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WHITE PAPER

The ROI of ORM: Measuring the Financial Impact of Your Online Reputation

What's a Good Reputation Worth?

Your online reputation is important for a number of logical — even obvious — reasons. Over the past several years, software vendors and analysts alike have documented the relationship between online sentiment expressed on review sites and social media, and overall brand health.

But it's been considerably harder to map the concrete benefits of online reputation management — namely, return on investment (ROI). Although most of us can make the logical connection between a strong online brand and increased business, tangible ROI has been more challenging to prove.

Reputation.com analyzed data from hundreds of customers, over multiple years, to quantify the ROI of online reputation management activities and best practices.

The results are conclusive: Effective online reputation management helps multi-location organizations generate more business and reduce operating costs. Some examples of results include:

- A Big-Three automaker increased dealership revenue by over $100 million per year.
- Hospitals with a high Reputation Score earn an incremental $1.2 million per bed, per year.
- An urgent care and walk-in clinic provider increased new patient revenue by $165,000 per month.
- A large regional bank saves approximately $300,000 annually through automation.

What You Will Learn

- How online reputation management (ORM) helps businesses **increase revenue and reduce operating costs.**
- **The critical KPIs** to track and measure for effective ROI calculation.
- **Foundational formulas** for calculating top-line and bottom-line ROI for your industry.
- **Selling the value** — how to gain buy-in for ORM within your organization.

Two Paths to ROI

Reputation.com research and data has firmly established that there is a direct correlation between ORM and ROI. This ROI can be realized in two specific ways: Top-line revenue growth and as bottom-line cost savings.

Top-line revenue growth is achieved by selling more of your goods and services, by selling at a premium or — ideally — both. Advertising can help you sell more (using billboards, television and radio ads, in-store promotions and so on), but it's rarely effective at helping you sell at a premium. The direct impact of advertising is extremely hard to anticipate. Within a specific region, segment or buying window, can you predict what the actual results of your advertising spend will be? Also, the impact of advertising is fleeting — stop advertising and your sales will taper rapidly. On the other hand, the impact of reputation management spend on revenue is predictable, measurable and significantly longer-lasting.

Bottom-line cost savings is achieved by optimizing your internal operations and processes to remove complexity and cost. This doesn't mean cutting corners or reducing your level of service; rather, it means using technology to automate labor-intensive activities, which can reduce error while improving customer satisfaction.

Top-line Revenue Growth

Drive ROI through Review Management

The practice of review management involves requesting, monitoring and responding to reviews. Doing this consistently leads to more and better reviews — 70% of people will leave a review when asked. And research shows that a higher review volume leads to higher star ratings.

Figure 1 shows a multi-industry analysis of Reputation.com clients. Over 10 weeks, locations that put in place a system for automatically requesting reviews saw review volume grow between 2X and 10X faster, and average brand sentiment increased by 10-20% during that period.

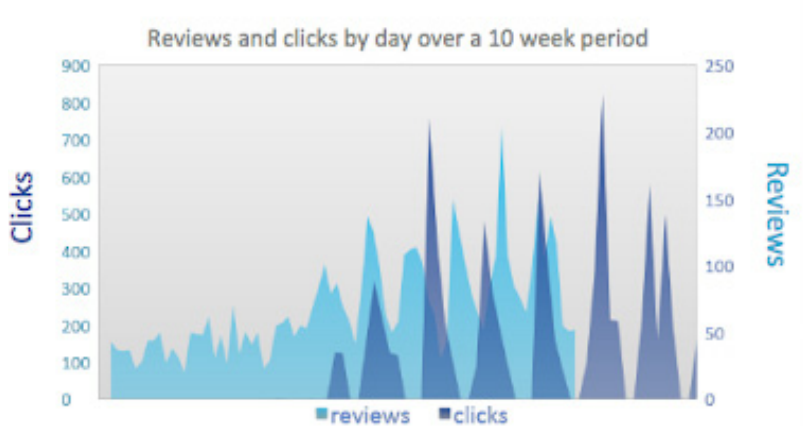


Figure 1. The locations that requested reviews improved online sentiment by 10-20% in just ten weeks.

Reputation.com found a direct correlation between review volume and Google search rankings. Specifically, the more reviews a location has, the more likely it is to rank among the top three results in a Google Search. And locations that rank among the top three in Google Search generate twice as many profile views and actions.

The Takeaway

Review management is a leading indicator of ROI:

- A higher volume of reviews leads to **more positive reviews.**
- Having more positive reviews **elevates your position** in search results.
- A higher position in search results drives **more clicks to your website**.

Drive ROI through Business Listings Management

Business listings on sites such as Google My Business (GMB) increase online visibility and conversions — that is, the actions taken by consumers after finding you online.

But quality conversions from business listings are dependent on complete, accurate data across many different listing and directory sites. Google analyzes this multi-site data and incorporates it into your rankings on both search and maps. If your information is inconsistent, you will rank lower in search, which has a direct impact on your visibility and conversions.

You must deliver accurate website URL, street address and phone number information for your locations, and enough supporting information to convince a consumer to choose your business.

Figure 4 shows the relationship between accurate Google My Business (GMB) listings and actions taken by customers viewing those listings, for one Reputation.com customer. This customer saw significant increases in website visits (+33%), requests for driving directions (+10%), and daily phone calls (+17%) after implementing Business Listings Management.

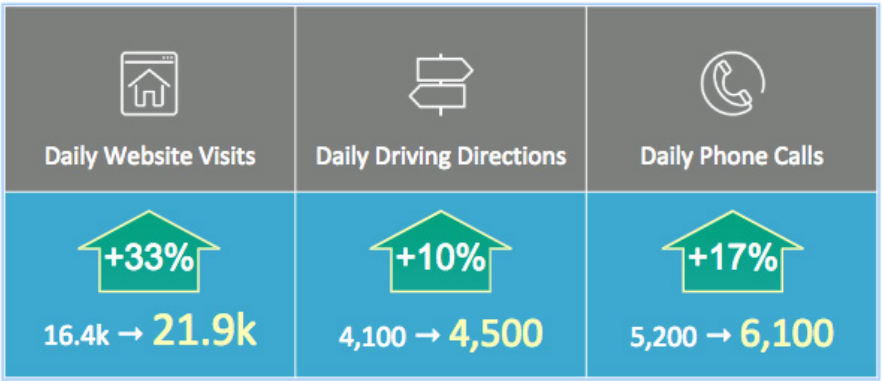


Figure 4. GMB listings that are complete and accurate generate significantly more actions from consumers, which leads to more sales.

The Takeaway

Business listing accuracy directly impacts local search visibility and conversions:

- Accurate, consistent business listings across all key sites **elevates your rankings and increases visibility** in search results.
- Complete data in search results dramatically **increases clicks, calls and requests for driving directions**.

Drive ROI by Engaging on Social Media

Social media is an effective tool for increasing brand engagement and winning new customers.

MarketingSherpa reported that 95% of adults ages 18-34 follow brands on social networking, and Ambassador reports 71% of consumers who have had a good social media service experience with a brand are likely to recommend it to others.

Like advertising, it's hard to calculate ROI for social media.

Our data science team cracked the code by examining social media engagement on business at client sites and identifying the correlation between Facebook activity and reviews, ratings and Reputation Score. Here's what we found:

Locations actively engaged on Facebook have:

- Significantly higher review volume and traffic on Facebook than non-engaged locations
- Up to 44% more reviews across all sites
- Up to 10% higher ratings across all sites
- Reputation Scores that are more than 100 points higher than locations not engaging on Facebook

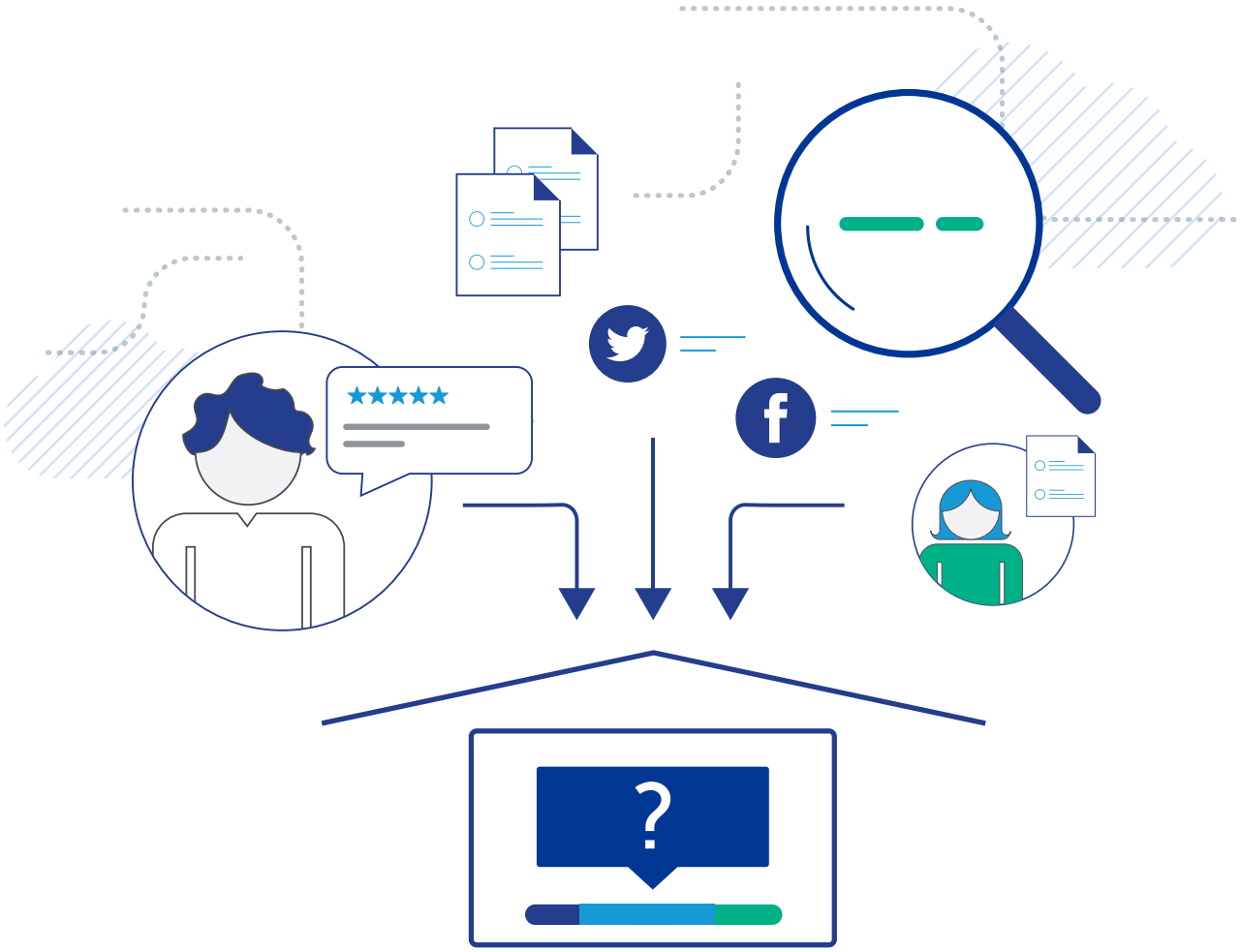
Quality + Quantity = Impact

Our research also revealed that the quality and style of social posts have an impact on reach and engagement. Reputation.com clients who used our content library to develop, store and distribute brand-approved content across locations on a regular basis reached 40% more Facebook users and increased conversions from their Facebook pages by 70%. And for multi-location businesses, maintaining a unique Facebook page for each location increased engagement and conversion at the local level.

The Takeaway

Social Media Management has a direct impact on visibility and conversion:

- More focus on Facebook delivers more reviews, higher star ratings and increased visibility in search — which yields **higher clickthrough rates**.
- Per-location Facebook pages yield **more aggregate impressions, engagement and conversions** than a single corporate page.



What is Reputation Score?

Similar to a FICO score used to gauge creditworthiness, a company's Reputation Score is a numerical indicator of how well its online reputation compares with that of others.

The Reputation Score is derived from a patented algorithm that automatically collects and processes data relevant to the most critical factors that help determine online reputation, including average star rating on review websites, review volume, review spread across general and industry-specific sites, review recency, review length, search impressions and accuracy of online listings. The resulting Reputation Score is expressed as a number on a scale of zero to 1,000 points.

The Payoff: "Big Three" Auto Manufacturer

A "Big Three" auto manufacturer implemented ORM practices using Reputation.com and experienced 40X ROI per participating dealership, excluding additional service revenue.

Figure 6 shows the impact of ORM in actual car sales:

Cumulative Monthly Impact in Car Sales Initiated Online for ORM-enrolled Locations

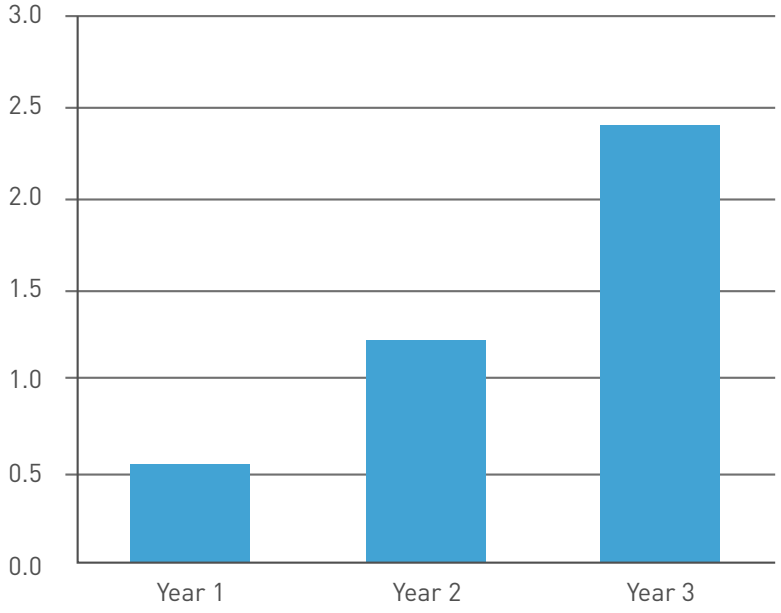


Figure 6. Dealer locations using Reputation.com to manage their online reputation sold 2.4 more vehicles per month than those who didn't. This translates to nearly $95,000 per year in cleared profit for each dealership.

The Payoff: Urgent Care Clinic

A leading urgent care and walk-in clinic provider with over 100 locations across 10 states used Reputation.com to optimize engagement with clients, increase review volume and ensure its online reputation aligned with its other measurements of customer satisfaction. Figure 7 shows the progressive improvement in average star ratings for participating locations as review volume increased.

Figure 7. Google review volume grew more than 500% over just 10 months, contributing to an increase in average star ratings, from 4.0 to 4.4.

Figure 8 shows the dramatic increases in website visits, requests for directions and phone calls to the clinics participating in the ORM program.

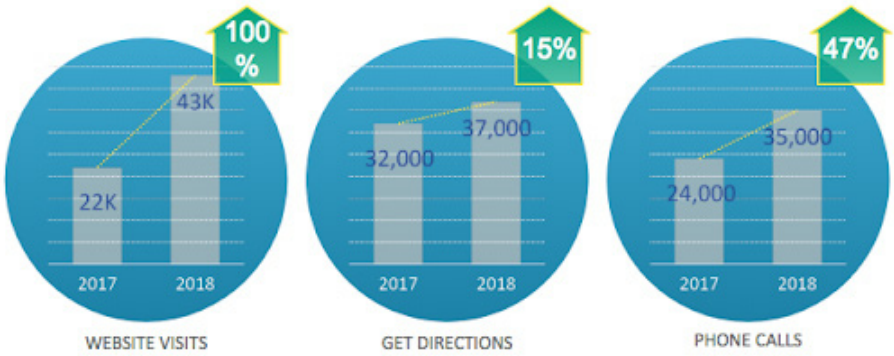


Figure 8. Participating locations experienced significant increases in conversions from their business listings after increasing Google review volume.

Between 2017 and 2018, the provider received **11,000 more calls** each month from its GMB pages. About **10% of those calls were from new patients**.

Here's the ROI:

11,000 x 10%
= 1,100 new patients

Average value of new patient
= $150

1,100 (new patients) x $150 (value of new patient)
= $165,000/month

Bottom-line Cost Savings

ORM platforms such as Reputation.com deliver tangible, positive ROI by reducing the labor cost of managing each facet of your online reputation and, instead, leveraging technology to do the work.

Let's take a look at three examples of how organizations can reduce the costs of managing business listings, social media and integrations, using an ORM platform.

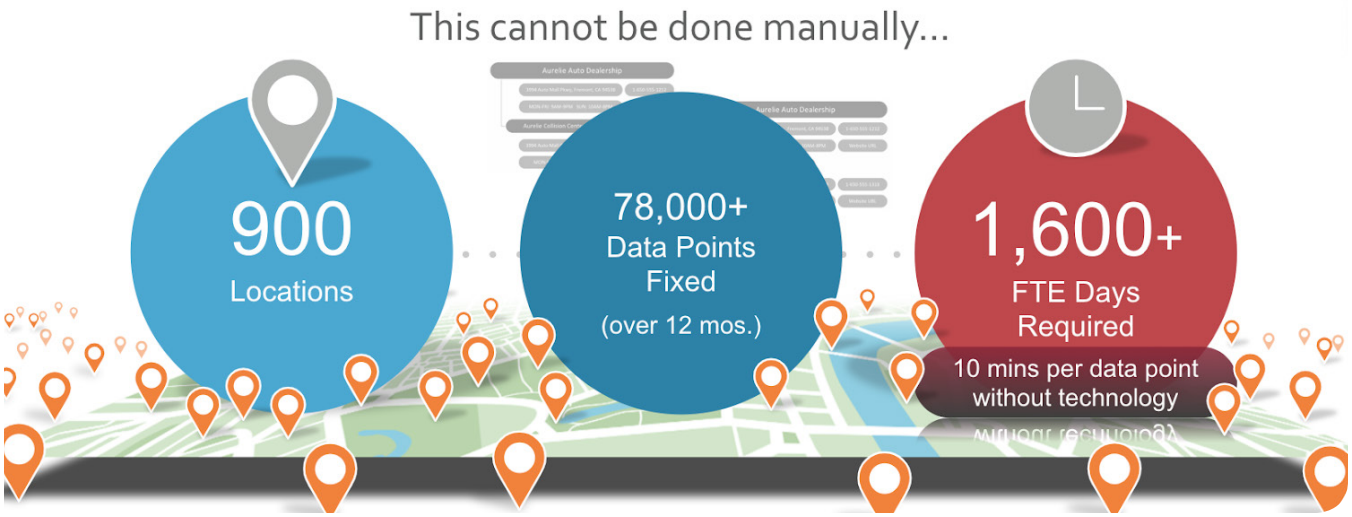
Reducing Costs by Automating Business Listings Management

Four out of five people use search engines to find local information, such as business hours and addresses. And Google research shows that businesses with complete, accurate listings are twice as likely to be considered reputable by customers.

But consider the manual labor associated with maintaining business listings at scale. Say your organization has hundreds of locations. Each location has thousands of data points — and a substantial percentage of those change daily. The number of hours your staff would need to spend managing all of those data points and listings is enormous — and probably not the best use of their time.

Here's an example of how one Reputation.com client with 900 locations enlisted our help to audit and correct business listings for all locations to ensure accuracy and completeness.

Over a 12-month period, our team corrected more than 78,000 data points — the equivalent of 1,600 days of effort.



There were 251 working days in 2018. If managing business listings for 900 locations takes 1,600 FTE days, you would have to pay full-time salaries for 6.37 employees. The average minimum wage in the U.S. is $7.25 per hour, so the minimum daily cost per employee is $58.00. That's $14,558 per year, per employee. Multiply that by 6.37, and you're at $92,734.

More than likely, you'll be paying information workers at a higher rate; the average pay for information workers in the U.S. is $44,564 — at this rate, managing 900 business listings without technology will run you close to $300,000 annually. The cost of implementing an ORM platform to manage those listings automatically is much less — and the level of accuracy achieved and maintained is much higher.

Reducing Costs by Outsourcing Social Media Management

Managing social media engagement and advertising for multiple locations can be even more time-consuming and complex that managing business listings. Yet manage social media, you must.

Researchers at Northeastern University looked at the impact of social media on stock market performance and discovered that earned social media — what consumers say about brands on social channels — has a huge impact. In fact, companies that increase their social media output by 10% can expect a 7% increase in brand awareness and a 4% increase in customer satisfaction. And a 10% increase in earned social media — as measured by likes and retweets and subscribers — leads to a 12% increase in brand awareness, a 3% increase in customer satisfaction and a 6% increase in purchase intent.

Such increases aren't restricted to B2C brands; according to IDC, 75% of B2B buyers and 84% of C-level executives use social media to make purchasing decisions.

Advertising on social channels poses additional challenges. Imagine creating and maintaining content tailored for locations by geography, audience and time zone. Local events and news — even weather — can affect what you post or promote on social media for a specific location. And trusting location managers to handle their own content introduces risk; without oversight of what's being posted, how can you enforce company policies or ensure compliance and consistency?

An ORM platform streamlines these activities in the following ways:

Actively participate in conversations about your brand.

When a consumer posts something about your brand on Facebook or Twitter, they expect a response. Gartner found that not answering customers on social channels can lead to a 15% increase in the churn rate for existing customers. And timing is everything: Nearly half of Twitter users surveyed (42%) expect companies to respond to an inquiry within an hour. Responding within this tight timeframe requires organizations to constantly monitor hundreds of social pages across multiple channels — all the time. An ORM platform that offers social media management can be configured to alert location managers when a post goes live, enabling them to respond faster and with less effort.

Reduce liability and administrative costs for ensuring regulatory and brand compliance.

You can use an ORM platform to create and store response templates ahead of time, making the process even faster and ensuring compliance with policies and corporate messaging. Response templates greatly reduce the risk of non-compliance with regulations such as HIPAA, PCI and others, and minimize the risk of a manager sending a rogue reply that does not meet corporate standards.

Create and maintain approved content in a central library.

Posting content that resonates with local audiences requires ongoing customization — and your team may already be struggling with simply monitoring and responding to posts. ORM platforms enable you to create and package content into local, regional or interest-based campaigns, so your managers can access and post content that's relevant for local audiences. Additionally, an ORM platform will enable you to plan and schedule posts for maximum impact and empower teams to create, store and run campaigns tailored for local audiences — across all major sites — automatically.

Reducing Costs Through Integration

Technology is essential to reducing costs, but there are many approaches to automation — the use of point products vs. an integrated platform, for example.

Many vendors specialize in one aspect of ORM, such as online reviews, business listings, social media management or surveys. All too often these products include features that you'll never use — increasing cost and complexity right out of the gate.

Monthly licensing, maintenance and administration fees add up quickly, as well as hidden costs associated with system and API-level integration, duplication between systems and inefficient use of resources. You may need specialists to operate certain solutions, for which you'll pay a premium.

Costs can also rack up during system failures and updates, or when you have to rip and replace a solution and integrate a new one with the rest of your technology stack. As such, you'll likely see higher ROI if you adopt a platform approach.

A Single Source of Truth for Systems Data

Beyond integrating various aspects of ORM into a single platform, integrations with other mission-critical systems provide additional efficiency and savings. For example, an ORM platform can integrate via API with a reservation system or CRM, enabling the sharing of accurate data across systems.

Social media and reviews management can be integrated with ticketing systems, enabling rapid service recovery. With all systems pulling from a single source of truth, errors are eliminated and teams are better equipped to deliver an exceptional customer experience.

How to Measure the ROI of ORM for Your Business

Determine Top-line Growth Potential

The most reliable and defensible metric for topline revenue growth uses a classic marketing and sales conversion funnel, starting with increased visibility (impressions) on Google search and maps. Develop high- and low-range targets and map out the estimated revenue.

Below is an example, based on data from one Reputation.com client in the auto industry:

GMB page views	Current (Monthly)	Target (low)	Target (high)
GMB page views	1,500,000	2,250,000	3,500,000
Clicks to Website	22,000	30,000	45,000
Clicks to Call	24,000	30,000	40,000
Get Directions	32,000	36,000	42,000
Incremental Customer Visits		760	2,030
Avg. Revenue per Visit		150	150
Total Incremental Revenue per Month		114,000	304,500

Determine Bottom-line Cost Savings

A good generalized cost-savings model calculates the elimination of human capital investment to perform repetitive tasks related to reputation management, such as managing business listings.

The chart below can be used to estimate cost savings of managing business listings. We used the data from our earlier example to populate this table. This is an example of what one Reputation.com customer is saving by using our platform to manage business listings.

Metric	Monthly
Locations Managed	900
# Resources (dedicated staff)	6
Total # Data Points per Location	78,000
Total # Hours Spent Updating Listings	12,800
Hourly Wage	$7.25
Total Annual Cost	$92,800

Conclusion

Online reputation management is no longer a nice-to-have; you need to implement solid ORM practices to keep your brand top of mind among your audience, drive traffic and grow revenue to your business. With the right technology and best practices in place, you'll achieve significant return on your ORM investment — and that ROI will continue to increase over time.

The data and calculation tables in this White Paper provide a foundation for building an ORM value case for your organization. Please reach out to us to get a personalized assessment, with metrics uniquely tailored to your industry.

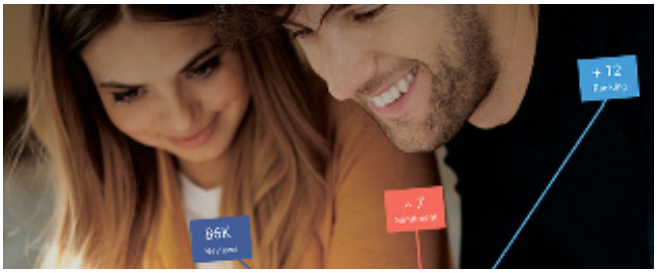
About Reputation.com

Reputation.com delivers the category-leading online reputation management platform for large, multi-location enterprises. We help companies monitor and improve online ratings and reviews, improve customer experience, and drive traffic, visits and revenue. To learn more, contact sales@reputation.com or visit reputation.com

More from Reputation.com

Effective online reputation management can help you rank higher in local search, drive more business and revenue and optimize the customer experience. Contact us to learn more.

Infographic: 3 Steps to 40X ROI for Auto Dealers



Ebook: ORM Guide: What is Online Reputation Management?

Case Study: Hackensack Meridian Health Increases Website Visits by Over 240% with Reputation.com

White Paper: The Case for Integrated Online Reputation Management for Healthcare

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