How to measure Corporate Reputation: The case of Telefónica

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00  Why? A quick understanding of the situation
01  Where we are now? Starting point
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A quick understanding: the multinational company’s problem...

The consumer thinks that they are so big and so far away from him that he face an imbalance and inequality situation.

We are in the same situation. We are perceive as too big and powerful that we generate an imbalance and inequality relationship. If this is the way that the consumer feels, he will think that we abused of our power and we don’t have any limit to make more income.

And we can’t forget that the consumer don’t trust big global companies.

Trust in Institutions
“A Lot” or “Some Trust,” Average of 20 Countries Surveyed, 2004

<table>
<thead>
<tr>
<th>Institution</th>
<th>A Lot of Trust</th>
<th>Some Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGOs</td>
<td>16</td>
<td>49</td>
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<tr>
<td>UN</td>
<td>19</td>
<td>40</td>
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<tr>
<td>National governments*</td>
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<td>40</td>
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<tr>
<td>Large domestic companies**</td>
<td>9</td>
<td>43</td>
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<tr>
<td>Press &amp; media</td>
<td>10</td>
<td>40</td>
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<tr>
<td>Trade or labor unions**</td>
<td>9</td>
<td>39</td>
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<tr>
<td>Global companies</td>
<td>7</td>
<td>35</td>
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</tbody>
</table>

*Excludes China  
**Excludes Nigeria & South Africa  
Source: GLOBAN
A quick understanding: ...Our challenge
The consumer thinks that they are so big and so far away from him that he face an imbalance and inequality situation.

If we are not capable to reduce our PERCIEVE SIZE on the consumer´s mind, others (the regulator), will REDUCE our real size to decrease our power.

“Responsibility is the price of greatness”
Sr. Winston Churchil
Our potential competitors start from an advantage position.

**Big gap between technology suppliers and service suppliers.**

**Company’s Risk:** the entrance of the technology suppliers on the market.

**Source:** Global Pulse 2006 - 2009.
Our methodology: RepTrak (developed by the Reputation Institute)

RepTrak Pulse: measures the reputation based on 4 questions: esteem, admire, trust, feeling. It is the so-called “independent variable” or the “emotional measurement”, which we are using to measure reputation.

RepTrak Index: the index is used to track a company’s reputation based on 26 weighted attributes grouped in 7 dimensions. It is used in combination with RepTrak Pulse to identify strengths and weaknesses. It is called the “rational measurement” and is used to manage reputation.
Big Companies use RepTrak™ methodology

RepTrak™ methodology is used by big global companies:

FRC’s companies use RepTrak™ methodology:

Other companies use RepTrak™ methodology in Spain:
01  Stakeholder’s Map by Country
Stakeholder’s Priorities

<table>
<thead>
<tr>
<th>R</th>
<th>GP Weight</th>
<th>Key Influentials</th>
<th>KI Weight</th>
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<tbody>
<tr>
<td>1</td>
<td>5.55</td>
<td>Governance</td>
<td>6.79</td>
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<tr>
<td>2</td>
<td>5.46</td>
<td>Governance</td>
<td>6.07</td>
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<td>3</td>
<td>5.10</td>
<td>Product</td>
<td>5.38</td>
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<tr>
<td>4</td>
<td>5.03</td>
<td>Governance</td>
<td>5.22</td>
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<tr>
<td>5</td>
<td>4.85</td>
<td>Citizenship</td>
<td>5.15</td>
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<tr>
<td>6</td>
<td>4.67</td>
<td>Product</td>
<td>5.08</td>
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<td>7</td>
<td>4.50</td>
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<td>8</td>
<td>4.43</td>
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<td>4.79</td>
</tr>
<tr>
<td>9</td>
<td>4.30</td>
<td>Leadership</td>
<td>4.37</td>
</tr>
</tbody>
</table>

1. Product: Satisfies its clients’ needs
2. Product: High quality products and services
3. Product: Backs up its products and services
4. Product: Good quality/price ratio
5. Product: Deals satisfactorily with complaints
6. Product: Treats its clients well
7. Governance: Open and Transparent
8. Governance: Responsible use of its power
9. Governance: Ethical conduct

1. Workplace: Buen lugar para trabajar
2. Governance: Comportamiento ético
3. Citizenship: Visión clara de futuro
4. Product: Buen trato a clientes
5. Product: Calidad de prod/serv
6. Product: Gestión satisfactoria reclamaciones
7. Leadership: Líder fuerte y respetado
8. Citizenship: Protege el medio ambiente
9. Finance: Potencial de crecimiento futuro
Our methodology: RepTrak (develop by the Reputation Institute).

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Modelo de pesos RepTrak 2008 Público General para todos los países estudiados por Telefónica.
The dimension weights come from RepTrak Model® General Public by country.

### Our methodology by country

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Ireland</th>
<th>Czech Rep</th>
<th>Germany</th>
<th>UK</th>
<th>Spain</th>
<th>Mexico</th>
<th>Argentina</th>
<th>Brazil</th>
<th>Chile</th>
<th>Peru</th>
<th>Colombia</th>
<th>Venezuela</th>
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</thead>
<tbody>
<tr>
<td><strong>Product</strong></td>
<td>32,5</td>
<td>32,3</td>
<td>25,9</td>
<td>30,5</td>
<td>29,9</td>
<td>29,9</td>
<td>31,6</td>
<td>30,7</td>
<td>30,2</td>
<td>29,9</td>
<td>29,0</td>
<td>27,0</td>
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<tr>
<td><strong>Workplace</strong></td>
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<td>16,8</td>
<td>14,4</td>
<td>16,4</td>
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<td>15,9</td>
<td>16,0</td>
<td>14,8</td>
<td>15,7</td>
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<tr>
<td><strong>Governance</strong></td>
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<td>15,2</td>
<td>13,7</td>
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<td>13,6</td>
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<td>12,1</td>
<td>13,3</td>
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<tr>
<td><strong>Leadership</strong></td>
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<td>7,6</td>
<td>10,9</td>
<td>11,7</td>
<td>12,0</td>
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<td>12,4</td>
<td>11,1</td>
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<tr>
<td><strong>Innovation</strong></td>
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<td>10,6</td>
<td>9,7</td>
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<td>10,2</td>
<td>10,4</td>
<td>10,3</td>
<td>9,9</td>
</tr>
<tr>
<td><strong>Citizenship</strong></td>
<td>8,1</td>
<td>11,5</td>
<td>10,2</td>
<td>11,5</td>
<td>10,2</td>
<td>10,0</td>
<td>11,1</td>
<td>9,4</td>
<td>9,1</td>
<td>9,5</td>
<td>9,9</td>
<td>9,8</td>
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<tr>
<td><strong>Finance</strong></td>
<td>9,6</td>
<td>9,9</td>
<td>10,6</td>
<td>7,2</td>
<td>8,3</td>
<td>8,9</td>
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<td>10,7</td>
<td>9,5</td>
<td>10,0</td>
<td>11,7</td>
<td>11,6</td>
</tr>
</tbody>
</table>

- **Companies**
  - O2
  - Vodafone
  - Meteor
  - Sky
  - O2
  - Vodafone
  - T-Mobile
  - O2
  - Vodafone
  - E-plus
  - Deutsche Telekom
  - O2
  - Vodafone
  - Orange
  - Tesco
  - Telefónica
  - Vodafone
  - Ono (Auna)
  - Telefónica Movistar
  - Orange
  - Telefónica
  - Vodafone
  - Claro
  - Telecom
  - Telefónica Movistar
  - Orange
  - Telefónica
  - Embratel
  - Claro
  - Vivo
  - Telmex
  - Telcel
  - Telefónica
  - Movistar
  - Telcel
  - Telefónica
  - Movistar
  - T-Mobile
  - Sky
  - Nextel
  - Claro
  - Vivo
  - Telmex
  - Telcel
  - Telefónica
  - Movistar
  - T-Mobile
  - Sky
  - Nextel
  - Claro
  - Vivo
  - Telmex
  - Telcel
  - Telefónica
  - Movistar
  - T-Mobile
  - Sky
  - Nextel
  - Claro
  - Vivo
  - Telmex
  - Telcel
  - Telefónica
  - Movistar
  - T-Mobile
  - Sky
  - Net
  - O2
  - Vodafone
  - T-Mobile
  - O2
  - Vodafone
  - E-plus
  - Deutsche Telekom
  - O2
  - Vodafone
  - Orange
  - Tesco
  - Telefónica
  - Vodafone
  - Ono (Auna)
  - Telefónica Movistar
  - Orange
  - Telefónica
  - Vodafone
  - Claro
  - Telecom
  - Telefónica Movistar
  - Orange
  - Telefónica
  - Embratel
  - Claro
  - Vivo
  - Telmex
  - Telcel
  - Telefónica
  - Movistar
  - Telcel
  - Telefónica
  - Movistar
  - T-Mobile
  - Sky
  - Nextel
  - Claro
  - Vivo
  - Telmex
  - Telcel
  - Telefónica
  - Movistar
  - T-Mobile
  - Sky
  - Net

- **Conclusions**
  - The dimension Products/Services has the highest influence (weighting) in this model for all countries. In Argentina, this dimension has the highest weighting of all countries.
  - In most of the countries, the 3 dimensions with the least influence are finance, citizenship and innovation.
Our methodology… allows us to identify priorities

Performance
Citizenship
Lideship

3rd level: other
reputational factors

Integrity in
management

2th level: Good internal
practices and integrity

Customer service

1st level: Company
interaction with customers

Quality of Products & Services

“MUST HAVE”

“NICE TO HAVE”

++

Relevance

Personal experience

+ +
New Paradigm...

» We are more exposed and more vulnerable, but....

» We have a BIG OPPORTUNITY!
Room for managing Reputation

Managing Reputation is the capacity to conciliate what I do & say with public perception
Room for managing Reputation

Managing Reputation is the capacity to conciliate what I do & say with public perception.

Experience tells us that there is a connection between the image projected in the media and the perceived reputation.

Media Reputation vs. Public Reputation
Managing Reputation is the capacity to conciliate what I do & say with public perception.
The model

Management
- Strategy & Goals & Actions

Analysis
- Public Profile
- Media Profile

Diagnosis
- Gap analysis
- Recommendations

2nd European Summit on Measurement
Analysis - Public Profile

Percentage of relevance by attribute for stakeholders

Evaluation by attribute for stakeholders

Results

- Products and Services
- Work Environment
- RSC
- Global Dimension
- Innovation

Company Public Reputation

Sector Public Reputation
Analysis - Media Profile

Percentage of relevance by attribute for media

Evaluation by attribute for media

RESULTS
PRODUCTS AND SERVICES
WORK ENVIRONMENT
RSC
GLOBAL DIMENSION
INNOVATION

COMPANY MEDIA REPUTATION
SECTOR MEDIA REPUTATION

amec 2nd European Summit on Measurement
GAP Analysis (company)

Relevance by reputation attribute

![Graph showing GAP Analysis with percentages and attributes]

- Results
- Products y Services
- Work Environment
- RSC
- Global Dimension
- Innovation

- Gap

2nd European Summit on Measurement
GAP Analysis (company)

Evaluation by reputation attribute

RESULTS  PRODUCTS AND SERVICES  WORK ENVIRONMENT  RSC  GLOBAL DIMENSION  INNOVATION

PUBLIC PROFILE COMPANY  MEDIA PROFILE COMPANY
Diagnosis – Sector

RESULTS
PRODUCTS AND SERVICES
WORK ENVIRONMENT
RSC
GLOBAL DIMENSION
INNOVATION
## Decision Matrix

### X REMOVE
- Gap Media /Public in RSC
- Gap Media /Public in Innovation

### + INCREASE
- Actions in managing internal reputation for work environment
- Actions in managing the quality of commercial offer and its perception
- Increase the number of informations on RSC

### - REDUCE
- Unfavourable informations about Financial Results.
- Unfavourable informations about Quality of Commercial offering.

### ★ CREATE
- Favourable Information about Work environment.
- Information about Innovation
- Online Communication actions for RSC, WE, P&S
CR scope and team objectives

WITHIN COMMS, CR AND PR TEAMS

CSR projects
Impact on governance & community RT dimension

1. Projects to assure Business Principles
   1. Supply Chain
   2. Child Protection
   3. ...

2. Think Big
   1. ----
   2. ----

3. Digital confidence

Working with Comms
Brief Comms areas on those levers which improve CR:
- Company hidden strengths
- Company achievements
- Other items which might improve CR

Working with Operating Units
Internal consultancy to help BU to:
- Be aware of situation
- Results on time
- Knowledge centre share cases “already tested” in other countries (inside Telefónica) or companies.

Support objectives

Coordination objectives

Leads Rep Track in any single market (1, 2 or 3)

Project objectives

+ scope / Direct influence

-Scope / depends on other’s performance
**CR scope and team objectives**

**WITHIN COMMS, CR AND PR TEAMS**

1. **Project objectives**
   - + scope / Direct influence
   - - Scope / depends on other’s performance

2. **Coordination objectives**

3. **Support objectives**

   - Leads Rep Track in any single market (1, 2 or 3)

**CSR projects**

1. Projects to assure Business Principles
   - Supply Chain
   - Child Protection
   - ...

2. Think Big
   - ----
   - ----
   - Digital confidence

**Working with Comms**

- Brief Comms areas on those levers which improve CR:
  - Company hidden strengths
  - Company achievements
  - Other items which might improve CR

**Working with Operating Units**

- Coordination objectives
  - Company objectives

- Support objectives

- Leads Rep Track in any single market (1, 2 or 3)

**Internal consultancy to help BU to**

- Be aware of situation
- Results on time
- Knowledge centre share cases “already tested” in other countries (inside Telefónica) or companies.