

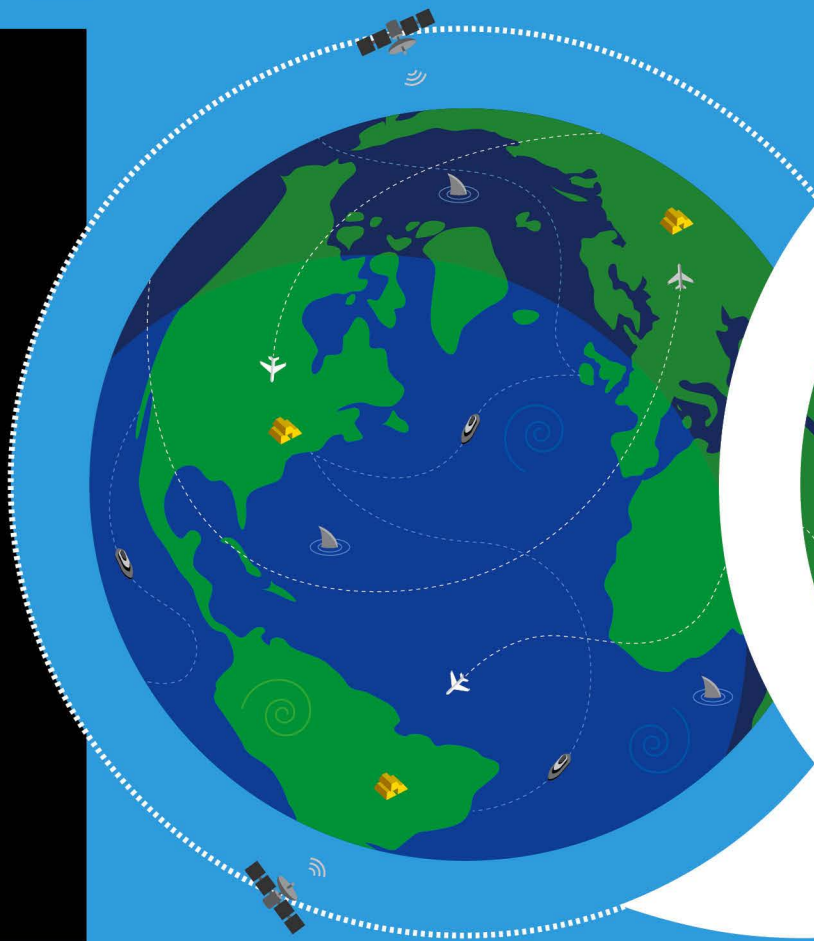
Brand value
increases across
categories

Year of recovery,
refinement, relevance

BRANDZ™

Top

1



**most
valuable
global
brands
2013**

Methodology and valuation by



WPP

Brands take on greater importance,
meaning and responsibility in today's
rapidly changing, interconnected world.





Dear friends of Millward Brown,

We're delighted to present you with the 8th annual edition of the BrandZ™ Top 100 Most Valuable Global Brands. Using data collected by Millward Brown on behalf of WPP and tapping into the proprietary valuation method of Millward Brown Optimor, we remain committed to helping you understand how brand building enhances the financial health of your company. Last year, we saw negligible growth in the value of the BrandZ™ Top 100, a cause for concern in the marketing community. I'm delighted to share the return to growth we have witnessed this year. The value of the world's most valuable brands grew a respectable 7 percent and in the eight years we've been tracking brand value, the value of the BrandZ™ Strong Brands Portfolio has grown by an amazing 58 percent. In spite of prolonged global economic volatility, the value of the world's strongest brands outperformed the stock market benchmark by a wide margin of 28%.

We continue to see many technology brands at the top of our ranking and there is little doubt that technology has become the lifeblood of our modern economy. That said, these brands struggled to deliver value growth in 2012. Over the past couple of years, mobile devices have sky-rocketed, but at the expense of personal computers. Likewise, hardware manufacturers have had to adapt to shifts to a more service based business model as more and more has shifted from physical equipment to cloud based solutions. As always, the ability to adapt remains paramount in this ever-important category and the nimble will inevitably be rewarded.

And it's not just technology brands that must adapt. Increasingly, we see consumers holding brands to higher standards. Reputation has never been more important as buyers expect brands to operate in accordance with higher ideals and greater responsibility. The best brands understand and appreciate more than just what people buy. Instead, they seek to understand and deliver what people buy into. So aligning your brand's values with those of your customers isn't just about doing good; it's about good business.

We hope you'll enjoy the many insights in this report that come from all over the world of WPP. Those of you who are followers of Sir Martin Sorrell will have heard him talk of a concept he calls "horizontality" – bringing the best of WPP together to serve our clients better. This report is a proud example of how the many assets that live within WPP can help you understand and deliver world-class brand building to your organization. At Millward Brown, we're proud to be at the center of BrandZ™ and prouder still of the company we get to keep within WPP. We look forward to helping you grow the value of your brand!

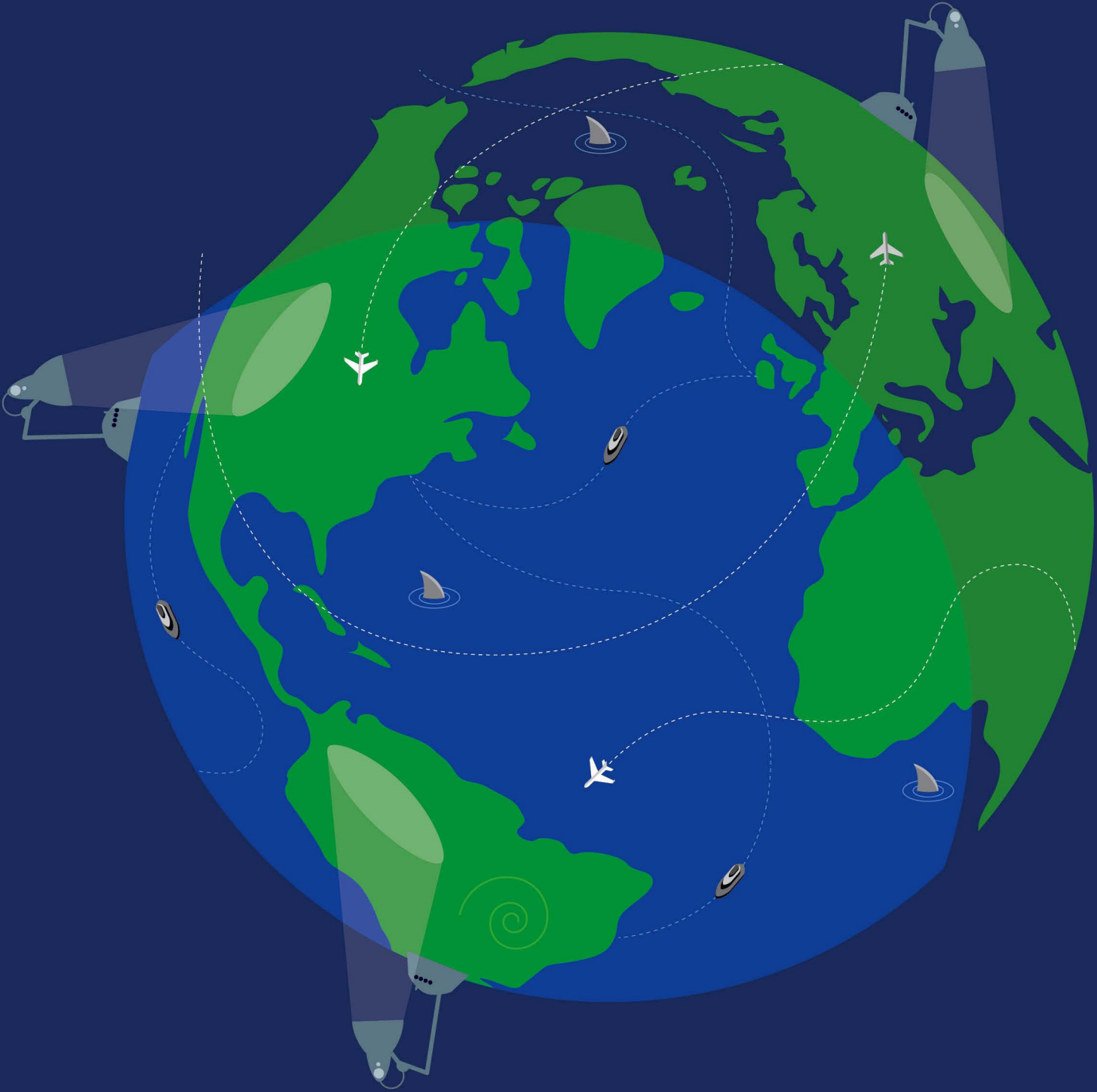
Warmest regards,

Eileen Campbell



Contents

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Part 1

Highlights

Introduction

BRANDZ™ TOP 100 RISES 7 PERCENT WITH GROWTH ACROSS CATEGORIES

Year of recovery, refinement and relevance

THERE WAS a new tone.

It fit the new normal. Both brands and consumers adjusted to constant uncertainty and sober expectations about economic growth. They fit into the calculus of consumption the impact on the natural environment, personal health, and human wellbeing along the supply chain.

Shaped by these considerations, brand value appreciated.

The value of the BrandZ™ Top 100 Most Valuable Global Brands rose 7 percent to \$2.6 trillion last year, compared with a flat performance a year ago. All but two of the 13 categories analyzed in this report improved in brand value. Technology and oil and gas declined modestly.




These results indicate that strong brands continue to regain value lost during the recession and now, in some cases, surpass their pre-recession levels.

The total brand value of the BrandZ™ Top 100 Strong Brands Portfolio has improved 77 percent since 2006. In addition, the BrandZ™ Top 100 Strong Brands Portfolio, comprised of diverse public companies, appreciated 58 percent during that eight-year period, compared with a market value gain of only 23 percent by the S&P 500.

Despite a sharp decline in the growth of its brand value last year, Apple remained number one in the BrandZ™ Top 100 ranking, on the strength of the meaningful difference of its brand. Google moved to the number two position, marginally surpassing IBM, which continues to be the world’s most valuable B2B brand.

These brands demonstrate both the capacity to grow brand strength quickly (Apple was founded in 1976, Google in 1998) and sustain it over time (IBM celebrated its centennial in 2011).

Three key themes emerge from the BrandZ™ Top 100 Most Valuable Global Brands 2013:

-  **Recovery**
The economy continued to improve—not everywhere, but in the US. All categories experienced healthy sales.
-  **Refinement**
With confidence still fragile, brands resisted introducing break-through innovations and instead encouraged consumer spending with incremental product and service improvements.
-  **Relevance**
Reaching these more reflective consumers required offering products and services that not only projected mass appeal, but also promised personal relevance for the individual.

Up 7%



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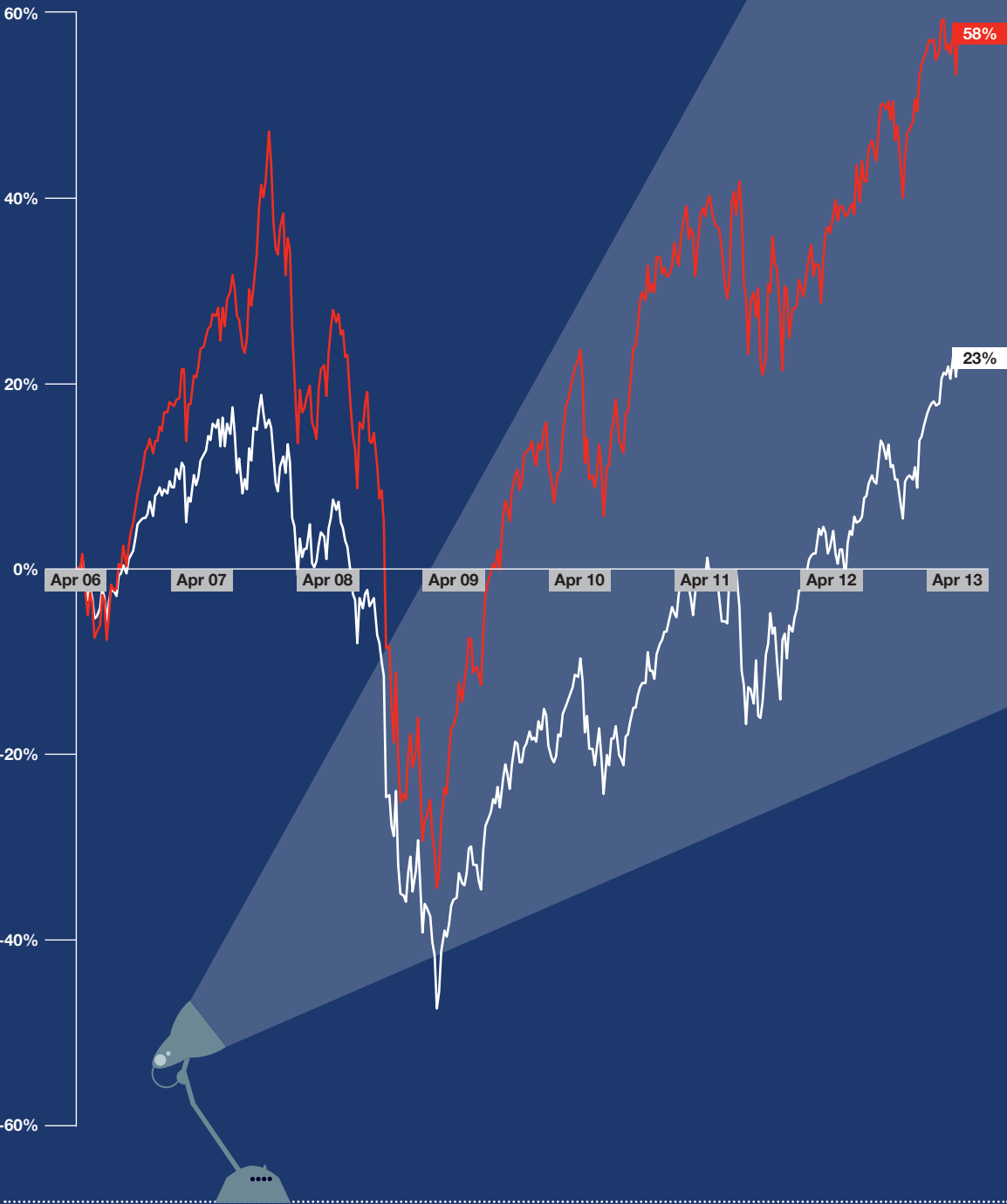
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BrandZ™ Portfolio outperforms S&P 500

- BrandZ™ Strong Brands Portfolio
- S&P 500

Over the past seven years, the S&P 500 increased 23 percent in market value. In contrast, the BrandZ™ Portfolio of the strongest brands appreciated 58 percent. The comparison shows that strong brands outperformed the stock market benchmark by a wide margin of 28%.



Source: Bloomberg

Key Results

Brand and category performance



Consumer categories rebound

Consumer categories experienced the strongest brand value appreciation as confidence and spending improved overall, despite economic difficulties in Europe and the slowdown in the BRIC markets.

- Apparel grew 21 percent** following a rise of 13 percent a year ago. Consumers felt ready to spend, particular on fast fashion and premium offerings, and brands matched their desires.
- Retail rose 17 percent** after a 5 percent decline a year ago. Adjusting to the new normal of steady but cautious purchasing, consumers were ready to spend when they found value.
- Personal care improved 11 percent** following a 5 percent decline last year.
- Cars rose 5 percent** after a 7 percent decline last year, a positive swing driven by resurgence in Detroit and the brand value rise of several German brands.
- Luxury grew 6 percent**, a strong increase but softer than the 15 percent rise a year ago because sales slowed in the BRICs.



Food & drink experience mixed results

- Changing consumer habits, ongoing health concerns and economic pressure on core customers moderated results. Brands emphasized value, added healthier menu options, and remodeled locations.
- Beer improved 36 percent**, the greatest percentage brand value rise of all categories. Beer brands showed strength in most markets, particularly the BRICs.
 - Fast food increased 5 percent.** Flat customer traffic in the US, along with economic pressure in Europe and slower growth in the BRICs, reduced the rate of increase from 15 percent a year ago.
 - Soft drinks rose 5 percent**, following a rise of only 1 percent a year ago. The change in value reflects effective brand marketing and the ongoing popularity of energy and sports drinks. But because the category was redefined to be more inclusive this year, results are not completely comparable.



Technology brand value remains flat

- In a year of product iteration, rather than innovation, the overall brand value of the technology category remained flat. The race to assemble and dominate ecosystems defined the year for B2C brands. In B2B, some brands discovered opportunities in big data and the cloud, while others struggled to reposition away from device-driven strategies.
- Without the surge in **Apple** and **Facebook** brand value that helped drive category growth, **Technology declined 1 percent** in the BrandZ™ 2013 ranking, after five years averaging 8 percent annual category growth.
 - The value of the Telecom category grew 1 percent, driven by the increase in mobile data transmission.
 - Technology** and **Telecom** brands together make up the largest segment of the BrandZ™ Top 100, both in number of brands represented and in their aggregate value.
 - Over a quarter of the BrandZ™ Top 100 brands are in **Technology** or **Telecoms**. The exact number is 28, up from 24 brands in 2006 but down from 31 brands in last year's ranking.
 - Technology** average brand value, \$44.2 billion, is double the average \$21.1 billion value of other brands in the BrandZ™ Top 100 (excluding technology and telecoms).
 - The top three BrandZ™ most valuable global brands are in technology: **Apple**, **Google** and **IBM**. And six of the BrandZ™ Top 10 are **Technology** brands or **Telecoms**.
 - Tencent**, the Chinese messaging platform, grew 52 percent in brand value based on the success of its WeChat utility for voice and text communication over the Internet.
 - Driven by the success of its Galaxy smartphone, and positive impact on its digital devices and home appliances, **Samsung** improved 51 percent in brand value, moving up 25 places in the BrandZ™ ranking to number 30.



Financial brands improve

- Many of the bank brands grew significantly in brand value based on new, successful initiatives to drive revenue in a more regulated, low interest rate environment. Some of the gain in brand value restored value lost after the global financial crisis.
- Financial brands—**Global and Regional Banks**, credit cards and **Insurance**—account for almost 20 percent of the brand value of the BrandZ™ Top 100, the second highest grouping after technology.
 - Three of the BrandZ™ Top 10 newcomer brands are financial, increasing the number of financial brands in the BrandZ™ Top 100 to 25 from 23 a year ago.
 - The **financial brands improved overall about 20 percent** in value. The banks, in particular, experienced a strong profit rebound.
 - Global Banks grew 23 percent in brand value** and regional banks grew 15 percent.
 - With a **19 percent rise in brand value**, following a 16 percent decline last year, the **Insurance** category returned to its 2011 level.



Commodity categories decline in value

- Political unrest compounded the challenges of the high-risk oil and gas category, which explored for natural resource reserves in some of the earth's most difficult and fragile environments.
- The **Oil & Gas** category declined **4 percent** in brand value, the largest decline across all categories.
 - The steep brand value decline of Brazil's Petrobras offset the generally positive brand value improvement of both the private international oil companies (IOCs) and the state-controlled national oil companies (NOCs).
 - A Colombian NOC, Ecopetrol, appeared in the BrandZ™ oil and gas category brand ranking for the first time.
 - Russia's Lukoil also debuted in the BrandZ™ oil and gas category brand ranking.

Top risers cross categories

- Among the BrandZ™ Top 100 Most Valuable Global Brands, those that rose fastest in value came from these categories—**Apparel**, **Beer**, **Luxury**, **Retail** and **Technology**. The category diversity indicates that a brand's ability to be different and relevant drives success, not its category.
- Prada** appreciated 63 percent in brand value, leading all brands in rate of brand value growth.
 - Zara** surpassed Nike as the highest valued apparel brand.
 - HSBC** led the ranking of global banks.
 - Wells Fargo** overtook ICBC as leading regional bank.
 - Amazon** surpassed Walmart to claim the number one spot in retail.
 - Toyota** reclaimed the top position in cars, with BMW down a notch.

Fast growing markets influence brand value growth, even as economies slow

- The number of brands from the fast growing markets in the BrandZ™ Top 100 Most Valuable Global Brands 2013 totals 17, compared with 20 a year ago.
- The fast growing markets represented in the BrandZ™ Top 100 are: **China** (12 brands, down one from a year ago); **Russia** (2 brands, same as a year ago); **India** (2 brands, same as a year ago); **Africa** (1 brand, same as ago). No **Brazilian** or **Mexican** brands appear. They were represented by one brand each a year ago.
 - The 17 brands from fast growing markets in the BrandZ™ 2013 Top 100 total \$328.8 billion in brand value compared with \$330.8 billion in total brand value for the 20 brands in the BrandZ™ 2012 Top 100.
 - Although not quite large enough for inclusion in the BrandZ™ Top 100, other brands from fast growing markets appear in the category rankings: **Brazil** (4 brands), **Columbia** (2), **Chile** (1), **Mexico** (1) and **China** (1).
 - The growing presence of Australian brands in the BrandZ™ Top 100 reflects economic strength relative to slowdowns in other developed markets.
 - Three of the newcomer brands to the BrandZ™ Top 100 are Australian: two banks, **ANZ** and **Westpac**, and **Woolworths** supermarket. A fourth new Australian brand, **Coles** supermarket, appears in the **Retail** category ranking, but not in the Top 100.
 - Commonwealth Bank of Australia** ranks in the BrandZ™ Top 20 Risers.

Cross-Category Trends

10 current influences on brands




1 Technology is a life force

Technology has become like breathing. We can't live without it. And we're not aware of it until there's a problem. In the technology category, devices, content and distribution systems have coalesced into parallel and competing ecosystems.

Brand implications
New and shiny alone isn't enough. No brand is unassailable. The winning brands attempt to be omnipresent and indispensable.

Example
Not long ago derided as "dumb pipes," telecom providers are creating their own branded ecosystems.



3 Location is not important

Location is everywhere. Location is no longer a barrier because you can reach the consumer anywhere, physically or virtually, at a time that suits the consumer.

Brand implications
Brands in all categories need to meet customers wherever the customers are. Each space, physical or virtual, can serve a different and appropriate function. A physical space can help showcase brand experience and cultivate customer intimacy, while the virtual world can perform the functional benefits of wide product range and simplified purchasing.

Example
In the insurance category, brands have increased their presence in social media. And one leading brand is experimenting with storefront café-like locations that appeal to younger, first-time customers looking for information without a hard sell.




4 Consumers expect what they've paid for—and maybe a bit more

Consumers shop from a broad portfolio of brands. A woman may purchase an affordable dress but match it with a luxury accessory. Consumers calibrate their expectations realistically. They're fine when the customer service of a value brand lacks intimate personal attention, but impatient if it lacks efficiency. Consumers don't expect everything from a brand—just what they've paid for—and maybe a bit more, like finding some luxury feel in a mass setting.

Brand implications
Technology enables brand marketers to satisfy these service expectations. By collecting and analyzing customer data, brands can tailor products, services and messages to be relevant for individual customers.

Example
In both super luxury and mass luxury, brands create personalized experiences to make customers feel especially unique and valued. A customer buying an accessory might receive a thank you on Twitter; a couture customer might be invited to an exclusive fashion show.



5 Customers expect the experience that a brand promises to be executed flawlessly across categories

Having encountered excellent brand experience in some categories, consumers now apply these standards across all categories. They expect excellent brand experience and have little patience when it's missing. And they don't necessarily expect to pay extra for it.

Brand implications
No category is immune from this expectation. No aspect of the brand is excluded, including: how the brand engages in physical and virtual stores; how the brand communicates to customers; and how customers communicate about the brand in their social networks. Brands need to benchmark against the best-in-class brand experience.

Example
This phenomenon can be called the "Apple Effect," since the brand established a standard for design, functionality and service delivered by both physical and online stores. Meeting those high expectations challenges any brand, including Apple, to consistently improve.



6 Brands are becoming media

Brands increasingly are executing the role formerly filled by traditional media—organizing and reaching audiences with relevant content. That’s because the brand’s customer data often is more targeted and detailed than the mass-market audience data of TV or print media.

Brand implications

This phenomenon is most apparent in retail because retailers collect and organize an enormous volume of customer data that can be monetized by creating content relevant to an audience segment and a sponsoring supplier. The apparel category is experiencing a similar phenomenon.

Example

While fashion brands still find it important to advertise in industry magazines, their own catalogs often tell the brand story more extensively. Some brands produce their own fashion shows, broadcast in-store or online.

7 The role of reputation is rising

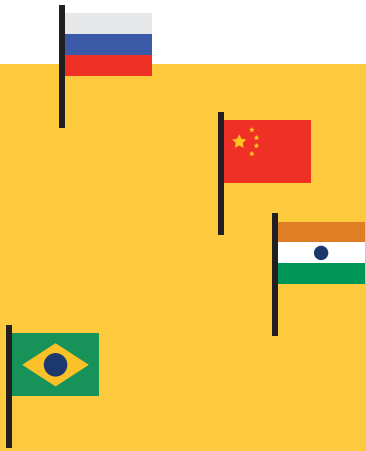
Brands are attempting to restore trust after it eroded in certain categories, particularly financial institutions. Corporate reputation becomes more important as a way to confer credibility.

Brand implications

After years of fracturing into sub brands, some corporations are promoting their brands under the corporate umbrella of authority. Corporate reputation is especially important to fortify brands on topics like environmental responsibility and good citizenship.

Example

As the recent BrandZ™ report titled RepZ discovered: strong corporate reputation correlates with high market share and improves key brand metrics. And corporate reputation and brand reputation increasingly are one in the same.



8 Presence in fast growing markets is imperative for global brands

Even in a year of slowed economic expansion in the fast growing markets, it’s clear that brand presence in these markets is no longer optional for some categories.

Brand implications

There’s a correlation between high brand value and presence in fast growing markets. Presence doesn’t assure high brand value, but absence makes high value much more difficult to achieve in some categories. Being well represented in fast growing markets helps brands not only by driving sales, but also by influencing higher assessments of forward-looking earnings, which can lift share prices. The full impact requires being present, relevant and well differentiated.

Example

Global presence especially drove growth in categories such as luxury, fast food and soft drinks.



9 The middle gets squeezed

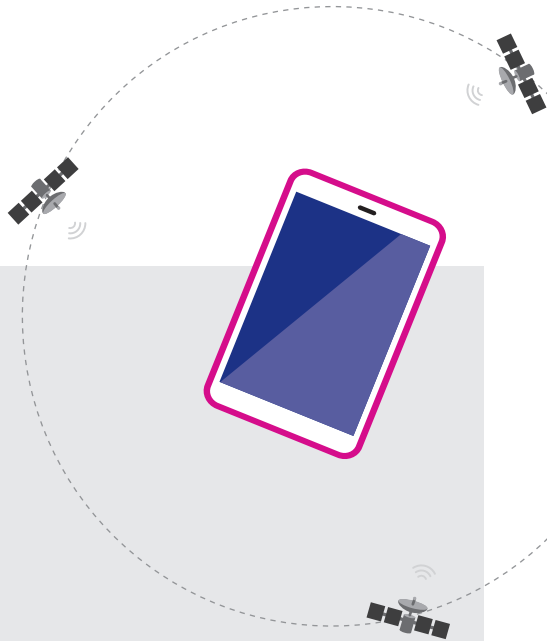
Brands at the premium or price ends of the value continuum present consumers with a clearer choice than brands in the middle. When the value proposition isn’t clear, it’s more difficult to persuade today’s cautious consumer to purchase.

Brand implications

In today’s economy, brands that effectively make a case for premium or value are better positioned than those squeezed in the middle with a less well defined reason for being and a limited story to tell. There’s a market in the middle, but there’s little room for error. Brands in the middle can’t be mediocre, at least not for long.

Example

In apparel, most of the fast fashion brands and the more premium brands improved in brand value, while those appealing to the broad middle were more likely to struggle.



10 The individual is the expert

Information is available everywhere, anytime to everyone. The brand-customer conversation is among equals. Brands and customers learn from each other. Brands gain direction and co-creation possibilities.

Brand Implications

The brand-customer relationship becomes more of a partnership. Comments on social media are fast, direct, informative and inexpensive. Paying close attention to these comments forges a closer brand-customer relationship and results in products and services that more closely match customer desires.

Example

The sales rebound of the Detroit automakers resulted from many factors, including a shift from exclusive reliance on traditional media to a sophisticated presence on social media.

Take Aways

Insights for growing brand value

Purpose

Stand for a higher purpose

Brands too narrowly defined by what they do may thrive when their specialty is in high demand. But they’re vulnerable as fads or even trends change. In contrast, brands with a higher purpose enjoy consumer permission to introduce other relevant products and services. This phenomenon was especially evident in technology, where some B2B brands struggled to expand from device-driven strategies, while brands with a broader purpose—make life easier, better, simpler—enjoyed greater flexibility. The best brands are built on an ideal that encompasses not what people buy, but what they buy into.

Make the purpose as salient and global as the brand

Good citizenship is not optional. Brands that sustain greatness over time connect to a fundamental reality: people want a better life for themselves and for the people closest to them. In an interdependent, transparent world a better life must be available to everyone. For global brands, the rising middle classes of Africa, India and Latin America represent not only potentially lucrative markets, but also the opportunity of the century, to help millions of people rise from poverty.

Be meaningfully different

The key word is meaningfully. Across categories, the most valuable brands generally are meaningfully different like this: They’ve discovered important customer needs that they’ve filled in ways that make the brand stand out and keep customers returning. In luxury, meaningful difference may pertain to craftsmanship or exclusivity; in technology, it could be about product efficacy and style; in oil and gas the highest quality engineering skill may be a meaningful difference. Meaningful means making a difference in the life of the customer, which helps the brand gain market share, maximize profitability and sustain success.



Consumers

Multitask like your customers

Time-stressed consumers multitask. They want the products they buy to multitask. This trend is most apparent in soft drinks and personal care. Having a refreshing beverage is fine. But it seems better—and serves a purpose beyond hydration and thirst quenching—if the beverage also boosts energy and adds vitamins or replenishes carbohydrates. It’s the magic of the “and.” In personal care, consumers are turning to cosmeceuticals, products that provide the beauty enhancement of a cosmetic with pharmacological properties that improve skin, for example. Not every brand needs to multitask. But all brands need to be aware how the marketplace has conditioned customers to expect solutions that perfectly match the way they live their lives.

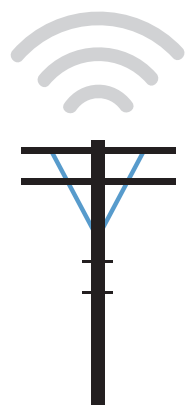
Address changing consumer habits and concerns

Responding to consumer health concerns, carbonated soft drink brands are introducing juices and other beverage options and the fast food brands are adding more healthy options to menus. There’s a gap between what consumers say they want (healthy drinks and food) and what they often choose (taste and calories). But habits are changing over time, especially among the young. And despite what people do today, what they say may indicate what they’ll do tomorrow. Brands need to listen closely.

Make good and better as if it’s the best

Consumers who buy good and better increasingly expect something similar to best. Now, the newest mid-market car models often are equipped with the kinds accessories that not long ago distinguished luxury brands. With electronic entertainment and guidance wizardry broadly available, luxury brands differentiate their cars with refinements, like the quality of the interior finishes. This democratization of quality is likely to raise value expectations across categories.





Communication

Be the message and the medium

Marshall McLuhan had it right when he said, “The medium is the message.” But now the aphorism is flipped. The message is the medium because of several contemporaneous developments, including: the advent of social media, the rapid and wide dissemination of information, democratic access to audiences, and the emergence of big data. Brands have at least as much ability to organize audiences and deliver relevant messages as traditional broadcast and print media.

Be genuine and honest

The advantage of traditional media is objectivity and authority. In contrast, brands have a particular point of view and an agenda. The key is not to pretend otherwise, but to be genuine and honest. Social media opinions can be harsh. The corrective is not to sanitize them, but to respond as appropriate and use the opinions to improve product and communications.

Integrate the brand experience in all channels

The industry parlance has moved from multi-channel to omni-channel to where no single word captures what it means for a brand to be present everywhere. Meanwhile, brands across categories are working to get it right. The luxury brand Burberry creates live fashion shows that are broadcast in its stores and on its website. Walgreens, the US drug store chain, aligns its website and mobile presence with 8,000 store locations that customers can visit for shopping or pick-up. The challenge is execution, harmoniously aligning all of a brand’s physical and digital representations. The strategic use of technology, mobile location based services and big data can provide a competitive advantage. Getting all that right reinforces brand experience.

Inspire employees

The customer comes first. The customer is always right. This is the conventional wisdom. It contains some truth and misses some truth. As banks attempt to restore customer trust lost during the financial crisis, they’re working to improve internal morale, especially among employees who face customers everyday and ultimately represent the brand most directly. It’s an equation championed by the US retailer Whole Foods. The brand asserts: Happy, enthusiastic employees satisfy customers; who produce the sales and profits that drive stock price, which rewards shareholders. It sounds like the new conventional wisdom.

Treat customers as individuals, not demographics

Intelligent use of big data enables brands to treat customers as individuals rather than demographics. Sales people with tablets that instantly access a customer’s buying history and preferences can respond more personally. Communication can be more individualized. A customer spending an average amount of money over time might receive a personalized thank you, while a higher-spending customer might receive an invitation to a special event. The data-driven ability to understand and respond to customers individually crosses most categories. Until now, for example, insurers focused more on acquiring new customers than on introducing more products to existing customers. With the ability to quickly analyze data, insurers can anticipate when a homeowner insurance customer may be ready for a life policy. Brands have an opportunity to develop mutually rewarding, individual long-term customer relationships. Customers, not demographics, spend money.

Growth

Be ready for the next new and shiny thing

Because people felt uncertain last year, new and shiny didn’t quite tempt them. Even in technology, a category known for innovation, brands shifted to iteration. That’s because brands generally didn’t want to take big risks when consumer confidence was still fragile and a wallet opened only slightly could snap shut quickly. Incremental change was enough to keep consumers happy and keep pace with the competition. The period of incremental change won’t last forever, however. The next new and shiny thing needs to be ready before consumers realize they want it.

Keep up with the fast growing markets

The BRICs took a breather. The slowdown revealed key distinctions in their levels of development. Brazil experienced mixed conditions: Monetary policy stimulated growth of the consumer sector but hurt banking, commodities and exports. With Brazil hosting two global events—the World Cup and the Olympics—in the next three years, growth will intensify. In China, the government’s drive to develop a consumer society will continue to increase purchasing power well beyond the largest cities. At the end of 2012, India expanded direct foreign investment, allowing multiple brand merchants, like Walmart, to operate as retailers. The opening of India’s economy, slow and deliberate as the country manages internal competing interests, is inexorable. The rate of GDP growth in Russia actually outpaced the other BRICs. With the entrance of Russia into the WTO last year, and the Olympics in Sochi in 2014, Russia is ready for more Western brands and the development of Russian brands. The BRICs breather won’t last forever. And then there’s Africa...

Invest in brand when others hesitate

It’s always difficult to invest when the economy is troubled, sales are slow, budgets are being cut and caution, even fear, becomes contagious. But after the gloom, when the sun returns, the only question is whether a pot of gold waits at the end of the rainbow. That depends on investment. When the recession hit, the sales of US home improvement retailer Home Depot already were pressured because of internal problems, including service levels, which tarnished the brand. Home Depot invested to fix the problems and restore its strong brand. In the BrandZ™ 2013 Most Valuable Global Brands report, Home Depot was a top riser for the second consecutive year. Its brand value rose 43 percent, following a 31 percent increase a year ago. Strong brands need tending, but they respond—often quickly.



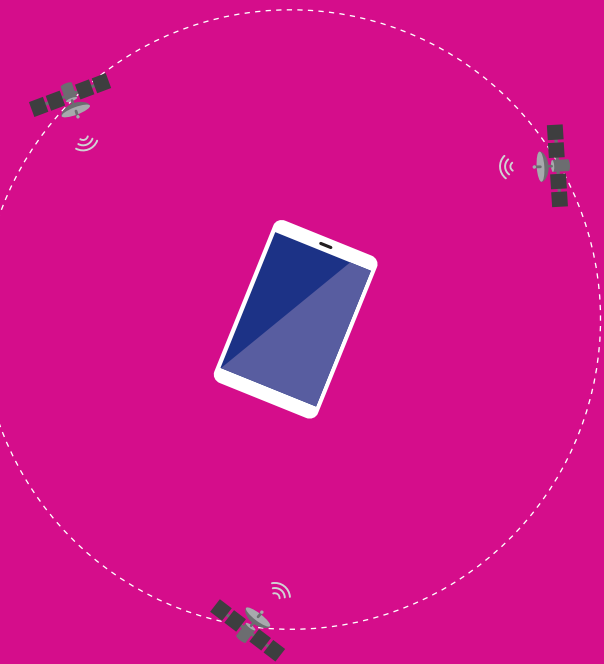
RADICALLY REIMAGINING BRANDS

To satisfy multi-faceted, always-on consumers



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wunderman



WE ARE IN the throes of a 50-year paradigm shift, the first significant change in the role and meaning of brands in culture and commerce since the period of Mad Men and the advent of television.

The future of marketing is personal, mobile, social and local. Big data makes every experience personal. Over 6 billion people have access to a mobile device connecting them to information, opportunities and each other. Social networks connect individuals anytime and anywhere, with people like them whose opinions matter to them. Technology empowers local marketers to be relevant to their consumers yet still benefit from the efficiency of a global platform and content.

Always-on connected consumers engage with brands in multiple roles. They are participants as well as buyers, conversationalists and sometimes creators, critics or champions, and all at different times. They expect consistent experiences relevant to their role and informed by their history at every touch point. They will stay connected to and share their data with brands they trust in return for valuable content and innovative services.

The whole consumer is a radical and new multifaceted way of thinking about consumers as they connect as individuals and network in communities. Brands must be reimagined as experiences and services designed for the whole consumer by the whole enterprise.

Understanding and staying connected to the whole consumer

Brands do not need to limit their thinking to one dimension. Brands can understand the potential of consumers as buyers, participants and influencers within a unified analytics and targeting framework. Brands can understand the multiple roles that consumers play in their lives, and so the multiple ways brands will need to engage consumers to meet their needs.

Brands can see consumers truly as individuals. The data flows from personal devices, increasingly wearable and invisible. It will enable us to understand interests, passions and behaviors within and beyond the category. The winning brands of the future will

reimagine themselves as experiences and services offering compelling reasons for consumers to stay connected. The outcome will be disruptive new business models and revenue streams.

This marketing model is a renaissance of consumer relationship marketing (CRM), first envisaged by Lester Wunderman when he created our agency 50 years ago. To engage the whole consumer means aligning the whole enterprise. This means change management and organizational alignment around consumers, experiences and services.

In the old paradigm different functions were responsible for engaging different consumer behaviors. Buyers were the responsibility of sales, with content focused on product features and pricing. Participants were the responsibility of marketing, with content focused on brand and emotional value. Influencers were the responsibility of PR or corporate, with content focused on sponsorship, events and social responsibility.

Data from digital and mobile analytics, and social listening, enables marketers to respond to the desires of consumers with personalized content and social experiences. Marketing tools leverage insights and models to connect content with consumers. Yet while a majority of enterprises understand the power of personalized content, relatively few have orchestrated programs in place. This is a critical gap for marketing to address.

New paradigm changes the role of marketing

In the new paradigm, the renaissance of CRM demands change in the traditional organization. Now we know that buyers, participants and influencers are the same people. They have different roles at different times, each requiring individual response and engagement. They have different demands for content and services, and want them personalized to their context.

In the new paradigm the role of marketing becomes to orchestrate content, experiences and services from the whole enterprise to engage the whole consumer. In the shift, marketing moves from a communication role (of brand, product and sales information) to the mission critical commercial and strategic role of orchestrating engagement. To fulfill this new role, marketing must do the following:

- Access all the enterprise's content across all the enterprise's silos
- Weave brand narratives and see them amplified by consumers
- Connect consumers in their multiple roles with the content and services relevant to their personal and community desires, irrespective of time or place

Social responsibility, sustainability exemplify marketing as engagement

Perhaps the most significant illustration of the paradigm shift in the role of marketing is the consumer desire to play a role in social responsibility and sustainability solutions. Far seeing enterprises are responding to global trends by making significant investments in social responsibility and sustainability. How do they connect these initiatives to consumers who care?

Consumers care about commitment to corporate social responsibility. A Burson-Marsteller survey reported that 75 percent of consumers agreed that it is important for a company to be socially responsible. In his book "Grow" former P&G CMO Jim Stengel leveraged Millward Brown's BrandZ™ analysis to demonstrate that, "Maximum profit and high ideals aren't incompatible, but in fact inseparable."

Using connected data marketers can identify the segments that participate in and are motivated by social issues. They can weave into marketing storytelling the enterprise's CSR content, personalized for these individuals and the communities in which they participate.

By adopting a whole consumer framework marketers can bring social responsibility and sustainability to life, expand its reach and demonstrate its measurable business impact on brands.

The role of marketing is now to create, curate and activate. Marketers should oversee the output of all other functions in the company creating content so that they can orchestrate engagement of the whole consumer.

To manage a brand, a marketing team must now be producer, listener, analyst and developer as well as (traditional) strategist, planner, creative and project manager. The role of the producer means that this is a publishing or news model, but one that operates in real-time and is responsive and proactive. Marketers can no longer distribute content and track the results. Marketers can no longer manage a series of campaigns.

To grow the brands of the future the marketer's role is the orchestration of content for the engagement of the whole consumer and the accountability for brand value and marketing performance.

Wunderman specializes in social, mobile, data and analytics, with 170 offices in 60 countries.
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Part 2


























The
Top 100

BRANDZ™ Top 100 Most Valuable Global Brands 2013

	Category	Brand	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012	Rank change
1	Technology		185,071	4	1%	0
2	Technology		113,669	3	5%	1
3	Technology		112,536	3	-3%	-1
4	Fast Food		90,256	4	-5%	0
5	Soft Drinks		78,415	5	6%	1
6	Telecoms		75,507	3	10%	2
7	Technology		69,814	3	-9%	-2
8	Tobacco		69,383	3	-6%	-1
9	Credit Card		56,060	4	46%	6
10	Telecoms		55,368	3	18%	0
11	Conglomerate		55,357	2	21%	0
12	Telecoms		53,004	3	8%	-3
13	Regional Banks		47,748	3	20%	1
14	Retail		45,727	3	34%	4
15	Logistics		42,747	5	15%	1
16	Regional Banks		41,115	2	-1%	-3
17	Telecoms		39,712	3	-8%	-5
18	Retail		36,220	2	5%	-1
19	Technology		34,365	2	34%	3
20	Credit Card		27,821	4	34%	9
21	Technology		27,273	4	52%	16
22	Regional Banks	 China Construction Bank	26,859	2	10%	2
23	Cars		24,497	4	12%	5
24	Cars		24,015	4	-2%	-1
25	Global Banks		23,970	3	24%	6


























Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



	Category	Brand	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012	Rank change
26	Entertainment		23,913	3	40%	17
27	Telecoms		23,893	2	-11%	-7
28	Credit Card		23,514	4	16%	2
29	Luxury		22,719	4	-12%	-8
30	Technology		21,404	3	51%	25
31	Technology		21,261	4	-36%	-12
32	Baby Care		20,594	5	13%	3
33	Technology		20,443	5	-16%	-8
34	Beer		20,297	4	28%	14
35	Apparel		20,167	3	60%	31
36	Technology		20,039	2	-11%	-9
37	Regional Banks		19,975	2	12%	1
38	Regional Banks		19,968	4	16%	2
39	Oil & Gas		19,229	1	5%	-5
40	Luxury		19,129	4	0%	-8
41	Retail		18,488	2	43%	21
42	Personal Care		17,971	4	30%	15
43	Cars		17,952	4	11%	3
44	Fast Food	 Starbucks	17,892	4	5%	-2
45	Personal Care		17,823	4	-6%	-12
46	Regional Banks		17,781	4	22%	8
47	Retail		17,749	2	40%	17
48	Regional Banks		17,745	3	36%	12
49	Oil & Gas		17,678	1	-1%	-10
50	Personal Care		17,250	4	15%	1
















The Brand Value of Coca-Cola includes Lights, Diets and Zero
The Brand Value of Budweiser includes Bud Light

BRANDZ™ Top 100 Most Valuable Global Brands 2013

	Category	Brand	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012	Rank change
51	Fast Food		16,691	4	12%	1
52	Regional Banks		16,565	3	New	New
53	Technology		16,503	3	2%	-8
54	Technology		16,362	2	-29%	-28
55	Retail		16,303	4	-9%	-19
56	Apparel		15,817	4	-3%	-12
57	Insurance		15,279	3	5%	-4
58	Regional Banks		14,236	2	10%	3
59	Regional Banks		14,196	1	12%	4
60	Telecoms		13,829	2	-10%	-10
61	Technology		13,757	2	-12%	-12
62	Logistics		13,732	4	17%	8
63	Regional Banks		13,716	3	19%	9
64	Global Banks		13,386	2	37%	18
65	Oil & Gas		13,380	1	11%	3
66	Telecoms		13,336	2	-22%	-25
67	Oil & Gas		13,127	1	-6%	-11
68	Luxury		12,735	5	48%	New
69	Apparel		12,732	2	-6%	-11
70	Regional Banks		12,655	3	19%	4
71	Cars		12,401	3	-2%	-6
72	Technology		12,331	1	16%	1
73	Alcohol		12,193	3	3%	-4
74	Retail		12,040	3	31%	15
75	Soft Drinks		12,029	4	-5%	-8

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



	Category	Brand	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012	Rank change
76	Retail		11,879	3	13%	0
77	Technology		11,816	2	-11%	-18
78	Oil & Gas		11,520	1	11%	-1
79	Telecoms	 MTN	11,448	3	23%	9
80	Retail		11,039	3	New	New
81	Global Banks		10,836	3	25%	11
82	Telecoms		10,633	3	11%	3
83	Soft Drinks		10,558	3	6%	-3
84	Insurance		10,558	3	4%	-6
85	Regional Banks		10,396	2	8%	-2
86	Cars		10,186	3	3%	-5
87	Global Banks		10,160	2	1%	-8
88	Regional Banks	 Westpac Australia's First Bank	10,070	3	New	New
89	Telecoms		10,054	3	-13%	-18
90	Telecoms		10,028	3	-37%	-43
91	Fast Food		9,953	3	12%	0
92	Technology		9,826	3	New	New
93	Global Banks		9,668	2	New	New
94	Telecoms		9,531	2	New	New
95	Luxury		9,454	4	63%	New
96	Global Banks		9,232	3	8%	-1
97	Oil & Gas		9,036	1	5%	-4
98	Logistics		8,940	3	18%	2
99	Retail		8,885	2	-5%	-12
100	Cars		8,790	3	3%	-4




The 2012 Brand Value of Gucci has been restated to \$8,602
The Brand Value of Pepsi includes Diets
The Brand Value of Red Bull includes sugar-free and Cola

Overview

BRANDZ™ TOP 100 UP 7 PERCENT, RISE TOUCHES MOST CATEGORIES

THE BRANDZ™ Top 100 Most Valuable Global Brands 2013 rose 7 percent in brand value to \$2.6 trillion. The increase followed flat growth of less than 1 percent a year ago.

Modest recovery in developed economies, particularly in the US, drove the positive change in BrandZ™ 2013. And, despite slower economic expansion, the BRICs continued to propel certain categories, especially luxury. Brand value increased in every category but two—technology and oil and gas, which declined slightly.

-  The beer category experienced the sharpest brand value increase, 36 percent.
-  With a 19 percent rise in brand value, the insurance category rebounded from a 16 percent decline a year ago.
-  The apparel category grew 21 percent in brand value on top of a 13 percent increase a year ago.

The minimal decline in technology and oil and gas resulted less from the performance of an entire category, and more from the brand value fluctuations of two important brands, Apple and Brazil’s government-controlled Petrobras.

Economic and competitive pressures, rather than brand issues, drove the changes. In fact, Apple increased slightly in brand value to remain world’s most valuable brand, illustrating how brand power sustains a company through business challenges.

Top Risers and Newcomers

The three fastest growing brands—Prada, Brahma, and Zara—came from diverse consumer categories: luxury, beer and apparel. Prada increased 63 percent, driven by the ongoing appetite for luxury, particularly in fast growing markets.

The 61 percent brand value rise of Brahma, a Brazilian beer owned by AB InBev, the world’s largest brewer, demonstrated the power of a global marketer and the continued vitality in the BRICs.

The fast fashion apparel brand Zara grew 60 percent in brand value, indicating that value still drove shoppers, even though consumer confidence remained fragile.

Eight newcomers, from five categories—luxury, retail, banks (global and regional), technology, and telecom providers entered the BrandZ™ Top 100: the Italian luxury brands Gucci and Prada; from Australia, the regional banks ANZ and Westpac, plus the supermarket Woolworths; and JP Morgan, a global bank. In addition, the technology brand Yahoo! and BT, the telecoms provider, entered the Top 100.

Brand Contribution

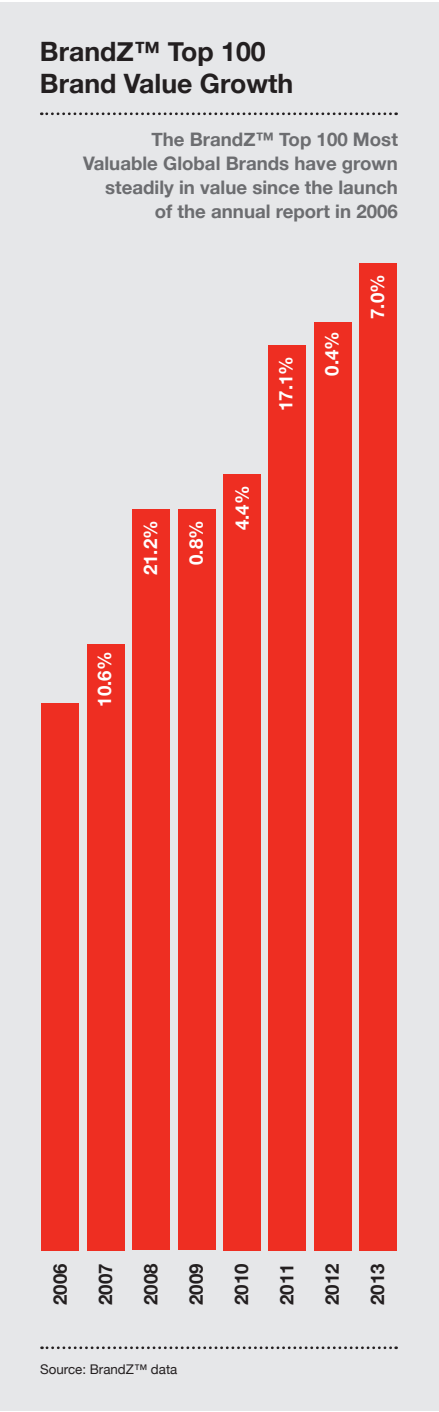
The leaders in Brand Contribution also came from diverse categories. Brand Contribution is a key metric that measures the impact of brand alone on brand value, with financials and all other factors stripped away.

Colombian beer Aguila and fast food operator Panera scored highest in Brand Contribution. Both brands appeared for the first time in the BrandZ™ global report, not in the Top 100, but in the rankings of their respective categories.

All the brands in BrandZ™ Top 100 Most Valuable Global Brands 2013 achieved the distinction of appearing in this report despite mixed economic conditions. They share something else in common.

Their high brand value, relative to other brands, resulted from their ability to appeal to relevant customers with a particular balance of being “meaningful”

(meet expectations and generate affection), “different” (unique in a positive way) and “salient” (the brand of choice). **Z**



Key characteristics of successful brands

Total brand value of the BrandZ™ Top 100 Most Valuable Global Brands has grown steadily since the report was introduced in 2006.

The Top Risers during these eight years increased 425 percent in brand value.

Half of the eight Fastest Risers come from the technology category: Apple increased in brand value 1,058 percent; Amazon, 664 percent; SAP, 259 percent; and IBM, 212 percent. Telecom Verizon rose 256 percent in brand value.

The other Top Risers, from diverse categories, include the luxury brand Hermès up 296 percent, and apparel brand Zara with a 295 percent increase in brand value. The fast food brand Subway achieved the greatest brand value increase—an astounding 5,798 percent.

What factors account for the overall brand value rise in the BrandZ™ Top 100 over the past eight years and for the extraordinary performances of these fastest risers? What is it that distinguishes the most valuable brands and enables steady growth? BrandZ™ analysis indicates that these eight characteristics drive brand value and financial success:

- 1. Great value**
It’s not about price, but what you get for your money. Hermès and Subway both offer great value.
- 2. Relevant for today**
Continuing to renew the brand is essential to remain in contention. IBM reinvention, with its higher margin consultancy that drives a “Smarter Planet,” is totally in tune for today.

3. Harnessing technology
Being available 24/7, being social, being connected is not just the domain of social media. No brand can afford to be out of touch nowadays. Amazon’s online customer management and purchase recommendation was a game changer.

4. Reputation
How the brand genuinely behaves today will be assessed immediately, globally, in a flash. Brand strength, what you stand for, is a valuable component of a good reputation. SAP is rated in the BrandZ™ research as being particularly responsible as a company. And this underpins a good reputation.

5. Meaningfully different
Consumers will stay loyal if they feel they are getting the best. To consumers, brands that meet their needs are more appealing. These brands are unique in a positive way. Consumers see them as ahead of the game in setting trends. These brands generate the greatest contribution to driving current and future sales. Apple is the archetypical “meaningfully different” brand. Analysts and stock market sentiment might at times be more negative, but Apple has a vital and living brand.

6. Personality
A distinctive brand character is more likely to generate consumer passion and create brand advocates. Brands should not worry about polarizing opinion. It’s better to stand for something. Verizon is what BrandZ™ classifies as a “King”—a brand that is Assertive and In Control but Wise, Desirable and Trustworthy. Each of the eight Top Risers has a distinct personality.

7. Get abroad and about
Expansion of the offer using the brand in its meaningfully different positioning is a route to successful growth. All, except Verizon to date, have moved into new international territories chasing growth and success. Being present in growth markets in this global economy is a must if the brand has a relevant offer.

8. A great branded experience
A brand is only as good as its last experience. Recommendation is a powerful force and can make or break a brand even more quickly in this connected world. Zara has built its reputation and based its considerable innovation on delivering fashion fast, which provides a great consumer experience.



BRAND VALUE APPRECIATES DESPITE ECONOMIC STRESS

BRAND VALUE appreciated by an average of 44 percent among the BrandZ™ 2013 Top 20 Risers, compared with an average increase of 35 percent the previous year. The sharper increase suggests that strong brands gained momentum despite the fluctuating global recovery.

The Top 20 Risers individually far exceeded the substantial 7 percent brand value growth of the BrandZ™ Top 100 Most Valuable Global Brands overall.

The diversity of categories represented in the Top 20 Risers—apparel, banks, beer, luxury, personal care, retail, technology, entertainment and credit cards—affirms that strong brands can emerge in all sectors of the economy.

Multiple factors accounted for this performance, including Brand Contribution, the portion of brand value attributed to the brand alone and not to financial or other factors. Among the other influences were:

- Differentiation**
The introduction of desirable products, supported with clever marketing, was a key driver of brand value growth.
- Recovery**
In other instances, brand value growth reflected value regained since the recession because of investments in the brand made during the global slowdown.
- Geography**
Generally, brands with a global presence were more likely to enjoy brand value appreciation, despite slower growth rates in BRIC countries.

Differentiation
In technology, one of two categories that declined slightly in brand value, Tencent and Samsung improved brand value 52 percent and 51 percent, respectively. In both cases, the brands demonstrated an ability to anticipate and meet consumer desires with clearly differentiated products.

Tencent expanded the user base for some of its products. Samsung gained consumer approval, and challenged Apple’s dominance, with the features and marketing of its Galaxy smartphones. The smartphone success strengthened the Korean brand across its wide range of home electronics and digital devices.

Recovery
The Home Depot is the only brand in the BrandZ™ 2013 Top 20 Risers that also appeared in last year’s Top Riser ranking. The US home improvement retailer’s 43 percent brand value growth follows a 31 percent increase a year ago.

During the recession, the home improvement business suffered more than most categories. As business slowed, The Home Depot acted. It improved customer service and addressed other problems that had depressed its sales, decreased its share price and tarnished its brand. Driven by the US housing recovery, consumer and contractors started spending again. And The Home Depot was ready for them.

Of the banks that improved in the BrandZ™ 2013 ranking, Citi and Barclays experienced the greatest lift, 37 percent and 34 percent, respectively. These gains reflect the recovery of brand value lost because of the financial crisis. Citi’s brand value declined 38 percent a year ago and has not yet reached its pre-recession level.

These brand value improvements followed the initiatives by both Citi and Barclays to introduce products and services aimed at growing business in a more regulated, low interest rate environment. Barclays underwent a change of management, with the new CEO pledging to refocus the bank on customer service.

Geography
Even as the rate of economic expansion slowed in the BRIC countries, luxury sales grew. Wealthy Asian clients, for example, continued to support the brands both with purchases made at home and while traveling abroad, which helped bolster results in Europe. Prada led the list of Top Risers with a 63 percent increase in brand value. Both an increase in sales and an increase in its Brand Contribution score contributed to Gucci’s 48 percent rise in brand value.

Brand Contribution also remained an important factor in beer. Brahma and Skol, two local Brazilian brands owned by global brewer AB InBev, enjoyed wide popularity at home. Based on worldwide distribution and popularity, Stella Artois, another AB InBev brand, also grew in brand value. Heineken benefited from its global premium reputation. Overall, strength in Asia, Latin America and Africa offset the weakened European economies.

The impressive brand value growth of 60 percent for Zara and 52 percent for Calvin Klein also reflected worldwide brand acceptance and growth, especially in China and other fast growing markets. The increasing brand value of Commonwealth Bank of Australia in part can be attributed to nation’s economic strength relative to other developed markets. **Z**

Top Risers

	Category	Brand	Brand value 2013 \$M	Brand value 2012 \$M	Brand value % change 2013 vs 2012
1	Luxury	Prada	9,454	5,788	63%
2	Beer	Brahma	3,803	2,359	61%
3	Apparel	Zara	20,167	12,616	60%
4	Apparel	Calvin Klein	1,801	1,183	52%
5	Technology	Tencent	27,273	17,992	52%
6	Technology	Samsung	21,404	14,164	51%
7	Luxury	Gucci	12,735	8,602	48%
8	Credit Card	Visa	56,060	38,284	46%
9	Retail	The Home Depot	18,488	12,968	43%
10	Entertainment	Disney	23,913	17,056	40%
11	Retail	eBay	17,749	12,663	40%
12	Beer	Stella Artois	6,319	4,529	40%
13	Beer	Skol	6,520	4,698	39%
14	Apparel	Next	4,121	2,973	39%
15	Global Banks	Citi	13,386	9,760	37%
16	Personal Care	Nivea	6,322	4,642	36%
17	Beer	Heineken	8,238	6,058	36%
18	Regional Banks	Commonwealth Bank of Australia	17,745	13,083	36%
19	Retail	Amazon	45,727	34,077	34%
20	Global Banks	Barclays	7,989	5,961	34%

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.

MillwardBrown Optimor

The diversity of categories represented in the Top Risers affirms that strong brands can emerge in all sectors of the economy

Newcomers

2013 rank	Category	Brand	Brand value 2013 \$M
52	Regional Banks	ANZ	16,565
68	Luxury	Gucci	12,735
80	Retail	Woolworths	11,039
88	Regional Banks	Westpac	10,070
92	Technology	Yahoo!	9,826
93	Global Banks	J.P. Morgan	9,668
94	Telecoms	BT	9,531
95	Luxury	Prada	9,454

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.



THREE AUSTRALIAN BRANDS MAKE RANKING

THREE AUSTRALIAN brands appear in the BrandZ™ 2013 newcomer ranking: two banks, ANZ and Westpac; and a retailer, the supermarket brand Woolworths.

In addition, the Australian supermarket brand Coles is listed in the retail category, although it does not appear in the Top 100. Newcomers are brands that appear for the first time, or after an absence, in the BrandZ™ Top 100 ranking.

Last year, the BrandZ™ 2012 newcomer ranking also included an Australian bank brand, Commonwealth Bank of Australia, a glimpse of a trend more fully realized in BrandZ™ 2013. Commonwealth Bank rose to number 48 in the BrandZ™ 2013 ranking, up from number 60 in the 2012 ranking.

The growing brand value of brands from Australia indicates the strength of the country’s economy relative to other developed markets, and how the country’s proximity to fast growing Asia markets is influencing growth.

The impact of Chinese consumer purchasing power was among the drivers of brand value growth of the two luxury

brand newcomers, Gucci and Prada. Gucci last ranked in BrandZ™Top 100 in 2010. Both Gucci and Prada appeared in the luxury category ranking a year ago, in BrandZ™ 2012.

No brands from BRIC countries appear in the BrandZ™ 2013 newcomer ranking. Two years ago, in BrandZ™ 2011, seven BRIC brands made the list: five from China and one each from Brazil and Russia. A year ago, the BrandZ™ 2012 newcomer ranking included two Chinese brands, one Indian brand and one brand from South Africa.

The newcomer ranking generally includes at least one technology or telecom brand. This year it’s Yahoo!, which benefited from the appointment of a new CEO from Google, and continued leadership in Japan.

BT raised its global profile with its smooth execution of all the communications for the Olympics and Paralympics in the London 2012 Summer Games. Investment in fiber optic infrastructure strengthened the brand competitively. Strong revenue and profits pushed newcomer JP Morgan into the BrandZ™ Top 100 2013 ranking. **Z**

The growing brand value of brands from Australia indicates the strength of the country’s economy relative to other developed markets

Category Changes

Category	Brand value % change 2013 vs 2012
Beer	36%
Global Banks	23%
Apparel	21%
Insurance	19%
Retail	17%
Regional Banks	15%
Personal Care	11%
Luxury	6%
Cars	5%
Soft Drinks	5%
Fast Food	5%
Telecoms	1%
Technology	-1%
Oil & Gas	-4%

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.



BRAND VALUE RISES FOR MOST CATEGORIES

STRONG category-by-category brand value growth reflects the overall 7 percent increase in the 2013 BrandZ™ Top 100 Most Valuable Global Brands.

A year ago, the overall brand value of the Top 100 remained flat in the BrandZ™ 2012 report, with a rise of less than 1 percent. Half the categories grew in brand value and half declined. One remained even. No category grew in brand value by more than 15 percent.

In the BrandZ™ 2013 Top 100 report, every category is up year-over-year except for two—technology and oil and gas, which declined modestly. Six categories improved brand value by more than 15 percent.

Some categories improved dramatically. The brand value of the beer category grew 36 percent compared with a decline

of 1 percent a year ago. Insurance is up 19 percent compared with last year’s 16 percent decline. The overall brand value growth resulted from many factors, including:

- Strengthening of the global economy, despite continued weakness in Europe and slower growth in the BRICs
- Strong recovery of some categories (banks), incremental progress in others (cars)
- Brand strength that enabled brands to endure difficult times and flourish during the early stages of economic recovery

The strong brand value rise in the beer category illustrates the power of brand strength. Not surprisingly, beers generally score high in Brand Contribution, the amount of brand value attributed to

brand alone rather than financial and other factors. With the exception of luxury, beer is the category where the product most depends on the emotional connection with the consumer.

Several factors influenced brand value growth in the apparel category. First, consumers were more willing to spend money. Second, they spent cautiously, and brand influenced what they purchased.

The BrandZ™ 2013 ranking divides the category formerly called financial institutions into global banks and regional banks. The total brand value of the regional banks was more than double that of the global banks. Both groups experienced strong brand value appreciation. The regional banks improved 15 percent in brand value, the global banks, 23 percent.

The rising brand values for banks, reflect both improvements in the economy and brand building efforts, such as products and services aimed at finding new customers, better serving their needs and regaining their trust. Similar factors influenced the brand value rise of the insurance category.

Both the soft drink and fast food categories registered a 5 percent rise in brand value. These categories remained under pressure as consumer concern with healthy eating increases. The leading brands introduced new products, including lower calorie options.

The car category’s 5 percent growth in brand value follows a 7 percent decline a year ago. The positive swing in brand value reflects an industry that’s still stuck in neutral in Europe, moving forward in China, and rapidly gaining speed again in the US, based on the economic recovery and brand reinvention by the Detroit Three. **Z**

STRONG BRAND EQUITY DRIVES SUSTAINED MARKET ADVANTAGE

NINE OF THE 15 brands listed in the BrandZ™ 2013 Brand Contribution ranking also appeared last year.

The repeat performances of these brands—Pampers, Baidu, Guinness, Natura, Skol, Coca-Cola, Falabella, Chanel and Louis Vuitton—underlines the durability of Brand Contribution strength.

Brand Contribution is a salient component of brand value. It is the portion of brand value driven by brand itself, rather than financial or other factors. Brand Contribution measures a brand’s ability to stand out and generate desire and loyalty in the mind of the consumer.

BrandZ™ methodology bases Brand Contribution on in-depth, quantitative interviews with over two million consumers in 30-plus countries. This rigorous, objective and consumer-facing research distinguishes BrandZ™ as the most authoritative brand valuation methodology. BrandZ™ scores Brand Contribution on a scale of 1 to 5, with 5 being the most positive. (For a full explanation, please see Methodology on page 134).

Most of the BrandZ™ 2013 Brand Contribution Top 15 also rank in the Top 100. Some appear only in the category rankings. All outperformed the average Brand Contribution levels of their respective categories. The mix of strategies and tactics for achieving this competitive advantage vary by brand and category.

Beer and luxury are the most represented categories in the Brand Contribution ranking with three brands each. Brand Contribution is especially important in these categories, where the product depends so much on effective marketing communication and the emotional response of the consumer.

The Brand Contribution leader, Aguilá, is a Colombian beer brand owned by SABMiller. It appears for the first time in BrandZ™ 2013, in the beer category ranking. Guinness enjoys strong Brand Contribution in part because of its consistent brand proposition. Diageo, the alcoholic beverage company, markets its Guinness brand worldwide as a premium beer.

Skol is a local Brazilian brand owned and marketed by AB InBev, the world’s largest brewer. The personal care brand Natura also is Brazilian. The presence of Skol and Natura indicate how local brands can build consumer preference even when the market includes global competitors.

The slowdown in China’s economic growth affected luxury brands, but Gucci sales remained strong in most regions, even Europe. And an increase in Brand Contribution contributed to Gucci’s substantial rise in brand value.

Chanel and Louis Vuitton illustrate how luxury brands cultivate Brand Contribution in various ways. Chanel emphasizes the brand’s exclusivity, while Louis Vuitton tends to be more accessible, widely celebrating its heritage in travel and evoking the elegance of earlier periods.

The presence of a retailer in the Brand Contribution ranking reflects the high profile of the department store Falabella, particularly in its home market, Chile, but also throughout South America.

The Coca-Cola brand continues to score high in Brand Contribution even as the company’s carbonated beverages remain the focus of consumer health concerns. The strength of Coca-Cola’s Brand Contribution score illustrates the power of an iconic brand to help support the business it signifies. **Z**

Brand Contribution measures a brand’s ability to stand out and generate desire and loyalty in the mind of the consumer

Brand Contribution

	Category	Brand	Brand value 2013 \$M	Brand value 2012 \$M	Brand value % change 2013 vs 2012	Brand contribution
1	Beer	Aguila	3,903	New	New	5
2	Fast Food	Panera	3,025	New	New	5
3	Baby Care	Pampers	20,594	18,299	13%	5
4	Technology	Baidu	20,443	24,326	-16%	5
5	Luxury	Gucci	12,735	8,602	48%	5
6	Logistics	UPS	42,747	37,129	15%	5
7	Beer	Guinness	4,473	4,044	11%	5
8	Personal Care	Natura	3,707	3,307	12%	5
9	Beer	Skol	6,520	4,698	39%	5
10	Fast Food	Chipotle	4,972	New	New	5
11	Personal Care	Crest	3,680	3,379	9%	5
12	Soft Drinks	Coca-Cola	78,415	74,286	6%	5
13	Retail	Falabella	5,611	5,263	7%	5
14	Luxury	Chanel	7,075	6,677	6%	4
15	Luxury	Louis Vuitton	22,719	25,920	-12%	4

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Regions

ASIA UP, LATAM DOWN, OTHER REGIONS MODERATE

ALMOST HALF of the brands in the BrandZ™ Top 100 ranking are based in North America. They account for two-thirds of the Top 100’s \$2.6 trillion in brand value. Brand value growth in North America was flat, however.

Growth rates fluctuated by region: Asia, Continental Europe, Latin America, North America and the UK. The BRIC markets drove the greatest swings, with the Top 10 brands from Asia up 13 percent in brand value, while the Latam Top 10 declined 13 percent. The key reasons for the contrast in growths rates across regions were:

- Strong individual brand performances in China, despite a slower national economic growth rate, and brand growth in Korea, Japan and Australia;
- The slowdown of the Brazilian economy and the impact of government policy on strategic categories, including energy and banking; and
- Modest growth in the value of leading technology brands based in North America, relative to prior years

In addition, the resilience of luxury and apparel brands based in Continental Europe balanced the overall impact of the region’s troubled economies. And a couple of global banks based in the UK improved sharply in brand value.

Asia appreciates in brand value
Many of China’s leading brands continued to appreciate in brand value, despite the slowdown in the rate of economic growth. The country’s most valuable brand, China Mobile increased 18 percent in brand value. China Mobile won more 3G subscribers than its rivals with its aggressive marketing. It is also expanding its 4G network.

Tencent, with a 52 percent rise in brand value, continued to draw more users to its instant messaging service and other offerings. The success of its Galaxy smartphones drove the improved 51 percent in Samsung’s brand value and burnished the Korean brand across its wide range of home appliances and digital devices.

Toyota reclaimed the number one position in the BrandZ™ car category ranking, suggesting that the Japanese brand has recovered from the product recall crisis of 2009. The presence of two Australian banks, Commonwealth and ANZ, reflects the country’s economic strength relative to other developed markets.

Latam declines in brand value
The brand value decline by the Top 10 Latam brands resulted from the impact of the troubled Brazilian economy and the government’s response with policies aimed at expanding the middle class and controlling inflation.

These factors negatively impacted Petrobras, the government-controlled oil and gas company, and major Brazilian bank brands, including Bradesco and Itaú. At the same time, government policies to stimulate spending helped consumer products. The Brazilian beer Skol increased 39 percent in brand value.

Corona, the Mexican beer, improved 29 percent in brand value. In addition, two Colombian brands entered the BrandZ™ category rankings for the first time, the beer brand Aquila and Ecopetrol, an oil and gas brand.

Continental Europe and the UK experience modest growth
Despite economic problems across the continent, the Top 10 brands based in Europe increased 5 percent in brand

value, in part on the strength of apparel. Fast fashion apparel brand Zara improved 60 percent.

In a year when the technology category improved only modestly in overall brand value, Germany-based SAP appreciated 34 percent as the business-to-business sector recovered and SAP introduced solutions for using big data for enterprise transformation.

The 4 percent brand value rise in by Top 10 UK-based brands resulted primarily from the financial rebound of banking. Barclays, with a 34 percent rise in brand value, worked to restore trust. Improving 24 percent in brand value, HSBC refocused on developing its profitable international trade business.

North America up slightly
The Top 10 North American brands are also the BrandZ™ Top 10 Most Valuable Global Brands, with one exception. GE appears at number 11 in the BrandZ™ Top 100, following China Mobile, in tenth place with a slightly higher brand value.

The collective brand value of the North American Top 10 totals over \$900 billion. Although these large and stable brands improved a modest 2 percent in brand value, 2 percent of almost \$1 trillion is a lot of brand value.

Some of the more recent arrivals like Apple (established in 1976) and Google (established in 1998) grew so quickly that their brand value growth is beginning to resemble the pace of a more mature brand.

That said, GE (established in 1892) grew 21 percent in brand value because of the strength of the brand and recovery in some of its key industries, such as jet engines, with strong demand from fast growing markets. **Z**



Top 10 North America

↑ Up 2%

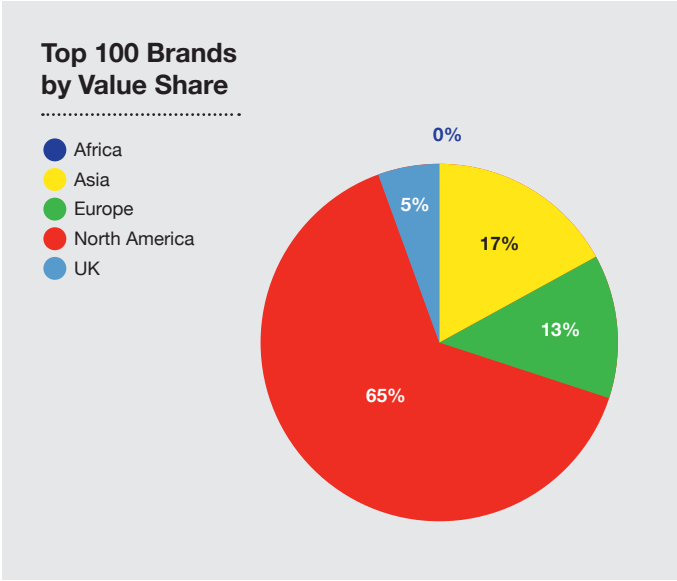
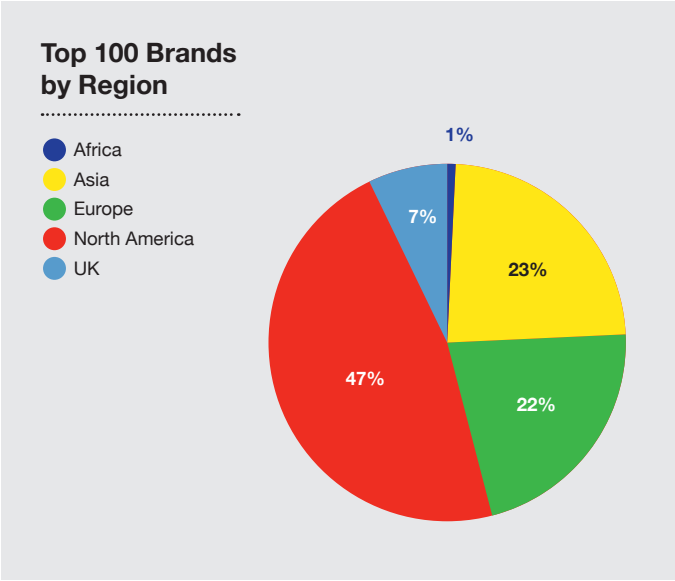
	Brand	Brand value 2013 \$M	Brand contribution	Brand value change 2013 vs 2012	Rank change
1	Apple	185,071	4	1%	0
2	Google	113,669	3	5%	1
3	IBM	112,536	3	-3%	-1
4	McDonald's	90,256	4	-5%	0
5	Coca-Cola	78,415	5	6%	1
6	AT&T	75,507	3	10%	2
7	Microsoft	69,814	3	-9%	-2
8	Marlboro	69,383	3	-6%	-1
9	Visa	56,060	4	46%	New
10	GE	55,357	2	21%	0

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



North American brands dominate in number, value

Almost half of the brands in the BrandZ™ Top 100 ranking are based in North America. They account for two-thirds of the Top 100’s \$2.6 trillion in brand value. Just less than one-quarter of the BrandZ™ Top 100 brands are based in Asia, and they total 17 percent of the Top 100 total brand value.



Top 10 Continental Europe ↑ Up 5%

	Brand	Brand value 2013 \$M	Brand contribution	Brand value change 2013 vs 2012	Rank change
1	SAP	34,365	2	34%	2
2	BMW	24,015	4	-2%	2
3	Deutsche Telekom	23,893	2	-11%	-2
4	Louis Vuitton	22,719	4	-12%	-2
5	Zara	20,167	3	60%	New
6	Hermès	19,129	4	0%	-1
7	L'Oréal	17,971	4	30%	2
8	Mercedes-Benz	17,952	4	11%	-1
9	Orange	13,829	2	-10%	-1
10	Movistar	13,336	2	-22%	-4

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Despite economic problems across the continent, the Top 10 brands based in Europe increased 5 percent in brand value, mostly on the strength of luxury and apparel

Top 10 UK ↑ Up 4%

	Brand	Brand value 2013 \$M	Brand contribution	Brand value change 2013 vs 2012	Rank change
1	Vodafone	39,712	3	-8%	0
2	HSBC	23,970	3	24%	0
3	Shell	17,678	1	-1%	1
4	Tesco	16,303	4	-9%	-1
5	BP	11,520	1	11%	0
6	Standard Chartered	10,160	2	1%	0
7	BT	9,531	2	New	New
8	Barclays	7,989	2	34%	0
9	O2	5,965	2	-30%	-2
10	Dove	4,927	3	5%	-1

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



The brand value rise by the Top 10 UK-based brands resulted primarily from the financial rebound of banking

Top 10 Asia ↑ Up 13%

	Brand	Brand value 2013 \$M	Brand contribution	Brand value change 2013 vs 2012	Rank change
1	China Mobile	55,368	3	18%	0
2	ICBC	41,115	2	-1%	0
3	Tencent	27,273	4	52%	3
4	China Construction Bank	26,859	2	10%	-1
5	Toyota	24,497	4	12%	0
6	Samsung	21,404	3	51%	4
7	Baidu	20,443	5	-16%	-3
8	Agricultural Bank of China	19,975	2	12%	-1
9	Commonwealth Bank of Australia	17,745	3	36%	New
10	ANZ	16,565	3	New	New

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Many of China's brands appreciated in brand value, despite the slowdown in economic growth

Top 10 Latin America ↓ Down 13%

	Brand	Brand value 2013 \$M	Brand contribution	Brand value change 2013 vs 2012	Rank change
1	Corona	6,620	4	29%	3
2	Telcel	6,577	3	-22%	0
3	Skol	6,520	5	39%	2
4	Petrobras	5,762	1	-45%	-3
5	Falabella	5,611	5	7%	-2
6	Bradesco	5,446	3	-19%	New
7	Ecopetrol	5,137	1	21%	New
8	Claro	4,454	2	3%	New
9	Itau	4,006	2	-39%	New
10	Aguila	3,903	5	New	New

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



The Brazilian economy drove the brand value decline of the Top 10 Latam brands

THE ERA OF ADAPTIVE MARKETING

Using real-time data to sharpen brand relevance



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MINDSHARE



ACROSS THE globe, privacy has become a political hot button and governments are collaborating with industry leaders to come up with sensible solutions that balance understandable consumer privacy concerns with legitimate marketers' wishes to create a more effective and impactful online experience.

Why is this important? At the very heart of this issue is arguably the future of marketing itself. Without a proper—simple, intuitive, legal, ethical—online exchange of data, both consumers and brands will find far reaching implications to the way they buy, sell, create, and configure products and services.

The majority of consumers already realize that in return for some of their personal information, brands can do a much better job adapting their products and associated marketing to meet their unique needs. According to the data from the UK Direct Marketing Association: 75 percent of consumers would share personal information with a brand with which they have a relationship; 62 percent would share if they were simply in the market to buy something.



At Mindshare we have a name for this accelerated data-driven and consumer-focused mentality: Adaptive Marketing. It's an approach that enables marketers to truly adapt every part of a brand's marketing mix to meet its consumers' interests and needs. And it all depends on data.

Optimizing advertising

Using Adaptive Marketing, advertisers can now optimize both their media and creative to ensure consumers are getting more relevant content both online and offline. TV advertising can be optimized based on assessing how viewers respond to a TV spot with their Twitter activity, Google searches, and Facebook posts.

For example, to maximize the impact of Kleenex's TV ads, our Mindshare UK team adapts the TV media plan to local markets by using Google search terms to identify locations experiencing flu outbreaks. A recent GroupM/Thinkbox study in the UK found that 20 percent of the total online response to a TV ad happens within 10 minutes after the ad is aired. That response rate is likely to rise with the growing second screen trend, in which people view TV while communicating with their social network on a tablet or other device.

In addition, content itself can be shaped instantly. With technology like WPP's Xaxis, Collective's Tumri, and Google's Teracent advertisers can assemble ads in real-time based on a target audience's behavior and preferences. Mindshare is even using social data to adapt ad units. Our Shanghai office recently launched Social DNA 1.0, a digital display ad unit that dynamically syncs with users' public profiles from QQ, Ren Ren and Sina—Chinese messaging, social media and micro blogging sites—to create a personalized branded experience for users.

Dynamic, effective, pricing

Advertising is of course only one element of Adaptive Marketing. Consumers are using their personal data to adapt brand relationships in a variety of ways.

Pricing, for example, has become infinitely more dynamic. Companies like Staples adjust prices on their online shop based on a person's physical location and whether one of its competitors has a physical store nearby. Sporting teams have also started using online

data, such as search volumes, weather forecasts, and player status to adjust ticket prices in real-time.

Marketers are using digital data to adapt their actual products. Nike lets runners customize their trainers via Nike ID, while Coca-Cola has introduced Freestyle vending machines, which enable consumers to create their own beverage by mixing together existing Coke products and then sharing their favorite creations via Facebook.

Is all this adapting worth it? It depends. Some luxury brands may actually benefit from their inflexibility and elusiveness. For others, the benefits of Adaptive Marketing can be enormous: many of our clients are seeing a dramatic increase in sales with lower cost-per-action (CPA), while others are building a powerful army of Facebook fan advocates.

Serious structural changes

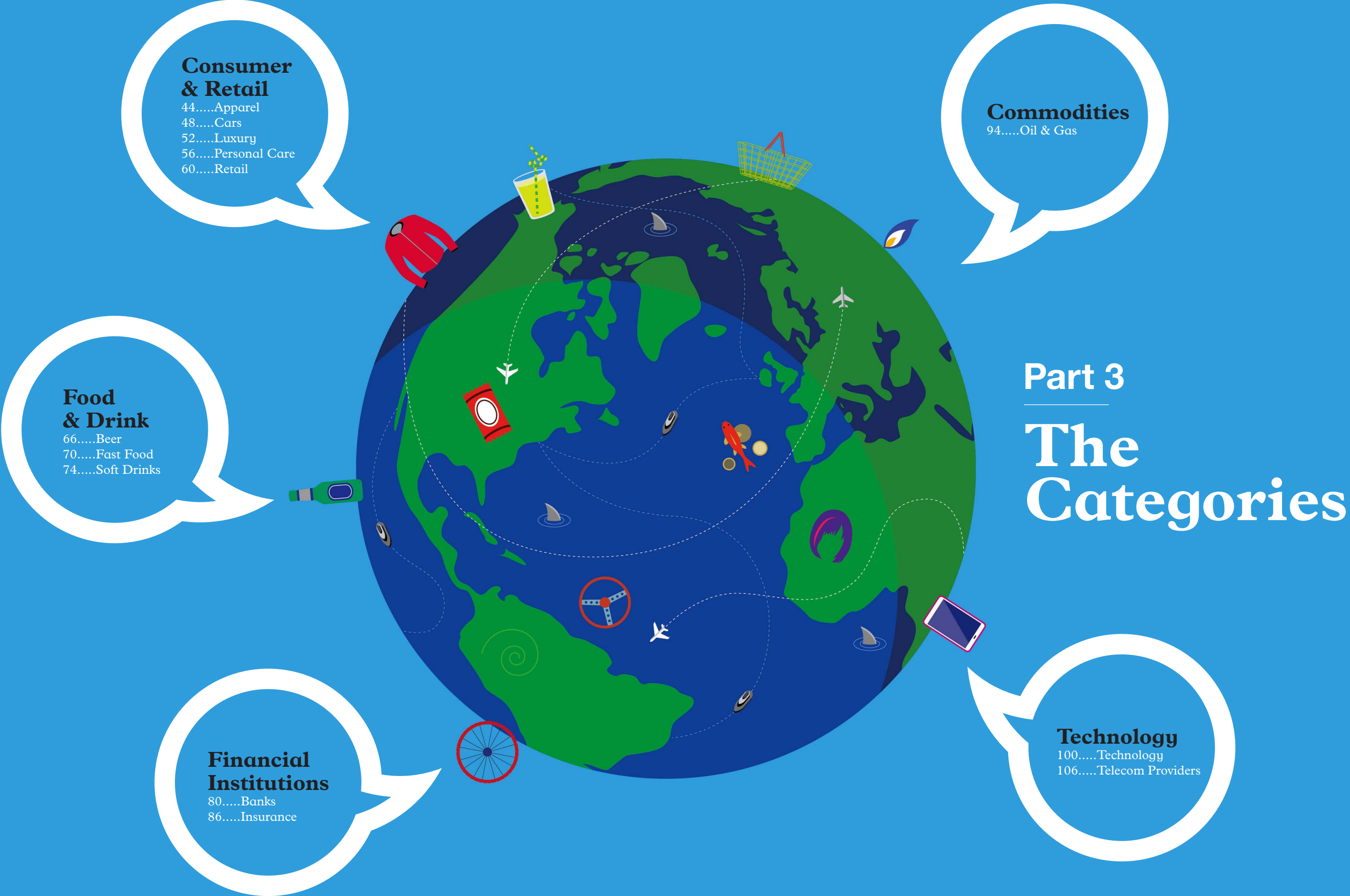
What all marketers should consider is the threat from new companies with adaptability built into their DNA. In an age of margin pressures and the constant threat of commoditization, some level of Adaptive Marketing may be a necessity rather than a luxury or one-off experiment.

Becoming an Adaptive Marketer can require serious structural changes including rethinking the entire media process to make it more fluid and "always-on" and developing a library of creative assets—images, calls-to-action, applications—that can instantly be deployed. Processes need to be revised to reflect the need for speed and rapid iteration. New technologies and new talent also may be required.

Finally, data must be ethically harnessed, liberated, and applied. Some of these changes are not easy, but the rewards can be enormous, indeed essential. As Jack Welch, the former CEO of GE once said: "There are only two sources of competitive advantage: the ability to learn more about our customers faster than the competition and the ability to turn that learning into action faster than the competition." Who knew Jack was our first Adaptive Marketer?



Mindshare is a global media and marketing services network with 113 offices in 82 countries.
www.mindshareworld.com





Apparel

SUCCESSFUL APPAREL BRANDS STRESS CLARITY AND PURPOSE

Consumers expect seamless experience

CONSUMERS SPENT more freely on apparel, both in store and online.

With a 21 percent increase in brand value, on top of a 13 percent rise a year ago, the apparel category continued its steady recovery since a 9 percent decline in 2009, during the depths of the financial crisis.

Shoppers sought value: either good quality at a fair price or exceptional quality that earned its premium. Brands in the middle got squeezed. Consistent with this trend, fast fashion continued to thrive while craftsmanship gained growing respect.

An attitude that The Futures Company, a strategic insight consultancy, calls “Considered Consumption” continued



Definition

The apparel category is comprised of mass-market men’s and women’s fashion and sportswear brands, but excludes brands viewed by consumers as luxury.

to constrain spending. But consumers abandoned that post-recession mentality when items seemed unique and worth the price.

Recognizing the importance of brand experience in refocusing the purchasing decision away from price alone, brands sought to tell compelling and unified stories in store and online. In addition, these related trends emerged:



Differentiation

Brands with physical stores leveraged that presence to offer location convenience and showcase the brand.



Personalization

Brands attempted to personalize products and services for individual customers rather than market segments.



Margin improvement

The more upscale brands, especially, attempted to both control costs and push up prices.

Fast fashion set the pace

Illustrating the continuing appeal of fast fashion, Zara increased 60 percent in brand value to become the most valuable brand in the BrandZ™ apparel ranking.



Zara enjoyed strong like-for-like sales even in economically troubled Europe, and it continued its China expansion. Profit increased 12 percent year-on-year.

The Spanish-owned brand benefited from its presence in more than 80 countries and its rapid inventory turnover, which added urgency to the purchase decision because shoppers understood that merchandise available today may be gone tomorrow.

Zara opened a flagship store on New York’s Fifth Avenue last year, a block away from H&M, the Swedish-based competitor, and adjacent to its rival Uniqlo, the Japanese apparel brand.

Top 10 Apparel

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 Zara	20,167	3	60%
2 Nike	15,817	4	-3%
3 H&M	12,732	2	-6%
4 Ralph Lauren	5,618	4	10%
5 Adidas	4,882	4	26%
6 Uniqlo	4,627	2	25%
7 Next	4,121	3	39%
8 lululemon	3,764	4	New
9 Hugo Boss	3,524	4	8%
10 Calvin Klein	1,801	3	52%

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Up 21%



Telling a brand story

To differentiate, Uniqlo explained how unique and innovative technology enables the brand to produce cold weather outerwear that’s warm, and warm weather underwear that’s cool—as well as affordable and stylishly designed. Color variety was a major part of the brand’s excitement and in-store experience.

Uniqlo, which focuses on more utilitarian, basic clothing, rose 25 percent in brand value. Ads featuring celebrity models reinforced Uniqlo’s proposition that customers can dress on trend without spending over budget.

The brand expanded aggressively with international net sales growing 63 percent, while sales in home market Japan were up only 3 percent. The 65 new stores in China accounted for more than 50 percent of the international new store openings. Uniqlo operates around 300 stores in 13 countries.

The more established H&M, founded in 1947, operates about 2,800 stores in 48 countries. The sluggish economy in some of those countries resulted in same-store sales declines. The company planned to grow its US presence with more stores and online shopping. In a much-viewed example of combining high fashion with low price, actress Helen Hunt wore an H&M dress to the 2013 Oscars.

Newcomer faces competition

Lululemon appears on the list of most valuable apparel brands for the first time. The Canada-based specialist sportswear brand operates over 200 stores in North America and Australia. The brand transformed functional yoga and workout apparel into the uniform of health-conscious, fashionable women. Like-for-like sales increased 16 percent in 2012.

Lululemon protects the equity of its brand by rarely discounting its merchandise, even excess inventory. Instead, lululemon each year selects a city and stages an

enormous sale in a major venue, such as a sports stadium. These much anticipated special events draw considerable publicity, attendance and sales.

Early in 2013, lululemon recalled a key item because of a manufacturing defect. The uncharacteristic stumble opened a potential opportunity for more established competitors, including Nike. Like the fast fashion brands, Nike focused on growing sales in China, where it has worked to redefine sports around self-expression and fun rather than the traditional Chinese approach, which sees sports as communal and obligatory.

Seeking a higher purpose

As part of its strategic effort to grow the market, Nike has formed runners groups and invested in the construction of sports facilities. For Nike, the connection between athletics and health is fundamental. It introduces innovative technology, such as the Nike+ FuelBand, to advance this agenda. The wristband converts daily physical activity into a score that enables the wearer to track personal progress and compete with social friends.

Like Nike, apparel brands of all sizes connected with a higher purpose relevant to their brand essence. Patagonia, a purveyor of performance clothing, emphasized social responsibility. In an initiative called One for One, Patagonia partnered with TOMS Shoes, a company which matches every pair of shoes purchased, with a new pair of shoes for a child in need.

Product provenance was important but sensitive. Ralph Lauren gained tremendous brand exposure for designing the uniforms worn by US athletes at the summer Olympics in London. The brand’s decision to source the uniforms in China received criticism in the US, however. Concern about ethical sourcing and safe labor standards heightened following fatal disasters at Bangladesh apparel factories. **Z**

Lululemon each year selects a city and stages an enormous sale in a major venue that draws considerable publicity, attendance and sales



Insight

Desire opens wallets

Purchasing behavior remains rational week in and week out, particularly in Western Europe where the economy is difficult. But even there, people are prepared to forget their recession mentality if something is beautiful enough. If something is an object of desire all rational behavior goes out the window.

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Brands get creative in tough economy

Alongside luxury, apparel is rated as the most “sexy” category in the BrandZ™ research. Since the recession, many of the top apparel brands are also considered strongly “creative.” During the same period, brand promise has risen on average and price perceptions have become more favorable, reflecting the pressures of survival in a tough retailing climate.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries



Insight

Provide a full brand experience

Brands need to think not just about product, but also about the way consumers are interacting with the brand. Brands need to think about the girl who wears the dress. What is her life like? What are her friends like? How does she behave in her social life?

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- 1. Be personal**
Apparel is not one size fits all. Customers want to feel that the service is bespoke even if the merchandise is mass. As much as possible, get to know customers individually through the data they supply or one-on-one in the stores.
- 2. Be genuine**
Be whatever the brand stands for, but stand for something. The list of the most valuable brands includes some brands that emphasize social responsibility and others that extol style at a good price. What they share in common is this: they have a differentiated brand proposition and they deliver it.
- 3. Be consistent**
Customers will shop the brand wherever it appears. All products, presentation, service and attitude need to feel the same across all customer touch points.
- 4. Engage with bloggers**
Become familiar with the relevant bloggers. Who reads their posts? A large following is good but size isn’t everything. A well-informed blogger reaching a key audience can also be helpful. Meet with the bloggers and show them new products as you might in a press briefing.



BRIC consumers seek advice for purchasing

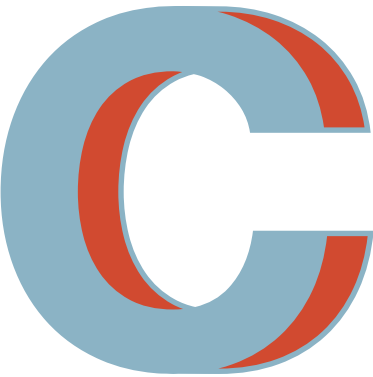
Consumers in Brazil, India and Russia are more likely to seek advice before purchasing things than consumers in the US or Europe. European consumers are least likely. The finding suggests that social shopping is more of a phenomenon in the BRICs. While the contrast may be cultural in part, it could also reflect the increased choice of products and brands facing consumers in fast growing markets.

Purchasing advice seekers



Source: Global TGI 2012 (Europe: UK, France, Germany and Spain)





Cars

CARS TURN THE CORNER ON SALES WITH DEMAND RISING IN THE US

Offer better quality and more features

CAR SALES improved in some regions, but they remained below pre-recession levels.

That was especially true in the US, where an improved economy drove a 13 percent year-on-year sales increase to 14.5 million cars. Sales spiked at the end of the year because of replacement demand following Hurricane Sandy.

Car sales rebounded in the UK as well, to over 2 million vehicles. The 5.3 percent sales increase compared with 2011 was the highest year-on-year rise since 2001, according to the Society of Motor Manufacturers and Traders.

Sales growth in China continued, although at a somewhat slower pace. Weak consumer confidence continued to inhibit sales in Europe. Registrations declined 8.2 percent year-on-year to 12.1 million cars, according to the European Automobile Manufacturers' Association.

The European slowdown impacted BMW's earnings and was in part responsible for the swap at the top of the rankings, as Toyota surpassed BMW to reclaim brand value leadership. The rise suggested that Toyota had rehabilitated a reputation for reliability compromised by

the recall problems of 2010.

The brand value of the Top 10 brands improved 5 percent in the 2013 BrandZ™ ranking compared with a 7 percent decline last year. Brand value remained at only 71 percent of its pre-recession level. These other developments also shaped the category:

Cost controls
Carmakers continued to use common platforms for different brands to yield production economies.

Luxury features
Cars at all levels enjoyed the kinds of technological features once only available on luxury models.

Hybrid growth
Desire for price and performance was balanced with concern for the environment, although pure electric cars still sought acceptance.

US surge raises most brands
With US sales of 2.1 million cars, Ford was the country's best-selling brand. Its closest competitor, GM's Chevrolet, sold 1.9 million cars. With a 35 percent increase in sales, the Volkswagen brand recorded its third consecutive year of



Up 5%



Definition

The car category includes mass market and luxury cars but excludes trucks. Each car brand includes all models marketed under the brand name.

Top 10 Cars

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 Toyota	24,497	4	12%
2 BMW	24,015	4	-2%
3 Mercedes-Benz	17,952	4	11%
4 Honda	12,401	3	-2%
5 Nissan	10,186	3	3%
6 Volkswagen	8,790	3	3%
7 Ford	7,556	3	8%
8 Audi	5,545	4	18%
9 Hyundai	4,000	2	11%
10 Lexus	3,472	3	2%

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



double-digit US unit growth. Its Audi brand experienced its best year ever in the US, with sales growth of 19 percent.

Volkswagen also improved in Brand Contribution, a measurement of brand equity. Its overall brand value rose only moderately due to reduced profitability, resulting from increased investment in revamping its popular car models.

Toyota’s US sales climbed 26 percent and Honda’s 24 percent. Chrysler’s sales improved 39 percent. Korea’s Hyundai brand sold over 700,000 cars in the US. The buying surge was enough to raise most brands.

Luxury features

With customers entering US car showrooms again, they also felt OK about buying luxury. The remaining question was, “what is luxury?” Cars

at intermediate price points included features generally associated with luxury. The luxury distinction became the interior finishes and refinements.

Mercedes, BMW, Audi and other luxury brands relied on stories, heritage and authenticity to differentiate. At the same time, however, the threshold price point for luxury seemed to slip, with talk of a \$30,000 luxury car intended to lure younger customers and cultivate a future clientele.

Many of the available features involved technology that further turned cars into another of life’s computer command stations, a mobile phone on wheels. Cars offered remote starting, a helpful feature on cold mornings. For drivers approaching their vehicle with arms loaded down with packages, Ford offered this solution: An SUV tailgate that opens with the wave of a foot.

The electric car wasn’t humming yet, mostly because of the technical issues involved with battery replacement. Shoppers seem pleased to purchase hybrids for the right price and without a diminished driving experience. Even high performance brands like Porsche and BMW were developing hybrid options.

Slower sales in fast growing markets

For the first time, the number of new cars registered in China exceeded the number in Europe, which declined. But car sales in China grew at a slower rate because of weaker GDP expansion and government restrictions aimed at reducing pollution. Still, total car sales rose 4.3 percent year-on-year to 19.3 million, according to the China Automobile Association.

And China remained the key growth market for international car brands. Luxury brands, including BMW, Mercedes and Audi, enjoyed relatively strong sales in China, driven by the rise of Chinese millionaires and, to an extent, by government fleet purchases for officials. To promote the domestic Chinese car industry, the government planned to shift its contract purchases away from foreign brands to favor Chinese cars, such as Geely, Great Wall, BYD and Chery. Ford announced plans to introduce the Lincoln in China by 2014, as part of its effort to establish Lincoln as a global brand.



The question is whether the carmakers will be able to sustain this momentum based on branding efforts, or will some manufacturers feel compelled to fall back on old habits of discounting, zero percent financing and other short-term tactics?

Peggy Moylan
Senior Vice President,
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Marketing to differentiate

Car brands adapted diverse communication strategies, as evidenced during the 2013 Super Bowl. Affirming its determination to make the Chrysler-Fiat hook-up work in America, the company promoted its Ram trucks with an emotional tribute to American farmers.

Ford, in contrast, emphasized the idea that it’s a company of real people helping other real people. Its Super Bowl commercial for Lincoln referenced a related social media campaign. Much of Ford’s communication happened in social media, where it made direct contact with customers, hoping to turn them into brand advocates.

GM’s marketing emphasized two brands: Chevrolet, which spans several market segments, and Cadillac, positioned as a luxury car. It also focused on Buick. Both Chevrolet and Buick share the same platform as Opel. The GM marketing effort for Chevrolet connected the brand with baseball and an idyllic vision of America. **Z**



Value perception up for Top 10 car brands

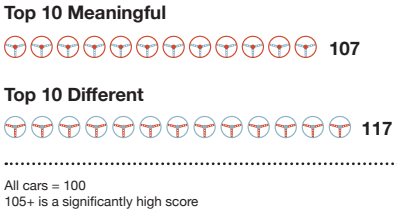
The global market has been—and continues to be—challenging for cars. The BrandZ™ Top 10 car brands still are only 71% of the value they were pre-recession, five years ago.

But BrandZ™ data indicates the Top 10 car brands have adapted well to this challenge by increasing value perceptions. Out of key factors that influence a sale, price is less prominent for the BrandZ™ Top 10 car brands, compared with all cars. Only 18% of the reasons for purchasing one of the Top 10 brands relates to price; it’s 30% for all cars.

As a result, consumers rate the Top 10 car brands as more significantly Meaningful (appealing and meeting needs) as well as Different (unique in a good way and setting trends) compared with all cars. The rating is important because meaningful difference drives market share.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

Meaningful difference



1. Signal seriousness
Carmakers improved quality and added features consumers wanted. They set the bar higher. Their expectations raised, consumers want uncompromised quality and can easily switch brands if necessary.

2. Accelerate gas savings
Consumers want a driving experience at an affordable price. They also worry about their impact on the environment. And when their resolve falters, high gas prices remind them.

3. Look both ways
Sales expectations may fit the habits of older customers. But younger drivers are more open to sharing as well as owning. For them the car is not the status symbol it had been for their parents or grandparents. They still need wheels, but not quite in the same way.

4. Look East
That’s where the sharpest growth is happening, that’s where to find the greatest opportunity to meet new customers eager to learn about brands.



Multiple factors drive car purchase decisions in China

Over the past decade, China rapidly became the world’s largest car market. Many Chinese are first-time car buyers. For them no one factor dominates the purchase decision. Rather, Chinese consumers weigh many factors roughly evenly. And safety, not price, is the top concern. The concern with fuel efficiency reflects the impact that operating a car has on monthly disposable income.

Top decision factors

Main concerns when buying a car in China

- 1. Safety
- 2. Fuel Efficiency
- 3. Engine Performance
- 4. Price
- 5. Comfort
- 6. After Sales Service
- 7. Advanced Technology
- 8. Brand
- 9. Engine Size
- 10. Environmental Protection

Source: Global TGI 2011
Base of 18+
TGI



Luxury

LUXURY SEEKS TO BALANCE THE EXCLUSIVE AND INCLUSIVE

Brand experience gets personal



LUXURY BRANDS became more accessible, collaborative and experiential.

On Facebook, Instagram, Pinterest and other social media platforms, brands across the luxury spectrum mediated the tension between the exclusivity that protects brand desirability and the inclusivity needed to attract new customers.

They personalized brand experience in ways that went beyond segmentation to focus intimately on the individual customer. Someone buying an affordable accessory might receive a thank you on Twitter, for example, while an invitation to an exclusive fashion show might be sent to a couture customer.

Authenticity was key. Long-established brands emphasized heritage. Newer arrivals developed compelling and authentic brand stories. The category overall experienced a new normality, however, as customers continued to spend on luxury, but carefully.

Definition

The luxury category includes brands that design, craft and market high-end clothing, leather goods, fragrances, accessories and watches.

The US economic rebound helped. Still, the brand value of the luxury category overall rose 6 percent, compared with a 15 percent increase a year ago. These other trends and developments also influenced the category:

- China**
In China, luxury brands felt the impact of slowing economic growth, more discerning customers and government limits on official gift giving.
- Europe**
Purchases by Asian tourists buoyed luxury sales in the economically troubled markets of Western Europe.
- US**
Relaxed US visa requirements for Chinese and Brazilian visitors were expected to boost future luxury sales.

Mixed results
This challenging economic environment produced mixed results. The Prada brand experienced strong sales and profits across all regions, even in the difficult economies of Western Europe where new stores and Asian tourist traffic drove activity.

Prada’s brand sales increased 33 percent. With a 63 percent increase in brand value, Prada led all categories in brand value appreciation and entered the BrandZ™ Top 100 Most Valuable Global Brands for the first time.

Top 10 **Luxury**

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 Louis Vuitton	22,719	4	-12%
2 Hermès	19,129	4	0%
3 Gucci	12,735	5	48%
4 Prada	9,454	4	63%
5 Rolex	7,941	4	11%
6 Chanel	7,075	4	6%
7 Cartier	6,377	4	32%
8 Burberry	4,194	4	3%
9 Fendi	3,636	4	New
10 Coach	3,276	2	New

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Up 6%



Coach entered the BrandZ™ ranking of luxury brands for the first time in part due to strength in China, where the brand added 30 stores, ending 2012 with 69 Chinese stores. Coach faced heated competition in the US. It refined its use of social media and the Internet, emailing over 1.2 billion messages to selected customers. Fendi also appeared for the first time in the ranking of luxury brands.

The brand value of Gucci grew by a healthy 48 percent. Although sales softened in Asia, they remained strong in North America and even in Western Europe because of tourists from Asia and other regions. The brand value increase also reflects a rise in Brand Contribution, the portion of brand value attributed solely to brand and not to financial or other factors.

Already available online in 27 countries, Gucci announced its first mobile app, increasing the brand’s accessibility. Accessibility may have hurt the highest valued luxury brand, Louis Vuitton, whose customer appeal depends on exclusivity. Hermès benefitted from its exclusivity and appeal to the high-end of the luxury market. Profit increased 24.6 percent on a sales increase of 22.6 percent. Its profit margin improved too.

A delicate balance

With consumers enthusiastic about luxury, but mindful about spending, many brands acted like media owners, organizing audiences around shared interests and creating content to suit particular audience segments and even individuals.

Magazines and other traditional media remained important for reinforcing brand image. But brands developed and distributed more story-telling content

themselves. Burberry relied on new stories and the latest technology to create a more personalized, twenty-first century image for a brand established in 1856.

In a program called Smart Personalization, Burberry embedded digital chips in some of its custom-made merchandise. When customers received their bespoke products they could activate the chip using a smartphone and view a video of their product being crafted and personalized with their name.

The brand also planned to introduce a program called Customer 360 that would empower salespeople with tablet devices containing customer preference and shopping history information. Burberry’s brand value continued to appreciate, but at a lower pace as the global economy impacted like-for-like sales. Asia accounts for about 40 percent of the brand’s revenue.

Local brands emerge

At the same time, other brands appeared at the margins of the luxury category. Lacking heritage, and not yet of a scale to make the BrandZ™ ranking, these brands depended on compelling stories passionately communicated. Among the brands, mostly aimed at young people are: Sweden’s Acne (Ambition to Create Novel Expressions); Bree, from Germany, and the American apparel brand Tory Burch.

Local luxury brands also appeared in China as the consumer attitude toward luxury evolved from an obsession with badge status to an appreciation of craft. These brands include Qeelin, a collection of fine jewelry based on Chinese heritage and sold in Paris, London and other world capitals. **Z**

Many brands acted like media owners, organizing audiences around shared interests and creating content



The message is the medium

Fashion houses are becoming media owners. Brands used to expect the fashion magazines to create content. A picture in a magazine is no longer enough to tell the full brand story. Now brands are content creators. The trend is evolving quickly. With digital, brand content and brand experience is becoming almost the same thing.

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More consumers search Internet to find luxury

Sophisticated use of modern communications is an important driver of luxury brand growth, as brands increasingly democratize fashion by expanding access on the Internet and in other digital media. Across the category, the number of consumers “searching for information” on luxury brands is up 128 percent since 2006, according to BrandZ™ research.

On average, consumers consider the Top 10 brands in the BrandZ™ luxury category more “sexy,” “desirable,” and “idealistic” in their imagery—albeit also more “arrogant.” The only apparent vulnerability of these luxury brands is a relative lack of differentiation among them, although Louis Vuitton and Hermès are exemplary in this regard.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries



- 1. Protect the logo**

Owning luxury continues to be a source of validation for many customers who want logos that symbolize their membership in an esteemed group.
- 2. Celebrate individuality**

Younger customers in particular, are increasingly turning to luxury brands that enable them to express their individuality and personality.
- 3. Offer intimacy**

Customers seek intimacy from a luxury brand. Both global and local brands can achieve intimacy, which is about reducing the anonymity of mass production and restoring the sense of personal craftsmanship.
- 4. Tell the story**

Brand heritage is like sacred scripture. Never stop retelling the brand story. And always make it relevant.

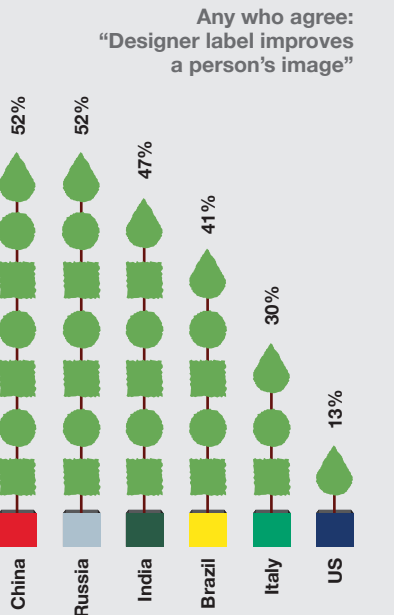


Spotlight


Designer labels exert strongest appeal in BRICs

More than half of adults in Russia and China, and 41 percent of Brazilians, believe that a designer label improves a person’s image. That attitude compares with 30 percent in Italy, a country associated with fashion, and only 13 percent in the US. The contrast reflects the importance of luxury as a symbol of personal status in fast growing markets.

Label improves image



Source: Global TGI 2012
Base of 18+



P

Personal Care

PRODUCT REFINEMENTS, NEW TRENDS DRIVE GROWTH

Clever marketing counters private label



PERSONAL CARE rebounded. Brand value for the category increased 11 percent in contrast to a decline of 5 percent last year.

Many brands introduced new and higher performing products to counter the lingering effects of the recession, which intensified the category’s normally heavy promotional and private label activity and eroded brand loyalty.

Improved private label quality made it more difficult to convince consumers to kick the private label habit. Brands sharpened their marketing to build personalities and differentiation into their products.

To explain their perceived premium pricing, some brands emphasized the masterbrand, a strategy that added quality assurance and stretched marketing budgets.

Definition

The personal care category includes brands in health and wellness, beauty, and facial, skin, hair and oral care.

Brands’ continued expansion into the fast growing markets where the rising middle classes represent enormous new customer potential. These other trends also influenced the category:

- Technology**
The confluence of cosmetics and pharmaceuticals formed a new and fast-growing segment of the category.
- Social attitudes**
Changing views of beauty influenced product offerings and evolving attitudes about masculinity increased interest in men’s grooming.
- Marketing**
Without abandoning traditional media, brands took full advantage of digital marketing, in-store and online.

Crossing categories
A fast-growing class of hybrid products, known as cosmeceuticals, combined the beauty and the health and wellness sectors. A cosmeceutical, for example, may be a moisturizer with a medical ingredient for enhancing skin health.

The interest in cosmeceuticals reflected the shifting attitudes toward beauty,

Up 11%



Top 15 Personal Care

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 L'Oréal	17,971	4	30%
2 Gillette	17,823	4	-6%
3 Colgate	17,250	4	15%
4 Nivea	6,322	3	36%
5 Garnier	5,429	3	22%
6 Lancôme	4,982	4	20%
7 Dove	4,927	3	5%
8 Clinique	4,000	4	17%
9 Natura	3,707	5	12%
10 Crest	3,680	5	9%
11 Olay	3,593	4	6%
12 Estée Lauder	3,545	4	18%
13 Oral-B	2,346	3	-6%
14 Avon	1,981	3	-27%
15 Pond's	1,779	2	New

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



which increasingly were more about enhancement rather than cover up, looking like the best “you,” and not attempting to imitate someone else’s beauty ideal.

It also relates to several larger trends that cross categories. Today’s multi-tasking consumers desire products that save time and add convenience. In that respect, cosmeceuticals are similar to soft drinks that perform more than one function, simultaneously quenching thirst and boosting energy.

Personal care brands active in cosmeceuticals included the three brands that appreciated most in brand value: L’Oréal and Garnier, which are owned by the L’Oréal Group, and Nivea, owned by Beiersdorf. L’Oréal led the BrandZ™ personal care ranking with a 30 percent rise in brand value. Garnier grew 22

percent in brand value and Nivea, 36 percent.

Brand value growth resulted mostly from strong financial performance. L’Oréal and Garnier also increased in Brand Contribution. Brand Contribution measures how much of brand value can be attributed to brand alone, rather than financial and other factors.

Growth opportunities

The interest in products for men continued unabated. Among the many factors driving the men’s grooming trend are: growing pressure to look fit; the struggle to find or keep a job in a difficult economy; and the evolving, more nuanced view of masculinity.

The sales potential attracted new competitors, including a recent market-disrupting direct-to-consumer entry with a proposition based on price and convenience. Called Dollarshaveclub.com, it offers an online subscription service and delivers relatively inexpensive blades by mail.

Meanwhile, the well-established Gillette brand appealed to younger men in an effort to convert new, life-long customers. Along with Crest and Natura, Gillette received the highest Brand Contribution score in the personal care category.

In contrast, brands that primarily target young men—like Unilever’s Axe (Lynx in the UK and several other markets)—adjusted its messaging to keep young male customers interested in the brand as they age.

Do it yourself (DIY) represented another growth opportunity. DIY products expanded the category by offering an at-home solution for a service usually performed by a professional at a much higher price. Several brands introduced DIY electrolysis for hair removal. L’Oréal, Clinique and other brands offered improved, more precise applicators for lipsticks, eye shadow and other cosmetics.

Integrated marketing

Because the category is so competitive and commoditized, brands sought new ways to differentiate. Celebrity remained a central

convention. But some brands defied certain conventions in order to stand out. The DIY trend led to the widespread use of “how-to” videos as a new marketing channel on YouTube. Skin care brands partnered with popular bloggers and celebrity stylists to showcase the ease and convenience of using professional products at home.

Non-competing brands co-marketed in an effort to lift the entire category. To encourage shoppers to cross the aisles, Colgate-Palmolive and Kimberly-Clark cooperated in a back-to-school marketing effort called “Healthy Habits.” The program combined social media with in-store presence to encourage good hygiene, like hand washing and teeth brushing. The brand value of Colgate increased 15 percent.

Fast growing markets



Even as its rate of economic growth slowed, China continued to be an important growth engine for many personal care brands.

Estée Lauder worked to develop China as its second home market in 2012. Sales of the Estée Lauder brand significantly outpaced the Chinese economy. Estée Lauder increased 18 percent in brand value.

The Estée Lauder Companies introduced a brand called Osiao, specifically for China. A further iteration on the cosmeceutical trend, the Osiao brand combines Western science and Chinese medicine.

The Brazilian cosmetic brand Natura rebounded with a 12 percent increase in brand value following a decline of 28 percent a year ago. Its success came from linking a clearly communicated brand proposition, about health and a personalized ideal of beauty, with a well-executed direct sales structure.


Not usually thought of as a fast growing market, the US, with an improving economy, helped drive personal care sales. Luxury names like Lancôme, a high-end brand owned by L’Oréal, benefitted from the trend. **Z**





A masterbrand brings benefits

Masterbrand strategies make sense in personal care for several reasons. First, many of the major players are present across many sub categories. A masterbrand leverages that presence. Second, the personal care category is constantly under price pressure from private label. A masterbrand strategy can assert the common benefits that earn a price premium.

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Add strength with trust

Transparency needs to be mated with authenticity. If you do that consistently you develop trust. Positioning a brand as transparent and committed to helping the customer can be a strength.

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Brands ranked caring, desirable, responsible

Brands in the personal care category are now rated more desirable, caring and kind than brands over all, and even more than the BrandZ™ Top 100 Most Valuable Global Brands.

The personal care category brand value leaders also have a significantly higher ethical responsibility ranking when compared with all brands and with the Top 100. The personal care brand value leaders have increased steadily in these aspects since the BrandZ™ valuation began eight years ago.

Natura, the successful Brazilian brand that ranks in the Top 10 most valuable personal care brands, is particularly strong on ethical credentials.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries



Action Points

1. Have a point of view
The personal care category could use a fresh viewpoint on the question of “what is beauty” that’s sensitive to cultural differences and communicated in a memorable way.

2. Innovate
Because of commoditization, growth may come from innovation, meaning looking at existing product areas and adding a new element that fulfills an unmet need.

3. Be healthy
Consumers read ingredients closely. Claims that a product is healthy need to be fully supported by the facts or risk customer backlash, which can spread loudly and widely on social media.

4. Be social
Consumers, especially young women, are using social media to learn about and evaluate new cosmetic products.

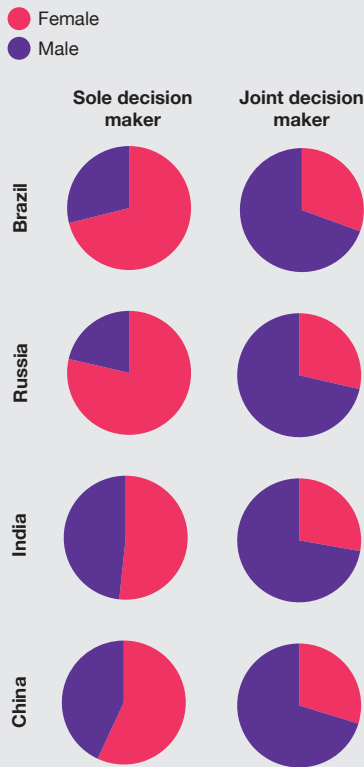


Spotlight

In BRICs, sole decision makers tend to be women

In BRIC market households, when one individual makes purchase decisions about personal care products, it’s usually a woman. Sole decision-making responsibilities are most evenly split in India. Joint decisions about personal care purchases are male dominated in all BRIC markets.

Decision makers



Source: Mindshare, MindReader 2012 online survey



Retail

OMNI-CHANNEL WORLD CHALLENGES RETAILERS

Improving brand experience

THE RESURGENT US economy drove an impressive 17 percent brand value growth in the retail category last year. Brand value declined 5 percent a year ago.

But the US was only part of the story. Brand became a more important tool for differentiating retail organizations and attracting consumers who shopped anytime anywhere, often on mobile devices, even visiting more than one location simultaneously.

Retailers developed brand ecosystems for reaching consumers in a unified way across all channels. To draw traffic and build loyalty, retailers worked to improve the in-store brand experience.

The impact of all of these initiatives varied across geographic regions and store formats. Brands with a major presence in Europe, especially hypermarkets and food retailers, felt the impact of the Continent’s financial troubles.

Amazon returned to the number one rank in brand value, ahead of Walmart. Other trends included:

Media owners
Retailers starting to act like media owners, organizing vast customer data, creating relevant content, and

generating additional revenue from suppliers eager to target key audiences.

Benefits of technology
High margin brands were more likely to use technology to improve customer experience, while mass brands used technology more to focus on pricing and assortment.

Price disruption
Retailers struggled with constant pricing fluctuations by Amazon and other online retailers that were able to rapidly analyze sales data and adjust almost instantaneously to competitive conditions.

New brands enter the ranking
The US brand Whole Foods entered the BrandZ™ retail ranking for the first time on the strength of the US economy and the brand’s unique positioning. With more than 340 stores in North America, and a small presence in the UK, the brand stresses its commitment to healthy and organic product ranges.

Whole Foods achieved one of the highest Brand Contribution scores in the retail category. Brand Contribution measures the part of brand value directly attributed to brand alone, not to financials or other factors.



With the retail category redefined this year to include drug stores, Walgreens and CVS entered the BrandZ™ ranking for the first time. Walgreens operates about 8,000 stores in the US and last year purchased a major stake in UK-based Alliance Boots, which controls 11,000 retail outlets in 15 countries. The two companies formed a strategic partnership for global expansion.

Two Australian supermarkets, Woolworths and Coles, also entered the BrandZ™ retail ranking this year. And Woolworths appeared as number 80 in the Top 100 Most Valuable Global Brands across all categories.



Definition

The retail category was expanded this year and includes physical and digital distribution channels in grocery and department stores and specialists in drug, electrical, DIY and home furnishings. Amazon appears in retail because it achieves approximately 90 percent of its sales from online retailing.

Top 20 Retail

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 Amazon	45,727	3	34%
2 Walmart	36,220	2	5%
3 The Home Depot	18,488	2	43%
4 eBay	17,749	2	40%
5 Tesco	16,303	4	-9%
6 Ikea	12,040	3	31%
7 Target	11,879	3	13%
8 Woolworths	11,039	3	New
9 Aldi	8,885	2	-5%
10 Lowe's	7,559	2	26%
11 Carrefour	7,372	2	-6%
12 Costco	6,789	2	33%
13 Whole Foods	6,728	4	New
14 Walgreens	5,925	2	New
15 CVS	5,620	3	New
16 Falabella	5,611	5	7%
17 M&S	4,649	3	7%
18 Asda	4,617	3	19%
19 Lidl	4,524	2	-2%
20 Coles	4,416	3	New

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Up 17%



With a 43 percent increase in brand value, following a 31 percent increase a year earlier, Home Depot benefited from the rebound in the US housing market and stronger sales to professionals, as well as operational investments made when the US economy was weakened. Lowe’s, a competitor, increased 26 percent in brand value. The returning confidence of US consumers also influenced Costco’s 33 percent increase in brand value.

The new convenience

The brand strength of Whole Foods reflects several cross-category consumer trends including: concern with personal health, interest in niche offerings, and environmental awareness. In addition, the Whole Foods success in the US demonstrated the possibility of earning a price premium when the brand experience is executed well.



Insight

Use digital to influence sales

The idea of digital being about where people buy things is e-commerce. This idea of digital influencing how people buy is e-shopper marketing. That’s a helpful divide. It’s the difference between the e-store and the e-path to purchase. Retailers are spending a lot of time worrying about the e-commerce piece but often are shortsighted about understanding how digital can influence purchase.

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KANTAR RETAIL

In a similar way, the Walgreens presence in the BrandZ™ ranking illustrated the growing importance of another retail trend: the new convenience, which includes simplifying the in-store shopping experience with clearer navigation and faster checkout. In a test that’s also indicative of the growing importance of mobile, Walmart tested a program enabling customers to self-checkout using their smartphones.

With a new strapline, “at the corner of happy and healthy,” Walgreens announced intentions to integrate the in-store and online experience. The effort was most evident in its strategic use of mobile, which underscored the brand’s omnipresence in the US. Customers can order prescription refills and have them sent to any of Walgreens’ locations in 50 states for pick-up. Similarly, customers can send Instagram photos for printing to their local stores or to a location near a friend or relative anywhere in the US.

These kinds of online order and physical pick-up options continued to be popular in Europe where retailers offer click and collect as an alternative to home delivery, which can be difficult for customers to fit into busy personal schedules. Walmart tested click and collect in some of its stores. The Australian supermarket Woolworths also provided the service.

Physical locations, sometimes dismissed as expensive legacy real estate, seemed to offer new brand experience and convenience advantages. Amazon continued to install merchandise delivery lockers in UK High Street shops and in 7-Eleven convenience stores in the US.

Slower growth regions

Struggling economies impacted the retail category. Tesco and Carrefour, brands known for their large surface stores, declined in brand value, in part because of weakness in overstored European markets. Tesco exhibited strength in fast growing Asian markets, however. And the turnaround plan of Carrefour’s new management showed progress.

Physical locations, sometimes dismissed as expensive legacy real estate, offered brand experience and convenience advantages

Aldi and Lidl declined in brand value, too, suggesting that the economy hurt even the usually more resilient food hard discounters. Big box merchants continued to diversify their portfolios of stores to include smaller outlets for urban areas and other under served markets.

The slowdown in China’s rate of economic expansion impacted global retail brands. Walmart, with over 375 stores in China, announced that it would reduce its expansion rate, opening 100 stores over the next three years. The chain will focus on reaching the country’s lower tier cities. China remains a key market for Walmart, Tesco and Carrefour, the three largest global retailers in sales.

Walmart completed its acquisition of South African retailer Massmart. With the relaxation of India’s foreign investment regulations last year, Walmart gained greater access to the market and planned to open its first Indian retail outlet within a few years.

Global brands received regulatory scrutiny. Amazon faced tax issues in the US and UK. Walmart tightened oversight following allegations of bribery related to its expansion in Mexico.

Most of the global brands advanced social responsibility initiatives. During this period of high unemployment, Walmart pledged to hire more than 100,000 veterans of the US armed services over the next five years. Z



Action Points

1. Simplify shopping

Used to the “new convenience,” clicking online rather than driving and parking, consumers expect a simplified experience when they visit physical stores. Navigation and checkout need to improve. Retailers need to make it easier for customers to walk, see, try, purchase.

2. Build Brand

Show rooming received disproportionate publicity. Roughly 50 percent of sales today are influenced by people researching online and then show rooming in-store. Meanwhile, less than 10 percent of sales happen online. Amazon is actually the biggest showroom. Strong brand proposition is the best antidote to show rooming.

3. Provide value

Shoppers aren’t always looking for the absolute best price. Especially for relatively inexpensive products, shoppers often will be satisfied when a price allows them to feel if not smart, at least not stupid.

4. Drive trips

Within the regular assortment, identify the item that customers buy most often, and be definitively different. The trick for experiential stores is to find a way to be good at something that drives frequency. In the Apple store, the Genius Bar serves this function. It draws customers to the store more frequently than if they’d visit only for their purchasing needs.

5. Execute relentlessly

Shoppers sometimes leave a store with a different brand experience than they had in mind when they entered. Often that’s not a good thing. That’s because some retailers do a better job of attracting rather than retaining. The consistent delivery of brand experience is more difficult in retail than in many other categories. But it’s crucial.

6. Leverage data

Retail brands also are a communication vehicle for suppliers. The supplier gains credibility being associated with a relevant retail brand. The retailer becomes the media owner, a gatekeeper to the community and the conversation. This braided marketing approach interlocks trade and retail for mutual gain.



Insights
BrandZ BigData™

Brands rate high in price, but desire, trust weaken

Big is certainly efficient and consumers recognize the good deal they are getting from the large global retailers, online and in-store. The BrandZ™ “price” rating for the most valuable retail brands is very favorable but their “desire” rating, while still being positive, has declined significantly.

The same applies to “trust,” (how consumers feel about the brand’s past performance), and “recommendation” (what consumers expect from current brand performance).

The most prominent characteristics of the retail brands are being “friendly” and “straightforward,” but these perceptions are no greater for the most valuable retail brands than for all retail brands. The retail brands that go further in putting the customer first stand to be able to gain over the pack.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries



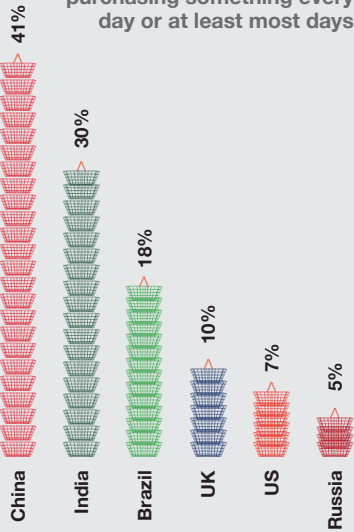
Spotlight

Mobile online buying highest in China, India

Levels of online purchasing using a mobile device vary by country. Although results reflect to a certain extent well-known cultural bias towards positivity for emerging markets, two factors may contribute to the higher levels in China and India: extensive mobile phone ownership compared with ownership of laptops or other technology for Internet access; and relatively limited product range in physical stores in rural areas.

Mobile purchasing

Online users ages 18 to 65 purchasing something every day or at least most days



Source: Mindshare, MindReader 2012 online survey



SHAPING SEAMLESS RETAIL WITH UNIQUE EXPERIENCE SIGNATURES

Combining the physical, human and digital



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The search for the elusive seamless retail offer should begin with an understanding of the Physical, Human and Digital (PHD) dynamics of each and every shopping experience. FITCH believes that retailers and brands will need to look beyond ‘just digital’ in order to create a ‘unique experience signature’ to build competitive advantage.

HERE’S SOMETHING we’re sure you’ve heard before... technology has changed the way we shop forever. People have more power to shop on their own terms, thrusting radical change and opportunities upon traditional retailers and making way for whole new kinds of retailers to enter the fray.

All these retailers are chasing the Holy Grail of seamless shopping – a future where multiple shopping channels work in concert to achieve two main goals for people:

- 1. Improving the ease of shopping**
Solving various pain points from “choice anxiety” to delivery.
- 2. Making shopping about more than the purchase**
Creating joy-filled experiences where people can dream of a better world for themselves, learn new things, have fun and fall in love with retailers.

Most retailers are busy creating omni-channel teams, revising organizational silos and mashing up skills in e-commerce, retailing and marketing functions. Because technology is such an important catalyst for seamless shopping, it has, understandably, stolen much of the spotlight.

Beyond the “just add water” approach
We see a worrying imbalance taking place at traditional retailers. We call it the “just add water” approach to bringing technology in store. It’s typified by placing a tablet-based catalogue next to a rack of products on display. These digital devices remain largely ignored in store and aren’t used for their intended purpose of promoting the long-tail of products from that retailer. Clearly, a more holistic approach is required to reach consumers whether they’re in a store, at home or on the move. While e-commerce is a more mature shopping vehicle, applying technology in stores is in its infancy.

As we inch closer to a seamless shopping future, we must appreciate how all the basic building blocks of a retail experience can combine to improve the ease of shopping, target different shopper mind states and create distinctive new experiences. FITCH has distilled the essential building blocks of any shopping experience into the following elements:

- Physical**
A structure that can be visited, be it a traditional shop, a pop-up store or something more nomadic.
- Human**
The dynamic interaction that only real people can provide, whether it is face-to-face, over the phone or through digital tools like instant messaging. We include interactions between retail employees and customers, but also between customers and any other peer involved in the decision-making or support process.
- Digital**
Technology tools to help shopping including broadcast, interactive and personal devices.

Each of the three PHD elements possesses certain advantages that are impossible to replicate in any other element. We all get excited about touching products we love, whether it’s a mobile phone or new dress (Physical). Sometimes, when we need an opinion or an affirmation of how we feel about a product, we may turn to a salesperson or a friend (Human). On the other hand, there is no way for a physical setting like a store to replicate the endless product selection that’s available in the digital setting of an e-commerce shop (Digital).

There are some absolutes that retailers can and should take advantage of. For example, traditional bricks and mortar retailers should remember that people still need to leave the house and take excursions. That’s an opportunity to make the store visit more enjoyable and shift the chore-like tasks online if possible. Direct retailers with a call center need to recognize that scripted conversations are a poor cousin to dynamic genuine dialogue with real people.

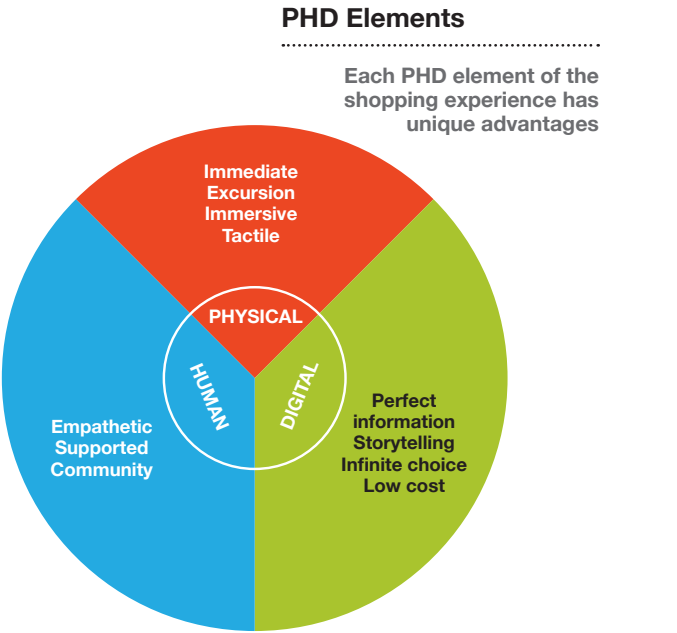
Planning the seamless experience
Thinking about the advantages specific to each PHD element helps us plan seamless experiences. The idea, of course, is to blend these elements to create different ways for people to shop. But the way we blend the elements creates big differences in the shopping experiences and helps define retail brands.

Consider the Human element, for example. The stated strategy of UK department store John Lewis places employees at the top of its priorities. Customers feel confidence and trust in the brand as a result. While the retailer has a considerable online business, it’s the quality of the human interaction that creates the difference in the experience. Similarly, apparel retailer Zappos has built a \$1 billion business on the strength of creating great interaction between its customers and employees. But Zappos is exclusively an online retailer. Zappos calls itself an online service leader and wants to be known for the absolute best service. While John Lewis and Zappos

play in different channels, they both have recognized that human interaction is paramount to maintaining a unique experience and a unique brand.

The way in which each PHD element is deployed creates another level of difference. For example, Zappos and the fast fashion retailer Uniqlo both over index on the human element in the experience they engineer, but their employees are deployed in different ways. Zappos employees are highly trained in sales and problem resolution, and given a wide mandate to delight customers. Uniqlo floods its stores with employees, compared to its competition, but these employees are trained to help customers find what they are looking for, make easy returns and keep the merchandise looking great.

The combinations of the PHD elements create a unique “experience signature” that differentiates and produces competitive advantages for retail brands. Walmart and John Lewis both began life as single channel brands. Both have become multichannel brands. One day, both will create seamless experiences for their customers. But the difference in the way these retailers deploy their PHD elements will continue to define how they are perceived by people, what kind of purchases will be made and the level of involvement customers are willing to commit to the brands.



FITCH is a global design consultancy devoted to translating brand into consumer experience. Founded in 1972, FITCH has more than 350 people working across 14 studios in nine countries. www.fitch.com

B

Beer

BREWERS EXPAND GLOBALLY WHILE SATISFYING LOCAL TASTES

Consumers seek innovation




THE BRAND value of beer increased 36 percent, the greatest rise of any category in the BrandZ™ Top 100 Most Valuable Global Brands 2013.

The increase reflected brand strength and strong financial results in a highly consolidated category. The world’s two largest beer brewers, AB InBev and SABMiller, collectively market several hundred brands. They and the next two largest brewers, Heineken and Carlsberg, produce about half the beer sold worldwide.

Also, US beer consumption rose 1.3 percent, according to the Beer Institute, a research source of the US brewing industry. The first improvement in

several years, it helped balance sales in the softer economies of Western Europe. Consumption remained strong in fast growing markets.

At the same time, brewers faced higher ingredient costs and tax rates and continuing consumer price sensitivity. And the industry’s traditional practices for expanding distribution and driving volume encountered new challenges from tightening regulations and changing drinking habits:

-  **US concerns**
Anti-competition concerns drew scrutiny from the US Justice Department, stalling the AB InBev acquisition of Mexico’s Grupo Modelo, maker of Corona.
-  **Russian regulations**
In Russia, regulations restricting most beer advertising took effect in July 2012, in a government effort to reduce alcohol consumption.
-  **Home consumption**
The growth of home consumption inverted the standard beer marketing sequence of building a brand on premise first, especially in the UK.



Like many categories, the beer industry felt the impact of a growing consumer preference for more differentiated and customized products. Craft beer rose 15 percent in volume in the US, during 2012, according to the Brewers Association, which represents the craft brewers.

A relatively small part of the market, craft is consistent with beer’s heritage as a beverage brewed for local communities and tastes. The global brewers responded to these developments with product and marketing initiatives.

Driving consumption
AB InBev offered craft brands and heavily marketed Bud Light Platinum, for example. Meanwhile, its most popular brands, Bud Light and Budweiser, rose

Top 10 Beer

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 Bud Light	10,840	3	30%
2 Budweiser	9,458	4	26%
3 Heineken	8,238	4	36%
4 Corona	6,620	4	29%
5 Skol	6,520	5	39%
6 Stella Artois	6,319	4	40%
7 Guinness	4,473	5	11%
8 Aguila	3,903	5	New
9 Brahma	3,803	4	61%
10 Miller Lite	3,093	3	34%

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Up 36%



in value 30 percent and 26 percent, respectively. Budweiser engaged in a fierce US market share battle with Coors Light, produced by Molson Coors.

Heineken, the third most valuable brand in the BrandZ™ beer category ranking, appreciated 36 percent value. The brand gained extensive publicity as the official beer brand of the James Bond film, Skyfall. Its 360 campaign included product placement in the film and extensive attention on social media.

Russian beer market leader Baltika responded to the government’s beer advertising ban by marketing its non-alcoholic beer. Called Baltika 0, the non-alcoholic beer fits into the Baltika range, which is branded numerically. Baltika 3 is popular and for the mass market, for example, while Baltika 7 is considered premium.

Broadened appeal

In other regions, brewers positioned non-alcoholic beer to reach people who desired the taste of beer but not the effect of alcohol. AB InBev calls its non-alcoholic Beck’s beer, Beck’s Blue. The non-alcoholic offerings are part of a move toward lighter beers and also beers with some novelty, such as the fruit flavoring.

The non-alcoholic beers also recognize that people socialize differently today, more in mixed company than in single-sex settings. Brewers offered more sophisticated brands like Peroni, a premium Italian brand that helped strengthen SABMiller’s sales in a weakened UK beer market.

Brewers introduced beer at some fast food outlets and promoted efforts to pair beer with food. Recognizing the shift to home drinking, some brands launched for home consumption first rather than for on-trade. In the UK, Stella Artois introduced Stella Cidre, a premium cider, directly into the off-trade.

Focus on fast growing markets

The global brewers focused much attention on Latin America. In Brazil, one of the few markets where beer is not seen specifically as a male drink, AB InBev owns two of the strongest local brands, Skol and Brahma.

Both brands grew sharply in brand value. AB InBev also markets Stella Artois and Budweiser in Brazil, positioning Stella Artois as a premium brand and Budweiser as an aspirational brand.

The Colombian brand Aguila, owned by SABMiller, appeared in the BrandZ™ beer ranking for the first time. The company introduced larger bottles for Aguila last year. SABMiller derives its largest share of profitability from Latin America, where it aims to introduce lower income consumers to higher quality beer.

Similarly, in Ghana, SABMiller marketed the Impala beer brand made from the cassava root. Guinness also introduced cassava beer in Africa. The beers are intended as safer alternatives to prevalent home brews. Heineken, owned by Diageo, announced plans to build a brewery in Ethiopia.

Indicative of the interest in China demonstrated by the giant global brewers, a joint venture between SABMiller and China Resource Enterprise Ltd. owns Snow beer, and AB InBev owns the Harbin brand. Yanjing Brewery is part of a Chinese conglomerate, Beijing Enterprises Holdings.

But the Chinese market is actually a conglomeration of regional markets. No individual brand enjoys complete national distribution. Reflecting a major emerging cross-category trend, the development of Chinese brands for export, Tsingtao, China’s oldest beer brand, is establishing a production facility in Thailand. **Z**



Inspire or lose the fizz

The way we socialize has changed fundamentally. First, we don’t socialize in single-sex groups as much as we used to, with stereotypical male bonding-over-beer sessions far less frequent today. Men have also changed their habits when women are present, choosing to share wine or even cider rather than drink beer. Second, we’ve shifted our socializing to be more around food rather than just drinking, and beer isn’t always a natural choice when people eat. Beer drinking is getting squeezed as a result. Beer brands need to adapt and respond with evolved brands and products that will answer to these changing needs. If they don’t, they are in danger of losing their fizz forever.

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Financial success drives brand equity

The global beer brands have experienced great financial success because of the scale achieved through industry consolidation. The brands enjoy minimal differentiation, but they share in common a few BrandZ™ brand archetype characteristics, like being viewed in most countries as “fun” and “playful.”

Compared to other brands across all categories in the BrandZ™ Top 100 ranking, beers score modestly on being “meaningful” (appealing and meeting needs) and derive most of their brand equity from salience, (famous, stands out), reflecting the relatively high advertising and promotional spend in most countries.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries



1. Embrace innovation
With centuries of brewing heritage, the beer category evokes tradition. Innovation doesn’t come as naturally. But core beer customers, young men in their twenties or thirties, have come to expect innovation.

2. Evoke emotion
Beer is an emotive category where brands matter and communication drives brand differentiation. When the consumer holds a smart phone loaded with personal apps in one hand and a glass of beer in the other, which brand does he feel more strongly about?

3. Build strong brands
It may still be possible in some bars to order three beers by holding up three fingers and accepting whatever lager is on tap. As people increasingly consume beer at home, however, they’re not signaling a bartender. They’re personally selecting brands. Brand becomes even more important.

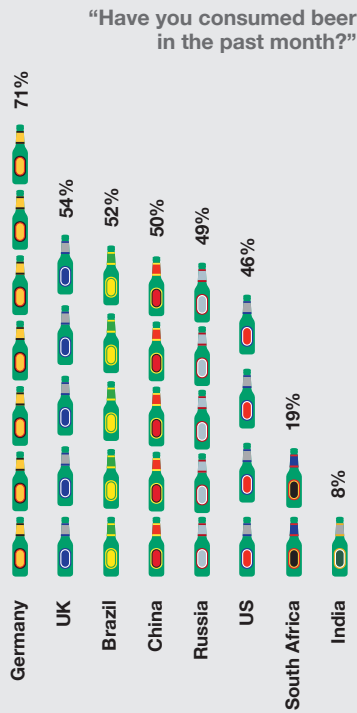


Spotlight

Beer consumption patterns point to India, South Africa

Germany continues to outpace other nations in beer consumption. Among the fast growing markets, beer consumption is strong in Brazil, Russia and China, with more room for development in India and South Africa.

Beer drinkers



Source: Global TGI 2012
Base of 18+





Fast Food

WITH TRAFFIC FLAT, BRANDS IMPROVE HOSPITALITY, LOCATIONS AND MENUS

Snacks become a meal option

THE BRAND value of the fast food category increased last year, but only by 5 percent compared with 15 percent a year ago.

The Quick Service Restaurant (QSR) business felt the effects of flat traffic in the US and economic sluggishness in Europe, without a boost from the fast growing markets, particularly China, which dependably drove sales even during the recession.

Brands continued to rely on promotional tactics to drive short-term gains with value-oriented options, tempting customers

to trade up to higher margin menu items. They also implemented strategic improvements to meet changing consumer expectations for the restaurant experience.

Snacking became an important “day part.” Snacks produce strong margins and leverage locations during the underused afternoon hours after lunch and before dinner. Brands experimented with ways to offer traditional items in smaller and less expensive portions. They marketed specialty beverages, like coffees and fruit drinks, as snacks. Brands also took these initiatives:



Menu

Many brands expanded baked goods as part of the snacking focus and to drive and complement profitable coffee sales.



Social Media

Most brands engaged heavily in social media both to drive traffic and strengthen brands.



Expansion

International brands accelerated expansion, with several brands entering or adding outlets in India.



Broadening appeal

The presence of Panera Bread in the BrandZ™ fast food ranking for the first time this year illustrated the shift in consumer expectations. Considered part of the fast-casual restaurant sector, Panera’s 1,600+ outlets in the US and Canada emphasize fresh ingredients and onsite baking in a hospitable environment.

In an attempt to project similar appeal, McDonald’s tested all-day sale of baked goods and remodeled certain units to resemble cafes, attempting to create a space for community interaction similar to what Starbucks has accomplished.

Starbucks announced plans to acquire the French pastry bakery brand La Boulange. The company expects the acquisition to help drive food sales and

Top 10 Fast Food

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 McDonald’s	90,256	4	-5%
2 Starbucks	17,892	4	5%
3 Subway	16,691	4	12%
4 KFC	9,953	3	12%
5 Pizza Hut	6,014	3	11%
6 Chipotle	4,972	5	New
7 Tim Hortons	3,380	4	1%
8 Panera	3,025	5	New
9 Burger King	2,437	2	New
10 Taco Bell	1,992	3	-3%

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Up 5%



grow another brand. Starbucks continued the rollout of its updated logo that retains the familiar Siren but removes the word coffee to broaden brand appeal.

Dunkin’ Donuts expanded its sandwich menu with items intended to grow the breakfast and lunch business. Tim Hortons, the large Canadian chain known for its coffee and donuts, remodeled locations.

Burger King also invested in a multi-year remodeling rollout. It’s part of a brand growth strategy that includes menu improvements, marketing changes and operational efficiencies to attract more women and older customers. During the recession, Burger King suffered from its relatively narrow core customer base of young men.

Burger King is in the midst of an effort to infuse the brand with entrepreneurial

zeal by shifting from corporate control to a 100 percent franchise model. The brand returned to the BrandZ™ fast food category ranking in 2013.

Brands promoted value to drive traffic

Location upgrades and menu expansions challenged the QSRs to stretch their brands without losing the price message that attracts core customers. The brands attempted to accomplish this feat by promoting value options.

Subway continued to position the brand as a healthy option in the QSR space. McDonald’s addressed the ongoing concern with healthy eating with menu options that included vegetables, fruit and grain. The brand actively interacted with mothers on social media sites.

In an index that tracks brand presence on Facebook, Twitter and YouTube, the industry publication Nation’s Restaurant News (NRN) ranked Starbucks number one, with Panera and McDonald’s also listed as leaders in driving the most engagement on these social media platforms.

Taco Bell achieved a high social media standing following a promotion for its Doritos Locos Tacos with taco shells made of Nacho Cheese Doritos. The Mexican food brand Chipotle also ranked high in the NRN list.

Chipotle appeared for the first time in the BrandZ™ fast food category ranking. Celebrating its 20th anniversary in 2013, Chipotle operates around 1,400 Mexican grill restaurants in the US and Canada, and is gradually expanding into European markets like London and Paris.

Expansion focused on fast growing markets

The major brands continued global expansion, especially in fast growing markets. Under the leadership of a new CEO, McDonald’s increased its presence in China, ending 2012 with 1,705 Chinese units compared with 1,500 a year earlier.

Yum! Brands, parent of KFC, Pizza Hut and Taco Bell, generated almost half of its

operating profits from China in 2012. It operates more than 5,700 restaurants in China, of which 4,260 are KFC branded and 987 Pizza Hut branded. However, sales growth softened after media in China reported that KFC’s chicken contained excessive amounts of antibiotics. KFC responded by strengthening its oversight of suppliers.

Yum! Brands is accelerating efforts in India where it operates 280 KFCs and 310 Pizza Hut locations and has traded for almost 20 years. Yum! Brands plans to expand into India’s smaller cities with a total of 1,000 Indian outlets by 2015. The company just introduced Taco Bell to India.

Dunkin’ Donuts and Starbucks entered India in 2012. McDonald’s, with around 270 restaurants in India, announced plans to open its first vegetarian units. Subway operates about 300 outlets in India, including three that serve only vegetarian food.

Burger King again became a publicly traded company in 2012. In a complex deal, 3G Capital, which acquired the chain in late 2010, retained a majority stake. Burger King is accelerating its international expansion, establishing joint ventures with strong local partners, keeping a minority interest but investing no capital. Transactions in 2012 included China, Russia, South Africa and Central America.

3G Capital, founded by Brazilian financier Jorge Paulo Lemann, was earlier involved in combining Belgium’s InBev and Anheuser-Busch into AB InBev, the world’s largest brewer. Early in 2013, 3G Capital teamed with Warren Buffett’s Berkshire Hathaway to buy global food producer H.J. Heinz.

Burger King operates around 13,000 restaurants in 86 countries, with almost 7,200 locations in the US. McDonald’s operates close to 35,000 locations in 119 countries, including around 14,160 in the US. Subway opened around 1,700 restaurants last year. It operates the greatest number of outlets worldwide, over 39,000 in 101 countries. **Z**



Serving up personality

McDonald’s has owned “fun” and “playfulness” and exported its brand personality with consistency and great clarity across the globe. Its brand value exceeds by one and a half times, the brand value of all the other brands in the BrandZ™ fast food category Top 10.

This dominance in brand value means that differentiation by personality is one route to survival and potential growth for its competitors, which have various advantages, according to analysis based on BrandZ™ personality archetypes.

Long-established Tim Hortons owns “trust” because of its caring and kindly image. Subway scores on “creativity” and Taco Bell is relatively “rebellious.” Notably, two successful newcomers to the ranking are also distinctive: Chipotle, a Mexican grill, is “adventurous.” Known for fresh ingredients, Panera is rated high in “idealism.”

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries



1. Take leadership

Concern about healthy eating is a long-term trend that will accelerate. Staying in front of the trend makes better business sense than trying to catch up. Health conscious eaters may be relatively marginal today, but they’re the core customers of tomorrow.

2. Update value

Value always draws the attention of individuals and families, and especially during difficult economic times with unemployment high. Keep reframing—and updating—value.

3. Cut calories

Customers expect food that tastes good. Continue to deliver good taste, naturally, but reduce the calories and fat contained in menu options and provide taste in healthier ways.

4. Broaden appeal

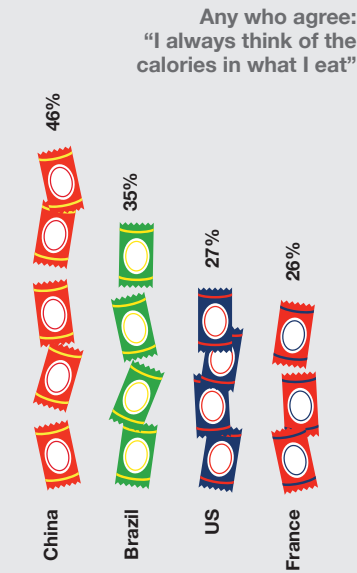
Customers looking for value and taste come from all income levels. That makes QSR the most democratic of meal options. It suggests that while respecting and fulfilling the needs of core customers it’s possible to broaden appeal.



Calorie intake, a global concern, varies by country

The worldwide concern with healthy eating and calorie intake varies by country. In the US and France, about a quarter of the population says it considers calories when eating. More than one-third of Brazil’s population thinks about calories, and almost half of China’s.

Calorie counters



Source: Global TGI 2012

S

Soft Drinks

BUBBLE BURSTING FOR COLAS BUT OTHER BEVERAGES FLOW

Health concerns remain key issue



COLA BRANDS promised to deliver the trifecta of hydration, refreshment and taste.


But consumers in developed markets wanted more. To fit the needs of their over-scheduled lives, they expected the brands to multitask, adding functional benefits, like an energy boost to the basic thirst-quenching proposition. And consumers continued to worry about the healthiness of carbonated soft drinks (CSD).

The new, more inclusive definition of the BrandZ™ non-alcoholic beverage category recognizes these trends. The

highly valued juice, coffee and tea brands that now appear in the ranking reflect both the attitudes of consumers who prefer these drinks and those who select them as alternatives to carbonation.




CSD sales were especially challenged in markets like Western Europe, with an aging population and sluggish economy. To balance slacking demand, Coca-Cola and Pepsi looked to fast growing markets, like China and India, where consumers are less likely to have a soda drinking habit and tea is a more traditional drink.

Among strategies implemented by the beverage brand leaders were:



Definition

The soft drink category was expanded this year and includes these non-alcoholic ready-to-drink beverages: carbonated soda drinks (CSDs), juice, bottled water, functional drinks (sport and energy), coffee and tea (hot and iced).

-  **Shopper marketing**
Brands continued heavy investment to win share, especially in the flat cola sector.
-  **Pairing with food**
They attempted to increase volume by marketing connected to meal occasions.
-  **Brand extension**
Brands added new options to meet consumer desire for healthier and more functional beverages.

Top 15 Soft Drinks

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 Coca-Cola	64,698	5	7%
2 Diet Coke	13,717	4	-2%
3 Red Bull	10,558	3	6%
4 Pepsi	9,799	4	-5%
5 Nescafé	5,639	3	New
6 Tropicana	4,808	4	New
7 Nespresso	4,478	4	New
8 Sprite	4,127	2	9%
9 Fanta	3,974	2	-1%
10 Gatorade	3,750	3	9%
11 Mountain Dew	2,495	4	-3%
12 Minute Maid	2,296	3	New
13 Dr. Pepper	2,236	4	5%
14 Diet Pepsi	2,230	3	-2%
15 Nestea	1,852	3	New

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).





Up 5%



Marketing to win share

Facing these growth challenges in both the developed and developing world, brand leaders Coca-Cola and Pepsi remained locked in a market share battle, with Coca-Cola positioned as the timeless iconic brand and Pepsi as the brand focused on the immediate excitement.

Coca-Cola continued its “Open Happiness” campaign, using viral social media to communicate the international exploits of a Coca-Cola truck that delivered Coca-Cola, food and good feelings. Pepsi launched its first global campaign called “Live for Now,” connecting the brand with pop culture worldwide, an iteration on the successful “Pepsi Generation” positioning of the 1960s.



Consumers seek health and mood benefits from drinks

Health in all its manifestations is a massive trend. When we reach for a soft drink, we’re sometimes simply looking for a convenient form of refreshment or hydration and we’re not focused on the healthiness of what we are drinking. But, in an increasing number of occasions, consumers want the beverage to be a vehicle for other benefits beyond basic hydration and refreshment, many of which are health or mood related.

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Pepsi was the official drink of Major League Baseball in 2012. In a dramatic expression of its ability to leverage its Power of One philosophy, Pepsi signed these brands—Pepsi, Quaker, Tropicana, Gatorade and Frito-Lay—to a 10-year sponsorship deal with the National Football League (NFL).

Not surprisingly, the most daring marketing effort last year came from Red Bull with its sponsorship of Felix Baumgartner, who gained the world’s attention with a 24-mile free-fall to earth from the edge of space. Red Bull moved ahead of Pepsi as the third most valuable brand in the category.

Linking drink and food

Coca-Cola paired the brand with food, including snacks. In supermarkets, it displayed beverages near pizza, for example, merchandising Coca-Cola brands as part of a meal solution.

Coca-Cola also opened its Shopper Innovation Experience Center during 2012, a laboratory for testing cross-category sales drivers. Pepsi developed liquid meal replacements, combining its Pepsi expertise with the corporation’s Quaker brand.

The high proportion of drinking occasions associated with breakfast helped drive consumption of tea and juices, including brands like Tropicana, Minute Maid and the Nestlé offerings linked by the brand-like prefix Nes—Nescafé, Nespresso and Nestea. The focus on coffee quality, innovative coffee machines and personalized customer service offerings enabled Nespresso to consolidate its foothold in Western Europe and expand its success to almost 60 countries worldwide.

Although breakfast is not a time usually associated with carbonated drinks, Mountain Dew, a Pepsi energy drink brand, recently launched Mountain Dew Kickstart, a caffeinated—and carbonated—breakfast drink aimed primarily at Millennials.

The attempt to link drink and food relates to larger trends, such as the increase in at-home entertainment, which influences

when and where consumers drink and eat. The trend affected beer brewers as well, as all beverage producers depend on driving liquid volume.

Meeting health and energy concerns

Soft drink brands responded to the growing consumer focus on health with new juices, smoothies and enhanced waters, including coconut water, which enjoyed wide distribution in the UK and parts of the US.

The leading brands marketed cola products intended to improve healthiness without compromising taste. Pepsi Max and Coca-Cola Zero are both aimed at male drinkers who want good taste, fewer calories but not the diet label. Dr Pepper Snapple Group launched Dr Pepper Ten in the last quarter of 2011, with the slogan “It’s not for women.”

With the launch last year of Pepsi Next, the brand attempted to find a mid-calorie position that reduced calories, while maintaining taste. In most markets, Pepsi Next was promoted as containing 60 percent less sugar. Coca-Cola replaced Sprite, in the UK, with a reformulated version using a natural sweetener. Introduced early in 2013, the new Sprite addresses obesity concerns by reducing the calorie count of the lemon-lime drink by 30 percent.

Coca-Cola, owner of Minute Maid, is developing an orange juice not from concentrate, and investing in the technology to create consistent taste despite the variations that occur naturally. Pepsi addressed the healthiness issue with its 1998 acquisition of the Tropicana brand of orange juice not made from concentrate.

The interest in additional energy benefits drove the performance of Red Bull. Gatorade marketed Gatorade G Series Pro Carb Energy Chews, gum-like squares intended for chewing prior to and during athletic exercise. But desire for functional drinks also included products to reduce energy and encourage relaxation, so-called dream water to manage stress. **Z**



Strong character buoys brands

The recession has been a cathartic experience for many brands, forcing a rethink in terms of their relevance. Soft drinks faced a simultaneous challenge—the increasing consumer concern with health. It is noticeable that this category on average is much less “meaningful” (appealing and meeting needs), but is still very “salient,” meaning that it’s famous and stands out in the mind of the consumer.

The high profile has been maintained partly by greater definition of brand character. The overall character “clarity” score (the depth and distinctiveness of brand personality) has increased 24 percent since the recession, compared with an increase of just 8 percent for all brands. Three notable exponents of character building are Coca-Cola, Nespresso and Red Bull.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries



1. Be transparent

Being clear and straightforward is important as Millennials—more informed about food and health issues than their parents—move into household and family formation life stages.

2. Be proactive

Address consumer health concerns head-on. If customers are raising questions about sugar or caffeine, for example, then take a position. Communicate about reducing the levels of those ingredients or acknowledge them as an acceptable indulgence in moderation.

3. Be strategic

Discounts and promotions have conditioned consumers to time purchases for when a product is offered at what seems to be the lowest price. Develop a merchandising ladder that explains the value at rising price levels.

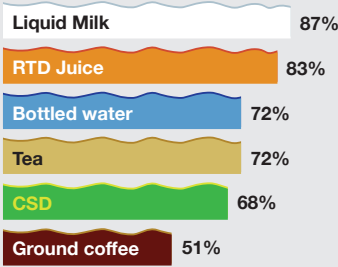


Beverage penetration, consumption vary widely by country

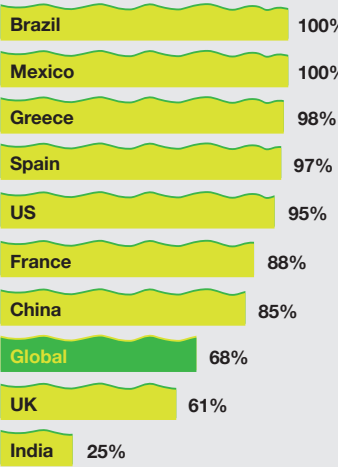
Liquid milk is the most consumed non-alcoholic beverage worldwide, followed by ready-to-drink juice, bottled water, tea, carbonated soft drinks and ground coffee.

The penetration of carbonated soft drinks varies widely, depending on local tastes and the efficiency of distribution systems. Carbonated drinks are highly desired in Mexico, more than water or juice, while Indian consumers prefer tea.

Beverage penetration



CSD penetration



Source: Kantar Worldpanel 2013 Brand Footprint Report



E-COMMERCE BECOMES EVERYWHERE COMMERCE

Brands face stark choice: adapt or die



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YESTERDAY’S DEFINITION of e-commerce is dead. The rough definition—buying and selling over the Internet—is inadequate for today’s commerce companies.

Today’s shoppers expect to shop anytime/anywhere, to buy every kind of product, to use whichever device or channel suits them at that moment and to be recognized and valued for their custom. Today’s business leaders (whether brands, retailers or B2B businesses) are grappling with increased shopper expectations, rapidly evolving technology and new sources of competition.

So, should we now drop the “e” and call this form of transaction just “commerce?” Since all commerce today involves electronic systems and the lines between the online and offline worlds are blurred, the “electronic” in e-commerce may be redundant. Another approach would be to redefine it as “everywhere commerce” so that we can focus on the big opportunities and challenges in e-commerce today.

To assess whether a company is adequately recognizing this shift in commerce and taking the necessary steps to be present everywhere, business leaders need to ask themselves these key questions:

Every country

Are we offering international shoppers a seamless experience? Are we reaching potential shoppers in fast growing markets? Are we personalizing the shopper’s experience based on his/her location?

Every device

Does our e-commerce platform support the wide (and increasing) variety of devices and browsers? How are shoppers using their devices? Are they using a smartphone

and laptop at the same time and in complementary ways or at different times and then keeping them in sync?

Every channel

Are we supporting every possible route into an e-commerce transaction? These include: social networks, brand marketing, physical stores or branches, wholesalers, Amazon, eBay and other marketplaces, aggregators and choice engines that simplify options to help consumers make better decisions.

Every shopper

Are we personalizing the shopper’s experience based on the current context plus his/her past and predicted behavior? And are we catering to both B2C and B2B shoppers?

Every interaction

Are we delighting our shoppers every time they interact with our brand (whether on our own web properties or elsewhere)? Are we delivering excellent service right through the customer experience: from brand awareness, to product awareness and purchase, as well as the delivery, returns and customer service processes?

Every product

How effectively are we managing product information, pricing, inventory and returns across our own, third party and drop ship supplier locations?

Every piece of data

Are we gaining enough insight from the mass of data available on our shoppers’ interactions? What new opportunities are offered by the exponential growth in data from smartphones and social media (big data) and from information disclosure?

Every business model

Have we just taken our pre-Internet business model online or have we really exploited the new opportunities offered by the Internet? Which aspects of our old business model can be blended with digital to offer a differentiated proposition? Can we integrate with our legacy systems? How do we keep up to date with new developments like Google Shopping Express?

Every delivery option

Are we meeting the needs of those shoppers who want the product in the next hour or the next day as well as those who are willing to wait until next week? And what about those shoppers who want a one-hour delivery slot or want to pick up from a nearby location at their convenience, not ours?

Based on the answers to these questions, business leaders need to decide on priorities and start making changes to adapt to this new environment. The name change from electronic commerce is important, not just because the term too narrowly defines the today’s reality, but also because it confines thinking. The term focuses thinking on the wrong problem.

Retailers need to think about how strategic use of technology, mobile location-based services and big data can improve life for the customer, unify the brand experience across all venues and provide a competitive advantage.

“Everywhere commerce” is here already and the choice for today’s commerce companies is stark: adapt or die.



The 6 E’s of Everywhere Commerce for retailers, brands and B2B businesses

- 1. Execution**
Now that everyone agrees that e-commerce is strategic, executing at speed is the major challenge for large businesses. An agile approach will help deliver business benefits quickly, while remaining open to future change.
- 2. Easiness**
Make it easy for all shoppers to shop with you, anytime, anywhere, any device.
- 3. Excellence**
Customer experience of excellence is highly correlated with improved customer loyalty and better financial performance. Structure the business to deliver this efficiently and consistently.
- 4. Experience**
Bringing the in-store experience online can help retailers offer a differentiated proposition. Brand owners can use digital channels to create emotionally engaging experiences for their end consumers (and collect valuable data) even when the purchase transaction is completed elsewhere.
- 5. Emergence**
An emergent approach to strategy will help keep you aware of evolving trends and technologies. Innovative ideas can come from anywhere inside or outside the company and an emergent approach allows these to be incorporated in the company strategy.
- 6. Exploitation**
Be careful not to introduce new technology for its own sake. Focus first on understanding customer behavior and then how technology can enhance this. Exploit existing technology before buying new.

Salmon is a highly innovative e-commerce digital agency helping leading retail, wholesale and manufacturing brands define, deliver and exploit enterprise-scale e-commerce and multichannel operations.
www.salmon.com



Banks

BANKS LOOK INWARD, RECALIBRATE STRUCTURE, PRODUCTS AND BRAND

Financial results improve

LAST YEAR was a time of introspection and renewal for bank brands.

Having emerged from the paralyzing shock of the global financial crisis, the banks experimented with new initiatives for growing their businesses in a more regulated, low interest rate environment. They attempted to win back consumer trust.

Then the Libor scandal erupted. Banks admitted to increasing trading profits by manipulating an interest index called the London Interbank Offered Rate.

Both financially sophisticated consumers, and those who didn't quite comprehend the arcana, grasped the basic message—banks again had failed to earn their trust. Surprisingly, that didn't seem to matter. Most banks reported strong financial results and experienced rising share prices.

The drivers included economic recovery in the US, expansion in fast growing markets, internal reforms aimed at becoming more transparent and customer responsive, and the success of new business ventures, many aimed at high-wealth customers. Plus, consumer inertia outweighed dissatisfaction.

Rebuilding trust

Banks attempted to rebuild trust by reshaping communications and restructuring organizationally. On his second day on the job, the new CEO of Barclays declared his intention to transform the profit-driven culture to one based on customer service and respect.

The bank experienced a 34 percent rise in brand value, the second strongest result, after Citibank, among banks in the BrandZ™ global bank ranking. The improvement reflected both a recovery



of value and confidence that planned changes, including cost cutting, will unlock growth potential.

Banks focused intensively on regaining the trust of the people most debilitated by its loss—bank staff. Even ad campaigns aimed at consumers were designed to help lift internal morale and win back the confidence of staff, potentially important brand ambassadors.

In celebrating its 200th anniversary in 2012, Citibank aimed its narrative, about funding human progress, both at customers and employees. Citibank brand value rose 37 percent. Santander alerted staff to watch its key TV campaigns and emphasized staff's critical role in fulfilling the promises made in the ads.

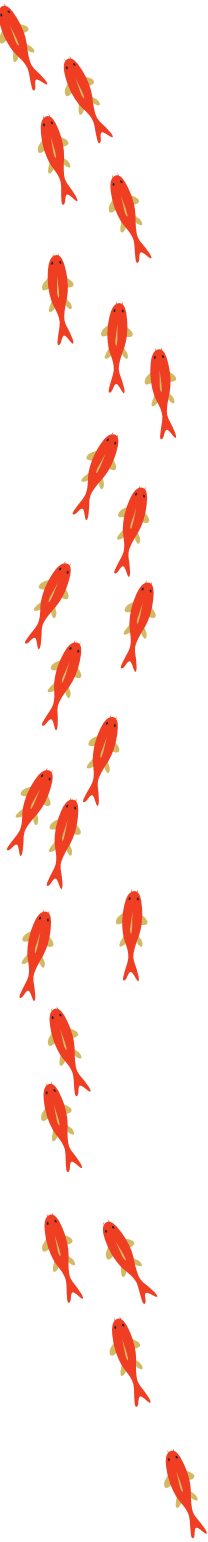
Top 10 Global Banks

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 HSBC	23,970	3	24%
2 Citi	13,386	2	37%
3 Chase	10,836	3	25%
4 Standard Chartered	10,160	2	1%
5 J.P. Morgan	9,668	2	New
6 Santander	9,232	3	8%
7 Barclays	7,989	2	34%
8 ING Bank	7,596	3	New
9 UBS	7,429	2	New
10 Goldman Sachs	7,351	3	New

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Global Banks
Up 23%



Banks tried to reduce the functional divisions of their typically siloed organizations. They expected the simpler corporate structures to foster cooperation, increase speed and improve governance, making it easier to spot problems earlier.

Growing new business

Fewer siloes also enabled more cross selling as the banks introduced new sources of revenue. To drive growth in an era of low interests rates and consumer resistance to fees, banks developed rewards programs and other strategies for gaining additional business from customers and credit card holders.

Most global banks developed programs for higher wealth customers to grow income for the client and generate fees for the bank. While seeking immediate return from their most profitable customers, banks also cultivated younger prospects with future earning potential.

Banks delivered their products and services with improved technology. Most global banks offered simplified checking deposit using mobile apps, an innovation first introduced by Chase. The latest ATMs accepted checks for deposit without paper deposit slips and envelopes.

In search of new business, some banks transformed their branches from convenient customer transaction points, to financial services centers for selling investments, mortgages and other products.

Direct banks compete

In the US, direct banks eliminated the need for any physical banking presence. Operating only online, these organizations offered consumers the advantages of convenience and higher interest rate returns.

The direct banks appealed to an attractive demographic of younger, higher income consumers that does not feel tethered to a more traditional banking experience. The direct banks include brands such as Ally, Capital One 360 and USAA.

In the UK, online banking options also took advantage of the trust deficit. Free site MoneySavingExpert.com included in its menu of products and services advice about financial products.

Economy, trust drive regional brand value

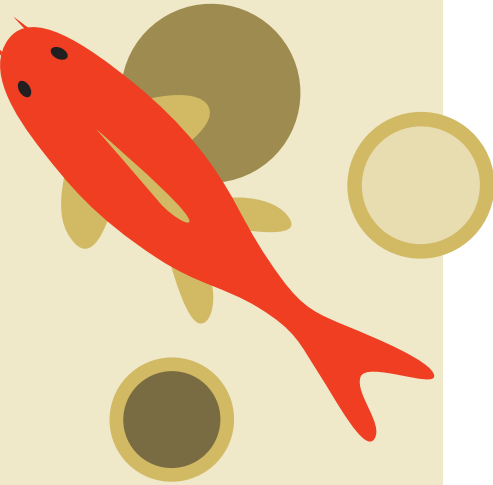
The BrandZ™ ranking of regional banking leaders reflects two key trends: the influence of fast growing markets; and the benefits derived from building trusted brands.

Four of the Top 10 regional banks brands are Chinese. The enormous size of their home market primarily accounts for their presence in the ranking. The brand value percentage increase of the Chinese banks was strong but more modest than for other regional bands. That's because of their high brand values and the slower growth of China's economy, which flattened share prices.

Australia's three leading banks appear in the BrandZ™ Top 100 Most Valuable Global Brands 2013 ranking. Two of the Australian brands—Commonwealth Bank of Australia and ANZ—also appear in the Top 10 regional bank ranking. A third Australian bank, Westpac, with a slightly lower brand value, does not make the Top 10 regional bank category ranking, but it appears in the Top 100.

The presence of these banks indicates how Australia's proximity to fast growing Asian markets has benefited the investment and banking businesses of the country's financial institutions.

The two Canadian banks, RBC and TD, received the highest Brand Contribution scores of any banks in the BrandZ™ ranking of regional banks. Brand Contribution measures the impact of brand alone on brand value, exclusive of financials or any other factors. TD was one of the few brands focused on serving the low-income unbanked.



In part because of Canadian government regulations, the country's banks were less impacted by the subprime fiasco that hurt US banks. Their high Brand Contribution scores may reflect residual consumer trust based on performance during the banking crisis. A third Canadian bank, Scotiabank, appears in the Global Top 100, but not in the regional ranking.

The US bank Wells Fargo, which leads the BrandZ™ ranking of regional banks, received the third highest Brand Contribution score in the regional bank ranking, after the Canadian brands. Smoothly completing a large and complicated acquisition, Wells Fargo effectively married its technological strengths with the customer satisfaction and loyalty reputation of Wachovia.

Two other banks that did not quite make the ranking of regional brands appear in the in Top 100 Most Valuable Global Brands: US Bank and Russia's Sberbank.



Motivate staff with internal communications

An emergent trend focuses on internal communications. As service organizations, banks are dependent on reputation and recommendation. If the staff who are in direct touch with consumers lack competence, then it doesn't matter how much brands spend on advertising, they will not impress their target audience. It's important now to motivate and refocus staff who have been demoralized by the negative events in the finance category.

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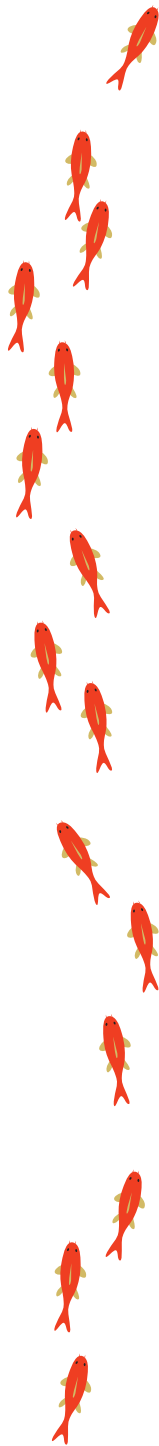
Create and provide content

Brands are becoming more active in creating content and delivering it to interested consumers via both paid and owned channels. Global banks have some advantage here owing to their deep understanding of international markets. We expect to see more curating of content to engage consumers around economic trends, demonstrating expertise that's related to consumer experience to attract new high-net worth customers.

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Regional Banks
Up 15%



Top 10 Regional Banks

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 Wells Fargo	47,748	3	20%
2 ICBC	41,115	2	-1%
3 China Construction Bank	26,859	2	10%
4 Agricultural Bank of China	19,975	2	12%
5 RBC	19,968	4	16%
6 TD	17,781	4	22%
7 Commonwealth Bank of Australia	17,745	3	36%
8 ANZ	16,565	3	New
9 Bank of China	14,236	2	10%
10 ICICI Bank	14,196	1	12%

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



The US regional banks, such as First Niagara, turned consumer distrust of banks into an opportunity by projecting local appeal. Many US regionals invested in customer service education for branch and call center staff.

Fast growing markets

The global bank brand leaders continued to benefit from strength in fast growing markets, particularly in Asia, despite the somewhat slowing rate of China’s economic expansion.

Lacking the legacy systems of Western brands, banks in fast growing markets were freer to innovate. In India and the Middle East, some banks acted like consumer goods companies, building brands around customer needs. To accommodate families, for example, bank branches might include play areas for children.

Certain bank brands tried to create a unified consumer-friendly experience both online and in the physical location. Brands that took related initiatives include Zuno, an online bank that operates across the Commonwealth of Independent States (CIS) including Russia, Sberbank and VTB of Russia, and India’s ICICI.

Meanwhile, the pace of consolidation continued. The Commercial Bank of Qatar purchased banks in several countries in the Middle East, where Chinese banks also sought partners. **Z**



Trust can make a material difference

Sometimes it seems as if trust doesn’t matter in banking: consumers don’t trust banks, but banks still make a lot of money. That formula misses the point. Because consumers don’t trust banks, they hedge their bets and spread their financial activities beyond banks to alternatives such as mutual, PayPal, etc. So actually banks make less money than they could. Only trusted banks will capture a larger share of customers’ assets and spend, coming much closer to reaching full earning potential.

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Cultivate the rising rich

Many US banks are seeking to develop their relationship with affluent households beyond checking and savings accounts. However, banks are challenged by satisfactory long-term relationships with investment institutions. Given the maturity of these existing relationships with investment services firms and the low likelihood to switch providers, banks can benefit from activities that cultivate the rising rich and help them achieve affluence.

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Regional banks enjoy higher trust level

Consumer trust in the banking category declined during the global financial crisis. The restoration of trust is happening more quickly for regional (local) banks than for global banks.

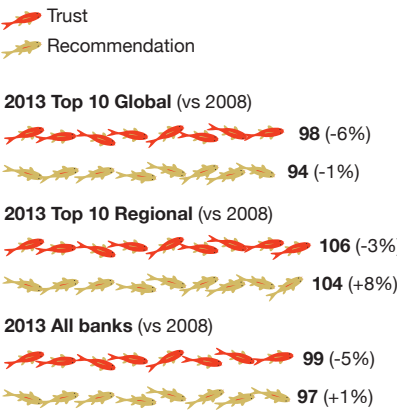
BrandZ™ data measures both trust (how consumers feel about the performance of the brand over time) and recommendation (how consumers expect the brand will perform today).

Global banks are significantly less trusted and recommended by their customers than regional banks. Consumer trust in the global banks is comparable to their trust level for all banks. But in recommendation, global banks lag all banks.

The regional Top 10 are well ahead of global banks in both the levels of trust and recommendation. And the level of recommendation for regional banks actually is higher now than it was five years ago.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

Trust and recommendation



Average brand = 100



1. Be out front.

In the past, CEOs kept a low profile consistent with the ethos of a conservative industry. Today, the CEO is the personification of the brand. He or she is the lightning rod for the consumers’ anger or approbation.

2. Add a human touch

Technology can do a lot, but not everything. In a commodity business like financial services, the human touch adds interest.

3. Be transparent

Don’t always wait for regulations to force revelations. Exercise leadership and proactively share more information. Don’t give consumers more reason to doubt the bank’s integrity. Do give investors more confidence in the bank’s performance.

4. Demonstrate thought leadership

Create content. Engage consumers by offering financial information that helps them while at the same time it demonstrates the bank’s expertise.

5. Eliminate siloes

A more open structure results in transparency that minimizes the potential for hidden problems. It also facilitates cross selling.

6. Communicate internally

Help staff be knowledgeable and positive about the brand. Stress staff’s importance in delivering the brand promise. Be especially sensitive to the morale of people who interact directly with customers.



Spotlight

Trust in financial institutions grows among affluent

Attempting to rebuild trust, which eroded during the global financial crisis, financial institutions have improved transparency and communications.

More affluent customers heard the message. Financial institutions have focused more on this group as a way to grow revenue in an environment of low interest rates and fee restrictions.

The trust that affluent households felt towards financial institutions increased measurably in 2012, following two years without change.

Increasing trust

“I am confident the financial institutions that I do business with are working with my best interests in mind”



“I believe the financial services companies and advisors that manage my assets are trustworthy”



“I trust that the financial services firms I do business with are stable and secure”



Source: TNS 2012 Affluent Market Research Program





Insurance

CUSTOMER 360-VIEWS
REVEAL OPPORTUNITIES

Data generates new products



INSURANCE BRANDS increasingly adopted new technology to recruit and retain customers.

They organized and analyzed customer data to understand how the needs of various life stages can signal new business leads. This development affected both life and property and casualty sectors of the category.

It represented a sea change for an industry traditionally driven by entrepreneurial agents more incentivized to write new business than sell more products to existing customers.

Until now, customer data had been abundant but dispersed, a legacy of insurer agent networks and siloed organizations. Increased analysis potentially enables insurers to offer products and calibrate

rates that are personalized for individual clients rather than devised for a demographic segment.

No company has yet integrated all its data into coherent and comprehensive 360-views of individual customers. But it is likely that one or two top tier providers will achieve this goal by the end of 2013.

These other developments also affected the insurance category:

- Trust**
Hurricane Sandy battered the northeastern US in October 2012, causing as much as \$50 billion in damage, which impacted property and casualty carriers. The hurricane's location, in the world's largest media market, magnified any dissatisfaction with payout speed.
- Price**
Financial pressures shaped consumer decisions about discretionary spending, turning the conversation about life insurance to price.
- Telematics**
Auto insurers experimented with telematics. When customers agreed to have an electronic device installed in a vehicle to record their driving habits, the insurer could customize rates according to the results.

Definition

The insurance category includes brands in both the business-to-consumer—life, property and casualty—and the business-to-business sectors. Health insurance is excluded.

Top 10 Insurance

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 China Life	15,279	3	5%
2 Ping An	10,558	3	4%
3 State Farm	7,881	2	1%
4 AIA	6,813	2	New
5 AXA	3,934	2	18%
6 CPIC	3,705	2	9%
7 Allianz	3,596	2	25%
8 Geico	3,255	2	19%
9 Travelers	2,403	3	New
10 Zurich	2,174	2	15%

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Up 19%



Focused marketing

More sophisticated data analysis will enable insurers to tailor messages to the needs of particular customers or potential customers. Agents will receive more reliable leads and be paired with customers who are more relatable according to age and other demographics.

This kind of interaction should help insurers more effectively differentiate and build their brands around service. Today, brands generally compete on price and the speed with which they can offer consumers rate information or respond to claims. Aggregating sites, which are especially active in the UK, intensify price shopping.

Along with data analysis, social media is also changing the potential—and the vocabulary—of insurance marketing. The idea of customer social lifetime value is supplanting the simpler notion of customer lifetime value.

This newer metric considers not just the lifetime purchase potential of the individual customer, but that potential compounded by the size of the customer’s network of contacts.

Social media reaches new clients

Social media is especially critical for reaching the uninsured and young people, often less inclined than their parents to invite an insurance agent into their home for a conversation about term life around the kitchen table.

Brands like Geico, State Farm, Allstate, and Progressive were active in social media. The Internet and social media

are transforming the traditional view of insurance, from being a product sold to people, to being a product people buy.

Leading brands also developed mobile apps for smartphones and tablets, particularly in property and casualty, where apps sometimes can be used to file claims. And brands continued multi-channel communication strategies that included telemarketing and direct mail as well as agents.

Non-traditional channels

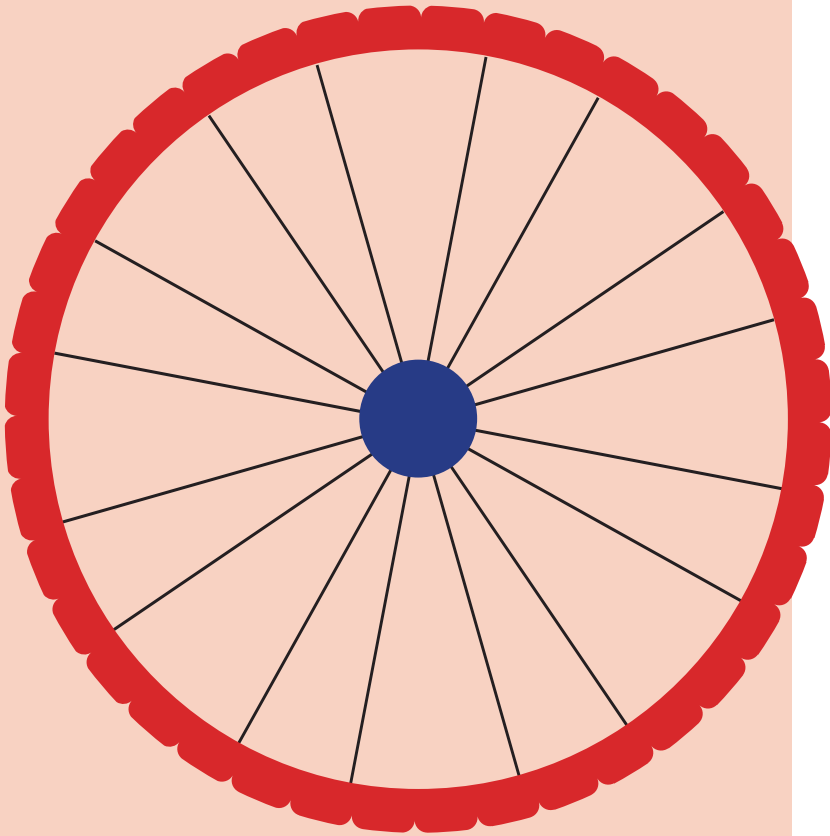
Insurers also tried to reach young people and the uninsured through non-traditional channels. Some of these potential customers are more comfortable in a “third space,” neither home nor office.

State Farm experimented with a storefront espresso bar in Chicago called Next Door. Visitors can enjoy refreshments and free Wi-Fi, while gaining access to financial counselors, with no hard sell.

Efforts to reach the under-or-non-insured included a program by MetLife to sell insurance packages in a box, which began testing in pharmacy departments at several hundred Walmart stores late in 2012.

Customers who purchase policies, which come with relatively low face values, subsequently call a toll-free number for a health screening from MetLife. If they pass the screening, the credit on a pre-paid card is activated. Those who fail to qualify for the insurance can either receive a refund or use the credit anywhere that accepts Discover. **Z**

Social media is especially critical for reaching the uninsured and young people, often less inclined than their parents to invite an insurance agent into their home



Strength in Asia, North America drive brand value rebound

The insurance category grew 19 percent in brand value, recovering from a decline of 16 percent a year earlier, when a perfect storm of economic uncertainty and large payouts depressed financial results.

The brand value of German-based insurer Allianz bounced back 25 percent, the greatest gain in the BrandZ™ insurance ranking, driven by stronger performance in the US and rate increases in Germany that improved earnings.

The brand value of Zurich, the Swiss-based insurer, and France’s AXA grew by 15 percent and 18 percent, respectively, following declines a year ago. AXA made two significant acquisitions to increase its presence in fast growing markets, particularly

Asia, where it’s a partner of China’s largest bank, ICBC. ICBC-AXA Life mainly offers medical insurance plans for expatriates in China.



The three Chinese insurance brands in the BrandZ™ insurance ranking increased in brand value compared with declines a year ago. Despite the slower expansion of China’s economy, all the Chinese insurers continued to benefit from insurance demand among China’s rising middle class.

China Life, the country’s largest insurer, developed telemarketing and online distribution channels. In its transition to a financial services brand, Ping An continued to strengthen its Ping An Bank and integrated Shenzhen Development Bank into its operations. CPIC, China

Pacific Insurance Company, added new products and attempted to improve customer experience.

Travelers appeared in the ranking for the first time this year. The US property and casualty and life insurer, with the well-known red umbrella logo, has enjoyed steady earning growth and share price appreciation over the past several years.

AIA, established only two years ago as a spin-off from AIG, appeared in the ranking for the first time. The insurer’s profits increased 89 percent in 2012, based on investment income and operating results in its 16 Asian markets, primarily Hong Kong and China. Its share price has appreciated about 66 percent since the brand’s October 2010 IPO.





Differentiate with brand

There's been a rush to incorporate big data and the ensuing predictive models into every marketing interaction. That kind of quantitative analysis is unquestionably valuable. But as a marketer I still need to sell one thing at a time to a human being. And I need to reach that part of the person's brain that says this company appeals to me or it doesn't. No one has a product or service advantage any more for more than 15 minutes, which means that the way you communicate to the individual is more important than ever. The branded consumer experience is the place to differentiate: how the brand recognizes me, talks to me and most importantly, listens to me.

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Organize a 360-customer view

Only few carriers now have the 360-view of the customer. They have the data in their systems, but they're unable to integrate it in a useful way. Connected data will reveal a full picture of the customer: the customer's history, interactions and the products that would be most relevant today. This kind of information will enable more effective consumer engagement and better informed communication throughout the entire lifecycle and through all relevant channels. When interactions are informed, timely and relevant, customers and prospects will respond. This will in turn improve your overall metrics and improve customer satisfaction.

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KBMGROUP



Brand importance rising in insurance

Historically, insurance is a low involvement category with products sometimes purchased out of necessity, not choice. As a result, brand plays a smaller part in driving value.

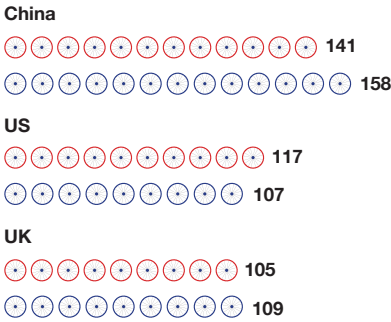
But judging by the emergence of powerful insurance brands in fast growing markets, this may not have to be the case in future. In China, for example, brand plays a significant part in the insurance category, according to BrandZ™ research.

The brands from China in the Top 10 Insurance category ranking outperform the insurance brands from the US and UK in key BrandZ™ measurements of “meaningful” (appealing and meeting needs) and “different” (unique in a good way and trend setting).

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

China brand strength

- Meaningful
- Different



Average brand = 100

Action Points

- 1. Be selective**

It's not about finding every prospect out there. It's about finding the right prospects, those who resonate with the brand and will remain loyal to it over a lifetime, as customers for products that fit their changing insurance needs.
- 2. Be personal**

It's critical to reach target audiences through every available channel: direct mail, retail, mobile, online, telesales and agents. But the competitive advantage goes to the brand that can connect the data dots into a message that's relevant and sounds like it's for a person, not a demographic.
- 3. Be online**

That's where people shopping for insurance are likely to be. Especially young people. For them a compelling website is more persuasive than a lot of brochures scattered over the kitchen table. Post reviews. People are interested in seeing what others have to say about the brand. Ratings and reviews increase conversion rates.
- 4. Be a first mover**

In a conservative category being a first mover doesn't come naturally. And, realistically, it buys a competitive advantage for only a limited time period. First mover innovation, supported with brand building, however, can become a sustained differentiator.
- 5. Value customers**

It's difficult to measure the lifetime value of a customer. But on average, it costs 10 to 12 times more to gain a new customer than to retain an existing one.
- 6. Value customer networks**

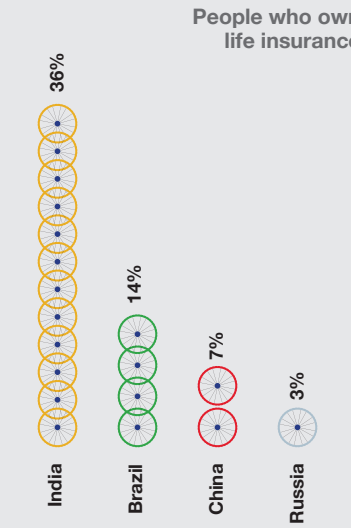
It's probably impossible to measure the lifetime social value of a customer. But it can be enormous. Many customers influence large social networks. Inspire these customers to become brand advocates. Their networks hold tremendous long-term value.



Life insurance ownership low in most BRICs

Life insurance ownership in the BRIC countries remains at a relatively low level, with the exception of India, but is likely to increase rapidly with the expansion of the middle class.

Life Insurance owners



Source: Global TGI 2012
Base of 18+



LEVERAGING FINANCIAL SERVICES BRANDS

To restore reputation



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BRAND
UNION

ASK A CEO of a financial services organization whether he cares about his brand and you will get a vigorous affirmative nod and shown the door to the marketing department where, in his view, the brand lives. Ask him if he cares about the reputation of the organization and you will be told that it is among his top three strategic priorities. Somehow connecting the dots between brand and reputation is a stretch that senior managers find it difficult to make. Brands are regarded as tangible—logos, advertising, branch environments—a positive reputation on the other hand is the Holy Grail that moves the share price. In this context your reputation is your brand.

So, against the backdrop of a catastrophic loss of trust in banks as a result of their role in the global economic crisis, how can a brand-led approach help restore shattered reputations?

1. Differentiate through what you stand for not what you sell

There has never been a more critical time to question why you exist. Are your values valued, do they guide your behavior and do they help define the type of experience customers have of you? It's not good enough just to have amazing products. Long-term success is dependent on a culture that is nurtured and alive. Culture is the environment in which your strategy and your brand thrives or dies.

2. Look at everything you do through the customer experience

Maya Angelou, the renowned American author and poet, famously said, "I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel." This is not about "putting the customer at the heart of everything you do." It's deeper than that; it's about an intimate and intuitive understanding of the hierarchy of customer needs and the complexities of their lives. It's about engaging with them not patronizing them, it's about delivering on those moments of truth in a way that is personal and memorable, it's about aligning your employee behaviors with your customers' behaviors and it's about putting customers in control of their money and providing peace of mind.

3. Employee first, customer second

Customer experiences are influenced by interactions with the brand across multiple touch points, people being arguably the most influential. If your employees aren't engaged, if they are left in limbo not knowing whether their future is secure, if they aren't involved with the conversations that will determine how the bank will restore its reputation and their role in that process, it is almost certain that customers will sense these tensions.

Brands are about promises delivered. Employees are the primary conduits for delivering the brand promise. They must understand what this means every day when they turn up for work, they should contribute to the process of determining what they should stop, start and continue doing. They must feel that they are the ambassadors of the brand and fundamental in the process of restoring reputation. Winning hearts and minds of your employees and restoring their pride must come first, even before your customers.

4. Dull is good

Banking was never meant to be sexy or exciting. Banks wanted that, not customers. In the future, successful banks will focus on doing the basics well, they will be values driven not profit driven. Bank brands will be built around attributes that will build long-term advocacy and loyalty. At the forefront will be transparency, simplicity, clarity, flexibility and agility, and responsiveness.

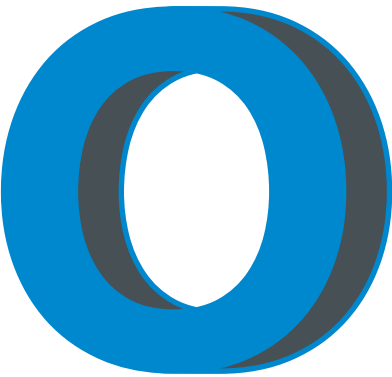
5. Crisis, what crisis?

Building brands from the ashes of a catastrophic loss of trust is akin to restoring the health of a body on a life support machine. Switch the machine off in a moment of forgetfulness and the patient may never be restored to full health. Perhaps it's unfair to suggest that the financial services industry feels it can now put "the crisis" behind it and "get back to making money."

We would all like to think that lessons have truly been learned. The penny seems to have dropped that tweaking the values won't be enough. We're talking about a cultural revolution, a revolution where the focus must be on:

- Building a distinctive culture where values are valued
- Thinking outside the bank and identifying what customer delight really means
- Doing what you say, not saying what you do. Making promises that you can deliver on
- Recognizing that your people are your brand

The Brand Union delivers knowledge, inspiration and expertise from across the globe to build brands that thrive in the real world, using a balance of brand strategy, creativity and execution.
www.thebrandunion.com



Oil & Gas

HIGH RISK, HIGH RETURN GETS MORE COMPLICATED

Geopolitics adds to exploration challenges

A HIGH-RISK CATEGORY became even more challenging early in 2013, with the terrorist attack on an Algerian oil field and the deaths of hostages, including four employees of Norway’s Statoil.

Less than three years after the Deepwater Horizon oil spill disaster in the Gulf of Mexico, the attack demonstrated how political instability compounds the already difficult task of extracting natural resources safely and responsibly.

Despite slow global economic growth, the major international oil company (IOC) brands—ExxonMobil, Shell, BP and Chevron—generally performed well financially.

Results of the major country-owned national oil companies (NOCs) varied.






Definition

The oil and gas category includes both private International Oil Companies (IOCs) and state-owned National Oil Companies (NOCs).

The oil and gas category lost 4 percent in brand value. The greatest decline of all BrandZ™ categories, it was driven in part by Petrobras, Brazil’s national oil company, which experienced its first quarterly loss in 13 years.

These other trends influenced the category:

-  **Exploration difficulty**
Shell received US government approval to drill off the coast of Alaska, but suspended its operations after an accident incapacitated one of its ships.
-  **Joint ventures**
To share the potential risk of exploration in the Arctic and Siberia, leading Russian and IOC brands formed joint ventures.
-  **Focus on gas**
Brands shifted away from renewable energy sources in favor of extracting natural gas with fracking, the process of using hydraulic pressure to fracture rock and release gas trapped underground.

NOCs experience mix results
The BRIC economies impacted the oil and gas category, most notably the performance of Brazil’s Petrobras. The state-controlled company faced conflicting pressures from its mission to



simultaneously serve the public welfare and make a profit. As Brazil’s economic growth slowed, job creation became a priority for a government focused on the rise of more people into the middle class. By contracting almost exclusively with Brazilian companies to fulfill its infrastructure and equipment needs, Petrobras helped keep the unemployment rate low. But it also sustained inefficiencies and expenses that impacted financial performance.

Similarly, the increase in car ownership in Brazil drove greater demand for gasoline, but government controls regulated the prices Petrobras could charge at the pump. A new CEO joined Petrobras early in 2012, but not before Ecopetrol, a Latin American competitor, increased its market share. Owned by the Colombian government,

Top 10 Oil & Gas

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 ExxonMobil	19,229	1	5%
2 Shell	17,678	1	-1%
3 Petrochina	13,380	1	11%
4 Sinopec	13,127	1	-6%
5 BP	11,520	1	11%
6 Chevron	9,036	1	5%
7 Gazprom	6,182	1	-8%
8 Petrobras	5,762	1	-45%
9 Ecopetrol	5,137	1	New
10 Lukoil	5,011	1	New

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Roadside presence builds brands

While the downstream part of the oil and gas business is not the key revenue driver, it contributes to brand building. More people visit one leading petrol station forecourt around the world in a single day than visit a McDonald’s outlet! They experience the brand in a tangible way. You can’t discount the potential impact that those impressions make (or could make) every single day.

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Down 4%

Ecopetrol appears in the BrandZ™ ranking for the first time this year.

Similarly, government gas price controls impacted the results of China’s Sinopec, which experienced a decline in net profit. Pressed by rising domestic demand, PetroChina, China’s largest oil and gas company, continued its international exploration efforts, especially for natural gas, because of the government’s commitment to improving air quality.

IOCs face challenges

Economic duress in Europe and Japan, along with slower growth in China, impacted the financial results of the major international oil and gas brands last year. The IOCs also faced these two key challenges: too few major new oil exploration projects; and too much natural gas, which depressed prices.

ExxonMobil and Chevron, the two largest US producers, reported strong profits, however, based on their refining businesses. Major long-term exploration

investments hurt Shell’s profit. Along with the suspension of drilling off of Alaska, Shell’s business was also negatively impacted by political instability in Nigeria. ExxonMobil encountered production problems in Kazakhstan and the North Sea. It acquired a Canadian exploration business to access gas deposits in the shale rock of Western Canada.

Chevron, among the brands most engaged in fracking to extract shale gas in Europe, acquired a major stake in a private Lithuanian oil and gas company. Environmental concerns limited fracking in France and other parts of Western Europe.

Ventures with Russian brands

The need to combine technical expertise and potential reserves produced several collaborations between IOCs and Russian brands. In joint ventures formed with Rosneft, ExxonMobil will explore several Arctic off shore locations and Siberian fields, and Rosneft will gain access to several ExxonMobil fields in Texas.

In a deal with BP, Rosneft purchased the British-owned oil and gas brand’s Russian holdings, TNK-BP, and BP increased its stake in Rosneft to about 20 percent. The companies expected the new relationship to increase exploration capability and produce operating synergies.

Russia’s Gazprom worked on a long-term deal to meet China’s growing gas needs. Gazprom supplies a significant amount of Europe’s natural gas. The European Union targeted the company for anti-competitive practices. Gazprom’s stock price declined.

Higher prices drove a 6.2 percent increase in net income to \$11 billion for Lukoil. Russia’s second largest oil producer appeared for the first time in the BrandZ™ ranking of oil and gas brands.

Expansion depends on brand and reputation

Reputation was the critical currency that the international companies relied on when negotiating with governments for exploration rights. Brand remained the consumer-facing expression of the company in its retail gas station locations.

Shell operated 44,000 retail locations worldwide, for example, roughly 10,000





Cultivate reputation

Exploration is increasingly difficult and happening in environmentally sensitive places like the Arctic. Given the tension between wanting to protect the environment and the desire for the energy to keep the lights on, it’s likely that any problems will generate significant attention. Reputation can help moderate public opinion.

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more than McDonald’s. Sinopec controlled about 29,000 gas stations, mostly in South and Eastern China.

While the financial impact of these downstream operations may be less critical than the benefit derived from upstream exploration and refining, brand presence is significant. Generally, oil and gas companies viewed their petrol station businesses as cash generators for supporting the huge expense of exploration.

Brand becomes especially important as oil and gas companies establish themselves in countries and attempt to be understood as good local citizens. Typically companies aim advertising at influencers and engaged audiences.

Shell, which has operated in Iraq for about five years, but has a long-term commitment in the country, introduced a marketing campaign aimed at the Iraqi public. Launched late in 2012, the campaign positioned Shell as a contributor to the country’s wellbeing, not simply an extractor of its resources. [Z](#)



Brands draw investor praise, consumer scorn

The oil and gas category has a polarizing effect. Business people and investors surveyed in the BrandZ™ research rate the top brands as an excellent investment, while acknowledging the less than attractive public image of the industry.

Consumers, hugely influenced by the increasing price of gas at the pump, and concerned about the environment, are generally quite negative about the oil and gas category brands, saying they are “arrogant,” “uncaring” and even “dishonest.”

The multinationals attract most opprobrium and achieve very low levels of “trust,” while the national oil corporations score well above average.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries



- 1. Innovate**

Innovation implies technological competence. That means not just doing something on time, but also doing something no other organization can do; something that’s never been done before. That kind of innovation attracts the best workers and helps win major contracts.
- 2. Develop partnership skills**

The cost and complication of oil and gas exploration means that one company alone seldom completes a major project. Success requires effective partnership. It’s important to be known for reliably delivering on promised work on time, on budget and with a high degree of excellence.

- 3. Support local businesses**

It’s a good thing to do. And it’s smart. When working internationally, supporting local businesses improves good will and reduces costs. And it’s much cheaper than flying everything in from the other side of the world.
- 4. Help local communities**

It’s another cost of doing business. To be successful, a long-term business engagement requires a complementary commitment to improving local living conditions with investments in health care, education and other underfunded needs.



BRIC consumers will compromise to help environment

A majority of consumers in Brazil, India and China say they are willing to consider the environmental impact of their lifestyle choices and make compromises if necessary. A lower proportion of European consumers say they are willing to compromise. The contrast may reflect the greater environmental challenge in fast growing markets as well as the remediation and regulation already in place in Europe.

Willing to compromise



Source: Global TGI 2012 (Europe: UK, France, Germany and Spain)



TOTAL DISRUPTION AT RETAIL

Digital impacts everything 24/7/365



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KANTAR RETAIL

MANY RETAILERS and suppliers measure the impact of e-commerce on retail by the percent of total sales it represents, often dismissing it as “growing, but small.” The challenge to this burying-head-in-the-sand approach is that online behavior is sticky and today 100 percent of shopping experiences are impacted by digital. Companies must approach digital with a 100 percent impact lens, as a digital ROI based solely on e-commerce just measures the tip of the iceberg.

Digital Impact

Kantar Retail’s 10/50/100 framework crystallizes the true impact of digital on the retail landscape. For organizations struggling to come to terms with digital, the disconnect starts with the common misconception that digital’s impact on a business is represented by the e-commerce share of total sales. As the 10/50/100 framework illustrates, the impact of digital is more significant:

10 percent

Sales E-commerce sales are reaching critical mass. Growing quickly and surpassing 8 percent of total retail sales in the US and the UK in 2012, e-commerce will soon represent 10 percent of overall sales. When one of every \$10 spent is online, it

matters—even if your products may be part of the 90 percent purchased offline. Online behavior is sticky and shoppers are developing new habits.

50 percent

Influence A number of Kantar studies across a wide range of categories suggest that online influences over 50 percent of total retail sales today. As shoppers leverage social media and digital tools to help research, plan, and shop, online impacts one of every two purchases fulfilled in the physical store. With 50 percent of sales influenced by online, but only 10 percent purchased, which is the real showroom? Bricks and mortar stores, or Amazon?

100 percent

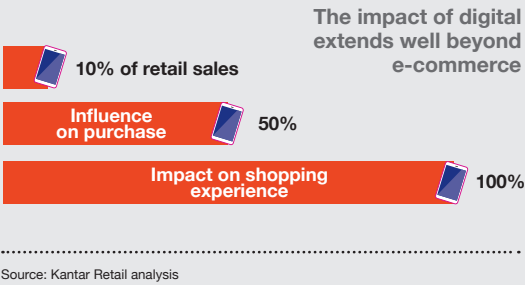
Impact Online experiences and new shopping behavior has 100 percent impact on all shopping experiences today. Even if a shopper goes into a store to purchase, the penalty for out-of-stocks is significantly higher when the item could have been purchased online or on-the-go without setting foot in a store. Digital has 100 percent impact on how everything is bought and sold today. And understanding this impact on shoppers is a critical insight required to go to market.

The Amazon catalyst

While the impact of digital is broader than Amazon, Amazon is the dominant online player as measured by traffic (eyeballs) and sales, and is also the most valuable retail brand in the 2013 BrandZ™ Most Valuable Global Brands ranking. With over 200 million customers worldwide, not to mention the millions of shoppers that use Amazon for research to help make the purchase decision, Amazon shopping continues to shape shopper experiences and set new standards for retail.

Bricks and mortar retailers describe their competitive advantage based on physical proximity as “immediate,” but the Amazon value proposition gives this word new meaning. Immediate—does it mean at this moment, or in the next hour? For many Amazon shoppers, “immediate”

Digital Impact



means ordering an item with one click today and having it delivered in one-to-two days to their doorstep.

Ratings and reviews have been the hallmark of the Amazon shelf since it launched as a book retailer in 1994. Today, those ratings and reviews are critical influences to purchases with reviews by strangers often more influential than input from a brand, retailer, sales associate, or friends and family. They exert so much influence, many shoppers will not purchase a product without ratings. And bricks and mortar retailers are looking for ways to bring reviews into the store to assist in closing the sale.

The Amazon share of mind

Shopping frequency and the Amazon experience is another Trojan horse, as frequency breeds behavioral loyalty. According to Kantar Retail’s Shopperscape®, 18 percent of US primary household shoppers—and 31 percent among Gen Y/Millennial shoppers—shop Amazon weekly. This frequency results in changes in both shopping and purchasing behavior.

Shopping and purchasing rates vary across 30 categories tracked, with women’s apparel topping the list for both shopping and purchasing rates. Remember when conventional wisdom was that apparel would never be purchased online because people need to see, touch, and try on clothing? Both shopping and purchasing rates increase dramatically among those who shop Amazon monthly.

Amazon Prime members are especially loyal. These members pay \$79 per year in the US for two-day free shipping plus unlimited access to Amazon Instant Video and monthly Kindle book rentals. According to Kantar Retail’s Shopperscape®, as of December 2012, 14 percent of US primary households were Amazon Prime members. These members trust Amazon and dramatically expand their share of wallet and categories purchased once becoming members.

As Amazon strengthens the Amazon Prime ecosystem with more value-add services, the retailer continues to grow more than larger share of wallet—it grows larger share of life; presenting challenges—and lessons in digital retailing—for retailers worldwide.

Challenges of retail branding in an omni-channel world

Shoppers’ expectations of the retailer brands have grown significantly, yet retailer capabilities have not kept pace. Shoppers are omni-channel—leveraging channels, devices, and touch points to connect with retailers. Retailers are multi-channel. Building retailer brands is challenging in the best of circumstances. This growing gap makes it more difficult.

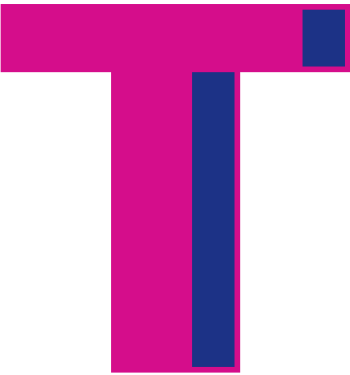
Great marketing and advertising can often make a brand, but retailer brands are unique. Retailer brands are experiential and inextricably tied to the manifestation of the brand within the four walls of the store. Retailers are notoriously risk-averse because they understand the impact that a negative experience can have on the overall brand.

Historically, retail brands have been built around three main pillars: the manifestation of the brand in store; representation (marketing) outside the store; and conversation with shoppers (often via loyalty cards, and/or customer service). In today’s digital world there are two shifts happening that make it more challenging for retailers to deliver on their brand promise:

1. There is another store, an e-commerce store. For 99 percent of multi-channel retailers, there is a fundamental disconnect between the physical store brand and experience vs. the one online. Retailers continuing to ignore this disconnect should be reminded that your brand is only as good as its weakest link.
2. Each one of the three brand pillars has a traditional and digital component. How should retailers manage the mix? Take representation of the brand outside the store as an example. Processes and organizations have been built around traditional media (TV, print, circulars, etc.). How should retailers incorporate digital media into the mix? Easier said than done. From a conversation perspective, how does a retailer incorporate social media into the relationship with shoppers and engage in a two-way conversation?

From the store to the retailer brand, digital has 100 percent transformed the way shoppers engage with retailers and elevate their expectations of retail brands. In 2013, it will be critical for retailers to invest significantly in building multi-channel capabilities to reduce the gap between how customers shop and how retailers sell; to fulfill customer expectations of the retailer brand and grow brand value.

Kantar Retail is the world’s leading shopper and retail insights and consulting business. The agency works with over 400 clients and has 20 offices in 15 markets around the globe.
www.kantartetail.com



Technology

Consumer

INCREMENTAL CHANGE IN INNOVATIVE CATEGORY

Brand values fluctuate



THE BRAND VALUE of the technology category remained flat, down 1 percent compared with a rise of 2 percent a year ago.

A period of product iteration rather than innovation failed to excite consumers or investors. The latest tablets sold well, but did not inspire like the inaugural iPad.

The fortunes of brands changed suddenly and unexpectedly. Skepticism about Apple depressed its share price. After Facebook’s much anticipated IPO, its stock dropped dramatically. Meanwhile, Samsung enjoyed a 51 percent rise in brand value on the sales success of its mobile devices.

Social media’s popularity drove the brand value of China’s Tencent up 52 percent. Yahoo! joined the BrandZ™ Top 100 Most Valuable Global Brands after the

appointment of a new CEO, from Google, lifted expectations. This development, along with Yahoo’s investment in the Chinese e-commerce site Alibaba, helped drive the share price and the appreciation of brand value.

These developments happened in a complicated environment characterized by these trends:

- Ubiquitous technology**
The cloud, mobile and social media enabled people to seamlessly integrate their personal and business lives.
- Iterative change**
To beat competition to market, brands introduced products that were more iterative than innovative, but which offered features intended to entice consumers to trade up.

Consumer sophistication
New and shiny was not enough. More knowledgeable and discerning consumers, acting as if they headed personal IT departments, expected a reasonable return on their technology investments.

Definition

The technology category includes business-to-consumer and business-to-business providers of hardware, software, portals, consultation and social media platforms. The diversity of the technology category reflects the convergence occurring as brands develop integrated systems of products and services.

Top 20 Technology

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 Apple	185,071	4	1%
2 Google	113,669	3	5%
3 IBM	112,536	3	-3%
4 Microsoft	69,814	3	-9%
5 SAP	34,365	2	34%
6 Tencent	27,273	4	52%
7 Samsung	21,404	3	51%
8 Facebook	21,261	4	-36%
9 Baidu	20,443	5	-16%
10 Oracle	20,039	2	-11%
11 Accenture	16,503	3	2%
12 HP	16,362	2	29%
13 Intel	13,757	2	-12%
14 Siemens	12,331	1	16%
15 Cisco	11,816	2	-11%
16 Yahoo!	9,826	3	New
17 Sony	7,786	3	-9%
18 Dell	4,939	2	-25%
19 Philips	4,739	2	New
20 Canon	4,539	2	-33%

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



Down 1%

Toy or tool

Technology made life less compartmentalized and location irrelevant. People worked and conducted personal business interchangeably at their job, at home, at a coffee house, anywhere. This blending influenced the ongoing transformation of technology in the workplace.

Initially shaped by business use and the requirements of corporate IT departments, the technology category became increasingly “consumerized.” People who enjoyed speed and simplicity in their use of technology at home expected no less at work. Their impatience with IT mystique led to a broader acceptance of BYOD, Bring Your Own Device.

Microsoft introduced Windows 8 to help consumers integrate their private and business lives. Some brands, like Dell, introduced convertible devices that worked as both laptop and tablet. A typical business traveler might work on a laptop, a tool, and then take an entertainment break to view a movie on a tablet, using it as a toy.

Apple remains number one

Based on underlying brand strength, Apple remained the most valuable technology brand, despite a steep drop in share price. The stock declined after Apple fumbled the introduction of iPhone 5. The replacement of Google Maps with a troubled Apple version ignited investor concern that the brand’s capacity for creative design and smooth execution ended with the death of founder Steve Jobs.

Google benefited from that skepticism. As Apple stock fell, Google stock rose to record highs. The share price appreciated based on the performance of Google’s multiple businesses including: ad revenue from online search, the market dominance of its Android operating system for mobile devices, and the ubiquity of Gmail.

The increase also reflected confidence in Google’s potential to enter and quickly assume leadership in other technology businesses. With a 5 percent hike in brand value, Google became the second most valuable global brand across all categories, after Apple and just above IBM.

Apple’s weakness also helped Samsung, although Samsung also helped itself. Samsung’s brand value rose sharply primarily because of its Galaxy smartphone. Consumers responded well to the product experience and also to commercials that positioned the device as the choice of the young and hip, while poking fun at Apple iPhone as the brand choice of the parents.

Competing ecosystems

Apple’s future depends on more than who makes the best devices, however. The consumer brand universe is divided into two groups: those that produce products and services; and those whose products and services exist as part of the brand’s platform or ecosystem.

This second group of brands includes Apple and Google along with Amazon, Facebook and Microsoft. Each brand represents an ecosystem of branded devices, an operating system, and content.

Amazon, for example, sells the Kindle, but the device is part of the larger ecosystem that includes content in the form of e-books, music, movies, and a repository of product information and customer opinions stored in the Amazon Cloud. (Because Amazon derives most of its revenue from e-commerce, the brand is listed in the retail category ranking.)

Facebook Home, introduced in March 2013, is actually software that fits over an Android platform, preempting other apps. Phones loaded with the software open to the Facebook newsfeed. Although Facebook Home isn’t a device, it acts like one, making all of Facebook’s content instantly mobile, not even a click away.

A fundamental distinction regarding ecosystems is whether a system is open—generally accepting of applications from other brands—or closed. Part of the skepticism surrounding Apple was the notion that its closed system advantage—quality control and consistent performance—erodes as devices reach rough parity in quality and reliability. That formulation, however, discounts the intangible hold that Apple may have on adherents drawn to its combination of product innovation, design leadership and retail presence—to the overall Apple brand experience.





Insight

Expect more regulation

The technology category is moving toward saturation, and successful companies have to be useful to consumers without being intrusive or irritating. At the same time, similar to the way the US government intervened after companies became rich during the Gilded Age, we'll see more regulatory and political concern around these rather large organizations.

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Chinese brands shift, too


The value of technology brands fluctuated in China as well. In contrast to the decline of Facebook’s brand value, the band value of its Chinese equivalent, Tencent rose 52 percent, making it one of the Top 10 Risers in the BrandZ™ Top 100 Most Valuable Global Brands.

Tencent reports almost 800 million active users of its QQ instant messaging service in China. But the brand value increase was in part driven by excitement around WeChat, which enables users to send both voice and text messages from the mobile devices over the Internet, avoiding SMS charges, similar to WhatsApp.

In contrast to Tencent’s brand value appreciation, Baidu declined in value 16 percent. China’s dominant search engine, with an estimated 75 percent market share, invested to position the brand for the transition from PC to mobile. The investment lowered earnings and impacted the share price. **Z**

Based on underlying brand strength, Apple remained the most valuable technology brand, despite a steep drop in share price after Apple fumbled the introduction of iPhone 5





Insight

Blending is a key trend

We had fixed day parts to our lives. At breakfast we'd consume media as a consumer. At work we'd consume media as a businessperson. At lunch we'd be a human being and eat and run errands. There's been a blending of being a consumer and businessperson. Brands need to facilitate blending, not present barriers.

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Technology

Business

SOME BRANDS RISE ON CLOUD, BIG DATA

Others pulled by gravity of change

CONVERGENCE AGAIN influenced the fate of technology brands—but in a different way.

The need to analyze enormous amounts of information to drive business transformation converged with growing corporate willingness to make IT investments deferred during the recession.

Ready with pricing approaches they had devised to cope with the economic slowdown, brands improved the affordability of their products and services by offering more flexible, incremental, or subscription options.

Some brands quickly discovered opportunities in the rapid shift in data storage from on-location to the cloud, while other brands faced intensified challenges. Innovation remained key to brand success.

Faster data analysis

SAP experienced a 34 percent rise in brand value and an increase of almost 30 percent in its average share price. The performance coincided with SAP’s shift in focus from helping customers become more efficient to helping them transform. The change was most evident in SAP’s in-memory offering, which it calls HANA.

In-memory computing makes access to data stored in diverse corporate siloes more instantaneously available to more people. For example, it enables a sales person to interact with a customer while checking a tablet for the individual’s purchase history and the company’s inventory levels. This technology can improve not only business efficiency, but also customer experience.

Oracle offered a version of in-memory computing called Exalytics. The company was one of the early pioneers in business data analysis thirty years ago when it introduced relational databases. Relational databases organize data into tables that the user can combine in various ways depending on business function. Oracle remains a powerhouse in its core business, but faced mounting competition from younger companies that claimed to be faster and cheaper at organizing big data.

Slower European sales

Siemens experienced a challenging year financially because of the economic slowdown in Europe, a key market. Late in 2012, it announced a companywide program of cost control, organizational simplification and other measures expected to move Siemens forward effectively over the next few years. Siemens divides its business into four sectors: healthcare; industry; energy; and infrastructure and cities.

Siemens experienced a well-publicized success for a business it calls Vertical IT, which is the technology that enables intelligent machines to interact with each other; to have a series of assembly lines coordinate for maximum efficiency, for example.

The Mars Rover, which landed on Mars in July 2012, was built based on a virtual model designed and tested using Siemens Vertical IT software. Siemens’ brand value improved 16 percent.

Adjusting for growth

IBM’s 2012 revenue from its SmartCloud, which is aimed at business clients, increased 80 percent, amid suggestions

that SmartCloud would become a substantial long-term business. IBM’s Smarter Planet initiatives continued to assign technology to a higher purpose as an agent for creating a better world.

With its core business devoted to linking devices to networks, Cisco adapted to a world of wireless and cloud computing. The company continued to report strong financial results, even as it moved away from hardware, to software and services.

The shift to the cloud and mobile negatively impacted some of the premier brands in the technology category. Often founded by visionaries who caught the earliest waves of computing technology, the brands too often became narrowly defined, and constrained, by the devices that led to their initial success.

Cloudy forecasts

The world’s number one laptop manufacturer, and a leading name in printers and servers, HP, struggled to find a viable proposition as the cloud cast its shadow on devices. HP’s brand value declined because of pressure on earnings as the company experienced slower sales and invested for a turnaround.

Intel, the leading maker of semiconductor chips used in laptops, continued to invest in research, looking to apply its core business expertise in new ways, such as developing chips for high performance computing on mobile devices.

Microsoft launched Windows 8, an operating system for working on both PCs and tablets. It also introduced Surface Pro, a hybrid device with the lightweight and touch screen benefits of a tablet combined with the power and software suite of a laptop.

In contrast, faced with heated competition in its consumer business, the Dutch-owned Philips sold its consumer products division to Funai Electric of Japan to focus on expanding its business-to-business strength. The move strengthened the brand’s position, and Philips appeared in the BrandZ™ technology ranking for the first time. **Z**

Some brands quickly discovered opportunities in the rapid shift in data storage from on-location to the cloud, while other brands faced intensified challenges



BrandZ™ Top 10 brands attract growing interest

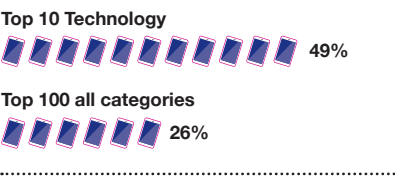
The last five years have seen growing reliance on technology and its integration across all sectors. BrandZ™ data show that consumer interest in the Top 10 technology brands has rocketed during that period.

The number of people reporting that they sought information about one of the BrandZ™ Top 10 technology brands rose 49 percent over the past five years, compared with a 26 percent rise for the Top 100 brands across all categories.

At the same time, the average media awareness of the BrandZ™ Top 10 technology brands increased 23 percent, while slipping 3 percent for the Top 100 brands. Budget shifts and greater media efficiency have benefitted technology brands.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

Growth in consumer interest (2009 to 2012)



Action Points

1. Deliver utility
Provide products and services that people actually need and can depend on for their efficacy.

2. Protect trust
In a socially connected world, brand viability depends the implicit contract with customers who supply personal information in exchange for a product or service of roughly comparable value. The contract is both vital and fragile. When violated, it’s hard to restore.

3. Make more than money
Advancing a mission beyond profitability is not only good citizenship, but also competitively advantageous. It deepens brand appeal to consumers and investors. And it distinguishes the brand in the quest for the best and the brightest talent. This category is especially well positioned to accomplish these goals because of technology’s power to improve lives.

4. Be socially conscious
People are more mindful that their purchasing activities have consequences—good and bad—across the globe. Young people entering the work force prefer companies that adhere to a Hippocratic oath—Do no harm. The prescription applies across most categories, but it’s critical in technology, because of the competition to attract the most highly motivated, brainy young people.

5. Be simple
Consumers move fluidly back and forth between their business and private selves. Or they might be in both spaces simultaneously. They expect their technology to move with them. Make it easy for customers to move among aspects of their lives without waiting for technology to catch up.

6. Innovate effectively
All technology companies innovate. It goes with the territory. But all innovations are not equal. The most successful innovations need to be relevant to the customer, add value and be well timed. The best innovations add a sense of discovery.

7. Cultivate permission
There’s often a time gap between consumer expectation and the brand innovation. Brand strength gains consumer permission for the gap to exist. Consumers tend to be more patient with brands known for continuous transformative innovation.

8. Be consistent
Stand for something. Don’t keep reinventing the brand. Constant reinvention too often is symptomatic of brands that lack a deep sense of identity and instead shape their identity in reaction to the competition.

9. Change constantly
Be consistent about who you are, but change what you do all the time to meet the needs of consumers and the demands of the market.

10. Harness optimism
Despite the impact of the recent financial crisis, technology still inspires people to feel that future possibilities are infinite. Brands associated with that belief benefit from its momentum.



Spotlight

Tablet ownership by laptop owners varies by country

The likelihood that a laptop owner also owns a tablet varies by market. In the UK, a high proportion of the population, 60 percent, own a laptop. Of that group 19 percent, also a relatively high proportion, own a tablet. In contrast, 41 percent of Japan’s population own a laptop and just 2 percent of that group also own a tablet. In South Korea, only 23 percent of the population own a laptop, but a relatively high proportion of those laptop owners, 12 percent, also own a tablet.

Laptop owners with tablets

- Total population that own a laptop
- Laptop owners that also own a tablet





Telecom Providers

ECOSYSTEMS EVOLVE FROM TALK TO REALITY

Telecoms expand mission

TELECOMS OUTGREW their name.

Voice communication—the very activity that defined telecoms—grew more slowly than other types of data transmitted on telephones and other mobile devices that people used to organize their lives.

This change followed development of communications ecosystems that integrate the creation of digital content, its distribution over networks, and delivery on mobile and stationary devices.

For telecoms, the ecosystems present an opportunity to expand their narrow distribution utility. Telecoms sought partnerships and acquisitions to brand content or devices and engage more closely with the end consumer. Some telecoms companies attempted to form their own branded ecosystems.

The existing ecosystems were organized around the largest consumer technology brands— Apple, Google, Amazon, Microsoft and Facebook—because they offered the full menu of content, distribution, and devices.

In the context of this transformation, brand value of the telecom providers overall rose only 1 percent last year, but the increase followed a 7 percent decline. These other trends also characterized the category:



Monetizing data

Telecoms attempted to monetize the information they have about the preferences of their customers, as regulations allowed.



Mobile payment

In emerging markets, telecoms often leapfrogged banks to become the proprietors of mobile payment solutions.



Consolidation

Mergers and acquisitions continued to rationalize the category in mature markets.

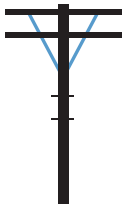
Global scale

Indicative of the scale of the telecom category, the first four brands in the BrandZ™ telecom ranking—AT&T, China Mobile, Verizon and Vodafone—also are among the Top 20 most valuable global brands across all categories.

With the purchase of Cable & Wireless, Vodafone positioned itself for convergence. It gained greater capacity for serving business clients and a fiber-optic network in the UK that strengthened its position against BT. BT entered the ranks of the BrandZ™ Top 100 Most Valuable Global Brands this year, although it fell just short of the Top 10 telecom category ranking.



Up 1%



Definition

The telecom provider category includes brands that primarily develop, maintain and market hardwire or wireless infrastructure networks for voice and data transmission.

Top 10 Telecom Providers

	Brand value 2013 \$M	Brand contribution	Brand value % change 2013 vs 2012
1 AT&T	75,507	3	10%
2 China Mobile	55,368	3	18%
3 Verizon	53,004	3	8%
4 Vodafone	39,712	3	-8%
5 Deutsche Telekom	23,893	2	-11%
6 Orange	13,829	2	-10%
7 Movistar	13,336	2	-22%
8 MTN	11,448	3	23%
9 MTS	10,633	3	11%
10 Airtel	10,054	3	-13%

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).



As the provider of communications services for the 2012 London Summer Olympics and Paralympic Games, BT increased its profile worldwide. The brand invested in developing fiber-optic broadband infrastructure in fast growing markets to offer customers globally managed IT networked services. BT generates an increasing percent of its revenues from outside of the UK.

The need to compete effectively also produced these other corporate hook-ups: the purchase of 70 percent of Sprint by the Japanese telecom SoftBank and T-Mobile’s acquisition of MetroPCS.



The second screen phenomenon

The second screen phenomenon is a key driver of the Age of Data, especially on the consumer side. Fueled by growing device ecosystems and a wide array of video programming, consumer data consumption has grown geometrically. Key to this is simultaneously viewing—people watching TV while using a tablet to interact with the TV show or communicate about it with friends. Similarly, data consumption in the business community has grown in leaps and bounds, as whole industries (e.g. Healthcare) move their operations to digital platforms situated in the Cloud.

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Regional variations

Brand value changes varied by geographic region. MTN, a South African multinational brand, rose 23 percent in brand value, the greatest appreciation in the BrandZ™ telecom category.

The brand, which operates throughout Africa and in parts of the Middle East, enjoyed strong revenue and earnings growth following a 15 percent increase in subscribers and a 58.5 percent hike in revenue derived from data.

China Mobile, China’s most valuable brand, across all categories, increased 18 percent in value. As the expansion of telecommunication networks continued to accelerate in China, China Mobile won more 3G subscribers than its rivals with its aggressive marketing strategy. Responding to a dramatic increase in mobile data transmission, the brand launched its Wireless City Wi-Fi data plan in more than 300 cities last year. It is also expanding its 4G network.

Russia’s largest telecom, MTS focused on operational improvements that helped drive a profit increase. In a strategic initiative to leverage its retail presence of 4,200 locations and extend financial services to Russia’s large population of unbanked consumers, the brand has recently increased its interest in MTS Bank, the majority of which is still owned by their common parent Sistema.

Europe’s economy depressed results for Deutsche Telekom, Orange, and Spain’s Movistar, while Japan’s NTT DOCOMO felt the effects of slow growth in Japan.

Differentiation and trust

Telecoms implemented strategies to differentiate and compete effectively against each other and over-the-top challengers. These operators, such as Skype, Google, and increasingly app-based brands like Viber and WhatsApp, enable consumers to make free calls over telecom networks.

Some of the telecom providers—Verizon and BT are good examples—attempted to transform from being conduits of data into diversified technology businesses, providing software solutions, data

integration and consulting services. These kinds of offerings potentially embed telecoms more deeply into the lives of customers.

The rise of telematics is an important related opportunity for telecoms. Telematics is about the Internet of things, the automatic gathering, storing and transmitting of data between smart machines. Telecoms benefit from this development because they are the conduits of the data, but they also face a larger opportunity.

Telematics is a growing factor in health-care, automotive, insurance, education and other businesses. Insurers, for example, use telematics to record individual driving habits and set customized rates based on the data. Telecoms potentially can play a role in the entire process, including the data gathering, transmission and data analysis stages of telematics.

Consumer focus

In addition to the business-to-business telematics opportunities, telecoms also sought new revenue-generating businesses on the consumer side, in the growth of the smart home concept, for example.

Using mobile phones, consumers can regulate the heating and cooling of their homes or adjust the settings of appliances. Each interaction draws down data and drives revenue for a telecom.

Second screen, or simultaneous viewing, was one of the biggest trends driving consumer use of data. The term describes the growing habit of watching TV on a large screen while interacting about the broadcast on a small-screen device, perhaps messaging within a social network.

Recognizing this trend, AT&T introduced a program it calls Mobile Share, in which customers pay for talk and text on a phone but can share any data on all their mobile devices for no extra charge. Verizon led with an offering it calls the Share Everything plan. Verizon also advanced its 4G LTE network. [Z](#)



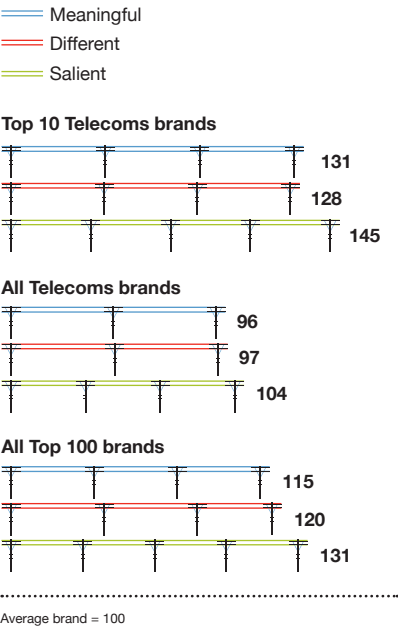
Leaders strengthen their brand equity

The essential and pervasive nature of communications in our lives has shown up in the BrandZ™ research in the dramatic increase in brand equity strength among the top telecom brands. Eight years ago, the top brands were less characterful, desirable and distinct one from another.

Today, the Top 10 most valuable telecoms are much more “meaningful,” (appealing and meeting needs), “different” (unique in a good way and trend setting) and “salient” (famous, stands out) than other brands in the category. In these key aspects of brand equity that drive sales, the Top 10 telecoms also outperform the Top 100 Most Valuable Global Brands overall.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

Key aspects of brand equity



1. Tell a story

Story telling is important for all brands, but particularly those in a category for a long time defined by a short story about pipes delivering voice and data. Tell a more up-to-date story. The story needs to be clear so people understand it, compelling so people want to act and credible, meaning that it sounds right coming from the brand.

2. Be different

In a commoditized business, tangible delivery of brand experience is requisite. It’s like an airline. Consumers expect the plane to fly and get them there on time. There are tangible, rational deliverables that are required. Then there’s service around how the customer gets connected, the in-store experience. Then there’s account management and any loyalty incentives. Differentiate your service to drive brand value.

3. Stress service

People’s lives are busy enough. They want an experience, a promise that they’ll get everything—cable, phone and Internet. When the experience meets their expectations they won’t think of the provider as a utility. They’ll connect with the brand.

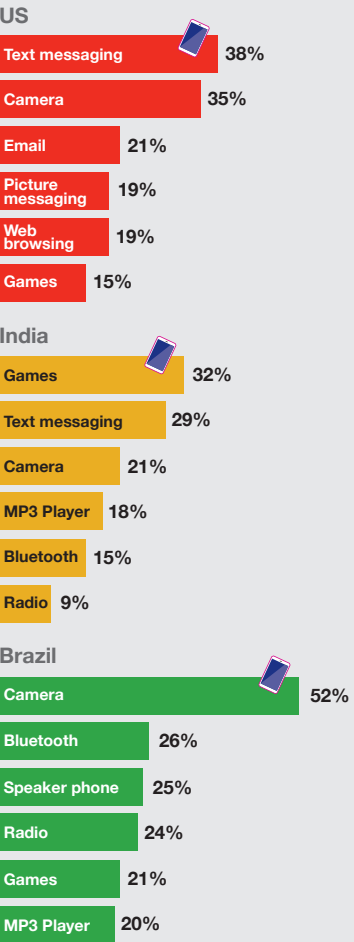


Spotlight

How consumers use mobile phones varies by country

Across the world, people use their mobile phones mostly for its primary purpose, to make calls. The frequency with which people use other functions varies by country. The camera is always important. After that, differences may reflect the equipment available to consumers as well their daily priorities. Recreational use seems higher in the BRICs.

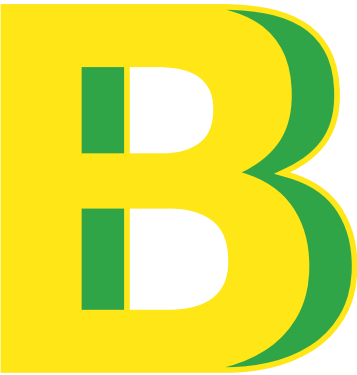
Cell/mobile phone functions used recently





Part 4

The Fast Growing Markets



Brazil

GLOBAL ECONOMY, BRAZIL
MONETARY POLICY IMPACT BRANDS

Value growth or decline varies by sector



THE PROMISE of Brand Brazil met the reality of slower growth.

The overall brand value of the BrandZ™ Top 10 Brazilian brands declined 16 percent, more than other BRIC markets. Many brands lost value, but others improved substantially.

After years of economic expansion, GDP grew less than 1 percent last year, because of weakened commodity demand, especially from China, and pressure on exports, which resulted from economic stress in developed markets, particularly Europe.

In response, the government implemented policies to stabilize Brazil’s economy, continue the rise of more people into the middle class, and reduce the society’s income disparity between rich and poor.

The combination of external and internal forces—the global economic environment and the government’s reaction—affected every sector of the Brazilian economy, helping some and hurting others.

Government policies to create jobs and stimulate spending drove sales in consumer categories, including food, beer, retail and shopping malls. The highest valued Brazilian brand, Skol beer, rose 39 percent in brand value, for example.

The same government policies, however, hurt the profits of Brazil’s financial institutions and the state-controlled

energy giant, Petrobras. Number two in the BrandZ™ ranking of the most valuable Brazilian brands, Petrobras declined 45 percent in brand value.

Burnishing Brand Brazil

Government programs also focused on preparing Brazil for two major upcoming sports events. The FIFA World Cup™ football competition takes place in Brazil next year, and Rio de Janeiro hosts the Summer Olympics in 2016.

Hosting these events requires substantial infrastructure development and improvement. This spending should stimulate the economy and produce jobs. The events also place Brazil before a global audience that will get a first-hand impression of Brand Brazil. The stakes are high.

Stadium construction and airport expansion are behind schedule. The challenge of providing transportation and communication infrastructure adequate to handle a surge in voice and data demand is of special concern. Failure would draw immediate media criticism.

Meanwhile, brands are planning their communications for these events. And the government is attempting to accelerate the transformation of the country’s inadequate infrastructure, which lags Brazil’s recent rapid economic improvement.

Some categories helped

Government initiatives that stabilized income and kept people employed left consumers with money to spend and helped buoy the brand value of many consumer brands.

The personal care brand Natura increased 12 percent in brand value following a decline last year. Among the first cosmetic brands to emphasize natural ingredients and environmental responsibility, the brand has become closely associated with Brazil. The brand markets throughout Latin America with over 1.4 million door-to-door direct sales people.

Signaling its global aspirations, Natura acquired a major stake in the Australian beauty retailer Emeis Holding, which operates over 60 stores in 11 countries under the name Aesop. The brand also is sold in department stores.

Brand value of the mid-market Brazilian discount department store chain Lojas Americanas increased 37 percent. The company opened 111 new stores in 2012, ending the year with a total of 729 locations. Like-for-like sales improved 8 percent.

The luxury end of the Brazilian market continued to thrive. Sao Paulo’s newest luxury mall, JK Iguatemi, opened last year and includes global luxury brands such as Chanel and Gucci and flagship stores of Burberry and Prada.

The local beer brands enjoyed the greatest year-on-year increase in brand value across all categories. Along with Skol, these brands include Antarctica and Brahma, which rose 51 percent and 61 percent, respectively. Brand awareness benefited from the marketing effort of owner AB InBev, the world’s largest beer brewer, which also promoted its Budweiser and Stella Artois brands in Brazil.

Other categories hurt

The policies that helped consumer products and retail hurt financial institutions. Banks struggled to maintain their profitability in a low interest environment engineered by the government to stimulate spending and control inflation, the historical threat to Brazil’s economy.

Top 10 Brazil

Category	Brand	Brand value 2013 \$M	Brand value % change 2013 vs 2012
1 Beer	Skol	6,520	39%
2 Oil & Gas	Petrobras	5,762	-45%
3 Regional Banks	Bradesco	5,446	-19%
4 Regional Banks	Itaú	4,006	-39%
5 Beer	Brahma	3,803	61%
6 Personal Care	Natura	3,707	12%
7 Food	Sadia	1,993	33%
8 Regional Banks	Banco do Brasil	1,427	-69%
9 Beer	Antarctica	1,284	51%
10 Retail	Lojas Americanas	1,046	37%



Consequently, Bradesco, Itaú and Banco do Brasil each declined in market capitalization and brand value, although they remain fundamentally sound financial institutions. They focused on developing new customers among people rising into the middle class, what the Brazilian government designates as the C class.

The banks offered credit lines and micro-credit. Bradesco, in particular, positioned itself as having ubiquitous presence, a promise it attempted to fulfill with conveniently located physical branches and a customer friendly website.

While appealing to the new middle class, Bradesco also cultivated prime customers with personal attention and specialized products and services. Itaú advanced similar initiatives and also focused a lot of attention on technology.



The real stories are behind numbers

The story of brand value in Brazil is really two stories. The consumer brands have improved in brand value because of spending driven by government policies to stimulate the economy. The financial sector and commodities declined in value because of these government policies and because of the general slowdown in international business. Meanwhile, investment by global brands, like Coca-Cola or Santander, is substantial, and Brazil remains fundamentally strong.

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In another initiative to control inflation, the government moderated the price of gas sold at the pump by Petrobras, the government-controlled oil and gas company. Petrobras sacrificed profit by absorbing rising costs, importing oil to meet domestic demand, and keeping prices below the world market.

Petrobras reported its first quarterly loss in 13 years. Its stock recovered somewhat in March 2013, when the government allowed the company to raise diesel prices.

Underlying confidence

A more confident view of Brazil’s economy appeared at around the same time, when a Brazilian private equity fund, in partnership with renowned investor Warren Buffett, purchased H.J. Heinz, the global food company, for \$23 billion.



The key principal of the private equity fund, Jorge Paulo Lemann, is the Brazilian financier who developed the beer brewer AmBev and combined it with Interbrew of Belgium, forming the basis of what became AB InBev, the world’s largest brewer, and owner of Brazil’s leading beer brands.

In another corporate display of long-term confidence in Brazil, France’s Groupe Casino took control over Grupo Pão de Açúcar, one of Brazil’s most valuable brands and its largest retailer, with holdings in grocery and several hardline specialties. The transaction reduced the power of the founding Diniz family.

And Brazilians maintained their traditional optimism. Despite the challenging economy, they increased their positive feelings about both the country’s financial situation and their own, according to The Futures Company Global Monitor survey.

Going global


Although Brazilians also have high regard for many local brands, few are known outside of Latin America. Exceptions include Havaianas, the maker of fashionable flip-flop sandals, and aircraft manufacturer Embraer. The mining brand Vale, Sadia, the food producer, are active globally, but known primarily within their industries.



Some concern, but optimism prevails

The prevailing mood is cautious but optimistic. Brazilians hope and believe that all the preparations for the Olympics and the The FIFA World Cup™ will be successfully completed. But time is passing, and we expect that a lot will happen at the last minute. Failure to complete the planning successfully will have a terrible effect on Brand Brazil because many of the country’s brand leaders are depending on these high-profile events to build publicity and positive momentum. It’s a huge opportunity. And the execution of these events can help or damage a brand’s image.

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More consumer brands aspire to become international. Along with Natura’s move to expand internationally, the Brazilian cosmetic brand Boticário is developing sub-brands for new products to position itself for export.

In contrast, some global brands are attempting to become more Brazilian. Avon, for example, had used international celebrities to promote its image in Brazil. As the company works to strengthen its position in Brazil, it’s changed its approach and uses Brazilian spokespeople instead. **Z**

Purchasing frequency



50%
non-food brands
are local

70%
food brands
are local

FMCG trends in Brazil

The FMCG basket declined in value in 2012, due to frequency decreases and rising prices, with many categories, including health and beauty, moving toward a premium offer.

The four biggest Brand Footprint categories are bread, carbonated soft drinks (CSD), biscuits and milk. Frequency decreases were seen in bread and CSD. Brand Footprint is a Kantar Worldpanel global measure of the most bought consumer brands. Yoghurt is the fastest growing Brand Footprint category, up 6 percent. Morning goods and breakfast cereals

are also growing their household penetration, as is water, thanks in part to larger pack sizes and soy-based beverages where the trend is to add fruit.

About 70 percent of the biggest Consumer Reach Points food brands are local, compared with 50 percent for non-food. Brands embracing innovation are growing. Consumer Reach Points is a new metric of brand strength by Kantar Worldpanel. It’s a combination of how many households buy a brand and how often.

Source: Kantar Worldpanel 2013 Brand Footprint Report

More WPP Resources about brands in Latin America



BrandZ™ Top 50 Most Valuable Latin American Brands 2012

The report profiles the most valuable brands of Argentina, Brazil, Chile, Colombia and Mexico and explores the socio-economic context for brand growth in the region.

To download a free mobile app please go to www.brandz.com/mobile. Find the interactive iPad magazine by searching BrandZ Latin America on iTunes.



China

KNOWING MORE ABOUT BRANDS, CHINESE EXPECT GREATER CHOICE

Internet, travel broadens perspective

WHEN IT COMES to brands, Chinese consumers know more and expect more.

Access to the Internet and international travel has widened their consideration set of available products, services and brands.

Mobile communications and word of mouth helped spread this knowledge throughout the country from the major urban centers like Shanghai, Beijing and Guangzhou to less prominent cities.

Chinese consumers have explored the brave new world of products from the West. They now want to mold it to fit more organically into the 5,000 years of Chinese history and culture, which preceded the last several decades of explosive industrial and technical expansion.

After years of climbing toward the middle class, the Chinese are going back to the future. A luxury logo must not only signal wealth, it should assure quality and craftsmanship. The ancient holidays are not just times for increased consumption, but also about restoring ancient meaning and ancestral connections.

These attitudinal and cultural shifts correspond with the slowdown in the rate of economic growth, a shift in national priorities and the declared intention of China’s new national leadership to build a consumption-driven economy and rectify the negative impact of rapid development on the environment, product reliability and food safety. In addition:

- Value**
Consumers are shifting from price consciousness to value consciousness, which will affect brands in all categories.
- Luxury**
Luxury brands are becoming more differentiated as consumers regard luxury not simply for the status it implies, but also for the intrinsic craftsmanship.
- Chinese brands**
China will create more Chinese products and brands, and not only in the categories associated with China, like traditional Chinese medicine.

China is becoming much like other developed consumer societies where most people, with adequate shelter and enough to eat, seek higher meaning in their lives.



The difference—critical for brands—is that this development will happen in China in ways that are both the same and different from the West. It will be Chinese.

Widening horizons
Last year, 70 million Chinese people (more than the population of France) traveled abroad. They returned with expanded knowledge of products and services and international brands. And, for many Chinese people, international travel yielded another important insight: The growing realization that China itself is capable of creating products and brands.

These developments will impact international brands in at least two ways: (1) Consumers will expect more variety; and

Top 10 China

Category	Brand	Brand value 2013 \$M	Brand value % change 2013 vs 2012
1 Telecoms	China Mobile	55,368	18%
2 Regional Banks	ICBC	41,115	-1%
3 Technology	Tencent	27,273	52%
4 Regional Banks	China Construction Bank	26,859	10%
5 Technology	Baidu	20,443	-16%
6 Regional Banks	Agricultural Bank of China	19,975	12%
7 Insurance	China Life	15,279	5%
8 Regional Banks	Bank of China	14,236	10%
9 Oil & Gas	Petrochina	13,380	11%
10 Oil & Gas	Sinopec	13,127	-6%

Source: Millward Brown Optimor (including data from BrandZ™ and Bloomberg)



The luxury of product safety

The problems with the environment and food safety have hit hard. The issue of corporate responsibility has become real. We used to believe that with money we could buy ourselves out of these crises. Now we understand that money isn’t going to do that. We used to believe that in buying premium brands we were also buying peace of mind. As marketers we’ve believed that quality and safety are basic and that people aspire to something higher. Today, those basics—quality and safety—are becoming luxuries.

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(2) More Chinese brands will be able to satisfy this expectation. Chinese entrepreneurs have learned what’s driving brands in other parts of the world. They can interpret those trends for China.

The animating impulse is less about imitation and more about adaptation. Knowledgeable Chinese consumers and entrepreneurs know what products are available and what they should cost. Chinese businesses are advantageously positioned to deliver branded products that are relevant and competitively priced for Chinese consumers.

It’s not that Chinese consumers will lose desire for Western products, but Western provenance alone may not excite them. This new reality requires abandoning

the old presumption: That the Chinese consumer has limited knowledge of product and brand; therefore suppliers need to offer only a limited selection.

Some international brands now view China as a second home market. They know not to downplay a brand’s foreign heritage, but to modify the product so that it’s appropriate for China and Chinese consumers. Hermès invested in a Chinese luxury home fashion brand called Shang Xia, and Estée Lauder launched Osiao as a Chinese-brand skin care product.

Word of mouth

The changing attitudes of Chinese consumers resulted not just from international travel, but also from the power of word of mouth and the rapidity with which opinions and impressions can be shared because of social networks and mobile.

Mobile surpassed all other devices last year as the gateway to the Internet. At this inflection point, Tencent’s mobile app, with social networking and location utilities, rocketed in just two years past 300 million subscribers.

The closeness of Chinese families also influences the speed of communication. Young people and laborers, who migrate to coastal cities for work, share their impressions during regular phone calls with the families that remain in China’s villages.

The Internet and mobile deliver greater awareness of brands to places where people have online access to products and services that may not be present in local physical stores, although that’s changing as international retailers, like Walmart and Carrefour, open hypermarkets.


Until now, Chinese rather than international brands have generally enjoyed the advantage in these locations because they have greater understanding of the local distribution systems, which can be complex. But it’s not always easy to ascertain whether consumers prefer Chinese or international brands because



Well-traveled consumers expect more choice

Even people in third and fourth tier cities have money and are traveling abroad. They return home with a new idea of what the consideration set for products and brands could be. For brands, this development means that we’re approaching a new horizon where brands will need to cater to the demand for greater variety. The concept had been: This is what the Chinese consumer knows; therefore this is what we give the Chinese consumer. It no longer holds true, particularly for these affluent Chinese consumers.

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many international brands, in China for a long time, have deemphasized their origins.

The ability to talk fast and cheaply on mobile throughout China also is shaping public awareness of the nation’s challenges. Going forward to the next stage in China’s development requires simultaneously repairing the environmental damage caused by the last stage of fast growth, the degradation of air quality and food safety, and the related erosion of trust. **Z**



The SOEs

Competition drives concern with brand

The State Owned Enterprises (SOEs) are becoming more concerned about branding and differentiation.

The conventional wisdom has been: The bigger and more monopolistic the enterprise is, the less it’s interested in brand. That’s changing for one key reason—competition.

The SOEs understand that sustained success in a more competitive Chinese market requires brand knowledge and brand building. And these government-controlled organizations are willing to invest.


The interest in brand building is most pronounced among the competitive SOEs in the consumer products like food and dairy. But the strategic SOEs, the banks and oil and gas companies, have reasons to build brands, too.

A wider trend

The focus on brand building is part of a wider strategic effort to improve overall management, which also includes optimizing supply chains and resource planning. Many SOEs are sending executives for continuing education courses or investing in internal programs to cultivate executive leadership skills.

Two fundamental changes drive the interest in understanding consumers and producing products that better meet consumer needs:

 First, the shift in China from being the world’s factory to being more of a consumer-driven society pushed companies, including the more competitive SOEs, to look for answers.

 Second, the Chinese assumed that Western companies, with experience competing in market economies, had all the answers. That notion was shaken by the global financial crisis.

Chinese observers concluded that simply imitating a flawed structure made little sense. They’ve since attempted to understand Western management in order to appropriate what works and modify it for China.

Role of government

The need to advance the government’s interests also may drive the effort to build Chinese brands.

Domestically, the interest in brand building appears to be pragmatic: If Chinese consumers increasingly desire brands, it makes sense to encourage the development of more Chinese brands.

Internationally, strong SOE brands accomplish a political mission by projecting the soft power of China. They lubricate the international relations required for establishing Chinese brands abroad.

As the SOEs move into developed Western capitalistic democracies, brand becomes important for media and government relations, to help overcome any resistance to commercial ventures controlled by the Chinese government.

Brands also help demonstrate a long-term commitment to making an economic contribution to the wider community and not to simply exploiting its natural resources. In this respect the role of brand for a Chinese SOE is similar to the role of brand for an International Oil Company (IOC) entering overseas markets.

Going Global

Chinese brands target fast growing markets

Chinese brands increasingly seek to build international sales and stature.

In fast growing markets, Chinese brands position their products for all price segments of the market. In developed markets, they attempt to offer tremendous value: good quality at affordable prices.

Southeast Asia and the other BRICs are strong markets for Chinese brands. Chinese car brands are establishing production facilities in South Africa to serve that market and to enter Zimbabwe, Kenya, Tanzania and other African nations.

Chinese companies in these four consumer categories are best positioned to fulfill their global ambitions: cars, smartphones, consumer electronic and household appliances including air conditioners. In fact, the best-selling air conditioner worldwide already is Chinese. But few people have heard of it outside of China.

That’s because, although Gree dominates the Chinese air conditioner category with 30 percent market share, and it’s present in around 200 countries, the brand has functioned primarily as an Original Equipment Manufacturer (OEM), supplying product for other air conditioner marketers, but remaining invisible to consumers.

Building awareness

Gree now wants to emerge from the shadows. To help build brand awareness, Gree began advertising in New York’s Times Square last year. All Chinese brands face the challenge of building awareness as they expand abroad.

Jac Motors discovered a way to establish its name quickly. Based in a province about 500 miles from Shanghai, Jac Motors is one of China’s largest exporters of cars to fast growing markets. It entered Brazil in 2011, after many other Chinese car brands had established their brands in the market.

The Chinese car brands all positioned themselves as low priced, basic transportation for poor people rising into middle class. Jac Motors needed to build awareness and differentiate quickly.

Knowing that customers for Chinese cars shopped for price and expected to purchase only a basic car with no special accessories, Jac Motors offered a model priced competitively but loaded with desirable accessories. It came with a six-year warranty without any mileage limitation.



Global Brand Building

TCL is one of China’s largest TV makers. It has established certain presence outside of China as an OEM, but is not yet known as a brand. In January 2013,TCL bought the rights to rename Grauman’s Chinese Theater in Los Angeles. The venue is famous because of movie premiers that happened there and the signatures, handprints and footprints of Hollywood stars set in the concrete in front of the theater. This landmark now is called the TCL Chinese Theatre. Recently, TCL also teamed up with a Hollywood studio to place its products in the blockbuster movie Iron Man 3. All these efforts build awareness for the brand and inspire good PR worldwide. And like the advertising for the Gree air conditioner brand in Times Square, it helps boost the brand’s image in China. These high profile initiatives—one in the world capital of entertainment and the other at the figurative crossroads of the world—both communicate to Chinese consumers. They say that TCL and Gree are global brands.

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Purchasing power



FMCG trends in China

The value of China’s FMCG market rose 14 percent in 2012. The money average Chinese households had to spend rose by 10 percent.

The brands performing well are achieving a high reach not only in traditionally strong areas, such as Shanghai and Beijing, but also in the largely untapped Central and Western regions as well as lower tier cities.

Top Brand Footprint categories include milk—fresh or not—bread, instant noodles, biscuits, confectionery, sausage, fruit juice, laundry detergent and female skincare. Brand Footprint is a Kantar Worldpanel global measure of the most bought consumer brands.

The growing middle class and high-income young consumers have led to strong new categories, including: butter and margarine, energy drinks, infant milk powder, facial tissues, toothbrushes and moisturising and cleansing wipes.

Penetration for online shopping in China is approaching 25 percent. As the logistics and e-commerce models improve, more FMCG products will be purchased online.

Source: Kantar Worldpanel 2013 Brand Footprint Report

More WPP Resources about China and brands

For more insight and perspective about the evolution and future of brands in China, please download these other BrandZ™ reports free of charge, at www.brandz.com. For free iPad magazines with unique content, search wpp brandz in the Apple iTunes store.

The increasing sophistication of the Chinese consumer challenges all brands to remain relevant. Every brand has its own story. To watch short videos containing unique content about China, and to learn more about the BrandZ™ Top 50 Most Valuable Chinese Brands 2013, please go to <http://thestorewpp.tv/china50>.



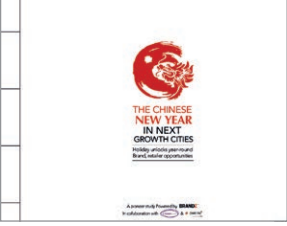
BrandZ™ Top 50 Most Valuable Chinese Brands 2013

The report profiles Chinese brands, outlines major trends driving brand growth and includes commentary on the growing influence of Chinese brands at home and abroad.



The Chinese Golden Weeks In Fast Growth Cities

With research, photojournalism and case studies the report examines the shopping attitudes and habits of China’s rising middle class during the most important sales periods of the year. It reveals opportunities for brands in many categories.



The Chinese New Year In Next Growth Cities

The report explores how Chinese families celebrate this ancient festival and describes how the holiday unlocks year-round opportunities for brands and retailers, especially in China’s lower tier cities.



India

LOCAL AND GLOBAL BRANDS THRIVE ACROSS CATEGORIES

Consumers spend more cautiously






BRANDS CONTINUED to thrive in India, despite slower economic expansion and greater consumer caution.

Indian brands proliferated and even dominated many categories, sometimes independently, as an entity of an Indian conglomerate, such as Tata Group, Reliance Industries and Bharti.

International hospitality brands Starbucks and Dunkin’ Donuts opened their first Indian outlets, Starbucks in a joint venture with Tata, Dunkin’ Donuts with India’s Jubilant FoodWorks. They’ll face local brands like Café Coffee Day and Barista.

With approval of foreign direct investment legislation, India’s parliament eased market entry for global retailers. The major retail brands waited for further interpretation of the legislation’s nuances before opening stores, however.

Several cross-category trends appealed to the value mentality of Indian consumers, including:

-  **Social Media**
Social media grew at a rapid pace, increasing the already extensive consumer exposure to brands.
-  **E-commerce**
In search of merchandise and bargains, consumers spent more time online, visiting eBay and Indian sites such as Jabong, Flip Card and Snapdeal, which represent a growing, if relatively small portion of sales.
-  **Value**
By offering special deals during selected festivals, like Diwali, international brands met consumer value expectations while maintaining price integrity, a practice similar to sales during Western holidays or Chinese New Year.

Financial institutions add products
Banks and insurance companies introduced investment products for members of India’s rising middle class. The participating brands included the state-owned Life Insurance Corporation (LIC) and ICICI, India’s largest bank and the most valuable Indian brand in the BrandZ™ Top 100 Most Valuable Global Brands.

Private insurance brands such as Met Life, Aviva Life, Tata AIA and Max Life were aggressive and diversified with their sales and marketing approach. These brands marketed investment products, generally life insurance, usually with traditional advertising on TV, print and with telemarketing. Companies like LIC, mainly relied on large agent networks.

Aviva promoted products for parents to insure their children’s education. Banks also encouraged cross-selling. The State Bank of India introduced a massive educational campaign about how to buy life insurance as an investment.

In addition, banks expanded into mobile banking, a major opportunity. With almost 900 million mobile phones in use, India is the world’s second largest cellular market and many more people in India have mobile phones than have bank accounts. Using mobile for cash transactions is becoming important, especially in rural areas.

Telecoms and devices
Reflecting the general fragmentation of the Indian market, obtaining cell phone service requires two separate transactions. Consumers first buy a device from a retailer and then buy the SIM card from a telecom service provider.

Consumers shopped for smartphones at every price point and did not lack choice. The Indian brands included Micromax, Karbonn, and Spice Mobile. And many Chinese brands entered the market. To raise their brand profiles, Micromax and Karbonn sponsored events.

Consumers selected their telecom provider carefully because the industry was embroiled in a corruption scandal, with certain carriers charged with bribing officials to obtain licenses.

Popular brands among consumers included Idea and Docomo, which accrued credibility in part from being a Tata brand. Gaining advantage from their scale, Airtel, a Bharti brand, and the global brand Vodafone commanded a slight premium.

Retail opens slowly to international brands
Late in 2012, India’s parliament approved foreign direct investment, another step in the long process of opening the country to foreign retail brands.

The legislators struggled to balance competing interests: the desire to stimulate the economy, improve infrastructure, and provide consumers with greater range and lower prices; and the need to satisfy the small business owners whose shops dominate India’s highly fragmented retail sector.

The legislation permitted multi-brand retailers, such as Walmart, Tesco, Carrefour and Metro, to own 51 percent of retail joint ventures, but it also mandated that a certain amount of merchandise must be sourced locally.

Brands in Top 100 India

	Category	Brand	Brand value 2013 \$M	Brand value % change 2013 vs 2012
59	Regional Banks	ICICI Bank	14,196	12%
89	Telecoms	Airtel	10,054	-13%

(Source: Millward Brown Optimor (including data from BrandZ™ and Bloomberg)





Insight

International retailers wait at open door

India remains a country of small shopkeepers. But it's evolving, with the approval of foreign direct investment in organized retail last year. The law opens the door for foreign brands like Walmart or Tesco. Organized retail in India started just over 10 years ago in an entrepreneurial effort by Kishore Biyani under the banner Big Bazaar. It is a large hypermarket, the kind of format that Walmart or Tesco would compete with when they open retail stores in India. The foreign brands are waiting for clarification of the new law, however. The law requires that at least 30 percent of their merchandise be sourced locally from small and medium sized suppliers. It also stipulates that a minimum level of investment be made in building infrastructure.

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The major global brands are well positioned to open stores in India because they already operate in the country as joint venture wholesalers. They did not rush to open retail stores, however, because the recent legislation is complicated and not necessarily the final word.

The legislation also made it easier for single-brand operators, like Ikea, to open stores without an Indian partner. Ikea has been trying to access the Indian market for years. The Indian government is reviewing Ikea's \$2 billion investment proposal of opening 25 stores in India in the next 15 to 20 years.

Cars at all price points

Carmakers pursued sales potential at both ends of the market, offering small, low priced models for budget-constrained buyers and more premium options for the wealthy. But car sales did not meet expectations, according to the Society of Indian Automobile Manufacturers.

Maruti Suzuki led the entry-level segment. Renault introduced its Duster at an affordable price point. Tata continued to

market its Nano, aimed mostly at drivers trading up from a two-wheel vehicle. Responding to the customer's need to feel pride of ownership, the Nano campaign focused on the car's features rather than its price. Nano also served as a second car for the more affluent.

BMW and other brands have introduced more stripped down versions of their cars in order to satisfy desire for the brand at more affordable price point. Chinese brands have entered the market, most notably the Foton, which is available as a sedan or a more premium hatchback.

Personal care

In personal care, India experienced several global category trends including: the popularity of anti-aging products, increased interest in men's grooming, and the movement to natural ingredients.

The market included a mix of both global and local brands. The men's grooming segment, for example, included Nivea and Hindustan Unilever's Fair and Lovely for Men, as well as Imami's Fair and Handsome. **Z**

Household purchasing patterns



urban areas

rural areas



FMCG trends in India

FMCG is the fourth largest sector in the Indian economy. Households buy around 23 categories each year in urban areas, 16 in rural areas. Tea is the biggest Consumer Reach Points category, ahead of coffee in all regions except south India. Consumer Reach Points is a new metric of brand strength by Kantar Worldpanel. It's a combination of how many households buy a brand and how often.

Other categories with high penetration are hair oils, spices, wheat flour, talcum powder, insect repellents and skincare products. The fastest growing categories in Consumer Reach Points are: soft drinks, purchased mainly during the summer and in large volume packs; hair colorants, where innovation is key; and dentifrice agents to clean and polish teeth.

Source: Kantar Worldpanel 2013 Brand Footprint Report



Russia

RUSSIAN BRANDS IMPROVE IN QUALITY, COMMUNICATION

WTO entry, Sochi Olympics add urgency



FOR TWO WEEKS next February, during the 2014 Winter Olympics, audiences worldwide will focus attention on Sochi, a Black Sea resort—and potentially on Russian brands. They should be surprised and impressed.

Russian are becoming more sophisticated brand marketers, integrating traditional and online communication to develop brand experience beyond simply a logo. They’re applying these advances across both consumer and business categories.

Russian consumers often prefer local brands and, because of an increase in quality and range, they usually can find them in almost any category. The government encourages the growth of Russian brands to enhance the country’s stature and help differentiate it from the West.

This brand evolution is urgent. Russia’s entrance into the World Trade Organization (WTO) in 2012, after 18 years of negotiations, will over time lower tariffs on imported goods and make global brands more competitive with Russian brands.

These developments come at a time when the Russian economy, growing at 4-to-5 percent annually, has so far managed to avoid the recessionary pressures felt by its European neighbors. Russian disposable income continues to grow and consumers prefer to spend rather than save.

Increased branding sophistication
The response to WTO membership has been most noticeable among the business-to-business organizations that had not focused attention on branding until now.

Not only are the largest B2B companies investing in their brands, but so are

some of the small- and medium-sized Russian brands as well. The Russian brand Chemline had dominated Russia’s industrial cleaning products industry, for example. The market entrance of two major US brands forced Chemline to refresh its brand.

On the consumer side, an innovative mobile device brand called Yotaphone drew media attention. Launched at the Consumer Electronics Show in Las Vegas in December 2012, the two-sided Android phone is expected to be widely available by the end of 2013. The combined smartphone and e-reader has an LCD, liquid crystal display, on one side and an EPD, electronic paper display on the reverse.

Another development that happened late in 2012 also should influence the Russian evolution of brand and, specifically, online retailing: Apple launched its online iTunes store in Russia, amid rumors that a full line online Apple store soon would follow.

Improving online presence
Brands in most consumer categories, especially retail, focused attention on improving their online presence.

Svyaznoy, an electricals retailer with over 3,000 outlets, reported a 162 percent increase in online sales to 9.2 billion roubles (\$300 million), a rapidly growing—but limited proportion—of total revenue.

DIY retailing drove a lot of online activity on retailer websites and in social media. Some Russian brands were active along with many of the international players, including Leroy Merlin from France; Castorama, owned by the UK’s Kingfisher, and Germany’s Obi.

Retailers also understood that competing

effectively often requires operating more than one branded format. Many complemented their big box stores with smaller outlets more appropriate for particular locations.

Eldorado, which operates about 700 consumer electronics and home appliance superstores, opened smaller formats and offered online ordering with click and collect or home delivery options.

Enter, a new retail brand from Svyaznoy, introduced a type of catalog showroom, similar to the UK’s catalog merchant Argos. Consumers can order goods in store and online and retrieve the merchandise from pick-up locations or have it delivered to their homes.

Branding and innovation
Last year Russia placed 14th in Bloomberg’s Global Innovation Index Top 50. This reputation for high tech innovation and entrepreneurship is partially due to the Skolkovo Innovation Center, a research campus, located outside of Moscow.

Russia’s Silicon Valley, Skolkovo is devoted to technological research and development in IT, energy, biomedicine and other areas. The government provided strong support for Skolkovo to encourage growth of science and technology companies in Russia

The center has attracted both venture capitalists and major technology brands interested in encouraging and commercializing the work of Russian scientists. Partners include both Russian technology companies and many of the technology leaders ranked in the BrandZ™ Top 100 Most Valuable Global Brands, such as Cisco, GE, IBM, SAP and Siemens.

Brands in Top 100 Russia

	Category	Brand	Brand value 2013 \$M	Brand value % change 2013 vs 2012
70	Regional Banks	Sberbank	12,655	19%
82	Telecoms	MTS	10,633	11%

(Source: Millward Brown Optimor (including data from BrandZ™ and Bloomberg)



Government regulations banning beer advertising on TV drove a different kind of innovation. Until July 2012, the government permitted beer advertising on TV after 10 pm. Now it's banned entirely. The prohibition follows similar limits aimed at alcohol and tobacco.

The beer advertising restriction forced companies to think creatively about building brands differently. Russia's leading beer brand, Baltika promoted its non-alcoholic version called Baltika 0. The name follows Baltika's numerical branding style—Baltika 3 is a lager, for example.

The product and communications solutions that beer brands devise to compensate for the TV ad ban will influence other

categories to evolve their brand building. Emphasis should shift from a focus on advertising, design and packaging to improving brand experience overall and increasing social media activity.

Establishing brands abroad

Russia's three largest telecoms—MTS, Megafon and Beeline—raised their brand profiles as they expanded abroad to the Commonwealth of Independent States (CIS), Turkey and fast growing Asian markets.


As the telecoms grew through acquisition, Megafon and MTS usually subsumed new entities under their masterbrands. Beeline's parent Vimpelcom tends to leverage the equity of the local brand. Meanwhile, MTS has developed other revenue streams, in financial services and from monetizing its customer data.


Russia's fourth largest telecommunications player grew by collecting regional telecoms and operating an intercity fixed line business under a conglomeration of names. The company recently unified these entities under a single brand, Rostelecom.

Rosneft, Russia's largest oil and gas brand, has become a global brand, having recently entered in partnership with ExxonMobil and other global players desiring access to natural resources reserves in the Arctic and Siberia. Whether the state-owned Rosneft will devote attention to brand building, as two major state-owned banks have, is another question.

The two banks, Sberbank and VTB, are actively branding both in Russia and abroad. Sberbank recently completed several overseas acquisitions to build global stature. These follow a comprehensive rebranding program that transformed the bank from an austere Soviet-era institution to a consumer-focused business. The remodeled branches and their online banking services are sophisticated and user-friendly.

VTB is working to strengthen its brand as part of an aggressive expansion of






Insight

Beer ad ban offers an opportunity

The ban on beer TV advertising challenges the beer brands. It will be interesting to see how the brands behave after this ban, how they launch new products, for example, in the absence of TV advertising. The stronger beer brands could emerge even stronger after this advertising ban. Brands in other categories will look to beer to see what's innovative in the use of social media and other tools.

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commercial and corporate banking in Russia, Europe, Africa and Asia. The bank recently branded its retail business VTB 24. VTB launched a stand-alone brand called Leto, which means summer in Russian. The bank developed Leto to provide lending services to the sub-prime market. It felt it would be imprudent to reach this audience with its core brand. VTB intends to open 1,000 Leto branches over the next five years.

Yandex, Russia's competitor to Google, has expanded to Turkey and is eyeing other markets. Kaspersky's Labs anti-virus has become one of the strongest software brands in the world.

In a high profile international brand building initiative, several brands are sponsors of Sochi 2014, including Sberbank and Megafon, which recently completed an IPO. [Z](#)



The increasing sophistication of the Chinese consumer challenges all brands to remain relevant. Every brand has its own story. To watch short individual brand videos containing unique content about China, and to learn more about the **BrandZ™ Top 50 Most Valuable Chinese Brands 2013**, please scan this QR code, or go to <http://thestorewpp.tv/china50>.

SPEED KILLS: HOW BRANDS CAN MOVE FAST

To capitalize on cultural opportunities



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SOCIAL MEDIA has given brands something they’ve never had before: the ability to respond in real-time to things that happen in the world. As we’ve seen over the last year, some brands have had dazzling success with fast reactions.

Oreo practically owned the 2013 Super Bowl advertising competition with its inexpensive “dunk in the dark” tweet, which played off the sudden blackout during the game. With 140 characters it generated more publicity than brands that spent millions of dollars to create ads for the event.

At POSSIBLE, we call this phenomenon—“cultural opportunity marketing.” Done right, it offers a substantial new approach for brands to connect with their customers in a meaningful way.

There is a caveat, however: Timing and quality matter. The cost of sending out a fast tweet or Facebook post may be insignificant; but success requires planning. Brands have to position themselves to react quickly and effectively, or they risk missing or misfiring on their opportunities. So what are we talking about?

1. Create a cultural opportunity budget

Traditionally, brands have planned their marketing spend months in advance and kicked off their campaigns according to a set schedule. Cultural opportunity marketing doesn’t work this way. For example, let’s say you are a small beverage brand that suddenly lands in the spotlight because an A-list celebrity is seen with one of your drinks at a highly publicized event.

This actually happened to one of our clients—and it would have made for a great quick campaign. But, unfortunately, the brand had already allocated its entire marketing budget for the year and had nothing left to spend. And so, brands should reserve a certain percentage of their total budget for cultural opportunity marketing (we typically advise 5 percent, but it depends on the size of the budget).

2. Set up a response team

Without real-time intelligence, you won’t have real-time opportunities. Brands should establish a response team that contains every functionality (copy, design, media buying) necessary to pull together a very fast campaign. The team also should include people who keep up on the latest developments in the marketplace and look for openings to exploit. Keep this team ready on deck to seize the day and make the opportunity come to life.

3. Enable creativity by making roles and responsibilities clear

To move fast, everybody on your team needs to know what he or she is empowered to do. Brands should be unambiguous about who will make decisions, who will manage the response, and so on. While you may think this is a little regimented for a creative process, its purpose is to free your team members to work fast, without concerning themselves with rules and structure.

4. Practice makes perfect

Real-time opportunities come up randomly, so a brand’s cultural opportunity marketing team needs to have experience. Not just by doing things live, but by practicing responses to unexpected events. Brands should conduct “fire drills” occasionally, where everyone has to drop everything and think about a response to something. If it’s not practical to create an actual response, you should at least spend an hour discussing what you might do. Then allow outsiders to evaluate your response and make sure you’re on the right track.

5. Incentivize cultural opportunities

Want your response team to be razor sharp? Give them a reason to be out there hunting for and executing ideas. Incentives should be small, but meaningful.

6. Reward failure

Success in fast, real-time efforts often depends on things outside a brand’s control. Cultural opportunities play out in the real world, where real news happens. A brand’s response team may come up with a terrific message, but simply be overwhelmed by a bigger story that breaks that day. So reward effort not outcome.

Obviously, cultural opportunity marketing is more of a methodology than a specific plan. Brands should adapt it to their unique circumstances and communications challenges. But by planning well and enabling a team to be creative fast, you can realize an outsized return on a minimal investment and grow the brand’s value.

POSSIBLE is a digital agency with global presence, specialized in creative, technology, ideas and insights, performance marketing and interactive touch. www.possible.com



Part 5

Resources

BrandZ™ Valuation Methodology

Research includes two million consumers and 10,000-plus brands in over 30 countries

THE BRANDS that appear in this report are the most valuable in the world.

They were selected for inclusion in the BrandZ™ Most Valuable Global Brands Top 100 and category rankings based on the unique and objective BrandZ™ brand valuation methodology that combines extensive and on-going consumer research with rigorous financial analysis.

The BrandZ™ valuation methodology can be uniquely distinguished from its competitors by the way we obtain consumer viewpoints. We conduct worldwide, on-going, in-depth quantitative consumer research, and build up a global picture of brands on a category-by-category and country-by-country basis.

Our research covers two million consumers and more than 10,000 different brands in over 30 countries. This intensive, in-market consumer research differentiates the BrandZ™ methodology from competitors that rely only on a panel of “experts” or purely financial and market desk research.

Before reviewing the details of this methodology, consider these three fundamental questions: why is brand important; why is brand valuation important; and what makes BrandZ™ the definitive brand valuation tool?

Importance of brand

Brands embody a core promise of values and benefits consistently delivered. Brands provide clarity and guidance for choices made by companies, consumers, investors and others stakeholders. Brands provide the signposts we need to navigate the consumer and B2B landscapes.

At the heart of a brand’s value is its ability to appeal to relevant customers and potential customers. BrandZ™ uniquely measures this appeal and validates it

against actual sales performance. Brands that succeed in creating the greatest attraction power are those that are:

Meaningful

In any category, these brands appeal more, generate greater “love” and meet the individual’s expectations and needs.

Different

These brands are unique in a positive way and “set the trends,” staying ahead of the curve for the benefit of the consumer.

Salient

They come spontaneously to mind as the brand of choice for key needs.

Importance of brand valuation

Brand valuation is a metric that quantifies the worth of these powerful but intangible corporate assets. It enables brand owners, the investment community and others to evaluate and compare brands and make faster and better-informed decisions.

Distinction of BrandZ™

BrandZ™ is the only brand valuation tool that peels away all of the financial and other components of brand value and gets to the core—how much brand alone contributes to corporate value. This core, which we call Brand Contribution, differentiates BrandZ™.

THE VALUATION PROCESS

Step 1: Calculating Financial Value

Part A

We start with the corporation. In some cases, a corporation owns only one brand. All Corporate Earnings come from that brand. In other cases, a corporation owns many brands. And we need to apportion the earnings of the corporation across a portfolio of brands.

To make sure we attribute the correct portion of Corporate Earnings to each brand, we analyze financial information from annual reports and other sources, such as Kantar Worldpanel and Kantar Retail. This analysis yields a metric we call the Attribution Rate.

We multiply Corporate Earnings by the Attribution Rate to arrive at Branded Earnings, the amount of Corporate Earnings attributed to a particular brand. If the Attribution Rate of a brand is 50 percent, for example, then half the Corporate Earnings are identified as coming from that brand.

Part B

What happened in the past or even what’s happening today is less important than the prospects for future earnings. Predicting future earnings requires adding another component to our BrandZ™ formula. This component assesses future earnings prospects as a multiple of current earnings. We call this component the Brand Multiple. It’s similar to the calculation used by financial analysts to determine the market value of stocks (Example: 6X earnings or 12X earnings). Information supplied by Bloomberg data helps us calculate a Brand Multiple. We take the Branded Earnings and multiply that number by the Brand Multiple to arrive at what we call Financial Value.

Step 2: Calculating Brand Contribution

We now have the value of the branded business as a proportion of the total value of the corporation. But this branded business value is still not quite the core that we are after. To arrive at Brand Value, we need to peel away a few more layers, such as the rational factors that influence the value of the branded business, for example: price, convenience, availability and distribution.

Because a brand exists in the mind of the consumer, we have to assess the brand’s uniqueness and its ability to stand out from the crowd, generate desire and cultivate loyalty. We call this unique role played by brand, Brand Contribution.

Here’s what makes BrandZ™ so unique and important. BrandZ™ is the only brand valuation methodology that obtains this customer viewpoint by conducting worldwide on-going, in-depth quantitative consumer research, online and face-to-face, building up a global picture of brands on a category-by-category and country-by-country basis. Our research now covers over two million consumers and more than 10,000 different brands in over 30 countries.

Step 3: Calculating Brand Value

Now we take the Financial Value and multiply it by Brand Contribution, which is expressed as a percentage of Financial Value. The result is Brand Value. Brand Value is the dollar amount a brand contributes to the overall value of a corporation. Isolating and measuring this intangible asset reveals an additional source of shareholder value that otherwise would not exist. **Z**

Why BrandZ™ is the definitive Brand valuation methodology

All brand valuation methodologies are similar—up to a point.

All methodologies use financial research and sophisticated mathematical formulas to calculate current and future earnings that can be attributed directly to a brand rather than to the corporation. This exercise produces an important but incomplete picture.

What’s missing? The picture of the brand at this point lacks input from the people whose opinions are most important—the consumer. This is where the BrandZ™ methodology and the methodologies of our competitors part company.

How does the competition determine the consumer view?

Interbrand derives the consumer point of view from panels of experts who contribute their opinions. The Brand Finance methodology employs a complicated accounting method called Royalty Relief Valuation.

Why is the BrandZ™ methodology superior?

BrandZ™ goes much further. Once we have the important, but incomplete, financial picture of the brand, we communicate with consumers—constantly. Our on-going, in-depth quantitative research includes two million consumers and more than 10,000 brands in over 30 countries.

What’s the BrandZ™ benefit?

The BrandZ™ methodology produces important benefits for two broad audiences.

Members of the financial community—including analysts, shareholders, investors and CEOs—depend on BrandZ™ for the most reliable and accurate brand value information available.

Brand owners turn to BrandZ™ to more deeply understand the causal links between brand strength, sales and profits and to translate those insights into strategies for building brand equity.

Other reports Powered by BrandZ™

Free apps for smartphones, tablets and iPad magazines

Get the BrandZ™ Top 100 Most Valuable Global Brands, the Latin America Top 50, the China Top 50 and many more insightful reports on your smartphone or tablet.

To download the apps for the BrandZ™ rankings go to www.brandz.com/mobile (for iPhone and Android). The iPad interactive magazine BrandZ™ Top 100 packed with exclusive content is available from the Apple App store (search for BrandZ 100).

BrandZ™ is the world's largest and most reliable customer-focussed source of brand equity knowledge and insight. To learn more about BrandZ™ data or studies, please visit www.brandz.com or contact any WPP Group company.



BrandZ™ Top 50 Most Valuable Latin American Brands 2012

The report profiles the most valuable brands of Argentina, Brazil, Chile, Colombia and Mexico and explores the socio-economic context for brand growth in the region. For the iPad magazine search BrandZ on iTunes.



Beyond Trust: Engaging Consumers in the Post-Recession World

An Index based on BrandZ™, TrustR measures the extent to which consumers trust and are willing to recommend individual brands. High TrustR correlates with bonding, sales and brand value. Complete information is available from WPP companies.



ValueD: Balancing Desire and Price for Brand Success

An index based on BrandZ™, ValueD measures the gap between the consumer's desire for a brand and perception of the brand's price. It helps brands optimize sales, profit and positioning. Complete information is available from WPP companies.



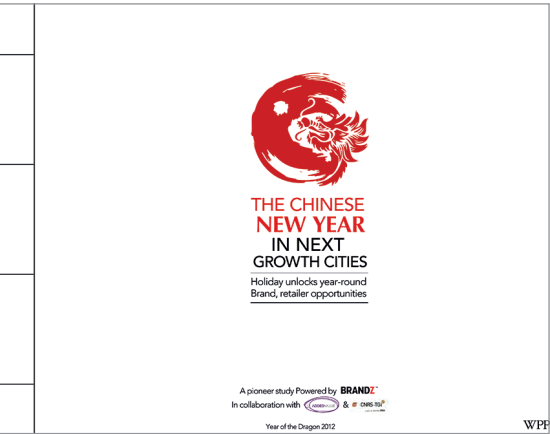
BrandZ™ Top 50 Most Valuable Chinese Brands 2013

The report profiles Chinese brands, outlines major trends driving brand growth and includes commentary on the growing influence of Chinese brands at home and abroad. Go to www.brandz.com/mobile.



The Chinese Golden Weeks in Fast Growth Cities

With research and case studies the report examines the shopping attitudes and habits of China's rising middle class and explores opportunities for brands in many categories. For the iPad magazine search goldenweeks on iTunes.



The Chinese New Year in Next Growth Cities

The report explores how Chinese families celebrate this ancient festival and describes how the holiday unlocks year-round opportunities for brands and retailers, especially in China's Lower Tier cities. For the iPad magazine search for china-newyear on iTunes.

WPP Companies & Associates



WPP Company Contributors

These companies contributed knowledge, expertise and perspective to the report.

WPP is the world’s largest communications services group with billings of \$70.5 billion and revenues of \$16.5 billion. Through its operating companies, the Group provides a comprehensive range of advertising and marketing services including advertising and media investment management; consumer insight; public relations and public affairs; branding and identity; healthcare communications; direct, digital, promotion and relationship marketing; and specialist communications. The company employs over 165,000 people (including associates) in over 3,000 offices across 110 countries. WPP was named Holding Company of the Year at the 2012 Cannes Lions International Festival of Creativity for the second year running, since the award was initiated.

For further information, please visit www.wpp.com.

Added Value

Added Value provides consultancy on brand development and marketing insight for iconic brands, both big and small, around the world. We help solve clients’ central marketing questions about market, brand, innovation and communications with a footprint that now extends across 21 locations in 13 countries. Added Value is part of Kantar, WPP’s consumer insight and consultancy division.

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The Brand Union

The Brand Union is a global brand agency with over 500 people in 23 offices in 16 countries. As the leaders’ choice for brand-related insight, advice and activation, The Brand Union delivers knowledge, inspiration and expertise from across the globe to build brands that thrive in the real world, using a balance of brand strategy, creativity and execution.

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Designkitchen

Designkitchen is a creative digital agency and part of Wunderman, a subsidiary of Y&R (WPP). Designkitchen offers services in digital strategy, content strategy and development, mobile web and app development, social campaign creation and management, website design and development, video production and motion graphics, digital out-of-home, SEO, and web analytics. Our clients span global leaders in consumer and business-to-business categories, including Motorola Solutions, HP, United Mileage Plus, General Electric, Burger King, Allstate and TD Ameritrade. Designkitchen is headquartered in Chicago, with offices in New York and San Francisco.

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Digit

Digit is a design company that has spent the last 15 years at the forefront of technology. All of our work is underpinned by our philosophy called Simple Human Interaction. It’s all about making technology invisible, and using it to enable people and brands to communicate better.

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Fitch

Founded in 1972, FITCH is a global design consultancy with 14 offices in 9 countries. The consumer is at the heart of everything we do, and everything we do is the product of bold thinking. An integrated offer of both 2D graphic and 3D environmental design enables us to create a seamless expression of the brand at all touch points. Translating brand into consumer experience, FITCH has a strong expertise in retail design.

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G2 Worldwide

G2 Worldwide is a global brand activation agency network that helps marketers Maximize Brand CommitmentSM. G2’s multifaceted service offering brings together direct marketing, data analytics, shopper marketing, experiential marketing, branding and design, promotional marketing, communications planning and digital/ interactive marketing, to create innovative and compelling marketing programs for our clients. G2 utilizes unique and proprietary tools to gain insight into the consumer’s Purchase Decision JourneySM, from consideration to brand selection. The G2 network operates 40 offices in 28 countries, and clients include Adobe, Aetna, Campbell Soup Company, The Coca-Cola Company, GlaxoSmithKline, Heineken, Kraft, Procter & Gamble, Vodafone and Volkswagen.

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Grey

Grey is the advertising network of Grey Group. Grey Group ranks among the largest global communications companies. Under the banner of “Famously Effective Since 1917,” the agency serves a blue-chip client roster of many of the world’s best known companies: P&G, GlaxoSmithKline, Diageo, Darden Restaurants, Pfizer, NFL, Boehringer Ingelheim, Marriott Hotels & Resorts and T.J. Maxx.

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Hill+Knowlton Strategies

Hill+Knowlton Strategies is a leading global strategic communications consultancy, providing services to local and multinational clients worldwide. The firm is globally headquartered in New York City, with 90 offices in 52 countries — including 13 offices in the US. Led by Global Chairman and CEO Jack Martin, Hill+Knowlton Strategies serves as a trusted advisor to clients, developing and executing communications campaigns and business strategies to manage the impact of the public on an organization’s reputation, brand and bottom line.

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JWT

JWT is the world’s best-known marketing communications brand. Headquartered in New York, JWT is a true global network with more than 200 offices in over 90 countries, employing nearly 10,000 marketing professionals. JWT consistently ranks among the top agency networks in the world and continues a dominant presence i n the industry by staying on the leading edge—from producing the first-ever TV commercial in 1939 to developing award-winning branded content today. JWT embraces a WORLDMADE philosophy, making things inspired by the world through blending technological innovation with international imagination.

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Kantar Retail

Kantar Retail is the world’s leading shopper and retail insights and consulting business and is part of the Kantar Group of WPP. The company works with leading branded manufacturers and retailers to help them transform the purchase behavior of consumers, shoppers and retailers through the use of retail insights, consulting, analytics and organizational development services. Kantar Retail tracks and forecasts over 1,000 retailers globally, has purchase data on over 200 million shoppers and among its market-leading reports are the annual PoweRanking survey (USA and China), and Industry Shopper Study Across Retailers. Kantar Retail works with over 400 clients and has 20 offices in 15 markets around the globe.

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Kantar Worldpanel

Kantar Worldpanel is the world leader in consumer knowledge and insights based on continuous consumer panels. Its High Definition Inspiration™ approach combines market monitoring, advanced analytics and tailored market research solutions. With over 60 years’ experience, a team of 3,000, and services covering more than 50 countries Kantar Worldpanel’s expertise in shopper and consumer behavior has become the market currency for brand owners, retailers, market analysts and government organizations globally.

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KBM Group

KBM Group is the global leader in knowledge-based marketing solutions. Expert in both digital and traditional direct marketing, KBM Group helps companies manage, analyze and optimize marketing data to engage more effectively with their customers and prospects. KBM Group’s integrated, world-class solutions include strategic consulting, digital services, database services, analytics, marketing management, creative, agency services, response services, data and marketing outsourcing.

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Lambie-Nairn

With over 30 years experience, Lambie-Nairn is an international branding agency based in London with eight additional offices in Europe, the Middle East and Latin America. Lambie-Nairn has specialist knowledge in media, entertainment, sports and technology. Famous for the iconic Channel 4 logo, Lambie-Nairn’s more recent work is equally renowned and includes BBC News, the creation of the O2 brand and Qatar’s winning bid for the 2022 FIFA World Cup™. If awards are a barometer of success, Lambie-Nairn has a lot to smile about.

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Landor Associates

Landor Associates is one of the world’s leading strategic brand consulting and design firms. Founded by Walter Landor in 1941, Landor pioneered many of the research, design, and consulting methods that are now standard in the branding industry. Partnering with clients, Landor drives business transformation and performance by creating brands that are more innovative, progressive, and dynamic than their competitors. Landor’s holistic approach to branding is a balance of rigorous, business-driven thinking and exceptional creativity.

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MEC

MEC help clients explore what’s possible, inspiring and guiding them to the optimum solution for their brands. Then they exploit it, delivering maximum value to them. MEC services include: Media planning and buying, digital media, mobile, search, performance marketing, social media, analytics and Insight, sport, entertainment and cause, multicultural, content, retail and integrated planning. MEC’s 4,500 highly talented and motivated people work with domestic and international clients in 84 countries. The agency is a founding partner of GroupM.

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MediaCom

MediaCom is a world leading media communications specialist, with billings exceeding \$28 billion, employing 4,600 people across 89 countries. The company’s strategy is driven by its “People first, better results” philosophy, which places people – consumers, clients and employees – at its core to build brand connections that maximize client growth. Our industry-leading divisions include MediaCom Interaction, MediaCom Response, MediaCom Beyond Advertising, MediaCom Sport and MediaCom Business Science.

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Millward Brown

Millward Brown is a leading global research agency specializing in effective advertising, strategic communication, media and brand equity research. Millward Brown helps clients grow great brands through a set of comprehensive research-based qualitative and quantitative solutions. Specialist practices include Dynamic Logic (global leader in measuring digital marketing effectiveness), a network of media experts (measuring mass media effectiveness), Firefly Millward Brown (our global qualitative network), a neuroscience practice (using neuroscience to optimize the value of traditional research techniques) and Millward Brown Optimor (focused on supporting clients to maximize return on brand and marketing investments). Millward Brown is part of Kantar, the insights, information and consultancy division of WPP.

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Millward Brown Optimor

Millward Brown Optimor is the brand and business consultancy of Millward Brown, dedicated to igniting business growth through transformative brand and market strategies. Millward Brown Optimor provides strategic corporate and brand consulting, rooting its approach in consumer research, stakeholder understanding and financial analysis.

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Mindshare

Mindshare is a global media agency network with billings in excess of \$29.2 billion (source: RECMA). The network consists of 113 offices in 82 countries throughout North America, Latin America, Europe, Middle East, and Asia Pacific, each dedicated to forging competitive marketing advantage for businesses and their brands. Mindshare is part of GroupM, which oversees the media investment management sector for WPP.

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Ogilvy & Mather

Ogilvy & Mather is one of the largest marketing communications companies in the world comprised of industry leading units in all of the following disciplines: advertising; public relations and public affairs; branding and identity; shopper and retail marketing; healthcare communications; direct, digital, promotion and relationship marketing; consulting, research and analytics capabilities; branded content and entertainment; and specialist communications. O&M services Fortune Global 500 companies as well as local businesses through its network of more than 450 offices in 120 countries.

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Possible

POSSIBLE is a digital agency focused on creating great work that delivers measurable business results. The agency specializes in award-winning creative, technology, ideas and insights, performance marketing and interactive touch. On paper, POSSIBLE is 27 offices in 13 countries around the globe. In action, POSSIBLE is 1200+ people united by a drive to create compelling work. Clients include Barclays, Comcast, The Bill & Melinda Gates Foundation, Procter & Gamble, Microsoft, Mazda and Starwood Hotels and Resorts Worldwide. POSSIBLE is part of WPP Digital.

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Salmon

Salmon is a highly innovative e-commerce digital agency helping leading retail, wholesale and manufacturing brands define, deliver and exploit enterprise-scale e-commerce and multichannel operations. Salmon quickly understands the business vision, creates realistic project plans and efficiently delivers solutions to plan. Salmon has offices in the UK, China and Australia. Clients include Akzo Nobel, Argos, Audi UK, Halfords, Morrisons and Selfridges.

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Team Detroit Inc.

Team Detroit brings together five of WPP’s largest marketing agencies in one location, Dearborn, Michigan, to provide its clients access to best practises and talent. Team Detroit is the 21st century equivalent to the full-service agency, acting as a portal to provide a single point of contact and accountability.

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TGI

Global TGI helps marketers to expand markets, launch new products, respond to competitive threats, and plan communications. We do this by providing a unique 360° understanding of consumer attitudes and behavior – with the depth provided from 700,000 personal interviews conducted annually across 60+ countries. Typical client engagements can involve market sizing, segmenting, trending, and linking with YOUR survey data. With insights drawn from the largest network of consumer surveys in the world, marketers can be confident that key decisions are based on robust, reliable and high-quality research.

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The Forward Group

Forward Worldwide is a content marketing agency specializing in developing strategies, planning, managing and creating high quality omni-channel content for brands. Clients include Tesco, Patek Philippe, Standard Life, Barclays, B&Q, and Fabric.

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The Futures Company

The Futures Company is an award-winning, global strategic insight and innovation consultancy. Unparalleled global expertise in foresight and futures enables The Futures Company to unlock new sources of growth for clients through a range of consultancy, global insight and subscription solutions. The Futures Company was formed through the integration of The Henley Centre, HeadlightVision, Yankelovich and most recently, TRU.

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TNS

TNS advises clients on specific growth strategies around new market entry, innovation, brand switching and stakeholder management, based on long-established expertise and market-leading solutions. With a presence in over 80 countries, TNS has more conversations with the world’s consumers than anyone else and understands individual human behaviors and attitudes across every cultural, economic and political region of the world.

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VML

VML is a global digital marketing agency with major operations on five continents. Dedicated to delivering creative solutions at the intersection of marketing and technology, VML engineers best-in-class digital experiences for some of the most respected and recognized brands in the world. VML was recognized by Ad Age as a Standout Shop in 2012, and was the recipient of seven Cannes Lions awards last year.

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Wunderman

Advertising Age ranks Wunderman as the #1 digital and #1 CRM agency in the world. Founded by Lester Wunderman in 1958, Wunderman has 170 offices in 60 countries offering brand experience, consumer engagement, data and insights and world health marketing solutions. Powered by complex analytics and strategic insight, creative content engages the consumer – as participant, critic, creator and champion – in always-on conversations to propel growth. Clients include Best Buy, Citibank, Coca-Cola, Ford, Levi’s, Microsoft, Nokia, Novartis, Telefónica and leading local and regional brands. Wunderman is a member of WPP and part of Young & Rubicam Group.

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Y&R

Y&R is one of the leading global marketing communications companies, comprising the iconic Y&R Advertising agency; VML, one of the world’s most highly regarded and fastest-growing digital agencies; as well as premier mobile marketing company iconmobile. Y&R Advertising has 186 offices in 90 countries around the world. Its clients include Campbell’s Soup Company, Colgate-Palmolive, Danone, Dell, Virgin Atlantic, Xerox, Revlon, GAP, Land Rover, LG and Telefónica.

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BrandZ™ Top 100 Team

These individuals created the report, providing valuations, research, analysis and insight, editorial, photography, production, marketing and communications.

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Alexandra Hill is Global Communications and Marketing Assistant at Millward Brown and assists with the marketing and communications of the BrandZ™ projects.

Cecilie Østergren

Cecilie Østergren is a professional photographer, based in Shanghai, who has worked closely with WPP agencies since 2009. Cecilie specializes in documentary, consumer insight and portraits. In collaboration with Added Value, she produced award-winning insights on Chinese consumers. She’s travelled extensively in China, Brazil and other locations to photograph images for the BrandZ™ reports. Her photographs of China have been exhibited in the Houses of Parliament, London. In collaboration with Danish book publisher Politikens Forlag, she’s photographed travel books about India, Greece and Denmark, her native country.

David Roth

David Roth is the CEO of the Store WPP for Europe, the Middle East and Africa (EMEA) and Asia and leads the BrandZ™ worldwide project. He has been associated with China for the past 19 years and advises many companies and retailers on their China entry strategy and the changing Chinese consumer. Prior to joining WPP David was main board Director of the international retailer B&Q.

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Elsbeth Cheung is Head of BrandZ™ Valuation for Millward Brown Optimor. She is responsible for research, analysis and external communication for the BrandZ™ rankings and other brand strategy engagements.

Katie Pearce

Katie Pearce is Global Communications & Marketing Project Manager at Millward Brown, and works on the marketing and communications of the BrandZ™ projects, liaising with contributors worldwide and coordinating production.

Ken Schept

Ken Schept is a professional writer specializing in articles and reports about brands, marketing and retailing. For the past several years he’s helped develop the BrandZ™ library of reports. He spent much of his career as an editor with a leading US business media publisher.

Miquet Humphryes

Miquet Humphryes is Director, Global Corporate Marketing at Millward Brown. She is responsible for overseeing the marketing and communications for the Top 100 ranking.

Nick Cooper

Nick Cooper is Managing Director of Millward Brown Optimor. He leads the overall practice in Europe and the development of brand strategy, portfolio optimization and brand licensing.

Peter Walshe

Peter Walshe, Global Director of BrandZ™, was involved in the creation of this brand equity and insight tool 15 years ago, and has contributed to many valuation studies and developed BrandZ™ metrics, including CharacterZ, TrustR and ValueD.

Robin Headlee

Robin Headlee is Vice President of Millward Brown Optimor. She is responsible for managing BrandZ™ from a valuation perspective as well as leading other Millward Brown Optimor strategy engagements.

With Appreciation

To Layla Kammeier, Adam Poole and Ben Peers, the Lambie-Nairn team that designed and produced this report (Ben also supplying additional photography), and to Amanda Harrison, WPP Project Manager and Coordinator.

The BrandZ™ brand valuation contact details

The brand valuations in the BrandZ™ Top 100 Most Valuable Global Brands are produced by Millward Brown Optimor using data from Kantar Worldpanel and Kantar Retail (Please see WPP Company Contributors on page 140), along with Bloomberg.

The consumer viewpoint is derived from the BrandZ™ database. Established in 1998 and constantly updated, this database of brand analytics and equity is the world’s largest, containing over two million consumer interviews about more than 10,000 different brands in over 30 countries. (Please see the BrandZ™ Valuation Methodology on page 134)

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Bloomberg
The Bloomberg Professional service is the source of real-time and historical financial news and information for central banks, investment institutions, commercial banks, government offices and agencies, law firms, corporations and news organizations in over 150 countries. (For more information, please visit www.bloomberg.com)



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