



 **The Harris Poll**

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 **FTX**

FTX CASE STUDY: BRAND TRACKING

Companies must measure the impact of a crisis on brand health to ensure that their response effectively rebuilds brand equity and positive consumer sentiment. Our industry-leading [QuestBrand](#) platform provides the real-time insights into consumer perceptions that companies need. This always-on business intelligence tool surveys thousands of people daily to keep a continuous pulse on the brand metrics essential to business leaders.

In addition to tracking brand equity, QuestBrand tracks consumers' ad recall and progression through the sales conversion funnel – awareness, familiarity, trial, usage, and recommendation. The platform also captures the emotional attributes that consumers associate with each brand.

USE CASE: WEATHERING A BRAND CRISIS

On [November 11, 2022](#), cryptocurrency exchange **FTX filed for bankruptcy and announced the resignation of their CEO, Sam Bankman-Fried (SBF)**. At the time, FTX was the **second largest crypto exchange in the world with more than a million users**. By November 17th, **FTX had officially collapsed**. What led to FTX's dramatic downfall?

In an article published November 2nd, [CoinDeck exposed](#) an objectionable link between FTX and SBF's trading firm Alameda Research. **Alameda had "borrowed" up to \$10 billion of FTX customer funds**. The media outlet also published FTX's unbalanced **balance sheet**. Once customers realized the fragility of FTX's financial position, **a digital bank run ensued. FTX customers scrambled to withdraw assets**.

There was an **\$8 billion discrepancy** between what customers wanted to pull out of FTX versus the **available assets**. On November 8, FTX ran out of funds, and the company **blocked customers from withdrawing additional funds from the platform**.

Originally assumed to be an accounting oversight, FTX's financial realities were revealed as fraud. On December 12, 2022, **SBF was arrested and charged with fraud, money laundering, and campaign finance offenses**. SBF would be in [jail for 110 years](#) if he served the maximum sentence for all seven criminal counts against him.

After FTX's collapse, **John J. Ray III was brought in to serve as CEO**. Ray has experience dealing with companies in crisis. After Enron's 2001 scandal, Ray stepped in to sort out the infamous bank.

FTX BRAND EQUITY 2022-2023 - 12 WEEK MOVING AVERAGE

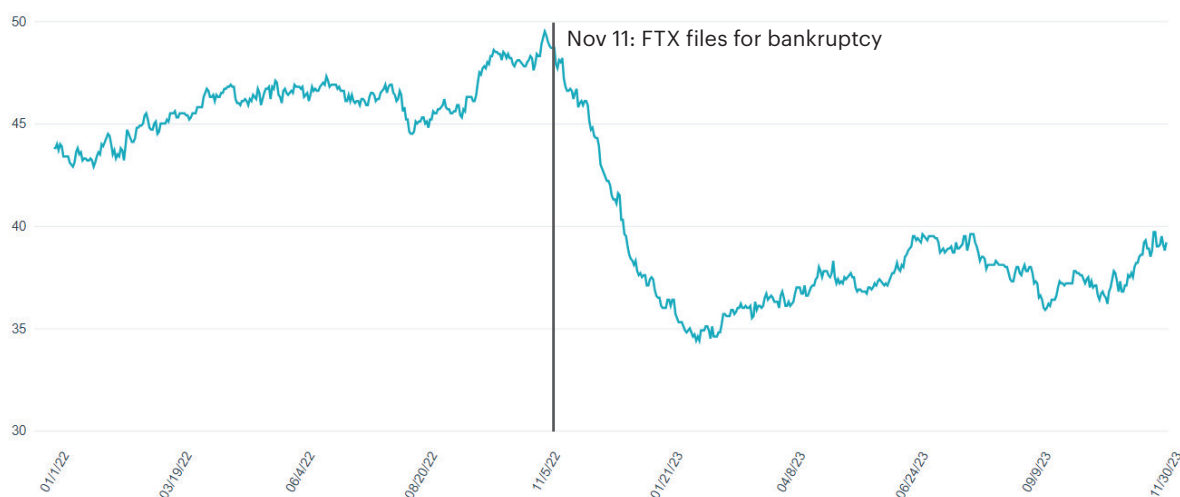


Figure 1. QuestBrand Base: US adults familiar with the FTX brand, n=3,915. 1/1/22-11/30/23.

“Never in my career have I seen such a complete failure of corporate controls and such a complete absence of trustworthy financial information as occurred here.” – John J. Ray III, Current FTX CEO

Using **QuestBrand data**, we tracked FTX’s brand equity to measure the impact of the company’s collapse and ensuing recovery efforts on consumer brand perception. **Brand equity measures the value that consumers see in a brand at a particular moment in time.** It is an average of four components – brand familiarity, perceived quality, purchase consideration, and perceived momentum.

FTX NET MOMENTUM - MILLENNIALS AND GEN Z ADULTS - 12 WEEK MOVING AVERAGE

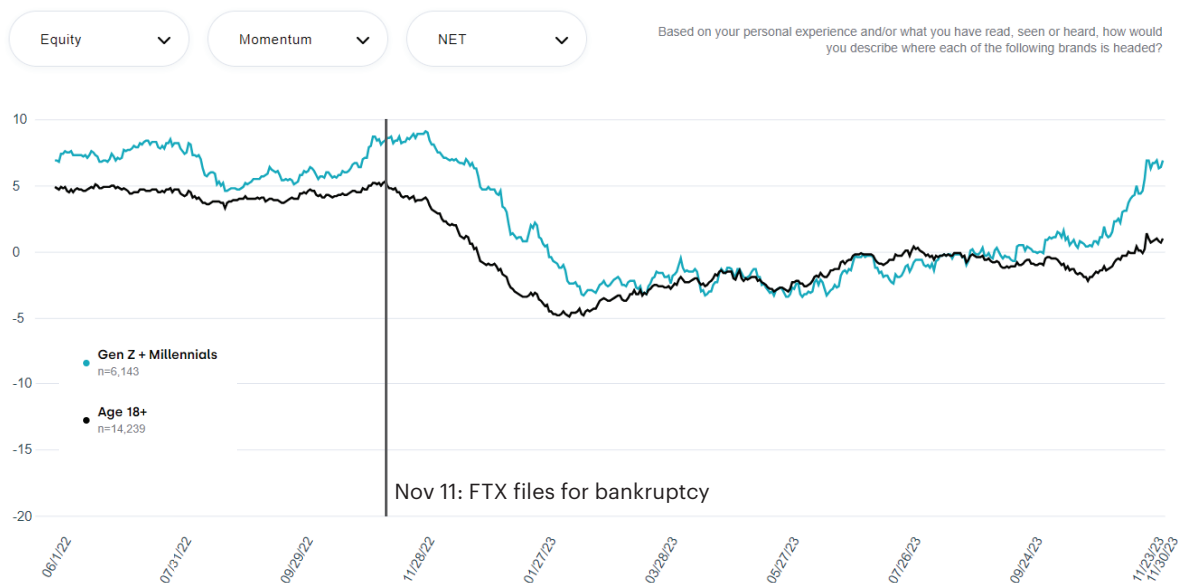


Figure 2. QuestBrand. Base: General population of US adults (black), n=14,239. Base: Millennials + Gen Z adults (blue), n=6,143. 6/1/22-11/30/23.

Figure 1 shows FTX’s brand equity score trended as a 12-week moving average from January 2022-November 2023. On November 11, 2022, FTX’s **brand equity started to steeply decline as the exchange collapsed and filed for bankruptcy.** Prior to the collapse (10/31/22), FTX’s brand equity stood at **48.4**. Post-collapse, FTX’s brand equity hit a low of **34.4** (2/10/23).

The story does not stop there. **After their collapse, FTX’s brand equity began to gradually recover.** By the end of November 2023, **FTX’s brand equity had increased to 39.2.** While some of this growth can be attributed to consumers’ increased familiarity with the FTX brand due to its prevalence in the media, FTX’s momentum also slowly increased throughout 2023 (**Figure 2**).

After the exchange’s dramatic fall, FTX’s new leadership jumped in to understand the company’s financial situation and to establish a customer repayment plan. **By August 2023, FTX had recovered more than \$7 billion** in assets. Later that fall, FTX released a plan to recover and distribute **90% of its former customers’ funds.** Perhaps these positive steps helped re-spark consumer confidence in FTX.

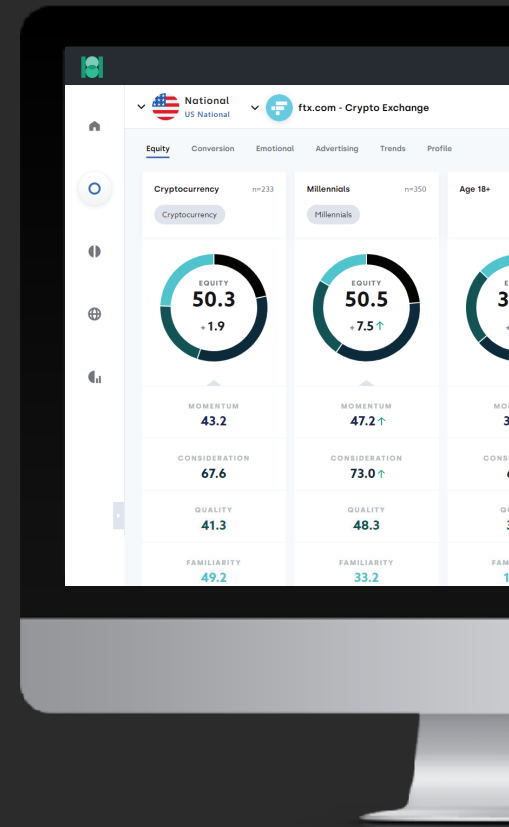
Once ignited, confidence in FTX continued to grow. **FTX management is currently evaluating whether the exchange could restart by the end of Q2 2024.** **Figure 2** tracks FTX’s brand momentum among US adults (black) and young adults (Gen Z and Millennials - blue). Like FTX’s brand equity, there is a sharp drop in momentum in November 2022. However, FTX’s brand momentum rebuilds throughout 2023. We especially see a rebound in momentum among young adults in late 2023.

FTX’s future remains uncertain. Mired in controversy, it is possible that the FTX platform will never again see trading activity. However, consumer brand sentiment has steadily grown throughout 2023. If FTX relaunches, consumers may be persuaded back onto the exchange.

BRAND INTELLIGENCE BUILT FOR THE 21ST CENTURY

QuestBrand offers real-time consumer insights for your brand. Don't wait to hear what your customers are saying about you and your competitors - get up and running in less than 24 hours.

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METHODOLOGY

This survey was conducted online within the United States between January 1, 2022 and November 30, 2023 among 14,239 US adults by The Harris Poll via QuestBrand.

ABOUT THE HARRIS POLL

The Harris Poll is one of the longest-running surveys in the U.S., tracking public opinion, motivations and social sentiment since 1963. It is now part of Harris Insights & Analytics, a global consulting and market research firm that strives to reveal the authentic values of modern society to inspire leaders to create a better tomorrow. We work with clients in three primary areas; building twenty-first century corporate reputation, crafting brand strategy and performance tracking, and earning organic media through public relations research. Our mission is to provide insights and advisory to help leaders make the best decisions possible.