

A decorative graphic consisting of two curved bands, one above and one below the title. Each band is composed of four segments in different colors: light green, teal, dark teal, and red. The top band is inverted relative to the bottom band.

REPUTATION REPORT 2014

The impact crises have
on reputations.

STRATEGYCORN + INNOVATIVE
ANNUAL NATIONAL STUDY 2014



Crises can strike at any time. How and when organizations respond to these events plays a large role in the protection of their brand.

This report reviews some of the most significant Canadian crises in the past year to understand how Canadians responded and what impact these events had on the organizations involved. What's clear is that without crises management plans, organizations put their long term reputation and brand at risk.

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IMPACT OF CRISES ON REPUTATIONS

REVISED VERSION: An earlier version of this report included information relating to the TransCanada Corporation that was based on data that was in error. That information was incorrect and has been removed.

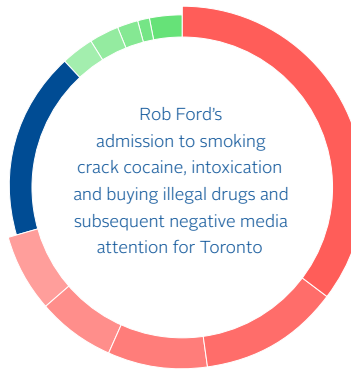
Major issues and crises that occurred in the past year were tested with a cross-section of Canadians to understand how they responded and what impact these events had on the organizations involved.

Impact of Crises on Reputations: Initial Reactions of Canadians

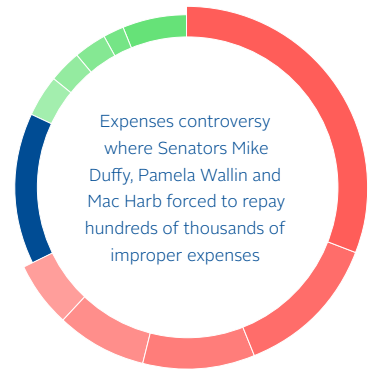
Initial reaction to Ford, Senate stories most negative;
Many Canadians negative, some neutral on business stories

QUESTION

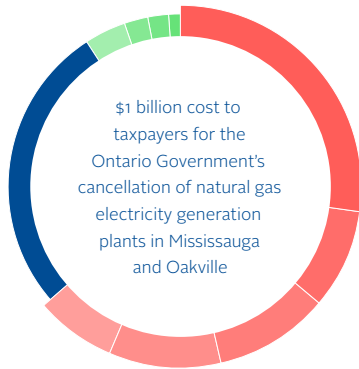
On a scale of 0 to 10 where
10 is **extremely negative**,
0 is **extremely positive** and
5 is **completely neutral**,
what was your initial reaction
to that controversy when
you first heard about it?



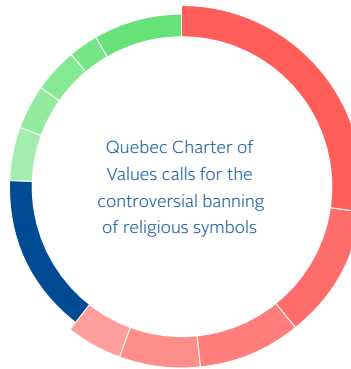
36% 13% 9% 7% 7% 18% 3% 3% 2% 1% 3%



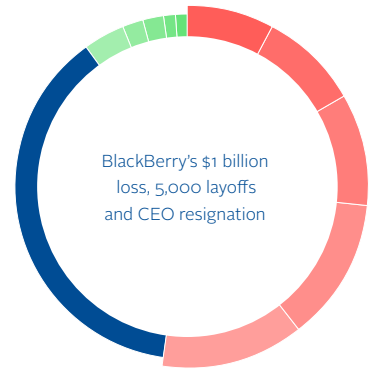
31% 13% 10% 8% 6% 14% 4% 3% 3% 2% 6%



27% 9% 10% 10% 7% 27% 4% 2% 2% 0% 1%



27% 12% 9% 7% 5% 15% 5% 4% 4% 3% 8%



8% 9% 10% 13% 13% 38% 4% 2% 2% 1% 1%



12% 7% 8% 10% 9% 41% 4% 4% 2% 1% 2%

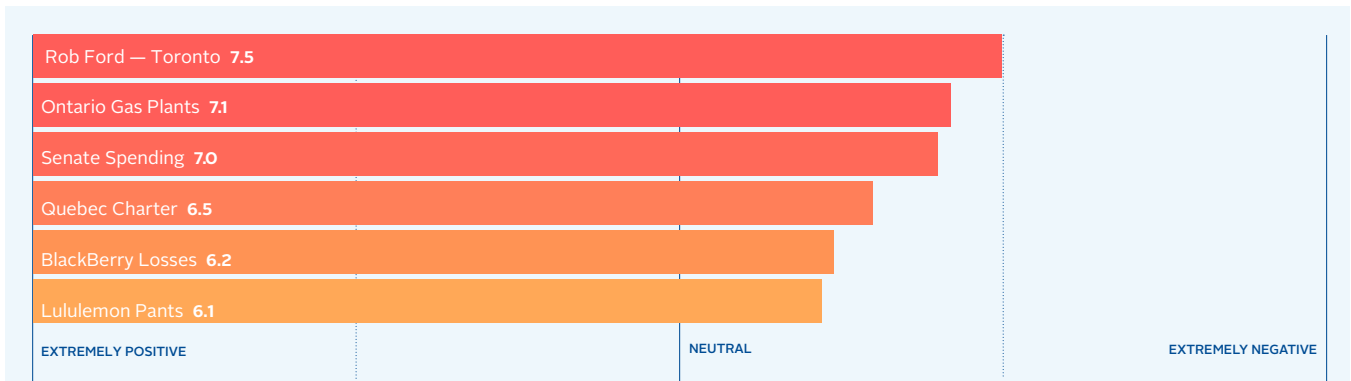
More in depth questions were asked of only those who said they were aware of the controversy, which gave the following n values:

- Lululemon N = 1533
- Senate N = 1855
- BlackBerry N = 1823
- Rob Ford/Toronto N = 1932
- Ontario Government N = 1538
- Quebec Charter of Values N = 1812

Degree of negative reaction: Ford controversy hotter than Senate spending, gas plants

QUESTION

On a scale of 0 to 10 where 10 is extremely negative, 0 is extremely positive and 5 is completely neutral, what was your initial reaction to that controversy when you first heard about it? (Average)

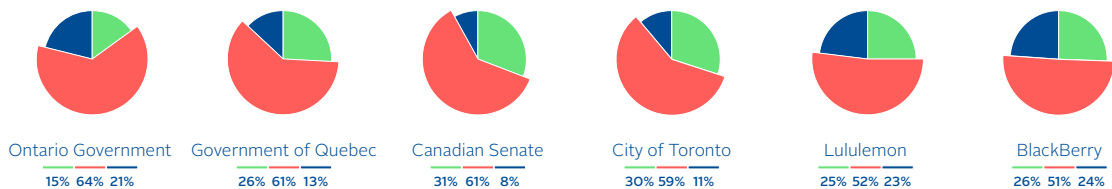


Most feel Ontario, Quebec, and Senate did a bad job of responding to controversy; BlackBerry, Lululemon less so

QUESTION

Once you hear about a company or organization that's experienced a crisis or has a negative issue appear in the news, do you find that your initial opinion of the company or organization changes as time goes on?

good job (green) poor job (red) don't know (blue)

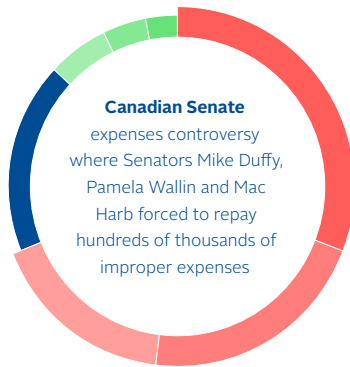


Impact of Crises on Reputations: Lasting Damage

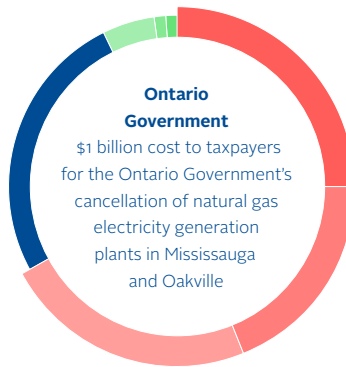
Impact on controversies around Senate, Ontario Government, Ford leave two thirds or more feeling more negative

QUESTION

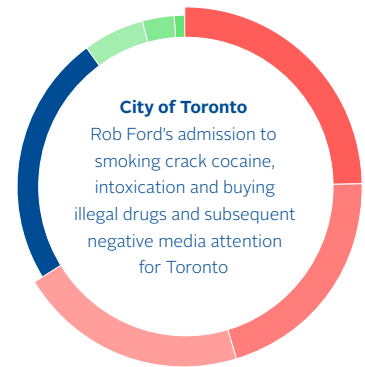
Overall, when you think about the organizations associated with these controversies, what has the impact of that controversy been on the organization? Please use a scale of 1 to 7 where 7 is **much more negative**, 1 is **much more positive** and 4 is **absolutely no impact at all**.



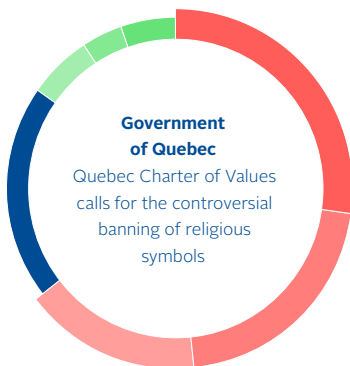
31% 21% 17% 18% 6% 4% 3%



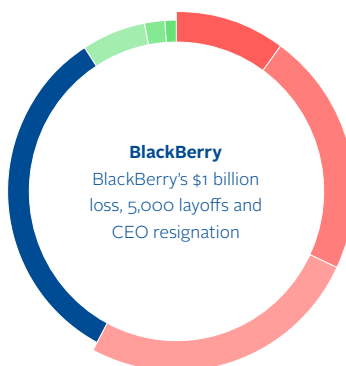
25% 19% 23% 26% 5% 1% 1%



25% 21% 21% 24% 6% 3% 1%



27% 21% 16% 20% 6% 4% 5%



10% 22% 26% 33% 6% 2% 1%



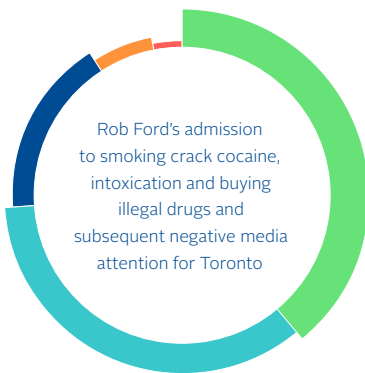
12% 16% 23% 41% 4% 3% 2%

Canadians Follow Controversies – Political Crises Somewhat More than Business

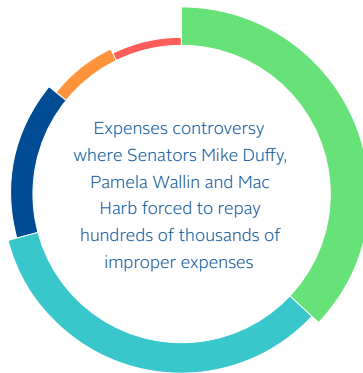
QUESTION

How closely did you follow each of the controversies on the list below?

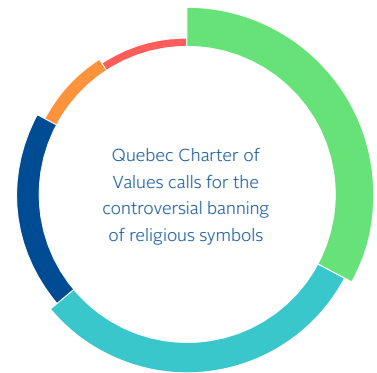
- very closely
- fairly closely
- not very closely
- not closely at all
- was not aware of the controversy



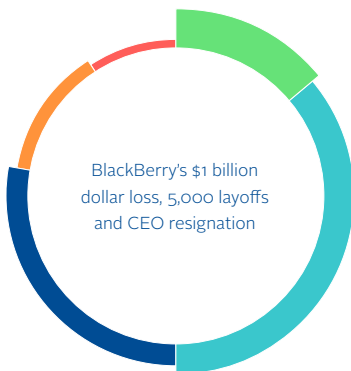
39% 35% 17% 6% 3%



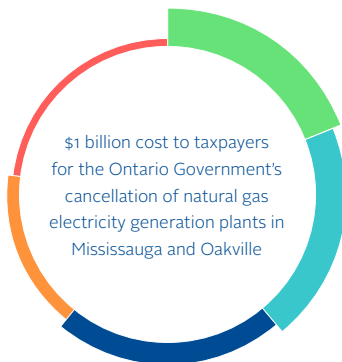
37% 34% 15% 7% 7%



33% 31% 19% 8% 9%



14% 36% 28% 13% 9%



19% 20% 22% 16% 23%



5% 20% 31% 21% 23%



HOW CANADIANS FORM OPINIONS

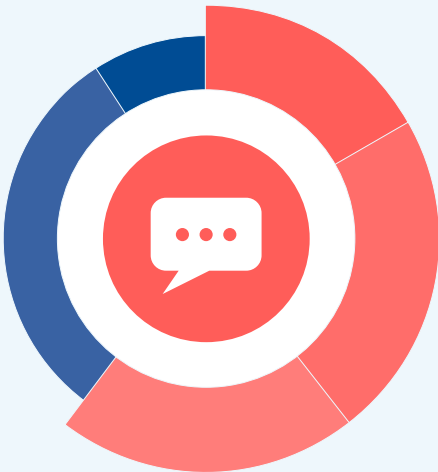
To fully understand the impact an issue or crisis has on a reputation, you need to understand how Canadians get their news and form opinions.

Almost half of respondents get most of their information from TV, followed by websites, newspapers.



Canadians form opinions quickly and hold them firmly when crisis hits

When a negative issue arises, **61%** of people form an opinion of the organization within the first day.



QUESTION

How quickly do you tend to form an opinion of a company or organization that's experienced a crisis or has a negative issue appear in the news?

- right away 17%
- within a few hours 23%
- within a day 21%
- within a week 31%
- within a month 9%

Once a negative event happens, **62%** of people say their opinion stays the same or doesn't usually change.



QUESTION

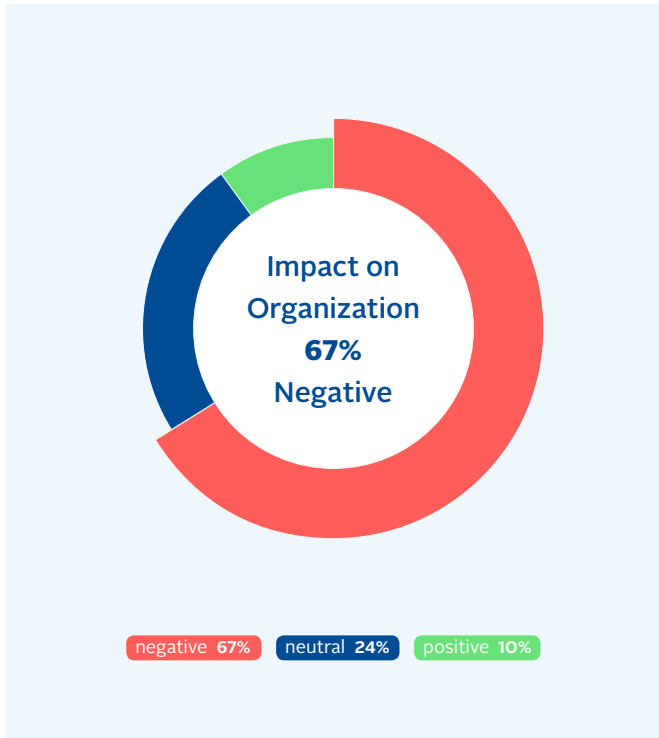
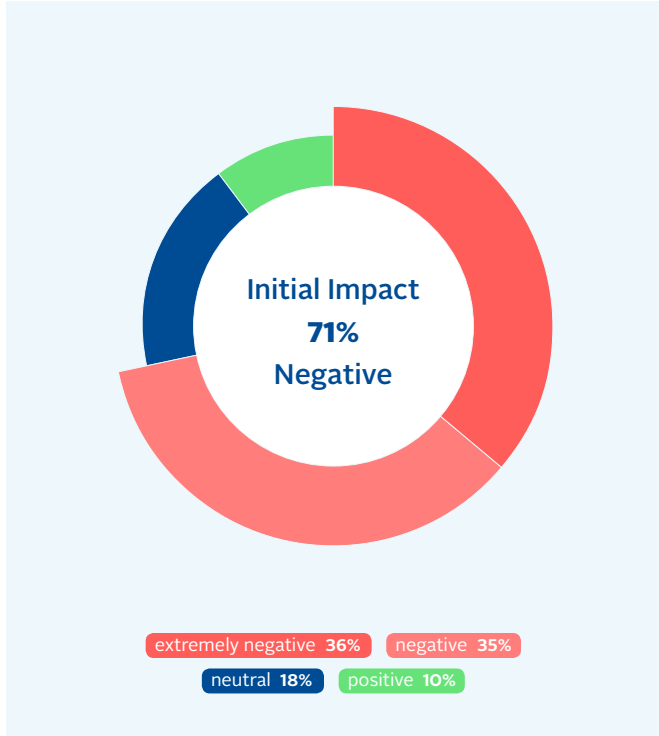
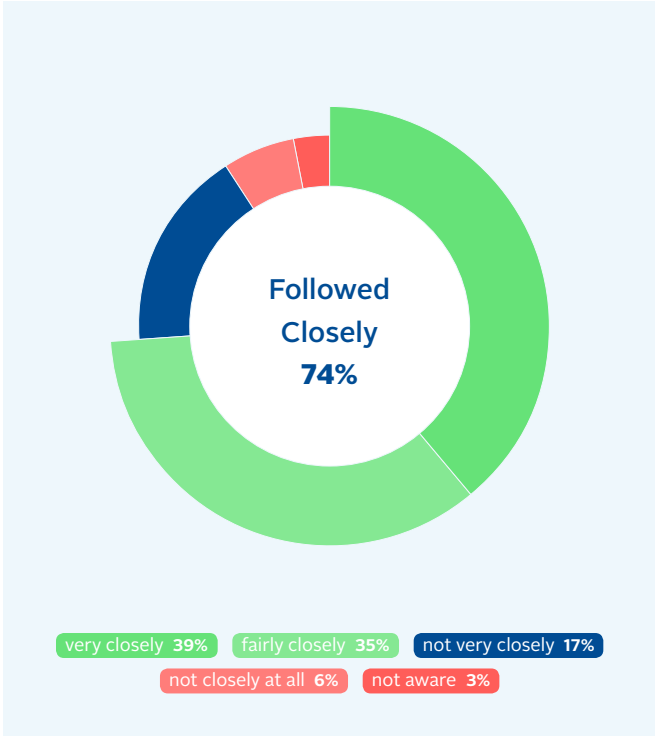
Once you hear about a company or organization that's experienced a crisis or has a negative issue appear in the news, do you find that your initial opinion of the company or organization changes as time goes on?

- always changes 3%
- usually changes 35%
- stays about the same 41%
- usually doesn't change 19%
- never changes 2%

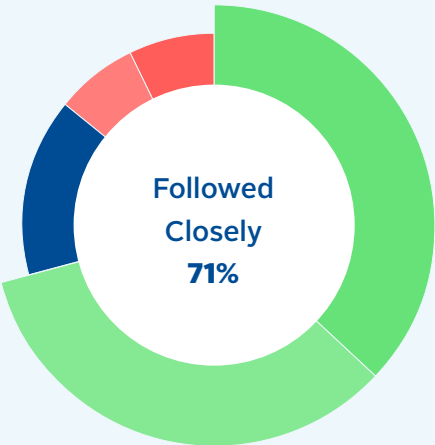
REPUTATION DASHBOARDS

Crises are no longer one-off events that an organization can recover from quickly. For the most part, Canadians' long term views of an organization are shaped by how it responded to the crises within the first day.

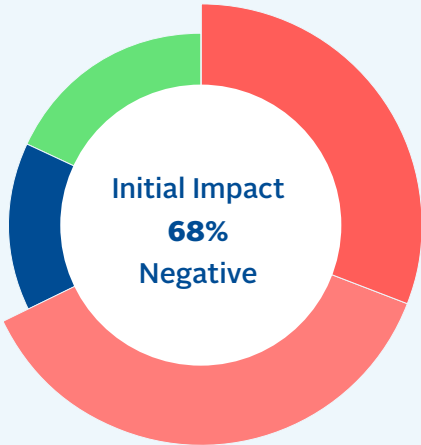
Rob Ford / City of Toronto



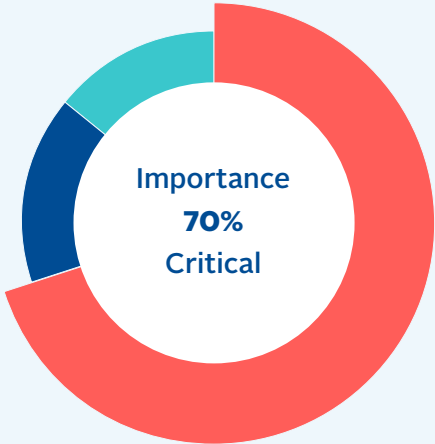
Senate Spending



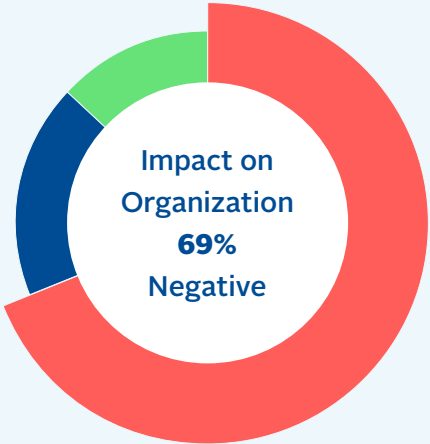
very closely 37% fairly closely 34% not very closely 15%
not closely at all 7% not aware 7%



extremely negative 31% negative 37%
neutral 14% positive 18%

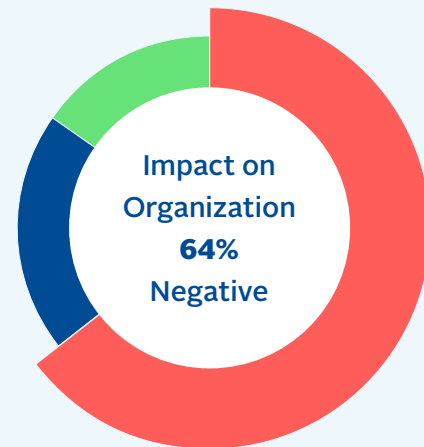
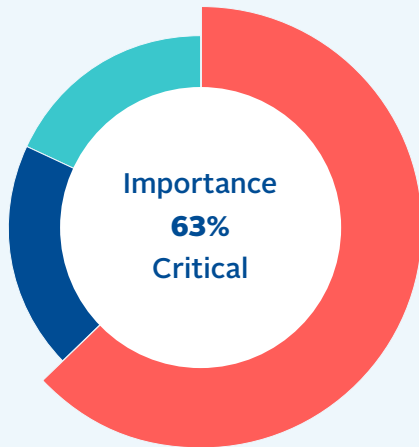
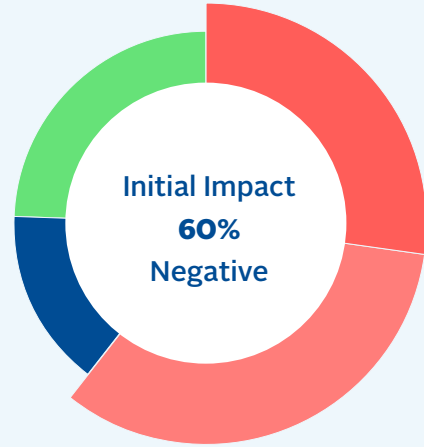
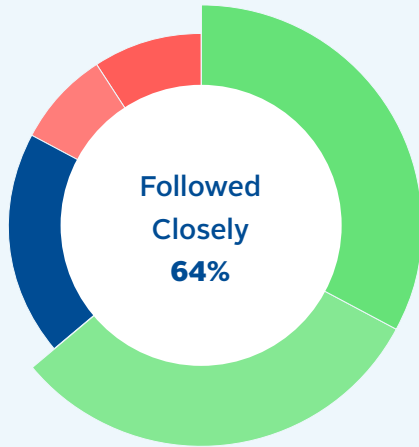


critical 70% neutral 16% not critical 14%

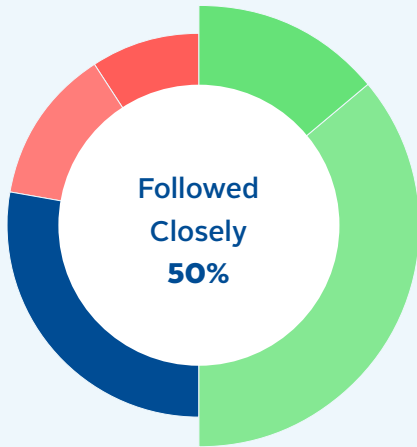


negative 69% neutral 18% positive 13%

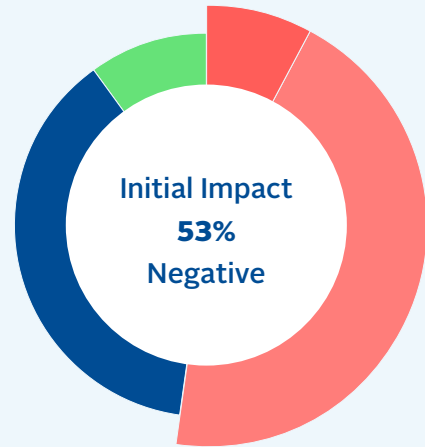
Quebec Charter



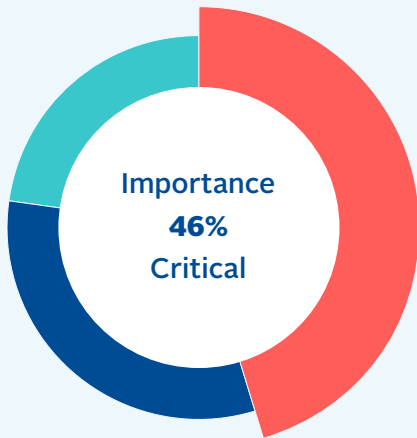
BlackBerry Losses



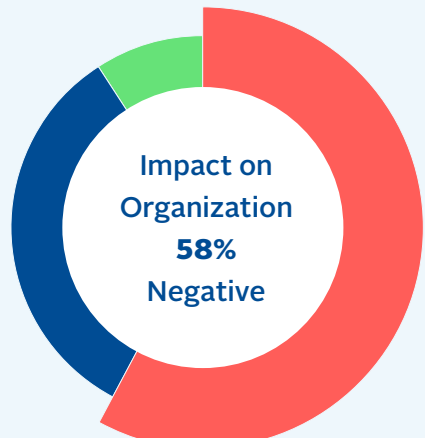
very closely 14% fairly closely 36% not very closely 28%
not closely at all 13% not aware 9%



extremely negative 8% negative 45%
neutral 38% positive 10%

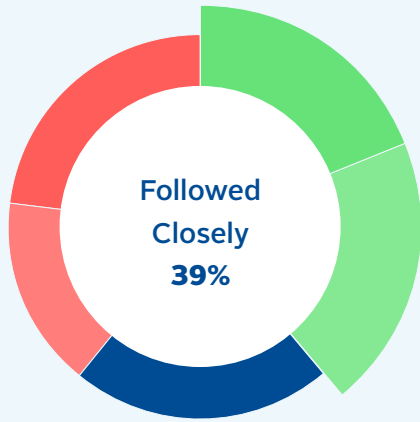


critical 46% neutral 32% not critical 23%

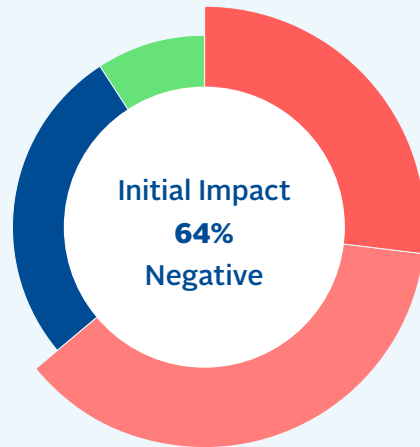


negative 58% neutral 33% positive 9%

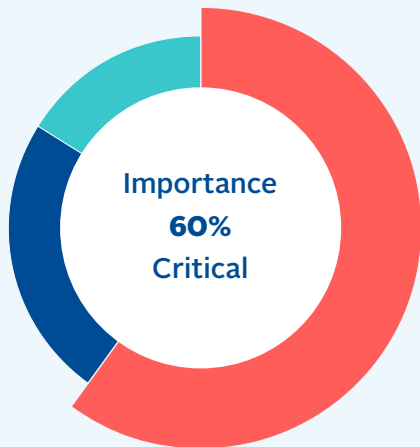
Ontario Gas Plants (Canada)



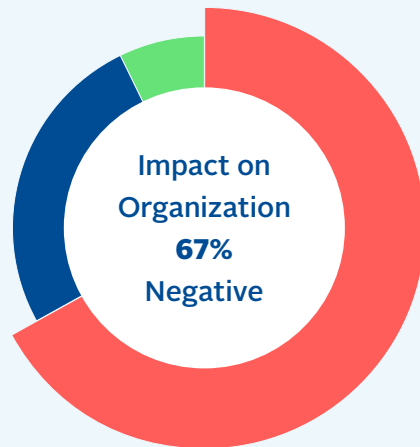
very closely 19% fairly closely 20% not very closely 22%
not closely at all 16% not aware 23%



extremely negative 27% negative 37%
neutral 27% positive 9%

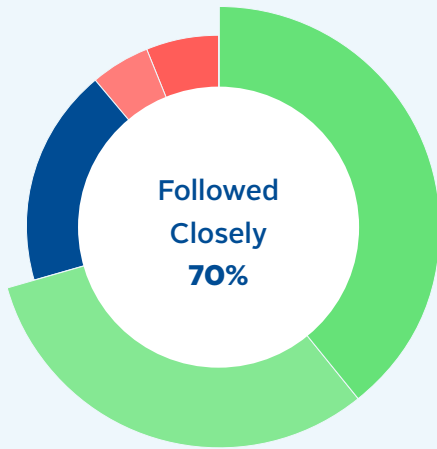


critical 60% neutral 24% not critical 16%

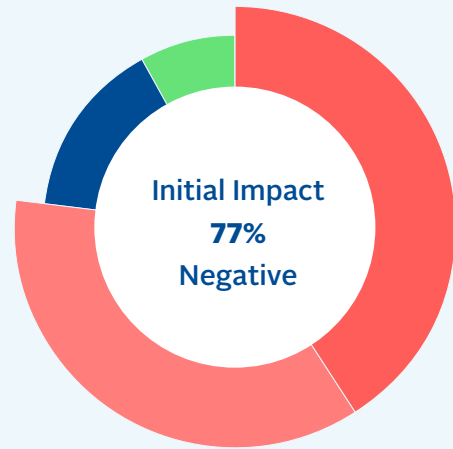


negative 67% neutral 26% positive 7%

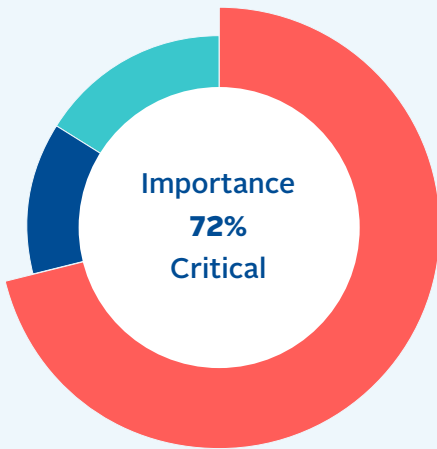
Ontario Gas Plants (Ontario)



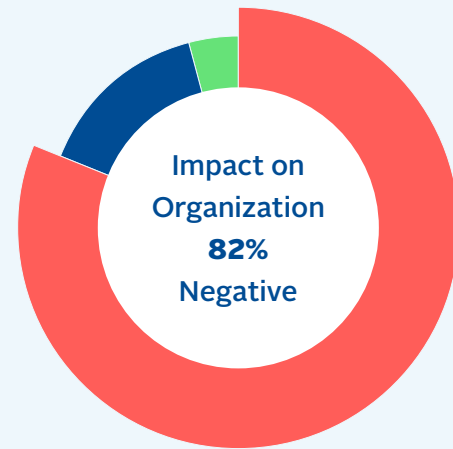
very closely 39% fairly closely 31% not very closely 18%
not closely at all 5% not aware 6%



extremely negative 41% negative 36%
neutral 15% positive 8%

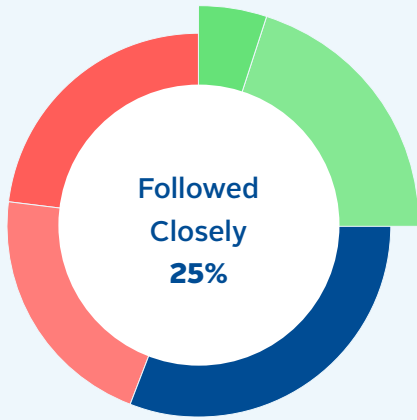


critical 72% neutral 13% not critical 16%

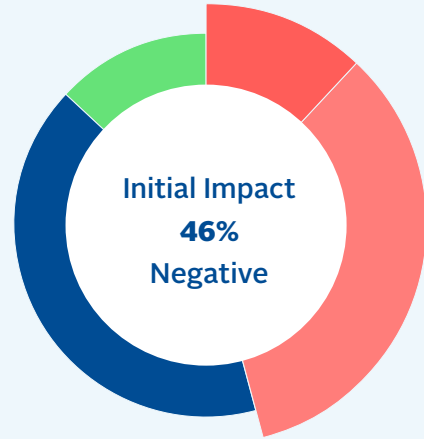


negative 82% neutral 15% positive 4%

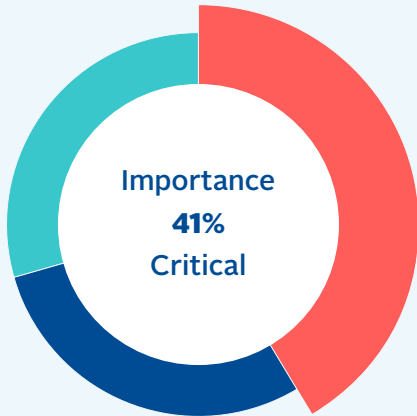
Lululemon Pants



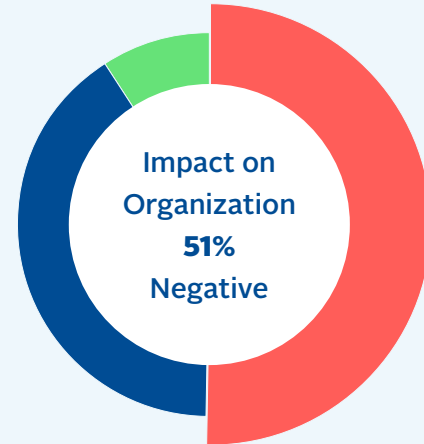
very closely 5% fairly closely 20% not very closely 31%
not closely at all 21% not aware 23%



extremely negative 12% negative 34%
neutral 41% positive 13%



critical 41% neutral 29% not critical 29%



negative 51% neutral 41% positive 9%

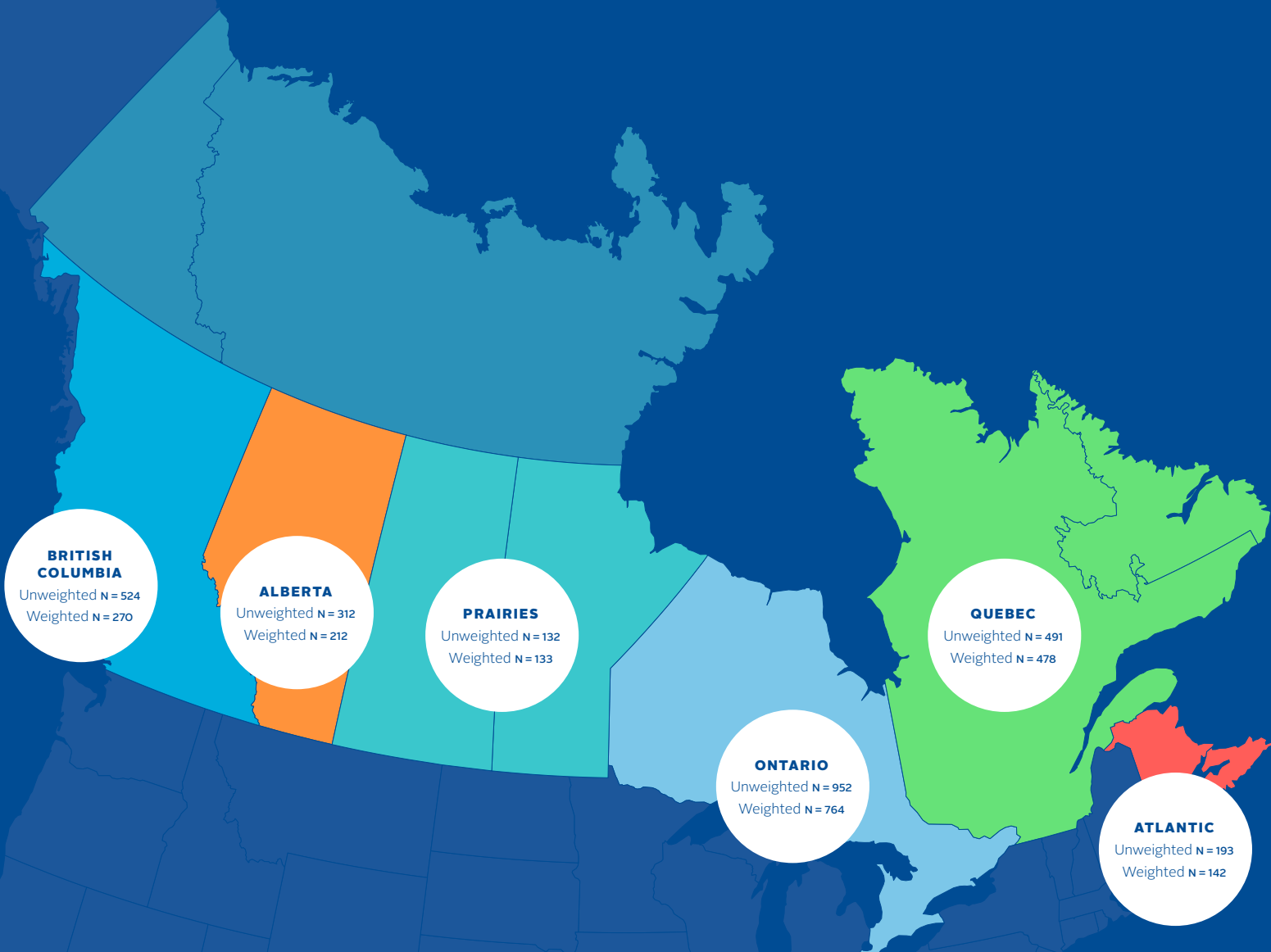


SURVEY METHODOLOGY

Respondents from across the country participate in the Innovative Canada 20/20 Panel. They represent a representative cross-section of ages, genders, regions, and languages characteristics.

SEGMENTATION

Where did respondents come from?

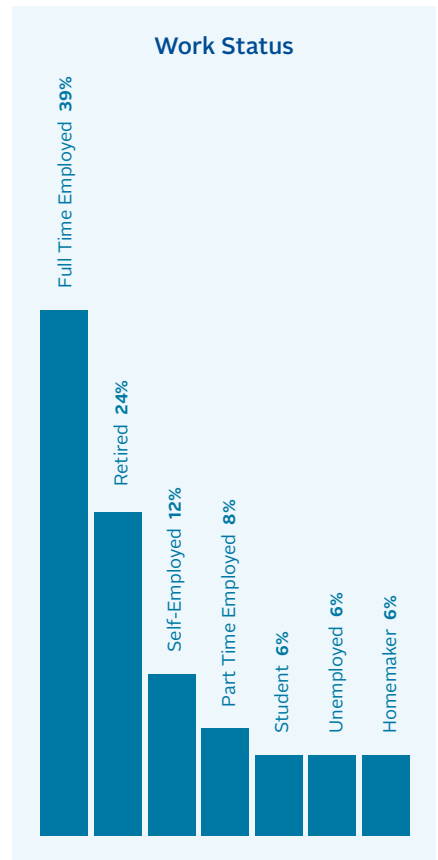
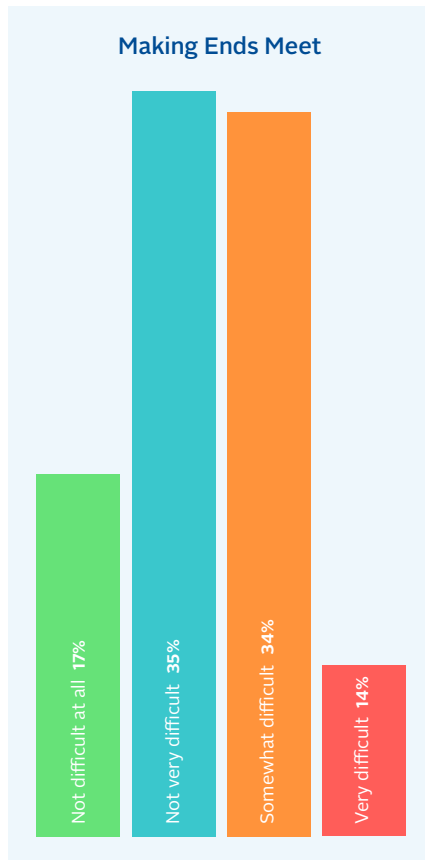
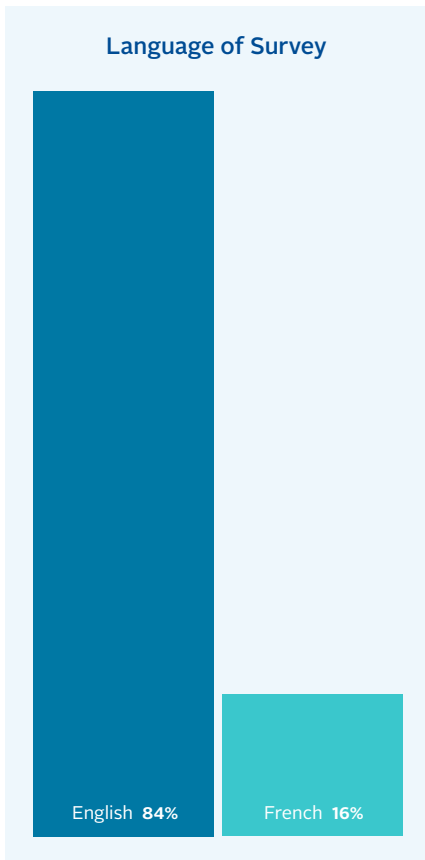
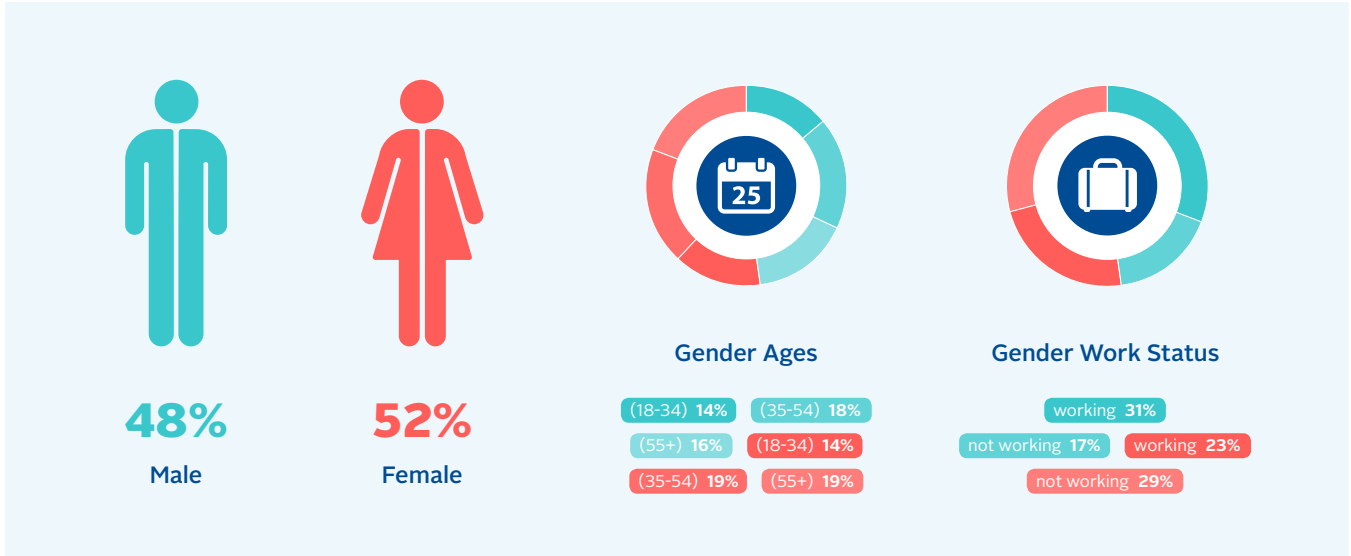


NATIONAL
Unweighted N = 2,604
Weighted N = 2,000

REGIONAL GROUPINGS INCLUDE:
British Columbia (Yukon), Alberta (Northwest Territories), Prairie Region (Manitoba, Saskatchewan and Nunavut), Ontario, Quebec, Atlantic (PEI, New Brunswick, Nova Scotia and Newfoundland & Labrador)

DEMOGRAPHICS

Respondent Profile



METHODOLOGY

These are the findings of an Innovative Research Group (INNOVATIVE) poll conducted from December 19th to December 31st 2013.

This online survey of n=2604 adult Canadians was conducted on INNOVATIVE's Canada 20/20 national research panel.

The Canada 20/20 Panel is recruited from a wide variety of sources to reflect the age, gender, region and language characteristics of the country as a whole. Each survey is administered to a series of randomly selected samples from the panel and weighted to ensure that the overall sample's composition reflects that of the actual Canadian population according to Census data to provide results that are intended to approximate a probability sample. The responses were then weighted to a sample set of n=2000.

INNOVATIVE provides each panellist with a unique URL via an email invitation so that only invited panel members are able to complete the survey and panel members can only complete a particular survey once.

An unweighted probability sample of this size would have an estimated margin of error of $\pm 2.2\%$, 19 times out of 20 had the sample been truly random.

The Market Research and Intelligence Associations notes that since online samples can not be drawn using a random sample, margin of error should not be calculated for online surveys.

That said, this is a representative panel and it has provided election polls within the margin of error for each of the past four federal elections.

NOTE

Graphs and tables may not always total 100% due to rounding values rather than any error in data. Sums are added before rounding numbers.