

# Online Reputation Analysis Of Central And Eastern Europe Manufacturing Companies

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**Abstract:** This study aims to provide theoretical standpoint in the area of online reputation management, as well as its analysis with a focus on manufacturing companies from Central and Eastern Europe. It highlights the importance of reputation monitoring in virtual environment and its implementation into brand management. This paper successively analyses top ten manufacturing companies from CEE and presents results of the analysis including the overview of the companies and the resulting numbers. This analytical processing is supported by an overview of the theory and literature from several authors. Furthermore, the work also draws attention to areas which would benefit from moving this knowledge further and to bottlenecks which should be kept in mind.

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**JEL Classification:** M19

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## Introduction

At present, the reputation is a very effective tool to generate new customers. Currently, customers' requirements regarding the brand and reputation of any entity are growing rapidly and new trends and tools are being used to improve it. Customers want to know what is beyond a brand or product, what kind of company and what is its reputation, in order to be better oriented and able to decide. The Internet is now overloaded with information about the quality of products and brands which are accumulating in online environment. This creates a thin line between information with positive but also negative impact on reputation. Companies should use online reputation management as a form of control and management of information flow. It is a toolbox whose purpose is to monitor online discussions, forums, blogs and search engine results. It functions as a regulator used to achieve favourable reputation of a company. Poorly managed reputation management may lead to spreading bad name of a company and decreasing its market value.

The Internet has changed the reputation. What was once private is now public. What was once local is now global. What was once ephemeral is now permanent. And what was once trustworthy is now unreliable. These changes can be explained by the fact that Internet technology has directed human interaction with it. Understanding unique relationship between technology and online culture is the key to understanding how to manage online reputation. Users who apply offline techniques to Internet reputation or use offline tools to solve online issues will surely fail. Instead of that, the user must be able to understand cultural and technical differences between the Internet and the offline world, to effectively protect and improve their online reputation (Fertik, Thomson 2010). Reputation as such helps us to decide quickly. Every one of us interacts with other people or businesses on a daily basis and therefore it is impossible to thoroughly examine every single interaction from scratch. Therefore, the Internet gives us a useful shortcut which enables us to "google" anything and everything under one roof. That is why online reputation management is so important and helps to protect the brand from a variety of negative impacts and criticism and it also helps to increase companies' profits.

## 1. Literature review

Reputation is a concept commonly used in Internet marketing and it generally means an overall presence on the Internet. We can compare it to leaving footprints. All activities are interconnected and complement one another (Janouch, 2011, p. 17). Each company has a reputation or online reputation, whether they want it, or not; the reputation does exist (Marsden 2013). If you are running your own business, you should not leave your reputation to chance. It is your ultimate responsibility. Company's reputation is considered to be very valuable asset. As George Washington once said: "With a reputation you can do anything without one, nothing" (Haywood 2002, p. 9). However, if we consider corporate reputation, its definition is a bit complicated (Griffin 2008). Balmer a Greyser (2003) characterize corporate reputation as such which is created over time based on what the organization did and how it behaved. According to Bromley (2002), company's or corporate reputation only reflects relative standing of the company, both internally with its employees and externally with other stakeholders, in both its competitive and institutional environments. Highhouse defines corporate reputation as a global, stable over time, evaluative judgement about a company that is shared by multiple constituencies (In: Helm et al. 2011). It is a pure reaction of customers, investors, employees and other stakeholders. It is a collective judgement of individual impressions (Gottschalk 2011).

Trust fulfils every company in a million of different ways. No institution can function without it. Trust is a strong belief that we can rely on someone (Shore, 2005). Shaw offers alternative definition (In: Armstrong 2007); he defines the concept of trust as a belief that those on whom we depend will meet our expectations of them. These expectations depend on our critical judgement of other person's responsibility to meet our needs. Tavakolifard (2012) claims that generally accepted definition of trust is still missing despite comprehensive studies of philosophers, sociologists and psychologists. It is easier to identify individual features of trust than to determine exactly what it means. We agree with the definition by Gambetta (2000) who argues that trust (or symmetrically, distrust) is a particular level of the subjective probability with which an agent assesses that another agent or group of agents will perform a particular action, both before he can monitor such action (or independently of his capacity ever to be able to monitor it) and in a context in which it affects his own action. An agent is generally an individual or a thing (entity) which affects the environment or other agents and has characteristic and its own targets which it strives to achieve. The contextuality of trust means that the trust of entity "A" towards entity "B" is always dependent on certain context "C".

We'd like to point out the work of Jøsang et al. (2005) who deals with "the issue of trust" (in terms of creating trust, establishing credibility and making decisions on the basis of credibility). Jøsang et al. states that trust is an oriented relationship between two parties called the subject and the object. The term oriented is used in the sense of clear distinction of resources (subject) and goals (object) of the relationship. The authors further define two types of trust: Context-independent (reliability trust) - where trust is the subjective probability by which an individual "A" expects that another individual "B" performs a given action on which its welfare depends; and Context-dependent (decision-trust) - Trust is the extent to which one party is willing to depend on something or somebody in a given situation with a feeling of relative security, even though negative consequences are possible. (Jøsang et al. 2005)

Companies have invested large amounts of financial resources and hired agencies and marketing professionals to prepare communication campaigns to support such brand image that would create an incentive for the customers to make purchases (Leboff 2011). This argument is supported by Smaiziene and Jucevicius (2009) who claim that companies prefer to focus primarily on the image and leave the reputation behind. Grant Leboff (2011) mentions that the image is not a guarantee of positive comments and recommendations. These will only be achieved due to good reputation. In other words, the foundation of modern marketing is not the image which the company strives to create, but the reputation which it has actually established.

As regards the image and reputation, Bennet and Kottasz point out time dimension (time of creation) as the main characteristics which distinguishes these two constructs. In other words, company's image can be created in a short time. Reputation is generated in a longer time frame, and therefore cannot be changed or redirected as quickly as the image (In: Smaiziene, Jucevicius 2009). Such an approach is also supported by Jackson (2004) and Cornelissen (2004) who argue that the time of establishment or creation is one of the main differences between the image (short time of creation) and reputation (long time of creation). Fill (2009) perceives reputation as wider set of images. He is also of the opinion that changing reputation is more time consuming and difficult while image can be influenced much faster. Therefore, it may be said that reputation and image are not synonymous, as some authors point out, yet they are closely related and interdependent elements.

Walter (2013) argues that reputation in life and business is everything. It means that reputation is very fragile and one mistake may sometimes cause irreversible damage. This is especially true in the digital world, where radical transparency and demanding customers have the greatest power. According to Chernatony et al., if the Internet offers consumers a new way to share information about companies and brands, then it also allows the companies to control information about them. Consumers are able to obtain information on potential suppliers and products, but they can also create new content on the Internet which may affect the perception of other consumers and stakeholders of the respective company. Negative comments on the Internet can quickly and seriously damage the image and reputation of the brand (In: Siano et al. 2011). eWOM (electronic word of mouth) is an important part of online reputation. According to Henning-Thurau (2004), this form of communication may be defined as any positive or negative statement made by potential, actual or former customers about a product or company via the Internet. Jun Loayza (2013) presents basic principles of online reputation management which he divides into various segments such as Quick Fix, Long-Lasting, Content Driven and Relationship Driven.

## 2. Methodology and Results

One of the most commonly used systems for the evaluation of online reputation in Europe is sentiment analysis. This area was previously investigated by Rajzák et al. in order to evaluate online reputation of banks (2010). It records ratings of top 10 results in Google search. After counting sentiment points we achieve a resulting value which is a starting point for the evaluation of the success or failure of a company in a particular segment. In order to minimize the presence of personalised search results via location, search history or cookies, a proxy server has been used to eliminate these personal factors. In order to minimize the impact of subjective representation of the results, the score was prepared independently by three people, and the resulting table is based on average ratings. Search phrase used was in all cases well known and established name of selected companies. The sentiment of individual results, as well as the score attributed to each position is shown in the following table.

**Table 1. Sentiment of search results in top 10**

Sentiment/Position of the result	1	2	3	4	5	6	7	8	9	10
(Positive) +	20	19	18	17	16	15	14	13	12	11
(Neutral) x	10	9	8	7	6	5	4	3	2	1
(Own web/account) ±	2	2	2	2	2	2	2	2	2	2
(Negative) -	-20	-19	-18	-17	-16	-15	-14	-13	-12	-11

Source: own elaboration

In this study we focus on the top 10 manufacturing companies within Central Europe region. All were selected based on the 2016 Deloitte Central Europe Top 500 report that ranks largest companies from the 18 countries from Central Europe and Ukraine.

The score obtained by the companies on individual positions was subsequently counted and the final result, i.e. the total points obtained, indicates the strength of sentiment of all ten results in the search engine google.sk for the specific company. The final score thus represents the final factor for the evaluation of the success or failure.

The following table presents final results of the survey of the selected companies. It shows all partial scores of individual positions, as well as their total sum, and the final result achieved. The companies in the table are ranked from the best to the worst.

**Table 2. Results of the sentiment analysis of the top 10 CEE manufacturing companies**

Rank	TOP 10 CEE manufacturing companies	1	2	3	4	5	6	7	8	9	10	Total
1.	Mercedes-Benz Man. (Hungary)	10	19	2	17	2	15	14	13	2	11	105
2.	Hyundai Motor Man. (Czech Republic)	10	9	8	7	2	15	14	2	12	2	81
3.	Kia Motors Slovakia (Slovakia)	10	9	2	7	16	15	4	2	12	2	79
4.	AUDI Hungaria Motor (Hungary)	10	9	2	2	2	5	4	13	12	11	70
5.	Škoda Auto (Slovakia)	10	9	2	17	2	2	14	2	2	2	62
6.	Agrofert (Czech Republic)	2	9	8	2	6	5	2	13	12	2	61
7.	Metinvest (Ukraine)	10	9	2	2	16	2	14	2	2	2	61
8.	Automobile Dacia (Romania)	2	2	18	17	2	2	2	2	2	2	51
9.	GE Infrastructure CEE (Hungary)	2	2	18	2	2	5	2	13	2	2	50
10.	Volkswagen Slovakia (Slovakia)	10	2	8	2	16	2	-14	2	2	2	32

Source: own elaboration

We can conclude, that majority of examined companies performed very well. No negative sentiment appeared except of a single case of Volkswagen Slovakia, which can be attributed to the scandal of Volkswagen, that appeared in american markets during past years. But there is still place for the improvement, since all results are only an average number. It is obvious, that online reputation does not necessarily correspond other offline attributes despite its critical importance.

The ranking of individual manufacturing companies has significantly changed when compared to the ranking compiled by the Deloitte report. Out of the 10 companies six fell and four moved up its position. It is certainly

noteworthy that Mercedes-Benz Manufacturing, which has been declared as the last one in top 10 CEE companies, has ranked first in our survey of online reputations and it is the largest positive difference. On the other hand, Volkswagen Slovakia moved down the ranks the most, from third to tenth place.

### 3. Discussion

This work provides results which may be very interesting and useful for the companies and point out areas in their online communication which may have been omitted in their strategy. As regards the future, it is especially important to focus on online communication and presentation, since we know that in order to improve something, we need to measure it first. The method used in this article offers certain perspective; however, it needs to be emphasized that there are many other methods to control and measure reputation in online environment which haven't been examined in this article and therefore, there are still areas that are worth exploring. As to sentiment analysis, it must be kept in mind that in the initial stage it is a subjective representation of sentiment and therefore it is important to consider measures that minimize influencing the results, in particular by extending the set of evaluators and their diversification by age, occupation, interests or even nationality. All of these enhancements offer opportunities for further research.

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