Headland

The Expectation-Performance Gap

A new approach to diagnosing, tracking and reporting reputation

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Headland

A report from Headland

Contents

05 Foreword: Prioritising amid the noise

07 The power of expectations
- 07 Why expectations?
- 08 The Model
- 09 Corporate case studies

11 The Expectation-Performance Gap
- 12 A new type of measurement
- 14 Audiences
- 14 What it tells you
- 15 Implications for Corporate Affairs

16 This approach in action
- 17 Primark
- 18 Next
- 19 Ryanair

21 Conclusions

22 Strategy & Insight at Headland
- 22 About this research
- 23 Authors

There’s no shortage of measurement tools but knowing your reputation score doesn’t tell you what to do about it.

Foreword: Prioritising amid the noise

A shifting environment demands prioritisation

Corporate Affairs teams are being asked to grow and protect reputation in an environment that’s increasingly capable of eroding it.

Information moves faster than ever. Outrage and polarisation command attention. Audience expectations often conflict. Inside organisations, employees, senior leaders and business units bring their own priorities, judgements and anxieties. Every issue can feel existential to those closest to it.

Corporate Affairs must arbitrate between these competing demands: deciding which issues to respond to and which opportunities to pursue. With limited resources, teams must distinguish the important from the noisy and focus on activity that can meaningfully protect or strengthen reputation.

> *Prioritisation is one of the defining tasks of a Corporate Affairs leader.*

But Corporate Affairs lacks data to back up its guidance

Many teams lack the evidence to defend their choices or make the case for action at Executive and Board level, particularly alongside more data-rich functions. As a result, their priorities are too easily shaped by events - the latest, loudest criticism, or the initiative with the most influential or senior sponsor. Teams remain busy but their effort is spread too thinly. It’s difficult to measure impact, demonstrate the value of the function, or make a convincing case for where the business should act.

Corporate Affairs leaders need a more defensible basis for choosing where to focus. Traditional reputation tracking methods are a start but have well-known shortcomings. They are typically standardised, which risks ignoring the specific reputational needs of a given company. They report reputation in isolation, with little linkage to business outcomes. And most importantly for our purposes, they are poor at telling you which themes actually matter, and therefore what to prioritise.

We need a new approach, rooted in stakeholders’ expectations

This report introduces the **Expectation-Performance Gap** – a new way of diagnosing reputation. It starts from the insight that stakeholders judge a business relative to how they *expect* that specific business to behave. Not through some absolute standard of what “good” looks like. Investors, consumers, employees and regulators have a mental model of how they expect each company to behave on different issues and form opinions based on comparing these expectations to their performance.

Our approach brings this principle to life by measuring the difference between what stakeholders expect of a company and how they perceive them to be performing. This approach is designed to make reputation measurement more valuable in three ways:

- Recognising that reputations are relative, and that different businesses are held to different standards
- Connecting reputation and business value, by measuring perspectives that we know reflect stakeholder behaviour
- Inherently providing insight on the themes that matter most, to aid with prioritisation decisions

Implications for Corporate Affairs

As well as explaining this new way of thinking, this report draws three practical implications for Corporate Affairs:

- **Root reputation measurement in specifics.** Those provide a clearer basis for an executive or board discussion than an aggregate score, helping connect stakeholder perceptions with business operations.
- **Prioritise the gaps that matter.** Significant or widening shortfalls can identify areas to protect, while small or below-average gaps can pinpoint areas of strength to campaign on.
- **Use the data to inform next steps.** Communications can close perception gaps but where stakeholders’ judgement reflects genuine underperformance, data can also help Corporate Affairs make an argument for business action.

This is a starting point. As more businesses put the approach to work, we expect to learn more about how stakeholder expectations shape reputation and where the gaps matter most. Our ambition is to give Corporate Affairs leaders a stronger basis for deciding what deserves their attention, where to challenge the business and how to direct their resources.

Individuals are constantly updating a mental model of expectations vs perceived performance.

The power of expectations

Why expectations?

We start from the understanding that:

> ***For a business to build and protect its reputation, it must live up to the specific expectations its stakeholders have of it.***

Being trusted means living up to expectations. Being as good in every interaction as you were last time. *Keeping your promises.*

This insight is intrinsic to the work of Corporate Affairs. Expectations and perceptions of performance are shaped by both what a business does and how effectively those actions are communicated. Risk arises when expectations and perceived performance diverge.

But while this idea is implicit in the work of corporate affairs, it has rarely, if ever, been explicitly applied to reputation measurement. This is despite the fact that the conceptual importance of expectations has been present in the literature on corporate reputation for a while. The essential work on this topic was published more than a decade ago, and theorised that "Reputation is… based on assessment of how past behaviors meet role expectations that follow occupying a particular social status". [1]

Expectations and perceptions of performance are shaped by both what a business does and how effectively those actions are communicated. Risk arises when expectations and perceived performance diverge.

1 "Meeting Expectations: A Role-Theoretic Perspective on Reputation", Jensen, Kim & Kim (2012)

The Model

Individuals are constantly updating a mental model of expectations vs perceived performance. This concept has been around in diverse fields of research for decades. The earliest formalised example we found in our research was from information systems research, where in 1980 Richard Oliver proposed a simple model of Expectation-Confirmation Theory. [2]

He showed how consumers' satisfaction, and therefore repurchase intention, is not dependent on their absolute judgement, but a function of their expectations going into the interaction too. Every time they buy a product, use a service, are exposed to marketing or news about the business, their expectations are being tested, the company's performance judged and their mental model updated. The more frequent the engagement, particularly in sectors like retail or utilities, the more finely tuned their expectation model might be.

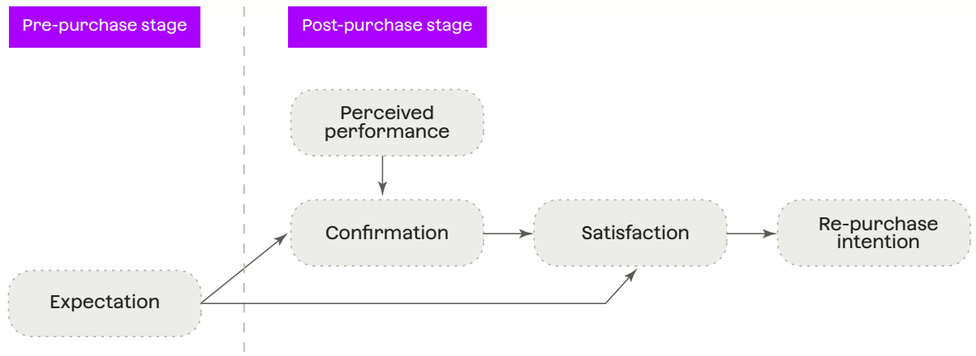
This understanding is already deeply embedded in the work of brand and marketing agencies. To give one example, Kantar's CX+ methodology seeks to establish whether the customer experience "lives up to your brand promise" and therefore whether brands are exceeding or falling short of customer expectations.[3]

The consistent finding, across the literature and practice, is that stakeholders are not making judgements about a business by comparing them to some absolute standard of what "good" looks like. Instead, they are assessing whether they are living up to the expectations they hold of that business, specifically. The implication for our purposes is that there is value in understanding and measuring those expectations, so that we can judge what matters more and what matters less to a business's reputation.

2 "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions", Oliver (1980)

3 CX+ Aligning Customer Experience and Brand Promise, Kantar.com

Expectation-Confirmation Theory (ECT):
(Oliver, 1980)



Corporate case studies

Walmart has long had a poor reputation as a place to work – among the American public as a whole, scoring 10 points lower than comparable bricks and mortar retailers like Costco and Home Depot, and more than 20 points behind Amazon.[4] There are obviously many factors that influence the success of such an enormous firm but it would be hard to argue that this reputational deficit is holding it back. Its total shareholder return over the last decade has matched Amazon's and in February they briefly cleared a market capitalisation of $1trn. Consumers care more about Walmart's exceptional value and range proposition; their low expectations of its employment practices also limit the negative impact of its poor workplace reputation. In short – Walmart is not falling short of expectations.

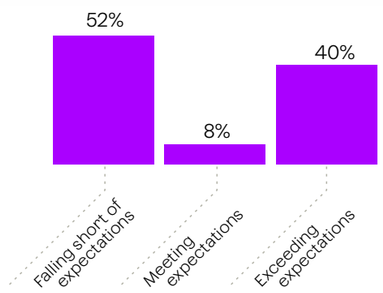
Nike has had a torrid couple of years, its share price falling nearly 75%. Among many factors, one misstep analysts have pointed to is the failure to continue investing in the development and innovation of new products.[5] This is reflected in the consumer data: between 2022 and 2023 alone, customers' perceptions of Nike's product selection fell by 9 points.[6] This is a brand with an exceptionally high reputation for fashion and innovation, that started to fall short of those expectations. Its task now, through a combination of product development and telling the story of that innovation, is to show consumers it can meet those expectations again.

4 Workplace Reputation Check, YouGov (2025)

5 "What's gone wrong at Nike? How the world's sportswear giant lost its mojo", BBC News, 2 October 2026
6 "Nike has good reasons to revive its retail partnerships", hundredx, June 2023

Recent research conducted among US retail employees of H&M powerfully demonstrated the relevance of expectations to internal communications. The researchers measured both how well they thought the company was performing on various ethical issues, and how much the fashion industry ought to do on each. They showed that the *gap* between employees' expectations of their employer and their performance ratings was more predictive of the employees' commitment than company performance in isolation. The bigger the gap between what employees expected and what they saw being delivered, the more inclined they were to leave.[7] This was over and above the performance scores themselves, i.e. the *gap* between expectations and perceived performance was predictive of their behaviour.

Most H&M employees think their company falls short of expectations on ethical issues
(Lee, Jung & Ha-Brookshire, 2023)



Sample: n=158 H&M retail employees in the US

7 "'We are watching you': investigation of consumer-employee perception gaps and the employee expectations-employer performance gaps", Lee, Jung & Ha-Brookshire (2023)

Why is there no evidence of expectations being deliberately operationalised to inform business decision-making?

The Expectation-Performance Gap

We have established that expectations play a central role in shaping a business's reputation and stakeholder behaviour. As noted above, this approach is already embedded in corporate affairs leaders' thinking, whether consciously or not, and well-supported by the literature. In short, the idea itself is not entirely new or overlooked.

Why then is there no evidence of it being deliberately operationalised to inform business decision-making and communications activity?

A 2024 review of 173 different approaches to measuring reputation found 25 which explicitly defined reputation in relation to stakeholder expectations. But not a single one applied a form of measurement which sought to assess stakeholder expectations in the first place.[1]

Our view is that a crucial step has been missed along the way. The theory has never been turned into a measurement tool.

A 2024 review of 173 different approaches to measuring reputation found 25 which explicitly defined reputation in relation to stakeholder expectations. But not a single one applied a form of measurement which sought to assess stakeholder expectations in the first place.

1 "Definitions and measures of corporate reputation in accounting and management: commonalities, differences, and future research", Bigus, Hua & Raithel (2024)

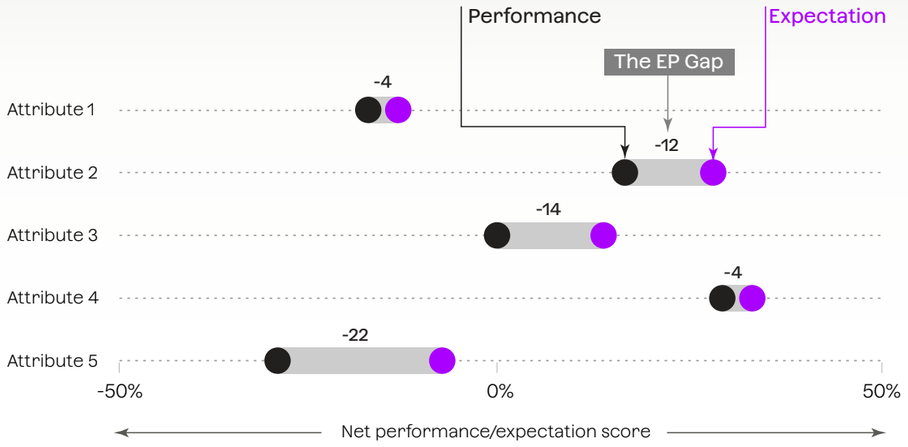
A new type of measurement

We have designed our new approach to fill this gap, while ensuring:

- It uses an overall structure that can be applied consistently across different sectors
- Within that structure, the individual questions are bespoke, allowing tailoring to the reputational needs of different companies and sectors
- It measures expectations at the individual company level, not at a sector level.

Our methodology should be highly recognisable, in that it takes an approach that is standard to tailored reputation trackers across the industry, and adds a new kind of question and a calculation, to arrive at our new measure: **The Expectation-Performance Gap.**

Example reporting of the Expectation-Performance Gap



Process for measuring the Expectation-Performance Gap

1. **Define a list of themes and competitors –**
   the aspects of reputation that matter to a company's reputation and companies that reputation can be judged against and compared to
2. **Define your audiences –**
   based on the priorities of the organisation and the practical availability of research
3. **Measure expectations –**
   Survey stakeholders' expectations, for each company, on each theme
4. **Measure perceived performance –**
   Similarly, measure perceived performance on each theme
5. **Find the Gap –**
   Calculate the Expectation-Performance Gap as the difference between the scores at #3 and #4

Audiences

The easiest audiences to gather data for are consumers and employees. Our experience is that these are the audiences where the Expectation-Performance Gap approach is most commonly used, and we expect this will remain the case. However, the underlying logic of the importance of meeting expectations applies across all audiences, and is useful regardless of whether you can gather hard data.

Political stakeholders ask whether they can expect a company to deliver against their political objectives before engaging with their policy asks.

The capital markets are themselves an expression of expectations of future performance – a model which is periodically updated by new performance data. Good expectation management is the essential task of communicating with the capital markets, and companies which mismanage expectations to the extent that they miss their own guidance are vulnerable to particular blowback.

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What it tells you

1. Diagnosis

At its heart, the Expectation-Performance gap is a tool to diagnose reputation risks and opportunities.

Poor performance scores do not matter (much) in isolation. Weaknesses may already be priced into perceptions of a business and may not deter consumers, investors or employees. What matters is when a significant gap emerges between what stakeholders expect and what they believe the business delivers. Alternatively, areas of performance strength, where companies are meeting or even exceeding expectations, represent an opportunity to build reputation through campaigning.

Identifying such gaps or strengths can add a fresh dimension to existing reputation tracking and Corporate Affairs judgement to help teams prioritise. For example, the attributes with the widest gaps warrant closer examination and may require communications or business action to prevent them from eroding reputation.

2. Tracking

Tracking Expectation-Performance Gaps can also provide a framework for setting goals and tracking progress over time. Repeated measurement shows whether priority gaps are narrowing or widening, and whether changes reflect a temporary fluctuation or a more fundamental shift in stakeholder perceptions. It can also benchmark performance against competitors and identify emerging weaknesses.

The right cadence will depend on the sector, the audiences in question and the practicality of researching them.

3. Reporting

This framework also gives corporate affairs leaders a clearer way to report reputation to boards and executive teams – showing a firm grasp on reputational risk that connects to business outcomes and more effectively influencing decisions. Instead of presenting a broad reputation score, it shows the business's unique strengths and weaknesses in a way that is intuitive, consequential and directive.

Implications for Corporate Affairs

Corporate Affairs plays a central role in shaping stakeholder expectations and demonstrating how the business is meeting them.

A clear corporate narrative, supported by effective communications, can give stakeholders an accurate and current view of the business, its ambitions and progress. It can help manage expectations and make sure evidence of performance against them reaches a wider audience.

Corporate Affairs teams can use the Expectation-Performance Gap to inform their own decisions and bolster their argument when making the case internally. Even if robust data on the Expectation-Performance Gap is hard to come by (e.g. for audiences that are expensive or impossible to survey), it is possible to think through the expectations that stakeholders have of a business, and how to manage them, using qualitative data or anecdotal experience.

Where significant Expectation-Performance gaps are identified, Corporate Affairs can help assess the causes and shape the response. If a gap reflects a lack of awareness, communicators can help reset perceptions. If it is down to a real performance deficit, they can use the evidence to influence colleagues across the organisation, highlighting risks and pressing for action.

Corporate Affairs teams can use the Expectation-Performance Gap to inform their own decisions and bolster their argument when making the case internally.

Poor performance scores do not matter (much) in isolation... What matters is when a significant gap emerges to expectations.

Gaps that are smaller than those of competitors or below sector average can reveal unexpected strengths. They can give stakeholders greater confidence in campaigning on a particular area or issue. These insights can inform planning and provide evidence to support focus on particular attributes or themes in proactive communications.

Finally, in limited circumstances, there might even be a case for using communications to lower expectations. This is the most aggressive option, but one that might be justified in certain circumstances, if a gap is intractable.

This approach in action

Headland has conducted new consumer research to apply this approach to two sectors: airlines and high street fashion. The research revealed unexpected strengths and potentially overlooked risks. It showed that brands can outperform competitors yet still disappoint customers, and that low prices do not mean consumers will accept every compromise.

The findings show how the approach operates to raise practical questions about where to focus communications, what needs further investigation and which assumptions to challenge within the business.

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Primark

Primark has built its position on the UK high street by making fashion affordable. Value is central to its identity, and this comes through in our data – as the brand has a comfortable lead over Next and Shein when it comes to value perceptions.

However, its position has eroded over time. Focus groups we conducted with their target consumers showed shoppers worried about Primark's prices rising, compared to competitors, a finding that is backed up in YouGov's long-term BrandIndex tracking[1]. Shopper expectations of Primark on value are still high, but it is now perceived to be falling short.

> *"Everything is way more expensive than it used to be."*
> **Female Primark shopper, suburban London**

As a result, Primark may outperform its competitors in absolute terms, but it falls further short of its own value promise than either Next or Shein does.

For Corporate Affairs, these figures challenge the assumption that a familiar strength requires little attention. For a business whose identity rests on affordability, unmet expectations of value could weaken the credibility of a wider corporate story.

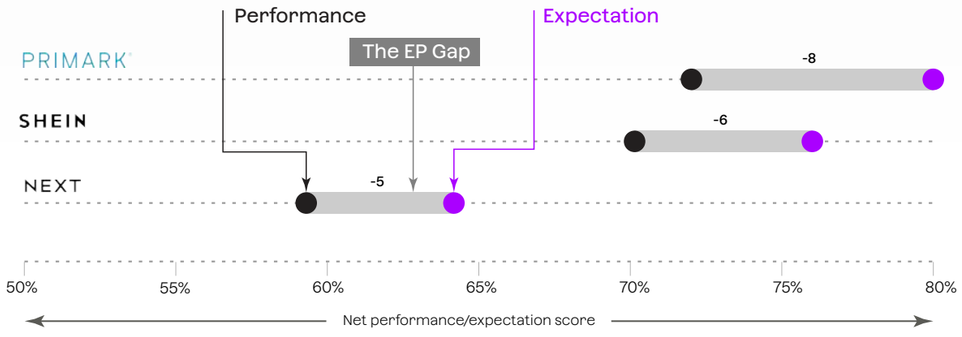
The business is clearly aware of this. In July 2026, it launched Iconic Value, a new range designed to show customers Primark prices are the best prices.[2] But there's a broader role for communications to play in making sure the gap doesn't erode its reputation over time.

Primark can use its track record of delivering for British households to make a renewed case for value, showing its role in helping UK families through the cost of living crisis and spotlighting the work it does to keep its clothes affordable.

1 Headland focus groups, January 2026; YouGov BrandIndex data shows Primark's "good value" perceptions falling from 42% in 2023 to 37% in 2026

2 "Disrupting Value: Why we want to offer more for less", Primark, 20 July 2026

Expectation-Performance Gap, among considerers of each fashion retailer



"Offers good value"

UK nationally representative polling, 30 September – 2 October 2026.
Sample: likely to consider each company (n=845-1,276)

Next

Next's Expectation-Performance gaps are the smallest of the three retailers across every measure. It also leads on perceived performance in all areas except value. This suggests a reputation supported by consistent delivery against what consumers expect. It has translated this in to consistent financial performance, which has given it a sterling reputation in the capital markets as well.

For Corporate Affairs, that strong starting position makes prioritisation the central challenge. Where can Next turn an existing strength into a more distinctive story? Where could it drive further differentiation from competitors by evidencing better delivery?

Keeping up with the latest trends offers one potential platform. Next is the only retailer researched to exceed expectations on this measure, suggesting consumers give it credit for understanding what they want to wear. That creates an exciting starting point for campaigning – about the role feeling "on trend" or fashionable can play in everyday confidence: helping people feel prepared for a first job, a return to work or an important occasion. Grounded in customer experience, this could give a familiar fashion message greater relevance to people's lives.

Sourcing presents a different opportunity. Next's smaller expectations gap is encouraging, but it still points to unresolved questions. Further investigation could establish how far these reflect concerns about the industry as a whole and where consumers want more reassurance from Next specifically.

If Next can substantiate stronger delivery, clearer communication about where clothes come from, how suppliers are held to account and what progress has been made could help distinguish it from competitors whose appeal rests more heavily on price. Its strong reputation gives it a platform for that conversation.

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Expectation-Performance Gap, among considerers of each fashion retailer

	NEXT	PRIMARK	SHEIN
Offers good value	-5%	-6%	-8%
Offers good quality	-4%	-5%	-5%
Is convenient to shop with	-3%	-3%	-9%
A pleasant shopping experience	-2%	-3%	-6%
Keeps up with the latest trends	+3%	=	-1%
Sources its products responsibly	-7%	-9%	-8%
Average EP Gap	**-3%**	**-4%**	**-6%**

UK nationally representative polling, 30 September – 2 October 2026.
Sample: likely to consider each company (n=845-1,276)

Ryanair

Ryanair's biggest Expectation-Performance Gap is on comfort. For an airline so explicit about low fares and no frills, consumers might be expected to factor some compromise into their judgements. Yet Ryanair falls short even against the significantly lower expectations placed on it.

Passengers may willingly forgo extras, but they still expect fair treatment, straightforward charges and help when things go wrong. The comfort gap raises a question about what customers regard as a reasonable compromise for a low fare, and where they feel the business is asking too much of them or deliberately trying to mislead them.

Ryanair would need to investigate what drives this judgement: whether it reflects the physical experience of flying, frustration with charges and service, or a wider lack of trust. In our data, stated consideration of easyJet is 27 percentage points ahead of Ryanair. Understanding these perceptions therefore has commercial as well as reputational importance, helping identify what might be holding potential customers back.

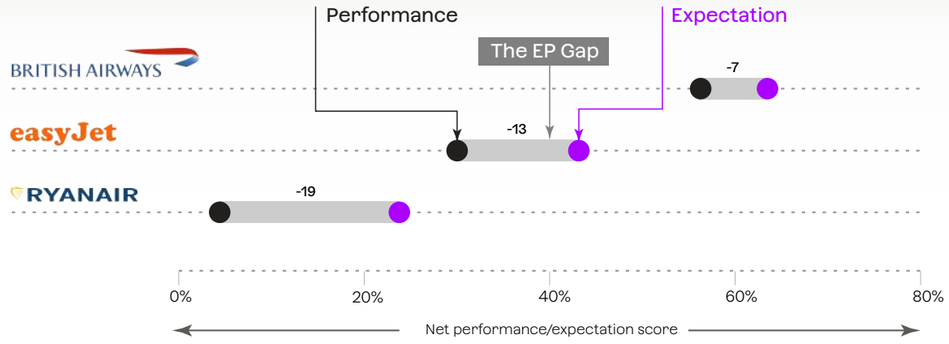
Discount retailers offer a useful comparison. Their appeal rests on a simple bargain: low prices, limited frills and clarity about what customers can expect. For an airline, the equivalent is a fare whose inclusions and exclusions are easy to understand, with charges and conditions that feel reasonable.

Customers can accept a basic service while still objecting to unexpected costs or feeling that the business is making the experience unnecessarily difficult.

For Corporate Affairs at Ryanair, the task would be to hold up a mirror to the business, bringing evidence of customer, media and wider stakeholder expectations to senior decision-makers. This is a clear example of the function's role in bringing the outside world in, offering a broader perspective than marketing, sales or commercial teams alone.

The comfort gap raises a question about what customers regard as a reasonable compromise for a low fare, and where they feel the business is asking too much of them or deliberately trying to mislead them.

Expectation-Performance Gap, among all consumers



"Is comfortable to fly with"

UK nationally representative polling, 30 September – 2 October 2026.
Sample: All consumers (n=2,115)

Conclusions

The insights from this report can be boiled down into five key takeaways

Conclusion	>>	Implication
Reputations aren't static or absolute. They're relative, specific to companies and consistently tested.	>>	Using blunt, standardised tracking and conceptual questions about a company only tells a part of the story.
Expectations are also specific to different companies and sectors, and they vary even for different facets of one company.	>>	Corporate Affairs teams should think about measuring how their company is expected to behave, not just how they are seen as performing – and the gap between the two.
The Expectation-Performance Gap links reputation and operation. It ensures that measurement captures stakeholders' practical experiences of the business – not just rhetoric and awareness.	>>	Because of the link to stakeholder behaviour, the Expectation-Performance Gap can give Corporate Affairs leaders an influential tool when contributing to business decision-making.
Big or growing Expectation-Performance Gaps signal issues that are eroding reputation and can impact stakeholder behaviour over time.	>>	The Expectation-Performance Gap can be used to help prioritise Corporate Affairs activity.
All audiences' behaviours are impacted by companies falling short of expectations, even though, practically speaking, it's harder to measure this for some audiences (e.g. investors) than others (e.g. consumers)	>>	Corporate Affairs leaders can use a variety of sources to think through a problem in Expectation-Performance terms, even if they don't have access to a robust Expectation-Performance Gap for every audience.

Strategy & Insight at Headland

Headland's Strategy & Insight team is made up of opinion researchers, audience and data analysts, campaign planners and reputation strategists who work alongside Headland's range of experts to give our clients the broadest perspective. We help our clients understand and exceed expectations through deep insight and data capable of informing business strategy. We use insight to develop reputation strategy, inform sustainability plans, develop narratives, test messaging, measure performance and plan communications campaigns.

We help clients:

- **Set reputation strategy:** We can prove the connection between stakeholders' perceptions and business value. This informs reputation strategies that deliver on business objectives and provide communications professionals with the reputation data to shape business decision-making.
- **Understand audiences:** Landing messages that have impact means understanding your audiences – be they consumers or colleagues, regulators or politicians. Our insight tools give you the confidence to shape powerful communications on a bedrock of evidence.
- **Plan campaigns:** Our team of strategic planners use a set of bespoke tools, working alongside our core client teams, to distil an insight from the research and data to unlock the strategy and positioning. From there we create actionable plans and turn strategy into reality.

About this research

Headland surveyed 2,115 UK adults, online via Yonder Data Solutions, 30 September – 2 October 2026. The data were weighted to be nationally representative. Respondents were asked about their trust, purchase consideration, expectations and perceived performance of various UK airlines and fashion retailers.

Authors



Matt Horrocks

Matt leads our Strategy & Insight team, working across clients to set their reputational strategies, on the basis of deep qualitative research and data analysis. Matt uses a range of tools – including deliberative focus groups, in-depth interviews, quantitative message testing, audience segmentation and regression analysis – to base clients' strategies in deep and robust evidence. He has advised National Grid on positioning itself as a driver of climate action; Primark on the relationship between its supply chain ethics and its commercial success; and the Labour Party in the run-up to the 2024 and 2015 general elections.

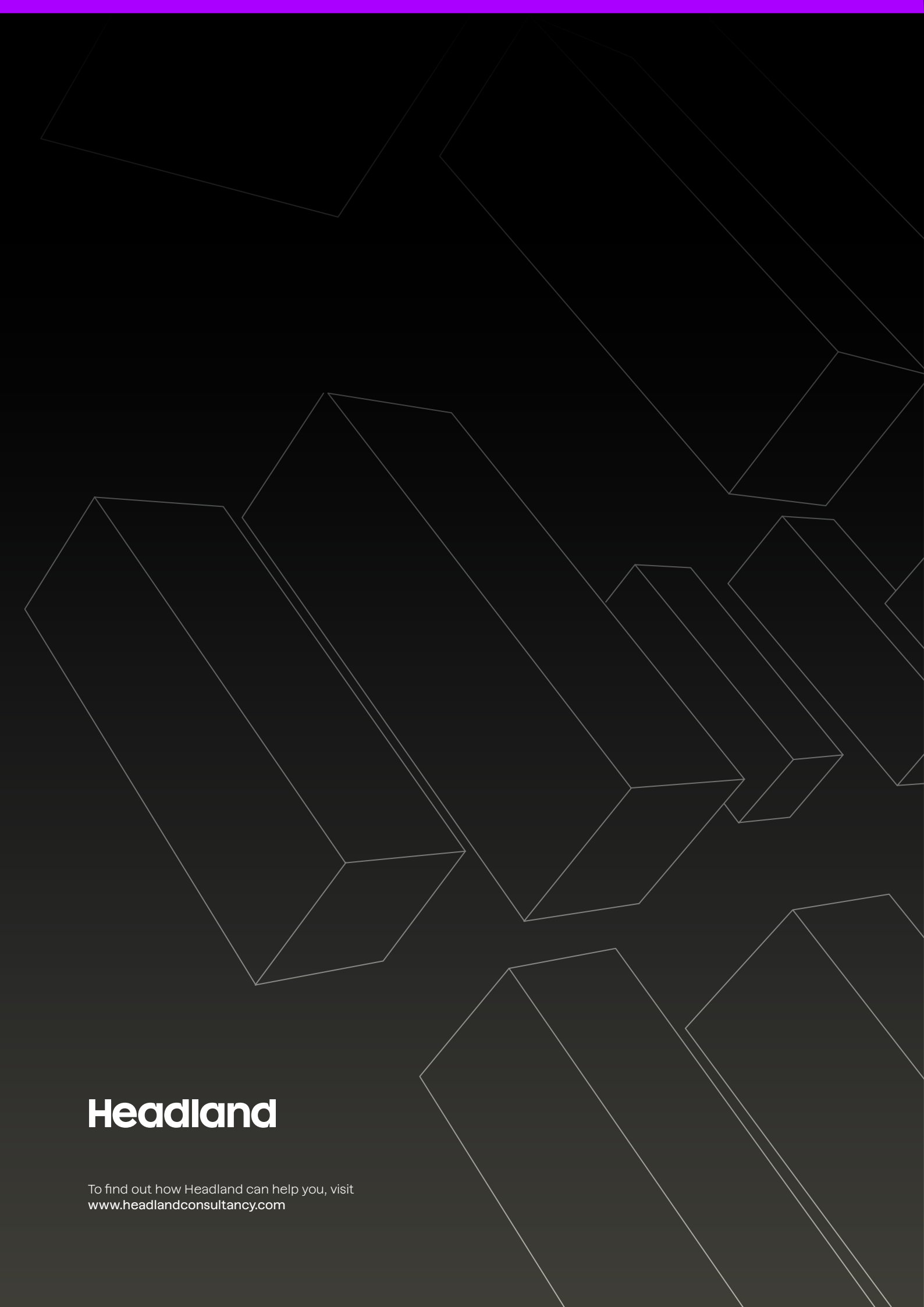
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Ewa combines experience advising some of the world's most highly scrutinised businesses with specialist expertise in reputation strategy, corporate narratives and positioning. She has advised Amazon, TikTok, PepsiCo, Three UK and OpenAI, and helped businesses navigate significant moments of transition by developing clear narratives and communications platforms. Her work translates research and insight into strategic advice, messaging and communications that businesses can put into practice.

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