

IPSOS MORI'S  
REPUTATION COUNCIL



Council Feedback | May 2012

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# **INSIGHT IDEAS**

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## **REPUTATION COUNCIL FINDINGS, WAVE SIX**

The Reputation Council brings together some of Europe's most senior corporate communicators.

Set up by Ipsos MORI's Reputation Centre in 2009, the Reputation Council's regular feedback sessions provide rich insights into the theory and application of reputation management. Our reports are the definitive guide to the latest thinking and practice in the corporate communications world.

In the sixth sitting of Ipsos MORI's Reputation Council, we have invited senior communications professionals from Latin America to take part, giving us a more global perspective on key reputational issues. We will be expanding the Reputation Council into the US for the following wave but two senior US communicators were very interested in participating in this wave.

This wave of research investigates the successes and frustrations of working in reputation management, giving a multi-national company a more local feel, the value of corporate advertising, the continued influence of social media and attempts to uncover what makes an ideal communications professional.

**Milorad Ajder**  
**Managing Director, Reputation Centre**  
milorad.ajder@ipsos.com

**Martin Kane**  
**Reputation Council Manager**  
martin.kane@ipsos.com

## Summary of Main Findings

- Corporate communicators are, to some extent, winning the argument that a good reputation has a positive impact on the bottom line. But there is still some work to be done here, as senior management in a third of Council members' organisations sometimes doubt the link
- Many Council members also report difficulties in proving the value of reputation to senior management and convincing colleagues that there is a link between what the communications function does and the company's overall reputation
- There are positives for corporate communicators to build on though. Almost all of our experts believe that companies will continue to invest in reputation management and corporate responsibility despite the tough economic climate. This suggests that both are seen as integral to the effective functioning of a business
- Communications professionals should also take heart from the reputation management success stories Council members have shared with us, where both short term initiatives and longer term programmes have delivered tangible business benefits. Many Council members believe that the case for reputation management needs to be framed in bottom line terms, but there is also a role for narratives which highlight good – and bad – examples. Indeed some of our Council members employ cautionary tales of the fate of companies who have neglected their reputations
- One of the thornier issues in the field of reputation management for multinational companies is how to balance global and local requirements. Our experts are in agreement about the need to establish a corporate presence which reflects and respects the local context. But opinion is more divided on the extent to which communications should be centralised. Ultimately this comes down to the culture and needs of an individual company
- Corporate advertising is another issue where opinions differ. Some Council members think that it can deliver huge benefits to companies in the right circumstances (and where executed properly). Others query the expense involved and the danger of being drowned out in a crowded media landscape
- We see more consensus around the issue of social media – it is here to stay. Most of our Council members believe it can impact upon reputation – although some also feel that companies can take criticism in social media too seriously. Is the social media bubble starting to burst? It may be that we are entering a phase where companies are starting to treat social media as they would any other communications channel. We will continue to monitor this issue in future sittings of the Reputation Council.

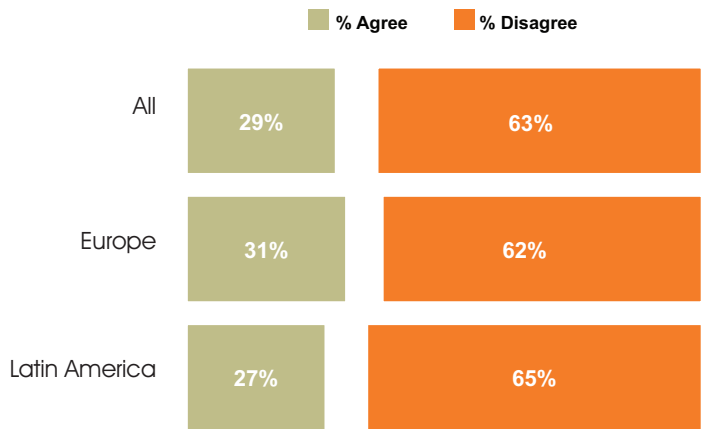
# 1. THE VALUE OF REPUTATION MANAGEMENT

*There is still work to be done in demonstrating the value of reputation throughout the business. But investment in reputation management looks set to continue, despite tough economic times and Council members can point to a number of success stories*

The good news for corporate communicators is that a high proportion of senior management appear to understand the impact a good reputation can have on the bottom line. Almost two-thirds of our Council members feel that their organisation's management team don't doubt that a good reputation can bring bottom line benefits. But this leaves one-third who are more sceptical, highlighting that there is still some work to be done to make the case for reputation.

***Greater belief that senior management understand the link between reputation and bottom line***

Do you agree or disagree that in my company, senior management sometimes doubt the impact a good reputation can have on the bottom line?



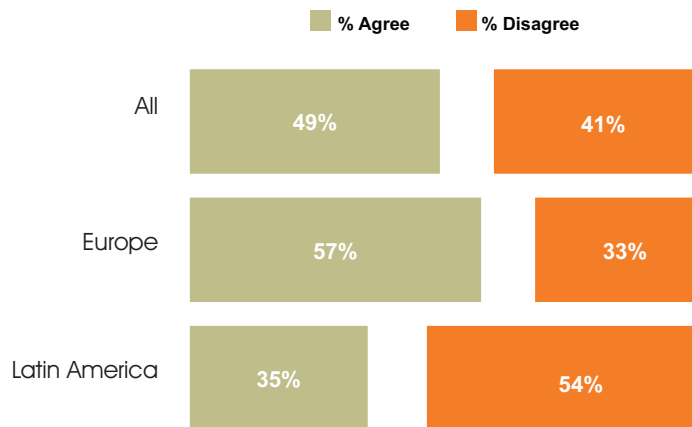
Base: Reputation Council Members, 2012 (70), Europe (42) and Latin America (26)

Source: Ipsos MORI

And actually demonstrating the value of reputation management to senior management remains problematic. The challenge seems much greater in Europe, where almost three in five Council members agree that proving the benefit and value is difficult. Senior managers in Latin America appear to be more receptive – only one third of Council members there feel that proving the value of reputation is tricky.

***Proving the value remains a challenge in a number of organisations – particularly in Europe***

**Do you agree or disagree that it can be difficult to prove the value of reputation management to senior management?**



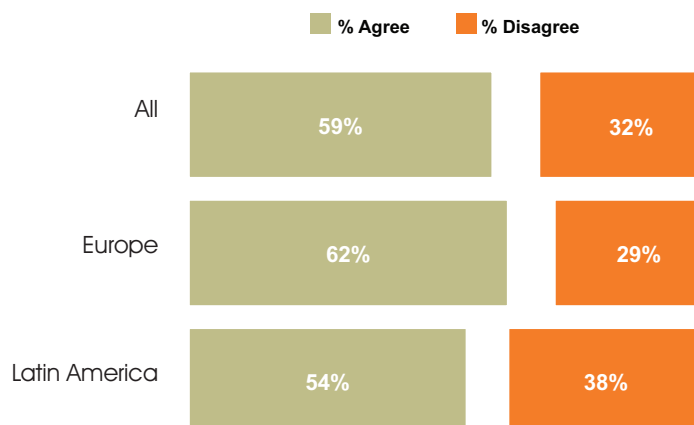
Base: Reputation Council Members, 2012 (70), Europe (42) and Latin America (26)

Source: Ipsos MORI

Additionally colleagues in other parts of the organisation need convincing about the impact of the communications function. In both Europe and Latin America, more than half of Council Members agree that colleagues do not always see the link between their activities and the company's overall reputation.

## Many colleagues still don't understand the link between activities and company reputation

Do you agree or disagree that colleagues in other parts of the company do not always see the link between our activities and the company's overall reputation?



Base: Reputation Council Members, 2012 (70), Europe (42) and Latin America (26)

Source: Ipsos MORI

## Making the case for reputation management

So what can be done to demonstrate the value of reputation management to senior management and beyond? Our Council members suggest a number of approaches. Producing clear metrics (that management understands), showing how a strong reputation can underpin and influence strategy, and explaining the potential pitfalls of not effectively managing reputation are all mentioned. But it's talking in terms of bottom line benefits that receives the most recommendations:

“ People are driven by bottom line ”

“ We've certainly done work to really help create a link between the P&L, the bottom line and reputation. In fact we're doing a lot of work on that in the months ahead. We've actually developed a reputation capability programme for our senior people, particularly commercial people and a part of that is helping them understand and make the connection between profitability and reputation ”

“ There is a big job to be done to demonstrate success and how reputation has actually delivered on the bottom line. There is a huge internal communications requirement, an imperative, to promote the reputation agenda and to educate everybody across the company about how important it is to have a strong reputation and be understood for what we stand for and where we are going ”



Part of this is about using language and metrics that senior management understands and accepts:

“ It has to be evidence based. We have to move away from the woolliness and we have to make sure we start using the language that the business understands. I work in FMCG, we need to look at return on investment numbers, the sort of financial crunchy stuff that they will understand ”

“ The result of the activity needs to be played in terms which are simple and easy to understand...it needs to be much, much simpler terms – no jargon ”

Demonstrating how reputation management can support corporate strategy is another key line of engagement suggested:

“ We have to align ourselves to the strategy of the corporation as a whole and we have to show how we support that strategy and how in so doing we actually grow and develop our business. We have to have an impact in some way on the actual business results and be clearly aligned to the strategy ”

“ The key thing we try and do is have a clear strategy and a clear understanding of what it is we are actually trying to achieve for the business. We do a number of reports against that strategy, we use a number of methods to check the progress of that strategy, but the key thing we do is we sit down with our Board and talk through it and progress against it on a regular basis ”

Building relationships throughout the organisation by working with the processes and metrics of different functions is also seen as key. The communications function needs to ensure that its networks and profile allow it to, as one member puts it, ‘dine at the same table as everyone else’:

“ It comes down to taking a fully joined up approach - you need to be working with business development, strategy, government relations. You need to be with the HR organisation, you need to be with the engineering manufacturing organisations and you need to be really dining at the same table as everybody else ”

“ The [communications] function helps to fully engage with all the business processes. It should be involved in the budget setting process, it should be involved in the sales process, it should be involved in the promotional process. It should operate to the same timings and to the same protocols as the rest of the organisation ”

“ Break down reputation into stakeholders; when you talk about reputation with customers, you work with your sales teams to ensure you use metrics which add value to their part of the business as well. In many ways you have to bring together a coalition of people that have an interest. If you just talk about a very high level concept of reputation as being something that affects your share price performance, well actually most people, even at senior levels within a business, do not manage the share price ”

Some of our experts suggest using the failures of other companies to make the case for managing reputation effectively:

“ I try to pick on examples even if they are outside my own company, there is always something going on, to illustrate the cost of not managing an issue well and the impact it can have on reputation, and we can all think of them, so I try to keep that on the table ”

“ We have seen in the recent past lots of examples of companies that have struggled because they haven't handled things particularly well. And some of those businesses are no longer with us, so I think there are some quite stark examples of companies that have got it very badly wrong, and there are also some examples of companies that got it wrong but have then put it right and rebuilt some level of trust ”

## Success stories in reputation management

Despite all of the difficulties outlined above, Council members are able to give many examples of where their work has made a difference. The illustrations provided fall into two broad categories - specific interventions that have created a new opportunity or helped resolve a particular issue and broader, strategic work that has changed stakeholder perceptions over a longer period of time.

Looking at individual interventions first, a number of Council members point to one off, targeted actions which have benefited the business:

“ I accelerated a decision that the company was taking, and rushed it into the media in such a way that it had a serious positive impact on government policy in our interest ”

“ How I have managed a couple of crisis issues - that has made a real difference. We have had problems in a couple of marketplaces around the world where I have gone and worked on the ground to deal with the situation and put a recovery plan in place. Those are the situations where the Board and senior management really prick up their ears and pay attention. Those are particular issues and circumstances where there was a great deal of focus on how you are operating ”

“ Last year was the first year we went to the World Economic Forum and joined as an industry partner and got our CEO there in Davos this year. It is like a country club of Chairmen and CEOs and it has been something that has been very very valuable to our business. It is selecting the right networking opportunity ”

Sometimes a single well-timed action can help to shift stakeholder perceptions.

**“** We invited a senior Cabinet minister to come and spend time with the business so they could understand it from the inside, as opposed to endless comments from the outside without really knowing. And the end result was that they were then in front of a committee of fellow MPs and they talked very warmly, very positively, about what they had witnessed and how that had strengthened their belief that this was a good business doing good things **”**

**“** I think an example is last year's participation at a fair where we showed the company in a way that the people could perceive the fascination of it, which is complicated given the kind of product we offer **”**

Several examples illustrate a direct link between tactical communications and company profitability. For instance, one member describes a particular piece of research that saved their company “literally hundreds of millions of pounds over the coming years”, by persuading policy makers to take a “more nuanced and constructive position” towards an issue:

**“** That is one of those moments when you can point to what you have achieved and certainly in my line of work one of those relatively rare occasions when you can say 'Here is a number that because of what we've achieved, here is a direct number that represents the saving that we have made to the bottom line of the company **”**

**“** I know that at least once in the last couple of years I have helped precipitate a deal which has saved this company £500m...it was my recommendation to the CEO that he took a certain course of action and the CEO came back to me, he made it very, very clear to me that it was an excellent call and that it had dramatically changed the perceptions of the key players. I didn't create the deal, I didn't create the circumstances in which the deal was done, I just helped to do something which dramatically shifted the perception of the need for this deal into a place where it went from being a possibility to being a definite probability **”**

While the pay-off for some interventions is immediate, ongoing communications campaigns can pay dividends in the long-term. Council members give some illustrations of this:

**“** We do quite a bit of work with institutional investors...we meet with them, we talk to them about what we are doing and why we are doing it and how we think the environmental, social and governance considerations that we focus on through our CR programme are important and what we are doing. And we see results in things like the stocks index, the FTSE for Good, all the various ratings indices **”**

“ Changing the perception of somebody who is clearly influential - a journalist, or somebody who may have been lukewarm or critical in a negative sense, towards the organisation - if over a period of time and with a lot of effort turn them round so they become an advocate for your organisation. If that is achieved that is appreciated, it is visible, if a particular person used to write this, he now writes that, and you know because you have met this person that they are intelligent and that what they write people believe ”

One member questioned the value of what he described as the “ongoing stuff”:

“ Quite frankly the stuff that really gets us noticed and really does affect change and reputation, either internally or externally, is when you have to go over and above the everyday crap, so the question for us professionals is why do we set up ongoing stuff that sometimes doesn't feel like it is moving the needle at all, and how can we make sure that we focus our resource on the big stuff and try to limit everyday stuff? We think to ourselves it is really important and probably some of it is, but is all of it really important because it is a resource strain and when you look at things like advocacy scores, does it really drive that? ”

The key here for many Council members is measuring the impact of activities:

“ We should have a budget at the end of the year to measure what has been done in reputation. If you don't measure it, you can't know if you have done good, bad or regular ”

Some Council members are able to point with pride to their success in demonstrating to the rest of the business the value of their work:

“ I feel that the greatest pride that we may have as a team is that this isn't any more a “nice to have”, but something that the company must have ”

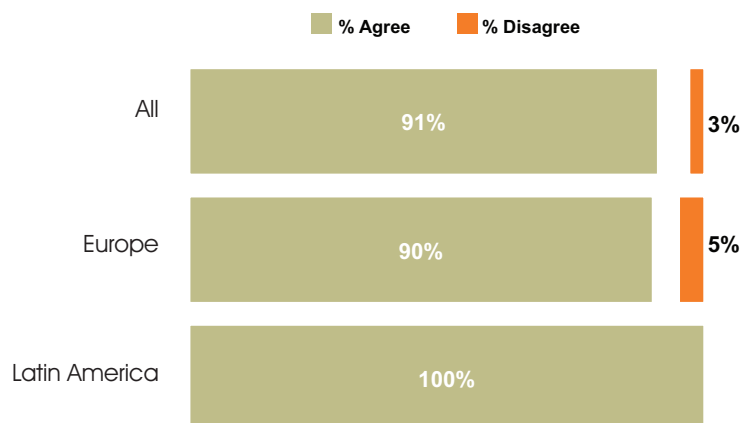
“ I don't think the CEO realised what effect non-financial issues have on particular initiatives and projects for the business, trying to get away from a business perspective The one thing that we have done is try and make the CR approach very commercial on certain issues and work with business colleagues to demonstrate the importance of managing non-financial issues to get away certain projects...Bringing people round to understanding that has been our biggest success ”

## Reputation management in tough times

The difficult economic climate continues to be at the forefront of Council members' minds. Whatever the challenges may be in proving the value of reputation management to the rest of the business, almost all (91%) are in agreement that companies will continue to invest in this area. Indeed Council members from Latin America were unanimous on this point.

### ***Consensus that reputation management should not be overlooked even in a tough economic climate***

**Do you agree or disagree that given the current economic challenges companies will continue to invest in reputation management?**



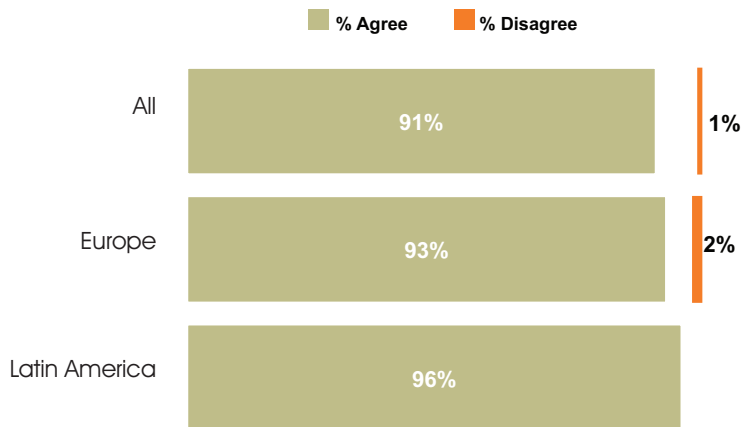
Base: Reputation Council Members, 2012 (70), Europe (42) and Latin America (26)

Source: Ipsos MORI

Corporate social responsibility, another key issue concerning Council members when we last interviewed them in October 2011, also remains high on the agenda. Again a very large majority (91%) agree that companies will continue to invest in this area despite current economic challenges.

**Corporate Responsibility is integral to reputation management**

Do you agree or disagree that given the current economic challenges companies will also continue to invest in corporate responsibility?

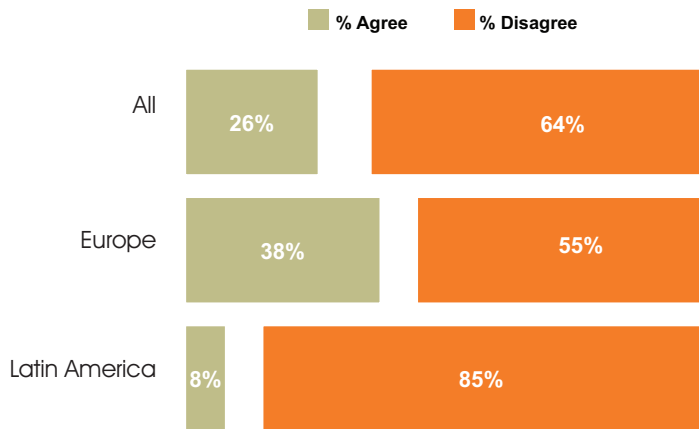


Base: Reputation Council Members, 2012 (70), Europe (42) and Latin America (26) Source: Ipsos MORI

We see less of a consensus around environmental issues, although a clear majority (64%) disagree with the suggestion that environmental concerns will be less important during tough times. There is a clear regional difference in the findings though, with 85% of members from Latin America disagreeing compared to only 55% of European members. This is potentially opening European companies up to reputational risk; the sustainability of a business is a key reputational issue and can quickly damage a company’s reputation if not carefully monitored.

**Environmental concerns will continue to be important, but there are clear regional differences**

Do you agree or disagree that given the current economic challenges environmental concerns will be of less importance?



Base: Reputation Council Members, 2012 (70), Europe (42) and Latin America (26) Source: Ipsos MORI

A number of Council members fear shrinking budgets, with two in five Council members believing that their department might be vulnerable to cuts - a view shared in both Latin America and Europe. That said, an equal proportion appear to see light at the end of the economic tunnel, and do not perceive their budget to be at risk in the foreseeable future.

***A significant proportion of Council Members feel that corporate communications is vulnerable to budget cuts***

**How vulnerable to budget cuts, relative to other functions, do you feel corporate communications is in the current economic environment?**



Base: Reputation Council Members, 2012 (70), Europe (42) and Latin America (26)

Source: Ipsos MORI

Overall, almost all of our communications experts believe companies will continue to invest in reputation management and corporate responsibility despite the economic challenges. This suggests that both are integral to the effective functioning of a business. In this respect, at least, the case for reputation management has been won.

## 2. REPUTATION – BY ANY OTHER NAME?

### **Communications experts generally use the concept of reputation in their internal discussions, with trust and brand the other alternatives used**

Using the language of business is a recurring theme in our research among communications experts. But what words do Council members use to describe *their* business? We found that the majority simply use the term 'reputation.' This is seen to be simple and instinctively easy to understand. In many cases, a number of components are used to measure perceptions and performance, but reputation is the overarching concept.

“ Reputation is what we seek to enhance and to protect and that is the word we would use ”

“ Yes we call it reputation. We have set up a reputation group to actually look at how we can better pull together a number of reputation drivers from across the group. Whether that carries on now going forward, but reputation is very much the proxy we use ”

“ Our mission statement for corporate communications is that we build and protect the reputation of our company. There is a terrible habit in our profession, every 2 or 3 years, to have a lot of new concepts to keep advisors busy or have something new to write about in our trade publications. But reputation is a pretty good concept and I want to continue using it ”

“ Reputation is used. We talk about championing our belief, in terms of trying to make it more unique as opposed to a generic thought about and reputation. We talk a lot about impact of advocacy and that is kind of a new way we are very much thinking about things. Reputation broadly hangs around it, in fact we now have a function that is headed up by a Vice-President of Reputation Strategy and Planning, so it is now embedded in organisational structure, in a way that it hasn't been ever before ”

Trust is the second most commonly used term – although it often used in conjunction with the concept of reputation, rather than displacing it:

“ We use the word reputation directly because people understand instinctively what it is. It does what it says on the tin. I use trust in some regards, it depends on the subject. At the moment I am using it because I am relating to price. When the main issue was environment it was less one of trust. So at the moment I am using it but it is about our reputation and trust would often be the second term I use, not the first one ”



“ We talk about rebuilding trust and we recognise that it's a reputational issue. We also think that trust is built through a range of different criteria, so your trust will increase if people feel they are being well served. So reputation is around everything you do, trust will be one part of it ”

“ We talk about reputation a lot. Trust is an issue that we discuss also, whether you say one is a subset of the other, or whether you say one informs the other, it is clear there is a link. As a business, as we see it, you can certainly have a reputation, good or bad, and not have trust ”

A number of Council members frame discussions in terms of brand and brand health:

“ Brand is a word we use, building the corporate brand. Responsible business, corporate responsibility is one of the other proxies that get used here. If we are talking about different activity we do tend to talk about the activity in its specific elements. If I was talking about our corporate brand I would talk about the corporate brand as opposed to the reputation building activity and for me the reputation building activity is actually the outcome of what we do ”

“ We actually measure our brand, I guess, we talk about our brand health, so that would be a proxy for reputation, to some degree. I suppose trust to an extent...trust is a big thing for us ”

“ What I do see is the words brand and reputation getting closer and more strongly interlinked and I guess some people are not sure anymore exactly what the difference is. So where brand used to be, in our company, much more linked to the retail operation, it is now much more linked also to the corporate reputation and that is good, because brand is now much more being seen as an overall think for the company, but that brings it much closer to reputation ”

### 3. REPUTATION MANAGEMENT IN PRACTICE: THINKING LOCALLY IN A GLOBAL MARKETPLACE

**Council members are in agreement about the need for multi-nationals to establish a local presence. But opinion is divided as to how centralised corporate communications should be**

Communications professionals working for multi-national companies face the challenge of managing reputation simultaneously at a global and a local level. But how do companies achieve the right blend of the global and the local?

Council members advise flexibility in applying corporate values, so that these can be shaped by the local context. This requires not only a degree of cultural sensitivity but also the ability of staff and senior management to make decisions at a local level that are in tune with that community.

“ You have to adapt yourself to the local environment, you have to adjust your tone of voice to the local environment. You have to be culturally aware. Your communication has to reflect the environment in which you are operating and there is absolutely no harm in being a Belgian or Italian version of your multi-national business ”

“ A multinational has to make sure that the values or whatever it is it stands for are relevant, and they can be tailored locally ”

“ Despite being a multinational, continue to consider the local values of the company; in other words, how the company is recognized, if it has a tradition in the country, what reputation it has and how to value more the local issues over the issues that it brings as a multi-national ”

Multi-national companies can integrate themselves into local communities in a variety of ways. Examples given were employing local people, supporting local customers and stakeholders and engaging locally with other businesses and key stakeholders. All of this can enable businesses to demonstrate their value to that particular community.

“ On the one hand you are really a multinational but we work with local people on the ground and local people have the culture, they speak the language and they are part of countries and of communities ”

“ Local engagement. You would have to look at what the project is, it is engagement with all the different communities, from the local community through to the political stakeholders, media stakeholders, other businesses, supply chain, it is everything ”

In Latin America in particular, Council members emphasise how vital communication and dialogue with the local community are to a multi-national company's success in overseas markets.

*“ Dialogue and bonds with local players; it should be introduced to society. We must get involved in discussions and local actions ”*

*“ 1. To be connected to business chambers. 2. To interact with NGOs. 3. To have contact with the local communities where the company has plants. In this point it is important to have dialogue with neighbour councils to generate an open dialogue. 4. To have a direct line with the people through a phone, twitter, Facebook or e-mail. These are immediate media and they adjust to current time demands ”*

Community relations are seen to be another important part of the jigsaw. Whether this involves supporting local charities, maximising local investment or giving back to the local community in another way, this can all give local people trust and confidence in a business. This is another example of the role corporate social responsibility can play in effective reputation management.

*“ From a community perspective we often do employee community programmes where the entire team in a local country will choose an initiative that matters to them in their local community and then the office will close for a day and they will actually spend their time for a day delivering a particular charity programme, literally rolling up sleeves and doing restoration work, manual work, whatever it might be. We find it's particularly important for employees to engage with community activities because if it's something that's mandated centrally they just can't connect with it or feel involved and passionate about it ”*

*“ I think it's about having our agents and our employees involved in local organisations, and being able to support them, and we are really going to substantially increase our matching gift programme, so that it is clear that we really support the activities of our employees in the community ”*

*“ By being a good employer, and by maximising its local spending as opposed to sourcing a lot of products from outside. Contributing to the community involuntarily, in line with the community's expectations, sponsoring things or whatever makes sense ”*

Arguably the common theme which underpins all of these comments is that multi-national companies need think of themselves as a local business in each market. Respecting local values and embedding themselves in the community should enhance their reputation both locally and globally.

*“ It has to forget it's a multi-national. The first thing it should make sure is that its decision makers are part of the culture. So know that you are making decisions that are culturally in tune with the environment it is in, and that usually means local management wherever possible ”*

## Communications – centrally managed or locally delegated?

If reputation needs to be maintained on a country by country basis, what implications does this have for how communications are managed? The diversity of views among Council members suggests that there isn't one right answer to this question.

Some of our Council members feel that centralisation is the most effective approach as this ensures a consistent message and limits the risk of a market or subsidiary diluting or misinterpreting a communications plan. Others feel that a centralised communications team can't possibly develop a one size fits all global message suitable for every market, and that head office should maintain a light touch. Ultimately, the decision is dependent on the business – and what suits one, might not work in another. The key is striking an acceptable balance between keeping on-message, but adapting it for local use.

“ I am a firm believer in the centralised model. If you start to fragment the management of your reputation you just will not have consistency, I have seen it time and time again in other places and you need to have strong control over the brand, culture, reputation and values of an organisation in order to ensure that the organisation speaks and acts with one voice ”

“ It is important to have people who are aligned with individual businesses, but I think you have to have a central communications team because only then can you pick up the corporate reputation issues as well as the individual business issues, all of those have an impact on certain audiences ”

“ I think if you have decentralised control then you can end up with mixed messages and inconsistency which is the beginning of the end. It is OK if you are an international concern to have some independence regionally or internationally but in the end you have to have someone who has the absolute right of veto or the authority to order something to be done or prevent it being done and who has to have visibility across the piece ”

Those Council Members in favour of a less centralised approach highlight the differences (some large, some subtle) that often exist between markets.

“ Communication through headquarters doesn't work – it should be handled locally, particularly in a country like Peru that is so distinct. Peru generally escapes from typical communication guidelines of headquarters – and I believe that you have to handle it locally. There is generally guidance from head office that is going to be common for all the countries, but only as a guide. They can give a framework for action, but the day-to-day communication, and how you handle it in Peru, should basically be a local matter. If not, I believe you are condemned to fail ”

“ We live in a world where there are massively different cultures, very often different environments in which communications are done. It is impossible for the centre to understand that fully. In order to get the best results you need an overlay of a group approach, but you need to be empowering the people on the ground to actually deliver that, within their own context so it makes sense it is most effective ”

But however devolved a company might be in its approach to its communications, there is the sense that there must be some form of central oversight:

“ As a corporate, we have a strong narrative that plays out wherever you are, so there is an overall message – this is what it feels like, but something that’s been adjusted to make sure we are doing it in a way that is sympathetic to local context cultures. The story won’t be exactly the same in every market, or the way we tell the story won’t be exactly the same in every market. You tailor the corporate narrative that takes into account the regional and local context ”

“ In a global perspective I think there isn’t one size fits all, to be quite honest with you. The most important thing is to be able to use the talent of your people and local impact and local knowledge, however you do need a certain amount of coordination with the centre, to ensure that you’re actually, that the job is being done properly ”

“ They would have to be managed in the context of having a clear overall guiding principle from the centre and a light touch, with effective engagement from the centre. You can’t just have a free for all ”

“ There needs to be one central aligning function, but it is important that people are based as close to the business they are working with most as possible. I don’t think it works terribly well when it is a very fragmented model with no central function. It is very important that communications has a strong functional centre and the colleagues who are deployed further away from that central function need to have dotted lines into that central function ”

Ultimately, the decision rests on the specific needs and culture of an individual company. Many Council members feel there is no right or wrong answer to this question:

“ It’s a difficult one! There isn’t one uniform answer to this. It depends so much on the local situation - the quality of local management, local communication - it really depends on the best organisation for the best situation ”

“ It depends very much on the organisation and where that organisation is. If organisations have got quite sophisticated communications functions, and it is better understood, then you can have a light touch. But if it is not then it needs to be more centralised and a firmer hand. It just depends where the organisation is in its evolving and its understanding of comms. You have to have a different model for each company ”

“ It depends what sort of business you are, what you need to do. The more homogenised your business and your brand, the more centralised and homogenised your communications needs to be ”

## 4. CORPORATE ADVERTISING AND MARKETING

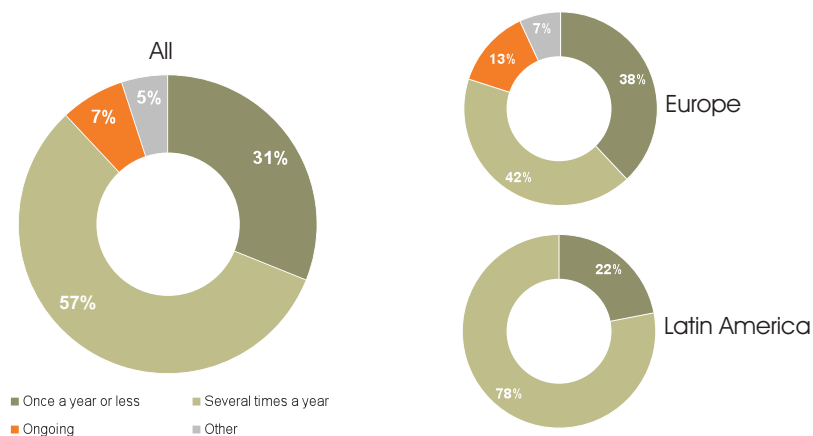
### ***Some Council members are keen to stress the benefits of corporate advertising but for others the expense is difficult to justify***

What place does corporate advertising have in the communications mix? Its use among Council members' organisations is widespread, but not universal. Overall, three in five (62%) of Council members organisations use corporate advertising. The proportion is higher in Latin America than Europe (73% vs. 55%).

Of those organisations that use corporate advertising, most run campaigns several times a year or more. While European companies are more likely than Latin American counterparts to advertise as a one-off, they are also more likely to run an ongoing campaign (13% versus no Council members in Latin America).

### ***The majority of those running corporate advertising do so more than once a year***

**And how frequently do you typically run corporate advertising?**



Base: Reputation Council Members whose company runs corporate advertising, 2012 (42), Europe (24) and Latin America (18)

Opinion is divided as to the value of corporate advertising. While many members can see a number of potential benefits, some are unconvinced.

Proponents of corporate advertising point to the role it can play in building awareness and understanding of a company and what it stands for (beyond its products):

*“ It is very high profile, it's wide reaching, a sort of big bang approach ”*

*“ It helps build the brand and the more generic values of the brand, rather than the particular product or service aspects of it. It helps build the reputation of what the brand corporately stands for ”*

*“ It helps to portray the brand and what the brand promises and it helps to integrate the individual product brands into one overall brand, if you like. So that is one of the main advantages and the other is that in particular governments are big customers of ours, as well as private organisations, and so in some countries you have to really promote the brand to ensure that governments understand who you are and so on ”*

Corporate advertising can be particularly beneficial if an organisation has been through a period of change, or is trying to diversify its business offering:

*“ It's to create awareness and understanding of what our business is, what we stand for in our more significant markets. As a company we are still very much identified with the company producing TVs whilst this is increasingly less the case, we just want to get a message out there about the company... So we will talk about the cost benefits which some IT solutions have given to our customers and ultimately we also create benefits in terms of society because they will produce less CO2 emissions. It is about linking the product back to the core corporate values and making that link more explicit ”*

*“ If you are establishing a brand then there is definitely something to be said for it. If you are going through major change where your customer base may not be clear, if you are struggling to get across what you stand for, it can be useful ”*

Some Council members point to the internal benefits of corporate advertising. It can motivate staff and demonstrate to them the core values of the business:

*“ There are positive repercussions internally because employees are proud when they see their own company being out there in the marketplace. Advertising is something that doesn't only appeal to outsiders, but also to employees and gives them some pride and recognition when they see their company present in the market place ”*

*“ It does two things. It keeps the brand in front of our customers, and our value chain partners and retailers. What it also does, which is quite important, is sets out to people in the organisation how we portray our company outside. If you don't do advertising you can have every management presentation in the world and people won't get it, but if you stick a picture out there with what we stand for in terms of benefits, at least it gives visual identity to what we do ”*

However one of the key reservations about corporate advertising is its cost:

“ I am pretty mixed on it. At some point it can have value in terms of raising awareness, but it has to tie into something that people can do. If there is an action associated with corporate advertising, in some ways driving action not advocacy then it is fine. Other than that it's a very expensive way to spend your marketing budget ”

“ Corporate advertising, although very expensive, is one of the tools we have in the whole communication mix. All the surveys show that it has its impact as long as you do it in a very good way, and this is telling in an emotional way and a very short way, a story or a combination of words and pictures - that is what corporate advertising is doing, some people are very sceptical about it and think only product advertising is working. Corporate advertising is working as well ”

As with any advertising, effective execution is required to reap the benefits of corporate campaigns:

“ It depends what you want to do with it. HSBC did fantastic work with establishing a unified brand identity globally, by doing on the face of it very simple things, such as the advertising they have at airports or elsewhere. They associated themselves with a particular set of values and a particular perception that has stood them in good stead - there is a clear advantage there. When you look at Shell where they very much looked at their marketing and their advertising, with a thought leadership angle to it and have done that very well. So if there is a clear strategic purpose and objective to the advertising and the marketing you are doing then you can make it work ”

Sceptics of corporate advertising question its impact in a crowded media landscape:

“ I am not a great fan of it - I tend to think probably much more tactically and operationally that the benefits are pretty limited. You have to have a very specific goal in mind - often it can be background noise and people don't even notice it. We spend very little on it and what we do is for very specific reasons with very targeted stakeholder groups, but in day to day operations it is not something we do much of ”

“ I guess there is a value to it but there is so much noise out there that the effect is limited and you can't depend solely on that, you need it combined with all the other communication channels ”

“ In my own company I see very limited benefit and I don't think we should do it. I think it depends on what your objective is and how you think advertising can help you resolve that objective. I am not a huge fan of it though ”

As this final comment suggests, getting the objectives and execution right is key to justifying the expense of corporate advertising.



## Should marketing and communications be integrated?

The relationship between marketing and communications is a perennial theme for both functions, but one which has been thrown into sharper relief by the advent of social media.

In light of this, we were interested to see what our communications experts thought about integrating marketing and communications. While some can see the benefits and synergies that an integrated function might offer, there is a lot of resistance to such an idea. Only a minority of Council members are in favour of integrating the two functions:

*“ I have been a firm advocate of integrated marketing/comms most of my professional life. It has to work that way in this day and age. You play to different skill sets in a much more coordinated way. You provide value, particularly when there aren't big budgets to be spent. You start to really underpin the value of what PR and communications delivers ”*

*“ I think we are working hard to do that. Because a lot of our reputation issues are in the product and service and customer service areas, marketing needs to understand that. The more we can integrate in terms of our messaging and that sort of thing, and also the marketing team can play a very strong part in arresting any decline in reputation through strategically placed communications. Consumer communication as well as all the other stakeholder communications, maybe corporate affairs would have done, have to be aligned. That is what we are trying to do at the moment ”*

*“ Yes. The two disciplines massively overlap and support each other and there are huge synergies on offer so we all need to be more joined-up and integrated. It is something I am quite in favour of ”*

But most Council members feel that the two functions should remain separate from each other. In some cases, the communications team acts as an independent adviser to marketing – an impartiality that would be lost were they to merge. Others feel that the two departments are simply too different – that marketing's role is to sell, while communications manages reputation. There is also a fear that budget would be lost from communications were the two divisions to merge.

*“ No, I think they are doing different things. We are very closely linked to our marketing team but one of our roles is to manage our marketing code, and the point of our involvement is to be an independent third party with a voice that says “Hang on a minute, this is what the outside world will think of this”. So if we were more integrated we wouldn't have that independence of thought ”*

*“ I think we have very different roles to deliver on and the reality is they are done at different speeds, different people, different skill sets. There is an overlap, which is about the management of the corporate brand and the corporate brand reputation, but fundamentally I would keep them separate ”*

“ No, because PR and corporate communications will always be the poor relation if it becomes part of the marketing function, because of budgets, it really all comes down to budgets, so that's one part of it. The other part of it is that corporate communications should not just be seen as an extension of the sales process, of meeting the immediate sales objectives ”

While integration is not the answer for most, many Council members feel that the two disciplines need to work better together:

“ The most important element is not who reports to who, the most important element is what you have in any successful business across many different functions; joined-up thinking, joined-up approaches and constructive ways of working ”

“ I support working closely with marketing but if anything I would be the other way round. I think there has to be very close working with marketing but marketing needs to use much more of a corporate platform in many companies than they currently do. They can't run as a separate silo. They need to be much more aligned but I don't subscribe to the view that it should be integrated within marketing at all - I am as much against it as I could be - with the strong caveat that they need to be very closely aligned ”

## 5. SOCIAL MEDIA – HERE TO STAY

**Most Council members feel discussions in social media can impact on reputation. But some also believe that companies can take criticisms in social media too seriously**

As we found in the last Reputation Council Report, members are convinced that social media is a communications channel which is here to stay. As one Council member put it: “It’s like trying to un-invent the nuclear bomb”. Driven by individuals who embrace the possibilities of virtual communications, social networks are seen to have become more engrained in people’s lives.

“ People have tasted the potency of being able to communicate [online] to quite a wide audience with their own personal views and opinions it is something that they’re not likely to stop doing. They like it, it makes everyone a journalist ”

“ Social media, where everybody can produce comment and directly take positions and give much visibility to those, that as such isn’t going to go away, but it is going to become even more multi-faceted in the future than it currently already is ”

“ Social networks came to stay; it is not a fashion, it is today’s communication and more and more young people cannot imagine their lives without it; companies must take it seriously because it is the new way to communicate with their stakeholders ”

Technology has also helped cement the position of social media as a long-term communications channel increasing interactions among audiences such suppliers, customers, employees and other stakeholders important to the business. As social media becomes more established in everyday life, it is helping to transform relationships between individuals and businesses.

“ The technology of today enables conversations or communications to a far greater audience. It’s part of the way that society functions, part of the way people communicate and interact. It would be naive to think that the corporate world is in any way immune from it ”

“ It is powered by two of the most ubiquitous pieces of technology. The first is the computer and secondly the smart phone, [social media] is tied into this technology ”

“ There is a change in the way in which companies and societies communicate. The relationships are generating drastic transformations not only in the appropriation and adaptation of technology, but also in how people expose themselves to personal, group and public contacts ”

Social media has created a communications landscape that allows organisations to have an open conversation. The traditional one-way business communication has radically changed, yet establishing and engaging dialogue with an audience remains a challenge for communications professionals:

“ It is a new medium, it's had huge adoption and wide adoption and it is essentially another channel but it is a very powerful one and it has the ability to create direct dialogue with the customer, in a way that is unachievable in any other medium ”

“ People no longer have to be a salaried employee of the Mirror or the Daily Mail. Somebody can say something on Mumsnet and it can escalate and grow from there and companies aren't getting their head around how to best engage with that ”

“ Communications, a B2B organisation has traditionally been one way. The challenge that social media brings to organisations is that it is immediate, it is quick, it spreads and you can have an interaction with others and with the organisation itself ”

While some Council members lack personal experience in engaging with social media and stakeholders online, they all recognise that industry specific channels and issues discussed in the social media landscape must be monitored and managed. In places where information and opinion is shared, some topics can become damaging to a company's reputation, especially if comments contain negative feedback about a product or service. Members are aware that social media offers users the possibility to voice opinion, concern and criticism online, and faster than other channels. Therefore the majority of Council members (82%) agree that discussions in social media channels can directly impact a company's overall reputation and license to operate.

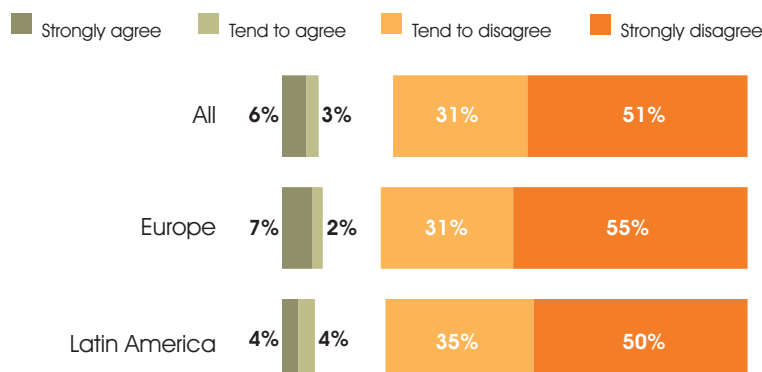
“ The trend is that social networks are a vital communication tool that has to be understood; it is necessary to be there and to know how to operate social networks. For example, due to a gossip in social networks our reputation can drop ”

“ It's the eternal discussion. There is always a struggle between the commercial and the reputational ”

“ I see that opinion leaders, especially the written press, are very active in that environment, then part of what happens there bounces amid more massive media; they can have an impact ”

***The majority believe discussions in social media channels can indeed impact on a company's overall reputation.***

**I do not believe discussions in social media channels can directly impact a company's overall reputation and license to operate**



Base: Reputation Council Members, 2012 (70), Europe (42) and Latin America (26)

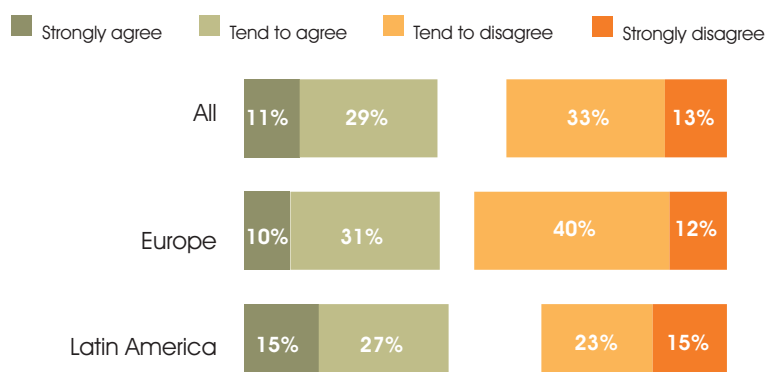
Source: Ipsos MORI

We were also interested in finding out whether Council members felt that companies can sometimes overreact to online criticism by taking it too seriously. There was a clear split on this issue, although members from Europe were more likely to disagree with this sentiment.

“ [companies] should take [comments on social media] seriously to make necessary adjustments, not as a criticism but as a great opportunity to listen to others ”

***Opinions are split on whether criticism in social media channels is taken too seriously***

**I believe companies take criticism in social media channels too seriously**



Base: Reputation Council Members, 2012 (70), Europe (42) and Latin America (26)

Source: Ipsos MORI

For some Council members it is a matter of degree:

“ It depends on the volume of the criticism. [...] But it is worrying if suddenly you detect that a product is being heavily criticised; then of course it's an alarming issue that you have to check ”

“ They can have an impact, it's the same as with the articles in a newspaper. Once a strong wave is established and everyone is talking about the same, then yes ”

“ If it is a serious topic and it's becoming strong in social networks, it is in fashion and many comments are made, then [comments should be] taken seriously. Social networks are beginning to make an impact on what is said about the companies, undoubtedly ”

Several Council members reflect upon the greater credibility that non-corporates such as academics and NGOs have in the online environment. These individuals and groups, either as critics or advocates, are able to reach a much wider receptive audience than they were ever able to do before.

“ People don't trust governments, they don't trust anybody, what they do clearly is trust academics and professionals, a lot of whom are online and shouting forth about their views and clearly NGOs are another critical part of that ”

“ There is a role for [social media engagement] amongst people who are interested in corporate issues, who can use it to either understand what people are thinking or engage with important ones. The challenge is trying to match some of the organisations who clearly have a more receptive audience ”

## 6. THE COMMUNICATIONS PROFESSIONAL

***It can be frustrating being a communications professional but it's all about attitude and experience.***

Being a communications professional can bring with it many sources of annoyance. When we asked Council members what they found most frustrating about their role, trying to convince staff across the business of the importance of reputation management and the role communications has to play was mentioned most often:

“ It has been very difficult to make other executives and peers in the company understand the strategic value of communications and the importance of promoting reputation; this is not something given or born out of nothing ”

“ The high management and the board are very clear that reputation and commercial impact go hand in hand and not necessarily everybody shares that vision, basically because they're submerged in the daily business ”

“ There is a bit of a battle to truly position the importance of company reputation with people, particularly people in commercial roles, whose priority is around hitting their targets for the year ”

Another source of frustration is that the benefits of communications, PR and reputation management are often both intangible and long term. This can make it difficult to apply key performance indicators used by the rest of the business to the communications function.

“ Misunderstanding. Because this area's deliverables are usually not tangible, they are intangible, such as the fact of reputation. Then the areas of corporate affairs normally work in prevention, mitigation, to avoid crisis and that means having the target audience, the public of interest, well informed, always available. You need to have a good opinion leader mapping. Sometimes it could be that internally, in some areas, some people do not understand very well the reason to exist, especially in the technical areas, of these positions ”

External factors beyond the control of the business can also cause annoyance. Council members across various sectors comment that regulation is sucking up more and more of their time and energy.

“ The amount we are subject to external compliance issues. Which is not to say I want to go round breaking the law, but because of the US Purchases Act and the UK Bribery Bill, a lot of my work has to be legally cleared and the processes are fine, but they're very wearing, they wear you down ”

“ The biggest challenge is the increasing amount of regulation and changing regulation in financial services and we are a global company so we are seen all over the world, we have to spend more and more and more of our time dealing with new regulation and changes to regulation ”

Other pressures are internal. Time constraints, administrative overload, insufficient manpower and budget restrictions are all seen to distract from the main focus of the job in hand.

“ I could do with another four people. I don't need more money, I need more people. With more people I can work a greater level of magic with all of our stakeholders ”

“ Just the inevitably bureaucracy and complexity of the organisations and you just have to find your own ways of navigating through that, and that is about relationship building internally which can make you very inward looking if you are not careful ”

“ Administration...The part that I really find not very inspiring is just all the administration that comes with managing a large function. Budget issues, correcting mistakes, HR issues, salary increases not implemented by HR, all the administrative nonsense that happens in real life. So, all the things that distract me from doing my real job ”

Some of our communications experts find it exasperating that colleagues in other parts of the business think that they understand how to 'do' communications. There is a sense that this undervalues the work and skills involved in effective communications. It can also mean having to unravel or implement questionable decisions that other colleagues have taken.

“ In general for all the matters related to communications and brand, everybody feels they can express their opinion... When a lawyer says that a trial must be handled in a specific way, nobody says anything; when the financial expert says that a transaction must be done in a certain way, nobody expresses an opinion; instead, in communications or branding everyone thinks they may say what they think and they think they have the knowledge... So trying to demonstrate and convince with arguments, with theories, looking for quantitative arguments that are mainly the ones that the Directors are interested in, is how I have dealt with this ”

“ Other people, people in business or senior management, taking decisions on communications in general which you have to then implement or change. An example is that someone comes to you and says "I have decided that this group is getting this donation" or "I have accepted to be part of this interview or television programme" or "I have decided to give this speech" and in all the examples that I have just mentioned, if you see that everything is wrong about it, you have to implement it. Basically the example is that you are not timely being informed, so that you are not able any more to influence any decisions ”

What does a good communicator look like? To find out, we asked Reputation Council members what they look for when they are hiring communication professionals.

Attitude is important: being enthusiastic, creative, innovative, visionary, passionate and a good networker are all mentioned.



“ The ability to be an all rounder, someone who is enthusiastic, someone who is proactive and someone who can delve right into things and understand the issues and quickly shape their narrative ”

“ Energy, influencing skills, drive, a clear view of where they are trying to get to, really good interpersonal skills and a good concept in terms of communications, be it internal media or public affairs ”

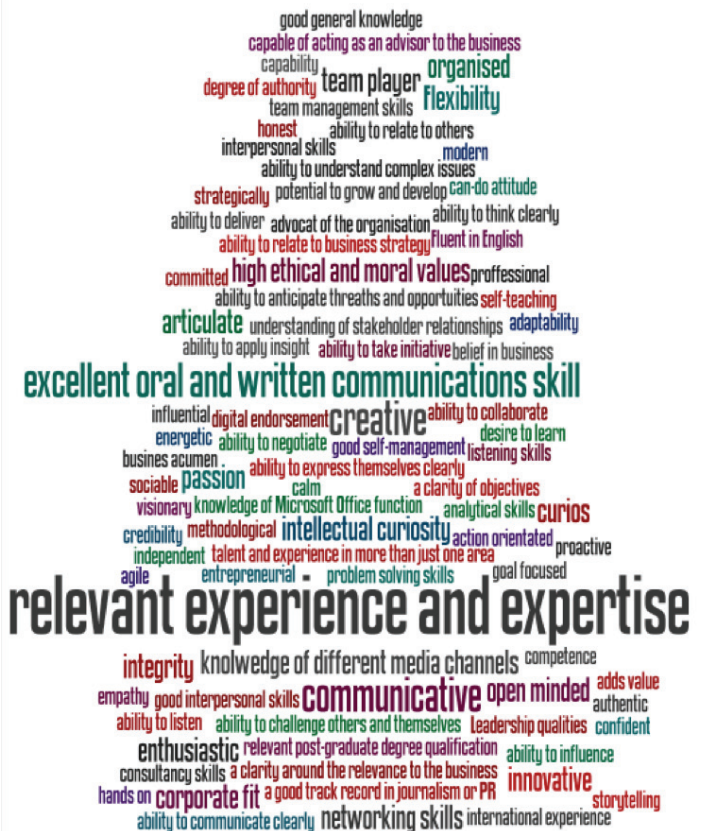
“ Strategic brain, a degree of independence of thought, independence of action, that they will take risks and they will take steps to act independently but within the understanding of the overall strategy and direction of the business ”

However for most Reputation Council members, relevant experience in the communication sphere is the key criterion. A particular specialism can sometimes be valuable, but generally a spread of experience, particularly across all things digital, is required. This reflects the fact that the media landscape is changing rapidly.

Good oral and written skills are also vital. This is about being a good story teller and having an engaging oral and written style of communication. But the ability to communicate clearly and grammatically correctly is also mentioned. Fluency in English is another important factor, particularly for Council Members not located in the UK.

“ One of them, it seems so obvious and yet nobody has it, is spelling. The number of people that are left out with this basic screener is ridiculous ”

“ The ability to express themselves clearly in plain English in both written terms and orally. The ability to think clearly and rationally. The ability to work as part of a team and the ability to get to the heart of an issue ”



## Reputation Council - Participants, May '12

Company	Name	Title
Friends Life	Peter Timberlake	Head of PR
Sanofi Aventis	Ian Weatherhead	Communications Director
Sony Europe	Sally Osman	Director of Corporate Communications
Centrica	Simon Henderson	Director of Corporate Reputation and Internal Communications
Eurostar	Mary Welch	Director of Communications
InBev	Mike Kelly	Senior Corporate Affairs Director, Global & UK
Barclays	Howell James	Vice Chairman Barclays Corporate Affairs
Henkel	Carsten Tilger	Corporate Senior Vice President, Corporate Communications
BAA	Claire Harbord	Corporate Affairs Director
QinetiQ	Nicola Marsden	Group Comms Director
Unilever	Emma Flack	Communications Strategy & Planning Director, Global
Tetrapak	Rupert Maitland	Cluster Leader, Communications - North Europe & Corporate Director, Social Responsibility Communications
O2	David Nicholas	Director of Global Communications
Shell	Bert Regeer	Head of Global Communications
McDonald's	Nick Hindle	Vice President Communications UK and Northern Europe
Raytheon	Nick West	Communications Director
Heineken	Sean O'Neill	Group Corporate Relations Director
BMW	Graham Biggs	Corporate Communications Director
Home Retail Group	Chris Wermann	Director Corporate Affairs
Hitachi	Hans Daems	Group Public Affairs Officer, EMEA
Aviva	Marie Sigsworth	Group Corporate Responsibility Director
Barings	Ian Pascal	Head of Marketing and Communications
Diageo	Kate Blakely	Head of Reputation Management, Western Europe
TATA Consulting	Abhinav Kumar	Director & Chief comms office, Europe
3	Hugh Davies	Director of Corporate Affairs
Bombardier Aerospace	Alec McRitchie	Director, Communications and Public Affairs, Europe
Prudential	Miles Celic	Director of Group Public Affairs and Policy
Rolls Royce	Josh Rosenstock	Director of External Communications
PwC	Mike Davies	Global Director Communications
AstraZeneca	Judith Everett	Global Head of Brand & CC
Danske Bank	Eva Hald	Senior Executive Vice President, Corp Comms
GE Capital	Monica Coull	Communications Leader
RBS	Roger Lowry	Head of Group Public Affairs
Xerox	Robert Corbishley	Head of PR (Europe & UK)
Coca-Cola Enterprises	Julian Hunt	Vice President Public Affairs and Communications - GB
Anglo American	Hugh Elliott	Head of International Government Relations
Nobleza Piccardo	Matías Szapiro	Corporate Relations Director

Company	Name	Title
Antofagasta Minerals	Francisco Veloso	Vice President, Public Affairs
EPM	Paula Restrepo	Corporate Responsibility Director
ARGOS	Juan Pablo Lema	Communications Director
Bancolombia	Martha Elena Acosta B.	Corporate Communications Director
Organización Terpel	Adriana Garzón Osorio	Strategic Communications Director
Ecopetrol	Mauricio Tellez	Corporate Communications Director
ISA	Carmen Elisa Restrepo	Corporate Projection Director
BAVARIA	Fernando Jaramillo Giraldo	Vice-president of Corporate Affairs
Danone	Facundo Etchebehere	Corporate Affairs Director
Alpina	Felipe Andrés Gómez Vivas	Corporate Communications Director
Sony	Adriana Valladares	Director of Corporate Communications and Marketing
Cemex	Francisco Lebrija	Director, Corporate Communications
Telefonica del Peru	Carlos Oviedo	Director of Communications, Latin America
Calidda	Cayetana Aljovin	Corporate Affairs Director
Alicorp	Juan Manuel Arribas	Communications Director
Corporación Lindley	Juan Flores	Corporate Relations Director
BBVA	Carlo Mario Yeyes	Communications Director
Nestlé	Fernando del Solar	Executive President, Nestlé Chile
Xstrata	Domingo Drago	Corporate Affairs Director
Unilever	Ezequiel Jones	Media, Public Affairs & Communications Director
General Motors	Mauricio Kuri Curiel	Public Relations Director
Mc Donalds	Felix Ramírez	Director, Corporate Communications
Coca Cola	Juan Iramain	Public Affairs & Communications Director
Kimberly Clark	Fernando Hofman	Corporate Affairs Director
Bayer	Peter Klees	Head of Corporate Communications
E.ON	Guy Esnouf	Head of Public Affairs
Diageo	Ian Wright	Corporate Relations Director
BT	Michael Prescott	Group Corporate Affairs Director

## FURTHER INFORMATION

For more information please contact:

**Milorad Ajder**

e: [milorad.ajder@ipsos.com](mailto:milorad.ajder@ipsos.com)

**Martin Kane**

e: [martin.kane@ipsos.com](mailto:martin.kane@ipsos.com)

**Ipsos MORI**

77-81 Borough Road  
London SE1 1FY

t: +44 (0)20 7347 3000

f: +44 (0)20 7347 3800

**[www.ipsos-mori.com](http://www.ipsos-mori.com)**

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