

**### FOR IMMEDIATE RELEASE ###**

**TRUMP PRESIDENCY INJECTS \$1 TRILLION OF RISK INTO THE MARKETS...A  
WAKE-UP CALL FOR REPUTATION OWNERS**

**SAN FRANCISCO, 20 September 2017** – Since the election of President Trump, corporate valuations have risen to record-setting highs. But along with the gains comes greater risk as reported in the 2017 Reputation Dividend report which finds that the gross value of corporate reputations across the S&P 500 in 2017 reached \$4,561 billion or 20.6% of the gross market capitalization.

Spurred on by expectations of deregulation and generous tax breaks, the post-election wall of cash frustrated by low-yield alternatives inflated investor confidence as company Reputation Contributions – the proportion of market cap accounted for by their reputations – grew by 3.7 percentage points; the equivalent of \$977 billion of shareholder value.

The study concludes that now, more than ever, reputation owners need to take a disciplined and data-driven approach to implement the strategies needed to ensure and protect the value of their reputations in what could be a rough ride ahead.

**Who's In and Who's Out**











Within that, the report explains that the 10 most powerful reputations in corporate America inspired such confidence as to contribute nearly half, 48%, or \$1,579 billion of all corporate value.

Shaking off investor worries about ESPN, **Walt Disney** took the top spot with a Reputation Contribution of 52.5%. Investor expectations for an increasingly strong pipeline and financial performance drove significant Reputation Contribution helping catapult **Johnson & Johnson** to second place, up from its 9<sup>th</sup> position. **Alphabet (Google)** held on to third place. **Comcast's** 6.4% point rise in Reputation Contribution to 48.5% helped it jump from 14<sup>th</sup> place to 4<sup>th</sup> replacing **ExxonMobil** who was nudged down one position to 5<sup>th</sup>. **Starbucks'** Reputation Contribution of 47.5% helped it hold on to its 7<sup>th</sup> position for another year.

Investors' courage in supporting **Microsoft's** purchase of LinkedIn and belief in the future of its cloud-based Office products significantly lifted its Reputation Contribution, to make it the only other company to break into the top ten. Its 9 percentage points increase in Reputation Contribution to 47.2% helped it claim the 8<sup>th</sup> position leaping from 29<sup>th</sup>.

Elsewhere, fears about softer China sales and earnings eroded significant Reputation Contribution causing **Apple** to drop from the top seed to 6<sup>th</sup> place. Missed earnings and lack of future R&D investment caused investor worry to drive down **Nike's** Reputation Contribution from 5<sup>th</sup> place to 9<sup>th</sup>. Rounding out the field, **Facebook** dropped from 6<sup>th</sup> place to finish in 10<sup>th</sup> place as investor concerns grew about possible revenue deceleration and planned spending. Although their reputation assets continued to be high performing, they have lost some investor lustre.

**Figure 1: The Top 10 US Most Valuable Reputations**

	Reputation Contribution	Reputation value	2016 rank	Change in Reputation Contribution
	52.5%	\$90,735m	2	+0.5% pts
	49.4%	\$155,443m	9	+4.4% pts
	49.1%	\$278,642m	3	-2.5% pts
	48.5%	\$85,492m	14	+6.4% pts
	48.5%	\$169,681m	4	-2.7% pts
	47.8%	\$317,890m	1	-8.1% pts
	47.5%	\$39,287m	7	+0.5% pts
	47.2%	\$232,479m	29	+8.9% pts
	45.6%	\$40,995m	5	-1.8% pts
	44.7%	\$168,092m	6	+2.5% pts

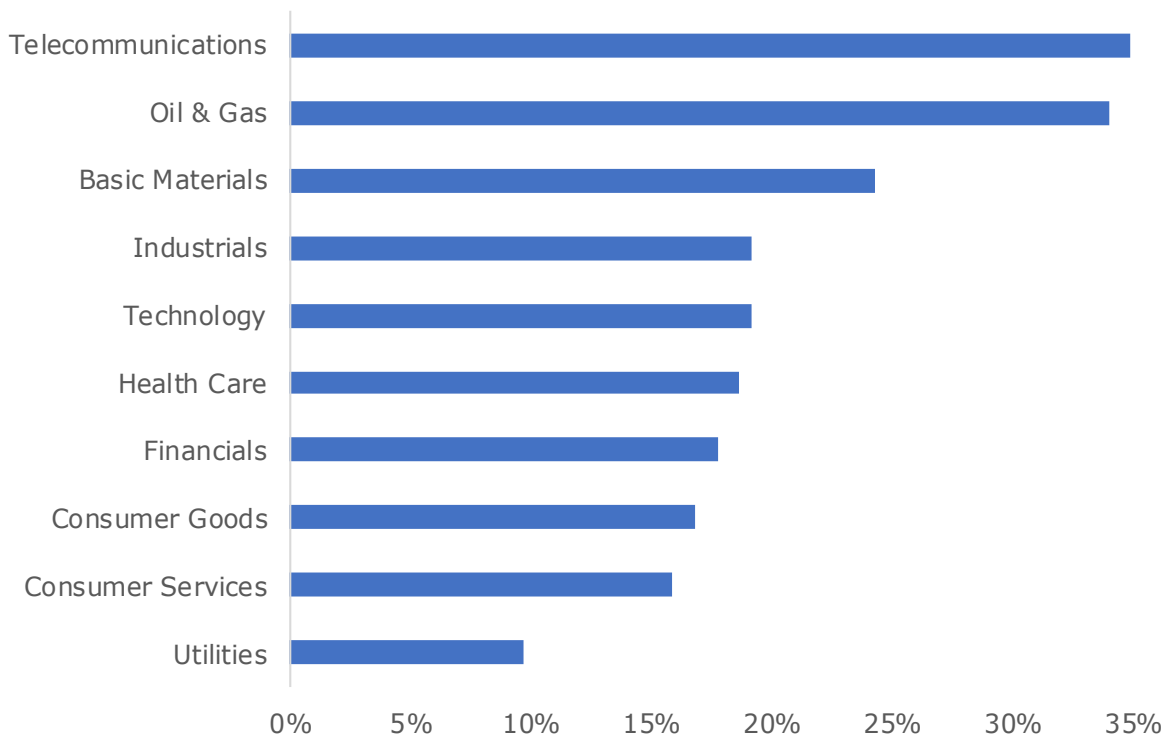
This year, the study affirmed that while investors continue to keep a close eye on core fundamentals, they have also been boosted by short-term optimism. They are betting on fiscal and regulatory freedoms outweighing a toxic cocktail of macro-economic events including Brexit, the strength of the US dollar, oil price uncertainty, a slowdown in the Chinese economy and increasing geo-political risk.

This has caused a notable dislocation in investor behavior with severe commercial implications. “We are witnessing US investors voting affirmative to short-term interests and the ‘shelter’ they infer from compelling corporate reputations,” explains Reputation Dividend Director Sandra Macleod. All of which, she adds, “Is creating imperatives in boardrooms across the country as such optimism and expectations have resulted in even greater pressure to protect individual corporate reputation assets.”

**Not All Sectors Are Created Equal**

In addition to examining individual companies, the study highlights that one of the factors behind reputational influence is industry sector. According to Reputation Dividend’s Senior Vice President, Bob Takacs, “Typically, we see that stock performance is judged in part by reference to peers and competitors.” In 2017, average sector Reputation Contributions varied from as much as 35% in the highly competitive consumer world of Telecommunications where expectations are governed by confidence to as little as 9% in Utilities where controls are greater, choice is less and outcomes more predictable to investors. He adds, “Sectors like Cable and Telecommunications, characterized by the likes of Comcast and AT&T, may be heavily regulated but they still require investors to place high degrees of ‘trust’ in individual performances to garner support.”

**Figure 2: Reputation Contribution (average) by Industry Sector**



Takacs goes on to observe from this year’s report that, “Reputation leaders cannot allow themselves to be seduced by the allure of the ‘Trump Bump’ and be lulled into ‘reputational coasting’ as they see short-term exuberance driving stock price growth – this will put even more shareholder value at risk.” He goes on, “Amid the increased risk injected after the election and looming toxic macro-economic cocktails, understanding the role of reputation as a beacon of reliability, dependability and delivery is more relevant than ever. Leaders need to ensure their activities will have maximum effect in protecting and ensuring their corporate reputation is working in alignment with market interests.”

## About the Study

Reputation Dividend's Valuation Study is used by leading corporations to support value-creation planning and strategic messaging by explaining the locus of investor interests in the US, Europe and Brazil.

Now in its tenth year of publication, the Valuation Analysis, covers some 360 of the largest companies in the US. The 2017 US study was run in parallel with its sister UK study, and is based on data reported up to March 2017.

The rigorous approach to determining the precise value generating components of corporate reputation has provided global management teams with the means to maximize the impact of their efforts. In particular, it has helped business leaders and reputation stewards the ability to:

- Prioritize the foundations of reputation value – ensuring that messages play to and secure the critical strengths of a company's corporate reputation
- Align corporate brand into the wider brand management strategy
- Plan communications strategy – by playing to the components of corporate reputation that will unlock the most incremental shareholder value in the shortest amount of time

The US Executive Summary can be downloaded at:

[The 2017 US Reputation Dividend report](#)

## About Reputation Dividend

Founded by ex Interbrand specialists and a team of analysts, Reputation Dividend is the only recognized index of the financial value of corporate reputation as measured as a percentage of market capitalization.

Reputation Dividend is a trusted advisor to many of the leading Fortune 100 companies within the Aerospace, CPG, Financial Services, Pharma and IT/Telecoms sectors.

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