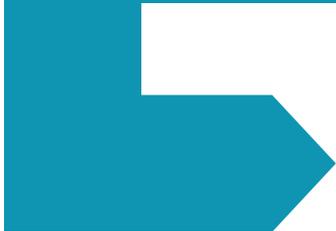




THE STATE OF CORPORATE REPUTATION IN 2020: EVERYTHING MATTERS NOW

INTRODUCTION



As global business markets head into a new and undoubtedly pivotal decade, business leaders must be prepared for the unpredictable and unknown. Reputational opportunities and threats lie in wait everywhere, internally and externally. The spotlight is more unforgiving as consumers shun companies when they lose trust in them or disagree with them about social issues. [Reputation Institute](#) has deemed this period of time “reputation judgement day,” an era in which companies are “scrutinised on all aspects of their company – ethics, leadership, values and beyond.” The year 2020 marks not just the start of a new decade, but a year in which business leaders all over the globe will need to hone their 20/20 visual acuity and raise their antennae to scan the reputational landscape on a 360-degree basis.

Take for instance the recent trend of companies stepping outside their traditional parameters and lending their voices to political and social issues, even when these issues did not strongly relate to their core business. Companies are now expected to not only deliver on financial performance, but also to make a positive contribution to society. CEO tenure has also been shifting as we approach the next decade – [August 2019](#) saw the highest monthly CEO turnover on record. This turnover has been attributed in the media to aging CEOs, economic uncertainty and declining tolerance by boards of directors. Imminently, Millennials will be the next generation of leadership, and their views on company values, societal issues and investment decisions will surely change how corporate reputations are shaped and communicated.

It is in the context of these unprecedented changing times that Weber Shandwick took stock of the reputation of business. Our study, *The State of Corporate Reputation in 2020: Everything Matters Now*, was conducted in partnership with KRC Research and surveyed executives from 22 markets around the world. The study examines what drives reputation, why it is important to be highly regarded and the benefits that come with having a strong reputation.

A primary finding from the research is that reputation today is omnidrivern. That is, a company’s portfolio of reputation drivers is no longer dependent on solely a few select factors. Everything matters today, from quality of employees, to quality of products, to financial performance, to corporate culture, to community. The list goes on. In an environment where business leaders are being caught off guard by dangers that seemingly lie in plain sight, companies must ensure they are hyperalert to all factors when working to build and safeguard their reputations.

This report is presented in three parts:

I. A SNAPSHOT OF CORPORATE REPUTATION TODAY looks at the reported strength of company and CEO reputations around the world.

II. WHAT DRIVES REPUTATION & WHY REPUTATION MATTERS focuses on what influences company reputation, the benefits yielded by having a strong reputation and the impact of reputation on market value.

1. Reputation Is Omnidriven – It's Impacted from All Sides
2. Reputation Is Influenced by the Communication of Values
3. Reputation Is on the Board's Agenda
4. Reputation Provides Companies Tangible Benefits
5. Reputation Has a Sizable Impact on Market Value

III. THE 76 PERCENTERS: INSIGHTS FOR BUILDING REPUTATION FOR GREATER MARKET VALUE explores a segment of executives who report their company's reputation contributes most substantially to market value and provides guidance based on how these organisations focus on reputation compared to the average global executive.

1. Every Driver of Reputation Is Magnified
2. Measurement of Reputation Is Key
3. Marketing and Communications Are Critical Drivers of Reputation
4. Reputation Is Strategically Communicated to Critical Stakeholders
5. Senior Leadership Is Highly Visible

Additional topics are covered by the reputation survey, including culture, CEO and employee activism, and crisis. These findings will be released in upcoming reports.

GAIL HEIMANN
PRESIDENT AND CEO
WEBER SHANDWICK



It has been widely accepted that reputation makes a meaningful contribution to business success. Our study quantifies the remarkably high value assigned to reputation today and shows how it takes a fierce level of attention to an unprecedented suite of reputation drivers – nearly two dozen deemed significant – to remain highly regarded and prevent reputation erosion.



WHAT WE DID

Weber Shandwick, in partnership with KRC Research, conducted an online survey among 2,227 executives worldwide. We surveyed approximately 100 executives in each of the following markets:



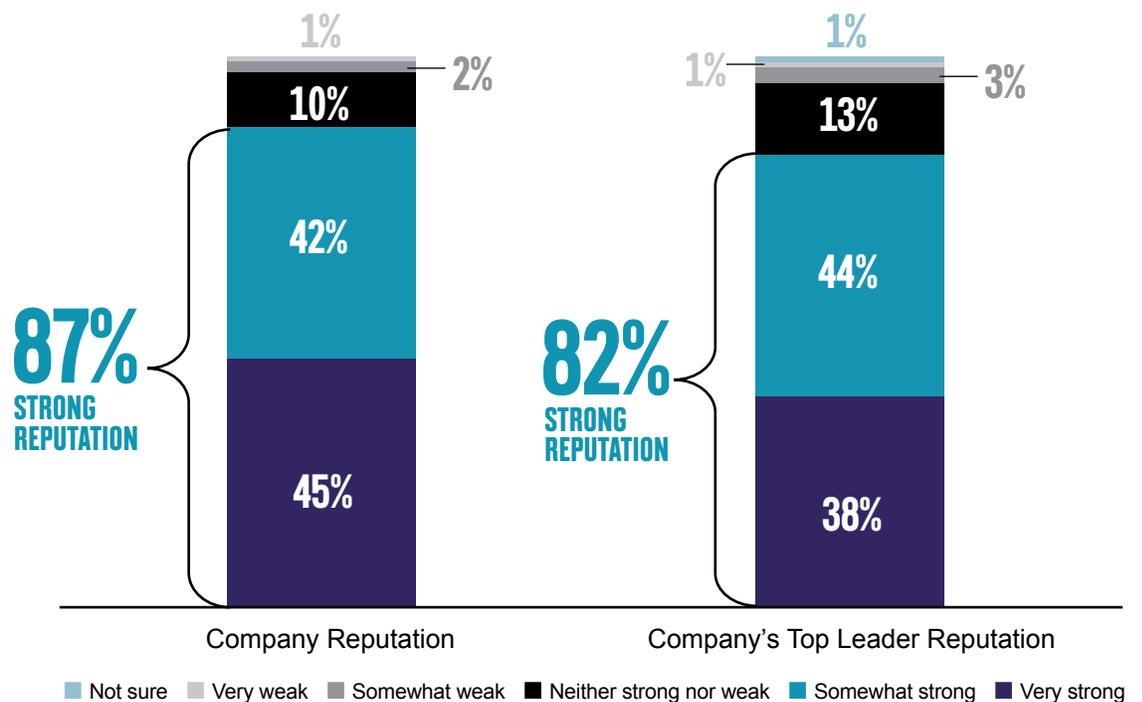
Respondents are in mid- to high-level positions at companies with at least \$500 million in revenue in developed markets and \$250 million in less developed markets. Executives represent a variety of industries.

I. A SNAPSHOT OF CORPORATE REPUTATION TODAY

From a reputational standpoint, business is starting the new decade strong. Reputations of both companies and their top leaders are decidedly solid. The vast majority of global executives (87%) say that their company reputation is strong, with 45% reporting a very strong reputation. Only 3% report that the company's reputation is somewhat or very weak. The reputation of business leaders scores similarly well. Eight in 10 global executives (82%) believe their chief executives have a strong reputation. More than one-third (38%) say the reputation of their company's top leader is very strong.

STRENGTH OF COMPANY AND CEO REPUTATIONS

(% global executives)

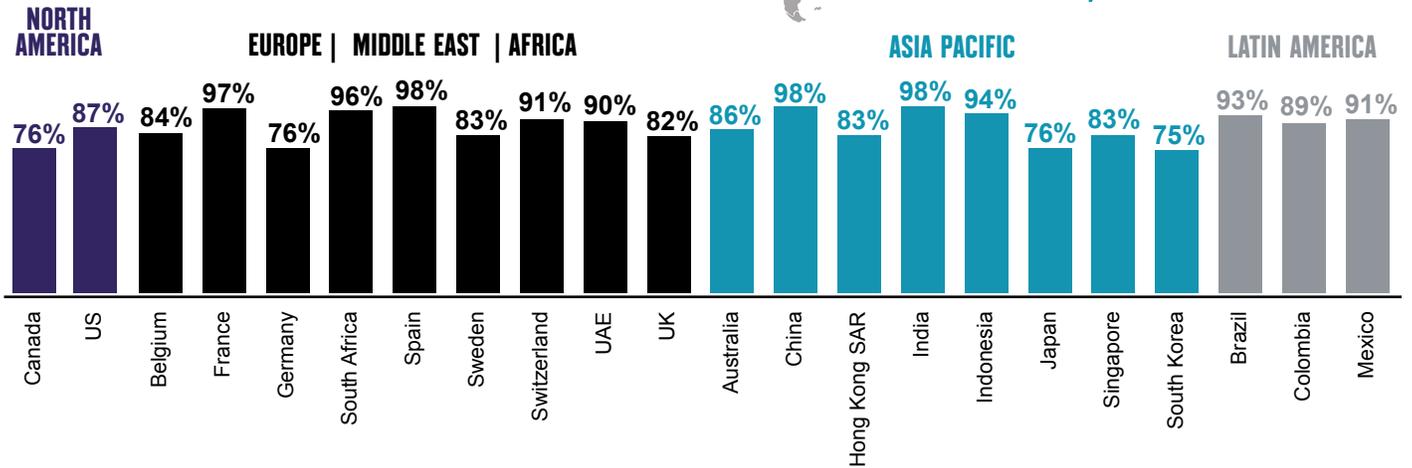


Reputation is also strong across the world. At least three-quarters of executives in all markets in the survey report that their company's reputation is very or somewhat strong. Those with the strongest reported reputations are in Spain, China and India, where a staggering 98% of executives in each of those markets say the reputation of their company is very or somewhat strong.



STRONG OVERALL COMPANY REPUTATION

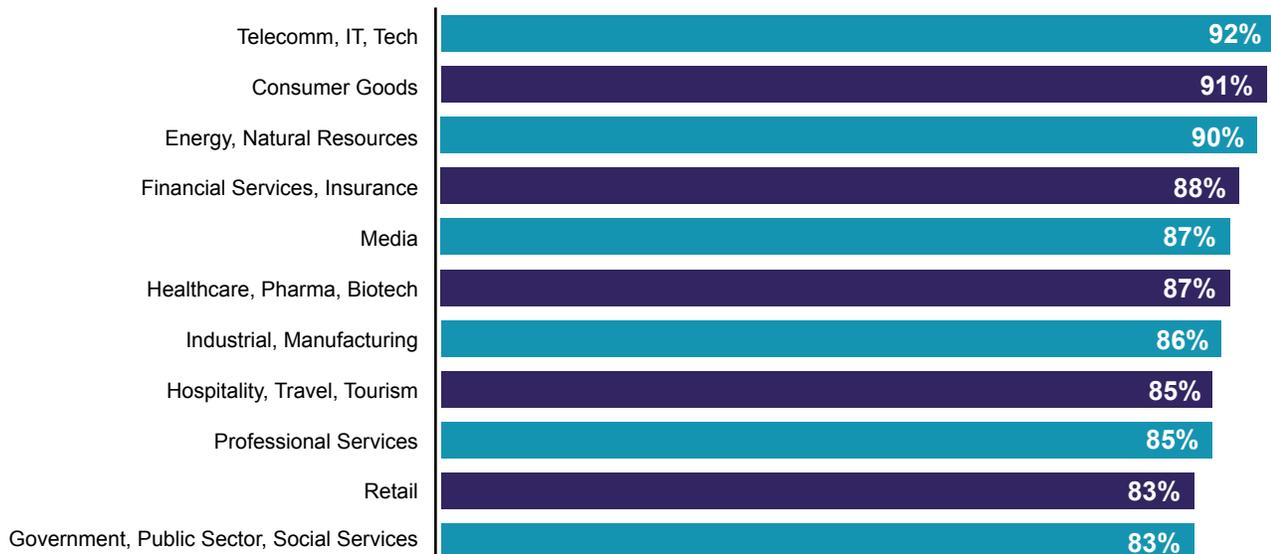
(% very/somewhat strong)



Reputation is strong across industries. Executives in telecommunications, IT, technology are most likely to say their company reputation is very or somewhat strong (92%), followed by those in consumer goods (91%), and energy, natural resources (90%). Executives in government, the public sector, social services and retail are least likely to say their company reputation is strong, but still score high at 83%.

STRONG OVERALL COMPANY REPUTATION

(% very/somewhat strong)



II. WHAT DRIVES REPUTATION & WHY REPUTATION MATTERS

1 REPUTATION IS OMNIDRIVEN – IT’S IMPACTED FROM ALL SIDES

A key finding of the research is that the success of corporate reputation is no longer dependent on a few select drivers. On the contrary, a company’s reputation is similarly influenced by a multitude of factors. When asked to rate how much 23 different elements contribute to reputation on a 1–10 scale where 10 means “contributes a great deal,” global executives assign high scores (8–10) to each.

Quality of products or services and quality of employees top the list – 63% of global executives rate these drivers 8–10 – but the items that follow trail by very few percentage points. All 23 drivers are rated highly by at least half of the global executives in the study. This lack of distinction suggests that companies can no longer solely focus on and prioritise just a few key drivers of reputation. Everything matters to reputation today. Reputation’s day of judgement has certainly arrived in full force.

FACTORS THAT CONTRIBUTE TO COMPANY REPUTATION

(% global executives rate 8–10 on 10-point scale)



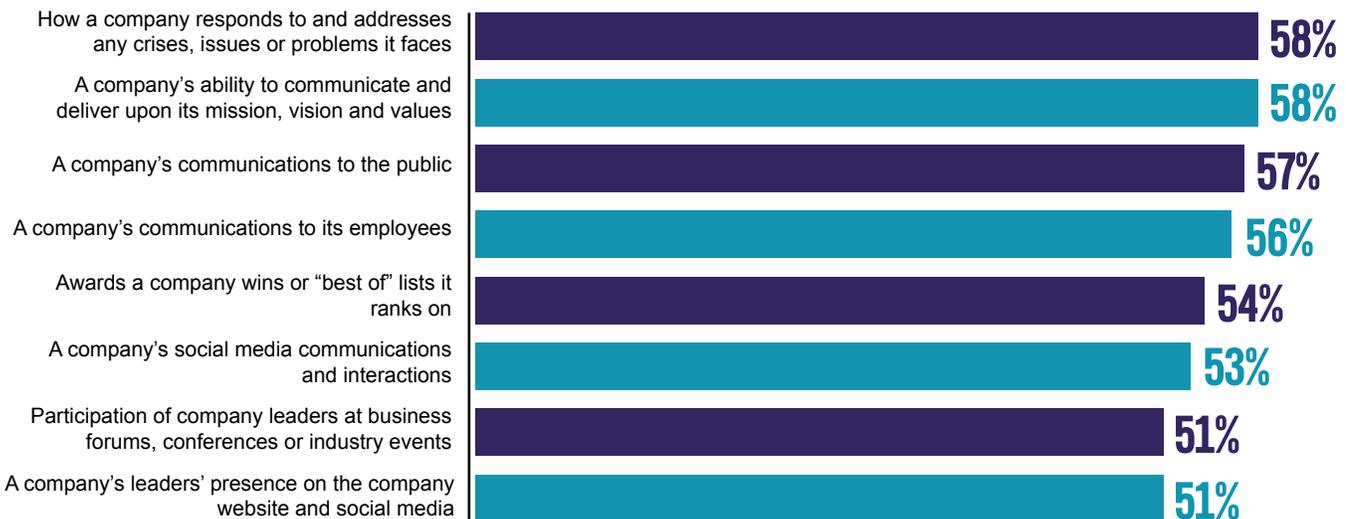
LESLIE GAINES-ROSS
CHIEF REPUTATION
STRATEGIST-IN-RESIDENCE
WEBER SHANDWICK

“ The discipline of corporate reputation is on solid ground as we head into the next decade. Our research shows that reputation is a competitive asset in a world marked by uncertainty, intractable business challenges, lightning-fast digital transformation and brutal talent wars. Strategically cultivating and maintaining a strong reputation, both internally and externally, has to be a top priority for all business leaders today. ”

Similarly, there is little distinction between the impact of marketing and communications factors on company reputation. As is the case with general reputation drivers, companies need to focus on all marketing and communications elements. Nearly six in 10 global executives (58%) rate a company’s response to crises and issues and the company’s ability to communicate and deliver upon its mission, vision and values 8–10 on a 10-point scale, but other items follow closely. Leadership participation at events and social media presence fall to the bottom of the list, but are still important. Half of global executives (51%) say the participation of leaders at forums, conferences or industry events and the company leaders’ presence on the company website and social media contribute a lot to reputation.

MARKETING AND COMMUNICATIONS FACTORS THAT CONTRIBUTE TO COMPANY REPUTATION

(% global executives rate 8-10 on 10-point scale)



As important as the insight is that reputation is increasingly omnidriver, so is the potential reason for this sea-change shift: most reputational crises are self-inflicted. Among the global executives who report that their firms experienced a crisis in the past two to three years that impacted their reputations, a staggering 76% claim that the crisis was preventable. Perhaps this high level of risk prompts executives to be hyperalert to the multitude of reputation drivers.

When it comes to specific stakeholders, all perceptions matter, though some to a greater degree than others. Nearly nine in 10 global executives (87%) say customer perceptions are important to their company's reputation, closely followed by those of investors (86% of global executives at publicly held companies) and employees (83%). Less influential on company reputation are people on social media (68%) and nonprofits, advocacy groups or non-governmental organisations (66%). These findings echo the recent "stakeholder primacy" position of the Business Roundtable's redefinition of corporate purpose. Again, just about everyone matters to reputation today.

IMPORTANCE OF STAKEHOLDER PERCEPTIONS TO COMPANY REPUTATION

(% very/somewhat important)



87%

CUSTOMERS

86%

INVESTORS

(among publicly held companies)

83%

EMPLOYEES

80%

SUPPLIERS AND PARTNERS

75%

PEOPLE IN THE LOCAL COMMUNITY

74%

GOVERNMENT OFFICIALS AND REGULATORS

73%

THE MEDIA

68%

PEOPLE ON SOCIAL MEDIA

66%

NONPROFITS, ADVOCACY GROUPS OR NON-GOVERNMENTAL ORGANISATIONS



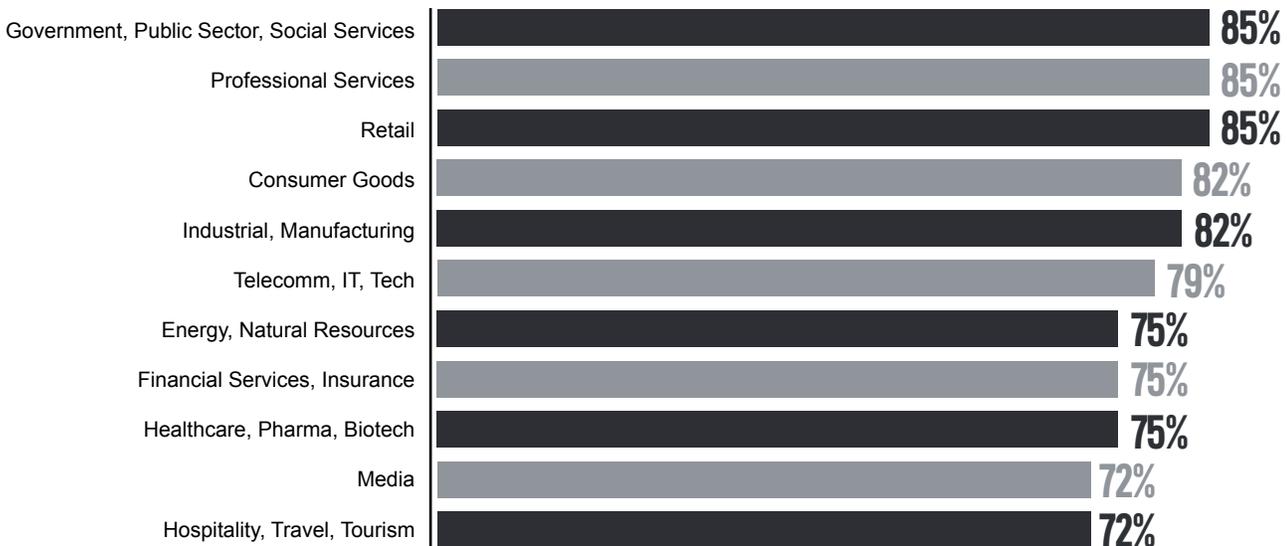
2 REPUTATION IS INFLUENCED BY THE COMMUNICATION OF VALUES

Communicating corporate values is critical today. As evidenced in the section above, a company’s ability to communicate and deliver upon its mission, vision and values is a top driver of reputation. Additionally, eight in 10 global executives (79%) say it is important for the CEO to communicate the organisation’s values in order to be highly regarded.

The importance of the CEO communicating the organisation’s values differs somewhat by industry. It is considered most important among executives in government, the public sector, social services (85%), professional services (85%) and retail (85%).

IMPORTANT FOR CEO TO COMMUNICATE THE ORGANISATION’S VALUES FOR A COMPANY TO BE HIGHLY REGARDED

(% very/somewhat important)



3

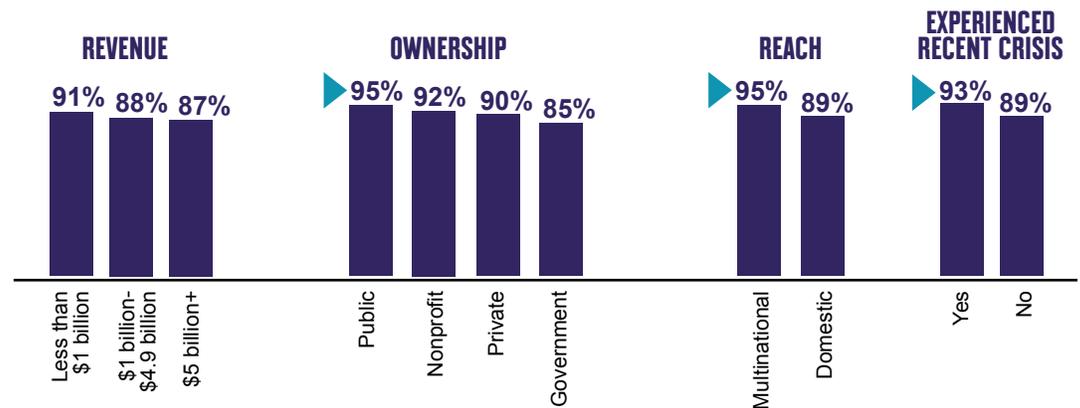
REPUTATION IS ON THE BOARD'S AGENDA

Corporate reputation is on the radar of company leadership at the very top. Nine in 10 executives (91%) say their company's reputation is important to their board of directors, with about half (52%) reporting it to be very important to the board.

Executives are in agreement regardless of their size in terms of revenue. Those companies where reputation is especially important to the board are public companies and those with a multinational focus. Underscoring the value of reputation, boards of companies that have recently experienced a reputation crisis within the past two to three years are even more focused on reputation. Undoubtedly they know from first-hand experience the significance of reputation loss.

IMPORTANCE OF COMPANY REPUTATION TO THE BOARD OF DIRECTORS

(% very/somewhat important)



▶ Significantly higher than comparative subgroup(s)

Reputation is important to the governing board in all industries. More than nine in 10 executives in six industries say reputation is important to their board: consumer goods at 95%, telecommunications, IT, technology (93%), energy, natural resources (93%), retail (93%), and media and industrial, manufacturing both at 92%.

MICHO SPRING
CHAIR
GLOBAL CORPORATE PRACTICE
WEBER SHANDWICK



A company's reputation matters to more stakeholders than ever before. This research demonstrates that executives firmly believe that reputation matters to board members. Board members are clearly perceived as proactive partners in reputation management today. After all, boards of directors have oversight responsibility for mitigating reputation risk and driving business value.



4 REPUTATION PROVIDES COMPANIES TANGIBLE BENEFITS

Executives see numerous benefits to companies with strong reputations. When asked to select the top three benefits to a company with a strong reputation, customer or client loyalty, competitive advantage and better relationships with suppliers and partners top the list. Impact on the talent pool rounds out the top five, with attracting high-quality talent (#4) and retaining employees (#5).

ADVANTAGES TO COMPANIES WITH STRONG REPUTATIONS

(rank among global executives)

- #1 CUSTOMER OR CLIENT LOYALTY**
- #2 COMPETITIVE ADVANTAGE**
- #3 BETTER RELATIONSHIPS WITH SUPPLIERS AND PARTNERS**
- #4 ATTRACTION OF HIGH-QUALITY TALENT**
- #5 EMPLOYEE RETENTION**
- #6 NEW MARKET OPPORTUNITIES**
- #7 HIGHER STOCK PRICE**
- #8 CRISIS RESILIENCE AND RISK MINIMISATION**
- #9 GREATER SUPPORT FROM POLICYMAKERS AND REGULATORS**
- #10 ABILITY TO CHARGE PREMIUM PRICES**
(tie) **MORE FAVOURABLE MEDIA COVERAGE**
- #12 LESS SHAREHOLDER ACTIVISM**



5

REPUTATION HAS A SIZABLE IMPACT ON MARKET VALUE

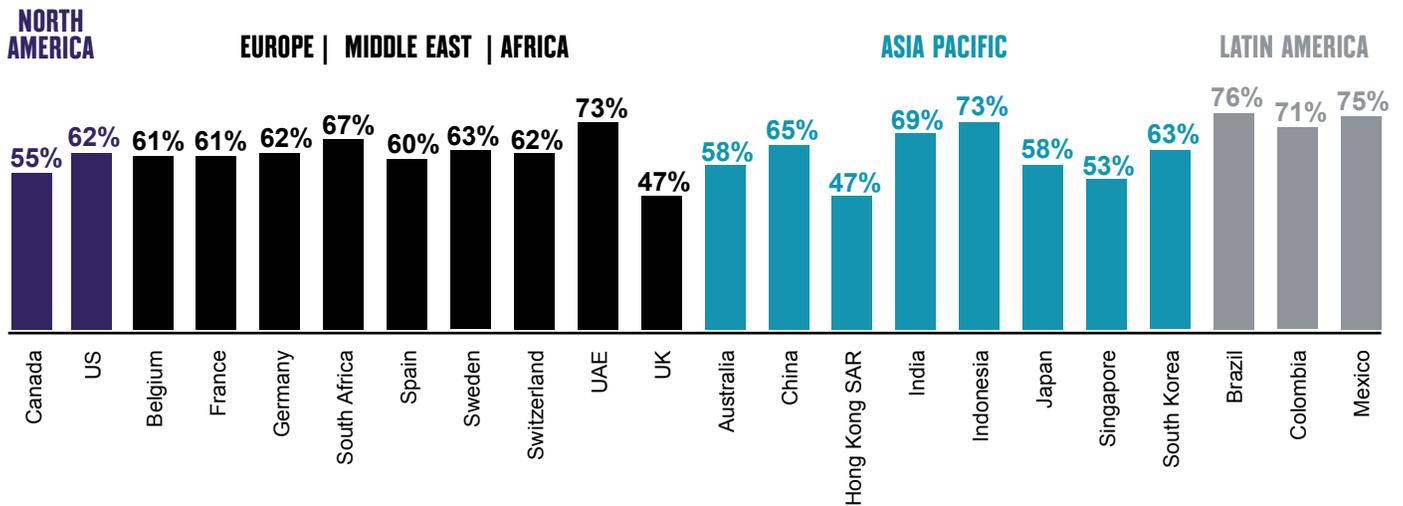
Corporate reputation is an invaluable asset with appreciable impact on a company's bottom line. On average, global executives attribute 63% of their company's market value to their company's overall reputation.

Contribution to market value varies by market. Executives in all but the UK and Hong Kong SAR estimate that their company reputations contribute to more than half of their market value. Those who think reputation makes the greatest contribution are executives in Brazil (76%) and Mexico (75%).



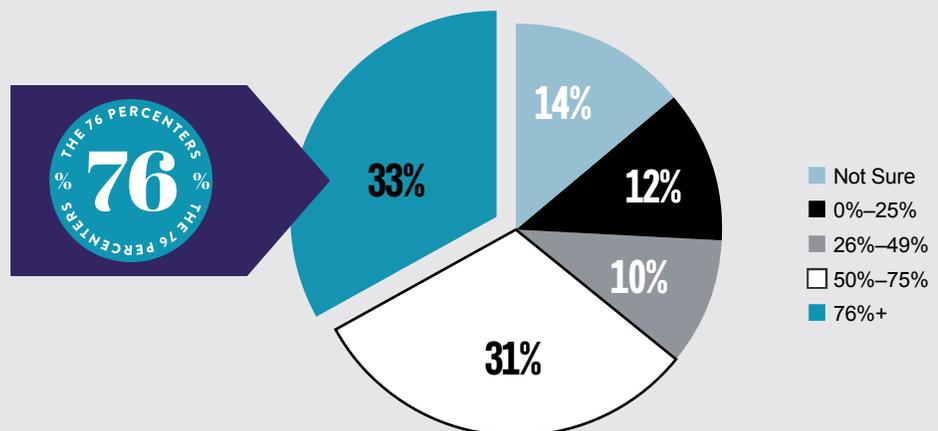
% MARKET VALUE ATTRIBUTED TO COMPANY REPUTATION

(by market)



There is a segment of global executives that experiences a very positive financial result from strong reputation. One-third of global executives (33%) report that more than three-quarters of their market value – 76% or more – is attributed to their company's reputation. This group of "The 76 Percenters" represents the companies that are leveraging reputations for maximum financial returns and are the focus of the next section of this report.

% MARKET VALUE ATTRIBUTED TO COMPANY REPUTATION



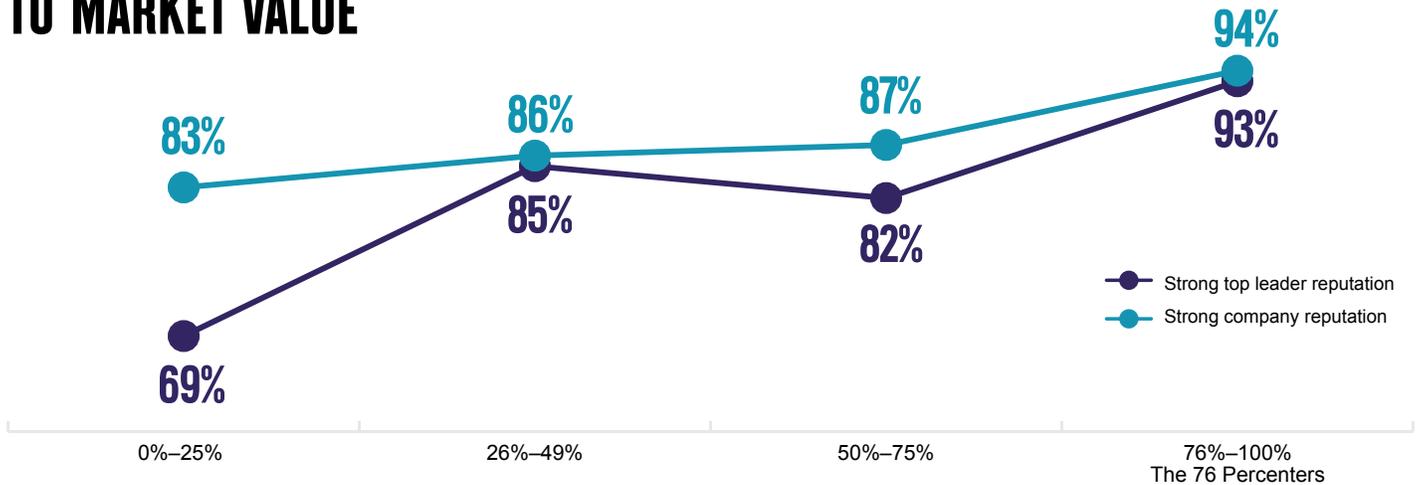
III. THE 76 PERCENTERS: INSIGHTS FOR BUILDING REPUTATION FOR GREATER MARKET VALUE



As mentioned above, the 76 Percenters is a segment that reports more than three-quarters of its company's market value is attributed to its reputation. The 76 Percenters are similar to the average global executive demographically (revenue, industry and company customers, whether they be consumers or other businesses), but they differ on one important characteristic: They leverage their strong reputations to maximise their company market values.

The 76 Percenters are the pinnacle of strong reputation. The more an executive attributes market value to reputation, the more likely they are to work for a company with a strong company reputation. More than nine in 10 76 Percenters (94%) see their company as having a very or somewhat strong reputation, compared to 88% of global executives. Nearly the same percentage (93%) say their company leader has a strong reputation (compared to 82% of global executives).

COMPANY AND LEADER REPUTATION BY ESTIMATED CONTRIBUTION TO MARKET VALUE



Given their reputation excellence and the fact the 76 Percenters report their company's reputation yields the largest dividend, we analysed this segment to see how it differs from the average global executive. The link between reputation and market value is more than just perception. The 76 Percenters' actions toward reputation management are distinctly different than those of the average global executive. It is clear from their behaviours that their focus on their reputation pays off. The differences between the two groups provide the following insights for strengthening a corporate reputation to maximise its influence on market value.

1

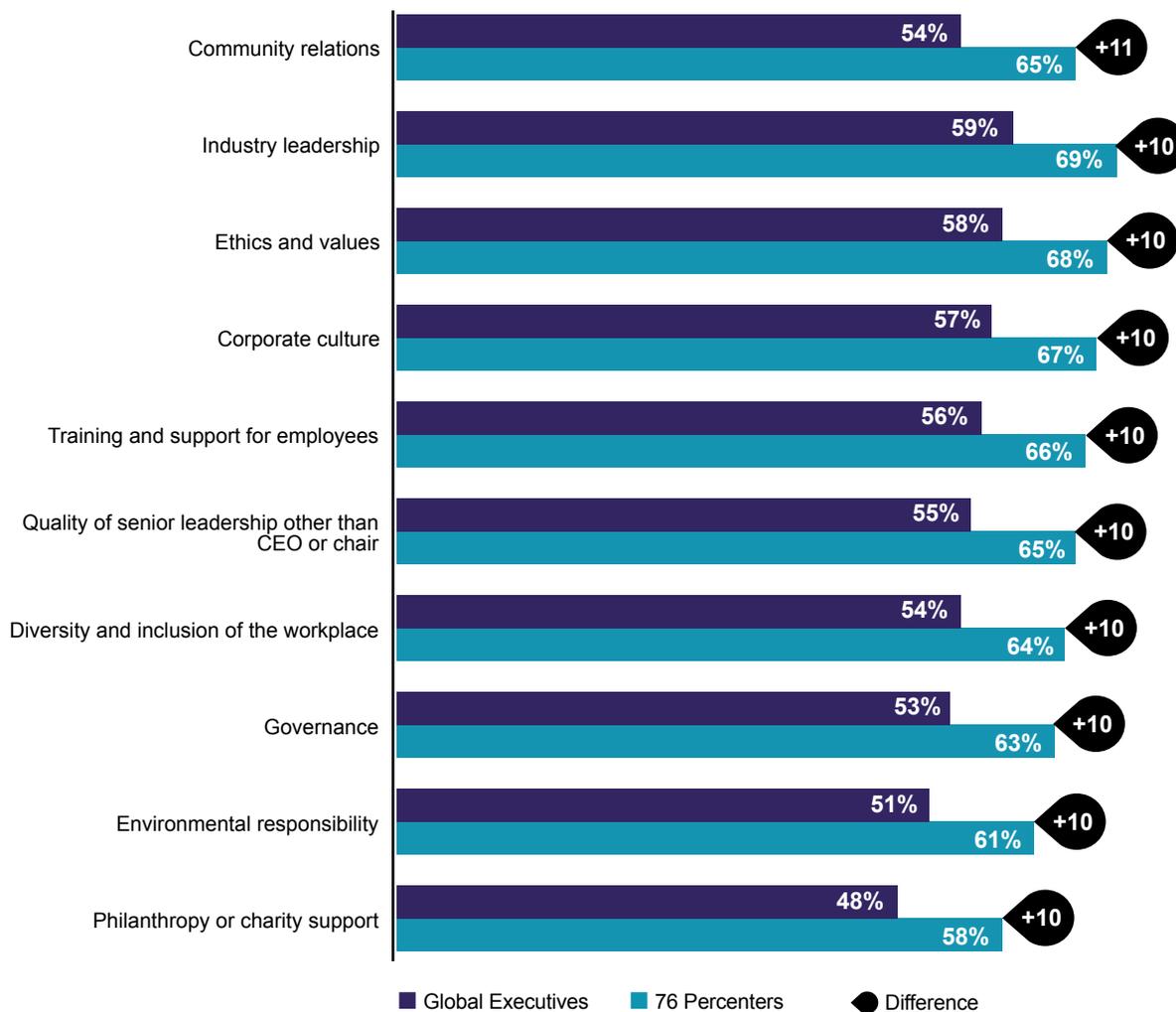
EVERY DRIVER OF REPUTATION IS MAGNIFIED

The 76 Percenters score higher than the average global executive on every one of the 23 reputation drivers, and they lead by at least 10 percentage points on nearly half the drivers. This segment is hyper-focused on building their reputations and does not overlook any drivers.

The drivers where the 76 Percenters differ most from the average global executive largely center on a company's values. The top differentiator setting the 76 Percenters apart is community relations. Also among those factors with the largest gap that are values-related are ethics and values, corporate culture, workplace diversity and inclusion, environmental responsibility, and philanthropy or charity support.

REPUTATION DRIVERS THAT MOST DIFFERENTIATE THE 76 PERCENTERS

(% executives rate 8–10 on 10-point scale)



Only those factors with a difference of at least 10 percentage points are shown

LEADERSHIP MEASURES/ MONITORS COMPANY'S REPUTATION

(% executives)



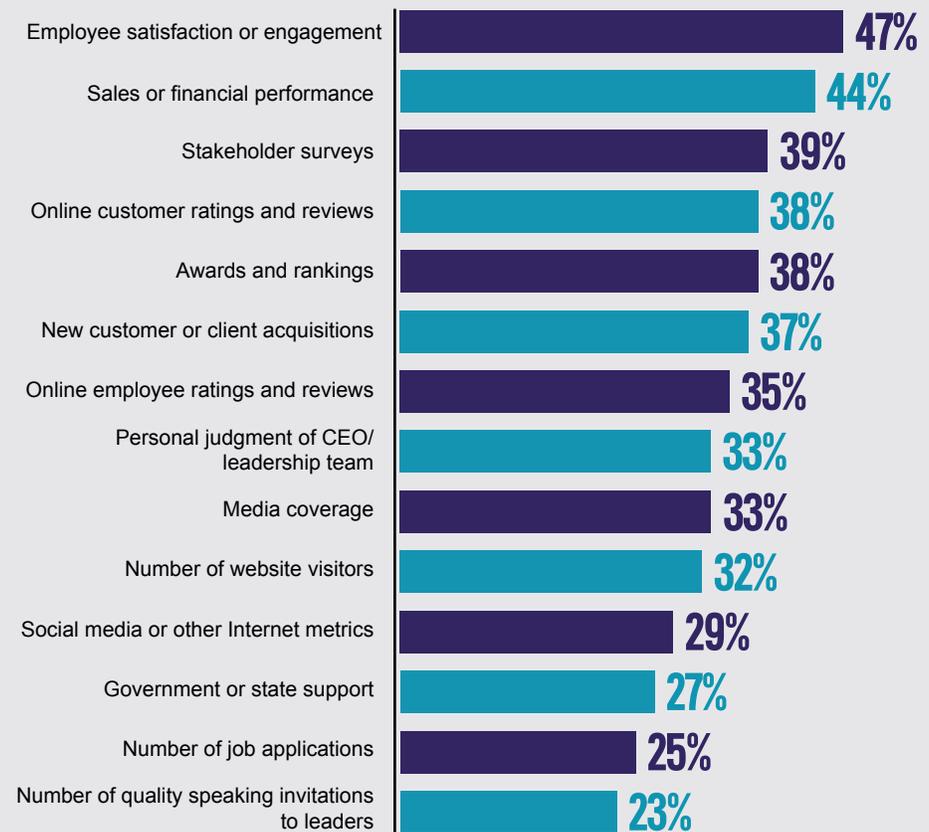
2 MEASUREMENT OF REPUTATION IS KEY

The 76 Percenters are more likely than the average executive to report that their senior leadership measures or monitors the company's reputation (83% vs. 71%). The 76 Percenters recognise the value of their reputation and ensure they maintain it by vigilantly assessing it.

To measure reputation, the 76 Percenters say that their company leadership primarily uses employee satisfaction or engagement, as well as sales or financial performance. Less important to reputation measurement are number of job applications and number of quality speaking engagement invitations to company leaders.

HOW CEO AND OTHER LEADERS MEASURE COMPANY REPUTATION

(% 76 Percenters whose leadership measures or monitors reputation)



3

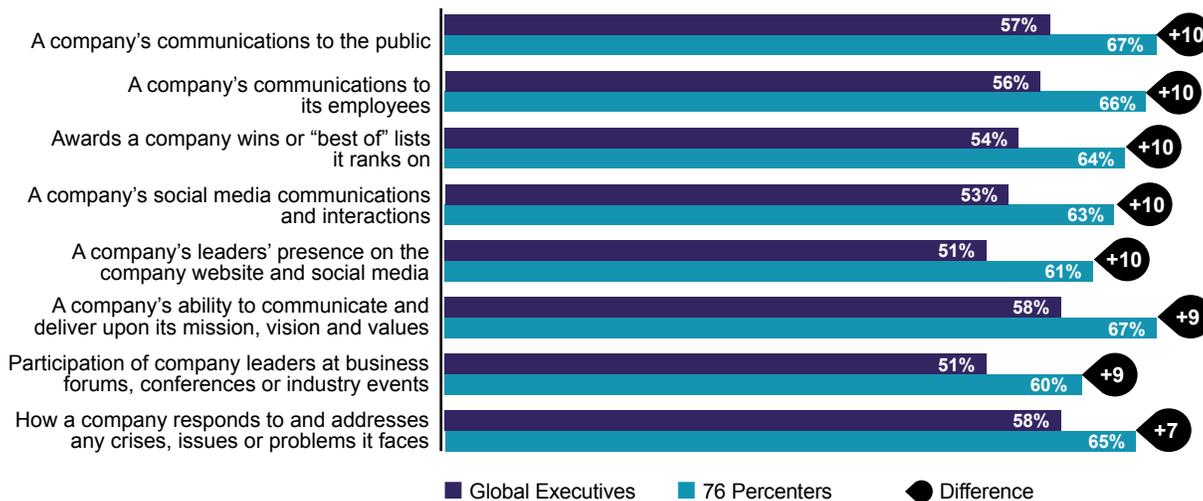
MARKETING AND COMMUNICATIONS ARE CRITICAL DRIVERS OF REPUTATION

The 76 Percenters are more likely than the average executive to rate marketing and communications as an important driver of their reputations (63% vs. 55%).

Especially important to the 76 Percenters, compared to the average global executive, are communications to the public and to employees, awards and “best of” rankings, social media communications, and leadership presence on the website and social media.

MARKETING AND COMMUNICATIONS FACTORS THAT CONTRIBUTE TO COMPANY REPUTATION

(% global executives rate 8–10 on 10-point scale)



4

REPUTATION IS STRATEGICALLY COMMUNICATED TO CRITICAL STAKEHOLDERS

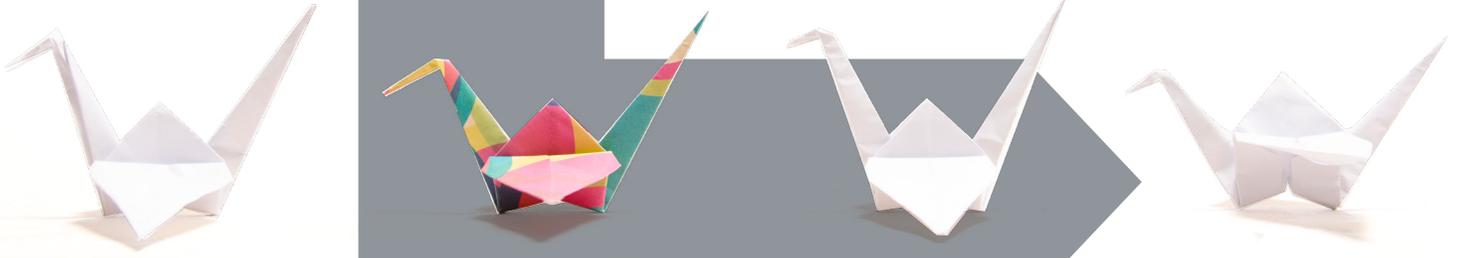
The 76 Percenters are more likely than the average global executive to say that senior management has mentioned the company's reputation to employees in the past year (83% vs. 69%). Those 76 Percenters who work at publicly held companies are more likely than the average executive at a publicly held company to say the topic of reputation has come up during the company's earnings calls (74% vs. 57%). The 76 Percenters make key stakeholders, such as employees and investors, aware of the company's reputation.

COMMUNICATION OF REPUTATION



Senior management has mentioned company's reputation to employees in past 12 months

Company's reputation comes up during earnings calls (among publicly held companies)



5 SENIOR LEADERSHIP IS HIGHLY VISIBLE

The 76 Percenters attribute a greater percentage of their company’s reputation to the reputation of their top leader in comparison to the average global executives by a very wide margin (80% on average vs. 58%). With CEOs contributing more to company reputation at the 76 Percenter companies, it is no wonder that this segment sees a greater importance in leadership visibility. They are particularly more likely than average to say the CEO should have a social media presence (67% vs. 59%), be active in the local community (74% vs. 68%), and win awards or rank on “best of” lists (70% vs. 64%).

IMPORTANCE OF LEADERSHIP VISIBILITY ACTIVITIES FOR A COMPANY TO BE HIGHLY REGARDED

(% very/somewhat important)





IN CONCLUSION

The State of Corporate Reputation in 2020: Everything Matters Now shows that corporate reputations across the world are perceived as strong as we enter this new decade. Global executives are confident in the strengths of their organisations and those individuals who lead them. To keep reputations strong, companies must recognise that reputations today are highly impacted by a variety of factors and there are dangers in overlooking any of the drivers of reputation and/or stakeholder groups. In 2020 and beyond, we conclude that corporate reputation will be omnidriver.

Reputation affords companies numerous benefits, but a key finding of the research is that reputation contributes substantially to a company's market value. There is also a segment of global executives – dubbed the 76 Percenters – who see a particularly strong link between reputation and financial value.

The perspectives of the 76 Percenters serve as guidelines for companies to more effectively strengthen reputation to maximise their influence on market value. Reputation must be measured and communicated to stakeholders, and leadership visibility goes a long way in helping companies to be highly regarded. Working to build and maintain reputation based on these insights should be at the top of corporate agendas today.

FOR MORE INFORMATION ABOUT “THE STATE OF CORPORATE REPUTATION IN 2020: EVERYTHING MATTERS NOW,” PLEASE CONTACT:

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