Methodology and valuation by Brand value increases across categories Year of recovery, refinement, relevance
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 percent.

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

Millward Brown
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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.
**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 9 percent a year ago. Consumers felt ready to spend, particularly 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. Fast 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 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.

- **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 from 15 to 25 from 23 a year ago.

- **Tencent** 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.

**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.

**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** (2 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.

**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 diversifying indicators 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.
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.

2 Life is blended
We increasingly move seamlessly between the personal, social and business aspects of our lives. Or we occupy these spaces simultaneously. Technology enables this fluidity.

Brand implications
Brands must keep up as we move among the personal, social and business aspects of our lives. Brands that force us to pause or switch devices risk losing us. The rigid B2C and B2B designations don’t fully apply anymore. To move smoothly, brands can’t be defined by a narrow function. Brands need to assume a higher purpose; then we grant them permission to be present all the time.

Example
BYOD shows how consumers are driving this trend. The Bring Your Own Device attitude is transforming the workplace as people reject IT-issued gear in favor of the brands and devices that they use in their personal lives anywhere, anytime.

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 authoring. 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 all channels and big data can provide a competitive advantage. Getting strategic use of technology, mobile location based services all of a brand’s physical and digital representations. The brand must 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 the drive stock price, which rewards shareholders. It sounds like the new conventional wisdom.

**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 employers who face customers everyday and ultimately represent the brand most directly. It’s an equation championed by the US retail Whole Foods. The brand asserts: Happy, enthusiastic employees satisfy customers; who produce the sales and profits that the 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.

**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 33 percent increase a year ago. Strong brands need tending, but they respond—often quickly.

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**Communication**

**Part 1**

*Take Aways*

**Highlights**

18. **BrandZ™ Top 100 Most Valuable Global Brands 2013**

19.
REIMAGINING BRANDS

To satisfy multi-faceted, always-on consumers

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, 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 connected to and share their data with brands they trust in return for valuable content and innovative 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

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.

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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).
<table>
<thead>
<tr>
<th>Category</th>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand contribution</th>
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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).
Overview

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

The 61 percent brand value rise of Brahmaputra, 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 drives 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).

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. The 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.

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 Truthworthy.

Each of the eight Top Risers has a distinct personality.
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**

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 introduced 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 65 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.

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Top Risers

<table>
<thead>
<tr>
<th>Category</th>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand value 2012 $M</th>
<th>Brand value % change 2013 vs 2012</th>
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<td>1 Luxury</td>
<td>Prada</td>
<td>9,454</td>
<td>5,788</td>
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<td>61%</td>
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<td>3 Apparel</td>
<td>Zara</td>
<td>20,167</td>
<td>12,616</td>
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<td>4 Apparel</td>
<td>Calvin Klein</td>
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<td>1,183</td>
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<td>5 Technology</td>
<td>Tencent</td>
<td>27,273</td>
<td>17,992</td>
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<td>6 Technology</td>
<td>Samsung</td>
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<td>8 Credit Card</td>
<td>Visa</td>
<td>56,060</td>
<td>38,284</td>
<td>46%</td>
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<td>The Home Depot</td>
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<td>6,319</td>
<td>4,529</td>
<td>40%</td>
</tr>
<tr>
<td>13 Beer</td>
<td>Skol</td>
<td>6,520</td>
<td>4,698</td>
<td>39%</td>
</tr>
<tr>
<td>14 Apparel</td>
<td>Next</td>
<td>4,121</td>
<td>2,973</td>
<td>39%</td>
</tr>
<tr>
<td>15 Global Banks</td>
<td>Citi</td>
<td>13,386</td>
<td>9,760</td>
<td>37%</td>
</tr>
<tr>
<td>16 Personal Care</td>
<td>Nivea</td>
<td>6,322</td>
<td>4,642</td>
<td>36%</td>
</tr>
<tr>
<td>17 Beer</td>
<td>Heineken</td>
<td>8,238</td>
<td>6,058</td>
<td>36%</td>
</tr>
<tr>
<td>18 Regional Banks</td>
<td>Commonwealth Bank of Australia</td>
<td>17,745</td>
<td>13,083</td>
<td>36%</td>
</tr>
<tr>
<td>19 Retail</td>
<td>Amazon</td>
<td>45,727</td>
<td>34,077</td>
<td>34%</td>
</tr>
<tr>
<td>20 Global Banks</td>
<td>Barclays</td>
<td>7,989</td>
<td>5,961</td>
<td>34%</td>
</tr>
</tbody>
</table>

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

---

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.

The growing brand value of brands from Australia is a testament to the country’s strong economy and competitive market. 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 J.P. Morgan into the BrandZ™ Top 100 2013 ranking.

The growing brand value of the beer category is driven by factors such as: the amount of brand value attributed to 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.

### Category Changes

#### 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 reflected 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.
**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—underscore 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).

BrandZ™ Top 100 Most Valuable Global Brands 2013

<table>
<thead>
<tr>
<th>Category</th>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand value 2012 $M</th>
<th>Brand value % change 2013 vs 2012</th>
<th>Brand contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Beer</td>
<td>Aguila</td>
<td>3,903</td>
<td>New</td>
<td>New</td>
<td>5</td>
</tr>
<tr>
<td>2 Fast Food</td>
<td>Panera</td>
<td>3,025</td>
<td>New</td>
<td>New</td>
<td>5</td>
</tr>
<tr>
<td>3 Baby Care</td>
<td>Pampers</td>
<td>20,594</td>
<td>18,299</td>
<td>13%</td>
<td>5</td>
</tr>
<tr>
<td>4 Technology</td>
<td>Baidu</td>
<td>20,443</td>
<td>24,326</td>
<td>-16%</td>
<td>5</td>
</tr>
<tr>
<td>5 Luxury</td>
<td>Gucci</td>
<td>12,735</td>
<td>8,602</td>
<td>48%</td>
<td>5</td>
</tr>
<tr>
<td>6 Logistics</td>
<td>UPS</td>
<td>42,747</td>
<td>37,129</td>
<td>15%</td>
<td>5</td>
</tr>
<tr>
<td>7 Beer</td>
<td>Guinness</td>
<td>4,473</td>
<td>4,044</td>
<td>11%</td>
<td>5</td>
</tr>
<tr>
<td>8 Personal Care</td>
<td>Natura</td>
<td>3,707</td>
<td>3,307</td>
<td>12%</td>
<td>5</td>
</tr>
<tr>
<td>9 Beer</td>
<td>Skol</td>
<td>6,520</td>
<td>4,698</td>
<td>39%</td>
<td>5</td>
</tr>
<tr>
<td>10 Fast Food</td>
<td>Chipotle</td>
<td>4,972</td>
<td>New</td>
<td>New</td>
<td>5</td>
</tr>
<tr>
<td>11 Personal Care</td>
<td>Crest</td>
<td>3,680</td>
<td>3,379</td>
<td>9%</td>
<td>5</td>
</tr>
<tr>
<td>12 Soft Drinks</td>
<td>Coca-Cola</td>
<td>78,415</td>
<td>74,286</td>
<td>6%</td>
<td>5</td>
</tr>
<tr>
<td>13 Retail</td>
<td>Falabella</td>
<td>5,611</td>
<td>5,263</td>
<td>7%</td>
<td>5</td>
</tr>
<tr>
<td>14 Luxury</td>
<td>Chanel</td>
<td>7,075</td>
<td>6,877</td>
<td>6%</td>
<td>4</td>
</tr>
<tr>
<td>15 Luxury</td>
<td>Louis Vuitton</td>
<td>22,719</td>
<td>25,020</td>
<td>-12%</td>
<td>4</td>
</tr>
</tbody>
</table>

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 growth rates across regions were:

- Strong individual brand performances in China, despite a slower national economic growth rate, and brand growth in Japan, Korea, 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 Gaolao smartphones drove the impressive 14 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 Aguila 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 big 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 repositioned 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 and Google grew so quickly that their brand value growth is beginning to resemble the pace of a more mature brand.
### Top 10 Asia  
**Up 13%**

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

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

### Top 10 Continental Europe  
**Up 5%**

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.

<table>
<thead>
<tr>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand contribution</th>
<th>Brand value change 2013 vs 2012</th>
<th>Rank change</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAP</td>
<td>34,365</td>
<td>2</td>
<td>34%</td>
<td>2</td>
</tr>
<tr>
<td>BMW</td>
<td>24,015</td>
<td>4</td>
<td>-2%</td>
<td>2</td>
</tr>
<tr>
<td>Deutsche Telekom</td>
<td>23,893</td>
<td>2</td>
<td>-11%</td>
<td>-2</td>
</tr>
<tr>
<td>Louis Vuitton</td>
<td>22,719</td>
<td>4</td>
<td>-12%</td>
<td>-2</td>
</tr>
<tr>
<td>Zara</td>
<td>20,167</td>
<td>3</td>
<td>60%</td>
<td>New</td>
</tr>
<tr>
<td>Hermès</td>
<td>19,129</td>
<td>4</td>
<td>0%</td>
<td>-1</td>
</tr>
<tr>
<td>L’Oréal</td>
<td>17,971</td>
<td>4</td>
<td>32%</td>
<td>2</td>
</tr>
<tr>
<td>Mercedes-Benz</td>
<td>17,952</td>
<td>4</td>
<td>11%</td>
<td>-1</td>
</tr>
<tr>
<td>Orange</td>
<td>13,829</td>
<td>2</td>
<td>-10%</td>
<td>-1</td>
</tr>
<tr>
<td>Movistar</td>
<td>13,336</td>
<td>2</td>
<td>-22%</td>
<td>-4</td>
</tr>
</tbody>
</table>

### Top 10 Latin America  
**Down 13%**

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

<table>
<thead>
<tr>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand contribution</th>
<th>Brand value change 2013 vs 2012</th>
<th>Rank change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corona</td>
<td>6,620</td>
<td>4</td>
<td>29%</td>
<td>3</td>
</tr>
<tr>
<td>Telcel</td>
<td>6,577</td>
<td>3</td>
<td>-22%</td>
<td>0</td>
</tr>
<tr>
<td>Skol</td>
<td>6,520</td>
<td>5</td>
<td>39%</td>
<td>2</td>
</tr>
<tr>
<td>Petrobras</td>
<td>5,762</td>
<td>1</td>
<td>-45%</td>
<td>-3</td>
</tr>
<tr>
<td>Falabella</td>
<td>5,611</td>
<td>5</td>
<td>7%</td>
<td>-2</td>
</tr>
<tr>
<td>Bradesco</td>
<td>5,446</td>
<td>3</td>
<td>-19%</td>
<td>New</td>
</tr>
<tr>
<td>Ecopetrol</td>
<td>5,137</td>
<td>1</td>
<td>21%</td>
<td>New</td>
</tr>
<tr>
<td>Claro</td>
<td>4,454</td>
<td>2</td>
<td>3%</td>
<td>New</td>
</tr>
<tr>
<td>Itau</td>
<td>4,006</td>
<td>2</td>
<td>-39%</td>
<td>New</td>
</tr>
<tr>
<td>Aguila</td>
<td>3,903</td>
<td>5</td>
<td>New New</td>
<td>New</td>
</tr>
</tbody>
</table>
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 adopts 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 such as Facebook. 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, call-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?
Part 3 | The Categories

Consumer & Retail
44..... Apparel
48..... Cars
52..... Luxury
56..... Personal Care
60..... Retail

Commodities
94..... Oil & Gas

Food & Drink
66..... Beer
70..... Fast Food
74..... Soft Drinks

Financial Institutions
80..... Banks
86..... Insurance

Technology
100..... Technology
106..... Telecom Providers
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 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 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

<table>
<thead>
<tr>
<th>Brand</th>
<th>Brand value 2013 (MM)</th>
<th>Brand contribution</th>
<th>Brand value % change 2013 vs 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zara</td>
<td>20,167</td>
<td>3</td>
<td>60%</td>
</tr>
<tr>
<td>Nike</td>
<td>15,817</td>
<td>4</td>
<td>-3%</td>
</tr>
<tr>
<td>H&amp;M</td>
<td>12,732</td>
<td>2</td>
<td>-6%</td>
</tr>
<tr>
<td>Ralph Lauren</td>
<td>5,618</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>Adidas</td>
<td>4,882</td>
<td>4</td>
<td>26%</td>
</tr>
<tr>
<td>Uniqlo</td>
<td>4,627</td>
<td>2</td>
<td>25%</td>
</tr>
<tr>
<td>Next</td>
<td>4,121</td>
<td>3</td>
<td>39%</td>
</tr>
<tr>
<td>lululemon</td>
<td>3,764</td>
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<td>New</td>
</tr>
<tr>
<td>Hugo Boss</td>
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<td>3</td>
<td>8%</td>
</tr>
<tr>
<td>Calvin Klein</td>
<td>1,801</td>
<td>3</td>
<td>52%</td>
</tr>
</tbody>
</table>

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).

**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.
Part 3  |  The Categories

**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.

The brand transformed functional yoga and workout apparel into the uniform of health-conscious, fashionable women. The brand transformed functional yoga and workout apparel into the uniform of health-conscious, fashionable women. The brand transformed functional yoga and workout apparel into the uniform of health-conscious, fashionable women. The brand transformed functional yoga and workout apparel into the uniform of health-conscious, fashionable women.

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.

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.

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 purchased, with a new pair of shoes for a child in need.

**Product provenance was important but sensitive.**

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.

Lululemon protects the equity of its brand by rarely discounting its merchandise, instead Lululemon protects the equity of its brand by rarely discounting its merchandise, instead Lululemon protects the equity of its brand by rarely discounting its merchandise, instead Lululemon protects the equity of its brand by rarely discounting its merchandise, instead Lululemon protects the equity of its brand by rarely discounting its merchandise.

**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.

Brands get creative in tough economy.

Brands get creative in tough economy.

Brands get creative in tough economy.

Brands get creative in tough economy.

**Insights**

**Action Points**

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.

Source: Global TGI 2012
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

<table>
<thead>
<tr>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand contribution</th>
<th>Brand value % change 2013 vs 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Toyota</td>
<td>24,497</td>
<td>4</td>
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</tr>
<tr>
<td>2 BMW</td>
<td>24,015</td>
<td>4</td>
<td>-2%</td>
</tr>
<tr>
<td>3 Mercedes-Benz</td>
<td>17,962</td>
<td>4</td>
<td>11%</td>
</tr>
<tr>
<td>4 Honda</td>
<td>12,401</td>
<td>3</td>
<td>-2%</td>
</tr>
<tr>
<td>5 Nissan</td>
<td>10,186</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td>6 Volkswagen</td>
<td>8,790</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td>7 Ford</td>
<td>7,566</td>
<td>3</td>
<td>8%</td>
</tr>
<tr>
<td>8 Audi</td>
<td>5,545</td>
<td>4</td>
<td>18%</td>
</tr>
<tr>
<td>9 Hyundai</td>
<td>4,000</td>
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<td>11%</td>
</tr>
<tr>
<td>10 Lexus</td>
<td>3,472</td>
<td>3</td>
<td>2%</td>
</tr>
</tbody>
</table>

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand above all 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 59 percent. Korea's Hyundai and Honda's 24 percent. Chrysler's sales growth of 19 percent. Toyota's US sales climbed 26 percent resulting from increased investment in the Wave of a Foot.

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 seemed 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.

Marketing to differentiate

CAR brands adopted 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.

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 Moynan
Senior Vice President, Director of Brand Strategy
Team Detroit Inc.

Insights

BrandZ™ Top 100 Most Valuable Global Brands 2013

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.

Meaningful difference

Top 10 Meaningful

Top 10 Different

Action Points

1. Signal seriousness

Carmakers improved quality and added features customers 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.

BrandZ™ Top 10 Different

BrandZ™ Top 10 Meaningful

Meaningful difference

Top 10 Meaningful

Top 10 Different

Action Points

1. Signal seriousness

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Consumer & Retail | Cars

Spotlight

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
4. Price
5. Comfort
6. After Sales Service
7. Advanced Technology
8. Brand
9. Engine Size
10. Environmental Protection

Brands: Global TGI 2011

Rank of 10+
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.

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

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand contribution</th>
<th>Brand value % change 2013 vs 2012</th>
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<tr>
<td>1</td>
<td>Louis Vuitton</td>
<td>22,719</td>
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<td>-12%</td>
</tr>
<tr>
<td>2</td>
<td>Hermès</td>
<td>19,129</td>
<td>4</td>
<td>0%</td>
</tr>
<tr>
<td>3</td>
<td>Gucci</td>
<td>12,735</td>
<td>5</td>
<td>48%</td>
</tr>
<tr>
<td>4</td>
<td>Prada</td>
<td>9,454</td>
<td>4</td>
<td>63%</td>
</tr>
<tr>
<td>5</td>
<td>Rolex</td>
<td>7,941</td>
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<td>11%</td>
</tr>
<tr>
<td>6</td>
<td>Chanel</td>
<td>7,075</td>
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<td>6%</td>
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<td>7</td>
<td>Cartier</td>
<td>6,377</td>
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<td>Burberry</td>
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<td>Fendi</td>
<td>3,636</td>
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<td>New</td>
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<tr>
<td>10</td>
<td>Coach</td>
<td>3,276</td>
<td>2</td>
<td>New</td>
</tr>
</tbody>
</table>

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).
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 impaired 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 on a scale to make the BrandZ™ ranking, these brands depended on compelling stories 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 Torg 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.

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

Insight

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.

Elaine Quirke
Director
Mindshare Luxury
Elaine.Quirke@Mindshareworld.com

BrandZ Top 100 Most Valuable Global Brands 2013

Insights

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.

Action Points

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Percent who agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>52%</td>
</tr>
<tr>
<td>Russia</td>
<td>45%</td>
</tr>
<tr>
<td>Brazil</td>
<td>41%</td>
</tr>
<tr>
<td>India</td>
<td>39%</td>
</tr>
<tr>
<td>Italy</td>
<td>26%</td>
</tr>
<tr>
<td>US</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Global TGI 2012
Base of 18+
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.

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.

**Top 15 Personal Care**

<table>
<thead>
<tr>
<th>Position</th>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand contribution</th>
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<tr>
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<td>Gillette</td>
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<td>Colgate</td>
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<td>4</td>
<td>Nivea</td>
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<td>Garnier</td>
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<td>Lancôme</td>
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<td>Dove</td>
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<td>Clinique</td>
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<td>Crest</td>
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Definitions 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 Categories rise 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.

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.

Brands ranked caring, desirable, responsible

Brands in the personal care category are now rated more desirable, caring and kind than brands overall, 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.

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

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.

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

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.

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.

### 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**
   
   Showrooming received disproportionate publicity. Roughly 50 percent of sales today are influenced by people researching online and then show roaming in stores. Meanwhile, less than 10 percent of sales happen online. Amazon is actually the biggest showroom. Strong brand proposition is the best antidote to showrooming.

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 branded marketing approach intersects trade and retail for mutual gain.
SHAPING SEAMLESS RETAIL WITH UNIQUE EXPERIENCE SIGNATURES

Combining the physical, human and digital

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 paving 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 of shopping for people. 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.
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

<table>
<thead>
<tr>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand contribution</th>
<th>Brand value % change 2013 vs 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bud Light</td>
<td>10,840</td>
<td>3</td>
<td>30%</td>
</tr>
<tr>
<td>Budweiser</td>
<td>9,458</td>
<td>4</td>
<td>26%</td>
</tr>
<tr>
<td>Heineken</td>
<td>8,238</td>
<td>4</td>
<td>36%</td>
</tr>
<tr>
<td>Corona</td>
<td>6,620</td>
<td>4</td>
<td>29%</td>
</tr>
<tr>
<td>Skol</td>
<td>6,520</td>
<td>5</td>
<td>39%</td>
</tr>
<tr>
<td>Stella Artois</td>
<td>6,319</td>
<td>4</td>
<td>40%</td>
</tr>
<tr>
<td>Guinness</td>
<td>4,473</td>
<td>5</td>
<td>11%</td>
</tr>
<tr>
<td>Aguila</td>
<td>3,903</td>
<td>5</td>
<td>New</td>
</tr>
<tr>
<td>Brahma</td>
<td>3,803</td>
<td>4</td>
<td>61%</td>
</tr>
<tr>
<td>Miller Lite</td>
<td>3,093</td>
<td>3</td>
<td>34%</td>
</tr>
</tbody>
</table>

Definitions:
The beer category includes global and regional brands, which, in an increasingly consolidated industry, are mostly owned by four major brewers.
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, 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 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-premise drinking, some brands launched for home with food. Recognizing the shift to home outlets and promoted efforts to pair beer with food. 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-premise drinking, some brands launched for home with food.

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 treated as safer alternatives to prevalent home brews. Heiniken 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 Enterprises 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 markers. 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.
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 to trade up to higher margin menu items. They also implemented strategic improvements to meet changing consumer expectations for the restaurant experience.

**Top 10 Fast Food**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand contribution</th>
<th>Brand value % change 2013 vs 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 McDonald’s</td>
<td>90,256</td>
<td>4</td>
<td>-5%</td>
</tr>
<tr>
<td>2 Starbucks</td>
<td>17,892</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>3 Subway</td>
<td>16,681</td>
<td>4</td>
<td>12%</td>
</tr>
<tr>
<td>4 KFC</td>
<td>9,953</td>
<td>3</td>
<td>12%</td>
</tr>
<tr>
<td>5 Pizza Hut</td>
<td>6,014</td>
<td>3</td>
<td>11%</td>
</tr>
<tr>
<td>6 Chipotle</td>
<td>4,972</td>
<td>5</td>
<td>New</td>
</tr>
<tr>
<td>7 Tim Hortons</td>
<td>3,380</td>
<td>4</td>
<td>1%</td>
</tr>
<tr>
<td>8 Panera</td>
<td>3,025</td>
<td>5</td>
<td>New</td>
</tr>
<tr>
<td>9 Burger King</td>
<td>2,437</td>
<td>2</td>
<td>New</td>
</tr>
<tr>
<td>10 Taco Bell</td>
<td>1,992</td>
<td>3</td>
<td>-3%</td>
</tr>
</tbody>
</table>

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

### 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.

McDonald’s has owned fast 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 an 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.”

1. **Take leadership**
Concern about healthy eating is a long-term trend that will accelerate. Staying in front of the brand makes better business sense than trying to catch up. Health conscious eaters may be relatively marginally 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 and rethinking referrals and updating values.

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, and taste come from all income levels. That makes QSR the most democratic of meal options, and taste come from all income levels. That makes QSR the most democratic of meal options, and taste come from all income levels. That makes QSR the most democratic of meal options.
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 slackening 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:

- **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

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand</th>
<th>Brand Value 2013 ($M)</th>
<th>Brand Contribution</th>
<th>Brand Value % change 2013 vs 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Coca-Cola</td>
<td>64,698</td>
<td>5</td>
<td>7%</td>
</tr>
<tr>
<td>2</td>
<td>Diet Coke</td>
<td>13,717</td>
<td>4</td>
<td>-2%</td>
</tr>
<tr>
<td>3</td>
<td>Red Bull</td>
<td>10,558</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td>4</td>
<td>Pepsi</td>
<td>9,799</td>
<td>4</td>
<td>-5%</td>
</tr>
<tr>
<td>5</td>
<td>Nescafé</td>
<td>5,630</td>
<td>3</td>
<td>New</td>
</tr>
<tr>
<td>6</td>
<td>Tropicana</td>
<td>4,808</td>
<td>4</td>
<td>New</td>
</tr>
<tr>
<td>7</td>
<td>Nespresso</td>
<td>4,478</td>
<td>4</td>
<td>New</td>
</tr>
<tr>
<td>8</td>
<td>Sprite</td>
<td>4,127</td>
<td>2</td>
<td>9%</td>
</tr>
<tr>
<td>9</td>
<td>Fanta</td>
<td>3,974</td>
<td>2</td>
<td>-1%</td>
</tr>
<tr>
<td>10</td>
<td>Gatorade</td>
<td>3,750</td>
<td>3</td>
<td>9%</td>
</tr>
<tr>
<td>11</td>
<td>Mountain Dew</td>
<td>2,495</td>
<td>4</td>
<td>-3%</td>
</tr>
<tr>
<td>12</td>
<td>Minute Maid</td>
<td>2,206</td>
<td>3</td>
<td>New</td>
</tr>
<tr>
<td>13</td>
<td>Dr. Pepper</td>
<td>2,236</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>14</td>
<td>Diet Pepsi</td>
<td>2,230</td>
<td>3</td>
<td>-2%</td>
</tr>
<tr>
<td>15</td>
<td>Nestea</td>
<td>1,852</td>
<td>3</td>
<td>New</td>
</tr>
</tbody>
</table>

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg. Brand Contribution measures the influence of brand above the earnings, on a scale of 1 to 5 (with 5 highest).
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 Happi-ness” campaign, using viral social media to communicate the international exploits of a Coca-Cola truck that delivered Co-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.

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 during marketing efforts 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.

Strong character buoy 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.

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 consumers 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

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.

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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E-COMMERCE BECOMES EVERYWHERE COMMERCE

Brands face stark choice: adapt or die

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 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.
**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.

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.

Top 10 Global Banks

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

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).
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 interest 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 customers 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 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 banks. That’s because of their high brand values and the slower growth of China’s economy, which flattened share prices.

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 Top 100 Most Valuable Global Brands: US Bank and Russia’s Sberbank.

Top 10 Regional Banks

<table>
<thead>
<tr>
<th>Bank</th>
<th>Brand value 2013 $M</th>
<th>Brand contribution</th>
<th>Brand value % change 2011-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wells Fargo</td>
<td>47,748</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>ICBC</td>
<td>41,115</td>
<td>2 -1%</td>
</tr>
<tr>
<td>3</td>
<td>China Construction Bank</td>
<td>26,859</td>
<td>2 10%</td>
</tr>
<tr>
<td>4</td>
<td>Agricultural Bank of China</td>
<td>19,975</td>
<td>2 12%</td>
</tr>
<tr>
<td>5</td>
<td>RBC</td>
<td>19,968</td>
<td>4 16%</td>
</tr>
<tr>
<td>6</td>
<td>TD</td>
<td>17,781</td>
<td>4 22%</td>
</tr>
<tr>
<td>7</td>
<td>Commonwealth Bank of Australia</td>
<td>17,745</td>
<td>3 36%</td>
</tr>
<tr>
<td>8</td>
<td>ANZ</td>
<td>16,565</td>
<td>3 New</td>
</tr>
<tr>
<td>9</td>
<td>Bank of China</td>
<td>14,236</td>
<td>2 10%</td>
</tr>
<tr>
<td>10</td>
<td>ICICI Bank</td>
<td>14,196</td>
<td>1 12%</td>
</tr>
</tbody>
</table>
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. 2

Part 3 | The Categories

Trust and recommendation

<table>
<thead>
<tr>
<th>Year</th>
<th>Trust</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>57%</td>
<td>41%</td>
</tr>
<tr>
<td>2011</td>
<td>44%</td>
<td>41%</td>
</tr>
<tr>
<td>2012</td>
<td>54%</td>
<td>41%</td>
</tr>
</tbody>
</table>

"I trust in financial institutions that I do business with are stable and secure" among affluent households grows more quickly for regional (local) banks than for global banks. 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.

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.

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.

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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Account Executive TNS
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Cultivate the rising rich

Insights BrandZ BigData™

Action Points

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 or government mandates. Financial institutions need to take responsibility for their communications. When the need arises, financial institutions must be transparent in sharing information.

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 sills
A more open structure results in increased 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 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"
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

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

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).
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.

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.

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 its insurer, with the well-known red umbrella logo, has enjoyed steady earnings 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 listens to me, recognizes me, talks to me and most importantly, listens to me.

Barry Kessel
Global Client Leader
Wunderman
barrkessel@wunderman.com

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.

Karen Imbrogno
Vice President
Wunderman Practice Leader-Insurance
KBMG
karen.imbrogno@kbmg.com

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

<table>
<thead>
<tr>
<th>Meaningful</th>
<th>Different</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>US</td>
</tr>
<tr>
<td>141</td>
<td>117</td>
</tr>
<tr>
<td>158</td>
<td>107</td>
</tr>
<tr>
<td>Average brand: 100</td>
<td></td>
</tr>
</tbody>
</table>

Insights

Branding BigData™

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.

Financial Institutions | Insurance

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.

<table>
<thead>
<tr>
<th>Life insurance ownership</th>
<th>People who own life insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>23%</td>
</tr>
<tr>
<td>Brazil</td>
<td>14%</td>
</tr>
<tr>
<td>China</td>
<td>7%</td>
</tr>
<tr>
<td>Russia</td>
<td>3%</td>
</tr>
</tbody>
</table>

Life Insurance owners

Part 3 | The Categories

90 BrandZ™ Top 100 Most Valuable Global Brands 2013 91
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 thrive 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.

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**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand contribution</th>
<th>Brand value % change 2013 vs 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>ExxonMobil</td>
<td>19,229</td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>Shell</td>
<td>17,678</td>
<td></td>
<td>-1%</td>
</tr>
<tr>
<td>Petrochina</td>
<td>13,380</td>
<td></td>
<td>11%</td>
</tr>
<tr>
<td>Sinopec</td>
<td>13,127</td>
<td></td>
<td>-6%</td>
</tr>
<tr>
<td>BP</td>
<td>11,520</td>
<td></td>
<td>11%</td>
</tr>
<tr>
<td>Chevron</td>
<td>9,636</td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>Gazprom</td>
<td>6,182</td>
<td></td>
<td>-8%</td>
</tr>
<tr>
<td>Petrobras</td>
<td>5,762</td>
<td></td>
<td>-45%</td>
</tr>
<tr>
<td>Ecopetrol</td>
<td>5,137</td>
<td></td>
<td>New</td>
</tr>
<tr>
<td>Lukoil</td>
<td>5,011</td>
<td></td>
<td>New</td>
</tr>
</tbody>
</table>

**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).**

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**Insight: 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.

Rosie Riley
Group Account Director
Millward Brown
Rosie.Riley@millwardbrown.com

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**Definition**

The oil and gas category includes both private International Oil Companies (IOCs) and state-owned National Oil Companies (NOCs).
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 dures 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 earnings, while PetroChina, China's largest oil and gas producer appeared for the first time in the BrandZ™ ranking.

Shell saw profits fall, citing the reason as strong winds and the uncertainty in the Arctic oil and gas market. 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.

Virtues 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 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.
**Total Disruption at Retail**

**Digital impacts everything 24/7/365**

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 on-the-head-of-the-seat 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 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 a digital purchase, but only 10 percent purchased, which is the real showroom? Bricks and mortar stores, or Amazon?

| 10 percent | Sales | E-commerce sales are reaching critical mass. Growing quickly and surpassing 8 percent of total retail sales in the US, 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 a digital purchase, 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 world. According to Kantar Retail’s Shopperscapes®, 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.

| 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. |
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**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 Shopperscapes®, 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.

| 10 percent | Sales | E-commerce sales are reaching critical mass. Growing quickly and surpassing 8 percent of total retail sales in the US, 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. |
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**Challenges of retail branding**

Retailers’ expectations for digital experiences vary across 30 categories tracked, with women’s apparel topping the list for 100 percent impact on 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 Shopperscapes®, 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 new delivery 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.

**Kantar Retail**

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

Top 20 Technology

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand contribution</th>
<th>Brand value % change 2013 vs 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apple</td>
<td>185,071</td>
<td>4</td>
<td>1%</td>
</tr>
<tr>
<td>2</td>
<td>Google</td>
<td>113,669</td>
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<tr>
<td>3</td>
<td>IBM</td>
<td>112,536</td>
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</tr>
<tr>
<td>4</td>
<td>Microsoft</td>
<td>69,814</td>
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<td>5</td>
<td>SAP</td>
<td>34,365</td>
<td>2</td>
<td>34%</td>
</tr>
<tr>
<td>6</td>
<td>Tencent</td>
<td>27,273</td>
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<td>7</td>
<td>Samsung</td>
<td>21,404</td>
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<td>8</td>
<td>Facebook</td>
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<td>9</td>
<td>Baidu</td>
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<td>Oracle</td>
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<td>Accenture</td>
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<td>12</td>
<td>HP</td>
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<tr>
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<td>Canon</td>
<td>4,539</td>
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<td>-33%</td>
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</tbody>
</table>

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).
Apple's weakness also helped Samsung, although Samsung also helped itself. Samsung's brand value rose sharply primarily because of its smartphone. Consumers responded well to the product experience and also to commercials that positioned the device on 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—eroded as devices reach rough parity in quality and reliability. That formulation, however, discounts the advantage that Apple may have on adherents drawn to its combination of product innovation, design leadership and retail presence—to the overall Apple brand experience.

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 bond 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 changes, similar to WhatsApp.

In contrast to Tencent's brand value appreciation, Baidu declined in value 16 percent. China's dominant search engine, Baidu experienced a 16 percent decline in value, 4 percent of which was in part driven by excitement around Alibaba, which increased in value 8 percent. The company's success in converting Chinese consumers to mobile commerce was a driver of the growth.

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 variable, 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 silos 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.
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.

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

**Insights**

**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 13,000 brands in 40-plus countries

**Growth in consumer interest (2009 to 2012)**

<table>
<thead>
<tr>
<th>Top 10 Technology</th>
<th>49%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 100 all categories</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Action Points**

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

2. **Protect trust**
   
   In a socially connected world, brand viability depends on 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**

<table>
<thead>
<tr>
<th>Country</th>
<th>Owners of a laptop</th>
<th>Owners of a tablet</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>60%</td>
<td>19%</td>
</tr>
<tr>
<td>France</td>
<td>44%</td>
<td>23%</td>
</tr>
<tr>
<td>Germany</td>
<td>48%</td>
<td>22%</td>
</tr>
<tr>
<td>Japan</td>
<td>23%</td>
<td>2%</td>
</tr>
<tr>
<td>South Korea</td>
<td>23%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Global TGI 2012
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 propitiators 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.

### 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

<table>
<thead>
<tr>
<th>Brand</th>
<th>Brand Value 2013 (US$M)</th>
<th>Brand Contribution</th>
<th>Brand Value % Change 2013 vs 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AT&amp;T</td>
<td>75,657</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>China Mobile</td>
<td>55,368</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Verizon</td>
<td>53,004</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Vodafone</td>
<td>39,712</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Deutsche Telekom</td>
<td>23,883</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Orange</td>
<td>13,829</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Movistar</td>
<td>13,336</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>MTN</td>
<td>11,448</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>MTS</td>
<td>10,633</td>
<td>3</td>
</tr>
<tr>
<td>10</td>
<td>Airtel</td>
<td>10,054</td>
<td>3</td>
</tr>
</tbody>
</table>

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 (low) to 5 (high).
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 on 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.

**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**

Telecom 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 plug 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.

**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 from one 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.

Leadership is a key driver of the Age of Data, and BT are good examples—attempted to differentiate themselves against each other and over-the-top brands like Viber and WhatsApp, enabling consumers to make free calls over telecom networks.

**Insights**

**BrandZ™ BigData™**

**Top 100 Telecom brands**

**Top 10 Telecom brands**

**All Telecom brands**

**All Top 100 brands**

**Average brand = 100**

**Key aspects of brand equity**

**Meaningful**

**Different**

**Salient**

**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.

**Technology | Telecom Providers**

**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 BRCs.

**Cell/mobile phone functions used recently**

<table>
<thead>
<tr>
<th>Country</th>
<th>Text messaging</th>
<th>Camera</th>
<th>Email</th>
<th>Picture editing</th>
<th>Music sharing</th>
<th>Web browsing</th>
<th>Video sharing</th>
<th>MP3 Player</th>
<th>Bluetooth</th>
<th>Radio</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>36%</td>
<td>35%</td>
<td>19%</td>
<td>19%</td>
<td>15%</td>
<td>22%</td>
<td>22%</td>
<td>20%</td>
<td>15%</td>
<td>9%</td>
</tr>
<tr>
<td>India</td>
<td>32%</td>
<td>21%</td>
<td>21%</td>
<td>19%</td>
<td>15%</td>
<td>29%</td>
<td>29%</td>
<td>22%</td>
<td>18%</td>
<td>9%</td>
</tr>
<tr>
<td>Brazil</td>
<td>52%</td>
<td>21%</td>
<td>20%</td>
<td>25%</td>
<td>15%</td>
<td>24%</td>
<td>24%</td>
<td>21%</td>
<td>20%</td>
<td>9%</td>
</tr>
</tbody>
</table>

**US**

- Text messaging
- Camera
- Email
- Picture editing
- Music sharing
- Web browsing
- Video sharing
- MP3 Player
- Bluetooth
- Radio

**India**

- Text messaging
- Camera
- Email
- Picture editing
- Music sharing
- Web browsing
- Video sharing
- MP3 Player
- Bluetooth
- Radio

**Brazil**

- Text messaging
- Camera
- Email
- Picture editing
- Music sharing
- Web browsing
- Video sharing
- MP3 Player
- Bluetooth
- Radio

**Insights**

**BrandZ™**

Top 100 Most Valuable Global Brands 2013
Part 4 | The Fast Growing Markets

| 116...China |
| 112...Brazil |
| 122...India |
| 126...Russia |
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.

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 BrandZ™ 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 economic development.

Top 10 Brazilian brands 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. 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 benefited from 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 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.

**Some categories helped**

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**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.

**Brazil**

**GLOBAL ECONOMY, BRAZIL**

**MONETARY POLICY IMPACT BRANDS**

Value growth or decline varies by sector

<table>
<thead>
<tr>
<th>Category</th>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand value % change 2013 vs 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td>Skol</td>
<td>6,520</td>
<td>39%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>Petrobras</td>
<td>5,762</td>
<td>-45%</td>
</tr>
<tr>
<td>Regional Banks</td>
<td>Bradesco</td>
<td>5,446</td>
<td>-19%</td>
</tr>
<tr>
<td>Regional Banks</td>
<td>Itau</td>
<td>4,006</td>
<td>-39%</td>
</tr>
<tr>
<td>Beer</td>
<td>Brahma</td>
<td>3,803</td>
<td>61%</td>
</tr>
<tr>
<td>Personal Care</td>
<td>Natura</td>
<td>3,707</td>
<td>12%</td>
</tr>
<tr>
<td>Food</td>
<td>Sadia</td>
<td>1,993</td>
<td>33%</td>
</tr>
<tr>
<td>Regional Banks</td>
<td>Banco do Brasil</td>
<td>1,427</td>
<td>-69%</td>
</tr>
<tr>
<td>Beer</td>
<td>Antarctica</td>
<td>1,284</td>
<td>51%</td>
</tr>
<tr>
<td>Retail</td>
<td>Lojas Americanas</td>
<td>1,046</td>
<td>37%</td>
</tr>
</tbody>
</table>

**Top 10 Brazilian brands**

- **Skol** beer: 39% increase in brand value.
- **Petrobras**: Oil & Gas company declined 45%.
- **Braña**: Regional Banks showed growth.
- **Itaú**: Regional Banks improved by 12%.
- **Brahma**: Beer brand went up 61%.
- **Natura**: Personal Care brand increased 12%.
- **Sadia**: Food category went up 33%.
- **Banco do Brasil**: Regional Banks saw a decline of 69%.
- **Antarctica**: Beer enjoyed a 51% increase.
- **Lojas Americanas**: Retail brand improved 37%.
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 hardship 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.

More consumer brands aspire to become international. Along with Naturale’s move to expand internationally, the Brazilian cosmetic brand Botnicário 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.

**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. Yogurt 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.

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**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.
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.

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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China

Knowing More About Brands, Chinese Expect Greater Choice

Internet, travel broadens perspective

These developments will impact international brands in at least two ways: (1) Consumers will expect more variety; and (2) 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.

Top 10 China

<table>
<thead>
<tr>
<th>Category</th>
<th>Brand</th>
<th>Brand value 2013 (US$M)</th>
<th>Brand value percentage change 2013 vs 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecoms</td>
<td>China Mobile</td>
<td>55,368</td>
<td>18%</td>
</tr>
<tr>
<td>Regional Banks</td>
<td>ICBC</td>
<td>41,115</td>
<td>-1%</td>
</tr>
<tr>
<td>Technology</td>
<td>Tencent</td>
<td>27,273</td>
<td>52%</td>
</tr>
<tr>
<td>Regional Banks</td>
<td>China Construction Bank</td>
<td>26,859</td>
<td>10%</td>
</tr>
<tr>
<td>Technology</td>
<td>Baidu</td>
<td>20,443</td>
<td>-16%</td>
</tr>
<tr>
<td>Regional Banks</td>
<td>Agricultural Bank of China</td>
<td>19,975</td>
<td>12%</td>
</tr>
<tr>
<td>Insurance</td>
<td>China Life</td>
<td>15,279</td>
<td>5%</td>
</tr>
<tr>
<td>Regional Banks</td>
<td>Bank of China</td>
<td>14,236</td>
<td>10%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>Petrochina</td>
<td>13,380</td>
<td>11%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>Sinopec</td>
<td>13,127</td>
<td>-6%</td>
</tr>
</tbody>
</table>

Source: Millward Brown Optimor (including data from BrandZ™ and Bloomberg)
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 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.

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 capitalist 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 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 at 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, 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 modest priced competitively but loaded with desirable accessories. It came with a six-year warranty without any mileage limitation.

#### 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.

### 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 for free of charge, at www.brandz.com. For free iPad magazines with unique content, search wpp brands 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.

#### 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 Cafe Coffee Day and Barista.

With approval of foreign direct investment (FDI), 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, 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 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.

Retailers 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 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**

<table>
<thead>
<tr>
<th>Category</th>
<th>Brand</th>
<th>Brand value 2013 $M</th>
<th>Brand value % change 2013 vs 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Banks</td>
<td>ICICI Bank</td>
<td>14,196</td>
<td>12%</td>
</tr>
<tr>
<td>89 Telecos</td>
<td>Airtel</td>
<td>10,054</td>
<td>-13%</td>
</tr>
</tbody>
</table>

(Source: BrandZ™ Top 100 Most Valuable Global Brands 2013)
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.

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.
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.
Government regulations banning 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 in 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 telecommunication player grew by collecting regional telecoms and operating an intercity fixed line business under a conglomeration of names. The company recently united 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 building 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 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 antivirus 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.

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.
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

To capitalize on cultural opportunities

SPEED KILLS: HOW BRANDS CAN MOVE FAST

Shane Atchison
Global CEO
shane.atchison@possible.com
Part 5

Resources
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.

Step 2: Calculating Brand Contribution

In any category, these brands appeal more, generate greater “love” and meet the individual’s expectations and needs.

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 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.

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.

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-focused 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 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 Company Contributors

These companies contributed knowledge, expertise and perspective to the report.

WPP is the world’s largest communications services group with billings of $170.6 billion and revenues of $16.6 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 is the world’s largest communications services group 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.

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 15 countries. Added Value is part of Kantar, WPP’s consumer insight and consultancy division.

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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 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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Grey is the advertising network of Grey Group. Grey Group ranks among the largest global communications companies. Under the banner of “Fearlessly 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, Boeing, 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 in 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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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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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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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 Safefridges.

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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 to the full-service agency, acting as a

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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 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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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, BB&amp;C, and Fabric.

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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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The Futures Company
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
Wunderman is a global digital marketing agency offering brand experience, consumer engagement, data and insights and world class digital 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, TNS and Telefonica.

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Y&amp;R is one of the leading global marketing communications companies, comprising the iconic Y&amp;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&amp;R Advertising has 185 offices in 90 countries around the world. Its clients include Campbell’s Soup Company, Colgate-Palmolive, Danone, Diet, Virgin Atlantic, Xerox, Revlon, GAF, Land Rover, LG and Telefonica.

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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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Elspeth 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.

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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 Schevt
Ken Schevt 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.

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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 Walsh
Peter Walsh, 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.

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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 Kammale, 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 Contributions 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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