

## Managing Business-to-Business Social Media Risks

While consumer marketers have been harnessing the power of social media to engage customers in recent years, today it also holds remarkable opportunities for business-to-business (B2B) companies looking to expand their reach and engage and interact with customers on a more personal level. Before fully involving your business in social media, it's important to understand the risks to avoid potential disaster.

### Protect Your Company's Reputation

It is fairly easy for anyone to use your company's trademarks to set up a social media site without your permission, so even if you don't plan to market through social media, it's crucial that your team is monitoring popular sites. Some savvy businesses have been protecting their brands by registering their trademarks on popular social media sites, even if they don't intend on using the sites.

If your business is already involved in social media, consider additional risks. Negative content, such as bad customer reviews or unfavourable comments, may appear on your company's social media sites. While social media allows a company to more directly interact with customers (which can be a great thing), expect that customers can and will use your site to air grievances. It's also important to be aware that incidents—especially negative incidents—travel globally in a matter of hours in social media, having the potential to lead to disaster.

Domino's Pizza experienced the negative power of social media in a 2009 incident when two employees videotaped themselves doing unsanitary things as they prepared customers' food. They posted their video on YouTube, and within a few days, it had more than one million views before Domino's realized it was out there.

This left the pizza chain with a public relations crisis and required major brand rebuilding to earn back the trust of customers.

Consistently monitoring the activity on your company's social media sites is key, but being aware of content that may appear on third-party sites is equally important. Devise a plan to respond to negative content to protect your company's reputation.

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Many B2B companies are using social media tools to interact with potential clients. Before jumping in, you need to understand the risks and plan accordingly.

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### Who Has Ownership of Your Social Media Sites?

Although you can't directly control what third parties say about your company, you can control what your employees post on your social media sites. Surprisingly, many companies still lack clear policies and procedures outlining how their employees should use these sites. Employees could post incorrect company information, confidential material or trade secrets, which can have serious consequences for your firm.

You can reduce some of this risk by limiting the number of employees assigned as "administrators" on your company's social media sites. An administrator may be one person or a team who has the passwords to your social media sites and who manages the activity on the sites. It is important to educate these employees as to

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what they should say and not say on the company's behalf when they post on these sites.

If your company already has a designated social media guru, consider that after time, your Twitter™ account or company blog may take on the personality or “voice” of the writer. So what happens if that employee leaves your company?

This is the question in a court case involving tech blog company PhoneDog and its former social media editor, Noah Kravitz. Kravitz, who had managed PhoneDog's very successful Twitter account, left the company, taking its 17,000 Twitter™ followers with him.

## Security is Always Important

Social media sites are not exempt from cyber attacks and risks, such as viruses and spam. In November 2011, Facebook® was the target of a hacker attack in which disturbing graphic images appeared in the news feeds of many Facebook® users. It's important to monitor the content that is posted not only by your employees, but also by third parties. Report spam as soon as you see it, and avoid clicking on suspicious links.

Furthermore, it's important to password-protect all of your social media accounts, in addition to limiting the number of employees who administer your sites.

## Social Media and the Law

As the use of social media burgeons in B2B companies, new laws and regulations are being generated. As you adopt social media as a component of your marketing strategy, consider some of the following legal implications:

### False Advertising

Similar to print advertising, social media ads must be truthful and not misleading.

### Undisclosed Endorsee Connections

If an employee blogs about your product and fails to disclose his or her connection to your company, it could result in liability, whether your company knew about the postings or not. Employers are also liable for false or

misleading advertising stemming from an employee's online postings about the company's products and services, even if the postings were not authorized by the employer.

### Infringement

Be aware of trademark infringement claims between competitors, which could cause deception or customer confusion.

### Copyright vs. Fair use

Know the difference between “fair use” and copyrighted material. Many times, user-generated content cannot be used without permission.

## Additional Ways to Mitigate Risk

- **Create, implement and enforce a Social Media Policy.** This policy sets the rules for how your employees should use social media on the company's behalf. It is important that you train employees on your policy and enforce it once it's been implemented.
- **Assign a Community Manager.** This could be one employee or a team who is trained on social media and is responsible for all of the company's social media accounts.
- **Devise a Crisis Response Plan.** This is your company's response strategy in the case that a crisis occurs through your use of social media.
- **Involve your legal department** at the beginning of social media planning.

The use of social media in B2Bs is increasing exponentially, but there still remains a lot of uncharted territory in which laws and business practices are evolving to meet the challenges that arise.

To stay on top of the risks, contact Case Insurance Brokers Inc. today to learn more about our risk management resources and insurance solutions.

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