THE GOOD THE BAD & THE UGLY 2019

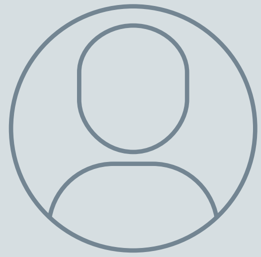
EXECUTIVE SUMMARY

With modern society immersing itself into a time of unparalleled change in the retail industry, companies are left with two choices: sink or swim. Innovate or disintegrate. Fight or flight. You get the picture. Some brands don't learn what consumers want from their brand until it's too late, ultimately becoming overshadowed by their competitors who welcome the evolving industry landscape with open arms (looking at you, Amazon).

This report examines which brands are rising to the top as others fall to the floor, while also weighing the 2018 results against 2017's to learn why companies ranked how they did, which factors contributed to each brand's respective success or failure, and who made the biggest moves (up or down) year over year.

Over the span of two years, we surveyed over 7,000 customers with annual incomes above $35,000 in order to evaluate 100 of the most well-known brands in retail today. These consumers are meant to be a geographic make-up representative of the total US population and were further segmented by age group. Those aged 18 to 29 are considered to be a part of the Digital Native population while those aged 46 or older are categorized as Digital Immigrants.

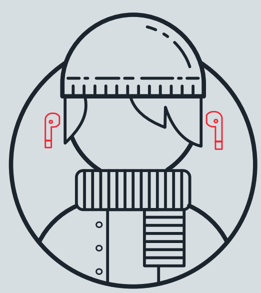
100 BRANDS



7,000 CUSTOMERS

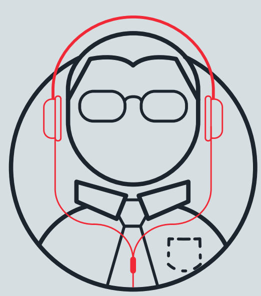
ANNUAL INCOME OF OVER $35,000

REPRESENTATIVE OF TOTAL U.S. POPULATION



DIGITAL NATIVES

age 18 to 29



DIGITAL IMMIGRANTS

age 46 and older

The questions we asked are simple:

1. Which of the following retailers are you aware of?

2. Considering each of the retail brands you are aware of, please rate them as:

GOOD

This retailer ‘gets me’, takes care of me and has a great future

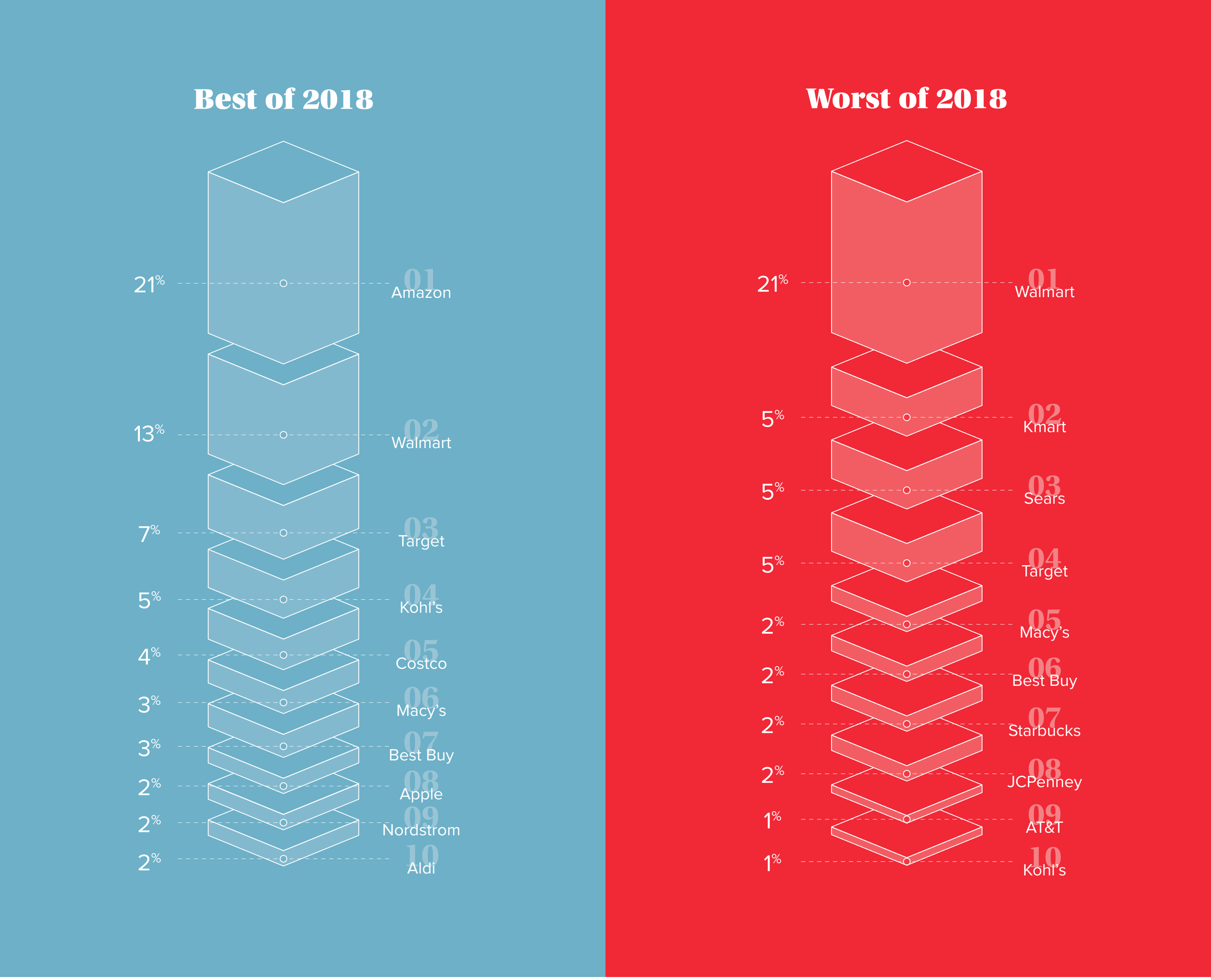
BAD

This retailer is just ok, they’re not my favorite, but they serve a purpose

UGLY

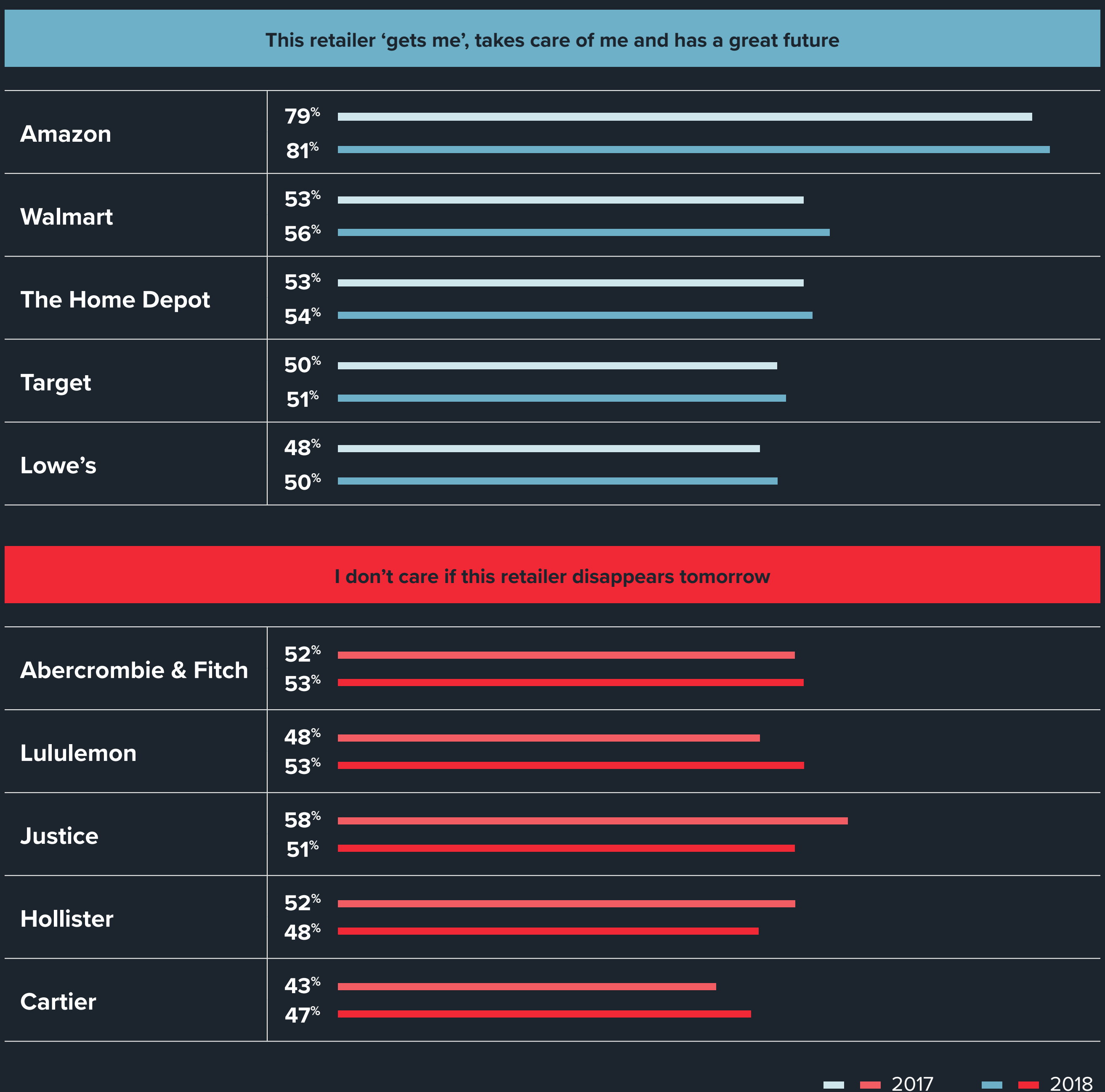
I don’t care if this retailer disappears tomorrow

We then concluded the survey by asking customers to name any of the 100 retailers that they feel serve them either the BEST or the WORST. When evaluated alongside their prior responses, this data gave us direct insight into the over-arching behavioral themes and prominent sentiments about today’s best and worst brands.



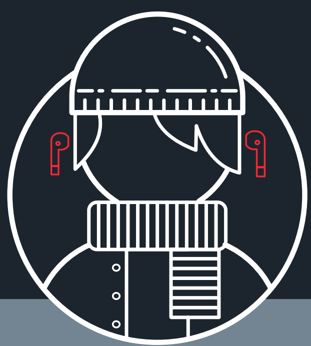
As you can see in the infographic above, Amazon has remained at the top of the "Best" brands list, reigning above its outdated, uninspired, and, in some cases, disappearing competitors like Kmart. When considering what makes brands the "Best", consumers looked to these three factors to aid them in their decision-making process: customer service, value, and product selection. On the other hand, **Walmart topped the "Worst" list for the second year in a row;** though they may seem like our "Most Improved" retailer as they dropped from 27% to 21% in the "Ugly" category, less respondents rated Walmart as "good" in 2018. Overall, it seems like consumers have a love/ hate relationship with this big box retailer. We are looking forward to seeing how these brands will perform in our next study as their attempts at reconfiguring their messaging tactics throughout 2019 have the potential to either help and hurt their progress.

In terms of which retailers consumers feel 'get them', take care of them, and have a great future, Amazon once again topped the list with Walmart trailing behind in second place. Leading the list of brands that are struggling to maintain positive consumer perceptions is Abercrombie & Fitch, followed closely by Lululemon and Justice. Of course, these brands have a strong, loyal customer base advocating for their success; the problem mostly lies in the fact that they are not actively growing it at the same rate as other brands. Their most detrimental factors largely tie back to their inability to resonate with the next generation of consumers.



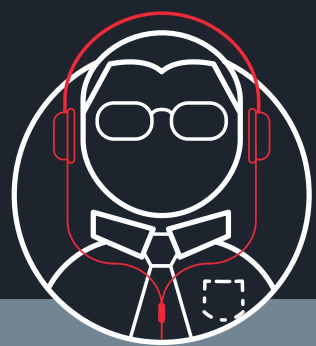
To break down our results, we looked to how aware our Digital Natives and Digital Immigrants were of the brands. With brand awareness eroding and new ways to consume media popping up every day, **companies who ignore customer data and refuse to foster open communication between different company branches run the risk of falling into obscurity.** Relevant marketing messages now hold more weight than ever, and the chart below shows just who is willing to run that extra mile to put their names at the front of both younger and older consumer's minds.

Brand Awareness
Digital Natives–Top 20



	2017	2018
Walmart	95%	90%
Amazon	94%	90%
Starbucks	91%	89%
Nike	93%	88%
IKEA	88%	87%
Walgreens	89%	87%
Target	90%	86%
Victoria's Secret	89%	85%
Best Buy	90%	85%
The Home Depot	87%	85%

Brand Awareness
Digital Immigrants–Top 20



	2017	2018
Walmart	95%	96%
The Home Depot	95%	95%
Target	93%	94%
Amazon	94%	94%
JCPenney	94%	94%
Walgreens	91%	93%
Best Buy	93%	93%
Kohl's	92%	93%
CVS	92%	93%
Starbucks	91%	93%

Diving even deeper, we examined how consumers perceive retailers based upon their market categorization. Big box retailers seem to have garnered the most support, rising slightly in popularity from 2017 to 2018. Overall, consumers feel that easy to navigate stores and simplified checkout processes have contributed to big box success in the age of convenience. On the low end, financial institutions seem to have caught the most flack. Implementing digital techniques is a step in the right direction, but that doesn't solve their problems completely; banks must embrace digital as a way to connect with customers on their terms and in their language, providing personalized experiences in the native tongue of digitally savvy users.

This retailer 'gets me', takes care of me, and has a great future	2017	2018
Box	44%	46%
Drug	38%	40%
Specialty	36%	39%
Online	36%	37%
Grocery	34%	35%
Discount	32%	34%
Pet	29%	33%
Department	29%	30%
Financial	N/A	26%
Office	27%	24%
Auto	21%	23%

I don't care if this retailer disappears tomorrow	2017	2018
Financial	N/A	35%
Auto	30%	30%
Specialty	23%	25%
Grocery	25%	24%
Department	25%	24%
Online	25%	24%
Discount	25%	24%
Pet	25%	21%
Office	19%	19%
Box	18%	16%
Drug	13%	13%

As we study the results from this year's survey and seek to gain greater clarification around the "why" behind successes and failures of these 100 brands, we look to what we believe are the six fundamental attributes for creating the ultimate customer experience– **speed, choice, intimacy, service, value & seamless interaction.** It is evident that agility is what sets retailers apart, with the increasing prominence of mobile becoming a big part of this equation. **As mobile use is projected to overtake laptop use, customer service is now making a move into the digital realm.** A strong mobile strategy paired with an authentic brand voice will garner support from both younger and older generations, preventing alienation brought on by inconsistent, outdated messaging tactics.

To address the Amazonian elephant in the room, we have been shown time and time again that this ecommerce giant cannot be outdone. What retailers need to focus on this year is doing what Amazon cannot do (is there anything left they can't do?), and we look forward to seeing if they can accomplish that goal in our 2020 report. Are there any new brands you'd like to see in our next report?

To learn ways to improve your brand's rating or to dive into what consumers said about your brand, email the paper's author John Bajorek at John.Bajorek@wdpartners.com to discuss results and receive the full white paper.