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World's Leading Companies Failing Authenticity Test

Nearly 300 Companies in Global Study All Show a Clear Authenticity Gap between What Consumers Expect and What They Actually Experience with the World's Best Known Brands

ST. LOUIS, September 12, 2017 – Brands risk alienating even their most loyal followers if they don't move to tackle a growing authenticity gap, according to an in-depth industry study from global communications firm FleishmanHillard.

The study, *Authenticity In An Uncertain World,* uncovers a surprising number of gaps between what consumers now *expect* of a brand and what they actually *experience* in reality. The research is a result of a comprehensive study of almost 300 companies across more than 25 industries, conducted with nearly 5,500 consumers in five countries. Select consumer insights include:

Companies are expected to reach beyond isolationism
- When governments create policies that support isolationism, almost two-thirds of consumers around the world expect companies to take a lead in driving the interchange of ideas, products and even culture. Consumer support for companies taking the lead was highest in the United States (68 percent) and lowest in Germany (57 percent).

Companies are expected to go beyond mandated behaviors
- Globally, 74 percent of consumers believe companies should go beyond mandated regulations. That belief is highest in China (80 percent), compared to countries like Canada (70 percent) and the United Kingdom (71 percent).

CEO behavior is linked to expectations of companies
- Nearly 84 percent of Americans equate a CEO's integrity with that of the companies they lead. This trend is reflected globally as well, where 78 percent support the view. It is lowest in Germany (73 percent).
- How executives behave and how the company impacts society account for nearly half of what makes up our perceptions and beliefs about a company – well beyond simply their products.

What we value in products and services equals our personal values
- Better value is both the source of greatest expectation and the source of the most disappointment among consumers in almost every country studied. In four of the five countries (Canada, China, United Kingdom, United States), 70 percent or more of the companies studied show gaps between expectation and experience when it comes to delivering greater value. Germany has the fewest companies (42 percent) with gaps.
- Value is no longer just about the cost of a product. The research shows that, in fact, the value of a product is intrinsically linked to consumers' views on whether the leadership of a company is seen to be behaving ethically, and clarity about how a product is created, including the sourcing of materials and manufacturing methods.

Demand for customer care is high, reported care experiences are often low
- Three-quarters of United Kingdom firms are failing to meet consumer expectations on customer care.

- In the United States, customer care is the top driver for all financial service companies and all managed care and health insurance companies studied. All of these industries saw meaningful gaps between the expectations and experiences of customer service, including more service centric industries like airlines (13.1 percent) and hotels (10.8 percent).
- Customer care is the most important reputation driver in Canada for the banking, hotel and airline industries – but all have high gaps between expectation and experience: airlines (-14.1 percent); banking (-14 percent); and hotels (-10.7 percent).

With rapid innovation, the verdict is out on tolerance for product flaws and average service
- More than 70 percent of Americans expect innovative companies to make product or service mistakes because they are inventing something completely new. But there is huge variance around the globe – that figure drops to 41 percent in Germany and 48 percent in China.
- Consumers not only expect companies that are disrupting their industries to bring innovative technology, but they also want disruptive customer service. And yet while consumers remain fascinated with these "disruptor darlings," they tend to have greater gaps than their established peers when it comes to being authentic.

Most feel companies don't take proper data security precautions
- Nearly 60 percent of consumers do not think companies take data security seriously enough and agree companies are not investing enough in IT to provide security. A smaller number of Chinese consumers held this belief (50 percent).

Who is credible? The unexpected hero
- Consumers are three times more likely to trust a company employee rather than its CEO when it comes to sorting out fact from fiction about a brand.
- In general, broadcast media and print media channels are trusted more than social media. In the United States they tend to be evenly matched, in Canada mainstream media is twice as credible as social media, while in the United Kingdom it is three times so.
- The expectation for credible corporate communications on average ranks at the bottom of consumer expectations across all countries.

The research suggests that, unless firms are speaking to current day issues in the management of their business, they will face reputational damage from increasingly disaffected consumers whose expectations are markedly different in today's environment.

Marjorie Benzkofer, global managing director of Reputation Management for FleishmanHillard, believes the environment today demands that business leaders spend more time contemplating what actions they take as corporate citizens.

"Companies need to be able to quickly translate what impact rapidly developing political and societal issues may have on their company," Benzkofer said. "They must understand their audiences' many expectations and opinions, which are increasingly divided, in order to determine what actions to take, or to choose not to take, that can either accelerate business success or increase barriers. To do this more effectively, companies need to better define and reinforce their relevance to society."

The key is to measure and understand how customers view a company's core idea of 'doing what is right,' and assess the other qualities that create the authenticity of its brand and its mission.

"Companies must embrace this new reality, operate in transparent and authentic ways and align all aspects of their business with what the consumer expects," Benzkofer said. "Those that do will create a strong foundation of true value. Those that don't may not be around long enough to tell their story at all."

The report also highlights a significant variance in what drives consumer expectations in different parts of the world.

- In Germany, more than 30 percent of consumers believe societal outcomes are key to how they judge companies, almost 10 percent higher than in China.
- Meanwhile, for British consumers, customer benefits are important, with 55 percent stating this as their key concern, almost 5 percent higher than in the United States and 12 percent higher than their German counterparts.
- Management behaviors rank highest for Americans (26 percent) and lowest for Brits (19 percent) as a driver of expectations about a company.

Benzkofer believes companies do well to recognize the strong link between their values and their valuation.

"The companies people choose to support – or work for – are increasingly an extension of a person's personal values," Benzkofer said. "Today's most influential executives will not only be captains of their enterprise, but also senior statesmen in society. Lasting impact will come from leaders who can authentically create more value and purpose by demonstrating a wider concern for those who work for, with and around them. As senior communicators, we can help them understand why reaching for that greater purpose is worth the risk – for them, their business and society."

What is clear is that brands need to focus on closing the authenticity gap sooner rather than later, or risk becoming irrelevant. Read the report [here].

About FleishmanHillard
FleishmanHillard specializes in public relations, reputation management, public affairs, brand marketing, digital strategy, social engagement and content strategy. FleishmanHillard was named Agency of the Year at the 2017 North American Excellence Awards; PRWeek's 2016 Greater China Agency of the Year; PRWeek's 2014 Global Agency of the Year and 2014 Asia Pacific Network of the Year; and NAFE's "Top 50 Companies for Executive Women" for 2010-2017. The firm's award-winning work is widely heralded, including at the Cannes International Festival of Creativity. FleishmanHillard is part of Omnicom Public Relations Group, and has more than 80 offices in 30 countries, plus affiliates in 43 countries. Visit us at [fleishmanhillard.com].

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About the Authenticity Gap
This is the fourth Authenticity Gap study conducted by FleishmanHillard Global Intelligence and leading independent research firm**,** Lepere Analytics.

Lepere Analytics was founded in 2007. It is a privately held company, registered in the United Kingdom with partners based in London and New York. For more information, visit www.lepereanalytics.com.

Polling for the study is conducted for Lepere Analytics between March 17 and April 21, 2017

by Ipsos – the world's third largest research company with operations in 84 countries. Online panels are in compliance with international quality standards ESOMAR and AIMRI and certified on key ISO standards.