

## Companies' Reputations Depend On Service They Give Customers

By RONALD ALSOP

Clueless clerks roaming the aisles at Home Depot. Flight attendants in need of "anger management" counseling. Telemarketers calling promptly at dinner time to sell long-distance service.

These are just some of the consumer gripes that proved costly to companies in the third annual corporate reputation survey conducted by Harris Interactive Inc., an online market-research firm. People are fed up with lousy customer service, and they let it show in their ratings of many of the world's best-known companies.

Exemplary service gave a boost to companies such as FedEx Corp., United Parcel Service Inc., Hewlett-Packard Co. and Target Corp. "When a company provides great service, its reputation benefits from a stronger emotional connection with its customers, as well as from increased confidence that it will stand behind its products," said Joy Sever, a senior vice president at Harris, which developed the study with the Reputation Institute, a New York research group.

In the first phase of the survey, members of the public were asked to nominate companies they viewed as having the best and worst reputations. The 60 most frequent nominations then received detailed ratings and rankings from 21,630 respondents to an online survey conducted in October. Enron Corp., whose reputation has collapsed along with its finances, wasn't much in the news during the spring and summer of 2001, when the list of companies for the most recent survey was being compiled.

Emotional appeal is the primary driving force behind corporate repu-

tation, the results show. That would help explain why Johnson & Johnson has such remarkable staying power in the No. 1 spot, hanging on for three years running. Johnson & Johnson has cultivated a powerful image as "the caring company," associated with products for cuddly babies. Financial performance, products and services, vision and leadership, social responsibility and workplace environment also figure into the scores.

Quality of products and services was the next most important factor — and that's where many companies were found wanting. Paul Houck, a 42-year-old grocery clerk and student in Lake George, N.Y., can't forget the burgerless Big Mac he got from the drive-through window at his local McDonald's. "It's gotten so bad that we have to double check the bags before leaving the restaurant," he says.

People listed McDonald's Corp. as the most recognizable of all corporate logos and one of the most socially responsible companies. But experiences like Mr. Houck's knocked the company down to 33rd place from 24th a year earlier. Well aware of service problems, McDonald's says it has "an aggressive action plan under way," including new regional vice presidents for quality service and cleanliness, a national toll-free number for consumer complaints and "mystery shoppers" to evaluate employees' performance.

Home Depot Inc. dropped to 19th place in 2001 from 4th in 2000. Many people said they can't find products they need in the chain's cavernous stores — and many clerks seem to be just as lost. One

respondent recalls a trip to the store for flooring supplies: "It took three calls to get someone to help us. Another time we were purchasing fencing material and we had to load all of the material ourselves. It was almost impossible to get an employee to help."

Home Depot says it is on the case. Salespeople are now unpacking merchandise late at night so they can help customers during prime shopping hours. More employees are working on the selling floor on weekends.

Airlines and telecommunications companies took beatings for their customer service. People especially resent the phone companies' persistent telemarketing. As for airlines, the public generally finds the flying experience unfriendly and uncomfortable. "It used to be glamorous to fly," one respondent said. "Now, we are herded on board, told to sit down, shut up and hang on." Air carriers were scolded for being lax on security and for laying off so many people so soon after Sept. 11.

Some companies were hurt by management turmoil and financial troubles. Of the 60 companies in the 2001 survey, DaimlerChrysler AG and Lucent Technologies Inc. registered the biggest drops in reputation scores because of low ratings of financial performance and of vision and leadership.

Many respondents believe the merger of Chrysler and Daimler-Benz was a mistake. "The Mercedes reputation hasn't rubbed off on Chrysler, and I think the merger has hurt the Mercedes name a bit," 55-year-old Barry Patterson, of Las Cruces, N.M., says in an interview. "They need to try to

### Corporate Leaders

Corporate leaders with the highest ratings in six categories. The maximum possible rating is 100.

#### Emotional Appeal

Johnson & Johnson	85.51
Coca-Cola	83.62
United Parcel Service (UPS)	82.53
Maytag	82.30
FedEx	81.95

#### Financial Performance

Microsoft	86.46
Coca-Cola	81.82
Intel	81.66
3M	80.71
Johnson & Johnson	80.68

#### Products & Services

Johnson & Johnson	85.68
3M	85.17
Sony	84.47
Intel	84.11
Hewlett-Packard	83.64

#### Social Responsibility

Johnson & Johnson	78.65
Coca-Cola	78.01
Wal-Mart	76.64
Anheuser-Busch	76.48
Hewlett-Packard	75.80

#### Vision & Leadership

Microsoft	87.92
Intel	80.62
Coca-Cola	79.22
Johnson & Johnson	79.22
Sony	78.69

#### Workplace Environment

Microsoft	82.37
Johnson & Johnson	81.39
Intel	81.12
IBM	79.49
FedEx	79.08

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transfer Mercedes engineering to the domestic cars. The quality never seems to quite be there in the Chrysler cars I have rented.”

“It has been an enormously challenging year for us, and this year’s results don’t reflect the underlying strength of DaimlerChrysler,” says Han Tjan, director of corporate communications. “We will have to work harder to get public perceptions changed.” In February 2001, the company announced a turnaround plan including 26,000 layoffs and other cost-cutting measures.

Lucent, too, is restructuring, but many respondents questioned its future strategy. “No clear direction or objective for the company” was a typical comment. A spokesman responds, “We’ll bounce back based on the merits of our products, the innovations in our labs and the success of our restructuring.”

Top ratings for financial performance and management’s vision and leadership propelled

Microsoft Corp. into second place. Respondents praised Microsoft for innovation, but some were critical of its dominance in the software market, calling it “a punk” and “monopolistic.”

Coca-Cola Co. made a striking comeback, placing third in 2001 up from 16th in 2000. Coke ranked first when people named the company they trusted most to do the right thing and the stock they would definitely buy. “The public appears to have forgiven, or forgotten, the company’s mistakes,” says Harris Interactive’s Ms. Sever. “Only companies with historically strong reputations have the ability to rebound this quickly.”