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COMMENT

WEINSTEIN'S MONSTER

The fall-out from the Weinstein affair continues its astonishing progress as we go to press. What started in Hollywood has reverberated far and wide, and societal norms have shifted, whether Weinstein et al's shocking behaviour conformed to anyone's idea of a norm or not. Expectations of behaviour have evolved rapidly, and people who get caught out behaving "pre-shift" may pay a heavy price. In the internet age the repercussions of these shifts are far-reaching, unpredictable and mercilessly retrospective.

Networks and spillover effects are two of the reputational dynamics explored in *The Reputation Game*, our Centre director Rupert Younger's new book with David Waller (see extract on pp3-5). The current concern over sexual harassment demonstrates the immense power when these combine: the spread, the speed, and how scandal can intensify in unexpected ways to expose misbehaviour, but also how it can operate beyond rationality, and the problematic uncertainties it leaves behind.

The reputation contagion is ubiquitous and not always discriminating. In this case, it started with immediate associates, from the assistants who were Weinstein's alleged accomplices to his lawyer/spokesperson, fellow directors of The Weinstein Company, and partner production companies.

The focus soon moved to other sectors: it was used by political opponents to stigmatise Democrat politicians Weinstein had funded, and then engulfed the US political sphere more widely. In the UK it quickly leapfrogged to the House of Commons, where it began to take on feverish momentum, covering all degrees

of perceived transgression with blanket guilt: "Fallon I Felt Radio Host's Knee" being surely the most baffling front-page expose that ever triggered the resignation of a senior politician. The subsequent publication of lists of "suspect" politicians, on the basis of unsupported allegations, fanned a feverish bubble of misinformation. Nervous organisations everywhere are now redrafting or publicising their harassment guidelines.

This is a necessary and overdue corrective cycle, but it is also messy, and there are multiple reputational phenomena wrapped up in it: the reach of modern information networks; how social media shines light in dark places and energises existing but dormant narratives; trial by association; the polarising effects of digital media; the increasingly desperate feeding frenzy of who-shouts-loudest competing media. As this year's Best Paper award winner shows – "Brand Buzz in the Echoverse" (see p11) – the power of negativity outstrips its opposite, and the greater the volume, the greater the disparity.

The reputational risk in such a world is difficult to quantify, but the ability to anticipate where potential issues lie, identify problematic behaviours, and when reputation is "in play" to be able to diagnose the nature of the exposure, come clean where necessary, and avoid self-implication where it is not, are the tools of an increasingly valuable skillset. ■

RED FLAG, BLUE FLAG

How do social media companies guard against assisting the malign intent of some users? Facebook is trying to develop the mechanisms that will help it resist manipulation by the likes of Putin, or at least avoid the reputational risk of



being seen to do nothing. Ben Rattray, founder of petition website Change.org – and this issue's Big Interview (see pp6-7) – is putting his faith in some light-touch "flag" mechanisms, and trusting in the fact that people are more interested in causes that matter to them personally than they are in something that looks problematic or sounds like propaganda. But Twitter has just encountered an unexpected pitfall in this regard: users have been taking the blue "verified" symbol on accounts as a sign of official endorsement by the site. For accounts that are considered beyond the pale by the majority, such as that of white supremacist Richard Spencer, Twitter pays a reputational price. It has now announced it will suspend the badging mechanism while it works out a new programme. How seamlessly a method of trying to distinguish real from fake morphed into perceptions of something quite different is something even one of the titans of the sector could not anticipate. ■

SWIFT JUDGEMENT

We would not dream of taking the credit for pop superstar Taylor Swift's change of image, nor for her deciding to call her latest album *Reputation*. Neither do we intend to take legal action. We would instead applaud her typically astute focus on an area that will so radically impact the lives of all her fans. We must however take issue with her assertion: "We think we know someone, but the truth is that we only know the version of them that they have chosen to show us." You do not own your reputation, whether or not you delete your old Twitter account. A copy of *The Reputation Game* is on its way, and Taylor has an open invitation to attend our annual Reputation Symposium. ■

What is reputation, where does it come from, and how do you influence it? In this extract from his new book, our Centre's director Rupert Younger sets out the dynamics of reputation and explains how understanding 'the rules of the game' can benefit this increasingly important asset.



BOOK EXTRACT: THE REPUTATION GAME

There are three "dice" in the reputation game: behaviours, networks and narratives. The first is your behaviour. Your actions send signals about what others can expect from you. In business, always paying your suppliers within 30 days sends a positive reputational signal. As an individual, you should always do what you say you are going to do. If you start turning up to meetings late, people will adjust their expectations accordingly: they will tell other people you are always late, they will "aim off" when they have a meeting with you and turn up late themselves, or, if they set special store by punctuality, they might invite someone else along instead.

It would be wonderfully simple if there was a straightforward connection between your behaviour and your reputation. Yet this is not the case: philosophers from at least the time of Plato have pondered the paradox that you can enjoy a great reputation, and yet behave really badly. Many chief executive officers (CEOs) complain that their companies do not enjoy the reputations they deserve - typically with investors - while others enjoy reputations they haven't "earned". There has been much hand-wringing about our new "post-fact" or "post-truth" world, but in terms of reputation it has always been perception that matters. Reputation doesn't exist independently of the way people form their judgements. In short, your reputation is not what you really are, but what others perceive you to be.

That is partly because reputation travels through networks. Your choice of which networks to invest time in, coupled with how you engage, make a huge difference. We all know intuitively that the company we keep, in person or online, tells the world a great deal about who we are. If you are not part of the right networks, it makes it harder for your actions to be appreciated and your reputation to take the shape it deserves. During the Deepwater Horizon crisis of 2010,

BP found itself adrift in the US - a British company lacking connections in the White House. Or you can be an unpublished author whose self-published masterpiece is ignored by reviewers, a talented actor who cannot get a casting, or a painter who cannot get a show put on: in the creative industries a gifted individual needs to be taken on by an agent who will introduce him or her into networks of publishers, producers or galleries.

So reputations begin with our actions, and travel through our networks. The third element is the message that is being transmitted. In today's world, we are all our own publicists - whether on Facebook, Instagram or Twitter, or professionally

'WE ALL HAVE MULTIPLE REPUTATIONS. OUR ACTIONS ARE FORMULATED AS A STORY AND TRAVEL THROUGH NETWORKS.'

through annual reports, blogs and websites. How we use narratives is critical to the way we influence our reputations.

Goldman Sachs, on the face of it, has a real reputation conundrum. As one of the largest and most successful investment banks in the world, it is loved, hated, feared and admired in equal measure by different people all over the world. So what is its reputation? It would seem impossible to state with any certainty. Matt Taibbi, a staff writer at *Rolling Stone* magazine, famously wrote a piece on Goldman Sachs in which he described the bank as "a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells of money".

The piece went on to accuse the bank of "manipulating whole economic sectors for

years at a time, moving the dice game as this or that market collapses, and all the time gorging itself on the unseen costs that are breaking families everywhere". Harsh criticism, reflecting US public opinion in the aftermath of the 2008 financial crash. And yet, despite this, Goldman retained its prime position as a recruiter of finance MBAs and the investment bank of choice for mergers and acquisitions. How can it be possible for Goldman Sachs to be simultaneously so reviled and revered? The answer lies in the simple proposition that we all have multiple reputations, each of them for something with someone. Goldman's commercial success is built on hiring the best people, rewarding them generously, and looking after clients' financial interests more effectively than the competition. The bank will only become concerned about any other criticism if that begins to affect the judgement of politicians and regulators, with implications for its business.

A modern, multinational corporation has multiple constituencies: it sells to its customers, it buys from its suppliers, it seeks to influence the regulators that govern its markets; it pays dividends to its shareholders and conveys a story about its future earnings potential to analysts and journalists; it engages with pressure groups who pursue a specific agenda, such as mitigating climate change; it also provides a living (and hopefully also the opportunity for self-fulfilment) to its employees.

Reputations have two critical dimensions - capability (perceptions about our ability/competence) and character (perceptions about how we go about what we do). These different reputations can mean the difference between success and failure. For example, a long-standing reputation for quality, reliability and trustworthiness with customers will help you maintain high

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margins and withstand temporary shocks such as a product recall or even a serious accident. A reputation for reliability and predictability with investors should earn you a higher stock-market value and reduce the cost of raising capital when you need it. Rolls-Royce, the engineering group, has a near fail-safe reputation for producing aircraft engines of extraordinary reliability and quality: its Trent family of engines are designed to fly for up to 40,000 hours between each shop visit and have only suffered one “uncontained failure”. This was on 4 November 2010, when one of the engines on Qantas Flight 32 exploded shortly after take-off from Singapore’s Changi Airport. The crew managed to land the damaged plane and there were no casualties, yet it was a close-run thing. The accident was later found to be due to a defective component.

Although Rolls-Royce’s share price fell after

the incident, it is fair to say that the airlines, passengers and investors gave the company the benefit of the doubt. This was perceived to be an exceptional event and Rolls-Royce’s reputation for engineering reliability prevailed. The company subsequently issued multiple profits warnings in 2014–15, culminating in a record loss of £4.6 billion

‘SOMETIMES, THE CONTRADICTIONS IN YOUR DIFFERENT REPUTATIONS CANCEL THEMSELVES OUT.’

for 2016, and it has been investigated for bribery and corruption in Indonesia, China, India, Brazil, Nigeria and the UK. The company has suffered reputational knocks as a result, but surely nothing like as severe as if there had been another mechanical failure.

Being known as a great employer that provides rewarding career opportunities will help recruit the brightest and best graduates, leading to lower recruitment costs and greater productivity down the line. Sometimes, however, the contradictions between your different reputations can cancel themselves out. For many years, Tesco enjoyed a reputation with its shareholders for financial and strategic invincibility. Long headquartered in a dowdy office in the suburbs north of London, Tesco seemed to be able to grow profits and market share faster than its competitors.

Under the stewardship of former CEO Terry Leahy, the company sought to export its model to other parts of the world, with huge launches in Asia and continental Europe. Even as it expanded, others loathed the company, arguing that its relentless expansion was draining the life out of town centres and putting small shopkeepers out of business.

THE IMPORTANCE OF BEING A NETWORK BROKER

Network brokers enjoy a number of advantages. First, a broker receives a higher volume of information than someone sitting in a closed network. Second, this is high-quality information, because the broker is getting it from multiple different sources. Third, the broker will, by dint of his or her network position, be able to spot new opportunities faster than someone in a closed network. And finally, the broker also has a “control advantage”: the ability to make – before anyone else – the connections that he or she wants.

“These structural holes create a competitive advantage for an individual whose relationships span the holes,” explains Professor Ron Burt, Hobart W. Williams Professor of Sociology and Strategy at the University of Chicago [and an

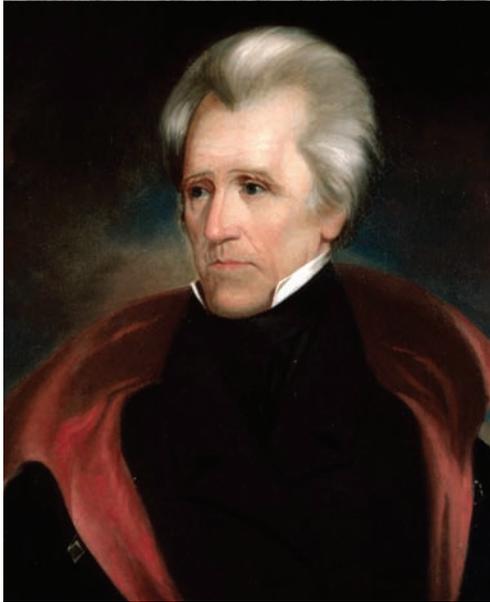
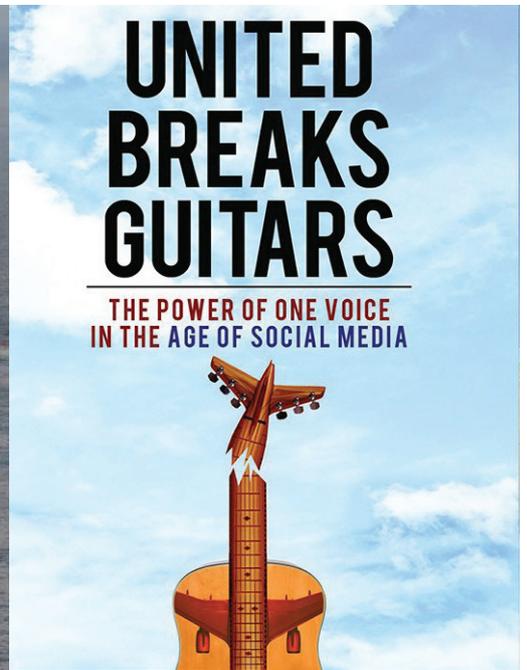
International Research Fellow with our Centre]. “The structural hole between two groups does not mean that people in the groups are unaware of one another. It only means that the people are focused on their own activities such that they do not attend to the activities of people in the other group. Holes are buffers, like an insulator in an electric circuit. People on either side of a structural hole circulate in different flows of information. Structural holes are thus an opportunity to broker the flow of information between people and control the projects that bring together people from opposite sides of the hole.”

In various studies, Burt has shown that senior managers who bridge structural holes

are more likely to get promoted early, to get higher bonuses and win the respect of colleagues.

One example of network broking in action is the development of the drug Viagra as a treatment for erectile dysfunction. It was first trialled on humans in 1991 as a possible cure for angina, but it proved worthless for heart disease. Burt explains that the test drugs were recalled in the normal way, but an unusually high proportion of the samples were not returned. Some curious individual had the gumption to ask the question: why were fellow researchers not returning the trial drugs? The answer was that they had an interesting and unexpected side effect... this led to further trials and in 1998 Viagra was launched.





POPE FRANCIS IMAGE: CASA ROSADA (ARGENTINA PRESIDENCY OF THE NATION)

Winners and losers in *The Reputation Game*: (clockwise from top left) BP and Deepwater Horizon, United Airlines, Pope Francis, Run DMC and adidas, President Andrew Jackson.

Following the departure of Sir Terry in 2011, the company suffered a series of disasters, from horsemeat being found in its food products, to an accounting scandal and forced withdrawal from the US market. Its profits collapsed, it lost market share in its core home market, and it had to replace new CEO Philip Clarke with no-nonsense outsider Dave Lewis.

Having lost its reputation for unrelenting competence, the company found itself with few friends among those who had formed a poor judgement of its character, rather than its competence as a retailer.

The book explores the interplay between competence and character reputations, but note that a good character reputation does not guarantee commercial success: Cadbury and Rowntree were both proud, progressive companies with fabulous reputations in

the communities where they operated, but ended up losing their independence. A reputation for benevolence will not immunise you against commercial threats.

Countries, too, have multiple different reputations. When President Obama failed to intervene in the Syrian conflict, President Putin of Russia seems to have concluded that Obama would not respond in any serious manner to a military intervention in Ukraine. "With the Kremlin, the Obama administration gained a reputation for weakness and indecision," reflects Fred Kempe, president of the Atlantic Council, a leading US think-tank. "Obama could only have addressed that reputational issue by changing his behaviour, as Kennedy did in 1962 during the Cuban missile crisis."

Such perceptions often don't grow out of adopting the wrong policy, but rather

from a lack of consistency. The Berlin and Cuban crises, as Kempe has written in his book *Berlin 1961*, show how a reputation for weakness or indecision can be provocative to a rival, whether or not it is based on fact. The missile crisis was in part a result of a perception of American weakness following the US acquiescence to the building of the Berlin Wall a year earlier.

In summary, we all have multiple reputations. Our actions are formulated as a story and travel through networks. We cannot necessarily control our reputation – after all, reputation is what other people are saying about us – but we can learn how to use these three elements to our advantage. ■

The Reputation Game, by David Waller and Rupert Younger, is published by Oneworld, £18.99.

With millions of users, the petition website Change.org appears to be a seamlessly successful campaigning platform – but its founder **Ben Rattray** has had to nurture perceptions carefully to make it profitable, sustainable and keep it true to its core purpose of societal transformation.

THE BIG INTERVIEW

Anyone with a social media account or an email address is likely to have received at some point an invitation to sign a petition generated through the Change.org website. With over 100 million claimed users, and around 25,000 often impassioned campaigns launched worldwide every month, it styles itself “the web’s leading platform for social change”.

At the same time, the ease with which users can quickly endorse a cause forwarded by someone in their network without making any further contribution has led to the site’s being accused of “slacktivism”. Ben Rattray, a Visiting Fellow at our Centre, who founded Change.org

‘WE ARE NOT AN AMERICAN COMPANY. WE ARE A GLOBAL ORGANISATION WITH AN AMERICAN FOUNDER.’

in 2007, is used to rejecting the charge, not least on the grounds that many petitions have resulted in “victories” in all sorts of spheres of activity: from the site’s first notable campaign in 2010 – against “corrective rape” in South Africa, which resulted in the convening of a parliamentary task force in that country – to the headline-grabbing campaign by a 22-year-old graduate in Washington DC to make Bank of America reverse a \$5 monthly debit card charge.

It also misses the point, says Rattray, “that the mechanism to get people more involved is to have a low-bar initial action. This is the first step, not the last step.” He cites the record-breaking Women’s March on Washington in January this year as a protest that happened “not despite technology, but because of it: the power of peer-to-peer distribution and mass mobilisation”. He is hoping to harness that power in unprecedented ways after a recent successful \$30 million round of fundraising.

Change.org started as a not-for-profit activist blogging site. In 2010 it was the success of the above campaign against “corrective rape” that persuaded Rattray to pivot to an exclusively petitioning platform. It is now for-profit, and has pivoted again, shifting its revenue-earning model from advertising to campaign sponsorship, commissions on crowdfunding and memberships. How easy was it to sell another pivot to potential investors?

A series of trials in 2016 “demonstrated to us the interest that our users had in contributing not just money to campaigns and causes, but to the platform,” he says. “Based on that data we went back to investors and to our board. It’s still a projection of future possibilities. It’s a challenging transition... but for long-term investors and people with experience of the internet, there is a recognition that if you have a sufficient critical mass of users engaged on a regular basis with large network effects, over time you’ll be able to iterate to a business model that gives you sustainability.” An increase in user traffic of 50 per cent in recent months is an encouraging start for the new initiatives, he says.

Aligning perceptions of what Change.org is and what it can be, among users and investors, is critical to future success. “There’s a partial overlap between what we want and what we have. I think that we don’t have the full reputation yet about the depth of participation or significance of impact users are having, both individually within campaigns they join and collectively, given the number of campaigns globally.” But the most important thing for Rattray in reengineering the model is “not changing our core reason for being”.

Change.org’s identity as a global business, not a Silicon Valley one, is key: “We are not an American company that happens to have offices internationally,” he says. “We are a global organisation that happens to have an American founder. For any given country the site is intended to feel local – the feeling that people are part of broader people power.” Localism is the engine of the site. “Historically, advocacy, online and offline, has

been about impact on national politics. But [on Change.org] ten thousand people can run ten thousand campaigns simultaneously. The majority of campaigns are around what is happening in your neighbourhood.”

For this reason, the Change.org brand is deliberately a very low-key affair. “One thing that we decided early on was that we would not invest a significant amount of resources in brand building as an institution, independent of the voices of our own users. We allow the voices of our users to represent the aspirations of the company,” says Rattray.

At a time when the reputation of social media is in difficulties over issues such as hate speech, fake news and manipulation

‘CORE VALUES ARE MORE SHARED THAN PEOPLE REALISE, AND CAMPAIGNS ARE ROOTED IN PERSONAL STORIES.’

by malign foreign powers, how mindful is he of being at the mercy of the site’s users? He does not consider it a major issue for Change.org: “The best way that we’ve found to address it is flagging campaigns that might have ‘new’ information in a way that looks intended to mislead. People don’t want to be duped, and if you raise that possibility, these campaigns tend to have a lower conversion rate and dramatically reduce the virality of that campaign.” He maintains that extreme, polarising campaigns fall at the same hurdle: “[They] don’t have a particularly high response rate. The most viral campaigns on the site are those that are broadly inspiring – the kind that many, many people would agree with.”

Fake news “is fairly easy to identify. What’s much harder is outrageous claims that are not technically fake, but are polarising and problematic.” For Rattray, Change.org has the capacity to cut through the partisanship and the misinformation bred in the closed networks



REX/SHUTTERSTOCK

and echo chambers of social media because of the way that people's interest coalesce around their everyday concerns. "Core values are more shared than people realise, and campaigns are rooted in personal stories... rather than abstract ideas." He is interested in the platform's capacity to demonstrate how citizens agree much more on issues than are represented in national politics. "The mechanics of politics necessarily divides people because you have to take a stand for a particular right answer and criticise the alternatives – but citizens are just different."

Ultimately the success of Change.org with its users will depend on its preserving its authentic purpose as it broadens its ambitions. Rattray still plants his flag unashamedly in the ideological territory where he started and for which *Time* magazine made him one of their "100 Most Influential People" in 2012. He wants Change.org to transform people

power root and branch, not just incrementally, and to become the agent of a two-way process between the citizenry/consumers and decision-makers. "One of the things we're most excited about is extending the platform to allow elected officials and businesses to track and respond to campaigns and interact [with users] for free, via their mobile phones, their notifications or their email."

An interesting recent relevant illustration of the potential in this area was Mexico City's decision last year to canvas suggestions for a new constitution from its constituents through a Change.org campaign. Among the thousands of suggestions that have reportedly been incorporated into the subsequent document – to be ratified in 2018 – are an allowance of green space per inhabitant, and LGBT and disabled rights. Rattray is adamant that in this as in every

campaign, the institution is a secondary stakeholder to the citizen/petitioner: "All the things we do are in the service of empowering citizens, to enable them to have clear channels of communication and accountability."

He is also at pains not to confuse metrics of performance and core purpose. "The shortest easiest thing for us to measure right now is victory, [and] we talk about users because it's accessible and intelligible for people to understand the potential of the platform. But it's actually not the primary pursuit that we have. Two things, agency and institutional responsiveness, matter to us: we want to change the structure of citizen participation and power,

'WE ARE EXCITED ABOUT EXTENDING THE PLATFORM TO ALLOW ELECTED OFFICIALS TO INTERACT WITH USERS.'

so people feel empowered to participate on a regular basis in issues they care about, and institutions recognise the influence they have, at the voting booth or the tax register, and are incentivised to change the way that they make decisions.

"In the boardroom, there is a new consideration: 'What are the public going to say in direct response to what we do? And if we're clearly enacting policy that if anyone knew would result in widespread [condemnation], well, we know the height of our liability, that there will be hundreds of thousands of people – if not millions – who will collectively take action, rapidly mobilise and impact our brand in a significant way.'"

There is reputation risk on all sides: for the policymakers and companies who Rattray wants to be constantly looking over their shoulder at their newly empowered stakeholders; and for Rattray himself, who has set an extremely high bar by which others should measure the ultimate success of his brainchild. ■

2018 will mark the tenth anniversary of our Centre. Our Reputation Symposium this year concluded with a panel to kick off a year-long discussion on the future of reputation

REPUTATION SYMPOSIUM 2017

DEFINITIONS, TEMPORALITY AND AGGREGATION

One question that still needs a lot of attention is differentiating reputation from other constructs, such as status, celebrity, brand and image. One of the challenges that many of us have come across is that the different constructs tend to be very correlated on a lot of their effects. One of the things I have done is to find outcomes or relationships where we'd expect different effects. If you can theorise why they'd be different, that helps you establish the dimensionality of the constructs.

I also think the temporal elements still are not getting as much attention as they should: how reputation evolves, how it changes, how it accumulates, the processes which it influences, and when is reputation more or less important [to those processes]. Reputation still tends to be a static concept.

I know that CCR has really promoted the idea that we have all sorts of reputations for different audiences, but I think that these different reputations do aggregate. The question then is *how* do they aggregate into an organisation's overall, collective reputation? Is it just a simple aggregation, or are there certain stakeholders, audiences, activities that weight more or less differently? **T.P.** (See list of contributors below.)

TRUST AND FINANCE

In terms of hot questions for economists and finance people, the temporal one seems very important. [Another is] the death of trust relationships in the finance industry. There's quite a lot of work to be done to understand how reputations change: whether for reasons of industrial structure, or technology or social structure. In economics the stories are about how these things might break down. But how the breakdown changes the way in which business is done is very important.

As we evolve to contractual relationships, we

do so in a reputational dynamic. And that's been happening in a big way in banking for quite a long time. It's happening in the diamond industry, certainly. And you see the increasing diversity of workforces in those industries as reputational dynamics change. We're only starting to scratch the surface there, but I think understanding how those dynamics change is going to be very important, and related to that, how reputations change as new technologies come in. People argue that technological change is often the consequence of social change. I don't think we've figured out the causalities yet. **A.M.**

TECHNOLOGY

If you think about how new media is transforming reputational systems, from fairly closed systems, where you learn about a reputation through secondhand information, to much more open reputational systems: we have industries forming that wouldn't have been possible before, like house sharing, ride sharing and so forth. I think we intuitively understand that this change is going on, but I don't think we've done enough theorising on exactly how these new reputational systems work. **D.L.**

NON-PROFITS

The reputational issues for non-profits and governments are probably more important than for firms. Most of their revenues come from donors or from government grants. From a public policy perspective, I would suggest that in the next 10 years we take a more expansive view of the donors, clients and the kind of subjects we study, and that we put non-profits and governments and firms on a par with one another and understand how reputations affect all of these organisations. **A.P.**

THE POST-'FAKE NEWS' WORLD

One of the things which is really difficult right now is: "What does reputation mean

in a partisan world where groups can call anything that they don't like 'fake news'?" There's a lot of research in psychology on attitudes: how they become entrenched and ways to deal with that. We use different processes to evaluate immoral behaviour vs. incompetent behaviour, and I don't think we've done enough about bringing in some of those basic psychology concepts into our thinking about reputation. Some of the dynamics that we're facing right now in this very partisan world, where you can look at the reputation of a single firm or organisation and find completely different perspectives on FOX news vs. CNN, suggests that we need to think about how partisan attitudes develop, how they can change, how they can be affected by psychology. It almost doesn't matter what is really going on in your company any more, it's what kind of *image* can you put out there and how well can you convince other people. That makes our field much more important to companies than our colleagues who are supposedly looking at what's "real" about companies. **K.E.**

THE CONTEXT OF REPUTATION FORMATION

We need to capture the context in which we're studying reputation signals and processes. We tend to isolate and say, "in a vacuum, this is how somebody's going to respond to this type of a company in this type of a setting." But the reality is you're looking through other layers: the industry subset, the industry, the country, the political environment. [We need to take into account] information overload and how that affects the ability of stakeholders to influence firms. **M.B.**

There's still really no research on comparing institutional settings – which I wrote about in the *Oxford Handbook of Corporate Reputation*. It goes to a very fundamental issue with reputation. If you think about reputation being calibrated by expectation, you're better or worse than

research. Moderator **Rowena Olegario**, research coordinator of the Centre, started by asking: in the next 10 years, what will be the most urgent topics within the field of reputation?



something, and there's a lot of attention to the better or worse, but not the kind of baseline. Institutions have institutionalised expectations of what's legitimate. That contextual, socio-historical baseline I think is really still a blind spot. **G.J.**

PUBLIC ENGAGEMENT

What really bothers me is the decline in trust in institutions. Public scholarship means we are able to communicate powerful ideas in accessible language. We have to deploy this knowledge so that we are relevant, we solve problems and, more importantly, we're socially productive. **A.P.**

I agree. Reputation is a connecting mechanism, and it can start to break down some of these silos that are emerging which are very dangerous to society. The reason the Centre was set up in the first place was to bring the two worlds of academia and business practice together. I see practitioners intensely interested in the work that we do, because it helps to explain some of the big phenomena that they're having to deal

with. What is the value of reputation? It's not, "Is reputation an asset?" but, "Does it enable me to increase my prices? Does it enable me to recruit better staff? Does it make regulators go easier on me? If so, how? What's the return from reputation?" And what about trust? This is a subject which remains extremely important to business. **R.Y.**

VALUES, CULTURE AND REGULATION

One of the biggest themes in business in the last 10 years is that the regulators have got more muscular and more global. How reputation functions as a regulatory mechanism, and how it can substitute for the formal role of regulation, is really important for practitioners.

I don't think that businesses set out to be unethical or to behave badly. One of the biggest issues for them is how to produce the value systems that protect them – for example, from junior employees doing bad things. Now that's a huge issue for big

companies, because guess who gets the boot when a junior employee does bad stuff – it's the CEO or the chairman of the board. Barclays, Merrill Lynch, they all have this "we operate with integrity, responsibility" statements, but it didn't mean anything to the people who were doing the bad stuff. So understanding culture and reputational mechanisms inside the firm is enormously valuable to companies. **R.Y.** ■

Contributors: Tim Pollock, Smeal School of Business, Penn State University; Alan Morrison, Oxford Said; Don Lange, W.P. Carey School of Business, Arizona State University; Aseem Prakash, University of Washington; Kim Elsbach, UC Davis Graduate School of Management; Michael Barnett, Rutgers Business School; Gregory Jackson, Free University of Berlin; Rupert Younger, CCR director. The above is an excerpt from the full discussion. It has been edited for clarity and flow. See the full programme of the 2017 Reputation Symposium at www.sbs.ox.ac.uk/sites/default/files/CCR/Docs/sympbrochure2017final.pdf.

At this year's Reputation Symposium we launched a new tool to measure sentiment in the twittersphere for 100 leading brands. We hope it will be of use to researchers and practitioners.

RESEARCH TOOL: BRAND REPUTATION TRACKER

Which brands perform best with their audiences on social media and why, and how can this be most effectively measured? This question has become increasingly important as social media drives transparency and stakeholder engagement, and in the process contributes to the processes of reputation formation and destruction. The new Brand Reputation Tracker is a tool that we hope all those with an interest in this area, either as academics or practitioners, will find useful.

Launched at the Centre for Corporate Reputation's annual Reputation Symposium in September, the Tracker provides a regularly updated analysis of sentiment towards 100 global brands, in English-speaking countries, as gleaned from computer analysis of millions of Twitter posts. The software to analyse the publicly available data, which uses the Twitter application program interface (API), was developed by the team at the University of Maryland and is now run by social media monitoring specialists OssaLabs. The analysis breaks each brand down into a relative score by individual "drivers". The 14 drivers are:

Community – Does the brand do a good job of generating a sense of community?

Cool – Is the brand known for creating cool products/services?

Exciting – Does the brand bring a sense of excitement to its products/services?

Friendly – Is the brand friendly?

Goods Quality – Does the brand create high quality products?

Innovative – Does the brand have highly innovative products / services?

Internet / Mobile – Does the brand make good use of web and mobile applications?

Loyalty Programme – Does the brand make good use of its loyalty programme?

Personal Relationship – Does the brand create personal connections with its consumers?

Price – Is the brand known for low prices?

Service Quality – Does the brand provide high quality service?

Social Responsibility – Is the brand socially responsible?

Sustainability – Is the brand known for sustainable practices?

Trustworthiness – Is the brand trustworthy?

Rather than aggregating positive and negative mentions, the Tracker displays both, since both positive and negative endorsements may reveal different aspects of the same brand at any given time, as well as giving a net-positive or net-negative score. There are three additional drivers of value equity, brand equity and relationship equity, which follow a framework developed by Professor Roland Rust and his team at University of Maryland.

Value equity is the objective view of the brand in the customer's head - drivers of value equity include quality, price, convenience.

Brand equity is the subjective and emotional aspect of the brand, above and beyond the objective aspects: how people feel about the brand, without all the objective specifications.

Relationship equity is the customer's tendency to stick with the brand above and beyond the objective and subjective assessments – such as switching costs, driven by loyalty programmes and the like.

The Tracker displays analysis of weekly, monthly and quarterly data. The plan is to

update the data quarterly. The data is free. If you want to view it, simply register on the site at the address below to download it. There is also a brief guide which gives some more context and some more insight into the methodology behind the Tracker.

Andrew Stephen, L'Oreal Professor of Marketing at Saïd Business School, who is leading the contribution of Oxford Saïd on behalf of the Centre, said: "Our hope is that users will find interesting tie-ins between our data and other data sets. There's a lot of scope to plug this into other areas of research." The brands chosen are "really significant players" across a broad range of sectors, including ebay, HSBC, Samsung, Hermes. "You could analyse the data across particular industries or geographies," says Professor Stephen, "and since there is a large number of single brand firms in the data set, it makes it easier to compare data – with financial performance data, say – avoiding the complication of the data being obscured within a holding company."

Our thanks to Andrew Stephen, Roland Rust (an International Research Fellow with the Centre), Bill Rand (formerly University of Maryland, now NC State University), and Gillian Brooks (our Centre's former Eni Research Fellow, now part of the Marketing faculty at Saïd), for all their work on the project. ■

The Brand Reputation Tracker and its guide can be downloaded from www.sbs.ox.ac.uk/faculty-research/reputation/research-and-publications/maryland-oxford-brand-reputation-tracker. The Tracker is a work in progress and we welcome feedback from users. Please email: reputation@sbs.ox.ac.uk.



Our **Best Published Paper** for 2016 examines the dynamics of the modern brand communications environment and suggests strategies that help to navigate through it.

RESEARCH FOCUS: BRANDS IN THE ECHOVERSE

The explosive growth of social media has dramatically altered the brand communications environment. Traditional brand communications vehicles such as advertising, press releases and news stories have been joined by online word of mouth (WOM; e.g., Twitter, Facebook), which amplifies WOM's influence. Firms also have joined the online WOM arena through channels such as corporate Twitter accounts, Facebook pages and even Snapchat channels in an effort to understand the nature of the modern brand communications environment, learn what drives business outcomes, and discover what strategies work best.

We view this new environment as a reverberating "echoverse" in which consumer-generated brand buzz plays a key role. The term "echoverse" is a conjunction of "echo" and "universe". The term "verse" signals that managers must be aware that brand attention can flare up across a "universe" of "actors": news media, consumers and firms. The "echo" portion reflects complex feedback loops between each pair of actors. Thus, we define the echoverse as the entire communications environment in which a brand/firm operates, with actors contributing and being influenced by each other's actions. Firms as actors can contribute to the echoverse in several ways, such as advertising and press releases. Consumers contribute through online WOM, attitudes, and behaviours.

Although firms experience the echoverse in practice, and both theoretical and empirical evidence supports the existence of different parts of it, it has yet to be conceptualised and empirically demonstrated as a holistic system of reverberating relationships. Exploring variation in firms' experiences helps reveal performance implications of different strategies for managing their contributions to, and monitoring the discourse in, the echoverse. Thus, we aim to theoretically conceptualise and empirically demonstrate the nature of this system. Our findings have important implications for how managers make sense of the evolving communications environment in which they

operate, and can have a greater impact on the echoverse and, ultimately, on firm performance. We discuss implications both outside and under firms' control, as demonstrated in our sample.

Factors outside firms' control:

- 1 Within the consumer-consumer dyad, the media-media dyad, and the consumer-media dyad, negative news has stronger reverberations than positive news in terms of driving up volumes. Higher volumes, in turn, tend to lead to a more negative tone, or a negativity spiral. This means that scandals and crises tend to self-propel across the echoverse. This is a fact of life for firms, but fortunately our research offers tips on how to counter this, as we explain next.
- 2 Traditional consumer sentiment measures may be growing less predictive of business outcomes as online WOM has become more influential. The rapid growth of predictive analytics offers evidence that many firms are shifting their focus at least in part to monitoring social media WOM. The business intelligence industry, including predictive analytics, is expected to grow to as high as \$136 billion by 2020. This result suggests that this growing investment in "social listening" may be warranted.

Factors under firms' control:

- 1 Confirming popular perception, online WOM has become a critical component of the echoverse, whereas traditional measures of consumer sentiment have become less important. This shows that online WOM marketing strategies are now central to driving business outcomes.
- 2 A personalised Twitter strategy, focused on responding to individual customers, may be more effective than a "broadcast" Twitter strategy that essentially uses social media as a promotional medium. A high-volume, moderate-tone Twitter strategy is able to calm both online WOM and traditional media by reducing the volume of messages about the firm. A recent Forrester study found that advertising spending accounts for 83 per

cent of marketers' social media budgets; however, another study also found that only four per cent of marketing managers report seeing substantial returns on their companies' current social media investments. Given the stakes for firms investing significantly in social media advertising, our results thus offer help in guiding those efforts for potentially greater returns.

- 3 Press releases can be surprisingly effective: they not only enhance the tone of online WOM but even drive business outcomes. This finding may be of particular interest to marketers, given the perception that other marketing activities are more valuable. For example, by one estimate, marketers typically invest up to 30 times more in advertising than in public relations activities such as issuing press releases.
- 4 On aggregate, advertising does not affect the news media, online WOM, or consumer sentiment, but it does directly influence business outcomes. This result offers supporting evidence to marketers needing to justify maintaining investments in advertising, especially given the continued growth in total US advertising spending, while marketing is increasingly expected to demonstrate its contribution to the bottom line.

In summary, our findings suggest that brand communications strategies should consider the whole echoverse to include both online and traditional offline elements. Online WOM is gaining importance over time, so relatively more emphasis should be given to online communications as social media sites continue to grow. At the same time, traditional public relations activities have a new role to play in driving online WOM, whereas traditional advertising offers a means to move business outcomes by bypassing the Twittersphere and news coverage. ■

"Brand Buzz in the Echoverse", by Kelly Hewett, William Rand, Roland T. Rust and Harald J. van Heerde, is published in Journal of Marketing, May 2016 - <http://journals.ama.org/doi/abs/10.1509/jm.15.0033?code=amma-site>.

NEWS AND EVENTS

- In August, at the Academy of Management (AOM) Meeting held in Atlanta, our Research Fellow **DAPHNE DEMETRY** presented a paper, "Authenticity in Markets: Organizations, Principals and Audiences"; at the same event, our Research Fellow **CHRISTIAN HAMPEL** presented a paper, "From Fan to Foe? How Ventures Manage Stakeholder Relations as They Move from Start-up to Scale-up", which was featured in AOM *Proceedings* and was an AOM Best Paper (<https://tinyurl.com/y72euz8o>).

- **DAPHNE DEMETRY** took up the post of Assistant Professor of Strategy and Organizations at Desautels Faculty of Management, McGill University.

- In September, we hosted our eighth annual **REPUTATION SYMPOSIUM**, with reputation scholars from around the world joining us at Saïd Business School over three days (see programme - www.sbs.ox.ac.uk/sites/default/files/CCR/Docs/sympbrochure2017final.pdf). It was also the forum for the launch of our **BRAND REPUTATION TRACKER** (see p10), a free research tool that captures sentiment as reflected via Twitter for 100 leading brands.

- **CHRISTIAN HAMPEL** took up his post as Assistant Professor of Entrepreneurship and Strategy at Imperial College London.

- In October, the Centre's Eni Research Fellow, **ELLEN HE**, presented a paper to the 2017 Financial Management Association Annual Meeting in Boston (<http://www.fma.org/boston>): "The Benefits of Friendship in Hedge Fund Activism" uses a social network framework to study information dissemination during activist campaigns. ■

APPOINTMENTS

The Centre has appointed **RITA MOTA** as the inaugural Intesa Sanpaolo Research Fellow. She is working with Alan Morrison, Professor of Law and Finance at Oxford Saïd, on reputation, law and investment banking. She also conducts research into how business in general, and financial institutions in particular, may contribute to the development of a more sustainable investment environment, namely in terms of voluntary compliance with international human rights and environmental law.

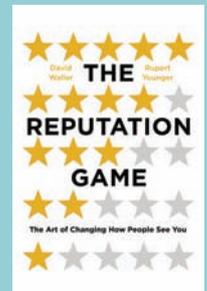


Rita recently completed her PhD in Law at King's College, London. Her thesis focused on the interaction between international investment and human rights, particularly as regards corporate social responsibility and investor-state dispute settlement.

In her free time, Rita also works for the Global Legal Action Network (GLAN), a non-profit organisation made up of lawyers and investigative journalists, which aims to use law innovatively to promote human rights. She is currently involved in projects related to climate change, forced labour and areas of occupation. ■

PUBLICATIONS

In October, Centre director **RUPERT YOUNGER**'s new book, *The Reputation Game*, with co-author David Waller, was published. It was widely featured in the business media. See our extract on pp3-5.



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