



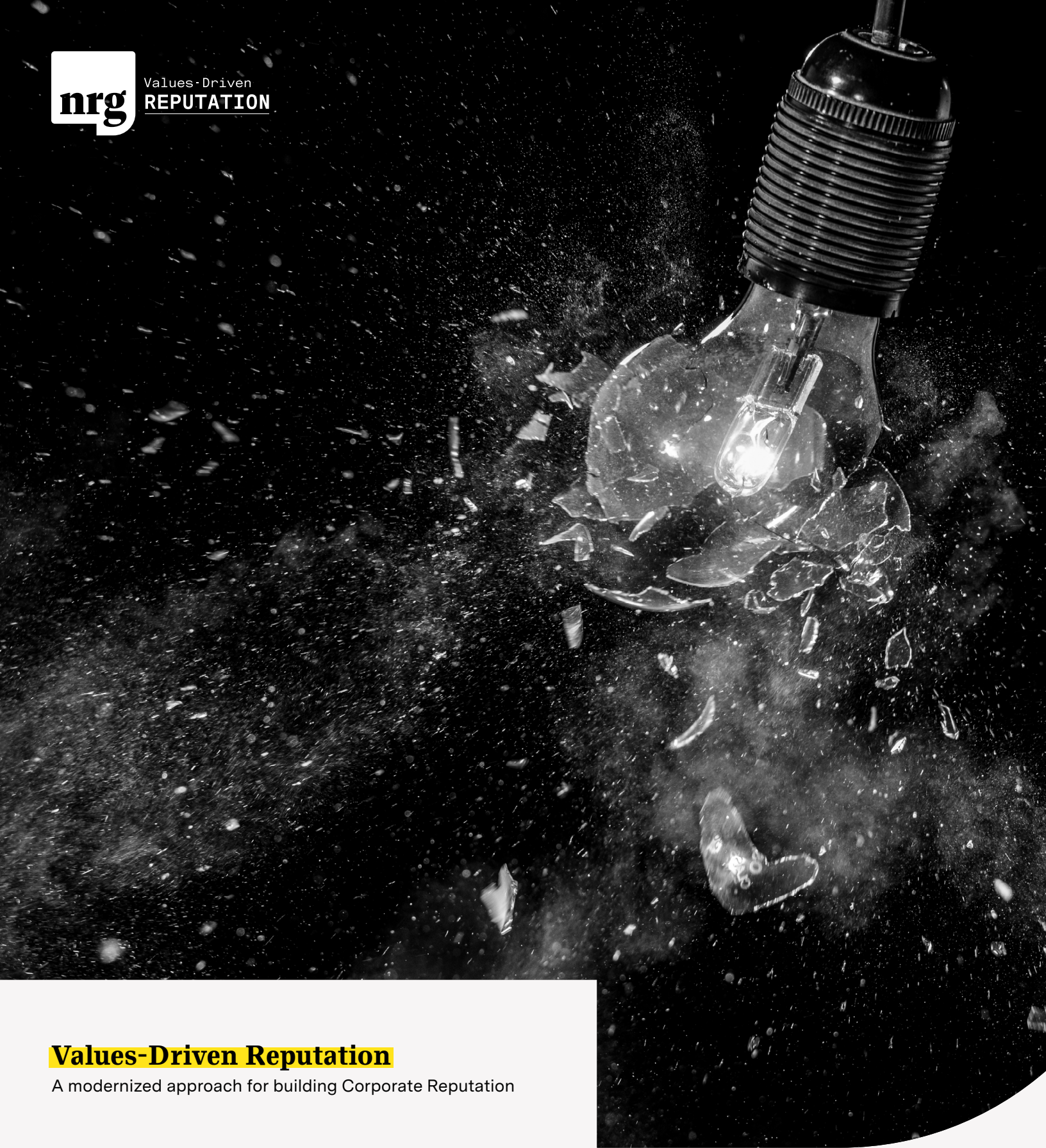
Values-Driven  
**REPUTATION**

## **Values-Driven Reputation**

A modernized approach for building Corporate Reputation

**PART 1**

# The Myth of Trust



**Building Reputation is an organization-wide, long-term commitment. It takes years to earn a strong **Corporate Reputation**, while it takes only moments to lose it.**

This paper is the first part of a series that will outline a new way of thinking about Reputation and seeks to solve many of the chronic ailments that have historically plagued the field of Corporate Reputation management. At its core, this approach is rooted in an understanding of what it means to be a **Values-Driven** company, and what implication this has for how companies can earn, monitor, and protect their Reputations.

**This Values-Driven philosophy is based on four core principles:**

- 1** Establish the relationship between Corporate Reputation and real-world outcomes.

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- 2** Measure the stakeholders who act on a sense of Values, rather than relying on demographically-defined audiences.

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- 3** Distinguish Reputation from Brand, and build strategies that account for their inherent differences.

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- 4** Analyze integrity perceptions that effectively measure a company's Values-Driven Reputation, rather than relying on ambiguous concepts such as Trust.



# It’s time to move beyond Trust—and embrace Integrity

One of the challenges with existing approaches to measuring Corporate Reputation is an overreliance on **Trust**, without a clear understanding of what Trust actually measures. If we want to move towards a more sophisticated model of Reputation management, we need to let go of the notion that building Trust is the ultimate goal of a company’s Reputation strategy. This concept is at the core of the NRG approach to Corporate Reputation—and is what sets our approach apart from historical models.

In its simplest form, **Trust** is confidence held in someone or something. People evaluate how confident they are based on a wide range of associations and experiences. If someone is confident that a company has high-quality products, they signal Trust through recommendation, purchase consideration, or purchase behavior. Conversely, if someone lacks confidence in a company they are unlikely to recommend, consider, or purchase a company’s products.

On the surface, this seems like an easy enough concept to grasp. But as we unpack this definition further, we can begin to see the hidden complexities that make Trust a poor North Star for guiding a company’s Corporate Reputation strategy.

In general, Trust in a company boils down to two core dimensions: **Integrity** and **Ability**. When people are asked how much they Trust a company, they tend to think about both of these.

**Ability perceptions** are competency-based. This includes associations with product quality, customer experience, innovation, and differentiation, to name just a few. They may be the easiest for people to evaluate when they have a variety of experiences across a range of products and services. They also tend to be easier for stakeholders—especially ordinary consumers—to understand, as they are more likely to have built these perceptions from experience, advertising or word of mouth.

**Integrity perceptions**, on the other hand, provide insight into an organization’s sense of **Corporate Values**. This includes perceptions of how a company treats its employees, the impact it has on the environment, and the way it serves local communities, among many others. Compared to Ability perceptions, these may be harder for people to evaluate if they’re not already familiar with a company’s efforts to positively shape its workforce and society.

The problem with traditional approaches to Reputation management is that Integrity perceptions often go unheard, or are drowned out by Ability perceptions. While companies use advertising to showcase Ability perceptions, Integrity perceptions have smaller communications budgets. Moreover, stakeholders tend to be more likely to share word of mouth regarding a product story over a positive impact story.

The other challenge with building Integrity perceptions is the indirect nature of how people experience them. For example, people do not directly feel the impact of a company’s environmental practices. As a result, perceptions of the company’s Integrity are likely associated with a company’s industry, or even, in some cases, the country where a company is based. An example of this would be TikTok’s Integrity associations, which are entangled with perceptions of the Chinese government.

THE TWO TYPES OF PERCEPTIONS	
ABILITY	INTEGRITY
Competency Based	Values Based
Felt through direct experiences	Derived from superficial sentiment
Benefit from larger advertising budgets	Subject to smaller comms. budgets
Related to product associations	Related to broader context

Ability perceptions have a direct impact on consumers. For example, if someone can’t reach a representative for tech support or a product they purchase doesn’t work as expected the result is a dissatisfied consumer experience.





# Integrity, not Trust, provides an accurate measurement of Reputation

The distinction between Ability and Integrity perceptions helps us understand the first major challenge that Corporate Reputation professionals encounter when they rely on Trust as the basis for developing their strategy.

Consumers show an overwhelming preference for Ability perceptions as their primary mode of deciding whether or not to place their Trust in a given business. Half of all Americans say that Ability perceptions—i.e. factors such as good customer experience, high-quality products, understanding customers, or accurate and honest advertising—influence their level of Trust in a business.

While a few Integrity perceptions—most notably, an organizations’ support for good causes and the way it treats its employees—are key ingredients of Trust, most play a secondary role in how consumers think about Trust.



**Q: Which of the following factors influence whether or not you trust a company?**

● ABILITY PERCEPTIONS  
● INTEGRITY PERCEPTIONS





As a result, when companies ask stakeholders how much they Trust the company, they will receive an assessment that is weighted far more toward their Abilities than to their Integrity. That makes Trust a less useful measurement for understanding the success of the company's Reputation strategy and initiatives, creating serious challenges for those charged with evaluating a company's Values-Driven Reputational performance.

The implication of a company's overreliance on Trust is simple. Trust does not provide a clean measurement of Ability perceptions (is most relevant to Brand and Marketing teams), nor does it provide a clean measurement of Integrity perceptions (which is most relevant to the Communications team). The argument that Trust provides insight into Brand Performance is more defensible than the argument that Trust can provide reliable insight into Reputation strategies.

Instead of basing Reputation strategies on Trust, companies should focus on examining their Integrity perceptions to unlock the opportunities to strengthen their Corporate Reputation.

**Integrity, not Trust, provides the most accurate and most useful assessment of a company's Reputation."**



# In an era of declining Trust, it's more important than ever to re-evaluate how you measure Reputation

If these measurement issues aren't problematic enough, there are other notable challenges with relying on Trust as a North Star for Reputation.

First, Trust is a painfully slow-moving metric. Why? Because Trust is rooted in a wide range of perceptions, it essentially functions as a complex index measurement. Let's say a company's environmental and community impact perceptions are improving steadily, but the latest product launch doesn't meet consumer expectations. We would likely see little to no impact on Trust measurement from one period to the next. Worse yet, given that Ability associations are the primary influence on Trust perceptions, we may even see Trust decline.

These problems are further complicated by the ongoing decline of public Trust in our modern societies. In a world dealing with the aftereffects of the COVID-19 pandemic, rapid advancements in technology, significant social movements, fractured supply chains, unprecedented political polarization, looming economic instability, and rampant misinformation, it is easy to understand why overall levels

of Trust in governments and businesses are declining. In fact, according to Pew Research, the world is at least three times less trusting today than it was [60 years ago](#).

This macrotrend makes it more dangerous than ever to rely too heavily on Trust. For Corporate Reputation leaders, there's

an obvious risk in tying the measurement of your organization's Values-Driven Reputation to a statistic that will continue to erode for reasons that are far beyond their or their company's control.

The result can be extremely confusing for Corporate Reputation teams who will not be able to explain to senior leaders why improvements in community and environment perceptions failed to translate into improved Trust. In turn, it will cause senior leaders to seriously question investments the company is making in those community and environmental commitments.

The reality is that, in a world of greater access to information, declining levels of Trust, and mounting pressure for companies to act with a sense of purpose, Corporate Reputation leaders will need to make fundamental changes in their approach to measuring the success of their efforts. They'll need to move beyond Trust, and develop the ability to identify and measure the underlying Integrity perceptions that are essential to a successful reputation strategy.



# At NRG, we build Values-Driven Reputation strategies based on Integrity, not Trust

## IN SUMMARY

### Why now is the time to move beyond Trust

#### 01

Trust has too many meanings to effectively guide Reputation strategy

#### 02

Trust associations are a conflated mix of Ability and Integrity perceptions

#### 03

Trying to measure Trust inevitably blurs and confuses Reputation and Brand

#### 04

Trust is less effective at measuring Corporate Communication and PR efforts

#### 05

Trust is confusing and slow-moving—due to the wide range of meanings the term embodies

#### 06

Trust is declining in society at large—for myriad reasons beyond any one company's control

#### 07

Integrity builds Resilience, enabling stronger Corporate Reputations that achieve real world outcomes and more successfully mitigate Reputational Risk

Trust has become an exceedingly poor measurement tool for organizations that are serious about building a Reputation among their key stakeholders.

Rather than basing Reputation strategies on Trust, companies should look to define and measure their Integrity perceptions to better evaluate and direct Values-Driven Reputation building efforts.

In the next installments of this series, we'll begin to examine how to put that theory into practice.

## Values-Driven Reputation

A research series from NRG Reputation



### PART 2

## Separating Reputation from Brand

Coming May 2023

### PART 3

## Resilience in Reputation

Coming June 2023





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## **METHODOLOGY**

Data in this report is from *Resilience in Reputation*, a study by NRG based on a study of 4,000 Americans ages 14+, conducted online from February 2 - 14, 2023. Sample was sourced from third-party, non-probability based research panels. Sample composition was balanced to be nationally representative of the online population on age, gender, education level, region, and race/ethnicity. Post-field, data was weighted to these same set of demographic variables to ensure alignment with the population.