BRANDZ™

BRANDZ™ TOP 100 Most Valuable

Global Brands 2020

NEW DAYS + NEW WAYS

WPP

KANTAR


True
to Our
Nature
adidas
SHARK CLUB
SPORTS BAR GRILL

TOP 100

1 amazon · 2 · 3 Microsoft · 4 Google · 5 VISA · 6 Alibaba Group · 7 腾讯 Tencent · 8 FACEBOOK · 9 McDonald's · 10 · 11 AT&T · 12 verizon · 13 Coca-Cola · 14 IBM · 15 Marlboro · 16 · 17 SAP · 18 · 19 LOUIS VUITTON · 20 ups · 21 · 22 Disney · 23 PayPal · 24 · 25 xfinity · 26 NETFLIX · 27 Walmart · 28 Spectrum · 29 · 30 accenture · 31 · 32 T · 33 intel · 34 CHANEL · 35 Adobe · 36 · 37 YouTube · 38 · 39 HERMÈS · 40 SAMSUNG · 41 · 42 WELLS FARGO · 43 LinkedIn · 44 L'ORÉAL · 45 HUAWEI · 46 · 47 COSTCO · 48 TOYOTA · 49 GUCCI · 50 ORACLE · 51 cisco · 52 JD.COM · 53 Budweiser · 54 美团 · 55 vodafone · 56 Mercedes-Benz · 57 ZARA · 58 · 59 · 60 RBC · 61 · 62 CHASE · 63 NTT · 64 DiDi · 65 XBOX · 66 orange · 67 HSBC · 68 Haier · 69 中国农业银行 · 70 Pampers · 71 DELL Technologies · 72 IKEA · 73 AIA · 74 J.P.Morgan · 75 LIC · 76 Colgate · 77 TD · 78 BANK OF AMERICA · 79 TikTok · 80 movistar · 81 mi · 82 KFC · 83 · 84 ALDI · 85 Uber · 86 UnitedHealthcare · 87 citi · 88 FedEx · 89 Gillette · 90 BCA · 91 Baidu · 92 adidas · 93 DHL · 94 SIEMENS · 95 SUBWAY · 96 LOWE'S · 97 中国银行 · 98 LANCÔME · 99 pepsi · 100

BRANDZ TOP 100 Most Valuable Global Brands 2020

TOTAL VALUE OF THE TOP 100

$4,989 Billion

YEAR-ON-YEAR CHANGE

+6%

THE TOP 10 RISERS

$ = Brand Value US$ Mil. % = Brand Value Change 2020 vs. 2019

#1	MOUTAI	Alcohol	$53,755	+58%
#2	Instagram	Technology	$41,501	+47%
#3	lululemon	Apparel	$9,669	+40%
#4	COSTCO WHOLESALE	Retail	$28,677	+35%
#5	NETFLIX	Entertainment	$45,889	+34%
#6	amazon	Retail	$415,855	+32%
#7	LinkedIn	Technology	$29,936	+31%
#8	Microsoft	Technology	$326,544	+30%
#9	Adobe	Technology	$35,904	+29%
#10	美团 Meituan	Lifestyle Platform	$23,911	+27%

BRAND CONTRIBUTION TOP 10

= Brand Rank.

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

#1	TikTok	Entertainment	$16,878
#2	Coca-Cola	Beverages	$71,707
#3	ESTĒE LAUDER	Personal Care	$7,048
#4	Cerveza Modelo	Beer	$3,326
#5	Pampers	Baby Care	$18,502
#6	GUCCI	Luxury	$27,238
#7	SKOL	Beer	$6,819
#8	Corona	Beer	$7,853
#9	BRAHMA	Beer	$3,733
#10	CHANEL	Luxury	$36,120

NEWCOMERS

#79	TikTok	$16,878
#86	UnitedHealthcare	$15,799
#97	中国银行 BANK OF CHINA	$13,686
#98	LANCÔME PARIS	$13,617
#99	pepsi	$13,319

= Rank in the Top 100
$ = Brand Value in US$ Million

THE TOP 10 MOST VALUABLE GLOBAL BRANDS 2020

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

#1	amazon	Retail	$415,855
#2	Apple	Technology	$352,206
#3	Microsoft	Technology	$326,544
#4	Google	Technology	$323,601
#5	VISA	Payments	$186,809
#6	Alibaba Group 阿里巴巴集团	Retail	$152,525
#7	腾讯 Tencent	Technology	$150,978
#8	FACEBOOK	Technology	$147,190
#9	McDonald's	Fast Food	$129,321
#10	Mastercard	Payments	$108,129

YEAR-ON-YEAR CATEGORY CHANGES

% = Brand Value Change 2020 vs. 2019 $ = Brand Value US$ Mil.

Retail	$785,346	+21%
Technology	$1,561,961	+10%
Insurance	$135,171	+8%
Beverages	$155,748	+4%
Personal Care	$115,706	+4%
Luxury	$176,784	+3%
Apparel	$117,632	+0%
Fast Food	$249,763	-2%
Beer	$74,513	-4%
Telecom Providers	$441,782	-4%
Cars	$129,705	-7%
Regional Banks	$219,491	-11%
Global Banks	$98,120	-19%
Energy	$79,000	-22%

0%

WPP

www.brandz.com

KANTAR

Contents

Welcome

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Strong brands across categories prove resilient to extreme stress

Report examines pandemic impact and implications for future growth

If I'd wanted to invent a stress test for brands, I couldn't have imagined a global pandemic that in just a few months shut down a vibrant global economy and challenged the fortunes of brands across categories.

If I'd wanted to predict the impact on the BrandZ™ Global Top 100 Most Valuable Brands would I have estimated that the Top 100 would increase by a steady 6 percent compared with 7 percent year ago?

The healthy growth rate didn't surprise me because, to use current terminology, we follow the science. Our BrandZ™ analysis consistently shows that strong brands provide resilience during periods of market volatility. They decline less in value and recover faster.

That lesson was clear during the global financial crisis over a decade ago. And it is clear today. During the five weeks from February 14 to March 20, when the MSCI World Index and the S&P 500 dropped 75 percent and 51 percent, respectively, our portfolio of brands with the highest equity, the BrandZ™ Powerful Brands Top 10, dropped only 37 percent before turning upward.

Communicating these strong results is important, but insufficient. To be really useful to marketers and brand builders we need to illuminate all the brand building factors that produce strong shareholder returns and inspire consumers to select one brand over another. We supply these insights in our 2020 BrandZ™ Global Top 100 report, although this year was challenging.

Jam-packed report

We began preparation for the 2020 Global Top 100 report in Shanghai during October 2019, meeting face-to-face with our China-based WPP and Kantar brand experts. During January and February, we continued with similar meetings in London, Paris, New York, Chicago, and San Francisco, where we finished during the week Covid-19 received its official name.

We came away from these thought leadership engagements with a deep understanding of the cultural shifts and trends impacting brand performance across multiple categories worldwide. Simultaneously, our valuations team was nearing the end of a months-long process of computing brand value with a complicated analysis of financial data and the impact of consumer attitudes.

But it quickly became apparent that we needed to consider another factor. We needed to revisit all our assumptions about the year and look at all the evidence again through a wider lens that included the impact of the global pandemic. In other words, our routine over the past several months probably was not unlike your own.

The result is the most jam-packed report we've produced since launching the BrandZ™ Global Top 100 in 2006. We began with our renown brand and category rankings and analysis and pushed further, adding two additional sections. We investigate a cultural shift that has touched all categories—Sustainability. And we examine the brand and category repercussions of the Covid-19 pandemic.

Also new this year, we're launching our BrandZ™ Global Top 100 Digital Virtual Experience app, an easily-accessed immersive experience where you can dive deeper into the analysis, hear from our brand experts, and watch video interviews about useful brand-building topics that elaborate on the insights contained in the report.

Key findings

From the vast amount of knowledge and insight contained in this report, I've extracted a few key findings.

Lessons past and present

Brand strength is key. History won't repeat itself exactly, but it is an important guide. Coming out of the global financial crisis, strong brand equity was the key to recovery. Between 2006 and 2020, our BrandZ™ Powerful Brands Top 10 Portfolio increased 285 percent in value, while the S&P rose only 120 percent. The most important driver of that growth was Meaningful Difference—relevantly meeting consumer functional and emotional needs in ways that stand out and are trendsetting.

Looking at how Covid-19 impacted shopping during the pandemic, here are three key conclusions from our observations and the Kantar Covid-19 Barometer research across 50 markets: (1) the coronavirus drew many newcomers to e-commerce; (2) value-shopping increased; and (3) buying local moved from a sustainability practice to mainstream.

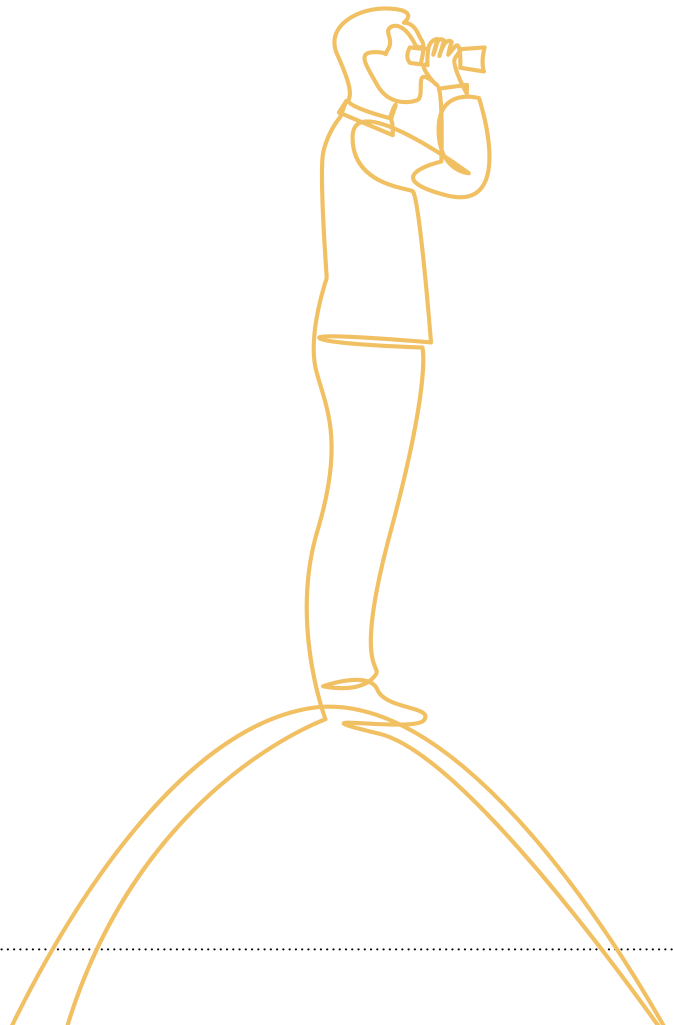
Among the important finding from the Kantar Brand Footprint report on FMCG categories, it is clear that despite sales variations by category, people were open to trying new things, which presented opportunities in difficult times. Traditional marketing levers ignited sales even in slow-growing or declining categories.

Looking ahead

No one knows how long this pandemic will last and what the recovery arc will look like. What we do know is that for brands to gain share during the recovery they need to start planning now.

Corporate reputation, especially environmental and social responsibility, will have an impact on brand choice, according to our BrandZ™ analysis. Online and O2O will be even more important channels post pandemic.

And of the more than 20 BrandZ™ brand personality characteristics, one stands out as most correlated with high brand value and rapid brand value growth—creativity. I'll explain shortly how we can help you with creativity, but first let me introduce you to the report.



What's inside

This is just a taste of the valuable details we've packed into almost four hundred insight packed and actionable pages. How you read the report, front-to-back or skipping around, depends on your needs and time available. Whatever way you read the report, I guarantee that your time will be well spent. To help you navigate through it, I'm providing a rundown of the contents:

Section 1 Introduction Here we connect the dots, summarizing the developments and findings and the cross-category trends, and we also suggest brand-building actions.

Section 2 The Global Top 100 Here you'll find the year-on-year brand changes and the analysis that explains which brands did well and why.

Section 3 Sustainability New this year, we're providing a deep dive into a cultural shift that is changing how consumers shop and brands behave across categories.

Section 4 The Categories Here we examine the dynamics and brand performance of 14 categories and explain the impact of Covid-19.

Section 5 Covid-19 | Resilience, Recovery, and Growth Unique this year, we've devoted an entire section to the impact of the pandemic on brands worldwide and the prospects for post-pandemic recovery.

Section 6 Resources The report concludes with all the contact details and other relevant information needed to go from reading the report to taking the next constructive steps.

To create this expanded report, we engaged our WPP and Kantar resources worldwide to gather the knowledge and on-the-ground perspective required for effective brand building. We amplified findings throughout the report with Thought Leadership articles and Insights from our brand building experts. Also new this year, we've added interviews in which C-Suite executives from three BrandZ™ Global Top 100 leaders—PepsiCo, Haier, and Ping An—reflect on the challenges facing their brands and the impact of Covid-19.

We can help

Despite this year's challenges, and because of the urgent need to understand the altered brand landscape, we were determined to publish the 2020 BrandZ™ Global Top 100 report without delay. But I need to add a caveat: We are gaining more knowledge and insights constantly because the economic impact of Covid-19 is so fluid.

This report is a starting point. I urge you to follow up with the experts who contributed to the report. They continue to monitor the impact of the pandemic on brands across categories and around the world. We have an extensive library of annual BrandZ™ country reports along with our annual Global Top 100 report. Please see the sidebar for more details. I invite to you access the reports with our compliments at BrandZ.com.

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. The WPP and Kantar proprietary BrandZ™ database includes information from over 3.8 million consumers about their attitudes about (and relationships with) 17,801 brands across 512 categories in 51 markets. All that produces more than 5.3 billion data points.

Finally, I said that in the new world we're all about to enter, creativity will be key for building valuable brands. Creativity drives the innovations in products and services, packaging and communications that can excite consumers and lift a company's fortune. Creativity is what we offer. We can 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—especially during these uncertain and trying times—please contact any of the WPP companies and Kantar divisions that contributed expertise to this report. Turn to the resource section at the end of this report for the contact details of key executives. Or feel free to contact me directly.

Sincerely,

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Learn much more about building global brands

Each year we produce the BrandZ™ Top 100 Most Valuable Global Brands, an exhaustive report that delivers knowledge and insight about brand building developments, category-by-category, worldwide. We also produce annual BrandZ™ reports about the most valuable brands in these countries and regions: Australia, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Latin America, the Netherlands, South Africa, Spain, the UK, and the US. To learn more about our vast library of reports and other tools for building and sustaining valuable brands, please visit us at brandz.com.

Richard Ingleton
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Ecosystem brands help people sustain daily life routines during pandemic

BrandZ™ insights provide guidance for value growth in a changed world

In January 2020, not long after we began the process of developing this report, it seemed as if the BrandZ™ Top 100 Most Valuable Global Brands would describe another year of healthy value growth with some brand and category fluctuations.

As we publish this report six months later, the word fluctuation doesn't come close to describing the global upheaval caused by the Covid-19 pandemic that extracted a terrible human toll, isolated households in months-long quarantines, and curtailed most economic activity.

No brand could possibly be fully prepared for this level of devastation. But certain brands had already adjusted to the way people live today. And some of those brands had actually shaped the habits of modern life—the way we navigate our digitized daily routines on smart phones, checking in with friends, shopping, ordering takeout, hailing a car.

During the period when we were all locked down at home, ordering our groceries for delivery, sitting in front of our screens to work remotely or catch-up with friends and family, these brands were not simply useful, they became our indispensable lifelines. These brands are the powerful ecosystems that we've been talking for several years.

These ecosystems—and others like them—flourished because they were exactly what people needed. These brands have become gravity-less and borderless, acting like superheroes in their ability to move when and where they want. In part because of its ability to respond during the crisis, one of these brands, Amazon, remained the No. 1 most valuable brand this year, just ahead of Apple, another gravity-less brand.

Borderless and gravity-less

Critically, powerful brands can come from anywhere to challenge market share. Among the newcomers to the BrandZ™ Global Top 100 this year is TikTok, the short-format video app that originated in China and rapidly gained popularity worldwide. TikTok is able to monetize this enormous audience not only with advertising, but also with e-commerce links.

TikTok is now among 17 Chinese brands that make up the BrandZ™ Top 100, compared with only one Chinese brand when we launched the Top 100 in 2006. Among the other Chinese brands ranked in the Top 100 are Haier and Ping An. This report includes interviews with key C-Suite executives from both of these brands that have transformed from a category-specific focus into an ecosystem.

Founded as a home appliances manufacturer in China over 35 years ago, Haier has become a world-leading Internet of Things ecosystem, combining products and services to improve the home. Ping An, which was established as an insurance brand in 1988, is now a financial services ecosystem in which insurance is one of many products and services it provides customers as their lifetime, one-stop partner for financial wellbeing.

Not every brand has the resources to move into new businesses and categories. Not every brand can move as adroitly as Amazon shifts from e-commerce to physical retail, Apple connects its devices with streaming content, and Haier and Ping An expand from core businesses into enormous ecosystems of products and services. But all brands have the capacity to grew and renew.

As the BrandZ™ analysis in this report explains, difference (standing out and setting trends) was the most determinative factor in whether brands increased or decreased in value year-on-year. Difference is also a critical factor enabling brands to command a premium. Two factors principally drove difference—the ability of a brand to be creative and innovative.

And, as revealed for the first time in this report, difference also is a critical factor in predicting whether a company's stock can overperform against market expectations. This finding emerged from a new research joint venture between BrandZ™ and the University of Oxford Saïd Business School.

As the world emerges from the shock of Covid-19, brands will need to find new ways that their products and services can be relevant to how we will live in a changed reality. That's where we at Kantar can help, as the world's leading data and insights consultancy, with 30,000 people working with Kantar worldwide.

We help define and build meaningfully different brands with our holistic brand guidance approach that combines innovations, experiences, creative content, and media investment to optimize investment and accelerate profitable growth.

Using the vast Kantar and BrandZ™ reservoirs of intelligence, we can help you successfully navigate today's uncertainty. I am available to personally discuss how we can help you and your brand succeed—building valuable brands that add value to people's lives. Please feel free to contact me directly or contact any of our Kantar leaders listed in the Resources section at the end of this report.

Sincerely,

Richard Ingleton
Chief Executive Officer
Kantar, Insights Division
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Introduction

Overview

SECTION ONE

Despite Covid-19, the Global Top 100 increases 6 percent

Winning brands help people navigate life online and offline

The BrandZ™ Top 100 Most Valuable Global Brands recorded a steady increase in value of 6 percent, compared with a 7 percent increase a year ago, adding over $277 billion in value to reach almost $5 trillion in total value, despite the economic toll of the Covid-19 pandemic.

The resilient BrandZ™ Top 10 Powerful Brands Portfolio, comprised of brands with the strongest equity, dipped much less than other key stock market indices, and began recovering quickly as it did after the Global Recession over a decade ago. The BrandZ™ Top 10 Powerful Brands Portfolio increased 285.2 percent, more than twice the growth rate of the S&P 500, between 2006 and 2020.

The strong brand equity of the BrandZ™ Global Top 100 and the composition of the ranking, with technology-related brands strongly represented, moderated potential erosion of value. The Top 20 brands accounted for 60 percent of the total Top 100 value.

The growing presence of Chinese brands in the BrandZ™ Global Top 100, now totaling 17, also moderated the impact of the pandemic on total value because China was beginning to reopen its economy at the time the valuations were calculated during the spring of 2020.

Still, economic repercussions of Covid-19 eliminated an estimated half of the brand value gained by the BrandZ™ Global Top 100 between April 2019 and the outbreak of the pandemic in January 2020, according to BrandZ™ analysis.

Pandemic accentuates trends

The pandemic accentuated certain existing trends that shaped brand and category value fluctuations during most of the 12-month period covered by the BrandZ™ Global Top 100 report. Winning brands were aligned with—and drove—these trends.

Brands that enabled people to navigate life with digital devices, and achieve convenience and comfort, generally increased in value or at least outperformed their category. These brands had anticipated, even invented, the online-offline dynamics of modern life that became indispensable for survival during the lockdown homebound weeks of avoiding the contagion.

Ongoing digitization strategies helped fast food brands cope when restaurant locations closed to slow the spread of the coronavirus. Although the fast foods category declined 2 percent, Domino's Pizza, in particular, met the moment. Having built its brand in part by investing in the technology to deliver food quickly and still hot, Domino's Pizza led the category in value increase, 12 percent.

Similarly, although the apparel category remained unchanged in value, the athleisure brand Lululemon increased 40 percent, despite the impact of shut stores. The brand was on-trend with the casual dress people preferred for at-home quarantine, and it maintained strong e-commerce with an online presence that included an extensive range of yoga courses to support its brand community.

Brands that were misaligned with these trends, or in categories experiencing transition and disruption, such as energy and cars, mostly declined. In the car category, only Tesla increased, 22 percent.

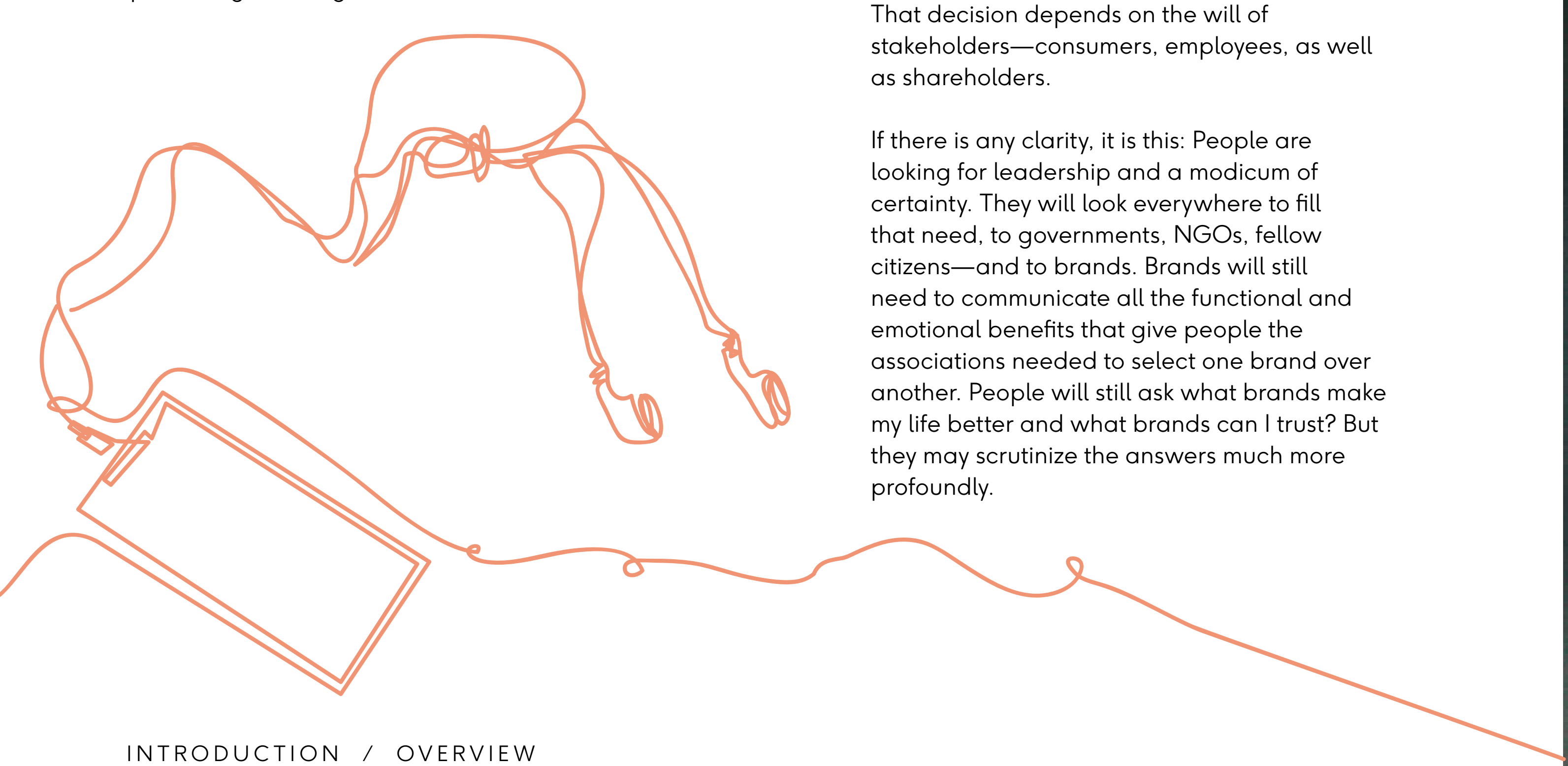
Categories perform unevenly

The pandemic impacted the 14 categories examined in the report unevenly. Only six categories increased in value and those categories each increased less than 5 percent except for retail, technology, and insurance, which increased 21 percent, 10 percent, and 8 percent, respectively. The insurance category increased in value primarily because of the results of Asian businesses like Ping An.

Of the Top 20 Risers, the brands that increased most in value, six came from technology and six from principally online retail. These brands, and others like them, that helped people integrate their online and offline realities during an abnormal crisis period, are well-positioned to thrive as the personal and work worlds emerge into a new normal.

With value increases from 29 percent to 47 percent, these brands include Adobe, LinkedIn, Netflix and Instagram. Three of the Top Risers that facilitated at-home shopping and working—Amazon, Alibaba, and Microsoft—disproportionately drove value with increases of 32 percent, 16 percent, and 30 percent, respectively.

Five of the Top 20 Risers are Chinese brands. Four are retail or technology-related brands, experienced in the use of data and digitization to achieve extreme convenience and personalization, including—along with Alibaba—Meituan, JD, and Tencent. With a 58 percent value increase, Moutai, the Chinese alcohol brand, led the Global Top 100 in percentage value gain.



Going forward

The pandemic was a seismic event that restrained the growth of brand value and deflected attention from some trends and cultural shifts, especially concern over health and wellness and sustainability, which had factored into brand planning and activities across categories.

Every major car brand planned to introduce extensive ranges of electric vehicles. Beverage and fast food brand leaders committed to expansive packaging recycling programs. Apparel brands added services to repair and recycle merchandise and embraced a wider definition of diversity with clothing ranges that were gender fluid or accommodated people with physical disabilities.

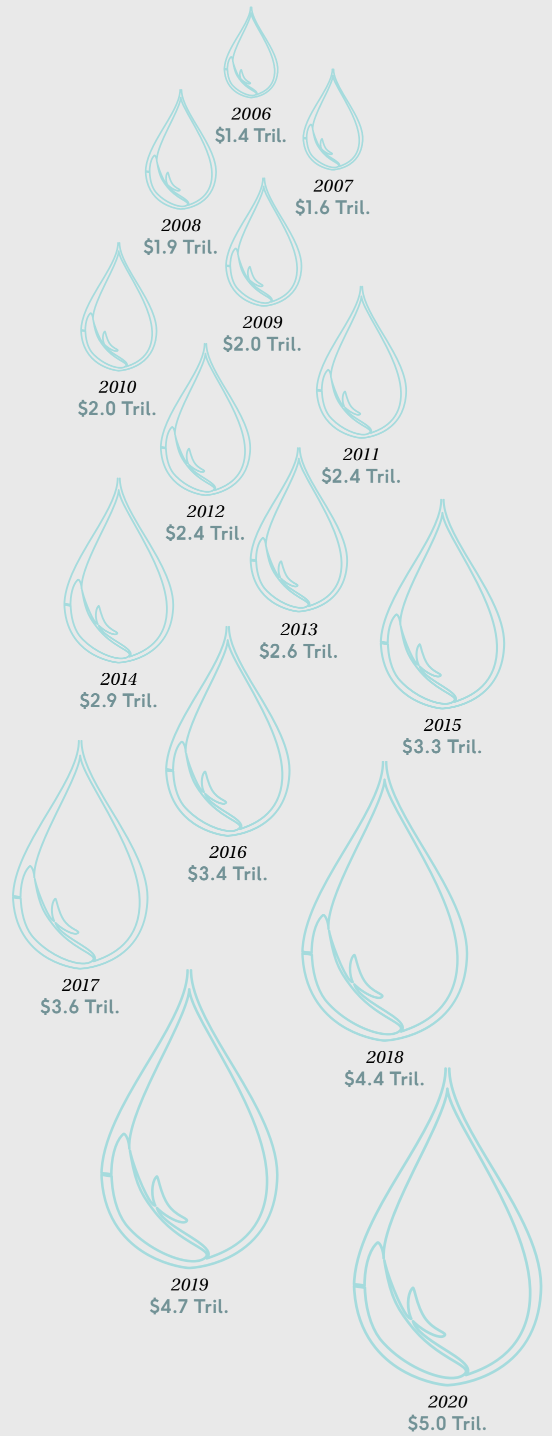
Individual expression supplanted limited ideals of beauty in personal care. The desire for products crafted with sustainable materials and presented with responsible packaging made sustainability the new luxury. Energy brands invested in renewables in a long-term effort to wean themselves away from fossil fuels.

Having invested in these transformations, the open question for brands was whether efforts to defibrillate the economy back to life would require retreating, at least temporarily, from some of these commitments. That decision depends on the will of stakeholders—consumers, employees, as well as shareholders.

If there is any clarity, it is this: People are looking for leadership and a modicum of certainty. They will look everywhere to fill that need, to governments, NGOs, fellow citizens—and to brands. Brands will still need to communicate all the functional and emotional benefits that give people the associations needed to select one brand over another. People will still ask what brands make my life better and what brands can I trust? But they may scrutinize the answers much more profoundly.

Global Top 100 reaches $5 trillion

The BrandZ™ Top 100 Most Valuable Global Brands recorded a steady increase in value of 6 percent, compared with a 7 percent increase a year ago, adding over $277 billion in value to reach almost $5 trillion in total value, despite the economic toll of the Covid-19 pandemic.



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

SECTION ONE

BrandZ™ Portfolios display resilience during volatility

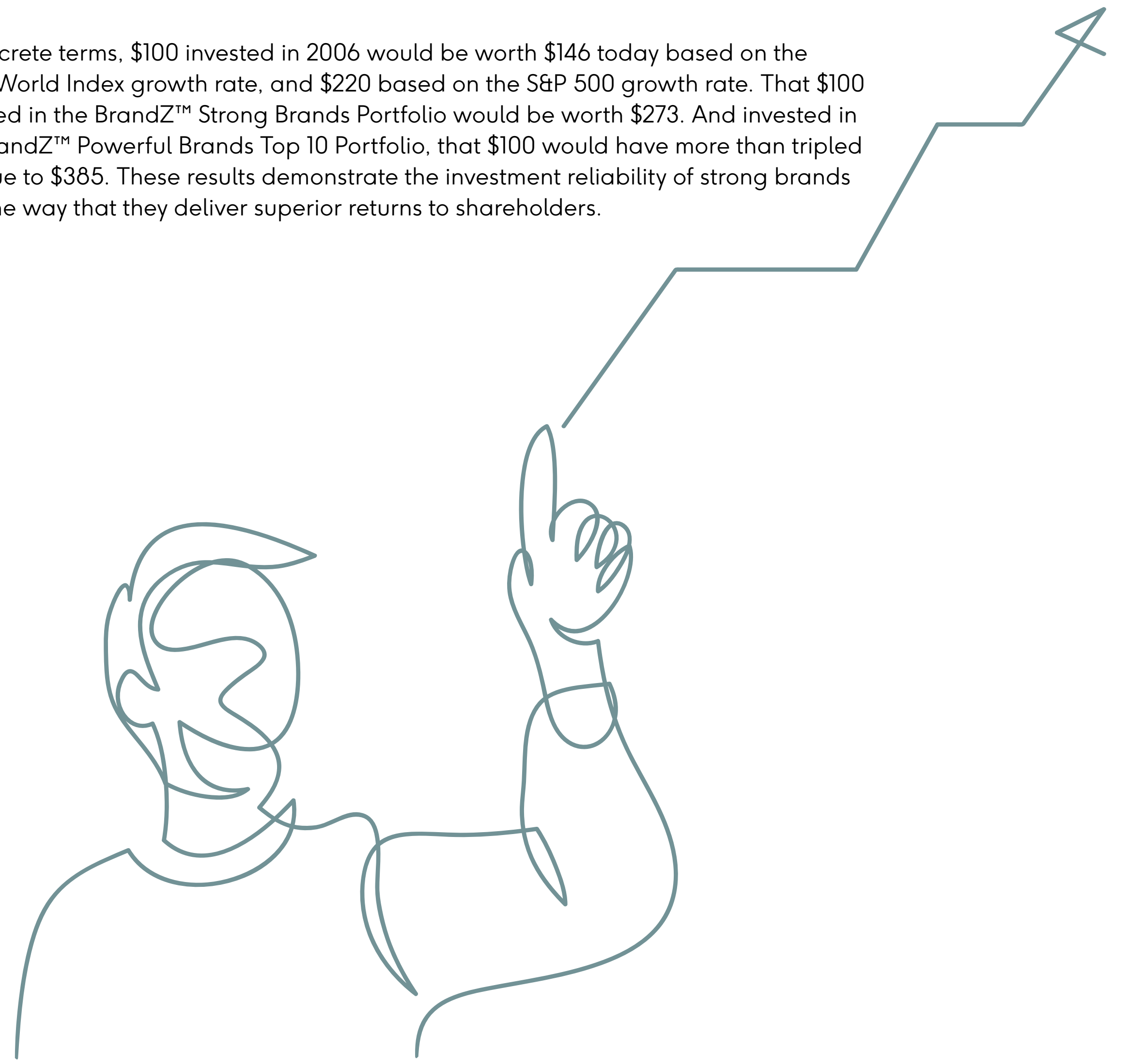
Valuable brands deliver superior shareholder returns

Strong brands provide stock market resilience during periods of volatility, providing a reliable, positive return on the money invested to build valuable brands. When turbulence drives markets down, strong brands decline more slowly, and when markets recover, strong brands rebound more quickly.

That is the premise for investing in strong brands. And this year's unprecedented Covid-19 stock market swings provided extreme conditions to test it. During the five weeks from February 14 to March 20, when the MSCI World Index dropped 75 percent and the S&P 500 dropped 51 percent, the BrandZ™ Strong Brands Portfolio dipped just 42 percent, and the BrandZ™ Powerful Brands Top 10 Portfolio dipped only 37 percent.

Since just prior to the Global Recession, during the period between April 2006 and April 2020, the BrandZ™ Strong Brands Portfolio increased 172.9 percent, and the BrandZ™ Powerful Brands Top 10 Portfolio increased 285.2 percent. Over the same period, the MSCI World Index increased just 45.6 percent and the S&P increased only 120 percent.

In concrete terms, $100 invested in 2006 would be worth $146 today based on the MSCI World Index growth rate, and $220 based on the S&P 500 growth rate. That $100 invested in the BrandZ™ Strong Brands Portfolio would be worth $273. And invested in the BrandZ™ Powerful Brands Top 10 Portfolio, that $100 would have more than tripled in value to $385. These results demonstrate the investment reliability of strong brands and the way that they deliver superior returns to shareholders.

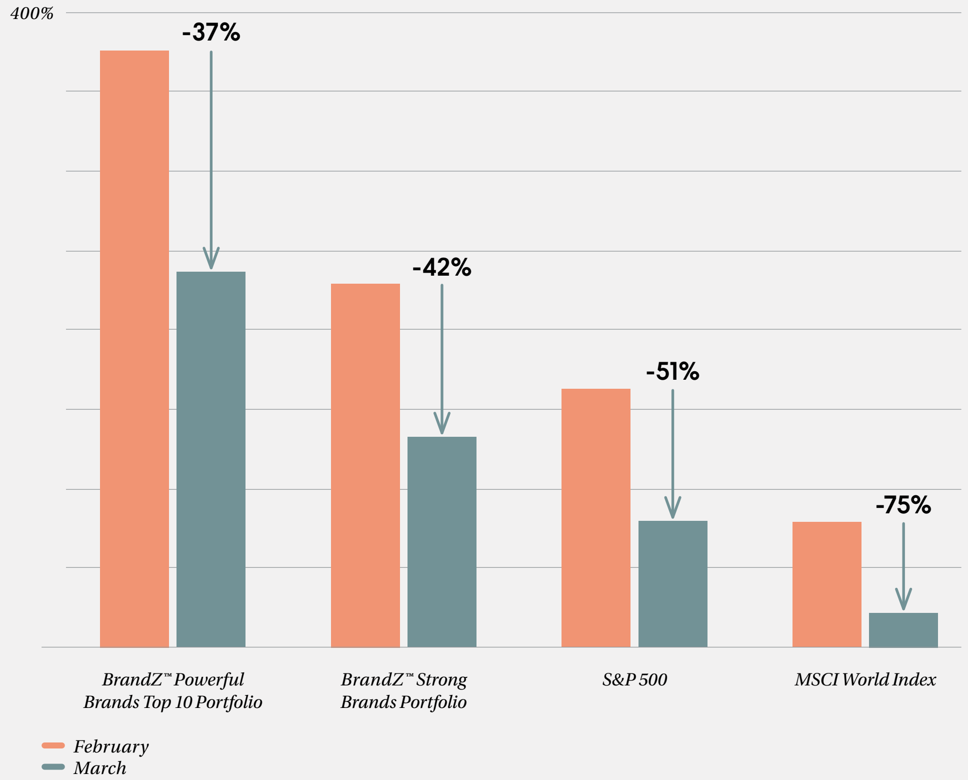


Strong brands deliver superior shareholders returns even during market volatility…

During the five weeks from February 14 to March 20, when the S&P 500 dropped 51 percent and the MSCI World Index dropped 75 percent, the BrandZ™ Strong Brands Portfolio dipped 42 percent, and the BrandZ™ Power Portfolio dipped only 37 percent.

BrandZ™ Portfolios vs. the S&P 500 and MSCI World Index

April 2019 - April 2020



The BrandZ™ Powerful Brands Top 10 Portfolio is made up of Top 100 brands with the highest scores in Power, a BrandZ™ metric of brand equity, the predisposition to select one brand over another.
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 a premium for it.

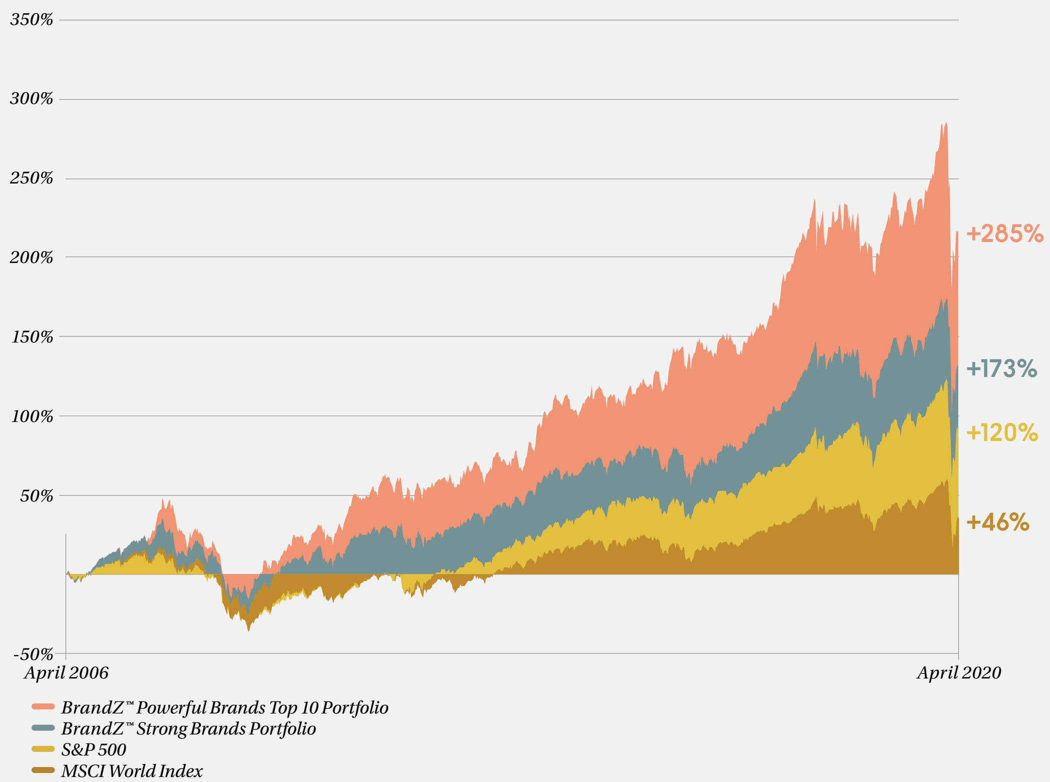
Source: BrandZ™ / Kantar (including data from Bloomberg)

… And strong brands reliably outperform the market

In the period between April 2006 and April 2020 the BrandZ™ Strong Brand Portfolio increased 172.9 percent, and the BrandZ™ Power Portfolio increased 285.2 percent. Over the same period, the MSCI World Index increased just 45.6 percent and the S&P increased only 120 percent.

BrandZ™ Portfolios vs. the S&P 500 and MSCI World Index

April 2006 - April 2020



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

Key Results

No.1
Amazon retains ranking lead

With a 32 percent increase in value, Amazon remained the No. 1 most valuable brand. Although consumer reliance on home delivery during the pandemic stretched Amazon's logistics capabilities, it also affirmed Amazon's strength.

Swap at the Top
Microsoft edges past Google

Corporate cultural change, open systems, and the growth of its cloud business helped generate a 30 percent increase in value for Microsoft that pushed the brand up one slot in the ranking to No. 3, just after Apple, swapping places with Google, which was impacted by declining ad revenue related to Covid-19.

Top 10 Entry
MasterCard brand enters the Top 10

An 18 percent rise in value propelled MasterCard into the Top 10. The ascent of MasterCard, and the presence of Visa at No. 5, reflect brand resilience as payments and other financial services continue to experience digital disruption.

Top Category
Retail leads growth with 21 percent rise

With strong performances by Costco, Amazon, Walmart, JD.com, Target, Costco, and Alibaba, the BrandZ™ Retail Top 20 increased 21 percent in value following a 25 percent rise a year ago—with physical stores closed during the pandemic. Having digitally transformed over the past decade, these retailers were positioned for the online purchasing and flexible delivery options required by pandemic shopping habits.

SECTION ONE

Top Riser

A 58 percent value increase pushes Moutai to No. 1

Moutai, the traditional Chinese baijiu alcohol brand, increased 58 percent to lead the Global Top 100 in percentage value increase. Moutai widened its distribution, range, packaging, and targeting strategies while retaining its premium brand positioning.

Repeat Performer

Instagram rises 47 percent after 95 percent a year ago

Having led the Top 100 fastest risers a year ago, with a 95 percent increase in value, Instagram added another strong performance, rising 47 percent as its popularity as a brand for social sharing continued to grow.

Chinese Presence

Two more Chinese brands enter Top 100

Two Chinese brands, TikTok, the short-format video app, and Bank of China were among five newcomers that joined the Top 100. Bank of China returned after a short absence. A year ago, four of the newcomer brands were Chinese. The BrandZ™ Global Top 100 now includes 17 Chinese brands.

Newcomers

Five brands join Top 100

Along with TikTok and Bank of China, the personal care brand Lancôme entered the Top 100, partly on the strength of its sales in China. United Healthcare also entered the Top 100 after the BrandZ™ expanded the insurance category ranking to include health insurers. Driven by the success of a widening product range and renewed marketing strategy, Pepsi returned to the Top 100.

Cultural shifts, major trends and disruptions impact brands

These influences are altering the brand, category landscape

SUSTAINABILITY

Brands take strategic actions as concern rises

The ongoing concern about sustainability accelerated, with more brands elevating sustainability to a strategic issue, even appointing a chief sustainability officer and considering the 17 UN Sustainable Development Goals in their planning. Leading financial brands, like Goldman Sachs and BlackRock, made sustainability a core investment criterion. Activist investors devalued oil reserves that exceed the amount that could be exploited under Paris Energy Agreement standards, labeling them "stranded assets." Regions of the world moved at varying speeds, depending on local regulations and consumer sentiment. Car brands, for example, faced a more restrictive regulatory environment in Europe compared with the US. But most car brands aggressively introduced more electric vehicle models this year, despite a gap between consumer good intentions and purchase behavior. In some categories, consumers resisted sacrificing convenience. Coca-Cola Company and PepsiCo are trying to resolve the tension with recycling solutions that minimize consumer effort. Concern about sustainability has advanced to the point where people may not reward a brand with a premium for doing the right thing, but they will penalize a brand for not doing the right thing, rejecting it for a competitor. Additional analysis of BrandZ™ data by the Oxford University Saïd Business School has confirmed the increasing importance of sustainability to business performance. (For more details, please see Section 3: Sustainability.)

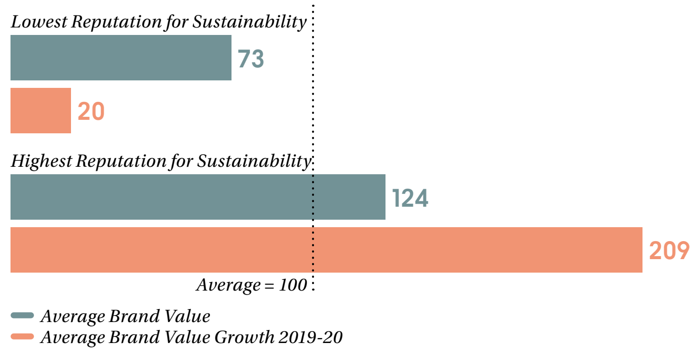
CULTURAL SHIFTS AND DISRUPTIONS

Brands with a high reputation for sustainability grow brand value faster...

Brands with the highest reputations for sustainability are around 60 percent more valuable than brands with the lowest reputations for sustainability. And brands with the highest reputations for sustainability grow value over 10 times faster than brands with the lowest reputations for sustainability.

Sustainability | Brand Value

Based on the BrandZ™ Global Top 100 Sustainability Reputation Index Average Brand Value Index



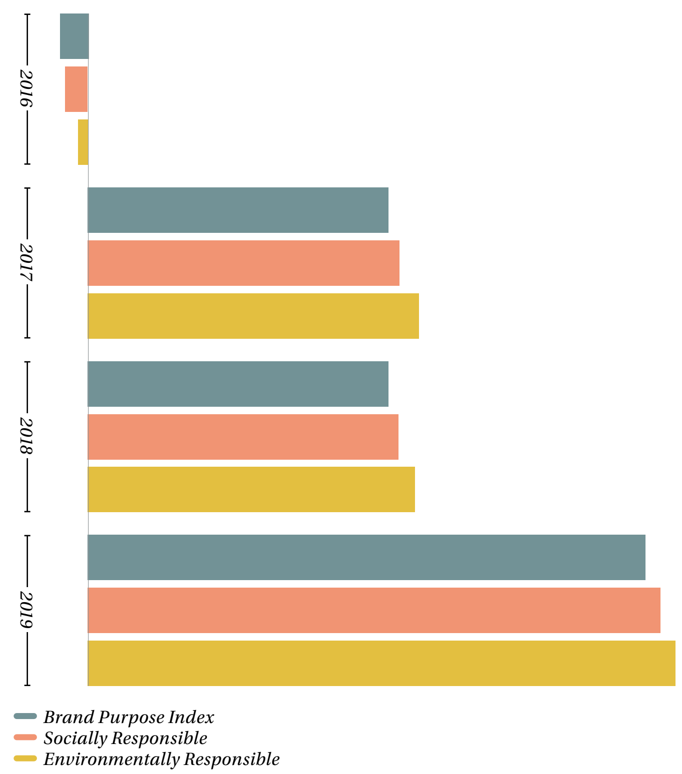
Source: BrandZ™ / Kantar

... And brands viewed as responsible are considered to be worth more than they cost

Less than five years ago, brand purpose, social and environmental responsibility had a negligible impact on whether a brand was perceived as being worth more than it costs. Since then the impact has increased around six-fold.

Sustainability | Brand Worth

Impact of Purpose on Statement: 'Brand is worth MORE than it costs'



Source: BrandZ™ / Kantar / Oxford University Future of Marketing Initiative

HEALTH AND WELLNESS

Product, services help consumers improve health

Concern about ingredients drove product reformulations in personal care, beverages, fast food, and other categories. Personal care brands marketed products with natural ingredients and introduced digital devices to improve skincare and oral care. Shisheido acquired the popular clean beauty brand Drunk Elephant. Fast food brands added healthier menu items. KFC offered Beyond Chicken and Burger King offered the Impossible Burger, non-meat options that added vegetarian choice and a perceived health benefit. Coca-Cola Company and PepsiCo continued to expand their product portfolios, adding not only beverages with healthier ingredients, but also beverages with specific health benefits. Nestlé in China introduced NesQino, a system that includes a mixing cup and sachets of powdered ingredients for creating personalized smoothies and other hot or cold healthful drinks. Health and wellness in part drove the strength of the athleisure trend, which crossed both the apparel and luxury categories. Some insurers tied premium rates to personal fitness and health habits recorded on apps. In a collaboration with Apple, the US healthcare insurer Aetna launched an app called Attain that collects data on iPhones or Apple Watches. Google has also been active in healthcare. Apple and Google collaborated to develop a Covid-19 tracking system.

THE COVID CAVEAT

Pandemic will change daily life, but exactly how?

The Covid-19 pandemic shut down physical retail and restaurants, closed factories, disrupted supply chains, and altered the way people live, think, and, ultimately, what they buy and how they buy it. The pandemic struck as consumer attitudes and brand actions regarding sustainability and health and wellness had reached an inflection point, with conspicuous consumption evolving to more conscious consumption. Whether or not this shift will continue or slow, or even reverse, is not yet clear. The shift will continue if people interpret coronavirus as nature's warning that next time may be fire or flood. In that case, plummeting oil prices could make this the moment to push for renewables. Or, it is possible that stabilizing oil prices will be a high priority for protecting the global economy. And worried about putting food on the table and paying the rent, consumers may prioritize price and value over sustainability and health and wellness, at least for a while. What is clear, however, is that the brands that proved most resilient to the commercial impact of Covid-19 were those closely aligned with how people live their lives. Covid-19 accentuated the relevance of brands that could fulfill the new basic needs, accepting orders online and delivering them or making them available for easy pick-up. These included technology brands like Microsoft, Facebook, Google, and Apple that enabled people to stay connected; retailers like Amazon, Alibaba, Costco, and Walmart that delivered food and other necessities; a lifestyle brand like Meituan, the Chinese super app that facilitates O2O living; and even athleisure apparel brands that dressed people for at-home comfort.

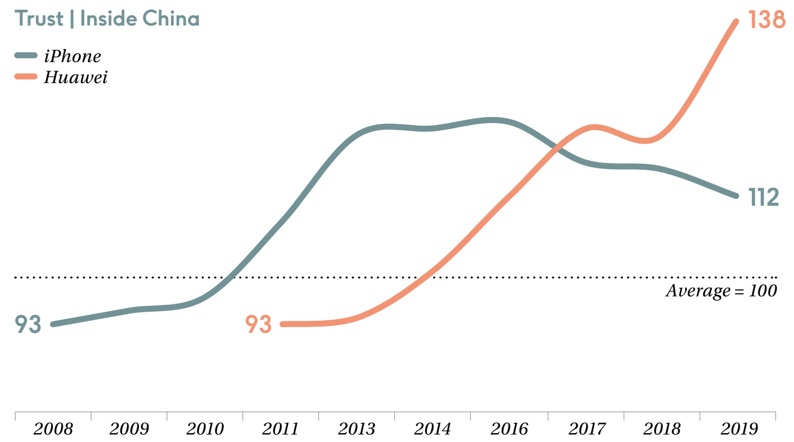
GEOPOLITICS

Businesses seek to expand despite global tensions

Brands contended with more than the usual amount of geopolitical disruption. Trade tensions between China and the US resulted in tariffs that cut across many industries. Extreme political division in the US and the Brexit debate in the UK created uncertainty. When Microsoft won a 10-year cloud computing contract from the US Defense Department both Amazon and Oracle filed lawsuits charging political interference. National security debates about adopting Huawei's 5G infrastructure impacted the brand's smartphone sales. While brands tried to manage these disruptions, any possibility of normality was swept away by the unprecedented global impact of the coronavirus pandemic.

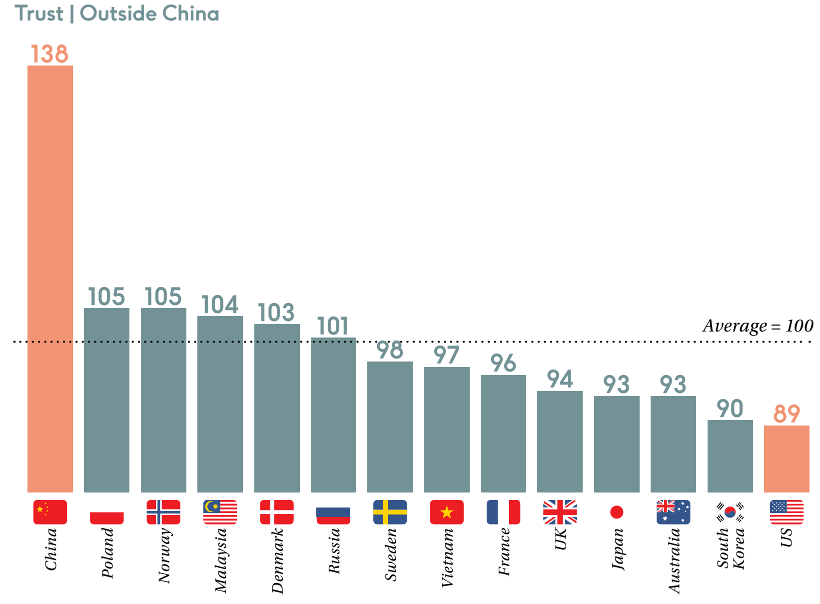
Geopolitics strengthens trust in Huawei inside China…

Inside China trust in Huawei smartphones has increased as trust in iPhone has decreased. Geopolitics influenced the shift, which also reflects improvements in Huawei phones.



… And weakens trust in the brand outside of China

The geopolitical considerations that strengthened trust for Huawei inside of China also inhibited trust in the brand outside of China.



Source: BrandZ™ / Kantar

TRANSITIONS

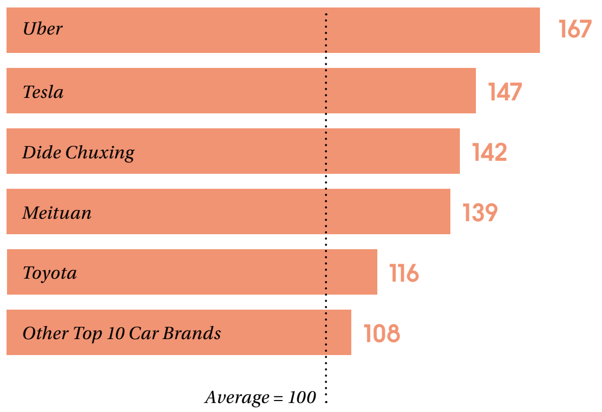
Market changes push categories into transition

Business-as-usual ended in several categories that are transitioning to vaguely defined futures. Energy brands are evolving from fossil fuel to clean energy. Car brands are shifting from making vehicles to making vehicles as part of a larger business portfolio of mobility options. Many telecom providers are moving into content and entertainment streaming and rolling out 5G. All of these transitions require significant investment. All of them depend on consumer support to succeed. Until now, consumer support for clean energy alternatives has been limited. Price and concerns about vehicle power and charging availability have limited demand for electric cars. And consumers remain unclear about the benefits of 5G. Post Covid-19, the future of these transitions looks even more vague. BrandZ™ analysis provides some clarity. Within disruptive categories disruptive brands excel, especially when technology is the engine of disruption. Within the car category, which declined 7 percent in value, only Tesla increased in value, by 22 percent. Tesla scores 147 in the BrandZ™ Disruption Index, compared with an average score of 100. Retail, a category that spent a decade transitioning from physical store limitations to online-offline agility, increased in value 21 percent, more than any other category, driven by the online capability of key players. The most valuable retail brands, Amazon and Alibaba, score 142 and 127, respectively, in the Disruption Index.

In the transforming car category, most brands score low in disruption…

Among the factors driving the transition in the cars category are changing consumer attitudes about car ownership and the availability of other mobility options including ride-hailing. For car brands, making the transition requires disruption. But of the traditional car brands, only Toyota scores relatively high in the BrandZ™ Disruption Index, in contrast to Tesla and the ride-hailing brands.

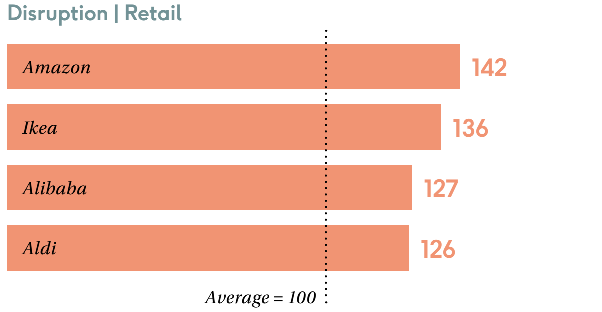
Disruption | Cars/Ride-Hailing



…But in the transformed retail category several brands score high in disruption

Over the past decade, digitalization has transformed retail from the dominance of traditional physical stores to a category that serves customers with seamless online-offline options. Disruptors include Amazon and Alibaba, but also brands with unique propositions like Ikea and Aldi.

Disruption | Retail



Source: BrandZ™ / Kantar

INDIVIDUALITY

Helping people look their best is complicated

Brands attempted to help individuals become their best selves. Luxury shoppers sometimes selected logos less to demonstrate "This is what I can afford," and more to express, "This is who I am." Self-expression became complicated, however, in personal care, many time-pressed women sought simplified products that enabled them to look attractive and natural. In contrast, other women preferred multi-step routines sometimes recommended by online influencers. Adding more complication, the same individual might choose to be natural or made-up, depending on the occasion.

MASS PERSONALIZATION

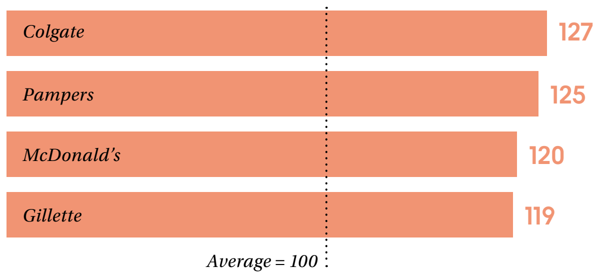
Data helps brands meet the individual needs of the many

Brands attempted to provide products and services tailored to individual needs but produced at scale. Solving this challenge depends on data. Oral-B and Colgate offered Bluetooth-enabled toothbrushes to help users brush their teeth more thoroughly and provide brands with the intimate details of oral care habits. Clinique ID offered a system in which individuals select base moisturizers and then add the capsule of a concentrated formula that matches their personal skincare need. Nestlé introduced a system called NesQino for mixing sachets of powdered ingredients to create personalized smoothies and other healthful beverages. PepsiCo's Drinkfinity and SodaStream devices enabled users to personalize soft drinks. McDonald's installed kiosks in many of its restaurants to better understand who orders what meal and at what time of day. The data is intended to prompt add-on recommendations, inform menu and promotion planning, and drive loyalty.

Personalization fits mass brands into individual lives

Certain frequently purchased brands have created habits and rituals that make the brands part of individual everyday lives. Using Bluetooth technology, Colgate offers a toothbrush that tracks personal oral hygiene habits, for example. Using AI, McDonald's can personalize recommendations at its kiosks and drive-throughs. These brands, along with Pampers and Gillette, score high on the BrandZ™ metric, "Fits well into my everyday life."

Fits well into my everyday life" BrandZ™ Index



Source: BrandZ™ / Kantar

OWNERSHIP

Consumers seek ways to have stuff without owning it

The importance of ownership is changing. Younger people still want stuff, but many do not feel the need to own it. Attitudes about possessions and the drive toward a circular economy animated this trend. H&M and other popular apparel brands offered rental schemes, an approach that began in the luxury category. Although many people will prefer to own a car, others will choose to share or rent a car, use a car-hailing or car subscription service, or rely on other transport possibilities. Car brands will become active in all these businesses. In several German cities, for example, Volkswagen operates a shared-ride service using electric minivans to transport people traveling in the same direction. Meanwhile, Kantar research in China found a rise in car purchase consideration, at least among first-time buyers, because of hygiene concerns related to Covid-19.

INCLUSIVITY

Brands embrace humanity in all its diversity

The notion of inclusivity has expanded from connoting nationality or religion into a broader embrace of humanity in all its diversity, including age, physical ability or disability, and gender fluidity. Brands have encountered inherent tensions. Personal care brands that need to reach particular audiences with specially-formulated products—skin care products for women of color, for example—need to communicate to a particular group about its specific needs without categorizing the group and contradicting the inclusiveness message. In a Starbucks ad titled "Every name's a story," a teenager transitioning to male continues to be called by a female name until ordering at Starbucks, where the barista writes "James" on the cup. The Black Lives Matter call to end racism animated many brands, most notably Nike, which had stood with NFL quarterback Colin Kaepernick after he took a knee to protest racism in 2016. Altering its iconic brand message, Nike urged, "For once, Don't Do It." "Don't sit back and be silent." "Don't think you can't be part of the change." "Let's all be part of the change."

Inclusivity is a key component of trust...

Inclusivity—defined as treating everyone with respect as an equal—is one of the ways that newer brands especially are inspiring trusts among consumers when the brands do not have years of tradition and experience. Other drivers of trust include being open and honest, and genuinely caring for customers. The BrandZ™ Global Top 100 scores well above average on these components.

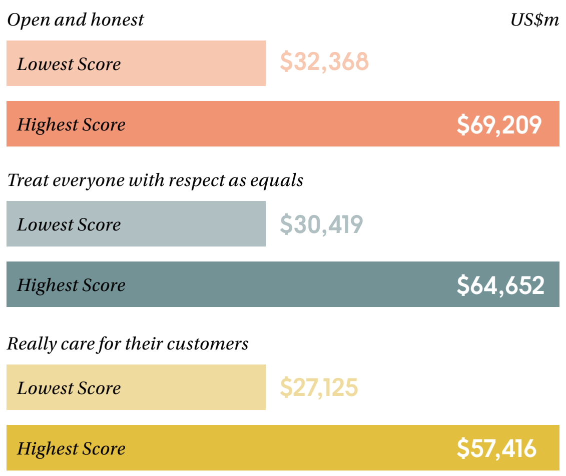
Inclusivity | Trust

BrandZ™ Indices

... Inclusive brands are move valuable

Brands that perform well in each of the three components of trust are more valuable. The most inclusive brands, those that treat everyone with respect as equals, are twice as valuable as the least inclusive brands.

Inclusivity | Brand Value



Source: BrandZ™ / Kantar

TECH FATIGUE

Data breaches erode trust in tech brands

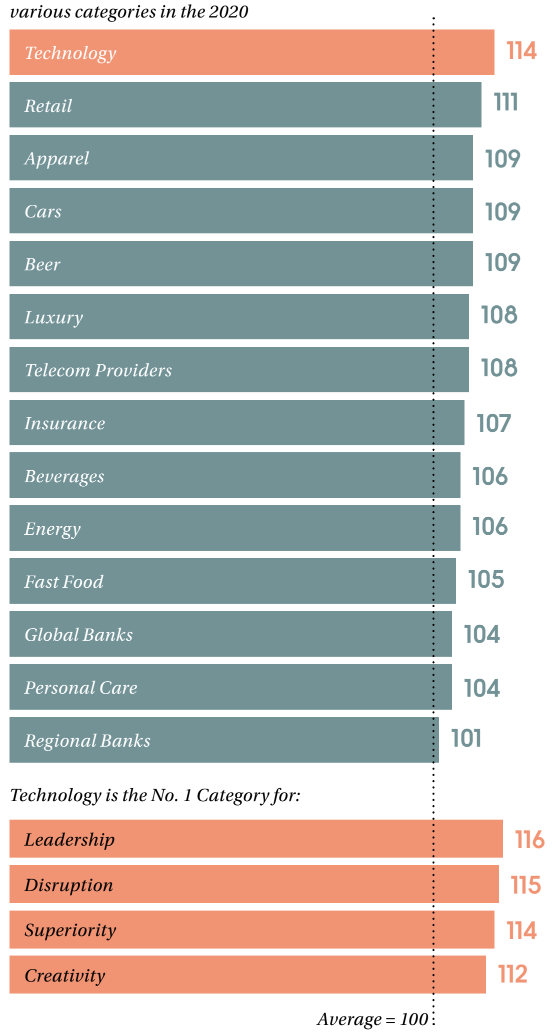
People are less awed by new devices and more aware of the negative consequences that accompany some of the benefits tech has provided. They welcome the convenience and personalization that sharing personal data enables, but they reject unwelcomed or unexpected privacy intrusions and data breaches. Apps that monitor health are good; obsessive monitoring is bad. People want to take back control of their data and the technology that collects it. Cars have more tech than many people know how to use. Smart personal care products know intimate skin care needs and oral care habits. Individually these products add benefits, but collectively they may induce tech overload, at least temporarily. The hyped promise around 5G may leave consumers more disappointed than delighted, at least in the near term. European regulations more strictly control data collection and use. California promulgated European-like regulations and privacy protection may become more of an issue throughout the US. However, the indispensability of technology during the Covid-19 crisis provided technology with a redemptive moment.

Tech leads categories in innovation...

The technology category scores highest among the 14 categories examined in the BrandZ™ Global Top 100 report in BrandZ™ indices for Innovation along with Leadership, Disruption, Creativity, and Superiority.

Innovation

Average BrandZ™ Innovation Index scores of the Top 10 brands in the various categories in the 2020



Source: BrandZ™ / Kantar

...and people see tech brands as fitting well into their lives...

Technology leads all 14 categories examined in the BrandZ™ Global Top 100 report in how well it fits into people's lives.

Fits Well into Everyday Life

Average BrandZ™ Index scores of the Top 10 brands in the various categories in the 2020 BrandZ™ Top 100

...But people trust tech brands less after data breaches

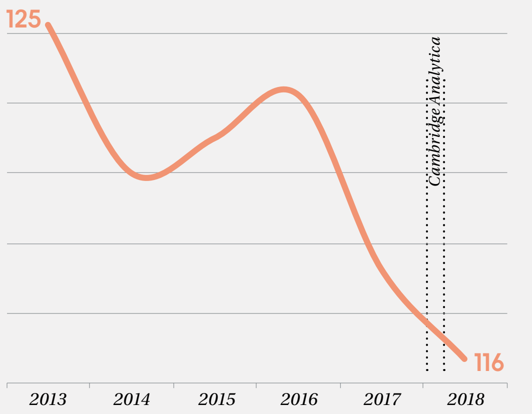
The negative reaction to Cambridge Analytica's misuse of personal data on Facebook reminded technology brands that, although they are powerful and trusted brands, they are not invincible. Trust scores dropped significantly not only for Facebook, but for all of the "Fearsome Five," which were already experiencing a decline in trust.

Trust Index | Facebook

BrandZ™ Trust Index

Trust Index | "Fearsome Five"

Facebook, Google, Apple, Microsoft, Amazon



Average = 100

Source: BrandZ™ / Kantar

CONSUMER VOICE

French entrepreneur creates collaboration along the supply chain

The megaphone and transparency provided by social media continued to increase consumer influence on brands. A recent entrepreneurial development from France points to how the relationship between consumers and brands may continue to evolve. Chi è il Padrone? is a French brand that literally translates as “Who’s the boss?” Chi è il Padrone? creates a collaboration of interdependent consumers, farmers, and retailers. In the Chi è il Padrone? community, consumers detail their food needs on questionnaires. This data enables farmers to plan their production. Prices are negotiated. For the system to work, consumers seek not the lowest absolute price, but rather an equilibrium price that is fair for farmers and enables them to sustainably produce. This approach in part depends on the agricultural heritage of France, where many people have family connections with farmers. But the underlying principle of an economically sustainable food network has wider relevance. It is not a theoretical notion. The Chi è il Padrone? brand is available at France’s largest retailer, Carrefour.

BIGGER BETS

Incremental change gives way to riskier brand initiatives

Beer and beverage brands that have tried to arrest declining consumption with incremental change are making bigger bets. After years of introducing new brand variants, major brewers are expanding beyond beer with spiked seltzers, wine, and cocktail mixes that address the same drinking needs and occasions as beer. Meanwhile, having expanded its portfolio of healthier beverages to offset the decline of carbonated soft drink consumption, Coca-Cola Company purchased Costa Coffee, a UK-based Starbucks rival, and experimented with a canned alcohol drink in Japan. Similarly, recognizing the inevitability of shifting away from combustion engines, car makers are raising the ante on electric. Having introduced one electric vehicle in their product range over the last several years, leading car brands planned to offer an electric engine for most of their models.

END-TO-END

Brands raise productivity of customer relationships

To increase the productivity of customer relationships, brands are combining their offerings into ecosystems that move customers through an entire process end-to-end. Adobe began in graphics design and, through partnerships, has become a one-stop-shop for digital marketing products and services. Salesforce began in CRM but has become a platform that enables companies to integrate data companywide. Originally an online directory with property listings, Zillow has leveraged that enormous resource to become a real estate brokerage offering a complete range services for selling and purchasing homes.

BRAND AS SERVICE

Brands complement product offerings with new services

Brands are extending into services partly in response to changing consumer expectations and market needs. Anticipating reduced car sales with the shift to mobility alternatives, car brands are exploring ways to sell subscriptions for services like predictive maintenance. Car brands also have launched car-sharing services, including a joint venture by Mercedes and BMW called Car2Go. In energy, Shell is looking to develop its service stations as retail locations and charging points. Costco offers travel services. To advance sustainability, H&M introduced its "Take Care" repair stations in some stores to educate customers about how proper care can extend the life of their garments. Apple has leveraged the appeal of its devices, particularly wearables like Apple Watch and Ear Pods, to gain additional revenue from existing customers accessing an expanding range of financial services and streaming content.

EXPERIENCE

Brand experiences widen accessibility, deepen relationships

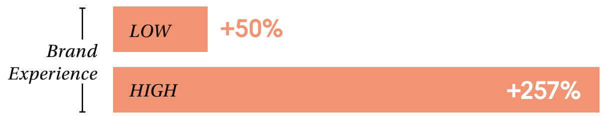
Brands are introducing experiences that expand accessibility to brands and deepen relationships with customers. Luxury has always been about experience. But the experiences are changing. Prada, Louis Vuitton, and Gucci have restaurants, linking luxury with food. Lexus is creating airport lounges and restaurants. Lululemon opened its first experiential store, in Chicago, which includes a yoga studio and a café. In China, the e-commerce giant JD opened its first experiential store called JD E-Space, where consumers can test products from a wide range of categories, including electronics, fitness, and beauty, and then scan codes for purchase and delivery. Among the beer brands offering distinctive experiences, Peroni attempts to be more holistic, with elaborate pop-up venues, often with food and music, where the beer is served in a Peroni glass.

Positive brand experience drives value growth…

Brands that scored high in the BrandZ™ Brand Experience Index grew 257 percent in value over a 12-year period, more than five times faster than brands that scored low in the Experience Index.

Brand Experience | Brand Value

12-year brand value growth of the same BrandZ™ Global Top 100 2006 to 2018

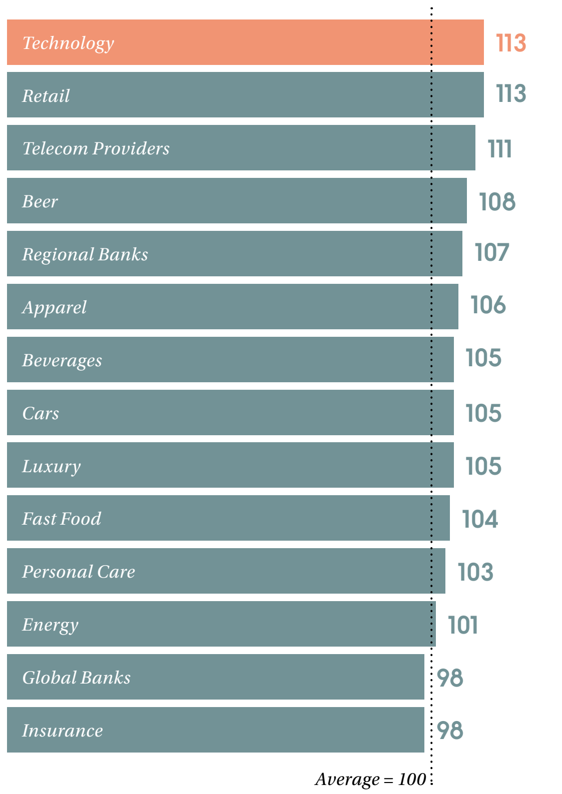


…Positive brand experience varies by category

Most categories receive average scores on the BrandZ™ Brand Experience Index, which creates opportunity in luxury, cars, beverages and other categories. Categories that score highest in Brand Experience—telecom providers, retail, and technology—benefit from the use of technology.

Brand Experience | By Category

172 brands valued in the 2020 BrandZ™ Global category rankings



Source: BrandZ™ / Kantar

DIRECT-TO-CONSUMER

New products, services link brands with their customers

For consumers, D2C is a way to save time and sometimes money. For brands, it is a way to eliminate intermediation, strengthen relationships with customers, and collect more personal data. Smart brands are realizing that D2C is an attitude and not just a distribution channel. Coca-Cola Company created a subscription service in the US called Coca-Cola Insiders Club. For a membership fee, subscribers received monthly samples of Coca-Cola's latest products. The move follows Coca-Cola's acquisition of the UK-based Costa Coffee, which provides direct access to consumers. Pepsi refined two systems for customizing drinks: SodaStream, a countertop device; and Drinkfinity, a reusable bottle and flavor pods. In personal care, P&G acquired Billie, the subscription-based women's shaving products and body lotion brand, and Colgate acquired Hello, a subscription-based oral care brand devoted to natural ingredients. The major brewers are operating e-commerce services like Beerwulf and Beer Hawk, which gather data about beer drinker brand preferences and drinking habits.

CONTENT COMMERCE

Emerging formats draw audiences, attract advertisers

In a development that is most evolved in China, content and commerce are merging into new formats. Short-format video sites TikTok (Douyin in China) and Kaishou, and the news aggregator site Toutiao, all owned by ByteDance, illustrate a growing channel where brands create appealing content to attract large audiences that can be seamlessly monetized with advertising or e-commerce. Although these sites are not as big or ubiquitous as major ecosystems like Tencent's WeChat or Alibaba, these brands have simplified people's lives by integrating a social and commerce experience.

STREAMING

Explosion of content adds communication challenges for brands

The volume and type of content available is changing dramatically, with implications for brands. Brands as diverse as AT&T, Amazon Prime, Netflix, Hulu, and NBC Peacock provide content that people watch on a variety of platforms. Meanwhile, the short-format video brand Quibi, which distributes produced entertainment, debuted, while other short-form entertainment brands, such as TikTok, from China, and France's Kobini and Brut, feature material uploaded by users. Most of these brands, however, share in common their approach to distribution. They are mobile-first. This enormous amount of content choice, and the possibility of accessing anywhere and anytime, expands brand communication possibilities and challenges brands to break through with relevant content.

GROWING PAINS

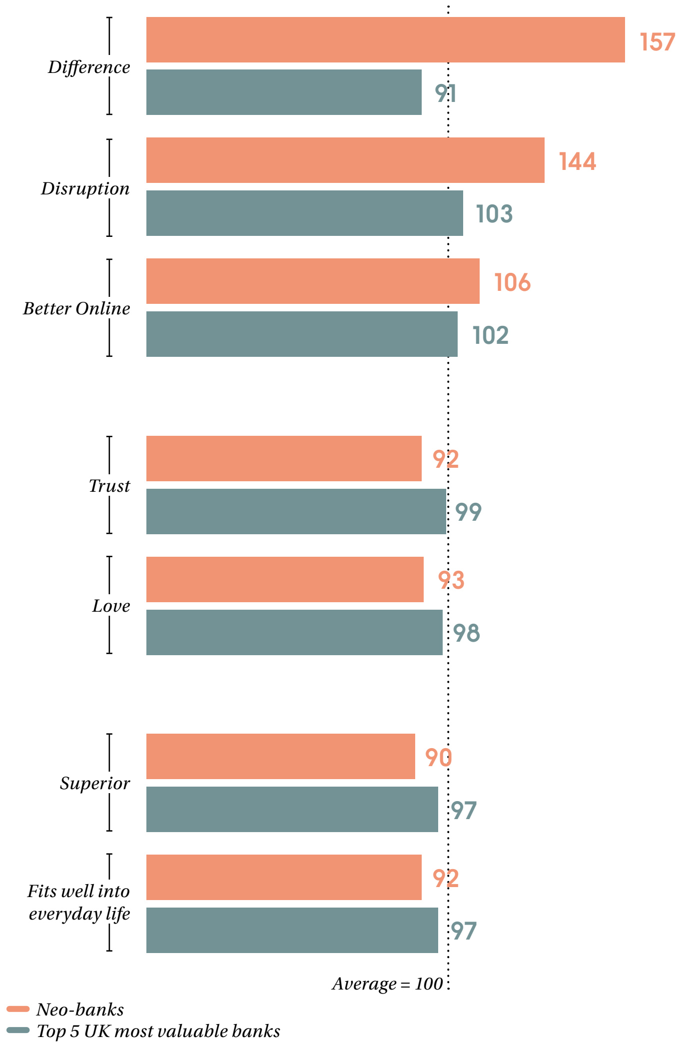
Start-ups face the challenges of growing up

Growing pains are impacting smaller startups and fintechs. Established banks worried when fintechs like Revolute and Monzo first appeared in the UK. Now, a few years later, the big banks have improved their technology, and the fintechs are learning that it is not that easy being a bank. While fintechs are respected for their disruptive power, they have been less successful cultivating the trust required for developing the long-term full banking relationships that their youthful customers will soon be seeking. Similarly, beer brands worried when their young customer switched to craft beers. The major brewers acquired craft brands. Today, the craft brands are facing the same flattening of consumption that has troubled the global brands. Like the global brands, craft brands are moving beyond beer into new products like hard seltzer. Just a few years ago, car brands, worried about Uber and Lyft, announced that they would be shifting into mobility. Today, Uber and Lyft worry about profitability. Meanwhile, tech brands are facing the challenges of adulthood. People expect trillion-dollar brands to act like responsible grown-ups. Venture capitalists are now looking more for profitable growth than any other growth.

Fintechs lag in emotional connection

UK-based Fintech neo-banks Monzo and Revolut face challenges as they expand their offering. The neo-banks are defined by their difference and disruptive power, yet they still lack the trust, heritage, superiority, and even "everyday fit" credentials of the established players in the UK.

Growing Pains



Source: BrandZ™ / Kantar

The need to differentiate continued to challenge brands across categories. Because of the popularity of SUVs, all car brands produce SUVs in all sizes and price points, further eroding the distinction between car brands. Open banking, the sharing of customer data among banks, has enabled banks to provide customers with dashboards that aggregate personal data from across financial institutions, a benefit to consumers that potentially creates sameness of offering in the banking category, where differentiation historically has been a challenge. Consumers may be able to distinguish one insurance brand from another based on the characters that repeatedly appear in ads but being able to differentiate the brands beyond price may be more challenging. But differentiating in a meaningful way is still the key to brand growth.

DIFFERENTIATION

Market developments make differentiation ever more critical

Takeaways

12 action points to build, sustain valuable brands

1 Be creative

Difference (standing out and setting trends), one of the three BrandZ™ components of brand equity, emerged as the most important factor determining what brands increased or decreased in value in the 2020 BrandZ™ Global Top 100. Two factors—Creativity and Innovation—principally drive and sustain difference. Brands that can provide products and services that are useful— and different—are more likely to achieve a competitive advantage and command a premium.

2 Spread optimism

The world's problems are not going to disappear. Anxiety stoked by political divisions, geopolitical tensions, the threat of climate change, and a global pandemic will continue to be exacerbated by distrust in the institutions expected to fix the problems. Brands have an opportunity to be a counterpoint to despair. Without ignoring or minimizing difficult realities, brands could remind people about the daily joys that make problems worth fixing, and life worth living.

3 Be deliberate about purpose

Purpose is fundamental. For that reason, so many brands have been declaring a purpose, it can be difficult to make purpose relevant and distinct. If the brand purpose is related to sustainability or social impact, decide where exactly the brand has a useful and differentiating position. And calibrate where along a continuum from saying to doing the brand wants to fit. Governments alone are not equipped to solve society's greatest challenges, as the Covid-19 experience revealed. People expect brands to step up and do their part. Especially during the recovery from the pandemic, consumers may welcome and reward brands for helping to re-energize their communities.

4 Do a check-up

Check the brand against the UN's 17 Sustainability Development Goals. Engage with the goals most relevant and credible for the brand. Doing the right thing and communicating about it are different. It is axiomatic that brands should do the right thing—add a benefit to people's lives, limit the impact on the environment, respect workers and customers. Where and when to communicate depends. Sometimes actions do speak louder than words that can be misinterpreted or seem too self-serving.

5 Take a stand

Young people increasingly expect brands to take a stand and are more likely to support brands that align with their values. Taking a stand is a calculated risk that requires some informed bravery to assure that the stand pleases more customers than it alienates. But also requires deciding not only what the brand means today, but in the future, and identifying the customers of the future.

6

Keep it fresh

One measurement of brand success will be imitation. If the brand has successfully put down a marker related to social change, expect other brands to follow. That success can influence an entire category for good, and that is an important outcome. Having a brand impact is a separate but related outcome that is not guaranteed and requires the brand to claim and constantly renew its leadership.

7

Form and serve communities

Be inclusive and available to all communities. Address varying needs within communities. Also, build special relationships with communities for which the brand is particularly relevant, and engage those communities with products or services that meet their particular needs. Think less about targeting a community to drives sales and more about creating or serving a community because the brand's products and services can improve the lives of community members.

8

Leverage legacy

Mine heritage for stories. Successful startups by definition have a fresh and compelling story to tell. What they lack is the extensive story archive available to heritage brands. Sometimes those archives contain laudable sustainability or social responsibility practices that have been ongoing and therefore not obvious. Because they are routine and brand specific, they are credible.

9

Show humility

The consumer perception of what constitutes strength is changing. People do not expect brands to be like strong, silent, solitary matinee heroes who can single-handedly solve the world's problems, or at least get the bad guys out of Dodge. People respect brands that show the humility and humanity to know that the best solutions sometimes result from collaboration.

10

Take a moon shot

Credible audacity draws a following. Consumers who want to buy an electric car have a lot of worthwhile, well designed and engineered choices. Consumers who want to also feel as if they are part of a larger technological vision of space travel may be inclined to choose Tesla.

11

Respect boundaries

Setting and respecting privacy boundaries will only become more complicated with the implementation of 5G, the increase in working from home, and the ever more connected home and car. Technology will enable brands to open many doors, literally. The question for the brands is not, could I open the door? The answer will usually be, technically, yes. The real question is, should I open the door? The adage, "Don't ask for permission, ask for forgiveness" may have been useful when bureaucracy and imagination-deficit stifled creativity and entrepreneurialism, but it may be past its sell-by date.

12

Add friction

For a decade, brands have been removing friction to make the customer journey faster and easier. At this point, the customer journey may be over lubricated. Own one or two positive friction moments that engage the consumer with a legitimate opportunity to trial new products, trade-up, or increase basket size. Own one or two moments and do them well. During the reductive decade retailers rationalized their store count. Now is the time to develop the experience in the stores that remain.

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Societal change adds challenges for brands, alters role of marketing

In this new era, brands must benefit the public, along with the person

There is a narrative about the future of marketing that we have heard many times. It involves things like AI, mobile, Millennials, experiences, and personalization. Obviously, all of these things are important for the future. But they beg the question of marketing for what? AI for what? Mobile for what? Millennials embracing what? And so forth. These are all part of the future of marketing, but not the essence of where the future is headed.

The future of marketing now emerging is the Era of the Public, a fundamental shift of priorities and expectations that will redefine the broader context within which everything else will unfold. It is helpful to think about what's to come against the background of what has come before. The first era of marketing was the Era of the Product. It began with the Industrial Revolution and was moving at full speed by the early decades of the 20th century. Consumers at that time enjoyed little of the material abundance that we take for granted today. So the main purpose of marketing was to introduce people to products. Advertising sold better stuff —products to improve and enrich people's lives.

The key figure of this era was Albert Lasker, CEO of Lord & Thomas, one of the leading ad agencies at the time. Lasker invented the job of copywriter for which he articulated a strict job description. Copywriters were to write ads that talked about the product. Lasker's creative philosophy was called the "preemptive claim," which was later echoed by Ted Bates Chairman Rosser Reeves' related the idea of the "unique selling proposition."

Ultimately, the product era was a victim of its own success. As material abundance became more pervasive and people became more accustomed to the prosperity of product-filled lives, ads talking about products became less interesting and less persuasive. At the same time, the rise of individuality and self-fulfillment during the mid- to late sixties required that brands do more than just deliver better stuff.

Marketing entered a new era. The Era of the Person de-emphasized the product per se and focused instead on the person buying the product. Marketing and advertising were less about what you owned and more about who you are, who you want to be, and who you can become with the right brand. Buying became a pathway to a better self—more fulfilled, more cultivated, more connected to the broader culture of self-improvement and self-expression.

Out of this emerged the creative revolution in advertising. David Ogilvy's "Man in the Hathaway Shirt" promised consumers they could be that person by buying that product. Bill Bernbach's "Think Small" ad for VW pivoted on the idea that what was wrong with the product was the very thing that was right for the person. Bill Backer's famous "Hilltop" ad for Coke panned over the crowd you wanted to belong to because they were singing an anthem true to your person, "I'd Like to Teach the World to Sing." In fact, this ad was Coke's response to PepsiCo's "Pepsi Generation" campaign that pioneered the idea of selling the person, not the product.

The Era of the Person has continued to this day. Lots has happened during this time, including agency conglomerates in the 1980s, the internet in the 1990s and digital in the 2000s. These have been important, but these developments have not changed the essence of marketing. Rather, they have been financial and technological refinements to the creative selling of good products to make you a better person.

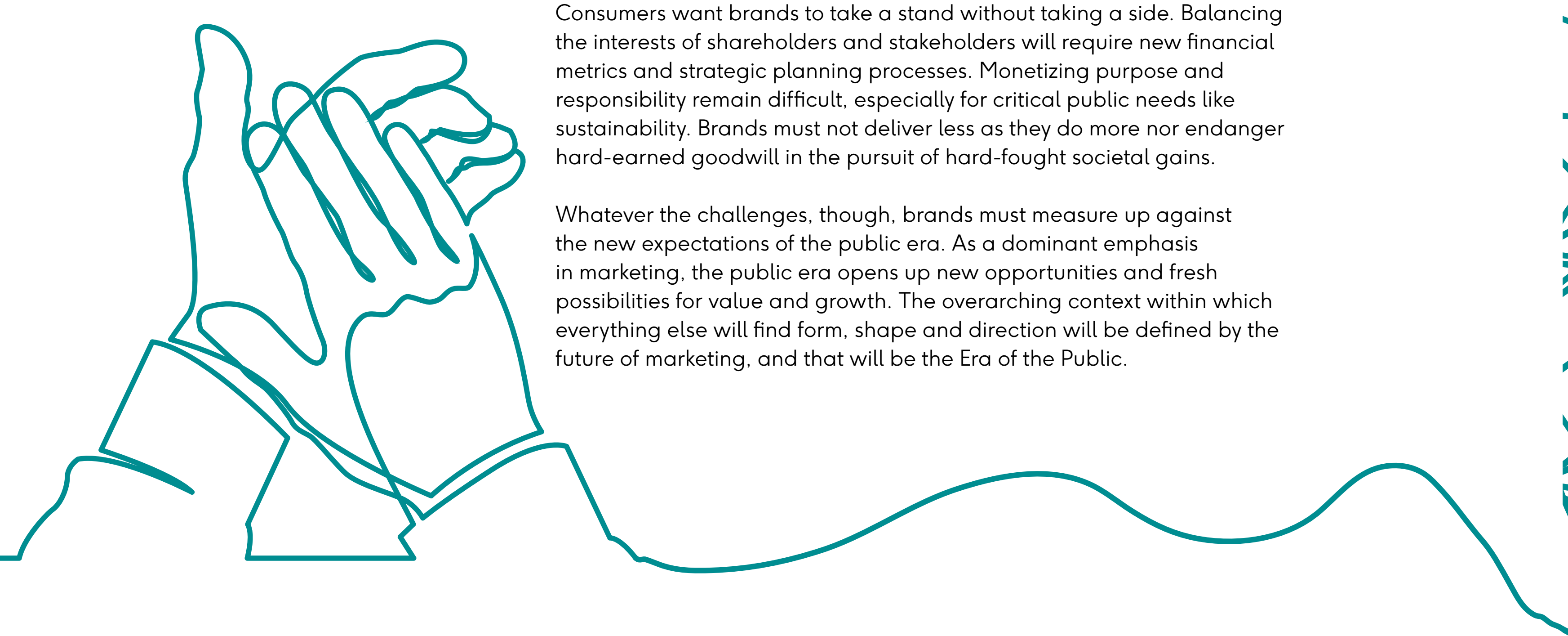
In recent years, much has come together to change the domains in which brands operate. In addition to product and person, brands must now do something else as well. Not only must brands deliver a superior product for a more fulfilled person, brands must also contribute to a better society. The Era of the Public means a new brand ethic. This ethic is more than purpose, more than social responsibility, and more than good over greed. It is about brands adding the public to their portfolio of product and person.

Economic and demographic macro forces are driving the marketplace toward a restructuring and a reassignment of responsibility for building a better society. Old institutions aren't going away, but going forward, business will be expected to play no less of a part in this than any other institution, and, in many cases, the most important part. Not simply a new purpose for brands, but a new ethic.

Consumers expect brands to step up to this public role. In the 2019 Kantar Global MONITOR study, 66 percent of consumers across 20-plus countries agreed that it is important for brands to be "committed to making our society better." This is significantly higher than just a few years before when, in an Edelman study across eight markets, only half agreed. Brands must now deliver a benefit to the public, not just to the person.

The public brand ethic will not be without its challenges. Consumers are demanding more of brands at the same time that they trust them less. Consumers want brands to take a stand without taking a side. Balancing the interests of shareholders and stakeholders will require new financial metrics and strategic planning processes. Monetizing purpose and responsibility remain difficult, especially for critical public needs like sustainability. Brands must not deliver less as they do more nor endanger hard-earned goodwill in the pursuit of hard-fought societal gains.

Whatever the challenges, though, brands must measure up against the new expectations of the public era. As a dominant emphasis in marketing, the public era opens up new opportunities and fresh possibilities for value and growth. The overarching context within which everything else will find form, shape and direction will be defined by the future of marketing, and that will be the Era of the Public.



The Era of the Public means a new brand ethic. This ethic is more than purpose, more than social responsibility, and more than good over greed. It is about brands adding the public to their portfolio of product and person.

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Inconsistent experience limits lifetime customer potential

Growth requires mastering momentum over lifecycle

Over the past few years we have heard a lot about the need for companies to pursue customer-centric growth. But it is difficult for a company to maintain its attention on the customer's functional and emotional needs when different functions focus on different activities with different key performance indicators. As a result, customer experience may differ dramatically depending on where the customer is in the buyer lifecycle. While marketing woos new customers with special offers, existing customers feel neglected and wonder why they are not getting the same deal.

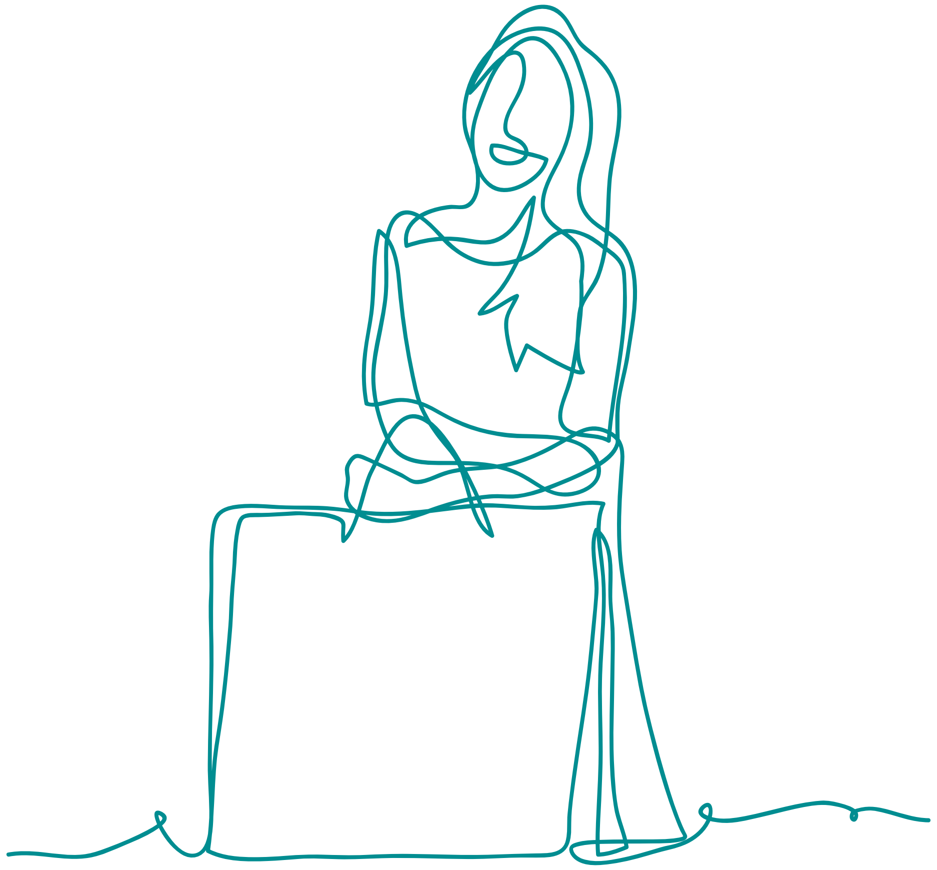
Your customers do not distinguish between your product lines, service staff, call center, website, or social feed. To them they are all one entity and experience of them creates your brand: the ideas, feelings and associations that will determine whether a person wants to use your product or service. To complicate matters, people's exposure to and experience with a brand changes over time, moving from incidental exposure to a brand for which they have no need and little interest to an intimate understanding of what your brand has to offer, which may lead them to praise or decry it.

To drive customer-centric brand growth companies must create a holistic view of how well they are creating the potential for growth across the buyer lifecycle. Broken down to its most simplistic level, we can envisage this as three stages: experience, exposure, and activation. In an analysis covering a wide variety of brands measured in BrandZ™ across a three-year timeframe we found that only 4 percent of brands outperformed the average on all three stages—but this group grew usage by an average of 46 percent.

Retaining at least a fair share of customers is the bedrock on which growth is built. Unless a brand can retain at least its fair share of existing customers it will find it difficult to grow. Actual experience of a product has an obvious impact on the willingness to buy again but marketing can also shape that experience.

Predisposing new customers

However, attracting new customers is vital to growth. Your marketing might target these people as prospects but until they need a product or service like yours, claims will fall by the wayside and all your potential customers will be left with is an impression of what your brand stands for, gleaned from fleeting references in conversation and casual exposure in day-to-day life. Shaping the right impression and creating a predisposition to choose your brand is critical to growth. Our analysis finds that, on average, brands which under-perform at exposure do not grow.



Over the last decade—led on by readily available short-term, volume-oriented metrics—companies have increasingly invested in activation, targeting and incentivizing people actively exploring their category. However, our analysis finds that two-thirds of growth comes from people who are already predisposed to choose a specific brand. Fulfilling that predisposition is less a matter of incentives than making sure your brand is easy to mind and easy to buy.

One brand that has found renewed success through a more balanced and informed approach to brand building is adidas which ranked No. 100 in the 2019 BrandZ™ Global Top 100 and this year rose eight places to 92. However, back in 2014, adidas was on the back foot, suffering from declining global sales and market share losses in the US. That year, recognizing that most people were not ready to buy the brand today, CMO Eric Liedke introduced a plan to drive brand desire by leveraging popular culture.

Then in 2017, new CEO Kasper Rorsted introduced organizational changes under the title "One adidas." He announced a reduction in product portfolio with the aim of increasing price point and an emphasis on e-commerce sales (the most profitable distribution channel). Market mix modeling highlighted the halo effects of marketing across product categories and across retail channels, dispelling the assumption that digital advertising drove digital sales, and identifying that performance marketing under-performed brand marketing in terms of ROI.

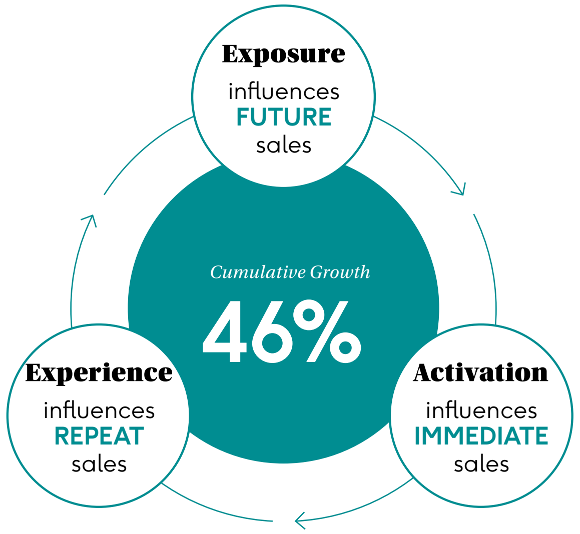
Adidas is not alone in discovering that an over-investment in digital advertising designed to activate immediate sales can undermine longer-term success. In the UK insurance market, Direct Line Group identified that a substantial proportion of revenues were being driven by brand equity. This new understanding of cost-per-sale, combined with in-market testing, led to an increased investment in brand building and TV advertising. BrandZ™ data identified that this investment increased the proportion of people predisposed to choose Direct Line and strengthened perceptions that the brand was worth the price. As a result, the Group's sales and share have improved, even in a market dominated by price comparison websites.

Both these examples speak to the need to better understand the real drivers of sales, not just rely on short-term performance metrics. But that need does not just apply to media. Looking at its customer data, adidas identified that its customer relationship marketing was over-investing in the minority of people who bought four or more pairs of sneakers per year. A far greater opportunity might be to focus on the 60 percent of buyers who only bought once in a year but might be encouraged to buy again. Findings like this confirm that companies cannot afford to have a siloed view of the people who buy or might buy their brand.

Like adidas and Direct Line, the brands that grow market share most strongly are the ones that align their resources appropriately to deliver a clear, consistent, and coherent impression across the buyer lifecycle. Existing users do not wonder why they are being ignored; potential users know what the brand stands for and are not motivated by unsustainable claims; and messaging at point-of-choice reinforces existing perceptions without defaulting to unnecessary incentives. Central to success is the adoption of a coherent set of key performance indicators that create a holistic view of the brand across the buyer lifecycle. The metrics chosen should be ones that assess the brand's performance at each stage and reflect what drives growth over time.

The Buyer Life Cycle

To drive customer-centric brand growth companies must create a holistic view of how well they are creating the potential for growth across the three buyer lifecycle stages: experience, exposure, and activation. Only 4 percent of brands managed to outperform the average at all three stages. But that group grew usage by an average of 46 percent.



Source: BrandZ™ / Kantar

BRANDZ GLOBAL TOP 100

BrandZ™ Top 100 Most Valuable Global Brands 2020

	Brand	Category	Brand Value 2020 $Mil.	Brand Contribution	Brand Value % Change 2020 vs. 2019	Rank Change	Country of Origin
1	amazon	Retail	415,855	4	+32%	0	USA
2	Apple	Technology	352,206	4	+14%	0	USA
3	Microsoft	Technology	326,544	4	+30%	1	USA
4	Google	Technology	323,601	4	+5%	-1	USA
5	VISA	Payments	186,809	4	+5%	0	USA
6	Alibaba Group 阿里巴巴集团	Retail	152,525	3	+16%	1	China
7	Tencent 腾讯	Technology	150,978	4	+15%	1	China
8	FACEBOOK	Technology	147,190	4	-7%	-2	USA
9	McDonald's	Fast Food	129,321	4	-1%	0	USA
10	Mastercard	Payments	108,129	4	+18%	2	USA
11	AT&T	Telecom Providers	105,833	3	-2%	-1	USA
12	verizon	Telecom Providers	94,662	4	+0%	-1	USA
13	Coca-Cola	Beverages	84,022	5	+4%	1	USA
14	IBM	Technology	83,667	4	-3%	-1	USA
15	Marlboro	Tobacco	58,247	3	-19%	0	USA
16	The Home Depot	Retail	57,585	3	+8%	3	USA
17	SAP	Technology	57,578	3	+0%	-1	Germany
18	Moutai	Alcohol	53,755	4	+58%	17	China
19	LOUIS VUITTON	Luxury	51,777	4	+10%	3	France
20	ups	Logistics	50,748	4	-8%	-2	USA
21	Nike	Apparel	49,962	4	+5%	0	USA
22	Disney	Entertainment	48,802	4	-14%	-5	USA
23	PayPal	Payments	48,453	5	+10%	3	USA
24	Starbucks	Fast Food	47,753	4	+4%	0	USA
25	xfinity	Telecom Providers	46,973	3	-4%	-5	USA

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 being the highest

	Brand	Category	Brand Value 2020 $Mil.	Brand Contribution	Brand Value % Change 2020 vs. 2019	Rank Change	Country of Origin
26	NETFLIX	Entertainment	45,889	3	+34%	8	USA
27	Walmart	Retail	45,783	2	+24%	5	USA
28	Spectrum	Telecom Providers	42,917	2	+12%	2	USA
29	Instagram	Technology	41,501	4	+47%	15	USA
30	accenture	Technology	41,437	3	+6%	-2	USA
31	ICBC 中国工商银行	Regional Banks	38,149	2	-1%	-2	China
32	T (Deutsche Telekom)	Telecom Providers	37,297	3	-16%	-7	Germany
33	intel	Technology	37,257	2	+17%	3	USA
34	CHANEL	Luxury	36,120	5	-2%	-3	France
35	Adobe	Technology	35,904	2	+29%	10	USA
36	中国移动 China Mobile	Telecom Providers	34,583	4	-12%	-9	China
37	YouTube	Entertainment	33,976	4	+15%	2	USA
38	中国平安 PING AN	Insurance	33,810	3	+15%	2	China
39	HERMÈS PARIS	Luxury	33,008	5	+7%	-2	France
40	SAMSUNG	Technology	32,580	4	+7%	-2	South Korea
41	salesforce	Technology	30,489	3	+13%	5	USA
42	WELLS FARGO	Regional Banks	30,443	3	-34%	-19	USA
43	LinkedIn	Technology	29,936	4	+31%	15	USA
44	L'ORÉAL PARIS	Personal Care	29,468	4	+4%	-1	France
45	HUAWEI	Technology	29,412	3	+9%	2	China
46	AMERICAN EXPRESS	Payments	29,333	4	-16%	-13	USA
47	COSTCO WHOLESALE	Retail	28,677	3	+35%	15	USA
48	TOYOTA	Cars	28,388	4	-3%	-7	Japan
49	GUCCI	Luxury	27,238	5	+8%	3	Italy
50	ORACLE	Technology	26,925	2	+2%	0	USA

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

BrandZ™ Top 100 Most Valuable Global Brands 2020

	Brand	Category	Brand Value 2020 $Mil.	Brand Contribution	Brand Value % Change 2020 vs. 2019	Rank Change	Country of Origin
51	Cisco	Technology	26,254	2	-9%	-9	United States
52	JD.COM	Retail	25,494	3	+24%	14	China
53	Budweiser	Beer	24,356	4	-7%	-2	United States
54	美团 Meituan	Lifestyle Platform	23,911	5	+27%	24	China
55	vodafone	Telecom Providers	23,128	3	-13%	-6	United Kingdom
56	Mercedes-Benz	Cars	21,349	4	-9%	-2	Germany
57	ZARA	Apparel	21,286	3	-6%	4	Spain
58	中国建设银行 China Construction Bank	Regional Banks	21,089	2	-7%	1	China
59	HDFC BANK	Regional Banks	20,796	4	-8%	1	India
60	RBC	Regional Banks	20,732	4	-9%	-3	Canada
61	BMW	Cars	20,517	4	-12%	-6	Germany
62	CHASE	Regional Banks	20,462	3	+0%	5	United States
63	NTT	Telecom Providers	20,341	2	+1%	7	Japan
64	DiDi	Transport	20,041	4	+0%	7	China
65	XBOX	Entertainment	19,632	2	+18%	22	United States
66	orange	Telecom Providers	19,392	3	-6%	-2	France
67	HSBC	Global Banks	18,747	3	-19%	-11	United Kingdom
68	Haier	IoT Ecosystem	18,713	5	+15%	21	China
69	中国农业银行 Agricultural Bank of China	Regional Banks	18,639	2	+2%	13	China
70	Pampers	Baby Care	18,502	5	-1%	9	United States
71	DELL Technologies	Technology	18,194	3	-2%	10	United States
72	IKEA	Retail	18,017	3	-5%	4	Sweden
73	AIA	Insurance	17,815	3	+10%	17	Hong Kong
74	J.P.Morgan	Global Banks	17,649	3	-11%	-1	United States
75	LIC	Insurance	17,509	3	-14%	-7	India

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 being the highest

	Brand	Category	Brand Value 2020 $Mil.	Brand Contribution	Brand Value % Change 2020 vs. 2019	Rank Change	Country of Origin
76	Colgate	Personal Care	17,429	4	-1%	8	United States
77	TD	Regional Banks	17,339	3	-13%	-5	Canada
78	BANK OF AMERICA	Regional Banks	16,924	2	-6%	5	United States
79	TikTok	Entertainment	16,878	5	NEW		China
80	movistar	Telecom Providers	16,658	3	-14%	-5	Spain
81	Xiaomi	Technology	16,644	3	-16%	-7	China
82	KFC	Fast Food	16,584	3	-4%	3	United States
83	Shell	Energy	16,129	1	-22%	-18	United Kingdom
84	ALDI	Retail	15,927	3	+8%	12	Germany
85	Uber	Transport	15,848	3	-35%	-32	United States
86	UnitedHealthcare	Insurance	15,799	2	NEW		United States
87	citi	Global Banks	15,666	3	-17%	-10	United States
88	FedEx	Logistics	15,461	5	-23%	-19	United States
89	Gillette	Personal Care	15,116	5	+7%	9	United States
90	BCA	Regional Banks	14,917	4	+11%	9	Indonesia
91	Baidu 百度	Technology	14,840	5	-29%	-28	China
92	adidas	Apparel	14,812	4	+11%	8	Germany
93	DHL	Logistics	14,530	4	-13%	-5	Germany
94	SIEMENS	Conglomerate	13,981	2	-9%	-2	Germany
95	SUBWAY	Fast Food	13,768	4	-20%	-9	United States
96	LOWE'S	Retail	13,717	2	-8%	-2	United States
97	中国银行 Bank of China	Regional Banks	13,686	2	NEW		China
98	LANCÔME PARIS	Personal Care	13,617	5	+11%	N/A	France
99	pepsi	Beverages	13,319	4	NEW		United States
100	CommonwealthBank	Regional Banks	13,155	3	-17%	-9	Australia

The Brand Value of Budweiser includes Bud Light
The Brand Value of Pepsi includes Diets

Difference separates brands rising in value from brands declining

Innovation and creativity sustain difference, drive growth

Difference emerged as the most important factor determining which brands increased or decreased in value in the 2020 BrandZ™ Global Top 100.

Difference (standing out and setting trends) is one of the three BrandZ™ components of brand equity, along with Meaningful (relevantly meeting functional and emotional needs), and Salience (coming to mind easily when making a purchase decision).

Both rational and emotional factors produce Difference. Rational factors include product quality, service delivery, and corporate reputation—especially responsibility. Emotional components include brand experiences, heritage, provenance, and aesthetics, such as design. Positive engagement can lead to strong consumer affinity and trust, especially when consumers believe the brand aligns with their values.

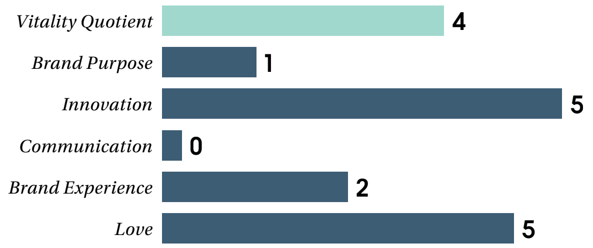
Two factors—Creativity and Innovation—principally drive and sustain Difference. Creativity is the capacity to produce imaginative or original ideas. Innovation is the application of that capacity—typically with products or services that are new and distinctive.

That Creativity and Innovation are essential ingredients for success became obvious during the Covid-19 crisis, when brands anticipated people's changing needs and met them with original solutions. Going forward, brands that can provide products and services that are unusual, useful—different—will achieve a competitive advantage.

Brand value growth depends on Innovation and Love…

Vitality Quotient is a BrandZ™ measurement of brand health comprised of five factors: Purpose, Innovation, Communication, Experience and Love. Healthy brands begin with Purpose and build the other factors successively to achieve consumer affinity with the brand, or Love. In the 2020 BrandZ™ Global Top 100, Innovation and Love were the key rational and emotional contributors to building Meaningful Difference, which is the basis of brand equity. The gap in Innovation and Love scores between brands that increased and decreased in value was significantly higher than the gaps for the other VQ factors.

Innovation and Love

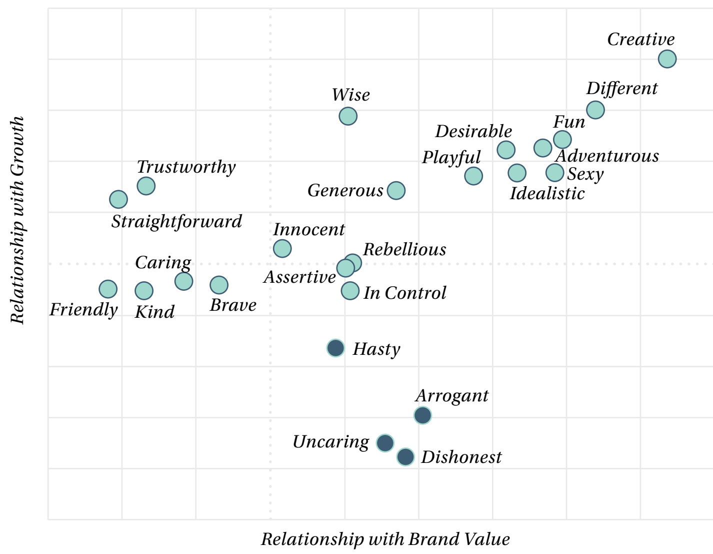


The numbers represent the average gap in VQ score between brands that increased in value and brands that decreased in value year-on-year.

…Growth also requires a creative brand personality

Creativity is critical to brand health, especially during difficult times. Among all brand personality characteristics tracked by BrandZ™, Creativity had the strongest relationship with both growth and overall value among the 2020 BrandZ™ Top 100 brands.

Brand Personality



SOURCE: BrandZ™ / Kantar

The Top 100 now better prepared to sustain growth

Equity gains strengthen resilience for post-pandemic world

Analysis of the 2020 BrandZ™ Global Top 100 reveals improved brand marketing effectiveness that should help strengthen resilience during the world-altering disruption of Covid-19.

The volatility of the BrandZ™ Global Top 100 has declined significantly since the disruption of the global financial crisis over a decade ago. Two factors account for greater stability. First the composition of the Top 100 has changed, with a large proportion of brands now in technology-related categories rather than in financial services. Second, brand equity has strengthened.

All three BrandZ™ components of brand equity have improved: Meaningful (relevantly meeting functional and emotional needs), Difference (standing out and setting trends), and Salience (coming to mind easily when making a purchase decision).

Significantly, brands that increased in value are higher in Meaningful Difference than brands that declined. Declining brands could improve their marketing ROI by investing in building Innovation, Creativity and other brand attributes that drive Meaningful Difference, while continuing to maintain Salience.

Navigating the uncertainty of the post-Covid world also will require high T rust, which underpins Difference. Trust delivers both reassurance and an easy rationale for brand choices. Building Trust requires reliability, consistency, intimacy, and corporate responsibility.

Value growth depends on strength, not size…

Size matters (not exactly). No correlation exists between brand value and value growth. In a comparison of the 2019 and 2020 BrandZ™ Top 100, high-value and low-value brands were just as likely to increase or decline in value. Brand value growth depends not on brand size but rather on brand strength. The right brand with the right idea executed in the right way at the right time gets to grow in value.

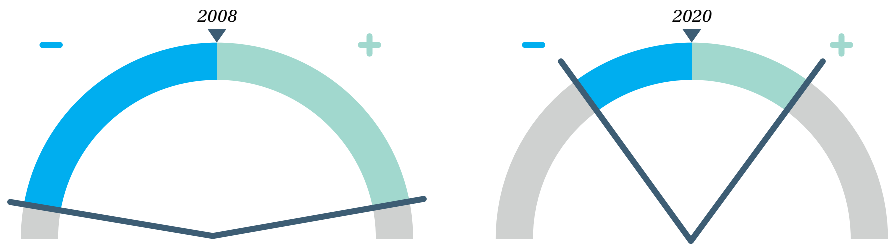
Brand Value | Value Growth

… And brand equity creates resilience

Relative to the value changes of the BrandZ™ Global Top 100 that occurred during and immediately following the global financial crisis of 2008 to 2009, the year-on-year value changes in 2020 have been relatively stable. This stability in part indicates how strong brand equity creates resilience.

Volatility

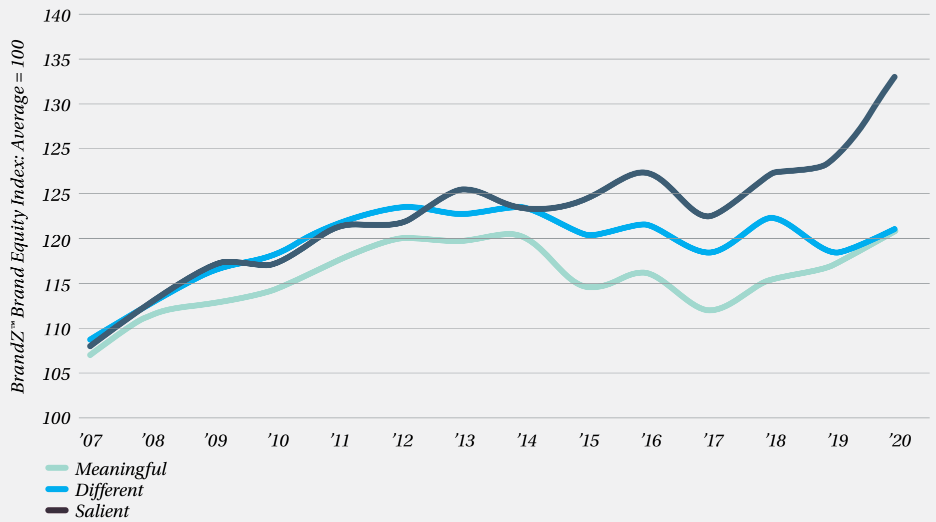
Average variation in % value change from previous year - BrandZ™ Global Top 100



Top 100 brand equity is strong...

Brands have strengthened brand equity. Since the global financial crisis, all three BrandZ™ components of brand equity have improved: Meaningful (relevantly meeting functional and emotional needs), Difference (standing out and setting trends), and Salience (coming to mind easily when making a purchase decision). These components generate the associations that cause consumers to choose one brand over another.

Brand Equity | BrandZ™ Global Top 100

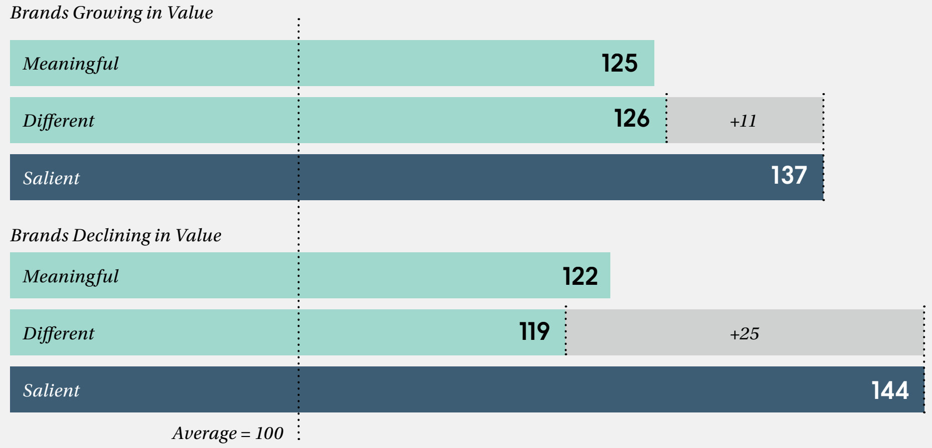


SOURCE: BrandZ™ / Kantar

... But a Salience gap remains

Brands that increased in value year-on-year are more Meaningfully Different than brands that declined. Brands that declined underperformed on Meaningful Difference but overperformed on Salience. The performance gap suggests that these brands could improve their marketing ROI by giving higher priority to investment in Meaningful Difference.

Brand Equity | Salience Gap



SOURCE: BrandZ™ / Kantar

Fastest rising brands align with key trends

Risers leverage tech to provide customer-centric services and convenience

The Top 20 Risers, brands that increased in value by the greatest percentage year-on-year, illustrated a key finding of the BrandZ™ 2020 Global Top 100 report. The most successful brands aligned with how people today conduct both their personal and business lives. These brands provided high levels of customer-centric service and convenience while meeting concerns about health and sustainability.

Of the Top 20 Risers, 12 brands came from categories that most typify these trends: six brands came from technology and six from retail. Four of the other nine categories represented in the Top 20 Risers are technology-related, including: entertainment, lifestyle platforms, cars and payments. Technology was critical but less centric to the other three categories represented in the Top 20 Risers: alcohol, apparel and personal care.

In addition, five of the Top 20 Risers are Chinese brands, which is significant for two reasons. First, digitization to provide convenience has achieved its most extreme expression in China. Second, they are among the record 17 Chinese brands in the 2020 BrandZ™ Global Top 100, reflecting a growing presence of Chinese brands across categories.

The Top Riser results suggest that technology, specifically digitization, will be a key driver of future brand growth. With the caveat that new products and services need to result not simply from new technological capabilities, but from insight in how technology can help improve people's lives.

Technology and retail

Although technology was important to brand value growth overall, Top Risers used technology in brand-specific ways. Instagram, which increased 47 percent in value, has emerged as an important platform for posting content for connection, sharing, and self-expression. Similarly, Tencent has become a platform with a vast array of apps used by people in China to navigate everyday life. Tencent's revenue from gaming was also key to its value growth.

In contrast, the other technology top riser brands—LinkedIn, Microsoft, Adobe, and Intel—primarily created the tools, often cloud-based, that help people conduct their business lives in the online, off-premise way that became critical during the Covid-19 crisis. These brands have also created communities. Beyond its function as a jobs and professional networking site, for example, LinkedIn, provides business self-improvement tutorials.

Brands in the retail category share similar characteristics. Amazon and Alibaba are enormous technology-driven retail businesses and cloud computing providers. They have used technology to create communities that connect buyers and sellers worldwide. JD, similar if smaller in brand value, has used technology to create sophisticated logistics system and improve the online-offline customer experience with an extensive network of physical locations.

Meanwhile, Walmart and Target have managed to sustain their retail leadership by transforming their extensive networks of physical stores into critical shopping and distribution locations for modern online-offline retailing, making them vital during the Covid-19 crisis and positioning them well for the post-pandemic world. Costco, which relies primarily on its physical locations, experienced a spike in e-commerce during the height of the pandemic.

Technology-related categories

In the technology-related entertainment category, Netflix continued to grow its streaming service, particularly outside the US, and reached over 180 million subscribers worldwide. Covid-19 kept a lot of people binging on video, but it also challenged the ability of Netflix to create new content as most studios had shut down. Similarly, the need for interactive amusement and connecting with friends during the pandemic drove more people to Xbox.

Having launched in 2010 as a Groupon-like business in China, Meituan has evolved into a one-stop O2O super app that people use to navigate everyday life tasks, including booking travel, bike-sharing, ride-hailing, and event tickets. These services, and restaurant delivery, suffered during the Covid lockdown, but Meituan's grocery delivery business experienced strong demand.

Mastercard was able to take advantage of the regulatory changes that opened up the Chinese market to foreign payments brands. Signaling a shift in payments technology, contactless transactions increased significantly during the Covid-19 pandemic as people attempted to limit contact with potentially infectious surfaces.

Tesla not only increased 22 percent in value, it was the only brand in the BrandZ™ Cars Top 10 to increase. While most of the car brands expected to introduce more electric models this year, Tesla was expanding into the mass market with the introduction of its more affordable Model 3. It also entered the world's largest car market, China, where it will both produce and sell cars.

The key trends also touched the apparel and personal care categories, which increasingly rely on technology. Lululemon increased 40 percent on the strength of producing the comfortable apparel people desired. Its leggings and other attire were both fashionable and engineered for performance. The brand also benefited from a community it has created with courses offered both at physical stores and online.

Estée Lauder, the personal care brand, introduced several technological innovations to address the needs of women who want to simplify their beauty regime. The brand also continued to gain popularity in China. The fastest rising brand, Moutai, is a traditional Chinese baijiu alcoholic drink that successfully expanded its reach while maintaining its premium price positioning.

BRANDZ™ TOP 20 RISERS

	Brand	Category	Brand Value 2020 $Mil.	Brand Value % Change 2020 vs. 2019	Country of Origin
1	Moutai	Alcohol	53,755	+58%	China
2	Instagram	Technology	41,501	+47%	US
3	lululemon	Apparel	9,669	+40%	Canada
4	Costco Wholesale	Retail	28,677	+35%	US
5	Netflix	Entertainment	45,889	+34%	US
6	amazon	Retail	415,855	+32%	US
7	LinkedIn	Technology	29,936	+31%	US
8	Microsoft	Technology	326,544	+30%	US
9	Adobe	Technology	35,904	+29%	US
10	美团 Meituan	Lifestyle Platform	23,911	+27%	China
11	Target	Retail	10,590	+27%	US
12	Walmart	Retail	45,783	+24%	US
13	JD.COM	Retail	25,494	+24%	China
14	Tesla	Cars	11,350	+22%	US
15	Xbox	Entertainment	19,632	+18%	US
16	Mastercard	Payments	108,129	+18%	US
17	intel	Technology	37,257	+17%	US
18	Alibaba Group 阿里巴巴集团	Retail	152,525	+16%	China
19	Estée Lauder	Personal Care	7,048	+15%	US
20	Tencent 腾讯	Technology	150,978	+15%	China

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

Newcomers indicate ranking's stability

Two of five newcomer brands are Chinese

Only five newcomers entered the BrandZ™ Global Top 100 in 2020, an indication of the ranking's stability during a period of extreme disruption. The newcomers also reflect the growing influence of China.

TikTok, known as Douyin in China, has rapidly gained popularity as a host site for short-format videos made by viewers. The app is owned by ByteDance Ltd., which has successfully developed sites building audiences around niche interests that draw significant advertising revenue.

The rise of Lancôme into the BrandZ™ Global Top 100 reflects the brand's success in China, especially with accessible luxury products. One of China's four key state-owned banks, and among the world's most influential financial institutions, Bank of China reentered the Global Top 100.

Pepsi also returned to the Global Top 100, reflecting the success the brand has enjoyed, extending its product line to reignite growth as consumer concerns about health and wellness increased and consumption of carbonated soft drinks declined.

United Healthcare entered the ranking after BrandZ™ expanded the insurance category to include health insurers because of the rapid expansion of that sector.

BRANDZ™ NEWCOMERS

2020 Rank	Brand	Category	Brand Value 2020 $Mil.	Country of Origin
79	TikTok	Entertainment	16,878	🇨🇳
86	UnitedHealthcare	Insurance	15,799	🇺🇸
97	中国银行 BANK OF CHINA	Regional Banks	13,686	🇨🇳
98	LANCÔME PARIS	Personal Care	13,617	🇫🇷
99	pepsi	Beverages	13,319	🇺🇸

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

Leaders drive volume, command premium

Chinese newcomer TikTok tops the ranking

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

Significantly, the list of the Brand Contribution leaders varies minimally year-on-year, indicating the resilience of brand strength regardless of market volatility. Brands in certain categories— luxury, for example—have higher brand contribution because of the importance of brand across the entire category. Of the BrandZ™ Brand Contribution Top 15 in 2020, five brands are in the luxury category and five are in the beer category.

Also significant is the appearance of a brand from a category that does not as typically appear in the Brand Contribution Top 15—entertainment. TikTok, the Chinese short-form video, a newcomer to the BrandZ™ Global Top 100 this year, ranks No. 1 in Brand Contribution.

TikTok's achievement indicates the power of a brand that quickly grew from popularity in China into a worldwide phenomenon, and it reflects the growth of mobile entertainment. In addition, TikTok illustrates that relatively new brands, as well as those with long legacies, can achieve high Brand Contribution.

BRANDZ™ BRAND CONTRIBUTION TOP 15

	Brand	Category	Brand Value 2020 $Mil.	Brand Value % Change 2020 vs. 2019	Brand Contribution	Country of Origin
1	TikTok	Entertainment	16,878	NEW	5	China
2	Coca-Cola	Beverages	71,707	+5%	5	USA
3	ESTĒE LAUDER	Personal Care	7,048	+15%	5	USA
4	Cerveza Modelo	Beer	3,326	+2%	5	Mexico
5	Pampers	Baby Care	18,502	-1%	5	USA
6	GUCCI	Luxury	27,238	+8%	5	Italy
7	SKOL	Beer	6,819	-6%	5	Brazil
8	Corona	Beer	7,853	+4%	5	Mexico
9	BRAHMA	Beer	3,733	-1%	5	Brazil
10	CHANEL	Luxury	36,120	-2%	5	France
11	BURBERRY LONDON ENGLAND	Luxury	3,847	-18%	5	UK
12	HERMÈS PARIS	Luxury	33,008	+7%	5	France
13	蒙牛 Mengnui	Beverages	6,831	+5%	5	China
14	AGUILA	Beer	3,384	-4%	5	Colombia
15	ROLEX	Luxury	7,433	-11%	5	Switzerland

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 being the highest

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.

A collaboration between BrandZ™
and the University of Oxford Saïd School of Business

UNIVERSITY OF OXFORD

Saïd Business School

New research studies linkage of marketing activity and superior business performance

Findings will help improve investment decision-making and marketing ROI

The role played by "brand" in driving business returns and growth is still questioned by CEOs, CFOs and financial and investment analysts around the world. An ongoing collaboration between BrandZ™ and Professor Andrew Stephen at the University of Oxford's Saïd Business School, as part of the Future of Marketing Initiative (FOMI), is providing powerful evidence of the value of investing in building brands—and the potential for using brand metrics to predict whether a company will over-perform against market expectations.

The project, led by Associate Professor of Marketing Dr. Felipe Thomaz, aims to develop a statistical model that calculates the precise contribution that marketing activities make to what's known as "abnormal financial returns." These are the returns that are derived when a company's stock performs better than the market expected.

Companies need to be able to measure all the assets that drive their business performance, while the ability to explain and predict stock returns is a vital guide for investors' decision-making. A number of different models have been used historically to describe stock returns, with the Fama French 5 Factor asset pricing model currently considered to be the best and most rigorous.

These financial models account for market factors such as risk, size of market capitalization, profitability and corporate investment. What they don't do is directly measure the contribution made by marketing activities—largely because the creators have not had an appropriate data set to work with. With the collaboration, the use of the BrandZ™ database by the SBS team has plugged this data gap.

With the world's largest brand equity database, BrandZ™ provided Dr. Thomaz and his team with performance and perception data on thousands of brands, many global in operation, from 2007 to 2019 across more than 40 countries. From these data, the team selected 872 brands to study, which furnished them with more than 15,300 brand equity observation points.

By combining BrandZ™ data with the financial analysis made possible by models such as Fama French, the researchers have been able to enhance their understanding of exactly what is driving the financial outcomes seen in the marketplace. They have also increased the accuracy and stability of predictions of how well a company could perform in the future.

In addition to more robust investment decisions, the model from the FOMI team has the potential to help companies maximize ROI on their brand and marketing spend through a better understanding the financial consequence of different marketing activities, and a greater focus on those most likely to drive returns.

Determining what matters most

To undertake its analysis, the SBS team initially used the established best-practice econometric models, including Fama French, to calculate the "expected" financial returns for 328 private and listed companies—the owners of the 872 brands studied—over a period of 12 years. The "expected" financial returns were then compared to the actual returns from these businesses. This left any abnormal returns which the model did not predict, but which would be of particular interest to investors.

The team then injected more than 50 marketing metrics from the BrandZ™ database into the analysis, to investigate their impact on exceptional performance where it had been identified. These included:

- Summary brand equity metrics
- Core components of brand equity
- Diagnostic measures based on attitudinal statements.

Measuring and understanding what consumers think about brands today gives a powerful indicator of a company's likely performance in the future.

Machine learning was applied to create a sophisticated model, sifting through the possible variables and reducing the set of indices to the 12 measures that mattered most: the brand factors that contribute most often to abnormal business returns. These included: *difference, corporate reputation, brand purpose, innovation, brand potential* and *affinity*.

BrandZ™ brought a unique perspective to the modeling that had not previously been explored: consumer opinions and attitudes around the brands owned by the businesses being modeled, and how these perceptions have changed over time. This is significant, because a brand's strength in the market and ability to grow relies on how it is perceived.

Beating market expectations

Of the 12 measures used in the model, *difference,* and two aspects of corporate reputation—*responsibility* and *success*—were shown to help predict abnormal returns better than other variables examined. Brands that possess these characteristics are more likely to help their owners deliver exceptional returns over the medium- to longer-term.

Difference makes the biggest contribution towards abnormal stock returns, which reinforces analysis from BrandZ™ that has identified difference as a key driver of a strong and valuable brand. Difference is based on perceptions that the brand "sets the trends" and is "different from others" in the category and is also a key driver of the BrandZ™ Premium Index, which measures the willingness of consumers to pay more for a product or service. This brand strength improves corporate margins and can, therefore, have a much bigger influence on company performance than factors that drive volume.

Corporate responsibility combines

BrandZ™ brought a unique perspective to the modeling that had not previously been explored: consumer opinions and attitudes around the brands owned by the businesses being modeled, and how these perceptions have changed over time.

perceptions of environmental, social, and employee responsibility. Again, this corroborates BrandZ™ analysis which shows that the importance of *responsibility* to consumers—and therefore also its role in driving the strength of a brand—has tripled over the last 10 years. The disruption caused by the Covid-19 pandemic is likely to have accelerated this trend.

Corporate success is the attitude that a company "provides good financial returns to investors." This indicates that consumers' perception of the success of a business is a good predictor of its future success, which is likely to stem from risk aversion: choosing a successful company is seen as a safer option.

The complexity, depth and scale of the empirically validated data provided by BrandZ™ has enabled the Oxford Saïd team to explain abnormal market returns with an extremely high level of precision. Adding the BrandZ™ measures into the modeling allowed the team to anticipate exceptional company performance with 99.5 percent accuracy. Without it, the results are at best 75 percent accurate.

The work done to date by Dr. Thomaz and his team has provided some strong evidence about the long-term value and consequence of building a strong brand. The outcome has been a framework for a model that will enable analysts and investors seeking abnormal returns to identify which businesses are best positioned to deliver them, through the strength of their brands.

The team is now testing the model it has developed and plans to expand the sample of companies studied beyond the original 328. The work will then be peer-reviewed and published according to standard academic practice.

The learnings will also be used by Kantar to further enhance and strengthen the BrandZ™ methodology, and the solutions we offer. For example, they will be added to the brand equity research Kantar conducts for hundreds of S&P 500 and other clients worldwide. There are also plans to use them to develop a service for investment managers that will allow them to leverage brand equity data from BrandZ™ in the same way they do with financial data made available by the likes of Bloomberg.

A validation of the value of brand equity data

The Saïd Business School project has clearly demonstrated that brand-building activities are a significant contributor to the achievement of abnormal financial returns. What's more, the likelihood of abnormal stock returns can be accurately predicted by adding consumer brand perception metrics to existing financial return models. In other words, measuring and understanding what consumers think about brands today gives a powerful indicator of a company's likely performance in the future.

This makes a very strong case for injecting brand marketing measures into market expectation models. They clearly matter a lot. Combining them with data on financial performance minimizes assumptions about what led a company to perform as it did, and results in a better prediction of how it will grow in the future.

The richness of the BrandZ™ data has enabled the research team to identify exactly what matters where in terms of brand components, and also how this has changed over time. The modeling has also highlighted the need to accommodate changing global trends and consumer attitudes, as well as giving a proof point to the role and importance of corporate responsibility.

Further validation of the Saïd Business School model is required; however, the learnings to date are a sound confirmation of the value of measuring brand and marketing to a company: brand-building *does* change the money equation and helps a business to create a stronger financial core.

The model from the FOMI team has the potential to help companies maximize ROI on their brand and marketing spend through a better understanding of financial consequence of different marketing activities, and a greater focus on those most likely to drive returns.

Meaningful, difference, trust, responsibility increase in importance

Salience and communication decline

The FMOI modeling has revealed an additional and unexpected variable: time. Equipped with the BrandZ™ data, the team was able to observe shifts in how the contributions made by different brand variables have changed over the last 12 years.

In particular, *meaningful, difference, responsibility* and *trust* have all increased in importance since 2016, whereas the role of *salience* and *communication* has declined.

The decreased importance of salience has also been illustrated by BrandZ™ analysis, which shows that "being known" is not enough for brands to maintain their value. In fact, many failed businesses in recent years demonstrate a "salience gap": consumers knew these brands, but not what made them meaningfully different. Together with the declining contribution of *communication*, this suggests that companies may be over-investing in activities that drive awareness, with diminishing returns.

Consumer attitudes do not stay constant, and marketers must keep pace with them. The brand factors that are most important right now might have shifted again in another five years. Responsibility is likely to remain a priority, having been thrown into sharper focus through the Covid-19 pandemic. But the world is constantly evolving, and consumers' priorities, values, and behaviors follow suit.

UNIVERSITY OF OXFORD
Saïd Business School

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SECTION TWO

Intuitive linkage with a brand influences choice, strengthens loyalty

Infuse your brand with instant meaning for a tale of success

Intuition: *the ability to understand something instinctively, without the need for conscious reasoning.*

I've recently been teaching my six-year-old daughters to read, which has been great fun for us all and brought back many happy memories of early books from my own childhood. From conversations with friends with children of a similar age, we've all been surprised at how quickly they've gained the ability to recognize complex words, decipher full sentences, and to read for themselves. Soon they will be able to read in a far less effortful way by instantly recognizing words and phrases in context and inferring their meaning. We all know from experience that the written word has the power to impart large amounts of information, as in an instruction manual for example, but also to elicit a wide range of emotions; perhaps those enlivened by a Shakespearian sonnet or a piece of particularly compelling Dickensian prose.

This got me thinking about how brands can best imbue themselves with a sense of instant meaning to best influence purchase decisions. Though the value of intuition and instant meaning in reading is obvious—by investing the time to train our brains to immediately recognize words and phrases we are able to understand large amounts of information and nuanced messages quickly—up until recently the benefit for brands have been far less conspicuous.

However, of late there have been advances in our understanding of human decision making and in applying this to how brands are chosen. The latest thinking in behavioral science describes the way consumers choose brands, when prompted by a relevant need as being influenced not only by initial recognition, but rather the extent to which a brand can conjure positive, instant meaning and convey a *Feeling of rightness* about the choice.

The Instant Meaning advantage

Brands best equipped to intensify this feeling are more likely to influence a decision. We now know they do so by aligning a combination of two brain systems and ways of thinking: Type 1 (fast, intuitive, automatic) and Type 2 (slow, reflective, conscious). The two are now thought to work alongside each other throughout the decision process, rather than in sequence. Greater harmony leads to a heightened *Feeling of rightness* and a more automatic, less reflective final choice. Every decision and resulting experience shapes our memory structure, which then, in turn, influences future decisions accordingly.

To quantify the advantages of instant meaning at scale for the first time, the BrandZ™ team used a combined survey approach employing Kantar's proprietary Intuitive Associations methodology alongside BrandZ's Meaningfully Different Framework of brand equity. This allowed the team to understand both *automatic* and *considered* responses for a given brand and to discern any relationships between the two.

The Intuitive Associations technique uses "speed of response" (i.e. engaging the Type 1 system only) to illustrate which of a fixed combination of 18 positive and negative concepts are most intuitively associated with each brand, along with a summary score for the intensity of instant meaning overall. The combined survey covered a total of 3,453 respondents and 70 brands across eight categories in the UK.

The key findings were as follows:

- Clear instant meaning and strong brand equity (Brand Power) are connected. Brands with clear instant meaning are more likely to have strong brand equity and vice versa.
- Brands with clear instant meaning are more salient, have deeper emotional connections and are better differentiated from their peers.
- Clear instant meaning is underpinned by strong brand assets, which make a telling contribution in (1) making a brand stand out and be recognized; and (2) helping decision making become more effortless and habitual. Cadbury Dairy Milk, Simple skincare, and Coca-Cola are three examples of brands with strong brand assets and strongly positive instant meaning in the UK.
- Typically, FMCG brands conjure instant meaning more effectively than non-FMCG brands.

So, what's the real moral of the story? To build a brand with decisive instant meaning, marketers should consistently seek to instill the main quality of any good book—a clearly recognizable, fluent and compelling narrative, to inspire initial selection and keep consumers coming back for more.

Are your target audience well equipped to "read" your brand?

TAKEAWAYS

1 Establish Connection

Recognition alone is not enough—establishing a positive emotional connection matters, and influences decision making via a *Feeling of rightness* alongside more reflective associations.

2 Instill Brand Fluency

Brands need to invest the time and effort to instill a sense of consumer brand fluency i.e. maximize instant meaning, smooth the decision-making process and represent the conspicuous option to select.

3 Deliver on Expectations

Consumer expectations must be delivered upon to minimize any future disruption in choosing the brand again. A disjointed delivery will have an impact at the next decision moment.

4 Fit Brand Assets to Purpose

Brand assets (logos, colors, slogans, sounds etc.) play a clear part in enhancing instant meaning and must be fit for this specific purpose.

The latest thinking in behavioral science describes the way consumers choose brands, when prompted by a relevant need, as being influenced not only by initial recognition but rather the extent to which a brand can conjure positive, instant meaning and convey a Feeling of rightness about the choice.

Maximize instant meaning and fluency with the 3 Cs

Previously I wrote about the "3 Cs" of building strong brand assets to best influence choice (see pages 48-to-54 in the BrandZ™ Top 100 Most Valuable Global Brands 2018 report), but given the role of brand assets is clearly intertwined with rousing instant meaning, these three pillars are equally relevant here. To boost instant meaning brands should strive to deliver:

CLARITY A crystal clear, well-differentiated identity is key. Brand assets, including design, colors, phrasing and more all have a role to play alongside advertising content.

CONSISTENCY Ensure uniformity of core messaging, assets and tonality over time, across product formats and purchase channels—drawing on heritage where relevant.

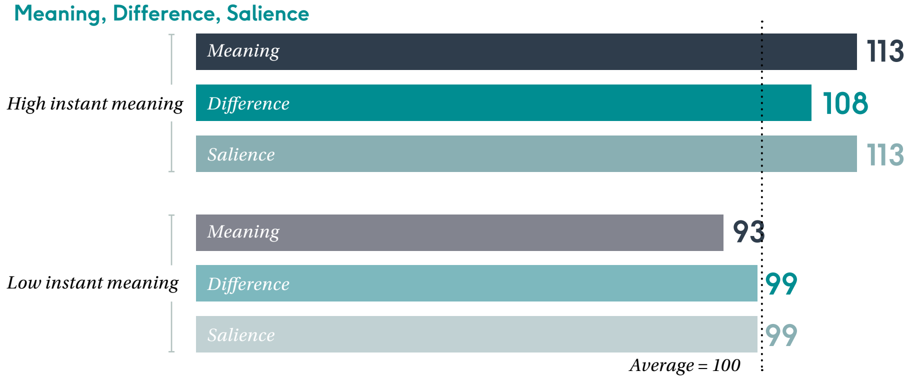
COMMUNICATION All consumer interactions should be viewed as an opportunity to communicate and reinforce relevant messaging, leaving consumers with a lasting impression of what the brand stands for.

High instant meaning correlates with strong brand equity

Brands with high levels of instant meaning have strong brand equity (Brand Power), underpinned by higher levels of Meaning, Difference, and Salience.

Brand Power

Meaning, Difference, Salience



SOURCE: BrandZ™ / Kantar

Brand assets influence instant meaning

Strong brand assets influence a brand's instant meaning, as illustrated by three UK examples: Cadbury Dairy Milk, Simple skincare, and Coca-Cola.

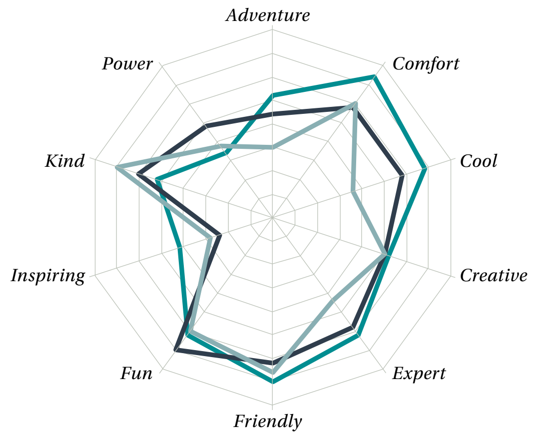
Brand Imprint Index

(Average strength of ALL brands assets)

Intuitive Associations Index

(Extent to which the brand is instantly meaningful)

Positive Intuitive Associations



FMCG brands are more instantly meaningful

FMCG brands are typically much more instantly meaningful than brands from other categories, including grocery, communications providers, and banking.

Intuitive Associations Index

SOURCE: BrandZ™ / Kantar

Brand Stories from brand champions

Data and analytics feed us with invaluable information us about brands. But let's not forget human experience and interaction with brands.

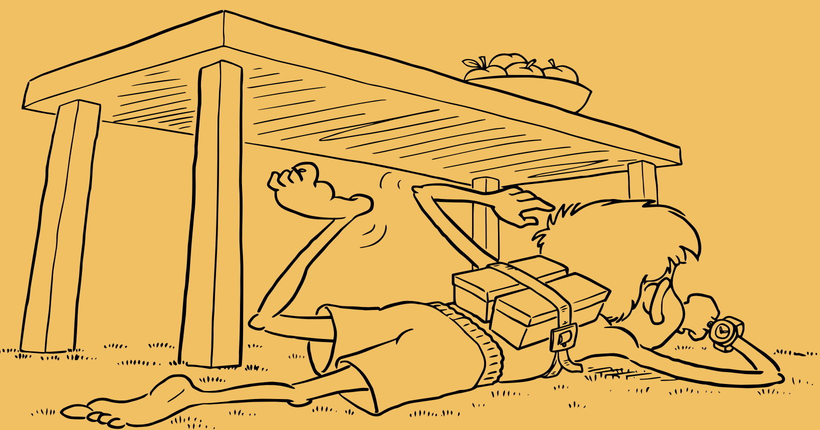
Brand Stories from Brand Champions celebrates the enduring power of iconic brands with over 100 stories of how brands have touched, influenced and in some cases, changed lives.

Funny, touching and yet more proof that investing in brands is good business, **Brand Stories from Brand Champions is available at Amazon.com**

When I was around 7 years old in Hong Kong, there was a TV series I loved about deep sea diving, somehow Rolex was involved, probably through sponsorship as their ads were always on when this programme played.

I remember tying two rectangular cookie tins on my back as oxygen tanks, along with a plastic toy watch as my Rolex, and "dived" into the living room, through all the nooks and crannies in searching for lost treasures.
So Rolex became one of the first "brand" experiences in my early memory before I knew what "brand" was, associating it with adventures and intrigues, completely believing they were the best watches ever, however totally ignorant of their watches' functional features or craftsmanship.

There you have it, emotional appeal is more important that functional message in branding.



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Ken Koo
CEO and Chief Creative Officer, Identicasia


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Sustainability and the Future of Brands

Sustainability

The Opportunity Imperative

SECTION THREE

New opportunities will require taking uncomfortable risks to generate growth

What is good for sustainability is also good for brand growth

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There is no opportunity for growth and value bigger than sustainability. A number of marketplace dynamics are coming together that make sustainability the business imperative of the future. Sustainability has long lagged other corporate priorities because it has been understood too narrowly. But the business case of sustainable advantage is becoming clear. Not just because the climate has caught up. The evidence is definitive and unambiguous that what is good for sustainability is also good for growth.

Sustainability is an interlocking set of diversified business practices that must be in place for growth to be maintained. Growth is strongest when it is sustainable on all fronts. The environment is critical, but much more than that is implicated in the shift of opportunity to sustainability.

The 17 UN Sustainable Development Goals for 2030 provide a new business lens for sustainability. They focus attention on the wide-ranging complex of elements requisite for sustainable growth and development, including clean water, clean energy, sustainable cities, responsible consumption, climate action, and improvements in life below water and on land. (Please see the full list at the end of this article.)

These UN goals have established an initial foothold in corporate boardrooms. Influential business leaders are adding their voices of support, and evidence is accumulating that sustainable growth is also stronger growth. Sustainability has become a business imperative.

Competitive edge

A few leading companies have proven already that there is a measurable competitive edge in sustainability. In a comprehensive Harvard Business Review assessment of existing studies, two researchers at the New York University Stern School of Business confirmed "a positive impact on business performance" from sustainable business practices due to greater stakeholder engagement, improved risk management, better innovation, improved financial performance, greater customer loyalty, and a better ability to attract and engage talent.

For example, one study found that between 2006 and 2010, the top 100 sustainable growth companies outperformed the competition in sales growth, return on assets, profits before taxation, and cash flow. Another study of companies in the pulp, paper, and chemical industries found that sustainable companies enjoyed a cost of debt that was 40-to-45 basis points lower. Interestingly, these lower debt costs were related in part to the fact that environmental superiority is the product of better technology, which in turn provides a competitive advantage that reduces bond risks.

Another study cited in this review broke down sales by product line at a handful of the S&P Global Top 100. Sustainable products at those firms grew at six times the rate of overall company revenues. A BCG analysis of top performers across a variety of ESG areas—environmental, social, and governance—found valuation multiples 3-to-19 percent higher than median performers, as well as margins up to 12.4 percent higher. As one of the authors of this report concluded, "These findings illustrate that the best way for business to ensure growth and longevity is to meet some of the hardest challenges in society in a way that supports performance."

One of the most important elements of sustainability is a long-term view of priorities, investments and returns. Another McKinsey analysis of the performance of 615 large and mid-cap US public companies, between 2001 and 2015, found that companies exhibiting a long-term view in how they managed investments and earnings enjoyed 47 percent more revenue on average and a $7 billion higher average market capitalization.

Time after time, sustainable business practices are found to be more efficient, more technologically advanced, and more attractive to all parties in the value chain. The payoff for firms with sustainability at the heart of their operations is a sizeable competitive edge in the marketplace.

An uncomfortable imperative

Sustainability has migrated from a marketing issue about publicity or a niche segment to a foundational issue about the biggest opportunities in the marketplace. But it comes with risks and new business practices. Simply put, it is a necessary yet uncomfortable imperative for growth. For companies to hold their own in a marketplace in which sustainability has emerged as a central imperative, they must think beyond the comfort zone of business as usual.

In the past, barring an occasional misstep or a temporary flare-up in public opinion, sustainability could be comfortably managed on the back burner by most companies because nothing about it had any bearing on the core purpose or existential viability of a business. This has changed. Sustainability feels uncomfortable because it requires that companies reinvent how they think about the marketplace, how they operate within it, and how they communicate with consumers.

But uncomfortable does not mean defensive. Growth is found now in uncomfortable places. This is true on many fronts, but especially sustainability. Forward-looking companies are turning sustainability into growth. There are new consumer needs to satisfy, new categories to pioneer and develop, and new business models to build using new value chains and new technologies. Sustainability is best played on offense, not defense, and it is best approached with a mindset of investing in risk not just mitigating it.

Not that the risks tied up in sustainability are inconsequential. Many industries are fundamentally jeopardized by environmental threats. There is nothing easy about the uncomfortable imperative of sustainability. It might mean moving to a direct-to-consumer business model to minimize waste and carbon footprint. It might mean transitioning from fossil fuels to solar and wind power. It might mean fair trade, or rentals not ownership, or financial literacy, or empowering women and minorities, or committing to net-zero environmental impact. These are things that some companies have done already, and despite the discomfort of doing so, in order to ensure sustainable advantage, more companies will have to do these things and more.

Rethinking and redesigning today's unsustainable culture of consumption offers many opportunities for growth. It will be uncomfortable because effecting deep and lasting behavioral change is difficult and hard, both for consumers and for companies. But this is where growth is found.

The only way to conduct business

The lack of pervasive and passionate customer demand for sustainable goods and services is the reason that sustainability has been a low priority in years past. But the business context of sustainability is changing. Whatever the demand from customers, companies themselves are beginning to understand sustainability as an existential issue.

Sustainability has migrated from a marketing issue about publicity or a niche segment to a foundational issue about the biggest opportunities in the marketplace. For companies to hold their own in a marketplace in which sustainability has emerged as a central imperative, they must think beyond the comfort zone of business as usual.

The values shared by the next generation of workers mean that companies without a commitment to sustainability will not get top talent

Business leaders see the unfolding of a future that threatens the fundamental requirements for doing business. In the face of challenges like water scarcity, resource depletion, deforestation, desertification, ocean acidification, topsoil depletion, and global warming the realization is growing that environmental problems threaten both the ability to produce goods and the markets that buy those goods. It's a simple equation—no production and no consumption equal no business.

Companies of every sort are facing these threats. Energy companies are dealing with carbon emissions. Beer producers with water scarcity. Cattle and beef companies with climate change. Just to mention a few. At the same time, the values shared by the next generation of workers mean that companies without a commitment to sustainability will not get top talent. Communities, too, are insisting on more from companies. Advocacy groups have become emboldened. Regulatory pressure is increasing in key markets.

Every part of the network in which companies operate is focused on sustainability. Not just a segment of consumers, but every party at the intersection of operating a business. Investors are demanding it. Suppliers are shifting in that direction. Technologies and materials are incorporating it. Lawmakers are legislating it. It is impossible for companies to operate any longer without sustainability at the center of everything.

Sustainability does not have to be universally embraced for universal change to happen. For example, pressures for sustainability are growing most strongly in the EU, where advocacy groups are concentrating attention. Standards set there will ripple out globally, thus resetting the context in which companies everywhere must operate. Similarly, in the US, the size of the vehicle market in California means that emission standards set by that state influence how all vehicles are manufactured nationwide. Sustainability is no longer about how to conduct business for a niche segment of customers. It has become the only way to conduct business for everyone.

Commercial constituencies

The clearest sign that sustainability has become a business imperative is that the loudest voices preaching sustainability to business leaders are other business leaders. In a widely quoted 2020 letter to CEOs, Larry Fink, chairman of global financial giant BlackRock, wrote that "Climate change has become a defining factor in companies' long-term prospects... Awareness is rapidly changing, and I believe we are on the edge of a fundamental reshaping of finance."

In a 2019 interview marking the launch of his corporate social responsibility consultancy, Paul Polman, the former CEO of Unilever, described his view of sustainability as the keystone of competitive advantage. "Some people think greed is good," said Polman. "But over and over it's proven that ultimately generosity is better."

The goals that comprise sustainability were endorsed as well by the powerful coalition of CEOs who make up The Business Roundtable. Founded in 1972 to promote corporate interests, it was long guided by a statement of purpose that focused only on shareholders. But in August 2019, it reset its purpose around a strong and sustainable economy that serves a portfolio of all stakeholders consisting of customers, employees, suppliers, and communities in addition to shareholders.

In a brand repositioning called The New Agenda, the Financial Times argued for a reset of capitalism, declaring "...we challenge business leaders to protect the future of free enterprise and wealth creation by pursuing profit with purpose."

The business challenge of sustainability is its complexity. It could take a top-to-bottom overhaul of operations affecting supply chains, product designs, manufacturing processes, financial metrics, investor relations, employee recruiting and training, human resources policies, community-building initiatives, marketing strategies, and more. Sustainability is an entirely different way of doing business, not just a few tweaks to the current way of doing business.

Sustainability requires a systemic view of possibilities and consequences. Business leaders will be challenged in many ways by the uncomfortable requirements of this imperative. The imperative of uncomfortable growth is what sustainability requires of companies. Kantar has developed a Sustainable Transformation Framework to enable business leaders to manage the six uncomfortable decisions or pivot points required to operate in a sustainable way. (Please see the following page.)

Getting comfortable with sustainability requires mastering these six imperatives. But there is a structure to these decisions. They provide a systemic way for companies to forge a path that will get them through the thicket of challenges presented by sustainability, ultimately to find a clearing of opportunity in which sustainable advantage is stronger and more profitable. This is the focus and the purpose of the Kantar Sustainable Transformation Practice.

Sustainability is no longer about how to conduct business for a niche segment of customers. It has become the only way to conduct business for everyone.

Sustainable Transformation Framework

A guide to managing six pivotal decisions

1 **WHERE TO PLAY**

Defining what a company needs to do first and has the right to tackle in an authentic way.

As the marketplace races towards sustainability, multiple demands are being made of companies all at once. Prioritizing a sequence of steps and investments is the essential first step.

2 **PURPOSEFUL IMPACT**

Creating something meaningful that will have enduring impact.

Companies are being scrutinized more sharply by many more audiences with many different agendas. Focus is critical, and it provides a platform for embedding sustainability more comprehensively.

3 **SUSTAINABILITY-LED INNOVATION**

Anticipating disruptive change and developing the relevant portfolio.

Sustainability involves sweeping changes affecting a company's planning, strategy, and operations. The need to reinvent everything brings innovation to the forefront.

4 **CONSUMER & CITIZEN CHANGE**

Understanding and unlocking commitment to change.

Even though the push for sustainability is coming from the entire ecosystem, not just consumers and citizens, there will still be a need to help people stick with behaviors that support their values and beliefs.

5 **EMPLOYEE INSPIRATION**

Inspiring purposeful employee change agents.

Talent is the biggest battleground of sustainability, both to recruit the best people and to deploy them for maximum impact in the marketplace.

6 **MEASUREMENT & LEARNING**

Benchmarking, ongoing metrics, and the strategic feedback loop.

Sustainability is a learning process that is uncomfortable. Companies are still figuring out what it means and what it takes. The sustainable future is evolving, so it is imperative to develop real-time assessment matched by agile responsiveness.

To find out more about the Kantar Sustainable Transformation Practice, please visit

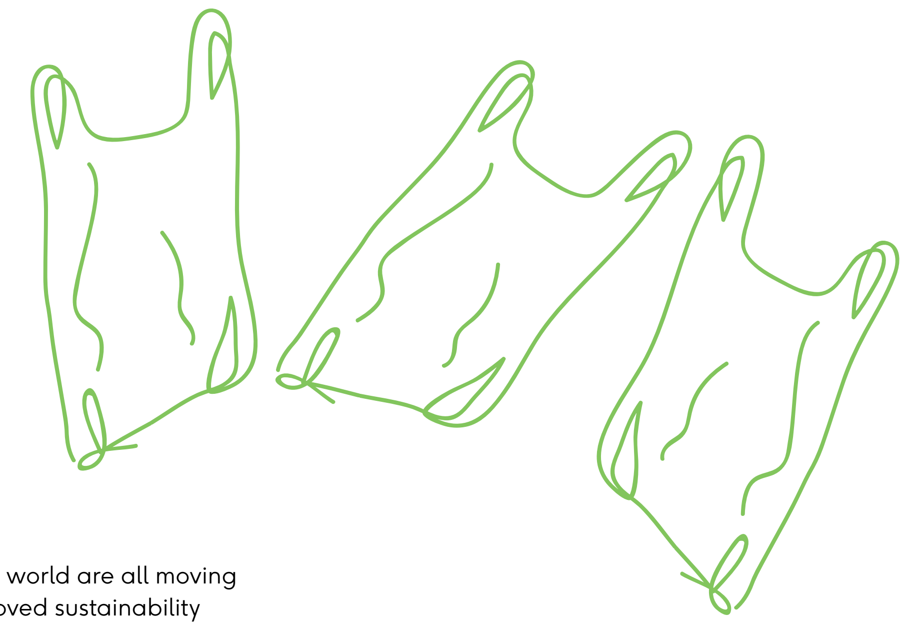
www.kantar.com/expertise/sustainability

SUSTAINABLE DEVELOPMENT GOALS

Sustainability progresses from trend to imperative

Across categories, brands advance new initiatives

The horrifying Covid-19 pandemic that exposed the vulnerable underbelly of our interconnected world prompted a clarifying question: If we are devastated by a virus that we cannot see and did not adequately anticipate, what will happen as the earth warms and the oceans rise, occurrences that we have witnessed and measured for a long time?



Regions of the world are all moving toward improved sustainability policies and practices, but they are moving at different speeds. India and China balance their global responsibilities with the development prerequisites of the earth's most populous countries. Consumer and regulatory pressures impel faster change in Europe than the US, where sustainability is a politically divisive issue. Meanwhile, middle-class consumers worldwide balance their sustainability best intentions with their desire for maximum convenience.

Brands across categories have been navigating these geopolitical, business, and consumer complexities. In some categories, like energy, the challenge has been acute, with pressure coming not simply from governments, NGOs, or interested consumers. Increasingly, activist shareholders exert pressure on energy companies to shift away from fossil fuels because carbon reserves that exceed Paris Agreement standards cannot be monetized. They are "stranded assets."

In FMCG categories, such as beverages or fast food, brands have responded with increased urgency, collaborating with various initiatives, such as TerraCycle Loop, to recycle, reduce packaging, and in other ways transition to a circular economy. Unilever announced that the brands in its portfolio that are most advanced in meeting corporate sustainability goals—its 28 "Sustainable Living Brands"—grew 69 percent faster than the rest of the business and produced three-quarters of company growth.

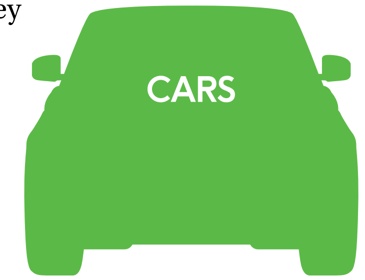
The economic impact of Covid-19 presents brands with the difficult dilemma of balancing their short-term business recovery needs with their longer-term, purposeful commitment to sustainability. Finding the right balance requires considering the sometimes-competing interests of a range of impacted stakeholders, including customers, employees, shareholders, and the wider society. One consideration cuts across categories: People will not reward a brand with a premium for doing the right thing, but they may penalize a brand for not doing the right thing, rejecting it for a competitor.

Sustainability

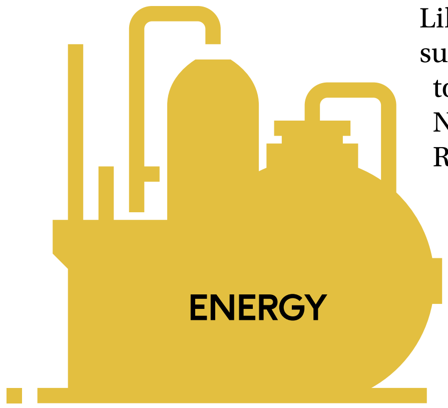
Brand Initiatives

Apparel brands, including fast fashion operators like H&M, introduced more products made from recycled material and introduced examples of brand as service, including repair and re-wear programs that emphasized sustainability over disposability and enhanced the in-store experience. Apparel brands also moderated expansion of their physical stores, while adding other distribution options, including subscription and rental.

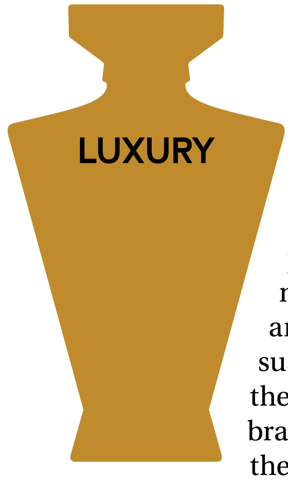
The Coca-Cola Company, PepsiCo, and Nestlé are among the partners of the New Plastics Economy, a group devoted to recycling plastic. Coca-Cola is developing a bottle made from plastic debris recovered from the ocean. PepsiCo relaunched Drinkfinity, its system for customizing drinks and making them portable with a reusable bottle. It also expanded its flavor additives for SodaStream, its countertop device for making sparkling water.



Carmakers are transitioning to an uncertain future of mobility in which clean-energy cars will be one of many transportation options. Meanwhile, carmakers are producing carbon combustion engines while they make the improvements to battery life and recharging infrastructure required for electric vehicles. For the first time this year, major car brands will offer an electric engine option for most of their models. Carmakers, particularly Toyota, also are investigating hydrogen as a fuel.



Like carmakers, the major energy companies are trying to sustain their carbon-based businesses while transitioning to alternative energies. Shell, based in the UK and the Netherlands, the UK's BP, Total of France, and Spain's Repsol have been among the most assertive about shifting away from carbon. Both Shell and BP announced that they would take responsibility for Scope 3 Emissions which is the carbon produced by combustion of their own products. The challenge for energy companies is to leverage the trust and other positive attributes of their corporate brands to help them more smoothly navigate through the transition.



Luxury brands have discovered that designing, crafting, and packaging products using sustainable materials can enhance desirability and exclusivity. Using this standard, sustainability is the new luxury. During the G7 Summit, 32 fashion and luxury brand signed a commitment to reduce their environmental footprint. Among the brands were Burberry, Chanel, Prada Group, and Kering Group, which owns Gucci and Saint Laurent, among other brands.

To improve the sustainability of their products and packaging, brands introduced more waterless products, including face wash and shampoo bars packed in recyclable paper. Waterless products appealed to consumers not only because of their ease on the environment, but because they last longer, and they are easier for travel. Upcycling—reusing a plastic bottle for another purpose, as a vase, for example—also became an important consideration.

Retailers worked on improving sustainability standards throughout the supply chain and addressing some of the complications. The rise of e-commerce, for example, may reduce the environmental footprint of physical stores, but delivery increases packaging and carbon emissions. Amazon Prime customers now have the option of delaying delivery until Amazon can consolidate their order into one shipment, which reduces carbon emissions. Target achieved its goal of installing 500 rooftop solar panel units on its stores and distribution centers by 2020. Ikea tested furniture rental. Both Ikea and Walmart have chief sustainability officers.

Insight

Disruption

Are brands ready for a new age of disruption?

Over the last 10 years, the transformation from closed to open business strategies has accelerated across industries, allowing companies to stay relevant and profitable in today's fast-moving world. We've also observed an interesting shift towards social and cultural motivated coopetition; seen in the Fashion industry especially, with 'rivals' coming together on issues like legislation and wellbeing. Commitments like these are driven by what matters to society at large—to the Millennial and Gen Z generations in particular.

As consumers increasingly align their current and future consumption with ethical values, what a company—and therefore its portfolio of brands—stands for is becoming more important than its effectiveness. These global consumer attitudes have resulted in companies branching out of their traditional businesses to serve greater social interests. The Domino's 'Paving for Pizza' campaign or Country Time's Country Time Legal-Ade fund, are just a couple of examples.

Today more than ever, the companies and brands that survive and defy disruption are those that recognize and embrace the attitudinal shift of global consumers, and then lead with transformational changes. Companies can still differentiate through product design, brand experience, and services but also collaborate on their commitment to important global causes. Brands will thus have to work harder to differentiate, creating value for consumers and shareholders in new ways—and with consciousness and openness of heart. As we look to 2020 and beyond, are you ready for a new age of disruption?

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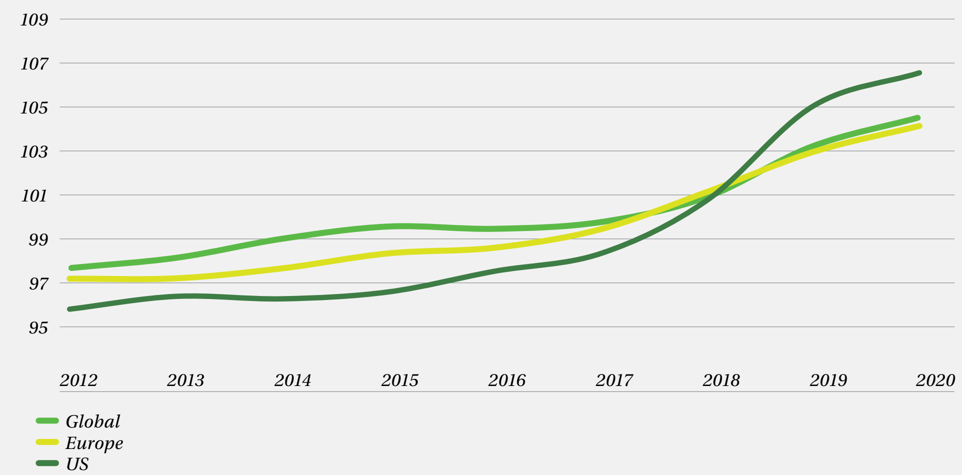
Perception of brand environmental responsibility steadily improves

The perception that brands worldwide are environmentally responsible has grown steadily over the past decade. Over the past several years, US brands have outpaced brands in Europe and globally in being perceived as environmentally responsible. This acceleration happened during a period when the US rolled back emission standards and withdrew from the Paris Climate Agreement. The disconnection between federal government actions and perceived brand responsibility suggests that brands are responding to the expectations of a wide group of stakeholders, including consumers, employees, and shareholders.

Sustainability Index

Average = 100



Categories: Banking, Cars, Mobile Phones, Grocery Retailers, Fast Food, Information News & Search, Online Sharing & Networking, Electrical / General Retailers, Luxury Goods, Filling Stations, Beers. Europe: UK, Germany, France, Italy

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

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Tailor fashion to fit demands of the circular economy era

Adding repair and rewear services helps renew the brand experience

In 2013, we witnessed the collapse of the Rana Plaza factory in Bangladesh, in which over 1,100 people died. Since then, a united Fashion Revolution movement has sought to transform the fashion industry and compel it to do better. What's more, the say/do gap between the ethical practices that consumers say they want from brands and their willingness to vote with their wallets is narrowing. According to Kantar's Global Monitor, 84 percent of consumers globally say they are making an effort to shop from companies that support causes they care about. Transparency is also high on the agenda; 93 percent of global consumers say seeking trust and transparency in brands is important. Yet it seems the more information we have, the more overwhelming it becomes to make the right decision.

In fashion, the key purchasing decision factors tend to be price, availability (or convenience), quality, and style. Many of the mainstream brands deliver on all these things, but most are only on the first steps in their journey towards being more environmentally friendly, and for some the mission ends there. Other factors, like impact on communities, local trade, transportation and working conditions, are still low down the priority funnel.

In an industry that thrives off consumers' appetite for novelty and excess, sustainability strategies have, unsurprisingly, focused on the product. Fast fashion retailer Primark has enlisted the sustainability advocacy and consultancy organization WRAP to develop sustainable cotton ranges that now dominate two of its biggest categories—pajamas and denim. Tommy Hilfiger works with the Ellen Macarthur Foundation to optimize its supply chain, with a view to securing 100 percent of its cotton from sustainable sources by this year and sourcing all materials from the circular economy by 2030. LVMH has partnered with UNESCO as part of a collaborative drive to improve the environmental performance of its manufacturing processes. All of these are important and welcome initiatives. However, recent research from Kantar Worldpanel indicates that stamps of approval from ethical certification schemes can be overwhelming for shoppers, who struggle to distill the marketing noise about sustainable fashion.

Sustainability and service

And what happens when these products lose their buttons, shine, or novelty? With options to recycle textile products limited and information about how to do so remaining opaque and inconsistent from region to region, the legwork consumers must do to dispose of products ethically only adds to the mental burden sustainable shoppers already face. While many consumers are now alert to the notion of planned obsolescence, the skills required to combat this culture are lacking and those who possess this knowledge command high prices for it.

The London leather care specialist, The Restory, charges upwards of £40 ($52) for new tabs and loops, with re-stitching starting at £140 ($175). This is perhaps to be expected from a service found in upscale department stores like Harvey Nichols and Selfridges. Yet the prohibitive prices make it more tempting for shoppers to spend that money on something new rather than something old. This is where we see sustainability playing a crucial role in the "servicization" of fashion retail.

It began with independent labels such as Nudie Jeans and Hiutt Denim offering free repairs for life. While Nudie doesn't guarantee that every garment can definitely be repaired, it does incentivize shoppers to return to them to explore options, creating another touchpoint with the brand at a time when customers might be tempted to look elsewhere for replacements. What's more, garments that are beyond repair can easily be brought into the brand's circular loop, removing the labor of recycling from the shopper.

Now mainstream brands have joined the movement too. H&M's Take Care program educates shoppers on how to care for their clothing, with repair and laundering hacks for snags and stains. This not only empowers shoppers to develop new skills, but also enables them to make more informed decisions about whether or not garments are truly obsolete. Services make a critical contribution to the brand experience, with 88 percent of global consumers saying having products and services that anticipate their needs is important. While far from normalized, this holistic combination of sustainable products and services helps shoppers feel supported in their sustainable lifestyle choices, giving them peace of mind and building brand love. In an age when we constantly hear that consumers are prioritizing experiences over material possessions fashion brands don't have to miss out. They just have to be prepared to deliver a service-oriented experience that ensures their togs stand the test of time.

TAKEAWAYS

1 Make it easy
Customers are increasingly interested in sustainable products. Make it easy for customers to find them and associate your brands with sustainability.

2 Incentivize repeat purchases
People have a fundamental need for clothing. Reward them for coming back to you for sustainable replacement purchases.

3 Offer services
As consumerism changes, brands are not only about providing more products to buy but also the services and experiences that surround products. With repair or renewal options, make sustainability part of your integrated service offering.

This holistic combination of sustainable products and services helps shoppers feel supported in their sustainable lifestyle choices, giving them peace of mind and building brand love.

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Beverage brands must broaden the commitment to sustainability

Investment in recycling infrastructure will help realize plastic reduction goals

Beverage brands are increasingly participating in sustainability by committing to use recycled plastic in their bottles and packaging. These commitments signal to customers, employees, and the market that a critical pivot toward sustainability is being addressed within the organization. To make these commitments, brands generally turn to the New Plastics Economy Global Commitment.

Launched in 2018 to help end plastic waste and pollution at its source, the New Plastics Economy Global Commitment is a collaboration of the Ellen MacArthur Foundation and the UN. It had over 450 signatories as of February 2020, including many global beverage brands. While commitments around using recycled material have become mainstream, beverage brands need to quickly think about how they can act to make their commitments a reality through infrastructure.

By signing the New Plastics Economy Global Commitment, brands commit to three core actions:

1. Eliminate all problematic and unnecessary plastic items.
2. Innovate to ensure that the plastics we do need are reusable, recyclable, or compostable.
3. Circulate all the plastic items we use to keep them in the economy and out of the environment.

As of the 2019 Global Commitment report, of the top ten FMCG companies, Nestlé, PepsiCo, Unilever and The Coca-Cola Company showed progress toward their respective goals. Yet, it's no longer enough to commit to making bottles out of recycled plastic. Beverage brands must also take action to invest in infrastructure that enables recycled material for their bottles and packaging to be readily available during production.

Brands must further commit to infrastructure because the reality is, in order for brands to fulfill the sustainable commitments that have been made around plastic packaging, the recycling system requires immediate attention. In its 2019 report, The Bridge to Circularity, the Recycling Partnership, an industry-supported non-profit, identified two core reasons why this is the case, specifically in the United States.

1. The speed of packaging innovation has outpaced the capabilities of recycling infrastructure.
2. In its current form, the US recycling system cannot deliver the supply of recycled materials demanded by the New Plastics Economy Global Commitment.

In order to tackle the implications of these realities, beverage brands need to be invested in also tackling the systems that allow their commitments to be met. Partnerships with engineering, product development, policy, and recycling and sanitation experts are key to identifying ways to make their commitments a reality.

A great example of brands investing in infrastructure is the "Every Bottle Back" initiative, which seeks to reclaim the beverage industry's plastic bottles so they can be made into new bottles. The initiative is championed by The Coca-Cola Company, PepsiCo and Keurig Dr Pepper, in partnership with World Wildlife Fund, the Recycling Partnership, and Closed Loop Partners, a circular economy investment firm.

It is backed by a $100 million investment to improve local recycling programs through sorting, processing, and collection of plastic in areas where there are the biggest infrastructure gaps throughout the United States. The initiative also seeks to promote the importance of 100 percent recycled bottles; measure industry progress in reducing the use of new plastic; and introduce voluntary 100 percent recycled messaging on packaging.

Going forward, it is critical for beverage brands to consider all the systems that enable their sustainability commitments to come to life. This additional commitment will create opportunities for beverage brands to flex their power and influence for good in new areas—such as investing in new recycling infrastructure, getting involved in policy, and creating whole new business models around recovery, sortation, and reuse. Like all commitments and intentions rooted in sustainability, brands that embed their commitments into their core values, purpose, and overall business model will unlock these opportunities and meet and surpass their goals faster than those that don't.

Ogilvy

Ogilvy is an award-winning integrated creative network that makes brands matter businesses across 132 offices in 83 countries.

www.ogilvy.com

The Categories

SECTION FOUR

Digitization drives category growth

Coronavirus and geopolitics impact the results

Only six of the 14 categories examined in the 2020 BrandZ™ Global Top 100 increased in value, led by retail, up 21 percent, following a 25 percent increase a year ago, and technology, which rose 10 percent compared with a 4 percent increase a year ago.

For most of the categories—both those that increased and decreased in value—the gain or loss was modest and influenced by shopping behavior during the pandemic. In all categories, the economic repercussions of Covid-19 accentuated the impact of ongoing trends and dynamics.

Retail's surge in value indicated how the category leaders have successfully transformed from exclusively bricks and mortar merchants to integrated online-offline, all-the-time operators. Both retail and technology reflected the impact of digitization and the ability of brands in those categories to both shape and meet the needs of people's everyday lives.

Similarly, e-commerce and delivery or pick-up options helped moderate the impact of home quarantining and the closure of physical stores, restaurants, bars, and sports and entertainment venues on the apparel, fast food, and beer categories.

The lack of physical retail also hurt telecom providers as people purchased fewer mobile phones, which slowed revenue and subscriber growth for some network operators. The telecom provider category declined 4 percent. Responding to changing consumer attitudes about carbonated soft drinks, the beverages category rose 4 percent in value, but down from a 9 percent rise a year ago.

Brands most adept at digitization and closely aligned with consumer trends outperformed their categories. Although the apparel category remains unchanged in value, Lululemon increased 40 percent. Domino's Pizza increased 12 percent, while the fast food category declined 2 percent.

The performance of brands based in Asia, including Ping An and AIA buoyed the insurance category, which rose 8 percent in value. Strength in China helped Estée Lauder rise 15 percent in value and Lancôme increase 11 percent, surpassing the 4 percent rise of the personal care category.

The shutdown of China's economy hurt the luxury category, which continued to grow in value, but by only 3 percent compared with 29 percent a year ago. Luxury sales resurged with the pent-up demand unleashed after China's economy reopened.

Of the seven categories that declined in value, the four that declined by the greatest percentage—cars, regional banks, global banks, and energy—encountered fallout from geopolitics as well as the pandemic.

Responding to regulatory pressure to reduce carbon emission, car brands had planned to introduce extensive ranges of electric vehicles. But reduced driving and economic uncertainty chilled interest in big-ticket purchases.

Already struggling to balance stakeholder interests and produce a return on investment while evolving away from fossil fuels, energy brands were caught in a perfect storm when demand evaporated because of Covid-19, but global oversupply created an oil glut that drove the benchmark price of oil to below zero.

Covid-19 compounded challenges for banks, already struggling with the low interest rate environment and fintech competition. Important revenue streams slowed overnight, including cross-border mergers and acquisitions, IPOs, and corporate borrowing.

Retail

Category Value % Change 2020 vs. 2019
+21%

Category Value % Change 2019 vs. 2018
+25%

Total Category Value
$870.7 billion

Technology

Category Value % Change 2020 vs. 2019
+10%

Category Value % Change 2019 vs. 2018
+4%

Total Category Value
$1823 billion

Insurance

Category Value % Change 2020 vs. 2019
+8%

Category Value % Change 2019 vs. 2018
+15%

Total Category Value
$135.2 billion

Personal Care

Category Value % Change 2020 vs. 2019
+4%

Category Value % Change 2019 vs. 2018
+2%

Total Category Value
$132.8 billion

Beverages

Category Value % Change 2020 vs. 2019
+4%

Category Value % Change 2019 vs. 2018
+9%

Total Category Value
$181.4 billion

Luxury

Category Value % Change 2020 vs. 2019
+3%

Category Value % Change 2019 vs. 2018
+29%

Total Category Value
$176.8 billion

Apparel

Category Value % Change 2020 vs. 2019
0%

Category Value % Change 2019 vs. 2018
+6%

Total Category Value
$117.6 billion

Fast Food

Category Value % Change 2020 vs. 2019
-2%

Category Value % Change 2019 vs. 2018
+5%

Total Category Value
$249.8 billion

Telecom Providers

Category Value % Change 2020 vs. 2019
-4%

Category Value % Change 2019 vs. 2018
+1%

Total Category Value
$441.8 billion

Beer

Category Value % Change 2020 vs. 2019
-4%

Category Value % Change 2019 vs. 2018
-6%

Total Category Value
$74.5 billion

Cars

Category Value % Change 2020 vs. 2019
-7%

Category Value % Change 2019 vs. 2018
-7%

Total Category Value
$129.7 billion

Regional Banks

Category Value % Change 2020 vs. 2019
-11%

Category Value % Change 2019 vs. 2018
-7%

Total Category Value
$219.5 billion

Global Banks

Category Value % Change 2020 vs. 2019
-19%

Category Value % Change 2019 vs. 2018
-8%

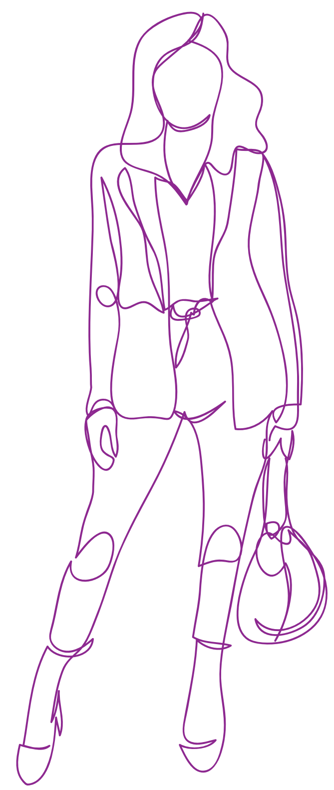
Total Category Value
$98.1 billion

Energy

Category Value % Change 2020 vs. 2019
-22%

Category Value % Change 2019 vs. 2018
+4%

Total Category Value
$79.0billion



The Consumer Categories

Apparel

Changing cultural values inspire newest fashions

Brands embrace inclusivity, wellness, sustainability

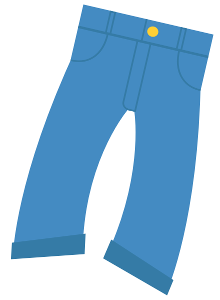
Category Brand Value Year-on-Year Change

0%

Apparel Top 10 Total Brand Value

$118B

The apparel category is comprised of massmarket men's and women's fashion and sportswear brands.



The apparel brands most aligned with how people live today, dressing casually and trying to be healthier and more environmentally responsible, increased most in value. Athleisure brands especially benefited from these trends, and fast fashion brands introduced initiatives to strengthen their sustainability credentials. Covid-19 store closings impacted category value, which remained flat year-on-year.

To meet changing consumer expectations, apparel brands launched more products made from recycled materials and introduced the idea of brand as service, including repair and re-wear programs that emphasized sustainability over disposability and enhanced the in-store experience. Some chains added subscription and rental models.

A consortium of environmental organizations ranked adidas AG, Hennes & Mauritz AB Group (H&M), Levi Strauss & Co., and Nike Inc. leaders in their use of sustainable cotton. H&M, Zara corporate parent, Industria de Diseno Textil SA (Inditex), adidas, and Nike were among the apparel makers that signed the G7 Fashion Pact to make major changes that address the climate crisis. Inditex, for example, said that all its products would be made with 100 percent recyclable materials by 2025.

Apparel brands also stretched the notion of inclusivity. In partnership with singer Beyoncé, adidas introduced a line of non-gendered clothing. H&M and Zara also introduced non-gendered clothing. Converse designed a new collection called Converse Shapes to fit people of different body shapes, regardless of gender.

Sustainability and inclusivity

H&M introduced its "Take Care" repair stations in some stores to educate customers about how proper care can extend the life of their garments. The boutique brand Hiut Jeans offered lifetime repair as did Nudie Jeans, an upstart brand from Sweden.

Adidas offered a sneaker cleaning service where customers pay a fee for having their shoes cleaned or customized. Adidas also introduced a voucher program, incentivizing people to trade in their used adidas merchandise for reuse or recycling. Some apparel brands that retain their value, like Lululemon, were available on resale sites. Patagonia continued operating its own recycling program, called Worn Wear.

BRANDZ™ APPAREL TOP 10

		Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	Nike	**49,962**	47,360	+6%
2	Zara	**21,286**	22,581	-6%
3	adidas	**14,812**	13,355	+11%
4	Lululemon	**9,669**	6,921	+40%
5	Uniqlo	**8,217**	9,828	-16%
6	H&M	**4,662**	6,380	-27%
7	Under Armour	**2,598**	3,938	-34%
8	The North Face	**2,449**	2,861	-14%
9	Puma	**2,134**	NEW	
10	Massimo Dutti	**1,844**	NEW	

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

Apparel retailers, such as Anthropologie and Urban Outfitters, offered rental programs, originally the province of luxury sites like The Real Real. Some businesses, like Rent The Runway and Stich Fix, were subscription based. MM.Lafleur had a subscription model for women's office attire called MM.Lafleur Bento Box.

Zara and UK-based online retailer ASOS were among the brands using a technology called Fit Analytics to achieve more accurate sizing, an accomplishment that potentially could reduce return shipping and the related environmental impact. The ASOS version, called See My Fit, enables shoppers to view dresses from ASOS on different sized models.

Conscious consumption existed in tension with conspicuous consumption as athleisure brands partnered with luxury brands: Nike with Dior, adidas with Prada, and Puma with Balmain. A limited-edition Nike Air Jordan 1 High OG Dior was expected to retail for over $2,000. The adidas-Prada shoe matched with a Prada bag was priced at around $3,000. The collaborations helped apparel brands reinforce their craftsmanship message and luxury brands expand their audiences.

Experience and expansion

Lululemon opened its first experiential store, in Chicago, which includes the brand's first café. Lululemon continued to hit a lot of the right notes, producing quality, fashionable clothing, and creating a community around the brand with yoga sessions and other in-store and online events.

The brand community, along with quality and distribution controls, were among the reasons Lululemon was able to command a premium. Lululemon also promoted its men's clothing range at a time of relaxed gender distinctions in apparel.

Uniqlo, well-positioned as a brand that makes casual clothing for the way people actually live, introduced a program to encourage trial of its clothing and use of its app. It rewarded people who downloaded the app with an item of Heattech, the brand's inner layer insulating clothing for cold weather. Uniqlo also continued its partnerships with other brands, this time with Marimekko.

Focused on improving and expanding their online presence, H&M and Zara shut poorly performing stores and slowed the pace of new store openings. And both brands expanded into the home category. H&M also improved its technology, benefitting from online growth, and reconfigured certain stores with a more engaging experience.

Having increased dramatically in value because of its on-fashion, hi-tech performance apparel, Under Armour cooled in part because of brand perception changes that followed a distribution channel shift to mass retail.

COVID-19 IMPACT

SHUT STORES, LOWER DEMAND HURT SALES

The Covid-19 pandemic accentuated the ongoing category trend—the popularity of casual clothing, particularly athleisure, designed for the way people live today. While quarantined and working from home people dressed for comfort, and purchasing more apparel was not a high priority. In addition, the shutdown of non-essential retail pressured brands that relied on vast networks of physical stores. Lululemon, which grew the most in value, 40 percent, benefited from the strength of its online business and its community of followers, which it served with an extensive menu of online yoga classes. The value of the apparel category remained unchanged from a year ago, when it rose 6 percent.

BrandZ™ Analysis

Athleisure brands continued to lead category value growth...

Of the BrandZ™ Apparel Top 10, the athleisure brands collectively increased in volume and the other apparel brands decreased collectively, although individual brand performance varied.

Athleisure brands	Other apparel brands
Nike, adidas, Lululemon, Under Armour, North Face, Puma	Zara, H&M, Uniqlo, Massimo Dutti
+$5.4B	-$4.8B

... Distinctive design is critical...

The apparel brands that increased in value scored higher than the declining brands in design distinctiveness and quality.

	Distinctive look and feel	Well-designed products
Growing brands	112	116
Declining brands	105	109

Average = 100

... Responsibility also contributes to value growth

The apparel brands that increased in value also scored higher in social and environmental responsibility.

	Social responsibility	Environmental responsibility
Growing brands	112	110
Declining brands	106	106

Average = 100

SOURCE: BrandZ™ / Kantar

Brand Building Action Points

1 Think beyond product

In parts of the world where people feel they already have enough stuff, and purchasing becomes more considered, the future of brand growth will include the provision of brand-relevant services. In apparel, brands may continue their function of meeting a basic human need for clothing. But that clothing may be new, repaired, or rented.

2 Enhance experience

Adding new services like rental or repair align with the consumer concern about sustainability and also create an opportunity to enhance the experience in the store, which can become not only a place to purchase products but also a place with relevant services that add touchpoints and reasons for the customer to return.

3 Create community

Brand communities form when customers feel connected to a brand beyond products, to the brand's values and to the life the brand represents. Not every brand can create a community. Not every person has the time or need to be linked with communities of people who also use the same brands as they. But when community building is possible, it can be powerful.

4 Fill emotional needs

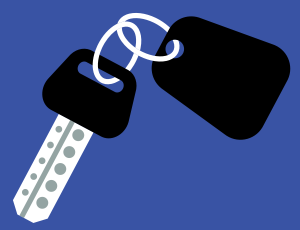
Clothing is a basic need. With basic needs satisfied, people may buy less clothing to reduce their impact on the environment. In that context, each additional item of apparel may become important not only for its functionality but also because it fulfills another important need for an emotional lift or self-expression.

The Consumer Categories

Cars

Car makers accelerate rollout of electric models

But uncertainty fogs the road to mobility's future



Category Brand Value Year-on-Year Change

-7%

Cars Top 10 Total Brand Value

$130B

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

This is the year carmakers expected to begin delivering on their recent communications about producing electric cars. Rather than have one electric vehicle in the product range, leading brands planned to offer an electric engine for most of their models, with the term electric including both hybrids and electric plug-in vehicles that drive several hundred miles on a relatively fast charge.

Repercussions of the Covid-19 pandemic, the plant closings and decimated demand, slowed progress but did not immediately alter the dynamics. Government is accelerating the shift to electric both in Europe, with stricter carbon emission standards, and in China, with financial incentives for purchasing electric vehicles. In contrast, the federal government's rollback of emission standards reduced the urgency of the transition to electric in the US.

Electric charging infrastructure is developing quickly in China, the world's largest car market, where the government promotes the development of electric vehicles as one of the industries where it aspires to global leadership. Infrastructure is developing slowly in the US, the world's second-largest car market, because of limited pressure from government or consumers.

Consumer adaptation of electric is still lagging in most places except China. A wide gap between intention and purchase exists, even in Europe, because of price perceptions and anxiety about battery life and driving range, according to Kantar research. Relatively low fuel prices are an added disincentive for transitioning to electric in the US.

And despite expressed consumer concern about the protecting the environment, SUVs are the most popular model option across regions, in part because consumers feel more in command sitting higher over the road. Because of their popularity, car makers are designing SUVs for all size vehicles, which dilutes design as a brand differentiator.

BRANDZ™ CARS TOP 10

		Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	Toyota	**28,388**	29,151	-3%
2	Mercedes-Benz	**21,349**	23,355	-9%
3	BMW	**20,517**	23,326	-12%
4	Tesla	**11,350**	9,285	+22%
5	Ford	**10,067**	11,211	-10%
6	Honda	**9,974**	11,749	-15%
7	Nissan	**8,658**	10,554	-18%
8	Audi	**7,334**	8,556	-14%
9	Volkswagen	**6,462**	6,707	-4%
10	Porsche	**5,606**	5,817	-4%

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

Insight

Differentiation

SUV styling, tech initiatives create vehicle sameness

So much of automotive design and engineering is dictated by safety and fuel-efficiency regulations and packaging considerations, there's a sameness to many vehicles. Multiple SUVs, from the Jaguar F-Pace down to the Kia Sportage, all offer 2.0-liter 4-cylinder engines and share the same basic look. So, how do you differentiate? Some brands are doing so with advanced technology—Tesla's Autopilot comes to mind, and Cadillac's Super Cruise is a key selling point for the upcoming Escalade. Brands like Mercedes and Genesis are using more expressive—even intentionally polarizing—styling. Japanese carmakers are doing things like studying the relationship between driver and machine to make the interface more satisfying. Or they're creating special interiors for the Lexus LS 500 that feature cut glass and hand-pleated fabric—both evoking traditional Japanese crafts. The idea is to create a bespoke interior, much as Rolls-Royce is doing in its Phantom with The Gallery: a space on the instrument panel literally intended as a one-off art piece. For all the World's Fair-like chutzpah, fully autonomous pods taking us from point A to B are a long way off; until then, real points of distinction are needed to prevent cars from being seen as mere appliances.

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Shifting to electric

Carmakers are investing as if the shift to electric vehicles is inexorable and about to happen sooner rather than later, although adoption has been relatively slow so far. Among the German brands, the electric sub-brand for Mercedes is EQ; for Audi, e-tron; and for Volkswagen, ID. BMW offers a wide range of electric options called BMWi.

French car makers Renault, Peugeot, and Citroën planned to offer hybrid versions of their cars. The American, British, Italian, Japanese, and Korean carmakers each have electric ranges. One of the competitive pressures for moving quickly is the success of Tesla, particularly its mid-priced Model 3, which offers driving range options that can reach over 300 miles per charge.

Producing high performing electric vehicles was only part of the challenge carmakers faced. They needed to convince consumers to buy them. Consumers are skeptical that electric motors can match the power of a combustion engine.

In addition, carmakers needed to address consumer concern about electric engine driving range and reliability in cold climates. Consumers worry about aftercare, specifically the availability of mechanics able to repair an electric engine. Among the groups developing charging infrastructure are private entrepreneurs, supermarkets, car brands, and some energy companies adding charging stations to their retail locations. But there is limited coordination.

Plus, carmakers not only want to sell their electric cars; they want to sell them profitably, which is difficult. Producing electric cars requires major investment in production, distribution, and battery technology. Few European carmakers incentivized dealers to sell electric cars until recently. Electric vehicle sales will accelerate when the products are affordable for consumers and profitable for manufacturers, which primarily depends on achieving battery economies.

In addition, less can go wrong with electric motors, which means that car makers potentially will make less money from aftercare service and need to consider new revenue streams, such as subscription services. Some brands already offer subscription services as an option for car ownership. The subscriber chooses from a variety of cars based on need and occasion.

Adding to the dilemma of transitioning away from carbon-burning engines, it is not clear that electric engines are the most environmentally sound transportation solution because producing electricity comes with an environmental cost. Biofuels are an option. Car makers, particularly Toyota, are investigating alternatives, such as hydrogen.

Marketing and branding

For now, a lot of car marketing communication is about electric, although electric can be a hybrid or a plug-in. Car makers face at least two key challenges: helping consumers work through the confusion; and educating dealers as cars become increasingly complicated technological devices.

Because of electric engine silence, regulators in Europe and the US have mandated that, for safety, electric cars must emit some kind of sound at low speeds, like when parking, to alert pedestrians. Sound engineers have synthesized sounds that can replicate a surge of power and potentially customize a car's personality.

In a back-to-the future development, the test drive may become more important with electric cars, as a way to convince consumers that a quiet engine can have the thrust of a powerful V-8. To provide reassurance, European regulations also require that electric engines produce a sound when they reach a certain speed threshold.

Volkswagen and Audi have shifted their communications away from stressing functional advantages to be more emotional and locally connected with stories about mobility. The brands are focusing more on people rather than cars in an attempt to sound more human and reach younger consumers.

In an Audi Super Bowl ad, an environmental activist breaks out of a traffic jam and drives an electric car past gas stations while singing "Let it Go," the theme song from the movie Frozen. This approach moves away from telling different stories for each model, an approach taken by many car brands, and instead it shifts to telling a consistent story across the brand.

And in a major bet on the electric future for cars and the growth of electric engines, Ford has taken its most iconic model, the Mustang, and introduced an electric SUV with the Mustang badge to inform its entire electric lineup with Mustang image of power and performance.

Brand building options

Volvo, which has defined the brand around safety, pushed that association even further with a commitment to reduce traffic deaths associated with its brand to zero by 2030 by focusing on three safety challenges: speeding, drinking, and distraction. And it shared relevant research with the industry.

Car makers have moved away from some of the historically important marketing platforms. The Frankfurt Auto Show planned to end with the 2020 event, for example. However, Ford was present at Gamescon, the digital game trade fair in Cologne, where it announced the launch of e-sports racing teams. And Ford intends to reallocate some trade show investment into more targeted consumer events.

Trade shows are still part of the marketing budget, but in different ways. In the effort to broaden the perception of their businesses, car makers exhibited at the Consumer Electronics Show in Las Vegas. As part of its larger positioning as a mobility solutions company, Toyota appeared at CES to publicize its development of autonomous transportation for smart cities.

Insight

Sustainability

Gap persists between good intentions and purchase

Sustainability is showing potential for car brands. More people around the world aspire to drive cleaner and more efficient cars to reduce emissions and protect the environment. But mindsets and values don't always translate into new purchase behaviors. There is a gap between intentions and actions. A recent analysis we conducted on the car purchase decision journey in seven countries revealed that while 4 out of 10 traditional car buyers initially considered a hybrid or electric engine, they ended up purchasing a car running on fossil fuel. The main obstacles to switching were related to higher perceived costs and uncertainty about the autonomy and the recharging of the batteries. To turn the sustainability momentum into commercial growth, car brands need to identify and remove those barriers to purchase, at the precise moment they occur in the journey. To be successful, car brands need to deliver the right content and experience in the moments that matter for conversion—when potential buyers search online, surf on the brand website, or visit the dealership.

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Insight

Electric

Perception gap may stall interest in electric vehicles

Are we ready? Ready not only in terms of infrastructure but also from the consumers' point of view. Automotive innovation is one thing. The reality on the ground is another. The rules of the electric vehicle market are quite complex. It's not just about overcoming technical challenges—increasing charging points, improving batteries and charging speed, reducing costs and increasing autonomy for long-distance travel; it is also about perception. According to content insight analysis, users believe that plug-in hybrid electric cars are less practical, not exciting enough, less immersive without the engine sound, inadequate to off-road trips or wet ground, and unfit for 4x4 models. It's not only about tech issues, it's also about experience. If in the customers' mind the electric vehicles are less powerful, less cool, or less safe to drive in every ground condition, there will always be a huge gap in comparison with diesel or petrol cars. So, to give the electric cars more opportunities to grow, it is not necessary to change only the reality but also the context and people's impression. For these reasons it is relevant to communicate in the right way and in the right context in order to generate the positive feelings that will persuade consumers to buy an electric car.

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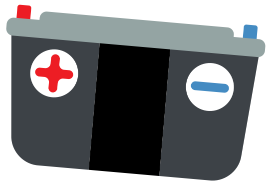


Having exhibited leadership on hybrid cars with the Prius, Toyota plans to be an Olympics sponsor for at least the next several years to establish leadership in mobility. Mobility initiatives include the work of Toyota's foundation to improve urban transportation and personal mobility, particularly for older or physically disabled people.

To market its luxury brand, Toyota Motor Corp. is developing restaurants and airport lounges by Lexus, including the restaurant Intersect by Lexus in New York City's trendy Meatpacking District. The restaurant is managed by an organization run by Danny Meyer, a restaurateur renowned for high standards of hospitality.

In an updated expression of traditional engine power, car makers have created fuel-efficient high horsepower muscle cars including the mid-engine Corvette, Dodge Challenger, Chevy Camaro, and the Mustang, for people who love driving.

A mobility future

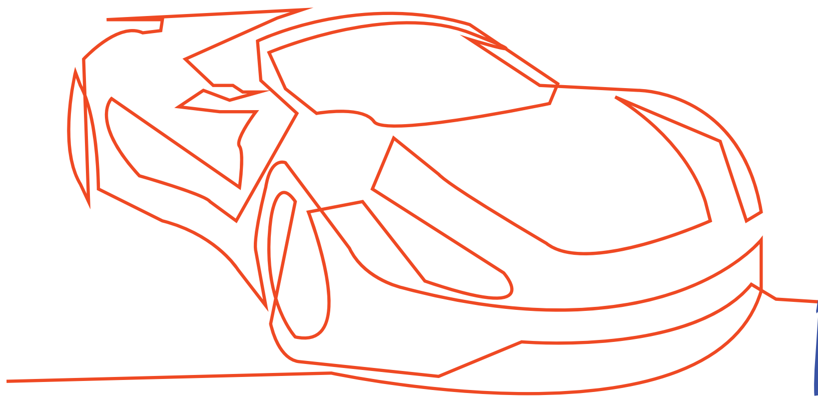
And that is a key question: how many people love driving? Will consumers still choose to buy cars or switch to other mobility options? Kantar research found that people feel the driving experience is best in their own car rather than in an equivalent rented car. People believe that their own car is safer and more personalized.

Only a limited group of people, mostly in urban centers, expect to abandon cars completely, Kantar research found. But outside of urban settings, where the most convenient option will be a car parked in a driveway or nearby, some version of car ownership will remain popular. Ownership could also include leasing a car.

But even in urban areas with lower car ownership, car brands intend to be part of the mobility solutions. In several German cities, for example, Volkswagen operates a shared-ride service using electric minivans to transport people traveling in the same direction. In a joint venture, Mercedes and BMW operate a car-sharing service called Car2Go. PSA Groupe, maker of Peugeot and Citroën, operates Free2Move, a vehicle sharing service that includes cars, bikes, and scooters.

Toyota is experimenting with a comprehensive mobility solution. Called Kinto, it intends to seamlessly link transpiration options, including car sharing, carpooling, ride-hailing, leasing, and subscription services.

For now, carmakers are driving toward a foggy future that will include some combination of cars powered by environmentally friendly engines and networks of other transportation options. To keep rolling until the fog lifts, they are depending on brands that are sufficiently differentiated and environmentally responsible.



Autonomy enables brands to demonstrate tech leadership

Connectivity enables brands to personalize, differentiate

Connectivity and personalization, important aspects of brand differentiation, become even more critical with the advent of 5G. Cars are including technology that receives data from surrounding cars and structures and also data from the cloud about relevant traffic issues or weather-related road conditions, all of which should make driving easier and safer. Carmakers are also working on predictive maintenance, anticipating problems rather than responding to them.

At the Las Vegas Consumer Electronics Show, Amazon promoted Echo and Alexa features for cars and the behind-the-scenes involvement of its AWS cloud services, which signals the potentially broad impact of evolving CASE technology, which refers to connected, autonomous, shared and electric.

Ford has said that by 2022 all its vehicles will have C-V2X technology, which is the technology that enables cars to communicate with infrastructure and with devices. The immediate practical benefits of this technology, called Ford Pass Connect, would be the ability to perform certain actions remotely, like starting the car, rolling down the windows, or running vehicle diagnostics. The vehicle-to-everything part of the technology is still in the future, how far in the future depends on infrastructure development.

People enjoy the comfort of cars, but increasingly they see advantages to being the passenger rather than the driver. The idea of multi-tasking while on the road especially draws attention, according to Kantar's Mobility Futures study, an extensive investigation into the state of mobility today and its future prospects.

Autonomy now is an opportunity for brands to demonstrate technological leadership, although the expectations have been dialed back from earlier years. Current assessments of autonomous vehicles assume that commercial applications will come first.

The complexity of navigation and safety issues means that fully autonomous cars, considered Level 5, are still on the distant horizon. Level 3, where the driver will keep control for many situations and where fleets of trucks operate in confined areas, are a near-term reality.

The Cadillac Escalade SuperCruise offers Level 3 autonomous systems as does Tesla. Other technology companies like Alphabet's Weymo are developing models. Rivian, an electric car maker, has a contract with Amazon to develop autonomous delivery vans. UPS has a contract with Tesla.

Anticipating the need to establish safety standards testing Level 4 and 5 autonomous vehicles, several brands, including Ford, GM, and Toyota formed the Automated Vehicle Safety Consortium in collaboration with SAE International, formerly known as the Society of Automotive Engineers.

Insight

Autonomy

Vehicles move slowly toward full autonomy

Autonomous vehicles are capturing headlines. But since the average car driving on US roadways is 10 years old, it will take years for the true benefits of AVs to become mainstream. Advanced driver assistance systems (ADAS), such as help with parking or lane change alerts, will bridge the gap before the technology is ready and SAE International (formerly the Society of Automotive Engineers) develops standards for fully automated vehicle tech, but only if drivers understand and implement the interim safety technology. Studies have shown drivers often disengage ADAS features because they find them annoying. Meanwhile, metro areas and closed campuses are experiencing benefits of electric and automated buses and shuttles, which is also serving to increase the public's comfort and familiarity with the technology.

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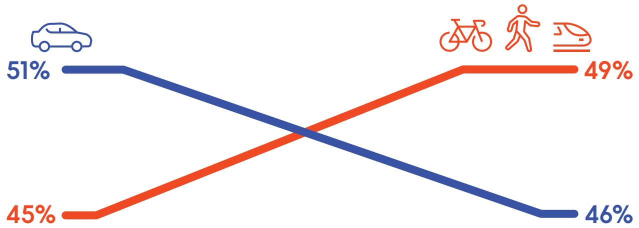
2030 will be tipping point for urban sustainable mobility

More sustainable transportation alternatives will overtake the use of cars during the next decade, according to a study of 31 cities worldwide by Kantar Mobility Futures. Biking is expected to increase most, followed by walking and public transportation. A quarter of the people interviewed said that would like to change their transportation option today.



SOURCE: Kantar Mobility Futures 2030 Forecast

Insight

Disruption

Tesla implements marketing basics to disrupt category

Tesla has come a long way since retrofitting the Lotus Elise with a battery in 2010. No automaker in the last decade has disrupted the four P's of marketing more than Tesla. In designing its *product* to be 100 percent electric, aesthetically pleasing, long-range and a thrill to drive, Tesla disproved the prevailing wisdom that electric motors could not be powerful. Although its announced low *pricing*, it has yet to fully materialize, Tesla's efforts with the more economical Model 3, and reveals of the Model Y and Cybertruck, demonstrate a determination to democratize luxury electric vehicles. Upending traditional advertising, amplifying personal buzz from its CEO Elon Musk, and nurturing word-of-mouth from its passionate customers has *promoted* an aurora of innovation, style and desire for Tesla. Most notably in North America, Tesla established a direct-to-consumer model, to the consternation of the long-held dealership establishment. *Place* of purchase echoed Amazon in its simplicity. Fleeting or sustainable, this end-of-decade milestone is memorable: in February 2020, Tesla's market value was greater than the combination of Ford, General Motors, and Fiat Chrysler. It remains to be seen what Tesla's legacy will be in the next decade as incumbents are responding, but it should already be admired for shaking up the status quo.

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COVID-19 IMPACT

A TOUGH BUSINESS BECOMES TOUGHER

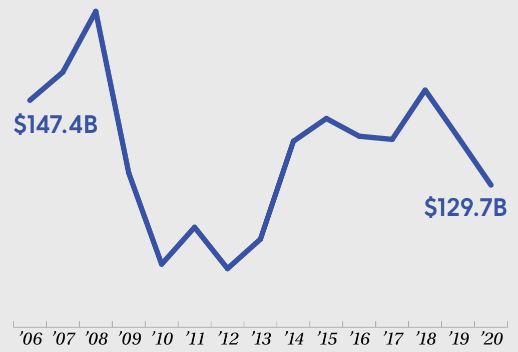
The car category struggled before the Covid-19 pandemic, shifting to electronic vehicles and preparing for an uncertain future of multiple mobility options. Plant shutdowns, supply chain disruption, dealer closings, and consumer reluctance to spend on big-ticket items during the pandemic made a tough business even tougher. The car category declined 7 percent following a 7 percent decline a year ago, when most car brands lost value. This year every brand but one—Tesla—declined. Tesla's 22 percent increase in value underscores a Covid-related theme crossing the many categories. While few brands were immune to the virus's impact, resilience came from being on-trend, responding to consumer values regarding sustainability, for example. Tesla not only met the growing desire for electric cars, but it began to produce them at a relatively affordable price. The stock market rewarded this accomplishment.

BrandZ™ Analysis

The value of the Cars Top 10 remains below its 2006 level…

The value of the BrandZ™ Cars Top 10 remains below its 2006 value and continues to decline.

BrandZ™ Cars Top 10 | Value Change



… New mobility options challenge car ownership….

Among the reasons for the ongoing value decline of the BrandZ™ Cars Top 10 is the emergence of other mobility options. Consumers say ride-sharing services, like Uber and Lyft, meet their needs better than car brands.

BrandZ™ Meets Needs Index

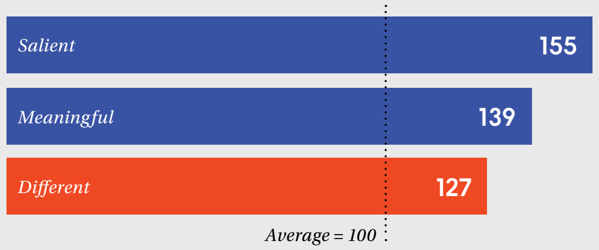
US taxi services, cars BrandZ™ 2019

… Meeting challenges depends on differentiation

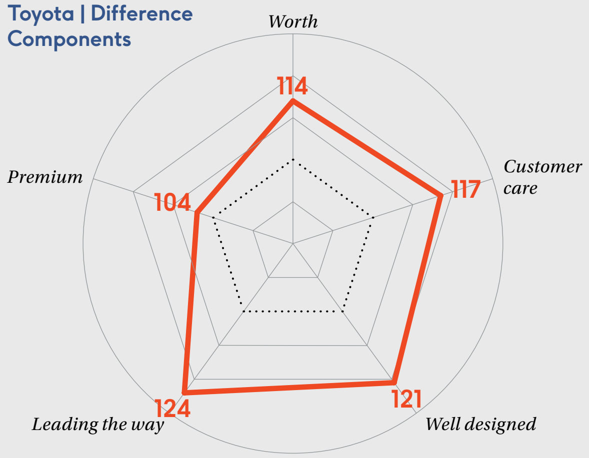
As car brands struggle with the changing mobility landscape, Toyota, the most valuable of the BrandZ™ Cars Top 10, has differentiated itself from other mid-range competitors by being known for well-designed cars and reliable customer care.

Brand Equity

BrandZ™ Indices (Global Weighted Averages):



Toyota | Difference Components



SOURCE: BrandZ™ / Kantar

Brand Building Action Points

1 Assert leadership

Brands across categories are expressing a point of view about sustainability and, more important, brands are taking actions to advance sustainability, particularly in categories where product or packaging changes can help reduce the negative impact on the environment. This challenge gives car brands an opportunity to differentiate and assert leadership.

2 Own a space

Enabled by technology, carmakers today produce safer, higher-performing vehicles featuring connectivity that enhances the driver experience with information and entertainment. And most brands offer these benefits in SUVs, the model consumers most prefer. Because of these advances, brands have ventured too close to experience and design sameness. One way to differentiate is to own a space—safety, technology, design, experience, price—whatever space best aligns with the brand.

3 Personalize

People believe that their best driving experience is in the car they own, according to Kantar's Mobility Futures research. This finding suggests people appreciate the level of comfort and familiarity they find in their own vehicle, and efforts to increase personalization add value. As in other categories, experience is an important brand feature for people today, especially young people. With more data available, it becomes more possible to personalize experience.

4 Anticipate change

Prepare for a future that includes cars but in which cars fit into a larger mobility landscape. In some places, particularly in rural areas, ownership will be more important than in urban areas where people will have more transportation options. But the challenge is not simply a rural-urban bifurcation. The balance of car-centric and other transportation options varies across cities worldwide, according to Kantar's Mobility Futures study. And the situation is fluid; around a quarter of urban citizens say they are willing to change the way they travel.

5 Collaborate

Comprehending and creating the mobility future of cars and services that will move people from place-to-place will require the collaboration of insight, manufacturing, and technology specialists. Association with the right partner not only adds expertise but also brand enhancement.

6 Update marketing touchpoints

Some touchpoints are new, like gaming, others are traditional but changing, like car shows and dealers. In addition to their role providing reassurance and closing the deal, dealers remain important to provide information beyond what is available on brand websites, and also to correct misinformation found on the internet. Dealers need to remain educated about the newest technology so they can help explain it to the customer. Especially with electric cars, the test drive becomes important as a way to overcome skepticism about the power of the electric engine.

The Consumer Categories

Luxury

SECTION FOUR

Progressive values shape traditional category

Sustainability becomes the new luxury

Category Brand Value Year-on-Year Change

+3%

Luxury Top 10 Total Brand Value

$177B

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

The influence of young consumers continued to shape the luxury category, even the very definition of luxury. Although attributes of luxury—design, materials, workmanship, exclusivity—remained essential, their expression evolved to meet the growing desire for products created with respect for people, the earth, and principles of sustainability.

The major luxury brands continued to cater to the limited audience of people whose lives include occasions when haute couture is de rigueur. But they produced more luxury items to meet the needs of people's everyday lives. Brand heritage resonated most when it was presented with contemporary relevance.

Products displayed logos, but the intended message varied. Some people used logos not to flaunt wealth—this is what I can afford—but rather to express individuality—this is who I am. The sharing economy expanded access to luxury with options more affordable than ownership. At the same time, up-leveling continued as people aspired to reach the next standard of luxury.

Luxury integrated deeper into society as illustrated by the Louis Vuitton partnership with the streetwear brand Supreme, and the creation of the Fenty brand by LVMH and the singer Rihanna. The expansion of athleisure as affordable luxury also demonstrated this phenomenon. Chinese luxury shoppers drove a substantial portion of luxury sales worldwide, which declined sharply during the travel restrictions, store shutdowns, and home quarantines of Covid-19. Luxury sales in China surged when the country emerged from the pandemic. The luxury category increased 3 percent in value, compared with a 29 percent increase a year ago.

Sustainability and ownership

Sustainability has become a creative territory, as some customers have become less comfortable with products made with exotic leathers or furs. Stella McCartney is introducing apparel made from biodegradable denim.

BRANDZ™ LUXURY TOP 10

			Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	Louis Vuitton	France	**51,777**	47,214	+10%
2	Chanel	France	**36,120**	37,006	-2%
3	Hermès	France	**33,008**	30,966	+7%
4	Gucci	Italy	**27,238**	25,274	+8%
5	Rolex	Switzerland	**7,433**	8,389	-11%
6	Cartier	France	**5,214**	5,998	-13%
7	Dior	France	**5,117**	4,658	+10%
8	Saint- Laurent / Yves Saint Laurent	France	**3,972**	3,572	+11%
9	Burberry	UK	**3,847**	4,698	-18%
10	Prada	Italy	**3,059**	3,504	-13%

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

Loewe, an LVMH brand, launched an organic range. The desire for products crafted with sustainable materials and presented with minimal packaging makes sustainability the new luxury. During the G7 Summit, 32 fashion and luxury brand signed a commitment to reduce their environmental footprint. Among the brands were Burberry, Chanel, the Prada Group, and the Kering Group, with brands including Gucci and Saint Laurent.

To be more sustainable and accessible, luxury brands introduced ways for people to obtain luxury products without owning them. This trend in part responds to the needs and values of younger consumers. The rental model is appealing because it enables people to keep up with trends without a huge investment of money and allocation of limited closet space.

New York's Bloomingdale's opened a subscription service called myList that enables people to rent a rotating wardrobe for a monthly subscription fee. Meanwhile, Rent the Runway, one of the original subscription services is opening physical stores.

In a different approach, Selfridges, the London department store, opened a second-hand clothing department in partnership with a resale website. The luxury shoe brand JM Weston created a program called Weston Vintage for refurbishing and reselling its shoes.

As luxury goods pass along to multiple owners, blockchain technology offers a way to authenticate luxury items and limit the risk of counterfeiting, To assure supply chain transparency, LVMH partnered with Microsoft and ConsenSys, a blockchain company, to create a tracking and tracing platform for the luxury industry.

Luxury as experience

Brands instituted new experiential ways to balance access with exclusivity and introduce the brand to younger generations of potential customers. The Gucci store in Florence charged a minimal entrance fee. Similarly, the Dior exhibition, launched in Paris, has appeared at several venues, including London's renowned center of design and art, the Victoria and Albert Museum.

Because a long brand history alone may not impress younger customers, brands attempted to present heritage in ways that are relevant to modern consumers, something Burberry did well with stories about founder Thomas Burberry.

Louis Vuitton and Hermès run craft workshops where the public can meet the artists who design and create the branded products. This approach challenges brands to balance accessibility to craftsmanship with protection of intellectual property.

To appeal to new generations of shoppers, Louis Vuitton collaborated with online video e-sport game League of Legends. Gucci created arcade games and Chanel opened pop-up stores called the Coco Game Center in Hong Kong and other Asian locations.

Insight

Heritage

Heritage must be reinterpreted for new audiences

Within the luxury category, many brands have rich heritages that have underpinned and helped to instill the quality credentials that help build a premium offering. However, this is no longer enough to sustain their offering moving forward, and repetition of the brand legacy by itself is not going to entice the modern consumer. Brands must go beyond this approach and keep their heritage relevant. Dior has renewed its brand particularly well by combining its heritage with experiential projects that allow consumers to physically walk through the brand history in the "Christian Dior: Designer of Dreams" exhibits held in Paris and London. Burberry also has tapped into current trends evolving the story around Thomas Burberry into a physical monogram design, blending the brand's rich back story in a contemporary and culturally relevant way. While it is important that heritage remains the narrative arc that many of these brands build themselves on, it is essential that marketers find ways to make yesterday's stories connect with tomorrow's customers.

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Insight

Culture

New experiences in food culture build brand equity

The most valuable luxury brands are not only cultural actors, they also embrace contemporary culture. Connections with consumers are made through a variety of always-inspiring experiences that gather partners, artists, and communities around them. Street culture, gaming, and today—food! The connections with the food culture, which can be considered as the dominant culture in a vast number of the countries, is the best example of this cultural relevance. In 2020 we expect more and more food collaborations and initiatives. From Louis Vuitton Café to Prada's Bakery, from Ralph Lauren's restaurants to Café Citron (Jacquemus' Tea room in Paris), food and beverages propositions are opportunities for luxury brands to build long-term equity through multi-dimensional and multi-sensorial experiences that allow them to remain destinations in the e-commerce era. Bon appétit!

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Insight

Culture

Every brand must balance heritage, cultural change

There will always be people who live and breathe luxury brand heritage and story, and the brands need to pay attention to these customers. But there also are consumers who are a lot more receptive to other variables, like what is going on in culture or with sustainability. There is a finite number of the traditional luxury customers and a growing number of the younger potential customers. Not every brand has license to be super edgy. Not every brand has license to produce the most sustainable products. But for brands to survive they need to strike the right balance between heritage and cultural change, which will differ by brand.

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With the acquisition of the travel business Belmond, LVMH added several exclusive hotel chains and fabled railroads, including the Orient Express, all of which align with the heritage of the Louis Vuitton brand as a crafter of luxury luggage and travel accessories. Based on the notion that luxury is about appreciating life with the five senses, Louis Vuitton, Prada, and Gucci opened restaurants, linking luxury and food. These venues and luxury stores are designed to be "Instagramable."

Beyond seeking celebrity endorsements, brands looked for long-term partnerships with individuals who aligned with the brand ideals and projected a presence that was both relatable and aspirational. Kristin Stewart represents Chanel and Charlize Theron represents Dior. Stella McCartney partnered with Taylor Swift.

Meanwhile, the consolidation of the luxury business continued with the acquisition of Tiffany by LVMH. The change in ownership was expected to help Tiffany reinforce its market position and increase the presence of LVMH in the US.

And the possibilities of luxury continued to widen. Louis Vuitton signed a partnership deal with the NBA. And many luxury brands lined up with athleisure partners: Balmain with Puma, Prada with adidas, Dior with Nike. A limited edition of a Dior Nike Air Jordan model was expected to retail for over $2,000.

Insight

Identity

Identity balances brand heritage and avant-garde

There is no doubt that consumers are constantly looking for something new for their wardrobes, and brands are more frequently updating their collections to remain fresh and desirable. The well-curated identity of successful brands arises from the art of balancing the brand's heritage with avant-garde elements to formulate a new creative story while, at the same time, retaining the familiarity that distinguishes the brand amid the noisy clutter. For example, Dior brought back the saddle bag from a decade ago and it's become a hot piece available in various colors, sizes, and materials. Burberry updated its classic trench coat for a new young audience. Referencing its classic wooden travel trunk, Louis Vuitton released soft trunk crossbody bags for both women and men.

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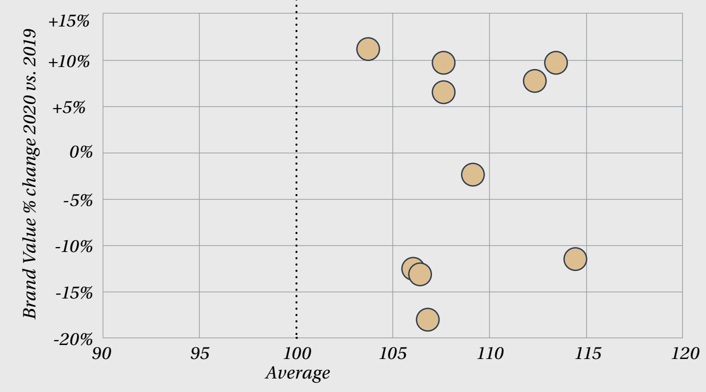
BrandZ™ Analysis

Sustainability is a prerequisite of leadership

Every brand in the BrandZ™ Luxury Top 10, both those that gained value and those that lost value, scored above average on the BrandZ™ Sustainability Index. The results suggest that responsible sustainability policies are a prerequisite for brand leadership in the luxury category, but those policies alone will not drive brand value.

BrandZ™ Luxury Top 10

BrandZ™ Sustainability Index: Average = 100



SOURCE: BrandZ™ / Kantar

COVID-19 IMPACT

BRAND EQUITY, CHINA INFLUENCE VALUE RISE

Luxury is not among the essentials people spent money on while quarantined during the pandemic. Still, of the 14 categories ranked in 2020 BrandZ™ Top 100 report, luxury was among the six that rose in value—not surprisingly, by a more moderate 3 percent compared with the 29 percent increase a year ago. Two primary factors influenced luxury's continued value growth. Factor one is the power of the brand. Luxury brands, compared to brands in other categories, tend to enjoy strong brand equity. And strong brand equity adds resilience. The second factor is China. Chinese shoppers account for an estimated one-third of luxury purchases worldwide. Although luxury brand sales declined precipitously in China during the height of the pandemic, when China reopened luxury brands experienced a surge of pent-up demand. And because of travel restrictions, Chinese luxury shoppers purchased in China rather than abroad. As the rest of the world emerges from the peak of the pandemic, two ongoing luxury category trends may accelerate: consolidation and e-commerce.

Brand Building Action Points

1 **Leverage heritage**
Unlike many categories in which a long history can be disadvantageous when competing against innovative upstart brands, heritage is fundamental to the luxury category. But heritage is not static. The fundamentals of a brands heritage need to be protected, even revered, but interpreted for each new generation.

2 **Meet the motivation**
People desire luxury for a variety of reasons—to appreciate beauty and craftsmanship, to display status, or to express individuality, a motivation for many younger consumers.

3 **Expand experience**
Increasingly, customers are engaging more of their senses to experience luxury. They want to see, touch, taste, smell, and hear luxury, which opens brand opportunities in entertainment, restaurants, hotels, transportation, and beyond.

4 **Pursue sustainability**
Achieve levels of exclusivity and desirability that define luxury by applying the same high level of craftsmanship and attention to detail to create products made from sustainable materials. This signals the brand's values and is likely to widen its appeal to a younger audience.

The Consumer Categories

Personal Care

SECTION FOUR

Cultural forces shape products and marketing

Need to personalize complicates brand offerings

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

+4%

Personal Care Top 15 Total Brand Value

$133B

Increased expectations for personalized products complicated the personal care category's response to major cultural forces, including concerns about health and wellness, sustainability, and inclusivity. Particularly in the West, women rejected idealized notions of beauty in favor of expressions of individuality that varied by occasion.

Opting for speed over pampering, many women with busy lives adopted simplified regimens to enhance natural beauty and radiate healthiness. Multi-functional products reduced time and effort but also provided a level of personalization, particularly in skincare. Others with busy lives, often women of color, continued to devote significant time to their beauty regimes.

Concerned with wellness and sustainability, consumers scrutinized labels for assurance of vegan and cruelty-free ingredients. Products needed to be "woke," but they also needed to work. Brands emphasized technological innovations that improved efficacy.

While upstart brands continued to challenge category leaders, major brands featured more direct-to-consumer options. They also introduced packaging and product formulations to protect the environment, and they expanded the notion of inclusivity to embrace a non-binary view of gender.

The pace of category growth slowed with the Covid-19 shutdown of retailers and beauty salons, and the quarantine of people at home. Demand persisted, however, partly because of the need to keep up appearances during online meetings, and the e-commerce proportion of purchasing increased. The personal care category rose 4 percent in value compared with 2 percent a year ago.

BRANDZ™ PERSONAL CARE TOP 15

		Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	L'Oréal Paris	**29,468**	28,376	4%
2	Colgate	**17,429**	17,567	-1%
3	Gillette	**15,116**	14,150	7%
4	Lancôme	**13,617**	12,245	11%
5	Garnier	**7,232**	7,360	-2%
6	Estée Lauder	**7,048**	6,103	16%
7	Nivea	**6,673**	6,814	-2%
8	Clinique	**6,558**	6,346	3%
9	Dove	**6,355**	6,514	-3%
10	Shiseido	**6,210**	5,986	4%
11	Pantene Pro V	**4,466**	4,095	9%
12	Olay	**3,846**	3,663	5%
13	Crest	**3,185**	3,168	1%
14	Oral-B	**2,925**	2,640	11%
15	Head & Shoulders	**2,709**	2,415	12%

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

Improving sustainability

To improve the sustainability of their products and packaging, brands introduced more waterless products, including face wash and shampoo bars packed in recyclable paper. Waterless products appealed to consumers not only because of their ease on the environment, but because they last longer and are easier for travel. In a process called compaction, brands provided products in smaller bottles by reducing the amount of water in the formulation.

Insight

Personalization

Brands must cater to segment of one, with mass appeal

Beauty has never been so diverse. It means a million different things—whether that be by market or by generation. Is it Real Beauty—natural beauty from the inside out—as in the Dove Real Beauty campaign? Or is it being Love Island Beauty—a showcasing of self-expression—as demonstrated by the reality show made famous on British TV? Is it about fast beauty, or is it about sustainability? Personal care is a category being pulled apart by the extremes. With so many polar opposites, it makes it incredibly difficult for brands to not only navigate the category and get a handle on it, but to also disrupt in the same ways that they used to. Brands are essentially having to cater for a segment of one, while retaining broad enough appeal. The brands succeeding in such a challenging market context are those playing in the personalization game and seemingly giving consumers the power. A great example of this is Clinique ID. The brand has employed its famous 1-2-3 step approach but has applied personalization to make it relevant to the modern-day consumer. The personal care category, more than any other, is personal and heavily self-involved. Now more than ever, brands need to be agile to avoid being pulled into the middle, and personalization certainly helps avoid that trap.

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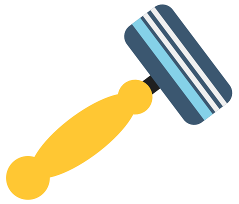

Holland & Barrett, a UK specialty store, developed a return-refill-reuse scheme for personal care products, using a mail subscription service called Beauty Kitchen that operates refill stations in physical stores, including at least one at a Boots London location. Mass market refill programs were expected to expand.

At EuroShop 2020, the retail industry exhibition devoted to retail store fittings, the expanded presence of sustainability-related products included machines for refilling bottles of shampoo, shower gel, and other personal care liquids. Upcycling—reusing a plastic bottle for another purpose, as a vase, for example—also became an emerging trend.

Unilever reported that the 28 brands in its portfolio that are most advanced in meeting corporate sustainability goals, which include Dove, grew 69 percent faster than the rest of the business and produced 75 percent of company growth.

Direct-to-Consumer

Because personal care products are typically used in the bathroom, they are usually not near a home's recycling bin, which makes recycling inconvenient. The consumer's desire for convenience and time-saving options in part drove the rise of the direct-to-consumer trend, which crossed categories, and has been a factor in personal care for at least a decade since the introduction of Birchbox, the subscription service that delivers a selection of personal care products every month.

Recently, the direct-to-consumer trend shifted from a strategy introduced by start-ups to compete with the retail distribution of established brands, to an approach adopted by major brands that acquired start-ups to learn from their experience, improve service to customers, and gain more customer data.

P&G acquired Billie, the subscription-based women's shaving products and body lotion brand, and Colgate acquired Hello Products, a subscription-based oral care brand devoted to natural ingredients and packaging. At the same time, Edgewell Personal Care, owner of Wilkinson Sword and Schick, decided to not acquire Harry's, the subscription-based shaving brand, after the US Federal Trade Commission ruled against the deal.

Dollar Shave Club, which was started in 2011 and bought by Unilever five years later, illustrates the power of insights D2C brands can derive from the data they collect. To offset business lost because men are shaving less often, Dollar Shave Club introduced a wide range of grooming products.

Brands heard from consumers in other innovative ways. Launched in France several years ago, an app called Yuka scans personal care and food products, rates them according to the healthiness of their ingredients and, when necessary, recommends healthier alternatives.

Product innovation

Brands introduced innovations to meet the consumer desire for more personalized, sustainable, and healthy products. Clinique ID offered a system that reduces the range of its moisturizer sku's, while also expanding the possibility of customization. Customers select base moisturizers and then add the capsule of a concentrated formula that matches their personal skincare need.

L'Oréal introduced the Perso, an AI device that links skin needs and local air quality to dispense a customized portion of facial cream. A hand-held device called Opte, introduced by P&G, scans and analyzes skin for age spots and other discoloration, and then dispenses a customized serum for covering and fading. It also collects data for the user and manufacturer to track changes.

The connected electric toothbrushes of Oral-B collect data with a smartphone app that tracks brushing technique and thoroughness to help consumers improve oral health care. The data enriches the brand's knowledge of consumer brushing behavior. The Colgate connected toothbrush works with an Apple app and is sold in the Apple store.

In a technological initiative that addressed consumer concern about wellness and sustainability, Colgate in Europe launched a brand called Smile for Good that not only listed the ingredients, but also the function of each ingredient. Colgate developed a recyclable toothpaste tube and open-sourced the technology.

Pantene collects personal data with a Hair Advisor questionnaire that assesses hair care needs before recommending the most appropriate product. Samsung has a device called LUMINI that analyzes the user's face and recommends the appropriate skincare products. The Korean beauty brand SK II introduced pop-up stores using AI-empowered mirrors and robots to assess customer skin care needs and recommend products.

Insight

Aging

Attitudes shift from anti-aging to aging well

The Personal Care industry would do well to engage with today's developing conversations around aging. Historically seen as a preventive, fear-mongering subsection of beauty, the entire category is being contested as consumers and brands shift the focus from anti-aging to aging well. As part of the bigger wellness movement, people are seeking to balance with the natural course of things, rather than rely on artificial preservations. On a larger scale, beauty is being repositioned as something waiting to be unlocked from within, instead of an external standard to be achieved. This is nothing new. Ancient beauty philosophies from the East and South Asia have always focused on holistic health, attributing attractive appearances to harmony within the whole person. But it's easy for wellness to slip into pseudoscience, and in a cluttered personal care category, consumers can tire of simply living by faith—so finding a medium will be essential. In 2019, personal care brought our attention back to the convergence between feeling well and looking well. In 2020, wellness will need to not only to be desired, but proven. Consumers will seek ways through which being well is achieved; both feeling and looking well will be unlocked. Ultimately, what this means is that value will come from brands that can fulfill both belief and science, in turn giving consumers something to both believe in and see.

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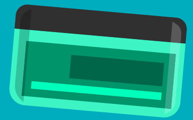

Insight

Sustainability

Consumer trust hinges on social responsibility

In Latin America, sustainable personal care products are gaining increasing interest, particularly with young early adopters. With the undeniable effects of climate change impacting the core of the region, informed consumers are doing their part to make more eco-friendly choices. There also exists pressure to appear environmentally responsible. As such, some smaller sustainable brands leverage social commerce to effectively create brand loyalty among their audience. This eases access to brand information and enables people to showcase their social responsibility with pride. Global brands still experience a substantial amount of distrust, as they continue to include unsustainable products in their portfolio. It is a critical time for brands to keep their pulse on audience sentiment towards the impact of their product ingredients, packaging, and supply chain.

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Insight

Purpose

Gen Z values drive category makeover

The personal care category is about to get another makeover, thanks to the rising power of Gen Z. Environmentally friendly... Socially responsible... Inclusive... Transparent... Vegan... Cruelty-free... To younger consumers, these are not buzz words. They are not about luxury. Rather, they are the expectation of what personal care products should be. In the coming years, these trends will continue to mainstream at accelerated pace, accompanied by an increasing pressure on brands to deliver these benefits without the premium price tag.

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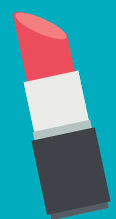

Marketing challenges

Given the multiplicity of forces shaping the personal care category, the challenge for brands is to first hit all the right notes—being natural, sustainable, and an advocate for a vision of beauty that emanates from within—and then to market that appeal effectively.

Glossier, barely five-years old, has become a sensation among young women by delivering these qualities exclusively online except for a few experiential stores or pop-ups. Having expanded the notion of beauty over 15 years ago with its Real Beauty campaign, Dove is reclaiming that space with a campaigned called "Show Us," which argues that media perpetuates idealized versions of female beauty.

Brands often are popularized by online influencers. The founder of Glossier herself was an online influencer before she developed her own brand. Micro-influencers, people focused on a narrow niche, have particular appeal. Although younger women are the primary audience for online influencers, one of the best-known Instagram celebrities is 90-year-old Baddie Winkle who launched a line in cooperation with INC.redible Cosmetics and Sephora.

Meanwhile, some of the sustainability initiatives, especially the reduction of packaging, presented challenges for brands. Reduced packaging limits the space available for brand marketing communications, which is critical for retail shelf presence.

Asian and own-label brands

In an effort to win back some of the personal care business that diverted to Sephora or Amazon, mass merchants worldwide reassessed their personal care offerings. The online availability of lower-priced but high performing personal care products, often from Asia, opened the possibility for other challengers, such as the own-label, value-priced Lacura range of beauty and personal care brands from the Germany-based food discounter Aldi.

In the US, retailers offer own-label brands at a range price point segments. Target offers its Smartly, Up and Up, and Marlowe brands. With is Cleen Beauty brand, Wal-Mart tried to tick all the beauty product boxes about natural ingredients and inclusivity and add one more—affordability, with products priced under $10.

Some of the trend-setting brands come from Asia, such as the Korean Glow Recipe, or are influenced by Asian beauty regimes. Tatcha, a Japanese American creation, was recently acquired by Unilever. Similarly, Unilever purchased the popular start-up IT Cosmetics several years ago. Unilever also bid for Drunk Elephant, another Sephora best-selling brand that ultimately was purchased by Shiseido.

Asia has not only been the origin of many beauty trends, it is also a key market for many of the multinational brands. L'Oréal Paris, Lancôme, Garnier, and Estée Lauder enjoyed strong sales in China, particularly from accessible luxury. Skincare and makeup revenue in China increased 11 percent and 12 percent, respectively, during 2019, according to Kantar Worldpanel. While demand in China declined during the peak of the pandemic, it rebounded quickly as the country recovered.

Insight

Simplification

Simplification challenges brands to be easy choice

Routine simplification continues in the UK (along with Europe) with a 5 percent drop in weekly personal care occasions between 2019 and 2018. For example, a more relaxed work environment has led to 40 percent of employed men now no longer face shaving in the average week, impacting the entire male face grooming product offering. Consumers are placing more value on their time which translates to a decline in beauty categories such as cosmetics and styling, especially in the morning routine. To re-engage consumers, brands need to focus on expanding new untapped occasions such as the gym, as exemplified by Clinique's Gym Bag Heroes. Simplification can be seen in face care routines, where over 60 percent of events feature only one product, a moisturizer. Although in some categories this results in consumers looking for multi-benefits—a quarter of men now use shower gel to wash their hair—in face care, those using just the one product are looking for it to truly perform on its core benefit. Smaller, more agile brands, like Harry's, are succeeding in disrupting the market by tapping into these benefits With the backdrop of routine simplification, this makes it not only a category issue but a brand share game too! With consumers increasingly savvy about the choices they have, brands have a big job ahead in truly understanding their consumers, gaining their trust, and becoming the easy choice.

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COVID-19 IMPACT

KEEPING UP APPEARANCES, PEOPLE PURCHASE ONLINE

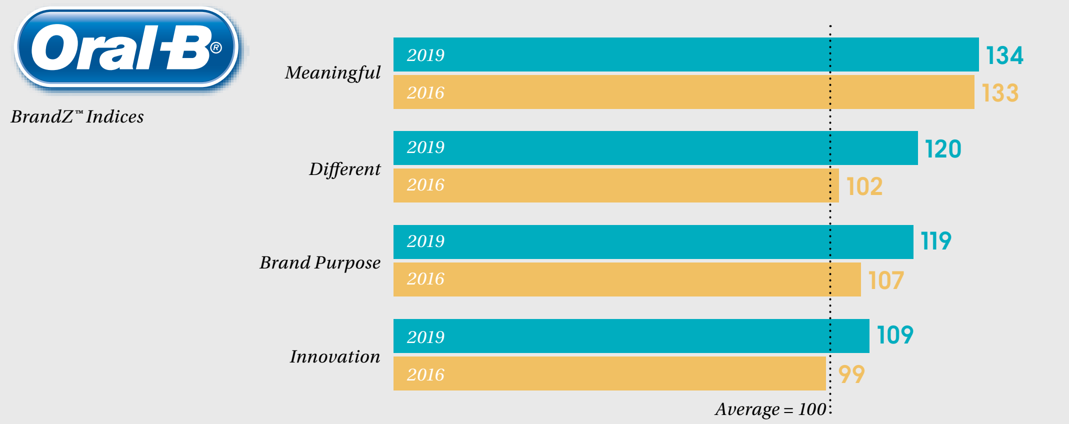
The effect of the Covid-19 pandemic on personal care varied by sub-category, which range from grooming essentials to luxury makeup and fragrance. Closure of department and specialty stores along with beauty salons depressed overall sales, although the proportion of online purchasing increased with people quarantined at home. Hand soap and hair coloring experienced strong demand. Because of virtual meetings using Zoom or other technology, personal appearance remained important, at least from the neck up. In contrast, the use of protective masks that concealed the lower part of the face softened demand for lipstick, while sales remained relatively strong for eyeliner and related products, according to some reports. A relaxed at-home attitude produced a new term in men's grooming—corona-beard. In China, first in and first out of the pandemic, luxury brands experienced a surge in demand as the country reopened.

SECTION FOUR

BrandZ™ Analysis

Value growth comes from innovation…

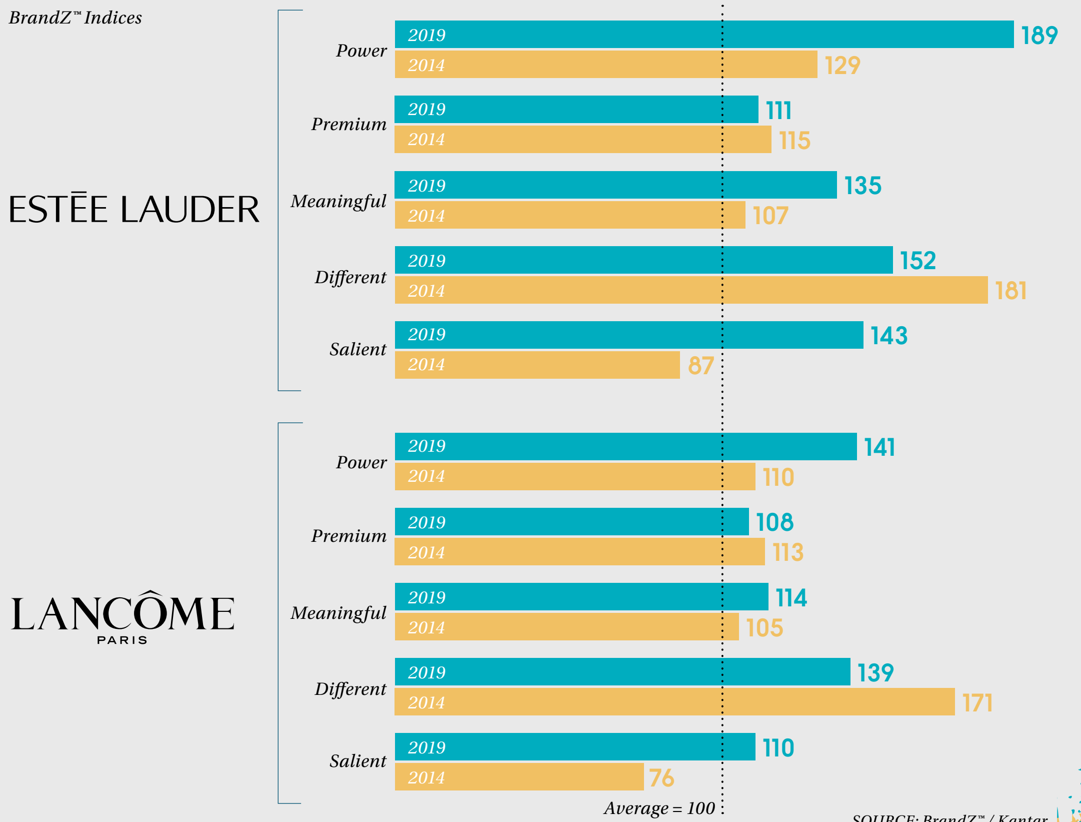
Innovative toothbrushes that personalize oral care were among the reasons that Oral B outperformed the personal care category, growing 11 percent in value compared with 4 percent overall category growth. Oral-B increased significantly over the past several years in BrandZ™ measurements of being meaningful and different and being purposeful and innovative.



…and from strong performances in China

Strong performance in China was among the reasons that Estée Lauder and Lancôme outperformed the personal care category, increasing in value 15 percent and 11 percent, respectively. Over the past few years, both brands have grown their Brand Power scores significantly. Brand Power is a BrandZ™ metric of brand equity. Even as Estée Lauder and Lancôme increased in salience, coming to mind quickly at the time of purchase consideration, they retained much of their difference.

Drivers of Success in China



SOURCE: BrandZ™ / Kantar

BRANDZ™ TOP 100 MOST VALUABLE GLOBAL BRANDS 2020

Brand Building Action Points

1

Meet multiple needs

Some people are looking for products that make them feel good about themselves with minimal effort. Others are willing to put in the time to create an influencer-inspired style. In both instances, the product that excites the customer will be the one that responds to individual needs, respects the environment, and works well.

2

Recognize cultural shifts

Recognize not only individual behaviors, but also the larger cultural shifts behind those behaviors that may influence an entire category. If women color their hair less, for example, it may signal a shift in attitudes about aging or natural appearance. Consider how those changing attitudes will open opportunities for new products and services.

3

Simplify choice

Consumers are engaged in the personal care category, but perhaps not with the same level of engagement as in the past. Retail shelves filled with product choice are more likely to confuse than inspire consumers who are trying to simplify their lives and have the option of buying online.

4

Minimize packaging

Minimize packaging and move away from single-use plastic. These actions benefit both society and business. Consumers have a lot of choice and will reject brands that do not comport with their values. Being sustainable is not a point of difference. It is a point of departure.

5

Challenge the challengers

Many personal care challenger brands initially gained the attention of consumers, especially young people, because they publicized the purity of their ingredients and sustainability of their packaging. Established brands have invested heavily to reformulate and repackage their products and reform their supply chains. Those changes enable the established brands to tell stories that challenge the challengers.

The Consumer Categories

Retail

Digitization prepares brands for pandemic

Brands optimize convenience and sustainability

Category Brand Value Year-on-Year Change

+21%

Retail Top 20 Total Brand Value

$871B

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.

The digital transformation of retail helped mitigate sales lost because of physical store closures during the Covid-19 pandemic. Retailers had not anticipated a global pandemic that would require closing most physical stores, any more than they had anticipated 25 years earlier that an online bookstore would become the world's largest retailer. But this time retailers were better prepared.

Retailers had struggled for years to meet the needs of consumers conditioned to expect an Amazon experience, the retail trifecta of price, selection, and service—good value, for what I want, now. Operational changes had produced online-offline (O2O) integration that enabled retailers to better meet the unprecedented uncertainties and pressures of serving customers during a pandemic.

Having shut thousands under-performing stores, retailers had converted the remaining big boxes from liabilities into important assets, physical locations where customers could purchase and pick up products and experience the brand. Online retail leaders Amazon and Alibaba validated the O2O strategy when they imitated it, adding physical stores to complement their virtual presence.

This year's BrandZ™ results added further validation. Amazon, Alibaba, JD, Walmart, and Target—brands that invested heavily in digitization and O2O—drove retail category growth. Stockpiling during the early days of the pandemic helped drive sales for Costco, which led the category in value growth, rising 35 percent. With a 21 percent increase in value, following a 25 percent increase a year ago, retail led all 14 categories ranked in the BrandZ™ Global Top 100.

BRANDZ™ RETAIL TOP 20

		Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	Amazon	**415,855**	315,505	+32%
2	Alibaba	**152,525**	131,246	+16%
3	The Home Depot	**57,585**	53,507	+8%
4	Walmart	**45,783**	36,801	+24%
5	Costco	**28,677**	21,282	+35%
6	JD	**25,494**	20,609	+24%
7	IKEA	**18,017**	18,949	-5%
8	Aldi	**15,927**	14,692	+8%
9	Lowe's	**13,717**	14,964	-8%
10	eBay	**11,767**	11,511	+2%
11	Target	**10,590**	8,337	+27%
12	Lidl	**9,780**	8,847	+11%
13	Pinduoduo	**9,394**	NEW	
14	Whole Foods	**9,051**	9,101	-1%
15	CVS	**8,727**	8,759	0%
16	Tesco	**8,491**	9,157	-7%
17	7-Eleven	**8,059**	9,318	-14%
18	Woolworths	**7,668**	7,045	+9%
19	Walgreens	**6,815**	9,220	-26%
20	Sam's Club	**6,808**	NEW	

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

The O2O transition is not completed, however, because Covid-19 is changing shopping habits. More shoppers are adapting to new levels of convenience, according to Kantar research. Over a quarter of households shopped online for groceries for the first time during the pandemic. And among people selecting home delivery, 60 percent were first-timers. First timers accounted for 42 percent of curbside delivery and 39 percent of store pick-up.

Improving O2O

Walmart invested in its US stores, particularly to grow the grocery business with improvements to pick-up and delivery services. The pick-up stations include 16-feet tall, in-store towers that act like vending machines. Customers who shop online receive a bar code they scan to retrieve their order from the Pickup Tower.

While careful to maintain the treasure hunt and bulk merchandise appeal of its warehouse stores, Costco drove e-commerce growth with travel and other services, and with improvements to delivery, including collaboration with Instacart and acquisition of Innovel Solutions, a last-mile logistics company.

Target expanded its click-and-collect service to another 24 US markets. Around 200,000 items were available. Through a delivery service is acquired several years ago, Target offered the option of same-day delivery, for a fee, in most of the US. When asked what retailer they were likely to try, to improve shopping during the pandemic, 20 percent of respondents to a Kantar survey answered Target.

Home Depot increased its online sales with over half of the orders picked up in-store. In part to drive online business, Home Depot changed its tagline from "More saving. More doing" to "How doers get more done." The new line enables the home improvement chain to highlight O2O improvements, including an enhanced app that includes augmented reality capability and in-store product-locator maps.

Meanwhile, Amazon moved on, making shopping even more convenient with Amazon Go grocery stores, which eliminate checkout. Instead, in-store cameras and the Amazon Go app track purchases, making the shopper's smartphone a virtual shopping cart.

Insight

Marketing

Privacy controls necessitate new marketing ideas

As audiences veered to digital, retailers adapted digital advertising channels. Digital platforms and tools have become widely available for retailers with innovative uses of consumer data, mostly based on their online journeys tracked via cookies. However, increased consumer privacy concerns have resulted in regulations that nullify the practices of identifying and targeting customers via cookies. Because brands cannot depend on driving cookie-based traffic, and consumers prefer retailers that tell stories, retailers need to advance these three initiatives: they need to be proficient in storytelling and content curation; they need to build unique online offerings and platforms to create distinct experiences to compete against digital natives and internet moguls; and they need to reconstruct their approach to capture and build first-party data and systems to "own" their audiences and insights into the future.

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Convenience and complication

But convenience achieved its fullest expression in China where, for example, shoppers in Alibaba's Freshippo stores scan items with an app, checkout using facial recognition, and take their items home or have them rapidly delivered. JD introduced one-hour delivery on essential items.

Developments in China also signaled new complications for the future of retail, with the interconnection of social networking, online content, and e-commerce. ByteDance, which operates the short video site Douyin (TikTok outside of China), enabled users to link with shopping sites. The rise of delivery services like Meituan and Alibaba's Ele.me also drove the boom in O2O retail, expected to grow 57 percent in China during 2020, according to Kantar.

Retail competition in China intensified, even for Alibaba and its rival, JD, with the rise of Pinduoduo, a newcomer to the BrandZ™ Retail ranking this year. Established as a group buying e-commerce site with special appeal to less affluent consumers, especially in lower tier markets, Pinduoduo added more upscale brands that appeal to a wider audience also attracted by the site's group buying discounts and gamification of shopping.

The dominance of O2O especially pressured traditional hypermarkets, many of which have been repurposed as distribution centers for expediting rapid deliveries. France's Carrefour departed China, selling its stores to Suning.com. Originally a bricks and mortar home electronics retailer, Suning is developing as an O2O brand of products, services, and entertainment. UK-based Tesco planned to leave China in 2020 as part of its exit from all of its Asian markets.

Even Amazon reduced its e-commerce presence in China, continuing to offer imported products, while eliminating sales from its Chinese suppliers. Meanwhile, Costco opened its first China store, in Shanghai, after years of developing an online presence in China. The Alibaba Group acquired NetEase Koala, a cross-border e-commerce business that facilitates the sale of Chinese products abroad and the purchase of overseas products by customers in China.

Promotion disruption

Because of this intense global competition, the traditional retail promotion calendar experienced disruption, as European retailers expanded their promotions on Black Friday, a day of shopping frenzy that began in US as the day after Thanksgiving and the kickoff of the holiday season. The international adaptation of this US phenomenon resulted in unexpectedly chaotic sales pattern that flattened sales levels during December in some places.

The development reflects a larger disruption of the traditional retail calendar by special, retailer-created shopping occasions—Black Friday, Singles Day (11-11), Prime Day, and JD 6-18. These occasions, which began as price-driven promotions, have become societal events that include concerts, contests, and other programs that create excitement and draw consumer attention.

Singles Day in 2019, which generated $38.4 billion for Alibaba, featured a concert by Taylor Swift. But, along with international celebrities, Alibaba also localizes programming for national audiences, presenting Singles Day under the banners of local retail partners, including El Cortes Inglés in Spain and Lazada, an Alibaba acquisition in Southeast Asia.

The challenge of managing inventory for these retail events generally is solved by announcing a limited supply to create excitement or, when supply runs out, giving shoppers the option of canceling an order or waiting for a later delivery date.

Insight

Relevance

People today are the new point-of-sale

Retail classification used to be a relatively simple affair, determined largely by (physical) store format and type of goods sold. Size was gauged by sales volume or the number and size of stores. The rise of pure play e-commerce retailers initially added another channel, but things have become progressively more complex, as physical retailers seek to become more omni-channel and D2C brands open physical outlets, to the point where the line between living and shopping has all but disappeared. People have the ability to buy whatever they want, wherever and whenever they want. People are now the point-of-sale—for themselves and increasingly for others, as social commerce, live commerce, and now re-commerce expands beyond Southeast Asia, where around a third of e-commerce sales begin on social media and end on messaging apps. Commerce is now part of life; everywhere and always on, transforming lives and businesses. In order for retailers and manufacturers to compete they need to go beyond transactional commerce and put people at the center, getting a better understanding of how why and when people buy so they can be more relevant at those moments, in the form of meaningful and valuable commerce experiences.

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Advancing sustainability

These special retail occasions, a vivid example of retail as experience, were also a counterpoint to changing attitudes about consumption and its impact on the environment. After years of steadily improving sustainability practices, certain retailers, including Walmart and Ikea, have chief sustainability officers charged with improving the environmental impact of the stores and reducing waste throughout the system.

Tesco added KPIs related to sustainability and trialed refill options to reduce the use of packaging, in partnership with TerraCycle Loop an organization devoted to reuse packaging. At EuroShop 2020, the retail industry exhibition devoted to retail store fittings, sustainability-related products included machines for refilling bottles of shampoo and other personal care liquids.

Waitrose, a premium UK grocer, eliminated plastic wrapping in several hundred items in a test store it called Unpacked. The store includes several refill stations where customers put items such as fruits or pastas in refillable containers. The French superstore chain Carrefour, in partnership with IBM, implemented an effort to cut food waste using a blockchain system to predict demand.

To accommodate changing living and shopping styles and concern with sustainability, Ikea continued several transformative strategies, including the expansion of e-commerce and small urban-center stores to new markets. It also widened its range of smart home products and tested new concepts, such as furniture rental. Target achieved its goal of installing 500 rooftop solar panel units on its stores and distribution centers by 2020.

Improving sustainability practices also required satisfying a widespread consumer desire to save the planet without sacrificing too much convenience. Amazon now offers a delivery option that gives Prime customers the option of delaying delivery until Amazon can consolidate the order into one shipment, which reduces carbon emissions. Amazon ordered fleet electric delivery vans from the start-up Rivian and expects to have the first vehicles on the road in 2021.

Category continues to transform, enters "Post-Retail Stage"

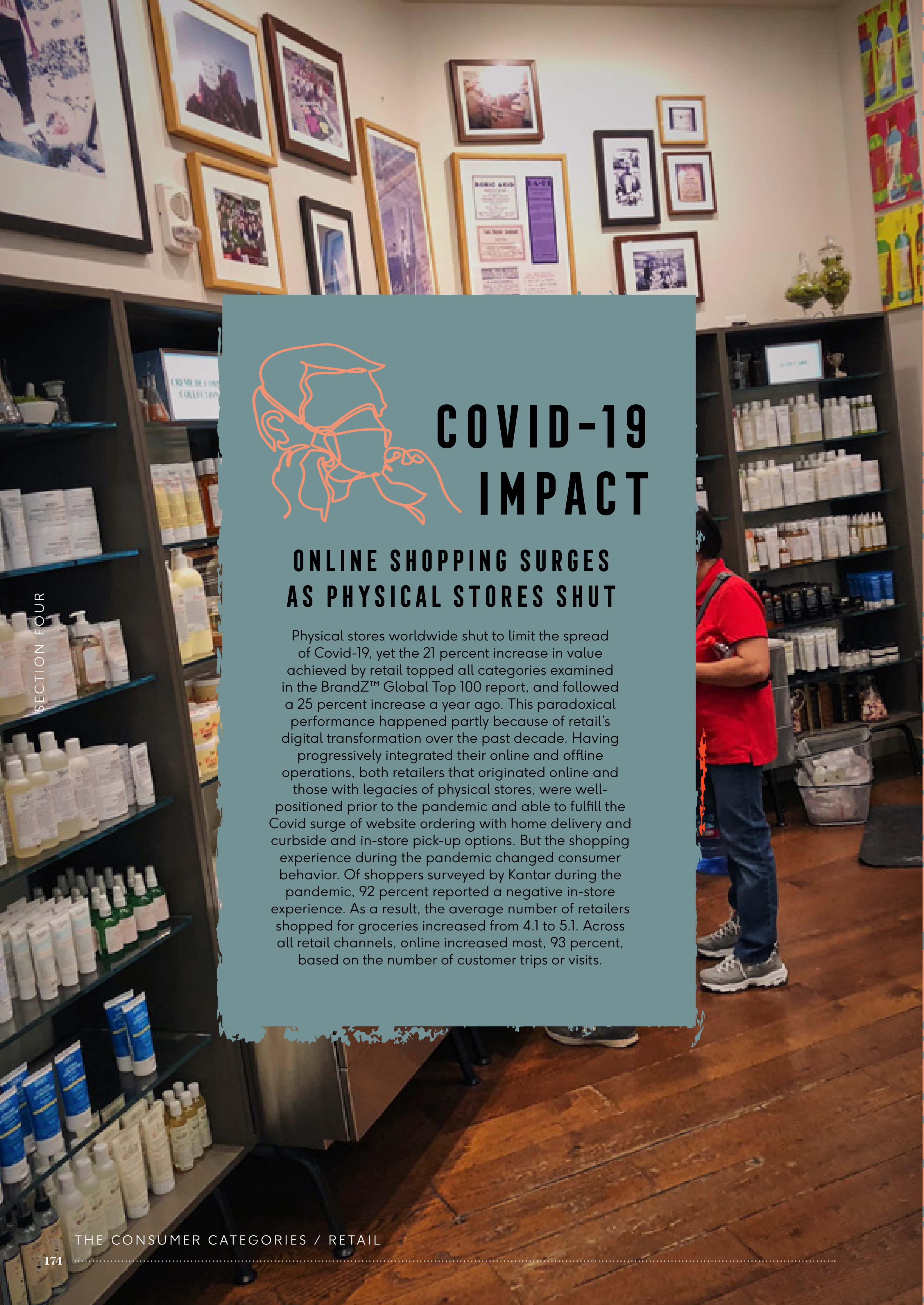
A Kantar Consulting analysis of modern retailing since the end of the Second World War divides the period into progressive stages and representative brands, including: Concentration (Kmart), Maturation (Walmart), Omnichannel (Amazon). The industry has now entered the Post-Retail Stage epitomized by Alibaba and characterized by the following developments:

Shopper Dynamics
- 5G-led perpetual connectivity
- Relatively slow global economic growth
- "Great replacement" of goods with services
- Global culture with national/ continental boundaries
- Prioritizing sustainable lifestyles

Retailer Strategies
- Conversion everywhere
- Partnership or integration with content platforms
- Logistics networks fulfill everywhere
- Algorithmic auto-replenishment mastered
- Tech-fueled experiential discovery

Supplier Response
- Audience & basket management
- Algorithmic conversion
- Sustainable sourcing and manufacturing
- Disappearing divide between "marketing" and "sales"

SOURCE: Adapted from the "Seven decades of modern retail," 2020 Kantar Consulting



COVID-19 IMPACT

ONLINE SHOPPING SURGES AS PHYSICAL STORES SHUT

Physical stores worldwide shut to limit the spread of Covid-19, yet the 21 percent increase in value achieved by retail topped all categories examined in the BrandZ™ Global Top 100 report, and followed a 25 percent increase a year ago. This paradoxical performance happened partly because of retail's digital transformation over the past decade. Having progressively integrated their online and offline operations, both retailers that originated online and those with legacies of physical stores, were well-positioned prior to the pandemic and able to fulfill the Covid surge of website ordering with home delivery and curbside and in-store pick-up options. But the shopping experience during the pandemic changed consumer behavior. Of shoppers surveyed by Kantar during the pandemic, 92 percent reported a negative in-store experience. As a result, the average number of retailers shopped for groceries increased from 4.1 to 5.1. Across all retail channels, online increased most, 93 percent, based on the number of customer trips or visits.

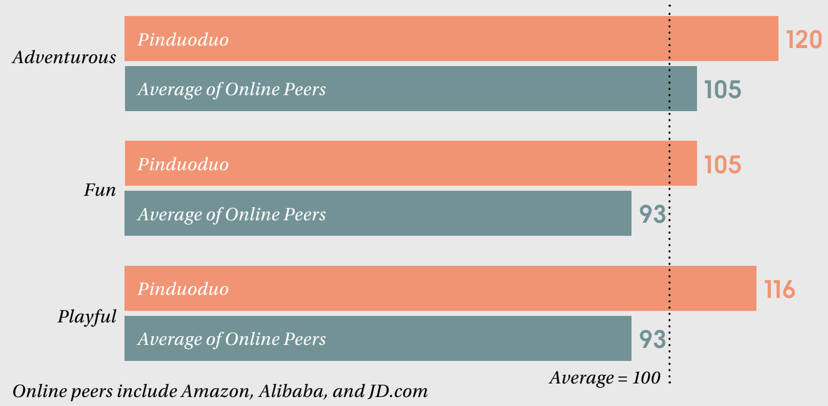
BrandZ™ Analysis

Newcomer Pinduoduo exemplifies dynamics of retail

Pinduoduo, which entered the BrandZ™ Retail Top 20 for the first time this year, exemplifies retailing's dynamic disruptive nature. Established in 2015 as an e-commerce group-buying site to serve bargain hunters in China's lower tier markets, Pinduoduo quickly gained popularity throughout the country because it incentivized people to form groups and buy in greater volume to earn deeper discounts. The unique social shopping model distinguishes Pinduoduo from its peers.

Pinduoduo Personality

BrandZ™ Brand Personality Characteristics



Online peers include Amazon, Alibaba, and JD.com

SOURCE: BrandZ™ / Kantar

Brand Building Action Points

1 **Lead the change**
Consumers expect retail operations to maximize both convenience and sustainability. But convenient delivery adds packaging and carbon emissions. Consumers may be OK with this cognitive dissonance, at least for now. Retailers cannot ignore this disconnect and could collaborate with their customers to resolve it.

2 **Resist complacency**
Many retailers have made significant progress in improving all aspects of their operations, including customer experience, sustainability practices, and workforce diversity. However, what worked last year, may not work this year. Be cautious about repeating initiatives that succeeded. Study failures to discover new opportunities.

3 **Be local**
Retail is a service that varies according to the needs of the local community. Recognizing distinctive needs and tastes—featuring locally-produced foods or other products—strengthens distinctiveness and connection.

4 **Sustain trust**
During the height of the Covid-19 pandemic, a period of anxious uncertainty, retailers reliably served the needs of their communities, suppling essential items, adding special hours, and providing home delivery. Going forward, retailers have an opportunity to sustain that well-earned trust.

5 **Add friction**
With the wider use of self-checkout, and the potential elimination of checkout completely, it may seem time for retailers to declare total victory over shopper pain points. But the reality is more complicated. Shoppers will not miss the long queues, but if the in-store shopping experience is too swift, it may flatten some of the brand experience and selling possibilities. With so much commerce moving online, the brand experience is an important opportunity that may require adding back a bit of friction.

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Too much success reducing friction limits opportunity to wow customers

Positive friction adds time for productive interactions

Landor & FITCH's ambition is to deliver extraordinary brand transformation for our clients, by design. With Landor's brand consulting and strategic design capability, FITCH's experience design and retail consultancy, and ManvsMachine's leading edge motion design, we are the largest specialist brand and design group in the world.

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Brands have gone through a reductive decade, removing friction on the path-to-purchase to the point where consumers are whizzing by without seeing other temptations or offers. In 2020, brands need to also think additively, defining friction points selectively to create positive interactions.

The Starbucks mobile order is a great example of this. You order ahead, pick up your flat white where it's already waiting for you at the counter, and walk right out—probably without ever looking up from your cell phone or saying good morning. Having worked so hard to strip out all the friction from this experience, has Starbucks stripped out the emotions as well? Being pain-free is table stakes these days and has become the new baseline for all brands. With so much focus on alleviating painstaking interactions, brands have moved away from the notion of also bringing joy. Friction can be a good thing.

The challenge with frictionless brands is that familiarity can breed disinterest and conjure the "been there, done that" feeling, leaving consumers uninspired and less willing to revisit. Is it differentiated? Will it be remembered? If brands want us to spend time with them, they have to set the stage for unlocking emotions as well.

I believe that brands today need to think less that the removal of friction equates to just a faster speed of service. They need to think more about what they can achieve by giving back to their customers the gift of time.

Positive friction opportunities

At FITCH, we see four opportunities that capitalize on this new understanding of positive friction and the currency of time:

SAVING TIME

Removing friction and pain points from the user experience journey has led to increasingly simplified, yet undifferentiated brand experiences. In the grocery category, curbside pick-up has taken off as a free, time-saving option for consumers. It's become a category standard. Increasingly, a number of brands are rewarding loyalty with generous time-saving gifts. For example, the Hilton Hotel Digital Key is built into the Hilton app and is available for Hilton Honors members to speed past the front desk and go straight to their room.

The check-in experience isn't necessarily the time or place where guests wish to be engaged, so Hilton has had to understand, respect, and create alternative options. Instead, Hilton engages with a personal touch through text messages upon check-in to ensure the guest is still greeted. They've removed the friction but haven't forgotten the personal touch.

BUYING TIME

Consumers are also increasingly paying for premium services designed to have 100 percent of the friction removed, almost at any cost. Category leading Amazon Prime costs just $119 per year for a range of benefits, including delivery the next day or within four hours in some cities. Now, Prime members can also use their membership to speed through Amazon Go convenience stores.

SPEND MORE TIME

Conversely, some savvy brands and retailers have been experimenting with ways consumers can choose to spend a longer period of time. When positive friction is delivered correctly, consumers engaging in these experiences have an elevated emotional state. We've seen many good examples lately like the new Nordstrom flagship in New York City, where a guest can get a facial or have a glass of wine, all while shopping for shoes.

GIFT OF TIME

The gift of time is about giving consumers back control of time that they didn't think they had. It raises the consumer's emotions positively and builds a sense of appreciation and trust for the brand. It's simply the difference between the time we *anticipate* completing a specific shopping task will take and the *actual* amount of time it takes.

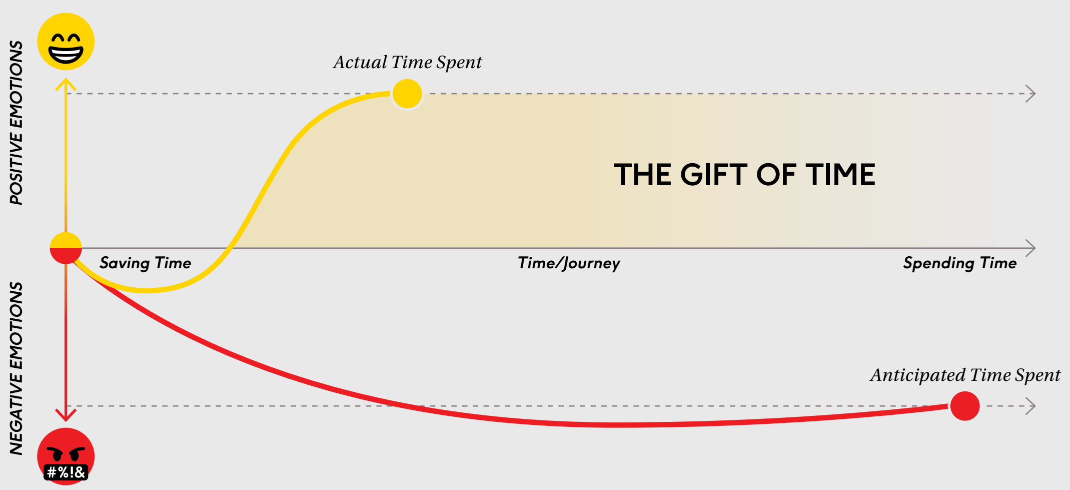
An example being when my cell phone contract ends, I start to dread the painful experience of renegotiating the contract, buying a new smart phone, etc. I generally plan to put aside a couple of hours to complete this task. However, I react with surprise and joy when it gets completed in just 30 minutes due to an innovated service experience.

This telecom brand has just given me 90 minutes back to what I was expecting that day, and now I can choose how to use this time. I can either get on with my life and the next activity for that day, or I can choose to spend some of that time with the same brand exploring other services.

While consumers will continue to expect quick service that saves time, brands still need to inject moments of joy to connect emotionally. When selectively added, this positive friction will leave a brand more memorable and the consumer more likely to return.

Gift of Time

The gap between the time people *anticipate* spending on a task, like buying a new cell phone, and the *actual* time they spend is a "Gift of Time" that produces a positive emotional response.



SOURCE: FITCH

With so much focus on alleviating painstaking interactions, brands have moved away from the notion of also bringing joy. Friction can be a good thing.

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Brands must relate to needs of more diverse target groups

Engaging, influencing audiences requires deep cultural insight

This is a particularly pivotal year for the state of diversity in the US. For the first time ever, younger generations in the US have become majority-minority. It is projected that by 2044, the entire US population will shift to majority-minority. As diversity is increasing at a rapid rate, technology, social media, global travel, music, art, fashion, spirituality, language, tradition, custom and more are traversing the world in previously unimaginable ways.

This confluence of cultural, social, and demographic shifts of seismic proportions and associated cultural fluidity, borrowing and exchange is heavily impacting self-identification, lifestyles, attitudes, and behavior absolutely and relative to expectations concerning brands, companies and their communications with the public.

Despite the fact that the world can feel overwhelmingly polarized at times, in the new reality that the US is quickly moving toward, cultural fluidity, borrowing and exchange will be at an all-time high. The consistent dismantling, reformation and exchange of culture under this new paradigm has already begun. And, it creates an environment where cultural insights emerge as the most important path that brands have to understanding, reaching, engaging with, and influencing target audiences. No longer will price, quality, or mindshare-based insights drive engagement or purchase decisions.

In this "new normal" of sorts, marketers will be ushered into an era of communications with target audiences where success is dependent upon reaching them on those audience's terms, not the brand's terms. From what I've seen with women in the personal care space, it has become passé for brands to even espouse previously winning strategies with audiences if those strategies are not built around the target audience deciding what beauty, health and wellness look and feel like on their own terms without dictation from brands.

For example, some women want to simplify their personal care regimen and be well done; other women don't mind adding to their regimen to be overdone. Each woman wants to be the best version of herself through her own lens of what that means. She does not want to be told that "natural" is more beautiful and she should wear less makeup; she does not want to be told that being made up makes her more presentable; she does not want to be told that her hair should be short or long, blonde or brown. Instead, she craves—demands—to have agency to decide on her own terms how to present herself and how to feel about herself.

Construction of those thoughts and feelings inherently involved cultural factors emanating from cultural heritage, the cultural zeitgeist, and the cultural lens through which the target audience orients itself in the world. As a result, cultural insights and strategy are the best way to understand how to reach target audiences on their terms. Cultural insights and strategy are especially important when brands communicate with women about personal care, a category in which women couple their life experience with the internalization of the world around them. At BCW we've developed offerings that fully integrate the foregoing philosophies to great success.

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When features convey parity, purpose can differentiate

Legacy brands must pursue purpose to retain competitive advantage

WUNDERMAN THOMPSON

Wunderman Thompson, a creative, data and technology agency built to inspire growth for ambitious brands. We believe growth is a force for good, so we've made it our mission.

www.wundermanthompson.com

Every brand's purpose is to generate competitive advantage for a business.

In this sense, the future of brands looks much like its past; curating a bank of experiences, associations, and expectations that persuade more people to choose us over our competitors more often, preferably for more money.

And in a world of increasing feature parity, where the tangible benefits of using one soap or phone over another is next to nil, the importance and power of a brand in affecting those decisions has never been more valuable, or more difficult to establish.

It's in this context that we find ourselves in the age of the purpose-driven brand, where businesses hoping to make a dent in saturated markets differentiate not by creating products that are faster, cheaper, or tastier than the competition, but instead by focusing on bringing parity products to the market in more responsible ways.

Take the fashion industry as an example, where supply chains are fraught with pollution and exploitation. Suddenly it becomes a competitive advantage for new companies like Everlane to enter the fray with a business model based on ethics, from transparent pricing to photos inside their factories. Everything about their positioning is enabled by the irresponsible behavior of the incumbent and backed-up by business actions that sacrifice profit to stand for something different.

Easily done for a start-up that doesn't carry the same baggage as a market-leader, but how can legacy brands keep pace and maintain their primacy? It's important to remember that the objective is to generate a competitive advantage, which can and should include taking steps to reduce the advantage of others. While it might be tempting to simply paper over historic indiscretions with worthy CSR initiatives that create a temporary halo of righteousness, that won't plug the problems that allow others to differentiate in the first place, leaving their advantage untarnished.

What's needed is a more significant shift, an idea that acts as the catalyst for change and inspires the organization to remedy those problems.

How you get there and whether you label it your "purpose" or "finding-your-why" will be different for all businesses, but the common outcome should always be to strengthen your competitive advantage.

Patagonia is a great example of a business that continually finds ways to put its purpose into action, from investing in higher standards of organic cotton to reselling used clothing. It's a business that's fully aware of its flaws, and whose long history of openness and action prevents competitors from disrupting their market from an ethical angle.

When we talk about brand purpose, we should do so metonymically—where "brand" extends to mean "business," and "purpose" goes deeper than communications to become the guiding principle for how we identify and solve the problems that unavoidably run through legacy organizations. Once those problems no longer exist, being ethical no longer represents a competitive advantage, and legacy brands can go back to playing to their own strengths of scale and history against which new companies can't possibly compete.

TAKEAWAYS

Instilling purpose into a legacy business starts with aligning what you **THINK**, what you **DO**, and what you **SAY**:

1

THINK

Your purpose should first act as an internal rallying cry, a galvanizing thought that unites the organization and defines what the business is or aspires to become.

2

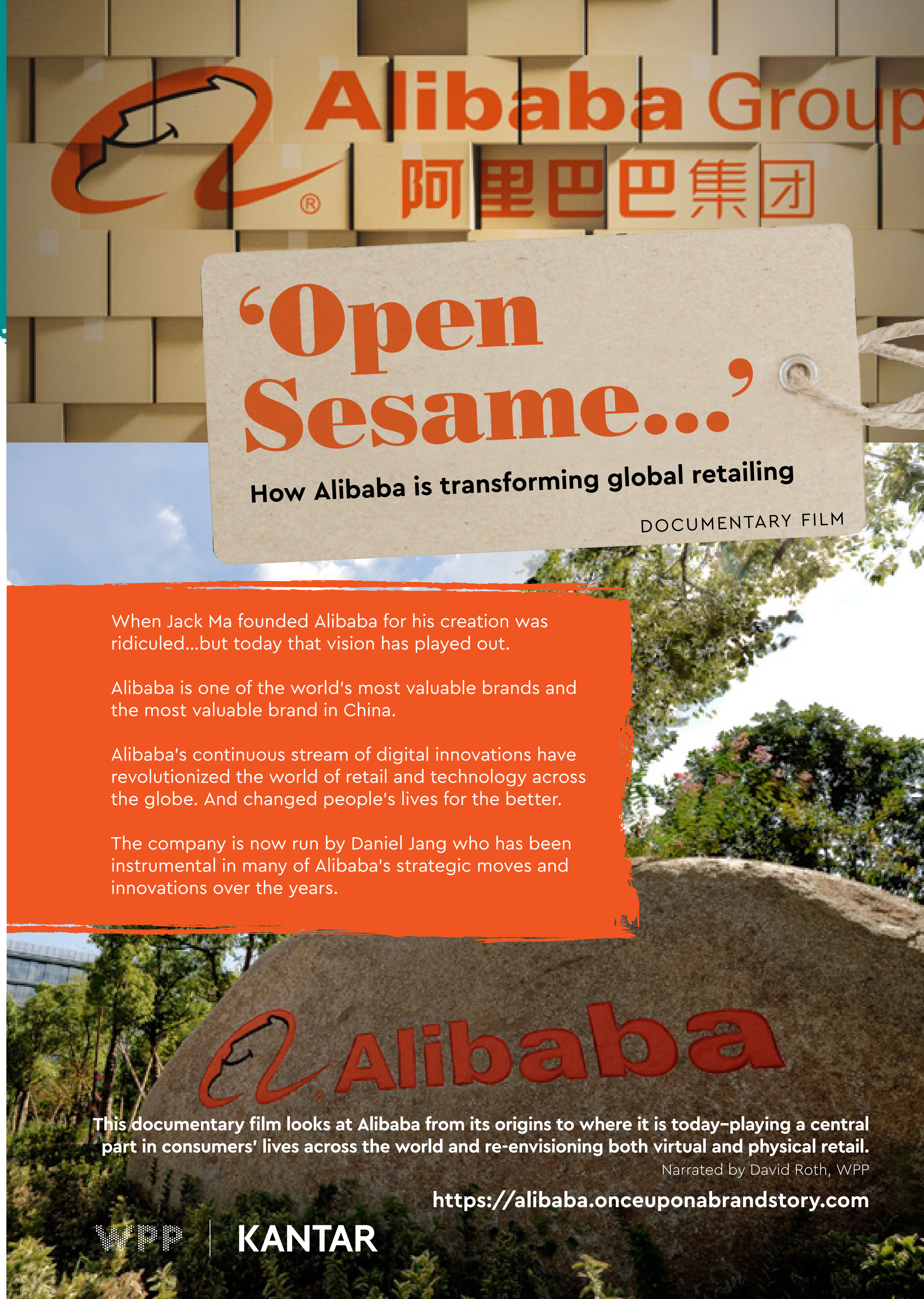
DO

Second, it should be operationalized to find and eradicate any existing problems or barriers that don't align with this vision. Ensure you're walking the talk.

3

SAY

Only then should purpose be communicated externally and used to guide future partnerships and initiatives.



Beer

Bigger bets move brands beyond beer

Brewers add options for more occasions

Category Brand Value Year-on-Year Change

-4%

Beer Top 10 Total Brand Value

$75B

The beer category includes global and regional brands, which in an increasingly consolidated industry are mostly owned by a few major brewers.

Beer brands placed bigger bets. Following years of trying to counter lower beer consumption by appealing to younger drinkers and women with new variants of low- and no-alcohol beer and added flavors, the beer brands moved beyond beer—into other alcoholic drinks and soft drinks—to meet changing drink preferences, especially among young people.

Anheuser-Busch InBev SA/NV, which owns eight of the BrandZ™ Beer Top 10, including Budweiser, introduced hard seltzers. It also entered the ready-to-drink cocktail business and introduced a device for making cocktails at home. Indicative of the category's porous borders, Molson Coors Brewing Company changed its name to Molson Coors Beverage Company.

The innovations also reflect the need to meet challenges from agile upstarts, although even craft beers experienced leveling consumption and experimented with spiked seltzers. Betting big on transparency, Carlsberg, a Danish beer with a lengthy heritage, introduced a reformulation of its beer in the UK with a campaign that retweeted its customers' criticisms of the original formulation.

At the same time, the major brands continued to introduce low- and no-alcohol beers. Budweiser launched Budweiser Zero. Having introduced Heineken 0.0 to many of its global markets, Heineken NV launched its alcohol-free beer in the US. Similarly, Molson Coors introduced Coors Edge in the US.

Efforts to control the spread of Covid-19 disrupted many of these initiatives. E-commerce and at-home drinking did not compensate for the elimination of social occasions, the cancellation of sporting events, and closure of bars and restaurants. The beer category declined 4 percent in value, after a 6 percent decline a year ago.

Innovation and occasions

In an effort to drive consumption and fit more occasions, major beer brands introduced spike seltzers, sparkling flavored drinks similar to La Croix, but with alcohol. Spiked seltzer leaders in the US are White Claw and Truly, which is owned by the company that makes Sam Adams beer, a leading craft brand.

Constellation Brands, Inc., which distributes Corona in the US, introduced Corona Hard Seltzer. AB InBev introduced Bud Light Spiked Seltzer, initially in four fruit flavors. It markets these drinks, and other variants of Bud Light, under the equity of the master brand, similar to the way Coca-Cola combines three Coke variants under the Coke brand. AB InBev also markets Bon & Viv Spiked Seltzer.

BRANDZ™ BEER TOP 10

		Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	Budweiser	**14,654**	15,389	-5%
2	Heineken	**11,136**	11,554	-4%
3	Stella Artois	**9,975**	10,445	-5%
4	Bud Light	**9,702**	10,928	-11%
5	Corona	**7,853**	7,529	+4%
6	Skol	**6,819**	7,253	-6%
7	Guinness	**3,930**	4,290	-8%
8	Brahma	**3,733**	3,781	-1%
9	Aguila	**3,384**	3,522	-4%
10	Modelo	**3,326**	3,270	+2%

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

Insight

Experience

Experience distinguishes beer brands

The beer offer is expanding as ever, and consumers are inundated with beer choices both for consumption at home and in restaurants and bars. New craft beer brands are emerging with some becoming household names, while legacy brands continue to dominate and search for new pockets of growth. Offering a unique and distinctive experience will be crucial to stand out. By experience, we mean not only how the beer tastes, but, even more, how the beer makes people feel as they drink and savor it. Each touchpoint needs to elevate consumers' experience so the brand can become or remain its customers' go-to brand. BrewDog, an independent Scottish brewer and operator, has been on a mission to blaze a trail in the industry through a disruptive direct-to-consumer model. In an effective strategy, people can enjoy BrewDog's range of beers in BrewDog's pubs all around the world. Experimentation will also enable brands to stand out. By experimentation, we mean being bold and tapping into the emerging consumer trends early on through innovation. For example, the appeal of low- and no-alcohol and low-calorie drinks is growing, in line with people approaching indulgence self-consciously. Yet, the offer for this segment remains fairly limited across markets and represents a major opportunity.

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In addition, AB In Bev purchased Cutwater Spirits, which makes ready-to-drink cocktails, and Babe Wine, a sparkling wine in a can. Molson Coors introduced Movo Wine Spritzers in the US. It introduced Vizzy Hard Selzer but, unlike AB InBev and Constellation Brands, Molson Coors did not rely on the power of the master brand.

Connecting with the health and wellness trend, Molson Coors is also marketing Clearly Kombucha, a California-based drink it acquired a couple of years ago and reformulated and rebranded to compete with other mass market beverages. In addition, Molson Coors tested La Colombe Hard Cold Brew Coffee in several fruit flavors.

In partnership with Keurig Dr Pepper, AB InBev introduced Drinkworks, a machine that uses K-Cup cartridges for making cocktails at home.

Marketing and culture

Creating an experience that identifies and differentiates the brand continued to be an important aspect of the beer marketing. In certain markets, Peroni tried to create a more holistic experience with elaborate pop-up venues, often with food and music, where the beer is served in a Peroni glass.

Stella Artois relied on its glass chalice to premiumize the brand. In the UK, Carling introduced a pub innovation—branded glasses that interlocked, making it possible for one person to wrap two hands around four pint-glasses of beer and carry them with relative ease from the bar to the table.

The premiumization trend extended worldwide. In China, AB InBev promoted Budweiser as premium, and Corona, Stella Artois and Hoegaarden as super-premium brands. Heineken's ownership of a major stake in Snow Beer—in partnership with the China Resources Beer (Holdings) Company Limited—positioned Snow Beer to push into the premium end of the market.

Premiumization was a factor in one of the year's larger acquisitions when Japan's Asahi Group bought Fuller Brewery, adding brands like London Pride to its portfolio of premium brands in the UK, which also include Asahi and Peroni.

Many of the beer brands increased their marketing spending, focusing on social media or TV to reach a younger audience during a drinking occasion. Miller Lite ran a campaign incentivizing people to unfollow the brand on social media and instead to actually socialize with friends.

Insight

Loyalty

Retaining loyalty of core audience is a key challenge

Most of the recent trends in beer marketing are aimed at younger people, not at the core audience of beer drinkers. For most of the major beer brands, the largest group of customers is not the 18-to-34-year-olds going to a fancy bar in London or New York. It's older people. And the challenge is to retain the loyalty of these customers. The beer brands understandably are responding to category disruption, but they also need to look at the needs of their regular drinkers.

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Insight

Experience

Gin sets example of experience defining a brand

As beer brands attempt to create a differentiating experience, many of the brands, particularly in the UK, look at the success of gin. One of the things that gin has managed to do well is the "experience." It is not simply the old "ice and a slice." Instead, it's about a particular gin that has been distilled with specific flavors and botanicals. The product has a narrative and the serve has theatre and visual drama—Instagram-worthy or even just something to ruminate on and recount offline. There are beers that have had some measure of success with a stronger, more memorable experience like Corona with its iconic wedge of lime or Blue Moon, brewed with orange peel and served with an orange slice, and of course Guinness is known for the two-part pour. It is no coincidence that these are brands that are inherently unique and memorable. A lesson as to the value of a distinctive, iconic experience in making for a distinctive, enduring brand and there is certainly more scope for beer brands to craft these experiences in future.

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COVID-19 IMPACT

REDUCED OCCASIONS CURB CONSUMPTION

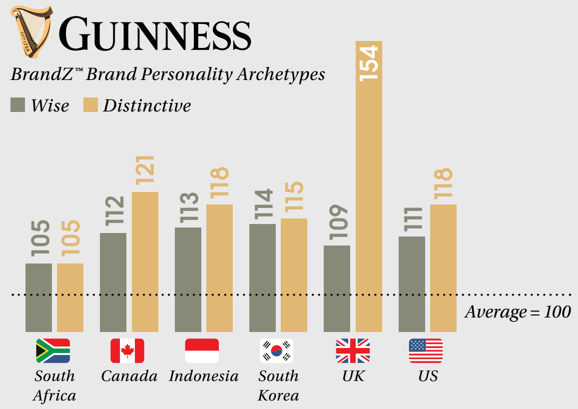
Attempts to control Covid-19 immediately eliminated key beer-drinking occasions with canceled sporting events and closed bars and restaurants. South Africa prohibited the sale of all alcohol. The timing of these measures varied by country, staggering the impact on global brands ranked in the BrandZ™ Beer Top 10—Budweiser, Heineken, Stella Artois, Corona, and Guinness. Beer brands also faced the expensive secondary problem of responsibly disposing of an ocean of stale beer. Bud Light, which has been losing share in the US, its major market, was especially impacted by the virus-related decline in spending. In an attempt to help customers cope with the pandemic, Budweiser introduced an ad featuring people checking up on each other online and socializing with a Bud. Reprising the term "Whassup" from Budweiser ads of two decades ago, the add ends with the message, "Checking in, that's whassup," and the phone number for a Salvation Army hotline.

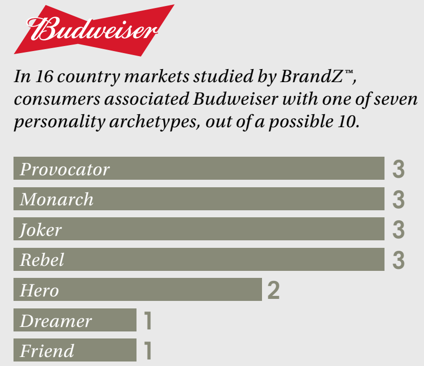
BrandZ™ Analysis

Global brand leaders adopt different positioning strategies…

Guinness maintains a consistent image across country markets as a wise and distinctive brand. In contrast, Budweiser adjusts brand personality to maximize local market relevance.

Brand Personality

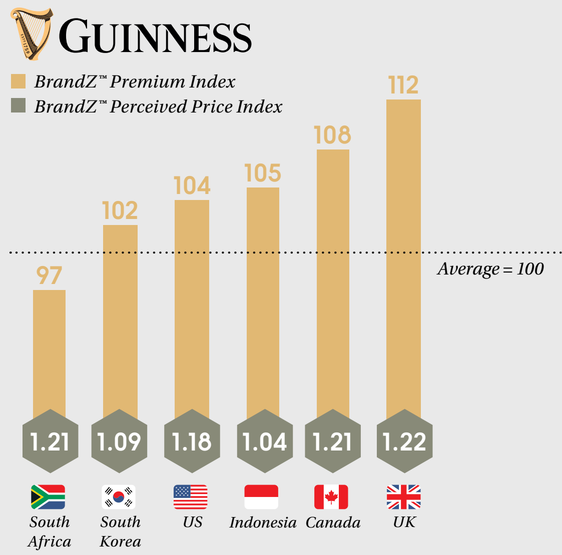


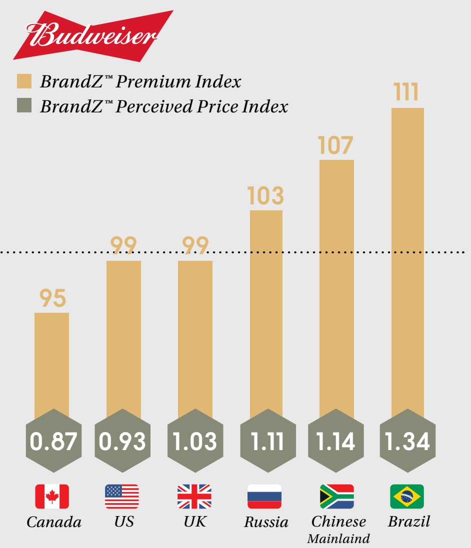


…Positioning strategies impact brand price perceptions

The Guinness brand's consistent image supports premium pricing in most markets. The variations of Budweiser's personality enable the brand to command a premium in some of its markets, including Russia, China, and Brazil, but not in North America and the UK where consumers view the Budweiser as an everyday favorite.

Premium Index | Perceived Price





SOURCE: BrandZ™ / Kantar

SECTION FOUR

BRANDZ™ TOP 100 MOST VALUABLE GLOBAL BRANDS 2020

Brand Building Action Points

1 Encourage curiosity

Repertoires are increasing. People are trying more options. Understand what the consumer basket looks like. There may be people trying your brand whom you may not have expected. Encourage curiosity.

2 Encourage experimentation

Especially with more drinking at home, people may try something new or want to offer something new when entertaining. Encourage experimentation.

3 Have peripheral vision

People are looking for beverages that help them relax or recharge. Sometimes they may choose a beer, sometimes not. New opportunities will come from outside the mainstream beer category. Identifying new opportunities requires vision, especially peripheral vision.

4 Be vigilant

Brands from other categories—spirits, for example—are courting the same young consumer willing to try a variety of drinks and possibly pay a premium for the right experience.

5 Promote ingredients

Ingredients are particularly important today, when people are concerned about health and wellness. An ingredient story can be a positive selling point, rather than a defensive response.

6 Be distinctive

Create an experience that makes people feel as if the brand was a memorable part of their day and worth a return visit.

The Food and Drink Categories

Beverages

Brands refresh, add occasions and channels

New initiatives meet sustainability concerns

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

+4%

Beverages Top 15 Total Brand Value

$181B

Beyond thirst-quenching and taste, brands met a wider, alliterative range of need states including the need to refresh, revive, restore, recharge or relax. Responding to concerns about health and wellness, brands not only removed sugar but also added ingredients intended to enhance healthiness. They improved sustainability with innovative products and packaging.

Adding new flavors assured that taste and healthiness were not mutually exclusive. Wider choice also helped retain retail shelf space dominance, although smaller players introduced niche drinks that included kombucha and CBD oil. Major players also explored new direct-to-consumer distribution channels, including subscriptions.

Category leaders refreshed their brands to align with changing tastes and appeal to younger drinkers. Pepsi introduced a new tag line, "That's what I like," an assertion of independence and preference that aligned with the values of younger drinkers. The tagline appeared on ads for Pepsi, Pepsi Zero Sugar, and Diet Pepsi.

Meanwhile, Coca-Cola Co. executed its strategy of having a beverage for every occasion, with the Coke trademark now extended across Classic Coke, Diet Coke, and Coke Zero, while Coke ownership was less evident for other beverages, like the Innocent brand of smoothies or carbonated soft drink brands like Sprite and Fanta.

Even as the beverage brands considered a broad variety of needs and occasions, they did not anticipate all the need states that can fill a single occasion shared globally by billions of people living the daily eternity of Covid-19 home confinement. Nor did the brands anticipate the economic shutdown that eliminated out-of-home drinking. The BrandZ™ Beverages Top 15 increased 4 percent in value, after a 9 percent increase a year ago.

BRANDZ™ BEVERAGES TOP 15

		Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	Coca-Cola	**71,707**	68,613	+5%
2	Red Bull	**12,751**	13,225	-4%
3	Diet Coke	**12,315**	12,212	+1%
4	Pepsi	**11,123**	10,776	+3%
5	Yili	**9,203**	8,661	+6%
6	Lipton	**9,100**	9,103	0%
7	Nespresso	**8,214**	7,419	+11%
8	Nescafé	**8,072**	7,372	+9%
9	Mengniu	**6,831**	6,491	+5%
10	Fanta	**6,433**	6,229	+3%
11	Tropicana	**6,186**	5,730	+8%
12	Sprite	**6,157**	5,823	+6%
13	Gatorade	**4,914**	4,626	+6%
14	Monster	**4,895**	5,287	-7%
15	Dr. Pepper	**3,528**	3,466	+2%

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

Added occasions

With the decline in alcohol drinking, particularly among young people, soft drink producers created non-alcohol substitutes for alcohol-drinking occasions. Coca Cola introduced Bar Nøne, a line of non-alcoholic cocktails that can also be used as mixers and provide a non-alcoholic option for social occasions. It also introduced high-end sparking drinks.

Insight

Responsiblity

Recycling, CSR will shape brand communications

Traditionally, brands have relied on strong product-focused marketing to drive sales. However, as consumers increasingly consider the social and environmental impact of products and the companies that make them, brands will need to update and refine their marketing strategies to demonstrate their efforts in this space. This is particularly true in the drinks industry, where public concerns around single-use plastics and the environmental consequences of products and manufacturing have become front-page issues. Going forward, expect to see increased communications from brands in this sector that focus on the three phases of the recycling loop: the use of recycled materials in packaging, the recyclability of the packaging, and encouragement of consumers to recycle the packaging they use. Alongside this, brands are likely to communicate more on the role they play in local communities—supporting local charities, participating in local environmental projects, and supporting local economies. As the business behind the brand plays a greater and greater role in driving consumer choice, we will continue to see brands compete to highlight their social and environmental credentials to insulate themselves from criticism and to drive brand equity.

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Sprite introduced flavor innovations, including Limeade and Sprite with cranberry, which people use as a mixer. Meanwhile, a Scottish company offered the premium-priced Sparklingly Sober, which it calls non-alcoholic champagne cocktails.

PepsiCo relaunched Drinkfinity, with a new stainless-steel water bottle and pods in several new flavors and ingredients, including caffeine and vitamins, which can customize the drink for various moods and occasions. The product provides portable hydration without plastic bottles, meeting Millennial concerns with health and wellness, and sustainability. Half of the Americans already claim they use refillable formats, according to Kantar Worldpanel. PepsiCo also researched expanding its flavor offerings for SodaStream, its countertop device for making sparkling drinks.

Based on her portrayal of Wonder Woman, Coke retained actress Gal Gadot as its brand ambassador for an expanding range of its Smartwater brand. In selecting Gadot, Coke intended to find an influencer to represent a smarter way to live. Coca-Cola rebranded Sprite Zero Sugar as No Sugar Sprite and introduced No Sugar Fanta, changes that should better position the brands, particularly in Europe with its sugar taxes.

Calming and energizing

Some challengers introduced kombucha drinks and drinks infused with CBD oil. Recess, a premium sparkling water infused with hemp extract comes in a variety of flavors, including Pomegranate Hibiscus. Recess promises to produce a calming effect that leaves people, "Not tired, not wired." Coconut water and fruit waters continued to grow in popularity. Other niche drinks include collagen waters. The Matcha NOW brand offers Matcha green teas that promise health benefits.

New energy drinks were formulated to offer healthier ingredients. Tenzing, a plant-based energy drink was available in the UK and other parts of Europe. Coca-Cola positioned Coke Energy to provide the taste of Coke for occasions that require an energy boost derived from natural ingredients. Having first offered Coke Energy in the UK and parts of Europe, Coca-Cola introduced it in the US early in 2020 with a Superbowl ad featuring film director Martin Scorsese and actor Jonah Hill.

Coke Energy competes in the energy space with Red Bull and Monster, which Coke partially owns. Red Bull aims at a young male demographic, relative to Coke Energy and Tenzing. The sports drink category has been impacted by the growth of vitamin waters and other options for post-workout replenishment. Along with PepsiCo's Gatorade, the sports drink category includes the Coca-Cola brand Powerade and Lucozade, which is owned by Suntory.

Changing demographics and the increase of healthier options has impacted some traditional drinks like black tea, with Unilever considering the sale of its iconic Lipton Tea brand. Ready-to-drink teas have performed better. Lipton's ready-to-drink business is jointly owned by Unilever and Pepsi. The proliferation of choice also affected Nescafé.

Marketing and distribution

To introduce people to its growing range of new products, Coca-Cola in the US created a subscription service called Coca Cola Insiders Club. For a membership fee, subscribers received monthly samples of the latest Coca-Cola products. The program is intended to drive demand before products reach retail.

Coca-Cola also tested a direct-to-consumer program in Florida, but the approach is difficult to replicate at scale because it potentially could disintermediate the bottler network that is fundamental to Coca-Cola's distribution.

Because the master brands resonate less emotionally with younger people, compared with older generations that grew up drinking carbonated soft drinks, beverage companies looked for ways to connect with young consumers. Pepsi Lifewater, for example, centered the brand around the appreciation of art. The brand is establishing a community around the arts.

To introduce their beverages and encourage trialing, brands sometimes offered variety packs. In China, market leaders Yili and Mengniu, built their presence both online and offline as they faced competition from new competitors primarily aimed at young people and available only online.

Nestle USA and Keurig Dr Pepper entered an agreement to make and distribute Starbucks-branded packaged coffee K-Cup pods in the US and Canada. Nestle distributes Starbucks packaged coffee worldwide. PepsiCo distributes Starbucks ready-to-drink beverages in North and South America.

Sustainability and reputation

While brand equity remains a critical element in beverage sales, especially during the transition to healthier options, corporate reputation also is increasingly important because company values and sustainability policies influence purchasing decisions.

Startups often include sustainability as part of their brand proposition, while industry leaders like Coca-Cola and PepsiCo are aggressively advancing packaging recyclability and other sustainability initiatives. Both companies encourage consumers to recycle to achieve a circular economy. PepsiCo pledged that 25 percent of the ingredients in its plastic packaging would be recyclable by 2025.

Coca Cola is replacing shrink wrapping with cardboard. It is developing a bottle made from plastic debris recovered from the ocean. The water category is intensely focused on recycling plastic and using recyclable packaging. Nestlé is making the bottles for its Poland Spring Origin brand out of 100 percent recycled material.

Coca-Cola, PepsiCo and Nestlé are among the partners of the New Plastics Economy, a group devoted to reducing and recycling plastic, part of the Ellen MacArthur Foundation efforts to advance a circular economy.

COVID-19 IMPACT

THE OUT-OF-HOME CHANNELS DRY UP

Brands met an initial surge in demand for beverages to refresh, rejuvenate, revitalize and break the boredom of home confinement. Brands associated with high energy and extreme sports, Red Bull and Monster, paired especially poorly with indoor board games. And beverage demand dried up at out-of-home channels, with restaurant, bars, stadiums, movie theaters and other venues closed. Although online beverage purchasing increased, it was not clear whether the e-commerce channel will continue to grow as the pandemic eases. It also was not clear if the new, premium-priced functional drinks will fit the post-Covid mentality of people getting back to work and replenishing their savings. Hot teas and other drinks that provide relaxation benefits may rise in popularity, according to Kantar Worldpanel.

BrandZ™ Analysis

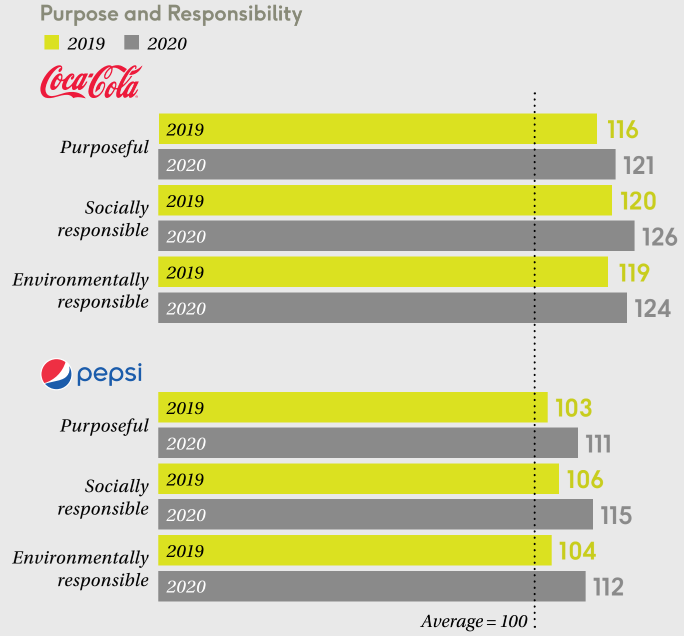
Consumers notice innovations by Coke and Pepsi...

Innovation scores for both Coca-Cola Company and PepsiCo increased as both companies added new drinks to fit more occasions and meet the consumer desire for healthier options.

BrandZ™ Innovation Index
BrandZ™ Beverages Top 15, 2020 Global Data

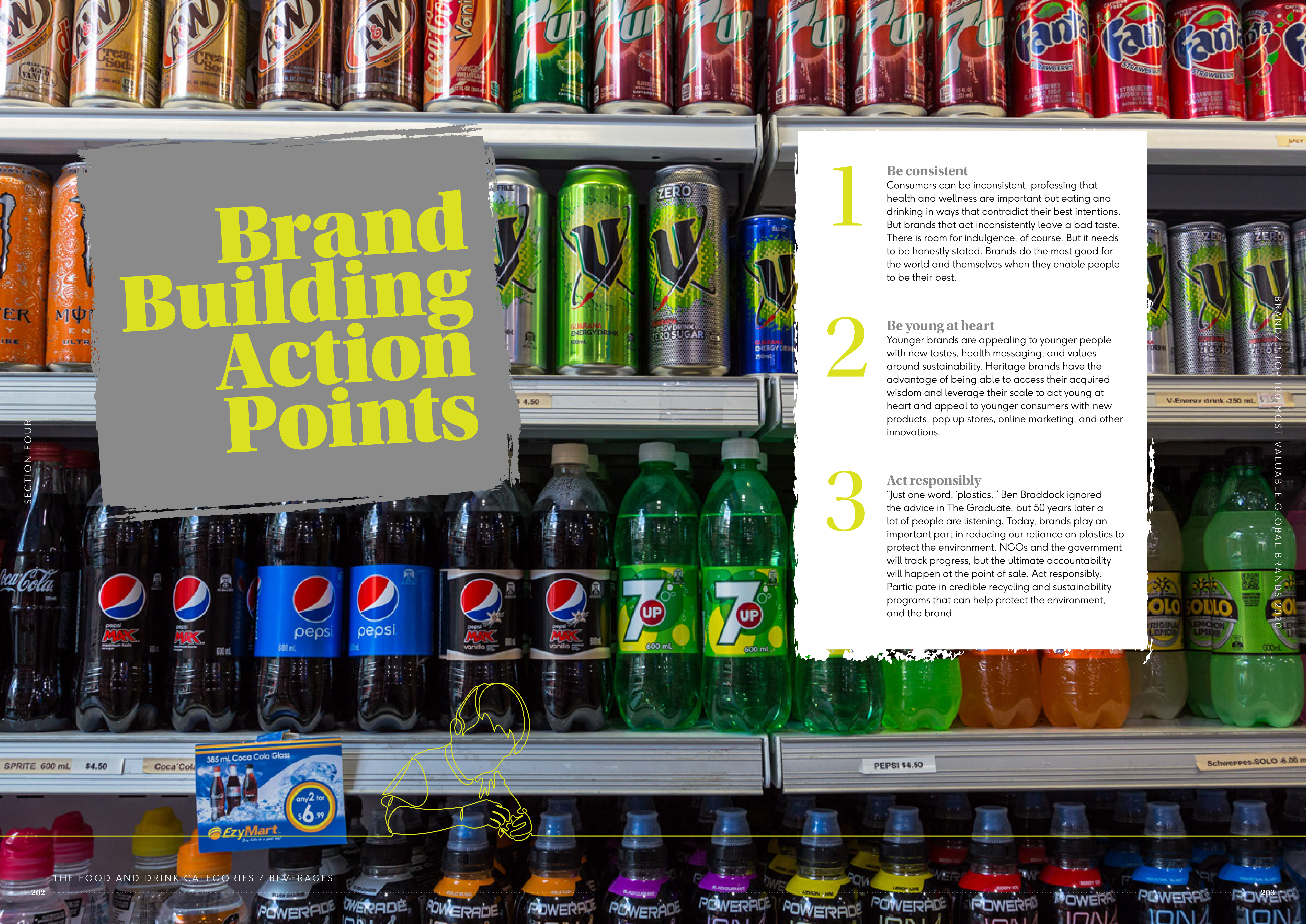
...And they see Coke and Pepsi acting more responsibly

Product and packaging innovations to reduce the use of plastics increased the perception that the Coca-Cola Company and PepsiCo are purposeful and socially and environmentally responsible.



BrandZ™ Indices
BrandZ™ Beverages Top 2020 ,15 Global Data

SOURCE: BrandZ™ / Kantar



Brand Building Action Points

1 Be consistent

Consumers can be inconsistent, professing that health and wellness are important but eating and drinking in ways that contradict their best intentions. But brands that act inconsistently leave a bad taste. There is room for indulgence, of course. But it needs to be honestly stated. Brands do the most good for the world and themselves when they enable people to be their best.

2 Be young at heart

Younger brands are appealing to younger people with new tastes, health messaging, and values around sustainability. Heritage brands have the advantage of being able to access their acquired wisdom and leverage their scale to act young at heart and appeal to younger consumers with new products, pop up stores, online marketing, and other innovations.

3 Act responsibly

"Just one word, 'plastics.'" Ben Braddock ignored the advice in The Graduate, but 50 years later a lot of people are listening. Today, brands play an important part in reducing our reliance on plastics to protect the environment. NGOs and the government will track progress, but the ultimate accountability will happen at the point of sale. Act responsibly. Participate in credible recycling and sustainability programs that can help protect the environment, and the brand.

SECTION FOUR

Fast food brands become even faster

Pick-up and delivery meet digital era expectations

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
-2%

Fast Food Top 10 Total Brand Value
$250B

To meet changing expectations and drive customer traffic, brands turned to data, day parts, and delivery, personalizing the fast food experience with the meals people wanted, when they wanted them, and with a level of convenience they expected.

Self-service kiosks linked the orders of the loyalty program members with their transaction history, revealing food preferences and eating schedules that helped brands personalize menus and determine limited time offers and other promotions. For many leading brands, digital innovation facilitated a rapid shift to takeout, drive-through, and delivery service with the outbreak of the Covid-19 pandemic.

Although Covid-19 delayed timing, McDonald's expected all of its US restaurants to be updated with kiosks and pick-up stations as part of a larger remodeling initiative intended to make its outlets more inviting, with communal seating and electrical power outlets for charging mobile devices.

Improvements in personalization and convenience were most evident in China, where Starbucks opened self-serve Kiosks in some of Alibaba's Freshippo stores. The kiosks operate like mid-century automats updated for the digital age. Customers order and pay on their smartphone and swing open the window of a small locker to retrieve their order.

To accommodate health and wellness concerns, restaurants added more vegan entries, including vegan meat substitutes and non-dairy milks. Meanwhile, the "Battle for Breakfast" supplanted the "Burger Wars" of the 1980s. The fast food category declined 2 percent in value, following a 5 percent increase a year ago.

Delivery adds convenience

Influenced by e-commerce shopping habits, delivery became an expected convenience in fast food and a core business during the pandemic. Having inaugurated its delivery initiative with one partner, Uber Eats, McDonald's added three more: DoorDash, Grubhub, and Postmates. Dunkin' added Grubhub in certain markets. Starbucks rolled out delivery in the US and planned to experiment with it in London and other parts of Europe.

The Starbucks delivery initiative began in China with Starbucks Delivers, a collaboration with Ele.me, a delivery service owned by The Alibaba Group. Starbucks in China also introduced express stores called Starbucks Now, which substituted the "third-space" experience of a Starbucks location with an efficiency focus designed to match the high convenience expectations of Chinese consumers and the rapid takeout system of its Chinese rival, Luckin' Coffee, which, following a rapid rollout, faced a financial.

BRANDZ™ FAST FOOD TOP 10

			Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	McDonald's	US	**129,321**	130,368	-1%
2	Starbucks	US	**47,753**	45,884	+4%
3	KFC	US	**16,584**	17,205	-4%
4	Subway	US	**13,768**	17,124	-20%
5	Domino's Pizza	US	**10,743**	9,570	+12%
6	Pizza Hut	US	**7,341**	7,580	-3%
7	Chipotle	US	**6,603**	6,201	+7%
8	Burger King	US	**6,368**	7,063	-10%
9	Taco Bell	US	**5,928**	6,182	-4%
10	Tim Hortons	Canada	**5,353**	6,680	-20%

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

Insight

Post Covid

Innovation will decide what brands prevail

We can't think about fast food brands outside the context of a post-Covid-19 world. In a recession economy, consumers are more likely to seek affordable and comforting options—an area in which fast food is uniquely positioned to deliver. When it comes to success in uncertain times, though, innovation will be the deciding factor. That's not just about AI, apps, and voice ordering, but also packaging options that are safe, sustainable and maintain the integrity of the food. The innovations that meet our most immediate needs and current behaviors are the ones that will prevail. During the crisis in China we saw this play out with "contactless delivery," which allowed fast food outlets to carry their businesses and customers forward in a highly disrupted environment. And let competitors fear the first who figures out how to deliver French fries piping hot!

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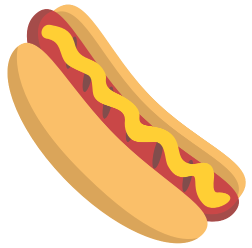


In an effort to counter competition from delivery services like Uber Eats, Domino's Pizza plans to introduce GPS pizza tracking in the US during 2020. The technology enables customers to track the progress of their pizza delivery. Domino's also experimented with using autonomous carts for delivery, as did Pizza Hut in a venture with FedEx.

AI and drive-throughs

With the acquisition of an Israeli startup called Dynamic Yield Ltd., McDonald's implemented a technology that uses AI to update menu boards with item suggestions. The technology is intended to increase the average ticket.

Drive-through customers, recognized by their license plate or cell phone, can receive personalized recommendations of additional menu items based on time of day, the weather, or purchase history. Domino's Pizza and Chipotle Mexican Grill were among chains experimenting with using voice AI for handling phone orders.

Chipotle opened its first walk-up window, in Chicago, as part of the chain's broader strategy to increase convenience and reduce friction by growing digital sales. The strategy also includes "Chipolanes," drive-throughs for picking up food ordered online.

Chipotle's digital strategy, along with supply chain changes and a loyalty program, drove the same-store sales growth that propelled the chain's rebound from the food safety problems it encountered five years ago. Digital initiatives of Domino's Pizza now enable customers to order on Facebook Messenger, using Alexa and other home virtual assistants.

Health and wellness

Fast food operators continued to address health and wellness concerns by introducing healthier choices and menu board labeling, which has increased transparency about the calories and nutrition.

Taco Bell added a vegetarian section to the menu boards of its US restaurants. A refinement to Taco Bell in-store kiosks enabled customers to select Veggie Mode and find an extensive menu of vegetarian items. Taco Bell also featured a taco filled with a plant-based meat substitute.

Burger King introduced its signature Whopper without artificial ingredients or preservatives. A time-lapse ad showed the ingredients aging over a month, ending with a colorful moldy sandwich and the tagline "The beauty of no artificial ingredients."

Burger King also offered a meatless Impossible Burger and its sister chain, Canada-based Tim Hortons, also owned by Restaurant Brands International, added a meat-substitute breakfast sandwich and a burger to its menu. KFC experimented with a plant-based menu item called Beyond Chicken. Dunkin' had a meatless sausage patty.

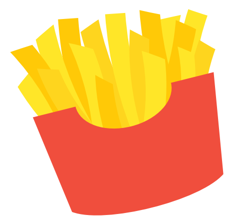
Breakfast traffic

Breakfast remained a critical daypart because it is a habitual meal that drives reliable repeat business, and it was the only meal where fast food chains, in general, witnessed traffic increases, until the pandemic when commuters stayed home.

Usually, breakfast is also the least indulgent part of the day, which increases the perception of healthiness. Prior to the pandemic, fast food brands attempted to leverage these advantages and fulfill customer preferences by serving breakfast all day.

Known for its meat-heavy menu, Wendy's launched its breakfast offering by emphasizing sandwiches loaded with bacon and sausage. McDonald's, with over 20 items on its breakfast menu, added several promotional Southern-style chicken dishes during a US promotion timed for the Wendy's launch.

In part to build its breakfast business, Panera introduced a subscription program. Called "Your cup is always full," the program entitles loyalty rewards members to unlimited coffee or tea for $8.99 per month.



Insight

Sustainability

For QSR brands, the turtle video is the last straw

The world's top QSRs by revenue—Starbucks and McDonald's—are on their heels when it comes to plastic straws. McDonald's has moved to paper straws in some markets, to mixed reviews. Starbucks went even further, with a plan to phase out more than a billion plastic straws globally through a newly designed lid for cold beverages. This isn't the first time QSRs have been in environmental activist crosshairs. McDonald's, for example, committed to removing Polystyrene (commonly known as Styrofoam) sandwich packaging in 1990 and has since phased it out in other areas of restaurant operations.

So… Why plastic straws? Why now?

In 2015, a marine biologist filmed the extraction of a plastic straw from a Sea Turtle's nose. The original video has garnered more than 39 million views and permeated the global cultural zeitgeist. The biologist's message resonated through her title, which was tagged in all caps at the end, "NO TO PLASTIC STRAWS." Not even the biologist could have known what an effective framing that would become.

Since the video, search engine inquiries about straws have tied the seemingly innocuous plastic cylinders to Sea Turtles. In fact, 80 percent of the breakout straw-related search terms have either been about turtles or bans. Speaking of bans: The consumer sentiment around plastic straws—due not only to animal welfare but also to how difficult it can be to recycle them—has pushed governments of all sizes to varying levels of regulation. Consumers are now demanding straw alternatives at the restaurant counter and through trending topics online like #StopSucking, #StrawlessOcean, and #RefuseTheStraw.

Many QSRs and fast casuals are favoring a paper straw alternative to address consumer concerns. However, that solution isn't going as well as they may have hoped. The same consumers who demanded alternatives to plastic straws take to Twitter to complain about paper straws breaking down in their drinks before they've finished. For some in the US, it's even become a political badge of honor to use plastic straws. In fact, Donald Trump's campaign website sells branded plastic straws $15 for ten. The question is, what now? Do QSR brands continue to pursue the most environmentally sound solution? Or, is it better to weather the storm of public unrest and keep the plastic straws many can't seem to live without? In the US, the election cycle may sway the issue more than we anticipate.

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COVID-19 IMPACT

DIGITIZATION MEETS THE COVID MOMENT

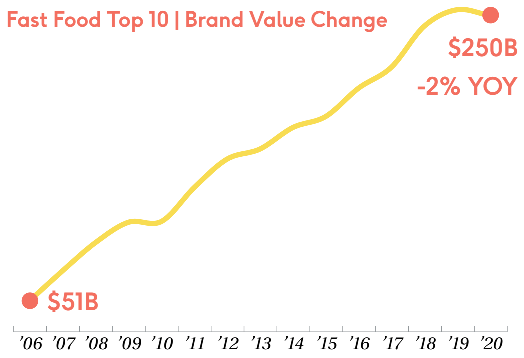
Ongoing digitization strategies to improve the fast food experience helped some brands cope better when restaurant locations closed to slow the spread of the coronavirus. Many brands previously had enabled customers to order on an app and have their food delivered or ready when they arrived at a drive-up or walk-up widow or an in-store pick-up station. Digital leaders such as McDonald's, Starbucks, and Chipotle maintained value better than the fast food category overall, which declined 2 percent. Domino's Pizza, in particular, met the moment. Having built its brand in part by investing in the technology to deliver food quickly and still hot, Domino's Pizza led the category in value increase, 12 percent. The fast food results reflect a larger cross-category trend: Few brands escaped the impact of Covid-19, but brands that aligned with how people live today, maximizing convenience, for example, enjoyed an advantage.

BrandZ™ Analysis

Value declines for first time since 2010

The value of the BrandZ™ Fast Food Top 10 declined for the first time since 2010, primarily because of restaurant closings to halt the spread of Covid-19. Only three brands increased in value: Domino's Pizza, Chipotle Mexican Grill, and Starbucks.

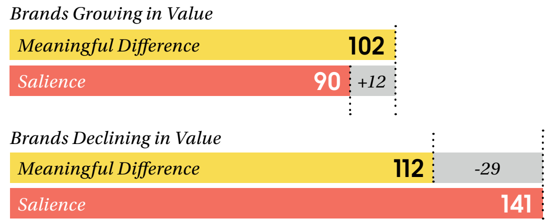
Fast Food Top 10 | Brand Value Change



… Rising brands are meaningfully different…

The brands that increased in value—Domino's Pizza, Chipotle Mexican Grill, and Starbucks—score higher in meaningful difference than in salience. Brands that declined in value are much more salient, but they are not necessarily well known in ways that consumers view as meaningfully different.

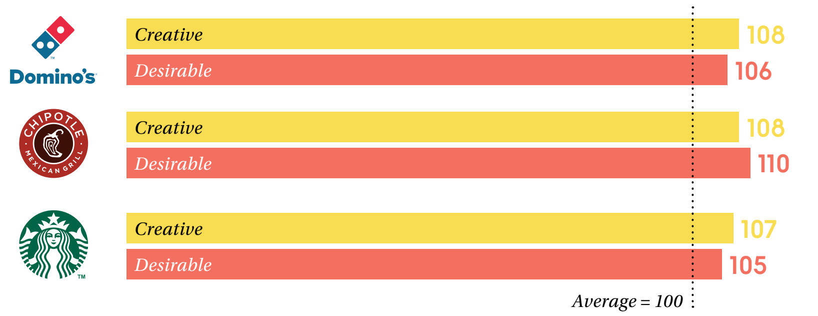
Meaningful Difference, Salience



… Consumers see rising brands as creative and desirable

The three brands that increased in value derive their meaningful difference from particular personality characteristics. Consumers consider them creative and desirable, for example.

Brand Personality
BrandZ™ Personality Indices



SOURCE: BrandZ™ / Kantar

Brand Building Action Points

1

Recognize opportunities

While navigating an event as devastating as the coronavirus, it is natural to be caught up in the all-consuming demands of trying to stabilize a business while taking care of employees and customers, sometimes in new ways. No one has a playbook, so be open to new ideas that may come from anywhere, especially from customers and employees. Because no one knows what to expect, this is a good time to try the unexpected.

2

Be responsible

Advances in AI will enable fast food brands to offer customers add-on items based on their prior preferences or simply the time of day. This facility can help raise average tickets, which is important during periods of flattening traffic. And, in principle, suggesting a side of fries in a QSR drive-through is not much different than recommending another glass of wine in a fine dining restaurant. The key is to use the power of suggestion with moderation. That is better for the customer and, ultimately, the brand.

3

Be personable

Digital technology has enabled fast food brands to dramatically improve the restaurant experience with mobile or kiosk ordering and fast pick-up that removes much of the friction. There may be opportunities to add what design company FITCH calls positive friction, moments where a personal touch gains customer appreciation and perhaps an opportunity to present another offer.

4

Be long-term

Be thoughtful and genuine in selecting the influencers to represent the brand. Think beyond the momentary trend and select individuals who represent the deeper core values of the brand and can represent it over time in ways that resonate with people.

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Wellness trend regimens must match changing needs, schedules

Consumers desire better health, with fewer steps to achieve it

Consumers are taking their health seriously. We see more shoppers than ever adhering to healthy diets, drinking less or no alcohol, and adopting active lifestyles. Awareness of and openness about mental health issues improve, and self-care becomes synonymous with the millennial generation.

This fundamental change of attitude has critically impacted our choice of products, which is especially felt by the personal care industry. We no longer seek reactive solutions, rather we demand preventative products that promote enduring health. We want to look and feel healthy from the inside out. Consequently, wellness has been the defining term of the personal care industry.

But what does this term actually mean? Roughly, any product that helps consumers feel and look healthy can fall under this definition, which has enabled a multitude of product categories to jump on the wellness bandwagon claiming their own stake of the booming industry.

Proactive healthcare categories prosper, such as vitamins, sleeping aids, and stress relief products, which promote health from the inside out. While less conventional categories, such as sex and pleasure products and cannabis-infused skincare, have also taken off this year and gained valuable in-store listings.

This pull is now being recognized by mainstream retailers. In the UK, for example, health and beauty retailer Boots, and Sainsbury's, a supermarket chain, dedicate areas in store specifically to wellness. Additionally, Boots introduced the sexual wellness and pleasure category in 2019, bringing sexual wellness products into the mainstream. Feel Unique, an online health and beauty retailer, also launched into sexual wellness last year.

But all of this comes at a cost to the consumer and provides a tension that brands must look to overcome. We are continually pressured to cut time and costs in our personal care regimes as our lives become busier and more hectic than ever. We, therefore, look to drop products from our regimes in order to save this precious time.

Hence, over the past couple of years we have seen the rise of multi-use products such as 5-in-1 moisturizers, shower and shave combined products, and color cosmetics that combine with anti-aging benefits. So what does this mean for the wellness industry? It is not enough for a product to promise to make us feel healthier; it must also fit into our busy schedules and our established regimes. For this reason, brands must think outside the box about how to combine wellness benefits into products that are well established within our regimes already.

TAKEAWAYS

1 Question

Begin by asking questions:

- What does wellness mean to your shoppers?
- Are they even engaged in the trend?
- If your shoppers are engaged, how does wellness manifest for your brand?
- How can your products enhance a shopper's everyday life?
- What competitors, beyond the mainstream, will be next to make the move?

2 Engage

Dial up health benefits, this is not just limited to healthcare products, the possibilities are endless!

3 Connect

Partner with retailers to help grow their share of the wellness industry. And when they move, make sure you are present.

It is not enough for a product to promise to make us feel healthier; it must also fit into our busy schedules and our established regimes.

Stephan Gans
Senior VP, Chief Insights
& Analytics Officer
PepsiCo

PEPSICO

Insights, analytics help global giant seize opportunities, perform with agility

Leveraging scale, PepsiCo identifies emerging trends, occasions, needs

Stephan Gans is the Senior Vice President, Chief Insights & Analytics Officer for PepsiCo. PepsiCo's food and beverage products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. Gans began his career at Unilever, served as CEO of EffectiveBrands, a marketing consultancy, and headed strategy for Interbrand's North American and global practices prior to joining PepsiCo.

ANALYTICS AND INSIGHTS

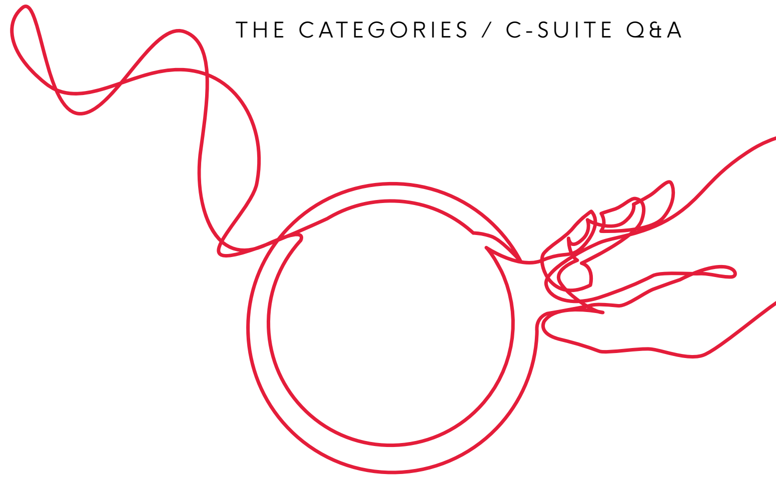
How does the insights and analytics group you head improve PepsiCo and its brands?

The group consists of around 450 people who sit in teams around the globe. They contribute in three ways. They identify opportunities and challenges for our brands and businesses, help enable consumer-centric decision making, and help optimize in-market performance.

With the help of insights and analytics, how might PepsiCo look different in three-to-five years?

The business will be increasingly able to meet its growth objectives. It will be able to work more proactively rather than reactively in the marketplace. And more commercial decisions will be taken from a consumer-centric point of view.

The concept of brand loyalty is quite outdated. We have to sell ourselves over and over and over again. We can never rest on our laurels and assume that because people are familiar with the brand, they will continue to use it. We need to constantly reengage people.



Agile startups often introduce market innovations. How can insights and analytics make a multinational more proactive?

Insight tools can help a company that's a scale player be more attentive. We have a social data tool that we call Trendscope that listens to category-relevant topics people are talking about, such as the beverage ingredients people want or the benefits they expect from a snack. It applies AI to come up with a prediction that enables our marketing and innovation teams to stay ahead of the curve. We can then pick up on the trends before they show up on the shelf.

Are these trends local or global?

When I joined the company around three years ago, the insights people were all working locally in their own ways. That structure may have local advantages, but it doesn't leverage PepsiCo's scale. We're increasingly digitizing and globalizing insights at PepsiCo and getting better at leveraging our skill. We've standardized the way we work, so all the data can be fed into one central database, enabling us to learn about consumer needs or occasions across the world. This global scale and information provide us with an advantage over a niche player.

How do you ensure that important insights are implemented and not lost in corporate bureaucracy?

We spend an incredible amount of time with the internal stakeholders. Because of the categories PepsiCo is in, we're focused first and foremost on being successful in the local markets. The core strength of PepsiCo is in our local offices worldwide. We spend a lot of time with the local marketing and R&D teams to make sure the insight tools get used. The tools could be used for the cookie business in Mexico, the dairy business in Russia, or the snacks business in Vietnam.

Can you provide an example of a product that resulted from consumer-centric insights?

We've greatly expanded our integration with the SodaStream platform following our acquisition in 2018, including added flavors. Now, in a few markets, we are actively testing marketing SodaStream with the flavors of some of our most-loved PepsiCo brands, such as Gatorade, Pepsi, Mountain Dew and 7-Up.

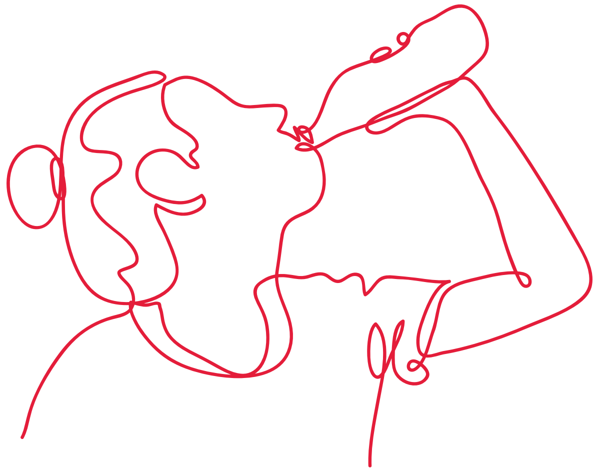
CONSUMERS, CULTURE, AND VALUES

Are you picking up deeper health and wellness insights?

In Trendscope we hear a lot of talk about ingredient benefits. Functional water, water that is calming or cleansing or has an elevated taste, is one example. Protein beverages is another example. This is a growing space: proactive, ingredient-driven ways of meeting consumer needs and combining benefits with thirst quenching. Trendscope can pick up both on the benefit people are looking for and the specific proteins that people believe have the greatest impact. That is how this tool drives our innovation funnel, which leads to products that we test across the globe.

How have insights about health and wellness influenced the product portfolio?

Through consumer insights studies and primary research, our Gatorade brand learned that while the competitive attitude of an athlete remains throughout a lifetime, their motivations and preferences shift as they age. As athletes get older, motivations are less around improving skills or game-time performance and more focused on health and wellness, including low-sugar and low-calorie options that still hydrate with the efficacy of Gatorade Thirst Quencher. Therefore, it was essential for Gatorade to create a product that hydrated athletes and met these shifting motivations and occasions. Gatorade Zero, with no sugar and the same electrolytes as Gatorade Thirst Quencher, was launched to meet this demand. The product has been a very successful innovation for the brand and shows how we've used consumer-centric insights to fuel our innovation pipeline.



How do you adapt your response to trends for diverse markets?

We match clusters of benefits with the specific needs and wants of consumers. The convenience a customer in the US expects is not that relevant for someone living in rural India. In India, we need to do a lot of innovation to provide great quality products at a value that people can afford.

Do certain country markets signal earlier?

Yes, in coffee and tea it's very different. For tea we look in China and other parts of Asia. For coffee we do multiple things. We have a partnership with Lavazza, which produces quality, hard-core Italian coffee. And we have a partnership with Starbucks that also helps us monitor trends in coffee.

BRAND BUILDING AND MARKETING

What have insights and analytics revealed about brand purpose?

There is a need for brands to be anchored in a sense of purpose, which doesn't always mean that you're saving the world. But a brand, like a person, needs to be clear about what it wants to be in the world. The brand's communication and innovation are more important than ever with the number of platforms and channels that brands can use to reach consumers. A brand needs to be hyper clear about what it wants to be and the set of benefits it wants to bring.

Is it important to cultivate an emotional attachment to the Pepsi brand among young people who did not grow up drinking carbonated soft drinks?

The concept of brand loyalty is quite outdated. We have to sell ourselves over and over and over again. We can never rest on our laurels and assume that because people are familiar with the brand, they will continue to use it. We need to constantly reengage people. Historically, we're doing an amazingly good job of that, with brands growing year after year. I'm optimistic about our ability to keep engaging people. We need to work harder. The PepsiCo portfolio has become much broader. My kids' generation will have a dramatically larger range of options to choose to drink than my generation.

How will PepsiCo marketing change as the company reduces packaging to meet sustainability goals?

We are building our capabilities to be more relevant on an individual level, to make sure that people are getting the product they want, at the price they want, with the benefits they need, at the place they happen to be. We have built a strong e-commerce business over the past few years, which provides access to data that enables us to predict consumer demand in a more granular way, identify cross-selling opportunities, and surprise consumers with good deals. At the same time, our strong relationships with brick and mortar retailers give us incredible access to data.

What unusual brand growth opportunities can you envision?

From a product angle, the markets we operate in are gigantic. So, there is ample opportunity for growth. But, if you look at the question through the lens of vertical integration, if you think of the ambition to build strong one-to-one relationships with consumers, which technologically is absolutely feasible, then it may be more interesting to think about different business models. Like partnering with companies that have big treasure troves of data that we could complement and, in partnership, serve people in a more convenient way. When it comes to growing the business, I'm interested in those kinds of opportunities.

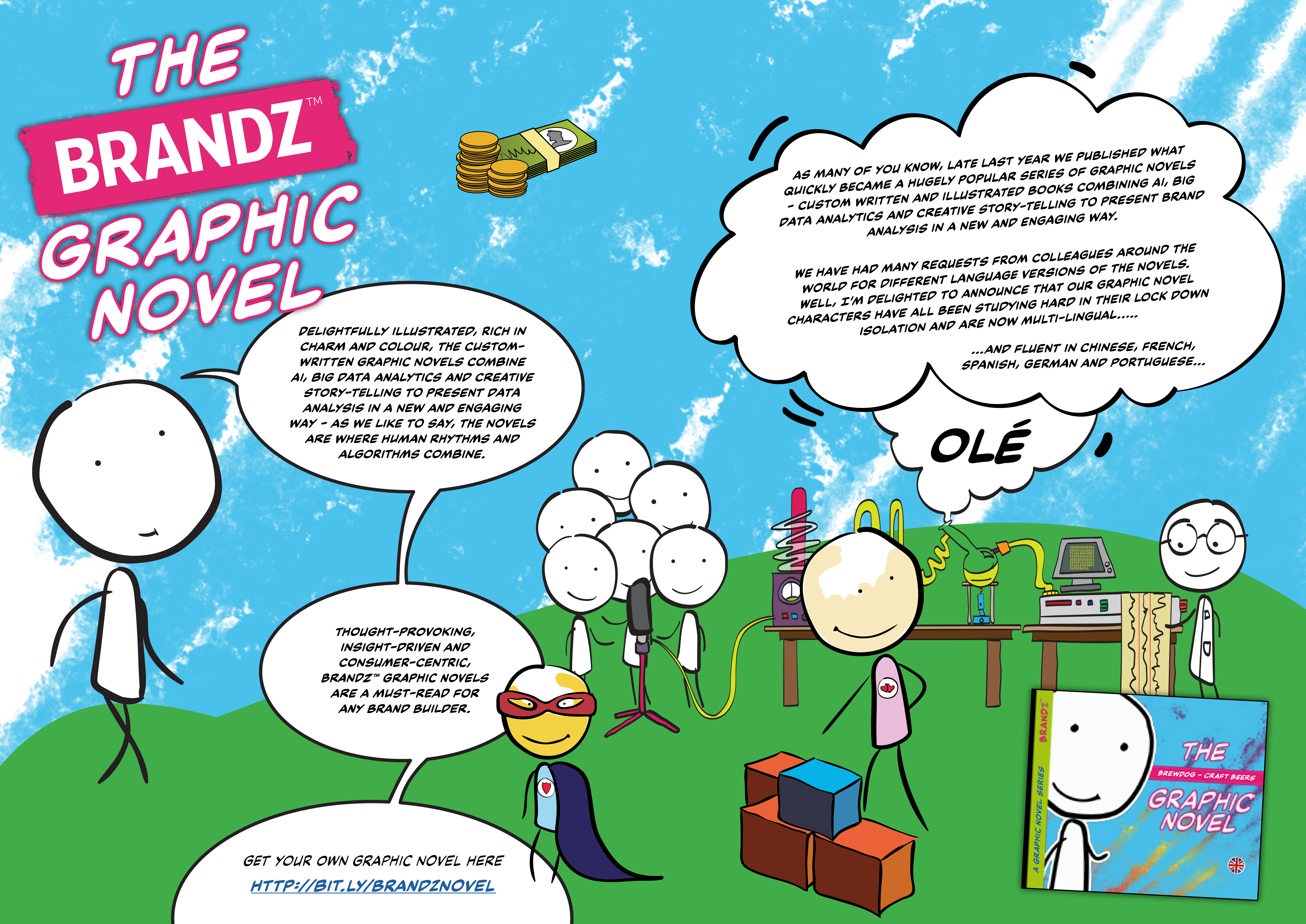
Can you give an example?

Peloton, the exercise equipment brand, is a type of company we'd be interested in working with. I could imagine that some Peloton users, after their early-morning workout, might appreciate some advice about what to have for breakfast or how to rehydrate, based on their heart rate, frequency of workout, and other details.

COVID-19 IMPACT

How did Covid-19 affect corporate reputation?

During the Covid-19 crisis, it's critical that the private and public sectors join together to provide assistance and aid to the most vulnerable. PepsiCo and The PepsiCo Foundation committed more than $45 million to fund nutrition access for out-of-school students and at-risk families, as well as offer vital support including protective gear for healthcare workers and testing and screening services. For our employees, we've provided enhanced benefits to all US-based employees and additional compensation to US frontline employees—the women and men who make, move, and sell our products. We're also hiring 6,000 new, full-time, full-benefit frontline employees across the US in the coming months. This is a rapidly evolving situation and we anticipate additional relief support.


THE BRANDZ™ GRAPHIC NOVEL
DELIGHTFULLY ILLUSTRATED, RICH IN CHARM AND COLOUR, THE CUSTOM-WRITTEN GRAPHIC NOVELS COMBINE AI, BIG DATA ANALYTICS AND CREATIVE STORY-TELLING TO PRESENT DATA ANALYSIS IN A NEW AND ENGAGING WAY - AS WE LIKE TO SAY, THE NOVELS ARE WHERE HUMAN RHYTHMS AND ALGORITHMS COMBINE.
THOUGHT-PROVOKING, INSIGHT-DRIVEN AND CONSUMER-CENTRIC, BRANDZ™ GRAPHIC NOVELS ARE A MUST-READ FOR ANY BRAND BUILDER.
GET YOUR OWN GRAPHIC NOVEL HERE
HTTP://BIT.LY/BRANDZNOVEL
AS MANY OF YOU KNOW, LATE LAST YEAR WE PUBLISHED WHAT QUICKLY BECAME A HUGELY POPULAR SERIES OF GRAPHIC NOVELS - CUSTOM WRITTEN AND ILLUSTRATED BOOKS COMBINING AI, BIG DATA ANALYTICS AND CREATIVE STORY-TELLING TO PRESENT BRAND ANALYSIS IN A NEW AND ENGAGING WAY.
WE HAVE HAD MANY REQUESTS FROM COLLEAGUES AROUND THE WORLD FOR DIFFERENT LANGUAGE VERSIONS OF THE NOVELS. WELL, I'M DELIGHTED TO ANNOUNCE THAT OUR GRAPHIC NOVEL CHARACTERS HAVE ALL BEEN STUDYING HARD IN THEIR LOCK DOWN ISOLATION AND ARE NOW MULTI-LINGUAL.....
...AND FLUENT IN CHINESE, FRENCH, SPANISH, GERMAN AND PORTUGUESE...
OLÉ
A GRAPHIC NOVEL SERIES
BRANDZ
THE
BREWDOG - CRAFT BEERS
GRAPHIC NOVEL

SECTION FOUR

Fintechs, open banking shape financial services

Brands attempt to improve online experience

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.

Global Banks Value Year-on-Year Change

-19%

Global Banks Top 10 Total Brand Value

$98B

Driven by multiple pressures on their core businesses—including low interest rates, regulatory constraints, and fintech competition—banks expanded into new areas, acquiring upstart companies for their innovations and growth potential. Open banking and cloud technology added new opportunities and challenges.

Open banking—the ability to aggregate and share consumer financial data across institutions—compounded the ongoing difficulty of differentiation in certain markets. Although banks could provide consumers with comprehensive dashboards of their personal finances, the similarity of the offerings limited competitive advantage. Similarly, the use of cloud technology opened new product possibilities, but the low cost of entry attracted fintech startup competitors able to provide superior customer service in niche parts of the business.

When the fintechs attempted to widen their appeal from a narrow focus on Millennials, however, they faced some of the same challenges as traditional banks. Able to build on their perceived difference, fintechs successfully built an online business around payments. But they were less effective at developing the functional trust necessary for attracting the mortgages, savings accounts, and other financial products that rely on the long-term customer relationships vital to traditional banks.

These trends impacted banking amid the uncertainties of China-US trade tensions, Brexit, and a divisive political climate, which all seemed like manageable pressures after banks also contended with the unprecedented and devastating financial impact of the Covid-19 pandemic. The BrandZ™ Global Banks Top 10 declined 19 percent in value. Regional bank brand performance varied based on local circumstances, but the BrandZ™ Regional Banks Top 10 declined 11 percent overall.

Open banking

Open banking challenged banks to improve customer experience with integrated financial information to help customers reduce their taxes, revise an investment strategy, and in other ways take control over their financial health. Open banking brought traditional banks into competition with startup fintechs like Betterment, a robo advisor.

Open banking also changed the banking ecosystem, creating a space for application programming interfaces (APIs), organizations that develop the infrastructure for securely accessing consumer data from various institutions and presenting it to consumers in ways that create useful financial products and positive customer experience. JP Morgan Chase, for example, has an agreement with Plaid, an API now owned by Visa Inc.

BRANDZ™ GLOBAL BANKS TOP 10

		Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	HSBC	**18,747**	23,169	-19%
2	J.P. Morgan	**17,649**	19,827	-11%
3	Citi	**15,666**	18,878	-17%
4	Morgan Stanley	**9,323**	10,656	-13%
5	Goldman Sachs	**7,073**	8,634	-18%
6	Santander	**7,020**	9,773	-28%
7	BBVA	**6,624**	8,519	-22%
8	ING Bank	**6,546**	9,624	-32%
9	UBS	**4,849**	6,374	-24%
10	Barclays	**4,623**	5,677	-19%

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

SECTION FOUR

Insight

Purpose

Fintech threat pushes banks toward purpose

In this era of cloud-enabled open banking, the large banks increasingly encounter fintechs able to offer similar products, often with a lower fees and a better online experience. This development makes differentiation more difficult, and it is one of the reasons that banks are embracing purpose. Embracing a higher order purpose can help brands set themselves apart by solving a big public problem, tapping into culture, and becoming part of the community.

Ann Green
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Insight

Consumers

Consumers try to fathom their finances

Consumers are trying to become more educated about their finances. When people visit a bank branch, they're asking about interest rates or what they can do with their savings accounts or certificates of deposit. People want to trust their banks, of course, but they also want to know that their banks are giving them value for their money. In evaluating their options, consumers may see that a fintech offers lower fees, for example. Increasingly, consumers know what they're doing and what's happening to their money.

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For regulatory reasons, the fintech world was more advanced in the UK. Fintech's like Monzo and Revolut challenged the much larger legacy banks, which relied primarily on physical branches, although they increased their digital presence. RBS launched a fintech brand called Bo in the UK, for example, while HSBC Holdings plc introduced an app, called HSBC Kinetic, aimed at young business owners.

Meanwhile, the fintech influence potentially expanded when Monzo and Revolut entered the US market. Faced with increased fintech competition, traditional banks sometimes engaged in "acquihiring," purchasing businesses primarily to gain talent and knowledge. In other instances, traditional bank brands created innovation hubs to develop online offerings that can compete with fintechs. Citi partnered with a software fintech called Cachematrix.

Expanding digital

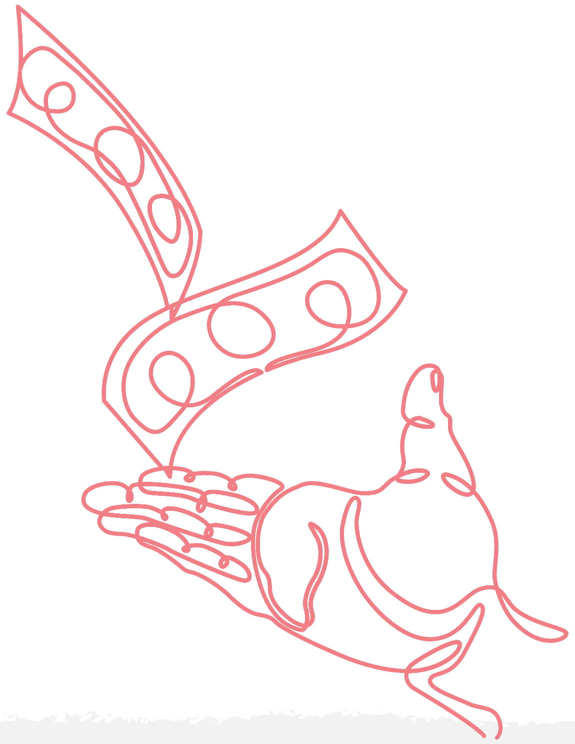
Citi invested heavily to expand its digital footprint and convert holders of the Citi credit card into customers of Citi banking services. Citi operates a limited physical footprint of around 700 branches, concentrated in New York and a few other major cities. Other major US banks have much larger physical networks. Wells Fargo Bank and JP Morgan Chase operate the most branches in the US, over 5,000 each, followed by Bank of America with over 4,000 branches.

Indonesia's BCA, the only bank brand that increased significantly, invested in digital technology to make the user experience friendlier with mobile banking, QR codes, and e-wallets. BCA, which, ranks No. 1 in the BrandZ™ Top 50 Most Valuable Indonesian Brands, is working with fintechs to develop cashless payment.

For now, the digital investments of traditional banks enabled them to compete more effectively against each other and fintechs. Goldman Sachs introduced a revised version of its Marcus app, which uses the technology of Clarity Money, another Goldman Sachs fintech acquisition. The banks also anticipated a widening competitive set that may include more activity from technology giants. Goldman Sachs and Apple co-branded a credit card. Citi partnered with Google on a checking account.

For technology companies, the central appeal of banking is access to consumer data. Google and Apple already offer digital wallets. Facebook planned to introduce a digital wallet called Calibra as part of its Libra cryptocurrency initiative. The possibilities are most evident in China, where people conduct daily business within the ecosystems of Alibaba's AliPay or Tencent's WeChat Pay, the mobile apps of technology brands, not banks.

Meanwhile, China-US trade negotiations helped accelerate the entrance of Western payment companies, including Mastercard Inc., Visa Inc, and American Express Co., into the Chinese market. And the Chinese government approved the application of PayPal Holdings Inc. to acquire a majority interest in GoPay, a Chinese online payment provider.



BRANDZ™ REGIONAL BANKS TOP 10

		Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	ICBC	**38,149**	38,432	-1%
2	Wells Fargo	**30,443**	46,468	-34%
3	China Construction Bank	**21,089**	22,709	-7%
4	HDFC Bank	**20,796**	22,705	-8%
5	RBC	**20,732**	22,845	-9%
6	Chase	**20,462**	20,514	+0%
7	Agricultural Bank of China	**18,639**	18,199	+2%
8	TD	**17,339**	19,958	-13%
9	Bank of America	**16,924**	17,983	-6%
10	BCA	**14,917**	13,437	+11%

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

Regional Banks Value Year-on-Year Change

-11%

Regional Banks Top 10 Total Brand Value

$219B

Insight

Purpose

Banks can help post-Brexit UK achieve prosperity

The UK has now officially left the European Union ending three years of painful uncertainty and opinions remain very divided on whether the future is bleaker or brighter. We are now in a much more meaningful "Make Brexit Work" phase. Improbable as it may seem, this phase provides the UK banks with a unique opportunity to prove their original purpose of providing a safe place for people and businesses to grow their money, and lending it to help others thrive. There are calls for local and national investment in significant infrastructure developments to put the "Great" back into Britain again. What could be more tangible demonstrations of their original purpose? Many of the UK banks have run campaigns focusing on the ways they are investing to help small- and medium-size businesses grow but now there is an opportunity to support sustainable growth for the nation. It will be a challenge but who better than the banks to take it on and prove their worth to everyone living and working in Britain today.

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Insight

Neobanks

Neobank storm requires trust to sustain force

Neobanks are often considered to be taking the retail banking market by storm. Building a neobank *brand*, however, takes a lot more; a storm, in the end, dies down. Trust is key in the financial services category and it takes time to acquire the perception of trust. Building a neobank brand therefore requires stamina, deep pockets, and a strong brand strategy.

So are neobank brands getting there? They are in markets like China, India and Brazil, as a recent Kantar study shows. But that appears to be due to market local characteristics, such as relatively many unbanked and underbanked consumers. Offering a free bank account opens up a previously inaccessible world to them. On top of this, China neobanks are often part of a larger digital ecosystem (Alipay, WeChat, JD) that consumers already embrace. All this explains why neobank clients in these three countries trust and like their neobank as much as traditional bank clients trust and like their traditional bank.

Retail banking markets such as the US, UK, France, Germany, Spain, Netherlands and Singapore, however, paint a very different picture. Neobank penetration is way lower in these markets, often limited to just a secondary or tertiary bank relationship. Moreover, neobank brand strength is far from as strong as that of traditional banks in these markets. In fact, only one-in-five neobank clients completely trusts their neobank, as opposed to one-in-two trusting their traditional bank. Building a strong brand is therefore the top priority for neobanks in order to gain a substantial market share.

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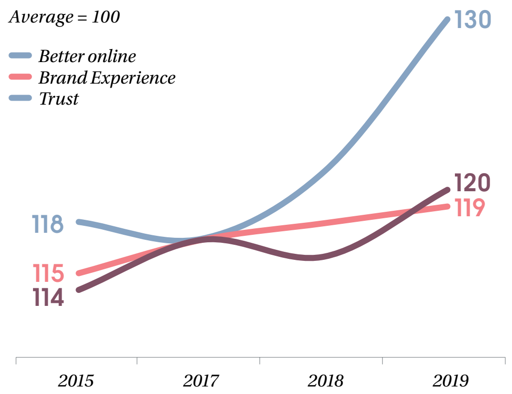
BCA's digital investment improves online experience, trust…

With an investment in digital technology, Indonesian bank BCA, the only bank brand to increase significantly in value, improved user experience and strengthened its trust credentials.

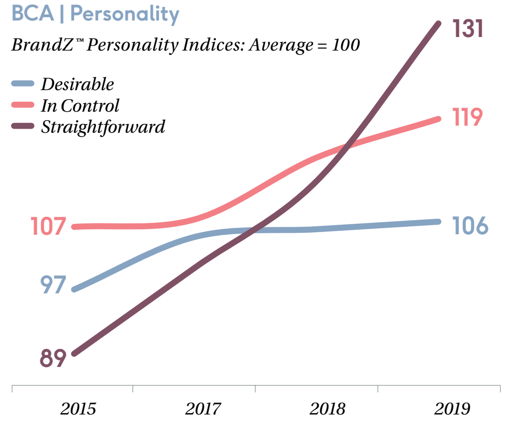
BCA | Online Experience and Trust



…And digital technology helped sharpen the consumer perception of BCA

In just a few years BCA significantly clarified its brand personality and is now seen as more desirable, in control, and straightforward.

BCA | Personality



SOURCE: BrandZ™ / Kantar

COVID-19 IMPACT

SHARP PROFIT DECLINE SIGNALS TROUBLE AHEAD

Covid-19 compounded challenges for banks already struggling with the low interest rate environment and fintech competition. Important revenue streams slowed overnight, including cross-border mergers and acquisitions, IPOs, and corporate borrowing. The big bank brands remained profitable, but not as profitable. In the US, JP Morgan Chase, Bank of America, Citigroup, and Wells Fargo experienced a surge in deposits as worried customers rushed to protect their finances. Public anxiety limited the number of borrowers, however. And banks anticipated consumer loan defaults. Four of the Regional Banks Top 10 are state-owned Chinese brands. While Covid-19 and the slowdown in the rate of China's economic growth affected the nation's banks, the impact was moderated by their strategic role in helping the nation recover from the pandemic. The Global Banks Top 10 lost 19 percent in value with every brand declining. Although two regional banks increased—Agricultural Bank of China, and Indonesia's BCA, which rose 11 percent—the Regional Banks Top 10 dropped 11 percent.

Brand Building Action Points

1 Educate consumers

Reminding people about the purpose of banking may cultivate trust and increase engagement in the category. To attract new, young customers, it is useful to educate people about how banks help individuals and organizations prosper, essentially by taking interest-bearing deposits and loaning the money to others.

2 Cultivate trust

Although fintechs have been offering their online financial services for less than a decade, many have achieved a strong connection with customers based on their difference. However, people are still more likely to trust traditional banks with their money. Fintechs need to build trust.

3 Design the digital experience

Digital banking needs to be more than a pretty interface, especially as it becomes the main way a lot of people bank. A collaborative team needs to design the digital customer experience, not just the part that the customer sees, which is critical, but everything behind the scenes that creates and operationalizes the customer-facing brand experience.

4 Manage the brand portfolio

To compete with fintechs, some legacy banks are introducing new apps. Whether these apps should be branded separately or offered underneath the master brand umbrella depends on the level of trust enjoyed by the master brand. When using sub-brands is the best option, banks need a clear strategy for managing the growing brand portfolio.

The Financial Categories

Insurance

SECTION FOUR

Insurers push appeal to younger consumers

Cultural shifts open new opportunities

Category Brand Value Year-on-Year Change

+8%

Insurance Top 10 Total Brand Value

$135B

The insurance category includes brands in both the business-to consumer (life, property, and casualty) and business-to-business sectors.

Insurance brands implemented new programs and communications to target Millennials and other first-time customers. They also pursued new business opportunities to meet needs for financial protection resulting from the sharing and gig economies. The health and wellness trend touched health insurers, which are included in the BrandZ™ Global ranking for the first time.

Fortified by improved data analytics, many insurers focused on building customer lifetime value, although in some segments of the business, like car and home insurance products, driving the annual renewal rates continued to be a priority. Insurers focused on improving the brand experience, particularly for filing a claim.

To attract Millennials, Allstate, State Farm, and Nationwide were among brands offering performance discounts that, for example, linked the premium for auto insurance to driving habits as recorded by a smartphone app.

In a collaboration with Apple, the US healthcare insurer Aetna launched an app called Attain that collects data on iPhones or Apple Watches. An incentive program enables users to earn an Apple Watch. Similarly, a UK health insurer named Vitality provided a discounted Apple Watch to subscribers and tied premium rates to personal fitness and health habits recorded on the insured's apps.

Younger people are more open to these approaches, which integrates insurance into their daily routine. With messaging focused on the changing needs of young families, more direct-to-consumer brands entered the category, including startups such as Ladder and Ethos. These online products emphasized simplicity, price, and the absence of high-pressure sales.

New businesses

Allstate's SquareTrade business, which insures computers, mobile devices, and appliances acquired several companies that provide technical support and repair services for these products. To provide identity and data protection, Allstate also acquired a company named InfoArmor.

Allstate announced a plan to unify its businesses, phasing out the Esurance brand that it purchased about a decade ago to build its e-commerce presence. The move is intended to simplify the customer experience while cutting costs and leveraging the Allstate brand to provide a "circle of protection" encompassing property, liability, and life insurance along with identity protection.

MetLife entered the pet insurance market with the acquisition of PetFirst Healthcare, which markets its policies D2C as well as through animal welfare agencies. Nationwide also provides pet insurance.

BRANDZ™ INSURANCE TOP 10

			Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	Ping An	China	**33,810**	29,470	+15%
2	AIA	Hong Kong	**17,815**	16,145	+10%
3	LIC	India	**17,509**	20,314	-14%
4	UnitedHealthcare	US	**15,799**	NEW	
5	China Life	China	**12,734**	12,780	0%
6	State Farm	US	**9,401**	10,729	-12%
7	GEICO	US	**8,339**	9,261	-10%
8	Progressive	US	**7,113**	6,735	+6%
9	Allianz	Germany	**6,688**	8,301	-19%
10	Cigna	US	**5,961**	NEW	

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

Insight

Customer Centricity

Insurers shift from policy focus to people

Insurance brands are thinking about the individual rather than the product as they seek opportunities to help people insure their car, home, health, travel, even their pets. After years of being commoditized, insurance brands are becoming more emotive, particularly in health insurance. In the UK, the Vitality brand is a good example. In their communications, Vitality never talks about insurance. It talks about keeping fit and healthy, being the best person, you can be. Policy holders can buy an Apple Watch at a substantially discounted price and pay premiums based on their health and fitness habits.

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The clearest example of stretching an insurance brand is Ping An, No. 1 in the BrandZ™ Insurance Top 10. China's largest insurer, Ping An has expanded into a financial services conglomerate that operates in five core service areas: financial, health care, real estate, auto, and smart city. Ping An's financial businesses continued to grow and benefited from cross-selling.

Also driving Ping An's growth were the relatively low penetration of the insurance category in China, and the increase in insurable assets owned by members of China's middle class. Robust economic growth in Asia also helped AIA, which is based in Hong Kong.

Insight

Reputation

Human approach complements tech, boosts reputation

Technology has taken the pain out of the yearly purchase of general insurance, but it has also removed the human element for many of us. This may seem unimportant, but it has two probable consequences. Firstly, it makes insurance more of a commodity. Secondly, it does little to build reputation in a sector encumbered with the misperception that companies are slow to pay claims. Recognizing this, the communications of a number of leading UK providers including Direct Line, the market leader, are now focusing far more on the human consequences of motor and home insurance. Other insurers, such as the AA (Automobile Association) are using their reputation for assisting motorists when they breakdown to emphasize the family inside the car rather than the car itself. Vitality, a relative newcomer in health and life insurance, is focusing on wellness and rewarding those with healthy behaviors. Consumers rarely talk about a great process, but they do talk about great people and research has identified providers that are giving their call center staff the freedom to move away from their scripts and use their initiative to tailor their offer. Examples of this which get talked about have the power to rebuild the industry's reputation.

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Emotion and salience

Many insurance brands adopted a more emotive rather than a transactional approach in their communications. Even in the UK, a market known for insurance price aggregators, brands such as Compare-the-Market, Money Supermarket, and Confused.com, part of the Admiral Group, saw the need to be more emotive and consumer-centric.

Brands became more consultative to help lessen the anxiety of financial decision-making. Admiral, which began as a car insurer, has added homeowners' insurance, part of a more holistic focus on individual customers and their range of insurance needs.

Insurance marketing in the US remained mostly about advertising to build salience. Allstate, Geico, and State Farm score high in the BrandZ™ measurement of salience, meaning that the brands come easily to mind the time of purchase. Geico also scores well in being differentiated as a brand, according to BrandZ™ analysis.

For over 20 years, Geico has driven awareness with an engaging cartoon lizard that delivers amusing commentary in Cockney accent, gaining the audience's attention before a voiceover delivers the punchline: "15 minutes could save you 15 percent or more."

With around $1.5 billion devoted to advertising, Geico is American's No. 1 brand in media spending, according to Kantar. Progressive, the No. 3 brand in ad spending, emphasizes salience and price with ads that feature a personable character named Flo and end with a voiceover promising: "The best place to find a great deal."

To reach a younger audience and compete against Geico and Progressive, which relies on humor and memorable characters, Allstate created a character named Mayhem to personify events that can unexpectedly disrupt life and require insurance. To reach a more traditional audience, Allstate relies on the reassuring presence of a veteran actor to deliver the brand's purposeful question: "Are you in good hands?"

Health and wellness

The health insurers, such as United Healthcare, Aetna, and Blue Cross Blue Shield, also advertised to build brand awareness and they expanded their digital presence. They relied on agents or independent brokers because the audience for these US brands usually needs consultative assistance to select the most appropriate Medicare Advantage plan.

These plans supplement the amount of medical coverage Americans receive as part of their social security entitlement. To differentiate with added benefits and services, health insurance brands often partner with service providers such as Silver Sneakers, which offers gym programs. These providers can lower insurer expenses with programs that promote health and potentially reduce claims.

Humana, a major US health insurer, expanded into total protection rather than total care. In part to lower the cost of in-home care, Humana acquired a minority stake in Kindred At Home, a home care and hospice services provider.

Insight

Trust

Growth depends on cultivating strong trust

It is increasingly important for insurers to build their brand and corporate reputation in order to establish a high level of trust with consumers. Insurers see an opportunity to provide a wider portfolio of products and collect more useful consumer data. But without a high level of trust, consumers will view each new innovative product offering skeptically, even as a threat.

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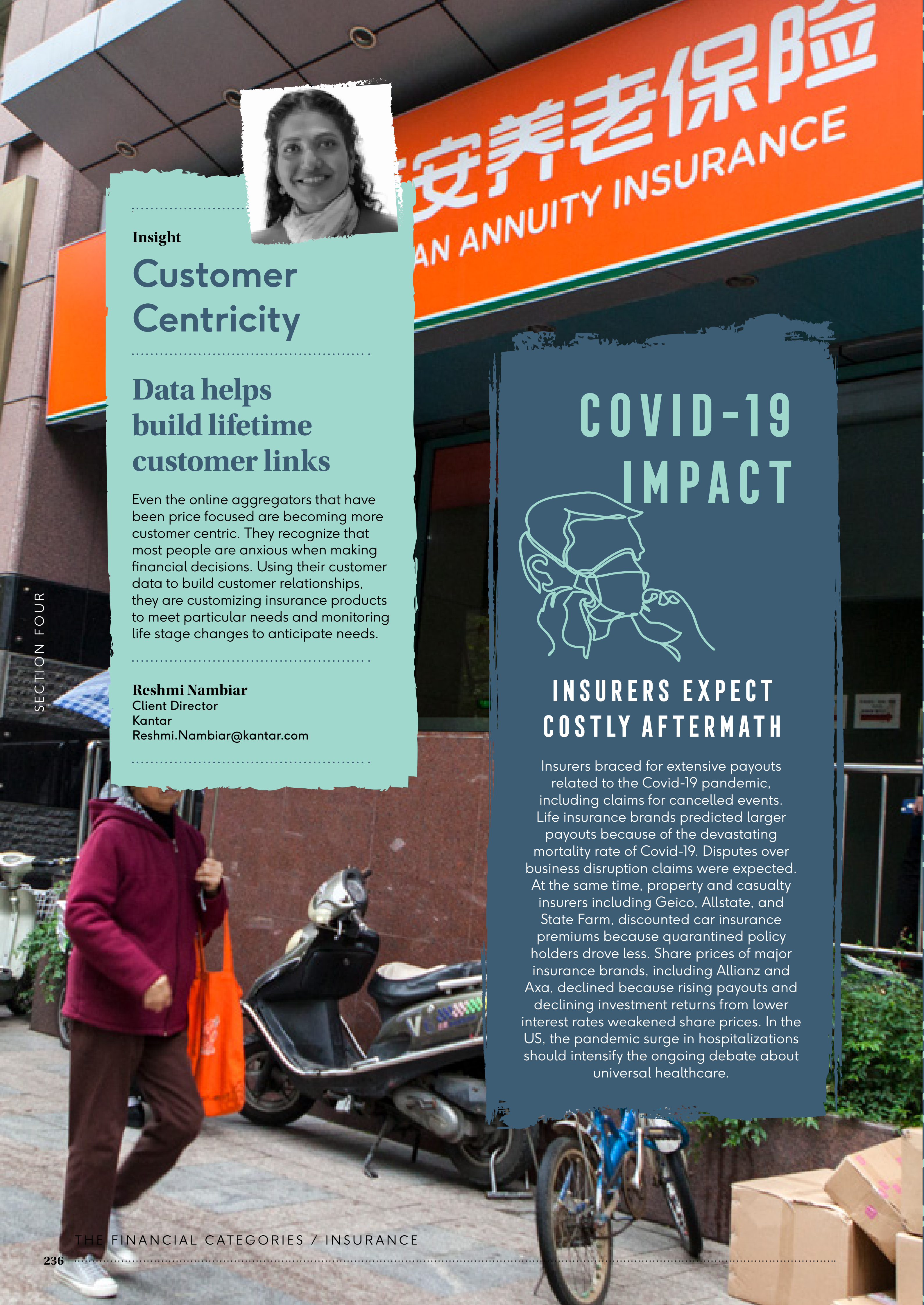

Insight

Customer Centricity

Data helps build lifetime customer links

Even the online aggregators that have been price focused are becoming more customer centric. They recognize that most people are anxious when making financial decisions. Using their customer data to build customer relationships, they are customizing insurance products to meet particular needs and monitoring life stage changes to anticipate needs.

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COVID-19 IMPACT

INSURERS EXPECT COSTLY AFTERMATH

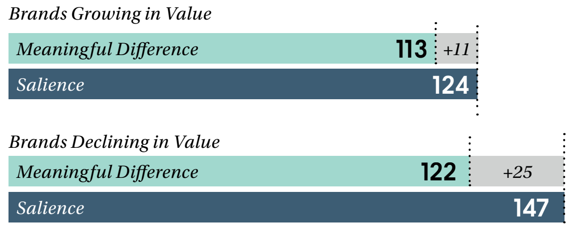
Insurers braced for extensive payouts related to the Covid-19 pandemic, including claims for cancelled events. Life insurance brands predicted larger payouts because of the devastating mortality rate of Covid-19. Disputes over business disruption claims were expected. At the same time, property and casualty insurers including Geico, Allstate, and State Farm, discounted car insurance premiums because quarantined policy holders drove less. Share prices of major insurance brands, including Allianz and Axa, declined because rising payouts and declining investment returns from lower interest rates weakened share prices. In the US, the pandemic surge in hospitalizations should intensify the ongoing debate about universal healthcare.

BrandZ™ Analysis

Declining brands reveal salience gap

Insurance brands typically are more salient than meaningfully different, when measured according to the BrandZ™ components of brand equity. Significantly, however, the gap between salience and meaningful difference was much greater for brands that declined in value, indicating that their salience was primarily about being well known and not about amplifying their meaningful difference.

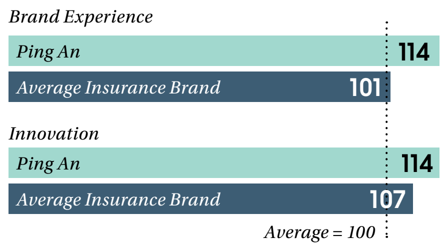
Meaningful Difference, Salience



Ping An innovation produces a superior brand experience...

China's Ping An, No. 1 in the BrandZ™ Insurance Top 10, has innovated with digital technology to create an ecosystem of diversified financial services and a superior brand experience.

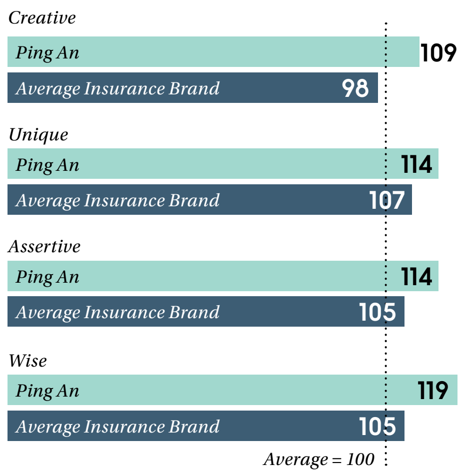
Ping An | Experience and Innovation



... And a differentiating brand personality

Chinese consumers perceive Ping An as unique, assertive, and wise as well as creative, which is a differentiating brand characteristic in the insurance category.

Ping An | Personality (Creative, Unique, Assertive, Wise)



SOURCE: BrandZ™ / Kantar

Brand Building Action Points

1 Shift the mindset
Shift the mindset from insurance to protection. Insurance connotes fixing things—cars or homes, for example—when they break. Protection implies taking care of individuals or families, so they have less anxiety when facing inevitable problems. This approach is less about annual renewals and more about having a customer for life.

2 Humanize the brand
Communicate about how general insurance protects the individual rather than the product—the car or home—or about how health insurance is as much about promoting good health as it is about covering the expenses of illness.

3 Unify the vision
Operate under a unifying vision of serving the customer throughout a lifetime of insurance needs. Link the customer data across all parts of the organization to enable the collaboration required to achieve this vision.

4 Update the products and message
Adjust the products and add new ones to meet the expectations of new, younger potential consumers, whose insurance needs may differ from those of legacy customers. Trust and reliability are not old school, but they need to be communicated in new relevant ways.

5 Message early
In instances like health insurance, where there may be a calendar-based sign-up period, spreading messaging over many months will be more effective than trying to drive new business and renewals with a communication schedule that begins only a month or two before the sign-up deadline. It is better to begin messaging early because people consider their insurance decisions at different times, and it is useful to preempt the communication cluttering that happens as the sign-up deadline nears.

6 Improve the experience
After a customer buys an insurance policy, the customer's next significant experience with the insurance brand often is filing a claim. Especially because there are limited touchpoints, the claim experience is a critical opportunity to surpass expectations and potentially receive positive comments about the brand through word-of-mouth and social media postings.

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Consumer trust will determine future of banks and neo-banks

Fintechs win on disruption, but lag legacy banks on trust

KANTAR

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The rise of the challenger or neo banks has been heralded across many markets. In the UK, where the government has actively intervened in banking to both encourage new entrants and drive current account switching, several new players have launched in the last five years, including Monzo, Starling, and Atom.

Though they have undoubtedly picked up new customers, and even created a stir in certain quarters, the ability of neo-banks to drive customers to choose them for their main current account has been limited and has had a knock-on effect on their ability to convert new account openings to profit. In fact, Kantar research found that 58 percent of neo bank customers still had their main bank account with a traditional player, and on average these customers had three accounts compared to the national average of 1.5.

Why is that? There are two ways that you can trust banks with your money. The first is what could be termed emotional trust: "I trust that when I deposit my salary it is still there when I need to spend it." The second is more of transactional trust.

The neo banks, with the more modern and inclusive feel to their marketing and their app-based offer giving financial control and transparency, are strong at driving that sense of transactional trust. However, the traditional players, with their long-standing heritage and reassurance, deliver more strongly on the emotional trust. BrandZ™ findings reinforce these points and tell us that traditional players are far more likely to be defined by those trust credentials than the neo banks. This result is observed not only in the UK, but in other markets too, such as Canada, India, and China, where the large traditional players clearly own this area of trust.

Where the neo banks outperform the traditional players in these markets, however, is through a very strong perceived point of difference. This is driven by positive views of their innovative offer and the way in which they fit seamlessness into people's financial lives.

Interestingly, in the UK we are already seeing the traditional players trying to strengthen the emotional trust space with NatWest's recent focus on financial education and wellbeing and campaigns like Lloyd's "The M Word," which presumes that money is a topic people have a hard time talking about. The campaign captures a series of awkward conversations with the tagline, "It's good to talk about money."

It will be interesting to see how consumer response to these new directions from traditional players is reflected (or not) in current account openings and switching. If consumers remain skeptical of the traditional players in this area and neo banks are able to keep building their own functional trust credentials and customer base, especially among younger consumers, then over the next five years we could see a significant shift towards neo banks as main account locations. Either way, the usually glacial pace of change in the UK banking market is now heating up.

Sheng Ruisheng
Board Secretary and
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Ping An Group

中国平安
PING AN

Ping An seeks a better future for consumers business, society

Financial services brand develops AI and other innovative technologies

Sheng Ruisheng is Board Secretary and Brand Director of Ping An Group. Ping An is No.1 in the BrandZ™ global ranking of most valuable insurance brands. With "finance + technology" as its strategic orientation, focusing on the "Pan Financial Assets" and "Pan Health Care" industries, Ping An is committed to becoming a world-leading technology-empowered retail financial life services group, creating a brand experience of "Expertise makes life easier " for customers.

COMPANY BACKGROUND AND VISION

What is the unifying vision behind the Ping An ecosystem and its five core businesses?

Ping An's vision is to become a world-leading technology-powered retail financial services group. In 2019, Ping An clearly defined "finance + technology" as its strategic driving force. While ensuring steady growth in its main financial businesses, Ping An increases investments in technology and promotes the "finance + ecosystem" empowerment to transform and upgrade its main businesses. Ping An employs technologies to improve efficiency, enhance risk management, and the cut operating costs of its financial businesses. Moreover, Ping An leverages innovative technologies to develop five ecosystems, namely financial services, health care, auto services, real estate services, and smart city services, providing customers with one-stop, convenient and high-quality financial services, reflecting its brand philosophy of "Expertise makes life easier."

Ping An began as an insurance company and became a financial services supermarket. How will it continue to evolve as a technology company?

Ping An has successfully upgraded itself from an insurance company to a company that provides comprehensive financial services. The key to making this critical transformation lies in the opportunity that technology offers. In the practice of the past few years, Ping An has explored a technology-driven path that meets not only regulatory requirements, but also the diversity of customer needs, while enhancing the accessibility of its channels. Holding a full financial services license plus the blessings of a technology-driven strategy is the core driver for the continuous development and growth of Ping An integrated financial services. The competition of technology is a competition of ecosystems around the needs of customers for multiple life services. In the future, Ping An will mainly apply its technology advantages in its five ecosystems. On the one hand, within its five ecosystems, customers can have a taste of its services for free, and then transform into financial customers. This will help the company to better understand customer needs, develop a wider range of products, improve convenience, and meet customers' needs for one-stop services. On the other hand, it also allows the company to better reduce costs and improve efficiency, optimize product design and enhance risk management.

> **Ping An has successfully upgraded itself from an insurance company to a company that provides comprehensive financial services. The key to making this critical transformation lies in the opportunity that technology offers.**

What key benefits does the Ping An model deliver?

The ultimate goal of Ping An's innovation in integrated financial services is to change the tradition of people having to go to different financial institutions to get different financial services by delivering an integrated financial business model of "one customer, multiple products, and one-stop services." For our customers, this model delivers diversified financial services to them in a convenient way and provides innovative and superior customer experiences. For the company, it contributes to financial stability, brings a diversified business and profit structure, and delivers synergy and maximization of value. First, the integrated financial service model helps to establish a unified brand image and increase the brand's affability among the public. Second, leveraging its leading technological advantages, Ping An's integrated financial services can meet customers' individual needs. For example, Ping An utilizes micro-expression recognition technology to review loan applications. This technology can capture subtle changes in customers' facial expressions, helping to identify and manage risks. Applying micro-expression recognition technology enables Ping An to reduce its credit losses by 60 percent each year; The 510 City Speedy Site Investigation service, created by Ping An Property & Casualty, can handle daytime car insurance cases within just 5-to-10 minutes. In addition, the integrated financial service model embodies the advantages of centralized operation management, centralizing middle and back office operations in insurance, banking and asset management, thus enhancing service efficiency and reducing risks.

THE CHINA MARKET AND CONSUMERS

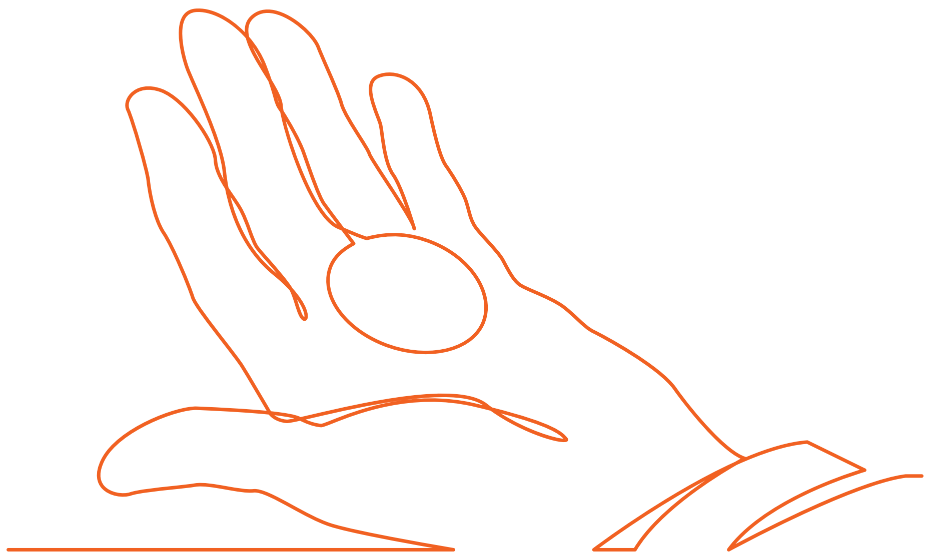
How are attitudes about insurance and financial products changing in China, especially among young people?

First-time insurance buyers are becoming younger and younger, but their willingness to buy and their ability to choose products independently are both improving. They mostly complete their consumer decision journey online by getting product information online and buying products online and they value a convenient buying process and good service experiences. The young generation has grown up with an unprecedented confidence in the national culture, which also influences their brand preference.

Chinese consumers have a lot of choice when choosing a financial partner. They can go to a traditional bank, to one of China's technology giants, or to a financial services group like Ping An. What are the key advantages of going to a group like Ping An?

First, the advantage of the brand. Having been named in the Fortune 500 for 11 consecutive years, Ping An reached No. 29 in 2019; it also ranks No. 7 in the Forbes Global 2000 in 2020. In core financial indicators such as revenue, profit and net assets, Ping An has basically maintained a double-digit compound growth rate. Ping An's robustness and growth at the operational level gives consumers a strong sense of trust. Second, Ping An has a first-mover advantage in technology over traditional financial companies. Ping An has brought real experience upgrades to customers through its technological innovation. In 2017, Ping An Life was the first to launch "fast claim" service in the industry. By applying intelligent technologies such as biometrics, Optical Character Recognition, big data models, and automatic claim settlement systems, it circumvents the risk of frauds in compensation applications. Leveraging cutting-edge AI-powered image-based loss assessment and precise customer profiling technologies, Ping An Auto has provided end-to-end online claims services for about 90 percent of claimants. Third, compared with technology companies, Ping An has the professional advantages of integrated financial services, boasting not only a wealth of products to meet consumers' one-stop service needs, but also a strong operational risk management system to help businesses to achieve cost reduction and efficiency improvement. Ping An also has a unique characteristic of integrating services online and offline. Complex financial products require offline channels during the sales process. Ping An has a professional and large team of agents to help consumers understand the products more clearly.

BRAND BUILDING AND MARKETING



As a leading national Chinese brand, what values does Ping An attempt to project?

The brand slogan of Ping An brand is "Expertise makes life easier," and the corporate cultural philosophy is "Expertise creates value." This represents the common value, vision and pursuit of the company. "Expertise makes life easier" means using expertise to simplify complex financial services, allowing customers to enjoy convenient "one-stop" services, and experience the value of integrated finance. Last year, Ping An Property & Casualty took the lead in the industry in launching the "Ping An Motor Insurance Trust Claim" service to provide car owners with a line of credit for claims, achieving the fastest claim settlement, 40 seconds, which will not be possible without Ping An's powerful AI and big data expertise and capabilities. Ping An Bank Credit Card's SAFE Intelligent Anti-Fraud System intercepted losses of over 240 million RMB for customers in the first eight months of 2019 alone, offering customers peace of mind while leaving the complex and strict risk management work to itself. Only expertise can ensure customers enjoy simplicity. In order to solve the difficulty, slowness, inefficiency and low quality of claim settlement perceived by insurers, Ping An put forward the innovative notion of "helping clients understand the reasons for claim settlement." At that time, a client in Yancheng, in Jiangsu Province, filed an illness claim for RMB60,000 ($8,475) and was happily surprised to receive RMB300,000 ($42,365) in claim settlement under a clause which we found applied. This is a typical case of "helping clients find reasons for claim settlement," saving customers time, worry and effort and allowing them to enjoy high efficiency and value.

What core customer groups is Ping An attempting to reach, and how is the brand communicating to these groups?

Ping An's core customers are middle-income people, 25-to-55 years old, living in first- and second-tier cities. Currently, it provides financial products and services for 204 million retail customers and 534 million internet users, which means one-in-seven Chinese use our products and services. Facing different customer groups, Ping An's communication methods are both consistent and diversified. The Group penetrates into a wide range of business networks and ecosystem with a consistent brand image and philosophy. At the same time, based on the diversity of customers' geography and culture, utilizing "technical + financial" data and technical means, Ping An achieves more accurate insights of customer needs, clearer customer response listening, more agile channel response speed, and provides more efficient methods and solutions that satisfy more precise customer needs, continuously strengthening the brand experience of customers and the public.

How does Ping An measure its appeal to users?

Very early on, Ping An had introduced the net promoter score (NPS) and conducted continuous brand reputation tracking research to understand consumers' perception and evaluation of the brand. Today, through our "Smart Brand" system platform, we are able to profile users dynamically and accurately, intelligently screen and evaluate the media, and dynamically track our brand reputation. These means and platforms help us to better communicate with our users on a deeper level of value and reputation, moving from the traditional one-way communication to the management of customer relationships with greater agility in dealing with the complex communication environment.

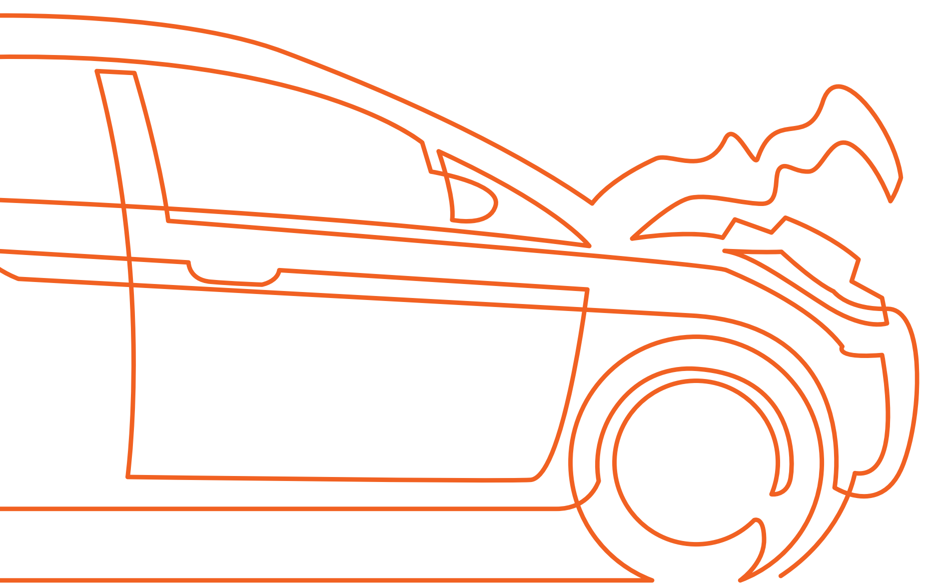
The ultimate goal of Ping An's innovation in integrated financial services is to change the tradition of people having to go to different financial institutions to get different financial services by delivering an integrated financial business model of "one customer, multiple products, and one-stop services."

In what ways does Ping An manage its reputation to rejuvenate the brand and attract new generations of consumers?

Ping An's business goal is to perpetuate and rejuvenate a century-old brand to build a long-lasting brand. Ping An's pursuit of becoming an evergreen brand is reflected in its products, services, communication strategies and marketing methods that keep pace with the times. For example, the industry's "Fortune God" festival, initiated by Ping An, has been continuously updated for seven consecutive years. The "Fortune God" festivals in January and September 2019 were another upgrade, promoting innovative and youthful products with the festive marketing methods that young people like. Among them, Ping An Property & Casualty's inclusive accident insurance product "Nuanbaobao" set off an "insurance boom," covering the daily life of people and occasions like mobility and traveling with the highlights of "high protection and cheap premium." Innovative online social networking allowed consumers to purchase the product and convert it into a "gift card" and give it to relatives and friends. The product was very popular among young customers and during that period, its sales volume exceeded two million pieces. In addition, Ping An attaches great importance to communicating values to young people, choosing domestic well-known singers with excellent personal images and reputations as spokespersons. Using music and cultural works, Ping An creates exchanges on new lifestyles and discussion about wealth concepts in the new era.

How does Ping An communicate its advantages?

First, brand communication is a concerted action coordinated from top to bottom and from the inside out. Ping An has 1.8 million office and field employees, which means that there is one Ping An employee in every 800 Chinese. In today's era of "we media," every employee of Ping An, rather than just professional brand managers at various levels, is an ambassador and spokesperson for the brand. Second, the brand concept is implemented in products and services, and its external expression is reflected in the satisfaction of consumer needs. For example, in 2019, when Ping An Property & Casualty launched "Ping An Motor Insurance Trust Claim" service, it was the first in the industry, with the help of the application of big data, to build a safe driving score for the majority of safe driving car owners, matching each vehicle owner's corresponding auto insurance claims line of credits. This is the essence of Ping An's brand slogan "Expertise makes life easier," offering customers a simple and convenient experience, leaving the complex investment in technology, manpower and process design to itself. Third, the brand is advancing with the times in its communication strategy. Ping An has its own We Media matrix. Through WeChat, Weibo, and Douyin (TikTok), it actively communicates with and embraces consumers, using MV, short videos and other content and formats that young people love.



COVID-19 IMPACT

How did Ping An mobilize for the Covid-19 pandemic and recover its business operations in an orderly way?

Faced with unexpected challenges, and relying on leading technologies, Ping An promoted online initiatives, such as remote office, to ensure the orderly progress of various tasks, mitigate the impact of the pandemic, and achieve both the goal of fighting the pandemic and serving customers. For example, Ping An Life implemented a data-driven business strategy, empowering business operations with the help of technology, and providing agents with comprehensive support for meetings, training, and customer operations. To ensure the normal operation of the Group's various business units, Ping An launched three major remote office tools: cloud desktop, VPN and Happy Ping An APP. In terms of cloud desktop and VPN deployment, in order to meet the working needs of more employees, Ping An Technology set up a special task force to quickly evaluate and make decisions on IT technical support solutions. Capacity can be expanded 30 times within just one week to support 400,000 Ping An employees working in hundreds of different positions to achieve stable remote working environments.

The Commodity Categories

Energy

Geopolitics shape transition to cleaner energy sources

Pandemic compounds the pressure on brands

Category Brand Value Year-on-Year Change

-22%

Energy Top 10 Total Brand Value

$79B

The energy category includes both private International Oil Companies (IOCs) and state-owned National Oil Companies (NOCs).

Energy brands were already under increasing pressure to manage the transition away from carbon to cleaner energy sources when Covid-19 added unprecedented disruption, driving the benchmark price of a barrel of oil to below zero from $65 just a year earlier. Recovering prices remained below the level of profitability. The energy category declined 22 percent in value after increasing 4 percent a year ago.

Prior to the crisis, the US had begun its official withdrawal from the Paris Climate Agreement, although climate change remained a divisive issuing shaping the US presidential election in November, which was also when the UN Climate Change Conference had been scheduled. The conference was postponed because of the pandemic and the venue in Glasgow was converted into a temporary hospital.

Swedish teenager Greta Thunberg had addressed the UN, the US Congress, and the UK Parliament. In the UK, the Guardian newspaper had announced a policy of rejecting advertising from fossil fuel firms and the newspaper had changed its editorial references about the heating of the planet from climate change to climate emergency or climate crisis.

In addition, activist investors had raised concerns about the long-term risk of fossil fuel reserves in excess of what can be burned within the climate change limits set by the Paris Climate Agreement. The difference between the oil reserves companies have and those they can actually monetize has been termed stranded assets.

Then in April, after months of ratcheting lower, the price of oil plummeted when the pandemic devastated demand as, simultaneously, global production and a price clash between Russia and Saudi Arabia created excess supply. Recovery was expected to be difficult and the long-term impact on energy brands was unclear.

Strategic change

Engaged in a long-term transition away from fossil fuel, energy companies had been responding to diverse regulatory environments, consumer attitudes, and business conditions. Among major energy companies, Royal Dutch Shell PLC, based in the UK and the Netherlands, the UK's BP PLC, Total SA of France, and Spain's Repsol SA have been the most active about moving away from carbon. Norway's Equinor is also seen as a leader in the transition away from fossil fuels.

With the introduction of a new CEO, BP announced plans to be out of carbon-producing businesses no later than 2050. To accomplish that goal, the company reorganized around four new units. BP's plans include lowering Scope 3 emissions, which is the carbon produced by combustion of its own products.

BRANDZ™ ENERGY TOP 10

		Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	Shell	**16,129**	20,669	-22%
2	ExxonMobil	**13,073**	18,604	-30%
3	BP	**11,093**	13,237	-16%
4	Sinopec	**7,467**	10,760	-31%
5	Chevron	**7,022**	8,984	-22%
6	Petrochina	**6,878**	9,517	-28%
7	Total	**4,738**	5,823	-19%
8	Rosneft	**4,542**	5,083	-11%
9	Gazprom	**4,203**	4,187	0%
10	Lukoil	**3,855**	4,184	-8%

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

Insight

Brand

Brand importance rises with shift out of fossil fuels

Working toward a carbon neutral future has a notably sharper and more urgent drumbeat in the UK and Western Europe, ahead of the US, Asia and developing nations. Globally major fuel stations are largely working to reinvent their retail experience (particularly food and beverage) for motorists who may spend 30 minutes recharging their EV battery in the future. Lubricant brands remain just as relevant in a hybrid and EV vehicle future (in addition to their many industrial applications), however decreasing DIY oil changes means smart players are managing their transition from a product brand to a service offering. We can see early initiatives from Castrol, the lubricant brand of BP, in a recently announced partnership with Bosch in China and in the US with co-branded vehicle workshops.

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Similarly, Shell announced that it would develop a method for tracking its Scope 3 emissions. It also committed to carbon offsetting programs, including tree planning to produce carbon dioxide to help offset the carbon produced by the consumption of Shell products. And Shell factored management of climate risk into executive remuneration. In addition, Shell withdrew from industry groups opposed to taxing carbon.

US energy brands, including ExxonMobil and Chevron, were less vocal about the energy transition. Although, the US federal government has rolled back climate change regulations, certain states, such as California and New York, have been more aggressive in addressing climate change. Major corporations, led by technology leaders Apple and Google, are moving toward total reliance on renewable energy.

At the same time, pick-up trucks are among America's favorite vehicles for reasons that include consumer preference and relatively low fuel prices. The domestic US market had been one of the most profitable for energy companies because of the US market size and the growth of the shale oil and gas business, which had made the country a net energy exporter until the collapse of oil prices devastated the fracking business.

Both ExxonMobil and Chevron have publicly argued for staying in the Paris Climate Agreement. And both brands, along with Occidental, a US energy brand, belong to the Oil and Gas Climate Initiative, a consortium of executives from the world's leading energy companies, including Shell, BP, and Total. Activities supported by the Oil and Gas Climate Initiative include the development of biofuels and carbon capture.

Brand implications

As a counterpoint to the impact that upstream exploration has on brand and corporate reputation, some companies are developing new propositions around their downstream businesses—primarily service stations and petroleum products. In a partnership with Bosch, for example, the BP lubricant brand is piloting repair stations with Bosch in the US and China.

Using the brand BP Chargemaster, BP is developing charging stations at residential locations as well as at some of its petrol forecourts in the UK, which sometimes include convenience stores called M&S Simply Food, in partnership with Marks & Spencer.

Shell, which operates around 44,000 gas stations worldwide, is converting many of these locations into convenience shops for selling Shell-branded products. They may also become charging stations for an era of electric vehicles. The convenience store would provide a place for drivers to shop while waiting for a charge to be completed.

Part of the challenge is making retail space productive because there is a wide disparity between customer turnover and profitability when pumping gas, which requires a few minutes per vehicle, and charging, which requires around 30 minutes per vehicle. Shell also is stretching its brand across new businesses. Shell Energy is a utility that, in a synergistic move, serves Shell Motion recharging facilities.

Communications and geopolitics

To communicate its commitment to move away from carbon, Shell created a reality TV program called The Great Travel Hack in which teams of young people compete to see who can achieve the lowest carbon emissions during a long-distance road trip race. The reality TV investment reflects a greater effort to build trust in the umbrella Shell brand.

For now, the energy companies dedicate most capital expenditure to oil and gas, as multiple factors, such as the stock market, complicate their transition to renewables. Investors often hold the energy company stocks because of their consistently high dividends. Those dividends depend on the lucrative oil and gas business, however, and would likely shrink with less profitable renewables.

Meanwhile, the Russian state-owned brands, facing Western sanctions, have pivoted to Asia. They are relying on completion of the Nord Stream pipeline to deliver natural gas to Germany and other parts of Western Europe. The completion of the pipeline will particularly benefit Gazprom. The US companies, with surplus liquid natural gas, are also looking to Western European markets.

Aramco, the national Saudi Arabian oil company launched its IPO, ultimately on the Saudi stock exchange, following years of considering other major capital markets. The development had little immediate impact on the energy industry globally, although the transaction raised significant funds for Saudi Arabia to invest in the diversification of its economy away from dependence on oil.

Insight

Media

UK publisher bans fossil fuel company ads

"A principle isn't a principle until it costs you something." – Bill Bernbach

On January 29, 2020, a UK-based media group became the first major publisher to announce that it would no longer accept advertising revenue from fossil fuel companies. A blanket ban on fossil fuel advertising, regardless of content or subject matter, limits the promotion of cleaner energy and sustainability initiatives, such as investment in renewables, electrification, and carbon offsetting. It can be argued that investment in these topics should be actively encouraged by publishers, whose audiences seek to better understand how they can take action to tackle climate change. However, this was a newsworthy commercial stance, as part of a wider strategic play to align with and appeal to a progressive readership. Publishers with a similarly progressive following will be watching closely. The question remains: will others actually follow suit? Energy companies currently occupy the crosshairs of environmental scrutiny but given the growing understanding of the scale and complexity of climate change, other carbon-intensive categories may well face similar calls for equivalent advertising restrictions. While a fossil fuel advertising ban has been supported by a number of significant public figures in the environmental sphere, including Leonardo Di Caprio and Greta Thunberg, wider adoption within the media and publishing industry will ultimately come down to the commercial risks involved. Despite evolving and diversifying publisher revenue models, a blanket ban position may become untenable for many media brands which remain dependent on ad revenue to operate, irrespective of their political or social stance.

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COVID-19 IMPACT

PRICES PLUMMET TO ALL-TIME LOW

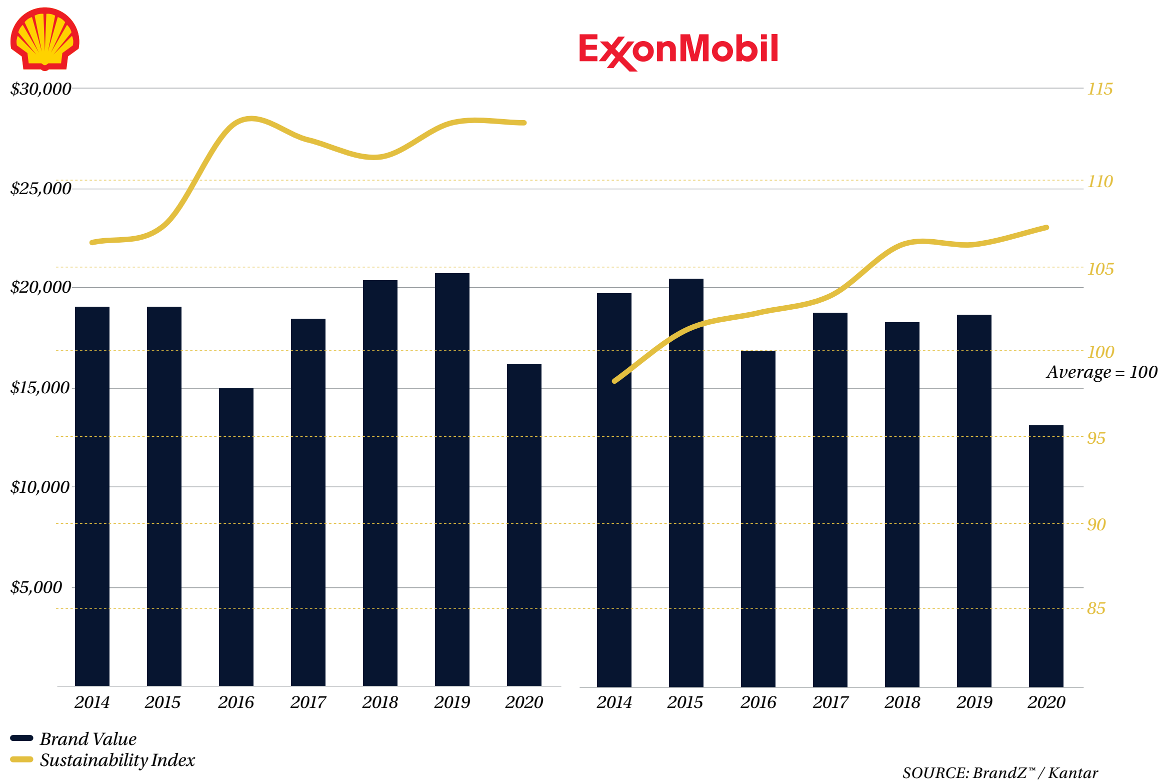
With people quarantined at home, there were few planes in the sky, cars on the road, or factories operating at full capacity. Meanwhile, oil storage tanks were filled to near capacity because of global production and a price war between Russia and Saudi Arabia. The collision of declining demand and oversupply resulted in a price drop that was not only inevitable, but unprecedented. The benchmark price of a barrel of oil dropped below zero when limited storage capacity prevented buyers from taking ownership of oil purchased on the futures market. After hitting bottom, the benchmark price began to recover but remained far below the roughly $60 per barrel required for oil companies to operate profitably. The energy category declined 22 percent in value, after a 4 percent increase a year ago. The time required for energy prices to rebound and the impact of a crippled energy sector on the global economy was unclear. A key question was whether after emerging from home confinement consumers would continue to consume less energy.

BrandZ™ Analysis

Energy brands improve sustainability perception

All the energy companies have been struggling to maintain brand value by simultaneously continuing their carbon-based businesses and transitioning to cleaner fuels. Responding to consumer and regulatory pressures, European-based energy companies, like Shell, advanced sustainability goals more aggressively than their North American peers like ExxonMobil. In 2018, Shell surpassed ExxonMobil as No.1 in the BrandZ™ Energy Top 10.

Brand Value [$ Mil.] | Sustainability



SOURCE: BrandZ™ / Kantar

Brand Building Action Points

1 Be collaborative

An adversarial approach to finding solutions may not be as useful as a collaboration between the energy brands and the public. Both energy brands and consumers need to change some of their behaviors. The brands need to communicate about the impact of carbon, their commitment to reducing that impact, and the timeframe of the transition to cleaner energy. Consumers need to take responsibility, too, for making changes in their lives that may cause inconvenience but lessen their negative impact on the environment. This collaboration needs to be based on honesty.

2 Fix the problem

Consumers benefit from corporate reputation initiatives like support for the arts and other worthy causes that indisputably benefit humanity. But, across categories, the ascendant sentiment seems to be, first fix the problem. The underlying logic is that any enterprise that adds some benefit leaves a footprint, in some cases quite a dent. Energy brands rightly communicate about how they heat homes, power factories and in myriad other ways make life possible. But those benefits fill just one side of the ledger. Acknowledging the liabilities side, and the corrective initiatives, makes communication more credible.

3 Invest in brand

The energy category includes some of the most recognizable brands in the world. Until now, the brands have been mostly associated with exploration and drilling, the upstream part of the business. But most of the brands have substantial downstream businesses, which include fuel stations and petroleum-based products. Going forward, as energy companies increase the emphasis on their downstream businesses, attributes of the brand can be stretched across the entire business to provide the levels of recognition and trust needed to sustain growth during the transition away fossil fuels.

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Covid experience could transform people's behavior, brand priorities

Low carbon future depends on governments, and the will of consumers, energy companies

Hill+Knowlton Strategies

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

www.hkstrategies.com

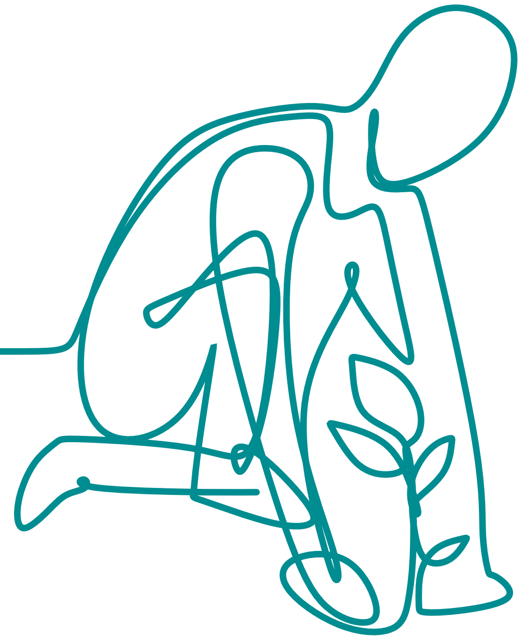
2020 was always set to be a complicated year to navigate for brand leaders in the energy category. Five years on from the Paris Climate Agreement, the UN Climate Change Summit (COP 26) in November was due to up the ante and push the transition of energy and transport systems onwards with renewed pace toward a low carbon future. A growing list of countries and markets around the world, including the UK and EU, had begun the year by setting out targets and ambitions to achieving net zero emissions in the coming decades. Many companies, particularly the large European energy companies including Repsol, Equinor, BP, Total, and Shell all responded with their own plans to transition their businesses and reduce the climate risk hanging over their portfolios.

For brand leaders, this meant transitioning their brand to keep pace with new corporate strategy. It meant communicating complex issues and balancing the needs and interests of a range of stakeholders. It meant launching new low carbon propositions, all while navigating the critiques of NGOs about the pace of change—particularly whether the focus of capital expenditure had truly shifted to match the emphasis of new communications.

This, of course, was the focus until March 2020. Then Covid-19 became a global pandemic and decimated global demand for energy and a break down in the OPEC+ partnership between Russia and Saudi Arabia led to oil markets being flooded with oversupply. The impact on price was inevitable and the price shock has led energy companies to quickly cut back on capital expenditure, re-capitalize, and hunker down. Operating expenses have rightly been added to the cost-cutting exercise and the complexity facing brand, marketing and communications teams has been compounded by diminished resources. So, in the short term, the challenge has become one of refocusing resources to cover the short-term necessities while not leaving your brand open to attack for changing longer-term priorities on climate change.

Total, BP, Shell, and the Italy-based Eni have subsequently undertaken a public game of one-upmanship, as they polish their credentials on climate change and emphasize the point that they will not lose sight of the bigger existential threat looming on the horizon. After all, a corporate and brand strategy dictated by oil price is foolishly short term in a business where investments are traditionally made over a 20-to-40-year horizon.

In the broader energy market resilience has become the new watchword. Electricity demand has dropped as economies have been locked down and the electricity grids of some developed markets have had to deal with near record lows of demand. With the International Energy Agency forecasting a 6 percent drop in energy demand translating to an 8 percent drop in carbon dioxide emissions and the Washington Post reporting a peak drop in daily emissions of 17 percent in early April, the positive environmental impact has been significant. Perhaps the most widely observed impact of lockdowns has been the clearing of air pollution from cities around the world and the contrasting smog-laden pictures from only weeks before. This has even been observed from orbiting satellites and the impact of these images may help to create lasting change.



Covid creates a crossroads

We stand now at a crossroads and it will be changes in demand that determine the direction of emissions in the longer term and the fortunes of the energy companies. Will the renewed sense of agency that people feel from surviving a global pandemic lead to wider changes in consumption or will we slip back into our old consumption patterns? Economic wellbeing will be a key factor. Many will lose their jobs and incomes in the next few months if they haven't already and the price of necessities will make values-based choices a luxury that many won't be able to afford. Although as BP Chief Executive Bernard Looney said in a recent interview, "We are all living differently and there is a real possibility that some of this will stick."

Another key factor will be the various government stimulus packages. For a long time, the sort of transformation that the planet has needed has called for a plan of almost unprecedented proportions. The shift of capital created if those stimulus plans target low carbon technologies and infrastructure could create significant and lasting changes to demand.

For brands like BP and Shell that see a need to harness changing behaviors to transition their businesses, this change becomes both risk and opportunity. Judging the pace of change will be critical. Even after the recently rejigged spending plans, investments in renewables and low-carbon technologies for the top five European oil companies represent no more than 15 percent of total investments, and climate advocates are pressing the companies to do more. And the need to do more was highlighted by US Energy Secretary Dan Brouillette in a recent interview, even as he pointed out that the goals of the Paris Climate Agreement are looking increasingly out of reach, noting, "We've practically shut down the world economy and we still haven't met the goals that were set."

A massive shift in behavior is needed and, ultimately for brand leaders, there is no better time to engage audiences who have a renewed sense of agency inspired by the recent life-changing events of Covid-19. The communications challenge will be whether the big oil brands can transform effectively into big energy and lifestyle brands. Ultimately, these brands will have to force that change at a pace that they can handle and that observers can accept. They will also have to watch carefully for tipping points, otherwise changes will be happening to their brands and markets in a way that investors used to stable returns will not welcome.

A massive shift in behavior is needed and, ultimately for brand leaders, there is no better time to engage audiences who have a renewed sense of agency inspired by the recent life-changing events of Covid-19. The communications challenge will be whether the big oil brands can transform effectively into big energy and lifestyle brands.

The Technology Categories

B2C Technology

Public concern pivots from privacy to pandemic

Brands refine devices, expand services

Category Brand Value Year-on-Year Change

+10%

Technology Top 20 Total Brand Value

$1,823B

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.

Weeks spent quarantined—working, playing, or communicating with friends and family online while social distancing because of the Covid-19 pandemic—reminded people how instrumental technology has become to most aspects of everyday life. Of the 14 categories ranked in the 2020 BrandZ™ Global Top 100, technology was second only to retail in value growth, increasing 10 percent after a 4 percent increase a year ago.

The BrandZ™ Technology Top 5—Apple, Microsoft, Google, Tencent, and Facebook—proved extremely resilient, especially relative to brands in most other categories, with revenue and profit generally improving, although at a slower pace. Variations in performance depended on the business mix of the brands, with Google, Tencent, and Facebook more vulnerable to the downturn in advertising spending.

The pandemic added a counterpoint to consumer impatience with the iterative pace of device improvement and disappointment that their personal data had been inadequately protected or misused. Older consumers had maintained a co-dependent relationship with technology brands, unhappy with them, but not unhappy enough to leave. Younger consumers had been less bothered by the exchange of personal data for free services.

Regulatory changes, particularly in Europe, shifted more control over personal data to consumers. And market developments, like the explosion of streaming content options, empowered consumers, making them less tethered to a single brand ecosystem. Also, iterative smart phone improvements left consumers less tempted to upgrade annually from aging devices that still worked well.

To contend with these dynamics, brands pursued new strategic bets, expanding from devices into services and pursuing both business-to-consumer and business-to-business opportunities. Google, for example, acquired an Irish start-up called Pointy, which produces a device that gives small brick and mortar shops an e-commerce presence, enabling them to compete more effectively with large-scale operators.

BRANDZ™ TECHNOLOGY TOP 20

		Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	Apple	352,206	309,527	+14%
2	Microsoft	326,544	251,244	+30%
3	Google	323,601	309,000	+5%
4	Tencent	150,978	130,862	+15%
5	Facebook	147,190	158,968	-7%
6	IBM	83,667	86,005	-3%
7	SAP	57,578	57,528	0%
8	Instagram	41,501	28,205	+47%
9	Accenture	41,437	39,184	+6%
10	Intel	37,257	31,880	+17%
11	Adobe	35,904	27,930	+29%
12	Samsung	32,580	30,369	+7%
13	Salesforce	30,489	26,917	+13%
14	LinkedIn	29,936	22,816	+31%
15	Huawei	29,412	26,908	+9%
16	Oracle	26,925	26,488	+2%
17	Cisco	26,254	28,861	-9%
18	Dell Technologies	18,194	18,486	-2%
19	Xiaomi	16,644	19,805	-16%
20	Baidu	14,840	20,879	-29%

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

Services and devices

Apple's sustained growth, even during the pandemic, validated its strategy of synergistically linking the incremental improvement of its devices, particularly wearables, with its increasing range of services, including iCloud, iTunes, Apple Books, Apple Pay, and AppleCare.

Apple launched a subscription streaming service, Apple TV+, which includes some original content and takes the brand into a competitive space where it faces other well-established content providers, including Amazon Prime, Hulu and Netflix, along with newer contenders like Disney+, AT&T TV, and Quibi, a short-form, mobile-first entry.

Insight

Expectations

Tech is so deeply into our lives, we expect more from it

Technology is so integrated into our lives we don't think "I am using technology" as we did once, sitting at the computer and logging in for a technology session. Now people say, "My phone is my life." Our phone knows when we go to sleep and it wakes us up. Technology is so integrated into our lives, our expectations change. Maybe that's where technology becomes so personal that we expect a level of morality. People feel they want a comfort level because technology is not such a separate entity from them. The more technology is integrated into our lives, the more a separate set of expectations emerge.

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In partnership with Goldman Sachs, Apple introduced a credit card and that exists virtually on Apple Pay and physically in titanium. With the launch of an app called Attain, in collaboration with Aetna, a US health insurance provider, Apple deepened its involvement with healthcare. The app is designed to help users track their fitness and design regimes to improve personal health and wellness. It includes performance-based incentives, like discounts for Apple Watches.

In a similar move into healthcare, Google parent Alphabet Inc. planned to acquire Fitbit. But the proposed deal has stirred regulatory concern in the US and Europe because the technology giant would gain access to vast amounts of personal health data.

Even as Apple shifted into services, several new iterative and shiny devices helped the company drive record sales and share price. AirPods Pro with noise cancellation achieved immediate popularity despite a price tag of almost $100 higher than the original AirPods, introduced in 2016. The iPhone 11 offered longer battery life, an improved camera, and prices that made the device more accessible.

Accessibility became more important to expand the audience for Apple services and also to compete with the availability of quality, lower-priced phones from Chinese brands such as Oppo, Vivo, and Xiaomi. At the same time, pressure at the premium end of the smartphone market came from Huawei and Samsung, which introduced its foldable Galaxy Z Flip priced at around $1,400.

Samsung, the leading mobile phone brand in number of units sold has not moved into services. Instead it has relied on innovation, with the introduction of smartphones made with foldable glass that enables a compact device to have a large screen display.

Privacy and trust

These services and devices illustrate how intertwined technology has become with every moment of people's lives. Advances in AI and 5G promise to deliver greater consumer benefits in exchange for a more intimate relationship between consumer and brand. Trust will be fundamental, and brands face different challenges cultivating or restoring trust depending on how the use of customer data fits into their business model and how scrupulous they are about protecting it.

With a business model that does not rely on monetizing customer data, Apple addressed privacy directly in a Super Bowl ad promoting respect for privacy as an important attribute of the Apple brand. An iPhone ad featured doors shutting, blinds closing, locks locking, paper shredding, and an airline lavatory clicking to the red "occupied" sign. The ad ended with the line: "If privacy matters in your life, it should matter to the phone your life is on."

Google took a different approach in its Super Bowl ad, with an emotional display of how personal data, transformed by AI, can enrich life. In the ad, the voice of an old man asks Google to show him photos of his wife. The screen shows search requests for a long-ago vacation trip to Alaska and anniversary photos. The photos trigger new searches that the power of AI assembles into highlights of a long and loving marriage. The ad ends with the old man and his dog, alone.

Privacy concerns centered particularly on Facebook because of the Cambridge Analytica experience, when an online disinformation campaign attempted to influence national elections in the US and UK. The ensuing debate questioned whether Facebook and other social media brands are neutral conduits of information or publishers responsible for monitoring the content on their sites.

Facebook began the process of integrating its WhatsApp, Instagram, and Facebook Messenger functions to assert more centralized control over reliability and privacy protection. Facebook decided against selling adds on WhatsApp, but it was anticipating a new revenue stream with a cryptocurrency called Libra. However, the erosion of public trust precipitated by the Cambridge Analytica scandal, provoked regulator resistance, prompting a revision of Libra strategy and a launch delay.

Insight

Personality

Brand personality may be the next shiny new thing

Innovation is still happening, but it often feels less impactful, in part because technology brands have conditioned consumers to expect cutting-edge change, and it takes a lot to impress them these days. Attitudes about technology also have been affected by the binary contrast that has affected politics and society in many countries—you are either "with me or against me". You can't satisfy everybody anymore—in politics or technology. Consequently, brands need to understand the communities they want to nurture, and they need to build the relevant personality. The challenge for building personalities is that developments happen quickly, particularly enabled by the rapid evolution of cloud technologies. Look at all streaming brands, for example. Spaces quickly become crowded.

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Insight

Moderation

People wonder, how much tech do I really need?

For the longest time, technology has been about improving your life. People are starting to ask, how much improvement do I need? There's an increasing skepticism around whether technology is all for good. There's also concern that the technology used for tracking our behaviors and monitoring our health can encourage obsessiveness. We've heard about people having sleep problems, for example, because they've become fixated on monitoring their sleep. It feels as if people are seeing a dark side to tech and do not accept it automatically as a force for good. Brands who present these technologies in a way that directly calls this out will be praised for both their innovation and transparency.

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Geopolitical complications

The privacy issue is significant but less contentious in China, where consumers are more willing to trade personal information for the extreme convenience provided by super apps like Alipay or WeChat, owned by Tencent Holdings Ltd. Tencent revised its purpose to advancing technological innovation that improves society, expressed in English as "Value for Users. Tech for Good."

Europe and the US disagreed contentiously about the security threat posed by having Huawei participate in the development of 5G infrastructure. Huawei's intention to develop its own operating system means that mobility could operate on three separate platforms worldwide, and at least two distinct 5G systems.

Meanwhile, the European Union strictly regulates technology brands with its General Data Protection Regulations. Although the debate about regulation is heating up in the US, the federal government has not imposed significant restraints, while California, the home of Silicon Valley, has adopted European-like regulations.

The ultimate implication is that brands that once envisioned technology as a way to unify humanity, may eventually face the difficult prospect of operating in a world divided into at least three distinctive and incompatible regulatory dominions: American, Chinese, and European. For now, technology brands are operating in the economically interdependent world as it exists today, when a virus that begins in a Chinese city can disrupt life everywhere.

Insight

Politics

Brands enter uncomfortable political space

Technology brands, particularly those in social media, like Facebook, are increasingly entering areas they don't feel comfortable in, where they will need to take a stand on political and social issues. Particularly in the West, politics is creeping into the tech space. The tech brands have tried to avoid politics with the notion that they are neutral platforms for information exchange. But the political dispute around Huawei and the appearance of disinformation to affect the outcome of elections is forcing brands to take a stand. Although being put in that position makes brands feel uncomfortable, it's a decision they'll have to make.

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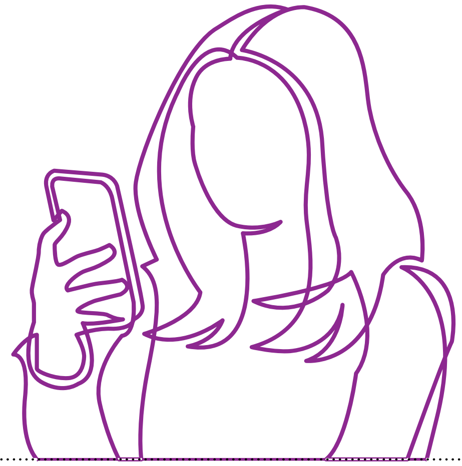

Insight

Personality

Move into services raises importance of personality

The focus of the technology category seems to have shifted from the products that the brands create to the personalities that the brands project. Facebook has a personality. Amazon has a personality. It feels as if conversations about the big technology companies have pivoted from individual innovations to the brand as an entity or personality, and the values the brand represents. The focus on personality seems related to the presence of some of these brands in streaming services and other entertainment.

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Insight

Transparency

People will resist exchanging data for convenience

There have been a lot of conversations around how personal data is used by tech brands. We share our info online almost every day. There are brands that can get away with a lot in this area while others are fiercely scrutinized by their customers. The differentiator here is convenience. Brands that cater to our basic needs in a way that requires minimum effort on our part can get away with a lot. Consumers are happy to exchange their personal info for a seamless experience or service they receive. I am a sucker for one-stop online shop and next-day delivery. This type of exchange is accepted for the time being but there will come a time in near future when consumers will feel they have given away too much. This is something brands need to start thinking about now in order to retain their customers in the future. Clear information on how data is used, paired with sharper, more effective targeting and recommendation capabilities will be necessary. Convenience will need to be paired with transparency.

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Insight

Data

Personal, home data will link into ecosystems

We are going to see the growth of people's data ecosystems, our personal dashboards. Everyone is increasingly using apps like step counters and sleep monitors. We'll see that expand into home environments. Manufacturers of vacuum cleaners, for example, are starting to develop apps that monitor how you clean your home in the same way other apps monitor how actively you maintain your body. In the not-too-distant future, we may well see our home environment and our personal well-being start to link together in a virtual representation of our vital statistics. You might ask why we'd be bothered but if this information that can be shared with a homeowners' insurance brand, for example, to earn a discount on the policy premium the consumer incentives start to become more apparent.

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COVID-19 IMPACT

TECH DEMONSTRATES IT IS INDISPENSABLE

The pandemic was a pivotal moment for the technology category. Concern about the protection of personal data and disappointment with a more iterative rate of device introductions had cooled the romance between consumers and technology brands. Then Covid-19 and days working and socializing from home reminded people that technology was their indispensable life partner. People depended on digital connections to order necessities, conduct meetings, communicate with family and friends, and in the most tragic cases comfort the dying. Apple's services and wearables drove a revenue gain. Benefiting from its strategic shift to subscription-based services, Microsoft surpassed Google to become the third most valuable brand, after Apple, in the BrandZ™ Global Top 100. Google and Facebook rebounded from advertising revenue declines in the early weeks of the pandemic. Anticipating that the Covid-19 signaled a new normal, Facebook introduced Messenger Rooms, a chat feature that can accommodate 50 people. The technology category increased 10 percent in value after a 4 percent increase a year ago. That performance was second only to retail among the 14 categories analyzed in the BrandZ™ Global Top 100. In both categories the transformative impact of digitization on people's lives primarily drove the results.

Cloud fills with large and niche competitors

Analytics and AI add value to storage and security

Both business-to-business and consumer-facing brands developed their cloud technology capabilities, as cloud rapidly evolved beyond large-scale data storage and security, to value-added analytics and cloud-based AI.

In a parallel development, purchasing dynamics also evolved, with decisions no longer centralized in the IT department. Technology decisions today impact all parts of an organization and require comprehensive input. Choosing the right cloud partner involves not just technology, but also consideration of corporate values and sometimes geopolitics.

Serious contenders, including IBM, Oracle, SAP, Cisco, and Intel competed for cloud business, not only from large businesses, but also from the small- and mid-size companies that often adopted a hybrid approach, hiring multiple cloud suppliers with complementary specialties.

Three of the leaders in cloud—Amazon, Google and Microsoft—faced an additional challenge: they serve consumer and business audiences. Serving both consumers and businesses can complicate messaging because of how people experience Amazon Web Services (AWS), Google Cloud Platform (GCP), or Microsoft Azure depends on whether they are consumer or business customers—or both.

Brand and reputation

As a consumer, a retail executive could be satisfied with the product range, prices, and convenience provided by Amazon Prime. But as a business customer who sees Amazon as a competitor, the retailer might resist storing sensitive information on AWS. (BrandZ™ ranks Amazon in the retail category.)

In contrast, the experience people already have navigating the Amazon website or using Microsoft Office may predispose them to prefer AWS or Azure. Strong earnings growth by Azure is one of the factors contributing to Microsoft's 30 percent increase in brand value, which pushed the brand passed Google to No. 3 in the BrandZ™ Global Top 100.

Brand familiarity is potentially helpful to Google, a more recent cloud entrant, because the young people who have used Gmail, Google Maps, or even Google Classroom will be making purchasing decisions in the future.

Reputation can also help expand, or limit, cloud business. Google's history in collecting and analyzing data may influence customers looking for analytics strength. But customers looking for essential cloud storage and security might turn to AWS or Azure because of their size and experience.

Although it operates in a different competitive landscape, the experience of China's Alibaba Group is illustrative. Known primarily for its pioneering leadership in China's e-commerce development, Alibaba Group has become a vast, diversified technology company with cloud storage and analytics designed for both large and small businesses.

Multiple providers

In addition to the leading generalist cloud providers, the competition includes an increasing number of organizations that provide a cloud-based specialty.

Adobe, for example, has developed a cloud centered on creativity and marketing technology that potentially brings the precision of marketing B2C to marketing B2B. Salesforce had a specialty in cloud-based CRM. It bought MuleSoft, which creates the technology protocols that enable users to integrate data, whether based in the cloud or on premise.

Insight

Regulations

Communications aim at audience of policy makers

As regulators look at emerging technologies, such as AI, tech companies are working to ensure that regulations are in their favor. They believe, probably correctly, that when it comes to creating regulations for the tech industry, they often have greater expertise than the policy makers. From a communications perspective, we're seeing more budget allocated to public affairs and corporate reputation work. The communications programs are building on information about products as tech companies speak to an audience of policy makers about the human benefit of these products and their corporate contributions to society.

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Client needs for specialties and the desire to have a combination of cloud-based and on-premise data storage and services has also led to a rise in acquisitions and partnerships. IBM acquired Red Hat, a hybrid cloud platform and developer community. IBM signaled its long-term commitment to cloud with the appointment of a new CEO who had headed the company's cloud and cognitive software division.

SAP acquired Qualtrics, a cloud business that combines operational data with customer experience data gathered in surveys and other feedback mechanisms. And Microsoft bought GitHub, a platform for software developers to collaborate on projects.

AWS partnered with VMware, which enables companies to operate data center capacity both in the public cloud but also on-premise in a private cloud with VMware. Cisco acquired AppDynamics and Perspica, machine learning operations.

Reputation and geopolitics

The greater choice of cloud suppliers can create anxiety for IT purchasers looking for solutions that are compatible with their existing technology. At the same time, cloud purchases increasingly are not made exclusively in the IT department. Instead, multiple departments that will use the cloud—sales, marketing, human resources, for example—will have a say in its selection.

This change in the buying process increases the importance of brand and reputation. When decision-makers sit throughout an organization their prior experience with a brand, even as a consumer, influences decisions. In contrast, decisions made in the IT departments tend to result from technical reviews and bidding against detailed the requests for information (RFIs).

Geopolitics adds further complication. Data centers need to be widely distributed to limit data latency—the slight lag time in transmission of data over distance is potentially complicated by the intensifying debate between China and the West about data security.

Huawei is at the center of East-West tensions with the global rollout of 5G intensifying the debate about whether awarding infrastructure contracts to Huawei compromises security. And Huawei, which also operates a B2C business, with its mobile phones, added a new cloud and AI unit.

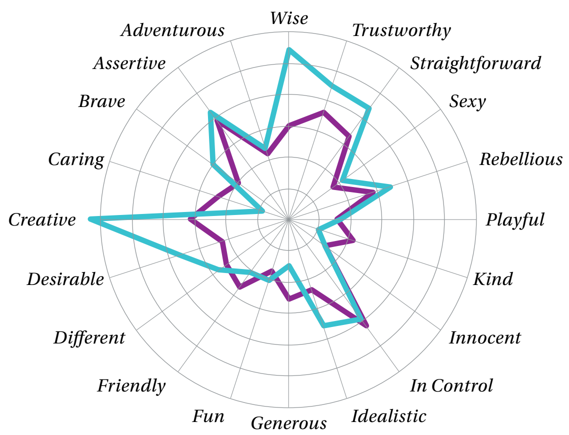
Microsoft and Amazon entered litigation after Amazon charged that politics influenced the Pentagon's decision to award Microsoft with a major 10-year cloud computing contract. Subsequently, Oracle, which operates a suite of integrated services called Oracle Analytics Cloud (OAC), filed an appeal, objecting to contract being awarded to Microsoft.

BrandZ™ Analysis

People view global tech brands as wiser and more creative…

Technology brands are still seen as wiser and more creative than brands in other service-related categories.

Personality



BrandZ™ Global 2020 Character data for the BrandZ™ Technology Top 10

BrandZ™ Top 10 in energy, fast food, global banks regional banks, retail, and telecom providers

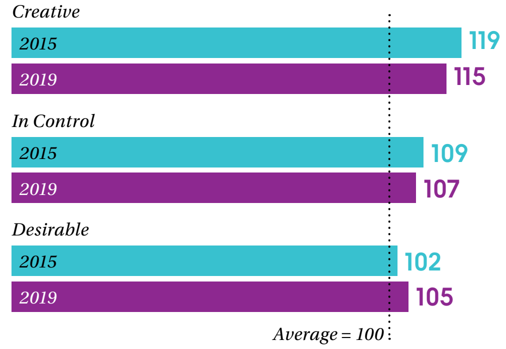
SOURCE: BrandZ™ / Kantar

…And people still view the "Fearsome Five" as creative and desirable…

Despite recent concerns about privacy protection and business scale, people still define the "Fearsome Five"—Amazon, Apple, Google, Microsoft, and Facebook—by their creativity and control credentials.

Personality Characteristics | Retained or Strengthened

BrandZ™ Indices

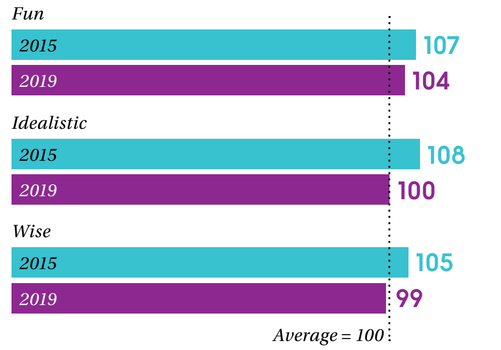


…But they view the brands as less fun and idealistic

Following concerns about privacy and business scale, people view the "Fearsome Five" today as less fun, idealistic, and wise than five years ago.

Personality Characteristics | No Longer Defining

BrandZ™ Indices



Brand Building Action Points

1 Update the theme song

Consumers do not expect technology brands that are trillion-dollar businesses to stay “Forever Young,” even if they were still incubating only a few years ago. Development from start-up to maturation takes time. But consumers are not patient. They may feel nostalgic for those start-up days, but they expect brands to act like grown-ups—accepting credit when it is due and admitting and correcting mistakes.

2 Have a POV

Have a clear point of view about technology-related issues that are troubling consumers, such as data security or the tension between protecting freedom of expression and guarding against the dangers of spreading false or defamatory information. A unifying POV can foster trust, which is important for recruiting talent, attracting investors, and satisfying stakeholders—including shareholders, customers, and employees. Losing society’s trust can lead to greater government regulation.

3 Build on trust

Build on the trust earned during the Covid-19 epidemic when people and businesses relied on technology brands to communicate and help structure their days with some semblance of normality. Honor the trust people demonstrated. That trust is critical as brands attempt to reach the deeper levels of interaction with consumers that 5G will enable.

4 Anticipate a new normal

The amount of time people spent with technology and the way they relied on it during the Covid-19 pandemic provided a global focus group of consumer engagement with technology under extreme conditions. The habits that remain as pressures eases will signal new opportunities.

5 Do unto consumers

Practice the Golden Rule. Easy to say, harder to implement. Support employees, safeguard their health and wellness, promote diversity, and foster an embracing culture that helps people thrive. Today, people are more aware of how organizations treat their employees. They may turn away from organizations that do not treat people as they would want to be treated.

The Technology Categories

Telecom Providers

SECTION FOUR

Brands pursue scale, services, and content

5G consumer benefits unclear as rollout accelerates

Category Brand Value Year-on-Year Change

-4%

Energy Top 10 Total Brand Value

$442B

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).

Having spent years struggling to differentiate their brands, Covid-19 suddenly validated telecom providers as essential to keeping the world connected, even when economies shut down and people quarantine at home. The closure of physical stores slowed device sales and subscriber growth, however, and the telecom provider category declined 4 percent in value following a 1 percent increase a year ago.

Telecom providers aggressively pursued the rollout of 5G, but less successfully explained the benefits of 5G for consumers. They built scale, services, and content, and expand into other categories, specifically entertainment. Meanwhile, category consolidation continued. After years of regulatory and judicial review, the merger of Sprint and T-mobile, owned by Deutsche Telekom, eliminated the AT&T-Verizon duopoly that had dominated the US telecom market.

The merger not only resulted in three strong players in the US market, AT&T, Verizon, and T-Mobile, it also produced a new fourth competitor—Dish. An over-the-top streaming service, Dish purchased a prepaid telecom service called Boost when it was spun off from Sprint as a condition of its merger with T-Mobile. Dish plans to use T-Mobile's network and introduce its own 5G service.

Consolidation reshaped the European telecom market as well, with UK-based Vodafone's acquisition of the Liberty Global operations in the Czech Republic, Germany, Hungary, and Romania. The deal made Vodafone Europe's largest provider of mobile and broadband and strengthened its position against key European competitors Deutsche Telekom and Telefónica.

Brand and differentiation

Telecom brands continued the effort to differentiate and be seen as more than a utility. Most notably, AT&T became an entertainment brand with its acquisition of Time Warner. Being a creator and distributor of content helps free AT&T from being perceived as a commodity, but it does not necessarily ease business pressure as much as it changes them, shifting AT&T into the "streaming wars" and a competitive set that includes Disney, Amazon Prime, Hulu, Apple, and Netflix.

In addition, AT&T introduced AT&T TV, a service that streams more than 100 TV channels over the internet. This new service comes as AT&T's DirectTV satellite business declines. AT&T acquired DirectTV in 2015, and the launch of the new streaming business reflects the industrywide growth of OTT streaming and the pressure on satellite and cable businesses.

BRANDZ™ TELECOM PROVIDERS TOP 10

		Brand Value 2020 $ Million	Brand Value 2019 $ Million	Brand Value % Change 2020 vs. 2019
1	AT&T	**105,833**	108,375	-2%
2	Verizon	**94,662**	94,598	0%
3	XFINITY	**46,973**	48,889	-4%
4	Spectrum	**42,917**	38,423	+12%
5	Deutsche Telekom	**37,297**	44,219	-16%
6	China Mobile	**34,583**	39,322	-12%
7	Vodafone	**23,128**	26,499	-13%
8	NTT	**20,341**	20,070	+1%
9	Orange	**19,392**	20,728	-7%
10	Movistar	**16,658**	19,361	-14%

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

Two other major US telecom providers, Xfinity and Spectrum, illustrate the pressure on cable businesses, as they are owned by Comcast and Charter Communications, respectively, communications giants and cable leaders. With Xfinity and Spectrum, mobile phone service can be bundled into packages including cable, at a time when cable is pressured by streaming.

O2, which operates in the UK and several other European countries, refreshed the brand recently with the strapline "Breath it all in" to celebrate the life-giving force that comes from oxygen and being connected. O2 has been successful in identifying the brand with music, having rebranded London's Millennium Dome over 10 years ago as the O2 Arena, which has become the world's leading sports and entertainment venue in audience size.

Communicating purpose

Some brands have differentiated by communicating about purpose, which was the intent of a message delivered by Vodafone's CEO at the 2019 Mobile World Congress. The message focused on building trust, reducing environmental impact, simplifying offerings, and collaborating with like-minded competitors on 5G networking sharing and other projects.

Similarly, France-based Orange intends to differentiate by transforming over the next five years from a pure telecom provider to a digital platform. It is focusing on the development of its network, AI, and data applications to sell more services to both consumers and B2B customers.

In an exercise that involved surveying both internal and external stakeholders, Orange recently revised its raison d' être, which begins, "As a trusted partner, Orange gives everyone the keys to a responsible digital world." Some of the specific actions include helping people monitor their screen time and donate unused minutes to others.

Orange began its digital offering with the launch of Orange Bank several years ago and is now expanding its Internet of Things home connectivity and intends to be involved in e-commerce and health and wellness. Through its Orange Business Services division Orange plans to become a leader in cloud technology.

Although France remains the largest revenue market for Orange, the brand is also strong in West Africa, the Middle East, and parts of Europe. Orange introduced a mobile wallet called Orange Money in West Africa and will expand its offering.

Insight

5G

Deployment of 5G increases; benefits remain unclear

There has been more deployment of 5G, with more cities where the technology is available. The telecom providers are talking about it in their ads. In the UK, for example, EE, Vodafone, and O2 talked about their 5G-enabled networks and tried to articulate the benefits of 5G. Whether the consumer benefit is clear is still a question mark. A lot of communication is around how 5G enables people to have more devices than just their mobile phone. That's fine, but some people are still waiting for 4G.

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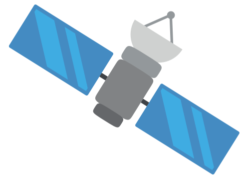
Bundling services

Without clear differentiation, a brand's fallback position often becomes price. Price competition in the UK was expected to intensify after promulgation of contract transparency regulations making it easier to move among providers rather than be locked into contracts.

Even in markets like India or Latin America that leap frogged to mobile, brands are also facing the need to find a distinctive proposition. The lack of a strong brand proposition opens a brand—and sometimes an entire market—to disruption.

In India, Jio rapidly grew market share with pricing that undercut the established brands, precipitating market consolidation and propelling Jio to become India's leading telecom provider, with around 370 million subscribers. Iliad, which operates a brand in France called Free, has attempted to disrupt the Italian telecom market with price.



To build differentiation as well as margin, many telecom providers bundle offerings of mobile service with TV and internet. In Spain, for example Movistar offers a complete package, while O2 in Spain has a no-frills offer.

Rolling out 5G

Bundling options may change with 5G, sometimes seen as the ultimate cable-cutter. The pace of the 5G rollout varied by country. In the US and UK, the major telecom providers have begun developing 5G infrastructure, but few mobile handsets are 5G capable, and communication around 5G generally has not clearly articulated the consumer benefits. In France, the government was expected to issue 5G licenses in spring 2020 but postponed the process because of Covid-19.

Verizon reorganized its business to focus on 5G and its core strengths in telecommunications, having tried with limited success to develop a media business with its acquisitions of AOL, Yahoo, and the Huffington Post. Verizon streams content on its Verizon Fios fiber optic service. Similarly, Vodafone provides access to content with a paid TV offer, but not as a branded content owner.

In anticipation of 5G, Vodafone, a sponsor of e-sports, entered a partnership with e-sports marketer ESL to stream e-sports events on its 5G network. The mobile gaming experience will improve with 5G, a useful benefit with the growth of cloud gaming from entries like Google's Stadia. The upgrade to 5G also promises to improve the experience of working remotely. Verizon signed an agreement to acquire BlueJeans Network Inc., a videoconferencing service.

Despite the lack of complete clarity about 5G benefits, consumers are preparing for the technology upgrade. Over a quarter of smartphone owners who intended to buy a new smartphone in the next six months, definitely planned to buy a 5G-enabled phone, according to Kantar Worldpanel ComTech US data. Another 42 percent said their next phone probably would be 5G-enabled. And, according to a similar study of five European countries, people plan to pay over £750 ($980) for a 5G-enabled phone.

Insight

Purpose

Focus shifts from price to purpose

As 5G continues its understated rollout, telecom providers are operating in an increasingly commoditized marketplace where price deals, plans, and handset promotions dominate branded communications. But there are signs the big telecom providers will need to shift this emphasis in 2020. The commercial reasoning is clear—when price rather than technical capabilities dominates consumer decision making, the big telecom brands need to fall back on, and further invest in, the power of their brand. For many, therefore, 2020 is set to become a year of reinvigorated brand purpose. With this will come a push towards a longer-term focus and an attempt to connect with people in a more sincere and profound way across a host of well-intentioned societal and environmental goals. Events like Covid-19 only heighten this imperative further! Although for many of these brands these values are genuine, this space is fraught with challenges. Some causes are more obvious bedfellows for telecom brands than others, and brands must recognize they need to go beyond lip-service to make a valuable, sustained contribution in order to stand out. Ultimately, for consumers to engage deeply and respond to their ideals, telecoms need to be trusted, and when it comes to earning trust, actions speak louder than words.

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Insight

5G

Upgrade to 5G phone not yet a high priority

The biggest problem with 5G is that there isn't a problem to solve for consumers. It's not the same as when 4G was implemented and people really saw the benefit. Consumers' 4G may already be faster than their home broadband, so they don't see a compelling reason to upgrade to 5G. Our research shows that consumer interest is there, but in a passive way. When we ask people whether they're planning upgrade to 5G or a 5G handset, the answer generally falls into the "yes, probably" category. If we then ask if they would spend more for a specific 5G handset there's no active demand.

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COVID-19 IMPACT

SLOWER SALES HURT ESSENTIAL CATEGORY

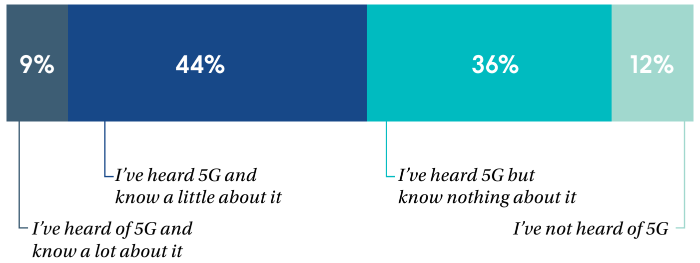
Having struggled for years to differentiate their brands, the extreme social separation during the Covid-19 pandemic demonstrated the essential contribution made by telecom providers. They provided the wired, wireless, or fiber optic lifeline that connected people and businesses to the rest of the world. With stores closed, however, people purchased fewer mobile phones, which impacted revenue and subscriber growth for some network operators. The pandemic had additional implications for brands like AT&T that expanded into streaming services. While being quarantined at home, people had more time to explore online entertainment, which potentially helped build audience size. But advertising declined as companies cut costs. The telecom providers category declined 4 percent in value after rising 1 percent a year ago. Anticipating post-pandemic online behavior changes, Verizon signed an agreement to acquire BlueJeans Network Inc., one of the videoconferencing options people used for socializing or working while quarantined at home.

Kantar ComTech Analysis

Consumer 5G knowledge is still limited…

Almost half the population across the UK, France, Germany, Spain, and Italy (the EU5) know little about the possibilities of 5G.

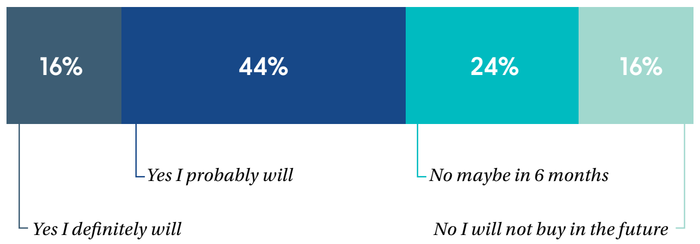
5G Consumer Understanding | Awareness
Q2 2019



… But intention to buy a 5G device is high

However, 60 percent said they intended to buy a 5G device and a fifth of those intending to purchase a 5G devise planned to spend over £750 ($978).

5G Smartphone Intention
Q4 2019



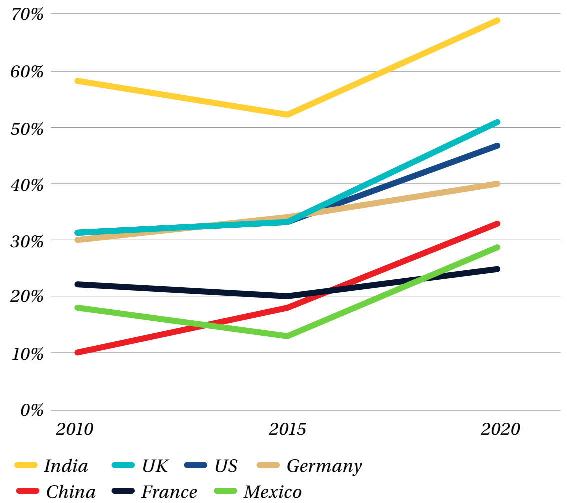
SOURCE: Kantar ComTech

BrandZ™ Analysis

Customer worldwide are more satisfied with their telecom providers…

Over the past decade, telecom provider brands worldwide have improved levels of customer satisfaction, especially over the past five years, a period of increasing network speeds and bundling of services.

Telecom Providers | Satisfaction
% completely satisfied with the available brands

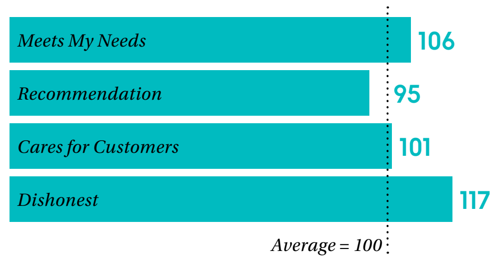


… But customer satisfaction challenges remain

Telecom providers brands still have areas of customer satisfaction to address, even as the brands increase speeds with 5G. Consumers feel that telecom providers meet their functional needs. But they are unlikely to recommend telecom brands because of an average level of customer care and a high perception of dishonesty, perhaps related to a lack of transparency related to billing, and contract renewals.

Telecom Providers | Satisfaction

BrandZ™ Indices



SOURCE: BrandZ™ / Kantar

Brand Building Action Points

1

Be authentic

Authenticity is key. But authenticity cannot be invented. A belief in what the brand stands for needs to permeate the organization at every level, including the board, so that every action, every communication is infused with brand commitment and sounds authentic because it is.

2

Unify the organization

To be well received in the market, the innovations that spring from the minds of the engineers need to correspond with the consumer insights emanating from the marketing department. A fuller explanation of 5G could help accelerate consumer acceptance of this new technology, although the full potential of 5G can only be imagined.

3

Unify the brand

Coordinate the brand's assets in a 360-degree way. Even activation efforts to draw more people into the brand's stores should connect with a larger brand purpose. Visiting the physical store, the customer needs to feel serviced, not sold. Reviewing the monthly statement, the customer needs to feel confident, not confused.

4

Address industry challenges

By addressing key industry challenges, brands can help improve the lives of their customers. Among these challenges are digital inclusion, especially for brands that serve people in more rural or developing markets and have an opportunity to democratize the technology and empower people. Other challenges include cyberbullying, cybersecurity, and screen addiction.

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Effective B2B messages give audiences time for thinking

Marketing that is more respectful, even joyful, is more memorable

The acclaimed twentieth-century copywriter, James Webb Young, once wrote a five-step process for problem-solving and generating creative ideas. Summarized, he prescribed gathering and reading as much around the problem as you can, attacking the problem, and then stepping away to enable your subconscious mind to take over, helping to find a fitting solution.

He wrote this in 1936, but his advice still holds strong today. And while he was mostly talking about creative processes, the same principles are easily applied to anyone in need of inspiration, from our own agencies to the B2B audiences we are trying to reach, whose worlds are filled with trying to problem solve, find an advantage, or innovate. These audiences evidently need time to develop solutions focused around their business strategies, yet more often than not, they don't have the bandwidth to think.

B2B decision-makers and purchasers spend up to 45 percent of their working hours independently researching new tools, platforms, or vendors, according to Gartner, a business consultancy. Imagine what these hours consist of: people sifting through numerous presentations and proposals, reading every new report, article, social post, and whitepaper, while trying to do their day job. How can they be expected to solve their problems for tomorrow, when they've barely had time to digest what's on their desk today?

As marketers, we need to take heed of this problem, instead of relentlessly trying to force ourselves into their lives with hyper-targeting and bombarding them with messages. When advertising campaigns perform less than expected, we're quick to blame dwindling attention spans, creative messages or audiences hiding behind ad-blockers—all to excuse ourselves for reduced effectiveness.

What if, simply, our end-audiences aren't given the chance to breathe, to retreat, or even just process their thoughts before they can think freely and link the utility of our clients' brands to their problems?

This is where marketing should become more respectful, and, as importantly, helpful.

The media industry likes to talk about humanizing marketing, using psychology and creating emotional connections, but for B2B, this concept still remains relatively new. The implications could be game-changing.

A new perspective

One potential solution is for marketers to offer clients a new perspective from which to approach their challenges. According to the polymath Karl Toomey, we constantly use exploratory thinking and playfulness to problem-solve in daily life and should actually consider using these tools to overcome challenges and ambiguities at work too. While play is an alien concept in B2B, adopting playfulness as an approach can be highly productive, and naturally leans into the empathetic, differentiated, and meaningful marketing we're told to create to build salience and positive brand associations.

The media industry likes to talk about humanizing marketing, using psychology and creating emotional connections, but for B2B, this concept still remains relatively new. The implications could be game-changing.

The approach is two-fold. First, we need to understand where end-audiences' minds are free from worry, fear or risk, improving the likelihood that they will absorb our messaging. Instead of playing safe around the standard passion points though, we need to force ourselves to become more adventurous in building our brands around our audience instead, to spark their subconscious thinking. Second, we need to take our knowledge and convince and encourage our B2B clients to consider playfulness in their creative and media (as has been done in B2C forever), forcing a conscious behavior change for their audiences, so that when problems arise, our brands are the ones associated with moments of joy.

Red Bull is a great example of a company that got to play itself out of a problem, when its focus on extreme alertness inadvertently got tied up with "tech-bro" culture (smug, heavily fraternized and misogynistic, and out of touch with social limits and boundaries). In sponsoring Felix Baumgartner's jump from space, the energy drink brand was able to associate itself with the idea of extreme achievement instead—qualities leaders constantly try to align themselves and their organizations with. Watched live by eight million people (and many more since), the successful jump generated excitement and admiration across the world.

Undoubtedly, among those viewers were business leaders, inspired by the event to push for greater feats in engineering, communication, management—or to reframe the psychology of risk itself. And with each moment of inspiration—disconnected from their daily routines—came a subconscious nod to Red Bull being the facilitator of success.

It doesn't always have to be a jump from space though; it simply needs to be where our audiences have freedom from fear and risk. It is this freedom that nurtures advantage, so that our audiences come to us when they have a need for our client innovations.

TAKEAWAYS

1. **Be Playful**
Make it easier for audiences to build positive associations with your brands, beyond solely downtime moments.

2. **Collaborate**
Empathic strategy development can't exist in silos, it has to be a blend of creative, messaging, and media working effectively together.

3. **Disrupt**
Don't be scared to disrupt. Too many B2B brands still play safe, and planners routinely stick to the same channels, media, and formats.

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Tech credentials do not perfectly protect leaders from upstarts

Brand, emotional connection will enhance perceived value

Many Tech brands have a rich heritage of innovation and technical expertise on which their success is based. Many are considered to be true experts, even pioneers in their fields, bringing out ever more ingenious and useful devices to solve challenges we as consumers didn't even know we had! But in 2020 there's now a problem with this model—the competition is catching up. They're getting quicker, cheaper and, frankly, better at taking the original and ground-breaking tech from leading brands and replicating similar innovation in their own products and appliances just months later, and often at a lower price.

In fact, many brands are going further than this, "innovating" a whole host of specialist features and accessories, that although sometimes questionable in terms of their true long-term usefulness, add complexity to the range of new technology available to consumers. The risk is that the sheer scale and pace of new product developments will start to convince consumers that these brands are also strong, original innovators too.

This is why big tech brands that are serious about their innovation and tech credentials need a strategy to defend against these nimble upstarts. Brand building has to be a core part of this strategy—brands need to move beyond rational persuasion, functional triggers, and hero features, and communicate their role in addressing a deeper layer of human need. They need to connect with consumers emotively and instil a degree of pride that consumers feel towards owning their brand through enhanced meaning and perceived value.

This can be uncomfortable, touchy-feely territory for many tech brands, but in fact, there are options open to most to humanize their brand through emotion in a way that avoids shifting or softening their core brand and values. And this doesn't have to be a purely brand building exercise either—by enhancing hardware devices and appliances through connected apps tech brands have a route into innovation that will better serve consumers' needs.

Brands need to move beyond rational persuasion, functional triggers, and hero features, and communicate their role in addressing a deeper layer of human need.

Humanizing with IoT and data

Indeed, in recent years we've noticed a clear trend in BrandZ™ about tech brands that have done well. The fastest risers and those that maintain their value best, are the brands like Haier that are either moving beyond their hardware offer and into the Internet of Things and apps, or the Googles, Apples and Microsofts of the world that either are coming from or have already built a strong services business and feel at ease with developing software. In some sectors cloud-based platforms like Google's game streaming service Stadia now also pose a genuine (if admittedly long-term rather than immediate) threat to physical hardware like gaming consoles.

Tech manufacturer brands are also well-placed to capture and utilize usage data, but they're being held back by a perpetual fear of the risks of being seen to misuse this resource. Yes, of course, this data comes with many perils and needs to be handled sensitively and transparently, but tech brands must not let their anxieties in handling personal data hold them back from working out ways to enhance their current devices through app-based infrastructure. You only have to look at how commonplace fitness and health apps are becoming to make the leap to how similar tools could enhance other devices as well.

Many of us might snigger at the prospect of an app that connects your vacuum and air conditioning appliances to a smartphone app that reports on your home health, but would we still be laughing if home and buildings insurance companies started to offer rewards or lower premiums for the healthiest homes?

For those tech brands that can overcome their initial reticence to move outside of their comfort zone in hardware there is a chance to further enhance their usefulness to consumers. Doing so will also help them fight the increasingly tough battle to stand out and maintain a price premium. Perhaps most importantly of all, an improved ability to humanize their offer and meet a deeper layer of user need could also provide a strong foundation for tech brands to talk more emotively about their brand and the way using it should make people feel.

For those tech brands that can overcome their initial reticence to move outside of their comfort zone in hardware there is a chance to further enhance their usefulness to consumers. Doing so will also help them fight the increasingly tough battle to stand out and maintain a price premium.

Li Huagang
Vice President,
Chief Experience Officer
Haier Group

Haier

Leading appliance maker transforms into IoT Ecosystem of smart solutions

5G research investment advances innovation and global strategy

Li Huagang is Vice President, chief experience officer of Haier Group and General Manager of Haier Smart Home in China. Haier Smart Home is a leading global maker of appliances that has transformed into an Internet of Things ecosystem, creating smart solutions for the whole home to improve people's lives with greater convenience and peace of mind.

COMPANY BACKGROUND AND VISION

Why did Haier decide to transform from a home appliances maker brand to an ecosystem brand and a leader in the Internet of Things?

The main reason for our transformation is the change in user demand. Users in the past might just need a product, but today they want a solution. Before, when we sold products to our users, the transaction was basically over. Today, the sale of products is just the beginning of a relationship that also includes services. Haier is already a global home appliance brand. We intend to build on that leadership. Nowadays, in addition to making appliances, we are developing as an ecosystem brand. As an ecosystem brand, we will be user-centered instead of product-centered.

In what other ways will the Haier ecosystem respond to people's needs and wants and make a greater impact on their lives?

Three factors characterize our ecosystem. First, our Haier Smart Home solutions are focused on the emotional connection with consumers. Second, our solutions are user-driven. Third, the Haier Smart Home is an open platform. Take IoC (Internet of Clothing), for example. We continue to make high quality and smart washing machines and dryers, but we are using our knowledge to improve the experience of doing laundry. By understanding the user's needs, we can respond with complete solutions for cleaning and caring for clothing. We provide these solutions by collaborating with brand partners from many different industries. Haier benefits, not just by selling washing machine hardware, but also by being able to satisfy the requirements of our consumers' scenario. Our partners also benefit from this ecosystem. And, ultimately, our consumers benefit from more comprehensive and customized smart home solutions.

What organizational changes is Haier making to attract people with the skills and talents required by the new ecosystem?

We are restructuring R&D, marketing and sales, and services. First, on the research side, Haier always has had talented product engineers. Today, however, our engineers work as part of teams that create complete solutions for the kitchen, bedroom, bathroom, and other key areas of the home. Second, our marketing and sales mentality has changed from pushing products on consumers to offering smart home solutions. In the past, our salespeople had great technical knowledge. Today, we have sales teams that understand consumer needs and design the best combination of solutions and services to meet those needs. The third change is service. In the past, service was about after-sales repairs. Today's service is system-wide, from purchase to design, production, delivery, and acknowledgement of later-use requirements.

How important is 5G to the future of Haier Smart Home?

We believe that 5G is critical, and we have invested in the R&D necessary for market-leading innovations. Haier Smart Home established the world's first 5G smart home laboratory. The investment includes a 5G industrial park where we are developing home solutions. The first group of intelligent home appliances and scenario solutions using 5G technology were rolled out in the second half of 2019. Among those products was our 5G Internet of Things central air conditioning system.

GOING GLOBAL, GOING DEEP

Is Haier Smart Home a global strategy?

Yes, we believe that with the advent of smart 5G, connectivity potential will expand dramatically. Therefore, this must be a global strategy, not just a China strategy. Our overseas brands will not change their names to Haier Smart Home. Rather, Haier Smart Home is the platform that all the overseas brands will use. Along with Haier, Casarte, and Leader in China, our Haier Smart Home brands are GE Appliances in the US; Fisher & Paykel in Australia and New Zealand; AQUA in Japan; and Candy in Italy. We started the strategy in China, in Shanghai, and will rapidly replicate and promote it throughout China and then outside of China. Expanding the concept overseas takes longer because it is more complicated in other countries. We have begun a pilot project in the US and will expand it in 2020.

The main reason for our transformation is the change in user demand. Users in the past might just need a product, but today they want a solution. Before, when we sold products to our users, the transaction was basically over. Today, the sale of products is just the beginning of a relationship that also includes services.

According to BrandZ™ analysis, Haier is a leader among Chinese brands building business overseas. How has Haier's overseas experience informed its initiatives in China?

Our overseas brands are very important for the Chinese market. Haier Smart Home is a high-end suite of products and services. Its success depends on delivering quality solutions for the whole home. Our overseas brands provide access to important R&D and service solutions. For example, the technology of GE Appliances, Fisher& Paykel, and AQUA helped us develop Casarte, our premium brand in China.

What particular strengths does Haier, as a Chinese brand, contribute to the development of its overseas brands?

The most important contribution we bring is speed—speed of innovation and meeting users' needs. Breaking old rules and procedures, we leverage the excellence of our overseas brands with speed, which improves results. We also provide the Haier Smart Home platform, which we have developed for over 13 years. This platform helps our overseas brands shift quickly, with minimal investment, from only selling products to becoming ecosystems selling scenario solutions that are relevant to their local markets.

Will the Haier Smart Home focus in China be in upper tier cities alone, or will you build business throughout the country?

Consumption upgrade is a trend throughout China, and we do not expect an affordability problem. We will promote in Tier 1 and lower tier cities. Haier Smart Home is a breakthrough that adds vitality to the home appliance category, with new possibilities for building sales and margins. Haier solutions deliver new benefits to the consumer, enhance the brand experience, and build loyalty, which maximizes the value of the consumer to Haier.

BRAND BUILDING AND MARKETING

Have you changed brand communication to match the brand transformation?

To educate our consumers about new possibilities for their homes, we opened our first physical showroom in Shanghai. Called the Haier Smart Home Experience Center, we will open locations throughout China. At these locations, we have many room settings to demonstrate our appliances and to present other services and home products. We can demonstrate how to increase the functionality of a smart balcony, for example. The smart balcony can be another room for home appliances, such as a washing machine and dryer. It can have an automated clothes hanger for air drying. This combination forms an ecosystem to fulfill the requirements of the users' scenario.

In what other ways has your traditional approach to brand marketing changed?

We used to concentrate on traditional mass marketing, which has its value, but it is not the best approach in this social media era. Today, we engage consumers with relevant content and try to be part of the conversation by creating and participating in circles of interest. In this approach, we both communicate to our users and listen to their comments, which helps us improve our scenarios and services and make them more relevant.

How is Haier adjusting to China's changing demographics, particularly the growing influence and purchasing power of young people?

Young people are a large market of potential consumers. Because they are so active in social media, it is important to reach young people by participating in social media groups. Their social circles influence their brand choices and purchasing habits. Some young people will buy Haier products to meet a group's expectations; others will buy Haier products as a means of self-expression, to distinguish themselves within a group. That is why we provide personalized solutions that are more fashionable and different.

Is Haier also appealing to the growing number of Chinese seniors?

Haier has two key advantages that appeal to consumers at both ends of the age spectrum. For older users, it is important that the products and solutions are not complicated. They must make life easier, not harder. The second is ease of use. Our voice recognition simplifies the use of our services.

Chinese consumers are seeking premium products and services of high quality. How is Haier meeting this need?

Starting with the user, we try to understand what innovations can make life simpler and more convenient. Then we invest in the technology to develop the highest quality smart home solutions. We'll start with a particular scenario—a person arrives home after a long day at work, for example. Then we'll imagine what smart home solutions could make that moment simpler, less stressful, and more enjoyable. Our smart solutions include services to play music, open the curtains, tune the TV to a favorite channel, program the refrigerator screen to recommend a healthy meal menu, set the oven to the correct temperature, and coordinate the air conditioner, dehumidifier, and fresh air systems. To help our user return to work well-rested, our pillow detects the changes in the depth of sleep over the course of the night.

How do you persuade consumers to invest in this level of innovation and quality?

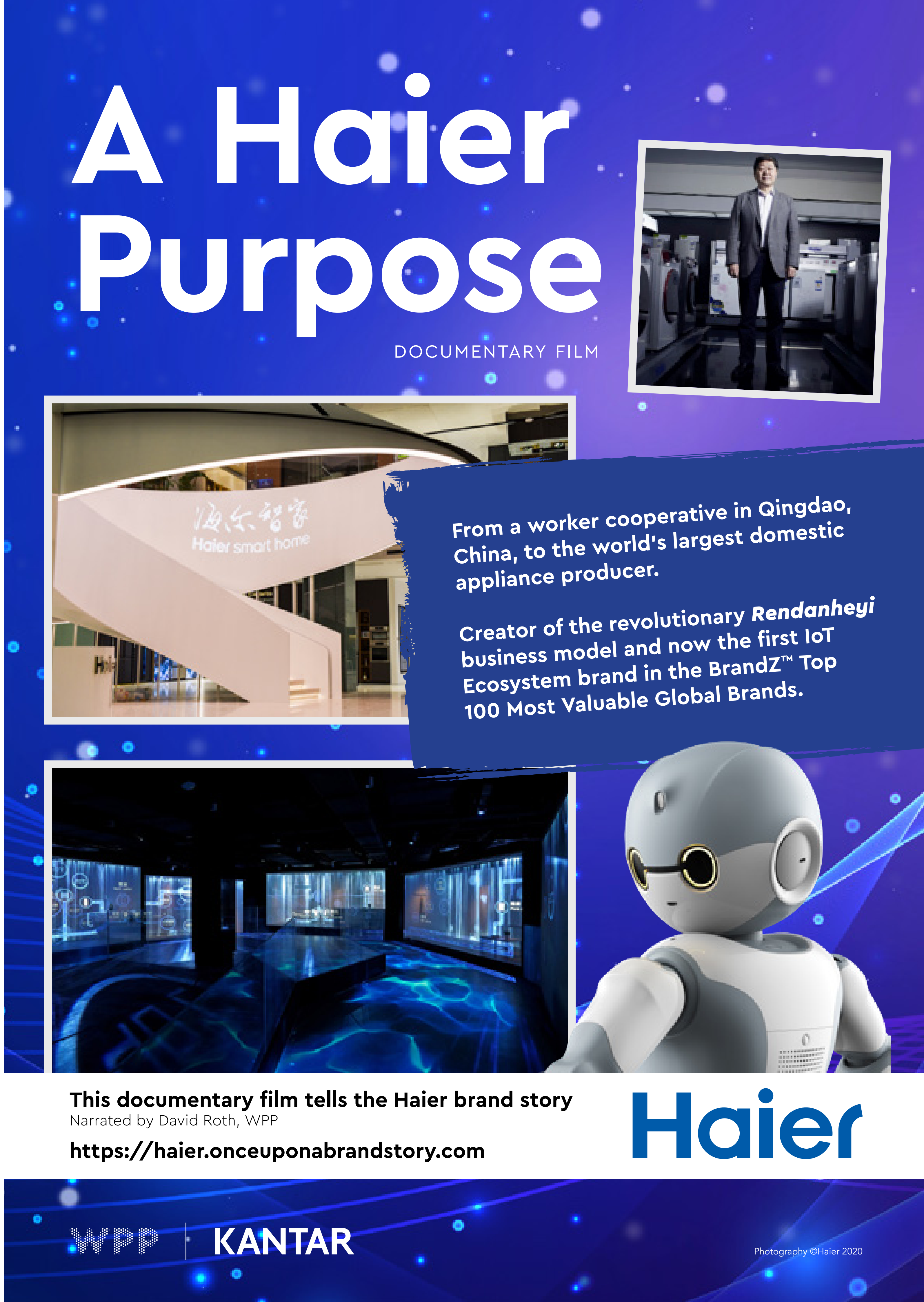
Haier Smart Home offers several important benefits. First, products and services can be customized to the user's needs today. Second, because those needs will change, the solutions can be iteratively upgraded. This is a lifelong service and experience guarantee, which is important in the rapidly changing world of technology. It means that no matter how many years pass, the technology will be up to date and the products and services will be relevant to the user's life.

COVID-19 IMPACT

What lessons did Haier learn from the Covid-19 experience?

Haier gained a lot of valuable experience during the periods of battling the pandemic and resuming work. We were able to be flexible in our strategy and actions, thanks to our Rendanheyi management model, created by Zhang Ruimin, the founder of Haier, and our system for incentivizing employees to act as entrepreneurial partners. First, during the period of fighting the pandemic, Haier donated money and goods, sent medical teams, and organized the installation team for Huoshenshan hospital and Leishenshan hospital. Also, based on its COSMOPlat industrial internet platform, Haier built the supply chain platform for accurately matching supply and demand for the medical materials need to fight the pandemic. Second, since the economy reopened, the Haier Group has resumed work at all levels. We have fully opened the entire process of R&D, purchasing, manufacturing, marketing and after-sales to ensure that the business of the enterprise is basically not affected and can continue to provide services to users. These accomplishments happened with bottom-up organization and initiative by Haier entrepreneurs and microenterprises. This pandemic has been a test for Haier's entrepreneurial system. After this test, we are even more determined to focus on maximizing the value of people and inspiring everyone's potential.

Starting with the user, we try to understand what innovations can make life simpler and more convenient. Then we invest in the technology to develop the highest quality smart home solutions.



Covid-19:
Resilience, Recovery, & Growth

BrandZ™ Analysis

Brand strength supplies resilience for rapid recovery and future growth

Meaningfully different brands will thrive across categories

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Brands facing the disruptive consequences of Covid-19 need to anticipate a multi-dimensional hangover that includes consumer uncertainty about the economy and spending, health and hygiene, and socializing, according to Kantar's Covid-19 Barometer. BrandZ™ analysis of brand recovery since the financial crisis adds an important context for navigating this uncertainty.

Brands mattered during the financial crisis recovery. They matter today. They will matter as global economies reopen and people begin to reclaim their everyday lives.

Brand strength adds resilience because it offers reassurance to buyers. In good times, strong brands grow value faster. In tough times strong brands recover faster. Brand performance over the past decade provides measurable proof.

The stock prices of the BrandZ™ Powerful Brands Top 10 Portfolio, the global brands highest in brand equity, rebounded almost immediately after the market crash and began climbing in shareholder value, even as the S&P continued to plateau for several years. Between 2006 and 2020, the BrandZ™ Powerful Brands Top 10 Portfolio increased 285.2 percent in value, while the S&P rose only 120 percent.

With category-specific fluctuations, the upward trajectory is consistent across most of the economy. Fast food and technology emerged quickly from the global financial crisis, for example, and are likely to demonstrate strength again because strong brands, often enabled by digital innovation, have provided the products and services that meet people's needs in meaningful ways.

Only one category, cars, has not rebounded. Because of category structural changes—changing attitudes about mobility, ownership, and protecting the environment—the car category has not regained value lost during the global financial crisis. Individual car brands have gained, however. The most disruptive car brand, Tesla, achieved the greatest value increase.

Short-term imperatives

Brands did not recover automatically after the financial crisis. And they will not recover automatically from this crisis. Understandably, during a period of uncertainty and financial pressure, it is tempting to cut back on advertising and marketing investment, at least short-term. But cutting back is counterproductive.

The need to feel comfortable and certain about the market before investing is normal. But today is not normal. Waiting to invest will not add comfort or certainty, but it will jeopardize effectiveness. Brands need to come easily to mind and be easily accessible. Disappearing from the marketplace to gain a short-term financial benefit will make it more difficult and expensive to rebuild brand presence.

It may not be possible to always be physically present, to have certain products available all the time. People are becoming accustomed to shortages. Mental availability is possible, however, and it is critical. Brands that continue to advertise reduce the risk of future market share loss.

If it is necessary to reduce a product range because of slackening demand, then it is best to focus on the parts of the range that best represent the core brand purpose and do not compromise core positioning and values. It is important to focus on salience, reach, search, distribution and pricing.

Although it is impossible to predict exactly how the pandemic will unfold, Covid-19 is likely to cycle in and out of our lives well into 2021, according to Kantar's Covid-19 Barometer. Navigating through this disruption, Meaningful Difference, the principal BrandZ™ component of brand equity, remains critical for short-term recovery and long-term brand value growth.

One indicator of the impact of Meaningful Difference is its correlation with stock market performance. Over the past 12 years, the BrandZ™ Global Top 100 brands with the highest scores in the BrandZ™ Meaningful Difference Index grew 253 percent in value, while brands that scored lowest in Meaningful Difference increased only 50 percent. The key question becomes, how does a brand achieve Meaningful Difference, especially in periods of disruption?

BrandZ™ has developed five Vital Signs that underpin Meaningful Difference. The five Vital Signs work progressively, starting with Purpose (a brand's reason for being, the way it makes people's lives better); Innovation (the way a brand implements its Purpose with leadership, creativity, and disruption); Communications (the way a brand gets the word out about its innovations); Brand Experience (how a brand makes people feel), and Love (customer affinity for a brand, an outcome of the other four Vital Signs).

Long-term prescriptions

BRAND PURPOSE

All brands have particular areas of prowess and competence. Brands need to harness these areas of expertise to deliver their purpose in meaningful ways that benefit people. In the current pandemic context, medical and health expertise would be especially important, but lack of relevant expertise is not an excuse for not making a contribution, even a financial one.

Brand response should embrace consumers, customers, society at large, and employees as well as partners in the supply chain. Clearly, times of crisis should not be exploited for the benefit of a company's bottom line, but a well-co-ordinated response may trickle down to positive brand associations in the medium-to-long-term.

BrewDog, a UK drinks brand repurposed its production to make hand sanitizer, and it created online virtual bars to encourage socializing with social distancing. BrewDog scores high on all BrandZ™ indices of social responsibility. In customer care, for example, BrewDog scores 120 on a scale where an average score is 100.

Brands need to be consistent and sincere. For brands with purposeful values at the core of their positioning, a crisis is a critical time to deliver on those values with action—failure to do so is likely to have a damaging effect.

Navigating through this disruption, Meaningful Difference, the principal BrandZ™ component of brand equity, remains critical for short-term recovery and long-term brand value growth.

INNOVATION
Even in difficult times, true innovators do not stop innovating. They adapt to a changing environment and meet emerging consumer needs. And they continue to invest in R&D as much as possible to maintain relevance both during a crisis and beyond.

Brands need to consider how their service or product offer could be enhanced and upgraded in a directly helpful and constructive way for the benefit of its customers. Creative solutions are not limited to advances in functionality and product design. Changes to usual rules of engagement and modes of operation may result in much-needed assistance, not quickly forgotten.

AIA, a leading Asian insurer, launched a free Covid-19 coverage in Singapore, for example. Not only did the brand score 113 on the BrandZ™ Innovation Index, but scores in the BrandZ™ Indices for social responsibility and customer care reached 125 and 122, respectively. The average is 100.

COMMUNICATION
It is vital to maintain share of voice, if at all possible. Experience proves that an increase in marketing pressure during economic difficulty can bring advantages in the long term. Brands need to evolve and tailor existing content and media planning with a relevant message, or make existing assets work harder by prioritizing the most effective, while ensuring that their focus remains suitable.

Being playful in a crisis is a double-edged sword. It can provide refreshing respite, but it also has the potential to cause offense. If pursuing humorous or light-hearted content, particularly if directly related to Covid-19, make certain that the content fits well with the brand heritage and style.

For example, Nando's, a South African restaurant chain specializing in chicken, scores 140 in Rebellious and 130 in Creativity, well over the average score of 100 in these BrandZ™ personality indices. In a humorous public service effort encouraging people to practice social distancing, Nando's referenced its competitor KFC with a tagline asserting, "Turns out, finger licking good isn't good."

EXPERIENCE
Experience drives the strongest mental associations vital to brand equity. It is important to mitigate service disruptions and focus on the customer to learn what elements can be improved. Reliable standards become even more important as consumers seek reassurance through service and may be unable to replace or upgrade products as easily as before. Brands must uphold standards as far as is possible in order to prevent softening confidence.

Amazon was well-positioned when physical stores closed, and shopping shifted online. The spike in home delivery demand slowed Amazon service during the height of the pandemic, but the e-commerce giant explained that it needed to prioritize key supplies. Amazon educated its virtual voice assistant, Alexa, to answer diagnostic questions about Covid-19.

With people quarantined and airlines mostly grounded, Airbnb and Tripadvisor helped people enjoy the experience of travel by providing online virtual tours. As these examples illustrate, there is an opportunity for brands to be inventive delivering services or experience. Brands should think about which specific aspects of existing experience need to be dialed up or down to make lives easier—particularly for existing customers.

LOVE
Brands with existing emotional connections can provide moments of relief and calm during a period of stress. Helping with relevant suggestions, recommendations, guidance and even just staying in touch—without needlessly imposing—is likely to be appreciated if done with genuine concern for customers.

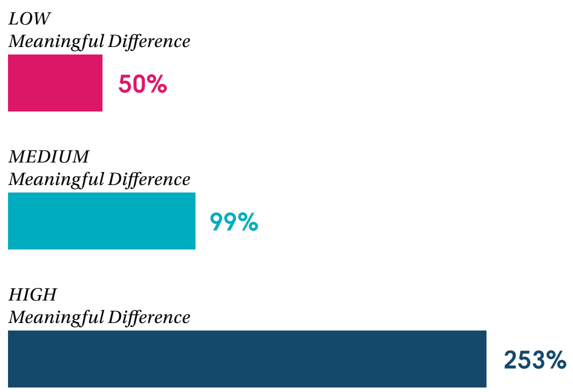
Among the many brands that introduced helpful initiatives during the pandemic, the Indonesian-based ride-hailing app Gojek supplied ride vouchers to healthcare and other frontline workers, in a program called GoHeros. Against an average score of 100, Gojeck scores 128 on the BrandZ™ Love Index.

Trusted brands evoking national or community pride have a unique opportunity to make a difference with inspirational action. Behavior needs to be genuinely altruistic, which suggests focusing more on the activity and less on the surrounding public relations. Mobilizing resources to bring a practical edge to a brand's existing strong emotional connection is likely to have a memorable benefit in this moment of uncertainty.

Meaningfully Different brands grow value faster, simplify decision-making

Meaningful Difference (meeting consumer needs in relevant and trendsetting ways and forming emotional bonds) and Salience (coming to mind at the moment of consideration) are BrandZ™ components of brand equity. They are fundamental to the ability of brands to simplify decision-making by being "easy to mind" with a rich set of meaningful mental associations, and "easy to hand," available so sales can be effectively activated. Over the past 12 years, brands high in Meaningful Difference increased 253 percent in value, while brands low in Meaningful Difference grew only 50 percent.

Meaningful Difference | Brand Value



SOURCE: BrandZ™ / Kantar

Insight

Post Covid

Brand purpose must connect with real need

As marketers, we can all admit that we've asked ourselves if selling goods was really helping humanity. Well, I think that we have brands that can have a huge impact on our society. In the past, finding brand purpose has been a big trend. In the past, finding brand purpose has been a big trend. There is a "but," however. A lot of brands went after the same type of causes: e.g. inclusivity, happiness, and enhancing natural beauty. The real challenge that I foresee for the future is that brands will have to find purposes and causes where there is a new need. Where no one is taking a stand. Brands will have to think harder about how they can brand bring value to our society in a genuine way. We could even start thinking about how brands address some of the problems usually left for government to solve. The international Covid-19 pandemic will also speed up those brand transformations. This will be the new customer expectation.

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Corporate Reputation influences consumer opinion of brands

The BrandZ™ Corporate Reputation Index provides another lens for understanding the impact of Covid-19 and the most effective brand responses. Leadership and Responsibility are the key pillars of Reputation—and never more so than in a time of crisis.

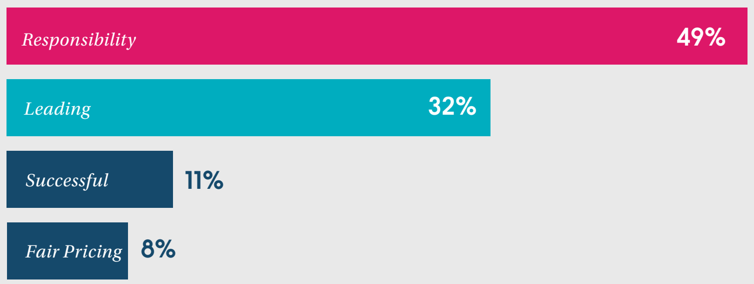
Around half of the BrandZ™ Corporate Reputation Index depends on the Responsibility measure, which includes social and environmental responsibility, respect for employees and customers, and scrupulous supply chain practices. Corporate Reputation has a real impact on everyday brand choices.

In an analysis of over 5,000 brands, BrandZ™ has quantified the impact of Corporate Reputation. It makes up almost 9 percent of all the elements that affect brand equity, which is the predisposition to select a particular brand. Corporate reputation becomes especially important in periods like today, when people are looking for brands—and institutions—they can trust.

Corporate Reputation plays key role during Covid-19

Corporate Reputation has a key role to play in how brands choose to respond in a crisis and how consumers interpret actions.

Corporate Reputation Components



SOURCE: BrandZ™ / Kantar

ADS RESPONDING TO COVID IMPACT NEED AUTHENTICITY

Pandemic-related ads that communicate about what a brand is doing to genuinely help people receive the most positive reaction and have the best potential to drive longer-term equity, according to BrandZ™ research. Less well-received ads do not ask people to make a difference, but rather encourage them either to conform with government directives or concentrate on a more hopeful future. In addition, many of the ads that attempt to provide emotional support lack distinctiveness because they rely on stock photography and music and generic messages of hope. And ads from brands that have never before communicated in this way before can seem inauthentic.

SECTION FIVE

Pandemic influences changes in consumer attitudes, behaviors

Brands must offer value now, and innovate to remain relevant

Reacting to persistent safety and financials concerns resulting from Covid-19, people worldwide are adopting new behaviors that will prevail for the foreseeable future. Marketers face the manifold challenge of finding near-term growth opportunities that deliver value, while innovating to remain relevant long-term as people's lives change.

These findings emerged from Kantar Covid-19 Barometer, the multi-wave research initiative that tracks consumer attitudes, behaviors, and expectations across 50 markets. Wave 5, published in June, also found that few people are expecting a rapid recovery. Most have adjusted to the altered reality.

Two-thirds of people worldwide say they will continue to avoid busy places, which has negative implications for retail and other businesses that serve the public. More than half of households worldwide, 56 percent, have experienced Covid-related income decline. The impact rises to 68 percent for Millennials, 65 percent for GenZ members.

For the short-term, brands need to prove their value. Over half of consumers, 53 percent, said they are paying more attention to products on sale, compared with 36 percent in Wave 1, conducted in March. The importance of discounts and promotions has increased.

Going forward, brands need to understand that the lockdown has produced new habits. Just over half of the people surveyed—and a higher percentage from the Millennial and GenZ generations—expect to maintain certain lockdown behaviors, including better hygiene, healthier eating, spending time with family, and perusing personal development.

Brands need to respond with the innovative products and services that address these new habits and keep brands relevant in this new world. There is an added urgency that presents both an opportunity and threat. Just as people are willing to change their behavior, they are also open to switch brands; 45 percent—50 percent of households with kids—said they were prepared to keep using the products they discovered online.

The Wave 5 research also confirmed the continuation of trends reported in Wave 4 research, published in May:

- **E-commerce is accelerating with more newcomers online.**
- **Value-consciousness is rising as incomes are falling.**
- **Buying local is shifting from a sustainability practice to mainstream.**

E-commerce use continued to surge, with 40 percent of consumers saying they increased or significantly increased online purchasing. Almost half of households with children and Millennial households reported increased e-commerce use.

Because of financial hardship and anticipation that the coronavirus may resurge, consumers are trying to economize. In Wave 5, 69 percent of consumers said a shopping list has become more important.

The origin of products is also becoming more important, especially to households with families, according to Wave 4 findings. Almost two-thirds of people said they prefer buying products and services from their own country. The proportion is even greater for people who consider themselves sustainability activists. In addition to sustainability considerations, supply and safety concerns also influence this attitude.

Around of quarter of people said brands should return to domestic production, and around a third worried about the safety of products from abroad. They believe that products imported from China and the US pose the greatest health risk.

Takeaways

Brand actions to meet changing expectations

1 Expand e-Commerce
Expand e-commerce and improve the online customer experience to benefit from the anticipated ongoing rise of online shopping.

2 Provide value
Develop added-value strategies that appeal to anxious, frugally minded consumers.

3 Be helpful
Provide essential practical help. Maintain supply, make useful donations, offer discounts to financially stressed consumers.

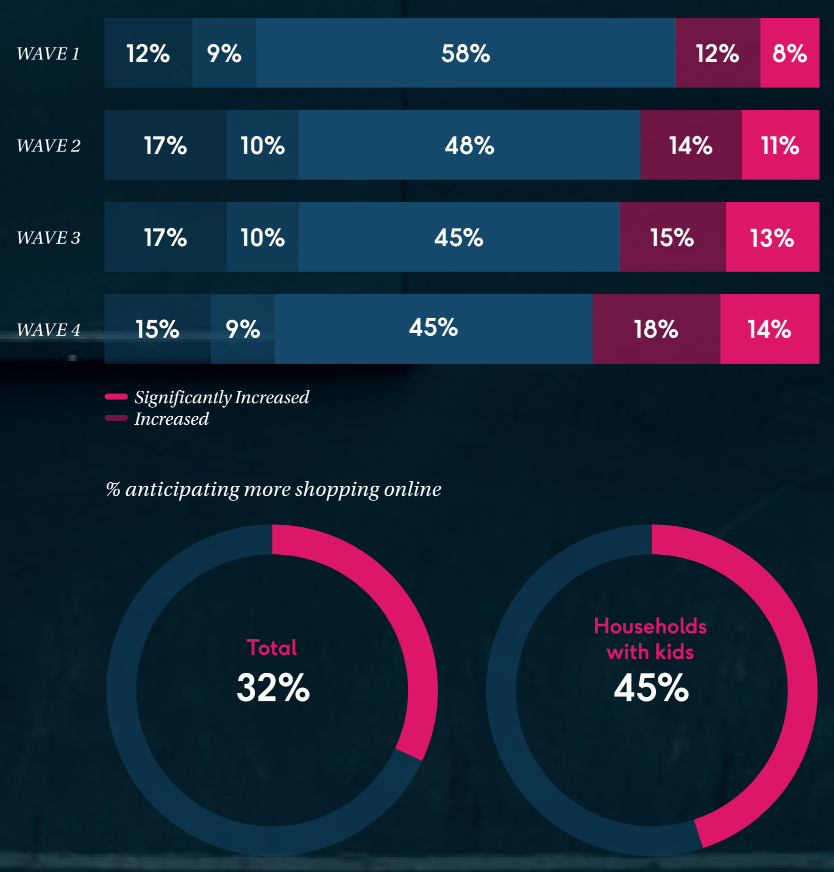
4 Advertise
Acknowledge that life is not normal. Speak with relevance to communities and individuals.

5 Be local
Promote local provenance as a positive characteristic. The preference for local products and services has increased during the pandemic.

6 Innovate
Develop the products and services that will keep the brand relevant to consumers as their temporary lockdown behaviors become new long-term habits brands.

Online shopping is increasing during the pandemic…

Almost one-third of households overall—40 percent of households with children—increased online shopping during the pandemic. And people expect their online shopping will increase



SOURCE: Kantar

For further information about Kantar Covid-19 Barometer, please contact:
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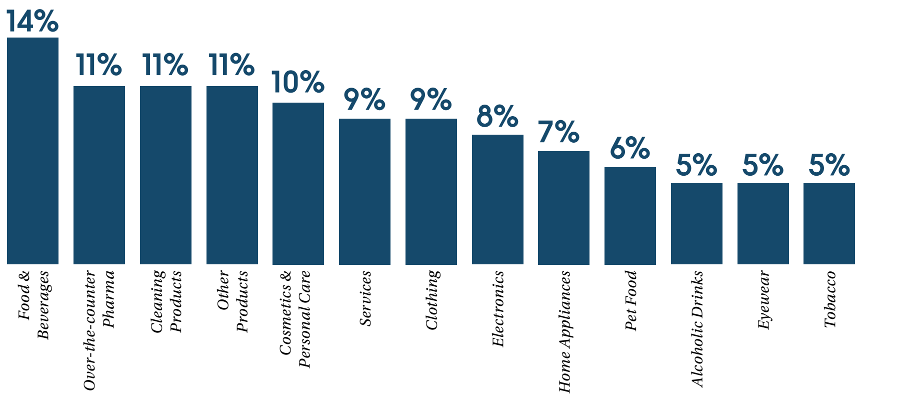
… And shoppers are purchasing categories online for the first time

Led by food and beverages, a wide variety of categories are experiencing first-time online shoppers. During the first few months of the pandemic, an average of 9 percent of shoppers bought a category online for the first time.

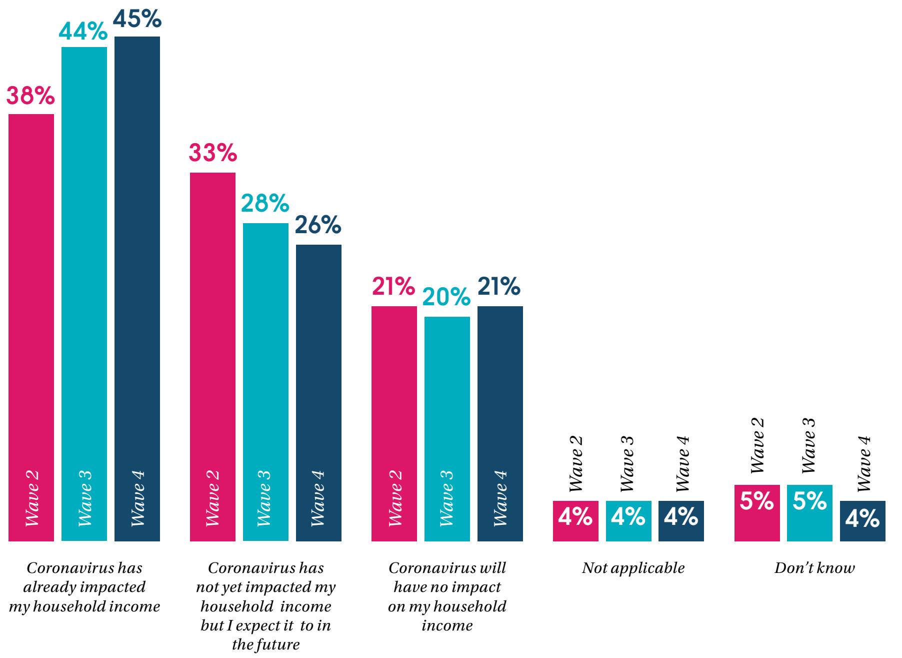
E-commerce | First-Time Shoppers



Covid-19 impacts household income…

Concern about the economy is no longer abstract. In Wave 4 of Kantar Covid-19 Barometer research, 45 percent of households said that the coronavirus had impacted income. Over half of households with younger people and households with children said they had been impacted. In Africa, almost three-quarters of the population felt the impact.

Financial Impact | Income

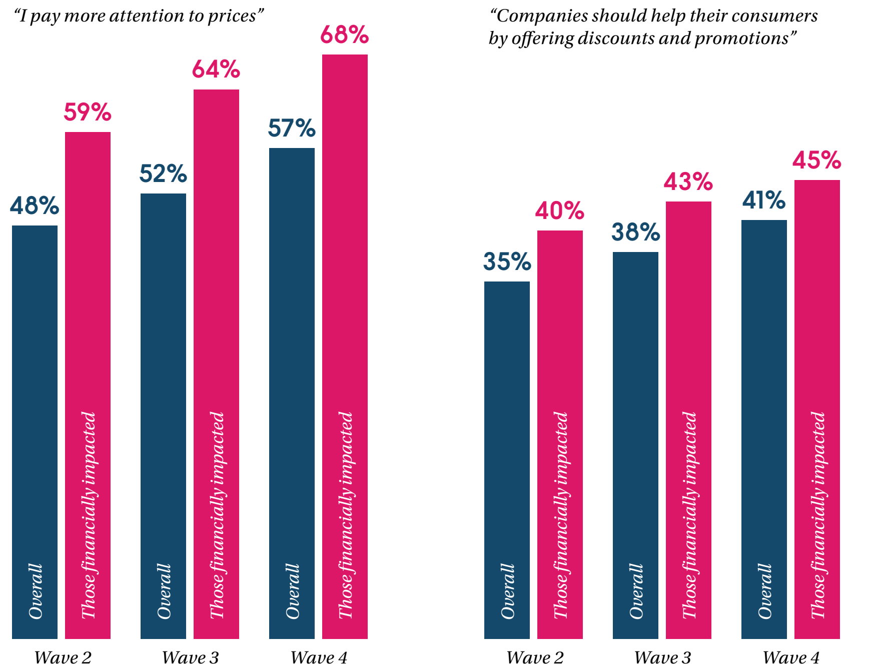


SOURCE: BrandZ™ / Kantar

… And shoppers are becoming more price sensitive

As financial uncertainty made people more price sensitive during the first months of the coronavirus pandemic, they expected brands to respond with discounts and promotions.

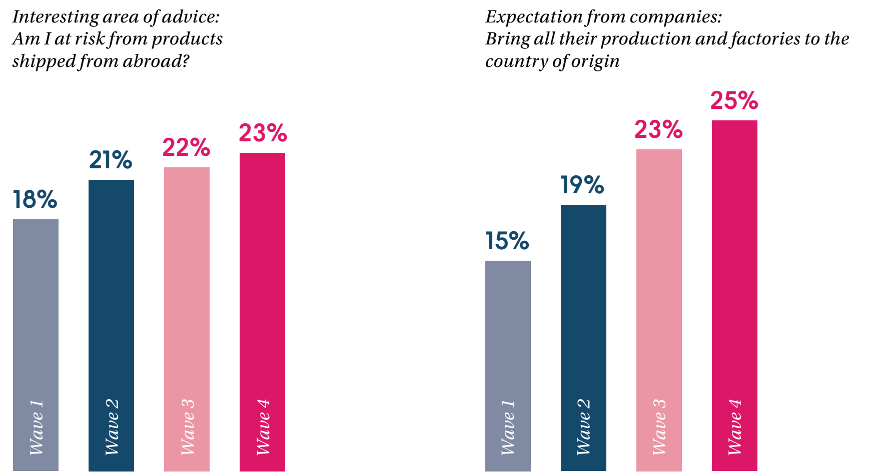
Financial Impact | Spending



The desire for more local sourcing is rising…

Because of too many uncertainties—supply chain disruptions, concerns about product efficacy, and financial insecurity—people increasingly prefer locally-sourced products.

Local Sourcing



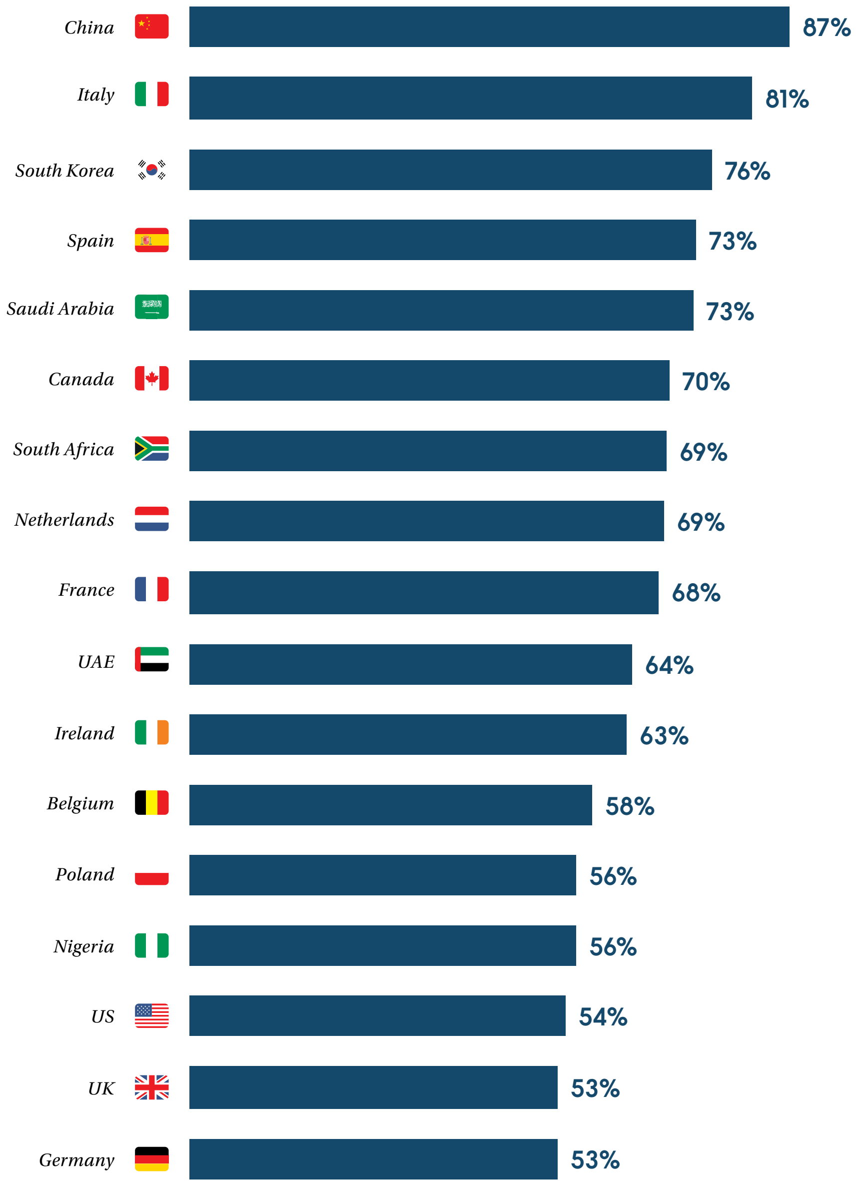
SOURCE: BrandZ™ / Kantar

...The desire for locally sourced products varies by country

The desire for locally sourced products varies by country for multiple reasons.

Local Sourcing

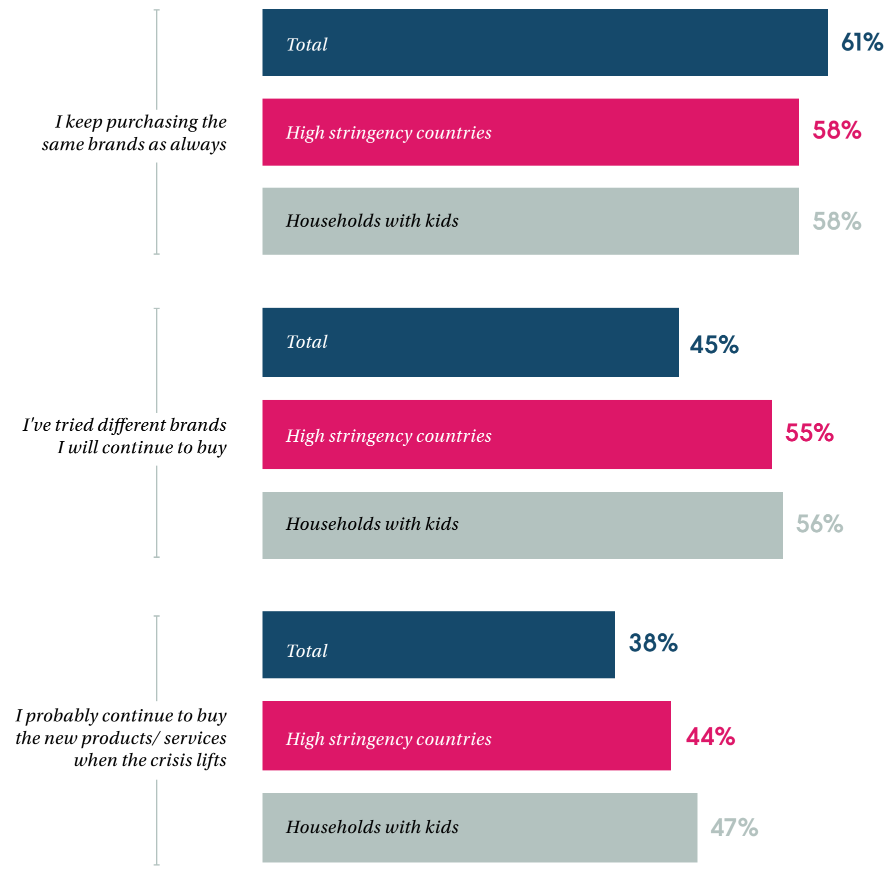
% slightly/far more in favor of buying goods and services produced in own country



SOURCE: BrandZ™ / Kantar

Shoppers are open to trying new brands

Brands have an opportunity to gain new users because shoppers worldwide are open to buying products and services they discovered during the pandemic.



SOURCE: BrandZ™ / Kantar

Changes in consumer attitudes and behaviors open new challenges and leadership opportunities for brands as they attempt to emerge from this period of disruption and restore healthy growth.

FMCG categories remain resilient during Covid-19

Larger brands outperform category growth rates

FMCG categories remained resilient during the Covid-19 lockdown period, with brand performance linked to category performance.

Major brands are five times more likely to grow in FMCG categories that were growing compared with FMCG categories were declining. Short-term price promotions helped drive brand growth even in slow-growing or declining categories.

Although the long-term repercussions of Covid-19 on FMCG are not yet clear, consumer preferences and behaviors regarding FMCG categories and brands changed during the Covid-19 lockdown period, in at least three ways:

1. **People shopped less often, while buying more per visit.**
2. **Personal care routines paused because of fewer visits to the workplace and social interactions.**
3. **Digital accelerated, with e-commerce challenging physical stores and home delivery replacing out-of-home consumption.**

These global findings emerged from the Kantar Brand Footprint 2020 report and are based on a measurement of brand choice called Consumer Reach Points (CRPs), the number of times shoppers choose a brand during the year.

Performance by category

How an FMCG category performed during the lockdown period roughly depended on how it fit into one of four groups:

Covid-Related
This group of categories, directly linked to hygiene, experienced an increase in demand. (Example: CRP increased 44 percent for household cleaners in the UK.)

In-Home Occasion
Experiencing increased demand, this group of categories included food and drink that, in normal circumstances, people would consume in restaurants or bars. (Example: CRP increased 27 percent for beer and lager in the UK.)

Short-Term Stockpiling
Essential categories with a long shelf life belong in this group, which enjoyed an early surge in demand. (Example: CRP increased 8 percent for fabric detergents in the UK.)

Reduced At-Home Consumption
This group contains personal care categories and other non-essentials that declined in demand. (Example: CRP decreased 6 percent for deodorants in the UK.)

Within each of these examples, bigger brands outperformed smaller brands. While CRP increased 44 percent for household cleaners overall, the CRP for the Top 5 household cleaner brands increased 61 percent. Similarly, CRP for deodorants declined 6 percent for brands overall but only 3 percent for the Top 5.

In the UK, four out of the Top 5 beer and lager brands outperformed the category CRP increase of 27 percent. Fosters and San Miguel, up 55 percent and 50 percent, respectively, led the high performers, followed by Budweiser, with a 39 percent increase, and Stella Artois, which rose 33 percent. In fact, 12 of the Top 15 beer and lager brands outperformed the category, showcasing the potential for lots of winners when there is a long tail of sizeable brands.

Along with brand size, one other factor—marketing investment—determined whether a brand outperformed its category in CRP growth. After the period of short-term stockpiling, CRP declined for most UK fabric detergents.

For Persil, which continued its price promotions during the lockdown period, CRP increased 23 percent compared with 8 percent for the category overall, illustrating the importance of short-term marketing levers during a period of less demand.

Conclusions

The key conclusions from the Covid-19 analysis in the 2020 Kantar Brand Footprint report are:

The biggest brands were winning during the Covid-19 lockdown period, especially within growing categories that experienced a surge in demand.

Traditional marketing levers remain important to ignite demand in certain categories, indicating that it is still possible for a brand to win in a slow-growing or declining category.

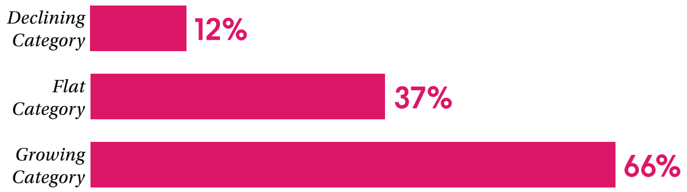
Brands need to be especially alert that people are trying new things, whether it is a new retail channel, new cooking and eating routine, new personal care routine, or new brands.

While adjusting for immediate trends, it is important not to underestimate the impact of new consumer patterns that will emerge post-lockdown.

Brands grow five times faster in growing categories…

Brands were five times more likely to grow in FMCG categories that were growing in CRPs, compared with FMCG categories that were declining.

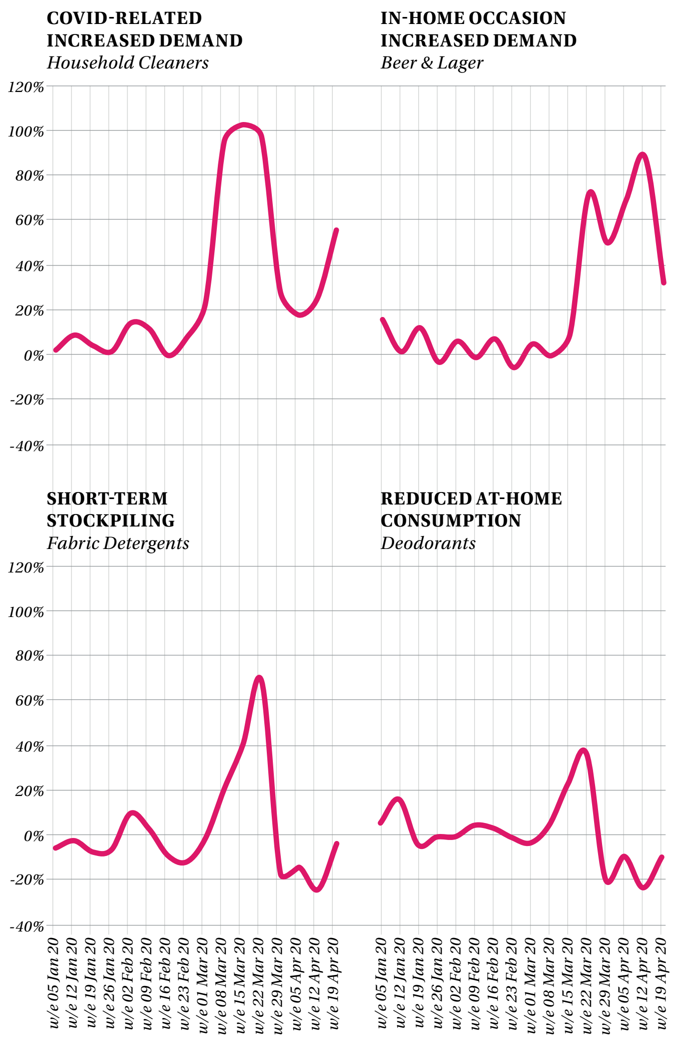
Categories | Brand Growth



… Category growth depends on Covid impact

How the FMCG categories performed during the lockdown period depended roughly on how the category fit into one of four following groups: Covid-Related, In-Home Occasion, Short-Term Stockpiling, and Reduced At-Home Consumption.

Categories | Covid Impact



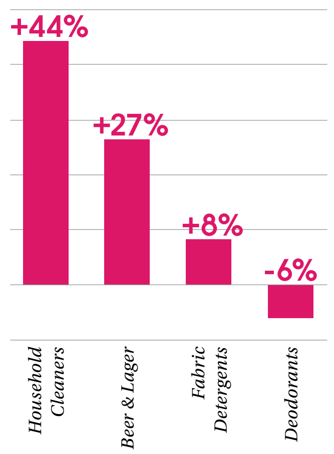
Weekly performance in the UK

SOURCE: Kantar

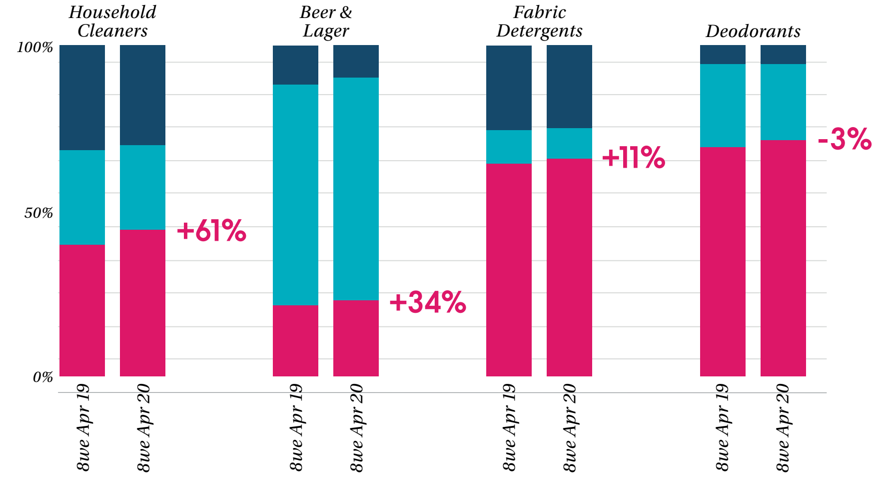
Bigger brands outperform smaller brands…

Within each of these category groups, bigger brands outperformed smaller brands. While CRP increased 44 percent for household cleaners overall, the CRP for the Top 5 household cleaner brands increased 61 percent. Similarly, CRP for deodorants declined 6 percent for brands overall but only 3 percent for the Top 5.

Category Performance



Brand Performance



… And marketing makes a difference

Along with brand size, one other factor—marketing—determines whether a brand outperforms its category in CRP growth. After the period of short-term stockpiling, CPRs declined for most UK fabric detergents. For Persil, which continued its price promotion during the lockdown period, CPRs increased 23 percent.

Marketing Investment

Brand	CRPs (M) Q1 2019	CRPs (M) Q2 2020	CRP Growth
Persil	4.3	5.2	+23%
Ariel	3.8	3.9	+2%
Fairy	3.2	3.3	+2%
Surf	3.7	4.5	+21%
Bold	2.7	2.7	=

SOURCE: Kantar

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FMCG brands recover, but speed varies, depending on product segment

Some shopping habit changes will continue in post-Covid era

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Following the outbreak of Covid-19 in January, China's FMCG market was significantly impacted as shoppers were confined to their homes. Sales started to decline during the week of Chinese New Year and experienced decline for six consecutive weeks. The fastest rate of decline was witnessed during the week after the New Year, the third week of February, when the FMCG market fell by 39 percent compared to the equivalent week in 2019.

However, from the second week of March, FMCG sales returned to growth. Now that China has started to return to normal across most of the country, many FMCG manufacturers are asking, how long will it take for the FMCG market to fully recover and what can be done to help accelerate this rate?

The speed of the recovery very much depends on the nature of the category and how impacted the category was during the peak of the outbreak. Some categories will show a "V-shaped" recovery, where there is a quick recovery, whereas other categories will have more of a "U-shaped" curve, taking longer to recover. Also, there are a handful of categories that were not negatively impacted, with some even experiencing stronger than expected growth during the pandemic.

Through analysis conducted by the Expert Solutions team at Kantar Worldpanel China, 98 FMCG categories were classified into one of four segments based on the performance they experienced both during the peak of the outbreak and whether they have experienced a fast or slow recovery during recent weeks as the Covid-19 situation improved.

Growth Categories: New or increasing demand

The categories appearing here fall into two main groups. Unsurprisingly, one group consists of products that can kill germs and protect you from the coronavirus such as hand wash, disinfectant and wet tissues. During the peak, disinfectant saw phenomenal weekly growth of over 600 percent and hand wash reported over 200 percent growth in some weeks during February.

The second group are products that can be used for home cooking such, as bouillon, MSG, herbs and spices and tomato ketchup. Also, convenient in-home meals, such as instant noodles and quick soup experienced growth, catering to consumers who might not be as willing or able to cook from scratch.

Categories falling into this segment have a real potential to leverage this unexpected growth momentum by ensuring the consumers maintain the new habits they may have established during the epidemic. Sanitizing and keeping yourself protected from viruses will undoubtedly be a much greater concern for shoppers in the future, so brands that have these benefits or have the potential to extend brands into these benefits should put more focus and media investment here.

Cooking at home is likely to see a resurgence with many people learning to cook and improving their skills during the self-isolation. Also, many families will feel safer preparing and cooking their own meals rather than ordering take-away or going to a restaurant where there is a higher risk of infection. Consumers will be keen to continue these habits once the epidemic is over so for food brands it's important to link the brand to in-home meal occasions, food safety and spending time with the family.

Insight

Post Covid

Brand actions speak louder than stories

Back when we met up to discuss the future of brands as a panel, the conversation was already focused on how the nature of a brand is changing. The delivery of a story is no long enough to drive the narrative of a brand and embed beliefs in people's minds. At least, not if your story is fictional. We still love a good story, but the idea that storytelling will build a brand without underlying reality was being questioned. Fast-forward a few of months, and the world that brands live in has been turned upside down by Covid-19. And never have the actions that a brand takes been more important. Suddenly, we're immune to all storytelling, all puffed-up claims and all brands that want us to believe that they care, while they lay off staff in their droves. Brands need to stand for more than a veneer. They need to take action. Build things. Help communities. Support people. Stand true to their promises. Create more than just products. It's obvious now, but I suspect it will remain the case for the future—even as we begin to forget what life without freedom was like. It will be tough. But it will also be exciting. The brands that maintain brand superiority and command price premiums will be better brands and we'll all be better for them.

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Limited Impact Categories: Essential and unaffected

Categories falling into this segment include dog food, cat food, toilet tissues, infant milk powder, packaged water and sanitary protection. These are categories that many households simply cannot live without, but you do not need to use more of during a pandemic. China did not experience the panic buying behavior of toilet paper that occurred in some countries, such as Australia and the US.

Another characteristic of the "limited impact" categories is that they are more likely to be purchased online compared to the other segments; 25 percent of the spending on the "limited impact" categories came from online versus just 19 percent for an average FMCG category. Online deliveries played an instrumental role during the pandemic, ensuring that households received essential products, and enabling them to safely self-isolate and avoid visits to their local store.

Looking ahead to the rest of the year a key consideration for these categories is how many consumers the online channel has won as a result of the outbreak. We know that this channel performed very well during the epidemic, winning new consumers and additional trips. Many consumers will continue this behavior for many of these types of categories. Manufacturers need to work with online retailers to ensure their brands can capture this increased demand, which will be critical for growth.

V-Shape Categories: Loss of consumption but quick to recover

Categories here experienced a significant drop in sales during the last week of January and last week of February but have been relatively quick to recover with many returning to expected weekly growth rates within six weeks from the week of the strongest decline. These categories include cooking oil, UHT (pasteurized) milk, yoghurt, biscuits, nutrient supplements and laundry detergent. The reason these categories are likely to have experienced a sharp decline is either due to limited availability during the peak of the outbreak in shopper's local stores or because many households deemed them unessential for a week or two during the peak. Also, many shoppers will have had excess stock already resulting from bulk purchases made in the run-up to the New Year, which is often the trend seen for many categories, such as cooking oil and biscuits. However, these categories were quick to recover once shoppers felt it was safer to shop, and/or the excess stock in their home had been used.

The speed of the recovery very much depends on the nature of the category and how impacted the category was during the peak of the outbreak. Some categories will show a "V-shaped" recovery, where there is a quick recovery, whereas other categories will have more of a "U-shaped" curve, taking longer to recover. Also, there are a handful of categories that were not negatively impacted, with some even experiencing stronger than expected growth during the pandemic.

One of the main concerns for these categories is that the lost or reduced consumption is unlikely to be compensated for later in the year. Chinese New Year is an incredibly important time for many FMCG categories. Because many households canceled their family gatherings, excess consumption simply did not happen, and that extra stock in shoppers' homes was consumed in the weeks after the New Year. However, the fact that many of these categories have returned to their usual weekly growth levels shows that the demand is still there. Manufacturers will need to find ways to encourage additional usage occasions in-home to help compensate for the loss experienced during the peak of the outbreak. This can be done by capitalizing on holidays later in the year, such as Golden Week in October or through multi-buy promotions especially for those categories which are more expandable in their nature (i.e. if you encourage shoppers to buy more they will consume more, such as biscuits or soft drinks).

U-Shape Categories: Loss of consumption and yet to recover

These categories are ones which have experienced the worst impact as a result of the Covid-19 outbreak as they experienced a significant decline during the peak (generally worse than the decline seen for V-Shape categories) and six weeks later they were yet to show signs of a full recovery. Categories here include skincare, make-up, shampoo, Chinese spirits, wine, beer, chocolate and candy. Many personal care markets have been hit hard by the coronavirus as people had to self-isolate during the epidemic reducing the demand for make-up and other beauty products. Many households self-isolated for almost two-months and with China only just now returning to normal we are yet to see these markets recover.

The reason for seeing alcohol and snacking products here is that people are more concerned with their health during the outbreak and want to keep their bodies fit and healthy in case they need to fight infection. This, coupled with the fact that many New Year celebrations were canceled, has meant a significant loss of consumption as well as the potential for lower future demand. The key for brands operating in those categories is to ensure that they can capture demand by emphasizing the benefits their brands can offer in the new era. Consumers will be more concerned with health but will also be looking to savor family occasions and social gatherings even more than before, given that they have been unable to do this for almost two months. Therefore, capturing these moments of happiness and time together can benefit both snacking and alcohol. The perception of beauty will become more care driven than before, and products that stabilize skin condition and provide extra nourishment will recover faster.

Takeaways

Brand, category recovery depends on Covid impact, future consumer needs

The path to recovery will be different for every brand and category as it depends on how the category has been impacted by the Covid-19 outbreak but also how consumers needs will change in the future. Here are areas that manufactures will need to understand in order to find the fastest path the recovery:

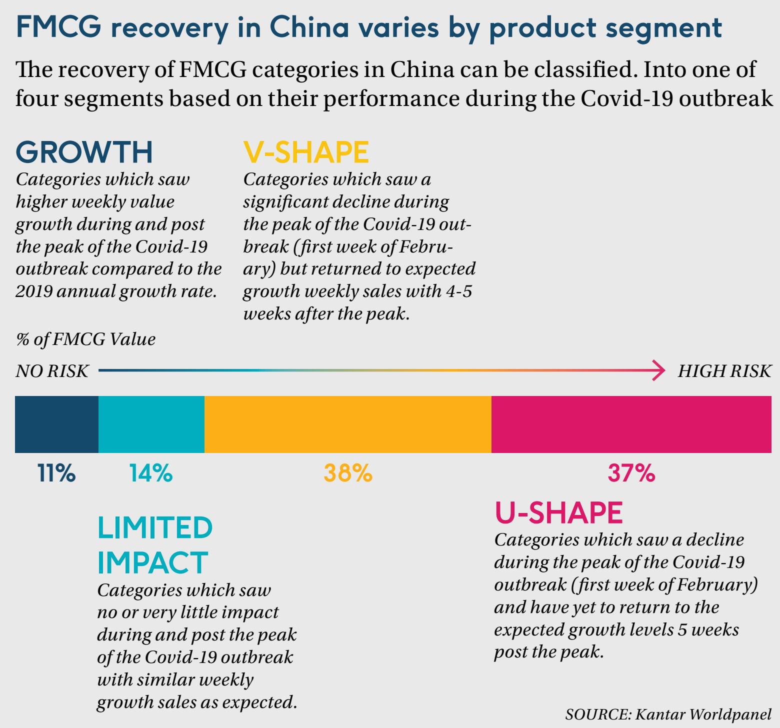
1. **Demand Forecasting**
Understand future demand post Covid-19 and how to compensate for lost usage occasions.

2. **Marketing Growth Drivers**
Know what elements of the marketing mix will help to drive sales after the epidemic: advertising, promotions, in-store activities, and distribution are likely to have different weights of importance post epidemic.

3. **Usage Occasions**
Identifying new usage occasions that have arisen as a result of the coronavirus will be critical in helping to capture future demand and developing new products to meet these new needs.

4. **Media Investment**
Optimizing your media investment will be more crucial than ever especially in the event of reduced budgets. Knowing whom to reach and how to reach them in the most cost-effective way will help to improve the return on investment.

5. **Channel Dynamics**
Online and O2O will be even more important channels post-pandemic, so understanding how people's behavior changes when shopping via these channels will help to identify new growth opportunities.



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How brands can survive Covid-19 repercussions and spark growth

Pre-recession demand guides investment for rapid recovery

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As I write this article in May 2020, the world is in the first stages of a recession, perhaps depression, triggered by the Great Lockdown. The Lockdown has curtailed not only social but economic activity and, as a consequence, we have seen unemployment rocket and sales plummet in many industries.

At this stage, with some countries tentatively relaxing Lockdown restrictions, it is impossible to say how long the recession might last. So much depends on whether there is a second or even third wave of the virus and how effective government aid is in deflecting the economic downside of recession. What we can say with some confidence, however, is that strong brands will survive better than weak ones and are more likely to grow faster when an economic recovery does occur.

Strong brands recover faster

One of the iconic charts from the BrandZ™ Top 100 Most Valuable Global Brands ranking compares the stock market performance of strong brands in the ranking to that of the S&P 500. It shows that while all companies were hit hard by the Great Recession, the ones with strong brands recovered quicker and have subsequently grown faster than the S&P 500. This chart does not stand alone. Several analyses confirm that companies which balance improved operational efficiency with investment for the future recover from recession more strongly than peers in the same category. However, a swift recovery is not something that can be assumed, rather it needs to be planned and requisite investments made.

People seek value

Recession makes people seek value not just low prices. During times of recession it is often assumed that people will become more price-sensitive and trade down to cheaper brands. While it is true that people may be forced to buy cheaper alternatives that does not mean that they will do so blindly, they will still want to feel that their money is well spent. Take the example of Aldi, the hard discounter, during the Great Recession. In 2008, Aldi had a small share in the UK grocery market and lacked meaning for many UK shoppers. Aldi had to convince UK shoppers that low prices did not mean poor quality and needed to build its emotional appeal. The brand's "Like Brands. Only Cheaper." sought to make a direct comparison with big name brands in a direct but humorous way. The campaign is still running and perceptions that Aldi is worth more than it costs as measured by BrandZ™ are now higher than for category leader Tesco.

Invest for the future recovery

Let us take the need to improve operational efficiency as a given. If your company can redeploy funds, where should you invest? As the following examples demonstrate, in part that will depend on the strength of demand for your product or service before the recession hit.

CASE STUDY:
Delta acted to increase future demand

It might seem strange to hold Delta up as an example of a successful business given the desperate state of the airline industry now, but the sad truth is that 2019 represented the company's best ever financial performance, the culmination of 12 years of business and brand building. In 2007, Delta emerged from bankruptcy into the highly competitive and low margin US airline market. Restructuring and a focus on lowering the company's cost base positioned the business well, although the Great Recession caused US domestic passenger traffic to drop by 9 percent. The company then pursued a three-pronged strategy of expanding its network, improving customer experience, and selling premium seats to business travelers.

Airline traffic is highly dependent on the routes flown but as Delta CEO Ed Bastian noted in 2014, the three major US carriers, "have very similar structures and networks. It's really the quality of the service that matters (because) customers choose which airline they're going to fly."

In this case, the demand for Delta as a brand was boosted primarily by improved customer experience. While advertising will have played a role in highlighting the improvements made, flyers probably understood the messaging as claims and reserved judgment on their validity. I remember being totally unconvinced by Delta's claims of improved service, largely based on dissatisfaction stemming from a recent trip on a very old plane. Subsequently, forced to fly with Delta, my experience proved that the claims were not all smoke and mirrors. I was probably not alone. In 2007, less than one-in-five flyers claimed to be totally satisfied with the airline choices available to them. This finding indicates there was plenty of room to gain competitive advantage, and although many flyers are price-sensitive Delta targeted the least price-sensitive business travelers.

CASE STUDY:
Surf and Fairy rekindled demand

Delta's success lay in improving both demand and availability, but there are plenty of consumer goods categories for which demand still exists but where an individual brand could still gain ground. In this regard, it is worth looking at a couple of examples from the UK, one from Unilever and one from P&G. Both of which reinforce the point that even in a recession, building value is the key to success, not lower prices.

In 2006, Surf detergent was trading on low price and little more and had been losing market share. A Kantar brand strategy study helped identify an unmet need and the potential for a new proposition based on sensory delight. The "Gorgeous laundry for less" campaign was launched in 2007, positioning Surf as a product that could bring fragrance delight to a customer's everyday laundry. Different campaigns focused on different fragrances like Lavender and Oriental Blossom and Lemon and Bergamot, and new format Surf Small & Mighty was rolled out in 2007. As a result, the brand was well-positioned when the Great Recession hit. Predisposition to choose Surf improved while that of store brands and value-competitor Daz remained steady. Surf became the UK's fastest-growing CPG brand, generating a payback of £3.82 ($4.75) for each £1 ($1.25) spent on advertising.

While Surf was positioned at the value end of the price spectrum, Fairy dishwashing liquid was at the opposite end. Fairy had a 52 percent value market share, a price premium of 66 percent compared to store brands, and was already bought by 60 percent of UK households. With recession looming, the brand team set out to identify what made the brand meaningfully different to its consumers. The brand's heritage led them to the concept of "enduring care," which became the platform for new content that reframed the brand's longstanding association with value. Media spend did increase, to double its previous levels. Over time, perceptions of value improved, and market share and price paid per pack increased dramatically.

Even if a new normal takes three years to arrive, it will come, and if your brand is to gain share during that recovery you need to start planning now.

Several analyses confirm that companies which balance improved operational efficiency with investment for the future recover from recession more strongly than peers in the same category. However, a swift recovery is not something that can be assumed, rather it needs to be planned and requisite investments made.

CASE STUDY:
With strong demand, Panera took advantage of lower costs

While this might apply to a minority of brands today, there are industries and brands that are expanding, not shrinking—think Amazon, Walmart, Zoom, CVS. During the Great Recession, Panera Bread took advantage of strong demand and lower costs to build its footprint and reach out to new customers. In an interview with Guy Raz, host of the podcast How I Built This, Ron Shaich, CEO of Panera for 36 years, states, "Our concept was still strong. People were still visiting us. We decided to invest our resources in growing even more quickly during the recession. Real estate costs were down 20 percent. Construction costs were down 20 percent. Simultaneously, most of our competitors were ripping costs out of their P&L, trying to chase their costs down as their sales were descending. It was a vicious cycle. We said this is a time to build competitive advantage. And ultimately, we tripled the stock through the recession." As well as building stores the company invested more in advertising, introducing its first widespread TV campaign in 2011. Revenues increased and net income tripled from 2007 to 2012.

Success in branding is relative

If these case studies teach us one thing it is that there is no one-size-fits-all solution to riding out a recession and positioning a brand for future growth. Particularly during an unprecedented crisis like the one we face today, brands cannot simply choose to spend more on advertising and assume that they will survive better than the competition, nor is success simply a matter of cutting costs. The solution is going to depend on your industry, the strength of your brand—people's desire to choose your brand over the competition—and how well you invest the funds that are available to you.

Success in business and marketing is all about relativities. If demand for your industry recovers, so too will your sales—the question is whether your sales rise faster or slower than sales of the competition. Every brand in the same industry is going to suffer (or benefit) in a similar way during this crisis. It is how well you identify and implement the right strategy for your brand that will determine the speed of its ultimate recovery. This is why Excess Share of Voice (ESOV) is important in advertising, particularly during a recession. If your spending on share of voice is greater than your share of market, then the probability is that your market share will grow in future. However, it is a probability, not a given.

Planning for recovery starts now

Let me be the first to admit, I worry that learning from past recessions may not be directly applicable in the context of a global pandemic and associated recession. For a start, no one knows how long a recovery might take, and the combination of social and economic restrictions will undoubtedly have long-term ramifications—if only to increase the number of people buying goods online and streaming content. If people have been forced to change behavior and brands—and if they found the experience better or more convenient—then that change is likely to stick.

However, my suspicion is that the impact will not be as great as people believe right now. Ingrained behaviors are slow to change, and we are social animals after all. I suspect people are already dreaming of throwing a big celebration party, eating out with friends and taking a beach vacation with the kids. The more I have researched examples from the Great Recession, the more I am convinced that relative status, i.e. market share, only changes when a brand actively does something that changes the dynamics of the category. Even if a new normal takes three years to arrive, it will come, and if your brand is to gain share during that recovery you need to start planning now.

Actions to help brands survive, and then thrive

1 Gain insight

When the world is in turmoil and uncertainty rules, making hasty or ill-judged decisions about why people buy can be detrimental. It is during these times that consumer insight becomes critical in ensuring the right actions are taken. Knowing what your potential customers think, feel and do will help inform the right decisions to help your brand, if not thrive, then recover as quickly as possible.

2 Seek opportunities

A disruption creates opportunity as well as threats. If you are to increase the probability that your brand recovers better than the competition, you must assess what the best combination of efficiency and investment will be. Do not make assumptions. What situation does your brand face now, how might it change in future? More than ever, you need to be in touch with your customer and understand how their needs – functional and emotional – might be changing. But beyond that, you need to assess what is most likely to build competitive advantage for your brand in future. Does your strategy need to change in a post-pandemic world? What new distribution opportunities exist? What innovation will be the most meaningful? How can you best build brand desire? It is not simply a matter of advertising more; it is about identifying the best opportunity for future growth.

3 Prove your worth

During times of uncertainty and financial stress, people turn to the comfort of familiar brands and place value ahead of getting the lowest possible price. Whether it is by innovation, action or advertising brands need to reassure their customers that they have made the right choice and make it as easy as possible for them to stick with the brand rather than reconsider their options.

4 Invest more in advertising, if you can

If you cannot, invest more wisely. Spending more relative to the competition only pays off when you invest in the right strategy and content. Media choices are obviously changing and every brand that can still advertise is shifting its investment to in-home media, though Covid-19 related news has become a "no go" area for many brands. As recovery takes hold advertisers must be ready to shift their media choices again, but the biggest challenge is not how or where to reach people but what to say. It is all about the tone of voice and making the right emotional connection. Before the crisis, our analysis found that quality of content accounted for 50 percent of campaign effectiveness: it will be far more important today.

Resources

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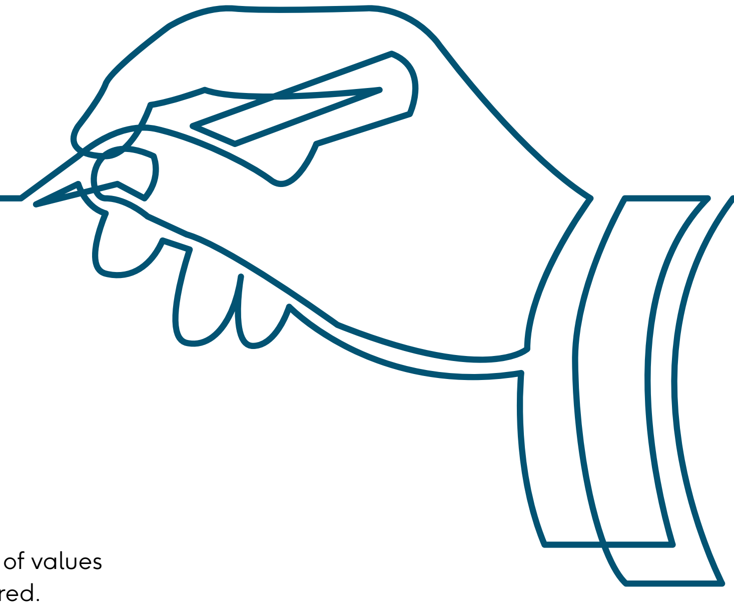
BrandZ™ Brand Valuation Methodology



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 a 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 2020 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 3.8 million consumer interviews and more than 17,801 brands in 51 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

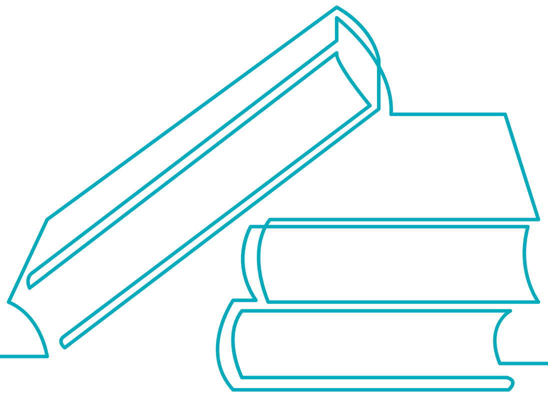
BrandZ™ valuations isolate the value generated by the strength of the brand alone in the minds of consumers i.e. with all other elements removed.

To achieve this, we calculate and combine two important elements: Financial Value and Brand Contribution

1. **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.

2. **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.



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:

1. **Tangible assets –** (assets with a physical form, which include fixed assets - e.g. buildings, machinery, land & current assets e.g. cash and inventory)

2. **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's Consulting and Worldpanel Divisions.

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:

1. **Current demand = Power**
2. **Price Premium = Premium**
3. **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

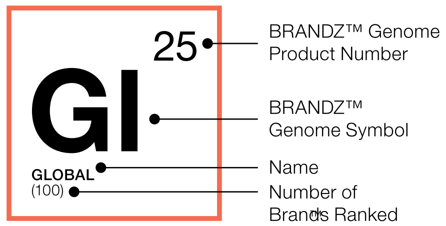
Brand Value is the $ amount that the brand contributes to the overall business value of the parent company.

BRAND VALUE =
FINANCIAL VALUE X BRAND CONTRIBUTION

One of mankind'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.

- BRAND EQUITY
- BRAND EQUITY BUILDING BLOCKS
- BRAND STORIES
- DIGITAL FOOTPRINT
- BRAND VALUATIONS
- BEST COUNTRY RANKINGS
- POWERED BY BRANDZ™



The BrandZ™ Brand Genome visualizes 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

1 Pw POWER	2 Pp PRICE PREMIUM	3 Pt POTENTIAL	4 Vq VITALITY QUOTIENT			53 Eq BRAND EQUITY
5 Me MEANINGFUL	6 Di DIFFERENT	7 Sa SALIENT	8 Cr CORPORATE REPUTATION	9 Tr TRUST AND ADVOCACY	10 Iz INNOVATION	11 Mz MUSIC
12 Cz PERSONALITY	13 Bt BRAND TYPOLOGY	14 Pu BRAND PURPOSE	15 In INNOVATION	16 Cm COMMUNICATION	17 Ex BRAND EXPERIENCE	18 Lo LOVE
19 Pd PITCH DOCTOR	20 St STORYTELLER	47 Bs BRAND STORIES				23 Fz SOCIAL INFLUENCER
24 Re RETAIL (75)	25 Gl GLOBAL (100)	26 La LATAM (50)	27 Ar ARGENTINA (5)	28 Br BRAZIL (60)	29 Ce CHILE (15)	30 Ca COLOMBIA (20)
31 Mx MEXICO (30)	32 Pe PERU (20)	33 Ch CHINA (100)	34 Ia INDIA (75)	35 Id INDONESIA (50)	37 Es SPAIN (30)	38 Uk UK (75)
39 It ITALY (30)	40 Fr FRANCE (50)	41 Us US (100)	42 De GERMANY (50)	48 Au AUSTRALIA (40)	49 Af SOUTH AFRICA (30)	50 Ne NETHERLANDS (30)
51 Ja JAPAN (50)	52 Cn CANADA (40)			43 Bc BEST COUNTRIES (80)	GROUP XP 44 Ei EXPERIENCE INDEX (30)	Google 45 Cb CHINA GLOBAL BRAND BUILDERS (50)

Building 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 and Kantar agencies.

Vq 4 VITALITY QUOTIENT

BRANDZ™ VQ Vitality Quotient

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.

Eq 53 BRAND EQUITY

BRANDZ™ Brand Equity

Brand Equity
Measure brand equity and momentum. Diagnose your performance across three key building blocks: is your brand meaningful, different and salient?

Cr 8 CORPORATE REPUTATION

NEW

BRANDZ™ Corporate Reputation

Corporate Reputation
Why corporate reputation matters and how to influence it using the latest analysis. First new report in the BrandZ™ Perspectives series.

Tr 9 TRUST AND ADVOCACY

COMING SOON

BRANDZ™ Consumer Trust

Consumer Trust
Third report in the BrandZ™ Perspectives series, summarising and diagnosing your brand's trust credentials.

Iz 10 INNOVATION

BRANDZ™ InnovationZ
SECTOR-RELEVANT, CUTTING-EDGE GLOBAL INNOVATION

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.

Cz 12 PERSONALITY

BRANDZ™ CharacterZ

CharacterZ
This innovative deck allows you to diagnose brand character and delve into the dynamics, clarity and consistency of a brand's personality.

Pu 14 BRAND PURPOSE

NEW

BRANDZ™ Brand Purpose

Brand Purpose
How a brand can be more than a profitable asset. Why your brand exists beyond profit and your role in consumers' lives. Second report in the BrandZ™ Perspectives series.

Pd 19 PITCH DOCTOR

BRANDZ™ PitchDoctor

PitchDoctor
Everything you need to know about your brand's strengths, weaknesses, opportunities and threats in one easy-to-digest page.

St 20 STORYTELLER

BRANDZ™ StoryTeller

StoryTeller
An interactive data-visualization tool to allow anyone to create story-led insights on how to build and maintain brand equity.

Going Global?

We wrote the book

BrandZ™ The Ultimate Resource for Brand Knowledge and Insight

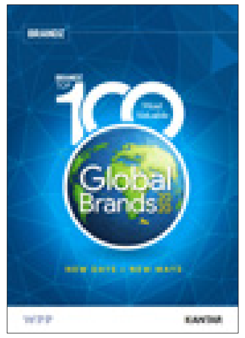
Our BrandZ™ country reports contain unparalleled market knowledge, insights, and thought leadership about the world's most exciting markets. You'll find, in one place, the wisdom of WPP and Kantar brand building experts from all regions, plus the unique consumer insights derived from our proprietary BrandZ™ database.

If you're planning to expand internationally, BrandZ™ country reports are as essential as a passport.

Re 24 RETAIL (75)

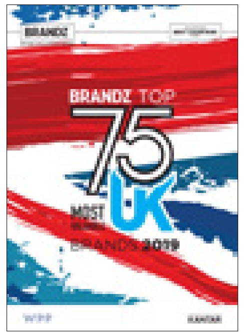
BrandZ™ Top 75 Global Retail Brands 2020

Gl 25 GLOBAL (100)



BrandZ™ Top 100 Global Brands 2020

Uk 38 UK (75)



BrandZ™ Top 75 UK Brands 2019

It 39 ITALY (30)

BrandZ™ Top 30 Italian Brands 2020

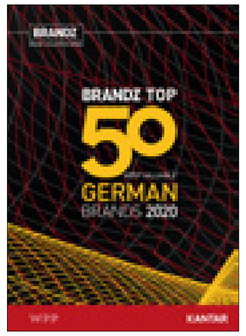
Fr 40 FRANCE (50)

BrandZ™ Top 50 French Brands 2020

Us 41 US (100)

BrandZ™ Top 100 US Brands 2020

De 42 GERMANY (50)



BrandZ™ Top 50 German Brands 2020

La 26 LATAM (50)

BrandZ™ Top 50 Latin American Brands 2020

Ia 34 INDIA (75)

BrandZ™ Top 75 Indian Brands 2019

Id 35 INDONESIA (50)

BrandZ™ Top 50 Indonesian Brands 2019

Es 37 SPAIN (30)

BrandZ™ Top 30 Spanish Brands 2019

Au 48 AUSTRALIA (40)

BrandZ™ Top 40 Australian Brands 2019

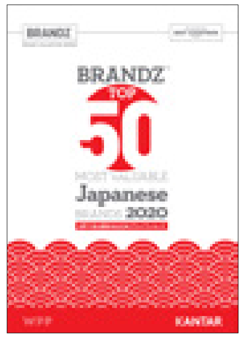
Af 49 SOUTH AFRICA (30)

BrandZ™ Top 30 South African Brands 2019

Ne 50 NETHERLANDS (30)

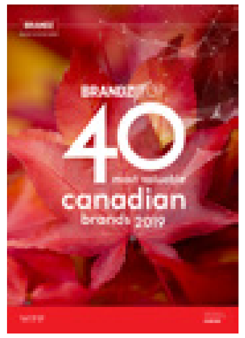
BrandZ™ Top 30 Dutch Brands 2020

Ja 51 JAPAN (50)



BrandZ™ Top 50 Japanese Brands 2020

Cn 52 CANADA (40)



BrandZ™ Top 40 Canadian Brands 2019

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 a real understanding of local market needs. Brand success requires deep insight about the online-offline brand ecosystems that serve consumers with unequaled speed and convenience.

Plus, emerging from the Covid-19 pandemic, the Chinese market is becoming even more complicated as consumers reexamine their priorities.

Ch 33
CHINA (100)

Google 45
Cb
CHINA GLOBAL BRAND BUILDERS (50)

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.

Unmasking the Individual Chinese Investor

This exclusive 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-theindividual-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.

WPP Company Contributors

These companies contributed knowledge, expertise, and perspective to the report

burson cohn & wolfe bcw

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 digital 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. For more information, visit www.bcw-global.com.

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essence

Essence's mission is to make advertising more valuable to the world. We pioneer the use of analytics and technology to create valuable, relevant, and trustworthy advertising and offer flexible, collaborative partnerships and services designed to help 21st century business leaders identify sources of future growth. We're known for our ability to unite data science and technology to enhance the strategy, creativity, and human expertise behind our work and a platform-based service model that fosters collaboration and enables high-frequency decision making.

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diffferent DE

Since 1997 diffferent has acted as a mentor and unconventional thinker for ambitious brands. diffferent helps companies to find relevance as a brand in the hurly-burly of the digital era, to find their promise to the world, to truly deliver on that promise with strong products and services and to live each day with a motivated team. With its customers diffferent develops new products, services and business models, helps organisations to become agile and future-ready, and makes teams and employees fit for the digital age. Since October 1st 2017, diffferent has been a proud member of the SYZYGY Group.

diffferent.de

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GAIN THEORY

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.bcw-global.com

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geometry

Geometry is WPP's end-to-end Creative Commerce Agency. We create engaging new commerce experiences at the moments that matter to unlock commercial growth. We believe the space of Commerce holds the most untapped creative potential to grow companies, brands and people. Our Living Commerce® operating system, allows us to understand how, when and why people buy – to deliver the most innovative and valuable commerce experiences across Retail, Experience, Design and Innovation. We do this in 54 cities across 40 markets, everywhere commerce touches lives – this is end-to-end.

www.geometry.com

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groupm

GroupM is the world's leading media investment company responsible for more than $50B in annual media investment through agencies including Mindshare, MediaCom, Wavemaker, Essence and m/SIX, as well as the outcomes-driven programmatic audience company, Xaxis. GroupM creates competitive advantage for advertisers via its worldwide organization of media experts who deliver powerful insights on consumers and media platforms, trading expertise, market-leading brand-safe media, technology solutions, addressable TV, content, sports and more. Discover more about GroupM at www.groupm.com.

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These companies contributed knowledge, expertise, and perspective to the report

A global, industry-leading communications agency, GTB transforms businesses through the world's most purposeful, creative solutions fueled by precise marketing. Founded in 2007, 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.

www.gtb.com

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H+K is an international public relations network with more than 80 offices around the globe. Our goal is simple: to drive growth, build reputation and protect against risk.

H+K delivers deep sector knowledge and breadth of public relations expertise which enables us to solve complex communications challenges for our clients. Our 'breadth and depth' model allows us to bring together the best expertise and specialisms from across the industry to create agile teams for our clients.

We leverage expertise in owned, earned and shared media to build purpose-driven integrated communication campaigns that bring stories to life and achieve measurable impact in an always-on world.

www.hkstrategies.com

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Our ambition is to deliver extraordinary brand transformation for our clients, by design.

With Landor's brand consulting and strategic design capability, FITCH's experience design and retail consultancy, and ManvsMachine's leading edge motion design, we are the largest specialist brand and design group in the world. We're proud to work with clients that include P&G, Kellogg's, Kraft Heinz, Barclays, Bayer, BP, FedEx, Huawei, Dell, Lego, Sberbank, Bang & Olufson and ESPN to deliver brand-led growth. We are a team of over 1100+ curious minds, with 43 offices across 19 countries, working as one, to create extraordinary brand experiences.

www.landor.com
www.fitch.com
www.mvsm.com

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MediaCom helps brands unlock growth through media. We do this by applying our unique Systems Thinking approach to data, technology and creativity to design communication strategies that build brands and generate sales.

As part of WPP, and part of GroupM, we have access to rich data sets and most robust benchmarks in the business, enabling us to identify great avenues for growth and unlock the potential in every brand.

In 2018, MediaCom become the first network to hold all six major Media Network of the Year titles concurrently: Adweek, Campaign, Cannes Lions, Festival of Media Global, M&M Global and WARC Media 100.

www.mediacom.com

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Worldwide CEO
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We were born in Asia in 1997, a WPP start up designed to make media exciting, fun and life changing. For the last 20 years our values of Speed, Teamwork and Provocation have guided us in a world where everything begins and ends in media. We are the Cannes Lions Media Network of the Year 2019 and WARC Media 100 #1 Media Network 2020, with the top 3 most creative campaigns of the past year – so basically, statistically the best media agency in the world!

Our 10,000 people work with some of the world's best brands and companies to challenge convention. In 116 offices across 86 countries we integrate brand and demand, ruthlessly focus on outcomes and create the unexpected. We manage $17.8bn in billings and are the largest media agency in GroupM, WPP's Media Investment Management arm, which is the #1 media holding group globally with billings of $50bn (Source: COMvergence 2019).

www.mindshareworld.com

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At Mirum, we believe people deserve better – and that even the best brands can do better. That's why we're focussed on finding new ways to help brands thrive in a digital world. We are accelerators of change. We spark new perspectives, build what works, break what doesn't and move fast - because we know only brands that set new expectations will thrive. We're committed to creating meaningful experiences for real people, optimistic that anything's possible with craft and care. And we're lucky to work with clients who want to be at the top of their game.

www.mirumagency.com

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These companies contributed knowledge, expertise, and perspective to the report

Ogilvy

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 132 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

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Peclers Paris

Peclers Paris is the leading consulting agency in creative strategy Fashion, Beauty, Design & Lifestyle Prospective Trends.

Our mission: Inspire, validate, project, nourish a vision to develop more desirable products, services and experiences.

Peclers Paris is a French company with headquarters located in Paris and offices in Shanghai, Los Angeles & Munich.

Teams are international and cross-cultural talents. (Stylists and Designers, Trend Forecasters & Brand Strategists and Strategic Consultants).

"PECLERS PARIS ALLOWS YOU TO IMAGINE NEW PERSPECTIVES FOR A COMMITED AND POSITIVE FUTURE. PECLERS PARIS EMPOWERS CREATIVITY, ALWAYS"

www.peclersparis.com

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pep

Pep is how your marketing gets done well.

We deliver on your strategy – seamlessly managing all the details so that you can stay focused on your Big Picture.

We developed an industry-leading marketing management and procurement platform called PepConnect® to integrate, facilitate and even anticipate every aspect of your marketing initiatives.

At pep, we bring the most dedicated team of professionals in the business. To date, we have managed over $3.5 Billion in marketing spend across 35,000 campaigns for over 500 brands worldwide.

www.peppromotions.com

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PSB

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

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WPP REDFUSE

Red Fuse is an integrated global WPP team dedicated to serving Colgate-Palmolive worldwide. At the core, we operate with teams from VMLY&R, Wavemaker, Geometry and Ogilvy.

With presence in New York, Hong Kong, Paris, Mumbai, Kansas City, Sao Paulo, Mexico and Prague, Red Fuse delivers fully integrated communications on a daily basis to over 225 countries.

www.redfuse.com

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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 organisations.

We are experts in brand strategy, design, communications and brand management.

With 750 people in 15 countries, we are a truly global agency. Our clients include some of the world's most iconic brands, such as Vodafone, Bank of America, British Airways, Coca-Cola, Deloitte, Ford, FIFA, Heineken, Nestle, and the BBC, alongside technology unicorns, ambitious start-ups and inspiring not-for-profits.

www.superunion.com

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These companies contributed knowledge, expertise, and perspective to the report

Innovative B2B, retail, consumer, shopper marketing for the food & beverage industry.

www.thefoodgroup.com

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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

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Triad is a global media, creative and technology partner that specializes in growing brands in all retail environments. From consulting and creative content, to media buying and analytics, Triad helps brands uncover insights into their customers' shopping behaviors. Since 2004, retailers including Walmart, Sam's Club, CVS and Bed Bath and Beyond, have relied on Triad to create new revenue streams that don't rely solely on selling products. Triad is a WPP-owned company based in St. Petersburg, Florida, with offices in New York, Chicago, and Rogers, Arkansas.

www.triadretail.com

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VMLY&R is a global brand and customer 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, Detroit, London, São Paulo, Shanghai, Singapore and Sydney. VMLY&R works with client partners including Colgate-Palmolive, Danone, Dell, Ford, New Balance, Pfizer and Wendy's. For more information, visit www.vmlyr.com. VMLY&R is a WPP company (NYSE: WPP).

www.vmlyr.com

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We believe there always is a better way to grow. We positively provoke growth for our clients by reshaping consumer decision-making and experiences through media, content and technology. The Wavemaker way is globally consistent. Fueled by the world's most powerful consumer data, we understand where and how marketing can intervene decisively to help brands win more sales. Our 7,200 people across 90 markets have the deep knowledge, confidence and courage to provoke growth for some of the world's leading brands and businesses.

www.wavemakerglobal.com

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At Wunderman Thompson we exist to inspire growth for ambitious brands. Part creative agency, part consultancy and part technology company, our experts provide end-to-end capabilities at a global scale to deliver inspiration across the entire brand and customer experience.

We are 20,000 strong in 90 markets around the world, where our people bring together creative storytelling, diverse perspectives, inclusive thinking, and highly specialized vertical capabilities, to drive growth for our clients. We offer deep expertise across the entire customer journey, including communications, commerce, consultancy, CRM, CX, data, production and technology.

www.wundermanthompson.com

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Global CEO
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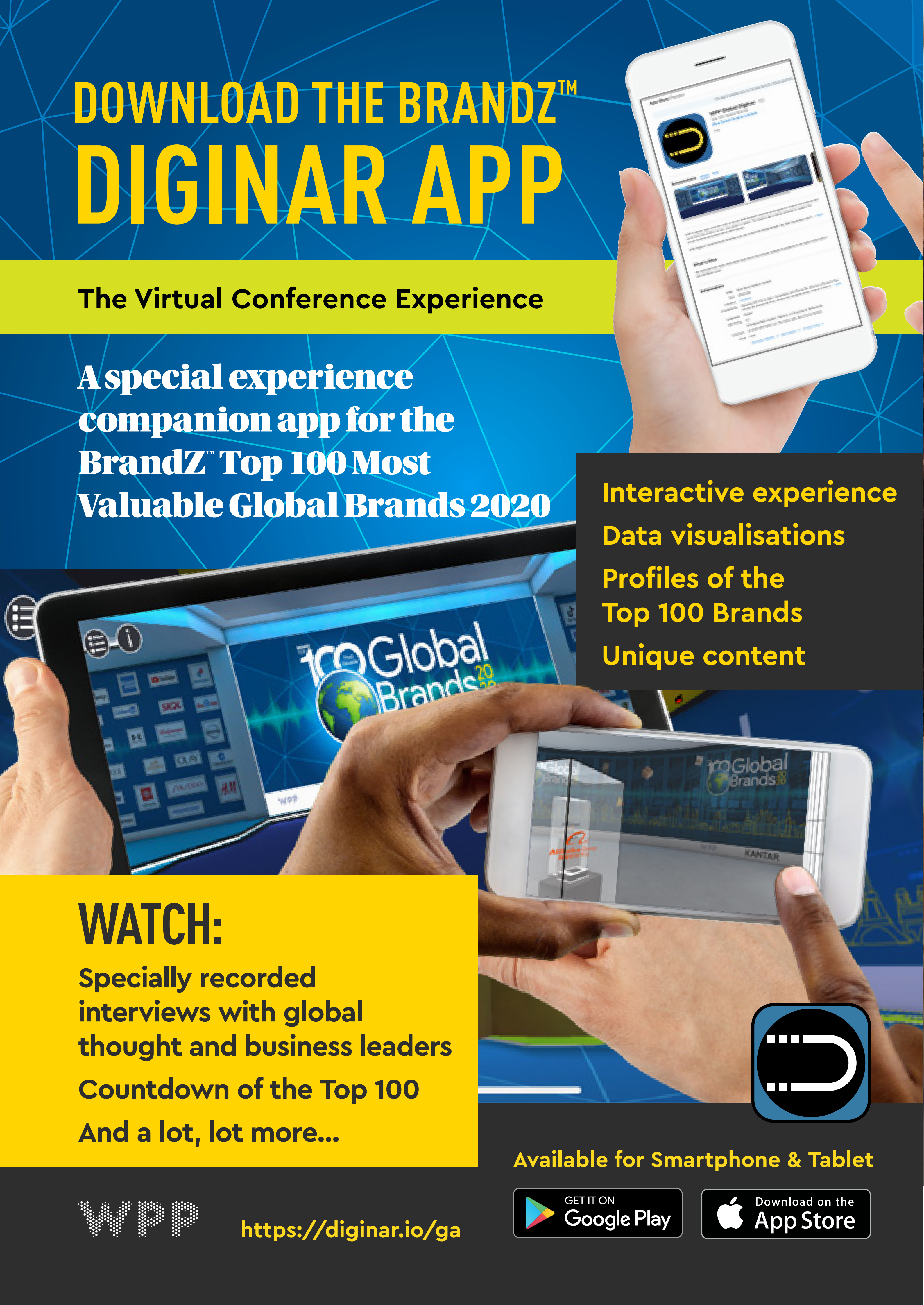
wundermanthompson.com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These individuals from WPP companies provided thought leadership, analysis and insight to the report.

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This report wouldn't have been possible without the amazing support from:

Jia Ahmed, Josette Buzzi, Benjamin Cawthray, Kirsty Cooke, Maria Cortina, Sophie Crole, Fauve Doucet, Erin Erbstoesser, Pierre Gomy, Marina Alba Jauma, Natalie Kaliner, Melissa Kelley, Sarah King, Wayne Levings, Denise Mason, Priti Mehra, Luis Norda, Brigita Perry, Victoria Sakal, Vinay Sharma, Ross Smith, Erin Warren, Karin van Wouwen and Kader (Sea Containers)

With special thanks and appreciation to:

Eureka Communications, Richard Ballard, Mark Breen, Tuhin Dasgupta, Kimberley Jane Fitzsimmons, Jackie Greig, Nigel Hollis, Teresa Horscroft, Olivia King, Stefan Lysak, Anthony Marris, Jenny Peters, Marcus Pullen, Tracy Reimers, Rebecca Ruddle, Andrew Stephen, Judit Stöckl, Dr Felipe Thomaz, Ellie Thorpe and Saïd Business School (University of Oxford)

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The Brand Valuations in the BrandZ™ Top 100 Most Valuable Global Brands 2020 are produced by Kantar 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 3.8 million consumer interviews and over 17,000 brands in over 51 markets.

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