FMCG/Retail Reputation Report

Caliber │ August 2022

FOREWORD

Our 2022 report on the reputation of FMCG and Retail comes at a year that has seen much turmoil and reputational pressure for companies in these industries. While both industries enjoy a high level of trust and affinity among stakeholders (captured through the Caliber Trust & Like Score), macro events in 2022 have meant that supply chains have been delayed and cost of goods has increased. As a result, the reputation of these industries is challenged.

The current global economic situation sees 54% of the public being concerned about the increased cost of living, and 27-42% across age groups very concerned about their future financial situation.

Concerns for personal finances and affordability naturally represents a challenge for companies in the Retail and FMCG industries. However, this report shows that expectations towards these companies are not solely directed at finding ways to make products more affordable for consumers.

While price and quality are the most important drivers for purchase decisions, being a responsible company, and a company that people

can relate to, are the most important drivers for securing a strong reputation with the public.

In addition, Gen Z and Millennials are to a larger degree expecting the industry to focus on addressing issues related to things like product innovation, diversity and inclusion and corporate activism – more so than older generations do.

This presents a challenge for FMCG and Retail companies: they will increasingly be judged not only on product and price, but also on how they conduct themselves and relate to the world as more than a producer or seller of products. The reputational winners of today and tomorrow are and will be those that strike the balance of price, quality and responsible corporate citizenship.

The report also includes a reputation ranking of selected FMCG and Retail companies in Brazil, China, France, Germany, Japan, United Kingdom and United States
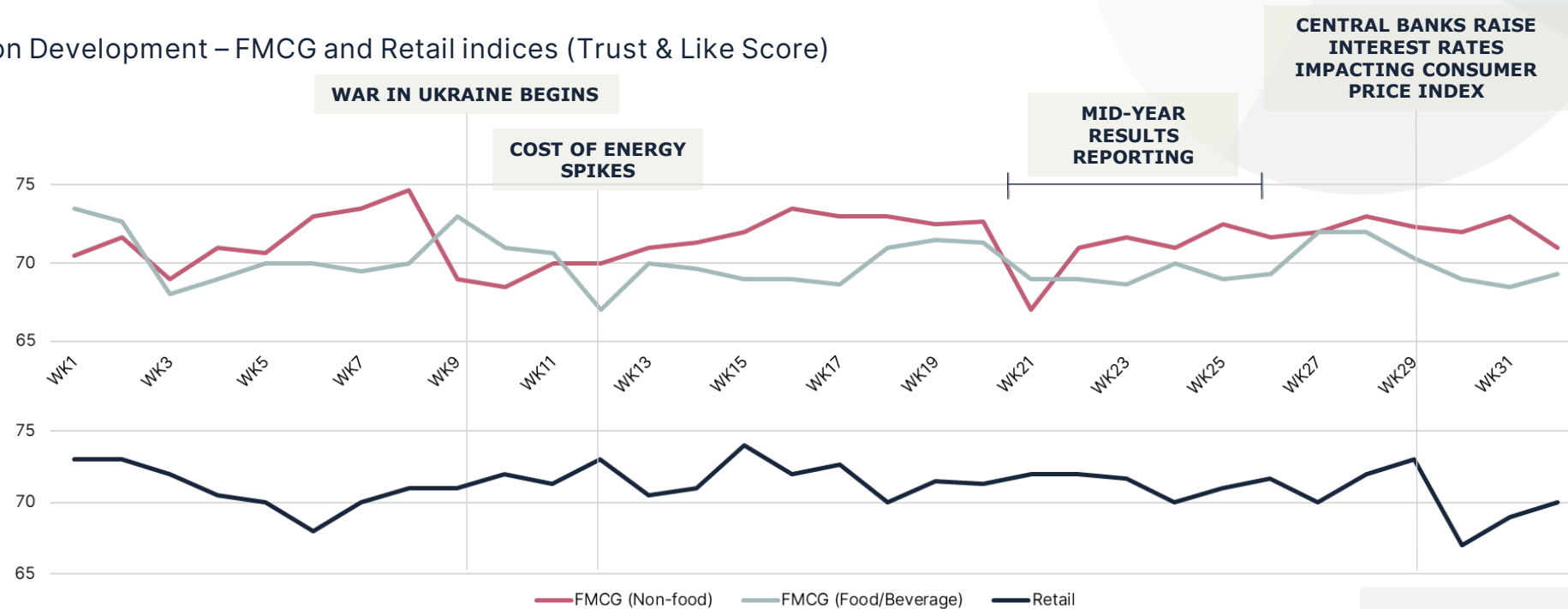
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Global Reputation of FMCG and Retail sectors

FMCG and Retail indices are tracking with global events

Reputation Development – FMCG and Retail indices (Trust & Like Score)

Our tracked global indices of **FMCG companies** have been on a wild ride in 2022, which was likely caused by the impact of the war in Ukraine, the resulting energy crisis, the slower global supply chain, and – last but not least – the resulting inflation. The sector has seen sharp drops in TLS around the outbreak of the war and announcements of mid-year financial results. Food and beverage companies have trended more negatively than non-food FMCG, but both are still highly trusted and liked industries.

The index of our tracked **Retail companies** (mixing both general and food retailers) saw a downward trend in trust and affinity in the beginning of the year, which could be due to lower consumer spending. However, TLS rebounded and stabilized throughout Q1 and most of Q2, showing little impact of the war and economic crisis. More recently, though, a sharper drop is observed as price increases also hit retail stores – especially in food retail.

FMCG and Retail are the best perceived industries globally in 2022

Reputation ranking of all industries tracked by Caliber (Trust & Like Score)

Caliber tracks the reputation of thousands of companies across 15 industries around the world every day, among people representing various stakeholder groups.

The ranking for 2022 so far shows that FMCG and Retail – both food and non-food – are the best perceived sectors on a global scale.

In a tumultuous year with significant market volatility due to global events that impact supply chains and consumer prices, the indices stay relatively stable in reputation levels – measured through the Trust & Like Score.

Ranking	Industry
1	FMCG (non-food)
2	Retail - Food
3	Retail - General
4	FMCG (Food & Beverage)
5	Industrial & Machinery
6	MedTech
7	BigTech
8	Pharmaceuticals
9	Automotive
10	Chemicals
11	Insurance
12	Electricity
13	Banking
14	Oil & Gas
15	Telecom

On a global scale, Retail and FMCG are on par in terms of Trust & Like Score, but some markets show a big gap between the average scores of the two sectors

Trust & Like Score for Retail and FMCG industries – global and by market

GLOBAL

71 72

US: 75 75

UK: 63 69

Germany: 66 71

France: 65 66

China: 78 77

Japan: 65 60

Brazil: 82 81
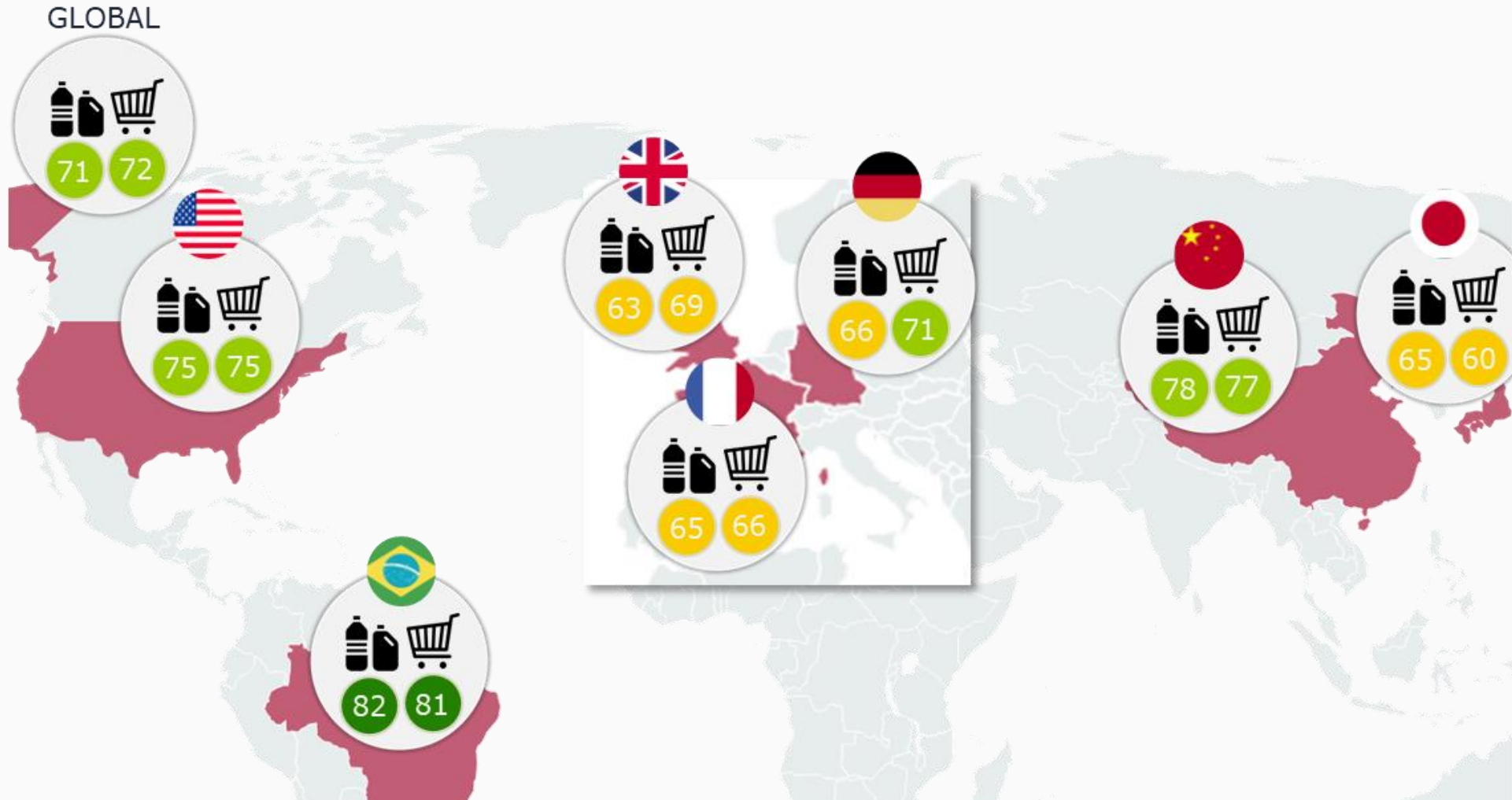
In markets like Brazil, US and China, average scores for both FMCG and Retail companies show a high level of trust and affinity for both industries. In Europe, Retail holds an edge over FMCG, however companies are more scrutinized in general in this region, reflected in lower scores. Japan is the only market where FMCG has a superior position versus Retail, but it is also the market where companies in general have the lowest perception scores.

= FMCG

= Retail

How to read results | 80-100 Very high | 70-79 High | 60-69 Average | 40-59 Low | 0-39 Very low

FMCG and Retail reputation is strongest among young demographics

Trust & Like Score by age groups across categories
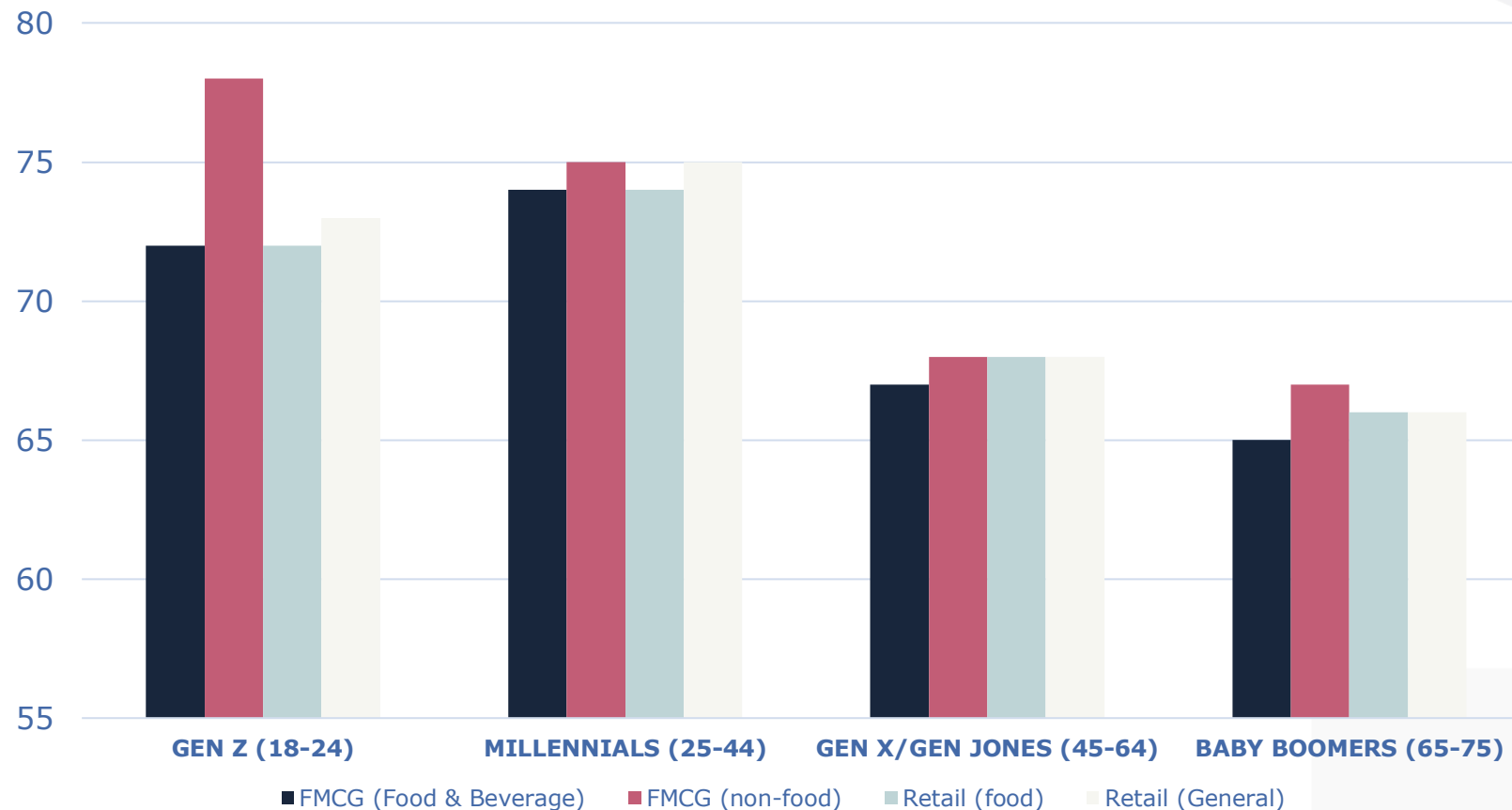
Perhaps not surprisingly, younger generations tend to trust and like companies in these industries more than older generations.

Millennials on average have the highest TLS for companies in FMCG and Retail, which may be connected to being the broadest and most affluent consumers. **Gen Z** score FMCG (non-food) highest by a considerable margin, which likely relates to perceptions of beauty and personal care companies in this index.

Overall, younger demographics have stronger perceptions of FMCG and Retail than age groups above 44.

Product is king – but are Retail and FMCG connecting with consumers?

Global strengths and weaknesses for FMCG and Retail

FMCG

72 ▼-1

OFFERING

68 ▼-1

RELEVANCE

INSPIRATION

RETAIL

70 ▼-2

OFFERING

67 ▼-2

RELEVANCE

INNOVATION

DIFFERENTIATION

LEADERSHIP

There are clear similarities across the two industries. The key reputational strengths for both are in **Offering** (offering compelling products and services). In both indices, Offering also stands apart from other dimensions as the most important driver of trust and affinity. Perception of Offering is stronger within FMCG than within Retail.

For both indices, several metrics present relative weaknesses in the reputation profile. However, **Relevance** (being a company that stands for something people can relate to) is a common weakness for both indices and is simultaneously among the most important drivers of TLS. The importance and relatively low score of Relevance means that having a clear purpose is a key battleground for companies to improve their reputation going forward. As the data further shows, being a relevant company means different things to different segments. We show that different age groups view FMCG and Retail very differently and therefore require varying approaches from companies in these industries.

Changes in scores compare to 2021 full-year scores

Strong perceptions with young demographics, but also more complex expectations

Reputation opportunities and concerns for FMCG and Retail

FMCG/Retail is loved by:

- Those exposed to advertising and buying the product
- Young demographics
- Those exposed to Media coverage about companies in the sectors
- Key employee target segments

FMCG/Retail should be concerned by:

- A significant **drop in trust and affinity from ages 45 and up**
- The fact that **3 out of 10 people** choose not to engage with large FMCG and Retail companies
- Their weak performance across markets and age demographics on metrics of **Relevance and Integrity, both being important reputation drivers**

Consumer perspective on future financial situation

Age groups 25-44 are most concerned with their future financial situation. Concern is highest in Brazil and lowest in Germany and the UK

Percentage of respondents stating that they are <u>very</u> concerned about their future financial situation

Brazil
- Total: 59,0%
- Male: 56%
- Female: 60%

France
- Total: 45,8%
- Male: 41%
- Female: 50%

China
- Total: 43,6%
- Male: 45%
- Female: 41%

United States
- Total: 43,2%
- Male: 41%
- Female: 44%

Japan
- Total: 41,8%
- Male: 42%
- Female: 41%

Germany
- Total: 29,7%
- Male: 23%
- Female: 34%

United Kingdom
- Total: 28,2%
- Male: 27%
- Female: 30%

■ Total ■ Male ■ Female
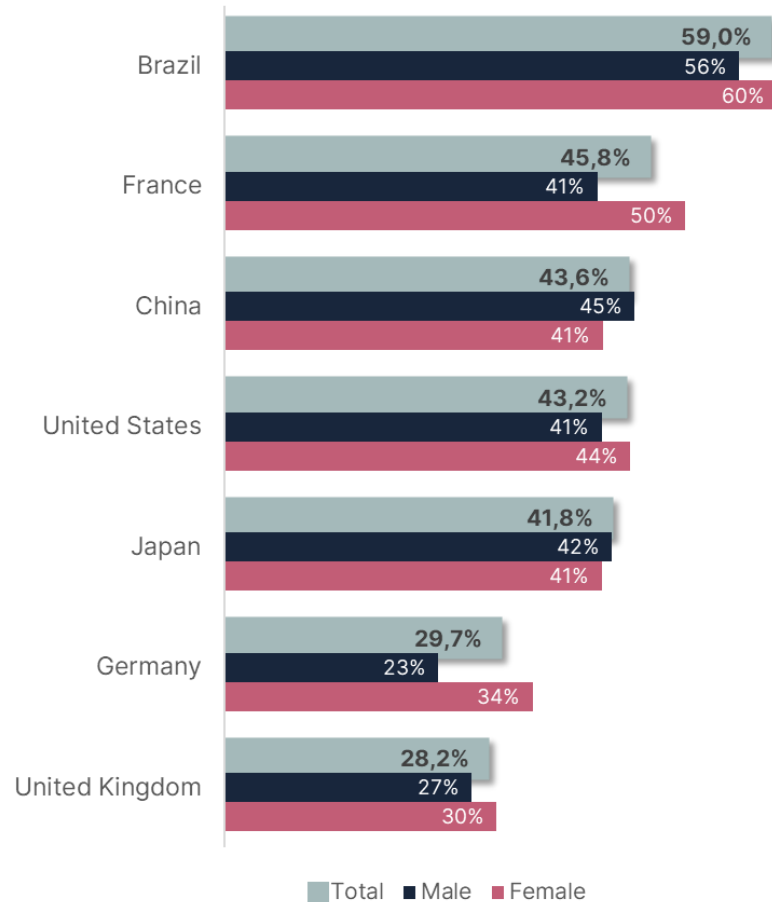
External events like rising inflation and energy price hikes are impacting people's outlook on their financial futures. **On average, people in age groups 25-44 are most concerned**, likely due to having more financial commitments than others in terms of children, debt and mortgages. However, concern is also high among 18–24- and 45–64-year-olds who also fear inflation and lack of job security.

Concern for one's future financial situation is **highest in Brazil, and interestingly lowest in Germany and UK**, which are countries that are very much in the center of the current global energy crisis.
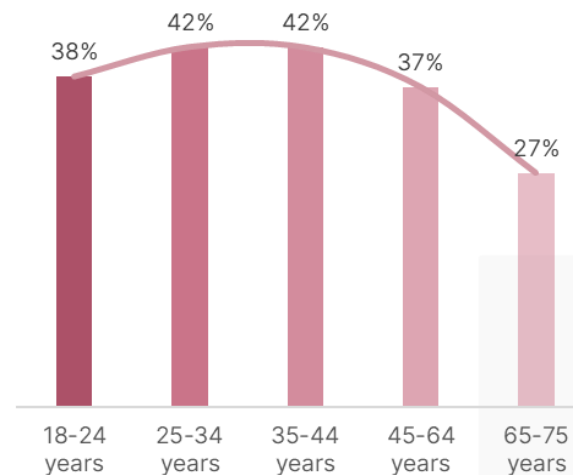
- 18-24 years: 38%
- 25-34 years: 42%
- 35-44 years: 42%
- 45-64 years: 37%
- 65-75 years: 27%

Increased cost of living is impacting consumers across all age groups, but on other issues perspectives differ between young and old

Main issues impacting society in the next 12 months

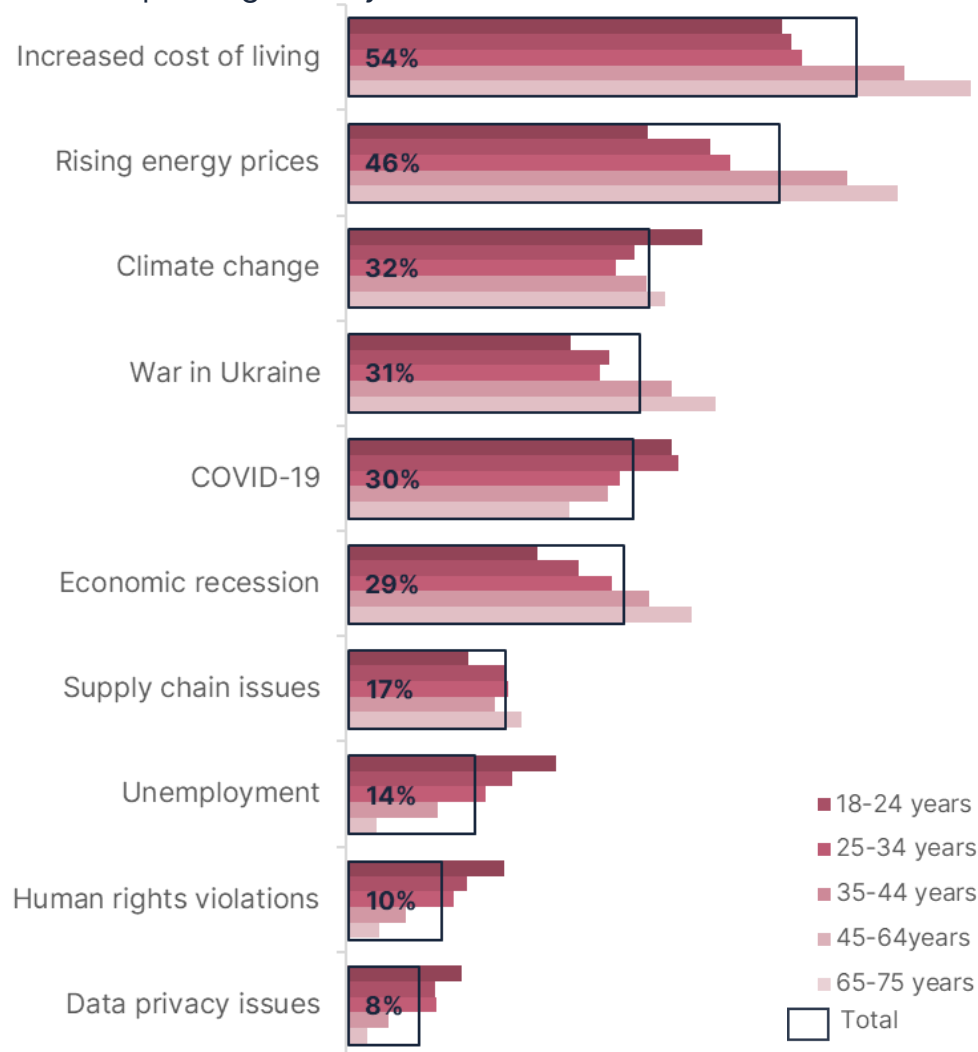| Issue	%
Increased cost of living	54%
Rising energy prices	46%
Climate change	32%
War in Ukraine	31%
COVID-19	30%
Economic recession	29%
Supply chain issues	17%
Unemployment	14%
Human rights violations	10%
Data privacy issues	8%

Legend:
- 18-24 years
- 25-34 years
- 35-44 years
- 45-64years
- 65-75 years
- Total

Across age groups, **54% of consumers say that the increased cost of living will be the main issue impacting society in the next 12 months**. In addition, rising energy prices are also a top concern – especially among age groups of 45 and up. These age groups also see the war in Ukraine and economic recession as key influencing factors in the coming year, indicating a pragmatic consumer pattern which may cause these groups to be more focused on cutting expenses by limiting FMCG and Retail purchases, or seeking low-cost alternatives.

The **younger demographics of ages 18-44** are also concerned with the increased cost of living and energy prices, showing an understanding for the macro events most impacting global economy. However, these age groups also continue to show a high degree of concern about COVID-19, climate change and human rights violations, showing a more diverse focus on a broader set of issues impacting society. This could indicate that expectations from companies are broader among these age groups and may potentially impact purchasing decisions.

"In your opinion, what are the main issues that will impact society in the next 12 months?"

Price and quality are key factors for driving purchasing decisions across age groups, but young people also value company and product ideals

Drivers of purchasing decisions

Not surprisingly, **price and quality of product are the top drivers of purchasing decisions**. On average, around 60% name these two factors as their top-3 considerations when buying a product. Across age groups, price and quality serve as a foundational driver for purchases.

Secondly, easy access to a product is an important driver – however more so availability (29%) than convenience (21%). Convenience is slightly more important for age groups 45 and above.

Thirdly, product and company ideals like impact on health, organic origin, sustainability and environment are a deciding factor for 11-26% of people. Interestingly, younger age groups are decidedly more driven by these factors than older people. This indicates that younger consumer groups are driven by a more complex array of considerations when making a purchasing decisions, showing to be much more idealistic than their older counterparts.

Price — 62%
Quality of product — 59%
Availability — 29%
Healthy product — 26%
Convenience — 21%
Prior experience with product or company — 19%
Credibility of company behind product — 15%
Sustainability considerations — 13%
Environmental concerns — 12%
Organic product — 11%

- 18-24 years
- 25-34 years
- 35-44 years
- 45-64 years
- 65-75 years
- Total
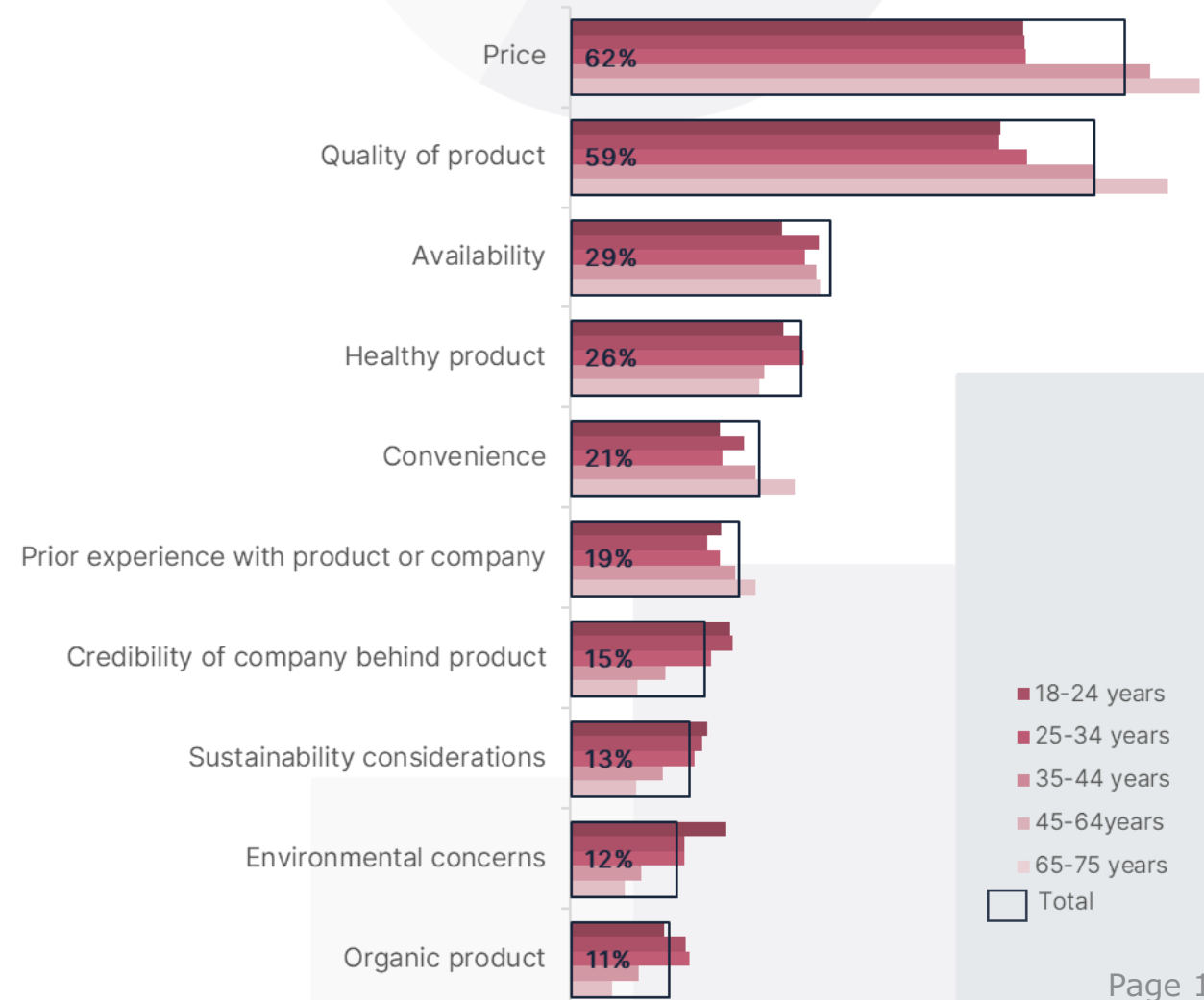
"What mostly drives your purchase decisions when shopping?"

Expectedly, inflationary pressure makes price reduction a central expectation from Retail and FMCG companies. However, age groups 18-34 show more nuance.
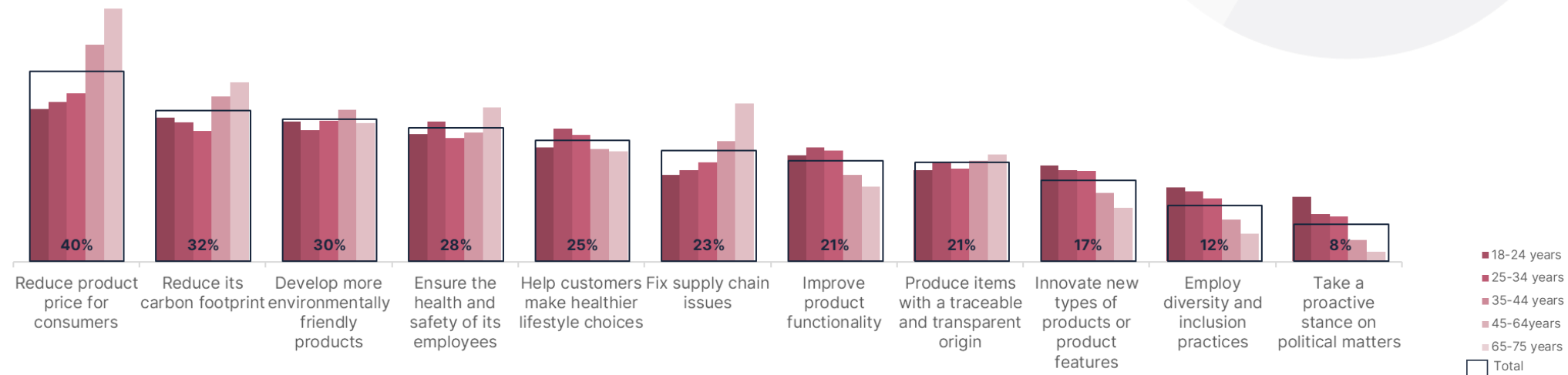
Most important issues for companies in Retail and FMCG to address

Legend:
- 18-24 years
- 25-34 years
- 35-44 years
- 45-64 years
- 65-75 years
- Total

Reduce product price for consumers	Reduce its carbon footprint	Develop more environmentally friendly products	Ensure the health and safety of its employees	Help customers make healthier lifestyle choices	Fix supply chain issues	Improve product functionality	Produce items with a traceable and transparent origin	Innovate new types of products or product features	Employ diversity and inclusion practices	Take a proactive stance on political matters
40%	32%	30%	28%	25%	23%	21%	21%	17%	12%	8%

"What are the most important issues for retailers and producers of consumer goods to address?"

On average, **40% of respondents mention reducing product price as a key issue for retail and FMCG companies to address**, which in times of inflationary pressure on consumer goods makes good sense. For all age groups, reducing carbon footprint and developing more environmentally-friendly products come as the second most important factors.

Looking at the relative difference between expectations between Gen Z + Millennials vs. Gen X and older, the former, younger group appears to be more complex in their expectations towards the industry. Even in times of economic crisis, **age groups 18-34 have higher-than-average expectations of the industry to focus on addressing issues related to product innovation, diversity and inclusion, and corporate activisim**.

Reputation Ranking of FMCG and Retail companies
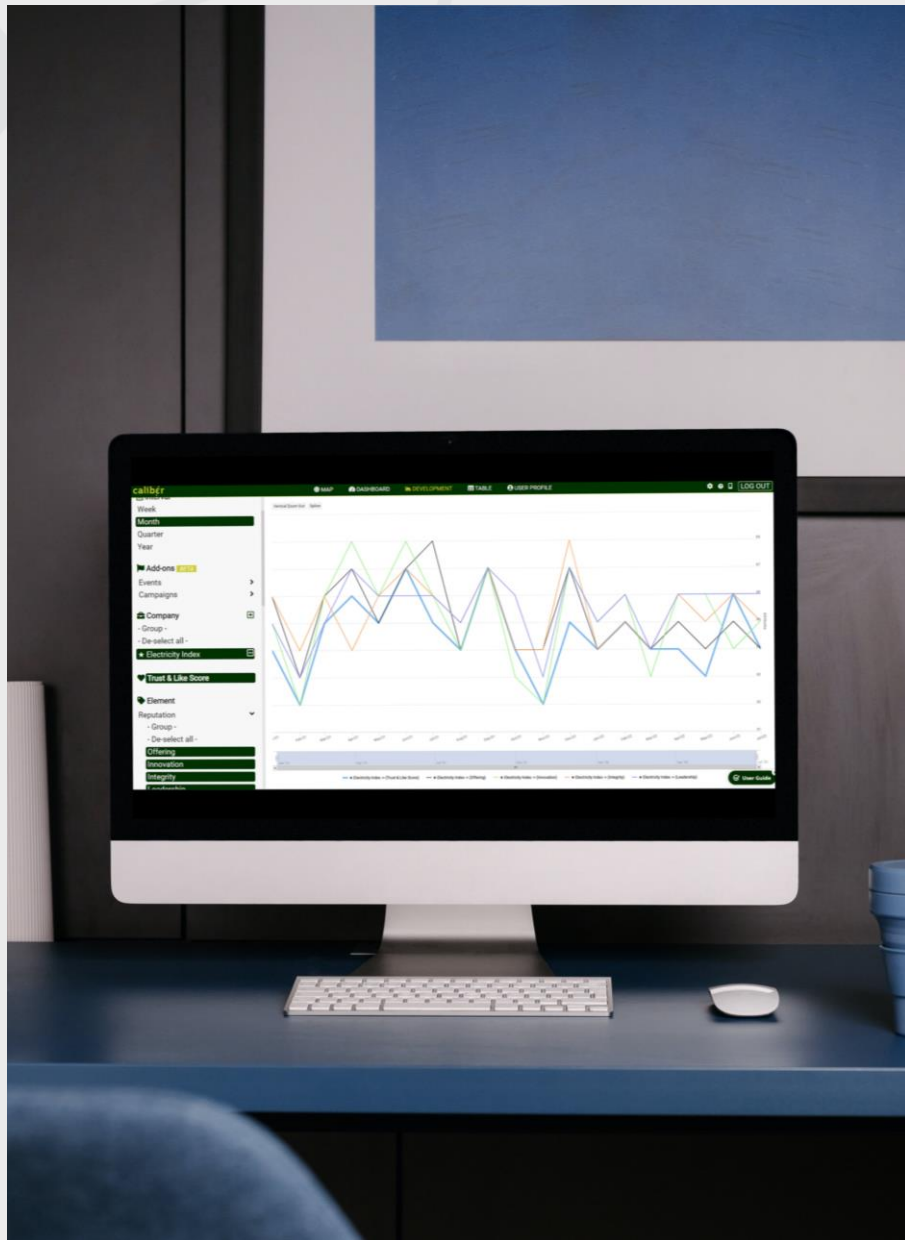
Natura and O Boticário in Brazil are globally the best perceived companies in Retail and FMCG. Asian markets overall rate FMCG higher than retail, while western markets show a more nuanced image.

Top-3 ranking by country (Trust & Like Score)
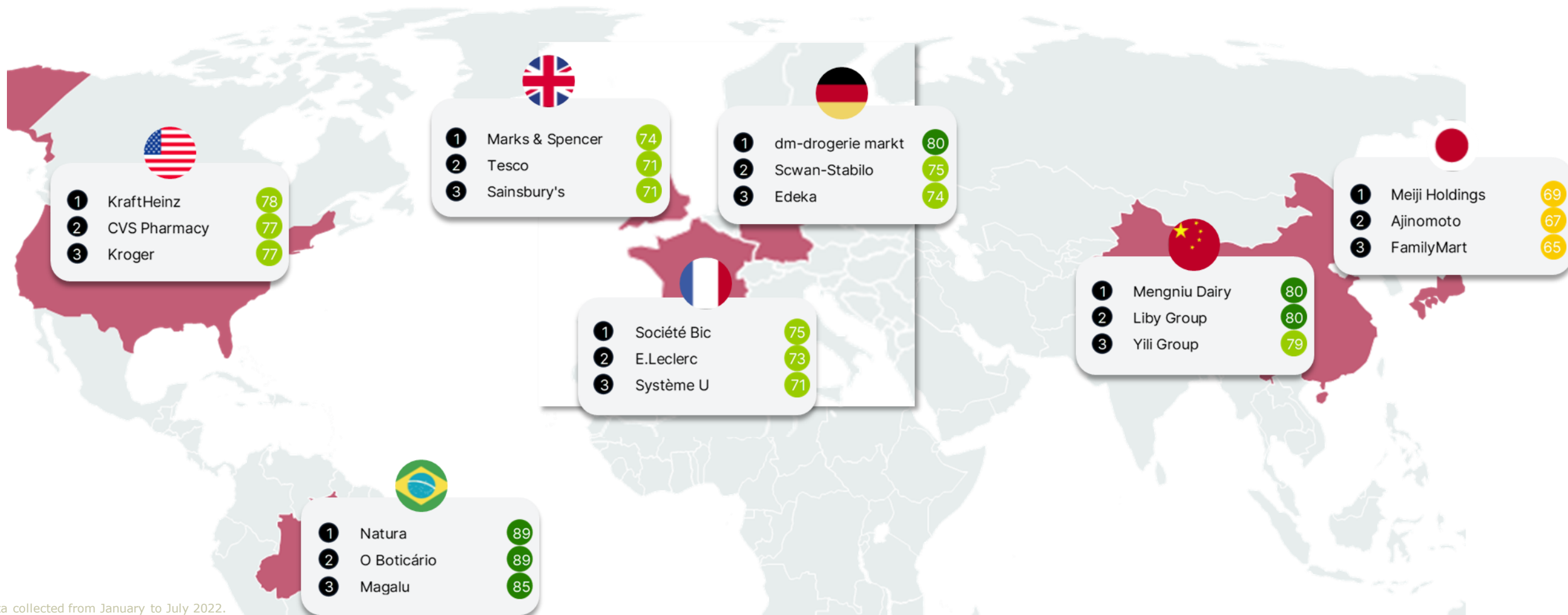
United States
1. KraftHeinz — 78
2. CVS Pharmacy — 77
3. Kroger — 77

United Kingdom
1. Marks & Spencer — 74
2. Tesco — 71
3. Sainsbury's — 71

Germany
1. dm-drogerie markt — 80
2. Scwan-Stabilo — 75
3. Edeka — 74

France
1. Société Bic — 75
2. E.Leclerc — 73
3. Système U — 71

China
1. Mengniu Dairy — 80
2. Liby Group — 80
3. Yili Group — 79

Japan
1. Meiji Holdings — 69
2. Ajinomoto — 67
3. FamilyMart — 65

Brazil
1. Natura — 89
2. O Boticário — 89
3. Magalu — 85

Data collected from January to July 2022. Scores are based on company performance in their home markets.

How to read results

| 80-100 Very high | 70-79 High | 60-69 Average | 40-59 Low | 0-39 Very low |

Natura and O Boticário are the best perceived FMCG companies globally, and perceptions of FMCG companies are in general highest in Brazil – followed by China and US. Sociéte Bic and Schwan-Stabilo stand out in France and Germany, respectively.

FMCG Ranking by market (Trust & Like Score)

Brazil 🇧🇷
Company	Score
Natura	89
O Boticário	89
Estrela	84
Marfrig	82
BRF	77
JBS	68

China 🇨🇳
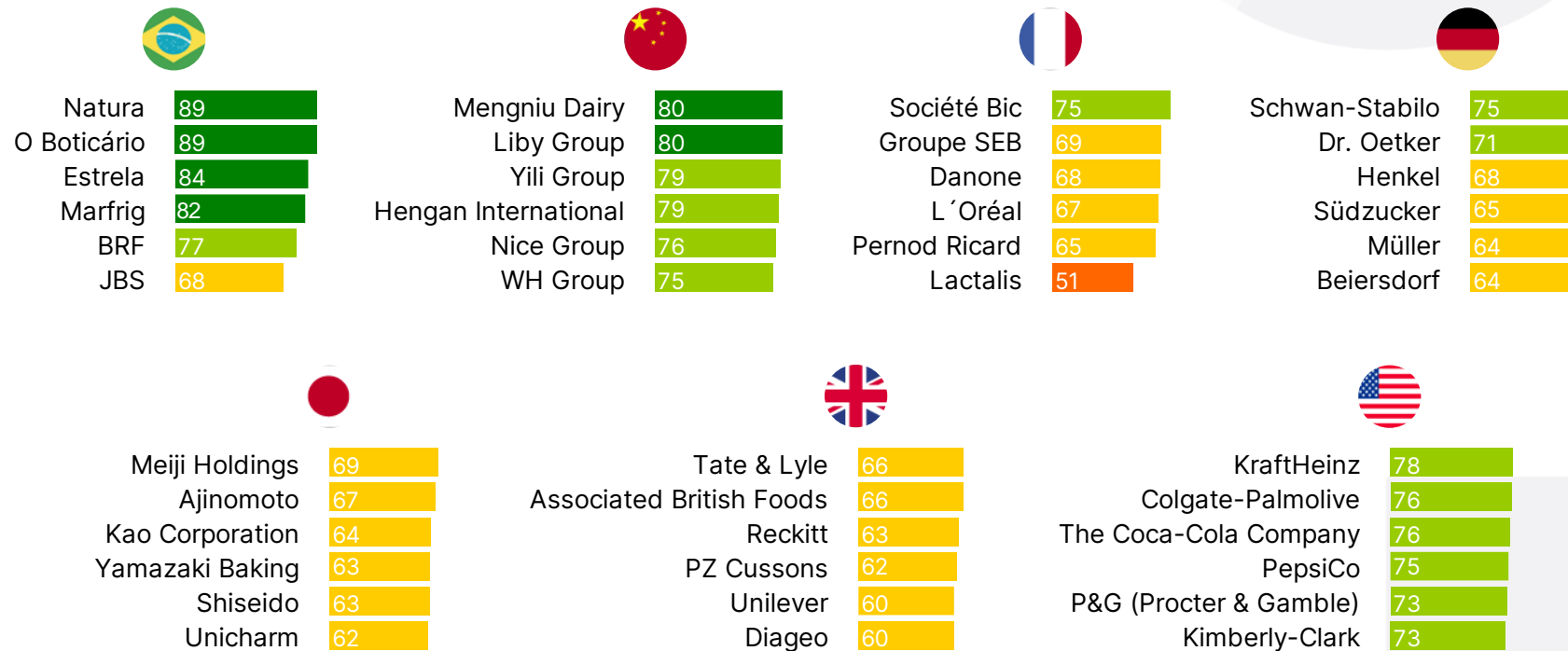| Company	Score
Mengniu Dairy	80
Liby Group	80
Yili Group	79
Hengan International	79
Nice Group	76
WH Group	75

France 🇫🇷
Company	Score
Société Bic	75
Groupe SEB	69
Danone	68
L´Oréal	67
Pernod Ricard	65
Lactalis	51

Germany 🇩🇪
Company	Score
Schwan-Stabilo	75
Dr. Oetker	71
Henkel	68
Südzucker	65
Müller	64
Beiersdorf	64

Japan 🇯🇵
Company	Score
Meiji Holdings	69
Ajinomoto	67
Kao Corporation	64
Yamazaki Baking	63
Shiseido	63
Unicharm	62

United Kingdom 🇬🇧
Company	Score
Tate & Lyle	66
Associated British Foods	66
Reckitt	63
PZ Cussons	62
Unilever	60
Diageo	60

United States 🇺🇸
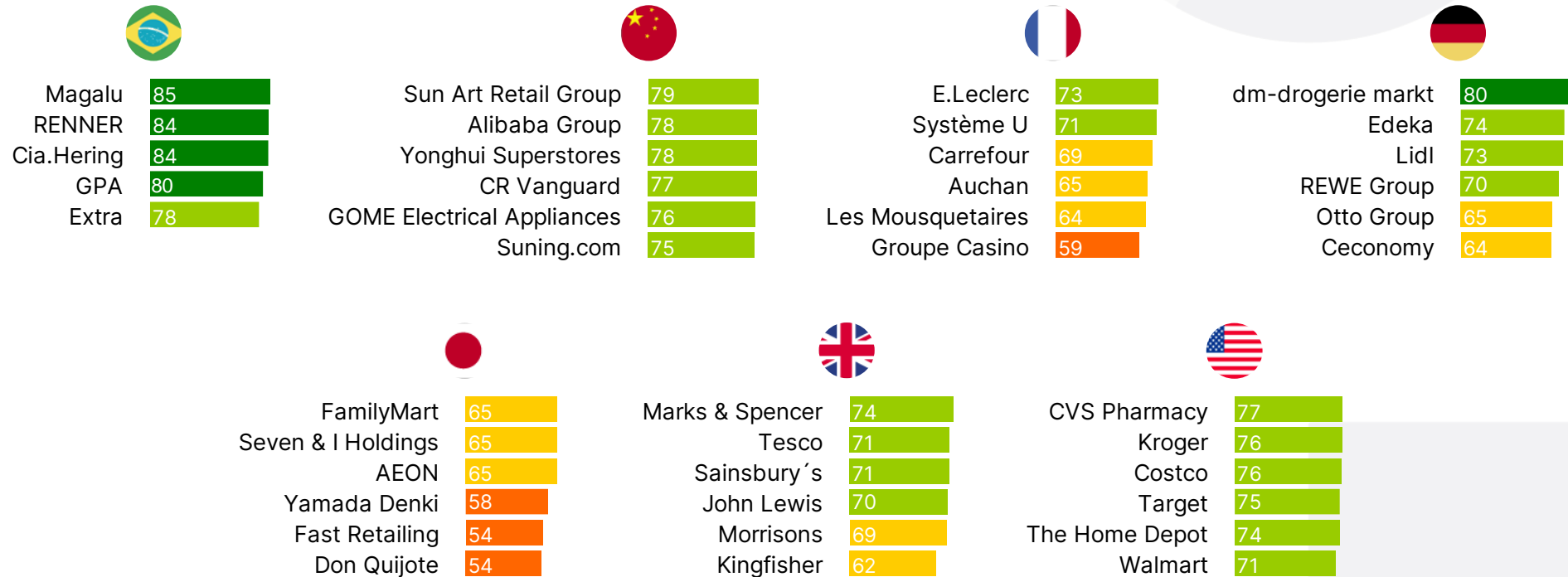| Company	Score
KraftHeinz	78
Colgate-Palmolive	76
The Coca-Cola Company	76
PepsiCo	75
P&G (Procter & Gamble)	73
Kimberly-Clark	73

How to read results: 80-100 Very high | 70-79 High | 60-69 Average | 40-59 Low | 0-39 Very low

Data collected from January to July 2022. Scores are based on company performance in their home markets.

Magalu in Brazil is the best perceived retail company globally. In Europe, dm-drogerie markt stands out as the best perceived retail store. CVS Pharmacy claims the top spot in the US.

Retail Ranking by market (Trust & Like Score)

Brazil
Company	Score
Magalu	85
RENNER	84
Cia.Hering	84
GPA	80
Extra	78

China
Company	Score
Sun Art Retail Group	79
Alibaba Group	78
Yonghui Superstores	78
CR Vanguard	77
GOME Electrical Appliances	76
Suning.com	75

France
Company	Score
E.Leclerc	73
Système U	71
Carrefour	69
Auchan	65
Les Mousquetaires	64
Groupe Casino	59

Germany
Company	Score
dm-drogerie markt	80
Edeka	74
Lidl	73
REWE Group	70
Otto Group	65
Ceconomy	64

Japan
Company	Score
FamilyMart	65
Seven & I Holdings	65
AEON	65
Yamada Denki	58
Fast Retailing	54
Don Quijote	54

United Kingdom
Company	Score
Marks & Spencer	74
Tesco	71
Sainsbury´s	71
John Lewis	70
Morrisons	69
Kingfisher	62

United States
Company	Score
CVS Pharmacy	77
Kroger	76
Costco	76
Target	75
The Home Depot	74
Walmart	71

How to read results

80-100	Very high	70-79	High	60-69	Average	40-59	Low	0-39	Very low

Methodology

About Caliber

Caliber aims to make business more trusted and trustworthy.

Through Real-Time Tracker, our continuous people listening platform, we radically change the brand & reputation monitoring field with a unique combination of real-time stakeholder tracking and corporate brand & reputation expertise. We help data-driven communicators and marketers capture stakeholder sentiment through daily online surveys and convert it into actionable insights that improve stakeholder preference and advocacy.

Our platform is fully customizable, globally scalable and more cost-effective than traditional research methods. It brings accurate and representative reputation data to its users, and allows them to share it across the business, and integrate it with media monitoring. As a result, the business becomes more agile and capable of both mitigating risks and optimizing activities across multiple arenas: from customer loyalty and employer attractiveness, to
CSR position and investor appeal.

Contact us

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Brand and Reputation

There is ample proof that stakeholder behavior is linked to the degree to which people trust and like a company. Therefore, the Trust & Like Score is the central element used by Caliber in measuring the strength of a company's brand and reputation.

To better explain the meaning of the Trust & Like Score we explore several attributes related to Brand, Reputation and Behavior – as well as information around demographics, professional background and the touchpoints through which stakeholders interact with companies.

You can find more about this approach on our website at **groupcaliber.com**

To better understand whether a certain score is positive or negative, we use a normative scale that shows how the particular result compares with Caliber's database consisting of similar studies:

80-100	Very high
70-79	High
60-69	Average
40-59	Low
0-39	Very low

About this report

Caliber monitors perceptions of thousands of companies around the world daily through automated online interviews with real people across various stakeholder groups.

This report is based on the insights gathered in 2022 from interviews conducted in Brazil, China, France, Germany, Japan, UK and USA. The data is based on interviews with more than 6,800 people.

The companies included in this report were selected as market leaders in the energy sector within their respective geographies and are therefore seen as representative of the industry.

In each country, the respondents are randomly selected, and the sample is representative of the national population in terms of gender, region and age within the age span of 18 to 75.

The representative nature of the sample in this study is achieved solely by setting demographic quotas. There is no weighting of raw data or results.

Survey questions

All questions are asked on a 1-7 Likert scale. Responses are normalized into a rating scale of 0-100

STANDARD ATTRIBUTES

REPUTATION
Offering	COMPANY offers compelling products and services
Innovation	COMPANY is innovative in its field
Integrity	COMPANY behaves responsibly
Leadership	COMPANY demonstrates leadership

BRAND
Authenticity	COMPANY is a company that does what is says
Differentiation	I consider COMPANY as standing apart from the competition in a positive way
Relevance	I can relate to what COMPANY stands for
Inspiration	I find COMPANY interesting

BEHAVIOR
Advocacy	I would say something positive about COMPANY to others, if given the chance
Consideration	I would buy, or continue buying, products and services from COMPANY, if given the chance
Recommendation	I would recommend COMPANY to others, if given the chance
Employment	If I were looking for a job, I would consider COMPANY as a place to work

QUESTIONS ON CONSUMER PERSPECTIVES

Future financial situation	To which degree are you concerned about your future financial situation?
Main issues for society	In your opinion, what are the main issues that will impact society in the next 12 months?
Purchasing decisions	What mostly drives your purchase decisions when shopping?
Focus for FMCG and Retail	What are the most important issues for retailers and producers of consumer goods to address?

80-100	Very high
70-79	High
60-69	Average
40-59	Low
0-39	Very low