THE W REPORT

Boeing, Chick fil-A & Intel

2023-Q1

COMPANIES COVERED IN THIS REPORT

GO FOR THE W™

About This Report

Our Report Series

Basic economic theory shows that in a highly competitive market, returns will be driven down to essentially no economic profit as rivals imitate any known advantage. To achieve a durable advantage, executives must find ways to defy this very powerful force of competition.

The W Reports™ provide a proven, unique way to see what contributes to a company's revenue growth today, and predictive power of where company executives can focus efforts to drive future revenue.

Through our W-30 companies and consumer panel, we continually monitor how well each company meets their customer expectations. Our subscribers access this proprietary data to build durable competitive advantages as we monitor their customers using our SaaS system.

For more about wRatings, see our appendix or contact us at wRatings.com.

Report Coverage

Business Framework	VALUE	PREMIUM	CHALLENGER
Media/ Technology	Google, facebook, intel, Microsoft	Disney	NETFLIX, Roku, twitter, zoom
Food/ Retail	Domino's, amazon, Costco Wholesale	Starbucks Coffee, lululemon	Beyond Meat, Chick-fil-A, crocs, Tractor Supply Co
Industrial/ Transport	ExxonMobil, Boeing, Ford, Southwest	John Deere, ups, Delta	WM Waste Management, Tesla, Uber
Home/ Finance	Johnson & Johnson, Charles Schwab	Toll Brothers, American Express	Zillow, Square

See wRatings.com/w-30-companies for our most current coverage

Key Findings Summary

In this report, we look at the customer growth strategies of several companies within our W-30 coverage, and how well those strategies match up to their customer's perception. By customer growth strategies, we mean the stated reasons executives say customers buy from them. For example, executives may claim their company is a pioneer or is highly talented, which we can then ask customers if they perceive them as innovative or their employees are competent.

Executives make statements about why customers buy from them, but these claims often go unchecked. The statements are found in their investor presentations, websites and other publicly available materials. We map these stated areas to customer expectations, and then measure the gap between expectations and performance using our wRatings panel via online interviews.

For this report, we look at three companies from vastly different industries: Boeing (BA), Intel (INTC) and Chick-fil-A. The first two are publicly traded, whereas Chick-fil-A publishes an annual Franchise Disclosure Document with financial and operational data. We use Southwest (LUV), Microsoft (MSFT), and Starbucks (SBUX) respectively as industry benchmarks for each.

Overall, Intel's growth strategy aligns the best with customer perception, although Chick-fil-A is a very close second. Boeing's strategy continues to struggle, but performs well with customers in one of their historically core strengths.

This aligns with their Net Promoter Scores® of 51.6, 44.6 and 9.4 respectively for the same time period (2023-Q1).

	BOEING	Chick-fil-A	intel
*No. of Growth Strategies	5	5	5
Mapped to No. of Customer Expectations	11	13	12
Assessment as of 2023-Q1	3 ↑ Meeting Expectations	5 ↑ Meeting Expectations	6 ↑ Meeting Expectations
	3 ↔ Somewhat Meeting	7 ↔ Somewhat Meeting	5 ↔ Somewhat Meeting
	5 ↓ Not Meeting	1 ↓ Not Meeting	1 ↓ Not Meeting

* Most companies typically state between 3 and 8 growth strategies, which we map to needs from our customer interviews. Our benchmark database contains customer perception on 12 functional needs and 5 emotional needs, with typical averages of n=200 responses per company on a TTM basis.

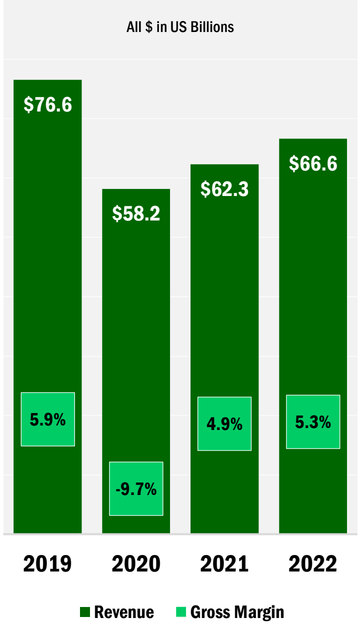
Three Well-Known Companies, Three Different Journeys

Life was different back in 2019. These last four-plus years have changed the trajectories of many companies in different ways. Some survived, others did not. And yet others actually thrived.

This report covers three well-known companies that experienced three different competitive journeys over the last several years, and how their executives are making decisions today to thrive as leaders in their industry.

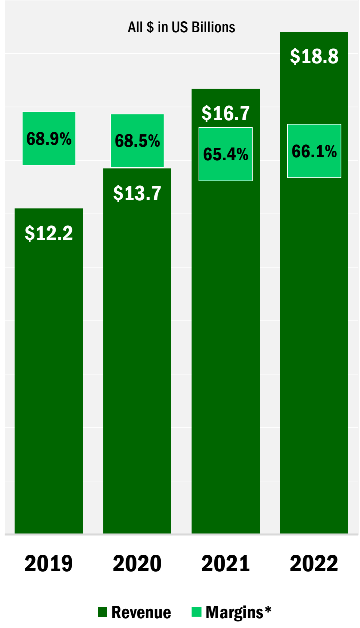
- **Boeing (BA)** primarily generates revenue from large commercial airplanes. Due to both the pandemic and extended grounding after two fatal 737 MAX crashes, revenue growth suffered but CEO David Calhoun (Jan 2020) has steered the company back into positive growth.
- **Chick-fil-A** is the third largest fast-food chain in the US. Andrew Cathy, grandson of founder Truett Cathy, is CEO of the privately held chain that continually grows.
- **Intel (INTC)** pioneered the x86 architecture in today's computers and is the world's largest chipmaker. Due to some missteps, relatively new CEO Pat Gelsinger (Feb 2021) is now guiding the giant out of a rocky environment.

BOEING



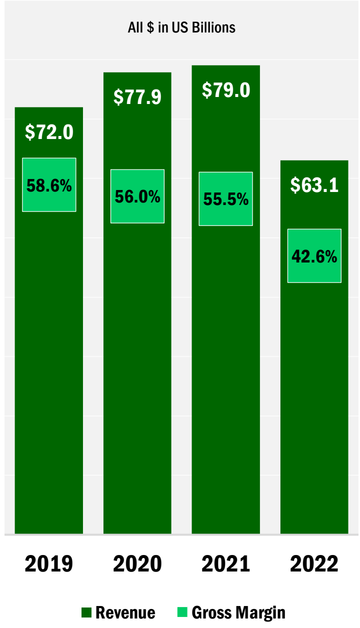
Revenue Growth Rate	
2020	-24.0%
2021	7.1%
2022	6.9%

Chick-fil-A



Revenue Growth Rate	
2020	12.3%
2021	21.7%
2022	12.8%

intel



Revenue Growth Rate	
2020	8.2%
2021	1.5%
2022	-20.2%

Sources: The companies
* Chick-fil-A reports Revenue as System-wide Sales; Margins use from CFA's revenue and income

Boeing Customer Growth Strategy

Boeing competes in commercial airlines, defense/space & security and global services (aftermarket support to airlines).

In contrast to Intel, struggles at Boeing have been readily apparent. The 737 MAX had two fatal accidents within six months, and the pandemic reduced air travel to almost nothing in early 2020. Growth has turned positive in recent years and gross margins are rising, but still not back to pre-2020 levels.

Similar to the Intel and AMD/TSMC competitive landscape, Boeing has few rivals that are skilled at winning market share. The sheer complexity of commercial aircraft manufacturing provides a substantial barrier to entry for new rivals. Boeing's duopoly with Airbus (which acquired Bombardier's assets) is only being challenged by China's Comac.

Boeing's defense segment also competes with relatively few competitors, and contracts are often technically complex, sole-sourced and long-term. For both these business segments, the contract sizes at stake are large and considerable.

Boeing executives must navigate out of some murky waters before hitting its full stride again. Their chosen pathway includes mitigating risk and a strategic focus that returns to core customer promises.

Boeing 2022 Investor Conference
November 2, 2022

Key Areas for Winning

- Low Risk
- Product Safety
- Digital Enablement
- Employee Talent/Culture
- Producibility & Strict Product Conformance

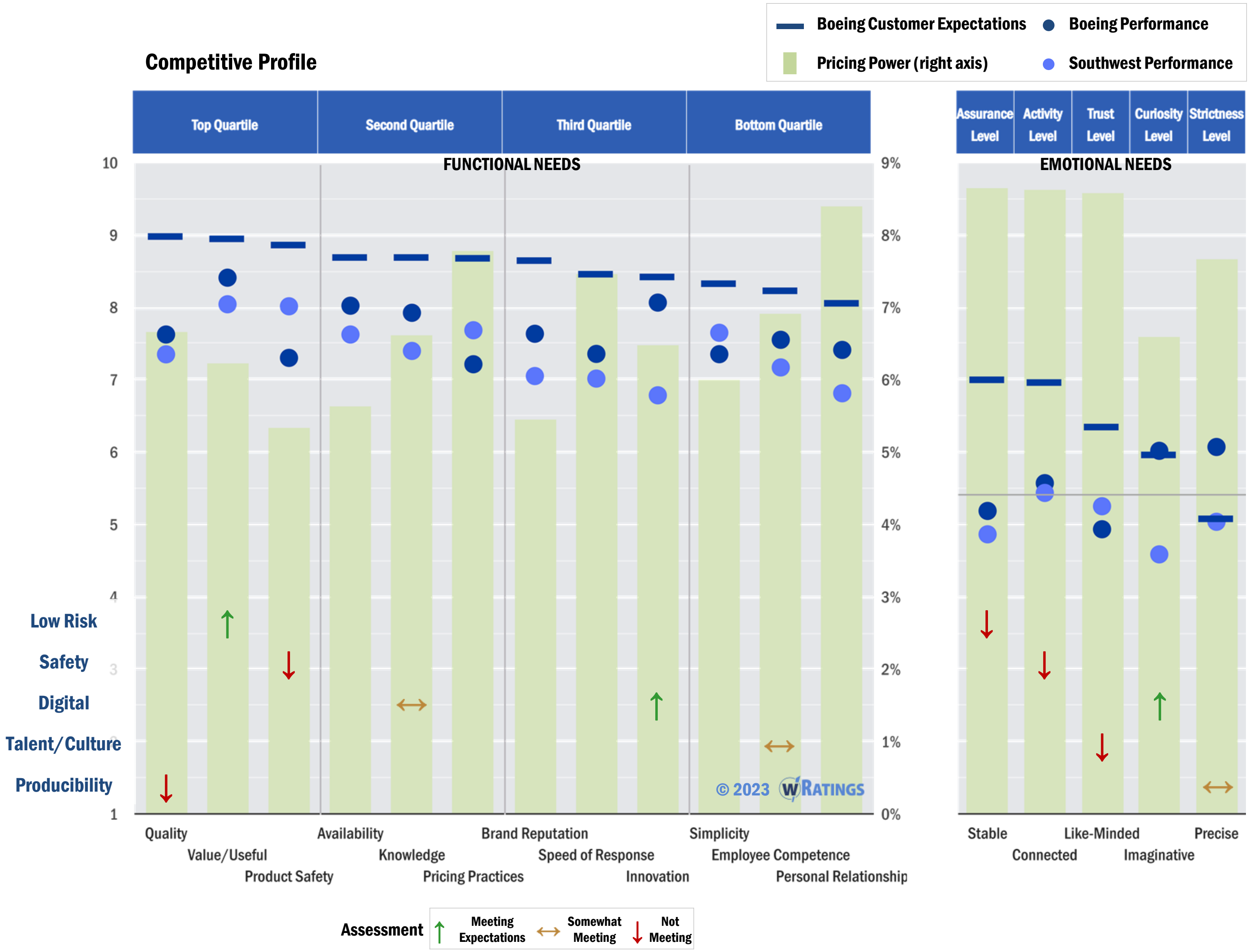
How Boeing Customers View Their Strategy

To assess Boeing's performance on their strategy, we map each key area to customer expectations (blue lines) and then measure how closely customers say Boeing meets them (blue circles).

- **Low Risk** maps to customer assurance levels for stability weighted against its overall value/usefulness. Customers view Boeing as unstable, although Southwest is more unstable.
- **Product Safety** maps to customer's perception of being safe to fly and ready for action (activity). Customers do not perceive Boeing as safe, with safety being one of its largest gaps.
- **Digital Enablement** maps to knowledge-sharing, innovation and being imaginative (curiosity levels). Customers see Boeing as highly innovative & imaginative, and continue to believe the company possesses unique knowledge.
- **Employee Talent/Culture** maps to competence and trust levels. Customers continue to struggle trusting Boeing, although do believe employees are competent.
- **Producibility & Strict Product Conformance** maps to quality and strictness levels (precision). Customers view Boeing as still having quality issues while somewhat meeting expectations for strictness.

Although risk mitigation remains underway for Boeing, customers strongly believe in the company's innovation and imaginative products.

Pricing power, which is the willingness for customers to pay a premium if a company met their expectations, is highest for Boeing for personal relationship along with three emotions. This is a compelling source of value for Boeing to tap during their turnaround.



Chick-fil-A Customer Growth Strategy

Chick-fil-A is one of America's most envied fast-food chains, being a hit with both consumers and franchisees while racking up substantial wealth for its family founders. The company remains privately owned with the grandson of founder Truett Cathy now running the company.

The business model is rather simple: Provide high-quality chicken products via first-class customer service, and charge premium-level prices for it all.

The operations model is even more impressive: Chick-fil-A owns all the operating stores so franchisees don't need to raise their own capital. This allows the company to focus on franchising to high-character people who can operate only 1 store (no multiple franchisees), and must work in that store daily.

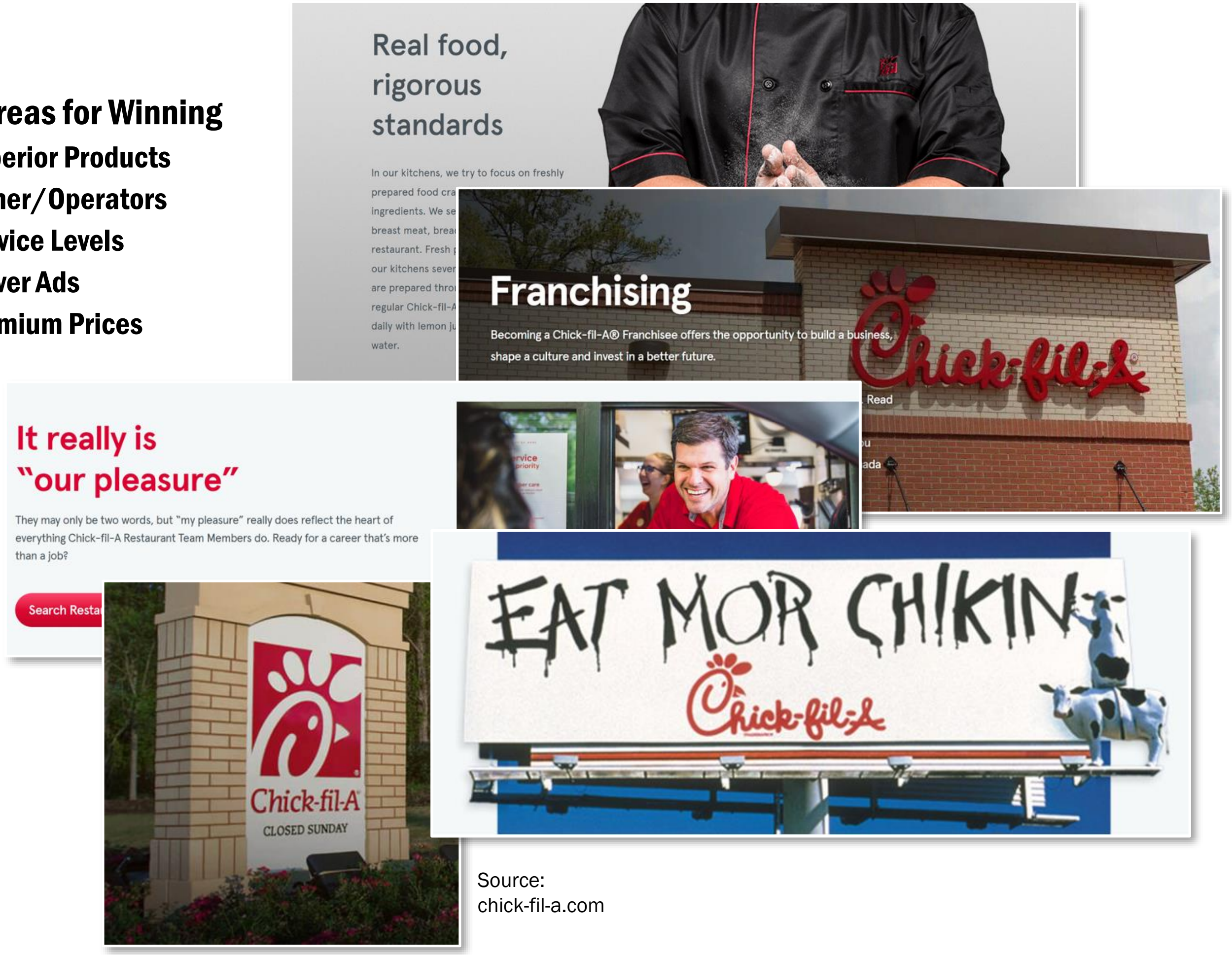
This tightly integrated business/operations model ensures commitment to the overall Chick-fil-A mission of service. Training requires employees to converse with and learn names as customers sit down, while always responding to any thank you with their now famous "my pleasure."

Year after year, Chick-fil-A generates the highest store per sale for the fast-food industry – often more than McDonalds, Starbucks and Subway combined. And since Chick-fil-A is closed on Sundays, they achieve this with just 6 days/week of revenue.

Closing one day per week may also generate unaware benefits: Attract better employees that ensures a day off, while creating some pent-up demand when customers know they can't eat Chick-fil-A on any given Sunday.

Key Areas for Winning

- **Superior Products**
- **Owner/Operators**
- **Service Levels**
- **Clever Ads**
- **Premium Prices**



Source:
chick-fil-a.com

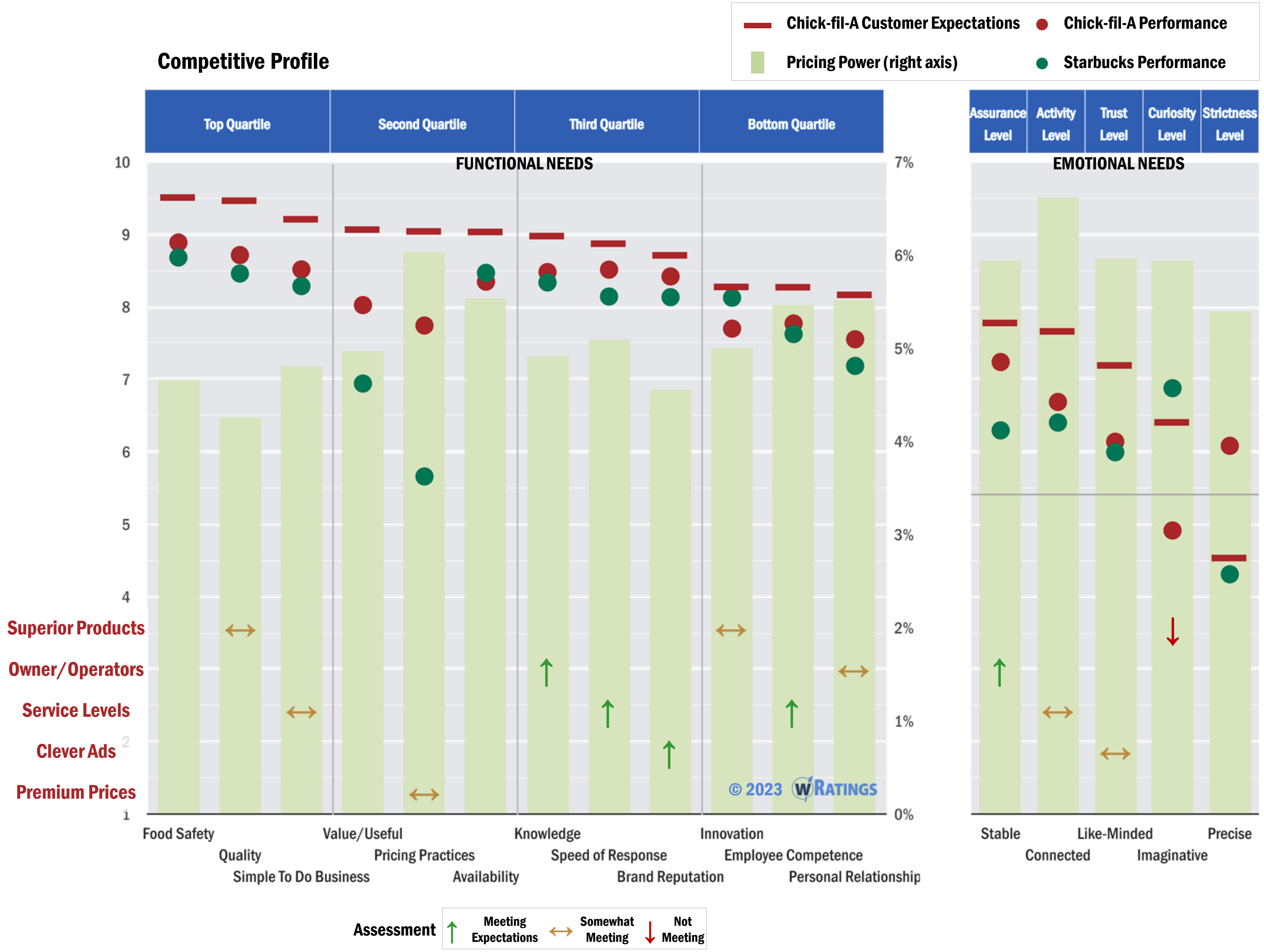
How Chick-fil-A Customers View Their Strategy

To assess Chick-fil-A's performance on their strategy, we map each key area to customer expectations (red lines) and then measure how closely Chick-fil-A meets them (red circles).

- **Superior Products** map to quality and innovation using an imaginative approach. Chick-fil-A performs well on innovation while mostly meeting quality expectations. Surprisingly, customers want Chick-fil-A to be much more curious, indicating their need to adapt their business framework.
- **Owner/Operators** map to customer's perception of knowledge, personal relationship and stability. This area appears to be the true competitive advantage as customers fully believe the company strongly delivers on all three areas.
- **Service Levels** map to simplicity, speed, competence and connectedness. Customers believe in Chick-fil-A's superior service, especially with their speed and competence.
- **Clever Ads** map to brand reputation and trust levels. Customers love the brand, although trust levels are only being partially met. This could be due to their core religious beliefs.
- **Premium Prices** map to their pricing practices, where Chick-fil-A performs admirably well given they command higher prices than most rivals.

The power of Chick-fil-A's unique franchise model, where operators are actively involved with the customer experience, is seen in how well their customers perceive the company across virtually all customer needs. Chick-fil-A out-executes Starbucks in all but four customer areas.

Pricing power is highest for its pricing practices, indicating the Chick-fil-A loyalty program likely generates substantial benefits.



Intel Customer Growth Strategy

Before the "Intel Inside" logo officially launched in 1991, Intel was not well known to consumers and mostly relied on its technical prowess. The initial investment of $250 million in the campaign took many by surprise, and media critics had a field day saying it was money down the drain.

Fast forward to 30+ years later, and the Intel brand is well-recognized and well-trusted based on its recent #8 ranking in the US most loved brands (by Merchant Machine).

While still the market share leader for x86 processors in PCs and servers, primary competitor AMD/TSMC is gaining market share for CPUS due to Intel delays and other missteps. But, increased mobile devices require more and more data access via the cloud, and that cloud computing has sparked investments in data center servers, much to the benefit of Intel.

These new areas also create new competitors. Some Intel customers are now designing their own CPUs, and the rise of artificial intelligence favors specialized chips from newcomer Nvidia.

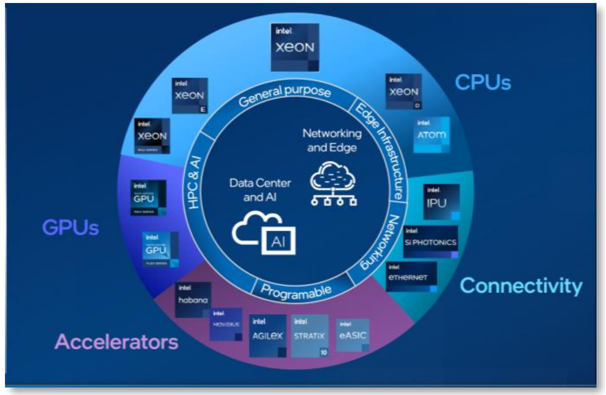
With the increasing competitive landscape, Intel's value proposition to customers has never been more critical.

Based on their Jan 2023 investor webinar, Intel executives believe they win with customers due to five key areas.

The Original Intel

Source: Intel.com

The New Intel



DCAI Investor Webinar, March 2023

Key Areas for Winning

- Large & Growing TAM (extensive reach)
- Product Leadership
- Experiences, on Platform and PC
- Open Ecosystem
- Innovation

PC TAM and Platform Roadmap Investor Webinar, January 2023

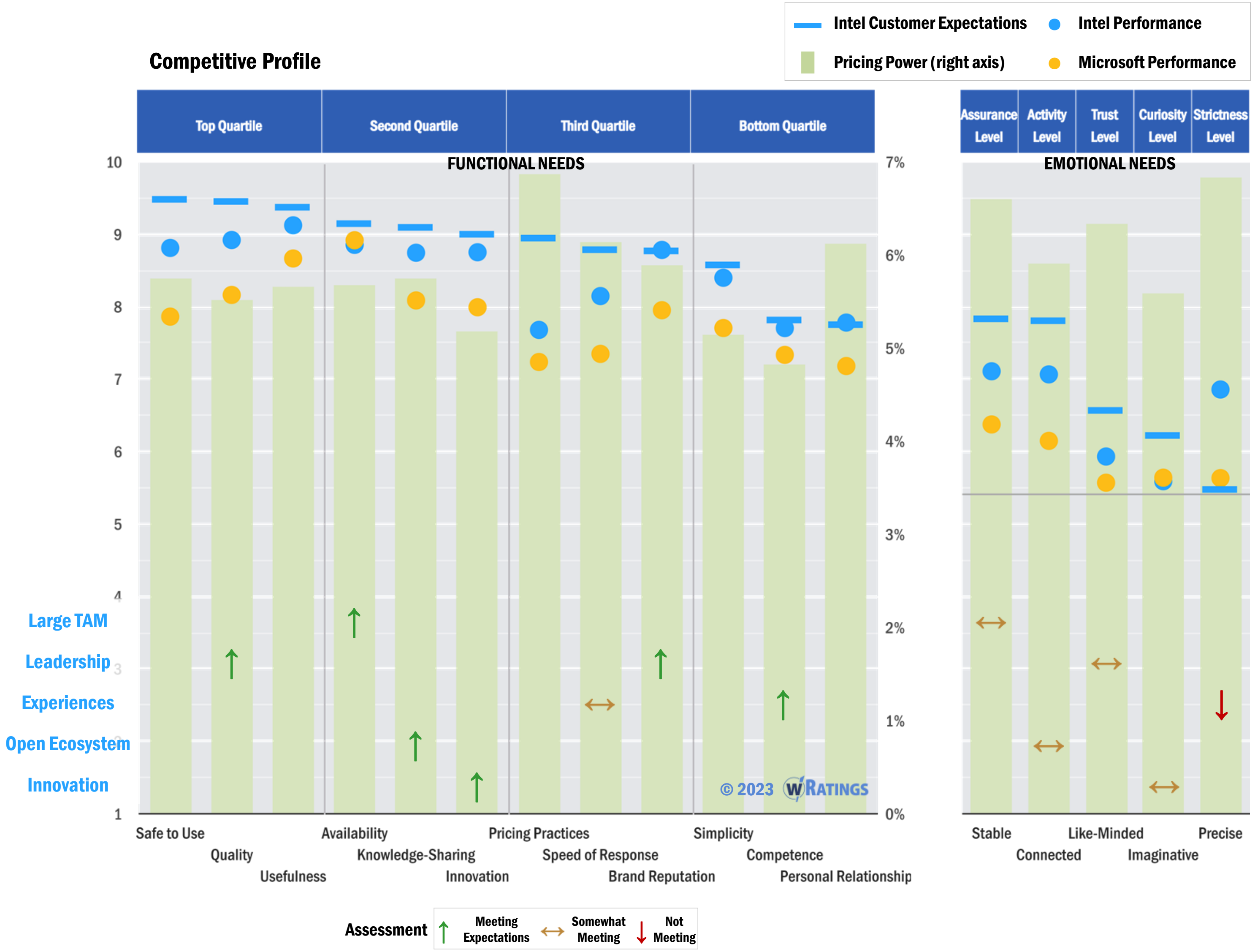
How Intel Customers View Their Strategy

To assess Intel's performance, we map each key area to customer expectations (blue lines) and then measure how closely customers say Intel meets them (blue circles).

- **Large & Growing TAM** (extensive reach) maps to availability of products/services. With customers, availability remains strong although they prefer Intel to be more stable and assuring.
- **Product Leadership** maps to quality, brand and trust levels (like-mindedness). Intel's brand remains very strong with customers, while quality and trust remain mostly intact.
- **Experiences** (Platform and PC) map to speed, competence and the right balance of being precise/flexible (strictness). Intel's performance is most varied here, with customers seeing strong competence but a lack of flexibility (which has been common in many post-pandemic markets).
- **Open Ecosystem** maps to knowledge-sharing and the ability to connect (right level of activity). Customers believe Intel remains knowledgeable, although prefer more connection.
- **Innovation** maps to curiosity levels and the right balance of being imaginative and practical. Customers continue to see Intel as imaginative and highly innovative.

Overall, the reasons that Intel executives say they win lines up exceptionally well with customer perception. Intel also out-performs Microsoft across virtually all areas of customer needs.

Pricing power is highest for Intel with its pricing practices, indicating that Executives could tap into a consumer loyalty program along with a direct personal relationship to improve.



Moat Framework & Revenue Growth

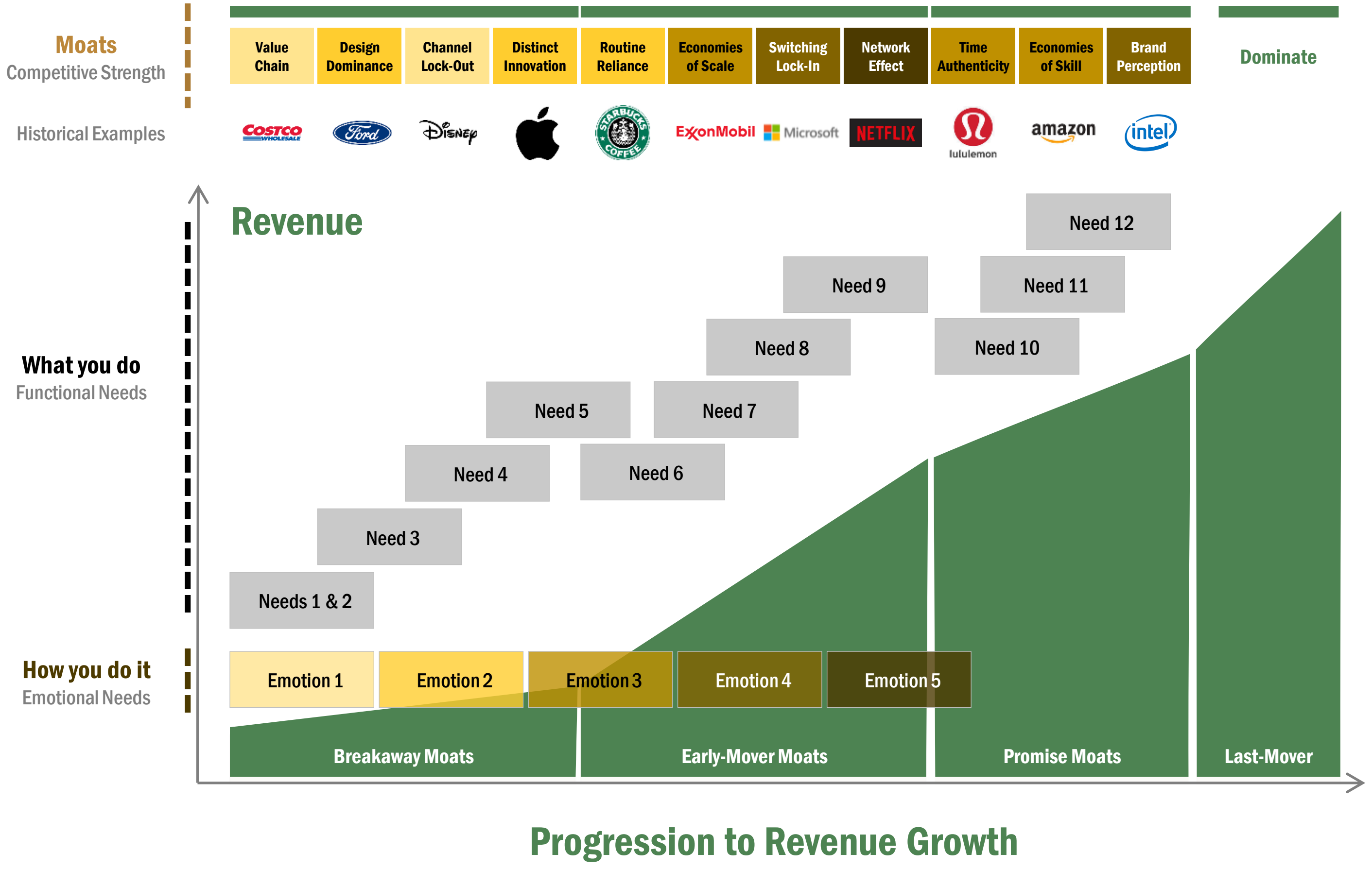
Similar to castles of the past, companies must build moats around their customers to keep rivals from taking them away. Most discussion about moats in business refer to economic moats, where a company's advantages are seen (or not) in their financials. Our moats refer to customer moats, which are the precursors to and continuation of economic moats.

In two different studies (2001-2005 and 2005-2015), we examined 135,000+ customer interviews to determine what the most financially successful companies did to meet expectations better than their industry rivals. **We found 11 patterns – moats – in the data that show how companies progress through stages to meet specific customer needs and build momentum**.

Executives can borrow ideas that meet those needs from other companies outside their industry and adapt them to build moats to out-smart and out-execute rivals.

Progression to revenue growth typically occurs over four stages:

- **Breakaway:** Up to 85% of all companies get stuck in the first two moats as they fluctuate between performance and price promises.
- **Early-Mover:** Out-think and out-execute rivals by setting up new rules that rivals struggle to follow.
- **Promise:** Using the power of consistency over time, generate barriers for customers to use in their buying decision factors.
- **Last-Mover:** Never let rivals say they are "the same"; Constantly defend and repeat growth moats to avoid reversion to the mean on your financials.



Moat Strategy: Boeing, Chick-fil-A & Intel

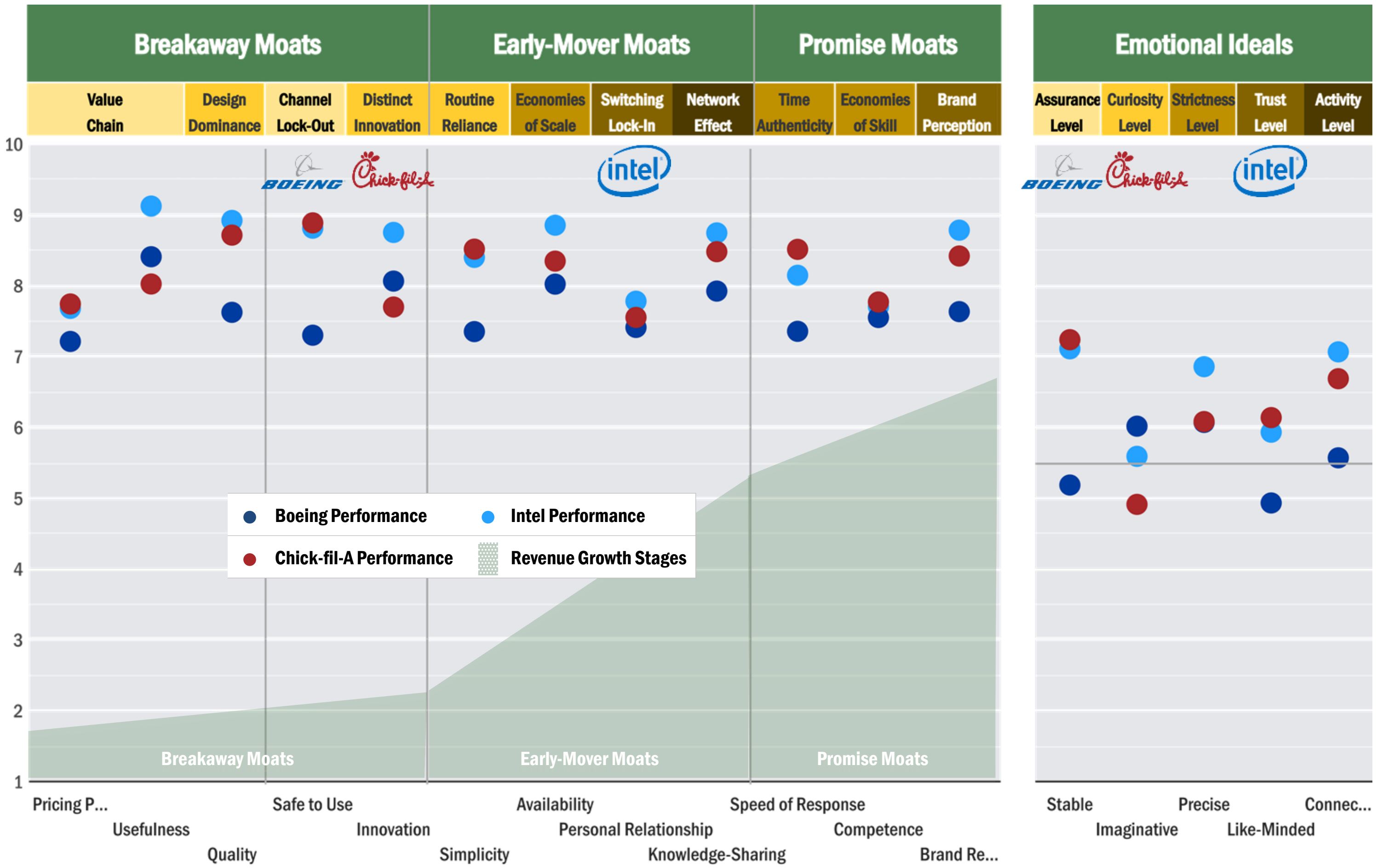
While using our customer data is helpful to assess a company's performance, the real power when laying out data in a moat profile to discover how to best grow revenue. This helps executives make decisions about where to invest by separating needs into three investment buckets: table stakes (cost-reductions), core strengths and diverging (future differentiation).

In this Moat Profile, we layout diverging needs for each company.

- Channel Lock-Out. **Boeing's risk mitigation approach remains a work in progress, and future growth depends on their ability to address safety and stability to breakaway.** Boeing has several tools in its bag to return to dominance. By focusing on their consistency, longevity & stellar ability to deliver on imagination, executives can reassure customers of their stability.
- Distinct Innovation. **Chick-fil-A is strong in its industry, yet potential opportunities exist to improve**. Customers expect them to be more innovative and imaginative, where they surprisingly lag both Intel & Boeing. Executives should try new menu items, store formats and other out-of-the-box ways to challenge their customer's curiosity levels.
- Switching Lock-In. **Intel has a unique opportunity to re-establish their early mover dominance** beyond their original success with the x86 architecture. Customers expect a more direct personal relationship. Executives can use their innovation and brand to build a competitive advantage. The old Intel let customers spot the best PCs. Executives can repeat this in each new market since customers already believe in Intel.

For more information, schedule a demo at wRatings.com.

Moat Profile



For more information about our moat framework, contact us at wRatings.com

Appendix

The Power of wRatings

Our Business Framework: We Help Executives Win

Using our customer perception research with artificial intelligence algorithms, **we make revenue growth visible so executives can set the new rules of competition in their markets.**

To drive financial improvement for our clients, we make a series of fixed investments in tools, benchmark databases and predictive analytics. Using our patented, proprietary research methods, we build forward-looking views of where companies can create compelling value for their customers.

In May 2002, our research was highlighted as the cover article in *Harvard Business Review*. We are a partner to the Drucker Institute that scores the best managed companies, which is published in the *Wall Street Journal* every December.

CEOs/Executive Teams and PE Firms/Hedge Funds gain real-time access to our research & analytics through our fully automated SaaS (Software-as-a-Service) system.

FIXED INVESTMENTS

SaaS Tool (Software-as-a-Service)

Patents, Analytics & Predictive Power

Benchmark Database

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Companies scoring the highest in our ratings out-perform the S&P 500, Russell 1000 and Russell 2500

Our Top Companies	S&P 500 (Total Return)	Russell 1000 (Total Return)	Russell 2500 (Total Return)
154.1%	133.2%	128.9%	83.5%

Source: Concentus Wealth Advisors, April 1st, 2023

Our Portfolio of Winners (sample from 450+ companies)

While we work with organizations from all sectors of the global economy and have conducted research in 40+ countries and 15+ languages, we are not industry experts in anything but one area: revenue growth.

Since the late 1990's, we've been measuring customer expectations and how well companies and their rivals meet them. We also measure how much pricing power each company possesses, and which customer areas each company can improve to capture the most pricing power.

We especially value our executive relationships, where many have worked with us at multiple stops during their careers. This is a clear sign that our system not only works, but is an integral part of an executive's playbook to success.

Consumer Goods

Brown-Forman
Coca-Cola
Coors
Estee Lauder
Johnson & Johnson
Kellogg
Lexmark
Nike

Finance/Insurance

Aflac
Equifax
GE Healthcare
GEICO
MasterCard
Northwestern Mutual

Home & Travel

AirTran Airlines
Allied Waste/Republic
Builders FirstSource
Carnival Cruises
FedEx
Sikorsky Aircraft
The UPS Store

Media & Advertising

Anthony Robbins Co.
BBDO
ESPN

Telecom

AT&T / Cingular
Verizon

Retail/Food

Aramark
Burger King
Chili's
Dollar Tree
Men's Wearhouse
OfficeMax
Performance Food
PetSmart
Rite-Aid
Walmart

PE & Hedge Funds

Concinnity Group
CVC Capital
Diamondback
Mantle Ridge

Tech/Consulting

Cymer
Drucker Institute
Google
i2 Technologies
IBM
Oracle
SAP

Industrial/Materials

ADAMA
DLF Seeds
Finning/Caterpillar
Shrieve Chemical
Syngenta
Univar
Vixxo/FM Facility

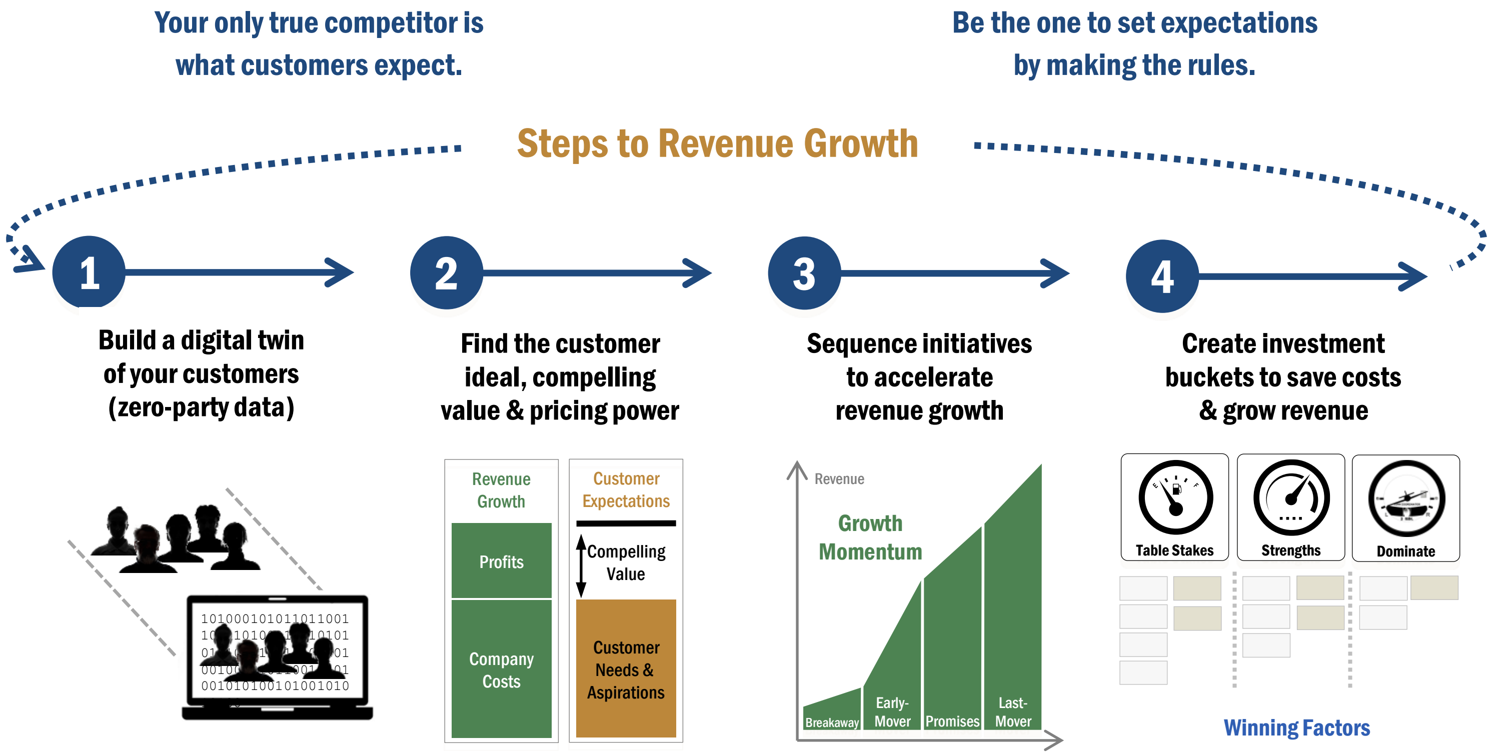
Breaking Away: It’s A New Way of Thinking

We help companies leapfrog their rivals by infusing a completely new way of attacking customer value.

Rather than copying what your competitors are doing (or trying to do), we introduce a superior way to grow your revenue by introducing the only true competitor you have: What customers expect.

We measure customer expectations based on not only what they want you to do, but how they want to feel when you do it. Emotions drive customers off their status quo and create pricing power, two of the most critical aspects to revenue growth.

By setting the new rules of competition, you force rivals to continually play catch-up to your market position.



THE W REPORT