Increasing Brand Value:
A Masterclass from the World’s Strongest Brands

By Anastasia Kourovskaia, Vice President of Millward Brown Optimor
A brand is an intangible yet powerful corporate asset. Merlin Entertainment’s recent flotation and Twitter’s IPO have both highlighted the impact of strong branding and marketing on a successful listing and a share price that soars. Like any asset, a brand needs to be understood, maintained and invested in – and by measuring a brand’s value a company can quantify exactly how much it contributes to revenues and growth, and develop strategies to manage it better.

Looking at the strongest brands in the BrandZ™ Top 100 Most Valuable Global Brands ranking across the last eight years, Anastasia Kourovskaia, Vice President of Millward Brown Optimor, shares the common factors that have enabled them to build long-term brand value.

It is widely acknowledged that strong brands enable businesses to generate a sales volume and price premium that improves revenues and margins, attract and retain the best employees and facilitate expansion into new products and markets. Analysis by Millward Brown Optimor shows that investment in strong brands lead to consistently higher share prices. Companies with strong brands also lose value less precipitously in a recession, and emerge with a sustainable competitive advantage.

This makes understanding how much business value is driven by a brand critical for marketers. Brand valuation quantifies the financial value that brand and marketing create in the business through their impact on the customer purchase decision. It plays a key part in measuring the effectiveness of brand strategy and marketing initiatives, and provides useful insights into strengths, weaknesses and opportunities.

Through studying its BrandZ database Millward Brown has identified the brands that have built the most brand value over time, and then uncovered what it is that makes them so successful. Here are the four factors the most stellar performers all have in common.

1. **They are “meaningfully different” from competitors**

   Brands become most important when people must choose between alternatives. Research from Millward Brown finds that people are predisposed to buy brands that they believe are meaningful, different, and salient. These qualities determine how likely people are to choose the brand, pay a premium for it, and stick with it in future.

   Brands that build positive customer sentiment by being meaningfully different from the competition are able to capture five times more volume and command a 13% price premium, and are four times more likely to grow their value share than those that don’t.

   To create a sustainable competitive advantage, a brand must be well differentiated, and marketing must reflect and enhance that differentiation. A meaningful difference is rooted in the intended benefit of the brand, and gives it a meaning that is likely to influence a person’s choice. Creating a meaningfully different brand involves clarity of purpose – it must provide something consumers want or need, and offer something its competitors do not.

   Brands that are well differentiated set the trends for their category or transcend it; they act differently and stand out from their competition.

   In a category as commoditized and competitive as personal care, brands need to find new ways to
differentiate. With a 30% rise in value in the 2013 BrandZ Top 100 ranking, L’Oréal leapfrogged its rivals by responding to consumers’ desire for higher performance products that “multi-task” and add convenience, including “cosmeceuticals”, which combine cosmetic and medical benefits.

The brands which rose furthest up the BrandZ Top 100 ranking this year, including Prada (63% value increase), Zara (60%), Gucci (48%) and Amazon (34%), all scored higher than average on the attributes of “meaningful” and “different”. They all strive to understand consumers’ needs, and constantly refocus and reinvent to set themselves apart.

2. They remain relevant to consumers

Differentiation will do little to build brand value if the brand’s offerings are not useful and relevant to consumers.

Brands need to continually renew themselves to remain in contention over a number of years, adapting to changing times. This might be through product innovation or changing the way they operate to be more in tune with how customers consume their services. This is can be demonstrated by AT&T’s customer-centric billing practices, which focus on services being consumed rather than infrastructure being used.

IBM, the most valuable B2B brand in the world, has enjoyed many golden moments – from developing artificial intelligence in 1956 to creating the industry standard for personal computing in the eighties – but it continually reinvents itself to stay relevant to the needs of the day. Its current ‘Smarter Planet’ positioning is in perfect harmony with the spirit of today, while it achieved an 80% revenue increase in 2012 from its SmartCloud solution, which combines the trend for cloud computing with the need of its business clients to innovate as well as cut costs.

Google, which has leapfrogged IBM to become the second most valuable brand in the world across all categories in the BrandZ Top 100, keeps diversifying its platforms – extending its brand into new services and products to increase its relevance to consumers. It has grown from just a search engine to become an integrated provider of news, social media (Google+) and communications (Gmail).

McDonald’s, fourth in the 2013 ranking, has also worked hard at making its offer more relevant for today, with improvements in outlets and the introduction of a wider and healthier range of products.

Brands that are strong on relevance do more than create satisfied customers; they strike an emotional chord with consumers – they resonate. This is why Apple is still the number one brand, despite a big drop in share price and rumours that it isn’t innovating fast enough, which slowed its value growth to 1%. Apple remains deeply relevant to its fan base, and the “love” it generates keeps its brand contribution – the proportion of value generated by the brand’s ability to create loyalty – high. In 2013 its brand contribution was 18% greater than that of its nearest rival in the smartphone market, Samsung, which grew its brand value by 51% on the previous year.

3. They deliver on the brand promise

Companies that deliver what they say they will are more likely to build loyal consumers and strong brands. The brand must meet consumers’ expectations and needs by giving them the differentiated experience it promised to.

In the 2013 BrandZ Top 100 ranking Toyota overtook BMW to become the world’s most valuable car brand once again, increasing its value by 12%, after its brand helped it recover from a number of product recall crises.

The Toyota brand is very clearly defined from a consumer perspective – people believe it offers them something that other car brands don’t, they trust it, and they believe it provides excellent value. By delivering a positive consumer experience it has built a core of loyal customers who recommend the brand to others. This is what helps brands maintain their strength in the face of adversity.
4. **They speak with one voice across all activities**

A brand’s meaningful difference should be amplified through all aspects of the consumer experience. A consumer’s impression of a brand is gained through a series of disconnected encounters with it: observing it in use, seeing an ad for it on TV or on a billboard, reading a magazine article, glancing at a review on a social networking site, listening to word of mouth or visiting a store. Every encounter must deliver a consistent impression of the experience the product gives consumers in order to avoid a reality gap and a negative brand perception.

The consistency of Apple’s messaging across all forms of marketing communications is a good example of success in this area.

Amazon has extended its compelling brand experience across multiple touchpoints to engage with consumers. It beat Walmart to become the most valuable retail brand in 2013, growing 34% to $46 billion. In addition to being the dominant online player in terms of traffic and sales, Amazon makes itself available wherever customers are – even establishing a bricks and mortar presence with self-service delivery lockers.

Angela Ahrendts, the outgoing CEO of Burberry, strengthened the brand by creating a powerful and seamless consumer experience across both in-store and digital environments – understanding that luxury retail is not about pushing products, but showcasing the brand to drive passion, desirability and loyalty.

Ahrendts identified the essence of the brand, brought it out, forged a new image and made it work online and offline. Burberry is now the eighth most valuable luxury brand in the world, growing its value 3% and rising two positions, largely due to an 11% rise in brand contribution – the proportion of brand value based on consumer perception alone.

Brand contribution reflects a brand’s uniqueness, and its ability to stand out from the crowd and generate desire and loyalty. It illustrates the power a brand has to grow the value of the business that owns it.

The brands that have consistently and sustainably built value in the BrandZ Top 100 over the last eight years all have strong brand contribution – stimulating a positive emotional response in the minds of consumers with a value proposition and personality that is meaningfully different from others, and highly relevant. They are unique in a positive way and stay ahead of the curve in setting trends, which generates passion and creates brand advocates. They sustain this passion through delivering a consistently superior brand experience.

The final part of the puzzle is good marketing that ensures that the most relevant, motivating, and differentiating impression comes readily to mind when consumers are faced with making a purchase decision.