Reputational risk readiness survey 2024/25

From managing reputation to managing reputation risk

wtwco.com

CONTENTS

About the survey

Who
500 global senior executives responsible for risk strategy across their organization, including CEOs, CFOs, risk, marketing, HR, and communications.

Sectors
100 companies each in retail, manufacturing, leisure and hospitality, transportation, and non-government organizations (NGOs) and charities.

Where
20 countries in Europe, Asia Pacific, North and South America and Africa.

Size
36% US$1bn – US$2.5bn; 25% US$2.5bn – US$5bn; 39% over US$5 billion.

Find full details of our sample and methodology on page 18.

Introduction

Reputations more at risk in an uncertain world

In increasingly turbulent and polarized times, winning and maintaining public trust is getting more difficult. That holds true not just for politicians but for organizations too.

For many businesses and brands, managing their reputation has become something of a tightrope walk as accepted positions on issues such as diversity and sustainability become contentious areas.

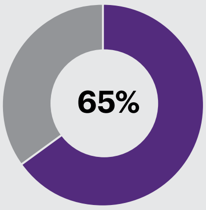
At the same time, the cost of getting it wrong is beginning to hit home as regulation and litigation on these issues results in a greater risk of penalties, claims and financial damage.

Our third global Reputation Risk Readiness survey reflects this uncertainty. The results reveal big shifts in the risk factors businesses are most concerned about, with cyber security emerging ahead of ESG as the biggest risk factor threatening reputations.

Responding to the changing risk landscape, businesses are agile in assessing risks on a case-by-case basis and willing to accept a higher level of risk if they are confident that an activity or association is right for them.

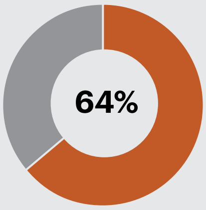
But the results also appear to confirm a trend we identified in 2023, of greater finance and corporate involvement in decisions around reputation management, reflecting a shift in focus among leading businesses from managing reputation as a function of branding to managing reputation as a risk (operational and financial).

Key findings



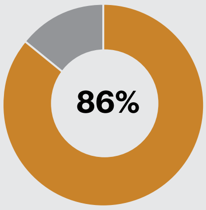
Cyber-attack is no. 1 reputation risk

65% of respondents named cyber-attack among their top reputational risk factors, a major shift since our last survey in 2023 when cyber was named by just 24%. Geopolitical tensions and instability can heighten cyber risk, resulting in more frequent and sophisticated attacks.



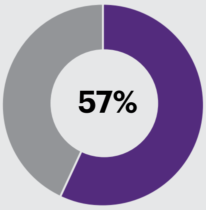
ESG concerns continue to grow

64% said environment issues were a top reputation risk, up from 52% in 2023. Governance (56%) and social impacts (47%) also increased as reputation risk factors. Despite pushback against the ESG agenda, regulations continue to tighten in many jurisdictions leading to heightened reputational concerns.



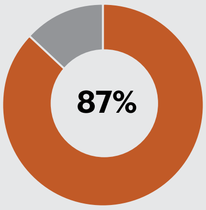
Companies take reputation seriously

86% said they have a formal process in place for assessing and managing reputational risks, with 22% saying this is linked to board key performance indicators (KPIs), up from 14% in 2023.



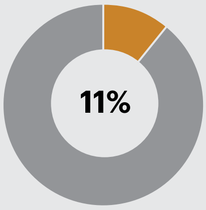
Appetite is high for the right risks

57% said they had a high appetite for reputation risk if they feel an activity or association is the right fit for their business, while 69% assess reputation risk appetite on a case-by-case basis.



Crisis teams are stronger

87% say they have a formal team that trains together and responds to negative publicity events, with 34% saying this is linked to KPIs — up from just 19% in 2023.



Financial impact modeling is low

11% said they had a great deal of modeling capability to understand the costs and liabilities associated with reputational damage, while 64% had a moderate amount of modeling ability.

Reputation risk landscape

Firms fear fallout from cyber events and ESG missteps

As organizations rush to embrace emerging technologies and digital transformation, it seems they are more aware of the impact that a system failure could have on their reputation.

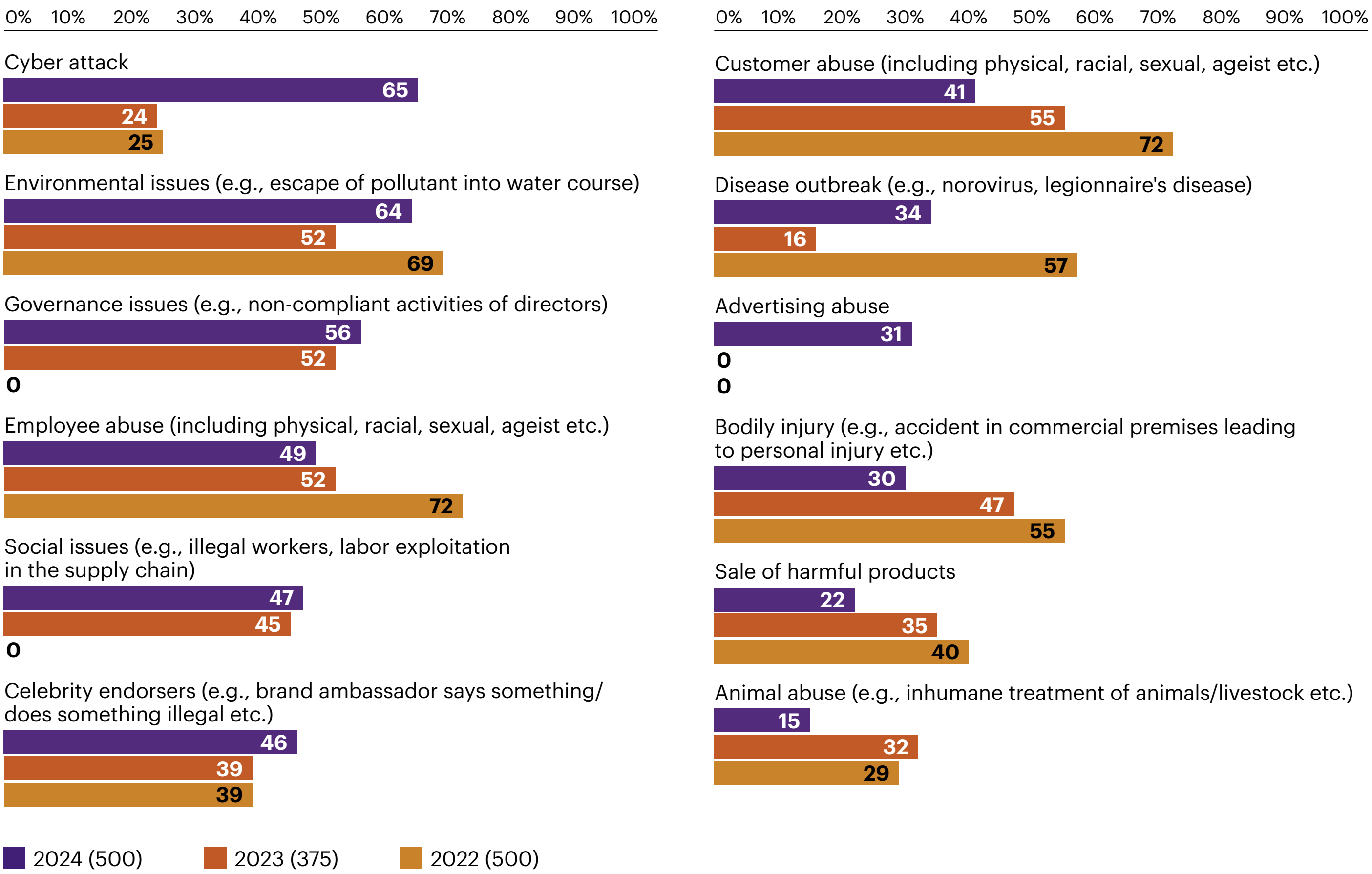
After a year that has seen the global IT outage, hacked technology used as weapons and a rise in disinformation, it's clear the nature and number of cyber threats are increasing. When systems are breached, the impact can go far beyond financial loss, leading to an erosion of customer trust and loss of business. Almost two thirds (65%) of respondents named cyber-attack among their top five reputational risk factors, up from less than a quarter last year (24%).

Industry feedback suggests these fears are well-founded. In a recent study on cyber risk readiness, 47% of organizations that suffered a cyber-attack in the previous year reported greater difficulty in attracting new customers, and 43% said they had lost customers.[1]

Findings such as these indicate a wider trend — that reputation risk is interconnecting with other emerging risk areas, increasing the potential for real world financial consequences. As cyber risks turn into reputational risks, so reputational risks are becoming economic risks.

Figure 1:

Most concerning reputation risks



Q: What reputation risks are most concerning for your company? (Rank 1/2/3/4/5)

[1]Hiscox Cyber Readiness Report 2024 https://www.hiscoxgroup.com/cyber-readiness

Culture wars are difficult to navigate

In a similar way, as businesses face increasing ESG-related responsibilities on everything from climate impact and diversity to labor standards in the supply chain, they also need to worry about the reputational and financial fallout from getting it wrong. Issues around environment (64%) governance (56%) and social impacts (47%) all increased as reputation risk factors compared with our 2023 survey.

This is becoming a more difficult needle to thread. In a more polarized world, there's a growing pushback against the ESG agenda in countries such as the U.S. Meanwhile, many businesses have faced accusations of virtue signaling or greenwashing. Some may feel that they can't do right for doing wrong, yet the legal and compliance requirements around ESG continue to grow in most countries (see the Risk Management section for further discussion of these challenges).

99%

of organizations place reputation among the top 10 risks in their risk register

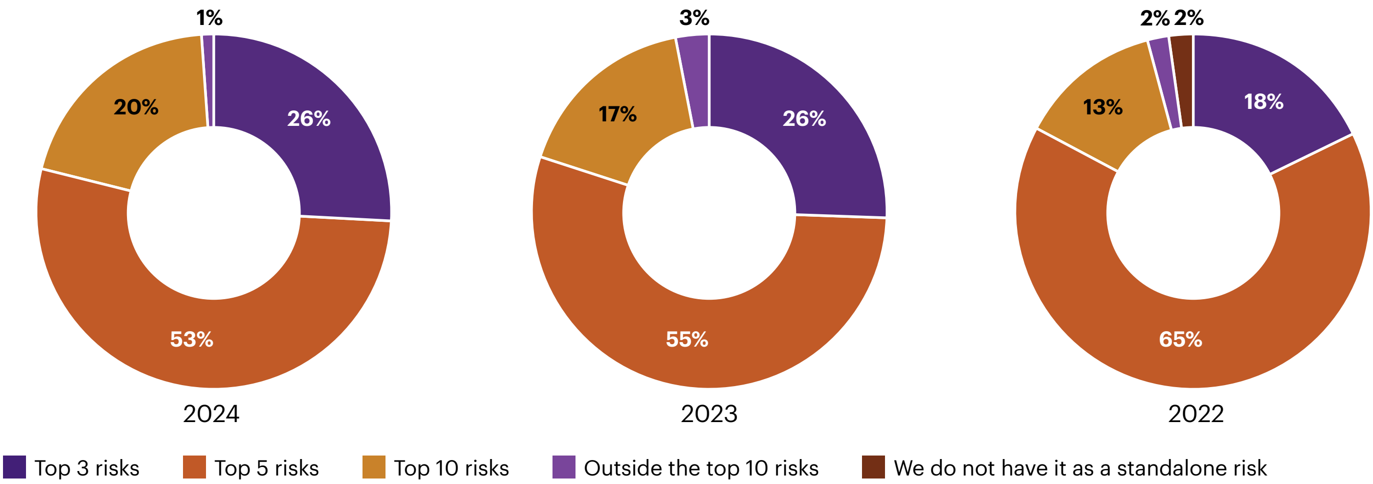
Customer abuse is less of a risk

Concerns about reputational damage resulting from abuse of employees (49%) and customers (41%) have fallen. This may indicate that organizations have better processes in place and feel better able to manage what are more obvious as opposed to more intangible practical and physical risks. Likewise bodily injury was named as a top reputation risk factor by 30% compared to 47% in 2023.

Overall reputation risk has maintained its position in corporate risk registers. Almost all the companies we surveyed (99%) placed it among their top 10 risks, a slight increase on our previous survey (97%), with 53% in the top five and 26% in the top three.

Figure 2:

Reputational risk on risk register



Q: Where does Reputational risk currently stand on your risk register? (Single code question)

Note: Totals may not add up to 100% due to rounding

Six steps to reputation risk resilience in 2025

1. Strengthen your decision-making governance

Make sure that you have good processes for signing off all campaigns, partnerships, associations, and corporate initiatives. Don't leave it to the marketing team. Include documented procedures for escalating any issues up the chain of command early.

2. Be more proactive in managing risks

Include reputation on your risk register and carry out regular reputational risk assessments. Make it a senior management responsibility, as part of your business continuity planning and horizon scanning. Invest in expert risk intelligence to support internal teams before adverse events occur.

3. Establish robust reputation risk frameworks

Implement a systematic approach to identify, assess, monitor, and control potential reputational threats. Carry out regular social media audits and establish early warning systems.

4. Know what people are saying about you

Listen to what's being said about your brand across the media and socials. Gather data from a range of stakeholders to get a comprehensive outside-in view of your reputation and get ahead of any brewing story before it hits the headlines.

5. Be ready to respond early

Not taking action early enough when a story emerges can leave space for negative comment to spiral. Review your crisis communications and response plans and train your people in how to respond, to make sure you can intervene within hours and minutes, not days or weeks.

6. Plan for a longer, deeper crisis

Once reputational damage happens, it can go on for months or years and be hard to repair. Make sure you have contingency in place to deal with the financial consequences over a prolonged period. Consider how you would rebuild your brand and what resources you need for that.

Risk management

More organizations are managing reputation as a tangible risk

With the real-world consequences of missteps and breaches becoming ever clearer, we're seeing a shift from managing reputation as a function of branding and publicity to managing reputation as a risk.

In most countries, regulations on issues related to reputation are increasing, and driving more litigation from consumers and employees. Issues such as sustainability that would once have been the sole responsibility of corporate affairs or communications have become less about marketing and more about compliance, reporting and legal defense, drawing them into the center of decision making and risk management.

At the same time, counter-movements are pushing back against what is seen as a woke ESG agenda, with some success. These forces are pulling companies in different directions, creating a growing compliance and reputation management challenge that seems to be concentrating minds.

Risk management processes formalize

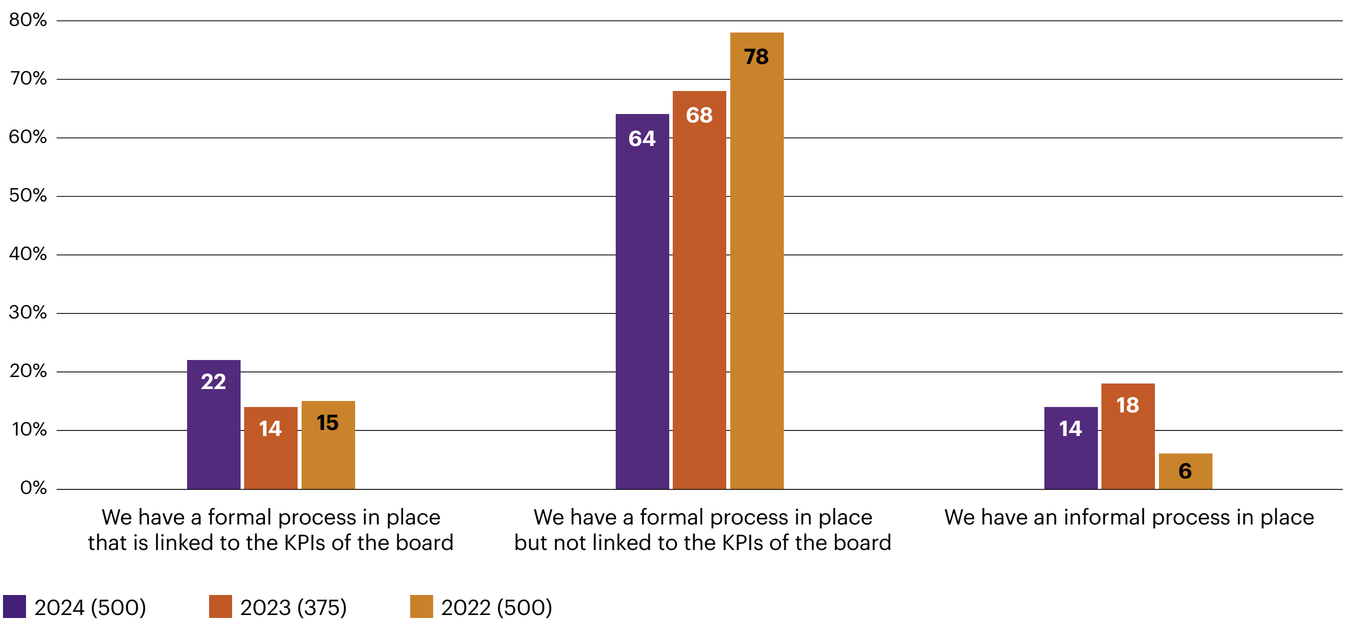
These trends seems to be driving a greater focus on reputation risk at the top level within companies. More respondents were from the C-suite, with 41% describing themselves as the lead decision maker, compared to 30% in our last survey, indicating a shift in seriousness in how reputation is viewed. The vast majority (86%) said they have a formal process in place for assessing and managing reputational risks, with 22% saying this is linked to board key performance indicators (KPIs), up from 14% in 2023.

Overall, the results tend to confirm a trend we first identified in 2023, of decisions around reputation being viewed more through a corporate and financial lens, rather than just marketing.

86%
have a formal process in place for assessing and managing reputational risks and opportunities with 22% saying this is linked to board KPIs.

Figure 3:

Process for assessing reputational risks



Q: Which statement best describes your company's process for assessing and managing reputational risks and opportunities? (Single code question)

Companies accept risk for the right activity

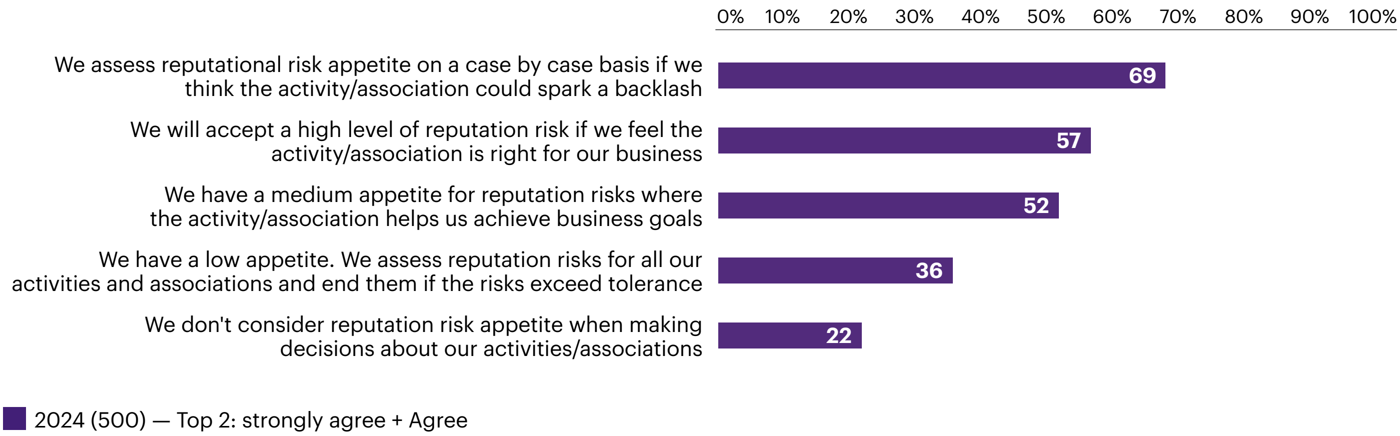
Despite increasing complexity and uncertainty, our survey suggests that a majority of organizations will still accept a level of risk if the benefit is strong enough. A clear majority (57%) said they had a high appetite for reputation risk if they feel the activity or association is the right fit for their business. More than two-thirds (69%) say they assess such risks on a case-by-case basis.

This agile approach to risk may be rooted in a confidence in risk assessment processes and crisis management teams and systems to manage the fallout if something goes wrong. It's worth remembering that controversy per se does not result in public disapproval and loss of business in all cases and may be beneficial if it lands right with the company's target audience.

Worryingly, more than a fifth of respondents (22%) said they did not consider reputation risk appetite when considering activities and associations. This may indicate that some firms don't have the systems and teams in place to make such assessments.

Figure 4:

Appetite for reputation risks



Q: How much do you agree or disagree with these statements about your company's appetite for reputation risks? (Single code per row question).

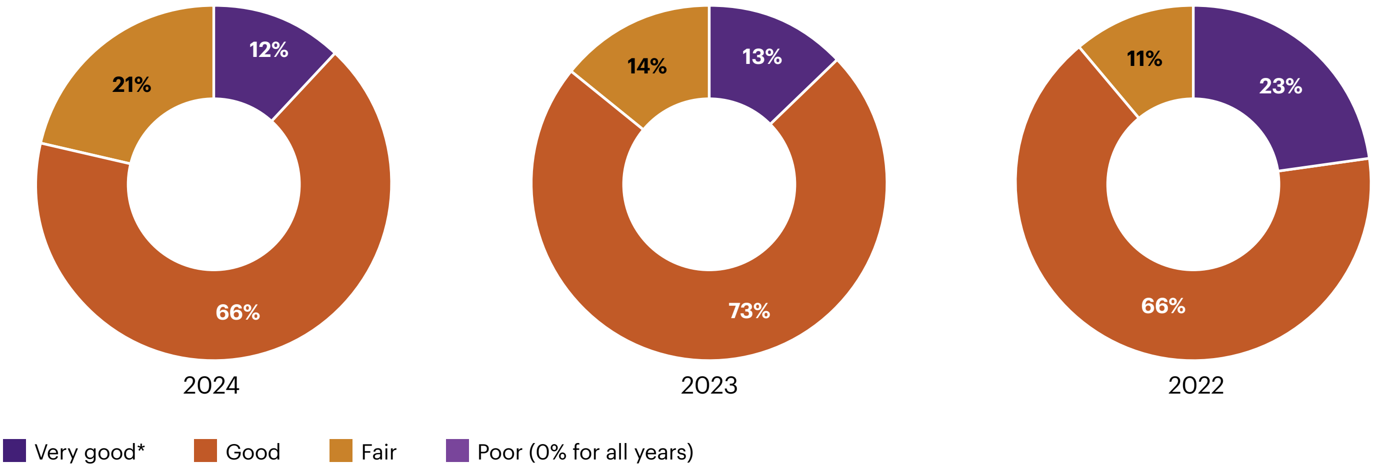
More work is needed to improve resilience

As reputation risk management is elevated to a higher level within organizations, senior leaders appear to be casting a more critical eye on their processes and preparedness. The results indicate they have downgraded their estimation of the amount of groundwork done both to understand what reputation risks the organization faces and integrate them into risk management processes.

This increasing realism about reputation risk readiness is also reflected in overall estimations of resilience to reputational issues such as ESG, with only 12% saying this was very good (13% in 2023) and 66% good (73% in 2023).

Figure 5:

Resilience to reputation issues



*We are completely clear what the risks are and have a solid plan on how to deal with them

Q: How would you rate your company's resilience to reputation issues such as ESG? (Single code question)

Note: Totals may not add up to 100% due to rounding

Comment

Intangibles are solidifying into tangible risk

In today's world, you don't need physical damage to inflict heavy losses. Something like a data breach or the fall from grace of a brand ambassador can explode on social media, resulting in a loss of trust in the brand. That can have a huge impact on sales and stock values.

Risk managers and insurers have been struggling to catch up with this shift in risk profiles. For years, they have been focused on physical risks of damage to property and harm to people. That's easier because it's binary — either a fire has caused damage or it hasn't.

As the value of intangibles such as reputation and trust have risen, the costs if they are damaged have increased. They have effectively solidified into tangible assets, with a monetary value, and need to be protected as such.

Reputation has traditionally been seen as more difficult to quantify and assess than other risks. But with new AI-powered technology platforms providing real-time sentiment tracking and risk intelligence, we now have the data to understand trends and model the frequency, severity and likely sources of reputational threats. These advances can help in identifying risks, preparing for crisis events and quantifying the financial impacts of reputational damage.

Our survey suggests companies are slowly moving towards managing reputation as a tangible financial risk as core corporate functions such as risk, finance, legal and human resources get more involved. WTW's reputation risk management solution can help with elements such as quantification and risk intelligence, as well as providing risk transfer to cover loss of profit, recovery, and rehabilitation costs.

David Bennett
Head of Reputational Risk Management
Willis

Comment

Don't debate woke, focus on the facts

At Polecat, we're seeing the impact of the anti-woke backlash. Companies are withdrawing marketing initiatives and pulling back from previously stated positions on issues that had seemed settled but are now controversial. That's understandable. With some people and governments turning away from the ESG agenda, businesses are wary of anything that might be criticized as virtue signaling or greenwashing.

But, whatever you think of woke, the risks to business reputation from issues related to ESG are real. In many countries, requirements are mandated by legislation and regulation covering everything from human and labor rights in the supply chain to environmental management. Reporting and disclosure requirements are increasing, including under Europe's new Corporate Sustainability Reporting Directive (CSRD), which requires more granular reporting on how a company impacts on people and planet.

Businesses need to remember that many elements of the ESG agenda are becoming embedded, governed by regulation, and giving rise to increased litigation. To navigate this complex landscape and reduce your reputation risks, you should ignore the woke and anti-woke debates and focus on complying with actual rules on issues such as diversity, sustainability, and human rights.

To reduce the risk of a backlash, make sure your company policies and marketing emphasize fairness for all. Use neutral language that focuses on values like mutual respect, rather than politicized rhetoric, and encourage open conversations on ESG-related topics.

James Lawn
Co-CEO
Polecat

Crisis management and communication

Crisis teams strengthen but confidence on social media slows

In a reputational crisis, what matters is not just getting control of a situation, but also what's being said about it. Media and social comment can quickly spiral and leave organizations trailing in its wake.

Stemming the tide of negative publicity in such fast-flowing circumstances requires a high level of planning and co-ordination. We're encouraged to see that organizations appear to be better prepared than they were when we did our last survey.

More than 8 in 10 (87%) say they have a formal team that trains together and responds to negative publicity events, with 34% saying this is linked to KPIs — up from just 19% in 2023. This may indicate that core corporate functions, such as finance, are getting involved, rather than leaving it to public affairs.

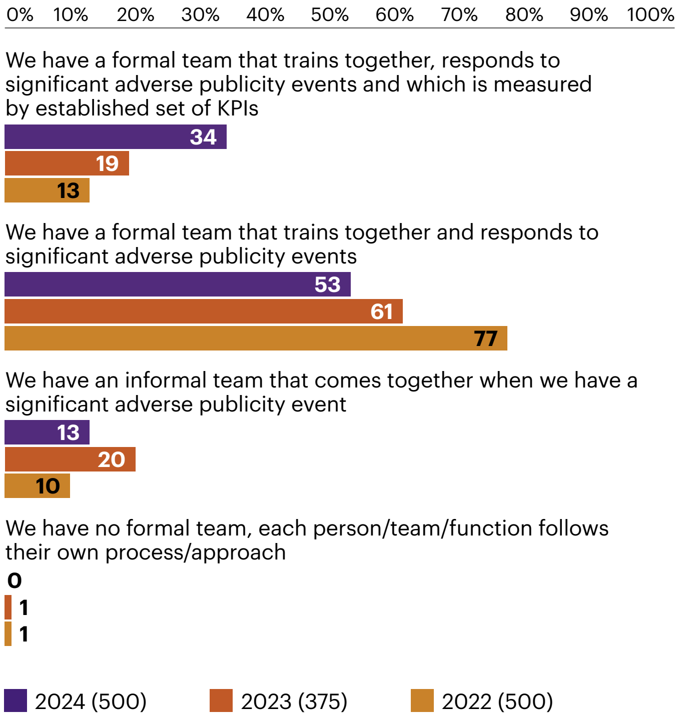
Gaps appear in crisis response plans

Even more (91%) say they carry out annual exercises to test their crisis communications team and plan. Although positive, this still means that 9% are not putting their crisis plans through their paces, which is a relatively high given the size of the organizations we surveyed.

Fewer companies say they have ready-made PR templates for most reputation crisis scenarios — 82% compared to 95% in our previous survey. With the public more polarized on fast moving political and social issues, it may be more difficult to prepare set lines to take in advance of a crisis.

Figure 6:

Approach to crisis management



Q: Which statement best describes your company's approach to crisis management? (Single code question).

More firms shy away from social media

The same uncertainties may be at play in how organizations use social media. We saw a drop in the proportion of firms who said social media was important for reputation management, from 87% in 2023 to 77% now. Frequency of C-suite engagement with social media remained static at an average four times a year, and well down on the nine times per year we reported in 2022.

Businesses may be concerned about saying the right thing on social media and potentially making things worse by wading in. They may also be concerned about organized groups using social media platforms to target brands and damage reputations, causing them to shy away from deeper engagement.

A lack of confidence in using social media is concerning as having a dialogue with customers and stakeholders online can be critical in getting a message out in real time during a crisis. People tend to be more receptive to your message and willing to accept apologies and promises to put things right if they feel like they already know you and have some trust in you. The less you use social media, the harder it is to be believed when responding to a backlash.

Figure 7:

C-Suite use of social media for communication

Average number of times per year C-Suite used social media to communicate with stakeholders and customers

2024	2023	2022
4	4	9

Q: Average: How often does your C-Suite use social media to communicate with stakeholders and customers? (Single code question)

Financial readiness

Financial impact modeling falters as the cost of risk rises

In the last two years, we've seen reputational storms surrounding some of the world's biggest brands — and the speed at which value built over years can be wiped from balance sheets if consumers and investors turn against a company.

The potential costs from a reputational meltdown are expanding, as regulation on related issues such as ESG, and litigation around them, raise the risks of penalties and legal claims. In a recent business leaders survey, 26% said poor reputation management negatively impacted their profits and 27% that staff had left the business as a result.[2]

Reputation can also affect a company's ability to raise finance, attract investment or complete a deal, as banks and investors include checks on a ESG credentials as part of their due diligence process.

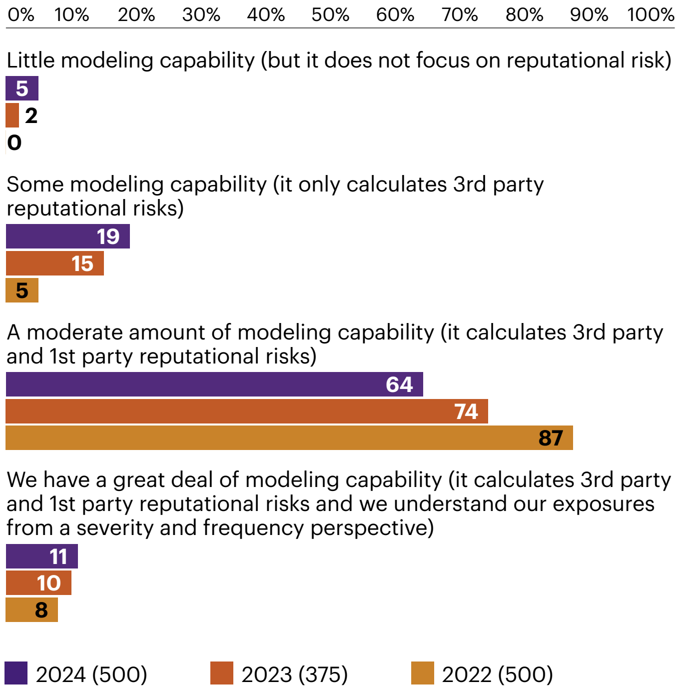
Firms should do more to quantify risks

The stakes are high and getting higher. Yet, although there is more general awareness of the costs of reputation damage, that hasn't translated into action when it comes to assessing and quantifying the financial impact.

Only 11% of respondents in our survey said they had a great deal of modeling capability to understand both the first party costs and third-party liabilities that might arise. Almost two-thirds (64%) said they had a moderate amount of modeling ability, a clear downward trend from 74% in 2023 and 87% in our first survey in 2022. One in five (19%) said their modeling could only calculate the impact on third parties, up from 15% in 2023.

Figure 8:

Capability to model the financial impact



Q: What statement best describes your company's modeling capability in terms of understanding the financial impact from a damaging reputational event? (Single code question)

[2]Speaker's Corner, The Business Leaders Survey Report 2024
https://www.speakerscorner.co.uk/survey-report-2024

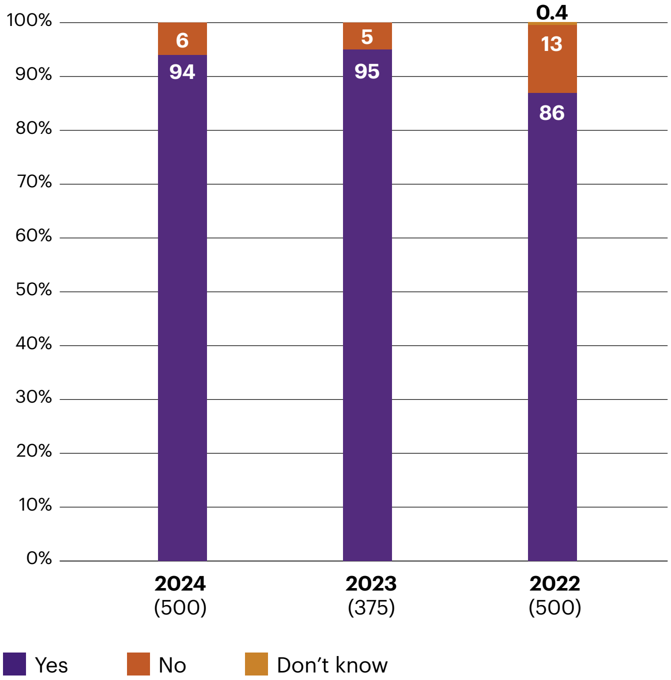
Most have a budget for reputation damage

The downgrade in estimations of financial readiness may be explained by a greater involvement by heads of finance and risk in reputation and crisis management, bringing a more realistic assessment of organizations' financial resilience. But without accurate models, it's harder to accurately quantify risks and losses, or know how much to set aside to withstand the damage that a crisis can inflict, especially if the impact is deep and long-lasting.

That said, it's good to see the vast majority (94%) of businesses do have some level of reserved budget set aside to help deal with a damaging reputational event, including contingency funds for communication and marketing.

Figure 9:

Reserved budget for damaging reputational events



Q: Has your company reserved budget for a damaging reputational event, including contingency for communication and marketing? (Single code question)

Note: Totals may not add up to 100% due to rounding

Conclusion

Managing reputation as an opportunity — and a risk

A good reputation is a huge added value to any company. Organizations rightly invest in building a good name in their industry and burnishing their brand image through marketing and communication.

But that's only one side of the reputation management coin. The other is risk. When reputation is damaged, there are often real financial, regulatory, and legal consequences that can impact not just the company's image but also its bottom line.

Business leaders need to read not just the reputation signals but the reputation risk signals coming from the media, customers, and stakeholders. In an age of polarization and mistrust, that's getting harder to do, especially as the level of noise on social media grows louder.

To build resilience, companies should develop strong risk management processes, including sentiment tracking and risk intelligence, risk and financial impacts assessment, crisis preparedness and escalation procedures and board level accountability.

Willis' holistic reputation risk management solution can support you on this journey. It includes Polecat risk monitoring, risk quantification, crisis communications experts to help you manage the media during and after an event, and reputational crisis insurance to cover any loss of gross profit you suffer as a result.

Survey sample and methodology

Our survey was carried out by our research partner, Coleman Parkes, using online methodology.

We received 500 responses from senior executives responsible for risk strategy across their organization. Respondents were based in 20 countries across Europe, North and South America, Asia Pacific, and Africa.

Survey detail

Methodology
Online survey

Audience profile
Senior decision-makers (director level and up), responsible for ESG and reputation and insurance in companies with reported annual revenues last FY £1bn+

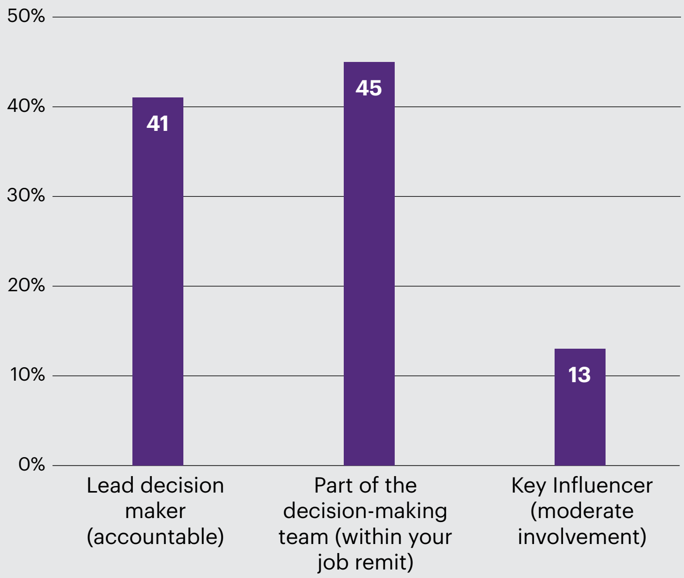
Sample size
500 total:

- **Europe** (225)
- **North America** (125)
- **APAC** (125)
- **LATAM** (25)

Fieldwork dates
September – October 2024

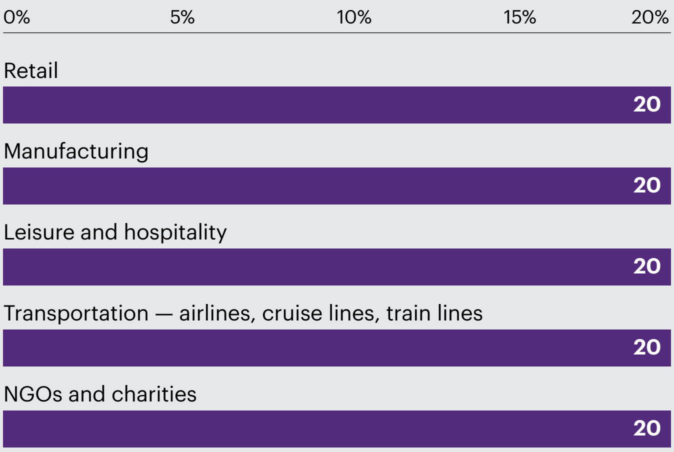
Job role

Risk management responsibility



Note: Totals may not add up to 100% due to rounding

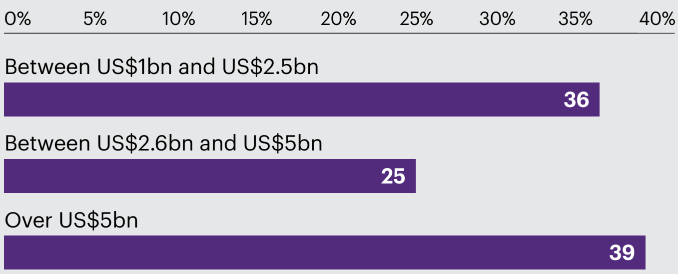
Sector splits



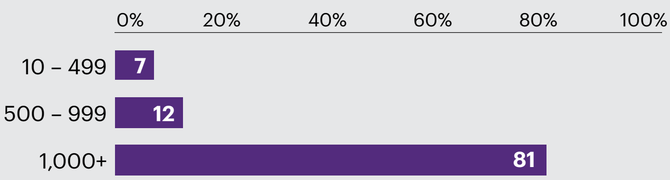
Responses by country

US	18%	Spain	4%
Australia	7%	Italy	4%
UK	7%	Hong Kong	4%
Canada	7%	South Africa	3%
China	7%	Indonesia	3%
Germany	6%	UAE	3%
France	5%	Denmark	2%
Brazil	5%	Dubai	2%
Singapore	4%	Norway	2%
Netherlands	4%	Sweden	2%

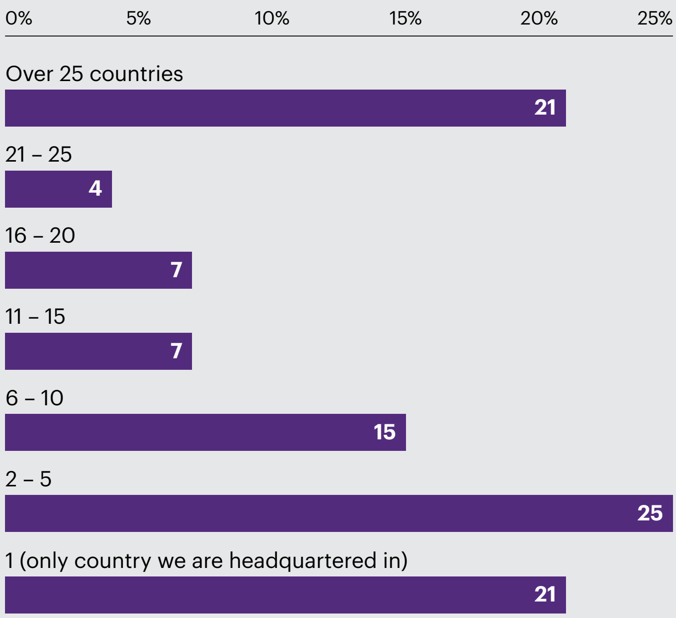
Company turnover



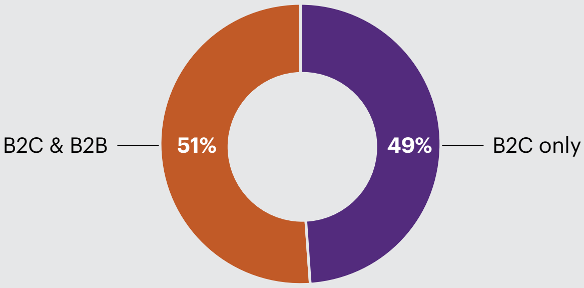
Employees



Number of countries firm operates in



Company sales



Note: Totals may not add up to 100% due to rounding

Further information

For more information please contact:

GB

David Bennett
Head of Reputational Risk Management, Direct and Facultative
+44 20 3124 6086
david.bennett@wtwco.com

Europe

Kiran Nayee
Head of Casualty, Europe
+44 7770 971345
kiran.nayee@wtwco.com

Victor De Jager
Head of Property, Europe
+31 6 2111 6250
victor.de.jager@wtwco.com

North America

Richard Sheldon
Head of Specialty Broking & Senior Director
+1 610 298 9535
richard.sheldon@wtwco.com

Kevin Velan
Director, National Product Recall Team
+1 312 288 7140
kevin.velan@wtwco.com

Latin America

Roman Mesuraca
Head of Property & Casualty, Latin America
+54 11 4945 3614
roman.mesuraca@wtwco.com

Asia

Paul Ward
Head of Property and Casualty, Asia
+65 6958 2800
paul.ward@wtwco.com

Australia and New Zealand

Robert Lasovski
Corporate Risk (P&C) Leader Pacific
+61 (0)478 307 114
rob.lasovski@wtwco.com

Chris Nelson
Corporate Risk & Broking Australia, Large Accounts
+61 2 9285 4005
christopher.nelson@wtwco.com

WTW-HP-2025-0819 FPS9294208 M

wtwco.com