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FEATURES

29 June 2007

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CORPORATE REPUTATION

Lots in a name

By Thandeka Gqubule

All the years of patriotic citizenship and flag-flying by retailer and legendary SA businessman Raymond Ackerman are paying dividends. From standing up to the apartheid government to supporting SA's bid to host the 2010 soccer World Cup and a number of other patriotic gestures, food retailer Pick 'n Pay now leads other SA companies in a survey of corporate reputation.

Pick 'n Pay is followed by First National Bank, Sanlam, Standard Bank and MTN, while Tiger Brands, Nedbank, Sasol, Imperial and Telkom make up the bottom half of the top 10 SA companies surveyed. The study focus ed on companies that have direct contact with consumers, as it's consumers whose views are canvassed for the survey.

"Pick 'n Pay's performance is not surprising," says Dominique Heil, CEO of the SA arm of the Reputation Institute, an international body that measures corporate reputations.

"The company's high visibility due to extensive communication campaigns, including its support for initiatives on behalf of the country, its range of merchandise appeals and its apparent commitment to service quality, appear to be well received by the SA public."

The Reputation Institute study, which is conducted annually, polls more than 60 000 consumers in 29 countries to measure the corporate reputations of 600 large companies. The global rankings, released in *Forbes* magazine this month, are headed by Denmark's Lego, with Swedish furniture company Ikea the world's second-most respected company.

Heil says companies closely associated with "the national consciousness and aspirations score high in their home territory". In SA, he adds, this is why national carrier SA Airways has a relatively high public perception though it generally gets a bad press. According to the global poll there is a stronger demand for citizenship and good governance in SA than elsewhere in the world.

While solid citizenship is crucial for a company's national reputation, the global status is achieved by good products and services, being a good employer, financial and commercial performance and a company's ability to meet and anticipate customer needs.

According to the Reputation Institution's trademark methodology, RepTrak, "40% of a company's reputation with the public can be explained by institutional performance indicators - a good workplace, citizenship and sound governance".

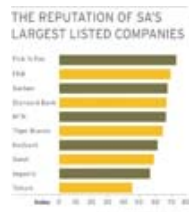
Just under a third of a company's reputation is linked to so-called technical indicators: how well-perceived are its products and services, and is the company innovative?

IT companies tend to score high on innovation because the public perceives them to be cutting-edge. In SA, says Heil, consumers also want to view their companies as innovative, reflecting an aspiration for global standards.

He says corporate reputation can directly affect investor perceptions and thus share prices. "Executives should therefore actively invest in building a strong reputation. To do this they need to be clear about what they stand for and what their competitive advantage is.



Dominique Heil - Be clear about what you stand for



The reputation of SA's largest listed companies

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Past Issues

"Reputations are consciously built and not left to chance," Heil says.

In terms of sectoral performance, the themes of food and children seem to resonate with consumers across countries, with Lego heading the global list and Johnson & Johnson of the US also doing well. Some industries are better perceived than others. Petro chemical and mining companies, often referred to as "dirty industries", enjoy little respect from consumers.

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