

Reaching for the Stars: The Role and Value of Digital Reputation

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The rise of digital reputation as a key asset for business

✕ In the old economy, reputation was considered an important but somewhat underestimated intangible asset. Commonly, it was a matter of public relations and the mantra was that “any publicity is good publicity”. In the digital economy, the significance of reputation is expanded in scope. The diffusion of feedback, ranking, and rating systems, powered by digital media, caught the attention of marketing and business executives, bearing the promise of an objective, user-driven, tangible form of assessment of the social value of products, brands, and services. Concomitantly with the rise of social network sites and the proliferation of metrics and analytics of all kinds, the era of the “reputation economy” has dawned. The story of the Shed at Dulwich (Box 1) shows the permeability of feedback, rankings, and rating systems, and the possibility of living in a reputational “bubble”. Yet, it also highlights how powerful reputation and the platforms that provide this information can be, and shows that word-of-mouth is now inextricably entangled with digital forms of social interaction. The fact that the story was a prank also shows that the reputation economy is less of a promised land than what businesses and consumers had hoped for. Let’s take a closer look at the role reputation plays in the digital economy and how businesses can become adequately equipped to survive the digital reputation jungle.

Digital reputation enables trust among strangers

✕ In the digital economy, reputation represents cultural value. It enables the building of trust among “quasi-strangers” who engage in an economic transaction. Reputation scores, usually in the form of feedback, ranking, and rating systems, facilitate the building of trust in the absence of a direct relationship between sellers and buyers. In particular, my work on the so-called “sharing economy” illustrates this process well. Digital reputation is the result of a loop of digital traces (see Figure 1). When booking an accommodation on the platform Airbnb, for instance, the most relevant piece of information for a consumer

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is the presence of a set of reviews that recount the experiences of other guests who stayed at that room or flat. Consumers use this information to establish a bond of trust with the unknown host, who offers a service on the other side of their screen that they cannot otherwise see or evaluate. What’s more, in this context, reviews represent socially produced value.

Having no reputation is as critical as having a bad reputation

✕ Moreover, a key aspect that consumers look at is the absence of a digital reputation. It is highly unlikely that anyone will book an Airbnb accommodation – or reserve a restaurant, or a hotel, or purchase any product or service, for that matter – in the absence of any digital reputational trace. Put differently, the presence of a digital reputation is instrumental to creating the conditions for the building of a bond of trust between consumers and businesses. This, in turn, configures a competitive and unequal environment: following the example of Airbnb, those who have a reputation – obviously, a good reputation! – are in a position of competitive advantage against those who don’t. Good reputation brings good reputation. Bad reputation can be a longstanding setback for a business. No reputation means “you don’t exist” in the eyes of consumers.





Digital reputation management is a core task that makes a decisive contribution to the success of a company.





BOX 1

The amazing story of the Shed at Dulwich

In 2017, the London gourmet scene witnessed a rising star on Tripadvisor: The Shed at Dulwich, an appointment-only cuisine restaurant located in South London. It wasn't listed in the Guide Michelin, but reviews on Tripadvisor praised the experience and declared, "We will be back". People from far and near called to try to get a rare place, and the restaurant reached the #1 spot in the London list in the short span of a few months.

In reality, The Shed did not even exist. Vice Magazine journalist Oobah Butler had set up an elaborate prank to "game" the Tripadvisor ranking. Using public relations tactics and leveraging on the typically hipster processes of word-of-mouth referrals based on exclusivity and coolness, Butler had faked its existence – in his South London home garden. At a one-time opening, he served dressed up ready-made meals and tried to create the experience that had been described in the reviews and ended the story.



Digital traces affect careers ✕ The same principle applies to individuals as workers. In my research, I also show that one's digital reputation influences one's chances to be hired, particularly in the knowledge sector. Recruiters pay remarkable attention to digital reputational traces when evaluating a candidate for a job opening. This allows them to get a sense of prospective colleagues in terms of their personality and values, both personal and in relation to work. Recruiters also look at relevant social relations as they appear on LinkedIn connections and other information that candidates put on their CV and determine whether the available information online matches what they showcase in their application or highlight as their strengths. In turn, companies also must be increasingly attentive to their digital reputation: platforms such as Glassdoor host a plethora of opinions, ratings, and reviews by employees who rate the companies they work for or have worked for, the working conditions, their bosses and colleagues, the adequacy of economic compensation, and internal policies.

Rethinking public relations work ✕ The all-round relevance of digital reputation as an intangible asset and culturally produced value means that its management is key to the success of a business – and cannot be left to chance. Any company that wants to thrive in the digital economy must attain the all-encompassing relevance of digital reputational logics. My fieldwork interviews with freelance communications professionals demonstrate that digital reputation work is constantly becoming more professionalized. Any publicity is no longer deemed to be good publicity, and initiatives of corporate social responsibility and customer relationship management are no longer sufficient for a business to maintain a good reputation. Today, specialized jobs, such as social media managers and community managers, have

emerged to fill this need. An entire discipline, public relations, has been turned upside down by the scale and pace of the reputation economy. The following tasks are central to reputation work and need to be managed carefully:

- > **Use your digital reputation to build trust** ✕ Economic transactions are built on reciprocal trust. Having a good digital reputation is essential to the building of trust between a business and its counterparts (consumers, stakeholders). They will base their decisions, to some degree, on digital reputational traces. To build long-last-

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FIGURE 1 > Digital reputation as a result of loops of digital traces



ing trustworthy relations with others, maintaining a good digital reputation is essential.

- > **Monitor customer opinions** ✗ No matter the means by which it takes place – electronic or face-to-face – word-of-mouth remains an essential aspect of growing a business. Digital media offer the possibility to monitor customer opinions almost in real time. It is imperative that businesses constantly track what their customers think of them and work proactively to ensure the conversation remains positive toward them.
- > **Constantly curate your reputation/image** ✗ Today, communications professionals who curate a company, product, service, or brand's reputation hold unprecedented power of life and death over it, as a considerable portion of a company's value lies in the image it is able to project. Curating the digital reputation of a business therefore is not an ancillary activity that can be left in the hands of anyone who can set up a Twitter account. It is essential work that decisively contributes to the success of a business.

The materialization of a digital economy where, as the saying goes, "everything that can become a platform will become a platform", means that reputation and digital forms of interaction represent key dimensions in organizational value-

creation processes. The building of trust with customers and stakeholders, the monitoring of customers' opinions, and the curation of the image of a business are apparently separate activities that actually reconcile in the relevance of a business's reputational capital. More than just social capital for companies, reputation in the digital economy has been affirmed as an intermediary between economic capital and trust and become an asset on its own. ✗



FURTHER READING

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