

Point of View



Building Trust Builds Company Performance



Ipsos Public Affairs
The Social Research and Corporate Reputation Specialists

Ipsos Public Affairs believes strongly in the present value of corporate reputation. What does that mean? Present Value means that your reputation can be used to drive your business performance today, as well as to establish a reservoir of goodwill to draw upon when challenges and difficulties arise in the future. To fully capitalize on the Present Value concept, it is necessary to actively manage your corporate reputation and work toward improvement in order to achieve business success. A critical element of building a strong reputation now, and for the future, is Trust.

Why Do We Measure Trust?

Trust is intuitively the ideal for which companies aim. A perusal of the mission statements some of the world's most respected companies shows the importance that all of these companies place in building trust.

***P&G:** "P&G's success depends on building productive relationships with our suppliers and customers based on integrity, ethical behavior and mutual trust."*

***Kraft:** "This code of conduct puts into words the actions and attitudes we want to guide us. And, it serves as a reminder of what it takes to create and sustain a legacy of trust."*

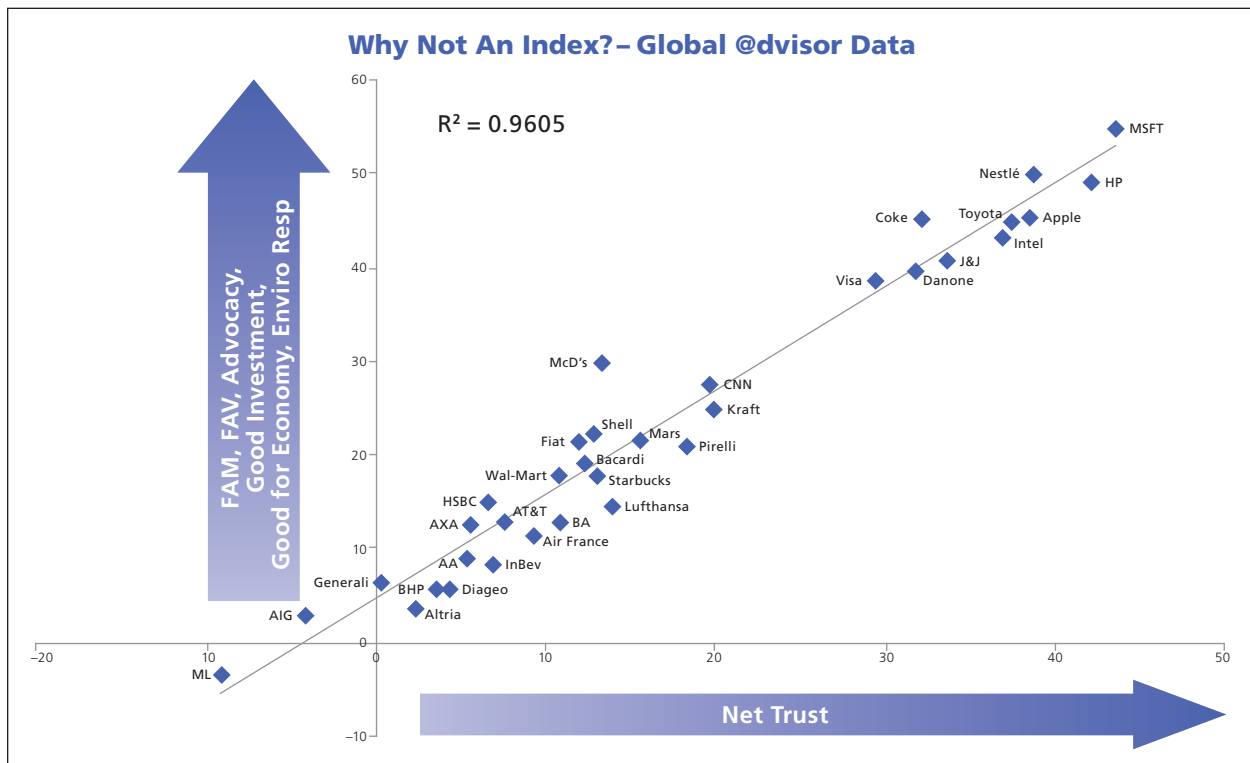
***GE:** "At a time when many people are more cynical than ever about business, GE must seek to earn this high level of trust every day, employee by employee."*

***L'Oreal:** "We are committed to building strong and lasting relationships with our customers and our suppliers, founded on trust and mutual benefit. We do business with integrity: we respect the laws of the countries in which we operate and adhere to good corporate governance practices."*

***Pfizer:** "In today's world, being a responsible company is the only smart way to operate in both the short-term and long-term. To be responsible and accountable – socially, ethically and environmentally – is to be trusted."*

The common theme expressed by these mission statements is an understanding of the importance of Trust in business and consumer relationships all over the world. Companies seek to build trust with their consumers, suppliers, employees and other stakeholders, just as individuals seek to build trust in their daily relationships with family, friends, and colleagues. Why? It's simple – when you trust someone you are more likely to believe what they say, you will seek out their advice, you will value their experience and judgment, and ultimately, you will give them your confidence and your business.

Many companies rely on an index to understand or explain their reputation with “one number.” At Ipsos, we believe the best way to understand your company’s reputation is also the simplest – if you are building trust, then you are building reputation. The graph below shows an index composed of multiple variables, including familiarity, favorability, advocacy, good investment, good for the economy and environmentally responsible. When these index results are compared to a simple Trust measure, there is essentially no difference between the scores.

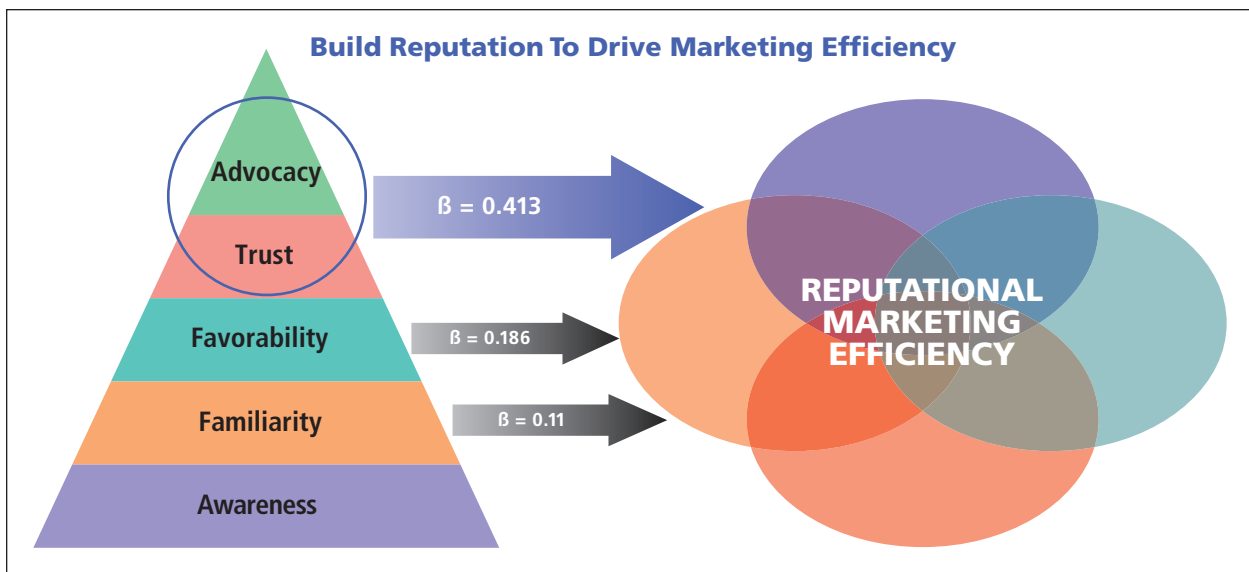


Why try to figure out a complicated index when a simple trust measure is so predictive of your reputation? Our method focuses on determining which attributes *drive* trust and then effectively *communicating* on those attributes.

Reputation and Marketing Efficiency

Our strongest proof of the relationship between reputation and the bottom line is the link between reputation and marketing efficiency. Companies with strong reputation are able to spend less on advertising because their messages are considered more credible and memorable. A strong reputation also makes people feel good about using a company's products and services and allows a company to charge a premium.

The Ipsos Reputation Pyramid below illustrates how company reputation works. The pyramid shows different levels of stakeholder engagement with an organization. At the base of the pyramid is Awareness – the most basic element of reputation. The top of the pyramid is capped by Trust, which has the strongest impact on marketing efficiency. The goal is to move stakeholders up the pyramid levels, in order to strengthen corporate reputation.



Building Trust Builds Reputation

Companies need to build trust in order to build their reputation. Building trust ensures that stakeholders will listen to your side of the story in times of crisis as well as increase marketing efficiency among consumers. Building trust also helps companies attract employees, speak credibly on issues of importance, mitigate regulatory risk and build stronger brands over time.

Trust is difficult to build in a vacuum. Rather, you must fully understand what drives trust, the external limiting factors for building trust, the social and policy environment in which you operate, and the communications that are most effective in enhancing perceptions that build trust. Our specialists in Corporate Reputation and Risk Management can help you understand not only where your reputation stands today, but also what attributes to promote to build trust with your stakeholders to strengthen your reputation, how to most effectively communicate in these areas, and what public concerns may intersect with these areas to amplify or diminish your efforts.



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