



# It Always Pays to Listen – Especially Now!

**Restoring and Renewing Corporate Trust and  
Reputation in the Age of Enron and WorldCom**

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# In every business, a healthy reputation means everything — trust, confidence, tradition, ethics, loyalty, name recognition, reliability and success.

A company whose reputation is beyond reproach offers products and services that are successful, owns a loyal customer base and publishes credible annual reports and accounting statements. As recent news events have shown, even the most sterling reputations can tarnish in a matter of weeks, and without the necessary interventions and processes in place, no company is safe from the reputational attacks that can come at any time — predicted or not, self-induced or externally influenced.

The companies whose reputations have been tarnished or ruined by the accounting and corporate scandals of late 2001-2002 are now household names — Enron, Arthur Andersen, MCI WorldCom, Tyco International, Martha Stewart, Adelphia Communications and Imclone. Who would have guessed, even three years ago, that daily newspaper headlines and weekly magazine covers would scream: “Too Many Rotten Apples” (*Business Week*, July 15, 2002), “Jail to the Chiefs?” (*Time*, August 12, 2002), “Greed is the Creed” (*Guardian*, Jan. 13, 2002) and perhaps the most telling, “Corporate America Gets Slammed” (*Business Week*, March 4, 2002).

Indeed, Corporate America has been slammed, and corporate reputations in such an environment can suffer greatly. But PlanetFeedback has found that protecting a company’s reputation, or rebuilding it once it’s been tarnished, does not happen overnight or serendipitously. Reputation protection must be planned and well thought out. *It must be written in policy but flexible enough to swing with the times, and most importantly, it must be based on a willingness to listen, understand and react accordingly to consumers.* Because whether Corporate America wants to admit it or not, the average American consumer plays a huge role in how a company’s reputation is built, maintained, damaged and repaired.

Listening to consumers, respecting what they have to say and responding intelligently is the ultimate defense strategy in building and maintaining corporate reputation. But doing so is perhaps the hardest for many companies, executives and brands to accomplish because such concepts are so far off their radar screen.

Until the most recent business corruption cases and ethical failures, in fact, it's fair to say that most companies placed rank-and-file consumers low on the totem pole of influence. Trained to pay far more attention to the "official" and "authoritative" pronouncements of analysts, consultants, reporters, and media commentators, they classified the "voice of the consumer" as a necessary byproduct of doing business. In many companies, in fact, the "customer service" or "consumer affairs" department is considered a cost center – a place that drains valuable company resources because employees actually have to spend precious time and money answering phones, typing letters and responding to e-mails from the very people who buy the company's products, use its services or need information they can't find elsewhere.

The flaw in that kind of thinking becomes readily apparent when you examine the current corporate meltdown in a new light. In the case of MCI WorldCom, for example, the so-called "authoritative" voices did not predict the problems that were brewing, or if they did, inherent conflicts of interests or self-interests kept them from saying anything. A nation watched, stunned, as the company's executives reported at least \$7 billion in overstated profits and were then led away in handcuffs, arrested for fraud and conspiracy.

And what was Joe Consumer thinking that whole time? Throughout 2000-2001, PlanetFeedback tracked and rated companies based on the very opinions of consumers who took the time to write letters to them. In 2000 and 2001, MCI's three consumer businesses – its local phone service, long-distance service and wireless service – ranked consistently in the bottom 25 of the hundreds of rated companies at PlanetFeedback, and consumers had far more complaints about MCI companies than they did about numerous other firms. Granted, those letter-writing consumers weren't complaining about accounting practices, behind-the-scenes dealings or profit juggling, but their letters – about customer service, billing problems, dropped calls and misrepresented contracts – certainly included the words "scam" and "ripoff." It's no secret that corporate culture is a top-down phenomenon, and the sheer volume and tone of consumer feedback to WorldCom hinted at the kind of behavior that eventually may have led to the company's bankruptcy filing.

Even more telling evidence can be found in a June 2002 PlanetFeedback survey conducted on its Web site. During the course of writing a feedback letter to a company, consumers were given the opportunity to answer several questions about levels of trust in various occupations. The results, while not surprising, should certainly make anyone in a corporate position think long and hard about the impact of consumer sentiment on a company's reputation.

**By Occupation, the Percentage of Online Consumers  
who “Trust Completely” or “Trust Somewhat” each occupation**

OCCUPATION	ALL CONSUMERS	MEN	WOMEN
Firefighters	84%	80%	85%
Police Officers	62%	59%	66%
Teachers	60%	57%	63%
My boss	46%	46%	46%
President of the United States	45%	44%	45%
My CEO	31%	34%	30%
Catholic Cardinals/Bishops	19%	21%	17%
Financial Analysts/Brokers	15%	13%	16%
Members of Congress	14%	15%	14%
CEO's of Large Corporations	14%	14%	15%
CFO's of Large Corporations	12%	13%	12%
Corporate America	9%	11%	8%
Advertisers	7%	6%	8%

Survey results, from 1,100 online consumers from the PlanetFeedback Web site

Several things are telling about the findings:

- Many consumers have very low opinions of Corporate America in general and the people in charge – CEOs, CFOs.
- The closer the executive is to an individual, the higher the level of trust. Clearly, some kind of connection to the person – “my CEO” or “my boss,” as opposed to “CEOs” and “CFOs” – plays a role in how much trust is placed in that occupation. The closer the connection, the higher the level of trust. For example, 31% of the respondents trust their own company’s CEO, while only 14% trust CEOs in general. Likewise, trust levels are even higher (46%) for “my boss.”
- Trust is extremely low for financial analysts and brokers – a group to whom the public traditionally has turned for good advice on companies, and an element of reputation is certainly inherent in this relationship. Only 15% trust analysts/brokers.

- Perhaps most surprising – and not included in our original release of survey data – is the extremely low level of trust for advertisers. A paltry 7.2% of respondents place “some” or “complete” trust in advertisers – the very professionals that many corporations often rely on to create and promote their messages, establish connections with consumers, develop brands and images, and build and protect reputations.

**THE BOTTOM LINE: Reputations at Risk**

What does this say about corporate reputations? Clearly, they are critically important and highly tenuous. Strong reputations have historically strong underpinnings – support systems and conscious policies that keep them in place. Wobbly reputations tend to be that way because no one has invested the time, energy and attention to create, build and maintain them.

What PlanetFeedback has found, over more than two years of listening to consumer feedback on a variety of topics, is that *it pays to listen to consumers*. They want to be heard, and they react positively when they feel they are being listened to. When they don't feel heard or listened to, their opinions of companies are negatively affected ("if they don't care about my warranty problem, why would they care about their shareholders?"). If they don't feel that the companies with which they do business are listening, they'll find other outlets for spending their hard-earned money — and they'll be sure to tell their friends. And neighbors. And coworkers. And teammates. And family members.

No doubt, the Internet today is a growing force in the spread of information, and information can build or destroy a corporation's or executive's reputation. Investors, shareholders, employees (current and former, loyal and disgruntled), consumers and average online users readily and willingly share information with each other that may be completely off the radar of corporate America. Public opinion leaders who use the Internet to gather and distill information have been studied and characterized as highly influential people — they're big spenders, big talkers and experienced consumers. And therein lies the rub, to borrow a famous phrase. According to research by Burson-Marsteller, these so-called "e-fluentials" wield a disproportionate amount of influence on their peers' views about a long list of topics ranging from health and education to technology and finance. They

represent 10% of the online adult population but generate most of the "buzz" about brands, products and services. They are more likely than average online users to send e-mails to companies, politicians, Web sites and the news media. They actively participate in chat rooms, bulletin boards, discussion groups and the like. And while they tell 11 other people about a positive experience, they tell 17 others about a negative experience.

Corporate America, in order to rebuild and defend its reputation, needs to be actively involved in the conversations that take place among consumers, employees and the public. Companies and brands need to be shaping, interacting with and getting involved in the messages that are sprouting and spreading, because those very messages are shaping their reputations — good, bad or indifferent. Corporate America needs to nurture cultures based on consumer listening, external sensing, respect, and in turn, they must respond and communicate with integrity and honesty.

# Corporate Reputations on the Line: Tactics for Sensing, Listening, Responding

## THE FOUR-STEP APPROACH

Building, protecting and rebuilding a reputation requires a four-step approach:

**Anticipate**

**Respect the Consumer**

**Listen Well**

**Respond and Communicate Intelligently**

Corporations and executives typically adopt several approaches when it comes to reputation management, ranging from absolutely no plan at all to well-intentioned but misguided plans to state-of-the-art proactive plans that actually work. The proactive approach offers four steps for taking charge.

### STEP ONE: Anticipate

While facing a particularly difficult situation, has anyone ever said to you, “If you don’t have a sense of humor, get one”? In the area of corporate reputation, the dictate probably should be rephrased, “If you don’t have any insight about the current consumer sentiment, get some.” Unless you know precisely what your most talkative consumers think, feel and tell others about your company, products and services, you’re already losing the reputation challenge.

In order to build and protect a reputation, you must be able to get beneath the surface of what consumers are saying by developing the ability to identify and track key issues before it’s too late. Some issues may lie just beneath the surface, easy to find and mine. Some may be hidden deeper, while still others may be so obvious that they’ll hit you in the face like a clown’s cream pie.

Equally important is creating a good first impression on the Web for anyone who wants to find out information about your company, its philosophies, its policies, its executives and leaders.

Today’s technology is as smart as the team developing it and the company implementing it. Good technology helps companies stay on top of reputation information. Companies must:

**Transform your contact center into a companywide “listening post.”** Capture and analyze incoming feedback in real time to gain first-mover advantage when certain issues begin appearing or reappearing. Don’t let consumer information be hoarded or clogged up in the customer service or consumer affairs department. Make sure marketers, public relations pros and others in the executive suite are included in the pipeline to customers and consumers.

**Adopt technology that scours the Internet and its various discussion databases** to monitor consumer “buzz” or pulse and track spikes in varied and disparate online discussion boards. Monitor changes over time, aggregate results and stay updated on trends and issues.

**Set keyword-specific triggers to stay alert for particularly touchy, emotional or difficult issues or words.** Today’s technology can sense pre-set words, phrases and issues, resulting in automatically triggered alerts that serve as an early-warning system when information begins to circulate. Use the findings to notice trends, spot problem areas, identify emerging issues and anticipate what’s next.

## THE MCI WORLDCOM STORY: NEGATIVE OPINIONS GALORE

Over a two-and-a-half-year period, the PlanetFeedback service carefully monitored more than 700,000 consumer letters to companies. The letters were aggregated to create composite ratings and satisfaction rankings for companies and brands.

For nearly two years, MCI WorldCom – its local, long-distance AND wireless divisions – was one of the worst-rated companies ranked by consumers among hundreds of companies and brands. In addition, the vast majority of letters to WorldCom highlighted hot-button, red-flag terms such as “fraud,” “rip-off” and “scam.” Frequently, consumers called for “regulation” or “lawsuits.”

### BrandPulse™

#### MCI WorldCom Long Distance vs Telephone - Long Distance

Overall Grade	2002	2001
Telephone - Long Distance	D+	C-
MCI WorldCom Long Distance	D	D+

Satisfaction Score*	2002	2001
Telephone - Long Distance	1.38	1.62
MCI WorldCom Long Distance	1.19	1.33

\*scale from 1 (worst) to 5 (best)

Negative Word of Mouth*	2002	2001
Telephone - Long Distance	1.34	1.13
MCI WorldCom Long Distance	1.39	1.06

\*average number of people each negative letter was forwarded to

Top Issues	2002	2001
Billing/Payment	43%	33%
Customer Service	22%	29%
Overall Experience	19%	19%
Other	12%	14%
Service Quality	4%	5%

#### Corporate Reputation and Word-of-Mouth Behavior

Dissatisfaction among MCI and other telecom customers is highly viral, especially around billing and service issues. On average, each WorldCom letter written at PlanetFeedback was copied to 1.4 other consumers (and some elected officials). Understanding what triggers such “viral” behavior is key to managing corporate reputation.

Compounding the problem was an extremely high pass-along rate of the consumer feedback – a word-of-mouth effect from one consumer to another. An individual’s anger was hardly contained, but was freely shared among others. Similar patterns were evident in online communities, especially USENET.

A sample consumer’s letter:

*“I am filing a claim with the Attorney General... the Better Business Bureau and any other sites of places that I can... the local TV news segments where they love to warn honest citizens about dishonest, uncaring and unfair practices of big companies like yours. I will be sure to let everyone I know about your business practices, and instruct them to tell everyone they now, and so on and so on.”*

And another:

*“...when a class-action suit happens, I will be there to support it because you people have ripped me off so many times!”*

By comparison, online consumer commentary also can arm companies with positive data to fortify their overall brand equity and corporate reputation. A good example is JetBlue Airways, which began flying in February 2000, went public successfully in February, 2001 and has fared well in the wake of the Sept.11 tragedy and bailouts of larger, more established airlines. JetBlue’s success continues – as does its special place in the hearts of the flying public – and continued positive feedback serves only to strengthen the “brand” and fortify the reputation.

Sample consumer comments to JetBlue:

*“Other airlines should use you guys as a model because JetBlue is what an airline should be.”*

And another:

*“This experience was my most positive one during all my years of flying.”*

## WHO'S TALKING ABOUT YOUR COMPANY?

Several Web sites can provide insight about information that's circulating among consumers. The most common sites include:

Internal Memos:  
[www.internalmemos.com](http://www.internalmemos.com)

Epinions:  
[www.epinions.com](http://www.epinions.com)

Fucked Company:  
[www.fuckedcompany.com](http://www.fuckedcompany.com)

Yahoo!:  
[Specific Yahoo! Groups](#)

America Online:  
[Specific AOL Groups](#)

Urban Legends:  
[www.urbanlegends.com](http://www.urbanlegends.com)

Truth Or Fiction:  
[www.truthorfiction.com](http://www.truthorfiction.com)

**Make sure your radar is set to listen defensively for critical issues and hot topics.** Some issues generate more “buzz” or pass-along among consumers. Know what's at the top of customers' and consumers' minds in your industry, and monitor the issues closely. Companies and public relations departments should be on guard for intense emotional feelings from consumers, as expressed in public forums. Use these comments and communities as internal warnings to address and improve issues such as customer service. They also should serve as external red flags so that other important parties – research analysts, media, regulators, elected officials – are aware of consumer “hot spots.” This level of awareness can often lead to deeper, more probing inquiries and questions, whether they're from a consumer affairs reporter or a securities investigator. A financial analyst, for example, might use his or her awareness of outraged customers to probe deeper operational problems during a quarterly conference call.

**Use your Web site as a first line of defense, and make sure it creates a good first impression.** Don't underestimate your ability to interact with consumers and customers on your Web site. Yesterday's “contact us” buttons or e-mail links are passé (even cold), and robust solutions can now make the process of asking a question, locating a product, finding an official company statement or keeping up with the latest corporate news a pleasant experience – the equivalent of an open door that says, “come on in, we've been waiting for you. How can we help you today?” Provide on-

line visitors with automatic answers to their questions, links to the answers they seek and a reassuring tone to their skepticism or doubt. Remember: people who visit your Web site will remember the encounter(s), and *their* experience will influence *your* reputation.

## STEP TWO: Respect

The best way to build credible reputations is to develop and nurture strong relationships – based on respect – with customers and consumers. Firm believers in your company and product can help inoculate you from online naysayers and critics.

**Breed genuine respect for consumers in your organization.** For instance, many observers have recognized that Procter & Gamble's emphasis on becoming a “listening organization” is more than words and hype. It is reflected in the corporation's new marketing strategies, product testing and “contact us” links on their Web sites, many of which have been revamped to truly “listen” to P&G consumers. Moreover, P&G's commitment comes from the corporate officers downward, to infiltrate the entire organization.

**Recognize your consumers as “experts.”** Corporate America has long clung to the arrogant idea that consumers are not experts. In reality, consumers are far more expert than anyone else who deals with your company. They know you best and most intimately. They make decisions about you daily. Listen to them, pay attention to them, heed them.

**Implement programs that connect with your customers.** Get to know your most talkative and influential customers. Welcome them into the conversation, gradually collect information from them and then involve them in a variety of programs that make them feel listened to and cared for. Engage them in product testing, promotional outreach, e-mail newsletters, coupon programs and loyal-buyer programs.

**Make sure your CEO or primary company representative has a “nice person” image.** What consumer didn't become familiar with the late Dave Thomas, the warm-fuzzy founder of Wendy's and star of its best commercials? They trusted him, they liked him, they knew his face by heart. That's the kind of face to put on your corporation, and it must be sincere. Without sincerity, it becomes hokey. Without credibility, it becomes laughable.

**Communicate internally and externally.** Make sure that people who want information get it, in a timely and credible manner. That means outsiders AND employees, and make sure both groups receive the same messages, statistics, facts and insights.

### **STEP THREE: Listen Well**

There's a difference between old-fashioned “listening” and high-tech “sensing.” The best reputation stewards are masters of the art of listening and sensing. Lands' End still makes catalog ordering by mail or telephone a pleasant, efficient, hassle-free process, but the company also em-

loys online shopping helpers who can intervene while a consumer is cruising the Lands' End Web site, offering to make suggestions or find specific products. The best companies regard listening as an “art form,” and they strike the necessary balance between the old and the new. It's no secret that the same consumers who rated MCI WorldCom at the bottom during 2001 ranked Lands' End, L.L. Bean and Ben & Jerry's in the top 10. A sample Ben & Jerry's letter shows why:

*“I can honestly say that I never tried your products because I felt they were too expensive. I was very surprised to see that, not only has your corporation made great strides to look after your employees, but you also go above and beyond to service the world community in which we all live. Based on this, I will probably pass up the cheaper ice cream in the future and opt for Cherry Garcia! Thanks for a great company philosophy. I love your social programs and hope that more large corporations follow in your footsteps.”*

And another to Lands' End: *“I love you guys! I have been shopping with Lands' End for at least five years and I always receive proper attention and your customer service staff is wonderful. I think they deserve amazing praise. I have never even once encountered any kind of difficulty or bad experience with anything related to Lands' End.”*

**Emphasize the importance of Consumer Affairs to other departments.** Make sure that your marketing, research, public relations and product development departments have a direct pipeline to the folks in consumer affairs. Critical information must be shared and distributed widely. If consumers spread information freely about you within their circles of friends and acquaintances, your company also must do the same internally and in real time.

**Link your safety/research department with your external sensing technology and tools.** Because Internet information circulates and loops quickly, your internal chain of command can no longer be linear. Information must be shared as soon as it's received. Unless you're one step ahead of the game – or at least IN the game – you'll be caught off guard.

**Become fully Internet-savvy, from bottom to top.** Learn to use the Internet, use reputation-monitoring tools and surf discussion boards as easily as you now read email. In order to learn what outsiders are learning about your company from the Web, you must be just as Web-savvy as they are.

#### **STEP FOUR:**

##### **Respond And Communicate Intelligently**

Clearly, the ability to anticipate problems, respect consumers and listen well is critical to achieving the end result: responding and communicating intelligently. If you haven't been listening, you won't know how to respond. If you're not clear what your company's reputation, image or culture is supposed to be, it's difficult to promote a common message or present a reputable face to the public and observers. Honesty, candor and a shared vision must drive all responses and communications.

**Educate everyone in your company about how the importance of listening.** Remember, it's not only the folks in Consumer Affairs who need to pay attention to the information that's being delivered to your doorstep in phone calls, letters, faxes, e-mails and Internet discussions. Everyone needs to listen and absorb the information – marketers, brand managers, executives, public relations and corporate communications, customer service reps, even contractors and freelancers.

**Update your Web-site content regularly, so that it's fresh and in tune with what online visitors want and are hearing/seeing elsewhere.** Include recent news on your Web site. Don't let content linger for weeks or months. Dedicate the resources to keep it fresh and updated. Give the impression that you're on top of things and have issues well under control. Confidence weighs heavily in the reputation equation. Be honest and open. If you hide information, consumers will assume you're hiding something else, too.

## **Have crisis communications/**

**management plans in hand**, available and agreed upon by all, from public relations departments to quality control to customer service to safety to the executive suite. Jonathan Bernstein, of Bernstein Communications Inc., offers several steps for crisis communications.

- Identify the members of your crisis communications team, and indicate who will act as spokesperson. Make sure the spokesperson is well trained at handling media inquiries and in public relations.
- Establish protocol for what sets the plan in motion – and who has authority to launch it. As part of your planning, identify critical audiences for your message during a crisis – customers, investors, board members, the media, clients, prospects, etc.
- Decide which communications methods will work best for delivering your message. Press conferences? One-on-one interviews with reporters? Web-site messages and updates? E-mail campaigns? Stakeholder briefings?
- Make sure you have lists of names, addresses, phone numbers or e-mail addresses for all key audiences in case you need to contact them directly and/or individually. Likewise, identify your key messages to those targeted groups, and stick with the messages.

**If you make a mistake, apologize.** And then build from there. In the face of truly bad news that's your fault, only an apology and an admission of better efforts in the future will help begin to rebuild trust. Companies that deny, hide or shield the truth only dig bigger holes from which they must climb out. Consumers value communication and honesty, and corporate honesty is no different than a truth shared among two best friends. If you want honesty from your employees, the media, your investors and stakeholders, then practice it yourself, as an executive and as a corporation.

## **WHO'S NEXT?**

Corporate reputation sometimes feels like a huge nebulous topic – until it's your company's reputation that's being assailed or sullied in the public eye. Now is the time for anyone involved in corporate reputation management to get their heads out of the clouds, tone down the din of the so-called professionals and include in their action plan a serious effort to pay attention to the paycheck-earning, bill-paying, word-of-mouth-spreading consuming public. What consumers think matters, and sometimes their opinions serve as warning signs of things to come, symbols of corporate culture gone amuck or, on the other hand, the best positive word-of-mouth advertising a company could have. The bottom line – and corporate reputation IS a bottom-line issue – depends on how dedicated and sincere the corporation or company is to anticipating, listening, respecting and responding to the people who matter most when it comes to building, maintaining and rebuilding a reputation.

### About PlanetFeedback

PlanetFeedback, a division of Intelliseek, specializes in tools and technologies for collecting, analyzing and leveraging consumer feedback from hundreds of disparate consumer sources. Examples include e-mails, faxes, internal CRM data and online discussions groups, message boards and specialized chat rooms. This intelligence helps companies measure consumer “buzz” to boost marketing and brands, speed product development, aid competitive intelligence, manage reputation, improve customer service and cut costs. PlanetFeedback’s flagship products include the BrandPulse solution for data reporting (analytics, trends and alerts), ExpressFeedback platform for feedback management, and BrandPulse 360 solution, which combines feedback management with data reporting for a wholistic view of consumer insights and opinion.

### About the authors

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