



The Customer truly is King... So get down on your knees....

The drivers of reputation have changed over the last six months

Reputation matters. In July, 81% of the Opinion Leader Panel agreed that 'reputation is one of the strongest drivers of market value for a company'.

Reputation is based on three simple things : What you say, what you do and what others say about you. Strong, resilient reputations exist when these three things correlate.

We know from research that personal experience is the strongest driver of reputation – you are most likely to be an advocate when you have clear, personal stories to share. That's why customer experience is the most important driver of reputation.

Over the last six months we have seen marked changes in opinion leaders' perceptions of what really matters in today's turbulent marketplace. The way you behave with your customers is of paramount importance – suggesting that what you do is the lead driver of reputation. We call this "customer compact" – a deep, informed and overt commitment to your customers.

To be successful you need to 'walk in your customers' shoes' understanding them more than ever, being in tune with their mood, demonstrating they are your King and that you will bow down before them every day.

In these turbulent times we know that consumers are fearful about their jobs, their homes and their futures. The economy tops the 'issues of concern' on every published opinion poll and people are more likely to talk about the economy as their biggest worry than they were even back in 1992. In this environment, consumers are looking for brands and organisations that are completely in tune with their current needs and can help them make, and be seen to make, 'smart choices'.

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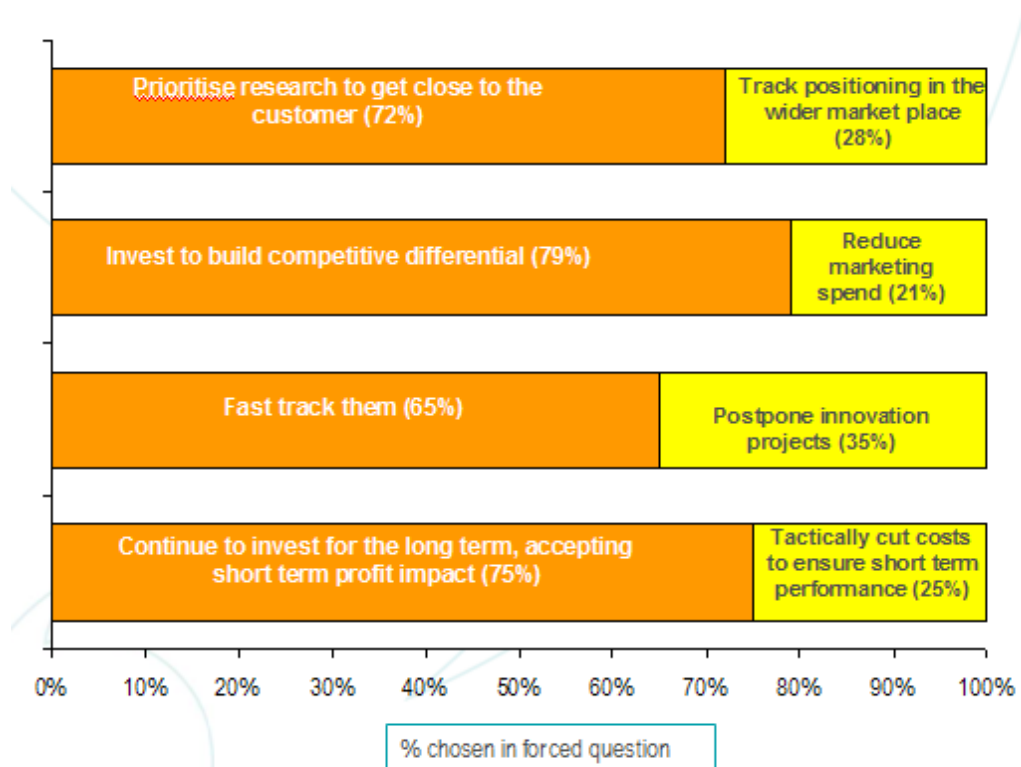
A recent study of 100 members of the Opinion Leader Panel, drawn from Politics and Government, Business, the City, NGOs and the Media highlighted that truly understanding and connecting with your customers has never been more important.

Deliver value today and distinction tomorrow

Organisations that will prosper help their customers through today's difficult times whilst also innovating for the future. Consumers will be different after this economic crisis and research and innovation needs to focus on understanding the needs of a new, more aware, more risk averse consumer. One who might, for example, be prepared to haggle, knowing that the first price is not the last price.

In spite of the current economic challenges, opinion leaders believe that there is a lot to play for. Nothing is sacred and we could see some of our most iconic business fail over the next couple of years. But we can also see the opportunity for some strong winners.

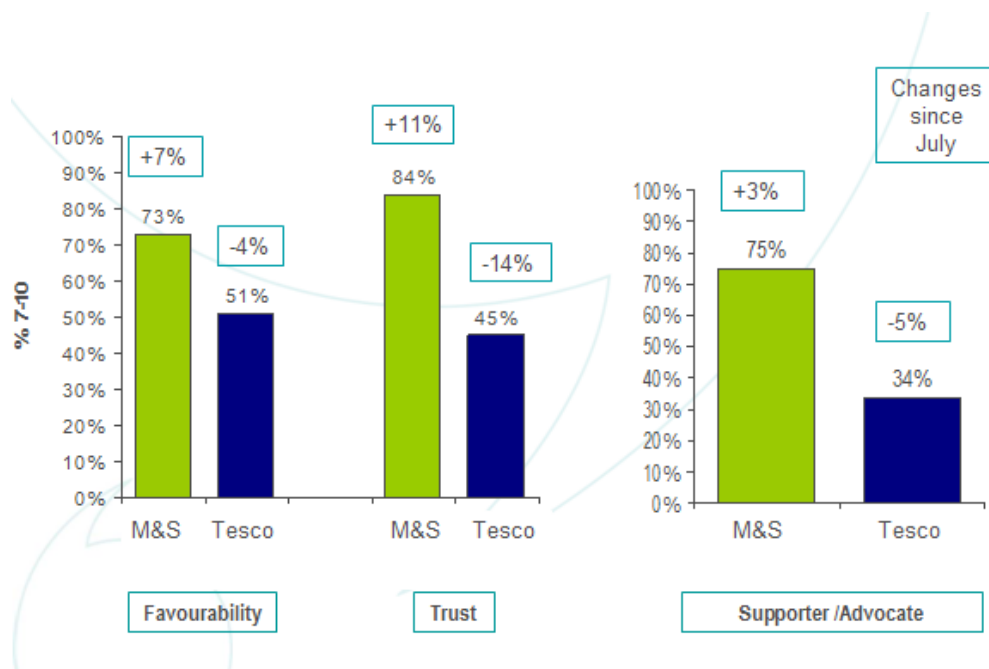
Focussed investment is essential for future success



When we forced opinion leaders to chose between alternative strategic options for managing in a recession, the picture was clear :

- Investment for the long term, accepting short term profit sacrifice rather than tactically cutting costs
- Investing to build competitive differential rather than reducing marketing spend
- Fast tracking innovation projects rather than postponing them
- Prioritising research to get close to the customer rather than tracking in the wider market place

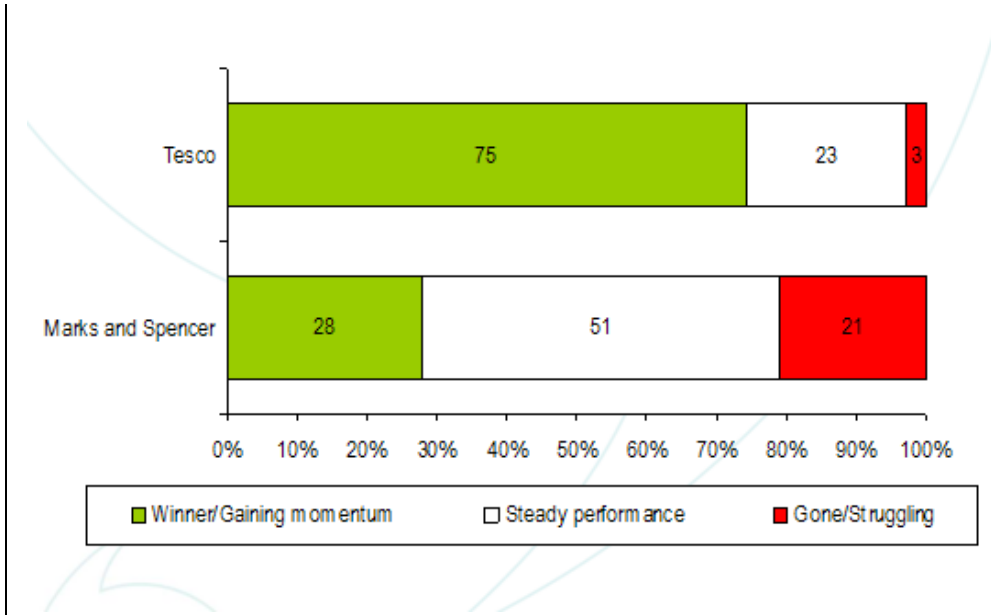
Getting it right on the high street



Customer closeness is most immediately recognised through communications and actions that are empathetic and authentic. Tesco is getting this right, demonstrating deep understanding of the nation's fears through underpinning 'every little helps' with the country's 'biggest discounter'. The demonstration of 'everyday value today and tomorrow' offers a compelling consumer message well suited to the times. 75% of the Opinion Leader Panel think Tesco will be a winner in the next 2 years.

By contrast, while opinion leaders are big fans of Marks and Spencer and rate them very highly on favourability, trust and advocacy, there is less optimism about their future. 21% believe that M&S could be struggling or gone in 2 years with 28% believing they will be thriving or winning. Opinion leaders rationally respect M&S, but emotionally is it demonstrating sufficient customer closeness in such difficult times? 20% discount days and 'Dine in for £10' recognise the need for short term added value but is

the need for everyday value? Is the current M&S Christmas advertising that paints a romantic, idealised picture of Christmas jarring in its level of escapism?



Tesco has demonstrated that its focus on 'customer first' is in tune with today's consumer who is worrying more about 'VFM' than 'CSR'.

'Ruthless with suppliers but they understand their customer base'

To be successful, brands must establish a new compact with their customers demonstrating responsiveness to the customers' needs and beliefs, 'thanking' them for their custom and committing to creating distinctive brands that will meet the customers' future needs and demands.

Viki Cooke, Chair, Opinion Leader