

UNLOCKING THE VALUE OF REPUTATION

The Definitive Link Between Corporate
Reputation and Better Business Efficiency

GAME CHANGERS



About the Ipsos Global Reputation Centre

For business leaders who aspire to better decision-making in reputation, corporate communications and corporate policy development, the Global Reputation Centre is the insight industry's most trusted source of specialist research and guidance, leveraging learnings we've realized from being the largest corporate reputation practice in the world.

We tailor our research approaches to the specific needs of our client and the issues they face, and consult closely with them to apply our insights to unlock reputation value.

Our clients gain complete confidence from our specialist expertise, the industry-leading quality of our research and the unrivalled breadth and depth of insights the Ipsos Group can provide. That is why many of the world's leading organizations have trusted us to help them to build reputation value that really counts.

For more information, please contact:

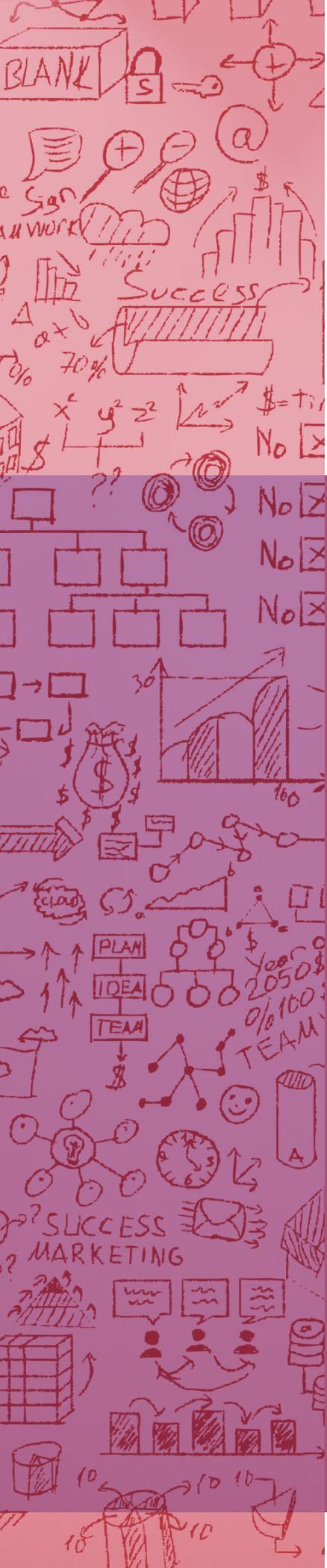
Trent.Ross@ipsos.com

Milorad.Ajder@ipsos.com

<https://www.ipsos.com/en/global-reputation-centre>

<http://reputation.ipsos.com/>

[@IpsosReputation](https://twitter.com/IpsosReputation)



Unlocking the Value of Reputation: The Definitive Link Between Corporate Reputation and Better Business Efficiency	4
How does reputation influence purchase decisions?	5
The link between trust, reputation, and benefit of the doubt	6
Benefit of the doubt by industry	7
Benefit of the doubt by region	8
The impact of regulation	9
How reputation and trust affect marketing efficiency	10
The impact of trust on belief in advertising	12
Ad believability and trust at the company level	13
The impact of trust of willingness to pay a premium	14
Building digital advocacy	16
Consumers are looking for you online	16
Consumer engagement by industry	17
The impact of trust on information seeking and sharing	17
What information sources are most credible?	18
Social vs. mainstream media use and credibility	18
The bottom line	19

UNLOCKING THE VALUE OF REPUTATION



BENEFIT OF
THE DOUBT

MARKETING
EFFICIENCY

ADVOCACY

UNLOCKING THE VALUE OF REPUTATION:

**The Definitive Link Between Corporate
Reputation and Better Business Efficiency**

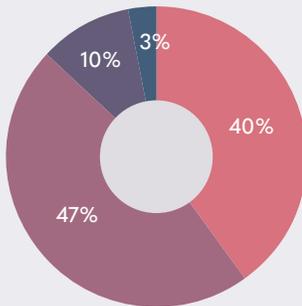
Looking to make your company run more effectively and efficiently? Management teams around the world face a variety of complex business situations daily. A great place to start boosting your business is by leveraging the power of your reputation.

Ipsos Global Reputation Centre research across 31 countries shows conclusive proof of the relationship between a good reputation and better business efficiency.

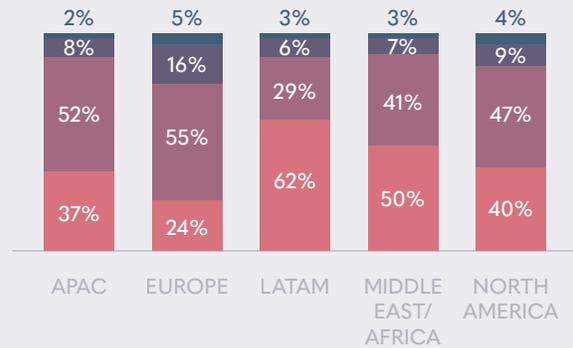
Building trust gives companies an advantage in telling their story in times of crisis, marketing their products efficiently, and turning stakeholders into advocates.

HOW LIKELY OR UNLIKELY ARE YOU TO TAKE THE REPUTATION OF THE COMPANY THAT STANDS BEHIND THE BRAND INTO ACCOUNT WHEN PURCHASING A PRODUCT OR SERVICE?

GLOBAL AVERAGE



TAKE REPUTATION INTO ACCOUNT BY REGION



■ VERY LIKELY
 ■ SOMEWHAT LIKELY
 ■ SOMEWHAT UNLIKELY
 ■ VERY UNLIKELY

HOW DOES REPUTATION INFLUENCE PURCHASE DECISIONS?

Reputation is a key consideration in purchase decisions.

The vast majority (87%) of consumers around the world say that they take the reputation of the company into account when purchasing a product or service.

There are regional differences in intensity. Consumers in Latin America and the Middle East/Africa are the most likely to say they are “very likely” to take reputation into account.

Consumers in Europe feel less strongly about taking reputation into account (just 24% “very likely”), but still a vast majority (79%) say they take reputation into account to some extent.



BUILDING TRUST BUILDS REPUTATION. A GOOD REPUTATION BUILDS BENEFIT OF THE DOUBT, AND ENSURES YOUR VOICE IS HEARD IN A CRISIS.

Trust matters. When you trust someone, you give them the benefit of the doubt. If that person gets in trouble, you will hear their side of the story before jumping to conclusions.

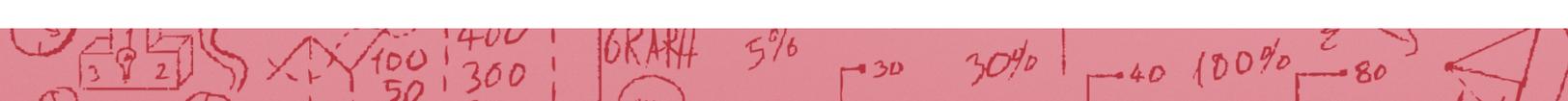
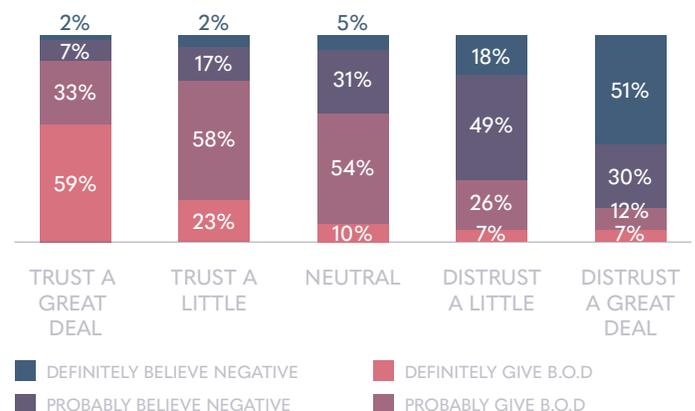
Companies seek to build the same benefit of the doubt among their stakeholders. Without a strong reputation, companies risk not having a receptive audience for their story when they need one the most.

Globally, people are generally willing to give companies the benefit of the doubt (24% definitely and 48% probably). This willingness to give the benefit of the doubt is tightly linked to overall trust.

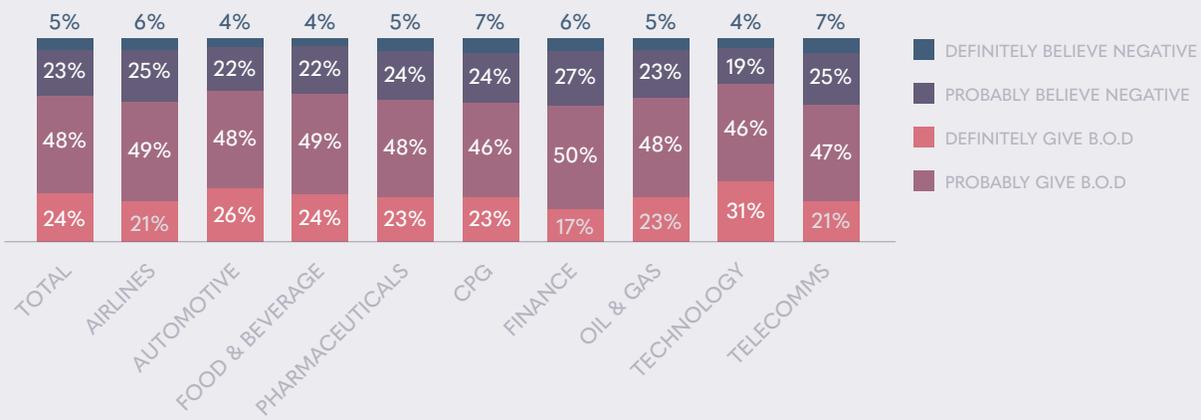


Among people who trust a company a great deal, more than half (59%) say they would definitely give that company the benefit of the doubt in a crisis. Among people who are feel neutral toward a company, that percentage shrinks to just 10%.

BENEFIT OF THE DOUBT BY TRUST



BENEFIT OF THE DOUBT BY INDUSTRY



How benefit of the doubt varies by industry

The imperative to build a strong reputation to get the benefit of the doubt is greatest in high risk sectors. However, EVERY company has risk and can obtain a competitive advantage by building a reputation that they can draw on in times of trouble.

At the industry level, technology companies are much more likely to get the benefit of the doubt than others. Highly regulated industries are viewed more skeptically.



- AIRLINES
- AUTOMOTIVE
- ◆ CPG
- + FINANCE
- ▲ FOOD & BEVERAGE
- × OIL & GAS
- ✕ PHARMACEUTICALS
- TECHNOLOGY
- ◆ TELECOMMUNICATIONS

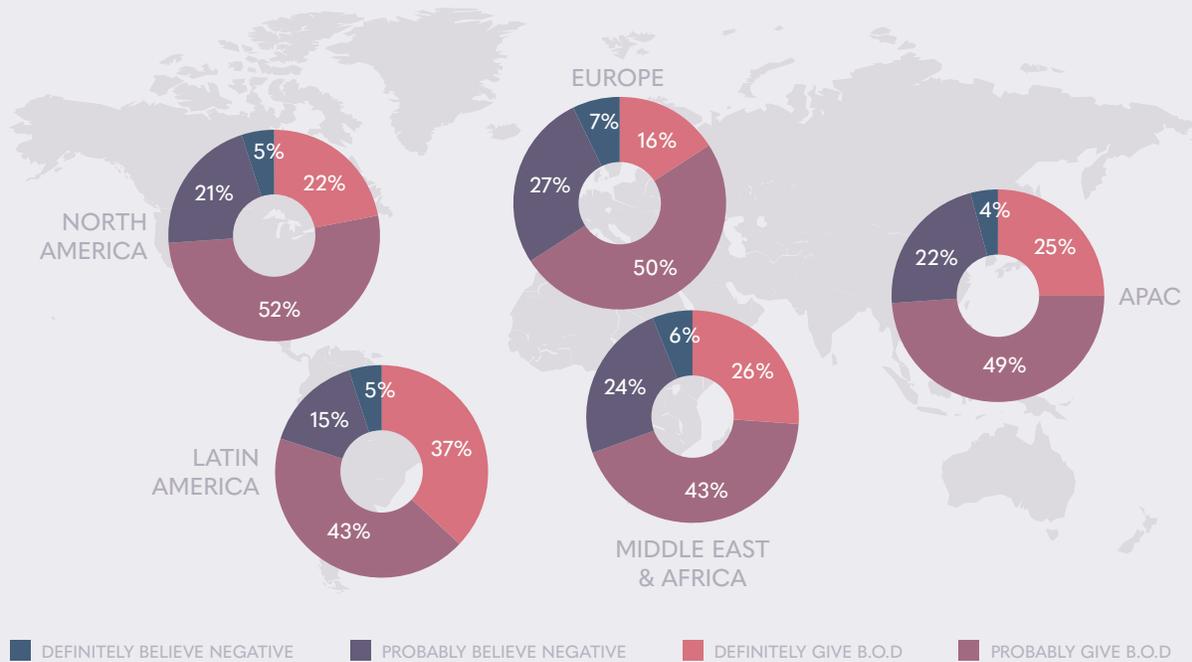
Globally, technology and automotive companies have the strongest reputations and consequently the strongest benefit of the doubt.

Benefit of the doubt and trust are highly correlated. When companies build trust, they are building up benefit of the doubt.

The link between trust and benefit of the doubt are most tightly related at the ends of the spectrum - companies with the best reputation get the most benefit of the doubt, and least trusted companies generate very little benefit of the doubt. Companies in the middle (trust-wise), have more variance when it comes to getting the benefit of the doubt.

Airlines, telecommunications, and oil and gas companies have the greatest challenges.





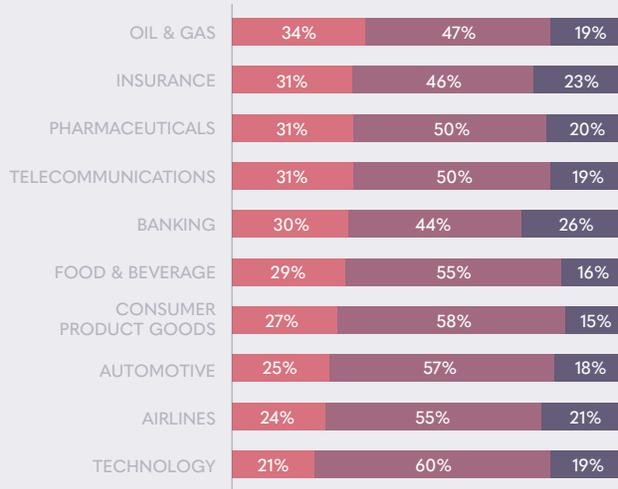
How benefit of the doubt varies by region

Overall, Europeans are more skeptical of companies, while Latin Americans are more likely to give companies the benefit of the doubt.

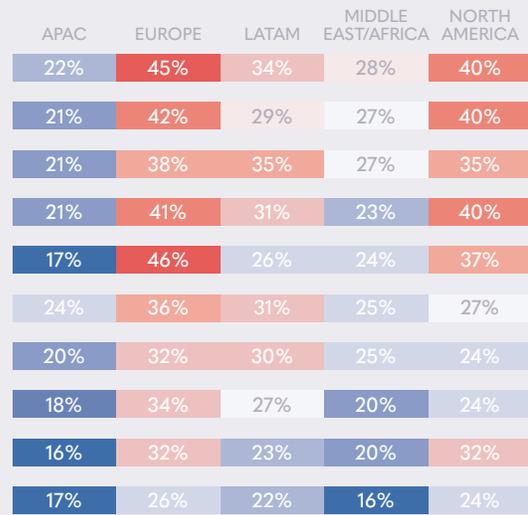
Generally, a majority of people in every region say they would “probably” give companies the benefit of the doubt during times of crisis. This likelihood to extend the benefit of the doubt is why it is so important for companies to make sure they react appropriately to crises. An over-reaction due to a few hard-core skeptics can cause more harm than good. Companies need to remember that they generally have the benefit of the doubt and should therefore be forthcoming, rather than defensive.

Skeptical Europeans are a tougher audience than people from other parts of the world.

GLOBAL ATTITUDES ON REGULATION



% "TOO LITTLE REGULATION"



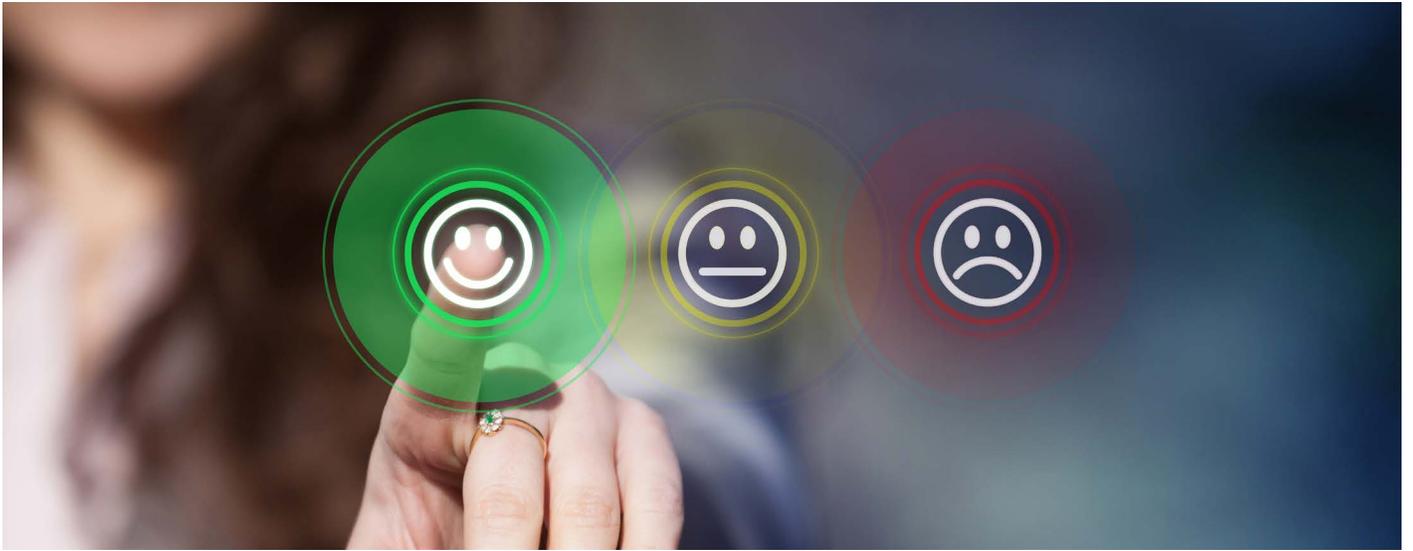
■ TOO LITTLE ■ ABOUT RIGHT ■ TOO MUCH

The impact of regulation on trust and benefit of the doubt

Oil and gas, pharmaceuticals, and telecommunications companies face the greatest amount of regulatory risk, and have the lowest trust and benefit of the doubt scores. While risk is also high for insurance and banking, there is also some evidence of people feeling these industries are over-regulated.

The desire for regulation is highest in Europe and North America, and lowest in APAC.





HOW REPUTATION AND TRUST AFFECT MARKETING EFFICIENCY

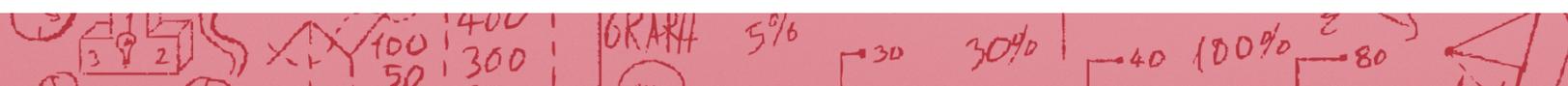
Building a good reputation generates greater marketing efficiency for companies. When you trust someone, you are more likely to believe what you hear and act on what you're told. Companies that are trusted gain marketing efficiencies in two ways:

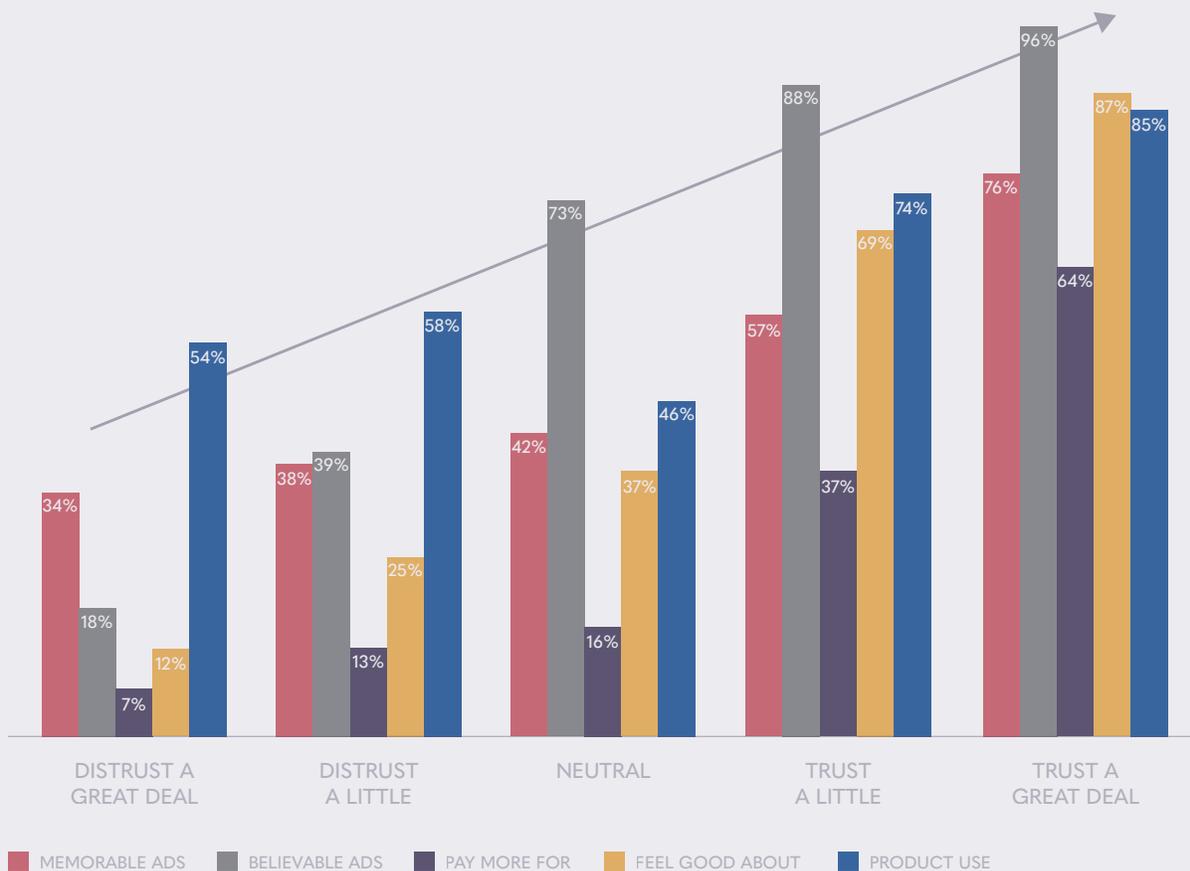
- 1) consumers are more likely to see and believe advertising from companies that they trust AND
- 2) consumers are more likely to act on this advertising by purchasing goods and services while being willing to spend a premium.

Around the world, trust has an enormous impact on advertising and product use. In advertising, ad

believability is impacted much more than ad memorability – so even though people who distrust a company remember the ad, they are much less likely to believe it. The most significant impact on believability comes when people move into active distrust – only 39% believe advertising for companies that they “distrust a little”. This drops to just 18% for companies who are “distrusted a great deal.” People who are “neutral” toward a company on trust, are still likely to believe the ads they see (73%).

Product/service use overall is less impacted by trust. In fact, people who are neutral are the least likely to have ever used a company's products or services – reflecting the role that experience plays in driving corporate trust.



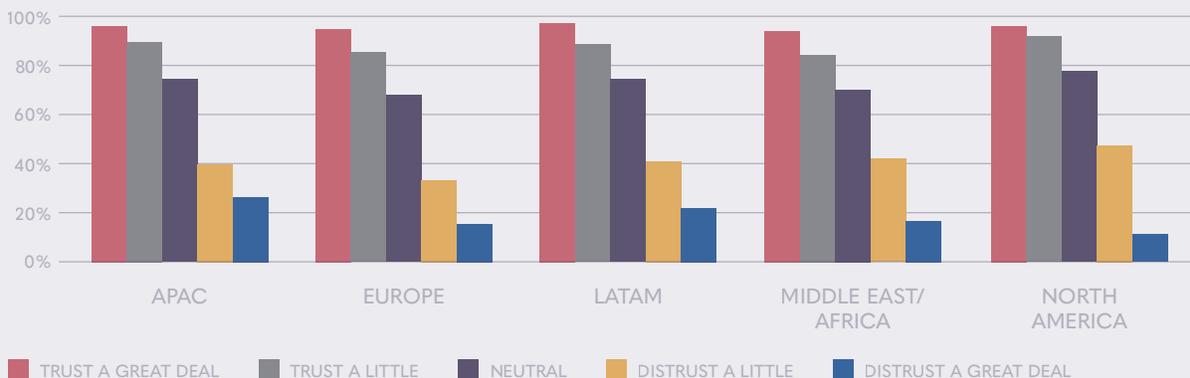


Two metrics that are dramatically impacted by trust are feeling good about using a product/service, and being willing to pay a premium for it. Feeling good about using a product/service has a linear relationship with trust – as trust increases, so does the percentage of buyers’ who report feeling good about it. Being willing to pay a premium, however, has the most impact on the most trusted side of the scale, and falls dramatically among those who have a “neutral” or lower trust rating.

Advertising believability suffers most from active distrust, while willingness to pay a premium benefits the most from active trust. People who are neutral toward a company are willing to believe the ads, but they are unwilling to pay a premium. This suggests that companies that avoid distrust will be able to maintain their marketing efficiency, while those that actively build trust are more likely to reap the profits of premium pricing.



% VERY + SOMEWHAT BELIEVABLE ADVERTISING



The impact of trust on belief in advertising

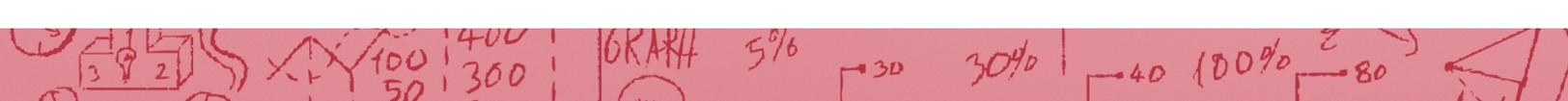
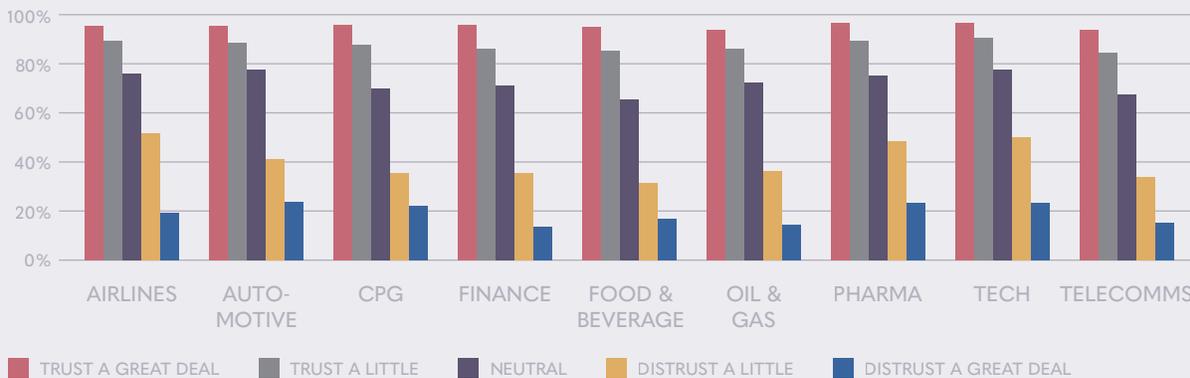
The impact of trust on advertising believability spans all regions and industries.

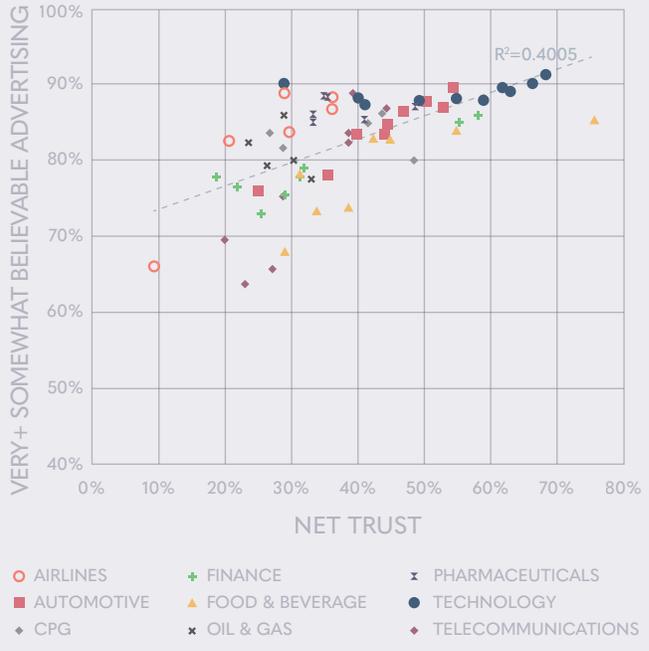
Across regions, the steepest decline in advertising believability occurs when people move from “neutral” to “distrust a little.” The decline is greatest in APAC and Europe, but exists in every region.

Among the industry averages, the same inflection point is apparent and holds across industries. Automotive, pharma, and technology advertising are a bit more resilient in the face of distrust.

Maintaining trust, and avoiding active distrust, is important across all companies, everywhere in the world.

% VERY + SOMEWHAT BELIEVABLE ADVERTISING





Ad believability and trust at the company level

Companies need to understand trust at the individual level.

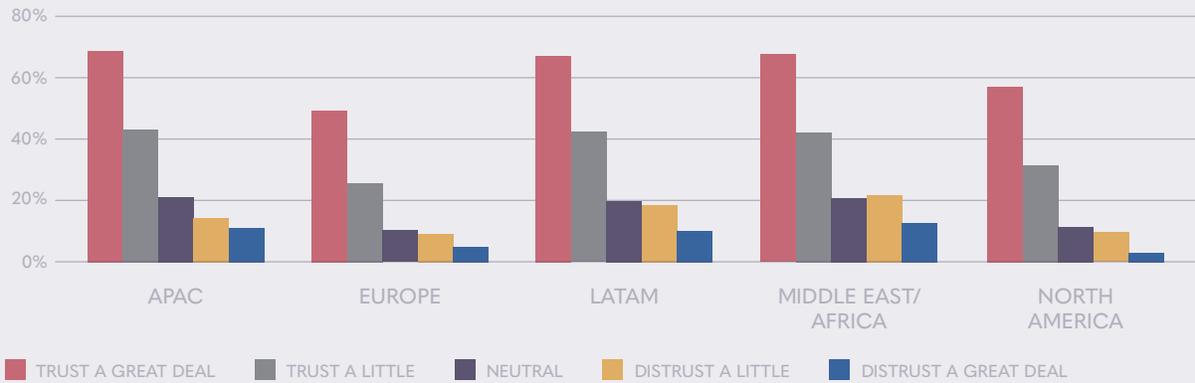
The impact of trust on advertising believability is not as apparent at the aggregate level as it is at the individual level.

Companies with low aggregate levels of trust still have relatively high advertising believability. However, the level of believability becomes much more variable as trust decreases - all of the companies with high net trust have very high advertising believability while those with lower net trust show much greater ranges of believability.

The fact that this effect is somewhat hidden at the aggregate level means that companies need to understand trust at the individual level and be able to target those who distrust the company.



% PAY A PREMIUM



Would you spend more for a product made by a company you trust?

There is a direct relationship between trust and willingness to pay a premium. Companies with high trust can generally command a premium whereas those with low trust need to offer a discount. The impact of trust on willingness to pay remains consistent across regions and industries.

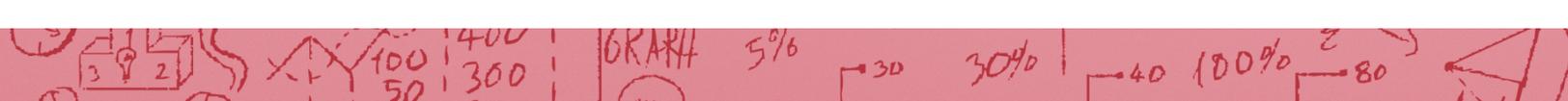
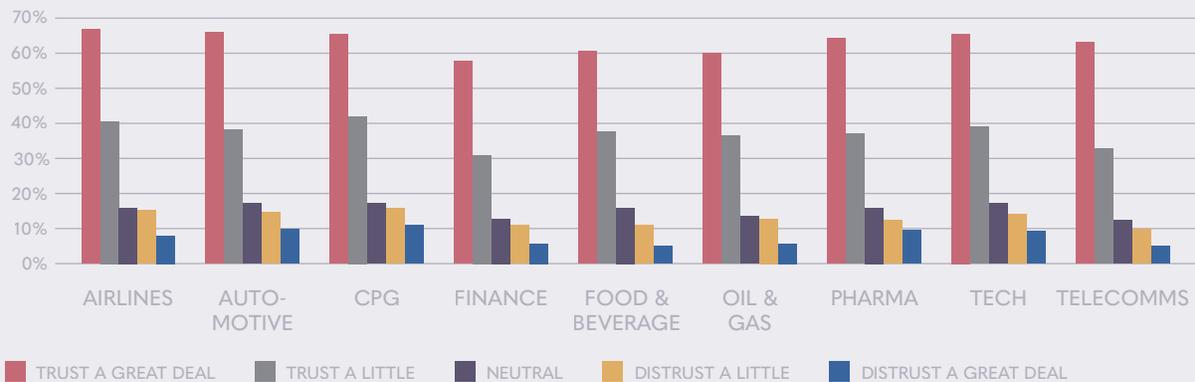
Across industries and regions, the greatest decline in willingness to pay a premium happens between people who trust a company "a little"

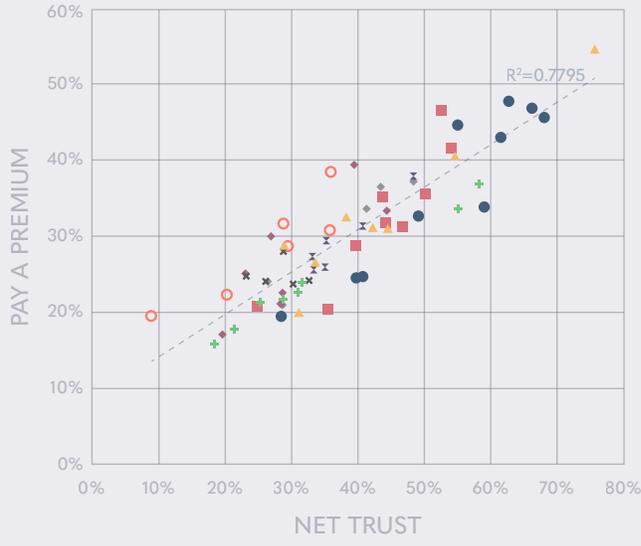
and those who are "neutral." The ability to charge a premium depends on actively building trust, rather than just avoiding distrust.

The willingness to pay a premium is lowest in Europe, but we see the same impact of trust on willingness to pay a premium.

Trust explains 78% of the variance in willingness to pay a premium.

% PAY A PREMIUM





The impact of trust on willingness to pay a premium is more apparent at the aggregate level.

At the aggregate level, trust explains 78% of the variance in willingness to pay a premium. This effect will be magnified when examining individual country results (rather than the global average), and when analyzing at the individual company level.

- AIRLINES
- AUTOMOTIVE
- ◆ CPG
- + FINANCE
- ▲ FOOD & BEVERAGE
- × OIL & GAS
- ⌘ PHARMACEUTICALS
- TECHNOLOGY
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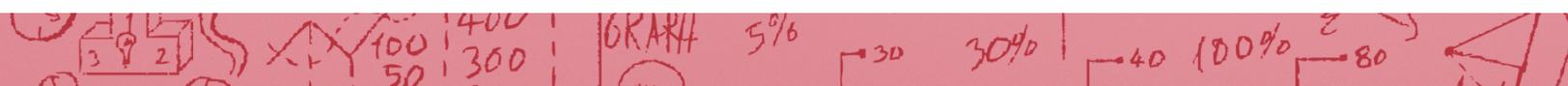
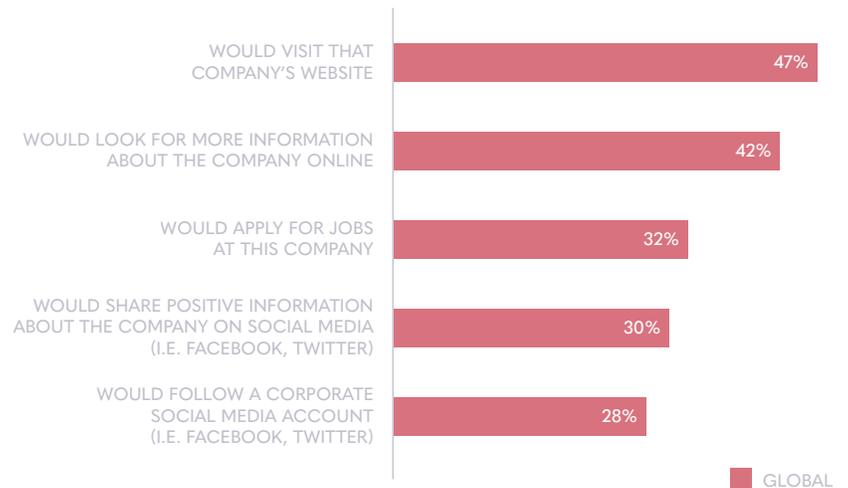
BUILDING DIGITAL ADVOCACY



Consumers are looking for information about you online

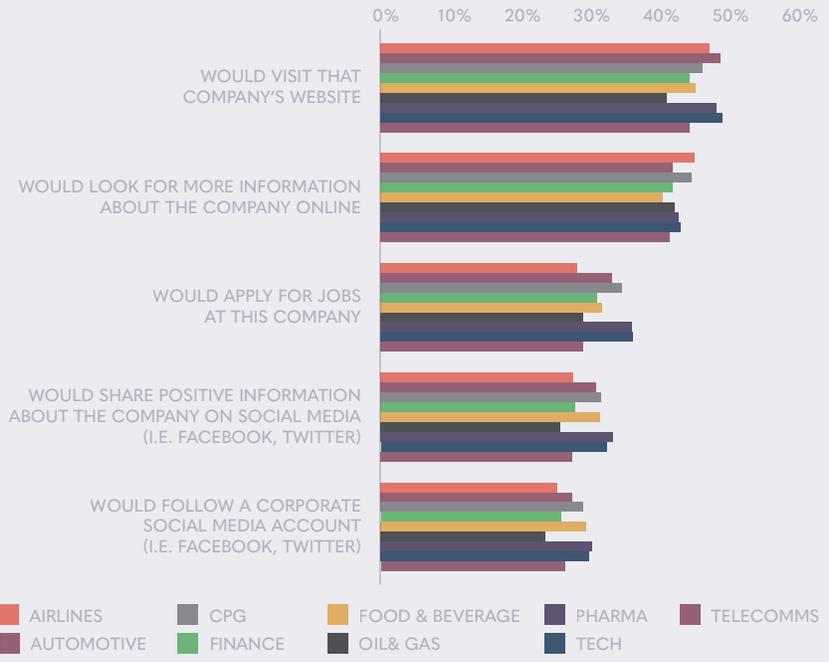
Nearly half of consumers say they were willing to visit a company's website, or look for information about a company online, consistent across all regions.

However, far fewer people are willing to apply for jobs, share positive information about a company on social media, or follow a corporate social media account. People in LATAM and the Middle East/Africa are much more willing to engage in these behaviors than people in Asia Pacific, Europe, or North America.



Does consumer engagement vary by industry?

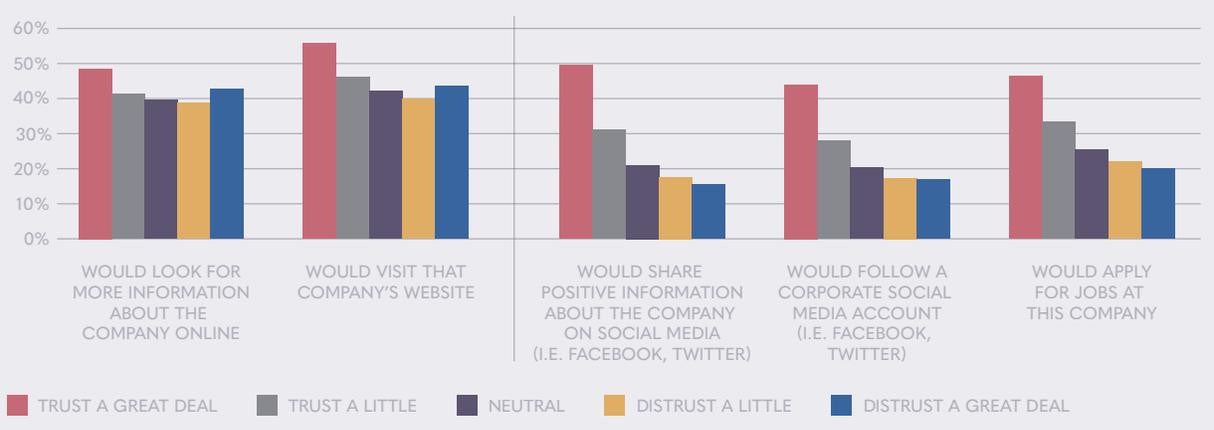
Industries with higher overall engagement, like technology and pharmaceuticals, tend to have higher engagement across the board – even on the more difficult or active forms of engagement.



Information seekers are trust-agnostic; activities leveraging personal credibility require trust

People who distrust a company are just as likely as those who trust a company to visit a company's website or look for more information about that company online. These are trust-neutral activities.

Trust plays a much greater role in people's decision to share positive information about a company, follow that company on social media, or apply for a job.

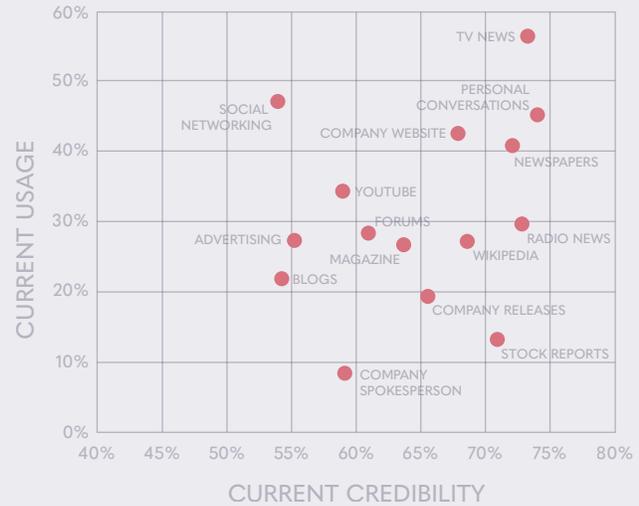


What information sources do stakeholders find credible?

TV news and newspapers are an important and credible source of information about companies. Social networking is nearly as important, but is much less credible.

Companies should not discount the power of personal conversations, which are perceived as much more credible than social media though the source of information would seem to be similar. This may reflect a growing divide in online relationships versus personal relationships.

Want people to get the right information about you? Company websites are the most frequently used and most credible form of company-controlled communication, so keep your website engaging and up-to-date so you can compete with news and information generated by social media.



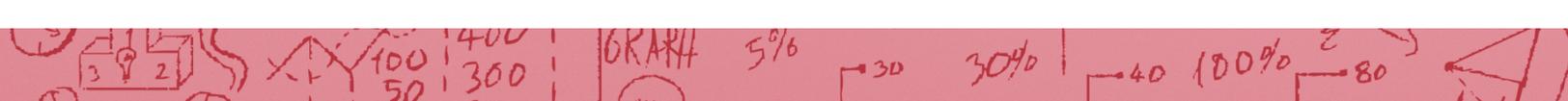
Social media use explodes, but credibility lags

Although usage of social networking has increased tremendously, credibility hardly increased at all.

Compared to a similar study conducted in 2009, the use of social networking sites like Facebook to gain information about companies has increased (by 23 percentage points), with only a modest corresponding gain in credibility (up just 8 percentage points). In fact, the only forms of communication that have increased in usage are digital: social networking, YouTube or other video sharing sites, and blogs.

At the same time, usage and credibility of all mainstream media (TV, magazine, radio, and newspapers) has decreased.

Knowing this, companies would be wise to ensure that their digital communications reflect the changes in usability and preferences.



THE BOTTOM LINE

Reputation and trust are powerful forces in business efficiency. The social media landscape may be changing how people interact with companies. There may be regulatory issues impacting some sectors more than others. You may be doing business in a region that's inherently more skeptical than the rest of the world. But the bottom line remains the same: building trust builds reputation. And having a good reputation will result in better business efficiency.

Methodology

The latest wave of the Ipsos Global Reputation Monitor, conducted in September 2017, measured attitudes of more than 23,000 consumers from 31 countries toward 66 companies across nine industries.

