Relationship Between Reputation and Brand - A Study

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Abstract: This article aims at analyzing the relationship between reputation and brand, at the same time evaluating the role of reputation in corporate communications. Reputation and brand have always been related to each other for a successful positioning in the market.

I. Introduction
The theory of reputation depends on public's primary conviction and remark of the brand's previous behaviours. Public relations plays a crucial role in building the reputation of a brand based on its vision, mission, objectives and performances.

"I don’t know why you are.
I don’t know your company.
I don’t know your company’s product.
I don’t know what your company stands for.
I don’t know your company’s customers.
I don’t know your company’s record.
I don’t know your company’s reputation.
Now what was it you wanted to sell me?"
—McGraw-Hill

The quote is from one of the most famous advertisements in which McGraw-Hill brings forward the thought that a company’s reputation is a requirement for successful selling of a product and/or service. Sales must start before the salesperson calls on the would-be customer. That is possible only when the brand has an admirable and first-rate reputation in the market (Reddi, 2009). A brand having a good reputation contributes to the enhancement of its products’ and services’ value. Likewise, a bad reputation devalues products and services, and brings in further decline. Furthermore, if a brand is consistently projecting a lucid image of itself, it is more probable to be building a stronger reputation and remembered for future prospects (Wells, 1997).

"Reputation is the estimation of the consistency over time of an attribute of an entity. This estimation is based on the entity's willingness and ability repeatedly to perform an activity in a similar fashion. An attribute is some specific part of the entity – price, quality, marketing skills." (Herbig & Milewicz, 1993)

Brand reputation is that determining factor which decides on whether consumers will pay, recruits will apply, and press and policy-makers will give the benefit of doubt. A poor and weak reputation will have an effect on a company, while on the other hand a good reputation will benefit a company both operation-wise and financially. According to Reddy (2009), in contrast to corporate image, brand reputation is owned by the public. Reputation is not built through slogans, but by the way the brand takes care of its staff, the way it handles inconsistencies and setbacks coming from external bodies.

II. Reputational strategy
Whether the reputation of the brand will be strong or weak, good or bad will depend on the quality of strategic model that has been adopted. As the profession of public relations moves more and more in the direction of being a reputation-managing function within organisations, and is less often considered to be exclusively 'part of the marketing mix' – as it was once known – strategising becomes an increasingly important tool for brands (Johnston & Zawawi, 2010, p. 172).
A brand's model of strategy affects the nature of its corporate reputation. A market-oriented understanding of strategy will produce a market-oriented public relations. A reputation-and-relationship-oriented understanding of strategy will produce reputation-and-relationship-oriented public relations (Dillon & Hussain, 2005). It is at the moment of strategising that crucial and defining choices must be made about the range of publics who are important to the brand, the balance of one-way and two-way communication in a campaign, the emphasis that will be placed on reputation-building and relationship-building outcomes, the values or ethical principles that are important, the general timeframe within which goals will be measured, and what kind of entity the brand sees itself as being. Brand reputation consists of four important factors: reliability, responsibility, credibility, and trustworthiness (Fombrun, 1996). Many theorists also argue that a brand's culture hugely contributes in influencing strategy implementation, reputation and performance (Jelinek, et al., 1983). As such, brands should concentrate on building a very good culture. According to Schmertz (1986), strategy should address reputation weaknesses through evolution, not revolution – aiming to achieve understanding rather than adoration from publics. Schmertz's (1986) tips on reputational strategy

Aim to be respected and understood, not loved.

Be original.

Don’t look back – once you’ve decided what your brand’s values are, stick with them and live with them.

Don’t brag – let the actions speak.

III. Protecting reputations and relationships

The legal and communication environments in which practitioners operate have been globalised – or at least internationalised (Sriramesh, 2009). The communication techniques used are moving away from mass market campaigns to targeted activities that depend on relationships and reputations. "A reputation is generally something an organisation has with strangers, but a relationship is generally something an organisation has with its friends and associates." (Hutton, et al., 2001, p. 247)

Dolnicar and Jordaan’s (2007) targeted approach

Information exchange and information storage are now integral to forming effective relationships and allowing brands to ‘individualise and personalise’ messages. The increasing reliance on computer-stored information to target communication strategies has seen information privacy emerge as a key legal risk for public relations practitioners (Dolnicar & Jordaan, 2007). Consumers are more willing to trade their personal information with those brands which have a good reputation. In addition, they note there are strong commercial reasons for brands implementing effective privacy policies. However, Dolnicar and Jordaan (2007) recommend a targeted approach to addressing privacy concerns that takes account of a wide range of concerns relating to privacy. Brands must investigate the patterns of consumer sensitivity regarding information privacy, incorporate these concerns into existing databases and align communication strategies (including direct marketing) to these concerns:

"Brands have to recognise that they will not lose customers if they offer privacy protection options; rather they will be setting the scene for a trusting relationship.” (Dolnicar & Jordaan, 2007)

Greyser’s (2009) four key segments

Greyser (2009) suggests four key segments which companies should consider to analyse an rising concern that may threaten their brand reputation:

1) The elements of the brand

- Positioning of brand in marketplace: If the situation gets weaker, the problem will become more dangerous. For example, market shares or favourability in the corporate sector.
- Strengths or weakness of brand: If a brand can be distinguished at an extreme level, the better it is for the company which has been affected, unless the key demarcation element is itself the subject of concern.
- The fundamental meaning of the brand:
2) Situation of crisis
   - Intensity of situation from the beginning: If a problem is affecting a large number of people, or if it is an alarming issue. For example, finding of salmonella in food products which lead to severe health problems, or even death.

3) Initiatives taken by company
   - Effect on brand: All activities carried out by a company influence the brand, especially communications.

4) Evaluation of results
   - Measuring efficiency: In terms of recuperation/re-opening, rebranding or shifting market share.

IV. The legal environment
To manage the reputation of a brand, public relations practitioners must operate in a legal framework. The legal advice must be interpreted from a PR perspective to ensure that quality decisions are made. Working with legal input, PR practitioners can move towards a systematic approach to dealing with the law. Brands should move towards developing a legal strategy for their area of speciality, setting benchmarks of best practice in potential areas, such as contract law, intellectual property, defamation, contempt and consumer protection law (TPA). Developing a legal strategy and compliance systems will not eliminate legal problems, but it will go a long way towards minimising the harm that may arise from these problems.

- Litigation public relations
Sometimes parties to litigation or brands charged with offences look to public relations to 'control the damage' of proceedings. Communications strategies adopted during the litigation process to manage the effect/impact of proceedings on a brand’s reputation are commonly referred to as 'litigation public relations' (Johnston & Zawawi, 2010). Litigation public relations aims to counteract negative publicity, present a client’s viewpoint, ensure balanced media coverage, help the media and the public understand complex legal issues, defuse a hostile environment and help resolve conflict (Fitzpatrick, 1996: 30; Reber et al., 2006, p. 25). Any practitioner engaged in litigation public relations has a duty to be aware of the legal status of any case, and factor the contempt of court laws into any advice offered to brands seeking strategies to minimise potential harm. Liaising with court public information officers will help practitioners to keep track of proceedings.

- Public relations duty of care
Many brands establish contracts with PR agencies, in which particular standards of care are specified. If these standards are not met, then the brands have a right of action in contract. However, “under the principles of professional negligence, a public relations firm, who owes a duty in contract to its clients ... also [owes] a duty to third parties in relation to the giving of information or advice which is relied on by third parties” (Stals, 1997a, p. 2).

“Public relations is about reputation – the result of what you do, what you say and what others say about you.” (CIPR, 2013)
Professionals are obliged to give skilled advice based on the possession of a symmetric body of knowledge. In public relations, a duty of care will arise where advice is given on a brand matter; the adviser knows or ought to know that a brand will rely on the advice given, and it is reasonable for the company to rely on the advice given. A practitioner’s obligation to exercise reasonable care also extends to third parties who can reasonably be expected to rely on this information and advice, including shareholders and investors (Stals, 1997a, p. 4).
V. Conclusion
Public relations has a vital function in developing various corporate activities which results in promoting brand reputation. Corporate Social Responsibility (CSR) is one of the schemes opted by PR for targeted audiences to boost corporate reputation. Practitioners have to bring in appropriate policies and ensure good quality of products and/or services. Ultimately, it would be safe to say that PR practitioners cannot build and maintain a good reputation for a bad brand; it will not last. If asked to do so, the PR professional should be transparent to the management of the brand by revealing its reality and propose fresh positive policies.

References


