

Reputation: the essential business asset

When I'm asked why public relations matters for a business, the easiest way of answering is with another question: "Do you care about your reputation?"

To any sensible business, that's a rhetorical question, because whatever the size of the organisation – from sole trader to multi-national – reputation matters even more than ever before.

Much research has reached the same conclusion, for example an academic study by Wei-Ming, Abratt and Dion succinctly stated: "Retailer reputation is an important factor that influences consumer's store patronage."

In short, if your reputation stinks then people won't buy your product, visit your shop, vote for you, stay at your holiday park, and so on. Just ask Gerald Ratner, who destroyed his business virtually overnight by joking that his jewellery products were "crap".

Of course, nothing had really changed, other than the public's perception, who took Ratner at his word and their money elsewhere.

More recently, Tiger Woods has seen sponsors rush to distance themselves from a shredded reputation they fear could damage them by association.

It stands to reason that a poor reputation will affect a business's share price, but research also shows that companies seen as "reputation leaders" will substantially outperform the market.

What has fundamentally changed in the 21st century is how widely and quickly reputations can be built up or knocked down. With an arsenal of social media tools at their immediate disposal, dissatisfied customers can seriously damage a brand in a matter of hours, if not minutes – and in the same timespan a new hero can be created by avid followers, such as Susan Boyle's overnight success.

Twitter and Facebook campaigns and YouTube videos which make the leap to mainstream media can be powerful influences on your brand, and that's where the modern PR practitioner earns their corn.

The UK is probably the most sophisticated (and cynical) marketing environment in the world – and public relations has moved a long way from the days lampooned by Jennifer Saunders' debauched PR executive in *Absolutely Fabulous*. Today, business goals and key performance indicators are clearly identified before creating and delivering the campaign.

The tools at our disposal are much more sophisticated too, reflecting the dramatic changes in media channels and technology and, underlying it all, social behaviour. How much does your life revolve around your PC, or your smart phone? Who could have foreseen just 10 years ago the way Google would revolutionise the way we find information in a matter of seconds, or how YouTube and on-demand TV - such as the BBC's iPlayer - would change the way we watch video?

In the old days, PR was portrayed typically as long lunches with editors – a metaphor for good solid media relations work with journalists in press, radio and TV. The 'scattergun' approach was rife, with mass mailing and faxing of press releases with little thought given to targeting individual journalists.

However, ask any news editor with an overflowing inbox today and they will say that the advent of email has prompted an avalanche of untargeted press releases to all and sundry, which threatens to cause lasting damage to the reputation of PR practitioners among journalists. So, to win attention (and to manage our own reputation) our approach is much more refined and targeted and may exclude the traditional media all together.

At the same time, the traditional media are being forced to change – to what we don't yet know, but it will undoubtedly provide more opportunities for public relations activity rather than less.

Techniques and tools of the trade coming to the fore to reflect this changing world include stakeholder and issues management, public affairs (recognising that politicians are

increasingly prepared to take soundings from the community to shore up their battered reputations) and of course the whole gamut of online PR.

Looking into my crystal ball, I predict that in 2010 we will see much greater use of video online as a PR tool, enabled by always-on social media. The capability of smart phones to play video allows “older” social media such as YouTube to be linked to via a Tweet or a Facebook update, with retweets (a Twitter message forwarded on) potentially reaching tens of thousands of people.

So what does it all mean for PR? All in all, the speed with which reputations can be built or destroyed will mean that businesses – and individuals – will turn to experts more and more to manage their reputations, both online and using tried-and-tested methods with the “old media”, which will undoubtedly find a new role in the world.