BRANDZ™ TOP 100 MOST VALUABLE GLOBAL BRANDS 2016

Brand value increases to $3.4 trillion, despite disruptive global forces

Methodology and Valuation by
MillwardBrown

WPP

BRANDZ TOP 100 MOST VALUABLE GLOBAL BRANDS 2016

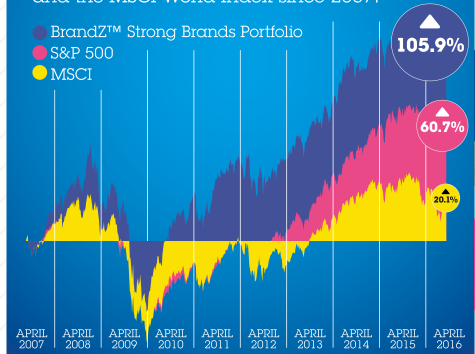
Value of the BrandZ™ Top 100 Most Valuable Global Brands 2016

$3.4 TRILLION +3%

Value growth of the BrandZ™ Top 100 Most Valuable Global Brands 2006 to 2016 **+133%**

Valuable Brands Deliver Superior Returns

The BrandZ™ Strong Brands Portfolio has outperformed both the S&P market index and the MSCI World Index since 2007.



Top 10 Brands

1	Google	+32%	$229.2 Billion	TECHNOLOGY
2	Apple	-8%	$228.5 Billion	TECHNOLOGY
3	Microsoft	+5%	$121.8 Billion	TECHNOLOGY
4	AT&T	+20%	$107.4 Billion	TELECOM PROVIDERS
5	facebook	+44%	$102.6 Billion	TECHNOLOGY
6	VISA	+10%	$100.8 Billion	PAYMENTS
7	amazon	+59%	$99.0 Billion	RETAIL
8	verizon	+8%	$93.2 Billion	TELECOM PROVIDERS
9	McDonald's	+9%	$88.7 Billion	FAST FOOD
10	IBM	-8%	$86.2 Billion	TECHNOLOGY

Top 10 Brands

Top 10 Risers

1	amazon	RETAIL	+59%	$99.0 Billion
2	Starbucks Coffee	FAST FOOD	+49%	$43.6 Billion
3	facebook	TECHNOLOGY	+44%	$102.6 Billion
4	Adobe	TECHNOLOGY	+41%	$10.4 Billion
5	JD.COM 京东	RETAIL	+37%	$10.5 Billion
6	PayPal	PAYMENTS	+35%	$15.9 Billion
7	Google	TECHNOLOGY	+32%	$229.2 Billion
8	The Home Depot	RETAIL	+32%	$36.4 Billion
9	Domino's	FAST FOOD	+30%	$4.9 Billion
10	Costco Wholesale	RETAIL	+29%	$14.5 Billion

Category Changes

↑ 7 Categories
○ 1 Category no change
↓ 6 Categories

$ Brand value of Top 10 Brands in each category
* Top 20 Retail and Technology
* Top 15 Personal Care and Soft Drinks

Category Brand Value % Change 2016 vs. 2015

Apparel	+14%	$113.9 Billion
Fast Food	+11%	$199.1 Billion
Telecom Providers	+9%	$422.4 Billion
Retail	+8%	$377.0 Billion
Technology	+6%	$1,106.3 Billion
Insurance	+2%	$82.0 Billion
Soft Drinks	+1%	$155.1 Billion
Personal Care	+0%	$114.7 Billion
Cars	-3%	$139.9 Billion
Beer	-3%	$76.1 Billion
Luxury	-5%	$99.7 Billion
Global Banks	-11%	$107.8 Billion
Regional Banks	-12%	$222.9 Billion
Oil & Gas	-20%	$92.2 Billion

Category Changes

Business-to-Business Top 10

1	Microsoft	TECHNOLOGY	$121.8 Billion
2	IBM	TECHNOLOGY	$86.2 Billion
3	Wells Fargo	REGIONAL BANKS	$58.5 Billion
4	GE	CONGLOMERATE	$54.1 Billion
5	UPS	LOGISTICS	$49.8 Billion
6	SAP	TECHNOLOGY	$39.0 Billion
7	accenture	TECHNOLOGY	$22.8 Billion
8	hp	TECHNOLOGY	$21.4 Billion
9	HSBC	GLOBAL BANKS	$20.3 Billion
10	ORACLE	TECHNOLOGY	$19.5 Billion

Newcomers

			Rank in the Global Top 100
Lowe's	$13.0 Billion	RETAIL	76
CVS pharmacy	$12.1 Billion	RETAIL	88
Moutai	$11.5 Billion	ALCOHOL	93
Heineken	$10.5 Billion	BEER	97
AIA	$10.5 Billion	INSURANCE	98
JD.COM 京东	$10.5 Billion	RETAIL	99
Adobe	$10.4 Billion	TECHNOLOGY	100

Brand Contribution Top 10

1. Aguila (BEER)
2. Brahma (BEER)
3. Panera (FAST FOOD)
4. Skol (BEER)
5. Pampers (BABY CARE)
6. Gucci (LUXURY)
7. Coca-Cola (SOFT DRINKS)
8. Chanel (LUXURY)
9. Hermès (LUXURY)
10. Estée Lauder (PERSONAL CARE)

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GOING GLOBAL?

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Our BrandZ™ country reports contain unparalleled market knowledge, insights, and thought leadership about the world's most exciting markets.

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The report profiles Chinese brands, outlines major trends driving brand growth and includes commentary on the growing influence of Chinese brands at home and abroad.

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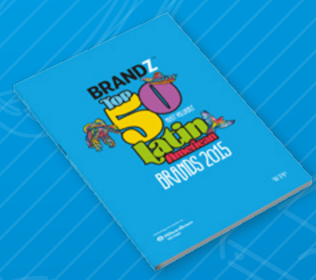
This ground-breaking study analyzes the success of Indian brands across 13 categories, examines the dynamics reshaping the Indian market and offers insights for building valuable brands.

BrandZ™ Top 50 Most Valuable Indonesian Brands 2015

This study analyzes the success of Indonesian brands, examining the dynamics shaping this fast-emerging market and offering insights for building valuable brands.



BrandZ™ Top 50 Most Valuable Latin American Brands 2015

The report profiles the most valuable brands of Argentina, Brazil, Chile, Colombia, Mexico and Peru and explores the socio-economic context for brand growth in the region.

Spotlight on Myanmar

The story of Myanmar is one of huge potential, as a new era of openness signals strong growth opportunity. Now is the time for brands to make an impression in this emergent economy.

For more information about the BrandZ™ library of country reports, please turn to the Resources section at the end of this report, or contact David Roth at David.Roth@wpp.com.

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CONTENTS

WELCOME

Brand value rises steadily, 133% over past 11 years

Reaches $3.4 trillion despite disruptive forces

David Roth
CEO
The Store WPP, EMEA & Asia

The value of the BrandZ™ Top 100 Most Valuable Global Brands has increased steadily over the past 11 years, rising 133 percent between 2006 and 2016, despite fluctuations during and immediately after the global financial crisis.

This pattern of reliable growth, modulated by global economic and geopolitical forces, continued with 2016 BrandZ™ Global Top 100, which rose 3 percent in brand value in a year marked by a historic plummet in oil prices and slower economic growth in Brazil and Russia, and even China, where GDP expansion slackened relative to the robust rates of a few years ago.

These factors especially impacted the oil and gas, and the banks categories. Absent those categories, the BrandZ™ Global Top 100 improved around 6 percent. We studied the results closely to gain insight into what gives brands their resilience and ability to steadily improve regardless of market conditions.

Answers are contained in this report, which is filled with the original research, thought leadership commentary, insights and prescriptive advice from WPP company experts from around the globe. I will briefly expand on just two of the many factors critical for building and sustaining strong and valuable brands – Brand Purpose and Brand Experience.

Before I do that, however, it is worth restating that brand value growth is important for two key reasons. First, brand value correlates with business success; brands with high value are more likely to increase sales and market share going forward. Second, brand value correlates with high shareholder returns. Companies that invest in brands grow their topline faster. Organic topline growth is the biggest determinant of total shareholders return. (Please see the BrandZ™ Stock Portfolio story in the Introduction.)

Purpose and Experience

The importance of purpose is evident in our BrandZ™ Top 20 Risers. This ranking of brands that grew the most in value includes brands as diverse as Amazon, Starbucks, JD.com, The Home Depot, Domino's Pizza and Chanel. These are very different brands that share in common clarity of purpose.

Brands do not need a higher purpose, but they do need to be seen as doing more than just making money; they need to be seen as improving the life of the consumer in some way. This is especially relevant when appealing to millennials and when competing in fast-growing markets where consumers expect brands to act as partners in their quest to achieve the good life.

Purpose needs to be clearly expressed in the brand experience, which remains one of the most powerful differentiators. On a recent trip to New York, I visited the new flagship store of one of the BrandZ™ Top 100 Global brands. It was disappointing. Unfortunately, the brand experience of the store did not match the quality and excitement of the brand's products. The store lacked buzz. The brand lost an opportunity.

And on the subject of opportunity... We took our first in-depth look at B2B brand leaders this year, leveraging our BrandZ™ research with market knowledge from LinkedIn. You will find extensive details in a new B2B section of the report. Here's the topline: B2B brands score well above average in all aspects of Brand Potential, a BrandZ™ metric that predicts future brand success. But they have a large opportunity to reach the Brand Potential levels of business-to-consumer brands.

Our research revealed another important opportunity, actually more of a challenge, for multinationals. Competition from local brands is increasing across fast-growing markets because of several factors: (1) local brands have gotten better over time; (2) as the economies slow, consumers are searching harder for value-for-money options; and (3) local brands are competing effectively for these customers by leveraging the perception that local brands can better understand and fulfill local market needs.

Serving you with our expertise

All of these challenges and opportunities require unrivaled global expertise in the art and science of building and sustaining valuable brands. That's where we come in. Almost 200 brand experts from around 50 WPP companies contributed to this report. They participated in over 25 focus groups that delved into the dynamics shaping the 14 product and service categories we cover in the report. By linking all this talent, creativity, and wisdom, we amplify global trends and insights that help our clients in useful and unique ways. We call this powerful perspective "horizontality."

Our unrivaled expertise includes the BrandZ™ resource library, which we invite you to access. Along with the BrandZ™ Top 100 Most Valuable Global Brands, the library includes these titles: the BrandZ™ Top 100 Most Valuable Chinese Brands; the BrandZ™ Top 50 Most Valuable Indian Brands; the BrandZ™ Top 50 Most Valuable Latin American Brands; the BrandZ™ Top 50 Most Valuable Indonesian Brands; and Spotlight on Myanmar – The "Leapfrog" Nation. To download these and other BrandZ™ reports, please visit www.brandz.com.

The backbone of all this intelligence remains the WPP proprietary BrandZ™, the world's largest, customer-focused source of brand equity knowledge and insight. It is big data at its biggest, with 4.5 billion individual data points.

Using the BrandZ™ brand valuation methodology of Millward Brown, a WPP company, we analyze relevant corporate financial data and strip away everything that doesn't pertain to the branded business. Then we take a critical step that makes BrandZ™ unique and definitive among brand valuation methodologies.

We conduct ongoing, in-depth quantitative research with more than 200,000 consumers annually, across more than 50 markets, to assess consumer attitudes about, and relationships with, over 100,000 brands. Our database includes information from over two million consumers. It reveals the power of the brand in the mind of the consumer that creates predisposition to buy and, most importantly, validates a positive correlation with better sales performance.

At WPP, we're passionate about using our creativity to create and build strong, differentiated brands that deliver lasting shareholder value. To learn more about how to apply our experience and expertise to benefit your brand, please contact any of the WPP companies that contributed expertise to this report. Turn to the resource section at the end of this report for summaries of each company and the contact details of key executives. Or feel free to contact me directly.

Sincerely,

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Introduction

OVERVIEW

Brand value rises 3 percent in year marked by disruption

Results reveal prescriptions for future brand value growth

In a year marked by disruption, the value of the 2016 BrandZ™ Top 100 Most Valuable Global Brands increased 3 percent, to $3.4 trillion.

Six of the 14 categories included in the 2016 ranking declined in value compared with only two last year. One category remained flat. Of the seven categories that increased in value, only two grew by more than 10 percent.

- Apparel rose 14 percent after a flat performance a year ago, followed by fast food, which increased 11 percent in value, on top of a 4 percent improvement last year.
- With a value increase of 59 percent, Amazon led all brands in value growth, followed by Starbucks (49 percent) and Facebook (44 percent).
- Two newcomers to the BrandZ™ Global Top 100 also grew substantially in value: JD.com, China's second-largest e-commerce brand rose 37 percent, and the business-to-business technology brand Adobe increased 41 percent.
- North America continued to drive the largest proportion of brand value, about 69 percent, followed by Asia. The North America Top 10 brands increased 10 percent in value, while the Asia Top 10 declined 8 percent.

Although the BrandZ™ Global Top 100 increased in value more modestly than in any year since 2011, when the economy was climbing back from recession, the results continue to show the steady appreciation of Top 100 value, up 133 percent over the past 11 years.

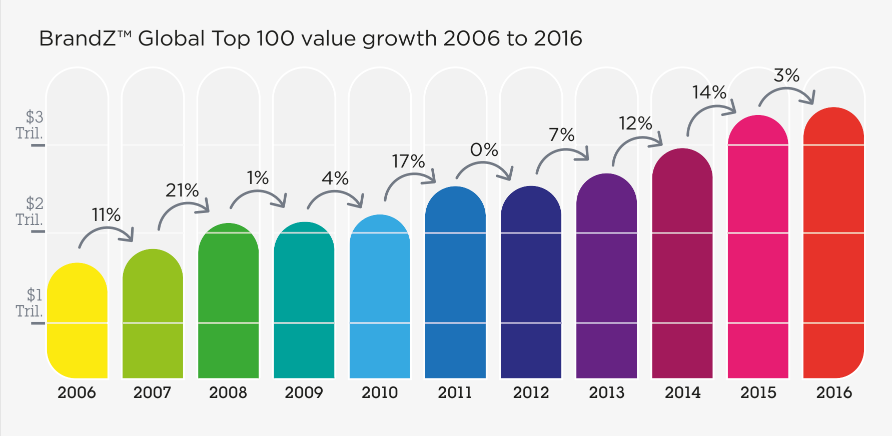
Combination of factors

A combination of economic and geopolitical factors influenced this year's results, including the precipitous drop in the price of crude oil and the economic slowdowns in Brazil, China and Russia. The sanctions against Russia that resulted from its invasion of Ukraine also hurt the Russian economy. And the removal of sanctions against Iran following the nuclear weapons accord impacted oil prices when Iran began adding to the global oversupply.

Beyond these factors, issues related to technology and social values, often influenced by the millennial generation, impacted brand value change. Among the issues were a heightened attention to data protection and privacy and continued consumer concern about personal health, product ingredients, ethical brand behavior and environmental protection.

BrandZ™ Global Top 100 grew 133% since 2006

The BrandZ™ Global Top 100 grew steadily over the past 11 years to $3.4 trillion, never losing value, even during the global recession, and leveling only once, in 2011.



Source: BrandZ™ / Millward Brown

The economic and geopolitical factors especially impacted the oil and gas category, which declined 20 percent in value, and the banks category, with global banks and regional banks down in brand value 11 percent and 12 percent, respectively. Three other categories in the BrandZ™ Global Top 100 declined in value, but only moderately.

Disruption across categories

While disruption afflicted some categories more than others, no category was immune. Consumer concern about healthy ingredients continued to impact fast food, personal care and soft drinks. But personal care and soft drinks grew slightly in value, and the strong value increases of Starbucks, Domino's Pizza and Burger King drove fast food value growth.

Persistent regulatory infractions hurt bank reputations. And, along with insurance brands, banks faced intensifying competition from start-up financial technology companies. The startups especially attracted millennials, a customer group that both bank and insurance brands attempted to cultivate for future growth. Both bank and insurance brands improved customer service and introduced more technological innovation.

Social trends motivated car brands to reconsider the identity of the cars category. Although many car brands experienced a relatively strong sales year, they worried about a future in which consumers would be less dependent on cars. Precipitating factors include greater urbanization and a millennial-driven shift in societal priorities from ownership to sharing. Most major car brands introduced programs that anticipated a time when car manufacturers would also be mobility service providers.

The prospect of category transformation also affected telecom providers and oil and gas brands. Oil and gas brands continued to shift focus from oil to gas, expecting that over time, gas and other cleaner energy alternatives will power the world's economies. With more acquisitions of content services, the major telecom providers continued to evolve from commodity carriers of voice and data to entertainment and content brands.

More competition

Across many FMCG categories, multinational brands contended with increased competition, including the rise of craft products, as some consumers, particularly millennials, preferred brands whose provenance or limited scale implied authenticity. More significantly, several phenomena converged to increase competition in fast-growing country markets. Consumers had become more sophisticated, and local products had improved in quality.

The rise of local brands, which expanded choice, was especially pertinent as growth slowed in Brazil, China and Russia, and consumers sought to save money. But it was also relevant in India, where consumers expressed a growing belief that local brands could better appreciate the nuances of diverse cultures and tastes.

These disruptive forces did not happen in a vacuum, but rather they appeared in the larger context of a year characterized by global geopolitical disruption. Populist dissatisfaction drove the rise of unconventional US presidential candidates in both major political parties. The British public pondered whether to leave the European Union, formed to help heal the divisions of World War II and promote trade interdependence. And ancient religious and tribal forces in the Middle East erased the borders that were created with the dissolution of the Ottoman Empire after World War I. >>

OVERVIEW

Lessons for the future

The practices of brands that performed especially well in this period of disruption yield useful lessons:

1 They disrupted before being disrupted.

The three fastest-rising brands – Amazon, Starbucks and Facebook – each came into being as a category disruptor, and they continued to disrupt, often with the use of technology. Amazon, for example, introduced Amazon Dash, the first iteration of a program that reaches the consumer at the exact moment of need, anticipating the world of automatic replenishment promised by the Internet of Things.

2 They excelled in digital and social media.

JD.com benefitted from its strategic partnership with Tencent, China's giant Internet portal. Because JD.com is present on WeChat, Tencent's ubiquitous messaging service, users can move easily between texting, e-commerce purchasing and payment without changing platforms.

3 They expressed a clear and consistent brand purpose.

It is possible to have a higher purpose about improving life for humanity, or a narrower purpose about improving life for the consumer. But the purpose needs to be genuine, clearly articulated and consistently executed. Google, which articulates its mission of helping humanity, increased 32 percent in brand value. The Home Depot, which focuses on serving the home improvement needs of consumers and small businesses, also improved 32 percent.

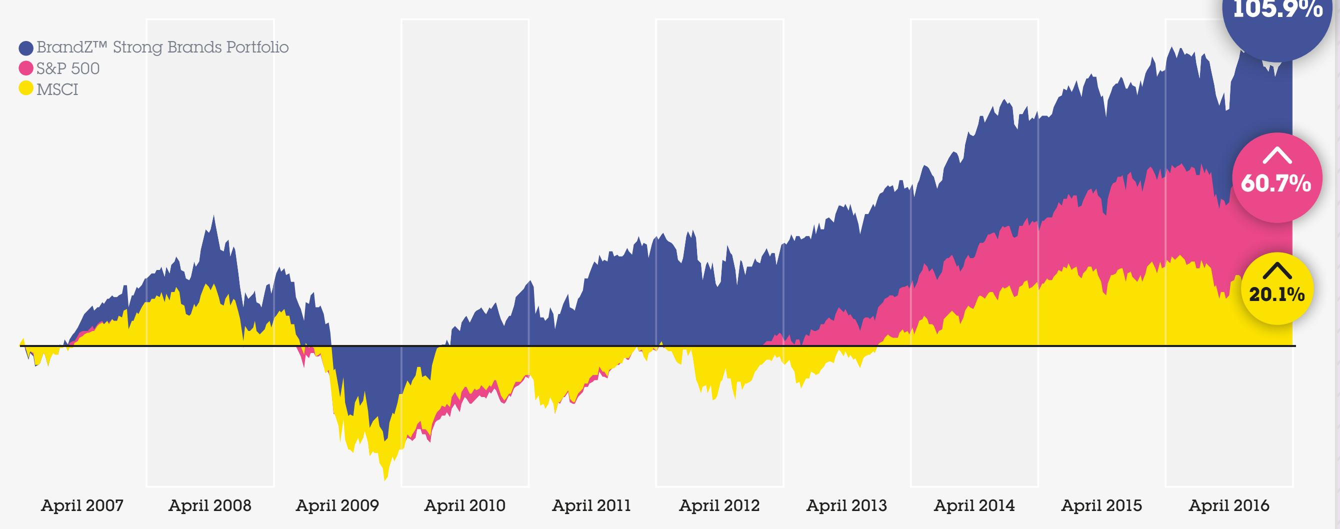
The key conclusions drawn from these results are: First, brands that do not proactively build and protect value can anticipate more disruption; second, the counterpoint, disruption, is the precursor of extraordinary possibilities for brands. In the world of the Internet of Things, for example, brands will compete to be on the consumers' list of items for automatic replenishment, and brands will also compete to be on the consumers' list for more considered purchases that may command a premium.

Brands that imagine the future and respond early to the questions it raises have the best chance of sustained success. In that sense, the 2016 BrandZ™ Global Top 100 Most Valuable Brands report provides even more helpful knowledge and insight for brand building than some of the editions produced in years with bluer skies.

Valuable brands deliver superior shareholder returns

BrandZ™ Portfolio outperforms the S&P 500 Index and the MSCI

BrandZ™ Strong Brands Portfolio vs. S&P 500 vs. MSCI World Index



Source: BrandZ™ / Millward Brown
The BrandZ™ Strong Brands Portfolio is a subset of the BrandZ™ Top 100 Most Valuable Global Brands.

The value of the BrandZ™ Strong Brands Portfolio increased 105.9 percent between April 2007 and April 2016, outperforming both the S&P 500, which grew 60.7 percent, and the MSCI World Index, which grew 20.1 percent. (The MSCI World Index is a weighted index of global stocks.)

The exceptional performance of the BrandZ™ Strong Brands Portfolio relative to two well-regarded indexes affirms that valuable brands deliver superior returns over time and regardless of market disruptions. It also demonstrates the positive return on money invested to build meaningfully different and salient brands.

In concrete terms, $100 invested in 2006 would be worth $120 today based on the MSCI World Index growth rate, and $161 based on the S&P 500 growth rate. But that $100 invested in the BrandZ™ Strong Brand Portfolio would have more than doubled in value, to $206.

Key takeaways for brand owners and brand marketers are: companies that invest in building valuable brands grow their toplines faster; and organic topline growth is the greatest determinant of total shareholder return.

CROSS-CATEGORY TRENDS

Disruptive forces challenge brands and old assumptions

Millennial attitudes felt across most categories

1

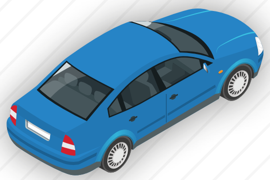
As mobile and e-commerce make transactions quicker and easier, consumers spend less time interacting with brands, and switching among brands is not a problem. In this context, brand experience is critical to the brand-customer relationship. In retail, the physical space becomes an opportunity to more fully express the brand; because consumers spend so much shopping time online, they increasingly expect a unique experience in physical stores. And because retailers have moved more SKUs online, more store space is available to showcase brands and engage customers with retail theater. In a similar way, banks are reducing their branch networks while also transforming locations into centers for the consultative, high-touch interaction needed to sell more complicated products.

BRAND EXPERIENCE

Across categories, experience is a key brand differentiator

Car dealerships persist, sometimes despite the experiences they provide, with customer satisfaction levels higher when they are being courted as shoppers and lower when they are being serviced as customers. Dealerships exist for many reasons, including state franchise laws in the US, and the benefits derived by manufacturers, who can achieve sales quotas by shifting inventory to dealerships. As the car industry evolves, and mobility services become part of what car brands offer, the role of dealerships in providing customer experience may change.

In the luxury category, even for wealthy consumers who can afford multiple items, the purchase motivation is not so much the badge and the ability to show off wealth, but rather the experience of the brand and the understanding of the care that goes into the production and justifies the premium. Connecting with the brand's heritage adds to the satisfaction of ownership and also signals the consumer's knowledge and taste.



The term "frictionless experience" now is popular in the marketing lexicon. In the developed world, where people feel they have enough stuff, they value less hassle. Sometimes consumers choose a brand not for what it adds, but rather for what it subtracts – stress. Providing frictionless experience means making even mundane transactions happen smoothly and without aggravation, as when a desired item can be found with one click online or in a physical store without the aid of map and compass. Today, when most brands are of good quality, and consumers take functionality for granted, brand experience is the remaining differentiator.

2

TALENT

Youthful job applicants seek purposeful brands

Most brands seek to recruit and retain youthful energetic talent. But there is a disconnect between the values some young people bring to the workplace and the perceptions they have of certain categories. In general, young people want to work in an organization devoted to making the world a better place, or at least one that does minimal harm. Categories with reputational baggage are at a disadvantage. Young people are drawn to technology brands. But even in technology, the brands most perceived to stand for innovation and higher purpose have the greatest employment appeal.

Brands are responding to this challenge. Citi introduced several options to better match the needs of young people seeking to balance career with social action priorities. Some insurance brands are expanding into human-resource consultancy work because human capital is at the heart of so many twenty-first-century businesses. Meanwhile, the competition for talent is occurring not just among categories or companies, but also among countries. Some of China's technology leaders are setting up innovation centers in places like Silicon Valley and New York in an attempt to recruit talented millennial technologists.

3

LOCAL BRANDS

Better quality local brands challenge multinationals

Local brands are emerging as challengers in Brazil and Russia as the economies slow and consumers seek less expensive options. A similar phenomenon is happening in both China and India, where the economies continue to grow at a relatively faster pace. Along with the desire for less expensive products, several other factors drive this trend, which is especially evident in FMCG categories. First, local brands have gotten better in quality and marketing, in part because they have learned from multinational competitors. Second, consumers increasingly prefer local brands for nationalistic or other reasons. In India, for example, consumers feel that local brands better understand and respond to the country's rich diversity. Finally, consumers in these fast-growing markets also look for brands that act as partners in helping to build the nation. To many consumers, local brands seem more likely to pursue this purpose.

CROSS-CATEGORY TRENDS

4 MILLENNIALS

Different shopping habits need new understanding

Millennials influenced just about every category covered in the BrandZ™ Global Top 100 report. Some of the less understood but impactful attitudes pertain to millennial shopping habits. For example, the millennial dad is not the stereotypical errand boy-man, mindlessly checking off items on his partner's shopping list. He is often the shopper and decision maker, and therefore a person brands need to get to know better. With the rise of mobile banking, the counterintuitive surprise about millennials is that they sometimes prefer to bank in the physical world first, establishing trust through a face-to-face encounter, before transacting online. Millennials pay for goods and services not only with cash, but with other currencies, including their time and their data.

5 BLURRING BORDERS

Rapid market developments blur borders across categories

Categories organize the world of products and services with neat borders and boxes, like a Victorian museum. Because categories present the world as static, they are less useful – even dangerous and vision-limiting – in a modern world that is dynamic, collaborative and interconnected. Successful brands respect category borders when they make sense and ignore them when necessary. The borders of many categories are blurring.

Most major car brands have introduced car-sharing services in anticipation of a transition from carmaker to mobility-service provider. Societal factors driving this category shift include increased urbanization, an inclination to share rather than own, and the desire to live in greater harmony with the environment. The FordPass program, for example, glimpses a future when the car brand becomes a transportation concierge, organizing each segment of the customer's journey, arranging for car rentals, train tickets and other transportation alternatives, taking all the hassle out of getting from place to place and making the brand synonymous with that frictionless experience.

The bifurcation of the technology category into business-to-business and business-to-consumer segments is increasingly inaccurate. As sales of smartphones, tablets and laptops slow, B2C brands are eager to sell more of them to their enterprise customers. Conversely, B2B brands seek to introduce more consumer devices into the workplace to satisfy the expectations of their young employees. Mutual interest has produced partnerships such as those between Apple and IBM, Cisco and SAP. Amazon, the world's largest B2C online marketplace, also leverages its enormous computing power as AWS, Amazon Web Services, primarily a B2B cloud-storage company.

The term "telecom providers" no longer describes the brands that are transforming from commodity businesses, delivering voice and data communications, into entertainment and content businesses. Similarly, "oil and gas" no longer best describes a category in which many of the brand leaders are increasing their focus on natural gas and renewable energy. The pace of drilling will resume with a rise in oil prices, but oil and gas brands are likely to emerge from this oil shock more intent on being seen as energy brands. That change has potential branding consequences. Until now, oil and gas brands communicated primarily to the influencers who could impact important exploration contract decisions. With a broader energy focus, brands will be closer to the consumer; consequently, strengthening consumer-facing brands could become a higher priority.

6 PURPOSE

Purpose may be grand, but it must be genuine

Brands are not abandoning purpose, but in a subtle way some brands seem to be shifting from higher purpose (making the world better), to narrower purpose (making the customer's life better). The change may indicate that enough time has passed since the global financial crisis, and consumers now need less permission to spend money. During the recession and the post-recession period, luxury brands became more restrained. Now, brand logos have reappeared, along with bolder fabrics. Luxury is focused on the product as well as the more narrow purpose of providing enjoyment.

Coca-Cola exemplified this shift to narrower purpose when it introduced the strapline "Taste the Feeling," which emphasizes the moment of experiencing the product - the pleasure and refreshment of drinking a Coke. The product-focused slogan replaced the more abstract "Open Happiness." "Open Happiness" implied that the brand had healing qualities, like the original formulation of Coca-Cola, and that it could bring people together – that it could "teach the world to sing." The revised strapline makes a more modest claim.

Some brands still put higher purpose at the center of their reason for being. Facebook envisions a world where universal Internet access helps people rise from poverty to greater equality and opportunity. CEO Mark Zuckerberg pledged his personal fortune to help achieve this goal. Objecting to the conflation of higher purpose and commercial advantage, the Indian government blocked Facebook from providing free Internet to people living in rural India. At the same time, social purpose can be particularly important in places like India, a country in the midst of economic and social transformation, where a brand's commitment to eliminating poverty is more likely to be perceived as genuine than as a marketing add-on that gives affluent consumers permission to purchase.

Higher purpose seems to work best when it is a natural extension of the brand's functionality. In the car category, Volvo returned to its emphasis on safety, a genuine purpose that helped drive sales. Tesla appeared for the first time in the BrandZ™ Cars Top 10 as a brand providing high performance and low carbon impact. Meanwhile, without actually articulating a higher purpose, telecommunications brands in less developed parts of the world, such as the Middle East and Africa, have been instrumental in building the infrastructure that provides Internet access to inhabitants in the most remote regions, often with the inexpensive smartphones of Chinese or Indian brands. Because this technology makes remote diagnosis possible via smartphone, one social benefit of this connectivity is reduced infant mortality.

7 MARKET FRAGMENTATION

Increase in diversity drives niche brands

The competition from higher-quality local brands in fast-growing economies links to another trend: the fracturing of the mass market in developed economies. Few modern nations are as homogenous as they were during the rise of the mass market after World War II. Migration enabled by the open borders of the European Union has changed the demographics of EU member countries. Even in the US, a nation of immigrants, the newest arrivals enrich the country's diversity because they are more likely to come from Latin America or Asia rather than Europe, the primary place of origin in the nineteenth and twentieth centuries. The need to serve the various cultural and ethnic preferences of these consumers provides opportunities for new niche brands as it presents challenges for established brands.

TAKEAWAYS

10 ACTION POINTS FOR BUILDING AND SUSTAINING VALUABLE BRANDS

1 Be purposeful

Every brand needs a purpose. Consumers assume brands are in business to make money, of course, but they also expect a well-defined and clearly communicated brand purpose. While that purpose might describe a way in which the brand changes the world, it must certainly describe the way the brand improves the customer's life.

2 Be authentic

It has never been more important for a brand to be real and to operate in a broad social context. The brand is there for all to see. And consumers today, especially members of the millennial and Gen Z generations, are likely to select brands that align with their beliefs, or at least do not contradict those beliefs.

3 Be in the conversation

Consumers are making their voices heard across categories, expressing health concerns about soft drinks, fast food, and personal care products, and advocating for cleaner energy options. Brands need to be engaged, and to listen in a genuine way to both critics and supporters. Brands need to help shape the conversation in a transparent way. Change is inevitable. But the shape of change is not.

4 Grow the triple bottom line

Pay attention to the financial bottom line, of course, but do not let the social and environmental bottom lines become victims of quarterly reporting pressures. Tell an authentic and forward-looking story about where the brand is now and where it plans to be in the long term.

5 Refine the brand experience

At a time when most products are functionally good enough if not excellent, and every product is just a click away, little is left to differentiate one product from another except the experience of purchasing and using it. Making a brand experience memorable requires both adding embellishments and removing annoyances.

6 Talk to individuals, not generations

Millennials and the Gen Zs know that brands are trying to sell them, and they are less likely to be sold when brands generalize about their entire generation. Narrow the focus. Marketing briefs that talk broadly about the millennial or Gen Z generations need to go back to the planning department.

7 Use data respectfully

Consumers are providing marketers with information about themselves constantly. And while they may be fine with brands knowing that they buy shoes twice a year, they may be less pleased when shoe ads follow them online for six months. From the consumer's point of view, the preferred transaction with a brand is: You can have my data, but only if you use it intelligently.

8 Simplify the value exchange

To simply pay cash for a product or service is now quaint. Instead, consumers are asked for their data and comments as well as their money. All these forms of currency have skewed the value equation, and consumers end up giving more without receiving additional value.

9 Change the transaction mindset

Develop a sense of partnership with the customer. Help the customer think less about the transaction (What can I buy from you?) and more about the relationship (What can I achieve with you?). Motivate the customer to purchase, but also enable the customer to better understand and appreciate the value exchange.

10 Widen the competitive set

Take off the blinders if they are still on. The best opportunities – and potential competitors – may be waiting outside the product or service category.

"DADDITUDE"

DADS BECOMING THE PRIMARY GROCERY BUYER IN MILLENNIAL HOUSEHOLDS

Reaching them requires revising traditional marketing assumptions

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Mom has always been a magic word for FMCG marketers, that rare combination of the magical, with the appeal to move people to tears, and the logical, with the power to make or break brands. Traditionally, it's mothers who have been the primary decision-maker on where to shop and what to buy, which meant that they were the most critical audience that brands were built on. Take a look at the "Thank You Mom" campaign, from the world's largest advertiser, P&G, and you will know what I am talking about.

Recent research from Y&R North America reveals that this is no longer the case. Dads are fast becoming the key decision-makers in household purchase baskets of a family: 80 percent of millennial dads are already the primary grocery buyers. What's more, they are a far more lucrative group to go after than moms. Consider this: the research shows that when women become mothers, they become more frugal and conservative in their spending outlook, while the opposite is true for when men become dads. Dads are more likely to pay more for what they want, to look for more innovative brands, and to stay more loyal to their chosen brands.

Is this just a North American trend? Perhaps not. We observe similar patterns in the UK and there is no doubt that this is fast becoming a global phenomenon, especially among millennials - the epicenter of this trend.

Culture clubs

Are all millennials across the world likely to behave the same? The cultural makeup of any country holds in its features some inherent clues that can help predict its propensity to change. We looked at how countries stack up along two of the Hofstede cultural dimensions – Power Distance Index (PDI) and Individualism versus Collectivism – to develop our forecast of how this trend will find its way across the world. The ranking of a country in Power Distance and Individualism indicates the resistance that will be experienced by any shift to established hierarchies. Countries low in PDI, less likely to accept the established hierarchy without questioning, tend to adapt quicker, and individualistic societies often find it easier to replace existing belief systems with new ones.

Seen along these dimensions, low PDI, individualistic countries like Canada, Denmark, Sweden, UK, Ireland and New Zealand are more likely to see similar trends among dads that are already evident in North America. Most of the other European countries (Switzerland, Australia, Finland, Iceland, Netherlands, Norway) are not far behind, although the change here will be more gradual and long lasting. However, for Russia, Asia and South America (including India, Indonesia, Iran, Iraq, Japan, Malaysia, South Korea, Mexico, Brazil, Colombia), where traditional roles are held strongly, the change could be slow and take a while coming.

From swagger to swaddle

How does marketing need to shift to keep up with this evolution of daddy stereotypes from the beer and buddy, to the responsible, open-minded, soccer dad? It forces us to rethink what we are saying, who we are saying it to and how we are saying it.

For most packaged goods, where annual buyer churn is around 40 to 60 percent, dads are a more attractive group to go after because they are likely to be more loyal to brands than moms. Dads also tend to be more open to trying new things and are willing to pay the premiums. So if dads are better for business, how can we be more inclusive even as we think of who our brands' audience could be?

And, if moms are indeed frugal, and dads more likely to splurge, how do we redefine what we are actually saying to them? For instance, value could mean entirely different things to these two groups. A retail offer may be just the right trick for moms but may put the more innovation-seeking dads off the brand.

Millennial dads' affinity for technology is reshaping the retail space. They are more likely to research online, rely less on word of mouth and more on online reviews and recommendations. Is our communication designed for optimal delivery on smartphones as the primary reach platform? Are products available on leading e-commerce as the key distribution channel? And are we being deliberate about curating objective consumer reviews and using social media as influencers?

Dads mean business

We also know that dads seek, process and act on information differently to make decisions. An interesting example of difference is when we dig deeper into an apparently similar looking trend for both moms and dads, younger and older - growth in mobile phones coupled with regrowth of television consumption. A lot of it is reported to be simultaneous consumption of both screens. However, while our traditional target, moms, tend to multi-task, catching a TV series while paying bills, millennial dads are more likely to use the second screen to deepen the experience of the first. This has implications on how we plan multi-platform strategy and also on what content we choose to support across different platforms.

Baby care in the US is one example, which is experiencing this trend among millennial parents. Marketers are dwelling on how to include the dads in the communication, which has been purely to moms so far. At the same time, Amazon's entry into this category with its own baby diapers, only marketed to Amazon Prime members, a group which is suspected to have a higher target density of millennial dads, is very interesting.

FMCG marketers, who have traditionally built their brands to appeal to moms, haven't moved fast enough to prospect dads as a key source of business. If you are an FMCG marketer or work on those brands, it's time to rethink dads. They mean business.

MEDIACOM MediaCom is the "The Content + Connections Agency", working to leverage brands' entire system of communications across paid, owned and earned channels to step change business outcomes.

GENERATION Z

TO SUCCEED WITH YOUNG DIGITAL NATIVES, BUILD SHARE OF HEART

Engage but do not hard sell, stress positive purpose

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At over 20 percent of the population with over $40 billion in spend potential (within the US alone!), the most diverse generation to date, Generation Z promises today's brands a world of opportunity. Aside from having a distinctly different profile from millennials and preceding generations, Gen Z will inevitably influence older generations' buying behaviors and decisions, so brands must act now to identify meaningful ways for winning with these consumers. From key sources of information and influence to decision-making behaviors and psychographic profiles, a deep understanding of this generation's wants, needs and preferences will enable brands to lay the groundwork for future success. Forming strong, well-founded relationships early on will position brands to capture this massive demographic group's full potential as it matures into a more powerful consumer base.

Despite undeniably more purchasing power and few current financial obligations, Gen Z is much more cautious with spending than previous generations. Gen Z individuals have learned from the past and are more acutely aware of future responsibilities than previous generations: Gen Z has experienced the 2008 recession and witnessed its impact on the older generation. Even at a young age, student loans and adult obligations are recognized as a future reality. To merit a purchase from these prudent spenders, brands must communicate their value – and their unique value-add. Specifically, brands playing in otherwise "mature" categories have a unique opportunity to capitalize on this financial sensibility by fostering close relationships with future consumers. A two-way relationship oriented around listening to consumers' needs and preferences will nurture a closer connection, creating familiarity and trust rooted in authenticity. Brands delivering compelling content, personalized conversations and ongoing engagement will have a more meaningful relationship and be much more relevant and front-of-mind in the future, where long-rooted bonds will translate to preference and continued loyalty.

The first digital natives

Born into an era of technology, digitalization, and high-speed Internet, Gen Z's are the first digital natives. Technological proficiency, comfort with information overload and constant multi-device activity fuels Gen Z's always-on mentality, dictating shopping behavior and interactions with brands, and also their mindset and expectations. As lines between physical and digital continue to blur, speed, ease of access, convenience, and constant connection and availability are table stakes, as is the convergence of online and offline purchasing into a seamless, consistent omni-channel experience. While this creates a prime audience for everything from communications, marketing, engagement and relationship-building to search and purchasing, the combination of Gen Z's frugality with constant bombardment means brands must work harder to "cut through the clutter." Only the most authentic, personally relevant and interesting communications and interactions will capture Gen Z's fleeting attention, warrant their engagement and earn their trust. With millennials, brands won through share of eyeballs; Gen Z will be won through share of heart – brands must not only capture attention, but maintain it by seamlessly fitting into consumers' lives authentically enough to earn their preference.

Given its social existence, Gen Z is highly conscientious of a brand's reflection on its identity. Any affiliation or purchasing decision is an extension of one's self – with constant bombardment by brands, messages and offers, personalized guidance and an authentic perspective in the form of micro-celebrities and peer groups – even strangers! – are increasingly influential. Because relationships must now be fostered long before the point of sale to win at the moment of truth, brands must creatively engage these new influencers to advocate without selling. >>

GENERATION Z

Brands engaging consumers in an open, two-way dialogue early-on, with more than just a product or service offering, are more likely to "stick" amid Gen Zs' constant yet sporadic conversations, and remain in their consideration set. Relevant content, experiences and other hard-sell-free interactions will build affinity among consumers, but brands must also embrace the potential of word of mouth and creative manifestations of more personal messaging for transparently communicating their offer.

Sense of social responsibility

Related to its tech-enabled global connectivity, Gen Z has more worldly priorities and a notably greater sense of social responsibility. Cause-conscious, Gen Z prefers products making an impact on the world with a higher-order mission. Consistent with their judicious spending, Gen Z's see spending power as a way to make a difference: they are more favorable to products improving lives or delivering some benefit than to those which are solely novel, cool, or innovating for innovation's sake. Needs are less about function, superficial emotions, or material satisfaction; Gen Z transcends stereotypes, exclusivity and disingenuous claims, preferring a better outcome for all. Brands aligned with causes consumers are proud to identify with – genuinely and honestly "doing good" – will quickly earn allegiances, while jargon and insincere intentions will assuredly backfire.

To win early and prolong future success with Gen Z, brands need to acknowledge key distinctions from millennials. This rising generation is getting older younger – meaning greater pragmatism in buying behavior and earlier consideration of more mature product categories previously irrelevant. As consumers embrace relationship building over direct selling, careful curation of brand interactions is essential. Gen Z redefines the meaning of "influential" in marketing: WOM, peers, and micro-celebrities are more likely to relay real, authentic messages, and brands exhibiting a genuine social conscience are much more resonant. From tactical marketing plans to a brand's overall purpose, a broader worldview is expected, but innovation, convenience and security remain table stakes.

In an age more tech-driven than ever, Gen Z is raising standards for brands. Even with the proliferation of omni-channel, interactions are expected to be more human, benefits higher-order, and offers more individually relevant. Close attention to this generation – leveraging the vast amounts of behavioral data it generates wherever possible – is crucial for building lasting connections, out-pacing evolving needs, and ultimately winning with the consumer.

ACTION POINTS TO TAKE BRANDS FROM TODAY TO Z

1 Customize

Gen Z desires control, and perceives brands as a form of self-expression. Brands need to acknowledge and embrace these core characteristics by incorporating elements of personalization, creativity, and co-creation into their offerings to ensure they're allowing consumers to reflect their true identities.

2 Integrate

In a world of data democratization, Gen Z consumers are receptive to sharing their information – as long as it's used in the right ways. Experiences are expected to be seamless, well integrated, and consistent.

3 Be authentic

It's less about pitching a product or out-smarting with a clever offer, and more about speaking to an individual to identify with their basic human needs. Consumers will be more receptive to marketing that is less of an interruption, and more of a value-add to their knowledge, interests, and lifestyle.

4 Add to the greater good

Aside from ensuring offers are useful, relevant and worth Gen Z consumers' carefully-protected spending power, brands must meet Gen Z's higher expectations of "value-add." Winning brands will not only help consumers discover, learn and grow as individuals and express their identity, but also make a positive impact on the greater good of society.

The Global Top 100

BRANDZ™ Top 100 Most Valuable Global Brands 2016

	Brand	Category	Brand Value 2016 $Mil.	Brand Contribution	Brand Value % Change 2016 vs. 2015	Rank Change
1	Google	**Technology**	229,198	4	32%	1
2		**Technology**	228,460	4	-8%	-1
3	Microsoft	**Technology**	121,824	3	5%	0
4	AT&T	**Telecom Providers**	107,387	3	20%	2
5	facebook	**Technology**	102,551	4	44%	7
6	VISA	**Payments**	100,800	4	10%	-1
7	amazon	**Retail**	98,988	3	59%	7
8	verizon	**Telecom Providers**	93,220	3	8%	-1
9	McDonald's	**Fast Food**	88,654	4	9%	0
10	IBM	**Technology**	86,206	4	-8%	-6
11	Tencent 腾讯	**Technology**	84,945	4	11%	0
12	Marlboro	**Tobacco**	84,143	3	5%	-2
13	Coca-Cola	**Soft Drinks**	80,314	5	-4%	-5
14	WELLS FARGO	**Regional Banks**	58,540	3	-1%	2
15	中国移动 China Mobile	**Telecom Providers**	55,923	4	-7%	0
16	GE	**Conglomerate**	54,093	2	-9%	1
17	ups	**Logistics**	49,816	4	-4%	1
18	Alibaba Group 阿里巴巴集团	**Retail**	49,298	2	-26%	-5
19	Disney	**Entertainment**	49,229	4	15%	0
20	MasterCard	**Payments**	46,141	4	15%	0
21		**Fast Food**	43,565	4	49%	8
22	SAP	**Technology**	39,023	3	2%	2
23	T	**Telecom Providers**	37,733	3	12%	4
24		**Apparel**	37,472	4	26%	4
25	vodafone	**Telecom Providers**	36,750	3	-4%	-2

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

BRANDZ™ Top 100 Most Valuable Global Brands 2016

	Brand	Category	Brand Value 2016 $Mil.	Brand Contribution	Brand Value % Change 2016 vs. 2015	Rank Change
26	THE HOME DEPOT	**Retail**	36,440	2	32%	5
27	ICBC 中国工商银行	**Regional Banks**	33,637	2	-13%	-5
28	TOYOTA	**Cars**	29,501	3	2%	2
29	Baidu 百度	**Technology**	29,030	4	-27%	-8
30	LV	**Luxury**	28,508	4	4%	2
31	Budweiser	**Beer**	27,925	4	5%	2
32	Walmart	**Retail**	27,275	2	-23%	-6
33	BMW	**Cars**	26,837	4	2%	1
34	AMERICAN EXPRESS	**Payments**	26,641	4	-30%	-9
35	ZARA	**Apparel**	25,221	3	14%	7
36	L'ORÉAL PARIS	**Personal Care**	23,524	4	1%	2
37	Pampers	**Baby Care**	22,911	5	-4%	0
38	accenture	**Technology**	22,813	3	13%	13
39	Mercedes-Benz	**Cars**	22,708	4	4%	4
40	movistar	**Telecom Providers**	21,945	3	3%	6
41	SUBWAY	**Fast Food**	21,567	4	-4%	-1
42	hp	**Technology**	21,387	2	-7%	-3
43	HSBC	**Global Banks**	20,276	2	-16%	-8
44	HERMÈS PARIS	**Luxury**	19,821	5	5%	11
45	RBC	**Regional Banks**	19,635	4	-18%	-9
46	中国建设银行 China Construction Bank	**Regional Banks**	19,617	2	-11%	-5
47	NTT	**Telecom Providers**	19,552	2	N/A	N/A
48	SAMSUNG	**Technology**	19,490	4	-10%	-3
49	ORACLE	**Technology**	19,489	1	-10%	-5
50	HUAWEI	**Technology**	18,652	3	22%	20

The Brand Value of Coca-Cola includes Lights, Diets and Zero
The Brand Value of Budweiser includes Bud Light
NTT is now valued as a telecom provider and its brand value is restated this year

BRANDZ™ Top 100 Most Valuable Global Brands 2016

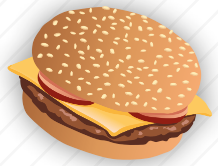
	Brand	Category	Brand Value 2016 $Mil.	Brand Contribution	Brand Value % Change 2016 vs. 2015	Rank Change
51	intel	**Technology**	18,632	2	1%	5
52	BT	**Telecom Providers**	18,575	3	3%	6
53	orange	**Telecom Providers**	18,465	3	6%	8
54	Colgate	**Personal Care**	18,319	4	2%	3
55	IKEA	**Retail**	18,082	3	6%	9
56	citi	**Global Banks**	17,055	2	-2%	4
57	中国平安 PING AN	**Insurance**	16,910	2	6%	11
58	ExxonMobil	**Oil & Gas**	16,838	1	-18%	-9
59	中国人寿 CHINA LIFE	**Insurance**	16,712	2	-4%	3
60	TD	**Regional Banks**	16,543	3	-20%	-13
61	Gillette	**Personal Care**	16,400	4	-17%	-9
62	中国农业银行 AGRICULTURAL BANK OF CHINA	**Regional Banks**	16,331	2	-19%	-12
63	FedEx	**Logistics**	16,236	4	-17%	-10
64	CommonwealthBank	**Regional Banks**	16,227	3	-21%	-16
65	PayPal	**Payments**	15,910	4	35%	23
66		**Oil & Gas**	14,940	1	-21%	-12
67	CISCO	**Technology**	14,508	2	-10%	0
68	COSTCO WHOLESALE	**Retail**	14,461	2	29%	29
69	HDFC BANK	**Regional Banks**	14,440	3	3%	5
70	usbank	**Regional Banks**	14,098	2	-5%	2
71	中国银行 BANK OF CHINA	**Regional Banks**	13,803	2	-16%	-6
72	Sinopec	**Oil & Gas**	13,206	1	-24%	-9
73	DHL	**Logistics**	13,199	4	-19%	-7
74	HONDA	**Cars**	13,195	3	-1%	4
75	Ford	**Cars**	13,084	3	0%	5

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

BRANDZ™ Top 100 Most Valuable Global Brands 2016

	Brand	Category	Brand Value 2016 $Mil.	Brand Contribution	Brand Value % Change 2016 vs. 2015	Rank Change
76	LOWE'S	**Retail**	13,001	2	21%	**NEW**
77	ANZ	**Regional Banks**	12,883	3	-27%	-18
78	Telstra	**Telecom Providers**	12,825	3	1%	4
79	H&M	**Apparel**	12,665	2	-8%	-4
80	GUCCI	**Luxury**	12,592	5	-9%	-4
81	SIEMENS	**Conglomerate**	12,485	2	-19%	-12
82	KFC	**Fast Food**	12,386	3	-2%	1
83	中国石油	**Oil & Gas**	12,341	1	-18%	-12
84	CHASE	**Regional Banks**	12,330	3	6%	5
85	LinkedIn	**Technology**	12,314	4	1%	0
86	pepsi	**Soft Drinks**	12,188	4	-7%	-7
87	ALDI	**Retail**	12,077	2	4%	3
88	CVS/pharmacy	**Retail**	12,074	3	17%	**NEW**
89	J.P.Morgan	**Global Banks**	11,943	2	-12%	-12
90	Red Bull	**Soft Drinks**	11,667	3	3%	4
91	ebay	**Retail**	11,509	2	-19%	-18
92	NISSAN	**Cars**	11,479	2	1%	1
93	MOUTAI	**Alcohol**	11,465	4		**NEW**
94	SoftBank	**Telecom Providers**	11,343	2	2%	4
95	Bank of America	**Regional Banks**	11,289	2	0%	0
96	bp	**Oil & Gas**	10,552	1	-18%	-15
97	Heineken	**Beer**	10,549	4	9%	**NEW**
98	AIA THE REAL LIFE COMPANY	**Insurance**	10,545	2	10%	**NEW**
99	JD.COM 京东	**Retail**	10,496	2	37%	**NEW**
100	Adobe	**Technology**	10,440	2	41%	**NEW**

The Brand Value of Pepsi includes Diets
The Brand Value of Red Bull includes sugar-free and Cola



TOP 20 RISERS

Retail and fast food brands lead in value growth rate

Category factors and brand strength drive change

What a difference a year makes. More than half of the 2016 BrandZ™ Global Top 20 Risers come from the retail or fast food categories – eight from retail and three from fast food. A year ago only three came from retail and one from fast food. What happened?

The retail and fast food categories benefitted from a counter trend released by the disruptive forces that slowed the overall value growth of the BrandZ™ Top 100 Most Valuable Global Brands this year. The plunge in oil prices and cheaper gas at the pump put more money in consumer pockets, especially in the US where most of the Top 20 Risers are based.

The technology category, which was represented by six brands in the Top 20 Risers a year ago, is still well represented, but with only four brands, because business-to-consumer technology brands experienced a year of iteration more than innovation, and the business-to-business brands continued to contend with the transition to cloud computing.

Two of the Top 20 Risers are Chinese brands: Huawei, from the technology category, and the online retailer JD.com. The retail brand 7-Eleven is based in Japan. The French brand Chanel is the only luxury brand that appears in the Top 20 Risers. The Top 20 Risers also include two brands from payments and one brand apiece from the apparel and the telecom providers categories.

Although larger macroeconomic forces helped determine the categories that appear in the Top 20 Risers, each brand in the Top 20 outperformed its category in value growth, and usually for reasons that have to do with brand strength and the ways in which the brand improved customer experience, often with the aid of the latest technology.

Online retailers show strength

Amazon, which leads the Top 20 Risers, rose 59 percent in brand value compared with an 8 percent increase for the retail category. The brand introduced Amazon Fresh food delivery in three US cities and partnered with the grocery chain Morrisons for home delivery of food in the UK. In addition, Amazon delivered more merchandise using its own capacity rather than its logistics partners, a move that enabled it to better control the customer experience, which in some 30 cities worldwide included one-hour delivery for Amazon Prime customers.

The brand also introduced Amazon Dash, a program in which customers signal for replenishment of certain

FMCG items at the exact moment of need. It anticipates the transition to automatic replenishment of the Internet of Things. Amazon also developed its cloud storage business, Amazon Web Services, demonstrating how the border between business-to-consumer and business-to-business brands is becoming more porous.

JD.com, the second-fastest-rising retail brand after Amazon, entered the BrandZ™ Global Top 100 for the first time this year. Established as Jingdong Mall in 1998, around the same time Alibaba began, JD.com is China's second-largest e-commerce site after Alibaba. JD.com operates an efficient delivery system and maintains a powerful presence on WeChat, the social media site of Internet portal Tencent, with which JD.com has a strategic partnership. On WeChat, customers can text, shop and pay without switching platforms. JD.com also benefitted from the government establishment of cross-border e-commerce zones for reduced tariffs on foreign merchandise. >>

TOP 20 RISERS

Rank	Brand	Category	Brand Value 2016 $ Mil.	Brand Value 2015 $ Mil.	Brand Value % Change 2016 vs. 2015
1	**Amazon**	Retail	98,988	62,292	59%
2	**Starbucks**	Fast Food	43,565	29,313	49%
3	**Facebook**	Technology	102,551	71,121	44%
4	**Adobe**	Technology	10,440	7,399	41%
5	**JD.com**	Retail	10,496	7,649	37%
6	**PayPal**	Payments	15,910	11,806	35%
7	**Google**	Technology	229,198	173,652	32%
8	**The Home Depot**	Retail	36,440	27,705	32%
9	**Domino's Pizza**	Fast Food	4,869	3,750	30%
10	**Costco**	Retail	14,461	11,214	29%
11	**Nike**	Apparel	37,472	29,717	26%
12	**7-Eleven**	Retail	9,360	7,492	25%
13	**Walgreens**	Retail	10,364	8,484	22%
14	**Huawei**	Technology	18,652	15,335	22%
15	**Lowe's**	Retail	13,001	10,756	21%
16	**AT&T**	Telecom Providers	107,387	89,492	20%
17	**CVS**	Retail	12,074	10,280	17%
18	**Burger King**	Fast Food	3,685	3,169	16%
19	**Mastercard**	Payments	46,141	40,188	15%
20	**Chanel**	Luxury	10,316	8,987	15%

Source: BrandZ™ / Millward Brown (including data from Kantar Retail and Bloomberg)

TOP 20 RISERS

Technology brands continue to rise in value

The other Chinese brand in the Top 20 Risers, Huawei, also demonstrates the porous border between B2C and B2B brands, as well as the increasing globalization of Chinese brands. Originally a maker of telecommunications equipment, Huawei shipped over 100 million smartphones in 2015, many to Europe, a 44 percent year-on-year sales increase.

Adobe, a B2B software supplier to marketing and communications professionals, is a newcomer to the BrandZ™ Global Top 100. Adobe succeeded by betting big on cloud computing and shifting from boxed software to a cloud subscription model three years ago. The subscription business grew 55 percent in 2015.

Facebook and Google continued their steady brand value growth, rising 44 percent and 32 percent, respectively. Facebook effectively increased its mobile advertising sales. The brand also released its first virtual reality headset from Oculus Rift, the startup company it acquired in 2014.

By creating a holding company called Alphabet, Google revealed its growth plans and clarified its priorities, which reassured stockholders. Google signaled a future in new businesses, including healthcare, life sciences and augmented reality. Along with new ventures, Alphabet includes a Google subsidiary that holds its core products, such as Android, Chrome, Gmail, Maps and Search. Google continued development of an autonomous car.

Retail and fast food add technology

Home improvement warehouse chains The Home Depot and Lowe's benefited from the resurgent US housing market. The Home Depot improved its customer service levels, a key attribute of its brand, and introduced new technologies to help shoppers, including an app that provided real-time inventory updates, 3-D store maps, and the ability to search items by text, voice and photo. Similarly, Lowe's partnered with Microsoft in an initiative that enables shoppers to view kitchen remodel designs in 3-D, using the Microsoft HoloLens. Both The Home Depot and Lowe's also successfully reached small businesses, a factor that also contributed to the success of Costco, the membership warehouse.

Several factors drove the success of drugstore chains Walgreens and CVS as they continued to differentiate from each other. Following its 2014 decision to eliminate cigarette sales, CVS continued to center its brand on health, adding urgent-care centers to many of its stores. Walgreens negotiated to buy Rite Aid, the third-largest US drug chain, advancing the plan of parent, Walgreens Boots Alliance, to become a global leader in wellness and pharmacy.

With 56,000 convenience stores worldwide, 7-Eleven was perfectly positioned to benefit from several global retail trends, including increased urbanization and the growing preference for smaller stores that are more conveniently located and easier to shop.

The fast food brands in the Top 20 – Starbucks, Domino's Pizza, and Burger King – each excelled through a combination of category strength and brand-specific initiatives. Starbucks added mobile ordering to all of its company-owned US locations and introduced mobile in Canada and the UK. Domino's Pizza gained around half of its sales online. Burger King achieved strong same-store growth in its first year under corporate parent Restaurant Brands International, in part by editing its menu to offer fewer but more impactful items for its core fast food customers.

Brands outperform categories

The payment brands PayPal and MasterCard benefitted from the transactions driven by the leading retail and fast food brands. PayPal worked to position for the rapid shift to mobile purchasing. In its fiftieth year, while processing transactions from over 210 countries and territories, MasterCard experienced strong revenue growth in all regions worldwide.

Nike increased brand value 26 percent, almost double the overall 14 percent rise of the apparel category, which led the BrandZ™ Global Top 100 in category value growth. As more people across generations and around the world added sportswear to their wardrobe, Nike profited from a trend it helped invent.

As part of its effort to transition from telecom provider to entertainment–and-content brand, AT&T acquired DirecTV, a broadcast satellite service. AT&T also purchased the Mexican telecom providers Iusacell and Nextel to strengthen its position in the Americas.

Chanel made the BrandZ™ Top 20 Riser ranking with a value increase of 15 percent in a category that declined 5 percent, as luxury sales felt the impact of slower economic growth in China, Brazil and Russia. Chanel enjoyed great popularity in China, partly because of its presence on social media platforms like Weibo and WeChat, but also because it encouraged domestic Chinese spending by lowering prices in China to make them closer to prices in Europe.

NEWCOMERS

Chinese and retail brands enter the Global Top 100

The seven brands that entered the BrandZ™ Top 100 Most Valuable Global Brands this year illustrate several trends, including the impact of China and the strength of the retail category in this year's ranking. Two of the newcomer brands are Chinese and a third accelerated its expansion in China; and three of the brands are retailers. The other two brands are from the technology and beer categories.

Moutai, a premium version of baijiu, China's traditional white alcohol, rebounded from a sales slump that began two years ago when the Chinese government imposed restrictions on official gift giving as part of its anti-corruption campaign. Moutai lowered prices and expanded distribution to make the brand more accessible. Brand strength helped sustain the brand while the company developed and executed revised strategies.

The success of JD.com, China's second-largest e-commerce site, reflected the overall strength of online retailing and the particular strength of the JD.com brand. It successfully challenged Alibaba with more efficient distribution and social media effectiveness. Consumers that access JD.com through WeChat, the social networking site, can then text, shop, and pay without switching platforms. Insurance brand AIA, which serves 18 Asia-Pacific markets, increased its agent sales force in China and grew the value of new business in China by 45 percent.

Lowe's and CVS, two US retailers, benefitted both from the strength of the US retail market and also from some clear brand strengths. Lowe's partnered with Facebook and Snapchat to reach the next generation of DIYers. The home improvement brand also partnered with Microsoft in an initiative that enables shoppers to view kitchen remodel designs in 3-D using the Microsoft HoloLens.

CVS, the US drug store chain that stopped selling cigarettes two years ago, continued to strengthen its brand purpose as a health provider, allocating more of its retail space for urgent-care clinics and other medical treatment centers. CVS also partnered with the IBM Watson Health Cloud to collect and analyze customer medical data.

The entrance of Adobe into the BrandZ™ Global Top 100 shows that a business-to-business technology brand can exhibit the kind of rapid value growth usually associated with technology business-to-consumer brands. Adobe also confirms the argument for disrupting the market before the market disrupts the brand. A provider of creative tools for the marketing industry, Adobe shifted from a boxed software model to a cloud subscription model three years ago. The subscription business grew 55 percent in 2015.

Heineken entered the BrandZ™ Global Top 100 in a year of beer category consolidation, as the two largest global brewers, AB InBev and SAB Miller, prepared to merge. Heineken continued to be the number 1 imported beer in most of its 179 country markets, and it performed especially well in the developing markets of Africa and Southeast Asia.

THE NEWCOMERS

Rank	Brand	Category	Brand Value 2016 $ Mil.
76	**Lowe's**	Retail	13,001
88	**CVS**	Retail	12,074
93	**Moutai**	Alcohol	11,465
97	**Heineken**	Beer	10,549
98	**AIA**	Insurance	10,545
99	**JD.com**	Retail	10,496
100	**Adobe**	Technology	10,440

Source: BrandZ™ / Millward Brown (including data from Kantar Retail and Bloomberg)

CATEGORY CHANGES

Global forces slow value rise of most categories

But strong brands exhibit greater resistance

It was a challenging year for the category performance in the BrandZ™ Top 100 Most Valuable Global Brands. Six of 14 categories declined in value compared with only two last year.

Apparel led category growth with a 14 percent increase after being flat a year ago. It was followed by fast food, which rose 11 percent after rising only 4 percent in the 2015 ranking. Most categories that increased last year also increased in the 2016 Global Top 100, but more slowly.

For example, retail and technology rose 8 percent and 6 percent, respectively, this year after having each increased 24 percent in the 2015 ranking. Telecom providers rose 9 percent this year after a 17 percent rise a year ago. Insurance and soft drinks continued to increase in value, but more moderately. Personal care was flat.

Conversely, some of the categories that last year increased only slightly or declined in value, declined sharply in the 2016 global ranking. Global and regional banks fell 11 percent and 12 percent, respectively. A year ago global banks dropped by 2 percent and regional banks increased by 1 percent.

The most extreme year-to-year shift, and a clue that helps explains the category changes overall, is the oil and gas category, which experienced the sharpest decline, 20 percent, following a 6 percent gain a year ago. The precipitous plunge in oil prices, which drove this change, also impacted many of the other categories.

Global economic forces, particularly the slowdown of Brazil, China and Russia, also impacted the brand value performance of many categories. Luxury best illustrates the influence of these factors. The category declined 5 percent after declining 6 percent a year ago. Cars and beer also declined slightly. Without oil and gas, and banks, the categories most affected by global economic and political forces, eight categories improved or remained flat in value and three declined.

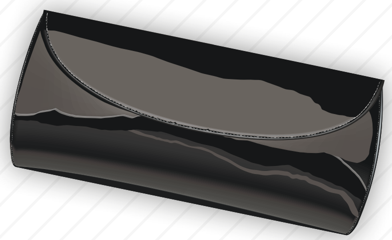
Looking at the results this way, the key conclusion is that in a difficult year, with economic and geopolitical forces affecting categories across the economy, the most valuable brands proved to be resistant, if not immune, to those forces. (For complete category-by-category analysis, please see The Categories section of the report.)

CATEGORY CHANGES

Rank	Category	Brand Value % Change 2016 vs. 2015	Brand Value % Change 2015 vs. 2014
1	**Apparel**	14%	0%
2	**Fast Food**	11%	4%
3	**Telecom Providers**	9%	17%
4	**Retail**	8%	24%
5	**Technology**	6%	24%
6	**Insurance**	2%	21%
7	**Soft Drinks**	1%	8%
8	**Personal Care**	0%	2%
9	**Cars**	-3%	3%
10	**Beer**	-3%	14%
11	**Luxury**	-5%	-6%
12	**Global Banks**	-11%	-2%
13	**Regional Banks**	-12%	1%
14	**Oil & Gas**	-20%	6%

Source: BrandZ™ / Millward Brown (including data from Kantar Retail and Bloomberg) and Brand Analytics

BRAND CONTRIBUTION



Brand Contribution confers stability and growth potential

All but three of the brands that appear in the 2016 BrandZ™ Brand Contribution Top 15 also appeared last year. That level of consistency underscores how Brand Contribution stabilizes brands for sustained growth.

Brand Contribution is the BrandZ™ metric that describes the extent to which brand alone, independent of financial or market factors, drives purchasing volume and enables a brand to command a price premium. A brand with a high Brand Contribution score is one that is regarded warmly and positively by consumers; the brand name brings positive associations to mind.

Of the 2016 Brand Contribution Top 15, five sit in the beer category and five in luxury. These results are consistent with prior years, because brand plays an especially important role driving value in these two categories.

The three brands new to this year's Brand Contribution Top 15 are beers, all from Latin America. They include Aguila, a Colombian beer; and Brahma and Skol, both from Brazil. Although global brewers own these brands, each benefits from strong local provenance. SAB Miller owns Aguila and AB InBev owns Brahma and Skol.

The way that Brand Contribution adds brand stability and growth potential is illustrated in soft drinks and fast foods, two categories affected by consumers' health concerns. The high Brand Contribution scores of Coca-Cola and Panera represent a level of goodwill that gives those brands time to adjust to changing consumer expectations.

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.)

BRAND CONTRIBUTION TOP 15

Rank	Brand	Brand Contribution	Category	Brand Value 2016 $ Mil.	Brand Value 2015 $ Mil.	Brand Value % Change 2016 vs. 2015
1	**Aguila**	5	Beer	3,270	N/A	N/A
2	**Brahma**	5	Beer	3,269	4,185	-22%
3	**Panera**	5	Fast Food	3,344	2,966	13%
4	**Skol**	5	Beer	6,743	8,500	-21%
5	**Pampers**	5	Baby Care	22,911	23,757	-4%
6	**Gucci**	5	Luxury	12,592	13,800	-9%
7	**Coca-Cola**	5	Soft Drinks	67,749	70,042	-3%
8	**Chanel**	5	Luxury	10,316	8,987	15%
9	**Hermès**	5	Luxury	19,821	18,938	5%
10	**Estée Lauder**	5	Personal Care	4,190	3,969	6%
11	**Baidu**	4	Technology	29,030	40,041	-27%
12	**Corona**	4	Beer	6,626	8,476	-22%
13	**Louis Vuitton**	4	Luxury	28,508	27,445	4%
14	**Burberry**	4	Luxury	4,594	5,722	-20%
15	**Heineken**	4	Beer	10,549	9,668	9%

Source: BrandZ™ / Millward Brown (including data from Bloomberg) and Brand Analytics
*Brand Contribution measures the influence of brand alone on financial value, with the Brand Contribution Index running from 1 (lowest) up to 5 (highest)

BRANDZ™ ANALYSIS

Brands strong in four key BrandZ™ metrics outperform Global Top 100 growth

Potential, Innovation, Brand Experience, Love drive value

Over the past 11 years, the BrandZ™ Top 100 Most Valuable Global Brands increased 133 percent in value. Certain brands outperformed that rate of growth while others underperformed. To find out why, we looked at four BrandZ™ metrics: Potential, Innovation, Brand Experience and Love.

These metrics work together in a cumulative way to drive brand value. Brands that score high in Potential achieve those scores in part by being Innovative. Innovative brands provide customers with a great Brand Experience. And great Brand Experience increases Love for the brand.

Of course, no brand can survive on love alone. But love can help sustain a brand during disruptive times like these. And when mistakes happen, as they inevitably do, consumers are more forgiving of brands they regard with affection.

To measure the impact of each of these four metrics on the growth of brand value, we selected 95 brands that are common to both 2006 and 2016, and for each metric we divided the 95 brands into three groups based on how they scored: Low, Medium or High. We then calculated the value change for each group over the 11 years between 2006 and 2016.

We found a strong relationship between high scores on each of the four metrics and accelerated brand value growth. In other words, a brand that scored high in Potential also grew more in value. This analysis provides a roadmap for growing brand value, which is especially important because high brand value correlates with commercial success.

Finally, to score high in Potential, Innovation, Brand Experience and Love, brands must first achieve strong brand equity. That is, they must be Meaningful (meeting functional needs and generating emotional attachment); Different (seen as being distinct from the competition); and Salient (coming to mind quickly when the consumer is making a purchase decision).

High Potential predicts market success...

Brands that scored high in Potential in 2006 increased brand value by 200 percent between 2006 and 2016, while low-scoring brands increased brand value by just 31 percent.

Potential

	VALUE 2006	VALUE 2016	% CHANGE (11 YEARS)
High Potential	$433 Mil.	$1,298 Mil.	+200%
Medium Potential	$423 Mil.	$827 Mil.	+93%
Low Potential	$352 Mil.	$461 Mil.	+31%

95 common brands valued in both 2006 and 2016

High Potential
Medium Potential
Low Potential

Source: BrandZ™ / Millward Brown

... Brands seen as Innovative grew value much faster ...

Innovation is a BrandZ™ metric that measures the extent to which brands are viewed as different, creative and likely to shake things up. Innovation is also a key driver of brand value. Brands that scored high on Innovation in 2016 increased in value 154 percent over the previous 11 years, while brands scoring low in Innovation increased in value only 17 percent.

Innovation

	VALUE 2006	VALUE 2016	% CHANGE (11 YEARS)
High Potential	$733 Mil.	$1,860 Mil.	+154%
Medium Potential	$330 Mil.	$542 Mil.	+64%
Low Potential	$164 Mil.	$192 Mil.	+17%

95 common brands valued in both 2006 and 2016

High Potential
Medium Potential
Low Potential

... Innovation contributed to great Brand Experience...

A great Brand Experience is defined by several components, including: standing for something unique, meeting needs, making people's lives better, and having a better online presence. Brands scoring high in Brand Experience grew 166 percent in brand value; brands with low scores decreased 0.4 percent.

Brand Experience

	VALUE 2006	VALUE 2016	% CHANGE (11 YEARS)
High Potential	$572 Mil.	$1,520 Mil.	+166%
Medium Potential	$343 Mil.	$556 Mil.	+66%
Low Potential	$390 Mil.	$389 Mil.	-0.4%

95 common brands valued in both 2006 and 2016

High Potential
Medium Potential
Low Potential

... All these factors culminated in greater Brand Love

Ultimately, high scores on Potential, Innovation and Brand Experience help create brands that are loved, and brands that are loved increase faster in value. Brands with high Love scores increased value by 183 percent over the past 11 years. Brands low in Love increased only 22 percent.

Love

	VALUE 2006	VALUE 2016	% CHANGE (11 YEARS)
High Potential	$618 Mil.	$1,748 Mil.	+183%
Medium Potential	$363 Mil.	$553 Mil.	+52%
Low Potential	$255 Mil.	$310 Mil.	+22%

95 common brands valued in both 2006 and 2016

High Potential
Medium Potential
Low Potential

Source: BrandZ™ / Millward Brown

DISRUPTION

IN "NEW NORMAL" OF PERSISTENT DISRUPTION, ONLY BRAND DIFFERENTIATES

Brands must have a clear vision and communicate it often

For a global brand to remain strong in the face of rapid evolution, technological disruptions, and social change in the form of shifting values (the new normal), it must make sure its vision for the future is clear and understood by all who may work to deliver against it. Comprehension of what the brand is trying to accomplish allows for quick, empowered decision-making through the entire organization, explains the actions and decisions the brand takes, and keeps the organization nimble in a global industry.

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gtb

We were born different, founded to create an entirely new model of collaboration and give marketers access to the breadth of WPP's talent, ideas and tools. The result? An agency that truly works at the intersection of business and everything imaginable. Welcome to GTB.

Revolutionary designs on the future are evident in ambitious initiatives like FordPass from Ford, and Daimler's Moovel, signaling a vision of the future where mobility ecosystems and planning tools for multi-modal transportation are as much a part of the product lineup as new SUVs. GM's partnership with Lyft signals a future vision of coexistence, where makers of sheet metal mate with companies who are solely interested in the distribution of mobility, rather than the production of vehicles that provide it. Initiatives such as these telegraph a brand's ability to comprehend that the world is changing, both to shareholders and internal audiences.

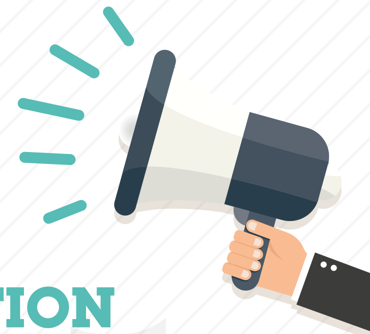
However, for a brand to remain relevant to consumers, a willingness to dabble with partnerships or broaden the core product offering will not help grow the emotional power of the brand. It is simply the flexing of the R&D muscle. It keeps the brand current, preventing it from becoming obsolete. Necessary, yes, but not what makes a brand meaningful and different to real people.

Building meaningfully different brands

A meaningfully different brand, one that makes people think, "that is for me," is one that communicates what it thinks and feels as it works to make its vision of the future a reality. Subaru declares love is "what makes a Subaru, a Subaru." While some may reject the automaker based on this arguably touchy-feely point of view, others will see themselves reflected in the message, and feel naturally aligned. The broadcasting of the emotional foundation of Subaru gives people a way to evaluate how well the brand does, or does not, fit with their own view of the world.

The Tesla brand has come to represent much more than beautiful cars; it also means breakthrough technology and exhilarating performance. Tesla has become a symbol of a new way of living - clean, bright, innovative and forward-thinking. Tesla's pioneering spirit, as personified by founder Elon Musk, conveys an urgency to shed the old ways of doing things. Earlier this year, 325,000 consumers were so enamored with the vision of, and the emotion radiating from the brand that they put down a $1,000 deposit on a vehicle they had yet to see. In this case, vision and emotion combined to create real capital.

Should predictions of an autonomous, car-sharing future pan out, automotive manufacturers will be even more reliant on the power of their brands – after all, driving dynamics or exterior styling don't matter much in a world where people are neither driving, nor owning the physical vehicle that moves them around. If, in the future, every OEM offers lease-sharing programs for seniors in retirement communities, or ride-sharing programs for urban Gen-Y'ers who don't want the hassle of owning, what will keep those seniors and Gen-Y'ers from reducing their decision-making process to simple price shopping? The emotion and vision of the brand – the sense of "this is for me and others like me" – may well be the only differentiating factor.



ACTION POINTS FOR BUILDING BRANDS IN DISRUPTED CATEGORIES

1 Be clear

Clearly articulate and communicate your vision for the future to internal and external stakeholders.

2 Be consistent

Build the brand in conjunction with future product/offering development to ensure a cohesive brand point of view.

3 Wear your heart on your sleeve

Hiding the emotion of the organization makes it difficult for real people to connect with the brand.

BRAND BUILDING

ADVERTISING AS WE KNOW IT HAS ENDED, WITH PRODUCTS MOVING TO CENTER STAGE

Consumers want the truth, not fancy words and pictures

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Advertising as we know it has come to an end. That wonderful world of smiling families and golden ballrooms of perfection, settings of inspirational waltzes, with a beautiful and emotional speech being given in the background, has ended. It has ended for many reasons, but it has ended mainly because people no longer believe it.

It is rational speech 2.0; the evolution of what you see is what you get; the consumer attitude of: "I want to see exactly what I want to get. Show me exactly, clearly and quickly what the product has to offer and, who knows, I might buy it."

Cartesian. Raw.

And if the current idea in recent years has been to keep the consumer at the center of the conversation, then the natural evolution of this – considering our business is to sell, regardless of the scenario – is that the product for the consumer starts to become central as well. Meeting a need. Fulfilling a desire. Providing a solution.

And therefore, that beautiful speech about a brand, intended to make TV viewer's hair stand up becomes almost unnecessary, and the emotion it intended to arouse in consumers no longer real.

The game is not over

This does not mean that advertising will turn into an infinite succession of functional demos and cold testimonials about the latest discovered benefits. No, advertising is not becoming a medical leaflet.

A great example of this is the campaign to launch the new global positioning of Coca-Cola: "Taste The Feeling." In this campaign, intrinsic attributes have become the real protagonists. And this hasn't resulted in any piece of the advertising looking like a medical leaflet or even a simple testimonial. It is simply a product, and like each one of its assets, it connects to the consumer's daily life needs. Check it out on YouTube and see how clear the message is: I am a soda for your daily life. Period.

It is also easier to realize that this change does not mean, in any way that we are heading backwards and travelling down the pyramid steps of building brands. It might only mean that the story of a brand should not be necessarily told in such a vertical way, with pyramids, stairs or other ascension metaphors. Things may be more horizontal.

The sky is the limit; not the destination

Always on alert

But okay, let's face it. This doesn't happen simply because people have overdone it with endless emotional empty speeches. Environment and time must be considered.

It is the era of a mobile phone in one hand plus a product to be sold in the other. It is an era of influencers. An era of reducing intermediaries, of less control of speeches, and mainly, of infinite opening of channels.

Channels that deliver the most essential commercial communication that exists: a relevant character, speaking in a consistent manner and in love with a given product, to those who want to buy it. Wouldn't it be the greatest thing done since Don Draper walked up Madison Avenue?

This is the very reason why it's not up to us to be reactive, but only to study how we are going to live with this new paradigm from now on, where the medium starts to be as important as the message, or perhaps even more important.

Sharp information

Another factor has also contributed to this theory of the end of advertising as we know it: the (not so) new way of facing data.

The day that a simple database took steroids and become "big data" changed everything. This hypothetical machine, impressively large, kept somewhere unknown and secret, that eagerly collects information about me, you and any other person who has used some gadget just seconds ago, has strengthened even more the parameters of the practical speech in advertising. In other words – knowing exactly what consumers want and providing them with an exact message about a certain need without fancy words or hyperbole – getting straight to the point.

Once again, I reaffirm: it is not the end, only an evolution. One more step among thousands we have already taken. We have survived the use of computers in agencies and the first dot-com bubble, and, yes, we will survive all of this once again.

After all, advertising as we know it has come to an end.

Long live advertising.

BRAND BUILDING ACTION POINTS "POST-ADVERTISING"

1 Provide guidance

As brands have become more porous to multiple influences from a contemporary and hyper-connected world, marketing and advertising agency teams have lost part of their roles as leaders and builders of a brand. However, they assume another role just as important – guiding and managing the brand through the constant movement of its image.

2 Get more creative

The end of advertising as we know it requires being even more creative. Objectivity and truth are watchwords for any brand. But this does not mean that the solution is to fill consumers with demos, explanations and very extensive reasons to believe.

3 Identify the influencers

Influencers become assets of a brand. We should use them. Or, at least, understand their importance.

BRAND EXPERIENCE

INNOVATIVE BRAND EXPERIENCE DELIVERS FASTER VALUE GROWTH

Higher purpose produces devoted brand fans and financial reward

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The CEO's who will be successful in the future focus on two burning questions: how to grow topline revenues and how to generate greater bottom line profits? The first requires identifying future opportunities with more valuable customer groups, accessing latent markets and creating category-shaping products and services, while the second requires joining the dots across their operations so that people, products and processes are optimized together around the customer.

New data analysis by Group XP has led to a breakthrough in how the most valuable brands drive both revenue and profit growth. This reveals that higher performing businesses focus on creating and delivering extraordinary brand experiences that uniquely engage customers to build enduring and highly profitable relationships. These brands are able to integrate business model improvements, new technologies and design to create innovative customer experiences that unlock new revenue streams while facilitating better cross-functional teamwork and binding the entire organization cohesively around the customer and their needs.

It is this holistic approach to creating customer experiences that delivers on CEO's needs for increased business growth and efficiency. Building on thinking done at Brand Union, the "XP Capital Index" quantifies the financial impact of creating compelling brand experiences. These data results are reinforced by *Harvard Business Review's* study: "The most important marketing metric going forward will be Share of Experience."

The BrandZ™ team worked with Group XP to decode brand experience into four critical components, applying a BrandZ™ metric to quantify each one:

IMPRESSION "Stand for something unique"

INTERACTION "Deliver on your most important needs"

RESPONSIVENESS "Have better online services and engaging content"

RESILIENCE "Strive to make people's future lives better"

Winners and Losers: Key findings in brand value growth

By combining the four components equally, we were able to create a single score for each brand and create an "XP Capital Index" for all brands in the BrandZ™ database. We also proved this had a strong relationship with current consumer demand. We were then able to examine the relationship between brands with high, medium and low Brand Experience Capital scores and their trended brand value over a 10-year period. Our research revealed:

1. Ultimately brands with high Experience Capital scores were much more likely to experience value growth than those with medium Experience Capital, while those businesses with low Experience Capital scores actually declined in value over the same period.

2. There is no evidence of geographic or sector bias in the study; brands across all major markets and sectors – from high-tech, online-only brands to long-established hospitality, retail and financial services brands – are represented in each of the three levels of Experience Capital.

3. The data show that brands with high Experience Capital outperform the market by up to 166 percent. These brands score highly across all four of the components. However, one of the distinguishing strengths of these brands is their stronger scores on the "Resilience" component. Consumers recognize that these brands have a higher brand purpose beyond their immediate product category and exert greater impact on the wider society. This has helped these brands turn customers into devoted fans and reap the financial benefits.

4. The data show that brands with medium Experience Capital outperform the market by up to 66 percent. Brands in this group may have scored highly in one or two components, but were not consistently strong across all four components as a result of ad-hoc customer experiences that were not united around a holistic experience strategy. Therefore they only gained average brand value growth.

5. Brands with low Experience Capital actually declined in value over the 10 years by around -0.4 percent. These brands scored poorly across all the four components with a slight focus on more traditional brand-building components of Impression and Interaction. Their use of more traditional marketing techniques and transactional customer service has resulted in brand experiences that provide some functional but little emotional attachment for customers.

All of this is good news for CEOs and CMOs charged with delivering topline revenue and bottom line profits. We have clear quantified evidence that superior customer service accelerates business growth. And we know that the most valuable brands exhibit a profound customer-centricity that enables more innovative approaches to business models and technologies. And, most important, this results in customer experiences that can generate completely new revenue streams.

With the "XP Capital Index," CEOs and CMOs can better understand the components of brand experience and measure their effectiveness. XP Capital Index combines the science and art of brand building in one extremely useful package.

Brand Union defines, creates, and curates the total brand experience, ensuring it's both brilliantly designed and beautifully connected.

Group XP is an Experience Innovation offer comprising Brand Union, FITCH and SET. We design end-to end experiences that drive innovation and accelerate business growth.

Millward Brown is a leading global research agency specializing in advertising effectiveness, strategic communication, media and brand equity research.

The Future of Brands

Brands need to revise the fundamentals of marketing

And revive the passion and purpose that originally made them great

If the future of brands is about the tension between opposites – consolidation and disruption, data profusion and privacy, functionality and higher purpose – then the future has arrived, at least the thin edge of the wedge, just enough to discern a significantly different time, driven by the powerful forces of technology and globalization and more complex views of personal identity.

Many categories are already illustrating these forces or are course-correcting for the future. As the two giant global brewers consolidate the beer category, thousands of craft beer brands are disrupting marketplaces worldwide. Leading telecom providers are combining to achieve scale and dominance, but as they expand into content and entertainment, smaller brands are picking off voice and data transmission.

Combustion engines and fossil fuel, grimy achievements of the industrial age, will be replaced over time, as carmakers transition into mobility service providers, still helping people get from place to place but using less – and cleaner – energy. Some physical stores now dense with merchandise displays will become retail showrooms for inspiring imagination. Regard for personal health will more strictly guide the choices we will make in categories such as fast food, soft drinks and personal care.

The young people of a rising middle class will influence change. Their aspirations for a better life, shaped by generational values, will include greater concern for personal health and the health of the planet, along with a predilection for sharing and community to balance traditions of ownership and individuality. This progressive vision coexists with retrogressive ideologies and instances of brutal inhumanity, suggesting that the path to the future continues to wind, as it always has, around blind curves and over terrifying obstacles.

Trust and the primacy of privacy

The issue of privacy, and the tensions between the absolute protection of private information and legitimate needs to share it, was most clearly dramatized by the conflict between Apple and the US government. Apple argued that inviolate encryption was necessary to protect its brand, as well as customers' private data. The FBI recognized those needs but asserted that they were outweighed by law enforcement's responsibility to protect public safety.

Brands in most categories will contend with the growing complications of gathering data and protecting privacy. In the car and insurance categories, for example, telemetric devices (also known as "black boxes") that record and store driving statistics could have positive benefits. The recorded data can improve driving safety and increase the fairness of insurance premiums, aligning them more closely with actual driving habits. But the existence of the technology also raises questions, including: Who owns the data? and Who has access to it?

The Internet of Things describes the potential interconnection of all the devices and appliances that we interact with all day in every aspect of our lives – at home and work, and any place in between. Although the Internet of Things is still more of an idea than a reality, brands are rapidly developing devices to integrate themselves even more deeply into our lives, adding benefits like convenience and automatic product replenishment in exchange for more personal data.

With more private information being collected at multiple and potentially vulnerable connection points, trust in the brand becomes absolutely vital. Consumers are likely to select and be loyal to the brands that they believe stand as impenetrable sentinels of their privacy. They may rotate less trusted brands based on momentary utility.

Purpose and authenticity

Trust will need to be linked with purpose. Brands may not need a purpose as high as saving humanity. But they will need to demonstrate and communicate a reason for being. How this plays out across categories and brands may differ. In FMCG in particular, variants will need to add real benefits that enhance the lives of consumers, not simply the brand's bottom line.

To be believable, a purpose will need to be relevant to the brand. When Nike talks about sustainability, it explains that the brand's concern for the earth is rooted in a self-interested desire not to mess up this playground for professional athletes as well as the athlete in everyone. Communicating purpose will be complicated by the proliferation of media and the need to craft the same message multiple ways, remaining true to the brand while also resonating across diverse audiences. As brand guardians, agencies can play the pivotal role in defining and the interpreting the brand.

INSIGHT

Purpose must be real, relevant and honest

Purpose is important. But it doesn't have to be about saving humanity. It needs to be relevant to the brand and honest, and not a made up purpose. Some brands spoil it for the rest. In the need to sustain 5 percent annual growth they develop new products and then work out what the need for them is going to be or create needs that aren't there. These brands educate consumers to be cynical. They have created constructs or ways of navigating choices, but have done little to build customer loyalty. People are not stupid. They expect more from brands.

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>>

A brand's purpose may seem like something people think about when they are no longer distracted by constant hunger pangs. It would be a mistake, however, to dismiss concern about purpose as merely a first-world, middle-class conceit. The desire for purpose seems to be a characteristic shared across humanity. And in the transparency of a connected world, everyone quickly sees how a brand honors – or dishonors – its purpose.

INSIGHT

Future marketing requires different talents and skills

The structure of marketing organizations, how we do branding, and the people and skills we engage don't match the branding needs of the future. In the past, we looked for minds that were comfortable with scientific processes, but today we need people who are more entrepreneurial, more commercial, and have greater storytelling ability. They also need to be a bit of a data scientist, and someone connected to culture, someone who can identify emerging trends and who thinks differently.

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TNS

The talent prerequisite

Talent is a prerequisite for producing purposeful brands. Attracting talented people will be easier with opportunities to work on useful and worthwhile products and services that inspire passion and deliver real benefits, ethically and responsibly.

The alternative – product iterations intended only to meet aggressive annual growth rates – may lift the bottom line but deflate staff spirit. And cynicism is not a strategy for sustained success. Getting excited about selling stuff to people goes only so far. Talented people get excited because they care about the stuff being sold.

Marketers will need people with a different mix of talents. In the past, agencies looked mostly at the science of marketing and selling, but in the future, marketers will require a more entrepreneurial disposition. Effective marketing communication will depend on partnerships between the data scientists and the storytellers, those people finely attuned to cultural shifts who can identify and interpret important trends that will impact consumer behavior.

Consumer diversity

In diverse markets, such as India, which has 23 official languages and numerous cultural and regional differences, multinational brands will need to do a better job of understanding and responding to cultural nuances. Local brands are already delivering that level of insight, and customers increasingly expect it.

The challenge is relevant beyond fast-growing or emerging markets. It is particularly critical in the US, a nation of immigrants. And because of more porous borders and the greater possibilities for migration, voluntary or forced, many modern nations have become amalgamations of diverse peoples.

Brands traditionally homogenized the tastes of diverse groups into mass markets. Today, however, people maintain multiple identities, simultaneously assimilating into a larger culture while preserving their particularity. The ease of modern communication enables recent arrivals to remain connected to their nation of origin, resulting in multiple sub-markets that challenge brands to create more narrowly focused products and services and to communicate in culturally relevant ways.

Increasingly, multinationals will be challenged to achieve necessary economies of scale while satisfying local preferences, both in culturally diverse, fast-growing country markets and in more mature country markets where recent immigration patterns are producing much more fragmentation. The presence of better-quality local brands adds urgency, and makes it even more critical for multinationals to build and maintain strong brand and corporate reputations.

Fragmentation and choice

As societies become more ethnically and religiously diverse, they also are becoming more varied in family composition and more accepting of complexity in issues of gender and sexuality. The mass-market model of one-size-fits-all has fractured beyond repair. Brands will need to work harder to be consistent across all audiences while meeting the needs and communications styles of particular audiences.

Built on an industrial model of consistency and standardization, brands simplified choice for the customer and process for the business. Future success requires a different, more complicated model able to deal with multiplicity. This opposite approach challenges existing brands and also opens market gaps for new brands.

Technology holds part of the solution to this conundrum of providing a more expansive range of items to satisfy the diverse cultural and demographic divisions both across and within nations. Simplification may begin to happen when the abundance of choice meets the Internet of Things. Consumers will select certain items once and then rely on automatic replenishment, freeing time to consider their purchases in high-engagement categories.

Brand owners can adopt a commodity production approach for items automatically replenished. That should free resources needed to identify discrete needs and create and market relevant products. Brands potentially will enjoy a combination of high-volume and high-margin sales at this intersection of big data and big ideas.

INSIGHT

Purpose works when it drives consistent action

Many brands today develop a purpose but then don't do anything differently. Often the necessary change conflicts with existing business objectives and capabilities, and the brand purpose is seen as something for only marketers to worry about. But without clear and consistent action behind a compelling purpose, the consumer remains unaware and unengaged. If a brand can create a purpose that galvanizes the whole business as well as its marketing strategy, amazing things can happen.

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ADDEDVALUE

INSIGHTS

Global essence must contain local relevance

As global brands serve people of different cultures, it is important to identify the aspects of brand essence that connects to different cultures. For such global businesses, while creating at scale makes economic and operational sense, the danger is in standardizing the marketing toolkit that comes at a cost to brands. Evidence suggests over half of such initiatives fail, and up to 70 percent of the toolkits don't get used in markets. Marketers need to respect the local cultural relevance while maintaining the core brand essence.

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MEDIACOM

"Showrunner" mentality protects brand consistency

New brands usually have a clear purpose. In contrast, middle-aged brands can struggle, although they had a well-defined purpose when they started and the founder still ran the organization. They need a "showrunner" mentality. Why does *Mad Men* season six still have the same vibe as season one even though so much has changed in the storyline and characters have come and gone? That's because these kinds of binge-watching series have a "showrunner," a person responsible for maintaining the consistency and feel, to the extent they even have the power to hire and fire writers. Brands tend to go wrong because they lack that "showrunner." A start-up brand has a "showrunner," the founder. Recognizing this essential need is the first step to brand-powered growth.

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SLOWER GROWTH, CHANGING NEEDS, NEW TECHNOLOGY WILL RESHAPE BRANDING

A crystal ball conversation

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WPP brand experts gathered in New York for a session about the future of brands convened by BrandZ™. The following remarks are excerpted from the wide-ranging conversation of J. Walker Smith, Chairman, The Futures Company; Nigel Hollis, Chief Global Analyst, Millward Brown; and Joanna Franchini, Vice President – Cultural Insight, Added Value.

Topic 1

IDENTITY CRISIS
Finding connection in a splintered world

JWS There is an identity crisis in the world today. Every demographic is creating a context in which people feel a need to redefine identity. At The Futures Company we refer to something we call "Big-Tent Branding," which asks: What can your brand do to be inclusive in a twenty-first-century way? That means we are all different but we are all the same in that we can gather together under the same big tent.

The splintering of identity is great, but it isn't satisfying the human need to belong. There is a shattering of a sense of connection. We encourage this shattering in our marketing because we are engaged in hyperpersonalization, which is not about connecting people in context; it's about finding a context in which we can connect with an individual. So how do you do the twenty-first-century version of inclusion?

One of the reasons for Nike's success is that it says it's not just about connecting you with our brand; we're actually putting you in touch with a community of runners, so we facilitate people-to-people connections, not just brand-to-consumer. How do you hyper-personalize and give people a sense of belonging to a broader narrative that's shared with other people? That is the big opportunity in the marketplace today.

NH It's about creating cultural experiences. Increasingly, that's going to be really important for brands to leverage, if they can. I think there will be a few "big tent" brands and many splinter brands, just like there will be a few big global brands and many local brands. Ever since we started getting intelligent recommendation systems we have built inertia into the system, ensuring that people stay with the familiar rather than seek out the new.

JF I agree with the idea that people want to connect with other people. But I also think that we're not giving enough weight to the idea that people do use brands as a way to express their values. Nike is speaking in a culturally resonant way. Their latest iteration of their brand ethos is "Find your greatness," which takes it from a brand for elite athletes toughing it out to a brand for the everyman who's just trying to make it through that last quarter-mile. That tonal shift makes the brand more culturally relevant to today's world, and to a broader group of people.

Topic 2

BIG DATA
Programmatic consumption changes brand building

JWS There was a time, perhaps 30 years ago, when manufacturers had the power because they owned all the customer information. With the advent of scanners and the emergence of big box stores, the power shifted to retailers. In today's world of big data, the platforms tend to own the data rather than the brands sold on those platforms. Think about Amazon. If your product is sold over Amazon, Amazon controls your access to the customer data. >>

NH It matters because if you are a major brand, someone could invent a similar brand that can be found through the platform, at a lower price, and take away enormous market share. The platform is the access point.

JF There is so much information coming at us all the time that we need to delegate decision-making.

JWS The benefit of programmatic consumption is that you get time back. So the opportunity for marketers is that you get a chance to reinvent how you build a relationship with people. It won't be through the old purchasing process, because that process will be increasingly automated by marketers using algorithms or by consumer algorithms. So what do you do to rebuild the emotional connection with brands? It will be a different kind of world.

NH Don't you think people will get bored in this world? Do consumers really want a relationship with a brand? They want relationships with other people. If all my algorithms suggest I'm keenly interested in four things, that's all I ever hear about. The unusual will never make the cut.

JWS So how do you build serendipity into a programmatic world?

NH Exactly, I think this is an awful future. And I think we're already seeing some of it. A lot of the splintering of culture that we've been talking about is to do with technology.

JF That's a bit dystopian. The strongest connections are with other people. And word of mouth remains the best form of advertising. I'm influenced if a friend posts about a product that I may not have considered. I think it's about how sophisticated brands get about being relevant and at what moment. The technology is not yet there; we remodeled our bathroom months ago, but I still have the bathroom sink we bought following me around the Internet.

NH Are there brands that can leverage serendipity?

JF Birchbox does that now. And if you think about why someone buys into a subscription box, it's because it offers a delightful collection that surprises me every month. That's the insight. Even if it's two ounces of a body wash I'm only going to use once, there's something about that surprise element.

NH You would have two sets of brands then?

JF The "automatic" products are commodities that secure a spot in the marketplace, but once consumers are passively interacting with them, there's no need for them to actually be branded in the way we traditionally think of brands. You could ship detergent in a white box.

NH I actually don't think that you would be able to ship the detergent in a white box. I think that what's being sidelined is the huge amount of effort that brands put into being visible in stores, and the instant recognition of packaged goods in a grocery store that triggers the habitual purchasing behavior. Automatic products will throw huge emphasis on the key decision points where someone actually does deliberately think about, "What detergent am I going to choose when I get around to setting up my household?" And the fact that Amazon will soon sell its own-brand products, including detergent, to its Amazon Prime members puts Amazon at the head of the queue.

JWS That's my headline: Moving from consideration sets to preference profiles. In the past we've been trying to get into the consideration set. But when that gets eliminated because everything is automatic, you need to get into that point when the decision is made. That's when I fill out the profile that Amazon or some other provider then delivers. I'm checking a box and then Amazon knows what to do.

JF That also says something about partnerships. Because that point can also be when I buy my washing machine.

JWS I think Samsung may have done that already. Appliance brands will partner with certain laundry detergents.

NH And the replenishment button is built into the machine.

JF No button required.

Topic 3

INNOVATION

Slower global growth will challenge brand marketers

JWS The global economy probably will grow at a slower rate for a few decades. That will put increasing pressure on some of the ways in which we manage our brands. Companies will find it harder to drive the top line because they will have trouble raising prices in a world of lower inflation, where wage growth is slower. There will be more pressure on cost cutting. Business model transformation will be a bigger imperative.

In a world where consumers can't afford premium everything, they're going to go cheapest on a lot of categories so they can go expensive on a few. That means you're not competing only with brands in your category anymore. You're competing with everything else. We have a whole generation of brand managers who have grown up in a high-growth world of expanding categories and lots of new product introductions and price increases. And now, boom! We're in a slow-growth world. Will these marketers know what to do?

NH I am intrigued by this idea of innovation and changing the business model. I'm reminded of the Rolls Royce model of buying and selling aircraft engines. Customers no longer buy an aircraft engine. They buy a service package and Rolls Royce owns the engine. The monitoring system will indicate when the engine needs servicing, so downtime is minimized. Surely, that technology is going to apply to cars and washing machines. I can envisage a future where the service model applies across most categories.

JWS I think that gets to the on-demand economy. In a world in which people are under increasing financial pressure, people will look to be able to afford what they want, and service models will be an opportunity. People may want to buy that slice as opposed to buying the whole thing. It may cost me more over five years to take Uber everywhere, but I can afford Uber in 12 $30 slices. A $300 per month car payment might be too much.

JF The Bloomberg terminal is a good business-to-business example. It has had a strangle hold on the financial industry for a long time. But now there are several smaller start-ups that offer a similar product with a different business model and at a lower price. There's a regulatory and infrastructure aspect to some of these businesses that's beginning to be disrupted. Brands like Uber or Airbnb are able to exploit archaic regulatory systems.

NH I think the splinter brands will be able to make nice premiums, because one of the things that I observe looking across all of our data is that there are very few mass-market brands that can command any significant premium. If you plot the size of the brand in volume sales against its premium relative to the marketplace you invariably end up with some sort of negative relationship. >>

> **Splinter brands will not necessarily be brands for all time... they'll be short-lived brands. They'll fill a human appetite for novelty. And no one wants one brand to own everything.**

NH If you believe that brands stand for values and association and identity, as you try to broaden out beyond a fairly tightly defined group of people, it becomes really difficult to get them to consider you if you're charging a premium, because they don't care as much about the offering as the original group did. I come back to this bifurcation that we're going to have where the big tent brands may all be value plays. They may be your white box of detergent. Great product. Great price.

JWS If you put technology and economic trends on top of that it adds to the dynamic.

NH Then there are splinter brands that people will migrate to because there really is something about the brands that genuinely speaks to people's specific needs or values or identity. We see the same thing in the global and local dynamic. You've got these big global brands. People want an Apple iPhone because it makes them part of the global club. You're in Brazil but you have the same stuff as some guy from the US. I had a conversation with a Brazilian colleague who couldn't understand the resurgence of the Welsh or Catalan languages. He asked, why would anyone want to learn a dead language? For him, being part of the global scene was what's really important. But increasingly, there is also a desire for local identity.

JF I think that these splinter brands will not necessarily be brands for all time. I think they'll be short-lived brands. They'll fill a human appetite for novelty. And no one wants one brand to own everything. I recently completed an analysis about the craft phenomenon in the soft drinks category.

Carbonated beverage consumption continues to decline but overall drink consumption is not down. Beverage consumption moments are being distributed over a much broader set of possibilities. Some of the options are about health but others are just about variety. There are a massive number of craft soda players. Where is this going to end up? We could see a lot of acquisition. Or we could see the major brands riding the coattails of some of the craft brands until the trend stalls.

NH The large multinationals are good at producing at scale, where it is difficult to command a premium, but they're not particularly good at developing niche brands. There is an organizational issue here. If those companies want to develop splinter brands they will have to go to a whole new model. There is a brand called Epic, a new kind of health bar that includes meat protein and was developed by a couple of runners and purchased by General Mills. So from something with a cult-like origin you have something that potentially appeals to a mass market. What does Epic not have? Distribution. What can General Mills provide? Distribution. It will be all over the country just like Burt's Bees or Tom's of Maine.

JF And what will happen to FMCG or personal care when we start printing our own products?

NH That's interesting. For durables you move to a licensing model – and you better have something worth licensing.

BRAND BUILDING ACTION POINTS

1 Tell the brand story

Strong brands will help future-proof businesses. They will play a somewhat different but essential role in a future that presents consumers with greater choice. When some products are replenished automatically, consumers will rely more on brands for considered purchase decisions.

2 Push brand boundaries

Revise the role of brand guardianship. It is no longer about simply being the regulator who enforces consistency. The role needs to be more entrepreneurial, less about policing the boundaries and more about pushing them to their limits. Being brand guardian means being open to new solutions, such as creating a product or a service, not simply an ad.

3 Think outside the category

Define the brand by what it does and the benefits it provides, not by the category that it conveniently sits in. Focus on real consumer needs and follow them. Think outside categories, because they are less relevant as brands cross category boundaries to pursue new opportunities.

4 Follow your bliss, not the money

Global reach and volume is not the only game in town. There are highly profitable local brands that can carry on for years, generating value in the minds of consumers and in the stock market. Access to resources, including talent, technology and capital, used to require scale. Not anymore.

5 Take risks

New metrics will be able to measure the success of social media and other digital marketing initiatives. A marketing idea with success measurements can turn a formerly risky venture – a start-up, for example – into an opportunity worth pursuing.

DIGITAL

NEW TACTICS NEEDED TO GAIN CONSUMER ATTENTION IN TIME OF PERVASIVE MEDIA

Find solutions in big data and digital channels

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Most leading brands are aware of the brass ring in the rapidly developing "digital age" but few of them know how to grab the potential opportunities.

Brand marketers sense that they may be missing a "bigger opportunity," as advertising on TV continues to play a prominent role due to lack of precision marketing in mobile and social media channels. With fewer rules and restrictions, digital channels give marketers tremendous reach and precision to engage their customers in real time, and it is all completely "trackable."

With consumers spending up to 70 percent of their time on mobile devices, it seems obvious that mobile is the new domain of all marketers. And though the benefits of transforming digitally may come with a cost – disruption to the culture of your organization – one thing for sure, your marketing team must transform or die.

However, conventional wisdom about traditional media no longer applies. Pervasive computing is leading us to pervasive media. With consumers constantly inundated with information, your advertising message has lost its meaning.

groupm

GroupM's primary purpose is to maximize performance of WPP's media agencies by operating as leader and collaborator in trading, content creation, sports, digital, finance, proprietary tool development and other business-critical capabilities.

HOW TO CATCH THE DIGITAL WAVE:

1 Go big on big data or go home

Invest in the right analytics. In modern digital marketing, in-depth consumer insights are even more important than ever before and the backbone to your marketing. The latest big data predictive analytics provide the power to get valuable insights on your customers; know their media consumption habits, the content they consume, their product preferences and motivations. These kinds of data are crucial for predicting consumer behavior, and, in turn they allow companies to feed customers the right content in the right channels all in real time. The mantra of GroupM and WPP on big data is that we should be able to apply "all the data, to all the inventory, all the time and in real time."

2 Be in the right channels

The prevalence of mobile and social forces means marketing opportunities can emerge at almost any moment. Digital marketers need to adopt a "moment mindset" – predicting, identifying and utilizing every moment to draw consumer interest and entice purchase. As an example, mobile payment is a key enabler in China's rapidly growing online-to-offline business, where start-ups use apps, email, and other digital tools to entice shoppers to buy from physical stores or to purchase real-world services.

3 Make a visual impression

In a world of overwhelming media channels, each offering endless information, the audience's attention span has been reduced to as little as eight seconds. Visual marketing has become an important differentiator to capture attention and arouse interest. As an example, brands are increasingly adding emojicons into their brand marketing to attract the youth audience. A growing number of brands are using animated GIF images or animation elements to communicate. To this end, marketers should make sure their online campaigns are enriched with adequate visual appeal.

4 Use the newest technologies

New technologies continue to enhance consumer experience. They will play a pivotal role in enabling the power of digital marketing. Brands now have an arsenal of established technologies under their belts, including Virtual Reality, Augmented Reality, 360° panorama video and indoor navigator. The emergence of the Internet of Things, in which sensor-linked objects, actions and capacities are tethered to a network, and where data communication will become part of everyday devices, offers an intriguing tool for digital marketers to collect and analyze data and reach customers.

DIGITAL BEHAVIOR ANALYTICS

NEW DIGITAL ANALYTICS MEASURE AD EFFECTIVNESS FOR BUILDING BRANDS

Results confirm that great creative drives stronger brands over time

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The world of measurement is changing - but a bit of enduring wisdom never hurts. For all that is new, the old rules still apply: great advertising builds great brands. What's different, now, is that we can see this in new ways. We have new data sources, new measurement tools, new analysis approaches. So those of us in marketing have a choice. We can throw away all our preconceptions, start from scratch with no expectations, and be guided purely by what patterns there are in these new data. Or we can take what we already know about what makes brands great, and look for better/faster/easier/cheaper ways to measure them. Starting with a blank sheet of paper can feel liberating - but it's madness.

Millward Brown's newest tracking approach, "Digital Behavior Analytics," takes the latter approach. It applies advanced analytics to digital signals like search patterns and social conversation to derive validated indicators of attitudes and behaviors that we already know build strong brands. Long-term trends in brand search patterns, for example, act as an indicator of brand Salience in people's minds. Differences in social conversation volumes across brands in a category reflect how dynamic and innovative a brand is perceived to be. Search trends and Social may be new types of data - but Salience and dynamism are long-standing aspects of brand equity whose importance have been proved time and time again.

Those same data sources and analytics can also provide indicators of advertising impact and effectiveness. Campaigns that have good in-market cut-through and strong creative are much more likely to drive increases in buzz about the brand. Advertising that successfully communicates news or delivers a compelling message is far more likely to increase searches for the brand. Cut-through and news have always formed the bedrock of our advertising assessment frameworks - now we can just see them faster through these new approaches. New tools and new data sources don't necessarily need to mean new philosophies. Digital data can provide flexible, cost-effective ways to measure the things we already know matter.

If the old rules still apply in our world of measurement, it's because they also still govern how consumers respond to advertising. By combining Millward Brown's Digital Behavior Analytics with Kantar Media's advertising tracking data, we've looked at some of the biggest movers in the BrandZ™ Global Top 100 to see how much creative impact their ads make. Regardless of how new or established the brands were, we saw that strong creative drives stronger, more valuable brands over time. Though the range of opportunities for highly tactical, efficient and effective personalized marketing has grown hugely, great advertising that gets people talking remains a worthwhile investment for young challengers and old powerhouses alike. >>

MillwardBrown

Millward Brown is a leading global research agency specializing in advertising effectiveness, strategic communication, media and brand equity research.

DIGITAL BEHAVIOR ANALYTICS

GROWING BRANDS

Effective advertising, brand strength form virtuous circle

Tesla, a new entrant into the BrandZ™ Top 100 this year, is one of the new kids on the block. Its brand advertising and advertising impact show a pattern common to new and up-and-coming brands. Tesla's brand equity has grown a lot over the last few years, and while famously not an advocate of traditional above-the-line advertising, the few marketing dollars it does spend have grown noticeably in both value and effectiveness in 2015 compared to previous years, and we see this manifest itself in increased impact on both conversation but also search as a result. At the same time, brand-supported interest and buzz continues to increase over the long term. Like many young brands, Tesla shows the impact of effective advertising – in whatever channel - on driving growth; and as its brand gets stronger, so its communications become more efficient and more effective at converting into brand equity. This is a virtuous circle: the more activity a brand does, the more people will know it; and the more a brand is known to people, the more meaningful – and therefore effective – its advertising becomes.

ESTABLISHED BRANDS

Strong creative cut-through is king for brand building

Advertising doesn't just build brands by getting them better known. It is a hugely powerful tool for brand growth, even for established brands. Dove has been a strong, well-known personal care brand for decades, yet this year the brand has increased in value by 3 percent, ahead of the category as a whole. This is, clearly, not due to greater awareness – you would struggle to find a shopper in the western world who hadn't heard of Dove. With little new product news we see little change this year in the ability of their advertising to deliver messaging – but we have seen a significant and continuing increase in its creative cut-through. Campaigns such as Dove's "Choose Beautiful" execution showing women choosing between doors marked "Beautiful" or "Average," and Dove Men+Care's Father's Day creative featuring footage of new fathers-to-be finding out they were to be a dad, led to 2015's advertising demonstrating an increase of over 50 percent in efficiency at generating conversation about the brand. Even with little new messaging, strong creative is able to make Dove's meaningful difference more mentally available for people.

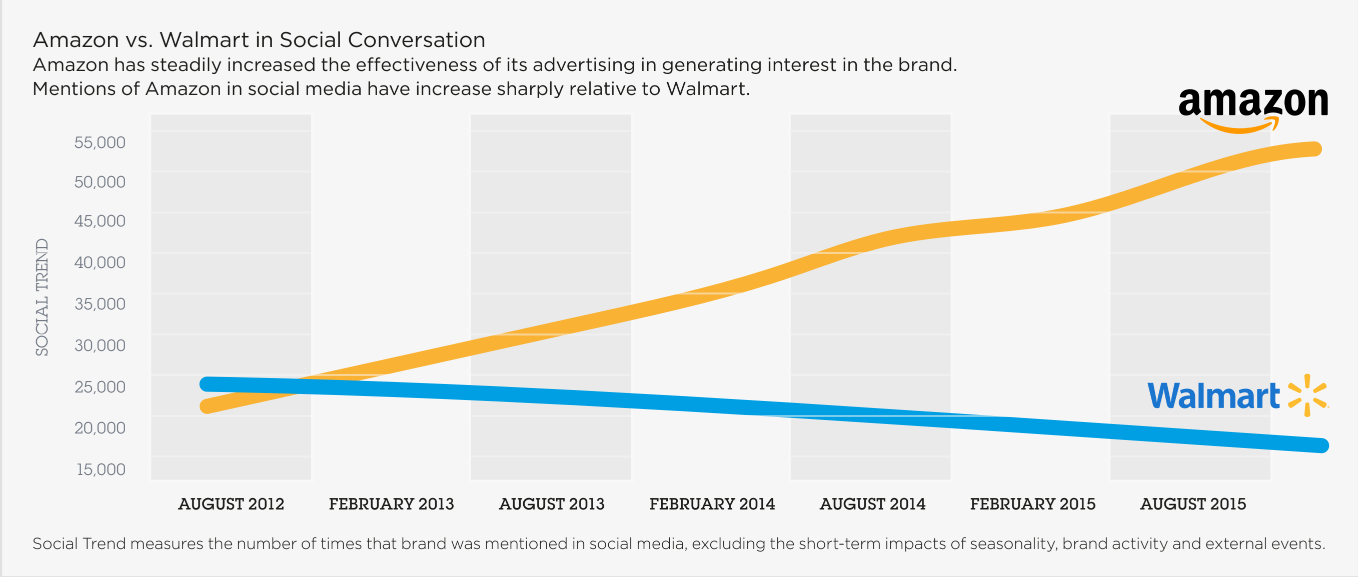
Similarly, Amazon, the fastest-growing brand in the BrandZ™ Global Top 100, has steadily increased the effectiveness of its advertising at generating interest in the brand. This has translated into a steeply increasing base of social conversation, sustained by the brand being perceived as different and innovative/newsworthy. This is a sharp contrast to rival Walmart, whose trend in distinctiveness and dynamism is firmly in the opposite direction, with any conversation increasingly having to be bought through high media spend.

NON-TRADITIONAL MEDIA

Sponsorships and partnerships also drive brand engagement

Two of the big Brazilian beer brands, Brahma and Skol, have both seen strong growth in value this year, which we see paralleled in the increases in base levels of conversation about both brands. But perhaps the most interesting outcome is the proof that it's not just traditional advertising that is capable of driving strong brand engagement. In 2015, Skol's sponsorship of music festivals had a far greater – and more sustained – impact on the brand than any of its more traditional activity, generating the highest levels of search and social seen for the brand over the last four years. As a result, by the end of 2015, the digital indicators of Skol's brand Salience and Dynamism both begin to strongly pull away from the category. Aligning itself with properties that people genuinely care about and that fit with the brand can have greater lasting impact on the brand than channels with much higher reach if they don't deliver the same emotional connections.

Amazon generates more social media conversation than Walmart



Source: BrandZ™ / Millward Brown / Kantar Media

TAKEAWAY

Creative cut-through drives brand growth in old, new channels

This is an exciting time to be in our industry. New media channels emerge, new technology makes different types of interaction with consumers possible, and the volume and variety of new data sources is both exhilarating and daunting. But the old rules still apply, even if we can now see them at work and respond to them in new ways. Brands become more valuable when they have clear meaning to consumers, are seen as different and dynamic, and come to mind when it counts. Creative communications that cut through, generate interest and spark conversation are still the drivers of brand growth, in old channels and new. We can't go backwards, nor would we want to – but we can be confident that the fundamental truths of good communication will be the same in the next age of advertising as they were in the last.

Business-to -Business

OVERVIEW

Economic factors slow B2B brand value rise

But B2B brands demonstrate long-term stable growth

Slower growth in China, Brazil and Russia, along with the precipitous drop in oil prices, especially challenged business-to-business (B2B) brands. They populate the two categories most affected by those factors: oil and gas, which declined 20 percent in brand value; and banking, with global and regional bank brands down 11 percent and 12 percent, respectively.

A third factor – the technology category shift to cloud computing – continued to affect the value growth of B2B technology brands. Even the most iconic B2B technology brands felt the perfect storm of global economic weakness, rock-bottom oil prices and category disruption that required major investments of time and money to develop and implement new strategies and business models.

Consequently, the 2016 BrandZ™ B2B Top 20 declined 5 percent in brand value, and only five of the 2016 BrandZ™ B2B Top 20 increased in value. The Business-to-Consumer (B2C) Top 20 performed somewhat better, increasing 10 percent in brand value, with all but five of the B2C Top 20 increasing in brand value. This contrast resulted in part from the year's unusual confluence of market forces; viewed over time, however, B2B brands show greater stability than B2C brands.

All 20 B2B brands in the 2016 ranking also appeared in the 2015 B2B Top 20. But only 16 of the 2016 B2C Top 20 brands also appeared in last year's B2C Top 20 ranking. Reviewing performance over time, 14 of the B2B brands that appeared in the 2006 B2B Top 20 also appeared in 2016, while only eight of the 2006 B2C Top 20 brands remain in the 2016 B2C Top 20. The results testify to the consistency of the B2B brands and their ability to adjust and endure even during difficult periods like the past 11 years, which included the global financial crisis and its aftermath.

Over the 11-year period from 2006 to 2016, the BrandZ™ B2B Top 20 brands grew 68 percent in value, much less than the 215 percent increase for the B2C Top 20. The difference in growth rates reflects the predictable performance of large and well-established B2B brands, and also the rapid rise of recent start-ups and younger B2C Top 20 brands such as Facebook and Apple.

Because of the rapid rise of B2C brands, especially in the technology category, and the steady but slower growth of B2B brands, the proportion of brand value in the BrandZ™ Global Top 20 has shifted over time from B2B to B2C. In 2006, B2B brands totaled 59 percent of the BrandZ™ Global Top 20 value. In 2016, the B2B Top 20 value totaled only 35 percent of the Global Top 20 value.

Business and consumer brands collaborate

Only these five B2B brands, all in technology, increased in value in the BrandZ™ 2016 Global Top 100: Microsoft, SAP, Accenture, Huawei and Intel. And in two instances, the increases occurred as B2B brands shifted toward B2C in corporate culture or product offering. These instances reflect a larger trend of B2B and B2C blending in the technology category.

Under new leadership, Microsoft began to transform from a traditional B2B central-control structure to a collaborative culture, more typical of the B2C technology brand leaders. Huawei, the Chinese telecommunications equipment maker, led the B2B Top 20 in brand value growth, based on a 44 percent increase in sales of its smartphones, which are essentially consumer products.

The technology category is experiencing some "consumerization" as B2B brands introduce more consumer devices into the workplace and more collaboration takes place. IBM, Cisco and SAP have partnered with Apple, for example. These partnerships push more consumer devices into the workplace and enhance consumer devices with more enterprise apps.

Over the past 11 years, B2C technology brands have grown 358 percent in value compared with a 84 percent rise for B2B technology brands. The B2C brands now account for 65 percent of the technology category value, compared to just 43 percent 11 years ago.

Not surprisingly, because of depressed crude oil prices, the oil and gas brands in the B2B Top 20 – Exxon Mobil, Sinopec and Shell – declined most in brand value. But even these B2B brands looked for possibilities in their B2C businesses. Shell, for example, operates over 45,000 service stations worldwide. Many multinational oil and gas brands warmed their messaging in order to target consumers.

OVERVIEW

Pressures cross categories

Several of the B2B technology leaders continued the difficult transition to cloud-based businesses. HP split into two publicly traded entities: Hewlett Packard Enterprise, which focuses on software, cloud storage, and networking; and HP Inc., which continues the core printer and PC businesses. HP also planned a further spinoff from Hewlett Packard Enterprise, and SAP grew its cloud subscriptions.

A combination of economic slowdown and category disruption also impacted the B2B logistics brands: UPS, FedEx and DHL. While the rise of e-commerce drove additional revenue for these brands, it also stressed operations. In addition, Amazon, the largest e-commerce brand, and a major customer of the logistics companies, increased capacity to deliver its own orders. Operating both e-commerce and cloud storage businesses, Amazon best exemplifies how brands are blurring the borders of B2C and B2B.

Among the bank brands in the BrandZ™ B2B Top20, HSBC and Citi meet the BrandZ™ definition for "global" banks, because they derive at least 40 percent of their revenue from outside their home market. Wells Fargo, in contrast, is a "regional" bank with most of its business centered in North America. The decline in value of both global and regional brands reflects in part the widespread impact of global economic pressures on B2B brands.

Global pressures impact B2B Top 20 brands

Global economic pressures that slowed the brand value growth of the 2016 BrandZ™ Global Top 100 especially affected B2B brands.

BrandZ™ Top 20 Most Valuable B2B Brands 2016

Rank	Brand	Category	Brand Value $Mil.
1	Microsoft	Technology	121,824
2	IBM	Technology	86,206
3	Wells Fargo	Regional Banks	58,540
4	GE	Conglomerate	54,093
5	UPS	Logistics	49,816
6	SAP	Technology	39,023
7	accenture	Technology	22,813
8	hp	Technology	21,387
9	HSBC	Global Banks	20,276
10	ORACLE	Technology	19,489
11	HUAWEI	Technology	18,652
12	intel	Technology	18,632
13	citi	Global Banks	17,055
14	ExxonMobil	Oil & Gas	16,838
15	FedEx	Logistics	16,236
16	Shell	Oil & Gas	14,940
17	cisco	Technology	14,508
18	Sinopec	Oil & Gas	13,206
19	DHL	Logistics	13,199
20	SIEMENS	Conglomerate	12,485

Source: BrandZ™ / Millward Brown (including data from Bloomberg and LinkedIn)
Note: B2B brands are defined as those that generate the majority of their revenues from the B2B business.

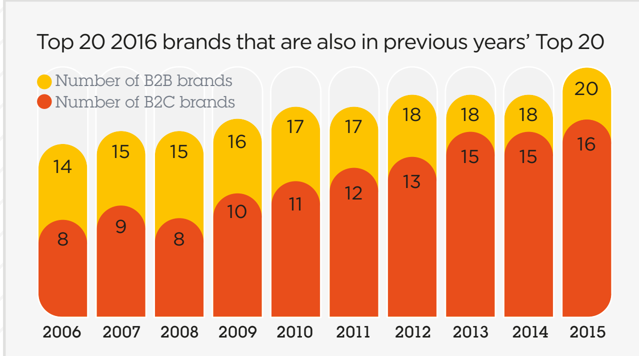
Market forces slow B2B value growth short term...

The B2B Top 20 declined 5 percent in brand value, as the B2C Top 20 increased 10 percent.

	2015 BRAND VALUE	2016 BRAND VALUE	% VALUE CHANGE
Top 20 B2B	$682 Bil.	$649 Bil.	-5%
Top 20 B2C	$1,544 Bil.	$1,691 Bil.	+10%

... But the B2B brand ranking is more stable over time than the B2C...

All the B2B brands that appeared in the BrandZ™ B2B Top 20 in 2016 also appeared in 2015. Only 16 B2C brands from the 2015 ranking appeared again in 2016. Over the past 11 years, B2C churned more than B2B; 14 B2B brands from 2006 remain in the B2B Top 20, but only eight B2C brands remain in the B2C Top 20.



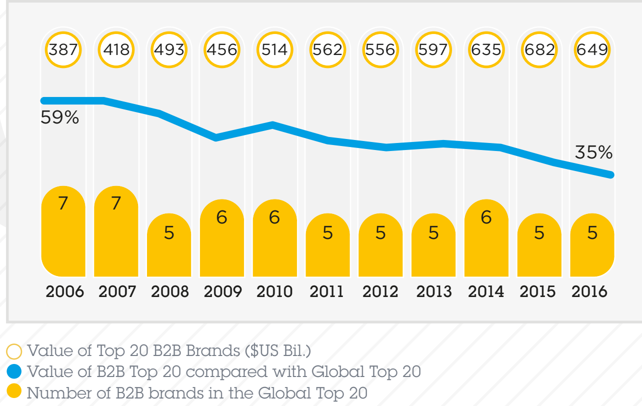
... Although B2B brand value grows more slowly...

Driven by the entrance of fast-growing technology brands such as Google, Facebook and Apple, and the rise of Amazon and Alibaba, the BrandZ™ B2C Top 20 increased 215 percent in brand value over the past 11 years, compared with a 68 percent increase for the BrandZ™ B2B Top 20.

	2006 BRAND VALUE	2016 BRAND VALUE	% VALUE CHANGE
Top 20 B2B	$387 Bil.	$649 Bil.	+68%
Top 20 B2C	$537 Bil.	$1,691 Bil.	+215%

... And the B2B Top 20 becomes more dominant

In 2006, the B2B Top 20 value totaled 59 percent of the Global Top 20 value. In 2016, the B2B Top 20 value totaled only 35 percent of the Global Top 20 value. In 2006, seven B2B brands ranked in the Global Top 20, but by 2016 that number had declined slightly to five.



Source: BrandZ™ / Millward Brown

BRAND BUILDING

Value rose fastest for B2B brands viewed as having strong potential

Potential depends on purpose, responsibility, love and innovation

When inevitable and often unpredictable market fluctuations disrupt corporate performance, as in the 2016 BrandZ™ Top 100 Most Valuable Global Brands, strong brands add stability, and they help accelerate growth during better times.

Strong brands share three characteristics. They are: (1) Meaningful in ways that meet both functional and emotional customer needs; (2) Different in being perceived as trendsetters and unique from the competition; and (3) Salient in coming to mind quickly and easily at the moment of purchase.

BrandZ™ uses three key metrics to describe and measure the ways in which meaning, difference and salience impact brand equity. These three metrics were based on almost two decades of study of the world's strongest brands, and have been validated to in-market performance. Brand Power describes a brand's ability to generate volume demand. Brand Premium describes a brand's ability to command a premium price. Brand Potential describes a brand's ability to grow market share in the future.

These metrics are as relevant for B2B brands as they are for B2C brands. Achieving Brand Potential, for example, requires performing well on several interrelated aspects of brand building, including:

PURPOSE

Purpose can be about a lofty objective such as making the world a better place in some way. But brand purpose is always about clarity in terms of what the brand stands for: its proposition or reason for being, the ways in which its very existence is important for the customer because of the useful, or even unique, benefits it provides.

RESPONSIBILITY

Responsibility has to do with the brand's behavior as a corporate citizen: its impact on the environment, its engagement with communities it serves, and its attitudes and behavior toward its employees. Responsibility is one of the factors that influence trust.

LOVE

There are many large and enduring brands that operate in categories being disrupted by changing consumer expectations. As brands respond to those concerns, transformation takes time. Brands that are loved benefit from greater customer patience.

INNOVATION

Perceived Innovation is about leadership, bringing something into the market that is new and not just iterative: new products, services, communications, or packaging – any introductions that are different and shake things up for the benefit of the customer.

Brand potential drives value

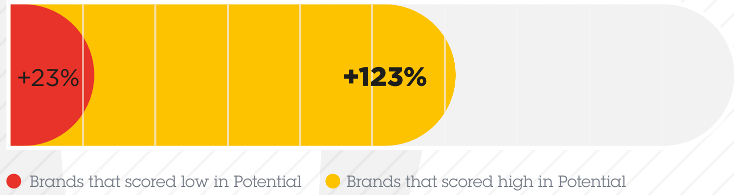
Dividing the B2B Top 20 into two groups – brands that scored high on Brand Potential in 2006 and brands that scored low on Brand Potential in 2006 – and comparing the performance of the two groups over the past 11 years reveals that brands with high Brand Potential increased 123 percent in value, while the brands with low Brand Potential increased only 23 percent in value. High scores in purpose, responsibility, love, and innovation also correlated with higher rates of brand value growth.

Research into the drivers of Brand Potential can provide an advantage for brand owners and marketers enabling them to engage consumers in meaningful ways that maintain differentiation. >>

BRAND BUILDING

B2B brands with high Brand Potential grew much more in value

Of the 14 brands that appeared in both the 2006 and 2016 B2B Top 20, about half scored high in Brand Potential, increasing in value 123 percent. These brands far outperformed the brands that scored low in Brand Potential, which grew only 23 percent in brand value.

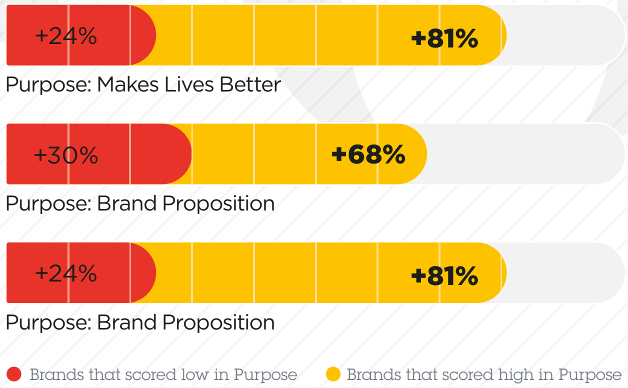


BRAND IMPLICATIONS:

Being meaningfully different today creates success tomorrow – Brand Potential. Brands that score high in Brand Potential grow faster in value. It is important to cultivate the drivers of high Brand Potential, which include: purpose, responsibility, love, and innovation.

Brands scoring high in purpose grew faster in value...

Brands that scored high in Purpose grew more in value than brands that scored lower. And the difference in growth rates is substantial, as becomes clear when the various aspects of Purpose are unbundled. Brands that scored high in "Makes Lives Better" grew 81 percent in brand value between 2006 and 2016, while brands that scored lower in that component grew only 24 percent.

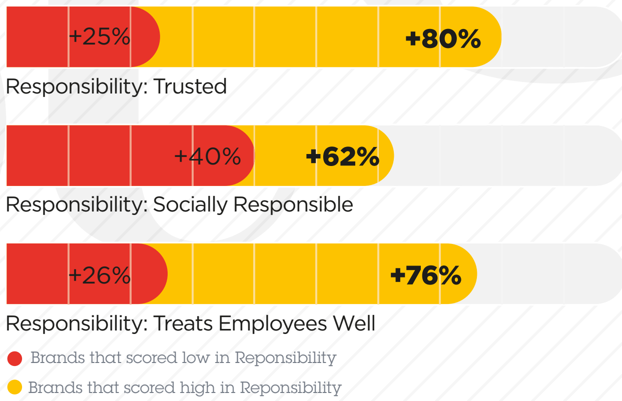


BRAND IMPLICATIONS:

Brands that think of their consumers, rather than only themselves, and genuinely attempt to improve consumers' lives will succeed to a much greater degree.

... Responsibility, trust drive value...

More trusted brands grew 80 percent in brand value between 2006 and 2016, while less trusted brands grew only 25 percent.



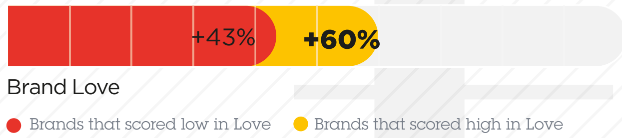
BRAND IMPLICATIONS:

This finding is important for B2B brands, which are often in categories, such as technology or banks, where customer trust is an important issue. In technology, concern with privacy and data protection will become even more evident with the implementation of the Internet of Things and the greater involvement of technology in people's lives. Trust is critical for banks, especially among millennials, as banks seek to expand their retail businesses. Some brands have a reservoir of trust built up over time. But to be sustained, trust needs to be renewed constantly. Similarly, companies that are seen to treat their employees well grew brand value at three times the rate of companies less known for treating their employees well.

Source: BrandZ™ / Millward Brown

... Love also drives value ...

This finding dispels the notion that people may be emotionally engaged with B2C brands but not with B2B brands. The brands that scored high in love increased brand value 60 percent over the past 11 years, compared with the brands that scored low in love and increased value only 43 percent.

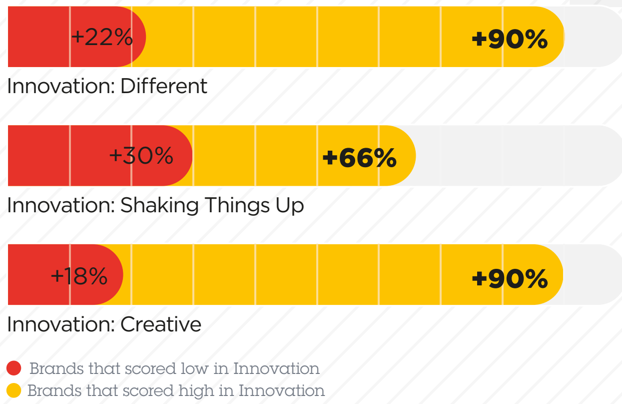


BRAND IMPLICATIONS:

Love is an important discriminator between brands that are more successful or less successful. It is important for a brand not just to be loved but to be loved for a purpose – that is, for the contribution the brand makes to people's lives.

... And innovation can have an enormous impact on value

The brand value impact of being perceived as different or creative is enormous. Brands seen as different or creative almost doubled in value between 2006 and 2016, while brands perceived as low on those characteristics improved in value only by around one-fifth over those 11 years.



BRAND IMPLICATIONS:

The drivers of value for B2C brands also hold for B2B brands, and they provide an excellent guide for driving future value growth.

Source: BrandZ™ / Millward Brown

B2B brands score well in Potential but lag B2C

Business-to-business brands score well above average in Brand Potential and in all the attributes that contribute to Brand Potential. They score somewhat lower than business-to-consumer brands, however. Consumer-facing brands may pay more attention to brand building, and in some instances the B2B brand strengths may not be as clearly understood and appreciated.

The BrandZ™ B2B Top 20 brands score 108 in Brand Potential overall, and the BrandZ™ B2C Top 20 brands score 118, using an index that sets the score for an average brand at 100. B2B brands outscore the B2C brands on only one driver of Brand Potential: "Treating Employees Well." B2C brands outscore B2B brands on the other drivers. The B2C brands are strongest in Innovation, especially the attribute of being seen as Different, where they score 146, while B2B brands score 110. The B2C brands score 125 in Brand Love, compared with 106 for B2B brands.

B2B brands score well in all Brand Potential measures

The BrandZ™ B2B Top 20 brands score 108 in Brand Potential overall, well above average, although less than the BrandZ™ B2C Top 20, which score 118.

Top 20 B2B compared to Top 20 B2C

		B2B	B2C
Purpose	Makes Lives Better	110	119
	Brand Clarity	105	107
	Brand Proposition	111	117
Responsibility	Trusted	107	119
	Socially Responsible	106	109
	Treats Employees Well	113	108
Love	Brand Love	106	125
Innovation	Different	110	146
	Shaking Things Up	113	120
	Creative	107	108
	Average Score	108	118

Average Brand = 100

BRAND IMPLICATIONS:

The takeaway from the lower Different score for B2B brands is not that they lack Innovation, but that compared with B2C brands, they are less perceived as innovators. B2C brands receive credit for innovating; B2B brands not as much. Similarly, the contrast in Brand Love scores means that B2C brands are more loved, but it does not mean that B2B brands are unloved. There is room for B2B brands to more effectively communicate underappreciated strengths. These changes would help B2B brands grow in brand value and market share over time.

Source: BrandZ™ / Millward Brown

TALENT

Recruitment of talented individuals critical for future B2B brand success

Requires insight about millennials' social values and work priorities

Recruiting and retaining talent is a central challenge for business-to-business brands, especially as they appeal to potential employees born in the final two decades of the twentieth century, who today are entering the job market or moving into management positions for the first time: the millennials.

INSIGHT

Profit is only one of many concerns for millennials

In our series of studies for Deloitte, we asked millennials to tell us how they define an organization that leads. It's everything that begins with "P" – people, products, profits and purpose. Treatment of employees came out number one, followed by an organization's impact on society (an obvious link to purpose) and creating innovative products and services. Then came financial success and having a well-defined and meaningful purpose that it is true to. Consistently around nine of 10 millennials have said that the success of a business should be measured in terms of more than just its financial performance. They're not naïve though, and they recognize money making as a vital component of business success.

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There are currently about 75 million members of this generation in the US alone, according to US government statistics, making millennials America's largest generation, having just surpassed the baby boomers, who are now in middle age or transitioning into retirement and opening up job opportunities for younger workers.

The term "generation gap" described the sharp wedge of social attitudes and behavior with which boomers asserted their independence and separate identity. The millennial coming of age, if less radical, is also disruptive. Millennials do not reject the existing order, but they assert a particular reformist vision powered with the communication tools of a connected world.

Millennials are not fond of borders. They affirm absolute social equality across all designations, including race, religion, nationality, sex and gender. They balance their individualism and entrepreneurialism with a commitment to communal well-being. For millennials, the earth is a sanctuary for all the earth's inhabitants to share, enjoy and protect. They want to live well, but on their own terms.

Millennials express these attitudes in the marketplace. They have nudged beer drinking to craft brands, car ownership to car sharing, fast food to healthier options, luxury to more playful colors, apparel to fast fashion, banking to mobile payments, and personal care to more diverse views of beauty.

Seeking meaning in work

Millennials also express their attitudes in the workplace. The boomers viewed employment as an aspect of their quest for self-fulfillment. The previous generation, the boomers' parents, acted more practically, coming of age during the Depression, when work, if available, implied a lifelong contract. Millennials typically look for work that has personal meaning, with companies that advance – or at least do not contradict – their concerns about social welfare, the environment and other issues. Like the generations that preceded them, millennials seek career advancement, but they resist time commitments that intrude too much on the rest of life. Technology is a popular employment destination for millennials, especially brands they view as innovative and mission-driven – those that look to improve the world while making a profit from their good works.

The impact of millennials is a global phenomenon. The gap between millennials and prior generations may be widest in countries like China and India because of the sharp difference in life experience between parents who grew up in more traditional societies and aspired to a good life, and their children, many of whom grew up living *only* the good life.

While generalizing about any generation is hazardous, research indicates that millennials present employers with many specific challenges. Millennials are more transient than earlier generations. In a global research study for Deloitte conducted by Millward Brown, two-thirds of millennials expected to leave their current jobs within five years. The disruption caused by this churn – the loss of valuable experience and the constant need to invest in training – point to the importance of inspiring loyalty. >>

TALENT

INSIGHT

Millennials move into B2B brand leadership roles

A larger percentage of people involved in decision-making at B2B brands are now millennials. The implications of that are enormous in terms of how these brands communicate, the channels they use, the way they approach these people and the expectations this audience has. If you look at the large B2B categories, the marketing leaders in those organizations - often millennials themselves - are exploring an ever-increasing array of marketing tools and techniques, using more video, more emotive messaging and more social media. They recognize that as the decision-makers they are targeting are increasingly millennials, they need to have a different kind of conversation with them.

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The research study found that salary was the top requirement for job satisfaction. But salary is a basic hygiene factor. Much more revealing were the three factors that followed, in priority order: work-life balance, opportunities to progress and flexible working hours. In addition, there was a correlation between loyalty to the company and a belief that the company had a purpose or stood for something meaningful.

LinkedIn, the B2B social network, discovered similar results in a survey of 10,500 LinkedIn members worldwide. People said compensation was important, but it was not the most important factor when deciding to leave a job or accept a new one. Rather, people named career opportunity as the key motivator in switching jobs. Half of the millennials studied, compared with 28 percent of the baby boomers, expressed concern about limited advancement opportunities. Similarly, 43 percent of millennials, compared with 22 percent of baby boomers, said they sought more challenging work.

Providing opportunity is key, but as a recruitment advantage in a competitive marketplace, opportunity can be strengthened when paired with purpose. Companies that are innovative or seen as setting trends, seem to have a greater depth of purpose, according to BrandZ™ research. That purpose influences how people feel about the brand and, as it relates to employment, how effectively a brand can recruit and retain talented young people.

Communicate the brand emotionally

Human resource departments typically focus on the functional aspects of employment, such as compensation, health benefits or vacation days, but emotional components are especially relevant when appealing to millennials. Many of the leading B2B technology brands, renowned for rationality and scientific expertise, have begun to communicate more emotively.

IBM has explained the potential of its complicated shift to cloud computing and artificial intelligence by "humanizing" the computing power with the robot Watson as spokesperson. In one commercial, Watson sits in a circle with other robots, attending a group therapy session conducted by Carrie Fisher, the only human in the room. A General Electric commercial features a conversation among millennial programmers comparing their new jobs. A young man boasts about the apps he created with animals wearing funny hats. His friend describes how, working at GE, he can make hospitals more efficient. The commercial notes that an industrial company also can be a digital company; it ends with the tagline: "Get yourself a world-changing job."

In these examples, 105-year-old IBM and 124-year-old GE, which includes Thomas Edison among its founders, relate as if they are millennial-generation brands like Apple or Google. HP takes a similar approach in an ad campaign about reinvention. A commercial tied in with *Star Wars* features a young man creating a C-3PO robot in his family's garage and having the robot deliver two *Star Wars* movie tickets to a surprised and impressed young woman. The commercial is titled "Reinvent Romance." The voices of iconic B2B and B2C technology brands resonate emotionally in part because both are increasingly targeting the same prospective customers and employees. For the B2C brands that create ecosystems intended to captivate customers with frictionless experience, emotional communication seems natural; for B2B brands it is a step change.

Emotion also can be an important differentiator. When choosing technology vendors, IT directors typically consider only a few peer brands with comparable reputations for functionality and service. If a rational assessment of the options does not yield a clear choice, the emotional appeal of the brand becomes decisive. A strong brand adds implicit reassurance. In a similar way, when competing for talent, the brand, and everything the brand signifies, differentiates the company and increases its appeal.

What the brand signifies depends in part on how the brand is communicated, especially when competing for talent against B2C brands, which are faster-growing and more volatile. B2B brands tend to be more stable. The 2016 BrandZ™ Top 20 B2B brands have not changed from the BrandZ™ B2B Top 20 a year ago. In contrast, only 16 of the 2016 BrandZ™ B2C brands appeared in the 2015 B2C Top 20. The stability of B2B brands could suggest they are less innovative than B2C brands. But stability also represents commitment and long-term purpose, characteristics that appeal to millennials.

Walk the talk

Even the most emotional and well-crafted message, broadcast across all relevant social media, is insufficient, and probably a waste of resources, if the actions belie the words. The need to walk the talk is especially relevant in financial services, where banks need to attract more millennial customers and employees. It is a virtuous circle.

As wealthier clients age, banks need to attract younger customers with years of wealth accumulation still ahead of them. Appealing to these customers depends to a degree on also recruiting younger staff to whom they can relate more naturally. However, bank efforts to recruit millennials are hindered by bank reputation problems, a hangover from the global financial crisis, but also the result of more recent, well-publicized regulatory misbehavior. In addition, financial technology competitors attract millennials with mobile banking options.

Many bank brands understand the challenges. They are improving or acquiring technology, and they are initiating programs that match millennial career goals and social values. Citi introduced several options to better match the needs of young people seeking to balance career advancement with social-action priorities and other interests. One program provides an opportunity to take a year off to pursue charitable endeavors. Another program enables young employees to spend a month in Kenya working on microfinance projects.

J.P. Morgan allows young workers to spend a portion of their time helping nonprofits. Barclays developed a program called "LifeSkills," an online resource for helping young people gain the practical knowledge needed for success in the workplace. Goldman Sachs changed the tasks assigned to new bankers to make the work more varied and interesting. ING Bank's "Think Forward" strategy emphasizes the need for its bankers to be honest, responsible and prudent to make things happen and help others succeed.

The impact of millennials

The increasing presence of millennials in management positions raises questions about how companies may change with their influence and leadership. The research conducted for Deloitte by Millward Brown compared the business priorities of millennials with what millennials perceived to be the priorities of the current management. Both millennials and current management assigned priority to factors such as efficiency, ensuring the long-term future of the company, continuous professional improvement, and making the best possible products.

However, millennials said that they would assign priority to two other objectives: creating services and goods that make positive differences to people's lives, and creating jobs. Millennials also said it was important to increase workforce skills and to make the company the best possible place to work.

Millennials take their values with them into the boardroom. According to the research conducted for Deloitte by Millward Brown, millennials are more likely to make decisions based on personal values. Perhaps because of their concern with purpose and their more balanced, less careerist attitude toward the workplace, millennials might be more emboldened than prior generations "to do the right thing."

INSIGHT

Brand proposition influences appeal of the workplace

BrandZ™ data shows that a strong brand proposition or purpose generates a greater sense that a brand is worthwhile. And when you cross that finding with the perception of the brand as a workplace, you find a correlation. Brands with strong brand equity generally are seen as better places to work. We are beginning to see the importance of what a company stands for. It is an important factor in attracting and keeping talent.

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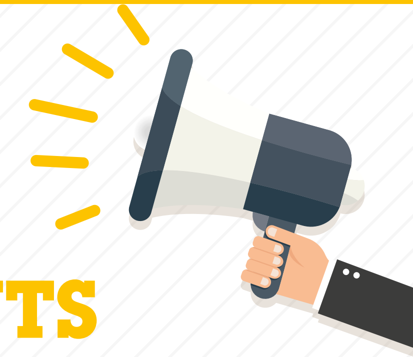

TALENT

TALENT IS THE PREREQUISITE FOR BUILDING B2B BRANDS

Vital to transition from successful businesses to valuable brands

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The brand that you present to your customers and future customers has never been more closely linked to the brand that you present to your employees and future employees. The most successful businesses are those that can attract the right people, align those people around a sense of common purpose, and use this to deliver the customer experiences that increasingly differentiate one brand from another. We see this in the results of this year's BrandZ™ Top 100 Most Valuable Global Brands – and we particularly see it in the BrandZ™ ranking of the Top 20 B2B brands.

LinkedIn has been a part of the recent Insights 2020 work led by Vermeer to share their unique analysis of the drivers of customer-centric growth. When we looked at the characteristics that distinguish successful customer-centric businesses, a sense of purpose and the ability to hire the right talent stand out as clear factors. Of top-performing businesses, 80 percent link everything they do to a strong sense of purpose – and 79 percent have an employee base that fully embraces that sense of customer-centric purpose. Significantly, top-performing businesses also pay much more attention to the need to hire "whole brain" people who can translate data and insight to solve the bigger business problem, bringing together creative thinking and problem solving.

The link between talent and brand purpose

Hiring the right talent is essential to building a purposeful brand – but a purposeful brand is also essential to hiring top talent, especially as B2B and B2C brands find themselves competing for the same pool of skilled millennials. Recent studies, including the millennial study by Deloitte in conjunction with Millward Brown, highlighted millennials' demand to work for brands and companies that they admire – and to have the ability to make a visible impact within those businesses. Mary Meeker's *Internet Trends* report for 2015 agreed that millennials prefer businesses with meaning and purpose.

Millennials' demand to make a visible impact ought to represent a golden opportunity for B2B brands – because, to a large extent, people and skills are what a B2B brand sells. Rather than simply working for a brand they admire, those joining a B2B business increasingly get the opportunity to embody the brand itself – to become its human face. On LinkedIn, many of the most effective B2B brands follow this strategy – using key employees and internal experts as the face of their thought leadership content, and as a vital amplification strategy. This not only helps to build a stronger B2B brand, it also sends a clear signal to potential employees that they will have the ability to make a difference, and advance themselves personally, while working for that business. It turns the interdependence of your talent brand and your company brand into a virtuous circle.

From business to brand

Brand strength has never been more important to B2B. As buying committees become more complex, it's increasingly important that a wide range of decision-makers within the business you target have heard of you – and that they have a positive emotional response to you. The division between businesses that are just B2B businesses and those that have created valuable B2B brands will only become more marked. The BrandZ™ Top 20 Most Valuable B2B Brands shows how to make the transition from one to the other. In it, we can see the growing correlation between brand value and the centrality of employees to that brand.

ACTION POINTS FOR HIRING MILLENNIALS

1 Be present online

Millennials spend a lot of time researching companies. They are interested not only in an organization's products and services, but also in its culture and values. And they search for this information using social media and other online resources.

2 Offer challenging work opportunities

Compensation is important to millennials, and they will expect to be paid what they believe they are worth. But career advancement, not money, is the number-one reason that millennials change jobs.

3 Be flexible

Millennials are career focused, but not in the same way as earlier generations. They want to advance at work, but they do not want to make unreasonable sacrifices in other aspects of their lives. Work-life balance is important to them.

4 Be purpose driven

Given the option, millennials are likely to choose employers whose values correspond with their own and whose brands are known for making the world a better place.

5 Understand the differing job priorities of men and women

Men and women share the top reasons for changing jobs. They want advancement, better pay and challenging work – in that order. But their attitudes differ somewhat. Women are more concerned with work-life balance and corporate culture. Men look for innovative, challenging work.

6 Look beyond your industry

In the early stages of their careers and eager to advance, millennials are open to moving into new job functions and even changing industries.

TALENT

PURPOSE IS CRITICAL ACROSS ALL CATEGORIES FOR ATTRACTING YOUNG TALENTED EMPLOYEES

Purpose-driven employees help activate the brand

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Most brand owners recognize that each individual in their organization plays a role in bringing their brand to life. They're aware that employees impact how the brand is perceived across a range of touch points, and that employee involvement can help transform a product or service into a useful and meaningful brand that has an active role in people's lives.

To truly achieve best-in-class employee contribution, businesses need to capture their employees' hearts and minds, by building their understanding and passion for the brand until employees become advocates capable of inspiring others.

It sounds simple, but of course it's incredibly difficult in practice. Budgets, priorities, location, category, changing trends (including shifting generational attitudes about work) all combine to make it a challenge to recruit and retain the right talent to achieve brand and business goals.

In particular, many businesses and brands worry that their brand isn't sexy enough, their category isn't relevant enough, or their business isn't sustainable enough to attract talent, and in particular, younger workers.

While it's true that, on paper, working in oil and gas or banking isn't as attractive as some other categories, there is a way to inspire people about your business. It's not going to be the category or product/service that'll attract people to you, but your purpose and how you strive to materialize that purpose in the world. Every brand or business can develop a clear purpose, which provides a clear reason to exist beyond the category, a galvanizing idea that drives the whole business forwards, and a role in society that people can genuinely get excited about. Purpose can motivate young people to consider a job offer; the right purpose will inspire them to accept it.

Standing for something

Plenty has been written about the Gen Y / millennial generation. Millennial beliefs have influenced how we all feel about the world. Millennials see jobs as experiences to enjoy before moving on and trying something new, they see technology as a way to facilitate a more flexible and balanced life, and they don't really care about brands.

But they care deeply about ideals, about making a difference, and being part of a cause or pushing for change. The brands they buy into are more likely to have a purpose that gives them more than the simple product or service. It gives them the chance to become an activist (Patagonia – protecting the environment, Lush – fighting against animal testing and for human rights), be part of a movement (Starbucks – rebuilding local community, Airbnb – creating a global network of belonging), or join a tribe (Nike – collective activity).

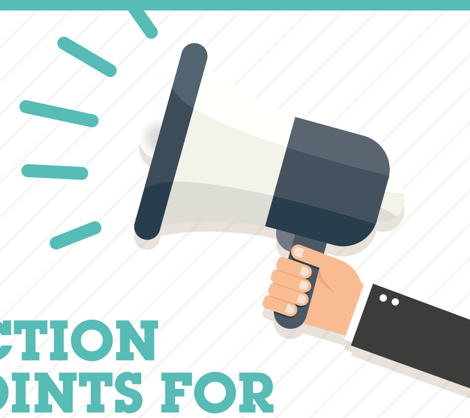
The businesses that started with, or have created a motivating brand purpose and use it to authentically activate the brand, are going to find it easier to encourage these young people to join their business. But purpose is not just a tool for brands like Airbnb and Patagonia. It's just as relevant, perhaps even more so, for businesses like banks, oil companies and soft drink brands. While the brand today may not be perceived as fitting neatly with people's social and political beliefs, there's an opportunity to enlist people with a vision of a new future, which could excite them. Like many banks, Barclays was negatively perceived when it looked internally to build their purpose from within at a grassroots level. Barclays developed initiatives such as "Digital Eagles," in which the bank trained its employees to be digitally competent and then deployed them as "Digital Eagles" to help people in communities served by Barclays become more digitally literate.

Making it count

The magic in standing for something is only really released when you capture it within your business culture and strengthen it so it becomes seamless through to an external reality. Businesses and brands in any category can use this as a hook to engage prospective, new and current employees. People will be looking for evidence that the company walks the walk, not just talks the talk. For example, telecom provider O2's purpose is to enable customers to use technology in order to access amazing experiences. To engage employees in this initiative, the brand launched it at The O2 Arena, and 7,000 O2 employees attended.

Likewise, the Starbucks barista personifies the brand and is its ultimate "touch point." The baristas live out the brand purpose. To a great degree, Starbucks empowers its people to take local initiative and represent the brand, instead of controlling the local experience from headquarters. The employees are often the ones driving the activation of the brand in the most relevant way.

It requires a change in how businesses behave, and more importantly how they engage with others. People expect transparency – they want to know who you are and what you're trying to achieve, and why it benefits their world. They want to know what you believe, and not just what products you make. And they want to be a part of that higher purpose.



ACTION POINTS FOR RECRUITING TALENTED PEOPLE

1 Be your imperfect self

Share what you're trying to achieve with your business or brand, and what you believe, even if you're not there yet. Be transparent about why you exist. For example, automotive brands don't just make cars; they are on a quest to increase societal mobility.

2 Involve others

People want to contribute and will have plenty of ideas about how to make the purpose a reality. Enlist the help of younger workers to generate new ideas, and give them a chance to implement changes, which will empower them to become advocates.

3 Flex and adapt

People want to work differently than in the past, with careers becoming a range of experiences and not a linear journey. Use this to your advantage by creating project-based roles for young enthusiasts to come in and tackle a specific challenge, and use their ideas to shape the future. Contract with people on deliverables not set working hours, to allow freedom to work in their own way.

INTERNET OF THINGS

INTERNET OF THINGS CHALLENGES BRANDS TO ESTABLISH VALUE, EASE, SECURITY

Position the brand as a trusted guest in customer's home

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Rockfish is a digital innovations partner that drives business for some of the world's leading brands by building ground-breaking solutions.

Picture this: You've just installed a smart washer in your home that integrates with other Internet of Things (IoT) devices. It texts you when a load is complete and tallies each time the washer is being used. The IoT washer keeps track of how often it's being used to make intelligent decisions about when the user may be running low on detergent. The washer then uses that data to offer replenishment or coupons on detergent or dryer sheets. The smart washer is providing value to consumers by saving them time and anticipating their needs. Therefore, the brand that is in partnership with the IoT device object can capitalize on the data and provide personalized value to consumers. Because IoT has the ability to become an intimate part of consumers' everyday lives, brands need to consider a variety of factors before jumping into the Internet of Things. To secure their place in the future of IoT, brands need to think forward to a connected reality.

First, think value. For a brand to engage in IoT, it has to identify the value it's going to barter in exchange for the user's data and make sure that provided value is important enough to invite the device into a home or workplace. IoT devices must earn their place in people's lives by exchanging value for that data. Some valuable offerings include sending a notification once a threshold is met, resetting preferences after a certain time, or perhaps automatically reordering an item when trust has been established between the user and the connected object. The capabilities and integrations of IoT are endless, and the type of value they offer to everyday consumers is up to the brands

Second, think practical. By design, IoT objects serve a defined purpose and have limited awareness of their surroundings (depending on user settings). This makes connected devices easier to design, integrate, and more stable. Brands should take that as direction and focus on the everyday purpose of the object and how it makes consumers' lives easier. Thinking practical also applies to the steps a user will take to set up the device; it's imperative for a smart device to be an easy integration. Anything greater than a three-step process is a setback in the device being regularly adopted. The introduction of IoT hubs are meant to provide a system to alleviate those additional setup steps when new devices are brought into the home; for example, the user simply turns the new device on and the hub does the rest of the connected integration. Even Amazon's Dash button drew fire from reviewers for a supposed complicated setup, despite the number of steps.

Third, think security. With IoT's ability to capture data and personalization, security becomes a paramount priority. Nothing loses a user's trust faster than a breach of their data. Unfortunately, some webcams have been compromised, giving hackers a full-view inside people's homes, and by flicking connected home lights burglars have learned whether or not a house is occupied. Branded IoT devices should position themselves as trusted guests when they are invited into people's homes, keeping personal data under lock and key. Although stronger security methods are in the works, the general advice is to let the actual connected devices be as simple and non-descript as possible. The goal is to leave personalization and decisions to a cloud that is secured and that the user has opted into.

In closing, brand activation in the Internet of Things is going to have to be centered around value, practicality and security to win consumers' trust. Think of what the world will look like over the next five years when the simplicity of IoT has come to fruition – when it's been adopted well and become the essential everyday device we all hope it could be. IoT is more achievable than we think and has the potential to be a brand's trusted companion.

Regions & Countries

NORTH AMERICA TOP 10 LEADS IN PERCENT VALUE RISE

The 10 most valuable North American brands increased 10 percent in value to $1.26 trillion, about 37 percent of the total value of the BrandZ™ Top 100 Most Valuable Global Brands. The Asia Top 10 contributed the second-largest proportion of Global Top 100 brand value, around 11 percent, driven primarily by China. But because of the slowdown in China's economy, the BrandZ™ Asia Top 10 declined in value 8 percent to $359.6 billion.

Technology, telecom providers and e-commerce retail brands drove the majority of value both in North America and Asia. The category mix was more diverse in Continental Europe and the UK. The Continental Top 10 increased 5 percent in brand value, and all the European brands increased in value, led by the Spanish apparel brand Zara, which had a 14 percent value rise. The results reflected the strengthening of Europe's economy. In contrast, all but three of the UK Top 10 declined in value. The UK Top 10 decreased 8 percent.

All of the North American brands increased in value except for two iconic technology brands, Apple and IBM. Both declined 8 percent, indicating how the pressures facing the technology category affect both business-to-consumer and business-to business brands. A value increase of 59 percent made Amazon the fastest riser in the 2016 BrandZ™ Global Top 100; Facebook was third with a brand value increase of 44 percent. (Starbucks, another North American brand, was the second-fastest riser.)

Six of the Asia Top 10 declined in value. However, with a value rise of 22 percent, Huawei ranked in the BrandZ™ Global 100 Top 20 Risers. The brand's record sales of smartphones, particularly in Europe, drove the increase. Four Latam brands, all beers, and five of the UK Top 10 brands, rank in their respective categories but do not reach the value threshold of the Global Top 100 ranking.

NORTH AMERICA TOP 10

Brand Value Change

+10%

North America Top 10 Total Brand Value

$1.26 trillion

About 37 percent of the total value of the BrandZ™ Global Top 100

Rank	Brand	Category	Brand Value 2016 $ Mil.	Brand Value 2015 $ Mil.	Brand Value % Change 2016 vs. 2015
1	**Google**	Technology	229,198	173,652	32%
2	**Apple**	Technology	228,460	246,992	-8%
3	**Microsoft**	Technology	121,824	115,500	5%
4	**AT&T**	Telecom Providers	107,387	89,492	20%
5	**Facebook**	Technology	102,551	71,121	44%
6	**Visa**	Payments	100,800	91,962	10%
7	**Amazon**	Retail	98,988	62,292	59%
8	**Verizon**	Telecom Providers	93,220	86,009	8%
9	**McDonald's**	Fast Food	88,654	81,162	9%
10	**IBM**	Technology	86,206	93,987	-8%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)

ASIA TOP 10

Brand Value Change

-8%

Asian Top 10 Total Brand Value

$359.6 billion

The Asia Top 10 contributed the second-largest proportion of Global Top 100 brand value, driven primarily by China. Because of the slowdown in China's economy, the Asia Top 10 declined in value.

Rank	Brand	Category	Brand Value 2016 $ Mil.	Brand Value 2015 $ Mil.	Brand Value % Change 2016 vs. 2015
1	**Tencent**	Technology	84,945	76,572	11%
2	**China Mobile**	Telecom Providers	55,923	59,895	-7%
3	**Alibaba**	Retail	49,298	66,375	-26%
4	**ICBC**	Regional Banks	33,637	38,808	-13%
5	**Toyota**	Cars	29,501	28,913	2%
6	**Baidu**	Technology	29,030	40,041	-27%
7	**China Construction Bank**	Regional Banks	19,617	22,065	-11%
8	**NTT**	Telecom Providers	19,552	N/A	N/A
9	**Samsung**	Technology	19,490	21,602	-10%
10	**Huawei**	Technology	18,652	15,335	22%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)

CONTINENTAL EUROPE TOP 10

Brand Value Change

+5%

Continental Europe Top 10 Total Brand Value

$263.8 billion

The Continental Europe Top 10 is comprised of three telecom providers, two car brands, two luxury brands, and one brand each from technology, apparel, and personal care.

Rank	Brand	Category	Brand Value 2016 $ Mil.	Brand Value 2015 $ Mil.	Brand Value % Change 2016 vs. 2015
1	**SAP**	Technology	39,023	38,225	2%
2	**Deutsche Telekom**	Telecom Providers	37,733	33,834	12%
3	**Louis Vuitton**	Luxury	28,508	27,445	4%
4	**BMW**	Cars	26,837	26,349	2%
5	**Zara**	Apparel	25,221	22,036	14%
6	**L'Oréal Paris**	Personal Care	23,524	23,376	1%
7	**Mercedes-Benz**	Cars	22,708	21,786	4%
8	**Movistar**	Telecom Providers	21,945	21,215	3%
9	**Hermès**	Luxury	19,821	18,938	5%
10	**Orange**	Telecom Providers	18,465	17,384	6%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)

Rank	Brand	Category	Brand Value 2016 $ Mil.	Brand Value 2015 $ Mil.	Brand Value % Change 2016 vs. 2015
1	**Vodafone**	Telecom Providers	36,750	38,461	-4%
2	**HSBC**	Global Banks	20,276	24,029	-16%
3	**BT**	Telecom Providers	18,575	17,953	3%
4	**Shell**	Oil & Gas	14,940	18,943	-21%
5	**BP**	Oil & Gas	10,552	12,938	-18%
6	**Tesco**	Retail	8,923	9,410	-5%
7	**Lipton**	Soft Drinks	8,554	N/A	N/A
8	**Barclays**	Global Banks	7,509	8,835	-15%
9	**Dove**	Personal Care	5,448	5,314	3%
10	**Next**	Apparel	5,206	5,973	-13%

Source: BrandZ™ / Millward Brown (including data from Kantar Retail and Bloomberg)

UK TOP 10

Brand Value Change

-8%

UK Top 10 Total Brand Value

$136.7 billion

The diversified UK Top 10 ranking includes two oil and gas brands, two global bank brands, and two telecom providers, as well as one brand apiece from the retail, soft drinks, personal care, and apparel categories.

Rank	Brand	Category	Brand Value 2016 $ Mil.	Brand Value 2015 $ Mil.	Brand Value % Change 2016 vs. 2015
1	**Skol**	Beer	6,743	8,500	-21%
2	**Corona**	Beer	6,626	8,476	-22%
3	**Aguila**	Beer	3,270	N/A	N/A
4	**Brahma**	Beer	3,269	4,185	-22%

Source: BrandZ™ / Millward Brown (including data from Bloomberg) and Brand Analytics

LATIN AMERICA TOP 4

Latin American Top 4 Total Brand Value

$19.9 billion

The four brands from Latin America appear in the BrandZ™ ranking for the beer category but not in the BrandZ™ Global Top 100.

BRAZIL

Resilient Brazilians face reality with self-reliance and resolve

Brands help consumers navigate challenging times

Brazilian consumers faced reality, and it was ugly – a perfect storm of economic crisis, political corruption and epidemic disease.

Only a few years ago, demand for oil and other commodities drove a booming economy, the middle class was expanding exponentially, purchasing power was rising and Brazil was looking forward to assuming its rightful place on the world stage during the FIFA World Cup in 2014 and the Summer Olympics two years later.

That was then. Today, slower global economic expansion, particularly reduced demand for commodities, impedes Brazil's economic growth. Plunging oil prices and scandal damaged Petrobras, Brazil's state-owned and formerly well-respected oil and gas brand. Corruption charges tainted World Cup preparations, and the prospect of the Olympics no longer generates excitement, except perhaps in Rio de Janeiro, the host city. And as if these problems were not challenging enough, the Zika virus adds a tragic public health crisis.

Brazilians have in the past endured many cycles of inflation and deflation, economic boom and bust and government turnover with a determined optimism that things will somehow get better, because they always have. This crisis is different. Better off, with more to lose, and more informed and connected to the rest of the world, Brazilians have lost patience and trust in the system.

They still believe that their lives will improve, but an experience-hardened realism has replaced their vague acceptance that somehow things will work out. Brazilians do not expect progress to resume until the political problems are resolved, which now include the impeachment of Brazil's president. They find some hope next door in Argentina, where the national mood improved following an election and change in leadership.

Brazilians are convinced that for real change to happen, they can no longer depend on luck, or even government, but only on themselves. Disenchanted with their political leaders, consumers are more likely to turn to the private sector for support, potentially opening an opportunity for brands to play an increasingly important role in helping individual consumers live better lives.

INSIGHT

Deep crisis is opportunity to build trust

It is important to invest in brand and corporate reputation now. Brazil has survived many crises and it will survive this one. It is only a matter of time until the country begins to grow again. Meanwhile, it is necessary to keep building brands and maintaining important stakeholder relationships, because when the economy recovers, as it surely will, consumers will again have money to spend, and they will spend it on the brands they trust.

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The consumer mood

Brazilians attempted to remain optimistic through the last election, hoping that political change would solve their problems. Prior to the election in the fall of 2014, 75 percent of Brazilians reported feeling optimistic, according to TNS research, but only a year after the election, the portion of the population feeling optimistic plummeted to only 25 percent.

It was as if much of the nation reached a therapeutic moment at the same time and discovered the same insight. With a sense of crisis fatigue, Brazilians, particularly members of the middle class, concluded that self-reliance supported by private initiative was the only way to protect and improve their living standard.

Older Brazilians, who had endured earlier periods of high inflation and economic volatility, had hoped that enduring stability had finally been achieved. Having tasted the good life, they are now reluctant to give it up. Young people, having experienced *only* the good life, now worry about being able to afford it – to someday purchase a car or a house. High unemployment has forced them to be more entrepreneurial.

Meanwhile, members of Brazil's wealthy elite, known for their consumption of luxury, have not stopped purchasing. But rather than spend their money during overseas trips, they are buying merchandise in Brazil, where luxury has become less expensive. >>

BRAZIL TOP 10

Rank	Brand	Category	Brand Value 2016 $ Mil.	Brand Value 2015 $ Mil.	Brand Value % Change 2016 vs. 2015
1	**Skol**	Beer	6,743	8,500	-21%
2	**Brahma**	Beer	3,269	4,185	-22%
3	**Sadia**	Food	2,010	2,757	-27%
4	**Bradesco**	Financial Institution	1,920	5,202	-63%
5	**Itaú**	Financial Institution	1,875	4,315	-57%
6	**Antarctica**	Beer	1,383	1,859	-26%
7	**Bohemia**	Beer	1,153	1,309	-12%
8	**Natura**	Cosmetics	826	1,700	-51%
9	**Ipiranga**	Retail	824	1,072	-23%
10	**Cielo**	Credit Cards	664	941	-29%

Source: Brand Analytics

INSIGHT

Middle class feels determined to improve life

The middle class has learned a lot during this crisis period. They are treating it differently from past crises, when they waited for the government to act or until the crisis ended. Now these people are much more aware of what is happening, of their own goals and of society. And I have seen research that says these people are optimistic about their own lives. I believe that they feel less dependent on the government than in the past. They believe that they've achieved success so far because of their own initiative and the help of family or friends, not the help of the government. They are determined to keep moving ahead regardless of what is happening in the country.

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Coping strategies

Middle-class consumers are developing coping strategies to protect what they have, and, to the extent possible, still enjoy life. Shopping baskets are becoming more complex as consumers trade down on some items to save money for selected premium items. E-commerce is growing rapidly, not only because it is convenient, but also because it facilitates price comparisons.

Because of recently imposed higher tax rates for imported alcohol, consumers are shifting to local brands and increasingly favoring craft and imported premium beers. Even in these troubled times, consumers want to experiment, and also to devote some spending to affordable treats, such as ice cream and coffee. Consumers are also buying premium yogurts.

People are eating out less and preparing more meals at home. And when eating out, people are visiting fast food restaurants. Some of the fast food brands are experiencing strong sales and adding more premium items to their menus to appeal to consumers trading down from fine or casual dining. Food trucks are a new phenomenon; McDonald's launched a gourmet burger truck in São Paulo.

Although some brands have reflexively resorted to price promotions, others have commanded premium pricing because even while feeling economic duress, middle-class consumers are not willing to surrender all their gains. The drug store channel has done a good job of adding value, for example, because consumer are not simply shopping for products but also relying on advice.

Some local brands prospered because of prior experience adapting to Brazil's economic cycles. Foreign exchange rates impacted local brands less than the multinationals. Generally, brands have attempted to make their offerings more affordable and to develop initiatives to help consumers navigate through challenging times.

Brands advance social initiatives

Many brands have responded to Brazil's crisis with initiatives that help people and strengthen consumer relationships with the brand. Unilever is offering free webinars to help women compete in the workforce. Avon has programs to empower women. Brands are also connecting with consumers through a shared sense of purpose. The natural cosmetics brand Boticário, for example, promotes sustainability and diversity.

Coca-Cola went back to the future, lowering prices by marketing beverages in recyclable glass bottles that save production costs. It also partnered with Subway to provide training programs. The telecom provider Telefónica, along with several financial services brands, including Itaú and Porto Seguro, created programs to incubate start-ups and encourage innovation, particularly among young people. Positive messaging from the educational brand Anhanguera envisions a better future through learning.

Two major sporting events, the World Cup and the Olympics, were expected to elevate Brazil onto the world stage, but because the World Cup disappointed and its preparations became embroiled in corruption charges, fewer brands are investing in the Olympics, except for official sponsors, such as Coca-Cola, McDonald's and the bank brand Bradesco.

Brands are trying to meet consumers where they are, to offer whatever sliver of the good life or indulgence is possible. As consumers work to rebuild prosperity, brands have an opportunity to help them.

INSIGHT

Brands, retailers join together for better future

The economic crisis is forcing consumers to rationalize their purchasing and it has affected how they select brands. Stores are closing at the fastest pace we have ever seen. Retailers cannot respond effectively by themselves. This crisis has brought retailers and brand manufacturers together. They are challenged to build a future. Unfortunately, because in Brazil we usually look at the short term, there is no clear guidance about the future and how long it will take for the economy to improve.

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KANTAR RETAIL

BrandZ™ Top 50 Most Valuable Latin American Brands 2015

The report profiles the most valuable brands of Argentina, Brazil, Chile, Colombia, Mexico and Peru and explores the socio-economic context for brand growth in the region.

For the BrandZ™ Top 50 Most Valuable Latin American Brands, please go to **www.wpp.com/wpp/marketing/brandz/brandz-latam-2015**

LOCAL BRANDS

CULTURE, BETTER QUALITY, LOWER PRICES DRIVE RISE OF LOCAL BRANDS

Global brands also can dance to the Latino beat

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Global brands aim to remain relevant and competitive in Latin America while small local brands increasingly rise and engage consumers. For Latinos, the importance of belonging to a community is extremely high. Peer acceptance and influences count more than an individual point of view on a decision-making process. The community values its local culture and local habits as a way to reinforce its identity in a globalized world. This sense of belonging is a cultural characteristic Latinos have inherited from post-colonial times, when together they had to build solid nations.

With that in mind, it's not difficult to understand why local brands are able to create such a strong emotional connection with Latino customers. These brands usually sustain an equation that global competitors find hard to beat: cultural identity + improved quality + lower prices. Not surprisingly, over the last few years as the creative economy grew stronger, Latin America saw a huge rise of micro and small local businesses. This created an even larger network of local services and products conceived by and for Latino consumers. According to the International Labour Organization (ILO), an agency of the United Nations, workers who were once employees of big companies started their own businesses, and many of them entered the informal economy. As a result, the ILO suggests that micro and small businesses are now the engine of job creation in Latin America.

On the other side, we have global brands thirsty to penetrate the Latin America region and gain share of market among Latinos. But these brands are still perceived by many consumers as expensive, faceless and rootless mega-corporations. So what can global brands do to remain strong and be more competitive in this scenario?

5 TIPS TO GET A LATINO BEAT

1 Enhance the sense of community and peer connection by climbing down from the pedestal and letting consumers participate on the business by reviewing, rating and co-creating products and services through smart digital strategies.

2 Be the one to identify and embrace a local cause. Far from being chauvinistic nationalist movements, they are about supporting one's neighborhood, one's city, one's region. For example, knowing that urbanization is accelerating and that public transportation is quite poor in Brazil, the bank Itaú created an integrated system of bicycles that are available all over the big cities, facilitating Brazilians' everyday life.

3 Recognize and celebrate the local culture through marketing and design. As an example, Coca-Cola and Bradesco changed their iconic red colored brand to blue in order to celebrate a Brazilian tradition from the North called Parintins Festival.

4 Work in partnership with local brands and help consumers find the small and micro businesses that can serve their needs. Claro Telecom, for example, is working in partnership with Brazil-based cosmetics company Natura to give Natura sales consultants free data to interact with potential customers via its app.

5 One last fact that, now more than ever, represents an opportunity for global brands to be popular with Latinos is the new arrivals of refugees and immigrants to the region. Latin America has become even more diverse and tolerant over the last few years. According to the UN, the total number of people who applied for asylum in Brazil has increased by over 930 percent between 2010 and 2013. In 2016, brands that promote new encounters, and serve the needs of newcomers as well as those who seek to welcome them, will probably win the love of many Latinos.

geometry global

Geometry Global is the biggest activation agency in the world. Our business is transforming brand equity into action and inspiring people to buy well.

BRAND BUILDING ACTION POINTS

1 Sound hopeful

Sound neither too optimistic, because it is not believable, nor too pessimistic, because it is not helpful. Be realistic and straightforward. Make it clear that the brand is committed to helping consumers, both to rebalance their lives during this difficult period and to prosper again when economic growth resumes.

2 Empower people

Consumers have become more self-reliant. But they need help to navigate through the current crisis and be better prepared for the future. Having become skeptical that government can fix their problems, consumers are more receptive to private enterprise, which opens a role for brands to engage with consumers in ways that are brand relevant and socially constructive.

3 Provide solutions

Brazilian consumers want to sustain the life they have come to enjoy. They don't have the same purchasing power, but Brazilians feel more in control of their lives. Help them make choices and feel good about the choices they make. Give them opportunities to enjoy small indulgences.

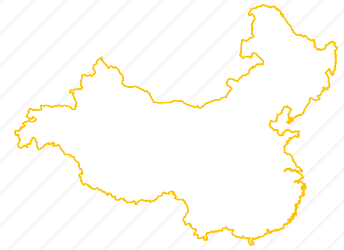
4 Tailor messages

In these economically stressful times, Brazilians want to buy more with less. They accomplish that goal with sophisticated shopping and social media use, and are most receptive to thoughtful brand messages that show real understanding of their individual needs.

5 Partner with retailers

Manufacturers and retailers are increasingly collaborating in Brazil to better understand consumer behavior and to discover the products and messages that will draw consumers into stores and turn them into paying customers.

Photograph by Cecilie Østergren



CHINA

Consumers continue spending despite economic slowdown

Local market-driven brands increase strength

Despite slowing GDP growth and stock market fluctuations, Chinese consumers continued to spend across most categories. Confident that the government could sustain prosperity, people still expected to achieve a better life for themselves and their families, a goal that the government articulated in 2014 as the "Chinese Dream."

BrandZ™ research conducted soon after the stock market declines revealed that consumers might postpone, but not cancel, big-ticket purchases such as homes, cars, and vacations, and planned to continue spending on necessities. An earlier study of 26 FMCG categories by Kantar Worldpanel found that consumers were even willing to pay a premium for certain products, such as those related to health and well-being, while they looked for bargains on products considered commodities.

For the first time, market-driven brands, rather than state-owned brands, produced over half the total value of the BrandZ™ China Top 100, and five of the Top 10 brands were market-driven. Just two years ago only two of the Top 10 brands were market-driven.

In addition, Chinese brands achieved parity with multinational brands in Brand Power, a BrandZ™ measurement of brand equity. Brand Power parity means that overall, Chinese brands are perceived as favorably as multinational brands; being "foreign" is no longer such a strong differentiator for multinationals.

INSIGHT

Despite tax change, spending on luxury happens overseas

The relaxation of the import tax on luxury is intended to drive more domestic consumption. It also has the beneficial side effect of assisting in the anti-corruption drive by keeping funds within our borders. My sense, however, is that there has not yet been a huge shift to purchase within China compared with purchase abroad, which seems to be how the top end of luxury offerings are still purchased.

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Improved Chinese brands

The improvement in Chinese brands in part relates to associations they have formed with international brands. With these connections, Chinese brands have gained access to industry global best practices, while overseas brands gained access to the Chinese market. Smithfield, the US meat processor acquired by the Chinese meat producer Shuanghui a few years ago, opened a US-style plant in China.

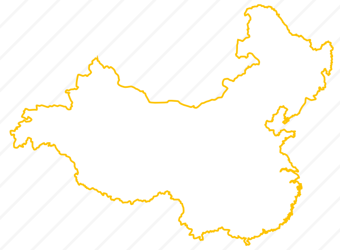
Dairy brand Mengniu worked to improve food safety with its partners, France's Danone and Denmark's Arla Foods. China's Bright Dairy prepared to purchase a raw-milk supplier as part of the effort to ensure food safety by controlling the entire supply chain. In another move to enhance its food technology and add premium products, Bright Dairy prepared to purchase Tnuva, Israel's largest food producer, from corporate parent Bright Foods.

And Chinese brands rapidly innovated, sometimes out of necessity. The difficulty of transacting business at traditional banks, for example, helped inspire Chinese Internet leaders to develop mobile payment apps. It is likely that over the next few years, the search engine Baidu, e-commerce giants Alibaba and JD.com, and Internet portal Tencent will create more complete financial services platforms. >>

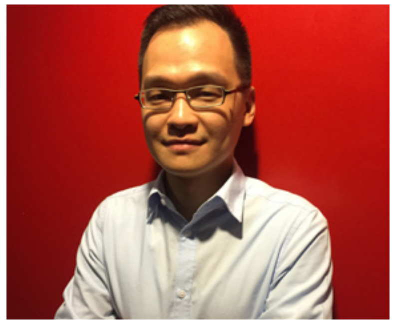
CHINA TOP 10

Rank	Brand	Category	Brand Value 2016 $ Mil.	Brand Value 2015 $ Mil.	Brand Value % Change 2016 vs. 2015
1	**Tencent**	Technology	84,945	76,572	11%
2	**China Mobile**	Telecom Providers	55,923	59,895	-7%
3	**Alibaba**	Retail	49,298	66,375	-26%
4	**ICBC**	Regional Banks	33,637	38,808	-13%
5	**Baidu**	Technology	29,030	40,041	-27%
6	**China Construction Bank**	Regional Banks	19,617	22,065	-11%
7	**Huawei**	Technology	18,652	15,335	22%
8	**Ping An**	Insurance	16,910	15,959	6%
9	**China Life**	Insurance	16,712	17,365	-4%
10	**Agricultural Bank of China**	Regional Banks	16,331	20,189	-19%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)



INSIGHT



Multinationals adopt China-first strategies, local brands go global

Brands in the energy and technology sectors are increasing their presence in a truly "glocalized" manner. We are seeing many international companies adopting a "China-first" strategy, whereas more local companies are going global. And it is to no one's surprise that in order to accomplish their goals, companies are pivoting toward digital not only out of infrastructural necessity but also out of strategic urgency, in a hope to maximize reach with minimal investment or risk. Global energy brands, for example, are either strengthening their own digital capabilities or partnering with local tech companies to extend their reach in a competitive market in which traditional sales channels are very much occupied by local players. In technology, brands like Alibaba are investing in Indian start-ups as a way to diversify and also gain access to innovation. The Chinese brands have innovated to solve consumer problems in China, and they have done a good job. The question is whether they can adapt to create meaningful innovations that solve problems in a wider international context.

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Alibaba gained access to innovation through its investments with Indian online marketplaces Paytm and Snapdeal. Similarly, China's taxi-hailing brand Didi Kuaidi invested in two similar operations, Ola in India and Lyft, Uber's main competitor in the US. Tencent, invested in Indian healthcare start-up Practo.

Going global

These relationships fit with the Chinese government agenda to help Chinese brands compete more competitively with multinationals at home or abroad. The government's "One Belt, One Road" program aims to create a modern trading network that emulates China's economic preeminence during the period of the Silk Road.

In certain categories, technology and appliances in particular, Chinese companies are rapidly transitioning from original equipment manufacturers (OEMs), making products marketed by others, to well-established global brands. Lenovo, the world's largest PC maker, continued to grow its PC, mobile and enterprise businesses outside of China and gained 68 percent of total revenue from overseas business in 2015.

Huawei, originally a maker of telecommunications equipment, built its smartphone business by offering quality products at more affordable prices than Apple or Samsung. The brand shipped over 100 million smartphones in 2015, a 44-percent year-on-year improvement. Haier, the home appliances brand, is expected to become firmly established in the US with the acquisition of General Electric's appliance division.

Tencent exported its online games, trying to build a large and revenue-driving global audience. In contrast, some Chinese brands first establish themselves overseas and then return to China with greater credibility, a strategy followed by OnePlus, which sells smartphones in around 40 countries and regions.

Multinational challenges

With only a few category exceptions, being an international brand is no longer a sufficient advantage in China. Following safety issues, Chinese consumers preferred to purchase powdered milk for infants from multinationals, but local brands now offer imported milk products. International car brands dominate the market in China's major cities, but the vehicles often are locally produced.

To stimulate domestic consumption, the government introduced cross-border e-commerce zones with lower tariffs on imported merchandise. As a result, Chinese consumers enjoyed lower online prices and faster delivery for imported goods. The first cross-border e-commerce zone was established in March 2015 in Hangzhou. The government planned to set up zones in Shanghai, Guangzhou and 10 other cities.

INSIGHT

Improved local brands level the playing field

There had been a big gap in many categories between foreign brands and local brands, but the gap has been closing for a long time. Local brands have genuinely improved across categories in product delivery and branding. Foreign brands have come down in price to become more accessible and local. It is a much more level playing field.

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Multinationals gained wider access to China, especially to its smaller cities and rural markets. High-volume goods like diapers and other baby care items have easier access. In these categories, the lower import tariffs have enabled entries from South Korea and Japan to be price competitive with premium multinational brands made in China. International wellness and cosmetics brands are enjoying easier access to the Chinese market.

More mobile

About half of all e-commerce in China happened on mobile devices, compared with just over a fifth in the US and around a third in the UK. The implication for brands is clear: consumers are on smartphones at least two hours a day, according to GroupM, and mobile is the place to engage them. Internet users in China totaled 668 million in June 2015, and 549 million of those users, almost 90 percent, accessed the Internet on a mobile device.

In other words, the number of Internet users in China is more than twice the population of the US and almost equal to the population of Europe, and most of those Internet users are walking around with smartphones. These numbers alone would appeal to any brand marketer, but there is more.

The total number of Internet users still represents less than half of China's population of over 1.3 billion people. And penetration is lower in rural China. A big brand opportunity is about to become bigger.

INSIGHT

Some emerging brands first build awareness outside of China

Some of the emerging Chinese brands enjoy greater market share abroad than they do in China. For example, the handset manufacturer One Plus is better known overseas than in China, where they trail local leaders. One Plus even made it into Time Magazine's "Top 10 Gadgets 2015" list. These smaller brands manage their brands quite differently compared with the major brands.

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CHINA

AS FOREIGN BRANDS BECOME MORE LOCAL, LOCAL BRANDS IMPROVE IN PRODUCT QUALITY

Higher quality, greater choice, lower prices benefit consumers

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It's important to fully understand the historical context to appreciate where we are today with regard to the foreign-local brand dynamic in China. Flashback more than 20 years to when there was a black and white distinction between "premium" foreign and local brands in most categories. In the 1970s and 80s low quality local products were the norm and Chinese consumers had to accept that reality, they literally had not much choice.

As foreign brands – usually everyday FMCG products – entered China in the 1980s, they initially had a kind of rarified status, with sexier packaging, exotic names, a promise of better quality and, of course, status. But these brands had a high price tag to match, becoming aspirational but out of reach. For example, 20 years ago there was high demand for Lux bar soap "grey" imports over the locally made version. While there was no real difference in the product, people were willing to pay for an imported premium. Colgate toothpaste was widely available and had extremely high preference ratings linked to its "foreignness" (it was fully imported), but at 13 renminbi, compared to the local price for toothpaste of around 2 renminbi, few consumers could justify the price gap.

Over the last two decades there have been many changes to this foreign-local dynamic. International brands have had to make themselves more relevant by making themselves more accessible in pricing and they have invested a lot in making themselves culturally appropriate. They have become more "local." At the same time many Chinese brands have got their act together. What was once a gulf between foreign and local brands has become a grey area in terms of product quality and importantly consumer perception.

In the mid-90s Chinese department stores were full of bland boxes posing as TV sets or washing machines while the foreign brands positively dazzled next to them, in contrast. These days, however, you'd be hard pressed in a blind brand test of the actual products to tell the difference. The real difference remains in the price tag between a TCL and a Sony and, of course, the brand's status, but the pragmatic Chinese consumer has largely woken up to that.

It's important to note is that every category has its own unique story in the foreign-local dynamic. Luxury remains almost exclusively the domain of European brands – not unlike the rest of the world. There are now a dizzying array of configurations which have muddied the whole, once simple divide in the "foreign-local" dynamic. In many categories Chinese consumers now have these "grey area" choices (Please see *Brand Provenance Becomes Complicated* on next page).

There's another notable perspective on how Chinese consumers see foreign brands. Chinese consumers see the presence of foreign brands as a positive competitive force (even if they don't buy them) because foreign brands drive improvements in Chinese brands. Many Chinese consumers support the presence of foreign brands, but not necessarily because they offer better status or (especially not) value, but because their competitive quality presence has actually pushed local brands into improving. In contrast to some western markets where foreign brands are often politically demonized for taking local jobs and compromising local brands and businesses, the Chinese see foreign brands as having an important role in improving life in China.

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BRAND PROVENANCE BECOMES COMPLICATED

Categorizing a brand as strictly Chinese or foreign has become complicated because of interrelationships that include the following variations:

1 Foreign brands – including prestige brands – that are now made locally

Most models from the "big three" German luxury brands, Audi, Mercedes and BMW are made in China. Consumers know this but it has not dented the prestige foreign association of the brand.

2 Foreign brands with unique Chinese characteristics

In the race for relevance, many foreign brands have adopted Chinese ingredients. Pantene (and others) use black sesame – a traditional Chinese essence believed to make black hair blacker.

3 Foreign brands launching locally competitive economy versions

Colgate set the pace with the launch of a low price, anti-cavity toothpaste in the late 1990s, which made the brand directly competitive with local brands. Since then Nestle has introduced a snack wafer for 1 renminbi and P&G's Tide launched a locally priced version to go head to head with improving local brands like Diao Pai.

4 Foreign Brands that have been bought by Chinese companies

Roewe is a vehicle marque created by the Chinese automaker SAIC Motor in 2006. Roewe vehicles were initially based on technology acquired from defunct British carmaker MG Rover. SAIC was unable to purchase the rights to the Rover brand name and created the Roewe marque as a replacement.

5 Chinese brands acquired and manufactured by international companies

Zhonghua Toothpaste, China's national toothpaste brand, has been made under license by Unilever for decades. Unilever as a recognized brand in its own right in China has merchandised the fact that the brand is now made to International standards.

6 Chinese brands with internationally-sourced ingredients

This is relatively recent phenomenon driven heavily by recent food and safety scandals, particularly in milk, general dairy and infant formula. For example Biostime, a Chinese milk formula company sources all its products from France – and heavily promotes that fact. It also shows the financial power of many cash-rich Chinese companies as they seek brand credibility.

7 Chinese brands seeking international stature

Li-Ning, a sportswear brand, endorses a number of athletes and teams, both in China and around the world. The brand's many sponsorship deals, past and present, include basketball stars such as Shaquille O'Neal and José Calderón of the New York Knicks, and Glenn Robinson III of the Indiana Pacers. The appliance brand Haier, and Lenovo, the technology brand, leverage their global popularity to reinforce their credentials in China.

Photograph by Cecilie Østergren

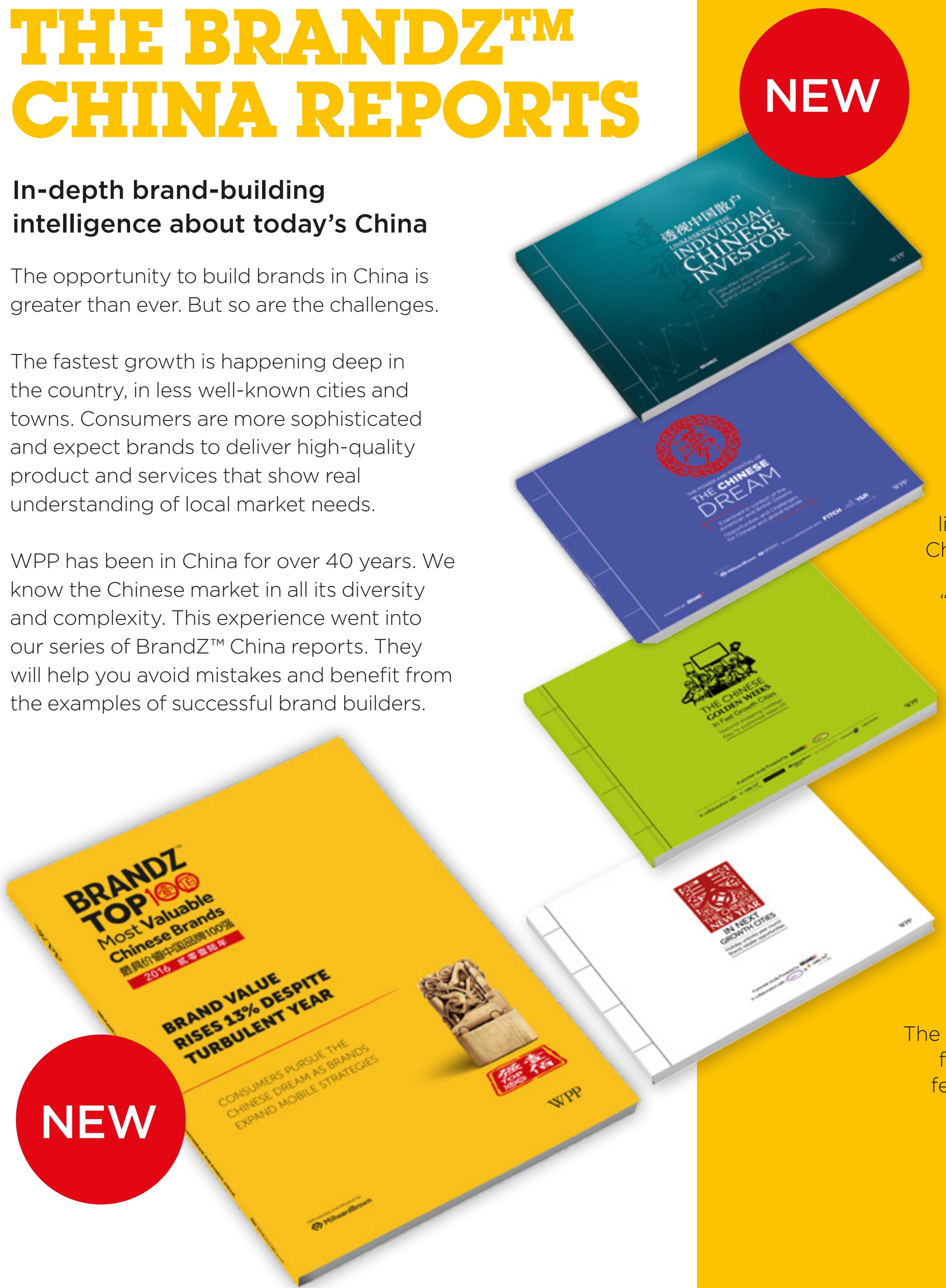
THE BRANDZ™ CHINA REPORTS

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 product and services that show real understanding of local market needs.

WPP has been in China for over 40 years. We know the Chinese market in all its diversity and complexity. This experience went 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 new report provides the first detailed examination of Chinese investors, what they think about risk, reward and the brands they buy and sell. This will help brand owners worldwide understand market dynamics and build sustainable value.

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.

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.

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™ Top 100 Most Valuable Chinese Brands 2016

The report profiles Chinese brands, outlines major trends driving brand growth and includes commentary on the growing influence of Chinese brands at home and abroad.

For more information about the BrandZ™ library of China reports, please turn to the Resources section at the end of this report, or contact David Roth at David.Roth@wpp.com.

To download any of these reports, and to view related videos, please visit **www.brandz.com/ChinaInsights.** To download iPhone or Android apps, please visit **www.brandz.com/Mobile.**

BRAND BUILDING ACTION POINTS

1 Be different

As local Chinese brands improve in quality, multinational brands are pressured to be more Chinese - to add something meaningfully different to the lives of Chinese consumers and Chinese society. Conversely, Chinese brands expanding abroad, having developed their distinctiveness in the context of Chinese society, now must find relevance in their new country markets.

2 Prepare for a new reality

Brands entering China will encounter unfamiliar ways of conducting business. The extensive use of digital and social networks enables a high level of one-to-one marketing, which requires developing the right technology, determining the most effective platforms, and creating relevant messages. Social media ecosystems are less collaborative than in other markets. Brands unprepared for China may find themselves disadvantaged.

3 Gain insight

It is one thing to know that China is a nation of 1.3 billion people, and it is another thing to translate that dry demographic fact into useful insights about that population, particularly the individuals living in China's smaller cities or the rural countryside.

4 Localize offerings

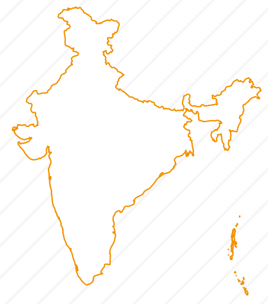
The next question is whether or not to convert those insights into actions that make a global brand more locally relevant, and whether or not to devote the distribution and operational investment behind a strategy that may include a portfolio of brands that differs from tier to tier.

5 Balance media mix

Mass-market brands face the difficult challenge of needing one clear piece of communication that reaches the moms doing family shopping in lower-tier cities while remaining relevant to those in the first-tier cities. The message needs to reach a broad audience with traditional media, while at the same time it needs to connect with young opinion leaders through digital engagement strategies. For the lower tiers, shopper-marketing engagement strategies might be used.

6 Be aware of government initiatives

The end of the one-child policy and China's commitment to the global climate change accord has implications for certain categories and brands generally. The larger point is that government policy impacts the market definitively and quickly.



INDIA

Indians are hopeful for change, but impatient to see it happen

Consumers choose culturally relevant, purposeful brands

Two years ago Indians, were lifted on a wave of optimism. They believed that the election of a new prime minister heralded the end of stagnation and the start of a rapid rise to a future of greater wealth and equality for both urban and rural citizens in a connected India. Today, people are hopeful but impatient.

More Indians than ever are enjoying a better life. India's GDP outpaced those of all large industrialized nations, expanding 7.3 percent in fiscal 2015, in part because low oil and commodity prices controlled inflation. But for the urban middle class, transformation did not happen as quickly as expected.

The government has aimed immediate economic-development initiatives at small town and rural India. Its most recent budget designates nine "pillars" of economic transformation, with the primary emphasis on supporting agriculture and farmers with measures like electrification and crop insurance. In addition, an especially severe monsoon season interrupted progress across the economy.

Indians are preternaturally patient, however. Change rarely happens quickly in this country of 1.25 billion people with a 5,000-year-old civilization, significant cultural variation across regions, religions, and 23 official languages.

INSIGHT

Consumer demand depends on more job opportunities

Many of the plans that consumers heard from the new government after it took office two years ago have involved large and complicated infrastructure projects. It will take some time to see the outcome of all this investment. The impact on the economy depends on several factors, including severity of the monsoon season and whether or not all the new projects produce employment opportunities and social improvements. At that point, we will see stronger demand for consumer goods.

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Reaching diverse audiences

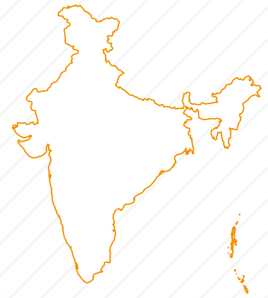
Facing India's multifaceted complexity, brands identified at least one clear demarcation: the one that separates the India of people who are aspirational and ambitious, willing to experiment and try new things, from the more conventional India, which is often called Bharat, an earlier name for the country that today refers to people, usually from rural areas, who adhere more closely to ancient traditions while also living a contemporary life.

Brands communicated differently to these two groups. For the more future-focused middle class, some brands produced short videos that set the brand story in the context of recent cultural issues, such as gender identity. To reach the broader audience, brands communicated in more traditional, category-specific terms. >>

INDIA TOP 10

Rank	Brand	Category	Brand Value 2015 $ Mil.	Brand Value 2014 $ Mil.	Brand Value % Change 2015 vs. 2014
1	**HDFC Bank**	Banks	12,577	9,425	33%
2	**Airtel**	Telecom Providers	11,039	8,217	34%
3	**State Bank of India**	Banks	9,374	6,828	37%
4	**ICICI Bank**	Banks	5,122	3,536	45%
5	**Asian Paints**	Paints	3,867	2,812	38%
6	**Bajaj Auto**	Automobiles	3,345	3,034	10%
7	**Hero**	Automobiles	2,907	2,164	34%
8	**Axis Bank**	Banks	2,494	NEW	N/A
9	**Kotak Mahindra Bank**	Banks	2,394	1,721	39%
10	**Maruti Suzuki**	Automobiles	2,318	1,510	54%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
From the BrandZ™ Top 100 Most Valuable Indian Brands 2015



INSIGHT

Penetration levels and brands drive more consumption

The days are over when brands just entered the market and found consumers waiting to pick them up. The penetration story now will depend on the next burst of consumers getting a lot more money, and it will depend on the government creating more jobs to create more wealth to put more money into the economy. Telecom penetration, for example, has reached its optimum level. The battle now will be more about value extraction and consumption.

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Some brands attempted to adjust products and advertising for cultural distinctions that varied by region and even state. A local Indian bottled-water brand based in the state of Tamil Nadu modified the mix of minerals from city to city to accommodate local tastes. Paper Boat, an Indian soft drink brand, recognized a countertrend to the nation's accelerated forward motion, a growing nostalgia for the India that appears in the rear view mirror. Paper Boat revived interest in formerly popular but difficult-to-find flavors, creating beverages customized with various fruits and spices for local tastes.

Other brands developed products, such as dating apps, positioned along the fault line between old and new. Intergenerational contention is less fraught in India than in many other cultures. Even though in dress and mobile phone use Indian young people resemble youth elsewhere, their commitment to tradition often runs deep.

Even the practice of arranged marriage persists, although it is changing and brands are finding opportunity in that transition. The dating app Truly Madly has become popular, with the number of downloads in both large cities and more rural areas suggesting that cultural change is not restricted to the major urban centers.

Rise of local Indian brands

Most Indians experience life as a confluence of traditional and modern tributaries that they constantly monitor, adjusting the mix to fit the particular occasion. Wedding rituals can evoke ancient spiritual connections, for example, while the afterparty will rock.

This dynamism in part explains the rise of certain local Indian brands such as Patanjali, which offers a range of consumer products influenced by Indian heritage and Ayurvedic ingredients. Many Indian consumers also believe that local brands better understand rising aspirations and local tastes.

Other factors influencing the growth of local brands included: a rise in the quality of local Indian brands, as Indian entrepreneurs meet the needs of increasingly sophisticated Indian consumers; better pricing to meet the expectations of India's value-conscious consumers; and the nationalistic sentiment resulting naturally from people's improved circumstances and also encouraged by government programs.

The popularity of local FMCG brands also reflected skepticism about larger corporations, whether multinational or Indian, and reaction to the food safety issue that hurt a widely trusted brand of instant noodles last year. Local brands also benefited from the ease of access to consumers and relatively low communications costs facilitated by social media.

Purpose-led marketing

The structure of the Indian market provided consumers with wide brand choice not only from local brands, but also primarily from multinationals and from Indian family conglomerates, such as Tata and Reliance. With so much choice, a consumer's purchasing decision increasingly depended on the level of innovation and disruption that a brand introduced, and the perception that a brand existed both for commercial reasons and as an agent of social change.

A growing sense of Indian national pride has emerged, as is evident in movie theaters in Mumbai, where audiences sing the national anthem before screenings. Of particular importance for brands, this patriotism crosses generations and is encouraged as part of the educational curriculum.

Many brands introduced purpose-led communications. Unilever involved Lifebuoy soap and other brands in campaigns to promote better hygiene in rural India. Unilever's Brooke Bond Red Label brand dramatized tea drinking as a shared human moment with a commercial showing Muslim and Hindu neighbors crossing a religious divide to sit around a kitchen table and connect over a cup of hot of tea.

The "Rise" campaign of automobile brand Mahindra supported entrepreneurial aspiration. To remind people that LG devices add happiness to people's lives, the brand conducted a study to learn what makes Indians happy and in what parts of India people are the happiest (Chandigarh and Delhi). In a campaign called "Feeding Dreams," Kellogg's pledged to feed breakfast to a disadvantaged child for each call made to a special phone number.

Ultimately, Indian consumers increasingly were inclined to select brands that offered the promise of good functionality, local market understanding, honesty and a sense that the brand was also a participant in the effort to improve life for individual Indians and build a more prosperous and equitable India.

INSIGHT

Brands increase purpose-led communication

We will see more Indian brands with purpose-led communication. This means that brands will have to stand for more than just a product benefit. Brands will need to establish a higher purpose that will inspire consumers towards brand loyalty and engagement. Today, for example, the brand Mahindra has a campaign called "Rise," and the purpose of the brand idea is about how Indians should rise and take charge of their lives and livelihoods. It is aimed at catalyzing entrepreneurship in the country for a better and stronger tomorrow in India.

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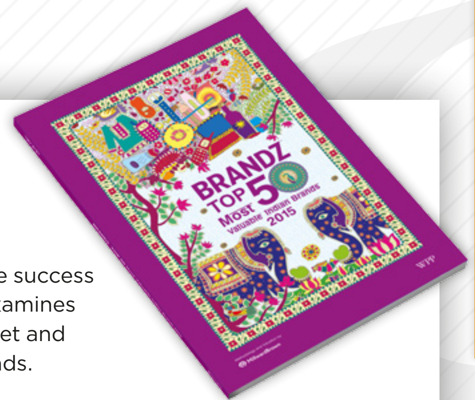
BrandZ™ Top 50 Most Valuable Indian Brands 2015



This ground-breaking study analyzes the success of Indian brands across 13 categories, examines the dynamics reshaping the Indian market and offers insights for building valuable brands.

For the complete library of BrandZ™ reports about India, please go to **wpp.com/wpp/marketing/brandz/india-50-2015/**

INDIA

BRANDS MUST ALWAYS NAVIGATE THE TENSION BETWEEN TRADITIONAL AND MODERN INDIA

Great opportunity awaits brands that understand cultural nuances

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CONTRACT

Contract is an integrated communications company specializing in Advertising, Consulting, Design and Digital, creating brand conversations for India's iconic brands.

Winning hearts in India begins with appreciating the fascinating winds of change in recent years. It's like wooing. First comes interest and appreciation, which deepens to complimenting and inspiring each other. Finally, comes love and devotion. With median age of around 27, about 10 years younger than USA, India is a youthful nation. Among the key drivers of change is the Liberalization Generation, born after the 1991 political and economic reforms.

Unlike previous generations that lived on simplicity, restraint and adjustment, the Post-Libbers were born into a world of fast foods, cola, satellite TV and technology. They are ambitious, driven and entrepreneurial. Their world is a heady cocktail of ambition, abundance and immediacy.

Another driver of change in India is the tension between India and Bharat (the original name for India). Two India's coexist, the modern India of the upwardly mobile urban middle class and a more traditional Bharat India in lower tier cities, also leading a contemporary lifestyle, but more deeply rooted in family and traditional social values. Both manifestations of India offer opportunities for brands that understand the nuances. Domino's Pizza, for example, provides efficient delivery to time poor executives in Gurgaon, while in Gorakhpur it offers a delightful outing for families who want to experience a cuisine out of the routine.

To enjoy brand success in India, consider these bulleted recommendations and the following four insights:

- Deliver value through a promise, not just price.
- Build trust by performance, empathy and innovation.
- Teach, train and reassure the hungrier India from lower tier towns.

1 Value is cool

Post-Libbers are smart, pragmatic and value conscious. To them, affordable doesn't mean poor quality. Indigo Airlines, a local low cost carrier changed the business mantra for domestic travel. In a country always in hurry but never on time, Indigo took on legacy carrier and other low cost carriers with a simple yet unexpected on-time promise, proving that if the promise is delivered, paying less doesn't mean getting less.

2 Performance matters more than lineage

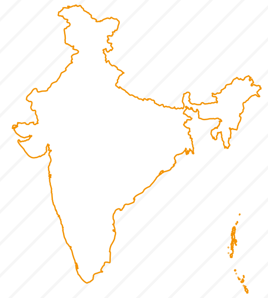
Ten years ago, where were the home-grown stars – e-commerce site Paytm, the OLX online marketplace and Paper Boat, maker of soft drinks in nostalgic flavors? Each brand found a need in the market. OLX let anyone buy and sell from home, for example. Each brand built trust based on competence, not special credentials.

3 Heritage holds power

In less than a decade, Patanjali recorded a turnover higher than other FMCG companies managed over decades. Besides getting the price right, it innovated and focused on product efficacy. Most important, Patanjali offered a range of contemporary products inspired by Hindu and Ayurvedic traditions.

4 Tradition meets change

Dating has always been nebulously defined in India. Is dating a casual meeting or a special romance? Women from smaller cities were hesitant about online dating because of safety issues and personal pride in a society where many marriages are still arranged. Truly Madly, a local dating app redefined a taboo called dating by providing platform for discovering companionship.



INSIGHT

Brands illustrate social relevance with online videos

Many brands are producing short films, perhaps three to ten minutes long, to distribute on social media and show how the brand seamlessly fits in with moments in daily life. One women's apparel brand, created a series of short films around women's empowerment through different themes like same-sex relationships, single motherhood, pregnancy affecting careers, etc., and it was well received. Through this use of media, brands are not overtly "selling" products, but rather making a socially relevant point that inserts them into the cultural conversation.

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INSIGHT

Multinationals must confront new local brands

"Made in India" is becoming a buzz word. Leading multinationals, brands especially in personal care and the food and beverage categories, are feeling threatened for the first time by local players. These smaller brands as well as some older Indian companies are planning to launch many product variants and also enter new categories over the next couple of years. Multinational FMCG brands need to take action to safeguard themselves.

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BRAND BUILDING ACTION POINTS

1 Be relevant

Provide a product that is meaningfully different, that consumers need and want, and that reflects genuine cultural understanding.

2 Be personal

Communicate in a personal way that recognizes the individual consumer and the level of sophistication that Indian consumers generally have achieved.

3 Provide convenience

Indian consumers traditionally seek convenience, which is often achieved today with mobile apps that make it easier to shop, pay and receive delivery.

4 Forget one-size-fits-all

There are many India's, each quite different from the next. Prepare to modify global templates for local activation, region by region, state by state, or even city by city.

5 Target the individual to sell the community

In India, a communal society, the selection of a particular brand by one person sometimes influences other members of a community to purchase it too.

6 Have a conversation

Consumers expect a dialogue, not a brand-led monologue. Ask consumers how the brand might help them before telling them why it is better.

7 Be inspired

See India not only as a vast market for selling products and services, but also as a place for finding the talented people and creative ideas for launching new products.

8 Be current

India is changing so quickly that even last year's research about India could lead to false assumptions. For the best return on investment, keep up to date.

“IN A NATION OF SHOPKEEPER ENTREPRENEURS, CONSUMERS UNDERSTAND AND APPRECIATE BRANDS.”

Photograph by Cecilie Østergren

RUSSIA

Economic crisis impacts spending across categories

Brands and consumers resort to coping strategies

Russian consumers are familiar with economic crises, but the pain feels deeper this time. Plummeting crude oil prices are slowing the growth of Russia's oil-dependent economy. Trade sanctions imposed after the nation's incursion into Ukraine are not helping. People have less money to spend and they are trying to save, which weakens consumption.

Purchasing has declined across categories and price deflation is significant. Consumer efforts to save money primarily impact durable goods, such as cars, where the average purchase price has dropped. Real estate values softened, with the impact varying by location. The decline in real estate signals a larger problem, because real estate investment is a component of personal savings. Travel also suffered, with overseas bookings down significantly.

Unlike the Chinese, the Russians have limited faith that their government can fix the problems. The hopeful sign for Russia is that oil prices may have bottomed out and the ruble may gain strength. Meanwhile, Russian consumer efforts to save money are accelerating the ongoing shift to local brands, which have increased in quality and are generally priced lower than multinational brands.

This trend is evident in FMCG categories, where Western multinationals have achieved low penetration compared with their presence in other major markets. Private-label brands also are commanding greater market share. In these difficult economic circumstances, with consumers shopping for price, most multinational brands are limiting their marketing investment. They are not aggressively attempting to grow market share, but rather fighting against each other and Russian competitors to protect the share they already have.

Brand challenges

During the past decade, successful multinational brands focused on reaching members of the expanding and aspirational Russian middle class. The fragile economy dampened middle-class expectations. Meanwhile, Russia's economy evolved during the fast-growth years, producing factors that compound the challenge facing multinationals, including: better quality local brands, Chinese imports adding more choice and lower prices, and private-label options further crowding the market.

In addition, Russia is experiencing a demographic shift. Ten years ago, when the economy began to take off, the birth rate boomed as the middle class anticipated economic growth and marketers focused on the younger generation.

Today the median age is just over 39, around the same as in the UK, and much older than the median age in India, which is 27. Consequently, the spending mentality has changed. Luxury purchasing continues, for example, but some luxury consumers are more likely to buy a practical item like a dress instead of an expensive handbag.

Consumer coping strategies

The initial reaction when the economic crisis began in late 2014 was to spend money today because tomorrow could be worse. Since then, the consumer mentality has matured. Consumers are more resistant or skeptical about brand messages.

The key coping strategies are: trading down, buying less, buying on promotion, and replacement. Russian consumers look for products that are good enough and offer value for money. They wait for sales. And while meat consumption is growing, people are replacing beef with chicken, which is less expensive. Also, they are eating out in restaurants less often. And the need to economize has encouraged a DIY trend and the rapid expansion of the home improvement retail category.

Consumers have changed not only what they buy, but also where they shop, particularly for packaged goods. They are more likely to visit modern retail outlets, which have expanded rapidly and generally offer lower prices than traditional shops.

E-commerce has also changed Russian shopping habits, with increased numbers of Russian shoppers visiting China's Alibaba site or the Russian equivalent, AliExpress. Diapers are among the categories purchased most frequently online. A Japanese diaper brand is especially popular. The shift to e-commerce reflects growing Internet and smartphone penetration. Russia's Internet penetration rate exceeds 70 percent, substantially higher than China's.

Looking abroad

The trade relationship with China is expanding, with Chinese goods available online. Russian foods, including chocolate and juice, as well as other products, are more available in China, which in the past year opened several cross-border e-commerce zones. In these zones, foreign goods are imported at lower tariffs, making them more price competitive and helping the Chinese government achieve its goal of stimulating domestic consumption. Meanwhile, Russian brands across several categories are developing rapidly, usually for domestic consumption but sometimes for export. The toothpaste brand Splat is popular and competes effectively with multinationals. The supermarket brand Magnit has effectively expanded modern retail.

Several Russian heritage or Soviet-era brands have transformed to be much more efficient and consumer-centric, including Sberbank, which has refurbished its branches and also introduced mobile banking, and the state transportation brands, Aeroflot and Russian Rail.

Both business-to-consumer and business-to-business technology is advancing in Russia, although exports usually are usually confined to Russian-speaking neighbors, with some exceptions. Yandex is present throughout the Russian-speaking region, but also in Turkey, the UK and Israel. Russian entrepreneurs developed the widely used cloud-based messaging service Telegram, but it is based outside of Russia.

Government efforts to support Russia's technology sector include recent regulatory changes that placed certain restrictions on foreign Internet brands. The challenge for local Russian brands is a lack of venture capital. Russian entrepreneurs can proceed on projects that rely on know-how and expertise, but they face a financial barrier in industries requiring investment, in part because of the economic sanctions imposed by the US and EU.

INSIGHT

Brands promote heavily to drive more consumption

One can say that the Russian people move from one crisis to another, and a crisis occurs every five or six years. But this crisis is a little different. In past crises the economy dropped but rebounded immediately. People were used to this kind of cycle. Now, oil prices dropped to the bottom and the economy has not rebounded. Therefore, people are making less money, which they try to save rather than spend. This behavior affects consumption. Many brands have resorted to promotional tactics with less investment in media.

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RUSSIA

ENTREPRENEURIAL RUSSIAN BRANDS EXPAND CHOICE FOR CONSUMERS

Western brands too expensive for many Russian people

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The Russian recession has deeply hurt western brands, which have become in just a year too expensive to purchase for the vast majority of Russians. And while Russian consumers are still struggling to substitute western brands for Russian ones, ironically, there are an increasing number of Russian brands that have successfully crossed the frontiers to enter the global stage.

Not surprisingly, today's Russian fast-growing brands have much less to do with oil and state ownership than their predecessors. They are entrepreneurial and some of them are consolidating their leading position at the forefront of innovation and technology. For example, Kaspersky is one of the world's top security software makers for both businesses and consumers. In addition to the seven Russian platforms (search, social, portal) that are already among the world's top 50 websites in terms of traffic, the last three years have seen the fast development of newcomers emerging from the Russian digital sphere, such as the franchise World of Tanks – a massive, multiplayer online gaming platform.

MINDSHARE Mindshare is a global media agency network with billings in excess of US$34.5 billion. The network consists of more than 7,000 employees, in 116 offices across 86 countries spread throughout North America, Latin America, Europe, Middle East, Africa and Asia Pacific.

groupm GroupM's primary purpose is to maximize performance of WPP's media agencies by operating as leader and collaborator in trading, content creation, sports, digital, finance, proprietary tool development and other business-critical capabilities.

Past and future collide in Russia, impacting brands

Russians are living in at least three or four decades at the same time. If you consider healthcare administration, we are living in the 70s. At the same time, and this is what is amazing in Russia, some aspects of technology have leapfrogged ahead of Europe. Taxis are a good example. Soon after Uber entered Russia, the Russian company Yandex, similar to Google, developed its own taxi service, which is much more effective and efficient than Uber. Russia has a combination of archaic problems that most of European society has sorted out long ago, while simultaneously, Moscow is one of the most modern cities in the world.

It would be shortsighted to focus on digital and technology alone. If Russians have lost 60 percent of their purchasing power in dollar terms with the current economic downturn, the overall economy has become much more competitive and new brands have emerged in categories as unexpected as beauty care. The successful deployment across Europe of Natura Siberica is a good example of how some Russian marketers have managed not only to reapply best design practices, but also develop a unique brand proposition with cosmetics made of natural ingredients from the world's largest forests. And the combination of relatively low costs, good marketing skills and a scalable domestic market, will transform in the future some of the strongest Russian brands into serious contenders to FMCG global brands.

Last, but not least, living in the largest country in the world in land area; Russians have already developed the industries and the brands to join the dots across a country that stretches over 7,500 miles. Transport is probably the next big thing to watch in Russia, especially with the prospective impact of the 2018 FIFA World Cup, which will be organized in Russia's five key cities. Indeed, both national players such as Aeroflot and Russian Railways have been through an unprecedented modernization and are now expanding their reach across the world – taking advantage of market deregulation and low labor costs in Russia. In parallel, private airlines such as S7 keep growing and expanding the number of destinations. The same applies to Russian Railways, which is not only building speed trains between key Russian cities, but also taking significant stakes in the European railways.

The recession is also an outstanding opportunity for Russia to become the economic contender it was before the fall of the Soviet Union, as evidenced by the comeback of the legendary Lada car brand in European markets, competing in the fast growing, low-price segment.

BRAND BUILDING ACTION POINTS

1 Be practical

This is not the first period of economic stress that Russian consumers have endured. They experienced scarcity of material goods during Soviet times and are excellent at coping and innovating practical and peer-to-peer solutions. Provide practical solutions for the need to do more with less.

2 Be personal

Consumers respond to brands that communicate in a personal way, and Russians are mobile and digitally-savvy.

3 Meet growing expectations

Despite the difficult economic times, Russian consumers are looking for something more from brands, whether it is a lower price, higher quality, better service, or more convenience. Offer something distinctive.

4 Build credibility

Having been disappointed with some brand claims in the past, Russian consumers now pay close attention to ratings and reviews. It is especially critical that brands earn positive ratings, because they are an important measure of credibility.

5 Plan two steps ahead

During the depths of the economic crisis, many of the big brands focused on retaining customer loyalty with low prices. Newer challenger brands entered the market that were even more price aggressive or differentiated in a meaningful way. These new brands are not going away.

6 Be opportunistic

For brands considering entering Russia this can be a good time to invest because prices are low. Many of the European retailer brands are expanding in Russia now.

INDONESIA

Brand marketers face major but complicated opportunities

As consumers look to balance modern life and tradition

Sizeable social forces are shaping modern Indonesia – some old, some new – and to understand their effects is to begin to appreciate the changing expectations and opportunities of the Indonesian consumer market.

This is a land of contrasts and contradictions. There is tension between young and old, modernity and tradition, aspiration and risk-aversion. Overwhelmingly though, this is a market being driven forward by the youth of its population – among the youngest in the region – and by the energy of its people.

There is growing wealth in Indonesia; many millions of people are enjoying their first taste of discretionary spending, as they move from subsistence living to stability and the ability to plan. The ranks of the middle classes, meanwhile, are expanding apace, and are forecast to represent between 130 and 140 million people by 2030. At the top end of the income spectrum, a small but significant group of super-rich is living truly luxurious lives.

This contrast, not just between rich and poor but also between the country's rich heritage and the onslaught of modern life, is evident all over the country. Cybercafés, designer boutiques and traffic jams are juxtaposed with the simplicity of life for those who remain reliant on the land and the sea for their livelihoods. Tiny street-side warungs – family-run shops often crafted from wood – still have a place in a retail landscape that runs from wet markets to gleaming malls.

Urbanization is intensifying, as Indonesia's cities act as beacons of opportunity; the number of Indonesians living in urban areas is expected to reach 71 percent of the total population, or 209 million people, by 2030. And while city-dwellers have much in common, there are still significant distinctions between the country's urban centers. Jakarta is the country's financial powerhouse, a cosmopolitan place with a worldly population, while the city of Yogyakarta, just an hour's flight away, has a distinctly different flavor, retaining greater closeness to Javanese heritage and traditional values.

INSIGHT

Divided loyalties – the complexity of winning repeat purchase

Lasting loyalty to a single consumer goods brand is rarely seen in Indonesia. Consumers are loyal, but not in quite the same way as we see in other markets. We have identified four types of loyalty behavior through analysis of Kantar Worldpanel shopping data. Those consumers we call "shifting loyal" move between two brands in a category and have loyalties to them both. "Split loyal" shoppers choose between a small repertoire of brands they feel a bond with, and "switchers" show loyalty to the brands offering the best deals at the times they shop – they aren't really loyal at all. "Exclusive loyal" consumers are those who stick only with their chosen brand, and in Indonesia and neighboring Malaysia, we see very few of these people. Most consumers are in the "shifting" or "split" loyalty categories. Divided allegiances are the reality of loyalty in this market. Brands need to get themselves on that mental shortlist of preferred brands that consumers have when they shop, and must acknowledge that even apparently loyal fans are susceptible to last-minute switches when a competitor's deal is sufficiently attractive.

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KANTAR WORLDPANEL

But differences such as these have always been synonymous with Indonesia. Diversity runs deep through this nation, which unites 17,000 islands, 700 languages and dialects, and 300 ethnicities. What's exciting now is the sense that Indonesia is entering a new, pivotal stage in its development, and that the consumer and brand landscape is, therefore, on the cusp of tremendous change.

Consumers are more sophisticated

Just five years ago, building a brand in Indonesia tended to involve two steps: first, ensuring national distribution of the product, and second, achieving widespread visibility on television. Those days are gone, and a very different dynamic is at work. Consumers are now far more sophisticated and selective; they expect a more complex relationship with the brands they make part of their lives, and they are being influenced by an ever greater range of media – often using several at the same time.

For the businesses seeking to build brands here, these winds of change signal a great opportunity. Not only do people have more money to spend, they are buying a greater range of products and are increasingly interested in brands. They are also increasingly likely to become brand advocates; research shows that consumers are 29 percent more likely to recommend a brand to family and friends than they were just three years ago.

Kantar Worldpanel data show that consumers are shopping less frequently than before, but for a more varied range of goods. In 2013, the average Indonesian family bought from 45 different product categories over the course of the year – up from 43 just a year earlier. >>

INDONESIA TOP 10

Rank	Brand	Category	Brand Value 2015 $Mil.
1	**BCA**	Banks	9,918
2	**BRI**	Banks	8,285
3	**Telkomsel**	Telecom Providers	6,373
4	**Mandiri**	Banks	6,153
5	**A Mild**	Tobacco	5,882
6	**Matahari Department Store**	Retail	2,145
7	**BNI**	Banks	2,042
8	**Surya**	Tobacco	1,939
9	**Dji Sam Soe**	Tobacco	1,767
10	**Marlboro**	Tobacco	1,669

Source: BrandZ™ / Millward Brown (including data from Bloomberg)

With an increasingly alluring consumer market, however, also comes more intense competition from newcomers. In 2013 alone, there were 173 new food brands launched in the country, 61 new drinks brands, and 26 new names in personal care.

This all makes the task of brand owners more challenging, as they seek to be heard above the growing chorus, and it is also more complicated. Brands need to ask a new set of questions: How well does the brand meet the functional needs of consumers? Are they communicating the brand's story in a meaningful way? And how does this combination of story and function make people feel?

To many international brand managers, and to the most successful and nimble brands in Indonesia, these are questions they are already addressing, but they are especially important to appreciate now. Indonesian people are seeking out the brands that help them embrace modernity, progress and technology - but without having to sacrifice their heritage and spiritualism.

Local relevance is critical

Just four years ago, a BrandZ™ study into what was setting the strongest brands apart from the competition found that saliency played the dominant role in consumer choice – essentially, the ease with which a brand name sprang to mind was the key to its success. Now, however, the role of saliency has declined significantly, and it is a brand's ability to make a meaningful connection with a consumer that matters most. It is no longer enough to be visible; brands must have something relevant to say after they get noticed.

Advertising has tremendous power to help consumers identify the brands and products that can enrich their lives. But to advertise successfully in Indonesia means achieving a delicate balance between reflecting cultural values that resonate across a diverse nation, and at the same time being sufficiently creative to stand out in a cluttered advertising environment.

Successful brands – both local and international – are telling stories that reach across the diversity of modern Indonesia, and helping people navigate the tensions they manage as their lives change.

Few Indonesian brands have established a global presence, but those pioneering names expanding across the region are doing so from a strong position in this complex and demanding home market. More local brands will, in the coming years, start to realize their regional and global aspirations. There remains a sizeable, long-term opportunity for brands to grow in Indonesia. While personal wealth is greater and more widely distributed than it has ever been before, affluence is still a relative concept, and much potential remains unrealized.

INSIGHT

Beyond belief – the role of faith in modern Indonesia

A global study of Muslim consumers by Ogilvy Noor has identified two main groups of people: traditionalists, who are strongly anchored in the traditional teachings and practices of Islam, and futurists, the mostly young Muslims who feel that faith helps them live better modern lives and assert their individuality. The more digitally savvy futurists are reflective of the predominantly young and Muslim Indonesian population. Aspiring to be part of a bigger world, they embrace the change that comes with progress and digital innovation, but their lives are balanced by a wish to continue their obligations as defined by faith, tradition and society. These young Indonesians are open to brands that are authentic, that have thought beyond superficial stereotypes and understand the challenges of being a Muslim in modern times.

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BRAND BUILDING ACTION POINTS

1 Make branding a priority

Now is the time to focus on branding; Indonesian consumers are more than ever aware of and engaged with brands. They talk about brands and recommend the ones they love. BrandZ™ research finds that businesses in Indonesia that nurture the power of their brands are four times more valuable than those that do not.

2 Build trust

Economic crises have shaken this market, and wary consumers seek out brands they feel are safe. Emphasize scale, a long history, and popularity to foster consumer trust. For instance, almost 90 percent of the brand value in the BrandZ™ banks ranking is concentrated among just three brands that far outperform other banks on measures of fairness, responsibility, and trust.

3 Create emotional connections

Brands that focus on making meaningful connections with consumers punch above their financial weight. These connections must be about more than simply being well-known or delivering quality and value. They must be built on emotion; the most successful brands deliver meaning not just through their products, but through their communications, creating emotional, memorable links that connect with consumers' lives.

4 Be locally relevant

Local brands dominate the BrandZ™ Indonesia Top 50, and Indonesians take tremendous pride in home-grown success stories. But multinational brands can succeed in this market by tailoring their attributes to the Indonesian market – not just with a local look, but by making a locally relevant connection with consumers. Multinational brands can help consumers resolve the tension they feel between wanting to maintain traditional values and their desire to be worldly and modern.

5 Be present in multi-media

Innovation in digital services and digital media investment drives up a brand's value. The Top 5 most valuable brands in the BrandZ™ Indonesia ranking invest much more in digital compared to the lowest-ranked brands. Technology can make service brands more accessible, and digital communication in this mobile-driven market is essential. Brands should exploit multi-screening behavior by consumers to build layers of meaning – but should still remember the value of TV, which is immensely popular and remains an effective medium for maximum reach.

BrandZ™ Top 50 Most Valuable Indonesian Brands 2015

This study analyzes the success of Indonesian brands, examining the dynamics shaping this fast-emerging market and offering insights for building valuable brands.

For the complete library of BrandZ™ reports about Indonesia, please go to **wpp.com/wpp/marketing/brandz/indonesia-50-2015/**

"INDONESIA HAS AN ABUNDANCE OF YOUTHFUL ENERGY ALMOST HALF THE POPULATION IS UNDER THE AGE OF 25"

Photograph by Cecilie Østergren

OUTLOOK MIDDLE EAST & AFRICA

YOUNG, DYNAMIC POPULATIONS DRIVE THE NEXT FRONTIER FOR GLOBAL BRANDS

Eager consumers line up for new store openings

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The Middle East and Africa, with their young and dynamic populations, are the next growth frontier for multinational brands. Despite the pressures that many global economies are under as result of the falling prices of oil and other commodities, the region still contains many of the world's fastest-growing economies.

Emerging markets may be out of favor with the world's investment community, but not so for the many local and leading global brands that are investing significantly into the region. They include traditional FMCG companies like Proctor & Gamble and Unilever, as well as retailers like H&M and Starbucks, through to digital disruptors like Facebook, Uber and Netflix, and even vehicle companies like Ford.

The rise of the MEA region's middle class and rapid urbanization are the factors that are creating fertile ground for growth. According to research by KPMG, more than half of Africa's population will live in cities by 2030. The massive shift in urbanization has seen investments by local governments and global partners in improving urban road, telecom, and electricity infrastructure.

This migration is resulting in a growing middle class across the region and with it comes disposable income and aspiration for lifestyles aligned to first world and local exclusive and aspirational brand choices. Often these multinational brands (especially cars, clothes, leisure and smartphones) are becoming status symbols in their own right.

Queuing for success

For the first world, scenes of people queuing when Burger King, Starbucks or H&M launches may seem bizarre. However, the emerging middle class in Sub-Saharan Africa has a craving for being able to own and consume brands that were previously unattainable and associated with the success of the developed world of Europe, North America and Asia. Emotionally and intellectually, these consumers want to partake in the global economy, hence brands take on significance beyond their basic delivery. They are symbolic of the advancement of the region. Multinational brands bring competition and global standards to local markets, where choice and access has been historically limited.

Many new developments leapfrog developed nations at least partly because legacy systems and infrastructures do not exist. The sophistication of the region's banking and telecoms infrastructure are playing a significant role in helping multinational brands invest and reach Arabian and African consumers. According the GSM Association (GSMA), a mobile industry trade group, Sub-Saharan Africa alone will add more than 400 million new smartphone connections by 2020, bringing with it cheaper mobile broadband and accessible computing devices connecting consumers to the digital world.

The access to global information, new product choices and innovation, like the local Netflix competitor Showmax, means consumers are re-evaluating brands and companies and these same brands have an opportunity to redefine their status and relevance with a new global audience. The emerging consumers are aspirational and looking to redefine themselves through their brand and product choices.

Opening the door to disruption

Mobile money and mobile banking are rapidly integrating Africans into a more formal banking system. The GSMA reckons that Sub-Saharan Africa accounts for more than half of the world's live mobile money services. In many countries, mobile money accounts vastly outnumber bank accounts.

Throughout Africa, we're seeing the effort to engage customers drive massive innovation. Payment mechanisms and integration with social apps are burgeoning. Banks are partnering with the likes of WeChat, a global mobile chat service owned by the Chinese Internet portal Tencent, to provide users ease and convenience, where with a tap of their smartphone they can make payments to friends, retailers, and other providers.

Another areas that digital has enabled is transport. In Ghana there is a local Uber competitor using customer's access to local banking applications and mobile wallet services to enable services. The increase in disposable income is also increasing travel and leisure options within the region, and the growth in travel is seeing opportunities for low-cost airlines and new revenue streams linked to the a growing local tourism sector across the region.

New growth

Of course, challenges remain and brands cannot approach African and Middle Eastern markets in the same ways as they address consumers in Europe or the US. They also need to remember that there are many nuances that will drive brand choice with religion, language, culture and history being key factors across the continent.

The increase in urbanization has seen rapid growth in the construction segment with a key focus on shopping mall development. Currently, the vast majority of trade goes through markets, hawkers or spaza shops, informal convenience stores. The advent of malls and associated brand experiences, combined with online access and growth, will stimulate further consumer demand for global brand and shopping experiences.

Global brands are realizing the value and potential in Africa and the Middle East. Those that started to move five or 10 years ago are already reaping the rewards from a growing middle market. Yet the growth is off a low base and there's still plenty to come. The rise is just beginning.

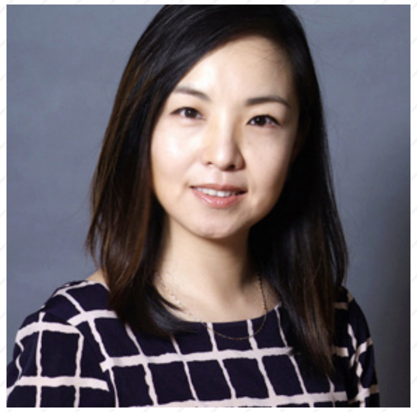
acceleration

Acceleration crafts digital marketing capability for the largest global brands. We operate at the intersection of technology and strategy, consumer engagement and insights, bringing the possible to life.

OUTLOOK ASIA

FAST-RISING ASIAN BRANDS OFFER IMPORTANT LESSONS FOR BUILDING STRONG, FLEXIBLE BRANDS

Asian brands grasp complicated dualities in culture and in O2O



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China, India and Indonesia are the largest markets in Asia, with young populations, confident consumers and impressive growth rates. Many local brands from these markets are now as competitive as multinationals. Looking to these markets for strategic input will be increasingly important for global CMOs in the years to come. Two lessons are particularly useful to absorb: how to embrace contradictions; and how to create mobile innovations where the digital and physical meet.

MillwardBrown

Millward Brown is a leading global research agency specializing in advertising effectiveness, strategic communication, media and brand equity research.

Many Chinese, Indian and Indonesian brands are huge in their own markets, but still waiting to break through internationally. The key for these brands will be how to translate market-specific Unique Selling Propositions to global USPs. Keeping an eye on which brands manage to grow globally and how they do it could be a great source of learning.

Asian markets will only grow bigger and dominate more of the global arena. The US government has predicted that in 2030 India's economy will be bigger than both Germany's and Japan's, while Indonesia's economy will be on par with those of Italy and Canada. The efforts to understand how Asian brands operate will pay off for marketers who apply their new insights in clever, tangible ways.

Embracing contradiction

In China, Indonesia and India, embracing dualities is often a necessity. Parts of the cultures are deeply concerned with preserving traditions, while a rising middle class wants to consume everything new and exciting. Instead of ignoring or fighting these divisions to create singular brand messages, Asian marketers embrace contradictions.

The second-fastest-growing brand in the BrandZ™ India Top 50 is Lakmé, a personal care brand that is part of a growing trend of indulgence. The brand is, however, also rooted in traditional Indian culture - its name is a derivation of the Hindu goddess Lakshmi. Straddling the extremes of present-day beauty ideals and ancient tradition, Lakmé is perfectly comfortable in both worlds.

One key to Lakmé's success has been innovative marketing tactics that modernize its brand heritage. This becomes especially obvious at the Lakmé Fashion Week, the brand's own fashion event run in cooperation with the Fashion Design Council of India. Having an entire event dedicated to the brand is an exceptional opportunity to hone brand messages and communicate them to a large audience. It sets Lakmé apart from domestic and international competitors, and ensures that the brand is a centerpiece and not an accessory at the event. The brand clearly communicates to its consumers that it is just like them, with one foot in each world.

Many of us will habitually assume that brand messages should have a single focus and that complexity is only a distraction. But by embracing contrasts at the heart of a brand message, marketers could gain much in terms of brand value and market penetration. Consumers are not single-minded entities and if they can identify with a brand on a deeper level, they will be more loyal, trusting and willing to engage.

Mobile and e-commerce meet the real world

In Asia-Pacific, the online-to-offline (O2O) market is more advanced than in the rest of the world. And when merging the physical and digital in Asia, one aspect of consumer behavior is impossible to miss: online basically equals mobile. Only 16 out of 100 Indonesians have an Internet subscription. But the share of mobile subscribers in Indonesia and the UK is exactly the same sky-high figure: 125 mobile subscriptions per 100 consumers. This means that very few people are online without doing something else at the same time, and that no online campaigns are seen in isolation.

Tencent's "Connection" strategy links users with content and services that enhance their lives. The brand aims to be a part of anything users want to experience online or via their mobile. Alongside social, payment, gaming, music and e-commerce, its partnership with JD.com enables users to purchase products from the retailer while messaging on the ubiquitous WeChat platform.

The brand is also adopting disruptive models to shake up other sectors – generating unique video content and launching Didi Dache and Kuadi Dache, China's answer to Uber, for example. Tencent works hard to make consumers' experience seamless as they move from one product to another.

Content provider Letv – one of the two highest risers in this year's BrandZ™ China Top 100 – has successfully stretched its brand even further. In addition to Internet-streamed TV, video production and distribution, and e-commerce, Letv offers televisions, gadgets and smartphones and is developing an energy-saving car. By creating an integrated experience across the offline and online worlds, it is embedding itself into consumers' physical lives, as well as their virtual lives.

Asian marketers have a constant focus on multi-screening and blending mobile and e-commerce with physical retail. The Indonesian brand Telkomsel, for instance, is a mobile provider expanding into electronic payments. Telkomsel ranks third in the BrandZ™ Indonesia Top 50 - and the brand has realized that consumers use mobile for much more than communication.

Seeing online campaigns in isolation is meaningless in Asia-Pacific. As mobile grows, looking to the Asian frontier is one of the best ways to get new ideas for integrated digital/physical strategies.

TRANSFORMATION

GLOBAL BRANDS MUST INNOVATE TO WIN IN A WORLD OF NEW DISRUPTORS

Introduce ideas quickly, refining, as necessary, while implementing

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Innovation has become one of the marketing industry's biggest buzzwords. According to an annual study by the Boston Consulting Group, nearly 80 percent of CEOs surveyed say that "innovation" is one of their most important priorities. For those of us optimistic about the future of big businesses, this should sound like a positive.

Moreover, the number of marketing directors who now have the epithets "and innovation" as an addendum to their job title would seem like a good thing too. However this may be a misnomer. In many cases, their idea of innovation isn't to transform their business in order to compete against a new breed of interlopers. Rather, it is to buy a company or a technical tool they see as "innovative" and somehow bolt it on to their existing operation - hoping for the best.

It is understandable why established companies fear real change. Taking a step into that unknown is unsettling, especially for those organizations that have managed to profitably navigate their more recent corporate history without doing much differently than before.

But, in a world where smaller and more agile disruptive rivals are challenging larger, mostly global, companies, it's essential that the laudable words of these CEOs be turned into actions. Continuing to do what you have always done – and hoping for the best – is no longer an option.

WUNDERMAN

Wunderman combines creativity and data into work that inspires consumers to take action and delivers results for brands.

As Einstein famously said, the definition of insanity is to do the same thing over and over again and expect different results. However, in today's highly competitive environment, I believe the definition of insanity might actually be to do the same things over and over again and expect the same results.

While global corporations may be resistant to change, there is nothing to be afraid of, and there seems to be real opportunity for clients to innovate on a global scale. The sophistication with which we can now analyze data to derive insights that we can then apply creatively means that business transformation can and should become part of forward-thinking executives' approaches to success.

Set ideas loose

An idea can be brilliant, but that does not mean it will work in the real world. It is important to set your idea loose – potentially in an individual market and preferably sooner rather than later – and then refine it through trial and error. Then, it can be rolled out on a global level or used as a transformational best practice within an organization.

For example, by analyzing data from Shell, our London agency was able to create something unique, innovative and transformational for the business. With competition fierce at the pumps, Shell wanted to increase loyalty as well as encourage its existing customers to fill up with a greater volume of fuel. We discovered that one-third of Shell Drivers Club members like to fill up to a round number, such as £30 or £40. By engaging the Shell Drivers Club customer base with an innovative (and fun) proposition, we created a highly successful campaign that resulted in higher sales, greater loyalty and a new way for local drivers to connect with the brand globally.

We have also been working with our client, News UK, to dramatically change their marketing model, beginning with *The Sun's* Dream Team product. From digital competitors to traditional publishers, everyone was attracting staggering audience figures. It was clear that thesun.co.uk needed to transform its approach to publishing in order to remain relevant. In just five months, we moved Dream Team from the UK's biggest fantasy football game to a large-scale producer of football content that resonates with its young, digital-savvy audience.

Dream Team FC (football community) is now the go-to platform for "fueling football banter." With its unique and engaging tone of voice, we serve cheeky, irreverent, light-hearted and often controversial videos, news and gossip to help fuel Britain's football conversation. A team of dedicated editors, community managers, content producers and analysts now create best-in-class content, 16-hours a day, 7-days a week to drive the web's ultimate football destination. As a result, Dream Team FC is able to publish more relevant content that drives a deeper relationship with their target audience and drives greater loyalty and sales.

Transformational innovation is possible for large companies to ensure that they remain not just relevant but also dynamic and industry leading. While it may require significant change across organizations it is a challenge well worth taking because, as history has shown, stasis may be a bigger threat to future success.

ACTION POINTS FOR BUSINESS TRANSFORMATION

1 Act now

Don't wait until a "disruptor" arrives in your market to act. The opportunities to transform your sector already exist. The future belongs to those who prepare for it today.

2 Be real

Ensure that transformation is hardwired within your organization and isn't just a convenient sound bite.

3 Gather data

Clever and creative use of data will ensure that you remain ahead of your competitors. Collect as much data on your customers as you can to analyze and predict future trends.

4 Partner

Embrace new, meaningful partnerships with your agencies that go beyond the traditional agency/client relationships. This may involve staff sharing or embedding clients within agency teams and vice versa.

The Categories

APPAREL

Leisure and sportswear brands drive value growth

Digital innovation influences manufacturing and marketing

BRANDZ

Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

+14%

Apparel Top 10 Total Brand Value

$113.9 billion

The BrandZ™ Apparel Top 10 increased 14 percent in value, the highest annual increase of the 14 categories ranked in the BrandZ™ Top 100 Most Valuable Global Brands. The increase followed flat results a year ago, and was driven primarily by the strong performance of sportswear brands, propelled in part by the World Cup.

The appearance of Under Armour in the Apparel Top 10 for the first time and the value increase of Lululemon, following its decline in the 2015 BrandZ™ ranking, reflected consumer interest in health and fitness and the strength of leisure sportswear as a global fashion trend - a preferred attire for millennials with appeal across generations.

Victoria's Secret also appeared in the ranking for the first time, illustrating the power of a well-defined brand. The fast-fashion brand Zara increased in value, although fast fashion generally experienced mixed results, partly because of a growing consumer inclination to spend prudently and favor new experiences over more things.

Meanwhile, apparel brands increased digital innovation in manufacturing and marketing, increasingly selling direct to consumers through their websites or branded stores in an attempt to increase customer engagement, access to customer data and profit margins.

Innovation and digital

Nike advanced its focus on technology and innovation, key components of its brand strength, with the introduction of self-lacing sneakers. The brand continued its online customization program, NIKEiD, which enables customers to select the colors along with certain performance and design features of their sneakers and other products.

Both Adidas and Nike were among the athletic shoe brands investing in 3-D printing technology, in anticipation of a future when footwear is manufactured on demand and customized. Nike appointed a Chief Digital Officer as part of its plan to drive e-commerce sales and build customer relationships with social media and Nike fitness apps.

Under Armour invested heavily in wearable technology, purchased several fitness apps, and partnered with IBM Watson to yield richer health, fitness, and nutrition insights using artificial intelligence. Along with cutting-edge technology, sports celebrity endorsements remained an important brand communication tool. >>

CATEGORY DEFINITION

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

APPAREL TOP 10

		Brand Value 2016 $ Million	Brand Contribution	Brand Value % Change 2016 vs. 2015
1	**Nike**	37,472	4	26%
2	**Zara**	25,221	3	14%
3	**H&M**	12,665	2	-8%
4	**Uniqlo**	8,625	2	7%
5	**Under Armour**	6,698	3	N/A
6	**Victoria's Secret**	6,245	3	N/A
7	**Adidas**	5,257	3	14%
8	**Next**	5,206	2	-13%
9	**Ralph Lauren**	3,497	4	-38%
10	**Lululemon**	3,047	4	5%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest).

INSIGHT

Young people use social platforms in different ways

The marketing world is obsessed with using traditional models of marketing cohorts to define the behavior of several millions of people. To that end, what are the different social platform behaviors of millennials (born 1980-1995) vs. Gen Z (born circa 1996-2010). Both generations use Facebook. (It is a fallacy that "the kids are deserting Facebook" – the uses are just very different). In broad strokes, older users use Facebook for sharing their lives and interests, or for simply just staying in touch with their friends. Gen Z, however, are less about these public demonstrations of identity. (Plus, why would they want to share everything on the platforms where their parents live?) Instead, for many young users, Facebook is simply "Google for People." For example: a Gen Z person might meet someone at a party and look them up on Facebook to learn what groups they're in, who their friends are, and what brands they like, before deciding whether or not to add them to their WhatsApp group.

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Nike continued its relationships with leading athletes across sports, such as Kobe Bryant and Serena Williams, who acted as design consultants as well as brand ambassadors. And Nike won rights to take over as the official uniform supplier of the National Basketball Association after the NBA's contract with Adidas expires in 2017.

In a strategy shift, Adidas decided to build its presence in basketball by developing partnerships with specific players rather than the league. Under Armour benefitted from its association with Stephen Curry, star of the Golden State Warriors, a winning NBA team based in Oakland, California.

Looking to China

Adidas rebounded after several weak sales years, primarily because of brand strength in Western Europe, China, and Latin America. As it sought to gain momentum in the US, the Germany-based brand also broadened its sports appeal beyond its well-established link with soccer. To help position the brand as cool and trend-setting, Adidas linked with rap performer Kanye West.

Adidas expected to open 3,000 more stores in China for a total of 12,000. Aligning with a Chinese government plan to increase China's presence in international soccer competitions, Adidas signed a deal to provide soccer programs in thousands of China's elementary and middle schools.

Nike also planned to drive sales from fast-growing markets, especially China, which it predicts will become its second-largest market after the US. In addition, Nike intends to market more intensively to women and has opened several stores specifically for women in China, the US and UK. Lululemon, which had marketed primarily to women, focused on building its sales to men. The brand restructured the organization, unifying its sales and marketing to women and men, functions that had been split between two executives.

Flagships and e-commerce

Uniqlo planned to expand aggressively in Greater China, adding around 100 stores annually to its current store count of about 470. The brand collaborated with Disney to develop a range of clothing and other products featuring Disney characters. The collaboration is an example of Uniqlo moving to be more fashion driven. It associates Uniqlo with the iconic Disney brand, and it helps position Disney merchandise somewhat more as fashion rather than simply souvenir.

Uniqlo launched the collaboration by devoting a floor of its Shanghai flagship store to the new merchandise. The Disney Shanghai Resort was scheduled to open in Shanghai during June 2016. A Uniqlo Disney store was scheduled to open in Walt Disney World in Orlando, Florida, during 2016.

To improve its US performance, Uniqlo closed underperforming suburban mall stores and focused instead on urban flagship locations, opening one on Chicago's Michigan Avenue. It also expanded its e-commerce activity, which accounts for 15 percent of US sales. The brand also opened a flagship store in Antwerp, Belgium and renovated its Oxford Street site in London.

Uniqlo continued to differentiate the brand with technology. Its LifeWear uses technology to combine fashion and function, including comfort of fit and temperature. Uniqlo also announced digital innovations that would enable customers using a mobile app to order clothing that would be semi-customized according to measurements they had submitted. The company plans to increase the e-commerce portion of global sales to 30 percent over time, from 5 percent currently.

Known for building its brand through its physical store presence, with over 7,000 locations worldwide, Zara slowed its store opening pace slightly, and shifted attention to driving online sales, with plans to increase its presence in Europe from 22 countries to 35. Still, the brand opened a flagship store of almost 50,000 square feet in Manhattan's trendy Soho neighborhood, and is expected to open as many as 360 stores this year, including locations in five new country markets: Aruba, New Zealand, Nicaragua, New Zealand and Vietnam.

Refocusing for changing times, the Victoria's Secret brand, which operates over 1,000 stores in North America and the UK, added to its international reach, opening a flagship store in Shanghai. The intimate apparel specialist, renowned for brand building with video and print content, announced plans to refocus its marketing on loyalty programs and customer engagement, even eliminating the catalogs featuring lingerie models that had become synonymous with the brand.

Perhaps evolving the brand to remain relevant as consumer attitudes change and notions of female beauty become more diverse, Victoria's Secret intended to benefit from the sportswear trend by promoting its range of sport bras.

A new CEO from the world of fast fashion launched a review of the Ralph Lauren business, after taking over from founder Ralph Lauren, who now serves as Executive Chairman and Chief Creative Officer. The strong dollar impacted overseas sales and sales to tourists visiting the US.

Competition from fast fashion and other retailers hurt Next, which operates around 500 stores in the UK and 200 international stores, along with an online business that offers clothing for men, women and children. The brand also operates a mail-order catalog business, which it intended to continue while expanding e-commerce and introducing a new iPad app. In 2015, almost two-thirds of Next consumers used mobile devices for online ordering. Just five years ago, 95 percent of consumers ordered online using a PC.

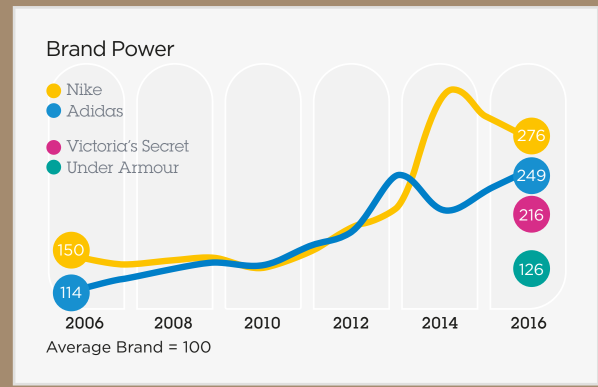
BRANDZ™ ANALYSIS

INNOVATION DRIVES VALUE INCREASE

Apparel increased in value 14 percent, the greatest gain of all the categories in the 2016 BrandZ™ Global 100 ranking. Sportswear brands drove the value growth. Nike and Adidas scored high in Brand Power, a BrandZ™ measurement of a brand's ability to drive sales volume. Under Armour, a newcomer to BrandZ™ apparel category, also scored well in Brand Power, as did another newcomer, Victoria's Secret. All four of these brands also scored high in Innovation.

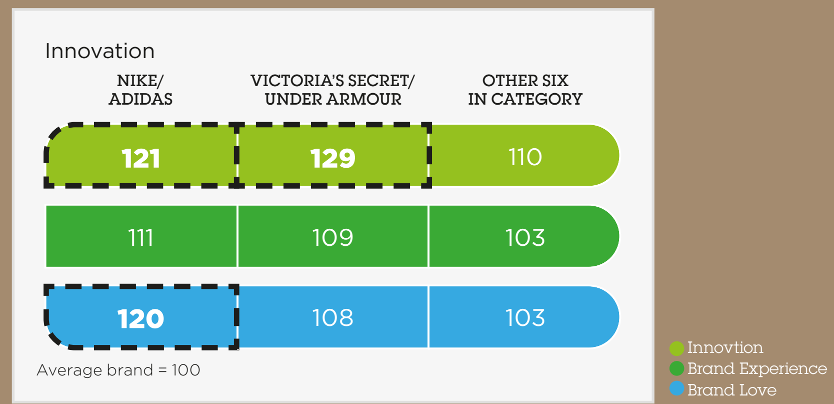
Leaders enjoy strong Brand Power...

Nike continued to exhibit exceptional Brand Power, but experienced the impact of strong competitors Adidas and Under Armour as the sportswear trend continued to accelerate, with even Victoria's Secret focusing on its sportswear range.



... And score high in Innovation

The BrandZ™ Apparel Top 10 scored well in Innovation, with Victoria's Secret and Under Armour scoring especially high. Innovative brands tend to be creative and distinctive and increase faster in brand value.



Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

As consumers continue to expand their apparel focus to include a mix of fast fashion and sports fashion, brands need to continue innovating and explaining their functional benefits with clearly articulated brand stories.

INSIGHT

Consumers fine with sharing data used intelligently

Consumers of all ages are pushing out information every day - passively via their newsfeed interactions to more directly with the brands they buy products from. They understand the value of their data and, furthermore, they genuinely want brands to work harder and use the data better. To cite one consumer quote directly: "I am allowing you to have this information. You can at least do the decent thing and use it properly." Consumers don't want to visit a brand website to look at shoes and then have shoes follow them around the web for the next three weeks. (Why do you think ad blockers have arrived?) With the ad tech options available to marketers today, there's no reason why this experience can't be better.

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BRAND BUILDING ACTION POINTS

1 Be social-media savvy

Young people select the social media platforms they use based on the situation. When a GenZ customer in a try-on room snaps a selfie of herself in a new outfit, she is not going to post it on Facebook. Instead, she will choose a "velvet rope" network and send the photo to a limited number of friends whose opinions she values.

2 Use data to deepen relationships

Many consumers will want to learn more about a brand, about what the brand stands for and how the brand relates to them. In a time of the "quantified self," when people are eager to learn more about their potential and to measure their health or physical fitness, apparel brands have an excellent opportunity to engage with customers and deepen relationships.

3 Protect the data

Be open and clear with customers about how you expect to use their data and protect their privacy. Explain how you will use the information to create personalized and beneficial experiences for customers, and how you will guard against misusing personal information or using it in ways that annoy customers.

Photograph by Paul Reiffer

CARS

In reverse of recent trends, Europe improves, US hits record, China slows

And brands peer into a foggy future of mobility

BRANDZ
Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

-3%

Cars Top 10
Total Brand Value

$139.9 billion

CATEGORY DEFINITION

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

Growth contradicted recent global patterns, with improvement in Europe, record sales in the US, but slower expansion in China. Meanwhile, carmakers took initial steps to anticipate a future where, disrupted by societal forces, car brands become mobility service providers as well as product manufacturers.

This vision results both from trends that discourage personal driving, such as increased urbanization and traffic congestion, and forces that point to alternatives, such as the rise of the sharing society and the desire for utility without ownership, particularly among youth.

The pace of change will vary by geography and market, and will depend on balancing consumer expectations with production realities in a capital-intensive industry. For now, technology is the greatest influence on the category, as brands differentiate with driving experience, entertainment and early versions of autonomous cars.

Many car brands exhibited at the Consumer Electronics Show, the annual showcase of technological innovation held in January in Las Vegas. Ford opened a research center in Silicon Valley, and introduced a program that anticipates a future where cars are one component of a comprehensive mobility solution.

The electric car brand Tesla appears in the BrandZ™ Cars Top 10 for the first time, suggesting that the future has arrived. With the availability of a relatively affordable Tesla (priced at around $35,000), more people might experience that future. In addition, Tesla's model of direct sales could portend distribution changes in an industry that currently relies on dealership networks.

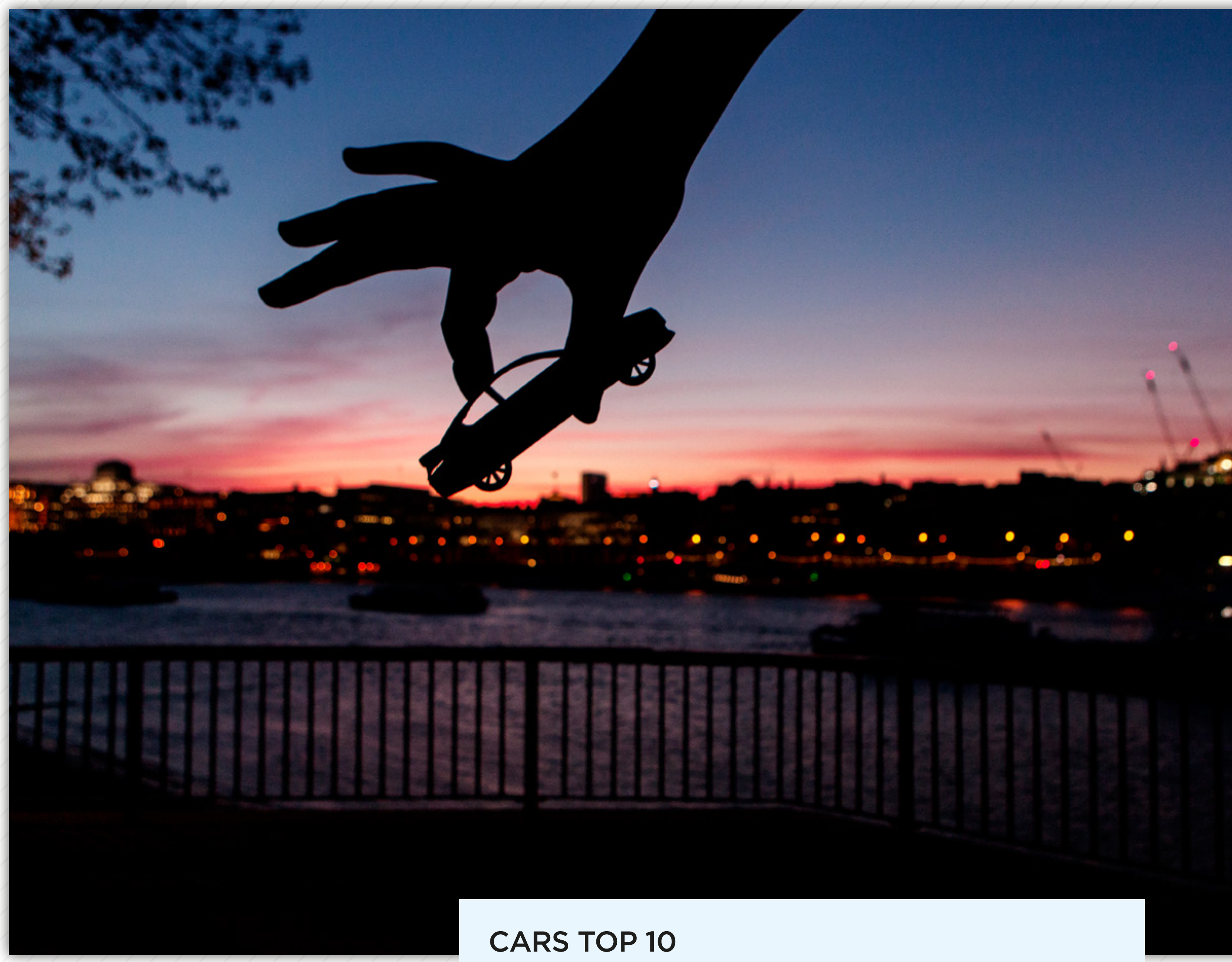
If the future seemed complicated for carmakers, one factor simplified the present for many consumers: cheap gas. The plummet in global oil prices that led to lower prices at the pump drove car sales, put pressure on diesel models, and pushed purchasing preferences to larger cars, like SUVs. Full-size pick-up trucks remained popular in the US.

At a point where Volkswagen hoped to shift toward greater emphasis on SUVs, the company struggled to contain the impact of revelations that it circumvented emissions standards. The incident also affected the value of VW's Audi brand. The overall value of the BrandZ™ Cars Top 10 declined 3 percent, following a rise of 3 percent a year ago.

Sales vary by region

Sales in the US increased 5.7 percent to a record-setting 17.5 million cars sold. Low-interest credit and pent-up demand combined with cheaper gas to fuel these sales, which reached their highest level since 2000. The US remained a relatively profitable market, partly because of the brand rationalization that followed the global financial crisis.

Car sales in the UK also reached a record level, climbing 6.3 percent, to 2.6 million vehicles, with sales driven by consumer confidence, affordable credit and the strength of the pound against the euro. In Europe, new car sales rose 9.3 percent to 12.6 million units – a strong result, but still well below the 18.2 billion cars sold in 2007, prior to the global financial crisis. >>



CARS TOP 10

		Brand Value 2016 $ Million	Brand Contribution	Brand Value % Change 2016 vs. 2015
1	**Toyota**	29,501	3	2%
2	**BMW**	26,837	4	2%
3	**Mercedes-Benz**	22,708	4	4%
4	**Honda**	13,195	3	-1%
5	**Ford**	13,084	3	0%
6	**Nissan**	11,479	2	1%
7	**Audi**	9,497	4	-6%
8	**Land Rover**	4,732	3	-5%
9	**Porsche**	4,438	4	N/A
10	**Tesla**	4,436	3	N/A

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest).

INSIGHT

Success in evolving car market requires a cultural change

Many of the car companies are going through an internal cultural change as they face the need to navigate the increasingly complex landscape of new technologies, connectivity, and different mobility solutions. The automotive companies are good at spending several years to launch a perfect object. In contrast, technology companies are good at knocking something out and then making iterative improvements. The shift – from making perfect objects to creating rapidly improving technologically-based experiences – moves the car companies into new territory. Technology companies are interested in the car business because it can be profitable. But it's difficult to make a car. Everyone wants to be in the experience business. People spend a few hours buying a car and many more hours in a car. If you have someone for that amount of time, you know where they are and what they're doing, you're connected to them and you gain data, insights, and potential revenue streams.

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The growth of car leasing also impacted overall car sales numbers. The increase in preference for leasing suggests that consumer attitudes may be changing; for some people, access to a car may be more important than ownership. Leasing also makes a major investment seem like one more affordable monthly payment for a service, like a mobile phone bill.

China remained a car ownership market. Sales reached 21.1 million cars in 2015, a 7.3 percent increase compared with a 10 percent rise a year ago and 16 percent in 2013. A tax break stimulated demand, along with discounts, which hurt margins. Although the rate of sales growth slowed for many international brands, local Chinese brands grew 15 percent, almost double the rate of the market overall.

The Chinese market also points to the future role of dealerships in how consumers will purchase cars. During China's Singles Day shopping event in November, e-commerce giant Alibaba sold over 6,500 cars on its Tmall site. Customers purchased cars online but picked them up at dealer locations. Some cultural differences enable this behavior, as Chinese car buyers spend more time doing online research before purchasing, but are less inclined to test drive a vehicle.

The slowdown of the oil-dependent economies of Brazil and Russia negatively impacted car sales. Car sales in Russia fell 39 percent. India imposed restrictions on engine size and imposed a new tax on car sales as part of an effort to help abate air pollution.

A future beyond car sales

Anticipating a future beyond car sales, Ford extended the brand to include a suite of mobility services called FordPass. The app-based initiative includes trip planning, transportation ticket purchasing, ride sharing and other utilities, plus a payment wallet.

In New York, Ford also planned to open the first of what will be a worldwide network of urban storefront mobility service centers called FordHub.

Ford also tested a car-sharing program called GoDrive. In a sense, Ford is going back to the future, reenergizing its founding vision to provide affordable mobility. Seeing change as inevitable, Ford intends to disrupt itself before social trends or competitors disrupt Ford.

Most major brands experimented with programs for fractional ownership or leasing, as well as short-term rental. BMW and Mini operate a rental scheme called Drive Now. In San Francisco, Audi is trialing a program where, for a monthly fee, customers can select from among a group of Audi models according to occasion and need. As the category shifts toward an emphasis on mobility, the competitive set widens. For example, Germany's railroad, Deutsche Bahn, operates a car-sharing operation called Flingster.

Besides the logistical challenges these car-sharing programs present, carmakers worry about devaluing their brands. But the change in carmaker mentality and mission seems inevitable, because younger people view cars differently than do members of the older generation, for whom a car represented status and freedom. A smartphone fills those needs for many young people, who consider cars just one of many alternatives for advancing on a journey.

In this world, the car becomes like the device, valued for design and functionality and especially for the frictionless experience. In an apparent nod to this trend, Volkswagen planned to replace its tagline "Das Auto," which focused on the car as object, rather than the car as one critical component of a set of more complicated mobility solutions.

In the industry's most positive analysis, mobility solutions provide new revenue streams for car brands, which will be manufacturing cars, at least for the foreseeable future, although revenue may shift gradually from products to services, potentially a large and lucrative business.

INSIGHT

Greatest threat to meeting mobility challenge is inertia

I recently went to the Geneva Motor Show. It was similar to the Geneva Motor Show of 10 or 15 years ago. Little has changed. In fact, topics like alternative drivetrains or alternative energy seemed even less important than a few years ago. There are some new initiatives. All of the car companies now have a digital officer. Many of them have an experiment with some kind of sharing or mobility solution. But most of the time these are just to communicate their awareness of the changing market. There is little indication that they are prepared to scale these ventures. Their business models have not fundamentally changed. This inertia will put the car brands at a disadvantage as new competition, like Uber, and eventually others, enter the mobility space.

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Strong brands dominate

Meanwhile, carmakers with brand strength continue to dominate the BrandZ™ Cars Top 10 ranking. Toyota remained solidly in the number 1 position, demonstrating the brand's ability to sustain a reputation for product reliability even after the problems with unintended acceleration several years ago. Both Toyota and Honda embraced the importance of design, which adds an emotional appeal to brands respected for their functional excellence.

BMW benefited from the introduction of its 7 Series with technology that included an app store for driving entertainment, gesture control for the phone or radio, and limited autonomous driving for moving the car into and out of a garage without someone in the driver's seat. The slowdown in China impacted sales, however. China's slowdown also hurt Land Rover, which experienced growth in other markets, particularly North America.

In contrast, sales for Mercedes-Benz rose in China based on the strength of its C-Class Sedan and SUV, and the addition of dealerships. On the strength of that performance, combined with worldwide sales, including the flagship S-Class, Mercedes-Benz was poised to reclaim luxury car sales leadership from BMW and Audi. For the first time, Porsche sold over 50,000 cars in the US, and Nissan performed well, particularly in North America.

One unanswered question about the future of brands in the car category is the implications of new competitors entering from outside the category, such as strong technology brands like Google or Apple. Their partnership with traditional car brands would raise many issues, including ownership of consumer data, much of which is now controlled by dealerships.

INSIGHT

Brand stories need to touch young people interested in mobility

The rise of car-sharing, especially among younger people, highlights the importance of affordable mobility as well as the specific brand of car. Car manufacturers who have traditionally relied on communicating a company's heritage at a brand and/or model level now need to work harder at communicating benefits at a "cultural" level, especially to those who do not currently drive. These new consumers are less interested in car content and features, and more interested in car sharing networks and technology, as this traditional niche becomes more mainstream. Studies reveal that the millennial generation is avoiding car ownership in this new era of social media, and auto manufacturers have started to take note. The need for mobility will always exist, though it is continually morphing into new, more efficient realms. The automobile is not going away, but the idea of sharing them is gaining more ground.

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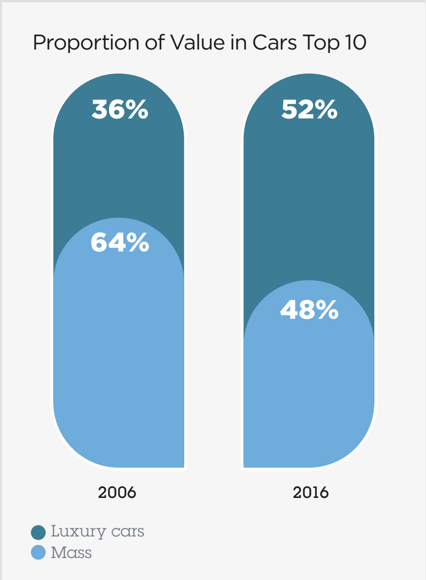
BRANDZ™ ANALYSIS

BRAND POTENTIAL DECLINES SHARPLY

Although the car category is rebounding, the total brand value of the BrandZ™ Cars Top 10 has not quite recovered to its pre-recession level. But the majority of value has shifted from mass to luxury. Luxury brands are seen as more Different, and Tesla, a newcomer to the BrandZ™ Cars Top 10, is viewed as most Different because of its strength in BrandZ™ metrics including Innovation, Brand Purpose and Brand Experience.

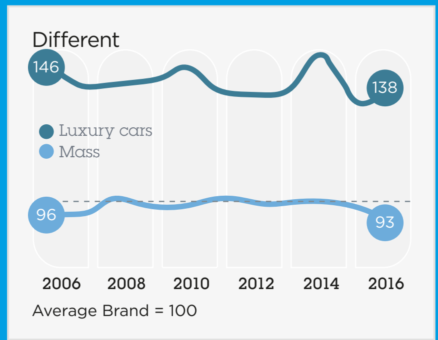
Luxury brands expand share of Top 10 value...

In 2006, prior to the global financial crisis, luxury brands comprised just over one-third of the BrandZ™ Cars Top 10 value; today they comprise over half of total Top 10 value.



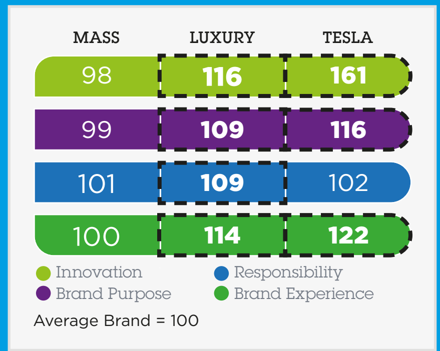
... Luxury brands are viewed as more Different than mass ...

On Different, consumers score luxury brands higher than mass-market brands. Part of the challenge for mass brands is that they have achieved high levels of functional quality, an achievement that requires them to differentiate based on brand experience, which is where luxury brands enjoy an advantage.



... Tesla is viewed as most Different

Among the luxury car brands, consumers view the electric car brand Tesla, a newcomer to the BrandZ™ Cars Top 10, as strongest in Innovation as well as the other characteristics that create the perception of Difference. Tesla's strong Brand Purpose relates to its fundamental mission of being environmentally friendly. The high Brand Experience score encompasses both functional qualities, such as driving performance, and an unusual distribution model that sells cars directly to customers rather than through dealerships.



Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

The car category faces many challenges. Car brands have improved in quality, but those improvements have made it more difficult to communicate meaningful difference. Social trends suggest that future consumers may focus less on cars and more on overall transportation solutions. In this challenging context, Tesla comes along, breaks all the rules and enters the Cars Top 10. The strength of Tesla in BrandZ™ metrics, including Innovation, Brand Purpose and Brand Experience points to qualities that car brands will need to successfully navigate the changing marketplace.

INSIGHT

Mobility solutions will expand reach of the car brands

Mobility solutions, ultimately, are about growing the reach of automotive companies. But it takes time. As the car brands consider all these new challenges, like connectivity or the technological interface in vehicles, or the opportunities for differentiation, it's important to realize that the car business is an enormously capital-intensive industry. The auto brands are like supertankers on the sea. They turn slowly. This is not a nimble business. People study everything thoroughly. People sitting in the boardrooms have some huge bets to place, and if they get them wrong they're stuck with them for years. But when someone places a bet, almost everyone else will follow.

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BRAND BUILDING ACTION POINTS

1 Be nimble

Decision making needs to be more nimble than ever, because the technology wave is breaking - car brands that do not learn to ride it risk being caught in its undertow.

2 Partner with tech brands

Don't lurch to try to be Apple. But be open to new forms of relationships with the technology industry. Coming from an industry known for control, car brands need to embrace more of a partnership mentality. Think about the technology brands as equals - as experts in their space.

3 Collaborate with competitors

Collaborate more with other car brands on issues such as engine technology in order to share the enormous cost of R&D. Collaborate to have common standards, something that will be necessary with autonomous cars that will need to communicate with each other using a common language.

4 Be in the experience business

Having a manufacturing mentality, car brands need to understand that they are now also in the experience business. That experience defines a different relationship with the buyer-user-owner. It means that the brand needs to understand and speak *directly* with the end customer, instead of allowing the dealer to mediate that relationship.

5 Make the experience frictionless

The experience must be frictionless. Whether the customer experience happens through the dealer, online or offline, it needs to be fast and easy. Any small annoyance will turn people away. Because differentiation is so much lower than in the past, and technology brands have trained consumers to expect frictionless experiences, consumers will not hesitate to switch. Own the experience and own the data derived from the experience.

LUXURY

Youthful spirit, appreciation for craft invigorate luxury

But slower economic growth constrains spending

BRANDZ
Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

-5%

Luxury Top 10
Total Brand Value

$99.7 billion

Brightly colored fabrics and the return of the logo energized luxury at a time when customers felt more comfortable with displays of affluence than at any time since the global financial crisis, over eight years ago.

Luxury shoppers curated carefully selected articles to share with knowledgeable and appreciative friends and acquaintances, but they also purchased logo merchandise for social recognition and to signify discerning taste for quality and craftsmanship. Brands presented logos with more subtlety and on selected items rather than across entire collections.

In their products and marketing, many brands sought a balance between conveying exclusivity to their primary luxury customers and accessibility to prospective customers, who have the potential to develop in affluence and personal style.

Driven by the more casual preferences of younger consumers, both women and men, luxury brands expanded luxury into high-end sportswear, exercise clothing, jeans and sneakers, aiming at the customer who purchases a well-appointed SUV rather than a traditional luxury car model.

Slower growth in Brazil, Russia, and China impacted the values of certain brands. And the strength of the US dollar also negatively impacted the sales of American brands sold overseas or purchased in the US by visitors from abroad. Some of the most valuable brands in the BrandZ™ Luxury Top 10 grew in value, but the Top 10 overall declined 5 percent, following a 6 percent drop a year ago.

Reaching a wider audience

In another step of its ongoing update of a heritage English brand, Burberry boldly changed its business model. Eliminating seasonality, the brand introduced collections only twice a year and made the collections available immediately after they appeared on fashion-show catwalks.

Burberry accelerated the product cycle, both to satisfy younger customers who expect fast fashion and to make it more difficult for the fast-fashion brands to copy Burberry designs. The immediacy presents supply chain challenges, but it is consistent with Burberry's commitment to keep the brand relevant and accessible. The changes also acknowledge that seasonality is less relevant for a global brand that conducts business across all weather zones.

To create excitement around the brand, Gucci reinvented its traditional look, introducing bold patterns and colors. Gucci began to redesign its 525 shops to reflect this lighter palette, and it accelerated the supply chain. Gucci also redesigned its website and relaunched it in the US and Canada, with further rollout planned for 2016. The financial impact is expected with full implementation of the changes that followed the appointment of a new CEO and Creative Director. >>

CATEGORY DEFINITION

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

LUXURY TOP 10

		Brand Value 2016 $ Million	Brand Contribution	Brand Value % Change 2016 vs. 2015
1	**Louis Vuitton**	28,508	4	4%
2	**Hermès**	19,821	5	5%
3	**Gucci**	12,592	5	-9%
4	**Chanel**	10,316	5	15%
5	**Rolex**	8,153	4	-4%
6	**Cartier**	6,747	4	-11%
7	**Burberry**	4,594	4	-20%
8	**Prada**	4,405	4	-33%
9	**Tiffany & Co.**	2,468	3	-24%
10	**Christian Dior**	2,066	3	N/A

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest).

INSIGHT

Feeling more entitled to indulge, consumers also seek substance

There is a sense of entitlement among luxury customers, a feeling that it is OK to reward yourself with an indulgence that you've coveted. At the same time, discerning consumers don't want to buy luxury simply for the sake of showing off the badge. There needs to be substance or provenance. Luxury brands are increasingly engaging customers through bespoke experiences that money alone cannot buy. In the luxury car sector, this could mean gaining a comprehensive understanding of the craftsmanship and attention to detail that goes into the design, build and delivery of luxury automobiles. The experience could include not merely a private factory visit, but also meeting core personnel involved in the key stages of the design and build process, and peering into the future by viewing upcoming products and then being allowed to offer first-hand insights to luxury automotive designers and engineers.

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Although the Christian Dior brand was in an interim period between designers, the lively and innovative treatments of clothing, accessories, and makeup that have characterized the brand for the past several years drew consumer interest. The consumer demand for *haute couture,* the high-end, tailor-made collection, continued to drive the growth of Christian Dior. Several perfumes performed extremely well, and Christian Dior appeared for the first time in the BrandZ™ Luxury Top 10.

Communicating the brand story

Brand story and experience remained an important aspect of consumer engagement with luxury brands. Brand websites provided access to fashion shows, and even glimpses of backstage activity. Going further, Chanel produced an online film about its founder, Coco Chanel, starring actress Kristen Stewart, who models Chanel's makeup line. The company continued to have a clear message about empowering women.

Rolex, the most valuable of the iconic luxury watch brands, continued its association with achievement and with cars as a sponsor of the Rolex 24 at Daytona. Positioning technology devices as luxury products, Hermès partnered with Apple to offer an Apple Watch with a Hermès leather band. Leather was an area of strength for Hermès, compared with its silk and perfume ranges.

Louis Vuitton evoked its brand heritage as a maker of trunks and other travel goods by creating an exhibition of trunks, tools of the craft, and other elegant travel articles from its collection for the Grand Palais in Paris. The brand originally displayed its wares at this grand venue during the Universal Exhibition (World's Fair) of 1900.

Other brands also communicated brand experience in the physical world, with flagship stores and with bespoke events such as factory tours for select customers. Cartier renovated key flagship stores on the Champs-Elysées in Paris, on Fifth Avenue in New York, and in the Ginza in Tokyo. The brand also planned an e-commerce site in China, although the country's anti-corruption campaign, which continued to dampen gift giving, hurt Cartier sales.

Well known as a brand for gift purchasing, Tiffany & Co. worked to increase the brand's appeal to customers purchasing luxury items for themselves. Tiffany & Co. enhanced its website, catalogs and in-store visual merchandising. The brand added to its entry-level silver jewelry collections of items selling for under $500.

INSIGHT

For millennials, luxury is all about experience

Luxury means vastly different things for millennials compared to prior generations. It's all about the experience. Many are giving up the big house or the fancy car for a life-defining experience that can be shared with family and friends. Or even with people they don't know on social media. And when they do purchase a luxury item, that too is all about the experience and the ability to share it. If it can't be shared, then it didn't happen.

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Slower economic growth impacts luxury

Along with other luxury brands, like Prada, Tiffany & Co. felt the impact of the slowdown in China's economy and the anti-corruption measures. Fluctuations in international tourism, a key driver of luxury sales, also hurt the brand. The Tiffany & Co. flagship Fifth Avenue store in New York derives around 40 percent of its sales from foreign tourists. >>

INSIGHT

A curated look signals luxury fashion savvy

Younger people, especially, validate their style savvy by wearing the same fast fashion as everyone else, but distinguishing it with the perfect luxury accessory. For these consumers, the hunt – going to sample sales and finding the piece that nobody else has, and Instagramming that you found an exclusive piece – is part of the appeal. Conversely, being completely coordinated suggests that you haven't taken a risk.

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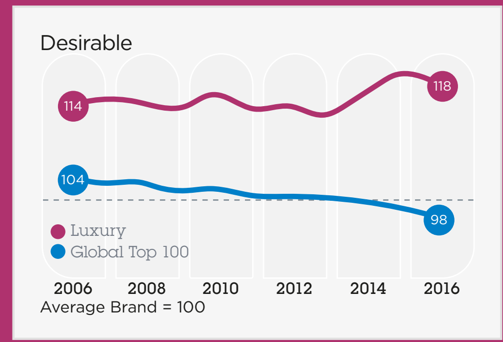
BRANDZ™ ANALYSIS

LUXURY BRANDS SUSTAIN DESIRABILITY

Desirability continued to drive the growth of the BrandZ™ Luxury Top 10, although the category struggled with changing consumer attitudes, global financial fluctuations and the ongoing challenge of making the brand simultaneously accessible (to attract new customers) and exclusive (to retain existing customers).

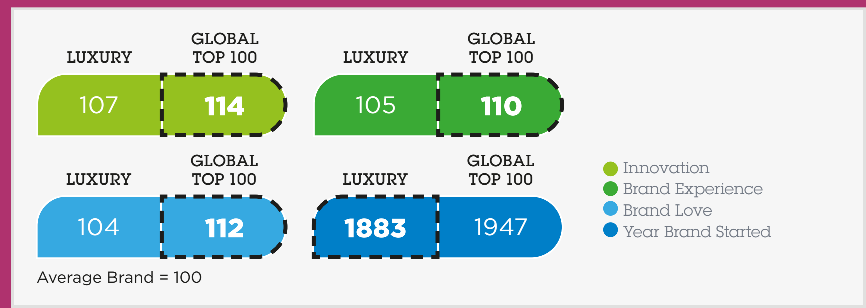
Luxury defies trends and grows more desirable...

Luxury brands have sustained and even increased their desirability, even as the BrandZ™ Global Top 100 brands generally declined in desirability in the aftermath of the global financial crisis and a recalibration of purchasing attitudes away from conspicuous consumption and toward what The Futures Company calls "considered consumption."



... Heritage is basis of brand strength

On average, brands in the BrandZ™ Luxury Top 10 were established over 130 years ago. In contrast with most categories, heritage is the basis of brand strength. Luxury brands are also strong in Innovation, Brand Experience, and Brand Love, but they score lower in these BrandZ™ metrics than the Global Top 100 overall. Luxury brands balance heritage and Innovation to simultaneously preserve brands and renew them.



Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

The BrandZ™ Luxury Top 10 score higher than average in the BrandZ™ metrics of Brand Experience and Brand Love. However, in the luxury category, most brands focus on delivering a memorable Brand Experience and cultivating Brand Love, making it difficult to stand out. Innovation and disruption can help brands set themselves apart.

Despite the economic slowdown, China continued to lead the world in outbound travel, according to the World Tourism Organization, an agency of the United Nations. But tourist spending weakened. In addition, the Chinese government lowered taxes on luxury to encourage purchasing at home rather than abroad.

Chanel enjoyed great popularity in China, partly because of its presence on social media platforms like Weibo and WeChat, but also because it encouraged domestic Chinese spending by lowering prices in China to make them more equivalent to prices in Europe.

Rapidly becoming sophisticated and more discerning across most categories, Chinese consumers selected luxury items not simply for the bling effect, but also for their brand stories. Christian Dior increased its media presence in China, particularly to market its perfumes as a way to build the brand's awareness.

Many luxury brands created monkey-themed items for the Chinese New Year. In more substantial initiatives, some brands modified designs to appeal to a more diverse audience of luxury shoppers from other regions of the world. Hermès created silk saris for Indian shoppers. Other luxury brands designed burqas for Muslim women.

INSIGHT

Brands stretch meaning of luxury with playful designs

Although people feel uncertainty, there's increased confidence in celebrating luxury. A demonstration of this is a shift back to logos and more brazen luxury. This is in stark contrast from recent years when it was about discretion and being in the know, rather than showing off with badges. We're seeing trends of opulence, flamboyance and romance; people want to have fun with luxury and be playful.

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ADDEDVALUE

BRAND BUILDING ACTION POINTS

1 Celebrate occasions

Develop sales strategies around more occasions, and create original ways to present the brand.

2 Find the right balance

The balance between exclusivity and accessibility is delicate. Greater accessibility can drive revenue but dilute the brand. Some brands manage by channel, offering limited items online, and more customized versions only in a physical store.

3 Personalize the offering

Deliver exceptional personal experience. Study the attention to detail and the unique individual services that some airline and cruise brands provide for their high-volume customers.

BANGKOK, THAILAND

Value of all Asian brands in Global Top 100

$531.9 Billion

Photograph by Paul Reiffer

PERSONAL CARE

Changing shopping habits challenge brands to innovate

Global expansion continues despite slower economic growth

BRANDZ

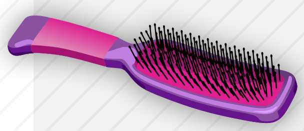
Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

0%

Personal Care Top 15
Total Brand Value

$114.7 billion



CATEGORY DEFINITION

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

Personal care brands contended with many ongoing challenges, including the appearance of small disruptor brands enabled by e-commerce and heated competition for limited shelf space in physical stores.

In addition, consumers expected brands to supply expert advice, greater convenience, more product innovation, improved product functionality and, in some instances, a higher purpose. The shopping habits of millennials, and evolving attitudes about gender and beauty added further complication.

Mobile accelerated many of these trends and also facilitated the expansion of personal care products in many developing parts of the world, where brand leaders attempted to customize their offerings to meet local market needs, while also achieving global economies of scale.

Meanwhile, global business became more difficult. With slower economic growth in China and Brazil, price-conscious consumers considered local brands, which over time have improved in product quality and marketing expertise.

Two brands reappeared in the BrandZ™ Personal Care Top 15: Pantene Pro-V, a hair care brand; and Shiseido, a Japanese personal care brand offering a range of products including skin care and makeup. The brand value of the BrandZ™ Personal Care Top 15 remained flat following a modest improvement a year ago.

The changing shopper

Like most consumer product marketers, the leading personal care brands filled retail shelves with product variants to drive volume by drawing consumer eye contact and consideration. But consumers sometimes looked elsewhere, to their hand-held devices.

Personal care shoppers traditionally shopped with a consideration set of two or three brands, according to Kantar Retail. But now, as they walked the aisles checking screens for deals and coupons, some brand leaders felt compelled to compete primarily on price, filling shelves with value and premium products and potentially shrinking the middle tier.

Millennials drove interest in online subscription purchasing, which impacted Gillette razor blade sales in particular. But subscription offerings also included curated offerings from brands such as Birchbox and Birchbox Man. Wellness-focused collections combined vitamins and personal care products.

Increasingly, millennial dads strolled store aisles, not just to fill a spouse's shopping list, but as active decision makers with different, little-understood shopping habits, such as being more influenced by in-store signage and promotional offers, according to MediaCom research.

Loyalty, innovation and purpose

These changes happened in a marketplace where the major brands faced intense competition from price-competitive private labels that have improved in quality and branding sophistication.

Building loyalty in this world, where consumers increasingly made purchase decisions based on volition rather than habit, required brands to provide the basics – product efficacy, convenience and value – and also to differentiate with authenticity. According to Kantar Retail, being seen as authentic required meeting consumer expectations that were both personal (Did you meet my individual needs?) and social (Does the brand meet those needs in an ethical and responsible way?) >>

PERSONAL CARE TOP 15

		Brand Value 2016 $ Million	Brand Contribution	Brand Value % Change 2016 vs. 2015
1	**L'Oréal Paris**	23,524	4	1%
2	**Colgate**	18,319	4	2%
3	**Gillette**	16,400	4	-17%
4	**Lancôme**	8,583	4	3%
5	**Nivea**	6,756	3	4%
6	**Garnier**	6,384	3	1%
7	**Clinique**	6,235	4	4%
8	**Dove**	5,448	3	3%
9	**Estée Lauder**	4,190	5	6%
10	**Olay**	3,917	4	-3%
11	**Pantene Pro-V**	3,908	3	N/A
12	**Crest**	3,630	4	-8%
13	**Oral-B**	2,740	3	-6%
14	**Shiseido**	2,441	4	N/A
15	**Pond's**	2,230	2	2%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest).

To effectively communicate this information, brands often turned to bloggers and brand advocates. Estée Lauder continued to expand its presence on social media and e-commerce sites, and some of the messages came from its brand representative Kendall Jenner. Still, brands encountered niche premium disruptors that have relatively easy access to the marketplace because of social media and e-commerce. To strengthen relevance and differentiation, brand leaders introduced technology-driven innovation. L'Oréal Paris introduced an online platform called L'Oréal Paris Designer and added the latest version of its Makeup Genius, an app that enables the user to virtually try on makeup and use a smart phone as a mirror.

Oral-B connected its electric toothbrush to a smartphone app that tracks dental hygiene over time, just as physical fitness apps track exercise and wellbeing. Tracking dental hygiene linked the brand with the larger purpose of maintaining personal wellness.

Evolving ideals of beauty

Brands also developed creative solutions to remain relevant in the cultural conversation about beauty and gender, which continues to evolve since Dove first challenged the idealized view of female beauty, with its "Real Beauty" campaign 12 years ago.

Today, physical appearance is only one dimension of a more comprehensive view of female beauty that not only considers how other people view a woman, but more importantly how a woman feels about herself. Beauty becomes the outward expression of inner strength, self-confidence and character.
In the latest iteration of its campaign about women's self-esteem, Dove has created advice boards on Pinterest. Ads showing the luxurious hair of Pantene Pro-V's spokeswoman, singer Selena Gomez, ended with the tagline "Strong is Beautiful," communicating both the benefit of the brand's shampoo and the idea that beautiful hair radiates strength. In Super Bowl ads that also commented on masculinity, NFL players styled their daughters' hair. Each spot ended with the tagline, "Strong is Beautiful."

The shift in attitudes about beauty touched the burgeoning men's grooming sector. Along with Gillette, L'Oréal Paris, Dove and Nivea were among the many brands occupying shelf space with expanding ranges of shaving and skin care products formulated and packaged for men, and purchased by men as both shopper and consumer.

Attitudes about physical beauty were also impacted by the needs of aging baby boomers. Nivea added to its Cellular range of anti-aging creams, for example. New fillers appeared, some including botox for home use, expanding the DIY aspect of the personal care category. And more products appeared for thickening and enhancing eyebrows and lengthening eyelashes.

Global expansion

In Asia, the pressure to look good and reverse aging is a strong trend that impacts women as well as men, who, particularly in South Korea, are more likely to use makeup. The facial regime generally is more complicated in Asia; in China, women may use as many as seven facial products both morning and night.

Global brand leaders attempted to understand and respond to local concepts of beauty. In India, for example, L'Oréal Paris researched Ayurvedic medicine to develop products based on plant extracts. In South Africa, research by Added Value found that black South African women increasingly responded favorably to ideals of beauty based on their local heritage rather than those of the white culture.

Kantar Worldpanel discovered that personal care is one of the categories in which Chinese consumers will pay a premium for items related to improved health or quality of life, such as skin care or toothpaste. A local skin care brand like Herborist, which updates Chinese ancient knowledge of herbal treatments with modern technology, is marketed outside of China and illustrates the possibility of building a uniquely Chinese global brand.

The personal care category is somewhat less competitive in developing country markets. In much of Latin America, for example, global brands feel less margin pressure as people move into the middle class and experience certain consumer goods for the first time. At the same time, in much of the world people continue to turn to personal care products because they associate physical enhancement with success.

INSIGHT

Brand honesty and performance still the best policy

Purpose-based marketing creates a good speak in the marketing community, but evidence indicates that what is really moving business is having superior performing products and being authentic in communicating with consumers. In personal care, the approach is more visible in more competitive categories. For example in hair or skin care, highly competitive sectors, the winning brands have performance advantages that they communicate simply. In general, being a winning brand, increasing sales and penetration, seems to correspond with greater simplicity and clarity in marketing. We are observing more brands returning to these fundamentals of brand building, and it isn't just limited to personal care.

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MEDIACOM

INSIGHT

Broad category necessitates more varied strategies

Personal care is a wide category that spans from mundane to high fashion. Depending on which part of the category you're talking about, the threat is different and the response needs to be different. In lower-interest categories, consumers may be less willing to pay for innovation and instead select private label. These brands need to identify a driving consumer insight to motivate purchase. In higher-interest categories, like cosmetics, brands run less risk from private label and more risk from niche brands that feel more personalized. In this case, image and style credentials are key. Depending on the sub-category within personal care, the risks – and the strategies to compete and win – are different.

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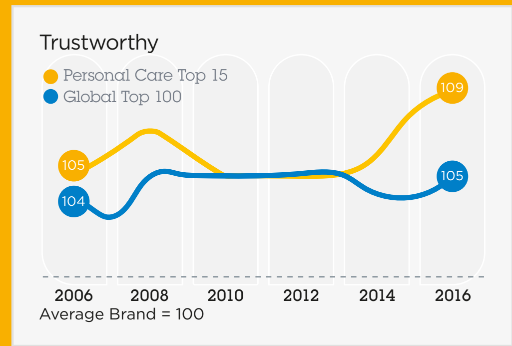
BRANDZ™ ANALYSIS

PERSONAL CARE IMPROVES IN TRUST

Consumer trust for personal care brands is improving. Consumer health concerns about the product ingredients they put on or in their bodies have impacted personal care as well as the soft drinks and fast food categories. The personal care brands have been relatively effective both in reformulating products to improve safety and in effectively communicating those improvements. Multinationals have increasingly stressed transparency and purpose, which has also contributed to a rise in trust. In addition, the BrandZ™ Personal Care Top 15 includes some of the world's most trusted brands.

Consumers view personal care brands as more trustworthy...

Following the recession, when consumer skepticism increased across categories, personal care declined in being perceived as trustworthy. After several years of improving products and communicating about those improvements, the category rebounded substantially in trust.



... But Innovation and other BrandZ™ metrics could improve

The BrandZ™ Personal Care Top 15 lag the Global Top 100 in three important BrandZ™ metrics that help assure future brand success: Innovation, Brand Experience and Brand Love (although the personal care brand scores are well above average).

Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

Personal care scores in the three BrandZ™ metrics – Innovation, Brand Experience and Brand Love – are well above average, although they lag the BrandZ™ Top 100. Higher scores, especially in Innovation, would help brands differentiate in a highly competitive and commoditized category.

INSIGHTS

Social mission is good, but not a differentiator

Personal care brands adopting social missions to add legitimacy and differentiation to their point of view hasn't yet run its course, but for many it will. Because many big personal care brands have seen the value of and embraced social missions they are no longer differentiating. Purpose however is something different. Purpose does not have to be tied to giving back to society at large; it can simply be to make you more attractive, successful, happy or safe. It's having a clearly defined direction that human beings can relate to and those brands in personal care (and beyond) that have that clearly defined and meaningful purpose are those that lead. In personal care it is the smaller, agile, local players that are becoming those with more defined purpose and highlight the value of this by being able to charge a premium for it.

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Personal care needs to become more personalized

The personal care category is less personal than it ought to be. The category is personalized from the marketing point of view, but it is several steps behind in products. The consumer products companies still operate from an old model, filling shelf space with variants. It's not accretive. It just complicates the supply chain. And retailers will push for change. The SKU proliferation issue will hit hard sometime in the next couple of years. Retailers that excel at omni-channel will move slower-moving items from the shelf to the website. When that happens, everyone will follow.

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KANTAR RETAIL

Global brands must become more local to remain relevant

Outside of the US, we're seeing the emergence of strong local competitors who are not affected by foreign exchange rates and have the ability to quickly innovate, up-size, use local ingredients and reflect local personal care behavior. For example, we've seen in Latin America a growing concern with purpose that is crossing generations. Even moms 35+ are demonstrating greater involvement with brands that goes beyond transactional. Given the rising influence of local factors on consumption, the challenge for some of the multinationals is that their marketing too often remains a centrally created bundle that is sent around the world.

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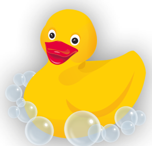
RED FUSE COMMUNICATIONS



INSIGHT

Depict women as culture does, as multifaceted

Just as the cultural conversation around femininity has broadened beyond obvious traits and tropes, so too has that around beauty. Ushered in by Dove with their inaugural "Campaign for Real Beauty," we have seen a wider definition of what constitutes gorgeous pervade culture. While the self-care giant introduced a timely celebration (and reappraisal) of diverse types of beauty and has now shifted to a focus on positive self-esteem, the tide of culture is fast moving beyond an appreciation of looks and consequent good feeling about those aesthetics, to the full spectrum of everything a woman is about. We see the woman, in all of her glorious multiplicity, being celebrated in areas of culture as myriad as fashion to technology: her abilities and achievements, her intellect, the depth of her spiritual connection to herself – the list goes on. If this is how women are being represented in wider culture, the implications for the beauty industry are clear: dimensionalize your subject or risk being rendered obsolete.

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ADDEDVALUE

BRAND BUILDING ACTION POINTS

1 Be more local

It is old advice for brands going global, but a new context makes it more urgent. In many growing country markets, consumers have more money to spend and more choice as local brands improve in product quality and marketing acumen.

2 Innovate

In a crowded category, innovation is important for differentiating, gaining consumer attention and growing market share. Innovation means developing new products, which can take substantial investment of money and time, but it can also mean using technology cleverly to add services.

3 Examine assumptions

Old assumptions do not always apply to the new generations. Millennial dads, for example, shop differently than their fathers. They often are the decision maker as well as the shopper, and they are more likely than their spouses to be influenced by in-store messages.

4 Look beyond the category

The category taps into larger ideas shaping people's experience, including the changing ideals of masculinity, femininity and gender. These influences, and how brands respond to them, will shape future brand success.

RETAIL

Retailers reconfigure stores to optimize experience, results

Consumers spend more purposefully online and offline

BRANDZ

Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

+8%

Retail Top 20
Total Brand Value

$377 billion

RETAIL TOP 20

		Brand Value 2016 $ Million	Brand Contribution	Brand Value % Change 2016 vs. 2015
1	**Amazon**	98,988	3	59%
2	**Alibaba**	49,298	2	-26%
3	**The Home Depot**	36,440	2	32%
4	**Walmart**	27,275	2	-23%
5	**IKEA**	18,082	3	6%
6	**Costco**	14,461	2	29%
7	**Lowe's**	13,001	2	21%
8	**ALDI**	12,077	2	4%
9	**CVS**	12,074	3	17%
10	**Ebay**	11,509	2	-19%
11	**JD.com**	10,496	2	37%
12	**Walgreens**	10,364	3	22%
13	**7-Eleven**	9,360	3	25%
14	**Target**	9,301	2	11%
15	**Tesco**	8,923	3	-5%
16	**Kroger**	7,905	3	N/A
17	**Carrefour**	7,736	3	-3%
18	**Woolworths**	7,459	3	-37%
19	**Lidl**	6,846	2	14%
20	**Macy's**	5,419	3	-24%

Source: BrandZ™ / Millward Brown (including data from Kantar Retail and Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest).

CATEGORY DEFINITION

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 approximately 90 percent of its sales from online retailing.

Customers spent money, but they were more purposeful about what and where they purchased, both online and in physical stores. The average number of retailers that consumers visited each month stabilized, after declining for several years, according to a Kantar Retail analysis of the US market. Retailers invested in optimizing productivity, improving the retail experience and increasing shopper engagement.

General retailers enhanced cross-merchandising and added in-store delivery options for online orders in an effort to improve convenience in big box stores originally intended as dense, self-service environments. Many also reduced store footprints and repurposed space. Kantar Retail expects e-commerce and small-store formats to drive almost 70 percent of retail sales growth in the US in the next five years.

Food retailers expanded offerings of fresh and organic food, and increased pick-up and delivery options. Kroger, a US grocery chain that advanced these initiatives, entered the BrandZ™ Retail Top 20 for the first time. Surviving category killers typically performed well, having eliminated most head-to-head competition and pursuing a clear purpose. In contrast, department stores often struggled with traffic declines at mall locations, although their flagship stores with space for full brand expression did better.

In the ultimate affirmation of physical stores, Amazon opened a bookstore near Seattle, its first physical store since launching the e-commerce revolution with an online bookstore in 1994. Amazon planned a second store for Southern California. Alibaba, China's largest e-commerce retailer, opened its first physical store in Tianjin, in northern China. >>

Results varied by retail channel and geography. Certain brand leaders increased in value, including Costco, The Home Depot, Lowe's and JD.com, China's second-largest e-commerce site after Alibaba, and a newcomer to the BrandZ™ Top 100 Most Valuable Global Brands. But even retail giants Walmart and Alibaba experienced business pressure.

INSIGHT

Edit product range and use new space as retail theater

Retailers need to stop thinking of a retail environment as a place to maximize SKU count. By definition, enormous quantities of SKUs are inefficient. The efficient retailers – Costco, Trader Joe's, Whole Foods, for example – have limited SKUs. They target SKUs that are high turn and high velocity and justify the space they occupy. With e-commerce ability, retailers can deliver the slow-moving SKUs that are replenishment-based and unemotional. That opens up an opportunity that most retailers haven't been good at: in-store theater.

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KANTAR RETAIL

The BrandZ™ Retail Top 20 still increased by a healthy 8 percent, but much less than the 24 percent rise a year ago.

Reinventing the store

Because of the brand's size, with over 11,000 stores worldwide, Walmart magnified many of the pressures experienced across the retail category. Walmart planned to close 269 stores, reduced store size, and slowed new store openings, reflecting a fundamental change in how shopping has evolved as an activity that happens both online and offline.

Walmart planned to greatly expand the marketplace portion of its website, where shoppers can find products from third-party suppliers. It also opened three new e-commerce fulfillment centers and launched a grocery service for online buying and in-store pick-up, a practice developed as "click and collect" by the European hypermarkets. Target also experimented with curbside pick-up. Even furniture retailer IKEA, which worldwide controls 328 stores averaging 220,000 square feet, operated smaller pick-up locations in Spain, Norway and Finland, with another being considered in London.

Most of the leading large-format brands, including UK-based Tesco and the French Carrefour, have more aggressively opened small urban food locations. Whole Foods planned to open its first scaled-down organic food store, in Los Angeles named "365 by Whole Foods Market," in Los Angeles. The new concept will offer a reduced range of organic food at lower prices and more customized for individual locations. Walmart opened a convenience store experiment called "Walmart To Go." At the same time, with over 56,000 convenience stores worldwide, 7-Eleven seemed well positioned to meet the needs of shoppers looking for conveniently located smaller stores, and it continued as a delivery center for Amazon in some locations.

Retailers also dealt with excessive store space by subdividing it. CVS, which operates over 1,100 clinics in its 9,600 stores, planned to allocate more of its retail space for urgent-care clinics and other medical treatment centers, which should benefit from several factors, including the aging population of the US and the expansion of medical insurance under the Affordable Care Act. CVS

INSIGHT

Stores today need to update at app speed

The idea of the physical store design serving as a lasting monument is disappearing. The physical store is no longer a place where you create a magnificent chandelier that lasts for five years. Retail will be in a constant state of beta. Each store will remain a perpetual test store. Consumers expect their mobile apps to get updated regularly, sometimes with new and improved stuff. They will apply the same expectation to physical stores. In practical terms, the store will not be totally refit, but it will be constantly renewed. In this new world, the store becomes a stage set for a performance. It becomes a brand message. It becomes similar to retail theater, but different. It doesn't have a five-year run.

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FITCH

also partnered with the IBM Watson Health Cloud to collect and analyze customer medical data. Meanwhile, CVS rival Walgreens continued to add space through acquisition. The pending purchase of Rite Aid, a US drug store chain with around 4,560 locations, is part of the strategic plan of parent, Walgreens Boots Alliance, to become a global leader in wellness and pharmacy, enjoying the brand and economy-of-scale benefits while gaining share of life.

Growing share of life

Most general merchandise retailers advanced initiatives aimed at growing share of life, but not as aggressively as Amazon. With the introduction of Amazon Dash, the brand anticipated the automatic replenishment of the Internet of Things. With the Dash program, consumers press reorder buttons for a variety of branded consumer products, alerting Amazon at the exact moment of customer need.

Amazon also launched its Amazon Fresh food delivery program in three US cities. In the UK, Amazon partnered with the grocery chain Morrisons for Amazon's fresh-food home delivery programs. Amazon Prime's two-day delivery included over 30 million SKUs and one-hour delivery on key items available from Prime Now in 30 cities worldwide. Almost half of the items sold on Amazon came from third-party sellers through Amazon Marketplace. And the brand moved into financial services with Amazon Lending.

Alibaba aligned with a leading Chinese food delivery app to increase its penetration of the delivery market in China. Alibaba purchased almost a 20 percent stake in Suning, the Chinese consumer electronics retailer that operates about 1,600 stores. The synergistic hook-up strengthened Alibaba's presence in the physical world and boosted its electronics offering, while lifting Suning's online profile and improving logistics and delivery times for both brands. JD.com challenged Alibaba with its partnership with Tencent, the giant Internet portal. Consumers can access JD.com through WeChat, Tencent's ubiquitous social networking site. This access point simplifies life for consumers, who can text, shop, and pay without switching platforms.

Seeking greater share of life, Kroger opened a new concept store with a wine bar, craft beer assortment and even a limited apparel offering. The brand's organic food commitment challenged Whole Foods on range and price. Even Lidl and Aldi broadened assortments to include non-food. The successful deep-discount grocers, both based in Germany, have succeeded against traditional food chains and hypermarkets by tightly editing their assortment and relying on high-quality private label to promote value at a sharp price point. Lidl prepared for its US entrance, breaking ground on a distribution center in Virginia.

Improving service with technology

Retailers also worked to increase what the retail brand consultancy FITCH calls share of experience, making shopping easier and more rewarding. To attract millennials moving into home-ownership and family-formation years, Lowe's partnered with Facebook and Snapchat on a social media campaign that updates how-to information for the next generation of DIYers. The brand also partnered with Microsoft in an initiative that enables shoppers to view kitchen remodel designs in 3-D, using the Microsoft HoloLens. And it has a virtual reality design tool that works with the headsets of Facebook's Oculus Rift and Google.

To make omni-channel shopping more seamless for its customers, The Home Depot offered an app that provided real-time inventory updates, 3-D store maps, and the ability to search items by text, voice and photo. Both The Home Depot and Lowe's, the two leading home improvement chains, improved in value partly because they have effectively built brands around a narrow purpose. The Home Depot, Lowe's and furniture retailer IKEA also benefitted from the strengthening US market for new homes and home remodeling. In addition, both The Home Depot and Lowe's effectively met the needs of small-business customers, which is also a factor in Costco's success.

INSIGHT

Activation now happens anytime and anywhere

Brand experience and purchase are coming closer together. That's what Amazon Dash does. I could be standing at my washing machine when I'm out of detergent. That's the connection to purchase occasion. It's what Rob Norman from Group M calls "the negative one moment of truth." Retail and supplier brands are going to need to get much better at retail activation at every point along the way. Anytime you're in awareness mode, the brand needs to move you to activation.

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KANTAR RETAIL

BRANDZ™ ANALYSIS

ONLINE RETAILERS SCORE WELL ON BRAND POTENTIAL

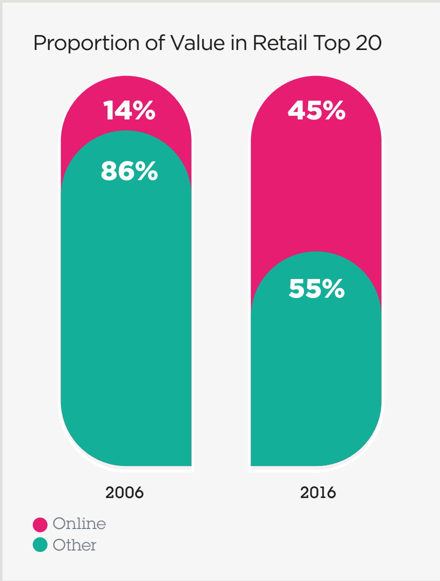
The online brands that disrupted the retail category score higher in Brand Potential and other key BrandZ™ metrics than other retail brands, which are mostly omni-channel operators with legacies of physical stores. Online retailers also comprise a disproportionate amount of the BrandZ™ Retail Top 20 value.

Online retailers lead in Brand Potential...

Online retailers score higher than other retailers in Brand Potential, the BrandZ™ metric that predicts the probability of future market-share gains.

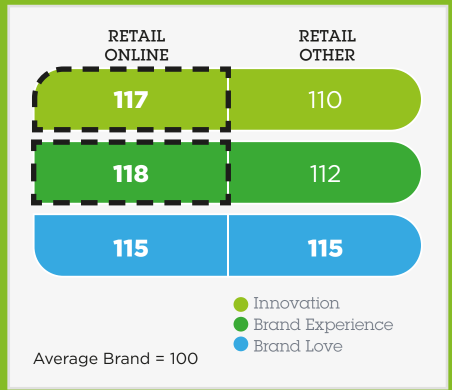
... And online retailers produce a growing portion of category value...

In 2006, the two online retailers in the BrandZ™ Retail Top 20 produced 14 percent of the ranking's value. Today, with four online retailers, including China's JD.com, a newcomer to the BrandZ™ Global Top 100, online brands account for 45 percent of the Retail Top 20 value.



... But traditional brands are loved

Online retailers also outscored other retailers in the key BrandZ™ metrics of Innovation and Brand Experience. But online and other retailers score the same in Brand Love, which may signal a consumer need for a brand experience that is more tactile and personal than is possible online.



Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

Omni-channel retailers confront a difficult challenge trying to be more innovative than the online innovators. But omni-channel retailers have the advantage of physical locations and the possibility of interacting face to face with customers and engaging them with the physical experience of the brand. These retailers need to leverage their strengths, especially as online brands are now establishing an offline presence.

BRAND BUILDING ACTION POINTS

1 Begin with an idea

Seize the differentiating idea that is your reason for being in business and build around it. Everything becomes possible with the core idea in place and much harder without it. You cannot omni-channel your way out of a poor proposition.

2 Be specific

The brand difference could be price or experience or something else. Specificity is a key component of future success. Focus relentlessly on the core shopper. Understand in detail the communities that surround each individual store.

3 Identify shopper priorities

Identify the issues that shoppers care about. Concerns could be about price, or a combination of quality and price, or a combination of price, quality and retail theatre. Find out and deliver – consistently and visibly.

4 Grow share of experience

Customers mostly have the same omni-channel access to myriad virtual and physical shopping venues. They face a lot of sameness. Experience is an important differentiator. Make the shopping experience unique to the brand and make shopping easier and more rewarding.

5 Empower the store manager

The store manager creates the experience, or at least sets the tone. Because consumers spend a lot of time online, the power of a physical store is magnified. Along with running store operations, today's store manager needs to be the chief schmoozing officer.

6 Work the "appicenter" of the brand experience

Retail brands need to control and coordinate the brand experience not only in the physical store, but also as it appears on every mobile app. Retailers need to prepare for the time in the near future when the shopper, standing in front of the shelf, can obtain all relevant product information on a mobile device.

7 Excel at both the art and science of retail

Building a retail brand today requires being both the artist, the merchant with an intuitive feel for what excites customers, and the scientist who can turn overwhelming amounts of customer data into useful insights.

FRICTIONLESS EXPERIENCE

CONSUMERS EXPECT BRANDS TO DELIVER FRICTIONLESS EXPERIENCE

Lessons learned from technology now impact all categories, including cars

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Digital has transformed marketing forever, and the way it has changed is not just in what we as marketers can do but in what customers expect. It is no longer – if it ever was – a question of herding potential customers through some fixed gates on their way to purchasing a product. Instead we are faced with customers whom have been trained to expect a seamless experience entirely on their terms by brands that were born in the digital era.

For the generation of people who grew up with Facebook, Google and Apple it is not just desirable that everything works perfectly with the devices and apps through which they already experience the world – it is incomprehensible to them when it does not. The price they consciously pay in order to enjoy these seamless experiences is the data they give us access to. Their mindset is, "I've given you all this data about who I am and what I want – why haven't you used it?"

These behaviors are not restricted to millennials though; the key drivers of the expectation of a frictionless experience are, of course, social and mobile, and they have both reached a point of near-saturation across all demographics.

For example, by far the fastest growing demographic of Facebook users is 65-plus. Marketing as a whole, and car marketing in particular, knows that it needs to catch up with these expectations, to invest ever more in digital. But what does this really entail?

The mobile interface has already reached the tipping point of being the new normal; 78 percent of the world's Internet users are also mobile Internet users – that's 2.6 billion people. Recent search data shows that mobile search has now overtaken desktop within the car buying process, and by 2020 the number of buyers using multiple devices for auto research is forecast to be 80 percent.

This matters a great deal for two reasons: firstly because on average just 50 apps account for 80 percent of mobile device screen time. Therefore, all of this increasing time spent online and on mobile is taking place inside walled gardens of data – and both agencies and clients need to act now in order to maintain visibility of this customer behavior.

But when it comes to delivering a frictionless customer experience, the fact that so much of mobile digital usage is through the lens of a relatively small pool of apps also has significant impact. It means that the inertia that drives customers to certain apps or platforms is potentially stronger than the inertia that drives brand awareness or preference. It is clear that people will not change their behavior to suit brand sites and structures. Consequently, if customers tap through to a site that isn't optimized for mobile, they aren't going to remember to come back later on a laptop – they will simply go elsewhere.

Yet in the midst of all of this transformation, the primary structures that the auto industry is built around are still vital. The number of dealer visits per purchase may have dropped dramatically in the last decade, but according to some studies as many as 84 percent of buyers still want to purchase a car in person. Manufacturer websites also remain crucial; Millward Brown path-to-purchase research shows that 86 percent of buyers will visit the brand site in the closing stages of buying a car.

The point here is that while the structures themselves are as important now as they have always been, the actual experience of using them has fallen behind the frictionless standards set outside of the auto category. Despite those high numbers of buyers still using the "traditional" manufacturer contact points, less than 1 percent of buyers surveyed by JD Power agreed that the current buying process was ideal. The changes required to improve that number are all about customer access, saving time and reducing the friction that leads to frustrating experiences.

Control over when and where car buying information is accessed has passed fully to the customer, and we as marketers need to respect that. Modern marketing must build structures to accommodate these actions at any time – and use data intelligently to predict and deliver the right content on the right platform at the right time.

ACTION POINTS FOR FRICTIONLESS EXPERIENCE

1 Use customer data

Use customer journey data to plan customer access, not just ad placement. The device they use and the app or platform they start from have a huge impact on their expectations.

2 Simplify access

The use of simple login details or even social API linkages such as Facebook (if the data privacy challenges could be managed) could dramatically reduce friction for the ever-increasing number of buyers who use multiple devices in their research. Facebook doesn't care which device you use to access your profile, why should car brands?

3 Link online and offline

The linkage between online research and the dealer experience is another prime opportunity for reducing friction. Device location data can be used to automatically send buyer preferences and car configuration details to the closest dealer, allowing the next contact to be entirely tailored to the individual buyer so as to save them time and effort.

4 Think mobile

Thinking mobile first opens up a new world of convenient and frictionless service for owners. Expect to see brand owner portals expand rapidly in this area, integrating more benefits into one point of access – as well as more upsell opportunities for accessories and service plans.

MediaCom is the "The Content + Connections Agency," working to leverage brands' entire system of communications across paid, owned and earned channels to step-change business outcomes.

OMNI-CHANNEL

BRANDS MUST IMPROVE ONLINE SHOPPING AND IN-STORE BUYING EXPERIENCES

Help shoppers browse, explore, find surprises and impulse buys

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Most shoppers today are learning to move seamlessly between different media and market spaces, to accomplish the twin but separated goals of shopping and buying. Retailers and brands, however, are still often trapped by habit and process into combining and linking these in ways that are no longer as relevant going forward. Thus we have the challenge of omni-channel thinking.

KANTAR RETAIL

Kantar Retail are the retail and shopper specialists. They are a leading retail and shopper insight, consulting and analytics and technology business and part of Kantar.

The Internet, in all its forms, whether by computer, tablet, or mobile phone, is becoming an excellent venue for fulfillment – for the act of buying. It knows you, it knows how you pay, what you have bought in the past, and it is close to frictionless. The number one reason for people to use digital sources as a route to purchase is convenience. In most cases, however, the Internet is a terrible place for *browsing*.

The physical store on the other hand, when it is at its best, is a wonderful place to seek and find new things, to have an experience, to seek help and confirmation from an expert, to taste something, to touch it, to try it on. It is a superior venue for the act of shopping. In most cases, however, it is a terrible place for *buying*.

This is the challenge for brands in the future – to improve the shopping online, and the buying in-store, and coordinate both of them as seamlessly as possible.

On reflection, we have always drawn a line between these. There is pre-purchase influence, where marketing and branding tend to focus. And there is the moment of actual sale, where merchandising and presentation, store and execution, take place. To use a paradigm made famous some years ago, these can be seen as separate "moments of truth."

But they are not separate, not really. They are simply different, both necessary and each complementary to the other. If brands, whether store brands or product brands, expect to thrive in the future and succeed in an omni-channel marketplace, they must learn to do both well in whatever venue the shopper wishes to visit.

Most brands today, particularly FMCG brands, approach retail merchandising and execution, the actual store, as a battle for space and display. The future work for brands is to find ways to move beyond mere placement and improve the store environment to inform, to inspire and entertain, to optimize the experience and engage the shopper more effectively in order to close the sale. In our work at Kantar Retail we have tried to focus attention to improving the traditional store environment for four key shopper actions:

1 Find

To make it easy to navigate.

2 Inform

To enable product information beyond the minimum package requirements.

3 Compare

To enable rankings, peer reviews, and other features of a digital shopping trip in the brick-and-mortar store.

4 Link

To overcome the category structures and assist shoppers to link complementary items together.

At the same time, the digital experience needs to move beyond item-level search and digital shopping. Brands and retailers need to create a total market basket experience, one that allows a shopper to browse, to explore, and to be surprised and encourage the impulse to engage with the brand.

Omni-channel is not a binary choice between store or screen, cart or search engine. Omni-channel is a challenge to integrate both the buying and the shopping experiences, to the benefit of both.

BEER

Changing consumer tastes drive brand fragmentation

As the leading global brewers plan to consolidate

BRANDZ

Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

-3%

Beer Top 10
Total Brand Value

$ 76.1 billion

CATEGORY DEFINITION

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

It finally happened. After years of rumors, the two giant global brewers, AB InBev and SABMiller, announced plans to merge, forming a giant company with a portfolio of 400 brands expected to produce $64 billion in annual revenue, about the size of Unilever, the consumer products multinational.

The new consolidated company will own seven of the BrandZ™ Beer Top 10 brands, including a new entry, Aguila. The company will not own rivals Heineken and Guinness. Also, after SABMiller divests its stake in Molson, it will not own Coors Light. But in a curious dichotomy, the beer industry is fragmenting at the same time it is massively consolidating. Particularly in mature markets, the beer category is beginning to resemble the wine category, with a proliferation of choices based on taste and provenance.

There are over 4,000 breweries in the US, according to the Brewers Association, a craft beer trade group. With market share of just over 12 percent, according to the association, craft beer remains a relatively small but influential part of the category. A six-pack holder that customers can customize with any combination of beer brands is among the best-selling stock keeping units at Kroger, a leading US supermarket chain.

This explosion in variety indicates the power of brand stories and experience to inspire consumer interest. It also reflects a global generational shift in preference to sweeter taste, lower alcoholic content and healthier ingredients. Government regulations both mirror and encourage these trends.

Beer brands have reduced alcoholic content in the UK because of government tax incentives. Britain's health minister issued guidelines for reducing weekly alcohol consumption to lower cancer risk. Although the situation is changing, some EU countries levy taxes based on alcohol and sugar content. European regulators historically associated beer with the alcohol industry and wine with agriculture, an inference that made wine seem healthier.

Impacted by slower-growing economies in Latin America, particularly Brazil, three Latin American brands declined in value, resulting in a 3 percent drop in the BrandZ™ Beer Top 10 value, following a 9 percent rise a year ago.

Experience and purpose

Traditional premium light beers attempted to connect with millennials with stories that presented brand history and heritage in an authentic way. Coors described the journey of its founder Adolph Coors, a German immigrant to the US who established his brewery in the Rocky Mountains because of the purity of the local water.

In its Super Bowl ad titled "Not Backing Down," Budweiser presented the brand as a muscular counterpoint to craft options. The ads mixed a soundtrack of loud and aggressive music with images of racing Clydesdale horses, industrial beer production and distribution, and young people partying hard. >>

BEER TOP 10

		Brand Value 2016 $ Million	Brand Contribution	Brand Value % Change 2016 vs. 2015
1	**Budweiser**	14,727	4	7%
2	**Bud Light**	13,198	3	2%
3	**Heineken**	10,549	4	9%
4	**Stella Artois**	9,546	4	10%
5	**Skol**	6,743	5	-21%
6	**Corona**	6,626	4	-22%
7	**Guinness**	4,586	4	-7%
8	**Coors Light**	3,610	3	-8%
9	**Aguila**	3,270	5	N/A
10	**Brahma**	3,269	5	-22%

Source: BrandZ™ / Millward Brown (including data from Bloomberg) and Brand Analytics
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest).

Distinguished for emphasizing its brand heritage, and the drinking experience involving a signature glass it calls a "chalice," Stella Artois added a larger purpose to the drinking ritual, pledging that with each chalice purchased, Stella Artois will provide clean drinking water in impoverished countries.

Heineken, marketed in 179 countries, promoted the premium brand with sponsorships that included a special edition bottle for the James Bond film *Spectre*. The brand performed especially well in the developing markets of Africa and Southeast Asia. Guinness continued to associate the brand with the physical heroics of sports, but also connected with the inner strength of a champion and the importance of team solidarity in an ad about a Welsh rugby star revealing his homosexuality.

Brands are expected to refine their messages to reach more targeted audiences with digital marketing this year, at the same time they create mass campaigns around two major sporting events, the European football championship in June and the Summer Olympics in Brazil.

INSIGHT

Sweeter palate, health concerns drive new variants

We recently undertook a number of global segmentations and found that generally speaking, millennials have a sweeter palate. Also, in a number of Western countries, we see spirit beers rising in popularity, along with alcoholic alternatives such as alcoholic tea and other comparatively healthier versions of alcohol. That trend is not driven specifically by age, but rather by the fact that people generally are choosing to live a more health-conscious lifestyle.

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The new company

At around the time of the Olympics, in August, the merger of AB InBev and SABMiller is expected to finalize. By then, the companies will have navigated a maze of national antitrust regulations, and begun the process of identifying operational efficiencies and rationalizing the brand portfolio.

Even as AB InBev was completing the transaction with SABMiller and the regulatory process, it added more brands, acquiring three US craft brewers. AB InBev also introduced new beer variants and cider options, while modifying some marketing to present the drinking occasion in ways that appeal to consumers who increasingly drink beer at home rather than on premise.

The consolidated company expects to develop the beer business in growing parts of the world, such as Africa, which SAB dominates, and Latin America, where AB InBev has the greater presence, with Skol and Brahma in Brazil, for example. The Americas currently contribute about two-thirds of the combined company's revenue.

Africa will account for only 9 percent of revenue initially, but AB InBev expects African beer consumption to grow at three times the global rate. Asia Pacific and China will initially drive 11 percent of revenue. AB InBev markets several beers in China, including Budweiser, which is positioned as a premium brand. For regulatory reasons, SAB Miller is relinquishing its holding in Snow, the world's most consumed beer.

India presents opportunity as well, although alcohol penetration is relatively low and Indians generally prefer spirits rather than beer. The diversity of the country adds marketing complexity and the possibility of offering beer with lower alcohol content.

INSIGHT

Success requires greater consistency in brand messaging

A lot of brands are still trying to find their way, particularly in premium where the messaging has been consistently inconsistent. There are some exceptions, like Corona. Corona has had relentless focus on conveying emotional escape: shedding the day through its association with vacation and relaxation. Brands need to project their purpose – why they exist – with a clear, substantial message. Brands that matter to people have found their North Star.

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INSIGHT

Craft beer is not a revolution – it is back to the future

When people talk about a revolution in beer with the shift from a few premium light beers to a proliferation of craft beers, that's not quite accurate. The US beer industry in the late 1800s had thousands of local breweries producing ale and stout and porter. Most of these didn't survive Prohibition and the Depression. The number of breweries declined and German-style lighter, more golden beers gained popularity. Today, we're seeing a repeat. We've got thousands of local breweries and once again they're making ale and stout and porter. In the US, we're back where we were 125 years ago. This is not so much a revolution. It's a cycle.

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CAVALRY

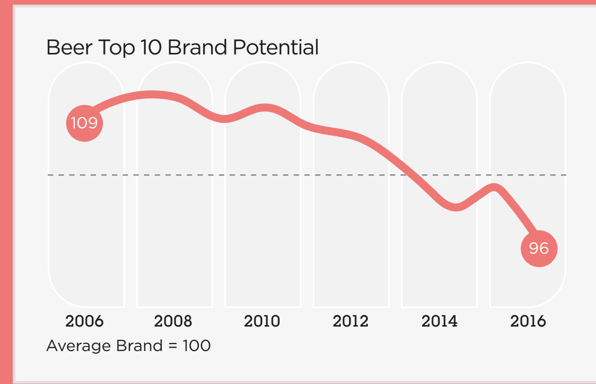
BRANDZ™ ANALYSIS

BRAND POTENTIAL DECLINES SHARPLY

Over the past 11 years, the BrandZ™ Beer Top 10 declined substantially in Brand Potential, a BrandZ™ metric that predicts future demand. Major beer brands continued to pursue market share through mergers, acquisitions and global expansion, but struggled in mature markets with changing drinking preferences, particularly the interest in craft beer.

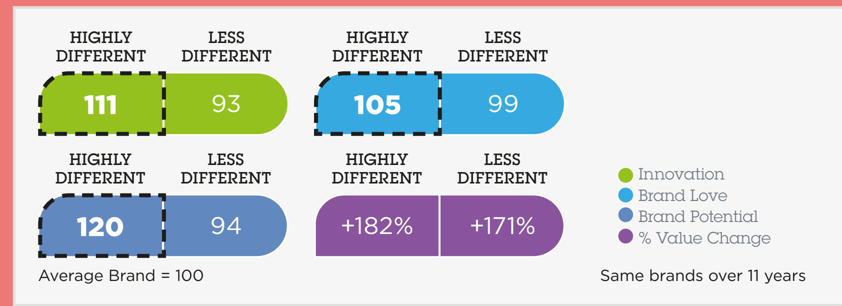
Top 10 falls below average in Potential...

In 2006, just prior to the global financial crisis, the BrandZ™ Beer Top 10 scored 109 in Brand Potential, significantly above average. Just 11 years later, the Top 10 score a below average 96, because they are not perceived as sufficiently Different.



... Difference makes a difference

Beer brands that consumers view as highly Different scored well in Brand Potential. Highly Different brands also scored well on Innovation, which includes being seen as creative, and Brand Love, a measure of consumer affinity. The less differentiated brands also grew significantly in value, because of their extensive distribution systems and their Salience. They come quickly to mind.



Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

Scale, Salience and distribution can make brands contenders in the beer category, but being seen as Different is more likely to assure high brand value growth over time.

INSIGHT

More brands will optimize marketing budgets with digital

Digital will be fundamental this year, especially for brands that don't have large marketing budgets. They will try to make sure that they're optimizing opportunities with digital. Even big brands that normally invest in TV are developing creative that uses digital to engage more directly with their target consumer. Brands are also looking to be maximally efficient through programmatic buying and in ways that more clearly show the return on investment.

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BRAND BUILDING ACTION POINTS

1 Be authentic

The rise of craft signals the need for authenticity. But being authentic is not always about being crafty. It is about being real. The core meaning of beer is social. It is about connecting people. Provenance adds authenticity by rooting that connection in a specific place.

2 Build brands around home occasions

Develop creative new ways to build brands based on the drinking occasions that happen at home, given the decline of on-premise consumption.

3 Refine social media communication

Use social media effectively to present the brand with a sense of personal engagement even though the brand is communicating to a mass audience.

Photograph by Paul Reiffer

FAST FOOD

Value rises as brands improve food and customer experience

Digital ordering shifts category to e-commerce

BRANDZ

Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

+11%

Fast Food Top 10
Total Brand Value

$199.1 billion

The fast food category improved 11 percent in brand value following a 4 percent rise a year ago. Leading brands increased mobile ordering, improved food quality and preparation, and continued to address health concerns. They also promoted value and benefited from the recovering economies of North America and Europe.

McDonald's experienced turnaround effects under its new CEO, with same-store sales up for the first time in two years. Both Burger King and Tim Horton's achieved strong same-store growth in their first year under the same corporate entity, Restaurant Brands International. However, the strength of the US dollar hurt the financial results for many US-based chains with extensive overseas locations; for example, 22,000 of McDonald's 36,000 restaurants are located outside the US.

Price remained paramount in fast food, but, in an effort to drive up the average ticket and improve store traffic, the burger chains evolved their dollar menus to promote value for money with larger portion sizes. Chains also attempted to drive traffic with added dayparts and menu items as well as expanded beverage offerings. McDonald's continued its all-day breakfast menu.

Digital ordering and payment, where Starbucks excels, provided a particular advantage for the pizza chains competing in a fragmented sector where independents still dominated, at least in the United States. Several brand leaders, including Chipotle, McDonald's, Panera and Starbucks experimented with delivery, either with their own programs or third parties.

Food freshness remained a core issue. But in an ironic twist, the commitment to serve food made with fresh ingredients, locally sourced rather than mass-produced, resulted in food safety issues for Chipotle, a brand that had successfully built meaningful difference around its commitment to delivering food that is fresh and healthy.

Menu and health

To meet consumer concerns about health and quality, Wendy's updated its key point of differentiation, that its hamburger meat is fresh, not frozen. When Wendy's launched its focus on taste, patty size and freshness in 1984, it differentiated with the slogan, "Where's the beef?" Today, customers ask, "Where's the beef… come from?" motivating the chain to tell a more complicated local sourcing story. >>

CATEGORY DEFINITION

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.

FAST FOOD TOP 10

		Brand Value 2016 $ Million	Brand Contribution	Brand Value % Change 2016 vs. 2015
1	**McDonald's**	88,654	4	9%
2	**Starbucks**	43,565	4	49%
3	**Subway**	21,567	4	-4%
4	**KFC**	12,386	3	-2%
5	**Pizza Hut**	8,309	3	-2%
6	**Chipotle**	8,031	3	-25%
7	**Domino's Pizza**	4,869	3	30%
8	**Tim Hortons**	4,673	4	2%
9	**Burger King**	3,685	2	16%
10	**Panera**	3,344	5	13%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest).

INSIGHT

Achieving freshness with consistent safety is a sourcing challenge

As the Chipotle news story continues to unfold, it potentially becomes larger than the story of one fast food brand, as it shapes consumer attitudes about local sourcing and food safety. Although consumers say they prefer fresh and locally sourced ingredients, the problems of Chipotle highlight the need to strike the right balance between local sourcing and adequate quality control over the supply chain. There is a tension between the need for centralization to assure quality and hygiene, and the need to localize in order to appeal to the locavore mindset and desire for freshness.

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To improve the taste of its food, McDonald's changed several cooking practices, including the way it sears burgers and toasts buns. It also switched from margarine to butter in preparing its Egg McMuffin sandwiches. As part of its strategy to offer fewer but more impactful menu items, Burger King introduced grilled hot dogs at over 7,000 US locations. Tim Horton's added menu items while emphasizing its strength in coffee.

Despite better economic conditions, the chains resisted raising prices and instead created value packages intended to drive customer traffic without excessive discounting and margin erosion. McDonald's started with a "McPick 2 for $2" offer and later switched to a more premium "McPick 2 for $5." Wendy's offered a "4 for $4" and Burger King sold a "5 for $4," which came with a dessert.

Menu additions and improvements, such as cold-brewed coffee and breakfast sandwiches, also drove Starbucks sales. The chain experimented with an evening offering of beer, wine and snacks, giving customers another reason to spend time at the "Third Place," the Starbucks term for its restaurants as a physical location and state of mind people visit between home and work.

More mobile

Starbucks added mobile ordering to all of its company-owned US locations and introduced mobile in Canada and the UK. The company planned to add features to its mobile app, including suggested pairings intended to boost incremental sales. By July 2015, mobile payments accounted for one-fifth of all Starbucks transactions.

Domino's Pizza, which views itself as an e-commerce company, gained around half of its sales online. Customers could even order by texting a pizza emoji. Its digital strategy is part of the reason that Domino's same-store US sales rebounded from negative numbers during the 2008 recession to 12 percent growth in 2015.

A Panera restaurant-upgrade program called Panera 2.0 included digital ordering as part of a package of food and operations initiatives aimed at improving customer experience. Many major brands recruited high-level technology specialists as omni-channel became a critical factor in fast food, as it is in retail.

In China, international brands faced local Chinese operators empowered by mobile home delivery apps affiliated with the powerful Chinese Internet brands Baidu, Alibaba and Tencent. Also in China, Yum! Brands, which owns KFC, Pizza Hut and Taco Bell and operates 43,000 restaurants around the world, announced plans to separate its China business into a distinct company.

After rapid expansion in China, opening almost 7,200 units in 30 years, KFC was damaged by a food safety scandal, the effects of which were compounded by the rise of local competitors. Establishing two separate companies would potentially enable Yum! Brands to grow rapidly in the rest of the world as it recovers in China.

Building and sustaining strong brands

Along with making operational improvements, companies addressed consumer social concerns, particularly about animal welfare issues, such as chickens being raised in cage-free environments. Chains also addressed wages and other issues related to fair treatment of employees. Starbucks associated its brand with contentious debates in the US about race relations and guns.

INSIGHT

Chains respond to wider consumer social concerns

The fast food brands are responding to consumer social concerns other than health. Increasingly, they are looking at animal welfare and the treatment of employees. Consumers who eat meat want reassurance that the animals are being well treated. For example, they want eggs produced from chickens in cage-free environments, although it's not clear that cage-free chickens automatically thrive. Consumers also want reassurance of safe and respectful working conditions for the people along the supply chain.

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In an affirmation of its coffee credentials, Starbucks planned to open a 20,000-square-foot store in a trendy downtown Manhattan neighborhood. It was expected to be an example of retail theater, similar to the Starbucks Reserve Roastery & Tasting Room in its home market of Seattle, where massive industrial coffee-roasting equipment shares the stage with counters of Starbucks foods and branded tchotchkes. In China, Starbucks continued to aggressively open stores to establish a coffee culture aimed especially at young people.

Starbucks also entered a partnership with the music platform Spotify to shift its long-time brand association with music to digital. Starbucks locations have had a soundtrack for over 20 years and sold related CDs until recently. In perhaps its ultimate expression of brand self-confidence, Starbucks planned to open a store in Italy, the nation whose coffee retail heritage inspired CEO Howard Schultz to purchase the brand in 1987.

Another strong brand, Chipotle, tried to regain the confidence of consumers after a series of food safety issues that occurred because the chain relied on local food suppliers, which complicated and left some gaps in supply chain quality control. Subsequently, Chipotle changed some food production processes, including centralization of beef cooking, and worked to reassure and attract consumers.

Chipotle launched a price-driven marketing campaign that included free burritos and buy-one-get-one-free offers. However, same-store sales declined over 14 percent in the last quarter of 2015, reflecting consumer disappointment, which was echoed in social media. Subway, the sandwich chain that first carved out freshness as its competitive niche, contended with the death of its founder as well as marketing challenges.

INSIGHT

Mobile ordering complicates food preparation timing

Because of the shift in consumer mindset, they now expect the ability to preorder. But preordering presents food preparation logistics challenges for fast food restaurants, which cannot start a fry order 10 minutes before the customer arrives and simply hope that the food will be hot and crisp when the customer arrives. For fast food preordering to work, operators need to convince consumers that preordered food consistently would be ready on time and taste good. On the positive side, preordering where customers use an app to make their selections, could improve order accuracy.

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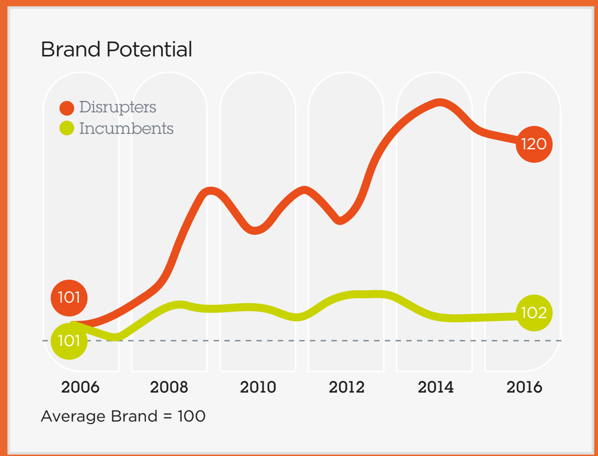
BRANDZ™ ANALYSIS

DISRUPTER BRANDS LEAD VALUE GROWTH

Fast food is among the categories disrupted by changes in consumer expectations about product safety and customer service. Consumers expect healthier ingredients, as they do in the soft drinks and personal care categories. Consumers also expect even faster fast food, which is made possible by technology, specifically mobile ordering. In general, the disrupter brands anticipated these trends while the incumbents responded to them.

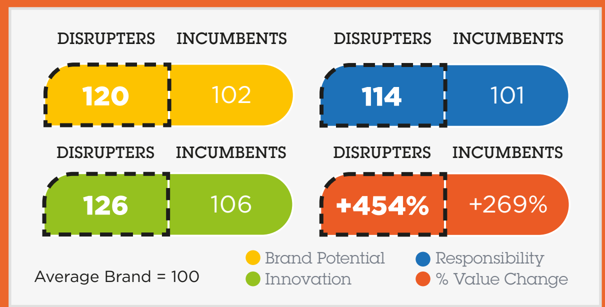
The disrupters outscore the disrupted in Brand Potential...

The BrandZ™ Fast Food Top 10 divides roughly between brands that disrupted the market and the incumbent brands that were disrupted by the market. The disrupters performed better than the disrupted, scoring much higher in Brand Potential, a BrandZ™ predictor of future market share growth.



... And disrupters score high in Innovation and Responsibility

Brands that disrupted the category also scored higher on Innovation, which encompasses the adoption of new technology, the introduction of original menu items or brand communication. The high responsibility score is most likely linked with being responsive to consumer health concerns and being perceived as engaged in social issues. One impact of these high scores in key BrandZ™ metrics is that disrupters far outpaced incumbents in brand value growth over the past 11 years.



Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

In a category disrupted by consumer concerns about health and service expectations, brands can be either in a state of perpetual change or perpetual catch-up. Change is better.

BRAND BUILDING ACTION POINTS

1 Be healthy

Consumers are seriously concerned about the healthiness of what they eat, and they are sensitive to thoughtless, vague or misleading marketing descriptors.

2 Be honest

Be straightforward in communicating about food. Generalizations such as “natural” or “natural ingredients” may raise more questions than they answer. Consumers, especially millennials, are looking for honesty.

3 Be socially responsible

Value meals and all-day breakfast may drive traffic. But increasingly customers also wonder about where the beef was sourced and whether the eggs came from chickens raised responsibly. And if the parents do not ask about sourcing, the kids might.

4 Be digital

Customers expect to be able to order and pay with their smartphone, which means that fast food not only needs to be healthier and of better quality, it needs to be even faster.

SOFT DRINKS

Brands expand portfolios, revise marketing strategies

As health concerns flatten carbonated drink sales

BRANDZ

Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

+1%

Soft Drinks Top 15
Total Brand Value

$155.1 billion

It was more of the same – but different. Consumer concerns about health and obesity continued to reduce consumption of carbonated soft drinks (CSDs). But industry leaders responded with strategies to expand portfolios with healthier options, drive margin rather than volume, and strengthen their iconic brands.

Consumption of CSDs dropped 1.2 percent in the US, the eleventh consecutive annual decline, and per capita consumption reached its lowest point in 30 years, according to the industry publication *Beverage Digest*. Legislation aimed at controlling sugar content and artificial ingredients, in order to curtail obesity and disease, continued to percolate in Europe, North America and other markets, including India, as various jurisdictions imposed consumer protection and revenue-raising measures.

Energy drinks thrived regardless of consumer concerns about ingredients. Red Bull ranked number 3 in the BrandZ™ soft drinks category ranking. Coca-Cola purchased a stake in Monster, which entered the ranking for the first time. More start-up soda brands appeared, usually with craft-style beverages that advertised natural ingredients and artisan credentials, suggesting purity and healthfulness even though the products may contain as much sugar as the mass-market brand leaders.

Amid these challenges, Coca-Cola doubled down on the power of the iconic red disk, changing its tagline to "Taste the Feeling" from "Open Happiness" and launching a one-brand strategy that markets original Coke and three variations under the Coca-Cola brand. PepsiCo removed the sweetener aspartame from Diet Pepsi sold in the US. It also partnered with a smoothie maker and introduced a "Hello Goodness" program of vending machines that dispense healthier products.

Pressures on the soft drinks category resulted in a proliferation of choice, with multiple brands of energy drinks, enhanced waters and other products spilling beyond the beverage aisle at retail. The BrandZ™ Soft Drink Top 15 rose 1 percent in value, following an 8 percent rise a year ago. >>

CATEGORY DEFINITION

The soft drink category includes these non-alcoholic ready-to-drink beverages: carbonated soda drinks, juice, bottled water, functional drinks (sport and energy), coffee and tea (hot and iced).

SOFT DRINKS TOP 15

		Brand Value 2016 $ Million	Brand Contribution	Brand Value % Change 2016 vs. 2015
1	**Coca-Cola**	67,749	5	-3%
2	**Diet Coke**	12,565	3	-9%
3	**Red Bull**	11,667	3	3%
4	**Pepsi**	10,025	4	-7%
5	**Lipton**	8,554	3	N/A
6	**Nescafé**	6,103	4	-4%
7	**Fanta**	5,637	2	-6%
8	**Nespresso**	5,591	4	7%
9	**Tropicana**	5,557	4	-8%
10	**Sprite**	5,236	3	0%
11	**Gatorade**	4,624	4	-1%
12	**Monster**	3,916	3	N/A
13	**Dr. Pepper**	2,687	3	0%
14	**Minute Maid**	2,644	3	-4%
15	**Mountain Dew**	2,584	3	4%

Note 1: Diet Coke includes Diet Coke, Coca-Cola Light and Coca-Cola Zero
Note 2: The brand value of Lipton is restated this year to include the businesses of both hot beverages and ready-to-drink iced tea.
Source: BrandZ™ / Millward Brown (including data from Bloomberg).
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest).

INSIGHT

Health concerns shift from calories to ingredients

Health remains a prime consumer concern, but the nature of the concern is changing. In the past, the perceived health benefit came from low calories or low sugar content. Now, more and more consumers want the health benefit to come from more natural ingredients. That change has implications regarding the kind of sweetener that is added, and consumers favor natural over artificial. The urgency varies by country or region, and we're seeing the concern not only among moms, but also teenagers.

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Focusing on the product

The new Coca-Cola tagline, "Taste the Feeling," emphasized the product. It focused on the taste and the pleasure in the moment of drinking that make consumers choose Coke. The more abstract "Open Happiness" had conveyed a higher brand purpose, implying that with its universal appeal, Coke could help heal the world.

By unifying all the variants under Coca-Cola, the pleasure associated with "Taste the Feeling" becomes an attribute of Coke, Diet Coke, Coke Zero and Coca-Cola Life. They become versions of the same product, customized to meet the customer's desires and concerns about sugar and artificial sweeteners. The four-into-one strategy is intended to eliminate the suggestion that Coke drinkers who want to limit sugar intake need to change brands.

Coca-Cola achieves marketing efficiency by promoting one brand instead of Coke and several sub-brands. Linking together the red Coke and versions with less sugar or calories also helps sustain the Coke brand even as consumer health concerns send CSD consumption downward.

Coke modified its packaging options in North America, with larger sizes for value customers and smaller, premium sizes with higher margins for customers who wanted to limit their intake. In India, Coke achieved affordability by selling individual small cups at low prices through street vendors.

Diversifying brand portfolios

Both Coca-Cola and PepsiCo continued to diversify their brand portfolios. PepsiCo derives over 53 percent of its profit from its snacks businesses; CSD accounted for less than 25 percent of PepsiCo revenue. Coca-Cola gains almost a third of its revenue from products other than sparkling beverages, and that proportion is expected to increase.

Of the BrandZ™ Top 15 soft drink brands, Coca-Cola or PepsiCo own all but these four: Red Bull, Dr Pepper, Nescafé and Nespresso. Coca-Cola owns Coke, Diet Coke, Fanta, Sprite, Minute Maid and a stake in Monster. PepsiCo markets Pepsi, Lipton, Tropicana, Gatorade and Mountain Dew.

The soft drink leaders are expanding into niche parts of the category, often through acquisitions. These include smart waters fortified with vitamins, for example, and other drinks that are viewed as healthier than CSDs. Coconut water increased in popularity because it has the requisite elements: being healthy and functional.

Lipton, with a BrandZ™ valuation that includes Unilever's ownership of the hot tea business and a joint venture of PepsiCo and Unilever for its ready-to-drink iced tea business, appeared in the BrandZ™ Soft Drinks Top 15, reflecting the perception of tea as a healthier beverage.

A more diverse portfolio of brands adds to the complexity of managing the business. In the case of Coca-Cola and PepsiCo, it requires managing specific, highly valued brands as well as a corporate brand that stands for a variety of products. Along with driving the top line, the leaders took costs out of their businesses. Coca-Cola accelerated plans to shift bottling to franchise networks in North America and China.

Brand marketing

PepsiCo prepared to open a restaurant called Kola House in Manhattan's trendy Meatpacking District. It will serve Kaleb's Kola, PepsiCo's version of a craft CSD. The menu will feature food with variations on the kola nut.

PepsiCo took over from Coca-Cola as the North American partner of the National Basketball Association. Mountain Dew will lead the partnership. Gatorade planned its sponsorship of the European Cup. Gatorade and Mountain Dew, associated with sports and action, introduced virtual reality options. The Mountain Dew Super Bowl ad featured its Kickstart variant, which combines Mountain Dew with juice and caffeine. As part of its global "Do the Dew" campaign, Mountain Dew planned to introduce a campaign around drone racing.

Red Bull, which promotes its energy drink by associating it with extreme sports such as mountain biking and cliff diving, signed a deal to provide programming to Reuters through Red Bull Media, which creates the brand's sponsored content. Red Bull also provides content for a branded Netflix channel.

In a transaction with Coca-Cola, Monster Beverage Corporation took over ownership of Coca-Cola's energy drink portfolio and transferred to Coke its non-energy brands, which include Peace Tea and several natural sodas and juices. Nestlé's Nespresso brand continued its global expansion, adding Thailand, Romania, Senegal and other African nations, to bring its Nespresso boutiques to 63 countries, including its first flagship in Milan, Italy.

Responding to health concerns

Health remained an important concern with a rising focus on sweeteners, as consumers prefer natural rather than artificial ingredients. The health concerns are a global phenomenon and part of the millennial mindset.

Following a government report blaming sugar, and especially sweetened soft drinks, for childhood obesity, the UK government announced a tax on sweetened drinks to take effect in April 2017. The measure was intended to encourage soft drink brands to reformulate their products. The British Soft Drinks Association argued that the industry already had in place a plan to cut calories by 20 percent by 2020.

The Belgian government announced that it would impose a tax on soft drinks in October 2016, as part of a larger initiative to cut consumption of products deemed to have deleterious health effects. In Mexico, where per-capita soft drink consumption is high, a tax imposed on soft drinks in 2014 has resulted in at least a moderate decline in soft drink purchasing, according to a recent report produced with the country's National Institute of Public Health.

But as more country markets, such as India, considered taxation of soft drinks, debates continued over whether there are more effective ways to combat obesity and diabetes, and if taxation is sometimes also about revenue generation or protectionism.

INSIGHT

Brands should voice leadership in sustainability

While brand leaders are often making significant investments in sustainability, they sometimes struggle to communicate about these topics because they're accused of trying to distract consumer attention from the health debate. For instance, Coca-Cola's work on reducing packaging, water replenishment, and carbon emissions is increasingly relevant to consumers and demonstrates innovation and responsibility to stakeholders and investors.

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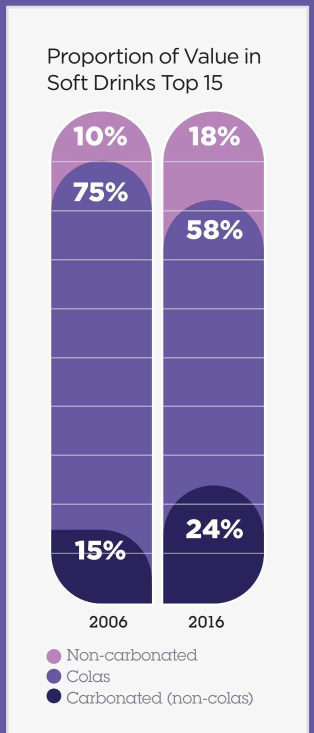
BRANDZ™ ANALYSIS

LOWER TRUST, LESS DRINKING

Consumers still love colas, but do not trust them much and are consuming less. Although consumers feel somewhat better about other soft drinks, the category remains challenged. At the same time, brand leaders are leveraging their strengths in Innovation, Brand Experience, and Brand Love to sustain momentum as they recalibrate their offering to align more closely with changing consumer expectations.

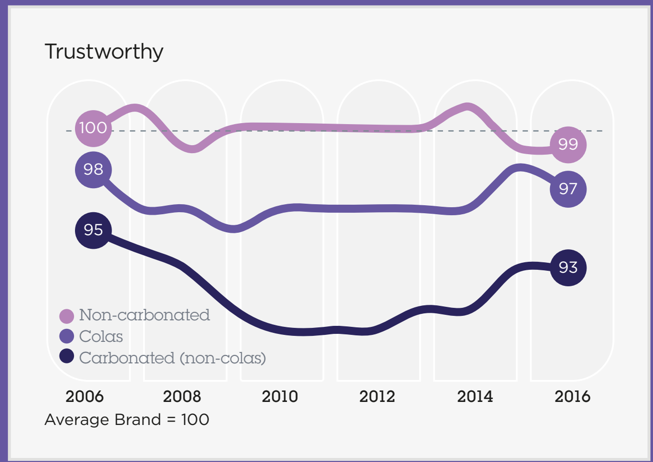
Colas make up a diminishing portion of category value...

The total value of the BrandZ™ Soft Drinks Top 15 is shifting away from colas, which produce 58 percent of value today compared with 75 percent in 2006.



... And no soft drink sector inspires trust...

Consumers view non-carbonated beverages as more trustworthy than colas and other carbonated drinks, but even the non-carbonated beverages score below average in trust, because consumer skepticism about ingredients and healthiness affects the entire category.



... But soft drinks do inspire love

Colas score relatively high in three key BrandZ™ metrics: Innovation, Brand Experience and Brand Love. The high scores reflect the effectiveness of cola brands in creating new products, packaging and communications, as well as connecting with consumers in ways that create memorable experiences and build love for the brand.

Brand Experience

NON-CARBONATED	COLAS	CARBONATED (NON-COLAS)
108	107	102
96	109	99
112	106	100

Average brand = 100

- Innovation
- Brand Experience
- Brand Love

Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

Soft drink brands have managed to build love on lack of trust. That accomplishment is surprising and counterintuitive. It suggests that the brands have the ingenuity to sustain love while they build trust by shifting the brands closer to consumer expectations for healthiness. Ultimately, a combination of love and trust will be needed to sustain brand strength over time.

BRAND BUILDING ACTION POINTS

1 Be Salient

It is critical to keep getting the brand name out. The need is not complex: "I'm thirsty. I need a drink." Build Salience, create a lot of good content and place it in the right environments.

2 Be transparent

To be transparent is the right approach, and there is no other option in this era of rapid global communications. Although health concerns are primarily voiced in developed parts of the world, they are heard everywhere.

3 Understand the new generations

In the past, the differences in attitude and values from generation to generation were incremental. Now the world is changing so quickly, millennials are different from Gen X-ers, and centennials are even more different. It requires serious study to understand why young people are consuming soft drinks – or not – and to create marketing that speaks in a relevant way and in the right tone of voice.

4 Innovate

Many young energetic brands have emerged that are on trend with consumer needs. Established brands need to stay ahead, or at least keep up.

CULTURAL INSIGHT

UNDERSTANDING CULTURAL CONTEXT IS ESSENTIAL FOR BUILDING VALUABLE BRANDS

Shifting attitudes about beauty and gender illustrate the impact

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No brand or category exists in isolation from the world. To treat them as such is to miss one of the richest inputs into their success.

Culture is marketing's most powerful (and potentially underutilized) tool for truly understanding the context in which brands, categories, and consumers operate. It's what's all around us, shaping our values and how we think about things. It influences what we buy and aspire to, whether consciously or subconsciously. Mining it effectively is the key to finding cultural "levers" – ideas, notions and forces that are already at play on consumers - to help brands connect with them in the most relevant, authentic and interesting ways.

And it's constant. New ideas get old – quickly. Every notion has its eventual antithesis. And those that once led the conversation can stagnate. Every brand's success depends on its ability to listen. To reconfigure. To know that it is not the center of anyone's world. To heed what culture tells it.

The worlds of beauty and personal care are no different. Today especially, so many timely notions and movements in culture have direct impact. From a continued examination of beauty ideals to moving beyond stereotypes and understanding women as multidimensional beings, and even deconstructing the notion of gender itself, the context in which these categories exist has never been so exciting.

Getting it right

The brands that get it right are those that are constantly attuned into these shifts – whether large or small. Ushering in a new era of appreciation for diversity with its "Real Beauty" campaign, Dove has for a long time led a changing debate around beauty ideals and has made incredible headway in terms of how women view the world and women themselves are viewed. However (curly-haired emoji's aside - they rock), as it continues with its treatment of self-esteem, the brand starts to lag behind rapidly evolving culture. The tide around femininity has changed; a cacophony of voices tells us that we are no longer in apology mode. That we're quite all right as we are. That it's not all about just having a pretty face anyway. It's not that self-esteem is a bad topic – we've seen Always address it in an incredibly powerful way with #LikeAGirl – it's just that this no longer feels the most timely angle. Asking culture how self-esteem is shifting can provide fresh inspiration.

Amid the conversation around shifting definitions of femininity and masculinity, culture has moved towards a deconstruction of gender in its entirety. Not only do we see male rapper Jayden Smith modeling for Louis Vuitton womenswear, but the transgender community has come to the very fore. It is against this landscape that Tom Ford Skincare Men has come into being. Borrowing tropes around aesthetics and application from the world of female beauty, Ford introduces concealers, beauty masks and moisturizers that disrupt the marketplace, carve out a space to play and beg the question: if cosmetics become genderless, what might this mean for the future of beauty and personal care as it pertains to men and women?

Another success story is self-styled social beauty brand, Glossier. Inspired by the social nature of our lives and a timely aesthetic of the natural look (read: I woke up like this), the brand is essentially a living Instagram feed – gloriously styled, interactive and packed to the brim with highly aspirational "regular girls" (read: they're not that regular). #NoFilterJustGlossier doesn't just act as the brand's ethos, but doubles as the war cry of the coolest girl gang online.

Territory for innovation

Also – psst - brands are culture too. Fashion label Misguided might not be a beauty brand (at least not exclusively), but it is shaping the context in which the industry operates. While the tide of female empowerment has explored notions of nurturing self-acceptance, "shouty" rebellion, and the depth of intellect and achievement among others, Misguided's most recent campaign with Pamela Anderson presents a refreshing antithesis. She delights in the ridiculousness of the male gaze and her own freedom to express herself totally. Pictured in a tiny bubble-gum pink bikini and holding an inexplicable plastic pink pistol, she is accompanied by the slogan: "Reasons why Pamela Anderson is our spirit animal. She wore this and didn't give AF." There is delight in the absurdity and "not giving AF-ness" of it all. How fun! What a new and interesting articulation of female empowerment that, despite feeling closer than ever to what we have been trying to move from, manages to completely subvert it.

That's culture in action. It gives us subject matter. It tells us what people care about. It exposes tensions that can be leveraged. It provides territory for innovation.

Ignore it at your peril.

ACTION POINTS FOR LEVERAGING CULTURAL INSIGHT

1 Culture has what you need

Look beyond your own four walls to find ideas, notions and forces in culture that can help your brand connect with consumers in the most relevant and interesting way.

2 Don't get complacent

Leading the conversation once isn't a ticket to forever. Stay tapped in, listen, learn and be prepared to shift. Just like culture.

3 Be creative

Culture abounds with fresh ideas. Be innovative and interesting with regard to what you leverage. Above all, have fun with it.

ADDEDVALUE

Added Value is a leading global strategic marketing consultancy providing brand strategy, innovation, insight and communications services.

BANKS / GLOBAL

Economic slowdown, regulations, fintech disruptors confront banks

Initiatives aim to build reputation and reach millennials

BRANDZ

Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

-11%

Global Banks Top 10 Total Brand Value

$ 107.8 billion

CATEGORY DEFINITION

The bank 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 revenue from business outside their home market.

Global banks felt the impact of slowing growth in key markets like Brazil, China and Russia, the plummet in crude oil prices, and low interest rates. Among the BrandZ™ Global Banks Top 10, only the Spanish bank BBVA increased in brand value. The Top 10 declined 11 percent in brand value, following a 2 percent decline a year ago.

Banks also faced reputational challenges and fines because of persistent regulatory compliance and legal issues, even as they advanced efforts to reform and reorganize their retail, commercial, and investment businesses, and attempted to improve customer service and attract and retain a talented workforce.

Responding to the prospect of UK regulations requiring banks to separate their investment businesses from the rest of their banking activities, certain banks, including HSBC and Barclays, began to divest holdings and restructure.

In the US, major banks faced higher capital reserve requirements and government scrutiny requiring banks to prove their ability to survive a financial crisis without public bailout. Citi aggressively trimmed its business and successfully passed this stress test.

Financial technology (fintech) companies disrupted some banking activities by providing transactional services, like payments. Most banks responded relatively slowly because licensing and regulations securely fenced the most profitable aspects of their businesses.

Banks worked to improve the retail customer experience. Many banks, including Goldman Sachs, Morgan Stanley and UBS, continued to enjoy success managing higher-wealth clients. But banks had less success attracting the next generation of banking customers.

Attracting the next generation

Attracting millennials requires building and sustaining trust with a group that seeks the stability of a banking relationship, but can easily be diverted by the higher interest rates and ease of transaction offered online by disrupter brands. Banks often appealed to millennials with transactional products, rather than with investment services that can build loyalty and produce greater profitability.

However, banks began to analyze the vast data they have on millennial customers. New research by WPP's Vermeer contradicted conventional wisdom and suggested that many millennials prefer to establish trust through face-to-face encounters at physical locations before making online transactions.

Barclays developed a program called LifeSkills, an elaborate online resource aimed at helping potential young customers gain practical skills needed for success in the workplace. Separate modules addressed young people and those who can help them, including parents, teachers, and businesses. >>

GLOBAL BANKS TOP 10

		Brand Value 2016 $ Million	Brand Contribution	Brand Value % Change 2016 vs. 2015
1	**HSBC**	20,276	2	-16%
2	**Citi**	17,055	2	-2%
3	**J.P. Morgan**	11,943	2	-12%
4	**ING Bank**	10,340	3	-11%
5	**Santander**	9,797	3	-20%
6	**BBVA**	9,148	3	5%
7	**Barclays**	7,509	2	-15%
8	**Goldman Sachs**	7,462	3	-10%
9	**Morgan Stanley**	7,304	2	-12%
10	**UBS**	6,991	2	-12%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest)

INSIGHT

Focus on young and less affluent is key to growth

A large number of banks have the desire to grow their investments business in the US. In order to achieve this feat, banks should focus on the younger and less affluent segment of consumers. The key will be to help these individuals with more modest levels of assets grow into the higher stratums of affluence over time. The most desirable affluent consumers have created long-standing sticky relationships and seldom switch their primary provider. By developing strong, high-touch relationships early on, banks have the propensity to build share of wallet and obtain a larger share of the investments business.

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In a campaign that spans generations, HSBC focused on supporting human ambition. The campaign includes a clever commercial called "The Museum of Procrastination," which is full of unfinished novels and other abandoned projects. It ends with the line, "Wherever your ambitions take you, at HSBC we'll help you on your way."

Efforts like this were part of a banking industry attempt to strengthen reputation with more emotional marketing, including TV commercials. Banks seemed better able to sustain consumer trust in their competence rather than their character because of the steady drip of negative publicity. To repair and strengthen brand reputation, banks also implemented programs to reach the unbanked and economically disadvantaged, and they improved the social responsibility profile of their investment portfolios.

As part of its "Think Forward" strategy, ING Bank implemented a set of values and behaviors it called the Orange Code. It is an effort to create a culture in which bank associates are expected to be honest, responsible and prudent, to make things happen, to help others succeed, and to be proactive. ING Bank moved through a corporate restructuring to foster a level of interdepartmental collaboration that can result in programs that better anticipate and meet customer needs.

INSIGHT

Consumer attitudes about banks vary by level of wealth

As banks attempt to rebuild reputation following the financial crisis, it's not useful to view consumers as a monolithic group. Attitudes towards banks vary by tiers of affluence. The more affluent consumers probably rebounded financially following the financial crisis, and perhaps even took investment advantage of the downturn, while less affluent folks have continued to struggle and are probably more cynical or angry

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MINDSHARE

Disruption and regulation

Start-ups challenged banks with products that included microlending, peer-to-peer payment services, or savings accounts at higher interest rates, which provided services that are profitable, but fall outside of licensing regulations. Focused on other business priorities, and weighted by a legacy of traditional systems and physical locations, the major bank brands moved more slowly.

The major bank brands are likely to gain innovative technology by acquiring these start-up companies over the next few years. This acquired expertise should help banks attract millennial customers. Most major banks have not become directly involved in this business, although J.P. Morgan purchased almost $1 billion of loans from Lending Club, an online peer-to-peer financial exchange.

In contrast, innovative banking technology, particularly mobile, is growing rapidly in parts of the world that have lacked banking infrastructure, such as Africa, where brands like Kenya-based Safaricom's M-Pesa leapfrogged into mobile banking. In China, consumers use Alibaba's Alipay or WeChat from the Internet portal Tencent to move seamlessly between social media, e-commerce and payment utilities.

Attracting talent

If banks are to implement reforms and customer service improvements, they must hire and retain talented people. The challenge for bank brands is that their reputational baggage, combined with work environments perceived as stodgy, dissuades young people from pursuing careers in financial services, when compared with seemingly more exciting categories like technology.

Citi introduced several options to better match the needs of young people seeking to balance career advancement with social action priorities and other interests. The program accelerates advancement opportunities and also provides an opportunity to take a year off to pursue charitable endeavors.

Another Citi option enables young employees to spend a month in Kenya working on microfinance projects. Goldman Sachs changed the tasks assigned to new bankers to make the work more varied and interesting. J.P. Morgan allows young workers to spend a portion of their time helping non-profit organizations.

Banks also continued efforts to build and sustain awareness. Citi, founded in 1812 as City Bank of New York, brands the bike share program that prominently places the name of the bank around the streets of New York. Santander brands the London program originated by Barclays. While experiencing strong results in the UK, Santander faced difficulties in key markets like Latin America.

INSIGHT

Millennial service needs to be more than transactional

Building relationships and loyalty among millennials presents some special challenges. It sounds counter-intuitive, but our research shows that, although millennials spend a lot of time online, they value the interaction that happens at a physical location. It's important for building trust. Building a relationship and establishing trust is especially important with millennials because even with many convenient digital banking options available to them, there's still something reassuring about a personal connection when it comes to their finances. Banks so far mostly have marketed transactional services to millennials. Although banks have extensive data on these customers, banks have just begun to make sense of the data, so most haven't created strategies to build their investment businesses around millennials.

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BANKS / REGIONAL

Local economic factors impact bank performance

Oil industry loans erode results in North America

BRANDZ
Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

-12%

Regional Banks Top 10 Total Brand Value

$222.9 billion

The BrandZ™ Regional Banks Top 10 declined 12 percent in value, compared with a 1 percent rise a year ago. Except for HDFC, an Indian bank that joined the category ranking for the first time, each regional bank brand declined in value.

The composition of the BrandZ™ Regional Banks Top 10 suggests how a combination of local and global economic factors drove these results; four of the local banks are Chinese, four are North American (two US and two Canadian); one is Australian and one (HDFC) is Indian.

The decline in value of the Chinese banks primarily reflects the slower growth of the Chinese economy and problems with non-performing loans. But the brands are also negatively impacted by the entrance of Chinese social media brands into financial technology, particularly with payment systems.

As more Chinese companies expand abroad, encouraged by government programs to build global brands, the Chinese banks should become hedged against the fluctuations of the Chinese economy. The International Monetary Fund added the Chinese renminbi as a key global currency, elevating it to the status enjoyed by the dollar, euro, pound and yen.

The local economy and the slowdown in China were among the factors impacting Australian banking. The appearance of India's HDFC reflects consumer confidence, liberalized regulations and government programs drawing investment to improve India's infrastructure.

In North America, the Canadian and US banks enhanced customer service and expanded digital and mobile banking. However, lower interest rates, regulatory pressures and exposure to oil and gas industry loans hurt performance. And the strength of the US dollar impacted Canadian bank results.

Customer experience

In its US operation, Canada-based TD developed and implemented a strategy aimed at differentiating the bank with a reputation for positive customer experience and convenience, including banking hours during the weekend. Using the tagline "America's Most Convenient Bank," TD communicated a message around customer service, particularly to upscale clients. The bank was successful in cross-selling customers its various offerings, which particularly helped grow the bank's wealth management businesses.

RBC, Canada's largest bank, advanced its expansion into the US with the acquisition of City National Bank. It also responded to the challenge of financial technology disruptors, with about 5 million customers banking digitally each month, 2 million of them using mobile devices. The bank also introduced a mobile wallet.

INSIGHT

New payment apps with social media drive engagement

Through Africa, we're seeing an effort to engage customers with a massive amount of innovation, especially with payment mechanisms and integration of social apps, such as WeChat, part of China's Internet portal, Tencent. WeChat users, with a tap of their smartphone, can make payments through their banks to friends, retailers and other providers. The banks view this as an opportunity to connect with the enormous audience on WeChat.

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acceleration

Wells Fargo operated in over 8,600 locations throughout the US, with concentrations on the east and west coasts. The bank has substantial interests in the oil and gas business, with over 625 customer relationships totaling around $42 billion in oil and gas loans and other exposure.

Wells Fargo was one of several major US banks that failed to meet the stress-test requirements of the US government. US bank, which operates over 3,100 branches in 25 states, increased commercial loans and also felt the impact of loan exposure in the oil and gas industry.

Innovation in other regions

Banks in other regions of the world added innovations. In South Africa, banks partnered with technology companies to engage customers with useful services, including mobile payment apps. Standard Bank and Absa focused on digital transformation, trying to understand customers across digital channels and engage customers based on their needs in real time.

Using data analytics, the banks attempted to understand customer-specific needs and respond quickly and appropriately with the relevant product, such as a mortgage, a car loan or a credit card. Operationally, the banks integrated their marketing, technology product development and other teams to work collaboratively.

Regional banks generally have attempted to emphasize retail experience. Russia's Sberbank, for example, transformed a Soviet-era institution into a more consumer-focused brand. Banks in Saudi Arabia and Dubai, typically focused on corporate investment, are now expanding into retail banking with approaches that are compliant with Islamic laws governing financing and interest.

REGIONAL BANKS TOP 10

		Brand Value 2016 $ Million	Brand Contribution	Brand Value % Change 2016 vs. 2015
1	**Wells Fargo**	58,540	3	-1%
2	**ICBC**	33,637	2	-13%
3	**RBC**	19,635	4	-18%
4	**China Construction Bank**	19,617	2	-11%
5	**TD**	16,543	3	-20%
6	**Agricultural Bank of China**	16,331	2	-19%
7	**Commonwealth Bank of Australia**	16,227	3	-21%
8	**HDFC**	14,440	3	3%
9	**US Bank**	14,098	2	-5%
10	**Bank of China**	13,803	2	-16%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest).

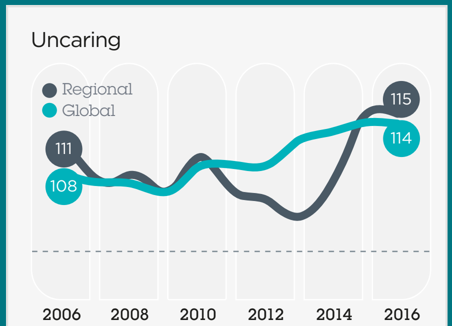
BRANDZ™ ANALYSIS

REGIONAL BANKS NOW VIEWED AS UNCARING

Consumers continued to perceive banks as uncaring. This legacy of the global financial crisis endures because of ongoing negative publicity that undercuts the organizational and communication improvements banks have made. Until now, consumers were less critical of regional banks, but that has changed, in part driven by attitudes towards regional banks in China.

Consumers increasingly view regional banks as uncaring...

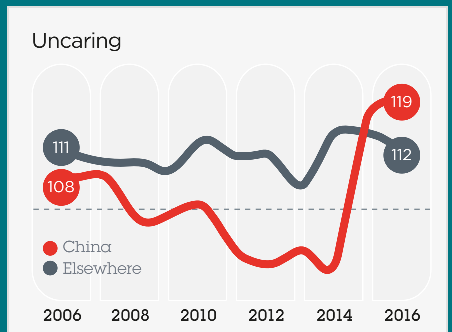
Consumer perception that regional banks are uncaring rose dramatically just in the past couple of years, and today regional banks have surpassed global banks in being viewed as uncaring.



Average Brand = 100
Global and regional banks seen as "uncaring."

... Uncaring is especially an issue for Chinese banks...

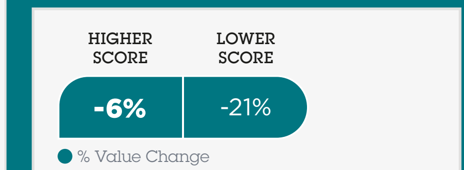
The view of regional banks as uncaring is especially prevalent in China, where technology brand leaders have disrupted banking with mobile payment utilities and more favorable interest rates. At the same time, the regional banks remain insufficiently differentiated. And actions that Chinese banks have taken in response to a rise in underperforming loans may have increased the perception that they are uncaring.



Average Brand = 100
China and "Elsewhere" banks seen as "uncaring."

... Being seen as caring helps drive brand value

Both global and regional banks face the challenge of convincing a skeptical public that they care and are in business to help make customers' lives better. Although no banks have totally overcome the public's residual distrust of the category, many are improving their operations, social-action commitments and customer communications. Over time, these initiatives should help convince consumers that banks "Make People's Lives Better." That belief has important commercial benefits; banks with lower scores on this BrandZ™ metric declined in brand value 21 percent since 2006, but brands that scored higher declined only 6 percent.



Banks seen to "Make People's Lives Better."

Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

It is taking time for banks to repair their brands following the global financial crisis. But repair is possible if banks make genuine improvements and communicate them well. The payoff is a stronger brand and a measurable rise in brand value.

BRAND BUILDING ACTION POINTS

1 Cultivate brand identity

Consumers have a lot of banking choices. Create and develop a point of differentiation to distinguish the brand and attract and retain customers. And keep rebuilding character and trust, which have been ongoing category issues for banking since the global financial crisis.

2 Be an innovation leader

Offer digital services and utilities before they are picked off by financial technology start-ups. Regulations and licensing requirements create a high barrier to entry, at least for now. But complacency is not only dangerous - it also squanders an opportunity for bank brands to create new products and services based on insights they can derive from vast amounts of customer data.

3 Welcome younger and less affluent customers

These audiences may not drive profitability and share price now, but waiting until they do may be too late. Crowd funding is one area to potentially compete. By definition, crowdfunding is about non-traditional transactions. But banks can leverage their traditional strengths, such as providing security. If well communicated, this would draw the attention of younger customers.

4 Attract young talent

Be receptive to the ambitions of young people and their interest in technology and innovation. Perhaps adapt a part of the bank to be more receptive to the style and interests of creative technologists. If the bank gains its technology expertise through acquisition, preserve and nurture the acquired sub-culture; it will balance the established, secure and stable strengths of the bank. This combination can be differentiating and worth communicating.

INSURANCE

Insurers broaden their coverage to meet risks of a changing world

Digital start-ups challenge category niches

BRANDZ
Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

+2%

Insurance Top 10
Total Brand Value

$82 billion

Both business-to-business and business-to-consumer brands developed new products to meet the insurance needs of globalized and interconnected times, when potential risks seem more unpredictable and disruptive, and include not only calamitous natural disasters, but also events such as cyber-attack and terrorism.

Property and casualty insurers offered products to manage the risks resulting from new businesses enabled by digital commerce and the sharing economy, such as Airbnb and Uber. And for the times when personal information is criminally misappropriated, insurers also covered identity theft.

Some business-to-business insurance brands expanded into advice and consultancy roles, particularly in human resources, because talent is so vital to success, and an effectively managed human resource department can limit business risk. These new practices also helped insurance brands be more differentiated and less commoditized.

Even as major insurance brands pursued these new opportunities, however, smaller financial technology brands targeted niches of the insurance business, often with specialized, digital, price-driven products. In addition, a prolonged period of low interest rates has impacted the investment return for some insurers.

Met Life re-appeared in the BrandZ™ Insurance Top 10, based on its strength in the US . The Insurance Top 10 increased 2 percent compared with a 21 percent rise a year ago.

Managing more complex risk

For the business-to-business brands, risk has gotten more complex, with known and unknown factors potentially threatening businesses and corporate reputation. Insurance decisions once made on a tactical level now more often command the strategic attention of the CEO.

Even as business-to-business brands expanded the kinds of risks they insured, they continued to respond to natural disasters and other similar events. Unusual flooding in the UK and Ireland as well as the explosions in the Chinese port city of Tianjin created claims for Zurich. >>

CATEGORY DEFINITION

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

INSURANCE TOP 10

		Brand Value 2016 $ Million	Brand Contribution	Brand Value % Change 2016 vs. 2015
1	**Ping An**	16,910	2	6%
2	**China Life**	16,712	2	-4%
3	**AIA**	10,545	2	10%
4	**State Farm**	9,052	2	8%
5	**Allianz**	6,392	3	7%
6	**AXA**	6,378	2	9%
7	**Geico**	4,832	2	-7%
8	**CPIC**	4,681	2	-9%
9	**Prudential**	3,292	1	-5%
10	**MetLife**	3,235	2	N/A

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest)

INSIGHT

Brands must develop or buy innovation

The insurance providers are harnessing new technology and analyzing big data to create more relevant products for customers. They're beginning to explore insurance product innovations because they realize the business is commoditized with brands competing largely on price. Although it is difficult to switch, consumers today are less loyal to any one provider and they are less likely to refer customers. For the major insurance brands, the question is not whether to embrace new business approaches, but how to enter those businesses, and whether to develop those products internally or partner with a new disruptor brand.

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Because of their size, major insurance brands faced intense government scrutiny and regulation. Under the US Dodd-Frank reforms that followed the global financial crisis, insurers such as AIG, MetLife and Prudential were considered too big to fail and thus required to maintain high capital reserves. MetLife argued against that designation in a court battle and won. The brand intends to spin off its life insurance business so it can operate as a more nimble entity.

For most brands, the key communication challenge in a largely commoditized category remained having a proposition that clearly added value to people's lives and explaining that proposition in a clear and compelling way. Insurance brands looked for emotional ways to sell a complicated, low-engagement product.

Geico continued to use the gecko lizard in its ads, which mostly emphasized price. These ads drove awareness, presenting the product in a way that is likeable, memorable and, by virtue of its communication style, differentiated. The campaign's deeper signal is that Geico offers a simpler and more approachable way to buy insurance.

State Farm adopted an approach that encourages customers to customize a menu of options to create a policy that best meets their needs. State Farm, traditionally positioned as "a good neighbor," promoted many community-based service projects in partnership with a well-known US TV host.

Anticipating disruption

Agent networks remained a core channel for acquiring and retaining customers, but young people were less inclined to use them. When they see a need for insurance, young consumers are more likely to shop online, connecting with a disruptor brand or a brand aggregator – a kind of Travelocity for the insurance category prevalent in the UK.

Allianz, which enjoyed a positive year, particularly in the property and casualty business, focused attention on developing its digital capabilities to reduce the impact of smaller disruptive digital competitors. France's AXA formed AXA Strategic Ventures, a venture capital fund to support the development of digital disruptors for the benefit of AXA. It also launched Kamet as an incubator for insurance technology products.

Smaller disruptor brands like Oscar, Lemonade, or PolicyGenius effectively used digital communications to reach millennials and other audiences with specialized products that eliminate or blunt some of the pain points in insurance purchasing. Lemonade, for example, takes a peer-to-peer approach, introducing an insurance model built for the sharing society.

In the peer-to-peer model, individuals purchase property and casualty policies for a lower cost because of the shared risk. The approach differs from traditional insurance because individuals form the risk pool and receive a refund if money is left when the policy terminates. Founded by technology entrepreneurs, Lemonade is managed by veteran insurance industry executives. Other peer-to-peer start-ups include Friendsurance in Germany, Guevara in the UK, and TongJuBao in China.

Not all technology advances disrupted the category. Most insurers have online programs that help individuals understand their risk at various life stages. State Farm received US government approval to test the use of unmanned drones for assessing roof damage during claims adjustment.

INSIGHT

B2B brands moving into new opportunities, like human resources

Business-to-business insurers are using data and analytics to drive better understanding of new and emerging risks, creating opportunities to deepen their relationships with clients. In the same way that banks have become trusted advisors to their clients across their balance sheets, insurers are positioning themselves to manage their clients' full book of risks to help them unlock capital and opportunity elsewhere. There is a trend, for example, of insurers moving into human resources consulting, advising clients on their people risks, since talent is a fundamental source of risk and opportunity for most businesses.

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Global growth

Brands continued their international growth. To expand its presence in Africa, AXA acquired a 7 percent stake in African Reinsurance Corporation. It also increased its commitment in India, raising its stake in a joint venture with Bharti Enterprises from 26 percent to 49 percent. The French company offers life insurance as well as property and casualty coverage, along with asset management and banking, and operates primarily in Europe, North America and Asia.

In China, where the insurance industry is growing rapidly, large insurers leapfrogged into new products to meet the evolving needs of the rising middle class. Brands like China Life and Ping An have become diversified financial services providers whose broad offerings include even specialized investment products to help parents afford overseas education for their children. China Life operated with almost one million agents throughout China.

AIA, which serves 18 Asia-Pacific markets, increased the value of new business in China by 45 percent, driven in part by an increase in the agent sales force. Allianz entered a joint venture with Baidu, a leading Chinese Internet brand, to access an enormous digital audience of potential customers.

While the Chinese insurance brands are trying to gain customers, because penetration is still relatively low, they are also working to establish lifelong relationships with existing customers by selling them relevant products for each life stage. The brands heavily use digital and mobile to accomplish both of these goals, even using location technology to offer temporary insurance based on a particular experience, such as a skiing holiday.

INSIGHT

Small disruptor brands offer price or even premium differentiation

More small players are entering the market and intruding on the larger brands. In the insurance space, this is the first year we've seen that smaller brands, with much lower awareness, are growing in awareness and consideration, while the big guys are staying where they are, even as the smaller brands rise and infringe on their space with offers that compete on price or even fill a niche for more premium products.

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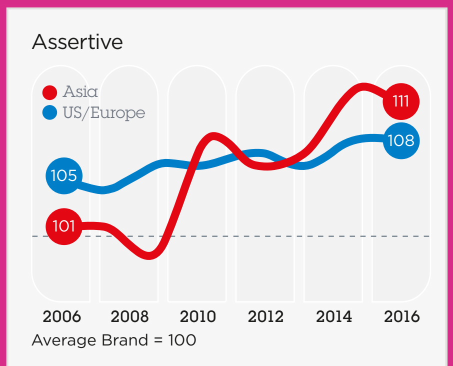
BRANDZ™ ANALYSIS

CHINESE BRANDS GAIN CONFIDENCE

Insurance brands are becoming more assertive, a BrandZ™ brand personality measurement of confidence. Brands are also doing a better job analyzing their data in ways that improve customer experience. The increase in insurance brand assertiveness is most apparent in Asia, particularly China, and Asian insurance brands now produce the majority of value in the BrandZ™ insurance category.

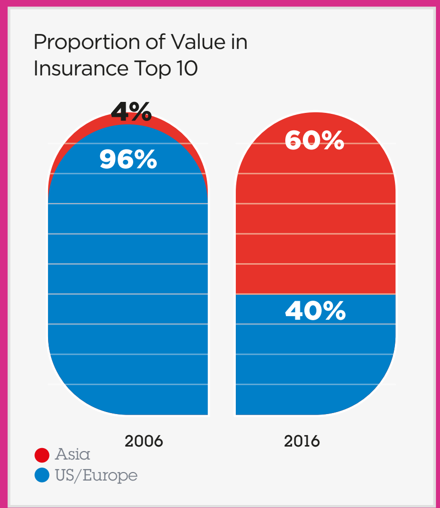
Chinese brands grow the category...

As insurance brands in the US and Europe gradually increase in assertiveness, brands in China are rapidly increasing on that quality. They are also broadening their offering of financial products and services and expanding their agent teams to reach more members of China's expanding middle class, including those living in smaller cities and towns.



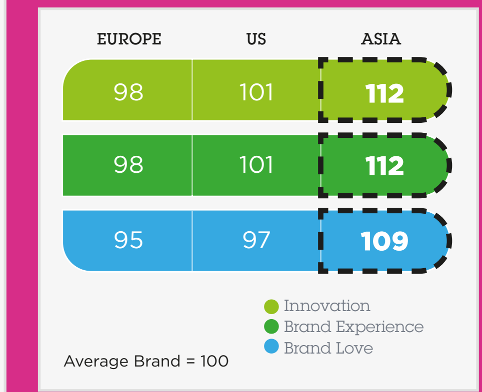
... Asian brands drive category brand value...

Asian insurance companies now comprise 60 percent of the value of the BrandZ™ Insurance Top 10, compared with a negligible amount in 2009. The Asian brands are primarily Chinese but also include AIA, a newcomer to the BrandZ™ Global Top 100 that operates throughout the Asia-Pacific region.



... And Asian brands score high in key BrandZ™ metrics

In the BrandZ™ metrics of Innovation, Brand Experience and Brand Love, Asian insurance brands outscore European and US brands, which score only average. Asian brands have adopted new technology and have done a good job communicating the value of their service, which helps drive Brand Experience and Brand Love.



Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

Lessons can be learned from Chinese insurance brands, which are innovative in the products they offer and their use of technology. The brands also have done a good job communicating the value of their offerings.

BRAND BUILDING ACTION POINTS

1 Be present

Salience is important. Be out there, but also give consumers reasons to select the brand because it is different in some meaningful way, and also because it reaches people with the right message at the right time.

2 Be consistent

Make sure that all of the touch points are connected. The agents need to live the brand the same way it appears on TV, online or anywhere else. The customer journey – from first car to life insurance policy – should be seamless for the brand.

3 Be relevant

Innovate with products that meet each customer need. Consider both the needs that change with life stages, but also those that result from societal developments. Insurance brands can cover the risk of a weekend ski trip or renting one's home to travelers.

4 Seek useful insights

Analyze big data intelligently to meet customers' actual life needs, and not just the business needs to upsell and drive revenue.

5 Be in the conversation

Business clients are talking about the risks of an uncertain and connected world, such as cyber security and terrorism. Demonstrate that the brand has the data-driven insights to understand and manage those risks and, consequently, free up the client's capital for other initiatives.

6 Define the brand clearly

Define the brand clearly before circumstances define or redefine it. The issues are complicated today and the full stakeholder set includes the public and governments. Being unknown is not a brand advantage.

SERVICE EXPERIENCE

APRONS AND ALGORITHMS BOTH NEEDED TO MEET "GEN PICKY" EXPECTATIONS FOR SERVICE EXPERIENCE

People still make the difference in physical and digital store experience

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It used to be acceptable, for a great many people, to stand in the pouring rain with your arm held aloft hoping a yellow sign on the top of a cab would come by and the driver would spot you through the wipers and condensation. You'd jump in, explain where you needed to go, and on arrival, fumble in your pocket or purse while feverishly working out the right level of tip to offer and making sure you didn't lose the receipt, which was either the size of a postage stamp or a club flyer. Now... you wait in the warm, knowing exactly when the car (make, model and reg number) will arrive - you know the driver's name, he/she knows yours, where you're going, you say hello, they say hello and goodbye, it's paid for and a digital receipt arrives 30 seconds later, with a map of where you went to remind you.

Perfect - the physical, digital and human worlds working neatly together - everything much more rewarding and easy. Except, now when we see the little car icon on the screen indicating whereabouts the driver is on his route to get you - you scream, "Why did he go that way, if he'd taken the first left he would have been here in two minutes, not three." There's no pleasing some people.

It doesn't matter whether you're a baby boomer, Gen X, Y or Z, we are more demanding and expectant than ever - we live in a user experience world where OK is no longer OK. Today the experiences we have are directly related to the service we perceive we're getting. This becomes even more important to the younger end of "Generation Picky" - the millennials and the Generation Z's are shifting dramatically in their appreciation of, and spending habits with, brands and retailers.

It all went a bit Piggly Wiggly

As we all know, service has changed though the years, from the classic and charming over-the-counter service, (sepia images and rose-tinted-glasses moment) where aproned shopkeepers knew you, and all that you liked, and would graciously get you the products from their vast array of stock - conversations would ensue and new products would be verbally promoted – "We've just got this in, you eat them at breakfast and they're called Corn Flakes" – a very social and human experience. But it was inefficient, and we were increasingly in a hurry, and so the emergence of self-service, firstly in the wonderfully named Piggly Wiggly Supermarket chain in Memphis, Tennessee. We helped ourselves in aisles and paid at checkouts. >>

SERVICE EXPERIENCE

We now, typically, live in a hybrid environment of self-and-automated service, where products are picked for us to collect or have delivered - but now as the omni-channel world ensures everything is connected and ever more efficient, this seamless approach is only the plumbing or the “Science of Experience.” How do brands and retailers ensure the “Art of Experience” is not lost? To quote a friend of mine, David Roth: “You can’t omni-channel your way out of a poor proposition.”

The Art of Experience

In 2015, a Harris Research Report found that 78 percent of millennials prefer to spend money on experiences over buying products, which seems to confirm an earlier hypothesis, reported in a 2014 *Harvard Business Review* article titled, “The Ultimate Marketing Machine,” which asserted, “The most important marketing metric going forward will be ‘Share of Experience.’”

Today consumers are as interested in what they can achieve with you as what they can buy from you and as such it would seem inevitable that more than ever we need to understand their mind-states and heart-states and marry those to the most suitable interactions and user experiences that deliver the reward and ease they are looking for.

At FITCH we believe there are four basic emotions that consumers go through when they are looking to engage with a brand or buy a product or service. At any one time we believe they are Dreaming, Exploring, Locating or Achieving (DELA). These heart/mind states go from “I have a strong desire,” to “I am not entirely sure what I need,” to “I know what I want” and finally, “Is this brand, product or service offering me more, or a reason to use or buy again?”

The importance of aprons

Once the insights have been gained into people’s DELA heart/mind states the art comes in understanding how best to create a meaningful and memorable experience or service. For this we need to understand the different roles that a physical or digital execution can offer. But as with all great TLA’s (three letter acronyms) the third element is probably the most important - how we build in the human factor - So PHD (Physical, Human, Digital) becomes the art.

The role of physical is changing but it still offers the best in terms of tactility and sensorial moments, which for many brands is important - digital is increasingly the way people choose to go and for good reason - it provides ease, ultimate choice and the algorithms ensure we never miss a beat - it anticipates and satisfies our needs and wants - but the aprons still need their day and sadly for many brands staff are seen as a cost or a functional need - whereas in an increasingly undifferentiated brand world they are the linchpin that unites the physical and digital aspects of any future service experience.

By the way, when the driver did eventually arrive, two minutes later than I thought - he explained that there had been a collision at the traffic lights. Thanks Larry and I gave you five stars for saving me time.

ACTION POINTS FOR BUILDING SERVICE EXPERIENCE CULTURE

1 Look around

Look to other categories that approach service in different ways than your own. The hospitality industry might offer the financial sector a whole new way of dealing with customers.

2 Know the pain points

Use a UX, or User Experience, approach to creating the experience. Be clear on the pain points in the customer journey and design around them.

3 Aim for social mentions

Understand that experiences are becoming social currency, markers on people’s timelines. Will your service experience be something worth Instagramming or Tweeting?

OIL & GAS

Record low crude prices impact financial results

Brands continue pumping oil but pivot to gas

BRANDZ

Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

-20%

Oil & Gas Top 10 Total Brand Value

$92.2 billion

A combination of global geo-political and economic factors produced excess supply and weakened demand, resulting in the collapse of benchmark crude oil prices from over $100 per barrel in 2014 to around $35 at the end of 2015. The value of the BrandZ™ Oil and Gas Top 10 declined 20 percent, following a 6 percent rise a year ago.

Under financial pressure, integrated oil companies cut capital spending, imposed layoffs and postponed projects. But they continued to pump, even storing excess inventory on offshore tankers to protect market share and to be poised for any market recovery. The majors also sold assets, in part to pay dividends expected by major shareholders such as pension funds.

The brands paid uncharacteristic attention to their downstream businesses. Shell operates 45,000 service stations worldwide, for example. BP aggressively expanded its service-station convenience-store business. Sinopec continued its efforts to leverage the more than 30,000 locations it operates throughout China. Because of low crude prices, the major brands enjoyed strong margins on their petrochemical products.

However, weakened demand hurt less diversified independent companies, including many US shale gas producers, but even they sometimes kept pumping to generate the cash needed for servicing debt. The number of drilling rigs operating in the US dropped by over 50 percent to less than 500 in just a year, hurting many of the service companies that operate them.

The oil glut produced lower prices at the pump, which seemed to diminish public interest in clean energy alternatives. However, in part because 2015 was marked by oil and gas industry disruption and uncertainty of crude oil prices, it was also the year that the investment in renewables for power generation exceeded the investment in hydrocarbons.

The international community reinvigorated the conversation around climate change and provided new clarity about the future of energy. A historic accord reached at the Paris Climate Change Conference made reduction of carbon emission a goal of the international community, with progress to be measured every five years.

OIL & GAS TOP 10

		Brand Value 2016 $million	Brand Contribution	Brand Value % Change 2016 vs 2015
1	**ExxonMobil**	16,838	1	-18%
2	**Shell**	14,940	1	-21%
3	**Sinopec**	13,206	1	-24%
4	**Petrochina**	12,341	1	-18%
5	**BP**	10,552	1	-18%
6	**Chevron**	7,047	1	-22%
7	**ConocoPhilips**	5,239	1	-9%
8	**Total**	4,796	1	-18%
9	**Rosneft**	3,833	1	-23%
10	**Gazprom**	3,411	1	-34%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest)

CATEGORY DEFINITION

The oil and gas category includes both private International Oil Companies (IOCs) and state-owned National Oil Companies (NOCs).

INSIGHT

Global oil demand should stay soft through 2016

It is said the best cure for low oil prices is low oil prices. But despite low oil prices, the global market remains flush with supply. Oil storage terminals are brimming near capacity and producers are resorting to storing crude on tankers and in train cars. The Saudis and Russians continue pumping near record levels while Iran seeks to add at least a million more barrels per day into the mix. Overall, the global market wants to produce about 100 million barrels a day, but global demand is closer to 93 million barrels a day. It will take time and much stronger economic growth to remove the overhang from the market and restore balance to supply and demand.

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HILL+KNOWLTON STRATEGIES

Tilting to gas

Even before low crude oil prices disrupted the market, multinational brands began to shift toward a greater focus on natural gas. Shell has already pivoted to natural gas and aims to become an integrated natural gas company from exploration to delivery. In one of the few acquisitions during this period of low prices, Shell purchased BG, a major liquefied natural gas producer, formerly known as British Gas, which owns assets in Africa and other regions. Chevron has a large gas exploration project called Gorgon.

Off Australia's western coast, Chevron's Gorgon Project began producing liquefied natural gas (LNG) as part of the brand's strategy to become a major LNG producer by 2020. The joint-venture Gorgon Project, which includes ExxonMobil and Shell among its partners, is geographically well located to supply growing energy needs in Asia.

ExxonMobil expects a 25 percent rise in the global demand for energy between 2014 and 2040, driven especially by the major developing economies. Oil will remain an important energy source, ExxonMobil predicts, but 40 percent of projected growth in demand through 2040 will be met with natural gas. ExxonMobil remained number 1 in brand value based on its financial size, market capitalization and relatively low level of debt.

The major brands face myriad issues in the transition to gas. For example, gas and oil prices work differently; there is no single global price for gas as there is for oil. Historically, gas was priced regionally, because to be economical it needed to be produced locally. The advent of LNG enables gas to be transported in liquid form by tanker; this changes the regionally based economics.

Repositioning communications

The major energy companies have been revising marketing, advertising and local public relations to sustain brand clarity, strength and corporate reputation as they navigate through the market disruption caused by low oil prices and transition to a heavier reliance on gas. Generally, the majors have been repositioning their communications away from focusing on oil and gas toward asserting leadership in energy, technology and innovation. Often the message is conveyed with emotional ads using company employees that give the brand a human face and relatable personality.

Shell launched a "Welcome to Shell" campaign in Malaysia, the Netherlands and Turkey. Aimed at retail customers, the campaign promises to deliver a high level of hospitality, with upgraded facilities, convenience foods and beverages. As part of its corporate campaign called "Make the Future," Shell demonstrated the power of an innovative alternative power source: the footsteps of children on a specially wired football pitch that created the electricity needed to flood their field with light.

An emotional ExxonMobil Super Bowl ad illustrated the impact of natural gas to create electricity with lower carbon emissions. Called "Lights Across America," it opened with an image of a lighthouse illuminating a coastline and continued with a series of images of lights going on in an office building, a bedroom, a diner, and at a ball field where the crack of a bat against a ball led to this voiceover: "You may not even think about the energy that lights up your world. But we do."

With a campaign called "Doers Doing," Chevron talked about America as a land of doers, capable of sending rockets to the moon, with all these impressive initiatives dependent on reliable sources of energy. BP, having settled most litigation that followed the 2010 Gulf of Mexico oil spill, shifted attention to its retail business with a campaign promoting a cleaner fuel containing an additive called Invigorate. Each spot followed a traveler on an important journey and ended with the line, "You have places to go. Let us worry about getting you there."

Geopolitics complicate recovery

Predictions varied about how and when oil prices would recover, but there was little dispute about the factors that created the massive disconnect between supply and demand that caused the drop in oil prices.

Demand weakened primarily because the growth rates of the major developing economies, Brazil, China and India, slowed substantially, and the US, formerly an oil importer, became energy self-sufficient with the rapid development of shale gas. In fact, with the development of new facilities, the US was set to become a net natural gas exporter.

Some countries with state-owned oil companies continued to export at high levels because their economies and social stability depended on the oil revenue. The state-owned companies typically operate with lower cost structures that enable them to achieve profitability even at low per-barrel prices. Scandals surrounding Brazil's state oil company, Petrobras, contributed to the government's instability.

Meanwhile, Russia's Gazprom attempted to assert itself in Europe, even as the sanctions against Russia that resulted from the Russian incursion into Ukraine, blocked collaborations between western and Russian brands. Iran increased oil exports with the removal of sanctions after the nuclear weapons deal. The US repealed a 40-year-old ban on exporting crude oil. For environmental reasons, the Obama administration rejected the Keystone pipeline project to flow oil from the Canada tar sands for export through US ports on the Gulf of Mexico.

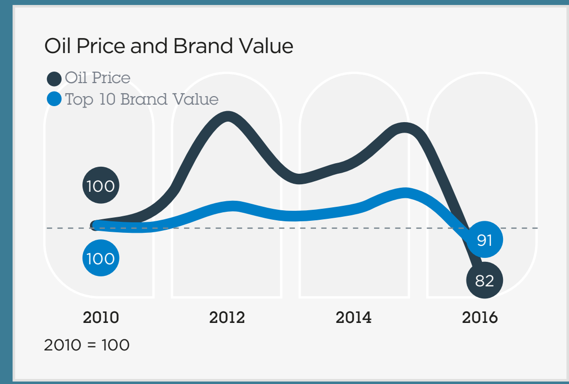
BRANDZ™ ANALYSIS

VALUE FLUCTUATES WITH OIL PRICES

Each of the BrandZ™ Oil and Gas Top 10 brands declined in value because of the precipitous drop in crude oil prices. Usually focused more on upstream exploration, the brands shifted some attention to their retail service stations and petrochemical businesses. They attempted to communicate about their brands in a warmer voice, but it will take time to change consumer perceptions of brands viewed as arrogant and uncaring.

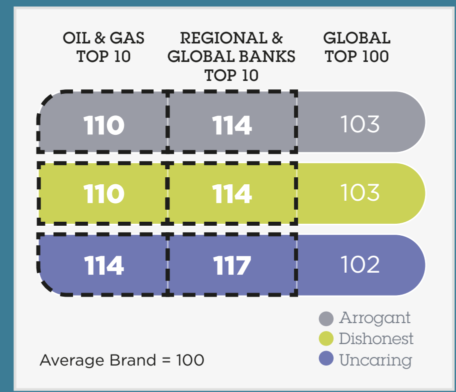
Brand value plunged with oil prices...

With an index that enables tracking the correlation between brand value and oil and gas prices, it is clear that the value of the BrandZ™ Oil and Gas Top 10 roughly followed the trajectory of oil prices but with less exaggerated highs and lows.



... And brands tried harder to improve their image

Consumers view oil and gas brands similarly to the way they view banks – as arrogant, dishonest and uncaring. Like the banks, which often have other priorities than their retail customers, the oil and gas companies until now have primarily focused on the need to please government and corporate partners, not consumers. They have recently addressed consumers in a more relatable voice, trying to more effectively explain the benefits they bring to society.



Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

Oil and gas brands face a choice. When oil prices rebound, the brands can return to business as usual or sustain the effort to warm their brands and articulate reasonable and emotional explanations of how they improve people's lives. An improvement in Brand Contribution could help mitigate disruption the next time oil prices cycle downward.

INSIGHTS

Brand importance should rise in shift to wider energy role

The majors recognize that the international climate change agreements that we now have in place have essentially identified a future that will ultimately not be powered by carbon-based fuels. Therefore, they need to reinvent themselves, but also shape the transition. Beginning a narrative about what that future is going to look like helps them shape that transition and change their businesses. Brand is part of that change. Energy and oil and gas are relatively low-consideration categories for consumers, but as this transition happens I expect that brand will have a bigger bearing on company valuation.

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HILL+KNOWLTON STRATEGIES

Rebranding helps attract talent

Because the word "oil" has been demonized by some, we're seeing majors rebrand themselves as energy, technology, or resource and development companies. They are not "gas companies" or "oil companies" anymore. This applies both on the corporate and consumer brand sides. Rebranding also impacts the workforce. Oil and gas companies are having a lot of trouble getting young people to come work for them, particularly in so-called white collar jobs. If you're 27, you might go to one of these brands if it emphasized its work in research and development and technology. It becomes a more acceptable and exciting prospect.

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Majors positioned well for inevitable oil price rebound

While fundamentals play a primary role in oil pricing, there also is an emotional component. Even when world demand exceeded supply, and oil skyrocketed to more than $100 a barrel, the number was artificial. At that time, concerns that Middle East volatility could impact the availability of oil influenced prices upward. Today, given the current supply overhang, reports of OPEC's refusal to freeze production sends prices lower. The silver lining in this downturn is about resiliency. It is astounding how quickly companies have leveraged innovation to optimize operations and lower break-even costs. In fact, on the other side of this downturn, companies will be better positioned to be profitable when prices rebound. We won't see $100 a barrel return, but global growth will fuel demand, with prices settling to a "Goldilocks" level as excess supply is burned off. Meanwhile, the continued focus on innovation is making the industry stronger long term.

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HILL+KNOWLTON STRATEGIES

BRAND BUILDING ACTION POINTS

1 Engage consumers in the brand conversation

The role of the consumer as a stakeholder in the corporate brand has become much more important. Do not limit the conversation to location openings and coupons. In such a highly regulated industry it is important to remember that consumers influence regulators and the media, and they have a voice on social media.

2 Prepare consumers for market volatility

Be prepared for a bumpy recovery, with shocks when the price suddenly rises or falls sharply, surprising consumers and having implications for trust because the public generally thinks that the oil and gas brands have more control over prices than they do.

3 Create networks of friends and advocates

Advocates can help educate others about complicated energy issues and engage in an informed way in the public debate around energy issues. The rational middle and the contextualized conversation are important, and brands need to find other voices that influence the marketplace.

4 Counter the image of oil and gas as a dinosaur industry, literally

Focus on the brand's role in developing emerging technologies, such as battery storage, which will produce the cleaner energies required for people to live better lives in all parts of the world.

5 Invest in the brand

Cut capital investment. Reduce the cost base. But protect the brand. A strong brand helps gain the critically important license to operate. That is a major return on investment, considering that spending on brand, relative to spending on just about anything else, looks pretty small on the balance sheet.

BRAND BEHAVIOR

BEHAVIOR IS KEY TO BUILDING HIGH VALUE, DISTINCTIVE, PROFITABLE BRANDS

Actions speak louder than core values

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In today's more ever-connected world, creating and upholding a core brand identity is paramount to maintaining value, profitability, and longevity.

The 30-slide deck of brand guidelines is no longer the be-all and end-all. Over the past few years, the landscape of how brands live and breathe in culture has changed. With the advent of globally accessible online conversations, the idea of brand "ownership" has shifted. It is no longer in the hands of the traditional owners (the businesses behind them); instead it finds itself under the stewardship of the consumer - where it will remain for some time.

To quote Marc Shillum, author of *Brands as Patterns* – "We all know that brands are increasingly accessed digitally, but a less considered consequence is that the interface through which a brand is accessed has become a primary identity element. This requires that a brand's 'identity' should not only be defined statically or dynamically, but also iteratively through successive release and behaviorally through interactions.

"Through this iterative interaction, the brand becomes a constantly shifting relationship between the company and its customers. Through the interface the customer assumes the right to some control, ownership, and authorship of the brand..."

Platforms reveal behavior

As consumers, both old and young, have flocked to social media platforms, brands have followed suit. "Fish where the fish are" – so they say. However what perhaps only the smartest brands worked out from the start was that these platforms would reveal more about day-to-day business behaviors (everything from marketing and advertising through to customer service interactions) than had ever been seen before. Whether they liked it or not.

Consumers demanded transparency. Brands responded, mostly. And the rise – and current trend – of authenticity was upon us.

Look around. You see it everywhere.

Now, as a result, consumers expect brands to behave a certain way. If they don't, those very same consumers not only vote with their wallets, but also their Twitter accounts.

And *this* is where brand distinction is today.

Before, a brand could say it has "core values" and then, if it so wished, obfuscate whether or not it actually delivered against them. Today, such a feat is virtually impossible. What a brand *does* is as important, if not more important, as what it *says*; actions speak louder than words.

Even the most valuable and respected brands can struggle to get it right.

Getting it right eventually

In 2013, in the UK, Amazon, Google, and Starbucks were revealed to be among many global brands that successfully limited corporation tax on UK sales.

However, it was Starbucks, with its High Street near-omnipresence and its commitment to being a "part of the community," that took most of the flack. When your barista knows your name, it's hard not to take it personally when you believe their employer has a better deal than you do. Consumers switched. Baristas rebelled (one UK location was reported to have a sign stating "Please do not abuse our staff, it's not their fault," mounted in the store window).

The global behavior of the Starbucks brand had a direct effect on the local interpretation of its core brand values.

Under consumer pressure, all three brands named above reviewed their UK tax policies. Fast forward to 2015 and Starbucks reportedly paid more corporation tax than it had in the 14 years previous combined; an incredible turnaround.

Getting it right the first time

Perhaps a better story can be told if we take a look at budget supermarket brand, Lidl.

Traditionally seen as a low-price supermarket solution, its communications and use of authentic storytelling, has had a transformational effect on its business. Recently, via its advertising, Lidl has handed over its brand voice to its own consumers.

"#LidlSurprises," as the campaign is known, features customers expressing their surprise at the quality of the supermarket's own products. Sticking to its brand values of "high quality" and "low price," Lidl is successfully taking on the traditional "big guns" and winning.

So far, so on trend. But what about how the brand behaves elsewhere?
In July 2015, the government announced its plans for a National Living Wage to be implemented by April 2016.
A full six months before that deadline, Lidl raised the minimum wage of its staff above that of the government recommendation.

By supporting those who perhaps have no choice but to shop at the low-price supermarket, Lidl demonstrated its "we care" commitment that consumers had come to expect, to the people that matter most – its staff.

Building distinctive brands

Brand behavior builds distinctive brands - nothing more, nothing less.

From Mark Zuckerberg using his opening keynote at the 2016 F8 Facebook developer conference to call out his "Build bridges, not walls" philosophy (a clear remark of disagreement to comments made in the political landscape at that time); to Apple's recent privacy battle with the FBI over unlocking a terrorist's iPhone – brand values must be clear in actions, not just words.

The way a brand behaves is the most important underlying factor in creating and building ongoing brand strength, value, and ultimately, long-term profitability.

Consumers can and will call out poor brand behavior when they see it. They have the means, the tools, and the power of a united voice.

Defy consumer expectation and you'll lose their trust in an instant. Lose their trust, and you risk losing your consumer forever.

Ogilvy & Mather is a top 20 UK agency offering communications expertise in areas as diverse as brand advertising, direct, digital, healthcare marketing, PR, branding and design and behavior change.

TECHNOLOGY / CONSUMER

Brands prepare for future of transformative technology

In a year of product iteration and consumer privacy concerns

BRANDZ
Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

+6%

Technology Top 20
Total Brand Value

$1,106.3 billion

TECHNOLOGY TOP 20

		Brand Value 2016 $million	Brand Contribution	Brand Value % Change 2016 vs 2015
1	**Google**	229,198	4	32%
2	**Apple**	228,460	4	-8%
3	**Microsoft**	121,824	3	5%
4	**Facebook**	102,551	4	44%
5	**IBM**	86,206	4	-8%
6	**Tencent**	84,945	4	11%
7	**SAP**	39,023	3	2%
8	**Baidu**	29,030	4	-27%
9	**Accenture**	22,813	3	13%
10	**HP**	21,387	2	-7%
11	**Samsung**	19,490	4	-10%
12	**Oracle**	19,489	1	-10%
13	**Huawei**	18,652	3	22%
14	**Intel**	18,632	2	1%
15	**Cisco**	14,508	2	-10%
16	**LinkedIn**	12,314	4	1%
17	**Adobe**	10,440	2	41%
18	**Salesforce**	9,914	2	N/A
19	**Netflix**	9,289	2	N/A
20	**Sony**	8,150	3	2%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest).

CATEGORY DEFINITION

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.

Iteration, more than innovation, characterized a year when technology brands looked to the future, to the development of revolutionary products and their potential impact on society. Lacking a current "shiny new thing" to draw their attention, consumers were distracted by industry issues like privacy.

The conflict between Apple and the US government over unlocking an iPhone to provide law enforcement access to personal data in a terrorism case demonstrated the enormous social impact of the leading technology brands. This impact is likely to increase with the advent of the Internet of Things, the smart home and the automated car.

Implicit in these developments was the tension technology brands navigate by simultaneously pursuing the higher purposes of improving life and connecting the planet while competing for consumer spending with devices and ecosystems that attempt to create loyalty with frictionless customer experience.

European Union regulators charged that Google's Android mobile operating system unfairly favors Google products over those of the competition. Arguing that Facebook would enjoy unfair advantage, India rejected the brand's plan to provide free Internet access.

Facing the future, Google restructured under a holding company called Alphabet. With the introduction of its next-generation smartphones, Samsung positioned the brand as more than the sum of its devices. Apple added Apple Watch to its repertoire of seamlessly connected, highly designed products. Facebook introduced Oculus Rift, a virtual reality headset. >>

Competition increased, with devices of superior functionality and design available at lower prices from Indian and Chinese brands. And several of the consumer technology leaders also partnered with business brands as aspects of business-to-consumer and business-to-business technology converged. (Please see B2B story.)

INSIGHT

Brands pushing across the border of B2C and B2B

I would contend that the division of the technology category into business-to-consumer and business-to-business brands no longer accurately reflects the industry, because most of the brands are active in both spaces. Instead, there are three divisions that matter now: devices, infrastructure, and data services. Just to illustrate with a few examples: data services would include Amazon and Facebook; infrastructure, IBM and Cisco; and devices, Apple, Samsung, and LG.

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On the strength of the global expansion of its video streaming business, Netflix entered the BrandZ™ Technology Top 20. Google returned to the number one rank in the BrandZ™ Top 100 Most Valuable Global Brands. The Technology Top 20 increased 6 percent in value, compared with a rise of 24 percent a year ago.

Competing for the future

By creating a holding company called Alphabet, Google increased transparency by sharing its growth plans and clarifying its priorities, which reassured stockholders. While currently deriving most of its revenue of $75.5 billion from advertising in its core search business, Google signaled a future in new businesses, including healthcare, life sciences and augmented reality. Along with new ventures, Alphabet includes a Google subsidiary with its core products, such as Android, Chrome, Gmail, Maps and Search. Google continued development of an autonomous car.

Apple began shipping Apple Watch in April 2015 and introduced updated versions of the iPhone, iPad, and Apple TV late in the year. Apple Pay expanded in the US and UK. Apple sales rose 28 percent year-on-year to $233.7 billion, driven by a 52 percent increase in iPhone sales. Apple's iPhone sales and margins weakened in 2016.

Apple did not release sales figures for the Apple Watch. But Apple's introduction of a watch added excitement to the subcategory of technology wearables, which also included brands like Fitbit, Samsung, and China's Xiaomi. Apple's new product sales have not yet balanced slower iPad and iPhone growth, however. It was not clear whether Apple was developing an electric or autonomous car, a project where Apple's design and consumer experience credentials could add value.

Facebook released its first virtual reality headset from Oculus Rift, the start-up company it acquired in 2014. Although priced at around $1,500, the device reflects Facebook's shift to video and its determination to claim leadership in virtual reality experience. Google and Samsung offered virtual reality headsets, and Sony planned to release a PlayStation version.

INSIGHT

Consumers more reluctant to trade data for benefits

The business of many of the consumer technology companies is about making money from consumer data. We've seen privacy pushback about Facebook in India and against Google in Europe. Consumers are beginning to say "We're not going to have our data used in the way you want to use it to make your money." Young consumers are much more alert to the privacy settings on their smartphones. We've been talking about something we call "digital twilight," which are spaces where it's much harder for advertising to reach. We're getting to the point where the user perception is that brands offer fewer benefits and so consumers are paying more attention to the downside.

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Facebook also purchased Masquerade, a maker of software that enables the user to add special effects to selfies, videos and other images. It includes a popular feature called "face swap." Like its earlier acquisitions of Instagram and WhatsApp, Facebook's purchases of Oculus and Masquerade are part of the brand's effort to remain relevant across generations.

In an effort to monetize its audience, Facebook effectively shifted to mobile. With a total of 1.6 billion monthly active users, Facebook reported 1.4 billion mobile monthly active users, a 21 percent increase year-on-year. Mobile advertising reached 77 percent of total advertising revenue in 2015, up from 65 percent a year earlier and 45 percent in 2013.

Communicating emotion and purpose

In this competitive context, brands attempted to engage with consumers in new ways. Samsung, known for its wide range of devices and appliances, created more emotional advertising. Rather than focusing exclusively on the features of a particular device, the ads presented the company as a long-time leader and innovator across devices, including TVs, smartphones, watches and, most recently, virtual reality.

The brand was a Super Bowl sponsor and will be a sponsor of the Summer Olympics and Euro 2016, the European football championship. Because of the brand's wide range of products, including home appliances, Samsung is viewed as well positioned to compete for leadership in the Internet of Things and, specifically, the smart home. Competition in several of these segments hurt Samsung's results last year.

Along with emotional appeal, technology leaders articulated brand purpose as a way to connect with consumers. Many of the brands adopted both a narrow definition of purpose, improving the lives of customers, and a wider definition about improving the world in some way. Clarifying commercial and altruistic intent can be difficult, however.

For Facebook CEO Mark Zuckerberg, who announced that over time he would give away his personal fortune, the Facebook brand serves the wider purpose of creating a connected planet. When he attempted to advance this mission with free Internet access through Facebook's Free Basics program, the Indian government rejected the offer, arguing that Facebook would gain an unfair advantage.

New competitors

As the technology leaders expanded in India, China and other markets, they increasingly encountered strong competitors, such as Alibaba, Tencent, Baidu and Huawei, among China's most valuable brands.

Tencent, number 1 in the BrandZ™ China Top 100, continued to leverage its key strength: ubiquity. It increased the number of monthly users of WeChat, its messaging and caller app, to over 600 million. And the brand leveraged WeChat's functionality to promote its payment system, which can be used for purchasing at physical locations and online.

To reach targeted buyers in the most appropriate online channel and provide ease of purchase, Tencent partnered with JD.com, China's second-largest e-commerce site after Alibaba and a newcomer to the BrandZ™ Global Top 100. At the same time, Tencent monetized its high penetration, doubling online and video advertising revenue. The brand also investigated ways to increase its gaming revenue by introducing its games abroad.

Baidu, China's largest search engine, continued to enjoy strong advertising revenue from search, although it is rapidly shifting to mobile, which is less profitable. The brand worked on building O2O revenue by connecting some of its online search functions, such as mapping, with offline purchasing opportunities. Huawei, originally a maker of telecommunications equipment, shipped over 100 million smartphones worldwide in 2015, a 44 percent year-on-year improvement. (For more information, please see the BrandZ™ Top 100 Most Valuable Chinese Brands 2016, at www.brandz.com.)

INSIGHT

Tech leaders need to be perceived as experience brands

It's ironic that when we work in other categories, businesses are scrambling to be perceived as tech brands. But actual tech brands need to be perceived as experience brands. The best technology brands are doing that already, pulling away from being perceived purely as functional and creating a customer experience supported by the ecosystem. The experience pervades every touch point that the brand has with the customer, from the product itself to the marketing of that product to the real-time interaction.

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TECHNOLOGY / BUSINESS

Results improve for venerable brands reinventing for the cloud

But an influx of challengers slows their progress

Not long ago, size mattered more. Because choosing the right business technology provider was so fraught with risk, the safe bet for a corporate IT manager was to hire the biggest and assume it was the best. Times have changed in in an industry being transformed by cloud computing and small disruptor brands.

And some of the disruptors are not small. A key competitor in cloud data storage is Amazon, the e-commerce giant and number 7 brand in the BrandZ™ Top 100 Most Valuable Global Brands ranking. Google, the number 1 brand in the BrandZ™ Global Top 100, has entered the cloud storage business, too.

Salesforce, the cloud-based consumer relationship management company, joined the BrandZ™ Technology Top 20 for the first time. And a 41 percent increase in value put Adobe, the cloud-based media and marketing company, into the BrandZ™ Global 100 Top 20 Risers. Meanwhile, more traditional business-to-business brands attempted to increase their cloud subscription revenue faster than revenue decreased in the old licensing model.

At the same time, the boundaries between business-to-business and business-to-consumer became more porous as brands prepared for a future in which the Internet of Things and smart homes will require collaborations among companies that have complementary technology, skills and customer bases. In addition, the "consumerization" of business-to-business accelerated, as a younger generation of corporate IT managers continued to harmonize the devices used for business and personal purposes.

Talent remained a key concern for the business-to-business brands. Young people generally prefer to work in technology, especially when compared with industries viewed as socially objectionable because of their negative impact on health or the environment. Even within technology, young talented individuals covet jobs at certain brands more than others.

Brands in transition

After two years under new leadership, Microsoft was in the process of radically reshaping the corporate culture to be less controlling and more open to involving technologies other than its own. In developing a public cloud available in 140 countries, Microsoft issued a developer kit instead of creating all the apps.

With the launch of Windows 10, Microsoft attempted to expand the brand's impact in personal computing and mobility. The brand introduced the developer version of the HoloLens, an augmented reality headset that enables designers to see their plans in 3D, strengthening Microsoft's business-to-business offering, which accounts for over half of its revenue.

Moving through a transformation to cloud computing and data analytics, IBM invested heavily in areas it calls "cognitive" computing, which can not only store and organize data but also comprehend and learn from it. Initially focused on several industries, IBM brands its initiatives "Watson," the name of its cognitive platform. These businesses – IBM Watson Health and IBM Watson Internet of Things, for example – all operate in the IBM Cloud.

The businesses that represent IBM's future performed relatively well. Cloud computing, data analytics and security and mobile computing products accounted for just over a third of total revenue in 2015. However, IBM's legacy businesses were a drag on overall performance, and with about two-thirds of revenue coming from outside the US, the strength of the dollar impacted the business.

INSIGHT

Take a B2C approach in marketing to B2B decision makers

Over 50 percent of technology decision makers are under age 40, which completely changes how you market and speak to the customer. That means everything that has applied to reaching millennials on the B2C side of the technology category now also applies on the B2B side. It does not work to only advertise in some esoteric technology B2B publication, or to put a banner on the publication's website. Instead, you need to think about social media and relevant content because the millennial IT decision maker responds to a relationship and experience.

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MEDIACOM

Established in 1939, HP executed its plan to reinvent the company for today's world by splitting into two publicly traded entities: Hewlett Packard Enterprise, which will focus on software, cloud storage, and networking; and HP Inc., which will continue the core printer and PC businesses. Because the split, which was intended to accelerate innovation and improve customer service, took place at the end of 2015, it was too early to assess results.

Positioning in a transforming category

Meanwhile, the technology consultancy Accenture benefited from its global reach across industries as enterprise IT departments shifted their investments from outsourcing to the cloud and other digital technologies.

With the acquisition of Altera, a maker of programmable chips, Intel accelerated its transition from a company whose success was based on developing the microchips powering PCs to a company devoted to the connectivity needed for the Internet of Things.

SAP grew its cloud subscriptions at the same time it introduced the next generation of its Hana product, which offers a combination of deep analytics and fast results for making real-time business decisions. While Oracle continued to be dominant in relational database management, smaller start-ups nipped at parts of its business. A supplier of the switching equipment and other devices that comprise the Internet, Cisco was well positioned for a future that includes the Internet of Things.

Adobe boldly shifted from a boxed software model to a cloud subscription model three years ago in order to meet the creative and analytic needs of digital marketers. The subscription business grew 55 percent in 2015, representing 67 percent of total revenue. Salesforce was launched in 1999 as a cloud brand exclusively. The consumer relationship management company offers a menu of six cloud-based service packages, including sales, marketing and customer support, all on a subscription basis.

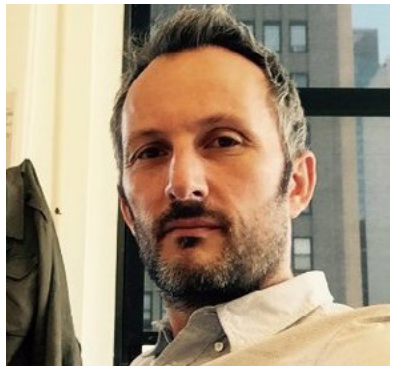
The "consumerization" of B2B

An aspect of the technology category's transformation is the blurring of traditional boundaries between business-to-consumer and business-to-business. Factors driving this integration include the move to cloud computing, efforts to position for the Internet of Things, and a shift in business mentality from adversarial to cooperative, in which the brands both compete and collaborate, depending on the project.

Apple collaborated with Cisco and SAP to push more iPads and other devices into enterprise. The arrangement is also intended to expand availability of B2B software on Apple devices. An earlier partnership between Apple and IBM introduced more Apple products into the workplace. IBM also partnered with Facebook, pairing IBM's data analytics strength with Facebook's user data to enable marketers to more effectively personalize messages on Facebook.

All of these developments created a demand for talent. LinkedIn has created a successful brand as a platform to help individuals network and find their preferred employment match. It doubled the number of listed jobs to 6 million and launched an app to simplify the user experience.

INSIGHTS



IT Brands with strong security solutions will win in the B2B space

In the business-to-business part of the technology category, security remains the primary concern. It was the chief concern a few years ago during the bring-your-own-device transition in the workplace. It is the key concern today with cloud and will be tomorrow with the Internet of Things. Every time a new technology or practice is introduced in the enterprise, security is always the number 1 issue to solve. It is a topic for the C-Suite. IT Brands with strong security solutions will win in the B2B space.

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MEDIACOM

Enterprise customers reach for the cloud, feet firmly planted

The whole proposition of cloud is to reduce complexity and cost, and increase performance and speed. Right now, however, many enterprise customers still have their data centers and IT staff on-premise while they're also experimenting with the cloud. So they're not pregnant yet but they're trying to be. Ultimately, some extremely sensitive data may stay on-location, but for the most part enterprise customers need to get to the point where they can literally take their hands off the wheel, not worry about physical data centers, do away with complex software installations, and cut back on IT spending. The industry isn't there yet, but that future is rapidly approaching.

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The qualities that made brands great now challenge them

The very thing that made the big technology companies successful is now their biggest vulnerability. They're being overtaken by smaller, more nimble companies, which don't have the historical baggage and complicated management structures, and can respond quickly. The larger players know they have these smaller competitors snapping at their heels, and they're struggling to become more fleet of foot. The smaller businesses relate better to the start-up clients. Consequently, while some are doing better jobs than others, we see the big brands are struggling to deal with these smaller challengers.

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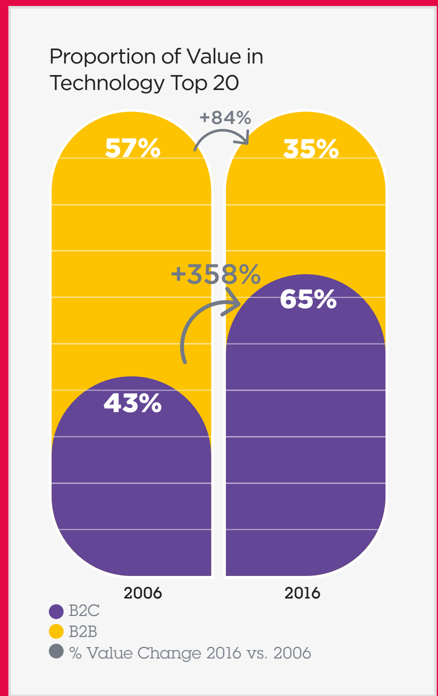
BRANDZ™ ANALYSIS

B2C BRANDS DISRUPT CATEGORY, DRIVE VALUE

Business-to-consumer brands disrupted the BrandZ™ Technology Top 20 over the past 11 years. Although business-to-business still predominates in number of brands in the Top 20, B2C brands represent almost two-thirds of the value and score higher in key BrandZ™ metrics of brand strength.

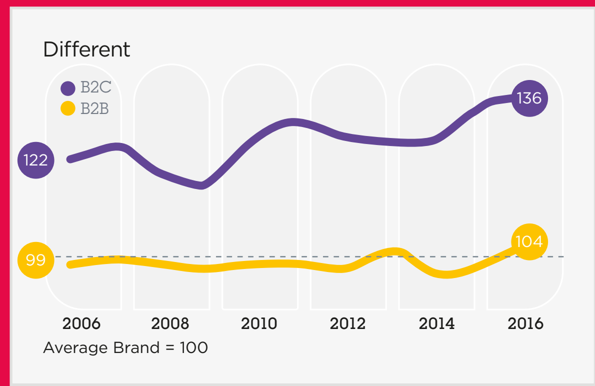
B2C brands grow faster and produce more value ...

B2C brands today produce 65 percent of the BrandZ™ Technology Top 20 value, up from 43 percent in 2006. And since 2006, B2C brands increased 358 percent in brand value, driven by the growth of Apple, Google, Facebook and other brands, while B2B brands increased only 84 percent. Many iconic B2B brands continue a difficult transition from traditional business models to cloud computing.



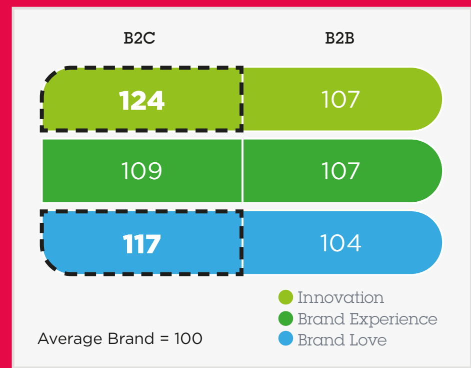
... B2C lead in Difference but B2B improving...

Consumers regard the B2C brands as Different. High scores suggest that consumers see B2C brands as Different in meaningful ways. In contrast, the B2B brands are closer to average in Different, suggesting that they may be essential, but customers do not easily identify particular brand advantages. However, B2B brands are improving in being seen as Different, which could mean that their shift to the cloud and collaborations with B2C brands are yielding positive results.



... B2B brands score well on BrandZ™ metrics, but not as well as B2C brands

B2B brands score well on the important BrandZ™ metrics of Innovation, Brand Experience and Brand Love, but they do not score at the level of B2C brands, which are especially known for Innovation and have done an excellent job in generating Brand Love. B2B brands have been innovative, but they have received less recognition for innovating than the B2C Brands.



Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

Category disruption will continue. As the B2C brands grow, they will face the same challenges of scale that now confront iconic B2B brands. B2C and B2B have a lot to learn from each other.

BRAND BUILDING ACTION POINTS

1 Stand for something meaningful

Add something beneficial to people's lives. Financial results may drive the share price, but shareholder satisfaction will not guarantee success unless it is accompanied by the innovative products and services that please customers.

2 Stay relevant

The window for relying only on an annuity of past accomplishments is narrowing. Constantly question. Ask what the brand's future economic relevance or impact will be. Pay attention to a wider consideration set of competitors.

3 Communicate emotionally

The rise of smaller business-to-business disruptors threatens even iconic brands. Move faster and communicate more emotionally, not just about the brand's competence, but also about its ease of access and doing business.

4 Show momentum

Applicable to any brand, the need to demonstrate momentum by adding new customers is especially important for disrupter brands that offer innovative solutions but may lack the legitimacy that comes with experience, and which is required for building confidence among skeptical potential clients.

5 Be a talent magnet

Be an attractive place to work. Provide challenging assignments and advancement opportunity. Otherwise the most talented marketers and technologists will go elsewhere, and the brand will suffer.

6 Inspire customer love

Keep inventing the products and services that inspire brand love, both for normal business reasons and because when a brand inevitably trips over an issue of data privacy and security, love will soften the fall.

7 Build the brand

Always important, brand building becomes even more important for creating and protecting value in a competitive and commoditized market.

LONDON - UK

Value of all UK brands in Global Top 100

$101.1 Billion

Photograph by Paul Reiffer

TELECOM PROVIDERS

Brands consolidate and acquire content

As the category moves through an identity crisis

BRANDZ
Top 100 Most Valuable Global Brands 2016

Category Brand Value Change

+9%

Telecom Providers Top 10
Total Brand Value

$422.4 billion

The term "telecom provider" started to seem anachronistic as brands aggressively consolidated and acquired content, reshaping the category even as they tried to clarify its future. As they evolved into networks of value-added information and services, the telecom providers remained identified by their most commoditized activities, voice and text transmission.

Brands worked to leverage their unparalleled access to households and consumer data, which positioned them to be key players, even gatekeepers, in the networking of devices, appliances, machinery, cars and everything else in the coming era of connectivity called the Internet of Things.

The telecoms also developed business-to-business opportunities, servicing the connectivity needs of corporations and governments, with "Smart Cities" initiatives, for example. And many of the telecom provider brands also developed mobile health programs, particularly useful for people in rural or other underserved markets, who gain online access to better health care treatment.

Unfortunately for the telecom providers, they were not alone. Their competitive set expanded to include brands in other categories, including formidable technology leaders with much faster innovation cycles, all seeking to play in the inevitable but amorphous future of hyperconnectivity.

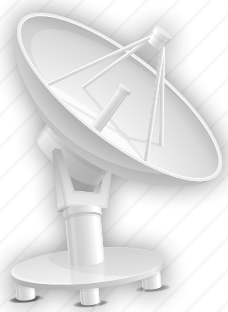
The only certainty for telecom provider brands was the need to build a subscriber base, which accelerated a period of consolidation as brands acquired competitors to gain content and advertising revenue, increase scale and broaden appeal.

Acquiring content and building scale

In the US, AT&T bought DirecTV, a broadcast satellite service, significantly expanding the brand's ability to provide video entertainment and enabling it to bundle new TV, Internet and mobile offers. Verizon acquired AOL, which provided Verizon with online advertising technology while enriching AOL's capabilities with Verizon customer data. Ultimately, Verizon could monetize the acquisition with mobile advertising revenue. To add even greater scale, Verizon considered acquiring Yahoo. AT&T also purchased the Mexican telecom providers Iusacell and Nextel to strengthen its position in the Americas. The Spanish telecom provider Movistar acquired DTS to expand into pay TV in Spain. Spain's Telefónica acquired GVT in Brazil, which had merged with Vivo, the country's leading mobile and landline telecom. >>

CATEGORY DEFINITION

The telecom providers category includes brands that primarily develop, maintain and market hardware or wireless infrastructure networks for voice and data transmission.



TELECOM PROVIDERS TOP 10

		Brand Value 2016 $million	Brand Contribution	Brand Value % Change 2016 vs 2015
1	**AT&T**	107,387	3	20%
2	**Verizon**	93,220	3	8%
3	**China Mobile**	55,923	4	-7%
4	**Deutsche Telekom**	37,733	3	12%
5	**Vodafone**	36,750	3	-4%
6	**Movistar**	21,945	3	3%
7	**NTT**	19,552	2	N/A
8	**BT**	18,575	3	3%
9	**Orange**	18,465	3	6%
10	**Telstra**	12,825	3	1%

Source: BrandZ™ / Millward Brown (including data from Bloomberg)
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest)

INSIGHT

Tech competitors provide more personal customer relationships

Consumers want to blend the connectivity in the home, car and other aspects of life. That creates huge challenges for the telecom brands because of technology competitors that have direct relationships with consumers. These consumers want either an ecosystem of hardware and services, like Apple, or a data relationship, like Google or Amazon. These brands are more likely to offer a full level of service and a relationship that is much longer than the typical two-year telecom contract. They offer more of a lifelong relationship around what connectivity means to people. To apply the Maslow hierarchy of human needs to this category, we've moved from the lower level of connectivity – "Can you hear me now?" – to a higher order of connectivity that brands can't control.

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The telecom provider Vodafone purchased ONO, a Spanish high-speed Internet company. To increase content and achieve efficiencies, Vodafone linked its operations in the Netherlands with Liberty Global, the international cable company. The sluggish economies of some of its European markets impacted Vodafone results.

France-based Orange bought a major stake in Groupama Banque, a French financial services company, as a gateway into mobile banking services. In Germany, O2 purchased E-Plus, and after rationalizing their brand portfolios, the joined company relaunched the Blau brand as a value-driven option, with the tagline, "Less bla, more Blau." In a UK market consolidation, BT purchased EE. And Three, owned by Hutchison Whampoa, intended to purchase 02 from Telefónica.

The proposed deal, which would form the UK's largest telecom provider, faced EU regulator scrutiny. In the US., regulators ruled in favor of net neutrality, essentially classifying the Internet as a public utility requiring equal access for all users. Major US telecom providers had opposed neutrality, arguing that heavy Internet consumers, Netflix for example, should pay a fee because of the disproportionate amount of bandwidth they use.

Meeting changing consumer expectations

The telecom provider brands also adjusted to changing consumer priorities. With the erosion of the two-year contract model, consumers often selected their device first and then looked for a carrier, reversing the earlier practice. Even in the US, consumers shifted away from the long-term contracts that had been fairly standard.

Verizon introduced a new campaign with the tagline "Better Matters." The campaign added a higher purpose to a traditional story of functional competence. The emotional message declared that Verizon built America's strongest network for a reason, because people depend on the network to work properly. Implicit is the notion that, in a world of "good enough," "better" is worth a premium.

In making the change, Verizon intended to warm the brand with a more human voice, to contrast with the complex language often used in the telecom category. The execution included a new, cleaner logo and a simplified offering that is more transparent about the cost of a phone and data, with data plans priced simply – small, medium and large – like soft drink portions.

T-Mobile was especially successful in creating a personality around the brand, marketing it in the US as the "Uncarrier." It introduced a program called "Binge On," aimed particularly at millennials, which allowed users to stream free video from content suppliers like HBO Now and Showtime. Deutsche Telekom benefitted from the strong performance of T-Mobile, which it owns.

Telecoms were not the only brands building communications relationships with consumers. Mobile virtual network operators (MVNOs), such as Virgin Mobile and Tesco Mobile, rented infrastructure and marketed branded networks. Google introduced an MVNO called Project Fi that routs calls over WiFi or the Sprint or T-mobile networks. It is currently available only for certain Android phone models. Google also planned to expand its Google Fiber Internet service to Los Angeles and Chicago. Facebook's WhatsApp and Facebook Messenger are free Internet alternatives to communicating over a telecom network.

Fast-growing markets

Meanwhile, Facebook collaborated with Deutsche Telekom, Korea's SKTelecom and others on an initiative called "Telecom Infra Project" to collaborate on infrastructure development. Korea remained the most advanced telecom market technologically. This superiority, from network quality through to download speeds, enables Korean consumers to use their smartphones for more functions.

China's telecom providers experienced pressure on profits as they invested in rolling out 4G and reduced pricing in response to government desire to increase data transmission speed and lower fees. Market leader China Mobile planned to accelerate rollout of 4G, doubling the number of 4G users it had at the end of 2015 to reach 500 million users in 2016.

In an effort to compete more effectively against China Mobile, China Unicom and China Telecom announced plans to collaborate on building 4G infrastructure and providing overseas roaming services. In addition, they advocated for smartphone devices that supported six different technologies, making it easier for people to switch carriers. The Chinese telecom providers also supported the government's Internet+ effort to connect mobile Internet, big data, cloud computing and the Internet of Things.

INSIGHT

Telecoms need to communicate more emotionally

The telecom providers continue to struggle to develop emotional connections with consumers, particularly millennials. Much of what telecom brands provide is invisible and happens in the background. The result is that they don't get any credit while the network is functioning, but when it cuts out, they're the target of all the consumer's frustration. This is especially the case among millennials, a generation accustomed to being able to browse and connect any time, and practically anywhere. For them, digital connectedness is a baseline expectation.

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INSIGHT

Brands attempt to bundle seamless offers

Telecom providers are trying to achieve a seamless one-stop shop which includes everything, both telecommunications and entertainment. It's a major trend today across many categories. Whether or not consumers really want to have all their services in one place is a different matter. But that's what the telecoms are trying to achieve.

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INSIGHT

Clearer brand communication strengthens loyalty

The introduction of 5G will challenge the telecom brands to explain the benefits to consumers who will probably be confused about the advantages of 5G over 4G. The telecom brands will also need to do a better job of explaining the Internet of Things. Consumers and enterprise clients will want to know specifics about how it will improve their lives, and why to select one carrier over another. The Internet of Things will create stickiness. And it will be difficult to dislodge a brand from a household or business unless it really messes up.

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INSIGHTS

Sustained success requires broader brand perspective

Established Telco brands were founded on engineering expertise. These brands still seek differentiation via functional benefits – high Internet speed, coverage, data – meaning they remain focused inwards on their immediate businesses or category. They're missing the opportunity to play a more meaningful role in people's lives. The brands that can look forward, recognize the industry is expanding to include Facebook, Google or other technology companies, and seek to stand out among these brands on an emotional level, will win.

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With more competition and offer confusion, brand trust is critical

Few telecoms operators know what business they're going to be in in five years' time, so they're covering all their bases in the hope and expectation that one of those bases will be the mother lode. Amazon, Facebook, Apple and Google all have a very personal relationship with the people who interact with them. That's what scares telcos. The question they are asking themselves is: "What can I layer over my network that people actually want?" Telecoms have content, gaming and entertainment packages including sports rights, but it's got to be exclusive, because unless the content is exclusive, it's not worth anything. Consumers will consider content, speed, and data but, ultimately, in a soup of offer confusion, a defining factor in all of that choice will be "Which brand do I trust more?"

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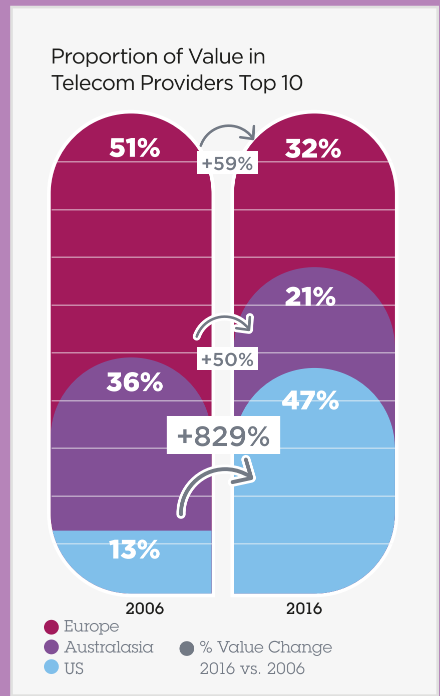
BRANDZ™ ANALYSIS

VALUE SHIFTS TO US FROM EUROPE, ASIA

The telecom providers category is transforming in every region of the world, as brands attempt to shift away from being commodity carriers of voice and data and transform into entertainment and content brands. The transformation is happening through acquisition and consolidation and at different speeds, depending on the region.

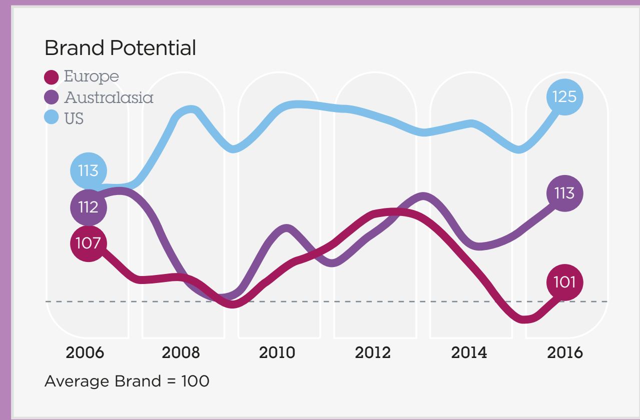
Value has shifted from Europe to the US...

The proportion of value of the BrandZ™ Telecom Providers Top 10 has shifted significantly since 2006, with the US now accounting for 47 percent of the value compared with only 13 percent 11 years ago. The US growth particularly reflects the growth of AT&T and Verizon and their acquisitions of content brands.



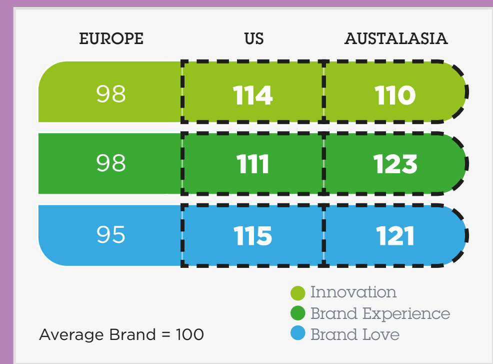
... And the US leads in Brand Potential...

The US also leads in Brand Potential, a BrandZ™ metric that predicts future market-share gains. Australasia is strong, too, reflecting the strength of the Australian and Chinese markets.



... And Australasia scores high in other BrandZ™ metrics

The strength of Australasia in Innovation, Brand Experience and Brand Love reflects in part the advanced development of the telecom category in South Korea.



Source: BrandZ™ / Millward Brown

BRAND IMPLICATIONS

Telecom providers are in the midst of a significant transformation. It is critical that they bring customers along on this difficult journey by continuously communicating the meaning of their brands.

BRAND BUILDING ACTION POINTS

1 Communicate brand relevance

Consumers are not impressed by abstract technology superiority claims. For consumers, the difference between 4G and 5G is important only because the higher speed improves their lives. Explain the benefits to consumers or lose their attention.

2 Build emotional connection with consumers

Consumers have already invited the telecom providers into their homes. The brands exist in the background most of the time, with low awareness when everything is working fine and immediate frustration when they are not. A more emotional connection, perhaps around content, would strengthen the bond. With the Internet of Things, that bond, and the access it permits, will be critical.

3 Anticipate new competition

More competitors will enter from outside the telecom provider category. Expect to develop, acquire or partner with other organizations. Content will be critical to keeping consumers interested and returning for more.

4 Stand for something beyond competence

Think about the customer relationship as something that happens before, during and after purchase. Stand for something beyond competence, because every telecom provider makes competence claims. Make the retail experience about "How can we help you?" not "What can we sell you?"

5 Obsess about customers

Move away from the discussion about functionality and price. Find an emotional connection that differentiates the brand and resonates with the customer. Look for a connection that persuades consumers to purchase the brand, forgive its mistakes, and become brand advocates.

6 Reward loyalty

Reward loyal customers in more meaningful ways that perhaps are more lifestyle-based instead of simply extending their data quotas beyond what they would probably use.

7 Look outward

Imagine the world in 10 years. What role does the brand play? Think beyond the term "digital." All brands are digital in some way. In what specific way is the brand digital? Innovate at the pace subscribers expect. Collaborate with innovative partners.

PRIVACY

RISING CONSUMER CONCERNS ABOUT DATA PRIVACY POSE EXISTENTIAL BRAND THREAT

In today's world, a creepy line can kill a great brand

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Today brands are navigating an unknown minefield where consumer behaviors and attitudes constantly create new and hidden mines. One such mine is being planted and armed as we consider it. Here's how you can spot it and perhaps avoid it blowing your brand to pieces.

It's not just publically humiliating hacks, such as the one exposing people using the Ashley Madison site to find dates outside their marriages. An intensifying focus and interest is also gaining momentum, not just around how enterprises protect personal data, but also how they use it.

Modern companies will probably have to adopt a "digital sustainability" approach to stay competitive when consumers become more and more aware of the value of their personal data and of how their personal data can be used to draw conclusions about them far beyond what they ever imagined sharing.

It used to be simple: make sure that no one can steal our data, but it's getting more and more complicated. With the digitalization of businesses and society, a new dimension is very quickly becoming a major factor in brand value. If a brand failed to satisfy public scrutiny of how it treated customer data, personal data and what kind of analysis it does on behavior data, the reaction might cause irreparable brand damage.

This is a new and very volatile dimension for brands, since there are several surveys that indicate that consumers or citizens really do not care if (and to a large extent trust that) their personal information is handled properly. But that might very well change as more and more consumers come to realize the value of the personal information they give away for free and as hacker activity resulting in data leaks become more and more frequent.

Right now we might say: "So, the hackers got my name and address and perhaps my credit card number – big deal, I'll just block my card and I'm fine." But when a personal profile is leaked that reveals your sexual preferences, religious beliefs, political views and your "secret friends," then you may not be fine.

But we are not there yet, even though Facebook is being heavily criticized for how it harvests the information we give away about ourselves to target ads, and alternative social platforms, such as Ello, are trying to operate without ads. My prediction is that three major dimensions will affect brand value and reputation:

Firstly - keeping personal information safe and with only minimal and justified use

The EU Commission is apparently very concerned about privacy and is this spring presenting a regulation on data privacy (General Data Protection Regulation – GDPR) that will affect every company in Europe and every company that does business with European consumers. This regulation will replace legislation in all the individual member countries and will come into effect two years after being presented (most probably spring 2018).

This regulation is very far reaching. It not only regulates how personal information is to be gathered, stored, handled and erased, but also requires that any major data intrusions or data leaks will have to be reported to the authorities. GDPR will most likely put demands on not just IT-systems but also on organization, products and even business models. And you only have two years to figure it out and adjust.

Secondly - not overusing metadata to intrude on personal integrity (staying on the right side of the creepy line)

Big data analysis and analysis of unstructured information is getting more and more into our business reality and most of us have already been intrigued and well serviced by e-shop functions such as "Other persons that have bought what you just put in the cart have also bought this." By combining technologies such as profiling and collective intelligence a company can predict your behavior, needs and personality to an extent never known before. This is a powerful tool that can be a great service, planner for better society and healthcare predictor that can save lives and suffering. But it's also "under your skin" in terms of integrity.

Thirdly - making use of automation and artificial intelligence in a responsible, accountable and transparent way

Artificial Intelligence is nothing new, but there have been major leaps forward in recent years. Enterprises and society are, with more and more powerful IT-systems, moving towards automation and this time it's beyond simple industrial processes. We will soon have automated decision processes. When we talk to a physician in the future we might very well be talking to an AI-system. When we sit in a future car we will probably surrender control to an AI-system that will control the vehicle through complex traffic situations. And most likely traffic will run smoother with less traffic incidents.
Future brands will have to watch these dimensions just as carefully as present brand watch dimensions such as "sustainability," "equality," "ecological" etc. to avoid running into an explosive mine and get your brand values blown to pieces. "Let sleeping dogs lie" is no longer a viable strategy.

cohn&wolfe Cohn & Wolfe, a global communications agency, builds brands and corporate reputations through an uncompromising commitment to creativity.

PRIVACY

ACTION POINTS TO PROTECT BRANDS ON PRIVACY ISSUES

1. Get acquainted with General Data Protection Regulation being promulgated by the EC and understand in what ways it will affect your company and your brand.

2. Clearly state for consumers how you handle their data (register, save, analyze and delete) over time.

3. Create a model for explaining to consumers how you handle meta data and behavioral data and to what extent automatic decision making affects the consumer.

ICELAND

Photograph by Paul Reiffer

MOBILE MENTIONS

GAME-CHANGING TECHNOLOGY ENRICHES MOBILE DEVICE DATA

Shows link between more mentions and higher value

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Kantar and BrandZ™ have investigated how mobile involves brand mentions and drives brand value growth. It is clear that no successful brand can afford to ignore joining the mobile revolution.

In the first quarter of 2016, Kantar collected and analyzed the mobile behaviors of almost 40,000 members of the Kantar Behavioral Panel of Android or iOS users who between them shared almost 1.4 billion seconds of web browsing behavior. Panelists agreed to install an app on their mobile/tablet device, which captured all their daily digital activities, allowing the measurement of actual, not reported, behavior. The respondents were not required to do anything else. With their consent, Kantar then viewed and analyzed their digital behavior.

This game-changing technology enriches your data in a way that has never been possible before. Mobile usage, ad exposure, and location awareness can all be measured and analyzed: how, where and when consumers use and shop on their mobile devices. The content and context of every single page view is coded which enables us to determine where and when a brand exposure has occurred. In many instances there's more than one brand exposed on each page view with a differing degree of impact.

According to results across the panel late last year, the average number of apps on a smartphone is 64 with less than two (1.65) of these "paid-for" apps. The appeal of the free is especially attractive to the young, while older users are more likely to invest in paid-for apps. Demographic age splits across the panel reveal younger people (millennials) spend more time browsing on their mobile but older people spend more money.

It is on Apple devices that more app money is spent, an average of $13.83 compared with $3.18 on Android smartphones. Paid-for apps on iOS devices outnumber those on Android by 4:1.

Brand mentions and the power of mobile search

Using this data, Kantar carried out special research to look for any mentions of the 87 US brands that appear in the ranking of the 2016 BrandZ™ Top 100 Most Valuable Global Brands, either in the Global Top 100 ranking or in the rankings of any of the 14 categories that appear in the report.

Amazon gets the greatest amount of brand mentions on the screens of US mobile web browsers, narrowly beating Google. Not surprisingly, Amazon, Google and Facebook accounted for just over half of all mentions (52 percent).

When we list all 87 US brands according to the number of mobile mentions received, the brands in the top half of the list receive 74 times more mobile mentions that the brands in the bottom half of the list. Even if we exclude Amazon, Google and Facebook, the figure is 37 times more.

Kantar findings indicate that the key to success for a mobile strategy is closely related to its ease of use. This data helps clients improve the all-important user experience. BrandZ™ data shows that the top half mobile mentioned brands have a Brand Experience score of 111 (against an average for all brands of 100) compared to only 106 for the bottom quarter. And further BrandZ™ measures show us that the attraction of those mentioned more is significantly greater. Brands that are more loved attract more searches.

Those mentioned more are rated as being much more innovative, tend to have a brand personality that is hugely more Different, are bought more often and by more people, and rated better on being "worth more than it costs," thus commanding a greater premium because of what the brand stands for.

To understand the commercial impact of mobile mentions, we identified the 77 brands that appeared in both the 2016 BrandZ™ Global Top 100 and the 2015 report. We divided these brands into two groups: "More mobile mentions" and "Fewer mobile mentions." We also compared the 2016 brands with the 50 brands that also appeared 11 years ago, in the 2006 report, and we conducted the same analysis. Our finding: the impact of mobile mentions on brand value growth is striking and indisputable. Here are the results: >>

	1 year % value growth	11 years % value growth
More mobile mentions	+10%	+173%
Fewer mobile mentions	-3%	+100%

MOBILE MENTIONS

How brands can do better to improve their mobile presence

The app ecosystem is becoming consumers' primary gateway for accessing media and content. The 50 most used apps by time spent are dominated by these categories: device productivity, search, messaging, social media, mapping and weather services. The next 50 are dominated by entertainment, games, music and antivirus software.

Some apps are close to universal: Facebook, YouTube, Instagram, Google Maps, Pandora, Messenger and Twitter; while others, if not quite universal, are in massive distribution: eBay, Amazon, Walmart and Target in retail; and Netflix and Hulu in video streaming. The next group of apps in popularity is a mix of media apps from print and TV titles along with service apps from banks, retailers, hotels and transport that will round out the list of apps that everyone will know and most use.

In the same way people don't really use a 500 channel TV but instead spend most of their time on no more than 20 channels, the idea of millions of apps to choose from is broadly irrelevant. It's only a relatively modest number of apps that account for the majority of time spent.

Manufacturer and FMCG brands that want to create a strong and ongoing mobile presence should consider how they can leverage and integrate into these established and popular apps rather than expecting they can create their own branded instance to rank in the Top 100.

TOP 10 US MOBILE BRANDS

		% of Mentions
1	**Amazon**	21.2
2	**Google**	20.8
3	**Facebook**	9.9
4	**Microsoft**	8.0
5	**Apple**	5.9
6	**EBay**	4.2
7	**PayPal**	3.4
8	**AT&T**	2.8
9	**Verizon**	2.3
10	**Walmart**	2.2

These results show the relative popularity of brands based on the number of web page views that contained the brand name during the first quarter of 2016. The results are based on web browsing behavior research that was conducted in the US with a panel of 40,000 individuals. The research tracked the mobile media mentions of the 87 US brands that rank, in either the categories or the Top 100, in the 2016 BrandZ™ Global Top 100 report. The chart lists the Top 10.

Source: Kantar

KANTAR

Kantar is the data investment management arm of WPP and one of the world's largest insight, information and consultancy groups.

MillwardBrown

Millward Brown is a leading global research agency specializing in advertising effectiveness, strategic communication, media and brand equity research.

Photograph by Cecilie Østergren

CULTURAL INSIGHT

CULTURE TOPS GEOGRAPHY IN RELEVANCE TO MARKETERS

Migration, identity changes create a new cultural map

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In a marketing world increasingly focused on scale and efficiency, marketers are producing global campaigns more efficiently than ever before. But how successful are they? Data show that while campaigns usually do well in the market of origin, less than half of them succeed when reapplied globally. In a nutshell, efficiently produced campaigns, when scaled globally, are not half as effective as marketers would like them to be.

In many cases, the same content or idea evokes different responses across markets: TV commercials that deliver well in the markets for which they're designed fail to move the needle in reapplication markets. Celebrity endorsers drive credibility in one market but barely make an impact in another. What's worse, there is very little predictability of success around any of this.

With a view to maximizing efficiencies, global marketers have organized themselves along traditional geographic norms of market clusters. But does geographical proximity imply similarity in consumption attitudes? Consider the popular "Whip It" campaign from Pantene that challenges negative stereotypes that block women from progressing in the workplace. The ad was a success in the Philippines where it was created, but it failed to create ripples when taken to neighboring Southeast Asian markets.

Further, across these geographical entities, there are only a handful of markets acting as design hubs for content to be rolled out across almost a hundred markets. Are these design markets chosen based on best reapplication potential or effectiveness? Not really. Typically, they are markets where the business is largest, the US and China being among the usual suspects. In fact, China is now the lead market for a number of brands, from soft drinks to shampoos.

Is there anything that can give us a better shot at effectiveness, without compromising efficiency? Can we have better predictability around what will work where?

Global marketing needs real cultural understanding

The biggest missing factor in global marketing may be a real understanding of national culture – culture that shapes attitudes and beliefs, that defines emotional response, that explains consumption choices, that helps us genuinely understand how a country thinks and feels.

Cultural studies have existed for decades and have been widely used by management experts, and global aid and political organizations, to better understand cross-cultural communication. However, although culture has implications on every facet of our work, from creative to communication to distribution, marketers have rarely applied it.

The father of scientific cross-cultural analysis, Dr. Geert Hofstede, pioneered one of the earliest, large-scale studies of cultural understanding. His "Cultural Dimensions Framework" describes and measures the effects of culture – of a society or a nation – on the values of its members, and how these values relate to behavior. This link from attitude to action makes it possible to predict behavior by understanding the culture.

With the crucial link between cultural values and behavior, we will be able to unearth cultural nuggets that help explain how differently celebrities should be used in India versus Australia because the countries have vastly different scores on the Power Distance Index, which in general measures to what extent people accept or reject hierarchies of power. Similarly, we expect the slower adoption of new products in risk adverse societies. But with deeper analysis we can understand the subtle adoption behavior differences between risk adverse societies, such as Japan and Israel.

Culture is dynamic, constantly being reshaped by certain inherent and, at times, contradictory forces. Immigration and cross-border movements have made traditional political borders less representative boundaries of national culture; London being the second-largest French city is perhaps a good example of this phenomenon! At the same time, immigrants' easy access to information, communication and entertainment from their home countries prevents seamless integration to mainstream culture, resulting in a unique third culture. There are early indications that such forces may have resulted in new dimensions that redefine and explain national culture.

Therefore, to capture the new dimensions and update Dr. Hofstede's cultural framework, with a deliberate attempt to understand brand consumption attitudes through a nation's cultural lens, MediaCom is now leading the largest global culture study ever undertaken, through an exclusive and unique partnership with The Hofstede Centre. A comprehensive cultural framework boasts huge coverage (60,000-plus consumers across over 60 markets), enhanced granularity (gender, ethnicity, sub-geography, demography), and most importantly renewed cultural dimensions and their relation to consumer and consumption dynamics. The refreshed findings are aimed at finding the balance between global efficiency and local effectiveness.

Imagine a world mapped by culture, where countries are coded, not by topography or political boundaries, but by similarity in attitudes and approaches to life. This map would constantly shift and change to keep up with how culture evolves. This cultural cartography could enable marketers to crack the perfect recipe for successful global campaigns. It is time to become truly global in our marketing. It is time to create a new world map through the cultural lens of the world. Such a map is critically needed and – most important – may soon be a reality.

7 Resources

BRANDZ™ BRAND VALUATION METHODOLOGY

Introduction

The brands that appear in this report are the most valuable in the world. They were selected for inclusion in the BrandZ™ Top 100 Most Valuable Global Brands 2016 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 that it is based on the viewpoints of consumer, who is the ultimate contributor to a brand's financial success. 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 three million consumers and more than 100,000 different brands in over 50 markets. This intensive, in-market consumer research differentiates the BrandZ™ methodology from competitors that rely only on a panel of "experts," or purely on financial and market desktop research.

Before reviewing the details of this methodology, consider these three fundamental questions: why is brand important; why is brand valuation important; and what makes BrandZ™ the definitive brand valuation tool?

Importance of brand

Brands embody a core promise of values and benefits consistently delivered. Brands provide clarity and guidance for choices made by companies, consumers, investors and others 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 quantity 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 of 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

Step 1: Calculating Financial Value

Part A
We start with the corporation. In some cases, a corporation owns only one brand. All Corporate Earnings come from that brand. In other cases, a corporation owns many brands. And we need to apportion the earnings of the corporation across a portfolio of brands.

To make sure we attribute the correct portion of Corporate Earnings to each brand, we analyze financial information from annual reports and other sources, such as Kantar Retail. This analysis yields a metric we call the Attribution Rate.

We multiply Corporate Earnings by the Attribution Rate to arrive at Branded Earnings, the amount of Corporate Earnings attributed to a particular brand. If the Attribution Rate of a brand is 50 percent, for example, then half the Corporate Earnings are identified as coming from that brand.

Part B
What happened in the past – or even what's happening today – is less important than prospects for future earnings. Predicting future earnings requires adding another component to our BrandZ™ formula. This component assesses future earnings prospects as a multiple of current earnings. We call this component the Brand Multiple. It's similar to the calculation used by financial analysts to determine the market value of stocks (Example: 6X earnings or 12X earnings). Information supplied by Bloomberg data helps us calculate a Brand Multiple. We take the Branded Earnings and multiply that number by the Brand Multiple to arrive at what we call Financial Value.

Step 2: Calculating Brand Contribution

So now we have got from the total value of the corporation to the part that is the branded value of the business. But this branded business value is still not quite the core that we are after. To arrive at Brand Value, we need to peel away a few more layers, such as the in-market and logistical factors that influence the value of the branded business, for example: price, availability and distribution.

What we are after is the value of the intangible asset of the brand itself that exists in the minds of consumers. That means we have to assess the ability of brand associations in consumers' minds to deliver sales by predisposing consumers to choose the brand or pay more for it. We focus on the three aspects of brands that we know make people buy more and pay more for brands: being Meaningful (a combination of emotional and rational affinity), being Different (or at least feeling that way to consumers), and being Salient (coming to mind quickly and easily as the answer when people are making category purchases).

We identify the purchase volume and any extra price premium delivered by these brand associations. We call this unique role played by brand, Brand Contribution.

Here's what makes BrandZ™ so unique and important. BrandZ™ is the only brand valuation methodology that obtains this customer viewpoint by conducting worldwide on-going, in-depth quantitative consumer research, online and face-to-face, building up a global picture of brands on a category-by-category and market-by-market basis. Our research now covers over three million consumers and more than 100,000 different brands in over 50 markets.

Step 3: Calculating Brand Value

Now we take the Financial Value and multiply it by Brand Contribution, which is expressed as a percentage of Financial Value. The result is Brand Value. Brand Value is the dollar amount a brand contributes to the overall value of a corporation. Isolating and measuring this intangible asset reveals an additional source of shareholder value that otherwise would not exist.

BRANDZ™ BRAND VALUATION METHODOLOGY

Why BrandZ™ is the definitive brand valuation methodology

All brand valuation methodologies are similar – up to a point.

All methodologies use financial research and sophisticated mathematical formulas to calculate current and future earnings that can be attributed directly to a brand rather than to the corporation. This exercise produces an important but incomplete picture.

What's missing? The picture of the brand at this point lacks input from the people whose opinions are most important – the consumers. This is where the BrandZ™ methodology and the methodologies of our competitors part company.

How does the competition determine the consumer view?

Interbrand derives the consumer point of view from panels of experts who contribute their opinions. The Brand Finance methodology employees a complicated accounting method called Royalty Relief Valuation.

Why is the BrandZ™ methodology superior?

BrandZ™ goes much further and is more relevant. Once we have the important, but incomplete, financial picture of the brand, we communicate with consumers, people who are actually paying for brands every day, constantly. Our on-going, in-depth quantitative research includes three million consumers and more than 100,000 brands in over 50 markets worldwide.

What's the BrandZ™ benefit?

The BrandZ™ methodology produces important benefits for two broad audiences.

- Members of the financial community, including analysts, shareholders, investors and C-suite, depend on BrandZ™ for the most reliable and accurate brand value information available.
- Brand owners turn to BrandZ™ to more deeply understand the causal links between brand strength, sales and profits, and to translate those insights into strategies for building brand equity and fuelling business growth.

BRANDZ™ REPORTS, APPS AND IPAD MAGAZINES

BrandZ™ - the ultimate resource for brand knowledge and insight

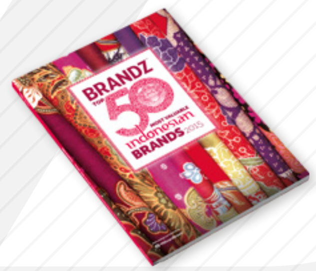
Country Market Reports

BrandZ™ Top 100 Most Valuable Chinese Brands 2016

The report profiles Chinese brands, outlines major trends driving brand growth and includes commentary on the growing influence of Chinese brands at home and abroad.

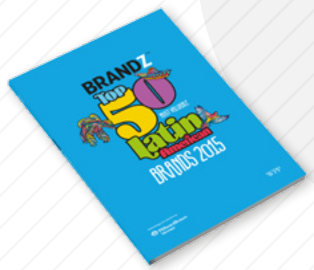
BrandZ™ Top 50 Most Valuable Indian Brands 2015

This ground-breaking study analyzes the success of Indian brands across 13 categories, examines the dynamics reshaping the Indian market and offers insights for building valuable brands.



BrandZ™ Top 50 Most Valuable Indonesian Brands 2015

This study analyzes the success of Indonesian brands, examining the dynamics shaping this fast-emerging market and offering insights for building valuable brands.



BrandZ™ Top 50 Most Valuable Latin American Brands 2015

The report profiles the most valuable brands of Argentina, Brazil, Chile, Colombia, Mexico and Peru and explores the socio-economic context for brand growth in the region.

For the iPad magazine, search BrandZ Latin America on iTunes.

Spotlight on Myanmar

The story of Myanmar is one of huge potential, as a new era of openness signals strong growth opportunity. Now is the time for brands to make an impression in this emergent economy.

8 Retail Trends in China

With the continued rebalancing of the Chinese economy, 2016 - The Year of the Monkey, could be characterized as another year of change for China. The retail sector is at the intersection of much of this transformation, and with the rapid growth of e-commerce, Chinese retail is changing and adapting fast.

BRANDZ™ REPORTS, APPS AND IPAD MAGAZINES

BrandZ™ - the ultimate resource for brand knowledge and insight

China in Depth

Unmasking the individual Chinese Investor

This exclusive new report provides the first detailed examination of Chinese investors, what they think about risk, reward and the brands they buy and sell. This will help brand owners worldwide understand market dynamics and help build sustainable value.

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.

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.

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.

For the iPad magazine search for Chinese New Year on iTunes.

Brand Building Tools

TrustR

Engaging Consumers in the Post-Recession World
Trust is no longer enough. Strong brands inspire both Trust (belief in the brand's promise developed over time) and Recommendation (current confirmation of that promise). This combination of Trust plus Recommendation results in a new metric called TrustR.

ValueD

Balancing Desire and Price for Brand Success
Desire is primary. High Desire enables Price flexibility. A new metric, Value-D, measures the gap between the consumer's Desire for a brand and the consumer's perception of the brand's Price. By quantifying this gap, Value-D helps brands optimize their profit and, market-positioning potential.

RepZ

Maximising Brand and Corporate Integrity
Major brands are especially vulnerable to unforeseen events that can quickly threaten the equity cultivated over a long period of time. But those brands with a better reputation are much more resilient. Four key factors drive Reputation: Success, Fairness, Responsibility and Trust. Find out how your brand performs.

CharacterZ

Brand personality analysis deepens brand understanding
Need an interesting and stimulating way to engage with your clients? Want to impress them with your understanding of their brand? A new and improved CharacterZ can help! It is a fun visual analysis, underpinned by the power of BrandZ™, which allows detailed understanding of your brand's personality.

NEW

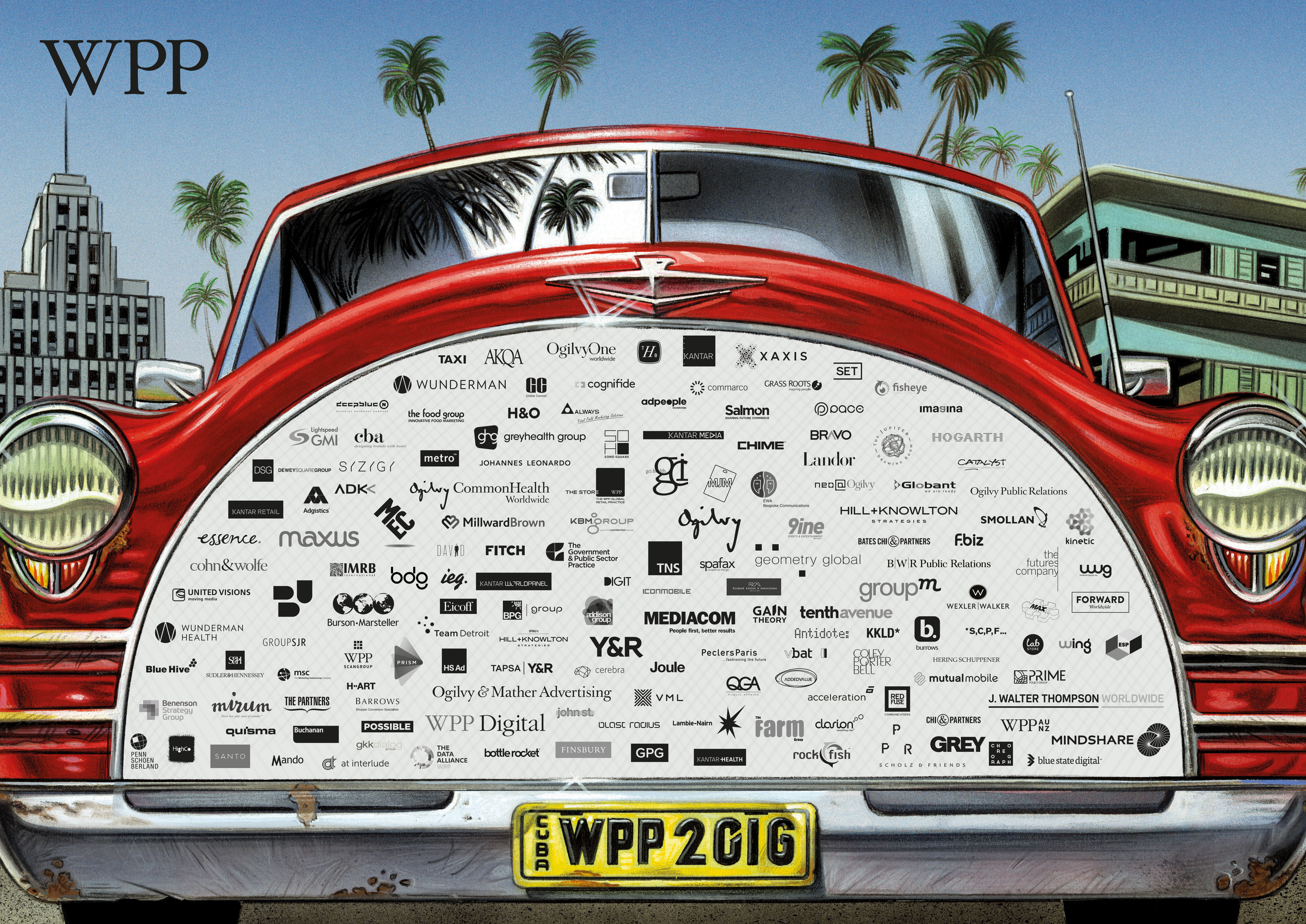
Leaders in the hot seat

CMOs from leading brands reveal the ingredients of brand strength, value and longevity.

BrandZ™ on the move

Get the BrandZ™ Top 100 Most Valuable Global Brands, Chinese Top 100, Latin American Top 50, Indian Top 50 and many more insightful reports on your smartphone or tablet.

To download the apps for the BrandZ™ rankings go to **www.BrandZ.com/mobile** (for iPhone and Android). BrandZ™ is the world's largest and most reliable customer-focused source of brand equity knowledge and insight. To learn more about BrandZ™ data or studies, or view one of our industry insight videos, please visit **www.BrandZ.com**, or contact any WPP company.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FORWARD Worldwide
Burson-Marsteller
Eicoff
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MEDIACOM People first, better results
GAIN THEORY
tenthavenue
Antidote
KKLD*
b. burrows
*S,C,P,F...
WUNDERMAN HEALTH
GROUPSJR
Team Detroit
HILL+KNOWLTON STRATEGIES
Y&R
lab store
wing
ESP
Blue Hive
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PRISM
HS Ad
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Buchanan
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WPP COMPANY CONTRIBUTORS

These companies contributed expertise and perspective

ACCELERATION

Acceleration crafts digital marketing capability for global brands and industry leaders. We are digital natives who early on understood the radical impact that technology would have on the future of brands. A rare breed of individuals with comprehensive experience in building marketing capability, driving best practice and implementing marketing technology.

Operating at the intersection of technology and strategy, consumer engagement and insights to build the specific programs needed to grow market share and expand global reach. Since our inception in 1999 we have established a reputation in accelerating value-delivery for brands on the road to digital transformation. Part of WPP Digital, we employ over 150 strategic marketing technologists globally.

www.acceleration.biz

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ADDED VALUE

Added Value is a strategic marketing consultancy. We help the world's leading brand owners (Unilever, Nestle, AT&T, PepsiCo, Diageo, Mondelez, Vodafone and GSK) to create marketing that shifts culture. We connect brands, people and culture by joining the dots between data drawn from multiple sources to create insights and ideas that transform businesses. We have an eclectic set of capabilities; brand consultants, innovators, marketing scientists, qualitative researchers, cultural anthropologists and graphic designers. Our solutions are always designed to be execution ready.

www.added-value.com

Bart Michels
Global CEO
B.Michels@added-value.com

ADK

ADK is Japan's third-largest full service advertising agency that is striving to become a Consumer Activation Company. "Consumer Activation" is an advanced form of comprehensive communications that motivates consumers to take action. It is a marketing process that motivates consumers to take specific actions and is directly linked to the business success of clients. ADK has moved beyond the issue of "how the brand should be positioned in the hearts of consumers" to consider how to "move consumers," in other words, how to "activate" them.

www.adk.jp

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AXICOM

Founded in London in 1994, AxiCom has seven offices across the major technology business centres in Europe – in London, Paris, Munich, Milan, Madrid, Amsterdam and Stockholm – and employs 100 people. The agency specializes in the technology sector, encompassing enterprise computing, telecommunications, consumer technology, media technology, and energy. The firm provides strategic communications support including media and analyst relations to many of the world's premier technology companies including Dell, Microsoft Devices Group, Red Hat, Belkin, Freesat and Alevo. Since 2008, the agency has been part of global technology communications firm Cohn & Wolfe.

www.axicom.com

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BRAND UNION

Brand Union is a leading global brand agency with deep expertise in brand strategy, design, interaction, brand management and employee engagement. With 500 people in 25 offices, Brand Union serves every major market with clients including Vodafone, Bank of America, GSK, Jaguar Land Rover, CBRE, Pernod Ricard, IHG, LeGroup, Shazam and Tencent. From the most significant of launches to the smallest of online interactions, Brand Union defines, creates, and curates the total brand experience, ensuring it's both brilliantly designed and beautifully connected.

www.brandunion.com

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BRAVO

Founded in 1980, Bravo is a full-service Hispanic marketing and advertising agency. For over 35 years Bravo has been helping clients capitalize on the growing US Hispanic and multicultural opportunity in America. Today Bravo employs over 160 full-time, multi-disciplined and multicultural marketing professionals and is ranked the number 4 Hispanic advertising agency in the US by Ad Age's *2015 Hispanic Fact Pack Report*.

www.bebravo.com

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BURSON-MARSTELLER

Burson-Marsteller, established in 1953, is a leading strategic communications and global public relations firm. It provides clients with strategic thinking and program execution across a full range of public relations, public affairs, reputation and crisis management, advertising and digital strategies. The firm's seamless worldwide network consists of 73 offices and 85 affiliate offices, together operating in 110 countries across six continents. Burson-Marsteller is a unit of WPP, the world's leading communications services network.

www.burson-marsteller.com

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CAVALRY

Founded in 2012 and headquartered in Chicago, Cavalry is a standalone agency with the full creative and media-buying power of the WPP network at its disposal. An elite fighting force with uncompromising standards and a bias for action, we're built to surprise, outflank, and overpower. Nimble, sharp, and focused, we're trained in the classic principles but equipped to win on today's battlefield. That's why our track record is one of reviving brands, driving brands to great heights, adapting brands to new markets, and building brand powerhouses from scratch.

www.cavalryagency.com

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WPP COMPANY CONTRIBUTORS

These companies contributed expertise and perspective

COHN & WOLFE

Cohn & Wolfe, a global communications agency, builds brands and corporate reputations through an uncompromising commitment to creativity. The agency's strategic approach unearths fresh insights leading to communications solutions that deliver measurable success. Throughout its 45-year history, Cohn & Wolfe's brand marketing work and world-class digital campaigns have attracted top global brands, winning awards at the Cannes Health Lions, the Global SABREs and the Global PRWeek Awards. Cohn & Wolfe has more than 50 offices across Asia, EMEA, Latin America and North America, and has been named a Best Place to Work by *The Holmes Report*, *PRWeek* and *PRNews*.

www.cohnwolfe.com

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MÁQUINA COHN & WOLFE

Máquina Cohn & Wolfe, the Brazilian network of global communications agency Cohn & Wolfe, builds brands and reputations through an uncompromising commitment to creativity. The agency's approach unearths insights leading to communications solutions that deliver measurable success. Throughout its 45-year history, Cohn & Wolfe's brand marketing work and digital campaigns have attracted top global brands, winning at the Cannes Health Lions, the Global SABREs and the Global PRWeek Awards. Cohn & Wolfe has more than 50 offices across Asia, EMEA, Latin America and North America, and has been named a Best Place to Work by *The Holmes Report*, *PRWeek* and *PRNews*.

www.maquinacohnwolfe.com

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CONTRACT

Setting a scorching pace since its inception in 1986, Contract Advertising in the last 30 years has built a reputation for igniting the flames of passion that have created trailblazing brands across industries. A passion for insights, an obsession with out-of-the-box ideas, strategic thinking that breaks the traditional mould, a fanatical pursuit of creativity and a commitment to driving business results; these resolves sum up the Contract difference and have made us India's firebrand agency. Besides mass media advertising, Contract offers truly integrated marketing and communication solutions through its specialist divisions namely iContract (Digital), Designsutra (Design) and Core (Consulting).

www.contractindia.co.in

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FITCH

Designing the future. FITCH transforms consumer experience and accelerates business success. We deliver seamless solutions by combining the physical, human and digital elements of a brand to create unique experience signatures. FITCH is a leading global retail and brand consultancy with an integrated offer of strategy, design and implementation, which enables us to deliver across all touchpoints. We do this for clients that include Adidas, B&Q, Brown-Forman, Dell, H&M, Philips and McLaren Automotive.

www.fitch.com

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GEOMETRY GLOBAL

Geometry Global, the world's largest and most international brand activation agency, drives conversion, action and purchase through award-winning programs that change behavior and inspire people to buy well. With teams in 56 markets, Geometry Global has expertise in shopper, digital, experiential, relationship, promotional and trade marketing. Geometry Global is a WPP company.

www.geometry.com

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GROUP XP

Group XP is an Experience Innovation offer from WPP. Comprising Brand Union, FITCH and SET, and featuring a thousand smart minds across a network of 40 studios and spanning five continents we are one of the world's largest experience consulting groups.

Group XP is uniquely positioned for clients ready to challenge their marketing conventions. We design impactful end-to-end experiences that drive innovation and accelerate business growth.

www.group-xp.com

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GROUPM

GroupM is the leading global media investment management company serving as the parent to WPP media agencies including Mindshare, MEC, MediaCom, Maxus, and Essence, as well as the programmatic digital media platform, Xaxis, each global operations in their own right with leading market positions. GroupM's primary purpose is to maximize performance of WPP's media agencies by operating as leader and collaborator in trading, content creation, sports, digital, finance, proprietary tool development and other business-critical capabilities. GroupM's focus is to deliver unrivaled marketplace advantage to its clients, stakeholders and people.

www.groupm.com

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GREY

Grey ranks among the world's top advertising and marketing organizations. Grey operates in 96 countries and serves one-fifth of the FORTUNE 500. Its parent company is WPP. Under the banner of "Grey Famously Effective Since 1917," the agency serves a blue-chip client roster of many of the world's best known companies: Procter & Gamble, GlaxoSmithKline, Darden Restaurants, Pfizer, Canon, 3M, NFL, Boehringer-Ingelheim, Marriott Hotels & Resorts, Eli Lilly, DirecTV, Ally Financial and Kellogg's. Grey was recently named Adweek's "Global Agency of the Year" and Ad Age's "Agency of the Year."

www.grey.com

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WPP COMPANY CONTRIBUTORS

These companies contributed expertise and perspective

GTB

Introducing GTB! You probably remember us as either Team Detroit, Retail First or Blue Hive. But those names are not really representative of who we are. Today, we're like no other. We combine everything under one global roof to create some of the most memorable and effective advertising anywhere.

We were born different, founded to create an entirely new model of collaboration and give marketers access to the breadth of WPP's talent, ideas and tools. The result? An agency that truly works at the intersection of business and everything imaginable. Welcome to GTB.

www.gtb.com

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HILL+KNOWLTON STRATEGIES

Hill+Knowlton Strategies is a leading global strategic communications consultancy, providing services to local and multinational clients worldwide. The firm is globally headquartered in New York City, with 88 offices in 49 countries - including 13 offices in the US. Led by Global Chairman and CEO Jack Martin, Hill+Knowlton Strategies serves as a trusted advisor to clients, developing and executing communications campaigns and business strategies to manage the impact of the public on an organization's reputation, brand and bottom line.

www.hkstrategies.com

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IDEAL H+K STRATEGIES

Ideal H+K Strategies creates data based communication strategies to build authentic narratives that influence people. First, we develop strategies insights collected by the business intelligence area, spotting trends and hunting new and cool things with our planners and creatives. We aim to produce 365 days of authentic narratives, from landing an article to the creation of a hub with "PRable" content created based on editorial principles. Then, we deliver it in multiple channel, earned, owned or paid. That's how we can reach people in the most efficient way using PR, BI, public affairs, content marketing, advertising, media buying etc.

www.agenciaideal.com.br/ihk

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PBN HILL+KNOWLTON STRATEGIES

PBN Hill+Knowlton Strategies is the preeminent strategic communications, public relations and government affairs firm specializing in Russia, Ukraine, Kazakhstan and the CIS. We have had a presence on the ground in the region since 1991. We offer our clients unmatched synergies in experience, wisdom and creativity and are fully integrated with Hill+Knowlton Strategies worldwide. Nearly half of all Fortune 500 global companies have chosen to work with Hill+Knowlton Strategies, which offers senior counsel, insightful research and strategic communications from over 80 offices in 50 countries.

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I-CHERRY

i-Cherry helps clients to connect with people through media, search, programmatic and social ads campaigns. We believe that by understanding people's behaviors and their moments of search we can help brands to craft a more effective campaign that generates meaningful engagement with their audiences.

Key differentials:

- Maturity model approach, where we craft marketing strategies and activities based on the clients current state, and utilize web analytics to determine the evolution of the campaigns and the client marketing team.
- Performance based approach, where we work to improve performance on every campaign.
- Dedicated specialist team, focused on training, new trends and overall team improvement.

www.i-cherry.com.br

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IMRB INTERNATIONAL

IMRB, a pioneer of market research services in Asia, partners its clients through the entire brand lifecycle by bringing together experts from IMRB Consumer with sector and domain expertise from its specialist units. Leveraging its large array of syndicated services, IMRB helps its clients in crafting marketing, branding and communication strategies. An eight-time recipient of "Agency of the Year", IMRB's footprint extends to 71 offices across 18 countries spanning South and South East Asia, Middle East & North Africa, Europe and Americas.

www.imrbint.com

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J. WALTER THOMPSON

J. Walter Thompson Worldwide, the world's best-known marketing communications brand, has been creating pioneering solutions that build enduring brands and business for more than 150 years. Headquartered in New York, J. Walter Thompson is a true global network with more than 200 offices in over 90 countries, employing nearly 10,000 marketing professionals. The agency consistently ranks among the top networks in the world and continues a dominant presence in the industry by staying on the leading edge—from hiring the industry's first female copywriter to developing award-winning branded content today. For more information, follow us @JWT_Worldwide.

www.jwt.com

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KANTAR

Kantar is the data investment management arm of WPP and one of the world's largest insight, information and consultancy groups. By connecting the diverse talents of its 12 specialist companies, the group is the pre-eminent provider of compelling data and inspirational insights for the global business community. Its 30,000 employees work across 100 countries and across the whole spectrum of research and consultancy disciplines, enabling the group to offer clients business insights at every point of the consumer cycle. The group's services are employed by over half of the Fortune Top 500 companies.

www.kantar.com

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WPP COMPANY CONTRIBUTORS

These companies contributed expertise and perspective

KANTAR IBOPE MEDIA

Kantar IBOPE Media, part of Kantar Media, is a global leader in media intelligence, providing clients with the data they need to make informed decisions on all aspects of media measurement, monitoring and selection.
The company employs approximately 3,500 people, with operations in 15 countries across Latin America.
Kantar IBOPE Media combines the global technical expertise and leadership of Kantar Media with the more than 70 years' expertise and tradition of media consumption in the Latin American market.
Our brand promise Powering Informed Decisions reinforces our commitment to offering accurate, relevant information on consumption, performance and media investment to over 400 customers – media vehicles, advertising agencies and advertisers - in decision-making on media investments and optimization of the final result.

kantaribopemedia.com

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KANTAR MEDIA

Our clients rely on data and services for all aspects of media measurement, monitoring and selection. At Kantar Media we provide the most comprehensive and accurate intelligence on media consumption, performance and value. In terms of our solutions, we deliver the best in class data and services to help our clients drive communications strategies efficiently and effectively.

- Advertising, monitoring and evaluation
- Audience measurement
- Consumer and audience target
- Insight solutions
- Reputation, PR, monitoring and evaluation
- Social media intelligence

www.kantarmedia.com

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KANTAR RETAIL

We are the retail and shopper specialists. We are a leading retail and shopper insight, consulting and analytics and technology business, part of Kantar Group, the data investment management division of WPP. We work with leading brand manufacturers and retailers to help them sell more effectively and profitably. At Kantar Retail we track and forecast over 1000 retailers globally and have purchase data on over 200 million shoppers. Among our market leading reports are the annual PoweRanking® survey and the Digital Power Study. Kantar Retail works with over 400 clients and has 26 offices in 15 markets around the globe.

www.kantarretail.com

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KANTAR WORLDPANEL

Kantar Worldpanel is the global expert in shoppers' behavior. Through continuous monitoring, advanced analytics and tailored solutions, Kantar Worldpanel inspires successful decisions by brand owners, retailers, market analysts and government organizations globally.

With over 60 years' experience, a team of 3,500, and services covering 60 countries directly or through partners, Kantar Worldpanel turns purchase behavior into competitive advantage in markets as diverse as FMCG, impulse products, fashion, baby, telecommunications and entertainment, among many others.

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KINETIC WORLDWIDE

Kinetic is the global leader in planning and buying Out of Home media and its mission is to pull forward, and make real, the future possibilities of the world of out of home communications.
Kinetic is a WPP company and part of the tenthavenue performance marketing division. Kinetic's expertise and insight helps deliver solutions for clients that achieve ambitious brand and marketing goals.
In addition to its core business, Kinetic provides wide-ranging specialist expertise through its complementary service divisions including Aureus, Aviator, Kinetic Active, Kinetic Futures, Meta, Zone and Hi Rezz. Kinetic employs over 900 professionals across 42 offices worldwide.

www.kineticww.com/global

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LABSTORE

Labstore is WPP's newest global retail and shopper marketing network, with offices in over 20 countries, and a deep understanding of the shopper in every major market around the world. Using our Shopper Chemistry™ process, we create ideas that result in purchase through the fusion of digital and shopper.

www.yrlabstore.com

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LAMBIE-NAIRN

Lambie-Nairn has been creating Dynamic Brands for over 40 years—brands built for a multi-screen, digital world with the ability to coherently evolve in real time and reshape categories.
Beginning with our pioneering work in broadcast identity; our unique approach to brand building today extends to industry leading brand management known as Brand Optimisation™. As part of WPP we serve clients across the globe and manage nine offices in Europe, the Middle East and Latin America.

www.lambie-nairn.com

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LANDOR

A global leader in brand consulting and design, Landor helps clients create agile brands that thrive in today's dynamic, disruptive marketplace. Landor's branding services include strategy and positioning, identity and design, brand architecture, prototyping, innovation, naming and verbal identity, research and analytics, environments and experiences, engagement and activation, and interactive and media design. Landor has 27 offices in 21 countries, working with a broad spectrum of world-famous brands. Clients include Barclays, Bayer, BBC, BMW, BP, FedEx, GE, Kraft Heinz, Pernod Ricard, Procter & Gamble, Sony, and Taj Group.

www.landor.com

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WPP COMPANY CONTRIBUTORS

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MAXUS

Maxus Global is a global network of local media agencies that embraces technology and innovation to deliver tangible business benefits for clients.
Maxus has a clear vision: to lead clients into change and the brilliant opportunity that change creates. Maxus delivers meaningful business results through a mix of smart organic growth and by strengthening and expanding its specialist services. Clients include NBCU, L'Oréal, Church & Dwight, BT, Huawei and Aldi. Maxus is part of GroupM, the world's largest media investment management group, responsible for nearly one-third of all media investment worldwide and serving as parent company for all of WPP's media agencies. Founded in 2008, Maxus employs around 3,000 people across 55 countries in 70 offices and has been the world's fastest growing media network for six consecutive years, according to RECMA.

www.maxusglobal.com

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MEDIACOM

MediaCom is the "The Content + Connections Agency", working on behalf of its clients to leverage their brands' entire system of communications across paid, owned and earned channels to step change their business outcomes. MediaCom delivers not just individual channel silo efficiencies but also connected communications system effectiveness, by developing and optimizing all content – defined as any form of consumer messaging – as the fuel that drives high-performing systems. MediaCom is one of the world's leading media communications specialists, with billings exceeding US$33 billion. It employs 6,500 people in 125 offices across 100 markets. Its client roster includes P&G, VW Group, Dell and SONY.

www.mediacom.com

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MILLWARD BROWN

Millward Brown is a leading global research agency specializing in advertising effectiveness, strategic communication, media and brand equity research. Millward Brown helps clients grow great brands through comprehensive research-based qualitative and quantitative solutions, embracing the latest technologies and leveraging them to develop new products and services to help marketers compete and win today and in the future. Part of Kantar, WPP's data investment management division, Millward Brown operates in more than 55 countries.

www.millwardbrown.com

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FIREFLY MILLWARD BROWN

Firefly is one of the largest global qualitative research practices, and this geographic reach enables us to provide rich cultural understanding of the 50 markets we serve. Our global market perspective, in-depth knowledge of the power of brands, and innovative solutions give us a unique ability to unearth human truths that lead to compelling ideas. It is through these ideas that we are able to help brands achieve differentiation and growth.

www.fireflymb.com

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VERMEER

Vermeer is the only global marketing consultancy focused on unleashing purpose-led growth through the development and embedding of consumer insight-led marketing strategy, structure and capability. They provide solutions to strategic marketing challenges, rooting their approach in consumer research, stakeholder understanding and financial analysis. Vermeer's whole-brain thinking brings an intrinsically multi-lens and practical approach to their work.

Beyond their cutting-edge client work, they deliver thought leadership to change the conversation in business: Their Marketing2020 study is the most global and comprehensive CMO research program in the market and was featured as the cover story of Harvard Business Review's 2014 summer issue.

mbvermeer.com

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MINDSHARE

Mindshare is a global media agency network with billings in excess of US$34.5 billion (source: RECMA). The network consists of more than 7,000 employees, in 116 offices across 86 countries spread throughout North America, Latin America, Europe, Middle East, Africa and Asia Pacific. Each office is dedicated to forging competitive marketing advantage for businesses and their brands based on the values of speed, teamwork and provocation. Mindshare is part of GroupM, which oversees the media investment management sector for WPP, the world's leading communications services group.

www.mindshareworld.com

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OGILVY & MATHER

Ogilvy & Mather is one of the largest marketing communications companies in the world. It was named the Cannes Lions Network of the Year for four consecutive years, 2012, 2013, 2014 and 2015; and the EFFIEs World's Most Effective Agency Network for two consecutive years 2012 and 2013. The company is comprised of industry leading units in: advertising; public relations and public affairs; branding and identity; shopper and retail marketing; health care communications; direct, digital, promotion and relationship marketing; consulting, research and analytics; branded content and entertainment; and specialist communications.

www.ogilvy.com

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OGILVYONE WORLDWIDE

OgilvyOne Worldwide is The Customer Agency. It makes brands more valuable to customers and customers more valuable to brands by combining data and creativity to unlock Total Customer Value. With 112 offices spanning nearly 40 countries, OgilvyOne employs the unique DAVE methodology to leverage ideas, data, content and technology to deliver successful, digitally-driven Customer Engagement solutions that help clients grow their businesses and strengthen their customer relationships. The process is divided into six phases to facilitate direction and discovery, identification of opportunities and generation of ideas, engagement and strategy development and implementation, and measurement.

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WPP COMPANY CONTRIBUTORS

These companies contributed expertise and perspective

PENN SCHOEN BERLAND

Penn Schoen Berland (PSB), a member of Young & Rubicam Group and the WPP Group, is a global research-based consultancy that specializes in messaging and communications strategy for blue-chip corporate, political and entertainment clients. PSB's operations include over 200 consultants and a sophisticated in-house market research infrastructure with the capability to conduct work in over 90 countries. The company operates 11 global offices in Washington D.C., New York, Seattle, Los Angeles, Denver, London, Hamburg, Madrid, Dubai, Delhi and Singapore, which are supported by in-house field capabilities and fully equipped to provide the complete creative solutions PSB clients need.

www.psbresearch.com

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PRISM

The brand activators at PRISM deliver with speed and excellence for brands in sports marketing, sponsorship, content creation, public relations and event activation. PRISM works with some of the world's biggest brands, including Aston Martin, IHG, Ford, JP Morgan Private Bank, Mazda, SUBWAY®, Puma, Infiniti and Delta Lloyd, often as part of collaborative WPP teams structured for horizontality.

With offices on five continents, PRISM is committed to building effective and cooperative relationships by delivering industry-leading sponsorship insight, valued communications strategies, consumer-engaging content from our Global Content Network, as well as innovative digital, social media and experiential campaigns.

www.prismteam.com

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RED FUSE COMMUNICATIONS

Red Fuse Communications is WPP's full-service integrated global agency dedicated to serving all of Colgate-Palmolive's brands worldwide. With offices in New York, Hong Kong, Paris, Mumbai, Kansas City, Sao Paulo, and Prague, Red Fuse delivers fully integrated campaigns on a daily basis to over 225 countries.

redfuse.com

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ROCKFISH

Rockfish is a digital innovations partner that drives business for some of the world's leading brands. We build groundbreaking digital solutions that drive business results through expert integration of strategy, creative and technology. Founded in late 2005, Rockfish has offices in New York, Chicago, Dallas, Austin, Cincinnati, Atlanta, Minneapolis, Northwest Arkansas, Portland and San Francisco. Rockfish is part of WPP, the world's largest and most highly regarded communication services group with over 188,000 employees globally.

rockfishdigital.com

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THE FUTURES COMPANY

As the leading global strategic insights and innovation consultancy with unparalleled global expertise in foresights, trends and futures, The Futures Company offers a complete range of subscription services and consulting solutions to help clients "profit from change" by understanding and anticipating change and shaping future strategies accordingly. The Futures Company was formed through the integration of The Henley Centre, HeadlightVision, Yankelovich and TRU. The Futures Company is a Kantar company within WPP, with offices located in Europe, North America, Latin America and Asia-Pacific.

www.thefuturescompany.com

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TNS

TNS advises clients on specific growth strategies around new market entry, innovation, brand switching and customer strategies, based on long-established expertise and market-leading solutions. With a presence in over 80 countries, TNS has more conversations with the world's consumers than anyone else and understands individual human behaviors and attitudes across every cultural, economic and political region of the world.

TNS is part of Kantar, the data investment management division of WPP and one of the world's largest insight, information and consultancy groups.

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TNS INFRATEST

TNS Infratest is a full service market research company in Germany. We offer our clients a unique product and service portfolio with standardized as well as customized solutions, that answer all the important marketing issues they face. Our expertise comes from a profound knowledge of industry, markets and business practices – based upon high quality research data / analysis and professional consulting services.

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VML

VML is a contemporary marketing agency that moves brands forward by inspiring human connection. VML's clients include Bridgestone, Colgate-Palmolive, Dell, Ford Motor Company, Gatorade, International Olympic Committee, the Kellogg Company, Kimberly-Clark, Microsoft, Motorola, PepsiCo, Sprint, Virgin Active, Wendy's and Xerox. VML was named on Ad Age's 2016 Agency A-List.

Founded in 1992 and headquartered in Kansas City, Missouri, VML joined the world's largest communications services group, WPP, in 2001. VML has more than 2,400 employees with principal offices in 28 locations across six continents.

www.vml.com

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WPP COMPANY CONTRIBUTORS

These companies contributed expertise and perspective

WUNDERMAN

Wunderman is Creatively Driven. Data Inspired. A leading global digital agency, Wunderman combines creativity and data into work that inspires consumers to action and delivers results for brands. Wunderman has won multiple creative awards including a Cannes Lion Grand Prix and in 2015, industry analysts named Wunderman a leader in marketing database operations as well as a strong performer in customer engagement strategy. Headquartered in New York, the agency brings together 7,000 creatives, data scientists, strategists and technologists in 175 offices in 60 markets.

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Y&R

Y&R is one of the leading global marketing communications companies, comprising the iconic Y&R Advertising agency; VML, one of the world's most highly regarded digital agencies; premier mobile marketing company iconmobile; shopper marketing and retail network Labstore; and Bravo, our integrated solutions agency for multicultural marketplaces. Y&R Advertising has 189 offices in 93 countries around the world, with clients that include Campbell's Soup Company, Colgate-Palmolive, Danone, Dell, Xerox, GAP, Land Rover, Lloyds and Telefónica, among many others.

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YOUNG & RUBICAM GROUP

Young & Rubicam Group is a global collaborative network comprised of some of the world's most powerful marketing communications brands. Our companies are superb storytellers, adept at creating narratives and images and ideas that build brands that not only live in culture but create culture and resonate in the minds of consumers. We use and own big data and analytics, including BrandAsset Valuator, that drive insights, innovation, targeting and messaging. We create content that keeps pace with real-time, 24/7 media consumption. Our communications cross all media, and are infused with digital thinking and technology that redefine the customer experience.

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WPP

WPP is the world's largest communications services group with billings of US$73 billion and revenues of US$19 billion. Through its operating companies, the Group provides a comprehensive range of advertising and marketing services including advertising & media investment management; data investment management; public relations & public affairs; branding & identity; healthcare communications; direct, digital, promotion & relationship marketing and specialist communications. The company employs nearly 190,000 people (including associates and investments) in over 3,000 offices across 112 countries*. For more information, visit www.wpp.com. WPP was named Holding Company of the Year at the 2015 Cannes Lions International Festival of Creativity for the fifth year running. WPP was also named, for the fourth consecutive year, the World's Most Effective Holding Company in the 2015 Effie Effectiveness Index, which recognizes the effectiveness of marketing communications. In 2016 WPP was recognised by Warc 100 as the World's Top Holding Company (second year running).

For more information, visit www.wpp.com

*The number of people employed by WPP companies (including associates) in the given countries detailed in this report as at 31 December 2015.

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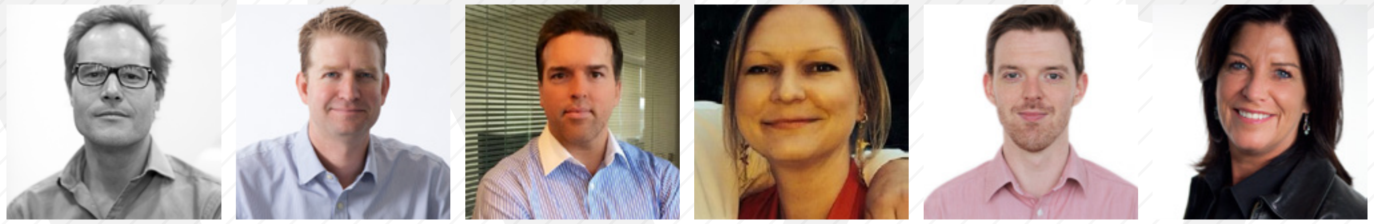

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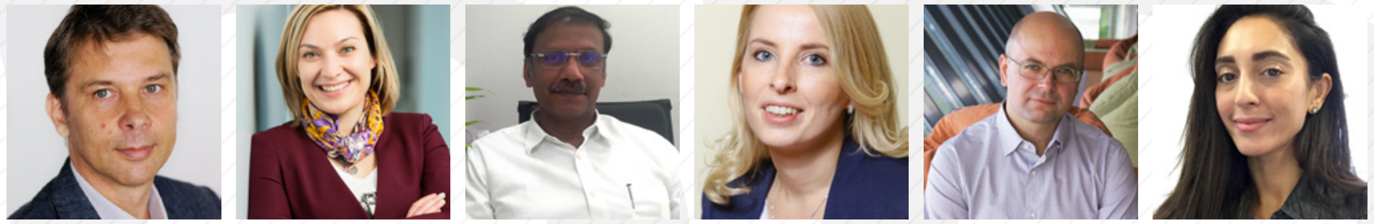

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Amandine Bavent

Amandine Bavent is a BrandZ™ Valuation Manager for Millward Brown. She manages the brand valuation projects for BrandZ™ Her role involves conducting financial analysis, researching brands and calculating valuations.

Elspeth Cheung

Elspeth Cheung is the Global BrandZ™ Valuation Director for Millward Brown. She is responsible for valuation, analysis, client management for the BrandZ™ rankings and other ad-hoc brand valuation projects.

Lucy Edgar

Lucy Edgar is the Global Marketing Manager at Millward Brown where she is responsible for the PR, marketing and communications on the BrandZ™ projects.

Jay Makwana

Jay Makwana is the Marketing Assistant to The Store WPP, EMEA & Asia, assisting with the coordination, organisation and planning aspects of the BrandZ™ reports and events.

Cecilie Østergren

Cecilie Østergren is a professional photographer based in Denmark, she has worked closely with WPP agencies since 2009. Cecilie specializes in documentary, consumer insight and portraits. She has travelled extensively in China, Brazil and other locations to photograph images for the BrandZ™ reports.

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Paul Reiffer

Paul is a multi-award winning British photographer, who has travelled the world capturing people, landscapes and commercial images. Now in Shanghai, he is using Asia as a base to capture even more stunning landscape photographs of the eastern hemisphere before returning to London and the US.

www.paulreiffer.com

David Roth

David Roth is the CEO of the Store WPP for Europe, the Middle East, Africa and Asia, and leads the BrandZ™ worldwide project. Prior to joining WPP David was main Board Director of the international retailer, B&Q.

Ken Schept

Ken Schept is a professional writer and editor specializing in reports and books about brands and marketing. He helped develop WPP's extensive library of global publications and has reported on the international retail sector as an editor with a leading US business media publisher.

Raam Tarat

Raam Tarat is the Global Communications Project Manager at Millward Brown. He project managed the production of the BrandZ™ Top 100 Most Valuable Global Brands 2016 report, as well as marketing communications for other BrandZ™ projects.

Igor Tolkachev

Igor Tolkachev is a part of The Store WPP EMEA and Asia team and coordinates BrandZ™ worldwide project and partnerships.

Peter Walshe

Peter Walshe is Global Strategy Director of BrandZ™ and was involved in the creation of this brand equity and insight tool 18 years ago. He has contributed to all the valuation studies and developed BrandZ™ metrics, including CharacterZ, TrustR, and RepZ.

Doreen Wang

Doreen Wang is the Global Head of BrandZ™, and a seasoned executive with 16 years experience in providing outstanding market research and strategic consulting for senior executives in Fortune 500 companies in both the US and China.

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Aman Aggarwal, Richard Ballard, Jon Bird, Tuhin Dasgupta, Susan Hickey, Danielle Hobday, Miquet Humphryes, Cindy Kroeger, Anthony Marris, Ben Marshall, Gaurav Mittal, Amit Singh and the team from LinkedIn.

The BrandZ™ brand valuation contact details

The brand valuations in the BrandZ™ Top 100 Most Valuable Global Brands are produced by Millward Brown using market data from Kantar Retail, Kantar Worldpanel and 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 three million consumer interviews about more than 100,000 different brands in over 50 markets.

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Photograph by Paul Reiffer

SYDNEY - AUSTRALIA

Value of all
Australian brands in
Global Top 100

$41.9 Billion

Writing **Ken Schept**
Photography **Cecilie Østergren** and **Paul Reiffer**