



Corporate Reputation Management

Munich, April 10th 2008

Agenda

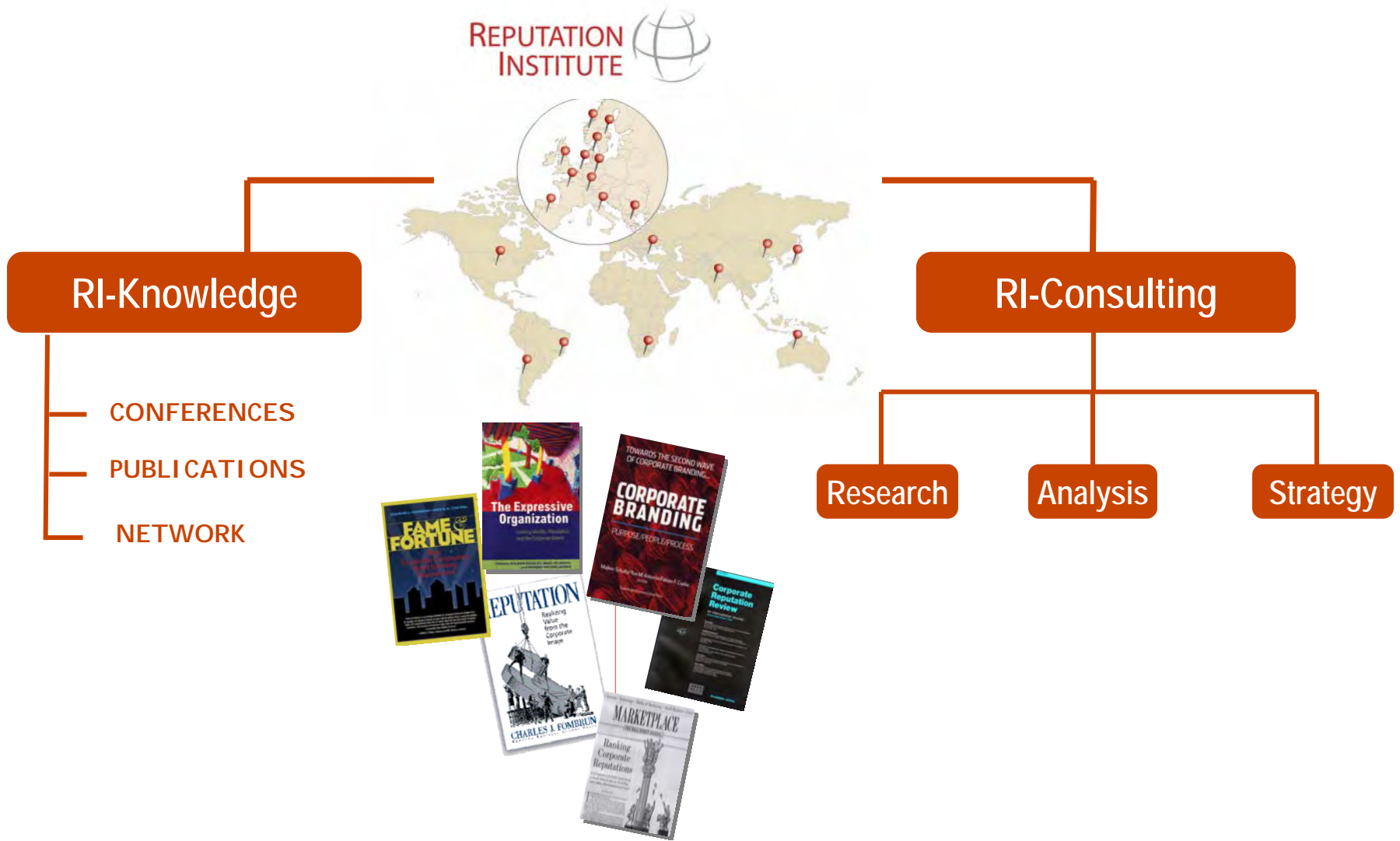
- **Reputation Institute:** brief presentation
- **Corporate Reputation:** the concept
 - Reputation and CSR
 - Reputation and Brand
- **Corporate Reputation Management**
- **Reputation metrics:** RepTrak™ System
- **Reputation and Media:** Media RepTrak™
- **Reputation drivers**
 - Through different business sectors
 - Through different countries
 - Through different stakeholders
- **Corporate reputation ranking**



- Reputation Institute (RI) was founded in 1997 by two of the leading academics in reputation management: **Prof. Charles Fombrun**, Professor Emeritus of Management of the Stern School of Business, New York University, and **Prof. Cees Van Riel**, Professor of Corporate Communications at the Rotterdam School of Management.
- RI is the world's thought leader in reputation management. Our core purpose is to help companies build a robust reputation management organization that is supported by a strong reputation tracking system.
- RI is a boutique consultancy –we are not a data collection company, a public relations firm, or an advertising agency.

Reputation Institute:

A Global Advisory Firm Launched in 1997



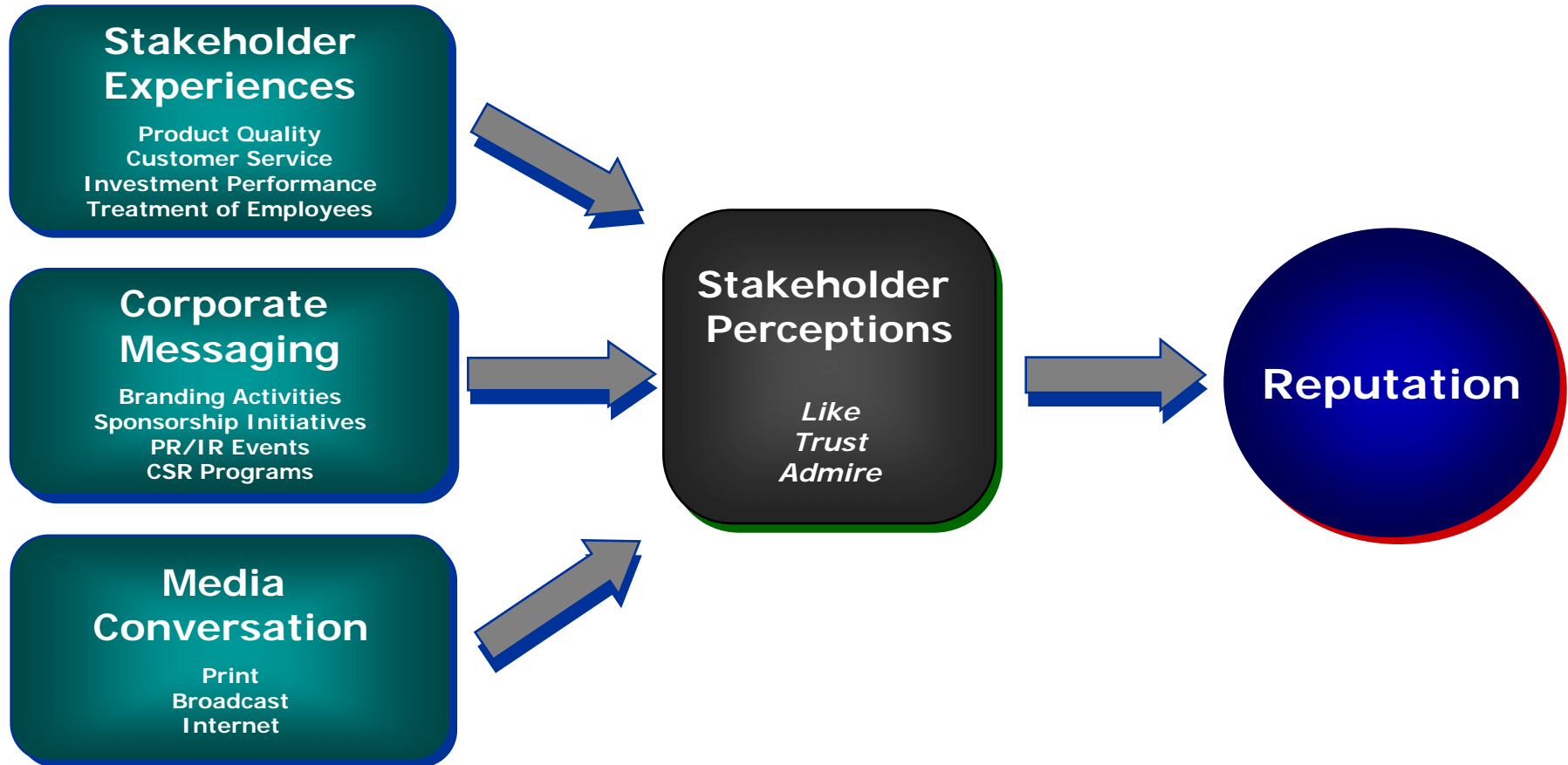
Corporate Reputation

What is Corporate Reputation?

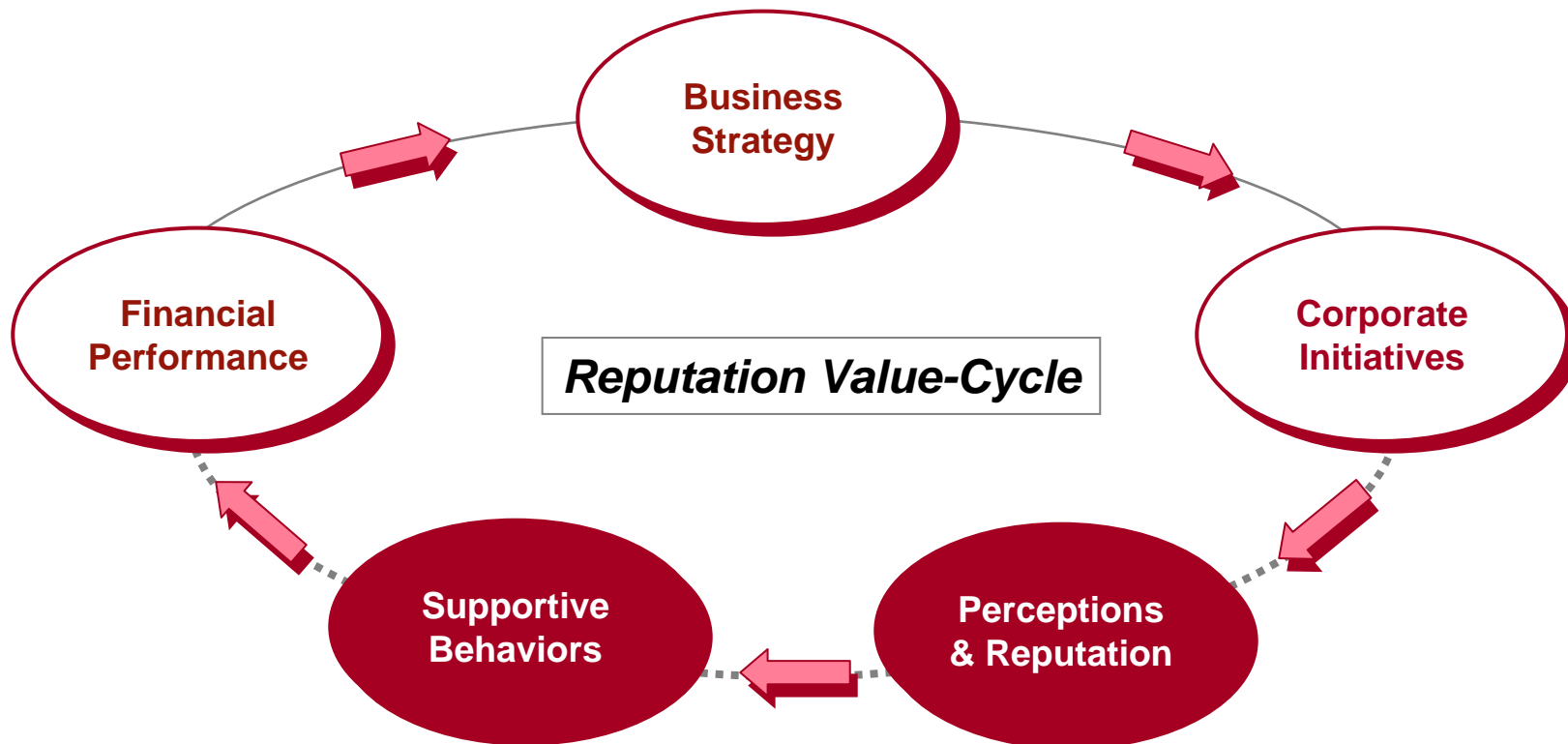
*“A corporate reputation is a **perceptual representation of a company’s past actions and future prospects that describe the firm’s overall appeal to all of its key constituents when compared with other leading rivals.**”*

(Charles Fombrun, 1996)

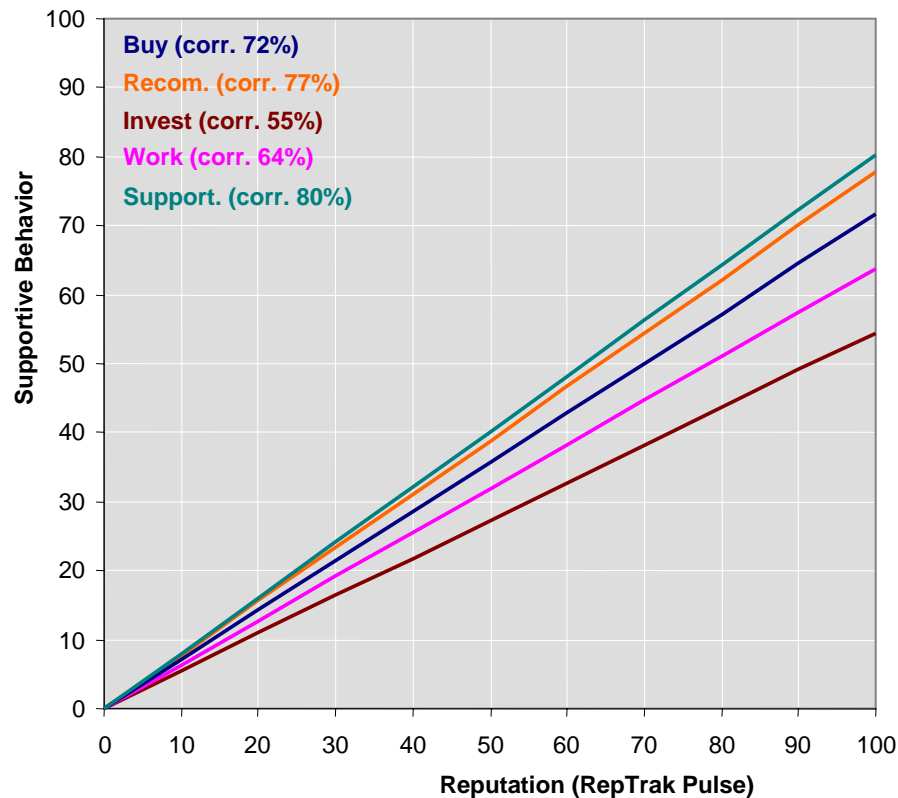
How are corporate reputations created?



Why manage reputation?

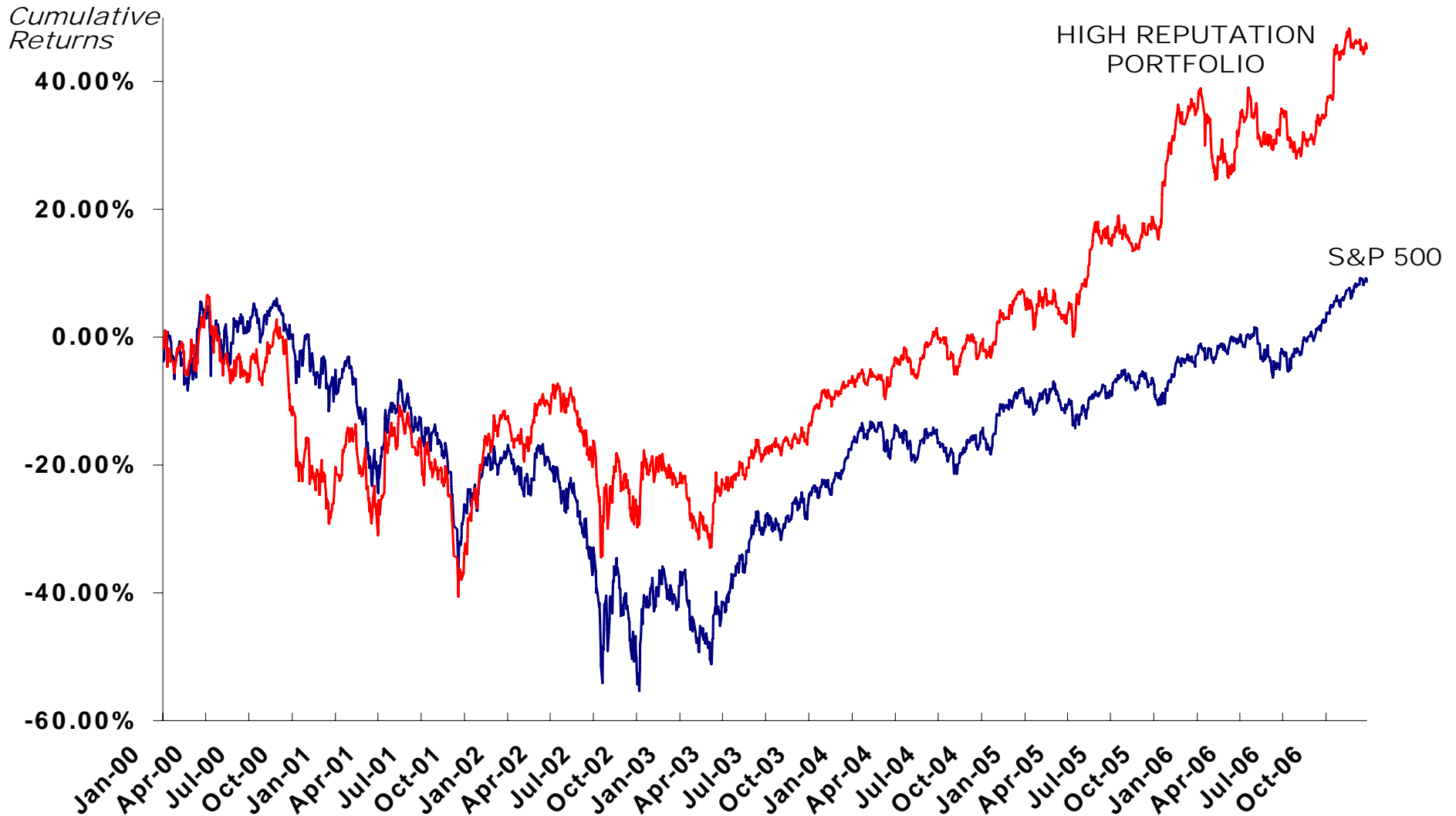


Positive influence of reputation on supportive behaviors of stakeholders

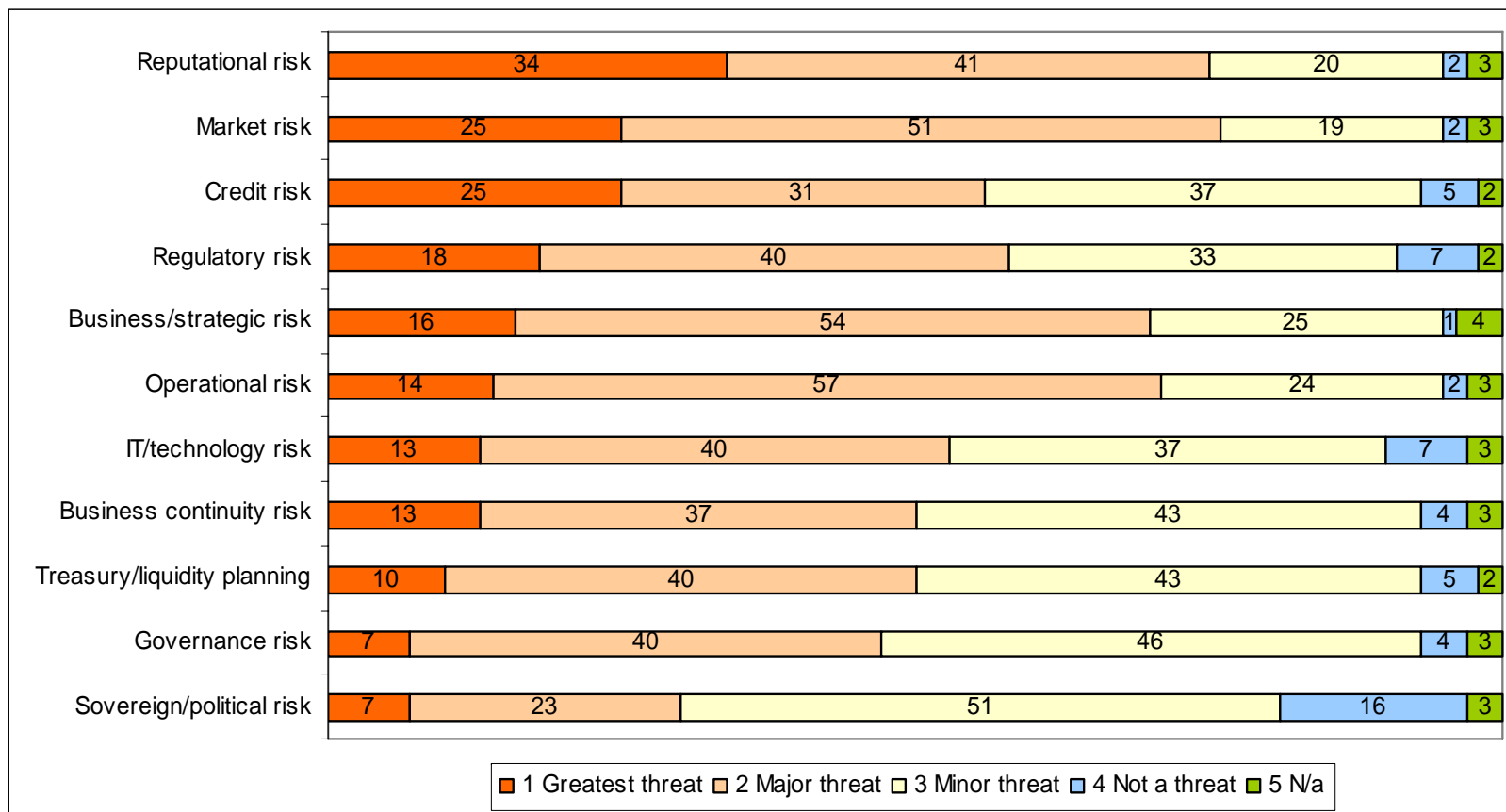


There is a high correlation between reputation and declared supportive behaviors towards a company

Evidence that Reputation & Market Value are Linked (2000-2006)

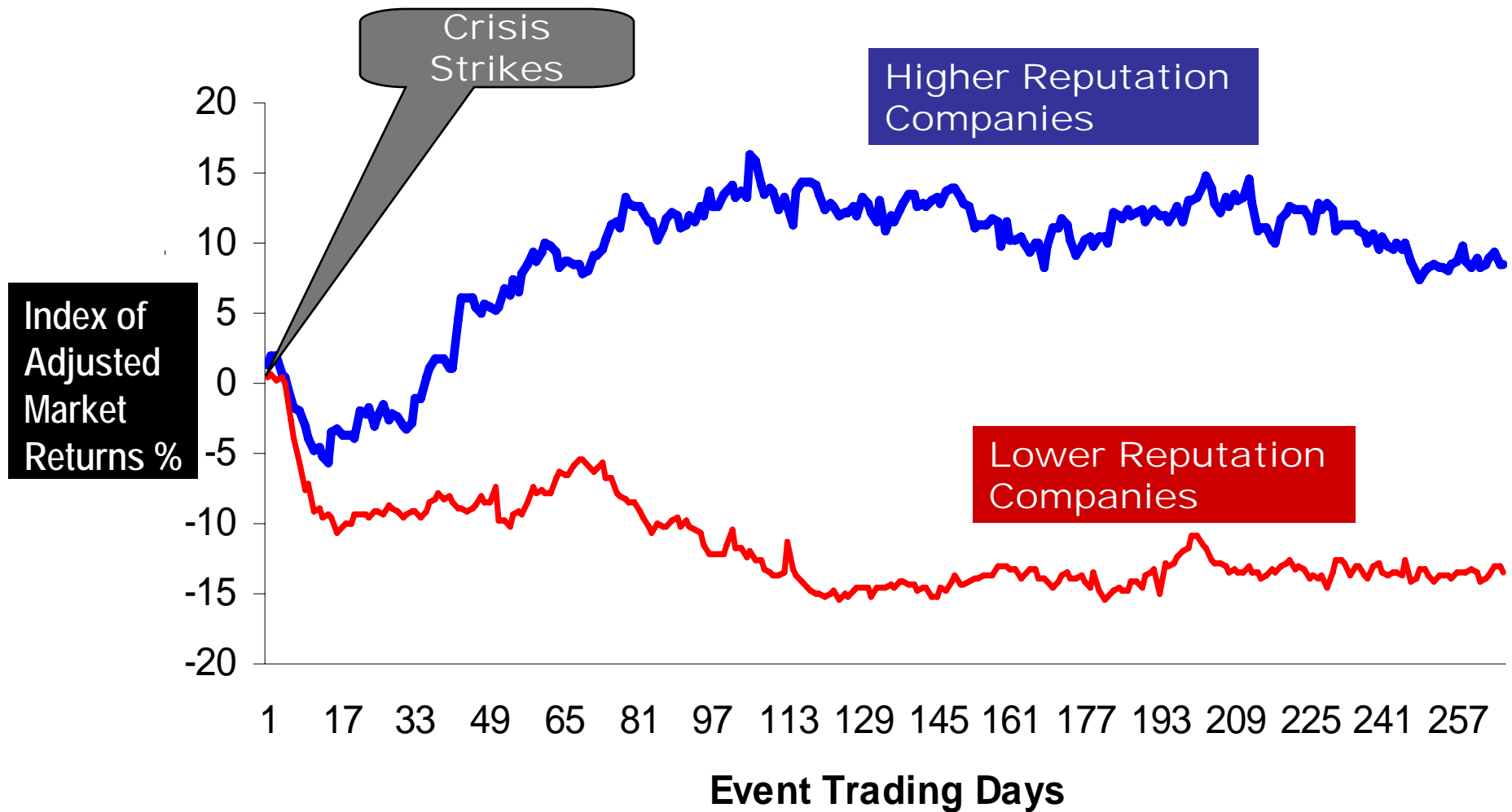


Main risks that companies have to face



Source: PricewaterhouseCoopers

Companies with reputation capital recover quicker from crisis



A Study that Compared 17 Crises Demonstrates that Significant Financial Value is Lost for all Firms, but Hits Lower Reputation Companies more Significantly

Source: D. Petty, *Corporate Reputation Review*

Corporate Reputation vs. CSR

CORPORATE RESPONSIBILITY

*“Corporate
Responsibility is the
voluntary commitment
by business to manage
its activities in a
responsible way.”*

International Chamber of Commerce

CORPORATE REPUTATION

*“It is the collection of
perceptions about a
company that is hold
by the **stakeholders**
with whom it relates,
both internal and
external.”*

Realities



Perceptions

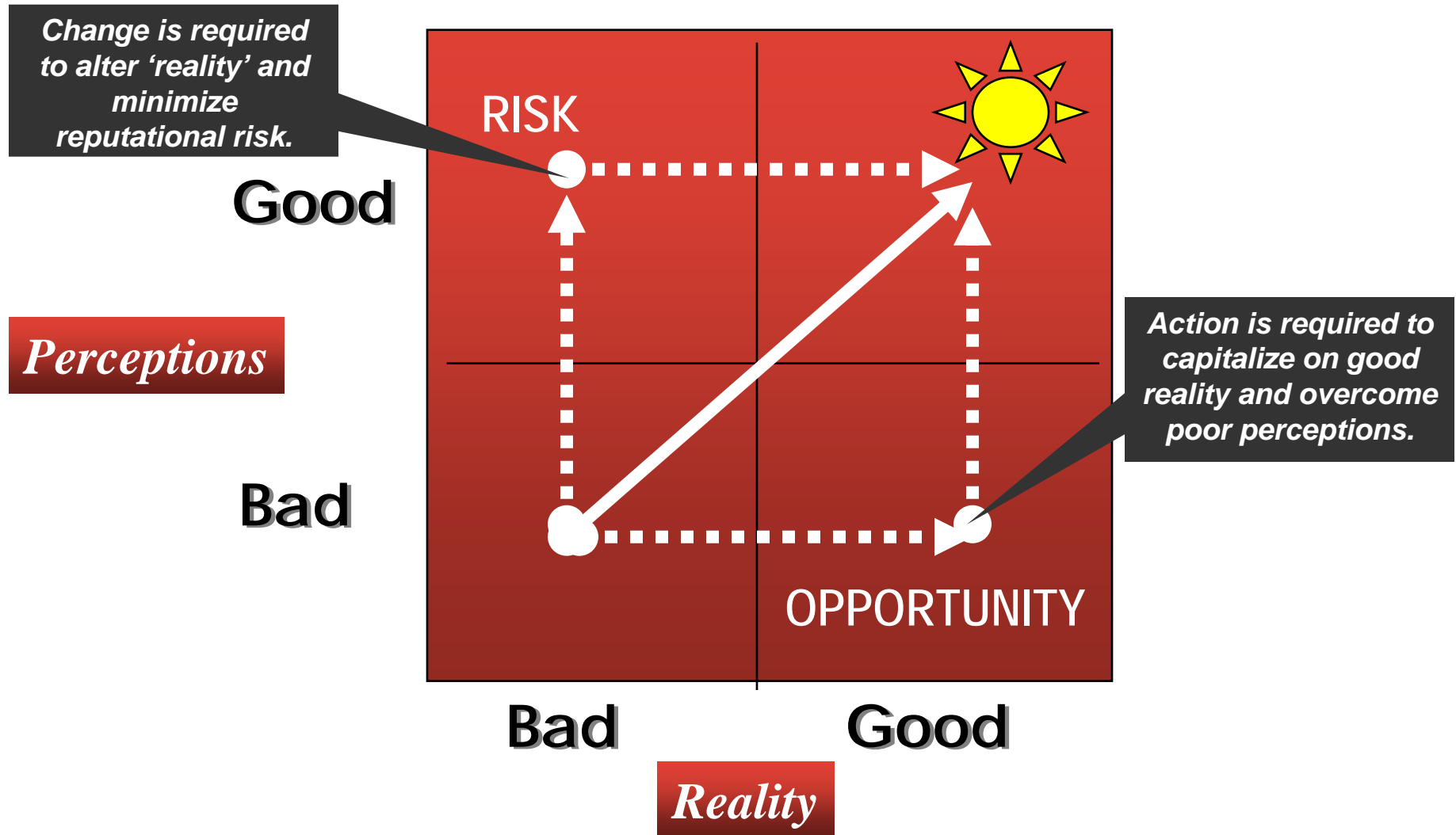
Corporate Reputation vs. Corporate Brand

- The most important difference among both concepts is the following:
 - Brand has to do with all the elements of identity, symbols and promises **the company develops** in order to differentiate its products and services from those of its competitors.
 - Reputation is a collection of **perceptions in the mind of the stakeholders** that results from the interaction of those groups of people with company's reality and its communication.

- *Companies own their brands, but stakeholders are the ones who build their reputations.*

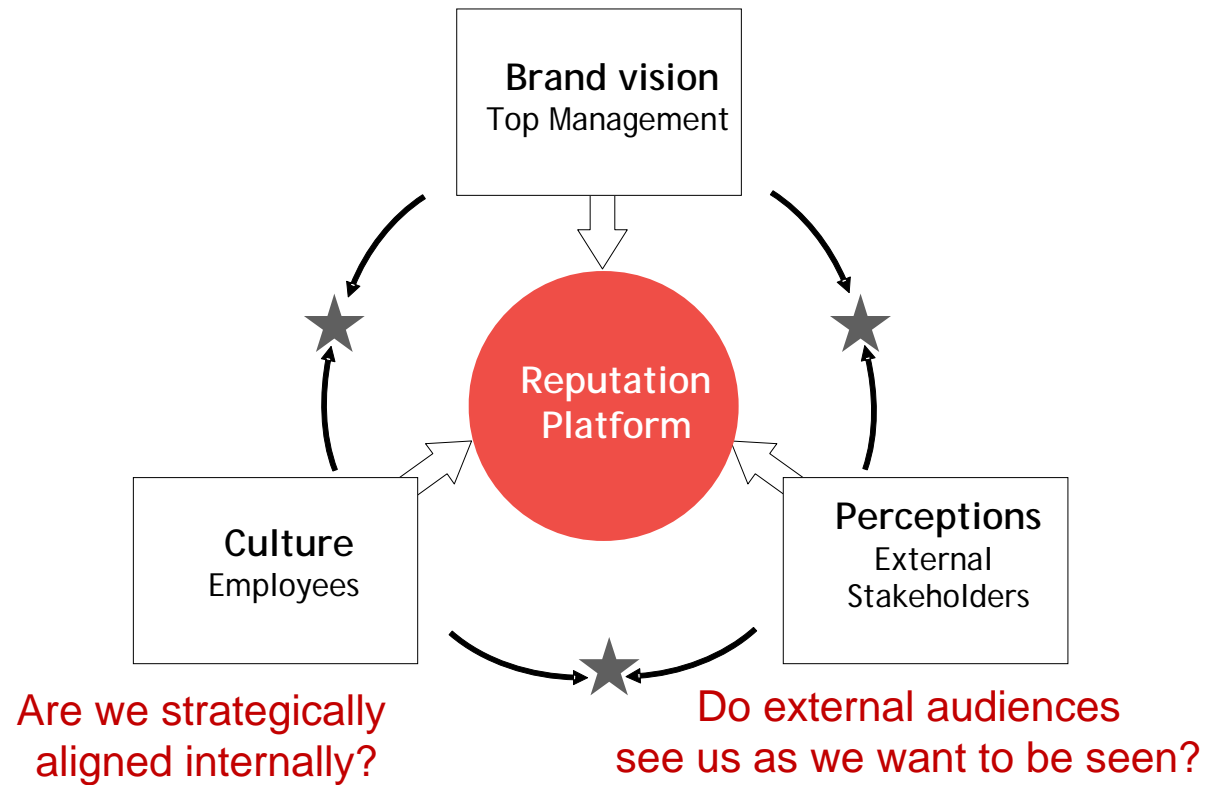
Corporate Reputation Management

Reputation Management is NOT Spin: It must address both Reality and Perceptions



How do we work with reputation conceptually: *Building a long-term Reputation Program*

What kind of a
company do we want to be



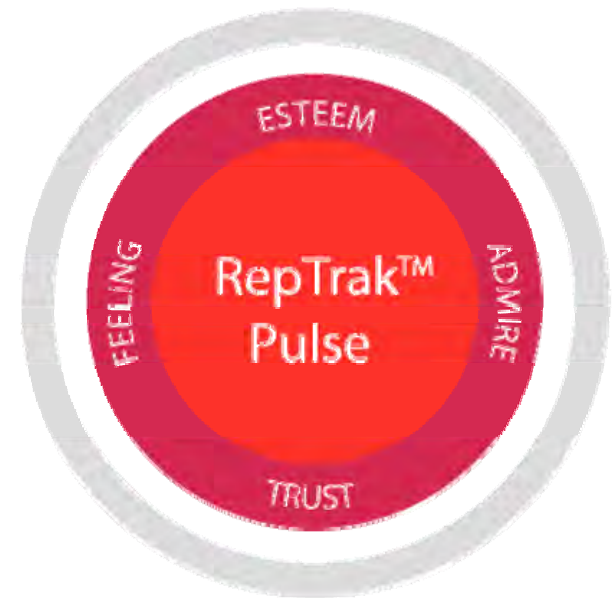
Measuring for management: RepTrak™ System



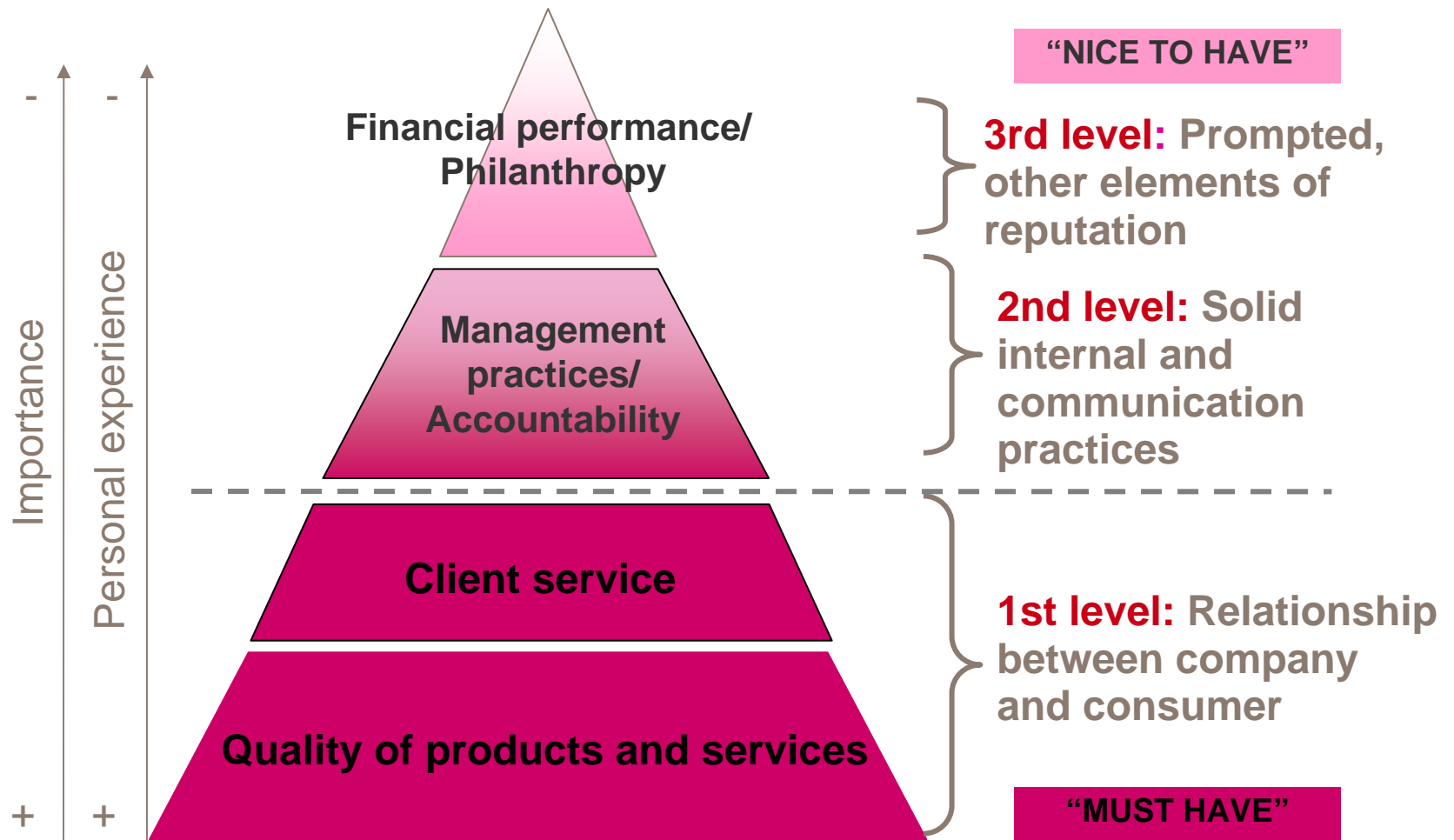
RepTrak™ Pulse: The way people understand “the reputation”

What do we measure with RepTrak™ Pulse?

- Corporate Reputation summarizes the feelings people have about a company.
- The Pulse measures the emotional appeal people feel about a company.
- It is an statistical construct made of four elements:
 - Admiration and respect
 - Perceived reputation
 - Good feeling
 - Trust



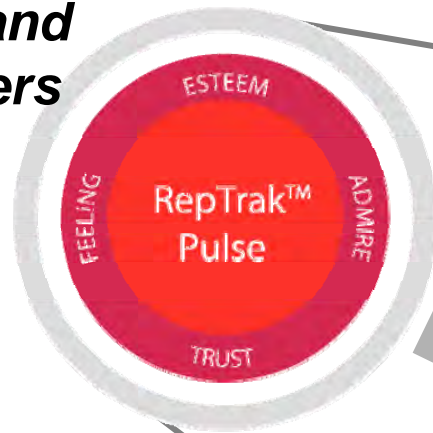
Not everything is equally important for Corporate Reputation



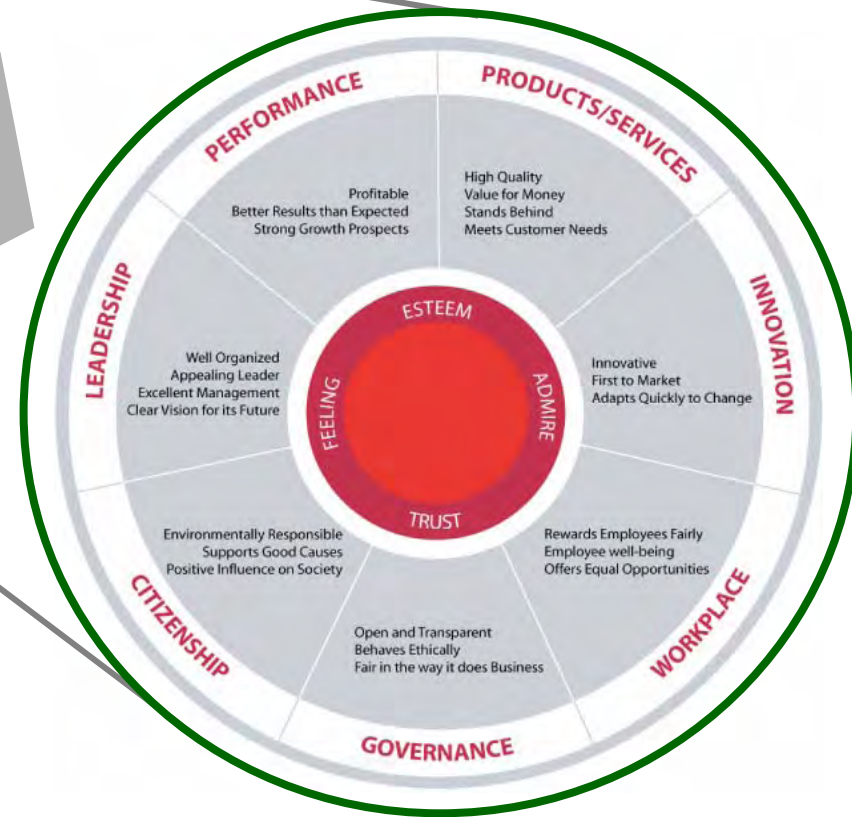
Source: Reputation Institute. Qualitative research among general public in 6 countries 2005.

RepTrak™ methodology: an international standard

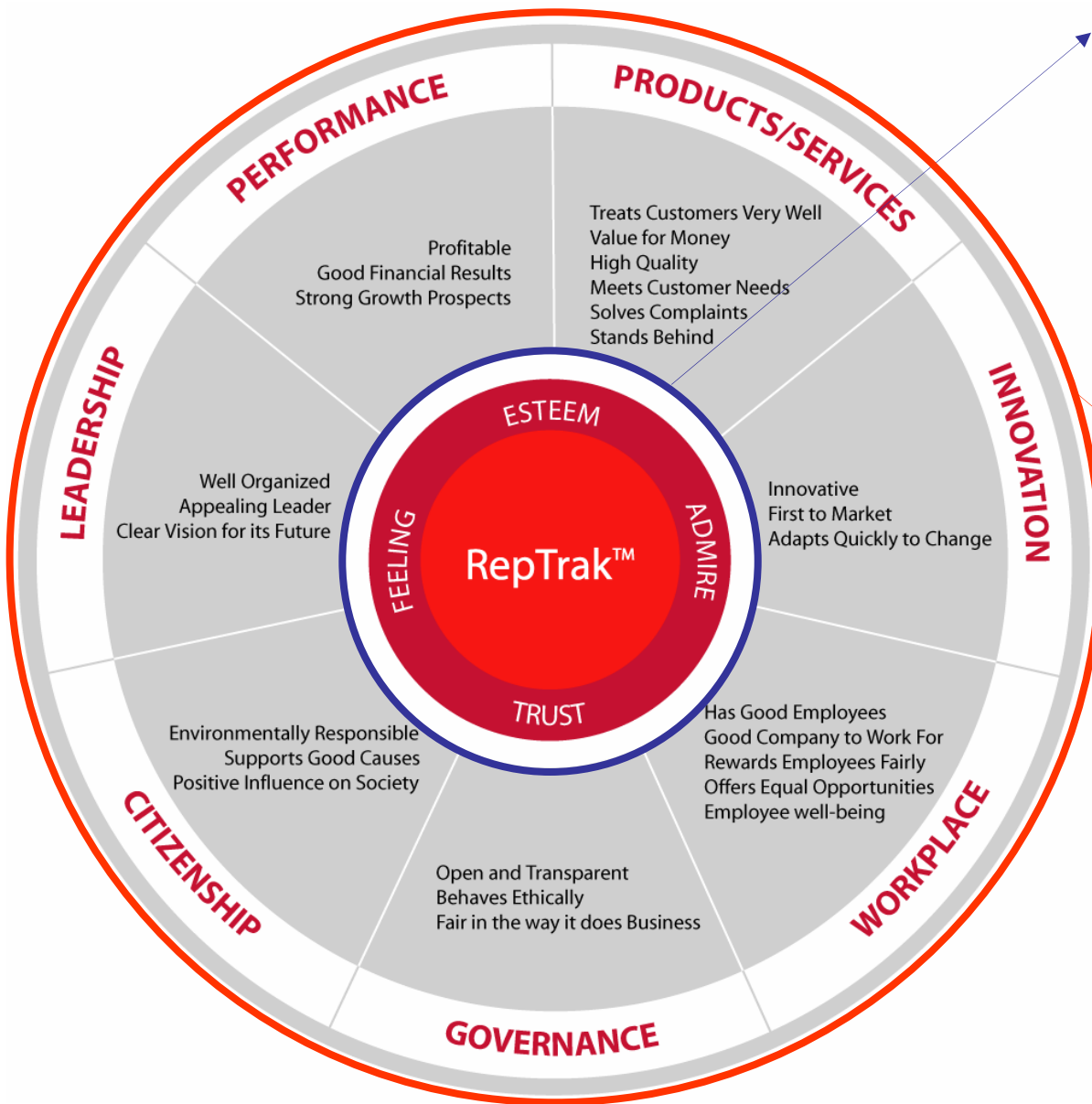
**Comparable among
business sectors,
countries and
stakeholders**



**Explanatory and
predictive**



RepTrak™ Methodology

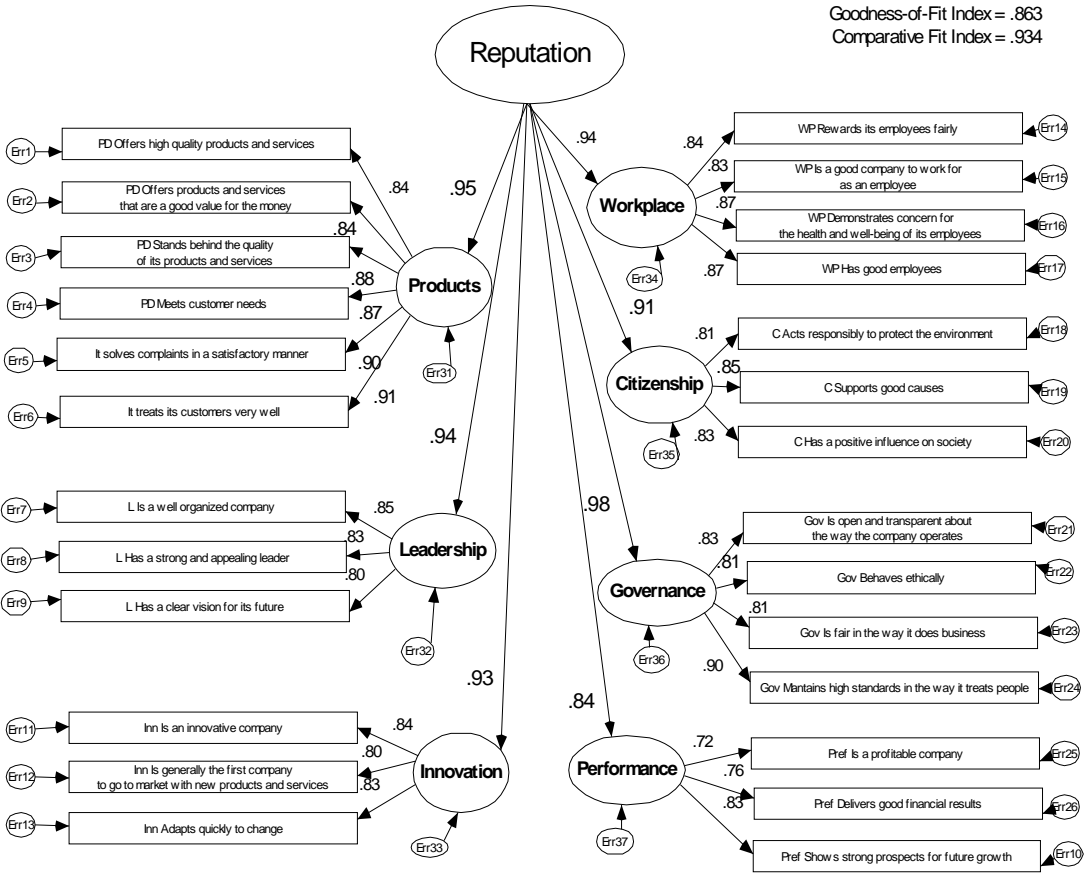


RepTrak Pulse: measurement of the reputation based on four direct questions: overall reputation, admiration, trust, and feeling. RI considers that this “dependent variable” represents the “real” reputation of a company among the stakeholder analyzed. This indicator contemplates the emotional attractiveness of the company.

RepTrak Index: aggregate indicator that explains a company’s reputation based on seven dimensions and 20-30 weighted attributes. The intention behind RepTrak Index is to divide the RepTrak Pulse into actionable items in order to identify strengths and weaknesses of the company in this material. These are the rational criteria that influences in a company’s reputation, as well as those that could influence directly in reputation management.



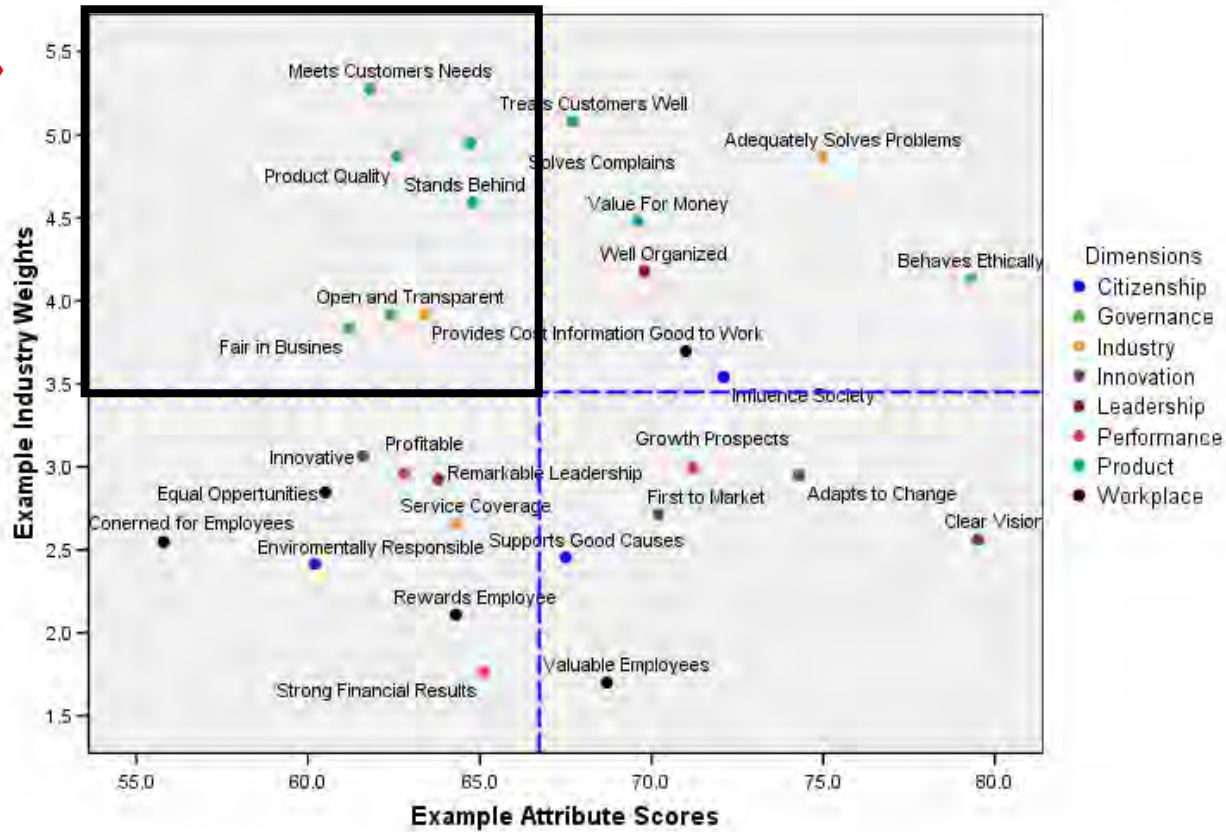
How reputation is built?



Example:
General public in Spain – Dimension Weights

Example of reputation analysis

High Priority for Improvements



- fictitious results

RepTrak™ Model

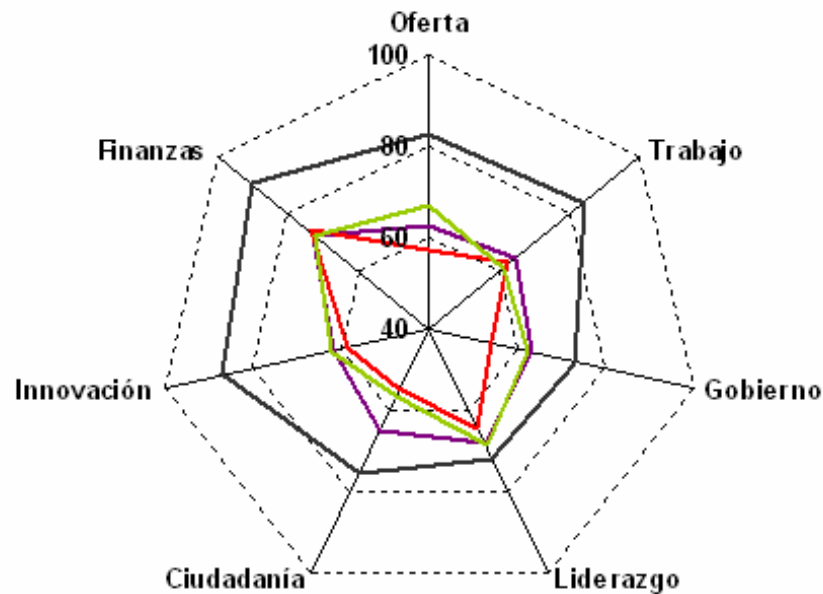
Results for decision making and action



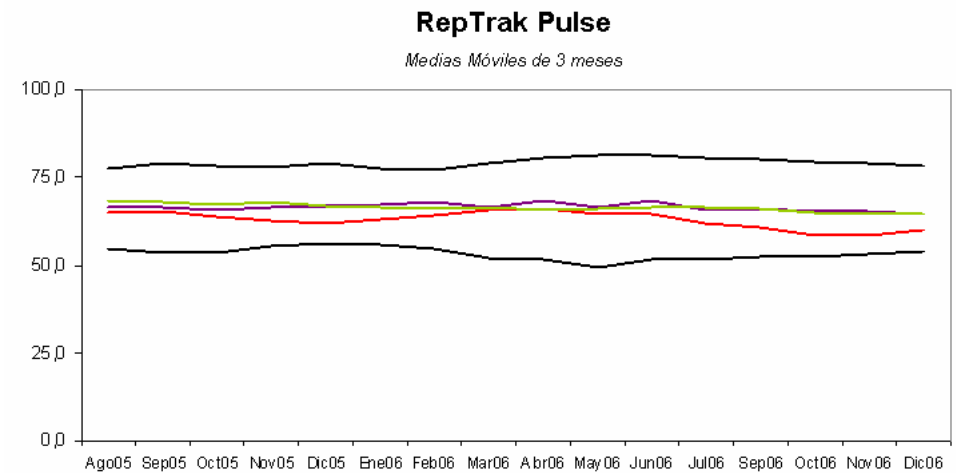
Competitive Analysis

Indicadores	Empresa X					Empresa A					Empresa B				
	media Ene- Mar	media Abr- Jun	media Jul- Sep	media Oct-Dic	Δ	media Ene- Mar	media Abr- Jun	media Jul- Sep	media Oct- Dic	Δ	media Ene- Mar	media Abr- Jun	media Jul- Sep	media Oct-Dic	Δ
Pulse	55,0	59,5	56,1	57,4	↑	52,6	57,9	56,4	59,2	↑	58,3	58,5	55,1	54,9	→
Oferta	58,3	60,5	58,9	59,9	↑	57,0	58,9	60,4	58,6	↓	59,3	56,0	56,8	57,6	→
Liderazgo	56,7	58,7	58,9	58,3	→	57,7	58,9	58,3	56,8	↓	59,0	54,9	57,1	54,7	↓
Finanzas	60,1	62,4	57,7	60,1	↑	57,6	59,6	59,7	58,3	↓	59,2	56,5	57,8	55,0	↓
Innovación	55,9	58,3	57,4	61,9	↑	54,9	55,7	55,9	55,5	→	58,2	56,2	55,4	55,8	→
Trabajo	58,6	59,7	56,5	58,5	↑	56,0	57,5	58,1	56,8	↓	59,2	55,9	60,5	59,0	↓
Ciudadanía	54,6	54,9	55,2	56,2	↑	50,1	52,7	54,4	53,1	↓	56,0	53,8	55,7	53,8	↓
Gobierno	54,9	57,2	55,7	57,2	↑	54,8	58,0	56,9	56,1	→	57,8	55,9	55,6	57,8	↑

Company profile vs. competition



Analysis of trends



Reputation Drivers and Competitive Positioning

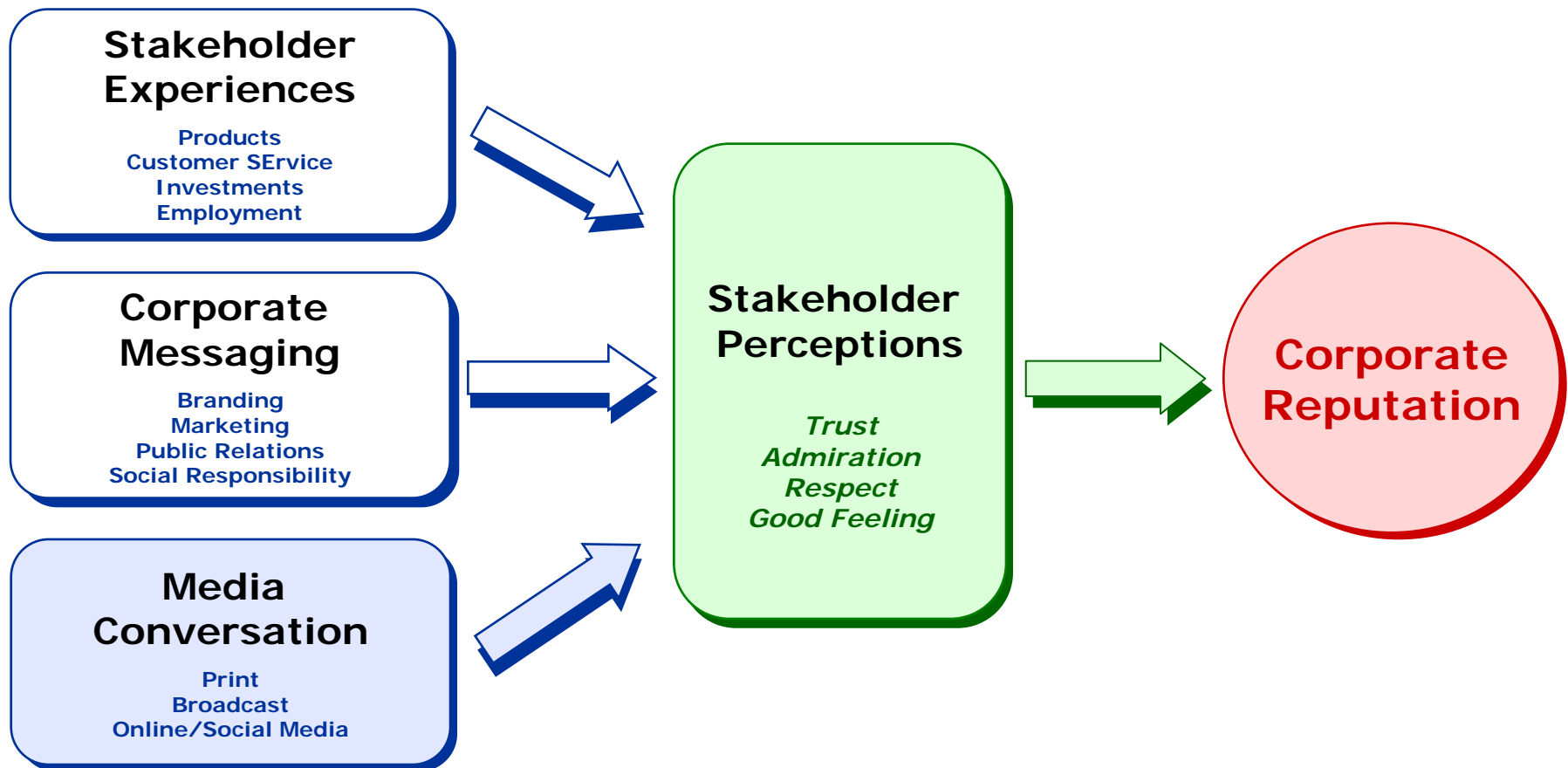
	Company	Competitor	Company vs. Competitor
RepTrak™ Pulse	74,3	74,9	-0,7
Products / Services	74,3	74,2	0,1
Innovation	71,1	71,7	-0,6
Workplace	68,5	69,5	-0,9
Governance	68,7	69,2	-0,5
Citizenship	69,6	70,2	-0,5
Leadership	70,9	71,2	-0,2
Performance	74,6	75,3	-0,8
High quality (PS)	76,9	77,2	-0,3
Value for money (PS)	69,9	70,3	-0,4
Stands behind (PS)	76,5	75,9	0,6
Customer needs (PS)	73,6	72,7	0,9
Innovative (I)	71,9	71,1	0,8
First to market (I)	70,1	70,7	-0,7
Adapts quickly (I)	71,8	72,6	-0,8
Rewards fairly (W)	65,6	65,8	-0,1
Concern for employees (W)	67,9	67,2	0,7
Equal opportunities (W)	66,6	65,9	0,7
Open and transparent (G)	66,9	66,0	1,0
Ethical (G)	69,9	70,9	-0,9
Is fair (G)	68,6	69,3	-0,7
Environment (C)	70,1	69,2	0,9
Supports good causes (C)	71,7	71,4	0,3
Positive influence on society (C)	69,2	68,9	0,3
Well organized (L)	75,1	76,1	-1,0
Strong and appealing leader (L)	66,9	67,8	-0,8
Excellent managers (L)	68,8	68,1	0,7
Clear vision (L)	75,2	75,0	0,2
Profitable (PF)	77,2	76,5	0,7
Better results (PF)	72,5	73,5	-0,9

 Reputation drivers

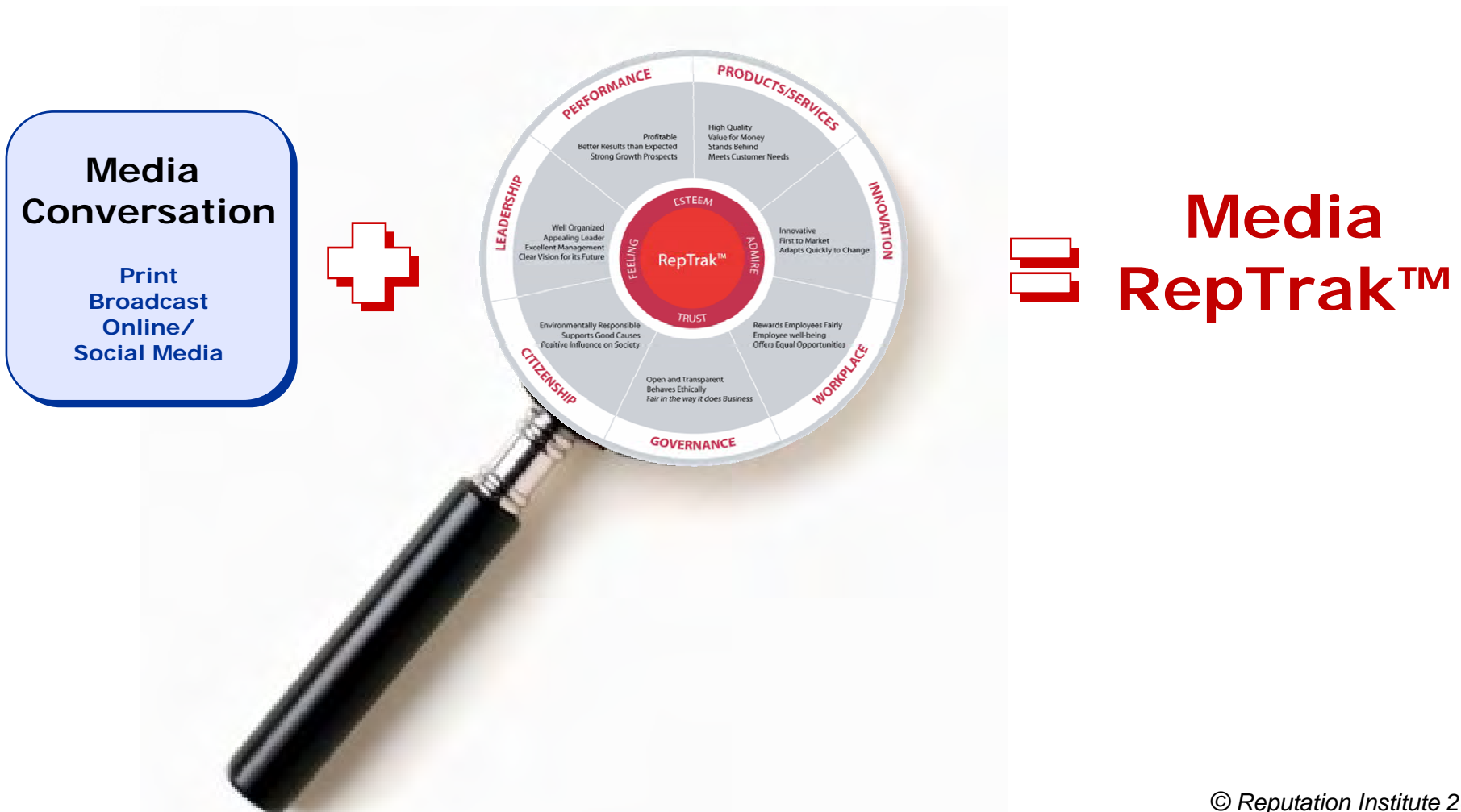
- fictitious results

Reputation & Media

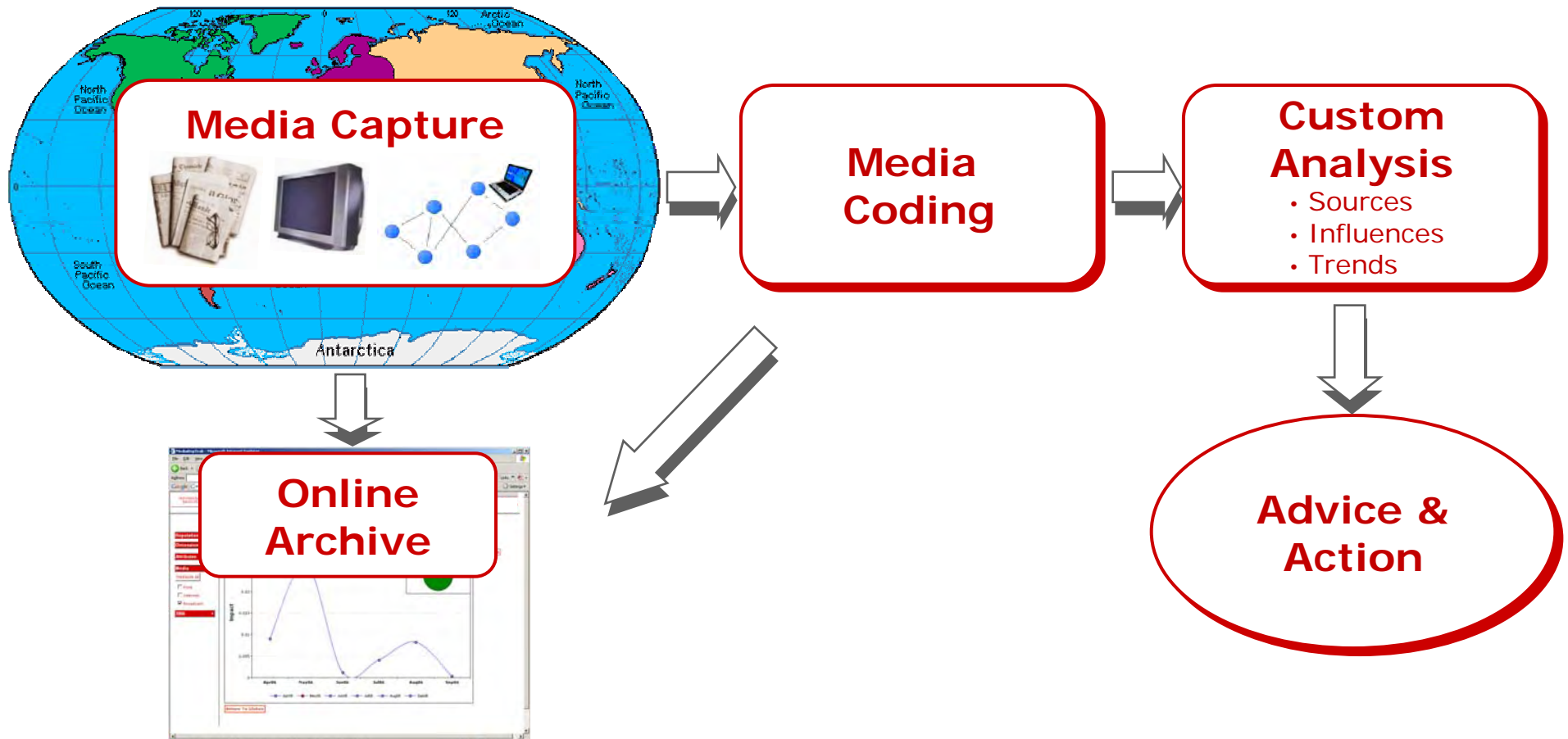
How are corporate reputations created?



Media RepTrak™: A Strategic Tool

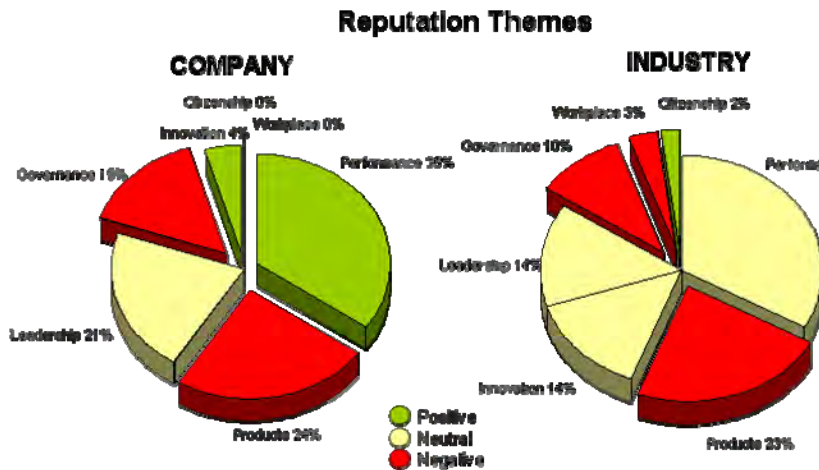
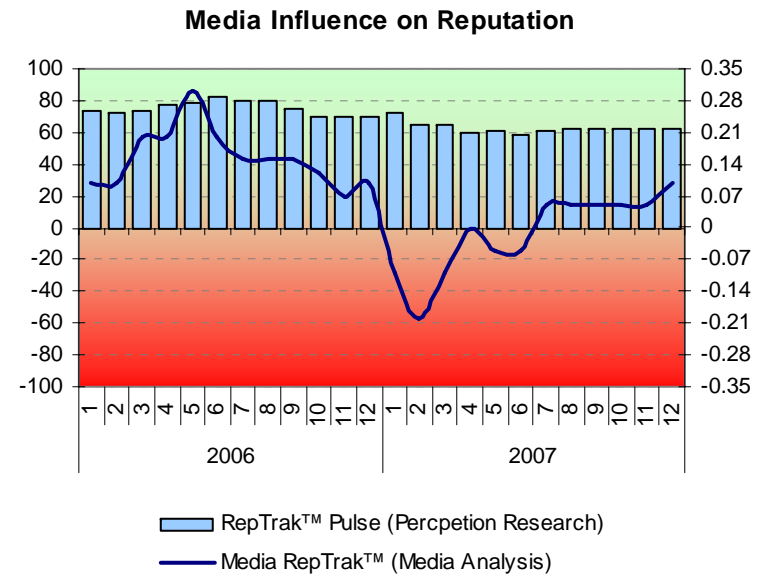


Media RepTrak™ Process



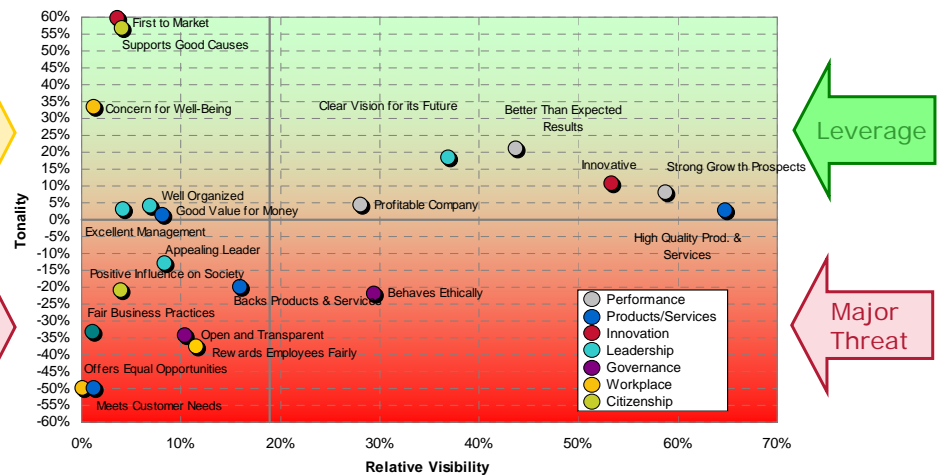
Custom Analysis

- Media RepTrak™ is focused on assessing media trends relative to a company's key reputation criteria (*Reputation Drivers*).
- The analysis is integrated with RepTrak™ perception analysis.
- Influence of media coverage on stakeholder perceptions.



Opportunity

Minor Threat



Integrated Research & Alignment

Strategy/Planning

Stakeholder Relevance (Perception Research)

Employee Reputation Drivers



Customer Reputation Drivers



Inst. Investor Reputation Drivers



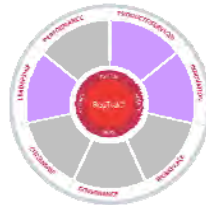
Engagement

Corporate Messaging (Messaging Analysis)

Internal Communication Content Focus



Press Release Content Focus



Advertising Content Focus



Evaluation/Strategy Re-Alignment

Media Conversation (Media Analysis)

Print Media Coverage Focus



Broadcast Media Coverage Focus



Online/Social Media Content Focus



Change in Reputation (Perception Research)

RepTrak Pulse™



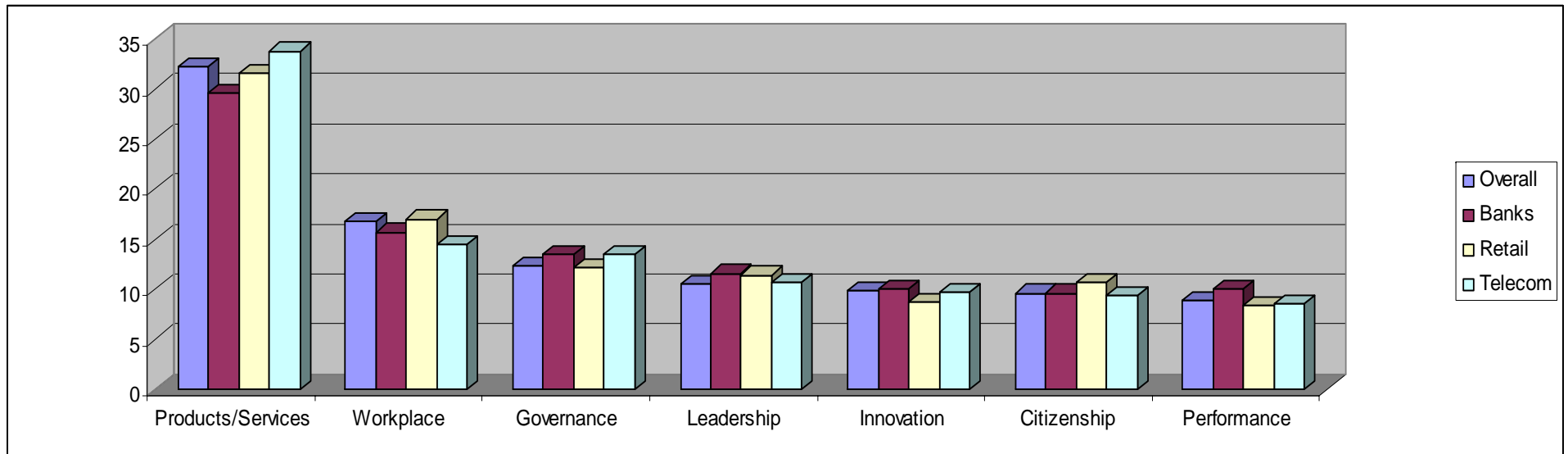
Reputation management through:

- **Business sectors**
- **Countries**
- **Stakeholders**

Companies of different sectors do compete

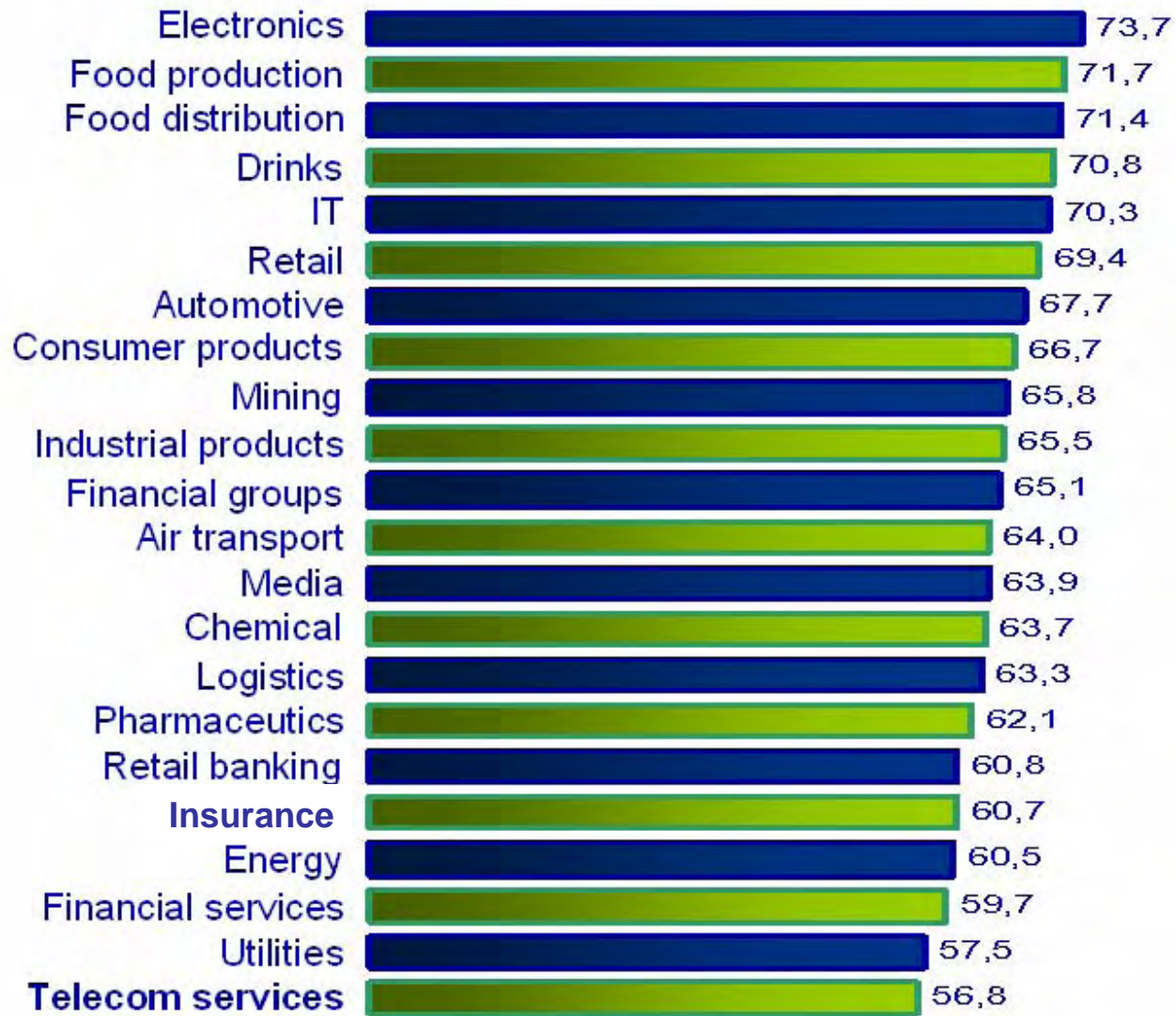
- For hiring the best people
- For being an attractive investment
- For being a good corporate citizen
- For being able to diversify into new sectors or product categories

General population: Different business sectors ... similar weights



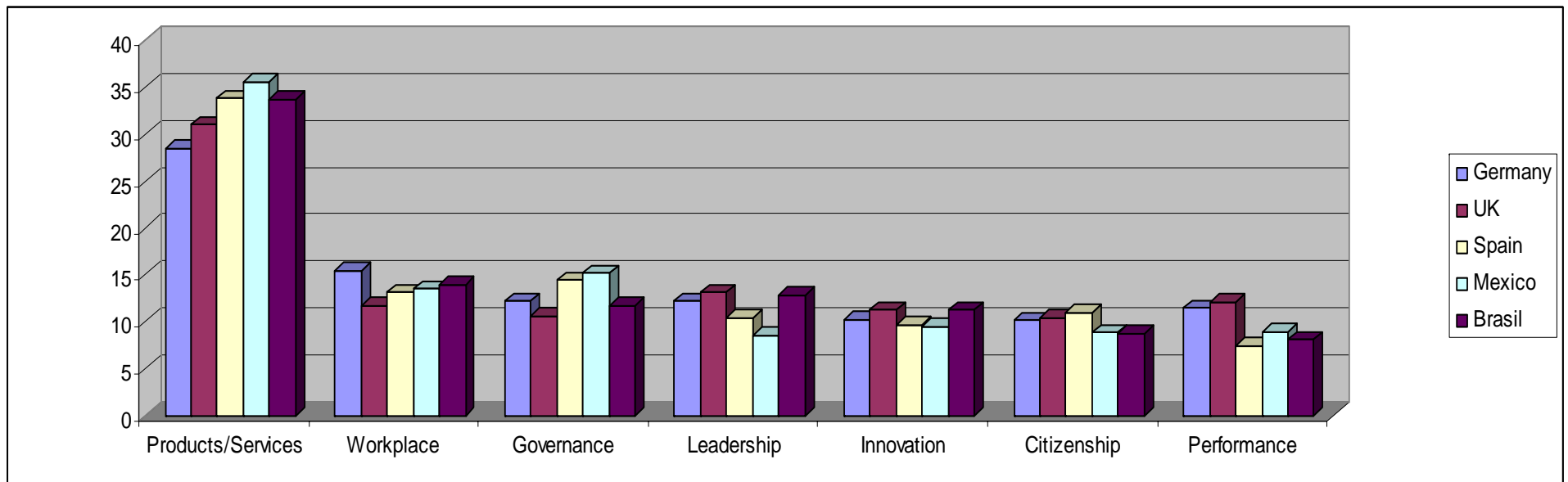
**Data from Spain and Latin America 2006:
General population, sample size: 118,000 ratings**

But very different scores ...

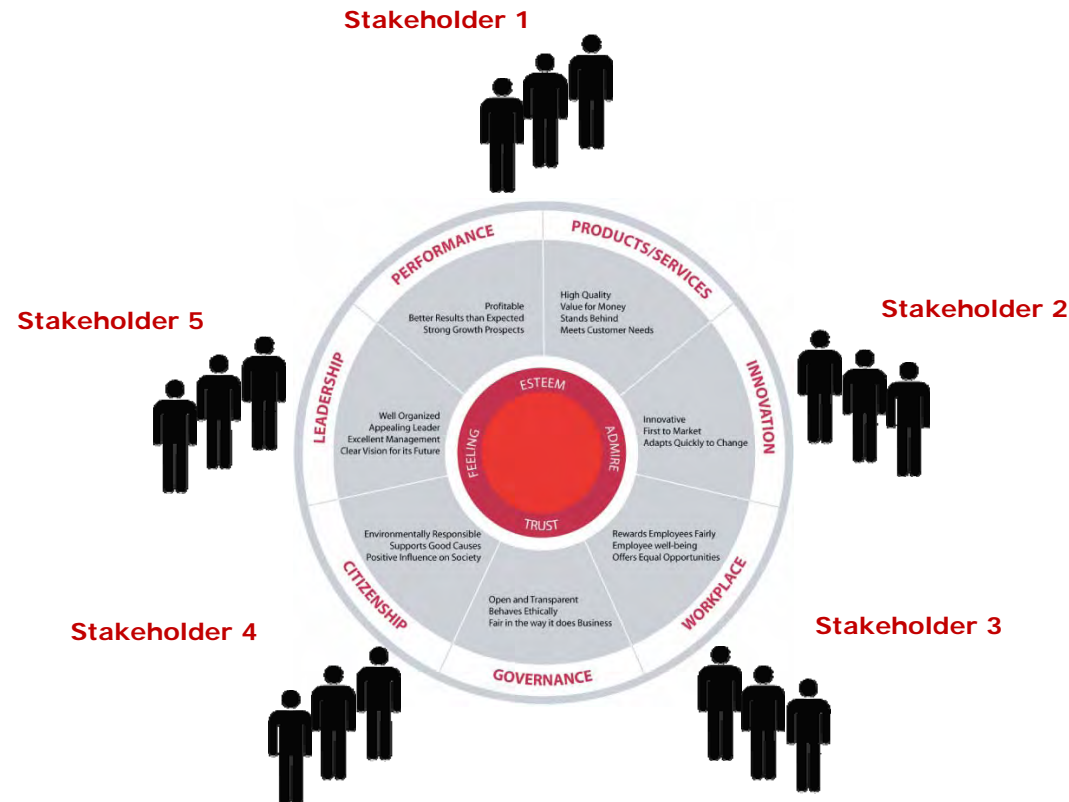


Reputation drivers through countries

- When we do not change the stakeholder... Not very important differences appreciated in the weights of dimensions.
- Example with general public, with the same model, through five countries:



Stakeholder research



- We use the RepTrak Scorecard to conduct research within the different stakeholder groups.
- Each stakeholder group should have its own model (weights per dimension/attribute).

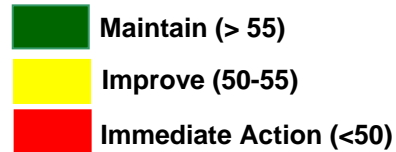
Example of stakeholder analysis

	Gen. Public		Employees		Shareholders		Clients		Journalists	
	Weight	Score	Weight	Score	Weight	Score	Weight	Score	Weight	Score
P&S	●	68,2	○	69,2	◐	65,2	●	69,7	●	70,1
Workplace	●	70,2	●	62,3	◐	65,5	◐	70,6	●	70,2
Governance	◐	66,2	●	65,2	●	67,3	◐	65,5	◐	60,5
Leadership	◐	68,3	●	61,2	◐	68,9	◐	63,2	◐	61,2
Citizenship	◐	64,1	○	68,3	○	61,1	○	65,3	○	65,9
Innovation	○	68,3	○	67,2	◐	65,5	◐	67,8	◐	72,8
Performance	○	69,9	◐	66,0	●	70,1	○	65,5	○	68,1

- High Influence
- ◐ Medium Influence
- Low Influence

Note: Fictitious data.

Reputation Performance on Dimensions across stakeholders



	Stakeholder 1	Stakeholder 2	Stakeholder 3	Stakeholder 4	Stakeholder 5
Overall Rep.	53	62	45	54	56
Products	57	54	49	61	56
Governance	44	45	41	48	49
Workplace	52	56	43	51	59
Innovation	65	69	47	53	62
Leadership	56	58	48	52	52
Performance	51	58	46	51	56
Citizenship	45	42	39	49	52

- Reputation strengths or weaknesses in and across stakeholders
 1. Client reputation in the stakeholder 3 requires immediate action

fictitious results

Corporate Reputation Ranking: Global Pulse 2007

Global Pulse 2007: The World's Most Respected Companies - The Top 50

- Reputation among general public (on-line) in 2007.
- Most important companies (in size) measured in its country of origin (600).
- Published by Forbes Magazine.

Excellent/Top Tier	above 80
Strong/Robust	70 – 79
Average/Moderate	60 – 69
Weak/Vulnerable	40 – 59
Poor/Lowest Tier	below 40

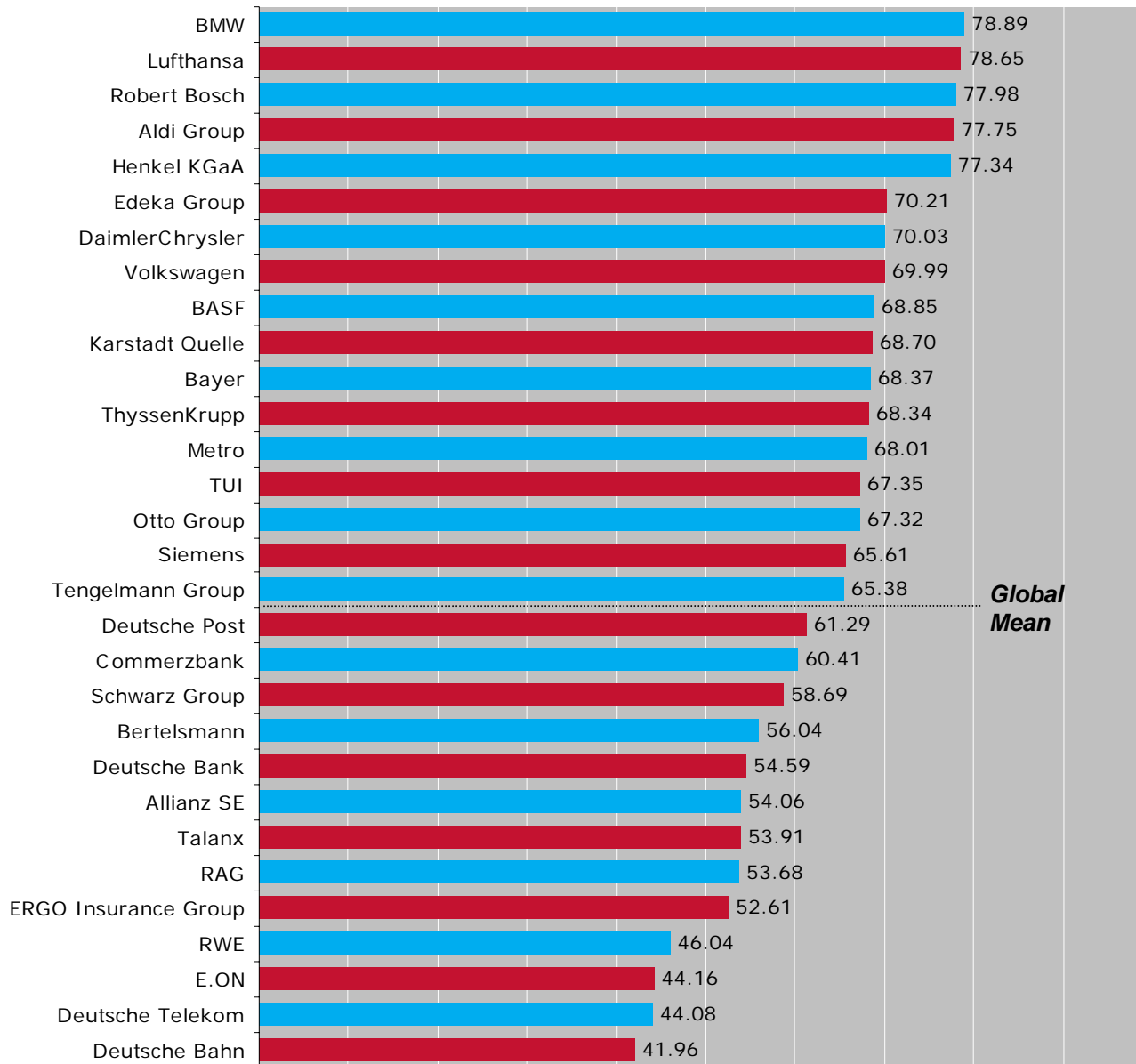
All Pulse scores are standardized on both the country and global level.

All RepTrak™ Pulse scores that differ by more than +/-0.5 are significantly different at the 95% confidence level

Rank	Company	RepTrak™ Pulse Score
1	Lego (Denmark)	85.01
2	IKEA (Sweden)	84.05
3	Barilla (Italy)	83.53
4	Mercadona (Spain)	83.39
5	AP Møller - Mærsk (Denmark)	83.39
6	Toyota Motor (Japan)	82.79
7	Ferrero (Italy)	82.63
8	Petrobras (Brazil)	82.19
9	Sberbank of Russia (Russia)	81.96
10	Rockwool (Denmark)	81.86
11	Michelin (France)	81.67
12	Danfoss (Denmark)	81.45
13	Swatch Group (Switzerland)	81.29
14	Magnitogorsk Iron and Steel Works OAO (Russia)	81.17
15	Kraft Foods (USA)	81.07
16	Canon (Japan)	80.82
17	Vestas (Denmark)	80.81
18	Danone (France)	80.68
19	El Corte Inglés (Spain)	80.63
20	Honda Motor (Japan)	80.60
21	Matsushita Electric Industrial Co. (Japan)	80.56
22	McCain Foods (Canada)	80.43
23	Marks & Spencer (UK)	80.19
24	Grundfos (Denmark)	80.18
25	United Parcel Service Inc. (UPS) (USA)	80.06
26	Jean Coutu Group (Canada)	80.04
27	Philips (Netherlands)	79.82
28	Gazprom-neft (Formerly Sybneft) (Russia)	79.59
29	FedEx (USA)	79.39
30	Lukoil (Russia)	79.35
31	Vale do Rio Doce (Brazil)	79.31
32	Novo Nordisk (Denmark)	79.09
33	Velux (Denmark)	78.95
34	BMW (Germany)	78.89
35	Johnson & Johnson (USA)	78.80
36	Deutsche Lufthansa (Germany)	78.65
37	L'Oreal (France)	78.44
38	Walt Disney (USA)	78.37
39	Raiffeisen (Switzerland)	78.11
40	Grupo Pão de Açúcar (Brazil)	78.09
41	Gazprom (Russia)	78.05
42	Robert Bosch (Germany)	77.98
43	Bridgestone (Japan)	77.77
44	Nokia (Finland)	77.76
45	Aldi (Germany)	77.75
46	Gerdau (Brazil)	77.73
47	Canadian Tire (Canada)	77.53
48	Henkel (Germany)	77.34
49	Rosneft (Russia)	77.29
50	Luxottica (Italy)	77.26



The Reputation of the largest companies in Germany



Global Pulse – Germany 2007

All Pulse scores are standardized on both the country and global level. For further explanation see the RepTrak™ Methodology report, and the "Why Standardize?" section.

RepTrak™ Pulse scores that differ by more +/- 0.5 are significantly different at the 95% level.

Excellent/Top Tier	above 80
Strong/Robust	70 – 79
Average/Moderate	60 – 69
Weak/Vulnerable	40 – 59
Poor/Lowest Tier	below 40

REPUTATION
INSTITUTE



Thank you!

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