

# THE STATE OF CORPORATE REPUTATION IN 2020: EVERYTHING MATTERS NOW

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# 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.

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. Building and protecting reputation must be a daily solve for all companies, large and small.

It is in the context of these unprecedented changing times that Weber Shandwick took stock of the reputation of business. **The State of Corporate Reputation in 2020: Everything Matters Now** examines what drives reputation, why it's important to be highly regarded and the benefits that come with having a strong reputation.

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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.

”

**Gail Heimann**  
**President & CEO**  
**Weber Shandwick**



# What we did

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

## North America

Canada (102)  
United States (105)

## Latin America

Brazil (102)  
Colombia (102)  
Mexico (102)

## EMEA

Belgium (100)	Spain (100)
France (100)	Sweden (100)
Germany (100)	Switzerland (100)
South Africa (100)	UAE (102)
	UK (101)

## Asia Pacific

Australia (103)	Indonesia (100)
China (101)	Japan (101)
Hong Kong SAR (103)	Singapore (101)
India (101)	South Korea (101)

Respondents are in mid-to high-level positions at companies with revenue of at least \$500 million in developed markets and \$250 million in emerging markets. Executives represent a variety of industries. The survey was fielded July-August 2019.



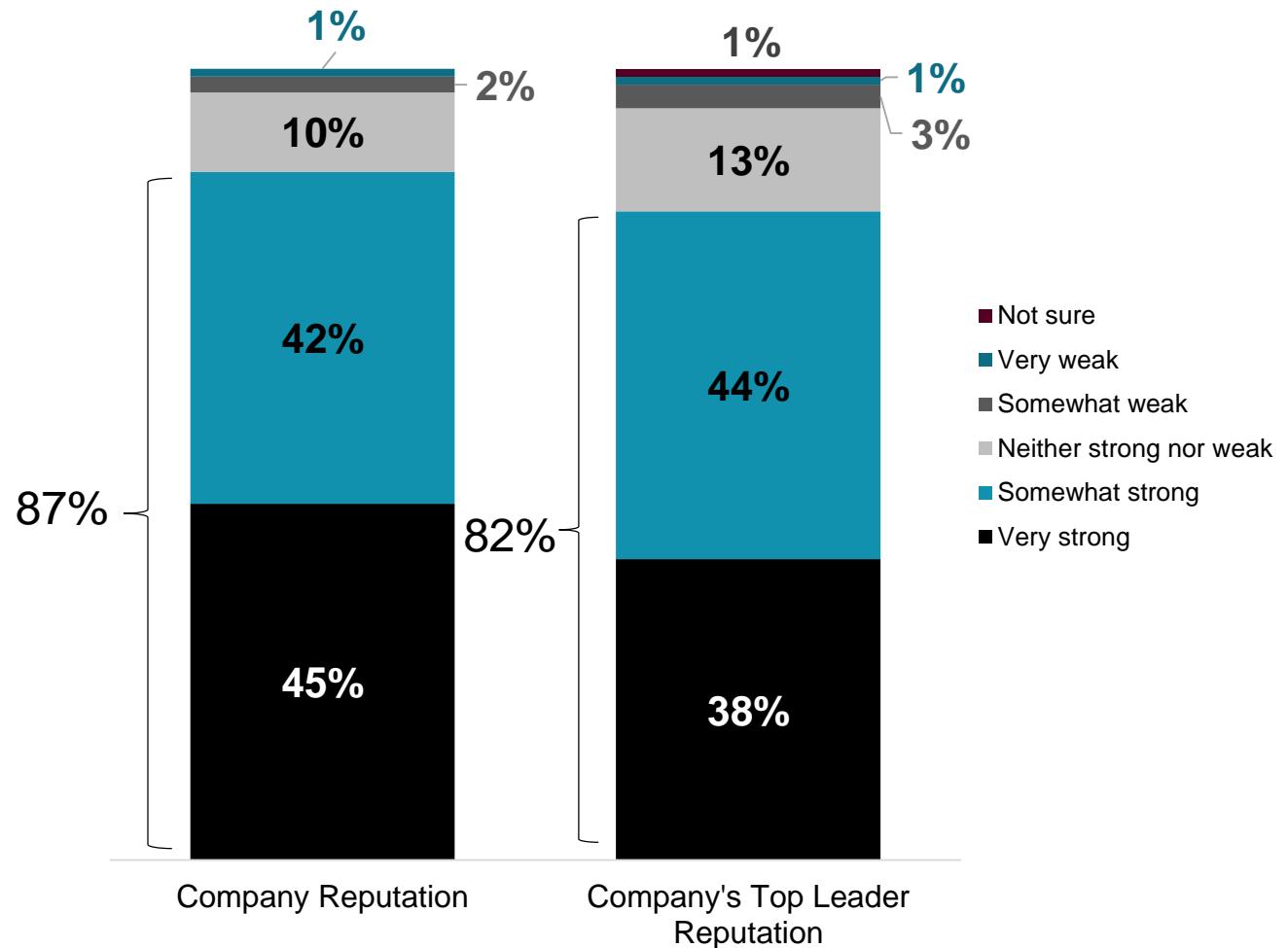
# What we learned

# Executives report strong corporate and CEO reputation

87% of global executives say that their company has a strong reputation and 82% believe their chief executives have a strong reputation.



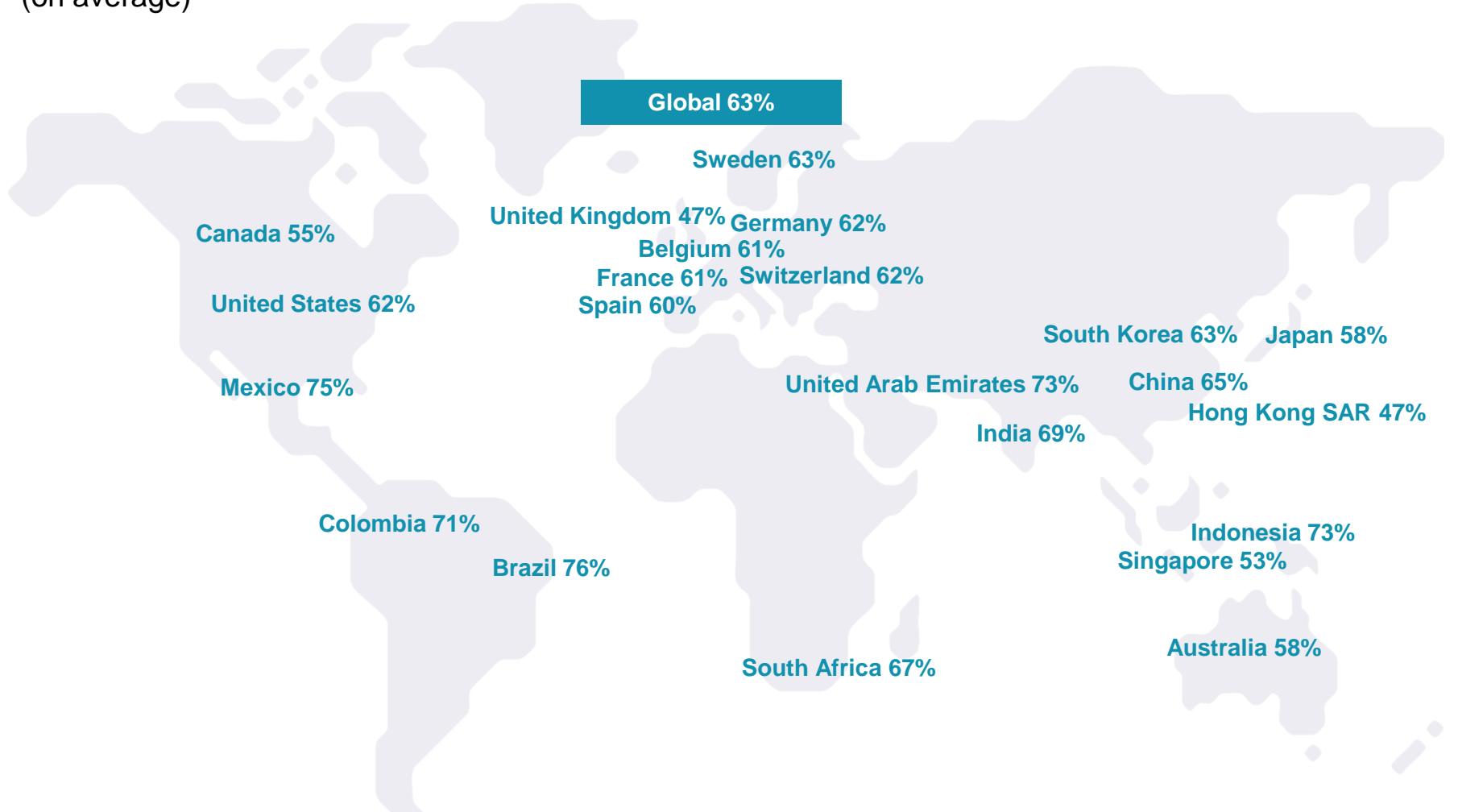
**Strength of company and CEO reputations**  
(% global executives)



# Reputation has an appreciable impact on market value

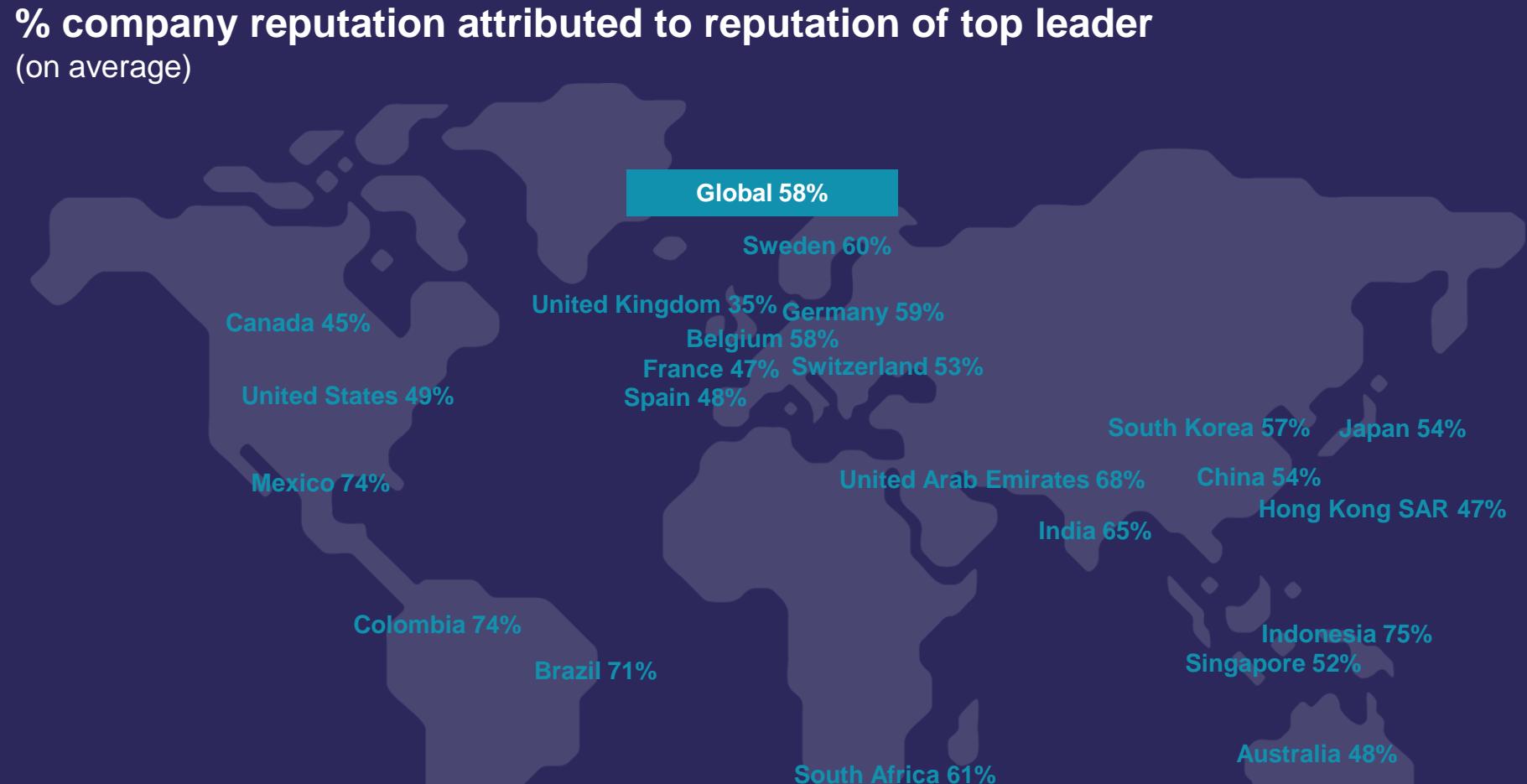
On average, global executives attribute 63% of their company's market value to their company's overall reputation. Executives from every market report high reputational contributions.

**% market value attributed to company reputation**  
(on average)



# The CEO plays a major reputational role

Global executives attribute an average of 58% of their firms' overall reputations to the leader who runs the company.



# Reputation is “omnidriven” – it’s impacted from all sides

A company's reputation is similarly influenced by a variety of factors, with no one driver having a greater impact than the rest. When asked to rate nearly two dozen different reputation drivers on how much each contributes to their own company's reputation, global executives assign similar scores to each. All 23 are rated highly by at least half of the global executives in our study.

**This lack of distinction suggests that companies can no longer solely focus on just a few key drivers of reputation but on many multiple drivers.**

## Factors that contribute to company reputation (% global executives rate 8-10 on 10-point scale)



# Corporate reputation success is dependent upon a large stakeholder set

Customers, investors and employees are identified by global executives as the most important stakeholders when it comes to a company's reputation. However, all stakeholder groups presented in the survey were rated highly, by at least two-thirds. The importance of stakeholder primacy in addition to shareholder primacy, as defined by the Business Roundtable, is evident here.

**Importance of stakeholder perceptions to company reputation**  
(% global executives rate very/somewhat important)



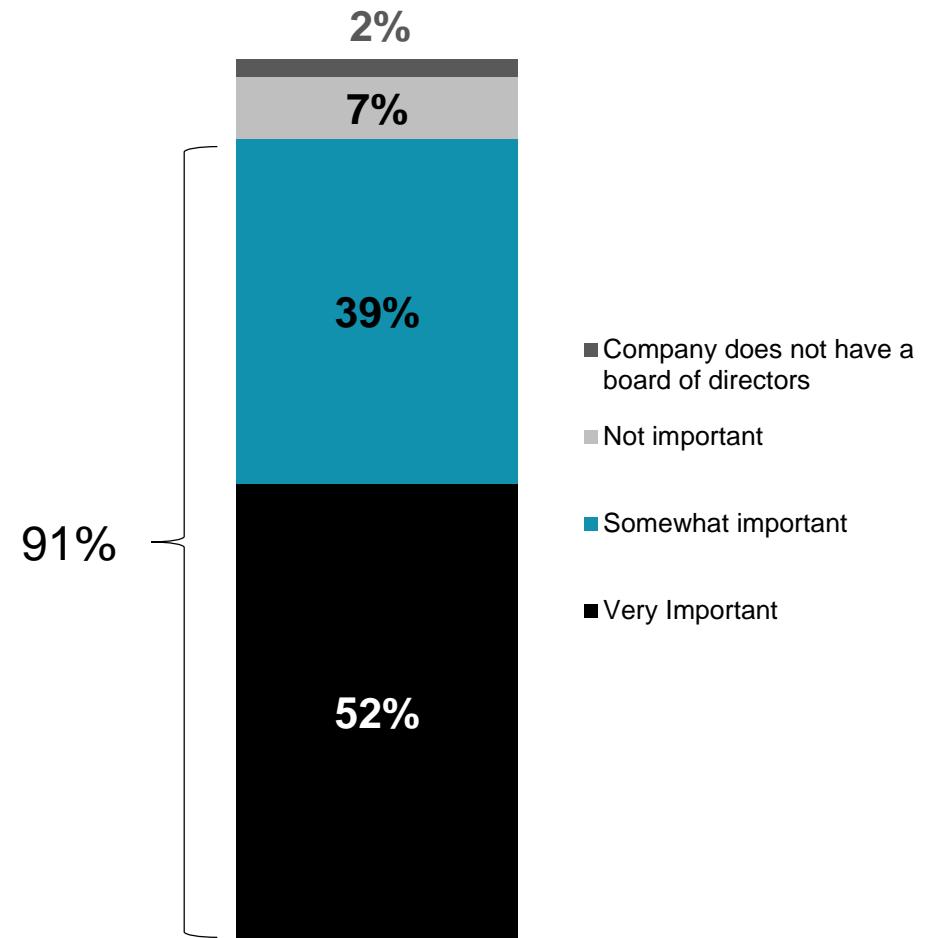
# Reputation is on the board's agenda

91% of executives say their company's reputation is important to their board of directors. Only seven per cent say reputation is not important to the board.

“ 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. ”

MICHO SPRING  
CHAIR, GLOBAL CORPORATE PRACTICE  
WEBER SHANDWICK

## Importance of company reputation to Board of Directors (% global executives)



# Reputation is measured

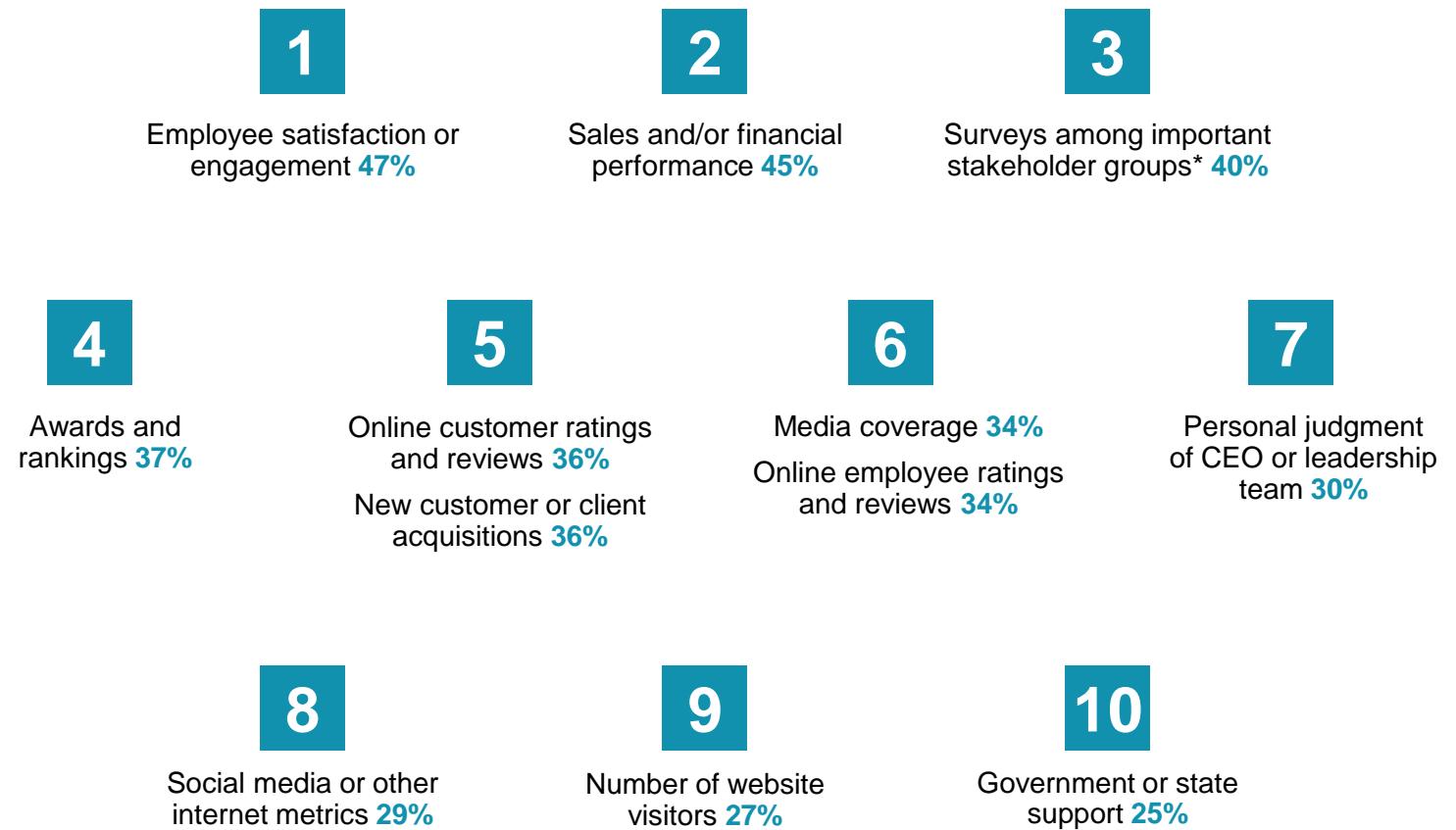
**71%**

of global executives say that their company leadership monitors/measures company's reputation

When asked how reputation gets measured, executives identify five metrics, on average, that their leadership uses, the most common being employee satisfaction/engagement, sales/financial performance, and surveys among various stakeholder groups.

## How leadership measures/monitors company reputation -Top 10 Metrics-

(among executives whose CEO/other leaders measure company's reputation)



\*Such as customers or clients, employees, government, media, industry associations

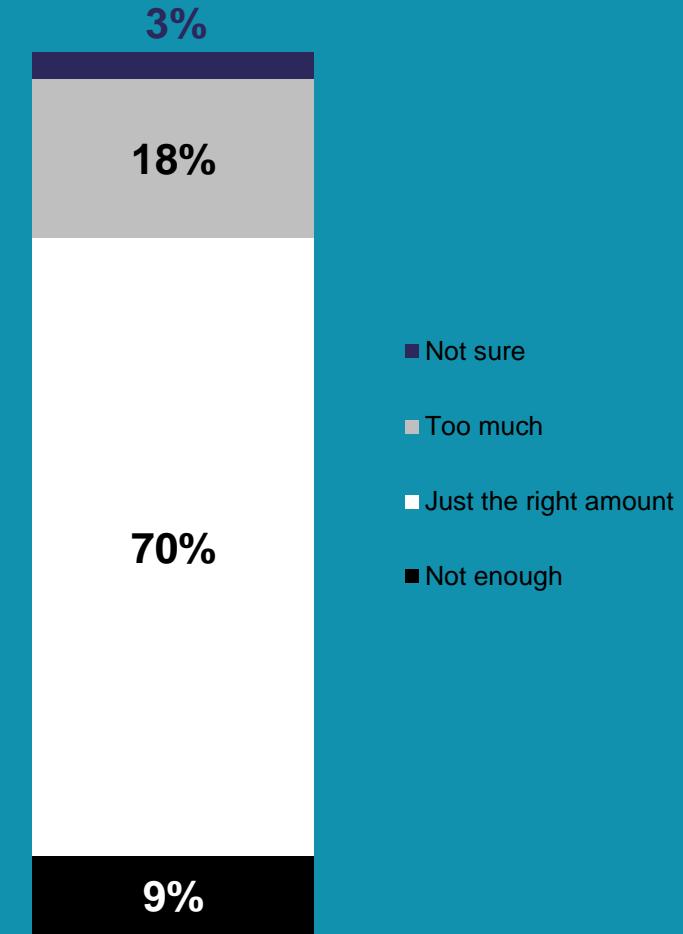


# Reputation is well tended to by leadership

70% of global executives report that their senior management spends just the right amount of time focusing on their company's reputation.



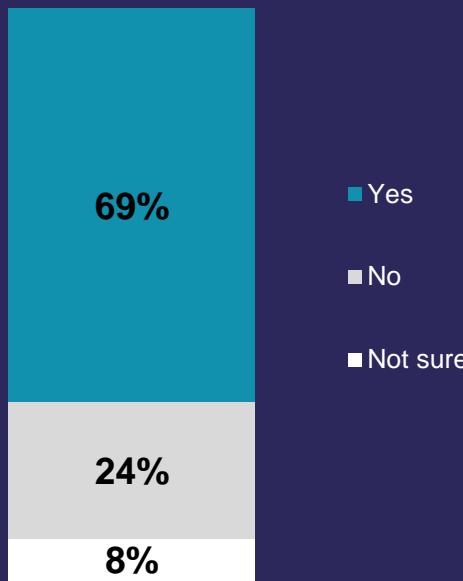
**Senior management focus on company's reputation**  
(% global executives)



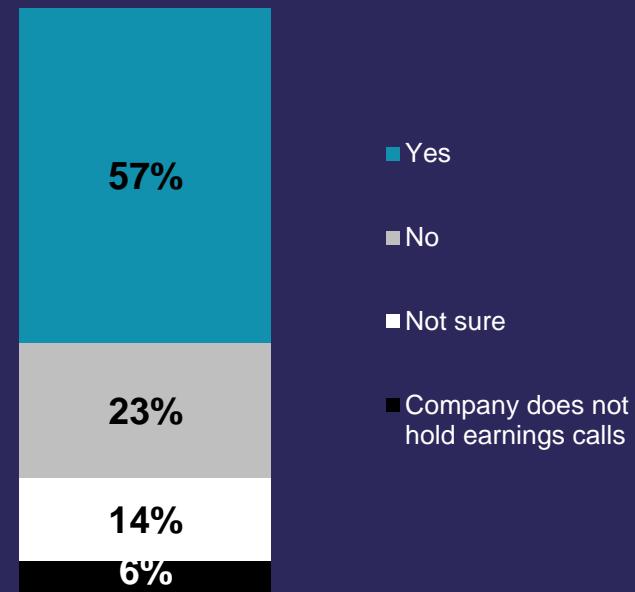
# Reputation is communicated to employees and investors

69% of global executives say senior management has mentioned their company's reputation to employees in the past 12 months and 57% of those who work for publicly held companies report company reputation has been addressed on earnings calls.

## Senior management mentioned company's reputation to employees in past 12 months (% global executives)



## Company reputation mentioned on earnings calls (% global executives who work at publicly held companies)



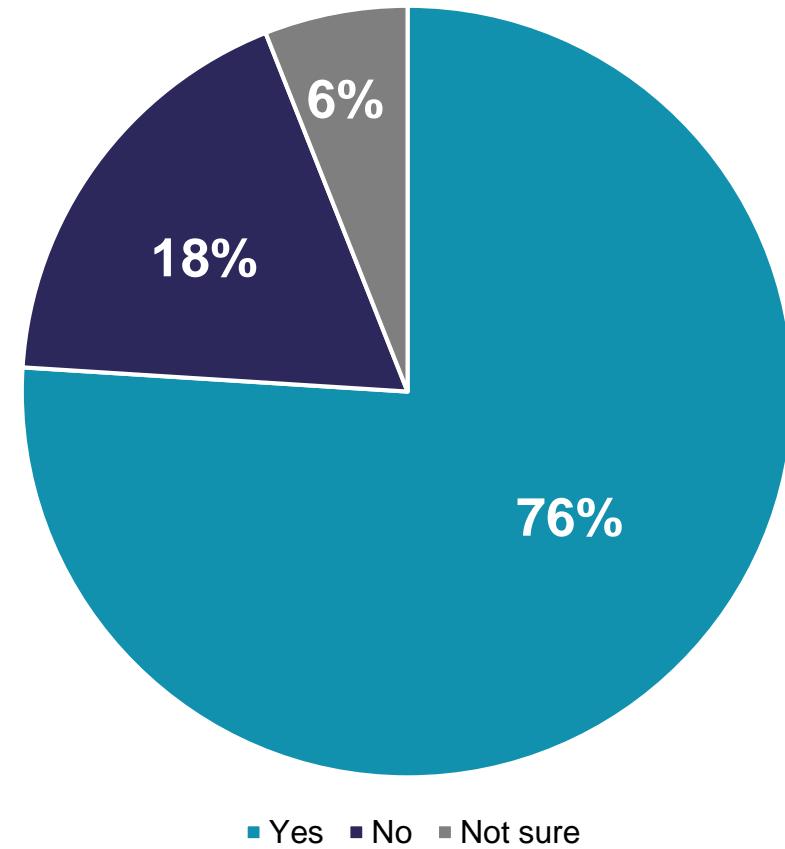
**Despite leadership focus on reputation, most reputational crises are considered preventable**

**39%**

of global executives report their company experienced a crisis in the past 2-3 years that affected company reputation

76% of global executives whose company experienced a recent reputational crisis report that the crisis could have been prevented.

**Crisis could have been prevented**  
(% executives whose company experienced crisis)



# Communication of values is key

79% of global executives say it's important for the CEO to communicate the organisation's values in order to be highly regarded. Additionally, 58% rate a company's ability to communicate and deliver upon its mission, vision and value highly as a marketing and communications driver of reputation. Values are also expected to be conveyed by CEOs addressing societal issues (56%).

## Importance of values to reputation (% global executives)

**79%**

Very/somewhat important for the CEO to communicate the organisation's values to be highly regarded

**58%**

Company's ability to communicate and deliver upon its mission, vision and values contributes to reputation (rated 8-10 on 10-point scale)

**56%**

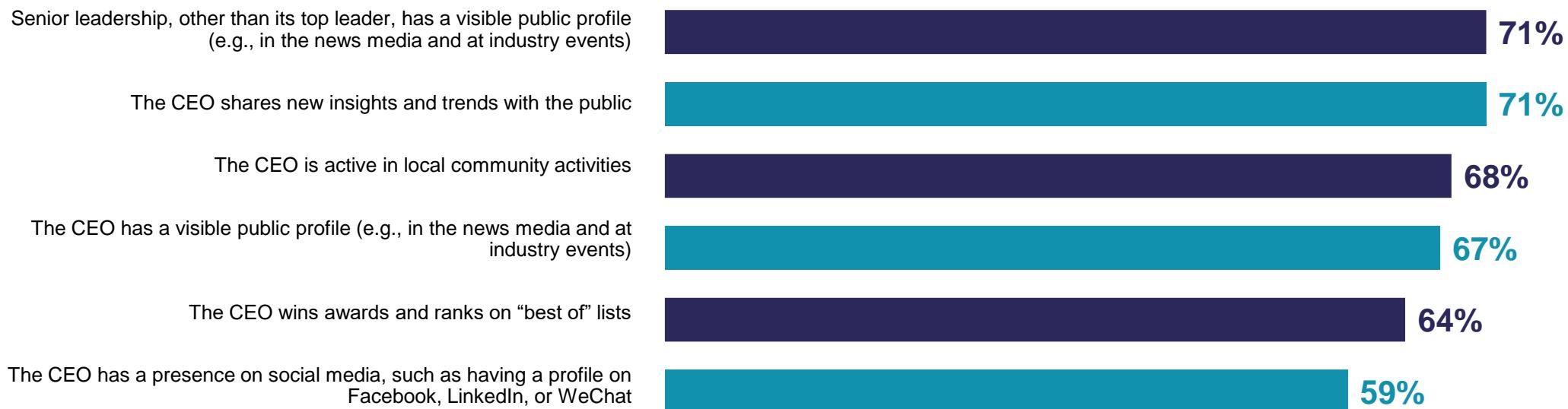
Agree that CEO or other company leader should express an opinion or take action on societal issues



# Leaders build company reputation through a variety of activities

71% of global executives believe that it is important for senior leadership, other than the CEO, to have a visible public profile and 67% believe that it is important for the CEO to have a visible public profile. Several external activities are rated as important to reputation.

## Importance of leadership visibility activities for a company to be highly regarded (% global executives)





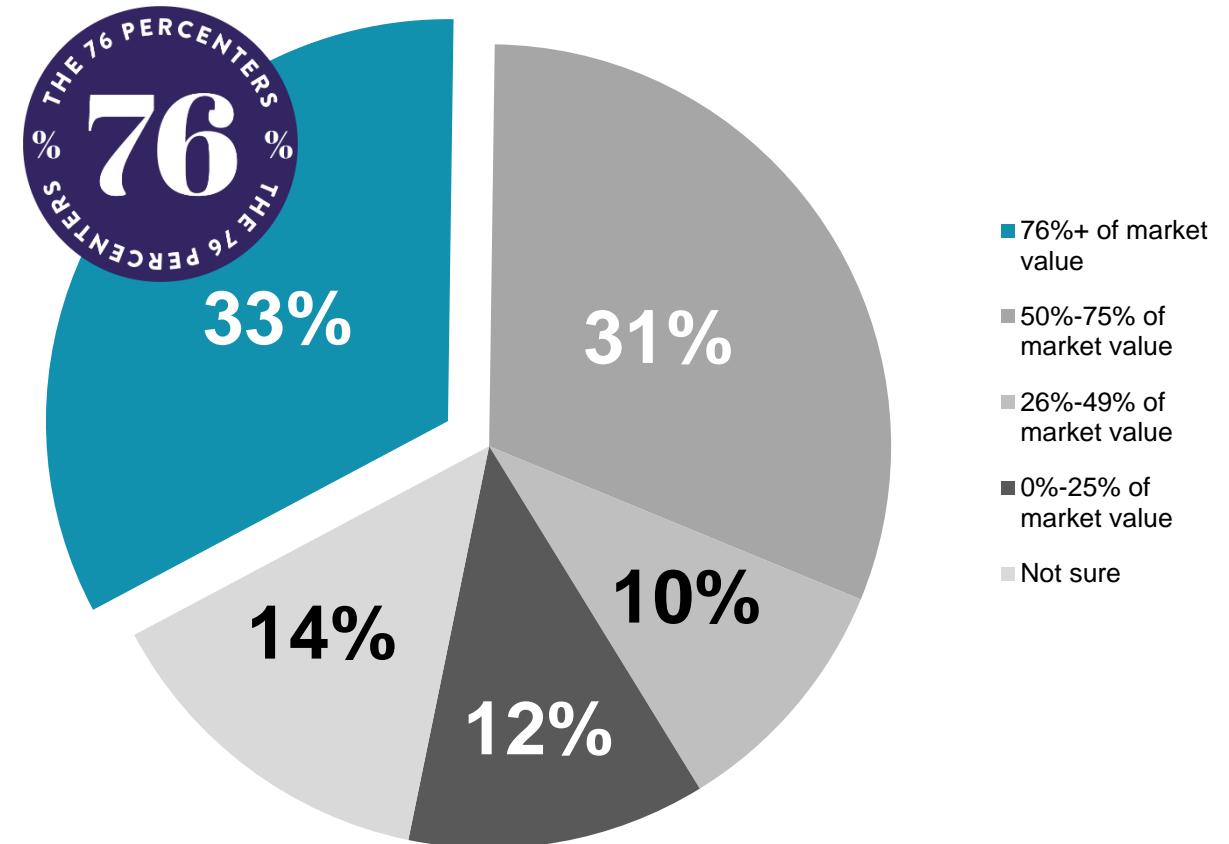
**Building reputation for  
greater market value**

# The 76 Percenters

33% of global executives see an exceptionally strong link between reputation and market value, reporting that 76% or more of their market value is attributed to their company's reputation. These executives are referred to in the research as "the 76 Percenters" and represent the companies that are leveraging reputations for maximum financial returns.



**% market value attributed to company reputation**  
(global executives)

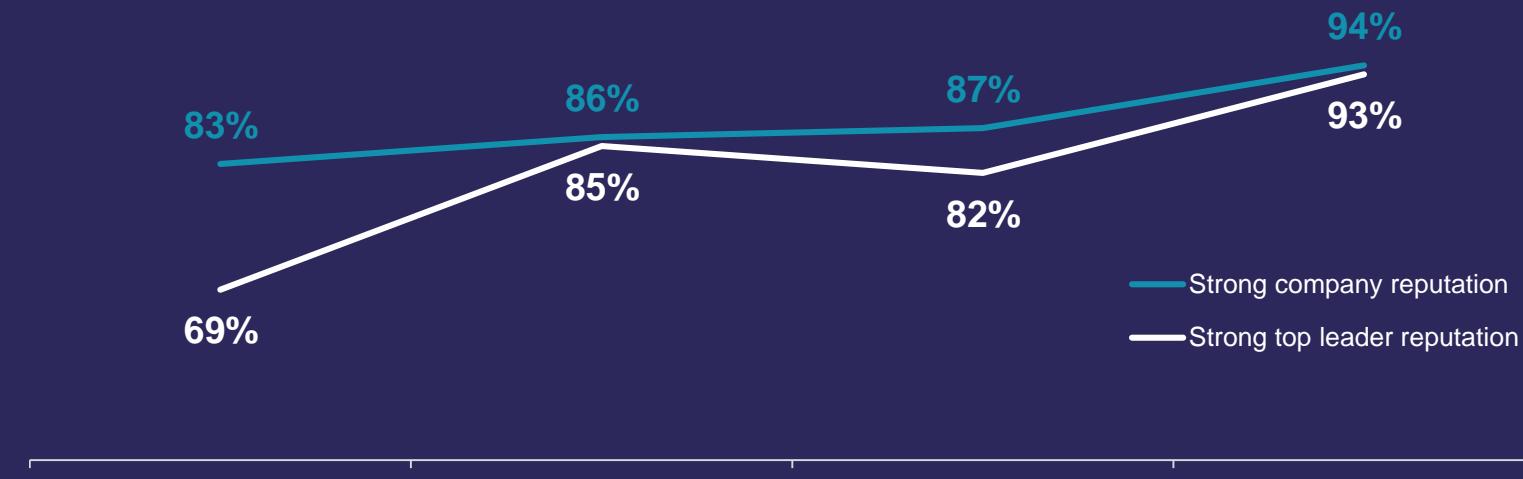


# The 76 Percenters are the pinnacle of strong reputation

The 76 Percenters report that more than three-quarters of their company's market value is attributed to its reputation. They differ from the average global company on one important characteristic: they leverage their strong reputations to maximise their company market values.

## Company and Leader Reputation by Perceived Contribution to Market Value

(% market value attributable to reputation)



# Leveraging reputation to maximise market value



## 5 Lessons from 76 Percenters

The five best practice insights here are based on the actions that most distinguish the 76 Percenters from average companies.

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**

# Thank you

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