

Brand Building: An Investment in Future Financial Success

Winning a place in the BrandZ™ Top 100 Most Valuable Global Brands is statistically more difficult than winning an Academy Award. It's certainly more difficult than it was 10 years ago, when the ranking was first launched: newcomers have put enormous pressure on established brands, demonstrating their ability to grow their brand equity at an impressive rate.



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Brand strength leads to superior shareholder returns. At BrandZ, we've proved this connection: if you'd invested \$100 in the stock market (the MSCI world index) in 2006, your return in 2015 would be \$30. However, if you'd picked your portfolio from the BrandZ Top 100, the return would be \$103 – three times greater. Brand building also brings resilience in challenging times. While the share price of all brands dropped during the economic downturn, it took strong brands just six months to recover versus three years for average brands.



It's getting harder to enter – and remain in – the BrandZ Global Top 100. A total of 58 of the brands ranked in 2006 are still there, while 42 have been replaced. And these newcomers have raised the bar. Between 2006 and 2015 the average score for Brand Power, Millward Brown's measure of a consumer's predisposition to purchase a particular brand has increased from

142 to 170 – and the newcomers to the ranking score 176 on average.

Many of these new brands are from fast-growing markets. The number of Chinese brands in the BrandZ Global Top 100 has risen from just one in 2006 to 14 in 2015, and their total Brand Power has increased 1,004%. Chinese brands have learned from and followed Western brands, then all of a sudden have started to lead. The majority are not yet truly globalized, but they're ambitious and growing in value extremely fast – and they will change the global competitive landscape.

In the past 10 years Millward Brown has researched and valued over 100,000 brands across 50 country markets, to identify the drivers of long-term brand value growth. It is these lessons that will equip brands – both established names and aspiring newcomers – to be the winners over the next 10 years.

BEING DIFFERENT MAKES A DIFFERENCE

In a world of so much product sameness, brands which consumers view as “different” achieve higher value. Those that have remained in the top half of the BrandZ ranking over the last 10 years are scored very highly on “difference” by consumers, and have grown 124% in brand value. In contrast, brands in the bottom half of the ranking score lower and have increased only 24% in value.

REPAIRING TRUST ADDS BRAND POWER

A brand's good behavior over time builds trust, and consumers are more likely to recommend it if its current behavior matches its promise. Trust can be lost, but it can also be restored. Brands that have improved their trust most over the past decade – including Apple and Domino's Pizza – have significantly outperformed the trust decliners in brand value growth.

To remain competitive through the next decade, the world's most valuable brands, and those aspiring to join their ranks, should stop seeing brand building as a cost and view it as an investment in future financial success. They need a holistic brand building system that focuses on every aspect – from communications to CRM to creating the whole experience – to make consumers' lives better, build meaningful difference and embrace disruptive technologies. Brands are a fabulous investment, and need to be nurtured and cared for accordingly.

Key Takeaways

- Increasing investment in brand building is the only guaranteed route to future financial success.
- Newcomers from fast-growing markets are leading the way – rapidly increasing their brand equity.
- Differentiation, clear purpose, a strong proposition, innovation and love will sustain brand value growth for the next 10 years.