

Geopolitics and Corporate Reputation

2024 Benchmark Report

Key Takeaways

Geopolitics increasingly affects corporate reputation.

Global tensions pose risks to companies' supply chains and revenue streams. They also create social, ethical, and environmental dilemmas for companies. All this can impact brands' reputational capital in the eyes of investors, customers, employees, regulators, and others.

- 1** **China is consistently the leading geopolitical issue for most brands.** Company media mentions about China outpace other geopolitical issues, and impact multiple sectors' supply chains and sales. Mentions also pose social, governance, and environmental dilemmas for brands.
- 2** **Company news focuses most on how geopolitics affects business performance.** Leading media topics centered on managing economic sanctions and supply chain resiliency.
- 3** **Geopolitical issues with a strong 'ESG' dimension drive pressure for companies to speak out.** Issues of inclusivity, ethics, and environmental impact receive outsized readership and sharing. The stronger those themes in the media, the greater the calls for corporate advocacy.
- 4** **Employees are becoming a prominent stakeholder regarding geopolitical issues.** The Israel/Palestine conflict has mobilized employees to criticize their companies to the press. It's also testing companies' DEI commitments. Those stories are driving new highs in engagement.
- 5** **Speaking out on geopolitics works best when there's consensus and actions to back up PR statements.** Companies generally receive a positive response to their advocacy. Backlash tends to occur when brands are seen as biased or if their actions don't follow their words. When there's no consensus among stakeholders towards a geopolitical issue, staying quiet is a low-risk option.

Geopolitical events pose corporate reputation risks.

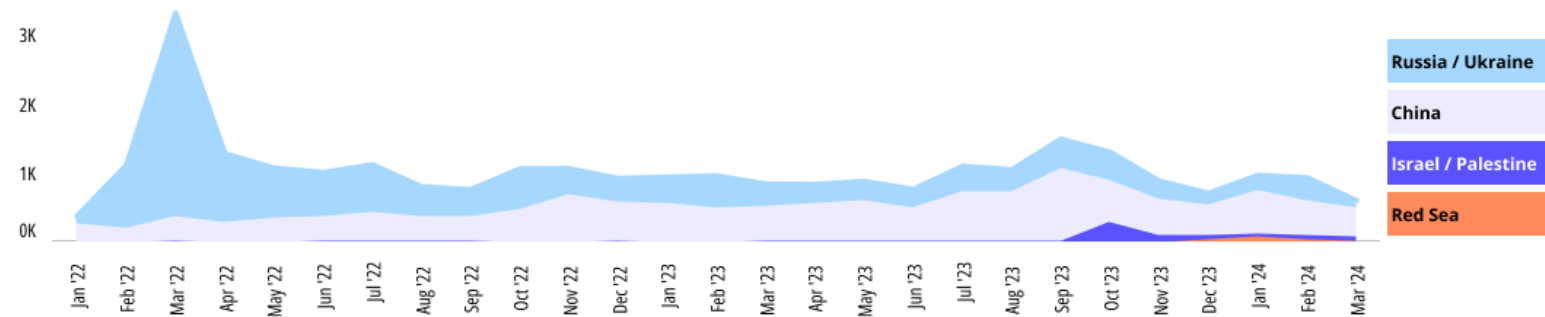
Since 2022, flashpoints across the globe captured the media and the market's attention.

The BlackRock Geopolitical Risk Indicator, which measures brokerage and financial news mentions of geopolitical events, similarly spiked as those conflicts occurred.

Throughout this, the media sought company statements in response to global issues, while investors aimed to calculate the impact of evolving events on companies' financial valuations.

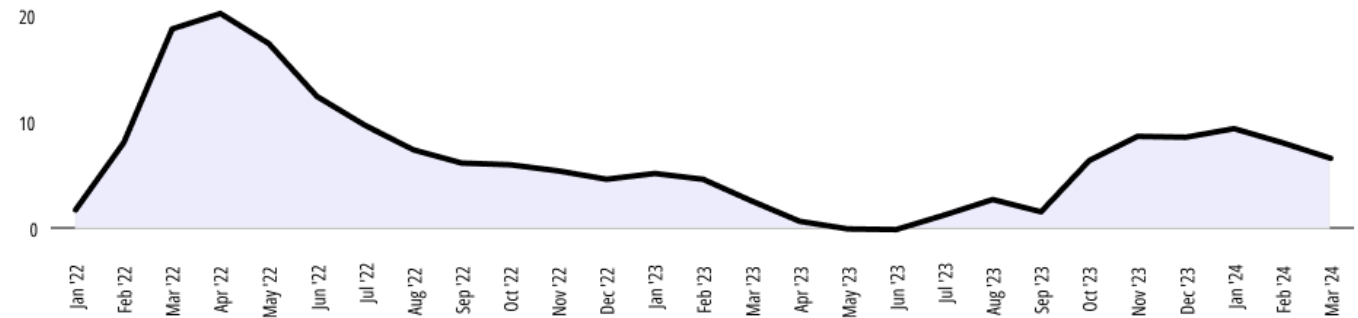
Geopolitical Risk Over Time: Media vs Market Perception

Media Perception
Number of Mentions



Market Perception

BlackRock Geopolitical Risk Indicator (BGRI)



What this means: Expect geopolitical events to drive conversations among the media and investors. Communicators must gain expertise about geopolitical events and should be ready to promote company messages with an evolving global context in mind.

China consistently affects company reputation more than other global conflicts.

While Russia/Ukraine dominated the news cycle in 2022, much of that coverage eventually waned. **China, on the other hand, drove nearly 10% of coverage in each sector each quarter, on average between Q1 2022 and Q1 2024.**

Energy companies are an interesting exception. They are less affected by China, and the media still discusses the Russia/Ukraine conflict's impact on energy businesses in 2024.

Comparatively, Israel and Palestine's impact on corporate reputation is minimal. That's even as the conflict and humanitarian crisis continues.

What this means: Expect China to be the enduring geopolitical issue affecting most sectors. Companies should be ready to navigate the reputational impact of their ties to China, from security to sales.

Sector Exposure to Geopolitical Issues
Percentage of Total Articles per Sector Mentioning each Geopolitical Issue

% of Total Article Volume
0%  31%

		2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
Russia/Ukraine	Automotive	12%	7%	4%	4%	2%	2%	2%	1%	1%
	Defense	28%	15%	12%	7%	9%	7%	6%	7%	2%
	Energy	31%	30%	26%	23%	23%	16%	13%	10%	8%
	Finance	21%	16%	11%	8%	5%	3%	3%	3%	3%
	Food & Beverage	23%	15%	10%	6%	2%	5%	5%	1%	6%
	Technology	13%	8%	4%	3%	2%	2%	2%	1%	2%
	Telecom	6%	6%	3%	2%	3%	3%	1%	1%	1%
China	Automotive	10%	13%	12%	15%	15%	18%	15%	11%	14%
	Defense	6%	2%	13%	14%	11%	13%	13%	10%	6%
	Energy	3%	4%	4%	4%	4%	4%	6%	4%	5%
	Finance	6%	7%	8%	10%	10%	8%	11%	8%	7%
	Food & Beverage	7%	6%	6%	6%	5%	8%	7%	4%	4%
	Technology	5%	6%	6%	9%	8%	7%	9%	6%	7%
	Telecom	5%	3%	2%	4%	4%	3%	5%	3%	4%
Israel/Palestine	Automotive	0%	0%	0%	0%	0%	0%	0%	1%	0%
	Defense	0%	0%	2%	1%	0%	0%	0%	5%	0%
	Energy	0%	0%	0%	0%	1%	1%	1%	4%	2%
	Finance	0%	0%	0%	0%	0%	0%	0%	2%	0%
	Food & Beverage	0%	0%	1%	0%	0%	0%	0%	1%	0%
	Technology	0%	0%	0%	0%	0%	0%	0%	2%	0%
	Telecom	0%	0%	0%	0%	0%	0%	0%	1%	0%
Red Sea	Automotive	0%	0%	0%	0%	0%	0%	0%	0%	2%
	Defense	0%	0%	0%	0%	0%	0%	0%	0%	1%
	Energy	0%	0%	0%	0%	0%	0%	0%	2%	4%
	Finance	0%	0%	0%	0%	0%	0%	0%	0%	2%
	Food & Beverage	0%	0%	0%	0%	0%	0%	0%	0%	2%
	Technology	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Telecom	0%	0%	0%	0%	0%	0%	0%	0%	1%

The media focuses primarily on geopolitics' impact on business performance.

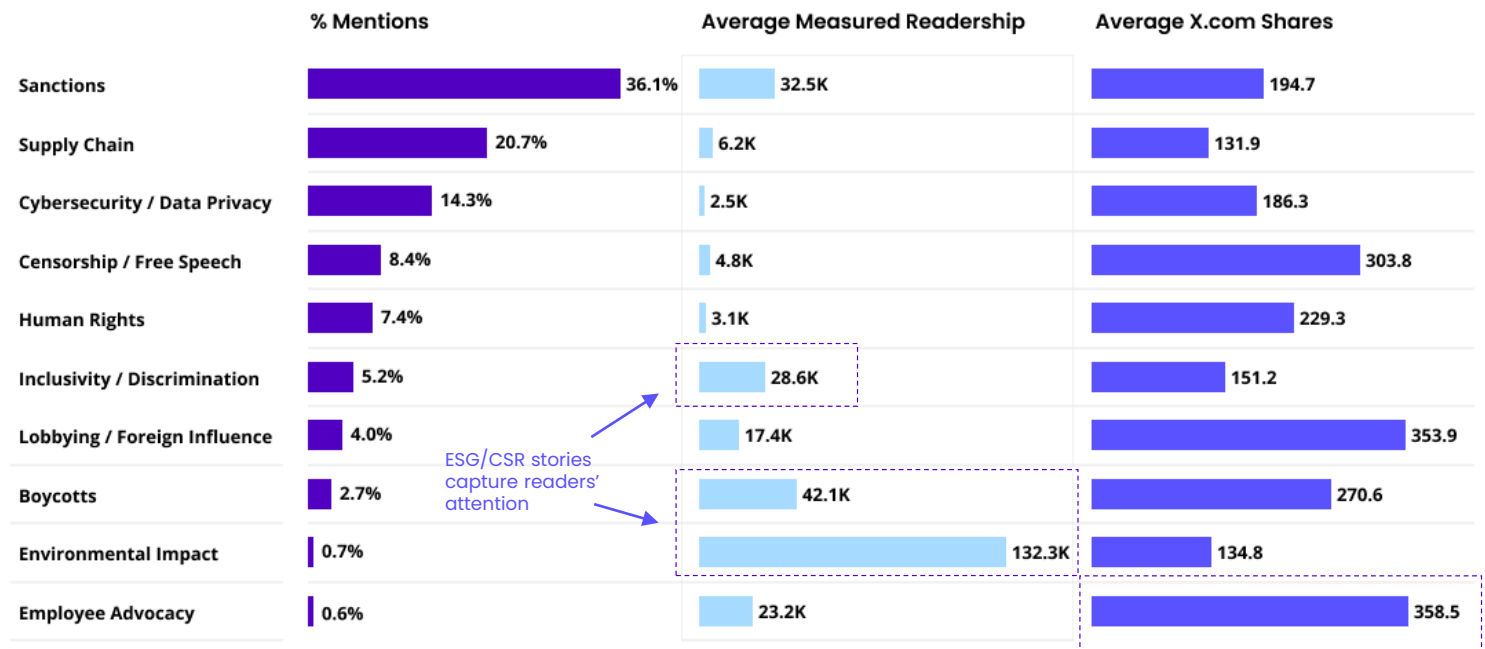
Across sectors, the media writes most often on how geopolitics affect business performance. Sanctions and supply chains were leading themes in geopolitics coverage. For example, many highlighted Chinese sanctions on US defense companies. All of this coverage focused on the effects of geopolitics on company bottom-lines.

Managing disgruntled employees is paramount. While rare, employee advocacy stories generated the highest average sharing, especially when employees criticized company policies or actions to the press.

Stories with an ESG/CSR angle capture readers' attention. These types of articles did not appear often, yet they were among the most read on average. Readers were interested in the environmental impact of business operations abroad. They also took notice of stories about boycotts or claims of discrimination from consumers or employees.

Coverage Themes in Geopolitics Coverage

Mentions of Russia/Ukraine, China, Israel/Palestine, & Red Sea, 2022 - 2024



ESG/CSR stories capture readers' attention

Employees publicly criticizing company actions generates outsized engagement

Geopolitical issues with a larger ESG dimension attract greater calls for companies to speak out.

Companies face pressure to speak out on geopolitics when those issues take on more of an ESG frame. Both Russia/Ukraine and Israel/Palestine gave rise to questions of morality and ethics. Companies faced moral pressure from their stakeholders to publicly withdraw from Russia, and questioning about whether they expressed solidarity with Israelis or Palestinians.

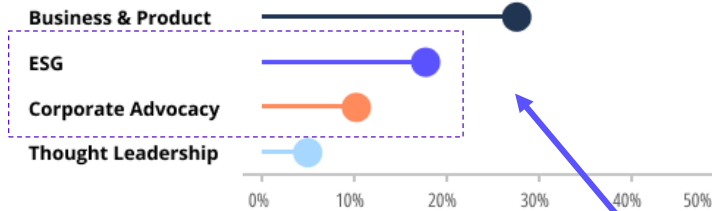
Companies don't face the same pressure to speak out when the business impacts of geopolitics overwhelm the ESG themes. Over 40% of corporate news around China and the Red Sea focused on the impact of those issues on business performance. In contrast, ESG themes drove less than 10% of the news cycle.

What this means: Companies will face pressure to speak out on geopolitical issues that take on a moral or ethical frame. On the other hand, issues where business impact is the primary concern may not warrant advocacy.

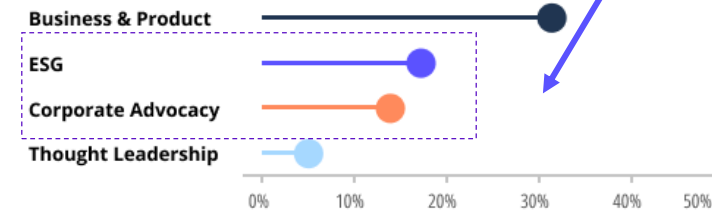
Company Messages in Geopolitics Media

Message Category Percentage of Overall Media Mentions, All Sectors

Russia/Ukraine

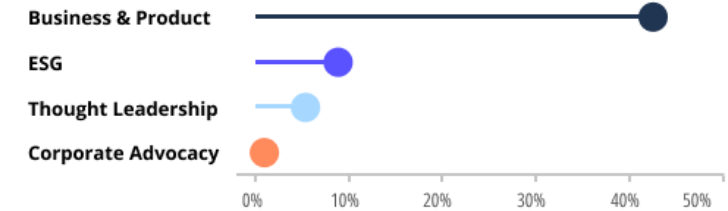


Israel/Palestine

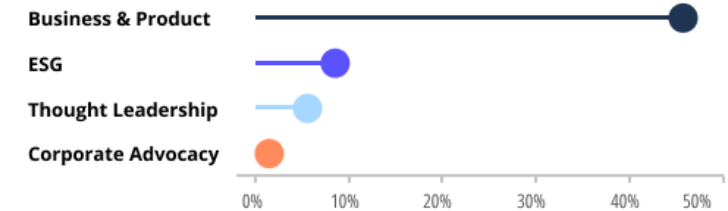


High ESG dimension relative to business impact = more pressure to speak out

China



Red Sea

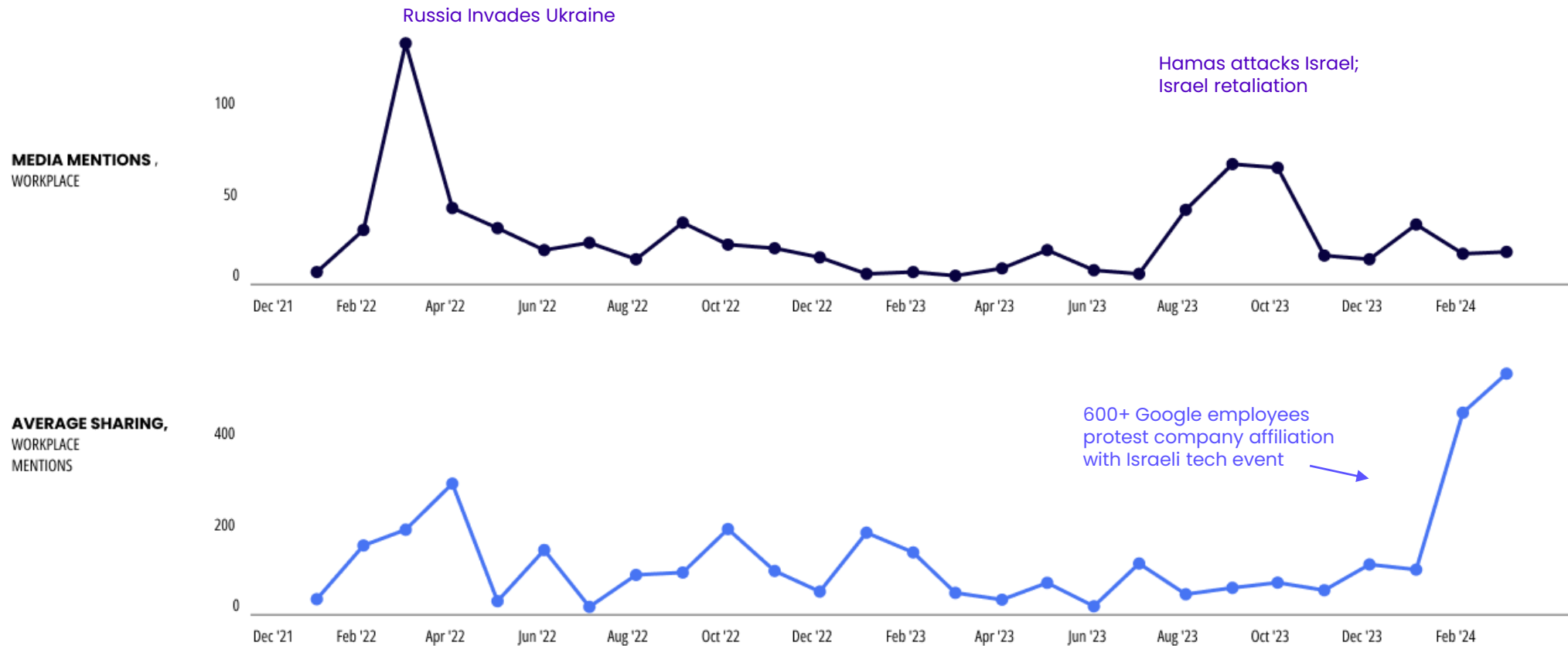


Employees are speaking to the press about geopolitical issues, which is driving outsized attention.

Engaging employees early can help contain an external reputation fallout later.

How Geopolitics Affects Workplaces

Company Workplace Mentions about Geopolitical Issues & Average Social Sharing, Jan 2022 - March 2024



Public consensus provides more opportunity for positive corporate advocacy

85% of Americans were unfavorable towards Russia when it invaded Ukraine, according to Gallup. Moral outrage against the invasion made it easy for companies to speak out, and most companies received favorable coverage for publicly condemning Russia.

Low financial exposure to Russia made it easy for companies to back up their words with action. Most US companies had less than 1% direct exposure to Russia, according to JPMorgan. This helped brands to back up their public statements by halting operations in Russia.

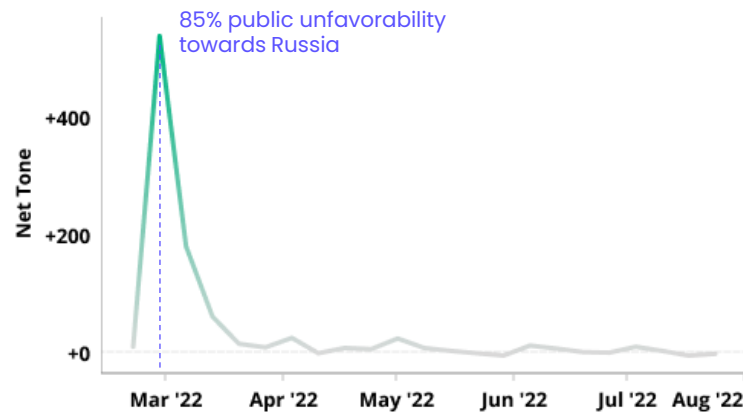
Polarization towards the Israel-Hamas conflict made the response to corporate advocacy less favorable, as company statements were soon framed as favoring one side over another.

Corporate Advocacy across Conflicts

Net Tone of Advocacy Mentions

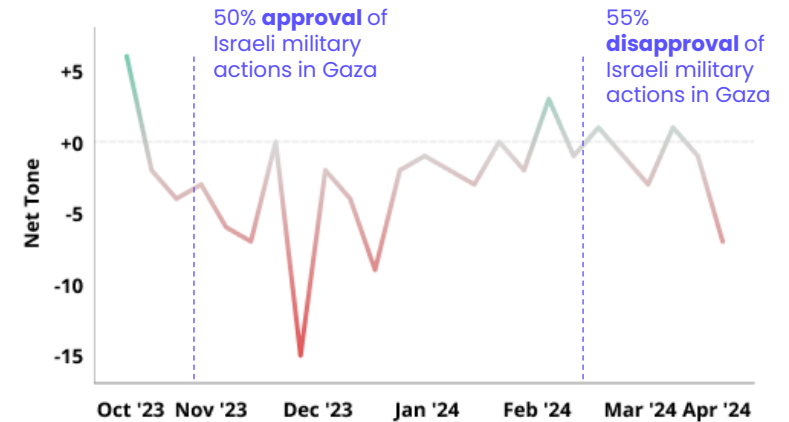
Russia-Ukraine Conflict

First 6 months



Israel-Hamas Conflict

First 6 months



Polling data from Gallup.

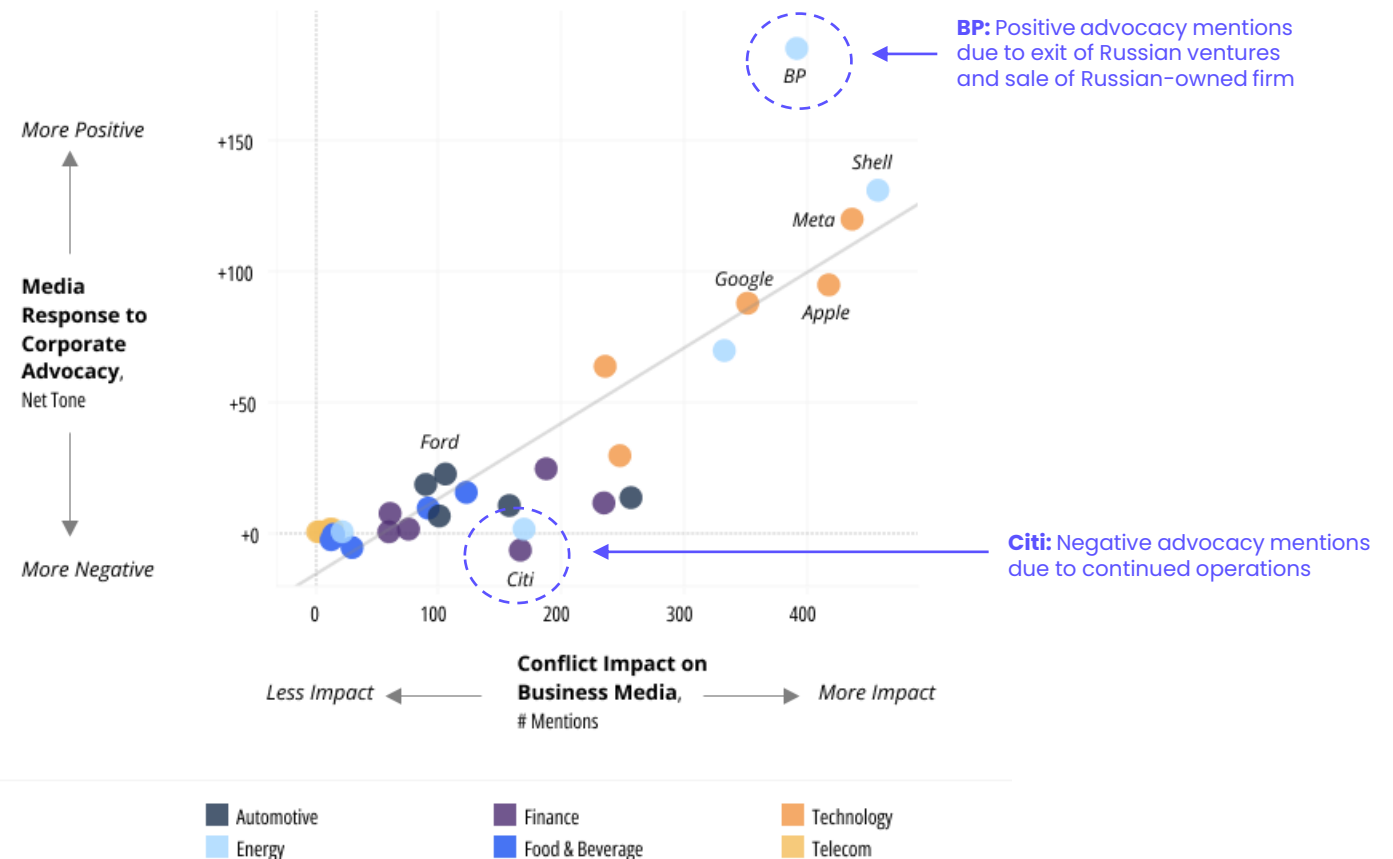
Businesses most affected by the Russia/Ukraine conflict benefited from taking public action against Russia.

As previously noted, public consensus against Russia provided much more opportunity for positive corporate advocacy. Companies with the most **positive** mentions were those that effectively cut ties with Russia.

For example, **BP had the most positive mentions** in media response to their corporate advocacy. The company sold its stake in Russian state-owned oil firm Rosneft and exited joint ventures with Russian companies.

Companies who kept their Russian connections experienced more **negative** mentions. For example, Citi continued Russian operations, where it stood to lose \$4+ billion. Ukrainian President Zelenskyy called for Citi to be prosecuted for “war crimes” for continued financing of Russia.

How Russia/Ukraine's impact on Businesses affected Corporate Advocacy
Russia/Ukraine Conflict, First 6 Months



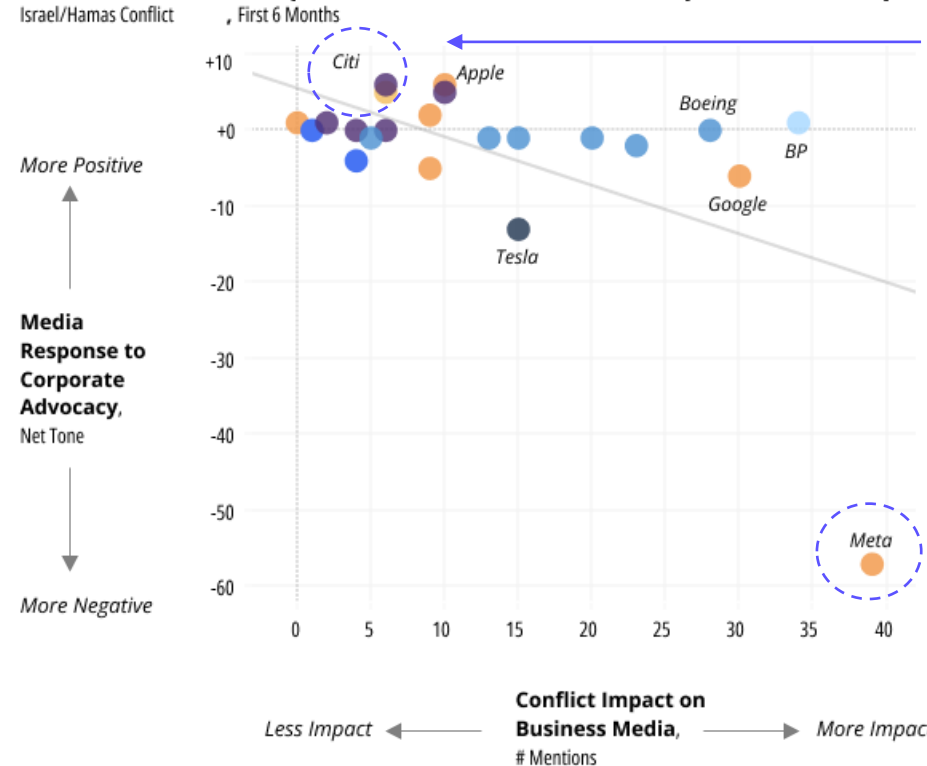
Businesses most affected by the Israel/Hamas conflict received backlash for stances that favored one side over another.

Companies with the most **positive** mentions were those that engaged employees and were able to balance their stances.

In stark contrast to its advocacy around Russia/Ukraine, **Citi's mentions were most positive of the companies studied.** CEO Jane Fraser voiced support for Israel and empathy for citizens in Gaza. She also condemned Islamophobia and anti-Semitism in Citi's workplace, and backed statements up with action, terminating an employee accused of anti-Semitism.

Companies with **negative** mentions were those that were seen to take a side. For example, **the media called out Meta** for not curbing Hamas propaganda and hate speech on its platforms.

How Israel/Hamas' impact on Businesses affected Corporate Advocacy



Citi: Positive advocacy mentions due to CEO's messaging and actions

Meta: Negative advocacy mentions due to not curtailing Hamas propaganda and hate speech



Speaking out on geopolitics is rewarded when there's consensus, but staying quiet is a low-risk option.

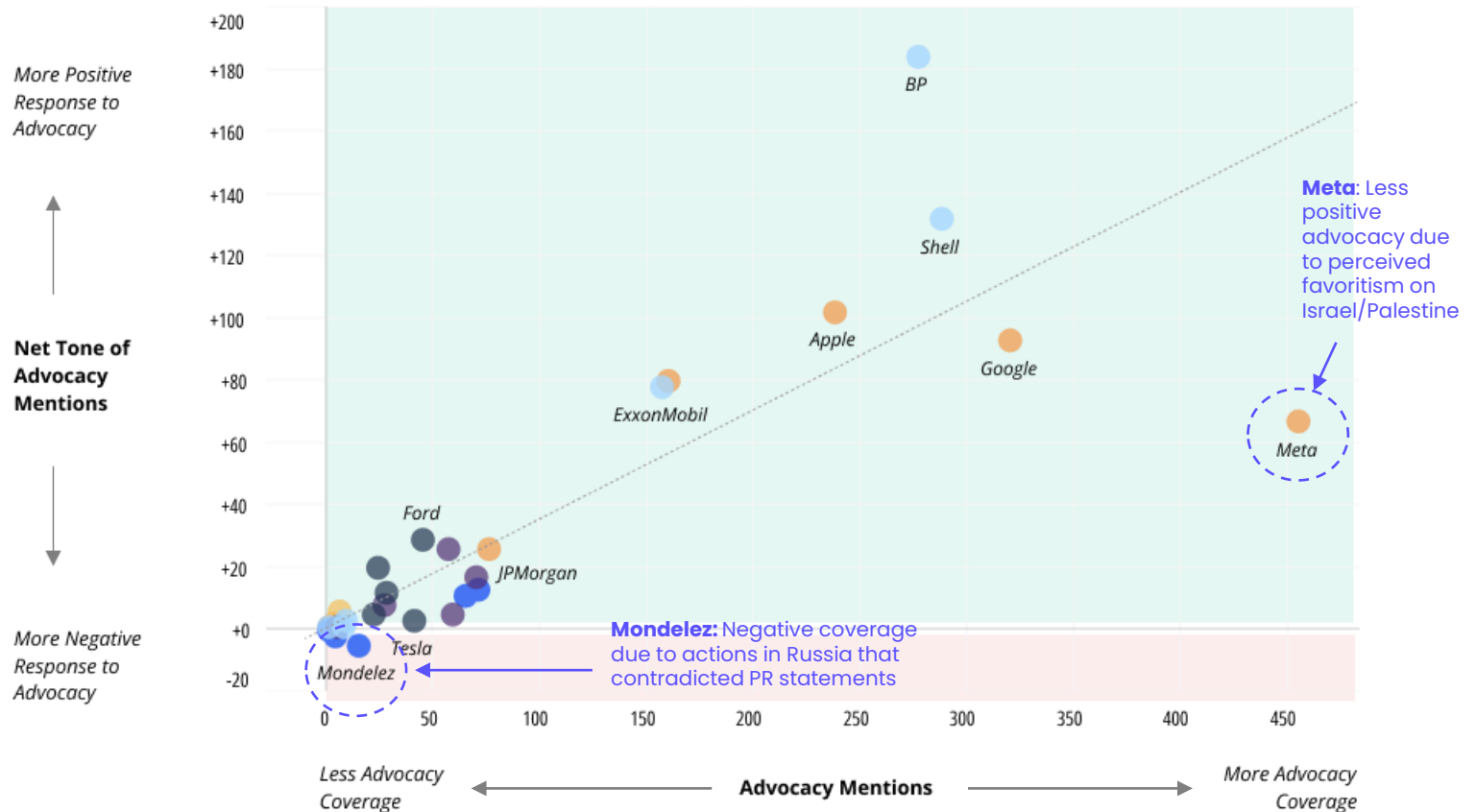
Companies are rarely punished for choosing not to speak out on geopolitical issues. While companies that were more vocal on geopolitics usually had a positive media response, companies that weren't were generally not called out for it.

Expressing favoritism on a polarized issue entails more risk than staying quiet. Meta received a positive media response for its advocacy against Russia in 2022. Yet the company faced backlash from both sides of the Israel/Palestine issue when its platform policies were seen as favoring of one side of the issue over the other.

Inadequate actions to back up PR statements are seen as hypocritical. Mondelez and Kraft Heinz announced scaling back operations in Russia after the Ukraine invasion, yet both companies continued to generate revenue and pay taxes in Russia. That reputation-reality gap prompted European boycotts of some Mondelez and Kraft Heinz products.

Corporate Advocacy toward Geopolitical Issues: How the Media Responds

Company Advocacy Media Mentions related to Russia/Ukraine, China, Israel/Palestine, & the Red Sea, 2022 - 2024



Methodology

PublicRelay utilizes a human-technology hybrid approach to extract key messages, topic relationships, and sentiment from unstructured text.

Using this approach, PublicRelay analyzed the earned media of **36 major companies across 7 sectors**. Companies in each sector were chosen based on a combination of factors including firm market capitalization and knowledge of each sector's media landscape.

For each company, PublicRelay analyzed **50+ reputational topics across 6 dimensions**.

Other company characteristics tracked included:

- CEOs
- Spokespeople
- Products
- Trending topics

Each topic was associated with a company, and each company/topic association received a distinct sentiment (positive, neutral, negative).

To standardize company comparisons, the media analysis was limited to **50 of the most prominent global publications**. These publications were chosen based on a variety of factors analyzed from over a decade's worth of PublicRelay's client data, factoring in readership size, global presence, balance in perspective, and publication frequency.

To guarantee media relevance, PublicRelay only analyzed earned media where at least one company was **mentioned 3+ times** in the article text or was mentioned in the article title.

To ensure measurement precision, PublicRelay only analyzed articles from their original publication source. An article's syndication across multiple publications was grouped with the original published article.

Companies Tracked

Automotive	Defense	Energy	Finance	Food & Beverage	Technology	Telecom
Ford	Boeing	BP	Bank of America	Coca-Cola	Amazon	AT&T
GM	General Dynamics	Chevron	BlackRock	Diageo	Apple	Comcast
Tesla	Lockheed Martin	ConocoPhillips	Citigroup	Kraft Heinz	Google	T-Mobile
Toyota	Northrop Grumman	Exxon	Goldman Sachs	Mondelez	Microsoft	Verizon
Volkswagen	Raytheon	Shell	JPMorgan Chase	PepsiCo	Meta	Charter/Spectrum
			Wells Fargo			

Publications Analyzed

ABC
Al Jazeera
Associated Press
Australian Financial Review
Barron's
BBC
Bloomberg
Business Day Nigeria
Business Insider
Business Standard
CBC
CBS
CNBC
CNN
Fast Company
Financial Post
Forbes
Fortune
Fox Business

Fox News
Hindu Business Line
Los Angeles Times
MSNBC
National Post
NBC News
New York Times
Nikkei
Nikkei Asian Review
NPR
Politico
Reuters
South China Morning Post
Straits Times
Sydney Morning Herald
TechCrunch
The Atlantic
The Economist
The Guardian

The Hill
The National
The Telegraph
Time
Times of India
Toronto Star
U.S. News & World Report
USA Today
Wall Street Journal
Washington Post
WIRED

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