

The DNA of **breakthrough** brand value creation: A growth blueprint for brands in the modern connected economy

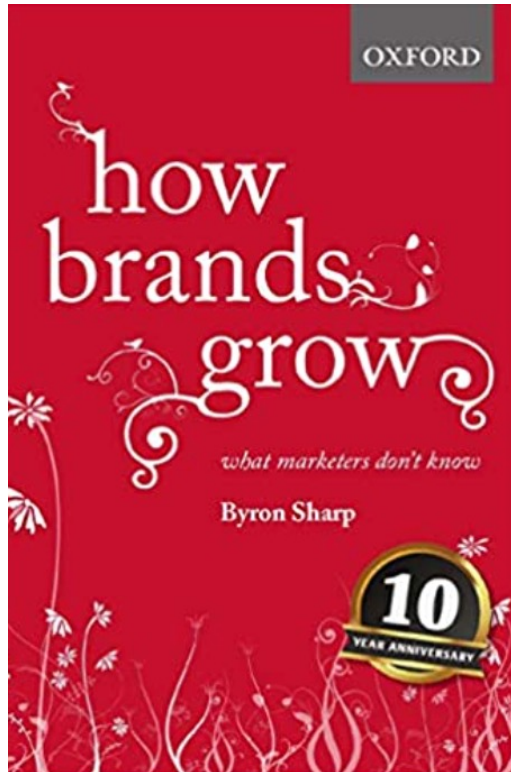
Dom Boyd, Kantar Managing Director UK Insights
Andrew Stephen, Oxford Said Business School

KANTAR |



This is a golden age for brand-building effectiveness knowledge

Increased focus on the importance of building brand reach & emotional salience to drive sales volume

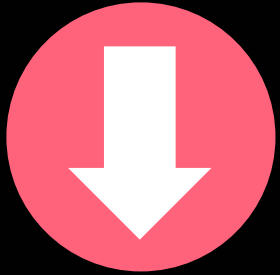


So we should be seeing a golden age of campaign effectiveness & brand value creation....

BUT

There are reasons for concern

Changes in market dynamics we see



Declining creative effectiveness (Peter Field/IPA)

Declining Cannes award-winner effectiveness (Kantar)



New - Digital experience economy growth

New - Innovation ecosystem business models

New - Sustainability / CSR importance

'All models are wrong, but some are useful'

George Box

So are there **additional growth factors** in the connected economy we now need to factor in?

Looking in a different place for answers....

**What's different about the brands
who've created **breakthrough** value?**

BRANDZ

4.1m

Consumer
Interviews

19,250

Brands

522

Categories

51

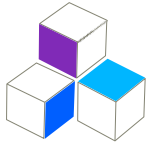
Markets

5.4B

Data points

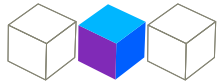
The evidence shows brand value creation power is driven by three factors

Our MDS brand power framework



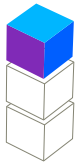
Meaningful

Relevantly meets emotional & functional needs



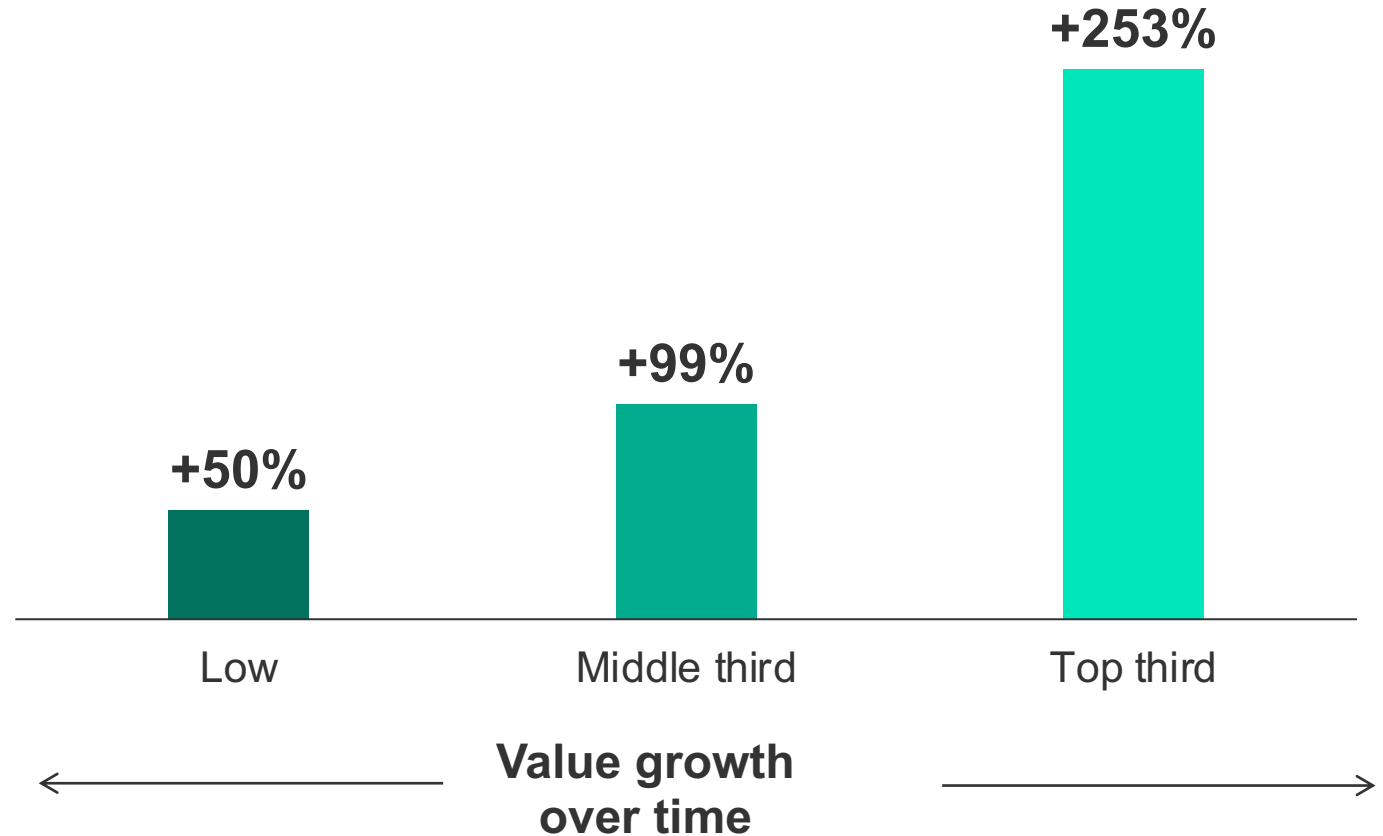
Different

Stands out as unique & leading the way

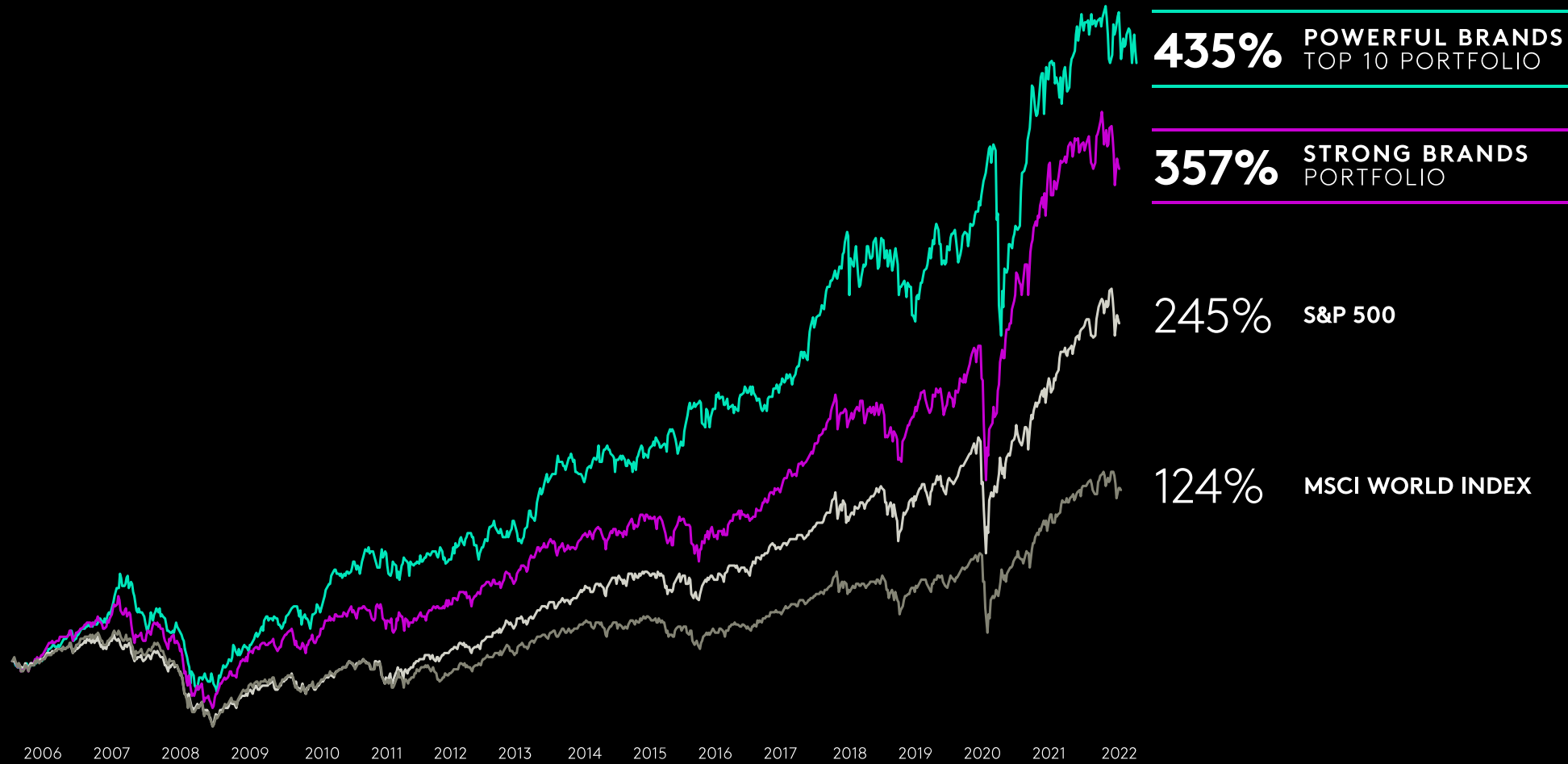


Salient

Comes to mind easily when making a purchase decision



Brands with strong MDS power **outperform** stock markets



STRONG BRANDS:

DELIVER SUPERIOR SHAREHOLDER RETURNS

ARE MORE RESILIENT IN TIMES OF CRISIS

RECOVER MORE QUICKLY

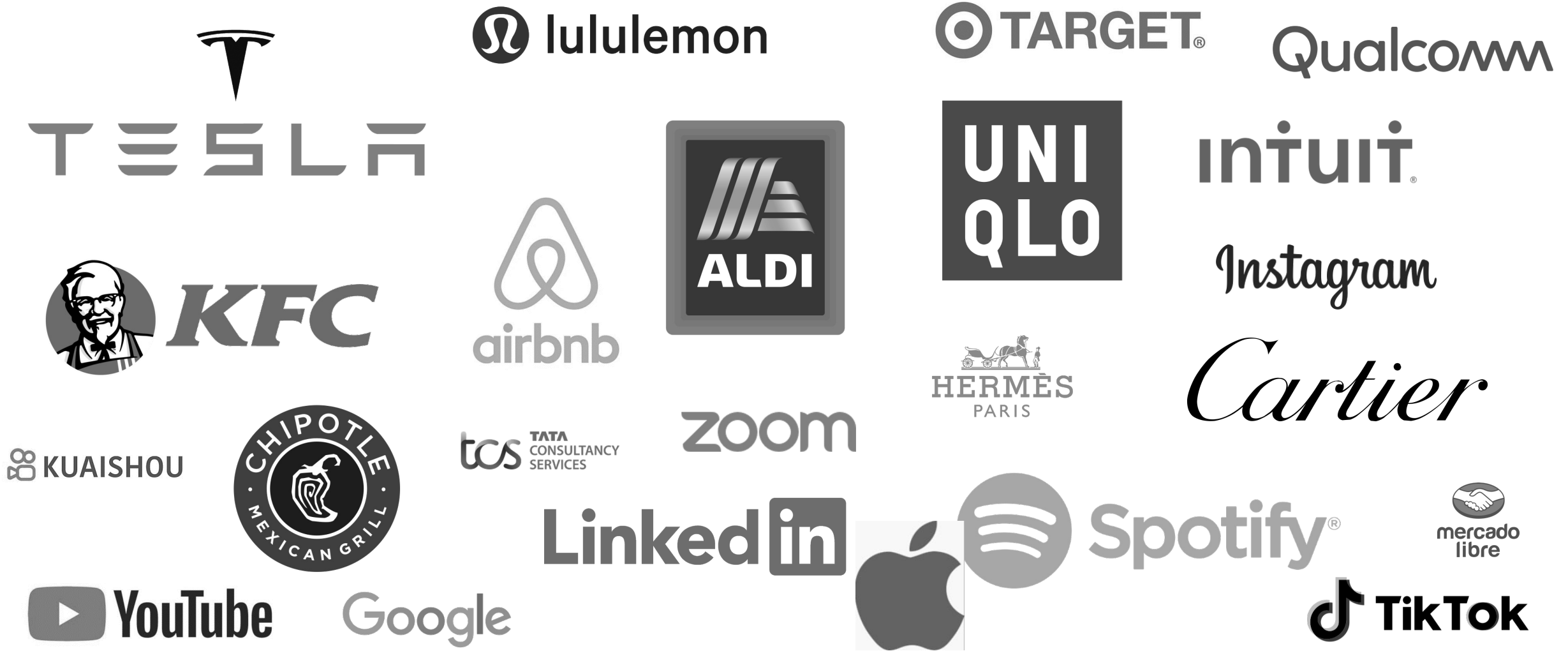
1.

BrandZ

growth brand
analysis

Any brand can be a Breakthrough growth brand

Not just tech, new or 'challenger' brands



The **same trend**
holds in the UK

dyson

Revolut

pets
at home

Lucozade

sky

 **BARCLAYS**


FEVER-TREE


BY APPOINTMENT TO
HER MAJESTY THE QUEEN
TANQUERAY GORDON & CO. LTD
GIN DISTILLERS



ALDI

TAYLORS of HARROGATE
YORKSHIRE
TEA

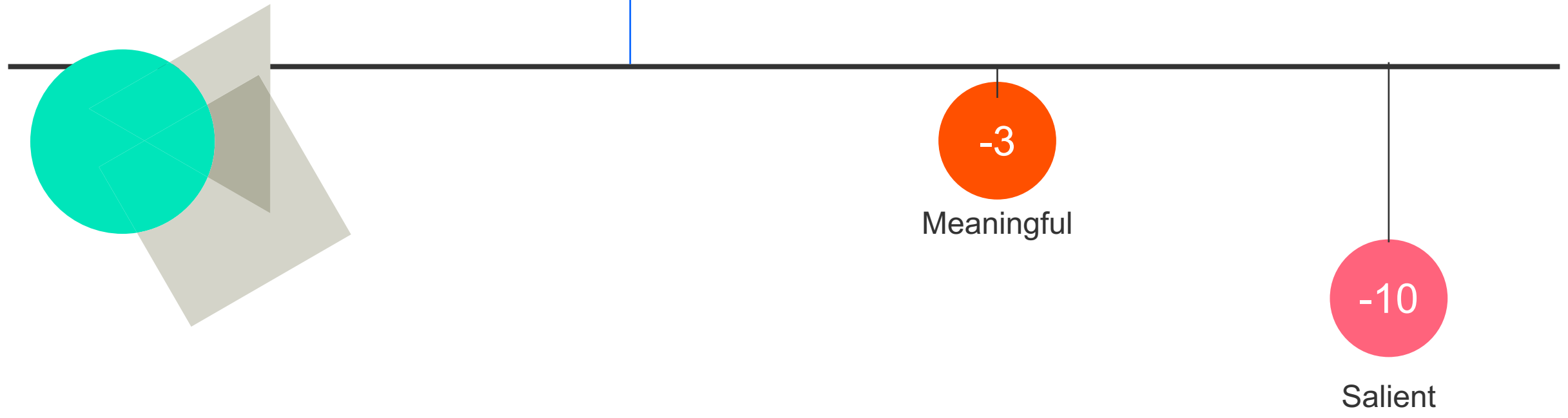

BREWDOG

Gordon's®

 **Nationwide**


octopusenergy

Breakthrough brands are different



Disrupt



+16

Shaking things up



+15

Gaining importance



+8

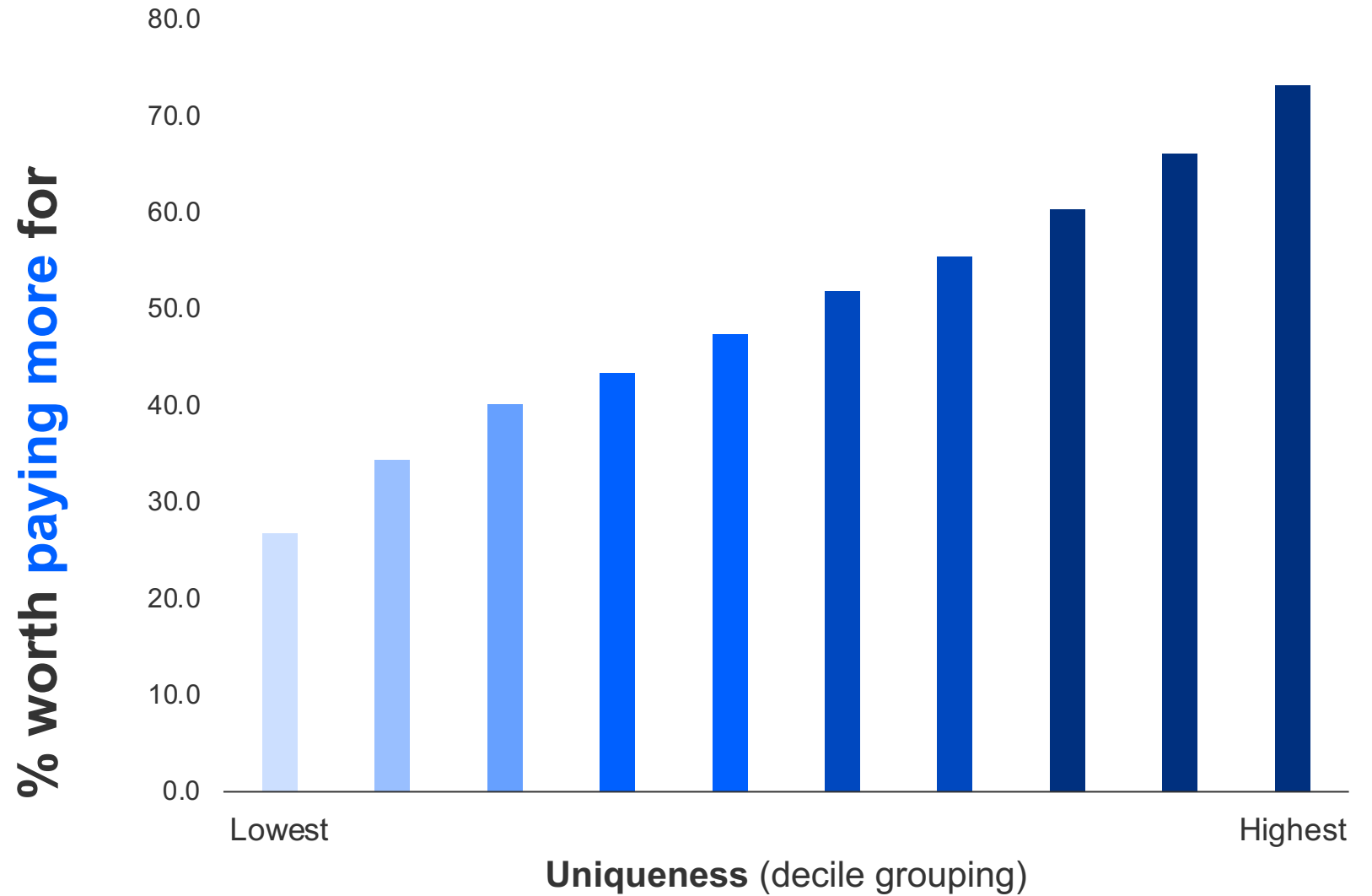
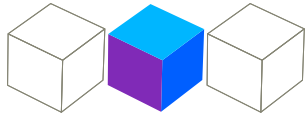
Creative

2.5X

STRONGER 3 YEAR GROWTH

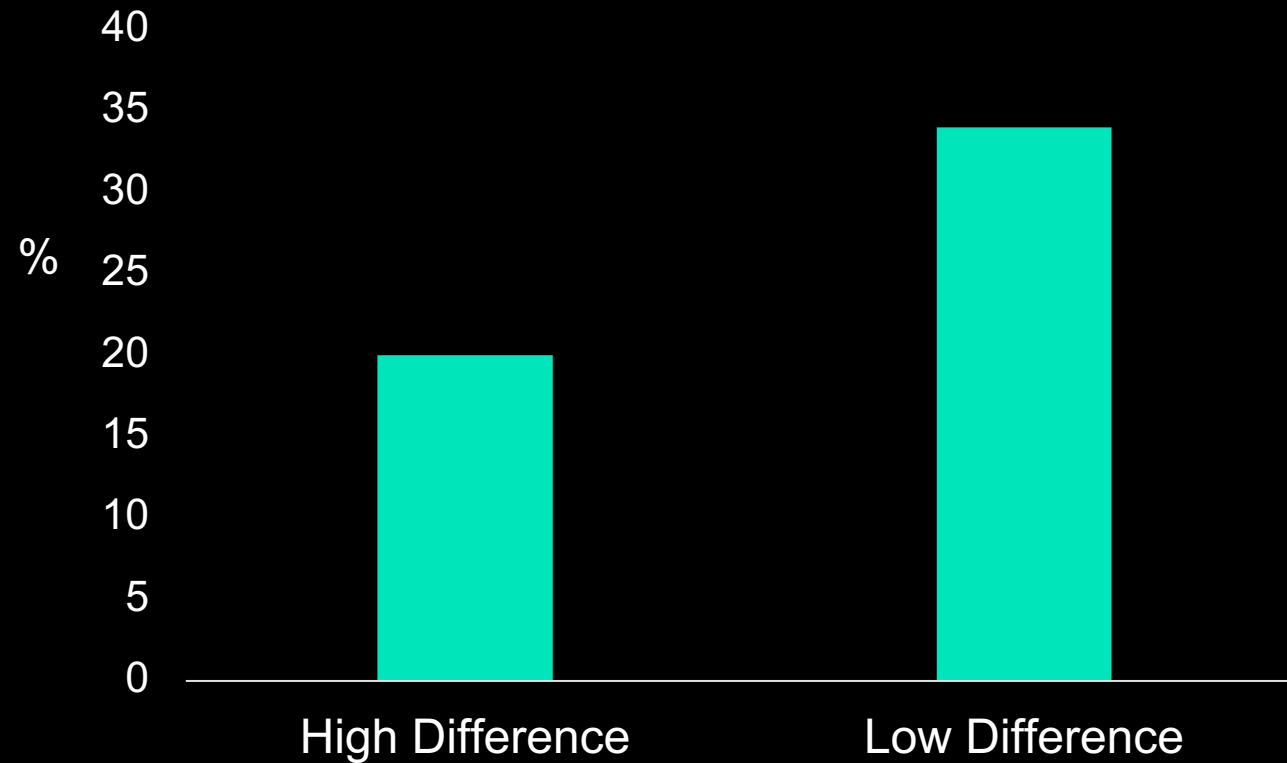
when supported with
marketing that creates
meaning & salience

Difference is worth paying more for



Difference is a
powerful competitive weapon
in inflationary times

Price Elasticity

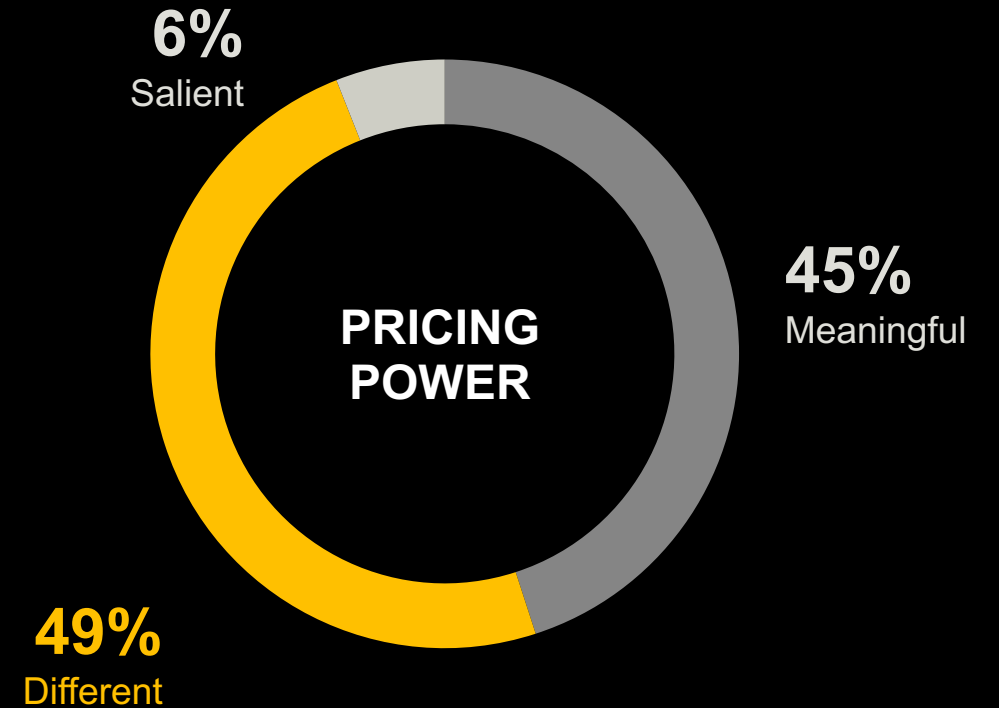
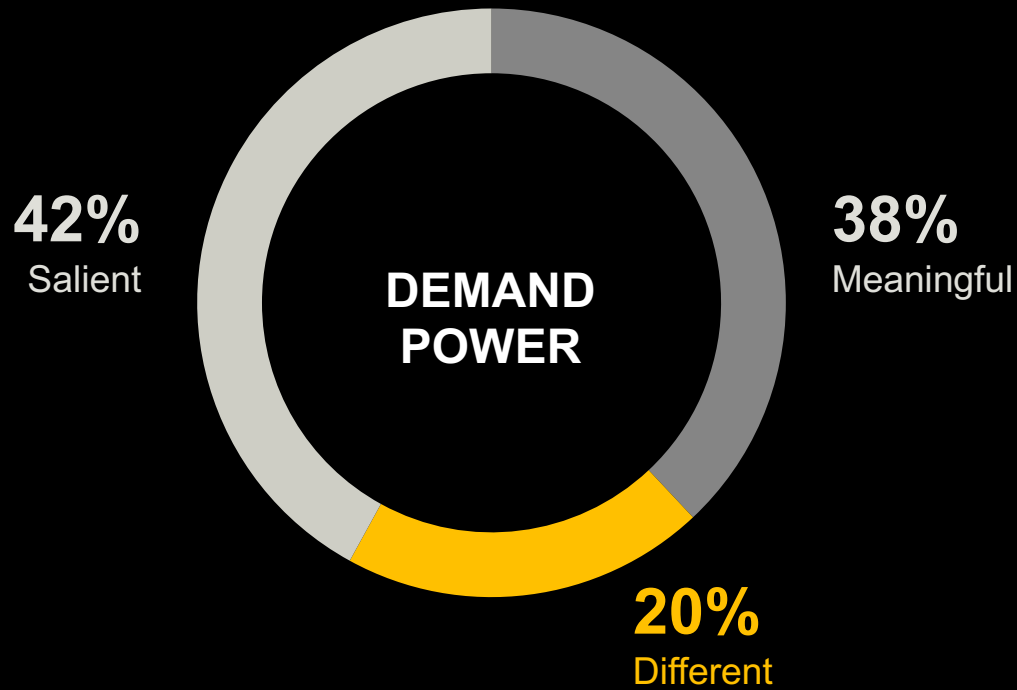


Difference becomes **2.5X more important to growing margin**

And is 8X more powerful than salience at driving margin

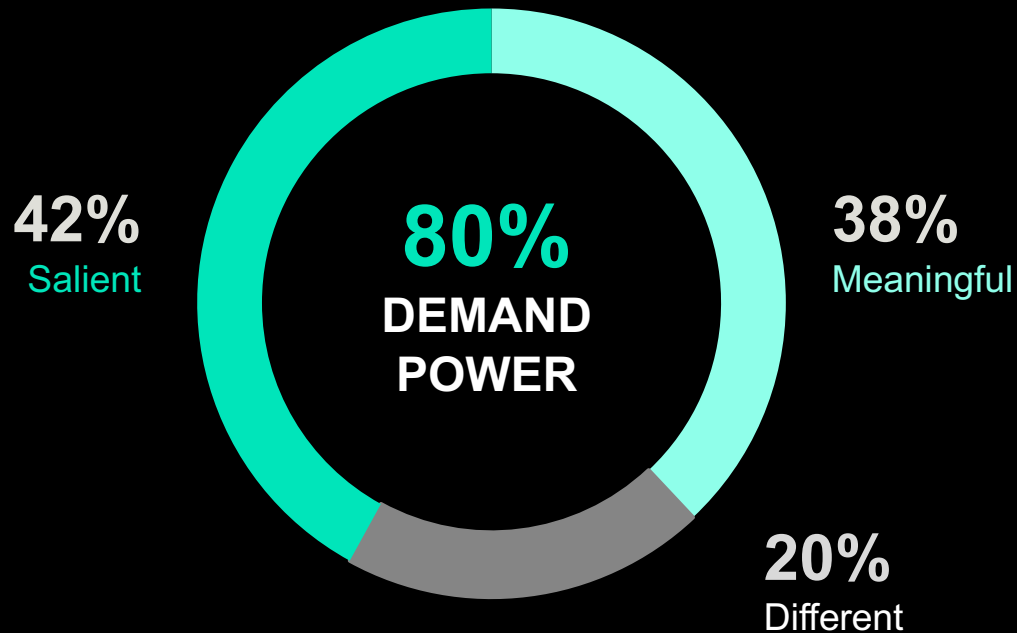
Volume drivers

Margin drivers

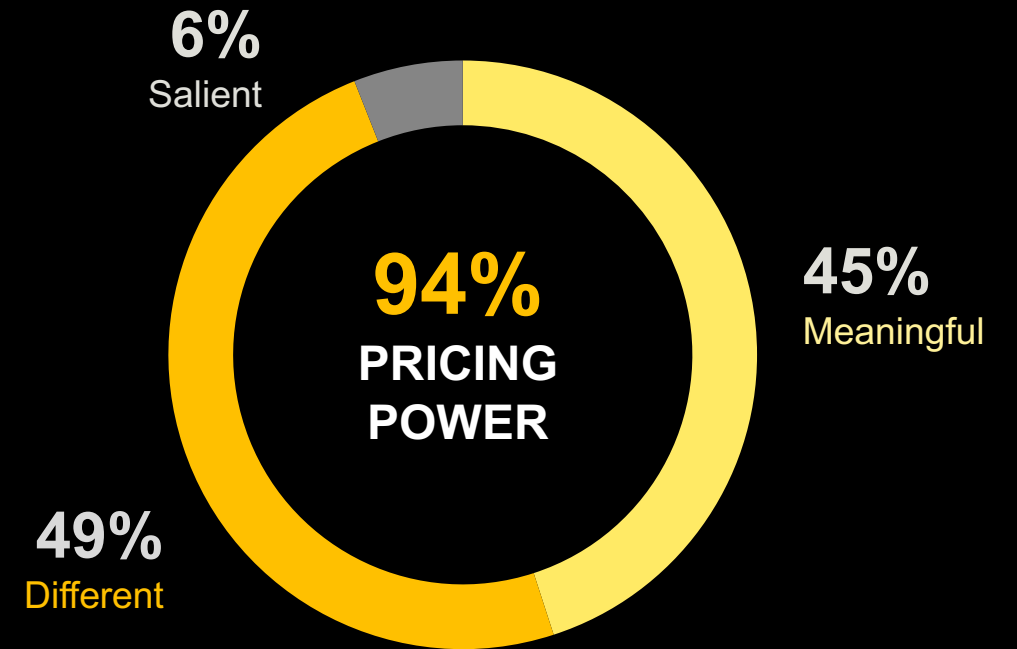


Meaningful **Salience** drives **volume & share** Meaningful **Difference** drives **price power**

Volume drivers



Margin drivers



The brand value chain



2.

Abnormal Stock Market Modelling



2.

Abnormal Stock Market Modelling



BRANDZ

328 companies

872 brands

13 years (2007-2019)

15,300 brand data points

The existing models are all based on variables derived only from published financial data

CAPM (1965)

$$R_{it} - R_{ft} = \alpha_{it} + \beta_{it}(R_{Mt} - R_{ft}) + e_{it}$$

Return over Risk-free Return

Fama-French 3-factor (1992)

$$R_{it} - R_{ft} = \alpha_{it} + \beta_{it}(R_{Mt} - R_{ft}) + \beta_2 SMB + \beta_3 HML + e_{it}$$

Effect of Size of business

Difference between the returns on diversified portfolios of Small and Big stocks (market cap)

Difference between the returns on diversified portfolios of high and low B/M stocks (growth and value stocks)

Effect of Stock premium
(Book/Market value ratio)

Carhart Modified 4-factor Fama-French (1997)

$$R_{it} - R_{ft} = \alpha_{it} + \beta_{it}(R_{Mt} - R_{ft}) + \beta_2 SMB + \beta_3 HML + \beta_4 UMD + e_{it}$$

Difference between the returns on diversified portfolios of Winners and Losers (momentum)

Fama-French 5-factor (2015)

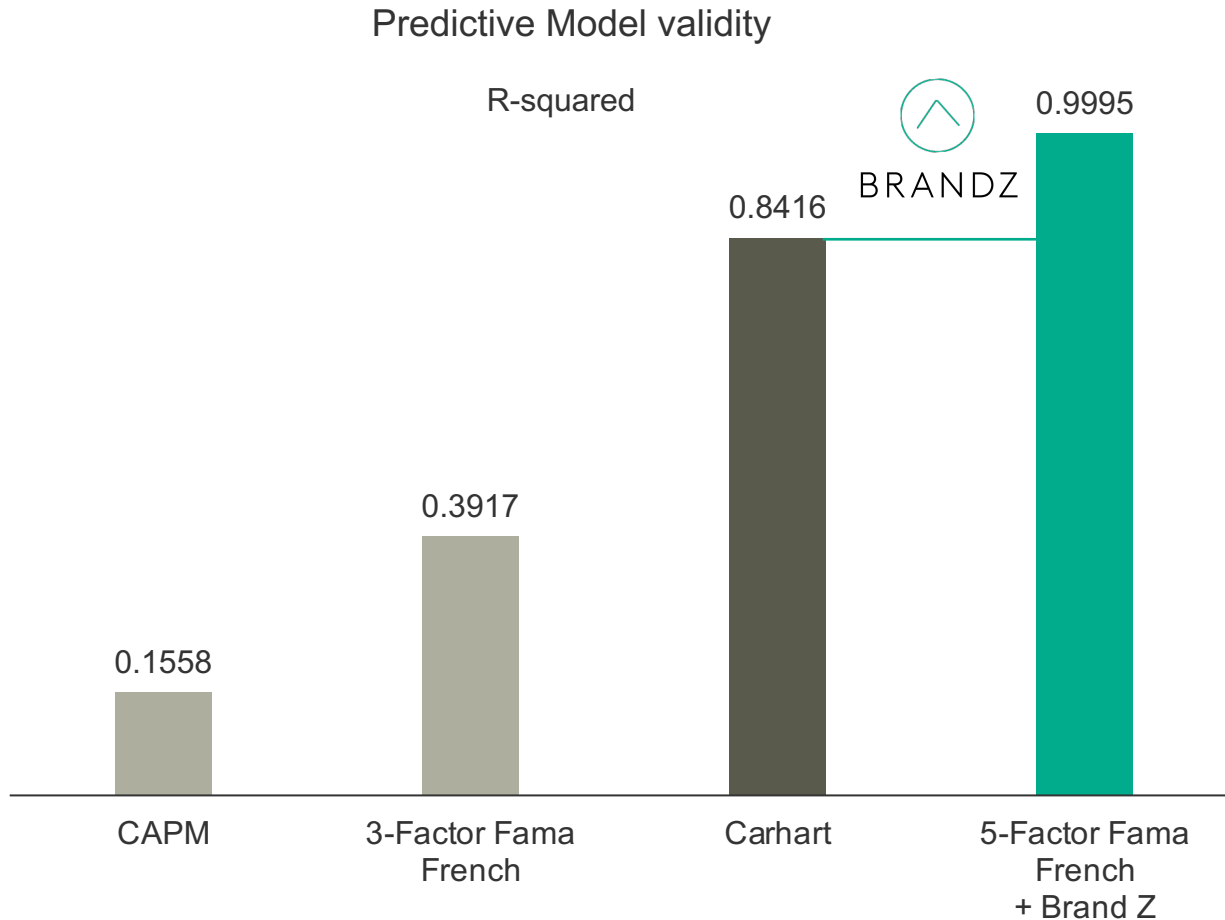
$$R_{it} - R_{ft} = \alpha_{it} + \beta_{it}(R_{Mt} - R_{ft}) + \beta_2 SMB + \beta_3 HML + \beta_4 RMH + \beta_5 CMA + e_{it}$$

Effects of Profitability &
Investment Strategy

Difference between the returns on diversified portfolios of stocks with robust and weak profitability (operating)

Difference between the returns on diversified portfolios of low and high investment stocks (firm investment)

A breakthrough modelling financial performance: brand equity factors are the missing link

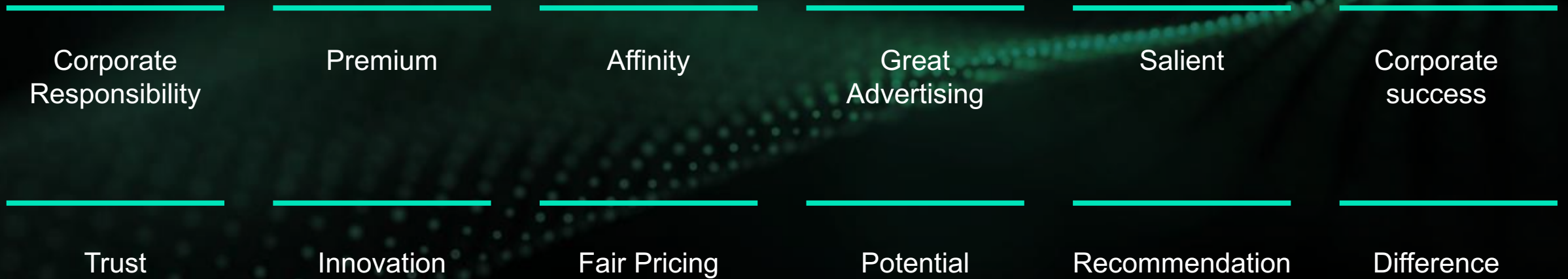


99.5%
accuracy

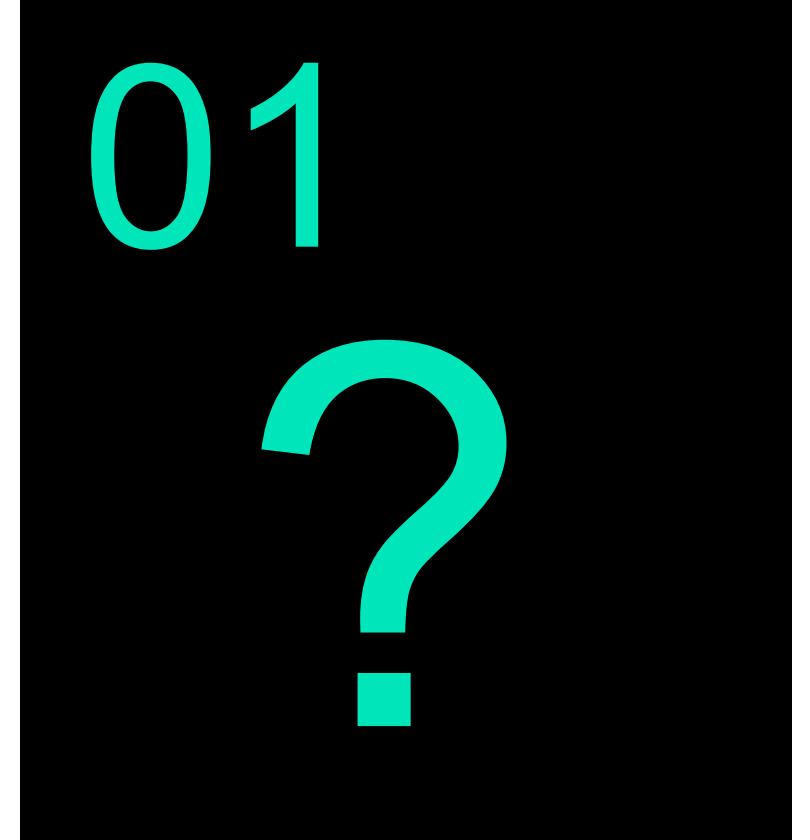
by including BrandZ data

12 brand equity variables

were used by the model to factor stock performance outcomes



The biggest brand factors on 'abnormal' share performance



The No1 predictor of abnormal share performance

Difference

The best fit model included a further factor: time

Difference is becoming more important, salience less so

Factors **increasing** in contribution from 2017

Factors **declining** in contribution after 2016



Different

Meaningful

Trust

Responsibility

Potential

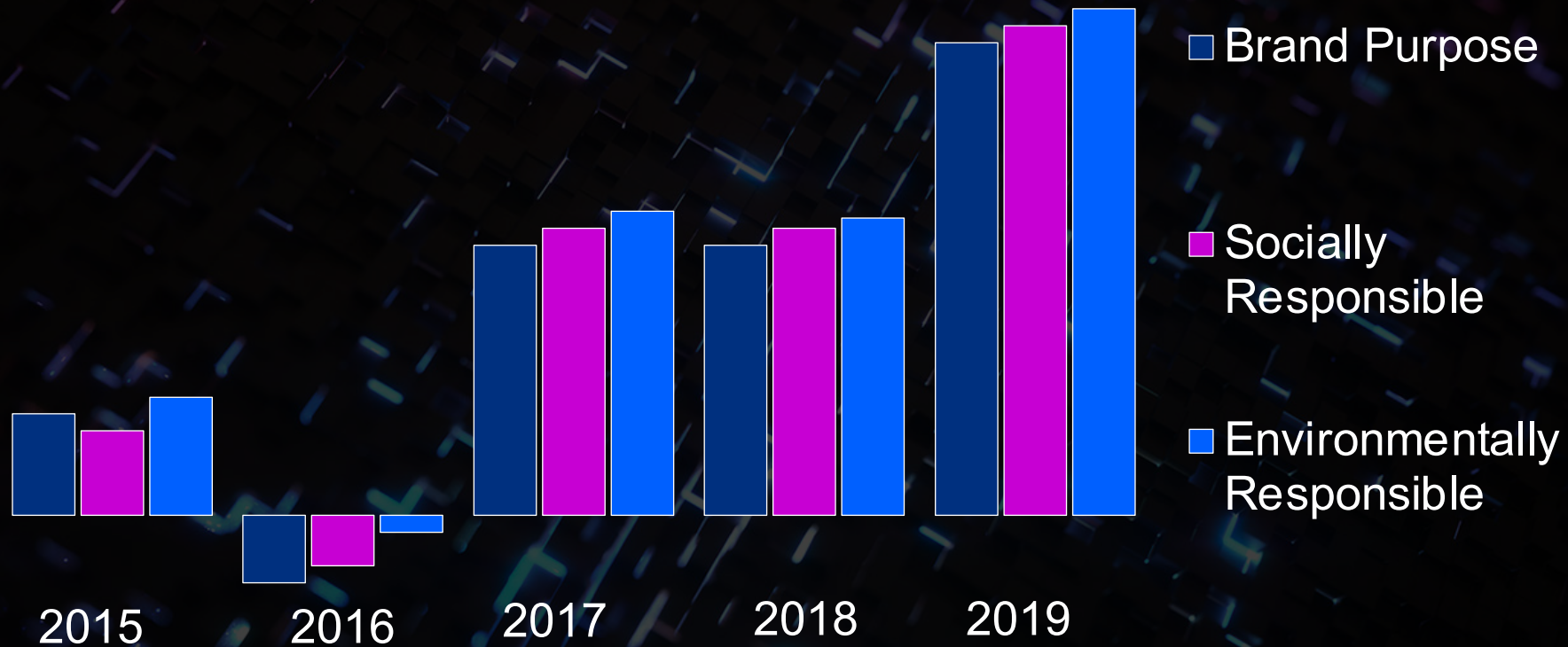


Salience

Communication

Brand responsibility is also increasingly driving price power

Impact on “worth more than the price”



A glowing orange DNA double helix structure is shown against a dark background. The helix is composed of numerous small, interconnected nodes and lines, giving it a molecular or network-like appearance. The background features a white geometric grid pattern of thin lines connecting various points, creating a network of triangles and polygons. The overall aesthetic is futuristic and scientific.

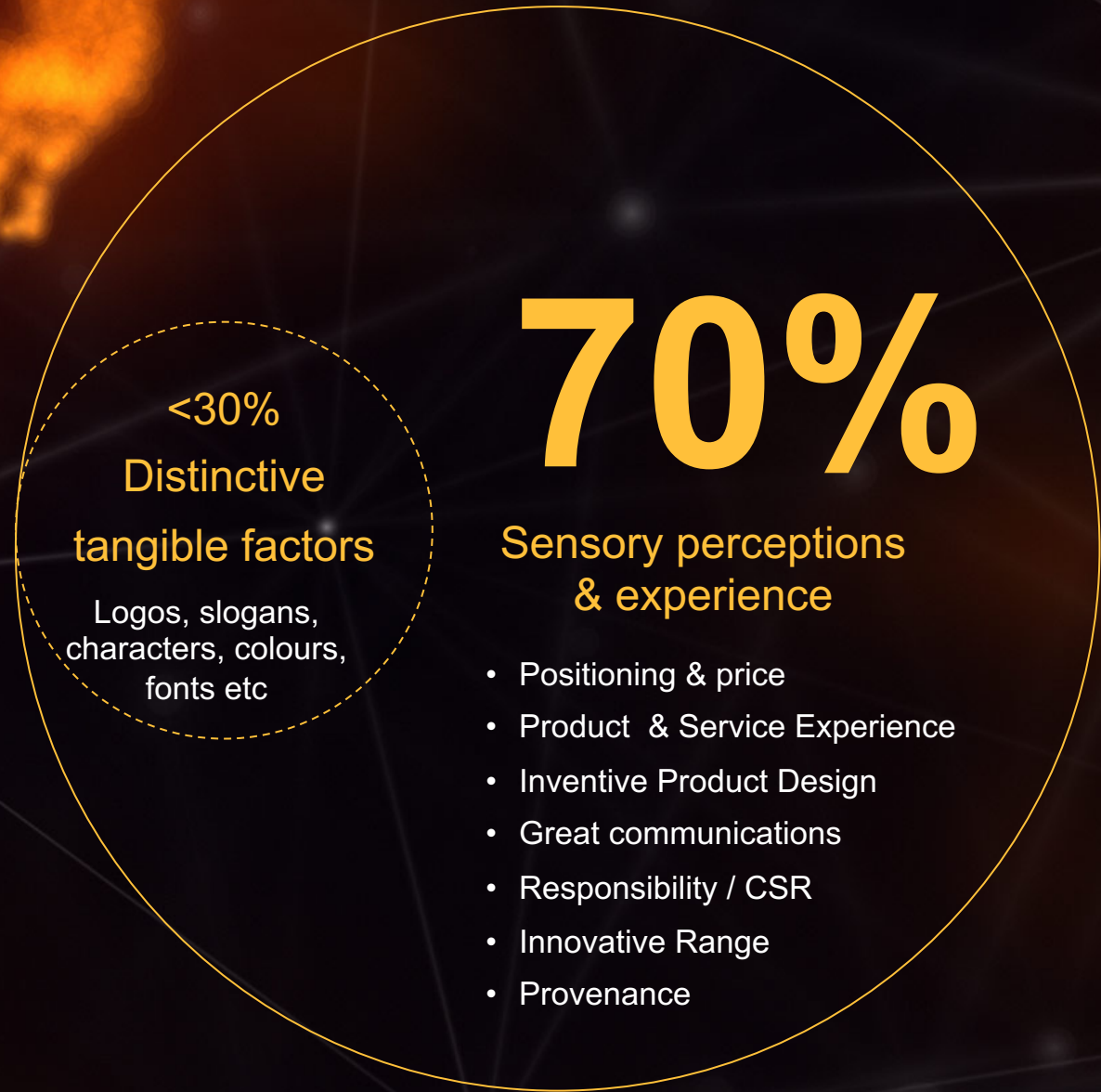
So what?

difference It's difference
the makes that

A circular graphic with a blue outline. Inside the circle, there is a smaller circle containing a pound sterling symbol (£). Below the symbol is a line graph showing a peak followed by a dip and then an upward-pointing arrow.

The DNA of difference

Path analysis structural
equation modelling



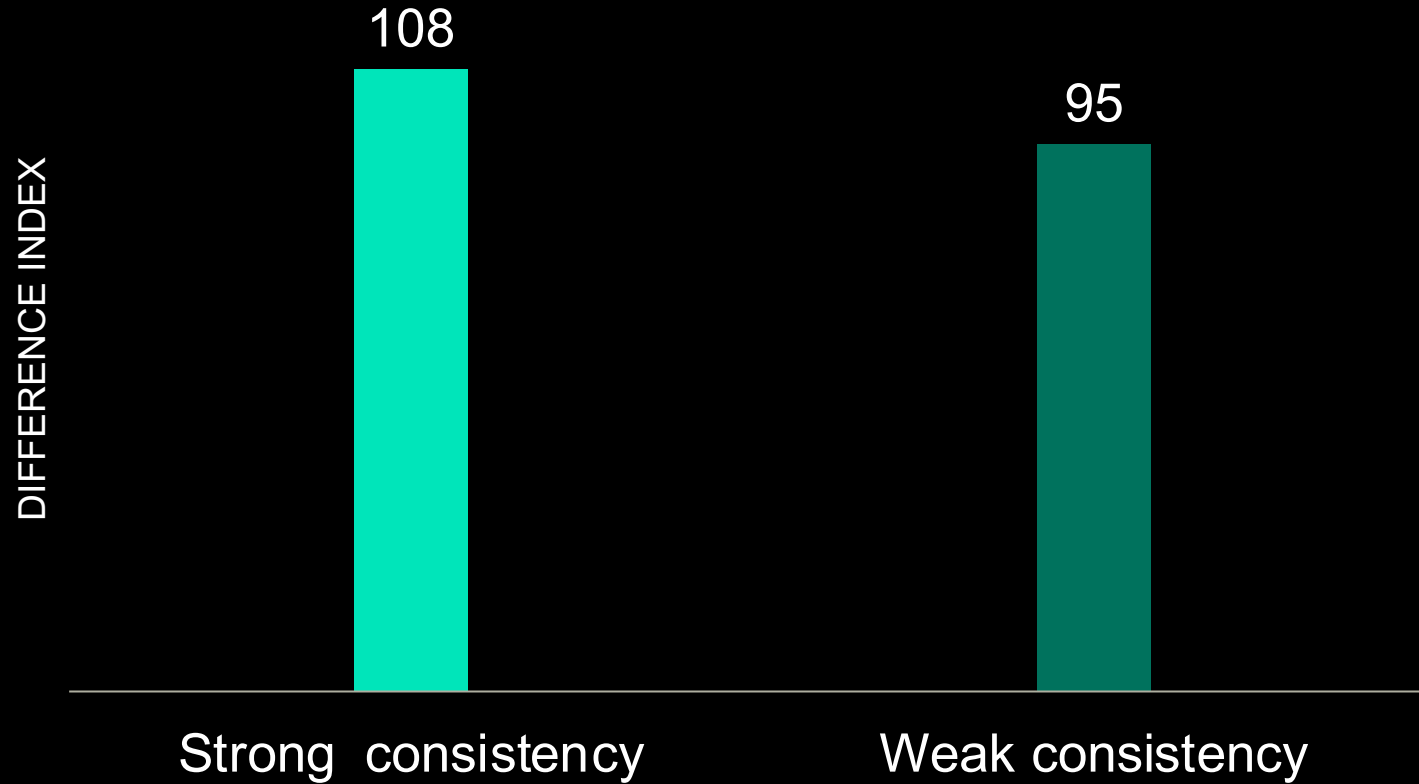
**The DNA
of difference**

QUALITY

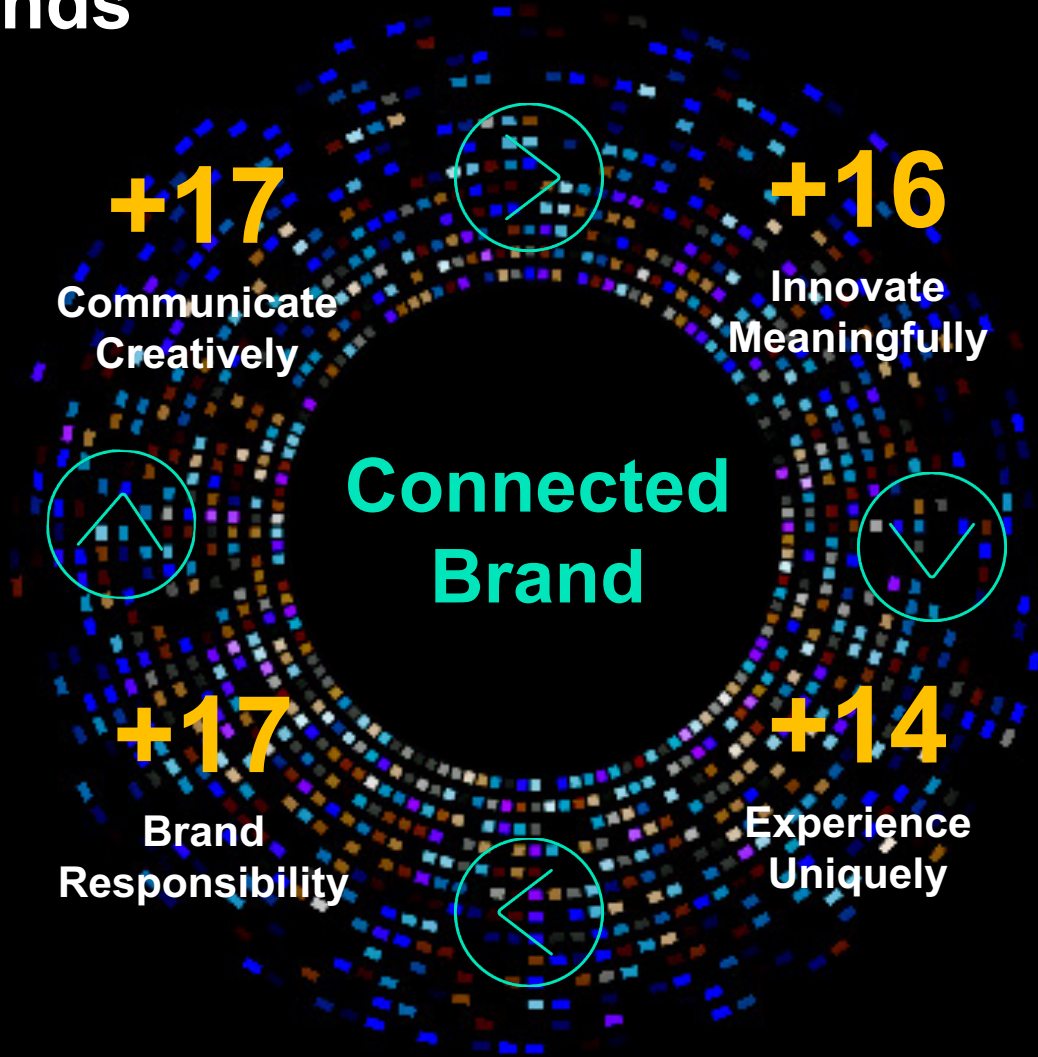
SIGNALS

*aka a sense of positive
momentum & 'betterness'*

Consistency is a great help

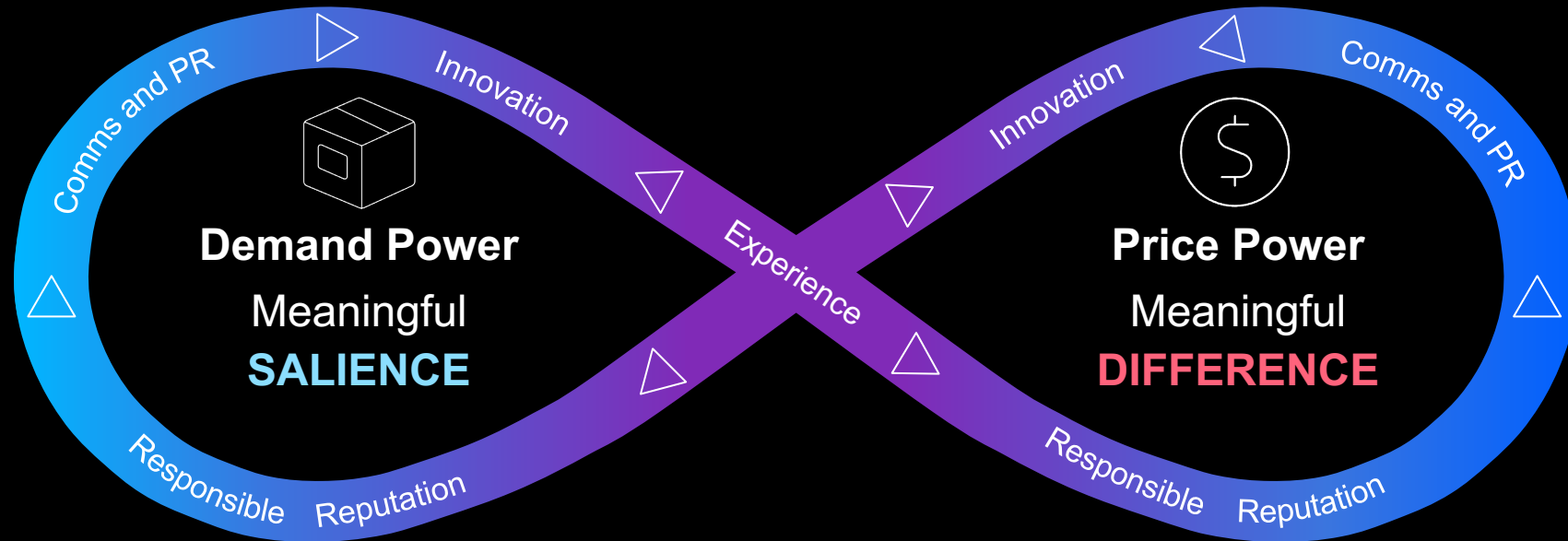


Breakthrough brands excel through stronger clarity



The **connected brand value chain**

Drivers include Innovation, CSR, service / product experience and comms



The connected brand value chain

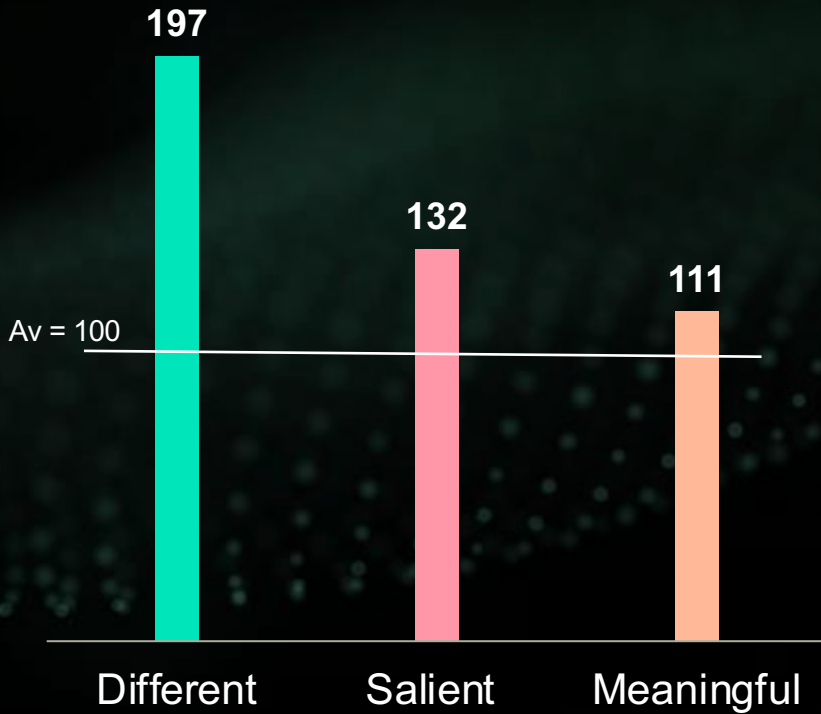
Drivers include Innovation, CSR, service / product experience and comms



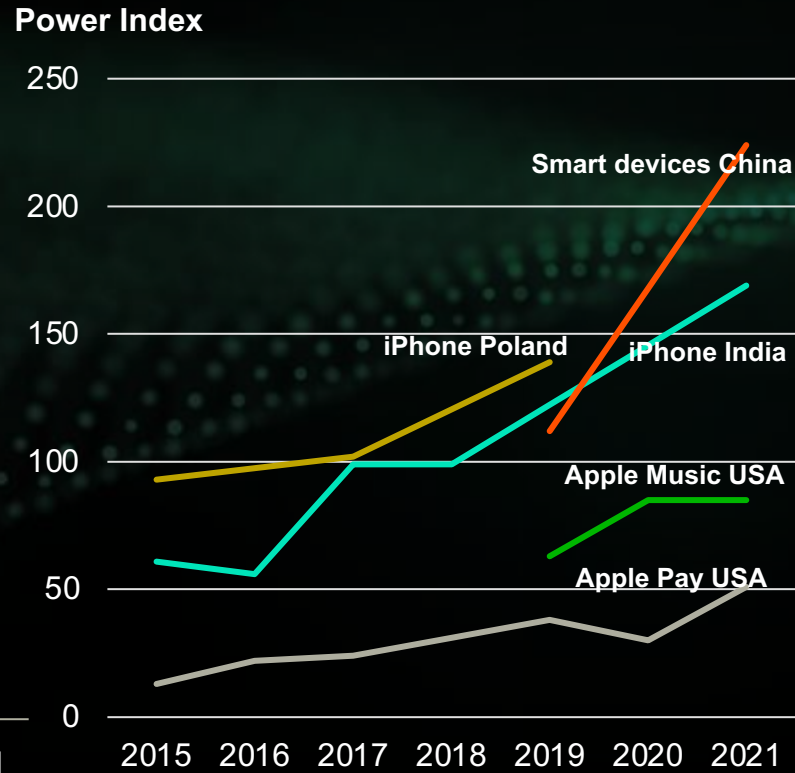


How a big brand can grow +55% a year

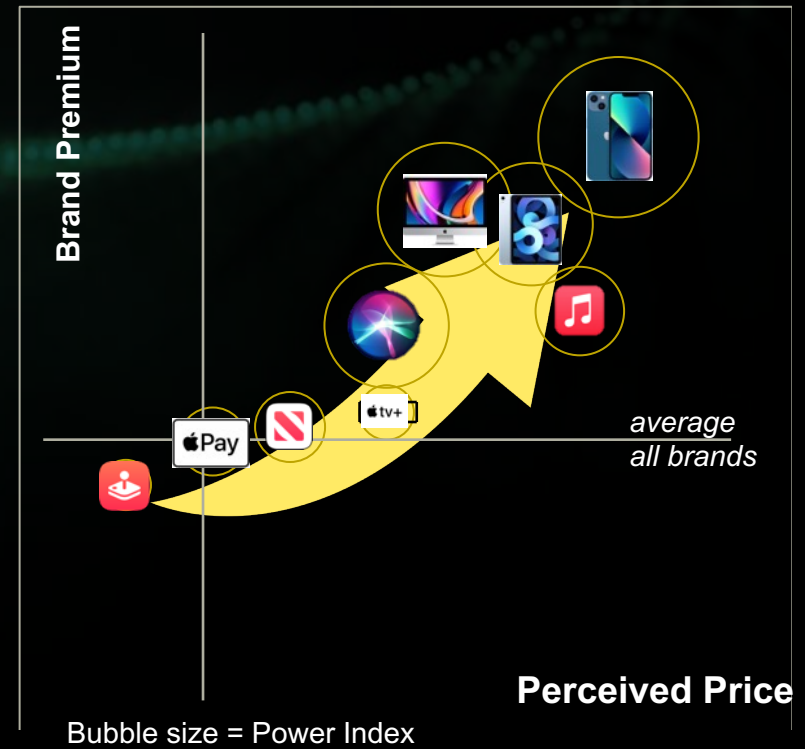
Fuelled by strong difference



Innovation drives penetration



New products grow price power





Amplified by iconic campaigns

'Has great ads' index 129

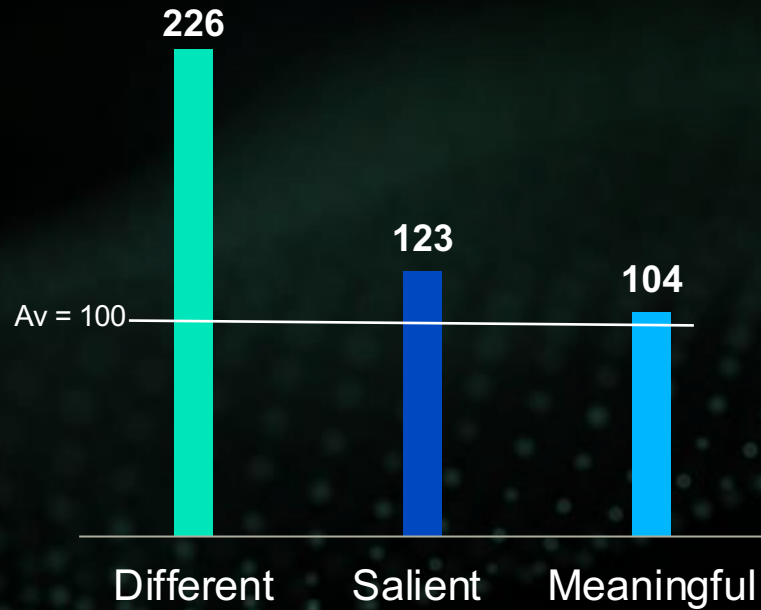
Shot on iPhone 11 Pro



It's not just big tech or new challenger brands

New Top 75 UK entrant +21.4% brand power last two years

Different positioning



Index 105 Price Power

Different innovation



Different cultural mindset



Comms bring to life the brand position with **humour & celebrity** consistently

Has great ads **Index 144**



We have a bank of case studies to share – just ask!

Covering different categories, territories, brand maturities



KANTAR

Conclusions

The DNA of
breakthrough
brand value
creation

Difference makes the difference

It's the fast-track to price power & stock performance – especially when supported by effective marketing & investment that drives meaning & salience

It's time to evolve the growth model to incorporate price

Price inelasticity is the ultimate signal of brand strength

This complements the role driving sales volume & share plays.

Build Mental & Physical Connectivity

The financial value chain includes **innovation, experience, comms & having a responsible reputation.**

These underpin perceived value before during & after purchase.

Any brand can be a breakthrough brand

This requires bold imaginative leadership to infuse the entire organisation around a single brand raison d'être & experience

How Kantar can help you

1.

Ensure you've strong strategic foundations



Breakthrough **Brand Strategy**

*A powerful emotive position that differentiates across the whole business
(CSR to Comms to CX)*

2

Deliver it compellingly & consistently in creative



Breakthrough **Creative**

*Develop high impact briefs, creative platforms & executions
(Tip: early stage Qual DOUBLES top performance)*

3.

Shape the category



Breakthrough **Innovation**

*Meaningfully differentiated product & services development
(‘Labs’)*

For more information contact:
Dom.boyd@kantar.com

A glowing orange DNA double helix structure is the central focus, winding diagonally from the top right towards the bottom left. The helix is composed of numerous small, bright orange spheres connected by thin lines, creating a textured, three-dimensional appearance. The background is a deep black, overlaid with a faint, light gray grid of thin lines that intersect at various points, creating a subtle geometric pattern. The overall aesthetic is scientific and digital.