

Brands, Reputation, Risk

Green Capital

August 2007

blue grass
strategy influence grassroots

Brands ...

- › Can have immense power & value
- › Intangible but high impact, bankable
- › Y&R BAV – Differentiation, Relevance, Esteem, Knowledge
- › Underpin reputation – corporate issue

Brands ...

- › **Telstra 1, CBA privatisations**
- › **Panadol – extortion crisis**
- › **Toyota**
- › **Snowy Hydro – post IPO**
- › **AMP – infrastructure, community**

Reputation ...

- › **Most valuable asset – company, industry**
- › **‘Licence to operate’**
- › **Hard won – can be lost in an instant**
- › **Research says - 3 years to re-build**

Brands + Reputation ...

› They are about

TRUST

- CUSTOMERS
- SHAREHOLDERS
- EMPLOYEES
- REGULATORS
- COMMUNITY

Brands + Reputation ...

› They are also about

BEHAVIOUR

- CULTURE
- PERFORMANCE
- LEADERSHIP
- CEO

Leadership demanded ...

- › CEOs need to lead – part of value equation
- › Vision, commitment to key stakeholders
- › But leadership also at operational level
- › Staff, culture – belief in doing ‘right thing’

Brand + Reputation ...

› Require companies to

MANAGE RISK

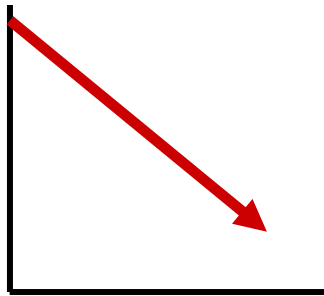
Reputation risk ... industries

- › **DEMONISED** - pornography, weapons, nuclear power, tobacco
- › **BAD but NECESSARY** – oil, forestry, mining
- › **BAD but FUN** – alcohol, fast food, gaming
- › **QUESTIONABLE** – banking, advertising
- › **GOOD** – education, health, environment

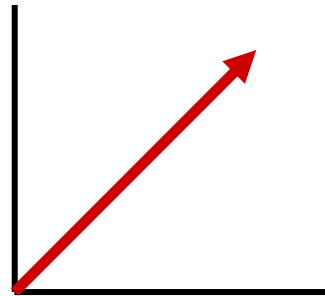
REPUTATION BUILDING BLOCKS



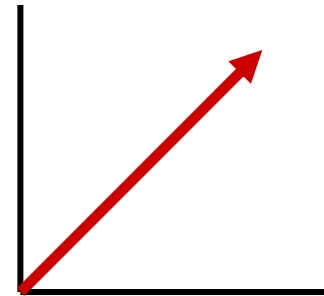
Why does reputation matter ...



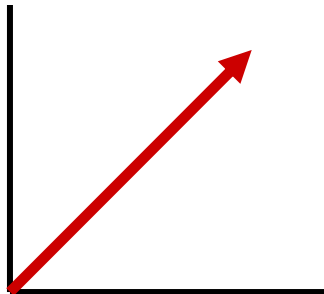
Licence to operate



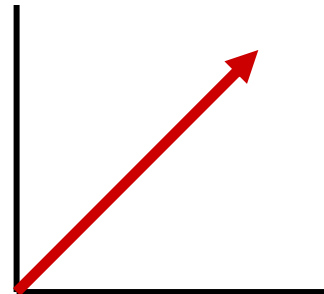
Compliance costs



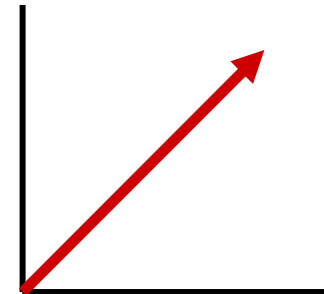
Staff costs



Regulation



\$ for acquisition, retention



New competitor entry

Consumer sentiment shift ...

- › Consumer sentiment shifting - UK, US
- › Price, quality, brand appeal but also ... green, ethics
- › UK – AccountAbility 06/07 research
- › Ethics – fair trade, climate change
- › Marks & Spencer, Gap, Sainsbury's

Rise of ethical consumer ...

Research –

- › Climate change now **mainstream** issue
- › Most already made **easy changes**
- › Almost all want climate friendly **lifestyle**
- › Want **info** on products
- › **Don't trust** business on telling how products address climate change
- › Want **independent** advice
- › But
- › **No guarantee** they will act, buy!

Matter of balance ...

- › **Case for stronger consumer assurance on ‘green’ products, genuine ‘green’ brands**
- › **But ...**
- › **Caution on true consumer appetite for informed choice as driver of change on climate change**

And what about here ...

- › Finally ...
- › That is what UK, US consumers think
- › Do Australian consumers think the same?