



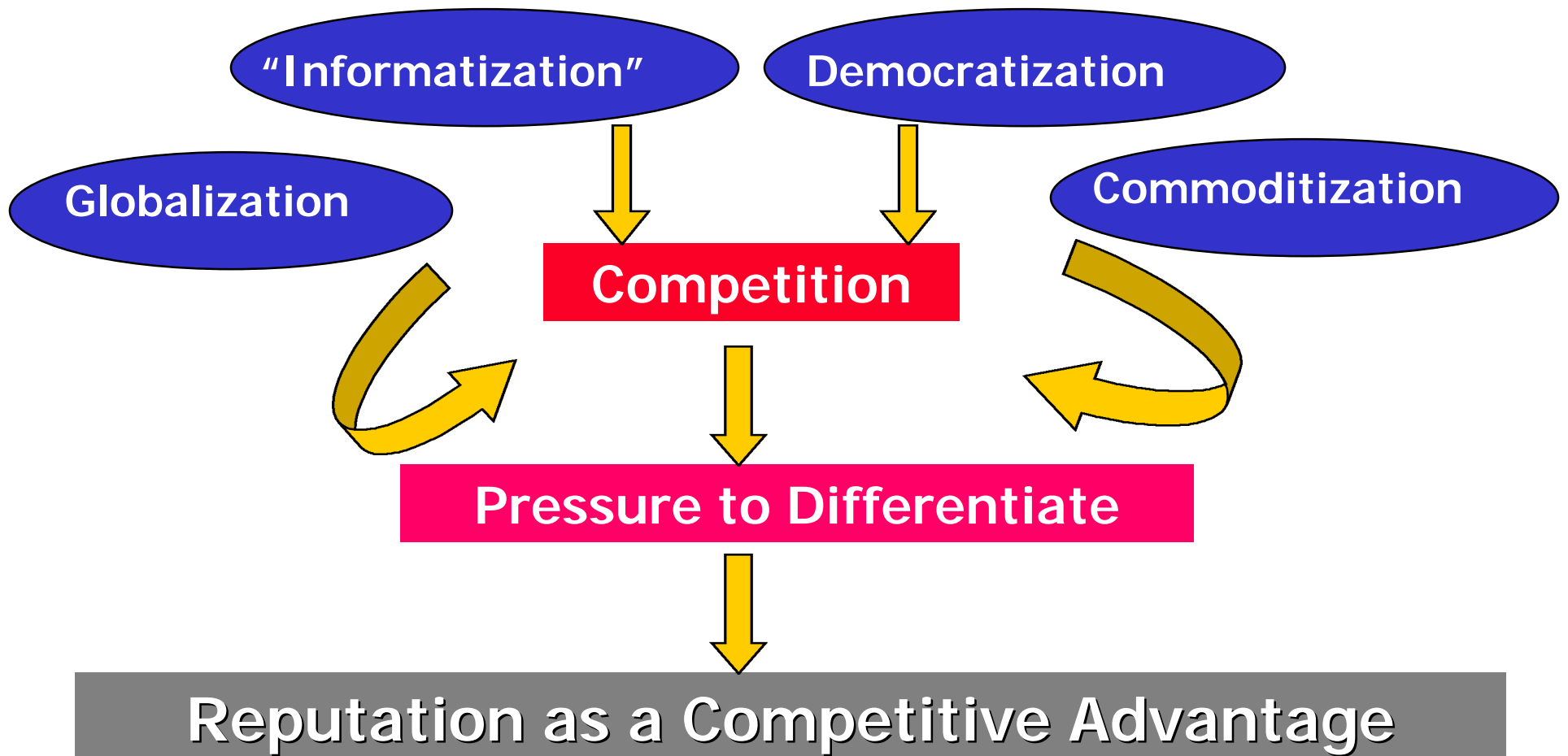
# The Euro-RQ: A Multi-Country Study of Corporate Reputation

We know your RQ. Do You?

A Reputation Institute Project  
Conducted by: [Harris Interactive](#)

October 20, 2000





*“In today’s world, where ideas are increasingly displacing the physical in the production of economic value, **competition for reputation** becomes a significant driving force, propelling our economy forward. Manufactured goods often can be evaluated before the completion of a transaction. Service providers, on the other hand, usually can offer **only their reputations.**”*

**Alan Greenspan**

[Harvard University, Commencement Address, Cambridge, MA June 10, 1999.]

*The Reputation Quotient (RQ) is a scientifically developed instrument to measure corporate reputations...*

**Background:**

- ◆ A standardized instrument designed to measure corporate reputations
- ◆ Intended to fill a void in reputation measurement
- ◆ Developed by Prof. Charles Fombrun (NYU-Stern) and Harris Interactive
- ◆ Rooted in theory and validated with pilot tests

**The RQ:**

- ◆ Compares companies within and across industries
- ◆ Measures the perceptions of the company by multiple stakeholder groups
- ◆ Is incorporated into a Global Database for research and analysis

## Background

1. The Reputation Institute
2. The Reputation Quotient<sup>sm</sup>
3. The U.S.A. RQ Studies

## The Euro-RQ: A Study of Corporate Reputations in Europe

1. 1: The Nomination Process
2. 2: The Country-Specific Studies
3. 3: The Pan-Euro Study

## Other Issues:

1. Price and Deliverables
2. Optional Release of Results to the Media
3. Project Schedule
4. The Euro-RQ Workshops

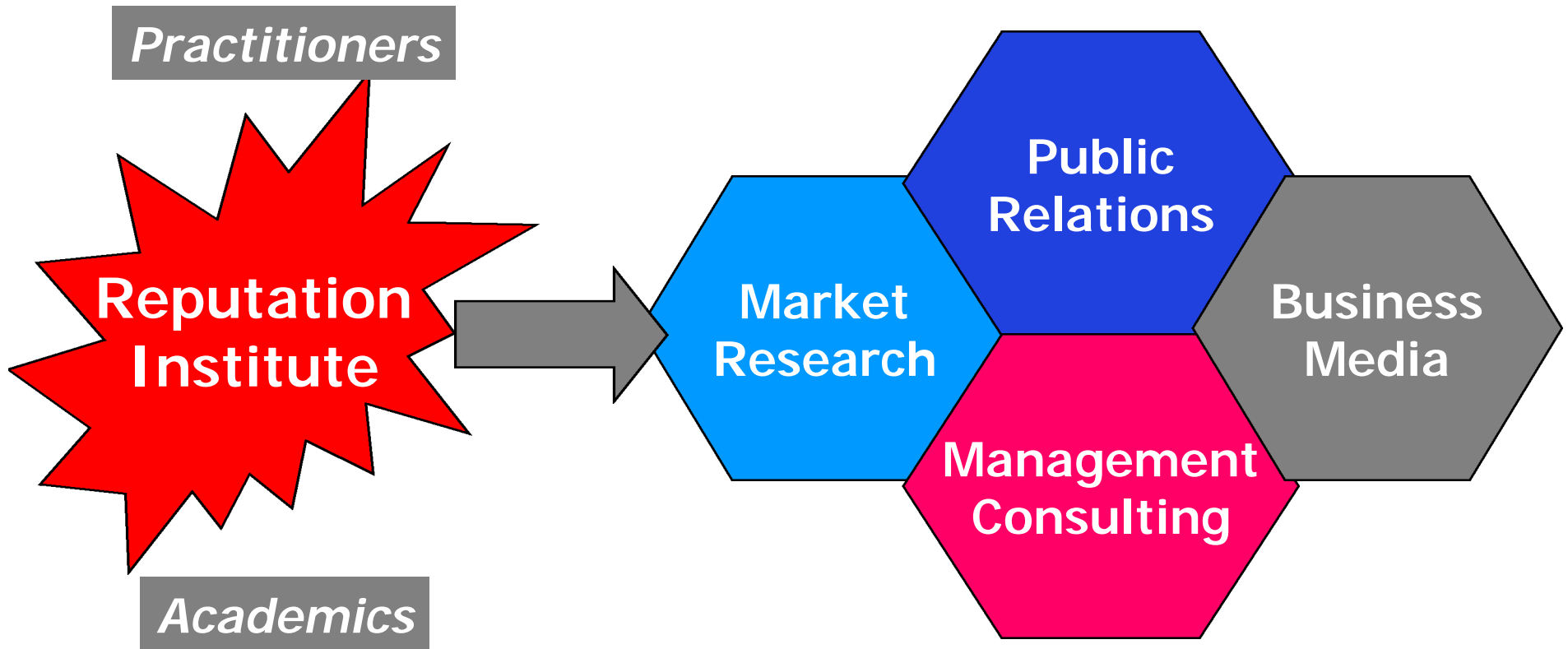




## Background

*A private research organization whose purpose is...*

- ◆ **To develop the “Reputation Category” by building the visibility of corporate reputations as economic assets**
- ◆ **To develop and share knowledge about corporate reputations between researchers and practitioners**
- ◆ **To examine the interrelationships between corporate communications, corporate reputation, and financial performance**
- ◆ **To stimulate professional development of both academics and practitioners in reputation theory and reputation management**



**Database of Reputational Ratings:** The RI conducts regular data collection of reputational ratings of companies across industries and in different countries.

- RI has an international agreement with Harris Interactive to conduct reputation research
- RI has agreement with *The Wall Street Journal* for publication of topline results in the U.S.A.
- RI negotiates with other leading country-based business publications for topline results

**Conferences:** The RI organizes conferences and workshops

- ***International Conference on Reputation & Competitiveness*** --a research conference featuring cutting edge academic analysis
- ***Conference on Reputation Management*** --a benchmarking meeting that features best practices and is targeted to senior practitioners
- ***Reputation Summits*** --Workshops on corporate reputation and branding

**Publications:** The RI regularly publishes books and journals.

- Fombrun, ***Reputation***. Harvard Bus. School Press, 1996.
- Van Riel, ***Corporate Communications***. Prentice Hall, 1997.
- Fombrun and van Riel (Editors), ***Corporate Reputation Review***, the RI's journal, published quarterly by Henry Stuart Publications (London).
- Schultz, Hatch, and Larsen (eds), ***The Expressive Organization***. Oxford U Press, 2000.

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*John Browne (PricewaterhouseCoopers)*  
*Monita Buchwald (Manning, Selvage & Lee)*  
*David Clemm (Harris Interactive)*  
*Bill Margaritis (Federal Express)*  
*Scott Meyer (Shandwick International)*

### **Participation in Advancing Knowledge about Corporate Reputations:**

- Featuring the member's corporate logo on the RI's website and published materials
- 2 Complimentary Subscriptions to the RI's quarterly journal, ***Corporate Reputation Review***
- 2 Complimentary Registrations to the RI's Annual Research and Practitioner Conferences
- Access to the RI's global network of RM professionals

### **Networking and Professional Development:**

- Participation in setting the direction of the RI's research activities
- Participating as Presenters in RI Conference Presentations
- Networking Events
- Benchmarking against global peers

### **Privileged Access to RQ Database (Agency Members):**

- Access to Global RQ Database
- Funding Proprietary Research using the database
- Influencing Future Data Collection and Publication

### **Access to RQ Profiles (Agency & Corporate Members)**

- Discounted Pricing to Purchase RQ Reports on Specific Companies
- Discounted Pricing on Proprietary Custom RQ Data Collection

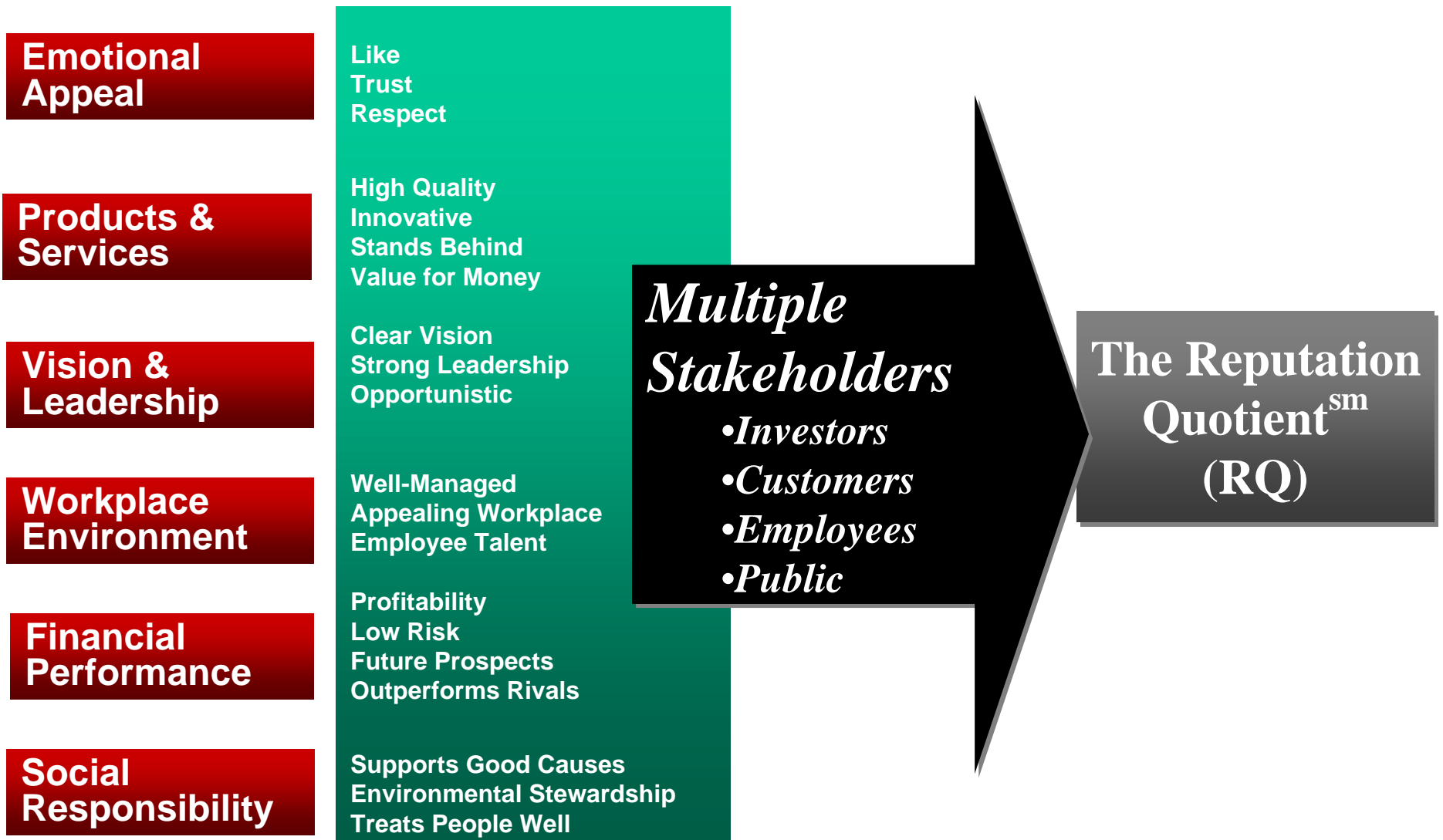
Original Research by the Reputation Institute shows that Reputations are Multi-Faceted and Can be Grouped into Six Theoretical Dimensions...

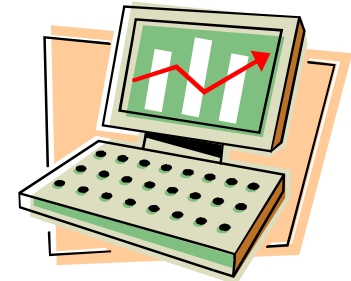
The Euro-RQ



# How is the Reputation Quotient (RQ) calculated?

The Euro-RQ





### The standard RQ questionnaire includes:

- **Stated importance of the key RQ reputational dimensions**
- **Best reputation overall**
- **Familiarity** with a competitive set of companies
- **Company Specific Assessment** (of up to two companies):
  - Overall reputation (7-point scale) and reputation advice
  - The 20 RQ attributes (7-point scale)
  - Supportive behaviors (past-purchase, likelihood of re-purchase, recommend company's products, recommend as a place to work, recommend as an investment)
  - Communications recall (advertising and media)
  - Reputational red flags (likelihood of boycotting and trust in crisis)
- **Stakeholder and Demographic Profiles**



### **The purpose of the RQ is to:**

- To **identify the foundation** of a company's reputation
- To **benchmark** that company against competitors and other comparison companies
- To **identify the key cognitive attributes** that drive corporate reputation

### **We use Regression Analysis to identify the Drivers of Reputation:**

- A separate overall measure of corporate reputation is used as a Dependent Variable
- The 20 attribute ratings are regressed against the overall Reputation score
- Regression Analysis measures how much variation in the overall measure of Reputation can be explained by each of the 20 Attributes

### **A complete RQ Analysis consists of Detailed Reports that integrate:**

- RQ Ratings
- Not Sure responses
- Regression results

### **RQ Studies published in *The Wall Street Journal***

- RQ Gold: The Top 30 Corporate Reputations in the U.S. (Sept 1999)
- RQ Digital: The Top 50 Companies in High Tech (Nov 1999)
- RQ Mavericks: The Top 20 Radical Companies (Jan 2000)
- Airline RQ: The Top 25 Global Airlines (Apr 2000)

### **Studies under Way**

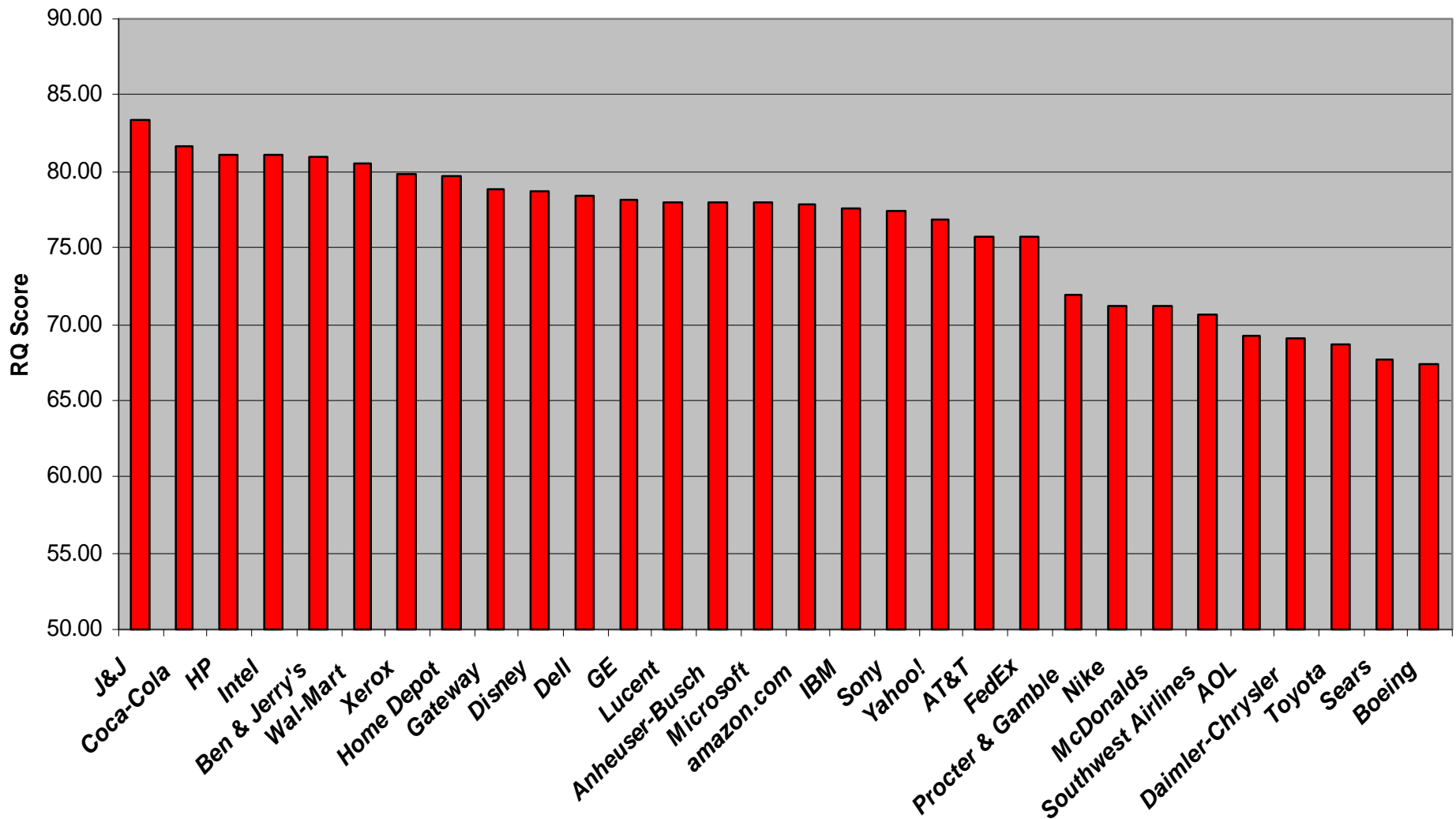
- RQ Gold 2000: The Best Corporate Reputations in America (Nov 2000)
- Pharmaceutical RQ: The Reputations of Life Science Firms (Nov 2000)
- Australia RQ: The Best Corporate Reputations in Australia (Nov 2000)

### **Future Studies**

- Financial Services RQ: The Reputations of Top Financial Firms (Feb 2001)
- Euro-RQ: The Best Corporate Reputations in Europe (April 2001)

# RQ Gold: The Best Corporate Reputations in the U.S.A (10,830 people)

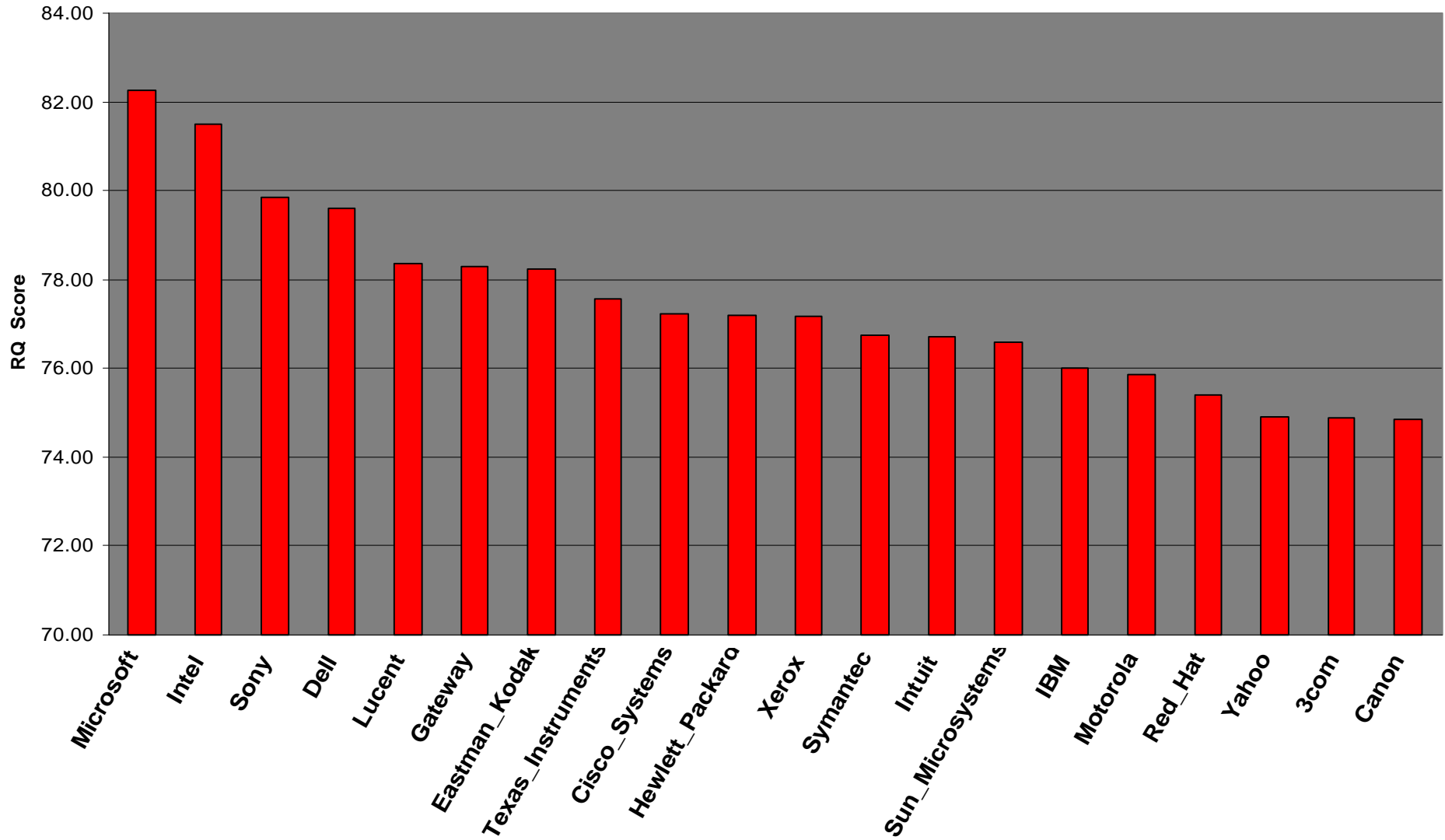
The Euro-RQ



Featured in The Wall Street Journal, Sept 1999

# RQ Digital: The Best Reputations in High Tech (16,887 people)

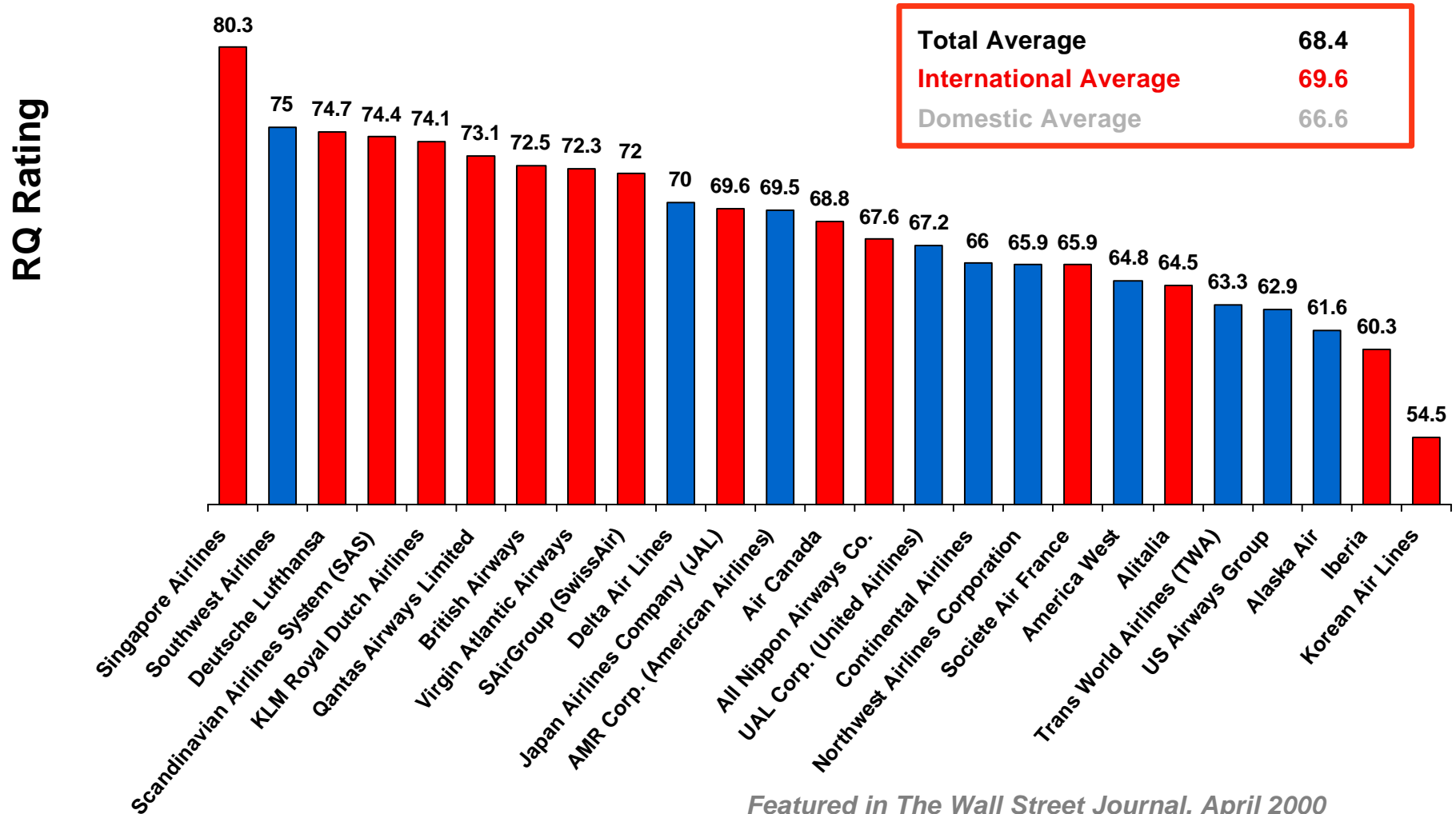
The Euro-RQ



Featured in The Wall Street Journal, Nov 1999

# Airline RQ: Reputations of the Top 25 Airlines (20,867 people)

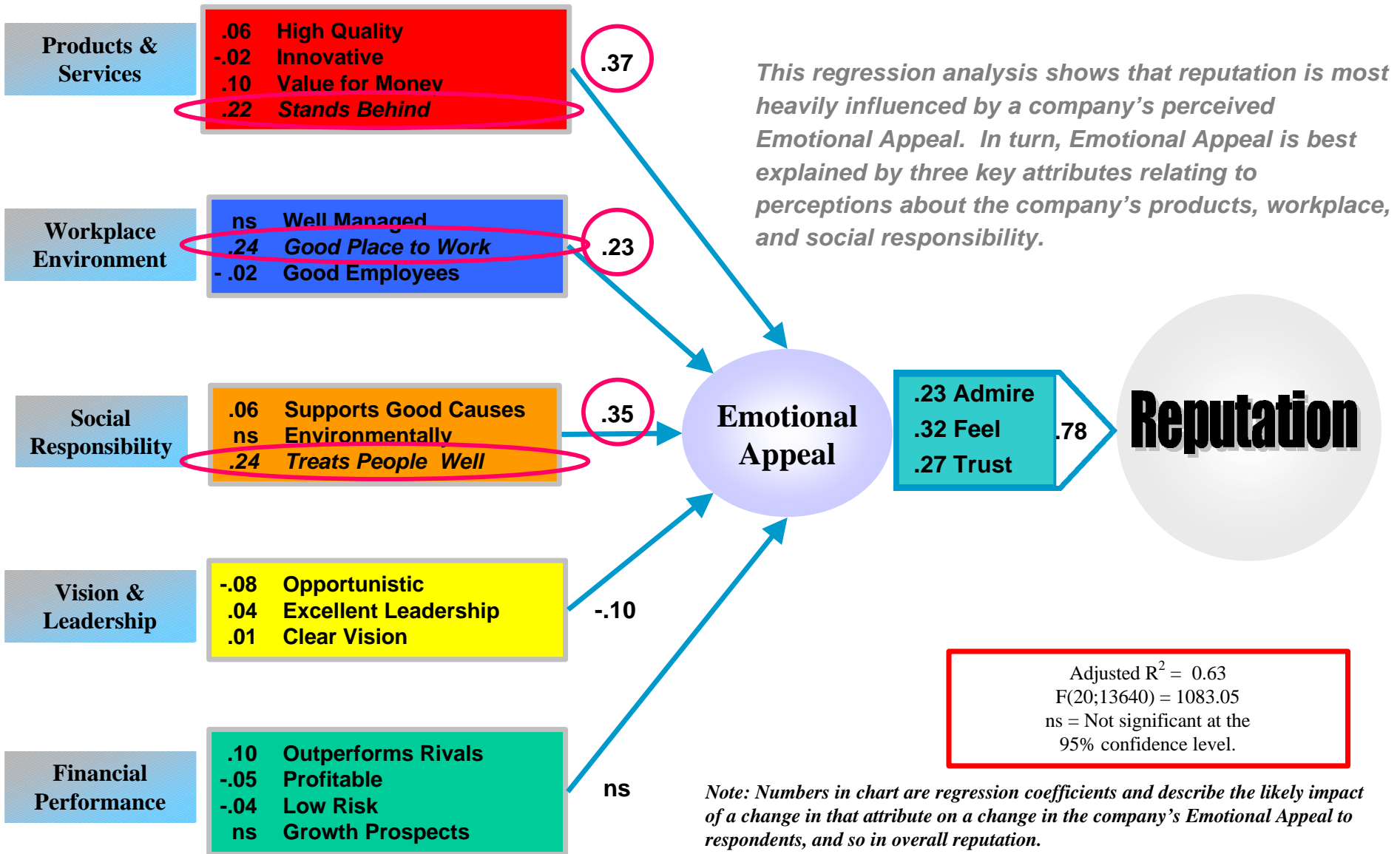
The Euro-RQ



Featured in The Wall Street Journal, April 2000

# What *Really* Distinguished Companies in the RQ Gold (1999)?

The Euro-RQ





## The Euro-RQ

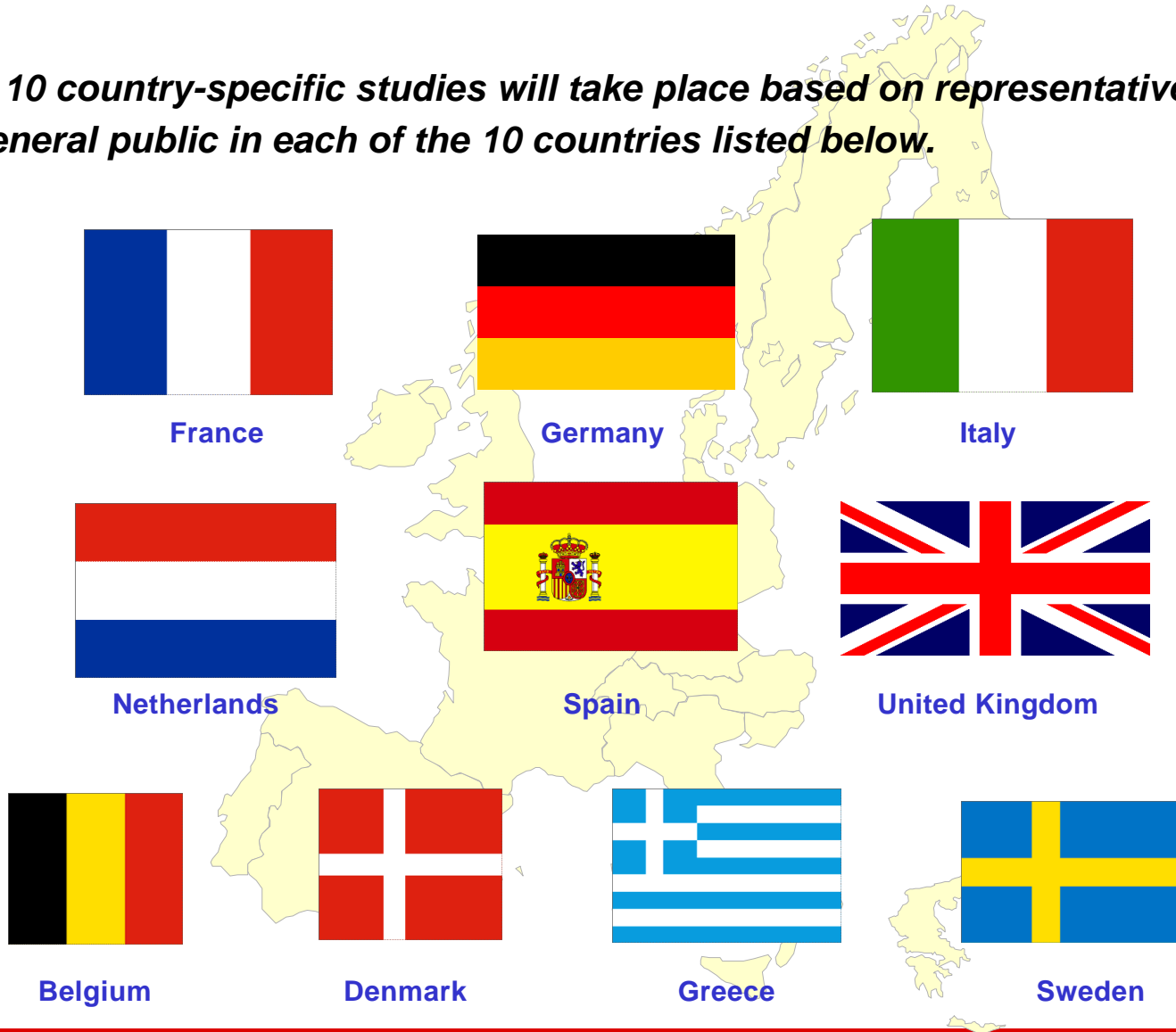


The Euro-RQ consists of two Independent but Parallel Projects Investigating Corporate Reputation across Europe

◆ **Focus 1: Country-Level Studies**

◆ **Focus 2: A Pan-European Study**

*Up to 10 country-specific studies will take place based on representative sampling of the general public in each of the 10 countries listed below.*



### Phase 1: The Nominations Phase

- In Aug-Sept 2000, nominations of companies with the **best** and **worst** reputations were gathered from over 10,000 adults (18+) representing the general public across the 11 countries (at least 750 people in each country).
  - *Question: “Of all the companies you know or are familiar with, which **three** would you say have the **BEST/WORST** reputations overall?”*
- From these nominations, we identified the companies most frequently nominated as ‘best companies’ in each country.

### Phase 2: The Ratings Phase

- Each of the 10 countries is invited to participate in the Euro-RQ. Studies will be conducted only in those countries where **at least 6 companies** agree to pre-purchase reports.
- **RQ Ratings** of companies will be obtained from a representative sample of 2,000 adults (18+) in each participating country. Each company will be rated by at least 200 people **in each country**.
- Studies in each participating country will be conducted simultaneously - but are independent of each other.

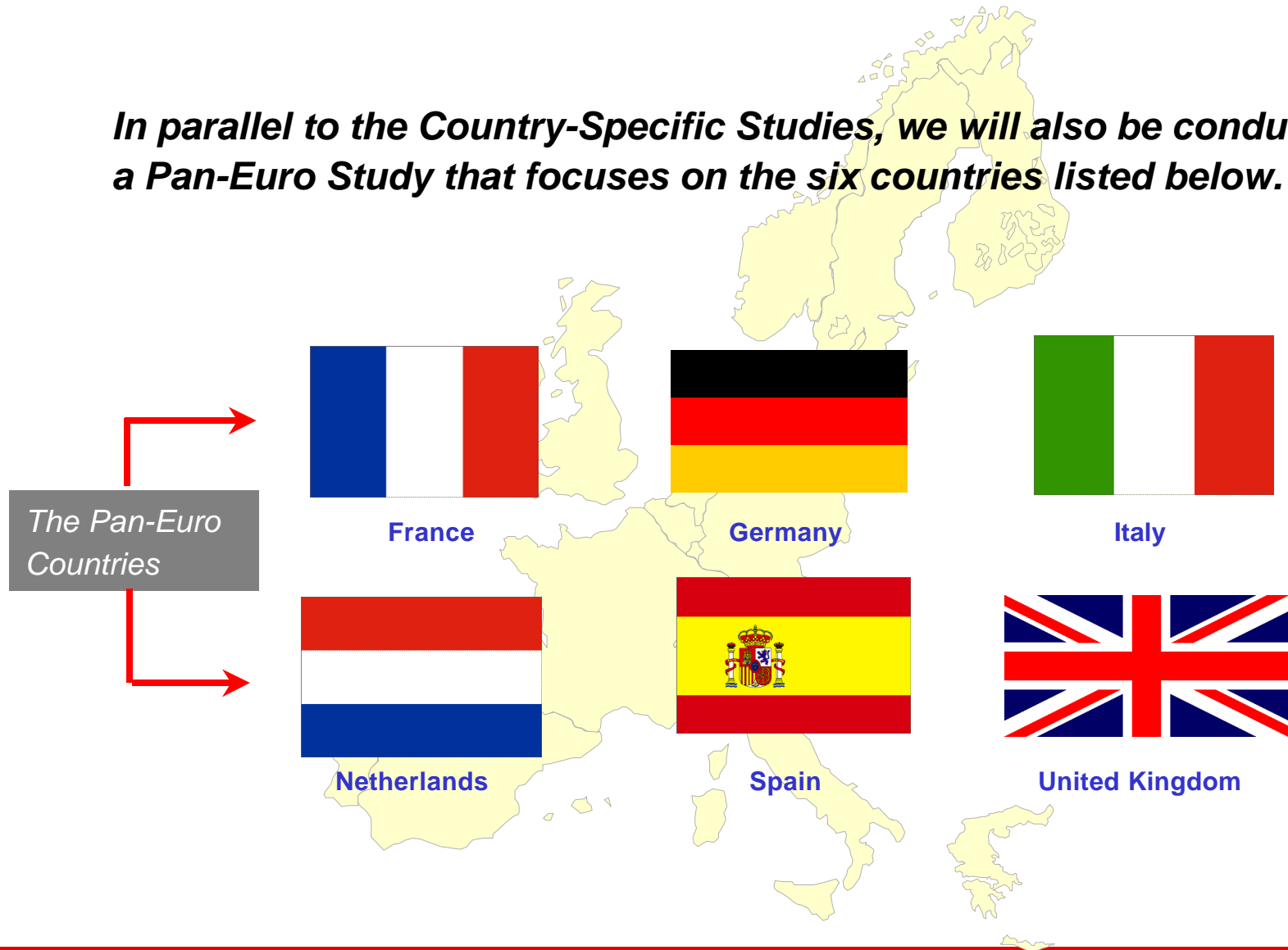
**Companies will receive comprehensive analyses and reports that provide valuable comparisons of their company to the average of companies measured in that country. The analysis includes a customized regression analysis and integration of those findings with the RQ ratings, “not sure” analysis, and supportive behaviors. Specifically:**

**Country-Specific Clients receive:**

- **A Company-Specific Diagnostic Report** describing the findings and analyses for a specific company in that country.
- **A Country Summary Report** covering the findings for all the nominated companies in that country

**Note:** All companies that pre-purchase as Country-Specific clients will have **exclusive access** to their own company-specific reports. Company-Specific Reports for companies not purchasing their own results will be available for purchase by other companies..

***In parallel to the Country-Specific Studies, we will also be conducting a Pan-Euro Study that focuses on the six countries listed below.***



### Phase 1: The Nominations Phase

- From the country-specific nominations, we have identified **a group of Pan-Euro Companies** --those that were nominated as “best companies” across the 6 countries.

### Phase 2: The Ratings Phase

- RQ Ratings of these companies will be obtained by telephone from **another representative sample of 2,000 members** of the general public (adults 18+) in each of the six core-Euro countries.
- Each company will be rated by at least 200 people **in each country**.
- Unlike the Country-Specific studies, the **same set of companies** will be measured across all six pan-euro countries.

### Pan-Euro Clients receive comprehensive feedback:

- A **Pan-Euro Company-Specific Report** that describes the findings and analyses of the company across all six Pan-Euro countries
- A **Pan-Euro Summary Report** summarizing the findings for all nominated companies measured across all six Pan-Euro countries.

**Note:** All companies that pre-purchase as a Pan-Euro client, will have **exclusive access** to their own company-specific reports. Company-Specific Reports for companies who do not pre-purchase their own results will be available for purchase by other companies..

Companies interested in learning about their reputations in any country can pre-purchase Euro-RQ Reports. Pre-purchasing ensures that a company will be rated in the countries of interest, whether or not it was nominated by the public.

Companies can participate in the Euro-RQ as either Country-Specific Clients or Pan-Euro Clients:

1. **Country-Specific Clients:** For companies interested in being measured in a specific country or a sub-set of specific countries, the cost is **\$25,000 per country**. A 10% discount will apply for companies interested in being measured in three or more countries.
2. **Pan-Euro Clients:** Companies interested in being measured in all six Core-Euro countries the cost **\$130,000**. This price includes Company-Specific Reports for each of the six countries, an overall Company-Specific Pan-Euro Report, and Summary Reports for all six countries along with an overall Pan-Euro Summary Report.

Companies that pre-purchase the Euro-RQ will also receive:

**1. Ratings by the Financial Community:**

- A separate measure and analysis of the company's reputation provided **by at least 50 specialized institutional investors** on the same RQ attributes as the general public.

**2. Membership in the Reputation Institute:**

- Membership provides the following benefits:
  - **Subscription** to the RI's leading publication, the *Corporate Reputation Review* and access to its online website
  - **Participation** in the RI's Annual Conferences and periodic Roundtables

- ◆ Sponsors of the Euro-RQ are invited to participate in ***Reputation Summits***. Reputation Summits are workshops that integrate the feedback reports of the Euro-RQ with an analysis and discussion of the implications of the data. Summits are conducted either by the Reputation Institute or by the RI's Consulting Partners, specifically:
  - EURO-RSCG
  - Shandwick
  - PricewaterhouseCoopers
  - Manning, Selvage & Lee
  
- ◆ The content of each ***Reputation Summit*** is customized to the client's needs, and consists of a 1 Day workshop activity conducted with a Company's Reputation Management Leadership team. Agenda consists of:
  - Feedback of RQ Data and Analyses
  - Implications of RQ Data
  - Consequences for Reputation Management Process
  - Price: \$10,000



## Other Euro-RQ Issues

- ◆ Companies that are **not** among the most nominated companies can also be measured in any of the countries where the Euro-RQ is being conducted.
- ◆ To be included in the Euro-RQ, however, a company must be familiar to **at least 25%** of the general public (i.e., at least 25% will say they have at least heard the name of the company). If familiarity of a company is lower than 25%, the price per country may be higher and will be determined on a case by case basis.

- ◆ **Country-Specific Studies:** We estimate that **a minimum of 15 companies** will be measured in each country:
  - At least 10 companies that were nominated by the public, and
  - 5 additional companies that also want to be measured
  
- ◆ **Pan-Euro Study:** We estimate that **a minimum of 15 Pan-Euro companies** will be measured in each of the six Pan-Euro countries:
  - At least 10 Pan-Euro companies that were nominated by the public, and
  - 5 additional companies that also want to be measured

Each country will be **invited** by the Reputation Institute to release the topline results of the studies **to the media**.

- Results will be released to the media only if all companies who have pre-purchased the Euro-RQ agree.
- Only the RQ ratings of the **most highly nominated** companies would be released.
- Data about companies who pre-purchased the Euro-RQ but were not nominated would not be released.

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|                                       |                     |
|---------------------------------------|---------------------|
| Focus Groups on RQ Instrument         | September 2000      |
| <b>Phase I: Nominations</b>           | September 2000      |
| Identification of Nominated Companies | October 2000        |
| Sign Pre-Purchase Agreements          | By February 2001    |
| <b>Phase 2: RQ Ratings</b>            | March/April 2001    |
| Data Analysis                         | May 2001            |
| Optional Release of Results/Reports   | June 2001           |
| Reputation Summits with Companies     | June-September 2001 |

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- ◆ The Euro-RQ provides companies with an important analytical tool for understanding **the foundation** on which their company's reputation is built
- ◆ The Euro-RQ enables **systematic diagnosis of the 'drivers'** of corporate reputation with different groups
- ◆ The Euro-RQ identifies **key points of leverage** for improving a company's reputation
- ◆ The Euro-RQ makes it possible for a company to **track its competitive position** against Europe's other leading companies



*The Euro-RQ is a Strategic Tool that Can Help Companies Build and Sustain their Reputations*

- ◆ **The Reputation Institute expects to conduct the Euro-RQ on an annual basis**
- ◆ **We anticipate transitioning to the Internet for data collection by 2002**
- ◆ **Additional stakeholder groups will be included as they become available**



## The Reputation Institute

New York University  
Stern School of Business  
44 West 4<sup>th</sup> Street, Suite 761  
New York, NY 10012  
Tel: 212-998-0211  
Fax: 212-443-1006  
<http://www.reputationinstitute.com>

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