



Wall Street Journal Books
an imprint of Free Press, presents books by the staff of The Wall Street Journal.

See Our List
of books available at amazon.com.

Sign Up
for e-mail updates about new books and events.

Submit Feedback
on featured books.



WSJbooks.com

A Good Corporate Reputation Draws Consumers and Investors

by Ronald Alsop

Does my company's reputation really affect my business results?

That's a question I often hear from corporate executives and public-relations managers. My answer: "Of course! It's your most valuable asset."

Given that reputation is an intangible asset, however, it often is difficult to measure precisely its impact on the bottom line. But a good, if indirect, gauge of reputation's impact on financial results and stock prices is its effect on the behavior of consumers and investors. This year's Reputation Quotient study by Harris Interactive Inc. and the Reputation Institute offers some valuable insight into what they call "future supportive behaviors" toward some of the companies in the ranking.

In analyzing the survey data, Harris concludes that there is indeed a powerful statistical correlation between a sterling reputation and the public's intentions to buy a company's products and services, recommend them to other people, buy a company's stock, and recommend the stock to other investors.

The highest percentage of Americans said they would definitely buy and recommend the products of Coca-Cola Co., ranked No. 3 among the 60 companies in the reputation study. Many people also said they would buy or recommend the products and services of Johnson & Johnson (No. 1), Procter & Gamble Co. (No. 4) and United Parcel Service Inc. (No. 5).

As for investments, U.S. respondents were high on Dell Inc. (No. 12) and Starbucks Corp. (No. 17). An exception to the rule was Altria Group Inc., an investor favorite despite its 48th place ranking for reputation.

In the European studies of 15 companies per country, respondents were most inclined to buy or recommend products and services from such companies as Tesco Corp. (No. 5) and The Body Shop International PLC (No. 3) in the U.K.; Groupe Danone (No. 2) and L'Oreal Group (No. 1) in France; and Aldi Group (No. 2) and Fa. Anton Schlecker (No. 11) in Germany.

Harris didn't report on respondents' plans to buy and recommend specific stocks in the European countries.

The Reputation Quotient study also shows the potentially dangerous effects of a negative reputation on a company's sales or stock price. About 60% of the respondents to the U.S. survey say they have engaged in at least one anti-corporate activity in the past year, while 45% say they have been involved in at least two. That could include boycotting a company's products and services—the most common type of protest—encouraging others to join the boycott, signing a petition, or urging others not to invest in a company's stock.

This year, the top targets for anti-corporate activism by Americans were MCI Inc., Martha Stewart Living Omnimedia Inc., Altria Group Inc., Halliburton Co., AT&T Corp., McDonald's Corp. and Exxon Mobil Corp.

Europeans are even more likely to take action against a company they don't like—65% in the U.K., 63% in France, and 64% in Germany. Top targets: McDonald's, British Telecom PLC and Royal Dutch/Shell Group in Britain; France Telecom SA, McDonald's and Credit Lyonnais SA in France; and Deutsche Telekom AG, Deutsche Bahn AG and Deutsche Post AG in Germany.

WSJ.com Subscribers

Go Directly To:

Select a Page

Subscribe to The Wall Street Journal
Check out special introductory rates.

Try WSJ.com
The global edition of The Wall Street Journal Online. **Start your FREE trial TODAY!**

Get News by E-Mail
Receive markets and technology updates delivered daily to your inbox. **Sign up.**

18 Immutable Laws of Corporate Reputation is available at



Free WSJ.com Sites

Books
Careers
College
Homes & Real Estate
Interactive
Online Investing
Opinion Journal
Personal Technology
Starting a Business

More Dow Jones Sites

Barron's Online
Dow Jones & Co.
Dow Jones Conferences
Far Eastern
Economic Review
Reprints
SmartMoney



Contact Us
Privacy Policy
Advertise with Us
About Dow Jones

