

End of a European Romance

Why the coverage on politics and business has become an image problem for US brands

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US brands in crisis: In December 2004, two studies by renowned market research companies raised attention by confirming a drop in the approval ratings of McDonalds, Ford & Co. among consumers in Europe and Asia. Especially the “GMI World Poll” underlined the connection between the consumers’ critical view on US foreign policy and an increasingly negative attitude towards American brands. From the Agenda Setting point of view, the public view on the Bush administration is perfectly understandable: **Graph 1** illustrates the correlation between German television news coverage on the US government and the increasingly negative polling results throughout the past three years. But **Media Tenor** data also show that this kind of “framing” through political news coverage is not necessary to explain the bad image many US companies have. Business journalists of the opinion forming media in Germany contribute much more directly to their negative appearance.

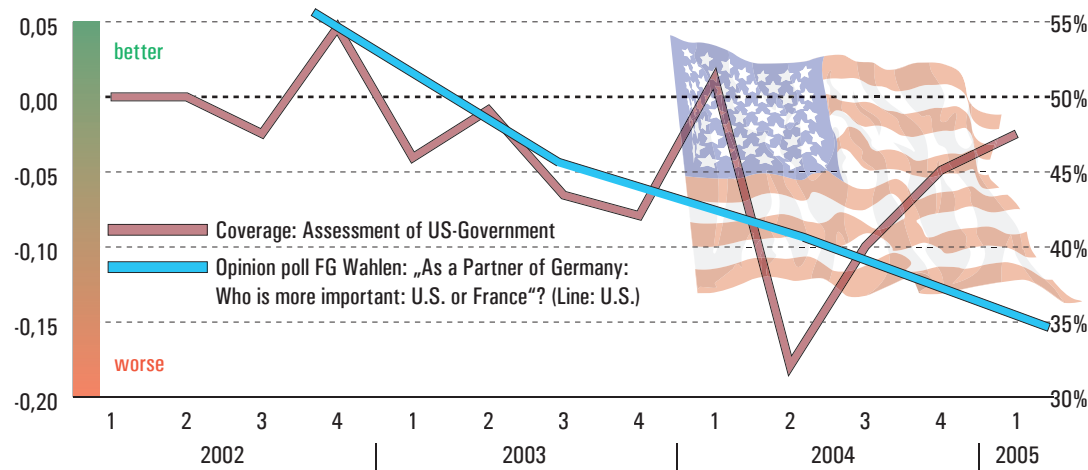
“Is the World Falling Out of Love with US Brands?” the **Financial Times** asked in their February 5th issue, referring to the GMI study. In November 2004, market researchers had interviewed 8,000 people in Europe, Asia and Cana-

da on their consumption habits. The result: Many claimed to actively avoid buying US products (on average 17% of those interviewed). When asked about their reasons, 81% of Germans, for example, said that they were critical of George W. Bush’s reelection.

The media content analysis illustrates how viewers of German television news can get the feeling that George W. Bush was a bad choice: In 2004, seven of the German prime time news programs reported predominantly negatively on the President. It is true that in March 2005, thanks to his tour of Europe, his image brightened up a bit; the jovial tone among the heads of states also had a positive impact on the President’s media image. But this is hardly an all-clear signal for companies, who have reason to believe that their brand value is threatened by the negative image of the US government. The type of anti-Americanism that has been developing for months and years, supported by media coverage, will not disappear with the more positive reporting in a single quarter.

A look at recent headlines in the business press alone shows that US companies have got a much more direct image problem than negative news coverage on the Bush administration. AIG or General Motors were far more present with their accounting scandals and financial problems than Intel or the Bank of America with their success stories. And when the Airbus maiden flight was generating breaking news by the minute as if it

1 Media assessment of US government vs. polling trend 2002 until 2005

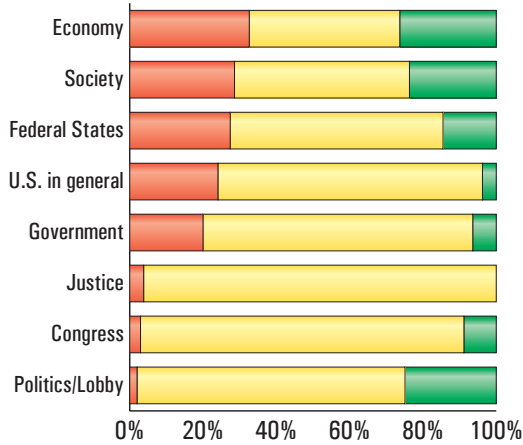


Coverage: explicit assessment (medium assessment + 1/-1; opinion poll: FG Wahlen)

Source: Media Tenor/FG Wahlen
 01/01/2002 – 03/31/2005

Basis: 6,524 reports
 in 7 German media

2 Assessment of US protagonists in German TV news



Share of assessments negative/no clear rating/positive

Source: Media Tenor
01/01/2002 – 03/31/2005

Basis: 14,703 reports
in 7 German media

had been the first manned mission to Mars, the bliss about the “victory” of the Europeans over the unloved US competitor Boeing was always present. The long-term trend in 35 opinion forming media illustrates that critical reporting on companies with ties to the US market has been on the rise, especially in the first quarter of 2005 (graph 3) – after assessments had already been predominantly negative in the previous months.

Thus, when the New York market research institute NOP World finds out that, in 2004, the trust in American brands such as Coca Cola, Nike or Microsoft has gone down significantly compared to the previous year, it suffices to look at company assessments, at least for the German market, to explain this phenomenon.

Simply calling for political support to solve the image crisis of companies is therefore not enough. Communication experts share this view. Paul Goodman, Director of the Corporate Communications Institute at the Fairleigh Dickinson University, said that there were many more reasons for the image problem of US companies: Business scandals around firms like Enron and Worldcom as well as a limited confidence in the US financial markets are just some of them.

Open question:

Boycott declarations in polls and real consumer behavior are two different things. Can the image loss of US brands be corroborated with specific figures on turnover?

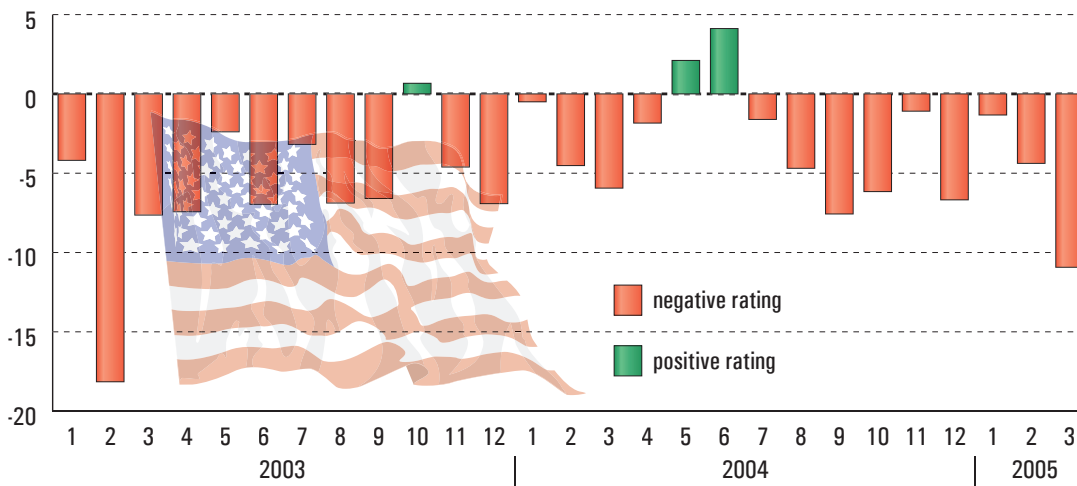
Basis:

Media: Bild, Die Welt, Frankfurter Allgemeine Zeitung, Frankfurter Rundschau, Süddeutsche Zeitung, tageszeitung; ARD Tagesschau and Tagesthemen, Fakt, Kontraste, Monitor, Panorama, Plusminus, Report (BR), Report (SWR), ZDF heute and heute journal, Berlin direkt, Frontal 21, WISO, RTL Aktuell, Sat.1 News, ProSieben News; Bild am Sonntag, Die Zeit, Frankfurter Allgemeine Sonntagszeitung, Focus, Rheinischer Merkur, Spiegel, Stern, Super Illu, Welt am Sonntag

Time: 01/01/2002 – 03/31/2005

Analysis: 43,756 reports (at least 5 lines/seconds on companies in 35 media; 14,703 stories on U.S. protagonists in 7 media

3 Assessment of companies with relation to the US 01/2003 – 03/2005



Balance of positive and negative assessments

Source: Media Tenor
01/01/2002 – 03/31/2005

Basis: 43,756 reports on companies mainly referring to the U.S.
in 35 media