

# Brand Respect 2014

The most and least  
respected corporate brands



## Executive summary

Most people think of respect as a binary trait: you have it or you don't. But that isn't the case with brands. Brand respect is something that lives in a continuum and fluctuates depending on how you are perceived. There are two main factors that feed brand respect: Familiarity and Favorability. Each of these main inputs can be dialed up or down, resulting in a change in how respected your brand is. If you are well known and become more well liked, respect is built. On the other hand, the larger the disparity grows between awareness and perceptions – when a brand is known but not admired – respect is lost.

For the second year in a row, we have taken a fresh look at the research data from our Corporate Branding Index® to examine trends in brand respect. By focusing on companies who were most well known (high Familiarity) and then sorting by Favorability, we are 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.

This year, the main points of interest center around the brands that moved up or down the brand respect continuum.

- IBM, Apple and General Electric are all new entrants on the Most Respected List.
- Philip Morris and Foot Locker both dropped off of the Least Respected List, but for different reasons.
- Overall, the Least Respected brands are demonstrating a rise in Favorability, possibly indicating a recovery among damaged brands.
- Family Dollar Stores makes an initial appearance on the Least Respected list, but only because they have grown Familiarity enough to qualify. Its brand is gaining Favorability, but its starting level was low enough that it appears on the Least Respected list.

## What is brand respect?

Being a highly respected brand means you are well liked by a large number of people: those who know you like you. In this analysis, we focus specifically on how the most well known brands were regarded as a measurement of brand respect.

We used the Familiarity and Favorability scores from our 23-year quantitative study, the Corporate Branding Index®, to uncover the sentiment behind the most well known brands. We track approximately 1,000 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 most respected 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. Many companies we track are well known, but not universally liked and 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. These groups did not meet our standards for brand respect.

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 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 only the company name.

### **Favorability**

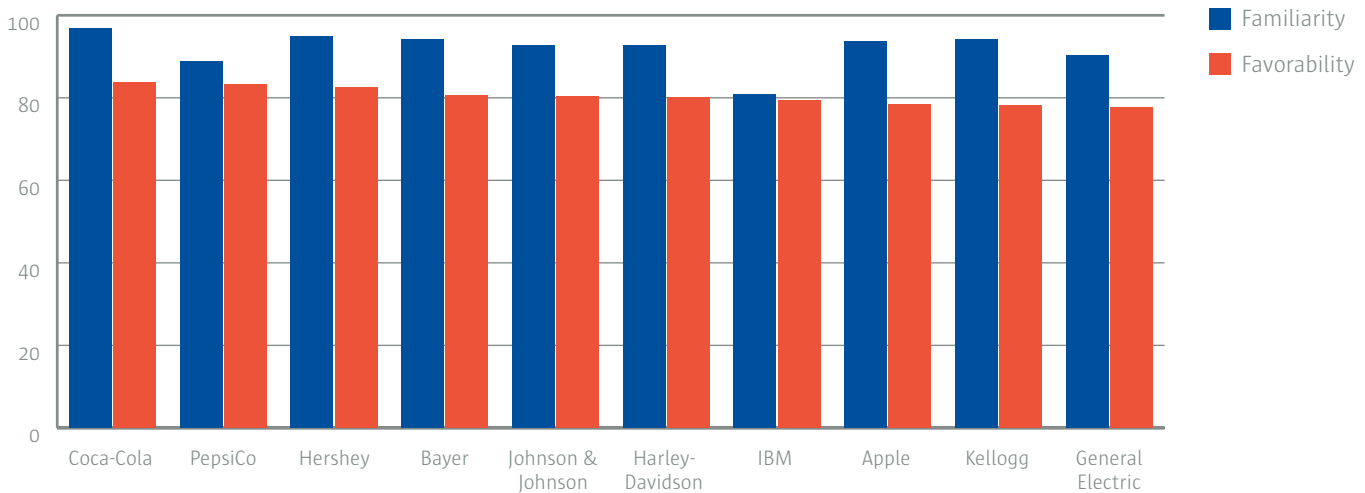
Those familiar with a brand are then asked Favorability dimensions. Favorability is comprised of three attributes: Overall Reputation, Perception of Management, and Investment Potential. The attributes are evaluated on a four-point scale and combined to form a single Favorability score.

# Most respected brands

1. Coca-Cola
2. PepsiCo
3. Hershey
4. Bayer
5. Johnson & Johnson
6. Harley-Davidson
7. IBM
8. Apple
9. Kellogg
10. General Electric

Although four of the top respected brands are in the Consumer Staples sector, we see representation of a wide variety of sectors. Others include Basic Materials, Healthcare, Technology, Business Services and Industrial. This goes to show that while it can be more powerful in consumer-facing market segments, ultimately brand is universal and its importance crosses boundaries.

## Familiarity and Favorability of Most Respected Brands



The top 10 most respected brands average a Familiarity of 91.9, which is down slightly from last year's top ten average of 92.4. However all but one of this year's top ten have improved their individual Familiarity score. General Electric is the only one who declined, and only by 0.4 points.

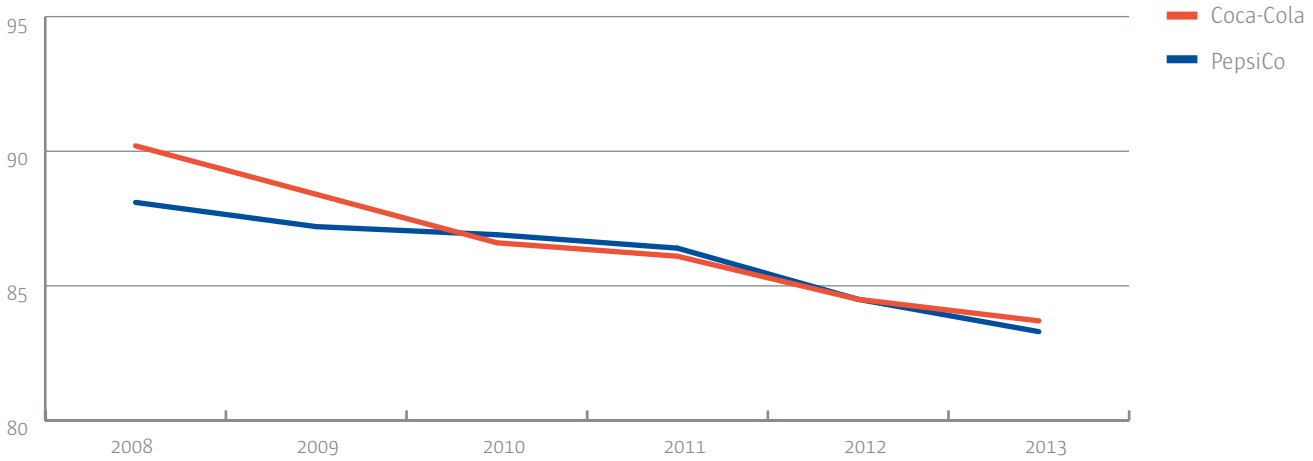
Any brand with Familiarity in the 90s has near universal awareness with some level of audience confidence about the full breadth of the business. Maintaining these scores is considered solid success for these brands. Only PepsiCo and IBM have Familiarity scores below a 90. This is understandable considering both brands continue to address the challenge of repositioning legacy perceptions of their companies. There is still an educational process underway of PepsiCo as a beverage and snack foods company and IBM as a business services organization.

**Tie breaker**

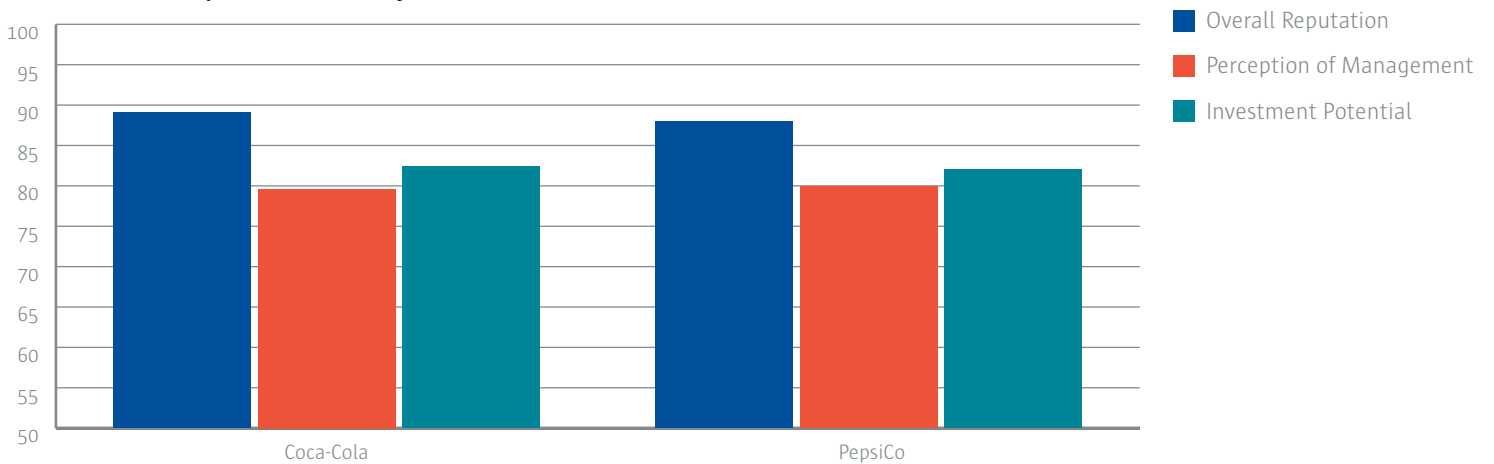
Coca-Cola and PepsiCo came out of their tie this year, with Coca-Cola retaining top status. However, when you dig deeper into the scores, both brands actually declined in Favorability this year. Coca-Cola simply slid a little less (-0.8 versus -1.2 points).

Both companies show a deficit in their Perception of Management Favorability attribute. These companies each have a challenge in the face of the better-for-you foods movement. Their performance suggests that neither company's leadership is getting much credit for being particularly effective at addressing the challenge. However, there is still strength on both Overall Reputation and Investment Potential indicating that these brands retain affinity and are seen as investments that will yield continued return.

**Coca-Cola and PepsiCo Favorability**



**Coca-Cola and PepsiCo Favorability Attributes**

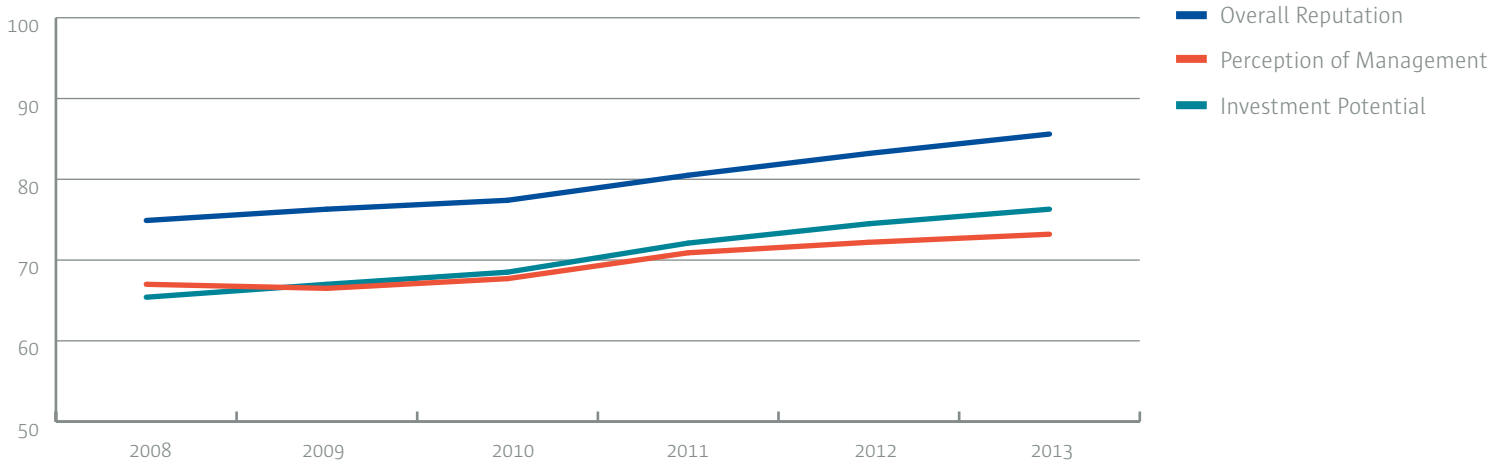


### New entrants

IBM, Apple and General Electric are all new to the Most Respected list this year. IBM's Familiarity rebounded +4.9 points in the past year, enough to bring them over the threshold needed to qualify for this ranking. Further, the brand's Favorability score also improved +1.2 points. General Electric has also improved their Favorability score to gain most respected status. The addition of IBM and GE may signify that respect is returning to the older school leading companies in the wake of the economic crisis.

Apple's Familiarity was up +1.8 points, but it was the mirror increase of +1.8 points in Favorability that brought the company up from #18 to #8 on our brand respect ranking. All of Apple's Favorability attributes show positive upward momentum. We do see some lag in the company's Perception of Management attribute in comparison to the strong growth seen in Overall Reputation and Investment Potential, most likely due to the scrutiny of leadership following the death of Steve Jobs. However, we anticipate they will continue to make their way towards the top of this list. The trend in Apple's brand scores is evidence of the company's continued emergence as an economy-leading brand.

### Apple's Favorability Attributes



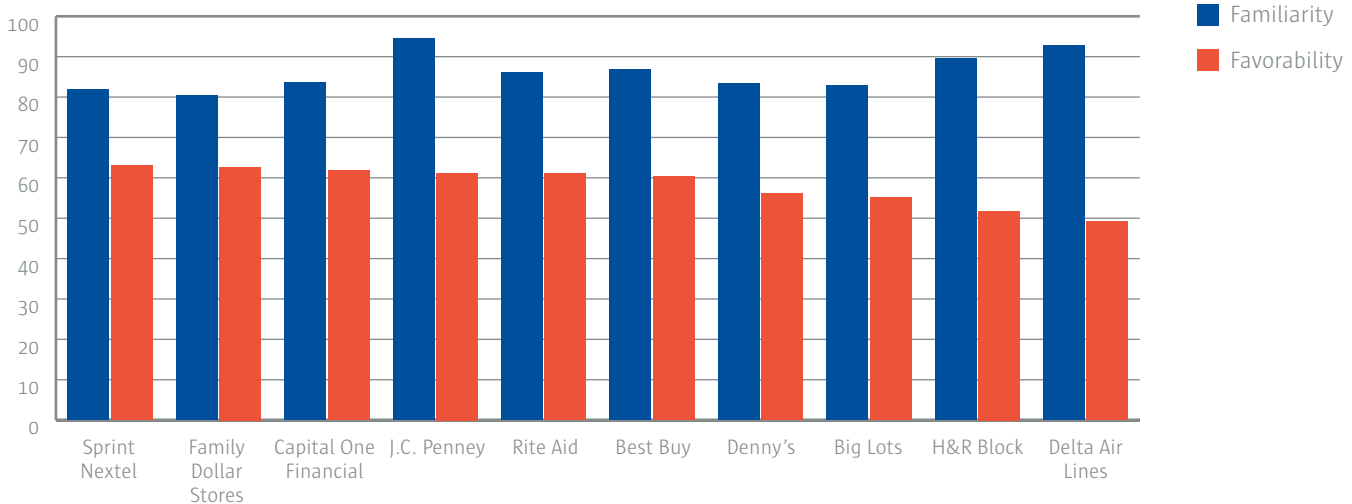
Companies that fell off the top ranks this year were Campbell's Soup Company, Colgate-Palmolive and Estée Lauder. Although Campbell's Familiarity score rose over the past year, Favorability has dropped 1.9 points, driven primarily by the Perception of Management attribute. Estée Lauder actually saw an increase in Favorability of +0.1 points, but other brands made more dramatic movements.

## Least respected brands

1. Delta Airlines
2. H&R Block
3. Big Lots
4. Denny's
5. Best Buy
6. Rite Aid
7. J.C. Penney
8. Capital One Financial
9. Family Dollar Stores
10. Sprint Nextel

It is important to remember that these 10 brands do not represent the least favorable brands we track. What they do represent are 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 Least Respected Brands**



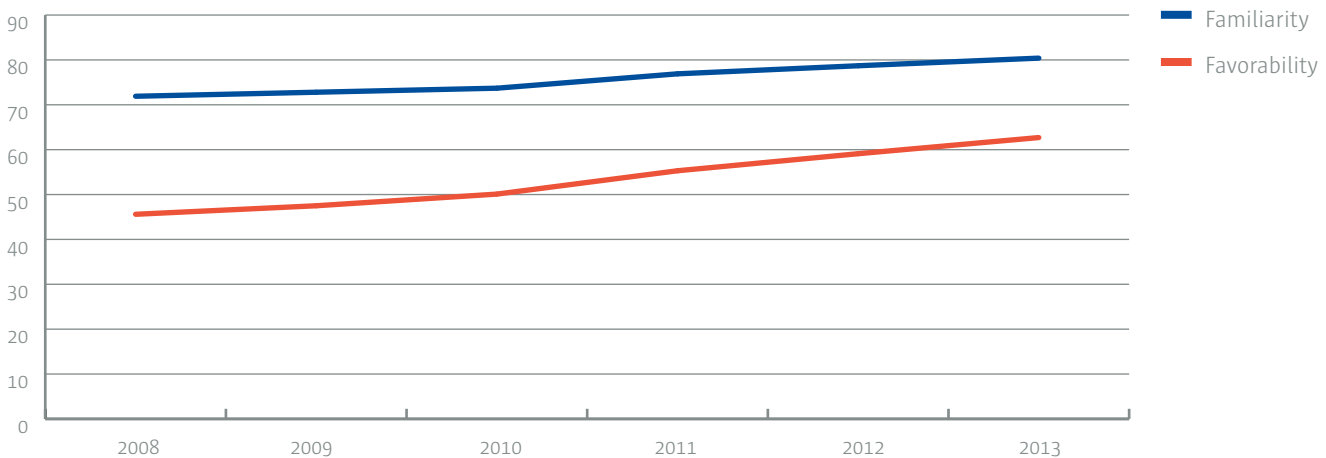
While no brand wants to be listed as one of the least respected, there are some positive trends to point out. Overall, these brands saw an average increase of +1.6 Familiarity points and +2.5 Favorability points. Not only does this bode well for the individual companies, but this may indicate a recovery for damaged brands across the board, as the economy continues to rebound.

### Surprising gains

While the least respected brands have the widest gap between Familiarity and Favorability scores among the most well known brands, many have actually gained points in both metrics over the past year. Denny's and Family Dollar Stores stand out as having made the biggest advancements. Denny's Familiarity is up +3.4 points and Favorability is up +2.7 points.

Family Dollar Stores only made it onto our list because their improvement of +1.7 in Familiarity finally qualified them for the list. With an improvement of +3.6 in Favorability, the brand's momentum is such that we don't expect them to remain on this list for long. It is actually a counter-intuitive that they even show up here, as their brand is becoming more powerful year over year. They have reached a milestone by becoming one of our most recognized brands, now they need to focus on improving perceptions.

#### Family Dollar Stores Familiarity and Favorability

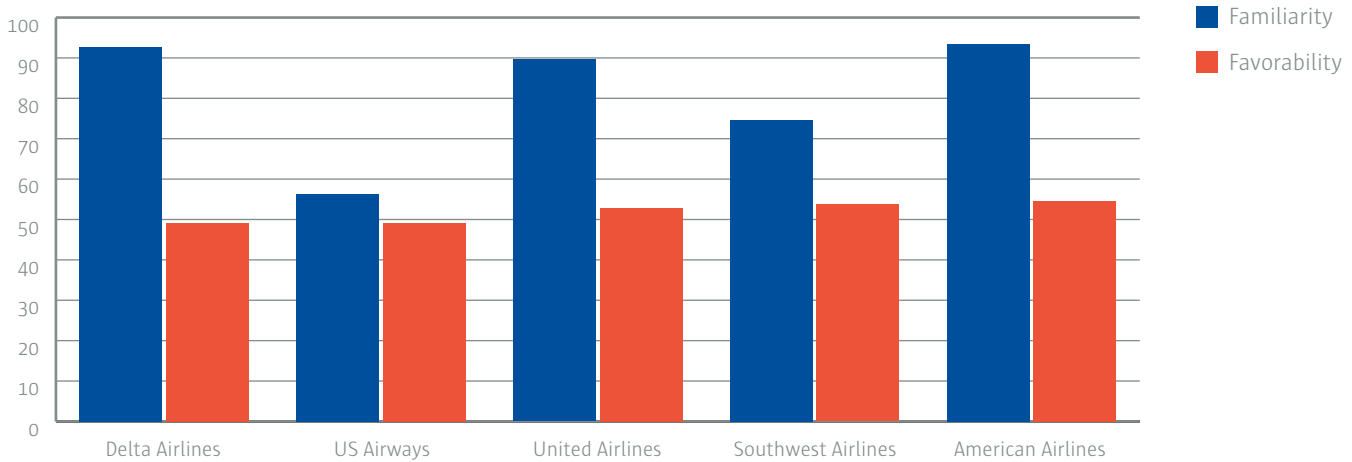




### It's all relative

Delta Airlines held onto the #1 Least Respected spot this year, as our analysis looks at 1,000 brands across 50 industries. However, when Delta is examined next to the other airlines tracked in the CBI, it is clear the company is doing several things right. In fact, Delta's Familiarity is the second highest of the group. In many ways, the issues that bring Delta onto the least respected list are ones that plague all of the airlines. Most airline brands are well known, but not well liked. The branding issues persist on the category level – especially in Favorability, driven by the Investment Potential attribute.

### Airline Industry Familiarity and Favorability



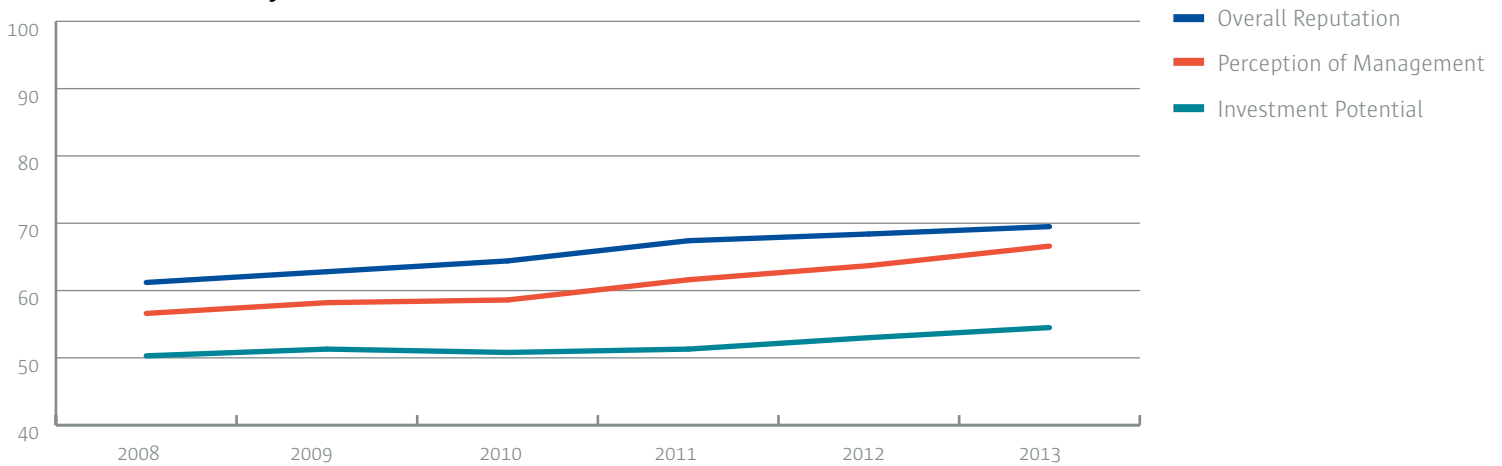
Only United, Delta and American Airlines have high enough Familiarity to be considered for the brand respect analysis. While Delta has the lowest Favorability of the group, clearly all of the airlines could benefit from more brand respect.

### Off the list

Both Philip Morris and Foot Locker dropped off the Least Respected list, although for very different reasons. The Philip Morris brand continues its long decline, and no longer has a Familiarity that qualifies it for this analysis.

On the other hand, Foot Locker, who barely made it onto the list last year, has grown their Favorability by +1.8 points, bringing them off the list. Although all Favorability attributes have risen in the last year, it is the improving Perception of Management that is the real driver behind Foot Locker's ascent. In addition, its Familiarity has risen several points.

### Foot Locker Favorability Attributes



## Opportunities to gain respect

For all of the companies on our Least Respected list there is a silver lining to our analysis. Beyond the rising average Favorability we previously noted, 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. While Favorability may be 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 leverage strategic branding initiatives, refine messages, build trust and regain respect.

## Built from decades 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 approximately 1,000 companies across 50 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, 2013.

## 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 Most Powerful Brands**

<http://www.corebrand.com/brandpower/top-100-most-powerful-brands-rankings>

To schedule an introductory meeting, please contact

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