

the  
company  
behind  
the brand:  
in reputation  
we trust



WEBER SHANDWICK

# RETHINKING CORPORATE REPUTATION

Monumental shifts in the reputation landscape today are transforming how and what companies communicate. Radical changes caused by the Internet, globalization, NGOs/third parties, diminishing returns on traditional media, a more demanding general public and increasing social activism have created a new dynamic where the company behind the brand is becoming as or more important than individual brands themselves.

As consumers around the world have greater online access to a brand's lineage, the influence of the brand "parent" or company behind the brand matters even more. In this uncertain climate, consumers expect more from leading companies and have no trouble boycotting those that fail to live up to new standards. At the same time, leaders need to know how to do business in an environment where consumers are not just purchasing their products or services on their own merits, but are also shopping by company reputation. The mounting convergence of brand and corporate reputation revealed in our study ushers in a new era of marketing communications.

**"People like to associate themselves with a product, and if the standards of a company fall below that then people are less likely to associate themselves with that product or company."**

— U.K. Consumer

As thought leaders in the reputation field, global public relations firm Weber Shandwick and its research arm, KRC Research, conducted an online survey among both consumers and executives to answer the frequently-raised question from corporate officers about how brand and reputation are evolving in this new see-thru, nowhere to hide world. The research aims to help marketing and communications executives adjust to what we foresee as a tectonic shift in communicating the voice of the "enterprise" to key stakeholders.

The research was conducted in October and November 2011 among 1,375 consumers (ages 18+) and 575 senior executives in companies with revenue of \$500 million or more. Respondents were located in four key markets: two developed markets (the U.S. and U.K.) and two emerging markets (China and Brazil).

Among the more eye-opening observations arising out of this research came from the voices of consumers and executives surveyed. We asked both groups why the company behind the brand mattered, if at all,

on an open-ended basis. Respondents were informed they could skip the question. To our surprise, the vast majority (86%) of respondents volunteered responses with such clarity, intensity and insight that we could not help but conclude that this study was not just another research investigation to add to an already large body of knowledge on reputation, but a new proposition for unlocking the value of brand and reputation communications.

Our study identified Six New Realities of Corporate Reputation. Each reality serves as a reminder to business leaders that they cannot view their company's reputation and their product brands as separately as they once did. Aligning and integrating both optimizes their respective strengths to achieve strong business results.

“A game-change in branding and corporate reputation is well underway. In this fast-moving information age, consumers can now readily connect the dots between the brand they buy and the company behind the brand. Whereas it has long been known that a strong brand shines a light on a company's reputation, it is now clear beyond a shadow of a doubt that a strong company reputation adds an undeniable brilliance to the brand.”

— Leslie Gaines-Ross,  
Chief Reputation Strategist,  
Weber Shandwick

- 1 Corporate brand is as important as the product brand(s)
- 2 Corporate reputation provides product quality assurance
- 3 Any disconnect between corporate and product reputation triggers sharp consumer reaction
- 4 Products drive discussion, with reputation close behind
- 5 Consumers shape reputation instantly
- 6 Corporate reputation contributes to company market value

These Six New Realities of Corporate Reputation are discussed in greater depth in the following report. For the purposes of this study, we distinguish between the “corporate brand,” i.e., the parent company that produces products or services, and the “product brand” or “brand,” the individual brand name(s) under which the product or service is sold. For example, Procter & Gamble is the parent company or corporate brand while fabric care Tide is the product brand. Similarly, Unilever is the parent company or corporate brand while Dove soap is the product brand.

This is a first in a series on *The Company behind the Brand: In Reputation We Trust*. Additional reports will be issued in 2012 that provide insights on the contribution of CEO reputation and single- vs. multi-brand companies.

# 1

## CORPORATE BRAND IS AS IMPORTANT AS THE PRODUCT BRAND(S)

Product brands are the beneficiaries  
of corporate reputation

**“The company is  
the soul of the  
product.”**

— Brazilian Consumer

*The Company behind the Brand: In Reputation We Trust* identified that an overwhelming majority of executives (87%) believe that a strong corporate brand is just as important as strong product brands. Why do executives feel this way? Primarily, executives believe that product brands can benefit from the overall reputation of their company (65%) and secondarily, because people care about the companies behind the brands they buy (55%). Essentially, the corporate reputation is perceived to add luster to the product brands, not just the other way around. The fusion of the corporate and product reputation has only reached its tipping point today. They are becoming nearly indivisible.

“In this always-on, multi-platform, uncertain world, corporate brands are more important than ever because they provide an anchor of trust and credibility in a sea of dynamic, continual change. A strong corporate brand is essential to unlocking the full value of the enterprise and strengthening its brands, products and services as a result.”

— Micho Spring, *Global Corporate Chair, Weber Shandwick*

87%

of executives completely/mostly agree

“A strong corporate brand is just as important as strong product brands”



## Reasons a strong corporate brand is as important as product brand

(according to executives who agree that a strong corporate brand is just as important as strong product brands)

Product brands can benefit from the overall reputation of the parent company

65%

People care about the companies behind brands

55%

Being transparent about who you are matters more than ever today

49%

It ties all the brands together so they can share “one voice”

48%

It is more efficient to market and communicate one overall corporate brand than several different brands

45%

It is easy to find out who the corporate brand is today, so may as well be upfront about it

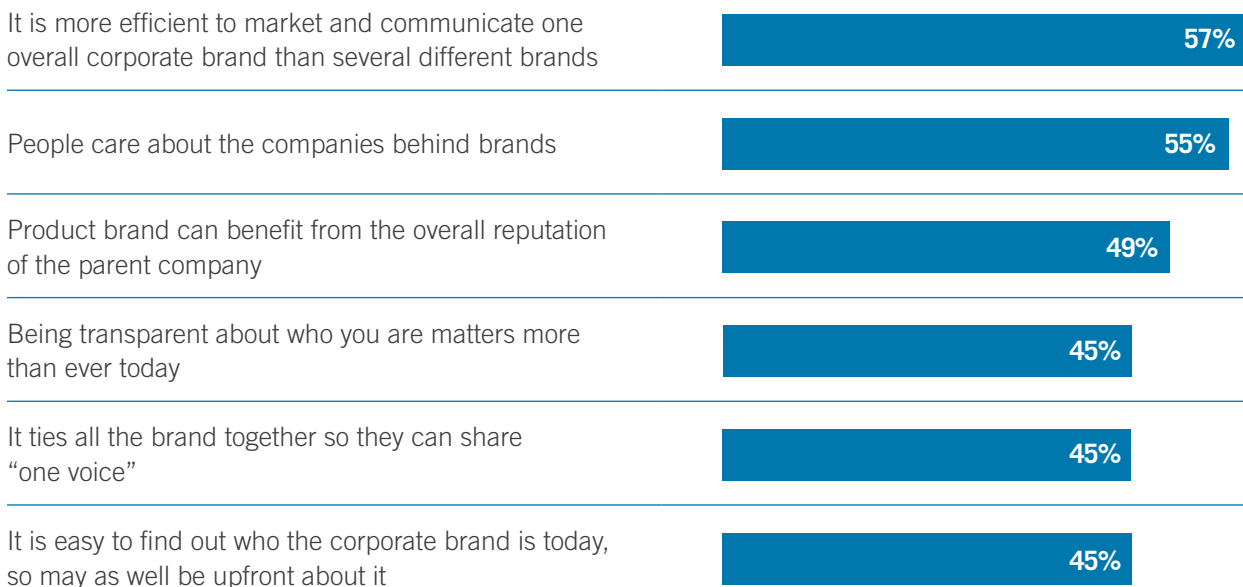
39%



Executives across all four markets in our study, and in companies ranging from \$500 million to over \$10 billion in annual revenue, agree that the primary impetus for the rising equality between corporate brand and product brand is the reputation halo that the parent company brings to its products. Notably, the CEOs in our study, who are even more likely than the average executive to believe that corporate brand and product brand are of equal importance, cite the bottom-line as their number one reason for equalizing corporate and product brand, namely, the efficiency that comes from marketing and communicating one overall corporate brand rather than several different brands.

## Reasons a strong corporate brand is as important as product brand

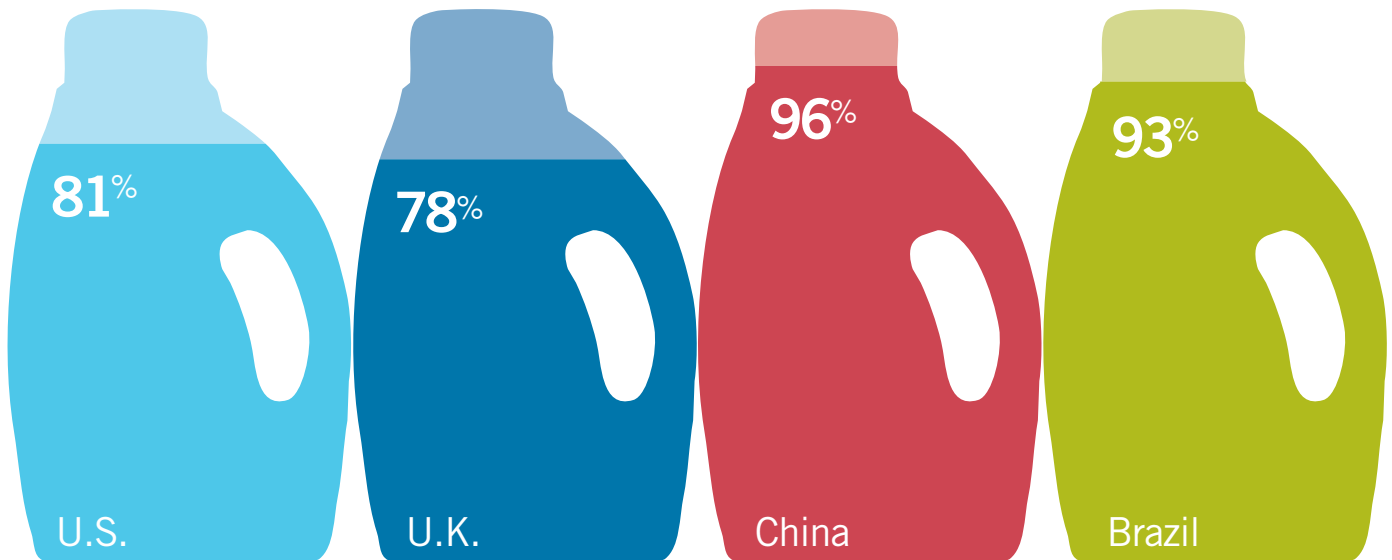
(according to CEOs who agree that a strong corporate brand is just as important as strong product brands)



## “A strong corporate brand is just as important as strong product brands”

% Executives completely/mainly agree

**Regional Insight:** While the majority of executives in every region in our study believe that a strong corporate brand is just as important as strong product brands, Chinese and Brazilian executives, who are in the relatively early stages of building their markets, are even more likely to agree in the equal prominence that should be given to the corporate and product brands — in fact, with nearly universal conviction.



One of the more consistent findings in this study was that emerging market consumers and executives answered questions more positively and with more positive overtones than consumers and executives in developed markets. Interest in the corporate brand draws greater engagement and more positive overtones in emerging markets than in the developed markets.

# 2 CORPORATE REPUTATION PROVIDES PRODUCT QUALITY ASSURANCE

**A strong corporate reputation grows consumer investment in the product brand. Be aware!**

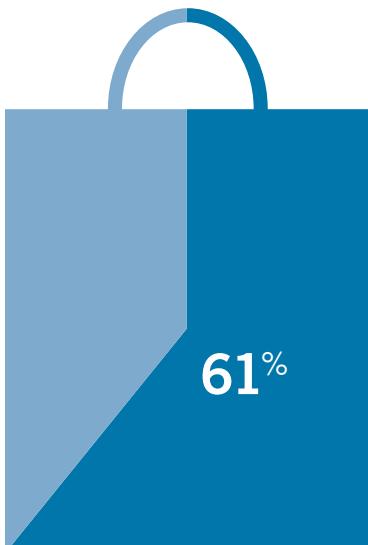
**“Once the customer invests in a product, they become a stakeholder in that business and therefore have a vested interest in that company by association.”**

— U.K. Consumer

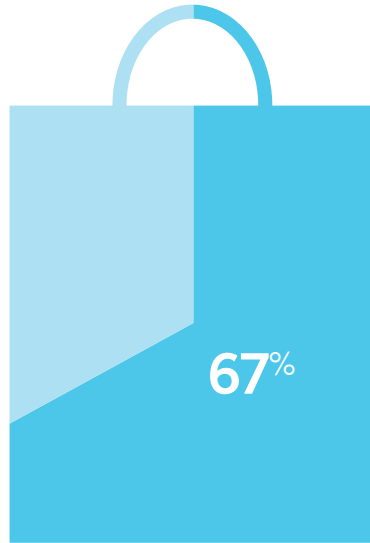
Our study confirms that consumers make purchase decisions based on company reputation, not just on the goods or services they buy. The consuming public makes it their business to know who sells products/ services they like by checking labels, doing research and showing displeasure if the company behind the brand is not readily apparent.

Consumers are no longer passive or in the dark. They are in the driver's seat. Whether they are steered by where goods are manufactured, how employees are treated, what a company is doing for (or to) the environment or a host of other reasons, consumers made it abundantly clear in our survey that they want to know where their money is going and who they are supporting by buying their goods. In this new decade of financial constraints where consumers feel that they have far less say over their economic futures than they did years ago, consumers are taking greater control over what brands they buy. They now consider themselves rightful investors in the companies they choose to support.

Consumers report that they...



Get annoyed when they can't tell what company is behind a product



Increasingly check product labels to see what company is behind the product they are buying



Avoid buying a product if they don't like the company behind the product



Hesitate to buy products if they can't tell who makes them



Research to learn about the companies that make what they buy

“We’re seeing more of a focus on promoting the corporate brand, not just products and services. Our clients recognize that in an increasingly transparent environment, a corporation must explain the company behind the product, its values, and how it positively contributes to society. The company name serves as guarantor of the brand.”

— Paul Jensen, *North American Corporate Chair, Weber Shandwick*

With consumers so conscientiously scrutinizing the parentage of the goods they buy, the reputation of the enterprise or corporate reputation becomes mission-critical. In fact, consumers often used the word “assurance” in describing the value of the company behind the brand. A highly-regarded corporate reputation engenders good feelings about a company’s products and importantly, provides assurance that the brands will be of high quality, are ethically sourced and made responsibly. The company is increasingly serving as a virtual stamp of approval on brands bought. As corporate reputation becomes a credential for quality, it also makes it easier for the consumer to choose among an ever-exploding number of choices.

**Regional Insight:** When looking at developed and emerging markets, Chinese and Brazilian consumers are more likely than U.S. and U.K. consumers to care about the company behind the brand and demand transparency in labeling.

## When it comes to buying products, how much do consumers agree...?

(% Completely/mostly agree with each statement)

	U.S.	U.K.	China	Brazil
More and more, I check labels to see what company is behind the product I’m buying	57%	48%	87%	75%
More and more, I try to buy products made by a company that does good things for the environment or community	56%	44%	83%	73%
I get annoyed when it’s not obvious what company is behind a product	57%	49%	69%	68%
I hesitate to buy products when it’s not clear to me what company makes them	40%	38%	77%	71%
More and more, I do research to learn about the companies that make the products I buy	42%	33%	80%	69%

Red indicates the market is significantly higher with 90% confidence than all the other markets.



## In their own words

**“The company name is considered a warranty of a good product and that the buyer’s investment will not be wasted.”**

— Brazilian Consumer

**“The company’s reputation represents the product’s quality assurance.”**

— Chinese Consumer

**“The majority of products are sold on reputation. If the company has a bad reputation consumers are much less likely to buy a product even if it is superior to others.”**

— U.S. Executive

**“It is the company you are financially supporting when you buy its product. We have too many choices to buy a product from a company we don’t like.”**

— U.S. Consumer

**“Anyone can market a product. But you need to know who stands behind it to know if it’s a quality product.”**

— U.S. Executive

**“The company is like a parent to the product; and only good parents educate good kids.”**

— Chinese Consumer

**“If the company has a good reputation then usually their products are of a good standard.”**

— U.K. Consumer

**“The company’s reputation directly influences people’s recognition and confidence in product quality.”**

— Chinese Executive

**“Who you are determines what you do, and the kind of company you are will determine the kind of products you make! The quality of a product is very related to the company.”**

— Chinese Consumer

**“There is a sizable portion of the population who vote with their dollars. People also have to trust the parent brand in order to engage with the product brands.”**

— U.S. Executive

**“An untrustworthy or financially insecure company is more likely to cut corners to save money, which is reflected in the quality and longevity of the product.”**

— U.K. Consumer

# 3

## ANY DISCONNECT BETWEEN CORPORATE & BRAND REPUTATION TRIGGERS SHARP CONSUMER REACTION

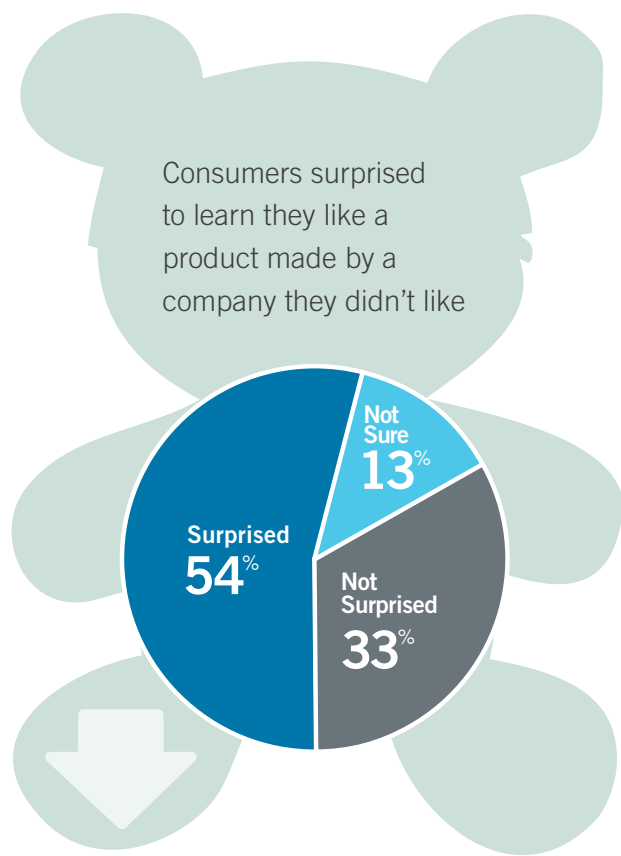
Reaction is most often negative. Customers feel vested in their purchases, so don't risk surprising them

**Regional Insight:** Consumers in the U.S., more so than other regions, overwhelmingly respond negatively when they find out a product they like is made by a company they don't like. Approximately six in 10 (61%) stop buying the product. Fewer than one in five (18%) say they continue buying a product after their initial surprise. Brazilian consumers are the most moderate in their reaction. They are only 24% more likely to stop buying the product when they experience a disconnect with the parent brand than to continue buying it.

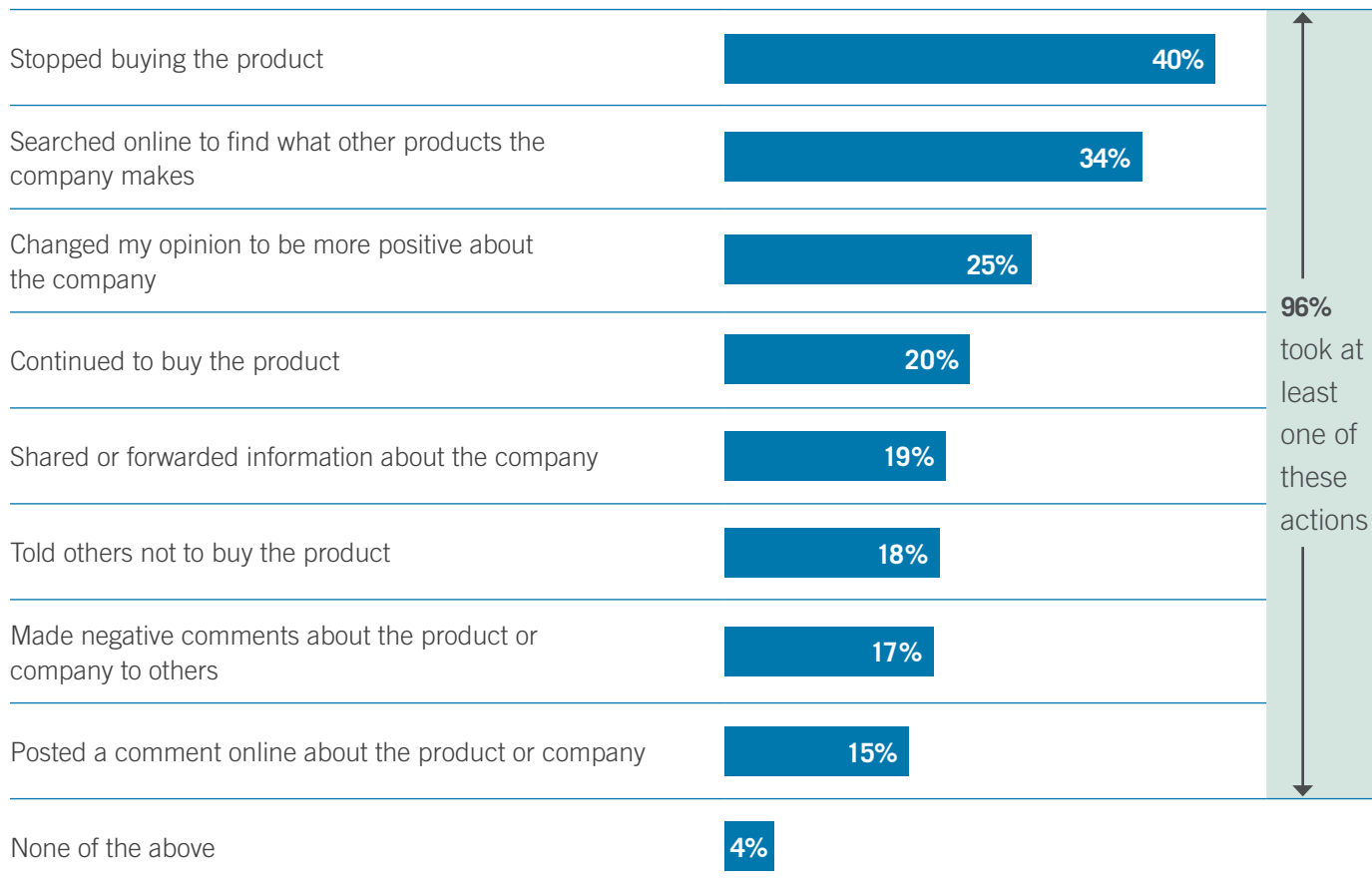
When consumers are surprised to find out that a product they like is made by a company they dislike, they respond. Somewhat more than one-half (54%) of consumers in the markets surveyed reported that they've been surprised to find out that a product or service they liked was made by a company they did not like. And 96% of them said they took some kind of action afterwards.

Most frequently, consumers stop purchasing the product (40%) when there is a disconnect between the product brand and the parent brand. Next, they head online to learn more about the company behind the brand and other products the company makes (34%). Surprise about a product's lineage does not usually work to the company's benefit — surprised consumers are twice as likely to stop buying the product as they are to continue buying it. For companies in the spotlight, there is nowhere to hide from a smartphone or click of the computer.

Our study underscores the importance of minimizing the disconnect between corporate and product brand and accentuating the strengths of each.



### What did you do? (Among surprised consumers)



# 4

## PRODUCTS DRIVE DISCUSSION, WITH REPUTATION CLOSE BEHIND

**Wrong-doing overshadows right-doing.  
Prioritize your communications**

**“With everyone looking to bring big companies down, it’s important to have a good reputation.”**

— U.S. Executive

Weber Shandwick wanted to answer two questions about the relationship between the brand and corporate reputation. First, what do consumers need to know about a company that makes it worth their hard-earned dollars? Second, for executives charged with building and maintaining their company’s hard-won reputation, what needs to be communicated to ensure that their reputation resonates and remains unassailable? The answers to these questions are revealed in the next chart.

Consumers were asked what they talk about when they discuss companies. At the top of the list of 12 topics presented to respondents is the product — nearly seven in 10 consumers (69%) say they frequently or regularly discuss how they feel about a product they bought. Also included among their top five talking points are customer service, how employees are treated, company scandals or wrong-doing, and their feelings about the company as a whole (its reputation).

Executives, for the most part, are in sync with consumer priorities. When asked about how often their companies promote or communicate information about specific company issues, product quality (88%) ranks first. This mirrors consumers’ focus on product quality as the

**“In tough economic times it is nice to know that a company takes care of its employees, offers new employment within local cities, and gives back to loyal customers.”**

— U.S. Consumer

prime discussion area tied to corporate reputation. Close on the heels of product quality for executives is company reputation (85%), again reinforcing the finding that corporate brand and product brand should be treated as equal partners in building reputation. Customer service is also among the top-ranked company issues that executives, as well as consumers, say is important to communicate or discuss.

“The way an employer treats its employees reveals the character of the company. If a company treats its employees badly, why trust it to treat its customers well? It is just good for business to be a good employer.” — Bradley Honan, *CEO, KRC Research*

<b>What topics do consumers often discuss?</b> (% Consumers frequently discuss topics with others)	
Top 5 Consumer Discussion Topics	How you feel about a product you have purchased <b>69%</b>
	The quality of specific companies' customer service <b>55%</b>
	How specific companies treat their employees <b>45%</b>
	News about a scandal or wrong-doing at specific companies <b>43%</b>
	How you feel about a company as a whole/its reputation <b>40%</b>
	News about good deeds a specific company does <b>37%</b>
	The financial performance of specific companies <b>33%</b>
	How specific companies are using social media <b>32%</b>
	What specific companies are doing to protect the environment <b>31%</b>
	Specific companies' websites <b>30%</b>
What specific companies are doing to help those in their communities <b>29%</b>	
Specific corporate leaders, such as CEOs or other executives <b>28%</b>	

<b>What topics do companies often communicate/promote?</b> (% Company frequently/regularly promotes or communicates each topic)	
Top 5 Company Communication Topics	The quality of your products <b>88%</b>
	The reputation of your company as a whole <b>85%</b>
	Your company's financial performance <b>83%</b>
	The quality of your customer service <b>79%</b>
	Your company's website <b>78%</b>
	News about the good deeds your company does <b>77%</b>
	What your company does to help its community <b>72%</b>
	What your company does to protect the environment <b>71%</b>
	How your company treats its employees <b>67%</b>
	The reputation of your company's leaders, such as your CEO or other executives <b>62%</b>
How your company is using social media <b>58%</b>	
News about a scandal or wrong-doing at your company <b>40%</b>	

**“One is often interested in the source company due to product quality or service. Good credibility is built over a long time and it only needs one scandal to ruin it.”**

— Chinese Executive

**“People are more aware of the behaviour of those at the top of companies and want to trust in the brands they select to be ethical.”**

— U.K. Consumer

**“I want to know how the product was made and if the employees have been treated well and paid fair wages.”**

— U.K. Consumer

**“People care about the company behind the brand because there are too many counterfeit and poor quality products.”**

— Chinese Consumer

Notably, there are two areas that consumers talk about but, not surprisingly, companies are less apt or good at communicating enough about — how well employees are treated and corporate scandals or wrong-doing. These two topics are among consumers’ top five most discussed company-related issues, but rank below average for what companies frequently communicate about. Business leaders should recognize that consumers talk about whether a company is a good or bad place for employees to work as well as news about company crises on a regular basis. Without a proactive communications strategy to neutralize bad or unfair news and innuendo, consumers will be hard pressed to change their opinion and lend support by buying a company’s brands.

The other noteworthy finding is that company wrong-doing overshadows many of the good deeds and community engagement that a company participates in. Consumers report that they are more likely to discuss corporate scandals and wrong-doing (43%) than corporate good deeds (37%), environmental protections (31%) and community services (29%). Companies have to consistently apply more muscle to communicating their societal and environmental contributions to overcome any negative news that can suddenly surface.

# 5 CONSUMERS SHAPE REPUTATION INSTANTLY

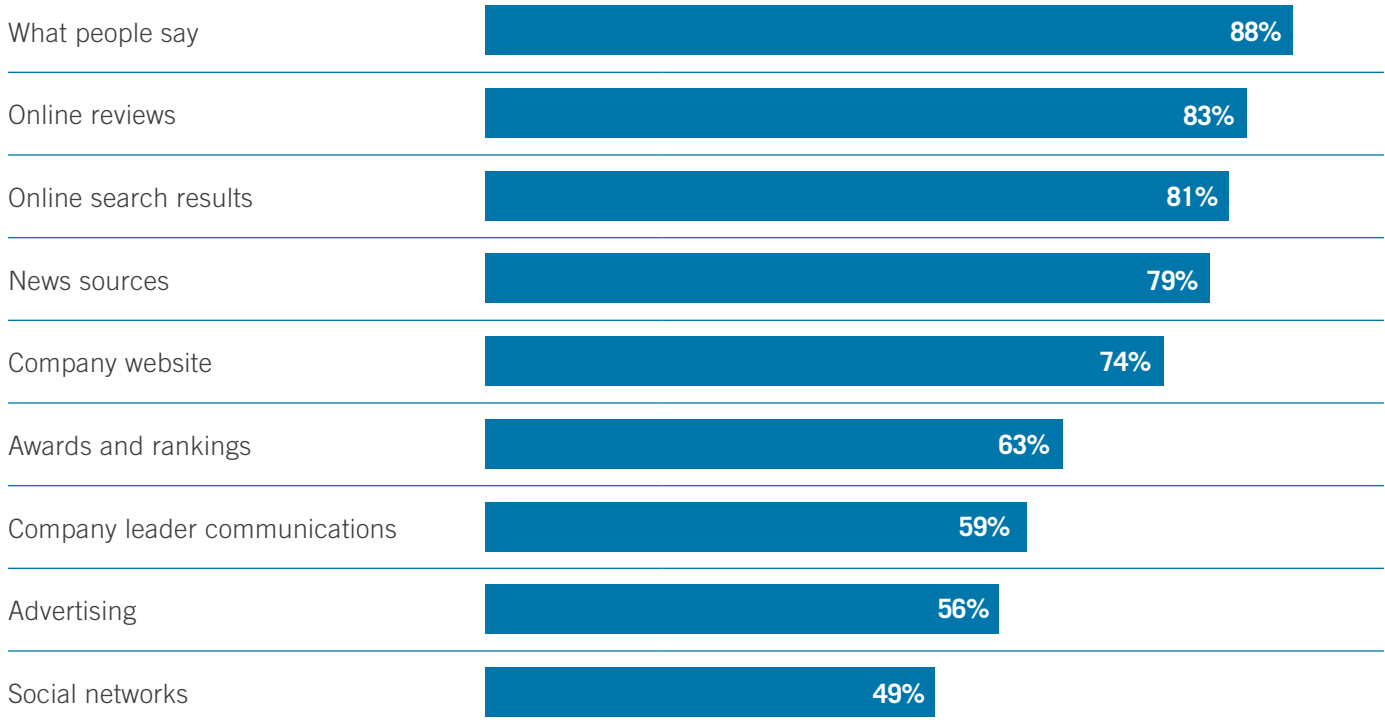
**Don't overlook any opportunity to socialize your reputation**

People today can move markets and build or destroy reputation. With the ubiquity of the Internet and round-the-clock news and information, consumers can easily praise or punish brands and the companies behind them. Armed with an overabundance of data, purchasers have tremendous influence over what their friends or families buy and even what strangers buy.

What sources move consumers? Not surprisingly, word of mouth is the leading influence (88%) when it comes to impacting consumers' opinion of a company, whether its genesis is online or offline. Conversations where company likes and dislikes are discussed are no longer out of the ordinary for the general public. What is noteworthy is the power of online reviews (83%) and online search results (81%) in determining what people say about companies and the brands they make. Online reviews are nearly as important as word of mouth in determining perceptions and impacting public opinion. There is no doubt that user-generated online reviews such as those found on recommendation sites (such as amazon.com, TripAdvisor or Yelp in the U.S. and U.K., TaoBao, Ctrip and Dianping in China, and Buscapé and ReclameAQUI in Brazil) have fast-become omnipotent arbiters of brand trust and company assurance.

## What influences consumer perceptions about companies?

(% Very/somewhat influential on consumer opinion)



### Regional Insights:

- Brazilian consumers rate more traditional sources of company influence — news sources, awards and advertising — significantly more important than consumers in the other three markets in our study.
- As noted earlier, ratings from Chinese and Brazilian consumers tended to be higher throughout the survey than in the U.S. and U.K. However, social networks are rated as dramatically more influential in emerging markets than in the developed markets, although still ranked far below word of mouth, online reviews, online search results, news sources and company websites.

News sources and company websites are also highly influential for learning about companies (79% and 74%, respectively). For those who doubt the influence of company websites in favor of other channels, this study reinforces their value as a gateway to company reputation.

Other notable sources of influence on company perceptions include awards and rankings (63%), leadership communications (59%) and advertising (56%) — all cited by over one half of consumers surveyed. As it has been said before, consumers are searching for confirmation that the company behind the brand is endorsed by others, reinforced from top to bottom and vocal.

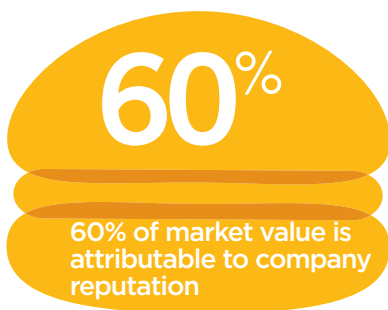
Social networks, on the other hand, were rated as having the least influence (49%) on company opinion by consumers. The reason for this is probably due to the fact that most companies have yet to fully embrace social media in a way that resonates and truly engages the increasingly cynical public. However, we all know that the influence of social networks is growing fast. Once companies figure out how to best use social media to demonstrate their receptivity and customer focus, social media will be the consumer's best friend.

# 6 CORPORATE REPUTATION CONTRIBUTES TO COMPANY MARKET VALUE

Invest in corporate reputation for the long-term

**“Reputation speaks volumes.”**

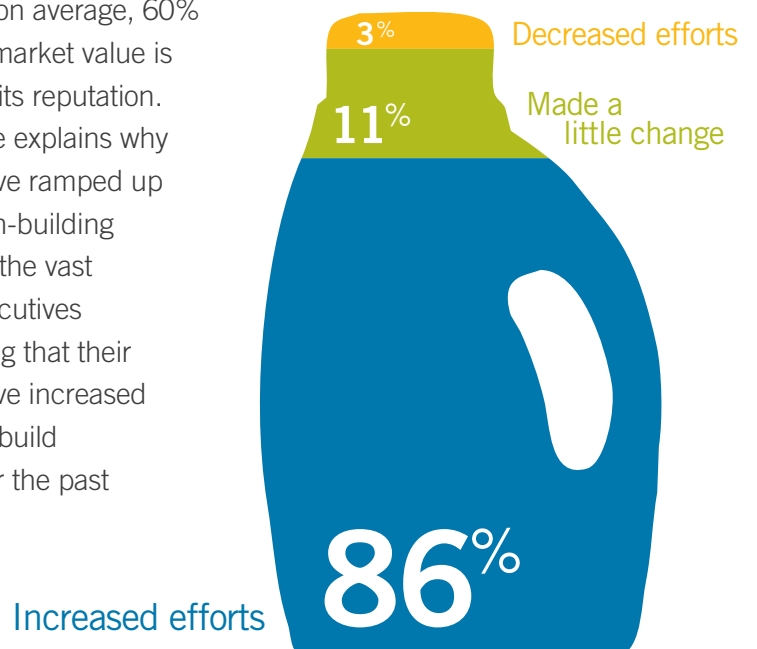
— U.S. Executive



Corporate reputation matters like never before and is widely recognized in this study as contributing to company market value. Executives estimate that, on average, 60% of their firms’ market value is attributable to its reputation. This high value explains why companies have ramped up their reputation-building activities, with the vast majority of executives (86%) reporting that their companies have increased their efforts to build reputation over the past few years.

**Company efforts to build reputation over the past few years**

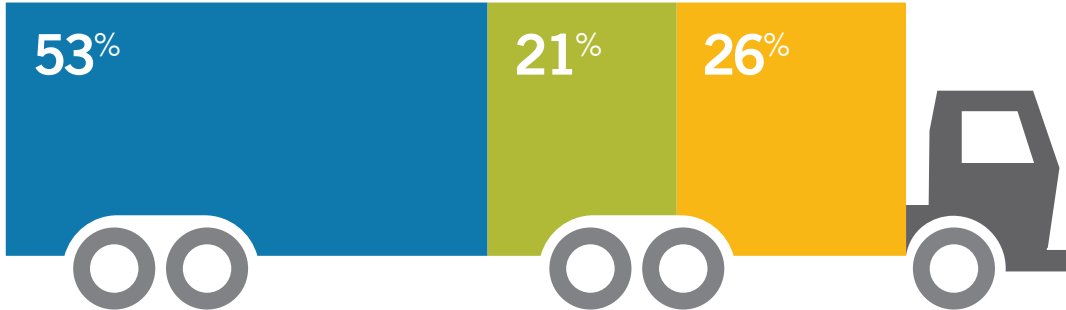
(% Executives reporting)



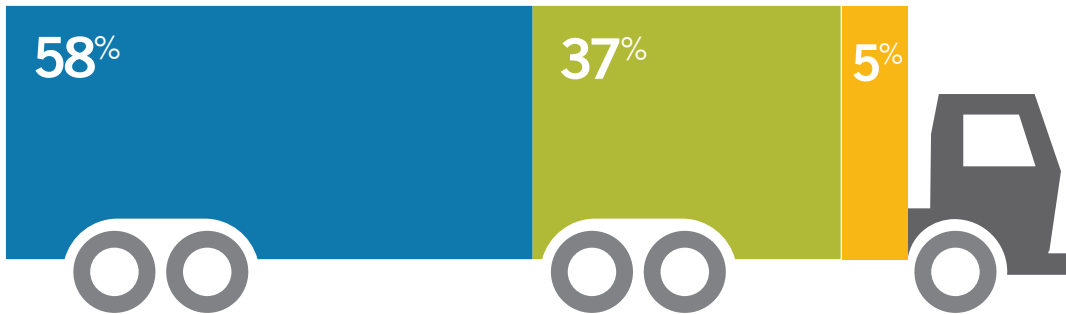
For consumers and executives alike, the reputation of a company is now perceived as more important than hearing news about positive financial earnings. More than half of consumers say they are more confident in buying products from a company with a most admired standing (53%) than one with a positive share price forecast (21%). One-quarter of them couldn't decide which they'd prefer. This finding is consistent with our previously reported results: company reputation provides the assurance behind the products bought and financial performance is not a leading topic of consumer discussion.

While it may not be astonishing that consumers care less about financial performance than reputation, the fact that executives, who have a stake in the financial wellbeing of their companies, are more likely to say that news of high regard builds more confidence than financial outlook is an impressive finding (58% prefer news of a most admired standing versus 37% who prefer news of a positive share price forecast). Even more notable is that the most senior executives in our sample (senior VPs and higher) are the most likely to value positive reputation news over positive earnings news (69% of higher-level vs. 56% of lower-level executives).

**What news makes consumers more confident when buying a company's products?**

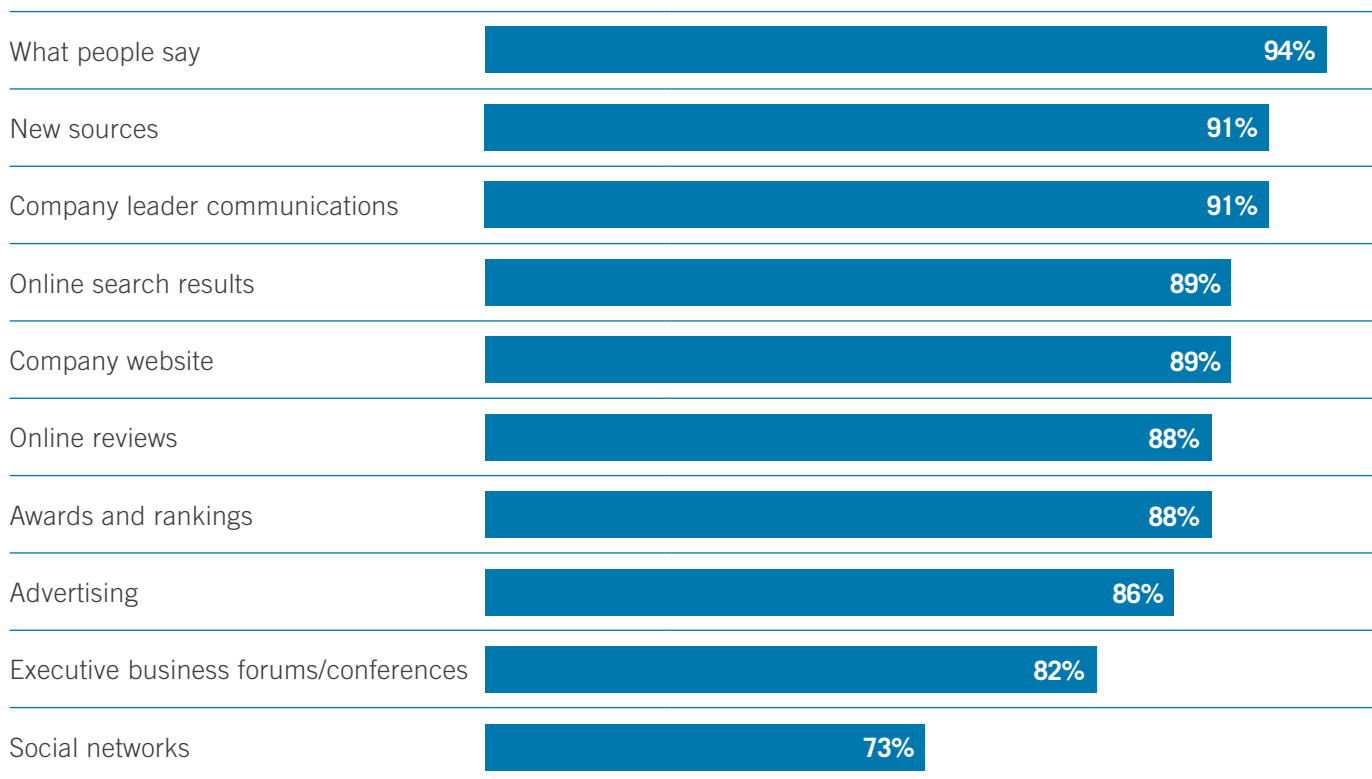


**What news do executives prefer to see for their companies?**



■ Most admired standing    
 ■ Positive share price forecast    
 ■ Not sure

## What influences company reputation, according to executives? (% Very/somewhat influential)



**Regional Insight:** Brazilian executives are the most “bullish” on the value of reputation. They estimate that, on average, 76% of their companies’ market value is attributable to reputation.

These results do not mean that financial performance is inconsequential. What the findings imply are that consumers and executives now recognize that reputation is long-lasting and enduring while financial performance is cyclical and often short-term. Considering the past few years of economic volatility, consumers and executives are wiser, less trusting and more cautious about where they place their bets.

Companies are using a wide variety of tools available to build and reinforce their reputations. When executives were asked how important various communications channels are to their companies’ reputation, most agreed with consumers — word of mouth is most influential (94%). Also highly rated are news sources (91%) and leadership communications (91%). Leaders are recognized as important reputation content-providers. Online tools are also widely seen as influential reputation-makers, although social networks are the exception. As discussed earlier, until companies fully embrace social networking as a unique engagement channel, its potential will remain untapped.

Nearly all the channels that drive reputation are rated high — over 80% — in this study. Awards and rankings, advertising, business conferences are all rated by more than eight out of 10 executives as critical to influencing reputation. Clearly, executives recognize that company reputation must be communicated across many channels, not one or two. Content fusion and strategic distribution are key strategies for the next generation of reputation-builders.

# IN CLOSING

Corporate reputation and brand reputation are now nearly indivisible. The importance of a firm's reputation matters more than ever and is unified with the reputation of product brands to create one powerful enterprise brand. Consumers want assurance that their well-earned dollars, yuan, pounds or reais are spent on products produced by companies that share their values. They have higher expectations for the companies and the brands they like and are not hesitant to turn their backs when they are disappointed or fooled.

Because employee treatment and wrong-doing are now staples of consumer discussions when companies are discussed, executives should be vigilant about building better internal cultures and being as transparent as possible when the chips are down. As Gaines-Ross added, "How and what a company communicates and leverages telegraphs its character. Consumer antennae are alert to all signals these days and they are zoning in on reputation." As our research confirms, executives are right to be paying greater attention to reputation-building internally and externally and should never lose sight of engaging always.

Weber Shandwick's professionals and suite of services around reputation and brand-building and protection provide the most forward-looking insights and ideas worldwide. Our focus on fulfilling the promise of the enterprise brand and demonstrating its value among all stakeholders is unparalleled. We combine our ability to unify a strong enterprise brand idea with our unique expertise in activating the enterprise brand voice and protecting reputation. Through our proprietary approach of creating one powerful enterprise brand voice we help companies build and protect corporate reputation and drive strong business results.

You can also visit:  
[www.webershandwick.com](http://www.webershandwick.com)



**For more information on *The Company behind the Brand: In Reputation We Trust* or any of Weber Shandwick's Corporate and Reputation services, please contact: [ThoughtLeadership@webershandwick.com](mailto:ThoughtLeadership@webershandwick.com)**

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