Best of BrandZ 2019
Introduction

As we prepare to publish our first BrandZ™ rankings of the year, looking at the most valuable brands in France, Germany, Japan, Canada, the USA and the Netherlands, we wanted to reflect on some of our most compelling and insightful thought leadership from 2019.

Over the past 12 months, we have published reports on 16 different countries, as well as our global report and our special editions, including our Top 75 Most Valuable Global Retail Brands ranking and report. We saw Amazon leap to the top of our global ranking, and an unprecedented pace of change which impacted many brands.

In today’s marketing world dominated by increasing volatility, uncertainty, ambiguity and complexity, insights have become the most potent weapons in your brand’s armoury.

In this volume, we have hand-picked ten of our most diverse and interesting articles from last year. Whatever your own marketing concerns might be, BrandZ has relevant expertise to stimulate your thinking and inform your strategy. And if any of these articles make you hungry for more, all of our 2019 reports are available to download for free from our website.

More than this, BrandZ continues to be the biggest and most in-depth database of brands in the world. We are measuring and analysing brands like yours every single day.

If you would like to learn more, to inform better marketing strategies and to anticipate and leverage key marketing trends, don’t hesitate to talk to our brand experts at Kantar or email us at brandz@kantar.com.

Wishing you all the best for a successful 2020.

Doreen Wang
Global Head of BrandZ
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Meaningful associations drive brand value growth

And instant recognition sustains value

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Brands are operating in an increasingly volatile and complex environment. The development of brand ecosystems and the blurring of categories — even the distinction between products for business or personal use — is stressing value growth and the organisation of brands by category, as many brands no longer fit into only one, narrowly-defined space.

This volatility sits in the wider context of global insecurity and uncertainty produced by multiple factors, including troubling geopolitics, the threat of climate change, and evolving social values, with change accelerated by technology. Borrowing an acronym that described conditions after the Cold War, brands are in a period termed VUCA: Volatile, Uncertain, Complex, and Ambiguous.

The impact is clear in the BrandZ™ Global Top 100 results. This year, nine new brands joined the ranking, the highest number since 2015. And reflecting geopolitical changes, six of the newcomers were Asian brands — four from China and two from India.

Volatility in the ranking is also evident in the average number of ranks brands that have moved up or down. In the 2019 BrandZ™ Global Top 100, brands shifted an average of 9.6 ranks, around double the number from just two years ago, almost equaling the shift in 2012, when brands still were recovering from the global financial crisis.

The North Star for navigating through this volatile period is Meaning. BrandZ™ analysis revealed that being Meaningful is the most discriminating characteristic of brands that are growing.

Meaningful (filling functional, emotional, or social needs in relevant ways) is one of the three components of brand equity, along with Difference (being unlike competitors, setting trends) and Salience (coming quickly to mind during consideration).

All brands ranked in the BrandZ™ Global Top 100 are super Salient, scoring an average of 129 in Salience on an index where 100 is average. Overall, the Top 100 score higher in Salience than in Meaning or Difference. Similarly, the Global Top 50 score significantly higher in Salience than brands in the bottom half of the ranking. Being seen as Different is also vital. Brands in the bottom half of the Top 100 ranking attain a strong average Difference score of 118. But brands in the top half of the ranking average an even stronger 129 in Difference.

When brands are able to effectively combine strong Salience and Difference, they trigger a virtuous circle. Their large size enables the most valuable brands to remind people why they are Different and to sustain their Salience with retail presence and media investment. Difference with Salience leads to instant recognition by consumers. That recognition reminds people why they choose these brands, which sustains their market penetration and sales, increasing the brand’s Salience and closing the virtuous circle.

It is a circle, rather than a spiral, which would illustrate value growth, because in a volatile market, with so many new brands appearing, Salience and Difference go only so far. Salience is important to sustain current brand value but will not necessarily produce faster brand value growth.

"Being Meaningful is the most discriminating characteristic of brands that are growing"
Salience alone would be fine if the world were not changing. Because of volatility, the determinative factor for increasing value is ensuring the brand has the widest possible set of positive brand associations that are Meaningful to consumers.

Brands that are growing in value are seen as more Meaningful than brands where value is stable or declining. The car category, for example, is under pressure because of factors like climate change and technology (the shift to electric cars) and changing social values (the shift to sharing vs. ownership). In this context, some brands with long heritage continue to be Salient. But Salience does not stop them from declining in value as they struggle to be Meaningful today.

The key questions for brands are: what is meaning, and how is it created in today’s volatile marketplace? Meaning is having a broad and deep set of mental associations for the brand. The associations relate to innate consumer needs. Brand value is created as these associations are activated. Each source of meaning can trigger a short-hand reminder for consumers, enabling them to make fast and easy brand choices. A consumer who wants to find something with minimum effort may make the simplest choice because it “meets my needs.” Or the shopper may select a product because it is the easiest to buy and has the best user experience. Each association interlocks the consumer with the brand. Other associations could be choosing a brand because of affection for it or because it makes purchasers feel good about themselves. This list of associations is not exhaustive. But more is better. The ability of the association to trigger a brand choice varies by person and even by occasion for the same person. These associations cumulatively build meaning for the brand.

Among the trigger points that most characterize the faster growing brands are offering great value or something new. Most relevant in volatile times, newcomer brands scored the highest in each of these dimensions. Newcomers are tapping into the market volatility—and pushing established brands to do more.

“Newcomers are tapping into the market volatility—and pushing established brands to do more”

Brand implications

To sustain value brands need to achieve Salience and instant recognition. The BrandZ™ Global Top 100 brands excel because their scale enables them to expand their retail presence and invest in media exposure.

But the world of brands is becoming more volatile. With more newcomers entering the Global Top 100, just sustaining value will not be sufficient. In the 2019 BrandZ™ Global Top 100, the brand ranking No. 100 has a value of $13.4 billion, 219 percent greater than in 2006. Established brands that do not grow value will drop in the ranking or drop out of the ranking.

Already enjoying the advantage of consumer recognition, established brands need to build on that recognition by continuously making themselves relevant and Meaningful.

Meaningful brands are those that anticipate evolving consumer needs, that reset expectations of what a brand can deliver in a category, and that redefine themselves as their categories change around them. Brands are networks of mental associations: so, the brands that have associations rooted in a category are typically constrained, while those whose associations are broader and whose business operates in an ecosystem, win the battle for consumer relevance and affinity.
02

Brand importance grows as tech category fragments

Innovation speed is in tension with ability to cope
The shift to cloud is a disruptive punctuation point for businesses when they need to decide whether to buy, build, or rent cloud service and, if choosing a cloud partner, whether to align with one of the majors or with a series of specialists that together form a customised service.

Since the cloud is evolving so quickly, clients look for reassurance that the cloud provider they choose will continue to evolve rapidly and remain on the cutting-edge of cloud capability in ways that can help the client succeed.

The keys for winning amid this cloud competition are security and trust. When companies stored data in their own data centres, they had a sense of security, justified or not. Putting all that information in the cloud is a leap of trust. Each of the leading competitors for cloud leadership tries to leverage its particular advantages.

Historically, Microsoft had separate campaigns for each of its products, such as Windows, Surface, and Azure, its cloud service. Audiences would see simultaneous campaigns that did not necessarily stitch together. Now, Microsoft is focusing on its masterbrand, trying to come to audiences as a unified solutions provider and partner.

A masterbrand halo can add strength or illuminate problems. Some retailer business customers resist supporting Amazon AWS, the cloud provider, if Amazon, the e-commerce giant, is hurting their business. Some young people resist Microsoft because of a legacy that to them is about being temperamentally aggressive and closed in execution.

IBM brings its reputation in full-service client engagement and artificial intelligence, which, along with data analysis, is also an advantage for Google. Microsoft has a legacy physical presence in many businesses that it leverages as it attempts to transition clients to the cloud.

A price war is emerging among cloud providers because offerings are similar and being commoditised. Although Amazon AWS leads in cloud, Microsoft Azure is growing quickly, and Google is coming with a somewhat differing approach, leveraging its consumer-side expertise in data analytics, which adds value. With products launched at the end of 2018, IBM is becoming more aggressive. Globally, Alibaba is also among the top-tier providers of cloud power.

After these top-tier, multi-solution cloud providers the market becomes fragmented. The leading providers of cloud computing power face competition from brands that offer a speciality based in the cloud. For example, Salesforce was a pioneer in Customer Relationship Management software and is known for the ease of adoption. Adobe, with its acquisition of Magento, has a suite of tools to help companies create more customised campaigns.

The power of brand

Brand is especially important in technology as the category becomes more heterogeneous. It is rare today for a company to work exclusively with one B2B company, such as IBM or SAP. With so many entry points, companies are more likely to work with a group of B2B providers to service different needs, such as cloud, desktop, or data centres.

Because so many of the solutions are virtual and require minimal long-term investment, it is relatively easy to make a change. However, since new solutions are appearing at a rapid pace it is difficult to keep up and feel confident about being up-to-date. The speed of innovation and opportunity is in tension with the ability of organisations to cope.

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1. Build equity
Building brand equity for a B2B brand can be difficult. Difficulty should not be an excuse for inaction, however. Product-specific communications are necessary and linking them with a masterbrand can be useful.

2. Sustain relationships
Personal relationships between executives at the B2B company and the customer company are critical. To the customer, those executives are the B2B brand. Brand health is intertwined with people-to-people relationships.

3. Go beyond the RFP
People in procurement roles are trying to make rational decisions about the products and business partners they choose. But few decisions are totally rational. Beyond the detailed response to a Request for Proposal, it is important to build an attachment based on trust and reliability, what in the B2C world would be called Brand Love.

4. Reach more influencers
All of the purchasing influencers are not sitting in the C-Suite. Academics, journalists, and sometimes the public can have an important voice. And within the C-Suite, it is important to communicate to the individual stakeholders, such as the technology head and the CEO, in ways that meet their specific interests.

Consistency is key across B2B and B2C
The brands that cross B2B and B2C are working on the consistency of what they deliver, both as an experience and as a brand. Amazon makes things easy and almost omnipresent, everything goes to your door. AWS, Amazon’s cloud provider, seems to have a similar approach. You can find a plethora of services and set it up quickly. Google is about search and intelligence. It needs to always provide that experience.

This consistency of experience is important to individual users. A person’s brain doesn’t keep switching to say this is the business side, this is the consumer side. The question is, what does the umbrella brand mean and deliver?

Brand building action points
It is important to build an attachment based on trust and reliability.

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Brand experience becomes more one-to-one
Some brands, like Google and Amazon, have always had a direct relationship with their customer. Other brands, like Microsoft and IBM, are evolving in that direction. Those two companies used to sell through channels. As they increasingly sell software as a service, they have a direct relationship with their customer.

The brand experience now is becoming very one-to-one. That changes a lot of things. When you sign up for Azure, you’re signing up for the cloud, but you’re connected to the mothership, Microsoft. Similarly, when you sign up for Microsoft 365 licenses, you’re now directly connected to Microsoft.

Brand building action points
Consistency is key across B2B and B2C

This article was originally featured in our BrandZ Top 100 Most Valuable Global Brands 2019 report.
Read the full report here >>
Consumer-centric dynamic journeys and their role in an ‘age of experience’
While most businesses still make use of the old marketing funnel in some way, there have been some attempts to update it for a more modern and connected world. The addition of recursive elements such as the loyalty loop makes for a more non-linear view of the path to purchase and beyond.

Moments of truth along these journeys refer to tangible points of focus, starting with the critical first moment at the shop shelf, which may or may not lead to a sale, and moving on to the nerve-wracking second moment when the usage experience is evaluated. Google updated this thinking with the addition of the zero moment of truth to acknowledge the increased emphasis on pre-purchase research, which tends to be online and likely mobile in today’s highly connected world.

Most of the moments in our lives are fleeting. They don’t leave much of a trace in our memories. So brands that manage to stand out and generate truly memorable experiences at multiple moments of influence will tend to reap the rewards.

Some say that we’ve entered into an age of experience. People don’t just want products anymore, they are looking for experiences. Expectations are now impacted by experiences in other sometimes unrelated categories. If you have a wonderful in-store experience at Vida, why wouldn’t you expect the same from a visit to a Standard Bank branch? If your last trip to the hospital challenged your idea of what service excellence could be, why wouldn’t you want to be treated with the same care and attention on your next flight on our national carrier?

In order to better anticipate these expectations and needs, brands are increasingly putting the consumer at the centre of their worlds. They’re listening more, trying to understand them better, and hoping to glean insights that will help them improve the experience they offer to their customers.

Retailers like Woolworths and Pick n Pay are utilising what they know about their customers’ purchasing behaviour to offer relevant discounts and cross-sell offers. But truly consumer-centric understanding and appropriate interventions remain sporadic at best. We see a large gulf between what brands promise and what they actually deliver. We see them struggling to get the basics right, with missed opportunities piled up to the ceiling.

Moments of influence

One way to refocus the entire organisation on the consumer is to make their journeys more central to the business. “Journeys” refers to all the paths that customers take, along which they encounter your brand or business. If all your stakeholders have a unified understanding of the processes and motivations that drive the markets they operate in, they have a common language with which your rallying call can be written, and your brand’s performance evaluated.

Used wisely, a thorough understanding of your consumer-centric dynamic journey can inform the direction your brand goes in and the mix of marketing tools you leverage.

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Even though at an aggregate level it’s tempting to think of journeys as a typical path taken, with specific moments in a specific order, care should be taken to include a generous helping of dynamism. The ability to place various microjourneys alongside each other, that leverage different combinations of moments, will lead to a more accurate mapping of behaviours. These moments can probably be defined in multiple ways, but another important consideration is that no matter what lens you choose to look at your customer through, these moments should allow marketers to maintain a certain amount of agency. Strong, positive lasting memories can be created in these moments, and if they’re linked to your brand, they have the power to deepen loyalty, create excitement and increase revenue.

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Most of the moments in our lives are fleeting. They don’t leave much of a trace in our memories. So brands that manage to stand out and generate truly memorable experiences at multiple moments of influence will tend to reap the rewards.
Practically speaking, a thorough mapping of the journeys present in any given market will also provide an opportunity to conduct an audit of data assets and other sources of insight that might be available to the business. Drawing on the most appropriate sources will improve the speed and accuracy of such insights, while mapping them to the journeys will make it easier to drive implementation through the business.

When various departments and stakeholders are all working off the same blueprints and striving towards a unified goal, everybody wins. Consumers gain the experiences they crave, employees get the satisfaction that comes from knowing their role in the bigger reality, and shareholders go home happy with increased ROI.

Having a framework derived from a consumer-centric understanding of journeys would also provide a way for the business to communicate more effectively internally and externally its progress, needs, and intentions. Aligned thinking can and should lead to aligned behaviour throughout the organisational ecosystem, and ultimately to the desired consumer experiences.

“Brands that manage to stand out and generate truly memorable experiences at multiple moments of influence will tend to reap the rewards”
Humanising brands

It all starts with a purpose

The boundaries between technology and humans are rapidly blurring, changing the dynamics of the relationships between people and organisations. The rules won’t magically change in the near future, but how organisations engage with customers will continue to evolve dramatically.

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Purposeful positioning is all about how your brand makes a positive impact on people’s lives and the world they live in. It must go beyond what you sell, transcending the product category but having a natural connection to it.

Unlike the corporate social responsibility programs of yesteryear, brand purpose today serves to empower organisations through the concerted focus of efforts around a singular idea that connects core capabilities to a wider social impact.

Think of Tesla’s focus on accelerating the world’s transition to sustainable transport, Dulux’s desire to add colour to people’s lives. Less about “do-good” moralism, brand purpose today acts as a corporate compass with practical implications.

When brands have a “why” to address, it focuses resources, guides decision-making, eliminates inefficiencies and inspires innovation. When done right, it adds to the bottom line.

The value of brand purpose to businesses today is no longer questionable; it is quantifiable. Research and experience show that purpose is required to sustain an enduring competitive edge in consumer preference, talent acquisition and business growth.

In the Marketing 2020 work completed by Kantar Consulting, and first published in the Harvard Business Review in 2014, interviews with 600 CMOs and 15,000 consumers worldwide identified “purposeful positioning” as a key driver of marketing success, behind only “big insights” and “total experience”.

The BrandZ™ Top 100 Most Valuable Global Brands ranking shows that of the 87 brands evaluated in both 2008 and 2018, brands in the top third for brand purpose grew 212% in value, compared to 77% growth for those in the lowest-scoring third.
Getting purpose right can be a struggle for marketers, but when the bar for marketing success is set ever higher by our “search, skip and share” culture, purpose provides the basis for a compelling and consistent platform on which to build an integrated set of content likely to engage and motivate an otherwise-uninterested audience.

Looking to the future, almost two-thirds of Millennials and centennials, who are fast becoming the economic engine, express a preference for “brands that have a point of view and stand for something”.

And according to Kantar Purpose 2020 report:

**Top brands better deliver on all three aspects of brand purpose — functional, emotional and societal.**

1 Purpose 2020 report, visit: https://consulting.kantar.com/purpose2020/
Why attention elasticity is the biggest issue facing marketers

As marketers, we’re taught that we need to stand out. We need to capture an audience’s attention with messages across multiple channels and guide them down the funnel towards a checkout, repeat purchases, and, ultimately, loyalty. In today’s terribly noisy ecosystem, that’s easier said than done.

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Consumers are confronted with an endless number of stories from around the world. Trade wars, gun violence, election tampering, and impeachment are topics du jour. As marketers, we add to this cavalcade of content, looking to hang a marketing message on every consumer touchpoint we can identify.

This is an existential issue facing marketers. If consumer attention is capped, then we need to treat it more precisely. Indeed, if there is a threshold on consumers’ ability to effectively process information (pay attention), marketing will become a zero-sum game in which some brands will be winners and the rest won’t register. Worse, brands vying for attention and the sales that follow may fall into the trap of “advertising as interruption,” which is already eroding consumer trust.

Classifying this as an existential dilemma is not overreaching. In order for brands to thrive in the future, they can’t simply exist as they have in the past. Brands that win must play a more active role in more aspects of consumers’ lives: in advertising, on the retail shelf, and in our daily regimen. Consciously. Prominently. Relevantly.

Let’s take a step back and put on our lab coats. To solve for this, we need to better understand the fundamental functioning of the human brain. And for that, we can turn to the field of neuroscience to gain insight into the tug-of-war between infinite content and finite time with our attention span, an innate process within our brains, as the middleman.

With our head mirrors on, let’s apply the most relevant insights from neuroscience studies to marketing and, specifically, advertising. Armed with the following three interdependent findings, we are hopeful that marketers can resolve the very challenges that they are creating.

1. While time is finite, our brains can expand.

The universe is expanding, so why can’t our minds? Studies conducted into neuroplasticity, our ability to create new neural pathways and neurons, show that the human brain can indeed increase its capacity to process information. This expansion has been linked to activities like alternate day fasting, engaging in art and travel, and even new physical movement (note, these are in stark contrast to dopamine bursts we receive from social media apps). All serve to introduce new, disruptive experiences to the brain, requiring it to learn and expand. The message for marketers? Effective experiential marketing can increase the opportunity for attention likely better than advertising.

2. Distraction, not time, is the arbiter of attention.

Recently, neuroscientists from MIT have pinpointed the area in the brain that suppresses distracting and irrelevant inputs.

Prior theory held that the cortex served as the gateway for attention, however, this new research shows that the thalamus and the basil ganglia play prominent roles in the circuitry. According to Duje Tadin of the University of Rochester, “Before attention gets to do its job, there’s already a lot of pruning of information.” Our brains are built to suppress non-critical information, creating time for us to think and react to what is truly important. Despite our best efforts, most marketing messages and touchpoints are similarly pruned before consumers even notice them.

How do advertisers make the cut? If you think about the ad campaigns that have stuck in your head over the years, they’re almost always messages that hit you where you weren’t expecting, ads that don’t feel like ads. Ads that made you cry or laugh or think about an old friend. Those messages come from bold creative efforts that push the edges of our understanding of what an ad should be. Now, more than ever, creativity makes you memorable.

“Best of BrandZ 2019

“We know that time is finite; what we need to determine is whether consumer attention is as well”
3. Small signals register more prominently than loud noises

In media environments as cluttered as Times Square, how can marketers break through and be noticed? Neuroscience has shown, perhaps counterintuitively, that smaller objects with subtle, distinct movements seize our attention more than larger, recognisable objects. In fact, large objects are subconsciously relegated to the background. This is a function of predictive coding, which occurs when a stimulus follows a pattern that our brains are not able to predict, thus requiring additional attention to understand. In other words, newness takes precedence over loudness, focusing our brains on tiny, important signals. For marketers, this dynamic stresses the importance of differentiation and salience in advertising, challenging the status quo, and avoiding safe decisions.

Neuroscience is paving the way for a deeper human understanding that can elevate the relationship between marketers and consumers.

Cognitive research has shown that our brain capacity can increase and our attention can expand, governed by alternating processes where our brain shines the spotlight on one signal, while quickly relegating others to the background. Without these processes, human beings would not be able to survive.

How we, as marketers, choose to adapt with our new, modern environment will determine which brands survive. And, don’t forget, as much as we need to leverage science to help us build modern marketing strategies, these new concepts must work hand-in-hand with what got us all here in the first place. We still need to transform our organisations to bring out the best of modern creativity. Bold creative, tied to a new understanding our audience, is the key to unlocking the consumer attention we all seek.

“We still need to transform our organisations to bring out the best of modern creativity.”
Chinese brands expand globally, shift from value to premium

Haier transforms its appliance business into an ecosystem of products, services

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While many may not have appreciated the convenience and other benefits of the connected fridge, Haier and its brands, which include GE Appliances in the US, are turning the connected appliance into a competitive advantage. The company has built the delivery of Internet of Things type services into its devices.

For example, food and drinks ordering from Haier fridges and wine cabinets and the ecosystem behind them will ensure that users never run out of milk or an essential ingredient for a recipe. The technology is open so that it can also connect to new services such as Alexa.

The construction of the ecosystem brand is designed to build value interactions that go far beyond the traditional transactional relationship that consumers have with white goods brands. It creates contact points that can help the company perceive and identify user needs. This enables Haier to not only deliver better, more personalised services but also expand its user base as it identifies and senses groups with more diverse needs. While the ecosystem doesn’t directly generate revenue through charging customers, it is proven that it does generate greater value potential to Haier and its brands, in turn making the brand more valuable.

Connected appliances and competitive advantage

E-commerce behemoth Alibaba, No. 7 in the Global ranking with $131.2 in brand value, and smartphone maker Xiaomi (No. 74, $19.8 billion) are among a host of Chinese brands perceived as being innovative and cutting edge by young consumers all over the world.

Haier (No. 89, $16.3 billion) is another company making the same journey. Since being founded in 1984 it has expanded via a combination of organic growth and global brand building to become the world’s largest provider of white goods. It now has more than 80,000 employees and a global revenue in 2018 of around $35 billion, up 25% since 2015.

Haier’s journey is something of a legend among business leaders. Its premium positioning is now centered on two key factors: the company’s ability to create an Internet of Things (IoT) ecosystem and a management philosophy called Rendanheyi that’s designed to put customers and employees (seen as entrepreneurs within the company) first.

Limited brand awareness in international markets, a lack of trust due to historic quality issues, and a reluctance by Chinese brands to invest in impactful global advertising campaigns may have put Chinese brands at a disadvantage in the past but those issues are clearly being dealt with.

The journey from value brand to premium is not an easy one. But it’s one that many Chinese companies are trying to make.

The imperative is not just to appeal to local consumers but to build awareness and recommendation in every country around the world, partly in response to President’s Xi’s clarion call to Chinese businesses to go global, but also highlighting the changing culture among Chinese businesses.

The success of these efforts can be seen in the BrandZ™ Top 100 Most Valuable Global Brands 2019 study, with Chinese brands taking eight of the top 10 places in the most valuable Asian brands ranking and 15 places in the overall listing.

Limited brand awareness in international markets, a lack of trust due to historic quality issues, and a reluctance by Chinese brands to invest in impactful global advertising campaigns may have put Chinese brands at a disadvantage in the past but those issues are clearly being dealt with.

While many may not have appreciated the convenience and other benefits of the connected fridge, Haier and its brands, which include GE Appliances in the US, are turning the connected appliance into a competitive advantage. The company has built the delivery of Internet of Things type services into its devices.

For example, food and drinks ordering from Haier fridges and wine cabinets and the ecosystem behind them will ensure that users never run out of milk or an essential ingredient for a recipe. The technology is open so that it can also connect to new services such as Alexa.

The construction of the ecosystem brand is designed to build value interactions that go far beyond the traditional transactional relationship that consumers have with white goods brands. It creates contact points that can help the company perceive and identify user needs. This enables Haier to not only deliver better, more personalised services but also expand its user base as it identifies and senses groups with more diverse needs. While the ecosystem doesn’t directly generate revenue through charging customers, it is proven that it does generate greater value potential to Haier and its brands, in turn making the brand more valuable.

By providing connectivity as well as a premium ecosystem of available partner services Haier is able to command a greater value potential, so that it can get access to a higher ecosystem revenue. In fact, having an ecosystem of services that are fast is becoming one of the big drivers for consumers to stay with the brand or indeed to invest in it for the first time. The value services provide to their lifestyle has a positive impact on the overall brand experience.

“Being perceived as innovative and providing an enjoyable user experience are vital to the premium”
The bottom line is that consumers put higher value on the services and products that improve their overall quality of life, often as part of a complex ecosystem. We may be familiar with that in the technology space, but Haier is bringing the same premium philosophy to white goods.

The ecosystem that Haier is building will be key to its continued brand journey and future business growth.

Global rollout, local ecosystems

Creative product design, easy access to a premium lifestyle and existing heritage of the brands in Haier’s portfolio is fuelling the global rollout of local ecosystems so that the advantage of connection can be applied beyond China and the US.

This approach not only ensures that Haier is less vulnerable to price wars in consumer goods, partly caused by online marketplaces like Amazon and Alibaba as well as changing consumer behaviour.

It also increases Haier’s ability to create brand value and a “stickiness” that will see shoppers continue to buy Haier products and services for years to come. In tracking the growth of the world’s most valuable brands since 2006, we’ve identified that factors such as making people’s lives better; behaving in a socially responsible way; trust; being perceived as innovative and providing an enjoyable user experience are vital to the premium positioning.

“The bottom line is that consumers put higher value on the services and products that improve their overall quality of life.”
Beauty & wellness disruptors
Skincare today is a dynamic, changing, and growing sector, filled with both established players and a large number of upstarts. These brands are facing a public whose tastes are changing. Beauty used to be an outwardly facing category. Skincare products were things you put on your face in order to look your best. Today, we are seeing a new paradigm in which health, wellness, and beauty are converging. Consumers no longer see skincare products as a category unto themselves, but rather as a more holistic, inside-out phenomenon. They are increasingly concerned about what they put in and on their bodies. They want to know that products are safe, organically sourced, and designed to make them not merely look but feel good.

What’s more, consumers are more concerned than ever about the social impact of everything they purchase. Beauty has become a “woke” category, in which people want to ensure that the products they buy are ethically sourced, environmentally responsible, and produced by companies that share their values. They are asking not merely whether products are effective, but how they reflect on them as people.

Finally, consumers today are seeing skincare as experiential. They seek out the experiences and endorsements of others and share their own as they lean on a wide variety of attributes to help them purchase products that are uniquely personalised to them.

Background: skincare at a glance

The brands in BrandZ™ Top 100 Most Valuable US Brands ranking are well known and beloved in their home country, but they are not necessarily the ones keeping investors, analysts, and CMOs up at night. Instead of the familiar faces, they are interested in the dynamic disruptors, the small but exciting new brands that may soon take the world by storm. They want to know which ones are gaining momentum, what the real threats are, and how they can stay ahead of emerging trends.

This is a relatively new set of concerns. Even just a few years ago, launching a successful brand required significant investment in infrastructure, distribution, channel partners, and supply chains. Today all that has gone away. Thanks to the rise of e-commerce and social media, the barriers to market entry have fallen precipitously. Young, hip, and nimble brands have appeared everywhere, launching new products and taking over categories. But with so many new brands cropping up, how can you consistently identify those with a real chance of disruption?

To show how it can work, this year we elected to do a deep dive on the skincare industry, one of the most disruptive categories in the market today.
Above all, STAN-based methodology leverages social data to generate insights.

Social media is excellent for this because it offers a direct connection between brands and consumers, and the degree of engagement around a brand shows how present it is in people's minds.

Analysing these signals can help determine what people really think about brands and how it's changing over time, which enables us to understand consumer preferences and uncover the key trends driving change in the marketplace. The enhanced data can help identify disruptive brands far earlier than traditional methodologies.

The STAN process consists of four steps:

- Create a universe. Gather relevant conversations from a variety of online sources, including Twitter, Facebook, Instagram, blogs, Tumblr, comments, reviews, and forums.

- Structure the universe. Build a bespoke code framework using natural language processing to understand the structure of the conversation around these products and uncover topics and themes that may not have been recognised in advance.

- Segment. Map the disruptors and take an analytical deep dive into each to identify wellness-related attributes.

- Analyse. Use analytics to identify hidden trends and likely opportunities for growth.

Unmasking the disruptors

Our analysis revealed some of the hottest brands in skincare for US consumers right now. Consumers are highly engaged with these brands and their buzz is growing fast, which signals a great potential to increase sales.

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These hot brands include a combination of older and newer brands, but the unifying theme is that they all offer something distinctive to engage the customer. They also share a number of characteristics:

**Natural is the name of the game.**
Promoting a natural ingredient narrative is key to a brand’s ability to attract consumers today. Trends in individual ingredients come and go, but naturalness is evergreen.

**Get personal and be authentic.**
Brands need to be authentic in their messaging. They can also cultivate loyalty using tactics like tutorials, before-and-after experiences, and consumer-driven conversation spaces.

**Rise up and take a stand.**
A good percentage of the hot brands take clear stands on social issues. Youth to the People announced its support for LGBTQ+ needs with customised product labelling; Bliss was accepted into PETA’s Beauty without Bunnies program; and Tatcha partnered with Room to Read. By identifying with and publicising key social issues, these brands defy norms and increase conversational momentum.

**Lead with well differentiated offers.**
Hot brands offer something tangibly different. The market is heavily saturated with the establishment and daily newcomers, but those that break free gather attention and customers.
Select skincare brands to watch

Youth to the People

Youth to the People positions itself as “superfood for the skin” with 100% vegan ingredients. Since its inception, the brand has rapidly expanded from a solely online to a significant brick-and-mortar presence in 800 North American Sephora locations and 1,500 stores globally. Its authentic messaging and minimalist packaging support its customer-centric voice. Look for this brand to shed its Disruptor status and push into the Mainstream soon.

Notable differentiators:
- Vegan
- Natural
- Nutrient-rich
- Minimalist

A classic case of a product built before its time, Aztec Secret capitalises on consumers’ recent trend toward natural, healthy face masks as part of their holistic wellness. Since its launch in 1986, Aztec Secret has made no substantive changes to its product line, nor has it made any attempt at marketing in the online world. Its outdated website even still offers a fax number for placing orders! Its role as a Disruptor is unique for its strict adherence to word-of-mouth and positive customer experiences with the product.

Notable differentiators:
- Indian
- Affordable
- Natural
- Wellness

Drunk Elephant

Self-defined as “clean compatible,” Drunk Elephant uses only biocompatible ingredients in its skincare products. A boots-on-the-ground marketing strategy and a trending online campaign pushed Drunk Elephant to become a household name in skincare circles, leading to its recent acquisition by Shiseido. Its “House of Drunk” pop-ups are synonymous with the brand’s new launches, and the #barewithus hashtag has opened the door to authentic consumer conversations about clean skin. Look for Drunk Elephant to remain a Mainstream name as it builds on its success.

Notable differentiators:
- Clean
- (Bio)compatible
- Minimalist
- Fragrance-free

Glow Recipe

Glow Recipe is a key player in the trend towards Korean beauty (K-beauty) brands, with a focus on making skincare a fun lifestyle commitment by promoting “skintertainment to educate the customer.” Its success is due in part to its excellent digital presence and its successful transition to a pure private-label company. It has seen a 102% increase in Instagram followers in the last 12 months and 17% increase in YouTube subscribers in the last six months. Look for this brand to become mainstream.

Notable differentiators:
- Watermelon
- Korean skincare
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- Wellness

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This article was originally featured in our BrandZ Top 100 Most Valuable US Brands 2020 report. Read the full report here >>
To change or not to change is NOT the question

Poonam Kumar
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“With increased levels of affluence and higher consumer literacy, expectations of quality, design, performance, and technology have changed.”

Once upon a time – a few decades ago, to be exact – there was a land where it was a privilege of only the choicest few to own a much desired car. Not only were cars priced out of reach, but there was limited supply, and those models that were most widely available were built using outdated, pre-WWII technology. Enter Maruti – young, modern, vibrant, state of the art, and most importantly, democratically priced. Maruti stood for the promise and dream of India. Unbelievably irresistible – what else could India do but fall in love?

Transforming both the automotive landscape and the nation, Maruti won hearts by democratising optimism, hope, and upward mobility for a market in its early throes of consumer adolescence. Maruti allowed Indians to dream of owning a car, and then made many of those dreams come true. The Maruti brand symbolised a nation moving forward, of families coming out of the rain, and people going places they had never been before. A brand that was proudly Indian, Maruti gave India and all Indians the wings to fly.

But as inspiring as this story is, it isn’t the one we tell today. The transformation that Maruti brought about in the eighties and nineties was remarkable, but the more compelling story is that of sustained growth and survival, of thriving and continuing to stay irresistible over four decades. Maruti, even today, through good times and bad, has stayed the market leader in what is now a fiercely competitive and crowded market.

India has changed. The Indian consumer has changed. With increased levels of affluence and higher consumer literacy, expectations of quality, design, performance, and technology have changed. Every single global automotive brand is in India now. New models are launched here at the same time that they are launched globally. Even Maruti’s prime target audience – the first-time car owner – is a different person now: younger, trendier, more empowered, and individualistic. A scenario where the oft-heard message “Disrupt or Die,” seems frighteningly close to home, especially as we’ve seen other brands of yesteryear struggle to defend their position in the changed climate.

And yet in this fierce battlefield, Maruti continues to thrive.
So, what is the secret to Maruti’s success? Has Maruti been disruptive? Is it a different, renewed brand from the one we knew and loved for so long?

Do we see a different Maruti from the inclusive, democratic Everyman brand that promised progress without pretension, and stood for the idea that the promise of a good life can only be kept if no one is excluded?

The answer to these questions is paradoxically both yes and no. At first glance, the Maruti portfolio today seems nothing like the small, modest Maruti 800 that rolled out almost 40 years ago. Today, there is a wide range of models to choose from, to meet a wide variety of needs and budgets. There are swanky dealerships, beautiful designs, and technology and performance specs that match up to international standards.

What hasn’t changed is Maruti’s unique story. The story that captured a billion hearts continues to live on. A story of a commitment to serve with empathy and a lack of pretension. A promise to remain accessible and trustworthy, to greet everyone who walks in with a helping hand and a friendly smile. A promise to stay proudly Indian and to rejoice in the participative progress.

The story stays the same but is told in a way that resonates with the new generation of consumers, who are trendier, more demanding, and more individualistic.

Over coffee and conversation, the swanky new dealerships enable young couples customise their car, empowering them to choose and to build. The process is transparent, hassle-free, friendly, and free from intimidation. The assurance of help “just next door” is even truer today.

Maruti understands better than anyone else that the Indian doesn’t buy just a car, but looks for a reward, a validation for achievement and mobility. Buying a car is the beginning of a brand-new journey of hope. And Maruti is right there, tailoring the journey for its customers, just the way they want it.

“Buying a car is the beginning of a brand new journey of hope”
From ‘own label’ to ‘exclusive brand’

The implications of a shopping revolution
Since 2015, sales of PL products within fast-moving consumer goods (FMCG) categories have grown 14.3% in value, and 15.8% in volume, far outstripping the performance of branded products, which have grown just 3.5% in volume and have actually declined 3.7% in value terms.

The sharp growth of PL reflects both retailer push and consumer pull. Economic austerity has affected household budgets and consumer attitudes to spending and, at the same time, discount grocers Aldi and Lidl have expanded, and together account for 68% of PL value growth since 20151.

As consumers have added more and more PL products to their trolleys, supermarkets have not only built sales, they have built powerful new brands. Consumers are beginning to view what were once “just own brand” ranges, selected purely on price, as genuinely desirable brands. As a result, PL growth is outpacing brands in four out of 10 categories where brands hold the dominant share2.

The “Exclusively at Tesco” range, launched in early 2018, is a good example of an evolved “brand-led” PL range. To shoppers, these products look and feel like genuine brands, and are marketed as such, though at a lower price point than the competing brand equivalents. The range is now worth £545 million, is purchased by 62% of all UK households, and features in one in five Tesco baskets1.

Analysis of the BrandZ™ database from 2011-2018, across seven FMCG categories from water and oral care to detergents and male grooming, further highlights the success of the PL branding revolution and the resultant change in attitude among UK consumers.

Firstly, typical PL Brand Power, a measure of the volume a brand commands based on brand equity, has grown so much in the past decade that it now indexes higher than what we might call “real” brands. PL ranges still generally lack perceived difference in the minds of consumers (scoring just 49 versus an average of 100); yet the drivers of the overall increase in their brand equity are twofold. PL brands are now better known to shoppers and spring to mind when they shop (we call this “salience”), and they increasingly meet consumers’ evolving needs and make an emotional connection (they are “meaningful”).

Whatever you call them – private label, own label or own brand – such products have been a mainstay of the UK grocery scene for more than a quarter of a century, and almost all UK households purchase private label (PL) products of some kind. But the influence of PL on the UK grocery landscape is now deepening.

This has happened alongside growing investment in PL by the UK’s “Big Four” UK supermarkets (Tesco, Sainsbury’s, ASDA and Morrisons).

The average UK household now buys a PL product 187 times per year, a 6 percent increase on 2015, meaning that for most households, between 40 and 70 percent of all the groceries they buy are PL.

The real deal

“Private labels brands are now better known to shoppers and spring to mind when they shop, and they increasingly meet consumers’ evolving needs”
In essence, shoppers feel differently about PL brands, which have shaken off negative associations and are now seen as being straightforward, generous and approachable.

The future looks bright for PL, with much improved advocacy levels suggesting a step change in perceived and actual quality. But what about the "real" grocery brands struggling to navigate this new landscape? There’s little doubt that the best response will be to capitalise on PL’s lack of differentiation, and use the power of brand to make shoppers think twice about what they put in their baskets.

BrandZ™ data suggests that brands can use innovation, design and communication in combination to project a sense of expertise and create desire at levels that command a price premium to PL alternatives.

Indeed, the tactics deployed to combat PL by some of the leading UK grocery brands already draw on aspects of this formula – particularly investment in innovation to drive differentiation. Brands such as Lurpak and Persil are positioned as being “the best”, while Walkers have targeted a new consumption occasions with their “Max Strong” range, as have Maltesers with Maltesers Buttons. Halo Top ice cream and Elvive Dream Lengths hair products meet a previously unmet and emerging need.

These are the smart ones. What lies ahead for the others? Brands unwilling or unable to invest in underlining their point of difference will face further erosion of sales and will drift towards irrelevance. Our message to them is clear: differentiate or die.

What now for other brands?

Innovation
Shaking things up 93
Leading the way 91
Creative 88

Design
Distinctive appearance 90
Well designed 89

Communication
Great advertising 91
Better online content 93
Follow on social media 92

Expertise
Recommend 95
Wise 94
Work better 91

Desire
Proud to be seen using 94
Sexy 93
Desirable 90

Areas of comparative weakness for PL brands

Several retailers have sought to humanise their PL offer with communications that add fun and playfulness to everyday scenarios using real people. Slogan and campaign plays on the similarity of product capabilities while seeking to differentiate on price.

A winning formula to combat private label brands

This article was originally featured in our BrandZ Top 75 Most Valuable UK Brands 2019 report. Read the full report here >>
The success of Swapfiets – and the lessons to be learned

Nadine Noteboom
Marketing Director
Swapfiets
From product focus to brand focus

Swapfiets started from a product focus and grew fast. While Swapfiets actively sought out press, the vast majority of their customers came from word of mouth. Right from the start, all the basics were well-organised: customers believed in the product and service, and were happy to share their own positive experiences.

After a considerable period of expansion and investment, it soon became time to start thinking about Swapfiets as a brand. Swapfiets began by asking itself questions such as, “How do we show consumers that we are more than just a product?” and “How do we ensure that people stay with us and feel connected to us?”

Today, Swapfiets’ motto is, “Do what you like, we’ll do the rest.” This refers to the larger brand mission of Swapfiets: to be a facilitator of sustainable and liveable city life – by providing a product that lasts, one that is repaired and reused. Swapfiets contributes to better city life by putting more safe bicycles on the street, and by reducing waste from orphaned bicycles.

Research remains very important in everything that Swapfiets does. Not only does Swapfiets have an enormous wealth of their own data that they continuously analyse, they also regularly conduct qualitative and quantitative research. This is characteristic of the success of Swapfiets. It a company that acts on the basis of the knowledge that they have, but certainly also adjusts where necessary. This is reflected not only in the design of its bicycles – which get adjustments every quarter to make them even better – but also in Swapfiets’ desire to make its customers and employees even happier.

Recent innovations have included improvements to the development of the traditional bike itself – but also the expansion of Swapfiets’ offer into the realm of e-bikes. In addition, the brand has introduced new propositions such as “Swap bike for business,” a service that provides bicycles for corporate employees (for which companies can take out a subscription).

Grow as you go, but keep refining if necessary

Swapfiets, the bike with the distinctive blue front tyre, is one of the fastest growing brands in the Netherlands.

For those who don’t know Swapfiets yet, it’s a service aimed at “urban professionals” that gives you your own high-quality Swapfiets bike for a fixed amount per month. This price includes bike repair, maintenance, and replacement in the event of theft. If your Swapfiets bike breaks down, it’s guaranteed that you will get the bike fixed or receive a replacement within 1 day, at a location of your choice. This service concept, which fits seamlessly into the present time, was invented by four guys from Delft. They saw that while people like having a bicycle, they don’t like the hassle of maintenance and repair. To distinguish themselves, Swapfiets chose to give all bicycles a coloured front tire – in, of course, a distinctive Delft blue.

Swapfiets is celebrating its five year anniversary this year, and is experiencing strong growth. In the past two years, the number of Swapfiets bicycles in service has increased from 20,000 to 140,000. The company has expanded beyond the Netherlands (where it is active in around 30 Dutch cities) to operate in Belgium, Germany, and Denmark. And who knows? In a few years there might also be Swap bikes on campuses in the US and beyond.

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Best of BrandZ 2019
Employees are ambassadors for the brand

Swampfiets recognises the important role of its own employees, and it invest heavily in its staff. For example, every employee receives multiple training sessions on how Swampfiets works and how they should perform their work properly—as well as on what to say, what the brand stands for, what they are wearing, how to behave, etc. This is how swappers become true ambassadors for the brand.

Swampfiets’ continuous evolution is also evident from the structure of the organisation itself, and how its expansion across Dutch cities and abroad has proceeded. Customers are different everywhere, and Swampfiets wants to meet their distinct needs as much as possible. Swampfiets sees itself as a local player in every country; its flexible organisational structure fits well with this goal. The idea is to combine elements of centralised efficiency with local benefits and execution. In every city where it launches, Swampfiets works with the same starter package (“plug & play”). This strategy contains materials for store openings, press invitations, documents for discussions with local stakeholders, as protocols for working with influencers—as well as playbooks for the use of local activations such as pop-up repairs, events, and conferences. In this way, the head office facilitates Swampfiets’ international campaigns, but these campaigns are ultimately executed locally.

Swampfiets realises that every culture has different needs, and adjusts the marketing mix accordingly. To be locally relevant, Swampfiets works in every country with a local marketeer who is the eyes, ears, and hands for the brand. For example, while people in the Netherlands ride because of a deeply ingrained national habit, biking on a shared bike has very different motivations in Germany and Belgium. German customers, for example, choose Swampfiets because of safety, whereas in Belgium they do so because cycling is seen as hip and green. Dutch people easily take out a subscription online, while our Eastern neighbours prefer to first check out the product in shops and showrooms before they commit to a subscription. Danish people, meanwhile, have proven especially responsive to influencer marketing.

A local approach is key

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What can other brands learn from Swampfiets

1. Talk to your client. Find out what’s important to them. Use this (and other available data) to improve your product, service, or offer.

2. Talk to your employees. High employee satisfaction not only ensures a flourishing organisation, but also has a one-to-one effect on your customers. In addition, employees know your company like no other, and you therefore have an inexhaustible source of knowledge and creativity in-house.

3. Keep investigating new possibilities and show dynamism. Continue to look critically at yourself and at the need to innovate. Are there other products or markets to tap? Either way, thorough research must always be at the basis of these decisions.

4. Do not ask for attention yourself, but make sure you deserve it. Make sure that you are relevant; determine what is relevant for your customers, media, and journalists, and think about how you can make news that way. For Swampfiets, this means remaining relevant from a service point of view. They do not sell bicycles, but rather the of service carefree bike riding. In everything they do, they return to this core. Make sure there is room to adjust your message and marketing mix locally if necessary.

This article was originally featured in our BrandZ Top 30 Most Valuable Dutch Brands 2020 report. Read the full report here >>
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