

BRANDZ™

BRANDZ™
TOP

100

Most
Valuable



**Global
Brands** **20**
19

WPP

METHODOLOGY AND VALUATION BY
KANTAR



Dear friends of Kantar



I am delighted to share with you the BrandZ™ Top 100 Most Valuable Global Brands 2019.

Each year when I come to write this letter I am struck by the variety of brands that make up the landscapes of our day-to-day lives. While there are always common themes and lessons to be taken from the world's top brands, in 2019 the ways in which businesses are growing their brands is increasingly diverse, as technology empowers consumers to demand solutions tailored to their specific needs.

As the world's largest brand equity platform, we are proud to be only brand valuation ranking to combine validated financial and market data with 3.7 million interviews with consumers from over 50 markets. This depth and breadth of insight uniquely positions BrandZ™ to not just identify brand growth but the drivers behind it.

Regardless of fluctuations in the global economy, the value strong brands bring to business is clear. Over the past year the value of the Top 100 has grown by 7 percent to \$4.7 trillion—this is equivalent to the combined GDP of Spain, South Korea and Russia. Need more proof? Over the past 13 years, the BrandZ™ Strong Brands Portfolio has increased in value by 196 percent. In contrast the MSCI World Index, a weighted index of global stocks, has appreciated by only 59 percent. Put simply, \$100 invested in the BrandZ™ portfolio 13 years ago would be worth \$296 today compared to \$159 if invested in the MSCI. I know where I would want to put my money.

So, what can we learn from 2019's most valuable brands?

Providing excellent consumer service and harnessing an ability to stay ahead of its competitors, Amazon leap-frogged Apple and Google to be crowned

2019's most valuable brand, breaking the brands' 12-year duopoly on the top spot. For ecosystem brands like Amazon and Alibaba, it's about solution-need fit. This means knowing your customers and their current needs, anticipating their future needs, and exceeding their expectations around fulfilling needs at any point in time. This results in solutions that serve rather than products to push, and business that no longer fit within one category definition. BrandZ™ analysis shows that brands are growing 10 times faster than others.

For 2019 we are welcoming nine newcomers to the Top 100 including Xiaomi, Xbox and LIC. What these brands have in common is a strong sense of purpose, delivered to consumers using modern channels and disruptive business models. To find out more about this year's dynamic newcomers turn to page 42 of the report.

However, growth does not hinge on your brand offering a service ecosystem or market disruption. This year's fastest risers come from a range of sectors with growth from a variety of factors, including brands like Instagram, Dior and Chipotle who have successfully refreshed and reminded consumers of their product offering, and Lululemon, Adobe and Shiseido who have innovated

or extended their business. To see the full list of 2019's Top 20 fastest rising brands go to page 38.

BrandZ™ is an annual study conducted by Kantar and WPP that combines extensive and ongoing consumer research with rigorous financial analysis. This report is a great representation of the range of skills and experience from across the group and I hope that you find it an interesting read. We also conduct a range of in-depth local rankings that expands each year—I look forward to learning the latest brand building insights for brands in Canada and Japan when our new rankings launch later this year. For the full list of BrandZ™ rankings and reports please turn to page 360.

Feel free to contact me directly if you would like to discuss any of the issues or opportunities raised in this report or see the contacts section on page 376 for details of experts from across our group.

Warmest regards,

Richard Ingleton
Chief Executive Officer,
Kantar, Insights Division
Richard.Ingleton@kantar.com

WELCOME TO THE...

BRANDZ TOP 100 Most Valuable Global Brands 2019

Total Value of The Top 100 Most Valuable Global Brands

\$4.7 TRIL.

BrandZ Portfolios vs. the S&P and MSCI World Index

Two BrandZ Portfolios of valuable brands consistently outperformed two leading stock market indices, affirming that valuable brands deliver superior returns over time and regardless of market disruptions.

Top 10 B2B Brands

= Top 100 Rank \$ = Brand Value US\$ Mil.

#1 Microsoft Technology \$251,244	#2 IBM Technology \$86,005	#3 SAP Technology \$57,528	#4 UPS Logistics \$54,899	#5 WELLS FARGO Regional Banks \$46,468
#6 accenture Technology \$39,184	#7 intel Technology \$31,880	#8 cisco Technology \$28,861	#9 Adobe Technology \$27,930	#10 salesforce Technology \$26,917

Top 10 in Brand Contribution

\$ = Brand Value US\$ Mil.

Brand Contribution measures the influence of brand alone and is measured on a scale of 1 to 5, with 5 the highest. All of these brands scored 5.

Pampers Baby Care \$18,664 5	Modelo Beer \$3,270 5	Coca-Cola Beverages \$68,613 5	ESTÉE LAUDER Personal Care \$6,103 5	SKOL Beer \$7,253 5
CHANEL Luxury \$37,006 5	Corona Beer \$7,529 5	HEINEKEN Beer \$11,554 5	GUCCI Luxury \$25,274 5	HERMÈS PARIS Luxury \$30,966 5

Top 10 Most Valuable Global Brands

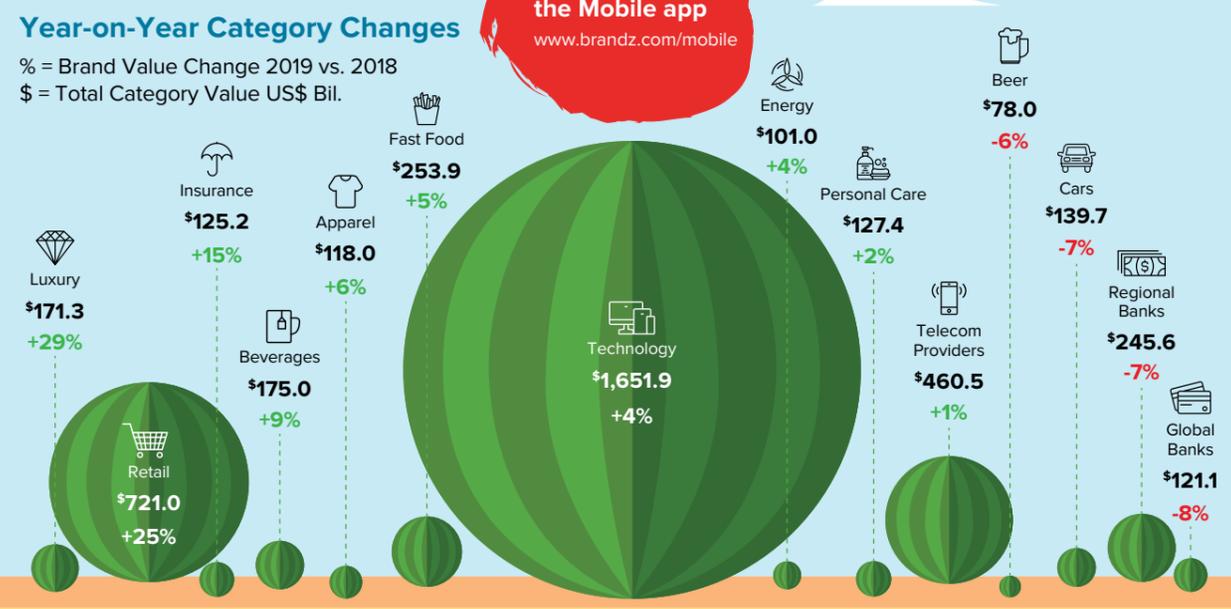
\$ = Brand Value US\$ Mil.
% = Brand Value Change 2019 vs. 2018

#1 amazon Retail \$315,505 +52%	#2 Apple Technology \$309,527 +3%	#3 Google Technology \$309,000 +2%	#4 Microsoft Technology \$251,244 +25%	#5 VISA Payments \$177,918 +22%
#6 facebook Technology \$158,968 -2%	#7 Alibaba Group Retail \$131,246 +16%	#8 Tencent 腾讯 Technology \$130,862 -27%	#9 McDonald's Fast Food \$130,368 +3%	#10 AT&T Telecom Providers \$108,375 +2%

Top 10 Risers

\$ = Brand Value US\$ Mil.
% = Brand Value Change 2019 vs. 2018

Instagram Technology \$28,205 +95%	lululemon Apparel \$6,921 +77%	NETFLIX Entertainment \$34,290 +65%	salesforce Technology \$26,917 +58%	Adobe Technology \$27,930 +57%
SHISEIDO Personal Care \$5,986 +56%	amazon Retail \$315,505 +52%	Uber Transport \$24,206 +51%	LinkedIn Technology \$22,816 +46%	CHIPOTLE Fast Food \$6,201 +40%



Newcomer Brands

= Top 100 Rank \$ = Brand Value US\$ Mil.

#31 CHANEL Luxury \$37,006	#68 LIC Insurance \$20,314	#71 DiDi Transport \$20,041	#74 mi Xiaomi Technology \$19,805	#78 美团 Meituan Lifestyle Platform \$18,760	#81 Dell Technologies Technology \$18,486	#87 XBOX Technology \$16,690	#89 Haier IoT Ecosystem \$16,272	#97 TATA CONSULTANCY SERVICES Technology \$14,282
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CEO The Store WPP, EMEA &
Asia, Chairman, BrandZ™ and
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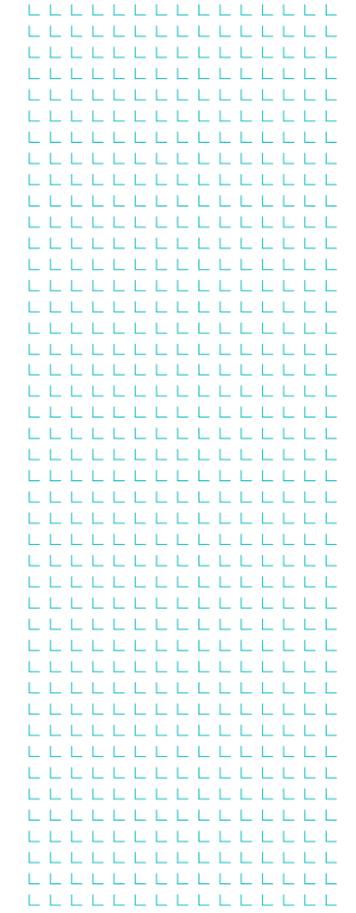
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Welcome

Amazon becomes world's most valuable brand

Global Top 100 adds \$328 billion as brands navigate disruptions

It was not a surprise, but it was not inevitable. Amazon this year surpassed Apple and Google to reach the No. 1 rank in the BrandZ™ Top 100 Most Valuable Global Brands. With a 52 percent year-on-year increase, Amazon achieved a brand value of \$315.5 billion.

To put that accomplishment in perspective, consider that this triumvirate of disruptive ecosystem brands together total almost \$1 trillion in brand value and comprise about 20 percent of the value generated by the BrandZ™ Top 100.

I've never seen any indelible images of Amazon launching its website in the summer of 1994. It wasn't a moon landing. But as an agency planner at the time, I do recall that a few of us with retail clients took notice and speculated about this original way of selling books online.

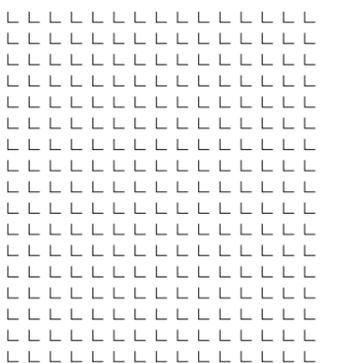
It's doubtful that any of us predicted that this company would sell so much more online, transforming retail—and other categories—in just a couple of decades. I'm sure that none of us imagined that the founder would create other businesses, including one to launch tourists into space.

With its devotion to removing friction from every part of the customer experience, Amazon has changed what consumers expect from brands. With its pioneering efforts in

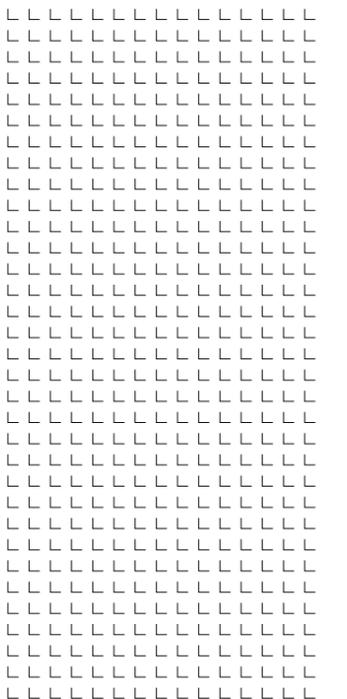
cloud computing, Amazon has changed what businesses expect from their suppliers and partners.

These feats, neither inevitable nor predictable, yield important brand-building lessons. Amazon is a serial disruptor. Most important, Amazon is not alone. In a world with customer expectations shaped by Amazon and other disruptors, many of them from China, having a strong brand becomes even more critical. It is why the 2019 BrandZ™ Global Top 100 increased 7 percent in brand value, a significant rise given the manifold market disruptions.

The 7 percent increase was more than twice the growth rate of global GDP. The ranking added \$328 billion in value year-over-year. And during the turbulent period since 2006, the BrandZ™ Top 10 Most Powerful Brands Portfolio of stocks grew two-and-a-half times faster than the S&P, proving that investment to create and sustain strong brands delivers superior shareholder returns. Brand building is an investment, not a cost.



David Roth
CEO
The Store WPP, EMEA & Asia
Chairman, BrandZ™ and BAV Group
David.Roth@wpp.com
Twitter: davidrothlondon
Blog: www.davidroth.com



Welcome

BrandZ™ analysis and insights

Today, a key challenge for building and sustaining valuable brands is learning how to disrupt and how to survive disruption. These are among the related topics we examine in the 2019 BrandZ™ Global Top 100 report:

- L L How ecosystems brands ignore traditional category borders, integrating data from multiple businesses to create a customer experience that is more personalized and seamless;

L L The disruptive implications of nine brands, a relatively high number, joining the ranking for the first time, among them four Chinese brands, including massive ecosystems that provide seamless online-offline customer experience with rapid delivery and cashless payment; and

L L The intensifying imperative for brands to act ethically and responsibly throughout their supply chain, and especially regarding the environment.

The influence of Millennials and Centennials drove many of these cultural shifts and trends, which touched all categories, most overtly apparel, beer, beverages, cars, and personal care. Consumer disappointment with privacy breaches affected the brand value growth of consumer technology brands.

We expanded and revised this BrandZ™ Global Top 100 report to more comprehensively examine these developments. For a deep dive into what all it all means, we produced over 380 pages of insights and analysis, organized into these six readable and accessible parts:

PART 1 INTRODUCTION

Here you will find the key results and other top-line details, along with a summary of the cross-category trends driving disruption and change.

PART 2 THE TOP 100

This is the heart of the report where we detail the value changes of the Top 100 brands and summarize the successful initiatives of the Top Risers and Newcomers.

PART 3 BRAND OBSERVATIONS

A two-section analysis explores the ways to drive brand growth and build meaningful disruption in a volatile, complex environment.

PART 4 DISRUPTION AND CHANGE

We divided this part into four sections that probe business-to-business brand building, varieties of disruption, the future of brands, and the impact of Chinese brands going global.

PART 5 THE CATEGORIES

We look in depth at cultural changes and trends impacting 14 categories, and we examine the factors driving the performance of winning brands.

PART 6 RESOURCES

This is where we introduce the ways we at WPP can address all of the challenges described in this report, and help you build and sustain valuable brands.

How we can help

At WPP, we create the transformative ideas and outcomes that help our clients succeed in today's complex and disruptive world. To accomplish this objective, we bring together remarkably talented thinkers and doers from around the world. They provide expertise in advertising; insight; branding and identity, direct, digital, promotion and relationship marketing; media investment management, retail and shopper marketing; and public relations and public affairs.

One of our key WPP strengths—and a benefit for our clients—is that when we say we cover the world of brands, that's exactly what we mean. WPP's proprietary BrandZ™ database includes information from over 3.7 million consumers about their attitudes about (and relationships with) 166,000 brands in 454 categories across 51 country markets. All that produces more than 5.2 billion data points.

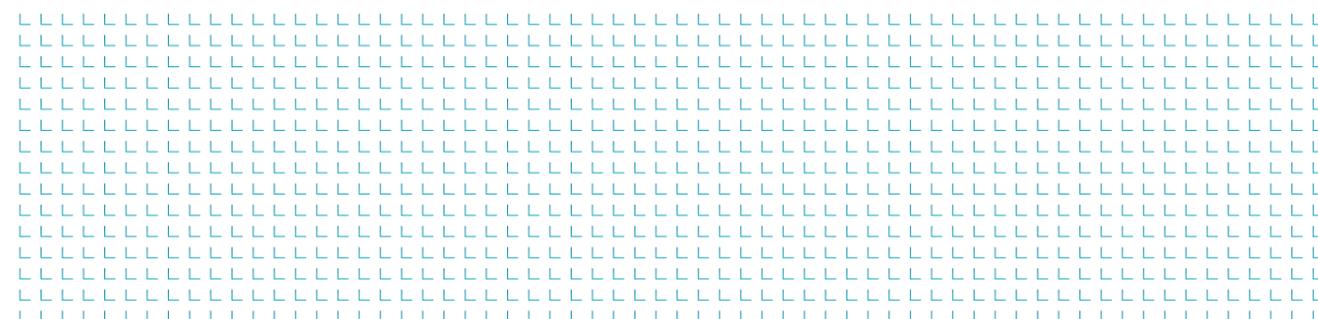
We have assembled an extensive library of BrandZ™ reports and I invite to you access them with our compliments at BrandZ.com. Here are just some of the reports you will find there: The BrandZ™ Top 100 Most Valuable Chinese Brands; BrandZ™ Top 100 Most Valuable US Brands; BrandZ™ Top 75 Most Valuable Indian Brands; BrandZ™ Top 50 Most Valuable Latin American Brands; BrandZ™ Top 75 Most Valuable UK Brands; BrandZ™ Top 50 Most Valuable French Brands; BrandZ™ Top 50 Most Valuable German Brands; BrandZ™ Top 50 Most Valuable Indonesian Brands; BrandZ™ Top 40 Most Valuable Australian Brands; BrandZ™ Top 30 Most Valuable Italian Brands; BrandZ™ Top 30 Most Valuable Dutch Brands; BrandZ™ Top 30 Most Valuable South African Brands; the BrandZ™ Top 30 Most Valuable Spanish Brands; and the BrandZ™ Top 75 Most Valuable Retail Brands. Gain access to all these reports at www.brandz.com.

We have the data, knowledge, experience, insight, determination, and single-minded purpose to help you create the transformative ideas and outcomes necessary for building valuable brands. To learn more about how to harness our passion to work for your brand, please contact any of the WPP companies that contributed expertise to this report. Turn to the resource section at the end of this report for summaries of each company and the contact details of key executives. Or feel free to contact me directly.

Sincerely,

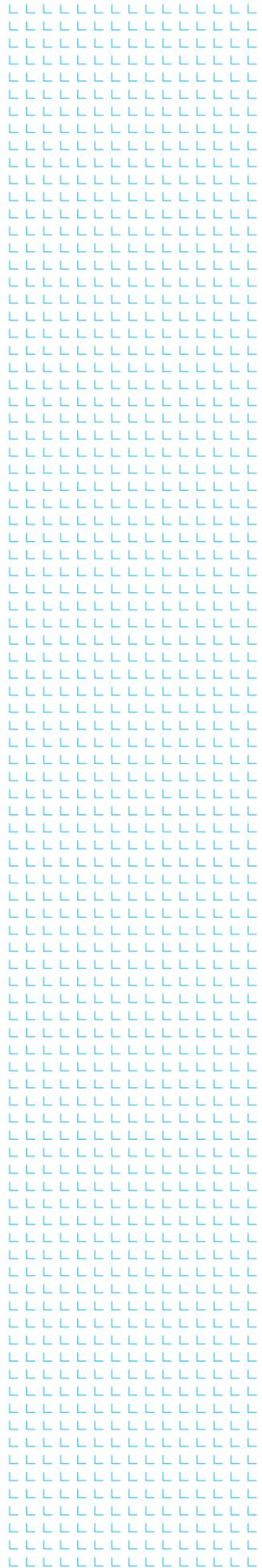


David Roth, CEO
 The Store WPP, EMEA & Asia
 Chairman, BrandZ™ and BAV Group
 David.Roth@wpp.com
 Twitter: davidrothlondon
 Blog: www.davidroth.com





Introduction



Global Top 100 rises to \$4.7 trillion in value

Expectations for customer experience, brand accountability shape growth



In a year marked by rising consumer expectations, the erosion of category boundaries, and geopolitical disruptions, the 2019 BrandZ™ Top 100 Most Valuable Global Brands increased 7 percent in value. This hard-won gain outperformed the global GDP growth rate and added \$328 billion to the BrandZ™ Top 100, bringing its total value to \$4.7 trillion.

Consumers expected superior customer experience, including rapid delivery. More mindful about the health and wellness of themselves and the planet, they also demanded a high level of responsibility and ethical behavior from brands.

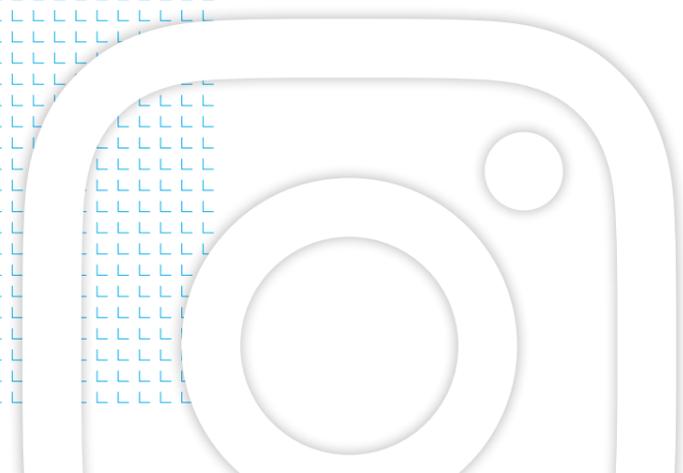
To meet consumer expectations, brands become more sophisticated about gathering and analyzing data, increasingly applying the insights across multiple businesses and ignoring category borders to create integrated brand ecosystems. In this context:

Amazon, a pioneer in creating friction-free customer journeys, become the world's most valuable brand, surpassing Apple and Google for the first time.

Data-driven improvements in customer experience and personalization helped drive the value growth of the three fastest-rising categories: luxury, up 29 percent; retail, up 25 percent, and insurance, up 15 percent.

Positive customer experience also fueled the growth of Instagram, which almost doubled in value, rising 95 percent year-on-year to become the fastest rising brand in the BrandZ™ Global Top 100.

The desire for improved customer experience and the counter desire for privacy protection created a tension that impacted technology brands, particularly the corporate parent of Instagram, Facebook, which declined slightly in value.



Overview

In a reversal of fortune, following years of reorganizing for the cloud, the business-to-business technology brands exceeded the value increase of consumer-facing technology brands. Salesforce and Adobe led that development, rising 58 percent and 57 percent, respectively.

Both global and regional banks declined in value because of the ability of fintech competitors to effectively attract Millennials and Centennials, and because of geopolitical developments, particularly the trade tension between China and the US.

Real change

After years of incremental responses to some of these cultural shifts and disruptions, several large valuable brands advanced major initiatives, leveraging their scale and brand power to reinforce market leadership.

McDonald's began the rollout of a program intended to fundamentally reshape the fast food experience. Called "Experience of the Future," the program gives customers the option of ordering at the counter, at a kiosk, or on an app, and picking the order up at a window or having it delivered to their table.

With 37,000 stores worldwide, mostly franchises, the rollout faced challenges. With around 11,300 stores worldwide, Walmart pivoted away from its physical footprint to its online presence, leveraging expertise gained from its ownership of Jet in the US and its partnership with JD in China. Walmart sold its operation in Brazil and attempted to sell its Asda stores in the UK but was denied regulatory approval.

Following a decade of declining carbonated soft drink consumption, both Coca-Cola Co. and PepsiCo Inc. made acquisitions that added new drinking occasions, customer experiences, and direct-to-consumer engagements. Coca-Cola Co. purchased the UK café chain Costa Coffee and PepsiCo. Inc. purchased SodaStream, the countertop appliance for making customized carbonated drinks.

To accelerate its transition away from fossil fuels, Shell, the Energy Top 10 leader, acquired several alternative energy companies. It also announced plans for its non-fuel businesses to soon generate half of the company's profits. Shell controls 45,000 retail locations worldwide, a substantially greater presence than McDonald's.

Major car brands expected to stake their claim in electric vehicles this year. In a category hit by changes in attitudes about ownership and mobility, brands need to shift their production cycles away

from combustion engines. The personal care category was especially "woke," expanding the notion of inclusivity and introducing new packaging that was less environmentally impactful. Leaders, including Procter & Gamble Co. and Unilever Plc, became partners in a global initiative run by TerraCycle, a recycling company.

BrandZ™ renamed the soft drinks category beverages to reflect the expanded range of drinks introduced in response to consumer health concerns. Similarly, to better reflect the transition from fossil fuels to cleaner energy alternatives, BrandZ™ renamed the oil and gas category energy.

Influence of the East

Although brands from North America continued to dominate the ranking in number and value contribution, the presence of brands from Asia increased.

Among the nine brands entering the ranking for the first time this year are four brands from China and two from India. Chinese Newcomer Xiaomi is a leading smartphone brand in China, No. 1 in India, and is rapidly gaining market share in

European countries, especially Spain. The Chinese home appliance brand Haier is also well-represented in Europe and North America, where it is expanding GE appliances, which it acquired several years ago. Haier has reorganized itself into an ecosystem of solutions to serve changing customer needs and compete more effectively as the market moves toward the Internet of Things.

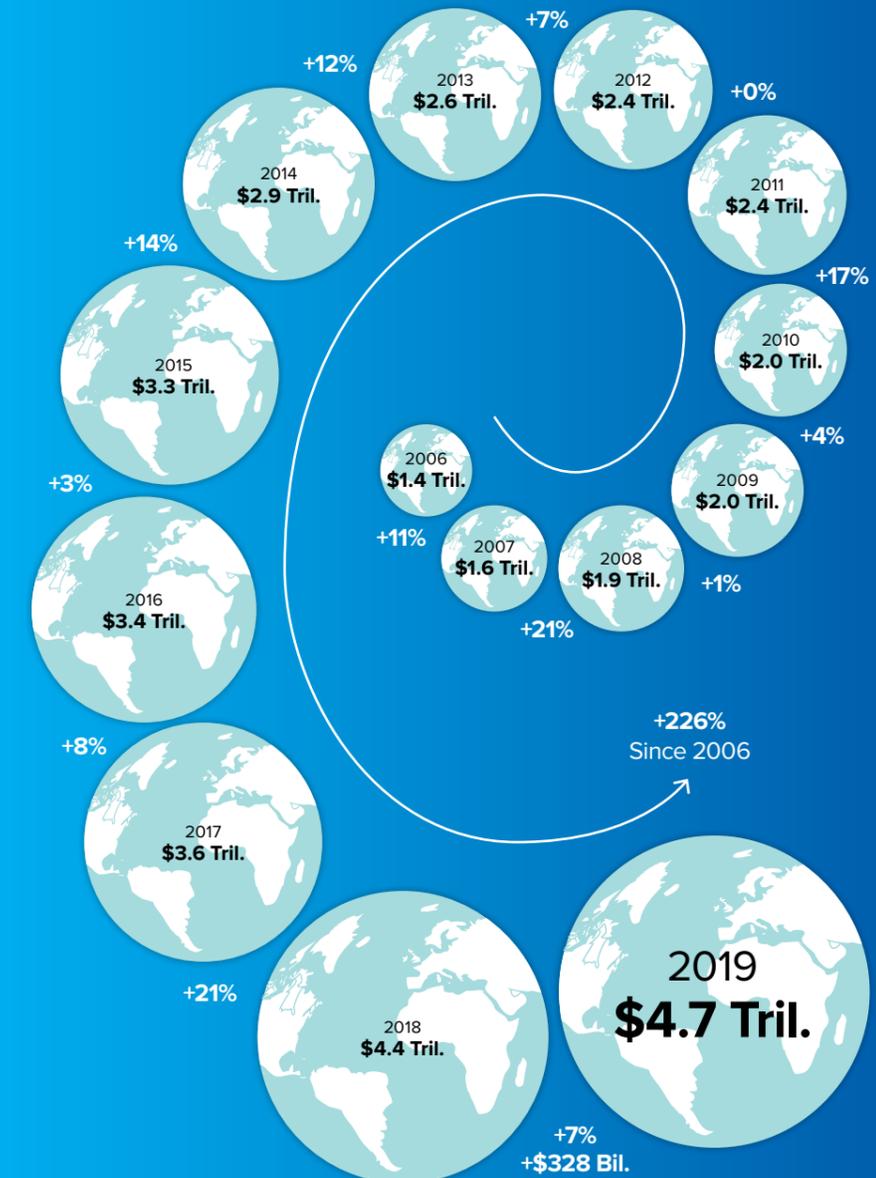
The two other Chinese newcomers to the Global Top 100, Meituan and Didi Chuxing, are massive ecosystem of services that demonstrate China's leadership in providing online-offline customer experience, including rapid delivery and cashless payment. While these brands are not competing in the Western markets yet, their business models and operations skills are influencing change.

In addition, Chinese dairy brands Yili and Mengniu appear for the first time in the renamed BrandZ™ beverages category. Yili and Mengniu are expected to increase their global growth as a demonstration of China's soft power. The most obvious, and controversial Chinese competitor in this respect is No. 47 in the BrandZ™ Global Top 100, the technology brand Huawei.

Ultimately, the provenance of brands seems to matter less to consumers who are looking for the best combination of price, quality, and experience. The most ambitious start-ups attempted to transcend their region of origin to become seen as global brands.

Steady growth brings BrandZ™ Global Top 100 to \$4.7 trillion

The 2019 BrandZ™ Global Top 100 grew 7 percent year-on-year, adding \$328 billion in value and bringing the total value of the Global Top 100 to \$4.7 trillion, a 226 percent increase since 2006.



BrandZ™ Stock Portfolios

BrandZ™ Portfolios outperform S&P 500 and MSCI Index

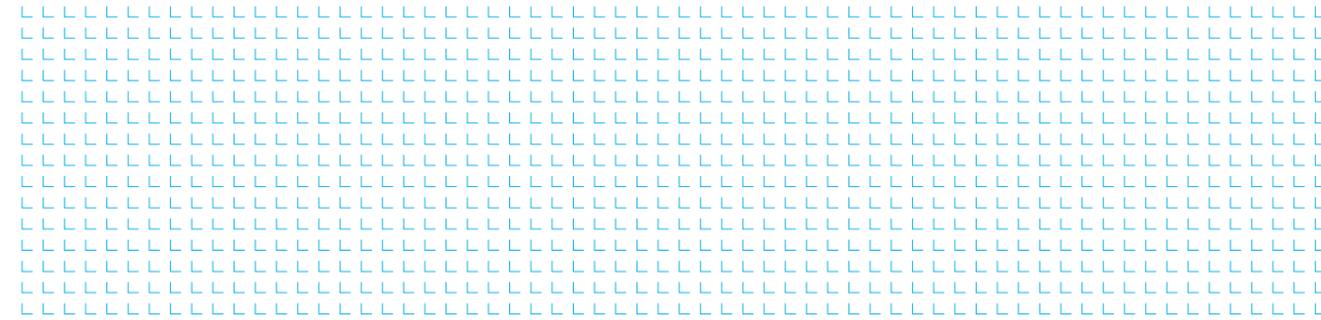
Valuable brands deliver superior shareholder returns

Two BrandZ™ Portfolios of valuable brands consistently outperformed two leading stock market indexes, affirming that valuable brands deliver superior returns over time and regardless of market disruptions.

The value of the BrandZ™ Top 10 Most Powerful Brands Portfolio increased 317 percent between April 2006 and April 2019. The value of the BrandZ™ Strong Brands Portfolio increased 196 percent over the same period. Both BrandZ™ indexes outperformed the S&P 500, which grew 128 percent and the MSCI World Index, which grew 59 percent.

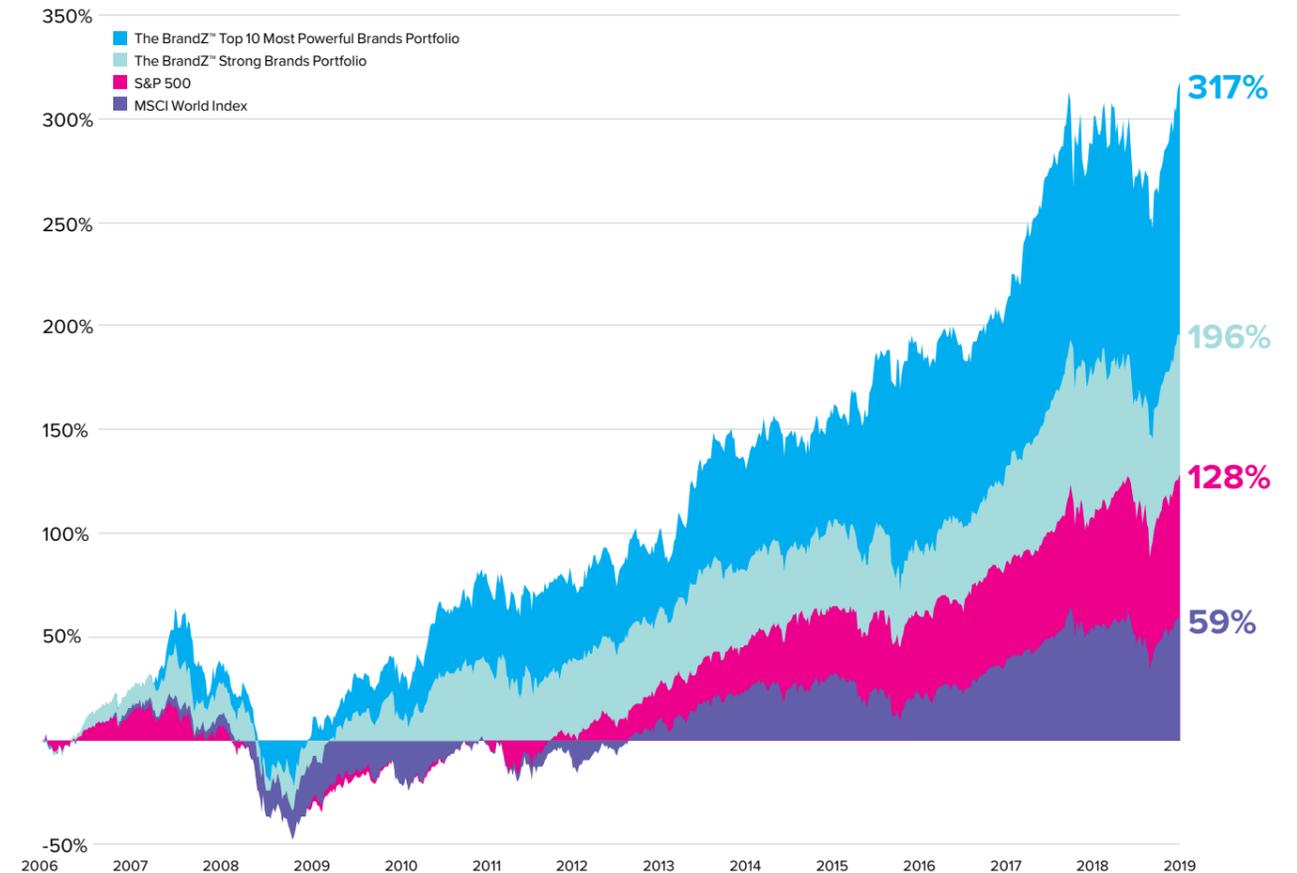
In concrete terms, \$100 invested in 2006 would be worth \$159 today based on the MSCI World Index growth rate, and \$228 based on the S&P 500 growth rate. That \$100 invested in the BrandZ™ Strong Brands Portfolio would be worth almost \$300. And invested in the BrandZ™ Top 10 Most powerful Brands Portfolio, that \$100 would have more than tripled in value to \$417.

These results demonstrate the positive return on money invested to build valuable brands. The key takeaways for brand owners and brand marketers are: companies that invest in building valuable brands grow their topline faster; and organic topline growth is the greatest determinant of total shareholder return.



BrandZ™ Portfolios vs. the S&P and MSCI World Index

Two BrandZ™ Portfolios of valuable brands consistently outperformed two leading stock market indexes, affirming that valuable brands deliver superior returns over time and regardless of market disruptions.



The BrandZ™ Top 10 Most Powerful Brands Portfolio is made up of Top 100 brands with the highest scores in Power, a BrandZ™ metric correlated with current demand and market share. The BrandZ™ Strong Brands Portfolio is made up of Top 100 Brands with the highest scores in Brand Contribution, a BrandZ™ metric of how much brand alone predisposes consumers to choose a brand and pay more for it.

Source: BrandZ™/Kantar (with data from Bloomberg)

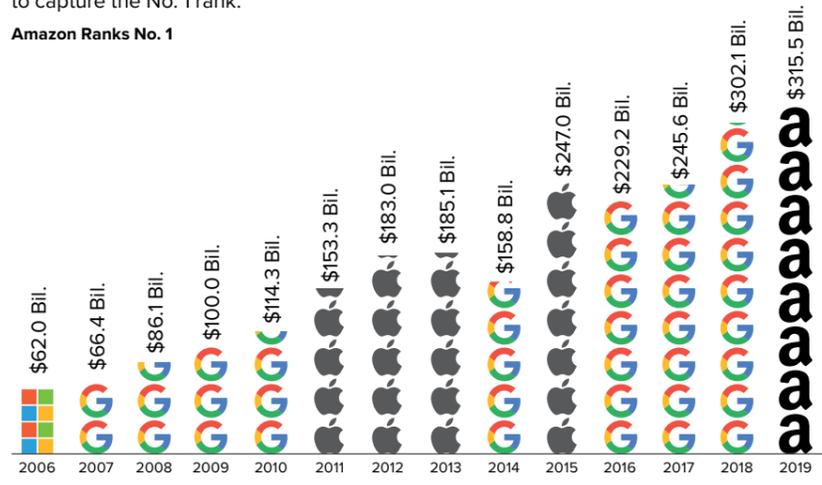
Key Results

No. 1

Amazon captures the lead position

Amazon rose to the No. 1 rank in the BrandZ™ Global Top 100, surpassing Google and ending a Google-Apple duopoly that began in 2007, when Google surpassed Microsoft to capture the No. 1 rank.

Amazon Ranks No. 1



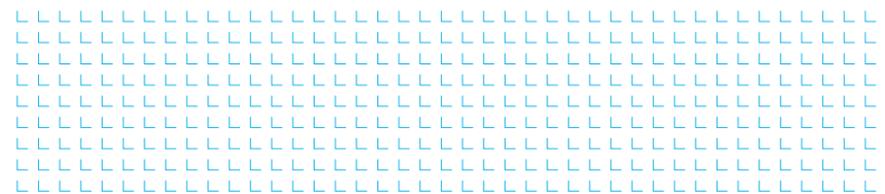
Source: BrandZ™/Kantar (with data from Bloomberg)



Top Riser

Instagram value increases 95%

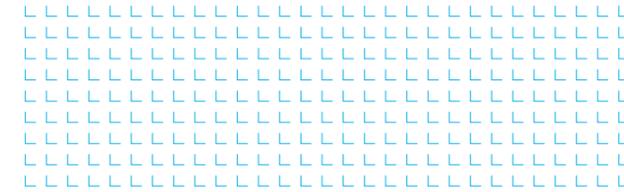
Instagram, the photo sharing site owned by Facebook, almost doubled in value, rising 95 percent year-on-year to become the fastest-rising brand in the BrandZ™ Global Top 100.



Newcomers

9 brands join ranking

Nine brands, the most in recent years, joined the BrandZ™ Global Top 100. Four of the newcomers came from the technology category. The large number of newcomers reflected the year's volatility.



Shift East

Ranking welcomes more Asian brands

The newcomers included four Chinese brands and two Indian brands, increasing the presence of Asian brands in the BrandZ™ Global Top 100 and bring the total of Chinese brands to 15, including the newcomers: Didi Chuxing, a car sharing platform; Meituan, an online-to-offline services provider; the smartphone Xiaomi; and Haier a home appliance ecosystem brand. The Indian brands are the state-owned insurer LIC, and Tata Consultancy Services, the global technology consultancy.



Top Category

Luxury outpaces all categories

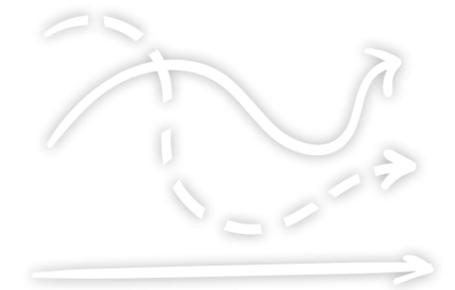
With greater accessibility, improved use of technology, and continued strong demand from Chinese consumers, luxury outpaced all other categories, increasing 29 percent in value. Retail followed, increasing 25 percent.



Volatility

More brands shift ranks

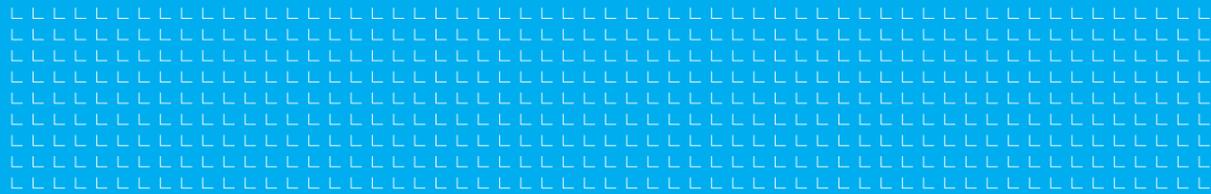
Reflecting the year's volatility, brands shifted an average of 9.6 ranks up or down, around double the number from just two year ago, almost equaling the shift in 2012, when brands still were recovering from the global financial crisis.



Cross Category Trends

Cultural changes, trends, geopolitics impact brands

Leaders adjust for new opportunities

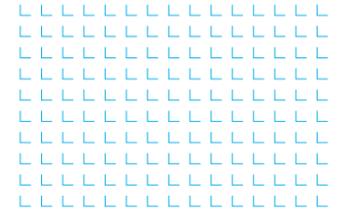


RESPONSIBILITY

Health and Wellness

Cultural shift touches leading global markets

Greater mindfulness about health and wellness, a global cultural shift, shaped the development of products and services in both mature markets and fast-growth markets like China and India. The trend was clearest in the apparel category where the athleisure brands, aligned with the cultural shift, rose in value, including: Nike, adidas, Under Armour, and Lululemon, the second-fastest riser in the Top 20 Risers list. In the beverages category, Coca-Cola Co. and PepsiCo Inc. introduced healthier drinks. Responding to changing drinking preferences of Millennials and Centennials, beer brands introduced new products, including no- and low-alcohol beers. Personal care brands eliminated chemical ingredients and introduced more products for enhancing natural beauty rather than masking perceived flaws.



Inclusion, Values, Taking a Stand

Brand actions align with customer values

Personal care brands continued to expand the ideal of beauty, extending product ranges with myriad variations of skin and hair types. They also included transgender models and influencers among their brand ambassadors. An apparel store called The Phluid Project, without traditional gender departments, opened in New York. Gillette entered the conversation about changing ideas of masculinity, revising its strapline from “The best a man can get,” to “The best a man can be.” Illustrating the risks of taking a stand, the campaign received criticism both from people opposed to the progressive message and those who agreed with the message but not its implementation. Nike took its “Just Do It” slogan to another level with an ad campaign featuring Colin Kaepernick, the NFL quarterback who kneeled during the national anthem to protest racism. Nike’s embrace of Kaepernick aligned with the values of Nike’s core customers, but alienated customers who believed the quarterback was acting disrespectfully. In a glancing reference to debates about immigration, The North Face celebrated Global Climbing Day by announcing, “Walls are meant for climbing.”

Sustainability

Packaging changes receive high priority

Brands treated sustainability as a primary issue for several reasons, including the political import of the Paris Agreement and the influence of Millennials and Centennials. Attention to the health and wellness of the earth needed to be genuine and addressing the challenge with greenwashing was almost worse than ignoring it. In personal care and other categories, Proctor & Gamble Co., Unilever Plc, and other major consumer products companies participated in a project with TerraCycle, a recycling company, to reduce single-use packing with a plan for delivering products in containers that could be delivered, picked-up, and reused.

The major beer brands attempted to conserve the main ingredients of beer—water and grains. Budweiser promised to use renewable energy in its beer production. And beers experimented with ways to eliminate the plastic yokes that ring beers together in six-packs. PepsiCo Inc. marketed its Drinkfinity line of waters that includes a reusable bottle and disposable flavor pods. Its SodaStream device also helps PepsiCo Inc. drive volume with less packaging. Adidas, which is a sponsor of Manchester United and a partner of Parley for the Oceans, an environmental organization, created the UK football team’s uniforms from recycled ocean plastic.

At the luxury end of the market, Aston Martin announced development of a car with its Lagonda badge that will produce zero emissions and have interiors decorated with materials not derived from animals. Notably, the energy brand leaders, particularly Shell and BP, advanced sustainability initiatives.

Cross Category Trends

Ecosystems

More touchpoints improve experience

Amazon and Alibaba are prototypical ecosystem brands, having created multiple businesses by anticipating consumer needs and transgressing category boundaries to meet those needs, usually empowered by technology to integrate multiple touchpoints and improve customer experience. The leading consumer technology brands—Apple, Google, and Facebook—derive their strength in part from being ecosystems. Having created a world of mobile devices, Apple is shifting its business model to drive revenue from the services it provides to those devices.

Ecosystems are particularly advanced in China because of heightened consumer expectations for radical convenience, and market-specific factors enabling brands to fulfill that expectation. These factors include: more complete personal profiles because of less resistance to providing personal data, and faster delivery because of lower labor costs. Three Chinese ecosystem brands are among the newcomer brands to the BrandZ™ Global Top 100. Didi Chuxing and Meituan, are online-to-offline service providers. Haier recently redefined its home appliance business as an ecosystem, adapting to a market in which an increasing number of consumers are looking for smart systems rather than individual products.

Category Changes

New businesses outpace traditional categories

Categories are like rules. They serve a necessary purpose, keeping order until the order they keep makes less sense. Having a circumscribed boundary can be empowering because it provides useful focus until the focus becomes too narrow. Ultimately, product categories are defined by consumer behavior and are as temporary as that behavior. Visionary brands anticipate the changes in consumer behavior and ignore categories when necessary.

The BrandZ™ names for two categories changed this year to more accurately reflect their dynamism. Soft drinks became beverages because consumption of the carbonated soft drinks has steadily declined for health reasons. At the same time, consumption of coffee, juices, and other beverages have increased. In renaming the category, two Chinese dairy brands joined the BrandZ™ Beverage Top 15: Yili and Mengniu. Similarly, the energy category replaces the oil and gas category. Based on the Paris Agreement and the activities of the BrandZ™ Energy Top 10, the long-term viability of these brands depends on a steady transition away from fossil fuels.

Although the category is still called telecom providers, the activities of the brands in the category are crossing borders. All the brand leaders are preparing for 5G, the technology that will form the infrastructure for the Internet of Things. At the same time, brands are adding content. Most notably, US courts approved the AT&T's acquisition of Time Warner, which moves AT&T directly into entertainment and competition with brands like Netflix and Disney.

BLURRING BOUNDARIES

CUSTOMER EXPERIENCE

Direct-to-Consumer

Initiatives yield data, improve experience

The rise of e-commerce has disintermediated suppliers from their customers at a time when the quality of customer experience and personalization are critical differentiators. In part to rectify that problem, more brands are developing direct-to-consumer opportunities. Coca-Cola Co. will have more direct contact with its customers through the retail outlets of Costa Coffee, its recently acquired chain of UK-based cafés. PepsiCo Inc. will learn about the individual drinking habits from customers who order refills for their SodaStream devices. Similarly, AB InBev is partnering with Keurig Dr Pepper to offer beer pods. Both AB InBev and Heineken collect information about customer preferences from their beer subscription services and related sites for social commerce.

Banks are closing branches and using the savings to invest in their online presence

where they can collect and analyze data about customer financial needs. Closing branches means reducing the number of physical touchpoints, which have been important for building trust, however. The digitization of cars enables manufacturers to gather more data and provide customized services, such as maintenance programs, potentially changing the role of the dealer and the physical location.

Meanwhile, some of the original subscription businesses are expanding into physical locations, with Birchbox and Harry's partnering with Walgreens. The initiatives by these two personal care brands reverses the traditional brand progression, which was to first build scale through retailers. In a related development, a department store for online brands opened in New York's Soho neighborhood. It is called Showfields.

Cross Category Trends

Premiumization

Difference drives Premiumization

The importance of brands to sustain and grow a business becomes especially evident in times like these when cultural changes, trends, and geopolitics impact growth. The importance of brand is best illustrated by Lululemon. The yoga apparel maker rose 77 percent in value year-on-year, to lead the apparel category in value growth and become the second-fastest rising brand across all categories measured by BrandZ™. According to BrandZ™ analysis, Lululemon accomplished this feat on the strength of being well differentiated, which enabled Lululemon to command premium prices when lower prices were widely available, especially online.

Endurance

Valuable brands refresh, revive

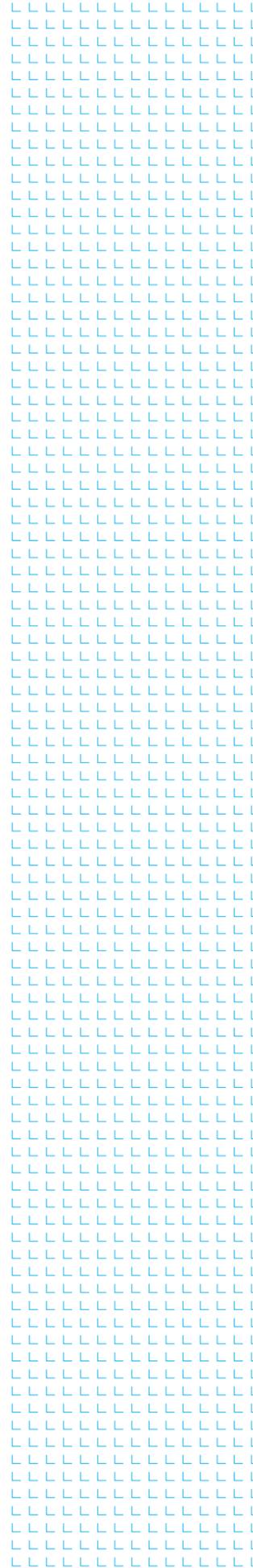
The luxury heritage brand Gucci continued to rise in value because the brand has effectively refreshed a nearly century-old heritage and made the brand more accessible to a wider audience, while at the same time sustaining its exclusivity and premium pricing. Because of brand strength, Coke and Pepsi were able to sustain business while re-building their product portfolios with healthier beverages over the past decade of declining carbonated beverage consumption. Last year, both took bold initiatives with acquisitions: Coca-Cola Co. buying Costa Coffee, and PepsiCo Inc. buying SodaStream. Similarly, Levi's, returned to the ranking having been sustained by heritage brand strength during a period when the comfort of yoga pants eclipsed the popularity of denim jeans.

Permission

Brand stretch, flex accompanies power

Brand also confers permission to take risks, as when Nike, No. 1 in the apparel category, took a stand against racism in support of quarterback Colin Kaepernick who took a knee. Shell, No. 1 in the energy category, is shifting toward renewables while also leveraging its consumer-facing brand. The agreement by Apple and Goldman-Sachs to introduce a co-branded credit card suggests the possibilities of risk-taking in partnership.

BRAND IMPORTANCE



SHIFT TO THE EAST

Global Top 100

More Asian brands appear in ranking

Six of the nine newcomer brands to the BrandZ™ Global Top 100 are from Asia—four from China and two from India. Samsung of South Korea is the world's leading smartphone brand. The total number of Chinese brands in the Top 100 has increased from just one, China Mobile, in 2006, to 15, plus six other Chinese brands appear in the category rankings: two in insurance, two in energy, and two in beverages. Xiaomi, a leading smartphone brand in China, is the market leader in India and rapidly expanding in Europe. The center of gravity of the car category—the region driving most sales—has shifted East. Although no Chinese car brands appear yet in the BrandZ™ Cars Top 10, several Chinese carmakers, including Geely, plan to launch brands in the West in the next several years.

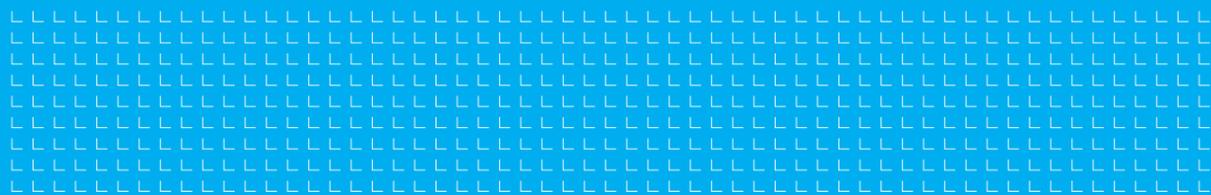
Takeaways

5 ACTION POINTS FOR BUILDING AND SUSTAINING VALUABLE BRANDS



1 BE PURPOSEFUL

The notion of purpose has moved on. Higher purpose is fine when it is relevant to the brand and feels genuine to the consumer, not bolted on. But people do not expect all brands to save the world. What people do expect is for a brand to do what it does well, and to do it responsibly and ethically. That means conducting all aspects of the business—production, supply chain, relationships with employees and customers—ethically and honestly.



2 CHANGE THE MINDSET

Short-term thinking is easily justified. The financial system rewards it. The problem with short-term thinking is that it often produces short-term creativity, the ideas that drive revenue to meet budget for the next quarter or two. Meanwhile, entrepreneurs not tethered to stock market expectations are pitching creative, long-term—maybe too long-term—ideas to venture capitalists. Paradoxically, big companies are filled with talent to germinate big ideas and resources to fund them.

3 RETHINK THE CATEGORY

A product category can form a cocoon, creating comfort and protection—but only for so long. This year the BrandZ™ names for two categories changed: soft drinks became beverages and oil and gas became energy. The new names simply ratify changes that have happened over time. The name for telecom providers will likely change soon, too, as those brands become engaged in the Internet of Things and move more decisively into the entertainment business. Assume that the name of every category increasingly will be misaligned with the activities of its constituent brands. Look for ideas that are animating change across categories. Be aware of the cultural changes motivating how people behave. How they think. What they believe. As well as how they shop and what they buy. Anticipate a category name change and do not be shocked when it happens.

4 CULTIVATE FRICTION

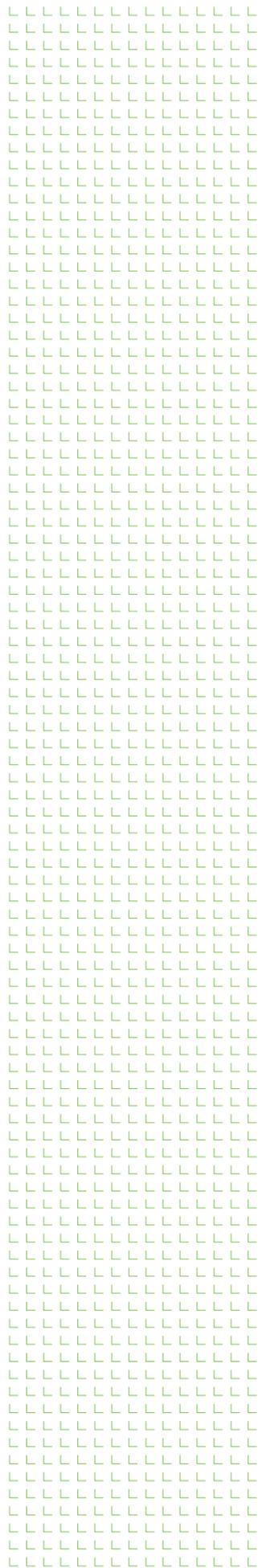
Creating a company that is diverse is not simply about social inclusion. Diversity in an organization is about success. A business that serves a narrow, homogenous market can perhaps get by with a workforce that is narrow and homogenous. A business attempting to build brands with broad appeal depends on a workforce that is as diverse, in every way, as its customers. A mixture of people results in multiple points of view. It produces unexpected new ideas that help differentiate. It produces products and services that can be more personalized, meaningful, and relevant. And, paradoxically, it cultivates the creative friction need to produce frictionless customer experience.

5 LOOK BOTH WAYS

It is a simple instruction for crossing a street in heavy traffic and it applies to brands from the West and the East. Western brands need to look to the East, particularly to China, to learn how artificial intelligence and other cutting-edge technologies are raising consumer expectations for personalization, ease of online ordering, and rapid delivery. As more Chinese brands go global, they need to understand that privacy concerns moderate the customer experience expectations of Western consumers. Western and Eastern brands need to study each other. Binary outcomes—winning or losing—may be part of trade brinkmanship but they are not the best way to build brands.



The
BrandZ™
Global Top
100 Brands



BrandZ™ Top 100 Most Valuable

Brand	Category	Brand Value 2019 \$Mil.	Brand Contribution	Brand Value % Change 2019 vs. 2018	Rank Change	Country of Origin
1 amazon	Retail	315,505	4	+52%	2	
2 Apple	Technology	309,527	4	+3%	0	
3 Google	Technology	309,000	4	+2%	-2	
4 Microsoft	Technology	251,244	4	+25%	0	
5 VISA	Payments	177,918	5	+22%	2	
6 facebook	Technology	158,968	4	-2%	0	
7 Allbaba Group <small>阿里巴巴集团</small>	Retail	131,246	3	+16%	2	
8 Tencent 腾讯	Technology	130,862	4	-27%	-3	
9 McDonald's	Fast Food	130,368	4	+3%	-1	
10 AT&T	Telecom Providers	108,375	3	+2%	0	
11 verizon	Telecom Providers	94,598	4	+11%	1	
12 Mastercard	Payments	91,929	4	+30%	3	
13 IBM	Technology	86,005	4	-11%	-2	
14 Coca-Cola	Beverages	80,825	5	+1%	0	
15 Marlboro	Tobacco	71,958	3	-12%	-2	
16 SAP	Technology	57,528	3	+4%	1	
17 Disney	Entertainment	57,007	4	+6%	2	
18 ups	Logistics	54,899	5	-9%	-2	
19 Walmart	Retail	53,507	3	+13%	1	
20 xfinity	Telecom Providers	48,889	3	+14%	4	
21 Nike	Apparel	47,360	4	+23%	8	
22 LV	Luxury	47,214	5	+15%	4	
23 WELLS FARGO	Regional Banks	46,468	3	-15%	-5	
24 Starbucks	Fast Food	45,884	4	+3%	-1	
25 T-Mobile	Telecom Providers	44,219	3	+7%	0	

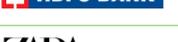
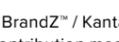
Source: BrandZ™ / Kantar (including data from Bloomberg)
Brand contribution measures the influence of brand alone on financial value, on a scale of 1 to 5, 5 highest

Global Brands 2019

Brand	Category	Brand Value 2019 \$Mil.	Brand Contribution	Brand Value % Change 2019 vs. 2018	Rank Change	Country of Origin
26 PayPal	Payments	44,166	5	+25%	4	
27 中国移动 <small>China Mobile</small>	Telecom Providers	39,322	4	-15%	-6	
28 accenture	Technology	39,184	3	+16%	4	
29 ICBC 中国工商银行	Regional Banks	38,432	2	-16%	-7	
30 Spectrum	Telecom providers	38,423	2	-2%	-3	
31 CHANEL	Luxury	37,006	5	NEW		
32 Walmart	Retail	36,801	2	+8%	-1	
33 AMERICAN EXPRESS	Payments	35,071	4	+17%	2	
34 NETFLIX	Entertainment	34,290	3	+65%	27	
35 WUJIAO	Alcohol	33,924	4	+6%	-1	
36 intel	Technology	31,880	2	+13%	2	
37 HERMES <small>PARIS</small>	Luxury	30,966	5	+10%	2	
38 SAMSUNG	Technology	30,369	4	-6%	-5	
39 YouTube	Entertainment	29,613	4	+29%	12	
40 中国平安 <small>PING AN</small>	Insurance	29,470	3	+13%	3	
41 TOYOTA	Cars	29,151	4	-3%	-5	
42 CISCO	Technology	28,861	2	+35%	15	
43 L'ORÉAL <small>PARIS</small>	Personal Care	28,376	4	+9%	1	
44 Instagram	Technology	28,205	4	+95%	47	
45 Adobe	Technology	27,930	2	+57%	30	
46 salesforce	Technology	26,917	3	+58%	32	
47 HUAWEI	Technology	26,908	3	+8%	1	
48 GE	Conglomerate	26,700	2	-32%	-20	
49 vodafone	Telecom Providers	26,499	3	-8%	-12	
50 ORACLE	Technology	26,488	2	+3%	-5	

The Brand Value of Coca-Cola includes Diet Coke, Coca-Cola Light and Coca-Cola Zero

BrandZ™ Top 100 Most Valuable

Brand	Category	Brand Value 2019 \$Mil.	Brand Contribution	Brand Value % Change 2019 vs. 2018	Rank Change	Country of Origin
51 	Beer	26,317	5	-3%	-11	
52 	Luxury	25,274	5	+13%	2	
53 	Transport	24,206	3	+51%	28	
54 	Cars	23,355	4	-9%	-8	
55 	Cars	23,326	4	-9%	-8	
56 	Global Banks	23,169	3	-2%	-6	
57 	Regional Banks	22,845	4	0%	-5	
58 	Technology	22,816	4	+46%	25	
59 	Regional Banks	22,709	2	-4%	-10	
60 	Regional Banks	22,705	4	+9%	0	
61 	Apparel	22,581	3	-16%	-19	
62 	Retail	21,282	3	+17%	10	
63 	Technology	20,879	5	-22%	-22	
64 	Telecom Providers	20,728	3	+6%	1	
65 	Energy	20,669	1	+2%	-2	
66 	Retail	20,609	3	-2%	-7	
67 	Regional Banks	20,514	3	+6%	0	
68 	Insurance	20,314	3	NEW		
69 	Logistics	20,176	5	-9%	-13	
70 	Telecom Providers	20,070	3	-10%	-15	
71 	Transport	20,041	4	NEW		
72 	Regional Banks	19,958	3	+2%	-6	
73 	Global Banks	19,827	3	+9%	0	
74 	Technology	19,805	3	NEW		
75 	Telecom Providers	19,361	3	-15%	-22	

Source: BrandZ™ / Kantar (including data from Bloomberg)
Brand contribution measures the influence of brand alone on financial value, on a scale of 1 to 5, 5 highest

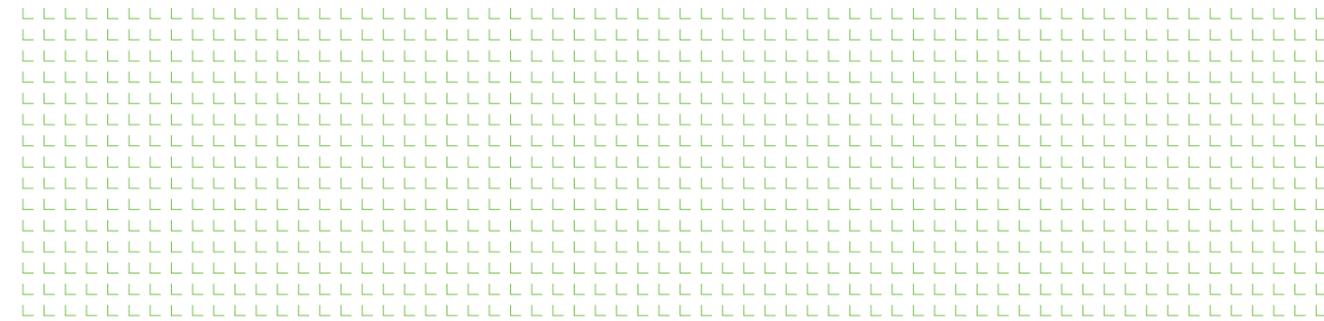
Global Brands 2019

Brand	Category	Brand Value 2019 \$Mil.	Brand Contribution	Brand Value % Change 2019 vs. 2018	Rank Change	Country of Origin
76 	Retail	18,949	3	+8%	0	
77 	Global Banks	18,878	3	-11%	-19	
78 	Lifestyle Platform	18,760	5	NEW		
79 	Baby Care	18,664	5	-8%	-15	
80 	Energy	18,604	1	+2%	-6	
81 	Technology	18,486	3	NEW		
82 	Regional Banks	18,199	2	-5%	-13	
83 	Regional Banks	17,983	2	+3%	-6	
84 	Personal Care	17,567	4	-5%	-13	
85 	Fast Food	17,205	4	+14%	2	
86 	Fast Food	17,124	4	-9%	-16	
87 	Technology	16,690	2	NEW		
88 	Logistics	16,644	4	-19%	-26	
89 	IoT Ecosystem	16,272	5	NEW		
90 	Insurance	16,145	3	+7%	-4	
91 	Regional Banks	15,795	3	-18%	-23	
92 	Conglomerate	15,308	2	-4%	-10	
93 	Technology	15,202	3	+3%	-4	
94 	Retail	14,964	2	14%	1	
95 	Regional Banks	14,851	3	-9%	-15	
96 	Retail	14,692	3	+7%	-3	
97 	Technology	14,282	2	NEW		
98 	Personal Care	14,150	5	-8%	-13	
99 	Regional Banks	13,437	4	+6%	0	
100 	Apparel	13,355	4	+7%	0	

The Brand Value of Budweiser includes Bud Light

Results in Context

2019 value rise fits 13-year pattern of annual growth with fluctuations



The 2019 BrandZ™ Global Top 100 year-on-year value growth of 7 percent is consistent with Top 100 results over the past 13 years, and close to the compounded annual growth rate of 9.5 percent.

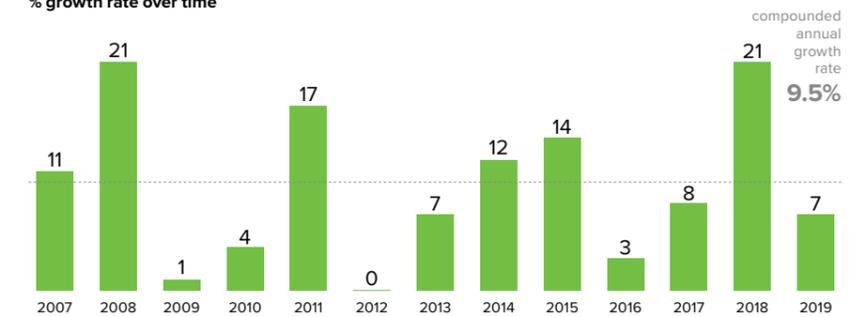
The growth rate is well under the 21 percent increase a year ago, which was an exceptional performance, when every category in the ranking grew in value. Many factors produced a more typical pattern of growth, varying by category. The cars and banks categories were negatively impacted by trade tension between China and the US, for example.

In absolute terms, 2019 the Global Top 100 added \$328.5 billion in value—around one-third of a trillion dollars—increasing the ranking total value to \$4.7 trillion.

The 7% value increase matches 13-year results...

The 2019 year-on-year value change was consistent with results over the past 13 years, and close to the compounded annual growth rate of 9.5 percent.

% growth rate over time

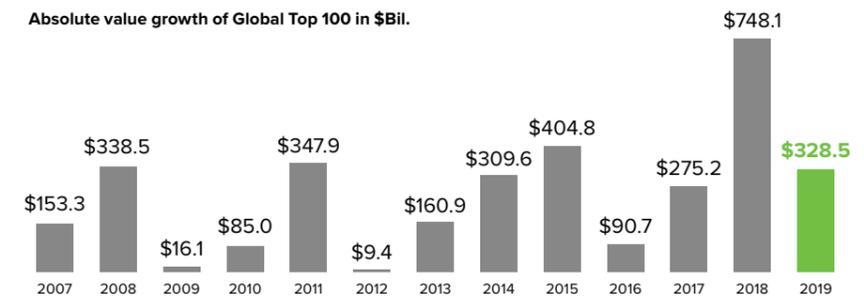


Source: BrandZ™/Kantar

... It adds \$328.5 billion to the Global Top 100

In absolute terms, the Global Top 100 added \$328.5 billion in value—around one-third of a trillion dollars.

Absolute value growth of Global Top 100 in \$Bil.

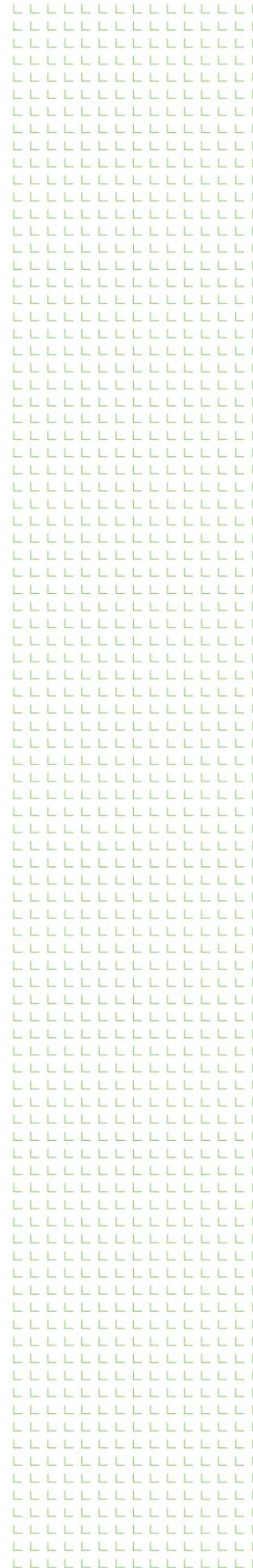


Source: BrandZ™/Kantar

Top 20 Risers

Led by tech, Top 20 Risers includes brands in 10 categories

Strong brand value growth possible across the economy



The Top 20 Risers, the brands that increased most in value year-on-year, came from 10 categories, indicating the possibility of strong brand appreciation in just about any sector of the economy.

Technology was the most represented category, with six brands, and technology influenced the rise of brand value in most of the categories. Based on its popularity compared with other social media platforms, including its parent brand, Facebook, Instagram led in year-on-year value increase, with a rise of 95 percent.

In an unusual reversal of fortune reflecting the privacy issues facing consumer technology brands, four of the other five technology Top Risers—Salesforce, Adobe, Cisco, and Microsoft—came from the business-to-business sector.

Salesforce and Adobe score high in BrandZ™ measurements of innovation and rose in value 58 percent and 57 percent, respectively. Each brand has created a cloud-based business in which it dominates, Salesforce in Consumer Relationship Management, and Adobe in graphics and digital solutions.

Having refreshed its corporate culture, Cisco took advantage of being in a business sweet spot as a component supplier for some of the technologies that are transforming the world, including 5G telecommunications, the Internet of Things, and autonomous vehicles.

Microsoft, which grew 25 percent in value, continued to expand its Azure cloud business and invested in its masterbrand as it focused additional attention on consumer business. LinkedIn, with a value increase of 46 percent, has a strong reputation among users and has grown rapidly in value since its acquisition by Microsoft in 2016.

Technology helped produce increases in value in other categories, such as the increasingly crowded entertainment category, where technology combined with brand building helped drive a 65 percent increase in value for Netflix. YouTube rose 29 percent.

Top 20 Risers

Technology for developing comfortable athleisure clothing influenced the two apparel Top Risers, Lululemon, which increased 77 percent, and Under Armour, up 25 percent.

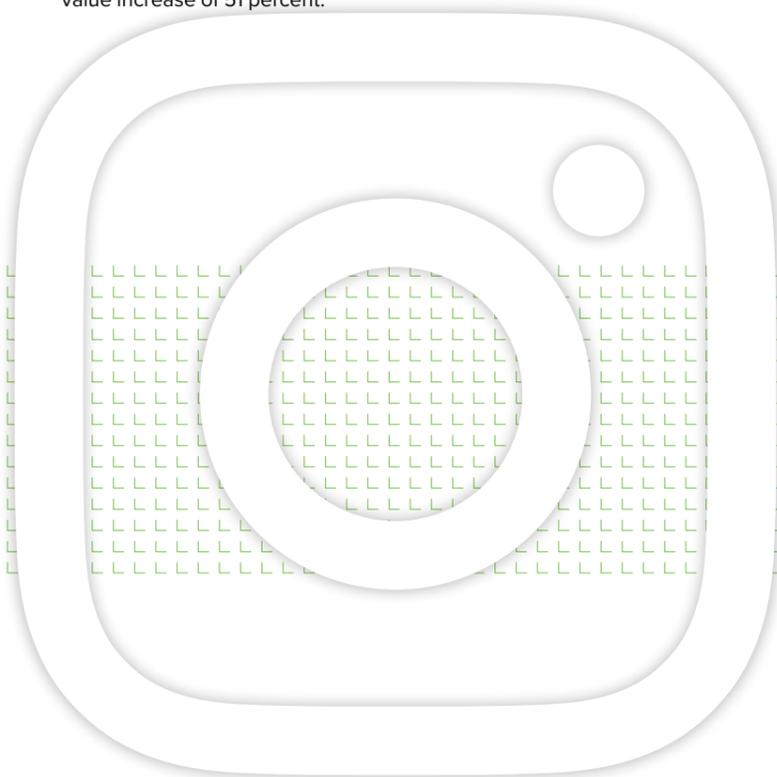
Two retail brands, Amazon and its subsidiary, Whole Foods, rose 52 percent and 28 percent, respectively, in value. Amazon has caused disruption across categories by perpetually expanding its offering and improving the technology it uses online, in physical stores, and distribution centers. Consumers view Amazon as Meaningfully Different, Purposeful, and Innovative, according to BrandZ™ analysis.

Recovering from food safety issues, fast food brand Chipotle increased 40 percent in value. Digital sales rose over 40 percent and accounted for 10.9 percent of sales in 2018. Having turned around the brand several years ago on the strength of digital and artificial intelligence, Domino's Pizza introduced a promotional use of AI for its loyalty program. The brand rose 29 percent in value.

In the payments category, Mastercard tried to future-proof for a time when financial transactions might be possible without a mediator facilitating the payment. Mastercard removed its name from its logo, leaving the intersecting red and gold discs to represent the brand, along with an audio identity. PayPal acquired iZettle, the Swedish company whose technology enables small business to accept contactless payments.

Luxury's fastest rising brand Dior established strong brand equity in China, particularly among millennials. The personal care brand Shiseido, based in Japan, also developed a strong following in China, and in the West.

With its clever advertising, the insurance brand Geico built Salience and Meaningfulness based on a perception of fair pricing, according to BrandZ™ analysis. Uber, which entered the BrandZ™ Global Top 100 at rank No. 81 last year, rose to rank No. 53 on a brand value increase of 51 percent.



BrandZ™ Top 20 Risers

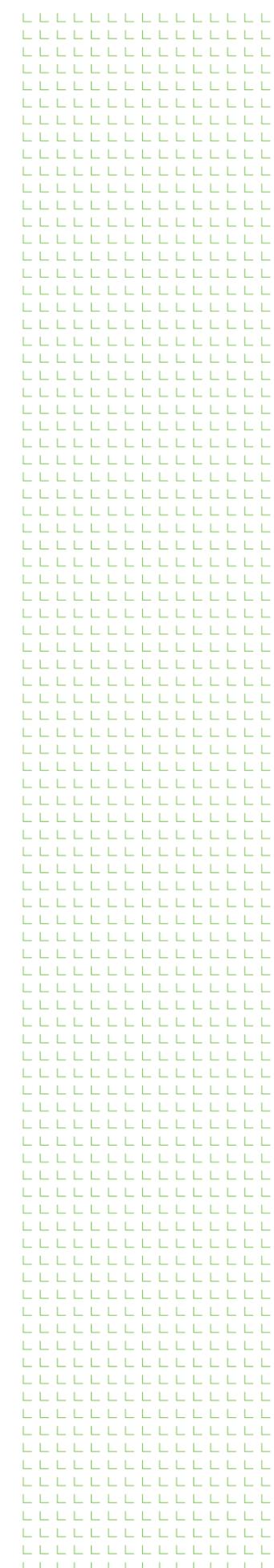
	Brand	Category	Brand Value 2019 \$Mil.	Brand Value 2018 \$Mil.	YOY%	Country of Origin
1	Instagram	Technology	28,205	14,496	+95%	
2	lululemon	Apparel	6,921	3,912	+77%	
3	NETFLIX	Entertainment	34,290	20,819	+65%	
4	salesforce	Technology	26,917	17,026	+58%	
5	Adobe	Technology	27,930	17,831	+57%	
6	SHISEIDO	Personal Care	5,986	3,827	+56%	
7	amazon	Retail	315,505	207,594	+52%	
8	Uber	Transport	24,206	16,045	+51%	
9	LinkedIn	Technology	22,816	15,657	+46%	
10	CHIPOTLE MEXICAN GRILL	Fast Food	6,201	4,422	40%	
11	CISCO	Technology	28,861	21,331	+35%	
12	Mastercard	Payments	91,929	70,872	+30%	
13	GEICO	Insurance	9,261	7,164	+29%	
14	YouTube	Entertainment	29,613	22,958	+29%	
15	DIOR	Luxury	4,658	3,612	+29%	
16	Domino's	Fast Food	9,570	7,446	+29%	
17	WHOLE FOODS MARKET	Retail	9,101	7,088	28%	
18	Microsoft	Technology	251,244	200,987	+25%	
19	PayPal	Payments	44,166	35,440	+25%	
20	UNDER ARMOUR	Apparel	3,938	3,160	+25%	

Source: BrandZ™ / Kantar (including data from Bloomberg)

Newcomers

Volatile market shakes ranking, 9 brands enter Global Top 100

Greatest change since 2015 includes six Asian newcomers



Illustrating the volatility of the global brand landscape, nine brands entered the BrandZ™ Global Top 100 as newcomers this year, the greatest number of newcomers since 2015.

The make-up of the newcomers also demonstrates some of the drivers of volatility. Six of the nine newcomer brands come from Asia, including four Chinese brands. Six brands are in technology or technology-related categories, and several brands operate as ecosystems.

Two of the Chinese brands, Didi Chuxing and Meituan, are online-to-offline service providers. In the transport category, Didi Chuxing is a ride-sharing app, similar to Uber and Lyft, with a broader strategy to diversify across automobile services, including lease and rental, car sharing, fueling stations, and aftercare.

Meituan, a lifestyle platform, is China's largest online booking site for services, which include reserving a restaurant, renting a bike, buying movie tickets, ordering food for delivery, or making

travel arrangements. Both Didi Chuxing and Meituan are ecosystem brands, meaning they operate diverse, interdependent, synergistic businesses.

The Chinese newcomer Haier recently redefined its home appliance business as an ecosystem, adapting to a market in which an increasing number of consumers are looking for smart systems rather than individual products. To strengthen its position in Europe, where it has long been active, Haier purchased the Italian brand Candy. Haier also is investing in the GE appliances business in the US, which it acquired in 2016

The fourth Chinese brand, Xiaomi, makes smart phones that offer relatively affordable function and style. Xiaomi is the market leader in India and is rapidly expanding throughout Europe.

Newcomers

The two Indian newcomers are the state-owned insurance group LIC, a highly trusted brand in India, and Tata Consultancy Services, a global technology consultancy. The other technology newcomers are Xbox, the gaming platform owned by Microsoft, which is investing into developing more gaming content to strengthen its Xbox business, and Dell Technologies.

Dell Technologies had been in the Global Top 100 until 2010, and in the technology category ranking until the company went private in 2013. Although it remains private, Dell Technologies' financials are publicly available, which makes the brand eligible for inclusion in the Global Top 100. Similarly, Chanel, which has appeared in the BrandZ™ luxury ranking, now also ranks in the BrandZ™ Global Top 100 because the company has revealed its complete financial statements.

BrandZ™ Newcomers

Top 100 Rank	Brand	Category	Brand Value 2019 \$Mil.	Country of Origin
31	CHANEL	Luxury	37,006	
68	LIC	Insurance	20,314	
71	DiDi	Transport	20,041	
74	mi Xiaomi	Technology	19,805	
78	美团 Meituan	Lifestyle Platform	18,760	
81	DELL Technologies	Technology	18,486	
87	XBOX	Technology	16,690	
89	Haier	IoT Ecosystem	16,272	
97	TATA CONSULTANCY SERVICES	Technology	14,282	

Source: BrandZ™ / Kantar (including data from Bloomberg)

Newcomers outperform ranking on key metrics

It is becoming more difficult for brands to rise into the BrandZ™ Global Top 100, as the global brand landscape becomes more volatile and competitive.

In 2006, the brand value threshold for ranking in the Global Top 100 was \$4.2 billion. In the 2019 BrandZ™ Global Top 100, the brand ranking No. 100 has a value of \$13.4 billion, a 219 percent increase over 2006.

In many drivers of value—the key BrandZ™ metrics of brand strength—the average scores for newcomers are higher than the average scores for the rest of the Top 100 brands.

In Saliency (coming to mind at the time of consideration), for example, newcomers score 146 compared with a score of 124 for the rest of the Top 100. An average score is 100.

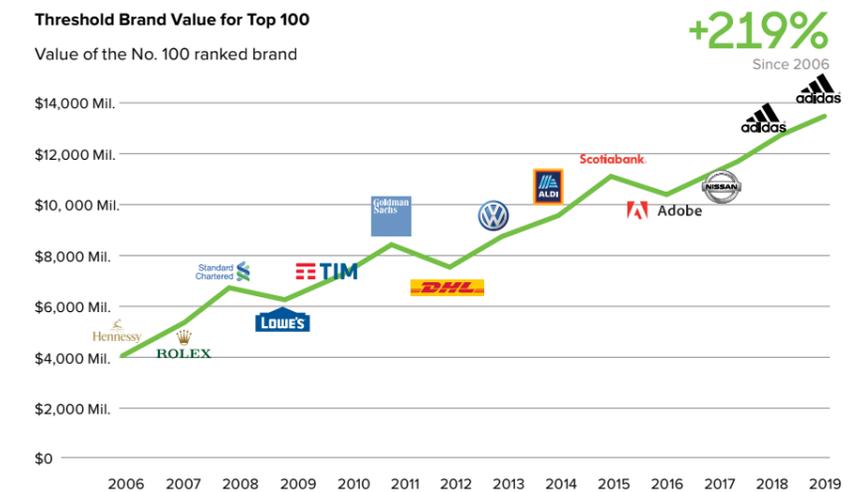
Similarly, newcomers score higher on the question “Interested to see what they do next,” a measurement of potential that informs a key challenge for brands now entering the ranking—remaining in the ranking.

The brand value for Top 100 eligibility is rising...

The value of the brand ranking No. 100 has increased 219 percent since 2006.

Threshold Brand Value for Top 100

Value of the No. 100 ranked brand



Source: BrandZ™/Kantar

... And newcomers outperform Top 100 in key BrandZ™ metrics

The average scores for newcomers are higher than the average scores for the rest of the BrandZ™ Global Top 100 brands in many key BrandZ™ metrics of brand strength.

Newcomers vs. Top 100

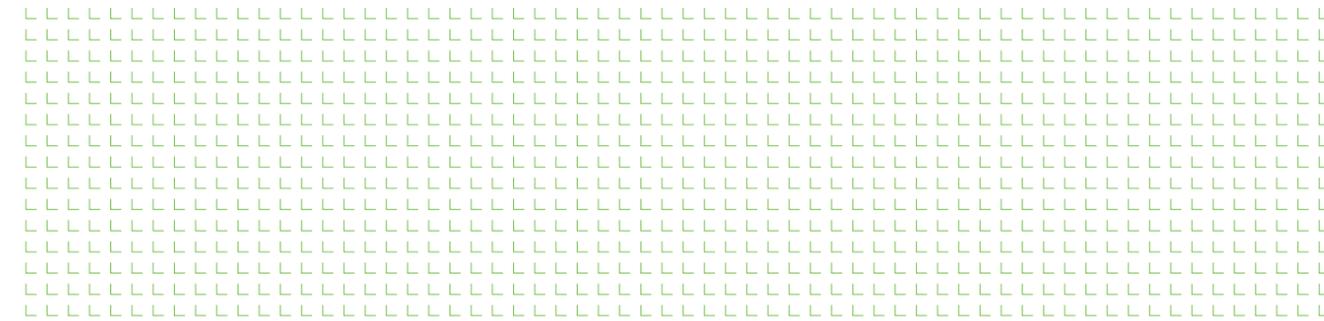
Rest of Global Top 100	Newcomers	Rest of Top 100
Saliency	146	+22
Social Presence	123	+13
Purpose	118	+8
Brand Experience	117	+8
Creativity	115	+10
Interested to see what they do next	120	+10
Reputation: Success	122	+9
Fair Pricing	119	+12

Source: BrandZ™/Kantar

Brand Contribution

Beer, luxury, beverages categories lead ranking

Brand Contribution helps defend brands when markets fluctuate



The BrandZ™ Brand Contribution metric assesses the extent to which brand alone, independent of financial or market factors, drives purchasing volume and enables a brand to command a price premium. Brands that score well in Brand Contribution are viewed positively by consumers.

BrandZ™ Top 15 in Brand Contribution

	Brand	Category	Brand Value 2019 \$Mil.	Brand Value 2018 \$Mil.	YOY%	Brand Contribution	Country of Origin
1	Pampers	Baby Care	18,664	20,183	-8%	5	
2	Modelo	Beer	3,270	3,621	-10%	5	
3	Coca-Cola	Beverages	68,613	68,042	+1%	5	
4	ESTÉE LAUDER	Personal Care	6,103	5,436	+12%	5	
5	SKOL	Beer	7,253	8,263	-12%	5	
6	CHANEL	Luxury	37,006	NEW		5	
7	Corona	Beer	7,529	8,292	-9%	5	
8	HEINEKEN	Beer	11,554	11,884	-3%	5	
9	GUCCI	Luxury	25,274	22,442	+13%	5	
10	HERMÈS PARIS	Luxury	30,966	28,063	+10%	5	
11	STELLA ARTOIS	Beer	10,445	10,928	-4%	5	
12	BURBERRY	Luxury	4,698	4,483	+5%	5	
13	蒙牛 Mengniu	Beverages	6,491	NEW		5	
14	PayPal	Payments	44,166	35,440	+25%	5	
15	FedEx	Logistics	20,176	22,218	-9%	5	

Source: BrandZ™ / Kantar (including data from Bloomberg)

Brand Contribution

Eleven of the Brand Contribution Top 15 are beer, luxury, or beverages brands. These are categories that especially depend on the perceived value of the product. Brand plays an important role in sustaining that perception with consistency through normal market fluctuations.

Represented by five brands in the Brand Contribution Top 15, the beer category declined 6 percent in value because it is under pressure from declining consumption and the changing preferences of Millennials and Centennials. The beer Brand Contribution leaders are: Modelo, Skol, Corona, Heineken, and Stella Artois.

Four of Brand Contribution Top 15 are in the luxury category, which increased 29 percent in value, more than any other in the BrandZ™ category rankings, in part because brands became more accessible to a wider audience, including young people. The luxury Brand Contribution leaders are: Chanel, Gucci, Hermès, and Burberry.

The beverages category, represented by two brands, has been under pressure for a decade because health concerns have reduced consumption of carbonated beverages. The category is represented by two brands, including Coca-Cola,

which has been able to leverage the power of its heritage brand to sustain its business, enabling the company to transition to a healthier product offering. The other beverages category Brand Contribution leader, the Chinese dairy brand Mengniu, joined the BrandZ™ Beverages Top 15 ranking this year, when the scope of the ranking changed from soft drinks to beverages.

The other four categories represented, with one brand apiece, are baby care, personal care, payments, and logistics. For the baby care brand Pampers, which is No. 1 in Brand Contribution, brand strength is a critical differentiator in a category that depends on high levels of trust and also has been subjected to intense online competition.

Similarly, brand is a vital differentiator for personal care brand Estée Lauder, which operates in a category filled with online price-driven competitors. Both the payments brand PayPal and the logistics brand Fedex depend on high levels of trust and name recognition.

(Brand Contribution is expressed on a scale of one to five, five being highest. For complete details, please see the BrandZ™ Valuation Methodology in the Resources section.)



Generations of Brands

Analysis of brands by generation yields lessons about relevance

GenZ brands dominate Global 100 in value and recent growth



If I have seen further it is by standing on the shoulders of giants.

Isaac Newton



Newton's famous quote rightly suggests there is much to be learned from using the past as a springboard for future success. However, given the inexorable march of technology and its impact on consumer needs and expectations; in the world of brands there is also much the old can learn from the new in the quest to adapt, modernize, and sustain success.

BrandZ™ has been gathering consumer data for over 20 years and during that period an entirely new generation of person has emerged. GenZ, whose members are also known as Centennials, first appeared in 1996. Applying the commonly recognized generational designations to brands in the 2019 BrandZ™ Global Top 100, we find that brands are fairly evenly distributed by age among GenZ (1996-to-present), Millennials (1977-to-1995), GenX (1965-to-1976), Boomers (1946-to-1964), and Traditionalists (pre-1946).

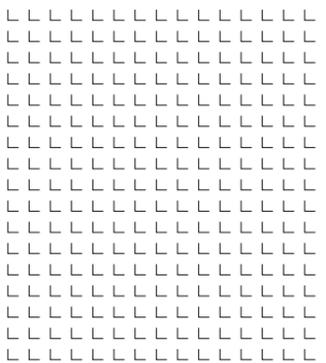
Analysis revealed that brands—like people—are shaped by generational characteristics. For example, they differ in personality traits, brand equity, and ability to build and sustain trust. Understanding brands in the context of their generational influences can yield useful insights about how to establish and retain consumer relevance.

GenZ brands dominate

When considering the distribution of Top 100 value by generation we see the greatest proportions at the two chronological

extremes. Traditionalist brands account for an impressive 25 percent of the total value, suggesting they retain a great deal of influence today despite an average age of a more-than-elderly 127. However, at the other end of the scale there is an even more dominant group, the GenZ brands. These brands were founded on average only 16 years ago, but they comprise almost a quarter of all brands in the ranking and account for a sizeable 34 percent of the total value. Quite an achievement for a group of teenagers!

The progress and potential of GenZ brands is even more striking, however, when considering recent rates of brand value growth. In the last year alone, these brands have grown in brand value by a colossal 21 percent, outstripping the next highest group (Millennials) by a factor of nearly three. In contrast, the growth rate of Traditionalists is beginning to wane, and these brands are the only group whose brand value declined over the last 12 months. So, what defines these generations of brands and how do consumers perceive them to be different from each other?

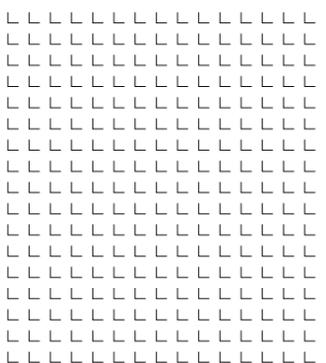


Martin Guerrieria
Global BrandZ™ Research Director
Kantar
Martin.Guerrieria@kantar.com

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Generations of Brands

Personality

Interestingly the personality of each group is different and even seems to match some of the human personality traits we may naturally associate with each generation. Where Traditionalist and Baby Boomer brands are particularly trustworthy, wise, straightforward and friendly, GenX and Millennial brands are defined by their creativity, a trait they share with GenZ brands—also defined by the dash of adventure and rebellion, which we often associate with youth.

Brand Equity

Digging deeper into the specifics of brand equity, two groups set themselves apart—GenZ and Baby Boomer brands. Though all five generation groups are strong in equity terms versus typical brands (they are in the Global Top 100 after all), Baby Boomer and GenZ members excel in all three of the key building blocks of brand equity: Meaning (meeting needs in a relevant way),

Difference (standing apart and leading), and Salience (coming to mind easily at the time of need). In particular they have the ability to meet rational needs and make an emotional connection with consumers, and they have high levels of Salience. Both groups have clear potential to grow further in the future.

Building Meaning and Relevance

Interestingly, the way these groups derive such strong meaning to consumers seems to follow two different paths. Whereas Boomer brands have established strong trust credentials over a long period of time, insulating them from more recent competitive disruptions, GenZ brands bring innovation, dynamism, excitement, and immediacy to cater for a new generation of consumer needs. Interestingly, both generations of brands are the next best performers in the other group's main areas of strength.

Compared with Millennial, GenX and Traditionalist brands, Boomer brands are more dynamic, innovative, and disruptive. Walmart (founded in 1962) is a good example of a modernizing Boomer. It continues to grow brand value and defend against the threat of Amazon by investing at scale in technology.

On the flip side, the most successful GenZ brands have built strong trust credentials very quickly with reliability of service and seamless experience delivery. GenZ brands like PayPal (founded 1998), Netflix (founded 1997) and Google (founded 1998) are among the most trusted brands in the BrandZ™ Global Top 100. (Jack Ma, founder of Alibaba, certainly understands the need for emerging brands to establish their trust credentials quickly: “For e-commerce, the most important thing is trust. Put the customers first, the employees second, and the shareholders third.”)

This analysis indicates that to establish and retain relevance, brands should consider two elements. These elements are: The need to build a solid foundation of trust and reliability, plus an ability to meet emerging needs via the flexibility of mindset required to adapt, innovate, and ultimately embrace change.

So, what can your brand learn from predecessors, peers, and newcomers to maintain relevance for generations to come? Whose metaphorical shoulders is your brand standing on?

BrandZ™ Global Top 100 can be classified by social generations...

Our BrandZ™ analysis of the Global Top 100 revealed that brands—like people—are shaped by generational characteristics.

Generation	Born
GenZ (Centennials)	1996-present
GenY (Millennials)	1977-1995
GenX	1965-1976
Boomers	1946-1964
Traditionalists	Pre-1946

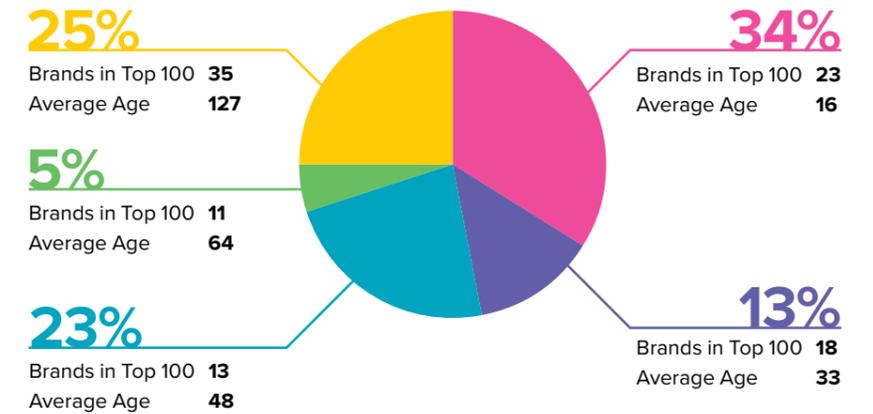
Source: BrandZ™/Kantar

... GenZ brands dominate in value generated...

GenZ brands were founded on average only 16 years ago, but they comprise almost a quarter of all brands in the ranking and account for a sizeable 34 percent of the total value.

Brands by Social Generation

% of Top 100 Value



Source: BrandZ™/Kantar

Generations of Brands

... And GenZ brands are currently growing fastest year-on-year

GenZ brands grew in brand value by a colossal 21 percent in the past 12 months, outstripping the next highest group (Millennials) by a factor of nearly three.

Value Growth

% brand value growth 2019 vs. 2018



Global Top 100 Average Brand

Source: BrandZ™/Kantar

Brand personalities vary by generation...

Where Traditionalist and Baby Boomer brands are particularly trustworthy, wise, straightforward and friendly, GenX and Millennial brands are defined by their creativity, a trait they share with GenZ brands

Generation and Personality

Generation	Strengths and Unique Strengths
GenZ (Centennials)	Creative Adventurous Rebellious
GenY (Millennials)	Creative Assertive In Control
GenX	Creative Trustworthy Desirable
Boomers	Trustworthy Straightforward Friendly
Traditionalists	Assertive Trustworthy Wise

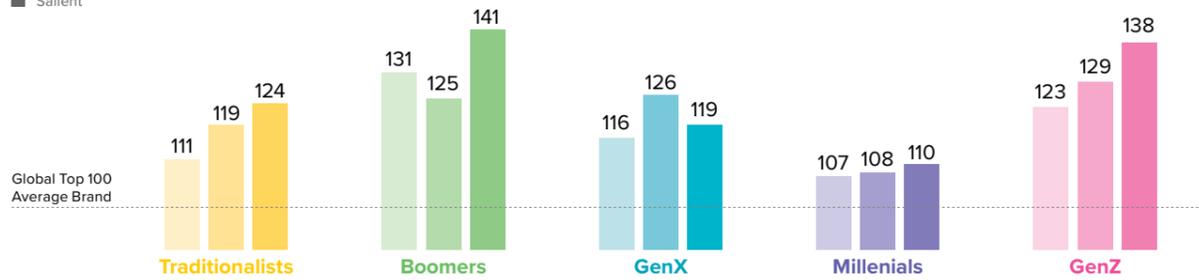
Source: BrandZ™/Kantar

... Boomer and GenZ brands lead in BrandZ™ brand equity metrics....

Two generations of groups set themselves apart—GenZ and Baby Boomers. Baby Boomer and GenZ brands excel in all three of the key building blocks of brand equity: Meaning, Difference, and Salience.

Boomer and GenZ | Brand Equity

Meaningful
Different
Salient



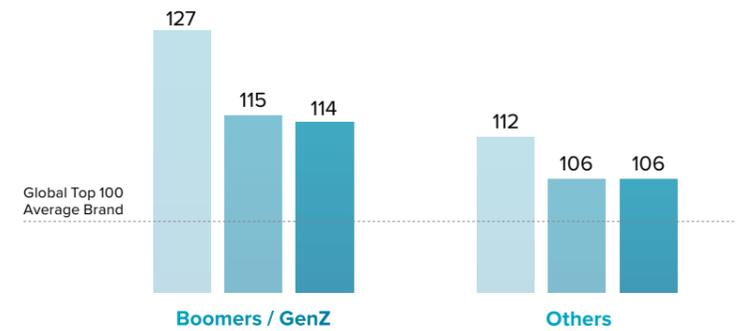
Source: BrandZ™/Kantar

... And Boomers, GenZ build and retain consumer relevance

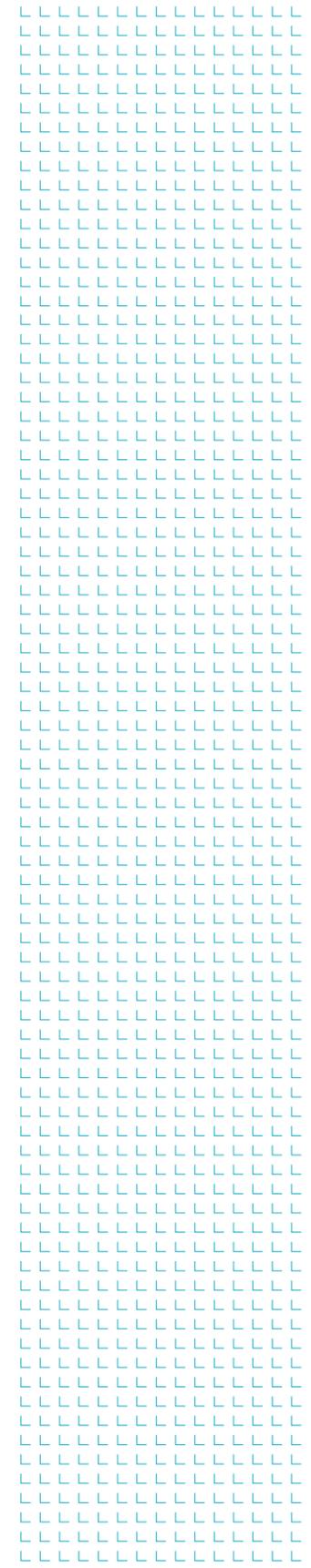
Boomer brands have established strong trust credentials over a long period of time, insulating them from more recent competitive disruptions. GenZ brands bring innovation, dynamism, excitement, and immediacy to cater for a new generation of consumer needs. And both groups stand out in building and retaining consumer relevance.

Boomers and GenZ | Strengths

Meaningful
Meets Needs
Affinity

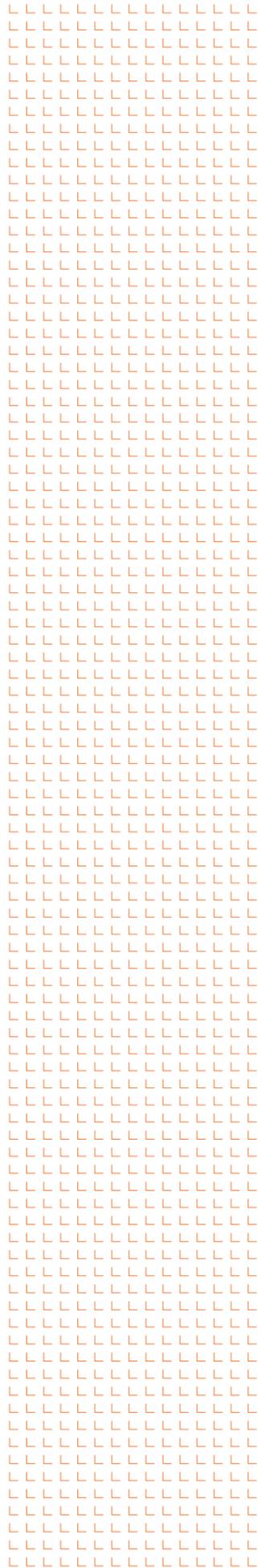


Source: BrandZ™/Kantar





Brand Building Observations



Brand Meaning in a Volatile World

Meaningful associations drive brand value growth

And instant recognition sustains value

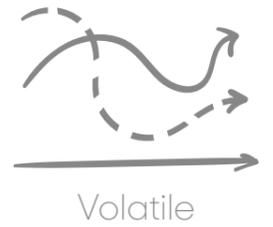
Brands are operating in an increasingly volatile and complex environment. The development of brand ecosystems and the blurring of categories—even the distinction between products for business or personal use—is stressing value growth and the organization of brands by category, as many brands no longer 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 year 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 Saliency (coming quickly to mind during consideration).



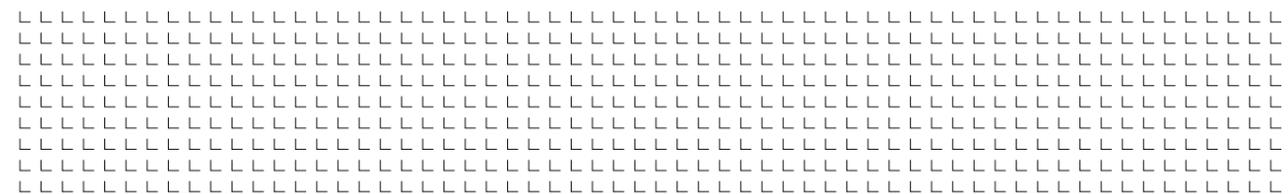
Volatile



Uncertain



Complex



Ambiguous

Brand Meaning in a Volatile World

Instant recognition sustains current brand value

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 Meaningful 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 drives value growth

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.



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.

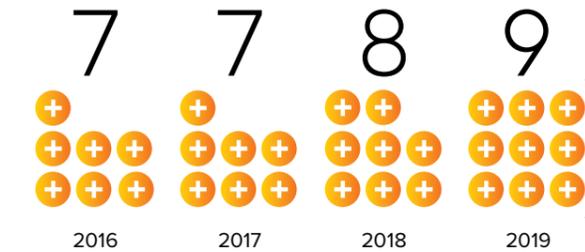
Already enjoying the advantage of consumer recognition, established brands need to build on that recognition by continuously making themselves relevant and Meaningful. Meaningful brands are those that anticipate evolving consumer needs, that reset expectations of what a brand can deliver in a category, 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.

Brand Meaning in a Volatile World

Volatility of the Global Top 100 ranking increases...

The number of newcomer brands joining the ranking annually has averaged eight over the past four years. Nine newcomers entered the 2019 Global Top 100.

No. of new entries



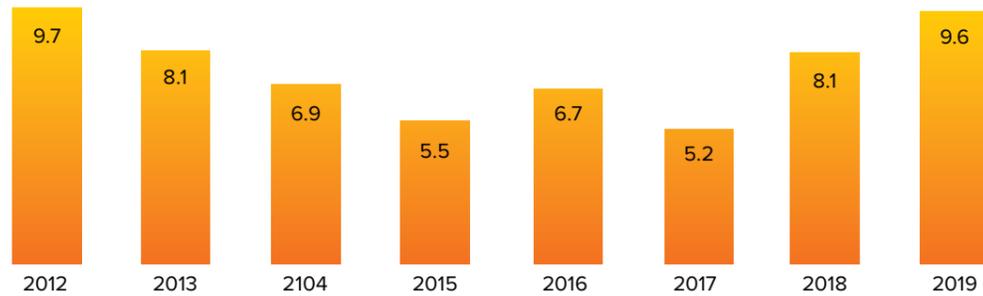
- Meituan
- Didi Chuxing
- Xiaomi
- Haier
- Chanel
- LIC
- Dell Technologies
- Xbox
- Tata Consultancy Services

Source: BrandZ™/Kantar

... Volatility almost doubles in three years

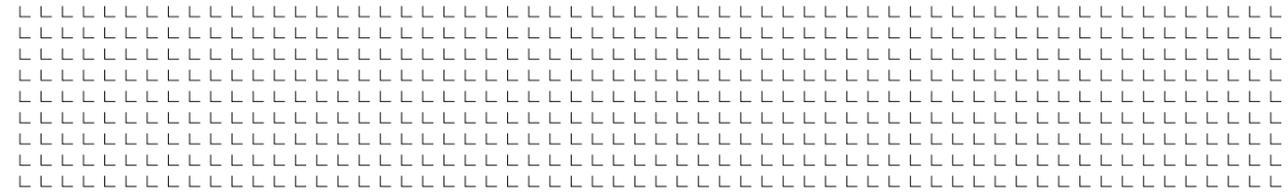
In the 2019 BrandZ™ Global Top 100, brands shifted an average of 9.6 ranks, around double the number from just two year ago, almost equaling the shift in 2012, when brands still were recovering from the global financial crisis.

Volatility



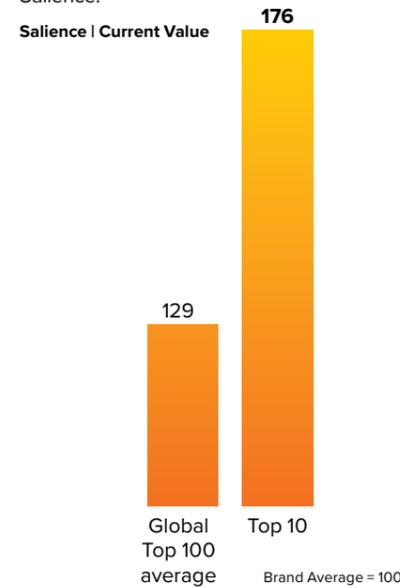
Volatility: average size of (positive or negative) place changes

Source: BrandZ™/Kantar



Saliency is vital for driving current brand value...

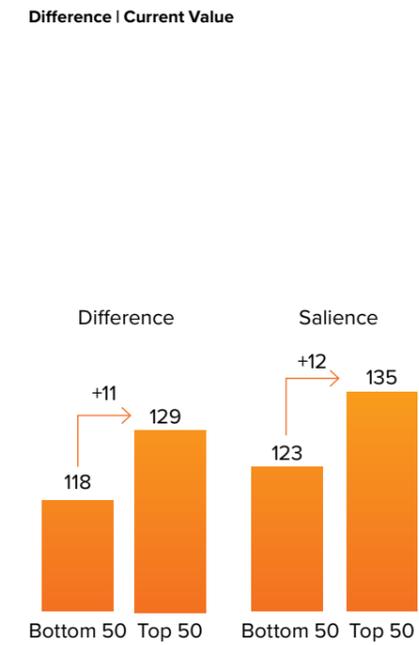
All brands ranked in the BrandZ™ Global Top 100 are super Salient, scoring an average of 129 in Saliency on an index where 100 is average. Consumers instantly recognize these brands. Overall, the Top 100 score higher in Saliency than in Meaningful or Difference. Significantly, the BrandZ™ Global Top 10 score 176 in Saliency.



Source: BrandZ™/Kantar

... Difference is also a driver of current brand value...

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 129 in Difference.

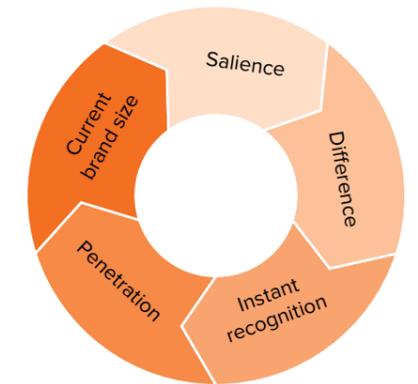


Source: BrandZ™/Kantar

... Saliency and Difference lead to instant recognition

When brands are able to effectively combine strong Saliency and Difference, they trigger a virtuous circle. Their large size enables valuable brands to remind people why they are Different and to sustain their Saliency with retail presence and media investment. Difference with Saliency leads to instant recognition by consumers.

Virtuous Circle



Source: BrandZ™/Kantar

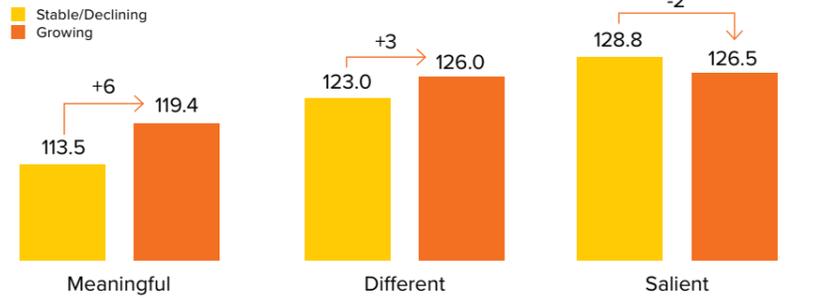
Brand Meaning in a Volatile World

Being Meaningful is vital for driving future brand value...

Because of volatility, the determinative factor for growing in value is whether or not the brand continues to be seen as Meaningful. Brands that are growing in value are seen as more Meaningful and Different than brands where value is stable or declining.

Meaningful | Value Growth

Factors driving value growth vs. decline



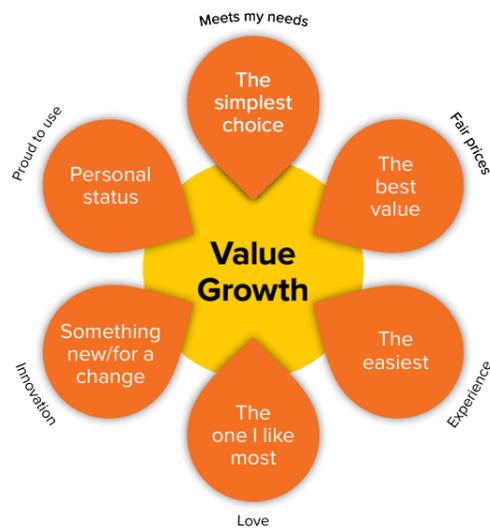
Source: BrandZ™/Kantar

Average Brand = 100

... Mental associations with the brand build meaning...

Meaning is having a broad and deep set of mental associations for the brand. The associations relate to innate consumer needs. Meaning is created by activating these associations. Each source of meaning can be a trigger for a short-hand reminder for consumers that enables them to make fast and easy brand choices. Each association interlocks the consumer with the brand. More is better.

Meaningful Mental Associations

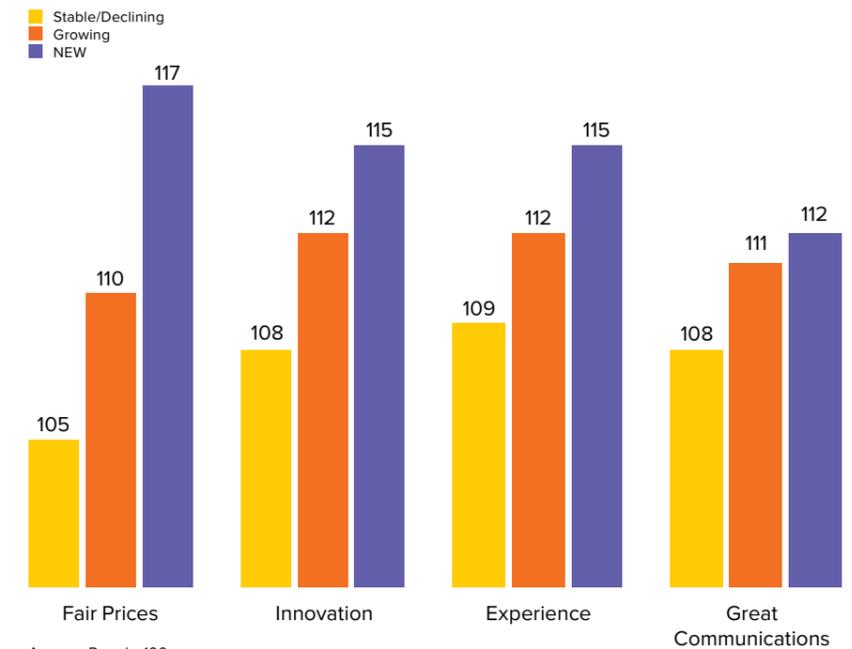


Source: BrandZ™/Kantar

... And Fair Prices, Innovation characterize faster-growing brands

Among the trigger points that most characterize the faster growing brands are Fair Prices and Innovation. Most relevant in volatile times, newcomer brands scored even higher in each of these dimensions than established brands growing in value.

Fair Prices and Innovation



Average Brand = 100

Source: BrandZ™/Kantar

Disruption and Value Growth

Global 100 increases in disruptive power

Meaningful disruption is the key to scalable relevance

The disruptive power of the BrandZ™ Global Top 100 has increased significantly over the past five years, driving the overall volatility of the market and underscoring the necessity for brands to be able to disrupt and to defend against disruption.

Brands in the BrandZ™ 2019 Global Top 100 scored 112 in their ability to disrupt, a step-change increase from a score of 107 in 2015. An average score is 100 in this BrandZ™ measurement of the extent to which consumers see a brand as “shaking things up.”

One of the benefits of being disruptive is accelerated value growth. Between 2015 and 2019, brands that appear in the rankings of both years increased an average of 40 percent in value. In contrast, the Top 10 disruptor brands in 2015 more than doubled in value by 2019, increasing 110 percent.

This value appreciation happened not simply because these brands were disruptive, however, but because they

were Meaningfully disruptive. Consumers felt connected to these brands because they fulfilled their needs in ways that were functionally and emotionally relevant.

Meaningful is a component of brand equity, along with Difference (standing apart from competitors) and Salience (coming quickly to mind during consideration). In 2015, the Global Top 100 scored 117 in being Meaningful, a strong score on a scale where 100 is average.

However, the Top 10 disruptor brands in 2015 scored 155 in being Meaningful. Their disruptive power was anchored in meaning. Simply put, Meaningful disruption meets evolving consumer needs and expectations. It is the key to scalable relevance.



IMPLICATIONS

How disruptive brands meet or anticipate consumer needs, and even re-define consumer expectations, can vary. But brands usually adopt one of these four approaches:

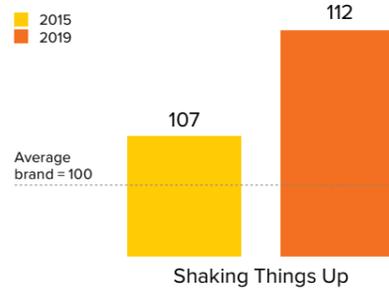
- └└ Introducing an original product or service (Netflix, the streaming service);
- └└ Introducing a radical new business model (Jio, the Indian telecom provider);
- └└ Renewing a purpose or target audience (Gucci, the luxury brand); or
- └└ Using technology to achieve scale and diversity of offer (Meituan, the Chinese online-to-offline services platform).

Disruption and Value Growth

Global Top 100 increases disruptive power...

Brands in the 2019 Global Top 100 scored 112 in their ability to disrupt, a step-change increase from a score of 107 in 2015.

Disruption | Global Top 100



Source: BrandZ™/Kantar

... Disruption drives brand growth...

One of the benefits of being disruptive is accelerated value growth. Between 2015 and 2019, brands that appear in the rankings of both years increased an average of 40 percent in value. In contrast, the Top 10 most disruptive brands in 2015 more than doubled in value by 2019, increasing 110 percent.

Disruption | Brand Value Growth

Top 100 MOST VALUABLE brands

Brand value growth to 2019 vs. 2015 (same 77 brands)

+41%

Top 100 MOST DISRUPTIVE brands

Brand value growth to 2019 vs. 2015 (same 10 brands)

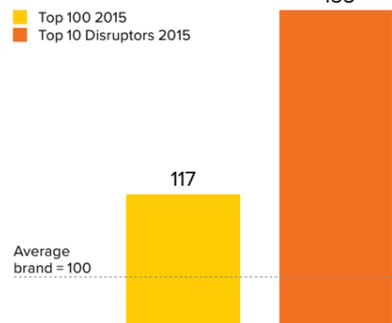
+110%

Source: BrandZ™/Kantar

... Meaningful disruption is key to scalable relevance

In 2015, the Global Top 100 scored 117 in being Meaningful, a strong score on a scale where 100 is average. However, the Top 10 disruptor brands in 2015 scored 155 in being Meaningful. Their disruptive power was anchored in meaning.

Disruption | Meaning



Source: BrandZ™/Kantar

Original Products and Services:

Netflix

Netflix disrupted the market for viewing video in 1997. At a time when people went to physical stores to rent video tapes or DVDs, Netflix sent DVDs through the mail in iconic red envelopes. Ten years later, Netflix again disrupted the market—and itself—by introducing streaming service, and then original content. The Brand Power score of Netflix has increased dramatically from 113 in 2010 to 144 in 2018. A score of 100 is average. Its value has almost tripled over the past three years, and Netflix has moved up from rank No. 92 in the BrandZ™ Global Top 100, in 2017, to rank No 34 today.

NETFLIX



DISRUPTION

2018 140

BRAND POWER

2010 113

2018 144

GLOBAL BRAND VALUE

2017 US \$12.1 Billion

2018 US \$20.8 Billion

2019 US \$34.3 Billion

GLOBAL RANK

2017 No. 92

2018 No. 61

2019 No. 34

Average brand = 100

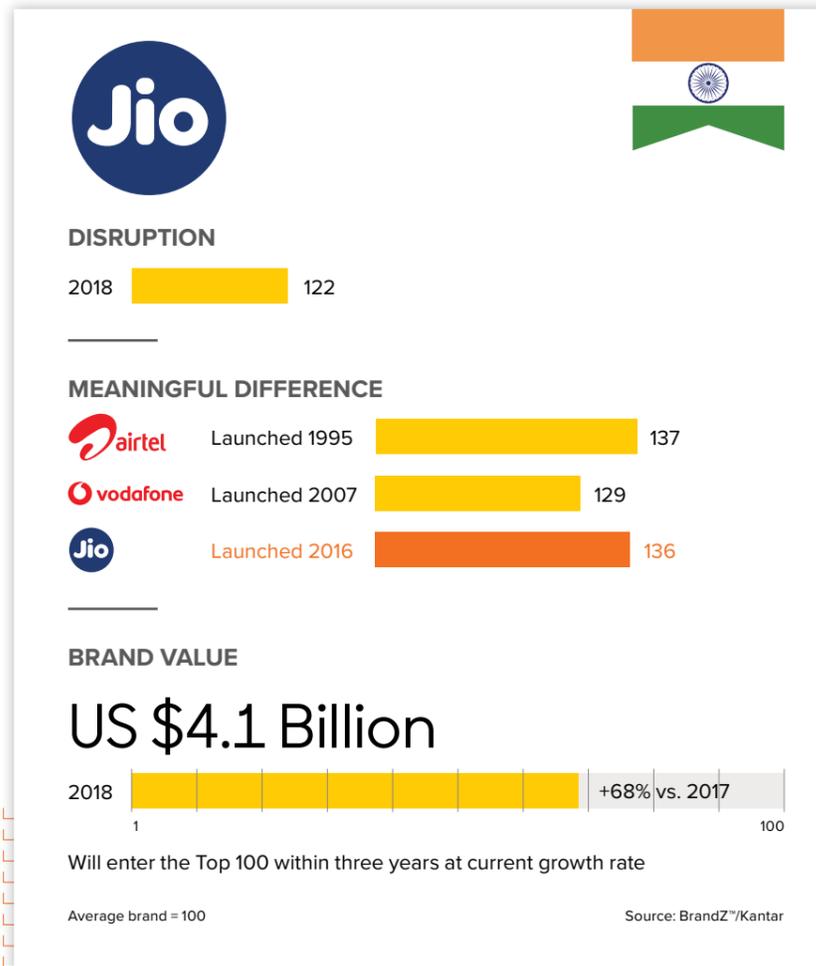
Source: BrandZ™/Kantar

Disruption and Value Growth

Radical New Business Model:

Jio

Jio disrupted the Indian telecom provider category with its deep discount prices for data consumption. It forced competitors to lower their prices and drove category consolidation. All telecom consumers, not only Jio customers, benefited from Jio's action. Although launched in 2016, Indian consumers see Jio as Meaningfully Different as Airtel, which entered the market in 1995. Having attracted almost 300 million customers in just three years, Jio could potentially leverage this audience with the sales of advertising and content.



Renewed Purpose and Audience:

Gucci

A legacy luxury brand established almost 100 years ago, Gucci renewed the brand by democratizing its appeal with bold designs that attracted a new, younger audience, and with an inclusive ethos that invited people to experience the brand even if they could not afford its products. Gucci's brand value rose from No. 80 in the BrandZ™ Global Top 100 in 2017, to No. 52 in 2019.



Disruption and Value Growth

Technology to Achieve Scale and Diversity of Offer:

Meituan

Less than 10 years old, the lifestyle platform Meituan, began as a group buying site and today is China's largest booking site for services, such as reserving a restaurant or renting a bike. Investing in technology to achieve scale and diversity of offer, Meituan helped create China's convenience phenomenon and the seamless integration of online and offline purchasing and delivery. It is a newcomer to the BrandZ™ Global Top 100, ranking No. 78. Its rapid success demonstrates the power of a brand ecosystem.



The Varieties of

DISRUPTION

A disruptive brand has a radical impact on the value of a category, usually in one of three ways:

1

Redistributing value within an existing category: When the Indian telecom provider Jio launched with its free data offer it did not increase the value of the category but made a play to consolidate the value.

2

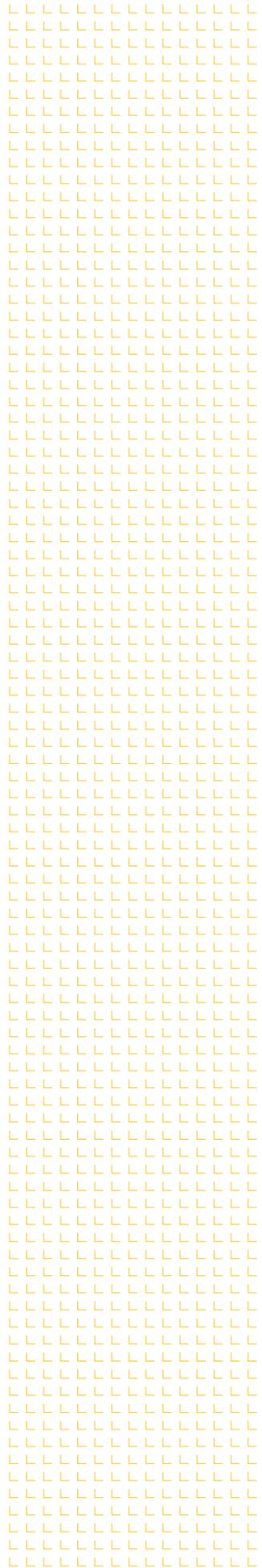
Adding value to an existing category: Apple's introduction of the iPhone opened a new space within a category where other brands, if they were nimble or innovative enough, also had an opportunity to win.

3

Adding value and creating an entirely new category: Brands like Uber or Airbnb invented new categories based on cultural changes, technology, and anticipated human needs.



Disruption and Change



Business-to-Business

B2B brands emulate B2C-style marketing

But purchasing decisions are more complicated

Consumer brands have raised the bar on business-to-business marketing. Although targeted, data-rich Business-to-Consumer-style marketing can help increase sales and reduce the cost-per-sale, it can seem like too high an investment and too challenging, partly because B2B purchasing is complicated and varies by category and company size.

B2B brands include a wide range of categories, as illustrated by the BrandZ™ B2B Top 20. Led by Microsoft, IBM, and SAP, the ranking includes 11 technology brands, four banks, two logistics and two energy brands, and one conglomerate. What these disparate brands, across five categories, share in common is the complicated nature of selling their products and services and the potential benefit afforded by a powerful brand.

The B2B purchasing process can be especially difficult when targeting large companies where decision-making can involve a multitude of executives scattered throughout the world. For reaching smaller companies the challenge seems more manageable. In those organizations, which can consist of a few people or even only one individual, decision-making is more streamlined.

BrandZ™ B2B Top 20

	Brand	Category	Brand Value 2019 \$Mil.	Brand Value 2018 \$Mil.	YOY%
1	Microsoft	Technology	251,244	200,987	+25%
2	IBM	Technology	86,005	96,269	-11%
3	SAP	Technology	57,528	55,366	+4%
4	UPS	Logistics	54,899	60,412	-9%
5	WELLS FARGO	Regional Banks	46,468	54,952	-15%
6	accenture	Technology	39,184	33,723	+16%
7	intel	Technology	31,880	28,316	+13%
8	CISCO	Technology	28,861	21,331	+35%
9	Adobe	Technology	27,930	17,831	+57%
10	salesforce	Technology	26,917	17,026	+58%
11	HUAWEI	Technology	26,908	24,922	+8%
12	GE	Conglomerate	26,700	39,041	-32%
13	ORACLE	Technology	26,488	25,802	+3%
14	HSBC	Global Banks	23,169	23,633	-2%
15	Shell	Energy	20,669	20,264	+2%
16	FedEx	Logistics	20,176	22,218	-9%
17	J.P.Morgan	Global Banks	19,827	18,251	+9%
18	citi	Global Banks	18,878	21,258	-11%
19	ExxonMobil	Energy	18,604	18,222	+2%
20	DELL Technologies	Technology	18,486	NEW	

Source: BrandZ™ / Kantar (including data from Bloomberg)

Business-to-Business

In some categories, like energy, that are heavily regulated and depend on licenses to operate, a narrow focus on key influencers and cultivation of personal relationships have traditionally been used over broader marketing campaigns.

But even in these instances, where the audience seems limited, it is important to tailor messages for the many sub-audiences, including, for example, lobbyists, regulators, financial investors, academics, journalists, political leaders, C-suite executives, media, and think tanks.

Similarly, an airplane manufacturer may need to constantly burnish its reputation to a select audience of customers, including airline companies and governments, and to its supply chain. Hoping to influence the buying decision of those customers, the airplane manufacturer might run a campaign aimed at consumers.

In all these instances, a strong B2B brand adds benefits that include:

Adding efficiency to winning business, gaining a premium, and reducing the cost-per-sale.

Focusing the organization and better aligning people behind a mission.

Attracting the best talent to work for the organization.



INSIGHT | Expansion

Brands stories help expansion into new spaces

B2B is a marketing channel that crosses a lot of categories. Within categories there are brands that are primarily consumer-facing but may have a B2B aspect. There are other brands that are primarily B2B. Focusing on the brands that are primarily B2B, the challenge is primarily about understanding the buying journey and how to better cross-sell portfolios that are getting into different spaces. Some of those brands—if they don't have a strong halo brand like Amazon or Microsoft—are only known for one thing. That makes it harder to move into new spaces. These brands need to equip their sales people with stories to show that the brand can move into new spaces.

Alex Creed
VP, Client Development
Kantar
Alex.Creed@kantar.com



INSIGHT | Opportunity

Small business growth raises opportunities

With around 32 million small businesses in the US alone, there is an enormous opportunity for B2B brands to open new channels of communication and revenue. Research has shown that while small business owners are entrepreneurial by nature, they often demand higher levels of assistance when it comes to their consumer journey. They expect the buying and service process to be fluid, omnichannel and personalized. They have been dubbed “commercial consumers”—the small business owners, entrepreneurs and freelancers who shop with a consumer mindset due to their size. Recognizing these trends, some legacy technology companies are pivoting their CX and communication strategies to focus on premium experiences and speaking to small business owners' growth aspirations.

Stephanie Rickards
Strategy Director
VMLY&R
Stephanie.Rickards@y&r.com



INSIGHT | Audience

Target audience influences B2B sales approach

Among our clients are a large energy company and a large defense and security company. Despite being big companies, their primary influencer universe is actually very small, and these niches influence how the companies do their selling. Energy companies are researching the one thousand policy influencers in and around Washington, DC. It's a massively over-researched group and hard to get. But it is vitally important in terms of the value for the client in protecting its reputation. For the energy sector, the digital marketing investment isn't always as important as developing personal relationships. That will not change for certain B2B companies because of how small their influencer universe is.

Ruth Walker-Grice
Senior Director
PSB
RWalkerGrice@ps-b.com



INSIGHT | New Normal

Era of change makes brand more critical

Change is the new normal for B2B brands. Easy to say, harder to accept—and even harder to address. It's also a new reality for B2B brands that had felt immune to disruption because of their scale or ultra-specialist proposition. Many large B2B brands struggle with facing up to external drivers of change. But everything from the escalating global rivalry for the right talent, to staying relevant in a 24/7-attention economy, are issues caused by a fragmenting world that truly hinders enterprise success. Those challenges have solutions rooted in strengthening the meaning of your brand. Because a brand is there to help all your audiences navigate complexity of choice. What does a strong B2B brand add to your bottom line? It's more than just pricing premium. It's also reduced cost-per-sale, deeper investor confidence, more productive employees, and better hires—the true value of a strong B2B brand is multi-dimensional.

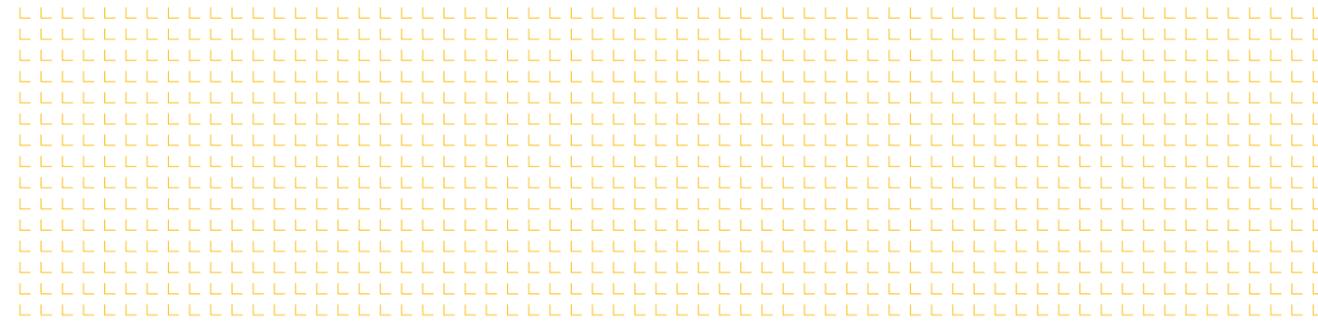
Katherine Sheen
Planning Director,
Business to Business, Ogilvy
Katherine.Sheen@ogilvy.com



Business-to-Business

Brand importance grows as tech category fragments

Innovation speed is in tension with ability to cope



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 centers.

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 organizations to cope.

A price war is emerging among cloud providers because offerings are similar and being commoditized. 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 specialty 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 customized campaigns.

The power of brand

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 customized 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.



INSIGHT | Consistency

Consistency key across B2B, 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?

Alexandre Momma
VP, Client Leadership
Kantar
Alexandre.Momma@kantar.com

KANTAR

Business-to-Business



INSIGHT | Specialists

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.

Erik Haroldson
SVP, Client Leadership
Kantar
Erik.Haroldson@kantar.com

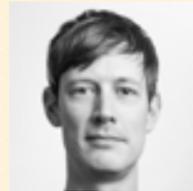
KANTAR

The keys for winning amid this cloud competition are security and trust. When companies stored data in their own data centers, 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.

Entering the cloud early with AWS and the idea of infrastructure as a service, Amazon created a low-friction experience. 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.

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.



INSIGHT | "Wastage"

Wider reach touches more influencers

One of the things I've found interesting, having worked on many consumer brands and now working with B2B brands, is reconciling the case for "wastage," the brand aircover that positively influences the buying decision when it comes around. In advertising to consumers it's generally accepted that "wastage" isn't bad. Talking to as many people as possible as often as possible means you're reaching your light buyers, and that's where your money is. What makes advertising work in that instance—along with right message, right time, right place—is the social meaning. How do you attach social meaning if your market is one thousand people spread around the world who never meet? One possibility is that while the decision-makers may be found in the C-suite, all the potential influencers—the journalists, academics, analysts—are much more scattered.

James Caig
Consultant Strategist
Wavemaker
James.Caig@wmglobal.com



BRAND BUILDING ACTION POINTS

- 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.

B2B

Lessons of B2C advertising can improve results for B2B brands

Strong emotions, not only rational considerations, drive B2B decisions

At its best, B2C advertising is a form of alchemy. We transmute emotion and creativity into the hard logic of sales, profit, and price elasticity. We generate tangible value for our clients from the intangible value we create in the minds of prospective buyers. It shouldn't really work, yet it does. As a result, practitioners understand the combined power of best practice and the counter-intuitive. So, we know that reach and fame are better long-term drivers of acquisition than acquisition activity is on its own. We know the essential nature of what we ironically call "wastage."

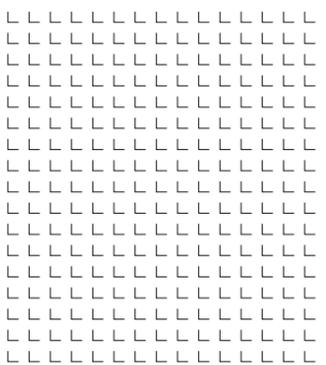
We understand this alchemy thanks largely to marketing experts Les Binet and Peter Field and their analysis of the IPA Effectiveness databank, a UK advertising industry repository of campaign details. We know why this alchemy works thanks to neuroscience and psychology. People are not, as we would have ourselves believe, rational. We develop emotional connections we can't control and take decisions we don't understand.

Despite this, our practitioner instincts disappear like office stationery when we apply our skills to B2B. Too often we stereotype our audience as rational decision-makers, impervious to emotion, context or mood. Especially if they work in procurement. This may make us laugh, but it also makes us look dumb. It blinds us to, for example, the motivating power of minimizing risk. A bad call in procurement can lead to an unprofitable relationship, colleague disapproval, or a poor performance review. The prospect of getting it wrong can be scary.

This example also reveals a universal truth about the choices people make. In business, as in life, people are wired not to make the best decision but to avoid the consequences of a bad one. Advertising, and the emotional connection it allows us to make between people and relevant products, is most effective when it delivers against this. It's why we trust the brands we see most often and buy the products that come most easily to mind.

Marketing to businesses

Were we to combine the counter-intuitive and observable in B2B, we'd notice how strong emotions like ambition, status, trust and fear already ask searching questions of our industry. Right now, sadly, our most frequent answer to these questions seems to be "case study." But if we imagined for a moment that we marketed to businesses as if they really were made of people—then what kind of work might we create? Perhaps we'd be less obsessed with the buying cycle and focus more on the long-term.

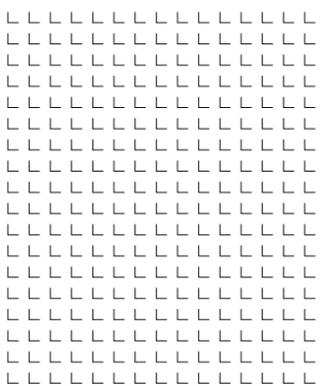


James Caig
Consultant Strategist
Wavemaker
James.Caig@wmglobal.com



Wavemaker is a next-generation agency that sits at the intersection of media, content and technology.

www.wavemakerglobal.com



B2B

LL We'd build brands as we know they are built, reinforcing core emotional values that resonate with buyers whose motivations we genuinely understand. We'd have more insight, fewer infographics.

LL We'd rely less on lead generation channels, which make the sales team happy, and instead use advertising for what only advertising can do: reach as many category buyers as possible to create shared meaning around the brand.

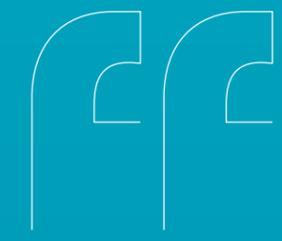
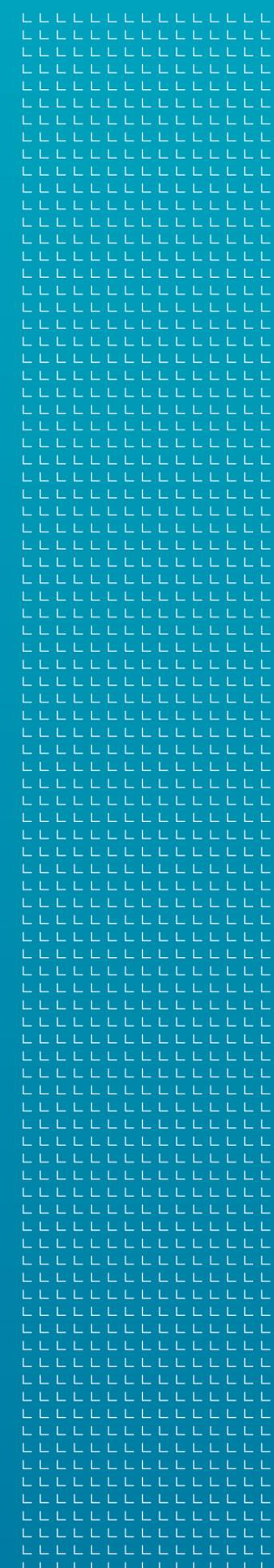
LL We'd make more effort to make brands distinctive. Too many play it safe, and therefore fade from view. Categories are pretty homogenous, as is B2B generally.

And yes, we'd make fewer case studies, putting more effort into "costly signals" like broadcast advertising. Advertising is expensive, which means it delivers exactly what B2B brands need: a demonstration of a company's faith in its own product that can inspire customers and prospects alike. This might seem a stretch, but ask Adobe, Intel, or Shell about the power of TV for B2B. Broadcast is also the quickest way to achieve "excess Share of Voice," one of Binet and Field's tenets, which describes the effect generated by spending more than the equivalent of your market share to drive share growth: each 10 percent eSOV garners 0.5 percent market share.

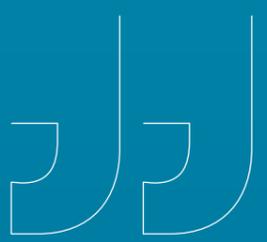
Until recently, eSOV, along with Binet and Field's other effectiveness principles, has been observed mainly in B2C. Now the

duo has tested them with a pool of B2B case studies and observed that, while categories vary, broadly the principles hold. Long-term thinking generates bigger business effects. Brand and direct response work together. Fame, emotion and creativity are the base materials for B2B alchemy, not just B2C.

We can now articulate B2B best practices. If as an industry we want to create the equivalent value for B2B as we do for B2C, we need to re-discover our counter-intuitive instincts too.



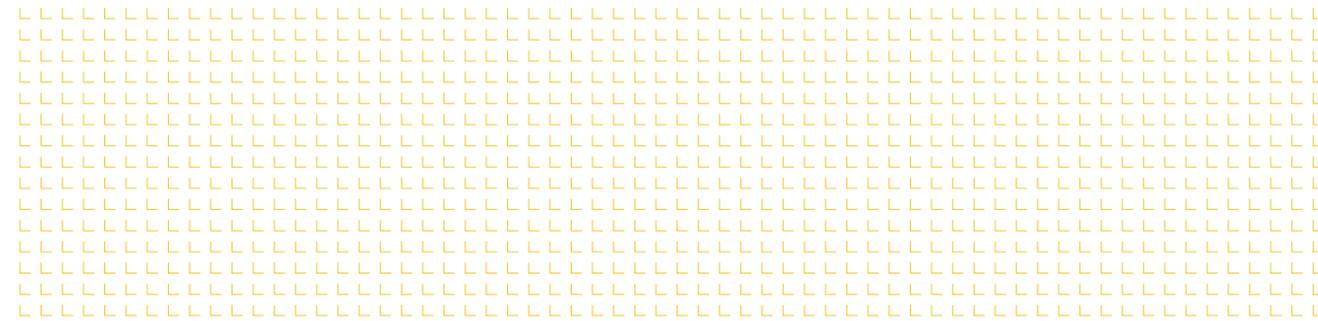
In business, as in life, people are wired not to make the best decision but to avoid the consequences of a bad one. Advertising, and the emotional connection it allows us to make between people and relevant products, is most effective when it delivers against this.



Disruption

Disruption is inevitable, being disrupted is not

Tech, changing consumer concerns impact most categories



Ancestry.com appeared in 1996 with original online tools to help people explore their family's past, sometimes stretching back generations. A new insight propelled the launch of 23andMe 10 years later. Along with their interest in the past, people want to learn about the present and future, and how their genetic markers can help them better maintain and predict their health and wellness.

This development underscores the state of business life today—perpetual disruption. Categories are blending, and consumer are resetting standards, expecting brands to operate responsibly and deliver flawless customer experience.

Many of the most disruptive trends seem connected to a major cultural shift—our ever-increasing concern about health and wellness, which encompasses both the condition of ourselves as individuals and the planet we all share. These concerns relate to consumerism: what we buy, how we buy it, and how we dispose of it.

Accelerating the pace of disruption are the ease of market entry and the possibility of scaling quickly. The most disruptive brands impact markets in ways that address or anticipate cultural shifts and trends and meet the resulting consumer needs in meaningful ways.

In facing inevitable disruption, brands have two options: lapse into denial, or acknowledge that the brand landscape is changing, and prepare to disrupt and be disrupted. Brands that choose to engage need to understand what is required to disrupt a market and, in anticipation of that disruption, how to disrupt themselves.

Defining Disruption

But first, it is important to understand disruption. Based on research and observations across categories, WPP brand experts assembled characteristics of a disruptor brand, which form this general definition:

A disruptor brand begins with a clear proposition or purpose that is scalable. The brand is anchored in the cultural moment and relevant to consumers. Its timing is impeccable. It executes with speed and communicates with consistency across touchpoints. A disruptor brand impacts an entire category or at least the category brand leaders, and it creates new behaviors among consumers. And when a brand gets all of this right, it needs one more element to become a successful disruptor—luck.

Disruption



INSIGHT | Leadership

Leadership, vision drive real disruption

A lot of disruption depends on who the CEO is and that person's vision. Disruption depends on someone who sees things differently and has a passion about taking their company down that path. These CEOs are different than most people. This is a commonality across disruptor brands, at least in technology. But how many people like Steve Jobs and Jeff Bezos exist in the world?

Michael Cohen
VP, Client Services
Kantar
Michael.Cohen@kantar.com

KANTAR

The most extreme disruptors, brands that change the world, include Amazon, Apple, and Google, the BrandZ™ Top 3 Most Valuable Global Brands. Other major disruptors would include Facebook, ranked No. 6, and Uber, No. 53.

Disruption comes in many guises. It can be about an original product or service, like the iPhone. Or the disruption can be a new business model. For example, Jio entered the Indian telecom provider category with discounted prices on data, forcing competitors to lower prices. Having driven category consolidation and organized a large audience of around 300 million subscribers, Jio potentially could add revenue-generating content and advertising.

Disruption also can be operational as with Alibaba scaling technology to provide radical convenience and delivery. Brand renewal, as illustrated by Gucci, can produce disruption. Other factors, like communication, can be disruptive, too. Examples include Kylie Jenner leveraging social media influencers to build a personal care brand.

The newest generation of disruptors are able to assemble ecosystems to accelerate growth. Once they have traction, these brands are not afraid to press the accelerator. And, when privately-owned, they are less pressured than public companies to show a profit. Venture capitalists typically are more concerned with future potential than quarterly results.



INSIGHT | Scale

Scale brings challenges to disruptors

It is easy to be disruptive when you're early in the market because you're building off a low base and scaling fast. Nobody, other than a few investors, is looking closely at your financials. You may face problems when you reach a certain size, however. Tesla has disrupted the car category and forced other brands to enter the electric car space, for example. But Tesla hasn't produced much profit. You could argue that Tesla is proceeding somewhat chaotically.

Alex Creed
VP, Client Development
Kantar
Alex.Creed@kantar.com

KANTAR



INSIGHT | Scale

Big-company disruption is less apparent

Multi-brand companies with a clear purpose, like Unilever, struggle to be seen as disruptors. It's not that consumers don't associate the disruption with Unilever, but that they are more likely to associate it primarily with the product brand. It's the combined perception of all the Unilever brands they come in contact with that forms their perception of Unilever, so the parent brand suffers from dilution due to clutter.

Kristanne Roberts
Global Development Director
Kantar
Kristanne.Roberts@kantar.com

KANTAR

Disruption and disruption-proofing

The cultural shift toward concern with health and wellness—our own and the planet's—has caused disruption across categories. Our avoidance of sugar precipitated the decline of carbonated soft drink consumption over the past decade. Category leaders have rebalanced their product portfolios to include healthier options and they have realigned their brands.

In recent bold moves, Coca-Cola Co. bought the UK coffee chain Costa Coffee and PepsiCo Inc. acquired SodaStream, an in-home soda-making device. Similarly, beer consumption has declined because of the health-related drinking habits of Millennials and Centennials. And the major brewers have introduced no- and low-alcohol beers.

To reduce carbon emission, car brands are preparing for a future of electric vehicles and other mobility alternatives, while struggling to drive revenue from combustion engines today. Their efforts are complicated by the societal values shift from ownership to sharing, enabled by the technology that produced Uber, Lyft, and Didi Chuxing.

Having spent decades perfecting the art of packaging, major consumer products companies, including P&G, Unilever, and Nestlé are advancing a global recycling initiative. Fast fashion brands lost value partly because they were out of sync with an ethos that questions disposability and the environmental



INSIGHT | Needs

Disruptors can identify shifting needs

Technology firms lead much of the disruption we see across categories. But brands that aren't heavily digitized can be disruptors, too. They just need to tap into a consumer need. For example, Fever-Tree, the UK producer of drink mixers, has grown because it picked up on the growth in premium gin and supplied a premium mixer. In addition, consumers have changed. They want to embrace innovation.

Helen Rowe
Brand Consultant
Kantar
Helen.Rowe@kantar.com

KANTAR

Disruption



INSIGHT | Impact

True disruption benefits all consumers

True “disruption” to me is where a new brand or proposition enters a market and impacts or re-defines a particular category in a way that benefits all consumers, whether they are a customer of that particular brand, or not. Jio, the Indian telecom provider, is a good example. At launch, Jio provided free data for the first six months and only then introduced comparatively modest pricing. Jio immediately built a lot of volume. Customers of market leaders Airtel and Vodafone also felt the benefit of the “Jio effect” as they were forced to drop their data prices to compete and retain customers.

Martin Guerrieria
Global BrandZ Research Director
Kantar
Martin.Guerrieria@kantar.com

KANTAR

impact of manufacturing and transporting merchandise.

Given today’s pressures, it may not be possible to prevent disruption, but it is possible to anticipate and prepare for it. That requires sometimes looking over the parapet to see the world outside the fortress of a well-protected category or brand.

From that vantage, the bracing vision of changing realities can prompt some new questions. For example, if consumer eating habits are changing, and more people are choosing to be vegetarian, should a meat producer be asking how to make a more marbled sirloin, or how to be in the protein category?

Power of brand

Brand helps protect against one of the inevitable consequences of successful disruption—imitation. After the iPhone launched, a new category soon filled with a wide range of smartphone options. It was possible to copy phone technology, even design, but not the love generated by the Apple brand. When Lululemon created the yoga wear trend, it quickly faced competition from national brands including Amazon. With many options for purchasing yoga wear, consumers still were willing to pay a price premium for the Lululemon brand, which scores high in being seen as Different, a BrandZ™ metric of brand equity,



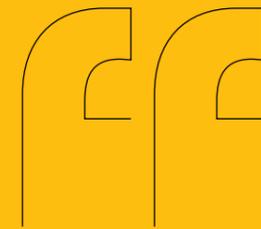
INSIGHT | Behavior

Behavioral insights key to disruption

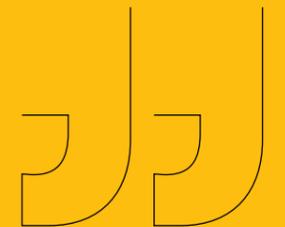
Many leading tech companies, like Google, Microsoft, and Intel are increasing the number of anthropologists on their teams. Anthropologists help shape the future of these companies by uncovering how culture impacts habits, behaviors, and interactions with technology. Currently, we are working with an anthropologist at a global tech company to study how people in different countries interact with money and how they make payments.

Lydia Avramenko
Senior Research Associate
Kantar
Lydia.Avramenko@kantar.com

KANTAR



A disruptor brand begins with a clear proposition or purpose that is scalable. The brand is anchored in the cultural moment and relevant to consumers. Its timing is impeccable.



Disruption

Craft beer Brew Dog illustrates the power of brand as a protector. Brew Dog disrupted the beer category in the UK when it launched over 10 years ago. As the category filled with other craft options, Brew Dog opened bars, invited its customers to become shareholders, planned to open a hotel, and in other ways created a community around the brand. It remains among the UK's leading craft beers.

Ultimately, the key to being disruption-proof is willingness to be self-disruptive. This is a major challenge for large companies with the means to place big bets. They also face the great risk of the bet failing and the share price plummeting. Even when large companies recognize the merit of a potential opportunity, they may reject it as too small to be of interest, given the scale of the company, or too much of a distraction from the core money-making businesses.

At the same time, big companies are vulnerable to being seen as too lethargic by younger consumers attracted to more energetic brands. It is possible for big companies to change. But it usually takes an unmistakable wake-up call or a leadership change. At Coca-Cola, for example, it took more than a decade of steadily declining volume sales of carbonated soft drinks before the bold acquisition of Costa Coffee.

Operational changes brands can make to anticipate disruption or cause disruption, include:

- L **Putting innovation at the core of the business;**
- L **Hiring and retaining a workforce that embraces diversity of people and ideas, so the business can be more relevant to its customers and potential customers; and**
- L **Linking the disruptive idea to the brand, not simply to an individual product that may surge in sales but not grow steadily over time.**

Ironically, large companies potentially may be the greatest engine of disruption. They employ and train smart people, give these employees the tools to create new products and services, but sometimes deny them the possibility of launching a good idea that seems inconsequential relative the revenue of the core business.

Some of those frustrated employees stay with the company anyway. Some of them leave to join different organizations. And others—because they are driven, self-confident, quirky, ambitious, tone-deaf, or just incredibly stubborn—start businesses that disrupt markets, or at least create a lot of new headaches for their former employer.



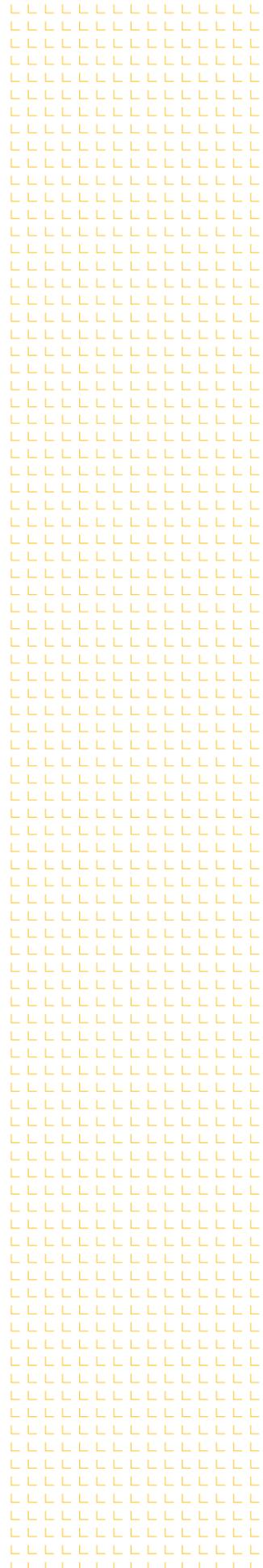
INSIGHT | Vision

Short-term focus clouds future growth

Companies may start out with a long-term vision. The founders have an original idea and they can see how their business will compete effectively within the current market context. But as they go along that path, they increasingly get drawn into short-term performance and management. Incremental thinking replaces innovation as they worry about making the next quarter's numbers. Companies become more risk adverse. By the time the company matures—if it gets there—the company doesn't have the vision for something completely different that will drive it forward to the next 10 years. That's why it's the "small company" mentality you need in any business or brand to give you a vision of future growth.

Graham Staplehurst
Global Strategy Director
Kantar
Graham.Staplehurst@kantar.com

KANTAR



INSIGHT | Spectrum

All categories are susceptible to disruption

Five of the BrandZ™ Global Top 10 brands—Apple, Google, Amazon, Microsoft, and Facebook—are technology-driven giants based on the West Coast. In the past 10 years, they've changed how we transact, how we commute, how we buy things, and how we communicate with each other. Every facet of our life has been disrupted. Disruption has become the norm. Every category is susceptible. Look at Ancestry.com, for example, which seems like an entirely new category of DNA testing, although it's been in existence for a decade. But it's being disrupted by 23andMe, which adds genetic health and wellness reports. Suddenly, people want to know not only about their ancestry, but also about their health markers. It's important to look at a category with spectrum to understand what disruption means.

Priti Mehra
Managing Director, San Francisco
Kantar
Priti.Mehra@kantar.com

KANTAR



INSIGHT | Technology

Tech enables us to fill needs in new ways

Regardless of the type of disruption, it is important to note that the core needs of the end-users do not change. Technology allows companies to accelerate their ability to provide something that allows us to disrupt within those needs. We need to keep our eyes on technology because new developments can be applied in different ways at a moment's notice. For example, if you think about the core convenience or accessibility needs—whether it's avatars for doctors or home delivery for consumers—disruption for those needs are enabled by technology.

Jen Hanson
SVP, Client Leadership
Kantar
Jen.Hanson@kantar.com

KANTAR

Disruption

Centennials at 21

Kantar report examines Centennials and brand growth opportunities

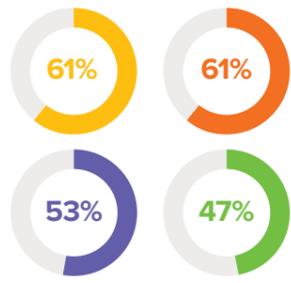


Centennials prefer purposeful brands

Centennials are like Millennials—but more so. They look for new experiences, like brands that stand for something.

Purpose-driven expectations

% who agree "I like brands that have a point of view and stand for something" (top-2 box)



Centennials Middle Aged
Millennials Aging

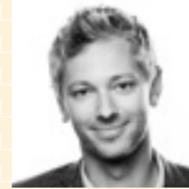
The oldest members of Generation Z, which began in 1997, recently turned 21. Different in many ways from Generation Y, the Millennials that preceded them, Kantar calls these Centennials “the next wave of influencers, disruptors, and consumers.” A recent Kantar report, called Centennials at 21, explains how Centennials are different and what the impact of that difference is likely to be for brands.

Centennials are concentrated in the dynamic markets of Africa, the Middle East, Southeast Asia, and Latin America. They are mobile natives. Being children during the global economic crisis of 2008-to-2009, their earliest memories were shaped during a period of slow growth, disruption, resource scarcity, and connectivity. This background formed a view of the world that is vigilant, resourceful, and open.

It is useful for brands to understand that in many ways Centennials are like Millennials—but more so. They look for new experiences, like brands that stand for something, and they get most of their news and entertainment online. The best place to reach Centennials is on a mobile device, but communications must offer some value because this generation is pragmatic. Almost two-thirds say they have an ad blocker on their phone.

Centennials are more likely to use social media than other generations, but they are concerned about privacy. Social shopping is an important aspect of shopping, especially in China. As the social shopping trend expands in other regions, brands have an opportunity to create a seamless social shopping journey. China, and the other markets with the largest populations of Centennials, are the places for brands to find the latest trends in many categories, including personal care, fashion, and technology.

(For more details about Kantar’s Centennials at 21 report, please contact kantar@axicom.com)



INSIGHT | Needs

Radical shifts in behavior drive disruption

Disruption, these days, is constant, a product of fundamental shifts in consumer needs. The explosion of alternative proteins in CPG, for example, is being driven by a growing understanding of the impact of producing meat on the environment and the desire to eat more healthily; in fact, 83 percent of Americans say they want to add more plants to their diet. Because of the seismic size of changes like these, companies need to take steps to protect against a future where they don’t exist. The paradox is that when we talk about disruption, we think about small challenger brands, whereas the big fish—the Unilevers and P&Gs, the Krafts and Con Agras—are the ones with the distribution and operating models to be disruptive at scale. But too often that doesn’t happen, invariably because the short-term financials aren’t there. Businesses need to rethink that; to institutionalize disruption and make responsibility for breakthrough innovation part of their core operations, not the underfunded, neglected silo it often seems to be.

James Hidden
Managing Director
Ogilvy
James.Hidden@ogilvy.com



INSIGHT | Culture

Leaders must facilitate new, creative ideas

Along with the right proposition and right time, another prerequisite for disruption is the right culture. The organization’s culture needs to facilitate doing things that are disruptive. Often, the established brands are risk adverse and suppress creativity. The leaders of those companies are like football managers. They need to deliver the results in that season, in that year, or they won’t be around. Successful companies will have an internal mechanism to fund new ideas to do something different, better, and quickly. For the disruptors this culture cuts across the entire business.

Simon Atherley
Senior Client Director
Kantar
Simon.Atherley@kantar.com



INSIGHT | Scale

Big companies find niche ideas difficult to fund

There’s a huge issue that established companies grapple with, which is that a disruptive idea is never going to seem that profitable to them. With a disruptor brand like Halo Top ice cream, it is very likely that a major multi-brand company had a similar recipe tucked away in an archive somewhere. After doing the financials, the company probably decided it wasn’t worth developing the product because, in comparison to all their established brands, it wasn’t. A disruptive idea will never seem like a great opportunity to multi-brand companies because they’re judging it by a far higher standard. Whereas the entrepreneur coming up with the idea sees only upside potential.

Nigel Hollis
Chief Vice President,
Chief Global Analyst
Kantar
Nigel.Hollis@kantarmillwardbrown.com



Disruption



INSIGHT | Irrelevance

Ignoring change will lead brands to irrelevance

Given the level of disruption we're seeing, our clients cannot conduct business as usual. The message to clients is best summed up by a quote from four-star US general Eric Shinseki that I'm going to paraphrase: If you don't like change, you're going to hate irrelevance. We have enough data points—media impressions, technology's acceleration of change—to assert that if you're not sitting uncomfortably, you should be. I'm sure leaders like Jeff Bezos and Elon Musk don't sit comfortably. They are constantly disrupting themselves. The answer is clear. Our own massive, evidence-based database—BrandZ™, shows that the drivers of brand value are purpose, innovation, customer experience, and love.

Erik Overby
VP, Innovation Growth and Strategy
Kantar
Erik.Overby@kantar.com

KANTAR



INSIGHT | Scale

Big companies are capable of disruption

Disruption may most often come from smaller brands. Big companies are more focused on mitigating risk. They need to generate profit and show that their margins are strong to deliver shareholder value. It is possible for a large organization to be disruptive. It often starts with a change of leadership and studying data. The data enables big companies to look at some of the categories they operate in and where their revenues are dropping. When revenue demand drops, organizations like Coca-Cola or Walmart will use data to try to pivot and look at new business models and diversify their product. Disney was basically a content producer. Disney lost the relationship with the customer through changes in consumer media consumption. Today, Disney acquired several content providers and platforms to create its own distribution networks in order to gain control of the data through ownership of the interface with the consumer.

Rod Anthony
Senior Consultant
Wunderman Thompson Commerce
RAnthony@wundermancommerce.com

WUNDERMAN THOMPSON
Commerce



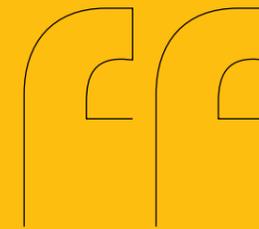
INSIGHT | Needs

Human insights yield effective sales strategies

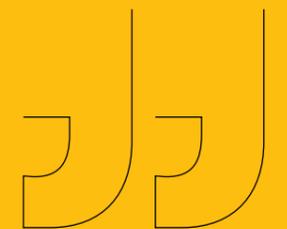
Best Buy is a good example of a traditional brick and mortar retailer responding to the disruptive power of tech companies, a challenge that brands across categories face. While Best Buy faced and addressed a number of issues and strategically addressed those issues in its rebounding strategy, one of the fundamental issues they needed to address was related to the customer journey. One of the problems for Best Buy was “showrooming.” Consumers came into its stores to see, touch, and smell the products, and then they'd leave to purchase from online retailers because they could find cheaper prices online. Best Buy found a way to keep customers in the store and also match the online prices. Best Buy looked for the human insight—what truth existed about what the customer wanted or needed before the purchase; combined that insight with solutions to address it; and found ways to close the sale in-store. Essentially, Best Buy added more consultation, customer and other services to shift the customer journey and capture the sale.

Kristin Hooper
SVP, Branding and Insights
BCW
Kristin.Hooper@bcw-global.com

bcw
burson cohn & wolfe



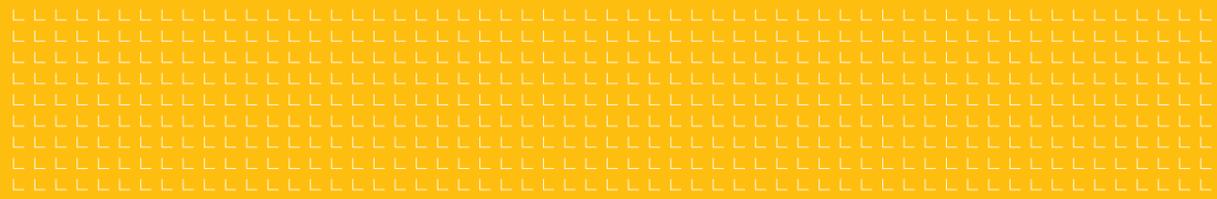
The newest generation of disruptors are able to assemble ecosystems to accelerate growth. Once they have traction, these brands are not afraid to press the accelerator.



Disruption

BRAND BUILDING ACTION POINTS

1 **THINK LONG-TERM**
 Large organizations need to find the right balance between short-term thinking (satisfying shareholders quarter-by-quarter) and long-term thinking (placing bets on ideas that reassure shareholders that the company has a future). The long-term thinking requires risk. It means valuing and rewarding both the people in the organization who reliably make their quarterly sales quotas, and those whose ideas that are less easily quantified because the outcome is more long-term and uncertain.



2 **INSTITUTIONALIZE DISRUPTION**
 Empower a multi-discipline group to think long-term. The group needs to be more than an incubator bolted on more for appearance than impact. Its existence—and, ultimately, its ideas—will need buy-in from the top and from throughout the organization. A mechanism for thinking and acting on disruption needs to be a core part of any business.

3 **SEEK DIVERSITY**
 It may not be helpful to employ a company full of disruptors. But it is necessary to employ people who understand and are excited what they are doing. Creativity, a prerequisite for disruption, requires diversity of thought. In an organization where everyone comes from the same background ideas are more likely to be ratified than challenged, and less likely to drive disruptive change.

4 **REMOVE THE BLINDERS**
 When companies look at the world through blinders of category framing, they are more likely to be disrupted by something outside their peripheral vision. It is necessary to disregard category borders and focus on the consumer and how the consumer's needs and behaviors are changing. Standard solutions—adding another variant to the shelf—will not work as well when a lot of shopping is done online by consumers who are more mindful about their personal health and the impact of packaging on the environment.

5 **TAKE RISKS**
 Companies cannot avoid risk. Choose which risk is greater: not doing anything and continuing to think and operate short-term; or investing in new ideas, with the likelihood that more will fail than succeed. Choose between comfort—feeling good about the business and making decisions to keep it healthy as consumer needs change—and complacency. Choose between leadership—defining purpose and direction and the need for disruption—and management.

6 **SELF-DISRUPT**
 Disruption is inevitable. The only question is whether to wait to be disrupted or to preempt a disruptor with self-disruption. Two-day delivery for Prime members seemed unassailable when Amazon introduced it. Amazon is rolling out one-day delivery, raising operating challenges and costs for its competitors. Facebook was popular and could have remained in its comfort zone when it acquired WhatsApp and Instagram, which is the fastest-rising brand in the 2019 BrandZ™ Global Top 100. Disruptors disrupt markets—and themselves.

7 **BUILD A BRAND**
 Disruptors attract other disruptors. If an idea is good enough to disrupt a category another organization will want to make money from it. A larger organization will figure out how to make a product cheaper and faster and distribute it more widely. To be sustainable, the disruption needs to be about more than a product. It needs to be about a brand, and the meaning and distinctiveness that the brand conveys.

Disruption

Disruption is inevitable; brand disappearance is avoidable

Innovation needs to be integrated into the business, not marginalized

Disruption is happening. Brand marketers understand that. But too often the focus on disruption is assigned to small, isolated skunkworks. For big brands to more effectively anticipate and drive change, disruption needs to be institutionalized and integrated into the business as a core day-to-day concern.

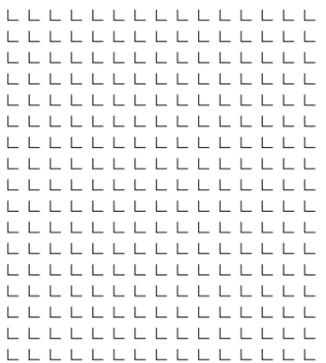
A lot has been written about the explosion of new Digital-to-Consumer brands disrupting traditional categories, be it Dollar Shave Club in razors or Casper in mattresses, as well as the stratospheric growth of challenger brands, like Halo Top low-calorie ice cream and Rxbar protein snacks in food. Disruption, it is said, is threatening existing models of brand-building. Big companies are dying on the vine, apparently. The slow-moving oil tankers of the last-century can't turn quick enough to deliver the type of disruptive thinking that is so engrained in the new breed of start-ups.

The irony, however, is that in reality there is no new magic sauce here, no paradigm shift in the way products are developed or fundamental pivot in the way consumers behave. As the founder of a poster-child for disruption, Justin's, maker of natural nut spreads, famously said, he just put an existing product (peanut butter) in a new form (sachets).

Furthermore, for every headline about the death of big brands or radical changes driven

by trends like e-commerce, subscription services and increasing consumer demands for transparency and better quality, there's a counter-argument: take Dollar Shave Club's ongoing lack of profitability and Gillette's continued two-thirds market share; or Blue Apron's abject failure to scale despite it being trumpeted as the future of cooking; and even the reality of the failures of much-hyped start-ups like Juicero, a juice-making device, or Sprig, a meal-delivery service. Despite some standout examples, like the woes at Kraft Heinz, the reports of Big Co's death seem greatly exaggerated.

It's just that the most striking types of innovation seems to be happening outside of the traditional engines of growth, the big legacy CPG giants. What's surprising is that these business behemoths should hold all the cards; they are big for a reason, and therefore have sizeable existing R&D capabilities to launch category-redefining innovation, the distribution footprint to scale a new brand fast, and the deep pockets to invest in media to drive awareness and sales.

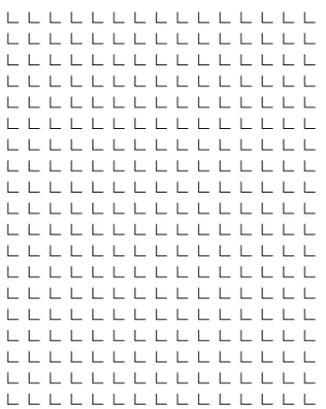


James Hidden
Managing Director
Ogilvy
James.Hidden@ogilvy.com



Ogilvy is a creative network, re-founded to make brands matter in a complex, noisy, hyper-connected world.

www.ogilvy.com



Disruption

Disruptive thinking is not a hobby

It's not to say that big companies can't do it. Of course they can. P&G built a \$3 billion-plus business around Tide Pods in just a few years. Danone did the same with Oikos yogurt in the face of increasing threat from premium start-ups like Chobani. Green Giant anticipated consumers increasingly shifting out of carbs and into perceived healthier options with its hugely successful Riced Veggies line extension. Most of these, however, are incremental innovations, rather than game-changing innovation. So how should big brands be thinking

and acting differently to deliver genuine disruption?

The reality is companies spend too much time looking inward, rather than outward. Too much time delivering what a retail customer wants today, not what they'll need tomorrow. Too much time focused on margins on their current business, not the profit-drivers of the future. And when they do that, disruptive thinking becomes a hobby, not a business mandate. Disruption cannot be the remit of the mad scientists in the wacky Innovation Lab, occasionally paraded out as proof of forward-thinking for earnings calls, but in reality, underfunded and underappreciated.

Disruption, ironically, needs to be institutionalized. However, traditional organizational structures like "Core," "Adjacent" and "Far Out" create systemic bias that kills disruptive thinking through inherent nominative determinism; when belt-tightening happens, as it inevitably does, guess which budget disappears...?

Disruptive thinking must be given as much importance as your day-to-day topline drivers. Put at the heart of business strategy and growth planning. Treated as a budgetary non-negotiable. Category-redefining provocative thinking given a real voice at the top table. Because without it, status as the "new Nokia" awaits.

Actions to Cultivate Disruptive Thinking

1

PLACE INNOVATION AT THE TOP TABLE

Too many brands underfund and isolate the people responsible for disruptive thinking. Even the lingua franca of *skunkworks*, *labs* and *far out innovation* create a perception that this is not business critical. This is dangerous. Ensure adequate resources and C-suite engagement, to drive systemic change that has business impact.

2

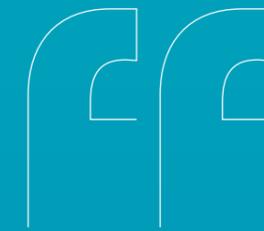
BROADEN YOUR FRAME OF REFERENCE

What category are you *really* competing in? Casper is not a mattress producer, it's a sleep lifestyle brand. Halo Top doesn't sell ice cream, it's a purveyor of delicious healthy treats. How would this expanded worldview change how you might think about innovation?

3

IMAGINE A WORLD WHERE YOUR BRAND DOESN'T EXIST

What happened? Why did it die? What existential threats are already out there, be it regulatory control, competitive threat or consumer behavior? Doomsday scenario planning may seem far-fetched, but it encourages a way of thinking that will foster genuine Disruption, not short-term incrementality.



Disruption cannot be the remit of the mad scientists in the wacky Innovation Lab, occasionally paraded out as proof of forward-thinking for earnings calls, but in reality, underfunded and underappreciated.



Trust

People prefer brands they can depend on to do the right thing

Across generations, consumers will abandon brands that betray trust

With rising consumer concern about privacy and misuse of personal data, brands need to be more transparent and they need insight into the changing value equation. It is clear that brands are penalized for misbehaving. How do they build and sustain trust, and what is the ROI for trust?

In the past number of years, there has been a distressingly long list of examples of companies behaving badly, and in the process abusing and losing public trust. Examples include cryptic or misleading explanations for how personal data would be used, irresponsible distribution of harmful fake news, failure to protect against or transparently report data theft or database breaches, serial personal misconduct by those in power which is condoned or covered over, and in small but still depressingly significant number of cases, outright fraud. The consequences have equally run the gamut from shaming on social media, consumer defection, negative impact on sales and share price, millions spent on apology communication campaigns and in some cases large fines from industry or governmental organizations.

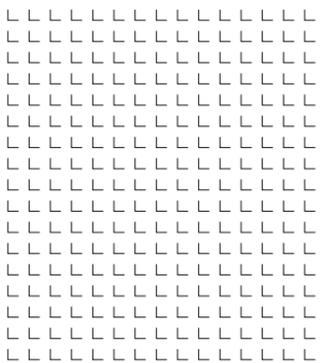
So, it is clear there are consequences to corporate misbehavior and betrayal of trust. But is it enough to just not behave badly? Can the case be made that prioritizing and investing in actions that build and sustain trust can result in sustainable long-term return on trust?

CASE IN POINT 1

In a world in which consumers are bombarded with choices, they give their loyalty to brands that act authentically and demonstrate a commitment to a purpose that goes beyond profit.

The up-and-coming generation of consumers, born just before, or soon after, the turn of the century (and hence named Centennials), have been raised to believe they have the power to change the world, and they expect brands to which they give their loyalty to be working to do the same. According to Kantar's US MONITOR survey (US Centennial population, ages 12-to-20), a full 72 percent believe that brands play an important role in society and are responsible for making it better. Edelman Research's 2018 Earned Brand Global Report found that 1-in-2 people chose, switch, avoid, or boycott a brand based on its stand on societal issues.

Nike offered perhaps the most publicized example of brands taking a stand in recent times, with its "Dream Crazy" spot, which featured controversial athlete Colin Kaepernick, and the tagline "Believe in something, even if it means sacrificing everything." While the ad sparked online protests and boycotts, it was a bold move targeted at their Centennial customers, which was rewarded with valuable earned media. Nike business resurged in the period following the release of the ad.

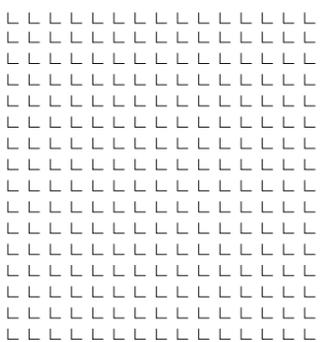


Wendy Swiggett
Managing Director
Kantar
Wendy.Swiggett@kantar.com

KANTAR

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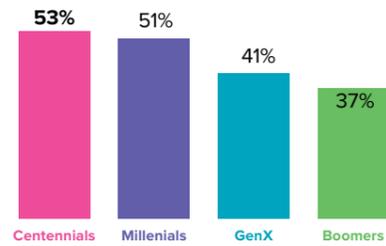
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Trust

Centennials expect brands to act responsibly

“I only buy from companies that are clear about what values they stand for”.



Source: Kantar 2018 US Monitor

Ask yourself what does your brand stand for, and what risks are you willing to take to demonstrate your commitment and sincerity? What does your brand risk if you are not willing to take a stand?

CASE IN POINT 2

Easy sources of growth are gone. In the future, growth for brands will come from expanding into new, and possibly uncomfortable, places that will require consumer trust and permission to succeed.

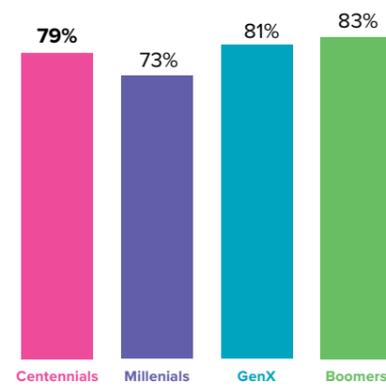
In certain competitive categories, brands are succeeding by focusing on developing products that complement their core range. This activity is in addition to, or instead of, focusing on incremental improvement to their core range. For example, even as growth for iPhone is losing ground, Apple is increasing its service businesses, including financial services and its first credit card. Amazon, which famously makes little money on its core e-commerce business, leads the market in Cloud computing (where security is a significant concern) and home

hardware (Amazon Alexa), which may eventually become a major new channel for commerce. Neither Apple nor Amazon were well known or experienced in these spaces before they entered, but they had built large reservoirs of credibility and trust by relentlessly focusing on seamless and frictionless customer experience and by being good and careful stewards of the data with which consumers entrusted them (worthy of consumers' opening their personal finances and lives).

As Brands consider strategies to drive growth, they need to keep in mind, breaching trust can have lasting consequences.

All generations will abandon brands they do not trust

“Even if a company makes a product I love, I'll stop supporting them if I don't feel like I can trust them”.



Source: Kantar 2018 US Monitor

Ask yourself what new categories might be open to your brand if consumer trust is strong and sustained? How might short-term-profit-oriented behavior put your brand at risk of losing consumer trust, or block future opportunities?

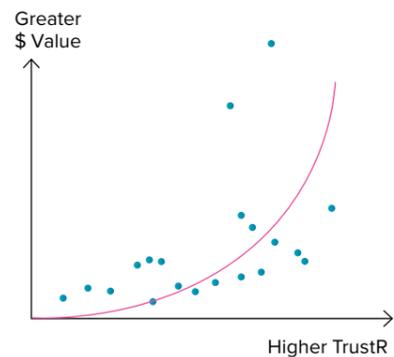
CASE IN POINT 3

As illustrated by the BrandZ™ metric “TrustR” (Trust fortified with willingness to Recommend), trusted brands are more likely to be financially successful.

One of the most important and useful findings from BrandZ™ is that brands with the highest financial value also are likely to be highly trusted and recommended. When we calculated the TrustR scores of the Top 100 Most Valuable Global Brands, the positive correlation between a high TrustR score and brand value represents a compelling financial validation for the sentiments expressed in the above two cases.

Trusted brands grow value faster

The points on this chart represent the BrandZ™ Top 100 Most Valuable Global Brands arranged in groups of five and plotted according to their financial value. As TrustR scores increase (moving right on the horizontal axis), average brand value grows (moving up the vertical axis). The curved line illustrates positive correlation between high TrustR and financial value.



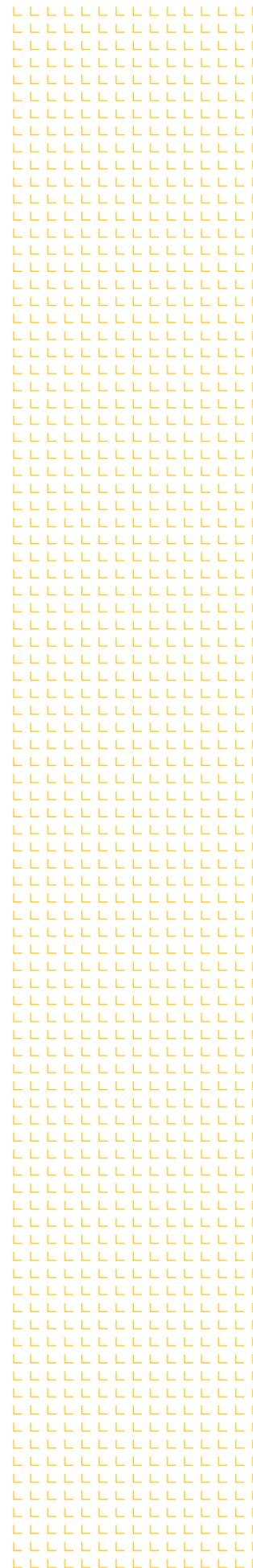
Ask yourself how many consumers trust your brand sufficiently to proactively recommend it? How much business are you leaving on the table by not developing a sustained, trusted relationship?

As Brands consider strategies to drive growth, they need to keep in mind, breaching trust can have lasting consequences.

The Future of Brands

Future growth depends on being responsible

Impactful brands may leave the smallest footprint



Global changes in consumer attitudes about consumption, climate change, privacy, health, and other issues have impacted many categories, including beer, beverages, cars, energy, even technology. These concerns, which reflect the rise of Millennials and Centennials, can slow growth, even in developing markets, and are acutely relevant to the future of brands.

Sometimes these attitudes are bundled with other social issues into a generalized public grievance blaming brands for creating many of planet's problems and governments for being ineffective in finding solutions. Paradoxically, brands that make the greatest impact on consumers in the future may be those that leave the smallest footprint.

This development is intertwined with the notion of brand purpose, or higher purpose. Some brands—like some individuals—may make enormous, even historic, contributions to saving the world. More likely, most brands—like most people—will do what they do. And the considerable challenge is to do it ethically, day after day.

Simultaneously, brands also face the challenge of keeping younger, more sophisticated consumers engaged. As change becomes more iterative, even in categories like smartphones, the possibility of differentiating in a way

that is fundamentally different from the competition becomes more difficult.

Ecosystems brands may have enough gravitational pull to sustain loyalty. But a counterforce is gathering strength in the East, particularly in China, in the form of quality, well-designed, less expensive products.

Why now?

The reason that these challenges are roiling now is in part generational. Members of the Millennial generation are rising to responsible positions in organizations, even into the C-Suite. Older members of the next generation, Centennials, are entering the workforce.

And the impact of these generations across categories is clear. The Millennials drove the craft beer phenomenon. Because Centennials are likely to drink less alcohol, beer brands are developing new, no- and low-alcohol drinks. Carmakers will continue to forge metal into vehicles, but those vehicles will be hybrid or electric and they will exist alongside other mobility options.

The Future of Brands



INSIGHT | Taking a Stand

Purposeful brands willing to pay the price

A brand only has purpose if it's willing to make less money as a result. Most brands should not worry about higher-order purpose. They should be like Amazon and figure out their purpose, small "p" and do it. Do it well. Do it ethically. Don't get called out on it.

Nigel Hollis
Chief Vice President,
Chief Global Analyst
Kantar
Nigel.Hollis@kantar.com

KANTAR

With the increased concern for health and wellness, consumption of carbonated soft drinks declined, and Coke and Pepsi introduced less sugary products. In Coca-Cola Co.'s acquisition of the Costa Coffee, the UK-based café chain, and PepsiCo Inc.'s acquisition of SodaStream, the carbonating device, the brands also found clever ways to deliver a drinking experience suited to new generations of drinkers.

The oil and gas brands are shifting to energy alternatives at a gradual but accelerating pace. Because their impact on the environment is obvious, these brands have received substantial reproach. Going forward, well defined and expressed brand purpose could help these brands navigate the transition to alternative energy.

In addition, the experience of the energy brands is cautionary for brands across categories. More mindful consumers will be less tolerant of the impact that manufacturing and distribution have on the environment. While the energy brands may remain in the bullseye, other categories and brands also will be targeted.



INSIGHT | Circularity

Brands must take small steps that leave no footprint

People are looking to brands to be activists, make changes, and engage with some of the issues that governments are not adequately addressing. Companies will need to be responsible enough to correct some of the problems they've created. In the apparel category, for example, over the years a certain amount of waste has been produced. Now, companies need to look at how they can be part of the solution. The idea of circularity was a major discussion point at this year's London Fashion Week. Ultimately, companies in the future would look to have no (negative) footprint on the world and instead build truly net-positive brands. That's a grand ambition. But realistically, the question is: what small steps can companies take towards leaving no footprint?

Claire Holden
Chief Innovation Officer
Hill+Knowlton Strategies
Claire.Holden@hkstrategies.com



INSIGHT | Allies

Brands are allies, they help us live our best lives

Purpose is important, but it has to make sense. It's easy to jump on the bandwagon of a social cause because it is relevant to your core buyer. But brands need to choose causes wisely and execute on them wisely or they appear inauthentic. Brands also need to be first-movers, otherwise risk looking like a me-too. Consider, also, that a brand doesn't have to have a higher purpose. Most people are probably OK with the idea that for a telecom provider, the purpose is to enable them to reliably make a phone to call their mom. And that's enough. Brands can be our allies and support us simply by enabling our lives... and helping us live our best lives.

Marisa McMahon
Senior VP, Business Development,
Strategic Client Partner
Kantar
Marisa.McMahon@kantar.com

KANTAR

Innovation and competition

The need to respond with purpose to changing consumer values is driving innovation. Beer brands developed alternatives for the plastic rings that yoke six packs together. Adidas introduced a sneaker made from recycled ocean plastic.

In partnership with TerraCycle, a recycling operation, companies, including Procter & Gamble, Nestlé, Unilever, and UPS are developing Loop, a back-to-the-future method of distributing product in reusable containers that are picked up from the consumer when empty to be refilled and redelivered.

Aside from accommodating the changing values of consumers, particularly young people, there is another reason for brands to be responsive—competition. Related to the generational shift is the rise of new, agile competition, sometimes led by young entrepreneurs attuned to changing attitudes about issues, including personal health and the environment.

In soft drinks, brands like La Croix filled the need for a non-sugary, but tasty, carbonated drink. Tesla challenged the combustion engine mentality by demonstrating that a market existed for electric cars and that traditional dealer networks were not the only distribution model.



INSIGHT | Responsibility

New products show increased responsibility

There's a mainstreaming of responsibility happening across the globe. Investment firms are looking to put their funds with companies that stand for something, that not only articulate a purpose, but are acting responsibly. The change driver will not just be consumer led, such as shoppers saying they want less plastic, but from large companies taking positive action, and investment funding flowing to companies acting responsibly. Brands will need to respond by both getting rid of the negatives and doing positives things that are relevant to the brand. Probably most, but not all, responses are product-related. Adidas making a shoe out of plastics recycled from the ocean is about product. Nike naming Colin Kaepernick as spokesman to take a stand against racism is not. Unilever removed plastics from its facewashes. P&G has invested in DS3, a soap with no packaging. It's a positive, low risk step, and there are many more examples of positive action which will help the greater good.

Matthew Botham
Strategic Insight Director
Kantar
Matthew.Botham@kantar.com

KANTAR

The Future of Brands



INSIGHT | Purpose

Brands must elevate purpose to meet rising expectations

It is apparent that our lives no longer neatly fit into one lane; they are complex. So, it becomes necessary for brands to plug into what is happening on a technological, environmental, and, to some extent, political level. But if brands fail to deliver value, then engagement is limited to a transaction and opportunity becomes limited. Consumers are more discerning than ever, choosing to align with companies that share their values, are personally relevant, and contribute to some kind of collective consciousness. It is this final point that has become a consumer expectation, so it becomes imperative for brands to elevate their purpose.

Stacey Neumann
Senior Strategist
Wunderman Thompson
Stacey.Neumann@wunderman.com



And there is also the possibility of regulations, although that varies regionally. Sugar taxes in Europe are influencing the formulation of soft drinks, while in the US, Coke, Pepsi and Dr Pepper Snapple have collaborated to advertise healthier choice and preempt regulatory pressure. Similarly, the EU promulgated the General Data Protection Regulations in response to privacy infractions by technology brands. No national regulations have been imposed in the US, but California passed the Data Privacy Protection Act.

There is an additional complication—people—and a dissonance between what we as consumers say they believe and how we act. We may choose to buy brands from small, purposeful, start-up brands that are “woke” about sustainability and other social issues. But we also may be fine with ordering these products from Amazon and accepting the carbon footprint required to transport the products half way across the world. We may say we are concerned about climate change and want carmakers to build electric vehicles, but we mostly buy SUVs.

How this dilemma will be resolved is not clear. One option is that we become more mindful, less obsessed with convenience, and decide that it is impossible to have our cake and eat it too. The other option is that the magic of technology will produce more solutions that enable us to sustain our consumption habits. Eating Halo Top ice cream, for example, we indulge a dessert passion while limiting calories and feeling good about adding protein to our diet.



INSIGHT | Purpose

People relate to brands as part of the community

Brands need to return to the basics. The transparency and viral sharing enabled by social media and connected tribes means that brands must once again offer up a clearly articulated, focused value proposition—but one that engages customers and employees equally. It must be consistently lived by the brand every day, lest brands appear insincere and risk having their cheerleaders replaced by detractors. At the heart of this is a shift in how we view brands and the role they play in our lives. We have more direct contact with them and they with us. They have a voice—on Alexa or social media—and a personality. They can feel like a friend or foe or frenemy. They are essentially like a person that we are consciously letting into our community. And when we let them in, we expect them to be invested; to protect us and to provide support; to help us signal our identity to the rest of the world. This is a fundamentally different reason for being than standing for quality or consistency; brands today must also clearly add value to our lives and communities. In light of this higher bar, brands must re-formulate their value proposition and how they deliver against it—to be clear about the role they want to play in our communities, and to consistently fulfill that role.

Wayne Pan
Senior Consultant
Kantar, Consulting Division
Wayne.Pan@kantar.com



INSIGHT | Circularity

Problem vexes consumers, but who fixes it?

The idea of circularity is gaining traction within grocery, particularly in soft drinks and snacking. In our research, when we ask people if they’re worried about waste, they say, yes, they are worried. But people also say they don’t want to pay anything extra for the solution. They want the manufacturers to take ownership of the problem, which means that the brands have to take responsibility in helping consumers do the right thing. Of course, we consumers pay for it in the end, but it needs to be presented in a way that we don’t feel like we’re charged for it, and, crucially, is as easy as possible.

Fraser McKevitt
Head of Retail and Consumer Insight
Kantar
Fraser.McKevitt@kantar.com



Taking a stand

All of these trends are politicized. How they are perceived, and their interrelationship depends on the ideological lens of the viewer. Consequently, the safest response for brands has been to tread lightly or skirt around the issues. The problem for brands is that avoidance or excess caution is no longer a viable strategy because consumers, especially young consumers, expect more.

But taking a stand is fraught with unintended consequences. Naming as its spokesman Colin Kaepernick, the NFL quarterback who protested racism by kneeling during the National Anthem, worked well for Nike. The brand and its core customers shared similar values, and Nike became a high-profile advocate for progressive social change.

Gillette experienced less success with its attempt to promote an evolved version of manhood in ads that showed “The best a man can be,” an updated version of the earlier strapline, “The best a man can get.” The campaign drew criticism both from customers who disagreed with the message and those who applauded the message but deemed the execution too didactic or heavy-handed.

It is possible to argue that we privileged consumers, in pursuit of our own comfort and convenience, accepted narrow views of beauty and gender, bought more stuff than we needed, and had no qualms about dumping plastics and other packaging into landfills and the ocean. That argument may have merit, but it will not help brands if we decide to hold them responsible for all the problems we have helped create. Young people, especially, expect brands to close the loop, to be responsible and provide solutions.



INSIGHT | Taking a Stand

Taking a stand puts brands into the conversation

Some brands are moving in a socially purposeful way. Nike, for example, launched a campaign supporting women, and prior to that it supported the protests against racism by NFL quarterback Colin Kaepernick. Similarly, the Gillette campaign promoted a more progressive view of manhood. Presumably brands like these are looking at data that shows enough people support their viewpoints. At the very least, the brand is taking a stand and putting itself into the social conversation in a way that ultimately benefits the brand and boosts its visibility.

Meagan Malzberg
Senior Director, Media & Content
Kantar
Meagan.Malzberg@kantar.com



The Future of Brands

Institute for
Real Growth
Key FindingsLeaders pursue
purposeful,
human-centric
growth strategies

Opportunities for brands exist...
in uncomfortable places

During the postwar boom of the last six decades, many businesses relied on scale and efficiency tactics to sustain their growth, but these patented processes are starting to fail as companies run out of new markets to enter and superfluous expenditures to cut.

Moreover, an increasingly knowledgeable and conscientious customer base is challenging licenses to operate, and disruptors are tearing down barriers to entry and bypassing well-established niches and intermediaries. No source of growth is guaranteed anymore.

However, growth still exists—albeit in uncomfortable places. By exploring unexpected partnerships, embracing specialty brands, and implementing new business models, forward-thinking marketers have already sketched out a new growth trajectory. But this is only the beginning: to continue delivering sustained top-line growth, companies must reject the tired formulas of the past and develop an architecture for “Real Growth.”

These are among the key findings of the Institute for Real Growth, a global thought leadership initiative of WPP, Kantar, and partners from leading businesses across categories and academic institutions. Based on interviews with over 500 business leaders, a survey of 1,500 respondents, and an analysis of hundreds of topical studies, IRG’s recent study revealed that companies already delivering “Real Growth” act very differently than underperformers. Top-line results indicate:

- LL Growth leaders reimagine what they offer and what markets they sit in. They assess market developments and take a wide-angle lens that leaves no growth source unexplored. They optimize what works while identifying and embracing new business models. They build in-house innovation labs and explore unexpected acquisition possibilities. They then use these perspectives and capabilities to deliver unique, ever-evolving experiences, embracing the fact that customers are always beautifully,

wonderfully dissatisfied rather than chasing ephemeral customer satisfaction.

- LL Overperformers rethink how they organize themselves. They rewrite cultural scripts, loosening the bonds of procedure and structure in favor of innovation, entrepreneurship, connectivity and diversity among decision-makers. They then carry these cultures into their organizational structure. And, they foster whole-brain teams to produce whole-brain insights, combining creativity, data, and technology to innovate where others are complacent.

- LL Leaders challenge assumptions about why they do what they do. Rather than prioritizing profit, they accept that real growth stems from a human-centric approach: they focus on tangibly benefitting their customers, their colleagues, and their communities. They recognize that a market definition, consumer experience, or organizational culture or structure, no matter how innovative, can and will be adopted by competitors after it demonstrates success. To stand out in an authentic and inspiring way, growth leaders go a step beyond and tie their ambitions to something truly meaningful.

While these principles form a strong base for future growth, they are not enough on their own. The IRG study has shown that real change will not happen in an organization that only sees these principles as feel-good slogans or temporary solutions—to make sure they become more, leaders across functions must take a stand, demonstrating humility, passion, courage, and a willingness to empower their teams.



INSIGHT | Growth

Growth depends
on seeing beyond
the category

Brands enjoying growth are small not big. Opportunities have evolved and shifted outside the comfort zone of business-as-usual, and growth formulas that proved steadfast and reliable in past are now failing. Big companies find it harder to recognize growth. In our Initiative for Real Growth, we compared over-performing versus under-performing companies and brands worldwide. Those growing are distinguished first and foremost by an abundant market view. They use a wide-angle lens to define their categories and are unafraid to adopt new business models. For example, Coca-Cola buying Costa Coffee, a UK chain of cafés, or PepsiCo buying SodaStream, a home water-carbonization device. So, the big question becomes can you mold an abundant market view into your purpose? In so doing, are you putting the consumer, not your product, at the center, and then rethinking your brand proposition in these terms? And based on this, do you have the courage to fundamentally change how you operate?

Pandora Lycouri
Partner, Client Services
Kantar, Consulting Division
Pandora.Lycouri@kantar.com

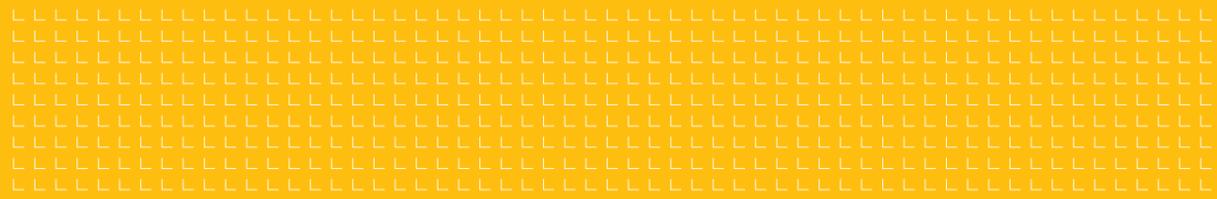
KANTAR

(For more information about IRG, please visit www.instituteforrealgrowth.com.)

The Future of Brands

BRAND BUILDING ACTION POINTS

1 BE ETHICAL
 Do not bolt on a purpose, which would look artificial to the consumer. Do what the brand does well but do it responsibly and ethically. That means conducting all aspects of the business—production, supply chain, relationships with employees and customers—with a moral compass and honesty.



2 BE CLEAR
 Make it simple and easy for consumers to know exactly why the brand exists. That helps the brand feel Meaningful to consumers (relevant in meeting their needs) and Salient (coming to mind when they consider a purchase), which are two components of brand equity.

4 LOOK GLOBALLY
 Not too many years ago, retailers looking for cutting-edge ideas in store formats or technology made a pilgrimage to North America. Today, they head for China to learn how to develop the rapid and responsive systems that serve people with products and services they want—when and where they want them—with just a click and cashless payment. Regardless of national provenance, brands should look worldwide for inspiration.

6 CUSTOMIZE
 A new level of mass customization should emerge from the convergence of sustainability (the distribution of product in reusable containers) and technology (the ability of the consumer to select the particular mix of ingredients to go in the container) with data (the possibility of determining which ingredient mixes are most popular).

3 LOOK OUTSIDE
 It is easy to get caught up in the daily pressures and routine of running a business. It is vital to step away for a fresh vantage to perhaps see the business the way some young entrepreneur sees it. Look outside the category and beyond the usual competitive set. Look not only for potential competitors but also for the next big idea.

5 REFINE BRAND EXPERIENCE
 The experience starts with product itself and includes how it is packaged, and how it is sold and recycled. Customers judge the brand experience at every touchpoint, and touchpoints will change. As banking shifts online, there will be fewer branches. As cars are sold online, the role of the dealer will evolve.

Circularity

Brands attempt to make a profit without making excessive waste

Across categories, businesses must fix environmental problems they created

The pressure on companies to “right the wrongs” has never been so great. As governments are increasing seen as failing, people are looking to businesses to act as forces for good in society. Social media’s spotlight shines ever brighter, loudly applauding the winners and quickly turning against the perceived losers. And workers of a new generation are not only demanding responsible, ethical employers, but are working their way higher in the business to create the change.

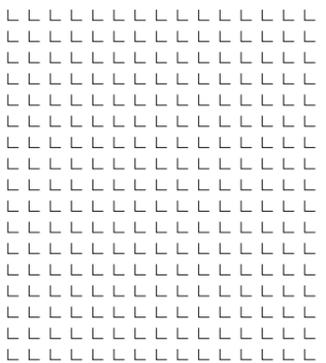
It’s now no longer enough to have a positive CSR or “social good” addition to the business. Companies will have to look at how they can actually change their business for the world’s good. Leading companies are recognizing the impact they are having on our planet, its people and resources, and are developing innovation strategies to address it.

From operations and supply chain, to product and its distribution, how can all aspects of a business be re-thought to have a better impact on the world... or indeed, no impact. The notion of the “circular economy” has been talked about for a while, but we’re now seeing it fast becoming a reality as big brands publicly take on this ambition. The race really is on to find effective—and, importantly, profitable—business models that leave no trace.

Naturally the apparel sector has (had to) take a lot of initiative in this space, with many companies looking at ways to reduce their footprint and the impact of fast fashion.

We’ve seen the H&M Group roll out a large-scale recycling scheme across its portfolio, Patagonia’s continued commitment to a “repair more, buy less” philosophy with its “Worn Wear” program, Reebok presenting a biodegradable sneaker made with new materials.

adidas’ partnership with Parley—the network set up to protect the world’s oceans—helped take “waste responsibility,” particularly in plastics, into the mainstream. The collaboration focused on the positive use of waste; taking plastic from the ocean and turning it into athletic shoes on the feet of trendsetters around the globe and shirts on the backs of footballing megastars. And the sports brand’s commitment to circularity and a better future has just been further reiterated, through its recent announcement of FutureCraft.Loop, a performance shoe that has been made to be remade. Created from a 100 percent recyclable plastic, this is adidas’ first running shoe that will never be thrown away, an innovation they hope will be the start of the end of waste.

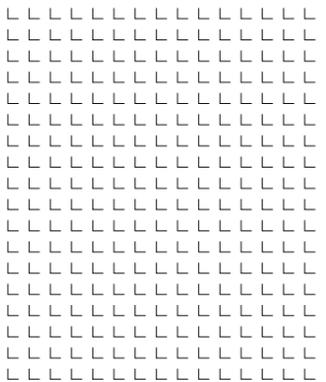


Claire Holden
Chief Innovation Officer
Hill+Knowlton Strategies
Claire.Holden@hkstrategies.com



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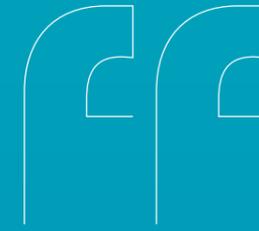
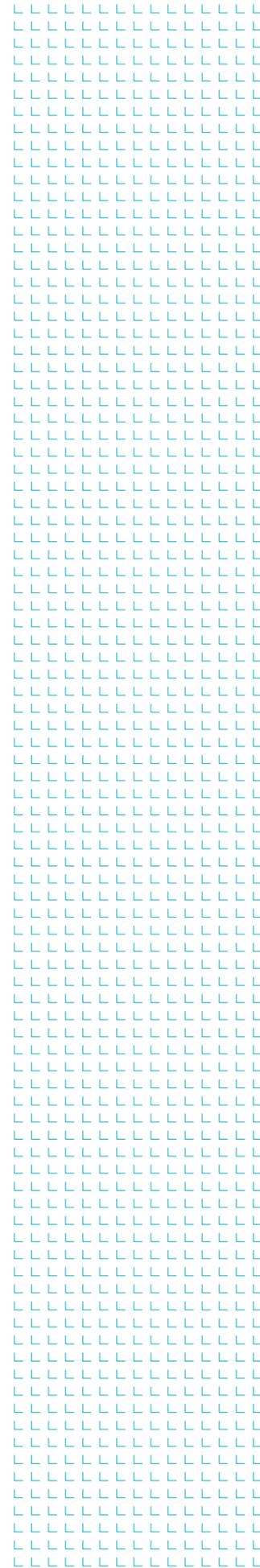
Circularity

And it's not just in apparel. Earlier this year we saw P&G become the first consumer products company to align with Loop, a circular e-commerce platform developed by international recycling leader TerraCycle. The new shopping model will see consumers rent dedicated luxury packaging for their favorite household brands—be it Pantene, Tide or Oral-B—and refills will come to their door. The elimination of single-use packaging will yield a significant reduction in waste. This ground-breaking shopping solution will enable circularity at scale and will strengthen the realism of this mindset. And by also offering convenience and more stylish packaging people can be proud of in their home, this solution further boosts the sustainable option's chance of success.

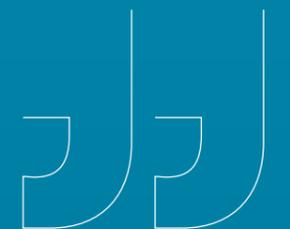
The notion of a rental lifestyle is due to hit many aspects of our lives. After famously—and bravely—declaring we are reaching “peak stuff,” IKEA has just unveiled plans to rent its products to consumers for the first time. The world's

largest furniture manufacture will trial a leasing system across its Swedish stores as it strives to become a “net-positive” business by 2030. Under the new approach, customers would rent their furniture for a set period before it's taken back for either refurbishment, upcycling, resale or recycling... and the customer gets to pick something new. Perfect for keeping up with ever-changing trends, desires or life demands.

So, while the notion of sustainability and circularity isn't new, it's now no longer a nice consideration or an add-on. Customers, employees, and indeed the planet, are demanding fundamental changes. Companies that are rethinking and reshaping through this lens are painting a positive future for their business, and society at large. Successful future brands will not strive to plaster over the cracks created by business, they will not create the cracks in the first place. And from here consider how they can then truly add to the world to build net-positive brands of the future.



The notion of the “circular economy” has been talked about for a while, but we're now seeing it fast becoming a reality as big brands publicly take on this ambition. The race really is on to find effective—and, importantly, profitable—business models that leave no trace.



Purpose

Brand purpose too often adds a thin veneer of respectability

Product purpose is a more intrinsic way to impact customer experience

This year, it feels like the debate around brands lies in the very essence of what a brand is and does, what a brand delivers today and how that's delivered in a way that connects with people. Maybe this is overly dramatic, but there's a sense that the very meaning of brands is being questioned and challenged. And a big part of that stems from the rush to "brand purpose" that became such a driving force for brands in the past.

When it works, brand purpose signals a brand with beliefs that go beyond making a great product and creates a greater message. Nike has genuine purpose... believing that athletes can have opinions, that athletes are experts and not just Olympians. Nike expanded what athleticism means. It's the great beliefs that emanate from the core of the brand, that drive communications, that inspire investment, that influence decision-making, and are reflected in Nike's product range. That's a single example, but the point is simple—brand purpose can be a potent force for good.

However, things aren't always so pure and good. Brand Purpose, sadly, has been grossly abused as a strategy because it isn't always a reflection of true beliefs. At worst, brand purpose is a blatantly thin veneer that people ignore, mock or contest. Think Pepsi and Gillette, as recent examples of brands that stumbled in their efforts to connect their brands with progressive social change.

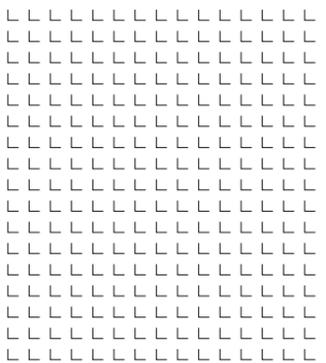
These brands may have been sincere in intent, but they were faulty in execution. However, the worst offenders are the myriad brands that we've all ignored because the message is so pointless that it doesn't even spark debate within the industry. Brands that talk meaning when they have zero connection to the cause for which they're "advocating."

The world today hides very little, and brands need to expect that every aspect of production will be exposed by the press, advocacy groups, and even consumers. Packaging can be made more environmentally-friendly, but that doesn't warrant an eco-purpose if you're busy decimating palm trees to obtain ingredients for the product you wrap so conscientiously.

If we recognize that brands are built on experiences—consistent, reliable, honest experiences—then we need to look beyond a workshop to define brand purpose and uncover the truths of our products and the reality of what people expect from them.

Would it be better if we sought out "product purpose" instead? A product purpose will drive your brand because it's based in the thing that you make and so you have more chance of impacting experiences rather than adding a veneer. Plus, you're guaranteed to be closer to what your customers/consumers/users are connecting with in the first place.

It doesn't mean we're ignoring brand, just because we start from a product point of view. At the same time, remember that "purpose" isn't the only way to build your brand. And just because you aren't marketing purpose, doesn't mean you'll be forgiven for failing to improve the impact you have on our planet.

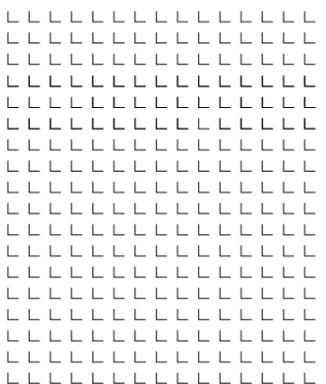


Simon Law
Chief Strategy Officer
Possible
Simon.Law@possible.com

POSSIBLE

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Chinese Brands Go Global

15 Chinese brands rank in the Global Top 100

Another 6 Chinese brands appear in category rankings

Fifteen Chinese brands rank in the 2019's BrandZ™ Global Top 100 Most Valuable Brands, compared with only one Chinese brand, 13 years ago, the telecom provider China Mobile.

Indicating the diversity of Chinese enterprise, the 15 brands come from nine categories. Technology is the most represented category with four brands, followed by regional banks with three brands, and retail with two brands.

The other categories, represented with one brand apiece, are: telecom providers, alcohol, insurance, transport, lifestyle platform, and IoT ecosystem.

Chinese Brands Go Global

Two of the Chinese brands, both online ecosystems, rank in the BrandZ™ Global Top 10: Alibaba, China's most valuable brand and a pioneer in online-offline retail; and Tencent, which operates the ubiquitous social media platform WeChat.

Four of the 15 Chinese brands are among the nine newcomers to the BrandZ™ Global Top 100. Didi Chuxing and Meituan, are online-to-offline service providers. Haier recently redefined its home appliance business as an ecosystem, serving consumers looking for smart systems rather than individual products. The smartphone leader in India, Xiaomi is rapidly expanding in Europe.

Chinese brands in the BrandZ™ Global Top 100

Fifteen Chinese brands rank in the 2019 BrandZ™ Global Top 100, compared with only one Chinese brand, 13 years ago.

Rank 2019	Brand	Category	Brand Value 2019 \$Mil.	Brand Value % Change 2019 vs. 2018	Year Entered Top 100
7	Alibaba Group	Retail	131,246	+16%	2015
8	Tencent	Technology	130,862	-27%	2011
27	中国移动 China Mobile	Telecom Providers	39,322	-15%	2006
29	中国工商银行 ICBC	Regional Banks	38,432	-16%	2007
35	MOJIAN	Alcohol	33,924	+6%	2012
40	中国平安 PING AN	Insurance	29,470	+13%	2011
47	HUAWEI	Technology	26,908	+8%	2015
59	中国建设银行 China Construction Bank	Regional Banks	22,709	-4%	2007
63	百度 Baidu	Technology	20,879	-22%	2010
66	京东 JD	Retail	20,609	-2%	2016
71	DiDi	Transport	20,041	NEW	2019
74	Xiaomi	Technology	19,805	NEW	2019
78	美团 Meituan	Lifestyle Platform	18,760	NEW	2019
82	中国农业银行 AGRICULTURAL BANK OF CHINA	Regional Banks	18,199	-5%	2011
89	Haier	IoT Ecosystem	16,272	NEW	2019

Source: BrandZ™ / Kantar (including data from Bloomberg)

In addition to the 15 Chinese brands that rank in the BrandZ™ Global Top 100, six other Chinese brands appear in the category rankings. Two Chinese brands rank in the Insurance Top 10: China Life and CPIC. And two Chinese brands rank in the Energy Top 10: Sinopec and Petrochina. With the expanded definition of the BrandZ™ soft drinks category, now called beverages, China's leading dairy brands, Yili and Mengniu, entered the BrandZ™ Beverages Top 15.

Chinese brands in the BrandZ™ Category Rankings

In addition to the 15 Chinese brands that rank in the BrandZ™ Global Top 100, six other Chinese brands appear in the category rankings.

Brand	Category	Brand Value 2019 \$Mil.	Brand Value % Change 2019 vs. 2018
中国人寿 CHINA LIFE	Insurance	12,780	-22%
太平洋保险 CPIC	Insurance	4,524	-26%
中国石化 SINOPEC	Energy	10,760	-4%
中国石油 Petrochina	Energy	9,517	-7%
伊利 Yili	Beverages	8,661	NEW
蒙牛 Mengniu	Beverages	6,491	NEW

Source: BrandZ™ / Kantar (including data from Bloomberg)

Chinese Brands Go Global

Chinese brands generate impact across categories

Next challenge: building purpose and premium

The recently launched BrandZ™ Top 50 Chinese Global Brand Builders 2019 report shows that brands from sectors as varied as fast fashion and online games are fast becoming international hits.

Many of these Chinese Global Brand Builders rank in the BrandZ™ Global Top 100 including technology leaders Huawei and Xiaomi, along with the giant retailer Alibaba.

Chinese Global Brand Builders also include brands like ByteDance, the internet company with social media platforms like TikTok.

These export brands are increasing their Brand Power, a BrandZ™ metric of the consumer predisposition to choose a brand. Brand Power drives sales volume, which many of the Chinese Global Brand Builders are increasing at double-digit figures year-on year.

BrandZ™ spoke with four WPP China-watchers about the rise of Chinese brands, how “Brand China” affects their fortunes, where they excel, and the lessons being learned.

Chinese Brands Go Global

The Next Step

Sales-driven approaches evolve to brand building

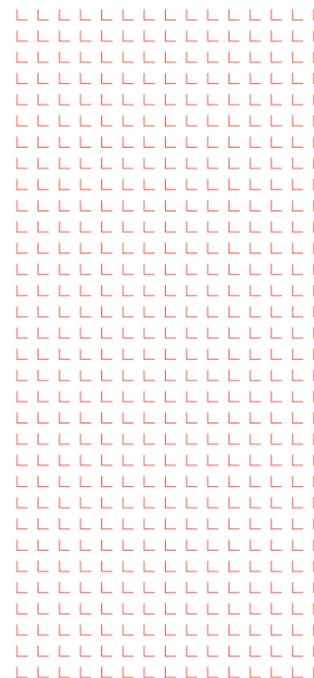


Chris Reitermann
Chief Executive for Asia and Greater China, Ogilvy
Chris.Reitermann@ogilvy.com

Ogilvy

Ogilvy is a creative network, re-founded to make brands matter in a complex, noisy, hyper-connected world.

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Chris Reitermann, Ogilvy Chief Executive for Asia and Greater China, says...

"Chinese brands are pursuing overseas opportunities out of necessity, as domestic growth slows, and Beijing encourages many State Owned Enterprises to expand, rather than search for the prestige in becoming a household name."



While Chinese brands are driven by keen business acumen, using data in smart ways to identify the hottest areas of opportunity, often building a brand takes an initial backseat.

"Most of the brands, as a first step outside China, have a very sales-driven approach. It's a very natural thing to do, and Western companies have done it the same way," he says.

"When you enter a new market, you first think about how you get distribution, the right retail set-up, the right people in those markets, and often a later step is to think about your brand, and that usually happens when you reach a certain scale. It's an evolution."

How quickly that evolution happens depends on the category a brand is in; FMCG clients tend to think about brand and marketing much earlier in the process than automotive and technology brands might. And once it starts, it is a long process.

Chinese Brands Go Global

The Next Step

“Building a brand doesn’t take a year or two,” Reitermann says. “You can make it a priority, but many of the most successful companies in the world have built their brand over 50 or 100 years. I wouldn’t say there’s a Chinese brand that’s achieved that—even Huawei’s just at the beginning of doing that. Many of our Chinese clients mistake doing advertising for building a brand, but it’s much more complex than that. A brand is an intangible value built over time and includes much more than just advertising. It’s the product itself, the customer experience, the retail design and so on, all amounting to a clear brand purpose.”

From vision to execution

“To do it well is a challenge. We often see a great deal of care for the brand at a senior level, but it’s a challenge for them to take that ambition and strategy into execution across 50 or 100 countries. It requires a strong global marketing operation, process, and most of all global talent.”

Some of the best communications Reitermann has seen from Chinese brands include smartphone brand Vivo’s work in India, and Huawei’s European campaigns.

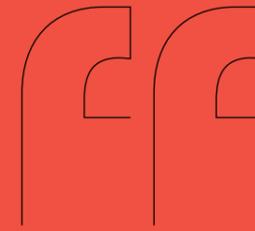
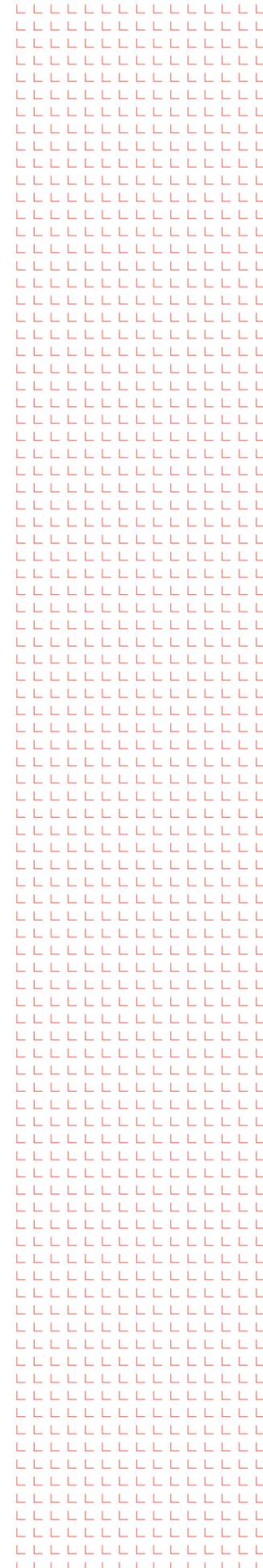
Generally, he says the idea that “Brand China” is holding back Chinese brands internationally is overstated.

“Obviously, country of origin matters to some extent, but we did lots of research on how country of origin affects consumers brand choice, and in most categories the correlation is minimal. Actually, political sentiment towards a country can often be negative, but the perception about brands from that country remain completely unaffected.

Obviously given the case with Huawei, political sentiment matters a lot overall, but in fact doesn’t trickle down to a consumer level. People largely buy products and brands for their performance, innovation and price.

The international brand landscape will gradually include more and more Chinese giants, Reitermann says. He predicts that a decade from now, there will be one or two big Chinese global automotive brands, Huawei will become the number one handset maker in the world, many global technology brands will be from China, and we’ll see lots of FMCG brands. Dairy brands like Yili and Mengniu already have a global vision. Energy companies are also going global.

“It will be different, for sure. I’m pretty sure that in most categories, you’ll see a very strong Chinese player.”



We often see a great deal of care for the brand at a senior level, but it’s a challenge for them to take that ambition and strategy into execution across 50 or 100 countries. It requires a strong global marketing operation, process, and most of all global talent.



Chinese Brands Go Global

Communications

Shifting the storytelling from product to purpose



Simon Shaw
Chief Creative Officer
Hill+Knowlton Strategies
Simon.Shaw@hkstrategies.com



Hill+Knowlton Strategies is a global public relations integrated communications agency; offering senior counsel, insightful research and strategic communications.

www.hkstrategies.com



Simon Shaw, H+K's Global Chief Creative Strategy and Innovation Officer, says...

"Many Chinese brands have reached a point in their international expansion where they have to think beyond product; they have to focus on their purpose; ask questions like what is the social contract they are willing to make with the world, and move from shareholder value to shared value—and how to communicate that more clearly."



"To date, many brands have focused very much on product rather than purpose, and have relied very much on product innovation, product ubiquity and value as the three pillars of success," he says.

That's been reflected in communications, with a general focus on the speed or performance of a product, or why it is a great value choice.

"Chinese brands often use their financial muscle to create awareness when a new product launches—they buy large amounts of media space and you become very aware that something's launched.

"The challenge with this approach is you forget it very quickly because the communication only talks about a product, not the brand. You are not building long-term brand love or loyalty. You might be buying short-term awareness, but not necessarily telling a story that will resonate in the longer term.

Chinese Brands Go Global

Communications

“What you’re seeing now is a challenge, especially in more mature markets outside China. It is not enough to focus on being everywhere, value or purely innovation when there isn’t another great technological leap to make. It becomes important to have to brand focus and build a brand through purpose, and that’s where purpose-driven storytelling has to come in—to build a story in an interesting and innovative way. That’s the challenge moving forward.”

Around a quarter of entries at Cannes in 2018 were from China, but there were only nine winners, underlining the point that a “my product is cheaper” message lacks creativity and resonance.

Story time

Having a clear and compelling story to tell is easier for some brands than others; Envision, a Chinese smart energy company, for instance, was built on its founder’s mission “to heal the wounds of the world, one step at a time starting with energy”. This is a compelling brand story. But the bigger Chinese conglomerates, and the SOEs that have expanded into diverse sectors in line with areas of government focus, have a harder time succinctly explaining their mission to an audience beyond China.

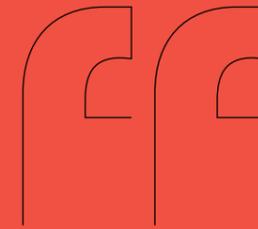
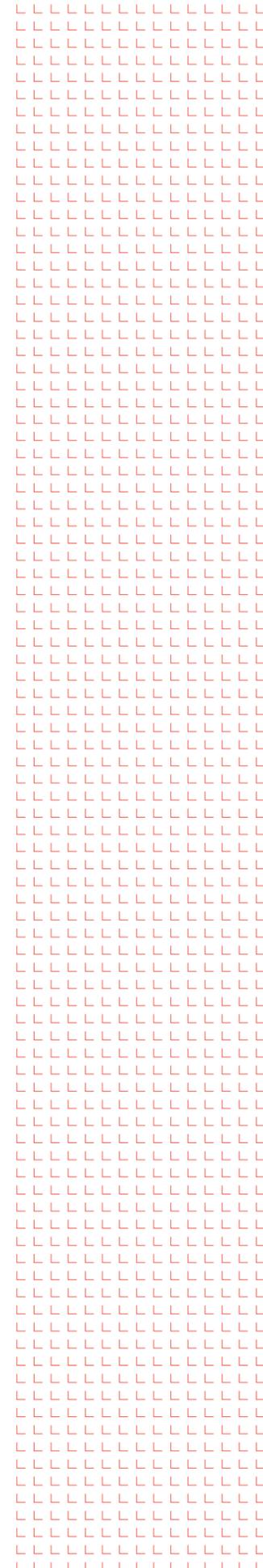
They also have to overcome often-negative (though changing) perceptions of the quality that’s expected from a “Made in China” product.

“I often say that the challenge is people like me, who grew up with plastic toys with “Made in China” written on the bottom that broke. You’re trying to convince me not to buy an iPhone but to buy a product ‘Made in China;’” Shaw says. “Obviously if you’ve not grown up with toys that all broke, but Huawei phones and other amazing technology, then you don’t have that issue.”

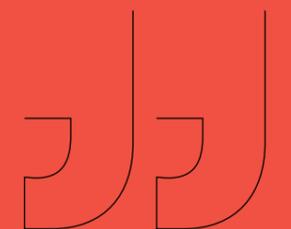
One way Chinese brands can quickly establish their quality credentials is through smart partnerships. Huawei has Leica lenses in its smartphones, and Lynk & Co is a car brand formed by Geely and Volvo, which Geely now owns.

“I know Huawei’s partnership with Leica has been incredibly successful, because we all know who Leica is and there’s an element of thinking ‘well, if Leica is in partnership with Huawei, it must be a good product.’ You’ll see collaborations like this more and more.”

Shaw says perceptions are gradually evolving, “moving away from the challenge of it being “Made in China” to a positive view that something is “Created in China”; a place of innovation, technology and agility, which is much truer reflection of the China I see”.



It becomes important to have to brand focus and build a brand through purpose, and that’s where purpose-driven storytelling has to come in—to build a story in an interesting and innovative way. That’s the challenge moving forward.



Chinese Brands Go Global

Technology
and Data

Brand expansion reflects China's global aspirations

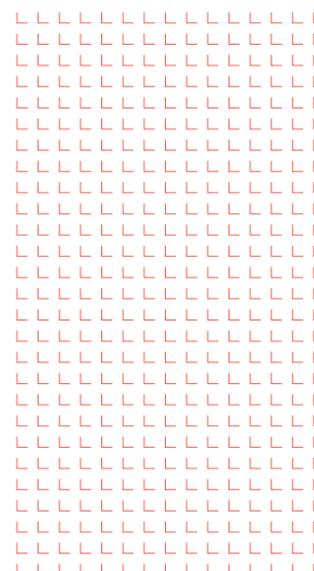


Mark Heap
CEO, APAC
MediaCom
Mark.Heap@mediacom.com

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Mark Heap, CEO of MediaCom APAC, says...

"I don't think it's just the global aspirations of Chinese brands that have changed over the past 20 years; it's the global aspirations of China,"



He sees a symmetry in the soaring numbers of Chinese brands seeking to expand, and the government's encouragement of businesses across many sectors to look beyond the domestic market.

Chinese brands have a presence like never before on the global stage; at the World Cup in 2018, almost half of the official sponsors were Chinese.

The route from home-grown hit to global success isn't an easy one, Heap says, and the manufacturing brands that first attempted to go global spotted opportunities but didn't always know how to seize them.

"I don't think there was enough appreciation among Chinese brands going overseas of just how diverse 'overseas' was."

Chinese Brands Go Global

Technology and Data

International consumers are generally used to having a vast choice in most categories and had been raised with a sophisticated understanding of brands that hadn't been part of Chinese culture. The need to customize products and communications for new markets tended to be overlooked.

"There's not been much of a legacy of brand building in China. The Chinese are great entrepreneurs, great inventors, but there's not such a strong culture of brand building," Heap says.

"It tends to be about recognition and awareness rather than brand building and meaning."

Now, technology brands are leading the charge from China to the world; because of the sector they're in, they tend to be inherently agile. And they're emerging from a China that's changed immensely over the past decade, and where consumers are now just as demanding and discerning, though maybe in different ways, as they are in other parts of the world.

They also come from a highly connected market that's probably the most advanced in the world when it comes to collecting and using data to cater to individuals' preferences.

"The Chinese companies using (data) well are often doing it a lot better than many of their Western competitors because they've got more to play with," Heap says.

"As they expand overseas, they've got muscle memory; they believe in the power of data and logic. You could maybe argue where Western companies have an advantage in appreciating the emotional power of brands, maybe Chinese brands have an advantage in understanding the power of data."

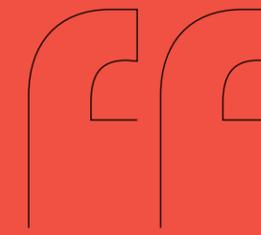
That said, there are Chinese brands doing a great job of making emotional connections that meet the needs of consumers in international markets.

Heap particularly enjoyed the Tmall Singles Day campaign in 2018, which used eye-catching creative content in landmark locations around the world, including New York's Times Square. It led to a 50 percent rise in overseas sales on Singles Day.

"Tmall really understood that, unlike in China where they're a completely dominant player, they're going into a lot of overseas markets as a challenger brand."

Heap says the stigma that "Made in China" had 20 years ago has gone—global consumers realize that most of the things they buy come from China anyway, and they expect things they buy to work as they should, regardless of where they're from.

"There was an ignorant world view of China as a third-world country full of peasants, but now, if you go to any major city in the world you see wealthy, sophisticated Chinese consumers busying property, buying cars. This must have an impact on how China is seen—as a successful country."



You could maybe argue where Western companies have an advantage in appreciating the emotional power of brands, maybe Chinese brands have an advantage in understanding the power of data.



Chinese Brands Go Global

Up the Value Chain

Brands poised to shift from price to premium



Jackson Ng
Client Strategy Director
Hill+Knowlton Strategies
Jackson.Ng@hkstrategies.com



Hill+Knowlton Strategies is a global public relations integrated communications agency; offering senior counsel, insightful research and strategic communications.

www.hkstrategies.com



Jackson Ng, Client Strategy Director at H+K Strategies, says...

"Chinese brands need to take a long-term view of their place in the global marketplace."



"Chinese brands are very good at disrupting from the affordable end of a category due to their value proposition. They come in at a low price and often knock out the competition.

"However, for them to improve their profit margins in the longer term, and to extend the offering to services, which are always more profitable, the next big question for global Chinese brands is to see how they could charge their global consumers a premium by moving up the value chain.

"This is very challenging, especially since the big global players as well as other local champions usually have better local insights and are therefore perceived as having higher relevance to the local market."

Chinese Brands Go Global

Up the Value Chain

Ng says Chinese brands, quite naturally, are primarily focused on building scale. “There’s nothing wrong with building a business—that’s where your profit margins are—but to go global successfully, they need to be investing in brand building too.”

The risk is that when there is a gap between innovations, while the next big thing is in development, customers will simply go somewhere else if their only connection is with a business, rather than a more meaningful link with a brand.

“Brand, and the love of brand, is the important thing that holds the customers close to the business and keeps people coming back. And only a brand can enable a business to charge premium.”

“At some point, they need to turn to purpose expressed through brand. What do they stand for and how do they make a difference to your life, as opposed to ‘it’s got great battery life.’”

Great and small

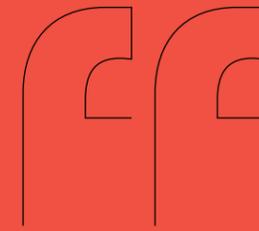
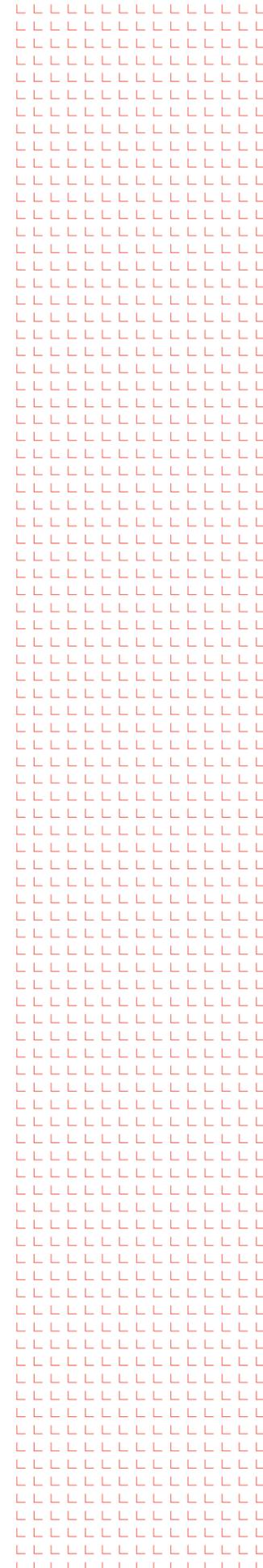
The Chinese brands proving most adept internationally are those that use communications to project the image of a global brand, rather than a Chinese brand going abroad. Ng says they strike a globally resonant tone and use globally relevant media channels to deliver an emotion-based rather than product-based message.

He points specifically to Alibaba’s “The Greatness of Small” brand campaign to mark its sponsorship of the Olympics, which draws parallels between individuals’ sporting achievements and the power of small businesses when given the right support.

DJI also stands out for its clever use of Instagram, not just to showcase its own videos and photos, but also to encourage users of its drones to hashtag their own footage—free marketing for the brand as well as creating a community.

Ng says the new generation of Chinese businesspeople is increasingly wise to the long-term value of building a brand alongside building a business.

“I think it’s changing. Young entrepreneurial people ... they understand brand is the name of the game.”



The next big question for global Chinese brands is to see how they could next charge their global consumers a premium by moving up the value chain.



Chinese Brands

Chinese brands expand globally, shift from value to premium

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

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.

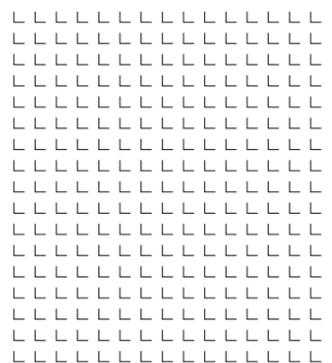
The success of these efforts can be seen in the BrandZ™ Top 100 Most Valuable Global Brands 2019 study, with Chinese brands taking eight of the top 10 places in the most valuable Asian brands ranking and 15 places in the overall listing.

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.

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 percent 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.

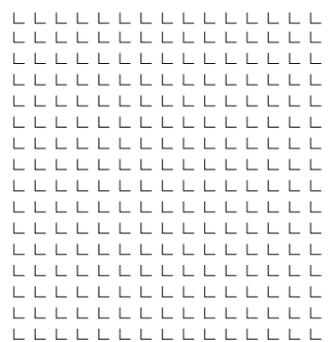


Doreen Wang
Global Head of BrandZ™
Kantar
Doreen.Wang@kantar.com

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Chinese Brands

Connected appliances and competitive advantage

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 personalized 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.

Global rollout, local ecosystems

Creative product design, easy access to a premium lifestyle and existing heritage of the brands in Haier's portfolio is fueling 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 behavior.

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.

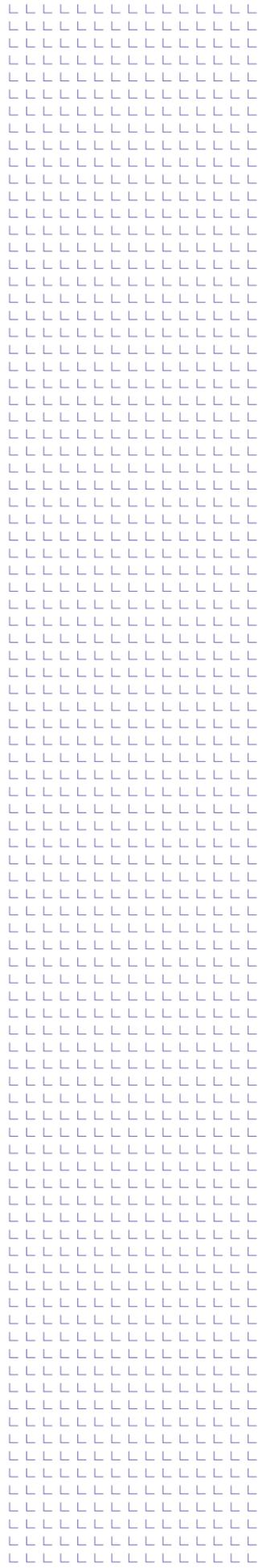
The bottom line is that consumers put higher value on the services and products that improve their overall quality of life, often as part of a complex ecosystem. We may be familiar with that in the technology space, but Haier is bringing the same premium philosophy to white goods.

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

For more information about the brand landscape in China and how Chinese brands are expanding abroad, please see the BrandZ™ Top 100 Most Valuable Chinese Brands and the BrandZ™ Top 50 Chinese Global Brand Builders.

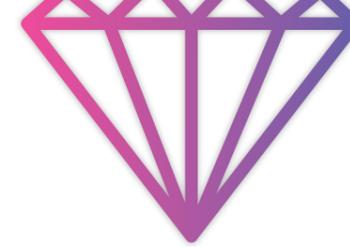


Both reports are available at brandz.com



The Categories

Category Overview



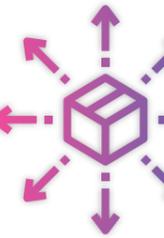
4 categories rise faster than Top 100, 4 decline

Of the category rankings published in the BrandZ™ Top 100 Most Valuable Global Brands 2019, four categories exceeded the overall 7 percent value growth rate, four categories declined, and six categories grew, but at a rate less than 7 percent.

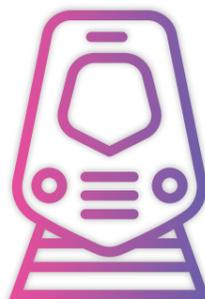
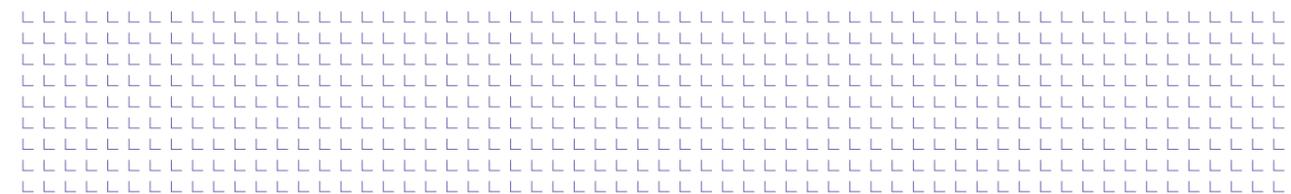
Luxury led the categories in value increase, rising 29 percent, followed by retail up 25 percent, insurance, 15 percent, and beverages, 9 percent. These categories declined in value: beer, cars, regional banks, and global banks.

To better reflect market dynamism, BrandZ™ renamed two categories: soft drinks becomes beverages; and oil and gas becomes energy. Among the many cross-category trends influencing valuations, the following had particular impact:

- ┌┌ The blurring of category boundaries and the related power of ecosystem brands operating in multiple categories;
- ┌┌ The cultural concern with personal health and wellness, which impacts how people live and the products and services they choose;
- ┌┌ The related concern with the health and wellness of the planet, which makes sustainability a purchasing consideration;
- ┌┌ The desire for more personalized products and services and frictionless engagement with brands;
- ┌┌ The expectation that companies will act responsibly and ethically, which was most pronounced in the negative reaction to privacy breaches by technology brands; and
- ┌┌ The impact of technology itself, which was particularly apparent in financial services.



Cultural shifts and trends influence results



Category Overview

Alongside these developments, several categories felt the impact of major geopolitical developments, including polarization in the US, Brexit in the UK and Continental Europe, economic weakness and unrest in South America, and US-China trade tension.

Of the categories that increased in value, Luxury brands became more accessible, but luxury products retained their exclusivity. Chinese consumers, an important audience for the category continued to spend on luxury, despite China's slower economy.

Amazon and Alibaba drove the rise in retail category value, demonstrating

the power of ecosystem brands able to use technology to integrate the online and offline buying journey, adding convenience and removing friction. The rise in insurance followed a more sophisticated ability to use data to personalize products and experience.

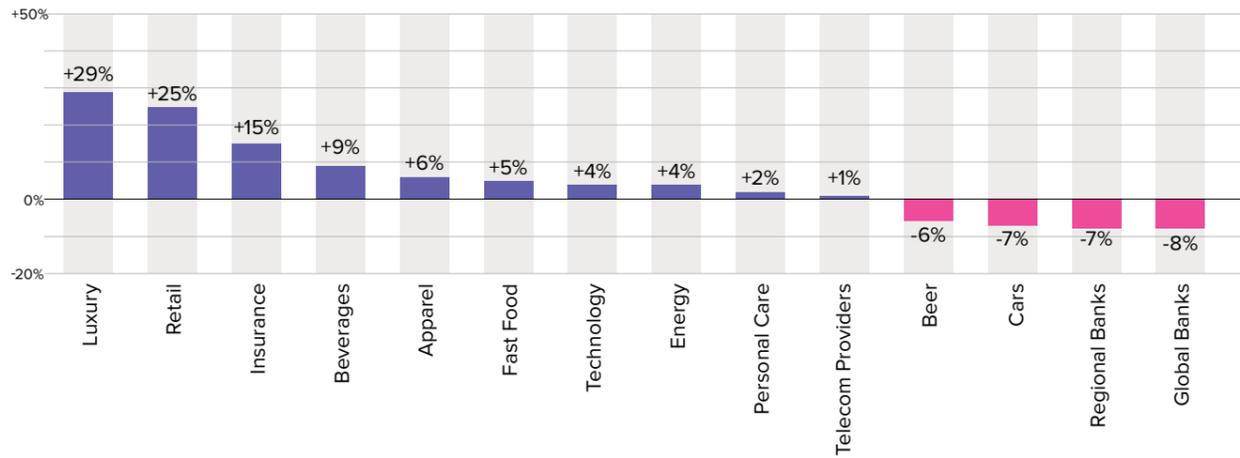
The beverages category value improved as the slump in consumption leveled and premiumization drove revenue. With the broadened BrandZ™ category definition, two leading Chinese dairy brands joined the category. Both Coca-Cola Co. and PepsiCo Inc. implemented important growth initiatives, with the former acquiring Costa Coffee and latter acquiring Soda Stream.

The categories that declined were hurt by multiple factors. With beer consumption declining, brewers introduced no- and low-alcohol drinks to appeal to new generations with different attitudes about drinking. Car brands contended with slower sales in China, more mobility options, and the need to develop electric vehicles.

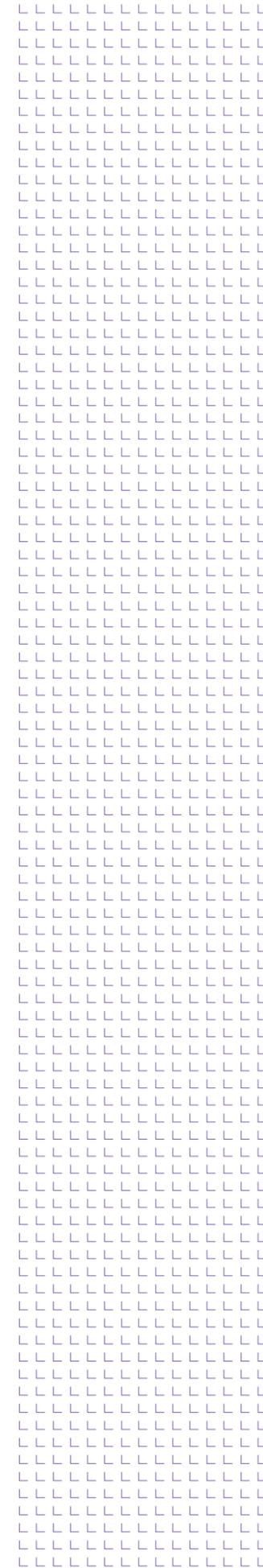
Along with fluctuations in local economies, the banks confronted the rise of fintechs that especially appealed to young people with easier, more transparent options for handling their finances. (For further details please see Categories At-A-Glance and the complete category coverage).

Luxury leads in year-on-year value increase...

Luxury led the categories in value increase, rising 29 percent, followed by retail up 25 percent, insurance, 15 percent, and beverages, 9 percent. These categories declined in value: beer, cars, regional banks, and global banks.



Source: BrandZ™/Kantar



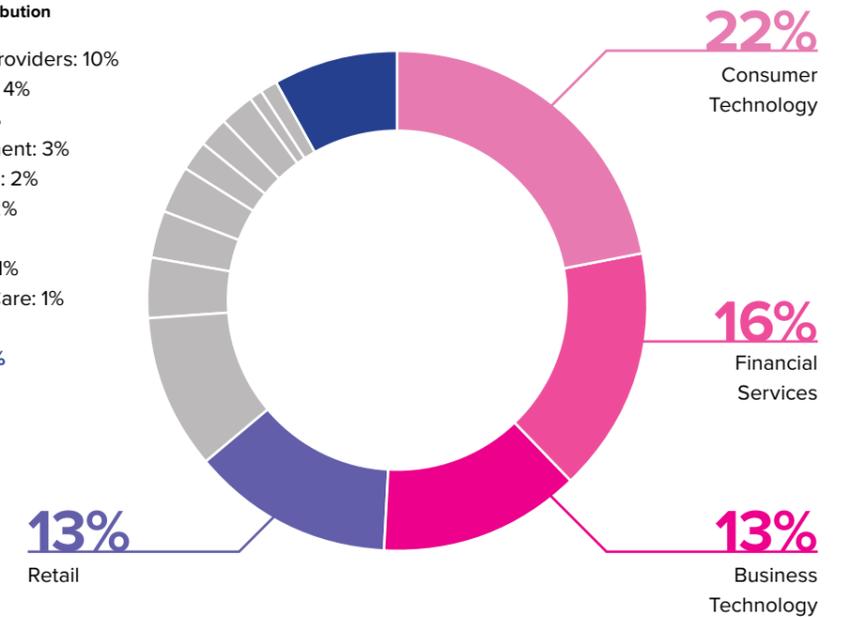
... Two-thirds of Top 100 value is concentrated in three categories...

The technology, financial services, and retail categories together contribute around two-thirds of the BrandZ™ Global Top 100 total value.

Value Contribution

- Telecom Providers: 10%
- Fast Food: 4%
- Luxury: 3%
- Entertainment: 3%
- Beverages: 2%
- Apparel: 2%
- Cars: 2%
- Industrial: 1%
- Personal Care: 1%

Others: 8%



Source: BrandZ™/Kantar

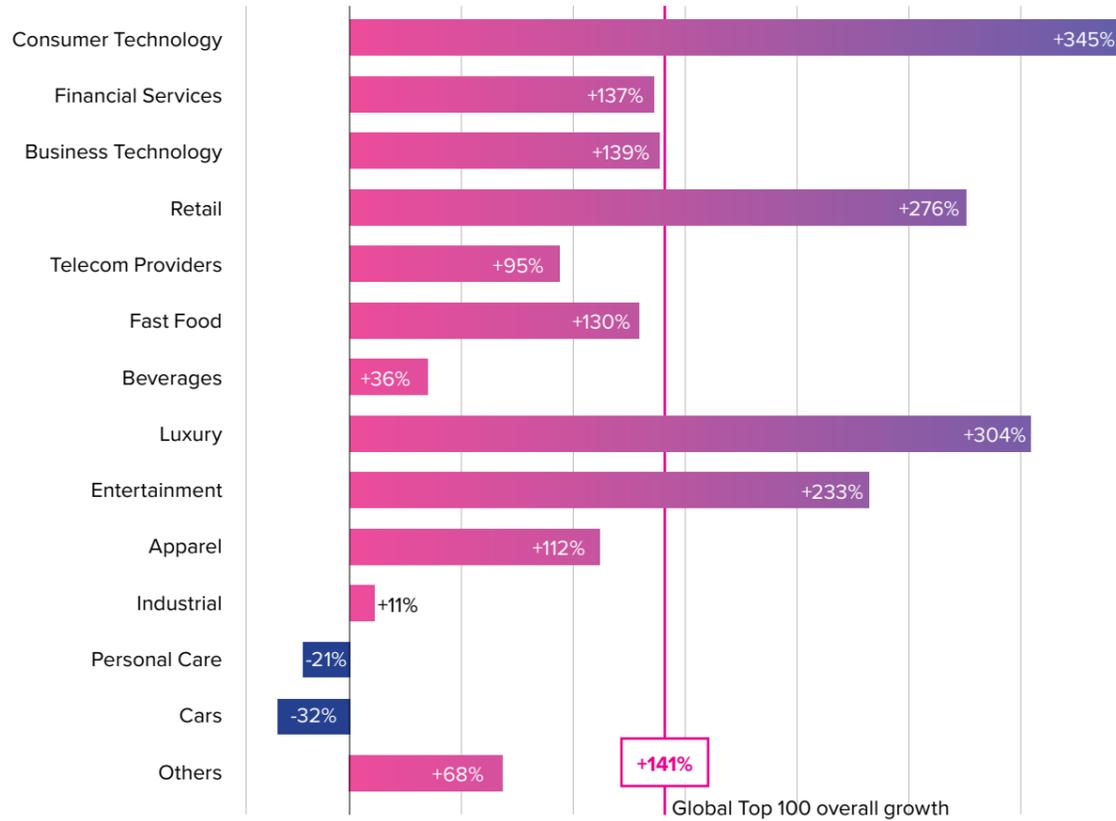


Category Overview

... And a 10-year trend shows the rise of experience-based categories

Over 10 years, consumer technology, luxury, retail, and entertainment have enjoyed the greatest growth in value, demonstrating the shift to a more experience-based economy reliant on both products and services, while categories offering material items, like cars, declined.

10-Year Trend

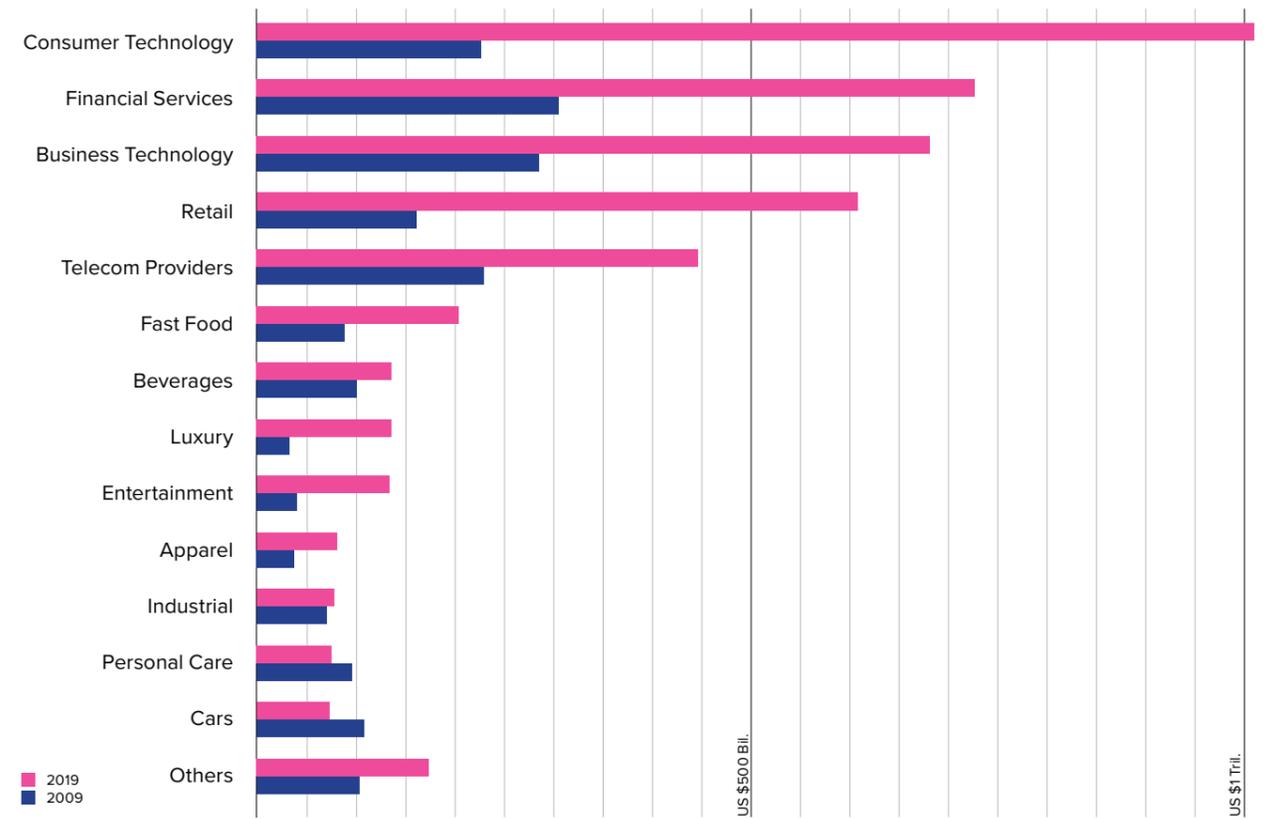


Source: BrandZ™/Kantar



Consumer technology brands evolve into ecosystems...

Over the past 10 years, the consumer technology brands have grown to over \$1 trillion in value, reflecting how people have come to rely on the convenience of online services, mobile apps, and the voice assistance offered by technology ecosystem brands.



Source: BrandZ™/Kantar

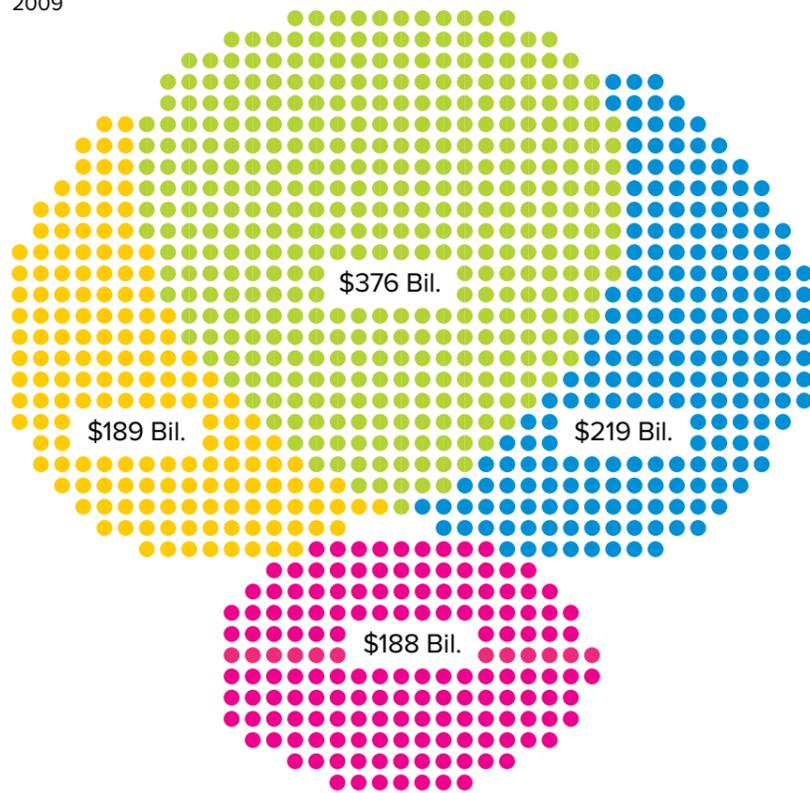
Category Overview

... And ecosystem brands generate an increasing proportion of value

The composition of the Global Top 100 has shifted as category boundaries have blurred. Increasingly, a higher proportion of value is being generated by ecosystem brands. Operating multiple, interrelated businesses across categories, ecosystem brands provide people with a seamless, online and offline, multi-dimensional experience. Having started as a retailer, Amazon now operates in the three illustrated categories: retail, B2B technology, and consumer technology. Similarly, having started in consumer technology, Apple, Google, and Facebook now operate in all three categories. And, having started in B2B technology, Microsoft and all the telecom provider brands now operate in all three categories. In China, Alibaba and Tencent are the leading ecosystem brands.

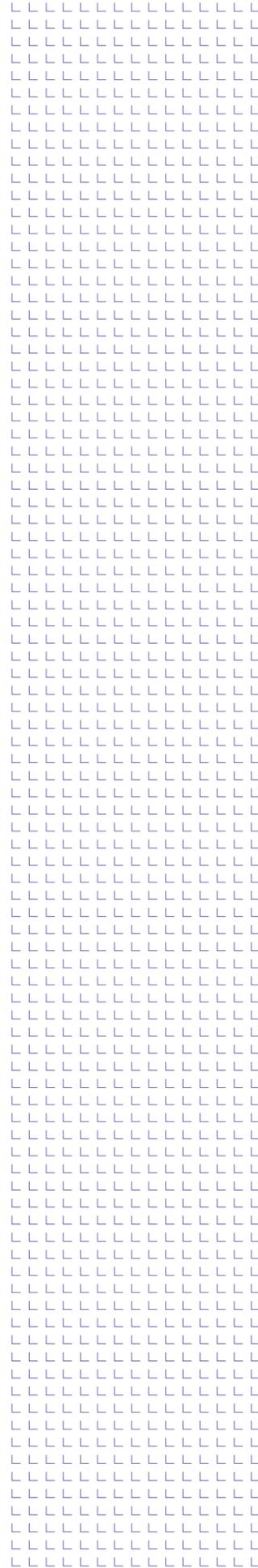
Ecosystem Brands | Blurred Boundaries

2009



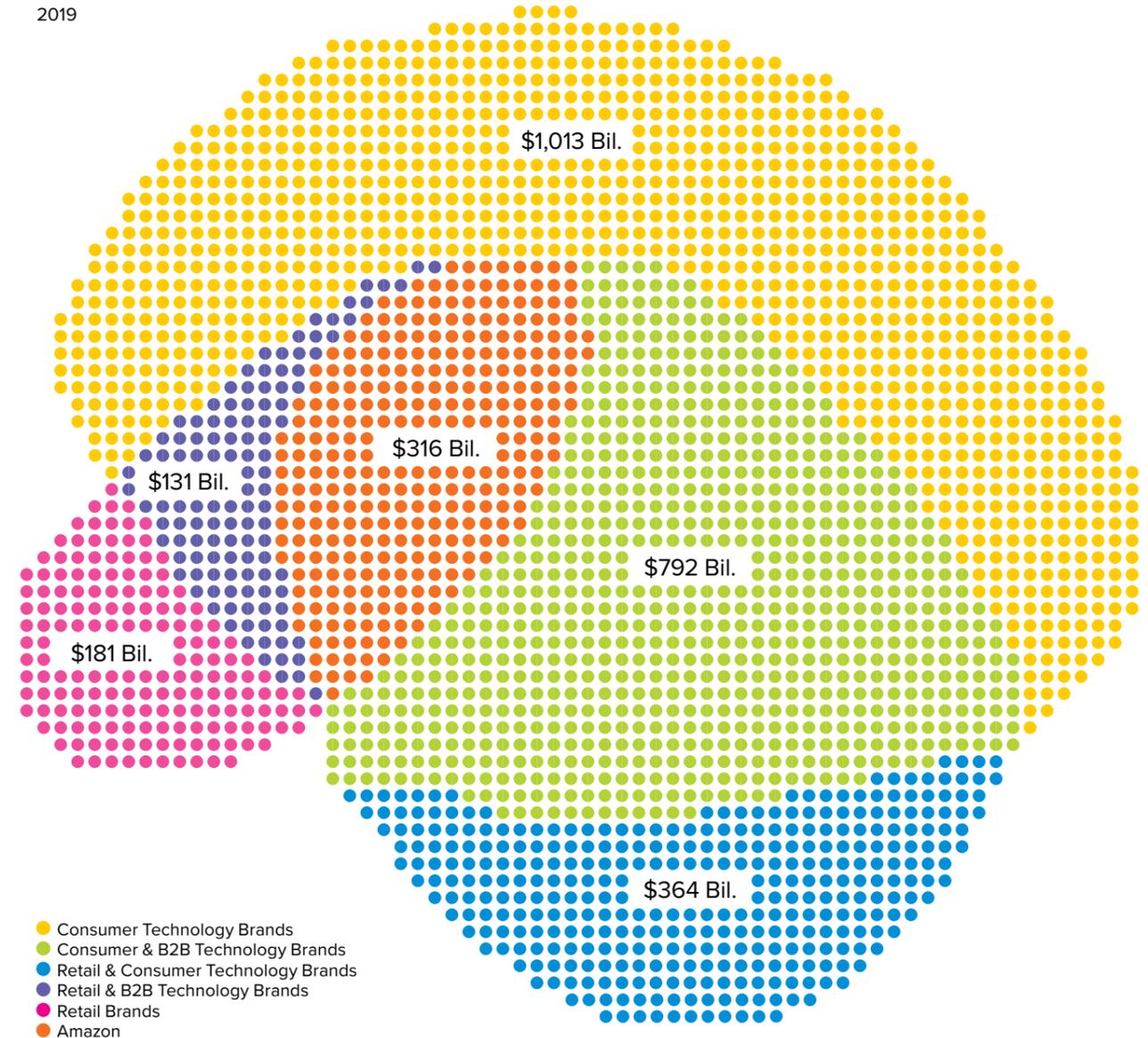
- Consumer Technology Brands
- B2B Technology Brands
- Retail Brands
- Consumer & B2B Technology Brands

Source: BrandZ™/Kantar



Ecosystem Brands | Blurred Boundaries

2019



- Consumer Technology Brands
- Consumer & B2B Technology Brands
- Retail & Consumer Technology Brands
- Retail & B2B Technology Brands
- Retail Brands
- Amazon

Source: BrandZ™/Kantar

Category Overview

Categories At-A-Glance



THE CONSUMER CATEGORIES

+6%

- ⌌ The athleisure brands were aligned with the way people live today. They are in the sweet spot linking the cultural shift to health and wellness with the preference for casual clothing.

APPAREL

- ⌌ Fast fashion suffered because faster fashion was available online, often from China, and fast fashion was misaligned with rising consumer mindfulness about the environmental cost of producing, transporting, and selling disposable products.

-7%

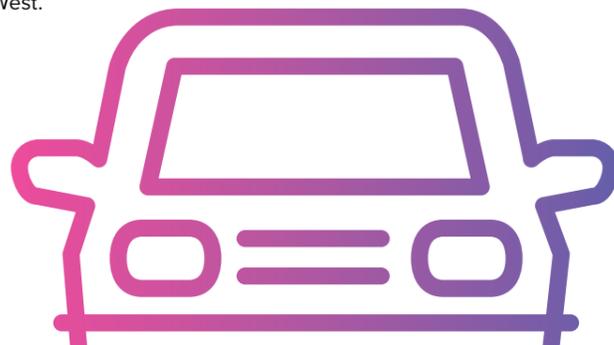
CARS

- ⌌ This year the major brands will stake their claims in the electric car business. But hybrid volume will grow until electric production catches up.
- ⌌ Cars are becoming another connected device on the Internet of Things. Winning car brands will be those that excel at digital.
- ⌌ The car category is shifting to the East, with Chinese car brands leading in electric and preparing to export to the West.

+29%

LUXURY

- ⌌ Luxury brands are becoming more accessible, while luxury products remain exclusive.
- ⌌ Luxury experiences are becoming more important as attitudes to materialism change. Sustainability carries social currency.
- ⌌ With the expansion of the sharing society and the growth of e-commerce, competition is coming from resale, rental, and emerging brands.



+2%

PERSONAL CARE

- ⌌ Personal care is “Woke.” Brands introduced sustainable products and packaging, and became more inclusive, with products recognizing gender fluidity.
- ⌌ Time-crunched lives drove the need for simplified products.
- ⌌ Start-ups, often from Asia, are easily accessing new markets on e-commerce and challenging the established brands with promises of quality at a lower price.

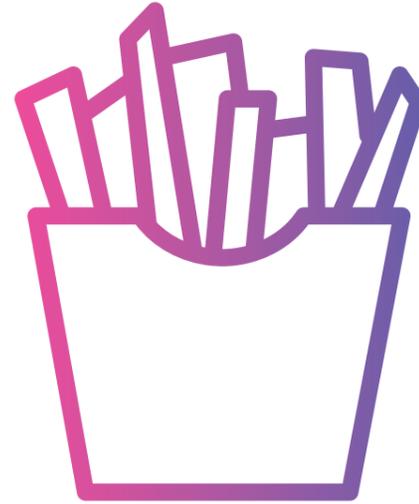
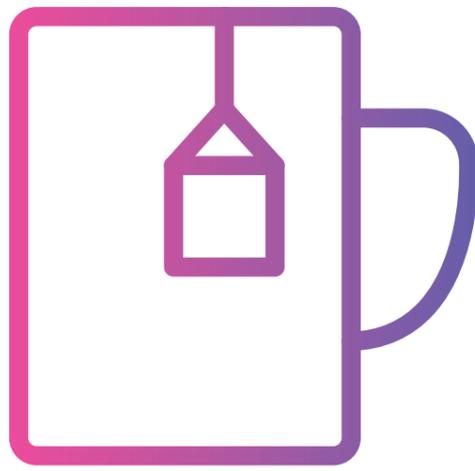
+25%

RETAIL

- ⌌ Online and offline are converging, with the consumer desire for frictionless experience and convenience rising most dramatically in China.
- ⌌ E-commerce leaders Amazon and Alibaba are opening more physical stores and focusing on grocery.
- ⌌ Physical store giant Walmart is using its knowledge from Jet and JD to expand its online presence and reduce its physical footprint.



Category Overview



THE FOOD AND DRINK CATEGORIES

THE FINANCIAL CATEGORIES



BEVERAGES

- LL The volume decline of carbonated soft drinks is leveling, premiumization is driving value, and the leading brands took major initiatives.

- LL Coca-Cola Co. purchased Costa Coffee, the UK coffee shop, giving Coke a retail presence and a credibility halo for its new, healthier beverages.

- LL PepsiCo Inc. purchased SodaStream, which adds to its sustainability creds, provides access to new, younger drinkers, and a new experience for engaging with the brand.

- LL These developments add direct-to-consumer possibilities and also new occasions.



FAST FOOD

- LL It is no longer about the binary choice between eat at home or eat out. The new choice is between low-time-investment and high-time-investment.

- LL McDonald's and Domino's Pizza added more digital and artificial intelligence initiatives.

- LL Chipotle is back. Under new leadership since its food safety issue of a few years ago, the brand has improved operations and developed a drive-thru that works similar to click and collect and is run by a separate kitchen operation.



GLOBAL BANKS
REGIONAL BANKS

- LL Bank brands took growth initiatives—sometimes out of their core business (Goldman Sachs moving into retail; Lloyds moving into asset management).

- LL Banks are facing a trust paradox: To continue to sustain customer loyalty and trust they need to invest in technology; to fund the investment, banks are closing branches, the touchpoints that build trust.



INSURANCE

- LL Insurance brands are managing the tension between commoditization and customization.

- LL Enabled by technology and data collection and analysis, major insurance brands are rapidly moving beyond transactional relationships with their clients and offering more personalized products, relevant to particular lifestyle and life stage circumstances.



BEER



- LL Beer consumption continues to be under pressure for several reasons, including changing attitudes toward drinking, especially among young people.

- LL Major brands are responding with new taste variants and with a priority on NABLAB (no alcohol- and low-alcohol beer).

- LL They are also looking at direct-to-consumer distribution channels, including e-commerce and subscriptions/social commerce.

Category Overview

THE COMMODITY CATEGORIES



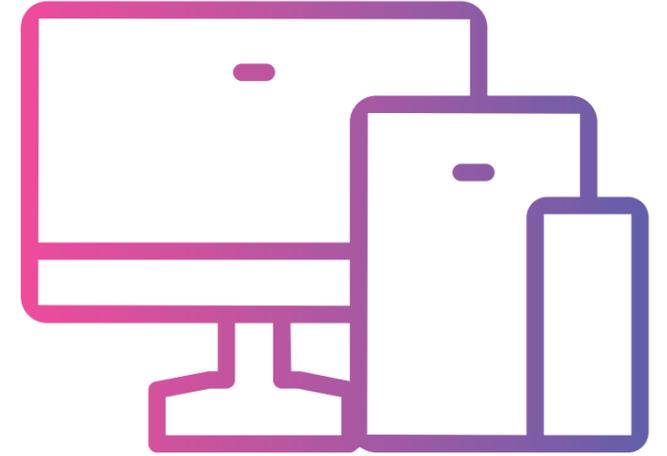
+4%

ENERGY

- ┌┌ The shift toward renewables is accelerating, and both Europe and North America are moving in that direction, but Europe is moving faster.
- ┌┌ Energy brands will need consumer support during the transition to renewables, so the consumer-facing brand should become more important.
- ┌┌ The consumer-facing brand also should become more important for companies building their downstream business and branding non-energy products.



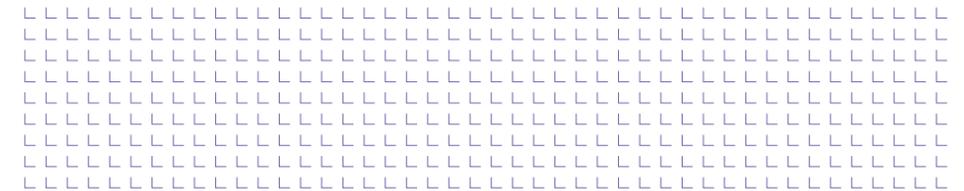
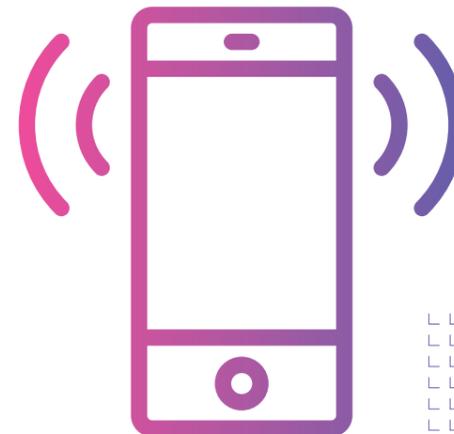
THE TECHNOLOGY CATEGORIES



+4%

TECHNOLOGY

- ┌┌ Consumers felt betrayed by privacy abuses. Devices seem less new and shiny.
- ┌┌ In a reversal of fortune, the business-to-business technology brands outperformed the consumer brands in brand value growth.
- ┌┌ While US brands continue to dominate the BrandZ™ Global technology ranking, China is the second-most represented country.



+1%

TELECOM PROVIDERS

- ┌┌ Telecom providers are struggling with a major disconnect. The brands are communicating 5G, but without a clear consumer proposition for its use.
- ┌┌ US telecom providers have shifted further away from being commodities. With court approval of the AT&T-Time-Warner hook-up, AT&T becomes an entertainment brand.

Category Changes



LUXURY

Category Value %
Change 2019 vs. 2018

+29%

Category Value %
Change 2018 vs. 2017

+28%

Total Category Value
\$171.3 billion



RETAIL

Category Value %
Change 2019 vs. 2018

+25%

Category Value %
Change 2018 vs. 2017

+35%

Total Category Value
\$721.0 billion



INSURANCE

Category Value %
Change 2019 vs. 2018

+15%

Category Value %
Change 2018 vs. 2017

+34%

Total Category Value
\$125.2 billion



BEVERAGES

Category Value %
Change 2019 vs. 2018

+9%

Category Value %
Change 2018 vs. 2017

+4%

Total Category Value
\$175.0 billion



APPAREL

Category Value %
Change 2019 vs. 2018

+6%

Category Value %
Change 2018 vs. 2017

+5%

Total Category Value
\$118.0 billion



FAST FOOD

Category Value %
Change 2019 vs. 2018

+5%

Category Value %
Change 2018 vs. 2017

+13%

Total Category Value
\$253.9 billion



TECHNOLOGY

Category Value %
Change 2019 vs. 2018

+4%

Category Value %
Change 2018 vs. 2017

+28%

Total Category Value
\$1.652 trillion



ENERGY

Category Value %
Change 2019 vs. 2018

+4%

Category Value %
Change 2018 vs. 2017

+1%

Total Category Value
\$101.0 billion



PERSONAL CARE

Category Value %
Change 2019 vs. 2018

+2%

Category Value %
Change 2018 vs. 2017

+8%

Total Category Value
\$127.4 billion



TELECOM PROVIDERS

Category Value %
Change 2019 vs. 2018

+1%

Category Value %
Change 2018 vs. 2017

+2%

Total Category Value
\$460.5 billion



BEER

Category Value %
Change 2019 vs. 2018

-6%

Category Value %
Change 2018 vs. 2017

+3%

Total Category Value
\$78.0 billion



CARS

Category Value %
Change 2019 vs. 2018

-7%

Category Value %
Change 2018 vs. 2017

+7%

Total Category Value
\$139.7 billion



REGIONAL BANKS

Category Value %
Change 2019 vs. 2018

-7%

Category Value %
Change 2018 vs. 2017

+16%

Total Category Value
\$245.6 billion



GLOBAL BANKS

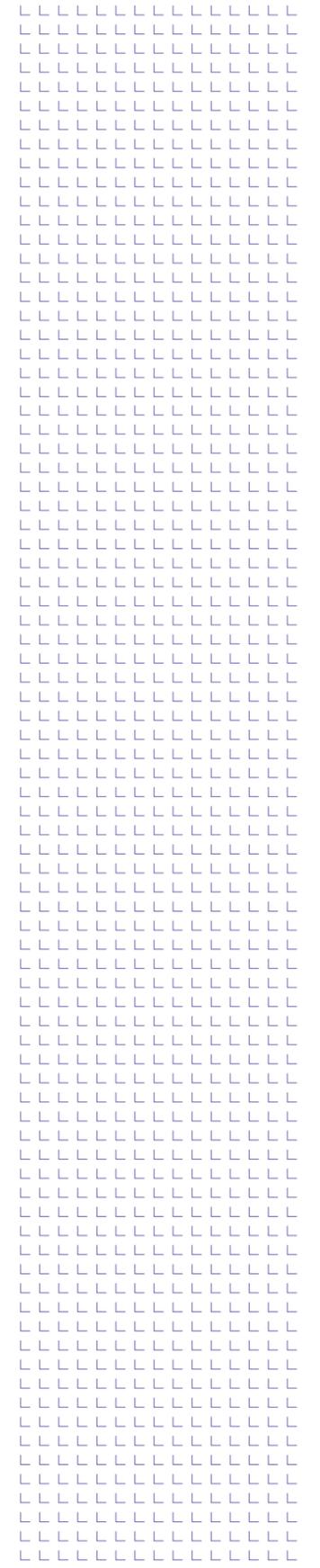
Category Value %
Change 2019 vs. 2018

-8%

Category Value %
Change 2018 vs. 2017

+24%

Total Category Value
\$121.1 billion



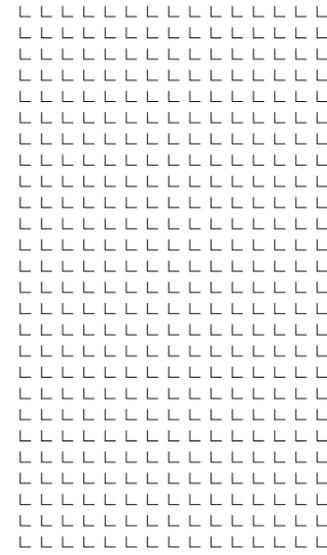
The Consumer Categories

Apparel

Athleisure brands gain speed as fast fashion slows

Consumers seek style, comfort, and purpose

The apparel category is comprised of mass-market men's and women's fashion and sportswear brands.



Category Brand Value Year-on-Year Change

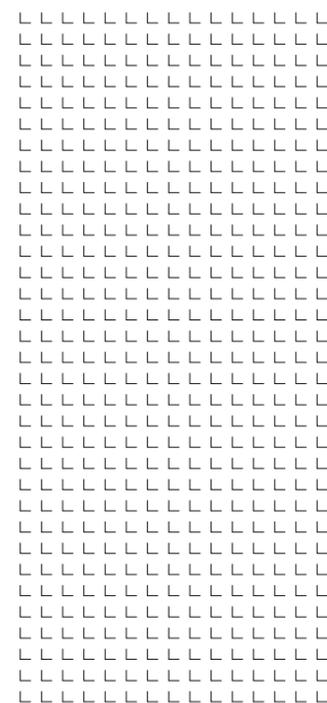
+6%

Category Brand Value 13-Year Change

+183%

Apparel Top 10 Total Brand Value

\$118.0 billion



Getting people to buy more apparel was a difficult sell in a year when books about decluttering were among the best sellers. Brands that succeeded not only got fashion right, they aligned with changing consumer values about sustainability and offered functionality that met health and wellness priorities. On the strength of athleisure brands, the apparel category rose 6 percent, compared with 5 percent a year ago.

being quick to market, and reaching core audiences with relevant communications. Nike and adidas were among brands creating sneakers made from sock-like material, for example. Nike communicated with consistency and story-telling across channels. And it continued to cultivate a community around the brand.

These initiatives are among the reasons that the athleisure brands score high on the five BrandZ™ five Vital Signs of brand health: Purpose, Innovation, Communication, Brand Experience, and Love. Athleisure brands are also seen as purposeful, and socially and environmentally responsible, according to BrandZ™ research.

Winning in athleisure required identifying fashion trends early,

In contrast, fast fashion brands lagged behind in value growth, in part because

BRANDZ™ APPAREL TOP 10

			Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	Nike		47,360	38,479	+23%
2	Zara		22,581	26,860	-16%
3	Adidas		13,355	12,456	+7%
4	Uniqlo		9,828	8,166	+20%
5	Lululemon		6,921	3,912	+77%
6	H&M		6,380	8,884	-28%
7	Under Armour		3,938	3,160	+25%
8	The North Face		2,861		NEW
9	Levi's		2,411		NEW
10	Ralph Lauren		2,401		NEW

Source: BrandZ™ / Kantar (including data from Bloomberg)

The Consumer Categories

Apparel



INSIGHT | Culture

Cultural shift drives leisure apparel growth

Five years ago, when athleisure gained traction on the runway, it was identified as a new trend. Three years later, people began to wonder if athleisure was actually a trend, since it wasn't fading away. We're seeing now that athleisure is not a trend, but an aspect of a cultural shift that idealizes wellness. There are trends within athleisure—color preferences and patterns that change, for example. But the broader idea of dressing for comfort and being able to dress the same for workouts and work is a cultural shift, and it's rooted in modern American values. This shift is tied to the health and wellness phenomenon and the growing perception of health and wellness as luxury. Not everyone can afford to buy boutique workout classes, expensive juices and superfood lattes, and healthy organic produce. These signifiers of wellness, along with athleisure, have also become signifiers of social status and luxury.

Anu Lingala
Senior Consultant
Kantar, Consulting Division
Anu.Lingala@kantarconsulting.com

KANTAR

their environmental footprint seemed out of step with rising mindfulness about sustainability. In addition, consumers encountered a wider brand choice beyond fast fashion leaders like Zara and H&M. Often online newcomers from China, these brands were on-trend and off-price. Amazon offered thousands of private label apparel products.

Being on trend

In a counterpoint to price shopping, some apparel brands adapted strategies from luxury. Adidas and Nike introduced high-priced, limited edition merchandise that generated slight revenue, but shone a halo that reflected well on the more popularly-priced part of the product range.

Some of these exclusive items resulted from collaborations with luxury fashion brands. Adidas created collections with Alexander Wang, for example, and with Russian designer Gosha Rubchinskiy, whose offering gained popularity during the World Cup in Russia. Nike collaborations include one with Ronnie Fieg, the New York retailer of sneakers and streetwear.

Like Nike, Lululemon developed a community around the brand, incorporating customer ideas in product development, and using physical locations not only to sell clothing but also to hold yoga classes and other fitness-related events. The Lululemon "This is Yoga" campaign focused not on the activity of yoga, but on its outcome, the



INSIGHT | Growth

Brands pursue opportunities for retail growth

The apparel category is being disrupted by direct-to-consumer brands, which make it easy for shoppers to try and keep new outfits or return them without having to visit a physical store. That said, there are opportunities for growth for retailers that operate smaller store formats (think 20,000 sq. ft. vs. your traditional 200,000 sq. ft. department store) and leverage their physical locations as an extension of their online presence. Finally, consumers relate better to ads that feature people like themselves rather than models. Aerie, ModCloth and Lululemon are examples of brands that embrace all three trends outlined above.

Emmanuel Probst
Vice President, Media & Content
Kantar
Emmanuel.Probst@kantar.com

KANTAR

ability to live a more passionate life. Lululemon increased 77 percent in value year-on-year, a performance that was second only to Instagram in the BrandZ™ Global Top Risers. Along with a distinctive personality, Lululemon scores high in being seen as Different, a BrandZ™ metric of brand equity, and a key reason that the Lululemon brand is able to command a price premium.

Both Lululemon and Under Armour benefited from—and contributed to—the rising popularity of yoga leggings, although Under Armour is shifting back to its core brand proposition around products designed to enhance athletic performance. Because of comfort, sales of yoga pants have eclipsed sales of denim during the past few years.

With the introduction of a more flexible stretch denim, Levi's accommodated the consumer desire for greater comfort and resurged in popularity. Under the "Live in Levi's" tagline, the brand expanded its range, and it opened its largest flagship store, in Times Square, where it offers clothing customized with images by New York artists.

Comfort and technology

The heritage brand that created denim, around 150 years ago, as a sturdy cloth for work clothes, returned the BrandZ™ Apparel ranking. Ralph Lauren also returned to the Apparel Ranking, updating some of its range to meet the tastes of



INSIGHT | Logos

Logos reflect the wearer's personal values

Logos are becoming less of a badge and more of a mirror, reflecting what people believe in and stand for. People are less interested in putting on a shirt with a big logo and saying, "I buy into this brand". Instead, people are buying into brands that are more a statement of their personal values. However, the athletic brands in the BrandZ™ apparel ranking have a lot of significance behind the logo because health has become a status symbol. Just wearing these logos, having Lululemon on your leggings, for example, says something about you even when you're not in a gym working out. In other casualwear the brands matter a little less and the logos are not as front and center on the clothing.

Heather Granger
Consultant, Strategic Consulting
Kantar, Consulting Division
Heather.Granger@kantarconsulting.com

KANTAR

younger people, in an initiative called "Next Great Chapter." The North Face made the ranking for the first time based on the technology of its clothing and the brand's expanded range beyond clothing for cold days. It introduced a breathable waterproof material called FutureLight.

Wearable technology in basic apparel designed to moderate temperature and enhance comfort continued to differentiate Uniqlo among the fast fashion brands, which contended with cheaper, faster fashion brand options that offered fashion-forward items, mostly available online.

These options, including brands such as Boohoo, Missguided, and PrettyLittleThing, typically did a great job in social media, attracting online influencers, and basing lines around popular celebrities. Many of the online competitors, like Xian, are Chinese, while many others are based in Latin America.

This online competition impacted Zara and H&M, which both declined in value. Having grown into a global brand with over 10,000 stores worldwide, Zara doubled its online presence to over 200 markets. And it introduced click and collect to integrate its online-offline experience. Although excess inventory problems hurt H&M results, its online sales improved. It opened on Tmall in China.

The Consumer Categories

Apparel

H&M seemed out of sync with the values of its core young customers, interested in fashion as self-expression and opposed to disposability. H&M fared better with some of its sub-brands, like & Other Stories, which is more focused on older customers willing to pay higher prices. Its Arket brand markets clothing essentials that are less trendy and less disposable.

Communicating social values

Connecting with the consumer required not only responding to product preferences, but also to social values. Nike took its “Just Do It” slogan to another level with an ad campaign featuring Colin Kaepernick, the NFL quarterback who kneeled during the national anthem to protest racism. Nike’s embrace of Kaepernick alienated some of its customers who believed the quarterback was acting disrespectfully.

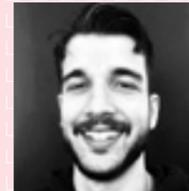
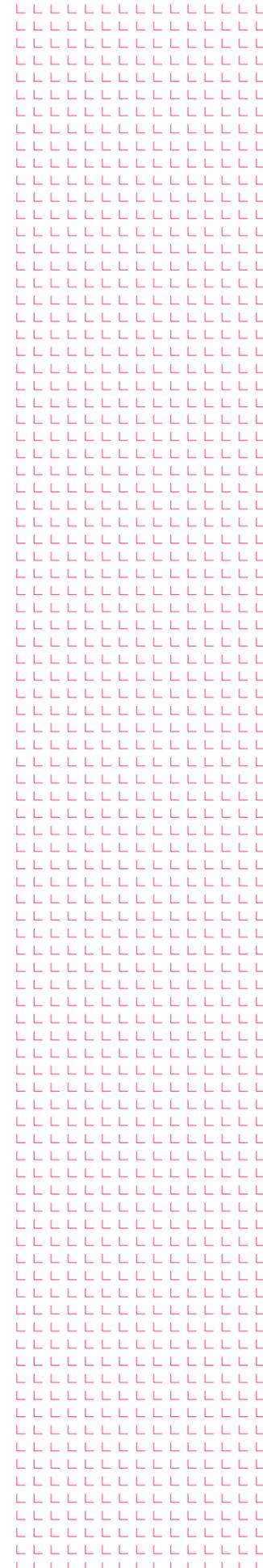
However, by taking a stand on a divisive topic and building a campaign around a national social debate rather than product performance, Nike reinforced its leadership credentials while gaining publicity and potentially more core brand advocates. Nike’s initiative was especially well received among Centennials, according to Kantar, and its sales and stock price increased. Nike’s scores in

the BrandZ™ measurements of Trust, Advocacy, Fairness, and Responsibility have increased steadily over the past six years. Its brand value rose 23 percent.

Adidas partnered with Parley for the Oceans, an environmental organization, and created uniforms from recycled ocean plastic for the British football team Manchester United, which it sponsors. Concern with sustainability was notably advanced by Everlane, the direct-to-consumer clothing brand, that promotes its commitment to ethical products by being transparent about the supply chain and production costs.

Apparel trends also echoed the evolving understanding of gender identity as being more fluid than previously believed. More people questioned the notion of women’s clothing sometimes costing more than men’s, a disparity referred to as the “pink tax.” The Phluid Project, an apparel store without traditional division into men’s and women’s departments, opened in New York City.

Two newcomer apparel brands also took stands on controversial issues. Levi’s advocated for gun control. In a subtle comment on the global issue of migration, The North Face celebrated Global Climbing Day with the declaration that “Walls are meant for climbing.”



INSIGHT | Exclusivity

Halo products create demand for full range

There is a massive trend toward exclusivity in fashion and sportswear brands. It is a luxury strategy that certain mass sportswear brands execute well. They generate hype and drive brand awareness and desirability by creating limited runs of products that people almost have to research and fight to access. It’s the opposite of saturating the market and giving everybody what they want. The brands can rely less on data and knowing their customer deeply because they are releasing less product than they have demand for. The difference between mass and luxury is that in luxury scarcity creates demand for a brand, while in mass scarcity creates demand for a particular product, for example a certain model of adidas or Nike shoe. The halo product helps raise the brand profile and drive volume in the mass part of the range.

Lucca Bergallo
Account Director, Client Services
FITCH
Lucca.Bergallo@fitch.com



INSIGHT | Utility

Apparel must serve multiple daily activities

There is a trend toward blending elements of your life, specifically squeezing workouts in during the middle of the day, both weekdays and weekends. There are emerging activities, like barre classes—a combination of yoga, ballet and pilates—that provide a good workout without requiring a shower afterward. If you have a casual office environment, a work-from-home day, or a busy weekend day, you can put on your athletic gear in the morning, break for workout during the day, and return to your desk without skipping a beat.

Marisa McMahon
Senior Vice President,
Business Development,
Strategic Client Partner
Kantar
Marisa.McMahon@kantar.com



INSIGHT | Trends

People seek performance comfort, style

Consumers want cute, attractive clothing that also offers solid performance. Think about the Kate Spade athleisure line or the British fashion brand Asos, which now has its own workout line. People using the clothing for athletic purpose are not willing to compromise on performance. They want breathability, sweat technology, but they still want it to look good. The brand messaging needs to tell both stories. The clothing needs to be fun and it also needs to work as athletic gear. People want to feel comfortable and not look sloppy. This trend includes aging boomers who want to maintain an active lifestyle but don’t want to wear clothing that would make them look like stereotypical seniors. More fashionable clothing for older people is a big opportunity.

Whitney Krause James
Partner, Analytics Practice
Kantar
Whitney.Krause@kantar.com



The Consumer Categories

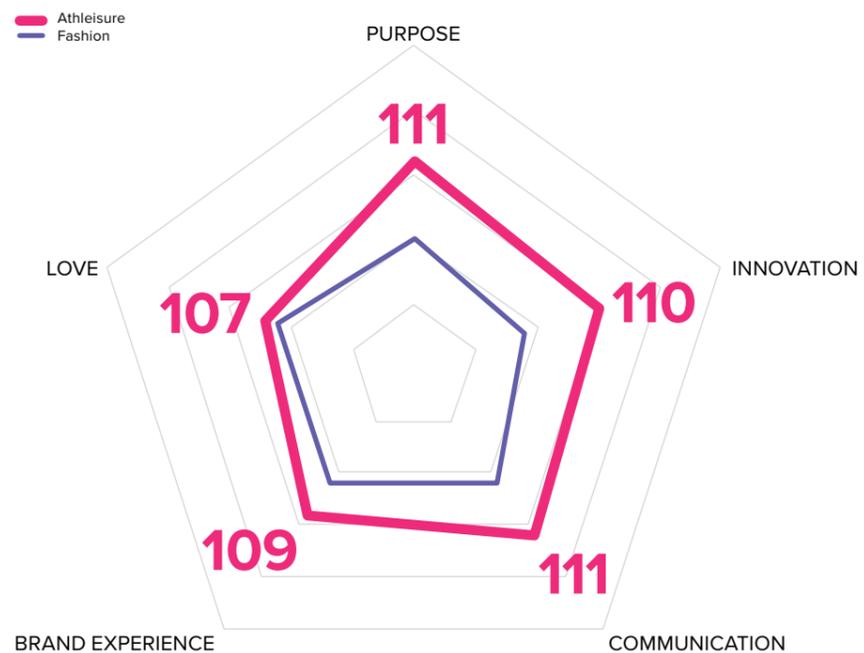
Apparel

BrandZ™ Analysis

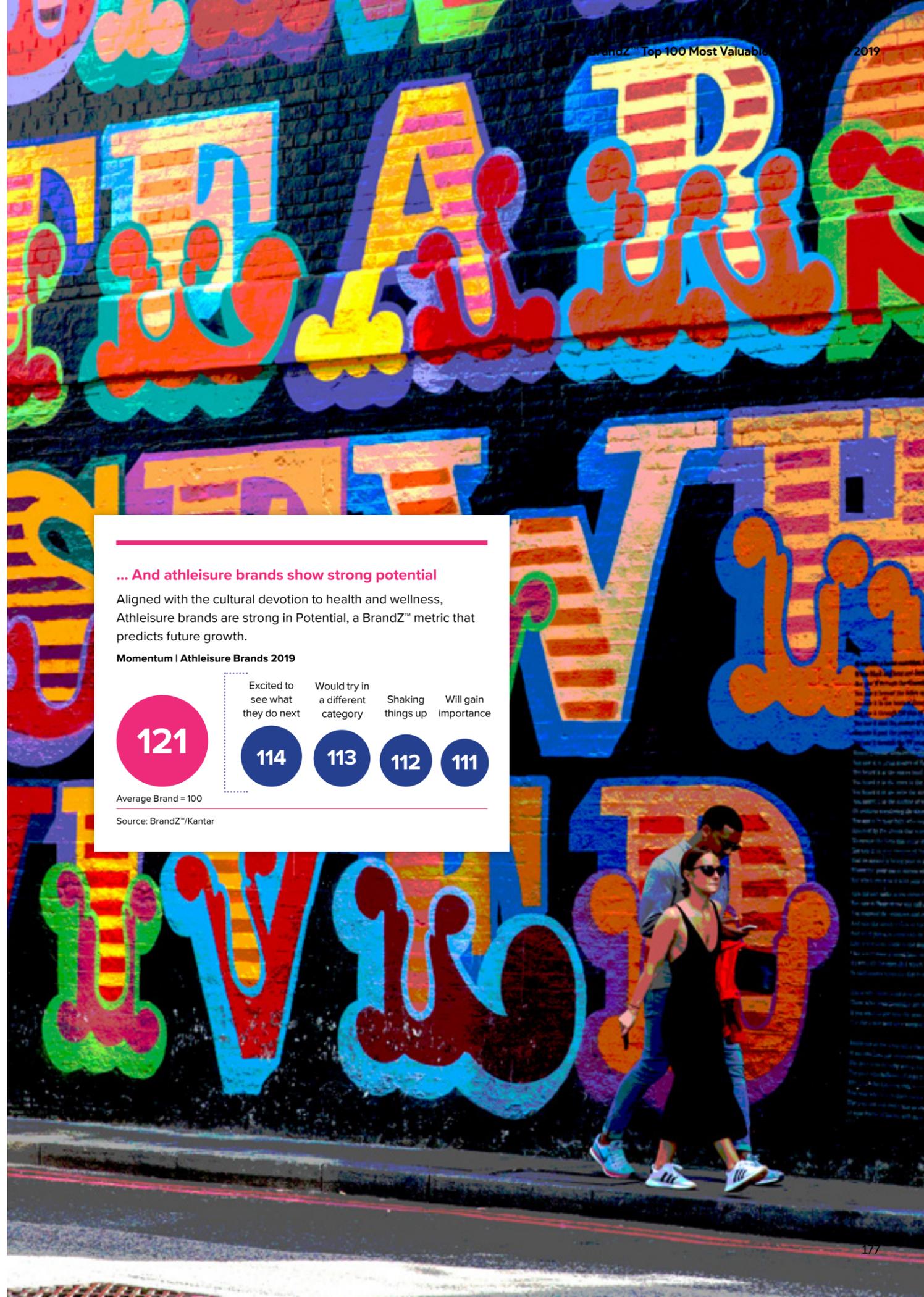
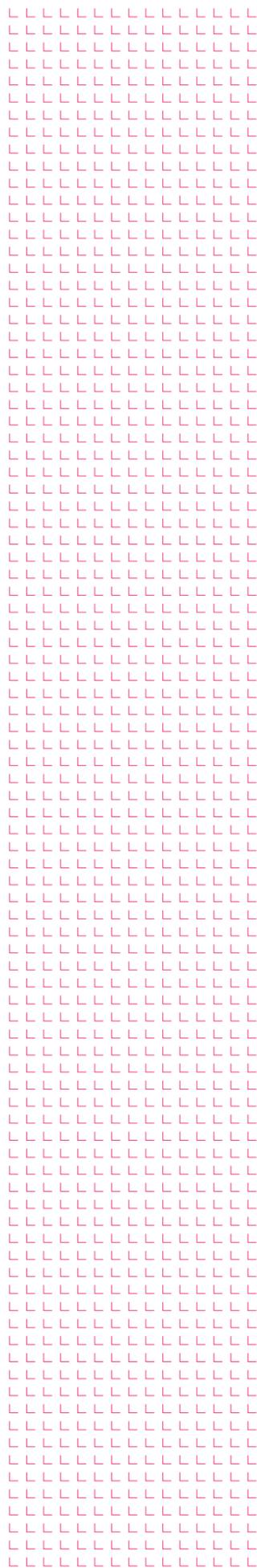
Athleisure brands have a sense of purpose...

Athleisure brands show strength in the five vital signs, BrandZ™ measurement of brand health. Relative to fashion apparel brands, athleisure brands are stronger in Purpose, Innovation, Communication, Brand Experience, and Love.

Vital Signs 2019 | Athleisure Brands vs. Fashion Brands



Source: BrandZ™/Kantar



... And athleisure brands show strong potential

Aligned with the cultural devotion to health and wellness, Athleisure brands are strong in Potential, a BrandZ™ metric that predicts future growth.

Momentum | Athleisure Brands 2019



Source: BrandZ™/Kantar

The Consumer Categories

Apparel

BRAND BUILDING ACTION POINTS

1 **BE INCLUSIVE**
Connect across generations and be representative of the diversity and gender fluidity within each of them.

2 **BE RESPONSIBLE**
The most-loved brands will be those that attempt to achieve a zero footprint. Re-think operations and find solutions that are fully sustainable both for the environment and the business bottom line.

3 **BE DISTINCTIVE**
As people adopt the idea of zero waste, they will demand something truly different from brands. Duplication will not be tolerated. People will be drawn to the brands that take risks to offer something special.

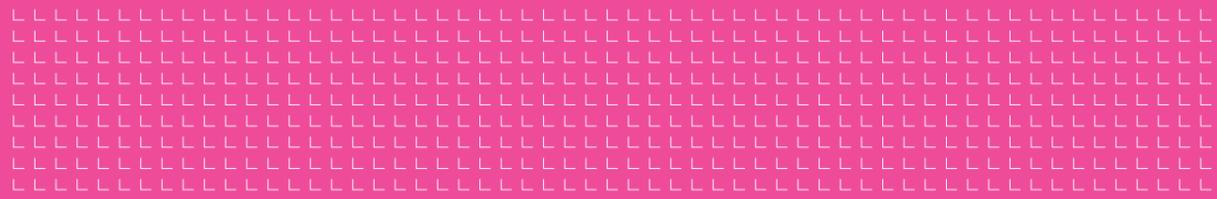
4 **BE VERSATILE**
Increasingly, people are looking for clothes that are comfortable and appropriate for multiple parts of their day, including work, exercise, and an evening out

5 **BE ON TREND**
Urban living is more popular, which means closet space is declining. There is an opportunity for updated “mix and match” basics that are fashionable and durable.

6 **TAILOR THE EXPERIENCE**
Using data, provide a tailored brand experience and even a bespoke product. As people become reluctant to buy disposable fashion, their retail therapy will move from regular shopping “fixes” to shopping highs from superior products and services.

7 **EXPLORE OTHER BUSINESS MODELS**
Because of the sharing economy mentality, and concern with sustainability, even people who want more stuff may prefer to rent rather than own.

8 **HELP PEOPLE IMPROVE**
Aligned with the cultural shift to greater health and wellness, athleisure will maintain its popularity, but success can come from broader areas of wellbeing and improvement, such as clothes for a better night’s sleep, underwear that gives greater confidence, or a podcast that educates about health or wellness.



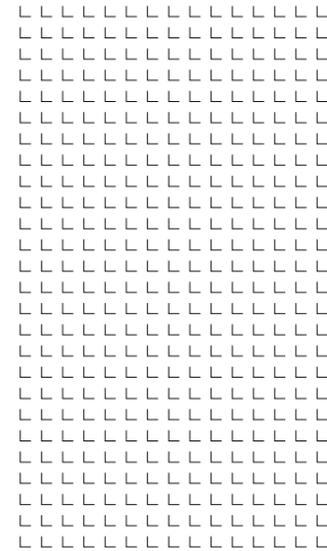
The Consumer Categories

Cars

Brands shift gears for the electric era

Category center of gravity moves to the East

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



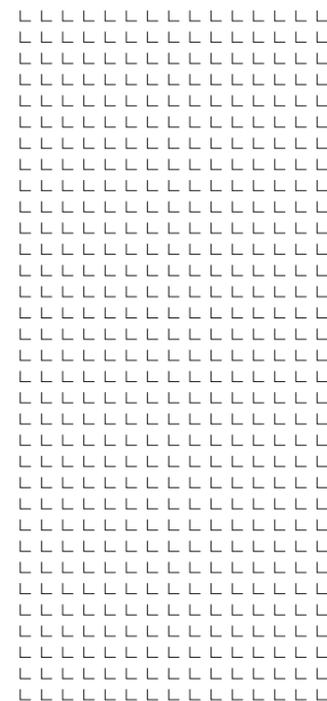
Category Brand Value
Year-on-Year Change

-7%

Category Brand Value
13-Year Change

-5%

Cars Top 10
Total Brand Value
\$139.7 billion



This is the year car brands plan to drive consumer interest in electric vehicles. However, hybrids will prevail for an interim period, while long production cycles, the lack of charging infrastructure, and insufficient battery supply delay the transition to electric. Because of industry disruption and the impact of trade tensions on auto stocks, eight of BrandZ™ Car Top 10 lost value, and the Top 10 declined 7 percent overall, following a 7 percent rise a year ago.

Car brands were particularly hurt by the 4.1 percent drop in passenger car sales in China. The decline, reported by

the China Association of Automobile Manufacturers, was the first in over two decades. In the US, car sales rose less than 1 percent. European sales, also flat, were impacted by new emissions regulations. Meanwhile, as carmakers grappled with the evolution from metal bangers to mobility providers, they manufactured SUVs, the cars that consumers worldwide demanded, even from super premium brands.

Loaded with technology, cars increasingly prepared to become another connected device ready for the Internet of Things. Amazon introduced a version Alexa for cars. And digital superiority was fast becoming a determinative factor for brand success. Even as Tesla struggled to meet production goals and the \$35,000 price tag for its Model 3, another non-car brand, Dyson, the household appliance maker, prepared to develop electric vehicles.

BRANDZ™ CARS TOP 10

		Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	Toyota	29,151	29,987	-3%
2	Mercedes-Benz	23,355	25,684	-9%
3	BMW	23,326	25,624	-9%
4	Honda	11,749	12,695	-7%
5	Ford	11,211	12,742	-12%
6	Nissan	10,554	11,425	-8%
7	Tesla	9,285	9,415	-1%
8	Audi	8,556	9,630	-11%
9	Volkswagen	6,707	5,986	12%
10	Porsche	5,817		NEW

Source: BrandZ™ / Kantar (including data from Bloomberg)

The Consumer Categories

Cars



INSIGHT | Alliances

Gaining tech skills requires forming new alliances

The fundamental dynamic in the car category is change. In the past year, we've seen alliances and cooperation agreements between companies that historically would have crossed the street to avoid each other. Two years ago, I'd have said that some kind of formal relationship between Ford and VW would never happen. But they've announced plans to work together on vans and pick-up trucks and on electric vehicle research. I think we'll see more of these partnerships because the car market is becoming more challenging and the move toward electrification requires skill sets from the tech sector. The old days of the classic OEMs is evolving. We'll have a mixed automotive economy over the next 10-or-15 years. With electrification, it is possible that car makers will look at city markets rather than country markets. The cities will regulate in favor of electric. But for people living in Nebraska, combustion engines will still have a role to play.

Chris Hunton
Global Team Leader
WPP
Chris.Hunton@wpp.com



And as brand experience became about in-car entertainment as well as horsepower, cars makers partnered with technology brands and worked to digitize much of the buying process. To restructure production and reallocate funds for investment in electric vehicles, several carmakers announced major labor cutbacks.

The car category has struggled since the global recession over a decade ago and has declined 5 percent in value over past 13 years, according to BrandZ™ research. Meanwhile, the category's center of gravity is moving to the East, where the demand is greatest and Chinese brands prepare to export their first models to Europe and North America.

The road to electric

Chinese car brands have advantages in the effort to achieve electric vehicle prominence for several reasons, including the high priority the Chinese government assigns to electric vehicles and the financial incentives it provides suppliers and buyers. The Chinese brand BYD is already a leader in the manufacture of commercial electric vehicles and electric batteries.

As evidenced in China and the Nordic countries, two factors primarily are driving the growth of electric vehicles: the availability of infrastructure and government incentives. An additional factor influencing the growth of electric vehicles was their availability. In China, consumers could find a range of affordable cars to match their needs.



INSIGHT | Electric

This is the year brands position for electric cars

It feels like this is the year of going electric. We won't see a mass shift in terms of sales, but we will see a noticeable shift in the way brands position themselves. Every brand will start talking about their electric offering and while this might only result in small sales volumes the change in tone will be significant. We have already seen from VW and Toyota and they will be quickly followed by the other manufacturers like Ford. The demand and interest is there, but the inadequate infrastructure, a shortage of batteries, high cost, and limited availability will hold back people from actually making a purchase, but this will come.

Dominic Moore
Managing Director, UK
GTB
Dominic.Moore@gtb.com



However, in Europe electric car models mostly came from premium brands, like Audi and Jaguar-Land Rover, or makers of small urban cars. Few fully-electric cars were available at the mid-range, a gap that exists as an opportunity for car brands. VW, for example, introduced the fully-electric e-Golf model.

Without many electric options in most markets, consumers motivated to buy a car with minimal environmental impact were more likely to choose a hybrid. While hybrids can be built by adapting existing models, a fully-electric car requires a purpose-built chassis designed to accommodate enough battery power without compromising passenger or cargo space. That takes time which, along with inadequate charging infrastructure and a shortage of batteries, slowed electric car growth.

Branding and luxury

In the context of these disruptive trends, companies tried to reinforce their brands. In its first global campaign, Toyota ran seven ads during the Olympics and Paralympics. The ads proclaimed Toyota's leadership in the mobility business with a campaign about how, with freedom of movement, anything is possible.

Volkswagen stock strengthened as the company continued to transform, following its 2015 emissions scandal. Although Volkswagen has recovered some value, it remains below its peak. The erosion of consumer trust in the brand has leveled in some markets, like



INSIGHT | Shift East

Car category's center of gravity shifts to the East

Along with digital, there are at least two other major trends this year. The first is the move to the East. For a century the automotive center of gravity was in the West, with most innovation coming from the US or Europe. We are seeing a shift to the East, particularly with China leading new technology, and also with a new business model where manufacturers provide not only cars, but also mobility as a service. Chinese brands like Lynk & Co are popping up and creating that shift. The second major trend is the entrance of new brands after years of the number of auto brands shrinking. In Asia, Vin Fast, Byton, and Wey have been recently created and sleeping ones like Borgward or Polestar Technology have been revived, all reversing the brand consolidation trend. These brands bring not just new vehicles; they add a spark of nouveauté to the industry.

Guillaume Saint
Global Automotive Practice Lead
Kantar
Guillaume.Saint@kantar.com

KANTAR

China, but it remains depressed in the US and other key markets, according to BrandZ™ research.

Volkswagen committed heavily to a future of electric vehicles with plans to introduce 70 electric models of VW and the company's other brands, including Audi, Bentley, Lamborghini, and Porsche. The luxury end of the market remained robust. Mercedes and BMW maintained their strength in North America and China, but the new emissions regulations affected sales in Europe. Audi was particularly affected in Europe, but sales soared in China.

The super luxury segment performed especially well, in part because brands like Rolls Royce, Bentley, Lamborghini, and Maserati offered SUV models popular with consumers. Ferrari announced plans to introduce an SUV. Under its Lagonda badge, Aston Martin is developing an SUV that will produce zero emissions, and feature interiors decorated with materials not derived from animals, which is significant in a segment of the car category where leather seats signify premium.

Improving the experience

Based on the Tesla approach to selling cars both online and at physical locations, brands attempted to improve the purchase experience. A few brands have experimented with exhibiting a limited number of cars in city centers where space is limited and expensive, while keeping test drives and purchasing at traditional out-of-town locations.

The Consumer Categories

Cars



INSIGHT | Electric

Production cycle, consumer demand not always in sync

There's a disruptive transformational change that the car companies need to go through in the transition to electric vehicles. In part, that's because the car companies work on long lead times, whereas consumer demand works on fast cycles. One of the challenges for the car companies is that they're trying to install electric batteries in existing cars. The problem is that installing the batteries reduces the space for the boot, or trunk, and for the seating area. For fully electric vehicles, the car companies need to build new platforms and chassis that better accommodate the batteries. But that will take seven years. In the meantime, the car brands can make hybrids, which require less space for batteries or rely on advances in battery technology for better packaging.

Rod Anthony
Senior Consultant
Wunderman Thompson Commerce
Rod.Anthony@wundermancommerce.com



Ford has a store with a limited range of cars in a shopping mall. Cars parked in the mall's garage are available for test drives. Other brands, including Tesla, Hyundai, and BMW have also experimented with mall locations.

In the US, with many e-commerce platforms, consumers do most of their research online before visiting a dealer to sign papers and pick up the car. Some European brands have fragmented the functions that had been unified at a dealership, including showing the new cars, selling them, offering insurance, and providing after-sales service.

Some functions are moving away from the dealer in China as well. For example, Ford and Alibaba have set up locations with cars located in enormous robotic garages that operate like vending machines for cars. Consumers can gain access to a car using their Alipay facial recognition and take a test drive. In an effort to streamline their operations, some of the newer brands in China, like Lynk, have avoided creating vast dealer networks by partnering with auto after-care companies.

Ownership and other options

Digitalization may also change the way cars are purchased, enabling a subscription model similar to the way smartphones are sold, with basic features enhanced over time with added apps. Car makers are exploring the possibility of loading cars with potential technologies that become activated when the driver purchases a subscription.



INSIGHT | Dealerships

Limiting dealers risks diluting brand leverage

The possibility of limiting the role of dealerships is tempting for brands, but also needs to be balanced with other considerations. One the one hand, you've got the potential margin gain and bargaining power gain. On the other hand, a good dealership, and a good after-sale experience is a strong leverage point for brands. It keeps customers engaged with brands and heading toward the next purchase of that brand. If you remove the dealership, or outsource the dealership role to a third party, you diminish that point of leverage. In a world where the consumer is possibly choosing a car to lease from a list, buying it online and selecting a subscription for aftercare service from a third party, you can imagine how manufacturer brands would become less and less important. For those brands, dealerships are a worthwhile investment in future if used as a means to physically demonstrate their Meaningful Difference and avoid product choices becoming less involved and led by price and convenience.

Piers Lindsay-Taylor
Senior Client Director
Kantar
Piers.LindsayTaylor@kantar.com



INSIGHT | Digital

Brand survival requires doing digital right

The brands that will survive will be those that get digital right through the entire buying process. Added value will come through integration and use of digital. That includes digital connectivity in the vehicle and autonomous vehicles, the use of digital e-commerce for vehicle purchasing, and the use of digital apps for car sharing and other variations of mobility. The car in the future will be a mobile phone on wheels. When people spend time in cars it's not just about getting from point A to B. It's also about social interaction and doing business.

Nick Bull
Senior Business Development Director
Kantar
Nick.Bull@kantar.com



This approach potentially addresses some of the problems inherent in long-term purchasing cycles and keeps people engaged with the brand. It also raises the possibility of price resistance from people who do not want to pay for technology that they may never use. The situation may move the category toward an expanded role for car leasing.



INSIGHT | Pricing

Brands consider subscription pricing models

Some manufacturers are looking at cars that can update themselves. You buy a car that has all the technology built into it. But the technology won't be turned on. You might pay a subscription fee to turn on the technology. For example, a feature like autonomous cruise control, which automatically regulates speed, might be in the car from the start, but you'd need to pay a subscription to have it turned on. For a big-ticket item, like a car, the subscription model could create some price resistance among consumers who feel forced to pay for features they may never use.

Richard Friar
Managing Partner
MediaCom
Richard.Friar@mediacom.com



The shift to leasing would change the perceived value of a car. With a purchase, there is a relatively clear relationship between the car's price and its features. With complex leasing schemes, which can include a deposit, monthly payments, and a resale value, the price-value relationship is opaquer.



INSIGHT | Electric

Infrastructure dictates pace of transition

We have seen two trends influence the transition to electric cars. In the Nordic countries, where the infrastructure supports electric cars and the government subsidizes electric car purchases, the share of electric is growing disproportionately. The shift from diesel to electric is clearly happening there. In other markets, where infrastructure does not support electric, we see a predisposition to other alternative-fuel vehicles increasing, and hybrid cars are growing disproportionately every year.

Reshmi Nambiar
Client Director
Kantar
Reshmi.Nambiar@kantar.com



Purchasing cycles will change as more people lease or share cars rather than purchase them. Attitudes about ownership will vary by geographic location, with options other than ownership being more prevalent in cities. Social status will remain part of the consumers relationship with cars. In some instances, ownership will confer status; in other places status will come from the social responsibility creds earned from not owning a car.

The Consumer Categories

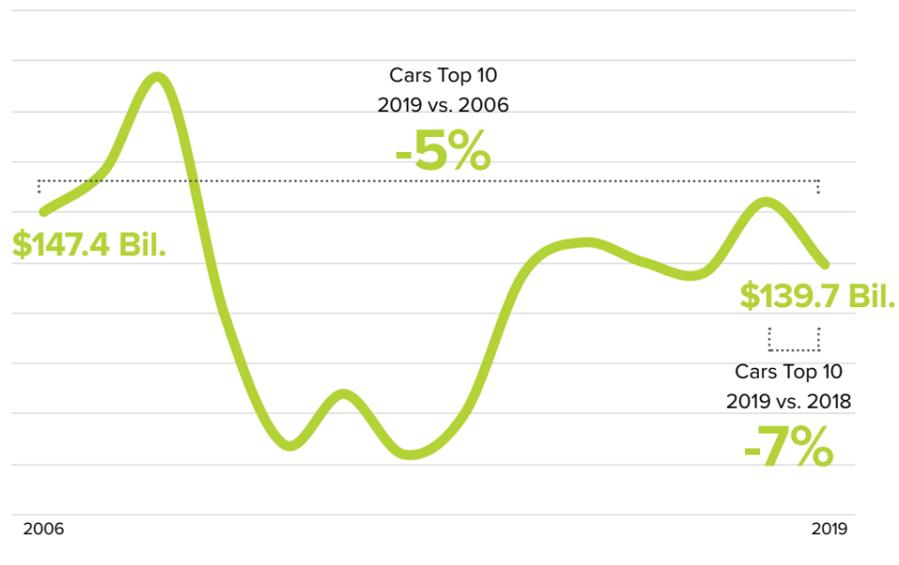
Cars

BrandZ™ Analysis

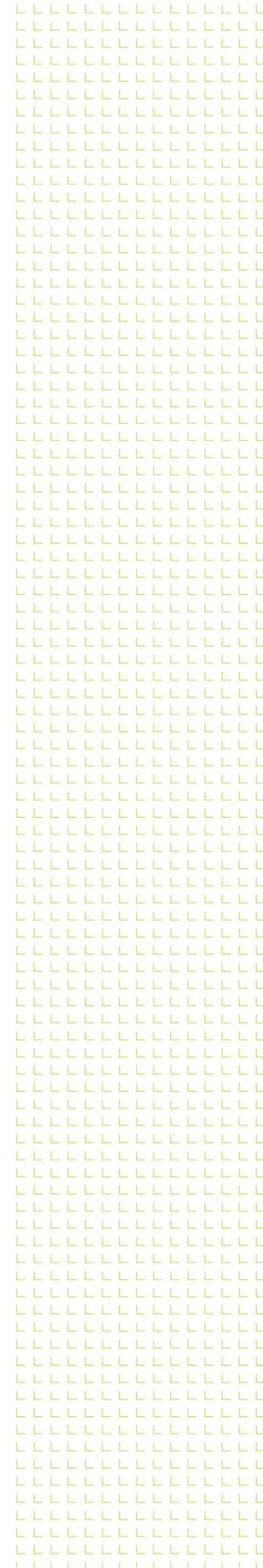
Cultural changes disrupt the category...

The BrandZ™ Cars Top 10 has declined in value over the past decade. The traditional manufacturer brands continue to struggle against commoditization and value has moved to newer, more agile manufacturers, to electric cars, and to mobility alternatives like ride sharing.

Top 10 Cars | 13-Year Value Change



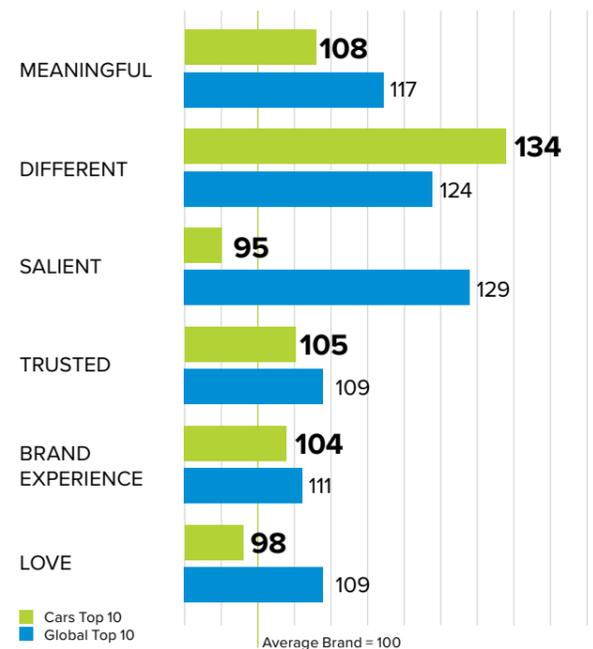
Source: BrandZ™/Kantar



... And brand fragmentation compounds challenges...

The challenges facing car brands are compounded by the fragmentation of the category. There are almost four times the number of brands to consider compared with other categories in the BrandZ™ Top 100. Salience (coming easily to mind during consideration) and Love (emotional connection) of Top 10 car brands are below the average of all brands studied globally. And since 58 percent of consumers have not tried a leading car brand, mental connections are weaker, and equity is harder to sustain.

Cars Top 10 vs. Global Top 100



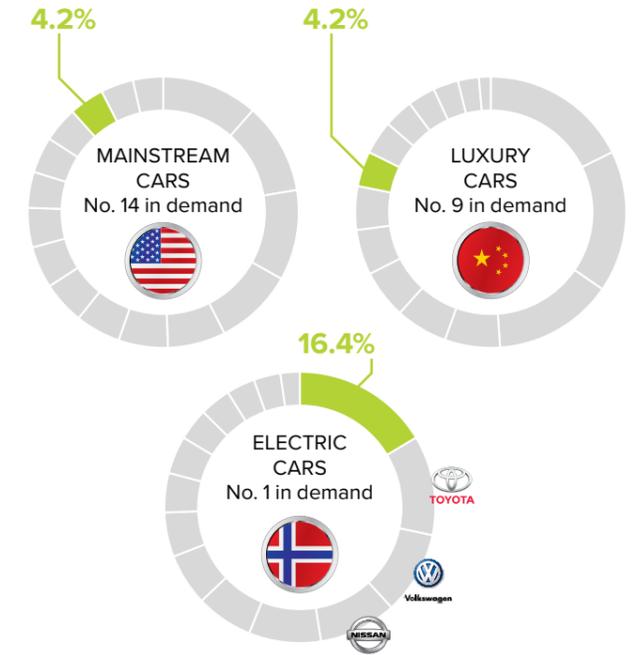
Source: BrandZ™/Kantar

... Tesla's impact varies by country market

Among people in the market for a mainstream car in the US, Tesla achieved 4.2 percent share of demand, making the brand No. 14 in consumer consideration. In China, the brand gains the same share of demand among luxury car brands, ranking it No. 9. In Norway, Tesla ranks No.1 among those buying electric or hybrid cars with a 16.4 percent share of demand, ahead of established brands like Toyota, VW and Nissan.

Tesla | Consumer Demand

Share of consumer demand among competitive set



Source: BrandZ™/Kantar

The Consumer Categories

Cars

BRAND

BUILDING ACTION POINTS

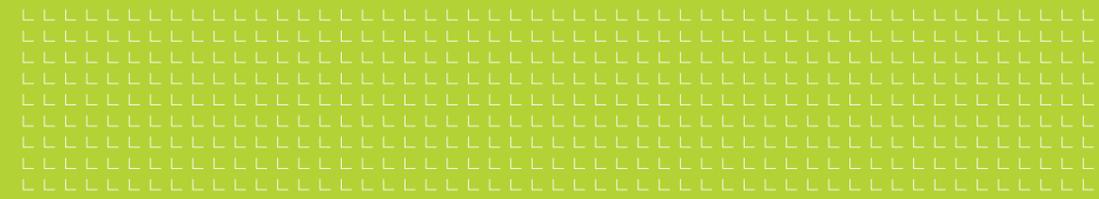
1 **TAILOR COMMUNICATIONS**
As attitudes about mobility change, or fragment according to consumer geographic location and needs, brand communications will need to be more tailored. People living in cities will be more receptive to other mobility alternatives like car sharing, while in rural areas people are more likely to own their vehicles. These distinctions are happening and will accelerate. Understanding them is critical to brand building.



2 **BUILD LOYALTY**
Gaining and sustaining loyalty, always a challenge, potentially will become an even greater challenge as leasing becomes more prevalent and consumers see lease arrangement as an opportunity to try many brands rather than to remain loyal to one brand. Historically, people leak out of a brand after bad experiences. Brands will not have the luxury of allowing that to happen going forward. Brands need to coordinate all aspect of technology to keep customers in the brand.

3 **LEVERAGE DATA**
Many consumers do not realize they are driving a connected car. Others relate to the cars as they do to their cell phones, using only a fraction of the possibilities created by data. Brands have an opportunity to do much more analysis of that data in ways that can serve customers and build brand loyalty. For example, analysis of driving patterns can lead to predictive maintenance suggestions. Ongoing engagement with the consumer also can involve sales of software.

4 **IMPROVE EXPERIENCE**
Distribution options are expanding with more direct-to-consumer possibilities, especially with electric cars. One possibility for keeping dealers relevant would be to improve the customer experience by modifying the dealer compensation model, which is based on sales volume, the number of vehicles sold. Incentivizing dealers to provide great customer service should improve the customer experience and, ultimately, produce the desired result—more sales.



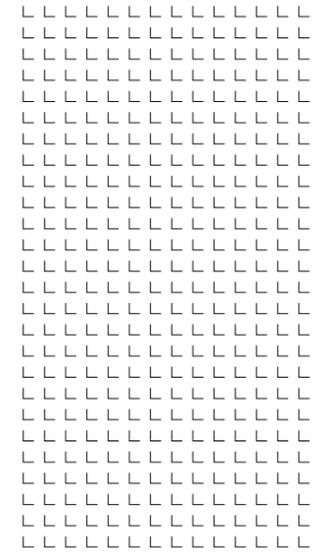
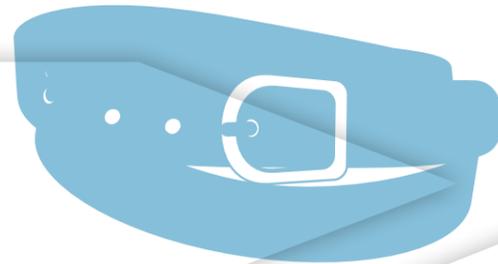
The Consumer Categories

Luxury

Luxury tops categories in brand value growth

Brands become more accessible but remain aspirational

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



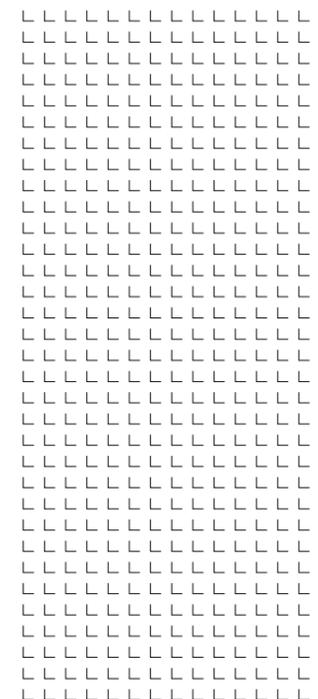
Category Brand Value
Year-on-Year Change

+29%

Category Brand Value
13-Year Change

+182%

Luxury Top 10
Total Brand Value
\$171.3 billion



Although the number of people able to purchase luxury products remained limited, social media expanded the opportunity for more people to appreciate luxury brands. Becoming more accessible in attitude, if not price, luxury topped all categories in brand value appreciation in the 2019 BrandZ™ Global Top 100, rising 29 percent, after a 28 percent rise a year ago.

This shift in the ongoing tension between exclusivity and accessibility appealed to two audiences. Older, traditional customers wanted to feel connected to luxury's increasingly youthful and inclusive spirit. And

younger, potential customers wanted to feel connected to luxury brands, even if they could afford only a symbolic, entry-point item—at least for now.

In addition, people unable to afford a luxury item had the option of renting one or possibly buying one for less money in the burgeoning resale market. Previously disparaged, resale purchases now conferred a badge of smart shopping. Meanwhile, younger customers influenced luxury design and marketing, as brands increasingly relied on digital channels to communicate.

With the use of technology, the brands democratized customer centricity. In the past, customer centricity meant being in the rolodex of a salesperson in a favorite store. Today, customer centricity means being in a database that indicates the preferred style, size, and method of delivery, even to the office in discrete packaging.

BRANDZ™ LUXURY TOP 10

		Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	Louis Vuitton	47,214	41,138	+15%
2	Chanel	37,006	NEW	
3	Hermès	30,966	28,063	+10%
4	Gucci	25,274	22,442	+13%
5	Rolex	8,389	8,721	-4%
6	Cartier	5,998	7,040	-15%
7	Burberry	4,698	4,483	+5%
8	Dior	4,658	3,612	+29%
9	Saint Laurent/Yves Saint Laurent	3,572	3,316	+8%
10	Prada	3,504	3,925	-11%

Source: BrandZ™ / Kantar (including data from Bloomberg)
Chanel, which has appeared in the BrandZ™ luxury ranking, moved higher in part because the company has revealed its complete financial statements.

The Consumer Categories

Luxury



INSIGHT | Responsibility

Responsibility enhances appeal to consumers

We are going to see more expressions of social responsibility by luxury brands. Consumer brands are getting hammered with the need to show their green credentials. The luxury brands will communicate more about all aspects of their businesses from how they make their products to how they run their offices. People purchasing luxury items and spending a lot of money on themselves would like to know that the brands they're buying are putting money into good causes. It makes the customer feel better about buying, owning, and using a luxury product.

Dirk Simpson
Global Client MD
Hogarth Worldwide
Dirk.Simpson@hogarthww.com



Despite the slowdown in China's economic growth, Chinese consumers remained a reliable driver of luxury category growth. Several brands, including Saint Laurent/Yves Saint Laurent, Chanel, and Gucci have effectively appealed to Chinese Millennials. The category experienced disruptions, however, from niche brands like Jacquemus, a French brand with edgy new styles, and from street demonstrations in Paris, home to six of the BrandZ™ Luxury Top 10.

Wider access

Luxury brands gained access to wider audiences by being present on Instagram. Some of the brands claim over 20 million followers. Saint Laurent/Yves Saint Laurent promoted its men's cologne called "Y" with an Instagram campaign aimed at fashion-forward Millennial men.

Many luxury brands, particularly Gucci, made themselves more relatable by featuring models from diverse backgrounds, improving their websites, and opening innovative physical locations. Gucci opened a bookshop store in New York's Soho to connect the brand with artists and a creative neighborhood.



INSIGHT | Inclusivity

Must-have products draw consumers

There's a difference between how people look at luxury brands overall and how they look at one specific luxury product that really takes off. People are saving for that product. That's the inclusivity part of luxury. It could be the Gucci backless loafer or a particular YSL lipstick that sold out after it was used on a show in Korea. There's something interesting about looking at a particular product. We're finding that in beauty, showing products drives higher click-through rates than tutorials.

Elsbeth Ross
Global Consulting Partner
Ogilvy Consulting
Elsbeth.Ross@ogilvy.com

Ogilvy Consulting

The streetwear trend continued, with brands interpreting hip hop clothing for luxury customers. Louis Vuitton, which introduced streetwear to luxury with its Supreme collection, introduced the Off-White collection by designer Virgil Abloh.

In China, Hermès was among the luxury brands reaching younger consumers on the short-video site Douyin (known as TikTok outside of China). The luxury brands on Douyin or Little Red Book, an Instagram equivalent, presented relevant content, such as a video of a hip-hop artist, not a standard ad.

Brands also were available to wider audiences on sites like Net-a-Porter or Farfetch, which have worked to refine the experience of buying luxury online with more high-touch and sophisticated logistics.

To appeal to younger customers, who are buying less jewelry than earlier generations, Tiffany opened a pop-up vending location in London and a café. Tiffany has also sponsored concerts. The trend of young people marrying later directly impacts Tiffany, which has always done a big business in engagement and wedding rings.



INSIGHT | Heritage

Communication should look back, but face forward

Craftsmanship and the use of premium authentic materials remains key. It is important for brands not to talk about craftsmanship in ways that simply repeat the past, but to use the learnings of history and heritage to inform what they do in the future. Dior, for example, uses social media to talk about craftsmanship, referencing the skills and methods that it has applied for many years, but talking about how to apply them in progressive ways. Luxury car brands make use of cutting edge technology while referencing classic designs, and their storytelling around modern approaches to craftsmanship appeal to a new audience of discerning global luxury consumers.

Frances Wain
Senior Account Director
Prism
FWain@prismteam.com

prism
SPORT+ENTERTAINMENT

Updating brands

Burberry changed its positioning, shifting from a luxury fashion heritage to a more fashion-forward statement. The brand has communicated the change with a re-designed, simplified more modern logo, and it generated buzz with 24-hour flash sales, particularly in China, its largest market. The brand is also attempting to premiumize, targeting selected influencers on Instagram.

Gucci, which refreshed the brand several years ago, has improved significantly in several BrandZ™ metrics, including being trusted by consumers and being seen as Creative and Meaningfully Different. The brand continued to appeal to younger customers with its bold designs. At the same time, the brand opened Gucci Garden in Florence, a location for experiencing the brand, with a restaurant and museum of the Gucci collection.

Louis Vuitton updated its heritage in travel by collaborating with Google on the Tambour Horizon smartwatch, which includes a feature for storing transportation and hotel information. It also includes a directory of hotels, restaurants, and selected tourist destinations worldwide. Having established a clear and fluent brand imprint, Louis Vuitton receives high scores from consumers for its design credentials, according to BrandZ™ research.

The Consumer Categories

Luxury



INSIGHT | Data

Luxury brands now personalize services using customer data

Luxury brands are acknowledging the fact that they need to understand their customers in ways that brands in any other category need to understand their customers. They are investing more in data insights with a view to providing personalized services that are complementary to a luxury product. We see data being used with personal shoppers to understand shopping habits and provide recommendations that are appropriate to high-end customers. The data might yield a curated list of fashion items that could be delivered within a couple of hours. The customer tries on the merchandise, purchases what she wants and returns the rest.

Gary Wilson
Senior E-Commerce Consultant
Wunderman Thompson Commerce
GWilson@wundermancommerce.com



In contrast, other exclusive brands, such as Chanel and Cartier, maintained consistency with their brand heritage. Introducing classics, such as the boy bag and boy watch, along with limited and exclusive items, Chanel mostly sustained the aesthetic established over 30 years by Karl Lagerfeld, the designer who died early in 2019. Consumers view the Chanel brand as especially sexy and desirable, according to BrandZ™ research.

Dior changed its beauty offering at the low and top end and created in-store beauty boutiques that included fragrance lines. Dior brand equity was particularly strong in China and the US, according to BrandZ™ data. Dior did a particularly good job communicating its brand heritage. Dior Heritage, the brands archive museum, moved into a new physical space in Paris called One Dior.

Logos and values

Consumers have an increasingly ambivalent relationship with luxury. They still covet nice things, but they are somewhat uncomfortable about being seen to be too avaricious. Logos have been a reliable barometer of consumer feelings toward luxury.

Some brands displayed logo discretely on their expensive ranges and more boldly on their entry items. Gucci's ostentatious designs broadcast the brand without a logo, at least to insiders. Its red and green stripes connect the brand with its heritage. Some other brands, like Burberry, have dialed back their logos.



INSIGHT | Lifetime Value

Best to focus on customer lifetime value

Strong luxury brands have been able to hold their price points and exclusivity. In many cases, they have found a way to be accessible to more than just the most exclusive shoppers, by offering tchotchkes like keychains or purse tassels as a way to own a "piece" of the brand and/or an entry point into it. These tchotchkes offer an on-ramp to the brand, so that Customer Lifetime Value can be maximized. The cautionary tale is when a luxury brand offers a lower-priced line of goods that serve the same purpose as the original, high-end line, under the same (or similar) brand name. That gives people permission to trade-down, diminishing not only the CLV but also the brand's equity along with it.

Marisa McMahon
Senior Vice President,
Business Development,
Strategic Client Partner
Kantar
Marisa.McMahon@kantar.com



Luxury brands took political stands, such as Gucci's advocacy for gun control and its elimination of fur from its collection. For some customers, a brand's association with a cause makes a self-indulgent purchase more permissible.



INSIGHT | Secret Recipe

Luxury brands need to focus on long-term

The balance between long-term and short-term business results is a hot topic in boardrooms across the world, with the added pressure of the management revolving door spinning faster than ever. Luxury brands are no exception. High-end luxury has always been a long-term game, with brands resonating for decades not days. But with ever-expanding product ranges that are becoming more accessible, the temptation for a short-termism approach has never been greater. But this is dangerous territory to play in, with costly implications in the longer term—luxury brands need to remember their "secret recipe," which is more relevant than ever.

Veronika Vdacna
Global Business Director
Mindshare
Veronika.Vdacna@mindshareworld.com

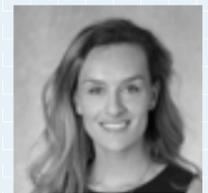


INSIGHT | Inclusivity

Today's luxury comes in rental, resale, and new

Before the global financial crash, people talked about style tribes, which were more exclusive. Now, because of social media, people think in terms of style communities, which are more inclusive and intersectional. People can move around based on their values, their moods—and are more open to trying different brands, different philosophies. New operations like The Real Real and Rent The Runway are thriving because today's customer often is comfortable with rental, resale, and new. That's a different behavior. This not a customer who is looking for something cheap; it is a person who will pay full price for an exclusive Gucci loafer, but buy vintage Valentino, and happily rent Prabal Gurung on subscription.

Stephanie Rickards
Strategy Director
VMLY&R
Stephanie.Rickards@yr.com



INSIGHT | Access

Luxury brand relationships are open to all

Enabled by social media, your product may not be for everyone, but your brand may be. Everyone can have a relationship with a brand on Facebook or Instagram without owning one item from the brand. To reach people who can own luxury products, it is important for brands to resolve any disconnect between what the brand believes its stands for and how people experience the brand online. That requires moving the high-touch experience from instore to online, making it easy to get help, check out, and return merchandise.

Whitney Krause James
Partner, Analytics Practice
Kantar
Whitney.Krause@kantar.com



The Consumer Categories

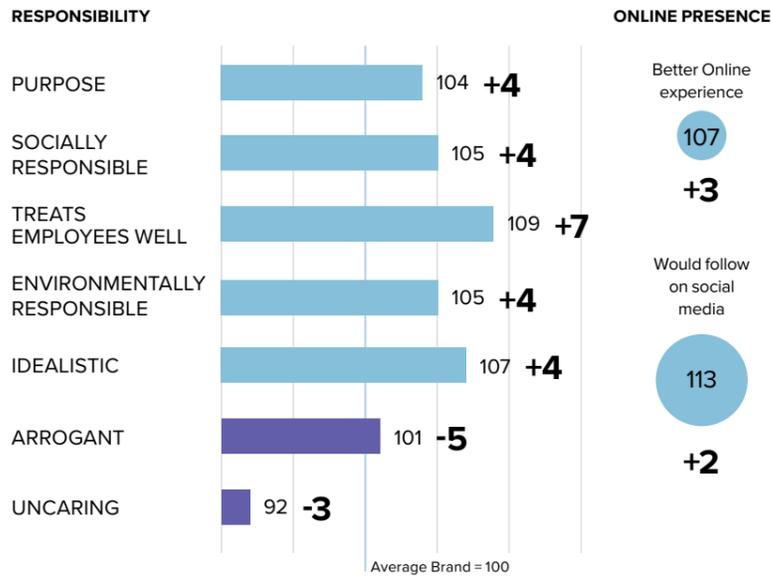
Luxury

BrandZ™ Analysis

Luxury brands seen as more responsible...

As luxury brands attempt to be more inclusive and appeal to a younger audience, they are perceived as more socially and environmentally responsible and less arrogant. In a related development, their online experience is improving.

Luxury Top 10 2015 to 2019



Source: BrandZ™/Kantar

GUCCI

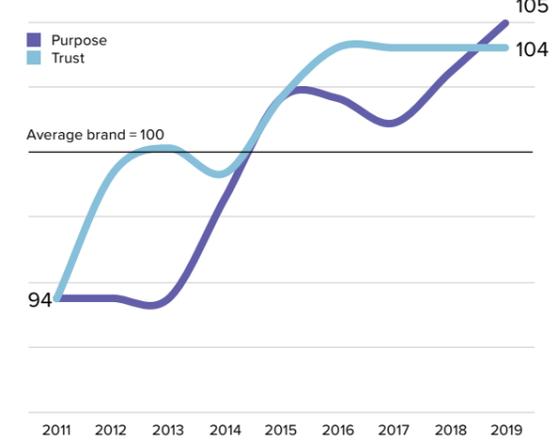
... Gucci revitalizes and becomes more trusted...

Gucci was among the leaders in trying to make the luxury category more inclusive with its introduction of bold colors and new creative ideas. The brand has become more aspirational, and consumers see Gucci as more Meaningfully Different. Its scores in Purpose and Trust have also increased.

2011 to 2019



PURPOSE AND TRUST



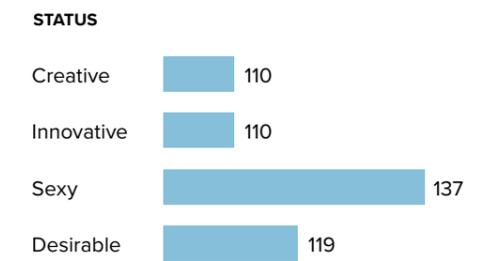
Source: BrandZ™/Kantar

CHANEL

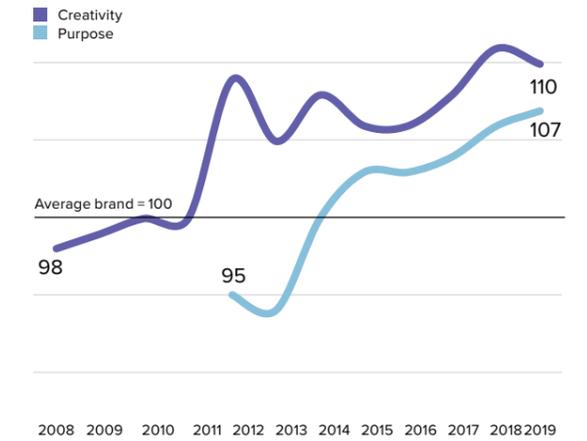
... Chanel continues to reinforce its strong heritage

Designer Karl Lagerfeld, who died in late 2018, left an indelible mark on Chanel, which consumers see as a highly desirable and sexy brand. Chanel's perception as a creative and purposeful brand has increased over the past decade.

2008 to 2019



CREATIVITY AND PURPOSE



Source: BrandZ™/Kantar

The Consumer Categories

Luxury

BRAND

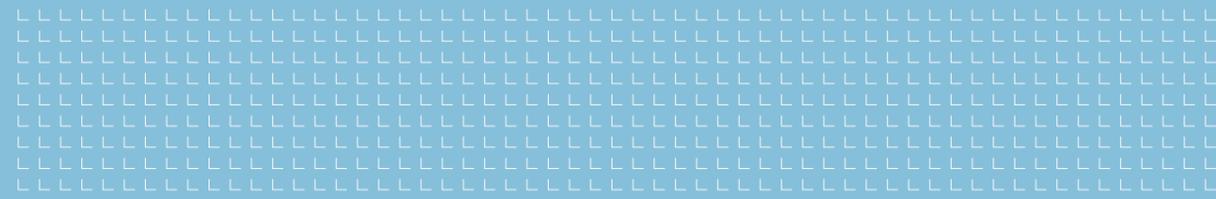
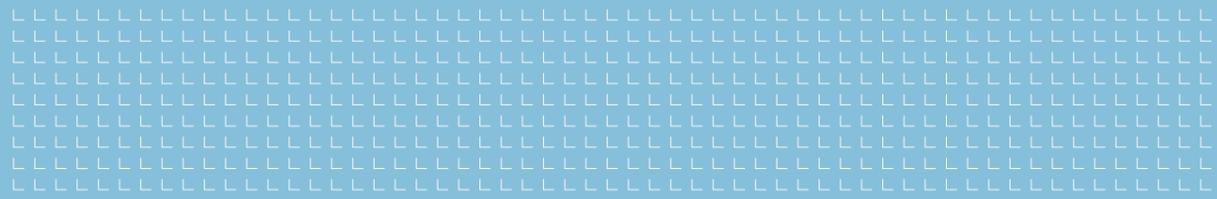
BUILDING ACTION POINTS

1 BE ACCESSIBLE BUT EXCLUSIVE
 Attitude is still important in luxury. But the attitude is changing from haughty to welcoming. Price still restricts the ownership of luxury to the privileged. But the opportunity to appreciate luxury is available to more people. Making the brand, if not all its products, accessible is the right thing to do, and makes good business sense.

2 BE IN THE RIGHT CHANNELS
 It is important to communicate using the right channels, especially to reach new, younger customers. In the West, luxury brands are typically on Instagram. In China, they are on WeChat or TikTok, known for its short video content. It also important to present the right message, which may not be a traditional brand ad, but rather content that is relevant to the audience and appropriate to the channel.

3 EXTEND THE LUXURY EXPERIENCE
 The luxury experience should not end at the door of the store. The brand experience needs to find expression online, during delivery, throughout the operation, at every touch point.

4 EXPAND ONLINE SHOPPING
 Personal shopping is still important to serve high-value customers, but it no longer means meeting them in a physical store, necessarily. Online social selling and personal shopping are becoming important growth drivers.



The Consumer Categories

Personal Care

Brands act responsibly in a "woke" category

Initiatives advance sustainability, inclusivity

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



Category Brand Value Year-on-Year Change

+2%

Category Brand Value 13-Year Change*

+104%

Personal Care Top 15 Total Brand Value \$127.4 billion

*Top 10 2006 vs. Top 10 2019



Personal care is "woke." In a category of brands known for struggling against commoditization and battling for shelf space, leading brands developed products and communications to limit their impact on the environment and advance a wider definition of inclusivity. Brands also responded to consumer concerns about the impact of products not only on the planet, but on themselves.

Brands promoted natural ingredients and introduced technical innovations to

both personalize products for individual needs and simplify them to avoid time-consuming, multi-step regimens. Online start-ups, often from Asia, competed for consumer attention by sometimes stressing not only what natural ingredients their products contained, but also what chemicals were absent.

The idea of beauty continued to evolve, from an acceptance of physical appearance in all its variations, to a more holistic view incorporating health and wellness and recognizing gender fluidity. Related to the focus on beauty, skincare products drove the momentum of the personal care category. At the same time, sales volume softened in other sectors of the category, including shaving and oral care.

BRANDZ™ PERSONAL CARE TOP 15

		Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	L'Oréal Paris	28,376	26,107	+9%
2	Colgate	17,567	18,516	-5%
3	Gillette	14,150	15,358	-8%
4	Lancôme	12,245	11,274	+9%
5	Garnier	7,360	6,758	+9%
6	Nivea	6,814	7,394	-8%
7	Dove	6,514	6,020	+8%
8	Clinique	6,346	7,173	-12%
9	Estée Lauder	6,103	5,436	+12%
10	Shiseido	5,986	3,827	+56%
11	Pantene Pro-V	4,095	4,218	-3%
12	Olay	3,663	4,040	-9%
13	Crest	3,168	3,368	-6%
14	Oral-B	2,640	2,686	-2%
15	Head & Shoulders	2,415	2,490	-3%

Source: BrandZ™ / Kantar (including data from Bloomberg)

The Consumer Categories

Personal Care



INSIGHT | Responsibility

“Woke” category advances diversity, and sustainability

I'm struck by how “woke” the personal care and beauty sector has become, to its credit. We're seeing a meaningful focus on sustainability, ranging from packaging innovations such as Head and Shoulders' bottle made out of recycled beach plastic to product development like L'Oréal's efforts to create a low water usage shampoo. The beauty industry also continues in its efforts to be more inclusive in its marketing. Rihanna's beauty brand Fenty has become a lighthouse for the category and Milk Makeup is celebrated as much as for its products as for its ethos of diversity, inclusivity, and freedom. Being responsible and representative is no longer a nice to have – the public demands it and the personal care category has responded – delivering proof, not just promises.

Avra Lorrimer
Managing Director
Hill+Knowlton Strategies
Avra.Lorrimer@hkstrategies.com



Part of the general slowdown of consumer product goods, shaving and oral care also were affected by weakness in some key markets, like South America. In addition, these sectors were populated by mass market brands, which declined 4 percent in value year-on-year, while the luxury brands increased 14 percent, according to BrandZ™. Overall, the BrandZ™ Personal Care Top 15 rose only 2 percent in value, following an increase of 8 percent a year ago.

Sustainability and technology

In a major category sustainability initiative, Procter & Gamble Co., Unilever PLC, and Colgate-Palmolive Co. were among global companies partnering with TerraCycle, a New Jersey-based recycling company, to test an initiative, called Loop, to reduce single-use packaging with a recycling system designed to combine sustainability with convenience. Products are distributed in containers that are picked up from the consumer when empty and refilled.

Major personal care brands and retailers also participated in an effort to create common indicators for evaluating brand sustainability practices. Among personal care brands launching product innovations to promote sustainability were Head and Shoulders shampoo and Ren, a skincare brand. They introduced bottles made from plastic waste collected from beaches and the ocean.



INSIGHT | Trends

Sustainability and organic trends overlap

There is a difference between people looking to buy natural and organic products and those interested in sustainable products, although there is an overlap. If you're a new mom, you're looking to get products for your baby that are free of pesticides and harmful chemicals. You may or may not be concerned about whether the product is recyclable. In either case—natural and organic products or sustainable products—interested consumers are willing to pay a premium.

Bill Bayer
Managing Director, Team Unilever
Mindshare
Bill.Bayer@mindshareworld.com

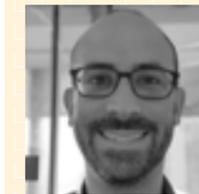


Other technical innovations improved product efficacy. At the 2019 Consumer Electronics Show, L'Oréal introduced a wearable called My Skin Track pH, designed to help wears anticipate, and prevent, dryness and other skin conditions. L'Oréal acquired Modiface, creator of augmented reality mirrors for applying makeup virtually in-store or with a smart phone app.

L'Oréal also introduced My UV Patch, a wearable sensor that monitors exposure to the sun. In a more discrete option, L'Oréal also offers a UV-monitoring fingernail decal. Using artificial intelligence to analyze uploaded photos, the Olay Skin Advisor app estimates the age of the user's skin and recommends a personalized product offering.

This type of technology, first introduced at the luxury end of the market, is quickly moving to mass. Even as the internet becomes a central destination for beauty consumers, mass retailers are attempting to become beauty destinations by resetting their beauty and personal care departments and including technological, value-added services to provide help and advice.

Brands have invested more in high-touch make-up-counter diagnostic tools not just for make-up colors, but also for skincare. Because it can be difficult to create this experience in traditional retail outlets, some of the consumer package goods companies are creating pop-up stores that feature this technology.



INSIGHT | Purpose

Purpose becomes embedded across the brand business

Sustainability is absolutely on the roadmap for our clients. They know there's an audience that will expect to see those products on the shelf. And they know that as a category leader they need to have these products. But they're not going to talk much about sustainability. Instead, they're giving priority to other trends around personalization and purpose. More brands are identifying what the brands stands for. Sometimes purpose closely relates to their products. Other times purpose is about how they want consumers to think about the brand, to create stronger memory structures and be the brand of choice. These are multi-year communication strategies that touch all aspects of the business, from marketing and advertising, to product development, supply chain management, to relationships with government and other influencers.

Charles Singer
Managing Partner
Mindshare
Charles.Singer@mindshareworld.com



Personalization and simplification

Meanwhile, larger brands are encountering start-ups with direct-to-consumer models that provide access to data, an unfiltered line of communication to their consumer, and the opportunity to create narrowly personalized skin-care regimens.

Typically, challenger brands are better able than large brands to gather rich data from consumers and find opportunities in hyper-personalization because the cost on a mass scale is so high. But even for challenger brands it can be difficult to find the relevant and useful insights buried in enormous amounts of data.

Many of the challenger brands, particularly in skin care, originate in South Korea. Paradoxically, these brands often introduce complicated, multi-step skin care processes at a time when time-pressed consumers are attempting to simply their lives.

Some of the large luxury brands are creating products that attempt to resolve this tension between hyper-personalization and simplification. Clinique recently launched a hydration system, called Clinique iD, that includes several moisturizers to which the consumer, choosing from one of five cartridges, adds the formulation that matches the specific skin need.

The Consumer Categories

Personal Care



INSIGHT | Purpose

Sustainability, a global trend, varies by region

There is a shift from mission to purpose. It's more about the people, product, and the planet. Brands are asking, what is the purpose of the brand, beyond just the commercial purpose, to drive emotional connection and brand preference? Consumers expect more from brands now than just the products they are delivering. In a related trend, naturals are on the rise. It's about concern with ingredients, both what's in a product and what's not in a product. Sourcing has also become much more of a concern. These are global trends, although there is less concern about sustainability in Latin America, probably because of economic pressures. In other words, it's great to care about the earth when you're not worrying if you'll have enough money to make it through the week.

Ellen Pace
Global Managing Director,
Professional, R&D
Red Fuse
Ellen.Pace@redfuse.com



This innovation potentially reduces packaging and the number of variants on a retail shelf. Reducing shelf packaging and presence even more are super-simplified products that promise to take care of all skincare problems for a super-premium price. Also, some startups are introducing simplified products appropriate for variations in types of hair within ethnic communities or within mixed households.

Expanding diversity

Garnier and Dove benefited from the consumer concern with skincare as an aspect of overall wellness. In addition, changing visions of beauty emphasized cleaning and maintaining skin, and accepting naturalness, rather than covering up perceived imperfections with makeup.

While brands continued to express their commitment to diversity by extending the ranges of products to encompass myriad variations of skin and hair type, they also widened their embrace of diversity to include transgender models and online influencers representing many different ethnic backgrounds.

Revealing how the personal care category is changing, the start-up Fluide calls itself "makeup for him, her, them, everyone." Similarly, Billie a women's razor brand, received favorable reviews for ads that showed women actually shaving body hair, countering the practice of promoting women's hair removal products by showing only smooth, hairless skin.



INSIGHT | Ingredients

Consumers drive the conversation about ingredients

The concern with organics and natural ingredients is more about the impact on me than the impact on the planet. People are less trusting about ingredients for several reasons. In some instances, the safety of ingredients in major brands has been called into question. Also, there's more noise. Smaller brands are coming in saying we're free from all this stuff, which makes consumers wonder about what's been in the products they've been using. In the past, manufacturers were telling consumers what to use. Now, consumers are telling manufacturers what they want. Brands are designing themselves around this input.

Erica Williams
Director, Consumer Insight,
Worldpanel Division
Kantar
Erica.Williams@kantarworldpanel.com

KANTAR

Balancing on social fault lines of social change sometimes produced controversy, as when Gillette entered the conversation around changing ideas of masculinity. In a well-intentioned attempt to associate with contemporary views of masculinity, the brand revised its strapline from "The best a man can get" to "The best a man can be."



INSIGHT | Trends

Pricing moves to both ends of the market

There's a bifurcation happening in personal care, just as in other CPG categories. At the upper end a big shift we've seen is toward sustainability and purpose, with the introduction of products in premium-feeling reusable containers. It remains to be seen whether consumers are willing to take the extra step and return the product, but the reduction in packaging and transportation impact on the environment is promising. Younger consumers in particular are gravitating toward purpose-led shopping, choosing premium products which reflect their values. Simultaneously, we also see more consumers shopping in value channels and browsing online to get the best price. While disposable income is a factor, even consumers with more resources navigate freely from one end of the price spectrum to another. Brand managers need to take a hard look at their portfolio to determine which brands, lines and packs belong at which end of the market.

Jennifer Bender
Vice President, Futures Practice
Kantar, Consulting Division
Jennifer.Bender@kantar.com

KANTAR



INSIGHT | Packaging

Reduced packaging complicates brand communications

As the move toward sustainability reduces packaging, brands may have to strip back on the canvas used to promote and educate at the point of sale. How will brands effectively communicate and stand out from the competition when the canvas is radically different, if not non-existent? As people shop in a physical store, and increasingly narrow their search to Amazon's Top 10 results, the way the packaging is modified to stand out in those environments will be important.

Liam Gibbs
Business Director
Mirum
Liam.Gibbs@mirumagency.com

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INSIGHT | Retail

Physical stores deepen experience with beauty brands

In this digital world, the role of a physical store has shifted to become a hub for exploration and experience. For beauty, this is exciting territory. Stores are turning into playgrounds for entertainment, stages for industry launches and speakers, and labs to experiment in. Personalized experiences, customized services, and digital features extend to the store, furthering the community connection that already thrives on social media. Disruptor brands like Glossier use stores to unite their tribes. It's where fans gather, ideas are shared, and social currency is generated through selfie moments.

Michelle Smith
Business Director
FITCH
Michelle.Smith@fitch.com

FITCH

The Consumer Categories

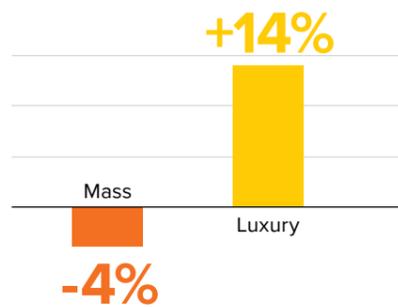
Personal Care

BrandZ™ Analysis

Luxury personal care brands drive value...

The luxury brands drove the year-on-year 2 percent value growth of the personal care category, rising 14 percent compared with a 4 percent decline for mass brands, which were part of an overall decline in consumer products spending.

Luxury vs. Mass | Value Growth



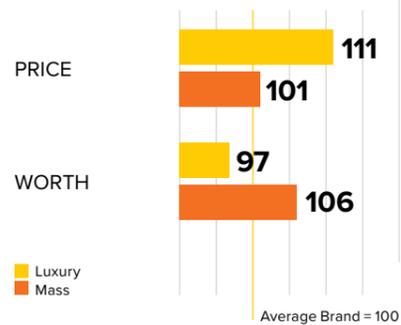
Average Brand Value Growth 2019 vs. 2018

Source: BrandZ™/Kantar

... Luxury and mass brands serve opposing needs ...

Luxury and mass personal care brands serve opposing needs. Seen as Different, Desirable, and Sexy, luxury personal brands deliver style but are rated lower on Worth, or value. In contrast, mass personal brands, viewed as Meaningful and Purposeful, deliver value and score higher in Worth.

Luxury vs. Mass | Appeal



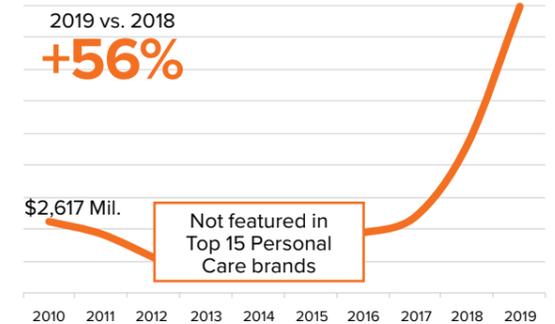
Source: BrandZ™/Kantar

SHISEIDO

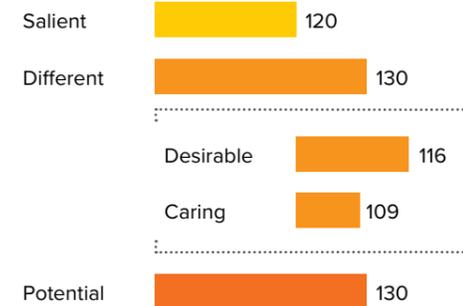
... Shiseido leads value growth

Increasing 56 percent in value, Shiseido far outpaced the value growth of the personal care category overall. The Japanese brand has led the growing popularity of Asian brands in the West. Shiseido's high Salience amplifies its Difference, which has both functional and emotional aspects shown in its brand personality. Shiseido's strong Potential score indicates that its value growth pace should continue.

Value Growth and Potential



Status



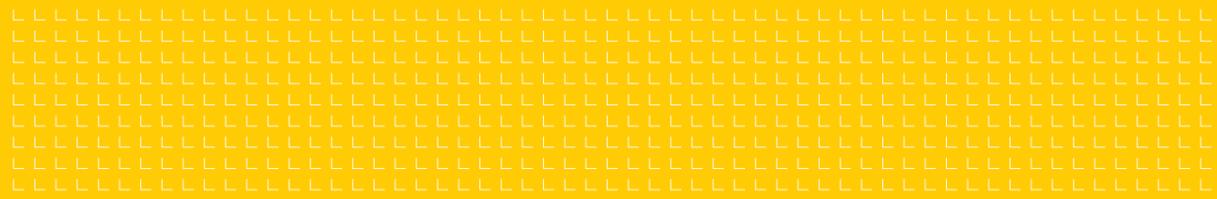
Source: BrandZ™/Kantar

The Consumer Categories

Personal Care

BRAND BUILDING ACTION POINTS

1 **HAVE A PURPOSE**
It is not necessary to communicate a higher purpose, but the consumer will expect the business to be driven by some direction other than making money alone.



2 **LOOK OUTSIDE THE CATEGORY**
Look outside the category for new ideas. Look at food, at healthcare, and particularly at technology brands that are harnessing data responsibly to meet consumer needs in a more personalized way. Be transparent and offer a fair value exchange.

3 **EXPLORE AI**
Explore greater use of artificial intelligence, in collaboration with social media partners, as a way to engage, entertain, and educate consumers who are looking for advice about beauty and personal care. These are additional touch points to build—and monetize—consumer relationships.

4 **ACCEPT COMPLICATION**
There is no one-size fits all. Brands are attempting to simplify and personalize their products, while also reducing their environmental footprint. Some consumers are willing and able to pay a premium for these benefits.

5 **LEARN DIFFERENTLY**
Incubate. Experiment on a small scale. The major brands have much more data than the start-ups and should have a clearer picture of emerging consumer trends and an informed point of view. The opportunity, compared with an ankle-biter brand, is to use those insights to build scale.

6 **KEEP CALM AND CARRY ON**
Learn from the ankle-biter brands, but do not overreact. Panic is not a productive reaction and overcorrecting can be costly and wasteful. Focus on the brand's core strengths and build community around those. More and more online start-ups are moving into physical retail, which suggests that where big brands began is not such a bad place to be.

7 **INNOVATE**
Innovation is critical. It is also a buzzword, its meaning diluted from overuse. Do not abandon innovation but reframe thinking around innovation. Start with thinking about the future of your category and your consumer. Have a vision of where the brand needs to be in two or three years. The right approach for getting there depends on the company ambitions, internal mandates, structure, and appetite for disruption. Possibilities include incubators, partnering with a start-up, and co-venturing opportunities.

The Consumer Categories

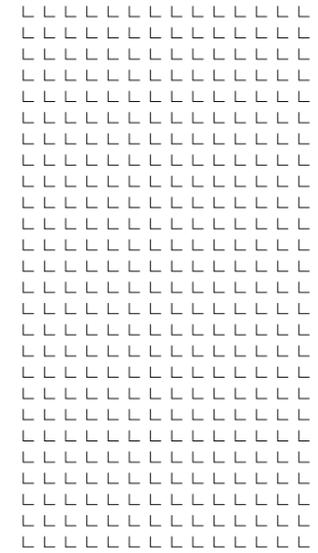
Retail



Retailers reduce friction through their ecosystems

Digitization transforms the shopping experience

The retail category includes physical and digital distribution channels in grocery and department stores and specialists in drug, electrical, DIY and home furnishings. Amazon appears within retail because it achieves more than 80% of its sales from retailing.



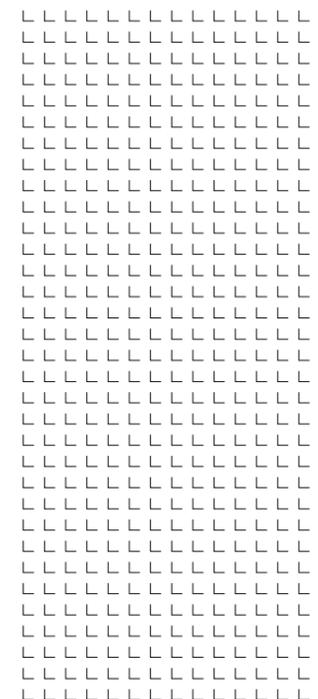
Category Brand Value
Year-on-Year Change

+25%

Category Brand Value
13-Year Change*

+378%

Retail Top 20
Total Brand Value
\$721.0 billion



*Top 10 2006 vs. Top 10 2019



To meet—and shape—consumer expectations for frictionless shopping, retailers rebalanced and integrated their online and offline operations. Walmart, with a legacy of physical stores, invested in improving online presence, and e-commerce leaders Amazon and Alibaba added physical locations.

Walmart sold a majority stake in its Brazil operation of around 270 stores. The retreat from Brazil, which Walmart entered in 1995, was part of a deconsolidation process in which big-store retailers reduced their physical footprint and reallocated the investment to strengthen their online capabilities. Walmart integrated knowledge gained from its e-commerce acquisitions—Flipkart, in India, and Jet in the US—and its alliance with JD in China.

BRANDZ™ RETAIL TOP 20

			Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	Amazon		315,505	207,594	+52%
2	Alibaba		131,246	113,401	+16%
3	The Home Depot		53,507	47,229	+13%
4	Walmart		36,801	34,002	+8%
5	Costco		21,282	18,265	17%
6	JD		20,609	20,933	-2%
7	IKEA		18,949	17,481	+8%
8	Lowe's		14,964	13,111	+14%
9	ALDI		14,692	13,785	+7%
10	Ebay		11,511	14,829	-22%
11	7-eleven		9,318	9,227	+1%
12	Walgreens		9,220	8,842	+4%
13	Tesco		9,157	9,079	+1%
14	Whole Foods		9,101	7,088	+28%
15	Lidl		8,847	8,219	+8%
16	CVS		8,759	8,450	+4%
17	Target		8,337	7,620	+9%
18	Woolworths		7,045	6,880	+2%
19	Carrefour		6,128	6,607	-7%
20	TJMaxx		6,010		NEW

Source: BrandZ™ / Kantar (including data from Bloomberg)

The Consumer Categories

Retail



INSIGHT | Discounters

Disruption improved competition

The twin challenges for grocery retailing continue to be the rise of online and, more fundamentally, the rise of discounters. They have an impact in many markets. In the UK, for example, they disrupted higher-margin competitors and tripled their market share in the last 10 years. The response of retailers has been to get a lot sharper on price. The discounters also changed the notion that you either had cheap or you had quality. Discounters have been able to offer low price and high quality. And it has resulted in higher quality, better merchandised, own-branded products from other grocery retailers. Retailer own-label allows the grocery chains to express more of their individual personality.

Fraser McKeivitt
Head of Retail and Consumer Insight
Kantar
Fraser.McKeivitt@kantar.com

KANTAR

Meanwhile, Amazon, which invented e-commerce, doubled down on Whole Foods, the grocery chain that it purchased in 2017. Amazon announced that it would open more Whole Foods stores, lower prices, and introduce the free rapid delivery that it already offers to Prime members in certain cities. Whole Foods operated around 500 stores, primarily in the US. Amazon also continued the slow rollout of Amazon Go, its food stores with technology that eliminates checkout.

The online and offline retail worlds converged most rapidly in China, where Alibaba and JD have acquired or affiliated with chains of physical stores. To advance its notion of New Retail, Alibaba incorporated the digital shopping experience of its Hema supermarket into the roughly 400 RT-Mart and Auchan supermarkets that it purchased in 2017.

At the same time, the disruptors themselves, Alibaba and JD, experienced some disruption with the appearance of new price competition. Pinduoduo, an online site known to Chinese consumers for group purchasing at discount prices, was expected to gain around 7 percent of the e-commerce market this year, according to Kantar. The brand successfully listed on NASDAQ during the summer of 2018.

A 25 percent increase in value made retail the second-fastest rising category in the BrandZ™ Global Top 100 ranking.



INSIGHT | Convenience

Misunderstood: Convenience and shopping

Convenience is an interesting word. The mental leap everyone makes is that convenience is about time. That it's about the fastest shopping experience. If that were true, 7-Eleven would be the world's strongest retail brand. So, what's missing from that equation? Everyone thinks that people spend two things on a shopping trip: money and time. Our research says they spend three things: money, time, and energy. Convenience, defined by the ability to do it now, will increasingly be table stakes. "Now" is not the issue. We can get things done "now." The issue is how much energy it takes. The problem Amazon has solved is not about money or time. It's about energy. Consider the two-income household with a mother, in her forties, who had children later in life. It's 9:30 at night. She's worked all day and just put the kids to bed. She may zone out on the couch in front of the TV, but knows she needs to do the family shopping. Taking out her smartphone, she grocery shops on Amazon. In creating this low-energy, friction-free shopping experience, Amazon solved the energy crisis. And it raised the bar for retailers. In a world of Amazon and Alibaba, retailers cannot create friction and succeed.

Bryan Gildenberg
Chief Knowledge Officer
Kantar, Consulting Division
Bryan.Gildenberg@kantar.com

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Without the strong performance by Amazon, up 52 percent, the retail category increased around 9 percent, more than the rise of the BrandZ™ Top 100 overall, which suggests that retail brands responded effectively to changing category dynamics and consumer trends.

Western retailers learn from China

The growth of e-commerce and the shift in consumer shopping habits continued to impact the supermarket chains. Operators struggled to keep up with changing consumer expectations of convenience, which supermarkets first satisfied with giant, well-assorted stores, and then modified by adding smaller locations closer to where people live.

In China, some supermarkets partnered with e-commerce giants and divided the footprint of their stores into a reduced retail area and a distribution center. This development improved the productivity of the retail space and enabled the e-commerce partners to shift from a hub-and-spoke distribution model to a constellation of smaller centers located closer to the customer.

France's Carrefour partnered with Alibaba competitor Tencent, China's giant online platform, to open a supermarket similar to Alibaba's Hema. Hema is a supermarket, primarily devoted to fresh foods, that also serves as the distribution center for delivery orders. Customers can



INSIGHT | Efficiency

Efficiency remains key to satisfaction

Efficiency remains very important. Even though ALDI and Lidl are nimble and run much slimmer ranges, they've got consistency both in layout and design across their stores and are merchandised in a way that makes things efficient for shoppers and staff alike. Regardless of how much floor space a store has, it's important not to confuse customers or make their shopping experience laborious. We're increasingly busier, time-poor people, and the concept of supermarkets and big stores have fallen out of favor, compared with smaller stores that are more time-efficient and offer a better experience. We love shopping, but how many people want to spend multiple hours in a supermarket, over more enjoyable social activities?

Matthew Botham
Strategic Insight Director
Kantar
Matthew.Botham@kantar.com

KANTAR

shop and check out using their mobile phones. Because the store inventory is perpetually updated, they can also receive real-time promotions.

To gain better economies of scale, Carrefour also formed a global buying alliance with UK-based Tesco. Tesco revamped its range, in part to sharpen price points and better compete with the hard discounters, ALDI and Lidl, both Germany-based chains. Although the hard discounters were best known for their sharp pricing on narrow ranges of merchandise, often private label, they also excelled at fresh food.

Excellence in fresh food was an important competitive advantage because of the current consumer preference for healthier eating. Tesco launched a chain called Jack's, which imitated the deep discounters in size, limited range, minimum merchandising, and emphasis on freshness. China provided a distinctive example of meeting the need for fresh foods with the Hema chain of supermarkets known for the freshness of its fish, meat, and produce.

Competitive pressure

Competitive pressure increased for non-food retailers. With the introduction of more private label merchandise in apparel and home categories, Target continued to distinguish itself as a destination for affordable style. But that positioning made the chain vulnerable to specialists in some of its core categories.

The Consumer Categories

Retail



INSIGHT | Experience

Retailer brands connect quality and affordability

Own-label brands indicate a larger trend among retailers who decided to make something that was both affordable and beautiful. They're saying it will feel like luxury. We've gotten rid of the middleman, and we're going to send this product directly to you, with this brand experience that you'll fall in love with. The Tesco's of the world are trying to use design to say that the products may be cheap, but they're good. Brands like Warby Parker and The Ordinary are saying you don't need to choose anymore between cheap and luxury. IKEA makes a related point. IKEA has always been a democratic brand. Regardless of income level you could have access to furniture and we will actually guide you and give you a related experience. With its design store, IKEA is creating a democratic access point. Design consultation is now for the many, not just the wealthy few.

Nykeeta Tish
Business Director
FITCH
Nykeeta.Tish@fitch.com

FITCH

Price competitors like Home Goods impacted home décor, and TJ Maxx hurt fast fashion business, which also felt the impact of changing consumer attitudes about sustainability that impacted fast fashion brand like H&M. A newcomer to the BrandZ™ Retail Top 20, TJ Maxx appealed to customers with sharp prices on branded merchandise. An ever-changing product range added a treasure hunt element similar to the shopping experience at Costco.

With its expansive focus on home decoration, Lowe's, the US home center chain, was somewhat more vulnerable to home décor specialists than its chief competitor, The Home Depot, which receives a large proportion of its sales from contractor customers. To improve results, Lowe's announced that it would close underperforming stores and exit the smart house category.

Like The Home Depot, Lowe's was relatively protected from the impact of Amazon and other online merchants. Along with selling individual items, easily purchased online and delivered, they relied on selling home improvement projects that included multiple products from across departments, along with extensive consultation.

IKEA enjoyed similar protection from the growth of e-commerce and continued to depend on its enormous physical stores. However, to align better with rapid shifts in culture and customer expectations, especially the desire for greater convenience, IKEA announced changes. Like some other large-footprint



INSIGHT | Sourcing

Retailers race to win global sourcing crown

Digital retailers grab attention for their innovative approach to promotions, be that Alibaba's Singles' Day or Amazon Prime's incentives. These activities conceal the upheaval sweeping across global sourcing where smart manufacturing connected to consumer demand will determine winners and losers. This upheaval can be seen by looking at the failed merger of UK supermarkets Asda and Sainsbury. This merger had a global dimension harking back to Walmart, which purchased Asda over two decades ago. Walmart has been trying to make a big play to revolutionize global sourcing and logistics in an era where speedy order and delivery models are gaining consumers and investors. A global race is developing between Walmart, the world's largest global sourcing specialist, and newcomers, including Amazon and Alibaba. Had the Sainsbury's merger been approved by authorities, Walmart would have gained some advantage in connecting local consumers to global sourcing in this revolution. The takeaway? We're now in a global race where giants are revolutionizing their capabilities on sourcing products from anywhere and then being as efficient as possible in getting those products to consumers everywhere.

Ray Gaul
SVP Retail Insights, EMEA
Kantar, Consulting Division
Ray.Gaul@kantar.com

KANTAR

stores, IKEA plans to repurpose some of its space to serve as a distribution point for local deliveries. Having grown into a chain of almost 400 stores, mostly in suburban locations, IKEA expects to follow the migration back to cities with smaller, design stores.

Also reflecting the way young urban people live today, sometimes preferring sharing over ownership, clicking for an Uber rather than driving a car, IKEA tested a furniture rental program. The move into rental also reflects the brand's intent to advance sustainability with improvements to its stores, products, and production processes. To increase convenience, IKEA will expand delivery. It operates an installation service, having acquired TaskRabbit, an online services marketplace, and it owns a major stake in the North American kitchen installer Traemand.

Meaningful Difference

In the increasingly complicated retail category, the BrandZ™ Retail Top 20 were positioned at the intersection of Meaningful (meeting needs in relevant ways) and Difference (being unlike competitors, setting trends) two important BrandZ™ contributors to brand equity, and they achieved Meaningful Difference in one of two ways, according to Kantar.

They either created relatively simple but highly controlled and well-executed businesses, like Costco, the warehouse store operator. Or they operated more complex businesses that found ways to offer a rich experience and deeper



INSIGHT | Direct-to-Consumer

New Retail data attracts old suppliers

Amid the disruptive trends impacting the retail category, we're also seeing manufacturers trying to become retailers themselves. One example is Coca-Cola buying Costa, the UK chain of coffee shops; another is Pepsi buying SodaStream. Of course, Pepsi owning a device for making carbonated beverages at home cuts back on packaging and advances sustainability. But these acquisitions also relate to New Retail and the need to own the end-to-end experience and have data on the customers and sell them stuff directly. And they are part of a shift from transactional value to customer lifetime value.

Rob Sellers
Managing Director
Grey
Rob.Sellers@grey.com

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relationship beyond transaction, such as the advice about home improvement projects offered at The Home Depot and Lowe's.

According to Kantar, the most successful retailers have achieved a balance of low friction and high engagement, which is an imperative in a category transformed by Amazon and Alibaba, Nos. 1 and 2 in brand value in the BrandZ™ Retail Top 20. This analysis attributes the success of Costco in part to well-designed stores in which customers can navigate without friction through low-engagement departments, like food, and spend time with high-engagement products like books or wine.

In another broader theme, many retailers are becoming more complicated financial entities, engaged in business across categories. Amazon, which has grown 1,382 percent in value of the past decade, according to BrandZ™ analysis, derived significant revenue from AWS, its market-leading cloud computing company. The purchase of the insurance company Aetna moved CVS deeper into health care.

Ultimately, retailers are attempting to be everywhere, online and offline. A new illustration of this phenomenon appeared as a four-story store called Showfields in a trendy area of downtown New York. In a marriage of a traditional, even troubled branch of retail, the department store, with the serendipity of online shopping, Showfields has created a space where consumers can experience online products, and direct-to-consumer brands can be seen, shopped, and photographed for Instagram.

The Consumer Categories

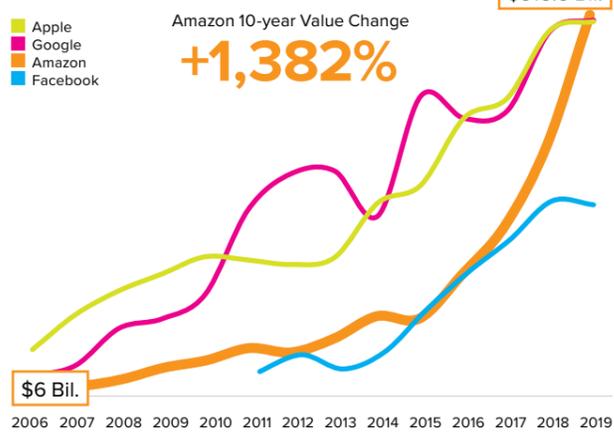
Retail

BrandZ™ Analysis

Amazon drives retail category growth...

Amazon continues to gain the majority of its revenue from its retail business, although it competes across categories with leading technology brands, both in consumer and business-to-business sectors. Over the past decade, Amazon has increased in value 1,382 percent, exceeding the growth rate of any competitors.

Amazon | Brand Value Growth

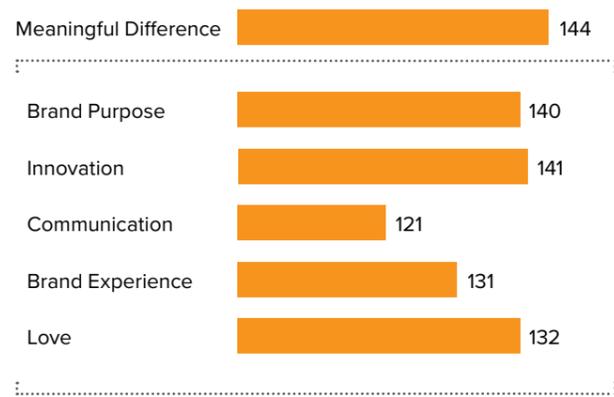


Source: BrandZ™/Kantar

... Brand strength makes Amazon a disruptor

Amazon is strong in all five key elements of brand health—Brand Purpose, Innovation, Communication, Brand Experience, and Love. The brand's strength influences how Amazon products and services are perceived. For example, consumers rate Amazon's smart speakers more Meaningfully Different than comparable products from Apple and Google.

Amazon | Disruption



Source: BrandZ™/Kantar



INSIGHT | Curating

Retailers must help consumers to be their best

Brand equity is not what it used to be, both in terms of what contributes to equity and what equity contributes to consumer choice. It continues to be important, but the historic positive impacts of brand on consumer choice—quality, consistency, ubiquity—now share importance with a slew of new attributes. People are seeking out the new, novel, interesting—thus the rise of unknown brands that suddenly go viral and the multitudes of others that do not. Retailers that want to matter today need to embrace this change and return to their curating roots. They've got to give their customers a sense of discovery every time they shop with them and help facilitate the customer's ability to feel and show off that they're in the know. Brands have to help customers not only live their best lives, but also to help them signal it on Instagram.

Wayne Pan
Senior Consultant
Kantar, Consulting Division
Wayne.Pan@kantar.com

KANTAR

The Consumer Categories

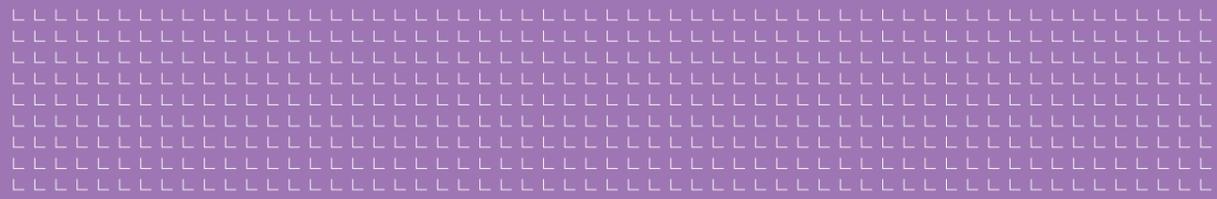
Retail

BRAND

BUILDING ACTION POINTS

1 HAVE A PURPOSE

When a retail brand has a purpose, when it says this is what I stand for, that assertion should not appear just in marketing materials. It should show up in everything: how the brand chooses real estate, how it designs its stores and website, how it edits its offering of products and services, how it hires and trains employees. Start with the customer at the heart of the business. Build the experience around that and communicate about the experience. Let consumer know what the brand stands for.



2 LEVERAGE THE PHYSICAL STORES

Physical stores have a role. But give people a reason to show up. If customers can get everything online, why would they visit the store? The stores need to be clean and beautiful and make people feel good being in them. And the people working in the store need to understand how important they are to the enterprise. Contact with people is not something that happens on a computer.

4 REMOVE ALL FRICTION

Meet heightened consumer expectations. When people purchase online, they want to be able to make a return to the physical store. And if they buy something in the store, they want the option of returning it by mail.

6 BE PRESENT AT THE MOMENT OF TRUTH

This is standard advice, but the moment of truth has changed. It had meant communicating in the store, in front of the shelf, at the moment the customer was making the purchase decision. Now, the moment of truth may happen when the customer is holding a smartphone scrolling through Instagram and ready to click on purchase.

3 BE REACHABLE AND RELEVANT

Reachable and relevant used to be about having a store that was an easy drive and well located along the highway, with lots of parking. Today being reachable and relevant means different things. Reachable might mean same-day delivery, flexible order systems, or personalization.

5 MAKE SOME BETS

Test something at less than scale to see if it works. It requires an OK-to-fail mentality that propels some of the successful technology brands. It may require changing cultural assumptions about what success looks like. Retailers used to have a five-year vision about capital spending. Building more stores meant investments in property, road development, building construction. There is more nimbleness in planning and investment today. Do a limited test-and-learn. If it works, invest more money. If it fails, move on and invest in another idea.



WORLD RETAIL CONGRESS

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Exclusive insights from global leaders in retail



Some of the brightest lights in the global retail business gathered in Amsterdam for the World Retail Congress 2019, which focused on the theme “High Velocity Retail”.

David Roth, CEO of The Store WPP (EMEA and Asia) went backstage and interviewed some of the event’s most prominent and influential guest speakers.

Here we present highlights from some of those interviews. To watch them in full, visit:
<https://world-retail-congress-2019.tswpp.com/>

During the World Retail Congress 2019 in Amsterdam, WPP's David Roth conducted a series of video interviews with retail leaders from around the globe.

To watch them in full, just visit <https://world-retail-congress-2019.tswpp.com>. Interviews featured:



Arthur Huang
Founder & CEO
Miniwiz



Barbara Martin Coppola
Chief Digital Officer
Ingka Group



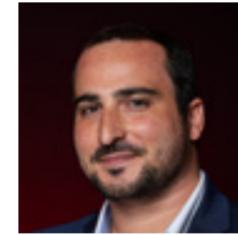
David Kepron
Vice President
Global Design Strategies
Marriott International



Deborah Weinswig
Founder & CEO
Coresight Research



Elaine Bowers-Coventry
Incoming Chief Customer
& Commercial Officer
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Sylvie Freud-Pickavance
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Value Retail



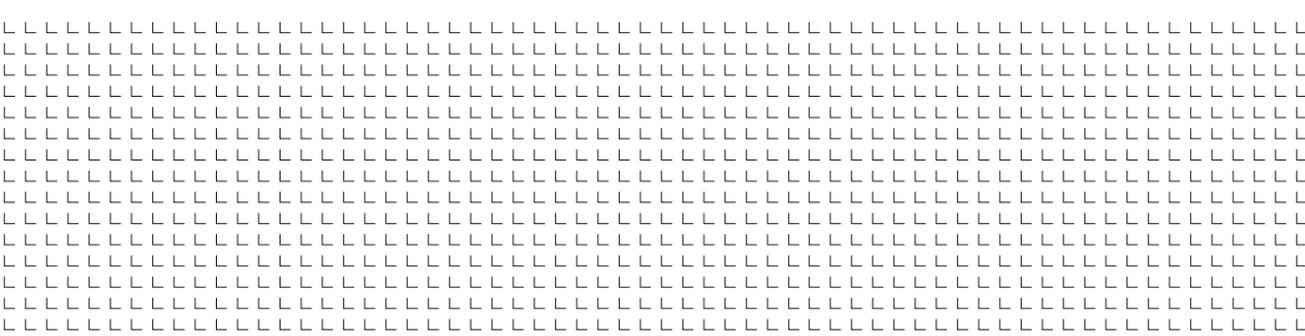
Thibaut Munier
Co-Founder &
Chief Operating Officer
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Trevor Phillips OBE
Chairman
Green Park



Wouter Kolck
CEO
Europe and Indonesia
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During the World Retail Congress 2019, WPP broadcast live highlights and key takeaways. To watch this insightful series, just visit:



Day 1
Digest Program
<https://bit.ly/2wHzfad>



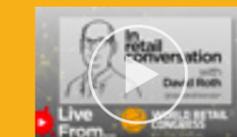
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Day 3
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Digital Native Brands

Rise of digital native brands adds intensity to competition

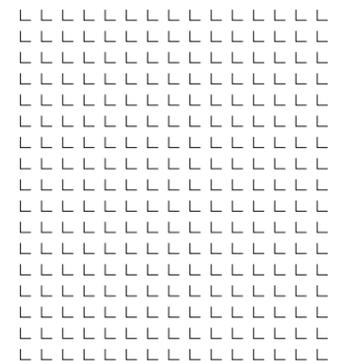
Winning in e-commerce requires the right skills, data, and partners

I was speaking recently with a client about the rise of digital native brands on marketplaces like Amazon. This gentleman leads global e-commerce for the brand, and happens to be from South Africa. He remarked, "There's an old African proverb that speaks to how major global brands are being affected by the rise of digital natives: 'A flea can trouble a lion more than a lion can trouble a flea.'"

This strikes at the heart of what is happening right now on the world e-commerce stage. While cross-border e-commerce has been around for more than a decade, Amazon's entrance triggered a step change. Amazon infused trade with trust through their "A-to-Z Guarantee", which protects shoppers buying from third-party sellers. And their super-fast Prime shipping in markets including North America and many European countries has transformed expectations of what's possible. Suddenly, disruption was and is everywhere, from Anker in consumer electronics, to Zinus in mattresses and Zhou Pharmaceuticals in supplements. Even more intriguing is that Amazon's CEO has admitted the growth is clobbering retail: "Third-party sellers are kicking our first-party butts, badly." Amazon's third-party platform and easy global distribution has unleashed what some of us refer to as a "dragon".

This begs the question, then: Is this the end of traditional brands? Hardly. Innovation and nimble evolution are popping up everywhere. Just a few months ago, "charcoal toothpaste" emerged as a hot new search term, with third-party brands as the only sellers. Now, though, I see products from category leaders like Colgate showing up in digital first. These are early forays, for sure, but brands clearly understand how to address this type of challenge head on.

At WPP's newly launched Center of Excellence for Amazon, a cross-agency consultancy focused on pulling together the strategies and people from across WPP to support clients, I've partnered with some amazing teams to launch strategies aimed at recovering share lost to newcomer brands. There are some common threads to these successes that other brands can use, not just to defend their share, but to win:

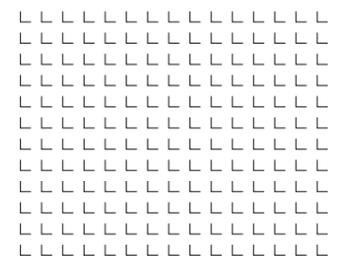


Eric Heller
Chief Knowledge Officer and Evangelist
WPP Amazon Center of Excellence
Wunderman Thompson Commerce
eheller@wundermancommerce.com



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Digital Native Brands

1

Take Digital Natives Seriously

Many brands still ask us to suppress digital natives (brands available only online) when we report on their competitive set, arguing that they aren't representative of "real" challengers. This is a mistake. These brands are real competitors and, with more than 90 percent of shoppers telling us they check reviews on Amazon regardless of where they are shopping, including in-aisle, most brands can't afford to ignore anyone showing in the top five to 10 search results, let alone someone standing in front of their premier product.

2

Organize for E-commerce

The skills needed to win in e-commerce are different even to those among top-flight marketing teams. Our partners CRC recently asked retailers which skills they were looking to hire for this year; "data analysts" were named by 47 percent –higher than the figure for any other kind of expertise. Our recommendation is to build a diverse e-commerce team reflecting the unique nature of the digital challenge, comprising:

- └└ **A strong, connected manager or senior manager with good analytical skills**
- └└ **Data analysts and site hygiene specialists**
- └└ **A supply chain/forecasting lead**
- └└ **A content/marketing lead**
- └└ **Product information leads**
- └└ **Brand and category leads**
- └└ **Promotions analysts**

3

Democratize Your Data

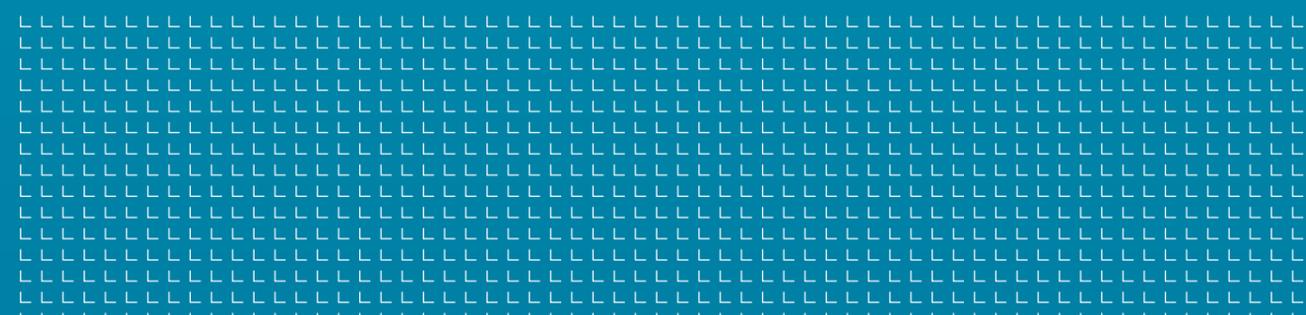
Imagine what you would have paid just a decade or two ago for data showing what every customer thought of your product. What about every term used to find your product (or your competitor's) when customers walked into a shop? Today, we get that in real time. Yet so many brands still view that as "just e-commerce data," when in fact this data is critical to disseminate throughout the organization. While it is undoubtedly important that e-commerce teams act on it, is it also going to product development? What about brand teams?

Finally, it is important to have the right partner. Working with Amazon, Alibaba and other marketplaces requires a unique skill set and approach. For this reason, WPP has established the cross-agency Amazon Center of Excellence (ACE) team out of Seattle, specifically focused on building and supporting brands in this space. ACE experts can work in collaboration with any agency team to provide both strategy and execution advice for even the most complex global engagement. Ask yourself: is your brand the lion or the flea?

For more info, please feel free to have your client team contact us at: info@wundermancommerce.com.



Our recommendation is to build a diverse e-commerce team reflecting the unique nature of the digital challenge.



Cars

The competitive landscape will become harder, more complex

Carmakers will need to depend on their best asset—the brand

Due to ongoing urbanization and macro-economic factors in developing markets, global automotive sales growth is expected to be positive over the coming 15 years, with growth estimated at 10-to-15 percent between today and 2030, according to several industry studies. This is good news is even better because of several factors that will contribute to cleaner, more sustainable, and more efficient mobility:

- LL This growth will help more people gain geographical and economical independence thanks to optimized mobility;
- LL The share of petrol and diesel vehicles will decline quickly as hybrid and electric vehicles gain in share. Several studies predict that 38-to-45 percent of global annual sales will be hybrid and electric vehicles by 2030; and
- LL Studies expect shared cars to reach 10 percent of global sales by 2030.

As I said, this is good news! However, large auto brands should be aware that the outlook is not all positive. Competition will be intense along the way. There will be three layers of competition—direct, indirect, and mobility providers. And each will require a specific plan of action.

Direct Competition

There will be strong direct competition from other large established auto brands on product, user experience, and distribution.

Product Over the last decade, most large auto brands have extended their range of vehicles across all segments. For example, premium brands are now also selling city cars and mainstream brands have developed their own high-end SUVs. As a result, the number of models available to choose from has never been so high.

User Experience With the growing importance of on-board technology, such as connectivity and automation, as well as external influences, like brand communities, auto brands are entering a new competitive field, focusing on the end-to-end user experience.

Distribution Ford and Hyundai, to name just two brands, as well as independent online sales companies, are starting to work on digitalizing part of the customer journey, including car configuration and ordering, test drives, and purchase confirmation. Clearly, the traditional automotive distribution model is challenged.



Guillaume Saint
Global Automotive Practice Lead
Kantar
Guillaume.Saint@kantar.com

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Cars

Indirect Competition

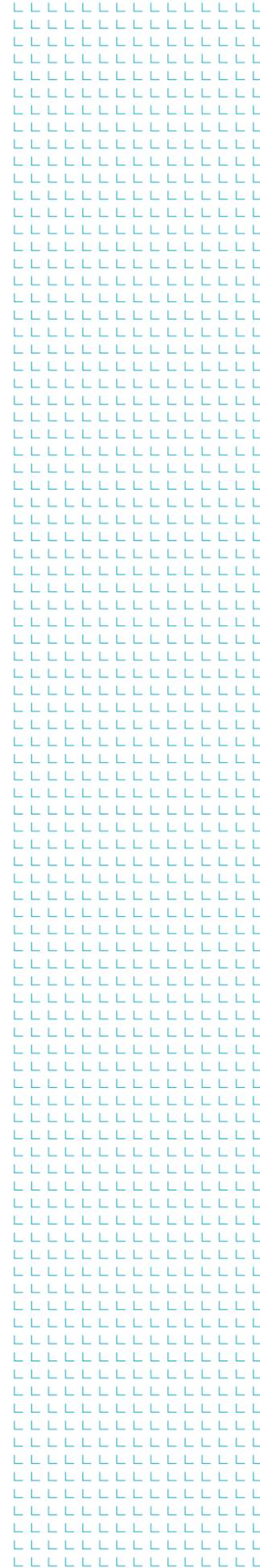
There will be indirect competition from new, agile brands. After 80 years of consolidation among auto brands, auto brands must now cope with the arrival of new, agile brands (some of which were born digital) such as Tesla (US), Byton (China), and Polestar (Sweden) in the premium segment, and Wey (China), LYNK & Co (China), VinFast (Vietnam) and Venuccia (China) for the lower segments. Some of these brands are still local, whereas others clearly have global ambitions. This new agile and innovative competition is forcing the traditional automotive industry to react, adjust, and ultimately to move forward.

Mobility Providers

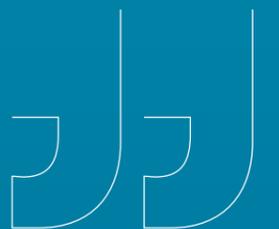
Leveraging the transition from car ownership to car usage, and powered by digital technology, mobility as a service is taking a fair share of commuter's travel time and budget. Relatively new operators such as Uber, Lyft, Car2Go, Free2Move, BlaBlaCar and many others are forcing established auto brands to think out of the box, address the mobility solution they provide through a different angle and innovate their business model to stay in the race.

Such a highly competitive context creates multiple mobility alternatives for the driver or the commuter, reducing "the share of mobility time" dedicated to traditional individual car. In this context, the strongest asset that auto brands can rely on is the brand. A brand that tells a story, a brand that engages both implicitly and explicitly, a brand that reassures, a brand that connects through its beliefs and its values, a brand that offers a unique and exciting experience, and a brand that is loved and respected. The brands that effectively build their customer value proposition on these criteria are the brands that will succeed in this context.

Once the winning strategy is defined, it is essential to keep messages consistent across multiple communication and experiential touch points to optimize return on investment. Interestingly, you'll see that auto brands ranked in the BrandZ™ Cars Top 10 are great examples of innovative, purposeful, and differentiated brands that inspire consumers and engage with their customers with a high level of clarity.



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Luxury

Elitism is not cool, as young people change cultural values

Product exclusivity can be effective, if matched with brand inclusivity

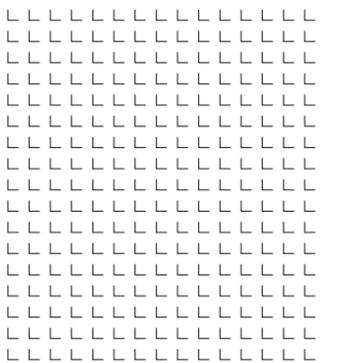
Perhaps since its inception, fashion has thrived off of exclusivity. The fashion industry, and luxury brands in particular, have been built around notion that we always want what we cannot have. And in alignment with the business tactic of strategic scarcity, the brand worlds created around these companies have long subscribed to entrenched codes of cultural exclusivity—advertisements featuring only certain privileged demographics, product presentation that discourages interaction, and salespeople with purposefully aloof demeanors. But what happens when the concept of exclusivity becomes culturally uncool?

Younger generations of consumers are actively rejecting conventional codes of exclusivity that convey an elitism that is at odds with their deeply held values. Today’s purveyors of cool are instead embracing inclusivity as both a core belief and a form of cultural capital. From racial inclusivity to gender inclusivity and everything in between, the most influential young people today are supporting each other, standing up for one another, elevating companies that align with their values, and calling out corporations that act problematically. The most successful brands among Centennials have embraced this sense of inclusivity, while those that have been slow to adapt are facing rapidly declining sales.

These consumer behaviors are well documented and widely discussed. And yet, established fashion and luxury brands have largely lagged behind other players, avoiding confronting the issues at hand and seemingly hesitant to take any action in this regard—perhaps trying to wait out the trend. However, this is not a trend. This is a fundamental

cultural shift in what drives desire among consumers; and fashion and luxury brands are not exempt from this cultural shift. To survive in a retail climate that continues to move at an unprecedented pace, these companies must ensure that they are keeping pace with the evolving mindset of new consumers, or risk outmoding themselves. The concept of inclusive luxury is here to stay.

As an established brand in the fashion or luxury space, the premise of attempting to change a fundamentally exclusive proposition into an inclusive one is understandably vexing. It is crucial to note that inclusive luxury is not akin to affordable luxury. The concept of affordable luxury defines a wave in the late 2000s, with brands that actually capitalized on conventional codes of cultural exclusivity while offering diluted quality product for lower prices. Instead, inclusive luxury speaks to bringing a sense of cultural inclusivity to the brand identity, communication, voice, and visuals—all while retaining product exclusivity as is core to the business strategy.

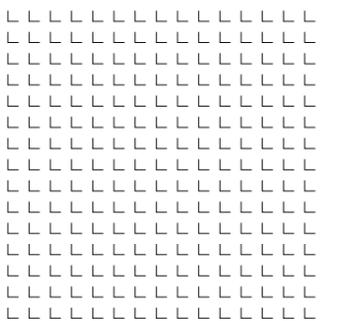


Anu Lingala
Strategic Director, Cultural Insight Consulting Division
Kantar
Anu.Lingala@kantarconsulting.com

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Luxury

Essentially, the key to this issue is simply that product exclusivity does not necessitate brand exclusivity; and that in fact product exclusivity in the context of brand inclusivity can be a winning combination.

The clearest example of this strategy being executed effectively is seen with Gucci's recent success. Over the past few years, the brand has seen double-digit growth far beyond its competitors, and half the brand's sales now come from Millennials. These results can be directly traced to the initiatives CEO Marco Bizzarri, who told FastCompany that, since his appointment in 2015, he actively sought to "move the company to be more inclusive." This has manifested in some of the industry's most diverse casting of models on runways and in campaigns, hiring of emerging and outspoken young female photographers like Coco Capitan

and Petra Collins, taking a strong stance for gun control, and collaborating with previously disenfranchised individuals like Dapper Dan. Bizzarri's strategy also informed the overall attitude of the brand: "We needed to start seeing luxury as creating beautiful, unique products. It doesn't mean that when you enter a shop, the shop assistant looks you up and down to see whether you are able to afford our bags. The approach should be welcoming and smiling in a genuine way that is not forced, because this is the way to be inclusive in the end."

Gucci has undoubtedly made significant strides in evolving its brand, and this is arguably seen most clearly in its response to inevitable critical call-outs and consumer backlash. Instead of issuing specious PR apologies, the brand is transparent with consumers about its mistakes and takes concrete

actions to correct its behavior. In this type of response, we see proof of a brand that is working to integrate inclusivity at a foundational level. This level of accountability is arguably the most vital element in creating a truly inclusive brand, and perhaps the most challenging. Before embarking on a journey to evolve a brand to be more inclusive, it is imperative that the company is prepared to engage fully with the sociocultural issues and values of its consumers, or otherwise risk falling prey to call-out culture and being ostracized by the very consumers it sought to connect with. It is essential to understand that inclusivity cannot work as a superficial business strategy, and instead requires a fundamental cultural shift. This is certainly not an easy shift, but Gucci's path offers evidence of the lucrative unlocked potential behind the concept of inclusive luxury.



The key to this issue is simply that product exclusivity does not necessitate brand exclusivity; and that in fact product exclusivity in the context of brand inclusivity can be a winning combination.



Personal Care

Woke category has led the way brands respond to social change

Personal care brands help shift cultural perceptions

Over a decade ago a humble soap brand ran a series of ads featuring women of all ages, colors, shapes, and sizes well before diversity became a buzz word, and certainly before it became a business imperative. Fast forward a few years and another personal care brand, Always, launched #likeagirl heralding a new age of marketing, inviting other brands to support female empowerment in a meaningful way.

Beauty, which sits firmly in the personal care category, has always had the confidence to go beyond the cosmetic, whether it was Estée Lauder bringing breast cancer support to the forefront, MAC having the courage to fight the stigma of AIDs, or Body Shop opposing animal testing way before vegenuary was a thing.

Even though personal care products are relatively inexpensive and typically disposable, this is the category that has historically been on the cutting edge of using brand marketing to lead the way towards social change. While other sectors are just waking up and jumping on the bandwagon through provocative advertising and bold proclamations, personal care has always been “woke” to the power of brands as harbingers of change and continues to lead the way.

Today, Dove, that once-humble soap brand, stays true to its mission of diverse representation—most recently through a partnership with Getty Images to launch the world’s largest stock photo library created by women and non-binary individuals. Other beauty brands are waking up to the fact that cis-gender women aren’t the only ones using their products. L’Oréal and Cover Girl are working with male beauty vloggers, and the industry is increasingly serving the transgender community—whether through “Bold Beauty” classes at Sephora or products such as makeup brand Jecca proudly declaring that #makeuphasnogender.

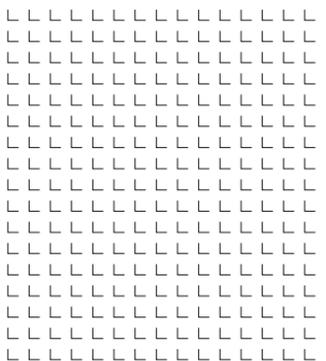
While many personal care communications campaigns champion diversity, Rhianna’s Fenty changed the game by creating a truly inclusive line of beauty products. Far more than an

Instagram darling, Fenty sales are thriving and the business was named a Genius Company by Time Magazine. Rhianna has successfully reset the industry standard—making makeup for all skin tones a mandate rather than a marketing ploy.

The personal care category has made great strides in challenging assumptions around beauty, but it is slower in its efforts to redefine parenthood. Dove Baby started the conversation with a non-judgmental and honest portrayal of parenthood, while Pampers went big in 2019 with a Superbowl ad featuring John Legend changing diapers. Although I don’t want to canonize men for sharing the load, this is an intentional shift to demonstrate that changing roles for women in the world require a reallocation of responsibilities at home.

While discussing society’s changing expectations of men, it is fitting to mention Gillette’s recent campaign challenging every man to “be the best a man can be”—by leaving negative stereotypically male behaviors behind. The Gillette ad was surprisingly divisive, but it started an important conversation around the changing role of masculinity that I expect the personal care category to continue to drive forward in the coming year.

Personal care isn’t a sleeping princess newly awakened by the kiss of an activist prince—the category has long been “woke” to the opportunity to challenge perceptions and change behaviors. While other sectors pride themselves on responding to culture, personal care has always had the bravery to try and change it.

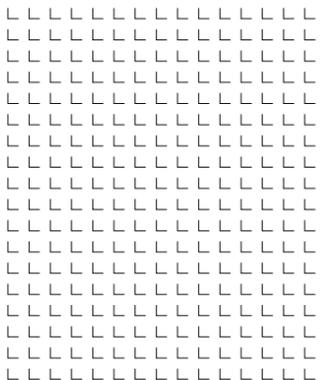


Avra Lorrimer
Managing Director
Hill+Knowlton Strategies
Avra.Lorrimer@hkstrategies.com



Hill+Knowlton Strategies is a global public relations integrated communications agency; offering senior counsel, insightful research and strategic communications.

www.hkstrategies.com



The Food and Drink Categories

Beer

Disruptive trends trigger new products, marketing

Younger generations limit alcohol consumption

The beer category includes global and regional brands, which in an increasingly consolidated industry are mostly owned by a few major brewers.



Impacted by declining consumption and changing consumer attitudes and tastes, the beer brands introduced product innovations, such as beers with low or no alcohol, and new initiatives in marketing and distribution, including e-commerce and subscription-based ordering. In packaging and promotion, the brands emphasized sustainability.

Weakened economies in Latin America, where five of the BrandZ™ Beer Top 10 are based, compounded the challenge of energizing the category. Every beer in the Top 10 lost value, except for Guinness, which rose 4 percent, and

Budweiser, which remained flat. Overall, the Beer Top 10 lost 6 percent in value, following a rise of 3 percent a year ago.

Choice was not a problem. After the merger with SAB Miller, AB InBev owns around 400 brands, including eight of the BrandZ™ Top 10. The other two brands in the Top 10, Heineken, owned by Heineken NV, and Guinness, owned by Diageo, have brand portfolios. All the major brewers developed beers, and beer alternatives, to appeal to diverse pallets.

The newest drinkers, Centennials, tend to drink less and have other options, including marijuana, which is legal in parts of the US. They often seek a functional benefit and are mindful of the health impact of what they eat and drink. To meet these changing tastes, the major brewers developed beers that are craft, premium, or NABLAB (no- and low-alcohol beer).

Category Brand Value
Year-on-Year Change

-6%

Category Brand Value
13-Year Change

+181%

Beer Top 10
Total Brand Value
\$78.0 billion

BRANDZ™ BEER TOP 10

			Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	Budweiser		15,389	15,389	0%
2	Heineken		11,554	11,884	-3%
3	Bud Light		10,928	11,642	-6%
4	Stella Artois		10,445	10,928	-4%
5	Corona		7,529	8,292	-9%
6	Skol		7,253	8,263	-12%
7	Guinness		4,290	4,144	+4%
8	Brahma		3,781	4,478	-16%
9	Aguila		3,522	3,924	-10%
10	Modelo		3,270	3,621	-10%

Source: BrandZ™ / Kantar (including data from Bloomberg)

The Food and Drink Categories

Beer



INSIGHT | Moderation

Moderation in drinking is a global trend

The moderation in drinking trend is present in most parts of the world. In South Africa, brewers have promoted moderation with advertising about not drinking and driving. Castle, a popular lager, has introduced Castle Free, a no-alcohol beer. Castle became an AB InBev beer after the merger with SAB. The lowest calorie beer in South Africa is a brand called Castle Lite. But rather than communicating about fitness or health the brand is going to market as the beer to drink when you're out. In South Africa, AB InBev also markets a beer called Flying Fish, which has additional flavorings, including lemon and other fruits.

Adhil Patel
Global Director, Brand Kantar
Adhil.Patel@kantar.com



Because concern for the environment is important to Centennials, and others, leading brands advanced sustainability initiatives, most notably ways to link cans into six-packs without using the ubiquitous plastic yoke. Many implemented conservation programs for their use of beer's main ingredients, water and grains.

Pushing boundaries

To respond to disruptive change, and to drive change with new initiatives, the major brewers operated specialized R&D entities, which include: ZXventures (AB InBev), Futures (Molson), and Distilled Ventures (Diageo). The focus is necessary, as consumers see the beer brands as much less innovative and creative than the BrandZ™ Top 100 overall.

However, recognizing the importance of innovation to revitalizing the category, marketing leadership at AB InBev is expected to shift in two years, with the new chief marketing officer coming from ZXventures, which develops new ideas, often related to specialty products, e-commerce distribution, and craft beer.

Craft presents a paradoxical challenge. Brand loyalty is ephemeral because craft drinkers are on a quest to try the next new drink, but growth in the number of craft drinkers makes the subcategory critical to the business, although the proliferation of craft beers in recent years has raised the prospect of "craft fatigue."



INSIGHT | Centennials

Centennials drink less and desire health benefits

Older Centennials, people born around the turn of the century, are just coming into the category. But compared with earlier generations, Centennials are not as interested in drinking or drinking as much. Millennials were all about having fun. Centennials are pragmatic. They are a future-focused generation that knows it takes a lot to get ahead and they don't want a lot of stuff holding them back. They sometimes choose marijuana over alcohol, thinking they can control it more. They might use marijuana during an evening believing that it won't affect them the next morning as much as alcohol might. Centennials usually look for additional benefits, so they may prefer a beer to be low-calorie, if not alcohol-free. Besides alcohol, Centennials gravitate to health beverages with mood enhancers. Centennials are more likely to look at ingredients and ask, what do they do for me?

Lindsay Kunkle
Vice President, Futures Practice
Kantar, Consulting Division
Lindsay.Kunkle@kantarconsulting.com



The brewers are pushing category boundaries. ZXventures purchased Atom Group, a UK spirits company. AB InBev has also introduced a product and marketing association with Jim Beam Bourbon. Diageo, which has been primarily a liquor company, although it owns Guinness, is now emphasizing beer.

Meanwhile, brewers adjusted to lower alcohol consumption. A year after its introduction in the UK, sales for Prohibition, Budweiser's non-alcohol beer, continued to grow. Peroni introduced a non-alcohol variant in the UK. Michelob Ultra is particularly popular with young people looking for a beer with lower alcohol content and calories.

Michelob Ultra is positioned as a guilt-free alternative to a high-caloric beer after sports. AB InBev added it to its portfolio of global brands, which also includes Stella Artois, Budweiser, and Corona.

Heineken is marketing Heineken 0.0, an alcohol-free, low-calorie alternative that expands drinking occasions for a beverage with a Heineken beer taste.

Occasions and experience

Guinness did more with occasions and its association with rugby. It presented a more contemporary, progressive male image. It strengthened the perception among consumers that it is a distinctive



INSIGHT | Competition

Spirits giant sharpens focus on beer market

Diageo until recently has focused on its Spirits business. Now, it's moving its beer strategy front and center. It has realized how much potential there is in the beer market, especially with the craft and taste movements that speak to broader shifts within consumer behavior and culture. Diageo is looking to build a broader category portfolio, which has been focused in a squeezed mainstream segment. The business has introduced Hop House 13 from Guinness and a light lager called Rockshore. It has also been looking for ways to create more occasions for beer; for example, by reinterpreting sociability and moments of meaningful connection to democratize Guinness. Many of those moments have historically been around rugby and are focused on men, but Guinness is associating the brand with more modern male sensibilities.

Jade McMillan-Hainey
Associate Director, Strategy
Kantar, Consulting Division
Jade.McMillanHainey@kantarconsulting.com



beer with a personality that is brave, rebellious, and adventurous, according to BrandZ™ research.

Skol revised its marketing to present a more progressive male image in Brazil, its home market. The beer eliminated ads that objectify women, it celebrated racial diversity with beer cans in many shades of skin color, and it formed partnerships to advocate for the LGBTQ community.

Peroni operated restaurants to reinforce its positioning as a premium Italian beer. In some places it required beer to be served in a Peroni-branded glass. Stella Artois continued to use its chalice to enhance the drinking experience. To offer an out-of-home experience, Molson Coors has opened restaurants, as has Goose Island, an AB InBev brand.

For greater exposure in bars, restaurants, retail locations, and at home, Heineken introduced Heineken Blade, a countertop draught dispenser, around the size of an espresso machine. In addition, AB InBev collaborated with Keurig Dr Pepper to create a home bar option for people to easily make beer, cider, and cocktails.

With the decline in volume, brands sought premiumization opportunities. Positioned in China as a premium beer, Budweiser offered specially designed bottles for the Lunar New Year and other major holidays. In partnership with Alibaba, Budweiser developed programs for the Single's Day shopping event.

The Food and Drink Categories

Beer



INSIGHT | Sustainability

Brewers reduce impact production has on the planet

The major brands have introduced innovations to improve sustainability. Carlsberg has come up with a game-changer way of attaching together cans in a six-pack. It is getting rid of the plastic yokes and instead sticking the cans together with glue, a feat that many of the beer and soft drink brands are trying to accomplish. Corona is trialing plastic-free, biodegradable packaging rings and Guinness cans will soon come packaged in a cardboard sleeve. Both Molson and Corona are investing heavily in cleaning up beaches and oceans. Stella Artois partners with a non-profit to provide clean water to people in developing countries. Budweiser has pledged to brew using 100 percent renewable energy, as advertised in its Super Bowl ad showing the Clydesdales hauling a load of beer through a windfarm, to the soundtrack of Bob Dylan singing “Blowin’ in the Wind.”

Simon Horner
Strategic Insight Director,
Worldpanel Division
Kantar
Simon.Horner@kantarworldpanel.com



The corporate parent of Snow Beer, China Resources Holdings, entered a collaboration with Heineken that will license Heineken’s Chinese distribution to China Resources. The deal expands Heineken’s access to the Chinese market and strengthens the China Resources portfolio with a premium brand.

Many brands are positioning beers to pair with meals as an alternative to wine. ABI Leffe, a Belgium beer is positioned as an aperitif. Cobra, a Molson Coors brand traditionally linked with Indian Food, is being positioned as a beer to accompany a wider menu of food options.

Direct-to-consumer subscriptions

As the shelves, crowded with beer brands, start to resemble wine retailing, the brewers adapted some marketing tactics from the wine category. They expanded their e-commerce presence and introduced subscription programs. These programs provide a direct-to-consumer link that enables brands to develop social commerce, build communities around their brands, and obtain data to better understand customer taste profiles.

AB InBev’s ZXventures completed its acquisition of RateBeer, an online rating site. It is possible to purchase most beers on RateBeer by clicking through to a beer



INSIGHT | Identity

Finding deeper identity will enliven brands

Now more than ever, the larger mainstream beer brands need to re-evaluate what make consumers tick by taking a lesson from emerging sub-categories such as craft, or low/ no-alcohol beers. Potentially the easiest and most important way to do this is by going back to basics and understand what makes these brands special with some fundamental tangible information about the product and then communicate this effectively. Simple snippets about the product such as what (specific) type of beer it is, what ingredients go into it, and how it should taste are second nature to marketing and brand teams. However, the reality faced by consumers is an undifferentiated and over-crowded category where it becomes very easy to default to what they know best or jump ship and try something completely new where more often than not they are delighted. Alongside building those more tangible functional brand associations, it’s important to give these brands a deeper identity through developing their personality in a relevant way, authentic to the brand’s core. This will help them to bring them to life and help them further differentiate from each other, ultimately securing longer-term success.

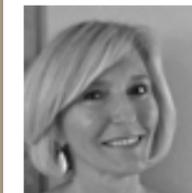
Stephen Dell
Client Director – Brand
Kantar
Stephen.Dell@kantar.com



online shop called Beer Hawk, which is also owned by AB InBev. Heineken owns a similar operation called Beerwulf. The rating system introduces an element of social commerce to the beer purchase decision. Subscriptions are another growing aspect of beer e-commerce. Expanding in the US and other markets, particularly for ordering craft beers, the subscription channel is most advanced in China.

Also in China, AB InBev, with insights gained from Alibaba, introduced craft beers brewed specifically with tastes to please Chinese drinkers. Ultimately, the strength of Budweiser in China may be its success in building its own community while partnering with powerful Chinese technology ecosystems, including Tencent and Meituan, along with Alibaba.

Still, beer in much of the world is purchased at physical stores, where distributors are struggling to maximize their profits while accommodating the expanded choice offered by major brewers. The brewers are working to make the choice less confusing by introducing a logical organizing system on shelves that have become crowded with options since the rise of craft. How shelves will be organized—by style of beer or drinking occasion, for example—is less clear.



INSIGHT | Innovation

Choice, quality, occasions will decide winners

Impacted by changing consumer attitudes, tastes, options and flattening consumption, the beer brands are stimulating growth through innovations, products, social responsibility, and distribution. Within “beer,” consumers have more options including alcohol percentage, flavors, colors, and even region of origin. The options are endless as new brewers enter the market. However, the number of options is increasing as the beer slice of the alcohol pie is decreasing. Therefore, beer brands are expanding beyond traditional beer to cater to evolving needs with options such as hard seltzers and even mixed-drink K-cups. The winner in the beer wars will be the company that offers choices, variety, quality, and appeal for various occasions. It is not just about beer, but also about social responsibility. Beer brands are acknowledging and actioning on their responsibly to protect the world through increases sustainability. Examples include wind and solar powered breweries, beer made from surplus bread, and improved water availability and quality. The brands are also expanding distribution possibilities with e-commerce and subscription-based ordering. “Uber Drinks” could be a purchase option. Subscription-based online purchasing opens the international world of beer to each market. Beer has and will continue to enter the online shopping arena—further opening the world of beer to more consumers.

Cindy Hoffmann
Global Account Director,
Client Services
Kantar
Cindy.Hoffmann@kantar.com



The Food and Drink Categories

Beer

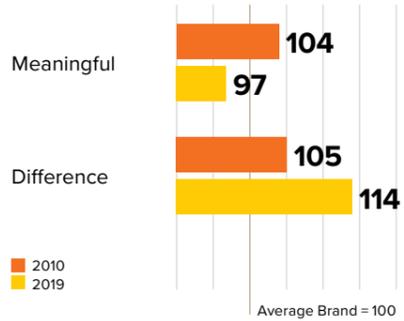
BrandZ™ Analysis

Beer category lacks momentum

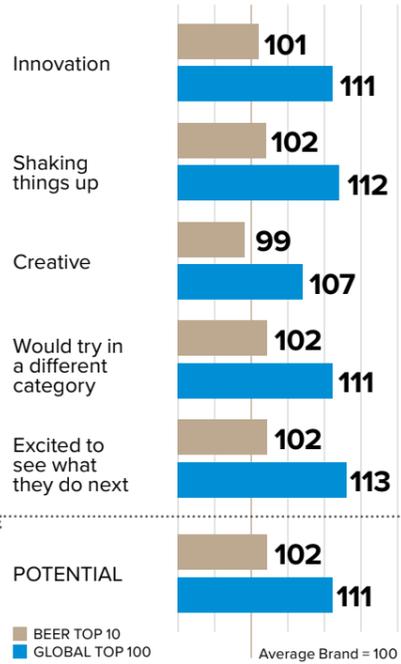
The major beer brands have struggled to become more Meaningful to young people over the past decade. At the same time, the brands became viewed as more Different. When brands grow in being seen as Different, but not in a Meaningful way, they become vulnerable because what sets them apart may dissuade consumers. The low Potential score of the Beer Top 10, just above average, suggests a need for greater innovation and creativity to drive future demand.

Relevance

10-YEAR PROGRESS



BEER TOP 10 VS. GLOBAL TOP 100



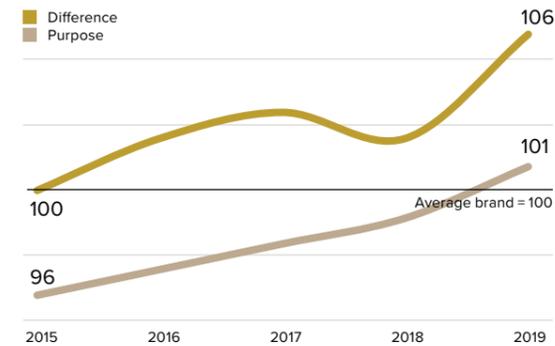
Source: BrandZ™/Kantar



... But Budweiser improves in Difference

Budweiser, which remained flat in value year-on-year, retained its No. 1 position in the Beer Top 10, increasing its score in Difference, a key component of brand equity, over the past several years. Budweiser's improved scores in Difference with Purpose, related to recent messaging around innovation and sustainability, helps keep the brand relevant to its customer base.

DIFFERENCE AND PURPOSE

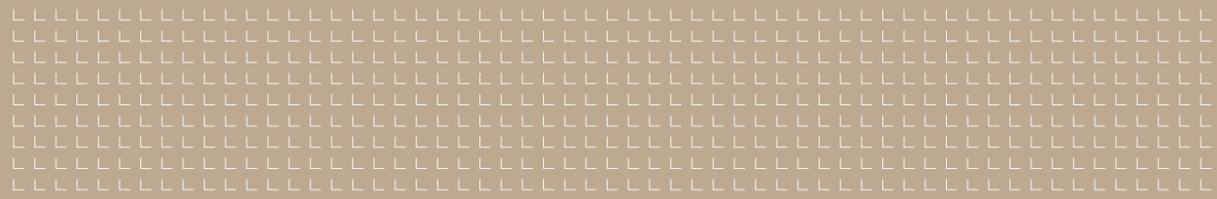


Source: BrandZ™/Kantar

The Food and Drink Categories

Beer

BRAND BUILDING ACTION POINTS



- 1** LOOK FORWARD

It is no secret that craft beer and spiked seltzer are hot. The questions are: what is the next big trend; and how can brands get in front of it? It is important to identify the big risks and disruptive innovations.
- 2** LOOK BACK

People today feel disconnected. Beer has always been about bringing people together. How do the beer brands continue to bring people together in a world where connection is a strong need? Solving that challenge may yield greater strategic advantage than inventing the next flavor variant.
- 3** SUPPORT SUSTAINABILITY

Conserving resources and avoiding damage to the environment are the right things to do. Increasingly, they are prerequisites for appealing to the newest drinkers for whom responsibility and authenticity are necessary for consideration.
- 4** TELL YOUR STORY

Many of the brands of lager beers are not distinctly differentiated. In other categories, like gin, for example, brands have done a better job describing ingredients and how they produce a distinctive taste and experience. Many brands have long histories and real, tangible reasons why they are distinctive. Stories are waiting to be told, and not just by craft beers.
- 5** MAKE IT SIMPLE

With so much choice, it is important to help guide the consumer from confusion to confidence about the purchasing decision. That entails adding logic to the organization of retail shelves, possibly explaining how a beer fits with various occasions. Online brands can engage in the conversations with consumers rating and commenting about beers.

The Food and Drink Categories

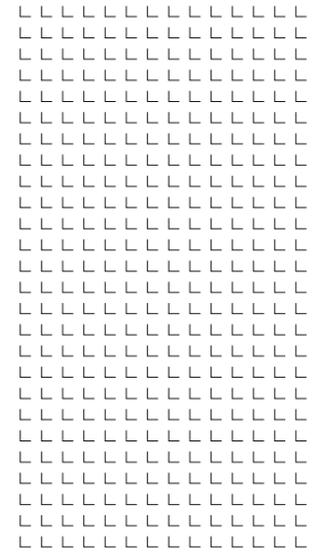


Beverages

Major acquisitions stir activity in flat category

Leaders invest in core brands while adding new products

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



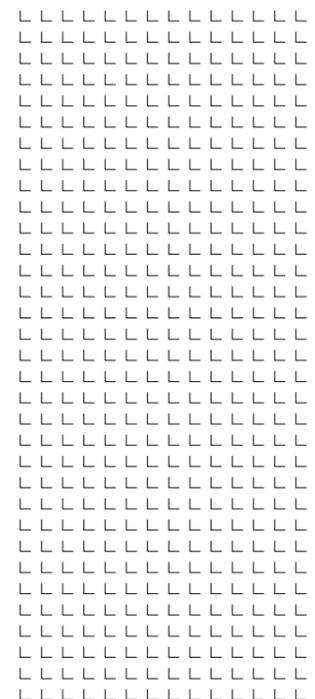
Category Brand Value Year-on-Year Change

+9%

Category Brand Value 13-Year Change

+147%

Beverages Top 15 Total Brand Value **\$175.0 billion**



Change began to stir in a category that had gone flat. **Coca-Cola Co. purchased Costa Coffee, a UK coffee shop chain with around 3,800 locations, and PepsiCo Inc. acquired SodaStream, the at-home device for adding fizz and flavor to still water. Both initiatives moved these leading brands into direct-to-consumer businesses, opening new possibilities for collecting data, developing new products, leveraging retail distribution channels, adding experiences, and finding new marketing opportunities.**

These developments followed years of flattening volume in a one-time effervescent category misaligned with a powerful cultural shift—the consumer concern with health and wellness. Over the past nine years, the brand value of carbonated drinks in the BrandZ™ Beverage Top 15 increased only 14 percent. The share of value contributed by carbonated drinks to the Beverage Top 15 declined from over three-quarters to less than two-thirds.

Volume sales rose slightly in Europe last year, but value grew at a faster rate because of product premiumization, according to Kantar. In the US, the decade-long volume decline leveled, and the value of carbonated beverages increased slightly, according to Beverage Digest, an industry publication.

BRANDZ™ BEVERAGES TOP 15

			Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	Coca-Cola		68,613	68,042	+1%
2	Red Bull		13,225	11,933	+11%
3	Diet Coke		12,212	11,923	+2%
4	Pepsi		10,776	10,551	+2%
5	Lipton		9,103	8,668	+5%
6	Yili		8,661	NEW	
7	Nespresso		7,419	6,511	+14%
8	Nescafé		7,372	6,566	+12%
9	Mengniu		6,491	NEW	
10	Fanta		6,229	6,389	-3%
11	Sprite		5,823	5,617	+4%
12	Tropicana		5,730	5,720	0%
13	Monster		5,287	5,470	-3%
14	Gatorade		4,626	4,671	-1%
15	Dr Pepper		3,466	3,157	+10%

Source: BrandZ™ / Kantar (including data from Bloomberg)
 Diet Coke includes Diet Coke, Coca-Cola Light and Coca-Cola Zero
 Lipton includes the businesses of both hot beverages and ready-to-drink iced tea

The Food and Drink Categories

Beverages



INSIGHT | Occasions

Coke-Costa adds occasions and caffeine

In looking at the Coca-Cola portfolio, it makes sense to think about both the occasion and function that a beverage provides. I would imagine that Coca-Cola sees the acquisition of Costa Coffee as catering to an occasion (mornings) in a way that its soft drink brands don't tend to, while acting as a functional complement (energy boost) to Coca-Cola Energy, Powerade, and Relentless.

Cole Ryan
Senior Director
PSB
CRyan@ps-b.com



Along with their major acquisitions, both Coca-Cola Co. and PepsiCo Inc. continued to protect their core brand with marketing investment, while expanding their portfolios with new beverages intended to appeal to younger drinkers and others seeking healthier beverage alternatives. The brands also introduced new variants of their carbonated soft drinks.

The brand value change among most of carbonated soft drink brands was weak or down, with the exception of Dr Pepper, which rose 10 percent. The energy drink Red Bull rose 11 percent in value. Both brands benefited from their strong appeal to specific audiences. Tea and coffee brands increased in brand value, reflecting the desire for beverage options other than carbonated soft drinks.

To more accurately describe the category today, the name changed from soft drinks to beverages in this edition of the BrandZ™ Global Top 100 report. With a more expansive definition, two leading Chinese dairy brands, Yili and Mengniu, appear in the category ranking for the first time. The value of the BrandZ™ Beverage Top 15 increased 9 percent compared with 4 percent a year ago.



INSIGHT | Portfolios

Brand leaders add strength across portfolio

Many large-scale beverage companies have a diverse range of brands within their portfolio, covering multiple drink categories such as carbonated soft drinks, juices, waters, flavored waters and energy drinks. In the UK, the Lucozade Ribena Suntory portfolio includes a whole range of drink brands, some of their largest being Lucozade Energy, Ribena and Lucozade Sport. Each of these brands have launched sub-brands such as Lucozade Energy Zero, a sugar free alternative to Energy; Ribena Frusion, infused blackcurrant water; and Lucozade Sport Fitwater, purified spring water with added electrolytes. It's important when launching new sub-brands into the category to leverage the credentials and heritage of their masterbrands and to consider the halo effect promoting one brand has on another. Within the LRSuntory portfolio, Ribena, Lucozade Energy and Orangina have been reformulated to reduce the amount of sugar and calories per bottle.

Charlotte Allchin
Planning Manager
MediaCom
Charlotte.Allchin@mediacom.com

MEDIACOM

Building around the core

After several years focused on developing new drinks, PepsiCo Inc. invested more into its core Pepsi brands, spending on advertising, social media, and events. Rather than promote new variants of Mountain Dew, for example, PepsiCo Inc. invested to protect the core brand. In another instance on leveraging the core business, Coca-Cola Co. introduced Orange Vanilla Coke and Orange Vanilla Coke Zero, its first new flavors for the Coke brand in over a decade. The line extension follows the recent positive response to new Diet Coke flavors. Diet Coke, along with Coke Zero and low-calorie versions of Sprite and Fanta helped boost Coca-Cola sales.

The new Coke Diet flavors also reflects the company's determination to experiment more with variants of its key brands, including flavors that appeal in specific markets, such as cucumber Sprite in Russia and a Sesame inspired drink in China. In a related effort, Coca-Cola is leveraging its global reach to test brands in certain markets and then introduce them more widely.

Coca-Cola Co. introduced an energy drink internationally, starting with Europe. Called Coca-Cola Energy, the product targets a Coke brand at an audience



INSIGHT | Growth

Plant-based drinks grow in popularity

Volume growth of carbonated soft drinks is not at the level the brands would like to see, but growth is steady. Value is looking reasonably healthy. Other beverages, like energy drinks and plant-based drinks, are growing faster, and as consumers look for healthier options, the strong growth we see currently for plant-based looks set to continue. Last year, a third of households in Great Britain bought some type of plant-based drink. In Europe, Coke launched AdeZ, a plant-based drink from Latin America it had acquired from Unilever. Permissibility is the key. Because of health concerns, the carbonated beverage brands are moving into more permissible markets.

Mark Foster
Consumer Insight Director
Kantar
Mark.Foster@kantar.com

KANTAR

that continues to buy carbonated beverages. The beverage is formulated to taste like Coke. Coca-Cola Co. is involved in a dispute over the provisions of its partnership with the energy drink company Monster.

The health and wellness trend that slowed the growth of carbonated soft drinks is also driving the introduction of new functional beverages, both by Coke and Pepsi and smaller brands. Kombucha, a tea for gut health is gaining in popularity. PepsiCo Inc. offers a kombucha tea under its probiotic KeVita brands, which it acquired in 2016.

Addressing a trifecta of consumer concerns about personal health, personalization, and the environment, PepsiCo Inc. marketed its Drinkfinity line of waters that includes a reusable bottle and disposable flavor pods. The drink was marketed online, direct-to-consumer.

PepsiCo Inc. also tested its Aquafina Water Station, a vending machine where users could fill up their reusable containers with plain or flavored water. In an irreverent spot on the Ellen DeGeneres Show and Super Bowl commercials featuring singer Michael Bublé playing off of his name, PepsiCo Inc. introduced Bubbly, a sparkling water similar to La Croix.

The Food and Drink Categories

Beverages

Costa Coffee and SodaStream

In acquiring Costa Coffee, Coca-Cola Co. invested substantially to expand its “share of throat” by moving into coffee drinks, a growth sector, as evidenced by the strong value increases of Nespresso and Nescafé, both ranked in the BrandZ™ Beverages Top 15. The acquisition gives Coca-Cola Co. a platform in hot beverages, advancing the company’s strategy of becoming a total beverage company.

Costa Coffee operates around 2,500 branches in the UK, its home market. Another roughly 1,800 locations are scattered across 31 countries without significant concentration, except in China, where Costa Coffee has almost 500 stores. Initially, however, Coca-Cola Co. plans to extend the reach of the Costa Coffee brand by leveraging vending capabilities of both Costa Coffee and Coca-Cola Co.

The Costa Coffee retail locations potentially can add touchpoints for Coca-Cola Co. and a direct-to-consumer channel for gathering data and personalizing the customer experience. They also provide opportunities for new, younger drinkers to experience the Coke brand. Coca-Cola Co. intends to leverage its distribution and put Costa-Coffee branded drinks onto retail shelves for

ready-to-drink and at-home consumption. Coca-Cola Co. already has a product and distribution arrangement with Dunkin’ in the US. In a similar way, Nestlé recently purchased the rights to distribute Starbucks packaged coffee and tea worldwide, while PepsiCo Inc. continues to distribute Starbucks ready-to-drink products.

In acquiring SodaStream, PepsiCo Inc. is attempting to add in-home occasions. Using the SodaStream device—adding a flavor to water and carbonating the mix with a blast of carbon dioxide—also adds a new customer experience around the Pepsi brand.

Additionally, the reduction in packaging, with single-use containers, reduces waste. Coca-Cola Co. had attempted—and abandoned—a similar idea with Keurig Dr Pepper, which has since joined with the brewer AB InBev to use a K-cup machine for at-home cocktail mixing.

These initiatives—the introduction of healthier choices and increased commitment to sustainability—have impressed consumers and perhaps prepared them for the bold transactions with Costa Coffee and SodaStream. From the consumer viewpoint, Coke has increased in Purpose and Responsibility and, according to BrandZ™ research, consumers now see the brand as more likely to “Shake things up.”



INSIGHT | Occasions

Multiple brands serve various occasions

Coke tried to extend its equity in the Coke brand variants/range/ portfolio by utilizing the color red, a Coke strong brand asset. But Coke is also finding new brands to fit new occasions. It’s not about drinking red Coke 25 five times a day. With a portfolio it’s about having a separate brand for each occasion, rather than one brand for multiple occasions.

Sasha Mukhanova
Client Director
Kantar
Sasha.Mukhanova@kantar.com

KANTAR



INSIGHT | Portfolios

Brands ladder up to overall growth vision

The Coca-Cola Co. has a broad portfolio of brands—brands of different sizes that cater to a spectrum of audiences, need states and occasions. It’s all part of the ambition to become a “total beverage company.” While the super brands in the portfolio are still crucial to overall business volume, in an increasingly competitive marketplace it is vital that companies can identify new pockets of growth from previously untapped sources—new products, new routes to market, new occasions. Communications for each of the brands has therefore had to evolve to reflect this new way of thinking. However, for the super brands (the likes of Coca-Cola Original Taste and Diet Coke), the established marketing principle of reaching all category buyers still applies. But in an increasingly fragmented, personalized, and algorithm-driven media landscape finding mass-scaled moments of cultural attention is proving harder to do. Activations like the sponsorship of the Premier League of English football provide a great platform to talk about a wide range of Coca-Cola products against the backdrop of a massively popular and culturally relevant event.

Ed Turner
Business Director
MediaCom
Ed.Turner@mediacom.com

MEDIACOM

The Food and Drink Categories

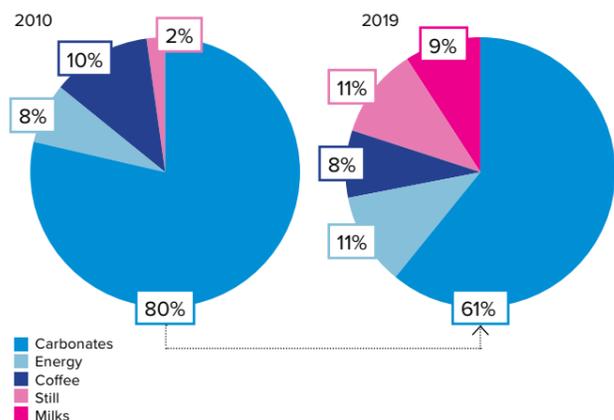
Beverages

BrandZ™ Analysis

The value contribution of carbonated soft drinks declines...

Because of rising consumer concern about health and wellness, the proportion of Top 15 value contributed by carbonated soft drinks has declined over the past decade, from 78 percent to 61 percent. Reflecting this decline and the increased value contributed by other drinks, the BrandZ™ category name changed this year from soft drinks to beverages.

Carbonates | Category Value

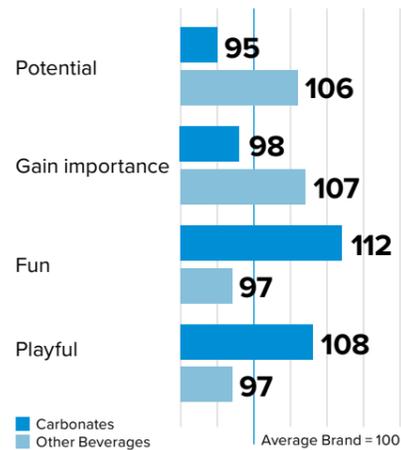


Source: BrandZ™/Kantar

... And carbonated soft drinks lack momentum...

Although consumers still see carbonated soft drinks as fun and playful—an indulgence—relative to other drinks, consumers see few other positive traits and rate carbonated soft drinks much lower in potential compared with other drinks.

Carbonates | Momentum



Source: BrandZ™/Kantar

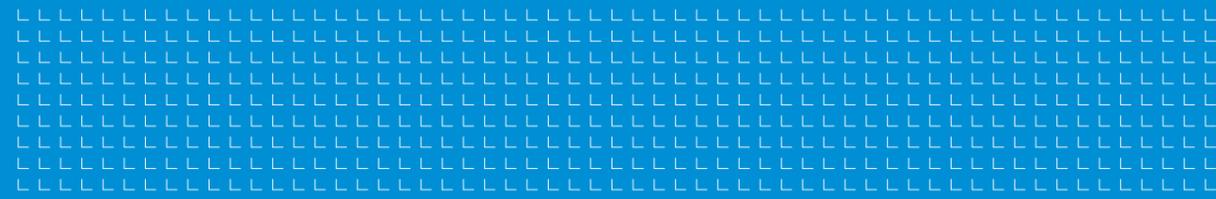
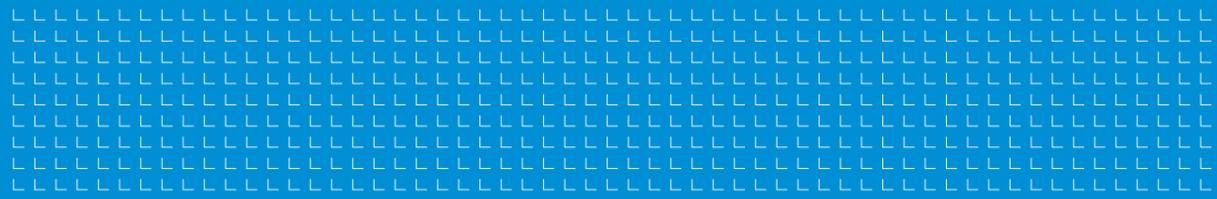


The Food and Drink Categories

Beverages

BRAND BUILDING ACTION POINTS

- 1 GROW BEYOND BOUNDARIES**
The change in the BrandZ™ category name this year indicates more opportunity and also more potential competition as two Chinese brands with global ambitions are now ranked in the BrandZ™ Beverages Top 15.
- 2 ADD MORE OCCASIONS**
Add and re-think occasions. Fast food restaurants were an obvious meal occasion, but the notion of fast food is changing as people have more choice about how their meals are prepared and increasingly delivered.
- 3 BE CONVENIENT**
For convenience-obsessed consumers, it is important to provide the product people want, where and when they want it. In China, that could mean being selected on an app for prompt delivery. Elsewhere it could mean being present at a lot of retail and vending locations.
- 4 SUSTAIN TRUST**
The category's efforts to revitalize and adjust to changing consumer attitudes about health and wellness are gaining traction, according to BrandZ™ research. The takeaways from this initial momentum are: stay the course; and stay honest.



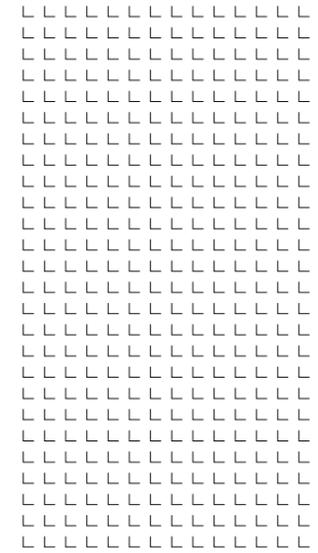
The Food and Drink Categories

Fast Food

Digital, consumer trends complicate the category

Brands retool operations, expand delivery

The fast food category includes Quick Service Restaurants (QSR) and casual dining brands, which vary in customer and menu focus, but mostly compete for the same dayparts.



Category Brand Value Year-on-Year Change

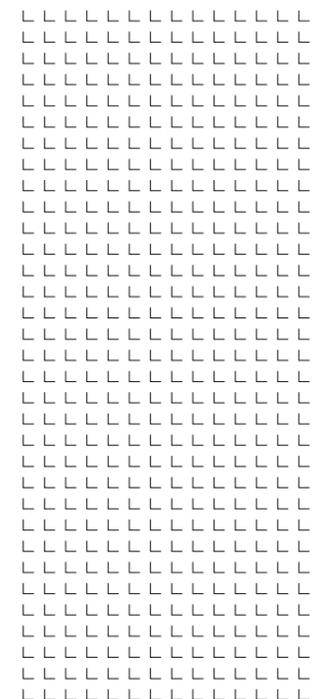
+5%

Category Brand Value 13-Year Change

+398%

Fast Food Top 10 Total Brand Value

\$253.9 billion



All-day breakfast still drives traffic. But not everyone looking for fast food wants to visit a restaurant. The digital revolution and changing consumer expectations have complicated the fast food category with more delivery aggregators and dining options. Along with location, price, and menu, flexibility is vital.

Consumers wanting a fast but tasteful and healthy meal have multiple options. They can pick up a ready-made meal from a supermarket, prepare a meal from ingredients delivered to their home, or, if they visit a fast food outlet, they increasingly can drive through,

stand in line, or order from a kiosk. So much for the simple mealtime binary choice—eat-at-home or eat-out.

Today, the choice is between low-time-investment and high-time-investment. In that calculus, fast food is fast, but it is not necessarily fastest. To compete in the new race, brands invested in operational and packaging improvements to have delivered food arrive not only quickly, but hot and eatable.

To flex for increased demand or short delivery times, some brands also turned to “dark kitchens,” third-party operators that cook for multiple brands. Additionally, brands responded to the consumer desire for healthier food options. And, particularly in the US, they added options to satisfy diverse and changing tastes.

BRANDZ™ FAST FOOD TOP 10

			Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	McDonald's		130,368	126,044	+3%
2	Starbucks		45,884	44,503	+3%
3	KFC		17,205	15,131	+14%
4	Subway		17,124	18,766	-9%
5	Domino's Pizza		9,570	7,446	+29%
6	Pizza Hut		7,580	7,372	+3%
7	Burger King		7,063	6,555	+8%
8	Tim Hortons		6,680	6,904	-3%
9	Chipotle		6,201	4,422	+40%
10	Taco Bell		6,182	5,213	+19%

Source: BrandZ™ / Kantar (including data from Bloomberg)

The Food and Drink Categories

Fast Food



INSIGHT | Operations

New operations added to handle online ordering

Brands need to do all the core functions of hospitality well. But because many brands are growing rapidly, capacity has become a huge issue. It is challenging just to serve meals to customers who visit the restaurants. A long line at the pick-up window will discourage people from stopping. These challenges have been compounded by online ordering and explosion of delivery options, which has added orders and customers but also stressed operations beyond current capabilities. Brands are now thinking outside the four walls of the restaurant and even beyond the parking lot. Some fast food brands are looking at centralized distribution hubs for fulfilling online orders. Others are partnering with “dark kitchens,” behind-the-scenes operations that can cook and sometimes deliver for multiple brands.

Brittany Beisner
Senior Consultant,
Brand & Marketing Practice
Kantar, Consulting Division
Brittany.Beisner@kantar.com

KANTAR

Two brands that made significant investment in digital operations rose most in value. Domino's Pizza increased 29 percent and, in a tremendous recovery from its food safety problems, Chipotle increased 40 percent. The BrandZ™ Fast Food Top 10 rose 5 percent overall, following a 13 percent rise a year ago.

Digitizing the experience

Adjusting to the market changes, McDonald's, the most valuable brand in the BrandZ™ Fast Food Top 10, launched improvements it called “Experience of the Future.” At many McDonald's locations, customers now have the option of ordering at the counter, at a kiosk, or on an app, and picking the order up at a window or having it delivered to their table.

McDonald's operates over 37,000 locations worldwide, including 14,000 in the US, where it planned the upgrade around 1,000 per month to the “Experience of the Future.” Kiosk ordering has already gained traction in some European markets, such as France, Italy, and Spain. The upgrade program is furthest along in China, where McDonald's has around 2,700 restaurants.

The most definitive evidence that McDonald's is focused on the future is its acquisition of an artificial intelligence start-up. AI potentially gives McDonald's

an advantage in a world of diminishing footfall. When revenue and profit growth increasingly depend on selling more to each customer, it is vital to anticipate the meal each customer wants to order, how the customer wants to order it, and how the customer wants the order delivered.

Taking delivery a step further, Domino's Pizza, an industry leader in digitization, collaborated with Ford to test delivery using autonomous cars. Domino's also announced that it would participate in a program enabling pizza ordering from connected cars. Having turned around the brand on the strength of digital and AI, Domino's Pizza introduced a promotional use of AI, rewarding people with loyalty points when they submitted smartphone photos that the Domino's app recognized as pizza.

Making a comeback

In a variation of the click-and-collect model used by supermarkets, Chipotle enabled people to order ahead online or on mobile and have their meal waiting at a designated drive-thru called the Chipolane. To resolve the traffic jam that can happen when food preparers need to serve both walk-in and online orders, Chipotle added separate food preparation to fulfill online orders.

The digital initiatives were part of a larger Chipotle turn-around story as the company slowly recovered from

food safety issues that had marred its reputation for offering healthy, locally-sourced ingredients. Digital sales rose over 40 percent and accounted for 10.9 percent of sales in 2018. To attract digital-first young people and encourage return visits, Chipotle introduced a new loyalty program in partnership with Venmo, the mobile payment service.

Under a new management team, Chipotle successfully attempted to reclaim its fresh-and-healthy credibility. A campaign called “For Real” emphasized fresh ingredients with the tagline, “The only ingredient that's hard to pronounce at Chipotle is “Chipotle.”” In a campaign called “Behind the Foil,” employees narrated a transparent look at food processing.

These developments have helped Chipotle achieve a high score in being seen by consumers as desirable, adventurous, rebellious and, ultimately, different. Difference is a component of a BrandZ™ measurement of brand equity. It influences a brand's ability to command a premium price. Chipotle scores 131 in Difference compared with an average score of 100.

Growth in China

Digitization in restaurants and retail is most advanced in China. That presents an advantage for KFC, Pizza Hut, and Taco Bell, which have a major presence in China under the leadership of Yum!

China, a spinoff from Yum! Brands. These brands together operate around 8,400 restaurants in 1,200 Chinese cities, and transactions usually happen with mobile apps and without cash.

Using artificial intelligence, the brands intend to personalize menu options and increase revenue. Menus typically include a combination of Western and Chinese options. To share best practices across its brands, Yum! China opened an innovation center in Shanghai. The center should also help the Yum! brands keep their edge in China's increasingly competitive market. The first Western restaurant to expand rapidly in China, KFC entered the market in 1987.

Burger King recently opened its China location No. 1,000, in Shanghai, with plans for another 1,000 restaurants in China within three years. Its sister chain, Tim Hortons, also owned by Restaurant Brands International, opened a restaurant in Shanghai, too, the first of 1,500 locations the coffee shop chain plans to open in China over the next decade.

Starbucks, operates around 3,300 stores in China, having opened its first Chinese store 20 years ago. Recently, however, it has encountered strong competition from the Chinese brand Luckin' Coffee, which focuses on delivery and convenience more than on customer experience, a core Starbucks strength. Starbucks has expanded delivery through a partnership with Alibaba.



INSIGHT | Time Investment

Time investment drives consumer eating decisions

The big story in food service is about blurring lines between at-home and out-of-home eating. A huge shift in the way we are approaching eating is underway, with the consideration dominating consumers decision-making on a meals now anchored more on high-time-investment eating vs. low-time-investment. Fast food brands are not only competing against each other, but also against many other low-time investment ways of preparing food—from usual suspects like delivery to less obvious ones like ingredient delivery services, small appliances like Instant Pot, and meal replacement products like Soylent. Fast food companies are challenged with navigating this new competitive environment, where consumers have more choices than ever when they want to eat conveniently and quickly without time and effort.

Wayne Pan
Senior Consultant
Kantar, Consulting Division
Wayne.Pan@kantar.com

KANTAR

The Food and Drink Categories

Fast Food

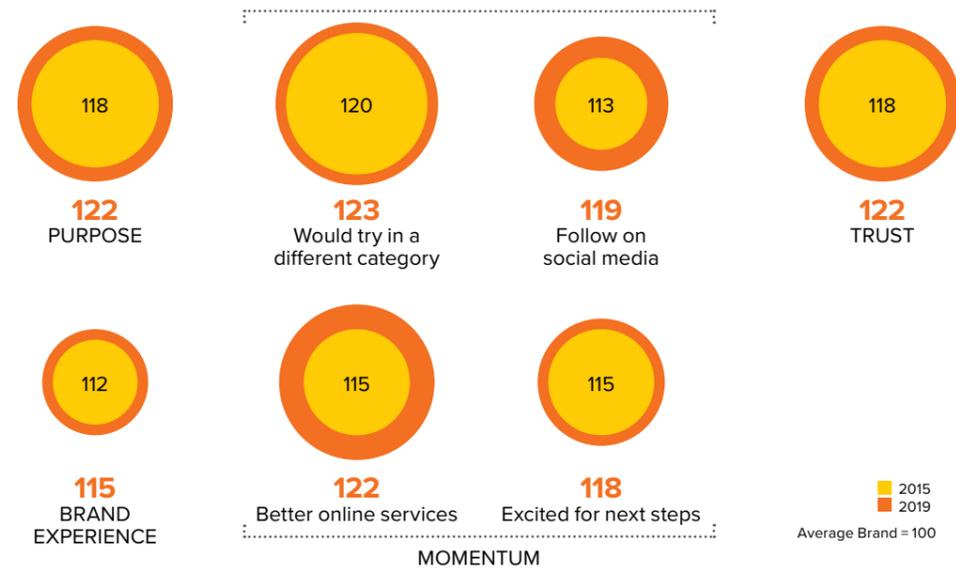
BrandZ™ Analysis



McDonald's strengthens category leadership...

Operational improvements to meet changing consumer expectations for food quality and convenience have helped McDonald's assert its purpose, improve its Brand Experience, increase Trust, and accelerate Momentum.

Trust and Momentum 2019 vs. 2015



Source: BrandZ™/Kantar



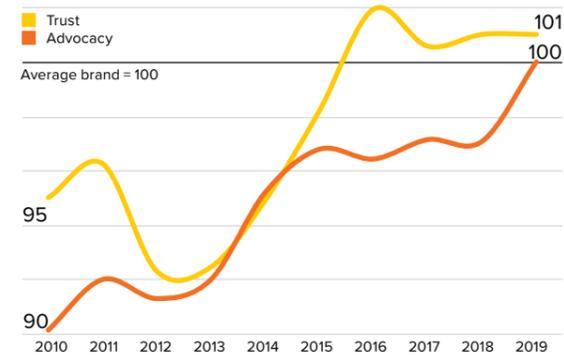
... Domino's continues to grow value

Domino's continues to leverage the power of digitization to improve customer experience with tests of new delivery ideas and artificial intelligence. With a 29 percent increase in value year-on-year, it far outpaced the fast food category overall. Domino's has increased 155 percent in value over the past four years. Trust and Advocacy scores have steadily improved since Domino's refreshed the brand around a decade ago.

BRAND VALUE GROWTH



TRUST AND ADVOCACY



Source: BrandZ™/Kantar

The Food and Drink Categories

Fast Food

BRAND

BUILDING ACTION POINTS

1 **ADOPT A HOSPITALITY MENTALITY**
 Know the customer and what he or she wants. Not everyone is after speed. Not everyone is after convenience. Given the tools, people will signal how they want to be treated. Customers do not visit fast food restaurants expecting a fine dining experience. But personal attention and respect is always welcomed. The basics of the hospitality business are the same for all customers at all price points.

2 **THINK OUTSIDE THE BOX**
 The simple box-like fast food restaurants of the 1950s are a quaint reminder of what seemed modern and convenient to mid-century, post war consumers. When the first McDonald's opened almost 65 years ago, its consistency of food and experience seemed miraculous. Customers today are less impressionable. They want it their way. And not just the topping on their burger. They want everything their way: what they order, how they order it, and where it is delivered. And if the food is supposed to be hot, it better be. Take inspiration from the past. Take orders from the customer.

3 **FIND INSPIRATION WORLDWIDE**
 Examples of industry best practices probably will not be found in the competition across the street—unless the street is in Shanghai or another major Chinese city where there is a convergence of consumers looking for the newest thing and digital technology and data able to supply it. The menu items, speed of preparation and delivery, and cashless checkout, even with facial recognition, may not be applicable to all markets, but China is a laboratory where fast food is being reinvented.



Time

Cultural change disrupts how people perceive meal occasions

Fast food brands need to adapt to when, where, and what people eat

Food delivery can feel a bit like a tidal wave. Convenient, sticky, and perfectly suited for our rapidly urbanizing world, delivery companies have rapidly expanded to cities worldwide. By one account, UK-based Deliveroo was the fastest-growing company in Europe between 2013 and 2016. US-based startups Postmates and Doordash are both unicorns valued at over \$1 billion. Meituan, the Tencent-connected services provider in China, is delivering over 20 million meals a day. UberEats operates in over 200 cities around the globe.

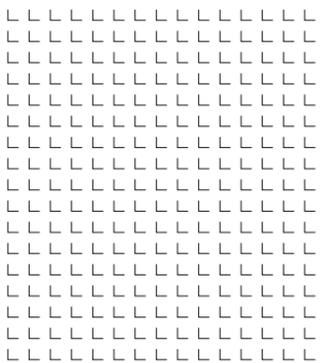
What these fast-growing services point to long-term is not a new disruptive category of competitors though, but rather a shift in the calculus people use when deciding where and what to eat. For a long time, the filter of at-home and away-from-home was a useful way to look at the food industry and the competitive landscape. These new services fit somewhere in-between, giving people the option to “eat-out” while “eating-in”—meaning that pizza, Chinese takeout, and cooking no longer hold a monopoly on at-home eating occasions. Meal-kits and convenient grocery delivery are giving people even more options for cooking at home while giving restaurants more competition for their meal occasions. And snacking and meal replacements are shifting the very notion of meals.

In essence, it’s not just grocery or fast food that is getting disrupted—it’s the entire world of eating. In our modern attention economy, where headspace is at a premium and the options vying for a person’s attention continue

to multiply, eating—whether cooking or going out or grabbing something fast—is another activity that has to compete for attention.

This is where fast food companies will need to adapt: consumers no longer think about eating meals at home versus outside the home; or indeed, even think in terms of meals at all. Instead, consumers are making food choices throughout the day based on how much time and energy they want to invest in eating at any given moment. The options for quality food with low-time investment required are going up, while people are expecting high-time investment options to satisfy multiple needs beyond nutrition and good eats.

The ramifications of this change are large for fast food companies. Winning a meal occasion or winning in a category will no longer be enough. Neither will be competing on just price or quality or convenience. Besting the large national chain won’t matter if customers

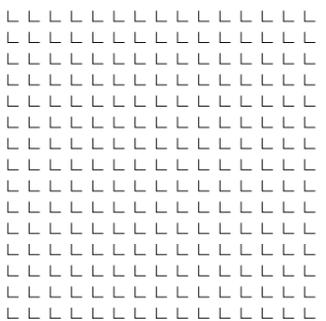


Wayne Pan
Senior Consultant,
Consulting Division
Kantar
Wayne.Pan@kantarconsulting.com

KANTAR

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Time

are getting food delivered from the mom and pop Thai restaurant next door. Nor will price and speed matter when people are making a meal-kit at home with friends. The developments of the past few years have expanded the consideration set for consumers—and the competitive set for fast food companies. The only way to compete is to start acting differently and focus on meeting eaters on their own terms.

Some companies are already experimenting. Chick-Fil-A recently pilot-tested selling meal-kits out of their stores, giving people the option to cook at home without investing in the time needed to gather, purchase, and prep the food. Domino's makes the decision calculus easier for folks spending their time doing things other than eating by offering delivery to out-of-home hotspots around the US. Meituan is delivering meals and

groceries from the same app in China, giving people options for however much time they want to invest into eating that night.

What each of these initiatives has in common is the recognition that food industry is no longer defined clearly along old boundaries. Whether or not delivery services as we know them have real staying power—and the jury is out on that, given questionable business models and the lack of profitability—they undoubtedly highlight the changing eating landscape we now find ourselves in. With a growing number of options for cooking, eating out, and everything in between, consumers are pitting all of these players against each other. Companies that fail to recognize this may win some points in the short term against old foes but find in the long-term that the game has moved on without them.

Actions for Competing Amid Cultural Change

1

COMPETE DIFFERENTLY

The game is changing and so are the competitors. Challenge your preconceived ideas about how to compete and how to partner.

2

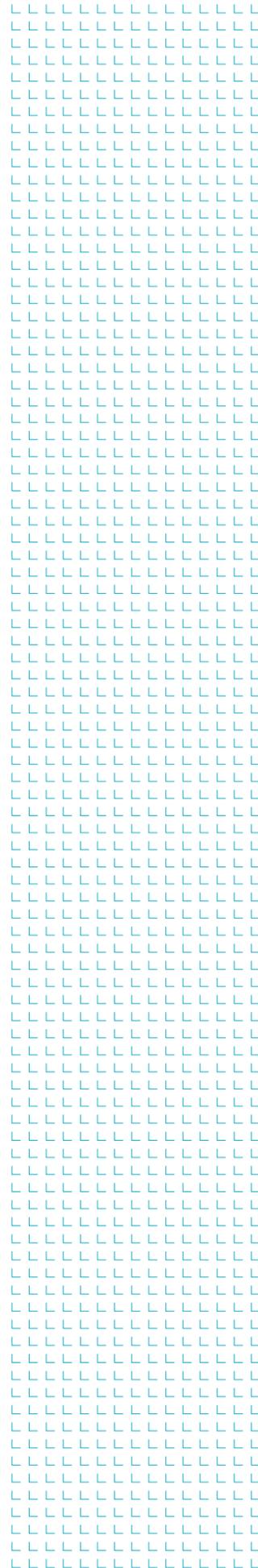
MAKE IT EASIER

Understand why people invest their time into your company and your food—do things that make that choice even easier.

3

INVEST AND TEST

The lines in this evolving world are still being drawn. Companies that win will be the ones that strategically invest in and test new models of doing business.



The options for quality food with low-time investment required are going up, while people are expecting high-time investment options to satisfy multiple needs beyond nutrition and good eats.



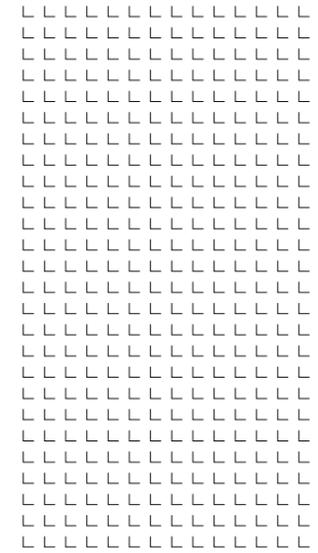
The Financial Categories

Global Banks

New initiatives aim to serve needs of wider customer base

Technology brings banking to more people

The banks category, which includes both retail and investment institutions, is split into two segments, with the brands classified as either global or regional. Global banks are defined as deriving at least 40 percent of revenues from business outside their home market.



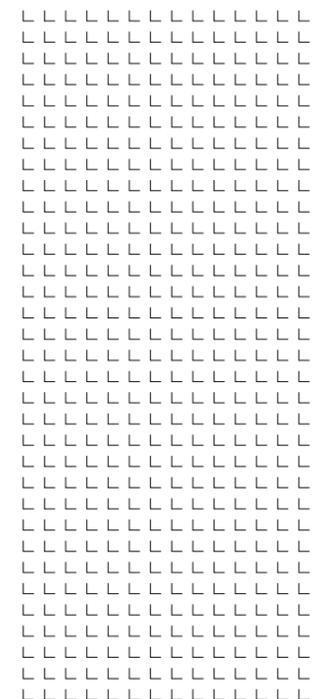
Category Brand Value
Year-on-Year Change

-8%

Category Brand Value
13-Year Change

-4%

Global Banks Top 10
Total Brand Value
\$121.1 billion



Banks sought new growth opportunities, sometimes outside of their core businesses. While primarily focused on high wealth customers, banks also invested in technology to bring money management benefits to more people. With slower growth in mature markets, along with Latin America and China, all but one global bank lost value. The BrandZ™ Global Banks Top 10 declined 8 percent, following a 24 percent rise a year ago.

The growth initiatives followed a decade recovering from the global financial

crisis, paying fines, and adjusting to new compliance requirements. Their confidence renewed, banks adapted to recent technologies, including artificial intelligence and blockchain, and attempted to meet the rising expectations of consumers who sought greater control of their personal finances.

Meanwhile, fintech brands both encouraged and responded to this consumer desire for financial literacy and control. The fintechs, such as UK-based Monzo and Revolut, provided an experience that was transparent and intuitive, empowering consumers to manage their day-to-day spending.

The fintechs also attempted to become more than transactional sites, attract larger deposits, and build trust. Following years of trust erosion,

BRANDZ™ GLOBAL BANKS TOP 10

			Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	HSBC		23,169	23,633	-2%
2	J.P.Morgan		19,827	18,251	+9%
3	Citi		18,878	21,258	-11%
4	Morgan Stanley		10,656	11,482	-7%
5	Santander		9,773	11,516	-15%
6	ING Bank		9,624	12,447	-23%
7	Goldman Sachs		8,634	8,794	-2%
8	BBVA		8,519	10,321	-17%
9	UBS		6,374	7,790	-18%
10	Barclays		5,677	6,280	-10%

Source: BrandZ™ / Kantar (including data from Bloomberg)

The Financial Categories

Global Banks



INSIGHT | Growth

New revenue streams promise additional profits

The regulatory environment has changed in the years since the global banking crisis, but the expectation for profitability probably has not. So, the banks need to find new areas to take risks in because risk is ultimately what lifts up margins. Banks like Goldman Sachs and Lloyds are looking for new revenue streams in places they have not worked in before. And most of the banks are offering financial dashboards that provide consumers with a complete picture of their finances across the banks where they are customers. Banks introduced dashboards to offer customers a new benefit following Europe's introduction of open banking regulations, early in 2018, and to defend against start-ups using dashboards to attract new customers.

André Bardy
Head of Strategy
Mirum
Andre.Bardy@mirumagency.com



attributed to the global financial crisis and bank misbehavior, the global banks continued to rebuild trust. However, new opportunities created a paradoxical trust-building challenge.

Open banking regulations, promulgated by the EU early in 2018, permitted banks to offer financial dashboards that combine all the customer's financial activity across all banking relationships. But building online open banking capabilities requires significant investment. To fund the investment, and build more trusted relationships in online banking, many banks closed physical branches, which had been vital touchpoints for building customer trust.

New initiatives

As online interaction increased, banks also faced the challenge of brand differentiation because the user online experience, similar across banks, usually lacked a distinctive tone. As some banks closed branches, other banks renovated them, adding cafés and consultation services to balance high tech with high touch.

HSBC introduced a sound signature, an auditory brand asset, reflecting greater confidence compared to just a few years ago when, like many banks, HSBC adopted a lower profile. HSBC communicated the message "Together We Thrive," and introduced its version of open banking, called Connected Money. ING Bank, which has reinvented itself as a more agile bank, offer an integrated banked app called Yolt.



INSIGHT | Literacy

Financial literacy can lift wellbeing of more people

BlackRock has talked about reframing the idea of wealth by showing how your relationship with your money impacts your well-being. Achieving this vision requires BlackRock to help society overcome a few obstacles. Making financial knowledge more accessible and easy to understand. Shaking the notion that investing is an activity reserved for the very rich. Helping people bring their finances into the here and now versus something that is dealt with in the future, at a later stage. Changing the behavior of financial services firms to relate to up-and-coming generations who are more skeptical of institutions, live on mobile, and may be less risk tolerant.

Grace Robbins
Director, Comms Planning
Mindshare
Grace.Robbins@mindshareworld.com



J.P. Morgan, the only global bank brand to rise in value, with a strong profit performance, became the first bank to introduce its own crypto currency. Called JPM Coin, the digital currency is intended to move money more quickly among corporate clients. Santander introduced a blockchain app for its retail clients to transfer money internationally.

The investment bank Goldman Sachs introduced its online retail bank, called Marcus, in the UK, with a relatively high rate of interest on savings. The product, launched in the US two years ago, is intended to help retail customers manage their money and grow their wealth. In exchange, the bank gains more customers and their data, and the possibility of transitioning these customers into the bank's core investment business. In another sign of its commitment to retail banking, Goldman Sachs partnered with Apple to offer a new credit card.

BlackRock, another investment bank that primarily manages the money of high wealth individuals, asserted its desire to bring banking to underserved groups, an initiative that is about changing behavior and encouraging more people to become investors as a way to achieve financial health. To effect change, the brand intends to create a more diversified workforce.

It also plans to become more relatable to young people who are attracted to online brands like Financial Gym or

Acorns, a micro-investing site, which includes BlackRock among its investors. To reach people planning for retirement, BlackRock is collaborating with Microsoft to create online tools for managing money and investment.

In contrast to the Goldman Sachs and BlackRock moves into retail banking, Lloyds, the UK retail and commercial bank, ventured into asset management in a tie-up with Schroders, a UK investment bank. The arrangement leverages Lloyd's client portfolio and Schroder's investment expertise.

Payment systems respond

Like the banks, payment systems also responded to disintermediating technologies like blockchain. Visa and Mastercard tried to build a set of equities, and a sense of trust and reliability to future-proof their brands against a time when financial transactions might be possible without a mediator facilitating the payment.

Mastercard removed its name from its logo, leaving the intersecting red and gold discs to represent the brand, along with an audio identity, a melody that plays to mark transactions and to accompany the brand's visual identity when appropriate. Stripping the name Mastercard from the logo reduces the association with a plastic card. The additional of an audio identity anticipates the growth of voice transactions.



INSIGHT | Fintechs

Fintechs change how people save and spend money

Fintech innovations continue to make inroads within the retail banking market in the US. In addition to major digital banks with little or no physical branch locations (Ally, Capital One, Discover), a number of new apps (Qapital, Acorns, Digit) are being marketed as easy-to-manage strategies for consumers to steer any cash they can afford, or even "spare change," into savings. But perhaps the fastest-growing innovation in consumer banking today is adoption of person-to-person payment tools like Venmo and Zelle. These tools allow consumers to instantly send cash directly from their checking account to the account of a family member or friend. Lightspeed's behavioral payments panel data shows that within the past year, use of both Venmo, now owned by PayPal, and Zelle have reached double-digits in the US. Venmo continues to lead the market, but Zelle has gained steadily since its launch in July 2017.

Greg Flemming
SVP, Financial Services Group,
Profiles Division
Kantar
GFlemming@lightspeedresearch.com

KANTAR

The Financial Categories

Global Banks



INSIGHT | Purpose

Consumer focus is critical factor in slow economy

The big banks have clear purpose statements relating to how they help people achieve their financial goals, but the decline or slow growth of brand value suggests that consumers do not recognize those brand purpose promises being delivered in the customer experience. That suggests that a lot of these businesses are not fundamentally consumer centric enough—they do not demonstrate they exist to serve the needs of their customers first. How many of these brands are genuinely focused on customer value creation in all aspects of how they behave? This is a fundamental question for the major bank brands. In a slower-growth world, lack of customer centricity presents a growing risk for their brand valuations.

Matt Woodhams
Partner, Brand Strategy
Kantar, Consulting Division
Matt.Woodhams@kantarconsulting.com

KANTAR

Visa has an auditory identity, a chime. To encourage the transition away from cash, Visa planned to introduce cards that speed checkout time by transacting with just a tap. That action follows a campaign about how consumers benefit from a cashless society with more seamless transactions and easier budgeting and record keeping.

The transition to a cashless society was most advanced in China, with Alipay and WeChat Pay. These payment platforms disintermediate the credit cards. They enable consumers to shop and pay for merchandise and services without leaving the enormous ecosystems of Alibaba or Tencent. In the West, the transition to cashless payments is proceeding more incrementally with some exceptions, like Sweden, where most people do not use cash and thousands pay using a chip embedded in their hand.

Meanwhile, Paypal acquired iZettle, the Swedish company whose technology enables small business to accept contactless payments. Goldman Sachs and Apple announced their plans to co-brand a credit card. The collaboration between two prestigious brands fulfills complementary objectives. Goldman gains access to a younger group of customers with capital and investment needs that should grow over time. With a financial services partner, Apple adds an important loyalty-building service to its ecosystem.

All these developments reflect the faster growth rate of payment ecosystems



INSIGHT | Experience

Better experience leads to increase in customer trust

Winning banks have been democratizing the banking experience and making it more of a two-way relationship. This is what people want from a modern banking experience. These findings are based on our recent Kantar CX+ rankings, looking into the banking experience in the US, UK, Spain, and the Netherlands. Smaller and specialized banks, more agile than the incumbents and more focused on meeting the particular needs of smaller audiences, top our rankings. While people still see the bigger banks as having caused the financial crisis, they are developing trust in smaller banks that are improving the banking relationship.

Mikayla Samuels
Content Strategist
Kantar
Mikayla.Samuels@kantar.com

KANTAR

compared with the growth rate of global banks. Over the past 10 years, the payment ecosystems ranked in the BrandZ™ Global Top 100 have increased 801 percent in brand value. In contrast, the global banks ranked in the Top 100 increased only 49 percent over the same period.

Regional Banks

Local market fluctuations impact bank performance

India's HDFC Bank leads in rate of value growth

The Financial Categories

Regional Banks

Local market fluctuations affected all regional banks, even in North America and Australia, which has gone around three decades without a recession. The impact of the local economy was most pronounced in China because of slower expansion.

Regional banks also struggled with some of the same tensions as their global peers. The regionals are attempting build their online presence to match the customer experience of start-up fintechs while, at the same time, they are attempting to control costs, reduce their physical footprint, and sustain customer trust.

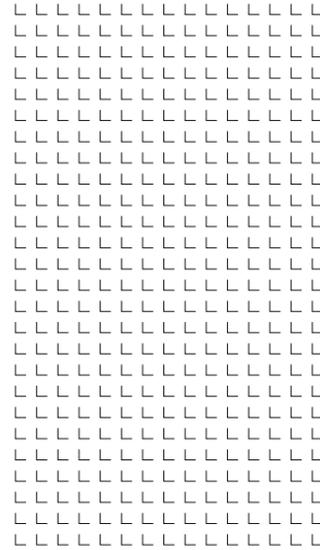
Conversely, local market strength also helped lift some banks, particularly India's HDFC Bank, which rose 9 percent to lead the regional banks in year-on-year value change. To better serve the needs of India's rising middle class, particularly young people, HDFC Bank introduced new banking products, including smaller-size loans, and accelerated its move into digital banking.

HDFC Bank also continued to add several hundred branches annually to reach people throughout the country. The privately-owned bank, which operates around 5,000 branches throughout India, has consistently produced high margins, largely avoiding the problems encountered by other Indian banks because of non-performing loans.

BRANDZ™ REGIONAL BANKS TOP 10

			Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	Wells Fargo		46,468	54,952	-15%
2	ICBC		38,432	45,853	-16%
3	RBC		22,845	22,924	0%
4	China Construction Bank		22,709	23,747	-4%
5	HDFC Bank		22,705	20,874	+9%
6	Chase		20,514	19,324	+6%
7	TD		19,958	19,628	+2%
8	Agricultural Bank of China		18,199	19,141	-5%
9	Bank of America		17,983	17,439	+3%
10	Commonwealth Bank of Australia		15,795	19,286	-18%

Source: BrandZ™ / Kantar (including data from Bloomberg)



Category Brand Value
Year-on-Year Change

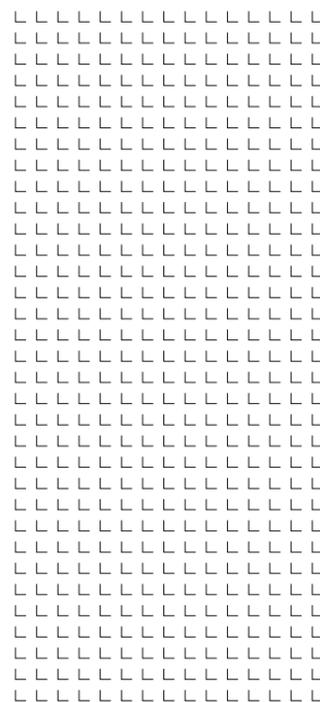
-7%

Category Brand Value
13-Year Change*

+193%

Regional Banks Top 10
Total Brand Value

\$245.6 billion



*Top 5 2006 vs. Top 5 2019



INSIGHT | Fintechs

Transparency helps fintechs build trust

Fintech companies don't have the luxury of a legacy and big name to ensure trust, making trust a key focus. Trust in fintech brands is developing. And trust should grow as the brands offer a more extensive range of services. Transparency is an important appeal of the fintechs. Their dashboards make clear exactly how you are spending your money. This transparency is especially appealing for cross-border transactions. People have been frustrated with how traditional banks handle these transactions because the cost and fees are not immediately clear. Fintechs provide instant notification of exchange rates and fees. You know immediately how much something will cost. In addition, fintech brands often have started by specializing in one particular product, and they are looking to diversify as they grow and take their customers on the journey through transparency and trust.

Olima Begum
Global Brand and Marketing Manager
Kantar
Olima.Begum@kantar.com

KANTAR

Half of brands ranked in the BrandZ™ Regional Banks Top 10 declined in value. In two instances, bank value declined in part because of fines levied after misdeeds. Overall, the Regional Banks Top 10 declined 7 percent in value, following a 16 percent rise a year ago.

Trade tensions hurt results

In the US, banks benefited from higher interest rates and lower corporate taxes under the revised tax law, although volatility at the end of 2018 hurt full-year results. Bank of America improved profits, especially in retail banking and wealth management. Chase, the retail arm of JPMorgan Chase & Co, continued to add branches and announced plans to develop a healthcare company in partnership with Amazon and Berkshire Hathaway.

Canadian regulations aimed at restraining the housing market made it more difficult to obtain a mortgage, affecting results for both RBC and TD during part of 2018. Ultimately, economic growth, higher interest rates, and US tax changes drove strong profits for the Canadian banks. US retail business particularly helped TD's results.

ICBC, China Construction Bank, and Agricultural Bank of China, three of China's largest state-owned financial institutions, benefited from funding opportunities related to the country's Belt and Road initiative. The banks also announced plans to open wealth management subsidiaries after the government introduced regulatory reforms that relax restrictions on how banks conduct wealth management business.



INSIGHT | Consumers

Changed lifestyles require modern financial tools

There are endless reports about the future of banking. Yet if we're keen as an industry to get it right, it starts with understanding how our lifestyles are changing. People don't care about banking. They care about money. Banking is transactional. Money is budgeting, planning for holidays, saving for weddings. The way we deal with money is changing. People are increasingly seeking multiple streams of income, freelancing and setting up home offices. So, it's more important to have a holistic picture of their financial lives. EU open banking regulations and financial dashboards are a start, but they only just reflect this shift. While consumers don't know what's yet possible, they do get excited when discussing the new possibilities of connecting all aspects of how they live, work, and plan. Finally, financial systems can keep up with us, rather than slow us down. It's an exciting time to work in the category.

Omar El Gammal
Planning Director
Wunderman Thompson
Omar.ElGammal@jwt.com

+ WUNDERMAN THOMPSON

The Financial Categories

Regional Banks



INSIGHT | Growth

Wealth managing draws renewed banking energy

We see interest in wealth management across banks. The arrival of a savings product from Goldman Sachs is a good indication of the trend. Called Marcus, the product pays a guaranteed one-and-a-half percent, which is clever, because it attracts people who are risk adverse. But their average deposit in the UK is 23,000 pounds (\$30,000), which is significant. And, having secured those people, the bank can move them up into actual investing. That's important because one of the problems across banks is the large number of people with money in savings accounts who would be better off—as would the bank—if they moved their money into some kind of investment vehicle. I expect that we'll see renewed energy in the wealth management space.

Rosi McMurray
Planning Director,
Financial Services & Technology
Kantar
Rosi.Mcmurray@kantar.com



China's slower economic growth hurt financial results of the Chinese banks, however, and also impacted results of Commonwealth Bank of Australia. Trade tensions with the US also hurt Chinese banks, and Chinese government restrictions on the ability of Chinese citizens to buy overseas property impacted Australia's weakened housing market.

Regulatory scrutiny

Although most banks had moved on from the improprieties and major fines that impacted the industry following the global financial crisis a decade ago, Wells Fargo, in the US, and Commonwealth Bank of Australia, continued to face regulatory scrutiny.

Commonwealth Bank of Australia was part of an inquiry questioning the wealth management practices of several large Australian banks. The inquiry resulted in reduced fees for Commonwealth Bank of Australia and refunds to certain customers. Commonwealth Bank of Australia planned to divest its wealth management business.

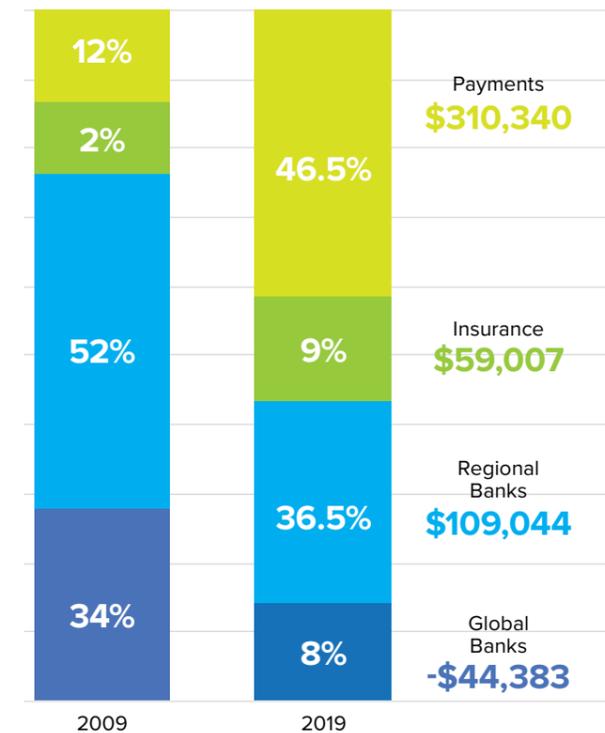
Wells Fargo agreed to pay a fine of \$575 million and issued an extensive report about misdeeds over the past several years, including fraudulently setting up customer accounts without notifying the customers. The most recent fine brought the total of settlements payments made by Wells Fargo to over \$4 billion. Meanwhile, the Federal Reserve continued to restrict Wells Fargo from growing in assets, and the bank's CEO retired.

BrandZ™ Analysis

Payment brands increase faster in value

Reflecting the impact of technology and changes in the ways people handle their banking and other financial needs, the proportion of value of the financial services brands in the BrandZ™ Global Top 100 has shifted massively to payment ecosystem brands and away from global and regional banks. Insurance brands have grown in line with or ahead of other Top 100 sectors through diversification and connection with the things that consumers care about.

% Change in Value Contribution to Category | 10-Year Value Change



Source: BrandZ™/Kantar

The Financial Categories

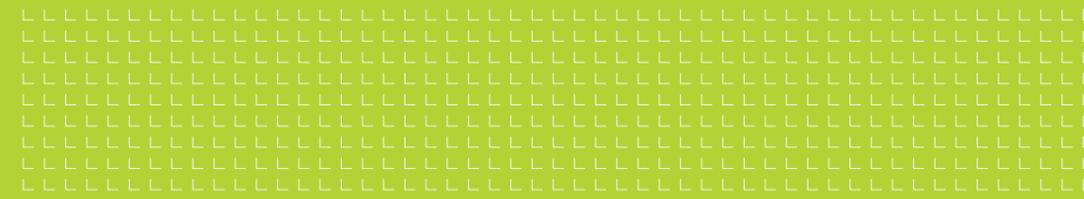
Banks and Financial Services

BRAND

BUILDING ACTION POINTS



- 1** **COMMUNICATE CLEARLY**
Large global banks often state their purpose as increasing society's prosperity. Too often that purpose does not resonate with people. At worse, it seems disingenuous. Banks need to be more specific in their communications about how they help society. They need to do a better job explaining how they positively affect the lives of customers.
- 2** **COMMUNICATE REGULARLY**
Banks sometimes lose focus as they rush to add expertise in artificial intelligence, fintech, blockchain, and other capabilities. Consumers can potentially become confused or disengaged. It is important for banks to do at least one focused communication each year that announces the changes and related improvements in the customer experience.
- 3** **IMPROVE TARGETING**
Banks need to focus on improving their customer centricity. Customer centricity means understanding what customer segments the bank is best set up to serve. This goal can be difficult for global banks that, by definition, are set up to do everything. It means that growing long-term may require first slowing down and focusing.
- 4** **SUSTAIN TRUST**
Banks need to sustain trust as they close branches, key trust-building touch points, to fund their online digital business, where investment in creating positive and differentiating customer experience will be critical.



The Financial Categories

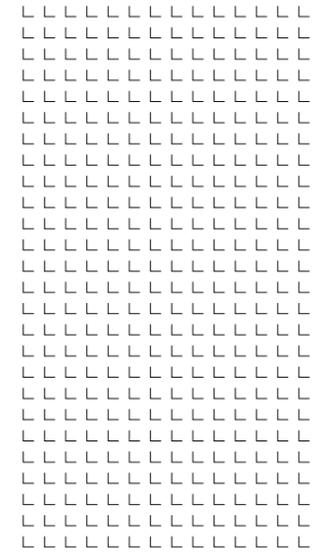
Insurance



Customized product bundles fill range of insurance needs

Commoditized price offers dominate some markets

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



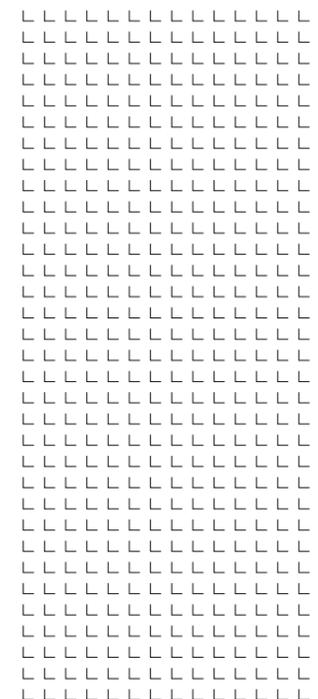
Category Brand Value Year-on-Year Change

+15%

Category Brand Value 13-Year Change*

+258%

Insurance Top 10 Total Brand Value **\$125.2 billion**



*Top 3 2006 vs. Top 3 2019



Two opposing forces influenced the insurance industry: commoditization and customization. Online price aggregation continued to dominate in some markets. Also enabled by technology and data analysis, major insurance brands moved beyond transactional relationships with their clients to offer products more relevant to particular lifestyle and life stage circumstances.

Although the speed of this transition varied by market, it was a global phenomenon, driven initially by start-up brands attempting to meet the expectations of younger consumers. Later marriages and the options of ownership or sharing had implications for insuring homes and cars. New, pay-as-you-use products appeared as alternatives to the traditional model of insurance as an annual purchase.

The broker system remained strong in North America, but price comparison websites continued to dominate in the UK, where one-third of consumers shopping for car, travel, or homeowners' insurance searched a price comparison website for information, compared with 18 percent who sought advice from family and friends, according to Kantar.

BRANDZ™ INSURANCE TOP 10

			Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	Ping An		29,470	26,141	+13%
2	LIC		20,314	NEW	
3	AIA		16,145	15,131	+7%
4	China Life		12,780	16,429	-22%
5	State Farm		10,729	11,192	-4%
6	Geico		9,261	7,164	+29%
7	Allianz		8,301	9,424	-12%
8	AXA		6,899	7,414	-7%
9	Progressive		6,735	5,471	+23%
10	CPIC		4,524	6,134	-26%

Source: BrandZ™ / Kantar (including data from Bloomberg)

The Financial Categories

Insurance



INSIGHT | Data

Data use increases to create products and target offers

Insurance brands are increasing their use of data both in product creation and marketing to more effectively target offers. The trend is toward linking additional datasets with the traditional insurer datasets, such as applications. The brands are looking at self-generated datasets, like the trackers that consumers may agree to place in their car, or third-party supplemental behavioral data collected by smartphone apps that is available for purchase. Geo-location data that shows multiple visits to home furnishing stores might indicate a potential candidate for homeowners' insurance, for example. Some of the life insurance brands have also partnered with Google and Facebook. By requiring consumers to log into those social media sites to apply for insurance, the brands may have access to rich data about the applicant.

Anne Hunter
EVP Strategy and Growth
Kantar, Insights Division
Anne.Hunter@kantar.com

KANTAR

The Chinese brand Ping An, remained No. 1 in value and expanded its financial services, while competitors, like Alibaba, appeared from outside the insurance category. Western technology brands partnered with insurers. Half of the BrandZ™ Insurance Top 10 are based in China or other Asian markets, with an Indian brand, LIC, appearing for the first time.

Particularly in the fragmented US market, high-value brands, like Geico and Progressive, excelled at using celebrities or unique characters to create distinctiveness. They led industry growth with value rises of 29 percent and 23 percent respectively. Driven by their performance, insurance was the third fastest-rising category in the 2019 BrandZ™ Global Top 100, increasing 15 percent in value.

Personalizing with data

Progressive navigated the industry tension between commoditization and customization with its "Name your price" initiative. Customer say what they are willing to spend and Progressive designs a product around their needs. In its combination of customization and efficiency, this approach is similar to the appeal of Starbucks, where a barista can customize a basic coffee by adding—or leaving out—specific ingredients.

Until recently, customizing insurance products was difficult because customer



INSIGHT | Technology

Tech can change risk assessment, policy pricing

Technology can enable insurers to better assess risk and build personalized, behavior-driven policy pricing models. The barrier, however, is the tension between this possibility and increasing concerns about data privacy, particularly in insurance where brands have not historically been seen as acting in the best interests of customers. I suspect that there may be a generational component and there will be those who are more digitally native and confident around that sort of data-value exchange. For those people, technology-enabled risk management might take off—but only assuming brands build trust that the value exchange for that data is in service of the customer.

Matt Woodhams
Partner, Brand Strategy
Kantar, Consulting Division
Matt.Woodhams@kantarconsulting.com

KANTAR

data about general demographics, health, or driving habits often was siloed and yielded limited insights. Insurers can now integrate their own data and also link with third-party data. This data enables insurers to communicate more often with customers about their changing insurance needs and market more relevant products.

Some of the life insurance brands partnered with Google or Facebook and required logging in through those sites. The insurers gain rich data that reveals life choices and helps manage risk. GPS data, for example, could reveal visits to hardware stores and signal home improvement activity and possibly home insurance needs.

Other data potentially helped insurers to better assess risk and reduce premiums. In cars, telematic devices serve as the flight records of driving. Similarly, dashcams create a visual record of events that can be useful for assessing the cause of an accident. In certain markets, like the UK, price discounts encourage beginner drivers to accept these risk assessment tools.

Insurers also expanded in to micro-insurance, creating products for specific events. As consumers, particularly Millennials, spent money on new experiences rather than products, insurers grappled with the challenge of understanding risk. The insurance

industry, with a history of insuring physical valuables, and even lives, lacks the equivalent actuarial data for insuring experiences.

As insurers looked for growth opportunities, many moved into ancillary businesses. Although life insurance brands probably would not expand into health insurance, they might add second-opinion services. New insurance categories are opening. An online brand called Ginger.io offers health benefits for companies that include supplemental wellness programs such as life coaching and telephone psychotherapy.

Technology and disruption in China

Despite the slower economy in its home market, China's Ping An increased substantially in value because of its expertise using big data to refine its offering. Ping An has hired thousands of data scientists to help more precisely understand consumer needs and fashion relevant products.

At the same time, Ping An is also active on the provider side, acquiring health-related businesses, such as Good Doctor.com. This development is part of Ping An's expansion from its core insurance business to financial services and health care. Among its financial services offering is Luxfax, China's largest online wealth management brand.



INSIGHT | Relevance

Insurers looking for touchpoints, not transactions

Brands are going beyond the purely transactional relationship. They're trying to understand people according to their lifestyles and life stages. And brands are looking at the relevant touch points. This change is partly driven by Millennials and Gen Z individuals who don't want to be sold to, but instead prefer offers that are relevant to their personal circumstances and offer a real benefit. We're seeing a lot of multi-policies, at least in the UK, with insurers promising better services and deals for people who insure their car, home, and other aspects of their lives. I believe we'll see the next step of this progression, with insurance brands looking at all the aspects of people's lives that could be insured.

Nigel Birch
Senior Client Director
Kantar
Nigel.Birch@kantar.com

KANTAR

The Financial Categories

Insurance

The Chinese insurance market was about to experience disruption, as Hong Kong-based AIA, recently entered mainland China. The government approved the market entrance of Germany's Allianz SE, as the first foreign insurer to enter China without a Chinese partner. And France-based AXA said it would purchase the remaining stake in its Chinese partner, AXA Tianping.

Not all insurance products in China were offered by insurance brands. Alibaba launched peer-to-peer insurance product on Alipay, its mobile payment app, in which insurance claims are paid from the pool of money collected by the insured. Anticipating this kind of disruption, Ping An created a division to develop expertise in artificial intelligence, blockchain, and other technologies.

Marketing and communication

Most of the brands were strong on bundling their insurance offering, combing not only auto and home, but increasingly including other possessions like smart devices. Mobile was critical to this sell, as brands sent regular mobile messages to customers recommending that they purchase additional insurance products. Recent Progressive ads, which had been price-related, shifted to commercials with actors surrounding a home and reassuring the consumer that

Progressive can protect many aspects of their lives.

Geico continued to build and sustain awareness with a heavy investment around advertising featuring its memorable Geico lizard character. Geico ads are well received, scoring 138 on the BrandZ™ Great Advertising metric where an average score is 100. While the brand receives extensive exposure from the advertising, Geico spends much of its media budget on a performance basis, meaning it pays based not on audience size but on the leads generated.

Geico brand equity is strengthening, based on BrandZ™ analysis. Consumers see Geico as increasingly Meaningful (meeting their needs in relevant ways) and Salient (coming to mind at the point of consideration). The brand has slipped a bit in the third component of brand equity, being seen as Different, a function of being in a category known for product sameness.

To reach Millennials, brands targeted their messaging and relied on mobile communication. Signa featured singer-songwriter Nick Jonas among celebrities in a cross-generational campaign encouraging people to take care of their emotional wellbeing.

Relying on its network of local agents to develop personalized relationships and build trust, State Farm remained a strong choice among consumers over the past few years, according to BrandZ™ data. Consumers see the brand as Purposeful and Meaningful.



INSIGHT | Personalization

Start-ups move faster in race to personalize

We see a split in the market between two opposing poles. At one end, are the aggregators/Price Comparison Websites (PCWs), which are largely about price and account for about one-fifth of all the category advertising in the UK. At the other end are insurers attempting to build stickier relationships with consumers with technology-enabled offers that are more personalized without being too intrusive. However, the brands that are now personalizing most effectively through the use of technology are the challengers, not the big legacy brands. In one recent example, a start-up has created an online reverse auction where consumers post their insurance needs and insurance brands bid for their business. The big brands know that they need to do more personalization using technology, but they're not there yet, in part because of privacy concerns that people have about sharing their data with big organizations and in part because many have legacy systems which would require updating.

Rosi McMurray
Planning Director,
Financial Services & Technology
Kantar
Rosi.Mcmurray@kantar.com



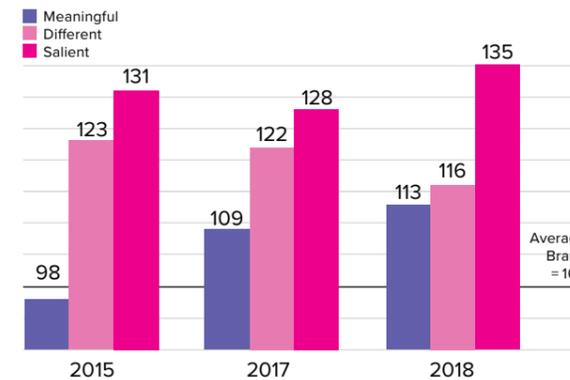
BrandZ™ Analysis



Strong brand equity drives Geico's value rise...

Geico's consistent rise in value results from growing strength in two of the three pillars of brand equity. The brand is seen as Meaningful (meeting needs in relevant ways) and Salient (coming to mind during consideration). Meaningfulness increased in part because of perceived fair pricing. The brand declined somewhat in being seen as Different, probably because the insurance category is so competitive.

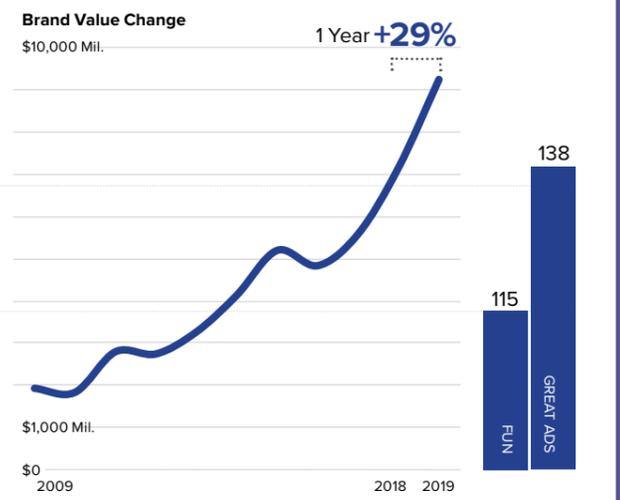
Brand Equity Pillars



Source: BrandZ™/Kantar

... Great advertising amplifies the price message

Using its personable Geico lizard character, Geico has created advertising that consumers like and consider fun. Geico led the insurance category in brand value growth, increasing 29 percent after a 28 percent increase a year ago.

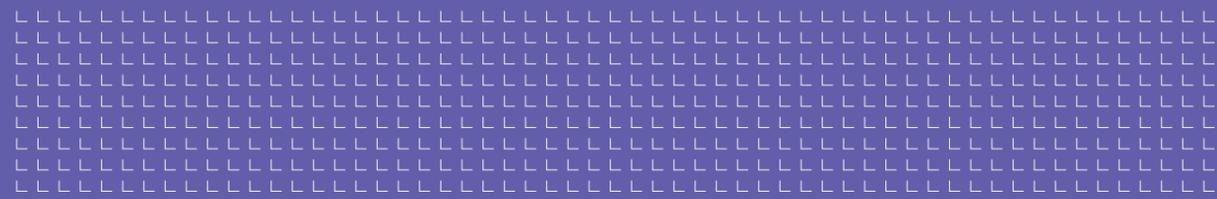


Source: BrandZ™/Kantar

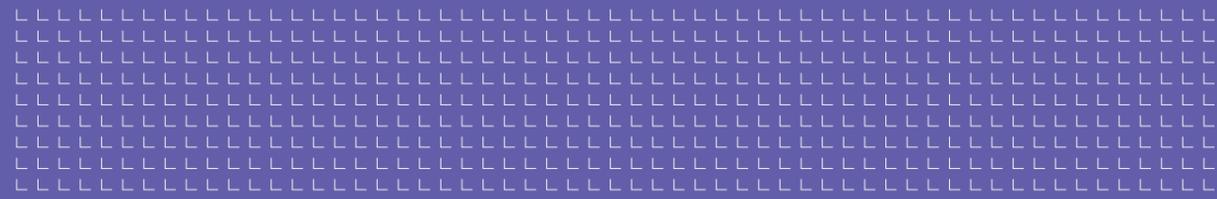
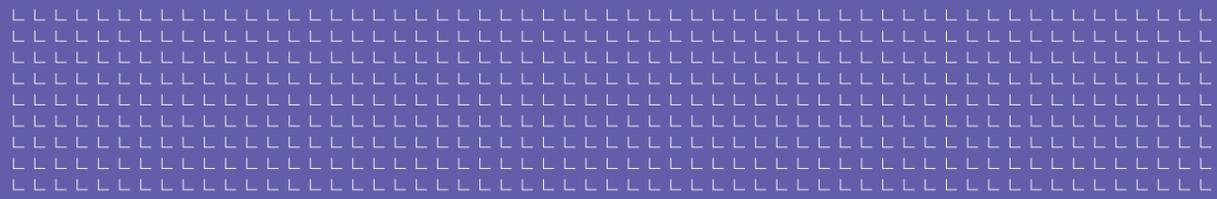
The Financial Categories

Insurance

BRAND BUILDING ACTION POINTS



- 1** BE FLEXIBLE WITH PRODUCTS
 Get comfortable with the tension between commoditization and customization. Think of the business in terms of flexible modules rather than individual products. Mix and match the modules to devise offerings tailored to meet the needs of individual customers. Learn from the example of some of the subscription consumer brands.
- 2** BE FLEXIBLE WITH COMMUNICATIONS
 Develop and strengthen the memorability of the the big creative idea and the breakthrough character or celebrity and match that strength with targeted marketing. Insurance brands need to create and sustain an identity that makes them distinctive and memorable, but that achievement alone is insufficient without the technology and data to customize solutions at scale.
- 3** EXPLORE NEW OPPORTUNITIES
 Investigate the insurance opportunities based on how consumers, especially young people, are changing their life priorities, often placing value on experiences over things.



Fintechs

Consumers want more from banks as societal change reshapes category

Fintechs respond by making people feel better off, in control, understood

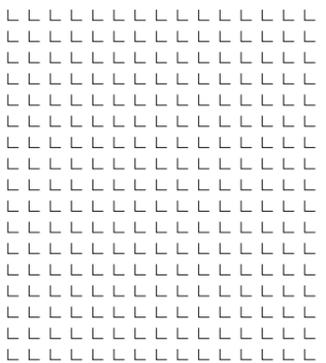
Many forces are shaping the future of banking. These include government intervention to increase competition, disruptors challenging long-standing business models, and advances in technology that are changing the interface and customer experience.

These forces are fundamental shifts in the category and they are raising people's expectations. They are also set against wider societal changes, such as: the coming of age of the Centennial generation and the increasing economic power of the Millennials; the recognition that many brands and industries continue to underpay their female employees and underserve their female customers; and last, but no means least, the aging population and the concern about levels of saving and pension provision in our old age.

Despite these changes, the huge scale and increasingly confident marketing of the major consumer banking players means that many of them rank in the BrandZ™ Global Top 100. It's notable, however, that fintech brands are appearing in the ranks of valuable brands. Specific functional and emotional consumer propositions have propelled both Moneysupermarket and ComparetheMarket into the BrandZ™ UK Top 75, for example.

In addition, the fintech consumer brands are leading in customer experience and in the cultural narrative. While their customer base is relatively small and often focused on day-to-day banking rather than bigger, life-event-driven financial services, their brands are often loved by their users. And crucially, their absolute rate of customer acquisition points to future risks for the big brands.

The UK fintech Revolut, rumored to be planning a mega funding round, has over three million customers. Some estimates have Tide, a UK online business bank, accounting for almost 10 percent of UK business banking accounts opened last year. And Marcus, the new online savings bank of Goldman Sachs, racked up over 100,000 customers in its first 40 days in the UK. In the US, Marcus reportedly had \$22 billion deposits within 18 months of launch.

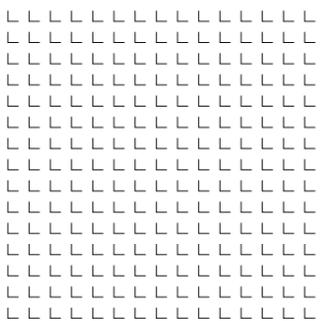


Matt Woodhams
Partner, Brand Strategy Consulting Division
Kantar,
Matt.Woodhams@kantar.com

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Fintechs

So, what do we believe is driving the growth of these fintechs?

1. Emotion

People want more than products. As well as specific functional benefits, people want an emotional payoff. They want to feel smart, in control, and more confident or more knowledgeable as a result of interacting with financial services. Every brand owner increasingly needs to think in terms of being in the self-esteem business.

2. Creativity

Pure online brands are small but fast growing and influential. Many have built their entire business model on consumer connectivity by solving real functional and emotional tensions. And while they are small in terms of brand value, the BrandZ™ data show that established online brands, such as Comparethemarket, are seen by consumers as being far more creative and innovative than brands with a long history. Consumers also believe these brands provide a better experience. This leads to stronger feelings of love for these brands

3. Purpose

Purpose must be more than a statement. It needs to run right through the brand and include its behaviors, products, and experiences. Every aspect of the way that a brand expresses itself at every touchpoint needs to evolve with culture. All traditional banks say that they want people to be better off, prosper or thrive, but the start-ups are winning the battle for attention. They are winning, not because they are saying things, but because they are consistently doing things that make people feel better off, more in control, better understood, more communicated with as equals.

4. Experience

Experience is the key battleground. Transparency, honesty, humanity, and delivery have to be present in every consumer or user experience, no matter the channel. The context for experience isn't other financial services brands—it's great customer experience in the

omnichannel age. So, Amazon's same-day delivery service means customers' expectations are that all the financial essentials (like payments, credit checks, and debit card delivery) can be processed and delivered with the same transparency and speed.

5. Innovation

Brands must innovate and keep innovating. Banking, auto, hospitality and consumer product sectors are all facing challenges to their business models and ever-higher demands from discerning consumers. Barriers to entry are falling all the time and those that aren't disruptors themselves will be disrupted. Brands need to accept that what has sustained them in the past, is unlikely to keep them growing in the future. They must be imaginative in rethinking their role in consumers' lives. Are they an issuer of check books and debit cards, or a service that helps someone secure their family's future?



Transparency, honesty, humanity, and delivery have to be present in every consumer or user experience, no matter the channel.



Trust

Sustaining trust raises challenges, as touchpoints become digital

Banks need to balance tech with human interaction

From apps to blockchain, banks continue to be one of the most digitally disrupted sectors. After a series of mis-selling scandals, trust in banks is gradually being rebuilt. A greater focus on the quality of every single touchpoint and interaction is needed to sustain trust, to retain customers and attract new ones.

Meanwhile, the banking sector also needs to cope with increased expectations of customer service in a fast-moving world of social media, while replacing outdated processes and technology infrastructure. The more recent start-ups have an advantage: they can offer flexibility, personalization and customer service across all their touchpoints, with the benefits of starting from a clean slate, untethered by legacy property leases, restrictive branch opening times, and costly paper billing.

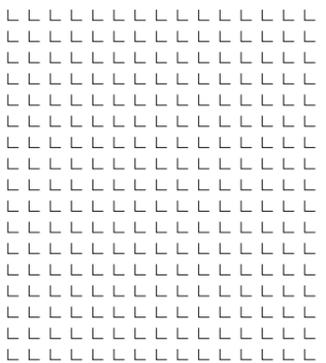
Newer banks, such as Monzo in the UK, use digital as their start point, leveraging the advantages of technology to develop a one-to-one, close relationship with their consumers, providing not just access to banking services but also a community. As consumer preferences shift to digital, new players, or those that innovate rapidly, may be able to build a trust advantage over legacy banks.

Globally, our Connect studies show that digital touchpoints account for 34 percent of brand experience in the banking category, which

makes them even more powerful than physical touchpoints and traditional advertising. In consumer banking, the digital product experience is key to engaging customers.

In more advanced markets like Norway, the primary touchpoints in financial services are digital (payment apps) followed by the physical experience (branch visits). More recent digital touchpoints (payment apps, online banking, product reviews, and chat-based customer service) are now important for a growing number of consumers. We know that younger audiences expect brands to cater for their requirements and for services to fit around their lives, not the other way around.

Our customer experience work across 13 markets in this sector shows us that 76 percent of people use online banking for private banking, while 34 percent use mobile. China is ahead with 49 percent using mobile. In China, Tencent-owned WeChat provides us with a glimpse into the future of connected financial services. WeChat Pay enables mobile payments using a QR code, allowing customers to pay rent, donate to charity, transfer money and even invest.

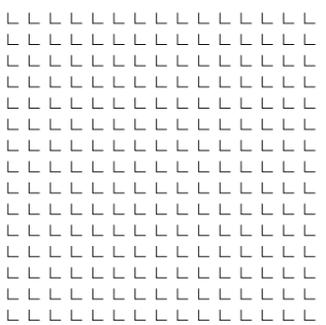


Jane Ostler
Global Head of Media,
Insights Division
Kantar
Jane.Ostler@kantar.com

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Trust

Customer service needs the human touch

For customer service, people still tend to reach out via traditional means (telephone or branch visits). To understand this, it's useful to compare the use of traditional channels with the use of legacy digital channels (website and online banking) and newer digital ones (apps and social media). When asked which ways they get in contact with their bank, 84 percent say via traditional means, 29 percent say via legacy digital, and 13 percent say via new digital channels. So, for banks to be trusted, they must not only offer high quality, blended service across all channels, but also need to retain the human touch in a digital age.

Data usage is the key to creating personalized customer experiences built around customer needs. Angel Canovas, Global Director of Paid Online Media at the Spanish bank BBVA, says

that banking is an industry that lives off data, much of it first party, but that they need "well-structured data that is easily activated."

BBVA launched its Bconomy app in 2016, which according to Forrester Research, is the best banking app. BBVA can track customers' income and expenses and creates a personalized action plan. It also allows them to open an account using a selfie. Easier switching, enabled by legislation, lets consumers vote with their thumbs.

With all of these exciting developments, there is still some way to go for banks in developing effective communications. We know from Kantar's Winning Over Women report that UK financial institutions are failing to connect with female customers at every stage of the buying journey, from advertising to offer. Advertising fails to communicate core tenets of trustworthiness, understanding, dependability, and accessibility to

women. Advertising in this category also solicits positive responses less often from women than from men, according to analysis using our facial recognition technology.

The integration of products and services in banking, potentially bundling with other services to save time, means that the "platformization" of banking is only just beginning. IBM has developed a blockchain-based global payments system to clear and settle payments across borders.

For customers, banks will increasingly use data insights to offer real-time customer service, augmented by human-like chatbots, only using human support for complex cases. Biometric cards and facial recognition will start to be more widely used for security. However, to regain and maintain trust in a digital age, banks will need to stay human and remain sensitive to the requirements of different customers.



For banks to be trusted, they must not only offer high quality, blended service across all channels, but also need to retain the human touch in a digital age.



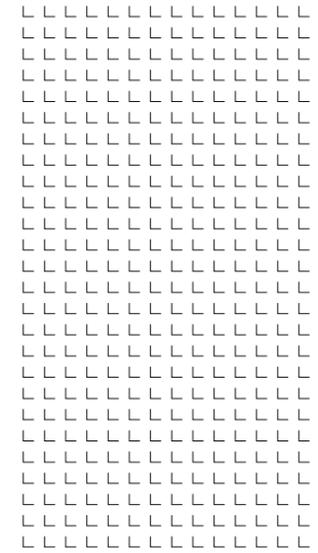
The Commodity Categories

Energy

Fossil fuels remain key as renewables advance

Brand importance increases during industry transition

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



Category Brand Value
Year-on-Year Change

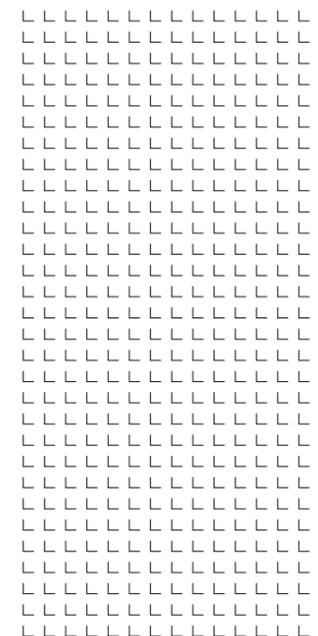
+4%

Category Brand Value
13-Year Change

+539%

Energy Top 10
Total Brand Value

\$101.0 billion



The 2006 value includes only downstream business. The 2019 value includes both downstream and upstream business.



Energy brands on both sides of the Atlantic advanced toward renewables, but at different speeds. Because of differences in consumer and regulatory pressures and incentives from financial markets, the brands in Europe have been moving faster than brands in the US, which has become the world's largest energy producer with the development of shale oil and gas reserves.

Warnings contained in the UN Intergovernmental Panel on Climate Change (IPCC) report, the first issued by world leaders since the 2015 Paris Agreement, served as a punctuation point in the debate about climate change, however. The conversation shifted from whether or not to develop renewables to the pace of the switch.

As ExxonMobil and Chevron developed the shale deposits in the Permian Basin of Texas and Oklahoma, vast windfarms were being constructed not far away, and the juxtaposition echoed in the national political debate leading up to the next presidential election. To more accurately reflect this global transition, the BrandZ™ category name changed this year from oil and gas to energy.

BRANDZ™ ENERGY TOP 10

			Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	Shell		20,669	20,264	+2%
2	ExxonMobil		18,604	18,222	+2%
3	BP		13,237	11,846	+12%
4	Sinopec		10,760	11,199	-4%
5	Petrochina		9,517	10,187	-7%
6	Chevron		8,984	8,594	+5%
7	Total		5,823	5,255	+11%
8	Rosneft		5,083	4,747	+7%
9	Gazprom		4,187	3,698	+13%
10	Lukoil		4,184	3,591	+16%

Source: BrandZ™ / Kantar (including data from Bloomberg)

The Commodity Categories



INSIGHT | Change

Brand strength will help navigate industry transition

Energy brands face a paradox. They are some of the most recognized and valuable brands in the world, but what do people associate with them? Oil and gas. What happens when the products energy brands sell are not oil and gas, but are instead electricity, or a battery, or a charging station? During this transition, energy brands will face new competitors, such as the utilities and, of greater concern, technology brands with a lot of trust and strong balance sheets. Tesla has technology around electric and automated vehicles, along with home energy micro generation and storage. Google has all of the home automation systems. The energy brands need to prepare for this transition in ways that sustain and grow brand value.

Chris Pratt
Managing Director,
Energy & Industrials
Hill+Knowlton Strategies
Chris.Pratt@hkstrategies.com



Meanwhile, because of stable oil prices, each brand in the BrandZ™ Energy Top 10 increased in value, except for the two Chinese brands. The drop in global oil prices and stock market weakness weakened results for the two government-owned brands, although profitability improved late in the year because of strengthening global oil prices and surging local demand.

Despite Western sanctions, the government-owned Russian brands enjoyed the greatest relative increase among the BrandZ™ Energy Top 10, as demand continued from some European and Asian markets. The BrandZ™ Energy Top 10 increased 4 percent overall, following a 1 percent increase a year ago.

Consumer-facing brands

Consumer-facing brands potentially took on new significance for diversified companies that operate both upstream exploration and downstream businesses. With ExxonMobil and Chevron exploring closer to home, rather than off-shore, consumers potentially become a more important influence to ensure political support for licenses to operate.



INSIGHT | Renewables

European brands push strategies into renewables

Across the oil and gas sector, companies are considering their future positions. This is seen most clearly in the activities of those with origins and headquarters in Europe, with companies responding to stakeholder pull, rather than simply regulatory push. Shell, Equinor, and Total have all made strategic commitments to addressing climate change and are investing in a way that reflects this. Scandinavian companies DONG Energy (now Ørsted) and Statoil (now Equinor) have divested and repositioned respectively, while Total, BP and Shell have invested in renewables and power, diversifying beyond oil and gas. This trend toward diversification—largely through acquisition—shows no sign of abating.

Kate Gomes
Director,
Energy & Industrials
Hill+Knowlton Strategies
Kate.Gomes@hkstrategies.com



At the same time, lower crude prices improved margins for petroleum products and raised potential revenue and profit contribution from branded petroleum products and fuel stations. Shell plans to develop a 50-50 split between its fuel and non-fuel businesses. It controls 45,000 retail locations worldwide, a substantially greater presence than McDonald's.

In the UK, Shell retained British celebrity chef Jamie Oliver to help publicize the quality of its food offering at the convenience stores connected to Shell service stations. The title "Jamie Oliver: deli by Shell" connected Shell-branded locations with Oliver's reputation for healthy eating and concern for the planet.

Nearing the end of the financial impact from the Deepwater Horizon environmental disaster in the Gulf of Mexico, almost a decade ago, BP is invested in growth and brand communication. With the campaign "We see possibilities everywhere," BP asserts that it can help the world keep advancing many ways, including with natural gas and solar.



INSIGHT | Complexity

Trust consumers with complex progress plans

Consumer sentiment and the 2018 UN Climate report indicate that brands need to respond to concerns about the environment or face the consequences. To be sure, innovation in pursuit of more sustainable alternatives is increasing across categories. For example, IKEA is marketing curtains designed to absorb indoor pollution. Within the energy sector, efforts to use banana skins or algae as a fuel source fits with the larger trend of biomimicry. As this concern emanates from all corners of culture, it is clear that our reckoning with the collective impacts of our own ways of living will continue to shape how people relate to, interact with, choose, or disown brands into the future. Smart brands will take steps to get ahead of that pressure. It goes without saying that action is vital, but for industries like oil and gas—exceptionally easy targets for dismay and disparagement—the opportunity also exists to own the trials of the road ahead and open up to consumers about their ambition and efforts to make a change. This is a time of incredible clarity yet exceptional complexity, and we are all facing up to the environmental fallout of our convenient, modern lives. Entrust consumers with your context and the challenging nature of what must come.

Laura Tarbox
Associate Director
Kantar,
Consulting Division
Laura.Tarbox@kantarconsulting.com

KANTAR

The consumer voice is important in the US, for both fossil fuels and solar and wind, because consumers influence whether or not pipelines and high voltage transmission lines can be built to connect the energy production centers with the consumption markets. ExxonMobil operates a website called the Energy Factor that reaches consumers and the company is engaged with local stakeholders.

There has been a significant shift in messages to investor and political audiences. Brands are taking a more active role reporting on climate risk. Shell has committed to reporting on the emissions caused by its products, which is a complicated analysis. These changes resulted not only because of pressure from environmental groups, but from the assertions of values-driven shareholders.

Evolving communications and businesses

Even as the US brands continue to drill for oil and gas, they are being careful to support, or at least not be seen as opposing, climate change initiatives. ExxonMobil, Chevron, and Occidental Petroleum joined the Oil and Gas Climate Initiative, a coalition of leading energy companies

The Commodity Categories



INSIGHT | Change

Brand strength will help navigate industry transition

The increased importance of the consumer-facing brand will influence the shift to renewables. Shell has developed a strategy around increasing the amount of non-fuel-related activity at its retail locations, which total over 45,000 worldwide. There are at least two questions related to this change. First, how much is it influenced by consumer concern about the environment? Second, how much will the expansion to non-fuel-related activities influence consumers to purchase fuel and other products? Part of Shell's answer to these questions is illustrated by its ad campaign featuring Jamie Oliver, the British chef known for wholesome, healthier meals and his concern for the future of the planet. By implication, those values are now shared by and products sold under the Shell brand. When the Shell locations have charging stations, drivers will spend longer at the location and have more time to shop for these Shell-branded products.

Steven Brown
Insight Planner
Kantar
Steven.Brown@kantar.com

KANTAR

ExxonMobil has recommended that the US stay in the Paris Agreement, supported a carbon tax, and carefully avoided the kind of missteps that led to the accusations that the company actively engaged in climate change denial.

The change in the tone of communications reflects the evolution of both the energy business and consumer attitudes. Shell, along with Total and BP, is investing heavily in new energies. For example, Shell bought First Utility, a supplier of electricity and gas to residential properties and businesses.

Shell has also acquired Sonnen, a German solar battery maker, and New Motion, one of Europe's largest electric vehicle charging Networks, based in the Netherlands. In addition, Shell entered a joint venture to develop windfarms the US, off the New Jersey coast. BP purchased Chargemaster, a British electric vehicle charging station company. BP is also reporting on the carbon risk in its portfolio.

In the US, solar prices are declining, making it more attractive to consumers. In the rebuilding process following the devastation of Hurricane Maria, Puerto Rico has become a test location for micro grids that depend on solar energy and storage batteries. Interest in solar and the climate change conversation heated up with debate about a Green New Deal, an idea proposed by several members of congress.



INSIGHT | Consumers

Consumer voice is vital to sustain brand operations

The major oil and gas companies are in the best position to invest in scalable alternative energy production. And they are smart enough to know that consumer attitudes are changing, and they need to find new ways to conduct business. For instance, Royal Dutch Shell foresees a future where it is the world's largest electric distribution brand. The oil majors still see that the need for their core product will be sustained for decades. Getting the hydrocarbons they produce to market will be contentious, however. People who oppose fossil fuels will look for legal and legislative means to keep oil and gas in the ground. That gives consumers an important seat at the table. The energy companies need public support to secure their license to operate and their ability to transport their oil and gas through pipelines, and their wind or solar energy over high voltage transmission lines. The issues around all forms of energy are complex, and sometimes the reality is obscured, unfortunately. It is fine to have an electric car, but it is also important to know that if fossil fuel produces the car's electricity, you may be driving a coal-fired Tesla.

Michael Kehs
Managing Director,
Energy & Industrials
Hill+Knowlton Strategies
Michael.Kehs@hkstrategies.com

Hill+Knowlton Strategies

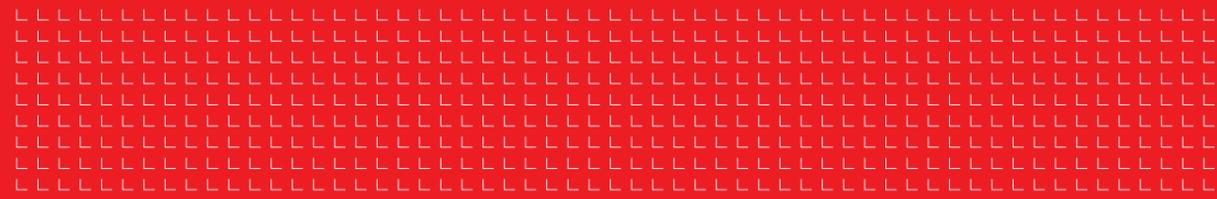
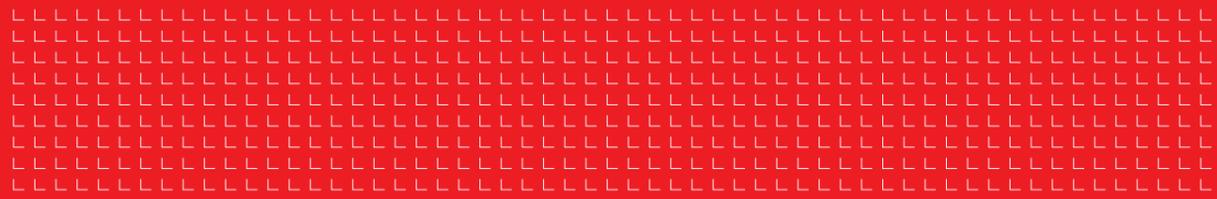


The Commodity Categories

Energy

BRAND BUILDING ACTION POINTS

- 1 CHANGE THE MINDSET**
Brands need greater understanding of the businesses they might be in as the industry changes. Energy companies make investments over a long-term horizon, so they are well placed to make long-term brand decisions. But they need to bring the long-term mindset they use for production into the marketing department.
- 2 CONNECT THE DOTS**
Energy brands make possible the convenience we expect in our lives, whether we are using Uber or Lyft to transport ourselves or relying on Amazon to deliver our packages. Connect the dots between what energy does and how it enables other uses, including the materials that go into our smartphones, cars and clothing, or the medicine that keeps us healthy.
- 3 REASSURE CONSUMERS**
Reassure people that the brand is doing everything possible to limit the carbon intensity of everything it does and anything that anyone using its products does.
- 4 TRUST CONSUMERS**
All of us as consumers have a conflicted relationship the products of our convenient, modern lives and their impact on our planet. We need to own that conflict, and brands need to trust people with the complexity of solving the climate change problem.



Transition

Messaging becomes more complicated during transition to renewables

Strong brands can smooth navigation to new businesses

It's no secret that our global energy system is changing. As the world looks to tackle the potentially devastating consequences of climate change and driven by technology and policy changes, our energy is being supplied in increasingly varied ways. Ways that lower carbon dioxide and other emissions, ways that put control in the hands of consumers, ways that reduce waste and better use the capacity of our energy system.

The rate of change is perhaps best illustrated by the extraordinary growth in renewable energy sources. Initially this was a developed market phenomenon, but the cost of renewables is now reduced to such an extent that renewable technologies like onshore wind and large scale solar are quickly taking an increasing share of new investments in developing markets around the world.

According to the International Energy Agency, solar and wind power provided 6 percent of the world's electricity in 2017. By 2040, they are projected to provide 21 percent in the IEA's New Policies Scenario, which reflects governments' announced policies and targets. These rates of change are now also being seen in technologies like electric vehicles and battery storage, which will have a significant impact on our global automotive business and enable storage of electricity from renewable sources to remove problems of intermittency.

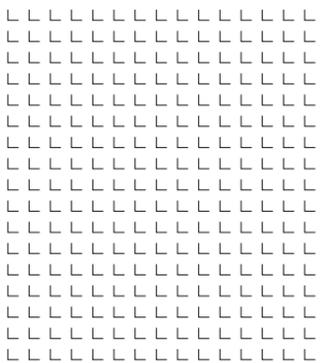
This year's BrandZ™ category name change, from oil and gas to energy, reflects the convergence of interests in the real world. The oil and gas industry will remain vital to the world economy for decades to come. Demand for oil and gas continues to rise with a growing global population and growing economies, and in subcategories like aviation fuel, lubricants, bitumen and plastics there are not yet an abundance of alternatives to replace oil and gas. It is far too early to write the obituary of an industry that has fueled our economies and will continue to.

Ultimately though, oil and gas businesses will have to shift their brands and their businesses. Shell's recently stated ambition

to be world's biggest power company by 2030 and investments by Shell, Total and BP among others in renewables and electricity infrastructure like electric vehicle charging, show the gradual shift in investment. These companies have been criticized for the pace of that shift by groups looking for a more significant quantum of investment to turn to low carbon, but the shift has begun and will continue to grow.

There is, however, an added dilemma for these groups. BrandZ™ shows that brand contribution to company value in the energy category is the lowest for any category that is measured. This is true even though brands like Shell have among the highest levels of brand recognition of any brand in the world. So, there is an intrinsic value in the brand for the likes of Shell, but are the brand attributes going to support the transition and future direction of these companies? Does reliability as a provider of oil and gas translate to reliability for charging infrastructure or reliability for supplying solar panels? Perhaps. But the more difficult question is: Will consumers buy products from a company leading the transition to a low carbon future, if that same company is also still contributing a significant volume of emissions that cause climate change?

Energy brand leaders will likely need to borrow from brand strategies in other categories where brand makes a larger contribution to company value. In the end transition will require a degree of trial and error. Perhaps Shell Energy will be the largest power company by 2030, but perhaps there will be a suite of brands delivering the transition and building the new energy giant brands of tomorrow. One thing is for sure, the required investment in brand will only increase for these giants.

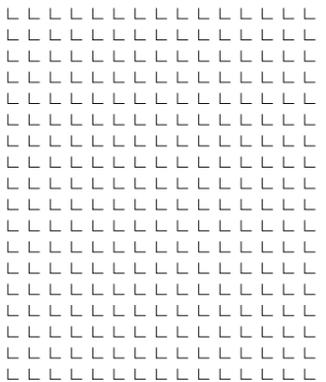


Chris Pratt
Managing Director
Hill+Knowlton Strategies
Chris.Pratt@hkstrategies.com



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Consumption

Consumers judge brands on their sustainability talk and actions

Cultural changes are influencing new attitudes about consumption

Across an ever-growing number of categories, from apparel and beverages to energy, brands will need to be responsible for correcting some of the problems they've created. Ultimately, the goal would be to leave no footprint. This circularity will not happen overnight, of course, but the brands that take on responsibility for issues related to their categories—sometimes issues not addressed by government—will increasingly be more acceptable to consumers.

The UN's 2018 Intergovernmental Panel on Climate Change special report laid out the extreme planetary impacts of the earth's temperature increasing to 1.5 degrees Celsius above pre-industrial levels. The catastrophes outlined in this report and the public attention it received have created a renewed sense of urgency to take action.

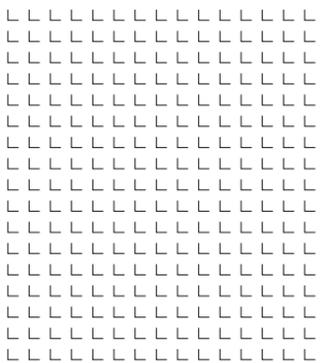
Consider the emergence of the Green New Deal as a policy proposal. Regardless of where one stands on its merit, the seriousness with which this proposal is being discussed underscores the rising importance of climate change to a large portion of the US voter base. This issue, in fact, is said to be one of the top campaign priorities for Millennials leading into the 2020 US elections.

In artistic and cultural spheres as varied as food and fashion, we see a preponderance of apocalyptic, dystopian themes. Vogue recently headlined a spread: "Has Warcore Replaced Normcore in Fashion?" Impossible

Foods, a company dedicated to making meat substitutes from plants, leads with its "mission" to "save earth" from the destructive practice of animal agriculture.

Take, as well, the striking visual effect of Greta Thunberg, the 15-year-old Swedish activist who has a disarming and innocent Heidi aesthetic. She's marshalled teens around the world to participate in school strikes, demanding that adults and decision-makers replace apathy with action. She is just one of the "faces of innocence" mobilizing for change.

"Toxic Toby"—a campaign to restore London's air to legal and safe levels fronted by a teddy bear—is another. This is a modern context in which the art world is showcasing exhibits that embrace humankind's inevitable extinction. A context in which brands outside of the energy sector—such as IKEA and its new air-purifying curtains—are mobilizing innovation to find more sustainable alternatives.

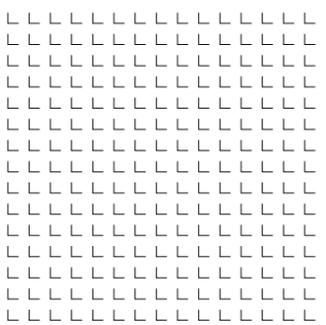


Laura Tarbox
Associate Director,
Consulting Division
Kantar
Laura.Tarbox@kantar.com

KANTAR

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Consumption

Consumer choices

This reckoning is also playing out in the realm of individual choice. For example, 46 percent of US grocery consumers shopped with plant-based packaging in mind in 2018, according to a report from the supplier Evergreen Packaging based on data from EcoFocus Worldwide.

But these consumer choices aren't purely altruistic. Increasingly, the virtuous environmental choice has become a kind of social currency. As sustainability has become a kind of aspirational lifestyle, it dovetails neatly with the increasingly nebulous sphere of wellness through a shared lexicon of holistic-ness, self-care, nurture, and progressive healthful ideals.

What once was a niche consumption behavior and limited subculture is achieving mainstream appeal.

And the bar continues to be raised. In brand communications, every environmental cue matters. Getting the cues right may be even more important for new brands that appear to speak fluently the language of wellness and sustainability. Expectations are higher for those brands. A friend was recently exasperated with direct-to-consumer company LOLA—a non-toxic tampons and pads brand “for women, by women”—for selling products with plastic applicators (they also offer cardboard and non-applicator options).

She'd chosen the brand because of its modern positioning—namely, the brand's wellness-centric aesthetic and progressive ethos, both of which implicitly cue environmental harmony. The brand's dealing in plastic didn't match her expectation of it. She has now voted with her wallet and sought an alternative.

Regardless of the critique that these “new” behaviors are most often just trading off one kind of environmental harm for another, the trajectory of consumer sentiment is clear: there is an intention to continually “do better.” So this reckoning will evolve, permeating new facets of consumer culture as people gradually question each new contradiction and inefficiency. This is the enduring context for brands. In short, brands must follow the lead of consumers: the time to act is now.

Actions to Meet Consumer Expectations

1

ACT NOW

Whether you work in energy or personal care, no brand exists in a vacuum. To be in business is to operate in this new context. Get ahead of consumer disparagement, regulation, and worse.

2

SPEAK PEOPLE'S LANGUAGE, BUT DON'T JUST PAY LIP SERVICE

This isn't just about spinning a positive story for people without the right behavior to back it up. Action must match well-intentioned sentiment.

3

ADOPT A CLIMATE-FIRST MINDSET

We are increasingly seeing the environment serve as a starting point for brand activity. Take IKEA's new “Gunrid” curtain that blocks out light... and purifies polluted air in people's homes. Take cues from IKEA's lead.

4

SELF-REGULATE

In the absence of regulation (for now), be the Dick's Sporting Goods of environmental impact. In light of another controversial issue in the US, access to firearms, the outdoor retailer chose to stop selling guns, reaping the benefits of taking a stand in a positive way before being forced to do so. Regulate yourselves and win over consumers with your positive purpose.



In brand communications, every environmental cue matters. Getting the cues right may be even more important for new brands that appear to speak fluently the language of wellness and sustainability.



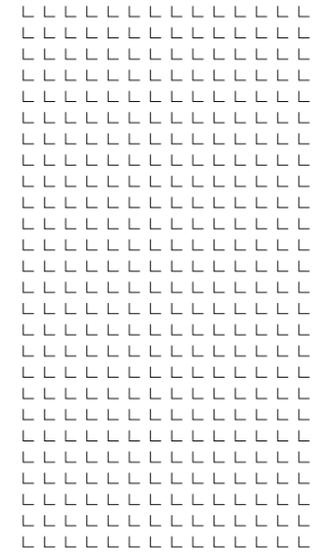
The Technology Categories

Technology

Rising concerns about privacy depress value growth rate

Brands respond with reassurance and new practices

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



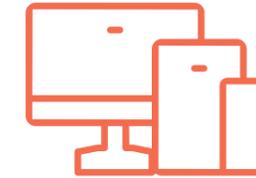
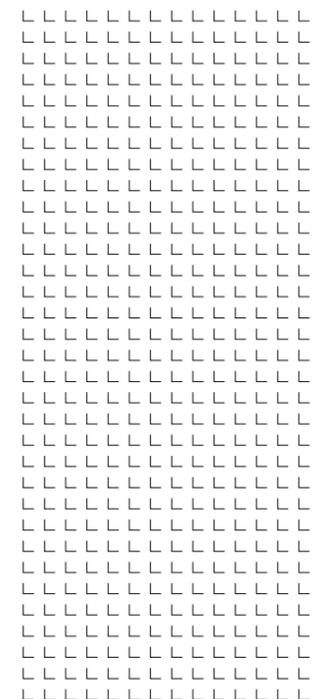
Category Brand Value
Year-on-Year Change

+4%

Category Brand Value
13-Year Change*

+360%

Technology Top 20
Total Brand Value
\$1,651.9 billion



Just a few years ago, technology brands were soaring. Consumers loved them because they improved life, and businesses feared them because they disrupted entire categories. Times have changed.

Privacy abuses disappointed consumers. New devices seemed less shiny, more iterative. And regulators looked more closely at the industry, even in China. The BrandZ™ Technology Top 20 rose only 4 percent in value compared with 28 percent a year earlier.

BRANDZ™ TECHNOLOGY TOP 20

		Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	Apple	309,527	300,595	+3%
2	Google	309,000	302,063	+2%
3	Microsoft	251,244	200,987	+25%
4	Facebook	158,968	162,106	-2%
5	Tencent	130,862	178,990	-27%
6	IBM	86,005	96,269	-11%
7	SAP	57,528	55,366	+4%
8	Accenture	39,184	33,723	+16%
9	Intel	31,880	28,316	+13%
10	Samsung	30,369	32,191	-6%
11	Cisco	28,861	21,331	35%
12	Instagram	28,205	14,496	95%
13	Adobe	27,930	17,831	57%
14	Salesforce	26,917	17,026	58%
15	Huawei	26,908	24,922	8%
16	Oracle	26,488	25,802	3%
17	LinkedIn	22,816	15,657	46%
18	Baidu	20,879	26,861	-22%
19	Xiaomi	19,805	NEW	
20	Dell Technologies	18,486	NEW	

Source: BrandZ™ / Kantar (including data from Bloomberg)

The Technology Categories

The storm of criticism initially swirled around Facebook because of stealth use of its site to affect the results of the 2016 US presidential election and the Brexit Referendum. Revelations that Facebook had inadequately protected the personal data of its users intensified consumer disapproval and raised their suspicions about other technology brands.

At the same time, the imminent introduction of 5G, the acceleration of the Internet of things, and the development of artificial intelligence and voice personal assistants suggested that the tension between data collection and privacy would only intensify. As Facebook and Apple announced major changes to their business models, industry introspection paralleled government intervention.

The EU implemented the General Data Protection Regulation. Executives from Facebook and other technology brands appeared at congressional hearings to support privacy regulations. Although the US did not promulgate national privacy laws, in 2020 a wide-reaching data projection law, giving consumers greater control over their own data, will go into effect in California, home to Apple, Google, and Facebook.



INSIGHT | Innovation

In today's market, innovation is key to brand survival

I think consumers are experiencing innovation fatigue. We've become desensitized to change. A TV from just a few years ago will look very old, even if apparently there would have not occurred any major technological shifts. You can't revolutionize the product every single year, but every year you improve what you have. Although consumers don't always recognize incremental innovation, brands need to keep innovating. They need to respond to an expressed consumer need, and they must also anticipate needs. Brands will be wrong sometimes, but they need to try. Before the combustion engine and the car, if you'd asked consumers what they wanted, they would have said, a faster horse. The innovation process is about leadership and natural selection.

Carlos Werner
Senior Director,
Client Services
Kantar, Consulting Division
Carlos.Werner@kantarconsulting.com

KANTAR

Altering the value exchange

Facebook's public relations problem was compounded by the timing of the congressional hearing, which came as Facebook introduced its Portal, a screen-based device for video chats with a camera and microphone capable of following the user around a room. At a time when consumers wondered if their virtual assistant was listening to private conversations, the new concern was whether it was also watching.

The privacy breaches highlighted the contrasting business models between brands that charge for their products and services, like Apple, and brands like Facebook that offer a free service and monetize data. The privacy breaches called into question this value exchange. Facebook decreased 2 percent in value this year, its first decline since 2013. BrandZ™ data reveal that the Facebook had been declining steadily over the past six year in key drivers of brand equity.

To address these concerns and reposition the brand for changing market dynamics, Facebook announced a fundamental revision of its business model. It planned to integrate some of its component services, including WhatsApp, Facebook Messenger, and Instagram. The new arrangement would make Facebook more like WeChat, the Tencent-owned platform that is ubiquitous in China. Messages would be encrypted, which would address privacy issues, but also challenge a business model based on selling advertising to reach relevant audiences.



INSIGHT | Social Media

Chinese brand demonstrates new growth model

Innovation is important, but all growth isn't driven by innovation. I believe there's a lot to learn from the experience of the Chinese brand Xiaomi, which has become the leading smartphone brand in Spain in a year. That success wasn't driven by innovation. Xiaomi focused on building a community and partnerships. Its marketing was done almost completely through social media. That's a different growth model.

Dominic Sunnebo
Business Unit & Commercial
Director, Worldpanel Division
Kantar
Dominic.Sunnebo@
kantarworldpanel.com

KANTAR

With the smart phone market reaching saturation, and premiumization reaching its limits, Apple decided not to release its iPhone earnings, signaling that it wants to be perceived not as a device brand, but as a technology ecosystem with many branded devices and services. It announced three new service businesses: a streaming service that offers original content from well-known actors and directors, like Steven Spielberg; a news subscription service providing access to a wide range of newspapers and magazines; and Apple Arcade, a gaming service.

These businesses are in addition to Apple Music, a streaming service launched in 2015. Apple expects to make money from revenue rather than from monetizing the personal usage data. In a separate initiative to increase fees from services, Apple entered into a partnership with Goldman Sachs to issue a co-branded credit card.

Google also faced difficult issues, including criticism by its own employees about work being conducted with China, other work conducted with the Pentagon, and the company's response to sexual assault allegations against several former executives. But Google continued to dominate search and refine it further using its expertise in artificial intelligence. YouTube and Gmail, with reportedly over 1.5 billion users, remained a key way people communicated, and Google Maps was key to how they navigated.



INSIGHT | Trust

Privacy issues expose fragility of trust in brands

The fragility of trust has become apparent with Facebook in the crossfire of a heated and volatile debate. Trust in the brand took a nose dive. The situation prompted more awareness and skepticism among consumers. They thought twice about having Alexa or another device in their homes listening to conversations. When the trust shell cracks it can be devastating because these tech companies know so much about us, and it can open the door for doubt. And related to trust, is the value-exchange model under threat? Apple is good at getting your money directly. Facebook is free and gets its revenue from advertising. Google gets its revenue through advertising and search and from sale of devices. As privacy becomes an issue, does it threaten the monetization model?

Erik Haroldson
SVP,
Client Leadership
Kantar
Erik.Haroldson@kantar.com

KANTAR

The Technology Categories



INSIGHT | Responsibility

Consumers expect their tech brands to act responsibly

Technology brands are under pressure because of consumer privacy concerns and other issues. At the same time, technology brands make important contributions. Many tech brands offer apps or social networking capability related to health and wellness, for example. The balance between consumer concerns and technology as a force for good raises questions. For example, watching videos in moderation is fine but watching them excessively can be a problem. Whose responsibility is it to tell you when you've watched enough? How much screen time, is too much screen time? Consumers will be looking more and more to tech and social media brands to have a point of view on this and to act responsibly.

Hannah Walley
Joint Head,
Media & Digital UK
Kantar
Hannah.Walley@kantar.com

KANTAR

Although technology stocks initially weakened because of privacy concerns, they quickly recovered. In counterpoint to Facebook's problems, Instagram, the photo sharing site Facebook acquired in 2012, increased 95 percent in value, making it the fastest-rising brand in the 2019 BrandZ™ Global Top 100. Ultimately, the technology brands exhibited significant resilience because of the uniqueness of the brand offering, and also the degree to which consumers are enmeshed in their ecosystems because of the convenience and other benefits. Plus, disengaging from an ecosystem is painful, like leaving a banking relationship. Unlike the banks, however, technology brands have been trusted and loved. Their challenge is to keep it that way.

Changing competitive landscape

Chinese consumers seemed relatively less concerned about sharing their personal data with technology brands, particularly Tencent's ubiquitous WeChat app, in exchange for a life of smartphone-enabled speed and convenience unmatched anywhere else in the world. Among the BrandZ™ Top 100 Newcomers this year is Meituan, the technology-enabled lifestyle platform with which people can arrange for a broad range of services, from booking a restaurant to renting a bike.



INSIGHT | Regulations

Tech brands must act responsibly or face regulations

Given what happened with Facebook and the issue of privacy, and Apple taking a strong stand, I would expect the conversation around privacy to continue, and I wouldn't be surprised to see the US impose regulations, as the Europeans have. The tech leaders are among the strongest companies in the world, and they can be expected to fight against regulation. But the problem is not going away. And unless the tech brands self-regulate, something will be done. The business-to-business brands are less impacted, but they still need to demonstrate a purpose. These kinds of companies use a lot of energy, and a greater responsibility towards the environment will become increasingly important.

James Cook
EVP, Technology
Burson Cohn & Wolfe
James.Cook@bcw-global.com



INSIGHT | Innovation

Product, instead of need, drives many tech brands

A lot of tech companies today start with a product, not with a consumer need. They ask, what can we make that's really cool that I can punt over to marketing to launch? That's the model for growth. It's engineering-led. Whether people want the product isn't the first concern because the tech company thinks the product will change behavior. The reality is that products that change behavior are few and far between. Disruptors and unicorns change behavior.

Jen Hanson
SVP,
Client Leadership
Kantar
Jen.Hanson@kantar.com

KANTAR

While Chinese brands were unaffected by consumer privacy concerns, some were impacted by government intervention. Concerned that online gaming was addictive, the government imposed restrictions that reduced an important revenue stream for Tencent, ranked No. 8 in the BrandZ™ Global Top 100. Late in the year, revenue from advertising and cloud computing began to offset the gaming revenue shortfall. Around the same time, Tencent listed its music business on the New York Stock Exchange.

China is the next-most represented country in the BrandZ™ Technology Top 20, after the US. Chinese smartphone maker Xiaomi entered the category ranking for the first time. Xiaomi derives most of its revenue from its smartphones, which are packaged with a premium look but sold at relatively affordable prices, while the brand collects revenue from ads fed to its devices.

Meanwhile, Xiaomi is also developing services to build a community around the brand. Besides its popularity in China, Xiaomi is the No. 1 smartphone in India and growing rapidly in Spain, where it debuted its aggressive move into Europe. These developments illustrate the increased presence of Chinese technology brands in the West and the changing competitive landscape.



INSIGHT | Audio

Audio adoption shapes interaction with all devices

There has been a tipping point in the adoption audio. We've seen more use of personal assistants. Brands have turned to audio brand signals as media consumption habits are changing. Today our devices—phone, laptop, or TV remote—require typing. But in a few years, we'll turn on the TV and verbally ask to view a particular show or a menu of shows. The transition to audio will impact not just technology brands, but also the function of advertising on platforms. Brands will need to integrate audio in a consistent way into all their campaigns. Meanwhile, the personal assistant devices are collecting audio information about people's requests and speech patterns. That data is being used to support other product development related to the Internet of Things. Ultimately, Audio will change not only how we interact with standard connected devices, like TVs, but with devices that are becoming connected in our homes and with our cars.

Kristianne Roberts
Global Development Director
Kantar
Kristianne.Roberts@kantar.com

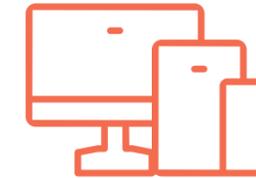
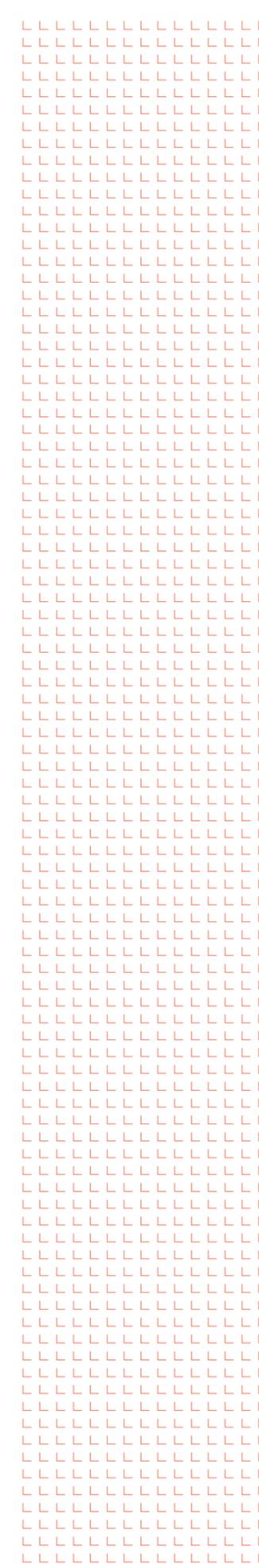
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The Technology Categories

Business-to-Business

In a reversal of fortune, value growth of B2B outpaces B2C

More brands gain traction in the cloud



In a reversal of fortune, the business-to-business technology brands outperformed the consumer brands in value appreciation. Having struggled for years to reinvent their businesses after the disruptive shift to the cloud, many of the B2B brands gained traction.

Some, like Cisco, were relatively unknown to consumers, while others, like Microsoft and Intel, have strong consumer-facing brands that can help build B2B strength.

In an attempt to drive more consumer business, Microsoft established a group called Modern Life Services. Known for making product and services that help people become more productive in their business lives, Microsoft plans to focus more attention on bringing similar benefit to people's personal lives.



INSIGHT | Experience

Brand experience now more important for differentiating

As the technology category matures, it is becoming increasingly difficult to differentiate among some devices. Based on what came out of the Mobile World Congress, for example, smartphone functionality will be pretty much the same. The technology no longer is the differentiator. Smartphones seem to be where laptops were a few years ago. The lack of sufficient differentiation places much more emphasis on the brand and the brand's ability to drive the price premium. Brands need to ask themselves: what does the emotive equity behind the brand stand for, and how is the brand experience demonstrably better?

Nick Vincent
Global Head of Data Engineering
Wunderman Thompson Commerce
NVincent@wundermancommerce.com



The Technology Categories



INSIGHT | Innovation

More running room remains for tech brand innovation

There is an argument to be made that the technology category is becoming commoditized, that brands need to go beyond functional innovation, making brand differentiation even more important. But I also believe that there is a lot more that brands can do around innovation that they have not yet done. Hardware companies are particularly susceptible to this. Smartphones now are about the number of cameras on the back. Their marketing reminds me of promotions for the number of blades on a razor. A lot of the innovation needs to be how hardware and software merge together with a focus on how this addresses a genuine consumer need.

Nick Snowdon
Director, Brand
Kantar
Nick.Snowdon@kantar.com

KANTAR

Some of Microsoft's products, like Windows and its Surface devices, fit naturally in the mixed-use, business-consumer space. LinkedIn has grown significantly in brand value since Microsoft acquired it in 2016. Other Microsoft products, like Xbox are fundamentally aimed at consumers. Microsoft's growing Azure cloud business has both business and consumer applications.

Salesforce and Adobe announced plans to introduce new marketing tools to help businesses better understand customers and customize interactions. Each company expects to introduce a Customer Data Platform that combines customer data from multiple sources into one database where it can be integrated and analyzed. Salesforce and Adobe both score high in BrandZ™ measurements of innovation, and both rose sharply in value, 58 percent and 57 percent, respectively.



INSIGHT | Trust

People inclined to forgive their digital brands

We have been tracking Facebook and Uber, almost on a daily basis, during this period of consumer concerns with privacy. Despite the daily tremors hitting these brands, their adhesion with the customer is only increasing. I have a hypothesis that consumers are far more forgiving towards digital brands than they are towards legacy brands. And I don't think the regulators can catch up with them. The regulators focus on visible products and services. They are oblivious to the huge innovation pipelines that the tech giants have built. During the four-year block of 2015 to 2018, the total number of patents filed by any entity increased by 17 percent compared with the previous block of four years, 2011 to 2014. In comparison, the patents filed by FAAMG (Facebook, Apple, Amazon, Microsoft and Google) surged by an astounding 59 percent. This demonstrates the frenzied pace at which the leading tech companies are shifting their landscapes. One-in-four patents filed on cutting-edge technology areas—cloud computing, edge computing, and machine learning—belonged to FAAMG. These brands are building domination in their existing spaces and want to conquer adjacent spaces. The fixed costs of these businesses are low, and their margins are high. That renders these brands extremely agile.

Sanjeev Bhatt
Managing Partner
Mindshare
Sanjeev.Bhatt@mindshareworld.com

MINDSHARE



INSIGHT | Trust

Habit, switching pain, keep people loyal to ecosystems

We're seeing the ecosystem effect. It's difficult to divest yourself from a platform like Facebook or Google, where behavior is just so habitual. The reason for a split would need to be very personal before enough people would overcome their inertia and do something about it. I do think there is a huge over estimation of the degree that people love Apple or other tech brands. I think it's much more to do with the fact that it feels difficult to disentangle from the ecosystem. In addition, there is no significant alternative to some of these brands. Where do you go if you leave Facebook? But if something new and different came along, you might leave.

Nigel Hollis
Chief Vice President,
Chief Global Analyst
Kantar
Nigel.Hollis@
kantarmillwardbrown.com

KANTAR

On the strength of its success hosting cloud solutions and changing how businesses handle customer relationship management, Salesforce signed many new contracts for its commerce platform. Signifying its success, Salesforce also transformed the skyline of San Francisco with the city's tallest building.

Continuing its transition from its original business as a graphics and design tool into cloud-based software subscription service company, Adobe acquired Magento Commerce, an e-commerce platform. With the acquisition, Adobe moves further in its development from a creative graphics tool to a digital solutions provider. The combined company potentially adds competition for Salesforce and IBM.

Cisco supplied the sensors and other infrastructure for some of the leading-edge developments in technology, including 5G telecommunications, the Internet of Things, and autonomous vehicles. To prepare for this opportunity, Cisco reshaped its culture with a program call Our People Deal that places employees at the center of company's mission to connect and change the world.



INSIGHT | Innovation

Defining a brand around its products opens vulnerabilities

Some brands in the tech sector have built their brands around a strong legacy of delivering great products. Because these are such powerful technology companies, they have been able to bring innovative products to market and those products have been their brand. When those innovations become more iterative, or the innovation cycles become longer, or disruptive brands do the same thing but cheaper, it becomes necessary to define the brand around something other than products. TVs are the obvious example, with yearly improvements in picture quality, but arguably less and less step changes in the core product. But the idea is also relevant to social media brands. How do brands focus on what the consumers want, but not get locked into growth cycles? How do brands respond to these challenges? Do they try to interact with all aspects of people's lives, including politics? The impact of this shift is underscored by the fact that it even touches the tech category leaders, which historically have done well being about a lifestyle and being in touch with the Zeitgeist.

Mark Webster
Client Director
Kantar
Mark.Webster@kantar.com

KANTAR

The Technology Categories

The presence in the BrandZ™ Technology Top 20 of China's Huawei, which also develops internet infrastructure, reflects the geopolitical context in which these brands operate, with the debate about national security concern shaping the competition among brands for lucrative contracts to develop 5G infrastructure.

Oracle continued to progress toward a cloud operation, but the competition is significant, and includes Amazon's AWS, the leader, along with Google and Microsoft. SAP worked on developing its cloud-based commerce, shifting away from its on-premise licensing arrangements, based on the expertise it gained with the acquisition of Hybris several years ago. IBM continued to struggle with its transition to the cloud, with the emphasis on its Watson artificial intelligence applications across several industries.

Although it is an ingredient product, Intel understands the power of brand and reaching consumers. The brand's consumer-facing side has moved on, from stickers on laptops denoting "Intel Inside," to drones creating a lightshow synchronized to the halftime show at the Super Bowl.



INSIGHT | Society

Public scrutiny blurs contribution made by brands

There has been a year of public scrutiny about the negative aspects of technology. However, we need to acknowledge the enormously positive role technology can play when people's lives are limited by illness, age, or disability. Among the brands exhibiting at the Consumer Electronics Show in Las Vegas, was a sensor to embed in shoes that would recognize if the wearer fell and then alert emergency services. There was a body brace to help paraplegics walk. As a Japanese brand demonstrated, technology can also help with mental health. The brand exhibited a cuddly robot designed as a comfort for senior citizens. These kinds of innovations, often from smaller brands, demonstrate how technology can be a positive force.

Sara Gourlay
Global Technology Practice Director
Hill+Knowlton Strategies
Sara.Gourlay@hkstrategies.com



INSIGHT | Trust

Brand purpose is foundation for future growth

As brands look at growth potential, the driver shouldn't be their technological capabilities. But based on those capabilities, brands can develop products and services around a core of what the brand stands for. Brands need to think forward from what they stand for today, and what they could stand for tomorrow, even if it's not a direct line. Apple is great at this concept. As the growth rate of phone sales has declined, Apple has developed service areas around the core business. Having pioneered the digital music business, Apple itself was disrupted by Spotify. But Apple is moving into a streaming service. Apple will create its own content for a news site.

Wendy Swiggett
Managing Partner
Kantar
Wendy.Swiggett@kantar.com



The Technology Categories

Technology

BRAND BUILDING ACTION POINTS

1 CONTROL THE NARRATIVE Brands that take control of the narrative can break through some of the white noise about the data breaches. Brands could consider an industry approach to mutual concerns. But it would need to be more than lobbying. It would need to be about real change.

2 BE TRANSPARENT Consumers are much more aware that they get nothing for free. If they are not paying with money, they are paying with personal data. Consumers have accepted this modern expression of a barter economy. They are less accepting when the value exchange is unclear or dishonest. The value exchange needs to be transparent and, when in doubt, it needs to tip to the consumer.

3 STRENGTHEN THE BRAND Along with the convenience the cloud provides, it also potentially weakens the consumer connection with the device. If digital data in the form of news updates, music, business information, or leisure diversions are available by clicking and streaming, then the device potentially becomes just a delivery vehicle. The adhesion needs to be the brand and the differentiating brand experience.

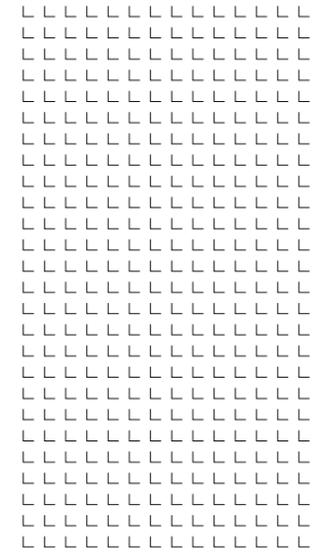
The Technology Categories

Telecom Providers

Brands generate buzz around promise of 5G

Time Warner purchase shifts AT&T into content

The telecom providers category includes brands that provide mobile or fixed-line telephone or internet services as stand-alone or bundled packages (along with other services, like television).



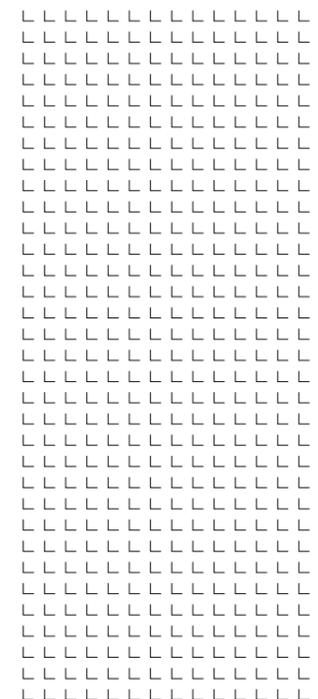
Category Brand Value
Year-on-Year Change

+1%

Category Brand Value
13-Year Change

+180%

Telecom Providers Top 10
Total Brand Value
\$460.5 billion



After years of anticipation, two events heralded the impending transformation of a category struggling with commoditization: 5G arrived with the promise of radically faster transmission speed; and AT&T received court approval for its acquisition of Time Warner, definitively moving a telecom provider from being a voice and data pipe to becoming a content provider.

Brands were quick to promote 5G, but slow to explain its actual consumer benefits. While business clients welcomed the possibilities for advancing the Internet of Things, the shape of this transformation, and consumer demand for it, remained vague. In a similar way, the full consequences of AT&T's transition remained unclear.

Meanwhile, economic fluctuations affected the category. Vodafone, the most global telecom provider brand with operations in almost 50 countries, was most exposed. Vodafone encountered disruptor brands in several of its markets, including India and Italy. The economic volatility in Latin America impacted the results of Spain's Movistar.

BRANDZ™ TELECOM PROVIDERS TOP 10

			Brand Value 2019 \$ Million	Brand Value 2018 \$ Million	Brand Value % Change 2019 vs. 2018
1	AT&T		108,375	106,698	+2%
2	Verizon		94,598	84,897	+11%
3	Xfinity		48,889	43,056	+14%
4	Deutsche Telekom		44,219	41,499	+7%
5	China Mobile		39,322	46,349	-15%
6	Spectrum		38,423	39,372	-2%
7	Vodafone		26,499	28,860	-8%
8	Orange		20,728	19,647	+6%
9	NTT		20,070	22,377	-10%
10	Movistar		19,361	22,824	-15%

Source: BrandZ™ / Kantar (including data from Bloomberg)

The Technology Categories



INSIGHT | Potential

5G potential far exceeds Initial rollout

As brands roll out 5G, consumers will benefit not just from much higher data speeds, but from lower latency communication between devices. While these faster speeds will be a big boost out of the gate, once the buildout of the technology advances, the applications will be game changing. Cars will instantaneously communicate dangers to each other, sensors throughout cities will help governments allocate resources effectively. The higher frequency signal required for 5G means that more access points are needed to blanket the same area with service, and that it won't penetrate walls very well. This means that a 5G internet service provider could provide broadband speeds on par with fiber with a small amount of additional infrastructure in a building or home. This has the potential to be dramatically disruptive for existing wireline internet service providers.

Ben Edelman
VP, Syndicated Telecom
Kantar
Ben.Edelman@kantar.com

KANTAR

China Mobile, the world's largest telecom provider, with over 900 million subscribers, felt a profit squeeze when the government directed state-owned telecom providers to cut data costs while also accelerating a broadband rollout, including 5G. Amid all this uncertainty, the telecom providers category increased only 1 percent in value, following a 2 percent increase a year ago.

More challenges and uncertainty

The advent of 5G, and the repositioning of AT&T from utility to entertainment brand, add more uncertainty. With 5G, and the pursuit of leadership in the Internet of Things, telecom providers will encounter technology leaders like Google, as well as home appliance brands. As a content brand, AT&T potentially will face not only Verizon, but also Disney, Netflix, and even Apple with its entry into streaming services.

The competition also includes Sprint and T-Mobile, the Deutsche Telekom brand in North America. These challengers, which have competed on price and the promise of no contract, are waiting for regulatory approval of a merger that would create the third-largest US-based



INSIGHT | Complications

Expectations exceed reality of 5G today

It seems as if all the carriers are about to launch 5G networks, but they are not there yet because the investments are substantial. At the Consumer Electronics Show, Samsung launched its Galaxy S10 with 5G capability, but it will be difficult to find a 5G network for it to operate on. The situation with the Internet of Things is similar, at least on the business-to-consumer side. It's still too complicated. Intuitive and reliable Smart Homes including connected appliances are not there yet. Brands are launching bits and bobs, but the fragments don't add up in the minds of consumers. And the offerings are not compatible across brands, which leaves people confused and concerned. And do they even want their fridges watching over them?

Carlos Werner
Senior Director, Strategy & ROI
Kantar, Consulting Division
Carlos.Werner@kantar.com

KANTAR



INSIGHT | Differentiation

Benefits must be explained more clearly

Other than presenting consumers with just one bill, the telecom provider brands have not done a good job of explaining the benefits of having a converged offering, where one brand provides a range of services—such as mobile, internet, and TV. Now, telecom brands are in a precarious position with 5G. They believe they need to have it, but they don't really know why, and the cost of it is monumental. They need to communicate about something that they don't quite understand and isn't there yet. In addition, key people at many of the telecoms come from an engineering background, which means that their expertise is in building and they often do not start with the customer point of view. Some of the companies are attempting to recruit people with broader skills. They also need to break down the siloes.

Charlotte Brown
Associate Director
Kantar
Charlotte.Brown@kantar.com

KANTAR

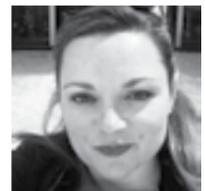
telecom provider, and another powerful 5G operator.

AT&T and Verizon are already rolling out 5G to stake their claim early. They have announced cities across the US that will receive some 5G service during 2019. Both brands list Chicago and Minneapolis among their first markets. These legacy phone companies will also compete with brands like Xfinity and Spectrum, the mobile brands of the two largest US cable companies, Comcast and Charter.

Comcast, which owns NBC, acquired Sky, the UK-based pay TV channel, reflecting the ongoing convergence of voice, data, and content. Similarly, AT&T earlier had purchased DirectTV and Verizon has developed its separate FIOS fiber optic business.

Data and privacy

Because of the enormous amount of data that telecom provider brands collect, they are potentially well positioned, even as their competitive set expands with the development of 5G and IoT. However, the telecom providers have done relatively little to monetize that data, primarily because their business model does not depend on it.



INSIGHT | Expectations

Brands must manage 5G expectations

It is difficult for telecom brands to communicate about 5G since its benefits are not clear. But is also dangerous for the brands not to communicate. We saw this happen with 4G, when the lack of adequate communication created false expectations about what the service would deliver. In our research, consumers said the telecoms should perfect 3G before they move on to 4G. They asked why they needed 4G. This misunderstanding could easily be repeated with 5G, and with the Internet of Things. It would lead to a huge disappointment. Also, people may see a benefit in communicating with their Alexa, but they have little idea that a telecom brand is enabling that service.

Gaelle Bertrand
Head of Insight, Brand
Kantar, Media Division
Gaelle.Bertrand@kantar.com

KANTAR

The Technology Categories



INSIGHT | 5G

Communication around 5G needs more focus

With the slow rollout of 5G underway, the challenge facing telecom brands is figuring out—and communicating—what this technology will mean for the consumer. They need to explain why the consumer needs 5G—why it's not just another utility and what the consumer benefit is. And the brands need to have a successful launch without diluting other products and services. Larger brands, which operate in siloes and have various product strategies, may especially struggle to communicate a single-minded message explaining the benefits of 5G to the consumer and fitting it into a bigger connectivity story. This is where understanding your audience plays a critical role, where you can segment and target based on customer profiles without harming the customer experience.

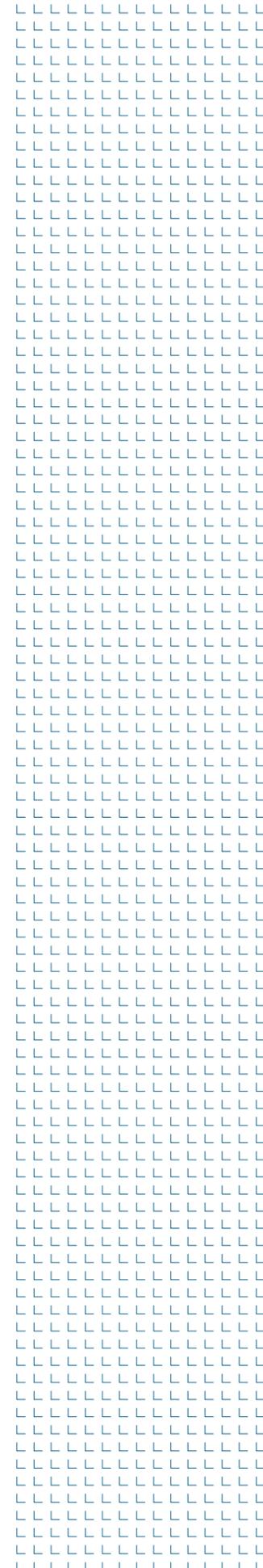
Joe McGlynn
Business Director
Wunderman Thompson
Joe.McGlynn@wunderman.com



Unlike technology brands, like Facebook and Google, the telecom providers charge for their service rather than provide it for free to attract an audience for paid advertising. Telecom providers like Verizon, with its acquisitions of Yahoo and AOL, have taken steps toward building advertising revenue, but the telecom brands face some challenges.

First, the telecom brand heritage in engineering can make it difficult to optimize the opportunity because a siloed organizational structure can inhibit easy communication between engineering and marketing. Second, like the technology brands, the telecoms need to reassure consumers that personal data will be protected.

Until now, the telecoms have avoided much of the censure aimed at the technology brands. But consumers increasingly question the value exchange implicit in sharing their personal information, and wonder if more personalization and convenience is worth the risk of unwanted intrusions and data breaches. The advent of 5G makes the question more urgent.



INSIGHT | Differentiation

Being different is the persistent category challenge

For the telecom providers, there is still a huge divide between the attitude of the business clients and consumer clients toward the Internet of Things. Businesses are pretty clear about the benefits of the IoT, with machines talking to each other. Consumers are less clear. Brands are looking to put more SIMs in more things, but the actual benefit for consumers is still being studied. There is a macro trend that sits behind the movement to content, services, and the Internet of Things. It goes back to the notion of telecom provider brands as “dumb pipes.” The problem is that in B2B services all the telecom brands are offering much the same thing, and on the consumer side, the telecom brands are offering similar bundles. With such little ability to differentiate an offer in the market—but with the need to invest heavily in the basic infrastructure to keep up anyway—a strong brand for telecoms becomes even more important. AT&T’s acquisition of Time Warner shows one part of this play, which is a classic one, to diversify its brand and reinforce its subscriber base through exclusive content.

Michael Quirke
Senior Strategist
Superunion
Michael.Quirke@lambie-nairn.com



Growth and consolidation

The speed of 5G can open occasions because it will enable game players on mobile to have the same gaming experience that they enjoy with fiber, with imperceptible latency, the millisecond between making a command and having it implemented. IoT also will create new opportunities. But these are not the only places telecoms are looking for growth.

Orange, the French-based telecom brand, used its technology and the equity of the Orange brand to launch an online bank that competes with fintechs. Orange Bank is expected to expand to Spain during 2019. Like some other telecom brands, including Spain’s Telefónica, Orange also invests in tech start-ups, like those advancing women’s entrepreneurship, which helps burnish the brand’s credentials as an innovator and social activist.



INSIGHT | Privacy

Privacy concerns, importance of trust will only increase

There is a flipside to the conversation about the Internet of Things and 5G. People are becoming more aware of privacy and the security of their personal data. In Europe, we’ve seen the General Data Protection Regulations and we may see some regulatory activity in the US. With IoT, there’s a push to get more devices connected. The play there for brands is not about having the most devices, it’s about which brand is in control of most of your data. All the telecom brands want that, so do tech brands. The value is in the data they collect, not in the widgets they put in your house. For the consumer, it’s about what brand you trust to hold your data. Or, do you completely opt out, which seems almost impossible now. Brands need to convince consumers that they not only can make the consumer’s life easier, they can do it while protecting the personal data. The challenge is new and scary, and none of the brands has a handle on it yet.

Nick Vincent
Global Head of Data Engineering
Wunderman Thompson Commerce
NVincent@wundermancommerce.com



The Technology Categories



INSIGHT | Vision

Brands should stress societal benefits of 5G

With Donald Trump's earlier call for 6G signals, we should reflect on whether the current hype around the "Gs" helps telecom providers—or not. They now focus on speed, with the promise that 5G will be great for gaming and watching movies. While this is true, it creates a dilemma: We are becoming more concerned with digital wellbeing and are trying to moderate the time we spend online. But 5G will keep us glued to our phones for even longer. The real advantage of 5G is to realize services that have been talked about for years: autonomous driving, smart cities, telesurgery. Services that will fundamentally improve our lives and societies. A focus on speed is reductive and narrows the 5G narrative for the telecom brands. They should tell us how 5G will really impact us as consumers. An estimated 40 percent of the world's population could have access to 5G in the next few years. To deliver that vision, we need a conversation about the power of 5G as a force for good.

Robert Roessler
Director, Technology
Hill+Knowlton Strategies
Robert.Roessler@hkstrategies.com



Although the larger telecoms sometimes struggled to differentiate, some of the smaller brands established a clear proposition and found niche audiences the way craft beers attracted a core group of followers. GiffGaff, a UK-based MVNO (mobile virtual network operator) run by Telefónica, added a financial services app aimed at its core Millennial customer base. VOXI, a Vodafone brand aimed at young people, does not charge for downloading or uploading popular social media apps like Facebook and Snapchat.

Meanwhile, industry consolidation continued. In Europe, UK-based Vodafone waited for EU approval of its bid to take over the cable networks owned by Liberty Global in Germany and Eastern Europe. The French brand Iliad entered Italy with a promotional pricing strategy similar to the one used by India's Jio, which precipitated the merger of Vodafone India and Idea Cellular and the sale of Tata's telecom business to Bharti Airtel. In the US, T-mobile and Sprint anticipated regulatory approval of their merger plans.



INSIGHT | Relevance

5G technology can make brands more relevant

Telecom brands have been talking about the Internet of Things and 5G. They have an opportunity to talk about them in a more consumer-friendly and relevant way. The telecom providers currently struggle to differentiate and are seen more as a utility in their most mature markets. Some of the smaller brands, like Three in the UK, have been able to focus on targeted markets. Otherwise, the telecom brands seem to have a clearer role as enablers in developing markets, where mobile technology can help with financial wellbeing, improved health, and the empowerment of women and girls.

Winnie Cheng
Director, Client Services
Kantar
Winnie.Cheng@kantar.com

KANTAR



The Technology Categories

Telecom Providers

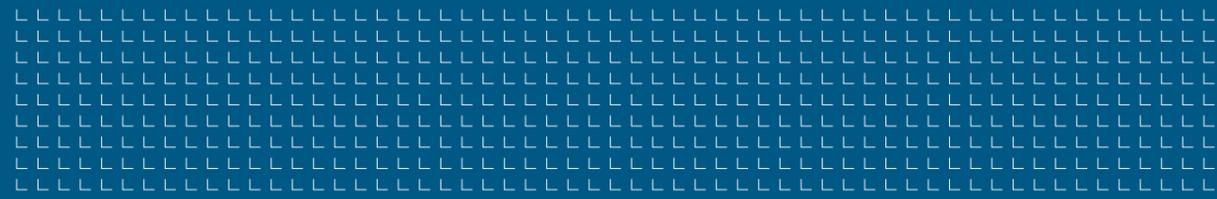
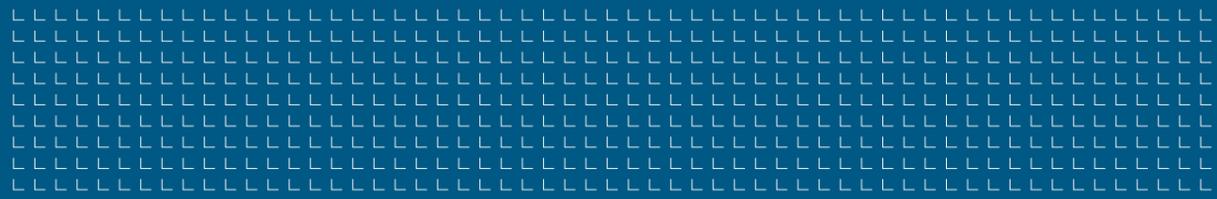
BRAND BUILDING ACTION POINTS

1 FULFILL THE PROMISE Telecom provider brands communicate about being the best. And they may be best in some things—being the largest network, for example. But no brand is the best in everything. Even as telecom providers move from 3G to 4G and now to 5G some of the same pain points remain and disappoint customers. Brands need to get it right and fulfill the promise.

2 LEVERAGE DATA Brands have an opportunity to make better use of the abundant data they collect. They can find ways to delight customers, anticipate and eliminate problems—and build loyalty. The data also enables telecoms to understand which customers have been most loyal or valuable and deserve rewarding in some way.

3 EXPLAIN CURRENT BENEFITS Other than presenting consumers with just one bill, most telecom provider brands have not done a good job of explaining the benefits of having a converged offering, where one brand provides a range of services—such as mobile, internet, and TV.

4 EXPLAIN NEW BENEFITS With tremendous opportunity in 5G, and the potential of the Internet of Things, create a clear customer proposition that explains the benefits of this technology to the consumer. The proposition could be broad but should focus on the benefits for specific audiences.



Ecosystems

Ecosystems sustain success by expanding share of life

Ability to capitalize on change drives growth of leading brands

Much has been written about the new era of consumption, consumers, and even culture. But what about the new era of brand and business growth? As the world around us keeps evolving and traditional approaches to business growth begin to retrograde, where can business leaders turn to reinvigorate customer relationships and drive sustained success—regardless of industry, geography, size, or age?

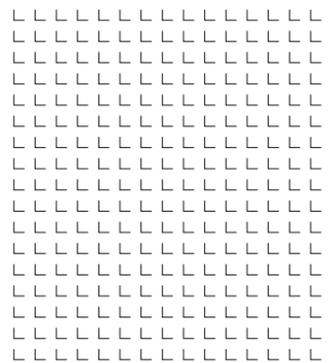
As companies' answer to "why we exist" increasingly expands beyond purely profit to include having a more inspirational impact, so too does the role and remit of brands in helping to achieve this more ambitious goal. Indeed, nearly 90 percent of today's consumers desire more purposeful brands that make it clear what values they stand for. But while this often manifests in rushed adoption of a purpose and backing of well-intentioned CSR initiatives, today's winningest brands are paying homage to Peter Drucker's time-tested truth: the ultimate purpose of a business is to create and keep a customer. This is what ultimately drives brand and business value—both today, as new customers are acquired, and long into the future, as they become loyal and are retained. Today more than ever, this virtuous flywheel is accomplished via customer experience. Key here of course is that customers and the world around them constantly evolve—meaning what it takes to create them and, more importantly, what it takes to keep them do too.

With brand and customer value core to business value, the growth formula is becoming increasingly intangible. Choices

are no longer driven by products delivering functionally in a transaction-based and performance-led exchange. Instead, they are more emotional and longer-term, inspired by a superior experience with a brand and translating to stickier, relationship-driven bonds resulting from the collection of positive interactions that together form the "brand experience." With the inundation of options available, the winning formula is now less about what you offer, and more about the customer centricity (the human) and market responsiveness (their reality) surrounding that offer. This new world is the new era of brand-building: ecosystem-driven growth.

Ecosystems chase share of life

Today's leading brands are the strongest proof that growth comes from the ability to capitalize on change. Companies aware of and fluent with changes in the broader environment—the marketplace, consumers and their expectations, and society more broadly—better grasp how economies impact behavior, technologies transform experiences, and values, attitudes, and expectations relate to purchase choice.

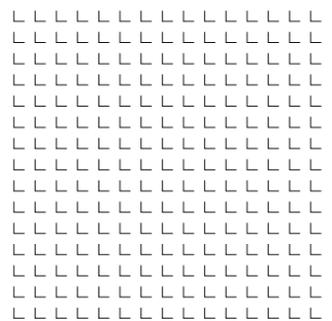


Victoria Sakal
Associate Director,
Consulting Division
Kantar
Victoria.Sakal@kantar.com

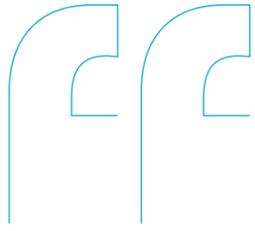
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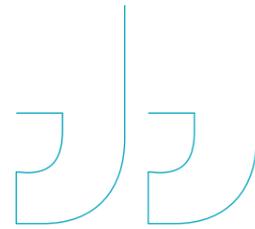
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Ecosystems



Today's leading brands are the strongest proof that growth comes from the ability to capitalize on change.



Their entire playbook has shifted as category rules are challenged, returns to small variations to products or services and other forms of incremental innovation slow, and consumer expectations are increasingly anchored on the best experience encountered anywhere—even beyond category and geography lines. Best-in-class brands see all this change as a platform for growth, revealing new and evolving opportunities areas through which to better engage and connect with consumers.

We've already witnessed the transition from products to services, and offline to online. Today, we face another critical inflection point. If yesterday's top brands

dominate share of wallet as lifestyle brands that are core to the very identity of the audience they serve, today's brands are already thinking about, and planning for, what that identity will be tomorrow. They are laser-focused on not just meeting a need, but also beating the need. They are moving from being one option out of many, to a one-stop shop. And they're no longer defending share of market, because their "market" is so fluid and transitory it becomes obsolete by the time it's defined. They're busy chasing share of life.

The most effective ecosystems are defined not by costs and defense of market share, but by revenues and

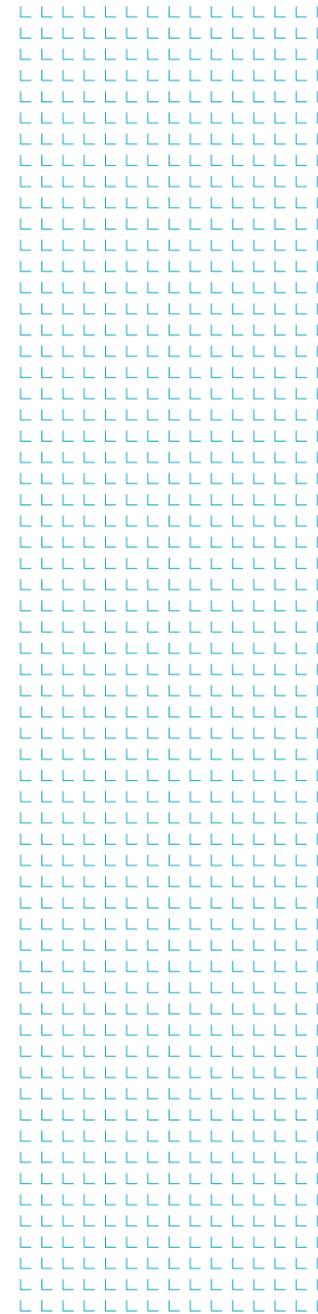
creation of new markets altogether, which better satisfy real needs. Realizing that expectation is reality, these players resist going for cheaper and instead battle for better—better quality, convenience, speed, and relevance. Direct-To-Consumer, for example, is not a channel: it's a personal, emotional, and rewarding interaction with your local bakery instead of a cold, mission-accomplished, unfulfilling mass-produced dessert from the nearest grocer. It's a dialogue that is naturally more authentic because it's rooted in not the share of wallet the company is chasing, but the real value it's striving to deliver to the human it's trying to serve.

Mindset Shifts to Captivate Customers

1 From meeting a need, to beating a need

Silicon Valley's holy grail is product-market fit. But today's winners, realizing that there are so many products but limited markets, think differently about what they're bringing to the world. For them, it's about solution-need fit, where knowing your customers and their current needs, anticipating their future needs, and exceeding their expectations around fulfilling needs at any point in time results in solutions that serve rather than products to push.

With an acute awareness of and fastidious focus on needs, success comes from effectively offering a solution and reducing friction points—*beyond* whatever your immediate product offers. Through a combination of sensitivity, speed and agility, innovation stems from the world of opportunity—the ecosystem—around a need. This evolved offer is much more than a brand extension (which often tackles the same need in a different way); instead, it addresses peripheral needs surrounding the core one, creating more numerous and more powerful synapses which not only forge stronger connections with consequently more satisfied customers, but also equip brands with critical insight and ammunition to continue feeding the flywheel.



Ecosystems

2

From one-out-of-many, to one-stop shop

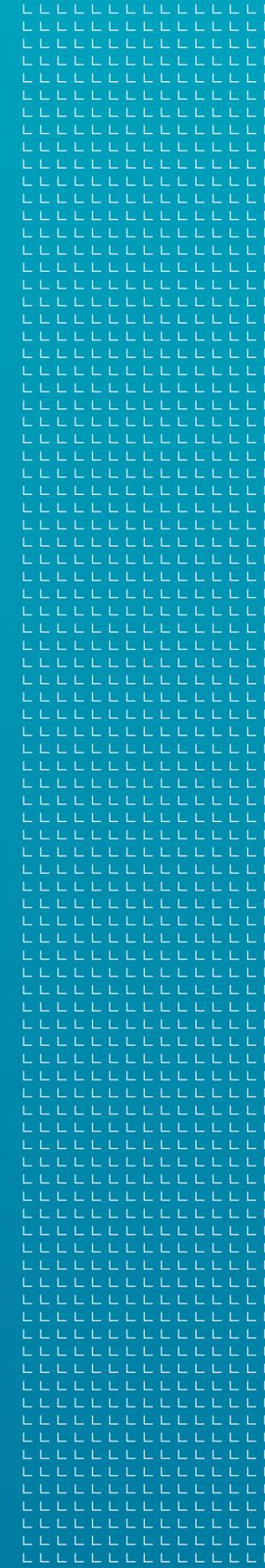
As brands evolve from a focus on brand extensions to the abundance of opportunity afforded by an ecosystem strategy, they derive real benefits from the network of connections and interactions they can create with their customers. Provided that data is collected, integrated, and leveraged smartly, more touchpoints benefit both the business and its buyers. More knowledge about customers (especially on a per-customer basis) means greater familiarity with key audiences at each stage of the funnel, translating to deeper insight about the audience, what matters to them, where future needs may arise, and even what gaps need to close to convert defectors. Winning brands use this multi-faceted view of customers to better anticipate and proactively innovate for the future by personalizing experiences, capitalizing on emergent trends, and generally improving their offer. Importantly, all this leads to customers enjoying a better, more relevant experience.

And, realizing that a greater number of customer interactions means more opportunities for forging an invaluable and even unbreakable relationship, leading ecosystem brands obsess over providing a consistent, coherent, and hugely positive experience regardless of the touchpoint, channel, or level of the funnel. Because customer experience is such a valuable and highly effective driver of customer satisfaction—and ultimately loyalty—due to the emotional connection it can forge, top ecosystem brands are increasingly focusing on these touchpoints over traditional marketing and communications altogether. Instead of the inertia that leads to returning to the same brand (or brand extension) as before, this combination creates powerful magnetism between the brand and the buyer: the consistent and coherent experience becomes a reliable promise from the brand that today’s increasingly wary and distrusting consumer actively seeks out.

3

From defending market share, to capturing share of life

A third pivot, core to this new era, is the transformative redefinition of “customer experience.” It’s no longer a customer service function limited to reacting to customer needs and handling problems, nor is it about where a prospective or returning consumer is in their shopping journey with a given retailer. Leading brands with thriving ecosystems appreciate and obsess over customer experiences that actually stem from customers themselves, and their expectations: what a target audience needs, wants, and expects from brands and retailers as their journey through life happens to intersect with purchasing occasions. Instead of a product-first orientation focused on operationalizing efficiencies and push marketing to add yet another product, service, or option to consumers’ already over-stimulated existences, winning brands consider the human experience. They appeal to the head, heart, and hands to create solutions for real wants and needs, and they craft experiences that not only live up to standards set by other categories and companies, but also seamlessly integrate into lives and become objects of desire.



The most effective ecosystems are defined not by costs and defense of market share, but by revenues and creation of *new* markets altogether, which better satisfy real needs.



B2B

Collaborative mindset now drives success in B2B tech

Complementary brands need to partner for mutual success

Not that long ago, when the world was a little less connected, it was common to hear IT professionals say things like, "We are a Microsoft shop." Or, "We are a Linux shop." The motivation for a "pure play" was that everything would work well together if it came from the same brand while integration across "competitors" would be chaotic, at best. With the explosion of devices, cloud computing, and software-as-a-service, the days of "pure play" environments are behind us. The new normal is an eclectic suite of solutions that customers expect to play well together.

Tech heterogeneity has been fueled heavily by broader buying points, facilitating the access to new services and technologies by business groups without necessarily requiring heavy input from IT. This is where SaaS (Software as a Service) shines. Activated with an online subscription, SaaS allows businesses to be faster, more agile and bolder in their innovation and transformational needs. IT teams are still relevant and often involved, but tech companies in the B2B space need to build meaningful relationships with multiple teams and audiences. This requires tackling different needs and speaking different business dialects to each stakeholder audience to maximize potential, making sure it all converges into a common business goal in the end.

Tech heterogeneity has also been driven by the consumerization of technology. The border between B2C and B2B is quite porous—as it is difficult to separate our work selves from our non-work selves—and we want it all to be available at our fingertips, on our mobile devices, instantly, with an experience that is seamless. In addition, our expectations travel quickly, as once we have enjoyed a solution, or level of service in one area, we immediately want and expect it everywhere else.

The fragmentation caused by tech heterogeneity is here to stay. Period. Technology brands can either do damage

control by trying to extend the lifetime of their "pure play" offers, or they can embrace the change and focus on what they do best and establish partnerships that will complement what they don't. Brands like Microsoft and Adobe have done this well and their collaborative strategies seem to be paying off. The brand from Redmond not only kept the leadership in the BrandZ™ B2B ranking in 2019, but it also grew its brand value by 25 percent, while the company from San Jose had the steepest climb in the B2B rankings, moving from No. 19 last year to No. 9 in our latest report. In fact, both brands have recently partnered together to challenge Salesforce in the CRM space. This is a very interesting space to watch in the coming years.

In such a tangled world, thriving in the new normal of heterogeneous B2B tech means that managing your brand is more important than ever. Customers expect a consistent brand experience across solutions, touchpoints, and channels. Customers also expect different brands to play well together. And, when defining the market more broadly to unlock growth, a strong brand has permission to play in new places, or partner in new ways—even if that brand no longer owns the device, platform, or entire ecosystem. The key is to understand and prioritize your investments in the areas you have the right to win—and own it.



Erik Haroldson
SVP, Client Leadership
Kantar
Erik.Haroldson@kantar.com

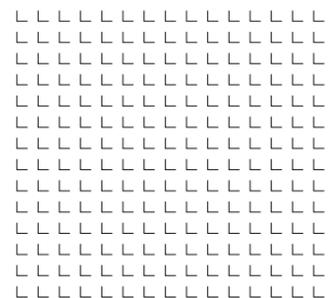


Alexandre Momma
VP, Client Leadership
Kantar
Alexandre.Momma@kantar.com

KANTAR

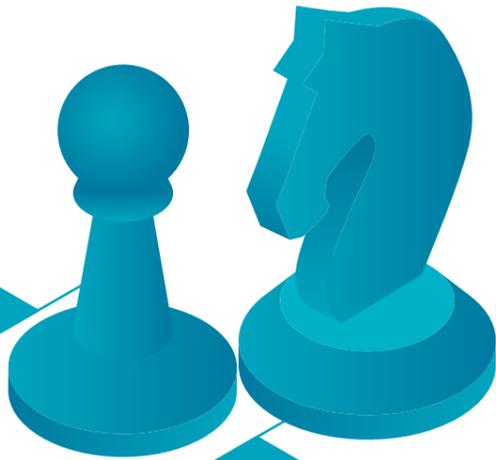
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B2B

Advice for building winning strategies



1 MANAGE FRAGMENTED ENVIRONMENTS

They can be a huge challenge for businesses, and brands that deliver a seamless customer experience across multiple solutions will build stronger equity that is outcome-focused in a product-agnostic perspective.

2 EXPAND YOUR AUDIENCE RELATIONSHIPS

Expand relationships with business groups, as well as IT, and help them not only understand, but also translate the benefits your products can bring to the business.

3 PURSUE PARTNERSHIPS

They allow successful tech brands to prioritize and focus on areas where they can be strongest, and then build the right partnerships that will consolidate a simplified, relevant, and impactful solution.

4 BUILD YOUR BRAND

Create a consistent brand experience across touchpoints and omnichannels. A strong brand provides permission to play in new places, or partner in new ways, even if you don't own the device or platform—a smart long-term investment for enabling growth.



Technology brands can either do damage control by trying to extend the lifetime of their “pure play” offers, or they can embrace the change and focus on what they do best and establish partnerships that will complement what they don't.



5G

As the 5G talk turns to action, consumers still lack knowledge

Brands need to clearly explain how faster networks will improve life

Lauded as the next big thing in the telco industry for a few years now, 5G has only recently captured consumers interest. This year's Mobile World Congress featured announcements of a number of 5G-ready phones that will be launched this year by brands such as Samsung, LG, and Huawei. At the same time, mobile network providers have also only just started talking about 5G networks, with pockets of 5G hotspots available in limited locations in the US and South Korea. Most of the discussion thus far has been among industry experts, and the capabilities of 5G for businesses IoT.

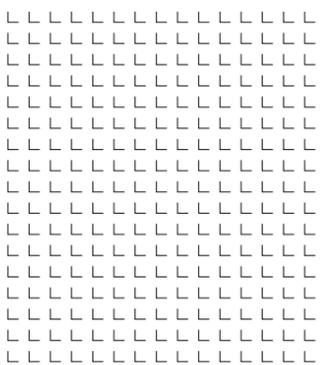
When we ran a quick poll in the UK asking what 5G means, a third of respondents did not know what it means for them. Faster download speed is the only key advantage most consumers can recognize. Given that the majority of consumers are able to get most of what they need from streaming and downloads with 4G data speed, telecom providers have a lot to do in convincing people to upgrade. In addition to that, telecom providers are facing a number of road blocks on the route to 5G, including regulatory restrictions, investment constraints, and a slow-growth environment.

To overcome these challenges and create a successful 5G launch, it is imperative for telecom providers to make the consumer benefits more apparent and relevant. As a start, telecom providers should ride on the wave of changing consumer behavior. Over the last few years, we've seen a shift in how people consume content and entertainment. Being able to articulate how 5G allows a smoother streaming and faster downloading experience will be a sensible first step in marketing an upgrade for 5G. Contextualizing the environment people can stream and consume content based on the

5G hotspot locations will help to bring it to life for consumers, without creating potential disappointment with limited coverage.

Telecom providers also need to move away from the technical speak, such as "latency" describing how the reaction time between command and response will become imperceptible. Using clear and compelling examples, telecom providers need to show consumers how 5G-enabled IoT capabilities can improve their lives. For example, e-sports has emerged as a new category for which 5G provides excellent functional capabilities. Are there other emerging industries or categories that telecom providers can tap into?

Would other technological capabilities, such as augmented reality be the next frontier to enhance consumer experience? Are there any cross-brand collaborations that telecom providers can participate in, in order to create a name for themselves in the IoT space, which will eventually help the sector to be seen as more than just the "pipe" for communications? To answer these questions, brands should take a human-centric approach through all stages of development, from innovation to marketing and experience management.

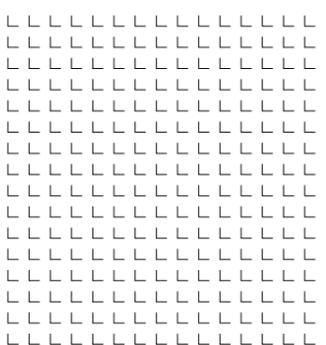


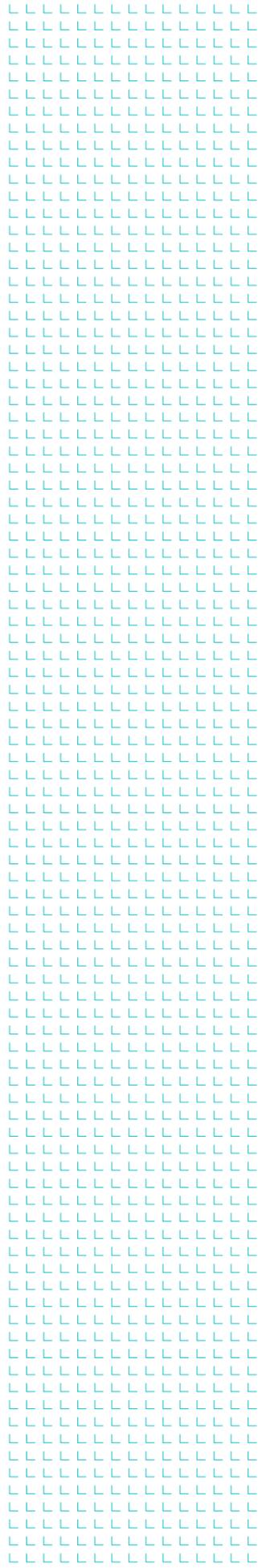
Winnie Cheng
Director, Client Services
Kantar
Winnie.Cheng@kantar.com

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Resources

BrandZ™

Brand Valuation

Methodology

Introduction

A BrandZ™ ranking of brand valuations lists the brands making the largest absolute \$ contribution to the total value of their respective parent companies, considering both current and projected performance.

This is the true value of brand building and we want to isolate and reward the brands making the largest contributions to the success of their parent companies.

A company may have huge overall business value but the absolute \$ contribution made by the relevant brand(s) that the company owns may not be a comparatively large figure – at least not a large enough figure to qualify for the given BrandZ™ ranking of brand values.

The brands that appear in this report are the most valuable brands in the world. They were selected for inclusion in the BrandZ™ Top 100 Most Valuable Global Brands 2019 based on the unique and objective BrandZ™ brand valuation methodology that combines extensive and on-going consumer insights with rigorous financial analysis.

The BrandZ™ valuation methodology can be uniquely distinguished from its competitors by the way we use consumer

viewpoints to assess brand equity, as we strongly believe that how consumers perceive and feel about a brand determines its success and failure. We conduct worldwide, on-going, in-depth quantitative consumer research, and build up a global picture of brands on a category-by-category and market-by-market basis.

Globally, our research covers over 3.7 million consumer interviews and more than 165,000 different brands in over

50 markets. This intensive, in-market consumer research differentiates the BrandZ™ methodology from competitors that rely only on a panel of “experts”, or purely on financial and market desktop 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 other 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.

Brand valuation also enables marketing professionals to quantify their achievements in driving business growth with brands, and to celebrate these achievements in the boardroom.

Distinction of BrandZ™

BrandZ™ is the only brand valuation tool that peels away all the financial and other components of brand value and gets to the core – how much brand alone contributes to corporate value. This core, what we call Brand Contribution, differentiates BrandZ™.

The Valuation Process

BrandZ™ valuations isolate the value generated by the strength of the brand alone in the minds of consumers i.e. with all other elements removed.

To achieve this, we calculate and combine two important elements: Financial Value and Brand Contribution

Financial Value – the proportion of the total \$ value of the parent company that can be attributed to the brand in question, considering both current and projected performance.

Brand Contribution – quantifies the proportion of this Financial Value that is directly driven by a brand’s equity. i.e. the ability of the brand to deliver value to the company by predisposing consumers to choose the brand over others or pay more for it, based purely on perceptions.

Note: this does not include the proportion of consumers who choose the brand for reasons other than this predisposition e.g. those attracted by price promotions, a particularly prominent display etc. Such purchases are not due to the brand’s equity and so are removed as part of the process.

BrandZ™ Brand Valuation Methodology

Part 1 – Calculating Financial Value

Calculating Financial Value is a three-step process:

Step 1

We begin with the brand's parent company, which generates earnings from:

☐☐ **Tangible assets** – (assets with a physical form, which include fixed assets - e.g. buildings, machinery, land & current assets e.g. cash and inventory)

☐☐ **Intangible assets** – (such as patents, trademarks and brands)

Example - 'Volkswagen AG' is a parent company that generates earnings from tangible assets like its manufacturing plants and equipment, as well as its intangible assets - the brand names under which the cars are sold – Volkswagen, Audi, SEAT etc.

To determine the proportion of earnings directly derived from the company's intangible assets we begin with Corporate Earnings - sourced from Bloomberg, which represent the latest annual earnings reported by the parent company. Then by using other financial data from the same source, we calculate and apply a metric called the Intangible Ratio.

By multiplying Corporate Earnings by the Intangible Ratio, we are left with Intangible Earnings, which represent earnings derived from intangible assets.

Step 2

Next, we need to determine the proportion of these Intangible Earnings that are directly attributable to the brand we want to value.

To do this we take the Intangible Earnings identified in Step 1 and apply the Attribution Rate, which literally attributes a proportion of the parent company's Intangible Earnings to the brand we want to value.

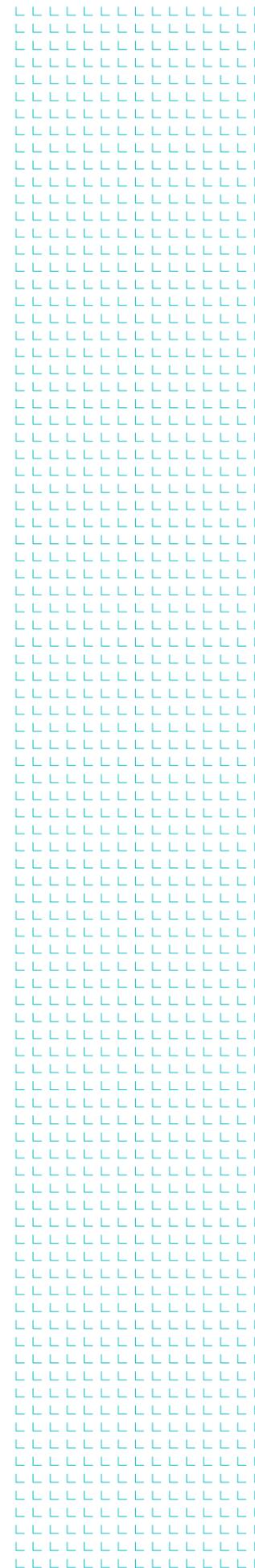
The Attribution Rate is determined by analysis of brand level financial information from the parent company's published financial reports and other credible sources, such as data from Kantar.

Once the Attribution Rate is applied to Intangible Earnings, we are left with Branded Intangible Earnings i.e. the proportion of the parent company's Intangible Earnings that can be attributed to the specific brand in question e.g. this step would attribute a proportion of Volkswagen AG's Intangible Earnings to Volkswagen, Audi, SEAT etc.

Step 3

The final step is to consider the projected earnings of the brand in question, which measures the brand's ability to generate earnings in the future and requires the addition of a final component – the Brand Multiple, which is also calculated from financial data sourced from Bloomberg. It's similar to the calculation used by financial analysts to determine the market value of stocks (Example: 6X earnings or 12X earnings).

When we multiply the Branded Intangible Earnings from Step 2 by the Brand Multiple, we reach the brand's true Financial Value – i.e. the proportion of the parent company's \$ value that can be attributed to the brand in question accounting for current and projected performance.



Part 2 – Determining Brand Contribution

To arrive at the true value of the brand (i.e. the asset in the minds of consumers) we need to quantify its strength relative to competitors i.e. to isolate the Financial Value that is directly driven by its Brand Equity. This allows us to understand the proportion of the Financial Value that is explained by the brand alone and hence the total \$ value of the brand itself.

A brand's equity can impact consumer behavior and contribute value to a corporation in three ways:

☐☐ **Current demand** – based on the strength of its equity alone a brand can influence consumers to choose it over others in the present – generating volume share

☐☐ **Price premium** – based on the strength of its equity alone a brand can influence consumers to be willing to pay more for it over others – generating value share and profit

☐☐ **Future demand and price** – based on the strength of its equity alone a brand can influence consumers to buy the brand more in future or to buy it for the first time at the desired price – increasing volume and value share in future.

Using BrandZ™'s unique survey based brand equity model (The Meaningfully Different Framework) we are able to quantify a brand's abilities in each of these three areas relative to competitors, with a survey based measure:

Current demand = Power
Price Premium = Premium
Future demand and price = Potential

Each of these measures contributes to the proportion of the company's total value accounted for by the brand's equity alone – i.e. the Brand Contribution.

Part 3 – Calculating Brand Value

Brand Value is the \$ amount that the brand contributes to overall business value of the parent company.

Brand Value =
Financial Value x
Brand Contribution

BrandZ™ Brand Valuation Methodology

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 different sources like primary research and panels of experts who contribute their opinions. The Brand Finance methodology employees a complicated accounting method called Royalty Relief Valuation.

Why is the BrandZ™ methodology superior?

BrandZ™ goes much further and is more relevant and consistent. Once we have the important, but incomplete, financial picture of the brand, we communicate with consumers, people who are actually paying for brands every day, regularly

and consistently. Our on-going, in-depth quantitative research includes 3.7 million consumers and more than 165,000 brands in over 50 markets worldwide. We have been using the same framework to evaluate consumer insights since we first introduced the BrandZ™ brand building platform in 1998 which allows historical understanding of the change in brand equity.

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 C-suite, 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 and fuelling business growth. Since we have been using the same framework to measure these insights, this enables historical and cross-category comparisons.



BrandZ™ goes much further and is more relevant and consistent. Once we have the important, but incomplete, financial picture of the brand, we communicate with consumers, people who are actually paying for brands every day, regularly and consistently.



BrandZ™ Genome Mapping – The Science Behind Our Art

One of humanity's greatest recent achievements was successfully sequencing our own genome in 2003, revealing the key building blocks of what makes us each unique.

Now BrandZ™ gives you the ability to do the same for your brand of choice

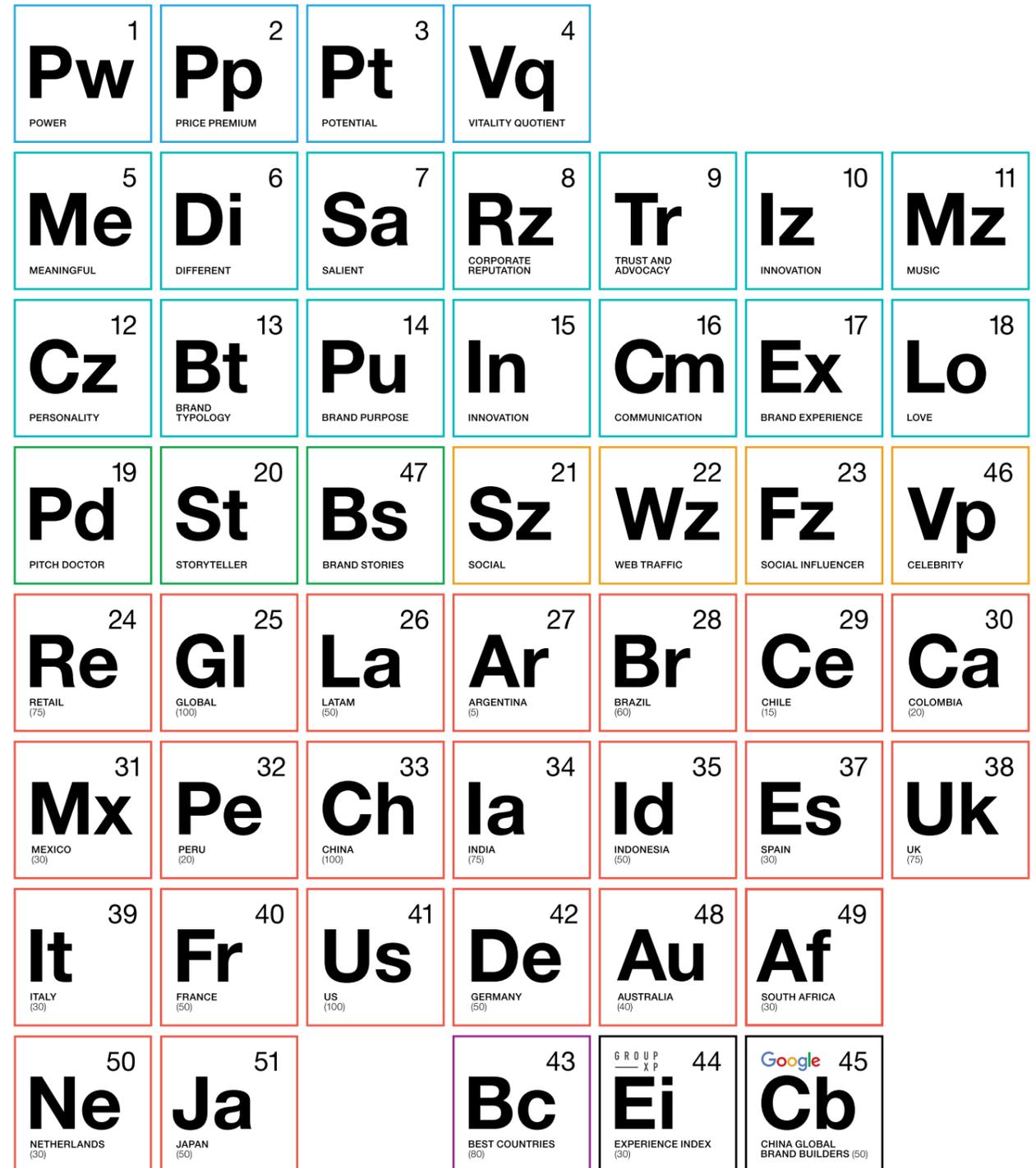
The BrandZ™ Brand Genome visualises your brand's "genome" on a page, with all the genome sequence measures providing an instant overview of your brand.

The ultimate tool for a new business pitch and a lot more

Brand Genome is a unique BrandZ™ tool, exclusive to WPP. It's free, available 24/7 and takes just seconds to create.

Visit <http://genome-measures.wppbrandz.com/> where you will be able to find out about each of the BrandZ™ measures, what they are, how they are calculated and how you can access a report which contains the measure.

To download a sample genome map visit: <http://wppwrap.com/bg.pdf>

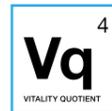


BrandZ™ Genome Mapping – The Science Behind Our Art

Build Brand Equity

BrandZ™ tools diagnose brand strengths and weaknesses

Based on unique insights derived from our proprietary BrandZ™ database, we have created an ever-expanding library of tools for building and sustaining valuable brands. These tools are only available via your WPP agency.



Vitality Quotient (vQ)

Diagnose a brand's health based on five elements that are proven to grow brand value: purpose, innovation, communication, brand experience, and love.



CharacterZ

This innovative deck allows you to diagnose brand character and delve into the dynamics, clarity and consistency of a brand's personality.



PitchDoctor

Everything you need to know about your brand's strengths, weaknesses, opportunities and threats in one easy-to-digest page.



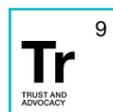
StoryTeller

An interactive data visualization tool to allow anyone to create story-led insights on how to build and maintain brand equity.



RepZ

Maximize brand and corporate integrity using four key factors to drive reputation: success, fairness, responsibility and trust.



TrustR

Consumer trust and advocacy are both important for brand growth but the combination of the two is the real sweet spot. TrustR examines this relationship in detail.



InnovationZ

Evaluate a brand's perceived innovative power, what drives it and why it's important. Discover sector-relevant real-time innovation and startup ideas, sourced via the exclusive Springwise global network of spotters.



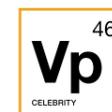
SocialZ

A real-time social media analytics dashboard that allows you to take a deep dive into the world of real-time consumer sentiment around the world.



WebZ

Analyze how traffic is driven to a brand's website, understand audience demographics and gain insights into viewer trends.



CelebrityZ

Evaluate the fit between brands and a celebrity or social influencer.

BrandZ™ Genome Mapping – The Science Behind Our Art

Going Global?

We wrote the book

BrandZ™ The Ultimate Resource for Brand Knowledge and Insight

Our BrandZ™ country reports contain unparalleled market knowledge, insights, and thought leadership about the world's most exciting markets. You'll find, in one place, the wisdom of WPP brand building experts from all regions, plus the unique consumer insights derived from our proprietary BrandZ™ database.

If you're planning to expand internationally, BrandZ™ country reports are as essential as a passport.

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BrandZ™ Top 100 Most Valuable Global Brands 2019
brandz.com/region/global

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BrandZ™ Top 75 Most Valuable UK Brands 2018
brandz.com/region/uk

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brandz.com/report/india/2018

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BrandZ™ Genome Mapping – The Science Behind Our Art

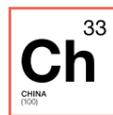
Looking East

In-depth brand-building intelligence about today's China

The opportunity to build brands in China is greater than ever. But so are the challenges.

The fastest growth is happening deep in the country, in less well-known cities and towns. Consumers are more sophisticated and expect brands to deliver high-quality products and services that show real understanding of local market needs.

WPP has been in China for over 40 years. We know the Chinese market in all its diversity and complexity. This experience has gone into our series of BrandZ™ China reports. They will help you avoid mistakes and benefit from the examples of successful brand builders.



BrandZ™ Top 100 Most Valuable Chinese Brands 2019
brandz.com/region/china



BrandZ™ Top 50 Chinese Global Brand Builders 2019
brandz.com/article/just-launched-brandz-chinese-global-brand-builders-download-the-full-report-now



Unmasking the Individual Chinese Investor
 This exclusive new report provides the first detailed examination of Chinese investors, what they think about risk, reward and the brands they buy and sell. This will help brand owners worldwide understand market dynamics and help build sustainable value.

brandz.com/article/unmasking-the-individual-chinese-investor-report



The Power and Potential of the Chinese Dream
 “The Power and Potential of the Chinese Dream” is rich with knowledge and insight, and forms part of a growing library of WPP reports about China. It explores the meaning and significance of the “Chinese Dream” for Chinese consumers, as well as its potential impact on brands.

brandz.com/article/chinese-dream-report



The Chinese Golden Weeks in Fast Growth Cities
 Using 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.

brandz.com/article/Chinese-golden-weeks-report

For the iPad magazine, search Golden Weeks 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.

brandz.com/article/chinese-new-year-report

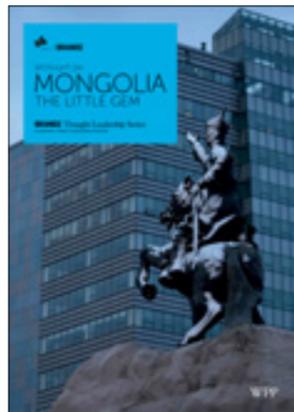
For the iPad magazine search, for Chinese New Year on iTunes.



Spotlight on Cuba

Cuba is a market unparalleled both in the Caribbean region and the world. Brand awareness among Cubans is high, but gaining access to them uniquely challenging. Now is the time to plan your Cuba strategy.

brandz.com/article/spotlight-on-cuba



Spotlight on Mongolia

Mongolia's GDP has grown at rates as high as 17 percent in recent years, encouraging a growing number of international brands to gravitate toward this fast-growth market and make a beeline for one of Asia's hidden gems.

brandz.com/article/spotlight-on-mongolia-report

OUT NOW!

BrandZ™ Industry Insights Report

BrandZ™ Top 75 Most Valuable Global Retail Brands 2019

Changing consumer priorities and a rapidly shifting shopping landscape present the world's retail brands with unprecedented challenges. This exclusive WPP report looks at how the leading brands are adapting, and provides insights into key trends and analysis of emerging opportunities.

Hi, I'm RoZie, the BrandZ™ Chatbot.

Ask me about brands. I can answer your questions—quickly

RoZie is here to answer all your questions about brands, brand value, client leaders and brand growth.

You can ask RoZie questions about the most valuable global brands from the BrandZ™ Top 100 2019 report and RoZie will be able to answer them for you, in an instant, by using Artificial Intelligence.

Unlike most chatbots, which are either text-based or voice-based, RoZie can do both.

To find out more about RoZie, please visit rozie.wppbrandz.com where you will be able to access:

- > The recently launched RoZie text-based chatbot
- > A full list of FAQs, hints & tips and other resources
- > RoZie for Amazon Echo / Dot download instructions
- > Current information about the latest updates

The text-based RoZie can be accessed via Rozie. wppbrandz.com where you will be able to type a question to get a response.

What is Amazon's performance this year?

Amazon is positioned at number 1 with a value of \$315,505 million.

The voice-based RoZie can be accessed by downloading the Alexa skill for your Amazon Echo / Dot device. You will be able to ask a question to get your answer.

RoZie, who is the WPP global client leader for Unilever?

The WPP global client leader for Unilever is Peter Dart.

RoZie is constantly learning. Check rozie.wppbrandz.com regularly, and RoZie will help you keep your own brand knowledge up-to-date.

Chat with RoZie on rozie.wppbrandz.com

You've read about the brands, now here's a look at some retail history

From the abacus to Alexa, retailers have consistently embraced technology to make their businesses more efficient and provide unique customer experiences.

The WPP and Intel publication—The History of Retail in 100 Objects—illustrates how retail has always played a vital part in the fabric of our lives.

Colorful, surprising, entertaining and informative, The History of Retail in 100 Objects is a must-read for anyone involved in the world of retail. Available now at Amazon.com.

The history of retailing is one of constant evolution. This should be no surprise since it is a truism that successful retailing must always mirror the society it serves.

Indeed, to know retailing is to understand how societies around the world have themselves evolved.

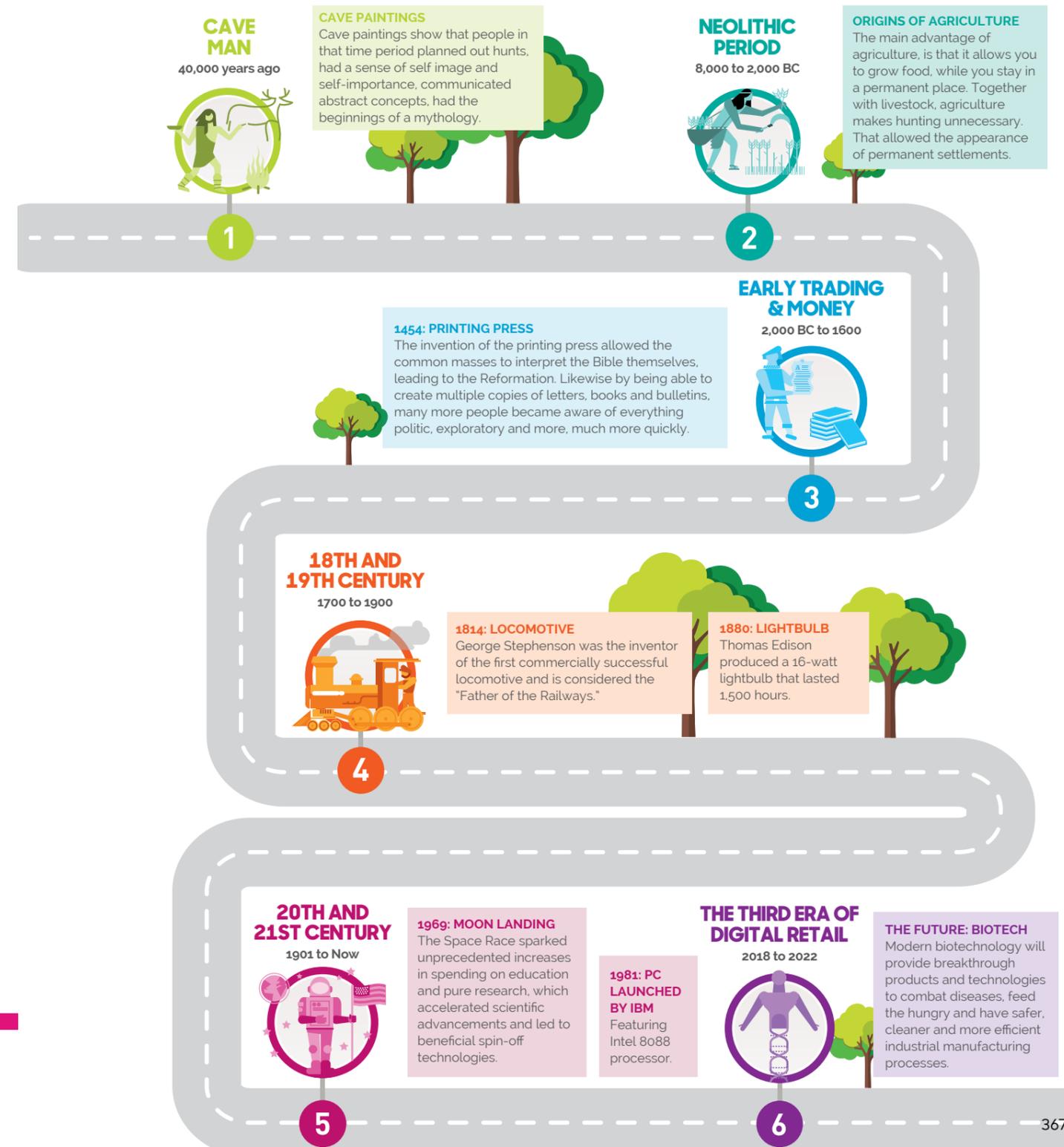
Every social and commercial development, discovery and invention, both incremental and revolutionary, historical and contemporary has contributed to this evolutionary process, for shopping simply reflects us, as we would be—from caveman to internet consumer.



THE EVOLUTION OF RETAIL

Sometimes this evolution has been slow and methodical, at other times uncomfortably rapid. Changes in the shopping landscape over the last 150 years, for example, have been more transformative, than during the previous 1500!

But fast or slow, this process of change is relentless and evidenced since the very beginning of mankind by five significant periods. But how best to frame a history of retailing? We have chosen 100 objects and placed them chronologically within five broad time periods, and then we peek into what the future might bring as we look at the Third era of digital retail.



WPP Company Contributors

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



BCW (Burson Cohn & Wolfe), one of the world's largest full-service global communications agencies, is in the business of moving people on behalf of clients. Founded by the merger of Burson-Marsteller and Cohn & Wolfe, BCW delivers digitally and data-driven creative content and integrated communications programs grounded in earned media and scaled across all channels for clients in the B2B, consumer, corporate, crisis management, CSR, healthcare, public affairs and technology sectors. BCW is a part of WPP (NYSE: WPP), a creative transformation company.

www.bcw-global.com

Donna Imperato
Global CEO
Donna.Imperato@bcw-global.com



FITCH is the world's leading brand and retail consultancy. Designing the Future – online, offline and in-person, whenever and wherever your customer meets your brand. FITCH works with global brands including adidas, Dell, McLaren, Ford and Lego, designing experiences with an integrated offer of strategy, design and implementation. FITCH is headquartered in London, with 15 studios across nine countries in Europe, the Middle East, North America and Asia.

www.fitch.com

David Blair
Global CEO
David.Blair@fitch.com



Gain Theory is a global marketing effectiveness consultancy that brings together data, analytic and technology solutions to help marketing professionals make smarter, faster, predictive business decisions. Our team consists of 200+ practitioners, operating from several core hubs (New York, London, Singapore). Our consultant network operates in 113 markets worldwide.

www.gaintheory.com

Manjiry Tamhane
Global CEO
Manjiry.Tamhane@gaintheory.com



Grey ranks among the largest global communications companies. It serves one-fifth of the FORTUNE 500 in 96 countries. Under the banner of "Grey Famously Effective since 1917," the agency serves a blue-chip roster of many of the world's best known companies: Procter & Gamble, GlaxoSmithKline, Kellogg's, Pfizer, Canon, Marriott Hotels & Resorts, Nestlé, Volvo, Darden Restaurants and T.J. Maxx. In recent years, Grey has been named ADWEEK's "Global Agency of the Year" twice; ADVERTISING AGE's "Agency of the Year" and CAMPAIGN magazine's "Global Network of the Year" in recognition of its record creative and financial performance.

www.grey.com/global

Michael Houston
Global CEO
Michael.Houston@grey.com



A global, industry-leading communications agency, GTB transforms businesses through the world's most purposeful, creative solutions fueled by precise marketing. Founded in 2007 and part of the WPP (NYSE:WPP) group, GTB leverages its deep understanding of the consumer and its clients' business to deliver true integration within the speed, diversity and potential of modern communications to "make what matters" for people and for business. GTB has 52 global offices and operates across 6 continents.

www.gtb.com

Satish Korde
Global CEO
Satish.Korde@gtb.com



Hill+Knowlton Strategies is a global public relations integrated communications agency; offering senior counsel, insightful research and strategic communications. With over 85 offices in more than 45 countries, our teams collaborate across time zones, languages, and cultures to help clients make informed decisions and craft compelling campaigns in today's measurable world. Our world-class teams of trusted advisors and creative experts have a wealth of experience in helping clients strengthen brands and reputations. We work with over 50% of the Fortune Global 500 companies and some of the world's most transformative social enterprises and technology companies in both established and emerging markets.

www.hkstrategies.com

Jack Martin
Global Chairman & CEO
Jack.Martin@hkstrategies.com

WPP Company Contributors

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



Hogarth is the world's leading Creative Production Company producing advertising and marketing content across all media and languages. As Creative Production Specialists, we believe creative production and localization are activities that should be managed and delivered by a company focused solely on this. Hogarth has led innovation in creative production for the past decade through constant investment in talent and technology and it's our creative production expertise coupled with our powerful workflow and asset management technology that enables us to deliver the best work in the smartest way, giving clients access to the most sophisticated production capabilities in the world.

www.hogarthww.com

Richard Glasson
CEO
Richard.Glasson@hogarthww.com



MediaCom helps brands unlock growth through media by applying our Systems Thinking approach to grow brands. As part of WPP and GroupM, we have access to the richest data and most robust benchmarks in the business. Our success is underpinned by our belief "People First, Better Results" that if we invest in our people, we'll deliver better results not only for our teams but for our clients. MediaCom is a world leading media communications specialist, employing 8,000 people across 100 countries. Its global client roster includes adidas, Coca-Cola (TCCC), Dells, Mars, NBC Universal, P&G, PSA, Richemont, Shell and Sony.

www.mediacom.com

Stephen Allan
Global Chairman & CEO
Stephen.Allan@mediacom.com



We were born in Asia in 1997, a WPP start up with a desire to change the media world. Now we are a global network with 116 offices in 86 countries and billings of \$16.5bn. We are the largest agency in GroupM, WPP's Media Investment Management arm, which is the #1 media holding group globally with billings of \$45.1bn (Source: COMvergence 2018). We aim to be our clients' lead business partner, to grow their business and drive profitability through adaptive and inventive marketing. We do this through speed, teamwork and provocation because in today's world everything begins and ends in media. We create new things and have fun doing it.

www.mindshareworld.com

Greg Brooks
Chief Marketing Officer
Greg.Brooks@mindshareworld.com



Mirum is a borderless agency of over 2500 digital storytellers, makers and relentlessly curious minds who are united by an uncommon drive to make what's next. Active in 25 countries, we work across our global network of expertise to transform business, design innovative digital experiences and activate commerce at a global and local level. We are capable of delivering global solutions while providing local support. Mirum is part of the WPP Network.

www.mirumagency.com

Amanda Seaford
CEO, US
Amanda.Seaford@mirumagency.com



Ogilvy has been producing iconic, culture-changing marketing campaigns since the day its founder David Ogilvy opened up shop in 1948. Today, Ogilvy is an award-winning integrated creative network that makes brands matter for Fortune Global 500 companies as well as local businesses across 131 offices in 83 countries. The company creates experiences, design, and communications that shape every aspect of a brand's needs through six core capabilities: Brand Strategy, Advertising, Customer Engagement and Commerce, PR and Influence, Digital Transformation, and Partnerships.

www.ogilvy.com

John Seifert
Chief Executive, Worldwide
John.Seifert@ogilvy.com



PSB is a global custom research and analytics consultancy that creates human insights that inspire people and businesses to make informed decisions with confidence. Through a deep understanding of PEOPLE x SCIENCE x BUSINESS, we deliver exponential impact through meaningful insights. PSB brings together the lessons from the campaign trail and the boardroom along with a competitive mindset that is focused on impact. Rooted in the science of public opinion and advanced analytics, PSB provides strategic guidance for blue-chip corporate, technology, healthcare, financial, entertainment, and government/public sector clients across more than 100 countries.

www.PSBresearch.com

Mike Chuter
Global CEO
MChuter@ps-b.com

WPP Company Contributors

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

POSSIBLE

POSSIBLE believes that a promise is the foundation of every good relationship – and the truth is, brands make promises every day. We are visionaries and innovators working in creative, technology, strategy, and data science to create experiences that keep brand promises so that every interaction is an opportunity to build trust and loyalty. We use data to help us identify opportunities, technology to help us take advantage of them and emotion to make the resulting experiences magical. We've built our agency with our own promise: to foster a culture of inclusiveness and collaboration that appeals to those who want to do great work and make a difference.

www.possible.com

Martha Hiefield
CEO
Martha.Hiefield@Possible.com

prism SPORT+ENTERTAINMENT

Brands choose Prism for our industry leading expertise on the most effective ways to engage sport and entertainment audiences – whether that's digital, print, broadcast or experiential. We are rightsholder agnostic. Whether you have a platform already or want to create one, we won't compromise on the best way to reach, engage and grow your audiences. The group continues to build on its 27-year heritage. Prism's recent appointment to assist BAT with their sponsorship of the McLaren F1 team adds to a rich client roster that includes Aston Martin, IHG, Ford, TCS and Infiniti.

www.prismteam.com

Jamie Copas
Group Managing Director
JCopas@prismteam.com



Red Fuse Communications is WPP's full-service integrated global agency dedicated to serving all of Colgate-Palmolive's brands worldwide. With offices in New York, Hong Kong, Paris, Mumbai, Kansas City, Sao Paulo, Mexico, Miami, and Prague, Red Fuse delivers fully integrated campaigns on a daily basis to over 225 countries.

www.redfuse.com

Carl Hartman
Global CEO
Carl.Hartman@redfuse.com

spafax

The Spafax Group is one of the world's leading content providers. Uniquely positioned at the center of airlines, brands, content creators and tech companies, Spafax delivers innovative entertainment solutions across the customer experience. Originally founded to serve the airline market, Spafax Group companies now support a wide variety of leading brands around the world. Current clients include Air Canada, Bombardier, British Airways, Thai Airways, Delta Air Lines, Emirates, the Lufthansa Group, Mercedes-Benz, Singapore Airlines and many others. The group is headquartered in London with over a dozen offices around the world. Spafax is a tenth avenue company.

www.spafax.com

Niall McBain
Global CEO
Niall.Mcbain@spafax.com

superunion

Superunion is a next-generation brand agency built on a spirit of creative optimism. We believe in the power of creativity to improve the future of people and organizations. We are experts in brand strategy, design, communications and brand management. With 750 people in 18 countries, we work with the world's most iconic brands, including Airbus, BBC, British Airways, Coca-Cola, Dell, FIFA, Ford, Land Rover, London Symphony Orchestra, Nespresso, Tesco and Vodafone. We are the world's most awarded brand agency and bring a passion for ideas to all our clients.

www.superunion.com

Jim Prior
Global CEO
Jim.Prior@superunion.com



The Store is a global retail practice of WPP, specializing in providing expertise, support and added value to client initiatives in retail dynamics. The Store is a knowledge hub, built to help clients navigate through insights for consumers, retailing, marketing and sales activation, and technology. The Store is also a host of global workshops that bring together retailing and branding experts to share their vision and expertise for future growth.

www.thestore.wpp.com

David Roth
CEO, EMEA & Asia
David.Roth@wpp.com

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



VMLY&R is a global brand experience agency that harnesses creativity, technology, and culture to create connected brands. The agency is made up of nearly 7,000 employees worldwide with principal offices in Kansas City, New York, London, Sao Paulo, Shanghai, Singapore and Sydney. VMLY&R works with client partners including Colgate-Palmolive, Danone, Dell, Ford, Office Depot, Pfizer and Wendy's. VMLY&R is a WPP company (NYSE: WPP).

www.vmlyr.com

Jon Cook
Global CEO
Jon.Cook@vmlyr.com



Wavemaker is a next-generation agency that sits at the intersection of media, content and technology. We are obsessed with the customer's purchase journey and this is what connects our mission directly to our client's business challenges. We invented WM Momentum, the world's most comprehensive study into how people make purchase decisions and have conducted over 500,000 surveys in 40 markets and across more than 80 categories. We are a business that is powered by the creativity and curiosity of our 8,500 people in 90 countries, united by our PACED values. We are a part of GroupM, WPP's global media investment management company.

www.wavemakerglobal.com

Tim Castree
Global CEO
Tim.Castree@wmglobal.com



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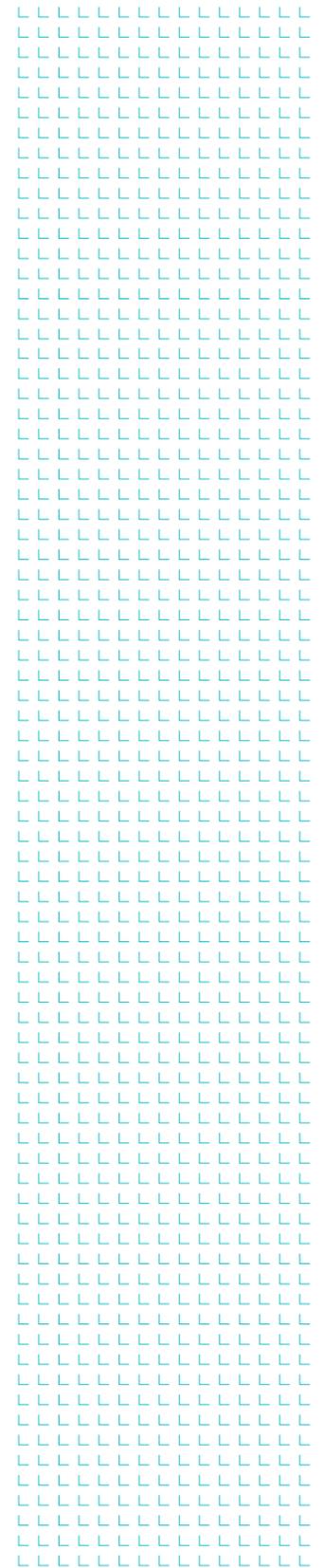
Mel Edwards
Global CEO
Mel.Edwards@wundermanthompson.com



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www.wundermanthompsoncommerce.com/en

Neil Stewart
Global CEO
Neil.Stewart@wunderman.com



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Eric Salama
Global CEO
Eric.Salama@kantar.com

Richard Ingleton
Group CEO, Insights Division
Richard.Ingleton@kantar.com

Doreen Wang
Global Head of BrandZ™
Doreen.Wang@kantar.com

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For more information, visit www.wpp.com or contact:

Mark Read
CEO WPP
Mark.Read@wpp.com

Chris Wade
Group Communications Director
Chris.Wade@wpp.com

For further information about WPP companies worldwide, or BrandZ™ contact:

David Roth
CEO The Store, WPP EMEA and Asia
David.Roth@wpp.com

WPP Company Brand Building Experts

These individuals from WPP companies provided additional thought leadership, analysis and insight to the report



Mark Allen Fitch
Carolyn Andrew Mirum Agency
Kaitlin Barton VMLY&R
Theresa Bertrand Burson Cohn & Wolfe
Erin Brittain Superunion
Mathieu Capilla Kantar



Marlene Hutchison Kantar
Rhys James Kantar
Virgilio Jarrin Superunion
Thomas Johnson MediaCom
Robert Katz Kantar
Laura Keeley Kantar



Benjamin Cawthray Kantar
Matthew Chappell Gain Theory
Deepak Chhabra Kantar
Kirsty Cooke Kantar
Sophie Cooper VMLY&R
Geoff de Burca MediaCom



Carolyn Annie Khoo Wunderman Thompson
Candace Kuss Hill+Knowlton Strategies
Marie-Sophie Lantin Burson Cohn & Wolfe
Tom Mallett Kantar
Henry Montgomery Kantar
Gary Nearn Kantar



Carlota Delgado Kantar
Priscilla Dixon Kantar
Elizabeth Doragh Kantar
Dan Eckrote MindShare
Nicola Evans MediaCom
Sam Fellows Gain Theory



Michael Nyhan Kantar
Michelle O'Mahony Kantar
Kathleen O'Donnell Kantar
Caroline Olesen Kantar
Graham Page Kantar
Jonathan Price MediaCom



David Fenton Hogarth Worldwide
Steph Filletti Kantar
Lindsay Gorton-Lee Kantar
Chris Griggs Fitch
Lisa Hartfield Kantar
David Holmes Kantar



Alexandra Rastall-Bridge Kantar
Jenny Regas Kantar
Harriet Richardson Kantar
Marieke Riemsdag Kantar
Polly Roberts MediaCom
Chris Rose Kantar

WPP Company Brand Building Experts

These individuals from WPP companies provided additional thought leadership, analysis and insight to the report



Anna Ross
VMLY&R



Natalie Ryan
Kantar



Claire Salkeld
Kantar



Jessica Sammut
Spafax



Joe Scarfi
Kantar



Shuchi Sethi
Kantar



Kseniya Sharin
Fitch



Shiva Sher
Kantar



Tim Shoemaker
Kantar



Charlotte Soussan
Grey



Mark Standley
Kantar



Wendy Tursi
Burson Cohn & Wolfe



Deepak Varma
Kantar



Melissa Wilson
Kantar



Maya Zawislak
Kantar

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BrandZ™ Global Top 100 Team

These individuals created the report, providing research, valuations, analysis and insight, editorial, photography, production, marketing and communications



Nikhil Banga
Nikhil Banga is a BrandZ™ Valuation Senior Manager for Kantar. He looks after brand valuation projects in BrandZ™ for various countries.



Amandine Bavent
“Amandine Bavent is a BrandZ™ Valuation Director for Kantar. She manages the brand valuation projects for BrandZ™. Her role involves conducting financial analysis, researching brands and performing valuations.”



Sheila Campbell
Sheila is Executive Assistant to David Roth. Sheila uses her organizational skills to schedule diaries, coordinate travel, distribute information, and act as general point of contact for the BrandZ™ team.



Elsbeth Cheung
Elspeth Cheung is the Global BrandZ™ Valuation Director for Kantar. She is responsible for valuation, analysis, client management and external communication for the BrandZ™ rankings and other ad hoc brand valuation projects.



Deyshim Murad
Deyshim is the Project Assistant for BrandZ™ at Kantar. She assists in the production of the global and country reports; providing administrative, planning and communications support.



Cecilie Østergren
Cecilie Østergren is a professional photographer based in Denmark, she has worked closely with WPP agencies since 2009. Cecilie specializes in documentary, consumer insight and portraits. She has travelled extensively in China, Brazil and other locations to photograph images for the BrandZ™ reports.



Paul Reiffer
Paul is a multi-award winning British photographer, who has travelled the world capturing people, commercial images and limited edition fine art landscape photography.



David Roth
David Roth is the CEO of the Store WPP for Europe, the Middle East, Africa and Asia, Chairman of the BAV Group, and leads the BrandZ™ worldwide project. Prior to joining WPP David was main Board Director of the international retailer, B&Q.



Sarah Cousins
Sarah Cousins is part of The Store WPP's EMEA and Asia team, and coordinates worldwide projects, live events and partnerships for both BrandZ™ and other projects.



Bethan Davies
Bethan Davies is part of The Store WPP's EMEA and Asia team, and manages worldwide projects, digital and online initiatives for BrandZ™ and WPP The Store.



Lucy Edgar
Lucy is the Global Marketing Manager at Kantar, managing marketing communications for BrandZ™ projects and partnerships around the world.



Martin Guerrieria
Martin Guerrieria is Global BrandZ™ Research Director at Kantar and heads the consumer research component of BrandZ™. He is involved in delivering the full suite of BrandZ™ research tools.



Ken Schept
Ken Schept is a professional writer and editor specializing in reports and books about brands and marketing. He helped develop WPP's extensive library of global publications and has reported on the international retail sector as an editor with a leading US business media publisher.



Graham Staplehurst
Graham Staplehurst is a senior director with over 30 years' research experience in Kantar, specializing in brand & communications strategy. Graham is Global Director for Strategy on BrandZ™.



Raam Tarat
Raam Tarat is the Global Project Director for BrandZ™ at Kantar. He managed production of the BrandZ™ Top 100 Most Valuable Global Brands 2019 report, as well as other marketing communications projects.



Eliza Tkhapa
Eliza is the BrandZ™ Marketing Intern at Kantar. She supports on global marketing communications for BrandZ™ projects.



Igor Tolkachev
Igor Tolkachev is a part of The Store WPP's EMEA and Asia team and coordinates BrandZ™ worldwide projects and partnerships.



Doreen Wang
Doreen Wang is the Global Head of BrandZ™ at Kantar, and a seasoned executive with over 19 years' experience in providing outstanding market research and strategic consulting for senior executives in Fortune 500 companies in both the US and China.

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Richard Ballard, Jo Bowman, Sheila Cowlishaw, Kimberley Jane Fitzsimmons, Nigel Hollis, Teresa Horscroft, Wayne Levings, Nikhil Mall, Anthony Marris, Kiran Ruparelia, Victoria Sakal, Judit Stöckl, Tim Wragg and Eureka Communications.

BrandZ™ Brand Valuation Contacts

The brand valuations in the BrandZ™ Top 100 Most Valuable Global Brands 2019 are produced using market data from Kantar, 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 3.7 million consumer interviews about more than 165,000 different brands in over 50 markets.

For further information about BrandZ™ contact any WPP Group company or:

Doreen Wang

Global Head of BrandZ™
Kantar
+1 212 548 7231
Doreen.Wang@kantar.com

Elsbeth Cheung

Global BrandZ™ Valuation Director
Kantar
+44 (0) 207 126 5174
Elsbeth.Cheung@kantar.com

Martin Guerrieria

Global BrandZ™ Research Director
Kantar
+44 (0) 207 126 5073
Martin.Guerrieria@kantar.com

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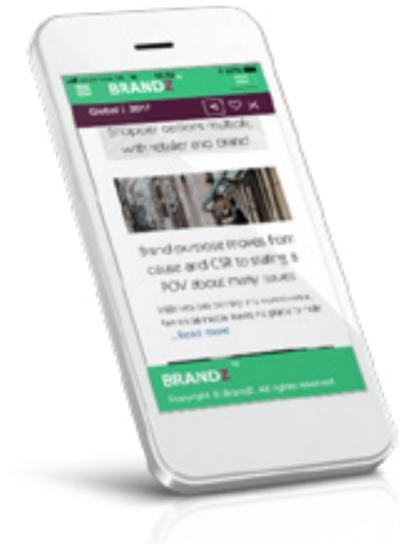
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Writing
Ken Schept

Photography
Cecilie Østergren
Paul Reiffer

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