



For Immediate Release

Contact(s) Gary Conway
Company Weber Shandwick
Phone +81 3 5427 7353
Email GConway@webershandwick.com

Seven out of ten consumers

avoid products if they dislike parent company

*– Linkage of product to corporate brand particularly marked in China,
Weber Shandwick survey finds –*

BEIJING, January 19, 2012 – A new global study commissioned by Weber Shandwick found that the company behind the brand is critical to consumer purchasing decisions. Seventy per cent of consumers surveyed avoid buying products if they do not like the parent company. Executives agree — in fact, 87 per cent globally (and 96 per cent in China) say that “a strong corporate brand is just as important as strong product brands.”

The Company behind the Brand: In Reputation We Trust illustrates the challenging consumer landscape facing today’s marketing and communications executives. The research identifies six key insights revealing a world where consumers no longer just buy products based on their own merits but also shop *by company reputation*.

“Our research demonstrates that, for consumers, corporate and brand reputations are becoming increasingly inseparable. Consumers are now actively placing stock in the *companies* they trust, as they seek out products that are ethical, safe, and high-quality.” said Executive Vice President of Public Affairs, Asia Pacific, Alistair Nicholas.

The New Realities of Corporate Reputation

The importance of a company’s reputation matters more than ever and when unified with the reputation of its product brands creates one powerful “enterprise” brand. As Nicholas adds: “A strong corporate reputation is absolutely critical to tapping into the full value of any enterprise.”

Weber Shandwick’s research reveals six new realities on the interdependence of corporate and brand reputation:

1. **Corporate brand is as important as the product brand(s).** The leading reasons the vast majority of executives (87 per cent) believe that a strong corporate brand carries as much weight as strong product brands are their recognition that product brands benefit from the overall reputation of the company (65 per cent); and that people care about the companies behind the brands they buy (55 per cent). Executives in China and Brazil are even more likely to agree in the equal prominence of corporate and product brands (96 per cent and 93 per cent, respectively).
2. **Corporate reputation provides product quality assurance.** Products are the beneficiaries of strong corporate reputations. Over two-thirds of consumers report avoiding products made by companies they do not like and checking labels to see the identity of the parent company.
 - Seven out of ten consumers avoid buying a product if they don't like the company behind the product
 - Nearly as many (67 per cent) are increasingly checking product labels to see what company is behind the product
 - 61 per cent get annoyed when they can't tell what company is behind a product
 - Over half (56 per cent) do research to learn about the companies that make what they buy
 - Also over half (56 per cent) hesitate to buy products if they can't tell who makes them

Consumers are exerting greater control over what brands they buy. In fact, when asked - on an open-ended basis - consumers often used the word “assurance” to describe the value of the company behind the brand. To many, a highly-regarded corporate reputation engenders good feelings about a company’s products and, importantly, provides assurance that the brands will be of high quality, ethically sourced and made responsibly. As one consumer said, “It is the company you are financially supporting when you buy its product. We have too many choices to have to buy a product from a company we don't like.”

3. **Any disconnect between corporate and product reputation triggers sharp consumer reaction.** Over half of consumers (54 per cent) report being surprised to find out that a product or service they liked was made by a company they did not like. When asked what they do in response, most surprised consumers said they either stop purchasing the product (40 per cent); or search online to dig deeper into what other products are made by the company (34 per cent). Surprise about a product’s lineage does not usually work to the company’s benefit – surprised consumers are twice as likely to stop buying the product as they are to continue buying it.
4. **Products drive discussion, with reputation close behind. Wrong-doing overshadows right-doing.** Consumers were asked what they talk about when they discuss companies. At the top of the list is products — nearly seven out of 10 consumers (69 per cent) say they frequently or regularly discuss how they feel about a product they bought. Also included among their top five talking points are customer service; how employees are treated; company scandals; or wrong-doing; and their feelings about the company as a whole (its reputation). More consumers report that they are likely to discuss corporate scandals and wrong-doing (43 per cent) than corporate good deeds (37 per cent); environmental protections (31 per cent); and community services (29 per cent).

What topics do consumers frequently or regularly discuss with others?	
How you feel about a product you have purchased	69%

The quality of specific companies' customer service	55%
How specific companies treat their employees	45%
News about a scandal or wrong-doing at specific companies	43%
How you feel about a company as a whole / its reputation	40%
News about good deeds a specific company does	37%
The financial performance of specific companies	33%
How specific companies are using social media	32%
What specific companies are doing to protect the environment	31%
Specific companies' websites	30%
What specific companies are doing to help those in their communities	29%
Specific corporate leaders, such as CEOs or other executives	28%

- 5. Consumers shape reputation instantly.** What sources of influence move consumers' perceptions of companies? Not surprisingly, consumers say that word of mouth is the leading influence (88 per cent) when it comes to impacting opinions of companies. Also influential are online reviews (83 per cent) and online search results (81 per cent). Brazilian consumers rate more traditional sources about companies — news sources, awards and advertising — as significantly more important than consumers in the other three markets.
- 6. Corporate reputation contributes to company market value. Most admired status carries more weight than financial earnings.** Executives estimate that, on average, 60 per cent of their firms' market value is attributable to its reputation. This high value explains why companies have ramped up their reputation-building activities, with the vast majority of executives (86 per cent) reporting that their companies increased their efforts to build reputation over the past few years.

For consumers and executives alike, the reputation of a company is perceived as more important than positive financial earnings. More than half of consumers say they are more confident in buying products from a company with a most admired standing than one with a positive share price forecast. Nearly six in 10 executives say they would rather see their companies in the news for a most admired standing than a positive share price forecast. The findings imply that both consumers and executives now recognize that reputation is long-lasting and enduring while financial performance can be cyclical and short-term.

What news makes consumers more confident when buying a company's products?		What news do executives prefer to see for their companies?	
Most admired standing	53%	Most admired standing	58%
Positive share price forecast	21%	Positive share price forecast	37%
Not sure	26%	Not sure	5%

Weber Shandwick's research highlights how consumers want assurance that their well-earned dollars, yuan, pounds or reais are being spent on products produced by companies that share their values. They have higher expectations for the companies and the brands they like and will not hesitate to turn their backs when they are disappointed or led astray.

As Nicholas remarks, “Through our approach to creating one powerful enterprise brand voice, and with an ongoing stream of research such as this, we help companies build and protect corporate reputation, which has a directly positive impact on business results.”

For more information, please go to our [infographic](#) and [executive summary](#). Additional reports on this topic will also be issued later in 2012 that provide insights on the contribution of CEO reputation and single- vs. multi-brand companies.

For additional information on our award-winning global services focused on building and safeguarding reputations and brands in an ever-changing transparent environment, please contact anicholas@webershandwick.com.

About the Study

The online research was conducted with KRC Research in October/November 2011 among 1,375 consumers and 575 senior executives in companies with annual revenues of \$500 million or more. Respondents were located in four key markets: two developed markets (U.S. and U.K.) and two emerging markets (China and Brazil).

#

About Weber Shandwick

Weber Shandwick is a leading global public relations agency with offices in 81 countries around the world. The firm’s success is built on its deep commitment to client service, our people, creativity, collaboration and harnessing the power of Advocates - engaging stakeholders in new and creative ways to build brands and reputation. Weber Shandwick provides strategy and execution across practices such as consumer marketing, healthcare, technology, public affairs, financial services, corporate and crisis management. Its specialized services include digital/social media, advocacy advertising, market research, and corporate responsibility. In 2010, Weber Shandwick was named Global Agency of the Year by *The Holmes Report* for the second year in a row; an ‘Agency of the Decade’ by *Advertising Age*, Large PR Agency of the Year by *Bulldog Reporter*, a Digital Firm of the Year by *PR News*, and Top Corporate Responsibility Advisory Firm by *CR Magazine*. The firm has also won numerous ‘best place to work’ awards around the world. Weber Shandwick is part of the Interpublic Group (NYSE: IPG). For more information, visit <http://www.webershandwick.com>, <http://www.webershandwick.asia> <http://webershandwick.jp/english/>.

About KRC Research

KRC Research is a full-service market research firm that specializes in the kind of research needed for effective communications—communications that reach, engage and persuade. A unit of the Interpublic Group of Companies (NYSE: IPG), KRC Research offers the quality and custom service of a small firm along with the reach of a global organization. For over 30 years, KRC Research has worked on behalf of corporations, governments, not-for-profits and the communications firms that represent them. Staffed with market research professionals from the worlds of political campaigns, consumer marketing, journalism and academia, we are flexible, practical, creative, knowledgeable and fast, combining sophisticated research tools with real-world communications experience. For more information, visit www.krcresearch.com.