W RATINGS

MONEYBALL

YOUR #1 COMPETITOR IS CUSTOMER EXPECTATIONS

Most Competitive Companies 2026

Annual Report

Version 1.0

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Value Signals

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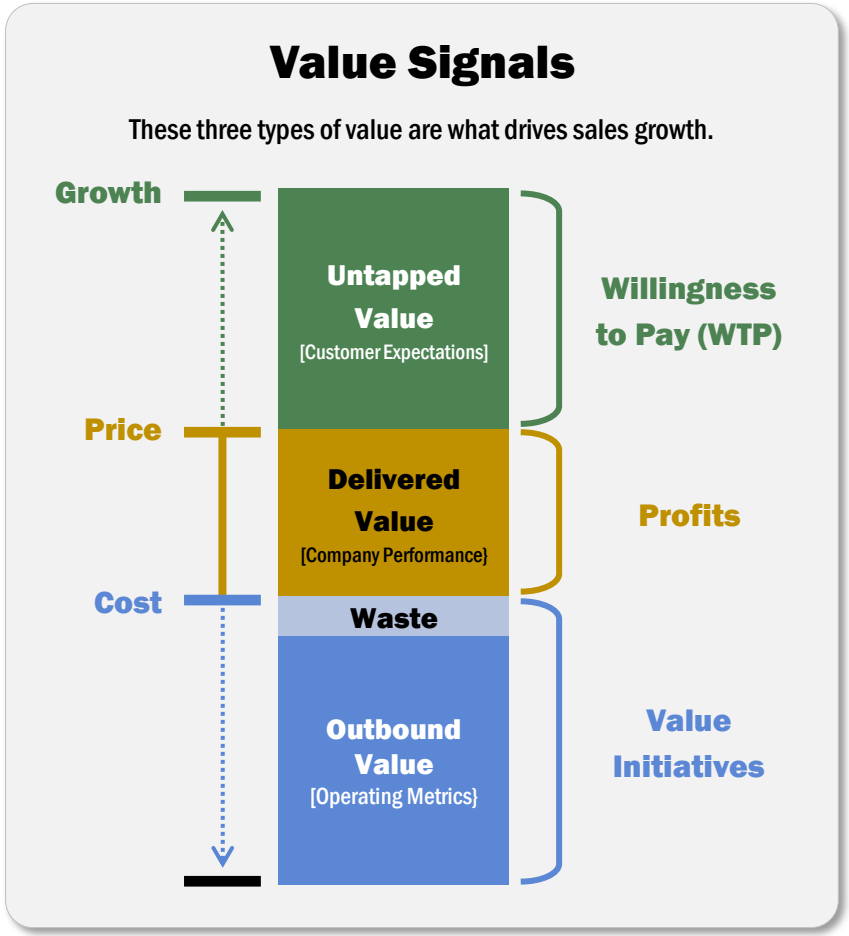
The Power of Value Creation

Our rankings measure the value gap between what customers expect and how companies perform.

Closing those gaps is how companies create value for their customers.

Using 5-years of data from the W-30 Index, we stress tested each company's value creation abilities for its impact on their sales growth each quarter.

With 99.9% confidence, the data proves that value creation, not market timing or competitor moves, drives sales growth.



Our Business Framework

W Ratings runs a patented, customer-expectations analytics platform that reverse-engineers sales growth while eliminating wasted efforts and reducing costs.

By analyzing a company's current and next customers, customer sentiment, internal performance, competitors' performance, financials and operating metrics, we generate an AI-powered roadmap that prioritizes actions by their predicted impact on sales and waste elimination.

Our platform is a practical alternative to legacy metrics such as NPS® and satisfaction levels. We help leaders turn volatile, complex customer expectations into a repeatable playbook for growing sales and winning market share.

Our system is fully vetted. Our analytics power the **Drucker Institute** and **Wall Street Journal** customer rankings of the 250 Best-Managed Companies, published every December. Our research was featured as the cover article in **Harvard Business Review**.

Our subscribers shape markets — CEOs, executive teams, sales leaders, private equity firms, and hedge funds. They use W Ratings to see, in real time, where growth is being created — and where it's being quietly destroyed.

Fixed Investments

SaaS Platform

Patents & Algorithms

AI-Powered & Benchmarks

Leveraged By

Online Panel

WSJ Top 250, Articles & Blog

Value & Growth Decisions

Subscribed By

CEOs, CXOs & Sales Teams

PE Firms & Hedge Funds

Historical Milestones

1999

Customer Research for CEOs

2004

Financial Metric Integration

2008

Competitive Strength, Moats & Indexes

2019

Software-as-a-Service (SaaS) Platform

The W-30 Index and Our Portfolio

Similar to the Dow Jones Industrial Average of 30 prominent companies, we selected 30 well-known companies from our universe of coverage to form the W-30 index.

To better understand shifts in customer value and willingness to pay, we categorize them according to their business frameworks:

- **Standards** are companies that occupy a top spot within their industry in terms of market or mind share, and set the norms for fair-value.
- **Premiums** are companies that focus on high quality or performing products and/or services that are higher priced than their direct competitors.
- **Challengers** are companies with new or innovative ways to do business within an industry, and defy the status quo as they strive to build a new set of norms.
- **Discounters**, which are a subset of Standards and Challengers, are companies that are low cost or free to customers (i.e. the customer is the product).

Our portfolio of clients use the W-30 as benchmarks outside of their industry to find and borrow unique ways to build customer value that leapfrogs their rivals.

The W-30 Index of Companies

	STANDARDS	PREMIUMS	CHALLENGERS
Media/ Technology	facebook* intel Microsoft	Disney Apple	NETFLIX Roku zoom*
Food/ Retail	Domino's amazon COSTCO WHOLESALE*	Starbucks Coffee lululemon	chewy crocs Tractor Supply Co
Industrial/ Transport	ExxonMobil BOEING Southwest*	John Deere ups	WM Waste Management TESLA Uber
Home/ Finance	kenvue charles SCHWAB*	Toll Brothers American Express	Zillow* Cash App

* Discounters or Free

A Sampling of W Ratings' 650+ Clients in our Portfolio

Trusted by Today's Most Well-Known Brands			
Industrial/Materials	**Food/Retail**	**CG/Pharma**	**Home & Travel**
ADAMA	Aramark	Brown-Forman	AirTran Airlines
DLF Seeds	Chili's	Coors	AW/Republic Services
Finning/Caterpillar	Dollar Tree	Estee Lauder	Builders FirstSource
FM Facility (Vixxo)	Men's Wearhouse	Johnson & Johnson	Sikorsky Aircraft
Syngenta	OfficeMax	Kellogg	The UPS Store
Univar	Performance Food	Merck	
	PetSmart		**Media & Advertising**
Tech/Consulting	US Foods	**Financial/Insurance**	ESPN
Capgemini		Aflac	Tony Robbins
Drucker Institute	**PE/Hedge Funds**	Equifax	Wall Street Journal
Google	BTIG	GE Healthcare	
IBM	CVC Capital	GEICO	**Telecom**
Oracle	Diamondback	MasterCard	AT&T/Cingular Wireless
SAP	Mantle Ridge	Northwestern Mutual	Verizon

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SECTION

1

Most Competitive Rankings

The W-30 Index by Customer Value Gap

Rated by the average **Value Gap** size (10-point scale) between what customers expect and how well a company performs; The smaller the gap, the more value being created for customers.

1	Costco	Costco | 0.34 points Standard*, Food/Retail
2	Schwab	Schwab | 0.35 Standard*, Home/Finance
3	Chewy	Chewy | 0.37 Challenger, Food/Retail
4	Intel	Intel | 0.38 Standard, Media/Technology
5	Lululemon	Lululemon | 0.39 Premium, Food/Retail
6	Waste Management	Waste Management | 0.40 Challenger, Industrial/Transport
7	Toll Brothers	Toll Brothers | 0.42 Premium, Home/Finance
8	Roku	Roku | 0.42 Challenger, Media/Technology
9	Zillow	Zillow | 0.42 Challenger*, Home/Finance
10	Deere	Deere | 0.42 Premium, Industrial/Transport
11	Amazon	Amazon | 0.46 Standard, Food/Retail
12	Tractor Supply	Tractor Supply | 0.50 Challenger, Food/Retail
13	Zillow	Zillow | 0.51 Challenger*, Home/Finance
14	American Express	American Express | 0.52 Premium, Home/Finance
15	Crocs	Crocs | 0.56 Challenger, Food/Retail
16	Cash App	Cash App (Block) | 0.57 Challenger*, Home/Finance
17	Apple	Apple | 0.58 Premium, Media/Technology
18	Uber	Uber | 0.62 Challenger, Industrial/Transport
19	Domino's	Domino's | 0.62 Standard, Food/Retail
20	Southwest	Southwest | 0.64 Standard*, Industrial/Transport
21	Kenvue	Kenvue (J&J) | 0.65 Standard, Home/Finance
22	UPS	UPS | 0.70 Premium, Industrial/Transport
23	Netflix	Netflix | 0.70 Challenger, Media/Technology
24	Exxon Mobil	Exxon Mobil | 0.74 Standard, Industrial/Transport
25	Starbucks	Starbucks | 0.79 Premium, Food/Retail
26	Disney	Disney | 0.86 Premium, Media/Technology
27	Microsoft	Microsoft | 0.86 Standard, Media/Technology
28	Tesla	Tesla | 0.92 Challenger, Industrial/Transport
29	Boeing	Boeing | 1.07 Standard, Industrial/Transport
30	Facebook	Facebook (Meta) | 1.30 Standard*, Media/Technology

Margin of Error +/-0.02

* Companies that are Discounters or free to end users

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Customer Willingness to Pay is Highest Ever

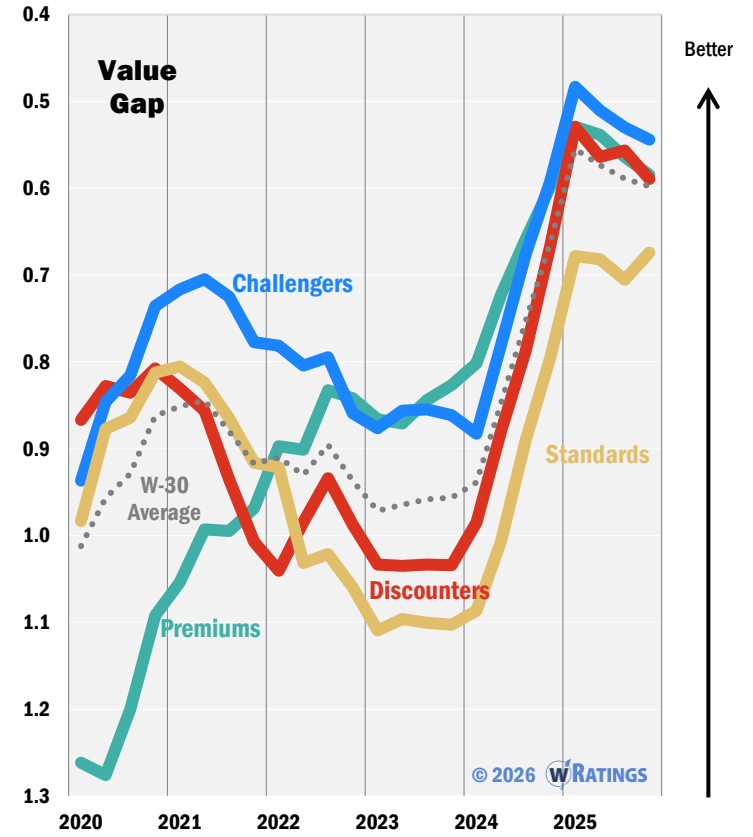
Since 1999, we've measured customer willingness to pay (WTP) by asking customers a simple question: How much more would you be willing to pay if a company could fully meet your expectations? To capture the increase, a company must improve their performance across 17 unique customer needs.

Post covid pandemic, value creation decreased for Challengers, Discounters, and Standards, bottoming out in early 2024. As companies improved delivery and better met customer expectations, WTP increased dramatically throughout 2024.

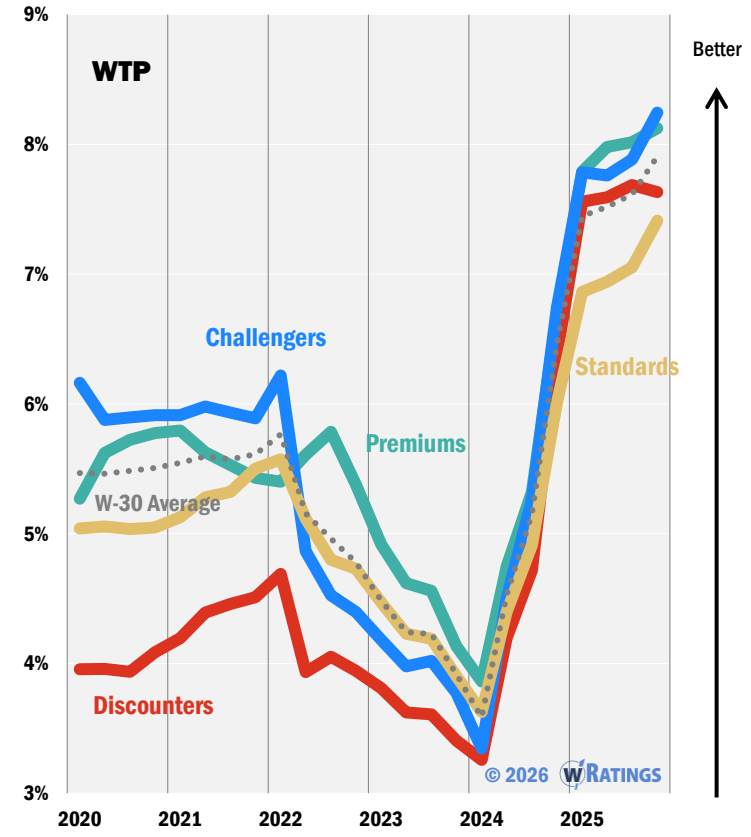
WTP provides a rare view into how much more a company can charge for their offerings, and is a leading indicator to customer desires.

For the W-30 index, customer WTP is at its highest level ever, 7.91%, which means that customers are expecting improved performance and more value creation in 2026. Failure to meet those expectations and sales growth will suffer.

Customer Value Gap



Customer Willingness to Pay (WTP)



WTP is willingness of a customer to pay X% more if their expectations are met.

Value Creation > Customer Satisfaction

The **WSJ 250 Best-Managed Companies** ranking uses the principles of management guru Peter Drucker to identify the most effectively managed businesses based on five categories: customer satisfaction, innovation, financial strength, employees, and social responsibility. Each category contains a weight of ~22% except for financial strength at 12%.

Since 2017, W Ratings is one of 15 data sources for the rankings, and is used in more than one category. Multi-usage is uncommon in the model, but shows the reliability and usefulness of the W Ratings data.

For the WSJ/Drucker rankings, we supply a single customer satisfaction score (Quality). With innovation, we weight multiple customer value scores using 9 of our 17 areas. That difference is not trivial.

The Top 10 WSJ rankings for innovation and financial strength contain 4 companies each from the W-30 index, yet only 1 company for customer satisfaction. Innovation, with its deeper reliance on customer value creation in our metrics, is a much better indicator of financial strength than just satisfaction.

In other words, customer satisfaction alone is not enough to create financial strength. You must measure value creation using a comprehensive set of areas of how well a company meets customer expectations.

THE WALL STREET JOURNAL.
DRUCKER INSTITUTE
Claremont Graduate University

Satisfaction alone is not enough to create customer value and financial strength; You must measure value creation based on the ability to meet customer expectations. Just one company from the W-30 index appears in the WSJ Top 10 satisfaction rankings, yet 4 companies appear in the Top 10 innovation and financial rankings.

[Logos below indicate that the company is part of the W-30 index]

Customer Top 10

The top scores for customer satisfaction among the Management Top 250

1	Estee Lauder	74.7
2	CRH	72.2
3	United Rentals	70.6
4	Ecolab	70.4
5	Pentair	69.8
6	General Mills	69.7
7	Prologis	69.3
8	Trane Technologies	69.1
9	Intel	68.8
10	Owens Corning	68.7

Source: Drucker Institute

Innovation Top 10

The top scores for innovation among the Management Top 250

1	Amazon.com	107.3
2	Uber Technologies	98.1
3	Apple	97.1
4	Honeywell International	89.8
5	Microsoft	89.0
6	Nike	87.9
7	Caterpillar	84.6
8	Mastercard	84.0
9	RTX	83.6
10	Johnson & Johnson	83.5

Source: Drucker Institute

Financial Top 10

The top scores for financial strength among the Management Top 250

1	Nvidia	139.3
2	Apple	117.0
3	Microsoft	106.7
4	Alphabet	103.3
5	Amazon.com	103.1
6	Meta Platforms	95.1
7	Walmart	89.3
8	JPMorgan Chase	87.2
9	Procter & Gamble	86.3
10	Verizon Communications	76.7

Source: Drucker Institute

To qualify for the WSJ rankings, companies must meet at least one criteria: Part of the S&P 500, $3B+ in revenue with $6B+ in market cap, or $10B market cap

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Bayesian Analysis: Value Creation drive Sales Growth

This is our twenty-seventh year of measuring competitive strength for companies on the NASDAQ, NYSE, and TSX. In 2020, we selected 30 well-known companies to form the W-30 index and analyze their value creation and financial performance with full transparency.

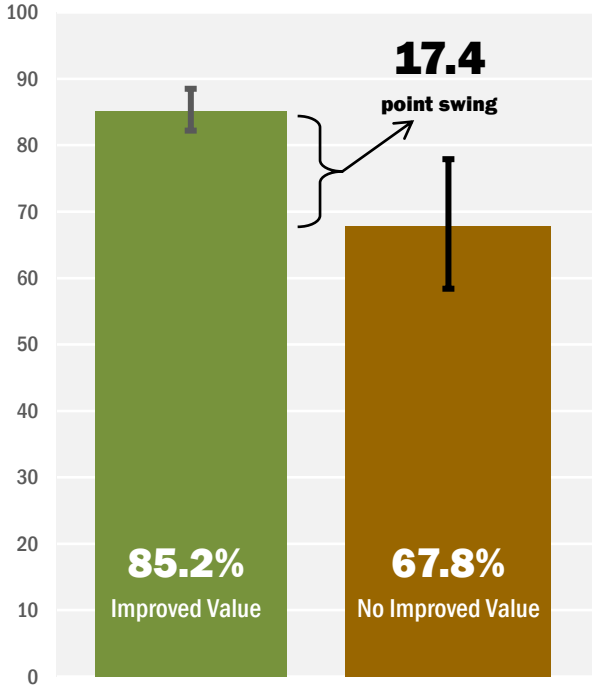
Does improving value, measured by closing the gap between customer expectations and company performance, actually translate into sales growth? Based on performance data of the W-30 companies over the last 5 years, the answer is a definitive 'yes.'

In a vacuum, ~68% of companies grew sales regardless of improving value (brown). Companies that did create initiatives that improved customer value (green), the success rate jumps to ~85%.

Running a Bayesian analysis to stress test the data, the model returned a 99.9% confidence score. The probability that improving customer value leads to sales growth isn't just high; it's nearly certain.

This 17+ point swing proves that value creation, and not market timing or competitor moves, is a primary driver of predictable sales that is statistically significant and not just correlation.

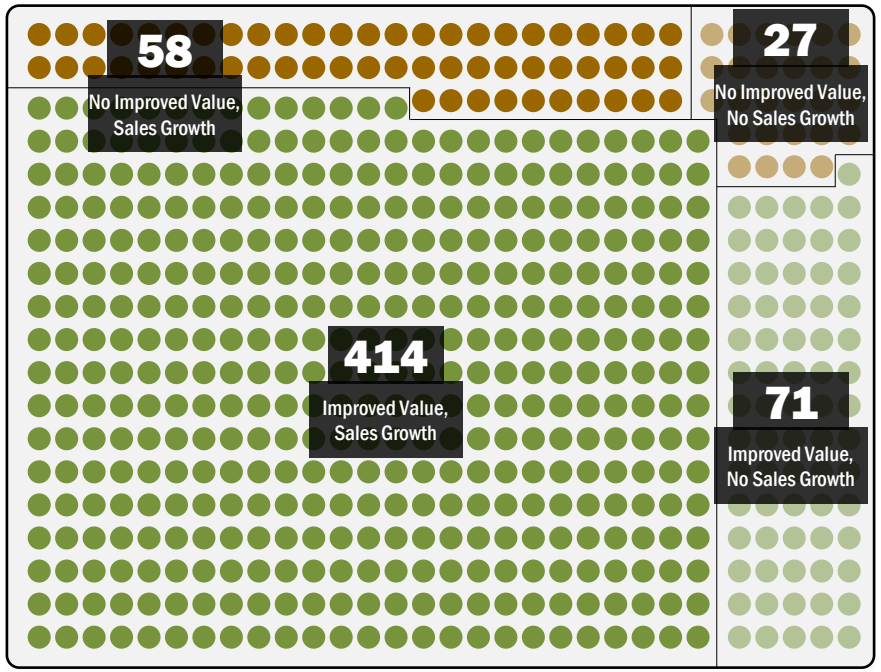
Bayesian analysis returned a 99.9% confidence score that closing value gaps leads to sales growth.



$$\frac{414+1}{485+2} = 85.2\%$$

$$\frac{58+1}{85+2} = 67.8\%$$

Performance of the W-30 index from 2021-Q1 to 2025-Q3 (n=570 observations, 30 x 19 quarters)



	Sales Growth	No Sales Growth	Total
Improved Value	414	71	485
No Improved Value	58	27	85
Total	472	98	570

2026 Full Rankings

Rated by the average **Value Gap** size (10-point scale) between what customers expect and how well a company performs; The smaller the gap, the more value being created for customers.

	Company	Value Gap	YoY Rank Change	YoY Gap Change	Willingness to Pay	NPS®	YoY Sales Growth	YoY GP Increase
1	Costco	0.34	5	0.05	6.9%	49.4	10.2%	12.5%
2	Schwab	0.35	17	0.37	9.0%	23.9	22.2%	44.0%
3	Chewy	0.37	(2)	(0.09)	6.4%	39.2	10.0%	11.4%
4	Intel	0.38	5	0.05	9.1%	31.4	-1.5%	1.1%
5	Lululemon	0.39	(2)	(0.04)	10.0%	20.0	8.7%	8.0%
6	Waste Management	0.40	15	0.36	8.8%	30.4	15.8%	17.8%
7	Toll Brothers	0.42	(5)	(0.09)	10.0%	19.6	1.1%	-8.9%
8	Roku	0.42	(4)	(0.05)	8.0%	31.1	16.4%	14.4%
9	Zillow	0.42	4	0.07	6.6%	23.9	14.8%	12.7%
10	Deere	0.42	(5)	(0.04)	8.9%	25.1	-11.7%	-16.3%
11	Amazon	0.46	(4)	(0.06)	6.6%	33.2	11.5%	15.3%
12	Tractor Supply	0.50	2	0.07	9.4%	18.6	4.3%	4.7%
13	Zoom	0.51	(1)	(0.02)	7.5%	41.0	3.9%	5.4%
14	American Express	0.52	(3)	(0.04)	8.1%	23.0	8.1%	9.1%
15	Crocs	0.56	1	0.08	9.3%	26.4	0.0%	1.7%
	Top Half	0.43			8.3%	29.1	7.6%	8.9%
	Bottom Half	0.78			7.5%	14.6	5.8%	3.3%

Margin of Error +/-0.02

	Company	Value Gap	YoY Rank Change	YoY Gap Change	Willingness to Pay	NPS®	YoY Sales Growth	YoY GP Increase
16	Cash App (Block)	0.57	(8)	(0.15)	9.0%	13.4	0.5%	13.9%
17	Apple	0.58	(7)	(0.12)	7.2%	27.3	6.4%	8.0%
18	Uber	0.62	4	0.22	8.2%	23.2	18.2%	19.7%
19	Dominos	0.62	(4)	0.01	7.1%	20.0	3.9%	6.0%
20	Southwest	0.64	(3)	0.01	8.7%	12.1	0.6%	10.3%
21	Kenvue (formerly J&J)	0.65	(1)	0.09	7.2%	18.3	-2.9%	-2.2%
22	UPS	0.70	1	0.15	5.6%	39.9	-1.3%	1.6%
23	Netflix	0.70	2	0.26	7.6%	24.3	15.4%	22.6%
24	Exxon Mobil	0.74	0	0.18	7.6%	0.5	-4.9%	-6.9%
25	Starbucks	0.79	2	0.17	6.9%	1.4	2.8%	0.0%
26	Disney	0.86	0	0.10	8.3%	18.0	3.4%	9.2%
27	Microsoft	0.86	1	0.15	6.1%	18.5	15.6%	14.6%
28	Tesla	0.92	(10)	(0.23)	10.0%	6.7	-1.6%	-8.2%
29	Boeing	1.07	0	0.28	7.5%	0.0	10.2%	-61.3%
30	Facebook (Meta)	1.30	0	0.20	5.8%	-3.9	21.3%	22.1%

NOTES

n = 7.050

Data Collection: December 11th, 2025 thru December 19th, 2025

For Schwab, we measure Operating Margin, not Gross Margin

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SECTION

2

Tractor Supply Company's Value Creation

The Signals of Value Creation

The concept of value creation is not well understood by most, as it is spread across a variety of people, processes, and systems within a company.

Growth and profits come from the amount of value a company creates for its customers. Value gaps show us how much is being created. This is **Delivered Value**.

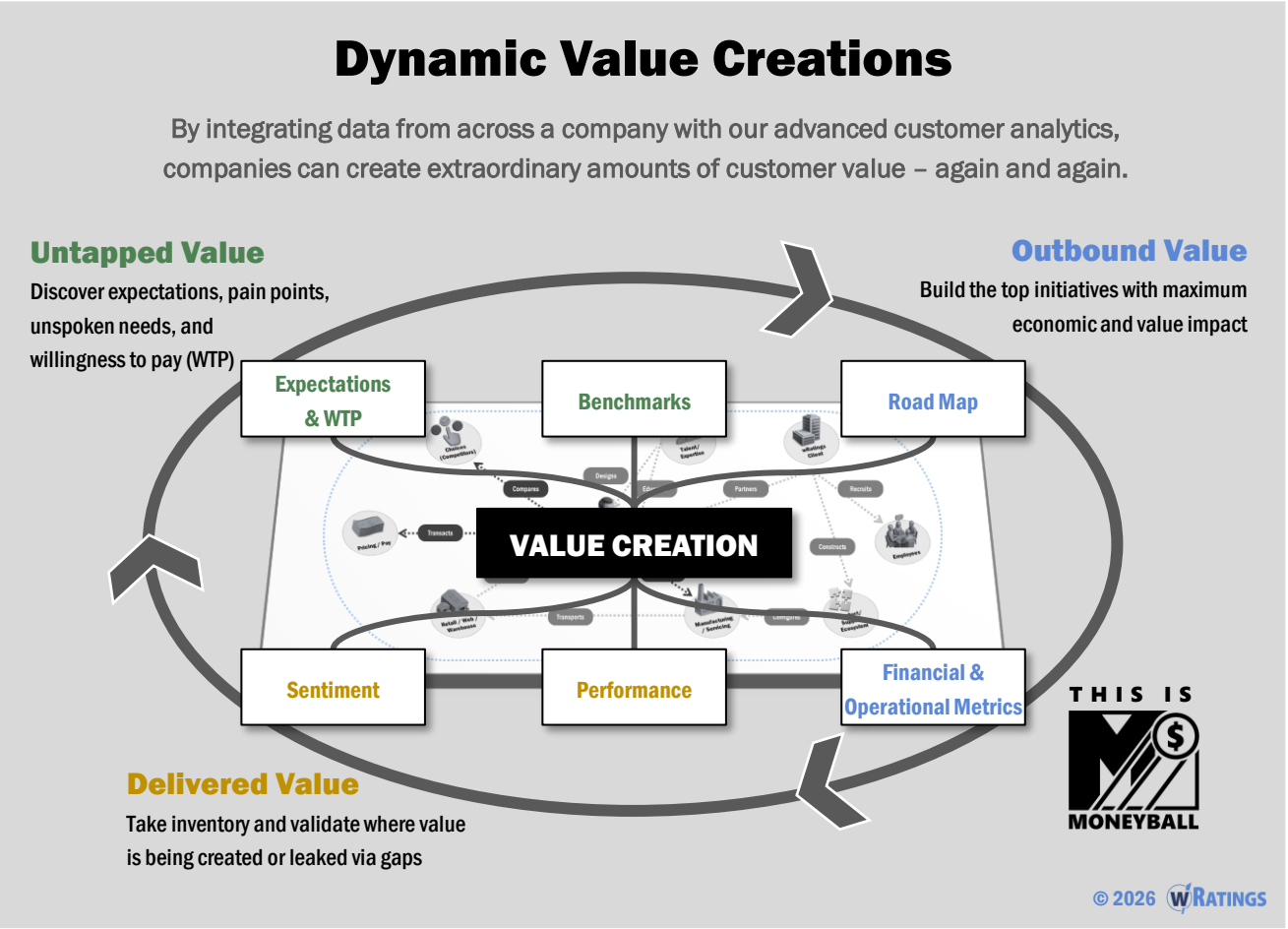
To continuously grow, companies must measure and find new sources of customer value based on what customers expect and are willing to pay (WTP). This is **Untapped Value**.

More specifically, value creation comes from the company initiatives that best meet customer expectations. This is **Outbound Value**.

On the W Ratings platform, we measure each source of value, including the initiatives a company utilizes to create – or not create – customer value. A "not created" value initiative is wasted effort, where cost savings can be found.

When the initiatives with the most success get written back into a company across countries, locations, and/or segments, value creation becomes dynamic due to the ability to learn/grow on a continuous basis.

This is Moneyball for Sales Growth.



TSC's Value Players: Life Out Here Strategy

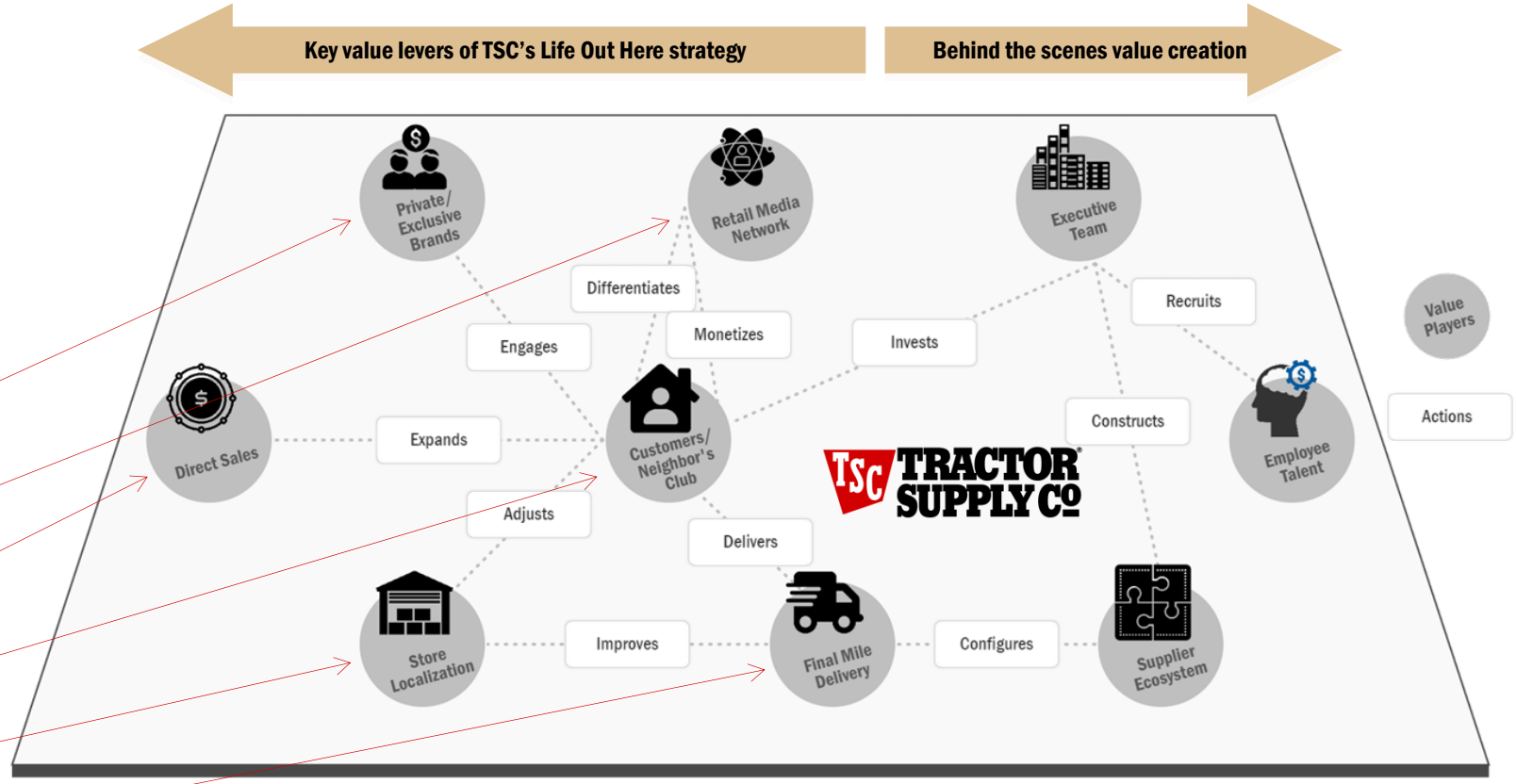
At its core, TSC's **Life Out Here** strategy is about meeting customers where they live — physically and culturally — while building long-term loyalty and growth. It's far more than a marketing slogan. It's a customer-centric growth strategy.

Our platform lays out the natural flow of value according to the **Life Out Here** strategy. Each handoff provides an opportunity for TSC to create – or leak – customer value. Mapping out how value gets created is critical to understanding and growing sales.

TSC executives are currently pulling six levers to create more value for their customers and the company:

- **Private / Exclusive Brands** – increasing differentiation and value through unique products
- **Retail Media Network** – monetizing customer engagement with brand partners
- **Direct Sales** – expanding service to farms, businesses, and large customers
- Ongoing investments in stores, digital channels, and customer loyalty (**Neighbor's Club**)
- **Localization** – curated product assortments by region to reflect local needs
- **Final Mile Delivery** – improving delivery visibility, speed, and reliability

Each handoff provides an opportunity for TSC to create – or leak – customer value.



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TSC's Value Creation: Life Out Here Strategy

With value creation mapped by each of its sources/players, we can now measure TSC's performance from their customer's perspective. Each handoff is an opportunity to create – or leak – more customer value.

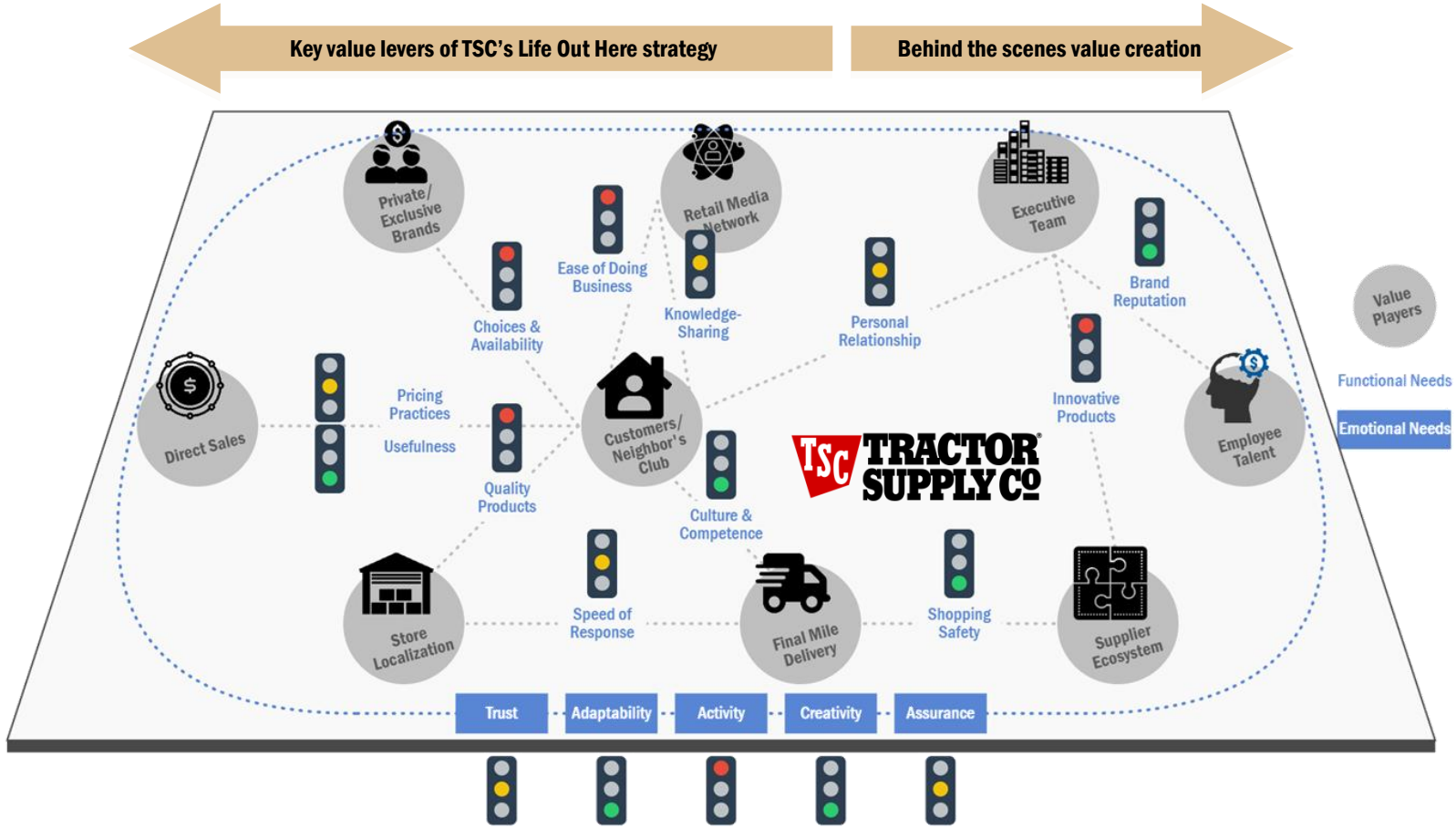
Our platform replaces each handoff with a customer expectation. Traffic lights provide a quick view of where expectations are being met the best. They are a forced ranking of top, middle, and bottom TSC performance.

Green lights show where TSC is best meeting what customers expect:

- **Usefulness** – Customers see Products/Services as meeting their real, local needs (farm, pet, outdoor, land care).
- **Culture & Competence** – Customers view staff competence and delivery fulfillment as working well
- **Shopping Safety** – Customers like TSC store layouts and processes (like Project Fusion remodels), along with trusted in-store support
- **Brand Reputation** – Customers prefer the TSC emphasis on trusted service and rural lifestyle commitment

Yellow and Green lights show opportunity for improvement in other aspects of the TSC strategy.

Using a forced ranking, TSC customers see more opportunity for improvement in the Life Out Here strategy



TSC's Customer Sentiment Themes

Theme analysis of TSC customer verbatims converts traditionally unstructured data and categorizes it back to a specific value source. Each theme is prioritized based on the frequency of the verbatims. Higher frequencies increase the confidence level that the theme should be taken into consideration for a value creation initiative.

Theme direction, positive or negative, are built independent of the value gap size. Customers may rate expectations as being met (low value gap) in an area but still have a negative theme. That indicates future value creation is at risk unless performance improves. High value gaps with positive themes indicate that customers may not be getting credit for this area of performance, making these excellent sources for sales/ marketing campaigns.

This analysis provides visibility into what customers are saying not about the TSC Life Out Here strategy itself, but how well TSC is executing on the strategy in various areas.

While not the typical order, TSC's positive themes all occupy the top frequency spots. **This indicates that TSC is building strong positive momentum when executing their Life Out Here strategy.**

Sentiment	Value Source	Value Gap	Theme	Description	Customer Verbatims	Frequency
1 Positive	Culture & Competence	0.34	Friendly, helpful staff	Customers repeatedly highlight upbeat, kind employees who proactively help (including loading heavy feed) and answer questions quickly, making in-store experiences feel welcoming and supportive.	"upbeat and kind", "helped load feed", "answered questions quickly"	Very High
2 Positive	Choices & Availability	0.68	Wide variety in-store	Feedback emphasizes broad assortment beyond expectations—tools, pet, farm, and décor—often described as a one-stop shop with plenty of options to choose from.	"lots of variety", "many different items", "everything I need"	Very High
3 Positive	Quality Products	0.50	Durable, high-performing goods	Across comments, product quality is framed as reliable and long-lasting, especially for outdoor and farm use, with multiple mentions of high-quality machines and sturdy materials.	"durable outdoor products", "quality machines", "products last long"	High
4 Negative	Pricing Practices	0.37	Prices higher than competitors	Shoppers cite inconsistent value and upward price pressure, noting some items feel overpriced versus competing stores and that strong deals or bargain sales are uncommon.	"prices much higher", "expensive versus competitors", "prices gone up"	High
5 Negative	Personal Relationship	0.47	Feeling unappreciated as customer	Several remarks suggest interactions can feel impersonal, with customers stating they did not feel valued or that the experience felt transactional rather than relationship-driven.	"didn't feel valued", "more transactional", "not respected customer"	Medium
6 Negative	Brand Reputation	0.26	Ethics and public perception	A smaller but serious set of comments raises concerns about workplace ethics and community reputation, including allegations around fair treatment of women and broader brand trust implications.	"ethics concerns raised", "treatment of women", "community reputation hit"	Low

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TSC Customer Value Profile

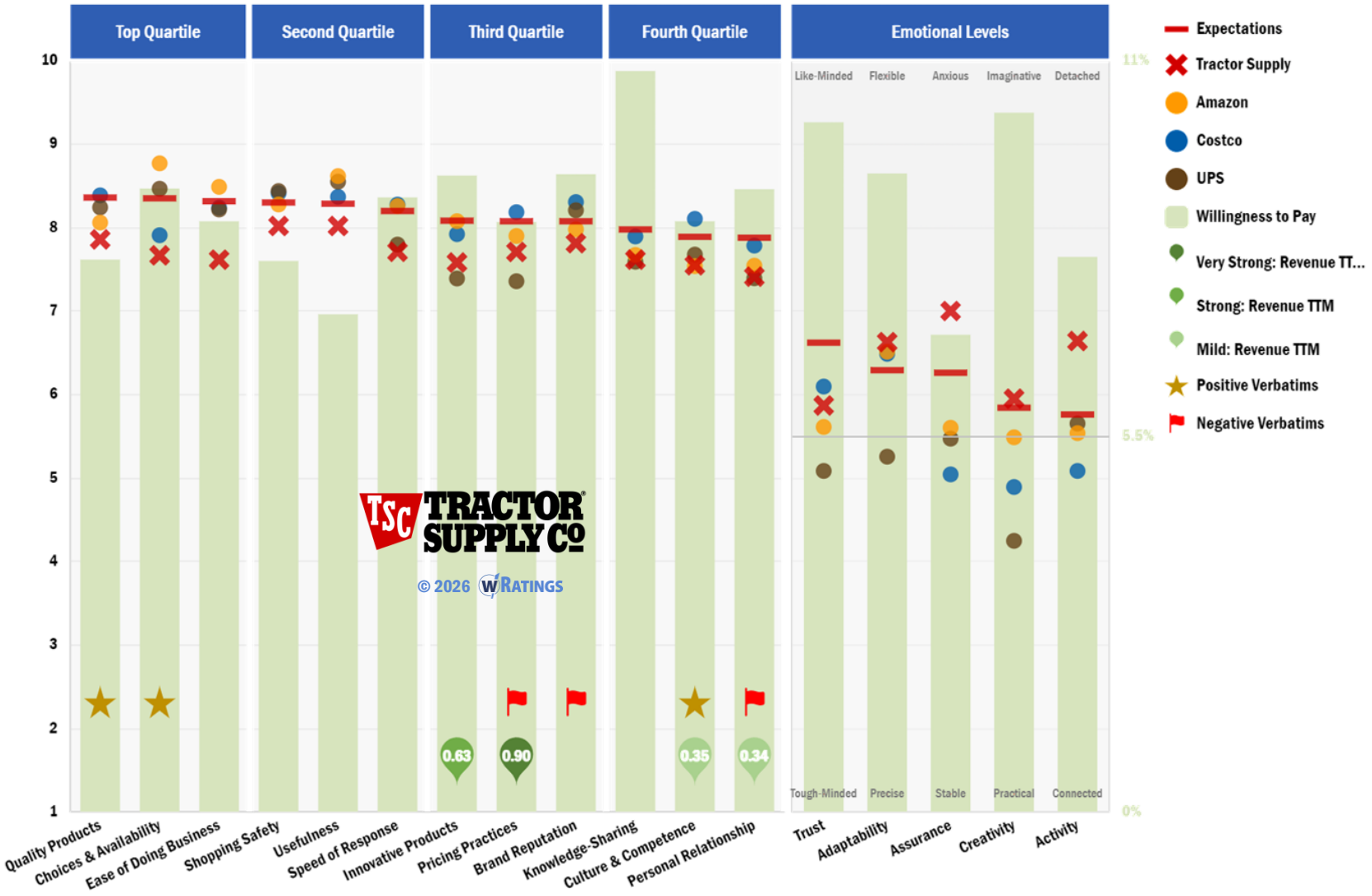
Value Profiles from the W Ratings platform show the order of **importance** and **intensity** (emotions) for how customers make decisions when buying from TSC. Most important are the need for Quality Products, Choices & Availability, and Ease of Doing Business. Most intense are the need for Trust and Adaptability.

The closer TSC is to meeting those expectations (red X), the more value TSC is creating for their customers. By benchmarking TSC against Amazon, Costco, and UPS, TSC can borrow value creation ideas to improve where the others possess superior performance.

Customer Willingness to Pay (right axis) identifies the best sources of value for future TSC price increases and justifications. Knowledge-Sharing, Creativity, and Trust levels are where customers are most willing to open up their wallets to pay or justify a premium for TSC.

Gold Stars and **Red Flags** identify where positive and negative themes exist for customers (previous page).

The **Green-Shade Ballons** analyze where revenue and customer performance levels are moving in sync. While only 8th in importance, Pricing Practices are strongly related to TSC revenue growth, indicating a risk to momentum if TSC doesn't improve pricing transparency and justification with its customers.



TSC Value Creation Road Map

This is NOT the TSC stated strategy and TSC is not a W Ratings client.

This TSC Road Map, data-driven and AI-powered by the W Ratings platform, focuses on four areas. Two areas to improve with their suggested initiatives are:

- **Pricing Practices** – This area is moving in sync the strongest with revenue, yet is a high frequent negative theme with shoppers. They cite some items feel overpriced and bargain sales are uncommon. Costco built a strong Value Chain moat with its customers through transparency and consistency in its pricing strategy.
- **Ease of Doing Business** – Third in importance and one of the largest value gaps for TSC customers. In-depth analysis on customer verbatims reveals that TSC needs to fix product availability first, then they can re-emphasize one-stop shopping convenience and easy returns policy.

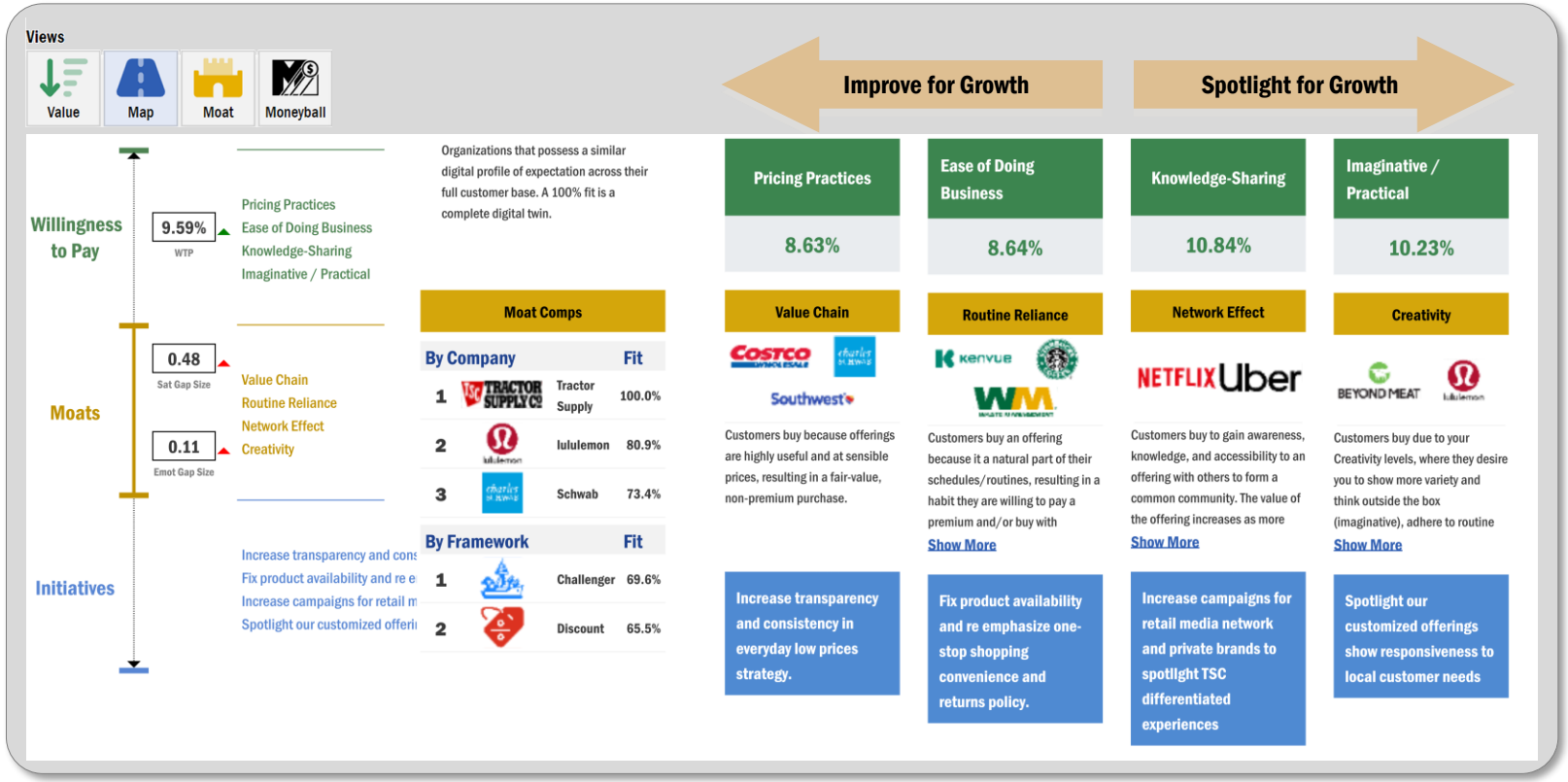
Two areas that TSC can spotlight in their sales and marketing campaigns to accelerate revenue growth are:

- **Knowledge-Sharing** – Highest in Customer willingness to pay (WTP) so increasing campaigns that focus on partner/exclusive brands will pay off.
- **Creativity** – Second highest in WTP where spotlighting customized offerings for local area needs will drive more sales.

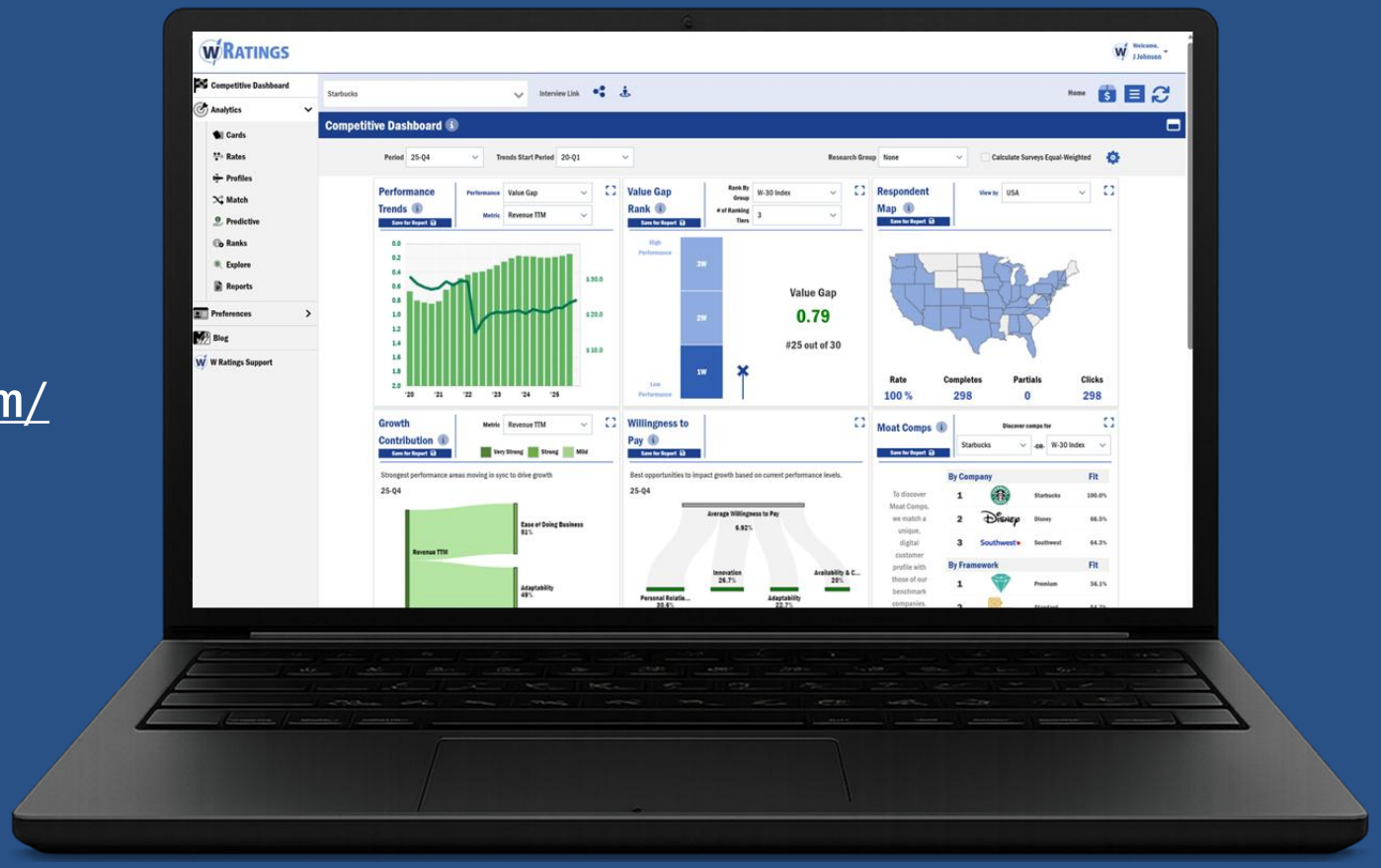
In 2026-Q1, TSC can grow sales faster by focusing on value creation in four customer areas.

TSC IS NOT A W RATINGS CLIENT.

THIS ROAD MAP IS DRIVEN BY THE W RATINGS PLATFORM AND IS NOT THE TSC STATED STRATEGY.



Where to Go from Here

Go to https://www.wratings.com/insiders-program/ to apply for access to our platform or for a customer value pilot.

Contact angela.rosano@wratings.com for more information.