

« New Knowledge

2019 Brand Disinformation Impact Study

January 2019

New Knowledge's annual consumer study draws the connection between disinformation and the impact it has on brand reputation through the eyes of the everyday consumer.

What is the cost of trust in the digital age? This is the question that many brand executives ask themselves today as the way we consume and retain information evolves to keep up with technology.

But as more ways to access information arise, so too do the external forces that work to manipulate our information ecosystem, and make us question what is real and what is **fake**.

Introduction

The threat of disinformation has come front and center, as politics, institutions and brands face the consequences of having few processes in place to defend information integrity against false narratives and coordinated amplification. And the impact is critical for brands, including brand reputation damage, and lost customers. Beyond the risk of damaged brand reputation, is the larger risk: loss of public trust.

Trust cannot be bought or won. Brands know it takes transparency, and years of known, reputable work in the market to generate brand affinity. What it comes down to is this: public trust defines how consumers perceive brand reputation, and the brands that they choose to do business with. As people are becoming increasingly aware of disinformation on the internet, it is imperative that brands and companies understand they must take steps against perpetrators of disinformation online.

New Knowledge recently partnered with Survata to conduct an online consumer survey. The goal was to obtain a better understanding of what consumers think about disinformation and its potential impact on highly-visible brand names. It was conducted in early January, 2019 with 1,500 American consumers between the ages of 18 and 65. The following is an in depth look at the results.

The Increasing Prevalence of Disinformation

It is now a broadly-known fact: Russia's Internet Research Agency sought to interfere with the 2016 U.S. Presidential Election. And since then the words, "disinformation," "misinformation," and "foreign influence operations" have become a part of public conversation. Not surprisingly, Dictionnaire.com named "misinformation" the word of the year for 2018.

Disinformation is here defined as the deliberate dissemination of information with an agenda to manipulate public perception with a mirage of consensus. Often this material is spread in order to influence opinion, cast doubt on an established system or institution, and cloud the public perception of the truth. And while the problem may seem unique to politics and elections, tactics are shifting to undermine brands and organizations that take a public stand on an issue. When it comes to brands, consumers think that they are just as vulnerable to the same types of disinformation tactics and trends being used to undermine elections. In fact 54 percent of consumers think that brands are impacted by disinformation.

Now that people are aware that disinformation exists, they are recognizing it. 55 percent of consumers think they have seen disinformation about brands. Where they are seeing it includes the various platforms that constitute our much of our online information ecosystem. 75 percent say they have seen disinformation on social media.

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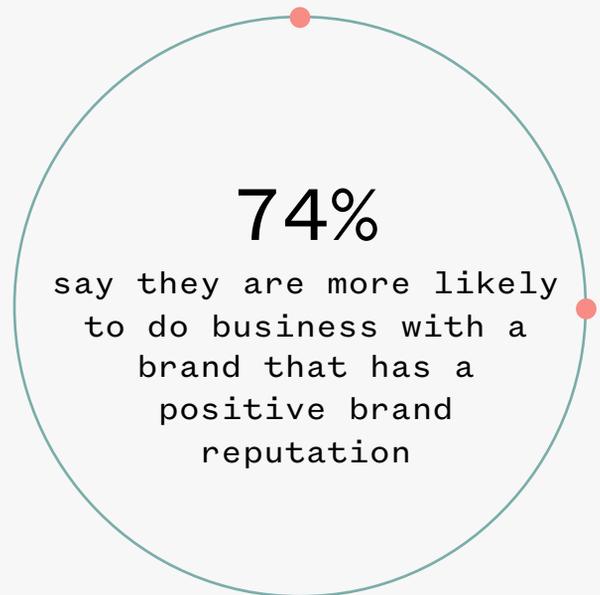
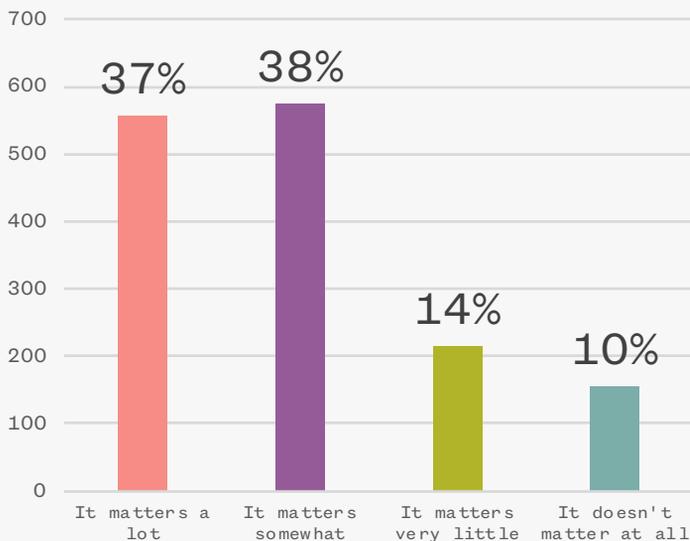
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The Value of Reputation

Today’s customer is well-informed and conscientious. Whether they are surfing the web or shopping at the mall, there are several factors consumers take into consideration before doing business with a brand. Buying something on sale? It’s always good to know the company return policy. Sending a gift? Consumers should know how an item will be shipped. But a major factor consumers consider when deciding whether or not to give a company money is the strength of a brand’s reputation. Simply stated, customers don’t walk into a store or login to a website unless they know and trust the company name. In fact 55 percent of consumers surveyed think brand reputation matters when deciding whether or not to do business with a brand, with 37 percent of customers saying it matters a lot.

How much does the public reputation of a brand or company matter to you in deciding to do business with them?



Essentially, positive brand reputation means more business for brands. 74 percent of consumers surveyed are more likely to do business with a brand that has a positive brand reputation over a brand that has a negative brand reputation.

The study numbers indicate brand reputation and trust weigh heavily on consumers in their decision making process. Because consumer sentiment can be contagious, the value of reputation has never been higher. Gaining and keeping customers is the clear route to earning consistent income and developing relationships that foster the promise of future business. The existence and growing numbers of foreign and domestic online threats that jeopardize brand integrity should be seen as a wakeup call.

The Impact of Disinformation on Trust

Widespread circulation of disinformation on social media is now the norm. Platforms like Facebook, Yelp and Twitter have made it possible for information to be shared to large groups of people quickly. But the freeform, almost limitless nature of these platforms has made it easy for disinformation to thrive. In a matter of hours, false narratives surrounding a brand can be posted, shared, and widely adopted.

Consumers are keenly aware of what their favorite brands and companies are doing. They keep up with them on social media, read about them in the news, and engage with them in both digital and physical settings. This level of visibility and connection to large numbers of people can make brands vulnerable.

While the repercussions of disinformation are unique for every brand, the general consensus from consumers is that being the focus of an attack will have a negative impact. 78 percent of consumers say that disinformation damages a brand's reputation.

Consumers know they have a voice and are not afraid of taking a stand against brands that have a less than favorable reputation. Disinformation campaigns can have major repercussions for brands that don't take appropriate action to protect their brand and their consumers.

Do you think that disinformation and false narratives about a brand or business damage its reputation?

78%

of consumers say yes disinformation does damage brand reputation



■ Yes ■ No

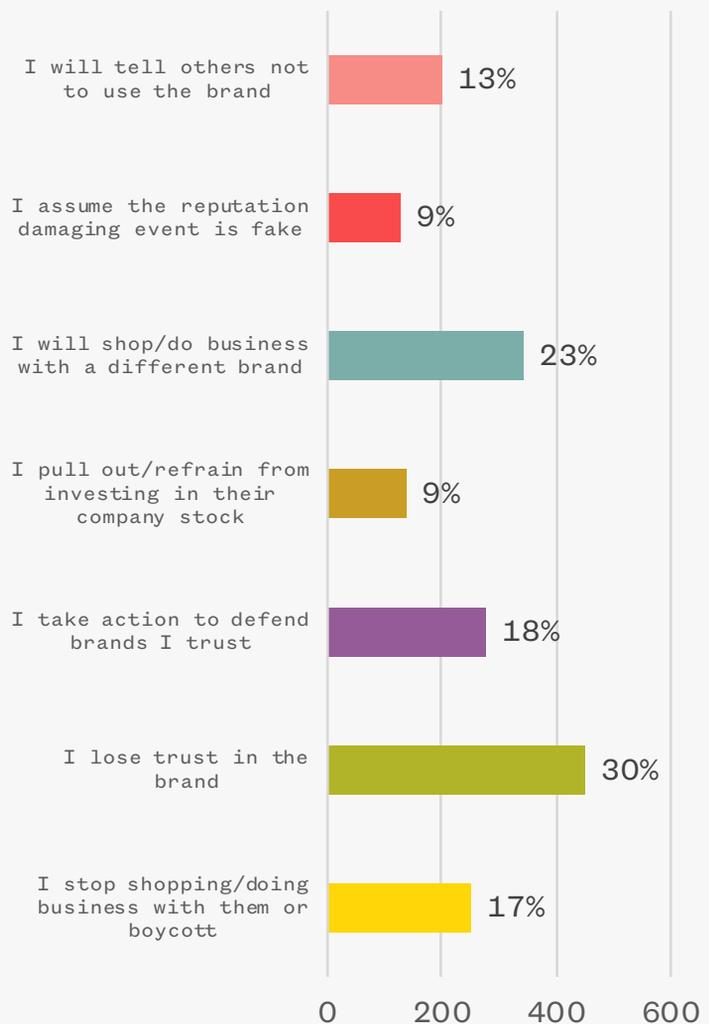
Lost Trust Means Lost Money

When asked how consumers would respond to a brand that is at the center of a reputation damaging event, respondents indicated they would take action in ways that could drastically impact business. 17 percent would stop doing business with the company or stage a boycott. 23 percent would go on to do business with a different brand or competitor. Brands that become victims of an online attack can therefore expect lost sales and, moreover, the loss of potential sales as once loyal customers begin to doubt a previously trusted name. This sets up an irrevocable, downward spiral.

The effects on brand sentiment may be even more far-reaching. 30 percent of respondents say they would lose trust in the brand altogether. 9 percent would refrain from investing in the brand stock. The results of this aspect of a disinformation attack could be damning for Wall Street and perhaps for a country's gross national product.

And much like the disinformation campaigns themselves, negative sentiments about a brand can spread virally as well. 13% of survey respondents said they would use social media platforms to tell others not to use the brand. This is particularly damaging for brands as the false narrative continues to spread to new audiences making the reputation attack more widespread and challenging to control.

What actions do you take when a brand is at the center of a reputation damaging event?



The Life Cycle of Trust

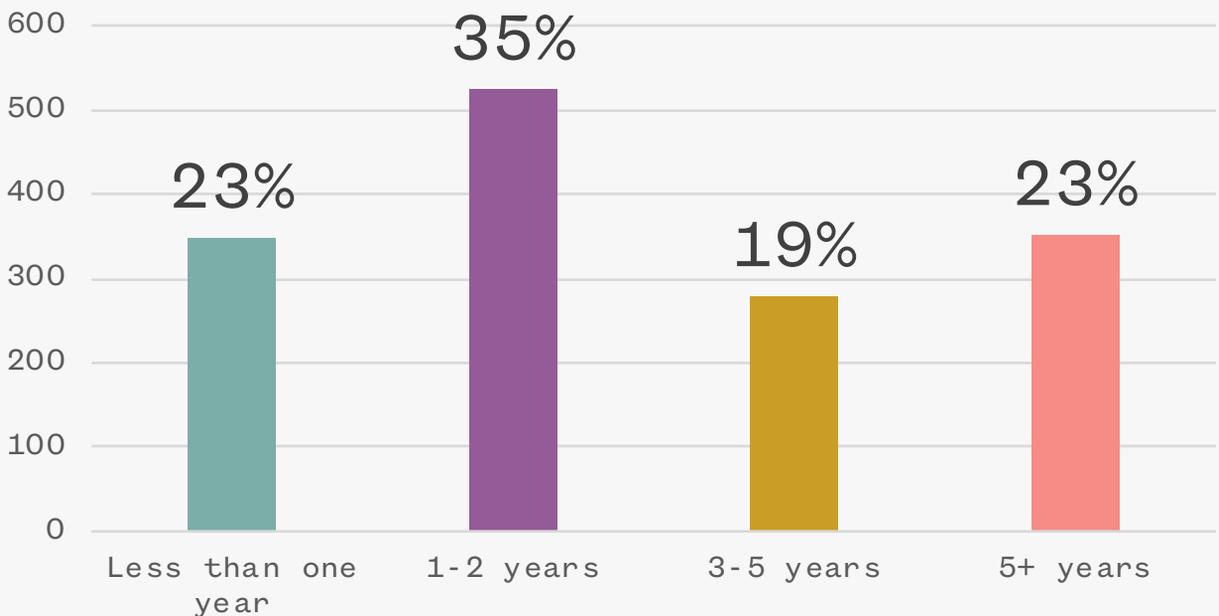
Trust is essential in any relationship. It must be built and proven over years of satisfaction and success. Disinformation campaigns, in contrast, can quickly reduce a once trusted name to rubble in mere hours. For consumers who work hard for their money, trust is hard to win, easy to lose, and even harder to win back.

After losing trust in a brand or company, 42 percent of consumers say it takes 3 or more years for a brand to earn back their trust. In extreme cases, a loss of brand trust may even require rebranding. The financial impact of business lost for 3 or more years might be drastic.

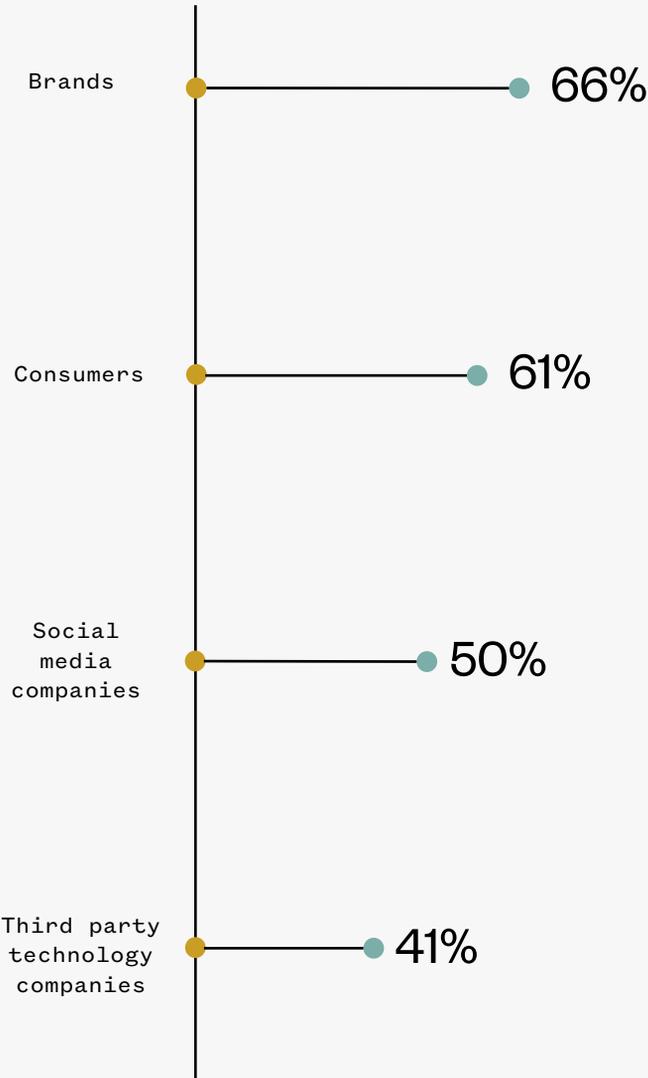
But when brands do put in the work and go the extra mile to solidify trust with the their consumer base it can greatly pay off in times of controversy. 18% of consumers surveyed said that when a brand is at the center of a reputation-damaging event, they would take action to defend the brands they trust. Loyalty goes a long way with customers.

All in all, consumers put a lot of weight on trust. It's important that the brands that they trust are aligned with their own personal beliefs and uphold the values they believe in.

After losing trust in a brand or company, how long does it take for them to gain your trust back?



Who should be held responsible for helping to identify and fight against brand disinformation?



Taking Action to Move Forward

So where are the referees? Who should step in to levy blame and responsibility? When it comes to taking proactive measures to fight against brand disinformation, consumers think that it's largely up to brands to take action. 66 percent of consumers say that brands themselves should be held responsible in the fight against disinformation, while 50 percent said social media companies should take action. 41 percent said a third-party technology providers should intervene.

Consumers feel that trust and transparency go hand in hand. Today while the majority of customers are unsure whether or not brands are doing anything to fight disinformation, this isn't indicative of how they feel about the preventive action brands might take. 45 percent of those surveyed said if a brand publicly announced it was working to fight disinformation it would make them trust the brand more.

These highly visible brands must understand that actions they take against disinformation identify them as a modern, proactive entity working to solve a widespread problem that threatens our entire information ecosystem. Companies that openly take on the fight are perceived as being part of the solution. That itself could boost a brand name.

In Conclusion

The effects of disinformation are not just isolated among major brands and organizations.

Consumers are becoming increasingly more aware of disinformation and the threat that it poses to brand reputation. In turn, customers are holding brands accountable and basing purchasing and business decisions on the public image of brands. Responsible business leaders and brands will protect brand integrity, and in turn prevent their consumers from false brand deception. It's up to the corporations behind brands to make the move to protect their reputation against disinformation.

Methodology

New Knowledge partnered with Survata, a brand intelligence research company, to conduct the 2019 Brand Disinformation Impact study. The online study was completed by 1,500 U.S consumers between the ages of 18 and 65. and run January 5 through 8.

About New Knowledge

New Knowledge is an information integrity company with the world's first platform designed to protect the integrity of information ecosystems by detecting manipulative online behavior in real time. Through advanced machine learning and artificial intelligence, we help responsible brands and companies defend themselves against disinformation before it can tarnish their brand reputation. It is our mission to defend public discourse, and prevent the manipulation of public trust.



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