

# African Reputation Index defines corporate reputation

By  Danette Breitenbach

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While 80% of people will not buy from a company with a damaged reputation, the good reputation of a company brings with it benefits such as allowing it to charge a premium for its products.

The inaugural [African Reputation Index](#) (ARI) was launched by Magna Carta Reputation Management Consultants recently in Sandton.

“The Index proves the newest innovation around reputation and not only provides companies and individuals with a tool to enable the appropriate response, but also allows for high-level planning for reputation management,” Sechaba Motsieloa, the newly appointed CEO of Magna Carta Reputation Management Consultants told attendees at the launch, which was made up of media, agencies and clients.

“If you want to be sustainable, you need to take your reputation management seriously,” he adds.

With little or no consensus about what corporate reputation is, coupled with related difficulties in measurement, the company decided to define corporate reputation. “In South Africa, we use the definitions for reputation from the United States (US) and Europe with little research on how reputation plays out in this country and beyond our borders,” says data analyst Katherine du Plessis.

“[@katduplessis](#) takes us through the features of a good corporate reputation as indicated in our [@AR\\_Index](#). [#ARI](#) [pic.twitter.com/vp0Zju0rMb](#)— Magna Carta (@MagnaCarta\_RM) [March 15, 2017](#)”

Once they undertook the journey on defining reputation locally and across the continent, they also developed a tool to measure corporate reputation. The research was undertaken by Yellowwood. Together the two companies hosted focus groups comprising South Africans from all backgrounds and conducting in-depth interviews with industry influencers.

The result was the definition of reputation as: “the perception that people, in general, hold of a company”.

Du Plessis emphasises that a company needs to understand what is the most important way to promote their reputation to consumers. “Companies need to look at how consumers notice their reputation. Our research found that this is mainly through personal and professional experience and word of mouth.”

WOM is a powerful driver of reputation, with social media amplifying this. The impact of social media, creating accessibility to corporate behaviour, makes its impact on reputation more immediate.

The Index examines five sectors – telecommunications, fast-moving consumer goods (FMCG), financial services, car manufacturers and public services according to 44 reputational drivers – using a survey designed and with data collected from 1,306 South Africans.

The 44 drivers feed into nine attributes that are ranked by respondents. These are quality, customer services, good governance, good working environment, integrity, innovation history, visibility, and corporate social investment (CSI).

Overall the top attributes are quality, service and good governance. However, they differ for the sectors, so in the FMCG sector, customer service ranks first followed by integrity and quality vs car manufacturing, where quality ranks first, followed by customer service and integrity.

“Customer service and integrity comes out in almost all the industries. This is no surprise as they are related to the context in which the industry operates, for example in the FMCG sector with its drought shortages and high costs.

The survey allows like-for-like companies to be compared, that is banks with banks, not banks with supermarkets. The conditions that that sector operates in are factored in to provide context. For example, drought in the FMCG sector and fees and security issues in the banking sector.

The Index found that our local experience is not vastly different from the rest of the world, except when it comes to CSI. While CSI is more prominent and growing overseas, in South Africa it's ranked at the bottom.

Asked why another Index, business unit head Kalay Maistry explains that they were looking for innovation and new technologies, as well as to add more value for their clients. “The ARI’s point of departure is very different to other Indexes of this kind, which normally use trust as their point of department. We have used the stakeholder as ours.”

She adds that too often Indexes such as this are lumped together with the Middle East and Europe. “Yet we are very different to these regions.”

Next the agency will be taking the ARI to the rest of the continent, starting with West Africa, probably Ghana. They hope to have an AFI for this region by next year.

## ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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