The Knowledge Partnership

Marketing, strategy and communications for an educated world

Reputation Management for Education

A Review of the Academic & Professional Literature

David Roberts

2009

David.roberts@theknowledgepartnership.com

www.theknowledgepartnership.com

Foreword

Belatedly, reputation management is now widely acknowledged by education marketers as being a more appropriate concept for developing a positive image for a higher or further education institute than the process of “branding”.

We might debate why it has taken so long for this particular penny to drop, since marketers claim to be able to understand the culture of their target audiences and to be able to position concepts and products accordingly. It seems that where branding and reputation is concerned, the resistance of large swathes of the academic community to “marketing” can be laid at the door of those who continue to over-sell the value and scope of branding.

Reading articles and listening to platform speakers you could be forgiven for mistakenly believing that branding had become synonymous with marketing – as though all the other factors that lead users of a service to choose, refer and renew their relationship with providers are relegated to, or subsumed within, “branding”. Maybe the problem is largely one of definition, but branding, as a managed process needs to be firmly put back in its box. It is a valuable and necessary tool, but nothing more.

Since 2001 I have been researching reputation in education markets with various stakeholder groups and with those who manage and market education. My research and professional experience consistently finds that students, alumni, academics and vice-chancellors all feel more comfortable with “reputation” as a concept. Why?

- A good reputation is perceived to be the product of a cumulative activity (earned).
- A good reputation is a metaphor for *intrinsic* quality, it is hard to copy or manufacture and it has real substance. It is authentic.

I hope this report gives you some insights into this fascinating subject but also some tools and ideas that you can deploy in your own organisations.

David Roberts
2009

Table of Contents and Further Reading

1 The Reputation Concept

This introductory section addresses the three questions:

1. What is organisational reputation?
2. How is reputation created?
3. Why is a good reputation an asset; what value and benefits does it deliver?

First, there is an attempt to bring some clarity to the notion of reputation, or at least to outline the core components of the concept that academic and practitioner commentators seem to agree on.

Second, there is a discussion about the nature of reputation and how it is created, which naturally follows from the definitions that are adopted.

Third, why are we all bothering? Well the reason is simple; a positive reputation is an asset that it creates value (financial and otherwise) for both the providers and the consumers of services, and particularly in education. Reputation is an asset that can be both retained by the organisation and transferred to its stakeholders and partners. It reduces risk, lowers costs and confers well-researched benefits.

1.1 What is organisational reputation?

Reputation is a perceptual measure of an organisation and is inherently subjective; it describes the net image an organisation has developed with all of its stakeholders and constituents. Concepts that relate to reputation include:

Trust	Esteem	Relationships
Identity	Standing	Advocacy
Image	Social responsibility	Recommendation
Prestige	Stakeholder theory	Word of mouth
Goodwill		

We need to commence by developing a common language and understanding of what we mean by a corporate or organisational reputation. The term is used liberally and often non-specifically. Professor Steven Wartick (1) argues that most attempts to measure reputation are misguided because they do not start with a clear definition but with a mixture of vague concepts.

However we have to accept that there are many different perspectives on reputation, academics and writers in many fields (including strategic management, economics, marketing and branding, market research, sociology and psychology) have contributed to the debate. The construct of reputation has also attracted the attention of both academics and practitioners alike. There are many interconnected concepts that we need to consider – corporate social responsibility, stakeholder theory, relationship management, advocacy and influence, etc.

But as Helm (2) states, there is still a lack of consensus as to whether reputation is a formative or reflective construct and how it should be conceptualized using a formative approach.

A good summary definition of reputation is provided by the Reputation Institute (3), a quasi academic-consulting organisation in the US: *Corporate reputations are aggregate* *perceptions and interpretations of a company's past actions and future prospects.* The implication here is for corporate communicators to ensure that their messages promote and connect both achievements and ambitions (vision).

A corporate reputation describes the net image an organisation develops with all of its stakeholders. Are all stakeholders of equal value and importance to your university or college? If not, the literature suggests that publics should be prioritised according to institutional mission and strategic objectives but surely it should be left to the stakeholders themselves to identify and weight the factors that are critical in shaping reputation. This definition also emphases that reputation is not restricted or limited to how consumers feel about the product or the brand, a point reinforced later.

A corporate reputation signals the overall attractiveness of the organisation to all of its constituents, including employees, customers, investors, reporters, and the general public. A corporate reputation therefore reconciles the many images people have of an organisation and conveys its relative prestige, status and trustworthiness vis-à-vis rivals. Because universities and colleges operate in a social market, it can be argued that there are no discrete audiences; the institution is *public property*. An applicant may be the parent of a current student and the partner of a business client. As a result education institutes may need to employ broad, audience transferable indicators of reputation or perceptual metrics as a basis measuring reputation.

The idea of context marketing is relevant here (i.e. that individuals respond more readily to communications about a brand or service organisation when they are in certain contexts), so an advert for a university within a school bus may have more saliency than one seen in a women's magazine. Whilst a mature student may also be the parent of a young prospect it may be that they are able to silo their perceptions of a college or university, depending on the role they are playing at any given time. The published literature and The Knowledge Partnership's own research findings do not support this hypothesis.

The definition above also introduced two additional concepts that are highly relevant in education, prestige and the fact that reputations are relative and not simply absolute in nature. When resources are distributed and choices made, the relative reputation of your university and college will matter.

The definition by practitioner, Mark Ware (3), the Group Vice President of Corporate Communications at BP is a good example of what Helm was reflecting on at the start of this section. This is as much a summation of how reputation is formed as what reputation actually is.

> *"Reputation is founded on the Group's record, the judgement or experience of third parties and the views they form about our activities and the actions of our employees. Our reputation is not the result of what we say about our aspirations. Our reputation is the result of how we all deal with real-life situations"*

Ware's definition (or explanation) of reputation also introduces concepts that pop up time and again in the literature. First, the critical role employees play in shaping reputation and as a stakeholder group in their own right. Second that whilst corporate communication plays a role, it is largely responsible for shaping expectations not reputation per se (accepting that expectations and reputation are linked). Third, that reputation is partly about judgement and information but often it is a product of direct or replayed experience. What you do, and how you do it, and how others then talk about it, matters above all else.

Reputation management guru Prof.Charles Fombrun (4) defined corporate reputation as *"the overall estimation in which a company is held by its constituents….What it stands for, what it* *is associated with and what individuals may expect when buying the products or using the company's services"*. The new point here is the role of expectations; as emphasized by Waddock (5) a reputation is to some degree a function of expectations but a reputation also creates expectations. Reputation is therefore created from the interplay of expectation and experience.

In their book on the marketing of higher and further education Gibbs and Knapp (6) affirmed that reputation could be considered to be "a repertoire of expected behaviours". This is the only scholarly definition that relates directly to education.

The evidence suggests that the stronger the reputational image held by those experiencing your organization, the lower the incremental impact on reputational image each interactive episode has. The reason being that reputation is created through a cumulative process and once earned (for good or ill) it has a resilient quality. Yoon et al (7) captured this in their definition: Corporate reputation is formed in all instances when the company is in interaction with its stakeholders and reflects the history of its past actions.

Fombrun and Rindova (8) further described reputation as, a collective representation of a firm's past actions and results that describes the firm's ability to deliver valued outcomes to multiple stakeholders. It gauges a firm's relative standing both internally with employees and externally with its stakeholders, in both its competitive and institutional environments. While this definition may sound academic, it confirms many of the elements of a reputation discussed above: perception, past record, future expectations, appeal to multiple stakeholders, the fact that reputation has value beyond transactional markets, the important relationship with employees and comparison with rivals.

So in summary corporate reputation describes the <u>net image</u> an organisation has developed with <u>all of its stakeholders</u> and constituents.

Identity, Image and Brand

People often confuse the words reputation, brand and image and use them interchangeably but they mean different things.

A **brand** is simply an identifying label (name, visual scheme, etc) that an organisation employs to distinguish itself or its products and services from rivals, primarily in markets, and largely with customers and prospects. The term brand was adopted in the US in the 1950's but derives from the time when cattle were "branded" as a means of signifying ownership.

An organisation can choose from various brand architecture schemes to signal the relationship between the parent organisation and its products, services and individual business units. Thus an organisation may have several brands that have discrete images divorced from the image of the parent company.

The term "branding" has evolved away from the focus on graphics to mean how the brand is positioned and given character. Of course all education institutes are and have a portfolio of brands, but how they are positioned in stakeholders' minds is much more a product of reputation (intrinsic, authentic actions, experiences) than it is the product of managed brand communications.

The word **image** has been used and misused over the last 40 years. According to Crissy et al (9) image is the *aggregate stimulus value* a brand or product has for a particular individual or group. There are as many images as there are people reacting. No two people have identical images because individual differences exist in life values, experience (or background), and needs. These in turn beget differences in the three basic interactive human processes of perceiving, thinking, and feeling.

The point is that a company has many different images and can have many brands. In contrast, a corporate reputation signals the overall attractiveness of the organisation to all of its constituents, including employees, customers, investors, reporters, and the general public. A corporate reputation therefore reconciles the many images people have of a company (an aggregate of images).

Further light was shed by Chun (2005) who offered the following typology:

Corporate image as outside stakeholders' perceptions of an organization
Corporate identity as internal stakeholders' perceptions
Corporate reputation includes views of both internal and external stakeholders

Thus corporate reputation is perceived as being an umbrella construct, referring to the cumulative impressions of internal and external stakeholders, but especially the impressions of employees and consumers in an experience based service environment.

Selame and Selame (10) summarized **corporate identity** as "*the firm's visual statement to the world of who and what the company is – of how the company views itself"*, whilst brand identity guru Wally Olins (11) defined identity more narrowly as "*the tangible (physical) manifestation of the personality of a company"*. In short this is how your university or college wants to be perceived – its perceptual ambitions and the strategies and visual tactics employed to help to achieve them.

My research and experience consistently tells me that whilst students, academics and vice chancellors all feel comfortable with "reputation" as a concept, many are uneasy with the connotations and methods of "branding" i.e. expensive, of unproven value, overly commercial, superficial, inauthentic and most damning, sometimes unethical. Maybe the problem is one of definition but "branding" as a managed process needs to be firmly put back in its box. It is a valuable and necessary tool, but nothing more.

The difficulty in articulating the difference between brand and its management and reputation and its management, in an education context, is that the corporate organisation is usually the brand. Few universities or colleges own a portfolio of brands in the true sense, discrete from the corporate entity itself. A consistent brand is essential (name, identity, etc) pre-requisite for successful reputation management – as it allows reputational value to be associated and assigned; where I depart from many contemporaries is in the extent to which a positive and sustainable reputation is developed through marketing rather than non-marketing related activity, between organic and inorganic communication and between impersonal and interpersonal engagement with the stakeholders.

Education is a human experiential and iterative activity that is an outlier on the tangible-intangible spectrum. This means that the most authentic and productive forms of marketing communications are also humanistic (referral, word of mouth, viral). In an over marketed environment, the messages that have value are those that originate from independent sources and those based on experience rather than those shaped, directed, controlled and produced exclusively by marketers.

To a degree the argument between branding and reputation management may be about semantics and emphasis, but culturally these are important in the education environment. The language and tone marketers and managers adopt internally with academics and colleagues on campus will have an impact on how readily they understand, engage with and support organisational strategies. In my experience talking reputation will open more doors and create goodwill in a way that talking brand does not. Few professors wanted to be branded but most cordially subscribe to having their reputations enhanced. Reputation is an accepted part of the education lexicon; brand is not.

If we reflect on the vocabularies used in brand management and reputation management it is clear that education sits more easily in the latter's camp.

Commercially, branding was originally a method devised to differentiate Fast Moving Consumer Goods (FMCG) by giving inanimate products a human quality through developing artificial brand personalities. Reputation is a term associated primarily with high value professional services and associated with lawyers, doctors, accountants and those who trade primarily on the basis of trust and experience.

Brand managers speak of acquiring customers and converting prospects but this is not the language of the high value professional service fraternity who are engaged by clients and retained by investors. They charge fees, as do educational institutes, rather than set prices.

Branded products develop trust through reliability based on quality control, whereas services rely more on quality assurance frameworks that accept variability as a risk (or an augmentation to the experience) due to the human condition. Products are branded in a monolithic way (they all perform and look the same or should; the identity is applied consistently) whereas that would not be honest in a professional service co-created by professional and client or academics and students.

The emotional aspects of a brand are artificially induced through celebrity endorsement or characterisation of the product in contrast to the professional services arena where there is a greater focus on authentic personalities as a basis for differentiation (through our people or environments or culture).

Reputation can only ever be managed or amplified in professional environments such as education whereas in other sectors brand managers have or seek control throughout the supply chain ensuring we can purchase perfectly red and round tomatoes on the shelves and always enjoy "really nice days". Except we don't. In education our product is the graduate and the raw material the newly enrolled student. Using the manufacturing analogy even our components are personalities in their own right and their performance and character/behaviour as students and alumni shape the institute's reputation.

Brands are judged though performance relative to the brand promise that created expectation whereas professional and personal services are evaluated through interpersonal experiences, iteration and attitudes. The core service may have been delivered but if the lecturer was off hand, dismissive or not inclusive, reputation may be damaged.

Brands are managed to create value for the organisation (financial) and for the consumer (by creating a willingness to pay a premium for that which if we are honest has little utility value). Reputation is built on shared values as the basis for relationships and client retention.

Brands have traditionally been built using mass media techniques; reputations are sustained through networking and relationships.

Of course branding has moved in the past 50 years towards a model that more closely resembles reputation (the emphasis on positioning the brand and aligning its character with client values for example) but many of the subtle and not so subtle differences remain.

Fig 1 Lexicon and Tactics of Branding and Reputation Management Compared

Brand Management	Reputation Management
Inanimate Product	Human based professional service
Customer	Client or investor
Price	Fee
Monolithic	Variability
Manufactured/superficial	Authentic
Controlled	Managed
Product Performance	Experience and attitude
Value	Values
Mass Communications	Networking/relationships

1.2 What is the nature of reputation?

Fombrun and Van Riel (12) state that reputations constitute subjective collective assessments. Reputation is essentially a perceptual concept. An individual or group gathers and processes information about an organisation's past actions and draws conclusions about its future prospects.

> *"Reputations develop from the organisation's' prior resource allocations and histories and constitute mobility barriers that constrain both the firms' own actions and rivals' reactions".*

There is a lot to unpack here. The first point is that reputations are the result of cumulative activity (history) and have to be rooted if they are to be authentic. Just as the best way to judge an organisation's values is NOT by reference to the typical list of values in official documentation ("we will be nice to old ladies and animals") but by looking where they allocate their budgets and the KPIs they set themselves. In time these manifest themselves (or should if you have decent management) in ways that students, parents, employers and others can observe and experience.

Abraham Lincoln summed this up rather well linking the true nature of the organisation with its reputation:

> *"Character is like a tree and reputation its shadow. The shadow is what we think it is; the tree is the real thing".*

The second part of the Forbrun and Van Reil's statement is profound and derives from Caves and Porter (1977). A reputation is an asset in part because it creates a block on those who wish to short cut their way into the market space you own. To mix metaphors, you have the pedigree whereas the new kid on the block just has their own PR puff as ammunition.
"

However, a reputation is also a barrier to your own strategic ambitions. Let's assume an FE college has a reputation for excellence (and a longstanding focus on) trades education but now wants to be seen on an equal footing with school sixth-forms as providers of academic pathways and qualifications. Past actions and history is a barrier to diversification or what the branders would call "line-extension". The classic strategy in this scenario is to create a new brand as a vehicle for your new activities (the sixth-form academy). Reputation is both an asset and a barrier even for Oxbridge; a great asset for fundraising and for recruiting international talent but a barrier to diversifying the undergraduate admissions profile. The power of this psychological barrier is serious and not fully appreciated (or referenced publicly) by ministers determined to widen access. Oxbridge is a victim of its past in this context and is why so many state school pupils shy away and why bad stories about admissions practice perpetuate the image and the barriers. I have plenty of stories from family and friends about Oxbridge interview horrors, but in part these might be due to the applicant's prior expectations.

So, just as the limits of your real estate bound your medium term physical ambitions so reputations can limit your strategic ambitions.

Forbrun and Van Riel attest that:

> *"Reputations summarize assessments of past performance by diverse evaluators who assess firms' ability and potential to satisfy diverse criteria. Reputations derive from multiple but related images among all of the firm's stakeholders".*

Two points here to note. First, diverse evaluators (different stakeholders) will assess you using different criteria and will emphasise different variables. What matters to some groups matters less or not at all, to others. So a model of reputation must allow for this variability and weighting. Second, it is likely that these *diverse evaluators* may connect and share opinions. So, overall reputation is blurred as opinions are shaped both by direct and indirect experiences (gossip, storytelling, etc). A key issue in this context is that some of these evaluators will have influence when they relay their opinions to others and some will not.

Moving to other sources, the literature also emphasises that reputations are largely outside the direct control of organisation-based managers, to which we could specifically add, marketers and communicators. Commentators emphasise that reputations crystallize from the personal experiences individuals have about an organisation but are also influenced (amplified and reinforced) by the company's own messaging and by media coverage.

This is why we stress that *to some extent* reputation is formed organically and at the heart of a good reputation is "knowing what your users, customers or students value and then providing it consistently over time": the fundamentals of service management. What managers can do is better understand the drivers and influencers of reputation and focus their efforts in these directions, in terms of both service development and communication. The error that many make is to assume that reputation is a function of simple user satisfaction, and more on this later.

The holy grail of reputation management is to discover the genesis of the success of a single highly reputable organisation, particularly one that in based in your service sector, and be able to model it and thus transpose the magic formulae to your setting. No easy task of course as services are based on intangibles and experiences; in the knowledge sectors reputation can be based on diffuse intellectual property. Education is amongst the least tangible forms of service, and the "brands" that populate the landscape are often centuries old and here decades equate to mere days in sectors such as retailing. To discover the secrets of highly reputable education institutes may require archaeological rather than marketing skills.

Professor David Kirp (13), speaking at The Knowledge Partnership annual conference in 2007 reminded us that comparing the list of the top businesses in the US at the start and end of the 20th century would have revealed two very distinct lists but the same exercise for universities and the lists would be more or less identical, accepting some variability in the detailed order.

"It takes time for a reputation to coalesce in observers' minds. By accumulating the history of interactions with stakeholders they (reputations) suggest to observers what companies stand for ". Dutton and Dukerich (14)

It is often said that success breeds success. Being first in any market or category is thought to confer competitive advantage. Combine early market entry with sustained performance and retained focus and you have the basis for a good reputation. The literature concludes that a good reputation (once measured) is both a lagging indicator akin to profit (a reflection of past performance) and a leading indicator i.e. a means of forecasting future prospects (at least relative to competitors).

In terms of citations in academic papers, researchers often refer to *standing on the shoulders of giants,* by which they mean that new thoughts, concepts, models and frameworks emerge iteratively through a distillation of the findings of previous contributors to the subject. Reputation in the university sector has traditionally been an asset that was hard won and almost geological in its foundations as the Kirp observation illustrates. But times are changing. Hong Kong Institute of Science and Technology was ranked in the world top 100 in 2009 but is a teenager of 17 years. Few if any corporate multi-nationals could match that.

At the centre of the reputation concept is trust and thus reputations are created when an organisation is perceived to behave in trustworthy ways. Trust has moral and ethical undertones and certainly, operating ethically as defined by the culture in which it is located, and the markets it engages with, is critical. However trust is also related to the marketing promise, be it implicit or explicit, and the sustained ability of the organisation to deliver on that promise and meet or exceed expectations.

This brings us back to the notion of focus, because the implied promise and the expectations that an organisation creates are easier to manage and deliver if there is a high degree of focus and truly shared values. Many organisations, including education institutions, lose focus as they add delivery locations, new areas of the curriculum, attract more diverse students with different needs and learning styles and varied forms of delivery and pedagogy. This is where umbrella brands (the typical brand architecture of colleges and universities) start to become more difficult to manage. In this scenario, reputational assets naturally start to be assigned to parts of the organisation (that course, this research team, that department) at the expense of the whole and a federated rather than monolithic brand evolves almost unnoticed, regardless of the use of a consistent visual style. This is because whatever the "brand gurus" may claim, reputation is out of control being viral and in the minds of our stakeholders.

Classic product branding is based on an assumption of product quality control and specification; each product is a clone. Education is not a "controlled environment"; this for most would be the antithesis of a good educational experience. Classic services marketing theory applies, that is to say consumers are part of the product (co-creation), variability within and between a service episode is a natural state and standardised replication over time not guaranteed. Education is an iterative experience, a reflection of the strengths and weaknesses of the human condition and interaction. Of course quality and service can be quality assured, with outlying behaviours reigned in, processes specified and managed, etc, but does quality assurance assure real quality or merely guard against failure? Are we focussed on assuring the factors that can be controlled and not those that actual deliver value and in a reputation context, lead stakeholders and students to recommend us?

The truth is that quality in services must be defined mutually and particularly in education where the student is often "part of the product" and is often neither a consumer (in a transactional a-synchronous sense) nor a direct client (in a financial sense as others are paying fees).

Importantly Fombrun and Van Riel (12) also stress that reputations are **"***derivative, second-order characteristics of an industrial system"*. What they mean is that first, reputation is relative in that the reputation of actor X is always evaluated in the context of other actors occupying the same space or sector, and in turn the sector or group of actors has a collective reputation which sets the limit and scope of the reputation of its constituents.

So the reputation of university A or College B is shaped by the reputation and expectations assigned to all universities or all colleges and their sector's anticipated behaviours and ethics. In my experience most universities are considered good, fit for purpose and socially engaged and so this sets the reputation baseline, threshold or norms by which all are then evaluated.

However in more recent decades the public perceptions of universities and colleges as "cloned" constructs has changed. C*ollege* as the term has been emptied of meaning. There are evident and perceived differences between FE and sixth-form colleges of course and HE and Oxbridge colleges confuse the piece. The same is true for university and thus there is evidence of stratification i.e. not all universities are perceived to have the same mission or methods or scope or quality or to deliver the same experiences and value.

Thus when evaluating the reputation of a Russell Group university (the group of large established research-led universities) we need to place specific perceptions in context by reference to reputation of the set. We also need to test awareness and association. We cannot assume that stakeholders perceive any particular university to be a member of this set, even if it is, because the way its reputation might then be evaluated could be erroneous.

College and university reputations are also shaped and limited by other collective associations. Overseas, a UK university's reputation will be influenced by expectations associated with the UK and our HE system as a whole; prospects will interpret your reputation in part by reference to your neighbourhood or city location (place image). The attitudes towards education vary significantly within and between socio-demographic groups and thus expectations vary also.

So, reputations are indicators of legitimacy: they are aggregate assessments of performance relative to expectations and norms in a particular field of activity. They are comparative in nature to some extent and thus they are formed more readily in competitive markets where users have choices and where the choices are of a high order of magnitude in terms of costs or life changing outcomes. Thus reputation is critical in fields such as family relocation (the location, the schools, etc), holiday destinations (emotionally highly valued), health and pharmacy, and education (expensive and life changing and often a one off decision that is hard to retract).

Higher order consumer decisions are often the crystallisation of a research-based process. Prospects visit locations or colleges, talk to those who have experience, look at independent guidebooks, league tables or web resources etc. As Bromley and Sandberg (15) concluded, *reputation is a <u>socially shared</u> impression, a consensus about how a firm will behave in any given situation*. So the more sharing and receiving of information about an organization takes , the quicker reputations can take shape and have the *potential* to be challenged.

Reputation is disproportionately important in education for a number of specific reasons that in combination explain why the market for education is unique.

<u>Education is an intangible process</u> and thus it is hard to define quality in absolute or technical or quantitative terms. Reputation is a metaphor for intrinsic quality.

Students act not as consumers is the narrow sense but as investors. They seek both short-term/real time gratification (a greater learning and social experience) but also longer term, deferred or residual value from their qualification and association with the school or university (access to good careers, social acceptance, access to the next level of education etc). In simple terms there is two parts to the product and reputation plays a part in creating value in both dimensions but particular the latter. When a student enrols in part they are transferring a part of the reputation of the provider to their CV. Similarly the quality of students and staff recruited transfers reputational assets in the other direction.

Education is at best a highly episodic purchase. Despite credit transfer and life-long learning most post-16 students make major single purchase decisions to *enrol at that* college or this university, as do parents with 11 year-olds when choosing schools. Of course they may transfer later but that is not part of the original strategy. In reality there is no trial purchase period or test drive save for the open day. Combined with intangibility this facet of education makes reputation a powerful differentiating force

I have also noted a phenomenon in education that I have summarised as active choice. Those students (or parents) that have made a positive choice to enrol in institution A rather than clear alternatives, are more likely to persist and succeed and become advocates. Thus reputation through advocacy (and good retention/outcomes data) is created and reinforced when a provider operates in a competitive arena where there are realistic alternative options for prospects to consider. The obverse is that where education providers have a monopoly (geographically or for a type of programme) their recruits have not made active choices and act more like conscripts than subscribers, and there is less emotional attachment. Research for clients indicates that this is a factor in segments where prospects feel they have little choice because they have restricted mobility (e.g. some ethnic and widening participation or equity groups) and thus “resign themselves to a local option”. Because they were not active choosers, they are less likely to become vocal advocates. Further research is needed to test this theory.

If product or service performance is related to the formation of reputation then we need to consider the nature of the education product. If we define it not as the course or the experience (the process) but as the graduate (product) assigning the student recruit the role of raw material, then reputation will in part be a function of the quality of the graduates that leave a college or university. This will impact directly on the perceptions of employers and those managing education at the next level and indirectly on wider society. If we take the manufacturing analogy one stage further, it is reasonable to say that most consumers believe that the quality of the materials used or the ingredients used by a chef has a major impact on the finished goods, as well as the skills of the manufacturer. Quality in - quality out! The implication for education reputation is profound, and explains why so much emphasis is given to admissions as a measure of standing and why exclusivity of entry based on academic merit is a key variable.

Consulting experience associated with evaluating the efficacy of university marketing leads me to conclude that advertising campaigns, particularly those that universities have run on TV, have only short-term and transactional value: they do not “build brands” if by that we mean retained knowledge, predisposition or affinity amongst target markets – let alone reputation value.

Based on reviewing brand tracking studies for several clients and their competitors it is clear that such campaigns can drive enquiry and even application traffic but the impact does not last and conversion rates are typically disappointing. The return on investment from such campaigns might still be justified if X or Y additional students are recruited, but there is precious little evidence that there is a residual impact on institutional image, at least not a positive one.

Advertising too heavily can depress reputation. Qualitative research with prospects, parents and careers teachers consistently suggests that high visibility using above the line communication channels actually damages the reputation of a university. Most stakeholders connect such high visibility with a need to sell and recruit hard because of the absence of intrinsic quality or an established reputation.

Cause and effect is naturally hard to evaluate. Is such advertising a function of weak reputation or a contributory factor in deflating one? On balance I think it is a bit of both. My consulting research certainly shows that there is an inverse correlation between the standing of a university and the size of its marketing budget. There is also a relationship in terms of what that budget is spent on; those with a lower standing spend more of their marketing/communication resources on purchased marketing services and advertising whereas those with a higher standing spend a higher proportion on below the line communications and internal staff costs. In determining standing we can use measures such as league table ranking or the perceptions of the reputation using surveys.

Of course this pattern is not purely related to reputation, those that spend more on marketing/above the line activity are often more reliant on teaching income which is more transactional in nature. However I feel confident in concluding that a positive reputation not only lowers marketing costs (all other things remaining the same) but that a focus on communications through and using people (out-reach and in-reach for example) is likely to be more effective in sustaining or creating reputation than classic marketing communications tactics.

So does this mean I advocate that you do not need to spend on classic tools such as prospectuses or websites? Of course not; they are both widely used by prospects and their advisers in the choice and decision-making phases but rarely do they directly or significantly change pre-developed opinions and preferences about your relative worth or quality or reputation. Naturally your communication may create better knowledge amongst prospect, that you have more extensive sports facilities than they previously thought or that your history course has a focus on the Dark Ages and all these utility factors may influence choice and “tactical disposition”, but they are very marginal in the process of building reputation.

Why does overt marketing communication have such little reputational impact?

First, the markets for education are savvy and cynical and you would say good things about yourself wouldn’t you! By all means give the top reasons for choosing you but basic psychology suggests that the only ones that will be noted are those that the prospect already believed were true (amplification). Put simply marketers are not a trusted source.

Second, there is only a marginal difference in the quality of the marketing materials produced and the messages contained therein are mostly generic ones. Education is the “land of the bland” with each institution playing a similar game confined by generic quality assurance, funding and values/policy priority frameworks. Few have even attempted to develop a true personality or to be or remain so focussed in any form that people notice. Marketers find it hard to locate points of differentiation that they can both package and/or be confident can be sustained across or within the university or college.

The cases where impersonal forms of marketing in themselves have a reputational impact are rare in my experience. Your advertising might become a talking point in its own right because of its quirky style or because it was not what was expected of an education institution. This might be a risky approach but it could be one worth taking. If your institution has a particular curriculum specialism, say in design or new media, then your efforts in that context might be more closely scrutinised just as your environments will be if you are a school of architecture. Excellence here will reinforce the core proposition.

Perhaps the most important reason though is that the image of an education provider is mostly shaped by people, their experiences and the stories they tell others online, in person and via their mobiles. This is both reflective in nature (as was the case until the technical revolution of the 1990s) but increasingly it is in real time (as they attend that open day or experience the field trip or find their professor's door locked when they expected a tutorial).

So, whilst accepting that reputation is shaped by both experience and communication (because most people can hold an image of an organisation even if they have had no direct experience), in education, experience and independently relayed communication is more critical than producer derived messaging.

This leads to the conclusion that:

> *Your reputation is defined not by what you say about yourself (spin and promotion), but by the unsolicited opinions of respected third parties.*

The implication of this is that you need to understand the answers to two fundamental questions

- Who advocates on your behalf and who dissents?
- How strongly, how frequently and in what circles?

The moves us into the realms of "word of mouth communications", claimed to be the fastest growing marketing channel and the "discipline" winning the largest increases in the share of budgets in the US. Word of mouth seems to be moving from something that is organic and spontaneous to a somewhat managed or facilitated marketing channel.[1]

1.3 The forging of a good reputation

The "holy grail" for all vice chancellors and principals is to create a reputation or enhance one. Of course, most reputations are probably deserved and have been created organically so the very thought that a reputation might be "created" through a managed process smacks of branding and with it all the dangers that I have already outlined.

When the public was asked: "what do you think are the two or three most important things to know about a company in order to judge its reputation?" (Ipsos MORI 2009) three factors stood out and they have for the past three years:

1. Customer service (do they treat us as prospects and customers well)
2. Honesty/integrity (do we trust this organisation)
3. Quality of product or core service (do they deliver what they claim)

In a service such as education customer service and the core service is often hard to delineate.

It takes time to develop a sustainable reputation

Reputation is an asset of social construction created and maintained through a process that involves a continuous succession of evaluations of the organisation's actions by the standards of the institutional context at any given moment. After long observation, the

[1] For a wider discussion see section 3.3

accumulation of homogenous evaluations of a firm's social performance in successive periods generates a reputation because stakeholders translate past social performance into expectations of future behaviour. Reputation is described as a “stock variable” because value at a given moment of time is not independent of its value in the past.

So “creating a reputation” is the wrong phrase. A better one might be *how to strategise for reputation, by* setting reputation goals and investing long term to achieve them in a sustainable way.

The Reputation Institute (17) argues that reputation in commercial sectors is shaped by past results and experiences relating to seven key dimensions; a strategy to build a reputation needs to consider these:

1. Products or Services (do they deliver)
2. Innovation (continuous improvement, ideas that attract attention)
3. Performance (share price, profits, and other comparative measures)
4. Citizenship (corporate social responsibility)
5. Workplace (how employees are treated and how positive they are)
6. Leadership (vision, trust)
7. Governance (ethics)

Core business with social responsibility

According to Lydenberg et al (18) reputations embody two fundamental dimensions of an organisation’s effectiveness: an appraisal of its economic performance and an appraisal of its success in terms of social responsibility. Thus we might conclude that reputation is formed through success in achieving the core objectives, whilst being a transparent and socially engaged business.

Education bodies naturally assume that unlike a nuclear facility or cigarette plant their core business is de facto socially responsible and thus social responsibility plays little part in shaping the reputation of a college or university. This maybe largely true although many a communications director will point to animal experimentation, donations from socially unacceptable sources and honorary degrees awarded to dubious politicians as evidence to the contrary. Universities and colleges can and should also communicate how their core business of teaching and research is supporting socially valuable change by regenerating communities, identifying cures for ravaging diseases, training community health or charity workers, etc, and indeed any strategy might also seek to highlight such areas that have a reputational multiplier and invest in them disproportionately.

Footprint or focus

At its extreme there is a strategic choice to be made between being a comprehensive institution or a niche player. Size matters because a large institution has more staff, students and alumni to potentially advocate for it and is therefore likely to have wider networks. However, in my experience smaller but more focussed education institutions (in agriculture, arts, etc) tend to have stronger reputations (positive net image and levels of awareness relative to size) than their competitors based as faculties in larger universities.

> *The most powerful concept in marketing is owning a word in the prospect’s mind*
> *You burn your way into the mind by narrowing the focus to a single word or concept*
> *It’s the ultimate marketing sacrifice* Ries and Trout (19)

Flagships

Aside from those institutions that are world class across the board, most education institutions need to think about developing flagships i.e. areas of excellence that they can become associated with. This requires investment in the core activity as well as the communications.

There are dangers if the flagship is associated with a specific department or school of study, etc. If it is confined within organisational boundaries a flagship can become a source of petty jealousy and disharmony.

There are two approaches that address this problem. First is to develop a process based flagship rather than one based on a subject or discipline. Most organisational boundaries are derived from disciplines (curriculum areas) whereas processes (pedagogy or customer services) are more inclusive. The University of Maastricht built a reputation for problem-based learning, the Open University for distance education, etc.

Second is to build flagship based on markets or audiences such as sectors or occupational groups, a focus on the arts or health or sport, for example. Sport may have once been owned by the PE department but its pervasive nature means it can easily embedded in textiles, finance, psychology, sociology, history, physiology, engineering and even pharmacology!

It is worth reminding readers here of one of the fundamentals of marketing – segmentation. Segmentation as a strategy means only positively competing for the students or employers or clients who are known to value highly something that you are consistently excellent at delivering. It seems that this is a good basis for building a reputation as well as market share.

I remain an advocate of Ries and Trout's *Product Ladder Concept* and have used it many times as a framework for thinking how to define a university's credentials in ways that have external value. Here are a few examples.

- More people apply to (University X) each year than to any other university in London
- More of our recent graduates secured graduate level jobs than from any other university
- More world class rated departments than any other institution in Wales (The nation's research university)
- Which university gets more of its income from contracts with business than any other? University X.

Communicate achievements aligned with stakeholder interests

This may seem obvious but the publics of a university or college are more interested in outcomes than processes; achievements are outcomes that engender pride amongst students, alumni and staff and achievements that have impact externally are those that make a difference beyond the campus walls and confer value on others.

But let's go back one step first. To communicate achievement you must have achieved something that your stakeholders value highly. This might mean your students obtaining more A-C grades at A-level than any of your rivals or more of your leavers getting places at top universities or more of your graduates getting jobs with leading employers. It may be something else, but organisations create trust only if they show their attention is aligned with the interests and concerns of their stakeholders. What counts is whether the perceived strengths are in areas that the stakeholder cares about.

Alpha College shown in **Fig 1** illustrates a strong alignment between organisational strength as perceived by stakeholders and the issues they are most concerned about. This suggests the organisation has good relations and intelligence and has sought to align its activities accordingly. This is a recipe for growing reputation. For Numeric College the opposite is true.

Fig 1

High **Importance assigned to attributes by stakeholders**	**1** **2** **3**	**F** **D** **E**
Low	**C** **B** **A**	**4** **5** **6**
	Low **Organisational Rating**	**High**

In order to strengthen stakeholder trust, it is of critical importance to find out which indicators of reputation exert what kind of influence on stakeholders' trust (and respect) and through this, behavioural intentions. With this knowledge, companies can create purposeful and effective reputation management strategies.

According to Ipsos MORI (20), alignment is one of the most dramatic ways an organisation can improve stakeholders' disposition towards it. This means demonstrating interest in the issues closest to their hearts. An illustration is the sharp improvement in overall favourability amongst Labour MPs when an organisation switched the emphasis of its communications from technical achievements to corporate responsibility. Communication may be necessary to bring delivery to stakeholders' attention when this is discrete in nature and not something they might otherwise be aware of, but it is the underlying behaviour that will determine trust.

Nonetheless, effective organisations do not lose sight of the critical importance of delivery. So while there is a powerful case for talking about corporate citizenship, it should not distract from core business.

My own approach to alignment goes something like this:

1. Map out your critical stakeholder groups but remember they are not islands
2. Locate the key drivers of reputation for each group – the main two or three
3. Define your position in relation to each driver.
4. Evaluate how these can be effectively exemplified (manifestations/illustration)
5. Identify the trusted sources/opinion formers for each stakeholder group
6. Communicate to the key stakeholders <u>through</u> the influencers <u>before</u> you communicate directly.

<u>Example – High School</u>

Stakeholder Group	Parents of prospective pupils
Reputation Driver	Discipline
Desired reputation	Firm but fair
Manifestation	Uniform policy
Trusted source	Existing parents
Risk	Inconsistent enforcement/too expensive for some

According to Ipsos MORI the following factors are pivotal to maintaining reputation and trust. However there must be alignment and consistency between them, but behaviour (what you actually do) is the key.

- Behaviour
- Communications
- Strategy
- Values

> *However slick a company's communication it will sustain trust only if its actions stand up to scrutiny. Having said that many of the key factors by which stakeholders now judge companies require company investment to communicate. It's a balance to strike: advertising is worth doing when you've done something worth advertising.*

Avoid bad news coverage

Research by the same agency (21) also shows that it is difficult for a company to compensate for negative press by communicating a positive story. A negative message or incident, such as a strike by workers, can have a significant impact on overall corporate reputation, whereas a positive message, such as an award for environmental stewardship, can have very little impact.

Negative messages associated with financial reporting and those associated with the workplace have been shown to detract from the overall reputation of a company more than messages on customer service or product quality. However, none of the positive messages tested had a significant impact on corporate reputation.

It is claimed that around one in five of us is significantly affected by negative messages and in these cases opinion can shift by more than 20%, whereas typically less than 10% are significantly affected by positive messages. The researchers concluded that the bottom line in reputation management is how the organisation handles bad news. The implication for universities and colleges is simple – if possible avoid crises or negative situations in the first place. However, senior management must place more value on news management as a KPI for the communications department rather than rely on output measures such as the volume of good news press releases or aggregate positive media coverage.

The resiliency model can be used to evaluate how easily corporate reputation equity can be carved away or enhanced by media coverage and communications. There are five key business measures that are standard to the resiliency model and the evidence is that 1, and 3 are more likely to be hit by negative news coverage of the organisation.

1. Attractive as a workplace (happy for son/daughter to work there)
2. Likelihood to recommend to family and friends
3. Trust in the organisation
4. Loyalty (would use again)
5. Comfortable investing in

By association

We are all known to some extent by the company we keep. In choosing our partners, donors, and suppliers with care, a reputation can be stimulated and enhanced. When we partner another organisation there is an implicit understanding that reputational value will flow in both directions. If the reputations of your partners exert a stronger magnetic pull than your own you may derive some benefit. Awarding honorary degrees and sponsorship are two ways to create a shortcut association. There is very little research on the impact of sponsorship by education institutions, reputational or otherwise.

Researching the reputation management of the world top 100 ranked universities we have found that HE institutes are increasing using ranks as a means of filtering and identifying prospective university partners and it is no longer rare to find institutes with formalised procedures and criteria to quality assure overseas partnerships as part of risk management.

Leadership and vision

The evidence shows that in corporate sectors the chief executive (CEO) can account for a substantial proportion of the reputation assigned to their organisations.

Gaines-Ross's studies on CEO Capital (22) showed that in the US, UK and Australia, the personal reputation of a CEO could account for up to half of corporate reputation.
Her surveys of 1,200 "influentials" over five years identified five factors contribute to a CEO's reputation:

1. Credibility (they know their business field and the issues that surround it)
2. Code of ethics (integrity)
3. Internal communication (they engage with and place emphasis on communication with employees)
4. Motivating and inspiring employees.
5. Good management (the organization focuses on what matters)

In commercial sectors these factors were shown to be more important in shaping perceptions of leaders than even shareholder financial gains.

In local communities, the standing of the head-teacher has an impact on the reputation of a school. The impact of the VC or principal may be less strong but is nevertheless a key factor.

> *"Yes the VC or principal matters very much (in terms of institute reputation) – by being determined, focused, knowing what they want and visibly interested in our issues".*
> CEO regional chamber of commerce
>
> *"Leadership is using our personal power (not authority) to win the hearts and minds of people to achieve a common purpose. Good leaders connect on an emotional and a rational level - winning minds is not enough. Leaders have vision, they demonstrate passion and then (and only then) do they drive sustained action".*
> John White (23)

The nature of the individual the governing body appoints to lead is a manifestation of their values and how they see the institution moving forward. Many former polytechnics appointed senior academics from the established university sector as a statement of their new found status and other institutions have appointed corporate figures to signal enterprising intentions, etc. Given universities' claim to be global players and world class and supportive of internationalisation it is surprising how few appoint leaders from overseas, even amongst the world top 100.

The effectiveness of the principal or VC in galvanising and motivating the staff cannot be underestimated. People are central to the creation and maintenance of reputation in services such as education. This is less about being charismatic as about being systematic in her or his communications.

Fundamentally, leaders must lead and that means creating a vision that creates enthusiasm amongst all stakeholders and is shaped by them to a degree (the vision must be legitimate and supported). Many VCs and principals fail this test because they confuse vision with mission. Vision is about ambitions and the journey to achieve them. Ambitions in this context must be derived from the values that the organisation shares with its closest stakeholders and the vision must aim to develop “a better institution”. Organisations that stand still lack ambition and are unlikely to develop or sustain a strong reputation.

Using the MaXimizE (Marketing Excellence in Education) framework (24) to evaluate university and college marketing in over 40 institutions over the past 5 years I have discovered that staff (whether academics or marketers) believe that having a clear vision in place (a set of ambitions and priorities) is THE most critical factor in determining organisation success; staff engagement, culture and communication is perceived to be another higher order variable.

Mitchell (25) is right to say that:

> *“Most people have limited tolerance for change initiatives, and visioning exercises are no exception. But at certain turning points… employees are seeking direction and are relatively receptive to these initiatives. Such moments can create either positive or negative energy—enthusiasm for new programs or unproductive rumour mongering. Turning points are thus ideal opportunities for articulating what makes the company special”.*

Internal marketing

An organisation with a stronger internal reputation than external one will grow in reputational terms, particularly in service sectors. That may seem counter-intuitive but this is the conclusion that research evidence supports. So, pay more attention to engaging staff (and students, governors, alumni) and communicating to them and encouraging them to be collegiate, and this will pay reputational dividends. Celebrate and reward success that is aligned with the vision. Recruit staff that exemplify the vision and share your values, rather than simply hiring the most technically competent.

Reputations are the external reflection of a company's internal identity, itself the outcome of sense making by employees about the company's role in society. This is a critical point for education providers as their employees are clearly critical to image in two ways; first as conduits of opinion to the outside world (and internally through the grapevine) and second, as the most obvious means by which the service is delivered and the overall student or client experience is shaped.

Davies. Chun and others (26) state that in a service business the perspectives of employee and customer are interdependent. Gaps between the two have been seen as potential causes of crises. They also assert that if you invest in improving your employees’ views of your firm’s corporate character, those positive attitudes will rub off and boost customers’ opinions of the company.

In field interviews with 4,700 customers and employees of 63 businesses, they found that service companies are on average more likely to be growing (in terms of sales) if employees’ opinion of the company were *better* than customers’. Similarly, sales were more likely to be falling if customers think better of the firm than workers do.

They concluded that employee and customer views strongly correlate, indicating that the former influences the latter; and year-on-year sales growth positively and significantly correlates with the size of the gaps between employee and customer views. The more the staff’s view outshines the customers’, the greater the sales growth, because employee views tend to transfer to customers through the process of emotional contagion (i.e. body language, facial expression, and responsiveness).

Further research showed that employee ratings were influenced by the perceived quality of both training and management and by how much autonomy they were given. So they concluded that investing in these areas makes sense not just because employee motivation is important but also because improving how workers see your corporate character is central to improving how your customers see you.

So, always start your reputation management from the inside and view employees as the key stakeholder.

Unfortunately, according to Mitchell (25), in most companies, internal marketing is done poorly, if at all. He believes that although senior managers accept the need to keep staff informed about strategy and direction, few understand the need to *convince* employees of the positive reputation the organisation has developed - they take this for granted. Mitchell was concerned that information is disseminated in the form of memos, newsletters, etc, and was not designed to be *convincing* and thus change or reinforce attitudes and beliefs. His conclusion was that internal communication needed to be handled by marketing and staff treated in a similar way to market based audiences.

I remain cautious about this approach as many working in universities and colleges are wary of “managerialism” and being “sold ideas” on a top-down basis. More creativity probably, but more engagement too, would by my recipe for success.

US academic Dr Elliot Schreiber (27) runs a very interesting blog on reputational issues. In a posting for January 2009 he made a powerful case for organisational culture and reputation being intrinsically linked:

> *“Imagine that you were looking at three gears, all interlinked. The bottom and largest gear might be Corporate Culture, the norms of behaviour of people in the organization -how they treat one another and who gets rewarded; the middle gear would be the rewards and punishments in the company; the top gear would be the behaviours and communications, which influence how the organization is perceived, i.e. its reputation. One gear moves the other and so on.*
>
> *This is the way that culture and reputation are interrelated. Not only does culture determine how people "do things around here", but it also determines who gets hired (the personality types), the training (formal and informal), which managers get promoted, etc. Once an organization's reputation gets established, it influences who is attracted to join the company, and the process goes on and on.”*

Elliot’s final point reinforces the view that a reputation can create barriers (in this case it shapes who might want to work for the organisation) as well as bestow benefits. This is something raised to me recently by an IT expert at the University of Auckland. *This is a good place to work*, he said; *there are interesting challenges, the conditions of service are good, the culture is flexible, but when I said I was thinking of applying for this job my then colleagues tried to dissuade me as they thought this would be a backwater. This, despite the University* being one of the largest organisations in the city and itself developing new knowledge and applications in the computing field. In this case the institution was suffering from the collective reputation of universities as places to avoid if you are a dynamic and ambitious professional.

The importance of employees in shaping organisational reputation was also stressed by Cravens and Goad (28). They say that initiatives to gain employee commitment to corporate reputation and the integration of corporate reputation metrics into the incentive system are important measures.

Adaptive behaviour –listening to stakeholders

Performance over time consolidates reputation because past fulfilment of stakeholder expectations generates an expectation of future fulfilment. Organisations maintain legitimacy by adapting their behaviours to the institutional context at each moment of time (issues management).

Reputation is to some extent about another basic marketing fundamental, differentiation. This is because when stakeholders evaluate a college or university they do so relative to norms and expectations. How many university and college websites proclaim high quality this and high quality that? The truth is that most education institutions are thought to be delivering a good education so quality is a threshold factor.

Innovation is one of the watchwords in reputation, but in education, care is needed, as the market can be extraordinarily conservative. NEW is not the magnet it is in other product categories as it is often a preamble to derision and negative media comment. The obvious examples are the various attempts to change the curriculum for 14-19 year-olds or the nature of the qualifications awarded and the introduction of foundation degrees at the expense of well-established vocational qualifications.

Of course innovation is as much about how you deliver a service as its content. Innovation needs to be positioned as a solution to a problem that the stakeholders have themselves recognised and thus associated with desired change. *We've listened and acted* is a good message whereas one inferred *as experts we think this change is for the better* is not. Build your stakeholder coalitions first.

Evolution and adaptive change can seem invisible and thus not recognised by stakeholders, analogous to your children growing up when only the photographs remind parents how much they have changed so quickly. Just as we need the visual reminders on the mantelpiece so stakeholders may need reminding of your listening-adaptive character.

A good example of this came from an engineering department that was languishing lower down the subject table for the UK National Student Survey. They looked at the results and noted that "feedback" was an area of systemic weakness in the sector and one that they had performed in less than optimal fashion. So they talked to students, changed their systems and methods, addressing the real issues but critically they engaged the students and then communicated the changes to them in very clear ways. There was no doubt that feedback was more evident and more visible. The next year they went to top place in the NSS subject table thus enhancing reputation based on authentic but amplified change.

Be first

Highly reputable education institutions are leaders of effective change and we cannot avoid the conclusion that innovation matters in forging a reputation. It is no accident that our most prestigious universities are also the oldest. Oxbridge has been around for 800 years and it is this fact combined with their collective ability to be the source of ground breaking research (a compelling blend of tradition and innovation) that maintains their reputation.

Being first is not simply limited to the founding of the institution, as that would be somewhat restrictive. You need to be first in terms of a category or method or market segment.

Being first means that quickly you are the most experienced (in delivering something or understanding the needs and preferences of a market) and as long as you have a culture of adaptive behaviour, you have probably learned from mistakes before the competition has even made them. Many commentators would now advocate being *early* into a market or category rather than first, as the pioneer carries more risk and more cost. However being first has powerful reputational and associative benefits (see Ries and Trout 19)

Try these two tests:

Who was the first man on the moon? Easy!
Who was fourth...?

Which nation won the last soccer world cup?
Who was fourth...?

Being first may not always forge your reputation in terms of standing or prestige but it will ensure your organisation is associated with something and that is a powerful asset. It is always best to be known for something rather than for nothing in particular.

Build credentials

The key here is that the credentials must be independently validated to have a reputational impact. Some credentials will be more impactful with your priority stakeholders than others. More professional time is now devoted to managing the data that is released to third parties to ensure it is accurate, but also shows the institution in the best light. This has been shown to have an impact on rankings derived from such evidence.

However, a word of caution because the evidence indicates that credentials are more important in maintaining or reinforcing a reputation than in creating one and by their very nature they are lagging indicators of performance.

Indirect Influence

One would think that with the information revolution powered by the internet stakeholders would find it easier to research information about a firm, college or university in forensic detail and objectively make their own mind up about an organisation, but the evidence points in the opposite direction and that information overload is making a reputation even more valuable.

Faced with incomplete information observers not only interpret the signals that organisations broadcast, but also rely on the evaluative signals refracted by key intermediaries. In the business sphere these include market analysts, professional investors, and reporters. They operate in what Abrahamson and Fombrun (29) called an organizational field. In education these intermediaries might include specific media, careers advisers, quality inspectors and the like.

Intermediaries are important for at least two reasons. First they filter, interpret and summarise evidence and information for others to use. They are the retailers of information necessary because the warehouse (the Internet and libraries of prospectuses) is too daunting. Aggregation and summation are key aspects of how reputation is formed and transmitted.

Second, they add enormous value to the opinions and information they impart (on blogs, through formal advice or through *off the cuff* remarks) because of who they are. Intermediaries with a reputation themselves are central to the reputation value chain. The same information or the same advice from two different sources carries different weight. One source may be respected, experienced, independent, qualified, able to demonstrate the veracity of what they say and able to contextualise the information; the other may not.

In this context we need to introduce the concept on “unsanity”. We know that the insane ignore facts and reality and live in a parallel world. At the extreme we also know that the sane inhabit a world ruled solely by logic and data. But most of us are just too busy to scan for all the information, to evaluate it and to make purely evidence-based decisions. We are “unsane” and as such we tend to give added weight to the evidence that supports our pre-existing opinions of whatever it is we are considering, be it a political party, a holiday destination, a prospective employer or a school. When looking for evidence we tend to find what we want to see. Because of this it is easy to see why a positive reputation is a valuable asset. A parent that chooses a school or a student that enrols at a university with a good reputation does not have to justify their decision to friends, neighbours or grandparents! It also emphasises that a good reputation stimulates and feeds a virtuous cycle of recommendation.

League tables and rankings

This seems to be a good place to discuss league tables or rankings. These are used by many commercial organisations as a means of measuring their reputations and there are so many that corporations can monitor their positions in the various charts as a proxy for their own image research.

Often located in the commercial media, the US Fortune's Most Admired Companies was published for the first time in 1982 there are now similar league tables across the world such as:

- Asian Business- Asia's Most Admired Companies
- Far Eastern Economic Review- REVIEW 200
- Management Today- Britain's Most Admired Companies
- Financial Times- Europe's Most Respected Companies

There are also many specialist media rankings of businesses including the best companies for women, working mothers, gays and ethnic minorities. Other rankings focus on specific issues such as environment (the Independent’s world top 10 greenest companies) and workplace factors (e.g. The Times 100 top companies to work for) or corporate citizenship (e.g. Business Ethics’ America's 100 Best Corporate Citizens).

There are many non-governmental corporate watchdogs also rating companies on narrow issues. These social monitors, which include ethical trading organisations, hope to influence investors' and consumers' purchase decisions, in an effort to reward socially responsible companies and penalize companies whose activities are less socially desirable.

HE league tables and their publishers can be regarded as a more public and formalised type of influencer. These lists have a mesmeric quality and are important because like other types of influencer they aggregate and summarise lots of evidence into an easily consumed list. Moreover, they address one of the key features of reputation; they provide relative scores, so we can see that X is ranked higher than Y and they usually show the direction of travel i.e. so Y was ranked 10 but it is now 3, from which many infer that its performance has improved. Of course it may simply be that rank movement is a function of changes in the criteria, their weighting over time or the quality of the data upon which the list was compiled. As various publics become more familiar with such tables, so their collective cynical antennae start to work overtime. However, the evidence appears to be that both within organisations and amongst publics they are being more widely observed and they appear to have an impact.[2]

[2] More specific findings from research about the impact of league tables in education can be found later in the report

Education image – lessons from the US

According USA researcher\consultant Bob Sevier (30), if students have never heard of you, they will not enrol in your classes and alumni giving rates are correlated with name recognition. Research showed that both teens and parents saw reputation and prestige to be very important (4.1 and 4.5 on 1-5 scale). Parents consistently rated quality and reputation as more critical than prospective students.

Sevier stresses that a strong image requires focus, which flies in the face of popular (but incorrect) thinking that to be successful, a college must do more for more people in more areas.

> *"Building a strong image means being known for something, not everything. It is all about focusing on a certain kind of student to serve, a certain way of teaching, or target geography".*

Emphasising alignment he stresses how imperative it is that the words and phrases an institution uses to describe itself (identity) must reflect things that are highly valued by internal and external target audiences; they must be important, believable and distinctive, which combine to constitute relevance.

Echoing results in the UK, Sevier stated, "from an image-building perspective, the biggest waste of resources will likely be the dollars you spend on advertising". He reasoned that education institutions do not have the resources to make advertising effective; advertising he says is "one of the few tactics that if you don't do enough of it, you are better off not doing any at all".

Drawing on insights from Brewer and Fombrun (31), Sevier suggests six methods for building a reputation (comments in parenthesis include author edits):

1. Academic quality (high selectivity in admissions)

2. Academic quality (faculty research – quality and quantity or intensity – is a significant reputation builder that attracts other great faculty, funds and media attention)

3. Image-building (the consistent use of a comprehensive integrated marketing communications strategy that employs an array of media).

4. Co-branding (marrying your name with another, perhaps more prestigious name of particular interest to a target audience)

5. Big-time sports (sporting powerhouse sell the most apparel that acts as an image builder)

6. Endowment ($500 million in the bank tends to support/reinforce a strong reputation).

Image building and co-branding are generally the least expensive of these methods but also the most transient and easy to duplicate by your competitors. Sports and endowments are less relevant to the UK but are being applied more in 2009 than ever before. Loughborough has long used its sporting reputation to build its overall standing, but they have been joined most notably by Leeds Met (Carnegie), Bath and several others such as Birmingham, Brunel, South-Bank, etc. However a true, long-lasting reputation can take generations to build and should involve as many of these six options as possible.

Additionally there is useful advice on the indicators that might suggest you have a weak image, which should be integrated into any reputation audit or programme. These can be interpreted for a UK context as:

- The price elasticity of your brand (do you need to discount fees or offer more generous than typical scholarships to meet recruitment targets)
- Poor alumni affinity (in the US this might be measured by giving rates but in the UK a softer measure is probably relevant)
- Higher than typical cost per student recruit or cost per unit of donation (easier to measure the latter than the former)
- The strength of the response to job vacancies
- The level of understanding amongst staff of the institute's vision, ambitions and priorities
- Levels of staff morale
- Retention of talent (the best students, faculty, and professional staff)
- The level of stakeholder support (e.g. refusals for planning permissions, failure to win major projects or to gain access to discretionary public funds, etc).

1.4 What are the benefits of a good reputation?

Given there is a great deal of interest in reputations and significant resources are expended on creating and sustaining them, it is reasonable to assume that a good reputation is an asset that delivers real measurable benefits (or investment returns).

The rise in importance of soft assets is illustrated by the results from Aon (32) who surveyed the risk management strategies of the UK's top 2,000 private and public sector organisations. In its 2001 survey, *loss of reputation* was, for the first time, identified as the most critical risk across the sample. When the survey started in the late 1980s reputation did not feature and even by 1999 it was ranked just fourth.

Research shows that people act based on their feelings. They are more likely to buy the products of companies they trust, to work for the organizations they respect, and to recommend companies they like.

According to Lewis (33), reputation is a business asset for commercial firms with bottom-line implications: the trust or distrust of stakeholders makes business easier (or more difficult), more satisfying (or more frustrating) and more profitable (or more costly). For public sector organisations, trust is a critical determinant of credibility, acceptance and success. Higher and further education is a hybrid public service that is largely publicly funded, but operates in a market where financial stability is a function of winning sufficient share of the choices that students and employers make (the impaction of the shift from the block grant to FTE funding model).

Various trends make reputation a strategic factor in differentiating organisations, including those in education.

- The proliferation of information heightens the need for authentic means to differentiate an organisation from its rivals. Overloaded publics pay less attention and advertising has lost some of their historical effectiveness so other tools for influencing perceptions grow in importance.

- Global competition means that organisations benefit from being well regarded by local (international) governments, for example, when planning to develop new campuses, forging partnerships or applying for licences to operate, etc as well as with consumers such as students, parents and employers.

- When product and service differences are slight (or difficult to evaluate), stakeholder perceptions are more salient as a source of differentiation.

- The media have moved from purveyors of information to custodians of the public trust.

The dominant literature stream in this field deals with the link between financial performance of the firm and its reputation To a large part, these studies conclude that firms with relatively good reputations are better able to sustain superior profit outcomes over time although these findings are far from being undisputed.

According to Fombrun (34) resource holders will be attracted to the well-reputed organisations, not only because they know what it is likely to do purely on past form, but also because they know that the expectations generated by reputation are self-fulfilling, since the organisation that does not satisfy expectation generated by its reputation will lose it (a vicious or virtuous circle). Thus, the well-reputed firm occupies a privileged position in markets, allowing it to attract better resources on more favourable terms. Helm (35) has also shown that corporate reputation influences individual investor's satisfaction and loyalty.

Shefrin and Statman (36) found evidence that current or potential investors perceive a company with a good reputation to be less risky than companies with equivalent financial performance, but a less well-established reputation. In spite of equivalent risk and return prospects, highly reputed firms profit from investors who are willing to pay more for their shares than for shares of less reputed firms (Larsen; 37), and who expect a lower return on investment (Srivastava et al.38). This defies empirical evidence that proves the opposite to be true.

Sargeant and Lee (39) found that commitment to a cause and trust in the organisation play critical roles in giving behaviour in the UK charity sector.

Reputation is also a financial asset, albeit one that is hard to value and place on a balance sheet. In financial circles for reputation read “goodwill”. In mergers and acquisitions, the difference between the tangible assets of a company (capital equipment, stock, land and buildings, cash, etc) and the price paid is one measure of reputation and a sale allows for the crystallisation of the value of this reputation. An alternative method for listed companies is market capitalisation, i.e. the aggregate value of traded shares, although traders will usually build into their valuations expectations of future trading performance.

Bell Pottinger (40) worked with econometric agency MMD to carry out a statistical analysis of Fortune's 500 Most Admired Companies to see whether it could quantify how much of a US company's market capitalisation is accounted for by reputation. By linking the Fortune scores to actual market capitalisation, they found a 'very strong correlation' between reputation and financial value. A 'what if' simulation of Coca-Cola and PepsiCo reached the conclusion that if PepsiCo had the same market reputation as Coke, the company would add a colossal $2bn to its market value.

Cohen (41) concluded that 27% of US corporation UTC's stock market value was attributable to intangibles like its reputation and that more widely a company's reputation for being able to deliver growth, attract top talent, and avoid ethical mishaps can account for much of the 30%-70% gap between the *book value* of most companies and their market capitalizations.

“If this business were to be split up, I would be glad to take the brands, trademarks and goodwill and you could have all the bricks and mortar and I would fare better than you”. CEO Quaker

Professor Gary Davies (42) highlighted four important benefits of a good reputation that are relevant to higher education.

Firstly, highly reputable organisations can charge higher fees for similar products and services, about 15% higher than those competitors with less strong images. Data collected through the Higher Expectations research programme (43) using the Van Westendorp method broadly supports this result when applied to the UK higher education full-time undergraduate market, although the uplift is closer to 25%. This is consistent with the hypothesis that reputation is more critical in high value intangible service markets.

Secondly, that marketing costs are reduced mainly due to the impact of referral and stronger predisposition in the prospect population. Again we have education specific evidence that supports this conclusion. Analysis by the author (44) has showed an inverse correlation between the standing (perceptual studies or rankings) of a university and the size of its marketing budget. In further education measures of standing are harder to construct given the fragmented and specific geographies of markets. The evidence (45) is that there is evidence that specialist (economies of focus) and large colleges (scale) spend lower proportions of their income on marketing than general medium sized colleges. Care is needed though in interpreting this type of data as definitions of marketing (spend) vary and not all institutional income is generated through marketed services and this can skew the results (larger institutes derive more income from student on campus sales for example and tend to generate more basic research income in the HE sector).

Thirdly, there are softer benefits to be gained such as better employee recruitment (lower costs again, better applicant fields, etc), more committed supplier relationships and more frequent positive media coverage.

Finally, reputable organisations can draw on a well of trust, which means that when they get something wrong they get the benefit of the doubt (unexpected isolated behaviour) when a less reputable rival may not (just another example of poor performance). Trust and expectation is highly correlated.

Empirical studies by Wartick (1) showed that even when confronted with negative information, observers resist changing their reputational assessments. Therefore, according to Cramer and Rue (46) reputations are valuable intangible assets because they are inertial.

“A company's reputational capital is a bank account whose currency is credibility”.

Dick and Basu (47) found that reputation also lays a part in developing and deepening customer loyalty. They state that loyalty is based on two interrelated components: relative attitude and repeat patronage and proposed a simply 4 Stage model:

Fig 2 Model of Customer Loyalty

<table>
<tr><td>1</td><td>Cognitive loyalty</td><td>Perception, memory, judgment, and reasoning</td><td rowspan="3">Relative Attitude</td></tr>
<tr><td>2</td><td>Affective loyalty</td><td>Expressing emotions and feelings</td></tr>
<tr><td>3</td><td>Conative loyalty</td><td>Impulse, volition</td></tr>
<tr><td>4</td><td>Action loyalty</td><td>Positive behaviour</td><td>Repeat patronage</td></tr>
</table>

Action loyalty cannot in education manifest itself as routine repeat patronage in further or higher education (other than persistence, completion and progression) but is likely, according to the authors' theory, to become manifest in the will and the actions taken to continue and intensify the existing relationship. When considering reputation management, this might imply that reputation has positive effects on the emotional predisposition of individual students as investors.

Stakeholders in organisations that behave responsibly have confidence in the satisfaction of *their implicit rights* and therefore will not demand the explicit formalization of these rights that would carry costs and thus would ultimately harm financial performance and also throw a spotlight on specific cases. Education institutions have for many years benefited from this understanding by students that they have implicit rights and that most issues can be resolved informally. However the landscape has changed in the past decade, in part due to rising fees which some feel has led to a more hardened consumer attitude and in part due to formalisation of student rights within the wider changes to quality assurance. More widely government has encouraged stakeholders such as parents to be more assertive in relation to schooling and thus the changes in further and higher education may in part be a reflection or culmination of this process too. Technological as well as attitudinal change has also led to more public and unofficial comment on the student experience on the web, although the impact of this "gossip" on institutional reputation seems thus far to have been marginal because the sources are not trusted, impartial or known personally to those who consume them.

Studies have found a link between reputation and customer satisfaction. A good reputation may partly compensate for an investor's or customer's own (less positive) experiences with a firm as reflected in his/her degree of satisfaction. In other words if your organisation has a good reputation you may still achieve reasonable customer satisfaction ratings. This may be due to the consumer perhaps feeling that it was their fault that their experience (in a service context) was not as high as they expected (this may apply to the less confident undergraduate attending a top university and feeling out of their depth) or because the course based experience itself is only perceived as a modest portion of the product and that the kudos of being asociated with the organisation is the main driver of overall satisfaction. In education it may be that students and graduates do not want to complain for fear of lowering the reputation of the university from which they hope to graduate, so there is at least some vested interest in internalising dissatisfaction.

Corporate reputation serves not only as a performance signal - it has become a choice criterion itself (see also Downing below). Milgrom and Roberts (48) believe that a good corporate reputation acts as a performance bond because customers perceive that the provider puts their reputation at risk if they default, an effect also called a "contract guarantor" by Sabate and Puente (49). Thus trust means that there is a perceived lower risk when exercising choice.

A student that chooses a highly reputable university or post-16 provider does not have to make a case to parents, especially if there is an explicit or even implicit understanding that they will be financially supportive.

In my 2007 study of parental engagement (50) in higher education my co-author Lisa Thompson and I concluded that the "circle of acceptance" model was a useful framework for understanding when parents actively intervened in university choice and why. In most cases young students claimed their parents were not a direct influence on choices but qualitative research with parents challenged that assertion. The key was that parental influence is often subtle and students can lack the experience to recognise when they are being "encouraged or supported" in a particular direction.

If the reputations of the universities, subjects, and by association, future career paths within the student's consideration set were all acceptable to their parents, the mother and father invariably took no action as all outcome combinations were deemed acceptable. However if their offspring's potential choices included universities with less good reputations then parents would intervene, often in unseen ways. Of course reputation in this context is relative and not all applicants have comprehensive choice. Parents therefore evaluated reputation in terms of the best university their son or daughter could reasonably expect to enter (optimisation).

Where you are educated matters (to some at least) and which university you attended adds or detracts value from your qualifications and CV. This is probably less true in further and secondary education where national qualification standards and awards are the crystallisation and validation of the students' performance, which contrasts with higher education where the university has its own degree awarding powers.

Education institutions with strong reputations (or departments or programmes) tend to be able to select students for admission rather than have to recruit. They are therefore masters of their own destiny and can attract the students that they want in terms of quality (however defined) and "qualities"; recruiters are at the mercy of the market and the students are making the final choices. Those who are able to select tend to get a better fit and both parties are committed to what has been a considered admission.

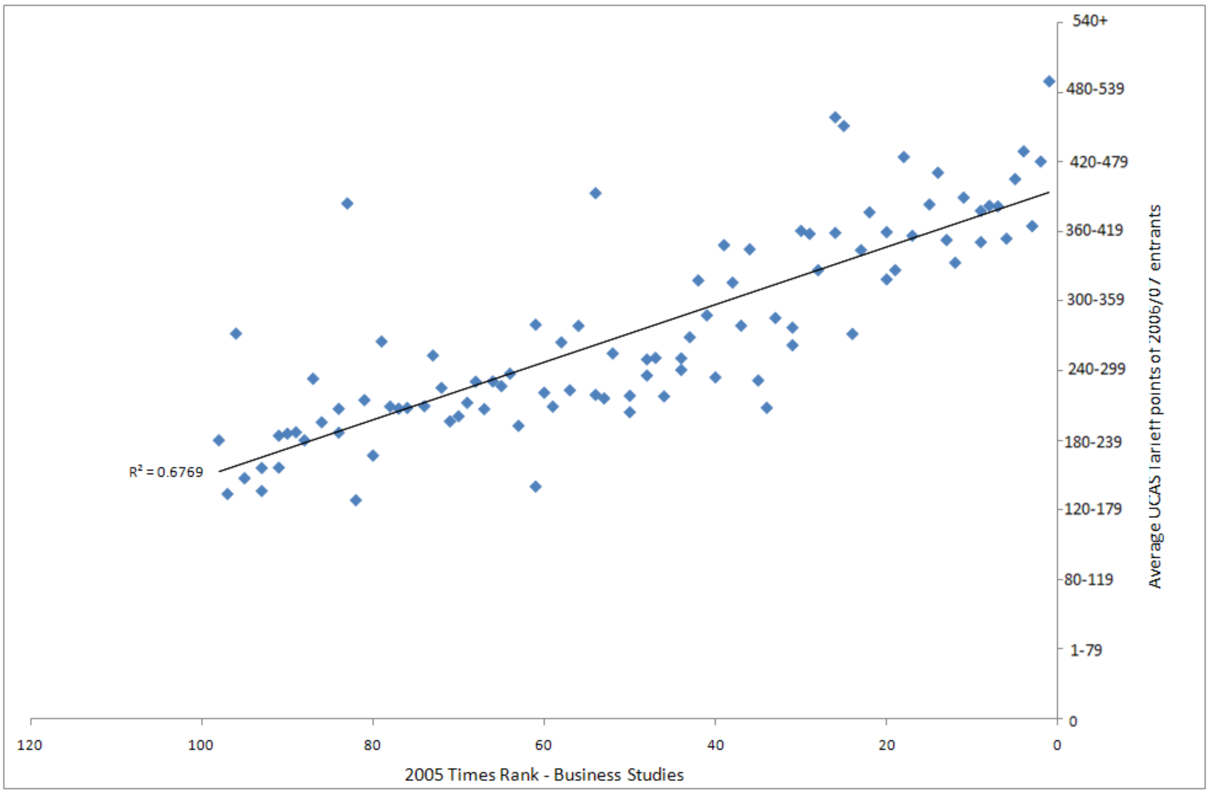
It may be that highly reputable institutions and programmes attract more applications or enquiries per place although demand volumes could be moderated through academic pricing. One benefit of a good reputation is that you can adjust your entry requirements (upwards in the main but you can also be flexible with candidates that fit particular profiles because you have control). Higher admissions requirements may reduce the size of the market the programme can reach[3] and thus reduce the numbers that could apply even though by raising the academic price the underlying impact is to increase desirability. Unlike financial pricing, where customers may decide to forego another purchase in order to afford a premium product, academic currency (3 A grades) is not transferable to another product category. Admissions price can therefore act as an absolute barrier unless the candidate is determined and prepared to re-sit.

This impact is most evident for subjects where there is wide supply and choice available, for example, business programmes. In more specialist areas restricted options skew the choices that candidates make – if a less reputable provider is the most convenient they may still win share.

Fig 3 shows the correlation between the ranking of HE providers for business studies (The Times) and the grade average of students admitted. The pattern is clear enough and the outliers are easily explained by reference to special location or institution-based factors. If rank is taken as a proxy for reputation (but with some reservation) then the point is made.

[3] This seems the logical outcome of raising entry requirements but analysis of UK HE markets suggests that this is often not the case – the size of the cohort often rises as the scale of academic achievement (GCSE, A-level or UCAS tariff points) increases.

Fig 3 Correlation between Subject Rank and Grades of Admitted Students Business Studies



Regardless of adjustments to admissions pricing, highly reputable institutions or programmes tend to convert more strongly from enquiry and particularly from application to enrolment. This is a function of predisposition or prior desire that is a function of reputation.

As the choices that surround further and higher education apparently become more instrumental, outcomes become more critical KPIs than outputs: outcomes such as access to a desirable university programme or a quality career for those providing 16-19 education and entry into a graduate level career for those leaving university.

The most highly ranked universities have the smaller proportion of graduates that fail to find work within 6 months. Of course this may reflect the quality of the students at admission and whilst that might be a debating point in the context of social justice, as we have outlined it is a reinforcing factor in terms of reputation. Education as a process is so discrete that the wider public tend to refer to input and output measures to evaluate reputation. Only those that have direct experience can reasonably comment on the value adding nature of the processes.

Highly reputable education institutions can therefore be viewed as lowering risk from the perspective of students and parents. Admission is taken to mean that a student has increased his or her chance of achieving a positive outcome whereas the reality is that their future is still largely to be created by their own future endeavours.

Reputation has a benefit when it comes to forging relationships and partnerships that add further value and thus make that hard won reputation ever more sustainable. Relationships with stakeholders and others in the supply chain are fundamental to creating value, being, and being seen to be, innovative and for facilitating adaptive behaviour.

Extant research suggests that a good reputation allows an organisation to lower the cost of capital through more favourable terms (e.g. Fombrun, 1996; Little and Little, 2000). Well-respected companies are also considered to be less risky entities for investment, both for working capital and new capital expenditure (Orlitzky and Benjamin, 2001).

I am no expert in the financial arena, but I suspect that education institutions that seek to raise commercial funds for investment are broadly considered a good risk, and that their balance sheets and asset bases give ground for some comfort. Nonetheless the financial ratings of universities by agencies such as Standard and Poors have become much more visible in recent times and universities are quick to publicise their positive credit ratings as this press release illustrates.

> *"The University of Sheffield has become only the fifth UK university to receive a Standard and Poor's credit rating, it was announced today.*
>
> *The University's AA- rating places it equal top among those universities, on a par with leading US universities, and above many household names both in the UK and internationally. Well-known organisations with ratings inferior to AA- include, for example, Thames Water, Sainsbury, Cadbury Schweppes, Boots, Credit Lyonnais and BT.*
>
> *According to Standard & Poor's the rating reflects a broad course range, high academic standards and a <u>strong and growing reputation</u>.*
>
> *The University's Director of Finance, David Bearpark, commented: "Financially, an excellent credit rating like this will help us to achieve lower interest rates on any future borrowing, speed up the process of obtaining such funds and widen the range of sources from which they can be obtained."*

Having worked on forms of due diligence for funding councils in relation to approval for PFI schemes in the FE college sector, both the commercial and agency interests focussed on the ability of the education institution to create or sustain income streams and cash-flow. The critical factor here, apart from the programme portfolio being appealing to the market, was the reputation and image of the college within its key stakeholder communities.

Many rankings and league tables are based to some extent on surveys of peers or customers or analysts and Fombrun observes that "*companies with higher stocks of reputational capital tend to be assigned better ratings"*. In higher education there are a number of league tables where at least a component is derived from the results of perceptual research. Until 2009 the Times Higher Education QS world ranking was composed using a range of metrics, one of which is based on Academic Peer Review, which accounted for 40% of the overall score. It may be termed a *peer review* but it is in reality a perceptual survey of academics worldwide; a further 10% was based on an online survey of employers. Thus perceptions (reputation) is what has shaped annual changes in the world rankings and the league table is itself a form of reputation ladder.   Domestic league tables have similarly used surveys, for example of head-teachers, as a component in creating their rankings.

Evidence presented at the Stern Business School conference 2007 illustrates the value of a reputation on employment recruitment. A study of 200 business undergraduate students found that they were more attracted to jobs in high-reputation companies, such as those whose workplaces are referenced in various books that describe the *100 Best Companies to Work For*. Several papers stress that a good reputation enables organisations to retain and recruit talent at lower costs (lower recruitment costs) because response is high. Often prospective staff will accept lower compensation packages from highly reputable organisation because they feel that it will look good on their CV and they will get better opportunities to develop their careers.

Dowling and Roberts analyzed the corporate reputations and financial performance of Fortune 1000 companies and found evidence of:

- Improved customer loyalty and purchase volumes
- Decreased sensitivity to price rises.
- Reinforced customer satisfaction (a halo effect)
- Isolated episodes of customer dissatisfaction countered (by allowing customers to rationalize a service failure).

Dowling also reported reduced variance in sales when economic conditions or competitive actions work against the company, when applied to relatively reputable organisations. Given the economic conditions in 2009 and the predictable pressures in the post 16-education market due to the declining age cohort, a reputation may be increasingly valuable from 2010. Rossiter and Percy stress that the advertising for strong brands decays at a slower rate than for weak brands (residual levels of recall) and thus efficacy is improved.

Another point relevant to education is that it is easier and less costly to launch new products and services under an already established brand with a strong reputation. One reason is that there may be established relationships with distributional channels, another that it costs less to establish brand name recognition among target consumers. In my experience in education, new courses and qualifications are thought to be inherently risky by students and parents as they have no track record and thus greater trust in the provider is necessary to crystallise the decision to enrol.

So to summarize, the literature confirms that a good reputation is a significant asset in financial terms and that there are a number of benefits including:

- Enhanced competitive advantage (distictiveness) – an important driver of choice when the product is intangible and observable differences are small.
- Better access to capital and better credit ratings
- Reduced marketing costs (conversion, predisposition) and improved retruns on brand promotion
- Enables premium pricing (financial and admission levels)
- Improved loyalty and satisfaction as customers can rationalise poor service episodes
- Goodwill and a second chance when facing a crisis
- Helps to weather market downturns (increased share when market contracts; flight to quality)
- Facilitates sustainable partnerships and relationships
- Increased trust, confidence, support, and investment from key stakeholders
- Recruiting and retaining the best or most sought after talent (staff and students)
- Improved success in launching new products and lower costs
- Better rankings in league tables where there is a perceptual component (which in itself reinforces prestige and subsequent ratings)
- More frequent and more positive media coverage
- Higher rates of giving to certain charities

2 Reputation and Education

2.1 Why is reputation critical in education markets?

The principal reasons for reputation being so critical in education markets are the same as have been identified above and the generic list of benefits at the end of chapter 1 apply to education as they do in commercial sectors. The point to stress is simply that a good reputation is much more valuable to an education institution than most other types of organisation.

- Like health and pharmaceuticals where trust is paramount, so it is in education because of the potentially life changing impact. Your choices stay with you for life.

- Education is a classic intangible service and so trust and recommendation plays vital roles in reducing perceived risk both for students and for those who consume the graduate product such as employers and wider communities.

- Education is an expensive investment for students and parents (fees, associated costs, foregone earnings etc) and for the taxpayer (subsidies channelled through agencies). These stakeholders assume better returns will be secured through investing in reputable providers.

- Increasingly colleges and universities are borrowing from commercial markets and seeking donations from alumni or significant others as a means of developing their facilities and services. Donors tend to want to be associated with highly reputable institutes.

- Differentiating one college from another or one university from its peers in student markets is increasingly difficult, as systems for quality and funding, and public policy priorities all prepare the ground for homogeneity. In higher education there are more brands to choose from than in any other sector of the UK economy and increasingly choice is exercised across international boundaries.

2.2 The impact of reputation in education markets

In this section we review the professional and academic research that relates specifically to reputation in education markets. Discussion about league tables as a specific element is reserved for the final part of this chapter.

The study Higher Expectations (2007) was based on a sample of 12,000 new undergraduates across the UK. At the time of writing it provided the most recent and most comprehensive view on how UK undergraduates make their choices and what factors influence their decisions. Over 40 choice factors were researched.

The reasons most frequently cited as being used for choosing or declining a university indicated that reputation was third overall after course/departmental factors, and location (attractive or convenient).

The results provide some important guidance to those charged with managing reputation in student markets. Nine of the forty plus choice variables that we evaluated could be described as reputation related. These can be stratified into three groups as shown below. Those in red (Bold) were consistently more important for a higher proportion of undergraduates than those in black (Arial) and then blue (Italics). The implications are clear; third party recommendation by those with first-hand experience is critical.

Fig 4 Reputational Drivers in UK Undergraduate Choice

University comes highly recommended
University recommended by students or alumni
Reputation of course/department/lecturer
Traditional and solid reputation
University recommended by teachers/careers advisers
Research reputation
Strong in league tables
A prestigious place to go
University recommended by family

Departmental and course based reputation and that of individual star academics is as important as the reputation of the university as a whole. This is consistent with findings from qualitative and quantitative research for clients, and specifically that applicants' tend to take more note of subject rankings than university rankings. This may in part be due to students having a better feeling for the relative standing of universities as a whole at the start of their search process than for departments or subjects and thus seek out more granular level evidence.

The importance of alumni and student recommendation, particularly from the subject field being considered, and the strength of recommendation, is important. Institutions obviously need to invest in delivering a good experience but also in engaging and communicating with these groups to ensure they understand departmental and institute level successes, plans and ambitions.

League tables are as yet not that important for domestic UK students, in part because many students simply do not refer to them at all although the proportion that do is increasing year-by-year.

Prestige by itself is not a major factor either, and can be viewed as elitist and thus a barrier. We have already touched on the influence of family and will do again in this section. To students this influence is often not visible but in this data we are reflecting specifically on the more overt recommendation. Few parents will recommend in such a direct manner.

Overall we found that reputation was a <u>determining choice factor</u> for 30%, well above financial issues (course content and employability were the top factors).

Recommendation was a <u>determining choice factor</u> for 21% and much higher for mature students. Amongst younger age groups those applying to established research led universities, with higher grades and those considering a wider number of institutions were more likely to be influenced by recommendation. In part this is due to them being more likely to know or be exposed to existing students or graduates from the type of universities they were applying to.

Higher education and parental engagement (Roberts and Thompson 2007) researched parents of both prospective and first-year undergraduates.

Parents of those who had started to apply to higher education placed most trust in the school/college and in particular in school teachers of subjects relevant to their applicant's higher education preferences. Parental reference to league tables was minimal. Those who had used them had done so with caution.

By the time the teenager is 16 or older, most parents are aware of their potential and the likelihood of them attending a top selecting university or not. Parents are therefore likely to adjust their expectations accordingly so as not to put too much pressure on the student and to avoid disappointment. However, parents will encourage their students not to under sell themselves in the HE market and to aim for the best university they can. In most cases parents reported having been involved in discussions with their students regarding post 16 choices some time previously.

If their applicant now showed a preference for a university that was perceived to have a lower reputation than they were capable of entering most parents would discuss the reasons behind the choice and try to subtly persuade them to reconsider. The basis for this "discussion" would be possible impact on employability and the benefits of studying with peers of similar abilities (reference to the benefits in school of setting and streaming would come into play here). The choice of a less reputable university would be more widely accepted by parents if the course offered something unique and thus course reputation could over-ride concerns about university reputation.

There was a general preference amongst parents for the more established universities. This pattern was pronounced for those with children in private schools, consistent with their comments relating to reputation and prestige. Parents with children in state schools and FE colleges appeared to be less markedly aware of the differences between universities (and/or chose not to view this as critical). Some parents railed against elitism and had a fundamental problem with what they perceive to be prestigious universities acting as barriers to social justice and mobility. It is not easy to characterise these parents but such sentiments seemed to be associated with the parent working in the public sector.

In the quantitative phase (n=338 parents of Year 11 and Year 13) parents were presented with a list of factors and asked to select the top three in relation to how they would choose a university for their Y11 (15-16 year-old). The factor given most priority was the reputation of the university as a whole (57% placed this in their top 3), ahead of both course and employment factors. Reputation had remained at the top when a sample of Year 13 parents was asked the same question (51%).

Parents without older children through/in higher education were more concerned with the *reputation of the university*, whereas those with older experienced students placed relatively more emphasis on *a high league table ranking for the specific subject.*

Independent school parents placed a greater priority on *reputation of the department whereas s*tate school/college and FE college parents placed greater priority on *the reputation of the university as a whole.*

When surveyed, parents of first-year undergraduates (n=1,102) placed the reputation of the university as a whole (56%) as their most important factor when choosing a university (rising to 81% for those with children at established research led universities and but still 50% the most important factor for former polytechnics). Departmental reputation ranked fourth with 25%, behind course specific factors and high graduate employment rates.

A significant minority of parents believed they had had at least *some influence* over their son/daughter’s choice of the type of university. These findings reinforced our model developed after the qualitative phase, the parental circle of acceptance. Most parents were not that bothered about specific universities, if the subject and university of choice is “sound”, parents are largely content to let the students make the detailed final selections.

Student satisfaction and loyalty

Helgesen and Nesset (2007) used a case study of a small Norwegian university college to explore the relationships between variables such as service quality, facilities, student satisfaction and the image of the institute and the study program, with student loyalty as the ultimate dependent variable.

Student loyalty is becoming increasingly important for education institutions. Loyalty is assumed to be related positively with the ability of an institution to both attract new students and retain existing ones. In the context of enrolment-derived financing and increased potential for student mobility, there is a strong link between student loyalty and financial health. Loyal graduates maintain their relationship with their educational institution by acting as the institute's advocates, making donations and returning for further study. Student loyalty is positively related to teaching quality as reflected in students' active participation and committed behaviour

Oliver (1997) defined customer loyalty as 'a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour', whereas Lam et al (2004) see loyalty as 'a buyer's overall attachment or deep commitment to a product, service, brand, or organization'.

The Norwegian study concluded that:

Students perceive the image of the institute and the study program (course) as two distinct concepts. This runs counter to the common notion that corporate brand image has a spill-over effect on product brand image which in this study implies a spill-over effect from the image of the university or college to the image of the study programs.

This has significant implications for those managing brand or reputation in universities. Consistent with the concept of flagships the evidence suggests that a university or college with a modest or even indifferent overall reputation can still develop a strong leader image in particular disciplines or areas of activity. However, if students can and do perceive institute and programme image as separate concepts, then a monolithic identity could be inappropriate but integrated branding is needed to ensure this conceptualisation does not lead to the two (institute/course) being projected as wholly discrete in nature (i.e. unconnected), otherwise reputational value cannot be transferred.

Student satisfaction and the image of the university college (i.e. how students perceive the university to be viewed by external audiences) are directly and positively related to student loyalty. In simple terms, this means that institutes that can demonstrate to their students that the college or university is highly regarded externally can leverage an advantage in developing and sustaining loyalty amongst its students. If loyalty manifests itself as referral and positive word of mouth, this feeds the development of external images and reputation. For marketers this is evidence that continuous, systematic corporate marketing communications with current students can pay loyalty dividends, where messages convincingly reinforce the fact that the institution has a high standing with employers, the professions and publics.

Student satisfaction has the highest degree of association with student loyalty, representing three times the effect of the image of the university college. Reassuringly, although perceived external image impacts on student loyalty, the primary driver is overall student satisfaction. Loyalty is therefore learned largely through delivery and service quality.

The students' perceptions of facilities had a positive impact on satisfaction but also on perceptions of both institutional image and study program. This conclusion supports the idea that when marketing an intangible experiential service such as education, the tangible representation of the brand becomes more important. Students and prospects (including prospective staff) take signals from the quality and nature of the facilities, the campus buildings and spaces.

Customer satisfaction is a subjective summary judgment based on the experience as compared with expectations. The concept has been defined in various ways, for example, as "an overall feeling, or attitude, about a product or service after it has been purchased or consumed" (Solomon 1994). Student satisfaction is perceived as a parallel concept that can be defined in various ways for example as "a student's subjective evaluation of the various outcomes and experiences with education and campus life" (Ryan et al 1995). Previous studies have found student satisfaction to be positively related to student loyalty (e.g. Schertzer and Schertzer 2004).

According to Henning-Thurau et al (2001) the determinants of customer satisfaction are perceived company image, customer expectations, perceived quality, and perceived value ("value for money"). Perceived quality is conceptually divided into two elements: "hardware", which consists of the quality of the product/service attributes and "humanware", which represents the associated customer interactive elements in service, i.e. the personal behaviour and atmosphere of the service environment.

The UK National Learner Satisfaction Survey (LSC) 2007 identified the key factor influencing overall satisfaction was the college learner's status on the course, specifically whether they had either left the course early or failed the course. These learners were less satisfied with their learning experience than were other learners. This is also likely to be the case in terms of any measure of advocacy and reputation.

Overall 73% said they would speak highly of their education provider ("I would speak highly of them without being asked/if I were asked"), 19% would be neutral and 6% would be critical (I would be critical of them if somebody asked me about them/without being asked).

Trust in teachers, professors and scientists

As we have discovered, trust is a key component in creating and sustaining reputation. IPSOS MORI has been tracking the degree of trust that the British public has in various professional groups since the early 1980s. 2,000 adults are asked on a periodic basis: "would you tell me whether you generally trust them to tell the truth or not?"

There are several professional categories relevant to education including teachers, professors and scientists and these can be benchmarked against the trustworthiness of "the ordinary man or woman in the street"

- In 2006 teachers gained an 88% trust rating and generally the proportion that would trust them has marginally but consistently increased over the past two decades (1983=79%). This is consistent with our findings from the parental research reported here.

- The trust rating for professors has also increased since 1993 (the time series is shorter), and in 2006 stood at 80%; this was below teachers (88%) and doctors

(92%) but above all other categories. Just 8% said they would not trust a professor. If you want your university's story to be believed, the academic voice is the one to use.

- Scientists have been rated since 1997 and in the last decade their trustworthiness has also improved but only from 63% to 72%; somewhat lower than professors and 16% said they do not trust scientists. Of course some professors are scientists too! Science stories need careful handling and perhaps need an external as well as an internal voice to develop trust.

The good news therefore is that trust in all three education relevant professionals has been growing and is well ahead of the trust that would be placed in the ordinary man/woman in the street. However, teachers are trusted more than professors and scientists: why might this be? It is probably a function of familiarity. The more visible and accessible academics can be encouraged to be, the more the public will trust them. A science academic that wants to be trusted is perhaps best advised to describe himself or herself as a professor and not as a scientist!

What this data conclusively shows is that those working in education are generally highly trusted and if we agree that trust is the product of a strong reputation then the results in large part reflect the strong reputation of universities and schools as places of truthfulness and independent inquiry. However, this means that differentiating your institute and its staff in this context will be challenging.

Straplines and slogans

McKnight and Paugh studied institutional slogans and tag-lines (motto statement, saying, credo, catch-phrase, axiom, or operating philosophy in use within and beyond the university) used in higher education to empirically test the cognitive component of brand-fit.

Evaluation of the comment responses generated from those working in HEIs (administrators and faculty members) indicated that 94% were embarrassed by their institute's tag-line (use or content expressed), 36% never use it (or aim to reflect it) and just 7% thought it was effective. The authors found that more *competitive entry* universities tend not to adopt slogans. However the majority of less competitive universities viewed their advertising slogan as both effective and reflective, in part because they appear to know both their student-customer and self to a greater extent than universities classified as highly competitive (alignment). The study also found that slogans had relatively more impact with less well-qualified applicants whereas for high fliers the simple name of the University had more cognitive impact.

The reputation of the UK learning and skills sector

Verinder (2008) quotes research from the CIPR Education and Skills group and ICM that relate to the reputation of colleges and its management. It was asserted that PR is the profession best suited to managing reputation, a point for continued debate no doubt. Currently only 35% of the lead PR professionals in a college is a member of the senior team; their role is also restricted, with little "boundary spanning" involvement.

The 2008 ICM poll indicated that the public generally felt that their local college had a good reputation for the quality of courses and services it offers (74% and 8 percentage points higher than in 2005). The same result was recorded for the range of courses and services

The public thought that for many teenagers, a college would be a more suitable place than a school to study and acquire skills (77%) and even more agreed that "successful FE colleges are just as important to the competitiveness of businesses in the UK as successful universities" (83%). 72% agreed that *the performance of our local college is a source of pride to our community*.

In 2007 the LSC commissioned research on the status and reputation of the further education system. In reflecting on what reputation means in this (the vocational and tertiary) sector, there were some important findings although the methodology did not seem to distinguish between the chosen stakeholder groups, give any consideration to their relative importance to the sector or address the fact that the various groups are likely to have very different views as to what was important in shaping reputation.

Overall, stakeholders were more positive about FE provision locally than nationally (69% against 54%) which is in line with other research conducted on other public services such as health. The likely explanation is that most stakeholders are both more familiar with a local college through the media and their own networks and more likely to engage with it directly.

In terms of advocates and critics the results reinforced the fact that experience was central to reputation:

- Those working in the sector were advocates of the system (which, depending how the question was phrased might be expected but is nonetheless important).

- Employers who have not used the FE system were its fiercest critics (they had no direct experience, at least not as an employer).

- Those in secondary schools are advocates of the FE system (but this may be due to the fact that FE takes many of their more challenging students at 14+ allowing them to focus on the students that help to build their performance and reputations).

The report stresses that in FE it is advocacy rather than satisfaction that is the key measure i.e. the extent to which stakeholders will speak up for FE without being asked. 28% were spontaneous advocates and 19% would speak highly about the system if asked. However, these results are heavily skewed by the 8 in 10 within the sample who worked in the sector who were described as advocates (and might be seen as partial). On balance more stakeholders were advocates (net positive score) than critics.

It was concluded that increasing stakeholder advocacy towards the system required more than simply raising satisfaction levels. The top three priorities included increasing stakeholder understanding (engagement and communication), satisfaction with local provision and identifying and responding to local needs (innovation). This mapped with the evidence from our wider reputation literature review.

Interestingly, stakeholders who had contact with the LSC itself over the previous 12 months were more critical of the FE system than those who had not. I suspect this result reflects the feedback from some employers; my research with employers found the LSC to be seen as unresponsive and bureaucratic.

Local authority representatives and employers who were recent users of FE and private training providers were more positive about the FE system. This is an example of the fact that reputation is a comparative measure and that stakeholders need exposure to several providers (directly or indirectly) in order form a comparative view.

What characterises a highly reputable university?

In this section we draw upon the findings from several pieces of research conducted by the author and colleagues on reputation in higher education (Roberts 2003 and subsequent revisions).

Qualitative research over an extended period since 2002 has helped to define how various stakeholders define a highly reputable university in terms of the clues and characteristics that they look for. We must take care not to think that by simply manufacturing these characteristics (copycat) we might be able to simply short-cut our way to a positive reputation, but what we may do is to amplify them where they exist and to alert the institution to their importance when investment priorities and KPIs are developed.

Of course reputation is likely to have a different meaning depending on the relationship with and exposure to the HE sector, so we conducted identical research with three groups, those who worked in universities and related bodies, undergraduates and prospective applicants and parents of both applicants and current students.

Each participant was given 12 cards, each having the name of a UK university on it and then asked to create a ladder with the university they *most admired*[4] at the top, and the one they admired least at the bottom. It was stressed that the ladder was relative in nature, i.e. the one they put last might still be one they admired and perceived to be good, just less admired personally than the one at the top.

The HE community, included academics, senior university managers and those working in sector related bodies. The resulting HE sector ladders were very predictable, conventional and consistent, irrespective of the type of institution the participant inhabited, their role, whether they were research active or not or where they graduated. We had excluded Oxbridge and small specialist HEIs because we felt this would skew the results but nonetheless the sequences showed that the binary line still existed in reputation terms.

Of course whilst this finding was interesting it was merely a device to stimulate discussion about the variables that the participants had used to construct these *personalised league tables*.

Academic research quality was almost universally identified as the key characteristic of the most admired universities. However in discriminating *between* research led universities, a commitment to teaching and having obtained good teaching quality ratings was often cited and here academics often referred to departmental/discipline level data as their evidence base.

Being a solid (consistent) **league table performer** was also considered to be a mark of both intrinsic quality (most tables are viewed as a summative reflection of quality ratings for teaching and research) and a university's ability to play the system; **universities with "nous**" were very much admired.

To be admired by those in the sector, a university also needed to have cultivated an image of being **financially secure**. Whilst this admiration factor might have been anticipated in relation to administrators, the fact that academics cited this characteristic so frequently may surprise some. However no one wants to be the employee of an organisation with little scope for investment or the ability to overcome financial pressure. Most who had applied for jobs in the recent past confirmed they had considered the financial state of the institutions to which they had or had not applied. Other than publicly available financial information, financial strength was also inferred when a university displayed confidence, with bold but realistic plans and ambitions, or had significant corporate donors or partners of standing.

[4] We have used alternative phrases such as those they felt had the best reputation etc and the results were remarkably similar in nature but the phrasing referred to in the text is more personal and thus should have created greater variability in the results compared with a convention such as reputation.

Highly reputable universities were also those that attracted **the best student talent** and were selectors and not (visibly) recruiters. Confidence and quality is signalled through the setting of relatively high entry requirements for undergraduates. Admired universities or departments were *a natural choice for the best students* and they had competitive or selective entry. We must remember that many of these respondents were also parents and evaluated the sector from that perspective and most also wanted to engage with talented and committed students.

Admired universities are also perceived to be **politically astute**, effectively represented in political circles, able to address the external agenda without being led by it. A politically correct university is not one to be admired by the academic community, which values independence and freedom above all else. Institutions that are perceived to be overly flexible in admissions so as to meet participation diversity benchmarks or too willing to adopt a purely instrumental notion of higher education did not find favour.

It was recognised that not all universities could trade on prestige and that to be able to attract talented students so many had to be smart and **position themselves as being relevant in social, economic and cultural terms**. To maintain the quality of their admissions these universities had to ensure their courses were not only market attractive, contemporary and refreshed, but also had educational integrity.

Academics and HE administrators seem able to identify those institutions on the rise. Even though the ladders were clearly stratified, with each stratum, factors such as strong and **visible leadership**, **clarity of vision**, and a **determination to play to strengths** were admired. Universities that had a focus and were thought to have red lines they would not cross gained a perceptual edge. Chasing every new initiative and pot of discretionary funding is perceived as a weaknesses and not a sign of strategic innovation or enterprise.

Academics as a whole are notoriously media shy, as any press officer will testify. However there was a perceived link between **media visibility** (particularly in the broadsheets and on BBC radio) and perceived reputation. Media visibility was thought to reflect the status and standing of a university based on the simple premise that the media would be more interested in, and liable to trust, a highly reputable university and its staff and their readers or listeners also.

Those working in the sector took note of those HEIs **investing in their real estate** that had **attractive facilities** and **striking physical developments**. In part these were considered manifestations of ambition, confidence in the future and secure finances, but more than this, investment of this nature was thought to create better working environments for staff and students and thus in turn made the university more appealing to future talent.

The university tables produced by **students and young people aspiring to HE** were remarkably similar to those created by the HE community. So too were the factors or characteristics cited by them although the emphasis placed on the factors was somewhat different. This was not an exercise about HE choice; many of the participants had no personal desire to study at many of the universities they commented on.

By some distance the key reputational driver here related to **undergraduate admissions**. The most admired and reputable universities **selected good students** and were thought to have relatively **higher entry requirements**. Indeed, admission price was the universal indicator of quality and reputation. It is therefore hard to be inclusive on this definition and be perceived to have a high reputation relative to others. It was often said that gaining entry to an admired university was itself an achievement.

The selection of good students is important in the context of **the power of word of mouth**. It was thought that some universities had a prestigious image (the clue here was that they were desirable institutions for the middle class cohort in their school). The shorthand we use here is that these universities had *name and acclaim value* and passed the *grandmother test* (i.e. relatives would be openly proud and acclaim the fact that their grandson/daughter etc was studying there).

The most admired universities were also perceived to have high and **challenging standards** and **good teaching quality**. These universities were academically stretching and obtaining high grades was thought to be difficult. Few thought that standards in these terms were equal across the sector.

Universities **higher in the league tables** (The Times in particular) were typically thought to be of higher repute and quality. There was certainly a strong correlation between rank and perceptions, but only a proportion of the participants specifically cited league tables as a factor in shaping reputation (typically those at or aiming for places in the higher ranked institutions). Ranking may have a formative impact on reputation but we conclude that it is rather more of a confirmatory marquee, reinforcing pre existing image. Students and applicants often referred to an expectation that there would be **excellent facilities** at the better universities, but this is an assumption rarely based on firm evidence or experience.

The communications professionals will be gratified to know that **high profile in the media** was important. Those universities that the participants confirmed they had definitely heard of were perceived to have a higher reputation generally than those they had not (awareness) and in this context editorial visibility, particularly on the radio (the medium at that time felt to have the most weight and depth) was considered important.

In many cases it is hard to distinguish between the image and reputation of the university and of its host city or location. Larger cities tend to be more exposed in the media and have larger networks. Thus **universities that carry the name of a city** were generally perceived more positively because of the association (of course in some cases this was negative). Urban images that were identified as positive centred on historic buildings, being smart physically (lack of deprivation, having regenerated or not suffered post industrial decline) and being generally physically attractive. Few students or applicants made an explicit connection between the image of a university and it being located in a growing economy; nor did they cite sport or social or retail issues.

Lower down the list of reputation variables came **graduate success**. Students at the more reputable universities were thought to get better degrees (2i and above) and be more employable. The more reputable universities were frequently the **long established** but age in itself was not mentioned directly. The curriculum may also be a factor; better universities were often thought to have **good medical or law schools** (these appear to be totemic subjects or careers). In the short term you have to play the hand you have been dealt so focus on communication and differential exposure and ensure that your credentials are made visible

Iconic subjects	Medicine and law (also culturally important such as sport, fashion, music, computer games, etc)
Growth	Most see growth as evidence of success – various metrics apply
Size	Big is best unless you specialise
Age	Manage significant anniversaries
Financial health	If you have it promote it and the benefits that flow
Real estate	Old and new but not middle aged

2.3 Research on the impact of league tables

In this section we review research that relates to the league tables, most specifically in higher education.

As the market for higher education evolves, Adam Smith would have noted that there has been an explosion of evidence about HEIs that can be accessed by prospective students and their supporters. The information might not be perfect, but it is widespread and increasingly not in the control of the HE producers.

Over the past 20 years since *U.S. News* began its annual rankings of US colleges and universities (1983) the number of league tables designed for both international and domestic audiences has expanded considerably. This increased incidence of “university ladders” has undoubtedly stimulated their greater use by prospective students and others. With university league tables now observed in many countries, this means that international students from more locations are familiar with the concept of rankings.

Rankings are now used for example in the US, Canada and the UK, but also in China, Australia, Poland, Germany, Italy, Ireland and Spain. There are tables covering Asia and Europe and two global rankings, the Jiao Tong, and the THE.

The web is not only facilitating the use and evolution of formal league tables, in some ways it is a form of ranking in its own right. Webometrics is a measure of a university’s web-presence and the Stanford Ranking (created by a Stanford student on his blog) uses Google searches as a metric.

Why have league tables emerged in the past 20 years? On the supply-side there has been an increase in publicly available information about spending, teaching and research quality, the raw material of most tables. These are a by-product of the desire for measured accountability in the distribution and use of public funds.

A second factor is the so-called *marketisation* of education, both at a domestic and global level. It is claimed that those paying higher tuition fees are more likely to research their options and leagues tables feed off this need.

So, league tables are a growth industry but who reads them and who admits they are influential in their choices? Much of the research that addresses these issues is US-based as it has a longstanding history of publishing league tables. However, in terms of the profile of league table users, some consistent evidence is emerging from several countries. Heavy users include:

- Asians/those of Asian origin
- Males (but not that marked)
- Younger school leavers
- Those from high income backgrounds
- Second generation students
- Higher achievers aiming to enter top institutions
- Applicants more distant from the campus/those who subsequently live on campus

Evidence from individual studies published over the past decade suggests that the proportion of applicants using these sources is increasing and that the *rate of growth* in use is more evident amongst lower income groups, although the heavy users remain the middle class high achievers.

Studies show that more students are claiming that the tables influenced their decision-making. However a major US academic study concludes that league tables act as confirmatory devices, giving students a comfort, providing evidence to support decisions they have already made and UK research tends to support this thesis. Nonetheless, there is some evidence that a better ranking at the top end of a table can lead to increased share and better quality students in the following cycles, so a dynamic impact has been identified.

Several studies show that embedded reputation is a stronger factor in influencing student choices than a specific league table position or change. Reputation is an elusive concept but it is likely that league table positions contribute to a reputation if they can be sustained over a period of time. A study of MBA students found reputation to be the key driver in choice but league table position as a factor was located a lowly sixth place. It is argued that the scepticism about the subjective construction of rank lists may contribute to consumers giving them less weight.

It is often claimed that league tables have a greater impact on international students, but there is little firm evidence to support this hypothesis. Our own research Roberts and Thompson (2007) found some weak evidence in this direction and there is ad hoc evidence from Australia that also supports the proposition.

Taking all the published evidence into account it is possible to conclude that young applicants increasingly use UK university league tables. The profile of heavy users is similar to that found in other international studies, but additionally, those attending private schools are heavier users.

The study Higher Expectations (2007) showed that the use of league tables is rising with 50% saying they had referred to at least one, 65% of those applying to the more elite universities through to 25% of those applying to HE colleges.

Research indicates that careers and sixth-form advisers use various tables on a frequent basis, and may use this knowledge to advise their students (and thus there would be an indirect and less visible impact).

UK newspaper-based tables seem to be much more visible and used than official data such as the National Student Survey.

Our own research (Roberts and Thompson 2007) was not based on surveys of applicants but on statistical analysis using HESA, UCAS, league table and institutional data. We found that for domestic students the relationship between the share of applications received and the league table position of a university was very weak (more or less random). This was not a surprise as application volume is a function of many factors such as university size, portfolio breadth, location, prestige, etc.

Turning to international markets, overall there was only a weak positive correlation between rank and the share of international applicants through UCAS.

Having tracked the share of those HEIs that had achieved a consistent rise in *The Times* league table over the period 1999-2005, it was also possible to conclude that there was no consistent or persistent statistical relationship between rises in table position and the domestic share of UCAS undergraduate applicants. It may be possible that demand in subsequent years was “rationed” as a consequence of a rising university having increased its admission grades as a response to its improved position. However, we doubt that this was a major or consistent factor.

There was no clear relationship between a declining rank and share of domestic applications either. Other factors are clearly at play. We noted that the performance of local and direct competitors in league tables might have as great an impact as the wider rank changes. So, if your rank improves but that of your main rival improves more, the net market effect may be negative.

In terms of admissions quality we found an overall strong correlation of 0.8 between league table ranking and the relative admissions quality of students. So highly ranked universities get better students, a finding that probably merely confirms what we all felt intuitively to be the case.

Examining just those universities that had improved their rank 10 or more places in one year we found that in just over half of cases the academic quality of admitted students rose in the following cycle. Of those that fell 10 places or more, we discovered that in fact most had managed to increase the grade average of their next intake! This suggests that longer-term (embedded) reputation is likely to override episodic fluctuations in rank.

Major annual rises or falls in The Times league table position (i.e. of over 10 places) are unusual and over 20 places, very rare. In fact only two universities had moved 20 places in one year in *The Times* since 1999. Almost by definition such changes in rank will be located away from the summit of the rankings and both examples involved a move into or out of the bottom quartile. We hypothesized that such changes, although dramatic in one sense, might result in a muted market response, as those applicants who take league tables more seriously are more likely to be high fliers evaluating top 20 universities. And so it proved to be the case, in terms of the impact in the next cycle at least.

The wider evidence indicated that it is those applicants that aspire to admission to the top universities that are more likely to use league tables. It is also true that top 10 lists are frequently highlighted in newspapers and on web sites. In addition to the greater exposure from being in the top 10 it might be seen as conferring an additional status. With more than 100 UK universities to choose from it is probable that applicants and others will create Ries and Trout style “ladders in their minds” as markets tend to stratify as they mature and the number of entrants grows.

Findings suggest that elevation to the top 10 had a consistent but modest impact on the market share of home applicants won in the following cycle. In international markets there was also some evidence to show that passing through key ceilings such as top 20, top 10, etc, tends to have a positive impact but the results were not completely consistent. There was evidence that changes in the table had a stronger international impact for universities in London - the main UK destination for international students and a highly competitive region.

We obtained application data at subject level that enabled us to complete an analysis of the correlation between rank and application market share at a more granular level (Computer Science, Chemistry, Nursing, Architecture/Built Environment and Mechanical Engineering).

Overall the results were inconsistent and no clear evidence of a relationship between league table position and application market share emerged. For established universities a change in rank had less impact generally than for modern post-1992 universities. Perhaps this is because the former have a stronger history and hinterland and thus their images are not shifted so much by a change in any one year. Consistent rises or falls had an impact, but even here the evidence was not very compelling. This is consistent with the evidence that reputation has the effect of stabilising performance. Ranking and share relationships were more evident in overseas markets.

We drilled into the data to examine the relationship between league table rank at subject level and the quality of the admitted students to that subject (A-level points). In many subjects there is a strong correlation between league table rank and average A-level entry scores in the following cycle (e.g. this was clear for business) but this does not hold for all subjects.

In addition to evaluating the impact of *The Times* league table we also carried out analysis to test the undergraduate market impact of the ratings that universities received in the 2001 Research Assessment Exercise (RAE) research evaluation.

- At subject level there was a relationship between RAE ratings and the average academic quality of students admitted in some subjects (business, law, chemistry, etc) but not in others.
- An improvement in RAE typically led to a subsequent improvement in student admission quality whereas those that declined in the RAE typically lost ground in the student quality stakes. However the top universities were able to rise above a poor or declining RAE
- Counter intuitively, elevation to 5* (world class) typically led to lost ground in terms of recruitment quality!

Moving to a global stage, Simpson (2008), in research that reviewed how the world ranked 100 universities managed their reputation, found that most actively promoted their league table positions. Three quarters of communication directors claimed to promote their league table position prominently and only one avoided any references to it, whilst about a quarter explained the rankings, but did not actively promote them. Most thought that it was definitely worth promoting league table positions, but judiciously. Some were wary in case they dropped position (mostly those in the top quartile that were most visible and had established reputations already and those who might drop out of the 100 altogether); most promoted them heavily if they have just broken into the Top 100.

The research revealed some frustration amongst communications directors that academic colleagues were too bound up in the methodology of the league tables, and did not accept them as a useful qualitative measure. Most international directors had specific objectives to move up the league tables but they were more reticent to use league tables to promote reputation than communications colleagues.

British, Asian and European universities were much more likely to promote their world ranking prominently. The North Americans are more likely to explain their world ranking than to promote them, probably because they were confident of their position and more concerned with their domestic ranking. US universities recruit fewer international students as a proportion of their intake than those in the UK or Australia.

When asked to identity international universities thought to have significantly improved their reputation in the past 10 years there was a wide range cited with UCL and Warwick leading from the UK, Shanghai Jiao Tong and National University Singapore were the most referenced Asian institutions, the former in part due to its compilation/publication of a world league table bearing its name!

Being a regular benchmark for your peers is a measure of reputation. Here the likes of Harvard, Stanford, MIT, Yale, Berkeley and Caltech came to the fore. It also emerged that world 100 universities were undertaking ‘peer identification’ to select benchmark partners and that membership of certain international groups were identified as being valuable for enhancing reputation (e.g. the League of European Research Universities for continental institutions).

3 Aspects of Reputation Management

3.1 Stakeholder Relations

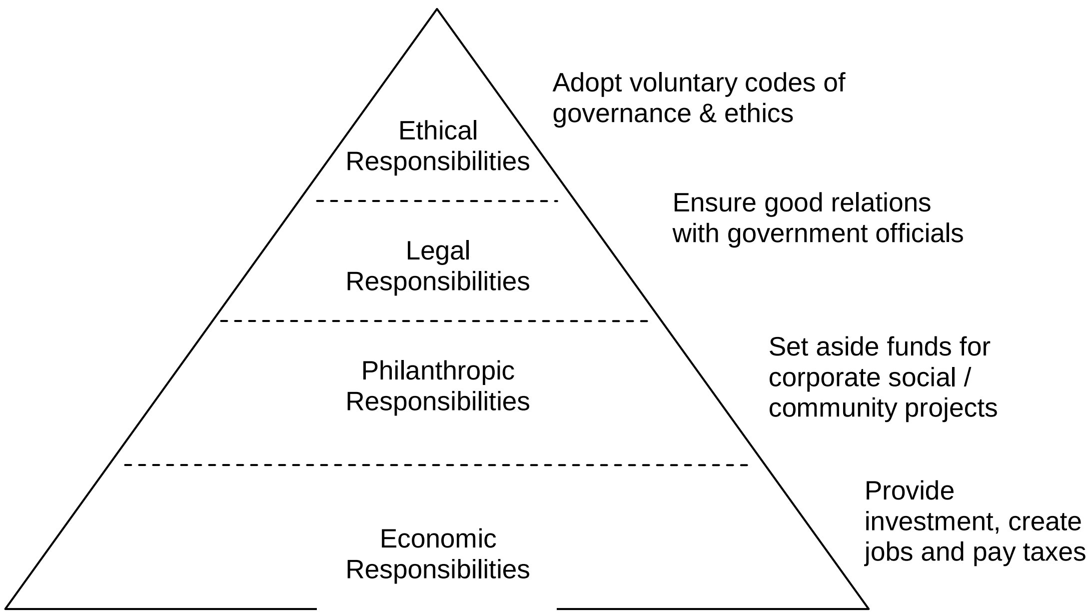
Stakeholders are those who have an impact on, or are impacted by, your organisation.

Over time a paradigm has emerged where an organisation's behaviour is evaluated through a set of relations with clients, suppliers, shareholders, employees, managers, the community and the environment, all considered as stakeholders. Indeed it can be argued that in a service market such as education the organisation is, de facto, little more than these relationships plus a smattering of intellectual property.

This stakeholder model as a basis for reputation management is particularly applicable to an experiential non-tangible service economy such as education, and to the concept of reputation as moderated through a complex network of experiences and perceptions.

The following model, adapted from Carroll, appears to be a good framework for universities and colleges in mapping out their social objectives and activities.

Fig 4 Stakeholder Model



In considering stakeholder management as a component of reputation, our experience of working with colleges and universities led to the following observations:

Universities and colleges mistakenly identify *organisations* as stakeholders (i.e. government departments, funding agencies, local councils, etc) rather than specific individuals or networks of individuals (or actors as they are referred to in much of the stakeholder literature). The organisational context of an individual is important, of course, but you cannot have a direct relationship with a company, only with selected employees and executives or shareholders of that company/agency.

Education institutions need to take more account of the external consequences of their strategic decisions (intended and otherwise) on their stakeholders.

In the case of the *studentification* of communities, they perhaps need to be more honest and take clearer responsibility. Any environmental or social impact analysis of the expansion of student numbers is likely to create a profit and loss account with red ink on the bottom line.

Far too often the line has been that accommodating and entertaining students is not a core function or responsibility of a university and that as students are adults they are not in loco parentis when "their students" engage in unsavoury behaviour. This may be true but a university that seeks to widen its geographic recruitment but does not adjust its student accommodation and support model to account for this is simply planning to displace the problem, much to the delight of private landlords!

Universities can be reasonably accused of double standards when it comes to association with its students, claiming them as theirs for good news stories but distancing themselves when their behaviour is socially unacceptable.

Any parent will gladly inform a university or college marketing director that the behaviour of pupils travelling to and from a school and during breaks has a major impact on shaping the image of that school; the key here is not the behaviour itself but whether the school or university responds adequately and takes reasonable steps to manage issues.

There is a failure to appreciate that the individuals with whom institutes engage can be multi-dimensional for example the local planning officer is also a parent, the partner of a student, etc. In one infamous case a university seeking controversial planning consent failed to realise that a relevant elected political player was in fact a senior staff member who was fully aware that what was being said in public was not consistent with internal "confidential" management briefings. As a result the attitude of many in the community to the university's then VC was never quite the same!

Rarely do HEIs create stakeholder relations objectives that are "SMART" as a basis for evaluating activity. The reason may be because the activity is diffuse and qualitative, and is often thought to be simply a label used to describe regular day-to-day relations that academics and professionals develop naturally with external constituencies.

This reflects in part the low value that is placed on both staff time and the value of a positive relationship. It can be reasonably argued that to have discrete stakeholder objectives is itself self defeating if the goal is to achieve full understanding and support for the organisation's overall aims and vision. It is certainly in this more strategic context that more universities are conducting stakeholder audits, seeking to baseline stakeholder empathy and support for goals and attempting to identify the stakeholders' key issues, rather than simply using classic brand metrics such as awareness, knowledge and predisposition to purchase.

Too often "stakeholder" is merely a euphemism for "important client" "prospect" or funding agent. Stakeholder relations should not be a form of marketing i.e. a means to a short-term transactional end. In contrast, the relationship value model (Ford and McDowell 1999) locates those engaged in stakeholder relations in a social construct that continually evolves, drawing strength from networks that produce converged values and thus genuine mutuality. According to Phillips, the important difference here is that this state does not describe a contract (as would be the case in any supplier-client relationship) but the fertile ground upon which a relationship will flourish; an organic process to achieve empathy.

Speaking at The Knowledge Partnership's 2005 conference Professor Anne Gregory concluded with five thoughts on education stakeholder relations:

1. Engagement is not marketing
2. Engagement is co-creation with those who can add value
3. The principal or vice chancellor is more guide than god
4. Process is all (this does not happen by accident)
5. Communication should set the context and climate in which engagement takes place but it is not a replacement for it.

There are many studies that indicate the link between awareness, familiarity and favourability. The analysis suggests that generally, the more familiar you are with a company, the more favourable an opinion you will have of this company. The literature emphasises that corporate communication with elite opinion formers (in the realms of public affairs for example) needs to continuously improve their understanding of the way the organisation operates within the context of the issues facing the sector as a whole.

Stakeholder management is typically wide but as a consequence it is not very deep. Here I share the analysis of Professor Gregory, that developing relationships with stakeholders must be much more than communications if the outcome is mutual respect, understanding and even empathy. In reality this means that stakeholder management must be developed through regular personal contact, including informal episodes where possible.

The consequences of this are clear: a long-list of stakeholders with whom relations could be developed needs to be evaluated to select a viable number that allows deep relations of mutual benefit to be developed. Fig 5 uses an adaptation of Ford and McDonald's relationship value model, which asserts that not all stakeholders are equal. There is a need to understand what it is that distinguishes stakeholders so as to evaluate their relative significance to your mission or vision. With such knowledge it is possible to identify and manage stakeholder relations more effectively

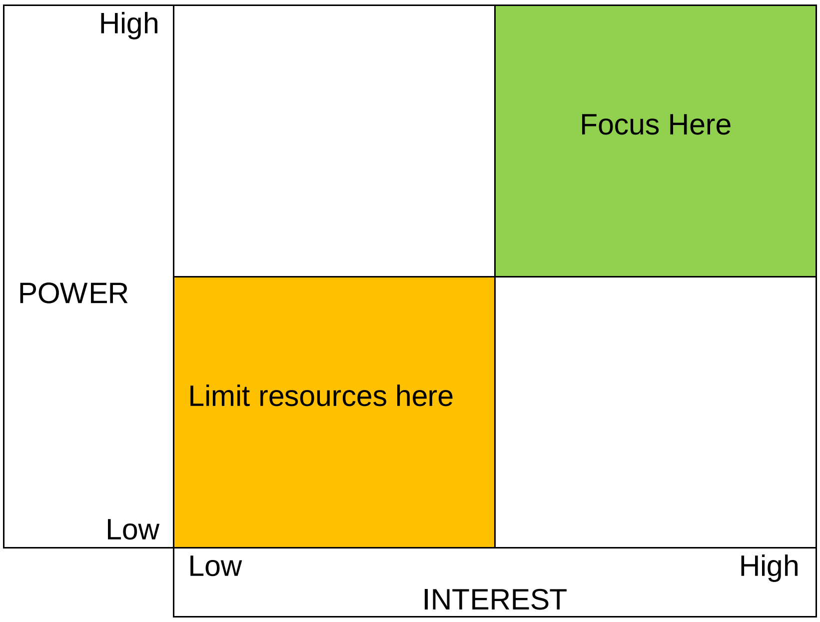
In Fig 5 the key individual stakeholder has *both* discretionary power relevant to the college or university's objectives or critical success factors *and* a genuine enough interest in its activities or education per se to have the desire to sustain a relationship.

Indirect communication can of course aid and sustain a relationship but the key is engagement. Thus education providers need to "chunk down" and develop a devolved yet managed approach to stakeholder engagement. The probability is that each individual stakeholder will have a particular professional or personal interest that would aid their partnering with particular staff and thus a manageable number of relevant stakeholders can be assigned to each staff member with stakeholder responsibilities.

> *"I am struck, time and time again, when government departments, agencies, regulators and others undertake perception audits of senior opinion formers and partners that few seem to be carefully managing their communications with the most senior people who can do them good or harm.*
>
> *Nine times out of ten, when we are asked to look at the reputation and perceived effectiveness of a major body, one finds that there has been no systematic thinking about the most senior people that matter to the organisation, with special handling, and account management built in.*
>
> *Do you have an up to date list of the 30 or 100 people who you most need to be close to? When did your directors last go to lunch with each of these people, or meet them informally? Do they get hand signed letters with your latest reports and newsletters from your top people!"*
>
> Prof Anne Gregory

Gregory commended the use of a simple 2x2 grid to evaluate potential stakeholders (Fig 5) and to ensure that a college or university limits the relationships to a viable sustainable number, where the stakeholder's power and interest (in education per se or your college in particular) are the key discriminates.

Fig 5 Stakeholder Analysis



Source: Gregory

- If a network of bilateral relationships is created, the engagement might be deep but stakeholder perceptions and knowledge of the institution as a whole are likely to be partial. Principal-led networking events, an intranet based knowledge management process, and personally introducing the stakeholder to additional contacts (paired meetings) are all well tried techniques.

- For more geographically distant stakeholders more imaginative means of sustaining a relationship need to be explored. A classic example here concerns overseas alumni and the development of local structures, often led by a local chair. This example of stakeholder relations mediated through the volunteering of peers naturally sends a powerful message and again relates to a key tenet of successful reputation management – it is sustained by what others say about you and even more so when they act on your behalf for no material reward (ambassadors).

Too often institutions maintain low level relations with those in the gold (bottom left) quadrant in Fig 5 (often referred to as the Christmas card list method of relationship management) when they would be best developing richer relations with a small number in the green (top right) quadrant. Research in commercial service sectors seems to show that engaging with stakeholders (efficacy metrics including familiarity, interest, regular contact, feeling well-informed) is known to be an important for driving advocacy, but not necessarily for creating initial favourability. Favourability tends to come first, and is due to direct contact with the organisation as a client, user, funder, partner etc or as a function of some prior deep-seated interest in higher or further education that is then transferred to a specific organisation.

Trust is essential for relationships to thrive and reputation to be fostered. People are very selective about who they trust. There is evidence that some groups are more likely to trust people they don't know who seem to have the same values as them rather than a traditional (official adviser) influencer that may have an axe to grind. Research proves this but so does everyday experience of using reviewer comments on Amazon. It is argued that those with similar values are naturally more likely to connect; they live in similar places, their children attend the same schools, they shop at the same supermarkets, they have the same social and sporting circles etc.

The US Institute of PR Commission on PR Measurement and Evaluation have produced guidelines for measuring trust. Three principals are suggested:

> 1. The CEO should articulate a set of ethical principles closely connected to their core business processes, supported with deep management commitment, enterprise-wide discipline and training.
>
> 2. The CEO should create a process for transparency that is appropriate for current and future operations. It should include an oversight committee, culture audit and consistent messaging. CEOs should ensure that they have professional, competent counsel to serve as a strategic integrator, champion, bridge builder, catalyst, facilitator and record keeper for appropriate transparency.
>
> 3. The CEO should establish a formal system of measurement of trust as a business standard; CEOs should make trust a corporate governance issue and a board priority tied to compensation

Trust has been a widely studied concept both by itself but, most importantly, as a component of the quality of relationships. It is universally agreed that trust is a multi-dimensional concept that is:

Multi-level
Trust results from interactions that span co-worker, team, and organizational and inter-organizational alliances.

Culturally-rooted
Trust is closely tied to the norms, values and beliefs of the organizational culture.

Communication-based
Trust is the outcome of communications behaviours, such as providing accurate information, giving explanations for decisions and demonstrating sincere and appropriate openness.

Dynamic
Trust is constantly changing as it cycles through phases of building, destabilization and dissolving.

Multi dimensional
Trust consists of multiple factors at the cognitive, emotional and behavioural levels; these all affect an individual's perceptions. Trust is intrinsic to good relations and is one of several dimensions frequently included in frameworks designed to measure relationships.

3.2 Corporate Social Responsibility

Corporate social responsibility (CSR) is an important component of any reputation management strategy. In the literature there is often confusion about the terms reputation and corporate social performance (CSP), as though they are in some way one and the same.

According to Carroll, "corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive". In being socially supportive (corporate citizenship) organisations provide money, time and talent to their communities.

Many stakeholders want to be convinced that an organisation, particularly one engaged in education, is taking a responsible stance on ethical, social and environmental issues.

There is of course evidence that this can impact directly on a company's bottom line as significant numbers of customers make product or service choices based, at least partly, on their perception of a company's CSR performance. In Europe, between a quarter (UK) and a sixth (France and Spain) of the adult population has advised others against a company on the basis of its CSR reputation.

We have tested this in a limited way in the Higher Expectations study (2008) but found that awareness of which universities were more environmentally sustainable than others was extremely limited and in any case few undergraduates would have adapted their choice of provider to take this factor into account.

The Pyramid of Corporate Social Responsibility (Carroll, 1991)

Discussion of corporate social responsibility in the context of higher and further education marketing has primarily focussed on how universities and colleges can leverage their unique position in society to attract corporate funding for specific initiatives. Fundraisers and marketers have sought to align initiatives with a sponsor's wider objectives and market position. However, as at least some universities and colleges have evolved into academic enterprises, and are increasingly expected to play a full role as agents of regeneration and social cohesion, so they are now themselves a target for those organisations or movements seeking CSR-derived support.

As such education institutions need to take a more strategic approach to their engagement with communities, with mutual benefit being the goal. However as active “businesslike” participants in CSR they need to act with caution as an incoherent or opportunistic approach to dispensing what many still regard as “public funds” will be viewed cynically as brand building, rather than a genuine attempt to foster community-university relations in line with the mission and purpose of a higher education institute.

CSR activity driven by altruism is not appropriate for a university or college; it must be aligned with institutional vision. From a marketer perspective, the challenge is to build a framework by which identified CSR opportunities can be effectively evaluated for their fit with the institution. Without this there will be endless calls upon the contingency budget (often carrying the euphemism of the VC or principal’s fund) that meet with a confused, guilt driven but ultimately token response: £50 for the homeless appeal or £75 for the disadvantaged children’s sport programme and so forth.

Institutional sponsorship of community activity that involves little more than a monetary transfer is unlikely to create long-term authentic and mutual benefits. Reputation is likely to be enhanced when institutional CSR activity is directly aligned with its vision and mission, is a manifestation of its stated values and is integrated with its core services: teaching and learning, research and knowledge transfer. So if being a good corporate citizen involves the supply of money, time and talent – from the perspective of a college or university, we might conclude that the latter is perhaps the most relevant, enduring and mutually valuable and direct financial support the least appropriate.

The latest manifestation of university CSR is the Beacons for Public Engagement initiative supported by the UK higher education funding councils, Research Councils UK (RCUK) and the Wellcome Trust. BPE aims to achieve a more joined up and strategic approach to public engagement.[5]

Public Engagement is defined here as *specialists in higher education listening to, developing their understanding of, and interacting with non-specialists – and in particular those who do not currently have a formal relationship with an HEI through teaching, research or knowledge transfer.*

Linked to the concept of CSR, education institutions are considering issues such as the sustainability of their activities, and governance. We can all doubtless recall the early 1990s and the sudden rush by marketing departments to use recycled materials for prospectuses and the desire to be seen to have done so. Whilst the issue is now more complex and responses more mature, is it unseemly for universities or colleges to nakedly seek to make reputation capital out of their sustainability strategy, driven by instrumental motives (reputation management for advantage) rather than normative values (doing the right thing)?

Encouraged by government we have also seen something of a revolution in university and college governance (ethics and codes of practice, widened external representation on boards to encourage plurality and to challenge internal perspectives, etc), as well the application of more managed stakeholder relations.

[5] http://www.publicengagement.ac.uk/default.htm

Orlitzky et al (2004) showed that there is a positive association between CSR activity and financial performance across industries – that is to say corporate social responsibility does not cost, it pays. The study evaluated 52 studies published between 1972 and 1997 and it produced three important conclusions:

- Corporate social performance (CSP) correlated more strongly with corporate financial performance when using accounting measures for analysis (e.g. lagging measures such as profit) than market-based measures, such as stock price (more of a leading evaluation of future prospects).

- Corporate environmental performance affected corporate financial performance to a lesser degree than other measures of corporate social performance, such as reputation for HR diversity.

- A "virtuous cycle" was identified between corporate social and financial performance: strong financial performance allows companies to afford social responsibility measures, which can lead to increasing reputation and so on.

Corporate Social Performance is often evaluated by seeking to objectively rate a firm's performance with respect to CSR processes, practice and policies against some pre determined set of standards or best practice framework (internal). Moskowitz has created an index for CSR against which organisations might evaluate. This adapted list seems relevant to education institutes:

- Environmental policies (sustainability)
- Equality in employment and admissions
- Senior managers should reflect the communities served
- Responsible marketing
- Supporting relevant charities
- Maintaining good community and neighbour relations
- The quality of the core service (effective quality assurance; external evaluations)
- Employee engagement, communication and non-financial benefits
- Respect for privacy
- Cultural programs to ensure staff and students can engage effectively with one another
- Responsiveness to complaints and fair dealing with students and customers

In the literature, reputation management is thought to have an instrumental justification (a tool or a means to an end) whereas CSP emerges from a normative approach (standards of correct behaviour). However, if we accept the notion that the behaviour and performance of a university or college contributes to the process that translates past actions into reputation, i.e. expectations for the future, then an institution that is not behaving in a socially responsible manner is likely to have its reputation harmed. Both economic agents (those who make choices that impact financially on the university or college i.e. students, parents, suppliers, donors and funders) and social or political agents (those providing the implicit or explicit “licence to operate” or endorsing academic legitimacy, such as quality agencies, the media, academic peers, etc) are indeed likely translate reputation in this way.

When an organisation is a good and adaptive social performer it consolidates its reputational stock. In contrast, an organisation that lags behind the evolution of its context is not a good social performer, and this will reduce its reputation. Alignment with stakeholder interests and priorities, as discussed earlier, is a good framework for management to periodically review activities, and to evaluate communications messages.

3.3 Word-of-Mouth and Advocacy Marketing

All those working in a college or university will appreciate the value of word-of-mouth (WoM) in generating enquiries, conversion and building reputation. WoM is particularly relevant to education given its human and social dimension, because reputation in education sectors is shaped by what others say about us, not what we say about ourselves.

Dye, investigating the marketing practices at more than 50 companies found that buzz (self-generating demand) impacted on about two-thirds of the US economy including a number of sectors not dissimilar to higher and further education: hotels, investment products, publishing and healthcare.

Marsden (2005) reports evidence that word-of-mouth is at least twice as powerful as traditional marketing communications in influencing sales, and given the rise of electronic word of mouth (mobile and internet), word of mouth is now some 50% more influential than it was 30 years ago.

This is supported by Edelman who found that trust in ‘a person like me’ tripled in only two years to 68% and a Nielsen survey showed that the most trusted form of advertising was ‘recommendations from other consumers’ this being cited by 78% of respondents. Furthermore, the third most trusted form of advertising (behind adverts in newspapers at 63%) was ‘consumer opinions posted online’, being trusted by 61%.

According to Burmaster (2008) prospects are now generally more likely to trust these sources than your brand’s website or your advertising. Brand Association Maps (BAM), which plots language, attributes and issues around a topic show that, for ‘advertising’, attributes like “false”, “deceptive” and “misleading” are highly associated. The fact is that customers are seeking out opinions because they don’t trust marketing communications as much and thus independent sources become more influential than ever before.

But WoM is not just about referrals to achieve sales as it also adds credibility to a message. A friend or family member talking about a brand or product, or an independent commentator writing about it, tend to be believed more readily than commercial advertisers talking up their own brands.

One of the leading writers in this field, Silverman, places great emphasis on the credibility and independence of the WoM source in terms of the subsequent power of the message. The ability of this “credible and “independent” source to provide prospects with an *indirect experience* of your university or college (prospects who talk to say alumni are able to experience your institution “vicariously” without taking the risks involved in enrolling) is critical. Word-of-mouth, primarily because it provides a timely and credible vicarious experience, is also thought to speed up the decision to purchase or enrol (it short-cuts the consideration stage and enables prospects to crystallise choices by confirming their own pre-disposition towards a particular provider).

> *“If a trusted friend tells you how good a product is you are much more likely to act on that recommendation more quickly than if you saw an advertisement. This is because your friend is a source you can believe and trust and the “indirect experience” they have provided has made your decision to purchase easier”.*

The same principle applies when selecting education, except that, because the decision is so much more complex and important and because your prospect’s involvement in the decision is so much higher, the “word-of-mouth” recommendation is potentially much more powerful.

The data may vary but the core message is clear, word-of-mouth is powerful and increasingly so. Research also shows that word of mouth is widespread amongst all ages and social groups, revealing it to be a major communications opportunity

Terminology

It will come as no surprise that this is another minefield of terminology and definition. Here is a quick run down!

Online word of mouth is called viral marketing and was coined as long ago as 1996 by Rayport at Harvard. Viral marketing describes any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message's exposure and influence. It is also defined as “an alternative marketing strategy supported by research and technology that encourages consumers to dialogue about products and services”.

The standard viral-marketing model is based on an analogy using the spread of infectious disease. It assumes that one starts with a seed of individuals who spread a message by infecting their friends, where the expected number of new infectious people generated by each existing one is called the “reproduction rate,” or R. When *R* is greater than 1, each person who gets the message will, on average, spread it to more than one additional person, who then does the same thing, and so on, leading to exponential growth in the number of people who receive it i.e. an epidemic.

The first viral marketing campaign was the Hotmail launch in 1996 and it grew faster than any other company in history. Within 18 months it had over 12 million subscribers.

Offline is where the majority of WoM actually occurs and has the strongest impact on reputation and there are a number of terms that are used:

Word of mouth (personal, relationship embedded spontaneous communication)
Advocacy marketing (most often relates to social and voluntary sectors)
Public affairs (a well worn phrase associated with political influence)

Influencer marketing is about influencing the mass of prospects or other groups through the influence of a few. It requires the identification of those with influence and their subsequent engagement so as to support a business objective. Influencer marketing can be traced back to 1950s when Lazarsfeld and Katz introduced the concept of the two-step communication process and personal Influence. They stressed that some people have a disproportionate degree of influence on others and can be effective communications channels.

Dr Walter Carl, assistant professor at the Department of Communication Studies of Northeastern University has proposed various measures for the “credibility” for WoM. This relies of pre and post research and is tricky to administer unless you know who has been exposed to WoM.

Credibility effect	Whether the information provided by the conversational partner made information heard from another source (such as the media) more or less believable.
Thinking change	Whether the episode resulted in a change of thinking or ideas about the product or service and the action a person plans to take.
Inquiries	The likelihood that a person will seek additional information after a WOM episode, such as visiting a Web site.
Purchase likelihood and behaviour	The likelihood of the participant to purchase or use the product or service.
Pass-along likelihood and behaviour	The extent to which the participant will tell other people about the product or service.
Relationship consequences	Whether the WOM episode has an effect on the participant's relationships when they engage with their friends and family, etc.

Research by Burden and Rowe found that WoM recall was twice that of TV advertising and that advertising recall was increased if there was also evidence of WoM for the brand (this can increase recall by 60%). They found that "brand" experience is the main topic of WoM content.

The Value of Word of Mouth

Rosen calculates that the worth of a believed and trusted source making a recommendation has been calculated as $600 but such values are really meaningless as they will vary by sector and country due to product price and culture. What the figure suggests is that WoM is likely to have a significant financial value for a college or university given the yield from each enrolment. Development directors will also appreciate the value of WoM and affinity as the cost per £1 raised is likely to be lower and many use the peer-to-peer technique to raise funds.

According to Kumar et al the value of any one student or client does not reside only in what that person buys (transactional value) but in how they feel about you and what they are prepared to tell others about you (relationship value), as this influences enrolment or sales in a multiplied way. They polled customers at the telecom firm and a financial services firm on their referral intentions and then tracked their behaviour and the behaviour of the prospective customers that the referring customers brought in over time. The number of customers who said they intended to recommend the firms to other people was high, but the percentage that actually did so was far, far lower.

Overall, the analysis showed that for every 100 customers a third actually referred (40% of the total said they would) and of those referred to, about 40% purchased of which about 3 in 10 were deemed good customers (subsequently positive and profitable). Overall the referral activity led to 4-5 new customers per 100 on the customer database, but the reputational impact of the third that referred was not measured.

The authors conclude that the value of the customer referrals dwarfed the average customer's lifetime value (the sum of episodic transactional value). They also showed that the most loyal customers (repeat users) were not the most valuable ones because interestingly they were not the most likely to refer to others!

Most attempts to measure the power and value of WoM do so by asking customers whether their choices had been influenced by personal recommendations and thus a percent of market type score is derived. Ipsos MORI highlights that the proportion of consumers identifying word of mouth as their best source of ideas and information had increased from 67% in 1977 to 92% in 2005.

Depending on the category, up to 90% of people cite word of mouth as their preferred source of product information, and over 90% of consumers would try a product or service if recommended to them by a friend (Marsden 2005).

Research by Weber Shandwick with 4,000 consumers in Germany, UK, Spain and Italy, across five product categories found that over a third said that a positive recommendation had driven them to try a new brand and that word of mouth was five times more influential than advertising in their buying decision. 50% of European consumers felt that their own positive endorsement of a brand had driven a friend to try it. Forrester research revealed that 77% of online shoppers now seek out ratings and reviews when making a purchase.

The importance of WoM will vary by sector and the nature of the service. In one study 42% of respondents reported recommending a restaurant in the past 30 days compared with 3% that had recommended a day nursery. The point is that restaurant recommendations happen more often than nursery recommendations because many more people have to decide on which restaurant to go to every month than where to send their infants to pre-school. So, the frequency of recommendation is related to the frequency that choices are made. Education is an infrequent purchase so percentage measures such as this may be relatively low compared with other FMCG categories. Burden and Rowe also found that WOM is slightly less positive for service brands (probably due to inherent increased variability in delivery).

A recent Canadian survey of international students at 20 language schools asked the usual question: “how do you find out about your programme?” The results were equally typical with word of mouth recommendation coming top with 43% compared with 17% that found it on the Internet and 6% that saw it advertised. This result is consistent with those from so many education surveys.

Measuring Advocacy and Loyalty

The **Net Promoter Score** (NPS) is a management tool that can be used to gauge the loyalty of an organisation’s customer relationships. NPS is an alternative to traditional customer satisfaction research. Introduced by Reichheld (2003) this loyalty metric is thought to be easier for employees to understand and act on than satisfaction metrics or indices. Organisations obtain their Net Promoter Score by asking a single question on a 0 to 10 rating scale: "How likely is it that you would recommend our organisation to a friend or colleague?” Based on their responses, customers can be categorized into one of three groups: Promoters (9-10 rating), Passives (7-8 rating), and Detractors (0-6 rating). The percentage of Detractors is then subtracted from the percentage of Promoters to obtain a Net Promoter Score. A score of 75% or above is considered quite high but there is no reliable benchmark for higher education. In private trials with clients we have recorded negative NPS scores and generally find a higher rating for course recommendation than university recommendation, which probably tells us something about the nature of student affinity, focus and knowledge. The NPS question can be varied for non-customer groups such as employees (would you recommend this college or university as a place to work?), suppliers and other stakeholders.

There has been a debate about whether the NPS is a valid measure of loyalty and a predictor of business growth or affinity growth. Hayes (2008) found that there is no scientific evidence that the "likelihood to recommend" question is a better predictor of business growth compared to other customer satisfaction questions. Alternatively there have been calls for the higher education National Student Survey to use the NPS as the summative question. Independent research does seem to confirm the fundamental claim of a relationship between relative competitive Net Promoter Scores and competitive growth rates. Similarly, research in Australia by Mark Ritson also supports the conclusions.

The most compelling research in support of the NPS has been undertaken by Marsden and Samson at the LSE. This paper has been widely debated and presented and is based on UK research across several sectors. They concluded that word of mouth, both positive and negative, is a powerful component in driving UK business performance. Critically they assert that word of mouth can also be used to predict sales growth as the higher the net-promoter score, the higher the growth.

They compared the results of a telephone survey on a random sample of 1,256 adult consumers in the UK against the 2003 and 2004 sales data from banks, mobile phone networks, supermarkets or car manufacturers. They found that both word of mouth advocacy (as measured by NPS) and negative word of mouth was statistically significant predictors of annual 2003-2004 sales growth:

- Companies enjoying higher levels of word of mouth advocacy (higher net-promoter scores), grew faster than their competitors

- Companies suffering from low levels of word of mouth advocacy and high levels of negative word of mouth grew slower than their competitors

- 7% increase in word of mouth advocacy unlocks 1 per cent additional company growth; a 1% increase in word of mouth advocacy equated to £8.82m extra sales.

- 2% reduction in negative word of mouth boosts sales growth by 1 per cent. 1% reduction in negative word of mouth for the average company resulted in £24.84m in additional sales.

Companies with above average positive word of mouth and below average negative word of mouth grow four times as fast as those with below average positive word of mouth and above average negative word of mouth.

The researchers conclude that three simple questions could predict overall business performance:

- Likelihood that customers would recommend a company or brand to friends or colleagues - Net-promoter score as a predictor of sales growth

- Likelihood that investors would recommend investing in a company to friends or colleagues -Net-promoter score as a predictor of share performance

- Likelihood that employees would recommend working for their company to friends or colleagues - Net-promoter score as a predictor of productivity

There are some methodological issues to consider in administering and evaluating NPS:

- Environmental factors may exert an influence on customers' response. For example graduates that have just landed a great job are likely to be more likely to recommend their university than those who are still job searching.

- Comparing results across sectors is not thought to be applicable (e.g. those with social stigma versus education, or those with varying levels of service interaction).

- When the survey should be delivered and who should be included are important considerations. For example should it be restricted to current customers or recent and current customers? What about those students that have dropped out or failed;

they are likely to have less positive attitude but if they are excluded this would create an artificial result?

Benchmarking NPS scores between countries is not valid due to cultural differences. Whereas in the USA 10 may be quite frequently awarded, in Belgium for instance, people will only seldom give a 10, not because they may not be pleased, but because this is culturally engrained (10 means perfection). These differences have been used to argue for the 9-10 scores for advocates being extended in some domains to include 8 but Marsden's research suggests that the original scoring framework applies in the UK.

The point is that advanced nations have moved to an experienced-based economy. Service is where the vast majority of value is being created even in manufacturing sectors. This leads to customer experience as a differentiator and why NPS is important. The point is that value creation is becoming harder and harder.

Below is an adapted NPS grid on which to plot individuals that are surveyed. The original grid had "profitability" on the vertical axis but how valuable individuals are to your wider goals is more applicable in education that purely financial returns. The shaded areas indicate the groups of stakeholders that you should engage most: the detainees who are important but unsupportive and the Angels who represent your most important supporters. This can be a useful sister method for the Gregory grid discussed earlier: a means for selecting key stakeholders with whom to engage.

Fig 6 NPS Grid

High **Mission Critical**	Detainees	Angel Candidates	Angels
Low	Insurgents	Agnostics	Missionaries
	Detractors 0-6	**Passives 7-8**	**Promoters 9-10**

Influencer Marketing

According to PR Week's annual marketing management survey, 69% of marketing managers in the US now include the targeting of influencers as part of their strategy.

Despite the hype surrounding online viral marketing, it is claimed by WOMMA (the UK trade association) that 85% of WOM activity takes place offline and that offline WoM is more powerful as the source is usually known to the recipient and thus the communication has added trust power. A similar figure is reported from the US, where according to Keller Fay Group, 73% of marketing-related conversations take place in person compared with just 10% online. So, the focus of your WoM or influencer marketing strategy should be face-to-face rather than mouse-to-mouse communication

Central to most strategies designed to amplify WoM is the notion of influencers, which put simply means targeting those who have the greatest viral impact rather than engaging the masses. However, the theory that there are influencers that have disproportionate impact is not universally accepted, as we shall discuss later.

WOMMA defines an influencer as "*a person who has a greater than average reach or impact through word of mouth in a relevant marketplace"*. New York Times journalist and author of 'The Tipping Point', Malcolm Gladwell, first stressed the importance of so-called "influentials". He categorises influentials into three different categories:

- **Connectors** are the people who link us to the rest of the world
- **Mavens** are the 'information specialists' who accumulate and share knowledge
- **Salesmen** are the 'persuaders' who possess the powerful negotiation skills

Keller and Berry in their book "The Influentials" categorise influencers by reference to the nature of their influence:

- **Social** influencers (meta trends)
- **Category** influencers (in a sector or product area)
- **Brand** influencers (which brands are in and which are not)

Below is a summary categorisation of influencer types, ranging from formal to informal. Researchers and marketers have developed names for the various influencer types some of which are trademarked. It is likely that every university and college can identify influencers that fit into this typology and they should be integrated into both your reputation management plans and included in any reputation perception research.

Fig 7 Influencer Typology

Category	Who	Label	Channel of Influence
Formal Authority	MPs and Councillors Political staff DIUS etc Chambers of Commerce leaders RDA and GO officials LSC and HEFCE	Opinion leaders C-suite	Laws, policy and regulation Funding Directives Permissions
Experts and Advocates	Academics Sector analysts NGO leaders User activists (NUS)	Experts Mavens Analysts	Social media Specialists publications and journals
Media Elite	Journalists and commentators	Talking heads and columnists	Traditional and social media
Cultural Elite	Well known individuals in your location or sector (might be sports stars or musicians, designers etc that move young people)	Trendsetters Fashionistas	New and social media
Socially Connected	Neighbourhood leaders Members of community groups Online networkers Business networkers	Alphas Connectors Hubs	Personal relationships Social gatherings Email lists Social networking

More recently, Rohit Bhargava at the agency Ogilvy has proposed a categorisation for new media influencers that revolve around content creation, consumption and sharing:

- Content **creators** (bloggers, twitters)
- Content **consumers** (go online, they browse, they read things and email. But they are not creators or bloggers)
- Content **sharers** (find interesting content and save it, add it to a list or pass it on)

Not all academics and commentators support the assumption that there are a small number of key players in each market or stakeholder group that influence the majority. Duncan Watts states that trends in public opinion are driven not by a few influential players influencing everyone else but by *many easily influenced people influencing one another*.

Watts stressed that the theory was neither supported by empirical evidence, nor in sync with accepted theories of interpersonal influence. His research (with Dodds) used simulation models to show that under many circumstances, "influentials" have at best a modest impact on public opinion change relative to other individuals. He concluded that when word of mouth is successful it was due to the structural properties of the social network (how inert-connected those in the audience group were) and the importance of interpersonal influence in that social group.

So the first decision to make in any influencer strategy is whether to identify the easily influenced amongst your prospect or stakeholder audiences and/or to develop relations with those whom you believe are the key influencers. Developing relations with influencers is not simply designed to promulgate good news about your college or university; influentials are also invaluable eyes and ears and can provide invaluable feedback on your ideas and plans but also, because they are well connected, they can advise you how your institution is perceived.

Of course the purpose of this paper is not about sales but about reputation; the literature of influencer marketing is largely centred on influencing prospects to buy whereas influencers and advocates are central to reputation, regardless of whether the contacts they have subsequently buy; they may simply add to the increased circle who have positive attitudes and voice them to others (advocacy multiplier).

Influencer programs are, by definition, long-term, multi-year commitments designed to build a relationship; they are not marketing campaigns.

The first steps are to identify amongst your key stakeholder groups both the easily influenced (after Watts) and the influentials (after Gladwell). Both approaches have merit and are not mutually exclusive.

Influencer strategy

Many colleges and universities ask new students or business clients who they spoke with or what they read or browsed before enrolling or applying, but fewer ask specific questions about what or who influenced them and why. It is important to identify who influenced whom rather than merely who communicated with whom. Such questions on your induction or joiner surveys can help to reveal the connected and trusted sources (the influencers) but also this can reveal who was influenced by word of mouth or personal recommendation and the analysis of this cohort may help to locate the most likely to be influenced in the future. However, the evidence is that all demographic groups are likely to recommend and be recommended to and influenced, so simple analysis based on demographics is unlikely to be very revealing. Any preparatory research also needs to map out a timeline of influence, as education markets are cyclical and seasonal. It is critical to know when influence will be most impactful as that is when you should stimulate chatter.

How to identify influencers

According to Brown influencer marketing is about changing a scatter-shot approach into a rifle-shot one. You target specific influencers, not generic prospective customers.

The research and the experiences of specialist professionals delivered the following insights as to which influencers are likely to be. However the key is that influencers are both visible and connected to those you want to influence. So if you want to influence small business owners you need to identify those who are trusted, visible and connected with this group. However identifying “influentials” will be at best a crude approximation.

The many professional commentators stressed the following:

- Influencers are interested in engaging in a two-way dialogue with brands. So they are likely to already be known to; they complain, they join user groups, they are the students that participate in whatever is happening.

- Influencers naturally populate online communities, so you can locate them by monitoring these and engaging with them.

- Influencers are service and segment specific and come from all walks of life. They are not always professional intermediaries but are often peers.

- In business or professional markets the reason why specific professions are influential is because they are vocal and because of the number of people who read or access their work. So those who write blogs or columns in the local media etc become mini celebs.

- Influencers like to help others connect and they serve as a bridge, connecting people.

- Influencers tend to have had a genuine experience of the service.

Keller and Berry 2003 have distilled published research into a simple screening profile for identifying connectors (influencers), recently estimated by NOP to make up 10% of a target audience based on their ACTIVE profile:

Ahead in adoption
Connected (socially and electronically)
Travellers
Information Hungry
Vocal
Exposed to media

There has been UK research to test the ACTIVE profile albeit on a product some distance from education. In 2003 Marsden et al tested in a field experiment the idea that connectors are socially infectious. To do this a student connector was recruited using a simple screening questionnaire based on the ACTIVE profile plus two additional criteria based on research about the psychology of influence (Cialdini 2001):

- Elevated social status among peers
- Physical attractiveness

The connector then administered 100 street corner questionnaires to investigate student opinion on the UK government’s plans on university fees. Whilst administering the first 50 questionnaires, the connector was instructed to be visibly drinking a can of Coke and for the final 50 questionnaires, a can of Pepsi, although no mention of this or the brands was to be made. At the end of each interview, the connector offered a free can of Coke or Pepsi to participants as a thank you for participation. The results supported the connector hypothesis as they clearly influenced the choice of incentive whereas a control using a non-connector interviewer did not.

It would be possible, using either judgement based on prior relationships, or some form of screening research (e.g. using prospect or client/student/alumni databases), to identify those in your key publics that fit the ACTIVE profile.

Components of a Word of Mouth Strategy

Marsden's review of the evidence surrounding methods for optimising word of mouth advocacy identified eight distinct techniques and these are discussed in more detail in the final section.

1. Referral Programs
2. Tryvertising (allowing influencers access to view of your planned promotions)
3. Empowered Involvement (staff and consumers)
4. Ambassador Programs
5. Causal Campaigns
6. Influencer Outreach
7. Advocacy Tracking
8. Innovation (in services)

We have also reviewed the professional and academic literature and the following guidance on effective components of a WoM strategy in consumer markets appear to be widely supported.

Delivering customer experiences that exceed expectations is the key to what makes a customer recommend to a friend or colleague. According to Meyer and Schwager, customer experience is the internal and subjective response customers have to any direct or indirect contact with an organisation. Direct contact generally occurs in the course of purchase, use, and service and is usually initiated by the customer (this is of course not necessarily so in education). Indirect contact most often involves unplanned encounters with representations of a company's products, services, or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports, reviews, and so forth.

A good advocate or influencer is typically someone who has had a genuine experience of the product or service (or has been told about it by someone they know or trust) and whose opinion is trusted by at least one other person. To make a difference on a large scale a strategy needs to plan to:

- Bring these advocates together in one place.
- Trigger their advocacy through active involvement.
- Create more opportunities for them to influence the more easily influenced

Clearly any strategy designed to stimulate positive WoM needs to start with **a better understanding of customer expectations** as well as the more traditional customer needs, and measuring customer experience not only in terms of passive customer satisfaction, but active customer recommendations. Using research, colleges and universities need to reveal what the expectations of for example prospective clients and students are, and what their expectation priorities are (the elements of the whole service and experience they assign most value to). The evidence is that these vary by sector and brand category so the expectations/priorities of those considering Russell Group or Post 92 universities and perhaps sixth forms in schools and FE colleges will be different.

Using the NPS question and evaluating the results will reveal who your strongest advocates are – and stage-two qualitative research or key driver analysis will reveal why they are so positive. Early in their relationship with the college or university, advocacy may be due to some unexpected WoW factor.

The role of market research in word of mouth management is not limited to data collection. Market research can actually create word of mouth by listening to, involving and engaging customers in the development of new products and services. Of all the communication channels in marketing, only market research is based on listening, on dialogue rather than monologue. The most well known example of research as advocate stimulator is the Hawthorne Effect.

Researchers from MIT and Harvard were commissioned to test new working conditions for employees at Western Electric's Hawthorne Works and assess any impact on productivity. The test involved inviting small groups of employees at the Hawthorne Plant to trial these new working conditions and to feedback on them. To the researchers' surprise whatever new initiative was tested (e.g. brighter lighting, dimmer lighting, etc, shorter hours, longer breaks, etc), participant feedback was positive, and systematic increases in productivity were recorded. The researchers realized that respondent advocacy and the increases in productivity had nothing to do with what was being tested, and everything to do with running research trials that gave participants a sneak preview of something new, and a say in how it was to be rolled out.

So any reputation strategy that includes word of mouth advocacy as a strand needs to consider more and new ways of involving staff, students, clients, alumni and other stakeholders with evaluating, designing and testing new services, strategies or facilities, for example, “designing” prospectuses or websites, courses, environments, events, service standards, processes, etc. Customer-centricity means marketing with users not to users. Make sure you always close the loop as failure to do this (asking for feedback but not communicating back how this has been used) substantially diminishes the value of listening in the first place.

Mirroring the Hawthorne Effect research by Oetting at the ESCP-EAP European School of Management found that the key to stimulating word of mouth was **'Empowered Involvement'.** The findings were also consistent with HR studies that showed that empowerment in the workplace was the key to morale. The research found that people involved in a marketing project produce significantly more, and more positive, word of mouth, than other consumers if they felt:

- They could have an impact on its outcome
- The project was meaningful to them
- They felt competent to make a contribution
- They had a choice in how to participate.

So there is genuine benefit in viewing your most important consumers and your staff as partners whom you want to truly empower within your marketing process.

It is important to realise that most influencers are motivated to help other users to make good or better choices, not to help the organisation directly. So thanking them for helping your college or university may make they feel uncomfortable, unless you are sure that they are active supporters. **Gifts and rewards are no substitute for an ongoing, committed connection.** Paying influencers is not recommended because it changes the relationship and makes advocacy less authentic. Furthermore, the evidence is that customers pulled through by advocates who were incentivised are more likely to become detractors (because their expectations were badly shaped) thus causing long term damage.

Increasingly, student ambassador programmes in higher education are formalised and students trained and paid. Given the advice NOT to incentivize advocates, my experience in higher education leads me to recommend that when recruiting student ambassadors not only should the ACTIVE plus approach outlined above be used to screen them, but also, if the students are to be paid (not unreasonable in the specific circumstances) then they should only be selected from those students who indicated they were completely satisfied with the college or university in the most recent satisfaction survey or would naturally be willing to recommend scoring 9/10 using the Net Promoter question. In this way you can be sure that their advocacy is genuine and not a function of needing a job.

That said, research with prospective students exposed to ambassadors supports the findings in other sectors that your best influencers may not always be positive about your organisation. Your biggest fans may at times be your harshest critics. However the fact they are sometimes negative will make them far more credible to their networks. This is why student ambassadors that go off message and say it "as it is" are much more valued and influential than those who are and appear too scripted and edited. So select advocates but do not overly manage what they say and encourage them to give a rounded truthful message.

Derbaix and Vanhamme found that the **element of positive surprise** is the key trigger of word of mouth. This has been summarised as "WOW triggers WoM." This research, using the critical incident technique, brought to the fore the emotion of surprise. The results showed that the intensity of surprise is significantly correlated with the frequency of subsequent WoM and that this relationship is not completely mediated by subsequent positive or negative emotions. This relationship is explained in terms of social sharing of emotions.

Linked to the element of surprise, others emphasise the need to give people something to talk about; information that can be shared or forwarded for example publicity designed to encourages conversation. **Increasingly the media can become the message.** Traditionally TV, radio and press adverts and direct marketing, directs viewers to a website or a free number. But now advertising can become a big seed for viral marketing. If the advertising is compelling enough, consumers (typically those familiar with the brand) will share it via email as they forward it to their friends. This not only widens it's reach, as recipients are far more likely to listen or view, it also deepens existing relationships if the release of the advert to say connector alumni or students or staff or applicants is prior to broadcast and publication, and if it has been the subject of design or pilot feedback from your internal community (see earlier references to the work of Burden and Rowe that showed a 60% uplift in advertising recall when associated with WoM).

Moments of truth relating to **service failure** are important. According to Reichheld (2003) a negative experience decreases loyalty to a greater extent than a positive experience increases loyalty. Samson (2006) found that satisfied people were likely to tell five people about their experience whereas for those with a bad experience tell eleven. However, where there is an error, how you respond can have a powerful and lasting impression.

Provide opportunities for influencers to **meet the people who create and deliver the service**. This is a form of social currency and provides a connection to your college or university. Ways to engage influencers on a personal basis include allowing them access to closed parts of the website, attending special master classes, getting close to your research activity, etc.

Encourage communication because **influencers generally like to connect to one another** so facilitating this online but more usefully, face-to-face, is recommended. Online can deliver scale and connects more broadly, but offline creates more powerful and trusting relationships. Commentators urge creating user groups and fan clubs and support for independent groups that form around your services. Universities have been doing this for many years by facilitating the creation of alumni groups and reunions both in the UK and especially overseas where WoM is a central component in institutional and country choice.

With some possible exceptions your influencers should be the group that you are most transparent with. They can be your early warning system for both good and bad ideas. Consider a non-disclosure agreement as part of your process. **Bringing influencers closer to your inner circle** on longer-range plans (new programme design or college or departmental strategy) is the key to building loyalty and affinity. Create forums and feedback tools.

Berry and Bendapudi introduced the concept of **evidence management** (an organized, explicit approach to presenting customers with coherent, honest evidence of your abilities), using the case study of a North American clinic.

Nobody likes going to the hospital they say, so when we're considering a medical facility, most look for evidence of competence, of caring, and integrity, processing what we can see and understand to decipher what we cannot. In the US, the Mayo Clinic doesn't leave the nature of that evidence to chance. By carefully managing a set of visual and experiential clues, it is claimed that Mayo tells a consistent and compelling story about its service to customers. It offers patients and their families "concrete and convincing evidence" of its strengths and values. The result is exceptionally positive word of mouth and abiding customer loyalty, which has built a national brand with very little advertising.

The authors' stress that evidence management is particularly applicable to organisations that deliver intangible or technically complex products or services, as their customers naturally look for clues that can help explain what they don't understand or see. The clues emitted by people (humanics) and things (mechanics), introduced to the management literature by Lewis Carbone and Stephan Haeckel, tell a story to customers or potential customers.

The key elements of this approach include:

- Research designed to reveal the source of positive user attitudes with a trail back to experience episodes that can be used as exemplars and amplified stories.

- Employees at all levels take note of customer preferences and are empowered to solve problems on the spot, continually tailoring the experience to each person.

- That employees communicate a strong, consistent message to users cannot be left to accident. The Mayo explicitly and systematically hires people who genuinely embrace the organization's values. The clinic emphasizes the importance of those values through training and ongoing reinforcement in the workplace. The recruiting managers are also trained in behavioural interview techniques, and they are expected to use them to elicit an applicant's values.

Borrowing from Dr Ralph Wilson who offers some guiding principles that can be applied to viral marketing, other possible components of a WoM strategy could include the following.

As research shows that word of mouth is more powerfully transmitted by those with direct experience of the service, Wilson advises **giving some services away free** to extend the number of people with direct experience of your brand. Most studies show that customers or students are more positive about a provider than those who remain mere prospects. This is particularly true for Business-to Business (B2B) services. The key though is that FREE means just that, and not subsidised, and or requiring a complex application processes to determine eligibility for reclaiming the fees. Examples in higher education include invites to masterclasses for prospects.

Make your message easy to transmit. Email is a simple tool and the use of signatures can help your staff or students to circulate a consistent message about your college or university without having to do anything new (a tactic used by e.g. the Sunday Times University of the Year for example, proudly promoted with every email). It helps if the message relates to an independent validation of your reputation.

Supply **content to and create links with the websites** known to the audiences you want to engage. For example, get specialist lecturers to write pieces for trade or business websites. The content will establish their credentials and experience (and yours) and because it is published on an independent site this adds to its perceived veracity thus building reputation (implied endorsement). Grant permission for every reader to reproduce the material but embed a link back to your website in the copy.

Take care not to **simulate levels of demand for services that you cannot deliver,** otherwise a successful campaign may damage your reputation not enhance it. Most education institutions would like this problem though and as other findings show, being selective (excess demand) is a major driver of reputation in mainstream full-time education.

Use **common motivations and behaviours** as a basis for a campaign. For example parents, students and alumni want to be associated with success and want to be seen to have made the right decision in enrolling at your college rather than elsewhere (self validation). So they need evidence to reinforce their own decisions and tell others about it.

Encourage people to **spread the word among their existing networks** i.e. the people they know well (friends and family, typically 10-12 people) rather than a wider network of acquaintances (their Facebook friends). Through the principal of 6 degrees of separation the word will spread organically.

Education related case studies

Adrienne Jerram of the **University of Sydney** offers some useful advice on word of mouth or advocacy marketing for education institutions.

- Use experts (for example advisory groups of agents, professional association representatives or careers counsellors) in your marketing. Those on your advisory groups will become your biggest supporters and will be willing to tell stories about their experiences.

- Find your other key influencers and provide them with an experience of your university they can talk about (and then encourage them to talk about it).

- Use peer selling (your students!) whenever possible in your campaigns to provide the indirect experience.

> "Our biggest success has been our student ambassador program. We use a team of currently enrolled students in every aspect of recruitment. *We train them in the basics but then give them free reign over what they say, ensuring that the stories they relate are authentic. One component of this, our "Email a Student" program, has been extremely successful, but the most successful elements of the program are ideas that students come up with themselves."*

- Use your events to get prospective students together to talk about your university, and to give them an experience worth talking about

- Make use of the Internet for emails forums, chat rooms etc.

- Create true stories that are simple and easy to repeat.

- Never forget the importance of internal staff in talking about you and providing a “virtual experience”.

- Actively and ethically influencing rating guides to ensure your institution is rated to its true potential.

Jerram goes on to emphasise another truism in this field, that if you provide students with a bad experience they will talk about this before they talk about any of their good experiences. This may be true to a point, but it is less likely with students than other consumer groups because student act more like investors than consumers as they have a vested direct interest in their college or university’s reputation because it sits on their CV. Having said that, students tend to expect and generally have a good and productive experience so negative experiences stand out.

Jerram gives the example of an exchange student who decided to make a five-minute digital video on his experience. *It was really rough and the sound quality was poor but prospective students loved it and it gave them a story to tell to their other school friends*.

The programme worked for Sydney (albeit a university with a history and an established reputation), with good evidence that student-to-student (S2S) marketing effectiveness that allowed advertising spend to be reduced. The impact was also effective with Aboriginal students after they returned to their communities to talk about their experiences.

Jerram also cites an example of a primary school that dramatically improved enrolments mainly by keeping the local shopkeepers up to date with the latest happenings at the school and inviting them to participate in school events. They then spread the word to their customers, the local parents who often chatted at the checkouts.

A second case study comes from the car producer Porsche, which produces 10% as many cars as BMW or Mercedes-Benz, but beat both in developing and launching a revolutionary ceramic brake system due to its links with higher education.

Porsche has open collaboration as a distinctive characteristic of its academic alliances. Every year it brought nearly 600 masters students into its R&D facility. An annual budget of up to $30 million pays for internships and also supports external university research or research-institute-based studies conducted exclusively for Porsche.

This arrangement allowed the manufacturer to employ just ten staff specialists in basic research, compared with about 200 each at rivals as a student costs just 15% of a full-time employee. Although the students focus on basic R&D, they participate in every stage of product development. Toward that end, students help Porsche identify new suppliers for the technologies they develop, and they collaborate on production techniques that combine the latest research from their universities with the suppliers’ real-world experiences.

Many of the students stayed on and became the new generation of employees. Those not asked to stay become part of an alumni network that provides advice on research and technology. Alumni meet several times a year, sometimes for a weekend at a top venue where they enjoy early test-drives of the company's latest models. Porsche's university alliance offers two lessons:

- When hiring people, always value creativity and passion over technical ability as defined by academic or professional qualifications; students who love the product or the industry generally perform best.

- Engaging people – even when they have not converted (in this case to employees) can have a major reputational and WoM value

B2B Referral Marketing

Word of mouth (or referral marketing) has been a long established means of generating business in B2B and professional markets. Here there tends to be fewer customers and transactions tend to be larger. Customers often need a customized service or price, the usage of the service determines its value, and brands mean very little to customers. Moreover, selling is a long and complex process and the target of the sales pitch or message may not be the end user of the service.

In the B2B environment, word of mouth historically has manifested itself through conferences, representative visits and special-interest communities. In the technology sector, customer reference programs are common, where potential clients are introduced to existing clients they can grill about how well the product works and meets their needs.

A referred business prospect is likely to be highly qualified, predisposed to appreciate your product or service and thus easy to convert. The result is a high ROI and a low acquisition cost. However businesses tend to wait for referrals to come to them without any effort. They believe that just because they satisfy a customer with their service that customer will give them a referral but they tend to be "satisfied but silent" unless they are stimulated to act.

The advice from B2B professionals is consistent with the concept of a connector i.e. that some business contacts are more predisposed to make referrals because of their character or visibility or connectedness in their sector or location.

In these sectors incentives are thought to be effective, but these are perhaps best not in the form of monetary rewards but discounts for both refer and referee (this also makes the refer look good in the eyes of their contacts) and opportunities to get closer to your service design.

The professional literature points to the following as being effective components of a word of mouth or referral B2B strategy. Most of the actions would also support broader reputation management and repeat business goals.

- Seek to win the business of businesspeople or organisations that are well respected in their community or sectors; association builds reputation and these organisations tend to have a wider range of connections and well-established supply chains.

- Keep current customers satisfied by ensuring the service fulfils the claims you make. Dissatisfied customers do not refer. Address customers as though the only purpose in serving him or her is to generate a referral from them. Now you're not a sales person, you're a service person. Make referrals a KPI and use this as a test of service not just satisfaction scores.

- Deliver a bit more than you promised as this leaves an indelible impression (really understand what they value). If you have done a good job, business owners and managers have a vested interest in referring you to their clients, as that will make them look good, or to their suppliers if your service will improve their quality.

- Impress customers with your business relations (contact that is neither sales nor delivery related but keeping in touch on a systematic basis)

- Know how your customer's business is faring and what their issues are so you can communicate empathetically.

- Ask for referrals from those you know you gave good service to. However tell your client what sort of business you want and what sort of organisations you do your best work for, as that way you get qualified referrals that you are more likely to do a good job for and thus your reputation is extended.

- The most effective tool you can give your referral partner is knowledge about your services and plans. Give them hard evidence that your service is valued and creates value for those who engage you. This reduces the risks of them referring you to others they know.

- Provide satisfied customers with some marketing collateral to pass on – business cards, a leaflet, and an invite to an event on campus.

- Tell customers how you will follow up any referrals; ease concerns that their contacts will be pestered. How will you respond?

- When you acquire a lead, make sure that you act upon it quickly and make sure that you keep the communication open with your referral source. If the referral converts then thank the source immediately.

- Ask if the business contact referred to you could be met initially at the referrer's workplace as that would allow the opportunity for three-way engagement and allow the referrer to show their contact the benefits of the service they received first-hand (by demonstrating new processes or engaging trained staff).

- Feature satisfied businesses in your newsletter or website, emphasising their success and subtly your contribution to that. Create links to their website.

4 Evaluating and Measuring Reputation

4.1 Discussion

Professor Keith Macmillan, Director of the Centre for Organisation, Reputation and Relationships (Henley Management College) believes that measuring reputation will always be subjective to some degree.

Hill & Knowlton's Corporate Reputation Watch 2001, a survey of the attitudes of more than 1,000 CEOs and senior managers in Europe and north America, found that many failed to measure or manage corporate reputation adequately, leaving them unable to quantify its value. One reason for this apparent inertia is uncertainty about how exactly to begin measuring reputation, as there is not a standard approach to auditing it.

This is not, however, a reason for not trying. Brand Finance research found that 68% of city analysts would like to see companies provide more information on their intangible assets.

According to Gary Davies, many existing approaches to the measurement of corporate reputation have been criticized as being overly focused on the financial performance of companies and on the views of *external* stakeholders. Further, there is as yet no established universal measure to assess both the internal (often referred to as identity) and external (often referred to as image) elements of reputation.

It is widely agreed that reputation as a construct is perceptual in nature. An individual or group gathers and processes information about an organisation's past actions and draws conclusions about its future prospects' ability to deliver what it promises. It therefore follows that the means of measuring reputation would be through some form of perceptual mapping.

What is required of any comprehensive measurement system for reputation is that it must be applicable both inside and outside of the organization. This means a measure of perceptions (primarily external) and an evaluation of management and communication/engagement processes (internal). There is also value in collating existing externally published or derived evidence that can help to locate reputation collateral (strengths) and weaknesses (league tables, quality reports, media commentary and the like) as a basis for contextualising and explaining trends in "perceptual reputation".

The evidence is also that the reputation of a specific college or university will be influenced to a greater or lesser extent by the collective reputation of the industry sector. There is typically a correlation between familiarity and/or satisfaction or favourability at a level of sector, as well as individual organisations or brands. Any research to establish the reputation of a particular organisation therefore needs to report it relative to sector norms and the reputation of direct competitors or peers.

A number of human resources consulting firms have their own measures that assess employee satisfaction and engagement. These are related to reputation, but they usually do not ask employees and potential employees how they feel about the reputation of their company. This would be an important question since research has found that employees, particularly the best employees, are more motivated when they feel that their company has a good reputation, and high quality talent is more likely to be attracted to a company with a good and growing reputation.

It is also advised that a reputation research system should deliver data on the intensity of feelings and perceptions as this allows the drivers of reputation to be located, how these drivers are linked and what moves behaviours, the ultimate goal of reputation management (i.e. to buy, invest, join, support, etc).

Commentators also stress that you should conduct research only if it is actionable. Organisations have lots of information, much of which they have no idea how to use. Reputation research should not be done simply to see if people like or dislike the organisation, but rather to set in place, monitor or adapt a strategy.

Dr Elliot Schreiber, cited in earlier sections, stresses that reputation results depend on who is asked and that not all stakeholders think alike. Employees may be concerned about the quality of their work-life, compensation and prospects for future growth, whereas customers may be concerned about the quality and price of products and services. The idea of aligning organisational strengths and achievements with stakeholder interests and priorities is compelling, and sets can be a good basis for evaluative research.

Analysis needs to seek to locate factors/issues that are transferable and valued by all stakeholders (the core messages to project and activities to invest in) and those that are segment based (critical to some but not other audiences). These then translate into criteria that might be used to baseline and then review/benchmark an institution's reputation over time. Thus survey instruments may include a set of core questions but with branches designed for specific publics.

Both perceived reputation and the types of management actions to develop reputation might vary within and across an organisation i.e. between brands, departments, etc. For senior management to apply results from any reputation audit, its needs to understand the degree of variability of its reputational stock. This means that it is desirable to evaluate reputation and its management at various levels (e.g. department, subject area, etc) as well as with different stakeholders.

Internally derived data (e.g. about student recruitment or retention, or repeat commercial business) can also contribute to a measure of reputation although this is more powerful if it can be benchmarked relative to market or sector or peer norms and presented as a time series to indicate trends. The value of this evidence as a measure of reputation must be treated with caution however; better student retention for example may be a function of better marketing or delivery (utility issues) rather than reputation directly. However these may be considered as leading indicators of future reputation as if popularity grows and attrition declines, these will over time prove to be positive in forming image.

Reputation is much more complex than a reflection of satisfaction and general questions about satisfaction have been shown not to predict reputation change, only advocacy does that. The problem with questions on *willingness to recommend the college* is that the response options are often too blunt and empirically they do not predicate later advocacy behaviour, so these scores give the management a warm feeling but they have little meaning (e.g. verbal rating scales – very likely to recommend, etc). The Net Promoter Score approach tested by Marsden is much more useful as a management tool and is the one that is recommended.

The timing and frequency of any perception-based method will have an impact on the results that are generated and thus if a sector-wide approach is adopted, the timing and administration must be consistent. Willingness to recommend (however the question is posed or whatever response options are offered) will be affected by a number of variables. For students, if the question was posed just before exams or just after the results were known; for staff, just before or after appraisals or a pay round was concluded favourably or otherwise, etc.

A major challenge in evaluating student satisfaction (and also advocacy) is that a significant proportion of students will, at any meaningful time in the cycle, have dropped out or transferred programme. As the FE national learner survey (NLSS) results show, those who did not complete are less positive and this cohort must be included in any overall evaluation of an education provider's reputation.

4.2 Secondary methods and metrics

Undertaking perception research is essential for accurate evaluation of reputation but it is expensive. As an interim or preliminary phase reputation can be monitored to some extent using a range of non-perceptual based indicators. These are not pure measures of reputation, but taken together they provide the senior executive team with applicable reputational intelligence. This intelligence is based on retrospective data but if the senior management team monitors these indicators over time, the longitudinal patterns will be revealing.

Financial Measures

How good is the institution's **credit rating** (with organisations such as Standard and Poor)? A poor credit rating is to some extent a reflection of the trust that financial organisations have in the organisation derived from judgements of both past performance and future prospects. Of course credit rating may reflect market conditions and the quality of management but this is relevant to reputation, as a responsive and innovative college or university will be better placed to ride out challenging market conditions. Being able to benchmark this against your competitors (and peers) will add valuable context.

Fee levels are often used to evaluate the strength of a brand. For the courses and services where fees are applied does the organisation need to charge lower fees than the competition or than in previous cycles to generate effective demand? Charging lower than typical fees (or having to offer more generous scholarships and bursaries) is a sure sign that the institute lacks confidence in its own quality and reputation and in some circumstances a low fee relative to the norm may itself diminish reputation. The key here is context; lower fees might reflect the nature of the target market segment so the analysis must be peer or competitor based and not sector wide.

Course Portfolio Measures

If you have a good reputation it is likely that a higher proportion of your **new product launches** will be successful because the market will trust you to deliver a good service.

List the new courses you have launched over the past 3 years
Note the indicators of success agreed with the heads of department etc. Enrolments might be an obvious metric here but also the quality of the candidate field, conversion of offers, etc.
Were the targets achieved in year 1 and has success been sustained?

Look at the trend and if possible benchmark with a peer that is non competitive as both will be informative.

Of course success here may be due to other factors such as good market intelligence meant you addressed unmet need effectively or the course launch was well executed, etc, and failure may be due to non reputational factors too including the wrong price, the wrong title, launched at the wrong time, and so on. However this data provides another piece of the jigsaw.

Recruitment and Admissions Measures

The **overall strength of student recruitment**, particularly for full-time courses is an imperfect reputational metric, but has some value. There will naturally be areas of strength and weakness but what are the trends? Do you have evidence to put these into context? Is demand declining due to demographic change? Is your market share holding up even if numbers applying are not? On balance are more of your courses recruiting well than not?

How good is **the quality of student admissions and applications.** Quality would need defining by each institute and would depend on the targets and objectives set in this regard. Is the institution attracting the quality of students that it desires? Does it convert the applicants it wants the most i.e. those with the right qualities or characteristics as defined? Is the institution in control of its admissions or not?

Complaints and Crisis Measures

Has the **number of complaints that escalate** to a point where formal processes are triggered and/or remain unresolved increased or declined? Has resolution repaired reputation; what are the complainants' subsequent attitudes?

How does the **number and scale of the crises** faced in the past 12 months compare with the previous 12 months and its peers/competitors? A crisis would be defined as one that was public, may have been covered in the media and can be judged to have probably had a negative impact on image.

Student Success Measures

This data is likely to be of some value in understanding reputation, but until there is clear evidence from primary or published research of a link between reputational image and student educational success (and for example inspection grades, etc) its value needs to be played down. The key data for an FE college is success at **level 3** and specifically for full-time students; for universities it is **full-time degree students**. The grades that students achieve are more important a measure for FE and sixth forms than the basic pass rate (i.e. percent getting As rather than the overall proportion passing). Whilst in HE there is a correlation between the proportions obtaining a First, and perceptions of universities, there is no evidence of cause and effect.

The institute's **ability to retain the best students** it recruits would be a valid measure as these students may have higher expectations and would be able to transfer easily to other providers. If these students drop out it is likely to have a corrosive impact on reputation. Perhaps the top 20% could be identified at entry and their persistence monitored.

Leaver destination tracking data contributes to a reputation audit in two ways. First it identifies good potential case studies of success for PR. Second, as a measure of leaver success and aspirations.

- For those leaving into employment the keys metrics for reputation are the quality of the jobs (wage/training/graduate level, etc) and the quality of the employer (well-known, reputable, etc).

- For FE and schools a measure such as the percent entering HE needs greater refinement as our research indicates that is not considered a major factor. What is important is what leavers go on to study (subject of repute such as law or medicine) and where (selective or highly ranked universities). The most reputable universities by name may vary depending on location but reference to the world 100 (THE list) or *The Times* top 30 would probably be sufficient.

HR Measures

Has the institution retained and developed its **most valued 50 frontline staff?**

How strong are the **candidate fields for jobs**? This could be a standard evaluation for each post:

Very Strong Many candidates meet the specification	**Strong**	**Moderate**	**Weak**	**Very Weak** Few candidates met the specification

What percent of **first choice candidates** offered posts accept and join? How often does the employer have to offer an enhanced package to secure the hire?

Re-advertising rate – the proportion of posts that need to be re-advertised (noting if salary has to be increased).

What proportion of the **staff that leave move to better positions** (promotions) and/or higher profile employers (is the organisation a stepping stone for careers and are its employee alumni well represented in influential positions).

Commercial Business/Employer Measures

The **Net Referral Rate** is the proportion of employer/commercial work from NEW clients that is achieved in part as the result of a referral from a satisfied client or other third party. This can be expressed as either a percentage of income achieved or the proportion of new clients from this route. Clearly this data needs to be captured first.

Repeat Business Ratio is the proportion of business income won from employers/clients in Year 2 that were clients in Year 1 expressed as a percentage of income generated in Year 1 (if Year 2 used then both variables are volatile).

Has the stock of clients improved? For example the proportion of the 20 largest employers (or most admired or well-known) in the area or the sector in which the college or university operates that are clients (some threshold is needed here to avoid assigning an employer as a client on the basis of sponsoring one employee on one course).

Marketing Measures

Is the **budget for marketing rising as a fraction of overall institutional income** or is it stable or declining? A rising fraction may suggest a decline in relative reputation (but might be explained by other factors. Benchmarking this against (non competitive) peers is invaluable.

The proportion of marketing resource spent on **communications *below the line*** (PR) as compared with *above the line* (paid for advertising and similar) is a useful measure. If the above the line share is rising this is a negative for reputation (unless there is significant PR or viral value generated). More below the line activity may be an indication that the institute has more to say because it is more active or successful.

The balance of spend (full cost) on overt marketing activity between **staff costs and revenue costs** is a useful metric. The greater the relative spend on staff related costs the better as human based marketing is more effective for reputation enhancement than impersonal channels in the education context.

Cost per recruit is another metric that can be applied. For real value you need to benchmark against your peers in similar locations. Other than reputation other factors that might explain to costs include the extent to which the portfolio of courses is new (more expensive to recruit usually) and in tune with demand trends, the level of competition in the core area (more competitive the market, the higher the costs typically are) and access to local media (if you are on the cusp of a media area your costs will be higher as you need to cover both).

Media Coverage Measures

Media coverage of an organisation is a valid component of a reputation study. The key elements need to include the extent to which coverage is in media that the stakeholders use and trust, whether the tone of the coverage is negative or positive (given the relative power of bad news), the proportion of the positive coverage that was derived from PR effectors relative to media originated, and the extent to which the subject matter was aligned with stakeholder priorities. Similarly the content and channels of social/independently derived comment on the organisation needs to monitored and evaluated.

It may also be useful to reflect on the proportion of positive news coverage that was initiated by the media or other third parties relative to that initiated by the institution itself (cross check against news releases for example). Other measures could include:

- Positive supportive quotes from third parties in stories about the institute (note these for influencer strategy)
- The institute being cited positively in an article not directly about the institute (as a good or prime example of something)
- Staff being quoted for their expertise not because they are representing the institute in a managerial or spokesperson capacity.

Web Measures

The key reputation metrics here include:

- The **number of in-links or back-links** to the institute's site (other sites provide their users with a link to your sites) see http://www.utheguru.com/how-to-count-inlinks-to-your-site-using-yahoo
- **Rank on Google searches** using key words that you have defined as being critical.

4.3 Piggyback methods for primary evidence

By simply adding one or two questions to existing internal surveys you can derive very valuable reputation intelligence at little or no marginal cost.

New starter surveys

Surveys of newly joined students are commonplace, and represent an invaluable opportunity to evaluate marketing and its transition activities. However by simply increasing the scope of the survey to cover these areas, valuable reputation evidence can also be captured:

- Was the institute recommended?
- If yes, by whom (type of influencer)?
- Who did they turn to for advice and information?
- Did student know anyone enrolled at the institute?

- Other than their course/subject what else is the institute known for in their experience
- Would they be interested in being a course rep or an ambassador

Student Satisfaction Surveys

When measuring reputation (or satisfaction) it is important to think about the timing of the research within the academic year. It is also critical to be consistent with the timing each year so that trend evidence is robust. Is it best to research current students before they get their results or take final assessments as the results might skew their willingness to recommend. Or is it best to do them after this, as results will inevitably impact on student perceptions of the College?

Add this as your summative question:

> *On a scale of 0-10 how likely would you be to recommend the (name of institute) as a place to study to someone you know?*

0	1	2	3	4	5	6	7	8	9	10
Low										High

The key score to monitor is the percent defined as promoters minus those who are defined as detractors (The net promoter score as discussed in previous sections). This is the critical measure of your student reputation. The objective should be to increase this net score overall, and across all sub sets of students. Similar questions can be posed related to school of study, course, city location, etc.

Detractors 0-6	Passives 7-8	Promoters 9-10

The use of simple correlation tests can reveal the closest alignment between positive responses to each satisfaction variable and the responses rating the overall willingness to recommend. These are the key drivers of reputation and a focus here should generate more positive results the next time if all other factors remain stable.

To support the identification of those students who are likely to be influencers, student surveys (and those of other stakeholders where feasible) should seek to profile respondents using the **ACTIVE** framework.

Non-Completer Research

Some institutes undertake non-completer research, often by telephone. It is likely that those that have left/dropped out are less likely to recommend but it is important to know this otherwise the Net Promoter Score will be skewed by the proportion of your students that have withdrawn before the survey is undertaken.

Non-completer research is obviously very expensive relative to surveys of continuing students. Thus you may need to model the results based on a well constructed sample survey. This involves simply undertaking a telephone survey of non-completers and asking the NPS question and then extrapolating the results. So if we assume 20% of these are promoters (would recommend 9/10 score) – you then need to look at their profile. Is it skewed towards certain types of student or are the representative of all non-completers? If the later, then apply this result across the non-completer population (20%). However if the recommending non-completer is markedly different then results may need to be weighted.

Staff Surveys

The factors that drive an institute's (employer's) reputation amongst its own staff can be determined by a structured process that starts with segmenting the staff population by reference to variables that judgement suggests might impact on their perceptions of the organisation - for example:

- How long they have worked for the organisation
- Whether they work on a distant campus or the main campus
- Which department they work for
- Their role

Preliminary qualitative research with small groups that reflect these variables will surface the critical issues that drive positive attitudes and pride and which drive opposing sentiments. These issues need then to be distilled and included within staff surveys to facilitate ongoing evaluation. The surveys also need to capture the profile of respondents so they can be assigned to the key segments, (e.g. how long have your worked here, on which campus do you work, etc) as the key drivers of "employer reputation" may vary between these groups.

> Always include the summative NPS recommendation question, ideally near the start of the survey before the detailed questions have influenced their aggregate views (i.e. *on a scale of 0-10 how likely is it that you would recommend X as a place to work to someone you know?*

Correlation tests will again reveal the closest alignment between positive responses to each satisfaction or morale factor and the overall willingness to recommend. In the example below there are just 10 staff respondents and 4 variables. Each respondent answered four questions about factors that were relevant to their overall feelings towards their college employer plus the "willing to recommend the college as a place to work" question on the 0-10 scale. The summary table shows the correlation scores for each of the 4 questions against the overall recommendation results and this shows that "The Management Listens" was the key driver of overall employee reputation.

Fig 8 Example of Key Driver Data

Respondent	Overall Recommendation	Management listens	Good social space	The College is successful	I feel empowered
1	5	3	7	7	4
2	6	4	8	8	5
3	7	5	6	9	7
4	4	7	9	5	8
5	7	8	5	4	5
6	8	5	8	3	9
7	9	9	9	7	6
8	9	7	5	6	7
9	10	8	6	7	3
10	4	3	7	8	3

The correlation with overall willingness to recommend was:

Management listens	Good social space	The College is successful	I feel empowered
0.64	-0.31	-0.13	0.09

The NPS question can also be usefully included in staff exit surveys.

Employers

Most colleges and universities now survey or gain feedback from employers (of graduates, part-time students or as clients for training etc) and thus reputation data can be obtained easily. The Net Promoter questions might be:

> *On a scale of 0-10 how likely would you be to recommend XXX to another employer as a place to train or develop staff?*
>
> *On a scale of 0-10 how likely would you be to recommend XXX to your own staff as a place to study or train?*
>
> *On a scale of 0-10 how likely would you be to recommend XXX to another employer as a place from which to recruit new staff/new graduates?*

The literature suggests that having a stronger internal reputation than external is a good predictor of future improvement in external reputation. Therefore it is important to use similar methods and questions with internal *and* external stakeholders so that results can be compared. For education bodies, internal audiences include staff and current students. We would include an intermediate group, including recent former students, governors and those on advisory groups, parents of current students and longstanding employer clients. The external group would include all others.

4.4 Primary stakeholder research

There are a number of methods for researching reputation. However, each college or university is different and what you measure, with whom and how, needs to reflect the strategy and ambitions of your particular institute.

The first step in researching your reputation therefore is to:

- Set out the reputation you wish to create or maintain and refine this into a set of specific and measurable reputation KPIs

- Identify and prioritise the key stakeholders and audiences for the College. This will define the population that you will need to research to map perceptions.

- Locate your main competitors as these will act as reference points as there is a danger that the perceptions of your college may simply reflect stakeholders' generic views of colleges as a whole.

The essential first step is to identify and agree the key stakeholder groups. They need to be defined, as specifically as possible and in some cases named organisations and individuals that constitute each group should be identified. The contacts on the relationship database identified as key stakeholders will need to be engaged (and preparing for the research might coincide with database cleaning or redesign). This database will also facilitate the research needed to monitor your reputation over time.

To identify the key stakeholders an organisation will need to go back one step and refer to its corporate strategy, which should outline:

- Ambitions and goals over a period of say 5-10 years (vision)
- Strategy (the actions to be taken to achieve the ambitions)

- Operating objectives and targets (the ambitions articulated in ways that can become manifest in the short-term)
- The key risks or barriers that may restrict achievement
- The organisational relationships that need to fostered/nurtured to mitigate the risks and optimise the chances of achieving the vision
- An analysis of the key meta-trends and issues in the market environment (opportunities and threats)
- Strengths relative to competitors
- Identity (desired perceptions)

Reviewing this information will enable key stakeholder constituencies to be identified and prioritised and further research will locate within each the most critical individuals.

The planning phase also needs to define competitors, specific peers and the appropriate peer group so as to allow the reputation results for the specific brand under review to be benchmarked and placed into context.

So for example, University X's reputation needs to be reported in the context of all universities, universities of a similar type and nature, a sample of peers from within that peer group and direct competitors (there may be some overlap here). It is also recommended that research includes one or two emerging competitors and seeks to identify which rivals the stakeholders believe have a growing reputation and why.

Having identified the key individual stakeholders and influencers, reputation should be evaluated on a regular basis (biennial is not unusual but annually would be better). Over burdening stakeholders with research activity may negatively impact on your reputation, so a mirror sample 50%: 50% with half of your key contacts being contacted each year balances the desire for regularity with the need to manage their time.

Achieving a good fit between the organisation (focus, strengths and achievements) and the interests of its key stakeholder is a major theme in reputation management and therefore needs to be a component in any reputational research design. Once stakeholders' key issues and concerns have been determined the institution's performance/image related to these factors can be rated by stakeholders to create an alignment map such as that in Fig 1 (p14)

Knowledge is a metric used to measure brands and can be considered to be an inferential metric for reputation and interest (you know more about those organisations that you respect and are interested in). Research design therefore may include questions to test how well informed stakeholders feel about the college or university (self-determined), with high knowledge levels being validated through questions asking for examples of say key strengths, achievements, etc (a pre determined list of knowledge factors prepared by management can provide a useful benchmark outcome).

It is also valuable to assess the extent to which stakeholders agree with and support the organisation's key priorities and ambitions (vision) and how and if they can assist in achieving this. A good "sign off" area of enquiry is to explore what the stakeholders' feel should be the college or university's future priorities and areas to improve. These results can help to shape strategy and communications and stakeholder values can be inferred from the findings too.

4.5 Reputation and brand evaluation frameworks

There are numerous frameworks for assessing both the external image of organisations and brand (saliency or value). Below are some that seemed to be informative to discussions of reputation and have been edited and formatted to aid accessibility.

The framework below is promoted by the CSR academy and provides a simple basis for evaluating how well-embedded stakeholder relations are within a senior manger group.

Fig 9 CSR Competency Framework

Low	**Awareness**	The manager is aware that the business needs to maintain good relations with a wide variety of stakeholders.
↓	**Understanding**	The manager recognises the key stakeholders of the business and responds accordingly.
	Application	The manager is actively involved in building relations and consulting with stakeholder representatives.
	Integration	The manager is responsible for management decisions that systematically take into account the impact on stakeholders.
High	**Leadership**	The manager helps develop a business strategy that balances the potentially competing demands of stakeholder groups.

The Reputation Institute has pioneered the Reputation Quotient (RQ) launched in 1999. The RQ uses an 'integrated suite' of research to examine reputation with the key variables set out below:

- Emotional appeal: how much the organisation is liked, admired and respected
- Products and services: perceptions of the quality, innovation, value and reliability of the organisation's products and services
- Financial performance: perceptions of profitability, prospects and risk
- Vision and leadership: how much the organisation demonstrates a clear vision and strong leadership
- Workplace environment: perceptions of how well the organisation is managed, how good it is to work for and the quality of its employees
- Social responsibility: perceptions of the organisation as a good citizen in its dealings with communities, employees and the environment.

This business-based RQ reputation model has the following 6 drivers of corporate reputation with 20 attributes. This can be used as a basis for self assessing an organisation, and for evaluating current or potential partners. Given the trend of partnerships in research and teaching delivery it is increasingly important that partnerships are evaluated, as are prospective partners as part of a reputation management system.

Fig 10 RQ Reputation Model

Emotional Appeal	Good feeling about the company
	Admire and respect the company
	Trust the company
Products and Services	Stands behind products/services
	Offers high quality products/services
	Develops innovative products/services
	Offers products/services that are good value
Vision and Leadership	Has excellent leadership
	Has a clear vision for the future
	Recognizes/takes advantage of market opportunities
Workplace Environment	Is well managed
	Looks like a good company to work for
	Looks like it has good employees
Financial Performance	Record of profitability
	Looks like a low risk investment
	Strong prospects for future growth
	Tends to outperform its competitors
Social Responsibility	Supports good causes
	Environmentally responsible
	Treats people well

According to Keller few managers are able to step back and assess their brand's particular strengths and weaknesses objectively. Thus any review requires a mix of independent audit, external perception research and objective analysis of quantitative data. The basis of his Brand Report card is reproduced below and although this moves us into brand audit territory rather than reputation evaluation per se, some of the components are transferable.

Fig 11 Ten Characteristics of the World's Strongest Brands

The brand excels at delivering the benefits customers truly desire	Do you systematically attempt to discover unmet customer/stakeholder wants and needs? What methods do you use?
	Do you focus relentlessly on customer product and service experiences
	Do you have systems to transfer customer comments to those who can effect change?
The brand stays relevant	Have you invested in product improvements to provide better value to customers?
	Are you in touch with your customers' tastes?
	Are you in touch with current market conditions?
	Are you in touch with new trends?
	Are your marketing decisions made in light of the above?
Pricing strategy is based on the customers' perceptions of value	Have you optimised price cost and quality to exceed customer expectations?
	Do you have systems to monitor customer perceptions of brand value?
	Have you estimated how much value your brand adds to your product?
The brand is properly positioned	Have you established necessary and relative points of parity with competitors?

	Have you established desirable and deliverable points of difference?
The brand is consistent	Are you sure your marketing messages are consistent?
	Are you adjusting the marketing programmes to ensure currency
The brand portfolio and hierarchy makes sense	Does the corporate brand create an effective umbrella for all brands, products and services?
	Do your brands overlap?
	Do the brands maximize market coverage?
The brand makes use of and co-ordinates a full repertoire of marketing activities to build equity	Has the identity been designed to maximize awareness?
	Have you instigated push and pull marketing for distributers and customers?
	Is there integration between marketing activities?
	Is the meaning of the brand consistently represented?
The brand is given proper support and that support is sustained over the long run	Marketing campaigns are reviewed before changes are made
	Is the brand given sufficient R+D support?
	Has marketing been cut back when sales decline?
The company monitors sources of brand equity	There is a brand charter that defines the meaning and equity of the brand
	Conduct regular tracking studies
	Period brand audits and resetting direction
	Is research distributed to those who can act on it
	Is there clear responsibility for the brand

An organisation's reputation is closely related with its perceived character and in this context the work of Davies and Chun should be noted. They distilled character down to five primary dimensions and two minor

Fig 12 Dimensions of Corporate Character

Agreeableness	Honest
	Socially Responsible
Competence	Reliable
	Ambitious
Enterprise	Innovative
	Daring
Ruthlessness	Arrogant
	Controlling
Chic	Stylish
	Exclusive
Informality	Easy going
Machismo	Tough

Reputation factors also accounts for half of the Brand Asset Valuator used by agency Young & Rubicam (Fig 13) if we equate stature and power with reputation, combining this with two classic components of a success brand management programme, difference and relevance.

Fig 13 Brand Asset Valuation

Brand Value	Vitality (Potential)	Differentiation	The ability to stand apart from competitors through a set of differentiating promises that are then delivered
		Relevance	Actual and perceived importance of the brand to a large consumer market segment
	Stature (Current Power)	Esteem	Perceived quality and popularity (thought to be increasing or declining)
		Knowledge	Understanding of identity and what the organisation stands for

The frameworks above all have merit in certain circumstances and provide a rich resource/prompt for developing bespoke models for evaluating a specific organisation's reputation.

At the time of writing the author was in the process of using the evidence from the published research and his own client research to construct a set of integrated reputation management tools for colleges and universities. This includes a reputation scorecard to facilitate self-evaluation and reflection on how well the organisation is managing the key processes that impact on reputation.

A scorecard for colleges has been developed but is subject to trial by FE and tertiary providers; an adapted version for universities is in the early stages of development.