



Managing reputation in a recession

Summary Report – February 2009

Introduction

We believe that reputation is defined by three things: What you say, what you do and what others say about you. The strongest reputations are enjoyed when these co-exist and have the stickiness generated by people telling stories about you that reinforce your point of view and position in the market. But has this changed now that we are in a global recession? Are the 'old rules' of reputation management still valid? This report summarises findings from two waves of the Opinion Leader Panel¹ (July 2008 and November 2008) and includes highlights from an Opinion Leader Round-Table² held in January 2009.

Key Themes

It's a tough marketplace

No surprises there! In July 2008, 81% of the Opinion Leader Panel agreed that 'reputation is one of the strongest drivers of market value for a company'. Whilst this undoubtedly remains the case, we have seen how easy it is for reputations to be tarnished when they have been stress-tested. Great brands and organisations that we cherished and held in the highest regard have been found wanting.

Managing reputation

In today's turbulent marketplace, winning organisations are those that are truly customer centric, walking in their customers' shoes, in tune with their fears and hopes, innovating to meet their needs.

Spontaneous priorities for managing reputation in a recession (November 08)



¹ The Opinion Leader Panel comprises 'influencers' drawn from politics, the media, the city, corporates and NGOs, Think Tanks and Academia. We interviewed 100 opinion leaders in each wave.


² The Round-Table was attended by guests from a range of blue-chip organisations including Barclays, British Airways, BT, The Royal Bank of Scotland and Sky.

Walking in your customers' shoes


Brands that are successful are those that have a 'compact' with their customers - a deep, informed and overt commitment.

In July 2008, Opinion Leaders commented that the greatest damage to a company's reputation would come from products or services not meeting consumer expectations. When asked what affects a company's reputation, only 15% of respondents rated 'understanding how society is changing and reflecting this in how you operate' as extremely important.


By November it was apparent that a deep connection with customers was even more essential. The importance of truly understanding customers' needs and mind-set was paramount. On forced choice questioning, 72% stated that organisations should prioritise research that helps them get close to the customer, compared with 28% who felt organisations should track their positioning in the wider marketplace.



'Understand the needs of your customers, be in tune with them'




'Be passionate for your customers, genuinely passionate'




'I think in tough times it's going to be about those companies that effectively have genuine engagement as opposed to "yes we have a loyalty programme"'

During the round table discussion the importance of linking customer closeness research to responsiveness and change was highlighted; the need for organisations to be 'fleet of foot' in making decisions based on customer comments and needs.



'They (Saga) do a lot of work in market research. So everything they do is tried and tested... if there are comments from customers, they leap to make changes'



'Now is the time, visibly and transparently, to listen and be seen to listen'

Authenticity and values

Consumer trust has been badly shaken by the events of the last six months. The brands that succeed will be those that have always had their customers' interests uppermost.

In today's marketplace opinion leaders believe Tesco's devotion to 'walking in their customers' shoes' will be their ticket to success. Their slogan of 'Every little helps' along with being the country's 'biggest discounter' expresses a compelling consumer message well suited to the times. Although only 34% of opinion leaders describe themselves as a supporter or advocate, 75% think Tesco will be a 'winner' in the next two years.

'(Tesco are) ruthless with suppliers but they understand their customer base'

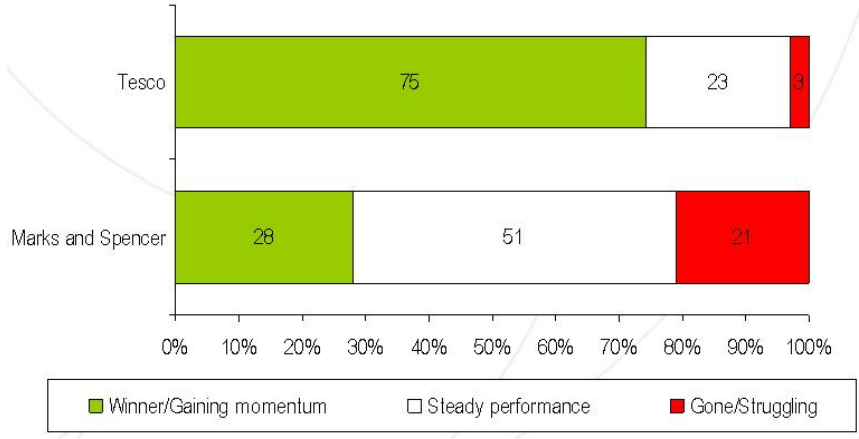
'You recognise that (Tesco) are visibly engaging with their customers'

'Whether you are rich or poor, you can go to Tesco and feel the price point is obtainable'

By contrast, while 75% of opinion leaders describe themselves as a supporter or advocate of Marks & Spencer, there is less optimism about their future. 21% believe that M&S could be struggling or gone in two years, with 28% believing they will be thriving or winning. During the round table discussion 'pace of change' was a key area of discussion, and it was suggested that M&S's strong heritage makes it less able to adapt to the times.

'It's (M&S) sort of slightly resting on its laurels which is the heritage position, rather than permanently visibly changing and adapting'

Prediction of Tesco and M&S's position in 2 years time



A lot to play for

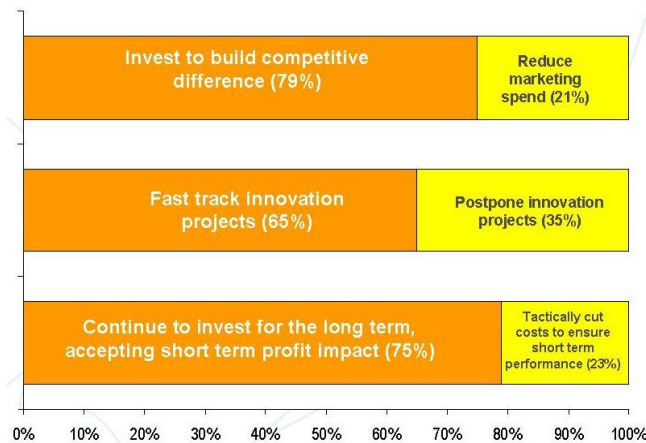
In some respects opinion leaders believe it's 'business as usual' - 79% state companies should invest to build competitive differential, as opposed to reduce marketing spend. Other metrics concerning long term planning and innovation support the view that the organisations that will prosper are those who help their customers through today's difficult times whilst also innovating for the future.

'Diversify the offering – look for new opportunities and new products to offer in a variety of ways'

The round table discussion highlighted the need for optimism in the current climate - the importance of giving customers a genuine reason to come to you rather than 'scaring them into coming'.

'Having that quiet confidence for the future'

Forced choice question (innovation and investment priorities)



Customer closeness embedded in company culture

From the Chief Executive to the call centre relating to customers, being in tune with their mood, responding to their fears and hopes and using their language are essential for authenticity. Customer centricity should be a defining value and tangible behavioural trait for every organisation today.

'We were talking an entirely different language from the way that customers talked about us. So if there was one big lesson, it was understand the language and the conversation'

Effective leadership is key to confidence

During the round table discussion the need for strong business leaders, who have the ability to filter their vision right through the organisation was highlighted. Central to effective leadership is recognition of your own strengths and style and building a complementary team. Flexibility, responsiveness and humility are important qualities apparent in some of today's great leaders.

'I used to work at Sainsbury's - he (Justin King) is a pretty amazing leader, and his vision filtered the whole way through (the organisation)...Justin has done a lot of work to bring the customer right into the debate...he understands you need to be seen to be in step with the speed of our lives'

'... the characteristics that make a really successful long term leader are ones that are so un-egotistical that they are quite unusual to have in people that are very outwardly and apparently charismatic ...it's a triumph of humility and fierce resolve'

'I think Tesco are obviously data rich, but they are also very culturally rich'

Don't get bogged down by the recession

Whilst inevitably the immediate focus is on coping with the recession, it is essential to keep looking ahead, anticipating customer needs as we move into a more positive economic environment, innovating for the upturn.

"The whole thing is about owning the future ... we've been talking about the 'Churchill syndrome'. You could have a great recession but when people vote, they are voting for the future. People are looking at the future and owning that is really important, that's about hope"

A changing notion of trust

'Trust is basically what will be the differentiator between businesses that are less affected'

Before the recession we had moved from an age of deference to an age of reference where we no longer take the advice of leaders, experts and elders but seek out information from friends and family, celebrities, and 'people like me'. So how will we trust in the future? Who will we believe?

'We're into the millionaire model aren't we - phone a friend, ask the audience....go to Amazon'.

The internet has had an impact on who we trust – it has enabled people to share experiences and thoughts with people they have never met and we are better informed than ever before. With the rise of the digital age, we can't deny the 'wisdom of the crowd', but in these times perhaps identifying the key influencers in the crowd is crucial?

Summary

- True customer centricity is vital to success now and in the future
- Successful organisations are those that are authentic, confident and committed
- The nature of trust has changed irreversibly – understanding the implications will help define your future
- Innovating for the upturn whilst being in tune with today's mood defines winners for the future

What next?

We will be asking more questions of the Opinion Leader Panel in the next few weeks, particularly around the question of trust and advocacy.

This will then be published in March along with the findings from further Round-Table discussions.

About Opinion Leader

Opinion Leader specialises in helping organisations understand their reputations and, crucially, the drivers of reputation. We use the creativity and power of adult to adult discourse to create a lively, respectful and engaging dialogue that, in itself, enriches your relationships and your reputation.

For more information, please contact:

Viki Cooke, Chair
Opinion Leader
4th Floor Holborn Gate, 26 Southampton Buildings, London WC2A 1AH
T: 020 7861 3080
E: vcooke@opinionleader.co.uk