252. E-REPUTATION IN THE DIGITAL ERA: THEORETICAL FOUNDATIONS, ECONOMIC IMPACT AND STRATEGIC MANAGEMENT BASED ON AI

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This paper explores the theoretical basis for online reputation as a critical strategic asset in the digital economy – it examines the ways of its formation and core structural components. The work gives a reader broad analyses of the practical impact of online reputation on the success of the company and its value as well as pays attention to Online Reputation Management (ORM) based on AI as a key instrument of shaping the image of an organisation in the Digital Era.

The digital revolution has completely changed the way how companies communicate with customers. Social media nowadays have become influential arenas where e-reputations – the collective judgment about a company's or individual's reputation online, shaped by digital interactions and content – are made. The speed of spreading information via social media is huge, it can lead to fast changes in public perception which are connected with the definite organisation. This requires a move from traditional, static reputation management to dynamic, real-time digital strategies, as social media's speed makes online reputation a critical and continuous business priority. Modern theoretical and practical aspect of organisational online reputation will be examined and a universal beneficial approach to its management will be found in this paper.

Speaking about the concept of organisational online reputation, it is the public perception of the company's digital activities and digital behaviour. Unlike stable, locally-built traditional reputations, e-reputation is dynamic, global and can change instantly based on online reviews and social media.

According to to the International Journal of Business and Technology Studies and Research there are three theories which describe the formation of e-reputation or the factors that influence this formation.

The first theory describes basic components and basic digital nature of online reputation. It is – Online Reputation theory [1]. According to this theory online reputation is formed from a person's perceptions connected with the company's website, activity on social media and services and it is heavily influenced by electronic word-of-mouth (eWOM), such as reviews and user-generated content. The perception of this reputation depends on the quality, consistency, and immediacy of these digital interactions.

Another two theories are additional, they describe more abstract categories which make up online reputation of an organisation.

The second theory is Online Trust Theory. It considers trust as the foundation of a good online reputation. Companies build trust by being reliable, transparent, and honest in all their digital interactions. This includes keeping promises, securing transactions, and responding quickly to customers.

The third theory is Online Responsibility Theory. According to this theory every action a company takes online affects its reputation. Posts, comments and responses leave a permanent digital footprint. Companies should create a special content and leave positive digital footprints to be liked by the audience.

To build and maintain a perfect reputation in today's digital world companies must strategically manage three interconnected factors.

1. Search Engine Optimisation (SEO): SEO is the practice of optimising a company's website and content to rank highly in search engine results like Google. Since the vast majority of users never look beyond the first page of results, nowadays organisations should have high visibility on search platforms. Effective SEO ensures that when someone searches for your company or its products, they find your official, positive content first – such as your website, blog, or news – rather than negative reviews, competitor claims or misinformation.

2. Social Media: social media are powerful tools for promotion, customer service and community building. However, they can be both an opportunity and a risk. Companies can use social media to share news, gather feedback, and promote their brand, but they cannot control the conversations that happen about them. A single negative post or complaint can spread rapidly and cause significant reputational damage. Therefore, successful reputation management on social media requires constant, active engagement – listening to the audience, responding promptly to questions and criticisms and participating in discussions to build trust and loyalty.

3. Consumer-Generated Media (CGM): Consumer-Generated Media includes all the content created by users about a company: online reviews on sites social media comments, blog posts, video reviews and forum discussions. In the digital age the opinions of other consumers are often trusted more than official advertising. Companies must actively monitor this content to influence the public in the necessary way.

Online reputation is a quantifiable economic asset with a direct impact on organisational performance. Positive online reviews significantly increase consumer trust and directly drive sales; a one-star increase in a Yelp rating can lead to a 5-9 % revenue increase for restaurants. Social media sentiment serves as a predictor of firm value and can make a company more expensive. SEO drives online visibility which can also increase revenue. For talent attraction, a strong e-reputation is also important as 75 % of job seekers research an employer's brand online. Good e-reputation signals financial stability, social responsibility and a positive employer brand.

Online Reputation Management (ORM) is a systematic process of constant creating and improving organisational online reputation [3].

The first step in this cycle is Monitoring and Analysis. This involves the tracking of all mentions, discussions and content related to an individual, brand, or organisation in the digital sphere. The step includes social media platforms, online forums, news websites, blogs and review sites like Yelp or Google Reviews.

The next phase is Evaluation and Strategy Development. Here analysts examine the gathered information to answer key questions: What are the predominant topics of conversation? Where is sentiment most positive or negative? What things cause complaints or praise? The process of evaluation can help to find strengths to develop and problems to fix.

The third stage is Action and Content Creation. Here the organisation engages directly with its digital audience. This includes responding professionally to online reviews, particularly negative feedback, to demonstrate attentiveness and a commitment to resolution. Also the organisation should create proactive content. This content, such as blog posts, social media updates, press releases and helpful articles, aims to emphasise positive brand values, highlight achievements, and improve search engine visibility.

Finally, the cycle ends with Prevention and Crisis Preparedness: organisations create advance plans detailing roles and emergency steps, while building reputation through positive customer experiences. If a crisis hits, the pre-made plan enables quick response to limit damage, after which the process returns to monitoring, creating a continuous cycle of listening, learning, and engagement.

A strong online reputation boosts business in all sectors, but the way it works and its power differ greatly by industry. This means companies need special strategies that fit their specific customers and market. In travel and hospitality, reviews are everything. 81 % of travellers use them to choose where to stay, and most read at least 10 reviews. Just a 10 % improvement in ratings can increase hotel sales by 4.4 %. For retail and e-commerce, online reputation also drives decisions but the extent of its significance is smaller. 70 % of shoppers are more likely to buy a product with good reviews. Products with at least five reviews are 270 % more likely to be purchased than those with none [4].

Artificial Intelligence (AI) is revolutionising Online Reputation Management (ORM). It transforms this field by automating the analysis of vast data – from reviews and social posts to news. For example, sentiment analysis automatically evaluate public emotion toward a brand across all platforms. AI-powered brand monitoring tracks mentions in real-time and identifies influencers and trends. Furthermore, automated content moderation fastly removes harmful material, protecting a brand's image proactively. Beyond monitoring, AI enables predictive and personalised strategies. Predictive analytics forecast reputational risks by analysing historical data. Besides, AI controls a personalised customer experience, using data to reduce complaints, and build loyalty [2]. However, AI requires careful ethical consideration. Issues like algorithmic bias, data privacy, and a lack of transparency can undermine trust. Organisations must ensure their AI tools are accurate, used responsibly and not seen as tools for manipulation. Human control remains crucial to interpret context and guide strategic actions.

The examples of successful usage of AI for ORM can be Netflix, BMW, Amazon. In Netflix AI analyses customer feedback to adapt content and responses and make communication more individualised. In BMW AI finds negative sentiment trends early, allowing to fix a complaint before it triggers a wave of bad reviews. Amazon's AI analyses preferences and the whole mood of a client and helps to predict the product which this client will soon buy to deliver it to the necessary warehouse in advance.

In conclusion a strong online reputation is a key business asset and a source of real competitive advantage. To protect and grow it companies need a smart strategy. This means investing in reputation management like any other critical function – with dedicated people, tools, and budget. It requires publishing honest, helpful content that makes the brand reliable, boosts search rankings, and develops new AI search tools like ChatGPT. Companies must actively and professionally respond to all feedback, especially criticism, to turn problems into trust-building moments. Technically, they should combine classic SEO with new AI-optimisation to stay visible. Most importantly, they must build digital trust by being transparent, ethical, and secure with user data. Finally, they need a prepared crisis plan with real-time monitoring to react fastly to threats. By taking this complete approach, businesses will build a powerful, long and valuable digital identity.

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