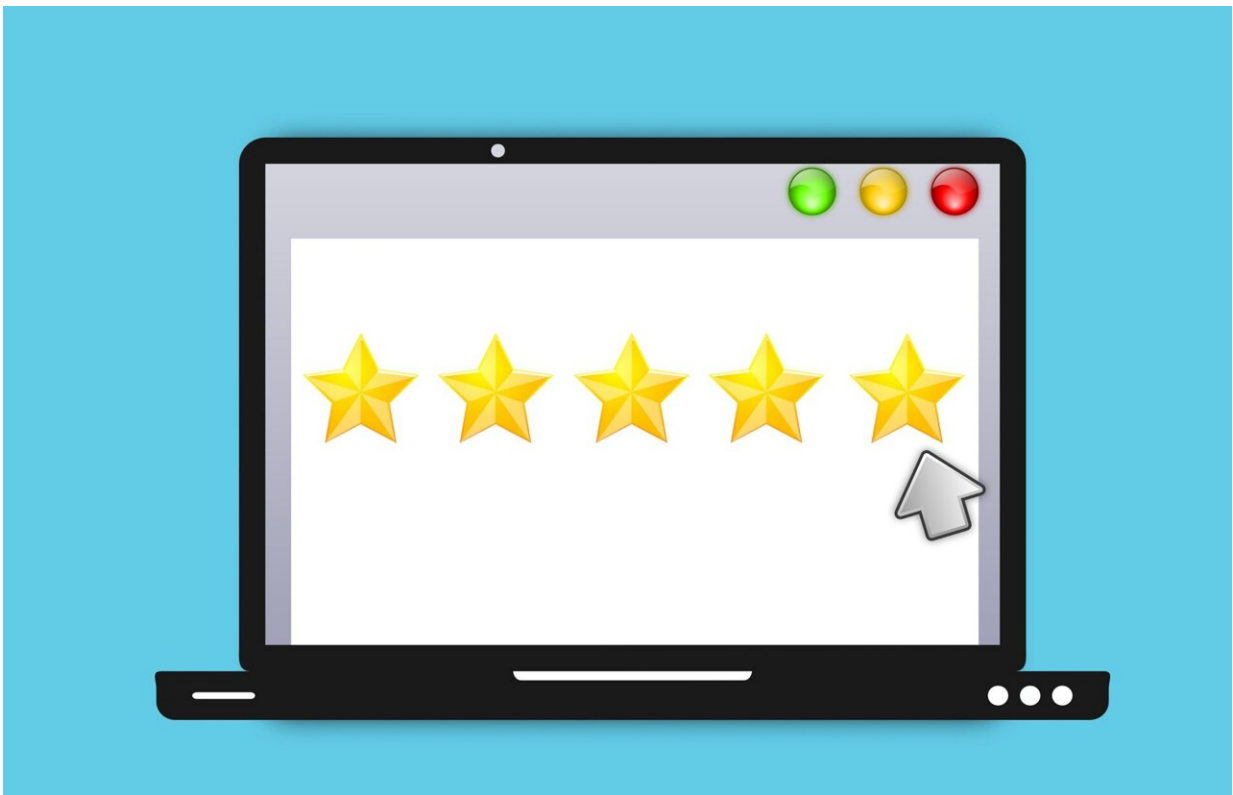


The way brands address getting called out on Twitter affects their bottom line

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In the digital age, a new Twitter strategy can have implications for a healthy bottom line. How companies handle customer complaints on social media plays a critical role in their customer-focused performance management systems. However, there has been a notable lack of

descriptive information related to assessing managerial performance based on the handling of online complaints.

New research conducted by a joint team of researchers from the University of Waterloo and the University of Birmingham suggests that [social media](#) plays a significant role in decision-making, customer satisfaction and managerial performance in the tourism and hospitality industry, achieved by incorporating nonfinancial measures and service [recovery](#) techniques into social media practices.

The study, titled "Service Recovery via Twitter: An Exploration of Concerns to Consumer Complaints," is published in the journal *Accounting Perspectives*.

How frequently a company tweets and its overall engagement with customers on Twitter can directly impact a [company's](#) future performance and financial outcomes. The findings underscore the significance of incorporating nonfinancial measures and service recovery techniques, particularly on [social media platforms](#), to enhance decision-making, customer satisfaction, and managerial performance in the tourism and hospitality industry.

"This study contributes to our understanding of how service recovery is conducted on social media platforms, specifically Twitter," said assistant professor Seda Oz from the School of Accounting and Finance at Waterloo. "With social media playing an increasingly important role as a [communication channel](#), it is crucial to explore how companies handle service failures and engage with customers online. By including service recovery measures in performance systems, managers can have a better grasp of their controllable results and perceive managerial performance systems as more effective."

The study, a collaboration between Dr. Oz and Dr. Doga Istanbuluoglu

from the University of Birmingham, addresses the gap in previous research by examining the link between customer complaints and managerial performance. Focusing on service recovery techniques employed by tourism and hospitality companies on Twitter, the research sheds light on the potential of nonfinancial performance measures in improving decision-making and resource allocation.

The researchers collected and analyzed 10,305 tweets that documented organizations' responses to consumer complaints across four industries: airlines, casual dining chain restaurants, hotels, and fast-food restaurants. By applying the traditional service recovery model, which consists of five service recovery elements (apology, urgent reinstatement, empathy, symbolic atonement, and follow-up), the study reveals varying degrees of implementation within the sample. Additionally, three additional service recovery elements that have not been previously discussed in research were identified: feedback acknowledgement, information request, and channel transfer.

"When companies address customer complaints online in a favorable way, there are economic implications for both individuals and companies," Dr. Oz said. "Satisfied customers are more likely to continue doing business with companies, leading to improved [customer retention](#) and increased revenue.

"Additionally, companies that prioritize service recovery and [customer satisfaction](#) tend to enjoy a better reputation, attracting more customers and gaining a competitive advantage in the market."

The researchers further suggest classifying recovery elements based on common characteristics, such as interpersonal treatment and policies and procedures. This approach can aid in developing performance measures aligned with specific recovery goals, enabling companies to deliver purpose-specific solutions to [customer complaints](#).

More information: Doga Istanbuluoglu et al, Service Recovery via Twitter: An Exploration of Responses to Consumer Complaints, *Accounting Perspectives* (2023). [DOI: 10.1111/1911-3838.12339](https://doi.org/10.1111/1911-3838.12339)

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