

# The five steps to building a resilient reputation

Every company wants to build a good reputation, but what they actually need is a resilient reputation, able to survive the shocks and endure for the long-term.

By **Matt Carter**, founder, Message House



## A BRIEF WORD ON METHODOLOGY

In December 2016, we interviewed 1,000 members of the UK population aged 18+, exploring their attitudes to six high profile companies – Aldi, Apple, GlaxoSmithKline, McDonald's, PayPal and Tesco. The six were chosen to highlight differences in reputation and brand strengths. Each company was exposed to a hypothetical crisis about their products, leaders and ethics, and we measured the impact on their reputation.

**W**hy do some companies survive a crisis relatively unscathed, when others see their reputation plummet and never recover? The BBC suffered one of the worst scandals in its history in 2012 with the Savile revelations and yet their reputation barely dropped and had recovered to pre-scandal levels within months. In contrast, trust in banks halved during the financial crisis and their reputation has improved little since.

The nature of the crisis and company responses clearly have an impact on the severity of the issue, but there are other factors at work.

In fact, I believe certain qualities inherent in some companies' reputations help protect them from attacks and aid their speedy recovery when issues arise.

We use research to run Reputation Stress-Tests, helping organisations to understand their vulnerabilities and game-out the impact of potential problems so they can take action before the situation arises.

We've run a version of the Stress-Test exclusively for *CorpComms Magazine* to illustrate some of these key lessons and what you can do to build a more resilient reputation.

## Five Steps to Building a Resilient Reputation

### 1. Resilient companies are given the benefit of the doubt

Psychologists tell us we tend to view situations through the lens of our already-held beliefs – what they call Confirmation Bias. In other words, if you feel positive towards a company, you are more likely to believe what it says and less likely to accept criticism against it.

I like to think of this as being given the benefit of the doubt.

Earning the benefit of the doubt is harder to win than simple reputation. For example, 62 per cent of respondents in our study believe Apple has a good reputation, whereas only 45 per cent say they will be prepared to give it the benefit of the doubt when an issue hits.

The gap between these two metrics is important. It shows that simply earning positive sentiment is not enough. Without the reassurance of the benefit of the doubt, your reputation could be exposed in a crisis.

In our Stress-Test, we show respondents a hypothetical media story about problems with Apple and its products. For those who started by doubting Apple, they were more than twice as likely to believe the negative stories and to find Apple's response to the issue implausible.

So how do you earn 'the benefit of the doubt'? Trust is important – three quarters of those who trust Apple say they would be prepared to give it the benefit of the doubt in a crisis – but it's not sufficient. You also need transparency and openness, a track record consumers can validate themselves and strengths in the things that really matter.

### 2. Familiarity is your friend

It's much more difficult to give the benefit of the doubt to a stranger than a long-standing friend. In the same way, a key part of building resilience in reputation is increasing understanding of what your organisation does and the contribution it makes.

Our research confirms there's a strong positive correlation between levels of familiarity in a company and trust. In simple terms, the more we know, the more we trust.

CHART 1

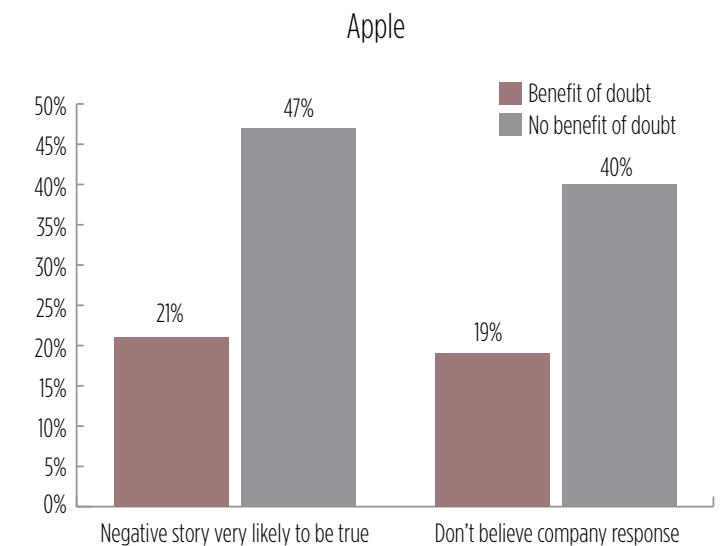
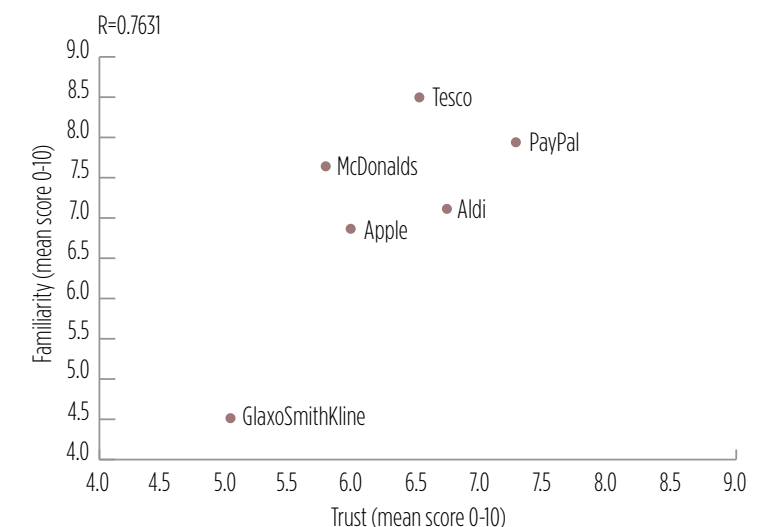


CHART 2

There's a strong positive correlation between familiarity and trust



But this level of understanding works at a deeper level to help protect your reputation when a crisis occurs. Take PayPal. After being exposed to a hypothetical issue with their company and products, amongst those who said they know little about PayPal, 70 per cent refused to recommend it to family and friends, compared to 21 per cent of those much more familiar with the company.

A resilient reputation isn't just one we feel positive about. It's also one we feel we know well.

**3. Have strengths in the things that matter**  
Familiarity is important, but so is being known for things that matter.

The biggest drivers of reputation for most organisations sit very close to the products and services they provide. For example, for retailers, the biggest drivers of reputation are attributes like 'creates quality products and services', 'provides good value for money' and 'creates jobs and contributes to the economy'.

A resilient reputation requires real strengths in the attributes that are key to your audience so that when criticism occurs, you have something more than warmth to fall back on.

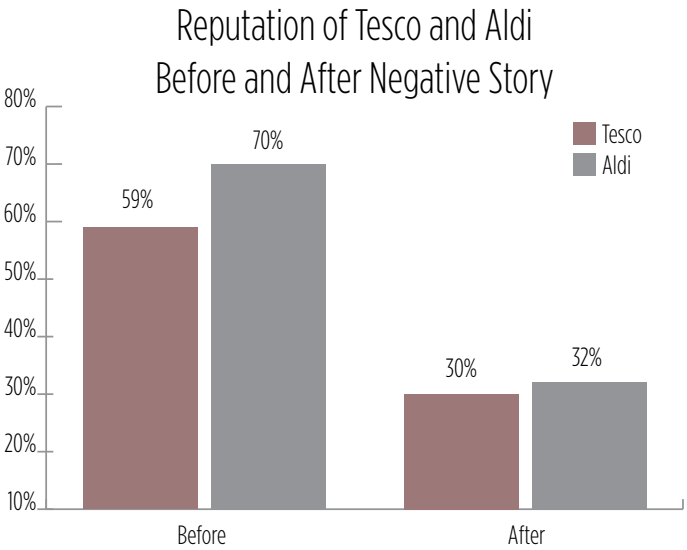
This is seen clearly by comparing two supermarkets – Tesco and Aldi. On face value, Aldi has a better reputation. Seven in ten respondents rate it as having a good reputation, compared to only 59 per cent for Tesco.

Aldi may have a more positive reputation but our research shows this reputation is less resilient. For one thing, fewer people know Aldi: 89 per cent say they know Tesco well compared to only 65 per cent for Aldi.

And on the key attributes that matter, Tesco actually beats Aldi on almost all of them. The only one where Aldi has a significant lead is *My family and friends talk positively about the company*. It seems one of the mainstays of Aldi's reputation is people talking it up.

This fragility is exposed in our Stress-Test. We showed respondents the same hypothetical stories about Aldi and Tesco and then evaluated how the news changed their perspectives on the companies. Tesco's reputation dropped by 29 percentage points, but Aldi's fell much further – by 38 percentage points. Whereas Aldi started

CHART 3



with a big reputational lead over Tesco, the negative story saw its reputation shrink to almost the same level.

**4. Build multiple touchpoints with your audience**  
In a crisis, people tend to evaluate what they are hearing on the news alongside what they know about the company from personal experience or those of friends and family.

To have a durable reputation, it helps to have lots of personal touchpoints with your audience – people who've purchased products, visited stores or had dealings with staff. These touchpoints act as stabilisers in a crisis, a means of sense-checking the stories they are hearing against their own perspectives.

It may seem surprising but simply personally knowing someone who works at

a company is a powerful insulator against reputation damage in a crisis.

Take McDonald's. Of our respondents, 15 per cent said they knew someone who works at McDonald's. Looking at their attitudes as a group, they start by being more familiar with the company, more trusting and more likely to see the strengths in McDonald's reputation.

This group are also much more forgiving of McDonald's when exposed to a hypothetical crisis.

For those who didn't know anyone who worked at the restaurant chain, 21 per cent began thinking it has a bad reputation, and this rose to 48 per cent after hearing negative news about the company.

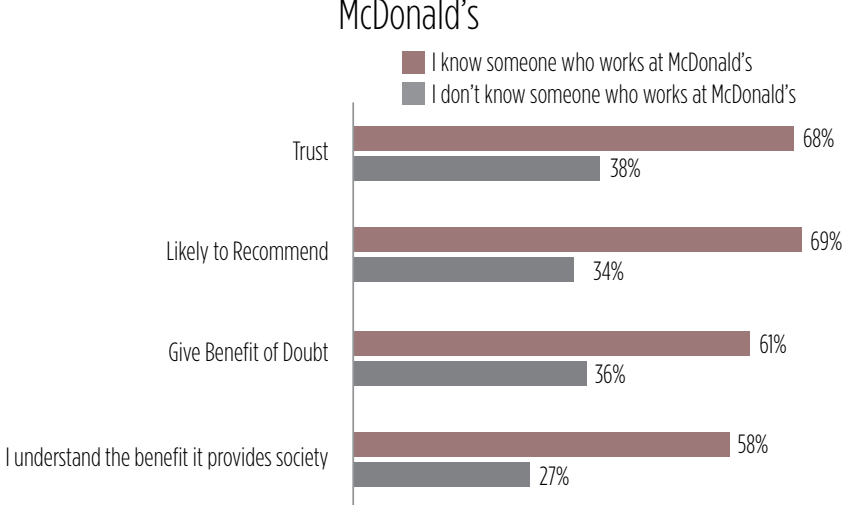
Those connected with an employee started with a less negative view – just nine per cent said they believe McDonald's has a bad reputation. This rose only to 28 per cent after the criticism.

Simply knowing an employee of McDonald's makes a 20 percentage point difference to their reputation in a crisis.

**5. Negative news is not always bad news**  
I'm not convinced by the old adage 'all publicity is good publicity' but where reputation is concerned, being exposed to negative news about a company is not always bad.

Although we may learn something negative about a company in a crisis, we also can learn positive qualities both about the way they handle the issue and the company overall.

CHART 4



For example, few people in our survey know GlaxoSmithKline really well. As a result, GSK start with low familiarity and their reputation scores around the mid-point – reflecting a lack of certainty.

Whilst all the other companies in our Stress-Test see a decline in trust, for GSK, exposing people to an issue and their potential response actually increases their levels of trust by a few points. This is because the crisis helps people to understand more about the sorts of products and services GSK provides, thereby helping them to be more aware of what they do.

While handling a crisis is one of the most difficult and demanding tasks for communicators, our Stress-Test provides clear evidence that there are potential reputational benefits from doing it right.

**Summary**

There's a huge amount written about how to improve corporate reputation, much of it helpful and pointing in the right direction. However, it seems to be missing a key ingredient: not just how to build a strong reputation, but how to sustain it, creating something that is able to survive the shocks and challenges businesses

may face. Thinking about reputation in terms of resilience shows us the benefits of a clear and well-understood brand identity and to be known for the things that really matter to your audiences.

It also points to the importance of extending this familiarity beyond one or two touchpoints. Having people who truly know your company helps to provide a counter-balance to the stories they may hear on the news.

We should also think again about how we track reputation. Measuring the positivity felt towards a company turns out to be a more fickle metric than evaluating the extent to which people will give you the benefit of the doubt. Understanding how you perform on the latter, and what it requires to increase it, will help build a more durable reputation model.

Finally, this research highlights an implicit tension in the requirements of a resilient reputation: it involves a degree of intimacy and understanding about the nature of the company which may not always impact positively on favourability and warmth.

Getting people to understand how your company works, the type of people it employs and the nature of the products it makes brings with it some risks. They could even lead to a short-term increase in negativity. However, this research shows that transparency and openness are qualities vital to building a strong reputation that can endure in the long term. **CR**

