



*2019 UK RepTrak® 150 Report*

# Introduction to Ri and RepTrak

# Reputation Institute: who are we?

- Founded in 1997 by Charles Fonbrun, Professor of Management at NYU Stern School
- Global leader in reputation intelligence and reputation measurement services
- Our proprietary reputation measurement system is **RepTrak®**
- We use the RepTrak® proprietary framework to help companies achieve their business goals based on reputation intelligence



7,000 Companies

we measure



1,000,000+  
ratings per year



50 Markets



25 Industries



20 stakeholders



# Understanding Reputation: RepTrak®

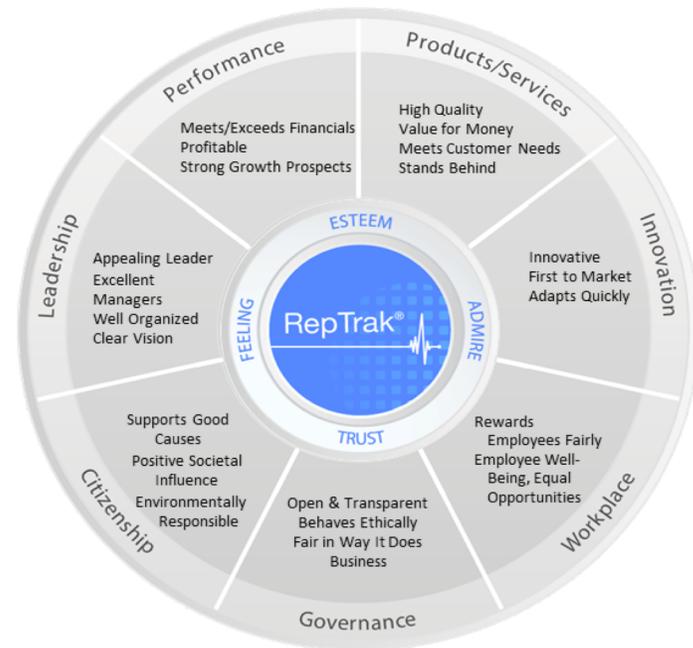
## FEEL

**REPTRAK® PULSE**  
Emotional Connection



## THINK

**REPTRAK® DIMENSIONS**  
Cognitive Consideration



## DO

**BEHAVIORIAL INTENTIONS**  
Reputation Outcome



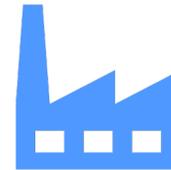
# UK Reputation Macro Trends

# Need to Understand the Macro-Trends

We tapped into our reputation expertise and extensive RI database to better understand the reputation world at large:

More than 21 years of reputation intelligence

**25**  
Industries



**>7,000**  
Companies



**40**  
Countries



**>1,000,000**  
Ratings annually



# Gauging What's Most Important



- In Q3 2018 we fielded a **Reputation Leaders Study** among >170 Global Corporate Communications execs
- Respondents were recruited from a mix of companies from **The UK, North America, Europe, LATAM, APAC & Middle East**
- Highlighting those trends particularly relevant to the UK

# Female Empowerment

*Reputation in the #MeToo Era*

# Female Empowerment

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New cultural narrative that doesn't accept inequality

A zero tolerance work environment that fosters equal opportunity

# Harassment and Inequality: Major Risks

- Risks related to the workplace -- and especially sexual harassment or unequal pay -- represent a high risk for all companies
- Overall, sexual harassment or gender inequality related risks have an average 17.5 negative impact on corporate reputation

Risk	Reputation Impact
1. Unequal pay by gender	-19.6
2. Unequal opportunities for employees due to race, gender etc.	-18.7
3. Deceptive sales practices/open illegitimate accounts	-18.4
4. Fires/punishes an internal whistleblower	-17.6
5. Inappropriate behavior by management/sexual harassment	-16.8
6. Products/services disadvantaging lower income/minority customers	-16.5
7. No transparent disclosure of customer fees	-15.6
8. No active support of employee minimum wage	-15.5
9. Employee(s) steal(s) customer information for personal gain	-15.0
10. Promotes discriminatory business practices (ethnicity, gender etc.)	-15.0

# Companies Are on Full-Alert

## Sir Philip Green is filmed kissing and stroking employee on his lap



In the video Sir Philip Green refers to the young woman on his lap as "Tina".  
THE SUN

## The Presidents Club investigation: one year on

What has changed since the FT's sexual harassment expose?



A guest meets some of the hostesses at the Dorchester Hotel during last year's Presidents Club dinner © Tolga Akmen/FT

## Uber CEO Travis Kalanick resigns following months of chaos

Embattled founder of ride-hailing app stepped down in face of pressure from investors after tumultuous six months of scandals and stumbles

● [Uber's scandals, blunders and PR disasters: the full list](#)



## Ted Baker to 'learn lessons' of hugs probe

© 21 March 2019

[f](#) [t](#) [t](#) [e](#) [Share](#)



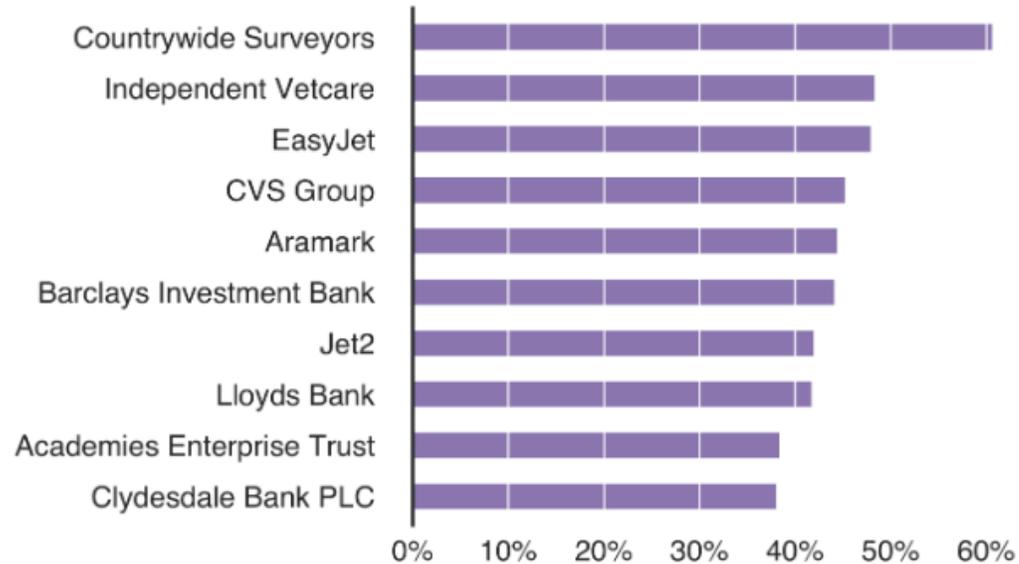
Sexual harassment allegations are part of the everyday news cycle – no organisation is immune to it

# UK Companies Can't Just Talk About Equality...

## Gender pay: Gap widens at almost half of UK firms

### Finance firms often have large pay gaps

10 largest pay gaps among companies with 5,000+ employees



Companies that reported on gov.uk by 00.01 Friday 5 April 2019

BBC

... They Need to Deliver It

# Political and Cultural Polarisation

*Standing Up for Your Values*



# Political and Cultural Polarisation

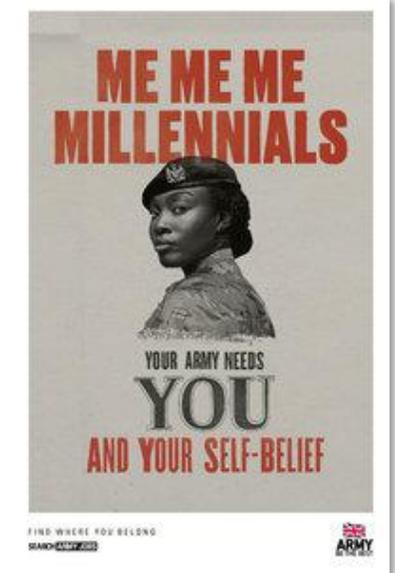


There is a growing political divide in stakeholder opinions affecting:

- Company Culture
- Governments Relations
- Sales Growth
- Business Partnerships
- Stakeholder Support

Companies can be caught in the political cross-fire

# The UK, and World, is Increasingly Polarised

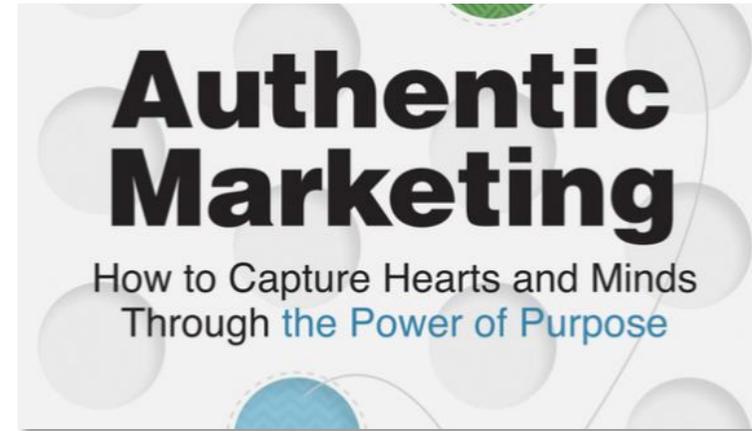


# Delivering on Purpose Means a Stronger Reputation...



*“Society is demanding that companies, both public and private serve a social purpose.”*

*– Larry Fink, CEO of Blackrock*



*“Today’s consumers prefer to buy products from and work for companies that are doing good for the world ... this is the Zeitgeist of this era.”*

*– Larry Weber, Authentic Marketing*

... 2019’s UK Most Reputable Company is a masterclass in delivering its purpose

# ... But Brings Reputational Risk

John Lewis boss Charlie Mayfield says 'no deal' on Brexit is 'unthinkable'



John Lewis profits dive by 99% as Brexit row erupts

Retail results provoke political row as Dominic Raab criticises chain for apparently blaming Brexit

● [Five reasons why John Lewis profits have dived](#)



## Iceland



Iceland still selling own-brand palm oil products despite pledge

Iceland removed own label from 17 products rather than palm oil



"Boys will be boys"? Isn't it time we stopped excusing bad behavior? Re-think and take action by joining us at [TheBestMenCanBe.org](https://TheBestMenCanBe.org). #TheBestMenCanBe



'Woke' Gillette's 'pink tax' on women: Razor firm slammed for hypocrisy for charging women more for the same products as men

# Cyber Attacks and Data Privacy

*The Impact of GDPR*

# Cyber Attacks

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Cyber attacks and data privacy are an everyday reality - and a growing threat for all major companies

Is your company reputation risk prepared, or exposed?

# Beware of Data Privacy and Breaches

- Given the numerous data breaches, theft of customer data - as well as GDPR, data privacy issues are more relevant than ever
- In 2018 this was a specific risk of importance in the Tech, Financial Services, and Retail industry
- In the Tech industry it has devastating consequences for companies' support levels with the general public, and undermines perceptions of *Governance* and *Leadership*

## Impact of Data Privacy Breach on Reputation Scores

Reputation/Dimension/Support	Impact
Reputation	-15.3 pts.
Products & Services	-7.8 pts.
Innovation	-4.9 pts.
Workplace	-6.0 pts.
Governance	-14.2 pts.
Citizenship	-8.6 pts.
Leadership	-14.1 pts.
Performance	-8.1 pts.
Willingness to buy	-14.0 % pts.
Give benefit of the doubt	-11.0 % pts.

# Data Risk is an Every Day Reality



- Even in a time of GDPR, there is an estimated >9 billion data records lost or stolen since 2013 (Source: Varonis)
- €56 million in fines issues by European Data Protection Agencies for GDPR breaches since its introduction in May 2018 (Source: The Register)



- 500 million guests affected
- Personal information leaked: names, addresses and passport numbers released
- National security issue
- Marriott shares down 6.8%
- CFO estimates cost up to \$1 billion

# The Tech Bubble Bursts

*The Fall of Facebook*



# Tech Firms Under Pressure

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Technology firms – past reputational winners – now face heightened scrutiny.

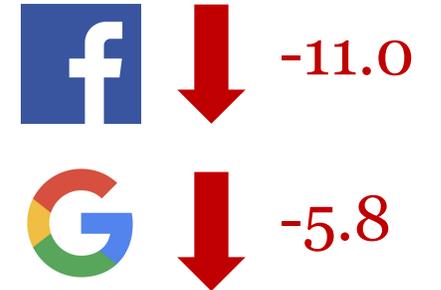
They are accused of spreading fake news, influencing politics, encouraging self-harm and fueling extremism

The intense scrutiny once on banks (circa 2008) and energy companies (circa 2013) is now on tech

# The Reputation of the Sector is Splitting



Tech companies that rely on data see declining reputations:



But others – offering tangible services – are thriving:



But Technology companies do feature in the UK's Top 10

# What Went Wrong for Facebook?

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**Facebook now has one of the ten worst reputations in the UK**

Facebook tried to protect its image instead of its reputation: using aggressive PR and downplaying seriousness of allegations

Mark Zuckerberg – the high profile face of Facebook – appears out of touch

Facebook isn't honest about the tradeoffs of using the platform

Fake News, extremist content, and self-harm images have eroded Trust in Facebook – and its Instagram platform

# CEO Activism

*The Importance of Leadership*

# CEO Activism

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Leadership is becoming increasingly important

Active CEOs are linked with societal contribution and ethical and transparent behaviour

CEOs who advocate for business and societal gain enhanced reputation

# CEO Activism is a Growing Expectation

## Fortune's CEO Initiative, June 2018

CEOs have traditionally focused solely on dollars and cents. But increasingly, they're taking on an additional role: tackling social problems.

*Fortune's CEO Initiative*, an invite-only event that takes place on June 25 and 26 in San Francisco, is devoted to the topic of companies doing well by doing good. The theory is that infusing businesses with a broader purpose can help with recruiting, attracting new customers, and improving corporate images.

## Forbes Global CEO Conference, October 2018



### THE WORLD REBOOTS

The world is in an unprecedented reboot. CEOs, companies and countries must all face the challenges—and opportunities—coming from accelerating disruption. Some liken this era to the fourth global revolution, after mechanization, mass production and digitalization. The world in 4.0 mode will affect how companies are built and led, where money is made or lost, the role of governments, and how all of us live, work and play. The change will not be neutral, and will require new leadership skills and new entrepreneurs to navigate the untold creative destruction of the next few years. Yet those who can grasp the opportunities can reap huge benefits for themselves, their companies, and society.

## World Economic Forum

### The new age of CEO activism



### At Davos, The Message to, and from, CEOs is Clear: Let's Take a Stand

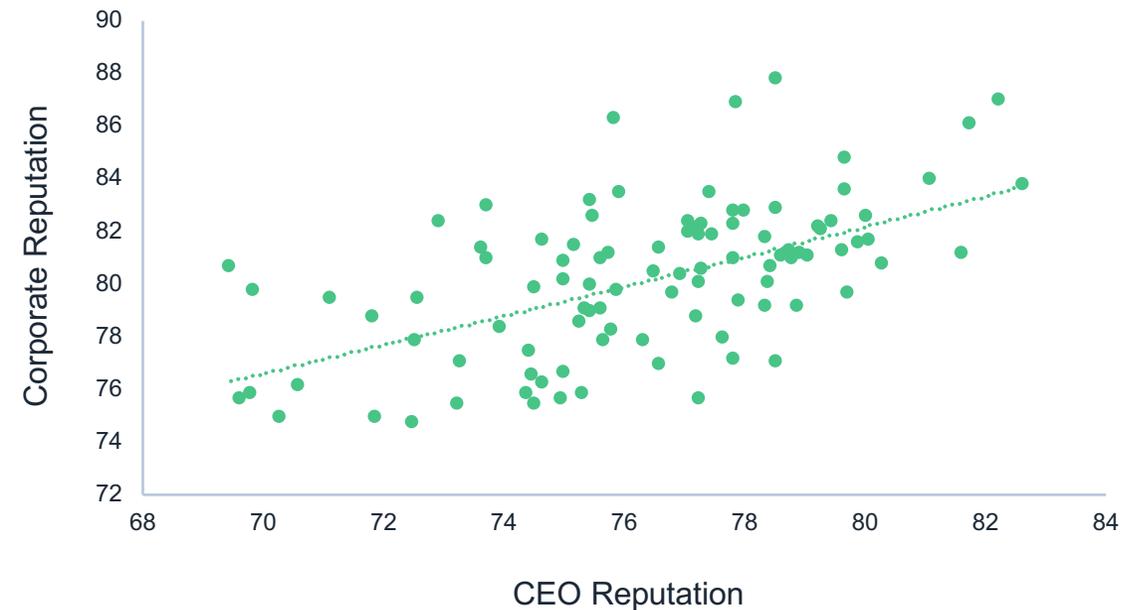


# It Can Generate Reputation Lift

CEO reputation impacts company  
Dimensions...

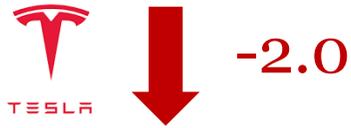


... as CEOs play a crucial role in shaping  
overall corporate reputation

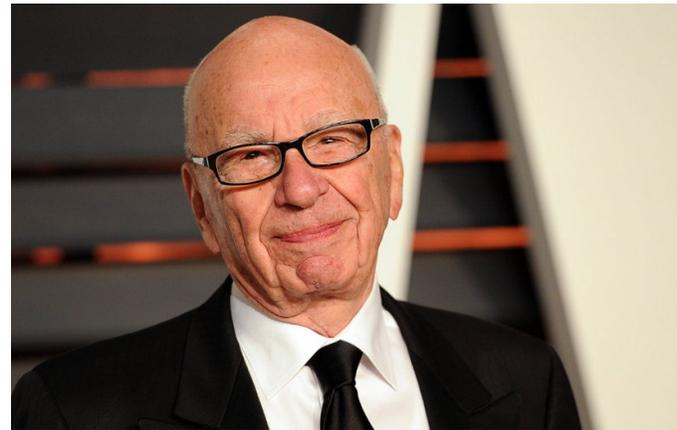


● POOR ● WEAK ● AVERAGE ● STRONG ● EXCELLENT

# The 'Wrong' CEO Can Constrain Reputation



**Libel accusations and conflict with US authorities means distraction for Tesla**



**With new ownership, Sky and Formula 1 gain distance from high-profile leaders and make rapid reputational gains**



# New Technology & New Methods to Protect Reputation

# Reputation Risk Management is **NOT** Crisis Management

## Reputation Risk Management

- Long term planning
- Predicts which issues will hurt the company reputation the most
- Identifies which reputation attributes should be addressed to mitigate the issue
- Ability to manage the issue



## Crisis Management

- Short term execution
- Unclear how the issues will effect the reputation
- Lack of control over the issue
- Driven by the media



# Reputation *Mitigates* Corporate Risk

Reputable companies have a buffer of assurance to help them better manage and recover from crisis.

More  
Crisis Proof



Stakeholders give reputable companies the benefit of the doubt.

63%

of the general public support companies with an excellent reputation.

More  
Trusted



Companies with an excellent reputation are

3.2X

more likely to be trusted to adequately handle a crisis than those with an average one

# 2019 UK RepTrak<sup>®</sup> 150 including Reputation Winners and Losers

# 2019 UK RepTrak® 150

50,000+

Individual ratings

500+

Nominated Companies

Informed  
General Public

Somewhat or very familiar

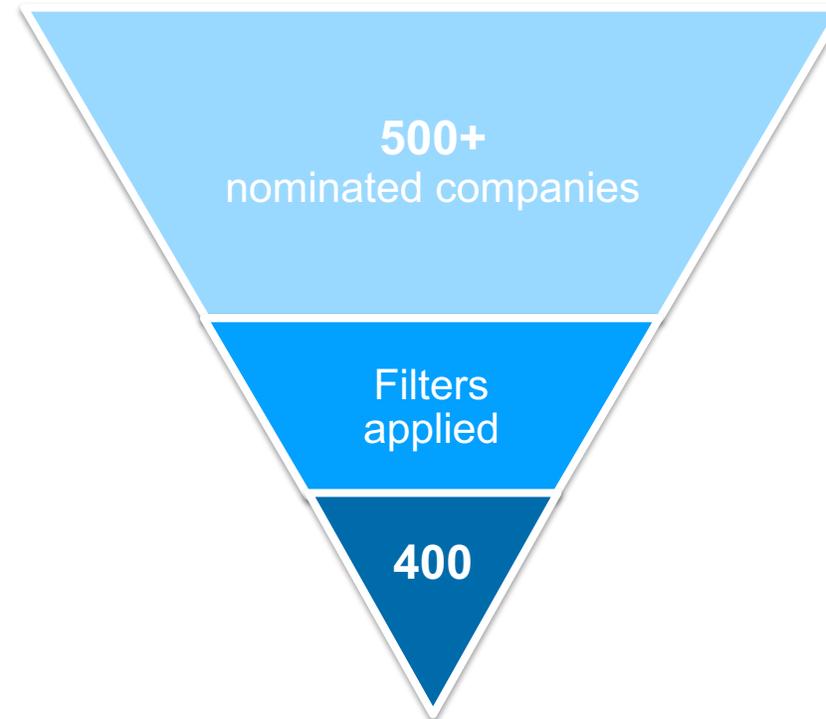
Familiarity

>30% among the general public

2 months

January-February 2019

“The biggest ever reputation study in the United Kingdom.”



#### Nomination criteria:

- Largest and most visible companies in the UK
- All companies included in the Global RepTrak® 100

#### Filters applied:

- Filter out companies with a familiarity <30%
- Filter out Brands
- Public sector, charities, foundations

#### Companies selected:

- 400+ eligible companies for UK RepTrak®

# Reputation Change in 2019: UK RepTrak® 100

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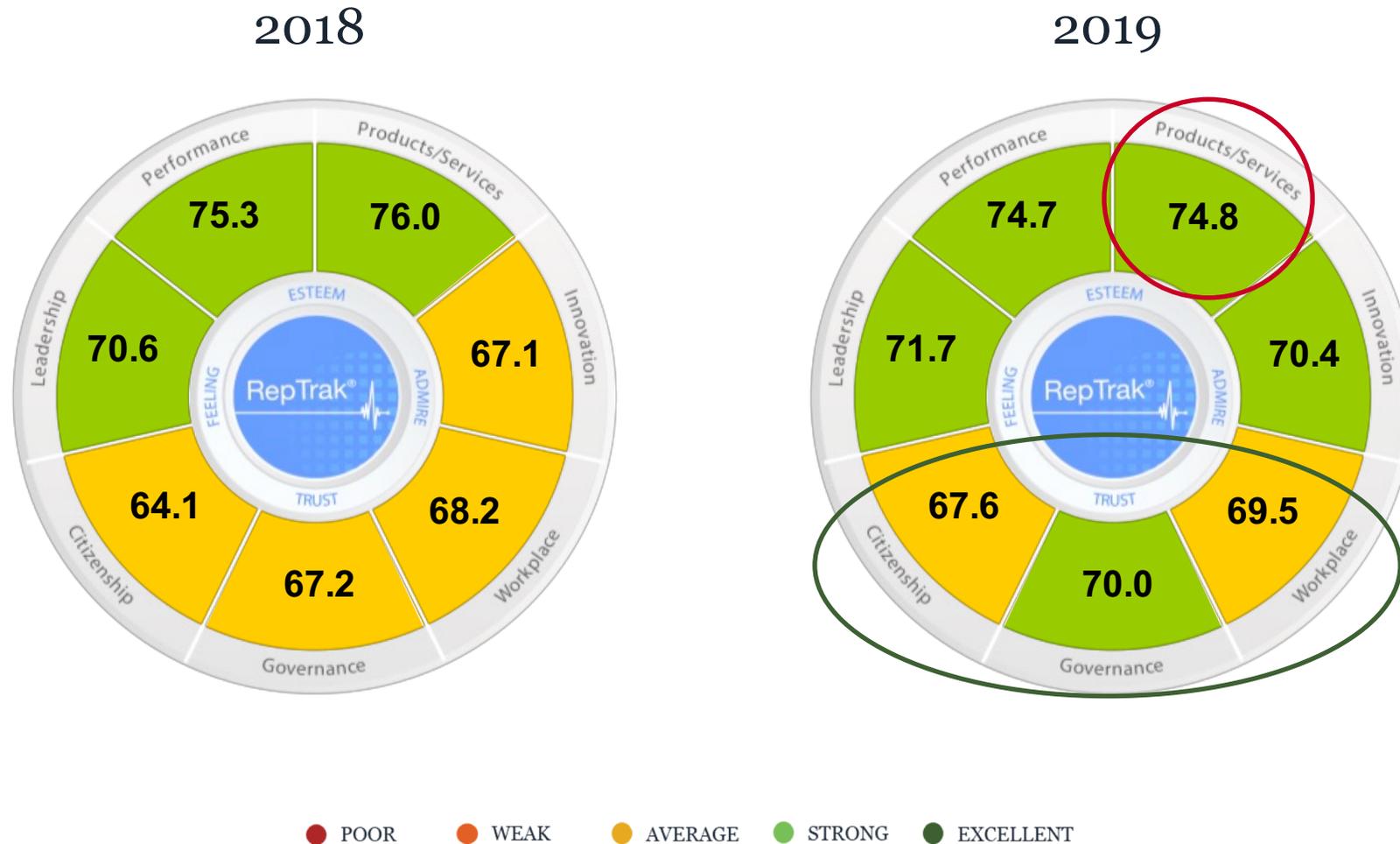


The Reputation of business  
in the UK is improving

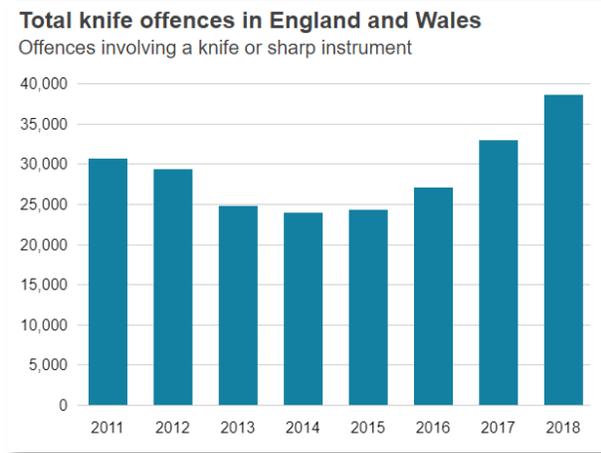
+2.1 Improvement in  
Reputation

x2 Number of Businesses  
with Excellent Reputations

# CSR, Innovation and Leadership all driving improvement



# Business is delivering during government and public sector turmoil



Reputation of UK business exceeds that of the UK public sector

England 'needs millions of homes to solve housing crisis'

Crossrail delay: New London line will open in autumn 2019

31 August 2018



Crossrail's original budget was set at £15.9bn in 2007 but cut to £14.8bn in 2010

London's £15bn Crossrail project is to open nine months after its scheduled launch to allow more time for testing.

**WELFARE SHAMBLES** The 7 shocking ways Universal Credit is FAILING revealed – and how to get help

A watchdog report claims a fifth of claimants face monthly delays and that the scheme is costing four times as much to run as promised



# 2019 UK RepTrak® Top 10 Companies

Rank	2019
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

- The LEGO Group climbs up one spot. It becomes the most reputable company in the UK for the first time since 2016.
- Warburton's joins the top 10 list and is the only UK company; while Dyson drops from the top 10.
- PayPal jumps from #14 to #2 in 2019.
- Last year's #1 Rolex, falls to the 9<sup>th</sup> spot.
- Netflix – as it did in our global rankings – enters top 10 in the UK.

# 2019 UK RepTrak® 150 (1-100)

1		2		3		4		5		6		7		8		9		10	
11		12		13		14		15		16		17		18		19		20	
21		22		23		24		25		26		27		28		29		30	
31		32		33		34		35		36		37		38		39		40	
41		42		43		44		45		46		47		48		49		50	
51		52		53		54		55		56		57		58		59		60	
61		62		63		64		65		66		67		68		69		70	
71		72		73		74		75		76		77		78		79		80	
81		82		83		84		85		86		87		88		89		90	
91		92		93		94		95		96		97		98		99		100	

● POOR ● WEAK ● AVERAGE ● STRONG ● EXCELLENT

# 2019 UK RepTrak® 150 (101-150)

101		102		103		104		105		106		107		108		109		110	
111		112		113		114		115		116		117		118		119		120	
121		122		123		124		125		126		127		128		129		130	
131		132		133		134		135		136		137		138		139		140	
141		142		143		144		145		146		147		148		149		150	

● POOR ● WEAK ● AVERAGE ● STRONG ● EXCELLENT

# LEGO: UK's Most Reputable Company 2019

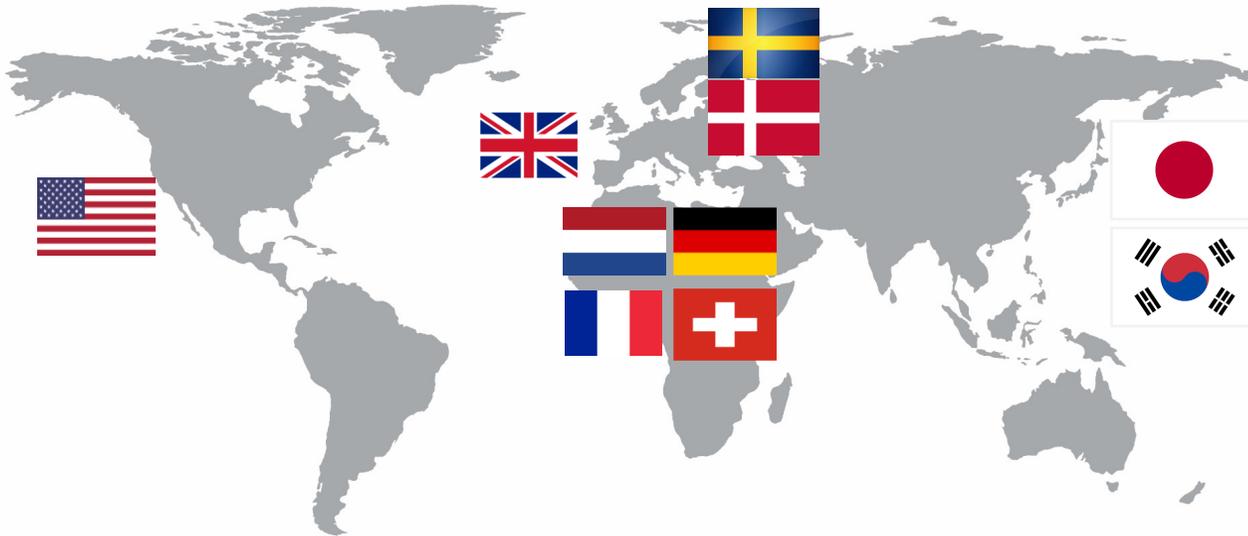
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- LEGO continues to deliver on its original purpose to *“Inspire and develop the builders of tomorrow”*
- In a digitally-connected, always on age, physical play is increasingly important
- Star Wars, Batman, Avengers, Spiderman, Jurassic Park, Harry Potter, Disney and Minecraft partnerships ensure continued appeal
- Lego is committed to corporate responsibility: now using sustainable, plant based plastics

# Any company can win on Reputation...

Where businesses with Excellent reputations are based:



... regardless of home country

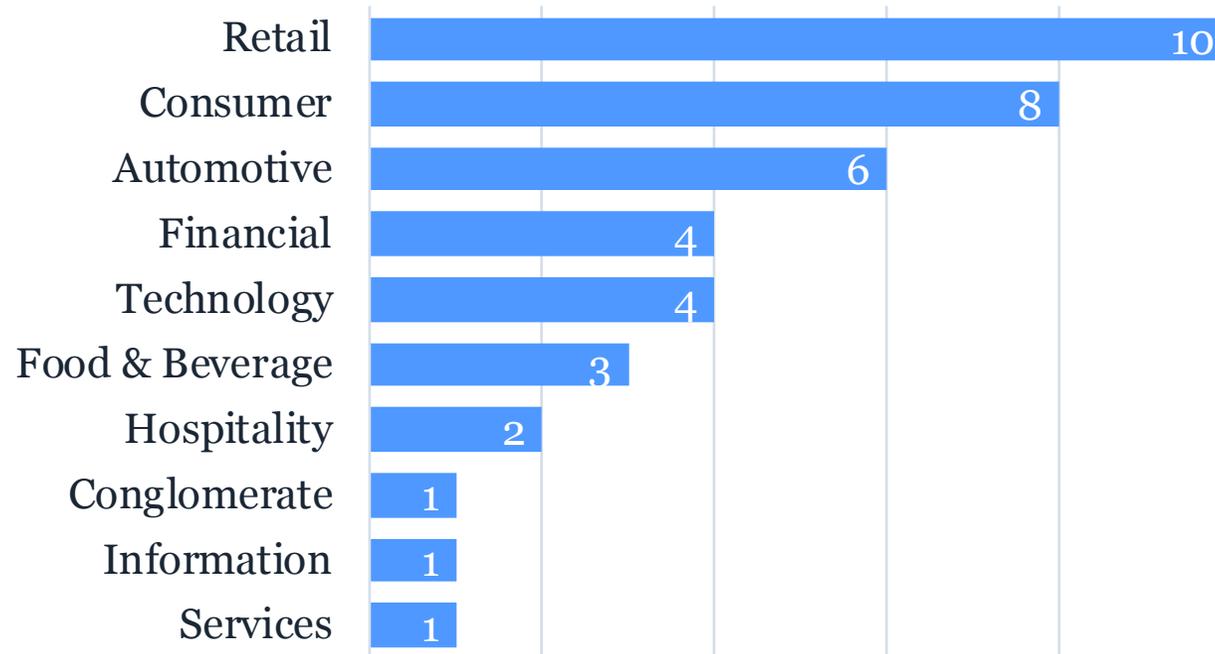
9 of the Top 10 most reputable businesses aren't British

The British Informed General Public are open to international business and judge them fairly

# Any company can win on Reputation...

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Which sectors businesses with Excellent reputations operate in:



... regardless of sector

Companies from 10 sectors achieve Excellent classification

Businesses, whatever their sector, can enjoy reputational success in the UK

# Any company can win on Reputation...

Who owns businesses with Excellent reputations:

Family



Employees



Customers



Privately owned



Publicly listed



... regardless of ownership

The majority of those with Excellent reputations are publicly listed

Employee or family ownership is not a prerequisite for reputational success

# It's Been a Reputationally Challenging Year For...

Mike Ashley's Sports Direct buys struggling House of Fraser for £90m

HOUSE OF FRASER  
SINCE 1849

↓ -8.4

Only narrowly survived 2018, and the rescue by Sports Direct's Mike Ashley proved controversial and distracting

Brexit: Singapore move is not hypocrisy, says James Dyson

dyson

↓ -7.3

2017's UK's most reputable business, Dyson now suffers from outspoken views on Brexit & HQ relocation

Pret has power to stop more food allergy deaths, says coroner

PRET

↓ -6.9

Customer deaths – from poor allergy information – led to a high profile apology and policy U-turn

# Reputation High Performers

**Starbucks launches 5p cup charge across all British outlets to cut plastic waste**

Scheme follows success of trial in London stores which saw reusable cup use increase by 126 per cent



↑ +10.7

While reputation remains Average, Starbucks is (finally) recovering from tax controversies and responding to concerns about cup waste

*“We create purposeful technology that helps free up your schedule for what really matters. We feel that our products should positively impact your life right now...”*



↑ +9.4

Partnerships with Google and Apple see Whirlpool’s products become ever smarter. Time is passing from Whirlpool’s tumble dryer recall

**Two-thirds of UK shoppers visited Aldi or Lidl over Christmas**



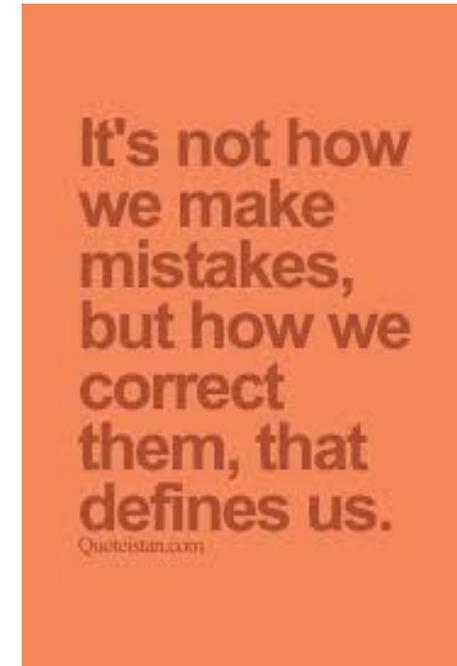
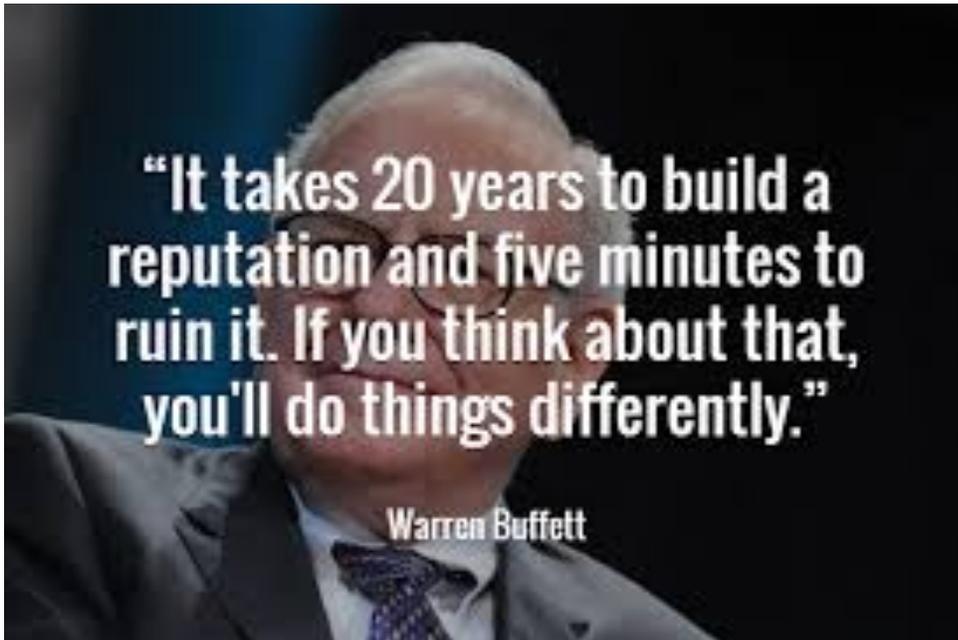
↑ +8.2

Aldi now sits at No. 11 – poised to enter next year’s Top 10. With growing market share, it combines value with aspiration

# Reputation Challenges in 2019

# Reputation is always at risk

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# 2018 – a year of challenges



T E D B A K E R  
L O N D O N

Uber



NETFLIX



★ PRET A MANGER ★

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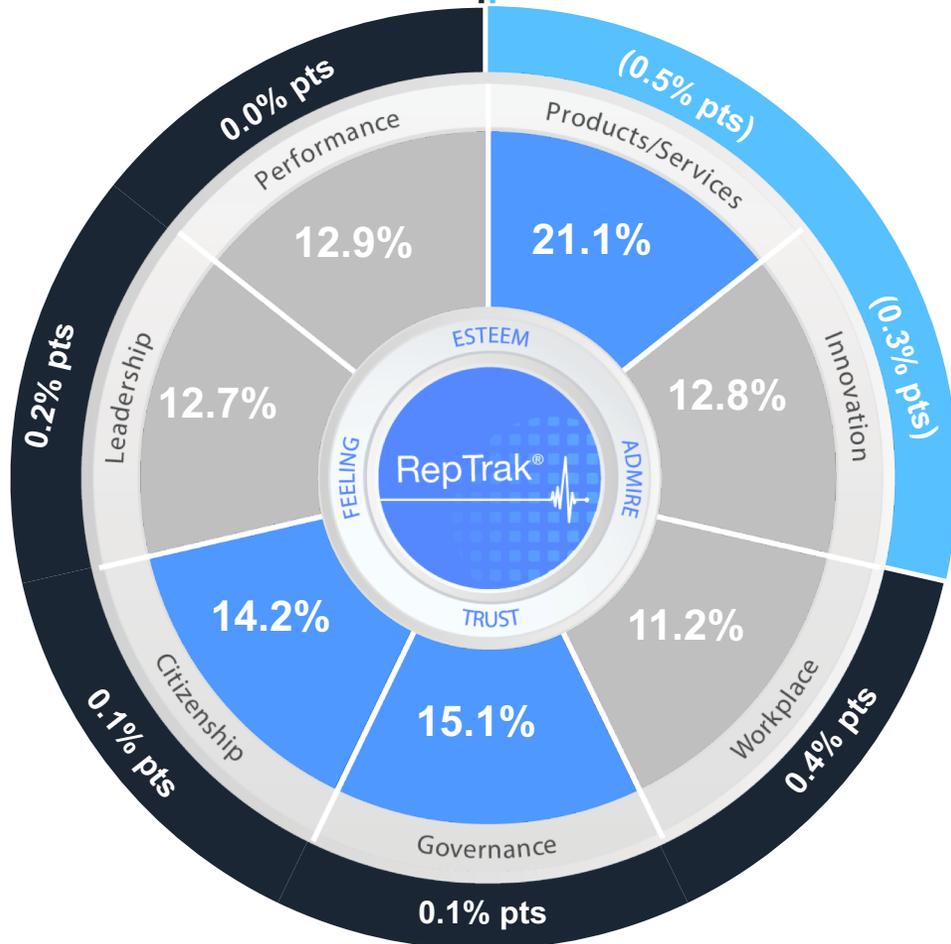
Who experienced a Negative  
Media event in 2018

....the fact is, they are  
hard to avoid

Who has experienced a  
Reputation Crisis in 2018

# Reputation risks impact each dimension

66.1% Enterprise    Product 33.9%



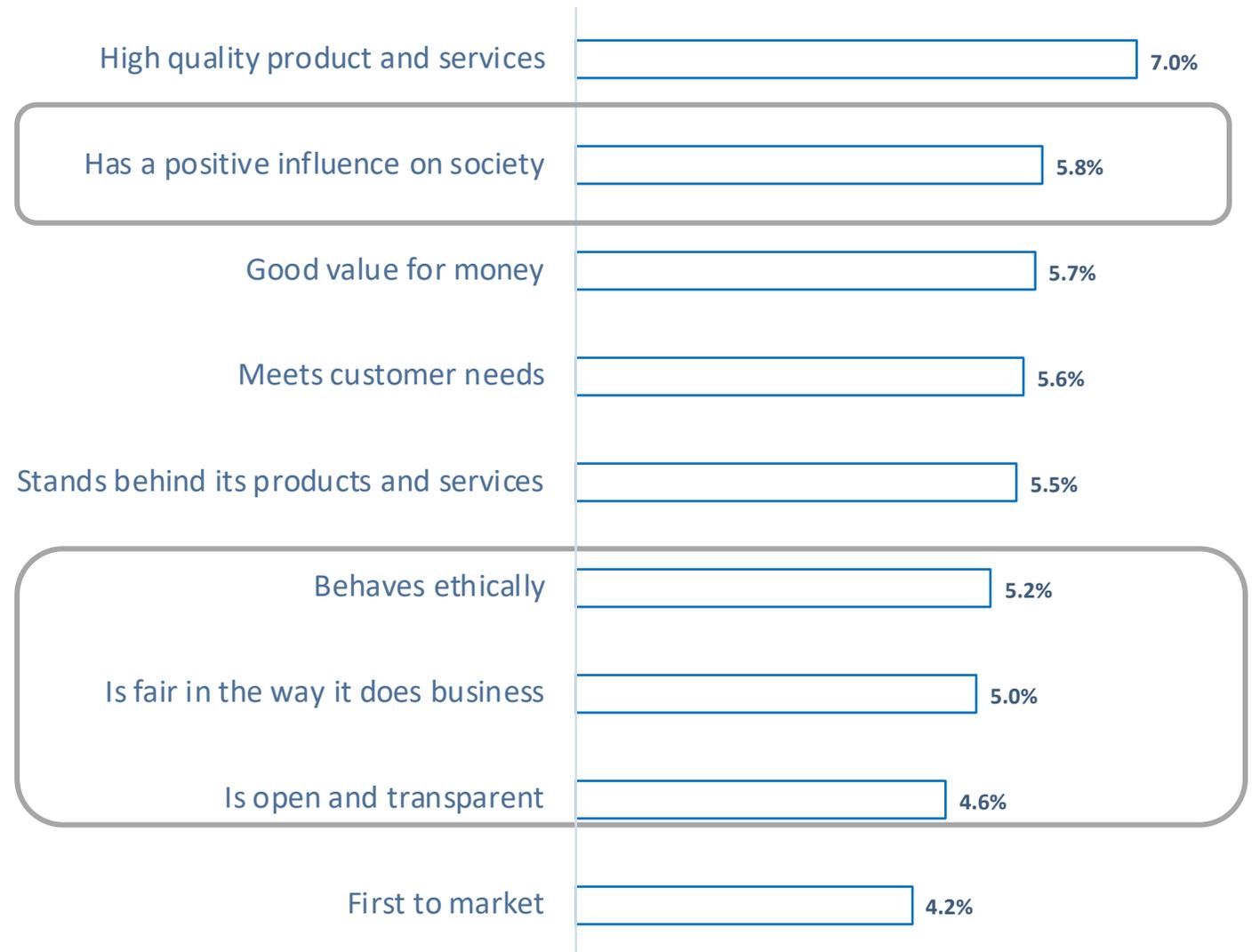
1. Product Recall (KFC, Pret)
2. New launch failure (Boeing)
3. Sexual Harassment (Topshop)
4. Data Breach (BA, Dixons Carphone)
5. Citizenship crisis (Facebook)
6. CEO scandal (Carlos Ghosn, Ray Kelvin)
7. Accounting crisis (Patisserie Valerie)

Factor Adjusted  
Regression  
N = 149,965  
Adj-R<sup>2</sup> = 0.66

# Managing those risks well is key to protecting Reputation

Governance attributes of *Fair in doing business, Behaves ethically* and *Open and transparent* are among the most important.....

....and crucial to managing problems



# Facebook have brought Data security into the mainstream

## A Challenging Few Years for Facebook



## Facebook's Loss of Face Translates Globally

- Facebook had the biggest overall decline in reputation in 2019 - declines for Facebook are driven by a systematic failure to deliver on Governance and Leadership.
- This decline is directly tied back to the data privacy breaches and Cambridge Analytica crisis.
- Facebook's Leadership has taken a significant hit - Zuckerberg, who claimed that "Facebook stands with many technology companies to protect you and your information", is seen to have broken his promise.

Loss of Reputation – globally 6 points, US 10 points  
 Loss of market value – shares down 20% since June 2018

Facebook Reputation and Dimension Scores YoY Change

Reputation  
 Governance  
 Leadership  
 Data privacy

## Remains Strong on Product, Punished on Governance

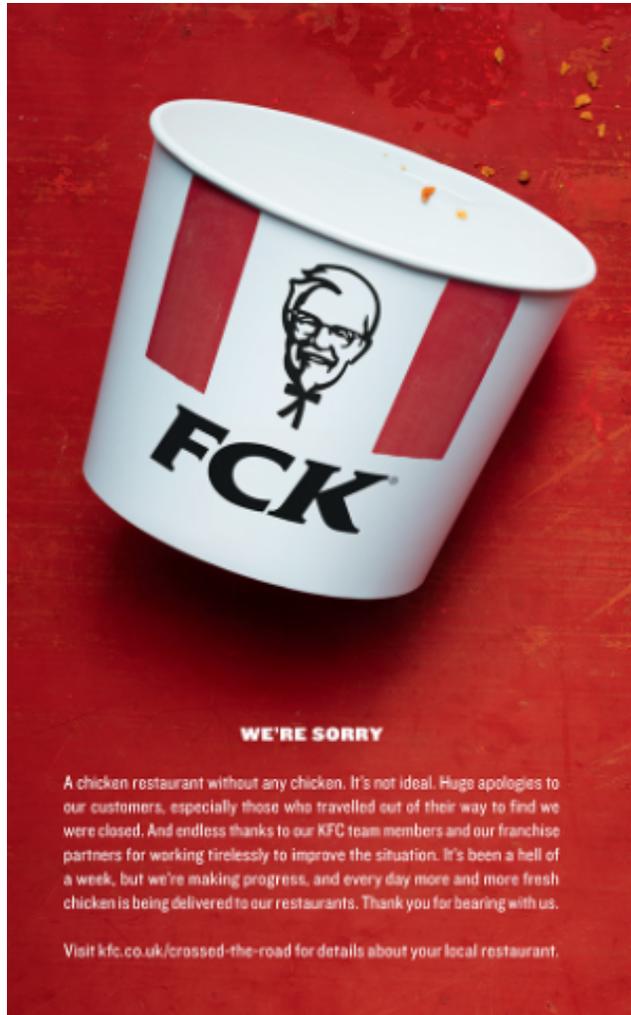
2018 Media Conversation Volume & Sentiment for Facebook



- In 2018, half of the media impressions were centered around Facebook's Products and half around the remaining aspects of its business.
- Despite the relatively positive conversations around Product, Facebook's deepening shortcomings on Governance have accelerated its overall reputation decline.
- Facebook's stagnating performance on the broader enterprise dimensions is also cause for concern.

● POOR ● WEAK ● AVERAGE ● STRONG ● EXCELLENT

# KFC – A disaster, brilliantly handled



-0.9

## THE CHICKEN CROSSED THE ROAD, JUST NOT TO OUR RESTAURANTS...

WE'VE BROUGHT A NEW DELIVERY PARTNER ONBOARD, BUT THEY'VE HAD A COUPLE OF TEETHING PROBLEMS - GETTING FRESH CHICKEN OUT TO 900 RESTAURANTS ACROSS THE COUNTRY IS PRETTY COMPLEX!

WE WON'T COMPROMISE ON QUALITY, SO NO DELIVERIES HAS MEANT SOME OF OUR RESTAURANTS ARE CLOSED, AND OTHERS ARE OPERATING A LIMITED MENU, OR SHORTENED HOURS.

SHOUT OUT TO OUR RESTAURANT TEAMS WHO ARE WORKING FLAT OUT TO GET US BACK UP AND RUNNING AGAIN.

# Strong Reputation re-enforced by crisis management

## British Airways boss apologises for 'malicious' data breach

© 7 September 2018

f t e Share



“Has strong data privacy and security practices”



### THE WEEK

British Airways data breach: Russian hackers sell 245,000 credit card details



We are investigating the theft of customer data from our website and our mobile app, as a matter of urgency. For more information, please click the following link:



# A strong Reputation and Crisis handling averted issue

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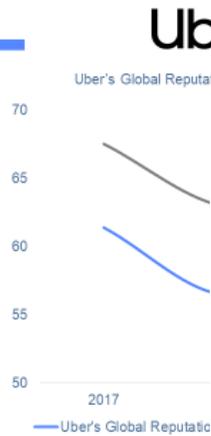
- ✓ Speed of response
- ✓ Robust and effective external communications
- ✓ Leadership – role of CEO
- ✓ Took ownership of issue, offered apologies, not excuses and was highly visible. Company showed concern, and were committed to fixing it.
- ✓ Openness and Transparency (took out advertising campaigns telling people of the breach)

# Even companies with a terrible Reputation can re-build

## Former CEO Left Uber With a Reputation Challenge



In June 2017, former CEO Kalanick, leaves Uber with a toxic environment and a history of scandals.



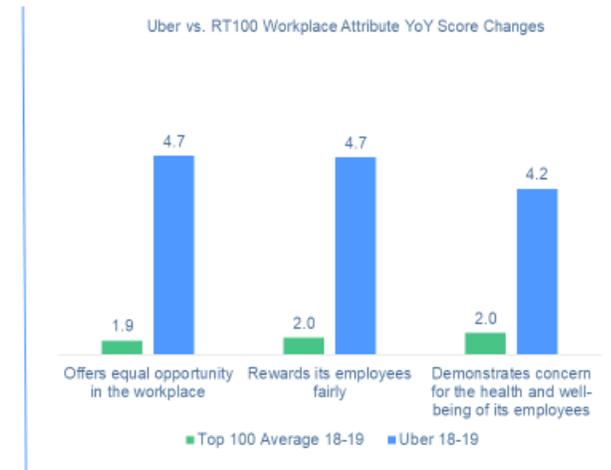
## Cultural and Workplace Assurances On the Rise

- New CEO Dara Khosrowshahi has contributed to **Uber's rise in workplace** by providing assurances about positive culture changes in the media, in interviews, and on Uber.com.
- In his first two months as CEO, **he crowd-source company values** (what he calls "cultural norms") the company's employees.
- His commitment to the new Uber direction, contributes to the company's overall increase in reputation.

## Uber Sees Largest Improvements in Workplace

- Uber is on the rise: in 2019 it had the highest reputation increase globally **+5.5 points**.
- The new CEO has had a positive impact on the workplace dimension; it rose +4.5 points in 2019 outpacing the average increase for the top 100

UK	
Workplace Governance	+4.5
Leadership	+6.8
	+5.5



Significant difference > 1.8

# Netflix overcomes crisis to strengthen Reputation

## Doing What's Right, No Matter the Cost

### NETFLIX

Netflix took transparent and decisive action to remove Kevin Spacey from its hit show "House of Cards" following sexual harassment allegations, despite the show's popularity.



## Netflix Becoming A Globally Relevant Brand

### NETFLIX

- Netflix has grown into a global power brand with almost a 139 million subscribers worldwide.
- With its global expansion, Netflix's reputation increased by **+3.0 pts** in 2019.
- Netflix also increased in corporate responsibility by **+3.0 pts**.

Significant difference > 0.9

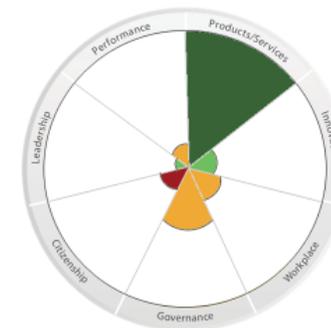


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Netflix's Reputation and Corporate Responsibility (2017-2019)

## Product Drives Conversation for Netflix

2018 Media Conversation Volume and Sentiment for Netflix



● POOR ● WEAK ● AVERAGE ● STRONG ● EXCELLENT

- In 2018, conversations are generally excellent and mainly focused on Netflix's expanding business footprint and rising number of subscribers globally.
- Emerging positive sentiment on Innovation and Leadership reflect Netflix's role as a positive disrupting force in the media landscape.
- Netflix's ability to retain a respectable score on Governance during a challenging year for the media industry is a testament to its ethical endeavors .



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Source: 2018 Media RepTrak® 64

# Reputation dependent on Transparency

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- ✓ Companies need to build Reputation Capital in many areas
- ✓ Stakeholders do not expect companies to solve issues/problems overnight
- ✓ Companies that are proactive are better prepared to navigate Reputational issues
- ✓ Stakeholders expect companies to be Open and Transparent, Ethical and Fair
- ✓ During a negative event, companies that respond quickly, openly, and fairly are less likely to suffer long term Reputational damage
- ✓ Leadership (not just your CEO) are key in both dealing with a crisis, but also in building Reputation capital
- ✓ Reputation matters - loss of Reputation clearly shown to correlate to loss of market value/share price and support



*Thank you!*

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