

# BrandPower Series: Brand Respect

The most and least  
respected corporate brands

## Executive summary

High levels of respect can arguably be the desired outcome of any branding program. A company uses its brand to become well known and well liked at the same time, building a strong reputation and a sense of trust. CoreBrand was interested in uncovering the companies who are building respect most successfully. We took a fresh look at the research data from our Corporate Branding Index® and examined the trends we found in brand respect.

By looking at companies who were most well known (high Familiarity) and then sorting by Favorability, we were able to establish the level of respect a brand garners. Those with the highest Favorability among the top well-known are regarded as the most respected brands. Those with lowest Favorability among the well known group have not successfully established brand respect. We found several standout companies and interesting trends.

### Key points of interest:

- PepsiCo and Coca-Cola tie at the top of the list as the most respected corporate brands.
- Seven of the top 10 most respected brands are from the Consumer Staples sector. This is not too surprising given that these products represent basic needs even in challenging economic times.
- However, the most respected brands are showing an overall decline in Favorability – and thus a decline in respect. As consumer sentiment continues to suffer, brands become another casualty of the economy.
- The least respected brands on our list show representation across a broader variety of industries with some surprising showings (such as Rite Aid and Foot Locker)
- Quite a few of the less respected companies are on the rise (such as Delta and Best Buy) showing that branding efforts are starting to pay off.

## What is brand respect?

Being a highly respected brand means you are well liked by a large number of people. We track over 1,000 brands. Many companies we track are well known, but not universally liked. At the same time, some of the most favored companies focus on niche or regional markets and thus have low awareness in spite of positive perceptions. We sought to understand specifically how the most well known brands were regarded as a measurement of brand respect.

We used the Familiarity and Favorability scores from our 22-year quantitative study, the Corporate Branding Index®, to uncover the sentiment behind the most well known brands. To be considered, there are minimum criteria that must be met. Brands must be:

- A corporate brand (not a product or divisional brand)
- Publicly traded for 5+ years
- Tracked by CoreBrand for 5+ years

Over 500 companies meet the above criteria and were eligible to be considered for our brand respect analysis. First, we sorted by Familiarity. Companies needed to achieve a threshold of understanding – ensuring that we were ranking only the most well known brands.

Focusing on the 100 brands in our database with the highest Familiarity, we then sorted by Favorability score. Those with the most Familiarity and with the highest Favorability are defined as most respected. Those with the lowest Favorability within the selected 100 are considered the least respected brands.

## Understanding Familiarity and Favorability

### **Familiarity**

Familiarity is a weighted percentage of survey respondents familiar with the brand being evaluated. Familiarity is rated on a five-point scale, respondents are considered to be familiar with a brand if they state that they know more than the company name only.

### **Favorability**

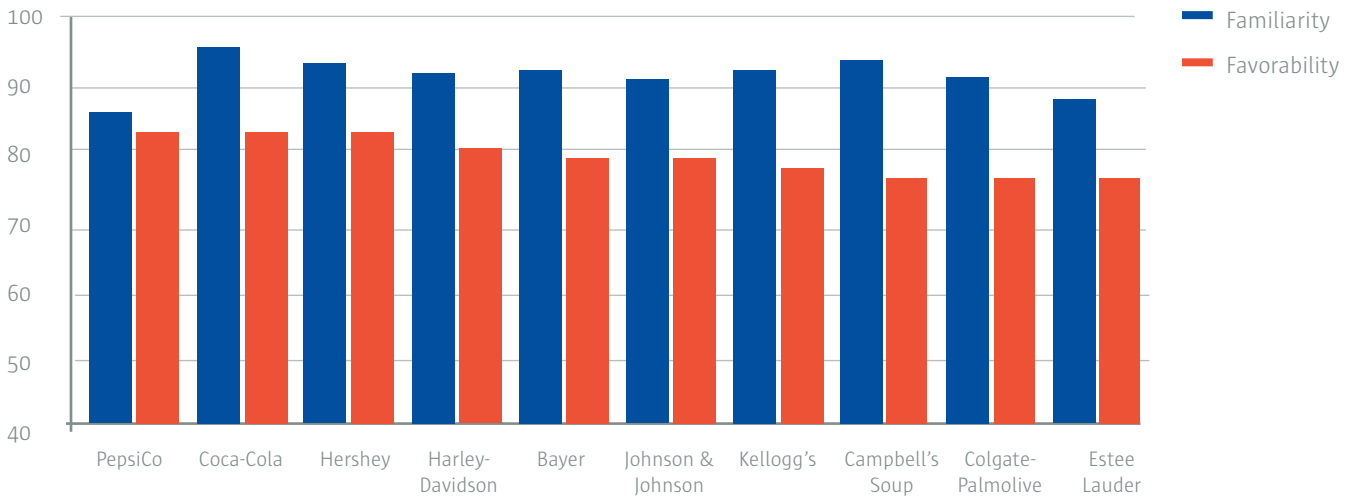
Those familiar with a brand are then asked Favorability dimensions. Favorability is comprised of three attributes: Overall Reputation, Perception of Management, and Investment Potential. The attributes are evaluated on a four-point scale and combined to form a single Favorability score.

# Most respected brands

1. PepsiCo and Coca-Cola (tied)
3. Hershey's
4. Harley-Davidson
5. Bayer
6. Johnson & Johnson
7. Kellogg's
8. Campbell's Soup Company
9. Colgate-Palmolive
10. Estee Lauder

Over two-thirds of the most respected brands come from the Consumer Staples sector. This is not too surprising, as this category tends to fair the best in tough economic times. Luxury items get cut from household budgets while food, beverages, medical supplies, and everyday household goods retain their constant presence.

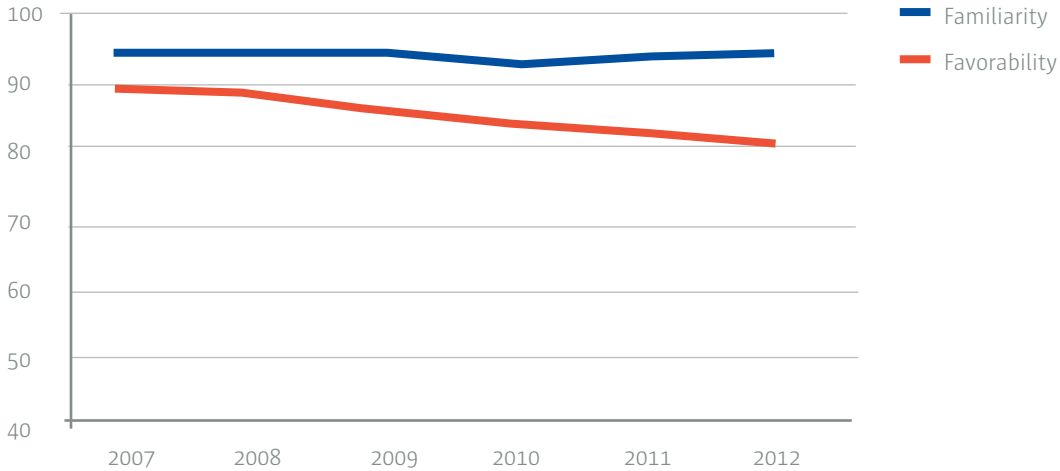
## Familiarity and Favorability of Most Respected Brands



The top ten most respected brands average a Familiarity of 92.4. Any time we see a Familiarity score getting close to the upper limit of 100, we know there is little room for brand improvement in this area. A brand with Familiarity in the 90s has near universal awareness with some level of audience confidence about the full breadth of the business. Maintaining these scores is considered solid success for these brands.

Taking a closer look at the average Favorability scores of these top 10 most respected brands reveals a startling trend. While average Familiarity has remained fairly steady, Favorability has been declining over the past five years.

### Most Respected Brands Average Familiarity and Favorability



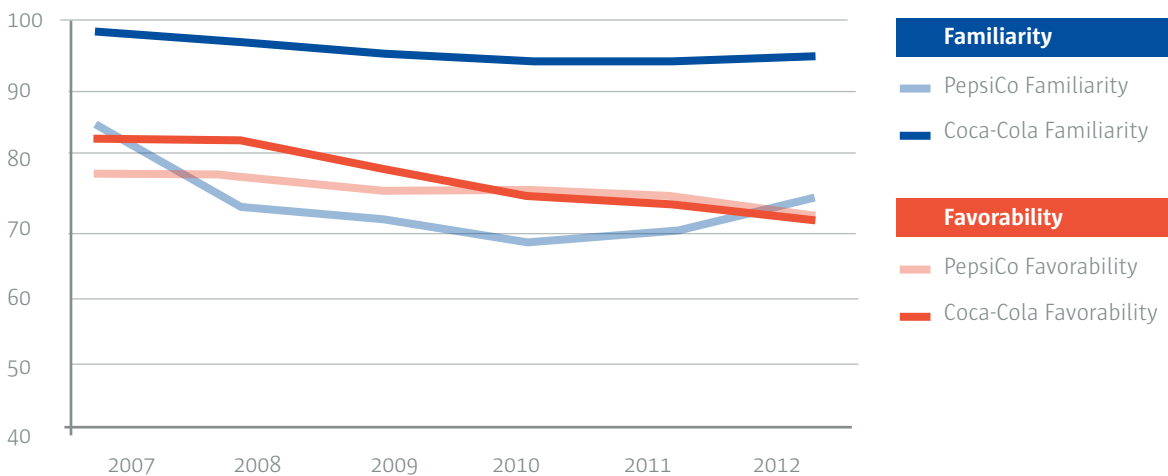
Consistent with the analysis from our Favorability Report (published May 2013), we think the two factors driving the Favorability decline are the stress put upon the more visible brands during the recession and slow economic recovery. In these cases, it is less about these specific brands losing Favorability and more that they are representatives of today's sentiment towards brands in general.

## A tie for first

### PepsiCo versus Coca-Cola

The biggest surprise for us was seeing PepsiCo top the list, tied with Coca-Cola. PepsiCo, while continuing to struggle with attaining a deeper awareness with audiences, is well loved by those who do know them. Long time rivals, Coca-Cola typically beats out PepsiCo when it comes down to rankings and brand strength due to its chart-topping Familiarity. Even on our own BrandPower Rankings, Coca-Cola has ranked #1 for six years in a row while PepsiCo came in at #8 in 2012. Yet PepsiCo's Favorability is actually .01 points ahead of Coca-Cola. Its Familiarity has been on a steady rise over the past three years, and its Favorability has been holding strong while Coca-Cola's has been declining.

### PepsiCo and Coca-Cola Familiarity and Favorability



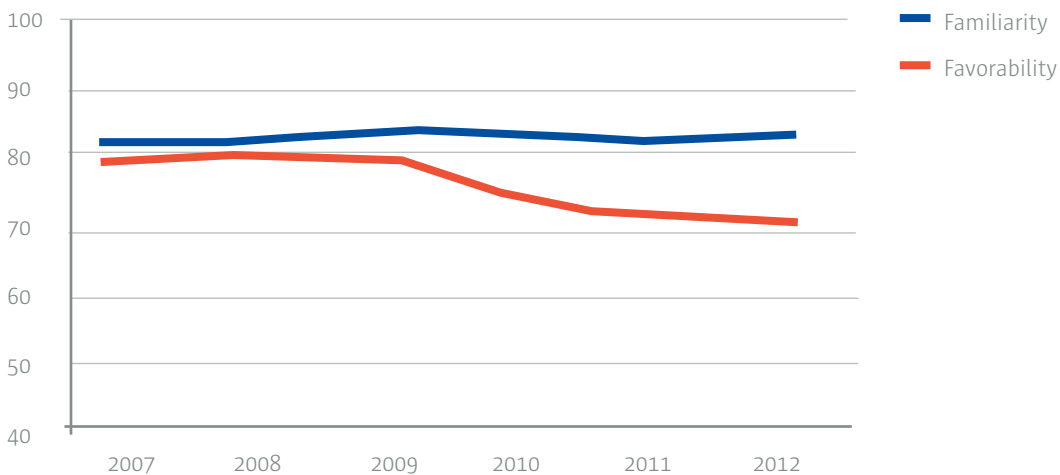
This new analysis brings optimism for the future of PepsiCo. If they continue to get their message and business vision out to a broader audience, their brand strength will rise. The strong connection between the names of PepsiCo and its flagship beverage brand Pepsi may create confusion, leaving some unaware of the full suite of brands underneath the corporate umbrella. Many don't know that PepsiCo is actually the number one snack foods manufacturer in the world. The good news is it's typically easier to gain awareness through turning up the volume and refining the messages of your campaigns than it is to sway audience sentiment. We estimate that PepsiCo has quite an opportunity to utilize brand as a lever for corporate growth.

## Branding done right

### Harley-Davidson

One of the few non-Consumer Staples brands in the top 10, Harley-Davidson continues to win over audiences. The company excels with a strong vision, impeccable consistency, and smart brand extensions (well, with the exception of the cake-decorating kits). From motorcycles to bikes to clothing and gear, Harley-Davidson has successfully mastered the art of developing a lifestyle brand and it shows in their brand scores.

### Harley-Davidson Familiarity and Favorability



While Harley-Davidson's Favorability is in decline, we think this is due to economic pressure coupled with the position of the firm as an entertainment/lifestyle brand. Relative to other firms at the top (and throughout our entire database), they are still performing quite well and maintain their position as one of the strongest U.S. brands.

## Faltering at the top

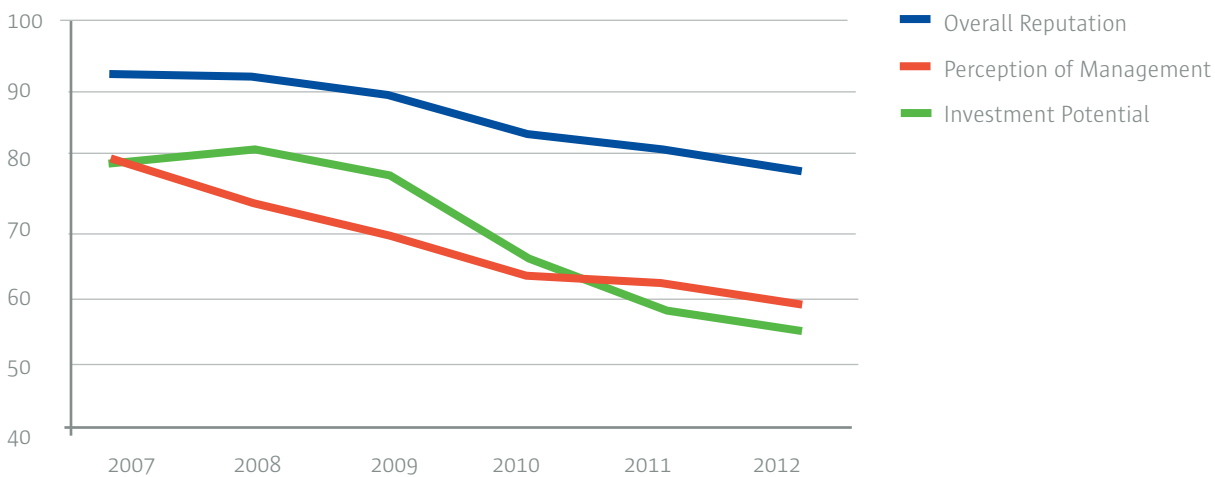
### Johnson & Johnson

It was not a surprise to see Johnson & Johnson named a most respected brand. As the makers of Tylenol, Band-Aids and countless other items that are a part of our daily lives, J&J is an American staple. However, J&J is in danger of losing its most-respected status. While their strong heritage has buoyed them through recalls and management issues, ultimately their Favorability is reflecting the tough media coverage.

When we look at the breakdown of Favorability into its three core components, Overall Reputation, Perception of Management, and Investment Potential, we would normally expect to see a hierarchy in these attributes. When we look at Johnson & Johnson's trends, we see the company suffered in sentiment toward leadership starting in 2007 and continuing throughout the period of time where they made several product recalls across divisions.

Although they have recently recovered the expected attribute hierarchy, Perception of Management and Investment Potential remain depressed and all attributes are on a downward trend. For Johnson & Johnson to recover these trends, they need to focus on elucidating the vision for the company and rebuilding trust. It won't just be important to refine the content of their messages, they also need to focus on building the profiles of who is delivering them.

### Johnson & Johnson Favorability Attributes



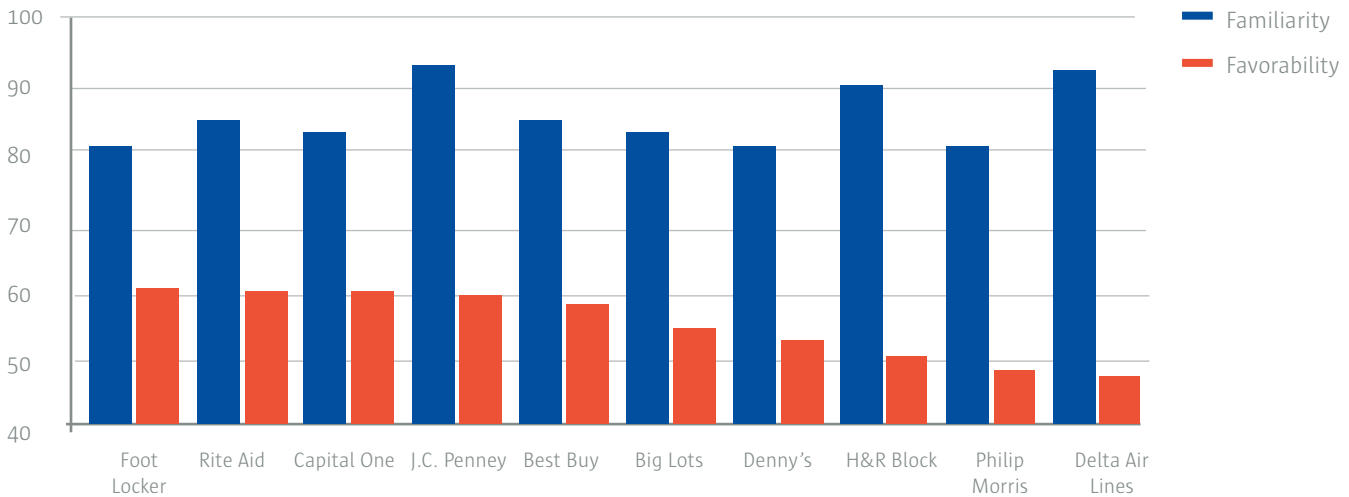


## Least respected brands

1. Delta
2. Philip Morris
3. H&R Block
4. Denny's
5. Big Lots
6. Best Buy
7. J.C. Penney
8. Capital One
9. Rite Aid
10. Foot Locker

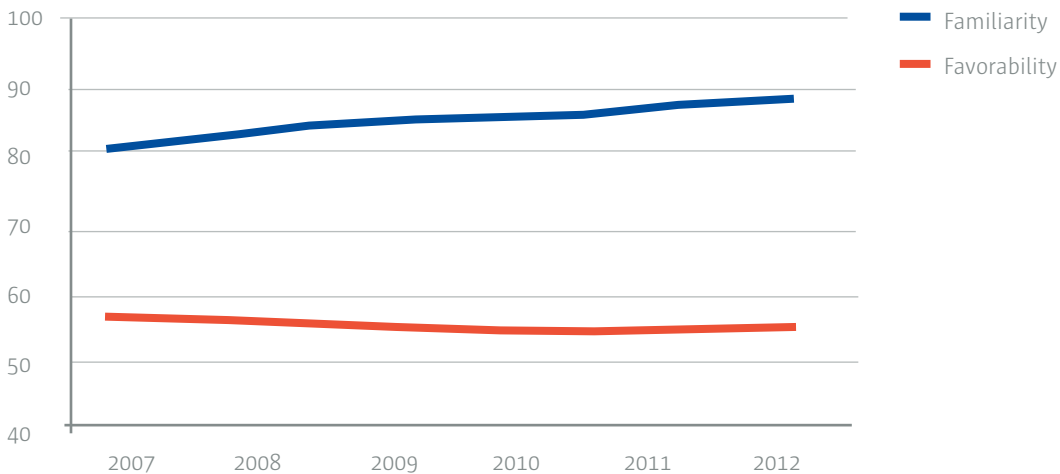
While these 10 brands do not represent the least favorable brands we track, they do represent the ones with the largest discrepancies between Familiarity and Favorability. These are among the most well known brands, but lag dramatically in perceptions and audience sentiment. These 10 brands represent the bottom of the most familiar in regards to brand respect.

Familiarity and Favorability of Most Respected Brands



There were many surprises in the list of the least respected brands. While a few specific brand appearances were shocks to us, we were also taken aback when it came to which of these brands were growing respect and which continue to decline. Six out of the 10 brands are growing in Familiarity. But it was a fairly even mix looking at the Favorability scores between those who are growing (gaining respect), flat (holding steady) or declining (continuing to lose ground.)

### Least Respected Brands Average Familiarity and Favorability

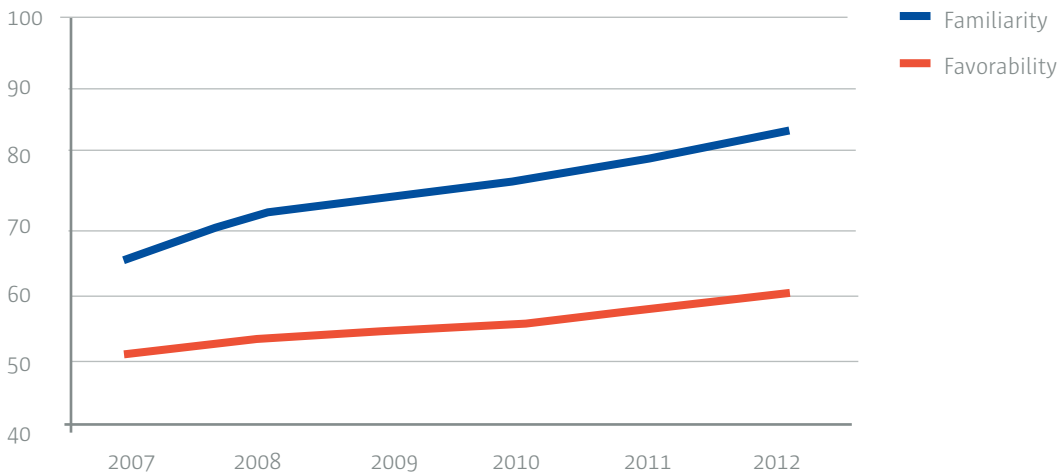


Overall, looking at the scores for the lower 10 brands for the past five years shows a more encouraging outlook than the top 10 brands. While the average Familiarity has risen a solid seven points, the average Favorability has netted only a one-point drop in five years, and is showing an upward trend. Compare that the top 10's seven-point Favorability drop over the same time period, and we can see that the lower scoring companies are, on average, making strong moves to change the sentiment toward their brands.

## Gaining respect

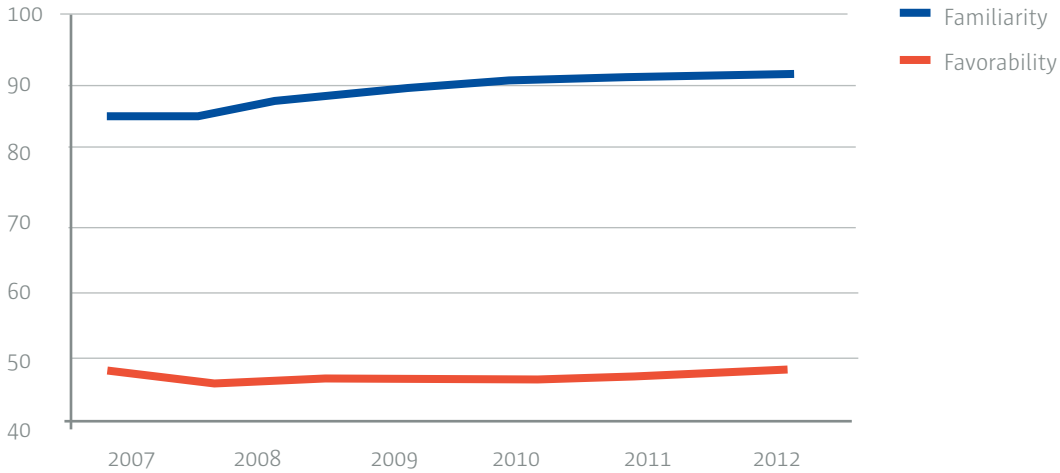
The brands on this list that are growing respect include Foot Locker, Best Buy, Delta, and Big Lots. We were surprised to see Foot Locker on the list at all, as we would have thought it a fairly favored brand. Of the four, however, Foot Locker is the only one who seems to be positioned to shake the least respected title in the near future. It has steadily been growing both Familiarity and Favorability.

### Foot Locker Familiarity and Favorability



Big Lots is categorized within the Consumer Cyclical sector, which typically takes a hit during tough economic times as households cut back on non-necessities. Indeed, their Favorability was lowest during the bottom of the recession. Since then, they have seen modest improvement in their Favorability scores – moving from a low of 49.9 to 54.3. Their trending scores are not atypical for a company that is gaining steady growth in Familiarity. As your brand becomes well known, you pick up more skeptics and detractors along the way. It is common to see a lag between Familiarity increases and Favorability improvements.

### Delta Air Familiarity and Favorability



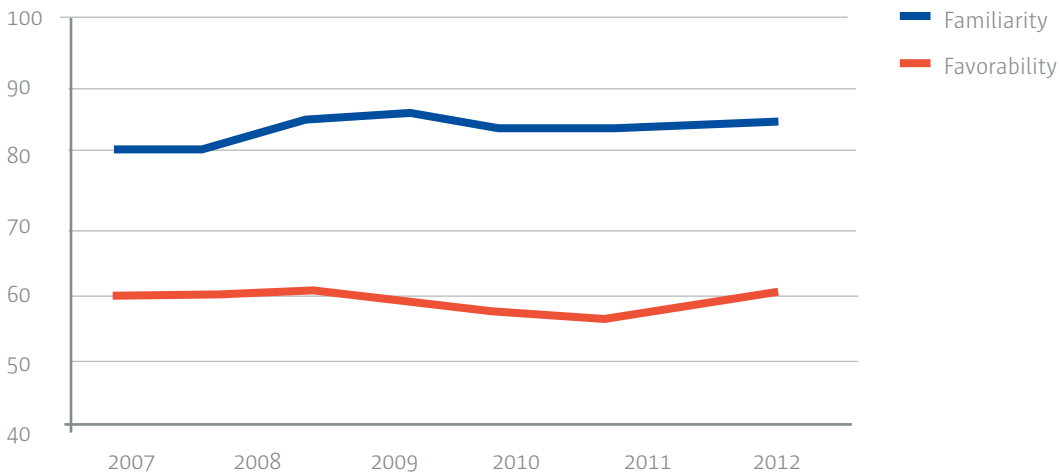
Delta came in as having the lowest Favorability score of all 100 brands we closely examined. However, both Best Buy and Delta both seem to be working at closing the gap between Familiarity and Favorability after clear brand crises (when Familiarity rises while Favorability falls – typically due to negative press). The progress has been slow, but they are showing some results from their rebranding efforts and have been gaining traction. Familiarity and Favorability are rising for both companies. There is still quite some ground to cover before they will move out of the bottom positions on this list.

## Holding steady

The brands that have made little-to-no movement regarding brand scores include Capital One, Denny's, and J.C. Penney.

Capital One has barely moved its Favorability scores, in spite of their advertising campaigns and increased brand investment. We suspect the ongoing complexity of their brand narrative, coupled with a wide variety of spokespeople (Alec Baldwin, Jerry Stiller, and Jimmy Fallon) have led to confusion about exactly what Capital One stands for. The Capital One brand seems to be playing a central role in the company's growth strategy, but the approach may need some refinement to see the gains they hope for. If they can refine and hone their message, the momentum of their upward Favorability trend will likely pick up.

### Capital One Familiarity and Favorability



It's a similar story with Denny's who has invested heavily in their brand: Updating its "America's Diner" positioning, redesigning restaurants, and launching a new ad campaign. We had expected to see bigger gains in the company's brand metrics, but we only see movement in the Familiarity scores. This could be a case of lag in the marketplace – audiences are still learning about the "new" Denny's and it will take time for the branding to fully saturate the market.

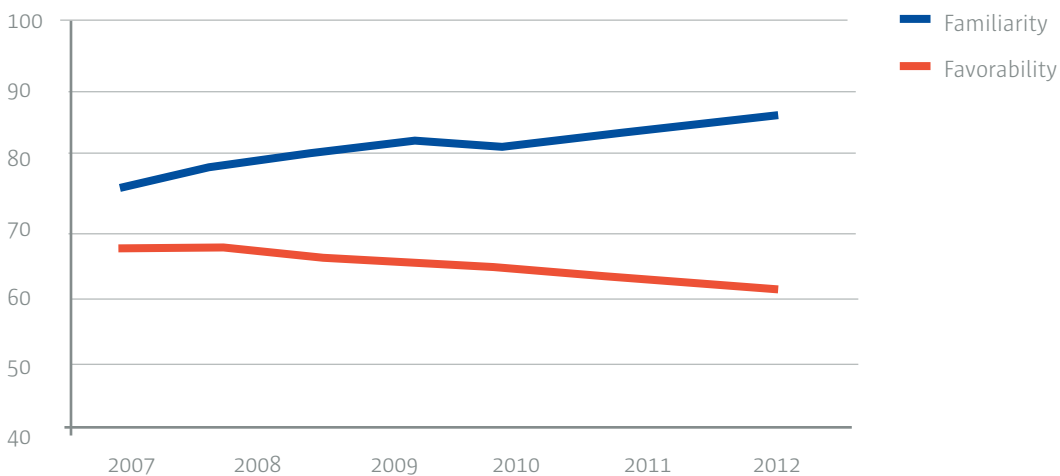
J.C. Penney was the only brand holding steady that really surprised us. With the clear brand crisis hitting the company at all levels throughout 2012, we expected to see a sharp rise in Familiarity and a steep decline in Favorability to coincide with the negative press and management shake-ups. This may, again, be a case where the brand's legacy is helping to bolster the company's image in this tough time. The window of opportunity to right the ship is fast closing, however, and if JCP can't get their act together, we expect next year's report will show quite a different story.

## Losing ground

Three brands on this list continue to decline in brand respect. Philip Morris, Rite Aid, and H&R Block continue to be plagued by negative market perceptions.

We were not expecting to have Rite Aid at the bottom of our list, but they seemed to have seen the writing on the wall and recently launched efforts to expand their customer loyalty programs to improve their positioning. With these programs newly launched in 2013, it remains to be seen whether they will sway audiences. In an industry with giant players like CVS and Walgreens – and expansion by mass retailers like Target and Walmart – Rite Aid is going to have to fight a strong fight to change perceptions of being the low-end pharmacy.

### Rite Aid Familiarity and Favorability



In 2003, Philip Morris Companies, rebranded the corporation as the Altria Group. In 2007, it spun off its Kraft Foods subsidiary. That move made it difficult to reinvent the brand because most of the remaining divisions are closely associated with the tobacco industry. Favorability is unlikely to improve unless there is a clear corporate brand strategy and the willingness to invest in it over time.

Looking at the drivers behind H&R Block's scores, we see a slight upturn in Favorability metrics in 2008 and 2009 due only to an unexpected increase in Investment Potential. Overall Reputation and Perception of Management have been in steady decline since the early 2000s, indicating that the company isn't communicating frequently enough with messages that resonate. The company was been tangled in several small scandals around privacy and accusations of deceptive practices, and it rebranded in 2005. With an unclear culprit for their slipping scores, our recommendation to H&R Block is to dive deeper into brand research and analysis to uncover the true levers that will help them take full advantage of their high Familiarity and bring their brand back on top.

## Opportunities to gain respect

For all of the companies on our least respected list there is a silver lining to our analysis. It is most important to remember that these are not the least favorable companies, but rather the most well known brands that struggle with audience perceptions.

But, while Favorability is lagging, there is a tremendous opportunity to harness the power of strong Familiarity to sway market sentiment. Once the Familiarity “pathways” have been established, audiences are primed to listen. It becomes easier for a company to invest wisely and leverage strategic branding initiatives, refine messages, build trust, and regain respect.

## Built from more than 20 years of research

The data in this report comes from our Corporate Branding Index® (CBI), the only brand research methodology to be validated by the Marketing Accountability Standards Board.

Founded in 1990, the CBI is a quantitative database based on a continuous benchmark tracking survey of 1,000 companies across 54 industries and 10 business sectors. CBI research examines the corporate reputations of major public companies in the United States by polling a neutral Business Decision Maker audience on Familiarity (awareness) and Favorability (perception) of tracked brands.

The information in this report reflects data collected through December 31, 2012.

## For more information

### **CBI Methodology**

[www.corebrand.com/brandpower/methodology](http://www.corebrand.com/brandpower/methodology)

### **All tracked companies**

[www.corebrand.com/brandpower/tracked-companies](http://www.corebrand.com/brandpower/tracked-companies)

### **The Top 100 BrandPower Rankings**

[www.corebrand.com/brandpower2012](http://www.corebrand.com/brandpower2012)

To schedule an introductory  
meeting, please contact

**Ellen Sluder**

**Director, Strategic and Business Relations**

[esluder@corebrand.com](mailto:esluder@corebrand.com)

CoreBrand, LLC  
122 West 27th Street  
9th Floor  
New York, NY 10001  
+1 212 329-3030  
+1 212 329-3031 Fax

[www.corebrand.com](http://www.corebrand.com)

