

The Sustainability Forum, Zurich

# The Art and Science of Valuing Intangibles and Managing Reputation

Prof.dr. Cees B.M. van Riel

Managing Director Reputation Institute

Professor at RSM/Erasmus University Rotterdam, The Netherlands

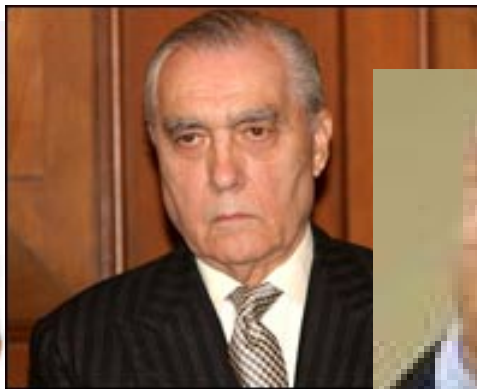
- Why do Reputations Matter?
- Measurement of Reputation
- Main Trends Discovered in 6 years of Reputation Research
- Management of Reputation
- Take aways

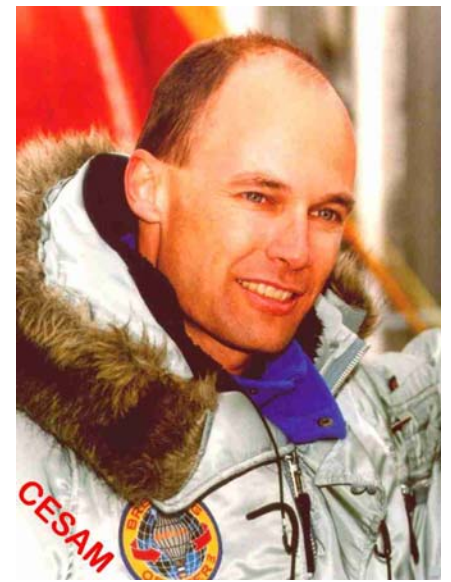
# 1. Why do Reputations Matter?

If you want to know why  
CORPORATE Reputations Matter,  
you have to think about why  
INDIVIDUALS have good or bad  
Reputations



## Colombia





# Switzerland

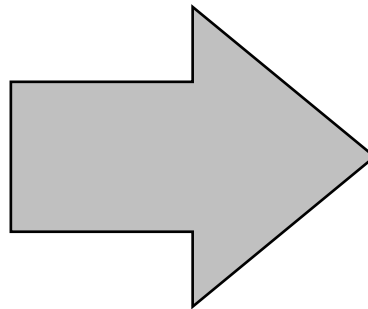


# 2. Measurement of Reputation

REPUTATIONS ARE PERCEPTIONS.....

Expectations by SUBJECTS:

- *Customers*
- *Investors*
- *Employees*
- *Suppliers*
- *Public*
- *Analysts*
- *Media*
- *Regulators*



About OBJECTS

Performance  
Products  
Services  
Activities  
Employees  
Organization

....AND CAN BE MEASURED IN VARIOUS WAYS

# Huge Variety in Reputation Measurement Measuring Corporate Reputation: open/closed methods

	Sorting task	Attribution of metaphors	Scoring on scales	Explaining personal driving forces
<b>Open</b>	Kelly Repertory Grid Natural Grouping	Photosort		Laddering
<b>Closed</b>	Q-sort		Attitude Scales	

# Comparing 3 Reputation Measurement Methods: Airline Study

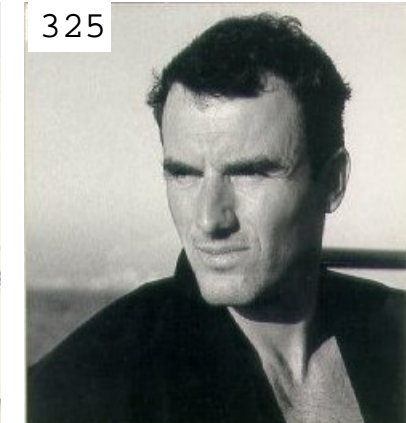
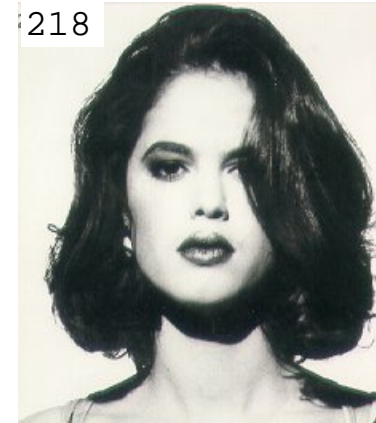
- Attitude method: (questionnaire with n=203)
  - 34 statements about attributes
  - Respondents judge the statement (agree - disagree)
  - Respondents state the importance of an attribute
  - each questionnaire is about the KLM and one other airline
- Q-sort Method:
  - Sorting cards with same statements, forcing respondents to select the most appropriate statements (n=30)
- Photosort method:
  - image can only be retrieved as a picture (n=92)
  - Selecting the most appropriate pictures of people fitting the airline most
  - Respondents give an “affinity rating” to each picture

# Attitude Method: RESULTS

Attributes	Evaluations		Beliefs			
	Importance	N	G	E	A	F
Safety	93	93	85	81	74	71
Reliability	84	94	83	78	70	51
Punctual	79	87	81	77	68	62
Keep waiting times						
restricted	79	82	67	76	60	47
Service	77	85	73	76	70	57
Efficient timetable	73	78	60	71	63	26
Overall image-rank		1	3	2	4	5

# Q-sort Method: RESULTS

	<i>N</i>	<i>G</i>	<i>E</i>	<i>A</i>	<i>F</i>
<i>All</i>	Good Reputation Reliable service Safe Solid Efficient Worldwide Large Network	Solid Reliable Punctual Safe Efficient Clean Good Reputation Efficient	Worldwide Large Network Reliable Safe Modern Fleet Leading Good Reputation Efficient	Eff. timetable Comfort Reliable Large network Arrogant Safe Rewards loyal customers Low fees	Traditional Brings you everywher e Bureaucrati c Low fees Large Prestigious



**Photonumber**

**% named F**

**Affinity score**

204

46%

38%

66

40%

11%

218

38%

58%

325

34%

61%

## Character F

mundane, adventurous, artistic, provocative  
but also: arrogant, distant, stubborn

- Depends on Goals of Reputation Study:
  - Real Interest in Reputation; Open for Criticism?  
Photosort
  - Long Term Trends: Attitude scales
- Depends on Demands Top Management
  - Most Managers prefer Quantitative Data
  - That is why most reputation research is (a) quantitative and (b) based on the attitude scale measurement format

# Annual RI Reputation Studies



6<sup>th</sup> Annual



5<sup>th</sup> Annual



4<sup>rd</sup> Annual



4<sup>rd</sup> Annual



2<sup>nd</sup> Annual

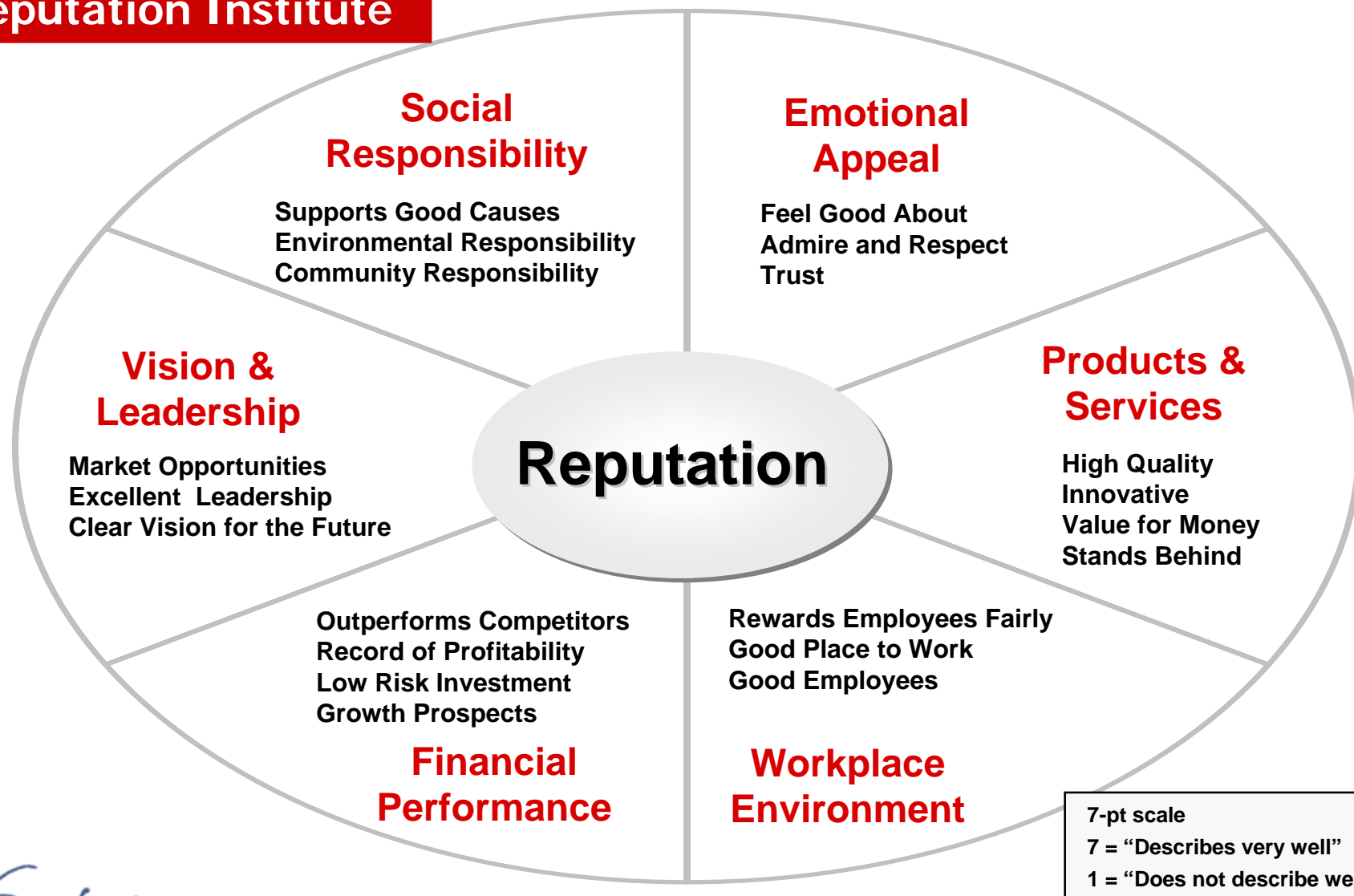


1<sup>st</sup> Annual



# Practical Example of a Longitudinal Reputation Study

## Reputation Research Reputation Institute



# Two Reputation Drivers with the General Public: Product Quality & Community Responsibility

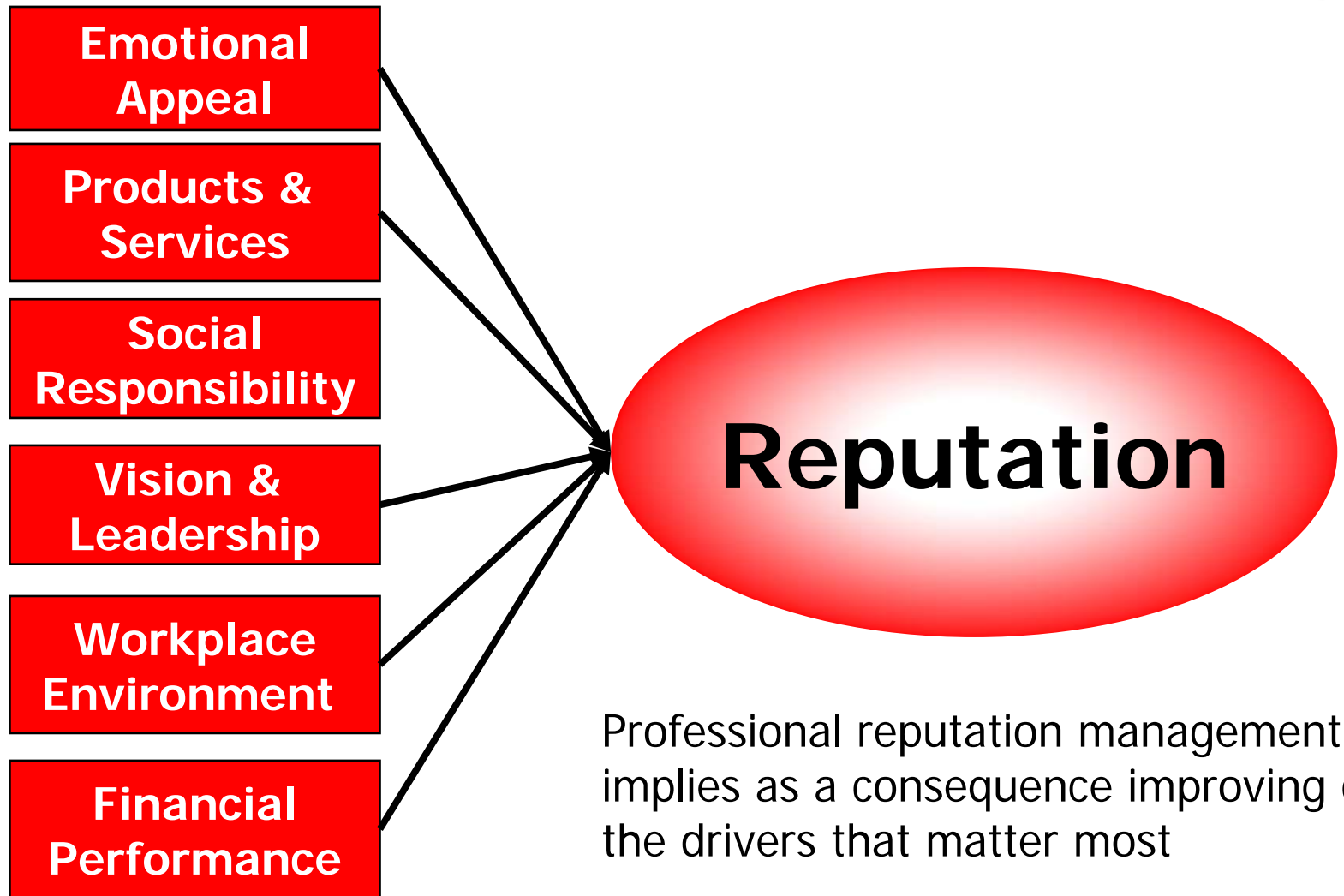
	Average Rating		
	Positive	Negative	Not Sure
<b>United States</b>			
High quality products and services	62%	15%	8%
Community responsibility	42%	17%	24%
<b>United Kingdom</b>			
High quality products and services	63%	17%	5%
Community responsibility	43%	21%	17%
<b>Germany</b>			
High quality products and services	62%	20%	4%
Community responsibility	27%	28%	29%
<b>France</b>			
High quality products and services	56%	21%	7%
Community responsibility	35%	27%	20%

Source: Harris Interactive & Reputation Institute, November 2004

# 3. Lessons Learned in Six Years of Research by the Reputation Institute

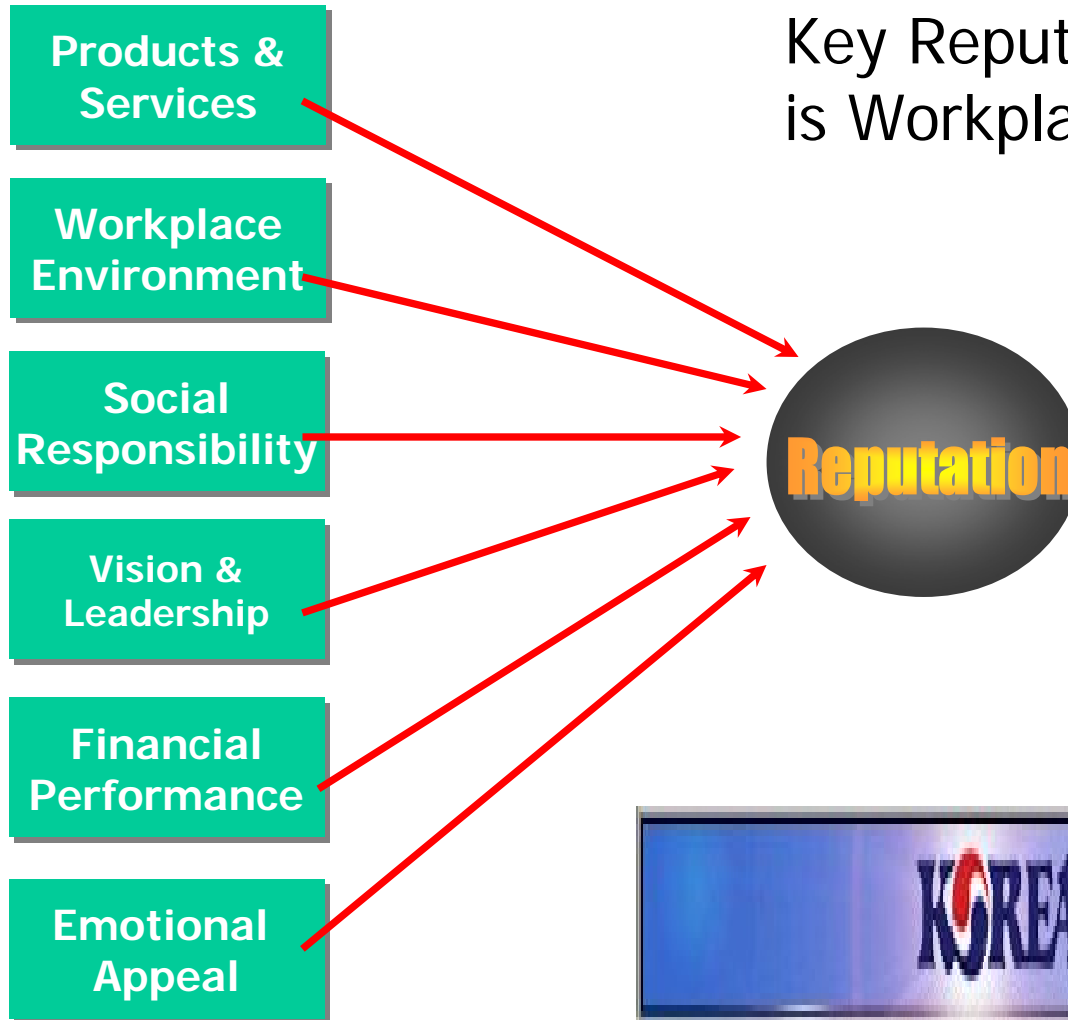
- Lesson 1 Reputation is impacted by reputation drivers
- Lesson 2 The impact of each driver differs in time, per country and per industry
- Lesson 3 RQ-drivers can be clustered in two main subsets, labeled as 'ability' and 'responsibility'; ability appears to impact product preferences most strongly!
- Lesson 4 Reputation appears to have a natural bandwidth, dictated by a standard bottom and ceiling

# Lesson 1: Reputation is impacted by six drivers



Professional reputation management implies as a consequence improving on the drivers that matter most

# Lesson 2: The impact of each driver differs in time, country, industry and stakeholder group



Key Reputation Driver for Airlines is Workplace Environment

Singapore Airlines



# Lesson 3: 'Ability' drivers have more impact

## ABILITY

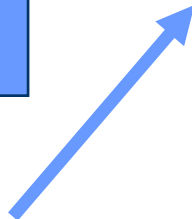
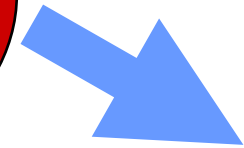
Products and Services  
Vision and Leadership  
Financial Performance

## RESPONSIBILITY

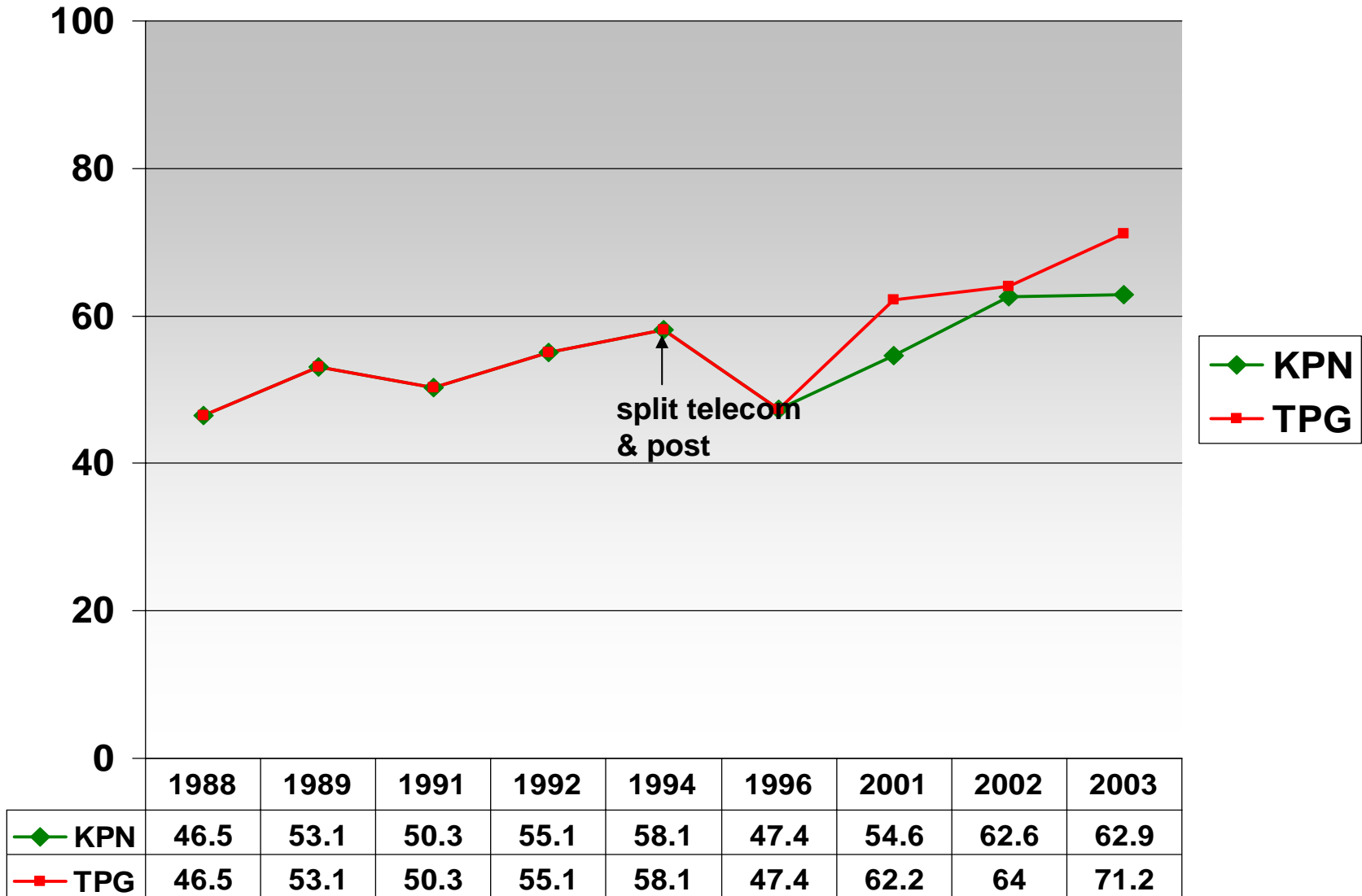
Emotional Appeal  
Social Responsibility  
Workplace Environment

REPUTATION

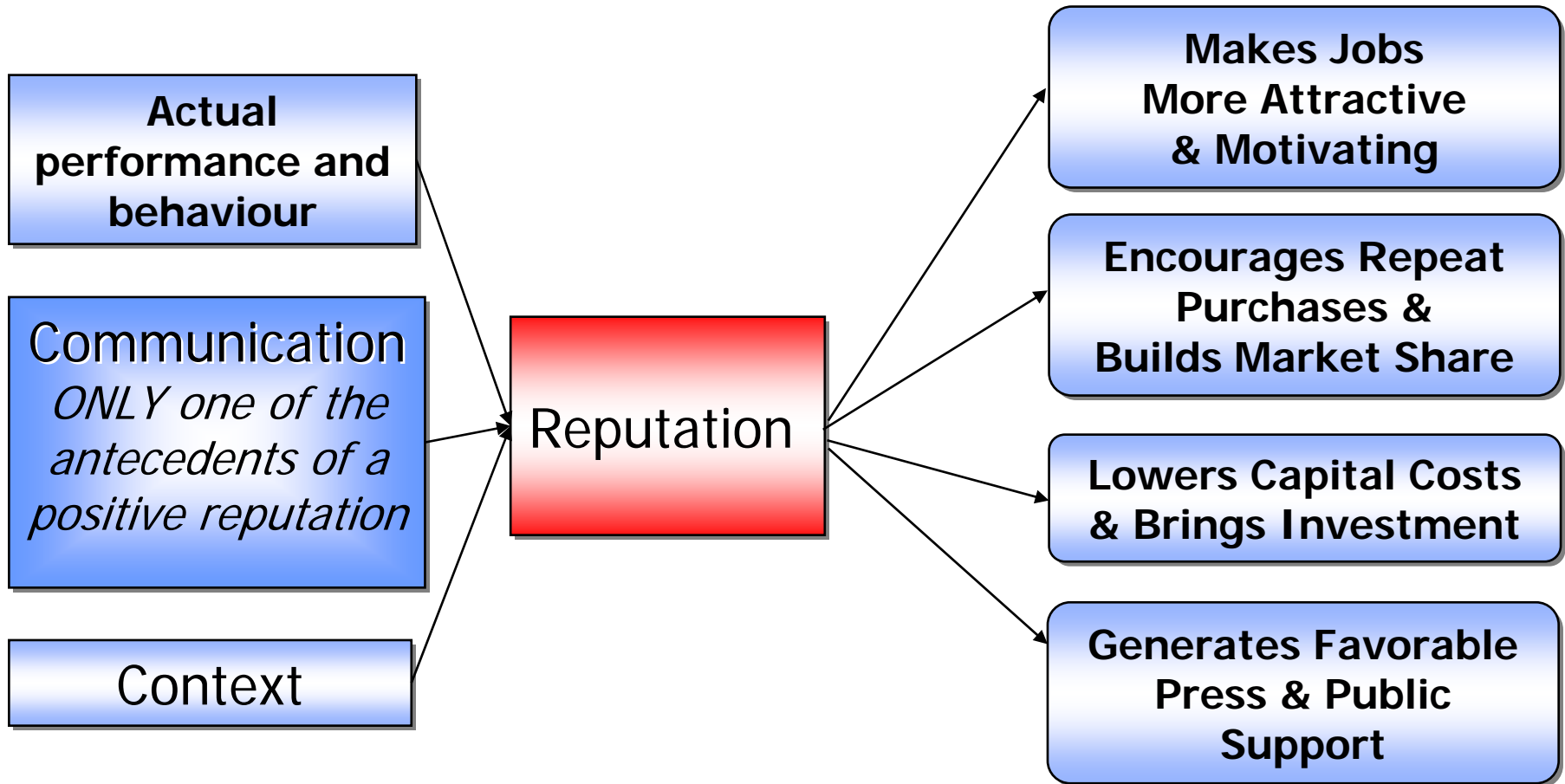
PERFORMANCE



# Lesson 4: Reputation appears to have natural bandwidth

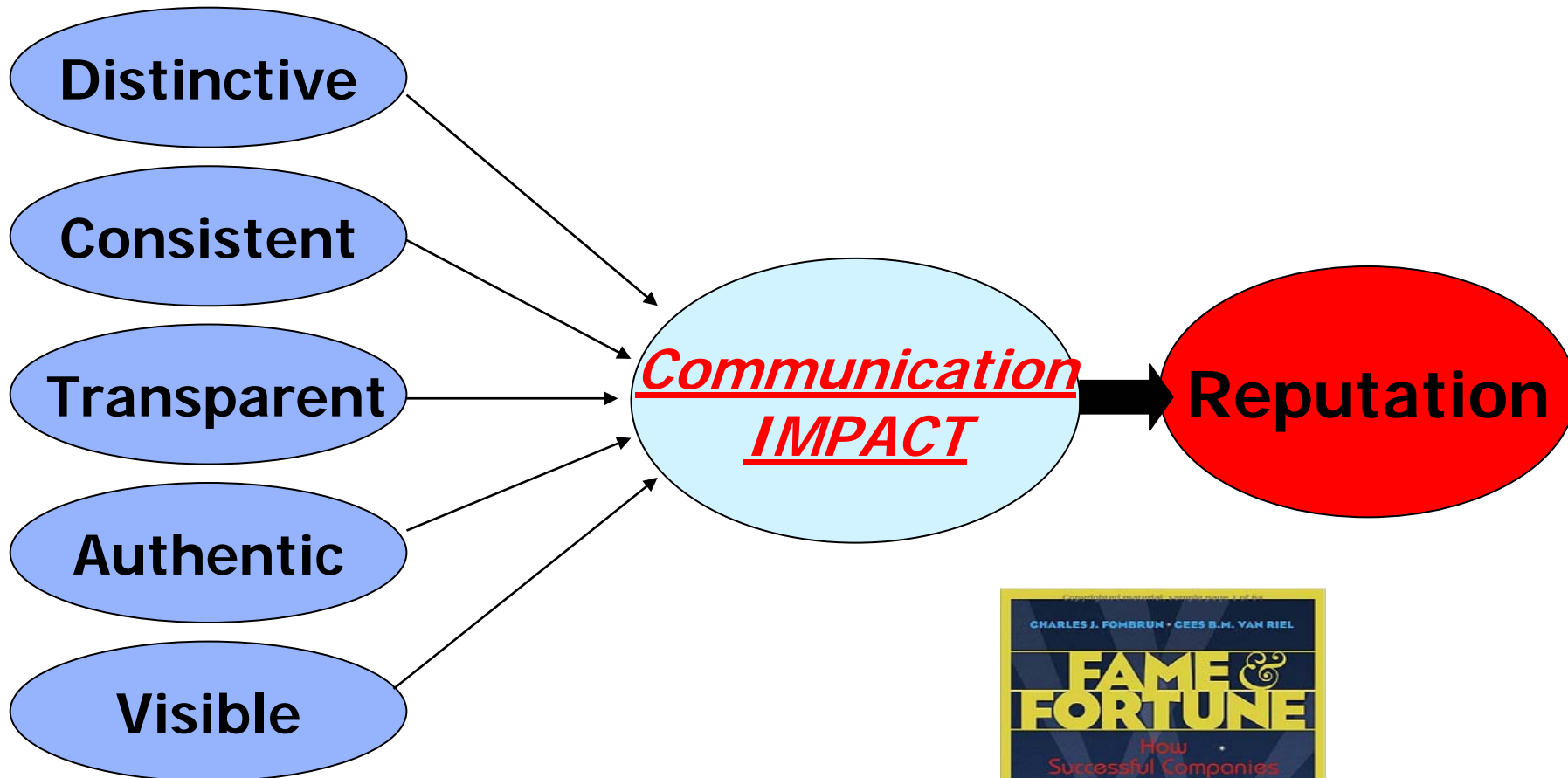


# 5. Best Practices in Reputation Management



- There are various antecedents of reputation. Corporate Communication is one of them.

# Auditing your communication by using the five CEQ-elements



## Highly Visible Firms

**Visible at  
Global Level**

Best

Worst

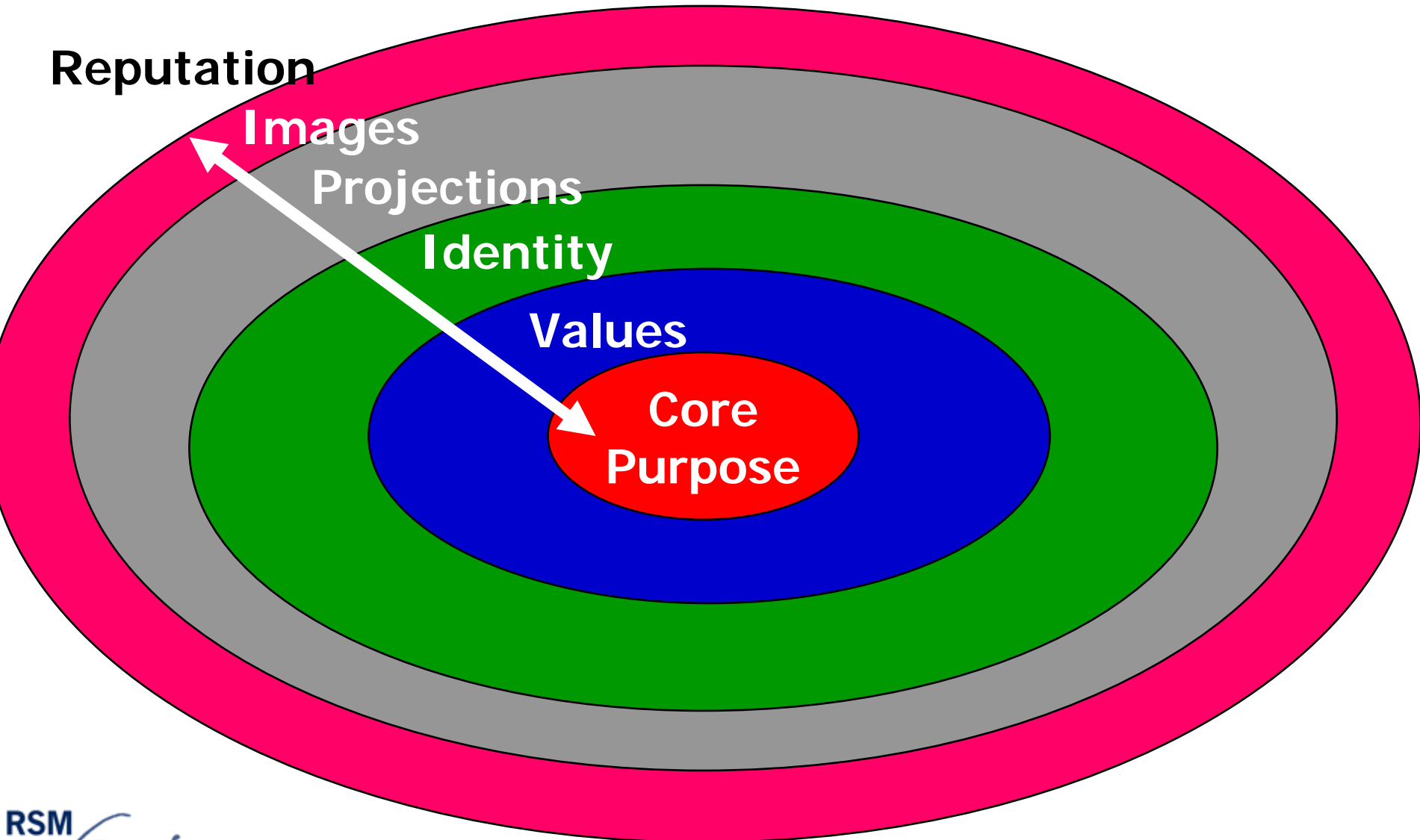
**Visible at  
National Level**

Best


Worst

# Principle #2: Distinctiveness from Emotions

# Principle #3: Authenticity Comes from Inner Being



# Principle #4: Consistency & Alignment -Internal & External

Innovation	3M	To solve unsolved problems
Just Do It		To experience the emotion of competition, winning, and crushing competitors
Making Magic	Disney	To make people happy





**Global  
Reporting  
Initiative™**



## 6. Take Aways (1)

- The characteristics that are relevant to CORPORATE reputation are similar to those relevant to INDIVIDUAL reputation (EPOS).
- Empirical evidence shows that reputation attracts various positive things that by definition impact business performance.
- Measurement of reputation can be done in various ways: Attitude scale approach seems to be the most pragmatic. Especially important to longitudinal measurement.

- Reputation Institute's Reputation research shows 4 key lessons:
  1. Reputation is impacted by reputation drivers
  2. The impact of each driver differs in time, per country and per industry
  3. RQ-drivers can be clustered in two main subsets, labeled as 'ability' and 'responsibility'; ability appears to impact product preferences most strongly!
  4. Reputation appears to have a natural bandwidth, dictated by a standard bottom and ceiling.

- Reputation is partly influenced by corporate communication but mostly by performance and context
- Within corporate communication five expressiveness characteristics are important:
  - Visibility
  - Distinctiveness
  - Authenticity
  - Consistency
  - Transparency