Collective Intelligence
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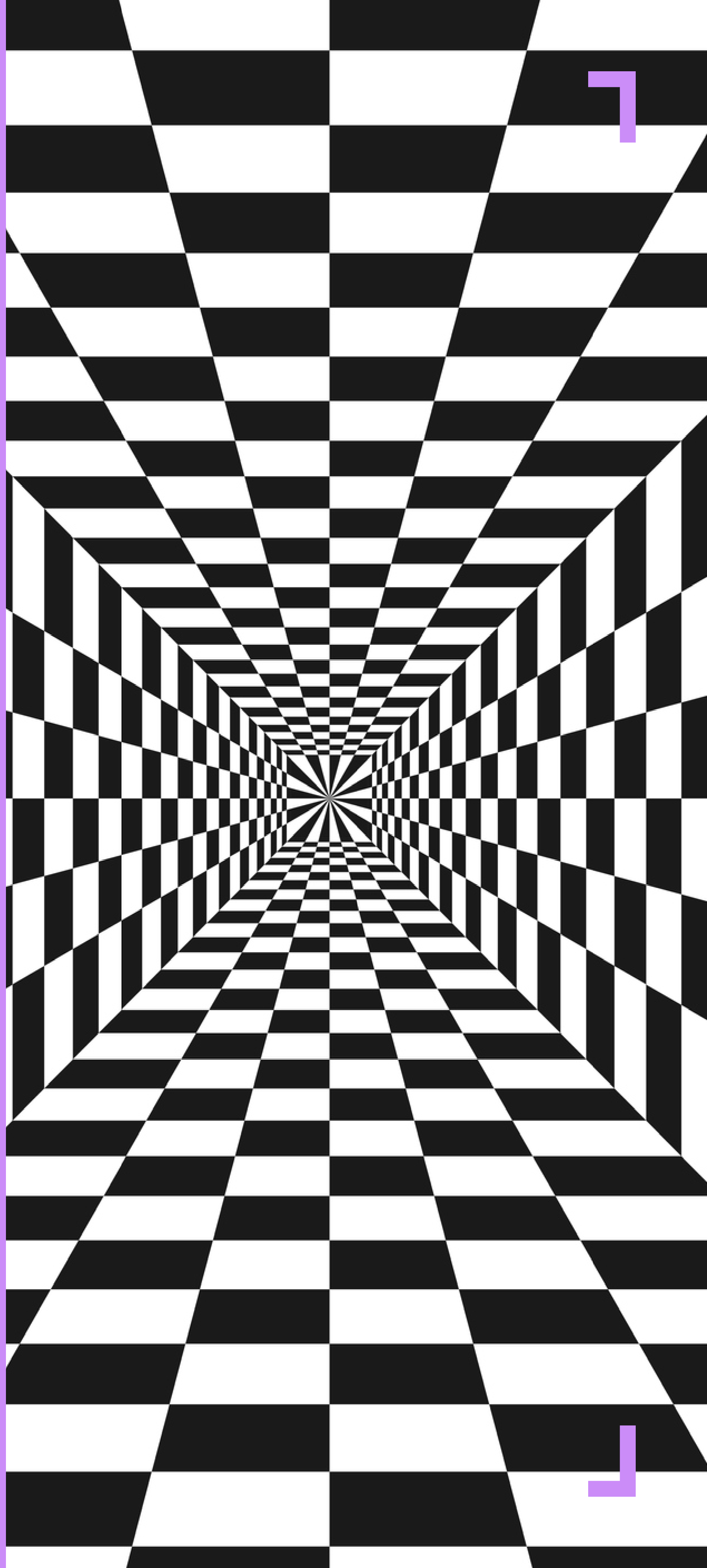
THE POWER OF PERCEPTION

Crafting and Safeguarding Brand Reputations in an Always Connected World



Weber Shandwick

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HOW CONSUMERS VIEW A BRAND MATTERS MORE THAN EVER. THOSE VIEWS CAN CHANGE IN AN INSTANT.

Moralists, politicians, artists, business leaders and influencers from Mark Antony to Marc Jacobs have had plenty to say about reputation. Warren Buffett once declared, "It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently." In today's hyper-tuned, always-on world, those 20 years equate to a few months for brands in many industries; those five minutes are now just 30 seconds.

Brand perception is how current and potential customers think of a company, defining the reputation. Management of reputation is the process of influencing the perception. While brands can perfect their reputations through well-crafted marketing strategies, the challenge is exponentially more difficult once consumers form a widespread perception.

REPUTATION MATTERS

Why should companies even care about their reputation? Well, nearly one third of all consumers say a company's reputation will drive their purchasing decisions, according to consumer tracker Qualtrics. These consumers said they switched their brand loyalties because they felt their experience didn't meet the promises the brand's image set. A Weber Shandwick survey with KRC Research of 1,500 consumers this summer found they are deeply concerned about political and social divisions and believe businesses should find common ground to help bridge them.

Shoppers say they want companies to take public positions on critical social issues such as human rights (82 percent), climate change (73 percent), racism (72 percent) and gun violence (70 percent). They also say companies should continue acting on commitments to employees and communities.

When companies do not sufficiently demonstrate their values, consumers respond sharply: more than half said they had taken an action to oppose or support a company based on their positions or actions. As the survey illustrates, a positive reputation helps brands attract talent, set premium prices for higher assessed value, enhance loyalty, raise market values and lower capital costs. A substantial portion of a brand's market value ties to intangible assets such as brand equity and intellectual capital. Indeed, as the survey also shows, reputational damage can be costly. Forty-four percent of consumers say they have boycotted a company to express protest and 36 percent have "buycotted," demonstrating support by intentionally buying its products or services.

Nicholas Goodwin, executive vice president for corporate issues at IPG public relations agency Weber Shandwick said brands need to be clear-eyed about the playing field before they engage either on a social issue or with an influencer.

"It's about evaluating if you have the infrastructure [asking] 'How does that align with our values?'," Goodwin said. "You have to be consistent about what your consumers want and evaluate these things differently from brand to brand and define where you're comfortable being."

WHEN COMPANIES DO NOT SUFFICIENTLY DEMONSTRATE THEIR VALUES, CONSUMERS RESPOND SHARPLY.

STILL SOCIAL

Despite social ad spending hitting a new low in growth in the U.S. this year, social media remains the marketing budget's third-largest allocation.

The landscape is fragmented, but the players are well-defined. An arena that once comprised just a few powerful platforms has more energetic players, disbursing overall power. Forrester has said that the window has closed for the all-encompassing super app—or everything app—and recommends brands avoid building super apps and invest in creating robust mobile strategies. Meanwhile, X (formerly Twitter) has particularly fallen out of favor for advertisers, but all apps have diminished targeting capabilities after Apple's security changes. As consumers are shopping with their values, platforms are implementing protections to help brands avoid risks with such tools as enhanced verification modules and filters, to avoid embarrassing product placements.

Every participant's behavior in a social-media campaign is critical.

Reputational considerations go beyond the content that is posted or advertised, as patterns of ads and promoted posts by partners have shown to have an effect. For example, the Journal of Academic Research found that too many paid sponsorships can raise consumer skepticism.

While mitigating social risk is crucial, a tight leash on social assets, such as influencer partners or holding back on opportunities for in-the-moment engagement, can cause a lack of authenticity and displease partners—who can harm reputation with creators and consumers. This underscores the importance of strong partnerships with creators and stakeholders, who promote trust on both ends. While brands and influencers should take stances and participate in the social discourse, they must tread carefully and with a considered strategy, rather than hopping on any hashtag trend. However, executed carefully, the strategy can have a positive effect.

Considering all of this, brands must be strategic about what platforms and tactics they use. While this requires more effort, brands should engage audiences in meaningful ways, which will be more valuable for loyalty and reputation.

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WHAT ARENA TO PLAY IN?

How a brand invests its social media dollars depends on its intended audience and goals. Brands should avoid tactics or platforms that do not align with their values, as many have done in leaving X/Twitter.

TikTok, for example, has been a boon for young audiences and brand awareness. Yet, with a more sophisticated strategy, the platform has shown potential for aiding brands, especially fast-moving consumer goods, in product development. YouTube, however, might be a better investment for a company looking to sell to consumers who may be older, do a lot of research and are shopping for products that are larger investments.

"The disruption that's happening is actually probably a good thing because it's forcing everybody to rethink their plans and rethink where they might want to test and change," Forrester principal analyst Kelsey Chickering said in a podcast. She added that advertisers are taking a big step back and re-evaluating where and how they spend their budgets in 2023.

BRANDS MUST DIVINE THE NUCLEOTIDES THAT FUEL PERCEPTION'S EVOLUTION INTO REPUTATION.

FRAMEWORK FOR SUCCESSFUL BRAND REPUTATION MANAGEMENT

Brands must divine the nucleotides that fuel perception's evolution into reputation. This means they must set best practices for promotional efforts that live in a media world driven by an influencer culture that is sometimes at odds with ethical strategies. This requires a brand first to:

- Evaluate its reputation through media analysis, surveys and focus groups.
- Compare its character against rivals not just in its arena but in other growth sectors.
- Enhance investor relations and corporate communications.
- Constantly monitor the marketplace's changing moods and expectations.

For something to be truly engaging, the bar is way higher than it once was, with as polarized as things are, the consequences are high and there's risk to try and do that," Goodwin said. "I think what an opportunity looks like for one brand is still gonna be quite different than what it looks like for another brand in in any given moment.

A CRITICAL CONDUIT FOR BRANDS' EFFORTS IS THROUGH ADVOCACY INFLUENCERS, WHO OFTEN GENERATE MORE CREDIBILITY AND AUTHENTICITY THAN A TRADITIONAL MARKETING CAMPAIGN CAN.

MANAGING CONSUMER EXPECTATIONS

Consumers want brands to take stands on issues that matter to them, and 82 percent of people on X/Twitter believe brands should use their platforms to effect positive change.

"There's probably not a day goes by we don't see a 'boycott Ben and Jerry's' post into our socials," Kerry Thorpe, communications director at the Vermont based ice cream icon, told WARC (World Advertising Research Center). "When brands take a stand in the right way on societal issues, people are four times more likely to engage with the brand's product or service. People are also twice as likely to pay more for that product or service."

A critical conduit for brands' efforts is through advocacy influencers, who often generate more credibility and authenticity than a traditional marketing campaign can. An effective brand advocate raises awareness, increases consumer trust and helps convert more customers. A brand advocate supports a business through positive word of mouth, either in the form of reviews, recommendations, or sharing of unique content that features and endorses a brand or a brand's product.

"If there is a clear value exchange between consumer and brand, consumers lean into it," said Crystal Malchias, senior vice president of global influencers at IPG entertainment agency and ITB/McCann. "Consumers want to buy from authentic people. One of the most successful hair ads that L'Oréal has ever run is of a very authentic Eva Longoria at home during lockdown showing her grey hairs and using L'Oréal Excellence Crème to color her own hair."

Influencer marketing and brand advocacy are similar in that someone is publicly endorsing or promoting a brand.

An influencer is paid to share a campaign that promotes a brand, either in the form of a negotiated fee or in exchange for free products or commissions; a brand ambassador supports the company's growth because they have direct experience with the brand and believe in it. One strategy is not inherently better than the other, though they do require various levels of engagement and direction from the brand.

A brand advocate can be a customer, a member of the brand's workforce, or a business partner. Customers can be some of the best brand advocates. Their user-generated content is much more authentic than brand messaging. More people are turning to social media to research products and services, and studies show that most people will trust recommendations from people they know. Companies that can formalize their interactions with engaged customers and build a customer advocate community will gain a competitive advantage.

"You have to look at your company values as more than just a dollars and cents consideration, both in terms of your reputation to consumers as well as an employer brand," Goodwin said.

Social media revolutionized the importance of brand reputation and the art of reputation management.

A brand can connect at any time to the ever-widening array of events that can either exacerbate or enhance its reputation at a moment's notice, whether it's an influencer who is in the spotlight for the wrong reasons on one hand or a perfectly timed Super Bowl ad on the other.

HOW TO DEPLOY A STRATEGY

According to Ad Age, if a business has a genuine stake in a topic that is trending or affecting their community or stakeholders, they should build a reputational leadership strategy. This explains why the natural inclination is for brands to weigh in amid a societal issue, as staying silent risks criticism of being "on the other side." Naturally, brands can experience positive results if they take their customers' view on an issue.

"It's a fine line, but it's got to be driven [based on the brand's values]," Goodwin said. "You really have to guide your decisions and actions as well as the campaigns and programs that you do—as well as the influencers that you pair with—as how you show up from [the perspective of] the brand."

However, public perception can pivot quickly, so brands would be wise to ensure that they are:

- **Aligning with their consumers' core values:** The cause should resonate with the target audience and feel like a natural extension of brand identity. This means brands must conduct in-depth research to understand the nuances and perspectives related to the cause. Be sure to anticipate potential objections and criticisms and develop well-informed responses ahead of time that demonstrate a commitment to informed decision-making. "We start with 'What are our values? What are the things we believe? What's the change we seek to make?'" Thorpe said in the WARC interview. "And then we want to build an emotionally compelling campaign that encourages people not only to consume a piece of content, but ultimately to take action focused on making change in the world."

- **Practicing transparent communication:** Be transparent about the intentions and motivations for supporting the cause. Communicate how and why the cause is relevant to the brand. Don't be shy about personalizing any connections or experiences that led to the decision.

- **Tapping the right influencers:** Cultivate relationships that best reflect the brand strategy. An effective deployment can be just as impactful to a brand's reputation as having genuine, authentic brand ambassadors such as customers and employees.

- **Collaborating and consulting:** Involve stakeholders, employees, and experts who have a deep understanding of the cause. Seek input from individuals who can offer diverse perspectives and help you navigate potential pitfalls.

- **Educating:** Rather than pushing an agenda, focus on educating your audience about the cause. Share accurate and unbiased information that helps people understand the complexities of the issue, fostering empathy and informed discussions.

- **Forecasting:** Legendary comedian Bob Hope is credited with saying, "the secret to good comedy is timing." Likewise, the secret to a brand's reputational efforts is, well, timing. That means a brand must know beforehand what waters it wants to navigate and where its rivals are headed. Like a good Scout, a brand must be prepared for the unexpected to act properly and fluently in the moment, not after the moment. A Mintel study finds that instead of preparing to respond to the aftermath of a consumer callout, brands should invest in strategies that allow for proactive accountability. The study asserts: "By having a strong understanding of their consumer bases and a definitive brand reputation rooted in values, brands will be better equipped to proactively address controversial situations in a way that aligns with consumer expectations and their brand's position."

- **Setting a clear strategy:** Marketers need to understand the audience. Casting out a bigger net will reach a broader audience with myriad sets of values. Brands are gambling with their authenticity credits if they are sending different messages to different consumer groups. Brands should not be hasty to jump on the latest hot-button issue. They need to act with deliberate intent that considers all outcomes. So, when acting, a brand needs to take a stance that will appeal to the broadest audience possible. Remember that what resonates in the frat house won't resonate with the 55-over community's pickle ball club. Numerous examples of well-intentioned efforts paving the road to controversy haunt many brands in every industry. Unfortunately, how the actions are perceived can only be fully known when Schrödinger's proverbial cat is out of the bag. The safest course of action is for brands to acknowledge strong feelings on both sides of an issue with the implied view that their consumers cover a broad range of thoughts and feelings.

CONCLUSION

“Defend your reputation, or bid farewell to your good life forever,” Shakespeare’s Margaret Page said as a case in point in “The Merry Wives of Windsor.”

A positive reputation not only fuels purchasing decisions but also attracts talent, shapes pricing power, and bolsters market value. Social media’s sway requires keen attention to platform choices and careful influencer partnerships. Authenticity emerges as the bedrock of success, and engaging consumers through meaningful interactions will be top of mind. As brands navigate societal issues, transparent communication, aligned values and well-timed actions are crucial. The journey from perception to reputation demands vigilance, anticipation and a holistic strategy that resonates across a range of audiences.

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Collective Intelligence curates perspectives from experts across IPG's global network to inform and illuminate opportunities for brands to stand out. The team works closely with brand strategists, planners, creatives, media, and engagement professionals in a variety of marketing disciplines, delivering critical intelligence that helps IPG and its agency partners put creativity and human connections at the center of their work.

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