

Corporate Brand Reputation Outranks Financial Performance as Most Important Measure of Success

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Corporate reputation is a more important measure of success than stock market performance, profitability and return on investment, according to a survey of some of the world's leading CEOs and organisation leaders. Only the quality of products and services edged out reputation as the leading measure of corporate success.

The World Economic Forum sent a survey in December to all 1,500 participants to the 34th Annual meeting currently under way in Davos, Switzerland. About 10% of the participants (132 respondents), whose membership is primarily drawn from the world's 1,000 leading global companies, responded. This "Voice of the Leaders Survey" was released today by the World Economic Forum and Fleishman-Hillard International Communications. It reveals fresh insights into the issues that concern top business leaders.

"The reputation of a company and its products used to be regarded as an intangible asset that was very hard to quantify" said John Graham, Fleishman-Hillard's Chairman and Chief Executive Officer. "Now it is clear that reputation is a vital component of a company's value and is becoming a key measure of a company's performance".

Three-fifths (59%) of the survey respondents estimated that corporate brand or reputation represents more than 40% of a company's market capitalisation. And more than 77% believe that reputation has become more important over the last two years.

"Clearly, the recent wave of corporate scandals has made CEOs reappraise the importance they attach to their corporate brand" added Graham. "One of the results of this reappraisal is that business leaders no longer regard traditional financial measures as the ultimate indicator of a company's success."

- ❑ Ninety-two percent of corporate survey respondents (103 leaders) perceive reputation as important to their corporate strategy
- ❑ 24% rated corporate reputation as the most important measure of success
- ❑ 17% rated profitability as the most important measure of success
- ❑ 13% rated return on investment as the most important measure of success
- ❑ 6% rated sustainability as the most important measure of success
- ❑ 5% rated stock market performance as the most important measure of success

- Only the quality of products and services (27%) was listed more often than corporate reputation as the leading success measure.....

For the full text on both reports and executive surveys, please visit the World Economic Forum's website at www.weforum.org/securitysurvey