Sometimes building – and rebuilding – brand reputation is best done brick by brick.

When Lego, the maker of colorful interlocking plastic bricks beloved by children and parents alike since 1932, faced growing public concern in recent years about the environment and its source for petroleum-based raw materials, the company knew its time-honored reputation was at risk.

Seeking a tighter rein on the narrative, the company formed Lego’s Sustainable Materials Center, a corporate initiative to find and implement sustainable alternatives to existing materials by 2030 and produce 100 percent sustainable packaging by 2025. This new strategy also included creative and strategic partnerships with organizations such as the World Wildlife Federation.

The endeavor is paying off. Bucking toy industry trends in 2018, Lego global consumer sales grew 3 percent, while revenue for the full year grew 4 percent to DKK 36.4 billion.

But not all reputation tales have a happy (ongoing) ending. In fact, it may very well be the cautionary tales that have moved reputation management into a more direct line of sight for today’s Chief Marketing Officers (CMOs). Research conducted for this guide reveals that 58 percent of CMOs see reputation as a competitive differentiator when asked “Where do you see a strong Corporate Reputation having a business impact on your company?” At the same time, more than half say they are not fully ready to manage the company’s reputation proactively today. Clearly, there is much work to do.

This CMO Club Solution Guide takes a closer look at how CMOs address the increasingly influential role of reputation: what is it, who is responsible, how do you manage and measure it – and why it is critical to a brand’s success now more than ever?
ACKNOWLEDGEMENTS

A special thank-you to the CMOs and Senior Marketing and Communications leaders who participated in this research.

Jeanine Hurry
Global Digital Programs Leader
DUPONT

Karen Kahn
Chief Communications Officer
HP INC.

Muriel Lotto
Global Head of Brand and Marketing
WESTERN UNION

Tanika Vital-Pringle
Chief Marketing Officer BRAND REBIRTH
Former Head of Brand, SHELL POLYMERS, A ROYAL DUTCH SHELL COMPANY

Karen Kahn
Chief Communications Officer
HP INC.

C. David Minifie
Chief Experience Officer and Executive Vice President
CENTENE CORPORATION

Phillip Wang
Senior Vice President, Brand Integrated Marketing
WELLS FARGO
EXECUTIVE SUMMARY

Reputation is the New Currency.

Not so long ago, companies worked toward building their brand through product, price and service, not their reputation. Those days are over. With today’s highly visible and vocal outlets for public opinion, a company’s reputation is now tantamount to how a brand is perceived. The intangibles of reputation move the tide of opinions and trends swiftly and relentlessly, underscoring political, social, and economic changes around us.

Yet, one truth remains in this new reputation economy: The most reputable companies outperform the financial markets. In fact, a one-point increase in reputation score yields a 2.6 percent increase in market cap. For a typical company, that translates into $1 billion per reputation point.

“If your reputation is good, you will capture more share of wallet and share of market; if not, then the reverse is true.”

Phillip Wang
Senior Vice President, Brand Integrated Marketing
WELLS FARGO
EXECUTIVE SUMMARY

The Role of Reputation and Perception of Brand

The word “reputation,” according CMOs surveyed, means the perceptions that exist in the minds of stakeholders, be it customers, prospects, investors, vendors, the media, the general public. Put another way: “Your brand is the name you have on the front of the shop. Your reputation is what everyone thinks of it,” says Muriel Lotto, Head of Global Brand and Marketing, with Western Union.

That perception, that reputation, is based on a company’s ability to deliver on its brand promise and purpose. In turn, fulfilling that purpose drives trust, loyalty, and sales. For Tanika Vital-Pringle, Chief Marketing Officer, Brand Rebirth, reputation is absolutely about trust: “If your stakeholders don’t trust you, then it’s really hard to deliver on strategy.”

CMOs also link reputation outcomes to ROI, according to the CMO survey for this guide. When asked “Where do you see a strong Corporate Reputation having a business impact on your company?” 58 percent of CMOs cited reputation as a competitive differentiator. Marketing executives also see reputation as a vehicle for growth via higher gross margins and entry into new markets.

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“Where do you see a strong Corporate Reputation having a business impact on your company?”

58% of CMOs cite Competitive Differentiator

“Your brand is the name you have on the front of the shop. Your reputation is what everyone thinks of it. The goal is to bring both together so that when we talk about reputation, brand is a very strong part of it.”

Muriel Lotto
Global Head of Brand and Marketing
WESTERN UNION
EXECUTIVE SUMMARY

Risks and Roadblocks

Reputation as the new currency is a transformational concept. However, some CMOs are wary of the enterprise risk of linking corporate brand to product brand. Risk is industry agnostic; no one is immune. Social media and networked narratives amplify risks, making trust difficult to regain. “A company can lose its reputation very quickly, but can only gain it back slowly in drips,” warns Phillip Wang, Senior Vice President, Brand Integrated Marketing, with Wells Fargo.

When asked if there a halo effect of enterprise reputation on its product brands at DuPont, global digital programs leader Jeanine Hurry, says, “We think so. It elevates perceptions. But it can also be linked to mistakes from the past.” Karen Kahn, Chief Communications Officer, of HP Inc., cautions, “To fully manage reputation, you must understand the expectations and risks of your business and brand.”

Being well prepared to manage reputation could mitigate those risks. Yet more than half of CMOs surveyed say they are not fully ready to manage the reputation journey; and only 2 percent report being at the more advanced phase of cross-functional management, planning and simulation.

“How well do you think your company has integrated the following into how it functions and does business?”

**Planning & simulation**

Our company has developed tools and processes that help ensure our cross-stakeholder expectations are being used as a core criteria in developing and testing business plan priorities and specific programs/initiatives.

**Cross-functional management**

We manage our corporate reputation across businesses and functions, based on clear priorities, responsibilities, and KPIs, programs/initiatives.

ONLY 2% of CMOs rated their company Very Well
EXECUTIVE SUMMARY

Those data points largely can be explained by several internal roadblocks:

- A combined 66 percent of CMOs cite lack of a “structured process for implementing reputation management into our business planning” and “Internal silos prevent cross functional collaboration.”

- Twenty percent report “CEO and other C-level Executives not fully supportive of reputation management.”

- The majority use reputation measurement proxies such as Net Promoter Score (63 percent) and Media monitoring (61 percent) rather than “Complete stakeholder reputation measurement” (11 percent)

Let’s take a deeper look into how CMOs are managing reputation while addressing these daunting internal challenges...
Reputation is Your Differentiating Factor.

Price, product and service are no longer enough to set a brand apart from its competitors.

Enter reputation.

Asked, “Where do you see a strong Corporate Reputation having a business impact on your company? (top three)” CMOs ranked Competitive differentiation (58 percent) second only to Top talent acquisition and retention (66 percent). and followed by Improve crisis management and post crisis recovery (42 percent).

Where do you see a strong Corporate Reputation having a business impact on your company?

- 66% Top talent acquisition and retention
- 58% Competitive differentiation
- 42% Improve crisis management and post crisis recovery
Brand IS Reputation

At Western Union, the brand is the reputation. “At Western Union, the brand and the reputation are closely intertwined,” says Murel Lotto, “although it may mean something different to different audiences. That has a huge influence on how we conduct ourselves as an enterprise because we see how corporate reputation impacts consumer behavior and business outcomes.” Hurry concurs, “Brand and reputation are not mutually exclusive. They go hand in hand.”

Reputation as a differentiating factor can be particularly beneficial to companies in a commoditized business such as the financial services sector. “A customer can get a loan from thousands of other banking institutions,” explains Wang, “That’s where reputation of brand or company can really make a difference.”

“Reputation is truly based on a company’s ability to deliver on its brand promise and purpose. In turn, fulfilling that purpose drives trust, loyalty, and sales.”

Tanika Vital-Pringle
Chief Marketing Officer
BRAND REBIRTH
Former Head of Brand
SHELL POLYMERS,
A ROYAL DUTCH SHELL COMPANY
The humble beginnings of HP is the stuff business legends are made of. Founded in a rented Palo Alto garage by Stanford University friends Bill Hewlett and Dave Packard in 1939, “HP has built its reputation on innovation, product quality and customer service,” says Karen Kahn, Chief Communications Officer, with HP Inc. “These values have not changed since the days of the HP garage.”

The reputation built upon these values over decades has proven to be the fountain of youth for this 80-year-old enterprise. Kahn says, “We have always seen the connection between brand trust, reputation and business results.”

Most recently, the tech giant has proven this with the implementation of an agency diversity scorecard. Within a year of employing the initiative, the company realized quantifiable results. Kahn explains: “We measured the impact of HP ads created before and after the launch of our agency diversity scorecard. We achieved an impressive six-point increase in purchase intent and captured a 33-point increase in revenue per impression.”
What is Your Reputation Intelligence?

Being reputation ready requires “reputation intelligence.” Companies – and more specifically, CMOs – that know how to unleash the power of reputation intelligence armed with a collaborative, cross-functional plan are better able to navigate the reputation economy – and outperform the competition.

Reputation intelligence is grounded on an understanding of the what, why, and how to drive key business KPIs.

Research reveals that this is where CMOs are still finding their footing. On a scale of 1-7, nearly one half or more rated their company as merely fair when it comes to integrating the following into how it functions and does business:

- Systematic evaluation
- Corporate reputation strategy
- Integrated company purpose
- Priorities & success metrics

The highest rating never breached 10 percent, and were limited to two reputation readiness indicators:

- Integrated company purpose
- Leadership alignment

10% of CMOs rated their company Very Well
Indicate how well you think your company has integrated each into how it functions and does business.

Drilling down further into how well companies are integrating specific reputation strategies, CMOs gave middling ratings there as well. Only five percent or less gave their company a high rating for:

- Corporate narrative embedded across touch points
- Collaboration & relevance
- Executive accountability
- Corporate narrative activation
- Cross-functional management
- Planning & simulation
- Transformational investments

Only five percent or less gave their company a high rating for:
Internal Barriers to Reputation IQ

From the CMOs’ perspective, several factors are standing in the way of fully forming reputation intelligence:

What is the main challenge you see in implementing Reputation Management in your organization?

- **34%** Internal silos prevent cross functional collaboration
- **32%** Lack of structured process for implementing reputation management into our business planning
- **20%** CEO / other C-level Executives not fully supportive
- **9%** Not seen as providing business value

**OWNERSHIP**

Who’s Accountable?

While the benefits of reputation management are clear, the question of who owns it is murkier.

Companies are still sorting out who is ultimately responsible for corporate reputation on a higher level, who owns the daily decision-making functions, and where CMOs fit in:

**HP | Karen Kahn**

“The CCO plays a critical role in advancing corporate reputation and helping the company to navigate business, economic, cultural, and societal trends.”

**WESTERN UNION | Muriel Lotto**

“The CEO is ultimately responsible for our reputation.”

**CENTENE | C. David Minifie**

“The Chief Communications Officer is the person managing our reputation, including PR, external affairs, and social media.”

**WELLS FARGO | Phillip Wang**

“It’s a shared responsibilities including all of our senior leaders and not just the ‘keeper’ of our brand.”
Making Inroads

The good news is, marketing executives are finding ways to break down those barriers within and begin to create a positive impact with brand reputation:

**Wells Fargo has formed a Stakeholder Synthesis Group** which is comprised of representation across many business lines, run by Corporate Communications, is comprised of representation across many business lines, including the CMO. The group serves as a counseling body providing insight and direction on the company’s activities from a reputation perspective. Additionally, the company has separate regional reputation committees tasked with reviewing and monitoring activity at a more granular, community/retail bank level.

**Reputation is integral to business plan objectives at DuPont.** “We lead by setting our business outcomes and brand reputation is a natural connection,” says Hurry. From there, marketing communications for each division maintains the brand and manages reputation. Hurry’s role as global digital programs leader is to provide program leadership for the digital ecosystem for where the brand sits.

**At HP, reputation has many owners.** “The reputation of a company as large as HP is not and cannot be the responsibility of a single executive or business unit, explains Kahn. “For HP, reputation and corporate brand are ingrained in the company’s values.”

“**Having a voice on various leadership teams has proven to be impactful throughout my global career at Fortune 100 companies,**” Vital-Pringle says. “Managing reputation is something the whole enterprise has to do. But if you’re not on the leadership team, you don’t have a voice to make decisions and won’t be equipped to help manage reputation effectively.”

**“The biggest challenge is to make sure I am in the leadership conversation. I have a voice that needs to be heard on reputation.”**

Muriel Lotto
Head of Global Brand and Marketing
WESTERN UNION

Being reputation ready, and building a visible case internally for its bottom-line worth, starts with measurement.
Reputation management can’t reach a higher level at Western Union. That’s because CEO Hikmet Ersek is directly wired into that function. Ersek meets monthly with the corporate affairs team to hear updates, insights and research on the company’s reputation across all stakeholder groups. The group is comprised of multi-functional representation from brand and marketing, investor relations, employee relations, legal, as well as public policy corporate relations and the Western Union foundation.

But it doesn’t stop there. “Our CEO meets regularly with the executive team and steering committee,” says Muriel Lotto, Global Head of Brand and Marketing, at Western Union. “He brings them into the fold with the team’s reports and engages those executives in the reputation conversation at the higher level.”

When it comes to daily decision-making on reputation efforts, however, Muriel says the responsibilities are spread out among the company’s more than 200 territories and countries. “The corporate affairs team defines clearly what route we are taking to get there and they do the work on the ground.”
Like any other marketing initiative in today’s data-driven landscape, there is a compelling need for continuous and comprehensive tracking of reputation.

For a majority of CMOs surveyed, Net Promoter Score (63 percent) and media monitoring (61 percent) are the go-to measurement tools.

A clear majority track three key stakeholders: customers (90 percent), employees (84 percent), and industry professionals (71 percent).

Which steps have you taken to understand and manage your company’s reputation?

- **63%** Net Promoter Score
- **61%** Media Monitoring
- **11%** Complete Stakeholder reputation management

Which specific stakeholders are you measuring your company’s reputation?

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General public</td>
<td>19%</td>
</tr>
<tr>
<td>Customers</td>
<td>90%</td>
</tr>
<tr>
<td>Regulators/government officials</td>
<td>18%</td>
</tr>
<tr>
<td>Influencers</td>
<td>45%</td>
</tr>
<tr>
<td>Investors and shareholders</td>
<td>47%</td>
</tr>
<tr>
<td><strong>Industry professionals</strong></td>
<td><strong>71%</strong></td>
</tr>
<tr>
<td>Employees</td>
<td>84%</td>
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<tr>
<td>NGOs/advocacy groups</td>
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<tr>
<td>Local communities</td>
<td>13%</td>
</tr>
<tr>
<td>Supply chain partners</td>
<td>6%</td>
</tr>
</tbody>
</table>
For Wells Fargo, these are key indicators. “We look at consideration and preference, and the likelihood of doing business with us,” says Wang, “to help gauge the progress we are making with customers and prospects.”

In previous roles throughout her global brand and marketing career, Vital-Pringle employed qualitative and quantitative research that focused on behavioral economics. “That type of data helps enable the understanding of psychographics – cultural attitudes, behaviors and beliefs with respect to an organization. It also sheds light on stakeholders and consumer decision-making.”

However, the influence of social media must also be factored into the equation. “The challenge to measuring reputation is the domino-effect that social media has. Good social media listening is imperative to measuring reputation.”

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“**Our proxy for measuring reputation is to conduct a customer satisfaction study, and to field an annual brand equity research study.”**

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C. David Minifie
Chief Experience Officer and Executive Vice President
CENTENE CORPORATION
Untapped Advanced Measurement Tools

Measurement proxies such as NPS can provide part of the reputation picture. But there is a whole host of reputation-specific—and comprehensive—measurement tools designed to gauge reputation that are currently underutilized by CMOs surveyed:

- Integrating reputation as a KPI 32%
- Reporting on reputation 42%
- Introducing a Chief Reputation Officer 18%
- Complete measurement system of reputation measurement, monitoring, management and membership 32%
- Engaged in workshop with reputation peers 35%
- Reputation benchmarking measurement 32%
- A measurement of brand 27%

Wang expresses a similar sentiment among many marketing executives interviewed for this study, “We have a good fix on what our brand stands for, but we have work to do when it comes to our reputation.”

What keeps CMOs up at night?

TOP 5 MACRO-TRENDS

Reputation is not without risk or reward. That is why marketers must keep a third eye on macro-trends that could impact reputation, for good or bad. According to CMOs surveyed, these are the five most important trends for reputation management today:

#1 Higher Purpose
#2 CEO Activism
#3 Influencers
#4 Cyber Attacks/Data Privacy
#5 Fake News
Clearly, CMOs today understand how reputation is based on perceptions of brand promise and delivery, and that business outcomes can be directly linked to reputation.

But it is also clear that enterprises today, under the leadership of marketing and communications professionals, must forge an integrated, comprehensive reputation management strategy to mitigate risk and maximize the potential of a reputation economy.

A few good places to start that journey:

**Explore advanced strategies to managing reputation**

Drive leadership alignment amongst senior executives across the organization to recognize the importance of a strong corporate reputation and the business value impact it provides. Help develop a corporate reputation strategy that provides a clear road map for how the company will make progress on reputation priorities, the resources required, and who will be responsible.

**Engage C-suite peers in a cross-functional reputation strategy**

Actively collaborate with other business lines and functions to ensure the corporate reputation strategy is relevant to their needs and enables them to do their jobs better.

**Employ comprehensive reputation-specific measurement tools.**

Track perceptions of your company to understand the strength of the emotional bond that exists with your key stakeholders – and assess how you deliver on the rational dimensions of reputation that matter.

*After all, what do you have to lose...except your reputation?*
The CMO Club

The CMO Club is the world’s most engaged and inspired community of Senior Marketing Executives who help each other solve their biggest challenges, within a candid, trusted and sharing environment. Collaboration fueled by inspiring events and within the members-only Digital Solutions Clubhouse raises the standard for what is required to be a successful Chief Marketing Officer. With more than 850 members, The CMO Club is the go-to center for today’s Senior Marketer for peer-based personal and career success support. For more details, please visit thecmoclub.com.

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Reputation Institute helps leaders at the world’s largest companies build credibility with the people who matter most – by delivering data-driven insights about how they are truly perceived. We do this through RepTrak®, an unrivaled technology that provides actionable insights encompassing industry, competitor, and company level analysis. Past and present clients have included Whirlpool, Barnes & Noble, JP Morgan Chase & Co., LEGO, P&G, Cisco, AB InBev, and Telefonica, among many others. For more information, please visit reputationinstitute.com.