

Managing industry reputation to sustain market success: the case of the South Tyrolean apple industry

Christian Fischer

XI Giornate Scientifiche SOI, 14–16 September 2016, Bolzano



Agenda

- 1) Introduction and context
- 2) Reputation, trust, image
- 3) Reputation problems of the South Tyrolean apple industry
- 4) Reputation and image management options
- 5) Conclusion



What determines buying decisions?

- ▶ What **product image** have consumers in their minds?
- ▶ **Consumer expectations**: is the product healthy, tasty, clean, socially acceptable, cool?
- ▶ What do **family, friends or neighbours** think?



=> **Brand or industry reputation** helps to facilitate buying decisions.

Higher social expectations on economic activity



- ▶ The production of good products with low prices is no longer good enough!
- ▶ The **triple bottom line of sustainability**: profit (prosperity), people and planet.
- ▶ Only businesses that **meet these expectations** will be successful in the future.
- ▶ **Reputation** has become one of the most **important resources** in the expectation economy of the 21st century.

Other reasons why reputation has become more important

Globalisation



International business partners are less known than local ones

Fragmented media landscape



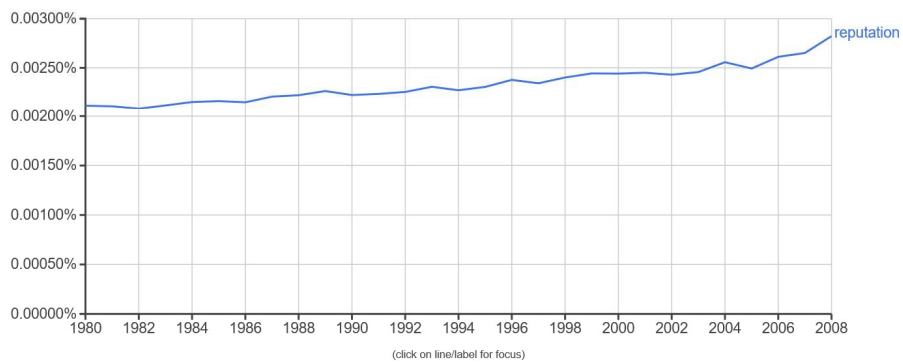
In times of information overload, people prefer to rely on other people's assessment

The importance of reputation

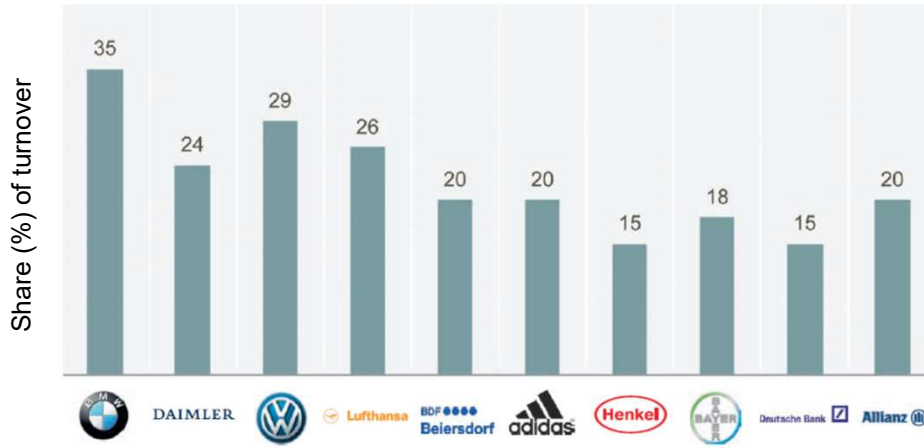
Google Books Ngram Viewer

Graph these comma-separated phrases: reputation case-insensitive

between 1980 and 2008 from the corpus English with smoothing of 0 [Search lots of books](#)



The value of good reputation



Source: Serviceplan Corporate Reputation und Biesalski & Company (2013)

Industry reputation problems are common

FINANCIAL TIMES

the guardian

The New York Times

Wall Street's Reputation by Financial Crisis
By ELIZABETH OLSON June 19, 2009

Wall Street companies blame slow recovery of the financial system. In preparing its report, Major financial services institutions credit card companies, mutual funds

Big pharma attempts to cast off bad reputation by targeting the poor
Pharmaceutical companies are creating new business models to meet the needs of the global poor. Is it enlightened self-interest or calculated profiteering?
Tim Suedley
Thursday 25 June 2015 13:06 BST

Big pharma isn't known for its fair dealing in the global South. Infamously, the high cost of patented HIV antiretroviral drugs (ARVs) in the early 2000s priced out developing countries and millions died. Patent wars still rage, notably in India and South Africa, as the industry attempts to maintain monopolies on life-saving drugs. Investment funds are

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Reputation, trust, image

Reputation defined and explained



- ▶ Reputation is
 - an **opinion** about individual people or organizations, or groups of them, as a result of social evaluation;
 - a **component of identity** as defined by others;
 - a **mechanism of social control** in societies.
- ▶ Reputation **facilitates decisions** and helps to make economic transactions more efficient.
- ▶ For organizations reputation belongs to the **intangible assets** such as patents and brand name rights.
- ▶ For people reputation is part of their **social capital**.
- ▶ Reputation also **secures freedom** by helping to avoid control.

Reputation, trust, image

Functional and social reputation

To function in an exemplary way



Reflects professional competence

To function in accordance with social norms and values



Has become more important during the last years

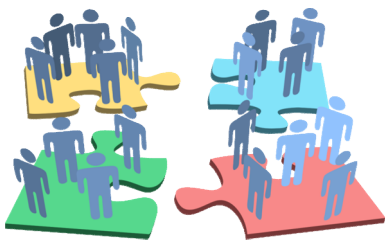
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Reputation, trust, image

Reputation is multifaceted

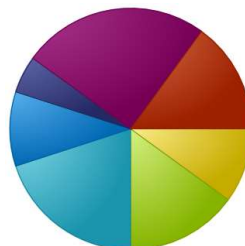


Different reference groups:

- ▶ customers
- ▶ suppliers
- ▶ employees
- ▶ money lenders / investors
- ▶ general public
- ▶ others

Different reputation aspects:

- ▶ product quality
- ▶ brand value
- ▶ customer orientations
- ▶ work conditions
- ▶ innovation strength, environmental orientation, ...
- ▶ others



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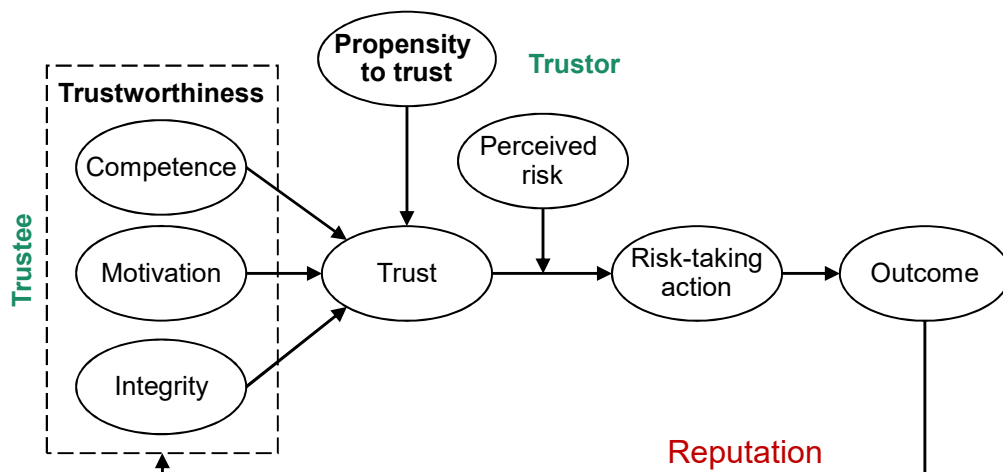
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Trust

- ▶ Reputation and trust are closely linked.
- ▶ A person of high reputation is considered trustworthy and can make use of his/her social capital.
- ▶ Good reputation = indication of trustworthiness
- ▶ Reputation is built if expectations are fulfilled from a functional as well as a social point of view.
- ▶ Fulfilled expectations produce trust and trust produces reputation.

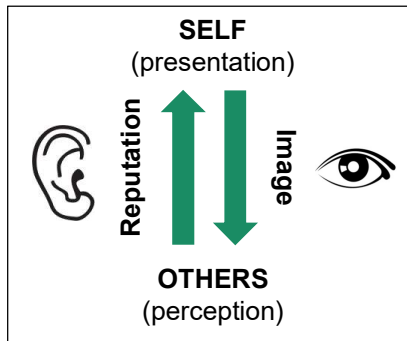


Trust / reputation building model



Source: adapted from Mayer, R., Davis, J. und Schoorman, F. (1995). An Integrative Model of Organizational Trust. *Academy of Management Review*, 20 (3), pp. 709-734.

Image



- ▶ **Image** = how do I present myself?
- ▶ Lies in the hands of the presenter, is short-term, elusive, adjustable.
- ▶ **Reputation** = what do others say about me?
- ▶ Lies in the hands of others, is long-term and more difficult to influence.

Source: adapted from Whetten, D. (1997). Theory development and the study of corporate reputation. *Corporate Reputation Review*, 1 (1/2), pp. 26–34.

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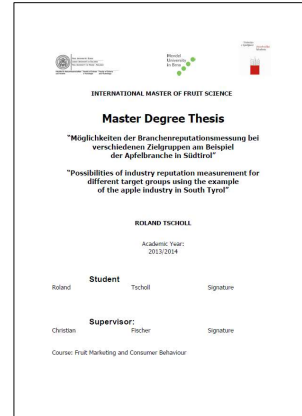


Data basis



- ▶ Media analysis.
- ▶ Interviews of experts with in-depth industry knowledge.

In cooperation with:



Gasser, Stefan (2013), Reputationsmanagement als neue Herausforderung der Apfelanbaubranche in Südtirol. Bachelor thesis, Free University of Bolzano.

Tscholl, Roland (2014), Possibilities of industry reputation measurement for different target groups using the example of the apple industry in South Tyrol. Master thesis, Free University of Bolzano.

Preface

- ▶ Industry is an economic and agronomic **success story**.
- ▶ Each year more than 5 billion of round, juicy ambassadors leave the region and contribute to its reputation.
- ▶ **No industry is free of problems.**
- ▶ **Success can generate envy** and forces that damage reputation.
- ▶ However, there are more and more signs that there is **a need for action to protect the reputation of the industry.**



Need for action

Viele nachdenkliche Zuhörer
GESUNDHEIT: Vortrag des Toxikologen Hermann Kruse zum Thema Pestizide – Mögliche Risiken, Alternativen und Kritik an Grenzwerten

„Eine Schweinerei“
Giftable Gefahr im Südtirol
Spritzmittel versuchen die Ferienregion Vinschgau
und sind sogar für das ganze Land schädlich. Denn die Spritzmittel, die über das AGRIOS-Programm Verwendung finden, sind weniger als die Hälfte, als len Zulassungsbehörden. Und die Zulassungsbehörden, so Durmwalder, die Pestizide und Herbi-

Pestizid-Verbot ist rechtmäßig
LANDWIRTSCHAFT: Veranstaltung in Mals über Pestizidersatz. Staatsrat besiegelt Verbot für Ausbringung von bestimmten Pestiziden

Obstanbau im Visier
Erste Berichte ausländischer Medien über die Spritzmittelproblematik im Obervinschgau schrecken die Touristiker auf. Eine Volksbefragung könnte für den konventionellen Obstanbau gar das Aus bedeuten.

Skepsis gegen zunehmenden Obstanbau in Mals
Bei einer Bürgerversammlung in Mals wurden die Ergebnisse einer Umfrage vorgestellt zum Thema „Zunahme des Obstanbaus.“

Drei einfache Regeln
Die Umweltschutzgruppe stellt in Mals die Mahnungsumfrage zum zunehmenden Obstanbau in Mals vor. In der anschließenden Diskussion wurde über verlässliche Gegebenheiten und ein mögliches Umfeld von Obstbau diskutiert.

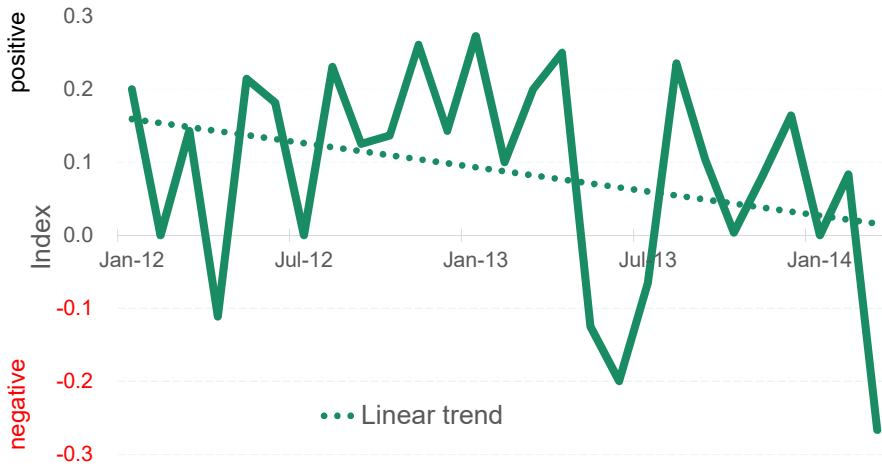
ift ist das große Thema im Vinschgau
Zuhörer bei Informationsveranstaltung zum Thema „Pflanzenschutz“ – Fachleute werden mit Fragen und Stellungnahmen bombardiert

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Apple industry media reporting index (based on 361 articles from the local press)



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Reputationsmanagement in der Agrar- und Ernährungswirtschaft – Christian Fischer

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Residents

- ▶ **Drift of crop protection sprays** and therefore potential health risks for affected people and animals.
- ▶ Use of **herbicides for weed management** and therefore potential ground water pollution.
- ▶ **Higher traffic volumes** during harvest times and therefore potential congestion problems and noise and fumes pollution.



General public (South Tyrolean population)

- ▶ **Change of the landscape** (monocultures, hail netting) and its ecological consequences (e.g., biodiversity).
- ▶ **Mountain farmers** are seen as **more likeable** as fruit growers.
- ▶ **Missing awareness** of the **economic importance** of the fruit industry.



Tourists



- ▶ **Actual landscape image** (monocultures, hail netting, protective foils) is not equivalent to the image created by the tourism promotion agencies.

Apple consumers

- ▶ **Residues** from crop protection sprays.
- ▶ **Taste** of the produce.
- ▶ **Disappearance of old apple varieties.**
- ▶ **Environmental consequences** of apple production such as water consumption and the emission of greenhouse gases (CO₂).



Evaluation of the effectiveness and feasibility of improvement measures

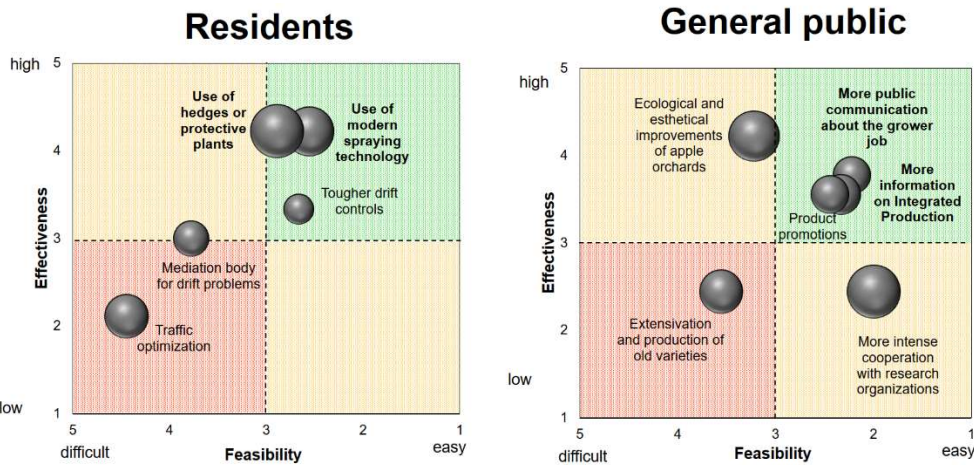
9 experts:

- ▶ Local farmer association 
- ▶ Extension service fruit and wine 
- ▶ Organizer Interpoma 
- ▶ VI.P 
- ▶ Research center Laimburg 
- ▶ Free University Bolzano 

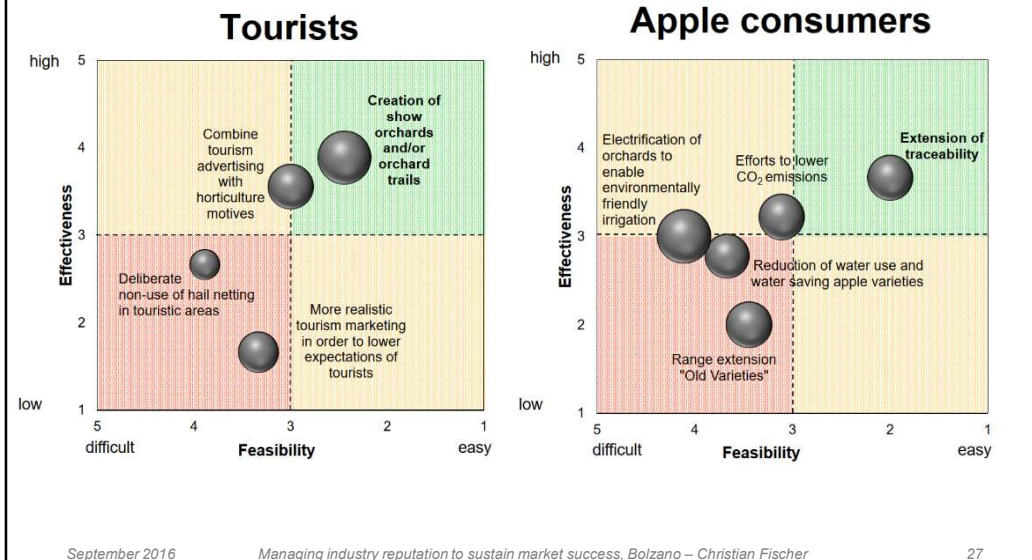
Evaluation:

- ▶ **Effectiveness** of measure (1 low to 5 high)
- ▶ **Feasibility** of measure (1 easy to 5 difficult)
- ▶ Explicit consideration of the consensus of the experts (je higher the degree of mutual agreement, the larger the bubble sizes).

Results of the expert evaluation (1)



Results of the expert evaluation (2)



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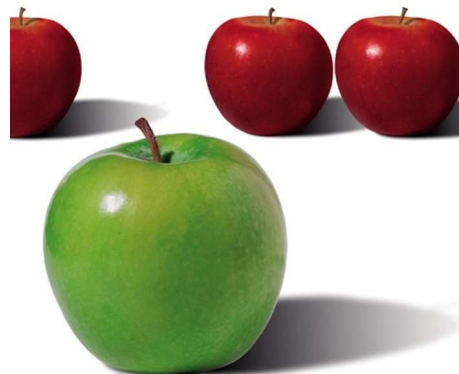
Implementation of measures which improve reputation and image



- ▶ Such measures include:
 - communication activities (public relation, advertising);
 - strategic cooperation with support organisations (e.g. research institutions);
 - preparation and implementation of a compulsory code of conduct for all members.
- ▶ Implementation of a reputation management system:
 - monitor the situation,
 - analyse potential problems,
 - mitigate threats,
 - prevent upcoming issues.

Collective and individual responsibilities

- ▶ Industry reputation management is more complex because of task definitions and coordination.
- ▶ The recognition of individual responsibilities is important to minimize "black sheep" risks.
- ▶ It is crucial to not only working on the "cosmetics", but also improve the underlying "substance" of problems.



Conclusion

What the local apple industry is doing (1): use of modern technology



Injector nozzles



Protective covering

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Conclusion

What the local apple industry is doing (2): stricter regulation



- ▶ Local regulation is tighter than national and European one.

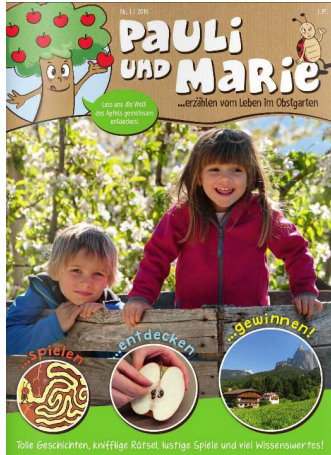
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Conclusion

What the local apple industry is doing (3): basis communication and image campaigns



Magazines for children



Research



Social media

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Conclusion

The way ahead

- ▶ The **success story** of the South Tyrolean apple industry **will go on**.
- ▶ New times bring **new challenges** with them and the economic reality becomes ever more complex.
- ▶ It is **better to be proactive** rather than "fighting fires" all the time.



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