

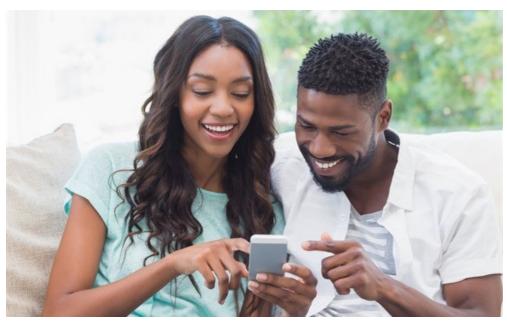
# Consumers prefer companies that make them feel good about themselves

Weber Shandwick has launched a report, *The Company behind the Brand II: In Goodness We Trust*, a global thought leadership study. A key finding is the degree to which products and services make individuals feel good or healthy, surpasses their interest in specific corporate responsibility initiatives, sometimes by wide margins.

#### Dual view of brand, reputation

The study reveals that all eyes are now focused on how a company behaves, encompassing two different but ultimately inter-dependent types of activities:

- A company's responsiveness to issues or crises
- A company's ability to deliver well-being to customers' lives and positive social impact, going beyond quality of its products and services and a greater emphasis on "good for me"



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The report examines the intersection of brand and reputation from the views of consumers and senior executives.

It describes how consumers view their influence on corporate reputation, what they expect from companies today, how they gather information about companies and what they think about the role of the corporate brand.

From the executive angle, it explains the benefits that strong corporate brands bestow upon their product brands, what executives see today as the drivers of company reputation and how well aligned they are with the latest consumer perspectives about company responsibility.

The report also provides a look at companies with excellent reputations and how they are leading the charge on responding to evolving demands from consumers. When 60% of a company's market value is due to its reputation, much is at stake.

## **Demand for personal narratives**

The degree to which products and services make individuals feel good or healthy surpasses their interest in specific corporate responsibility initiatives, sometimes by wide margins.

"Our study highlights a heightened demand for more personalised corporate narratives," says Andy Polansky, Weber Shandwick CEO. "Such narratives today are most relevant when they relate directly to individual consumers' well-being in addition to a company's commitment to tackling broad societal issues. Communications, marketing and R&D need to be more integrated than ever to achieve this new reputation paradigm."

KRC Research conducted the survey among consumers and senior executives in 21 global markets. It follows an earlier report, *The Company behind the Brand: In Reputation We Trust*, that identified the interdependence of corporate brand and product brand.

## Prime driver is personal benefit

With 47% of consumers frequently discussing how healthy or good specific company products or services are and 46% increasingly buying from companies that make them feel good, Weber Shandwick concludes that the personal, individual benefits of a product are a prime consideration to drive purchasing decisions. This overshadows the impact that companies have on a number of social impact factors among consumers (see chart below).

Millennial consumers (those born between 1981 and 1997) respond in larger numbers to both "good for me" and "good for all" issues, but like the total sample, they tip the scale in favour of "good for me."

Even executives recognise that providing and communicating "good for me" is an emerging hallmark of a strong company reputation. Senior executives at companies with highly esteemed reputations are much more likely to say their companies promote how healthy or good their products and/or services are, than those at less reputable organisations (70% vs. 55%, respectively).

While there is a difference between companies on the basis of reputation when it comes to goodness, there is no significant difference between companies that market to consumers directly (B2Cs) and those that sell to other companies (B2Bs) – 64% vs. 61%, respectively.

#### Company behaviour matters

Consumers are closely watching companies' actions. They form opinions about companies not just through what customers say about them (88%), but also how companies react in times of crisis (85%). The finding that company responsiveness is so important is a critical shift in reputation building that should be addressed by all companies, large or small.

With more than one-third of global consumers (36%) saying that they have discussions with others or share information about corporate scandals or wrongdoing, how a company responds to an issue or crisis today clearly affects its integrity, credibility and trustworthiness.

Responsiveness to issues and crises is more important in driving perceptions of a company than what the media says (76%), what employees say (76%) and what the company says about itself – whether that is on its website (68%), what its leaders say (61%) or what exists in its advertising (61%).

"Proactive reputation risk management has never been more critical than it is today. Preparedness is a must, with a plan that ensures agility in mitigating and addressing issues and crises," said Micho Spring, Weber Shandwick's global corporate practice chair. "The company's newest study on corporate reputation shows that the drivers of reputation are tilting and that those companies that recognise and respond to this new hierarchy will win consumers' hearts and minds."

## Challenge of globalising reputation

The majority of executives in the study (69%) find it challenging to communicate about their own company's reputation across different countries, languages and cultures. Executives who find it least challenging to communicate their own company's reputation across the globe are most likely to work for companies that focus equally on parent and product reputation. This shows that, especially for global companies, parent and product brand reputations are interdependent.

### Reputation begins at home

The reputation of the parent company is often the make-or-break factor in purchase decisions. Nearly four in 10 consumers (38%) say that the reputation of a parent company has altered their preference for which products and/or services they buy.

On the executive front, nearly nine in 10 global executives (86%) report that a strong corporate, or parent, brand is just as important as – or even more important than – strong product brands. A full 83% believe that product brands need to be transparent about their lineage, and 73% believe that consumers care about parent companies. These beliefs are common to B2C executives and B2B executives alike. Executives recognise that consumers today are not just purchasing products or services for their functionality, but are also shopping by the reputation of the company.

## Two major implications

The report shows a world in the midst of a consumer revolution. Consumers are empowered by their influence on companies and know how to operationalise their empowerment through their words and deeds. Today's successful communicators and marketers must be aware that the corporate imperative based on this dynamic is two-fold:

1. At the product level, what products and services need to deliver is shifting from functional utility and basic quality to fulfilment of customer well-being - whether that is in the form of health, safety or simply being "good for you." Marketers should be aware of the rise of personal and purpose communications and the emerging trend that their companies' reputations are now influenced by the wellness and peace of mind that their goods deliver.2. At the corporate level, responsiveness is now a reputational mandate. As boards are hyper-focused on reputation risk, no corporate brand can afford to be without a crisis response plan or insights into predicting troubles ahead. On a more micro-level, brands need to respond to and engage with their stakeholders on a continual and agile basis.

Companies that do not yet have their fingers on the pulse of these changing dynamics and are appropriately tapping into consumer priorities and addressing risk issues need to rapidly catch up and seize these opportunities in order to stay competitive and outpace their peers.

"The research has identified the importance for companies to integrate overall well-being and 'good-for-me' into their marketing and communications. Increasingly, consumers are asking themselves 'what's in this for me?'" said Weber Shandwick's chief reputation strategist, Leslie Gaines-Ross. "Companies that care about their corporate reputation are working overtime to answer that very question."

For more information, go to *The Company behind the Brand II: In Goodness We Trust global thought leadership study*.

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