

# Most Competitive Companies

## 2024-Q1

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# We are Moneyball for Sales Growth

See our research in

THE WALL STREET JOURNAL.  
INVESTOR'S BUSINESS DAILY

Harvard Business Review

Similar to sports team owners, business executives must build a decision-making framework that provides a roadmap for how to win. In the early 2000s, Sabermetrics unlocked a new way of thinking for baseball owners: The pathway to winning wasn't through buying players, but through buying runs.

We believe there is an epidemic failure in business to understand what really drives the sports equivalent of winning, sales growth. This leaves executives to misjudge why customers buy and mismanage their resources. Companies think in terms of customer satisfaction. The goal isn't to satisfy customers – the goal is to set, then meet, their expectations. And in order to win more customers and drive sales growth, you need to be a rule-maker in your industry, not a rule-taker.

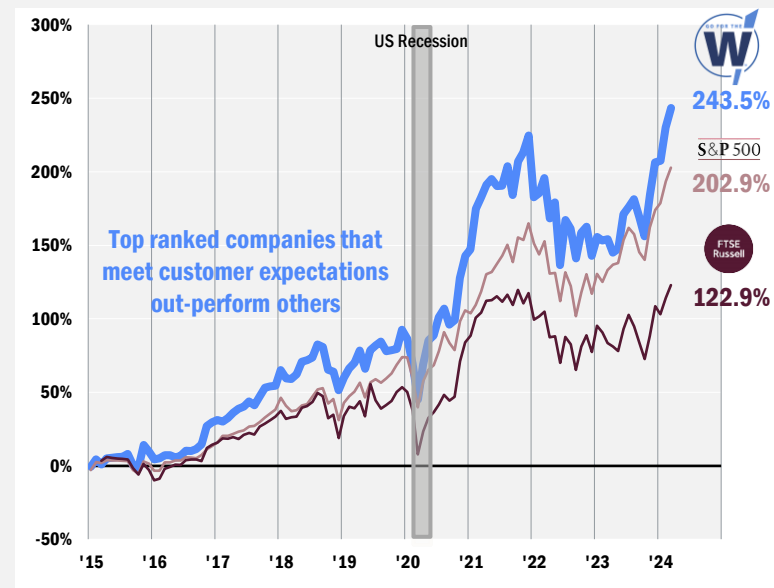
Sales growth gets stalled by tracking the past via customer satisfaction. Many companies with highly satisfied customers are no longer in business: Just look at Blockbuster, Borders, Compaq, and (on the brink) Sears. The pathway to growing sales isn't through satisfaction, but through setting & meeting customer expectations.

How do we know that to be true? For 25 years, we've used our patented methods to measure the size of the gaps between customer expectations and performance on hundreds of companies. The chart here is proof, as the top ranked companies from our universe of coverage continually out-perform the S&P 500 and Russell 2500 every year since the fund started.

In this report, we spotlight our most current rankings of 30 well-known companies based on their ability to meet customer expectations, what we call competitive strength. Sign up [here](#) to become a wRatings insider and receive our exclusive updates/insights on these companies and others.

## Independent Proof

wRatings Portfolio vs. S&P 500 and Russell 2500



Source: Concentus Wealth Advisors, As of March 31<sup>st</sup>, 2024

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# Key Takeaways






## In this report

- ✓ Nowhere in the W-30's customer data is inflation impacting them more than pricing power, as it continues to decline to 3.64% for companies. Sales growth (YoY) also remains at a pre-pandemic low of 5.12%.
- ✓ One of the few W-30 companies that has been able to hold on to their pricing power over the past 4 years is Cash App, a company owned by Block (SQ). How did they do it? They made a new rule in the fintech industry, forcing rivals to have to follow them.
- ✓ Net Promoter Score® has declined across all industries since late 2021 as inflation continues to impact customer engagement, although the Home/Finance industry is starting to buck that trend.
- ✓ Media/Technology companies are struggling the most to meet customer expectations, driven in large part by the ongoing competitive war for streamers Disney (DIS) and Netflix (NFLX).
- ✓ In 2024-Q1, NPS and pricing power are determined more at a company-level than industry- or framework-level.

## Top 5 Most Competitive

1		<b>91.8%</b> Premium Industrial/Transport
2		<b>82.8%</b> Premium Media/Technology
3		<b>79.0%</b> Standard Food/Retail
4		<b>78.1%</b> Challenger & Discounter Media/Technology
5		<b>77.1%</b> Premium Food/Retail

## Top 5 Movers YoY

1		<b>43.9%</b> ↑ Premium Home/Finance
2		<b>25.1%</b> ↑ Challenger & Discounter Home/Finance
3		<b>18.8%</b> ↑ Premium Home/Finance
4		<b>10.7%</b> ↑ Premium Industrial/Transport
5		<b>10.3%</b> ↑ Standard Media/Technology

# Our Methodology and SaaS Platform

Similar to the Dow Jones Industrial Average of 30 prominent companies, we've selected 30 well-known companies from our universe of coverage to form the W-30 Company Index. **We chose them based on their size, industry, and brand recognition, as well as their business framework:**

- **Premiums**, that compete on quality offerings
- **Challengers**, that challenge the status quo
- **Standards**, that are leaders in their industry
- **Discounters**, that compete on price or are free

Rankings of the W-30 serve as a scorecard for any organization, providing unbiased data to benchmark your competitive strength. To generate the rankings, we poll thousands of consumers at the end of each quarter to measure their expectations against each company's performance.

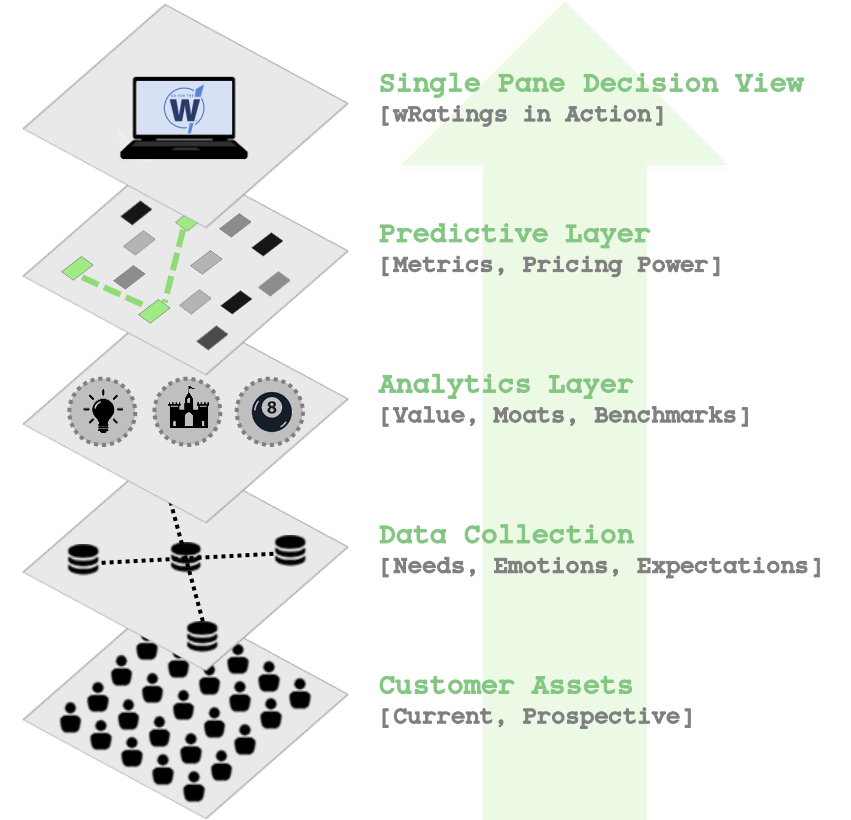
All wRatings clients receive access to the W-30 benchmarks through our SaaS (Software-as-a-Service), along with the customer data we collect about them and their key rivals. Our platform delivers real-time, predictive analytics that identifies compelling value sources to drive sales growth.

## The W-30 Company Index

	STANDARDS	PREMIUMS	CHALLENGERS
Media/ Technology	facebook* intel Microsoft	Disney Apple	NETFLIX Roku zoom
Food/ Retail	Domino's amazon COSTCO* WHOLESALE*	STARBUCKS COFFEE lululemon	BEYOND MEAT crocs TRACTOR SUPPLY CO
Industrial/ Transport	ExxonMobil BOEING Southwest*	JOHN DEERE ups	WM WASTE MANAGEMENT TESLA Uber
Home/ Finance	Johnson & Johnson charles SCHWAB*	Toll Brothers AMERICAN EXPRESS	Zillow Cash App*

\* Discounters or Free

## Our Sales Growth SaaS



# 2024-Q1 Most Competitive Companies

In the top spot now, **#1 Deere** moved up five spots from a year ago by gaining over 10% in competitive strength. Deere’s “smart, industrial strategy” continues to meet customer expectations in both Simplicity and Employee Competence.

**#6 Costco** jumped three spots and sports the highest NPS® as their business framework as both a standard and discounter bucks the trend towards premium companies.

Two Finance companies, **#7 Cash App/Square** and **#9 American Express**, continue their rise with substantial 18%+ jumps in competitive strength.

And although NPS for **#8 Toll Brothers** is relatively low, they improved ~44%+ and jumped 19 spots from one year ago.

### About Moat Scores

The moat concept was made famous by Warren Buffett decades ago, as moats help protect a company’s growth and future earnings. The precursor to Buffett’s economic moats are customer moats, which is how we use the term. Moat Scores measure a company’s ability to meet their customer’s expectations. Because customer expectations are influenced by events outside a company’s control, Moat Scores capture areas that impact performance beyond the company. This provides a much deeper view than traditional NPS® or satisfaction scores by themselves.

Rank	Company	Moat Score	1-Yr Rank Change	1-Yr Score Change	Pricing Power	NPS®
1	Deere	91.8%	5	10.7%	3.8%	27.4
2	Apple	82.8%	3	9.1%	3.9%	45.6
3	Amazon	79.0%	1	4.4%	3.6%	43.4
4	Zoom	78.1%	-2	-5.6%	3.4%	46.5
5	lululemon	77.1%	-2	-1.9%	5.4%	18.6
6	Costco	76.5%	3	9.7%	3.2%	54.8
7	Cash App/Square*	70.8%	11	25.1%	4.1%	27.3
8	Toll Brothers	69.3%	19	43.9%	4.5%	14.5
9	American Express	64.6%	10	18.8%	3.5%	28.1
10	Intel	63.9%	-3	-7.2%	4.5%	40.9
11	Roku	63.0%	-10	-28.2%	3.0%	33.5
12	Zillow	62.4%	-4	-6.0%	2.8%	8.5
13	Crocs	58.9%	2	0.0%	4.3%	17.0
14	Starbucks	54.9%	-3	-2.2%	4.1%	9.0
15	Beyond Meat	50.2%	-5	-5.0%	4.1%	10.8
<b>Top Half</b>		<b>69.6%</b>			<b>3.9%</b>	<b>28.4</b>

Rank	Company	Moat Score	1-Yr Rank Change	1-Yr Score Change	Pricing Power	NPS®
16	Tractor Supply	46.7%	-3	-2.5%	2.5%	36.7
17	UPS	45.1%	-5	-8.5%	2.6%	38.8
18	Schwab	42.9%	-2	-6.0%	2.7%	12.8
19	Microsoft	42.3%	3	10.3%	3.5%	25.3
20	Dominos	40.8%	-3	-11.3%	3.7%	2.1
21	Uber	37.9%	-1	-5.6%	3.7%	0.0
22	Tesla	37.9%	1	3.8%	5.1%	14.6
23	Southwest	31.7%	3	4.7%	4.0%	16.1
24	Johnson & Johnson	30.4%	1	1.9%	2.8%	6.5
25	Waste Management	27.6%	3	9.1%	2.4%	13.2
26	Boeing	23.8%	-5	-16.6%	5.4%	(2.3)
27	Disney	22.3%	-3	-6.6%	3.1%	10.0
28	ExxonMobil	19.1%	1	8.5%	3.9%	(9.7)
29	Netflix	7.8%	-15	-46.1%	2.9%	3.6
30	Facebook*	0.3%	--	-0.6%	2.5%	(22.9)
<b>Bottom Half</b>		<b>30.4%</b>			<b>3.4%</b>	<b>9.6</b>

n = 6,802

Data Collection: March 18<sup>th</sup>, 2024 thru March 27<sup>th</sup>, 2024

\* We measure Cash App/Square and Facebook with customers; Block and Meta are their parent company names respectively

# Pricing Power and Sales Growth Continue to Decline

**Pricing power for the W-30 continues to decline to 3.64%**, well below pre-pandemic levels (2020-Q1) of 5.47%.

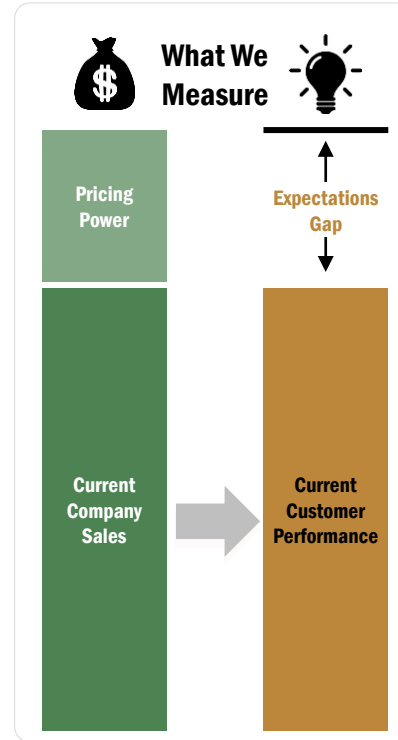
**Sales growth (YoY) also remains at a pre-pandemic low of 5.12%** as of the end of 2023.

Closing the customer expectations gap is critical to regaining both sales growth and pricing power.

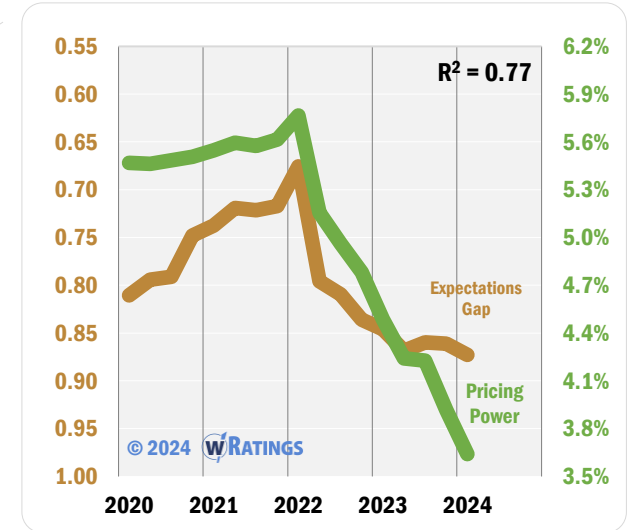
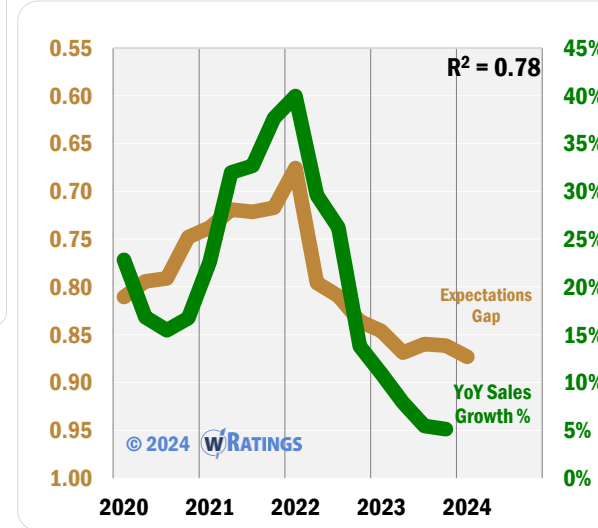
Using quarterly financial reports from the W-30, we can evaluate how much, if any, impact that meeting customer expectations has on generating sales growth and pricing power.

Since the first quarter of 2020, r-squared data from the W-30 shows that 78% of the variation of sales and 77% of pricing power can be explained by better meeting customer expectations.

The pathway to sales growth is for companies to set and meet customer expectations better than they have in the past, and better than their rivals.



**More sales growth and pricing power are driven by better meeting customer expectations**



Pricing power is the willingness of a customer pay X% more if their expectations are met.

# The Strength of the Home/Finance Industry

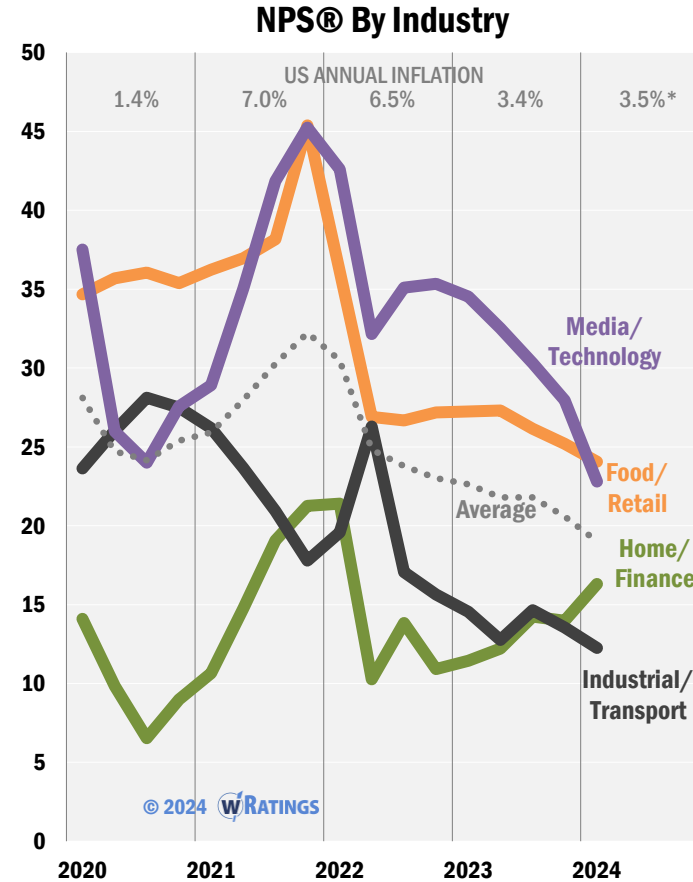
**Net Promoter Score® has declined across all industries since late 2021 as inflation continues to impact customer engagement. The Home/Finance industry is starting to buck that trend.**

The Media/Technology and Food/Retail industries have fallen the most, dropping by more than 20 points each, and still falling in 2024-Q1. The Home/Finance industry is on the rise over the last year, albeit only by ~5 points.

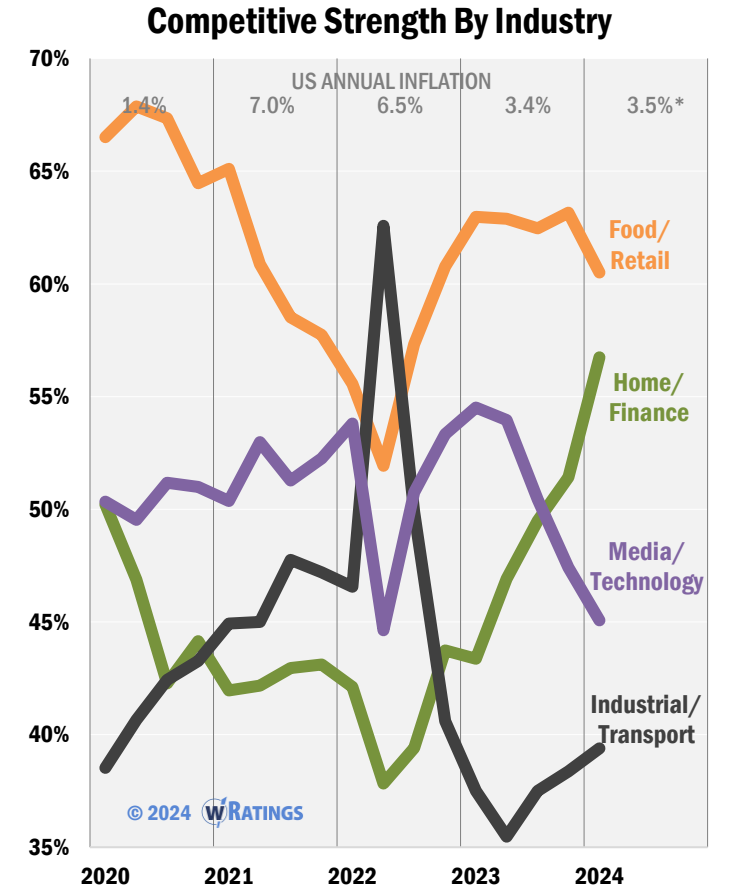
**Competitive strength scores tell a slightly different story, as NPS is a lagging indicator while competitive strength (Moat Scores) is a leading indicator due to tracking forward-looking customer expectations.**

Home/Finance and Industrial/ Transport are both increasing their performance to meet customer expectations. The Home/Finance increase is being driven mostly by #7 Cash App/Square and #9 American Express, as both help consumers trying to maintain their spending habits.

Media/Technology companies are struggling the most to meet customer expectations, driven in large part by the ongoing competitive war for streamers like #27 Disney and #29 Netflix.



Inflation data source: US Labor Department  
\* Latest data (12-month based)



Better Meeting Customer Expectations



# The Premium Business Framework Continues to Win

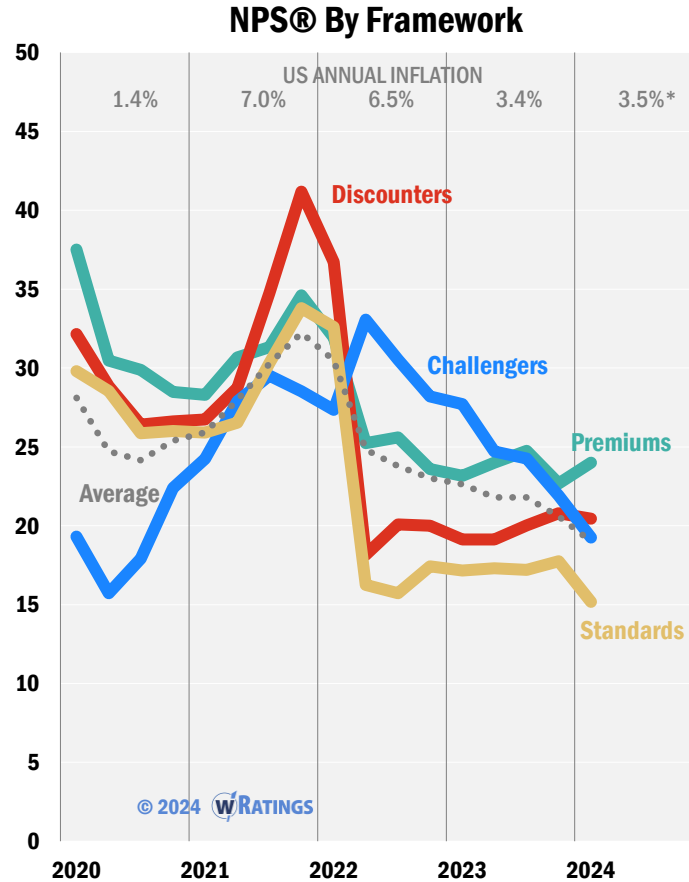
In the height of the pandemic, every type of business framework was working well as NPS® rose through the end of 2021. With a lot of price sensitivity, customers flocked to Discounters.

**The party ended abruptly in early 2022 as the full impact of rising inflation hit all business frameworks, but especially for Discounters and Standards (industry leaders).** Customers shifted their preferences to companies trying to fight the status quo, the Challengers business framework, but their engagement (NPS) increase was short-lived.

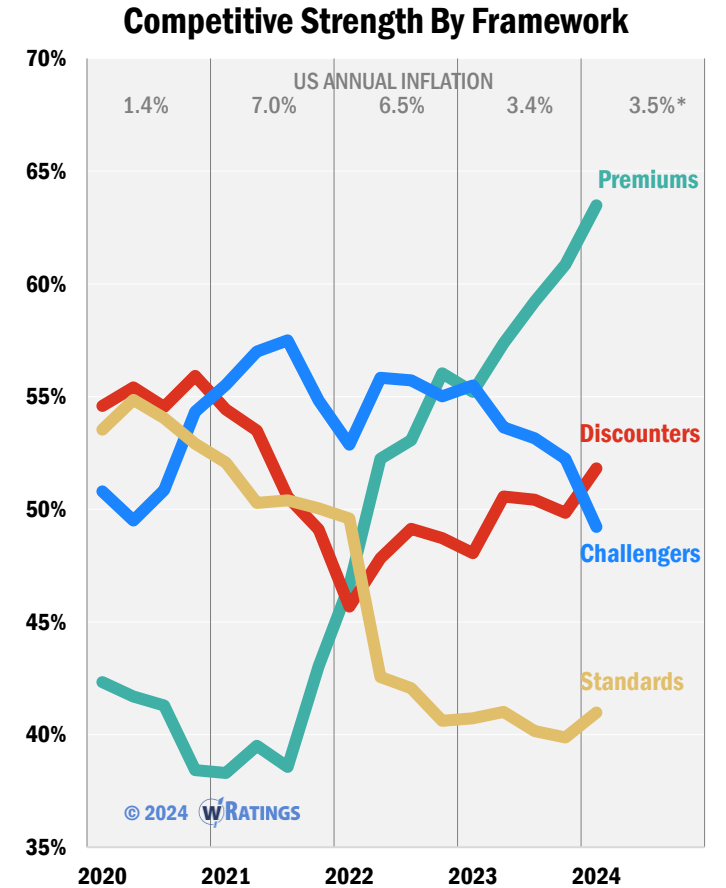
**In 2024, NPS is determined more at a company-level than industry- or framework- level.** While NPS is a lagging indicator, competitive strength is a leading indicator due to its ability to capture customer expectations.

Customers continue to trend toward premium business frameworks, where quality offerings are in higher demand. Customers are also turning more toward Discounters, due to their focus on value and price with some using freemium offerings.

The impact of inflation on customers appears to be bifurcating the market into winners at each end, Premiums and Discounters.



Inflation data source: US Labor Department  
\* Latest data (12-month based)



In 2024-Q1, we added the Discounter classification to Cash App

Better Meeting Customer Expectations





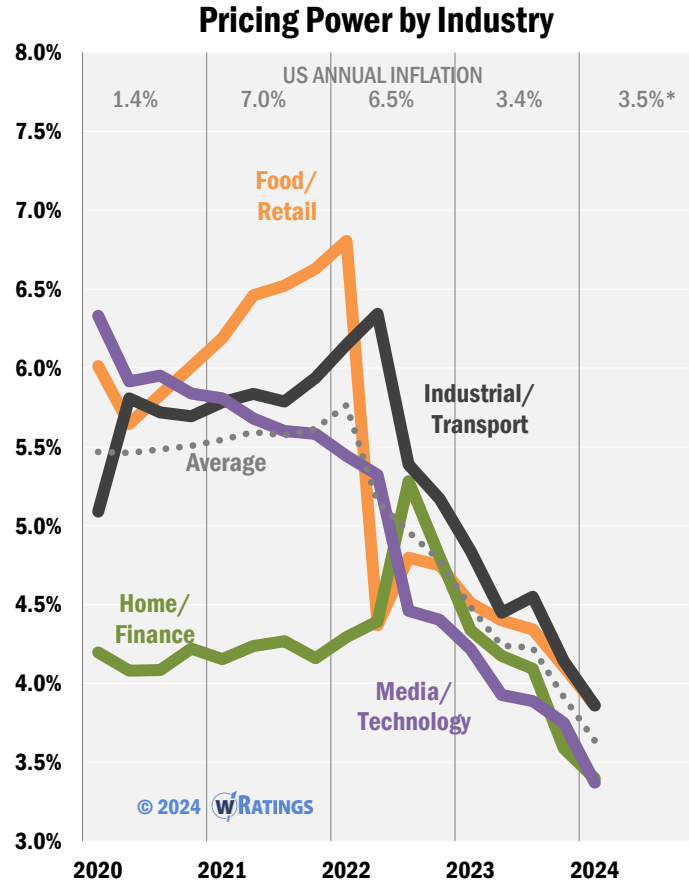
# The Impact of Inflation on Pricing Power

With inflation today, pricing power matters a lot because it allows companies to pass on their increased costs to customers without sacrificing sales volume.

**Nowhere in the W-30's customer data is inflation impacting them more than pricing power. Even though inflation has slowed, customers are unable to keep up with price increases.**

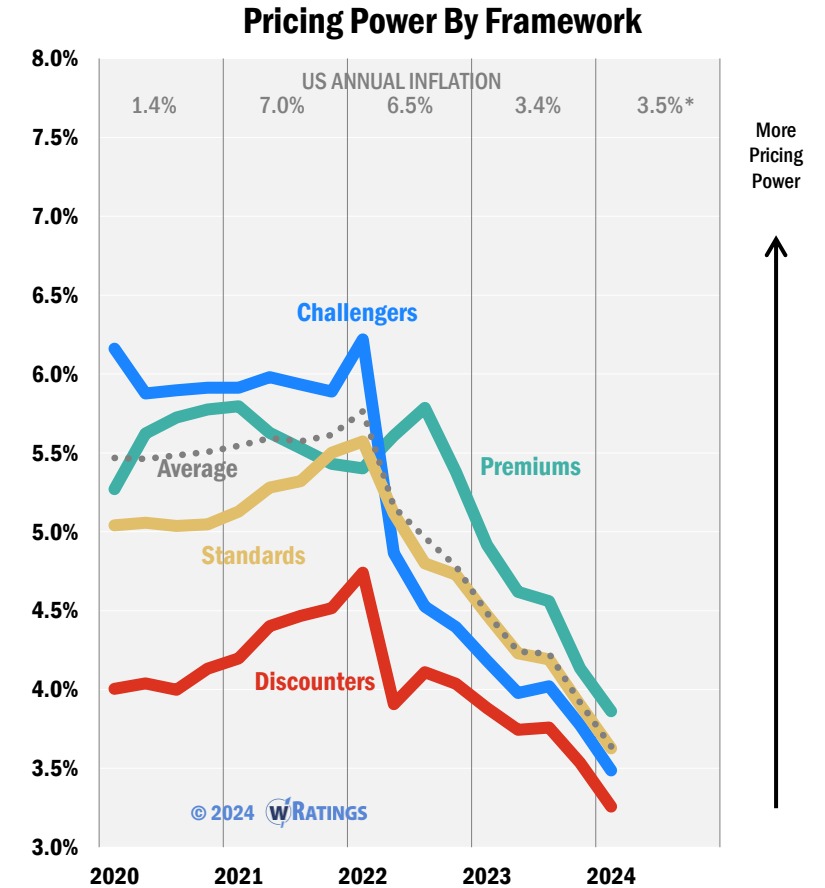
All industries are now below the 4% mark, as are all business frameworks. As we've seen historically, Discounters possess the least pricing power.

How does this trend get reversed? Companies must find ways to better meet customer expectations. As companies close those gaps, customers are willing to pay more for their next set of expectations to be met.



Inflation data source: US Labor Department  
 \* Latest data (12-month based)

Pricing power is the willingness of a customer pay X% more if their expectations are met.



In 2024-Q1, we added the Discounter classification to Cash App



# Rule-Maker: Cash App

# Cash App's New Rule: Redefine the World's Relationship with Money

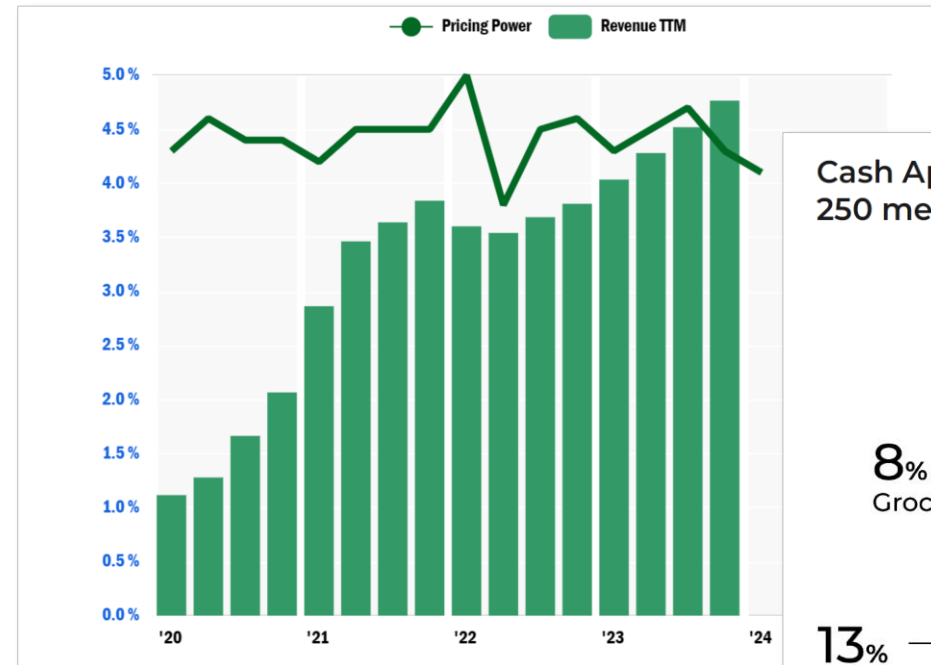
While consumers are free to download and use the Cash App for peer-to-peer payments, the company makes money off consumers as an all-in-one personal finance hub. They offer a Cash App Card (a Visa debit card), the ability to invest in bitcoin and stocks, and also now accept direct deposits like a traditional banks.

Cash App, a company owned by Block (SQ), is one of the few W-30 companies that has been able to hold on to their pricing power over the past 4 years.

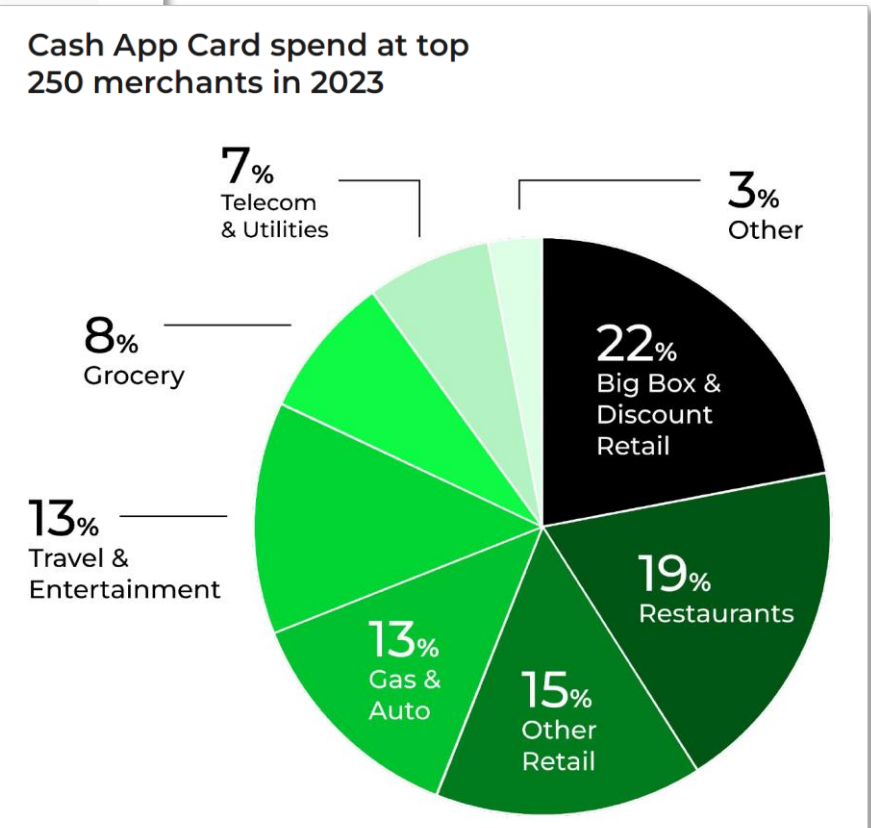
**How did they do that? They created a new rule forcing rivals to follow them: Redefine the World's Relationship with Money.** Similar to how Apple redefined the world's relationship with technology and Google with information, Cash App is building its own distribution-centric culture for money.

Traditional finance companies today are often thought of as stodgy and rigid, much like traditional technology companies were decades ago. Apple changed the image of tech companies by making their offerings about lifestyle.

Cash App is now doing the same for finance companies by making their offerings about their relationship with money.



Pricing Power Source: wRatings



Source: Block Investor Presentation, 2023-Q4

# Rule-Maker: How Cash App Set & Met Customer Expectations

According to Cash App CEO Brian Gassadonia, the company’s goal was to provide a break-thru experience for first-times users, where they could move money instantly using just the tools in their pocket. Yet, rivals such as Venmo and Zelle can operate similarly.

The key was to become differentiated from others, which their CEO describes as:

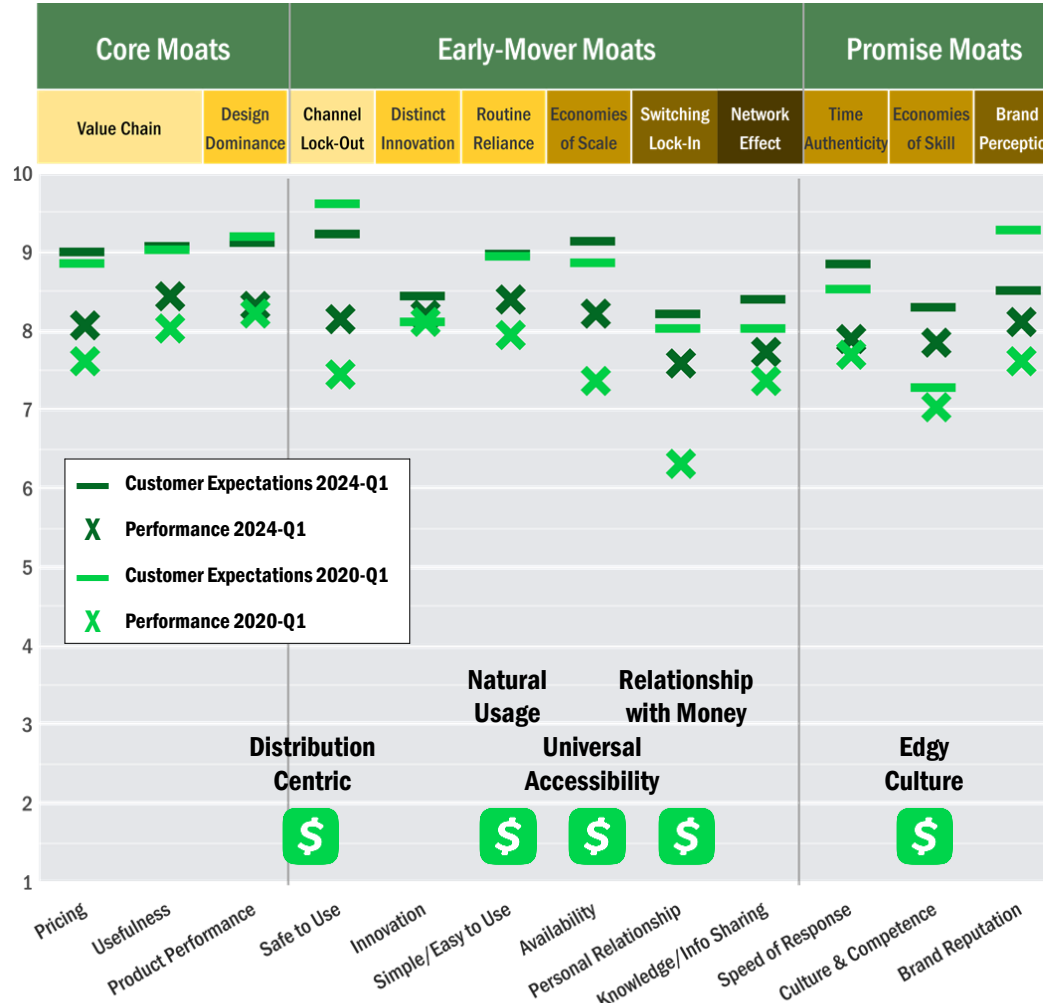
- A highly relatable & intuitive experience, where **money becomes humanized**
- Money must be instantly available, as in seconds
- **Universal accessibility** to spend that money anywhere

The Cash App mission is to make the entry point so simple and easy that **usage happens naturally**.

This sparks the start of the viral nature for the app, where consumers then invite in their friends to download the app more and more.

Early in their development, Cash App focused on being **distribution-centric** and safe to use. They had to balance this with their desire to overcome the stodgy financial firm using their **edgy culture**.

On virtually all accounts, Cash App is winning over customers.



# About wRatings

We are a privately held SaaS (Software-as-a-Service) firm that makes sales growth visible for executives to improve decision making.

We make a series of fixed investments in tools, benchmarking databases and predictive analytics. Using our proprietary algorithms and patented methods, we build forward-looking views of where companies can create compelling value based on customer expectations.

In May 2002, our research was highlighted as the cover article in **Harvard Business Review**. We are a partner to the *Drucker Institute* to score the best managed companies, which is published in the **Wall Street Journal** every December since 2017.

CEOs/Executive Teams and PE Firms/Hedge Funds gain real-time access to our research & analytics through our fully automated platform.

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## Historical Milestones



# Moneyball for Sales Growth

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