

IPSOS MORI'S
REPUTATION COUNCIL



Council Feedback | October 2011

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INSIGHT IDEAS

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Introduction

Ipsos MORI's Reputation Centre has assembled some of Europe's most senior corporate communicators to form the Reputation Council. As one of its members, you will appreciate that collectively the Council brings unparalleled levels of communications expertise, and through our regular feedback sessions you provide us with insight on a wide range of reputation issues both within the corporate environment and in the wider world.

This fifth sitting of Ipsos MORI's Reputation Council, conducted in Summer 2011, explores the challenges of managing reputation in the age of austerity, further discussion of the case for reputation management in terms of the benefits and barriers, as well as looking from an internal perspective at the purpose and authenticity of company values. This session also explores more tips for cracking social media and effectively integrating it within the reputation management process, and the pros and cons of Celebrity endorsements of companies.

We would like to say a big 'thank you' to all our Council members – we greatly appreciate the time you have taken to participate in the Council. Once again, we hope that this report provides you with an interesting and useful insight into the issues affecting your specialist area of expertise – do let us know any further feedback you might have, or topics you would like us to cover in future waves.

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Headlines

- Two themes preoccupy Reputation Council members this wave: the harsh economic climate and the importance of transparency, trust and ethics.
- Managing reputation in this age of austerity brings varied challenges, from reduced budgets to maintaining employee morale in the face of job losses.
 - But it can also mean that activities are more focused, strategic and results-orientated, and in some cases has raised the profile of the reputation function within the business.
- With the renewed focus in many organisations on justifying investments, the case for reputation remains strong in the eyes of Council members, but challenges remain:
 - While nine in ten think it of great interest to CEOs, only half consider reputation management 'hard-wired' into business management. Challenges remain in widening understanding and proving the benefits to senior managers
 - While a strong reputation can attract key talent, many Council members think employees still view reputation management merely as PR
- Corporate values are fundamentally important in engaging employees and communicating the corporate strategy – the true test is getting those at the top to lead by example and overcoming employee scepticism
 - To help effectively embed desired behaviours, corporate values must be clear and simple, relevant and believable, and must connect with people
- Unlocking social media remains a priority – of course, a clear strategy and resources are key to success, alongside guidelines for staff. Credibility is built through continuous engagement, in an authentic and consistent manner
 - Daily monitoring of social media has dropped back slightly after the peak in activity seen earlier this year

What's on the reputation radar?

Here are the key issues most on your minds at the moment, and the themes we pursue in the following sections of this report.

- **The economic climate:** of course it's still tough out there, and while not dominating Reputation Council Members' concerns to the extent it did 18 months ago, the economy is still one of the most mentioned topics this wave. Linked to this, members mention the challenges of keeping prices competitive for customers, maintaining employee morale after (in some cases) redundancies, and also stretched budgets.
- Continuing this theme, the next section discusses **Reputation Management in the Age of Austerity**, covering key challenges facing members in this economic climate.
- We also discuss members' latest thinking on the **Business Benefits of Reputation**, as they continue to make the case for reputation management in this harsher business environment.
- **Transparency, trust** and **ethics** remain top-of-mind for members, influenced by the Bribery Act and of course, the News International scandal, which gathered pace during the interviewing period. Industry reputation is also mentioned as a key issue by some members (particularly the financial services industry as it attempts to recover from the reputational fall-out from the economic crisis).
- One of the key challenges for companies on these issues is embedding ethical behaviour throughout the organisation, a topic we pick up in the later chapter on the **Value of Values**.
- While **social media** no longer tops the agenda as it did at the beginning of the year, this issue is still raised by several members' who continue to wrestle with how to get the most value from this new type of stakeholder engagement.
- We have more tips from members in the later chapter on **Cracking Social Media**.

Current issues relating to reputation



Other themes on Council members' minds this wave include:

- **Environment** is perhaps a renewed concern this wave, with a particular focus on the conflict between the imperative to develop greener products and services and the economic pressures which lead to a shorter term focus on business performance and the cost to customers.
- **Government relations** and issues around the **regulatory environment** – several industries are under scrutiny and possibly subject to increased regulation (from both Westminster and Brussels), so members raise the need to be constantly maintaining the information flow to satisfy government stakeholders.
- **Data security** – possibly reflecting the recent issues for Playstation in an episode that demonstrated the reputational damage that can be caused by an information leak, and the importance consumers and stakeholders place on data security.

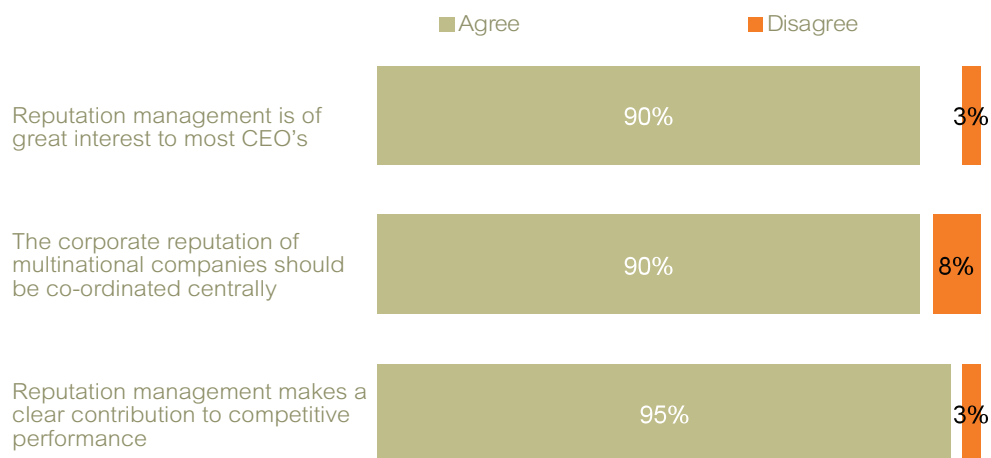
So while the economic climate continues to present a challenging backdrop for communicators, these concerns (along with members' focus on transparency and ethics) suggest that if, as hoped, the worst of the financial storm is behind us, organisations need to avoid too narrow a focus on the 'bottom line' and retain a broad perspective on potential reputational risks and opportunities.

Reputation management - benefits, barriers and perceptions

There is firm agreement that reputation management makes a clear contribution to competitive performance – and that it is of great interest to most CEOs.

Strong feeling that reputation management makes a clear contribution to business performance

Do you agree or disagree that ...



Base: Reputation Council Members, Summer 2011, (40)

Source: Ipsos MORI

Members feel that effective reputation management offers many organisational benefits – the most common being a licence to operate which opens the door to commercial success and a healthier bottom line. Alongside this is a potential increase in trust and better stakeholder relations. It can also help motivate existing staff and attract the cream of the crop when recruiting.

Many of the benefits identified derive from having a licence to operate - a critical outcome of effective reputation management. Without one, an organisation might run into operational difficulties. Stakeholder views might be more negative, customers and suppliers more reluctant to use a company's services or partner with it, and government regulation tighter:

“ That licence to operate, is not a formal licence, but a licence based on performance of the industry, based on our company's reputation, on how people trust us, accountability, openness, how we engage with people - all of those things that reputation management plays a key part of. We have to, every single day, renew that licence to operate, and indeed we also have to work on a licence to grow as well ”

“ So if you think of tobacco, or if you think of Nestle in the baby milk issue, if you think of quite a lot of pharmaceutical companies in relation to their current alleged profiteering or taking undue profits from their products in developing nations, all of those [reputational issues] have had a pretty quick impact on their ability to do business more generally ”

“ It also allows us to have a more constructive approach with stakeholders including the media and with governments, try to avoid negative legislation and hostile regulation ”

“ Having a good reputation, being well understood, having a very good conversation with stakeholders, being recognised for what you do and how you do it is definitely valuable for, ultimately, the company performance ”

A clear bottom line benefit is that a better reputation can equate to greater customer retention as well as attracting new customers:

“ For us it helps us win business, there's no question at all that because of the concerns over financial companies' reputations and whether they've had bail outs and all that sort of stuff, having a good, trustworthy reputation as a firm that delivers what it says it's going to deliver, and who does it in a reliable transparent way - helps us win business, particularly from other institutions and pension funds ”

“ The ability of customers to recommend our company, the familiarity with our own product, that's I think top on the agenda ”

Not only does a strong licence to operate attract business, it can also help when an organisation is looking to recruit:

“ Being able to attract talent is one of the clearest benefits ”

“ It allows you to differentiate yourself in the marketplace and be an attractive place to work. In the end, salary and the role and packages etc are all the same, so individuals will choose the organisation with the better reputation ”

It also helps motivate the existing staff:

“ When staff feel good about the organisation they work for, they're advocates of the organisation's services and products, and therefore you can expect high performance ”

Overall, there is a feeling that effective reputation management gives you 'the permission' to operate in a market place, and is a necessary tool in achieving success. In itself, it does not guarantee success, but a poor reputation that is badly managed will most likely act as a significant hindrance. As one member puts it, "it opens the door":

“ I think it opens doors, so if you're in a business, one that has a good reputation, then people are more likely to agree to see you, to agree to listen to you, and to listen to your ideas. So whilst it won't necessarily make a sale, it will give you permission to actually try and do that ”

Barriers to understanding

With so many potential benefits on offer, a strong reputation management programme would seem an integral part of any organisation's communications strategy. However, a substantial proportion of both senior management and other internal stakeholders are seemingly still not buying in to the concept.

A major issue for a number of members is explaining exactly what reputation management is, and why it matters. Defining reputation management as a concept can be challenging as it's something that means different things to different people. Many council members work with senior colleagues who find it difficult to understand how reputation can underpin and benefit all business activities.

There is also a perception that a robust business model that links the tangible benefits of reputation management is yet to be realised.

“ There is a lack of experience, a lack of understanding from senior executives of the reputational context. They look at it with their analytical and scientific mindset, so they're not of a world which is involved with media, politics, all of those regulators, all the financiers, all of those issues where reputation has a greater importance. So the lack of understanding, that doesn't help, especially when it comes to making the right decision and understanding the environment in which we operate ”

“ It has a less clear correlation to the bottom line. You have to find a way that you can base things in a language that you all can understand and feel is robust. In difficult economic circumstances, my area of the business is not one that makes money, so I think you have to work twice as hard, in terms of retaining your own department's licence to operate, and constantly be saying here's what the objective is, and then going back and actually measuring success ”

“ I think bringing people to the right level of understanding of how reputation works - what drives it and then what you can do to influence it - can sometimes be a challenge ”

“ Being able to make that really crystal clear link between business objectives and reputation...Because in our business at least, and most other businesses, the actual work specifically on reputation,(i.e. we do this to drive reputation as a dedicated strategy) is so young that the body of evidence that is there is still quite thin...So it still exists in the theory a little more than the practice ”

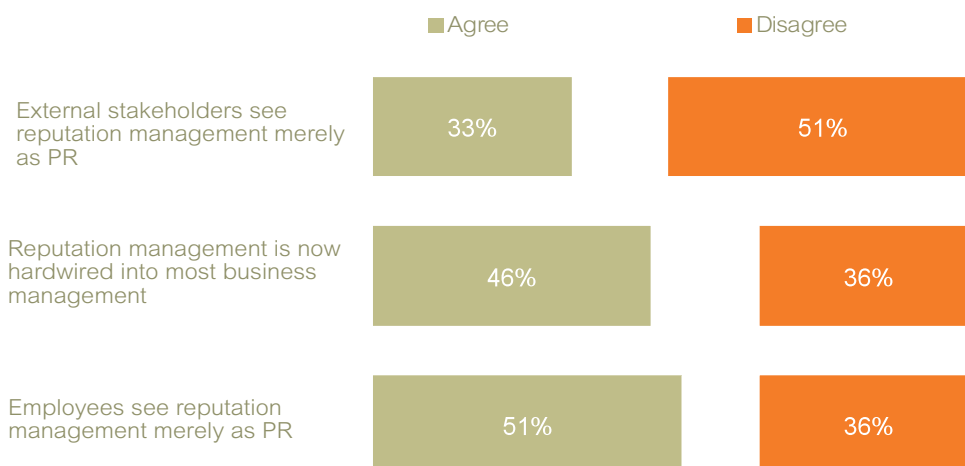
As the chart overleaf shows, there is not much agreement (less than 50%) that reputation management is hardwired into most businesses. There is a firmer belief that stakeholders can see beyond reputation management as 'merely PR', however, employees in many Reputation Council organisations are not perceived to, and this view has hardened since 2009. There are few better 'ambassadors' for an organisation than its employees, and if they are unable to perceive the benefits of reputation management, that might be cause for concern.

Employees perhaps need educating as to the benefits that a good reputation can bring, how it can improve the bottom line, profits and consequent rewards. An organisation needs to publically show that reputation is hard-wired into the business, and that it underpins everything it does if its employees are to accept and embrace it as an asset.

However, better educating internal stakeholders is challenging given other operational demands and the pressures on time. This isn't made easier if the benefits of reputation management are not appreciated or the aims misunderstood.

Mixed opinion on whether reputation management is viewed 'merely as PR'

Do you agree or disagree that ...



Base: Reputation Council Members, Summer 2011, (40)

Source: Ipsos MORI

“ I think that's our biggest challenge, that sometimes people plough on with ideas, with delivery and stuff because of time pressure, budget challenges and that sort of thing. They don't really perceive the importance of actually getting the wider stakeholder view, and I think that has cost us for the last couple of years on certain projects. I wouldn't say there was anything huge, but I think that's our biggest challenge - to get people who are in important positions and driving things through to be more aware of the wider impact they're having on the communities, on our stakeholders etc, and how they can potentially damage our reputation by not really seeing that bigger picture on particular projects or issues ”

“ The greatest barrier is that probably most people, a lot of senior people don't have time to consider it and consider the value. They're so wrapped up in other issues that it's often a topic that is ignored ”

Some members also find it hard to communicate facts and metrics on reputational performance when set against individual perceptions and opinions. A good set of stakeholder relations scores, or strong customer satisfaction results can be undone if senior management are distracted by something a competitor does.

“ Probably the biggest challenge for a structured reputation management is that, in many companies, anecdotal evidence and individual perceptions seem to matter more than a structured approach. To give you an example, if a board member sees an article about a company, one of our competitors, and they get praised for doing something the right way, they may say well we are not doing enough or we are not doing anything at all or they are

doing a lot more, and if you present to them data from our reputation management team in which we analyse rankings, media, etc, which we use as KPIs in order to benchmark or see how we rank compared to others, they say 'but I've seen this article ”

Ultimately, reputation management has to compete with issues that management and other divisions consider more pertinent. As some members point out, bonuses are more likely to be linked to sales, or overall company performance rather than reputation relative to the competition. At a time when financial issues and the economy have been at the forefront of most people's minds, it can be difficult to interest people in what might be perceived as more 'woolly' issues. Even when evidence is available, it needs to be carefully positioned with senior managers to have maximum impact and overcome personal prejudices.

Reputation management in the age of austerity

How has it been managed, and what have organisations done to adapt?

The past couple of years have presented businesses with all manner of challenges. Some organisations would appear to have ridden this storm better than others, but hardly any Council members claim to have been unaffected by this period of austerity.

A reduction in budgets is the main impact of the difficult economic climate. Council members have had to do less with more and act in 'cleverer' ways, to ensure that they still have all the information their internal stakeholders require. However, no amount of lateral thinking can completely overcome budgetary reality, and some projects have been unable to proceed as a result.

“ Operational budgets have been cut by around 30%. Do less and do things more effectively ”

“ It usually manifests itself with tighter budgets, and you have to find cleverer ways of doing things. An example here would be things that we would have pushed out to external contractors for writing or video or whatever else, we're doing ourselves. ”

“ It's had the effect of decreasing resources, at the same time as increasing workloads ”

“ We don't have all the money we'd like to do all the things we would like ”

Others report greater scrutiny in their operations. With budgets in other departments also stretched, all discretionary purchases – including research budgets – need to be justified. The sense of autonomy many enjoyed, appears to have gone, and replaced by a new era of all purchases needing to have a goal more closely linked to overall company strategy. In particular, the 'nice to have' projects seem to be a thing of the past for many:

“ It is increasing, it's putting a huge scrutiny on overheads, and we are an overhead so therefore it's very difficult for us to tap into any funding beyond business as usual at a very slim level ”

“ Budgets are being reduced - activities are being questioned more closely ”

An unhappy consequence of the economic climate is job losses. Many have been involuntary, with reduced budgets and projects meaning fewer staff are required. This has led to increased workloads for those who remain, and a need to re-assess how things are done. 'Change' has been a watchword for many Council members. However, some report voluntary losses - key talent switching to other organisations (and countries), where budgets are more flexible, and opportunities perceptibly better:

“ Since 2008 we've had two rounds of budget cuts, well actually let me just be absolutely honest...we took out 20% of our cost... One of our comms team has just left - he's had three different jobs in five years, and he's now the head of corporate affairs for one of India's largest and fastest growing telecoms, mobile telecoms companies. Just any kind of decent talent is going to explode in these [emerging] markets ”

“ Reduction in staff, reduction in budget and a more challenging environment in which to operate ”

“ Greater scrutiny of what we do. I think it's made us more alert actually, more conscious of what we get up to ”

In some cases this scrutiny has had a positive impact. While budgetary constraints have been hard, and the marketplace challenging, the climate has helped some Council members and their organisations achieve greater focus. The increased competition for business means that reputation has actually risen in importance, and is receiving more attention internally.

“ Yes, it certainly has had an impact, the changing economic environment and budgets in the first place. It has probably created more work in the reputation management arena because clearly in difficult times those with the best reputation will probably get a better result ”

“ It reinforces the importance of managing reputation effectively when there's uncertainty in the wider environment”

“ It's impacted our message, it's re-prioritised some of our messaging externally and internally to reflect the current reality for customers and for our internal stakeholders particularly ”

Marketing and corporate communications – natural bedfellows?

Do these functions enjoy a harmonious relationship? What are the benefits, and how can corporate communications assist in marketing products?

In the majority of Council member's organisations, marketing and communications are mutually supportive. Two in five feel that the two departments work in very close alignment and support each other, while close to half consider 'a fair amount' of collaboration exists. Only one in ten feel that there is 'not very much' mutual support, and no council member works for an organisation where there is 'none at all'.

Those organisations that have achieved a great deal of mutual support between the two functions have clear, defined company goals that make close collaboration essential. The focus of the company is such that shared marketing and communications strategies are essential to ensuring that a clear message is delivered. This is rarely an effortless and easy relationship to maintain, but it can offer benefits:

“ I'd say it's a daily battle for coordination across what is a very big company, so we've got it but it's like having a garden, you do have to water it every day ”

“ Because marketing and communications is all part of the same function, it's from a group perspective. In terms of the link to the work that we do, we again are the third leg of that, and so we do work very closely together. And we actually find that joining the three things up we get extra benefit ”

Other council members feel that while the desire for greater collaboration between the two functions is there, there are 'grey areas' and overcoming historical differences can be difficult. While not outwardly hostile to each other, maintaining the relationship is difficult – even when there is a desire on both sides to make it work:

“ I would say yes the strategies are mutually supportive, but not particularly well done. Are they formally aligned? No, I'd give a 6 out of 10 ”

“ I think you could do it, and I think it just depends on the maturity of the market and the sophistication of how you particularly approach it. Certainly they've come much closer in the time that I've been with the organisation in lots of markets around the world, it's just an ongoing process rather than something you can achieve overnight ”

“ We're not fighting each other, the aspiration is there, but it's the delivery that still has a way to go, so that's why I'd say a fair amount ”

A lack of mutual support can cause things to slip through the net. In a digital age, where social media tools such as Twitter and Facebook are increasingly of interest to communications and marketing professionals, ownership of responsibilities is not always clear.

“ There were some grey areas like social media where it wasn't clear which function had to take charge of it or not, and it impacted both ”

In organisations where 'not very much' collaboration exists, council members feel that often the business is simply too diverse for such a strategy to work:

“ Because it's so diversified. I would say in some cases it does really work very well, in other cases not really ”

There are mixed views on the extent to which corporate communications should support the marketing of an organisation's products. The majority of Council Members feel it is almost their duty to support the marketing of the organisation's products, while others are adamant that this is not part of their remit.

Those amenable to it feel that they need to create an environment in which to sell. They need to ensure that the organisation's reputation and messaging differentiates it from the competition and is consistent with product positioning. They need to use the techniques and contacts open to them, to turn up the volume and influence of the company's messaging.

“ It's an amplification of both the message and the impact ”

“ It's less direct and more to the reputation management of the business, so it's helping to create the environment into which it's far easier to market ”

“ By ensuring the brand is well known and well respected, and ensuring there's a deep understanding of the company, and that we have stakeholder relationships in place that can help the business ”

Enhancing the company's visibility can help to increase media coverage or improve relations with Government stakeholders involved in industry regulation.

“ So clearly if you are introducing a product that's going to benefit a wide range of people in one way or another, or support a business or a series of businesses, and you're able to get a story in the newspapers where they're talking about it in those terms, that draws the attention of a much wider group of people and in some cases you could possibly influence Government thinking or whatever it may be, then there's a distinct advantage in that as well ”

Different stakeholders creating broader positive disposition in which specific marketing messages can take root.

The value of values

What are corporate values for and how do you show they are genuine?

Almost all companies have adopted a set of organisational values. These relate to a diverse mix of issues - how they treat employees, their environmental policy, use of suppliers and many others. Given that they cover so many subjects, and given that almost all companies have them - what is their purpose? More importantly, what are the barriers to showing that organisational values are genuine intentions and not rhetorical statements.

There is broad agreement among council members on the purpose of communicating corporate values. Values are seen equally to exist in order to provide differentiation, act as vehicles for communicating corporate strategy and engaging employees.

The challenge is to demonstrate both internally and externally that values are genuine and a real reflection of what an organisation stands for. Employees are at the heart of organisational values, and it's clear from member's comments that, if employees do not buy in to and exhibit organisational values, any external benefits of values will be undermined. As we've already seen – reputation management does not always resonate with employees – corporate values that are not followed through will act as further fuel for sceptics.

Council members identify a variety of barriers. Overall, members make it clear that values must be embedded deep within an organisation to serve any purpose, and that values are inherently staff centric. Actions and behaviour at all levels needs to reflect the corporate values otherwise they become nothing but lip service. This means that values have to be more than words on a poster or logos on mouse mats:

“ *The biggest problem is that there is actually a lack of leadership and lack of true engagement....in companies I know, values are a poster on the wall or an article in the employee magazine, but nothing that's really been brought to life.* **”**

The key is to develop values that are more than just messages. They need to be credible, consistent and above all, believable to be of any use.

“ I guess there's an element of cynicism of employees. That's what stops us from getting that message across to employees.... where you're laying off a lot of people, people become very cynical then of the company saying 'our core values are people centric and great place to work', that kind of thing ”

“ The way we behave and the way we act is as important to people as what we say. So I think there's an element there in terms of actually consistency of behaviour not just consistency of messaging. ”

“ Values are about what I do not what I say, and that's the biggest inhibitor. ”

For members, the biggest barrier to value buy-in (by far), is seen as a lack of leadership from top management. Members frequently cite management behaviour as the key driving factor in ensuring values are ingrained in the ethos of a business. Senior managers need to lead from the top down on values. CEOs, for example, must regularly demonstrate and highlight the value of their values – leading by example:

“ Management behaviour. If your behaviour isn't consistent with those values then it makes it incredibly difficult. ”

“ I think if the leadership doesn't lead by example, and if they don't live it, if they just speak it, then it all falls apart doesn't it? ”

However, this is not always straight-forward. Some members have given examples of management behaviour being at odds with the values they profess to live by:

“ For example when we closed the factory, we got a letter coming from the CEO to all employees saying what a bloody marvellous year, well done everybody, which created all sorts of problems for obvious reasons. The most important thing is consistency of behaviour by senior management and across the organisation. ”

On another level, members highlight issues surrounding potential conflicts between short term business goals and organisational values, which might be seen as more long term. Internal processes are possible stumbling blocks; values can resonate and be demonstrated at a senior level, but further down the layers of the business, as soon as a level has different goals, values can lose their saliency. To be valid, values need to reflect the reality in an organisation.

“ Challenging, conflicting targets, so a constant drive for performance could confuse employees if they feel that the values are longer term in nature and their targets are shorter term... ”

“ When you go down the ladder you can get points where there's a significant decoupling from the top level managerial drive, and that's usually where people are incentivised to run a particular business area or perform in a particular way. And that I think is the biggest stumbling block, because what happens is you can put in some behaviours that people should adhere to across the board, but you will always find a place in the organisation where it breaks down to one degree or another. ”

Sound leadership is just the tip of the iceberg. Members make clear that values must resonate and be embedded in the organisation's ethos. Council members suggest that the recruitment process and performance management should be driven by the organisational values. Integration with HR processes can mitigate the effects of cynicism towards generic value sets, and reduce the likelihood of people viewing the values as nothing but lip service.

“ I think it's about recruiting people who share those values and then live them and if they don't, you deal with it. ”

“ It's part of the induction programme for all new employees and I think it's pretty much clear to everyone it's rooted very deeply in all the organisations and all the departments. ”

“ Actions speak louder than words, so it's all very well I'm sitting here in an office with our values plastered over the walls, but you've got to demonstrate that. So the reality has got to match the rhetoric. We evaluate people's performances around those values, how they've delivered on them, that's the formal part of our appraising process. ”

Some members feel that values can be particularly difficult to internalise if they are new or changing (as some members are finding out at the moment). One member suggests that involving employees in the formulation of values is a good way of approaching this challenge.

“ They (the employees) have an opportunity to engage and debate and get an understanding of why, for example, the strategy's enforced and what their role is in helping to deliver it. ”

All of the issues described above present specific communications challenges, in addition to management and employee support. As some members point out, values can easily become ambiguous and misinterpreted.

“ People have a slightly different view of what a value means, so a great example would be, one of our core values is respect, and that's respect for people, societies and the environment in which we live. Frankly, people could argue that if we have to take a tough decision to close one of our (parts of the business), is that acting with respect? When we ship product across the sea to America, is that acting out of respect for the environment? So people's view of these things internally sometimes is different than what we mean, and that really just forces you to be clear on what you mean. ”

As such, members have identified some key things to consider when both implementing and communicating values. The language and meaning of values need to be clear and simple. Easy to understand and purposeful values are needed to get the message across to employees and stakeholders and make them accessible.

“ You've got to get the message right and understood by different parts of the organisation ”

“ They have to be simple to understand, relevant to the audience and be seen to be valued by them. ”

“ Making them sort of obvious and accessible I think...conversations I have with our chairman and chief executive are around these sort of values and principles...we work quite hard to help people become aware of them, to understand them, and to remind them. ”

However, the quest for simplicity can result in 'sloganeering' (or at least perceptions of this), made all the more difficult by the fact that there is often little differentiation in organisational values from company to company. Similarly, with larger global organisations that have subsidiaries with strong identities (and therefore values) these need to be broad to apply to a range of companies and individuals with a wide spectrum of beliefs and value judgements.

“ I think we're working hard to try and make people feel aligned to both brand and business, or brand and group, and I think we haven't been successful at that at all times, so I think there's still a way to go for us to achieve that. ”

Having looked at many companies over the last few years, there is a huge similarity between companies' values and that's why it can be difficult to build a

huge amount of differentiation with values, because actually they're generally quite broad themes. But actually by virtue of them being broad they should feel quite relevant to a broad and culturally diverse group of staff... that's the challenge for a global company; how do you get something that resonates right across the world?

Indeed, it is this homogeneity that is a likely cause of some cynicism among employees and the public at large. With this in mind, the message from members is that values need to be believable. The whole objective is to devise concepts that connect with individuals and are motivating for them in their role.

“ *They have to be believable; they have to be written in a way that speaks to them in their lives. They have to be based in reality, and they have to be in a way inspiring.* **”**

“ *Values (need to be) relevant to the people who are either having to live them or equally judging.* **”**

“ *The tricky thing is it to do it in a way that is not superficial or cheesy, but that makes people understand why they matter and how they can contribute.* **”**

Increasingly, corporate reporting (for example annual reports, CR/CSR reporting or customer service reviews) will highlight examples of values not being observed. As such, values become even more salient when they are part the framework used when judgements are made of organisations. This demonstrates the need for an organisation to truly 'live' its values – in being open about and taking action when behaviours don't live up to values:

“ *We report on that openly in our sustainability report about how we deal with situations that are against our business principles and our core values. So no, this is really a very serious matter here.* **”**

Cracking social media

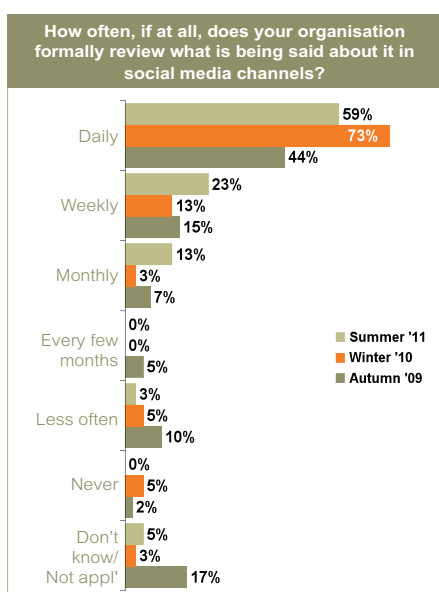
Social media is everywhere, yet the key to engaging with it remains elusive – what are the tips on how best to engage?

Social Media offers a great many opportunities to organisations. At any one time, up to the minute feedback on products, services and advertising is only a few clicks away. As one of our council members surmises:

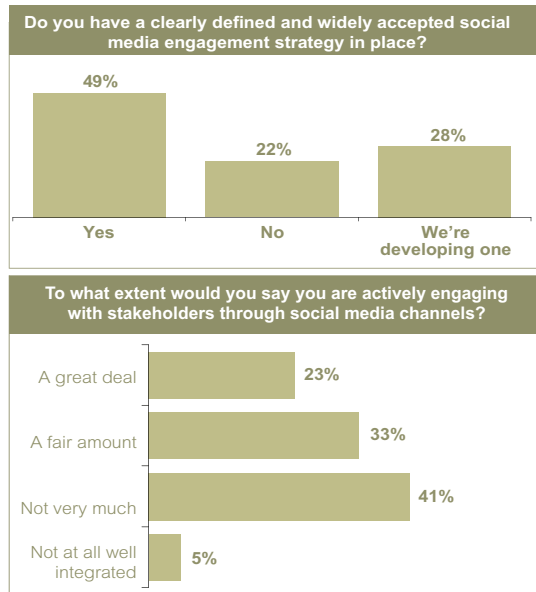
“ The opportunity is to be out there to find out what people are thinking of our strategy and our decisions, and to engage them in dialogue to get that feedback ”

Yet, organisations are less likely to engage in social media on a daily basis than in 2010 (though the proportion reviewing social media channels at least monthly continues to increase each wave). Only about half of Council members feel that their organisation has a clearly defined and widely accepted social media strategy in place, (though a further quarter say a strategy is being developed). This suggests that despite the promise of riches, social media is still an untapped resource in many organisations.

Formally reviewing social media channels & integrating into reputation management



Base: Reputation Council Members, Autumn 2009, (41); Winter 2010, (40), Summer 2011 (40)



Source: Ipsos MORI

Social and digital media create an environment where individuals can be connected instantly. It is an important channel in that it can be the voice of the company. Social media, in a more immediate way, offers any company the opportunity to engage with a variety of stakeholders. However, in order to be seen as a credible voice, an organisation needs to understand the rules and customs of social media channels:

“ Social media [is] another channel for reaching out. It's here to stay but it's very important not to make a kind of fetish or totem out of it - it is just another channel ”

“ It's simply another channel within the mix. [You need] an understanding [of] how people want to interact with you, not just treating [social media] in the same way as you would any other channel, but understanding the specific needs there ”

“ There is huge permission for corporates and brands in social media, and there are norms and practices that have evolved and developed, but you have to have a clear understanding of what is and isn't acceptable, and the role that corporates can play ”

Before engaging with social media, it is crucial to have a suitable strategy in place and determine the desired outcomes to be achieved from social media engagement. As such, a social media engagement strategy requires the same time, planning and resources as any other communications channel. Reaching out to alien audiences without a firm plan, or on an inconsistent basis, could be worse than no engagement.

“ What you've got to do as part of your overall strategy is decide what it is that you want from the social media, and how you want to engage with it, but be very realistic about the time that it will take, and not doing it half-heartedly. ”

“ The social media space is the most wonderful tool for the cash-strapped social organisations, the voices. Vocal advocates can hold [large companies] to task. Sometimes a social media policy is not to allow a social media presence. You have to go into social media because you think it's going to benefit your business - if it's going to damage your business you're not going to the social media space ”

“ A clearly defined well thought through strategy to use social media is important. You need to understand how social media works ”

“ You have to think about where the link is and then really think of the added value that you can offer in social media that you can't offer in customer service channels. Is it just that you want to hit a different target group, or is it different customers that you can't reach through the other channels, or is it because you want to show yourself as being more engaged in both ways, or do you want to use it just as a marketing tool so it's just pushing marketing in a new channel? You really have to think of the purpose and the customer segments before you start doing it ”

“ [A company] engages by first of all understanding the channels its stakeholders use, it can engage credibly by being very open in its engagement through those channels. The only way to overcome those barriers is to engage, to be honest, to actually understand how social media works, to engage in it, and to ensure that - certainly in the early times or parts of social media - the strategy is to engage experts in social media ”

It seems that some organisations are still being cautious about the amount of engagement they do through social media (perhaps because they have yet to devise such a strategy). Only slightly more than half (56%) report, that they actively engage with stakeholders at least a fair amount through social media. Nearly half Council members report that their organisation does not very much or nothing to engage with their stakeholders online.

There are several challenges an organisation has to overcome if it wants to successfully engage in social media. By empowering employees, giving them the right tools and clear behavioural guidelines some of those barriers can be overcome.

“ Main barriers are if you don't have the right organisation, don't have the right process, don't have the right focus, don't have the right resources, because you actually need to devote time, money and people to this ”

“ The main barriers are having clear guidelines for staff on how social media can be used within that company's ethos or code of practice. Be clear on what the company [wants], be clear on what can be done, and then make sure that staff feel empowered to participate ”

Key to credibility is continuous engagement with stakeholders, and one way to build on engagement levels is to be authentic and consistent in your communications approach.

“ You have to be relevant, you have to get your tone right, you have to be consistent in the way that you do it, and you have to make yourself available. You have to realise that it's an open dialogue environment; it's not a marketing environment ”

“ If you look at how you communicate with journalists [it is] sometimes much more as a formal way of communicating, whilst social media is much more an informal conversation. You have to adjust your tone and language for social media in a way that it is applicable to the general [audience], but [in a way that] it doesn't lose the content of the message that you want to get across ”

“ You've got to be consistent and engaged. Constant engagement is important. You need to be really consistent on what you're saying, because you cannot have one message in one forum and be saying or doing something else elsewhere. In many ways [social media engagement] is a shift from traditional marketing messages, it's more about how your customers engage with each other as well, and whether you can contribute or enable those conversations in the right ways, and do so ethically ”

Other key elements for credibility and a successful social media strategy are openness, honesty, transparency and timely response.

“ Mostly it's a cultural challenge in organisations because in the end it is a question about how open you are, how much you're open to respond to challenges [and] to questions. It's a question of your internal culture of communication, which is put under a microscope or a magnifying glass when you look at social media ”

“ You've got to try and be honest and transparent across social media activities, but also across everything you do. Try to be as honest as possible and answer the right questions. Don't just talk about the positives, talk about those areas where [you] don't get things right, and admit in blogs that [you] can do better and [would] like feedback. If you're true to yourself in that respect, and understand what you're trying to get out of the [social] media relationship, then it can come off ”

“ You have to be open and transparent about who you actually are. If you're pretending to be another customer but actually you're in the marketing team, you'll get found out ”

“ Credibility comes down to honesty, transparency and timeliness really as being the key things that organisations need to do ”

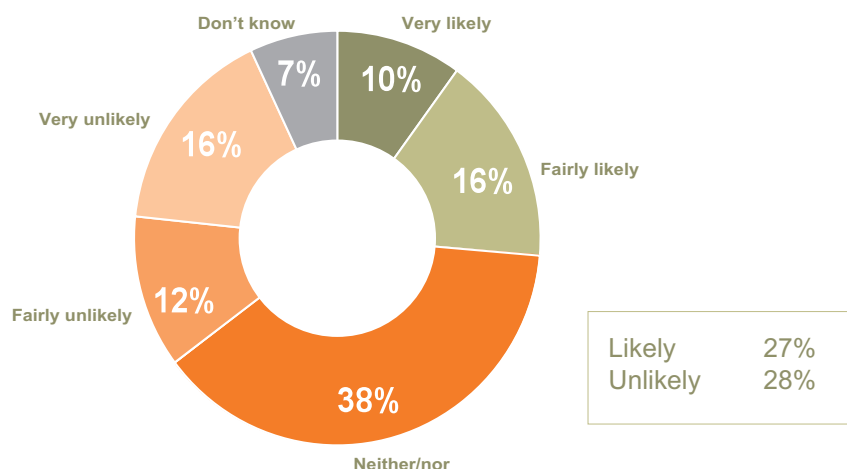
Celebrity endorsement: pros and cons

As our recent article in PR Week showed, sporting icons, movie stars and other famous faces have long been associated with leading global brands as companies strive to increase their brand recognition and sales. But in the same way that a well known celebrity can enhance the lustre and profile of a product, reported misbehaviour in their private lives can potentially damage the reputation of a sponsor. It is not difficult to think of recent high profile celebrity scandals that fall into this category. But do any of these incidents actually lead to a change in purchasing behaviour amongst consumers? And do sponsors really need to worry about what their big name celebrity endorsers are up to?

Ipsos MORI's latest Global @dvisor poll shows that a quarter (26%) of global online citizens say they would consider stopping buying a product if a celebrity that endorses it is reported to be engaging in personal misbehaviour. And a similar proportion (25%) says they have already stopped buying a product for this reason. But while a quarter of the population is clearly a lot of customers to lose, should businesses really be concerned by these figures?

One quarter likely to stop buying product based on celebrity misbehaviour

Q1. To what extent would you consider stopping buying a product if a celebrity that endorses it is reported in the media to be engaging in personal misbehaviour?



Base: Base all respondents (18607)

Source: Ipsos MORI
Global @dvisor

Council members agree that for some companies, in certain sectors, celebrity endorsement is more feasible than for others. For the right brand and the right cause, celebrity endorsement can lead to greater product awareness and can increase attention amongst the target audience.

“ If you’re in a business where you can’t really see or touch [the product] then you need a sort of metaphor for what it is that your [company is] about, and celebrities can be a way of doing that ”

“ I think there are cases where you can find a really great fit between an organisation or a product and an individual, and I think that can often lead to awareness, loyalty and positive perception ”

However, some Council members think that a good product brand should be able to stand on its own merits, rather than benefit from associations with celebrity.

“ I think it’s better if your products speak for themselves. [If] it takes away from the product brand or the corporate brand, and starts to borrow too heavily on somebody else’s brand, that stops building equity in your own brand ”

“ [Celebrity endorsement] can be an expensive way of communicating a message and a lot of people will see through it. If you’ve got a strong enough proposition it should stand up on its own merits rather than needing some dodgy sports star to endorse it ”

There is universal agreement amongst Council members that while close endorsement between a celebrity and a brand can have many positive benefits, it can be costly and can lead to damaging reputational effects if either party is found guilty of misconduct. While negative effects are, in many ways, not thought to be long lasting, celebrities must be chosen with care to lessen the risk:

“ I believe if a celebrity is damaging his or her own reputation, that’s also damaging for the marketing campaign, at least for the specific service or for the overall brand [the celebrity is aligned with] ”

“ Celebrity endorsement is not cheap, and you’ll have wasted the ad which you wanted to air, and you’ve wasted some of the promotional mechanics you want to do as well. Now if the celebrity falls from grace, then you’ve still got all that expense there by and large, which you’ve wasted because you then can’t divert it into something else ”

“ You saw this with Tiger Woods as far as his sponsors go. There are always exceptions, depending on the nature of the relationship you have and the long term nature of it. Everyone makes mistakes and [it depends on] how you handle it, but what you want to do is protect the brand image that you’re trying to put across, and if it becomes clouded [by celebrity misconduct] you’ve got to cut and run ”

“ It’s good for celebrities to become involved for the right reason with brands and yes for sure, if you are too closely associated with a celebrity then when they go down the tube, so [your] reputation is also harmed. However, it is short lived ”

Council members suggest that companies sponsoring celebrities will also be judged by how they deal with celebrities’ misbehaviours.

“ I suppose the judgement would be if [the organisation] hung on like grim death to the sponsorship with [the celebrity] regardless of his behaviours, that’s where you suffer reputational risk- or do you think they over react and walk away too quickly? I think it’s in those judgements that you have the challenge ”

Where some members see more potential is if the celebrity has a credible role in contributing to wider social issues, or better yet, if the organisation receives endorsement from an influential third party organisation, rather than a conventional “celebrity” figure.

“ The other element is not necessarily having the contractual relationship with a celebrity, but getting endorsement from well-known influencers ”

“ It doesn’t happen so much in the UK, but in markets like the US for example, there are some well-known celebrities who have been very outspoken about illnesses, like mental health illnesses, they can help to remove the stigma. I think if [celebrities and influencers] could help raise awareness of difficult topics, then I think that’s fine ”

“ It’s an association with an authoritative voice, so RSPB, WWF, NASA for goodness sake. You’re not dealing with a celebrity but you have an association with an authoritative third party voice. I think that’s very different and I think those have a wonderful opportunity if you work with them to not only improve your brand but actually improve the way you look at your business ”

Reputation Council - Participants, October '11

Company	Name	Title
3i Group plc	Patrick Dunne	Communications Director
Astra Zeneca	Judith Everett	Head of CA Strategy, Brand & Corporate Responsibility
Aviva	Marie Sigsworth	Group Corporate Responsibility Director
Barclays	Howell James	Vice Chairman, Barclays Corporate Affairs
Barings	Ian Pascal	Head of Marketing and Communications
Bentley	Mike Hawes	Worldwide PR Director
BP	David Bickerton	Communications Director
BT	Michael Prescott	Group Corporate Affairs Director
Centrica	Simon Henderson	Director of Corporate Responsibility and Digital Media
Credit Suisse	Gavin Sullivan	Co-Head of Corporate Communications
Danske Bank	Eva Veileborg Hald	Senior Executive Vice President, Corp Comms
Deutsche Telekom	Lars Kindervater	Senior Manager Public Affairs
Diageo	Ian Wright	Corporate Relations Director, Northern Europe
E.ON	Guy Esnouf	Head of Communications
Eurostar	Mary Walsh	Director of Communications
Friends Provident	Peter Timberlake	Head of PR
Heineken	Sean O'Neill	Group Corporate Relations Director
Henkel	Carsten Tilger	Corporate Senior Vice President, Corporate Communications
Hitachi	Hans Daems	Group Public Affairs Officer, EMEA
Home Retail Group	Chris Wermann	Director Corporate Affairs
InBev	Mike Kelly	Senior Corporate Affairs Director, Global & UK
Kraft Foods	Sara Sizer	Director Corporate Affairs Europe
McDonald's	Nick Hindle	Vice President Communications UK and Northern Europe
Network Rail	Duncan Bonfield	Director of External Affairs
O2	Glenn Manoff	Director of Communications, Reputation & Sustainability
Phillips	Gerd Götz	Global Head of Professional and Public Affairs
Prudential plc	Miles Celic	Head - International Public Affairs
PWC	Mike Davies	Global Director Communications
Qinetiq	Nicola Marsden	Group Communications Director
Raytheon	Nick West	Communications Director
Reed Elsevier	Patrick Kerr	Director of Corporate Communications
Rolls-Royce	Josh Rosenstock	Director of External Communications
Sanofi-Aventis	Ian Weatherhead	Communications Director
Shell	Bert Regeer	Head of Global Communications
TATA Consulting	Abhinav Kumar	Director & Chief comms office, Europe
Telefonica Europe	David Nicholas	Director of Communications
Tetrapak	Rupert Maitland	Environment & External Affairs Director
Visa Europe	Daphne Luchtenberg	Head of Reputation Management

Two Reputation Council members asked not to be identified.

FURTHER INFORMATION

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