Building & Maintaining Reputation in a Time of Social Media

May 15, 2009
New York, NY

Elliot S. Schreiber, Ph.D.
Clinical Professor, Marketing & Executive Director,
Center for Corporate Reputation Management
Bennett S. LeBow College of Business
Drexel University, Philadelphia, PA
elliot.s.schreiber@drexel.edu
Challenges/Issues

- Reputation risk is CEO’s #1 concern and most feel unprepared for managing reputation risk exposure (AON Insurance study, 2007)

- Trust in companies is declining – the most influential person is “someone like myself” (Edelman Trust Barometer)—social media cater to this “me-ness”

- Transparency is growing—everything we do and say is viewed and heard immediately, and this impacts our internal culture and our external reputation

- With social media, people no longer need marketing or corporate communications for information about brands and companies
What is Reputation?

Reputation is the perceived value of an organization—vis-à-vis its peers and competitors—as judged by stakeholders against their specific needs and interests.

You Cannot Control Reputation, but You Can Manage it – It’s a Process, Not an Activity.
Reputation is More Important Than Ever

- Intangible assets comprise > 80% of the market value of most companies (Cap Gemini Ernst & Young, 2003)

- A growing percentage of stakeholders indicate that company reputation influences their decisions to join, remain, invest, buy, and support

- Companies with good reputations do better on every financial measure over a 5-year period, and those with better reputations emerge from market downturns more quickly

- Most industries are becoming customer-led, putting greater emphasis on reputation to lessen pressure on pricing and increase “willingness to pay”

- Technology is making companies appear “naked” before the world
Reputations are Fragile & Technology Makes Them More So

- Ipsos & Schreiber (2004) study found that negative information erodes reputation faster than positive information builds it.

- Satisfied customers tell 3 people; dissatisfied customers tell 9.

- Dell found that:
  - An average is customer worth $210.
  - An average detractor costs the company $57.
  - An average promoter generates $32.

- If we can reduce negative word-of-mouth by 2%, we can boost sales by 1% (London School of Economics study, 2008).
Recommended Actions for the Different Types of Social Media

**Measure on-line brand perceptions & customer engagement (focus on a small set of objectives and unifying views across channels)**

- Monitor what’s being shared about you
- Find out where your key audiences are
- Promote yours and other interesting content

**Publish what you have**
- Monitor what others are publishing about you
- Encourage others to publish

**Network**
- Make friends
- Create relationships
- Answer questions

**Share**
- (Facebook, MySpace)

**Publish**
- (Wikipedia, Twitter, YouTube)

Source: HubSpot
Companies Need to Be More “Authentic”

- Focus on strategy & reputation objectives, not on the technology:
  - focus on what you want to be
  - be it (don’t just talk about it)
  - monitor how you are doing
  - and defend it quickly, honestly and authentically if things go wrong

- Become a real member of the community—don’t just communicate to the community (social media is the ultimate cocktail party)

- Focus on your values— they must be honest; close values gaps that are inconsistent with communications—they will be apparent from behaviors

- Monitor information—your target are conversations already taking place; and understand that not everything said will be positive