of this study. To be specific, this study will collect computer-mediated texts on the company’s brand fan pages in order to answer two proposed research questions. Data collection is conducted on August 1st, 2017. Due to high volume of threads on the brand fan page, the data collection is limited to threads posted in June 2017 and July 2017. By studying the fan page during this period of time, 48 posts initiated by the company were identified and used for collecting negative eWOM.
Based on the aim of the study, following information was manually collected:

- Among various comments on posts in June 2017 and July 2017, negative comments from consumers will be manually filtered and collected. Negative comments are comments that express consumer disagreement or dissatisfaction concerning the company’s specific posts, products, or services. Studying from a company's perspective, negative comments are those which pose reputational risks for the company. Positive comments or neutral comments which do not imply negativity towards the company will not be collected as relevant data. Since the scope of this study is limited to WOM uttered in company-initiated posts, data collection process will be conducted on threads posted by the company. Another criterion in filtering data is CSR-related content. Therefore, negative comments will be re-filtered to those containing CSR-related content. In the cosmetics industry, CSR issues are usually concerned with animal-testing methods, ingredient sourcing, environmental footprints by finished products, cosmetics packaging, ingredient safety (Sahota, 2014). Besides these issues, CSR-related content can also be about the company’s contribution to ongoing social issues. Collected negative comments with CSR-related content are iterated several times in order to ensure the collected data is relevant and consistent with determined criteria.

- The company’s responses to negative comments will be chosen as collected data. The negative comments and corresponding replies from the company will be collected and saved in a systematic order in order to facilitate subsequent content analysis. If there is no response from the company, the case will still be recorded for comprehensive analysis. Since Facebook allows users to build a conversation by replying to a posted comment. Therefore, the replies to every comment will be checked for relevant data since it could potentially contain negative comments or the company’s responses. If there are many feedbacks in a reply thread, to which the company’s responses direct at will be identified with name tagging.
• Beside the negative comments and company’s responses, information about when negative comments are posted and when responses are made will also be collected for analysis.

After following steps and criterions as described above, 31 negative comments of consumers and 21 responses of Lush were collected. Collected data is stored systematically in order for data analysis which will be presented subsequently.

3.3 Data analysis
Data analysis involves breaking down the complexity in collected data into component parts (Spiggle, 1994). According to Spiggle (1994), qualitative data analysis is conducted by researchers in order to “generate conclusions, insights, meanings, patterns, themes, connections, conceptual frameworks, and theories”. The data collected will be analyzed mainly by using qualitative data analysis techniques suggested by Spiggle (1994). The analysis process consists of categorization, abstraction, comparison, dimensionalization, integration, iteration and refutation. However, this study will not use all recommended steps. Instead, all steps except for refutation were used in this stage of manipulating data since it was considered not essential in this study.

3.4 Research quality
Evaluating quality of a research means assessing its trustworthiness (Wallendorf & Belk, 1989). Research trustworthiness is said to be one of determinators for a good research (Wallendorf & Belk, 1989). Although trustworthiness of qualitative research does not guarantee the overall quality of a research itself, it is essential to evaluate the quality of a research. Wallendorf & Belk (1989) developed 5 criteria in assessing qualitative research trustworthiness from a former study of Lincoln & Guba (1986) including credibility, transferability, dependability, confirmability, integrity.
<table>
<thead>
<tr>
<th><strong>Credibility</strong></th>
<th>Sufficient and believable presentations of how the study is conducted.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transferability</strong></td>
<td>The possibility of applying the findings in other contexts.</td>
</tr>
<tr>
<td><strong>Dependability</strong></td>
<td>Replication of the study would result in stability in interpretation</td>
</tr>
<tr>
<td><strong>Confirmability</strong></td>
<td>The interpretation is conducted based on collected data, not bias or personal interest of researcher.</td>
</tr>
<tr>
<td><strong>Integrity</strong></td>
<td>The study is conducted based on genuine data without any misinformation or misinterpretation of informants.</td>
</tr>
</tbody>
</table>

Table 2: Trustworthiness of qualitative research (Wallendorf & Belk, 1989)

Beside these criteria in assessing research quality, Spiggle (1994) proposed some other criteria which can be used, in addition to Wallendorf & Belk’s (1989) criteria when evaluating a research quality.

<table>
<thead>
<tr>
<th><strong>Usefulness</strong></th>
<th>To what extent the study can contribute to our understanding and to the field of study?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation</strong></td>
<td>The study challenges current ways of thinking and provide alternative and creative methods for approaching the problems.</td>
</tr>
<tr>
<td><strong>Integration</strong></td>
<td>The study results in emergent integration and a holistic framework which goes beyond the identification of clusters in the data.</td>
</tr>
<tr>
<td><strong>Resonance</strong></td>
<td>The findings enrich our understanding of similar phenomena.</td>
</tr>
<tr>
<td><strong>Adequacy</strong></td>
<td>The study should be able to prove that the findings are grounded in the data.</td>
</tr>
</tbody>
</table>

Table 3: Qualitative research evaluation (Spiggle, 1994)
Criteria for qualitative research evaluation developed by Wallendorf & Belk (1989) and Silverman (2006) will be used in order to evaluate this research’s quality. To be specific, the criteria will be arranged in the table below. Within each criterion, the quality of this study will be analyzed based on definitions which has been brought up above (Table 2 & Table 3)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Usefulness** | - This study enriches the understanding of academia and practitioners concerning the challenge in building dialogical CSR communication.  
- The findings of this study is a reflection of how a company could handle negative eWOM in CSR communication.  
- This study emphasizes the importance of integrating CSR into corporate communication in order for strategic outcomes.  
- The findings concerning how negative eWOM in CSR communication can be handled can be applied in real-life situations in corporate communication in general and in CSR communication in specific.  
→ Usefulness of the study is highly achieved. |
| **Innovation** | -This study reinforces the idea that CSR benefits can be strengthened and promoted by integrating it into corporate communication.  
- By responding to negative eWOM, companies involve in the communication can handle public negativity and convey CSR messages at the same time.  
→ Although CSR is no longer a new concept, how it should be viewed in integration with corporate communication which is the main focus of this study could be seen as an achievement in innovation. |
| **Integration** | -The data analysis results in a framework of how different types of negative eWOM are handled with different strategies.  
→ Integration itself is used as a step in data analysis, therefore, considered as a quality of this study. |
| **Resonance** | -The framework can be applied in similar cases where negative publicity or customer complaints occur.  
→ The requirement of resonance is satisfied. |
<table>
<thead>
<tr>
<th>Adequacy</th>
<th>- The methodology chapter explains clearly and thoroughly how the analysis is conducted or how the interpretation is grounded in the data. → Adequacy of this study is achieved.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credibility</td>
<td>- The researcher is familiar and interested in the case company and its CSR practices, which helps in data collection. - The methodology of this study describes clearly how data was collected and analyzed, and how interpretation is made with illustration from real data. → This study can be considered as credible. However, credibility can be even enhanced by using triangular across sources and methods (Wallendorf &amp; Belk, 1989), for example, interviewing internal employees about the studied problems.</td>
</tr>
<tr>
<td>Transferability</td>
<td>- The results of this study can be beneficial for other companies who are engaged in CSR and interested in exploiting CSR benefits at a strategic level. - How negative eWOM in CSR communication is handled can be applied in other cases in which consumer complaints may occur. - By defining the scope of research, the findings should be merely applied in CSR communication with the public and consumers. → It can be claimed that this study has achieved transferability. It could even be improved by using emergent design (Wallendorf &amp; Belk, 1989).</td>
</tr>
<tr>
<td>Dependability</td>
<td>The dependability of this study is not guaranteed due to the fact that data was collected in a restricted period of time. Therefore, it could be improved by extending the samples in order to observe more changes.</td>
</tr>
<tr>
<td>Confirmability</td>
<td>- The methodology and findings chapters explain clearly how data is collected and analyzed which eliminates any confusions from readers. - Data analysis is conducted and presented based on collected data, not biases or personal interests. → Although confirmability of this study is guaranteed, it can be enhanced by the use of external auditor (Wallendorf &amp; Belk, 1989).</td>
</tr>
</tbody>
</table>
Integrity

-Integrity of this study is satisfied due to the fact that interpretation is not unimpaired by any misinformation or lies. The nature of collected data ensures the integrity of this study.

Table 4: Evaluation of research quality
4. RESULTS

4.1 Negative eWOM from consumers.

After data collection, the negative comments posted on the company’s fan page are stored systematically for analysis. In order to analyze the negative comments, four steps in manipulation qualitative data is used including categorization, abstraction, comparison, and iteration (Spiggle, 1994).

As suggested by Spiggle (1994), “categorization is the process of classifying or labelling units of data”. In other words, categorization involves labelling a chunk or unit of data with phenomena in which the data belongs to. Based on the aim of this study, the analysis of negative eWOM should help discovering management practice of the company towards negative eWOM instead of consumer’s behaviors in negative eWOM. Therefore, the comments will be analyzed from the company’s point of view. This means chunks of data will be categorized on the basis of its meaning (Spiggle, 1994) rather than smaller units of data. The categorization of the data will be conducted inductively for the emergence of new patterns or themes. After categorization, abstraction is proceeded in order to group similar categories into more conceptual classes (Spiggle, 1994). In addition, comparison and iteration is used throughout the analysis process. Comparison helps discovering similarities and differences within the data while iteration involves moving back and forth between analysis stages in order for in-depth analysis (Spiggle, 1994).

To be specific, collected negative comments and company’s responses will be analyzed into elements which carry different types of meaning. Elements which share the same meaning will be grouped under one category. The categorization process continues until all meaningful elements are analysed and labelled. Subsequently, identified categories from negative comments and company’s responses will be grouped into abstraction. In this stage, data analysis is conducted in a more abstract level. This means categories which share a same abstract meaning will be grouped under one abstraction. During categorization and abstraction, the data (negative comments and company’s responses) will be constantly compared and iterated. The comparison helps finding similarity or
differences in meanings of data elements. Moreover, the comments and responses are
iterated in order to ensure meaningful pieces of data are not overlooked.

Beside these steps, some techniques in qualitative data analysis such as word repetition,
and compare and contrast are used. According to Ryan (2003), word repetition is used
as a way to understand what people are talking about. Word repetition is conducted by
identifying unique words or topics and counting the number of time they occur (Ryan,
2003). This technique is applied in order to identify CSR topics that consumers are
concerned about. Compare and contrast involves deeply analyzing every line in a text
and discovering how a line is similar or different with the preceding ones (Ryan, 2003).
This technique is similar to what Spiggle (1994) refers as ‘comparison’. Compare and
contrast is highly essential in grouping similar types of comments which will be
presented later on.

4.1.1 CSR topics concerned by consumers

By using categorization technique of Spiggle (1994) and word repetition technique of
Ryan (2003), six CSR topics are identified as main concerns from consumers (Table 4).
To be specific, consumer concerns from negative comments are identified and
categorized into different topics. After listing all the topics mentioned in consumer
negative comments, the numbers that the topics are mentioned are accurately counted.

<table>
<thead>
<tr>
<th>Consumer concerns</th>
<th>Repetition</th>
<th>Percentage</th>
<th>Example (Lush Cosmetics North America, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ingredient safety</td>
<td>14</td>
<td>38%</td>
<td>“Are you ever going to make sulfate free products? They are terrible for health and environment.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>“None of the listed ingredients would keep these things from going mouldy with raw food you’ve added. How many broad-spectrum preservatives are hiding under the vague “Fragrance” ingredient? ...”</td>
</tr>
<tr>
<td>Category</td>
<td>Sentiment</td>
<td>Frequency</td>
<td>Percentage</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>------------</td>
</tr>
</tbody>
</table>
| Social change support     | “How can you claim to be a company that supports humanitarian causes while putting food in your products with millions of people around the world starving?”
|                           | “Too bad this is the bar that if you pay for it they will use the money to help change execution laws” |
| Animal use                | “It says you Do Not Test ‘Final’ products on animals? Can you define final because to me that means all the beginning failed products were tested on animals? I’m very confused on your wording?”
|                           | “Milk, honey, lanolin, and eggs. Information readily available on the Internet. Does that sit well with you as a vegan? It shouldn’t.” |
| Environment protection    | “My point is, regardless of the specific product or its ingredients, using soaps and shampoos in ponds is an environmental no-no. I believe Lush is sending a mixed message- a celebration of package-free products (yay!) contradicted by this image of someone using the product in a way that negatively impacts the environment.” |
| Ingredient sourcing       | “…They have fair traded ingredients, are gmo free, organic, cruelty free, and those good things without all those chemicals and they’re biggest bottle of soap is 32 oz. and is half the price of your 16 oz bottle. Dr.Bronner’s also even started up their own farm to ensure everything put into their soaps was ethical…” |
Employment 1 2.7%

“Considering I’m trans and I want to believe you. But I don’t. My local LUSH store usually misgenders me and calls me by my dead name despite me being a repeat customer and correcting them every time. Also applied for a job there, one of the most qualified applicants I was told. Was not hired...I wonder why. I bet I know why.”

Table 5: Identified CSR topics in negative eWOM

The most commonly mentioned topic in consumer complaints is ingredient safety. Since cosmetics industry is referred as the ‘chemical industry’ (Sahota, 2014), consumers are greatly concerned with product safety. By looking at the ingredients published by the companies, consumers make judgement about the safety of LUSH products. The perceptions of consumers about safety could vary depending on their expectations about the products. For instance, one can be concerned about the impacts of paraben and sulfate while another one is concerned with Talc (Lush Cosmetics North America, 2017). In addition, consumers can express their concerns about ingredient safety by either raising their opinions about specific ingredients found in the products or raising doubts about the transparency of the company in listing ingredients.

As an enthusiastic campaigning company, LUSH receives a large number of feedbacks concerning its social change support. Based on the collected data, it can be noticed that the company has made efforts to support social issues such as gender justice, execution law, and refugee resettlement (Lush Cosmetics North America, 2017). Social change support is a way to reinforce the company’s values and to make positive changes to the community in which the company operates. When raising their voice about the company’s social change support, consumers can express dissatisfaction with discrepancy between the company ethics and real outcomes, or their subjective disagreement with the company ethics. For instance, a consumer felt disappointed because of the inconsistency between the company’s claim and its real practice (Lush Cosmetics North America, 2017).
Another heating CSR issue for consumers is the use of animal in business. In cosmetics industry, animal use could be animal-testing or animal sourcing. With a significant increase in consumer awareness concerning protecting animal rights, a lot of companies are pressured to fight against animal cruelty. Concerning the issue of animal use, consumers usually raise doubts about the transparency of the company’s practice (Lush Cosmetics North America, 2017). They are suspicious of the consistency between the company’s claims and its actual practice concerning animal use issues. Besides, there were also comments made to express consumer’s disagreement with company’s perception of animal cruelty or vegetarianism (Lush Cosmetics North America, 2017).

Beside these major CSR issues, there are also other critical issues which have gained genuine concerns from consumers such as environment protection, ingredient sourcing, and employment. Environmental protection is related to the impacts of final products on the environment. Consumers care about the impacts of the products not only on their health but also on the environment. Consumers also have concerns over the ethics in ingredient sourcing practice of the company and the company’s view towards employment recruiting (Lush Cosmetics North America, 2017).

Looking at the consumer’s concerned expressed in their negative comments, it can be seen that consumers feel dissatisfied with the company due to some issues including mostly the transparency in public information and the inconsistency between the company’s claims and actual practice. Differences in view of points of consumers and the company can also lead to consumer dissatisfaction and negative eWOM.

**4.1.2 Types of negative eWOM**

In order to study the meanings of the company’s management of negative eWOM, it is essential to identify types of negative eWOM which can emerge on the company’s fan page. Since this study takes the perspective of the company, it would be redundant to analyze the comments for the understanding of consumer behaviors. Therefore, the comments were analyzed and interpreted in order to understand different impacts they have on the company, therefore, requires different handling strategies. By using the analysis of chunks of data and iterative ‘compare and contrast’ (Ryan, 2003), there are
six types of negative eWOM grouped into two main types called constructive and destructive (Figure 3).

Figure 3: Types of emerged negative eWOM.

4.1.2.1 Constructive negative eWOM

Constructive complaints are defined as those that are raised for the improvement or development of the company. In other words, consumers make constructive complaints to express their dissatisfaction with the company product/service or practice with helpful contents which can be used to promote the company development. Constructive complaints can be a great source of learning from which the company can potentially enhance its business. It is worth noting that constructive complaints are usually those that are made based on facts or empirical evidence rather than merely the intention to destroy the company’s reputation. Constructive negative eWOM should be taken as opportunities for the company to fix the mistakes and regain trust from consumers. Within constructive negative feedbacks, there are three types of negative feedbacks that have different implications for the company.
Polite critique

Polite critiques are used to refer to negative comments that express consumer dissatisfaction in a polite and evidence-based manner. In polite critique, consumers explain the reasons why they feel dissatisfied with the company by giving specific and accurate information about the company’s practice or their personal experience with the company’s products or services, and how it differs with their expectations or perceptions. Based on available information about the company, they can make assertions about how the company should have been done or how the company seems to be doing. Whether the assertions are true or not, consumers are confident to express their opinions with supportive evidence such as their general knowledge, facts, or available information on the Internet. When making polite criticism, consumers usually convey the differences in their attitude and behaviours towards the company before and after dissatisfaction. Besides expressing their dissatisfaction, consumers usually conclude their comments by raising clarification request or giving recommendations for the company. Some examples of polite critiques could be:

“But Lush, your products have dyes, parabens, and sulfates, and often times other unfavorable ingredients. I know several brands that offer nothing but pure soap and they’re cheaper. Ex. Dr.Bronner’s. They have fair traded ingredients, are gmo free, organic, cruelty free, and all those good things without all those chemicals and they’re biggest bottle of soap is 32 oz. and is half the price of your 16 oz. soap. Dr. Bronner’s even started up their own farm to ensure everything put into their soaps was ethical. Also all their products are food grade which is better than cosmetic grade. I look forward to your reply. (Lush Cosmetics North America, 2017)

“Lush Cosmetics North America There is absolutely no reason to use honey. It would be great if Lush could stop using animals for profit.” (Lush Cosmetics North America, 2017)

This type of criticism is found to be the most commonly emerged negative eWOM. In most cases, consumers make polite criticism in order to be interactive with the company. They raise their opinions with the purpose to inform the company of how it is perceived and look forward to responses from the company. Despite dissatisfaction
from consumers, polite critique can still be seen as warning sign by which the company makes a change to improve consumer perceptions of the company.

- **Misconception critique**

Unlike polite critique, misconception critique is triggered by consumer wrong perception or misunderstanding. This means consumer dissatisfaction in this case does not derive from evidence but subjective consumptions. Therefore, misconception criticism only involves false information about the company rather than consumer real-life experience with the company. Misconception could be caused by either consumer subjective consumptions or failure in the company’s practice of conveying information. For instance, a consumer has wrong information about the company’s practice while another expresses their misunderstanding about the company’s ethics.

“Too bad this is the bar that if you pay for it they will use money to help change execution laws.” (Lush Cosmetics North America, 2017)


Similar to polite critique, misconception critique are raised by consumers who require clarification from the company or a change in the company’s practice. In other words, consumers who make misconception criticism can potentially become the company’s advocates if the company can clear misconceptions and build relationships with them.

- **Reinforcing follow-up**

Follow-up comments are those which are posted to continue the same topic raised by a previous comment. They are referred to replies of a comment on Facebook.

Instead of raising their own opinions with new comments, consumers can opt to make replies to an existing comment in order to reinforce the mentioned ideas. They can make follow-up eWOM to their previous comments or to fellow consumers’ comments. The purpose of reinforcing follow-up is to strengthen their opinions with more supportive evidence in response to the company’s efforts to create dialogical communication. In some cases, consumers make replies in order to show agreement with existing ideas of
other consumers. When making reinforcing follow-up, consumers who still do not feel satisfied with the company’s responses can either provide more evidence to support their argument or insist on their opinions with conservative assertions. Some examples can be taken as illustration for this case.

“I don’t buy Lush because of ingredients like this.” (Lush Cosmetics North America, 2017)


4.1.2.2 Destructive negative eWOM

Unlike constructive comments, destructive comments are those made by consumers that have no value but defamation for the company. One distinctive feature of destructive comments is the use of strong language to express consumer dissatisfaction. Destructive criticisms are made without the intention to promote or contribute to positive changes from the company. Instead, some consumers provide destructive feedbacks only to fulfill their need in displaying negativity. Therefore, destructive eWOM contains merely incorrect information and subjective assumptions. Similar to constructive critique, destructive critique can occur as new comments or follow-ups. Besides, some people make destructive comments in order to gain attention in the social media world. In this case, the feedbacks usually do not make any sense in the context. Studying the collected data, three types of destructive critique are found:

- Aggressive critique

Both polite critique and aggressive critique are raised to express consumer dissatisfaction with the company’s CSR practices. However, aggressive critiques are made mostly to defame company’s reputation rather than to give constructive feedbacks for improvement. Consumers who make aggressive critique usually use strong language to express their feelings and attack the company in an exaggerated manner. They also do not show a friendly attitude and a willingness to build a healthy conversation which
will benefit both consumers and the company. In other words, there seems to be less chance for the company to gain trust from aggressive consumers compared with polite consumers. An example of aggressive critique could be:

“LOL! Lush, I swear to god, the fumes of your products must be getting to you! First you want to abolish death penalty, now this? Have you seen how much damage these so called refugees are doing in Europe? Why would we want that here, I went from your biggest fan Lush, to the person who can’t stand anything about your company” (Lush Cosmetics North America, 2017)

- Offensive follow-up

Offensive follow-ups are follow-up comments made with offensive and aggressive attitude. This type of negative eWOM is similar to aggressive critique. However, offensive follow-ups are made to repeat and reinforce mentioned ideas in the conversations while aggressive critiques are made to start the criticism. For example, a consumer replied to Lush’s response concerning death penalty execution:

“Sorry but if somebody went on a murdering spree and killed 50 people they deserve to die as well. If you have no regard for other human lives then you shouldn’t be allowed to live. I love all of lush bath bomb products. But I would not be caught dead paying for anything that funds a bill to get rid of execution.” (Lush Cosmetics North America, 2017)

- Spam

During the process of data analysis, spam is identified to emerge as negative eWOM although it takes up a small percentage of emerged negative eWOM. Spams are comments that are unrelated to the context or topic of the posts initiated by the company. Although spams are unrelated and not based on common logic, it still emerges as a reputational risk for the company. It can gain attention from a group of consumers who also want to gain attention by making negative spams. For instance, a consumer brought up a topic which is unrelated to the ongoing discussion:
“While I respect LGBT people, this is a sad day for Freedom of Speech. It’s really disappointing you would be okay with this Lush. I am yet again not buying your products anymore.” (Lush Cosmetics North America, 2017)

4.2. Company strategic management toward negative eWOM

As the main focus of this study is how the company handles negative eWOM, it is important to analyze the company responses to negative eWOM in a sense that it would reveal the company’s behaviors in handling this type of reputation threat. In the analysis of the company responses, categorization, abstraction, comparison, and iteration of Spiggle (1994) are used. These steps are almost used similarly to how the negative eWOM are analyzed. However, the responses are analyzed and categorized in smaller units of data rather than chunks of data. Each unit of data playing different roles in the message will reveal how the company constructs their responses. After categorization, similar categories will be grouped into more conceptual abstractions. In addition, comparison and iteration is used throughout the analysis process. Comparison allows the researcher to identify similarities and differences between units of data (Spiggle, 1994) while iteration ensures all relevant information is not overlooked.

4.2.1 Typology of a response to CSR negative eWOM

By conducting these analysis steps above, a typology of responses to CSR negative eWOM is identified (Figure 4).

The typology of responses to negative eWOM reveals how the content of Lush’s responses is structured and developed as well as its purpose in negative eWOM management in CSR communication. All responses are found to contain three major parts including opening, body, and closing. Despite the length and and message content, all theses major parts can be identified in any response. In other words, it can be said that there is a consistency in basic structure of company responses to negative eWOM. Moreover, the order of these parts remains the same throughout the collected data. This means the company takes a structural approach in structuring the responses.
4.2.1.1 Opening

Opening is the initial part of a response text which consists of two categories: greeting and appreciation/sympathy. Greeting is an action of gaining attention and a sign of welcome when starting a conversation with target readers. In the company responses, greetings are usually sentences including greeting words and names of target consumers. For example, the company can make greetings such as “Hi there, Christian.”, “Hi Sydney... “, “Hi there, Jeanie.” to open a response (Lush Cosmetics North America, 2017). Mentioning names of specific consumers in the opening of a response will help deliver the response to the right consumers who make negative comments in the fan page. By this, consumers would feel that their opinions and feedbacks are taken seriously and individually by the company. In other words, customization in the responses will signal the company’s genuine concerns for customer feedbacks.

Before discussing the main causes of consumer dissatisfaction, the company express their attitude towards consumer negative feedbacks. To be specific, the company express their appreciation for consumers who raise their voice about ongoing CSR
practices of the company or their sympathy for the inconvenience and dissatisfaction that consumers may have. A few examples of appreciation/sympathy could be:

“Thank you so much for your feedback.”

“Thank you for reaching out to us.”

“I’m very sorry you’ve had this experience when visiting us.”

“I appreciate your feedback, Berni.” (Lush Cosmetics North America, 2017)

Showing appreciation to or sympathy with consumer experience is important in building conversations with consumers from which mutual benefits will be gained. In other words, conversations between the company and consumers should focus not only on the company benefits but also on consumer opinions and experience. Therefore, an opening with friendly greeting and moderate expression of feelings will help soothe the nerves and enhance the chances of minimizing consumer dissatisfaction.

4.2.1.2 Body

The body part of a response plays the main role in achieving the benefits from responding to negative eWOM. It should contain elements that have direct impact on solving the causes of consumer dissatisfaction. The body of the company responses are found to have many elements including: CSR values and beliefs, CSR agenda, evidence, private support, alternative suggestion, motives. The order of these elements can vary depending on how the company would argue to project its brand reputation and image.

- CSR values and beliefs: CSR values and beliefs of a company act as a benchmark for every activity of the company. When responding to negative eWOM concerning CSR issues, the company usually make it clear for consumers about their values and beliefs about particular issues. It can be noted that the company presents its values and beliefs specifically in response to the negative comments. This will increase the credibility in the company claims in each case among a variety of available CSR issues. Values and beliefs of the company concerning CSR reveals how it views CSR in its business and
operation as well as how the company wish to enact upon CSR concerns. A few examples of the company’s CSR values and beliefs are:

“We’ve always been passionate about fighting animal testing...”

“We believe that we need to take another look at the criminal justice system in order to identify and to address the root cause of crime, and to create safer communities.”

“We’ve have been a campaigning company and we like to use our platform to support many human rights, animal rights and environmental causes.” (Lush Cosmetics North America, 2017)

- CSR practices: When responding to consumer feedbacks concerning CSR issues, the company discloses their CSR practices in particular sectors. Besides talking about what the company does, the company also mentions the responsible departments in some cases. It can be seen that CSR practices are brought up in almost every response from the company. The company not only talk about ongoing practices but also make disclosure about future plans when being asked by consumers. Talking openly about CSR practices will enhance the credibility and trustworthiness of the company. The fact that the company usually mention the specific details concerning the practices such as responsible departments or sourcing location is a strong proof that the company is taking CSR seriously and thoroughly. For example,

“All of our products are thoroughly tested on human volunteers and have been proven safe to use on the skin. We only use food grade colors in our products...”

“Wherever possible, we source quality ingredients local to our facility in Canada, and we work closely with local farmers, and suppliers to ensure that we are sourcing these ingredients as ethically and sustainably as possible.”

“Our Sustainable Lush Fund team works with our suppliers and producers to develop regenerative farming practices and community projects that create a lasting positive effect.” (Lush Cosmetics North America, 2017)
Evidence: In order to support the argument, the company provides consumers with supportive evidence. The evidence could be facts, or official announcement of the company. The company provides consumers with facts concerning particular issues in each case in order to persuade them that their practices are developed and conducted with an evidence-based logic. For examples, the company gives facts about climate change impacts in order to explain why they are running Frackoff campaign which aims at raising awareness about environmental footprints of fracking (Lush Cosmetics North America, 2017). Using facts in the argument will allow the company to be perceived knowledgeable about their industry as well as their impacts on society and environment. Besides, the company usually provides consumers with links which will bring them to official announcements on the company website. The announcements are chosen to be relevant with consumer concerns. After shortly explaining about questioned issues, the company provides links as shortcuts to their articles on the website which will be certainly more informative and credible.

Motives: Motives are the reasons behind a company’s practices. Lush states their motives clearly in the responses so that consumers can make sense of its practices. The motives can be business-driven, consumer-driven, or socially-driven. Business-driven motives are those that derive from the company’s CSR values and beliefs. For instance, the company said in a response that the reason for its current ingredient sourcing practice is to have ethical and sustainable sourcing (Lush Cosmetics North America, 2017). Besides, the motives can be consumer-driven. This means the practice of the company is developed due to direct benefits for consumers. For examples, Lush uses propylene glycol in its products to help skin retain moisture (Lush Cosmetics North America, 2017). In case of social issues, the motives mentioned in the responses are merely socially driven. By looking closely at the company motives, it can be concluded that the company put itself in interactive relationship with consumers and society. The company is aware of its impacts on consumers and society. For examples, the company emphasizes its efforts in protecting consumer health and reducing its green footprints (Lush Cosmetics North America, 2017).
Private support: In some cases, the company receives the feedbacks and recommends consumers to send a private message to discuss further about their experience (Lush Cosmetics North America, 2017). This happens when consumers experience a distinct and personal situation which could not be solved easily by only one response. Therefore, the company would prefer to have private conversations in order to be more interactive and to take care of personalized cases.

Alternative suggestions: In some cases that consumers complain about the company’s products, the company makes suggestions about available alternative options. After making explanations about its products, the company offer consumers with available alternative products that can ease their worries. For example, a consumer who is worrying about the use of parabens in cosmetics is suggested with other available products of Lush with no synthetic preservatives (Lush Cosmetics North America, 2017). In addition, the company makes suggestions about available campaigns that may fit consumers’ interests.

4.2.1.3 Closing

Closing is the concluding part of a response which is identified to consist of two categories: hospitality and responsible responder. These two categories can be found in almost any responses of the company. Hospitality is a sense of welcoming and entertaining of the company towards its audiences. In the case of Lush, the company have some different ways to show their hospitality. In most of the responses, the responders conclude their messages by a promise to pass along consumer feedbacks to their appropriate department (Lush Cosmetics North America, 2017). However, they are mentioned in general instead of names of specific departments or teams. Another way of the company to show hospitality is to express its attitude and feelings towards consumer feedbacks. For example, the company re-emphasizes its appreciation for the feedbacks and encourage consumers in getting involved in the conversation with the company (Lush Cosmetics North America, 2017). Moreover, it can be seen in some responses that the responder can also express their own feelings towards consumers in order to give consumers an
impression of a friendly and helpful employee. By this, the responses become more customized and informal which can enhance its credibility with publicity. In addition, consumers are encouraged to send private messages if they have further questions or concerns.

The last and essential part of a response to negative eWOM is the name of responder or responsible employee. The names are mentioned specifically and clearly at the end of each response (Lush Cosmetics North America, 2017). The responders are considered as employees who as assigned to be responsible for responding to customer comments on its fan page on Facebook. The fact that names of responsible responders are stated clearly will help the company in managing its fan page as a communication channel with consumers and the public. The company can easily review the responses and track the responders by name in case faulty situations occur. Having the responder’s name in a response also shows a polite manner in communication which will leave positive impression for consumers.

A few examples of how Lush concludes their responses are:

“...That being said, I would be happy to pass your feedback along our team. I hope this information is helpful and don’t hesitate to reach out to us if you have any further questions or concerns. - Alita”

“...That said, though, we appreciate every bit of customer feedback we receive from our customers and I’ll be sure to pass this along to the appropriate teams. I’m glad you’re still using that gorgeous product to keep your bathroom smelling like Lush, too! – Meghan” (Lush Cosmetics North America, 2017)
4.2.2 Strategic management towards negative eWOM

Regarding the aim of this study, it is important to identify the relationships between emerged negative eWOM on the company fan page and Lush's responses to negative eWOM. In other words, specific strategies of the company towards handling different types of negative eWOM as well as their functions will be identified in order to make sense of the company management.

4.2.2.1 Strategies in handling negative eWOM

Integration

At this stage of the analysis, “integration” will be used as the main tool to discover the causal relationships of the abstracts identified above. Integration is an analytical technique used to “build theory that is grounded in the data” (Spiggle, 1994). Spiggle (1994) introduced two operations in integration: axial coding and selective coding. Axial coding involves integrating the theory by observing certain conditions, contexts, strategies, and outcomes that tend to cluster together while selective coding requires analysts to specify relationships between categories or constructs which can be hierarchical or ungraded, linear or recursive (Spiggle, 1994). This study will use axial coding in order to identify the strategies used to handle different constructs referred as types of negative eWOM. To be specific, the responses will be integrated on the basis of the division of types of negative eWOM. In each type of negative eWOM, the responses will be deeply looked into in order to identify the common features and their functions. During the integration process, comparison is constantly conducted in order to identify the similarities and differences between strategies. By this, the results will reveal more accurate and interesting implications of the company management. The integration and comparison process results in two main identified strategies: responsive strategy and non-responsive strategy (Figure 5). Within responsive strategy, opportunistic strategy, fair strategy, and open-minded strategy are identified. The strategies are used by Lush to tackle with different types of emerged negative eWOM (Figure 3).
Figure 5: Strategies in negative eWOM management.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Types of negative comments</th>
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<tr>
<td>Responsive Opportunistic</td>
<td>Polite critique</td>
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<td></td>
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<td></td>
<td>Misconception critique</td>
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<td>Fair</td>
<td>Aggressive critique</td>
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<tr>
<td>Open-minded</td>
<td>Reinforcing follow-up</td>
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<tr>
<td>Ignorance</td>
<td>Reinforcing follow-up</td>
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<td></td>
<td>Offensive follow-up</td>
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<td></td>
<td>Spam</td>
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Table 6: Strategies in negative eWOM management
Responsive strategy

The company uses responsive strategy when it attempts to respond or react to negative eWOM from consumers. In this study, responsive strategy is performed by the company making explicit responses to negative comments emerged on the company’s post. How the company responded to negative eWOM is found out to vary in terms of length, content, functions, and purposes. Therefore, the analysis process results three different strategies within responsive strategy including opportunity, fair, and open-minded strategy.

- Opportunistic strategy

Opportunistic strategy takes negative eWOM as an opportunity for the company to present itself with consumers, correct misconception, retain existing customers, and gain new customers. Despite of the impacts of negative eWOM, the company sees negative eWOM as an accurate reflection of the perceived image of the company accurately and a facilitator for the company to be interactive with consumers and the public. As depicted by its name, this strategy exploits the unpredictable emergence of negative eWOM on its corporate communication channel as an opportunity not only to erase negativity but also to facilitate other marketing purposes.

With these purposes above, a response with opportunistic strategy contains many of the categories in the typology of responses to CSR negative eWOM in order to make good use of all available resources in communicating with consumers. In opportunistic responses, the company express its welcoming attitude in listening to consumer feedbacks and its efforts in presenting itself for the purpose of decreasing consumer dissatisfaction and building positive brand image. The company argues for itself by conveying its values and beliefs, practices, and motives. The CSR values and beliefs are presented as a foundation for the practices of the company and how they can make sense of each other. Besides, the company demonstrates the motives behind its practices and the awareness of how the company practices has impacts on consumer, environment, and society. In supporting its argument, the company provide consumers with a variety of evidence which vary depending on the context of the conversations.

Regardless of the negative eWOM topic, the company appears to be transparent and
clear in its values and ethics in order for the right perception of the company and, therefore, an ease of consumer worries. In addition, the company do not hesitate to disclose its future plans to consumers.

It can be noticed that the company sounds very enthusiastic in their opportunistic responses in which consumers are treated like friends in a polite and open manner. This strategy makes CSR a useful marketing tool for the company. After explaining itself, the company expresses their understanding of consumer choices, therefore, offers them with available alternative products or campaigns. By this, the company are building a chance for itself to retain customers as well as gain new customers who may come across the comments. It can be noticed that the company focuses on mutual benefits of the company and consumers from negative eWOM. Consumers can be heard and supported in their experience while the company can improve its image and reputation. At the end of each response, the company provides consumers with ways to continue the conversations such as private message or further direct comments.

The opportunistic responses usually involve the responder’s own feelings. This makes the responses sound more informal and friendly. The responses within this strategy are made various in terms of length and structure depending on the responder and the context. This allows the company to be flexible, customized and impressive with consumers.

Opportunistic strategy is found to be used in the case of polite critique and misconception critique. Since polite critique and misconception critique are considered constructive negative eWOM, it is rational for the company to take advantage of consumer feedbacks in order to reverse the negativity and contribute to its learning.

- **Fair strategy**

Fair strategy is used with the intention to create or maintain a fair and unbiased situation between the company and consumers. One significant difference between fair strategy and opportunistic strategy is the extent to which the company displays its concerns for consumers. While opportunistic strategy finds ways to build relationships with
consumers, the company using fair strategy only attempts to explain itself for the right consumer perception of the company.

Responses made with fair strategies are usually short and concise. The company responds to negative eWOM by conveying their ongoing practices which are misunderstood in the negative feedbacks. The company also provides some brief evidence to support the argument. Moreover, the company also suggests consumers to send private messages for support in case they are being loudly and annoying. It can be easily noticed that the responses made with fair strategy sounds more formal and standardized, and less enthusiastic. With the intention to merely present itself fairly, the company appears to keep consumers who make negative feedbacks at a distance.

Fair strategy is identified to be used by the company in dealing with aggressive criticism. Since aggressive criticism aims at destructing the company reputation and image, it is sensible of the company to be responsive and to correct faulty reasoning. Consumers who make aggressive comments can be those who gets angry about everything or who are in need for attention. Therefore, having a fair strategy in this case is a safe option for the company in a sense that it can corrects itself without using much efforts.

- *Open-minded strategy*

Open-minded strategy is used when the company wants to express its appreciation towards consumer feedbacks. Using this strategy, the company does not respond to present itself or to erase negativity. Instead, this strategy allows the company to be responsive and open to consumer opinions. Using this strategy, the company express their gratitude to the contribution of consumers when making feedbacks and encourage them to continue doing so.

Open-minded strategy is not used by the company for projecting its argument. It is a responsive strategy that facilitates dialogical conversations between the company and consumers. By this, consumers become more active and encouraged in raising their voice towards the company.
Lush uses open-minded strategy to respond to reinforcing follow-up. By responding to reinforcing follow-up, the company is building two-way communication in which consumer opinions are heard. Since the company has explained itself before reinforcing follow-up comments are made, there is no need to take the argument further but being a good listener.

- **Non-responsive**

It is found that the company does not always respond to negative eWOM emerged on the company’s posts. In many cases, the company opts to ignore the negative eWOM by giving no replies. This non-responsive strategy is found to be used by Lush when responding to reinforcing follow-up, offensive follow-up, and spam since they do not have any potential value for the company.

**Dimensionalization.**

The data reveals that both ignorance strategy and responsive strategy were used to respond to reinforcing follow-ups. Therefore, *dimensionalization* was used to deepen the data analysis. According to Spiggle (1994), dimensionalization involves “identifying properties of categories and constructs”. This means dimensions or characteristics of a category or construct can be identified (if relevant) which vary empirically in the data across the cases that belong to the category or construct (Spiggle, 1994). By conducting dimensionalization, the relationships between categories and constructs can be clarified and deepened.
In this case, offensive follow-up and reinforcing follow-up is dimensionalized. By looking at the data, it was found that within both offensive follow-up and reinforcing follow-up consist of two types of argument: evidence-based argument and non-evidence-based argument. Some negative eWOM are found to be uttered with evidence-based argument while others merely express consumer feeling or attitude towards the company without any supporting evidence. Although both these evidence-based eWOM and non-evidence based eWOM share common characteristics as discussed above, they seem to be treated with different strategies.

Within reinforcing follow-ups, evidence-based negative eWOM is responded open-minded strategy. To be specific, the company responded to this type of negative eWOM in order to show appreciation for their opinions and its willingness in building dialogical conversations with consumers. Meanwhile, non-evidence-based negative eWOM are treated with ignorance strategy. This makes sense because the company does not need to make further response if the follow-ups do not have informative opinions compared with negative eWOM previously uttered. In contrast, offensive follow-ups are always treated with ignorance strategy regardless of whether they have evidence-based argument or non-evidence-based argument.
4.2.2.2 CSR communication with consumers concerning negative eWOM

After learning about consumer emerged negative eWOM and Lush’s responses, it is essential to understand how these learnings can reveal the practice of Lush in building CSR communication with consumers concerning negative eWOM. When the findings about response strategy and typology of responses to negative eWOM is combined with those about types of emerged negative eWOM, the notion about how Lush handles negative eWOM in CSR online communication with consumers becomes clearer. Some illustrative cases of how Lush handles consumers’ CSR negative eWOM are presented in Table 7 below.

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<tr>
<td>1. Lush builds dialogical conversation with a consumer who gives constructive feedbacks</td>
<td>“I wonder if Lush stores use electricity produced from fossil fuels? If so, the company is hypocritical for funding anti-frack campaigns. Why not produce domestic gas rather than import from Qatar and Russia? Lush is funding terrorists and they are promoting stances that will increase fuel poverty and mortality rates in the UK. What a shame. #BoycottLUSH.”</td>
<td>Polite critique</td>
<td>Opportunistic “Hi Jim, thank you for reaching out to us. Lush has always been a campaigning company and we have been lucky enough to work with groups that share our values on environmental, animal and social issues. We would never support terrorism anyway – by working with Frackoff, we are able to raise awareness of the devastating effects that fracking has on our water, air, and land. We have always been committed to environmental sustainability and we are constantly looking for new ways to reduce our green footprint. While we recognize that businesses use...”</td>
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“Thank you Alita, but it is not that simple. First of all, fracking has proven an enormously beneficial safe technology in the US. Not only has it improved the lives of tens of thousands of who had lived in fuel poverty… I would encourage Lush’s founders to consider all of this next time they write a check to Frack Off. #BoycottLUSH”

Evidence-based reinforcing follow-up Open-minded fossil fuels in order to operate, we are working hard to transition towards renewable energy. Climate change is affecting us all and by developing 100% renewable energy, we are able to step towards a sustainable future for everyone. – Alita."

“Thank you so much for sharing your additional thoughts on this topic, Jim! One of the goals of our campaigns is to open a dialogue on these important matters, and I appreciate you’ve taken the time to make your voice heard. I’ll make sure to share your feedback with our appropriate team. – Brandy”

2. Lush responds to a negative comment in order to erase consumer misconception and dissatisfaction

“First the capital punishment thing and now this? Stop pushing your political agendas and just make bath products.”

Misconcepti on critique Opportunistic “Thank you for sharing your thoughts with us, Kristen! We have always been a campaigning company and we like to use our platforms to support many human rights, animal rights and environmental causes. We strive to create conversations around issues such as these through all of our campaigns. I’ll be sure to pass your feedbacks along our team. – Paige”
### 3. Lush is responsive to an aggressive and dissatisfied consumer

```
“LOL! Lush, I swear to god, the fumes of your products must be getting to you! First you want to abolish death penalty, now this? Have you seen how much damage these so called refugees are doing in Europe? Why would we want that here, I went from your biggest fan Lush, to the person who can’t stand anything about your company”
```

<table>
<thead>
<tr>
<th>Aggressive critique</th>
<th>Fair</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Hi Rosario, thank you for reaching out to us. Lush has always been campaigning company and we have had the pleasure to support various groups and causes that share our values. Everyday, hundreds of refugees are forced to flee their home because of violence or persecution and we are opening our hearts to show them acceptance and compassion. This is one of the biggest humanitarian issues of our time and we are proud to stand on the right side of history. – Alita”</td>
<td></td>
</tr>
</tbody>
</table>

### 4. Lush is responsive to consumer’s negative eWOM until the feedback becomes lacking of evidence and repetitive.

```
“Please remove toxic ingredients like triethanolamine from your products and I will start buying them again
```

<table>
<thead>
<tr>
<th>Polite critique</th>
<th>Opportunistic</th>
</tr>
</thead>
</table>
| “Hi there Tasneem, thank you for reaching out to us. Here at Lush we are always only using ingredients we know to be safe and effective. Triethanolamine in particular is used in some of our products as emulsifier-this binds the ingredients together to create an expertly balanced product that is smooth, blended, and easy to apply. I understand that everyone has preferences with ingredient and as a transparent company we label our ingredients in all our packaging and website so that you can see exactly what is in the products you are using. This gives you the
“Triethanolamine is not safe just because you say it is.”

| Non-evidence-based reinforcing follow-up | Non-responsive | No reply |

Table 7: CSR conversations between Lush and consumers

In order to determine the actions towards consumer negative eWOM, Lush defines the type of emerged negative eWOM (Figure 3). The type of negative eWOM should guide the response strategy used by Lush (Figure 5). If Lush receives destructive negative eWOM, it will be non-responsive by giving no reply. If the negative eWOM falls into constructive category, different responsive strategies will be taken into account. The chosen strategy will be determined based on specific types of constructive negative eWOM. After choosing a response strategy to implement, the responses will be constructed by using elements in the typology of responses to negative eWOM (Figure 4). The construction of a response with such elements should serve the purposes of a chosen strategy. In other words, whether to respond or not and how a response should be constructed depends on the types of emerged negative eWOM and corresponding response strategy.

In all cases of constructive negative eWOM, Lush uses responsive strategy to establish dialogical CSR communication with consumers in which Lush and consumers exchange their views concerning CSR issues. The conversations stop either when consumers do not continue to give feedbacks or when their feedbacks appear to be offensive, repetitive, or non-evidenced based. In a conversation between Lush and a consumer, the consumer can utter many types of negative eWOM. Therefore, different strategies can be used in one conversation. Moreover, a conversation concerning a particular CSR issue may involve many consumers since Facebook allows users to develop a conversation by giving replies to the posted comment. In such cases, how Lush responds to negative eWOM is still determined by the types of negative eWOM. The
identity of consumers uttering negative eWOM does not have impact on the company’s response actions. Due to a large amount of consumer feedbacks on Lush’s fan page, it is sensible for the company to communicate with consumers on the basis of their concerns rather than individuality.

4.2.2.3 Responsiveness and tone of language

- Responsiveness

Responsiveness is the ability to respond quickly to consumer feedbacks. Responsiveness is important in communication since it contributes to the success of consumer experience with the company. Therefore, it is worth studying the responsiveness of the company in handling negative eWOM in CSR conversations. Responsiveness is only studied in cases in which the company handle negative eWOM with responsive strategies.

By looking at the times at which negative comments and responses are made, a brief analysis of the company’s responsiveness is summarized in Table 3. It was discovered that the company almost responds to negative comments within a day. Very few cases indicate slow responsiveness of the company indicated in cases when it took more than 24 hours for the company to respond.

<table>
<thead>
<tr>
<th>Response time</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 24 hours</td>
<td>95%</td>
</tr>
<tr>
<td>More than 24 hours</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Table 8: Responsiveness in negative eWOM management
➢ Tone of language

During the data analysis process, many words with similar meanings are repeatedly used throughout the responses made by the company. Therefore, it is essential to analyze and understand the underlying meanings of such choices of language.

<table>
<thead>
<tr>
<th>Tone</th>
<th><strong>Examples</strong> <em>(Lush Cosmetics North America, 2017)</em></th>
<th><strong>Possible impressions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authentic</strong></td>
<td>Sure, passionate, extremely, constantly, absolutely, completely, top priority, 100%, etc…</td>
<td>Genuine information about real CSR practice of the company.</td>
</tr>
<tr>
<td><strong>Reliable</strong></td>
<td>Safe, top priority, effective, transparent, ethical, assure, strict, sustainable, best, assure, thoroughly, sure, etc...</td>
<td>High quality products with dedicated CSR agenda.</td>
</tr>
<tr>
<td><strong>Enthusiastic</strong></td>
<td>Glad, happy, welcome, closely, noisy, gorgeous, helpful, etc...</td>
<td>Welcoming, friendly, and responsive attitude towards feedbacks.</td>
</tr>
</tbody>
</table>

Table 9: Tone of language in negative eWOM management

Words with similar meanings are collected and categorized on the basis of their meanings. The classification reveals three main tones in the responses: authentic, reliable, and enthusiastic. Authentic tone of language would leave consumers with an impression about the company being genuine in conveying information about its CSR practices. Besides, the company uses words which describe the quality of the products as well as the characteristics of how the company recognizes itself. Such words would
help the company in forming its image in consumer perception. In addition, it can be noticed that the company made efforts to be friendly and enthusiastic in the relationship with consumers on its fan page. In other words, the company does not only attempt to be responsive but also creates an ambience for the dialogues. By this, the company would make the responses more lively and personal rather than automatic standardized responses.
5. DISCUSSION

5.1 Negative eWOM from consumers

By studying negative eWOM uttered by consumers in a scientific manner, consumers’ main CSR-related concerns in cosmetics industry are identified (i.e. ingredient safety, social change support, animal use). On one hand, consumers’ concerns are shaped based on shared global issues (i.e. climate change, animal slaughter, health concerns). Such concerns from consumers are a prompt for the company to build their CSR practices. On the other hand, the company can also have impact on consumers’ concerns. For example, heavy investment in social change support can increase the awareness of consumers concerning invested issues and encourage them to utter more eWOM. This is consistent with potential impacts that a company’ CSR practices can have on consumer behaviors discussed in many literature. Understanding consumer concerns as well as global trends through negative eWOM can help Lush in building a more updated and relevant CSR agenda.

Regardless of any specific CSR-related concerns, consumers feel dissatisfied with Lush mainly due to the issues of transparency, discrepancy between published claims and actual practices, and conflicts in points of view of Lush and consumers. In other words, there is a need for Lush to identify the root cause of consumer dissatisfaction such as these issues in order to have appropriate solutions in both CSR communication and CSR practices.

5.2 The company’s role in negative eWOM management.

Based on the findings from studying how Lush responds to negative eWOM emerged in CSR online conversations, the role of the company in negative eWOM management is similar to “participant” as discussed by Godes et al. (2005). The role of LUSH in this case bypasses “observer”, “moderator”, and “mediator”. Taking “participant” role in negative eWOM management helps Lush be active in CSR communication with consumers. Lush can choose to either respond or ignore to negative eWOM depending on the type of emerged negative eWOM. Besides having response strategies to negative
eWOM, the company actually make efforts in establishing an interactive communication channel (LUSH' fan page on Facebook) in which consumers are encouraged to raise their voice concerning CSR issues. Although negative eWOM poses various risks for the company, it does not appear to ignore or manipulate the emergence of negative eWOM.

By being a participant in CSR conversations with consumers, LUSH can not only possess a virtual communication channel with no restrictions in the number of audiences being reached but also narrow down the gap between the company’s actual practice and consumers’ expectations. Being engaged in CSR conversations with consumers enables the company to gain itself control over how negative eWOM would impact the company. To be specific, the company can learn about itself from conversations with consumers, facilitate idea generation with consumers concerning CSR practices, and reduce negative impacts of consumers’ complaints.

In an era when everyone is facilitated by technology advances to raise their voice and cause impacts, taking participation in negative eWOM communication is almost a must for a company actively engaging in CSR like Lush. The change in how people communicate with others has lead to the shift in how a company should evaluate its role in corporate communication in general and in CSR communication in specific. The company and consumers are not seen as simply receivers and senders in CSR communication. Instead, the roles of the company and consumers can be mutually exclusive as co-creators. Besides getting involved in conversations initiated by the company, consumers can also initiated their own conversations and demand participation from the company. This means consumers can become an important actor in co-creating the company’s CSR agenda. As indicated in the case of Lush, the role of Lush in CSR conversations does not seem to outweigh that of consumers. Being aware of the power in negative eWOM uttered by consumers, Lush chooses to handle with negative eWOM strategically rather than to manipulate or avoid. Lush could be said to be in a win-win situation in which responding to negative eWOM can not only support consumers but also gain many benefits for itself.
5.3 Negative eWOM management in CSR communication

By analyzing the content of Lush’s responses to negative eWOM in CSR conversations, it could be said that LUSH has a clear and structural approach to building CSR content when responding to negative eWOM. Although negative eWOM management is only one of many functions in corporate communication or CSR communication, it demands a scientific and rational approach from practitioners. As negative eWOM, especially those relating to CSR, has strong impacts on the company’s performance as discussed in the literature review, having such a structural approach to responding to negative eWOM indicated in the case of Lush is essential.

Lush does not simply replies to negative eWOM in order to protect itself from public negativity, it actually aims at solving challenges for both customers and itself. For customers, Lush wants to erase customer dissatisfaction with the company which is a barrier in the relationship between Lush and customers. For example, Lush explained about its use of synthetic preservatives in order to ease the customer’s worries, and offer alternative options in order to support their consumption experience. In other words, Lush exploits negative eWOM as a medium to detect dissatisfied customers and support them. For the company, LUSH responds to negative eWOM in order to explain itself, protect brand image and reputation, and build relationship with customers. Furthermore, Lush takes advantage of responses to negative eWOM to convey its CSR message to a wide audience in a clear and thorough manner. Lush did not respond to consumers’ negative eWOM in a self-centric manner. Rather, Lush consider itself and consumers with fair importance when dealing with negative eWOM which is recommended by Gronroos (2004) concerning CRM. In other words, when making responses to negative eWOM, Lush provides the information about itself and relates it to consumer problems. By this, Lush can communicate CSR with consumers, tackle the challenges from negative eWOM, and provide dissatisfied consumers with customized solutions.

The analysis of collected data has proved that Lush, when responding to negative eWOM, include many information such as company’s CSR values and beliefs, CSR agenda, motives, and evidence. Such critical information was highly recommended to have in message content by Du et al. (2010). When discussing about an issue brought up by consumers, Lush first explains clearly its practice concerning the issue followed by
related values and beliefs, motives and evidence. Subsequently, Lush makes sense of these practices in relation with consumers’ subjective experience. By being clear about its CSR agenda in specific to consumers’ experience, Lush can improve transparency and credibility in its CSR communication.

When discussing about CSR issues, Lush discuss not only social issues but also how the company is getting involved in social issues. To be specific, concerning a social or environmental issue, Lush clearly described its practices in which Lush is taking actions towards the issue and responsible departments. This is suggested by Du et al. (2010) as a way to avoid consumers’ skepticism. Moreover, Lush usually states its motives in CSR practices in a clear manner. The motives are identified to be business-driven, consumer-driven, or social-driven. The fact that Lush establishes the motives from many perspectives is an advantage for Lush in building trust from consumers or avoiding greenwashing. It is noteworthy that having CSR motives clearly and authentically stated could be a way to avoid greenwashing which could occur if a company communicate CSR too loudly (Morsing & Schultz, 2006).

It could be recognized that Lush seriously invests in CSR by looking at the rational evidence being used in the company’s responses. For each questioned CSR issues, Lush can support their argument with facts or knowledge about the issues. This will help the company in building its image of a well aware company. In addition, transparency and legitimacy in CSR communication are emphasized when LUSH provides consumers with links to official articles on the company website. Such official articles can be used as a tool to communicate CSR with consumers and the public in endorsed CSR communication. Detailed information about CSR practices in such articles can help clarify the company’s responses when the content of a response is limited to core discussion concerning questioned issues. Using links as shortcuts to official articles is an efficient way to disclose CSR information at a comprehensive level when making responses to negative eWOM which are usually limited in terms of length.

Besides critical information about CSR issues, additional with beneficial effects on building relationship with consumers are also included by Lush. Lush always include basic elements in communication such as greeting, hospitality. By this, Lush is successfully building a professional image towards consumers. Due to the sensitivity
and controversy in the nature of CSR issues, it becomes even more important for companies engaging in CSR communication to build a genuine and professional image. Emotional attributes are also considered important in communication with consumers. Lush expressing appreciation or sympathy towards consumers is considered as a way not only to increase the effects of a message but also to have personalized solutions for consumer dissatisfaction.

When comparing the model of Lush’s CSR communication and Morsing & Schultz’s (2006) CSR communication strategies, it can be concluded that Lush does not use stakeholder information strategy in which customers receive information passively. Rather, Lush establishes a communication channel in which CSR issues are communicated to consumers and consumers feedbacks are received in exchange. However, it would be bias and subjective to determine whether Lush’s CSR communication strategy in handling negative eWOM is either stakeholder response or stakeholder involvement strategy. The main difference between these two communication models is the extent to which consumers’ opinions have impact on a company. Apparently, Lush appears to listen to consumer opinions and to be willing to pass them along to responsible departments. The communication does not serve for Lush’s benefits only. However, this is found to be insufficient to determine that Lush is using stakeholder involvement strategy which is the most relevant strategy. More information from the company executives could be beneficial to answer this question.

EWOM has been discussed as a reliable, authentic source for reference when consumers need to gather information concerning a company’s service, products, or social values. The power of eWOM is even stronger since it can be reached by a wide audience. Acknowledging eWOM characteristics, Lush has encouraged consumers to contribute to the conversations around CSR issues, even in this case of negative eWOM. In addition, the fact that Lush genuinely responds to negative eWOM would possibly create more chances for the company to gain trust from consumers. By being interactive with consumer negative eWOM, Lush can save itself from public negativity and facilitate a trustworthy communication channel which, from consumer’s point of view, is not manipulated by the company, therefore, trustworthy.
By looking at different strategies used in handling negative eWOM by Lush, it can be seen that Lush tends to have responsive strategy to almost all negative comments. Ignorance is used only in cases when consumers appear to desire attention from their negativity more than constructive conversations with the company. Other than that, Lush make responses to consumer negative eWOM with different purposes along with different strategies as indicated in chapter 4. With dedication for responding to consumer negative eWOM, Lush was able to build active dialogue with consumers despite potential risks posed in negative eWOM. In addition, negative eWOM is handled at organizational level. This means the responses was made using the company’s account. Dealing with negative eWOM at an organizational level rather than individual level which could occur in the case of partnering strategy allows LUSH to take full control of its communication channel on Facebook. Additionally, it could bring more credibility to the responses since they are made with the company’s authority. Nevertheless, the responses always include information concerning the identity of the responders. This would allow LUSH to have control over personnel who are responsible for handling negative eWOM and to signal consumers about authentic and customized responses.

5.4 Inferences

After conducting data analysis and interpretation, it is essential to review the results in relation with two proposed research questions. Two research questions of this study are:

1/What kinds of negative eWOM emerge in CSR online communication with consumers?

2/How does the company respond to negative eWOM in CSR online communication with consumers?

First, this study has identified two main types of emerged negative eWOM on Lush’s Facebook fan page including constructive and destructive negative eWOM. Within constructive negative eWOM, polite critique, misconception critique, and reinforcing follow-up are types of negative eWOM that has emerged in CSR online conversations
between LUSH and consumers. Meanwhile, destructive negative eWOM consists of aggressive critique, offensive follow-up, and spam. Each type of negative has different impacts on Lush, and therefore, has different implications for Lush in dealing with negative eWOM in CSR online conversations. Negative eWOM is a way that consumers express their dissatisfaction which could occur due to conflicts between LUSH and consumers, consumer misperception, or the company’s failure to deliver CSR messages.

Beside the identification of a variety of negative eWOM, several CSR topics brought up in the conversations are identified such as ingredient safety, social change support, animal use, environment protection. Such topics and their frequency of being mentioned reflect consumer concerns with Lush’s CSR practices.

Second, how Lush responds to negative eWOM in CSR online communication with consumers depends on the types of emerged negative eWOM (Figure 7). When Lush receives consumers’ negative eWOM on its fan page, it will analyse and classify the emerged negative eWOM which can be either constructive or destructive. Depending on the types of emerged negative eWOM, Lush can have different strategies to handle public negativity. Lush can be either responsive or non-responsive. In most cases of negative eWOM, Lush is responsive by using opportunistic, fair, or open-minded strategy. When the negative eWOM is repetitive, offensive, or off-topic, Lush uses non-responsive strategy by giving no response.

In cases when Lush uses responsive strategies, how a response is constructed depends on the type of emerged negative eWOM and corresponding responsive strategy. Since each responsive strategy (opportunistic, fair, and open-minded strategy) has different purposes and functions in CSR online communication with consumers, the construction of a response should serve for the purposes and functions of the strategy it follows. Lush takes structural and strategic approach to constructing responses. A typical response would contain all three main parts including opening, body, and closing which is similar to those of any structured text. Each part of a response will have different roles contributing to the overall purpose of Lush when making the response to negative eWOM. Critical information such as the company’s CSR values and beliefs, CSR agenda, evidence, motives is included in responses to negative eWOM in order for
credibility, legitimacy, and reliability. Besides, other non-CSR information such as greeting, appreciation, sense of hospitality are considered important in building the company’s image and improving the relationship with consumers. Regardless of any strategy used in handling negative eWOM, responding to negative eWOM should contribute to mutually beneficial relationship between the company and consumers. This means responses to negative eWOM should be able to improve the company’s CSR reputation and solve consumers’ challenges at the same time.

By being responsive to consumers’ negative eWOM, the company can establish dialogical communication with consumers in which both parties are able to exchange their views concerning CSR issues. Consumer dissatisfaction expressed in negative eWOM should be taken as opportunities in which the company could get deeper insights about consumers, solve their problems, and project its CSR reputation.
Negative eWOM from consumers should be handled in a sense that all reasonable CSR-related concerns from consumers are appreciated and solved.

When responding to negative eWOM in CSR online communication, responsiveness and tone of language are also critical concerns. Most of the responses of Lush are made within 24 hours in order to ensure the interactivity in CSR online communication. The use of tone of language should create impressions for consumers of a reliable, authentic, and enthusiastic company.

5.6 Limitations and further research suggestions.

One of the limitations of this study lies in the extent to which collected data could reveal the practice of Lush in handling negative eWOM. Since this study uses computer-mediated data from Lush’s Facebook fan page, it can only reveal the company’s strategies which are done public on the fan page (i.e. responsive and ignorance strategy). This means other strategies which could have been used by Lush (i.e. legal action, censorship) cannot be identified. Therefore, further research can be conducted using other qualitative data collection techniques such as interviewing the company’s executives in order to gain deeper insights into how the company perceived and take action towards CSR negative eWOM.

In addition, this study is limited in its ability to determine Lush’s CSR communication strategy in handling negative eWOM (i.e. stakeholder response strategy, or stakeholder involvement strategy). The determination relies on whether LUSH actually uses consumers’ opinions in its processes or not which is beyond the scope of this study. Similar to further research suggestion above, what the company is actually doing behind the screen concerning consumer complaints needs to be researched.

The third limitation is concerning with the samples of this study. To be specific, this study is conducted on LUSH North America’s fan page. This means the results cannot be generalized for LUSH as multinational company. There could be differences in how Lushes across nations are handling negative eWOM. Besides, this study is conducted in the context of cosmetics industry which is usually involved with many CSR issues.
Other critical industries such as energy industry, textile industry, and chemical industry could be studied in order to develop the understanding about CSR communication and consumer negativity in various contexts.

5.7 Theoretical implications

This study with the focus on negative eWOM management in CSR communication has certain contributions to the literature. Firstly, this study is conducted on social media platform which has been widely used as a communication channel with consumers and the public concerning a company’s products, services, or campaigns. However, this study is a good illustration for the claim that social media, especially Facebook which is a good facilitator for dialogue conversations, could also be a communication channel for endorsed CSR communication.

Secondly, this study reinforces the power of CSR communication in leveraging CSR benefits. This means CSR communication should not be seen as merely a tool to interact with consumers concerning CSR issues. Instead, it can be integrated into strategic corporate communication and used as a marketing tool for desired outcomes.

Thirdly, this study gives insights into how negative eWOM in CSR communication should be responded. Although strategies for dealing with negative eWOM in corporate communication has been discussed in many previous studies, how negative eWOM should be handled in CSR communication as studied in this thesis is quite new to current literature. CSR has been widely studied as a distinct and separate subject. When integrating CSR into strategic communication, it also requires a different approach which functions not only for the purpose of communicating CSR issues but also for the desired marketing effects. Therefore, the findings of this study contribute to the literature how a response can be structured in a way that all these purposes can be potentially fulfilled. This study also proves that the content of a response to CSR negative eWOM plays a key role in defining the extent to which a company can convey its CSR messages, building credibility, and avoiding skepticism from consumers concerning green washing.
Lastly, this study provides a summary of different strategies which can be used to handle certain types of CSR negative eWOM. This finding contributes to current literature about negative eWOM management by narrowing down the focus into CSR context and extending the response strategies into more specific ones which can be used to handle various types of negative eWOM. Such strategies can be considered to be used to handle negative eWOM concerning products/services other than CSR issues.

5.8 Managerial implications

This study is a good illustration for how CSR should be taken by practitioners. In other words, CSR should not be viewed as a separate task in a company’s practice. This means the company should use CSR as not only a tool to manage its impacts on society and environmental but also a marketing tool. The company should take the advantages of increasing consumer awareness of societal and environmental impacts in order to enhance the relationship with consumers. The relationship between the company and consumers can be extended to be influenced by its CSR values. Therefore, CSR should be integrated into strategic practices of the company. In this case, CSR integrated into corporate communication is an advantage for the company in which it can leverage CSR values and promote overall brand image and value.

When a company allows itself to join in public communication channels such as social media to which everyone can gain access, it faces with the pressure to present and project itself in the public. Therefore, it is essential for companies to have strategic management towards public communication in general, and negative eWOM in specific. The power of negative eWOM could be even more influential in CSR communication due to CSR’s nature concerning ethics and morality. However, companies can overcome the fear of negative eWOM in order to establish dialogical communication with consumers with structural and interactive approach. Companies need to identify different types of emerged negative eWOM and develop strategies for handling these types of negative eWOM. The more detailed the classification of negative eWOM is, the more effective and relevant the strategies would be. The findings of this study
concerning types of emerged eWOM and handling strategies can be used by practitioners as reference.

Taking a structural approach, companies need to establish procedures concerning how CSR communication should be implemented and how negative eWOM should be handled. The procedures should guide practitioners in decision-making concerning, for example, what actions should be taken to deal with consumer complaints, what should be communicated with consumers, and to what extent the information can be disclosed. All actions in corporate communication should follow same procedures across channels, individuals, and issues in order for credibility and professionalism.

Another implication for practitioners is that negative eWOM should not be treated as merely a threat to a company. Instead, negative eWOM can be seen as a source of consumer feedbacks. In other words, if the company can facilitate dialogical communication with consumers well, the communication channel can be a great way to gain real customer insights. In addition, consumers can be encouraged to get involved in building CSR agenda. By this, companies can be updated with latest trends or consumer demands.

With all that said, it is, therefore, of strategic importance for a company to possess professional personnel who communicate with consumers on behalf of the company. Communication training and corporate culture development concerning CSR values are needed. Moreover, CSR practices and CSR communication should be aligned. In other words, what is said and what is done should not contradict each other. Otherwise, the company would face with more CSR negative eWOM.
6. CONCLUSION

In this era of information technology, people are provided with more opportunities to communicate and connect with each other. Such a huge revolution in our communication has certain positive and negative implications for businesses. Consumers become more demanding regarding to not only what they are given but also what they can tell and what are told. In other words, consumers become more proactive in communication with companies about what they want and what they think they deserve. This allows companies to be more effective in their business. However, the significant possibilities in communication put the companies at risk if consumers express their dissatisfaction with companies in public communication channel via the Internet in order to utter a type of informal communication which is called negative eWOM. Beside the aspects of products/services of a company, the company’s CSR values can become a serious concern for consumers when uttering negative eWOM. Negative eWOM is seen as a barrier that prevents companies to establish dialogical CSR communication with consumers which are recommended by many literatures. Therefore, how companies should overcome the fear of CSR negative eWOM in order to turn the public communication channel into their advantages is essential.

This empirical study of Lush as a case company has been conducted in order to understand how negative eWOM should be handled in CSR online communication. The study collects and analyzes computer-mediated data as consumers’ negative comments and the company’s responses collected from the company’s brand fan page on Facebook. This study finds out that emerged negative eWOM on the fan page can be classified into different types belonging to either constructive or destructive negative eWOM. Different types of emerged negative eWOM can be handled with different strategies which could be either responsive or non-responsive. Each strategy has its own purposes and implications for the company’s CSR online communication. The choice of response strategy should help the company in both solving consumer dissatisfaction and achieving desired outcomes from CSR communication. When the company uses responsive strategy to handle negative eWOM, how a response is constructed should be taken with structural and strategic approach. A typical response should include critical information concerning CSR values and practices of the
company followed by supportive argumentation with evidence and clearly stated motives. The construction of a response should support the company in achieving its strategic expected outcomes which differ among response strategies.

This study is a good illustration for the increasing importance of CSR values in consumers’ overall evaluation of a company which used to be limited to products/services. Therefore, CSR should be well integrated into strategic management of a business such as corporate communication rather than being a separate task in business practices. Despite the challenges in CSR communication with consumers on online public channels, companies should be authentic and interactive with consumers in order to overcome the fear of negative eWOM and establish dialogical CSR communication in which values are created for both the company and consumers.
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