

Why Your Business's Online Reputation Matters and How to Protect It

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Executives from top businesses around the world have weighed in, and they have indicated that the top risk for their respective companies is their reputation.

In 2013, Deloitte released the results of a [survey of 300 top management and board members](#) from across the globe, which revealed that reputation became the single greatest strategic risk. Reputation passed up the likes of business model, economic trends, and competition for the first time.

"The rise of reputation as the prime strategic risk is a natural reaction to recent high profile reputational crises, as well as the speed of digital and social media and the potential loss of control that accompanies it," Henry Ristuccia, Deloitte's global leader of Governance, Risk and Compliance, said at the time. "The time it takes for damaging news to spread is quicker, it goes to a wider audience more easily, and the record of it is stored digitally for longer."

The following year, reputation repeated as the number one strategic risk for the 300 business executives [surveyed by Deloitte in 2014](#). More specifically, the results showed that nearly 90 percent of the executives indicated that reputation was the most important strategic risk.

Online reputations matter to companies large and small

It is easy to imagine how a reputational crisis can cause serious harm to a large, possibly global, company. For instance, Chipotle is currently dealing with a major crisis involving an [E. coli outbreak in the Pacific Northwest](#). While the health concerns are certainly more important, Chipotle's reputation is clearly being affected and this is among the many issues that the company is being forced to deal with right now.

Meanwhile, a smaller company also has the potential to be significantly affected by "negative reputation events" (a term used by Deloitte in its 2014 study) and, depending on their severity, it might never recover.

Last year, we wrote about a New York [hotel that received major backlash](#) from an anti-negative review policy that was picked up by mainstream media. A look at the [search results for the Union Street Guest House](#), well over a year later, reveals that the company never recovered: its ratings on Yelp and Google+ plummeted; most of the results on Google are stories from major news outlets and websites about that not-so-good policy; and now the hotel is listed as being permanently closed.

While we are uncertain of the exact reasons for the hotel closing, it is fair to assume that its suffering online reputation was a major factor.

In short, executives for top companies indicate they are most concerned about reputation, and it is clear that smaller companies have a lot to lose by having a negative reputation – all of which is to say that online reputations are critical for businesses of all sizes and in all industries.

Being proactive, monitoring for potential reputation crises and attacks

Many reputational crises can be hard to anticipate. For instance, Domino's Pizza – at a corporate level and at the individual store level – could not have predicted that, in 2009, two [employees would film themselves violating health-code standards](#) at work and post that video on YouTube for more than a million people to see.

Companies that have an incident response plan and response team in place (potentially including, or solely consisting of, outside consultants) and go through extensive training are best-equipped to handle these types of situations. In this actual scenario, Domino's actually [did well in handling this crisis](#).

Regarding the increasingly common false and defamatory reviews, a larger company such as a Chipotle or Domino's is going to be virtually internet defamation-proof at a corporate level, meaning that a couple false Ripoff Report or Pissed Consumer postings is not even going to amount to a blip on their radars.

But an individual store/location is not immune from bad ratings and reviews, and that is even more apparent with smaller companies that do not have the benefit of being affiliated with a global or national brand when it comes to search results. As we have written previously, [smaller companies cannot afford to have negative results](#) populating its first page on Google.

Thus, when it comes to online reviews and ratings, and also social media posts, it is important for businesses to be regularly monitoring what is being said about them. There are monitoring companies that can help make this process efficient, with minimal effort on the businesses' ends. At the most basic level, however, smaller companies should regularly be checking search results, social media, popular review or complaint websites, and really any forum online on which it is realistic that the public might read about them.

While businesses cannot get bogged down by everything remotely negative (and, thus, not legally actionable), it is a good idea to be quick to put out any potential "fires" that could come about. Moreover, business owners or other designated parties have the unique opportunity to remedy customers' situations and keep them happy.

Protecting online reputations is essential

Echoing Henry Ristuccia's quote above, given the ease with which anyone can spread negative and false information to such a wide audience today, online reputations truly matter.

A disgruntled party can easily go online and post harmful content, which could rank first (or awfully close to the top) on Google — and, therefore, be the first thing that a potential consumer reads about a company on the internet. For smaller companies, what appears online in the search results when a prospective consumer or other party searches them largely *is* their reputation.

Outside of providing the best possible products and/or service, there is little a company can do to prevent someone attacking them online. As mentioned, **non-disparagement clauses relating to online reviews must be avoided**. What a company can do is **lawfully seek to generate more online reviews** and positive (or at least neutral) content, such that potential attacks do not dominate the search results.

In short, companies big and small (but particularly the smaller companies that do not have the large budgets and payrolls and a team of employees or outside consultants to assist with reputational crises and online reputation attacks) must take their online reputations seriously. It will be next to impossible for almost any company to survive if they do not.

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