

» Reputational crises and information transmission in social networks

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When a corporation is affected by a severe reputation crisis, its business sustainability dramatically falters. Its operational legitimacy within the market is questioned and it is often ultimately abandoned by different stakeholders. If clients lose faith and stop purchasing or procuring its services or products, its demise is inevitable. In this article, we intend to offer guidelines directed toward restoring confidence through the modification of perceptions in networks at an affordable cost for the affected company.

Information, similar to the flames of a house fire or a virus within an organism, travels according to a set of rules. The transmission of information between two people requires that both parties share the same channel and the same code. Naturally, and without technological intervention, we are capable of influencing people up to three degrees of social separation from us. Our closest friends have an even higher average of four degrees. This is our network of nuclear conversation, one that offers the possibility of mutual influence between us and it. The sociologist Peter Madsen called it the "Network of Nuclear Conversation".

Milgram conducted an experiment in New York in 1968 in which he analyzed 1,424 pedestrians. He had one person on the street look at another person situated in front of a window on the sixth floor of a building. With only one person watching from the street, 4 percent of those passing by stopped, but when the group was comprised of 15 pedestrians, 40 percent of those passing by stopped. In fact, only one person looking up made 48 percent of pedestrians look as well. The group of 15 made 86 percent look. Curiously enough, a group of 5 people had the same influence as the group of 15 did.

The first conclusion to draw is that you do not need a large group of people talking about something in a given network to get the rest of the network to stop and observe the dialogue.

We know that Milgram talks about six degrees of separation between all of the people of the world. However, we only have the capability of influencing up to three degrees of separation, which is not bad at all. We could reach half of the world's population, if that is true. Conversely, when we distance ourselves in terms of degrees, our influence is noticeably reduced. Nicholas A. Christakis and James H. Fowler point to this in their book "Connected".

This explains word-of-mouth within a community. The accuracy of the information decreases the more it is shared. According to Christakis and Fowler, this is known as Intrinsic Decay.

The same network contains links that go beyond our three degree reach. We do not influence nor receive influence from anyone more than four degrees away. It's what these authors call the Network Instability, referring to how social ties become unstable at these distances. In fact, until recently nobody has been four degrees of distance from one another in the history of humanity.

All in all, the truth is that we all affect one another. We are all connected to 400 people by two degrees of separation and 8,000 by three degrees. Do the math. $20 \times 20 \times 20$.

In this context, it is easy to understand how we are profoundly influenced by actions we have not seen with our own eyes and testimonials from people we don't personally know.

EMOTIONS ARE TRANSMITTED

Following the experiments of Christakis and Fowler, we come to understand how emotions are passed through a network. In fact, happiness and loneliness are both transmitted in the same way. An individual has a 15 percent likelihood of being happier if they are connected to another happy individual, decreasing to 10 percent at two degrees of distance, 6 percent at three degrees and 0 percent at four degrees. The key to emotional wellness is in having happier friends. And if our friends are connected to other happy friends, it presents more chances to be happier.

Related to that, the happiness of a friend less than 1,500 meters away increases our happiness by 25 percent. Anything further produces no effect.

Loneliness acts in the same manner. At one degree away of separation you have a 52 percent chance of also feeling alone. At two degrees, the chance is 15 percent. At four degrees, the effect disappears once again.



In other words, the more paths that connect you to other people in the network, the more exposed you will be to what flows through it. Messages are most effective if they fundamentally affect people who possess the greatest number of connections and, thus, the highest transmissibility. However, different networks call for different recipes. You would have to take into account the structure of each network and its interior links, keeping in mind that the global structure of the network is ever-changing.

RESOLVING A REPUTATION CRISIS

Suppose a company has suffered an important reputational crisis by failing to meet its clients' expectations (corruption, breach of rules or deception regarding its product). Confidence can only be restored through the reconstruction of ethical values and the transmission of transparent information. However, the most profitable cost/benefit solution doesn't go through a massive information campaign that reaches 95 percent of its target audience. It's more profitable to create conditions so that the information "fire" about the company's rational goes viral. This fire does not spread with ease just because there is a spark; it needs a fine combustible fuel, relatively low humidity, air (the more the merrier) and proximity to additional fuel that's in an optimal condition to burn.

The networks could be manipulated in terms of connection models (how we connect to another) or the dissemination process. It is important to analyze network links and locate the most influential individuals within it. If the links people use are recognized, it is possible to determine which actions will direct the information toward groups of interconnected people.

For information to spread virally not only depends on there being influencers, but also on there being people listening. There must be conditions that will enable the fire to spread with ease. It's more effective and economic to locate the central network nodes. Acting on 30 percent of the network could lead to the same result, as long as they are the right people, making the cost effectiveness of a campaign much higher. Let us not forget that, without communications technology (the Internet), each one of these people can already, on their own, influence another three. This is what demonstrates the **hyperdyadic spread**, as Christakis and Fowler call it.

In the same manner that social networks are capable of spreading fear extremely quickly in emergency situations or economic crises, they can also decisively alter perceptions. Let us concur that connectors found in the center of the network not only possess strong ties to those in close proximity, but also weaker ties to other nodes. Keep this information in mind, as it can help obtain clear social benefits that others cannot achieve.

In 1940, the studies of Lazarsfeld and Berelson on the social spread of political behavior revealed that the media did not directly reach the masses. Opinion leaders habitually acted as intermediaries. The media seemed to work by getting their information to occupy a central place in social networks.

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That was in 1940, well before the Internet. As we can now imagine, in the era of digital social networks, the role central nodes of information occupy, loaded as they are with thousands of fragile contact connections, is one that can stretch its connections beyond the third degree.

The way in which these central nodes exchange information is called the **Rule of Direct Reciprocity**, as termed by Christakis and Fowler. If you will have various opportunities to cooperate with a person in the future, one of the ways to get this person to help you is by promising that future cooperation. It is the positive side of "an eye for an eye." One person cooperates with another, and from that point forward the action is reproduced.

In conclusion, and as we've seen, if a brand wants to repair its reputation it should spread its rational directly through the central nodes that operate its target communities. The cost/benefit of this kind of operation versus that of a massive information campaign is clear. All of this can be made easier, if the brand previously forges alliances with those central working nodes, before the beginning of a crisis. Otherwise, you must work hard to identify nodes and examine what you need to exchange to get those influencers to help you spread your message.

The benefit of working with central nodes in the community is twofold. These nodes offer major dissemination capabilities precisely because of their centrality. In other words, they have more connections to other nodes. This opens up the massive possibilities for using them to diffuse rumors. The early identification of nodes, and the formation of alliances, is essential to neutralize the spread of misinformation.

There is no doubt that the Internet has contributed enormous possibilities for connections, which, although weaker, are able to obtain much more information than before. The size of communities and the scale on which we can share information have also increased. In crisis situations, this increases the risk for brands to face groups with conflicting interests, but at the same time, they can serve to befriend major groups that form a protective shield.

A brand poorly connected to its communities faced with an enormous digital breach is in a very weak position. Companies must increase their network's interconnections, especially with central nodes. Today, equality is produced by the number of connections that we possess. The more connections we have, the more chances there are of them increasing, as well greater ease in achieving all kinds of benefits.

These connections are more relevant than the place in which we are born or were raised and are more relevant than the amount of money we have in the bank. If you lose your connections in the midst of a crisis, you are dead. To keep them alive and restore confidence and credibility, you have to clarify your transparency, ethics and values, but don't try to say it all at once. Be smart and active in your central network nodes.



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