

**BRANDZ™
TOP**

1



**MOST
VALUABLE
GLOBAL
BRANDS
2018**

**21% increase adds record
\$748 billion in new value**

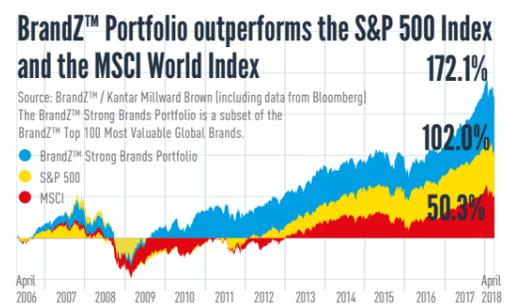
Brand building powers rise in every category



Welcome to the...



Total Value of The Top 100 Most Valuable Global Brands **\$4.4 Trillion**



Top 10 Most Valuable Global Brands

\$ = Brand Value US \$MIL. % = Brand Value Change 2018 vs. 2017

#1	Google	Technology	\$302,063	+23%
#2	Apple	Technology	\$300,595	+28%
#3	Amazon	Retail	\$207,594	+49%
#4	Microsoft	Technology	\$200,987	+40%
#5	Tencent 腾讯	Technology	\$178,990	+65%
#6	Facebook	Technology	\$162,106	+25%
#7	VISA	Payments	\$145,611	+31%
#8	McDonald's	Fast Food	\$126,044	+29%
#9	Alibaba Group 阿里巴巴集团	Retail	\$113,401	+92%
#10	AT&T	Telecom Providers	\$106,698	-7%

Newcomer Brands

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

#27	Spectrum	Telecom Providers	\$39,372
#59	JD.COM	Retail	\$20,933
#81	UBER	Transport	\$16,045
#89	hp	Technology	\$14,797
#90	SF Express	Logistics	\$14,537
#91	Instagram	Technology	\$14,496
#99	BCA	Regional Banks	\$12,674
#100	adidas	Apparel	\$12,456

Top 10 B2B Brands

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

#4	Microsoft	Technology	\$200,987
#11	IBM	Technology	\$96,269
#16	UPS	Logistics	\$60,412
#17	SAP	Technology	\$55,366
#18	Wells Fargo	Regional Banks	\$54,952
#28	GE	Conglomerate	\$39,041
#32	Accenture	Technology	\$33,723
#38	Intel	Technology	\$28,316
#45	Oracle	Technology	\$25,802
#48	Huawei	Technology	\$24,922

Top 10 Risers

\$ = Brand Value US\$ Mil. % = Brand Value Change 2018 vs. 2017

#1	JD.COM	Retail	\$20,933	+94%
#2	Alibaba Group 阿里巴巴集团	Retail	\$113,401	+92%
#3	Moutai	Alcohol	\$32,113	+89%
#4	PayPal	Payments	\$35,440	+85%
#5	NETFLIX	Entertainment	\$20,819	+73%
#6	GUCCI	Luxury	\$22,442	+66%
#7	Tencent 腾讯	Technology	\$178,990	+65%
#8	TESLA	Cars	\$9,415	+60%
#9	Dior	Luxury	\$3,612	+54%
#10	Adobe	Technology	\$17,831	+53%

Year-on-Year Category Changes

% = Brand Value Change 2018 vs. 2017
\$ = Total Category Value US \$Bil.

Insurance	+34%	\$108.7Bil.
Retail	+35%	\$578.0Bil.
Technology	+28%	\$1,592.3Bil.
Luxury	+28%	\$133.1Bil.
Global Banks	+24%	\$131.8Bil.
Regional Banks	+16%	\$263.2Bil.
Fast Food	+13%	\$242.2Bil.
Personal Care	+8%	\$124.7Bil.
Apparel	+5%	\$111.3Bil.
Beer	+3%	\$82.6Bil.
Oil & Gas	+1%	\$97.6Bil.
Cars	+7%	\$149.6Bil.
Soft Drinks	+4%	\$160.7Bil.
Telecom Providers	+2%	\$455.6Bil.

Download the Mobile app
www.brandz.com/mobile

Top 10 in Brand Contribution

Pampers	Baby Care	SKOL	Beer	GUCCI	Luxury	HEINEKEN	Beer	HERMES PARIS	Luxury
Coca-Cola	Soft Drinks	ESTÉE LAUDER	Personal Care	BRAHMA	Beer	falabella	Retail	Corona	Beer

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

Methodology and Valuation by
KANTAR MILLWARD BROWN

www.brandz.com

WPP

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The Store WPP, EMEA & Asia
Chairman, BAV Group

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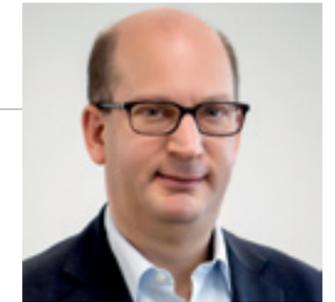
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Welcome



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Record increase in value touches every category

Brands more necessary in complex market

The WPP BrandZ™ Top 100 Most Valuable Global Brands 2018 set a record this year, increasing 21 percent, the highest year-on-year percentage increase in a decade and the greatest addition of value ever—\$748 billion. The surge rippled across every category without exception.

This stellar achievement followed 12 years of steady growth, despite buffeting by the global economic crisis and by ongoing—ever increasing—disruption from e-commerce, radically changed shopping habits, and new technologies, including artificial intelligence and fintech.

Although this year's stronger global economy influenced the value increase, it was only one factor. A rising tide floats all ships, but a growing economy does not float all brands, at least not equally. Strong brands do better—usually much better. The best evidence is the stock market.

Over the past 12 years, when the S&P 500 increased 102 percent, the BrandZ™ Strong Brand Portfolio (brands in the Global Top 100 with the strongest brand equity) increased 172.1 percent. That growth gap is worth a lot of shareholder money.

And the gap is getting even wider. Brands that are different and innovative—themselves disruptive—grow value faster than even the strongest brands. Over the past 12 years, our BrandZ™ Strong and Innovative Brands Portfolio increased 226.7 percent in value, more than twice the rate of the S&P 500.

Here's the key insight: Brands that depend on the economic tide alone may be caught in the turbulence. Growth—even survival—depends on being innovative and different—and communicating those advantages in innovative and different ways.

Greater challenge for brands

We created this report to help brands understand how to grow and sustain value in today's disruptive marketplace. Our analysis finds that brands grow value by anticipating and fulfilling the needs and wants of consumers in relevant ways that are innovative, create an emotional connection, and distinguish the brand from its competition.

That's easier said than done, especially in these times when shopping hardly resembles how people purchased products and services even 10 years

ago. Brands need to be present online, especially on mobile, and offline in traditional stores and any other pop-up or experiential venue. Because the consumer could be in any of these places, or in more than one of these places—simultaneously.

Or, the consumer could be at home, cooking dinner while talking to Alexa or Google Home, creating shopping lists of items that will likely be fulfilled by algorithm or paid search—unless brands speak to the consumer in a louder voice, with a Meaningfully Different proposition urging, "Choose me."

This is why, in a year of record-breaking value growth, it is important to acknowledge that it's not just the economy. It's brand and brand-building that makes the difference. As the marketplace becomes ever more complex, brands will only become more important. And that's why I urge you to read through this report closely.

Welcome

Invaluable brand-building intelligence

This comprehensive and invaluable report is only an indicator of the many ways we at WPP can help you build and sustain high-value brands. As you look through it, here are some of the highlights that deserve your attention:

CRITICAL TRENDS

In Part 1 Introduction, in Cross Category Trends, we identify the key influences affecting multiple categories, stretching them into new areas, even collapsing the category walls, and we analyze the implications for brands.

BRAND STRENGTHS

In Part 2 The BrandZ™ Global Top 100 we examine the brands that rose fastest in value year-on-year and the brands that entered the Global Top 100 for the first time, and we identify the strengths these brands share in common.

DISRUPTION

In Part 3 Disruption and Change we explore in depth the forces disrupting brand-building today and connect that knowledge with our assessment of the future of brands.

GLOBAL GROWTH

In Part 4 Regions and Countries we combine the WPP branding expertise of BrandZ™ and BAV to explore how the perceived brand qualities of a country can influence the international growth of its brands.

CATEGORY INSIGHTS

In Part 5 Categories we look closely at developments in 14 product categories, adding insights and brand building takeaways from WPP brands experts.

In addition, we've included Thought Leadership articles written by WPP company brand experts from 38 of our WPP operating companies across the world. These articles offer analysis and points of view on many of the topics examined elsewhere in the report, including disruption, brand experience, and the changing consumer.

How we can help

The BrandZ™ Global Top 100 report demonstrates a key WPP strength—and a benefit for our clients—when we say we cover the world of brands, that's exactly what we mean. We operate over 3,000 offices in 112 countries. WPP's proprietary BrandZ™ brand building platform includes information from 3.6 million consumers about their attitudes about (and relationships with) 122,000 brands in 418 categories across 51 country markets. All that produces more than 5.1 billion data points.

We have assembled an extensive library of BrandZ™ reports and I invite to you access them with our compliments at BrandZ.com. Here are just some of the reports you will find there: the BrandZ™ Top 100 Most Valuable Chinese Brands; BrandZ™

Top 100 Most Valuable US Brands; BrandZ™ Top 50 Most Valuable Indian Brands; BrandZ™ Top 50 Most Valuable Latin American Brands; BrandZ™ Top 50 Most Valuable UK Brands; BrandZ™ Top 50 Most Valuable French Brands; BrandZ™ Top 50 Most Valuable German Brands; BrandZ™ Top 50 Most Valuable Indonesian Brands, BrandZ™ Top 30 Most Valuable Spanish Brands; and BrandZ™ Top 20 Most Valuable Saudi Arabian Brands.

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

Sincerely,



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FRANCE

Total Value of French Brands in the BrandZ™ Global Top 100

\$115.0 Bil.



Introduction

Overview

BrandZ™ Stock Portfolios

Key Results

Cross Category Trends

Takeaways

Overview

The BrandZ™ Top 100 Most Valuable Global Brands rose **21%** in value to **\$4.4 trillion**, adding **\$748 billion**, the largest one-year value increase in the 12 years of publishing the global report.

21% increase drives record \$748 billion in added value

Brand building powers rise in all categories

The record growth touched both consumer and business brands and followed years of value fluctuations as brands contended with economic and technological disruptions. It confirmed the positive effect of building brands over the long-term and the importance of delivering consistent customer experience. Strong brands caught the tailwind of a sound economy.

Retail was the bellwether category. Having been battered and thoroughly transformed by e-commerce, retail led category value growth for the second consecutive year, with a rise of 35 percent. Two Chinese e-commerce giants drove the retail surge. JD.com increased 94 percent in value, and Alibaba, 92 percent.

These two Chinese brands also led the Top 20 Risers, the list of brands that increased most in value year-to-year, followed by another Chinese brand, Moutai. A premium baijiu, China's traditional white alcoholic drink, Moutai increased 89 percent in value.

Although North America, principally the US, continued to dominate the Global 100 in number of brands (57) and percent of value (71 percent), other developments also reflected the growing presence of Chinese brands in the BrandZ™ Global Top 100, and the ranking's increasing diversity:

Tencent, China's giant internet portal and most valuable brand, entered the BrandZ™ Global Top 5. And SF Express, a Chinese logistics brand joined the Top 100, with the addition of the logistics category to the report this year.

Chinese brands increased 49 percent in value year-on-year and 1,445 percent over the past 12 years. Fourteen Chinese brands rank in the 2018 BrandZ™ Global Top 100, compared with one Chinese brand 12 years ago.

An Indonesian brand entered the BrandZ™ Global Top 100 for the first time, the regional bank BCA. And in another breakthrough, an Indian brand, Maruti Suzuki, entered the BrandZ™ Cars Top 10. In addition, the Chilean department store Falabella returned to the Retail Top 20, and a Mexican brand, Modelo, entered the Beer Top 10.

Overview

In another demonstration of the connection between strong brands and superior return to shareholders, the BrandZ™ Strong Brands Portfolio increased 172.1 percent between April 2006 and April 2018, outperforming both the S&P 500, which grew 102.0 percent, and the MSCI World Index, which grew 50.3 percent. And indicating the importance of brand innovation during disruptive times, the BrandZ™ Strong and Innovative Brands Portfolio increased 226.7 percent in value, more than twice the rate of the S&P 500.

Technology and disruption

Although the retail category led the ranking in percentage value growth, the technology category led in actual value contribution. Technology added \$348 billion in value to the BrandZ™ Global Top 100, while the retail Top 20 increase by \$149 billion.

Technology brands comprise over one-third of BrandZ™ Global Top 100 value. With the addition of e-commerce giants and telecom providers, technology-related brands account for 56 percent of the Global Top 100 value.

Each of the BrandZ™ Global Top 5—Google, Apple, Amazon, Microsoft, and Tencent—are technology or technology-related brands and all but one, China’s Tencent, are from the US, as is brand No. 6 Facebook.

These brands expanded their ecosystems—networks of interrelated products and services that meet diverse consumer needs and capture a growing portion of customer spending. The power of ecosystem brands crossed categories, adding both new capabilities and disruptions.

With augmented reality software increasingly embedded smartphones, many brands, especially retailers,

added apps to enhance the customer experience. Artificial intelligence (AI), in the form of personal assistants, like Amazon’s Alexa, added more convenience to consumers’ lives but also challenged brands in new ways.

Voice emerged as an opportunity and threat. Brands needed to develop their own voice as a critical brand asset. They also needed to find ways to avoid the threat of disintermediation by voice. Disintermediation happens when AI personal assistants narrow choice, responding to consumer product requests with offerings of house brands or brands selected by algorithms or search results.

In financial services, bank and insurance brands attempted to counter the disintermediation threat of start-up fintechs and blockchain technology, able to provide transactional services at lower cost, and appeal especially to a younger generation of potential customers.

Brand building and the consumer mood

Facing ongoing disruption, categories continued to adjust and sometimes substantially transform. To improve customer experience with the right balance of online and offline coordination, retail moved to a new level.

Amazon acquired Whole Foods, the US grocery chain of physical stores, and Chinese e-commerce leaders, Alibaba and JD.com, also linked with physical store operators. Alibaba CEO Jack Ma termed this data-powered integration of products and logistics from sourcing to last-mile delivery, the New Retail.

Brands responded to the consumer mood. Seeking convenience and comfort, consumers became more accepting of their own inconsistent behavior, articulating a desire to live healthier lives, for example, but at the

same time enjoying the indulgence of a hamburger or carbonated soft drink.

McDonald’s and Burger King rebounded, having improved their restaurants and menus and matched the consumer desire for healthier, better tasting food. Coke and Pepsi leveraged consumer love for their master brands to gain time and enlarge their drinks portfolios with healthier options.

In apparel and luxury, brands introduced products with bolder designs and colors that fulfilled the consumer desire for escape and personal expression. With its vibrant patterns and colors, Gucci led the BrandZ™ Luxury Top 10 in value growth, increasing 66 percent, making it one of the Top 20 Risers.

Car brands made SUVs of all sizes to satisfy the consumer preference for convenient vehicles that felt

powerful and safe. At the same time, anticipating more carbon restrictions, car makers prepared for a future of mobility alternatives. On the strength of its strong brand equity, Volkswagen rebounded back into the BrandZ™ Cars Top 10, having dropped from the ranking after its emissions scandal.

Consumer-facing, downstream businesses gained more attention in the oil and gas category. And exploration, especially in the US, took place closer to home, making consumers potential influencers on relevant legislation and licenses to operate.

Shell, which operates the most retail service stations worldwide, surpassed ExxonMobil as No. 1 in the oil and gas category. As more brands focused on the future of gas and sustainable fuels, long-term brand building became more important.

RECORD VALUE RISE PUSHES BRANDZ™ GLOBAL TOP 100 TO \$4.4 TRILLION

With an increase of 21 percent, the BrandZ™ Global Top 100 Brands added a record \$748 billion in value, to reach \$4.4 trillion in total value, an increase of \$2.9 trillion since 2006.



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

BrandZ™ Stock Portfolios

Dynamic brands accelerate superior shareholder returns

BrandZ™ Portfolios outperform the S&P 500 Index and the MSCI

BrandZ™ portfolios significantly outperformed the stock market during the past 12 years. Between April 2006 and April 2018, the value of the BrandZ™ Strong Brands Portfolio increased 172.1 percent, and the BrandZ™ Strong & Innovative Brands Top 20 Portfolio increased 226.7. The S&P 500 and MSCI World Index grew only 102.0 percent and 50.3 percent, respectively.

The exceptional performance of the BrandZ™ Portfolios relative to two well-regarded indexes affirms that valuable, Meaningfully Different brands deliver superior returns over time.

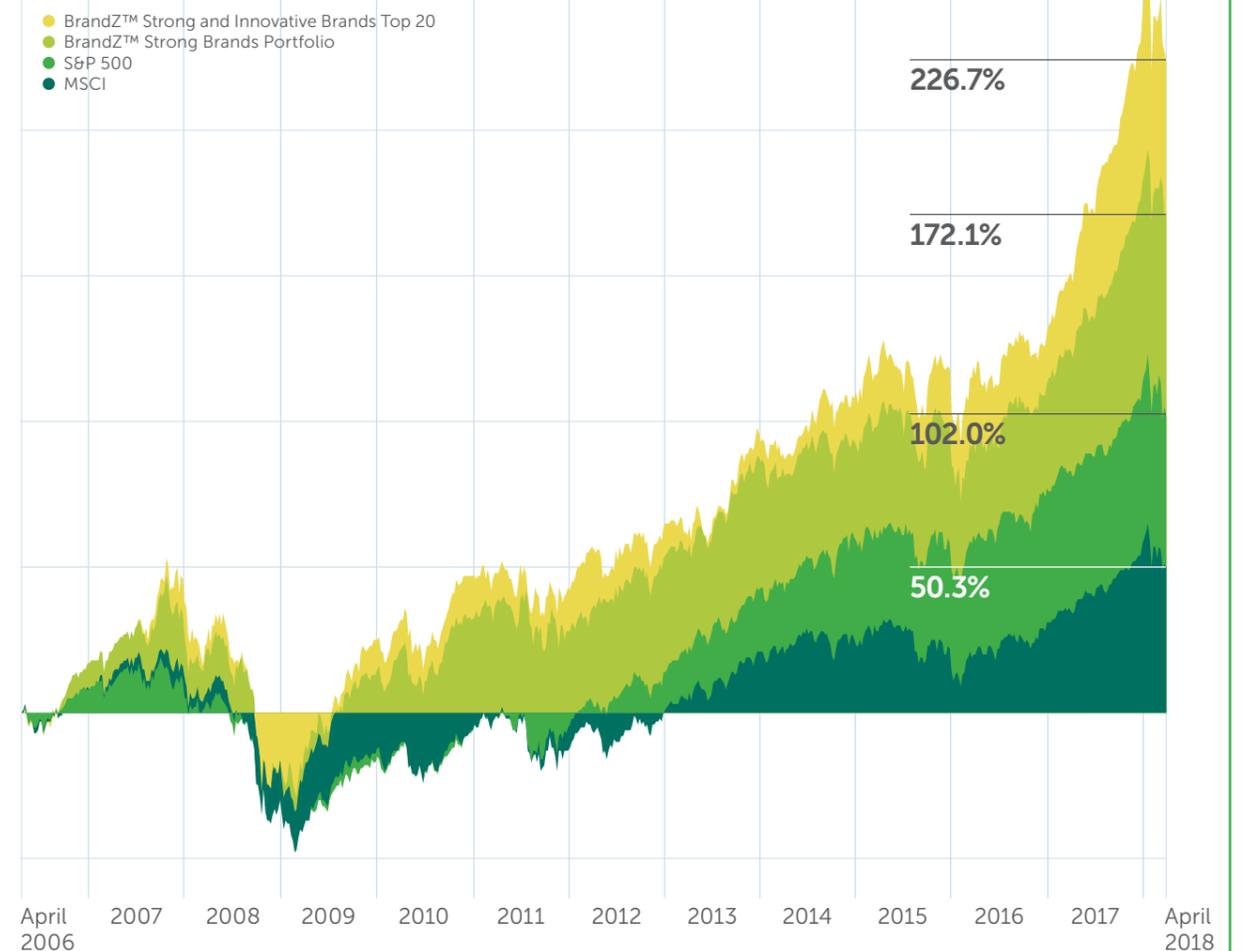
The performance also shows how Innovative and Different brands build value despite market disruptions. (For more about the impact of Innovation on brand value, please see Disruption, on page 68).

In concrete terms, \$100 invested in 2006 would be worth \$150 today based on the MSCI World Index growth rate, and \$202 based on the S&P 500 growth rate. That \$100 invested in the BrandZ™ Strong Brand Portfolio would have almost tripled in value to \$272. Invested in the BrandZ™ Strong and Innovative Brands Portfolio, \$100 would be worth \$327 today.

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

BRANDZ™ PORTFOLIOS vs. THE S&P and MSCI WORLD INDEX

The value of the BrandZ™ Strong Brands Portfolio increased 172.1 percent between April 2006 and April 2018, outperforming both the S&P 500 and the MSCI World Index. The Strong and Innovative Brands Portfolio increased 226.7 percent.



Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg)
 The BrandZ™ Strong Brands Portfolio is a subset of the BrandZ™ Top 100 Most Valuable Global Brands.
 The BrandZ™ Strong & Innovative Brands Top 20 is a subset of the BrandZ™ Strong Brands Portfolio—brands that score high in being Dynamic and Different.

Key Results

Summary of changes during a record year



Value rise sets record

In its greatest one-year increase in value, the BrandZ™ Top 100 Most Valuable Global Brands added \$748 billion, rising 21 percent to \$4.4 trillion.

Retail rises most

Retail increased 35 percent in value, making it the fastest-rising category for the second consecutive year, as e-commerce brands spiked in value and the category adjusted to disruption.



JD.com leads brand value growth

JD.com, the Chinese e-commerce giant was the fastest rising brand, increasing 94 percent, followed by Alibaba, China's e-commerce leader, with an increase of 92 percent.



Tencent, China's leading internet portal and its most valuable brand, rose to No. 5 in the BrandZ™ Global Top 100.

Asia leads regions

Primarily driven by Chinese brands, Asia led the regions in rate of growth, rising 42 percent, double the rate of the 2018 BrandZ™ Global 100 overall.

China's influence rises

Chinese brands in the BrandZ™ Global Top 100 increased 49 percent. The value of Chinese brands increased 1,445 percent since the first Chinese brand entered the ranking 12 years ago. Now, 14 Chinese brands rank in the Global Top 100.

North America (US) dominates

Brands from North America, primarily the US, rose 23 percent in value. North America continued to dominate the ranking in number of brands (57) and proportion of value (71 percent). All but two of the brands are US.



Indonesian brand enters

An Indonesian brand entered the BrandZ™ Global Top 100 for the first time, the Jakarta-based bank brand BCA, established in 1957.

Newcomers add regional diversity

Along with BCA, the other Newcomers to the BrandZ™ Global Top 100 include two Chinese brands, JD.com in retail, and the logistics brand SF Express; and one German brand, Adidas, in the apparel category. Four US brands also entered the Global Top 100: Spectrum, a telecom provider; Uber, in transportation; and two technology brands, HP and Instagram.

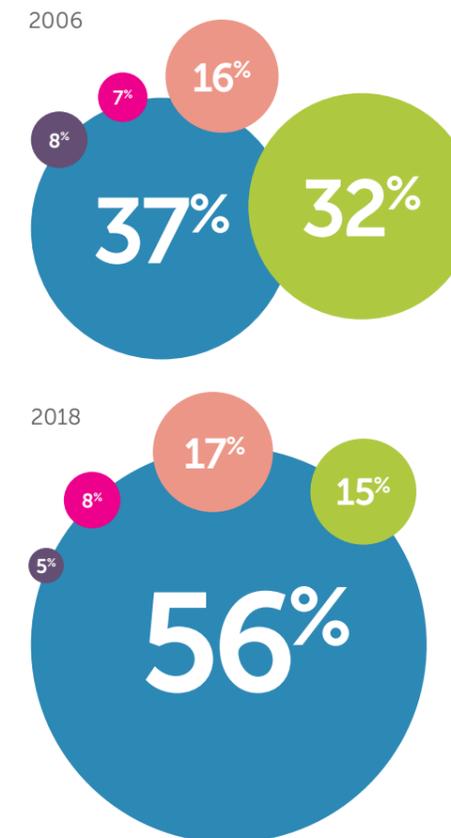
B2B strengthens

The business-to-business Top 20 rose 26 percent, more than the Top 100 overall, a substantial gain over the 11 percent increase a year ago and a 5 percent decline a year earlier. Half the brands in the B2B Top 20 are in technology. The strong growth indicates progress in the shift from traditional to cloud-based businesses.

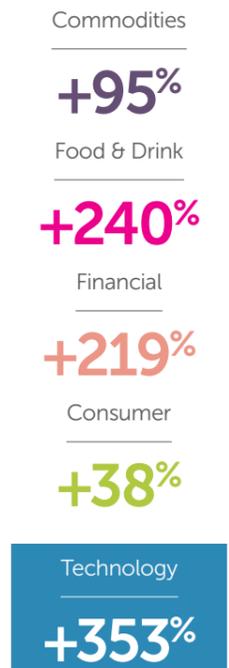
TECHNOLOGY DOMINATES IN PROPORTION OF VALUE...

Over the past 12 years, technology-related brands increased in proportion of value of the Global Top 100, from 37 percent in 2006 to 56 percent in 2018. The commodities and consumer and retail proportions decreased.

Proportion of Value



12-Year Value Change



Source: BrandZ™ / Kantar Millward Brown

- Commodities
- Food & Drink
- Financial
- Consumer
- Technology

Key Results



...THE TOP 10 ILLUSTRATE TECHNOLOGY'S RISE...

The rise of technology is most apparent in the 12-year change of the Top 10 ranking. All but two brands are technology-related in 2018, compared with only four brands in 2006.

	2006	2018
1	Microsoft	Google
2	GE	Apple
3	Coca-Cola	amazon
4	中国移动 China Mobile	Microsoft
5	Marlboro	Tencent 腾讯
6	Walmart	facebook
7	Google	VISA
8	IBM	McDonald's
9	citi	Alibaba Group 阿里巴巴集团
10	TOYOTA	AT&T

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

...AND THE RISE RESULTED FROM STRONG BRAND EQUITY

The eight new brands in the BrandZ™ Global Top 10 have higher Power, Premium, and Potential than the brands they replaced. These BrandZ™ metrics are aspects of brand equity: Power measures current demand; Premium pertains to a brand's ability to charge more than its competitors; and Potential indicates future demand.

Average Brand = 100

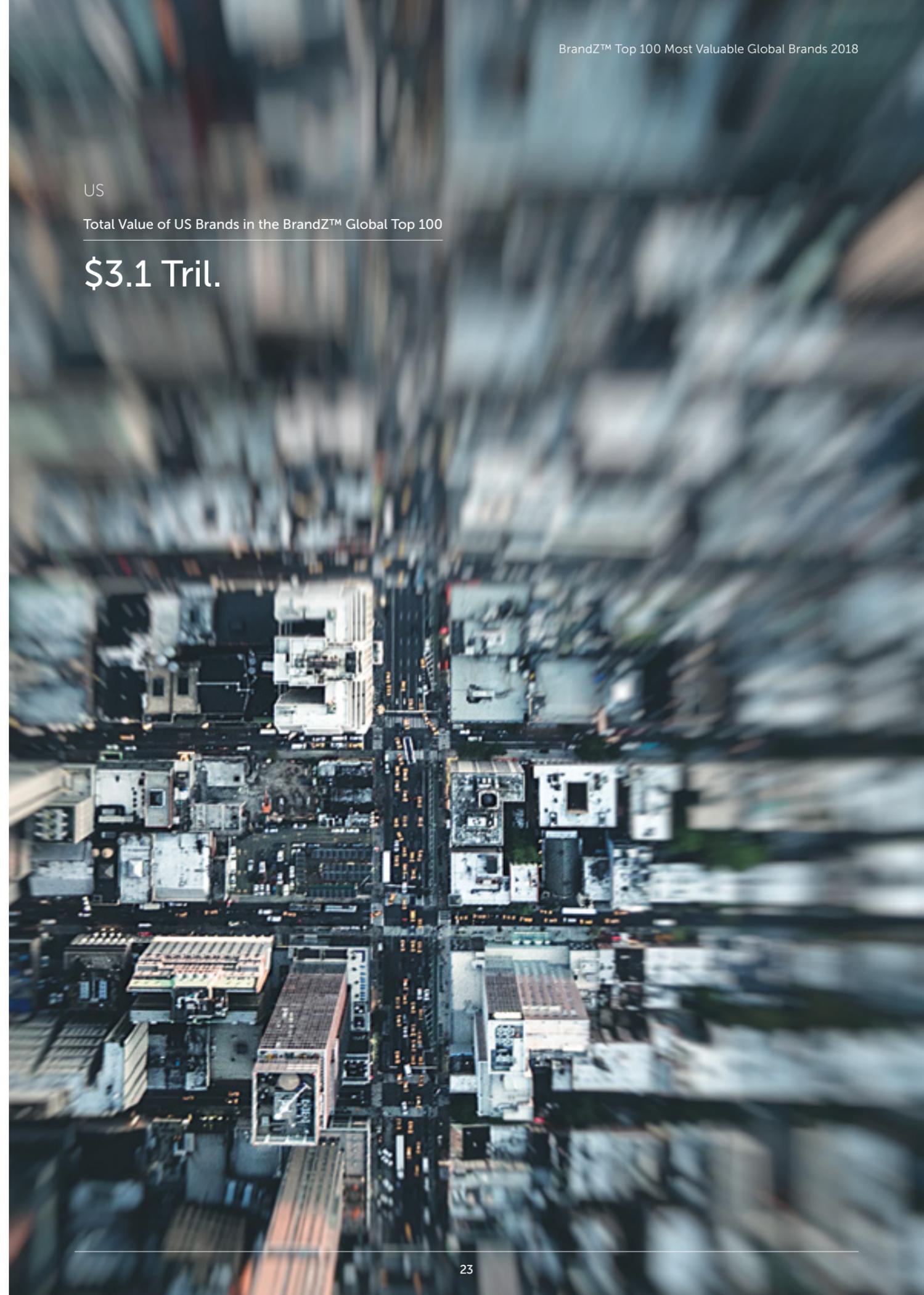
	2006	2018
	8 in Top 10 (Dropped)	8 in Top 10 (New)
Pw POWER	199	252
Pp PRICE PREMIUM	106	108
Pt POTENTIAL	106	107

Source: Kantar Millward Brown / BrandZ™

US

Total Value of US Brands in the BrandZ™ Global Top 100

\$3.1 Tril.



Cross Category Trends

DISRUPTION, DISINTERMEDIATION, AND DIFFERENTIATION

Brands encounter new challengers

New brands, or non-brands, often from Asia, challenged established brands. Depending on the category—usually apparel, luxury, or personal care—these brands offered good quality, on-trend style or ingredients, and competitive prices. They often appeared on Amazon and benefited from the “Amazon Effect,” low cost-of-entry, wide reach, and instant credibility because of peer reviews and the strength of the Amazon brand. At the same time, Amazon leveraged its credibility, introducing its own-brand apparel and extending its reach deeper into grocery and other categories.

Amazon Effect

Convenience grows but choice narrows

Home assistants powered by AI became household names: Siri (Apple), Alexa (Amazon), Bigsby (Samsung), Cortana (Microsoft), and Google Assistant. In the most benevolent interpretation of this phenomenon, these disembodied voices made life easier, creating shopping lists, providing weather reports, and answering miscellaneous questions. In the more dystopic view, these assistants are the gateway drug to a deeper, dictatorial role in people’s lives. Voice compounded the challenge for brands to be in the consideration set, so that choice is not based on an algorithm or paid search. And brands became more aware of the need to develop voice as a brand asset.

Voice

AI moves from idea to everyday reality

Brands increasingly used artificial intelligence (AI) to improve products, service, and differentiation. IBM expanded its use of Watson in healthcare and other industries. Car and technology brands relied on AI in their development of autonomous cars. Using AI, Amazon refined its Dash program for automatic replenishment. When launched two years ago, Dash enabled customers to reorder certain commodity items with the touch of a button. More recently, certain manufacturers produced products, such as ink cartridges, that anticipate the need for replenishment and order automatically. Automatic replenishment also shifted to a new level with voice.

Artificial Intelligence



Sharing personal data sparks more concern

Ambivalent consumers invited personal assistants into their homes, while they also became more skeptical about trusting brands to protect their data. Consumers seemed willing to accept the quid pro quo exchange of personal data for convenience and the useful, seemingly indispensable, products and services of social media, e-commerce, and search brands. The Facebook privacy breach captured their attention, however, because of the size of the breach,

Privacy and Trust

with the data of over 90 million people affected, and also because it seemed as if the fundamental transaction—personal data for free products and services—was flawed or at least needed more explicit rules. Search and social media brands faced criticism for not sufficiently managing data and algorithms, which resulted in ads run adjacent to questionable content.



Brand experience builds difference

Leading brands, such as Apple and Amazon continued to raise the bar on expectations for customer experience at every customer touch point—both online and offline—from trial to pick-up or delivery. And brands used more tools, such as augmented reality (AR), to improve the experience. AR software contained on smart phones made it easier for brands to develop relevant AR apps and for consumers to use them. People could shop at a Home Depot, Lowe’s, or Ikea and view how a particular item of furniture would look in an actual room in their house. Customer experience became an even more important driver of differentiation. The challenge for brands was not just to use tools like AR, but to find new, creative, and different ways to use them.

Customer Experience and AR



Emerging tech portends category transformation

Financial services categories, both banks and insurance, enjoyed healthy increases in value this year because the brands did many things right and also benefited from a strong global economy and growth in Asia. Fintechs competed for payment processing and transactional functions usually performed by traditional banks. They carved away transactional business and diverted young people, potential customers of the large financial brands. In certain markets, like the UK, online aggregators offered insurance products, mostly with price-driven messages. And portending great potential change was blockchain technology—systems of elaborate networks of transactions that promised to ensure trust with total transparency rather than mediation.

Fintech and Blockchain



BRAND IMPLICATIONS

Disintermediation threatened brands, but also made them potentially more important. The disintermediation by Amazon replenishment requires brands to find new—or old—ways to build awareness so that consumers, not algorithms, make important choices. When consumers are online choosing among many similar brands, as sometimes happens in insurance, the most well-known or differentiated brands have an advantage. The rise of online brands, such as personal care products, often from Asia, presents a threat, but also an opportunity for major brands to better understand consumer needs, based on the products they are selecting and the conversations they are having. With these insights, brands can appeal to consumers with a promise of quality and trustworthiness. It can be useful to partner with upstart brands, rather than acquire them, and learn from their entrepreneurial cultures.

Cross Category Trends

COMFORT, CONVENIENCE, AND COMPROMISE

Ideal meets real across categories

People reconciled the ideal individual they aspired to be (eating healthy foods and being environmentally conscious) and the person they lived everyday (mostly eating healthy and usually being environmentally conscious). They accepted authenticity—over perfection—in themselves and their brands. The fast food category rebounded. McDonald's and Burger King rose in value, in part because of their menu and operational changes, but also because of the changed mentality of the customers. Healthy eating wasn't just about higher intake of vegetables and salad. It was possible to enjoy a burger—probably made from fresh, even locally-sourced beef.

Authenticity



Brands capture Consumer mood

Boldness and color characterized apparel and luxury products, as consumers indulged a need for escape and fun because the news was incessantly depressing. They shared this ethos on social media, with photos of comfort food and comfortable streetwear. Delivery with Uber Eats, Grubhub, Amazon Delivery, and other brands enabled a further indulgence—convenience. Anticipating the demise of the combustion engine, carmakers continued to develop mobility options that included subscription programs, and they invested in electric and autonomous vehicles. But consumers chose the comfort and convenience of cars, especially big cars, making SUVs the best-selling vehicles worldwide.

Comfort and Convenience



BRAND IMPLICATIONS

Burgers and big cars were back, but in a back-to-the-future way, no longer as symbols of conspicuous consumption. Rather, consumers and brands accepted the gap between individual need and desire, and what was best for personal or societal wellbeing. Brands understood this tension and, judging by social media posts of fast food photos, some consumers accepted it with self-conscious irony.

CATEGORY TRANSFORMATION

From telecom providers to content brands

Standing still was not an option for telecom providers. A business model depending on voice and data transmission became increasingly unsustainable, as Over-the-Top (OTT) providers sent voice and data over the internet, driving down prices, commoditizing the business, and eroding profits. The telecom providers continued efforts to become branded providers of content. Following on its acquisition of DirecTV, AT&T attempted to acquire Time Warner, which would make it the owner of content leaders such as HBO, CNN, and Warner Brothers. Verizon pursued leadership in Smart Cities. For these brands the solution to being squeezed in a slow-growth category was to tear down the category walls.

Telecom Providers



BRAND IMPLICATIONS

Tearing down the walls of the category expands the competitive set and exposes brands to new threats and opportunities. Moving into content brings telecom providers into head-to-head competition with brands like Disney or Netflix, No. 19 and No. 61, respectively in the BrandZ™ Global Top 100. AT&T is No. 10 in the BrandZ™ Global Top 100. Verizon is No. 12. As they develop IoT businesses, these brands increasingly will face the BrandZ™ Global Top 4 brands: Google, Apple, Amazon, and Microsoft, and No. 11 IBM. Plus, being in a highly regulated industry, the fate of the telecom provider brands is not entirely in their hands. The US government is challenging AT&T's plans to acquire Time Warner.



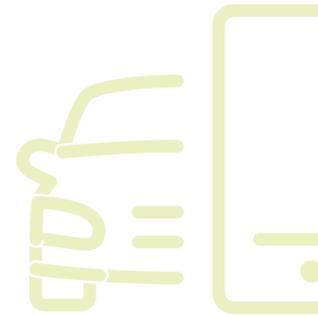
Cross Category Trends

CATEGORY TRANSFORMATION

From oil and gas cos. to energy brands

The oil and gas category struggled against time. The world's consumption of carbon fuel is expected to peak in around 2035 and then decline. That is a short period time for industrial companies that regularly place big financial bets on asset-intensive, long-term, deep-water drilling projects. The major integrated companies shifted their focus to gas, to serve the world's immediate energy needs with a cleaner energy option, and they investigated alternative energies. Ultimately, these brands will continue to shift from oil and gas companies to energy brands.

Oil & Gas



BRAND IMPLICATIONS

During this transition period, brand is likely to become more important for two reasons: (1) Downstream, consumer-facing retail business will become a more necessary revenue source; and, (2) Exploration, at least in the US, will take place closer to consumers who will have a louder voice in approving licenses to operate.

From carmakers to mobility brands

The end of carbon and the combustion engine ultimately will define the future for carmakers. That was about the only certainty, as car brands strove to meet immediate consumer needs while preparing for a future that was not binary—cars or mobility—but rather some still-unknown combination. Adding to the complexity, was the disconnect between the cars consumers desired, SUVs, and lower-emission cars needed to protect the planet.

Cars

BRAND IMPLICATIONS

Most car brands deliver a combination of benefits: utility (Getting from Point A to Point B) and experience (enjoying the driving journey from Point A to Point B). Prospective mobility solutions will need to deliver combinations of both benefits.

From cola drinks to soft drinks brands

Coke and PepsiCo share the same challenge. Their established fans love the soda but drink it less. New fans are hard to acquire because health concerns dissuade young people from sampling the drinks. Both Coca-Cola and PepsiCo are pursuing variations on a similar strategy: promote and leverage the master brand as an umbrella protecting new brand shoots. Coca-Cola promises a drink for everyone, and PepsiCo offers drinks and snack food. Neither is reinventing a category, but they are stretching it, particularly with healthier alternatives like waters and teas. Similar to the car brands, the soft drink brands face the challenge of understanding and satisfying the contradictory sentiments of human beings. We profess to want healthier ingredients, but often drink beverages with sugar or artificial ingredients, similar to the way we want a healthier environment, but often drive carbon-burning SUVs.

Soft Drinks

BRAND IMPLICATIONS

The soft drinks market is moving to healthier consumption, primarily for two reasons: the preferences and concerns of younger people; and the rapidly changing regulatory environment promulgated by their parents' generation. As cola consumption continues to decline, the brands have one major strength—their powerful brand equity. The consumer's predisposition to select the brand provides time to evolve the business.

From retail to "New Retail" brand ecosystems...

The term New Retail, devised by Alibaba CEO Jack Ma, describes how the interaction of buyer and seller has evolved into a complex integration of data-enriched online and offline networks linked with sophisticated logistics that together form an ecosystem in which the retailer can anticipate the customer's needs and fulfill them quickly, accurately, and consistently with pick-up or delivery options. The largest mass retailers best illustrated this integration. The e-commerce giants Alibaba, JD.com, and Amazon acquired chains of physical stores. Walmart, with over 11,000 stores worldwide, acquired an e-commerce retailer and dropped the word stores from its name.

Retail

BRAND IMPLICATIONS

With the seamless integration of online and offline, retailers have greater insight into the shopping behavior anywhere along the circuitous path to purchase. This phenomenon challenges product brands that usually have less detailed shopper data. Opportunities to engage with customers should appear as retail evolves and stores become smaller, more experiential, and sometimes pop-ups. Brands need to find these opportunities for face-to-face consumer engagement.



Takeaways

5 action points for building and sustaining valuable brands

1

Invest in long-term brand growth

This year's record rise in the value of the BrandZ™ Top 100 Most Valuable Global Brands validated this key point. Brands that deliver consistent Meaningfully Different products and experiences, and effectively communicate about them, grow faster in value, provide greater return to shareholders, and are better able to navigate the inevitable marketplace disruptions. The list of disruptors is long and often technology-related. It includes the disintermediation of brands by voice assistants as well as challenges from the proliferation of new brands on the internet.

Look East for inspiration

Traditional test markets may not best capture the needs and expectations of today's consumer. The place to stress test products is Shanghai and other Chinese cities where consumer expectations are high because brand ecosystems are so much more developed. Chinese consumers expect to shop, pay bills, order taxis, view entertainment, and engage in myriad other activities, seamlessly and with minimal friction, using their smartphones. Brand builders looking to the West to understand the future of consumer behavior and customer experience are looking in the wrong direction.

2

4

Develop the brand ecosystem

A brand ecosystem is the industrial conglomerate updated for the digital age. It is a network in which a brand connects with multiple aspects of peoples' lives. Each interaction adds data that informs subsequent interactions. In the industrial age, the effect would be called synergistic. In the digital age, every action adds data and insight to the brand's understanding of its individual customer. Ultimately, individuals rather than demographic segments, populate the ecosystem. Scale is great. But the possibility of interacting with customers at multiple points and serving multiple needs does not require vast scale.

Build Meaningful Difference

In a world where consumers will have many purchase decisions made for them by algorithms, it is important to give consumers reasons to proactively consider and choose a brand. The brand needs to stand out, but it needs to be salient for a reason. It needs to have a purpose that meets consumer needs in relevant ways that go beyond a functional benefit to form an emotional connection. And it needs to be distinctive. These qualities do not guarantee that consumer will ultimately select the brand—a lot of competitive promotional activity happens on the way to the sale. But Meaningful Difference makes it much more likely that a brand will be considered.

5

Broaden communication

Brand building spans every consumer touch point from initial awareness to engagement, transaction, and ongoing conversation. Advertising remains a critical part of this consumer-brand relationship. But today, communication needs to match the needs of a more complex relationship. Brands—especially those with vast ecosystems—are engaging in social media with live streaming and other brand expressions that connect the consumer to the brand anywhere—before, after, and along the winding path to purchase.

3



The BrandZ™ Global Top 100

THE TOP 100 RANKING

BRANDZ™ ANALYSIS

- Top Risers
- Newcomers
- Brand Contribution
- Brand Imprint



BrandZ™ Top 100 Most

Brand	Category	Brand Value 2018 \$Mil.	Brand Contribution	Brand Value % Change 2018 vs. 2017	Rank Change	Country of Origin
1 Google	Technology	302,063	4	+23%	0	USA
2 Apple	Technology	300,595	4	+28%	0	USA
3 Amazon	Retail	207,594	4	+49%	1	USA
4 Microsoft	Technology	200,987	4	+40%	-1	USA
5 Tencent 腾讯	Technology	178,990	5	+65%	3	China
6 Facebook	Technology	162,106	4	+25%	-1	USA
7 VISA	Payments	145,611	5	+31%	0	USA
8 McDonald's	Fast Food	126,044	4	+29%	2	USA
9 Alibaba Group 阿里巴巴集团	Retail	113,401	3	+92%	5	China
10 AT&T	Telecom Providers	106,698	3	-7%	-4	USA
11 IBM	Technology	96,269	4	-6%	-2	USA
12 Verizon	Telecom Providers	84,897	3	-5%	-1	USA
13 Marlboro	Tobacco	81,914	3	-6%	-1	USA
14 Coca-Cola	Soft Drinks	79,964	5	+2%	-1	USA
15 Mastercard	Payments	70,872	4	+42%	5	USA
16 UPS	Logistics	60,412	5	+4%	0	USA
17 SAP	Technology	55,366	3	+23%	4	Germany
18 Wells Fargo	Regional Banks	54,952	3	-6%	-3	USA
19 Disney	Entertainment	53,833	5	+3%	-1	USA
20 The Home Depot	Retail	47,229	3	+17%	4	USA
21 China Mobile 中国移动	Telecom Providers	46,349	4	-18%	-4	China
22 ICBC 中国工商银行	Regional Banks	45,853	2	+45%	6	China
23 Starbucks	Fast Food	44,503	4	+1%	-1	USA
24 Xfinity	Telecom Providers	43,056	3	+3%	-1	USA
25 T-Mobile	Telecom Providers	41,499	3	+8%	0	Germany

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

Valuable Global Brands 2018

Brand	Category	Brand Value 2018 \$Mil.	Brand Contribution	Brand Value % Change 2018 vs. 2017	Rank Change	Country of Origin
26 LV	Luxury	41,138	5	+41%	3	France
27 Spectrum	Telecom Providers	39,372	2	NEW		USA
28 GE	Conglomerate	39,041	2	-22%	-9	USA
29 Nike	Apparel	38,479	4	+13%	-3	USA
30 PayPal	Payments	35,440	5	+85%	22	USA
31 Walmart	Retail	34,002	2	+22%	0	USA
32 Accenture	Technology	33,723	3	+24%	0	USA
33 Samsung	Technology	32,191	4	+34%	4	South Korea
34 Moutai	Alcohol	32,113	4	+89%	30	China
35 American Express	Payments	30,046	4	+24%	1	USA
36 Toyota	Cars	29,987	4	+5%	-6	Japan
37 Vodafone	Telecom Providers	28,860	3	-9%	-10	UK
38 Intel	Technology	28,316	2	+29%	6	USA
39 Hermès	Luxury	28,063	5	+20%	2	France
40 Budweiser	Beer	27,031	4	0%	-7	USA
41 Baidu 百度	Technology	26,861	5	+14%	-2	China
42 ZARA	Apparel	26,860	3	+7%	-8	Spain
43 Ping An 中国平安	Insurance	26,141	3	+51%	18	China
44 L'Oréal Paris	Personal Care	26,107	4	+9%	-6	France
45 Oracle	Technology	25,802	2	+21%	1	USA
46 Mercedes-Benz	Cars	25,684	5	+9%	-6	Germany
47 BMW	Cars	25,624	4	+4%	-12	Germany
48 Huawei	Technology	24,922	3	+22%	1	China
49 China Construction Bank 中国建设银行	Regional Banks	23,747	2	+27%	5	China
50 HSBC	Global Banks	23,633	3	+15%	-2	UK

The Brand Value of Coca-Cola includes Lights, Diets and Zero
The Brand Value of Budweiser includes Bud Light

BrandZ™ Top 100 Most

Brand	Category	Brand Value 2018 \$Mil.	Brand Contribution	Brand Value % Change 2018 vs. 2017	Rank Change	Country of Origin
51 YouTube	Technology	22,958	4	+37%	14	
52 RBC	Regional Banks	22,924	4	+8%	-5	
53 movistar	Telecom Providers	22,824	3	+4%	-10	
54 GUCCI	Luxury	22,442	5	+66%	26	
55 NTT	Telecom Providers	22,377	3	+11%	-5	
56 FedEx	Logistics	22,218	5	+14%	-5	
57 CISCO	Technology	21,331	2	+28%	9	
58 citi	Global Banks	21,258	2	+21%	1	
59 JD.COM	Retail	20,933	3	+94%	NEW	
60 HDFC BANK	Regional Banks	20,874	4	+22%	3	
61 NETFLIX	Entertainment	20,819	3	+73%	31	
62 DHL	Logistics	20,568	4	+30%	8	
63 Shell	Oil & Gas	20,264	1	+10%	-6	
64 Pampers	Baby Care	20,183	5	-10%	-22	
65 orange	Telecom Providers	19,647	3	+14%	-3	
66 TD	Regional Banks	19,628	3	+6%	-10	
67 CHASE	Regional Banks	19,324	3	+35%	6	
68 Commonwealth Bank	Regional Banks	19,286	3	+11%	-8	
69 中国农业银行 AGRICULTURAL BANK OF CHINA	Regional Banks	19,141	2	+28%	3	
70 SUBWAY	Fast Food	18,766	4	-14%	-25	
71 Colgate	Personal Care	18,516	5	+4%	-13	
72 COSTCO WHOLESALE	Retail	18,265	3	+12%	-4	
73 J.P.Morgan	Global Banks	18,251	3	+29%	1	
74 ExxonMobil	Oil & Gas	18,222	1	-3%	-19	
75 Adobe	Technology	17,831	3	+53%	23	

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

Valuable Global Brands 2018

Brand	Category	Brand Value 2018 \$Mil.	Brand Contribution	Brand Value % Change 2018 vs. 2017	Rank Change	Country of Origin
76 IKEA	Retail	17,481	3	-8%	-23	
77 Bank of America	Regional Banks	17,439	2	+42%	10	
78 salesforce	Technology	17,026	3	+39%	12	
79 中国人寿 CHINA LIFE	Insurance	16,429	3	+18%	-1	
80 usbank	Regional Banks	16,278	3	+7%	-9	
81 UBER	Transport	16,045	3	NEW		
82 SIEMENS	Conglomerate	15,965	2	+14%	-5	
83 LinkedIn	Technology	15,657	5	+15%	-4	
84 中国银行 BANK OF CHINA	Regional Banks	15,607	2	+30%	10	
85 Gillette	Personal Care	15,358	5	-6%	-18	
86 THE REAL LIFE COMPANY AIA	Insurance	15,131	3	+29%	11	
87 KFC	Fast Food	15,131	4	+12%	-6	
88 ebay	Retail	14,829	3	+20%	-2	
89 hp	Technology	14,797	3	NEW		
90 SF Express	Logistics	14,537	4	NEW		
91 Instagram	Technology	14,496	5	NEW		
92 ANZ	Regional Banks	14,465	3	+3%	-17	
93 ALDI	Retail	13,785	3	+12%	-4	
94 BT	Telecom Providers	13,604	3	-15%	-25	
95 LOWE'S	Retail	13,111	3	-2%	-13	
96 Ford	Cars	12,742	3	-2%	-13	
97 HONDA	Cars	12,695	4	+4%	-6	
98 pepsi	Soft Drinks	12,685	4	0%	-14	
99 BCA	Regional Banks	12,674	4	NEW		
100 adidas	Apparel	12,456	4	+50%	NEW	

The Brand Value of Pepsi includes Diets

BrandZ™ Analysis

TOP 20 RISERS

Chinese brands lead sharp growth in value

All brands demonstrate strategic use of tech

One word—China—sums up the stellar performance of the Top 20 Risers, the brands that appreciated most in value year-on-year. Chinese retailers JD.com and Alibaba led the ranking with increases of 94 percent and 92 percent, respectively, followed by Moutai, the Chinese baijiu, a traditional white alcohol, which rose 89 percent. Around a third of the Top Risers were Chinese, and all the brands demonstrated similar brand-building characteristics—anticipating consumer needs and strategically adopting technology to meet them. Every Top Riser brand increased at least 40 percent in value. A year ago, the threshold was 20 percent.

JD.com and Alibaba reinvented the retail category, transforming it into a phenomenon Alibaba CEO Jack Ma calls New Retail. The term describes elaborate ecosystems that rapidly provide wide ranges of goods and services by combining extensive use of customer data with e-commerce and physical shopping sites, mobile payment options, and seamless supply channel and delivery logistics. JD.com and Alibaba invested heavily

in developing these ecosystems. Most significantly, both brands made acquisitions to expand in the physical world and complement their presence online, where both brands originated. JD.com has a partnership with Walmart and the Chinese supermarket chain Yonghui. Alibaba acquired a recently-launched grocery chain named Hema Xiansheng. Alibaba also purchased a major stake in Sun Art Retail Group, a hypermarket company that operates Auchan and RT-mark stores in China. And Alibaba has an association with Suning the home electronics and general merchandise chain.

Along with enhancing the customer experience, these partnerships yield data to increase understanding of the consumer's shopping behavior. In addition, JD.com enhanced its trove of consumer data through partnerships with several leading Chinese online brands, including Tencent, the online portal and China's most valuable brand. JD.com and Tencent bought a major stake in a Chinese website called Vipshop.com, primarily to challenge Alibaba.

Alibaba has been growing its diverse business, which include cloud computing as well as retail, at around 50 percent annually. It is a unique phenomenon, whose impact is best demonstrated by the results of Singles Day, a Chinese fall holiday that Alibaba expanded into a one-day shopping event that, in 2017, generated \$25.3 billion, a 39 percent rise over the prior year. The annual active consumers on Alibaba's retail marketplaces, including Tmall, reached 515 million at the end of 2017.

Chinese brands dominate

Tencent entered retail with a pop-up, self-service store in Shanghai, where no employees are present, and all transactions take place using mobile devices. Although this pop-up experiment is not at the heart of Tencent's strategy, it illustrates the brand's innovative culture and ability to keep pace with—and even lead—the rapid changes in Chinese consumer life. Tencent added more content, including video and gaming, to its platform.



It invested in artificial Intelligence to enhance its ability to analyze the vast amount of data it harvests from all its products, especially WeChat, the ubiquitous social media platform that reached 1 billion monthly active users. Used for texting, entertainment, and other functions, WeChat is center of Tencent's digital ecosystem. Tencent's ad business increased almost 50 percent. To increase its influence outside of China, Tencent purchased significant financial stakes in Western brands, including Snap and Tesla.

In a similar way, the steep value increase of Moutai, the baijiu brand, demonstrates the brand's ability to understand and meet the needs of Chinese consumers. After several difficult years because of government limits on official entertaining and gifting, sales of baijiu surged, and Moutai was well positioned because of the brand's premium stature and efforts to broaden its reach. Revenue of Kweichow Moutai Company Ltd. increased almost 60 percent during the first three quarters of 2017, and its share price reached a record high. That increase elevated Kweichow Moutai

Company Ltd. to the world's highest-valued liquor company, ahead of Diageo, the UK-based maker of brands such as Johnny Walker.

ICBC, Industrial and Commercial Bank of China, reported strong profits, driven primarily by higher net interest income resulting from improved margins and strong economic growth. The bank financed infrastructure construction, poverty reduction, and small businesses. Strong product sales and improved investment results boosted the profits of China's publicly-listed insurance companies. A recent investment in HSBC made Ping An the global bank's second-largest shareholder. CPIC announced that it would alter its investment strategy to serve the national agenda by channeling funds to utilities and infrastructure projects.

Luxury and apparel

Strength in China helped drive brand value across several categories, including luxury and personal care. Especially active in China, Dior promoted its fine jewelry collection

with a design point of view, an example of expressing the trend toward playfulness, even at the high end. Shiseido, the Japanese personal care brand, focused on developing its digital strength and prestige image in China.

With its vibrant patterns and colors, Gucci continued to capture the moment and influence both the luxury and apparel categories with a sensibility that fused exclusivity with streetwear. Louis Vuitton attempted to marry timelessness and trendiness. It partnered with artist Jeff Koons, who created a limited collection of paintings—reproductions of some of the great masters—that were printed on Louis Vuitton handbags. The brand continued its association with the street brand Supreme. Adidas exactly captured the streetwear trend in its apparel and also connected with a consumer desire for higher purpose, selling around a million pairs of shoes made from plastic reclaimed from the ocean. Adidas continued to excel at mass personalization. Tesla combined environmentally responsible technology with performance and luxury.

BrandZ™ Analysis

TOP 20 RISERS



Entertainment, technology, and retail

Being on-trend extended into other categories like entertainment, where the ability of Netflix to offer desirable entertainment, like its series *The Crown*, drove an increase in the number of subscribers, even as subscription prices increased. Netflix stock price appreciated almost 60 percent.

Amazon, which won several awards for its original content, continued to enter more businesses—most recently it investigated banking—and influence how people shop and live their lives. In acquiring Whole Foods, Amazon shook up the grocery industry and gained a physical store presence to complement its e-commerce business. It opened its first Amazon Go store, in Seattle, a grocery outlet that changes the shopping experience with all transactions recorded on the customer's smartphone, eliminating the checkout, one of retail's pain points.

With Alexa, Amazon maintained leadership in personal assistants, and it advanced its Dash button technology for replenishing commodity products by embedding a "Dash" chip in the

packaging of certain products. Amazon expanded its range of private-label products into furniture. It entered healthcare in partnership with Berkshire Hathaway and JP Morgan Chase, and continued to expand membership in Prime its subscription loyalty program. Almost two-thirds of US households are Prime members, according to some estimates. Amazon's web services, AWS, dominated the B2B cloud business.

Adobe, which recognized the shift to cloud computing early, continued to benefit from its prescience, with 84 percent of revenue coming from subscriptions to its cloud services, even as some of its competitors struggled with the shift from their traditional business models to the cloud.

Financial services

PayPal added more services in an effort to provide traditional banking products and services. The volume of its Venmo peer-to-peer payment app doubled, with \$35 billion in payments made. PayPal has extended or added partnerships with credit card networks and other tech firms. The stock more than doubled during the past year.

PayPal extended its partnership with Mastercard to global, making it easier for Mastercard to be the default payment option with PayPal. Mastercard completed its acquisition of Vocalink, a fintech company that will enable Mastercard to expand into areas of payment other than payment-to-merchant, including peer-to-peer.

Bank of America, achieved a profit level that matched the bank's performance prior to the global financial crisis, in 2008, after which financial penalties for regulatory problems diminished profit. The bank's stock rose 60 percent, reaching its highest level since the financial crisis.

With operations in 70 countries, Allianz offered a wide portfolio of insurance products, including property and casualty, life, and health, as well as corporate services. Along with buying a stake in the fintech insurance brand Lemonade, the company also acquired businesses in North Africa, Nigeria, and Saudi Arabia, and divested some underperforming assets. These moves, and strong business results, helped lift market capitalization and brand value.

TOP 20 RISERS

Rank	Brand	Category	Brand Value 2018 \$ Million	Brand Value 2017 \$ Million	Brand Value % Change 2018 vs. 2017	Country of Origin
1	JD.COM	Retail	20,933	10,768	+94%	
2	Alibaba Group 阿里巴巴集团	Retail	113,401	59,127	+92%	
3	WUJIAO	Alcohol	32,113	16,983	+89%	
4	PayPal	Payments	35,440	19,156	+85%	
5	NETFLIX	Entertainment	20,819	12,057	+73%	
6	GUCCI	Luxury	22,442	13,548	+66%	
7	Tencent 腾讯	Technology	178,990	108,292	+65%	
8	TESLA	Cars	9,415	5,876	+60%	
9	Dior	Luxury	3,612	2,352	+54%	
10	Adobe	Technology	17,831	11,649	+53%	
11	中国平安 PING AN	Insurance	26,141	17,260	+51%	
12	adidas	Apparel	12,456	8,296	+50%	
13	amazon	Retail	207,594	139,286	+49%	
14	Allianz	Insurance	9,424	6,356	+48%	
15	ICBC 中国工商银行	Regional Banks	45,853	31,570	+45%	
16	太平洋保险 CPIC	Insurance	6,134	4,247	+44%	
17	HISEIDO	Personal Care	3,827	2,691	+42%	
18	Bank of America	Regional Banks	17,439	12,286	+42%	
19	mastercard	Payments	70,872	49,928	+42%	
20	LV	Luxury	41,138	29,242	+41%	

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

BrandZ™ Analysis

TOP 20 RISERS

Meaningful Difference, Disruption, Experience drive brand value rise

Brands that increase rapidly in value are Meaningfully Different, disruptive, and create a great Brand Experience. These characteristics distinguish the Top 20 Risers, brands that increased most in value year-on-year, and they especially propelled the success of the No. 1 Top Riser, JD.com.

On an index where 100 is average, the BrandZ™ Top 100 scored 120 in Meaningfully Different, the Top 20 Risers scored 127, and JD.com scored 168. The same progression follows for the other metrics, Shaking Things up and Brand Experience, with JD.com scoring highest—by a wide margin.

JD.com owns most of its logistics, which gives it better control of the quality and authenticity of its product offering, making it Meaningfully Different from its competitors. It is moving into bricks and mortar retail through partnerships with Walmart and the supermarket chain Yonghui and expanding rapidly and effectively into new markets in rural China—Shaking Things Up.

JD.com's pioneering use of drones for delivery is particularly important to reaching lower tier markets, where JD.com has also established a financing program. And in a unique expression of Brand Experience, JD.com can deliver luxury products with white-gloved couriers.

These initiatives have had measurable impact. Over the past three years, JD.com has increased its scores in BrandZ™ drivers of Brand Power, or equity, including: Meaningful (meeting needs in relevant ways), Different (being distinctive from the competition), and Salient (coming to mind quickly).

Consequently, JD.com increased 42 points in Brand Power score, which correlates with current market share; and it increased 38 points in Potential, which signals strong future growth.

The key brand-building takeaways from JD.com are:

- (1) strengthening the key BrandZ™ metrics drives brand value and positively impacts brand performance in the marketplace;
- (2) exceptional brands can accomplish these results quickly.



JD.COM OUTSCORES OTHER BRANDS ON BRANDZ™ METRICS...

The Global Top 100 scored 120 in being Meaningfully Different. The Top 20 Risers scored 127, and the Top 10 Risers scored 135. The No. 1 Top Riser, JD.com, scored 168. The same progression follows for the other metrics, with JD.com scoring highest.

JD.com Outscores Top Brands

	JD.COM Top Riser	Top 10 Risers	Top 20 Risers	All Top 100 Brands
Average Brand = 100				
MEANINGFULLY DIFFERENT	168	135	127	120
SHAKING THINGS UP	135	122	116	111
BRAND EXPERIENCE	136	117	114	111

Source: BrandZ™ / Kantar Millward Brown

... AND STRONG BRANDZ™ SCORES CORRELATE WITH GROWING MARKET SHARE

In just three years, JD.com increased 42 points in Brand Power, which correlates with market share today, and it increased 38 points in Potential, which signals strong future growth.

JD.com 3-Year Change

BRAND VALUE	2015	2018	Change	Top 100
	\$7,649 Mil.	\$20,933 Mil.	+174%	+34%
Pw 1 POWER	132	174	+42	-3
Pp 2 PRICE PREMIUM	107	107	0	0
Pt 3 POTENTIAL	106	144	+38	+2
Me 5 MEANINGFUL	114	175	+61	+1
Di 6 DIFFERENT	132	160	+28	+2
Sa 7 SALIENT	93	151	+58	+3

Source: BrandZ™ / Kantar Millward Brown

BrandZ™ Analysis

NEWCOMERS

Eight brands from seven categories enter Top 100

High brand value is matched by strong brand equity

Eight brands, from seven categories, entered the BrandZ™ Global Top 100. Half of the brands were from the US, two were from China, and Germany and Indonesia each had one brand represented. Each of the brands was technology-related or proficient in the use of technology to differentiate the brand. Brands rose in value because of their individual circumstances and initiatives. They shared in common high scores in BrandZ™ measurements of brand equity. Here is a summary of each Newcomer in the order the brand ranks in the BrandZ™ Global Top 100.

Spectrum, a telecom provider, entered the Top 100 at rank 27. It offered no-contract packages of voice and data, a competitive stance in the US. JD.com, a leading Chinese retailer, and the fastest-rising brand in the BrandZ™ Global 100, developed a large and online and offline ecosystem, differentiated from its many competitors. Uber created car sharing, disrupting the cars category and influencing society's idea of mobility. Despite sluggishness of the market for laptops, a key company product, HP emerged successfully from the Hewlett Packard split into two entities.

The rapid rise of e-commerce in China rationalized the logistics business, and SF Express emerged as the leader in size, with ambitious global plans. Instagram became a preferred social media platform for sharing photos and messages. The Indonesian Bank BCA served a wide customer base with innovations like its mobile app, called eBranch, and social media communications. Adidas perfectly caught the streetwear trend that influenced the apparel and luxury categories, and it succeeded in generating excitement for the brand, even in the US, which had been a challenging market.

Strong brand equity

A key factor shared by all eight newcomers is strong brand equity in all its BrandZ™ components: Power, a brand's share of current demand; Premium, a brand's ability to charge more than the competition; and Potential, a prediction of future demand. In Power, for example brands that dropped from the Top 100 ranking scored 141, and brands that remained scored 172. The Newcomers scored 238. An average score is 100.

Meaningful Difference scores also were significant. Being Meaningfully Different (meeting consumer needs in relevant and distinctive ways) builds strong brand equity (Power, Premium, and Potential). Meaningful Different scores are increasing. In 2006, the BrandZ™ Global Top 100 scored 110 in being Meaningful Different. That score has increased to 120. Newcomers scored 120. Dropout brands scored only 107. An average score is 100.

There is a positive correlation between high brand value and brand equity. Achieving both high value and strong equity requires brands to be Meaningfully Different, which becomes even more important in a world where brands need to impress consumers enough to circumvent automatic algorithmic choices. The Newcomer brands achieved strong Meaningful Difference. Brands that dropped from the BrandZ™ Global Top 100 achieved strong Meaningful Difference, too, but not strong enough for today's marketplace.



NEWCOMERS ARE STRONG IN BRAND EQUITY...

The key factor all eight newcomers share in common is strong brand equity, in all its aspects: Power, a brand's share of current demand; Premium, a brand's ability to charge more than the competition; and Potential, prediction of future demand.

Brand Equity 2018

	Pw ¹ POWER	Pp ² PRICE PREMIUM	Pt ³ POTENTIAL
Average Brand = 100			
NEW	238	113	127
REMAIN	172	105	110
DROPPED	141	102	98

Source: BrandZ™ / Kantar Millward Brown

...AND NEWCOMERS ARE MEANINGFULLY DIFFERENT

Newcomers also scored high in being Meaningfully Different, which builds strong brand equity by meeting consumer needs in relevant and distinctive ways. Being Meaningful Different has become more important for competing successfully, and the threshold Meaningful Different score of Global Top 100 brands has steadily increased.

Meaningful Difference



Source: BrandZ™ / Kantar Millward Brown

NEWCOMERS

- Top 100 Rank



Brand Value **\$39,372 Mil.**

#27 Telecom Providers



Brand Value **\$20,933 Mil.**

#59 Retail



Brand Value **\$16,045 Mil.**

#81 Transport



Brand Value **\$14,797 Mil.**

#89 Technology



Brand Value **\$14,537 Mil.**

#90 Logistics



Brand Value **\$14,496 Mil.**

#91 Technology



Brand Value **\$12,674 Mil.**

#99 Regional Banks



Brand Value **\$12,456 Mil.**

#100 Apparel

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

BrandZ™ Analysis

BRAND CONTRIBUTION

High Brand Contribution drives volume, premium

And it adds stability in disruptive markets



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

High Brand Contribution can take time to build, but it is a sustaining force. Of this year's Brand Contribution Top 15, all but four appeared in the Brand Contribution ranking a year ago. The newcomers are Falabella, a Chile-based Latin American department store chain that entered the Retail Top 20; Guinness, the global beer, returning to the Brand Contribution Top Risers after a brief absence; PayPal, the payments brand; and the logistics brand FedEx.

The No. 1 and No. 2 Brand Contribution leaders—Pampers and Coca-Cola—illustrate the impact of strong Brand Contribution. Both brands are experiencing ongoing category pressure. In some markets,

including China, Pampers faces fierce online competition from challengers commoditizing the diaper category. Consumer health concerns continue to impact Coca-Cola and the soft drinks category. With strong Brand Contribution, both brands gain time to implement the long-term strategies needed to confront these challenges.

Similar to last year, the beer and luxury categories are well represented in the Brand Contribution ranking, with six brands and three brands, respectively. Brands in both categories rely heavily on the consumers' perception of value. And brands in both categories invest in brand building and communication. In addition to beer and luxury, six other categories are represented with one brand apiece: baby care, soft drinks, personal care, payments, logistics, and retail.

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.)



TOP 15 IN BRAND CONTRIBUTION

Rank	Brand	Category	Brand Contribution Index	Brand Value 2018 \$ Million	Brand Value 2017 \$ Million	Brand Value % Change 2018 vs. 2017	Country of Origin
1	Pampers	Baby Care	5	20,183	22,312	-10%	
2	Coca-Cola	Soft Drinks	5	68,042	66,489	+2%	
3	SKOL	Beer	5	8,263	8,146	+1%	
4	ESTÉE LAUDER	Personal Care	5	5,436	4,215	+29%	
5	GUCCI	Luxury	5	22,442	13,548	+66%	
6	BRAHMA	Beer	5	4,478	4,385	+2%	
7	HEINEKEN	Beer	5	11,884	10,878	+9%	
8	falabella	Retail	5	5,373	NEW	NEW	
9	HERMES PARIS	Luxury	5	28,063	23,416	+20%	
10	Corona	Beer	5	8,292	8,119	+2%	
11	BURBERRY	Luxury	5	4,483	4,285	+5%	
12	STELLA ARTOIS	Beer	5	10,928	9,949	+10%	
13	GUINNESS	Beer	5	4,144	4,080	+2%	
14	PayPal	Payments	5	35,440	19,156	+85%	
15	FedEx	Logistics	5	22,218	19,441	+14%	

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

BrandZ™ Analysis

BRAND IMPRINT



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New metric helps brands build equity and value

Brand Imprint Index measures collective impact of brand assets on consumers

We should count ourselves fortunate to live in an age of plenty where we are presented with such a plethora of choice in all aspects of our daily lives. Our opportunities to pick, choose and “personalize” these choices are seemingly proceeding forever skyward—there’s truly never been a better time to be a consumer! That said, however plentiful “consumerland” may be, these are challenging times for brand building for the same reasons.

Brands must work ever harder against the competition to truly stand apart and be noticed, while ideally conveying why they are the right choice at a given moment. The language of instant recognition and meaning is vital for brands of all categories and ages to understand, embrace, and mobilize to their advantage.

So how can brands gain an edge and maximize their “mental availability”—their ability to come readily to mind at the point at which a purchase decision is being made? One way is

to provide consumers with simple mental shortcuts to cue the brand and activate associated memories that relate to brand experience.

These “brand assets” that help brands come readily to mind include, but are not limited to: slogans, colors, logos, fonts, physical cues (packaging, shape of product), characters, celebrity associations, and other imagery.

Kantar Millward Brown and BrandZ™ have developed a methodology and framework for quantifying the strength of these assets, to understand which

are most evocative of their brand and how this compares to competitors. We call the collective strength of these assets the brand’s Brand Imprint, with the best acting as a seamless echo chamber of instant branding and message reinforcement, exerting influence at key moments of decision making.

Building equity and value

The best Brand Imprints rely on cueing the brand via our inbuilt “System 1” of instant and intuitive recognition, which involves fast, habitual decision making, rather than invoking slower and more

reflective thought via “System 2,” where the additional time needed for consideration may ultimately lead to a different decision. Incoherent and incongruous Brand Imprints may serve to confuse consumers or simply miss out on this increasingly important opportunity.

Our extensive study comprised a total of 10,565 consumer interviews across 28 categories and eight markets, covering 228 brands and 1,390 de-branded assets. The approach deployed a unique neuroscience-based methodology to gather data on asset performance, but also to

collect equity data in parallel, in line with BrandZ™’s long-established and proven framework. Brand assets were tested in the relevant home market of each brand versus relevant competitors.

A key outcome is a one-number summary of the overall strength of each brand’s Brand Imprint, the Brand Imprint Index (BII), in which an Imprint of average strength scores 100. And here’s the critical takeaway: The stronger a brand’s BII, the stronger its Power score (the strength of a brand’s equity in the mind of the consumer) and the more likely it is to grow in value.

BrandZ™ Analysis

BRAND IMPRINT

So how is a brand's equity boosted by strong brand assets? BrandZ™'s equity framework includes three elements: Meaningful (meeting consumer needs in ways that are relevant to cultivate emotional attachment), Difference (being distinctive from the competition) and Salience (coming to mind easily at the time of purchase).

Strong brand assets exert a clear influence on Salience, amplifying a brand's Meaningful Difference and increasing the likelihood to grow value. Brands with a High BI have on average a 52 percent higher Salience score.

Investing in assets

One mechanism for achieving high Salience is boosting the strength of the brand's advertising. Brands with a High BI more than double their advertising strength versus those with a low score.

Kantar Millward Brown data proves that the single best predictor of an ad's in-market sales effect is branding. A highly-engaging creative with poor branding will not boost the ease with

which a brand comes to mind and will not improve consumer motivation enough to deliver value growth.

Consumers will often only partially engage with a TV or digital narrative, meaning there is a clear need to brand before disengagement occurs. Easily recognizable brand assets, which require little or no effort to register with consumers, offer an incredibly powerful and effective way to do this.

However, this Salience boost is not limited to advertising impact alone; rather those brands able to build a varied suite of assets through their advertising, packaging, and brand experience will be best placed to activate them at various touchpoints as part of a virtuous circle of increased salience.

Overall, it seems clear that investing the time and budgets needed to establish intuitive brand assets can prove to be a very worthwhile exercise as a way to maximize a brand's impact on decision making. In the increasingly important language of instant recognition and meaning, how eloquent is your Brand Imprint?

BRAND ASSET EFFECTIVENESS VARIES BY TYPE, CATEGORY

The strength of a typical brand's assets showed wide variation by category. Generally speaking, categories associated with short-term decision making were more likely to contain brands with stronger assets than those involving longer-term decisions. Brands investing consistently and in a variety of assets are more likely to feel the benefits. Notably, soft drinks and fast food were by far the top performers, with cars, luxury cars, banks, durables, and technology providers towards the other end of the spectrum.

There was also a clear pattern with regards to the efficacy of the types of asset tested. Typically, shapes and patterns, logos, and packaging cues were much more evocative of a brand than slogans, celebrity endorsements, or sponsorships.

Patterns and colors

The building blocks of brand assets, patterns, shapes and colors can combine to act as a powerful cue to consumers and offer a great way to fully connect all assets into a coherent and instantly recognizable Brand Imprint. Color alone is seemingly very hard to "own." Germany's Deutsche Telekom is a rare but strong example of the consistent use of a distinctive shade (pink) as a common connection between the brand's assets and

campaigns. The same color is also deployed widely and successfully by subsidiaries of the brand: T-Systems in Germany and T-Mobile in the US and other markets.

Logos

The most instantly recognizable logos tend to deploy two main approaches to design: The use of one or two letters from the brand name in a specific font and color scheme e.g. the Google "G" or the use of stylized imagery directly linked to the brand name e.g. the Apple logo—the most recognized asset among brands in the 2018 BrandZ™ Global Top 50.

Slogans

Though slogans were not comparatively strong in instantly evoking a brand, the most successful summarize the key meaningful difference of the brand using simple words and phrases in combination with a unique font and color scheme e.g. Walmart's, "Save money. live better." Or Taobao's (Alibaba), "I love bargain hunting!"

Celebrities

Celebrities generally performed poorly. Although they can clearly serve other purposes (generating PR and buzz, for example), it seems that few celebrities are instantly

associated with particular brands. This suggests that a commitment to consistency is a critical element in building a strong asset, with more transient relationships with celebrities, sponsorships, and campaign-specific slogans likely to be much harder to own as intuitive branding devices, at least without persistent repetition and investment. These results also suggest that an appropriate fit with the brand is important, along with ensuring that the chosen celebrity is not involved in similar activity with other brands.

Kantar Millward Brown's global advertising database shows that while there have been successful celebrity-led ad campaigns, the use of celebrities far from guarantees a successful campaign. On average, using a celebrity makes little difference to the branding and effectiveness of an ad, though consistent use can boost overall campaign effectiveness.

In contrast, brand founders proved to be very strong cues in several cases—Richard Branson scored 137 for Virgin Media in the UK; Colonel Sanders, 131 for KFC in the US; and Steve Jobs, 122 for Apple, also in the US. Clearly, these associations are due to unique and long associations with a single brand, but this does suggest that some brands may benefit from more tactical use of such ambassadors.

BrandZ™ Analysis

BRAND IMPRINT

The **3 Cs**
of a Strong
Brand Imprint

Clarity

Clarity requires simple, clean, uncomplicated, connected use of color, design, and phrasing. Strong Brand Imprints often employ a distinctive color palette to connect, amplify, and build a unique and instantly recognizable identity.

Consistency

Consistently deploy brand assets over time, across channels and products—drawing on heritage where relevant. Think exposure, exposure, exposure at all touch points and opportunities to embed assets and reinforce recognition.

Communication

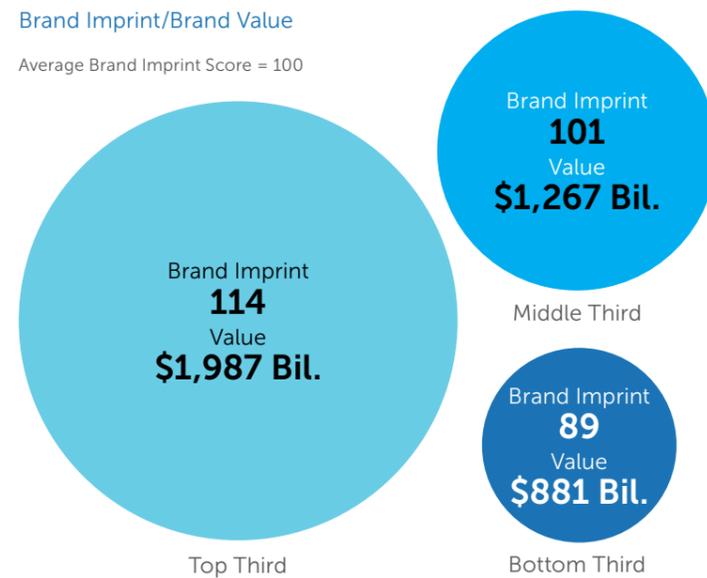
Reinforce relevant brand purpose, principles and messaging. Think of your assets as potential mini opportunities to invoke reminders of key messages to maximize influence at points of decision making.

STRONGER BRAND IMPRINT EQUATES WITH HIGHER VALUE...

There is a positive correlation between a brand's Brand Imprint Index score and its value, indicating that improving a brand's BII is likely to contribute to increasing its value.

Brand Imprint/Brand Value

Average Brand Imprint Score = 100

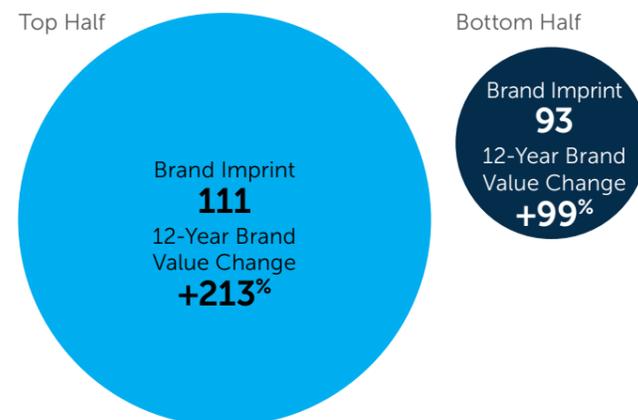


(99 brands with Brand Imprint and Brand Valuation data)
Source: BrandZ™ / Kantar Millward Brown

...AND STRONGER BRAND IMPRINT EQUATES WITH FASTER VALUE GROWTH

Brands with high Brand Imprint Index scores grow value faster. Based on the performance of a group of BrandZ™ Global Top 100 brands over twelve years, brands with high BII scores increased 213 percent in value, while low-scoring brands increased 99 percent.

Brand Imprint /Value Growth



The same 58 brands with Brand Imprint and Brand Valuation data in both 2006 and 2018
Source: BrandZ™ / Kantar Millward Brown

IMPRINT SCORES VARY BY CATEGORY...

Generally, categories associated with short-term decision making were more likely to contain brands with stronger assets than those involving longer-term decisions.

Category/Brand Imprint



Source: BrandZ™ / Kantar Millward Brown

...AND IMPACT VARIES BY ASSET TYPE

Typically, shapes and patterns, logos and packaging cues were much more evocative of a brand than slogans, celebrity endorsements, or sponsorships.

Asset Genre	Average Asset Score	Asset Genre	Average Asset Score
Shapes and patterns	124	Interface	98
Logos	123	Colors	92
Founders	111	Stores	92
Fonts	110	Advertising elements	88
Packaging	109	Celebrities	87
Characters	102	Slogans	85
Product cues	100	Sponsorship	77

Source: BrandZ™ / Kantar Millward Brown

BrandZ™ Analysis

BRAND IMPRINT

BRANDZ™ TOP 10 BRAND IMPRINTS

These BrandZ™ Global Top 50 brands score highest in the BrandZ™ Brand Imprint Index (BII), which combines all brand assets into one summary score. The range of sectors—technology, services, FMCG, and retail—demonstrates that establishing strong assets is possible and advantageous in any category. A Brand Imprint of average strength scores 100.

Rank	Brand	Category	Brand Imprint Score	Country of Origin
1	Samsung	Consumer Electronics	140	
2	Disney	Leisure Attractions	128	
3	Google	Information, News & Search	122	
4	Facebook	Online Sharing & Networking	121	
5	Budweiser	Beer	120	
6	Ping An	Insurance	119	
7	Marlboro	Tobacco	119	
8	American Express	Payment Networks	117	
9	Amazon	Electrical Retailers	111	
10	Walmart	Electrical Retailers	111	

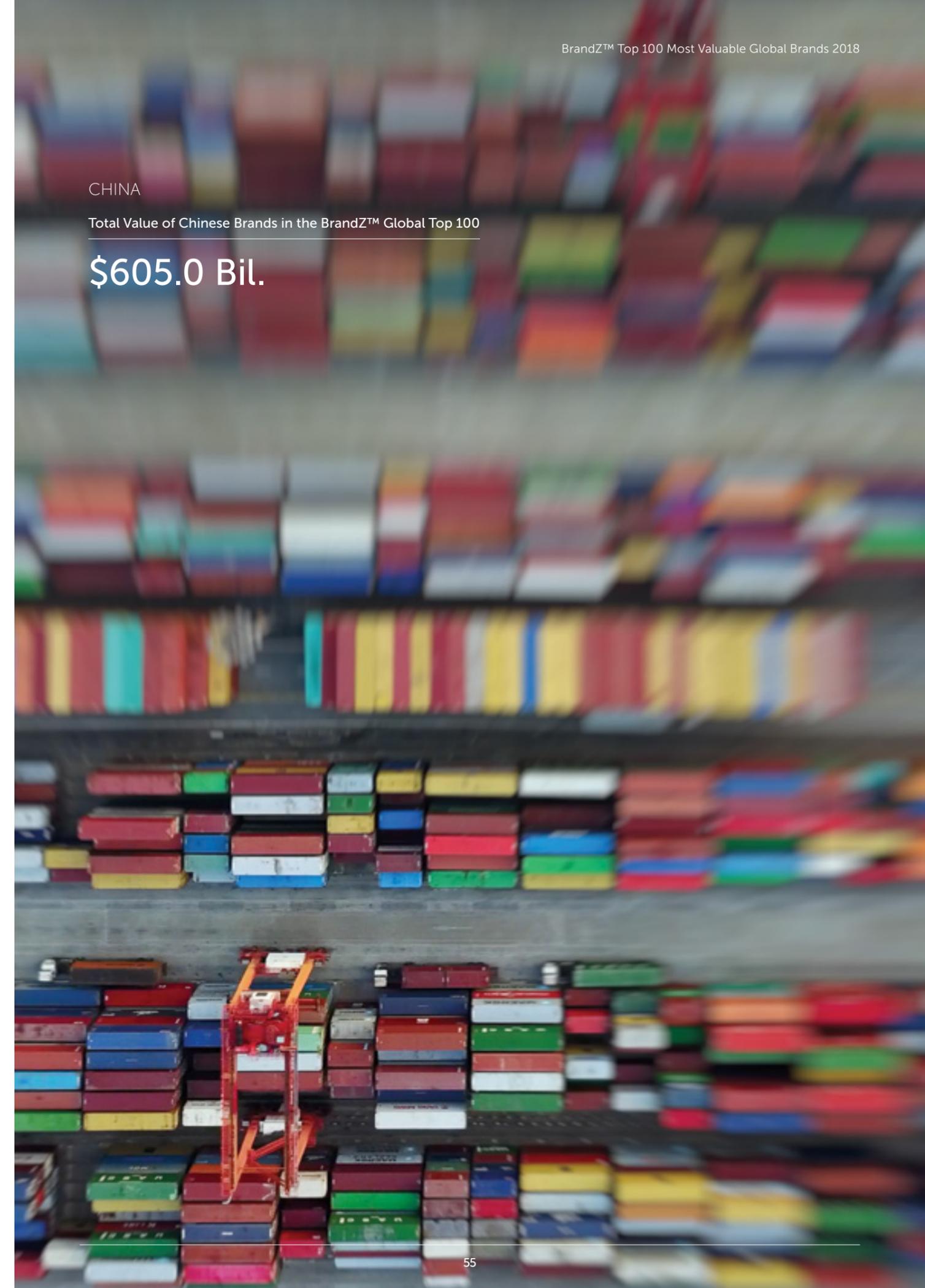
Source: BrandZ™ / Kantar Millward Brown

BRANDZ™ TOP 10 ASSETS

These BrandZ™ Global Top 50 brands had the highest scoring individual assets. The assets reflects that patterns, logos and shapes, combined with distinctive colors tend to be most immediately linked to brands. The famous Apple logo leads the way with its unique and stylized direct cue to the brand name. An asset of average strength scores 100.

Rank	Brand Asset	Brand	Category	Brand Asset Score	Country of Origin
1		Apple	Consumer Electronics	164	
2		Maotai	Alcohol	161	
3		Samsung	Consumer Electronics	159	
4		Google	Information, News & Search	158	
5		Mercedes-Benz	Cars	156	
6		Nike	Sports Goods	156	
7		Xfinity	Telecom Providers	155	
8		Industrial & Commercial Bank of China	Banking	155	
9		Deutsche Telekom	Telecom Providers	154	
10		AT&T	Telecom Providers	153	

Source: BrandZ™ / Kantar Millward Brown



CHINA

Total Value of Chinese Brands in the BrandZ™ Global Top 100

\$605.0 Bil.

Disruption and Change



BUSINESS-TO-BUSINESS

DISRUPTION

THOUGHT LEADERSHIP

Disruption
by Uri Baruchin
Strategy Partner
Superunion

Blockchain
by Bediz Eker
Group Strategy Director
Y&R

THE FUTURE OF BRANDS

THOUGHT LEADERSHIP

Paradox of Digital
by J. Walker Smith
Chief Knowledge Officer, Brand & Marketing
Kantar Consulting

Experience
by Doreen Wang
Global Head of BrandZ™
Kantar Millward Brown

BUSINESS-TO-BUSINESS

B2B value growth outpaces Top 100

Brand transformations gain traction

The BrandZ™ Business-to-Business Top 20 rose 26 percent in value, outpacing the growth of the BrandZ™ Global Top 100 overall, and more than doubling the 11 percent B2B growth rate of a year ago. Value increases varied by category, with many technology and global and regional bank brands rebounding and hitting their stride after years of adjustment to economic and industry disruptions.

The B2B ranking includes the highest-value brands in the BrandZ™ Global Top 100 that generate over half of their revenues from business clients. Half of the B2B Top 20 are technology brands, four are banks, and three brands added to the BrandZ™ global ranking this year are in the logistics category. In addition, two B2B Top 20 brands are in the oil and gas category and one is a conglomerate.

Many of the B2B technology brands have substantially transformed their business models to cloud-based operations. The increasing number of partnerships between B2B and business-to-consumer technology brands has increased expertise and customer access on both sides of the increasingly porous B2B-B2C divide.

A decade after the financial crisis, global banks have emerged, finally, from the overhang of fines and regulatory changes. A strong global economy and profitable businesses serving high-wealth individuals helped drive strong financial results, as brands also built awareness among a new generation of customers more inclined to turn to fintechs for financial service needs.

The rise of the logistics brands was one more example of the "Amazon Effect," which crossed many categories, usually as a challenging and disruptive force. In contrast, the logistics category benefited from the increase in package delivery driven by e-commerce. Amazon's test of its own delivery system portends future logistics category disruption, however.



INSIGHT Emotion

B2B buying is emotional and rational

It is important for the B2B brands to understand that the reason they are getting bought isn't often what they sell, because that's fairly interchangeable with the other brands, it's who they are and how they operate that will set them apart. That's because B2B buying is emotional as well as rational. It can be divided into four steps. You identify the need, short-list suppliers, compare quotes, and make a decision. Identifying need is pretty rational, in contrast to B2C. But a lot of emotional values come in when you create a short list and decide on the ranking. You consider your experience with the brands and how the brands communicate in their marketing and advertising. And when you get to the final decision, it's very emotional—you are putting your reputation on the line with your decision.

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MEDIACOM

TOP 20 B2B

Rank	Brand	Category	Brand Value 2018 \$ Million	Brand Value 2017 \$ Million	Brand Value % Change 2018 vs. 2017	Country of Origin
1	Microsoft	Technology	200,987	143,222	+40%	
2	IBM	Technology	96,269	102,088	-6%	
3	UPS	Logistics	60,412	58,275	+4%	
4	SAP	Technology	55,366	45,194	+23%	
5	WELLS FARGO	Regional Banks	54,952	58,424	-6%	
6	GE	Conglomerate	39,041	50,208	-22%	
7	accenture	Technology	33,723	27,243	+24%	
8	intel	Technology	28,316	21,919	+29%	
9	ORACLE	Technology	25,802	21,359	+21%	
10	HUAWEI	Technology	24,922	20,388	+22%	
11	HSBC	Global Banks	23,633	20,536	+15%	
12	FedEx	Logistics	22,218	19,441	+14%	
13	cisco	Technology	21,331	16,725	+28%	
14	citi	Global Banks	21,258	17,580	+21%	
15	DHL	Logistics	20,568	15,844	+30%	
16	Shell	Oil & Gas	20,264	18,346	+10%	
17	J.P.Morgan	Global Banks	18,251	14,129	+29%	
18	ExxonMobil	Oil & Gas	18,222	18,727	-3%	
19	Adobe	Technology	17,831	11,649	+53%	
20	salesforce	Technology	17,026	12,234	+39%	

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

BUSINESS-TO-BUSINESS



INSIGHT
B2C

Brands cycle between B2B, B2C models

The B2B brands have a harder time reaping the benefits of dashboard type digital solutions because they don't have one particular user in mind. The user is a company with multiple individuals using the product. Consequently, the brands move in a cycle where they move toward more digital solutions and dashboard-type behavior, and then shift back to B2B model, which is based on long-term relationships and trust.

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KANTAR

After three years of cost cutting by oil and gas brands, profits flowed at a lower price-per-barrel of oil and profits increased for some brands when oil prices rebounded from historic lows. The shift from oil to gas, and the challenge of hydraulic fracking in the US, created new disruptions and costs, and a need to strengthen the image of these B2B brands among consumers.

Transformation and growth

Adjusting to change has been challenging for B2B brands, which operate in a more complex world than B2C brands, often selling solutions rather than products. In oil and gas, smaller and more agile companies provided cheaper exploration and production services. Technology leaders with businesses based on extensive, long-term customer relationships, encountered smaller disruptive brands able to provide narrow, cloud-based, lower-cost solutions.

Microsoft illustrated the ability to successfully navigate these changes, having opened the company to collaboration with other brands and developed a cloud storage business, now second in size only to Amazon's. Microsoft was among the fastest-rising B2B brands, with value increasing 40 percent. Adobe led in B2B value



INSIGHT
Branding

B2B marketing is bland, but it is improving

B2B marketing increasingly looks to B2C for inspiration and that is the best thing that can happen to it. So much B2B marketing, even from leaders in their sectors, is so dull and generic. Why? This is the gravitational pull of B2B's marketing—business people talking to business people. The paradigmatic difference between B2C and B2B marketing is the relationship of brand and audience. In B2C marketing, the customers are a mystery to be solved. In B2B marketing, the customer needs are in a request for proposal (RFP). Often, at top of the sector are those who learned to "tick the boxes" best. Their entire evolution is a training program in being similar. No wonder B2B leader-sets are often both rigid and nearly indistinguishable. I call this trope, "the leader's lament." What gets you to the top, stops differentiating you at the top. You may try to differentiate, but your entire organization has evolved to tick boxes, so stakeholders dilute it to death. The gravitational pull is too hard. This powerful pattern is the most common challenge faced by marketing leaders in B2B organizations. Identifying the pattern is a start. Never give up.

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superunion



INSIGHT
Buying Decisions

Generational change shapes buying decisions

There are some classic differences between B2B and B2C. First is the complexity of heritage B2B where, increasingly, brands are selling solutions rather than products. And those solutions can't always be compared like-for-like. So, we are seeing the path to purchase become much more buyer driven. We are seeing more people involved in the decision, which adds to the complexity both from buying and selling perspectives. Here's where it's possible to say that B2B is moving toward B2C; because you're selling to human beings, and those human beings are different from 10-to-20 years ago in that millennials are moving into positions of stronger influence. They bring values to the decision making process that are different from how B2B has been sold in the past. And as human beings making big decisions in full view of colleagues, they need to get it right, so the trust and emotion invested in a partnership are often as important as rational selection.

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increase, rising 53 percent, with cloud subscription services producing the vast majority of revenue. Salesforce rose 39 percent, as it continued to expand its cloud-based services and partnered with Google.

Change has been especially challenging for the large scale, heritage B2B brands, such as IBM in technology and ExxonMobil in oil and gas, both of which have progressed through category disruption. GE, a 126-year-old brand, and the only conglomerate ranked in the BrandZ™ Global Top 20, was in the midst of a major restructuring.

Over the past 12 years, B2C technology brands increased 568 percent in value, compared with a healthy but much lower 163 percent increase for B2B technology brands. However, the growth rate gap is narrowing. And over the past year, B2C technology brands increased 22 percent in value, and B2B brands almost matched them, with a 19 percent increase.

Decision-making

The decision-making process has changed as more millennial

generation workers move into executive positions and bring different values. To appeal to younger workers, the requests for proposal (RFPs) increasingly ask not only about product and functional capabilities, but also about purpose-related criteria like sustainability and inclusion.

Responding to pressure from customers, consumers, and government regulators, B2B brands have focused beyond the immediate concerns of providing products and solutions. They have adopted a values-based approach to run their businesses with policies governing sustainability, supply chain ethics, and other issues.

The B2B businesses have been skilled at the rational part of the sale—presenting what they do—but sometimes less effective at differentiating—explaining how they operate. The B2C brands are better at emotional communication, which can be an advantage for brands like Apple and Google as they move deeper into the B2B space. Amazon's AWS is already the No. 1 business cloud service, followed by Microsoft and Google. But building brand and reputation are vital for B2B companies.

BUSINESS-TO-BUSINESS



BRAND BUILDING ACTION POINTS

1

Ask the right questions

Consider how to transform the brand as a service. The provocative question to ask is: if the brand divested all of its products today, what would be left? What is the brand's purpose? How can the brand build on the answers?

2

Keep changing

What gets a brand to the top sometimes stops differentiating the brand when it arrives. Leading brands need to set themselves apart from their peers and from new competitors. Change is hard and risky. But change is necessary, and too often happens too late.

3

Collaborate

Finding partners, especially across the increasingly porous B2B-B2C divide, can leverage current capabilities, develop new ones, and expose the brand to new customers—all while growing revenue.

4

Customize the message

Be more adventurous with the brand's communication style, which can be done in a targeted way, and will have the positive effect of resonating more effectively with the younger managers who are increasingly deciding what B2B brand to purchase—or not.

5

Communicate to young people

Connecting with younger decision makers, and recruiting younger people to work in the organization, requires genuinely aligning with the values that they espouse, such as sustainability and inclusion.

DISRUPTION



Disruptors spin new ideas, tech into storms

They alter society while building scalable businesses

Disruptor brands are like forces of nature; awesome and devastating, they transform the landscape. Trying to understand the exact nature of these whirlwinds is more difficult, especially as they tear through the middle of categories or create multiple fires at the edges. Having tracked a lot of category storms, WPP brand experts offer these insights.

The transformative power of disruptor brands starts with their ability to identify unmet needs and create something new—a solution—to meet the needs. Disruptor brands make the solution profitable and scalable in ways that alter consumer behavior and expectations, and the market share of existing brands, forcing the brands to change the way they do business.

Disruptor brands disregard category boundaries. They usually act to improve the life of the consumer or at least remove pain points. In the context of recent technological

disruptions, this definition applies to two successive waves: The Amazon and Google impact on e-commerce and search at the end of the twentieth century; and the mobile revolution starting with the introduction of the Apple iPhone a decade ago.

Amazon is the perfect storm that creates a tidal wave of change. Over the 10 years between 2007 and 2017, when the Global Top 100 increased a healthy 128 percent, the brand value of Amazon soared 2,235 percent. But, as in nature, there are few perfect storms—brands that create entirely new categories and force business models to change across many other categories.

There are however, many brands that have a disruptive effect on one or more categories. Small, unknown start-ups launch on Amazon, or other internet platforms, and ripple through categories with price and product propositions that challenge long-established brands. Although not disruptors on the scale of Amazon, these small brands are disruptive. They are the craft beers, fintechs, or small, online apparel or personal care start-ups.

INSIGHT Scale

Once an enabler, scale can inhibit brand success

Our clients are worried about their fundamental business models—that's where disruption is powerful. Scale had been such an important filter for consumer product brands, but today, scale can prevent brands from taking advantage of interesting new opportunities. The information economy is shifting value away from economies of scale to economies of networks. As a result, category walls are falling down because the very way that consumers build their consideration sets is changing. True disruptors are shaking up the very parameters with which we're defining and thinking about industries and categories.

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INSIGHT Disruptors

Longevity will require scale and media mix

Disruptive brands have one thing in common: they feed their strategy based on the current and sometimes foreseen or predicted needs of the consumer and/or customers while creating demand for their products and services. They are able to shape our paradigms and in some cases, change culture and transform the way we or society do things. In recent years, we've seen the incredible growth and success of these types of companies, such as Uber, Amazon, Airbnb, Netflix, and Alibaba. These disruptive players challenge current industry business and even society models by leveraging a combination of human ingenuity, innovation, and technology. However, not all disruptive brands are successful and long-lasting. Those that will survive are the ones that will know how to scale at speed, and reach their audiences across an integrated mix of media channels while being nimble and constantly adapting to market conditions.

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Ultimately, every brand fits into a triad—every brand is either the disruptor, disruptive, or disrupted. But these designations can change during the lifecycle of a brand, and every brand has the power to make that change happen.

Disruptor Brands

Animating this triad are the disruptive ideas enabled by technologies such as artificial intelligence (AI) and blockchain. With AI, machines gather and manipulate data and produce useful insights, sometimes faster and better than the human brain. Blockchain streamlines transactions with transparent networks that eliminate the need for mediation. Both technologies have applications—and potentially disruptive consequences—across categories.

AI will enable more automation and potentially eliminate jobs, which produces disruption and requires new skills. AI as it is used in personal assistants, like Alexa, potentially disintermediates brands from shopping consideration. Banks, by definition, are the mediators in financial transactions. Blockchains, in the form of crypto currencies, threaten to disintermediate banks and restructure banking.

INSIGHT Media

Reaching young requires multiple media formats

The polarization of approaches brings new challenges for brand marketing and marketing effectiveness. Where ad receptivity is low among younger audiences, brand marketers are using opposing approaches simultaneously: both short- and long-form content; a combination of broadcast and hyper-targeted ads; live customized experiences and AI-driven communications. This brings a massive challenge: stretched media budgets need to cover traditional and new channels, the production of customized creative for each platform, when an individual can experience a single brand in both a "mass" and "bespoke" way, from one minute to the next. Somehow this all needs to be brought together, and to be recognizably from the same brand. This makes good business sense; we know from our AdReaction Research that campaigns that are both integrated and customized are 57 percent more effective in building brands. I'd argue that we are moving from "or" to "and." It's not a fight. It's diplomacy, led by intelligence and understanding.

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DISRUPTION



INSIGHT Unicorns

Unicorns shift from product focus to brand

Among disruptive brands, we are seeing a quest to move beyond the romanticized tech company. The life cycle of these disruptors can be short. They want a longer life cycle and would prefer to be a “phoenix” than a “unicorn.” A company that can survive challenges and keep rising from the flames. The leaders of these companies think like engineers and have previously prioritized product over everything else. But now they are starting to consider brand. They need to understand that technology will move on, a newer product will grab consumer attention, and today’s disruptor will become tomorrow’s disrupted. At that point, a brand that has connected with consumers will be harder to disrupt.

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Disruption also is about recognizing unmet needs and reframing the marketplace, as exemplified by WeWork, which provides office space for the gig economy. Ultimately, the most impactful disruptors introduce a new business model that shakes up an entire category or categories. Other examples of this kind of disruption, when a new business model challenges an existing category, include Uber (mobility) and Airbnb (travel).

Perhaps the most identifiable characteristic of a disruptor brand is that it keeps disrupting. Amazon, Alibaba, Apple, Google, and Facebook are all relatively young technology brands still guided by a founder or a founding spirit. They attempt to keep customers in growing ecosystems of ever-changing exceptional products and services that give customers little desire to leave.

Disruptive brands

The disruptor brands also enable the disruptive brands to exist. They provide the online platforms and devices, which are the habitats in which disruptive brands thrive. Established brands across consumer product categories are being nibbled by these disruptive brands, which easily access e-commerce and social media platforms.



INSIGHT Brands

Brands help absorb shock of disruption

For decades, two structural barriers protected FMCG leaders: limited distribution because there’s only so much shelf space; and limited airwaves because there are only so many media players. With the rise of e-commerce, anyone can get a product distributed to a consumer much cheaper, easier, and faster than ever before. Because of YouTube and other media channels, anyone can get the word out about a new brand. These technological changes dramatically reduced the marginal cost of distribution and awareness building. Consequently, even if you are the market leader you need to worry about new brands entering the market faster and more frequently. Categories are fragmenting because of these reduced barriers to entry and brands need to build more flexibility into their businesses. Reliance on existing operations and business models can actually be a constraint. In contrast, it’s important to rely on brands, the most non-linear, flexible part of the business. The brands are a shock absorber to the change happening in the category. They create loyalty and time to react.

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INSIGHT Technology

Consumer needs, not technology, causes disruption

I don’t think machine learning is quite there yet. A person needs to string together a query of words. I would call that interpretation. A human layer of expertise will always be there. Let’s assume that IBM Watson creates a way to troll the internet for key words, tones, and lexicons, and produces a creative brief. We still need someone to program that machine learning algorithm and do quality control and work with the people acting on the reports to implement and inform tactics. We’re still far away from being threatened by machine learning. It’s dangerous to say that these technologies by themselves are causing disruption. It’s actually the consumer needs that we’re filling with this technology driving the change.

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Y&R

The apparel and personal care categories are especially susceptible to this phenomenon. Small brands, or non-brands, often from Asia, reach wide audiences on the internet, with promises of high quality fashion at lower prices. The online apparel brand Everlane promises radical transparency and an ethical supply chain. It shows customers the cost of production, which makes much of the competition appear too expensive.

The beauty brand Glossier says it has inverted the beauty market business model with product ideas driven by consumers, not marketers. It has moved beauty tutorials from department stores to Instagram. Taking advantage of e-commerce communication, a brand called Brandless promises to deliver lower cost quality food and household products by eliminating marketing costs and excessive mark-ups.

Disrupted brands

Disruption may be inevitable. But the outcome is not. Until recently, the banking industry in China was replete with sluggish state-owned companies. They were easy targets for Alipay, WeChat pay, or JD pay, the payment

systems of fast-moving technology brands. Recognizing the importance of customer relationships, the Chinese banks rapidly integrated AI and enhanced the customer experience. Facial identification in banking is ubiquitous now, for example.

Banks in the West face similar challenges but have moved more slowly for several reasons. First, the consumer take-up of mobile payment systems has been relatively less robust so far, in part because of the wider use of credit cards relative to China. Second, the regulatory restrictions on personal data are greater in the West. Third, investments rather than retail transactions usually drive the bulk of profit. As some of these factors change, and blockchain evolves, the Western banks should face more disruption—from themselves or from other entities.

Responding effectively also requires the right attitude. Large brands are often thought of as big ships, heavy in the water and difficult to turn because of business needs and responsibilities to stakeholders. But big brands do innovate and can disrupt markets. Big brands are able to play in spaces not available to small, disruptive brands because the cost of entry is too high.

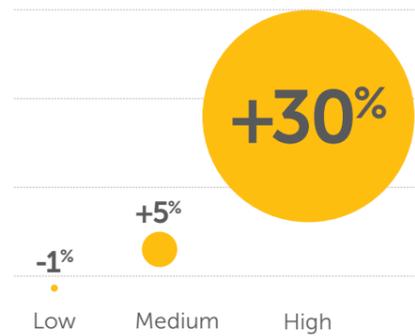
DISRUPTION

PERCEIVED DISRUPTION ADDS BRAND VALUE...

Over a three-year period, 2015 to 2017, brands perceived to be high in disruption, in the ability to shake up a category, increased 30 percent in brand value, while brands perceived to be low in disruption actually declined slightly in brand value.

Shaking Things Up

3-Year Value Change



Source: BrandZ™ / Kantar Millward Brown

...DISRUPTION PLUS DIFFERENCE ACCELERATES GROWTH...

Disruption drives brand value growth. And Difference, being seen as a trend-setter and distinctive from the competition, also drives brand value growth. Brands perceived to be both Disruptive and Different grow faster. Over a three-year period, 2015 to 2017, brands perceived to be high in both Disruption and Difference increased 28 percent in brand value.

Different and Disruptive

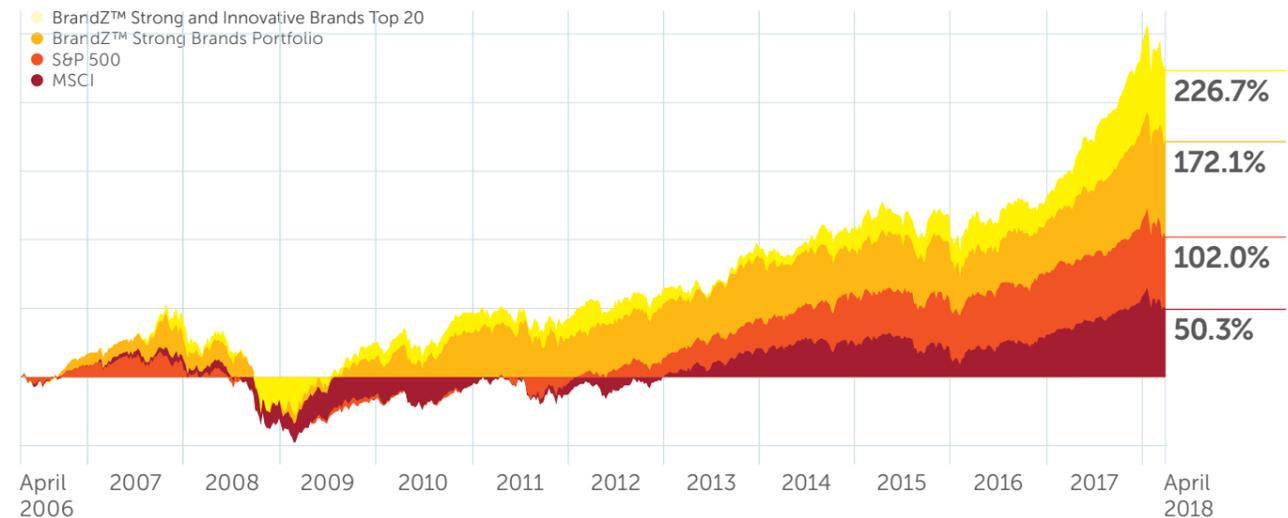
3-Year Value Change



Source: BrandZ™ / Kantar Millward Brown

...AND DYNAMIC BRANDS ACCELERATE THE GROWTH OF SHAREHOLDER VALUE

Shareholder value soars for the most dynamic brands—brands that are Different in the most innovative or disruptive ways. In 12 years, between 2006 and 2018, the BrandZ™ Strong & Innovative Brands Portfolio increased 226.7 percent, outperforming the S&P 500, which grew 102.0 percent, and the MSCI World Index, which grew 50.3 percent. With its disruptive edge, the BrandZ™ Strong & Innovative Brands Portfolio even outperformed the BrandZ™ Strong Brands Portfolio, which is comprised of Global Top 100 brands with the highest brand equity.



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

The BrandZ™ Strong Brands Portfolio is a subset of the BrandZ™ Top 100 Most Valuable Global Brands.

The BrandZ™ Strong & Innovative Brands Top 20 is a subset of the BrandZ™ Strong Brands Portfolio—brands that score high in being Dynamic and Different.

BRAND BUILDING ACTION POINTS

- ### 1 Anticipate disruption

Watch the horizon and change before the storm hits, despite the many reasons for staying the course, including financial pressures, responsibilities to stakeholders, and sometimes just inertia.
- ### 2 Create disruption

Big brands can disrupt when they leverage their size advantages, which include the ability to play in spaces where the cost of entry is high, and to invest in in-house startups that can create innovative products and services.
- ### 3 Find the fringe

Even in maturing categories, great companies that are brand-focused and customer-centric can find growth opportunities in growing spaces at the category fringe.
- ### 4 Swim with the fast fish

When innovation is needed, it is tempting for a big brand to hook a small fish, the invasive species that have invaded the pond. But it is better to swim alongside the fish and learn its movements. The digested fish loses its distinctiveness and becomes just a part of the larger organism.
- ### 5 Be a leader

Leader brands innovate and take a category forward. Too often, larger brands become staid and risk-averse. But continually innovating, leader brands keep moving the market forward and become more difficult to disrupt. Brands that have maintained leadership over time are both disruptive and shielded from disruptions.
- ### 6 Build soft power

Scale may be an old paradigm. The way nations are shifting from empire and power to soft power and influence, brand building is becoming less about scale and efficiency and more about being close to the customer and not pushing products, but instead answering needs with locally-tailored innovations.
- ### 7 Strengthen the brand

Companies need flexibility more than ever before, as technological and social changes disrupt categories. Brands act as shock absorbers, cushioning some of the impact with loyalty and love that give companies time to respond.

Thought Leadership

DISRUPTION



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Disruption myths favor the startup hero story

But reality is more complicated, and big brands can be disruptors

superunion

Superunion is a next-generation brand agency built on a spirit of creative optimism. We use upstream creativity to build brands that unite people and organizations.

www.superunion.com

When it comes to market disruption the stories we tell now go further than the original definitions of disruptive innovation, coined by Harvard Professor Clayton M. Christensen in 1995, or disruptive technology, coined by economist Milan Zeleny, in 2009.

Today, the corporate conversation about disruption is influenced by its portrayal in the media, even in the trade media, and a specific “disruption trope” seems to dominate. Ideally, this is the story of a small but innovative brand coming “out of nowhere,” harnessing a technological breakthrough the brand came up with

(or at least was the first to exploit), growing quickly, redefining the category, and making the “big guys” reassess their business model—to mention some components of the ideal story.

The real stories are rarely as “perfect.” For example, often disruptors aren’t the first to discover the breakthrough. Around the time Uber rose to prominence there were other GPS-based ride apps, and many also approached mini-cab stations in order to build a driver base more quickly. What made Uber into a disruptive player is that it combined

a slick interface with smart data analytics, ruthless recruitment of drivers and, let’s face it, other forms of ruthlessness that attracted negative coverage. Thus, they grew up the fastest.

The popularized disruption trope glosses over the details of a more complex reality. In fact, disruption comes in a variety of shapes and sizes. By appreciating a wider variety of tropes, we can learn to understand disruption better and the different roles brands can play. Here are three examples of tropes in this more complex reality:

Thought Leadership

DISRUPTION

Single Disruptor

Yes, there's the single disruptor, the first to get it right and redefine a category. Google did it with its PageRank algorithm, which measured the importance of websites based on the number and importance of other websites with which it was linked. PageRank was a new paradigm that immediately made other engines of that time seem obsolete.

Disrupted Space

Then, there's the disrupted space. Often driven by technology, a new way of doing business becomes possible, but if the technology barriers are lower, there could be a whole group of disruptors competing for primacy. In the UK, you have Just Eat, Deliveroo, Grubhub, and Uber Eats—all competing for essentially the same market, disrupting many aspects of the traditional restaurant food delivery model. There's still a chance of someone breaking away from the pack, the way Uber did with ride services. A disruptor to the disruptors. However, experience tells us that unless some surprise innovation is introduced, domination of that space would be more down to the right brand proposition and the right customer experience.

Piranha Scenario

A subset of that trope is the piranha scenario. This happens when technology or supply chain innovations are available to many and the entry price is low. What we often get then is many little players biting off bits of the big brands' business.

This pattern is prominent, for example in the world of professional

"We might become oblivious to the disruption led by big brands. Because it doesn't fit the dominant disruption trope, it gets demoted to "innovation," even when it's clearly disruptive innovation, or ignored because it's deemed less exciting than the disruption stories the market recognizes and loves."

services. A whole swarm of little players in legal services are offering contract and wills based on simple templates and algorithms, in business models driven by search engine optimization and pay-per-click. They are slowly making a large chunk of traditional business disappear.

The more we adopt the disruption trope dominant in the media, the more likely we are to miss the many other forms it takes. Perhaps, more importantly, we might become oblivious to the disruption led by big brands. Because it doesn't fit the dominant disruption trope, it gets demoted to "innovation," even when it's clearly disruptive innovation, or ignored because it's deemed less exciting than the disruption stories the market recognizes and loves.

An interesting question is what can big brands do to create disruption? As they're watching the barbarians at the gate, can they be a part of the disruption game? The answer is a

resounding yes. Big brands have two major modes of disruption, and both are related to being, well, big.

1. The first mode is investing in innovation and research into disruptive technologies on a scale that small players cannot afford. For example, most drug breakthroughs will keep coming from big pharma because the scale of investment required creates a huge barrier for entry. Drugs require not just technology and knowledge; their development takes a long time and that's expensive.
2. The second mode is creating pockets of disruption within the bigger organization. Encouraging side-projects has been part of the corporate culture of companies like GE and 3M for years. A more contemporary form of that mode is the "labs" model and other "innovation platforms" as made famous by Google.

TAKEAWAYS

Big brands can be disruptors

1

Learn to identify the many forms disruption can take.

2

Go big and small. Invest in the big disruption of major projects beyond the reach of small brands, and invest in small, "lab"-like innovation platforms.

3

Remember that success often comes not in being the first to discover a disruptive technology or market opportunity, but in being the first to get the proposition and experience right. Customers won't necessarily immediately "get" disruption-driven innovations.

Smart big brands are active on both fronts at the same time. Furthermore, if they want disruption to land in the market, they consider the marketing and branding aspects of their new developments.

Disruptions born out of the first mode—investing heavily in disruptive technologies—often require careful proposition development to go to market and be embraced by audiences.

The second mode—creating pockets of disruption—requires a different type of marketing support to help the small ideas gather momentum through the organization and gain commitment from senior stake holders.

While the myth of the small disruptor may get more airtime, and the media likes the shooting stars, there are still great rewards for the more established big players in cultivating disruption and taking it to market successfully.

Thought Leadership

BLOCKCHAIN



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Consumers will own their data, making brand switching easier

Unchained by blockchain, consumers will choose the brands they can trust



Y&R is a global advertising agency that provides analytical knowledge and integrated marketing solutions to businesses.

www.yr.com

Blockchain is the new buzz word in various industries including marketing communications. Some of its radical evangelists think that blockchain will solve most of our modern world problems while there are also skeptics who see it as a Ponzi scheme because of its associations with the highly volatile and unregulated cryptocurrency markets. However, familiar faces from the internet revolution have already started up

companies set to disrupt various categories with this new technology and repeat their previous success with "the next big thing."

On the other hand, giants like Walmart and Amazon are also exploring different ways to implement blockchain technology to improve their supply chain management and to increase return of their marketing investment. Governance of this

new technology is one of the major barriers to scalability and it will take years to resolve, but even at this early stage blockchain has started to change relationships between brands and consumers.



Thought Leadership

BLOCKCHAIN

Blockchain was invented in order to keep a decentralized and immutable ledger for cryptocurrency transactions. Unlike central database management systems, storing encrypted data by multiple bookkeepers on blockchain reduces the need for intermediaries, making data transfer more transparent, efficient, and simple. According to Juniper Research's Blockchain Enterprise Survey, two-thirds of large corporations (defined as having at least 20,000 employees) are expected to integrate blockchain by the end of this year.

Everything from dental care to real estate can be potentially affected and there are already existing companies that disrupt the conventions of

these categories by using blockchain. As the approximately \$600 million blockchain products and services market is expected to grow to \$7.74 billion by 2024, according to Grand View Research, brands that have a larger footprint in blockchain will eventually grow their values accordingly. While hardware and software solutions that establish blockchain infrastructure will become a growing market for business-to-business, brands that deliver integrity, value and convenience through their blockchains will enjoy longer relationships with their consumers.

Consumers as stakeholders

However, brands will not have the option of taking loyalty for granted because consumers will have ownership of their personal data, and with it the power to take their data

to another brand that delivers higher benefits in return. Even today, erosion of brand trust and exigence of data privacy among consumers don't help brands recruit loyal customers. Y&R's proprietary Brand Study BAV, Brand Asset Valuator results show that in the last 15 years, Brand Trust has fallen from 44 percent in 2001 to a low of 18 percent in 2017. And the Cambridge Analytica scandal surfaced the greatest data leak in Facebook's history bringing data privacy issues top of mind.

"Brands will not have the option of taking loyalty for granted because consumers will have ownership of their personal data, and with it the power to take their data to another brand that delivers higher benefits in return."

Technically, blockchain will help marketers tackle both issues by building a totally transparent relationship with their consumers if brands commit to it. And brands will be forced to commit, because consumers will have ownership over their own data, meaning they will move to a competitor if their expectations aren't being met. We will then meet the real "empowered consumers" who will not only expect brands to keep their promises but also expect to be treated as stakeholders.

Consumers are already asking for traceability of products for different need states. But with its totally transparent and immutable ledger, blockchain will enable consumers to easily get sight of the supply chain and spot any suspicious activity which contradicts their personal values. Consumers will also become

stakeholders when the majority of brands start to reward loyalty with branded cryptocurrencies. As decentralized ledgers are maintained by independent book keepers that expect cryptocurrencies in return, brands will be able to provide this incentive in their own ecosystems as well.

It's hard to predict whether brands will be able to land on a common blockchain that will enable consumers to use their "loyalty coins" across categories or whether we will have

exchange rates between different branded loyalty tokens, but in both cases, consumers will become stakeholders of the brands they choose to stay loyal to. In both cases brands won't be able to

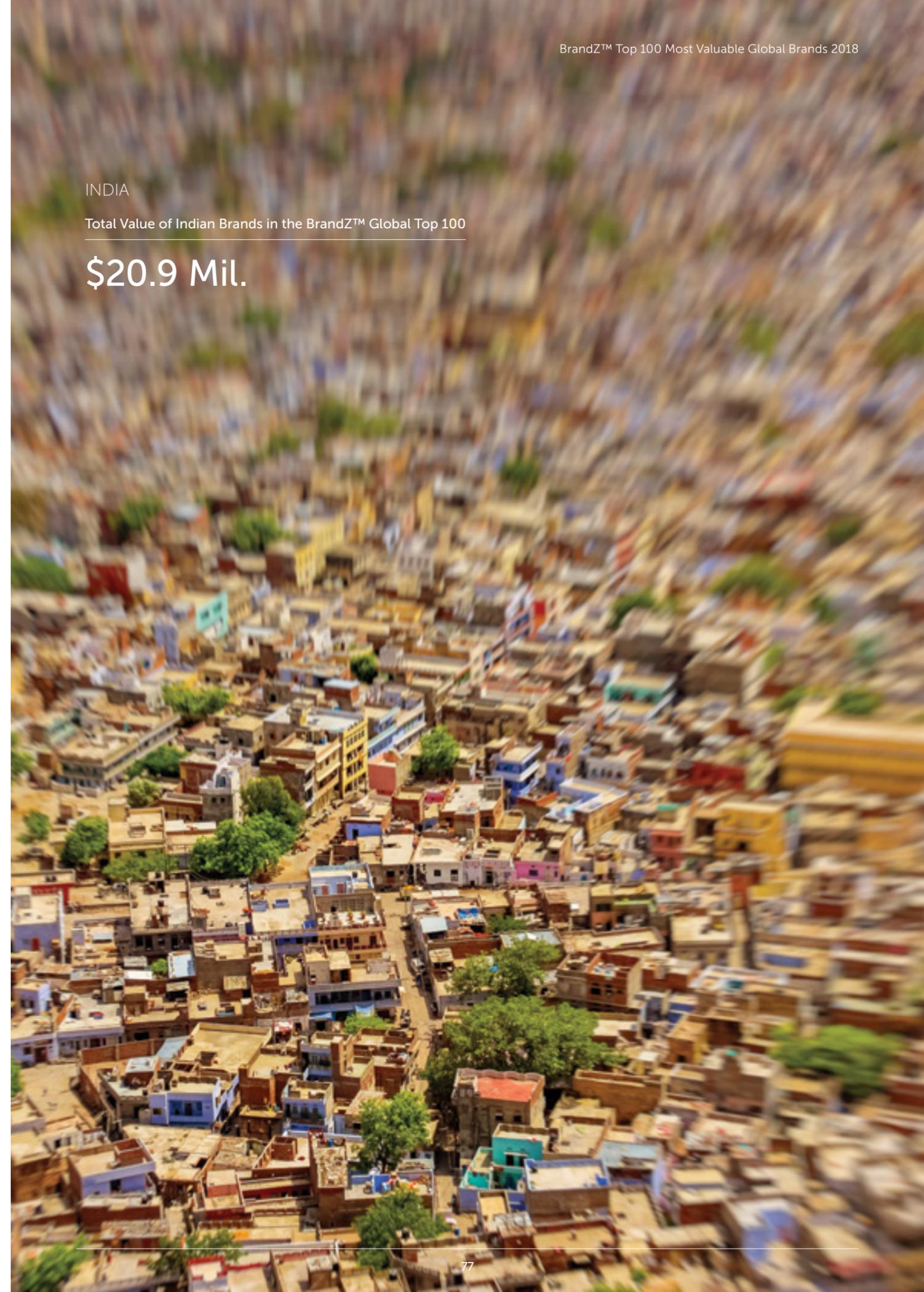
afford to disappoint their consumers not only by their product or service performance but also by the way they produce and deliver them.

Just like every innovation in marketing communications, blockchain will first raise expectations and complicate the relationships between brands and consumers but at the end of the day we will find ourselves going back to the basics. Whether it's an ancient Egyptian livestock brand back in 2700 BCE, or a frozen meatball brand that uses blockchain in its supply chain in 2018, in both cases brands are expected to keep their promises to their consumers. However, today's consumers will be more unchained by blockchain once they gain ownership of their personal data and have the luxury to share it with whomever they choose among an array of brands that fiercely compete with each other.

INDIA

Total Value of Indian Brands in the BrandZ™ Global Top 100

\$20.9 Mil.



THE FUTURE OF BRANDS



Brand importance will rise as technology limits choice

But the risk of disintermediation is urgent



INSIGHT
Voice

Values, utility make difference in digital world

Culture is increasingly driven by technology. The way we communicate, shop, and relax is increasingly digital in nature and changing all the time. We believe the brands that will gain the most in the coming years will play a direct role in those technology shifts. They won't be finding stories so much as finding points of connection. The truth they have to tell will need to be matched by the values they live by and the utility they offer to their customers.

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POSSIBLE

Posed in its most provocative form, the central question about the future of brands is, does it exist? What role do brands play in a world of disintermediation and automatic replenishment where even the newest no-brand upstart, launched on an e-commerce platform, can gain rapid legitimacy? The short answer: Brands need to assert their importance or risk becoming an endangered species.

More brands and non-brands proliferate in the marketplace. Challenger brands are likely to come from China and other fast-growing markets, delivering not only appealing products and prices, but improved brand experience enabled by AI and other technologies.

Many of these brands have met the high expectations of Chinese consumers who purchase groceries and takeaway meals, hail cabs, pay bills, and manage much more of their daily routine on mobile devices,

without having to leave the ecosystem of Alibaba, Tencent, or another internet giant.

The internet's low barrier to entry will enable more such brands—and non-brands—across categories, to enter global markets using e-commerce and social media. In personal care, for example, major brands are being disrupted by Asian brands, or non-brands, with good stories, natural ingredients, and low-cost online access.

Although choice has never been greater, consumers are not always the "choosers." Increasingly, a personal assistant, like Alexa, may make the purchasing decision based on an algorithm, paid search results, or promotion of its own private-label range. These phenomena make getting into the consideration set more challenging.

To be included in a consideration set that is simultaneously enlarged with new competitors and limited by algorithms, brands need to communicate a clear purpose and explain why they are Meaningfully Different, and perhaps even merit a premium. Difference needs not only to be about product, but every aspect of the brand experience.

Insights



Purpose

Market ambiguity requires brands that are clear

Brands will never disappear completely. They play as big a social role as they do a commercial one, sending cues to others about the identity, beliefs, and personality of an individual or company. That said, in an era marked by increasing disintermediation, marketers will need to reconsider how they connect with customers. One way to outsmart algorithms would be for brands to own spaces collectively, banding together with others in different categories that share similar values. But the most foolproof way to survive disruption is the most traditional: build a brand that means something. If you concentrate on how you can help your target audiences fulfill their purpose, you will define your own. Staying customer focused allows for flexibility and resilience in rapidly evolving markets.

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Amazon

A focus on service differentiates brands from like-products

We're seeing a paradigm shift, especially in FMCG, because of the "Amazon Effect." Amazon is building massive factories in China to make white label versions of commodity products. What does that development mean for major packaged goods companies, when suddenly Amazon Basics carries their entire product line? In this world, where a product may not be front and center in the consumer's mind, the brand's purpose may become much more important when the product is invisible, especially with voice interfaces where you don't even see the product on a search results page. When your brand is not visible, because the interface doesn't allow it to be, what differentiates your product from every other product? Creating brand awareness and affinity in these circumstances requires focusing less on product attributes and more on the brand as a service.

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OgilvyRED
STRATEGY INNOVATION GROWTH



Voice

Brands must shift to world of "voice first"

Seven years ago, we saw the first cute videos of children swiping at TV screens or print magazines, expecting them to react (and often being disappointed when they didn't). Those children were the first "touch natives." The children who are growing up with Alexa now are growing up with a general comfort and expectation that they can interact with inanimate objects and expect a response. They are the first "voice natives." When they try to interact with your brand or ask Alexa about your brand, will you be listening? Will you have a reply ready? Do you know how your brand will behave in a conversational voice context? Instead of thinking "digital first," brands need to start thinking "voice first."

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WUNDERMAN

THE FUTURE OF BRANDS



INSIGHT
Purpose

Lack of legacy is small-brand advantage

The corollary to an ongoing decline in trust in traditional brands is an openness to trying new things. Where legacy and history used to be a benefit for big brands, today it can be baggage—baggage that new brands don't carry. Consumers who try new brands not only get to avoid companies they might have a problem with, they get in on the ground floor of a new, more authentic feeling story built by visionary disrupters that are often directly conversing with consumers about what they care about. Faced with a world in which the barriers they built are crumbling, companies that are trying to buy and integrate small brands are missing the point and destroying value. For big companies to find growth again, they've got to address their own baggage, start having authentic conversations with their consumers, and prove to people that there are things they care about more than just their company's performance.

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Disintermediation

The Amazon Dash Replenishment service illustrates the growing threat of disintermediation. When introduced several years ago, the service required consumers to press a "Dash" reorder button. The program now supports automatic replenishment of "smart" products made with a chip, a built-in "Dash" button, that tracks consumption and signals the need to reorder.

At the same time, voice personal assistants, like Amazon's Alexa, threaten to disrupt brands by being the gateway into the home in the Internet of Things and disintermediating brands that are not part of the particular ecosystem, whether it is Amazon, Google, Apple, or another technology brand.

The proliferation of voice is likely to limit, or at least mediate, the brand choice available to the consumer. This development makes it more important to build high brand awareness, especially beyond functionality. Brands will need to be innovative, not just in the products they develop, but also in their customer service and communications.

Voice also will be an aspect of brand identity. The pitch and tone of a brand will communicate a brand's audio identity to complement its visual identity. Voice is part of a brand's constellation of touch points, which need to connect and perform at the same level.



INSIGHT
Brand Love

Investment in brand love secures future

In a few years, when I say, "Alexa, I need some toothpaste," one of two things will happen: (1) Alexa will order the default, either set by me or Amazon (and likely to be an Amazon own brand); or (2) Alexa will recommend a particular brand based on a paid voice-search term. In either case, ensuring the brand is front-of-mind when this transaction takes place is of tremendous importance. Today, more and more brands focus on the sharper end of the purchase funnel. Over-investment in performance will mean that big brand work will suffer and, fundamentally, damage the bottom line in the long term. In short: home assistant or not, building brand love has never been more important.

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In addition, disruption will come in the form of private label, an old phenomenon re-energized by the power of internet giants, like Amazon, which can market its house brands of FMCG products and other offerings to its Prime members and beyond.



INSIGHT
Purpose 2.0

B2B companies counter risk with purpose

There is a new purpose on the block: Purpose 2.0. A purpose delivering real impact and shared value, not just shareholder value. It is being effectively embraced by companies that have inherent risk in their business model and whose impact is liable to be reported in a one-sided way, and by businesses who want to win the fight for the best talent. These brands are traditionally in the B2B sector and they are embracing Purpose 2.0 at C-suite level. We are seeing Purpose 2.0 at its most impactful used to drive both the business and communications strategy. Its success is judged in a more nuanced way than purely short-term financial performance; its measures become reputation, trust, legacy, and talent along with long-term value and a larger contribution to society.

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Difference and Purpose

Disruption is best countered with differentiation. Purpose can serve as an important differentiator. Ultimately, purpose is kind of emotional connection, part of the brand promise beyond functionality that can strengthen the bond with consumers and influence them to actively request a brand rather than passively be served one by an algorithm.

Purpose needs to be genuine and relevant to the brand. And communicating purpose, particularly higher purpose, requires care. Brand purpose expressed poorly can do more harm than good, leaving a brand looking tone deaf and out-of-touch.

For brands with momentum, purpose can drive some price premium, according to BAV research, which also found that higher purpose, a brand's connection with social responsibility, is more important to consumers in Europe compared with the US. Purpose is important across consumer categories, especially to reach young people.

Purpose is also important for the future of B2B brands, particularly in categories like as oil and gas, where the business model includes inherit risk, and media attention amplifies problems and mistakes. In these instances, being clear about the brand's larger purpose can help guide positive public opinion. In the case of oil and gas, for example, purpose (providing the energy that enables people to live in the modern world) can help moderate criticism and buy time for the long, but inevitable, shift away from carbon fuels.



INSIGHT
Voice

In a voice world, brands need an audio signature

When you think about brand differentiation in a world of voice, where it is about building brand love long term, historically brands have had color, typefaces, and other graphic language to identify the brand. Accepting that voice will not happen overnight, and we may have voice and screen, somehow, you've got to differentiate your voice through the medium of audio. Unless you distinguish the brand by voice in that audio environment, almost by definition, choice will become reduced. What are the audio signifiers that will enable us, within the confines of an audio environment, to differentiate?

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The importance of having a real purpose that adds benefit to the consumers' life and living up to that purpose with a consistent brand experience, has not changed—although the experience may now include streaming video, augmented reality, and voice. And, ironically, surviving in a disruptive future, and communicating purpose, also will require reviving, and updating proven strategies of an earlier, pre-digital world.

THE FUTURE OF BRANDS



INSIGHT
Purpose



Purpose works when consumers believe it's real

We've always needed to differentiate among equivalent products. We've always needed to establish an emotional connection beyond function. Fifty years ago, it was about buying a red, blue, or green blender. Now, it's harder and the stakes are higher. But people still make decisions emotionally and justify them rationally. Purpose is a higher-order expression that can enable an emotional connection. If it's real everyone knows it. When I advise clients, I tell them to be sure that their promise is real and useful and all the things it needs to be. In the end, when a brand doesn't live up to its promise, it's dead in the water, whether the shortcoming has to do with purpose or functional delivery.

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INSIGHT
Amazon



Amazon Effect is not cause for panic... yet

We should be alert to, but healthily skeptical about, some of the hyperbole around disruption and what this means for FMCG brands. The idea that technology, and voice in particular, will result in a complete move to white label FMCG packaging should be challenged. I would argue that the role of the brand will become even more critical, in helping to break through the algorithms and automation. It's never wise to discount Amazon, but its current share of groceries is tiny; less than 1 percent of sales in the UK. Yes, change is coming, but it may not be quite as disruptive as people think. There is a tension between the rapidly evolving digital world and the inherently physical nature of grocery products.

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Insights

Experience

Brand experience, innovation critical for future success

Branding is moving to experience, with reviews, recommendations, and live streams playing an important role. Voice is becoming a brand. Every brand needs its own voice. Brands need to try an artificial intelligence strategy, like facial identification. Augmented reality is being used in customer services as well as manufacturing. Perceived innovation will be critical in the future. And innovation is not just about product development, but also about customer service and communications.

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Purpose

Purpose is more peripheral in US than in Europe

In examining how consumer sentiment may have shifted in the past year with Brexit, the election of Donald Trump, and other political developments, we discovered that for US consumers purpose and social responsibility are peripheral to authenticity in growing or maintaining overall brand equity. In contrast, we found that globally, purpose, in the sense of social responsibility, can be an important differentiator. I think it's because in the US, brand assertions about purpose can sometimes feel like an add-on and it's crucial that these initiatives ring true as authentic. For brands, with momentum authentic purpose can help drive price premium.

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Scale

Brand giants must learn from small, nimble upstarts

The David and Goliath story is becoming more common. Smaller companies are coming at behemoth organizations by positioning themselves as the company that is not the leader, not stodgy, not old, and not mired in tradition. Instead, these companies are new, nimble, and flexible. They have better ideas and can be trusted. These companies seem authentic, have a point of view, and are willing to raise their voice and behave like a person. If the larger organization just rests on its laurels, then it may not have a future. Larger organizations need to acquire innovative companies or become innovative themselves.

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THE FUTURE OF BRANDS

BRAND BUILDING ACTION POINTS

1 Improve customer experience

And keep improving it. Best-in-category is no longer good enough. Consumers compare experiences across categories. In that respect, all brands compete with Apple and other acknowledged brand experience leaders. And it is important to look beyond Apple for examples. To understand the future of customer experience, study China, where the integration of shopping, social, and payment has raised consumer expectations to new levels.

2 Be faster

Speed is imperative because the competition is changing. Well-established Western brands will increasingly compete with brands from fast-growing markets like China. Chinese brands strive to enter markets quickly, if not perfectly, to build share while working on iterations. More Chinese brands are setting up offices outside of China to be closer to the markets served and increase decision-making speed.

3 Be the change

Heritage cuts both ways. It can add depth and purpose to brands and, at the same time, it can add heavy ballast. It is tempting to solve this dilemma with an acquisition. But acquired innovation often becomes churned into the existing brand heritage. Brands need to rejuvenate themselves with internal changes and by affiliating with innovative partners.

4 Be heard

Find your voice. Consumer interaction with brands is shifting to voice. That requires having an audio identity that is recognizable and relatable. Voice is fast becoming another brand asset, like a slogan or logo.

5 Communicate a purpose

A purpose helps differentiate a brand, which will be increasingly difficult and necessary in a future marked by disintermediation. Purpose needs to be rooted in the brand and more than a marketing brief. Communication needs to be done sensitively or the brand risks looking disingenuous.

6 Strengthen the brand

In a world where brand choice is increasingly determined by algorithms or paid search, brand becomes even more important. Without a strong brand, the path to purchase will be the path of least resistance.

Thought Leadership

PARADOX OF DIGITAL

Digital's power makes analog more critical for branding



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Circumventing Alexa and friends requires going back to the future

Brand marketers face a growing shift in what their brands must do to stay relevant—algorithms. Algorithmically-enabled consumers are the new force in a technology-driven marketplace. Algorithms empower people in more commanding ways, vastly improving the value of what they get from the marketplace, whether it's a better price, better selection, or speedier delivery.

Low-interest, low-involvement categories are especially vulnerable to this. Habit drives much of this volume, so handing it off to an algorithm or an automated system is an easy thing for consumers to do. These categories will have to work even harder to make what is often a commodity product salient to consumers.

But the disintermediation of algorithms is accelerating in a variety of other ways. For example,

technology now enables social conversations to take place in real-time, which influences how consumers make decisions in the moment. Conversion at point-of-sale becomes more about the social conversation and less about in-store marketing. That has already had a disintermediating effect in fashion, for example, even though social conversation and peer influences have always been important.

KANTAR CONSULTING

Kantar Added Value, Kantar Futures, Kantar Vermeer, and Kantar Retail have joined forces to create Kantar Consulting a specialist growth consultancy with brand and marketing, retail, sales, and shopper expertise all under one roof.

www.kantarconsulting.com

Thought Leadership

PARADOX OF DIGITAL

The fix for this is a paradox. In order to get outside of the algorithms that are making or influencing decisions, brands must get consumers to override them. The only way to motivate consumers to do so is outside of the digital interface, which is driven by a logic that seeks more digital efficiency not more consumer intervention. Brands will stay in control only if they can be the masters of digital, and that means going outside of digital. This is the paradox of digital. The more that digital takes over the marketplace, the more analog becomes important in the marketplace.

The best illustration of this is the music industry. Streaming platforms utilize recommendation engines and other kinds of algorithms to push new music to people. So if you are a musical artist—the brand—the question is how do you influence the algorithm? You can't change the algorithm without creating some sort of outside impact that shifts how the streaming algorithms take your songs into account. In effect, this means getting consumers to ask for your songs, and that won't happen unless consumers are influenced outside of the digital streaming environment.

This is the voice problem, too. If a brand can't figure out how to influence the algorithm, then algorithms will determine what happens in the category and how choices are made on behalf of consumers. Brands want consumers

to ask for them by name. Brands do not want to be at the mercy of an algorithm somehow matching it with consumers. You don't want to just say, "Alexa, I need laundry detergent," because Alexa is going to use an algorithm to figure out what brand to match. You want to say, "Alexa, I want Tide." This means getting out of the digital ecosystem. Or to put it another way, it means going analog. In the music industry, musicians have turned to live shows, using more old-fashioned promotions to get in front of consumers. These analog activities have become more important than ever in the digital era.

Analog strategies for digital

Another way to characterize this is to say that brands must figure out how to "hack" the algorithm. This is not totally new. Maybe hacking is too strong a term, but this is what brands do when they try to influence Google search results. The analog version of that is will be more and more important for all categories.

The imperative of hacking the algorithm is growing because brands, increasingly, are encountering algorithmically-enabled consumers. Brands no longer sell to consumers. Brands sell now to algorithmically enabled consumers. No longer just a person, but a person with smart device in hand who uses this device to make smarter, faster, more personalized decisions. This is not the consumer decision journey of old.

Curiously, analog strategies to influence algorithms mean that old-time publicity events become more important. This doesn't mean the newspaper inserts or direct mail of yore, but it does mean getting in front of people and figuring out the new gathering spaces where brands can execute promotional events.

Impulse categories will be affected more than most. But as algorithms take over decisions and delivery, people will repurpose or do fewer shopping trips. For the broader retail ecosystem, that means people are not in the store, so they are not in the aisles seeing or learning about things to buy. In fact, it's not just the store. People won't be stopping somewhere for a snack on the way home either.

Impulse products will need to find the new places where impulse purchases can be made. It might relate to the ways in which people are spending the extra time they have because algorithms have saved them from trips to the store.

Whatever the form of browsing and buying, brands need to start brainstorming ways to influence consumers in a marketplace dominated by algorithms. In particular, this means thinking as much about analog as digital.

"In order to get outside of the algorithms that are making or influencing decisions, brands must get consumers to override them. The only way to motivate consumers to do so is outside of the digital interface, which is driven by a logic that seeks more digital efficiency not more consumer intervention. Brands will stay in control only if they can be the masters of digital, and that means going outside of digital. This is the paradox of digital. The more that digital takes over the marketplace, the more analog becomes important in the marketplace."

Thought Leadership

EXPERIENCE



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New marketing reality depends on consistent brand experience

Consumer reviews influence more purchase decisions

KANTAR MILLWARD BROWN

Kantar Millward Brown specializes in advertising, marketing communications, media and brand equity research. With offices in 56 countries, Kantar Millward Brown focuses on building brand strategies.

www.millwardbrown.com

Marketing is about to shift fundamentally. Brand awareness, many marketers' primary goal, is rapidly being replaced by the need to deliver a consumer experience of their product or service. In the future, that means the power of consumer reviews will become as impactful as advertising campaigns.

That dramatic evolution is being driven by a number of structural shifts in the way consumers shop and marketers work. Simply put, there's greater emphasis on extending online to offline. Even Amazon, the original e-commerce giant, is moving into offline with its \$13.7 billion purchase of Whole Foods. Alibaba's recent acquisition of Ele.me, the biggest chunk of Chinese online food delivery, enhances Alibaba's last-mile ability to

get parcels to customers' doorsteps and complements its neighborhood services business.

There's also more emphasis on reducing the friction on the path to purchase. Alibaba, for example, now runs 4S stores where you can rent or buy a car using a smartphone, without interacting with another human. Make your selection and the car will be delivered to the store's parking area.

Thought Leadership

EXPERIENCE

“The growing power of the experience economy changes the role that marketing needs to play. The relationship between consumer and brand changes when it becomes all about the experience rather than just building awareness and pushing people down the purchase funnel.”

App-powered, real-world shopping, as tested by Amazon’s pre-Whole Foods retail experiments, will become increasingly common. Then there’s the whole ecosystem experience that sees key players, such as Amazon, Apple, Alibaba, and Tencent, taking a bigger role in the places and ways consumers interact with brands. As they expand across different areas (like delivery, hardware, media, video, and music), and encourage consumers to make the last mile of purchase, their role will only increase.

Facebook is also seeking to go down this path, offering integrated calls to action from its mobile pages that enable consumers to schedule, order, or buy without leaving the company’s page. The goal is to make everything as simple as possible for consumers. By being everywhere their consumers are, brand marketers can make their relationships as seamless as possible, online and offline. Getting it right means ensuring there are no differences in how consumers experience their brand in the offline or digital world.

Collectively, these changes create a new reality where purchase decisions are increasingly made on the basis of consumer reviews. If I want to buy a new face cream on Amazon, for example, I am presented with a list of heritage brands as well as new niche players with far less history to fall back on.

All products are presented with equal prominence and what differs between them is only the consumer reviews. Whereas the likes of Lancôme might be able to exploit their established power in other media channels and in department store environments, on ecosystem platforms, the differentiator is the consumer reviews.

We may not trust niche brands before we try them, but we trust Amazon or Alibaba and their users to tell it like it is. Four thousand or more reviews can’t be wrong, and they might even encourage us to sample something new (and allow brands with vastly different resources to compete).

Marketing’s experience evolution

The growing power of the experience economy changes the role that marketing needs to play. The relationship between consumer and brand changes when it becomes all about the experience rather than just building awareness and pushing people down the purchase funnel. That’s why brands and businesses are rightly putting so much emphasis on their Trustpilot or TripAdvisor scores, and why an increasing amount of creative now features consumer reviews or tweets.

The starting point of this journey is understanding how the interaction between the product and brand

communications—in all its forms—can strengthen the brand experience and the peer consumer experience. Offline stores have already become part of that journey for online brands such as Amazon, and retail is changing for offline brands too.

Nordstrom, for example, is turning its mini-department store outlets into entertainment centers that allow consumers to step into a brand’s world and get manicures and advice from stylists before having goods delivered to their homes. The risk is that this strategy could turn the retailer into another Toys R Us—a playground where no one buys anything. In 2017, Toys R Us had to file for bankruptcy in the US and Canada.

Ultimately, alongside this shift to retail experiences, brands also need to form digital partnerships, not just with Amazon but everywhere. A brand that is strongly positioned on multiple digital platforms is best placed to survive and thrive. Toys R Us famously refused to collaborate with Amazon but others, such as Nike, have not been so blind. In 2017, the brand started selling products on the world’s largest e-commerce platform.

The experience revolution is coming and it’s coming fast. The consumer journey of the future is already being established and it’s up to marketers and their brands to adapt. Let’s make it an experience to remember.



Regions and Countries

REGIONS AND COUNTRIES

Overview
North America
Asia
Continental Europe
UK
Latin America

THOUGHT LEADERSHIP

Consumer Revolution
by Nihar Das, Global Account Director
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MediaCom

BEST COUNTRIES

Overview
Methodology

Overview

Led by Asia, the Top 10 of all regions rise in value

Economy helps growth, Brand Power and Innovation sustain it

Every region rose in value in the regional rankings, which include the Top 10 most valuable brands in Asia, North America, Continental Europe, the UK, and the Top 6 from Latin America. Asia and North America led regional growth, driven by the value increase of Chinese and US brands. The positive performance in all regions benefited from a strong global economy. But the long-term growth depended on brand-related factors.

The regional rankings reflect the overall regional value changes within the BrandZ™ Top 100 Most Valuable Global Brands, where Chinese and US brands increased 49 percent and 23 percent, respectively. Asia and North America together comprise 88 percent of the total value of the BrandZ™ Global Top 100—up from 74 percent 12 years ago.

The rapid rise of China and the continued strength of the US (all but two of the North American brands are US) drove this concentration. The value of Chinese brands in the BrandZ™ Global Top 100 increased 1,445 percent over the past 12 years, and the number of Chinese brands in the Top 100 ranking increased from one in 2006 to 14 today. Although a net of only three North American brands were added to the Top 100 over the past 12 years, North American brands total \$3.1 trillion in value, a rise of 239 percent.

These gains came substantially from technology and related categories. For example, the leading Chinese brand, Tencent, increased 1,083 percent over the past seven years, since Tencent entered the BrandZ™ Global Top 100. Alibaba, increased 92 percent in the past year alone. Google and Apple, the leading US brands, increased 707 and 1,782 percent in value, respectively, over the past 12 years.

Increasing diversity

In counterpoint to the value concentration in Asia and North America, brand value in other regions of the world grew more slowly and the proportion of value those regions contribute to the BrandZ™ Global Top 100 declined. Asia (excluding China), Continental Europe, and the UK increased in value only 21 percent, 37 percent, and 26 percent, respectively over the past 12 years.

The Asia (excluding China) portion of Top 100 value declined from 8 percent to 3 percent; the Continental Europe proportion declined from 21 percent to 9 percent, and the UK proportion declined from 5 percent to only 2 percent. Brands in these regions come from lower-growth categories compared with the US and China.

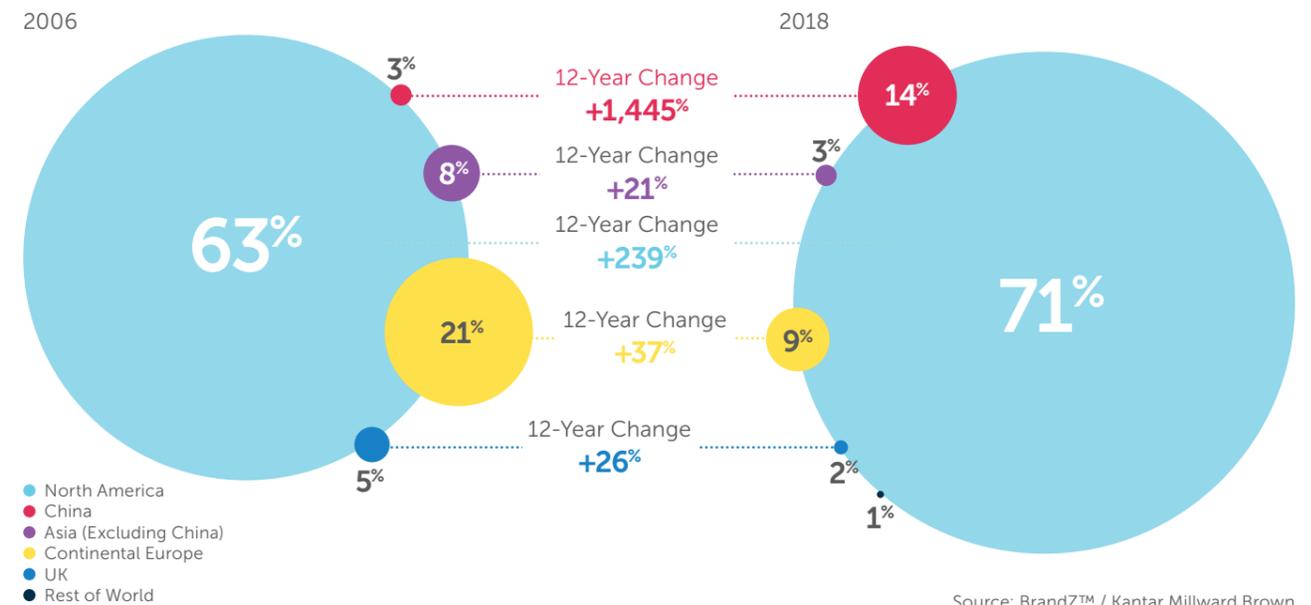
The Top 100 also became more diverse in countries, if not regions. This year, an Indonesian brand entered the Top 100 for the first time. And brands from other regions comprise one percent of the Top 100 ranking.

VALUE CONCENTRATES IN US AND CHINA...

North America (US except for two brands) and Asia (primarily China) together comprise 88 of the total value of the BrandZ™ Top 100 Most Valuable Global Brands—up from 74 percent 12 years ago. Brand value in other regions of the world grew more slowly and the proportion of value those regions contribute to the BrandZ™ Global Top 100 declined.

Proportion of Value

12-Year Value Change



Source: BrandZ™ / Kantar Millward Brown

Brand Power and Innovation

Regardless of region, brands ranked in the BrandZ™ Global Top 100 Most Valuable Global Brands score high in Brand Power, a BrandZ™ measurement of brand equity, the consumer's predisposition to choose a particular brand. High Brand Power correlates with strong volume share. Brand Power is measured with an index where 100 is average. Chinese brands score the highest, 218. North American brands score 176.

Brands from the US and China also score higher than brands from other

countries in Innovation, a BrandZ™ metric. A score of 100 is average. The US brands score 120 and Chinese brands score 114. An analysis of the BrandZ™ Global Top 100, following the same 94 brands in 2006 and 2018, found that over 12 years, brands that scored high in Innovation increased 273 percent in value, while low Innovation brands increased only 36 percent.

Strong brands typically outperform the average country or regional Innovation score. For example, Microsoft surpassed the US Innovation average with a score of 133. Microsoft

increased 40 percent year-on-year in brand value. JD.com, the Chinese e-commerce giant, which increased 94 percent year-on-year in value, surpassed the China Innovation average with a score of 127.

Similarly, the German apparel brand Adidas, which rose 50 percent in value year-on-year, scored 114 in Innovation, compared with the average Innovation of 109 for German brands. And Louis Vuitton, the French luxury brand, which rose 41 percent in brand value year-on-year, scored 108 in Innovation, somewhat higher than the average 104 of French brands.

Overview

...BUT BRANDS IN ALL REGIONS SCORE HIGH IN BRAND POWER

North America (US except for two brands) and China dominate in the number and value of brands represented in the BrandZ™ Global Top 100. They also score high in Brand Power, a measurement of brand equity. Brand Power scores are high across regions, reflecting the strength of brands ranked in the BrandZ™ Global Top 100.

Brand Equity

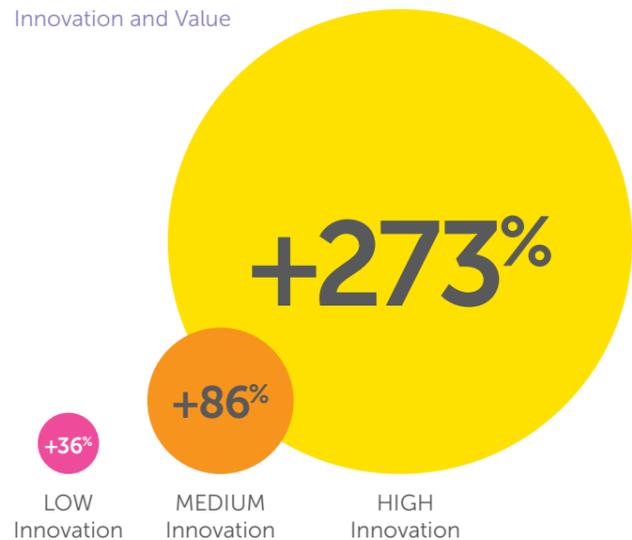
Average Brand = 100	No. of Brands	Total Brand Value	Average Brand Value	Brand Power	12-Year Value Change
NORTH AMERICA	57	\$3,097 Bil.	\$54.3 Bil.	176	+239%
CHINA	14	\$605 Bil.	\$43.3 Bil.	218	+1,445%
ASIA (Excluding China)	7	\$146 Bil.	\$20.8 Bil.	164	+21%
CONTINENTAL EUROPE	16	\$416 Bil.	\$26.0 Bil.	158	+37%
UK	4	\$86 Bil.	\$21.6 Bil.	116	+26%
REST OF WORLD	2	\$34 Bil.	\$16.9 Bil.	190	-
ALL TOP 100	100	\$4,384 Bil.	\$43.8 Bil.	176	+204%

Source: BrandZ™ / Kantar Millward Brown

INNOVATION DRIVES BRAND VALUE GROWTH...

An analysis of the BrandZ™ Top 100, following the same 94 brands in 2006 and 2018, found that over 12 years, brands that score high in Innovation, a BrandZ™ metric, increased 273 percent in value, while low Innovation brands increase only 36 percent.

Innovation and Value



12-Year % Value Growth, Same BrandZ™ Global Top 100 Brands 2006 to 2018
Source: BrandZ™ / Kantar Millward Brown

...AND INNOVATIVE BRANDS OUTPERFORM LOCAL AVERAGE

Leading brands typically outperform the average country or regional Innovation score. For example, with a score of 133, Microsoft surpassed the US Innovation average of 120, and JD.com scored 127 in Innovation, compared with an average Innovation score of 114 for all BrandZ™ Global Top 100 brands from China.

Innovation and Region

Average Brand = 100

	Average Innovation Score	No. 1 in Category Top 10	Brand Innovation Score	1-Year Value Growth
US	120	Microsoft	133	+40%
China	114	JD.COM	127	+94%
Germany	109	adidas	114	+50%
France	104	LV	108	+41%
UK	102	sky	112	+11%*

*6 months
Source: BrandZ™ / Kantar Millward Brown

UK

Total Value of UK Brands in the BrandZ™ Global Top 100

\$86.4 Bil.



North America

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+23%

North America Top 10 Total Brand Value

\$1.7 trillion

Innovative tech brands drive region's value rise

With a 23 percent increase, North America was second, after China, in regional brand value growth. All of the North American Top 10 brands are US, and eight of 10 are technology-related and illustrate how brand value growth can follow from being disruptive, innovative, and different.

Each of the business-to-consumer brands introduced new products or services to strengthen its ecosystem and the customer experience. Apple introduced its iPhone X, for example. Google advanced its artificial intelligence initiatives like Google Home, with its personal assistant, "Google Assistant."

Facebook planned to revise its business model to encourage people to use Facebook more for relationship building. Amazon advanced its automatic replenishment system, acquired

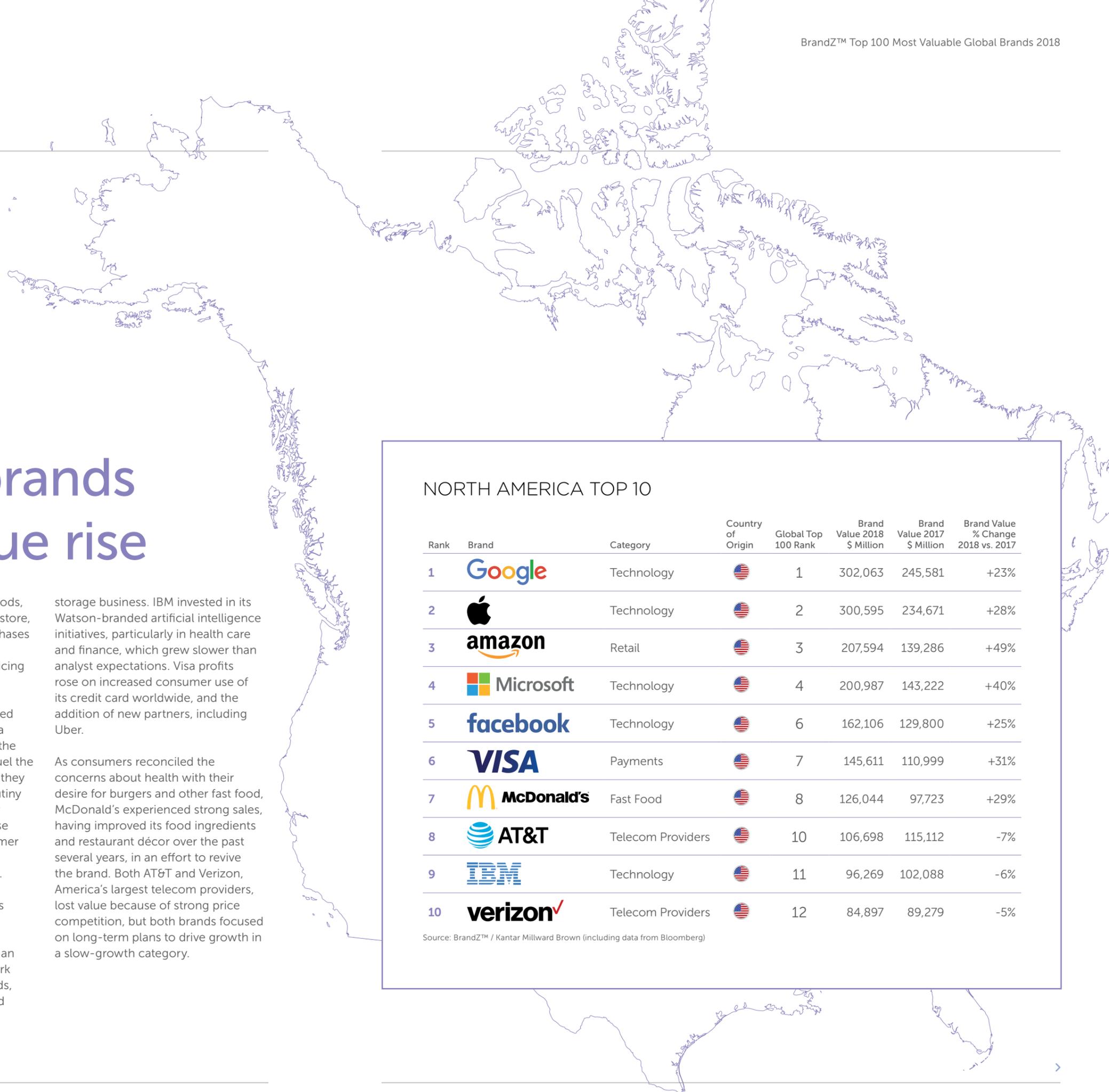
physical stores retailer Whole Foods, and opened its first Amazon Go store, a grocery outlet that tracks purchases through shopper smartphones, eliminating the need for shelf pricing and checkout.

These brands were well positioned in a year when expectations for a business-friendly climate under the new US Administration helped fuel the economy and stock market. But they also faced increasing public scrutiny over the use of private customer data. Brand strength helped these companies sustain strong customer loyalty as they addressed these serious and long-term concerns.

Among the business-to-business technology brands, Microsoft increased in value 40 percent, because of its transformation to an open platform, enabling it to work in collaboration with other brands, and the development of its cloud

storage business. IBM invested in its Watson-branded artificial intelligence initiatives, particularly in health care and finance, which grew slower than analyst expectations. Visa profits rose on increased consumer use of its credit card worldwide, and the addition of new partners, including Uber.

As consumers reconciled the concerns about health with their desire for burgers and other fast food, McDonald's experienced strong sales, having improved its food ingredients and restaurant décor over the past several years, in an effort to revive the brand. Both AT&T and Verizon, America's largest telecom providers, lost value because of strong price competition, but both brands focused on long-term plans to drive growth in a slow-growth category.



NORTH AMERICA TOP 10

Rank	Brand	Category	Country of Origin	Global Top 100 Rank	Brand Value 2018 \$ Million	Brand Value 2017 \$ Million	Brand Value % Change 2018 vs. 2017
1	Google	Technology		1	302,063	245,581	+23%
2	Apple	Technology		2	300,595	234,671	+28%
3	amazon	Retail		3	207,594	139,286	+49%
4	Microsoft	Technology		4	200,987	143,222	+40%
5	facebook	Technology		6	162,106	129,800	+25%
6	VISA	Payments		7	145,611	110,999	+31%
7	McDonald's	Fast Food		8	126,044	97,723	+29%
8	AT&T	Telecom Providers		10	106,698	115,112	-7%
9	IBM	Technology		11	96,269	102,088	-6%
10	verizon	Telecom Providers		12	84,897	89,279	-5%

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

Asia

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+42%

Asia Top 10 Total Brand Value

\$556.8 billion

China and tech brands propel region's growth

With a rise of 42 percent, Asia led the regions in value growth on the strength of China and technology. Eight of the Asia Top 10 brands are from China, and five of the Chinese brands are technology-related. A South Korean and a Japanese brand also appear in the ranking.

China's most valuable brands—Tencent and Alibaba—help explain the strong rise of brand value in Asia. Each of these internet giants has developed its own ecosystem to serve consumer needs and influence how they shop and conduct other transactions. The brands increased in value year-on-year 65 percent and 92 percent.

Tencent added new features to WeChat, its popular social media site with a billion Monthly Active Users. The brand extended its influence outside of China with its games and its purchase of a larger stake in Snap, owner of the messaging service Snapchat.

Online retailer Alibaba added physical locations to create a seamless shopping experience and gain a

deeper understanding of how people move along the path to purchase. On Single's Day, a fall holiday Alibaba developed into a shopping day, Alibaba sold \$25 billion of merchandise.

Baidu developed artificial intelligence enhancements for its core search business. Baidu also entered strategic collaborations with smartphone makers, including Huawei. Huawei, primarily a telecommunications network provider, expanded its 5G business outside of China, but met significant resistance in the US because of security concerns that Huawei is close to the Chinese government, which Huawei denies.

Huawei also expanded its smartphone business and is now the third-largest smartphone brand, in sales, after Apple and Samsung. Samsung, a South Korean brand, introduced its Galaxy S9, with augmented reality features, and a price to rival Apple's iPhoneX. Samsung recorded strong profits based on the strength of its electronic components business because of heavy demand for memory chips.

Not all the highest value Chinese brands are in technology. They also include Moutai, a prestige baijiu, the traditional Chinese white alcohol, which increased 89 percent in value, having broadened its reach after government restrictions on official gifting—part of the anti-corruption campaign—hurt sales.

Two of China's financial services brands—Ping An, the insurance brand and the bank ICBC—benefited from spending by China's growing middle class and the funding needs of government initiatives. Government initiatives to invest in 4G and lower the cost of data consumption impacted the profits of China Mobile, the world's largest telecommunications company with almost 900 million subscribers.

Japan's Toyota again led the BrandZ™ Cars Top 10 ranking. Its reputation for quality and reliability generated a high level of loyalty. And the brand's Prius continued to dominate the hybrid market.

ASIA TOP 10

Rank	Brand	Category	Country of Origin	Global Top 100 Rank	Brand Value 2018 \$ Million	Brand Value 2017 \$ Million	Brand Value % Change 2018 vs. 2017
1	Tencent 腾讯	Technology	China	5	178,990	108,292	+65%
2	Alibaba Group 阿里巴巴集团	Retail	China	9	113,401	59,127	+92%
3	中国移动 China Mobile	Telecom Providers	China	21	46,349	56,535	-18%
4	ICBC 中国工商银行	Regional Banks	China	22	45,853	31,570	+45%
5	SAMSUNG	Technology	South Korea	33	32,191	24,007	+34%
6	MOUTAI	Alcohol	China	34	32,113	16,983	+89%
7	TOYOTA	Cars	Japan	36	29,987	28,660	+5%
8	Baidu 百度	Technology	China	41	26,861	23,559	+14%
9	中国平安 PINGAN	Insurance	China	43	26,141	17,260	+51%
10	HUAWEI	Technology	China	48	24,922	20,388	+22%

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

Continental Europe

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+15%

Continental Europe Top 10 Total Brand Value

\$315.6 billion



Strength in luxury sectors explains European growth

The Continental Europe Top 10 rose 15 percent in brand value. The brand value of Continental Europe Top 10 closely correlates with the fortunes of the luxury category. A year ago, the luxury category rose 4 percent, and the Top 10 rose 4 percent. This year the correlation was not that close—the luxury category increased 28 percent—but the story was more positive.

Half of the Continental Europe Top 10 are luxury-related. Three are in the luxury category. Two are French—Louis Vuitton and Hermès—and one, Gucci, is Italian. The two car brands, both German, are luxury—Mercedes and BMW.

The luxury category brands rose most in brand value. Gucci, which increased 66 percent in value, and Louis Vuitton, up 41 percent, ranked in the BrandZ™ Top 20 Risers, brands that increased most in value year-to-year. Hermès

rose 20 percent. Factors influencing the rise in luxury brand value included a strong global economy and the rebound of China.

But these influences provided lift because the brands had already spread their wings—improving the customer experience both instore and online, and more effectively reaching out to new younger customers, while also serving their traditional clientele. Most significantly, the brands caught the spirit of the times, most notably in the bold designs and colors offered by Gucci.

The luxury cars did not achieve the same level of growth, but they increased more in value than they did a year ago, despite a slowdown in the rate of car sales worldwide, even in China. In their own ways the luxury car brands also responded to the times, adding luxury appointments to SUVs, the most popular vehicle among consumers.

Three of the Continental Europe Top 10 brands are technology-related. The two telecom providers, Spain's Movistar and Deutsche Telekom of Germany, Europe's largest telecom provider, rose moderately in brand value, in character with a slow-growth category. SAP, the German business-to-business software company, accelerated its move into cloud with an acquisition and partnership with Microsoft. Personal Care brand L'Oréal Paris performed well in Asia, despite intense competition, and continued its effective use of social media.

CONTINENTAL EUROPE TOP 10

Rank	Brand	Category	Country of Origin	Global Top 100 Rank	Brand Value 2018 \$ Million	Brand Value 2017 \$ Million	Brand Value % Change 2018 vs. 2017
1	SAP	Technology		17	55,366	45,194	+23%
2	Deutsche Telekom	Telecom Providers		25	41,499	38,493	+8%
3	Louis Vuitton	Luxury		26	41,138	29,242	+41%
4	HERMÈS PARIS	Luxury		39	28,063	23,416	+20%
5	ZARA	Apparel		42	26,860	25,135	+7%
6	L'ORÉAL PARIS	Personal Care		44	26,107	23,899	+9%
7	Mercedes-Benz	Cars		46	25,684	23,513	+9%
8	BMW	Cars		47	25,624	24,559	+4%
9	movistar	Telecom Providers		53	22,824	22,002	+4%
10	GUCCI	Luxury		54	22,442	13,548	+66%

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

United Kingdom

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+7%

UK Top 10 Total Brand Value

\$140.2 billion



Slow-growth categories influence low value rise

Brexit did not help. But the main reason for the 7 percent value growth of the UK Top 10—in a year when the BrandZ™ Global Top 100 grew 21 percent—is deeper and more systemic. The UK is home to many great, even iconic brands, but they are usually in categories that are growing slowly and experiencing disruption.

With three brands, Telecom providers is the most represented category. The oil and gas and global banks are each represented by two brands. One brand from each of these categories is also ranked in the UK Top 10: retail, soft drinks, and personal care.

The telecom providers encountered commoditization by Over-the-Top (OTT) companies that provide voice for free. At the same time, telecom providers invested in network infrastructure and attempted to reposition brands as content providers.

Two of the brands, Vodafone and BT, declined in value. A third brand, Sky is new to the ranking this year.

The oil and gas category has been under tremendous pressure during the past three years when oil prices declined to all-time lows, forcing the oil and gas brands to streamline their operations and plan differently for future growth.

Shell shifted its focus from oil to gas and the expansion of its downstream consumer business, which includes around 45,000 service stations worldwide. Shell surpassed ExxonMobil as No. 1 in the BrandZ™ oil and gas category. BP also rose in value, as it regained strength eight years after the Deepwater Horizon disaster.

Similarly, global banks enjoyed strong results, a decade after the financial

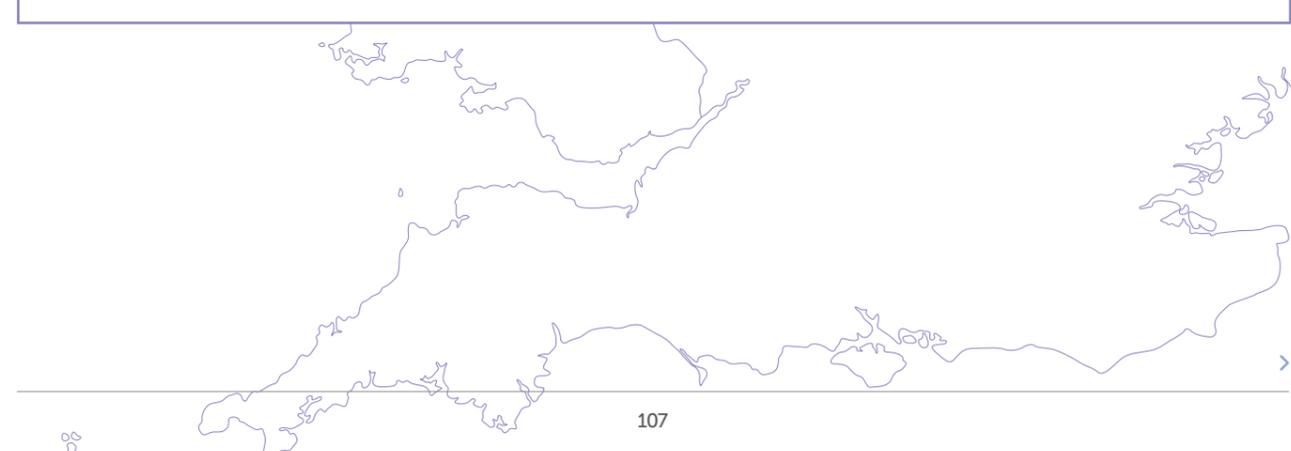
crisis. Both HSBC and Barclays took initiatives to strengthen the banks for an era of open banking, expected to expand with new EU regulations.

Although they each rose in value, brands in related consumer-facing categories—Tesco in retail, Lipton in soft drinks, and Dove in personal care—faced similar pressure from changing consumer tastes and values and disruption by discounters, both offline and in physical stores.

UK TOP 10

Rank	Brand	Category	Global Top 100 Rank	Brand Value 2018 \$ Million	Brand Value 2017 \$ Million	Brand Value % Change 2018 vs. 2017
1	vodafone	Telecom Providers	37	28,860	31,602	-9%
2	HSBC	Global Banks	50	23,633	20,536	+15%
3		Oil & Gas	63	20,264	18,346	+10%
4	BT	Telecom Providers	94	13,604	16,026	-15%
5	sky	Telecom providers	-	11,988	NEW	
6	bp	Oil & Gas	-	11,846	11,131	+6%
7	TESCO	Retail	-	9,079	8,041	+13%
8	Lipton	Soft Drinks	-	8,668	7,905	+10%
9	BARCLAYS	Global Banks	-	6,280	5,999	+5%
10	Dove	Personal Care	-	6,020	5,792	+4%

Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg)
Brands not ranked in the Global Top 100 appear in the category rankings.



Latin America

Brands cultivate local popularity and expand

The Latin America Top 6 all appear in the category rankings of the BrandZ™ Global Top 100 report, not in the Top 100 ranking. Five of the brands are beers, including Corona from Mexico, Skol and Brahma from Brazil, and Aguila from Colombia, along with a Newcomer this year, Mexico's Modelo. The other Top 6 brand, also a Newcomer, is Falabella, a retail brand based in Chile, with department stores throughout Latin America.

These brands fall somewhat below the brand value threshold of the BrandZ™ Global Top 100 ranking. Although the brands are sizeable and appear in the category rankings, economic and geopolitical factors have impacted the value growth of the Latin American brands.

Brand value growth has improved, however. As analyzed in the recently-published BrandZ™ Top 50 Most Valuable Latin American Brands 2018,

the value of the Top 50 increased 18 percent in value, following a 22 percent decline a year ago.

Brands from Mexico and Brazil each generate about one-third of the total Latin America Top 50 brand value, with Brazil trailing slightly. At the same time, Corona, a Mexican beer, surpassed Brazil's Skol as No. 1 in the Latin America Top 50.

Latin American brands are popular across the region, where consumers view them understanding local needs. However, Corona has long been popular in the US. And Modelo has grown in popularity in the US because of a growing preference for Mexican beer, and Modelo's astute marketing, which resonated both with the Latino immigrant population and others who strive to achieve the American Dream.

LATIN AMERICA TOP 6

Rank	Brand	Category	Country of Origin	Brand Value 2018 \$ Million	Brand Value 2017 \$ Million	Brand Value % Change 2018 vs. 2017
1		Beer		8,292	8,119	+2%
2		Beer		8,263	8,146	+1%
3		Retail		5,373	NEW	
4		Beer		4,478	4,385	+2%
5		Beer		3,924	3,843	+2%
6		Beer		3,621	NEW	

Source: Kantar Millward Brown/ BrandZ (including data from Bloomberg) and Kantar Consulting
The Latin American Top 6 appear in the category rankings, but not in the Global Top 100.

Thought Leadership

CONSUMER REVOLUTION

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Study China's consumers to glimpse the future

Brands and marketers must prepare for major changes

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The Industrial Revolution has been long heralded as a significant inflection point in human history. It transformed every aspect of society, from food production and clothing to housing and infrastructure, and catalyzed urbanization. By 1840s, the urban population in UK exceeded the rural. This led to an explosive impact on society's needs and wants. The ability to have things faster and better changed not just how people

lived but also how they thought and interacted with each other and laid the foundation for many of the modern traits visible even today. We're on the cusp on another major change that, without much exaggeration, could be called a Consumer Revolution.

In 2014, the urban-rural balance of the most populous country in the world tilted—China's urban areas overtook its rural areas in population

size. The urbanization of China has followed a path similar to the industrial revolution—growth in trade and commerce driven by factories, which laid the foundation for cities. Just as the UK was the epicenter of the ripples created in the Industrial era, China is poised to create waves that will have far-reaching global impact in the new Information era.

Thought Leadership

CONSUMER REVOLUTION

China's journey to urbanization and prosperity has led to accomplishments that dwarf any country in the world. Sales during China's Singles Day is nearly three times as much Black Friday and Cyber Monday combined. Its high-speed rail network is longer than the rest of the world put together. However, viewing these developments merely as interesting anecdotes means we risk missing the bigger picture. Similar to the influence of the UK during the Industrial Revolution, China will lead the changes both in technology and in consumer behavior in the Digital era.

The first wave of this phenomenon is already being experienced by developing nations around the world, where wealth is reaching people faster than infrastructure. In such markets, technology—specifically e-commerce and mobile access—is fast filling the infrastructure vs. consumer demand gap. China is becoming an example, and the leading provider of accessible technology to solve these gaps. Other countries, like India, are rapidly riding this same wave.

China: The new canary in the consumer coal mine

But China is moving faster. The Chinese consumer now leads the world in being the most demanding. China has displaced Japan and the Nordics as the "torture test" market for all products, from baby diapers to mobile phones. Chinese consumers have become more demanding and discerning, prompting marketers to test products in China first—because if you win with the Chinese consumer, you are likely to win everywhere else. This phenomenon in turn is fueling societal changes—more discerning consumers, more stringent performance expectations, more focus on wants over needs. It shouldn't be surprising that many global brands are moving their design centers to China, as Made in China becomes Designed in China.

This consumer sophistication, relative to the West, relates, in part, to the contrast in business models between Western and Chinese internet giants. Most internet giants that originated in the West, such as Google and Facebook, have advertising as the backbone of their revenue. For the Chinese internet giants, advertising contributes a minority share of the revenue, with a major chunk coming

from commerce. This fundamentally alters their behavior. From "super apps" such as WeChat to the sprawling e-commerce empire of Alibaba, China is at the forefront of innovation in commerce at scale—the opposite of the impression of China as a "copy" economy. The first-mover advantage of Chinese technology brands in many key sectors (Huawei in Telecom or Didi Chuxing in transportation), and their focus on making solutions cheaper and faster have made their products ubiquitous.

With an insatiable appetite for growth and constant innovation, China is set to expand its influence in the high-growth markets. This could be the beginning of new wave of "Digital Colonization." The irony that the Industrial Revolution, and related outsourcing of low-cost manufacturing by the West to China, led to this shift in power is not lost on us. But brands and advertisers today have to prepare themselves for the cultural and societal fallout of these changes and get ready to deliver, or risk getting left behind. Sadly, this reality is not yet broadly reflected in the advertising and communication industry's outlook towards China. Often China is left alone for being different, as opposed to embracing it as the harbinger of the future!

"The Chinese consumer now leads the world in being the most demanding. China has displaced Japan and the Nordics as the 'Torture Test' market for all products, from baby diapers to mobile phones. If you win with the Chinese consumer, you are likely to win everywhere else."

Overview



BEST COUNTRIES



Qualities of countries shape perception of their brands

Best Countries report reveals qualities for growth

All brands have a country of origin. All countries have their own brand qualities. These qualities can influence the perception of a country's brands, and even impact their international growth. By comparing countries in the 2018 BrandZ™ Global Top 100 report with findings in the Best Countries 2018 report of Y&R's BAV Group, these relationships between brands and countries emerge: Countries with the most brands in the BrandZ™ Global Top 100 report are more powerful and entrepreneurial; fast-growing countries with fewer brands in the BrandZ™ Global Top 100 report are more distinctive and dynamic—and these countries may shape the future of global brand value growth.

Overview

BEST COUNTRIES

The Global Top 100 brands come from 15 countries. The most represented countries are the US, with 55 brands, China with 14, Germany 8, France 4, and the UK 4. Some brands appear only in the category rankings because their value falls below the value threshold of the Top 100. With these brands added, the Global Top 100 report includes 191 brands from 24 countries. The number of brands from each country then increases, sometimes substantially. For example, the number of US brands rises from 55 to 89, and the number of German brands rises from 8 to 14.

Meanwhile, both the BrandZ™ Global Top 100 and category rankings are becoming more diverse. The number of Chinese brands rapidly increased from 1 in 2006 to 14 today. India and Indonesia are now represented by one brand apiece in the Global Top 100. The first Indonesian brand, BCA, a bank, appeared in the 2018, and an Indian brand, Maruti Suzuki, appeared in the BrandZ™ Car Top 10 for the first time.

These developments—the dominance of the US, the sustained strength of the UK and Continental European countries, the rapid rise of China, and the emergence of Indonesia and India indicate that strong, valuable brands can come from just about any geography or culture. Understanding what country characteristics most correlate with high-value brands, and how those characteristics vary by country, can yield insight into the future of building valuable brands.

COUNTRIES/MARKETS IN THE BRANDZ™ GLOBAL TOP 100

The Global Top 100 brands come from 15 countries. The most represented countries are the US, with 55 brands, China with 14, Germany 8, France 4, and the UK 4.

Australia	Canada	China	France	Germany	Hong Kong	India	Indonesia
2 brands	2 brands	14 brands	4 brands	8 brands	1 brand	1 brand	1 brand
Italy	Japan	South Korea	Spain	Sweden	UK	US	
1 brand	3 brands	1 brand	2 brands	1 brand	4 brands	55 brands	

Source: BrandZ™ / Kantar Millward Brown

Power and entrepreneurship

Two qualities seem to most distinguish the countries whose brands appear in the 2018 BrandZ™ Top 100 Most Valuable Global Brands—the countries are powerful, and they are entrepreneurial. These results emerge from analyzing the results of the Best Countries 2018 study by Y&R's BAV Group, completed in collaboration with US News & World Report and Wharton business school.

The study is based on interviews with 21,400 elites, business decision makers, and citizens from 36 markets rating 80 countries across 65 brand attributes. The attributes are then grouped into these eight, thematic subrankings: Adventure, Citizenship, Cultural Influence, Entrepreneurship, Heritage, Open for Business, Power, and Quality of Life. A ninth subranking, Movers, is a forward-

looking measurement of momentum. The study ranks countries on each attribute and subcategory and also combines the data to produce a Best Countries Overall ranking. (Please see the Best Countries Methodology at the end of this section).

There is a correlation between how positively people worldwide view a country, and the extent to which the country produces high-value brands. Four of the five countries with the most brands in the BrandZ™ Global Top 100 also rank in the BAV Best Countries Overall Top 10. Germany is No. 3 in the Best Countries Overall, the UK is No. 4, the US is No. 8, and France is No. 9. China and India rank No. 20 and No. 25, respectively, in Best Countries Overall. Fast-growing Indonesia ranks 41.

Other than Indonesia, these countries share in common especially high

COUNTRIES/MARKETS IN THE BRANDZ™ GLOBAL TOP 100 AND CATEGORIES

Some brands appear only in the category rankings because their value falls below the value threshold of the Top 100. With these brands added, the Global 100 report includes 191 brands from 24 countries/markets.

Australia	Austria	Belgium	Brazil	Canada	Chile	China	Colombia
3 brands	1 brand	1 brand	2 brands	4 brands	1 brand	17 brands	1 brand
France	Germany	Hong Kong	India	Indonesia	Italy	Japan	Mexico
13 brands	14 brands	1 brand	2 brands	1 brand	2 brands	7 brands	2 brands
Netherlands	Russia	South Korea	Spain	Sweden	Switzerland	UK	US
2 brands	3 brands	1 brand	5 brands	2 brands	4 brands	13 brands	89 brands

Source: BrandZ™ / Kantar Millward Brown

ranks in two of the eight Best Countries subrankings: Power and Entrepreneurship. Ranking in the Power Top 10 are: the US at No. 1, China No. 3, Germany No. 4, the UK No. 5, and France No. 6. India ranks No. 15 and Indonesia ranks 47. These countries rank in the Entrepreneurship Top 10: Germany is No. 1, the US No. 3, and the UK No. 4. In the next tier, France ranks No. 14 and China ranks No. 16. India and Indonesia follow at No. 28 and No. 43, respectively.

The Power and Entrepreneurship ranks are a composite score calculated from scores on component attributes. The Power attributes include: having a

strong military, strong international alliances, and being politically and economically influential, for example. Among the attributes comprising Entrepreneurship are: being entrepreneurial, providing easy access to capital, having a well-developed infrastructure, and transparent business practices.

The extent to which each attribute contributes to the subranking score varies by country. China's No. 3 in Power is based on a combination of having a strong military and political influence. For the UK, its No. 5 rank in Power comes from strong international alliances and economic

influence. Germany's No. 1 rank in Entrepreneurship is driven by its skilled labor force and well-developed infrastructure. For the US, No. 3 in Entrepreneurship, the key attribute is being connected to the rest of the world.

Citizenship and other subrankings

Along with Power and Entrepreneurship, the countries with the most brands in the BrandZ™ Global Top 100 also excel in other Best Countries subrankings, including: Citizenship, Cultural Influence, and Heritage.

Overview

BEST COUNTRIES

Citizenship

Attributes comprising the Citizenship subranking include: respect for property rights, gender equality, caring about human rights, and religious freedom. Of the countries that have had brands consistently ranked in the Global Top 100 over time—The US, UK, Germany, and France—Germany ranks the highest, No. 10, and all the countries rank in the Citizenship Top 20, much higher than countries whose brands have entered the BrandZ™ Top 100 more recently.

Cultural Influence

Attributes comprising the Cultural Influence subranking include: being seen as prestigious, being culturally significant in entertainment, and being modern, fashionable, or trendy. France, the US, and UK rank in the Top 5 in Cultural Influence, which may reflect their influence on the world in the second half of the twentieth century, post-World War II. The rise of their global brands benefited from that influence.

Heritage

Attributes comprising the Heritage subranking include: having a rich history, many cultural attractions, and great food. Heritage is a strong factor for France at No. 4, India No. 6, China No. 10, and the UK No. 11. But heritage can cut both ways. Heritage can shine a halo of artistry around France's fashion and luxury brands. Heritage can also lead to stereotypes that inhibit brand growth. India is known overseas for its ayurvedic products and China for its traditional Chinese medicines. Both categories are heritage-related; neither reflects the broader, dynamic economies and aspirations of these countries.

THE BEST COUNTRIES OVERALL TOP 20

There is a strong correlation between the countries with the most brands in the 2018 Brand™ Global Top 100 and the 14 categories examined in the 2018 Global Top 100 report, and the BAV Best Countries 2018 Overall Top 20, a composite of country ranks on nine subrankings.

Rank	Country	Brands in BrandZ™ Global Top 100	Brands in BrandZ™ Global Top 100 Categories
1	Switzerland	-	4 Brands
2	Canada	2 Brands	4 Brands
3	Germany	8 Brands	14 Brands
4	United Kingdom	4 Brands	13 Brands
5	Japan	3 Brands	7 Brands
6	Sweden	1 Brand	2 Brands
7	Australia	2 Brands	3 Brands
8	United States	55 Brands	89 Brands
9	France	4 Brands	13 Brands
10	Netherlands	-	2 Brands
11	Denmark	-	-
12	Norway	-	-
13	New Zealand	-	-
14	Finland	-	-
15	Italy	1 Brand	2 Brands
16	Singapore	-	-
17	Austria	-	1 Brand
18	Luxembourg	-	-
19	Spain	2 Brands	5 Brands
20	China	14 Brands	17 Brands

Source: BAV Best Countries 2018, and BrandZ™ / Kantar Millward Brown
India ranks No. 25, Indonesia ranks No. 41



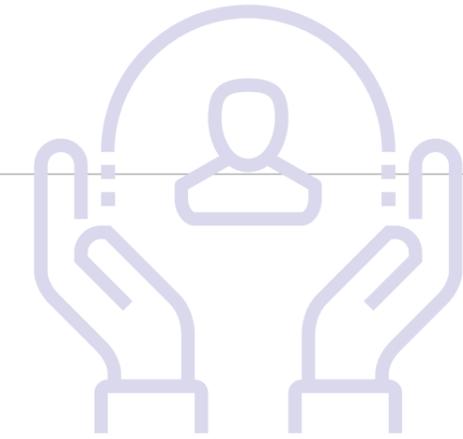
COUNTRIES WITH THE MOST BRANDS IN THE GLOBAL TOP 100 ARE POWERFUL...

Countries with the most brands in the Brand™ Global Top 100 comprise five of the BAV Best Countries Power Top 10. India is No. 15.

BAV Best Countries Power Top 10

Rank	Country
1	United States
2	Russia
3	China
4	Germany
5	United Kingdom
6	France
7	Japan
8	Israel
9	Saudi Arabia
10	United Arab Emirates

Source: BAV Best Countries 2018, and BrandZ™ / Kantar Millward Brown
India ranks No. 15, Indonesia ranks No. 43.



...AND COUNTRIES WITH THE MOST BRANDS IN THE GLOBAL TOP 100 ARE ENTREPRENEURIAL

Countries with the most brands in the Brand™ Global Top 100 comprise three of the BAV Best Countries Entrepreneurship Top 10.

BAV Best Countries Entrepreneurship Top 10

Rank	Country
1	Germany
2	Japan
3	United States
4	United Kingdom
5	Switzerland
6	Sweden
7	Canada
8	Singapore
9	Netherlands
10	Norway

Source: BAV Best Countries 2018, and BrandZ™ / Kantar Millward Brown
France ranks No. 14 and China ranks No. 16.



CITIZENSHIP RELATES TO LONG-TERM LEADERSHIP...

Four of the countries that have the most brands in the Brand™ Global Top 100 consistently over time rank in the BAV Best Countries Citizenship Top 20, although only Germany ranks in the Top 10.

BAV Best Countries Citizenship Top 20

Rank	Country
1	Norway
2	Switzerland
3	Denmark
4	Canada
5	Sweden
6	Finland
7	Netherlands
8	Australia
9	New Zealand
10	Germany
11	United Kingdom
12	Austria
13	Luxembourg
14	France
15	Ireland
16	United States
17	Spain
18	Portugal
19	Japan
20	Italy

Source: BAV Best Countries 2018, and BrandZ™ / Kantar Millward Brown

Overview

BEST COUNTRIES

...AND HERITAGE ADDS DISTINCTION...

Countries in the BAV Best Countries Heritage Top 10 include France, which has consistently had many brands included in the Brand™ Global Top 100, along with India and China, with brands added to the Brand™ Top 100 more recently.

BAV Best Countries Heritage Top 10

Rank	Country
1	Italy
2	Spain
3	Greece
4	France
5	Mexico
6	India
7	Turkey
8	Thailand
9	Portugal
10	China

Source: BAV Best Countries 2018, and BrandZ™ / Kantar Millward Brown. The UK ranks No. 11.



...BUT MOVERS POINTS TO THE FUTURE

The higher ranked countries on the BAV Best Countries Movers Top 10, China and India, have added brands to the Brand™ ranking relatively recently. Indonesia ranks No. 23 in Movers. In contrast, The US ranks No. 29, Germany No. 35, France No. 47, and the UK ranks No. 51. The findings indicate that the countries with most brands in the Brand™ Global Top 100 are viewed as less distinctive and dynamic than countries with fewer brands in the Global Top 100, suggesting that the Brand™ ranking will become more geographically diverse.

BAV Best Countries Movers Top 10

Rank	Country
1	United Arab Emirates
2	India
3	Singapore
4	China
5	Japan
6	Thailand
7	Egypt
8	Russia
9	Brazil
10	Israel

Source: BAV Best Countries 2018, and BrandZ™ / Kantar Millward Brown. Indonesia ranks No. 23, the US ranks No. 29, Germany ranks No. 35, France ranks No. 47, and the UK ranks No. 51.

...CULTURAL INFLUENCE IS SIGNIFICANT...

Three of the countries that have and the most brands in the Brand™ Global Top 100 consistently over time rank in the BAV Best Countries Cultural Influence Top 5.

BAV Best Countries Cultural Influence Top 5

Rank	Country
1	Italy
2	France
3	United States
4	Spain
5	United Kingdom

Source: BAV Best Countries 2018, and BrandZ™ / Kantar Millward Brown.

Shaping the future

A country's influence on building valuable brands in the future may not come from excelling in one particular subranking, but rather from its strength in a combination of subrankings. Specifically, BAV Best Countries analysis combines Entrepreneurship, Quality of Life, and Citizenship into a measurement of soft power, the ability to exert influence with cultural and human capital rather than military might.

A country's perceived soft power correlates with its brand equity, according to BAV. Soft power attributes drive 57 percent of a nation's brand equity, while more conventional measurements of power drive only 8 percent. The US, UK, France, and Germany rank in the Top 20 in each of the soft power subrankings. China ranks in the Top 20 in Entrepreneurship and it is No. 21 in Quality of Life.

China is lower in Citizenship and India and Indonesia are lower in all three soft power subrankings. However, these three countries, particularly China under President Xi Jinping and India under Prime Minister Narendra Modi, are actively implementing initiatives to build global soft power influence.

A country's brand and the brands a country produces form a virtuous circle. The positive perception of a country helps brands grow in new markets, and positive brand experience in new markets improves the perception of its country of origin.

The rising stature of China, India, and Indonesia should help propel their brands.

Brand China has already improved the awareness of Chinese brands internationally. Consumers globally are becoming more aware of Chinese brands across categories, as documented by BrandZ™ analysis of overseas Chinese brand building conducted in collaboration with Google. Between 2013 and 2017, the gap between online searches for Chinese brands and brands from other nations narrowed by 29 percent.

How quickly Chinese brands—or brands from India or Indonesia—reach greater international presence and increase in value relates to another subranking—Movers—which measures a country as different, distinctive, dynamic, and unique. It applies the BAV BrandAsset Valuator Model of Brand Building methodology to countries, as a predictor of future GDP and purchasing power.

And here is where the tables turn. Of the developed nations, the US ranks highest in Movers, No. 29, followed by Germany No. 35, France No. 47, and the UK No. 51. In contrast, India ranks No. 2, China No. 4, and Indonesia No. 23. The Movers subranking, and other BAV Best Countries findings, may be the best indicators of what the BrandZ™ Top 100 Most Valuable Global Brands will look like in the future.

Methodology

BEST COUNTRIES

How to measure a country

The Best Countries ranking incorporates the views of more than 21,000 individuals surveyed in 36 countries in these regions: the Americas, Asia, Europe, and the Middle East and Africa.

These people include a high proportion of “informed elites” –college-educated people who keep up with current affairs–along with business decision makers and members of the general public.

Respondents are asked about the 80 countries that feature in the 2018 ranking; between them, these countries account for about 95 percent of global Gross Domestic Product and represent more than 80 percent of the world’s population.

People surveyed for Best Countries are asked how closely they associate 65 attributes with a range of countries. These attributes are then grouped into eight categories that are used to calculate the Best Countries ranking.

STATE OF A NATION
EIGHT ELEMENTS COMPRISE A COUNTRY’S BRAND



Adventure
A country is seen as friendly, fun, has a pleasant climate, and is scenic or sexy.



Citizenship
It cares about human rights, the environment, gender equality, is progressive, has religious freedom, respects property rights, is trustworthy, and political power is well distributed.



Cultural influence
It is culturally significant in terms of entertainment, its people are fashionable and happy, it has an influential culture, is modern, prestigious and trendy.



Entrepreneurship
It is connected to the rest of the world, has an educated population, is entrepreneurial, innovative, and provides easy access to capital. There is a skilled labor force, technological expertise, transparent business practices, well-developed infrastructure, and a well-developed legal framework.



Heritage
The country is culturally accessible, has a rich history, has great food, and many cultural attractions.



Open for business
Manufacturing is inexpensive, there’s a lack of corruption, the country has a favorable tax environment, and transparent government practices.

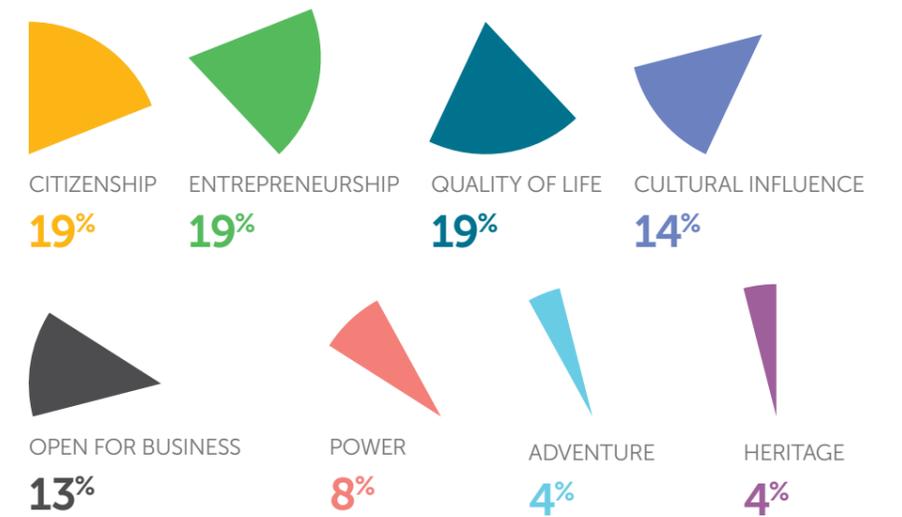


Power
It is a leader, is economically and politically influential, has strong international alliances and a strong military.



Quality of life
There’s a good job market, affordable living costs, it’s economically and politically stable, family-friendly, safe, has good income equality and well-developed public education and health systems.

EACH WEIGHTED ELEMENT CONTRIBUTES TO AN OVERALL BEST COUNTRIES SCORE



rights and equality, and has a focus on entrepreneurship, is seen as having the most powerful nation brand. This reflects how the world has changed; no longer is it just tanks and banks that give a country influence around the world. Hard power is making way for softer power that comes about as a result of entrepreneurship and cultural exports.

The weight of each element in the final index was determined by the strength of its correlation to per capita GDP (at purchasing power parity). As seen in the above breakdown, a nation focused on providing great quality of life for its people, which cares about

Movers
In addition to the eight categories above, a momentum metric called “Movers” represents 10 percent of the index, measuring how different, distinctive, dynamic, and unique a country is seen to be.

For further information about Best Countries and the capabilities of the BAV Group, please contact Ryan Johnson, VP BAV Group, at Ryan.Johnson@bavgroup.com

To see the full Best Countries methodology, visit: <https://www.usnews.com/news/best-countries/articles/methodology>

The Categories

BRANDZ™ ANALYSIS

Category Changes

THE CONSUMER CATEGORIES

Apparel
Cars
Luxury
Personal Care
Retail

THOUGHT LEADERSHIP

Value, Values, And Vogue

by Anusha Couttigane, Senior Fashion Analyst
Kantar Consulting, Retail & Shopper Practice

THE FOOD AND DRINK CATEGORIES

Beer
Fast Food
Soft Drinks

THOUGHT LEADERSHIP

E-commerce Innovation

by Eric Heller, CEO, Marketplace Ignition

THE FINANCIAL CATEGORIES

Global Banks
Regional Banks
Insurance

THOUGHT LEADERSHIP

Women & Finance

by Rosi McMurray, Planning Director,
UK Financial Services & Technology, Kantar TNS

THE COMMODITY CATEGORIES

Oil & Gas

THOUGHT LEADERSHIP

Premium Redefined

by Dayoán Daumont, Consulting Partner,
Innovation & Digital Transformation, OgilvyRED

THE TECHNOLOGY CATEGORIES

Technology
Telecom Providers

THOUGHT LEADERSHIP

Voice

by Whitney Fishman Zember, Managing Partner,
Innovation and Consumer Technology, Wavemaker

BrandZ™ Analysis

CATEGORY CHANGES



Value of every category rises, some substantially

Brand-building initiatives counter disruptions

Each of the 14 categories examined in the BrandZ™ Global Top 100 grew in value. The retail category again led the growth, increasing 35 percent, more than doubling the 14 percent rise of a year ago. Several categories rebounded significantly. Insurance increased 34 percent, after declining 1 percent a year ago. Similarly, global banks rose 24 percent from a 1 percent decline in the previous year. Brand-building Initiatives to contend with ongoing disruptions helped propel value growth as the economy improved.

Retail was a bellwether, the clearest example of a category disrupted by technology. The category was the first to be severely battered by technological change, with the advent of e-commerce in the early 1990s, and the smart phone a decade ago. The survivors transformed, the most successful becoming vast ecosystems, linking online and offline with sophisticated data collection and analysis to ensure consistent customer experience from the start of the circuitous path to purchase to pick-up or delivery.

Two of the e-commerce leaders, Amazon and Alibaba, drove much of retail category value growth. And they represented the poles of retail and technology development—the US and China. Because vast ecosystems enabled Chinese consumers to conduct extensive aspects of their lives on mobile platforms, the China became a vision of future consumer behavior across many categories. And Chinese consumer spending influenced the growth of many categories, including retail, insurance, luxury, technology, regional banks, fast food, personal care, cars, apparel, and beer.

Technology which rose 28 percent in value, disrupted all categories, including technology. The business-to-consumer brands continued to achieve massive scale but also encountered more consumer skepticism because of that scale and the compromise of personal data, which posed a threat both to consumers and to the business models of many of the tech brands that depend on vast troves of personal data to improve their products. The border between business-to-consumer and business-to-business became more porous. And the B-to-B brands moved further along in their efforts to adapt their businesses to the cloud.

Trends and disruption

Propelled by astute branding and the rebound of China's economy, luxury also rose 28 percent in value. Bright colors and fun streetwear styles appeared both in luxury and apparel, as consumers sought comfort and escape from unremitting negative news reports about wars, natural disasters, and threatening political changes. The interest in indulgence also touched personal care. These three categories, especially apparel and personal care, also experienced the disruptive effects of small brands, or non-brands, with convincing stories, competitive prices, and easy availability on the internet.

Fast food also benefited from the interest in indulgence as consumers reconciled their preference for healthy eating with their desire for taste and comfort food. Burgers were back. The fast food category increased 13 percent, compared with 7 percent a year ago, having upgraded its restaurants, improved menus, and figured how to provide meals that were healthier and authentic to the brands. The soft drinks and beer categories were harder hit by consumer concern with health, and the changing drinking preferences of young people. Those categories rose 4 percent and 3 percent, respectively.

BrandZ™ Analysis

CATEGORY CHANGES

The financial services categories—global banks, regional banks, and insurance—progressed in their use of technology to improve customer experience, add efficiencies, and reach new, younger consumers. Its 34 percent rise in value made Insurance the highest category gainer after retail. Chinese and Asian-focused brands drove much of that gain because of local economic growth and rapid adoption of fintech.

Regional economic strength drove the 16 percent value rise of regional banks. BCA, an Indonesian bank, entered the BrandZ™ Global Top 100. Almost a decade after the financial crisis, the global banks reported strong results, with value rising 24 percent after a decline of 1 percent a year ago. However, the banks contended with the prospects of open banking and blockchain, and a changing regulatory environment.

Both the oil and gas and cars categories contended with the uncertain future of carbon, and the need to sustain their businesses today while preparing for a future based around different energy sources. The large integrated oil companies shifted their investments from oil to gas. The European companies focused more attention on alternative fuels, while the American companies were preoccupied with developing enormous shale reserves at home.

Car brands sold big SUVs, the consumer model of choice throughout the world, while at the same time the brands developed car-sharing businesses and other mobility options. Driven by consumer interest in SUVs and luxury, car sales grew in most regions, although at a slower pace, even in China. On the strength of a new premium segment, Maruti Suzuki, an Indian car brand, entered the BrandZ™ Cars Top 10.

Category Value Changes



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

The Consumer Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+5%

Category Brand Value 12-Year Change

+167%

Apparel Top 10 Total Brand Value

\$111.3 billion



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

Apparel imitates luxury with more design focus

Bright colors, personalization express consumer mood

Bold colors and designs signaled respect for diversity and also expressed a need for fantasy and escapism as a counterpoint to the sobering state of global geopolitics. Sales in developing markets, in Asia and elsewhere, outpaced sales in established markets. Sportswear and fast fashion again drove the value growth of the apparel category, which increased 5 percent, after a 7 percent decline a year ago.

Brands sought inspiration from their archives and the designs that made them popular originally. Nostalgia for the decade of 1990s continued to influence style and result in more licensing agreements. In an unusual inversion of trends, some of the fast fashion brands adopted a luxury category practice and introduced premium collections with longer shelf life.

Some of the mass apparel brands also expanded their design teams to develop original designs. These

initiatives responded to the "see now, buy now" trend in luxury, which reduces the time between runway introduction and in-store availability, making it more difficult for mass brands to copy or preempt luxury. In addition, the mass fashion brands added more sub-brands at a time when luxury is rationalizing its fashion brands.

Fast fashion brands, which have depended on innovative technology and logistics for rapid product design, fabrication, and distribution, increasingly used data from social media to produce apparel influenced by consumer recommendations. Brands created capsule collections in collaboration with bloggers or other influencers.

APPAREL TOP 10

			Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	Nike		38,479	4	+13%
2	Zara		26,860	3	+7%
3	Adidas		12,456	4	+50%
4	H&M		8,884	2	-15%
5	Uniqlo		8,166	3	+8%
6	Lululemon		3,912	5	+10%
7	Victoria's Secret		3,442	3	-32%
8	Under Armour		3,160	4	-46%
9	Asos		3,092	4	NEW
10	Massimo Dutti		2,818	4	+0%

Source: BrandZ™ / Kantar 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).

The Consumer Categories

APPAREL

INSIGHT
Inversion

Luxury hurries as fast fashion goes premium

In the fashion space we are seeing an inversion of trends between luxury and mass market players. Fast fashion players like H&M, for example, are introducing more premium focused collections, indicating a shift toward more long-term planning for those upmarket collections. Conversely, luxury brands are looking for ways to introduce newness more frequently without applying that sentiment across their entire ranges. Historically, luxury brands have operated around a bi-annual calendar with two major drops per year. Yet we are now seeing them create smaller ranges that stimulate the market at regular intervals and help them stay front-of-mind between big seasonal drops. Gucci is a good example of a brand that is exploiting this strategy, by creating capsule collections in collaboration with artists and other creative personalities to generate interest more often.

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Adidas led the apparel category in value growth, rising 50 percent primarily because its image as an on-trend streetwear brand was closely aligned with fashion preferences. In addition, Adidas excelled at mass premiumization. The brand also connected with consumer values and sold around a million pairs of shoes made from plastic reclaimed from the ocean.

New channels, competition

As the apparel brands attempted to be on trend, on time, and more personalized, they faced new competition. The low barrier to entry of e-commerce resulted in a proliferation of Asian brands, often from China, that not only competed on price, but also benefited from the interest in Asian culture and fashion.

These brands often existed on social media sites, such as Instagram or Facebook, sometimes with purchasing links to Amazon closing the social commerce loop. Being seen on Amazon conferred legitimacy. In addition, Amazon has become an important destination for apparel shopping in the US and offers its own private label brands, an influence that likely will spread to other markets.



INSIGHT
Trust

Consumers seek more originality from fast fashion

Some of the fast fashion brands have experienced consumer backlash for demonstrating a lack of creativity by simply copying design/graphic work of little-known designers. I've had conversations with friends about this, and their attitude is, they'd buy a solid color item from a fast-fashion brand, but they'd be skeptical about buying anything with a design, which possibly had been copied without permission. They would not buy anything with artwork on it.

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KANTAR MILLWARD BROWN



Consumer ease with online shopping also drove the rise of sites like UK-based Asos, an e-commerce online-only apparel brand that appears for the first time in the BrandZ™ Top 100 Most Valuable Global Apparel Brands. And in an expression of the sharing economy, brands also faced challenges from rental sites similar to luxury's Rent-a-Runway.

INSIGHT
Inclusiveness

Fashion brands embrace people with disabilities

One in five Americans identify as having a disability that makes dressing and expressing themselves more challenging. What should be a shared human experience becomes a frustrating exclusion. Leading brands like Tommy Hilfiger are taking note. By challenging long-standing design conventions like buttons and over-the-head openings on shirts, they are introducing innovations that make fashionable clothes wearable for everyone.

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POSSIBLE

Apparel was also marketed to specific audiences. Subscription models included Rockets of Awesome, intended to save time spent shopping for kids' clothes by supplying regular deliveries of items to keep or return. Le Tote has a maternity line for renting clothes needed only during pregnancy. Expanding the notion of inclusivity, Tommy Hilfiger introduced Tommy Adaptive, featuring clothing designed to make dressing easier for people with certain disabilities.



Fierce competition, including Amazon private label, impacted Victoria Secret as the brand attempted to revise its range and adjust to women's changing attitudes about sexuality, identity, and apparel comfort. H&M closed many existing stores and slowed the opening of new locations as it focused more on perfecting its e-commerce presence.

H&M continued to manage a portfolio of brands, some more premium than the parent brand, and each centered about a slightly different aesthetic. Cheap Monday emphasizes fashion as fun, for example, while &Other Stories presents a more premium offering. H&M announced the launch of an outlet brand called Afound. Also shifting attention to e-commerce, Zara announced it would slow the growth of its regular stores but develop flagship locations. Zara sister brand Massimo Dutti planned the same approach.

Apparel and technology

Zara planned to launch an AR app that shoppers in 120 flagship stores could activate on their smartphones, enabling them to see certain fashions being modeled. The app included a click to purchase function. Zara also experimented with making fast fashion even faster. Using RIFD technology in a London pop-up click-and-collect store, customers could view items in a special mirror and order them for rapid delivery to the store.



INSIGHT
Amazon Effect

Amazon confers legitimacy on unbranded

Amazon has given legitimacy to a host of products that have no brand but are offered at a good price and receive many positive reviews. These products, which may not even intend to build a brand, are stealing share from existing brands. Younger consumers don't care so much about prestige brands, as they are already shopping fast fashion. If they see something on Amazon that looks similar to a Zara or H&M product, and it has good reviews, these consumers are going to wear it for a season. Such consumers are just fine buying the unbranded product on Amazon, creating a difficult dynamic for legacy brands.

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The Consumer Categories

APPAREL

Nike, which continued to lead the BrandZ™ apparel ranking, expanded the use of its Flyknit technology—a flexible fabric used for shoe uppers—to other apparel, starting with a sports bra. Nike also experimented with an in-store augmented reality (AR) system called The Nike Makers' Experience that enables customers to custom-design sneakers. In an example of wearable technology, Adidas introduced a sneaker embedded with a chip that was readable at public transportation turnstiles in Berlin.

Known for the technology used in its Lifewear clothing, Uniqlo embarked on an effort to digitally integrate its online and physical stores, in part to increase its e-commerce business. In another effort to build sales with greater accessibility, Uniqlo planned to place vending machines, stocked with basic clothing items, at mall and airport locations in the US. The focus on technology and apparel basics helped differentiate the brand from other fast fashion competitors.

Lululemon, also known for the fabric technology used in its athletic clothing, focused on improving the gathering and analysis of data to develop customer communities and improve the consumer experience on its website and app. With several acquisitions, athletic apparel brand Under Armour continued its transition to becoming a digital health and fitness community. The customer data will inform product development. Meanwhile, sales in the US slackened, although they continued to grow elsewhere.

BRANDZ Analysis

INNOVATIVE BRANDS RISE IN VALUE...

Consumers see innovative brands as Different, and Difference is an important driver of brand equity. Innovation especially impacted the year-on-year value fluctuations of brands in the 2018 BrandZ™ Apparel Top 10 ranking. Brands that scored high in Innovation increased 11 percent on average, while brands that scored low in Innovation decreased an average of 2 percent. High Innovation scorers included Adidas, which increased 50 percent in value. Under Armour, which dropped 46 percent in value, was among the low scorers in Innovation.

Innovation

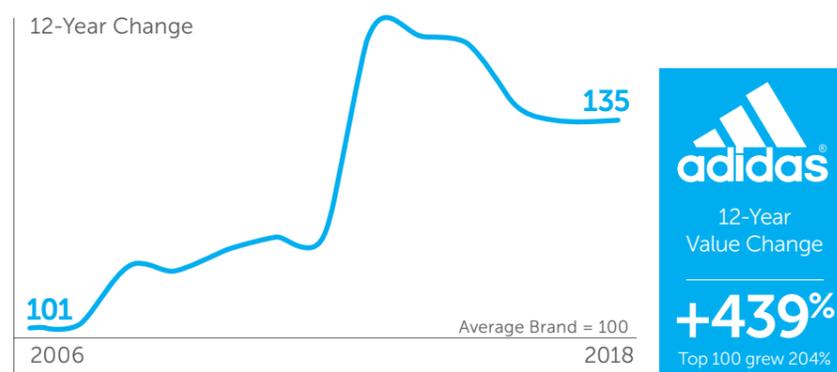
	Innovation Index*	Value	1-Year Value Change
*Average Brand = 100			
HIGH INNOVATION	112	\$65,353 Mil.	+11%
LOW INNOVATION	104	\$45,915 Mil.	-2%

Source: BrandZ™ / Kantar Millward Brown

... AND INNOVATION, MEANINGFUL DIFFERENCE PUSH ADIDAS INTO TOP 100

Adidas entered the BrandZ™ Global Top 100 on the strength of being seen as Innovative and Meaningfully Different. The brand was on trend with its streetwear designs and illustrated a higher purpose with a shoe made of plastic reclaimed from the ocean. Adidas also focused on mass personalization. Over the past 12 years, the Adidas score in Meaningfully Difference increased from 101, around average, to 135. Its brand value increased 439 percent over the same period. Meaningful Difference, a BrandZ™ metric, drives brand equity and measures the extent to which brands meet consumer needs in ways that are relevant and distinctive.

Meaningful Difference



Source: BrandZ™ / Kantar Millward Brown

BRAND BUILDING ACTION POINTS

1 Be original

It is becoming even harder to have a unique selling proposition, which is why differentiation is so important and potent. Brands seen as different are more likely to command a premium. Apparel brands need to review what they stand for, and what they represent in style and value.

4 Know your customer better

The advice is not new, but the level of knowledge required and the means for obtaining it have changed. Customers expect apparel to closely match their fashion needs, which can be assessed through social media, the brand's own data, and data obtained from partners.

2 Expand design horizon

Collaborate with independent designers favored by youthful consumers and bloggers. Feature the indie artwork and publicize the link to the designer to communicate on-trend sensibilities, connection with the customer, support for the art community, and transparency.

5 Be tech wise

Make wise technology investments. The operative word here is wise. Technology can be expensive, but only the right technology, closely aligned with strategy, solves problems.

3 Be inclusive

Do not abandon the mass-market, but look on the fringes, to markets of substantial size that have been relatively ignored. For example, Tommy Hilfiger established an online community of people with disabilities who collaborate with the brand on designing clothing for people who have difficulty with buttons, zippers or other aspects of traditional tailoring.

The Consumer Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+7%

Category Brand Value 12-Year Change

+1%

Cars Top 10 Total Brand Value

\$149.6 billion



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

SUV, luxury propel sales, but pace of growth slows

Brands build for today and prepare for tomorrow

After no increase in value a year ago, the car category rose 7 percent, on the strength of SUV sales and luxury brands. Sales increased in most regions of the industrialized world, but at a slower rate, even in China. Safer, and more technologically advanced than ever, cars required less frequent replacement. Changing attitudes about ownership and more mobility options, especially in urban areas, also affected purchasing.

Although carmakers in China sold over 10 million cars for the second consecutive year, the rate of growth slowed. In the US, actual unit sales declined for the first time in seven years, to 17.2 million. It could have been a sharper decline except that hurricanes in the US drove a high level of replacement sales. The rate of growth also slowed in the EU, but sales increased for the fourth consecutive year, to 15.6 million.

Despite expressed consumer concerns about climate change, SUVs of all sizes drove sales across most markets, primarily because these models make drivers feel safe and powerful. SUV volume in Europe grew about 20 percent. And contrary to the conventional wisdom that younger people are less interested in cars or driving, in markets like the UK, where housing prices limit early home

ownership, cars are a more affordable big-ticket purchase.

Mass imitated luxury in car technology, and luxury imitated mass in car model variations, with SUVs and hatchbacks. Most of the luxury brands offered entry models, on-ramps to the brand for younger drivers who want the badge but cannot yet afford the full luxury sticker price.

CARS TOP 10

			Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	Toyota		29,987	4	+5%
2	Mercedes-Benz		25,684	5	+9%
3	BMW		25,624	4	+4%
4	Ford		12,742	3	-2%
5	Honda		12,695	4	+4%
6	Nissan		11,425	3	+1%
7	Audi		9,630	4	+3%
8	Tesla		9,415	4	+60%
9	Maruti Suzuki		6,375	3	NEW
10	Volkswagen		5,986	3	NEW

Source: BrandZ™ / Kantar 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).

The Consumer Categories

CARS



INSIGHT
Ownership

Steep housing ladder favors car ownership

In Britain, buying a house has been the traditional means for young people to signal progress and independence. Yet today, they can't get on the housing ladder because of the high cost—but, with leasing, cars have become relatively cheap monthly. So they use prestige car brands as a substitute method of signaling status. It's as if the established purchasing pattern has been inverted: while people used to wait until their 50s before driving a Mercedes but bought a flat in their 20s, now they're shopping the other way around.

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These models narrowed the price gap between entry-level luxury and fully-loaded mass. By making their products accessible, and adding a luxury badge, luxury car makers drove extra volume and still commanded a price premium.

On the strength of a new premium offering showroom "Nexa", Maruti Suzuki, an Indian car brand, entered the BrandZ™ Cars Top 10. And several Chinese manufacturers announced export ambitions. Great Wall plans to introduce its Wey SUV to North America in 2021. Geely is considering launching its new Lynk brand in Europe, in cooperation with Volvo, which it owns. Geely acquired a stake in Daimler, maker of Mercedes-Benz.

Luxury sells

Mercedes-Benz sold more cars than BMW worldwide. In its redesign and messaging, Mercedes effectively reached younger car buyers. Its campaign, titled "Grow Up," featured rapper A\$AP Rocky. BMW continued to make cars that people want to drive, which was reflected especially in strong sales in China, although sales declined in the US, where the brand faced fierce competition from other SUV makers. The brand effectively advertised its accessibility in its price messaging about cost per month.

Audi launched the Q2, a smaller SUV. While stretching down, Audi messaging emphasized brand rather than functionality. Audi has been shifting the center of brand gravity down for several years. It has sustained the brand with sophisticated communication, and the brand enjoyed success, particularly with strong demand in the US. In China, Audi is repositioning to a lifestyle car from a car that had been favored by the government for its fleets.

INSIGHT
Emotion



Practicality, values drive millennials

Some of the car brands are trying to solve problems that people don't have. They are providing too much technology. Our research with millennials suggests that all the technology they need is in their smartphone. They look at stripped-down vehicles because they are going to keep the car for a while, but they will upgrade a phone annually. That is a different issue than the emotional connection that people have to their cars, which remains significant. In America it is associated with personal freedom. When we talk to millennials, we find that they are practical. They don't want to splurge, but there is also excitement around luxury name plate. Brand and status is important. But millennials are also looking for a brand that shares their values.

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The rise of Tesla, which increased 60 percent in brand value, following a 32 percent rise a year ago, reflects the fascination with a technology brand that is also in the space travel business, and the sense of potential as more affordable Tesla's enter the market, although the introduction of the Model 3 encountered production problems that hurt the share price.



INSIGHT
Emotion

Brands must inspire passion for car driving

In today's world of climate change discussions, diesel emission scandals, and proliferation of mobility options it is a challenging task for automotive brands to build demand for their products. Rational arguments used to be the norm for volume brands, thinking they are selling transportation devices. Premium manufacturers have always understood the need to build emotional brands, and they have inspired brand desire through passion points. Now, younger audiences don't feel the same need for automotive mobility and rational proof will not convince them to invest in a car, so moving forward, all manufacturers—volume, premium and luxury brands—will have to make active driving a real passion, or lose relevance.

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Maruti Suzuki continued to outpace the growth of the Indian car market because it created network of premium dealerships selling an affordable luxury models through "Nexa" showrooms, which met the aspirations of the rising middle class, particularly young people. To appeal to younger customers Maruti also enhanced digital aspects of its sales and service for both premium and mid-market models.

Strength in the middle

The Toyota Camry remained America's No. 1 best-selling selling sedan, as its reputation for quality and reliability generated a high level of loyalty. The brand continued to dominate the hybrid market with its Prius, and it announced a joint venture with Panasonic to accelerate development of all-electric vehicles. Toyota again led the BrandZ™ Cars Top 10 ranking.

Ford continued to build trucks, like its F series, and SUVs, like its recently-released Rapture. It planned to discontinue some passenger car models, including the Taurus, which was the best-selling car in the US, in its day. Ford's China sales slowed as the brand encountered more stronger competition from Chinese brands.

On the strength of its crossover and SUV models, Nissan sales increased worldwide. US sales continued to be strong but discounting hurt profits. The brand intends to control its incentive programs in the US and be more aggressive in China. Although SUVs and trucks drive the US market, Nissan sells more sedans. That is also the case with Honda, which introduced a new Accord, hoping to stimulate more sedan sales. US tax law changes benefited both Nissan and Honda, as well as other car companies.

Volkswagen stock declined after it booked the fines that followed fraudulent reporting of its diesel car emissions in the US, but US sales revived on the strength of the Volkswagen brand and the introduction of new models, including SUVs. Worldwide, Volkswagen recorded its best sales performance ever, with strong sales in most markets, especially China, and the brand reentered the BrandZ™ Cars Top 10.



INSIGHT
Experience

Car buying is emotional and utilitarian

There are two distinct trends: car as "white goods" and car as self-actualization. Both address the question of what is the best way to monetize the automotive opportunity. At one end is transportation as a commodity; mobility solutions that enable people to move from Point A to Point B on demand. The per-mile cost of a given journey is higher than for a car owner, but the passenger doesn't care because an owned car stands idle 95 percent of the time and requires the owner to take on the burdens of taxation, depreciation, and maintenance. It's the hassle free, "smart" solution. At the other end, manufacturers are building ever-more experiential cars. Brands are leaning on their heritage and reimagining models from the past that are very emotive and provide much more than a commuting experience. Brands with classic models span the mainstream to the esoteric, track only exotica, and at the top end these cars work as investible asset, similar to the art market—invest, enjoy and reap the financial rewards.

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The Consumer Categories

CARS



INSIGHT
Ownership

People enjoy the convenience of owning a car

The ownership preference is not going to go away. A lot of people don't live in cities. If my home is on a rural road I may prefer to have a car parked at my house rather than to wait for the ride share service to arrive. Recent research on electric vehicle owners indicates a preference for ownership. Although dealers are bundling services, many people, especially those who've owned electric cars, think they can outsmart the lease cost. They're thinking, "I'd rather own the car and buy my own service and work out my own charging packages because I can get a better deal." Ownership is a habit, and for some it provides important convenience with the vehicle parked outside the door.

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Facing forward

As the world moves away from combustion engines and looks for ways to solve urban congestion, car makers, especially mid-market brands, are competing for leadership as mobility providers.

Ford invested in software to operate city transportation systems and it introduced its Chariot ride-sharing van in London, early in 2018, having launched the app-driven service in San Francisco two years earlier, and expanded to several other US cities.

Brands developed sharing programs that also work as brand marketing tools. Cadillac, Volvo, and Porsche offered subscription services the connect customers to the brands, providing a car model most appropriate for the occasion. Using a particular app to get around London, it was possible to hire a black cab—or a Porsche, exposing potential customers to the Porsche experience. BMW acquired Parkmobile, an app for booking and paying for parking spots.

Most of the brands developed plans for electric and autonomous vehicles. Toyota announced a major investment in autonomous cars, with the establishment of a separate company, Toyota Research Institute-Advanced Development. Ford invested in a startup called Argo AI to develop autonomous car technology. BYD, a Chinese brand, is already a major manufacturer of electric vehicles for personal and commercial use.

Ironically, as car brands shift to mass transportation, they potentially become more desirable, particularly at the luxury end, where scarcity and nostalgia drive interest in classic car models from the past. In some markets, Ford is bringing back the Mustang, for example. Reflecting the connection between cars and watches as objects for self-expression a Danish company produces watches from salvaged Ford Mustangs.



INSIGHT
Brand

Heritage helps sustain brands going forward

What is electric, autonomous, bought online and used every day? A car or a washing machine? The suggested future of automotive could be worrying to the aspiring brand marketer. Brand becomes more of an irrelevancy in a world where cars are simply about transportation, even if they're electrified and available in various ownership models. For the shrewd automotive brand a means of avoiding a future of commoditized machines has been to draw on the brand's "soul." For example, some brands, taking note of a growing classic car market, are looking backward to sustain their future desirability, dialing up a sense of heritage through reimagining classic models. However, in future, conveying a sense of soul could be about provenance or experience, for example. There is value in the story behind a brand and product and this is a key lever to pull to be a sustainable brand in a category that is being disrupted by tech. One thing is certain. Automotive brands that invest only in mobility solutions might as well not be a brand in the future.

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INSIGHT
Technology

Tech badge can strengthen brand loyalty

The car industry is evolving like the mobile phone industry. The car maker will create a shell, and the tech company will create everything on the inside, including the communication system. Brand loyalty is declining. If an Apple or Google puts a badge on a car it will make a difference. In luxury it's a bit different because of the prestige that comes with owning a luxury car.

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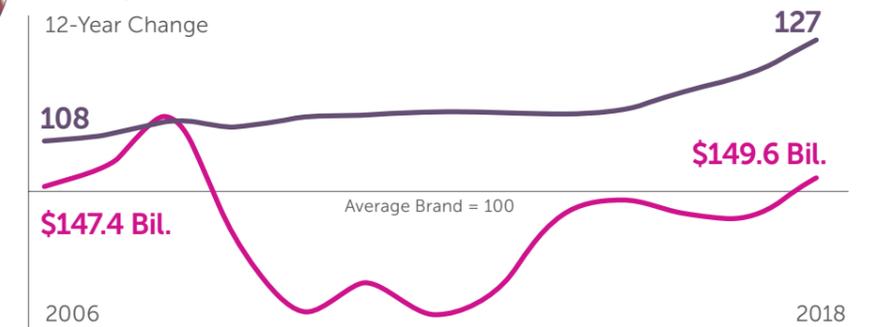
Most car brands continued to sell through extensive dealer networks, but Tesla sells direct, and other sales and distributions possibilities emerged in China, where Alibaba sells cars on its e-commerce site and, in partnership with Ford, introduced a car vending machine. In a strategic alliance with Ford, members of Alibaba's Tmall can sign up for a car online and obtain it for a three-day test drive, using facial recognition to release a car from a giant vehicle vending machine, which operates like a robotic parking garage.

BRANDZ Analysis

MEANINGFUL DIFFERENCE SUSTAINS VALUE GROWTH...

The BrandZ™ Cars Top 10 managed to increase substantially in Meaningful Difference during the past 12 years, even when value plunged after global financial crisis and recovered slowly. Meaningful Difference—especially in the luxury segment—helped brands sustain value through this difficult period. The BrandZ™ metric Meaningful Difference drives brand equity and measures the extent to which brands meet consumer needs in ways that are relevant and distinctive. An average score is 100.

Meaningful Difference | Value



Source: BrandZ™ / Kantar Millward Brown

...BUT BRANDS BUILD STRONG EQUITY IN VARIOUS WAYS...

Tesla, the luxury electric car with limited distribution, has built its equity based on Brand Promise, and scores remarkably high in being Different—268. In contrast, Maruti Suzuki, the first Indian brand in the BrandZ™ Cars Top 10, achieves a much lower, but respectable, 134 score in Different, which is balanced by strong Meaningful and Salient scores of 181 and 221, respectively. Maruti Suzuki brand equity reflects great brand delivery.

Brand Equity



Great Brand Promise

Great Brand Delivery

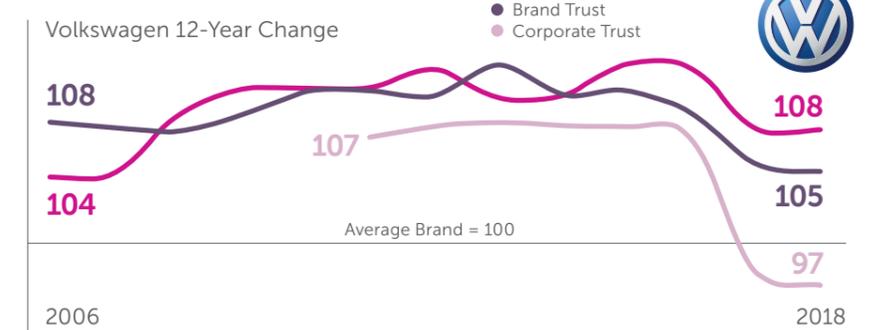
Source: BrandZ™ / Kantar Millward Brown

Average Brand = 100

...TRUST AND RECOMMENDATION DRIVE VW REBOUND

In a demonstration of brand strength, Volkswagen returned to the BrandZ™ Cars Top 10 this year. Despite the brand's well-publicized emissions scandal, consumers continued to trust and recommend Volkswagen because of their experience with the brand. At the same time, they lost trust in the Volkswagen corporation and assigned it blame for cheating on emission results.

Trust and Recommendation



Source: BrandZ™ / Kantar Millward Brown

The Consumer Categories



BRAND BUILDING ACTION POINTS

- ## 1 Value the past

Find the bits of brand heritage that can add enhancement to mainstream brands and tell a more textured and interesting story. When applicable, explain how a car brand became part of the larger culture.
- ## 2 Talk about the future

Consumer wants to know that the car they purchase today will be worth something tomorrow. Being seen as innovative and future-focused helps reassure consumers that the brand will sustain its value.
- ## 3 Think differently

Car brands traditionally have been divided into categories—mass and class. It is now more useful to think about how the car brand fills a particular consumer need. In this dichotomy the brand is either utilitarian (for getting from Point A to Point B), or experiential (for enjoying the journey).
- ## 4 Fix the buying experience

People buy cars similarly to the way they buy other things—with a lot of online research and a trip to brick and mortar locations for touch and trial, as necessary. Typically, car buyers do not expect their trip to the dealer to be uplifting. Surprise them.
- ## 5 Be electrifying

In the shift to electric vehicles it is important to communicate more than the environmental and functional benefits of the technology. The excitement of driving needs to remain part of the brand story.

GERMANY

Total Value of German Brands in the BrandZ™ Global Top 100

\$210.9 Bil.

The Consumer Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+28%

Category Brand Value 12-Year Change

+120%

Luxury Top 10 Total Brand Value

\$133.1 billion



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

Brands refine experience both in stores and online

Iconic meets ironic as luxury adopts streetwear

The definition of luxury expanded, as younger consumers discovered new niche brands and older customers sought traditional luxury products, but also found satisfaction and expressed individuality with exclusive experiences as well as philanthropy. These dynamics, along with the rebound of China's economy, drove the strong 28 percent increase in category value, following a 4 percent rise a year ago.

Democratization continued as brands tested the tension between exclusivity and accessibility, attempting to be as relevant as mass, but more exclusive. Streetwear influence increased and the "see now, buy now," trend—eliminating the time lag from runway to store—gained momentum.

Brand experience, which is fundamental to luxury, was expressed innovatively in physical stores using artificial intelligence and virtual reality, and online brand experience improved, too, partly in response to challenges from smaller designer brands available on e-commerce because of the low barrier to entry.

Competitive pressure also impelled luxury leaders to focus more on data to understand market changes and identify potential customers, which is not a natural practice for brands with deep heritage and a base of core customers that they know well. But customer needs and desires changed with shifting societal trends.

LUXURY TOP 10

		Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	Louis Vuitton	41,138	5	+41%
2	Hermès	28,063	5	+20%
3	Gucci	22,442	5	+66%
4	Chanel	10,383	5	-6%
5	Rolex	8,721	5	+8%
6	Cartier	7,040	4	+20%
7	Burberry	4,483	5	+5%
8	Prada	3,925	4	-1%
9	Dior	3,612	3	+54%
10	Saint Laurent/Yves Saint Laurent	3,316	3	NEW

Source: BrandZ™ / Kantar 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).



The Consumer Categories

LUXURY



**INSIGHT
Status**

Status switches to “Competitive Altruism”

As neighborhoods become more homogenized with high-income consumers clustering together, we’re seeing a big change in the idea of “keeping up with the Joneses.” It used to be that if you lived in a wealthier area and owned a Mercedes, you’d park it outside to show off. Today in certain zip codes, where everyone has a luxury car, neighbors keep it in the garage to avoid ostentatious displays of wealth. Instead of showing off through fancy cars or clothes, these consumers are engaging in what’s called “competitive altruism.” They’re trying to outdo each other in generosity and altruistic endeavors to enhance their status. It’s important for brands to pick up on this in order to better connect with this audience’s needs. For example, look at what Stella McCartney is doing with the circular economy—she’s encouraging all of her products to be resold in a second-hand environment.

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Individuals with sufficient money but limited time increasingly wanted to enjoy their wealth, not just with the accumulation of exclusive, expensive, and expertly crafted material items, but with time well spent, which is why many of the most valuable luxury makers branded hotels, including Hermès, Versace, and Dior. And for some wealthy consumers, adding another luxury car in the driveway was less satisfying emotionally—and as a status badge—than philanthropy.

Heritage and innovation

Gucci led the BrandZ™ Luxury Top 10 in value growth. With its vibrant patterns and colors, Gucci captured the moment and influenced the category. Ubiquitous at red carpet galas, Gucci was endorsed by celebrities and the beneficiary of much buzz on social media. An unusual and popular social media influencer, Lil Miquela, is a computer-generated avatar who wears Gucci and other luxury brands.

Many brands, particularly, Louis Vuitton, Hermès, and Gucci organized promotions based on brand heritage stories. Louis Vuitton advanced many brand initiatives outside the store, including the *Volez, Voguez, Voyagez* exhibition of its vintage luggage collection, which it displayed in venues such as the former American Stock Exchange building in New York City’s financial district.



**INSIGHT
Democratization**

Luxury can be expensive and inclusive

We’re seeing the democratization of luxury in today’s market landscape. Not only do luxury brands have to make themselves accessible to a more diverse audience, they also have to compete against new categories, like experiences and travel. In the work we’re doing in the luxury space, we find individuals who may treat themselves to a nice meal as a reward for a job well done, or get a Starbucks every morning, or buy a membership to an upscale gym. These purchases are considered luxury purchases to them, but luxuries they can afford on a regular basis. The question is, how do true luxury brands play in a space where “luxury items” may be at a lower price point, but still at the high end of their category? The other challenge for luxury brands is attitude. Brands can’t afford to be exclusive or snobby. They may be exclusive by way of price, but they can’t afford to alienate any consumer, no matter if they are a luxury consumer or not. If a brand doesn’t connect with people from all walks, it’s a problem.

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**INSIGHT
Experience**

Exclusivity sells, but values change the experience

In luxury automotive we see an evolved experience, where the customer is not buying a product, but rather a membership to an exclusive club. Aston Martin, for example, launched “Art of Living,” a curated portfolio of lifestyle experiences that are normally reserved for a very limited audience. It’s been a productive way for the brand to engage with customers one-on-one. Experiences offered by these brands are becoming super engaging rather than merely passive spectator events. In 2017, Aston Martin China took a small group of their key customers and media touring across 800 kilometers of rugged, high altitude Western Sichuan scenery to demonstrate “the essence of Grand Touring” in an Aston Martin. En route, guests visited a Tibetan primary school, donating books, and school bags to more than 100 pupils in a remote village, part of the brand’s CSR efforts in the region.

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Brands paired heritage with innovation that appealed to contemporary tastes. Louis Vuitton also partnered with artist Jeff Koons who created a limited collection of paintings—reproductions of some of the great masters—that were printed on Louis Vuitton handbags. The brand continued its association with the streetwear brand Supreme, and it introduced bold animal prints.

Experiencing strong demand for its iconic bags and silk scarves, Hermès enjoyed a record profit year. The brand introduced a new website in North America and plans to introduce it in Europe and China. It also expects to open eight new stores in 2018, including locations in California and China. To reach a wider audience, including younger consumers, Hermès has partnered with Apple and designed a collection of watchbands for the Apple Watch.

Chanel mixed its equestrian heritage and its classic look with a more futuristic interpretation of fashion at a pop-up club in New York created to promote the brand’s Boy-Friend watch collection. It also collaborated with Adidas on a pair of sneakers. Brand founder Coco Chanel was profiled in *Good Night Stories for Little Girls*, a best seller that profiles a hundred women role models from the arts, science, literature, and other disciplines. While the brand has effectively broadened its appeal to younger customers, the accessibility has also opened the brand to challenges from disruptive, pure-play e-commerce competition.

Rolex continued to do well in the watch sector, whose fortunes have been roughly inverse to the invention and global adoption of the smartphone. Rolex, a pioneer of sports marketing, continued to invest in long-term partnerships that sustain brand consistency. Rolex partnered with the Oscars, to connect it with the younger, movie-going generation and recall the appearance of Rolex watches in many well-known films.

In the Cartier New York Fifth Avenue mansion store, opened for its first full year following extensive renovations, the brand mounted its Cartier Haute Joaillerie Exhibition, featuring rare precious stones and jewelry creations. Cartier also held an exhibit at London’s Design Museum connecting the brand to a golden age of French innovation in the nineteenth century. At the same time, celebrities like Kylie Jenner and Kanye West have stoked the popularity of the long-established Cartier Love Bracelet.



The Consumer Categories

LUXURY



INSIGHT
Experience

Luxury shoppers expect more than products

Consumers expect more from the luxury brands than the products themselves. They are demanding experiences. Look at Louis Vuitton's storefront, for example. It's always spectacular. Maybe it's the younger consumer who's going in that direction or simply those who want more—more value for money, whether that's experience or philanthropy. That exchange is changing slightly from what it was in the past. Philanthropy is part of the brand identity, what the brand believes in, and it is especially important to younger shoppers.

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Iconic meets ironic

Iconic met ironic in Burberry's collaboration with streetwear designer Gosha Rubchinsky, who reinterpreted the brand's classic plaid in fanciful, tradition-defying ways. In an augmented reality development with Apple's ARKit, Burberry users can enhance their own social media images with Burberry-inspired artwork. Prada created throw-back collections that evoked the 90s, which continued to be at the center of a nostalgia trend. But slackening demand in Asia hurt results.

Dior has been especially active in China and is promoting its fine jewelry collection with a design point of view, an example of expressing the trend toward playfulness, even at the high end. And the brand engaged models such as A\$AP Rocky and Rami Malek to underscore the street cred of its menswear. Saint-Laurent introduced online sales in China in a partnership involving Farfetch, an e-commerce company, and JD.com. To display the brand's contributions to fashion and celebrate the cities that inspired them, Yves Saint Laurent opened museums in Paris and in Marrakesh.

The impact of Chinese consumers on luxury spending increased as the economy strengthened. Chinese consumers continued to spend on luxury while traveling, but luxury brands also equalized the overseas and China domestic prices for luxury items to encourage more spending at home, a goal of the Chinese government. Alibaba and JD.com, China's largest e-commerce platforms, added luxury sites, called Luxury Pavilion and

Toplife, respectively. In a country where most deliveries are made by men riding bicycles piled with packages, packages from JD.com's Toplife will be delivered by a well-dressed young man wearing white gloves.

Personal values also drove the evolving definition of luxury, with more individuals deriving satisfaction not only from the material objects they collect and display, but also from the contributions they make to charities and other causes. This "competitive altruism" also helped propel the growth of a second-hand market for luxury goods. Consignment companies, like The RealReal, operate both online and physical stores, and illustrate the "circular economy," a growing phenomenon.

Although the second-hand market can serve as an on-ramp to luxury for younger consumers, the availability of well-priced authentic luxury in almost-new rather than brand-new condition also potentially threatens traditional luxury brands. The traditional brands also face competition from new, smaller designers who can offer the craft and exclusivity of luxury, but at a lower price and sometimes with assurances of ethical supply chains, which the apparel brand Everlane calls "radical transparency."



Insights

Millennials

Young consumers redefine luxury, find niche brands

The luxury consumer is getting younger. Millennials are driving the trends, influencing up and down, generationally. They are redefining what they consider luxury, and it's less about the traditional brands and more about the niche brands that they've discovered. They aren't necessarily expensive but have rarity in other ways. In the US, these young people are getting to wealth faster and they're much more ethnically diverse. They often buy into the experience around the product. The classic brands are responding in many ways, certainly by perfecting their e-commerce presence.

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Values

For ultra-wealthy, philanthropy is another luxury

Gone are the days when all ultra-high-net-worth individuals had similar expectations from luxury. The majority of these people today earned their fortune, as opposed to inherited it, as it used to be the case in the past. Their self-made fortune means more to them than just financial assets and materialistic treats. They earn in order to experience the world and make it a better place. Although some of these "new rich" are millennials, there are also other generations that share similar values. Demographics are going out of fashion and luxury brands need to zoom in on consumer interests, values, and passions instead. Thus, the right balance between pleasing customers with traditional values and appealing to the "new rich" is widely discussed in many boardrooms. While the right balance will look different for each luxury brand, and there are many flavors to choose from, the common truth is relatively simple—strategies should remain true to a brand's DNA and heritage.

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Engagement

Brands balance timely offerings and timelessness

In the luxury world today, we see classic brands embrace an edgier point of view and a bolder, more modern aesthetic to reach new affluent consumers who are younger, more diverse, and more globally-connected. At the same time, those same brands must transmit their rich heritage to maintain the interest and loyalty of their core customers. To balance being timeless and timely, we see brands playing with limited-edition collaborations with hip and avant-garde designers, partnering with unexpected muses such as social influencers to develop content and collections, and creating immersive offline and digital experiences that bring to life a brand's values and help new audiences feel part of the brand's legacy and future.

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The Consumer Categories

LUXURY



INSIGHT
Data

Even high-end luxury needs data analysis

Data is a massive area but not a natural one for many luxury brands. In other categories we might have regular conversations about data strategy. In luxury it's more typically a learning agenda. There is a continuum between brand and performance and, in most categories, brands have a combination of both. In luxury the continuum is weighted to brand, with exceptions. There are brands in the e-commerce space, which are generally wider, more mass, and younger luxury brands. But the real high-end luxury brands are naturally more protectionist about their clients and have personal relationships with their best customers. These brands think they know their customers, but the customers are changing and increasingly come from broader geographical areas and backgrounds than ever before.

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BRANDZ Analysis

SUPER LUXURY BRANDS RISE FASTEST IN VALUE...

Luxury brands constantly struggle with the category's central tension: limit sales to maintain the exclusivity that defines luxury; or risk brand dilution to widen appeal. Over the past 12 years, super luxury brands that have protected exclusivity increased 190 percent in brand value, more than double the growth of brands that attempted a wider appeal. Brands that successfully managed the difficult balance of exclusivity and popular appeal increased 111 percent in brand value, and achieved strong scores in Brand Experience, Desirability, and status or "Want to be seen using."

Luxury vs. Super Luxury

Average Brand = 100	Luxury	Both	Super Luxury
BRAND EXPERIENCE	104	108	110
DESIRABILITY	112	118	119
WANT TO BE SEEN USING	109	111	113

12-Year Change **+80%** **+111%** **+190%**

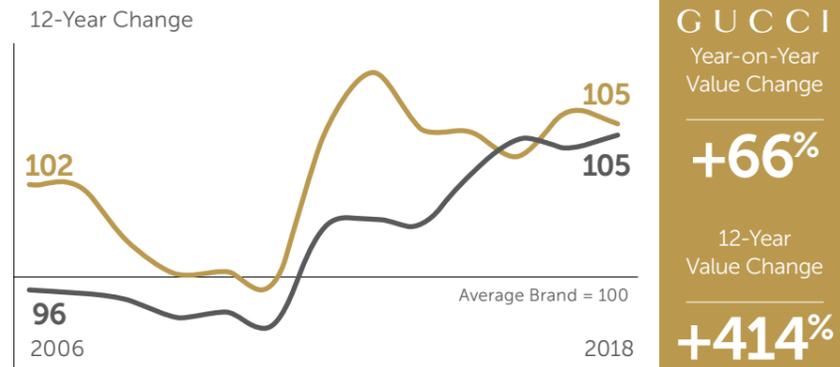
Luxury: Burberry, Cartier, Dior, Gucci, Prada, Tiffany
Both: Louis Vuitton
Super Luxury: Chanel, Hermès, Rolex

Source: BrandZ™ / Kantar Millward Brown

... GUCCI LEADS THE LUXURY BRANDS IN VALUE RISE

Gucci led the BrandZ™ luxury Top 10 in value increase with tremendous one-year gain of 66 percent. Over 12 years, the Gucci brand increased 414 percent in value. Its recent bold designs and colors captured the mood of the times, and Gucci increased its scores in Meaningful Difference and Trust.

Meaningful Difference | Trust



Source: BrandZ™ / Kantar Millward Brown

BRAND BUILDING ACTION POINTS

1 Be bold

Take risks. Be willing to communicate a unique point of view both in design and communication. Heritage is important. But even a royal family needs to refresh and put on a modern face. Be flexible about who speaks for the brand.

2 Be timeless and timely

Luxury brands by definition do not chase the latest trend. They tend to defend consistency and tradition. But customers are changing and being on-trend is crucial. The challenge is to express the latest trends in continuity with respected tradition.

3 Link brand with data

More than in most categories, luxury is about brand and originality of design, not analysis of data. Luxury brands should be neither data-driven nor data-adverse. Artistic intuition, rather than data, connects fashion with the zeitgeist. But data can inform artistic intuition without subverting it.

4 Market across media

As the market for luxury expands, with new, younger consumers, it is important to be present in diverse media, which means both social media and the traditional fashion press. Print is resurging among young people as more tactile and tangible than digital.

5 Be cordial

Being exclusive is fine. For luxury it is necessary. Being snobby is poor manners, which may impress some people, but is sure to alienate the younger customers on whose buying power the future of luxury depends, and who have no problem walking down the street—or clicking away—to another brand.

The Consumer Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+8%

Category Brand Value 12-Year Change

+98%

Personal Care Top 15 Total Brand Value

\$124.7 billion



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

Brand value increases despite disruptive trends

E-commerce, changing attitudes influence shopping

The personal care category increased 8 percent in value, compared with a rise of only 1 percent a year ago. The four brands that rose significantly—over 20 percent—responded well to ongoing category disruptions, especially from e-commerce, where the low barrier to entry facilitated the appearance of small brands, often from Asia, with convincing stories about safe and effective products at a good price.

Referred to as the “Amazon Effect,” this disruption occurred also in the aisles of brick and mortar stores where shoppers equipped with mobile devices sometimes received coupons and other notifications to influence the purchase decision at the shelf. Social media inspired conversations that enabled new brands to build awareness with little marketing investment, and beautiful and accessible photography drew personal care browsers to Instagram.

PERSONAL CARE TOP 15

			Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	L'Oréal Paris		26,107	4	+9%
2	Colgate		18,516	5	+4%
3	Gillette		15,358	5	-6%
4	Lancôme		11,274	5	+20%
5	Nivea		7,394	4	+9%
6	Clinique		7,173	5	+20%
7	Garnier		6,758	4	+5%
8	Dove		6,020	4	+4%
9	Estée Lauder		5,436	5	+29%
10	Pantene Pro-V		4,218	4	+3%
11	Olay		4,040	4	+8%
12	Shiseido		3,827	4	+42%
13	Crest		3,368	4	+1%
14	Oral-B		2,686	4	+1%
15	Head & Shoulders		2,490	3	+3%

Source: BrandZ™ / Kantar 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).

The Consumer Categories

PERSONAL CARE



INSIGHT
Identity

Ethnic, racial identity shapes care products

The film *Black Panther* struck a cultural chord for many reasons. One which is pertinent to personal care brands is the growing preference among African Americans to wear their natural hair. For too long black women have felt marginalized and disparaged for wearing their natural hair and forced to conform to westernized beauty norms. In the US and South Africa, women and young girls were even being sent home from school or reprimanded at work. We highlighted this issue with Pantene last year by introducing the new Gold Series range, but there's far more that needs to be done. The challenge is how brands can be authentic and central to these kinds of conversations—not just to sell more product, but to genuinely meet customer needs.

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Brands contended with these other disruptions, too: changing shopping habits, with consumers making more trips but putting less into their baskets; discounting, and the appeal of lower-price private label products; and direct-to-consumer distribution models, like subscription, that challenged traditional brands and disintermediated retailers.

Social media, particularly micro bloggers, became a source for gaining consumer insights. However, in a category divided between older, more traditional consumers and the younger generation, where power has shifted to consumers and away from manufacturers and retailers, brands sometimes lacked a comprehensive, data-informed understanding of exactly how consumers shopped online and offline.

At the same time, changing personal values and time constraints influenced consumer attitudes toward personal care. With evolving ideas of beauty and the rise of naturalness as an ideal, people simplified their personal care regimes and used fewer products. Time-compressed lives, and a rise in people working from home, contributed to this trend.

Simplification and personalization

Women gravitated to products with multiple functions, even in Asia, where consumers traditionally follow daily multi-step beauty regimes. Both men and women used products to enhance—rather than alter—their natural appearance. Although men shaved less, they used more moisturizer, for example.

The simplification trend was in tension with the personalization trend. Consumers seem to simplify in some instances and personalize in others, usually those associated with beauty. The ultimate personalization was the development of ingredients based on genetic science. Some of the newest personal care brands did not refer to gender, as notions of gender fluidity led to product fluidity.

At the same time, new niche brands, in hair care, for example, rapidly introduced product variations, adopting the constant renewal ethos of the fast fashion. Other personal care products imitated the superfoods trend with fashionable ingredients like coconut oil. In the midst of this constant change, brand loyalty was fragile. Consumers depended on a brand repertoire and bought the sale-priced brand, as a Tinder mentality afflicted retail.

In China, niche brands, often from Korea and Japan, pressured the major brands because they are easily available online, from Alibaba or JD.com, for example. Young consumers view these brands as innovative and they create social media buzz about them, influencing older consumers.

To meet the changing expectations of consumers, and counter the impact of small disruptor brands, the large personal care companies are introducing their own versions of smaller, more nimble brands. Unilever introduced Love Beauty and Planet, a brand positioned as natural and ethical, and ApotheCARE, a more premium, natural and sensorial brand. P&G bought Native, a premium-priced natural ingredient deodorant marketed direct-to-consumer.

Insights



Survival

Survival tips can help brands in disruptive time

Despite the relentless disruption, I wouldn't consider the personal care category down for the count. To stay relevant in a rapidly changing environment will require a willingness to challenge and change entrenched ways of doing business; the next generation of personal care products will come from collaboration, integration, and anticipation. Collaboration means working with entrepreneurs, retailers, and tech partners to find new solutions to existing challenges, and even more exiting, new problems to solve. Through vertical integration, personal care companies will have more control over the path to purchase; winning consumers through cost and time effective ways to buy. Anticipation is about looking at the wealth of insights personal care companies have about consumers' buying and usage behaviors. This will enable them to deliver the perfect products that we never knew we needed. With bold investments and brave decisions, the personal care sector will not only survive the deluge of disruption but thrive despite it.

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Identity

Personal care becomes more personalized

In a world where we recognize more personal identities, fluidities, and unique needs than ever before, it is surprising that true personalization in the personal care category is only just starting to emerge. But emerge it is; today we are seeing brands fuse creativity and light biohacking to create potent products tailor-made for individuals. Consider Function of Beauty, the haircare brand that formulates bespoke shampoo and conditioner. Their lab in downtown New York is open for expert consultations and there are 12 billion potential combinations—nearly two for everyone on earth. Or Care/of, the personalized supplement brand tailored not just to a person's goals and needs, but also to their geographical location and their level of trust towards different global approaches to health. At a time when we as marketers are challenging ourselves to see individuals and sides of people, and not segments and types of people, it is inspiring to see new brands taking a deeply holistic approach to understanding the people they serve and in doing so, truly injecting the personal into the personal care category.

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Simplification

Products must match simpler care regimens

A key threat to brands comes from the changes in how consumers are using personal care. Year-on-year, around the world, we are seeing consumers simplify, using fewer products and using them less often. In the UK, the average person now has four fewer personal care moments every week compared with five years ago. This decline in usage creates a delay in replenishment trips, which hits brands' top line. As consumers reduce their repertoire, the window of opportunity for a brand to be used narrows and creates an even more competitive space. Time pressures, a desire for a more natural look, more flexible working conditions, and less strict workplace dress codes have all had a negative impact across personal care categories, particularly those categories that are beauty and grooming related. Despite having more simple routines, consumers are still as demanding as ever and want brands to provide them with the solutions to their complex needs. Brands need to engage consumers with solutions that fit in to their busy lives and address their individual needs if they want to stay within the consideration set.

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The Consumer Categories

PERSONAL CARE



INSIGHT Shopping

Brands need more data to understand complex journey

Brands need to wear two hats—physical and virtual—because the majority of sales are still being driven through brick and mortar, although Amazon is taking a growing share. Given this complexity, brands are showing a greater interest in how consumers are shopping the category, both from an online mobile perspective through to the store, so they can optimize their relationships with their bricks and mortar partners. The brands don't have a true understanding of what's going on at the shelf, however, because they lack complete data. In addition, their competitors used to be other big brands. Now they're up-and-coming niche brands.

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**KANTAR
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BROWN**

Technology and communication

Brands that increased most in value responded effectively to the category trends and disruptions. Shiseido, which led the personal care brands in value rise, improving 42 percent, benefited from its functional excellence. Shiseido acquired a beauty startup called MatchCo, to expand the possibilities of customizing makeup digitally, using a mobile device. The technology matches the user's skin and recommends the appropriate makeup.

Japanese provenance underpinned Shiseido's reputation for technology and proven functionality, and its ability to combine premiumization with scale. In Japan, the brand planned to focus on skin care products, and in China it emphasized its digital strategy and brand prestige. Shiseido launched a three-year plan to become one of the top three global prestige cosmetic brands.

Estée Lauder also did well in Asia, particularly China, where it is available in 117 cities. The brand experienced a rebound in skincare, and also benefited from the changing desires of Chinese customers who are purchasing more makeup and fragrance. Its use of technology included an augmented reality (AR) mirror in some stores, and its social media activity helped draw more young people to the brand with online influencers hosting how-to videos.

Appeal to young people and growth in China drove strong sales results for Lancôme. In a collaboration with the digital company YouCam Makeup,

Lancôme hosted live-streaming AR makeup demonstrations in the run-up to Halloween, which leveraged the increasing use of makeup during the fall holiday. Lancôme launched an elaborate philanthropic effort called the "Write Her Future" campaign, in which the brand's ambassadors, including actors Penélope Cruz, Julia Roberts, and Kay Winslet, participate in a social media campaign to fight illiteracy among women.

Clinique personalized communication and connected well with younger customers, emphasizing the purity of its ingredients. In an innovative marketing event, Clinique compared the skin care routine with the oral care routine, attempting to change behavior and increase frequency. Adapting to changing consumer habits, the brand also marketed its line of makeup designed to remain intact during workouts.

Changing views of beauty

The L'Oréal Group accelerated its investment in digital, with the acquisition of AR provider ModiFace, which will serve L'Oréal Paris and its sister brands. L'Oréal Paris repositioned its hair care products in the US as remedies for hair damaged by curling irons and other styling processes. Actor Wynona Ryder introduced the campaign in an ad aired during the Golden Globes. The brand did well in Asia, despite the competition from local brands. L'Oréal Paris continues to innovate and use social media effectively. It benefited from growing popularity of masks with its recent launch of Pure Clay Masks.

Insights



Choice

Shoppers seek both in-store inspiration, edited online choice

The mass retailers are not out of the game, but online choice has shifted the market dynamics. Easy online access means that consumers will go into a brick and mortar retailer occasionally for inspiration: to open the lens, feel and see what's out there, browse and explore. Or they'll shop mass if a store is geographically desirable/part of their routine for regular purchases (e.g. on the way home from work). But given the growth of one-click options for refill and the fatiguing nature of routine shopping, the less inspired shopper is increasingly likely to narrow his/her lists and shop on Amazon.

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Activism

Social activism shapes shopping in America

American consumers are no longer okay with the status quo. These consumers, from diverse backgrounds, reflect America's multicultural heritage and take both vocal and silent approaches to challenging societal issues. While some find power in speaking out, others use their wallets to make an impact. Whether it is an end to purchasing brands that do not align with preferred social causes or other small acts of resistance, this silent activism is a weapon to promote a change. More importantly, these consumers actively look for brands that support a cause. With 57 percent of consumers more likely to buy a brand because of its stance on social or political issue, and 67 percent of consumers saying they purchased a brand for the first time because of its stance on a touchy social issue, it's a trend worth watching because it impacts how and why people are buying.

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Naturalness

Personal care helps achieve personal best

In the personal care category globally, there is a shift from outward appearance categories, like male shaving and fragrance, to products that enhance naturally, like conditioners and lotions. In oral care, people are brushing and flossing more, generally taking better care of their teeth. Men are shaving their faces less frequently, but they are adding moisturizing occasions. Men and woman aren't wearing fragrance every day.

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**KANTAR
WORLD PANEL**



The Consumer Categories

PERSONAL CARE

In an effort to more effectively reach young people, Olay participated in a new partnership with two magazines, Cosmopolitan and Seventeen, and Amazon. Some of the editorial is accompanied by QR codes that link to additional content and purchase options. Also appealing to young consumers, the mass brand Garnier launched a campaign for recycling beauty products. Social media influencer Remi Cruz is the spokesperson for the campaign, called Rinse, Recycle, Repeat.

Dove continued to refresh its view on real beauty by connecting to culturally resonant issues around femininity and masculinity. In the UK, it launched a campaign amplifying its long-running Self Esteem Project, which includes online tools to help girls feel confident in their own skin. The #RealBeauty Pledge campaign continued with women at all stages of life talking about their idea of beauty. The brand introduced Baby Dove in the US, Canada, and the UK. And to support the effort, Dove aimed to alter incorrect stereotypes of motherhood with a YouTube campaign called #RealMoms.

Pantene introduced a premium hair product using micellar technology, which removes impurities. And it promoted its line of shampoo for African-American hair, emphasizing its beauty and multiplicity of styles, with the tagline, "Strong is Beautiful." Head & Shoulders introduced a packaging innovation to meet consumer environmental concerns, with a bottle made from recycled beach plastic. The brand selected US skier Gus Kenworthy as a brand ambassador whose strength of character enabled him to reach the Pyeongchang Winter Olympics as an openly gay athlete personifying the brand's "Shoulders of Greatness" campaign.

New products, programs

With the introduction of its Nivea Urban Skin Range, the skincare brand, owned by Beiersdorf, a German company, continued to innovate and extend the specialized products it offers for specific needs. The urban range, formulated to counter the effects of pollution, reflects consumer interest in quality ingredients. In line with other trends, Nivea introduced an app with Google, and the brand derived 25 percent of its China sales from its e-commerce relationships with Alibaba and JD.com.

The oral hygiene sector faced continued pricing pressure, especially in developed markets. Brands drove growth with new products. Introductions in North America, included new toothpastes like Colgate Clean-in-Between, with a foaming agent for cleansing spaces between teeth, and Crest Gum Detoxify with a foam that cleans below the gum line. Colgate introduced a toothpaste with ayurvedic ingredients in India.

Gillette added a subscription model, called "Gillette on Demand," with blades also available by texting. The brand also revised its advertising to shift from shaving to grooming, leaving room for the popular stubble look. The brand has been at the eye of the storm of disruptors, including the advent of subscription model; simplification of personal care regimes, with men shaving less; and changes in attitudes toward masculinity. Ultimately, a brand known for blade innovation, asked how much innovation does a man need, and how much is he willing to pay for it?



INSIGHT
Consumers

Older people drive greatest buying volume

Although much of the conversation in this category is about the influence of social media and the efforts to appeal to younger people, in fact, older people still generate the majority of sales in personal care and grocery. While it's important for future growth that personal care brands understand and reach younger audiences, it's also important that they don't ignore older customers by focusing on social media without reaching young families and older people.

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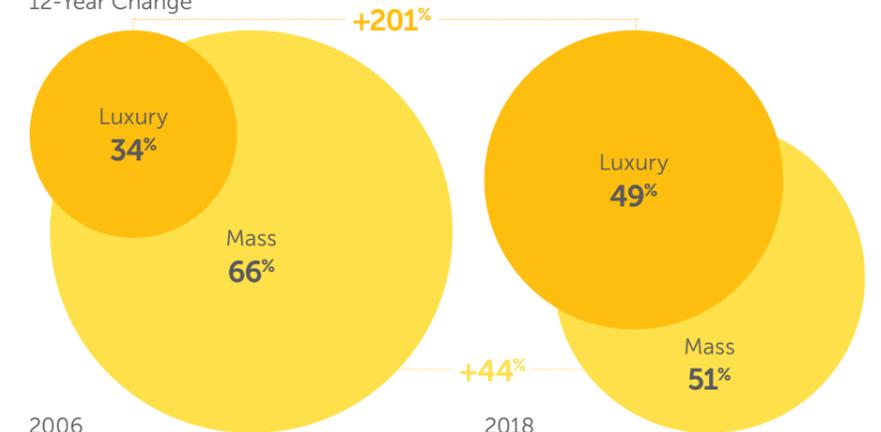
BRANDZ Analysis

LUXURY PERSONAL CARE BRANDS GROW VALUE FASTER...

Personal care is a diverse category that includes products as distinct from each other as expensive makeup and basic toothpaste. Over the past eight years, brands that tilted more toward the high-end of the product spectrum increased more in value, which is similar to the experience in the car category or the luxury category itself. In 2006, luxury brands comprised about a third of the value of the BrandZ™ Personal Care Top 15. In 2018, the split between luxury and mass is about half and half.

Proportion of Value

12-Year Change



2006

Source: BrandZ™ / Kantar Millward Brown

2018

... CONTRASTING STRENGTHS DRIVE GROWTH OF LUXURY AND MASS BRANDS

Within the same category—personal care—consumer luxury and mass brands have contrasting personalities and rely on divergent strengths to build brand equity. Consumers see luxury personal care brands as Different—sexy and desirable; and they see mass brands personal care brands as Meaningful—caring and straightforward. Luxury brands grew substantially more in value, increasing 201 percent compared with 44 percent for mass brands, in part because their high Difference score enables luxury brands to command a price premium.

Luxury vs. Mass

Average Brand = 100	Luxury	Mass
MEANINGFUL	97	116
DIFFERENT	121	109
SEXY	115	100
DESIRABLE	113	102
CARING	102	112
STRAIGHTFORWARD	94	105

Source: BrandZ™ / Kantar Millward Brown



The Consumer Categories

PERSONAL CARE

BRAND BUILDING ACTION POINTS

1 Become a platform

Leverage the strengths of being a large brand and establish relationships with smaller brands to co-create. For mature brands, these relationships can add vitality and revenue.

2 Find the individual in the data

Obtain the data necessary to communicate in relevant ways across many narrow segments of the market. Look beyond the usual cohorts: the online shopper, brick and mortar shopper, mobile shopper. The same person is shopping across these venues. The journey is different for each individual.

3 Enhance the retail experience

Add excitement to the in-store experience so the shopper at shelf connects with the brand. And pursue this activity as part of the larger strategy to develop a relationship with the individual customer and potentially sell to that person directly.

4 Expand the retail experience

It is important to have an impactful presence on Instagram and other social media. But even as big box stores disappear, unconventional locations pop up. Brands need to be present with easy, frictionless, compelling in-person experiences that help create and strengthen relationships with customers.

5 Be brave

Disruption is coming from all sides all the time. Try new technologies and channels. Have a point of view. Take a stand or risk seeming generic. Expect and embrace some failure in the service of long-term growth.

The Consumer Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+35%

Category Brand Value 12-Year Change

+274%

Retail Top 20 Total Brand Value

\$578.0 billion



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.

Operating across channels, retailers exhibit strength

New online-offline alliances portend more disruption

Retail had a good year—but not all retailers. Those that effectively mixed online with offline did well, and the e-commerce leaders did even better. The retail category increased 35 percent in brand value, more than double the 14 percent rate of a year ago. But three of the BrandZ™ Retail Top 5 drove much of the gain, with No. 1 Amazon up 49 percent and the two Chinese e-commerce leaders, Alibaba and JD.com, rising 92 percent and 94 percent, respectively.

Holiday shopping, an important barometer of category health, was strong in most markets, particularly the US. It seemed as if the retailer survivors of the e-commerce disruption and category transformation had adapted to the new reality. But certain sectors within retail continued to struggle and prospects overall were nuanced. Inflation with potentially higher prices

RETAIL TOP 20

			Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	Amazon		207,594	4	+49%
2	Alibaba		113,401	3	+92%
3	The Home Depot		47,229	3	+17%
4	Walmart		34,002	2	+22%
5	JD.com		20,933	3	+94%
6	Costco		18,265	3	+12%
7	IKEA		17,481	3	-8%
8	Ebay		14,829	3	+20%
9	ALDI		13,785	3	+12%
10	Lowe's		13,111	3	-2%
11	7-eleven		9,227	4	+1%
12	Tesco		9,079	4	+13%
13	Walgreens		8,842	3	-13%
14	CVS		8,450	3	-13%
15	Lidl		8,219	2	+14%
16	Target		7,620	3	-12%
17	Whole Foods		7,088	5	NEW
18	Woolworths		6,880	4	+5%
19	Carrefour		6,607	3	-3%
20	Falabella		5,373	5	NEW

Source: BrandZ™ / Kantar 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).



The Consumer Categories

RETAIL

justified retail's optimism, but rising interest rates tempered the mood. Higher interest rates would pressure some retailers to restructure debt or face rising costs, a problem for companies that have been marginally profitable, and a potential trigger of further industry consolidation.

Two broader disruptions—the proliferation of voice technology for shopping, and powerful new alliances and acquisitions—also threatened retail's good mood. Voice evolved into a new genre of shopping—conversational commerce. It drove revenue, enabling shoppers to articulate more clearly the intent driving their purchase. Devices sold well during the holiday season, led by Amazon's Alexa.

The integration of brick and mortar and virtual shopping reached a new stage. The strongest value rises came from the pairs of retail brands that aligned to enable the consumer to seamlessly transition between online and offline, while providing the brands with an unprecedented trove of data that reveals shopper behaviors at all moments along the circuitous path to purchase.

The Chinese versions of this online and offline marriage were Alibaba and JD.com, both of which have acquired or aligned with bricks and mortar operators. The US versions were Amazon, owner of Whole Foods; and Walmart, which had purchased Jet.com. The scale of these giants, and the contrast in their business models, is best illustrated by the results of one-day special promotions. Alibaba, which operates, in part, like enormous shopping malls of independent retailers, and has 515 million active

customers, sold \$25 billion during Singles Day. Amazon, which more resembles in individual retailer, sold over \$1 billion during Prime Day.

Retail redefined

Alibaba CEO Jack Ma invented the term New Retail to describe how a business based on a simple exchange between buyer and seller has evolved to a complex integration of data-enriched online and offline selling platforms linked with sophisticated logistics that together form a system in which the retailer can anticipate the customer's needs and fulfill them quickly, accurately, and consistently with pick-up or deliver options. Amazon CEO Jeff Bezos summarized the attitude needed for success in this new world: "It's always Day One."

Symbolically echoing these developments, Walmart shortened its name from Walmart Stores to simply Walmart. Walmart repurposed many stores as fulfillment centers. But the business of retail became more complicated, with multiple ways to order or receive merchandise and physical store space repurposed to accommodate both showrooms and shopping areas and distribution centers.

Products were purchased on mobile, or a PC, or in a physical store, and the product was delivered from a fulfillment center or a physical store. Pricing was more dynamic. Jet.com, for example, could adjust prices based on the proximity of the customer from the retailer fulfilling the order. Jet.com also purchased several online startups, including the apparel brand ModCloth. Perhaps illustrating the ultimate

INSIGHT China

China signals future of retail and mobile use

If you want to see the future of retail, look to China—in many ways, it is leading the world. In part that reflects the receptivity of the Chinese consumer to new technology. If you consider mobile activity on Singles Day, for example, somewhere around 90 percent of purchases on Alibaba were made through mobile on Alibaba's AliPay platform. Chinese consumers are using mobile in every aspect of their lives. And the Chinese consumer can also pay the rent, or buy household products, or hail a ride-sharing vehicle—all on the same platform.

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conflation of purchasing and delivery, a startup named Cargo planned to enable drivers for rideshare operators to sell convenience store merchandise from compact displays in their cars. In a partnership with Westfield, the shopping mall developer, Uber planned to establish lounges in malls across the US. The arrangement enables Uber to offer a more premium experience, and it potentially increases time and money shoppers spend in the mall, because they can leave purchases in the lounge instead of schlepping them. Most dramatically, Walmart, which operates over 11,000 stores worldwide

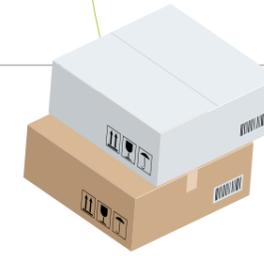


INSIGHT Environment

Consumers expect brands to reduce use of plastics

One of the most moving sights of 2017 was in the final episode of the BBC's *Blue Planet II*, with a mother whale cradling her dead calf. The show ended with a plea from presenter Sir David Attenborough for the world to reduce its reliance on single use plastics. There was an instant impact on consumers globally, and major retailers were quick to respond: In January, British supermarket Iceland took out newspaper ads announcing its vow to remove plastic packaging from its own label products by 2023, directly attributing its decision to the impact of *Blue Planet II*. The other major British supermarkets all followed with similar announcements. In February, Dutch supermarket Ekoplaza rolled out the world's first plastic-free supermarket aisle. The French government has pledged to recycle all plastics by 2025 and 11 companies, including L'Oréal, Mars, Evian, Coca-Cola, Unilever, and Walmart have also vowed to work towards eliminating single-use packaging by then. These steps are clearly aligned with consumers' views: recent research conducted by MediaCom shows that 64 percent of British consumers have started reducing their use of plastic, and a massive 88 percent think that it is the responsibility of brands to reduce the amount of plastic they use.

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under the Walmart brand, announced intentions to acquire one of America's largest healthcare providers, Humana. A Walmart entrance into healthcare stretches not only the brand, but the very definition of retail. Often enabled by new technologies, retail is transforming into elaborate networks capable of recognizing and rapidly fulfilling consumer wants and desires across an ever-expanding range of products and services.

In a move toward vertical integration, America's second-largest drugstore chain, CVS, plans to combine with Aetna, a health insurer. Walgreen's, the largest US drug chain, expects to buy roughly half the stores of Rite Aid, America's third largest chain. And Walgreens corporate parent, Walgreens Boots Alliance Inc., announced plans to acquire a major drug distributor, AmerisourceBergen. Walgreens and CVS both declined in value, in part because of competitive pricing of generic drugs.

Transformative technology

Amazon launched a potentially transformative technology in its Amazon Go stores, the grocery outlets that track purchases through the shoppers' smartphone, eliminating the need for shelf pricing, and checkout, the greatest pain point of most supermarkets. Along with improving the customer experience, this technology potentially tells the retailer exactly how many units of each product are available in each store, and this precision could enable a retailer to fulfill an e-commerce order from any of its stores. Walmart experimented with a similar technology.

INSIGHT Innovation

Brand leaders explore new retail models

Brands need to be opened-minded about changing the traditional model of retail. Brands that are innovative survive. And increasingly we're seeing those that aren't dying. Fortunately—and excitingly—the space to play is extensive. Augmented reality is a good example of one area to explore and realize. Using AR technology, Ikea introduced the ability for people to hold up their phone in the room they are looking to refurnish, and picture exactly what a piece of Ikea furniture would look like in that space. Home improvement retailer Lowe's introduced a similar app that instantly turns a phone into a useful measuring and design tool. While these apps are about utility, they also enrich the ever-important inspiration and exploration phase of shopping. We know there's a growing expectation on brands to add value to a consumer's life—and for retailers, the full shopping experience. Through innovation, retailers can prove to be both useful and inspirational and—in turn build deeper, more meaningful relationships with customers.

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The Consumer Categories

RETAIL



INSIGHT Opportunity

Contextual commerce opens a retail frontier

The biggest untapped opportunity for retailers is contextual commerce. Apps exist that enable relevant retail experiences to be created within online conversations. For example, I'm a woman shopper talking to a friend who sends a photo of an event she just attended. I like the outfit she's wearing. I tap that outfit and visual recognition software identifies the outfit and provides a list of retailers where I can buy it. And while I'm still having the conversation with my friend, I purchase the outfit in my size and have it delivered. WeChat is at the forefront of this type of e-commerce and it's just a question of who will become the leader in the rest of the world. Using machine learning, the app learns to anticipate my requests and then makes recommendations.

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Ultimately, the most disruptive technologies used by Amazon—voice and automatic replenishment—limit or narrowly focus choice. Amazon's Dash program enables consumers to reorder certain commodity products with a touch of a button. In partnership with certain manufacturers, some product packaging contains a chip—the equivalent of a Dash button—that recognizes when the supply is depleted and automatically reorders.

The success of this technological wizardry, much of it conditioning consumers for smart home living, depends on the scale of Prime, Amazon's customer membership program, with around 90 million members in the US alone. Amazon is using Prime, its membership program, strategically and in different ways across country markets. Prime membership predisposes people to search first on Amazon.

In a relevant use of augmented reality for personalizing the retail experience, both IKEA, Lowe's, and The Home Depot introduced smartphone apps that enable consumers to see how furniture would look in a room in their home. IKEA purchased TaskRabbit, an online service that connects people with tasks to do with people willing to do them. IKEA expects TaskRabbit to improve the experience of assembling its flat-pack furniture.

Lowe's is experimenting with in-store 3D printing and increased customer use of digital. Lowe's also expanded its contractor business. The Home Depot planned to develop a business-to-business e-commerce site. As the US economy expanded, The Home Depot continued to experience strong same-store results, benefiting from

investments made during the downturn 10 years ago. The brand planned to now double the investment in its stores.

Grocery challenges

Grocery is the one area where Amazon has a disadvantage because of its relative lack of physical locations and the growing popularity of click and collect in the US. Although the instances of click and collect has expanded in the US, the acquisition of Whole Foods by Amazon being a key example, it has not yet reached the ubiquity found in Europe.

In contrast, Alibaba has taken another approach, seeing itself not primarily as a retailer but rather as an enabler of brands and other small businesses, a role that it commemorated with its first traditional advertising, which was themed "To the greatness of small," and aired during the Olympic Winter Games, in Pyeongchang, South Korea.

So far both Amazon and Alibaba have had success with their respective models, outside their home markets. And they have picked up valuable lessons. In India, Amazon created a network of local stores that house inventory and become a local distribution center, which serves Amazon's last-mile delivery challenges and also improves the business of the local retailer. Pricing Prime at an affordable level has helped accelerate Amazon's growth in India.

The two German-owned discounters, ALDI and Lidl, continued head-to-head competition. Lidl entered the US and ALDI responded by expanding into the states where Lidl opened stores, in the Southeast. ALDI launched



INSIGHT Metrics

Rapid change requires new success metrics

In mass market retailing, retailers and suppliers have been bound together in determining mutual success through two measurable objectives: space and visibility. As a result, most retailers are benchmarked on maximizing productivity of space—measured as sales per square meter (or square foot). Suppliers are benchmarked on maximizing return on visibility—measured in category contribution ratios with an emphasis of productivity of shelf or gondola-end facings. In 2017, the #RetailApocalypse has changed all that. Retailers have begun the process of closing stores, converting spaces into service areas, and shrinking their self-service "shoppable" spaces. Worse, some have gone out of business. Meanwhile, suppliers have begun to shift all their investments into digital content rather than physical point-of-sale excellence. As we think about how to measure success in the future, when using voice or other methods of selling, will space and visibility be the metrics that matter? Even if they matter, will it still be possible to measure them? The personalization of retail is underway which is a good thing for consumers, retailers, and brands. However, it may be a bad thing for those who cling to traditional success metrics.

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an e-commerce-only business on Alibaba's Tmall in China. Lidl responded with a Lidl store on Tmall. ALDI is selling organic products from Australia. Lidl is shipping products from Germany, implying high quality.

The discounters generally are shopped more frequently than traditional supermarkets. To keep customers interested, the chains will introduce brands opportunistically, while they still attempt to keep their basket around 30 percent cheaper than the competition. Getting to that level requires managing the supply chain to constantly change a large portion of the mix. The challenge increases as the store count grows. For example, Lidl, which recently entered the US, has about 11,000 stores worldwide.

ALDI continued its expansion in Australia, where it operates around 500 stores. The German supermarket Kaufland entered Australia amid rumors that its sister brand, Lidl, would soon follow. Sales for Australian supermarket Woolworth's rebounded as the company invested in improvements in its use of digital and data.

Growth strategies

Tesco operates over 7,000 stores in 10 countries, using eight formats. In its home market, the UK, where Tesco continued to face intense competition from ALDI and Lidl, it took a back-to-basics approach to be more price competitive. Tesco also sought opportunities from its recent acquisition of Booker, a food wholesaler. In the rest of Europe, where it faces other hypermarket competitors, Tesco worked to perfect its omni-channel operations, including click and collect. It attempted to build greater loyalty in Asia.



INSIGHT Entrepreneurship

Retailers acquire and also cultivate entrepreneurship

Legacy retailers are attempting to become more nimble and entrepreneurial by developing those qualities in-house and also by bringing entrepreneurs into their businesses. For example, Target has taken on parts of the product line of Casper, the online mattress company that positions itself around the connection between restful sleep and health and wellness. Walmart surprised the industry two years back with acquisitions such as Jet.com and ModCloth. They've even established a center to cultivate entrepreneurial talent, calling it Store No. 8. We're also hearing more about a reconsideration of physical space, including pop-up stores and other innovative venues, as a place where you experience a brand and capture data, rather than buy stuff.

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The Consumer Categories

RETAIL



INSIGHT Search

Online search shapes offline purchasing

We're seeing an increase in the percentage growth of customers who say that online research influences their offline purchasing. And we're seeing an increase in customers who utilize multiple online retailers in order to make a purchase decision. We've reached a tipping point in the extent to which product brands that understand e-commerce is an information source and are investing in online content and technology, but still few who really understand how to do it. Product brands are also increasing investment in paid search, particularly on Amazon, and we're seeing more investment in Walmart as brands learn that paid search is available.

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Costco launched in Iceland and in France, with more of a long-term investment, intending to succeed with an approach that has worked well in Europe and Asia-Pacific—catering to the food culture with alcohol, difficult-to-obtain products, meats, and cheeses. In some markets, the stores have tanks with live seafood. Costco stores also have a strong business in auto care.

Carrefour performed well outside of France, its home market, but France still drives around half of its profit. In France, Carrefour operates a multi-store strategy, using appropriate format according to location. A new CEO brings critical digital experience. Similarly, France's Auchan has done better abroad, in other parts of Europe and in Russia. Alibaba just made a major investment in Auchan China.

To fortify its efforts to compete with Amazon, Target plans to acquire Shipt, a grocery delivery startup. It also plans a substantial store remodeling program and the addition locations in major cities, including New York and Chicago. Target's initiatives helped drive strong holiday sales, but the investment strained profits.

Ebay has benefited from investments to improve the brand and differentiate from other e-commerce players with unique inventory. The product range has shifted from functional to more emotional categories like fashion and home and garden, which has appealed more to younger and women shoppers. Ebay serves 170 million customers from 190 countries. The marketplace advertised the brand to build better understanding about the competitive advantage against Amazon. Ebay announced that it would end its relationship with PayPal in 2020 to have full control over the payment experience.

Falabella, Chile's most valuable brand, benefited from its dominance throughout Latin America, with a total of around 80 department stores, half located in Chile and half in Peru, Argentina, and Colombia. The brand announced plans for a major addition of stores and shopping malls throughout the region.



INSIGHTS Consumers

Retail enters an attention span economy

What omnichannel retail is showing us is not that people will buy less—it's that people will shop less. In the past, people had no choice but to go shopping to get what they needed. Today, they have plenty of new options—and because of this, what they are willing to expend attention on is shifting. Some things just aren't worth spending time *shopping* for, so subscriptions, algorithms, and auto replenishment become much more attractive ways for consumers to *buy* these items. Brands must think more broadly about how technology and expectations are intersecting to create a new relationship between people's attention span and commerce. Retailers have long been skilled at managing product selection and inventory of things people want to buy, but in the future, winners in retail will be best at attracting and retaining the attention of consumers. In an attention economy, retailers will face new competitors but also have new opportunities. They must reshape commerce to fit into consumers' lives while offering up the excitement of discovery and experience when they want it. The best retailers will find ways to help consumers free up their attention by making *buying* easier, so that those consumers have more time to *shop...* with them.

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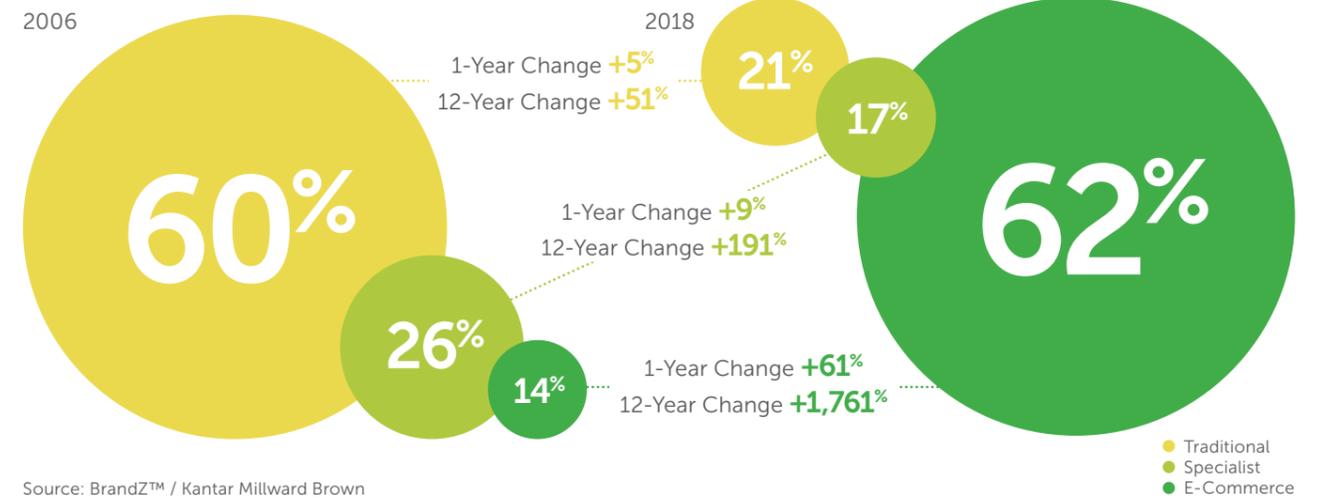


BRANDZ Analysis

E-COMMERCE BRANDS DOMINATE VALUE GROWTH...

Over the past 12 years, e-commerce brands grew in value from 14 percent to 62 percent of the BrandZ™ Retail Top 20. The increase of 1,761 percent quantifies the impact of brands like Amazon, Alibaba, and JD.com, and the massive disruption of the retail category. Specialists, such as The Home Depot or Ikea, fared better during this period than hypermarkets and other traditional retailers with broad product ranges.

Proportion of Value

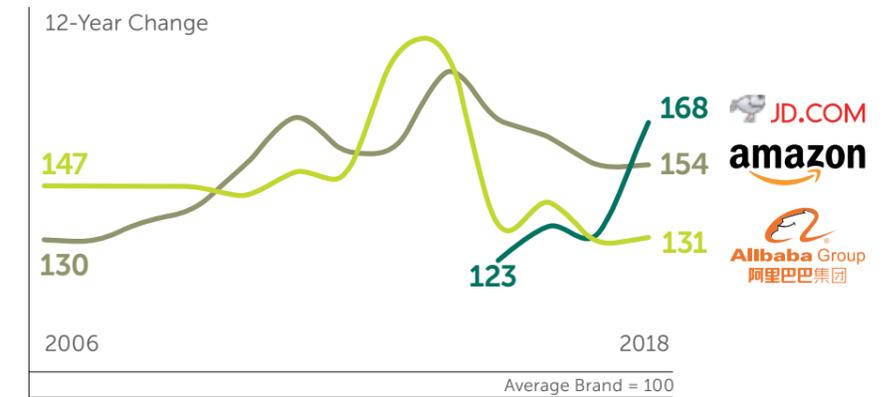


Source: BrandZ™ / Kantar Millward Brown

...TOP RISER JD.COM LEADS IN MEANINGFUL DIFFERENCE

Among the e-commerce brands, JD.com, the fastest rising brand in the BrandZ™ Global Top 100 2018, rose sharply in Meaningful Difference. JD.com owns most of its logistics, which provides closer control over the brand experience, including product quality and deliver efficiency. Both Alibaba and Amazon flattened in Meaningful Difference, a phenomenon that can happen when brands achieve great scale. The BrandZ™ metric Meaningful Difference drives brand equity and measures the extent to which brands meet consumer needs in ways that are relevant and distinctive. An average score is 100.

Meaningful Difference



Source: BrandZ™ / Kantar Millward Brown

The Consumer Categories

RETAIL

BRAND BUILDING ACTION POINTS

- ### 1 Be customer obsessed

Be in conversation with customers and supplier partners across channels to drive purchases and inspire advocacy and ongoing loyalty.
- ### 2 Pursue purpose

Conceive of the business as having a meaning beyond selling products and services. The purpose needs to be relevant to the brand and could be about improving operations with local sourcing and greater sustainability.
- ### 3 Add efficiency

Understand how products are getting to customers and how that entire process can become more efficient, including the integration of online and offline with the expansion of click-and-collect.
- ### 4 Innovate faster

Actively look for ways to innovate faster and add value. Pursue—and expect—more partnerships between online and offline players, which will serve customers in new ways and create more disruption.
- ### 5 Experiment with more tech

Using artificial intelligence and other technologies, find opportunities to add excitement to the shopping experience and make it easier for consumers to share their retail experience on social media.

DAVID ROTH IN RETAIL CONVERSATION AT THE...

WORLD RETAIL CONGRESS MADRID

WHAT IS JD.COM, AND WHAT DOES ITS SUCCESS SAY ABOUT THE FUTURE OF RETAIL?




JD.com, one of China's leading retail ecosystems, almost doubled in brand value, year-on-year, and entered the 2018 BrandZ™ Global Top 100.

Founder, chairman, and CEO Richard Liu reflected on this phenomenal success in an exclusive interview with WPP at the World Retail Congress. He explains why...

- Ownership of logistics makes the critical difference
- Customer experience guides decisions
- Artificial intelligence manages a 5-million-SKU inventory

Listen to the full conversation at: inretailconversationwith.com. And hear revealing insights from other international retail CEOs, including...



Olaf Koch, Chairman and CEO of Metro, on the challenge of transforming heritage retail brands to meet today's needs



Laura Alber, President and CEO of Williams-Sonoma, on how to combine channels into an immersive, convenient, and inspiring shopper experience



Stefano Pessina, Executive Vice Chairman and CEO, Walgreens Boots Alliance, on the future of physical stores in an evolution accelerated by customer data

In a post-business-as-usual world, what's more important to the future of retail than its voices of experience?

Inretailconversation.com

Brand Stories - Retail Edition

SELFRIDGES & CO

Peter Williams, chairman of online fashion retailer Boohoo, explains why Selfridges has been important to him—professionally and as a shopper.

Over the last two decades, Selfridges has consistently maintained its position as one of, if not the, world's leading department stores. For me personally, firstly as a result of having worked there as a part of the team that implemented its renaissance from 'Grace Brothers' to the iconic store that exists today on Oxford Street, and secondly as a dedicated customer, Selfridges has been an important part of my life not only as a workplace but also as my favourite place to shop.

It wasn't always like that.

In the early 1990s, department stores were seen as the dinosaurs of the retail sector - big and bland, they were not as exciting or as focused as the speciality stores. In London, Harrods had a clear position as an upmarket emporium selling luxury brands, Harvey Nichols was the fashionistas' mecca, and John Lewis dominated merchandise for the home. Selfridges was defined by comparison to its competitors and not in its own right - not as chic as Harrods nor as expensive, not as fashionable as Harvey Nichols, but more fashionable than John Lewis.

Today its positioning is very clear.

Starting with the iconic exterior architecture of the Oxford Street store - there is no sign on the outside of the building telling you 'this is Selfridges' - to generous selling space and ceiling heights in the interior, the building starts to define the brand. The physical environment and store experience is key, as Selfridges doesn't manufacture any merchandise. It is the place where you expect to find the best and most



interesting products. It is an editor, a curator of merchandise brands, and their products.

In one way, the Selfridges brand is epitomized by the signature yellow bag - the only piece of the store you take home with you. The yellow bag has become a design icon in its own right. When the board was debating a change from the previous version of the bag 20 years ago, two options were proposed - the yellow one you see today, and a dark blue version. Despite the protestations of the "Aesthetic Committee" who preferred the blue version as it was calm and understated, the board loved the yellow one. Bright, impactful, unique, the yellow bag has stood the test of time to look as contemporary today as it did when it was created all those years ago. A glimpse of the colour on a shopping bag and you think 'Selfridges'.

However, you can never be complacent and assume your brand will prosper without continual attention and being responsive to external factors.

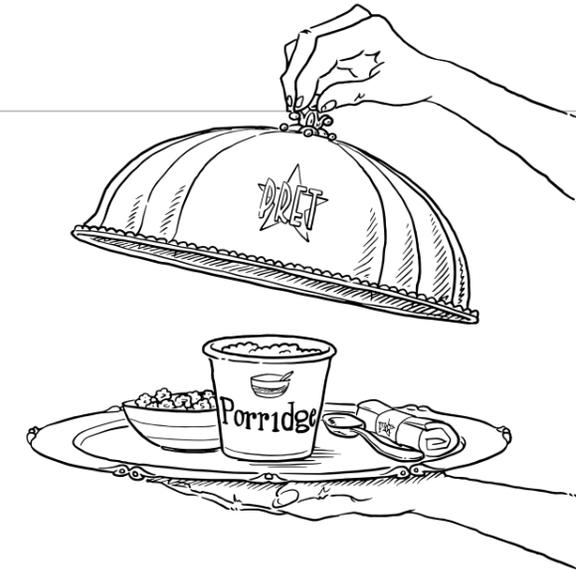
After decades during which the retail model didn't alter drastically, the arrival of the internet has forced dramatic change. In today's world, where e-commerce is taking an ever-increasing portion of a consumer's spend, all physical stores are having to fight hard just to maintain sales and profitability. For department stores this is especially difficult, as the choice of brands and merchandise available online from the collective competition is greater. The consumer can do their own editing and, so far, with the current technology it is impossible to replicate or transfer the physical store experience onto a website or a mobile phone. Newer generations of consumers are growing up with a different set of behaviors from their parents and are much less likely to visit physical stores.

So, when thinking of the brand in the future, it is perhaps worth going back to Gordon Selfridge's quote when he opened the Oxford Street store in 1909, "This is not a department store, but a community centre, and everyone is welcome."



It's funny, when you live in London, you take Pret a Manger for granted because it's everywhere, but it's when I moved away that I realised how much I love the brand. It's consistently high quality, they innovate, they pick up on trends and I think their service is consistently good, which is pretty amazing for such a large chain. Their associates always seem happy, they often give you free coffee, they chat - they really seem to have got something right in that service model that many others have not.

The other thing is they really tell the story of the products, so something as simple as popcorn they can talk about and romanticise it, and make you feel really good about eating what is basically just a bag of popcorn. Obviously for someone in my industry, that's really important - being able to tell a product story and create an emotional connection to it so you feel like you're doing more than just grabbing your lunch.



When I'm in the UK now, I always try and go in the morning to get my porridge. Very British! They were the first with that, and of course everyone now does some sort of vegetable juices but they were the first with the green juices. They really get out there and experiment, which when you have such a successful brand anyway, with a limited range of products that you can carry, must be quite a challenge. I've been with colleagues and instead of going to the business lounge at Heathrow I've insisted we go to Pret, so there've been a few moments there where I think people have been a little surprised by my attachment to Pret a Manger.



Neela Montgomery, CEO of Crate & Barrel Holdings (CBH), a global home furnishings retailer, describes her attachment to Pret a Manger.

Brand Stories from Brand Champions - Celebrating the Enduring Power of Iconic Brands, brings together over 50 personal stories about brands that have made a deep impression on some of the world's most influential CEOs, decision-makers and game-changers in the world of retail.



Contributors include **Zyda Rylands**, Chief Executive, Woolworths South Africa; **Sir Ian Cheshire**, Chairman of Debenhams Plc, UK; **Daniel Piette**, Chairman First Founders, Former Chairman of LVMH Investment Funds, LVMH Moët Hennessy Louis Vuitton S.E.; **Janine Allis**, Founder, Boost Juice Bars, Australia; **Dominic Wong**, Managing Director of PARKnSHOP, Hong Kong and **Judy Halewood**, Owner and Chairwoman, Halewood Wines and Spirits—to name but a few.

To find out more visit www.onceuponabrandstory.com

Thought Leadership

VALUE, VALUES, AND VOGUE



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Values-centric brands convert consumers into advocates

Luxury brands turn to mass trade tactics to stay front-of-mind

KANTAR CONSULTING

Kantar Added Value, Kantar Futures, Kantar Vermeer, and Kantar Retail have joined forces to create Kantar Consulting a specialist growth consultancy with brand and marketing, retail, sales, and shopper expertise all under one roof.

www.kantarconsulting.com

Fashion is the world's local language. It is one of the most cross-border cultures and, indeed, industries of our time. As diverse as it is dynamic, the fashion market is undergoing palpable change, at a pace driven by accelerating digital developments. The multitude of digital media that influences consumers plays a crucial role in the way brands are perceived. Today, those perceptions are being

shaped by the potent relationship between value and values in the world of vogue.

According to the latest Kantar TNS *Connected Life* study, nearly 40 percent of global internet users indicate a positive response to reading or watching content from brands on social media. On Facebook alone, 79 percent of users read brand posts.

So, clearly, brand awareness and dissemination are at an all-time high, even when consumers are not actively shopping. This is particularly true of high profile brands in the luxury space like Gucci, Louis Vuitton and Prada, all of which have invested heavily in digital marketing over the last year, helping to boost awareness and engagement.

Thought Leadership

VALUE, VALUES, AND VOGUE

However, this brand awareness of luxury labels can be deceptive, convincing us that high-end fashion is more accessible than it truly is. A volatile global market, and the clampdown on consumer spending that comes with it, has put the dream of owning a walk-in wardrobe worthy of Carrie Bradshaw firmly on the backburner for most fashion enthusiasts. In response, many high-end houses have resorted to creating cheaper sub-labels to lure in buyers on a budget. It's a risky approach which, for some, has resulted in regrettable brand dilution. Despite this, it is a risk these businesses have been willing to take. Consequently, in recent years, we've seen an explosion of cosmetics and accessories ranges carrying the namesakes of some of the most exclusive couturiers in history.

Conversely, the last year has witnessed an inversion of trends between the luxury and the lower end of the market, with companies like Armani and Hugo Boss contracting their portfolio of brands as fast fashion players like H&M and Inditex (Zara's corporate parent) expand them. By broadening their portfolios, fast fashion players

are stretching their reach, both within the fashion sphere to more affluent segments of the market, and beyond the fashion space, into other lifestyle categories like homewares. This has resulted in a proliferation of brands that have flooded the market. Meanwhile, luxury labels that have suffered from over-exposure are refocusing on their brand DNA, revisiting their archives for inspiration to guarantee authenticity and reclaiming ownership over their premium positioning in the face of rising competition.

"The most important question brands need to ask is: "What's relevant?" More and more, fashionable lifestyles are being determined by the values that consumers buy into and this is transforming the way people shop."

The competitive nature of this highly saturated space, propelled by demand for instant gratification and online availability, has resulted in a race to market, particularly as the adoption of "See Now, Buy Now" strategies accelerates. This sees upmarket fashion players, historically adhering to a bi-annual fashion calendar, producing collections much closer to the season, making them available for

immediate release the second they are showcased. For some premium players, this has solved a critical problem, enabling them to protect their design IP and get them to market before fast fashion rivals have a chance to groom the catwalks and appropriate the best ideas ahead of the new season. Others, like Moncler, are shirking the "season" altogether, taking the innovative approach of launching smaller capsule collections throughout the year that regularly introduce newness.

That noted, innovation is not the only fuel for growth. Consumers are increasingly prioritizing their own values and experiences when it comes to brand selection. What this means is that "new" and "fresh" is no longer the primary indicator of what's fashionable. Instead, the most important question brands need to ask is: "What's relevant?" More and more, fashionable lifestyles are being determined by the values that consumers buy into and this is transforming the way people shop.

The capacity for a brand to capture those lifestyle values now draws a direct correlation with spend value; in fact, Kantar Consulting's most recent ShopperScape® data from the US indicates that 56 percent of shoppers

would spend more on a product that reflects their values. Looking at fashion alone, 40 percent of apparel shoppers are willing to spend more on a brand that is ethically sourced. Far from being fluffy consumer sentiments, these behaviors signify a sea-change in attitudes across the fashion industry, with the likes of Gucci—one of the most successful luxury labels of our day—going fur-free as part of its 10-year sustainability plan, while simultaneously embracing diversity by introducing the hijab to its ranges. Brand success can therefore be measured by how well a brand empowers its shoppers to make statements about their personal values. Providing an engine to communicate the passions and principles of the wearer is the number one way to convert a fashion consumer into a brand advocate—by becoming a part of their life story.

TAKEAWAYS

Actions for succeeding in the fashion space

1

CRAFT AUTHENTICITY WITH CONVICTION

Use meaningful marketing messages to educate the customer on the story of the brand. Always develop signature lines with reference to the blueprints of that brand DNA.

2

COLLABORATE TO WIN

Ensure that partners and suppliers are also on board with brand initiatives to achieve shared ownership over success.

3

CATER TO AN AUDIENCE OF ONE

Take everything the customer tells you personally and embed their lifestyle values into your offer. Empower the shopper to make personal statements by buying your brand.

The Food and Drink Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+3%

Category Brand Value 12-Year Change

+198%

Beer Top 10 Total Brand Value

\$82.6 billion



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

Less drinking, changing tastes pressure brewers

Category adds more crafts, flavors, and occasions

Declining consumption, changing consumer tastes, concern with health and wellness, and the ongoing popularity of craft challenged major brewers to reinvigorate established brands with new taste and zero-alcohol options. Anheuser-Busch InBev (ABI) worked to manage its portfolio of over 400 brands, in the first full year since the merger with SAB Miller. In this pressured context, the beer category rose 3 percent, following a 5 percent rise a year ago.

Brewers added more drinking occasions, attempting to pair beer with food and appeal to more women drinkers. They introduced more premium offerings for consumers who, while drinking less, were willing to spend more for each beer consumed. For younger drinkers less inclined to drink alcohol, brands tried to formulate alcohol-free options with a genuine beer taste.

The proliferation of craft brands prompted several strategies for managing the tension between authenticity and scale. Having acquired many craft beers, ABI generally preserved their independent management. Many US micro brewers

joined an association and displayed the organization's seal on their packaging to confirm authenticity and differentiate from mass craft beers. In a recent development, equity players purchased local craft brewers.

BEER TOP 10

		Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	Budweiser	15,389	4	+2%
2	Heineken	11,884	5	+9%
3	Bud Light	11,642	4	-3%
4	Stella Artois	10,928	5	+10%
5	Corona	8,292	5	+2%
6	Skol	8,263	5	+1%
7	Brahma	4,478	5	+2%
8	Guinness	4,144	5	+2%
9	Aguila	3,924	5	+2%
10	Modelo	3,621	5	NEW

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

The Food and Drink Categories

BEER

INSIGHT Differentiation

To narrow vast choice, difference is crucial factor

There is no category where differentiation is more critical. It has to do with the vast number of brands out there. Trends for big domestic brands in the US have never been this bad. The ability to differentiate—meaningfully and with the right positioning—is not only an important thing, it's now almost the only thing. Thousands of drinkers are leaving the category, but that kind of hemorrhaging attracts a lot of sharks. The big players will figure it out, or the smaller players will become bigger as the category reinvents itself.

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The addition of more taste options and the proliferation of craft created more congestion at the retail shelf and a desire to rationalize the range to make it easier for consumers to shop for beer, while satisfying the needs of brewers, wholesalers, and retailers. But the expected expansion of retail private label brands suggested the shelf would get even more crowded.



Changing tastes accounted for the decline of light beers, in the US, with Bud Light dropping one spot in the BrandZ™ beer category ranking. The entrance of Modelo into the BrandZ™ Beer Top 10, and the MillerCoors acquisition of the US marketing rights to Sol, reflected the changing tastes of American beer consumers, and a preference for Mexican beers.

As brewers adjusted to changing consumption habits and taste preferences, some of the greatest threats to beer come from outside the category, including the growing popularity of hard lemonade and, in the US, of flavored malt beverages (FMBs), alcoholic drinks that are brewed like beer but typically have a fruit rather than beer flavor.

Brand initiatives

To stimulate Bud Light sales, ABI extended the line with new flavors, including grapefruit and lemonade, called Bud Light blends. MillerCoors launched Two Hats, an affordable light beer flavored with fruit—pineapple or lime. At the same time, ABI launched Bud Light in the UK with a major multimedia marketing campaign that included digital, traditional, and in-store messaging.

Zero-alcohol brands gained traction in the UK, publicized during the country's "Dry January" ad campaigns. Drinkers looking for beer with no or low alcohol could choose among Heineken 0.0, Budweiser Prohibition Brew, and Guinness Open Gate Pure Brew. ABI has announced a goal of having 20 percent of its volume no-or-low alcohol by 2025. Along

INSIGHT Consumption

Brands expect healthier brews will add growth

Brands should consider how to leverage surging health and wellness trends to drive incremental growth because consumers are looking for ways to have their (low-calorie) cake and eat it too. This explosive rise of the calorie-and-carb-counting has produced active lifestyle focused Michelob Ultra in the US, zero alcohol beers like Budweiser Prohibition and San Miguel 0.0 and the "Dry January" marketing campaigns in the UK. This trend is also a threat to overall beer consumption, as younger drinkers drink less and switch to new, better-for-you alternatives; lighter, lower carb "hard seltzers" in the US are a perceived healthier option for a predominantly female audience increasingly conscious of the impact of alcohol on their wellness regimens. Furthermore, this shift may well lead to the death of "light beer" as we know it, as seen by the ongoing steep declines of the Big 3 (Bud Light, Coors Light, and Miller Lite) in the US. In the quest for new revenue streams and the future of the category, it really will be a case of "survival of the fittest."

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INSIGHT Loyalty

Craft drinkers pick variety over loyalty

There is a difference between how the mass beer and craft customers shop. A Bud drinker, for example, is typically loyal to Bud and not too interested in being offered other options. That person wants to pick up the beer and get on with his shopping. It is fine to merchandise beer in cases to this shopper because that meets his need. In contrast, the craft drinker, by definition, likes variety, likes to try new things. It's harder to build loyalty. To that craft drinker, craft is about what he or she believes it to be. It's not about who owns the brand. The craft beer could be brewed down the street for limited distribution. Or it could be available in many countries.

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with introducing beer with no-or-low alcohol levels, brewers introduced premium brands for the occasions where drinkers do consume alcohol.

Well established in the US, craft grew in popularity globally among young people in London and other cities. ABI increased the distribution of Goose Island. The Chicago-based craft beer purchased in 2011, is now available in much of the US and overseas in several European markets, including



the UK, and in China and South Korea. In addition to ongoing demographic changes pressuring major brands and driving the growth of craft, Brewers in the US, expect the legalization of marijuana to influence beer drinking. Some brewers and alcohol producers are exploring marijuana-flavored beers. Constellation Brands, which distributes Corona in the US, bought a stake in a Canadian marijuana company.

While Budweiser contended with craft beer and other competitive challenges in the US, the brand performed well abroad as a premium import. Introduced for the holiday season in the US, Budweiser 1933 Repeal Reserve celebrated the repeal of prohibition, which occurred 85 years ago. Budweiser partnered with Lyft in New York City to drive people in antique cars as they sampled the beer.

Marketing programs

ABI has established a small group called Z^x ventures to identify emerging consumer drinking preferences. The company has been acquiring beer-related apps, about tasting and drinking locations, for example, to identify new flavor profiles and other beer trends. Z^x also purchased a couple of home brewing supplies companies that sell beer ingredients online and provide a window into beer e-commerce.

The premium positioning of Stella Artois helped the brand achieve wide acceptance in the US and other markets where it is an import, including strong performances in Argentina and Brazil. The added

INSIGHT Ingredients

Craft brewers focus on adding malts and yeasts

One of the leading-edge trends we are seeing in the craft beer category is new focus being put onto ingredients other than hops (and adjunct flavorings). Specifically malts and yeasts. Specialty, local malt roasters are adding nuances to their products and flavor profiles. Riverbend Malt house in Asheville, North Carolina, is a good example. Another trending area for craft beer is the continued trend toward food pairings—following the rituals of wine. White Labs, the largest yeast manufacturer, has opened a production facility and tap room with a gourmet kitchen. You can purchase the same beer made with different yeast strains to enjoy different flavor profiles. Of course, the wild yeast (sour beer) trend continues as well, with appeal to female consumers.

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refinement signaled by the Stella Artois chalice creates an experience that makes the brand credible as an alternative to wine when paired with food. To demonstrate how Stella Artois pairs with food the brand organizes sensory fine dining experiences in major cities. Recent Stella Artois Sensorium events took place in Australia. Stella Artois increased 10 percent in value, the most of the BrandZ™ Top 10 beer brands, followed by Heineken.



The Food and Drink Categories

BEER



INSIGHT
Craft

Independent crafts add seal on packaging

One of the tensions in the craft beer industry is the division between independent craft and mass craft, and a complete redefinition of what people consider a craft beer. From a marketing standpoint, what was interesting this year is that the independent craft brewers are trying to take that long tail and get branding to promote themselves nationwide with some consistency. Members of this independent association will put the association seal on their packaging.

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The Heineken brand benefited from its strong global sponsorships, including Formula 1 racing, European football Champions League, and Rugby World Cup, and is generally positioned as a premium brand in most markets. Similarly, Guinness increased slightly in value because of its consistent global positioning, although Guinness added several taste variants.

Latin American brands adapted to emerging trends. Skol, a Brazilian brand, introduced Skol Ultra, a low-calorie, low-alcohol beer intended to appeal to younger people, for example. But the brand value changes for Skol and Brahma, another Brazilian brand, and Colombia's Aguila reflect the volatility of the local economies and exchange rate devaluation.

Modelo successfully aligned its liquid and emotional credentials. It appeals to people who prefer the taste of a Mexican beer. Modelo's popularity in the US results from its ability to position the brand as a Mexican beer favored both by the Latino immigrant population and others who respect and strive to accomplish the American Dream, and who recognize in themselves the brand's tagline, "Brewed with a fighting spirit."



INSIGHT
E-commerce

Online sales could disrupt some markets

Alcohol sales online still lag behind other categories, both globally and in the United States. Tiered distribution systems, cumbersome local liquor laws, and age-gating are some of the key barriers. But the size of the prize is significant and online shopping fits with key consumer trends, including the shift from brick and mortar to digital shopping and the growth of tech-savvy consumers looking for more convenience and better product mix and price options. Therefore, e-commerce as a growing and disruptive channel for alcohol is a space to watch.

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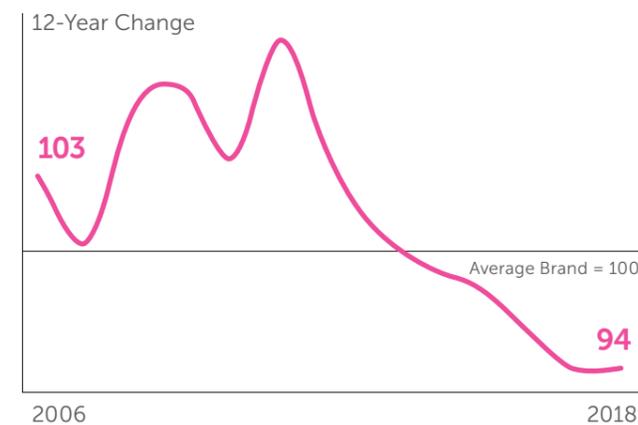
BRANDZ Analysis



BEER BRANDS STRUGGLE TO BE MEANINGFUL...

As beer drinking habits changed, with young people and woman looking for new tastes and even non-alcoholic options, the BrandZ™ Beer Top 10 struggled to remain Meaningful and meet consumer needs with relevant products that sustain an emotional attachment. Over the past 12 years, the Beer Top 10 Meaningful score declined from 103 to 94. An average score is 100. In the 2018 ranking, brands that scored higher in Meaningful rose an average of 6 percent in value, while the value remained unchanged for brand that scored lower in Meaningful.

Meaningful | Beer Top 10



Higher Meaningful

Year-on-Year Value Change

+6%

Lower Meaningful

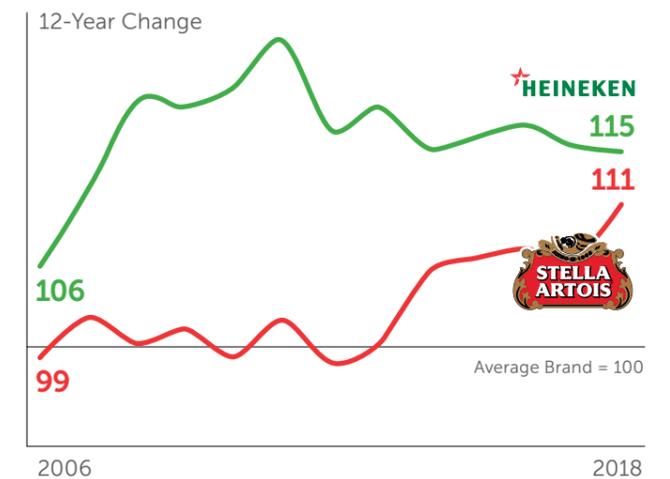
Year-on-Year Value Change

0%

... MEANINGFUL BEER BRANDS RISE IN VALUE

The two BrandZ™ Top 10 beers that increased most in being perceived as Meaningful over 12 years—Stella Artois and Heineken—also increased significantly in value during that period. The Stella Artois chalice made drinking the beer a distinctive experience and an alternate to wine when paired with food. Extensive global sports sponsorships reinforced Heineken's Salience and reputation as a premium imported brand.

Meaningful | Heineken and Stella Artois



Year-on-Year Value Change

+9%

12-Year Value Change

+252%



Year-on-Year Value Change

+10%

12-Year Value Change

+389%

Source: BrandZ™ / Kantar Millward Brown

The Food and Drink Categories

BEER



BRAND BUILDING ACTION POINTS

1 Anticipate change

Pay attention to women and younger consumers with different taste profiles. Find out what is meaningful and different today and anticipate how tastes may change.

2 Be honest

Brands that establish and sustain relevant and clear positioning are most likely to thrive in a slow-growing category. Winning brands will be those whose proposition is true and remains true over time.

3 Communicate with consistency

With useful data about people's attitudes, expectations, and behaviors, it is possible to communicate in ways that resonate across geographies and demographics, while maintaining the core brand positioning.

4 Communicate across media

Get the message out with TV, but also with new experiences and engagements. Younger people, in particular, are looking for experiences. Know the people, then find the medium.

5 Seize the moment

In a fragmented and crowded market, it is important to understand the dynamics at the moment of purchase and stand out as distinctive.

The Food and Drink Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+13%

Category Brand Value 12-Year Change

+375%

Fast Food Top 10 Total Brand Value

\$242.4 billion

fast food



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.

Healthier, tastier food drives category growth

Digital innovation improves experience

Burgers are back. The fast food category rose 13 percent compared with a 7 percent increase a year ago. Burger chains drove the increase, with McDonald's and Burger King rising 29 percent and 28 percent, respectively. Underpinning these results, and the strong 18 percent rise of Domino's Pizza, was recognition of consumer priorities: better taste, healthier ingredients, and improved customer experience, enabled by technology.

The brands in all the fast food sectors—burgers, pizzas, and sandwiches—worked to balance tech with touch, enabling diners to order with a mobile app and receive their food quickly and with a smile. Scale made a difference. As the major chains adapted to rising consumer concern with health and wellness, smaller brands that initially recognized and catered to those consumer needs lost value or dropped from the ranking.

One of these chains, Chipotle, planned to continue its commitment to ethically sourced, organic food, but upgrade its restaurants. Consumers seemed to accept fast food as part of their food consumption repertoire, an acceptable indulgence, if not a

steady diet. Consumers expressed this attitude often in social media, with Instagram pages filled with photos of food from some of the high-end burger brands, such as In-N-Out, Five Guys, and Shake Shack.

FAST FOOD TOP 10

			Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	McDonald's		126,044	4	+29%
2	Starbucks		44,503	4	+1%
3	Subway		18,766	4	-14%
4	KFC		15,131	4	+12%
5	Domino's Pizza		7,446	3	+18%
6	Pizza Hut		7,372	3	-9%
7	Tim Hortons		6,904	5	+17%
8	Burger King		6,555	3	+28%
9	Taco Bell		5,213	3	-3%
10	Chipotle		4,422	4	-23%

Source: BrandZ™ / Kantar 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).

The Food and Drink Categories

FAST FOOD



INSIGHT "Phygital"

To optimize technology, add a smile

The challenge for fast food brands is to adopt relevant technology while retaining the human connection, which is part of the reason customers visit the restaurants. This connection of physical and digital is so important, it's been given a name—"phygital." Consumers expect fast food restaurants to expedite ordering and pick-up, but they also desire the more emotional aspects of the experience. Convenience is critical. But convenience with a smiling face and a genuine human interaction is a differentiator.

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The burger chains benefited from having upgraded their restaurants, added breakfast and other occasions, and adjusted their menus to stretch for occasional customers willing to spend for a premium entry, while promoting staple items to satisfy the expectations of frequent, price-conscious customers.

The burger wars resumed, with claims about superior ingredients and cooking methods. In a Super Bowl ad that emphasized the freshness of its meat, Wendy's criticized McDonald's, calling its meat flash frozen. McDonald's announced that it would make its Quarter Pounders with fresh beef by the middle of 2018. Burger King introduced its version of the Quarter Pounder, noting that it was flame broiled, not fried.

Beyond burgers

It was not all burgers. This acceptance of fast food in its fresher, somewhat healthier incarnation corresponded with the digital reincarnation of Colonel Sanders, the iconic KFC spokesperson. This time around, the KFC chicken hawked by Colonel Sanders soon will not be raised with antibiotics known to be harmful to humans. KFC improved its ingredients in China, where food safety is a major consumer concern. KFC is part of Yum Brands, which operates over 7,700 KFC and Pizza Hut locations in China alone.

Pizza Hut sales rebounded, with same-stores sales rising, after implementation of several new

initiatives to strengthen the brand. It added more delivery drivers and technology to deliver hotter pizzas, and it improved its loyalty rewards program. Pizza Hut became the official pizza sponsor of the National Football League.

Subway launched a new campaign with a 60-second Super Bowl ad called "Make it what you want." The ad presented the brand's core positioning—customizing fresh sandwich ingredients—in the context of a high-energy and youthful declaration of freedom with the line, "In life, and in food, don't take what you're given."

To stimulate more lunch business, Tim Hortons, the Canadian coffee shop chain, expanded its menu with espresso drinks and new sandwiches, and announced a system-wide restaurant redesign. Tim Hortons is owned by Restaurant Brands International, also the corporate parent of Burger King and Popeyes.

Digital and mobile

Brands continued to improve their "phygital" brand experience, integrating physical and digital worlds, combining technology with the human touch. Tim Hortons improved its app to enable customers to order and pay on a mobile device and pick up the item at a mobile pickup location in their selected restaurant.

A digitization leader, Starbucks refined its mobile pickup app, working with IBM to find correlations between the

weather and the items ordered. To encourage more digital engagement, Starbucks offered 50-percent off specials on certain beverages during late afternoon "happy hour," but by invitation-only to the email addresses of customers with the Starbucks app.

KFC introduced an ordering app with a national ad campaign. And in another example of integrating all aspects of life, several fast food chains, including Starbucks and Dunkin' Donuts, were included in a new dashboard touch-screen feature of some GM cars, which enables drivers to find restaurants. In an initiative called "All Access," Taco Bell planned to expand its use of digital ordering and payment, starting with the installation of self-service kiosks.

McDonald's added mobile ordering and payment in all of its over 14,000 US stores. Domino's Pizza, a pioneer in digitizing food ordering, added a human touch to its tech advantage with ads that featured "carryout insurance," a promise to replace any carryout pizza that encountered a mishap before it reached the customer's home. Domino's Pizza experienced another year of strong sales growth and expansion, adding over 1,000 outlets and ending 2017 with 14,856 restaurants worldwide.

Prototypes and innovations

Starbucks opened its largest and most interactive outlet, in Shanghai,

with technology supplied by China's e-commerce giant, Alibaba. An app recognizes the customer and provides a store layout and menu. The store, a Starbucks Roastery, is a combination of retail and coffee plant exhibition, including large copper roasting vats to deepen appreciation for coffee. An augmented reality (AR) function enhances the customers visit with additional information. Starbucks operates 3,000 stores in China, and over 28,000 worldwide.

At an experimental prototyped KFC store in China, consumers obtain food from a self-serve area that includes healthy offerings like salads. Consumers can pay by looking into a camera that has Alibaba's facial recognition software. The chain calls this option "smile to pay."

As part of its effort to improve its locations and drive sales, Subway designed a new prototype that includes self-order kiosks that take Apple Pay and Samsung Pay. The restaurants include better seating, with Wi-Fi and USB charging ports. The store is being tested in North America and the UK. The chain expects to eventually refit its almost 45,000 locations.

The growth of delivery services, such as Grubhub, Amazon Restaurants, and UberEats challenged the delivery capabilities of fast food brands. Yum Brands, which operates KFC, Taco Bell, and Pizza Hut—with a total of over 45,000 locations worldwide—purchased a stake in Grubhub.



INSIGHT Authenticity

Moderate indulgence is now okay

The challenge for fast food: If you're going to be a burger restaurant then be a burger restaurant. Just use real meat. Don't try to be super healthy because it's not authentic or believable. Customers aren't going in for a salad. They are there for an indulgence. The idea of healthy has changed. Earlier it was more about ingredients, no carbs, for example. Now it's more about the quality of the meat and the idea of eating it in moderation. And the choice of food varieties and restaurants is enormous, which makes it difficult for fast food brands that are narrowly focused only on being the healthy option. It's about finding your space and not veering too far in pursuit of a trend.

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The Food and Drink Categories

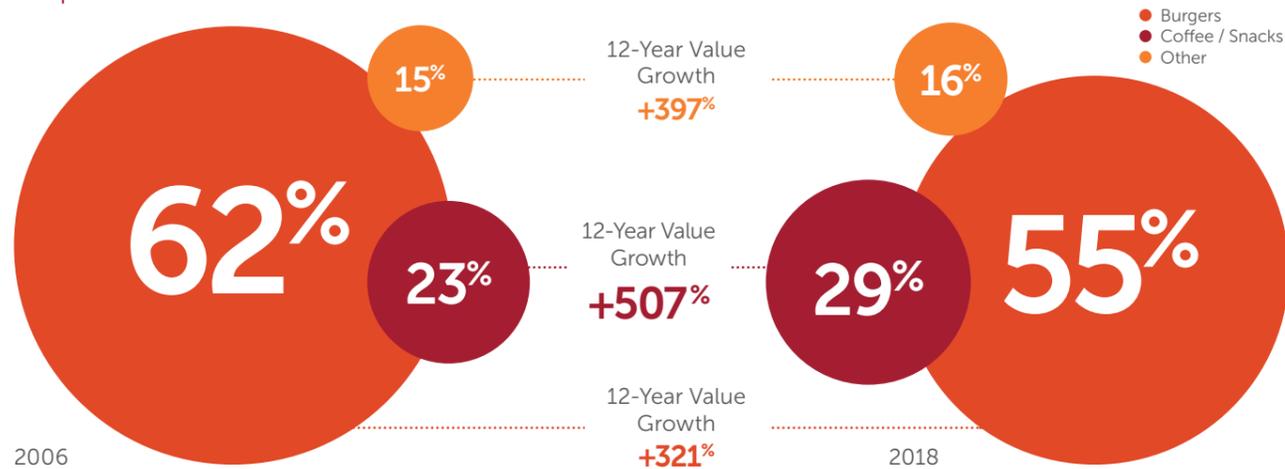
FAST FOOD

BRANDZ Analysis

COFFEE BEATS BURGERS IN VALUE GROWTH...

The BrandZ™ Fast Food Top 10 rebalanced over the past 12 years, with the percentage of value shifting somewhat to the coffee and snacks segment, with operations like Starbucks, and away from the burger segment, which includes McDonald's and Burger King. The coffee and snacks segment increased 507 percent in value over the past 12 years, while the burger segment increased 321 percent. The burger brands rebounded this year, but they had struggled coming out of the recession and adjusting to changing consumer tastes and increasing concern about healthy ingredients.

Proportion of Value



2006

Source: BrandZ™ / Kantar Millward Brown

...TRUST AND INNOVATION DRIVE VALUE

The coffee and snacks segment outscored the burger segment in key BrandZ™ metrics, including vQ, which is a measurement of brand health, Innovation, and Trust. The burger segment scored fairly well, but with room for improvement compared with coffee and snacks. The burger segment also grew Trust more slowly. These factors influenced the more rapid value growth of coffee and snacks.

Brand Health	Coffee / Snacks	Burgers	Other
Average Brand = 100			
BRAND HEALTH (vQ SCORE)	115	109	101
INNOVATION	113	108	102
BRAND TRUST	116	107	102
12-Year Trust Change	+19%	+5%	+2%

Source: BrandZ™ / Kantar Millward Brown

BRAND BUILDING ACTION POINTS

- ### 1 Be friendlier

Adopt the latest mobile technology that enables people to order and pay in advance. And invest in state-of-the-art equipment so the delivered food is tasty, and the fries are crisp. But faster, tastier food is only part of the equation. Delivering it with a smile makes the difference and provides a difficult-to-imitate competitive advantage.
- ### 2 Be healthier

Consumers visiting a fast food restaurant may not be expecting the healthiest food options, but they are mindful about ingredients, taste, sourcing, and calorie content. Brands need to be mindful, too.
- ### 3 Be authentic and fast

Fast food has changed—it is tastier, healthier, and the restaurants are more appealing. Consumers have changed, too. Young people, especially, reject pretense. To them, fast food needs to be authentic—honest food, delivered quickly.
- ### 4 Be smart

If the brand is indulgent, then fulfill that promise, but recognize the border between indulgence and excess, and do not push it. Consumers enjoy a treat. They are more likely to return if they leave feeling satisfied, not guilty.

The Food and Drink Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+4%

Category Brand Value 12-Year Change

+127%

Soft Drinks Top 15 Total Brand Value

\$160.7 billion

soft drinks

Brands expand healthier, premium drink options



The soft drink category includes these non-alcoholic ready-to-drink beverages: carbonated soft drinks, juice, bottled water, functional drinks (sport and energy), coffee and tea (hot and iced).

Respond to need for wider consumer choice

The challenge—how to stay relevant in a declining category—has not changed. People who grew up drinking Coke and Pepsi, the soft drink brand leaders, believe they should drink less cola for health reasons, and young people who did not grow up drinking cola see little incentive to start now. What has changed is brand strategy and implementation. And the brands may be making slow progress. The soft drinks category increased 4 percent in value, after remaining unchanged a year ago.

The scope of the challenge is best illustrated by the trend in the US, where carbonated soft drink volume declined for the thirteenth consecutive year, according to industry publication *Beverage Digest*, but value improved slightly because of price increases. Across Europe consumption volume has not changed, but revenue has increased slightly, as people switch from colas to premium beverages, especially enhanced waters, according to Kantar Worldpanel.

SOFT DRINKS TOP 15

			Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	Coca-Cola		68,042	5	+2%
2	Red Bull		11,933	4	+3%
3	Diet Coke		11,923	4	+2%
4	Pepsi		10,551	4	-1%
5	Lipton		8,668	4	+10%
6	Nescafé		6,566	4	+4%
7	Nespresso		6,511	5	+11%
8	Fanta		6,389	3	+6%
9	Tropicana		5,720	4	+1%
10	Sprite		5,617	3	+2%
11	Monster		5,470	4	+22%
12	Gatorade		4,671	4	0%
13	Dr. Pepper		3,157	4	+9%
14	Mountain Dew		2,812	4	+3%
15	Minute Maid		2,710	3	NEW

Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg)
 Diet Coke includes Diet Coke, Coca-Cola Light and Coca-Cola Zero
 Lipton includes the businesses of both hot beverages and ready-to-drink iced tea
 Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 (lowest) to 5 (highest).

The Food and Drink Categories

SOFT DRINKS



INSIGHT
Salience

New drinking tastes require diverse portfolio

The soft drinks landscape is evolving. To maintain market share, the major soft drink makers need a diverse portfolio of brands that will accommodate the needs of everybody, which means that when people no longer reach for the heritage brand, they go for another brand within the portfolio. With taste being a key driver of category choice, major brands need to reinforce their taste credentials, while new brands need to make sure they deliver on it in order to attract users. Physical availability, supported by media investment will be instrumental in building salience for new brands in emerging segments.

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Both Coca-Cola and PepsiCo broadened their product portfolios into waters, iced teas, and other drinks perceived to be healthier. The soft drink manufacturers attempted to expand drinking occasions by pairing beverages with food, outdoor activities, and other

events. To narrow the gap between habitual and younger drinkers, a Pepsi Super Bowl ad featured model Cindy Crawford and her adult son. The 30-second spot recalled the Pepsi commercial Crawford made over 25 years ago.

With the tagline, "Taste the Feeling," Coca-Cola leveraged the affinity consumers have with the Coke brand because of the product's taste and the emotion it evokes. It unified three drink options—Coca-Cola, Coca-Cola Zero Sugar, and Coca-Cola Life—under the Coke master brand to signal that choice exists across taste preferences and health concerns, and there is a "Coke for everyone." An emotional ad that debuted during the Super Bowl connected choice with individuality and diversity.

Attempting to add the sparkle back to Diet Coke sales, hurt by consumer concern about artificial ingredients, Coca-Cola introduced a taller narrower can for Diet Coke, along with four new flavors, including Zesty Blood Orange. The smaller, redesigned packaging is part of the attempt to compensate for lost sales volume with premium pricing.

In response to consumer concerns about sugar, both Coke and Pepsi made branding changes, at least in the US, although the product formulations did not change, Coke Zero is now Coke Zero Sugar, now free of both calories and sugar. Earlier, Pepsi Max changed to Pepsi Zero Sugar. The companies reduced sugar in many other products.

Ingredients and regulations

A sugar tax became effective in the UK in April 2018. Sugar taxes have been

INSIGHT
Premiumization

While volume declines, value moves upward

The soft drinks category, including sparkling waters, energy, and juices, is still growing in value terms across Western Europe, although the category continues to decline in volume. The new, premium-priced adult soft drinks are adding value to the market. Measured by in-home value, the soft drinks category is still growing in Great Britain, France, Spain, and Belgium, for example.

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in effect in other European countries and in numerous US cities. And a pressured category, complicated by more choice entering the market, may become more challenging as beer manufacturers—studying the same audience of younger drinkers concerned about healthy products—expanded their product portfolios to include non-alcohol beers.

Because of consumer concerns, and increased regulation, Coca-Cola reduced the sugar content of many beverages, including two of its popular non-cola carbonated soft drinks, Sprite, a clear lemon-lime drink, and Fanta, which is available in a variety of fruit flavors and is popular outside the US. Usually, a natural sweetener, like stevia, substitutes for the sugar.

The artificial ingredients in energy drinks do not dissuade the consumers who choose those beverages for



INSIGHT
Health

Growth coming from new types of refreshment

For the soft drinks category, certainly in Europe, the value growth has come from drinks that can be characterized as quenching and good, which includes drinks with a health benefit, often in a particular niche and commanding a premium. These drinks, a bit up the value chain, are appealing to new audiences. New brands are proliferating like craft beers, and the major brands are adding new options to their own offerings.

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their functional benefits. Red Bull serves a particular purpose—lifting energy levels—and also pairs with alcohol. It rose one notch to No. 2 in the BrandZ™ Global 2018 Soft Drinks Top 15. The brand has an audience of young people that follows Red Bull not only for the drink but for the extreme sports and other events that the brand represents.

Monster, an energy drink in which Coca-Cola owns a stake, increased 22 percent in value. Mountain Dew, a PepsiCo brand, also increased in value. The PepsiCo brand Gatorade, a sports drink favored by competitive athletes, remained flat in brand value, as sales slowed in part because consumers rejected sugary drinks in favor of water. PepsiCo launched a clear version of Gatorade called Gatorade Organic.



Healthier options

Tea fits well with the consumer desire for healthier and fresher drinks. But the tea category is fragmented with newcomers pressuring heritage brands like Lipton. Pepsi distributed the iced tea version of the Lipton tea brand, owned by Unilever, which introduced a new range of Lipton teas in five wellness varieties with names like Bedtime Bliss, an herbal blend that includes chamomile, mint, and orange peel. Pepsi owns two other iced teas—Pure Leaf, including a premium collection, and Brisk. Coca-Cola owns several tea brands, including Honest Tea. Unilever acquired Tazo Tea from Starbucks.

PepsiCo has a partnership with Starbucks to distribute ready-to-drink coffees, a segment that is expanding rapidly with the introduction of the cold brew process. And more craft brands of bottled iced coffee are appearing on grocery shelves. Keurig Green Mountain Coffee announced plans to purchase Dr. Pepper Snapple, which would create a major beverage company with hot and cold drinks and extensive distribution. Keurig is part of JAB Holdings, which has also acquired Panera Bread, Krispy Kreme, and Peet's Coffee.

The two coffee brands in the BrandZ™ Soft Drinks Top 15—Nescafé and Nespresso—increased in brand value, Nespresso by 11 percent, with the brand supported by strong ad campaigns featuring George Clooney. Tropicana, the juice brand owned by PepsiCo, rose in value, and Minute Maid, a Coca-Cola brand, entered the ranking. PepsiCo launched a sparkling water brand called Bubly to compete



INSIGHT
Occasions

Added occasions potentially drive more consumption

The long-term trends are challenging, with innovation and new product launches driving the category, which is experiencing declining consumption of carbonated drinks, potential new competition from zero alcohol brands, and regulations such as sugar tax. In this context, all brands in the drinks industry—soft drinks or alcohol—are realizing that drinking occasions are becoming more and more important. And they are looking at lifestyle, as much as at age groups or other demographics, to find new opportunities.

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with brands like La Croix. Coca-Cola completed the purchase of AdeS, a plant-based beverage business, from Unilever, and may eventually introduce the products outside of Latin America, home market of AdeS.



The Food and Drink Categories

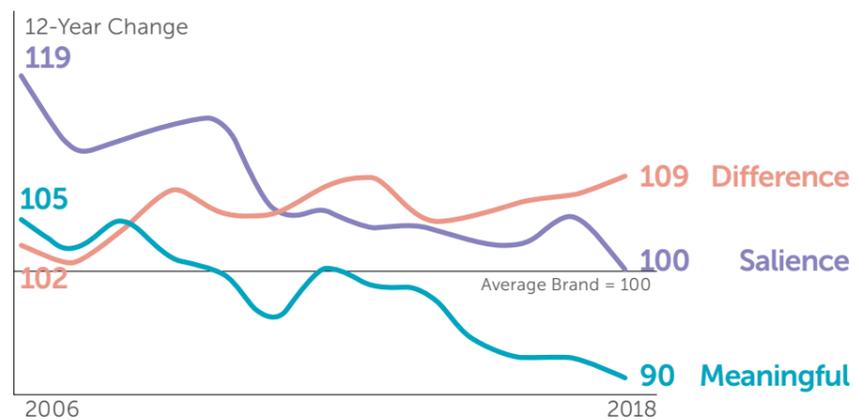
SOFT DRINKS

BRANDZ Analysis

MEANINGFULNESS AND SALIENCE DECLINE, BUT DIFFERENCE RISES...

Under pressure from consumer concern about healthy ingredients, the soft drinks category has declined, over the past 12 years, in being Meaningful and Salient, two of the drivers of brand equity. It increased slightly in the third driver, being Different. The drop in Meaningful is not surprising in a category struggling to meet consumer needs with products that are functionally and emotionally satisfying. The drop in Salience, being top-of-mind, is challenging in a category known for its iconic brands. The slight rise in Difference may be a recognition of the new products introduced to offer healthier soft drink options.

Meaningful, Difference, and Salience

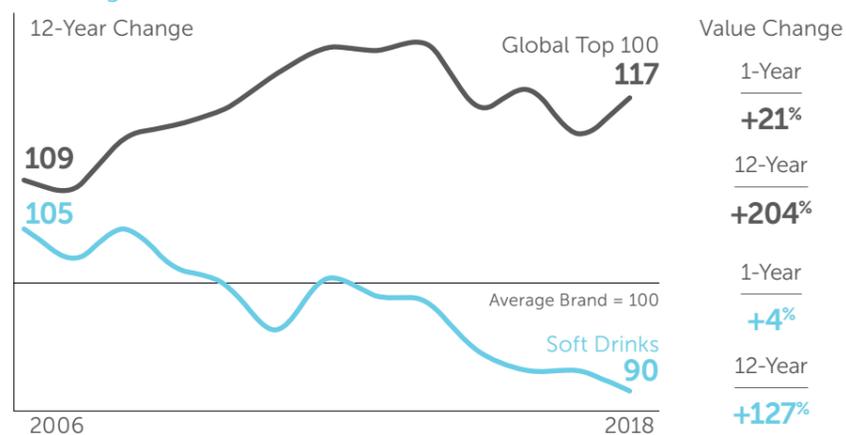


Source: BrandZ™ / Kantar Millward Brown

...AS SOFT DRINKS DECLINE IN MEANINGFULNESS, TOP 100 RISES

The soft drinks decline in Meaningfulness looks especially precipitous in the context of the BrandZ™ Global Top 100, which rose to 117 over the past 12 years, while Soft Drinks declined to 90. Average is 100. Meaningfulness, a driver of brand equity, influences brand value, which increased 204 percent for the BrandZ™ Global Top 100 and 127 percent for soft drinks, over the same period.

Meaningfulness



Source: BrandZ™ / Kantar Millward Brown

BRAND BUILDING ACTION POINTS

- ### 1 Diversify

To maintain market share, the major brands need a portfolio of brands that will accommodate diverse needs and tastes, which means that when people no longer reach for the heritage brand, they reach for another brand within the portfolio.
- ### 2 Talk taste

Habitual customers return for the taste. But habitual customers do not accelerate growth. Growth requires reinforcing taste credentials because people are not aware of them outside the heavy user base.
- ### 3 Build salience

It is an unusual directive for some of the world's most iconic brands, but for waters and other emerging segments, it is important that brands have a physical presence supported by media investment.
- ### 4 Sustain love

Although there is residual love for brands and the category, sustaining it is not automatic. It helps to be straightforward with consumers about their health concerns.

Thought Leadership

E-COMMERCE INNOVATION



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Native online brands make up new rules, pose threats

Traditional players can learn from these digital innovators



MARKETPLACEIGNITION

Marketplace Ignition is a leading strategy consultancy focused on helping brands and retailers grow their business on Amazon and other online marketplaces.

www.marketplaceignition.com

In the past three years, one of the most incredible e-commerce innovations has been the rise of the Digitally Native Vertical Brand (DNVB)—category-specific brands born online that live primarily (but not exclusively) online. Some of these brands are well-known, like Casper, marketer of sleep products, and some are less well-known but just as important, like Anker, a

Chinese consumer electronics maker. DNVBs represent the knife's edge of product and brand development. And they pose threats to established players.

While it's easy to dismiss these DNVBs because they don't often play on the physical shelf, they are still stealing real market share. Anker, for example, is estimated to have done

\$400 million-plus on Amazon alone, just in 2016. In even the most unexpected or protected categories, like mattresses and razor blades, DNVBs are leveraging readily available information about customer preference, and combining it with rapid product development, to build brands that are serious contenders.

Thought Leadership

E-COMMERCE INNOVATION

“There’s definitely another way established brands can learn from the DNVB segment, combining the best of their techniques with the power of a well-known brand, to beat the new brands at their own game.”

While digging in on traditional brand power and superior marketing is certainly an option, there’s definitely another way established brands can learn from the DNVB segment, combining the best of their techniques with the power of a well-known brand, to beat the new brands at their own game. At Marketplace Ignition, we recommend leveraging the power of online marketplaces like Amazon, just like major players like Anker or Sunvalley, another Chinese electronics maker, and others have done, by focusing on:

1

Rethinking the traditional organization

DNVBs have learned to create connections between teams that traditionally don’t partner together: e-commerce and product development, marketing and supply chain, and customer service and brand marketing. By connecting these traditionally separate teams and enabling them to be active from product development, market launch and iteration, the brand gains efficiency and speed often not available to traditional organizations.

2

Mass data analysis

Once the team is in place, the most critical place to go next is the data. By understanding search, brands can understand demand. By combining this with the current product portfolio, gaps can be identified and filled. Anker’s story is often told as one of deep search analysis, comparing search volume to available products at the deepest level of categorization to find kernels of opportunity in both new products and new variants of existing products. Who needs a color consultant for product development anymore when we can look at what color thousands of users paired with your product last month? DNVBs are doing this and monitoring product reviews and questions to continuously iterate product development via mass data gathering in a giant, ongoing feedback flywheel.

3

Micro-SKU management

The most successful players in e-commerce know that you never just have one or a few businesses on Amazon. If you have a thousand SKUs, the only way to win is to manage it the way Amazon does—at the SKU level. Having 1,000 SKUs means

having 1,000 micro-businesses, each with its own challenges and opportunities to excel. For example, if you are a footwear seller, you know that non-standard sized shoes for women are returned by buyers at a 30 percent higher rate than a standard color and size. Whole-sized slippers are easiest to fit, and rates of return are incredibly low, often with very high feedback ratings. Those metrics matter for nearly every calculation. By understanding the throttles at the SKU level, brand owners can optimize and grow brands faster in e-commerce than anywhere else. We often focus SKU level improvements on four key areas (Please see sidebar).

Most interesting is why DNVBs’ success has come so suddenly, and why now. The biggest accelerant has come with the combination of rapid development, guaranteed product quality/social affirmation, and the tightened connection from manufacturer to consumer. The most-nimble brands are now getting iterated product in consumers’ hands in the time it took a decade ago to run a focus group. By disintermediating the import/export chain and leveraging solutions like consumer data mining and rapid manufacturing and prototyping, brands can get new versions in to market before competitors have even finished developing a concept. Direct injection into Amazon’s global fulfillment network shortens this time even more.

TAKEAWAYS

Questions to improve SKU management

1

DISCOVERY

What can we do to improve discovery of a new or existing product?

2

TRAFFIC

How do we drive traffic once the product is findable? Which earned and paid opportunities will have the most impact?

3

CONVERSION

How do we make sure the SKU is in stock and buyable with the fastest delivery time to ensure it converts interest into sales?

4

REPUTATION

How do we nail social affirmation, both online and offline, using the great tools currently available?

The Financial Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+24%

Category Brand Value 12-Year Change

+4%

Global Banks Top 10 Total Brand Value

\$131.8 billion

global banks



The banks category, which includes both retail and investment institutions, is split into two segments, with the brands classified as either global or regional. Global banks are defined as deriving at least 40 percent of revenues from business outside their home market.

Banks adjust for digital future, next generation

Results buoy category, but disruptions expected

Global banks had a good year—finally—almost a decade after the global financial meltdown. But the banks anticipated more disruption and uncertainties with rising interest rates and regulatory changes in the US and Europe, competition from fintechs, and the threats and opportunities presented by blockchain. The BrandZ™ Global Banks Top 10 rose 24 percent in value following a one percent decline a year ago.

The upward trend reflected the strength of the global economy and indicated that banks have finally emerged from the restructuring and regulatory pressures—and fines—that followed the global financial crisis. The improved value growth also resulted from the brand-building efforts implemented by many banks to improve retail service and programs for high-wealth customers.

Banks struggled with several ongoing tensions, however, as they rationalized vast retail branch networks to engage with customers but lower the cost of engagement. Meanwhile, some customers—and not just young people—divided their banking

relationships, maintaining loyalty to their preferred institution for functions such as savings and investment, but using apps or more niche brands to meet particular transaction needs, such as obtaining a car loan.

GLOBAL BANKS TOP 10

		Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	HSBC	23,633	3	+15%
2	Citi	21,258	2	+21%
3	J.P. Morgan	18,251	3	+29%
4	ING Bank	12,447	3	+33%
5	Santander	11,516	3	+32%
6	Morgan Stanley	11,482	2	+29%
7	BBVA	10,321	4	+31%
8	Goldman Sachs	8,794	3	+20%
9	UBS	7,790	3	+27%
10	Barclays	6,280	3	+5%

Source: BrandZ™ / Kantar 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).

The Financial Categories

GLOBAL BANKS

INSIGHT
Trust

Banks must leverage data but retain trust

Technology continues to reshape the category. Younger consumers, in particular, are increasingly open to digital-only service propositions, and competitors are responding with truly mobile-first solutions. While traditional banks may struggle to keep up with digitally native new entrants, they hold a unique position, having a long history of being trusted with consumer's financial lives. The challenge for banks is to retain and build on this trust. Kantar TNS's Global Connected Life research reveals that consumers are increasingly wary of the amount of information brands hold on them. Banks need to adapt by ensuring their trusted position is reinforced by being transparent about what they capture, protecting against breaches, and always remembering the value exchange on the data they collect.

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Motivated by the emergence of fintechs and prospect of competition from technology companies, like Google or Apple, global banks transitioned to new forms of digital banking, but more slowly than institutions in China, South Africa, and parts of the Middle East. The infrastructure legacy of global banks moderated their speed, as did a business model that typically derives more profit from high-wealth clients than from the retail customers served by digital banking.

New open banking regulations in the EU focused the banks' attention, however. Until now, each bank kept its customers' data on a proprietary basis. Under the changes, customers can consent to having their data shared. Although the impact of these changes is not entirely clear, they would enable a fintech, or a technology company, like Amazon, to access banking data and create relevant products. Similarly, with customer permission, a global bank could collect data from competing banks to create a one-stop financial dashboard.

Disruptions expected

In markets where open banking regulations have not been promulgated, the debate continues about whether the benefits of operating as an open platform, with full access to the customer's financial data across other financial institutions, outweighs data privacy concerns. Separately, the US Congress debated relaxing Dodd-Frank regulations, implemented in 2010 to guard against another global financial crisis.

INSIGHT
Open Banking

By sharing data banks can offer holistic advice

With some of the technologies that banks are trying to use, like artificial intelligence, they need a full view of the customer's financial wellbeing to give truly useful advice based on a customer's entire financial situation. But the banks won't have access to all that data; consumers hold banking accounts, loans, investments, insurance, and credit cards with a variety of disparate financial institutions. To really crack this, banks need to become open platforms that share information, with easy customer permission. Sharing this data can transform the customer experience, but raises privacy concerns and so trust is central to the banking relationship.

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The interest in simplifying this regulatory maze is part of the reason that banks are studying blockchain as perhaps the best way to speed transactions, secure data, and reduce overhead. Blockchain would remove a lot of infrastructure expense from the banks, some of which use blockchain on a business-to-business basis to speed the transfer of funds among banks. The reduced cost could have a knock-on effect in reduced fees to retail customers.

INSIGHT
Millennials

Young people need banking relationships

Banks need to consider the brand experience at every touch point to build strong relationships with new and existing customers—especially among millennials. Many in this age group have not yet amassed great wealth, but they have high aspirations. Millennials often say they prefer to handle their financial transactions using Facebook, Google or other tech leaders, but these brands are heavily purchase focused. Millennials also need, and are seeking investment advice to build their futures, and they should not be overlooked.

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Meanwhile, banks contended with the potential rise of interest rates and societal disruptions, at least in the industrialized world, where the life stages for which banks typically provided products—home ownership and car buying—are changing.

Banks attempted to appeal to the next generation of banking customers. But younger customers, adept at conducting financial transactions on mobile devices, are not focused on financial planning and less inclined

than their parents to trust large institutions. These factors have enabled smaller disruptor brands, which are usually mobile-centric and lower cost, to move into this space. Examples include Robin Hood or Acorn.

Banks are proactive

Anticipating the open banking regulations, HSBC planned to launch an app called Connected Money, which was intended to collect in one place all the customer's banking information across all financial institutions. In the UK, an app provides a dashboard of all accounts. The bank completed a turnaround initiated soon after the global financial crisis. It emerged somewhat smaller, but still present around the world.

BBVA introduced open banking in Spain, its home market, and planned to make it more broadly available to customers in other markets, including Latin America and the US. The bank has invested in developing its digital capabilities as a way to improve customer experience. Spain's largest bank, Santander planned to introduce blockchain for international transfers in certain markets. Santander acquired a competitor, Banco Popular.

Dutch bank ING created an open banking app called Yolt that provides customers with all their financial data as well as budgeting and analytic features. The app is part of the bank's effort to be nimbler. To appeal to the next generation of people with wealth to manage, UBS launched a platform called Unlimited, and an online magazine about society and culture, published with several partners, including Vanity Fair magazine.

INSIGHT
Digital

Digital banking matches or exceeds branch experience

In many parts of the world, the biggest challenge for banks is getting people out of the branch, away from physical engagement, and onto digital platforms that are as good as—if not better—than the branch experience, providing banking access anywhere and anytime. The focus is around customer design, and having that engagement match the required customer experience, and where possible add value to the customer. In Spain, BBVA focuses on digital as a channel, trying to improve the experience on a continuing basis. There are banks in South Africa where you can pay someone using WhatsApp or Twitter, which allows the user to supply a code to be input at an ATM, which will dispense the payment. This kind of innovation is available today. Without a bank, you can transact. The challenge taking this level of freedom beyond transactions, to investing, loans and applications, so that the customer engagement becomes seamless.

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The Financial Categories

GLOBAL BANKS

Citi enhanced its mobile app to offer a complete range of banking and investment functions. The feature also enables users to view their accounts at other banks. Citi has been closing branches since soon after the financial crisis. The app is part of the bank's plan to regrow in the US, but with a virtual rather than physical presence. Branching out from its investment bank and trading heritage, Goldman Sachs pursued a similar strategy, developing a consumer online lending business called Marcus, in part to balance the decline trading revenue that followed the global financial crisis.

To reach the next generation of investors, who are acquiring—or inheriting—wealth, Morgan Stanley introduced a robo advisory service. Algorithms manage the portfolios, but human bankers choose the investments. Morgan Stanley also joined the money transfer network Zelle, as did other banks, including JP Morgan, which operates a mobile payment app called Chase Pay.

Barclays moved into uncharted territory most banks are considering when it partnered with cryptocurrency operator Coinbase. Meanwhile, Barclays continued to strengthen its business, although it was fined for infractions from 2008.



INSIGHTS
Open Banking

More complexity adds opportunity for brands to lead

The era of open banking will allow for information to be captured from across many banks. This will provide opportunities to create new aggregated services with transparent pricing and products. Thus, core banking products will become more commoditized, with niche products to be developed for more specific market segments as they become easier to reach and target. However, this comes at an increasing risk of fraud and security breaches as data flows freely between organizations and customers—in particular for more vulnerable segments like the elderly, less-digitally literate or financially aware. Open banking will bring more choice, potentially better products, and improved customer service capability. But more options will also mean added complexity. At the end of the day, people will still need support to understand how to make the best financial decisions that suit their needs. The opportunity is clearly there for banks to lead, guide and help customers navigate financial complexity with confidence.

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INSIGHTS
Fintechs

Fintechs threaten, but consumer inertia protects

The fintechs present a threat to the big banks, but they face their own challenges. Yes, fintechs can innovate and build capability quicker, but they can't invest in the same way the big banks can. The fintechs can't fund themselves as cheaply as the banks. They don't have access to the wholesale markets or access to cheap deposits, and that puts them on the back foot. At the same time, there is still a lot of consumer inertia around banking, certainly in the UK. Even younger consumers have that entrenched behavior of tending to go with the same bank as their parents. We continue to see low switching rates for current accounts, which are the gateway product, so customer inertia continues to play a role.

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BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+16%

Category Brand Value 11-Year Change

+93%

Regional Banks Top 10 Total Brand Value

\$263.2 billion



The Financial Categories

REGIONAL BANKS



Strong regional economies drive bank value increases

US and Chinese banks lead in growth rates

Strong performances by US banks and banks in fast-growing economies, particularly China, led the regional banks category to a 16 percent rise in value compared with an increase of just 2 percent a year ago. The banks advanced artificial intelligence and digital initiatives to improve customer experience and preempt fintech competition. Every bank but one increased in value, reflecting economic strength in most regions of the world

Having benefited from changes in US tax laws, Chase planned to open several hundred branches in new US markets. It currently operates over 5,100 branches in 23 states. With this additional presence, the bank expected to increase its consumer mortgage and small business programs. The bank also planned to invest some of the revenue produced by lower tax rates into local communities to stimulate growth.

Chase introduced a mobile app called Finn, specifically to meet the banking needs of younger people and cultivate them as long-term customers. Positioned as a mobile bank, the app provides the usual banking functions along with tools to track spending and

savings. Finn was part of the bank's larger strategy of providing digital solutions.

Bank of America, achieved a profit level that matched the bank's performance prior to the Global financial crisis, in

REGIONAL BANKS TOP 10

			Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	Wells Fargo		54,952	3	-6%
2	ICBC		45,853	2	+45%
3	China Construction Bank		23,747	2	+27%
4	RBC		22,924	4	+8%
5	HDFC Bank		20,874	4	+22%
6	TD		19,628	3	+6%
7	Chase		19,324	3	+35%
8	Commonwealth Bank of Australia		19,286	3	+11%
9	Agricultural Bank of China		19,141	2	+28%
10	Bank of America		17,439	2	+42%

Source: BrandZ™ / Kantar 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 Women

Insight lacking about women bank customers

Financial services providers do not take women seriously. The world in which women think about their money is quite different from the world in which men think about their money. The key point is that understanding a person's frame of reference is critical. Financial services providers say they do that, but they expect women to step into their world and this still feels like a man's world. It's partly down to legacy and this is most pronounced in investment banking and less prominent in non-traditional financial institutions. These findings are from our recent Kantar study of women and banking.

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2008, after which financial penalties for regulatory problems diminished profits. The bank's stock price rose to its highest level since 2008. Rising interest rates helped drive results for all the banks, and Bank of America led in stock market appreciation.

The bank continued cost cutting and had resolved most of the regulatory issues resulting from the financial crisis. Its technology investments included an artificial intelligence initiative to improve the customer banking experience by enhancing the bank's mobile app with a virtual assistant named Erica.

To drive future customer engagement, Royal Bank of Canada invested heavily in digital, including artificial intelligence, mobile banking, and cybersecurity. At the same time, the bank reduced the number of branches and its workforce, incurring expenses that impacted the bottom line. Similarly, Canada's TD Bank acquired an artificial intelligence startup named Layer 6 to analyze customer data and improve the banks product portfolio and customer service.

Several factors prompted the strong performance by Chinese banks, including demand for home mortgages and improved commercial loan performance as key industries strengthened. These banks—Industrial and Commercial Bank of China (ICBC), China Construction Bank, and Agricultural Bank of China—funded government initiatives to grow the real economy.

The strength of China's economy helped drive results of Commonwealth Bank of Australia, although fines for regulatory infractions hurt results. HDFC, a leading Indian private bank, was well positioned as the economy rebounded. The bank's strengths include a national network that extends to both established urban and developing rural regions, and a portfolio of region-appropriate products.

The Indonesian Bank BCA entered the BrandZ™ Global Top 100, based on its ability to serve a wide customer base with innovations like its mobile app, called eBranch, and extensive digital communications on social media. Wells Fargo declined because of a loss of trust and the imposition of regulatory sanctions that followed revelations of fraudulent consumer servicing activities.



INSIGHT Experience

Bank experience must go beyond the transactional

The industry has a profitability issue. In many markets, certainly the UK, we've had low interest rates, regulatory pressures, heavy cost structures and mostly, from a brand perspective, undifferentiated offers. Put those four things together and you have problems if you don't change. A critical factor will be the free availability of customer data and the customers' desire for fluid, frictionless, in-my-time, on-my-terms, omnichannel experience. Customers will look for financial companies that play a role in their lives and are not just transactional. Banking will help people make better money decisions. The brand experience will be everything. But for now, the banks are a million miles away from this idea. They have standardized products and services that they sell to most people. There are plenty of fintech providers coming to market with unbundled, customer-friendly solutions. What will really generate change in banking is the need for banks to make more money.

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The Financial Categories

REGIONAL BANKS

BRANDZ Analysis



INSIGHTS Fintechs

Fintechs target payment business, not core accounts

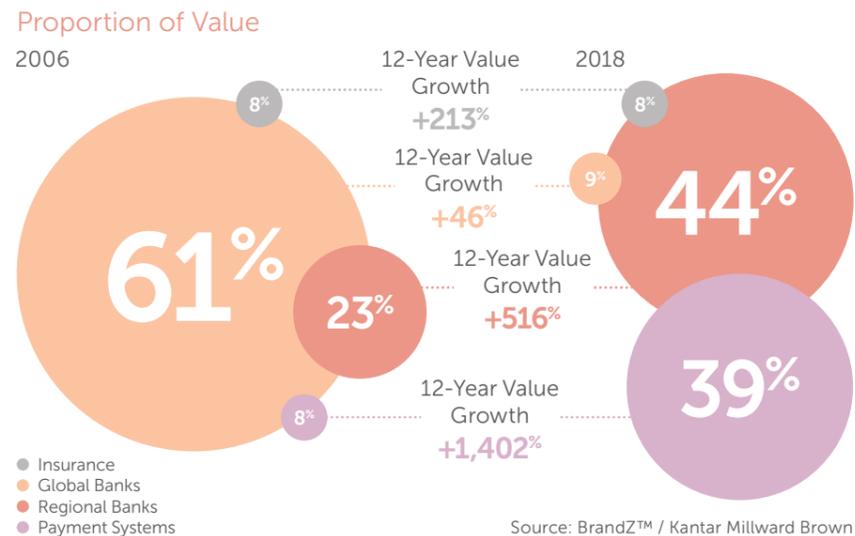
Some of the B2C fintechs are able to create an almost cult-like level of engagement and advocacy by improving the user experience for their customers. But at the same time, a lot of these fintech customers are “multibanking.” They’re still having their salary paid into the bank account they set up when they first left school and then transferring money from that bank to the fintech app, which is essentially then just a payment card with an app attached. These business haven’t yet monetized the relationship. The current account has traditionally been the center of gravity of the banking relationship and the gateway to profitable products and so unlocking the inertia that keeps people from switching their main current account and salary payments is their goal. At the moment, the big banks have the central accounts and the fintechs are working on payments accounts. Everyone—not just millennials—would like to have a better front-end user experience, but by itself that front-end experience doesn’t seem to be enough to drive profitable change.

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VALUE SHIFTS FROM GLOBAL TO REGIONAL BANKS AND PAYMENT SYSTEMS...

The proportion of value contributed by the BrandZ™ financial services categories shifted significantly over the past 12 years, with payments and regional banks expanding in value and global banks contracting. The insurance proportion of value remained unchanged. The global banks struggled to recover from the 2008 financial crisis, and they lacked the local credibility of the regional banks. Consumer perception that both global and regional banks were uncaring and dishonest also slowed value growth. In contrast, the value of payments brands—Visa, Mastercard, PayPal, and American express—grew 1,402 percent, in part driven by the growth of e-commerce.



...CONSUMERS VIEW BANKS AS NEITHER INNOVATIVE NOR CARING

Although regional banks enjoyed a marginal advantage, both regional and global banks scored low in being perceived as Making People’s Lives Better or Shaking Things Up. The payments and insurance brands scored higher. These scores suggest that the bank brands are vulnerable to disruption by fintechs, which are aggressively trying to make banking easier and more convenient. The perception that banks are uncaring and dishonest may result from deep and hard-to-change resentment about infractions related to the global financial crisis, which occurred a decade ago.

Financial Service Brands

Average Brand = 100	Payment Systems	Insurance	Regional Banks	Global Banks
Making Peoples’ Lives Better	112	106	103	101
Better Online Services	109	107	107	104
Shaking Things Up	107	111	102	101
Uncaring	99	100	113	113
Dishonest	99	101	113	113
1-Year Value Change	+38%	+34%	+16%	+24%

Source: BrandZ™ / Kantar Millward Brown

BRAND BUILDING ACTION POINTS

1

Manage the tension of change

The impact of millennials and their comfort with technology continues to create unknowns, particularly about what bank profit pools will look like in the future. At the same time, banks need to meet the needs of their existing consumers who drive most of the profit. Managing these tensions is critical.

2

Embrace new technologies

Find ways to use evolving technologies, such as artificial intelligence and blockchain, to create competitive advantage and differentiation.

3

Build and protect trust

The most compelling reasons for people to care about brand in financial services has to do with trust and security. It may not be the top priority of a young person now using an app to send money to a friend. But in a few years, when that individual wants to buy a house, more than a smart phone swipe may be needed.

4

Sustain trust

Banks have rebuilt some trust. But sustaining it will require quickly fixing things that go wrong and getting a lot of things right—and that includes being transparent, improving the user experience, having the best offer, and treating all customers fairly.

5

Be inclusive

Make banking a welcoming and easy experience for everyone, regardless of any impairment—and everyone is somewhere on that continuum.

6

Demystify language

Much of the banking sector still speaks in jargon, according to a recent Kantar report. The jargon was created by men and reflects how men—not women—think about finances. That obscurant approach generally puts off at least half of the world’s population. While the differences in how men and women think about finances are important to acknowledge, it is most important understand the specific needs of each individual customer and respond with clarity.

The Financial Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+34%

Category Brand Value 12-Year Change

+92%

Insurance Top 10 Total Brand Value

\$108.7 billion



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 rebounds sharply on strength of Asian business

Tech disruption makes branding more critical

The insurance category rebounded dramatically, increasing 34 percent in value after declining one percent a year ago. The performance of brands in Asia drove the strong increase, which happened despite large claims some insurers faced after three destructive hurricanes in the US and the Caribbean, and two earthquakes in Mexico.

A year ago, most of the Chinese insurance brands had declined in value, after government intervention to stabilize the insurance market against speculation. The insurance category has evolved in China since then, with more liberal regulations and a growing understanding and acceptance of the category among middle class Chinese who increasingly purchase insurance for protection rather than investment.

The relatively low penetration of insurance in China, and the expansion of online access, continued to drive strong category growth and attract competition from outside the insurance category, particularly among major internet brands, such as Alibaba,

Baidu, and Tencent. For these players insurance is another product to make available to their many customers, similar to the motivation for Sears to establish Allstate, in the 1930s, to sell auto insurance.

INSURANCE TOP 10

			Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	Ping An		26,141	3	+51%
2	China Life		16,429	3	+18%
3	AIA		15,131	3	+29%
4	State Farm		11,192	3	+21%
5	Allianz		9,424	3	+48%
6	AXA		7,414	2	+19%
7	Geico		7,164	2	+28%
8	CPIC		6,134	2	+44%
9	Progressive		5,471	2	NEW
10	Prudential		4,247	2	NEW

Source: BrandZ™ / Kantar 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).

The Financial Categories

INSURANCE



**INSIGHT
Brand**

Brand provides trust difference in price game

Developing a strong brand identity with consumers who become predisposed to purchase a brand is really important in the insurance market due to growth in the use of price comparison websites when searching for insurance quotes, a popular phenomenon in the UK. As aggregators have proliferated, so have low-cost insurance companies that can gain a high profile online. Therefore, for established brands that are either only available direct, or also available via price comparison sites, it's become even more important to clearly communicate the brand benefit and demonstrate why trust may justify a purchase even if at a slight premium compared with a lesser known brand.

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Ping An is dominant in China, and dominance is important in Asia-Pacific markets, where insurance customers typically consider only a few brands, although brands loyalty can be fairly high. Ping An owns an online healthcare service and operates clinics throughout China as part of its broad positioning as a financial services company. After an investment in HSBC, Ping An is the global bank's second-largest shareholder.

Zurich purchased the life insurance business of Australia's ANZ bank, further strengthening its position in the Asia-Pacific market, following other recent acquisitions. AIA purchased the insurance business from Commonwealth Bank of Australia. AIA performed well in its home market, Hong Kong, and in Mainland China, substantially increasing business in both markets, where it provided insurance and related products to members of China's rising middle class. Its share price rose significantly.

To better leverage its business in the robust Asian market, Prudential plans to divide the company into two parts, separating the slower-growing UK and European business from its US, Asia, and Africa operations. Announcement of the split drove up Prudential's share price.

Brand building

In a category of products that people do not want to buy and never want to use, differentiation can be challenging, but brand consistency and likeability have been important to build awareness and trust. Messaging has become more positive in tone, focused



**INSIGHT
Women**

Demystified products add opportunities

A recent Kantar study about serving the financial services needs of women found that people, regardless of gender, often feel fearful and intimidated when looking into health or life insurance, which is higher-up their hierarchy of needs. The insurance companies typically make their products complicated to understand and the benefits are often not well articulated. Conversely, demystifying these products to make them more accessible to the consumer presents insurance brands with a large opportunity—and a benefit to society because people will be adequately insured.

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more on helping people progress through life than protecting them from life's catastrophes.

Brand building remained important, particularly on the consumer side of the business, both in markets crowded with competitors, like the US, and in markets where online aggregators have proliferated, such as the UK, as brands try to build trust and salience.

State Farm leads in market share in the competitive US market, followed by Geico, Progressive, and Allstate, and then four more national brands and numerable local players. This level of competition slows the entrance of new brands and online aggregators and raises the importance of brand communication.

Of the US property and casualty brands, State Farm has built its brand around customer care, while Geico and Progressive have built salience on price, using humor and memorable characters that have become closely identified with the respective brands. The Geico ads featuring the Geico Lizard, have evolved over time but still make the price promise, "15 minutes can save you 15 percent or more."

Progressive's "Flo" ads, in an office setting with a character named Flo, have run for around 10 years. In the UK, the Direct Line brand uses actor Harvey Keitel as the fixer, referencing his role in the movie Pulp Fiction. The Churchill brand has a bulldog character.

Reaching new customers

Like financial services providers generally, the insurance brands have not fully kept up with societal changes as they attempt to reach new customers. The brands have not yet successfully understood the changing needs of women customers, from the customers' point of view, according to recent Kantar research about marketing financial services to women.

Ads for homeowners or car insurance make the same assumptions, for example. The ads are usually pitched to

women because brands presume they have more time to research and want to research, according to the Kantar research. In life insurance the language becomes more male boardroom, with campaigns positioned around sports with predominately male spectators.

Efforts to reach young people are more developed, as insurance companies are getting better at collecting and analyzing data to anticipate life events that may trigger an insurance need. Both Geico and Progressive recently have focused more on millennials, and are expanding their offering to include homeowners, renters, and other insurance products.

The changing insurance priorities of young people also influence product mix. Homeowners or renter's insurance is supplanting auto as the entry ramp insurance purchase. More metropolitan young people are less likely to purchase a car, but they are eager to insure their possessions—smartphone, computer—as contents covered in a property insurance policy.

Startup brands like Lemonade, which sells homeowners and renters insurance, have launched to cater specifically to the insurance needs of young people. Ultimately, more established, less nimble brands acquire some of these newcomers as a gateway into the youth market. Lemonade has sold a percentage of its business to Allianz, for example.

Germany-based Allianz operates in 70 countries and offers a wide portfolio of insurance products, including property and casualty, life, and health, as well as corporate services. Along with the



**INSIGHT
Youth**

New insurance products meet changing needs

Millennials are creating a behavior change on the first insurance product being purchased. Home contents or renter insurance is increasingly the first purchase, not car insurance, because younger audiences are becoming a lot more metropolitan. Car ownership in larger conurbations is much lower than national averages, especially for younger adults, whose larger value purchases are more likely to be a smartphone or computer, possessions that require homeowners or renters insurance with coverage for the contents. This first purchase is taking place in mid-to-late 20s.

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Lemonade transaction, the company also acquired businesses in North Africa, Nigeria, and Saudi Arabia, and divested some underperforming assets. These moves, and strong business results, helped lift market capitalization and brand value.



The Financial Categories

INSURANCE



INSIGHT
Distribution

Buying ease diminishes role of agent

In the past, insurance statements were incredibly hard to read, and it took effort to compute deductibles, so people felt like they needed an agent to walk them through all the complications. Now, people are used to doing their own online research. Most companies offer good, better, and best options for coverage. For these reasons, a lot of people don't feel the need to rely on an agent. That said, there is always a percent of the population that will want to base their purchase around a relationship. But the size of that group will dwindle over time.

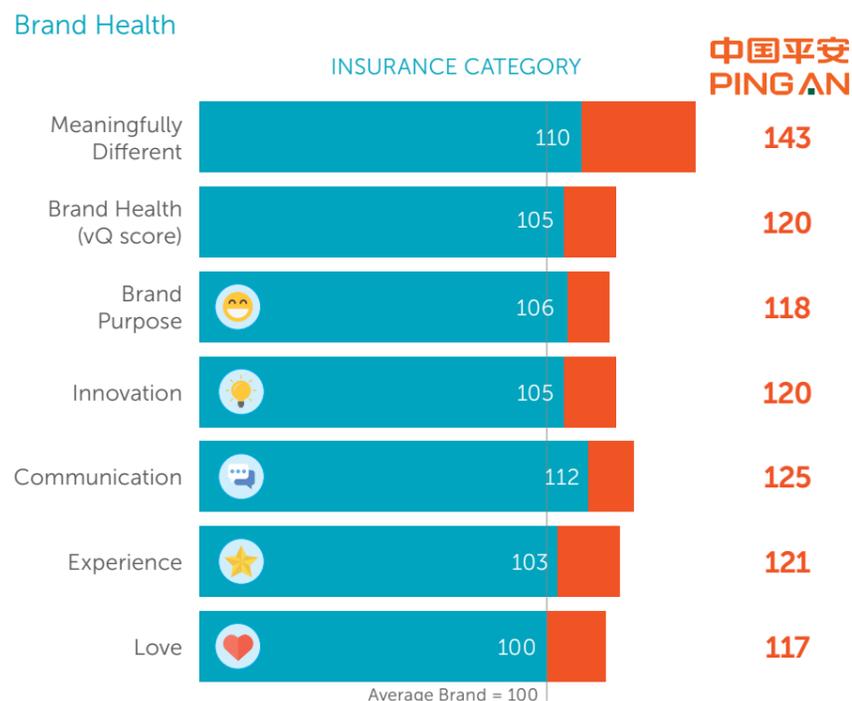
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MILLWARD
BROWN

BRANDZ Analysis

BRANDZ™ METRICS EXPLAIN STRENGTH OF NO. 1 BRAND

There is a reason, actually there are many reasons, why Ping An is the No. 1 most valuable insurance brand, with value rising 51 percent year-on-year. Consumers view Ping An, with its broad range of financial services, as Meaningfully Different. Ping An scores 143 in Meaningfully Different, compared with a score of 110 for the insurance category overall. The BrandZ™ metric Meaningful Difference drives brand equity and measures the extent to which brands meet consumer needs in ways that are relevant and distinctive. An average score is 100. Ping An also outscores insurance brands overall in BrandZ™ metric of brand health, vQ, and in each of its five components—Brand Purpose, Innovation, Communications, Brand Experience, and Brand Love. Ping An scores especially high, 125, in Communications.



Source: BrandZ™ / Kantar Millward Brown

BRAND BUILDING ACTION POINTS

- ### 1 Build the brand

Brand is important. Even in markets where insurance purchasing is a price-based decision, often made online using an aggregator, brand helps consumers choose from a list of similar offers.
- ### 2 Go beyond the badge

Displaying the logo at sponsored events to build awareness is fine. Move beyond building awareness of the brand to present its advantages. This change is especially important for reaching younger audiences who need more reasons to make a purchase.
- ### 3 Communicate with relevance

The delivery of the claim or the message needs to be relevant to the touch point. How the brand appears on the wall of a stadium should be different than how it appears at a bus stop, for example. The message may be the same, but to deliver it most effectively, it is important to understand why the moment matters to the consumer.
- ### 4 Communicate with simplicity

Communicate clearly and make it easy for the customer to purchase or renew a policy. Being clear and straightforward, but not patronizing, can be especially important for reaching young people and women.

Thought Leadership

WOMEN & FINANCE



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New insights help financial brands serve women better

Wide gap still separates industry practices, women's expectations

KANTAR TNS

Kantar 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.

www.tnsglobal.com

Kantar TNS recently set out to determine if financial services organizations and their brands are valuing their women customers appropriately and whether women feel that they are valued customers. Combining a variety of quantitative and qualitative studies across Kantar, the study ultimately involved more than 650,000 women in the UK.

We found that women and society have changed much faster than financial services organizations. Put another way, brands that learn a few specific insights have an enormous opportunity increase the number of women customers and gain substantial financial reward. Here are three important findings from the report and our conclusion.



Don't confuse confidence with competence

Our first finding was that in striving for equality, the majority of financial services institutions failed to consider that the context of women's lives is quite different from men's.



Thought Leadership

WOMEN & FINANCE

Their greater focus on putting their families before themselves and their need for validation and reassurance can make women appear indecisive and lacking in confidence whereas, conversely, they have frequently thought through the implications of big financial decisions more carefully than men.

This finding was very clear when we looked at mortgages. Women did worry more about the total cost, the repayments, and the upkeep of a property. And two-thirds of men, compared with less than half of women, found that the cost of buying a home was higher than they expected. In this situation, most men then borrowed more. This finding demonstrated that women may in fact be more competent, and men's apparent confidence can be misleading. It's important not to confuse competence and confidence to the detriment of women.

2

Build women's trust

Women's greater focus on the family frequently translates into risk aversion and this, together with their lower trust in financial services organizations, means that their responses to advertising may be different. Whereas in most categories women's intuitive response is quicker, this is not the case in financial services advertising. Of the recent communications for leading UK financial services providers, only the Nationwide Building Society campaign, featuring two charming

young sisters singing clever duets, achieved higher trust scores among women. In contrast, a competitor's ad about an unresolved credit card fraud troubled women as it played to their worst fears.

"The majority of financial services organizations do not take account of the different context of women's lives, consequently lack a core human insight and need to value their women customers more highly in order to achieve much greater mutual value."

The study found that women are more pre-occupied with everyday money management and men, as well as women, think that they are better at budgeting. However, when it comes to long-term financial decisions around investments and pensions, women's confidence declines, and the investment industry attitudes and behaviors are exacerbating a difficult

situation with troubling consequences. The world of investments is seen as a man's world by 40 percent of survey respondents (and a higher proportion of men) compared to only 7 percent seeing it as a woman's world. Only half of women compared to two-thirds of men felt engaged, and less than a third of women felt they had a good understanding compared to half of men. The consequence of these differences is that women are investing less, keeping a higher percentage of their portfolios in cash, and are consequently saving less for their retirement.

3

Empower women, don't diminish them

In the qualitative phase of our work, we identified two further quite significant barriers to women investing more. First, women depicted investment advisers as condescending, self-interested, and "grabalicious," and certainly not creating an encouraging environment or experience. Second, women viewed investment advertising as either talking to men or condescending, full of jargon and never reflective of the world of a 21st century independent woman. The exception was an ad for Nutmeg, the online investment advisor, showing a very down-to-earth, casually dressed woman with the headline, "Investment millionaires don't look like they used to." Both confident and less confident women could relate to this ad either because it represented who they are now or realistically could expect to become.

Conclusions

The majority of women are concerned that they are not adequately providing for their long-term financial well-being. Only a very small minority feel empowered to change this situation. And, disappointingly, most women have low expectations that today's financial advisers have the understanding and empathy necessary to provide useful help.

The various disconnects identified in the study indicate that the majority of financial services organizations do not take account of the different context of women's lives, consequently lack a core human insight and need to value their women customers more highly in order to achieve much greater mutual value.

A calculation from TGI decile analysis, identifying 10 levels of confidence and engagement, suggests that if the financial services industry could increase women's level of engagement to just the level of the next decile, this could realize an additional £130 billion (\$185 billion) for investing in the UK alone.

TAKEAWAYS

Principles for meeting women's financial needs

1

Get inside her head to understand her context.

2

Step into her world; don't make her step into yours.

3

Take her seriously; it's the least she deserves.

The Commodity Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+1%

Category Brand Value 8-Year Change

-4%

Oil & Gas Top 10 Total Brand Value

\$97.6 billion

oil & gas

Industry pivots to gas, plans for alternatives



US, Europe pursue different strategies

The recovering global price of crude oil strengthened the oil and gas category, but brands also felt the impact of new costs, sanctions imposed on Russia, and the rebalancing of China's economy from production to consumption. As brands adjusted to price unpredictability and the transformation from oil to gas and energy alternatives, the category increased only one percent in value, compared with a five percent increase a year ago.

The major integrated oil companies, with exploration and refining businesses, continued cutting costs to reach profitability even with weakened oil prices. The Brent crude price approached \$70 per barrel, after trading as low as \$28 during the past few years, but it remained far below all-time highs. The majors planned for meeting the world's immediate energy needs, while preparing for the future, but how they balanced those imperatives divided according to where they are based.

For the US-based majors, shifting to shale oil and gas exploration was the key priority. European brands focused more intensively on the transition to gas and, eventually, to other alternative fuels. Most companies reduced deep water exploration that requires decades

to achieve a return on investment. And, generally, the companies with downstream, consumer-facing operations, benefited from a counter cyclical business, where retail margins rose as the cost of oil declined.

OIL & GAS TOP 10

		Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	Shell	20,264	1	+10%
2	ExxonMobil	18,222	1	-3%
3	BP	11,846	1	+6%
4	Sinopec	11,199	1	-11%
5	Petrochina	10,187	1	-2%
6	Chevron	8,594	1	+2%
7	Total	5,255	1	+6%
8	Rosneft	4,747	1	-4%
9	Gazprom	3,698	1	-4%
10	Lukoil	3,591	1	+11%

Source: BrandZ™ / Kantar 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).

The Commodity Categories

OIL & GAS

INSIGHT Brand

More, faster use of data will grow ROI

Oil and gas brands need to harness the power of data and analytics in brand building, and move faster. In brand building, the test launch approach favored by engineers is not going to make a dent in the perceptions brands hope to shatter. Moving fast means committing to a branding strategy and investing substantial support behind it. On the other hand, clever tactical investment also has a time and place. Brands can use data and analytics to define segments for viable campaigns, with minimal investment. In addition, brands need to prepare a variety of content, especially for key segments. Consumers have come to expect personalized, relevant messages. The well targeted campaigns will positively impact ROI. Lastly, brands need to invest in robust data collection. Tracking the lead performance indicators in real-time allows for continuous optimization.

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The majors overall supported the Paris Climate Accord and efforts to impose a tax on high users of carbon fuel, which would add certainty to the price of carbon and perhaps provide incentives to develop new technologies for the post-carbon world. A recent study by BP predicts demand for oil to peak around 2035, earlier than previously predicted, then plateau for a few years before declining.

Shell shifted the balance of its holdings from oil to gas and increased its investment in renewables. ExxonMobil, headquartered in Houston, discovered the energy future in its own backyard and invested heavily in shale operations in places like the Permian Basin in Northwest Texas. Because of cost cutting, Shell was able to more than double its profits, even with the lower oil prices. Refining operations hurt ExxonMobil profits and drove down the stock price. Shell surpassed ExxonMobil as No. 1 in the BrandZ™ Oil and Gas Top 10.

Shifting strategies

ExxonMobil, and other US companies, accelerated the US drive to become energy self-sufficient, even a net energy exporter of refined products as well as crude oil and liquefied natural gas (LNG). In shale exploration, scale can be a disadvantage, at least initially, because smaller, Specialized Exploration and Production Companies (E&Ps) have the expertise and nimbleness to capture the shale business.

Shell invested more in renewables and also planned to leverage its network of over 44,000 fuel stations worldwide,

INSIGHT Communication

Futuristic visions must be grounded in today's realities

A tension exists between how consumers perceive oil and gas companies today and how the companies communicate their visions for the future. The companies often feature their most innovative programs that involve new energy solutions. But consumers, especially young people, are skeptical and sometimes consider the communication greenwashing. Messages about the future of energy need to be more grounded in the current business reality. Consumers don't see a lot of change yet, but they see communication about futuristic energy tech. The disconnect undercuts the credibility of the business. That gap needs to be closed.

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**KANTAR
CONSULTING**

adding another 10,000 locations and including more services, potentially electric charging stations. The retail product mix would be adjusted, with non-fuel products accounting for half of revenue by 2025.

BP is also changing the product mix in its retail operations. And it acquired 43 percent of UK solar company, Lightsource. Total bought a major



stake in Saft, a battery maker. It also bought LNG assets from Engie, a French utility, and a stake in Eren, a French renewable energy company. Statoil and others invested in offshore wind technology. Shell bought First Utility, an electricity supplier and purchased an interest in Silicon Ranch, a US solar producer.

Downsizing and cost efficiencies made since the 2010 Deepwater Horizon disaster enabled BP to make money even when global oil price hovered at historically low levels, although costs associated with the oil spill and the US tax reform impacted profits. Chevron rose modestly in brand value based on production increases in Australia and Texas, but costs associated with hurricanes in the US hurt profits.

Both Sinopec and PetroChina, Chinese brands, decline in value primarily because they complied with the Chinese government's desire to reduce over production and stimulate demand. And they encountered competition from independent refineries that have appeared with liberalization of the oil and gas sector. Rosneft and Gazprom declined in value in part because of the impact of sanctions against Russia, although Lukoil value rose based on higher profits and margins late in the year when oil prices increased.

Saudi Arabia prepared for an IPO of 5 percent of Aramco, the Saudi national oil company. The IPO would provide substantial funding for the national agenda to broaden the Saudi economy beyond oil dependence, and undergo social transformation. A successful IPO would also confirm that oil and gas remains a strong investment for the foreseeable future.

Brand importance increases

Communicating to influencers and decision makers remained vital to oil and gas brands, primarily business-to-business enterprises that depend on their corporate reputations to obtain licenses to operate and to maintain productive industry partnerships.

Reaching consumers—and clarifying the brand and its purpose—will become more important to oil and gas companies with the shift from oil, and the growing importance of retail as source of new revenue and profit. Brand will be important for building customer loyalty, but also because the consumers' voice will be amplified in the conversation about the energy issues.

In the US, the increase in drilling locally, rather than in remote locations, should increase the importance of brand because permission to drill will become more reliant on consumer opinion. Companies are increasingly trying to put a human face on their brands as consumers are more empowered today as influencers.

ExxonMobil's latest communication is "Energy Lives Here," with narratives focused on carbon capture and storage. ExxonMobil has an online newsletter called The Energy Factor, which highlights scientific achievements as well as social responsibility initiatives. In their straplines, many of the brands acknowledge a commitment to an improve energy future: Total promises it is "Committed to Better Energy"; Chevron has its upbeat "Doers" campaign; and Shell declares, "Make the Future."

INSIGHT Brand

Uncertain times require agile, purposeful brands

The transition to renewables is happening increasingly quickly and the proportion of capital focused on renewables as a proportion of total capital on energy projects is growing very quickly. Some brands are seeing the transition happen quicker than they expected even 12 months ago. This transition will take all energy brands through a period of unprecedented uncertainty, driven in part by regulatory change and in part by technological change. Brands have an opportunity to help people move through this period of uncertainty, but to do so brands need to fundamentally reposition themselves because if you look at the demographics in developed countries, it's millennials who will quickly shape these markets. And in these markets the integrated energy companies will be up against brands like Tesla, Uber, and Google, in a mobility space, rather than traditional competing brands. These are brands that tend to communicate in a more purposeful way. The integrated oil companies will need to pay more attention to brand, be more agile, and speak to the changing interests of consumers and potential employees.

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The Commodity Categories

OIL & GAS

BRANDZ Analysis



INSIGHTS
Brand

Brand is critical, with operations closer to home

The US has supplanted Saudi Arabia as the swing producer. We're now seeing a dash toward technology to improve the production of all the wells being drilled. It's a step change. The US is becoming the world's largest producer primarily from on-shore resources, and that's happening with half the number of rigs that were running just three or four years ago. Efficiencies and new technologies have changed the cost structure of oil and gas drilling to supply more oil with less investment of time and money. To me that says the shale revolution will be around for quite a while. It also means that brands are operating much closer proximity to their customers in North America and need to be more responsive in their messaging. It's not enough to be a good operator, oil and gas companies need to be good neighbors.

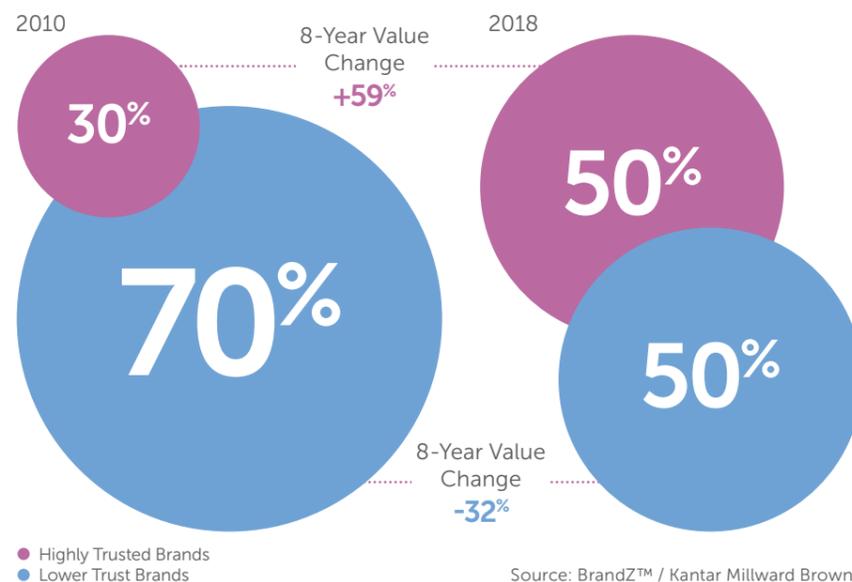
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TRUSTED BRANDS INCREASE MORE IN VALUE...

Oil and gas brands that scored high on Trust increased 59 percent in brand value over the past eight years, while low-Trust brands declined 32 percent in value. The more trusted brands are mostly state-owned and seen as vitally important to their national economies. The link between Trust and brand value growth is relevant to the multinational oil companies because consumer support will become more important during the long-term shift to gas and alternative fuels.

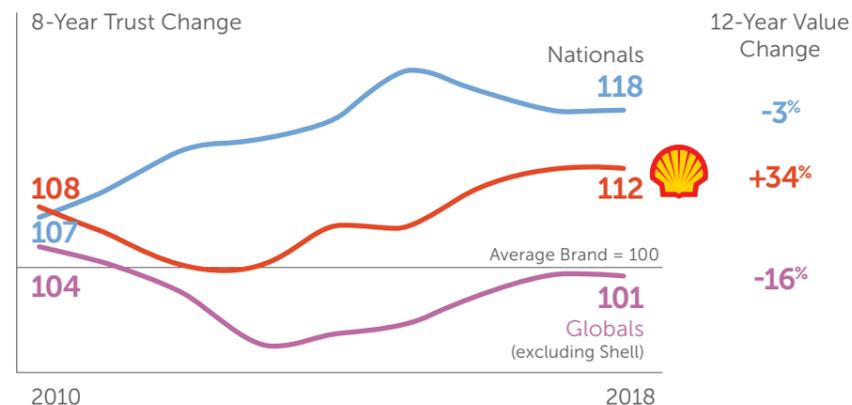
Proportion of Value



...SHELL GROWS IN TRUST AND VALUE

Shell, which surpassed ExxonMobil as No. 1 in the BrandZ™ Oil and Gas Top 10, outperformed other multinationals in growing Trust over the past eight years, and it grew more substantially in brand value over the past 12 years. Shell shifted the balance of its holdings from oil to gas and increased its investment in renewables.

Trust and Value



BRAND BUILDING ACTION POINTS

1 Be more agile

The nature of the oil and gas business—the scale of investment risk and the lengthy time horizon—understandably cultivate a deliberative culture. Future success will require competing against companies organized to move quickly.

3 Talk to the public

Continue to communicate with decision makers and opinion shapers, but do not neglect the public, especially in North America. When oil and gas companies are next-door neighbors, public permission to operate is much more important to brand and brand value. Companies that succeed will explain the societal value of their products and the safe and responsible character of their operations.

2 Make the case for gas

It is important for the majors to make the case for gas as a transition fuel on the path to renewables. The argument that gas burns cleaner is especially important in markets like China and India that are shifting from coal. But it is also important that gas has a shelf life, despite critics, because the transition to non-carbon energy sources will take time.

4 Strengthen the brand

As oil prices rebound, it is tempting to return to business-as-usual and minimize investment in the future of energy and brand building. Succumbing to these temptations could produce short-term benefits. But enhancing the organization's brand-building expertise is a better long-term bet.

Thought Leadership

PREMIUM REDEFINED

Digital tech broadens idea of premium experience



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How brands make people feel, not price, determines premium

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STRATEGY INNOVATION GROWTH

Ogilvy Consulting is the strategy and innovation consulting arm of Ogilvy. We tackle the toughest brand, business, digital and innovation challenges our clients face in a constantly disrupted world.

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It's a given to anyone in the advertising industry that technology has changed the entire relationship between brands and consumers. As Paul Papas, digital leader at IBM, has said, "The last, best experience that anyone has anywhere becomes the minimum expectation for the experience they want everywhere." You are no longer competing only

with those in your category, but with every company and platform that interacts with your customers. Adding insult to injury, alternative interfaces, like voice, add a level of complexity to brands' ability to stand out.

Take your current portfolio of products and services. Now remove everything—what are you left with? Without these current offerings, what

is your brand's purpose for existing in the world? What does it stand for? As your products and services inevitably become commoditized over time, you can't depend on them anymore to be the sole elements that make your brands special.



Thought Leadership

PREMIUM REDEFINED

In a way, this takes us back to the basics of brand building, creating those emotional connections to the brand that transcend connections to products only. The difference? We no longer create that bond by communications alone, and traditional ideas of aspiration become only part of the equation. Now you must create experiences that make the consumer say, “That was so easy, I can’t believe I didn’t have to wait two hours in line.”

Take Disney, its parks were once the gold standard of high-value family vacations. Families planned all year to have the experience of a lifetime. Fast forward 30 years, and your vacation planning has become a job and a strategy session. You’re getting up before the sun rises and expecting to stand in line for hours. For consumers who are immersed in technology and have expectations of service and convenience, that experience is as far from their expectations as Mickey is from being a real mouse.

Enter Disney’s MagicBand, the Disney play at premiumizing the experience. This wristband is the wearer’s digital access to everything Disney, from entering your hotel room, to paying for anything, to planning your visit and accessing all the memories for years to come using Disney’s cloud-based tech. By removing all the worst pain points in the park experience, and then adding new technology-

enabled services that enhance the experience, Disney brings this legendary brand back into the magical customer-focused world of its creator.

“Now you must create experiences that make the consumer say, “That was so easy, I can’t believe I didn’t have to wait two hours in line.” We no longer create that bond by communications alone, and traditional ideas of aspiration become only part of the equation.”

The realization that what consumers expected 30 years ago is not what they expect in 2018 is key to making the hard choices, and boy did they. Disney bet \$1 billion on the digital transformation.

Transformation

Transformation does not require the investment of a small nation’s GDP, it starts by understanding what is premium and how it’s changed from meaning “luxury” to meaning “ultra-relevant experience.” Think Apple, Nike, Samsung and you start to understand why a \$1,000-plus smartphone is sold out before it even reaches store shelves. These experiences range from Dyson’s \$500 hair dryer to unlimited listening of your favorite music streaming service.

But cost is not the only way to value premiunization. An Amazon battery is as generic as they come. The reputation of battery brands

like Eveready and Duracell far surpasses Amazon’s. Yet offering a discounted subscription service elevates the Amazon battery’s value and experience. Add to that free delivery to Prime members or even two-hour delivery for PrimeNOW and you elevate a mere battery to a premium product.

Amazon is the 800-pound gorilla that eats entire categories whole. Companies struggle to understand cooperation or competition.

And getting it wrong is disastrous. However, there are examples of brands that got it right, like Bai, a niche sparkling beverage, that grew to be the No. 1 sweetened beverage sold online. Bai spotted the health and wellness trend just in time and started building a product line that consumers loved. Bai’s online sales mix was 57 percent Amazon subscription, 38 percent Amazon direct and 5 percent other. Even today, Bai’s biggest sales channel is Amazon.

What was once defined by how much you would spend for a higher service, rarity, or recognition is now open to all brands. What was once reserved for “premium” brands has now become standard and expected. What’s more, the “premium” experience is being offered with lower cost.

TAKEAWAYS

Actions for earning a greater premium

1

INNOVATE

Innovation is about more than your core products. It is about adding value and removing friction from your customers’ journey. Think customer first, technology second.

2

ENHANCE EXPERIENCE

Use multiple channels and technology to bring your story to life. Don’t just put a TV ad into a Facebook timeline. The goal is not “matching luggage.” It is putting customer experience first.

3

BE DATA-DRIVEN

Gather data—responsibly. How well do you know your consumers, of today and of tomorrow? If you do not use data to get to your “audience of one,” then you will not survive. As data collection and use become more complex, using it in a transparent and responsible way is the only way to create a great experience.

4

STRETCH

Where does your brand promise have permission to stretch into new products, services, and experiences? Can you apply the competitive advantage of your products or services to other categories? Can your clothing line be considered wellness wear not just active wear?

The Technology Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+28%

Category Brand Value 12-Year Change

+340%

Technology Top 20 Total Brand Value

\$1,592.3 billion



technology



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.

AI, voice recognition excite consumer interest

But scale of data breaches raises privacy concerns

It was the year that cutting-edge, data-driven technologies, like artificial intelligence, collided with consumer privacy, and the tension between East and West for technology leadership became salient. But buoyed by residual brand strength, and results early in the year, technology again was among the fastest-rising categories in the BrandZ™ Top 100 Most Valuable Global Brands, increasing 28 percent, compared with 13 percent a year ago.

Google again ranked No. 1 and Apple a close second, in the Global Top 5, followed by Amazon (which appears in the retail category), Microsoft, and Tencent. Reflecting the growing technology strength of China, Tencent entered the BrandZ™ Global Top 5 for the first time, rising 65 percent in value, the sharpest increase in the technology category.

TECHNOLOGY TOP 20

			Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	Google		302,063	4	+23%
2	Apple		300,595	4	+28%
3	Microsoft		200,987	4	+40%
4	Tencent		178,990	5	+65%
5	Facebook		162,106	4	+25%
6	IBM		96,269	4	-6%
7	SAP		55,366	3	+23%
8	Accenture		33,723	3	+24%
9	Samsung		32,191	4	+34%
10	Intel		28,316	2	+29%
11	Baidu		26,861	5	+14%
12	Oracle		25,802	2	+21%
13	Huawei		24,922	3	+22%
14	YouTube		22,958	4	+37%
15	Cisco		21,331	2	+28%
16	Adobe		17,831	3	+53%
17	Salesforce		17,026	3	+39%
18	LinkedIn		15,657	5	+15%
19	HP		14,797	3	NEW
20	Instagram		14,496	5	NEW

Source: BrandZ™ / Kantar 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).

The Technology Categories

TECHNOLOGY - B2C

These BrandZ™ Global Top 5 brands together totaled over \$1 trillion in brand value, accounting for over one-quarter of the total brand value of the Global Top 100. Facebook ranked No. 6. All these brands are ecosystems which, with combinations of devices and services, keep customers connected in a brand experience that spans a wide range of daily human activities and interactions, such as search, shopping, and payment, with new ventures constantly crossing category borders into financial services, insurance, healthcare, mobility, and other essentials of modern life.

The ability to ease some of life's pain points with a smartphone swipe generated both brand loyalty, and anxiety about the exchange of personal data for unprecedented convenience. Two events heightened the anxiety. First, the misuse of social media by Russian hackers attempting to influence the US 2016 presidential elections raised questions about how effectively brands regulate their own sites. Then the Facebook the data breach, with the personal information of almost 90 million users harvested by a political consultancy, added scale and urgency to the problem, drawing criticism from the industry as well as government regulators and legislators.

The issue was larger than the US election—or the technology category. An EU data protection law, the European General Data Protection Regulation (GDPR) was set to go into force in May. Under the law, people will have more access to data held by companies. The impact of these consumer protections on brands marketers was not completely clear,

but they potentially limit access to information that brands rely on to develop, improve, and personalize products and services.

Brands raise their voice

This push-back about data sharing happened as brands intensified their development of products and services, like voice personal assistants, that depend on artificial intelligence (AI), and improve roughly in proportion to the amount of shared personal data. Voice gained a central presence in homes as people became comfortable conversing with a disembodied voice that listened and responded, often to fulfill shopping lists, but with potential that seemed only the beginning of an uncertain future of human-robot interaction.

Many of the technology brands created voice personal assistants, leveraging their core brand strengths: Amazon in shopping, for example, and Google in search. Although the technology was in its infancy, consumers already chose from a wide range of personal assistants, including Siri (Apple), Alexa (Amazon), Bigsby (Samsung), Cortana (Microsoft), and Google Assistant.

The proliferation of voice—even if used for limited purposes so far—suggested that society is moving to a voice-based interaction with technology, or at least voice paired with screen to fully accommodate how people behave, since screens—on mobile devices, PCs, TVs, even car dashboards—continued to drive engagement at retail and other forms of business-to-consumer and business-to-business commerce.



INSIGHT
China

China sets pace for consumer expectations

China has moved to the pole position of having the most demanding consumer expectations globally. The major consumer products companies now acknowledge that, and are shifting their "Torture Test" to China. China's high speed rail network is bigger than the rest of the world put together. Huawei has more 5G patents than everyone else combined. There is more qualified chip design talent in China than in India. From being an anxious leader in the race, China has assumed the undisputed leadership role in the post-digital world that it truly deserves.

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China has made rapid progress in AI for several reasons, but particularly because the government attitude toward privacy makes data more available than in the West. AI depends on analyzing vast quantities of data to distill specific and nuanced insights. Accuracy and subtlety improve as the data pool grows. Because of the size of the Chinese market and the mobile activity of Chinese consumers, the amount of data grows constantly and exponentially.



INSIGHT
Extended Reality

New reality tool adds immersive experience

There's been plenty of talk around the "realities," augmented, virtual and mixed (AR, VR, MR), including their many barrier-breaking applications. Most recently, and not yet totally in the spotlight, is an emerging tech to track dubbed extended reality (XR), a sort of mix of it all. Defined by Wikipedia as "technology-mediated experiences that combine digital and biological realities," XR is different; it requires mental effort, and often physical motion to engage. By unlocking access to any location, eliminating the notion of space between people/places/things, and removing historic roadblocks to interactivity, XR will change the role of communications. It won't displace a medium, but rather act as a tool for breaking physical and digital barriers to create intimacy and connectivity. It has the ability to bring consumers closer to everything—brands, content, information, each other—in ways never before imagined. Think of the opportunity for information exchange and how that data can influence the evolution of brand and consumer relationships—it's just a matter of leaning in.

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Augmented Reality, technology that consumers could activate with a smartphone, became available in many more applications, adding a digital layer to physical reality in shopping, enabling consumers to see how a piece of furniture would fit into a room, for example. In contrast, Virtual Reality (VR) which requires goggles, and is a more isolating technology, remained popular in gaming but limited in other applications.

The West Coast

Brand investments in these emerging technologies received a major financial infusion when a reform of US tax law enabled companies to repatriate profits parked overseas, which for Apple and Google alone totaled almost \$500 billion.

Google, owned by Alphabet, pivoted to AI with next-generation Google products, including Google Assistant. Google's demonstrated its AI advances with the machine learnings that improved the video on its Pixel 2 phone. Google introduced new devices, including Pixel Buds, wireless headphones for the Pixel phone; Clips, a small camera that takes short videos ("motion photos"); Pixelbook, a combination laptop and tablet; and a new version of Daydream View, AR goggles that work with Pixel and certain other Android phones.

To develop its strengths, and especially strengthen its business-to-business presence, Google partnered with several companies, including Cisco for Google Cloud, Salesforce for customer insights, and SAP for AI and data insights.



INSIGHT
Voice

Voice is ready for prime time, but what voice?

Voice is ready for prime time. The technology behind voice recognition is advancing rapidly to understand important nuances and meanings. In voice, Amazon will need to broaden its information base beyond shopping. The question is, what kind of person would you like to have around the house? One that tries to sell you stuff or one that can answer questions and solve problems? Ultimately, utility will win out, and I see Google catching up and winning in this space because it's infinitely more useful. Over the next few years, brands will fight for direct consumer connections outside the main voice providers. Today, customer service is probably the number one voice application for brands, but that will expand rapidly to other marketing categories as consumer adoption of voice interfaces continue to grow.

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The Technology Categories

TECHNOLOGY - B2C

INSIGHT
Voice

Voice needs to seem human, not only helpful

The human, emotional side of voice will have to be delivered, or else voice becomes just a utilitarian way to get to music a little bit quicker, but, ultimately, it's not part of your daily routine. There is a real opportunity for experiences to be delivered as a value-add for families as they go about their busy lives. It's not there yet. Kids are getting frustrated, which suggests there's a lot of room for improvement.

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Meanwhile, Google faced antitrust pressure from the European Commission, which questioned whether its dominance in search limited competition. The brand, which receives most of its revenue from online advertising, also responded to pressure from advertisers concerned that their messages not appear alongside objectionable material.

YouTube, part of Alphabet, like Google, expanded the number of mainstream news sources available on the site to address criticism about providing access to questionable content and being a conduit for the false information purposely planted to influence the 2016 US presidential election. The brand also responded to complaints from some advertisers about inappropriate ad placement by adding more human and AI review of its content. Around 1.5 billion people watch YouTube every month, according to the brand.

Apple introduced its iPhoneX. With facial recognition based on AI, iPhoneX was the first smartphone to retail for over \$1,000. The phone also contained augmented reality software that enabled AR game playing and new apps from retailers and other business. The iPhone and related products produced the majority of Apple's sales.

Apple also introduced other devices, including a new generation of Apple Watch and Bluetooth AirPods, which drove strong growth of Apple's wearable business. It also added improvements to Apple TV, and launched Apple's HomePod, its first smart speaker, which can perform tasks with Siri. These developments suggested that Apple, known for innovative and premium devices, might in the future depend on revenue streams derived from content distributed on the devices.

INSIGHT
China

West and China advantages vary in tech contest

Competition between Chinese and Western technology brands comes down to basic economic principles: China has an enormous market and relatively relaxed regulations, which enables agility and advancement through trial and error. However, on the Western side of the equation, population is lower, but people have higher disposable income per capita. The most obvious advantage for these brands will be to focus on quality versus quantity. I interpret the change in Facebook as a shift from selling millions of "likes" or "clicks" to instead selling quality engagements. My view is that this quality strategy applies to both software and hardware solutions. Western brands will have the advantage of charging a higher premium than their Chinese competitors, however Chinese technology brands will have the advantage of scale.

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In reaction to criticisms that its platform was too hospitable to undesirable content, including hate messages and violent videos, Facebook announced that it would add staff to police the site. Facebook also declared that it would encourage people to use Facebook more for relationship building and less for passively consuming content. The change was expected to reduce the time people spend on the site and possibly impact ad revenue. Facebook had 1.4 billion daily active users at the end of 2017. The number of daily users in the US and Canada declined for the first time, but profits rose on the strength of digital advertising revenue. Facebook-owned Instagram entered the BrandZ™ Technology Top 20 for the first time.

Strength in the East

Samsung introduced its Galaxy S9, with AR features—and price—to rival Apple's iPhoneX, but the phone did not generate the excitement of the Galaxy S8. Although Samsung retained leadership in smartphone shipments worldwide, ahead of Apple and Huawei, overall shipments slowed, and all three leaders introduced premium-priced phones. But Samsung delivered successive quarters of record profits based on the strength of its electronic components business because of heavy demand for memory chips.

Huawei also launched a high-end phone, the Mate 10 Pro. Even as

Huawei profits strengthened on strong smartphone sales, it experienced a major setback when US telecom provider AT&T backed away from plans to sell Huawei phones in the US. The reversal reflected US government security concerns about Huawei's B2B enterprise as a telecommunications equipment provider and a leader in the development of 5G networks in much of the world. Concerned about possible links between Huawei and the Chinese government, US officials see Huawei as a potential cybersecurity threat. Huawei denies any government connection.

Tencent, China's most valuable brand, continued AI development and it strengthened its ecosystem with new initiatives, such as WeChat Smart Transport, which enabled users to pay for public transportation by scanning QR codes without internet access. Tencent's profits rose on ad revenue driven mostly by mobile gaming and WeChat (WeiXin in Chinese), with almost one billion Monthly Average Users (MAUs). Tencent increased its stake in Snap, the owner of Snapchat, the messaging service. Snap could potentially benefit from Tencent's gaming and advertising expertise, and Tencent could expand its presence in North America.

Baidu focused primarily on its search business, with AI initiatives to improve search and the consumer experience on mobile. It entered major AI-focused strategic collaborations

INSIGHT
Voice

Hello Alexa, goodbye keyboard

Voice is at a tipping point. It has been present for the past six or seven years. But the usability is increasing. Podcasts are popular. But people are also having books and articles read to them. We could arrive at a business model where the voice brands will be the engines and they might sell this entry point. At the moment, we have voice as an interface and voice as a personal assistant. As a personal assistant we converge to a few big players, such as Amazon and Google. The personal assistant has a personality and helps us organize our daily lives. But voice as an interface is becoming more and more ubiquitous as the alternative to a keyboard when we control the TV or call customer service.

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CONSULTING**



with smartphone makers Xiaomi and Huawei. In both instances, Baidu matched its software capabilities with brands whose strengths include hardware and distribution.

The Technology Categories

TECHNOLOGY - B2B

Cloud initiatives motivate competition, collaboration

Border between B2B and B2C becomes more porous

Business-to-business technology brands competed for dominance in cloud computing and collaborated to leverage complementary strengths and expand customer bases, often reaching across the increasingly porous industry border to business-to-consumer brands. Propelled by the combination of successful business model transformations and the tailwind of a strong global economy, most brands increased in value, some substantially.

Acknowledging how the way people live and work has changed in the 35 years since Bill Gates announced his Windows idea, Microsoft planned to shift priorities away from this heritage product to Azure and cloud computing. Microsoft increased in value 40 percent, because of its transformation to an open platform, enabling it work in collaboration with other brands, and the development of its cloud storage business.

Second in cloud storage after market-leader Amazon, Microsoft entered a partnership with software provider SAP. Microsoft moved some of its SAP applications to the SAP cloud, and SAP agreed to use Azure services inside the company. SAP accelerated its move into cloud with the acquisition of a sales and marketing company called Callidus Software.

With several initiatives, Google attempted to gain on Microsoft and Amazon in cloud storage and expand its B2B presence. Google and Cisco agreed to work in partnership to create a hybrid cloud, enabling businesses to create apps that work in their own data systems and on Google's servers. The arrangement helps Cisco move deeper into cloud computing and Google move deeper into B2B. Google is making available software products based on the software developed to run Google.

Cisco is not developing its own cloud storage, but rather intends to help its customers manage and optimize their use of cloud. It derives over half of its revenue from building internet infrastructure. Oracle planned to build 12 new cloud data centers worldwide over the next few years. In partnership



INSIGHT
Voice

This is the year that voice gets to be branded

This is the year that voice gets branded. In the past we debated how much conversation would be gesture based, versus how much would be voice based, and how much would be fueled by artificial intelligence. Brands with scale are in line to dominate, whether it's Amazon with shopping or Google with search, but we can also expect other brands to adapt this technology for more specific brand roles. We'll see a contest about how much voice is commercialized versus being genuinely helpful, but regardless we can expect increased differentiation in voice technology in terms of role, tone, and ethical values.

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with Tencent, the company is locating one of the centers in China. The centers should help Oracle deliver its business management and analytic products.

China's Huawei is rapidly developing 5G networks, although its progress may be slowed by security concerns about having voluminous consumer data exposed to the Chinese government. Huawei denies any affiliation with the government and, except in the US, security concerns have not substantially limited Huawei's growth as a 5G infrastructure developer and maker of the world's third best-selling smartphone, after Samsung and Apple.

Rising brand value

Companies that create the tools to run businesses have significantly caught up with the shift to cloud and rose substantially in brand value, led by Adobe, with a 53 percent increase in value. Adobe achieved strong earnings, driven by its successful transition to cloud, with cloud subscription services producing the vast majority of revenue.

Salesforce continued to expand services to its cloud customers with the acquisition of MuleSoft, a service that helps companies move data in their legacy systems to integrate with other data stored in the cloud. It selected Google as its preferred cloud partner and connected Google apps and analytics to Salesforce.

LinkedIn spent its first full year as part of Microsoft, which acquired LinkedIn in part to compete with Salesforce. Among the integration initiatives, was the plan to combine two sales management tools: Microsoft Relationship Sales and LinkedIn Sales Navigator. In another

example of integration, LinkedIn résumé writing tool linked with Microsoft Windows and Office 365.

HP, the hardware company spun off from Hewlett Packard two years ago, experienced strong sales for its PCs, particularly powerful high-end models designed for serious gamers, even as PC global sales softened. HP's premium laptop and printing businesses also performed well, and the company invested in 3D printing.

Intel continued its transformation into a data-centered company. Investments in cloud, network, and AI produced revenue gains. Intel acquired Mobileye, an autonomous car business. In a series of ads titled "The Future," Intel attempted to allay public anxiety about the impact of technology and also position the brand as forward-looking and empathetic. It demonstrated its wizardry with a drone performance during the opening ceremonies of the Olympic Winter Games in Pyeongchang, South Korea.

Accenture partnered with Apple to develop new tools and services for helping enterprise clients transform how they engage with customers using iPhone and iPad. The initiative is intended to facilitate the smooth transfer from legacy infrastructure to iOS apps. The Apple partnership followed collaborations with other brands, including Google, Microsoft, and Oracle.

IBM increased sales as it continued its strategic shift from its legacy businesses to security, cloud, and AI, initiatives that accounted for almost half of IBM's revenue. IBM invested in its Watson-branded artificial intelligence



INSIGHT
China

Exportable tech, like AI, guides China's future

China can surge ahead in technology for several reasons. China has its BAT brands, Baidu, Alibaba, and Tencent, which are roughly equivalent to FANG in the West, Facebook, Amazon, Netflix, and Google. The challenge for the China's BAT brands is that they are circumscribed by their geography, because of the country's internet "firewall." But China is making a global impact by embracing technologies that can travel overseas. These include artificial intelligence and connected devices. Also, China defies Newton's Law that every action has an equal and opposite reaction. In the West, advances in technology are monitored by privacy groups and government regulators. There is less of that oversight in China, so the opportunity to experiment is immense.

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initiatives, particularly its commitments in healthcare and finance, which grew, but slower than analyst expectations. To accelerate its new businesses IBM partnered with other technology leaders, including Apple. And to communicate its progress, Watson analyzed clothing worn by celebrities at the Grammy Awards to predict fashion trends.

The Technology Categories

TECHNOLOGY

BRANDZ Analysis



INSIGHT
Voice

Voice competes on strengths of ecosystems

As a practical matter, most people will buy only one brand of voice device. They will choose one ecosystem and stay in it. So, if Amazon does good enough, and starts modifying its voice recognition system to be incrementally better with time, it will continue dominating that market. Google's disadvantage was not having a built-in retail ecosystem ready to go a year ago. Now it has one in the US with Walmart, enabling users to buy products with voice on Google devices. But Amazon's retail ecosystem is much better. However, the killer feature of voice devices, which Google does way better, is having voice work across multiple types of devices, in your home or when you're on the move. This is still nascent technology and how/where we use it as consumers is still being defined, so it is anyone's game to dominate.

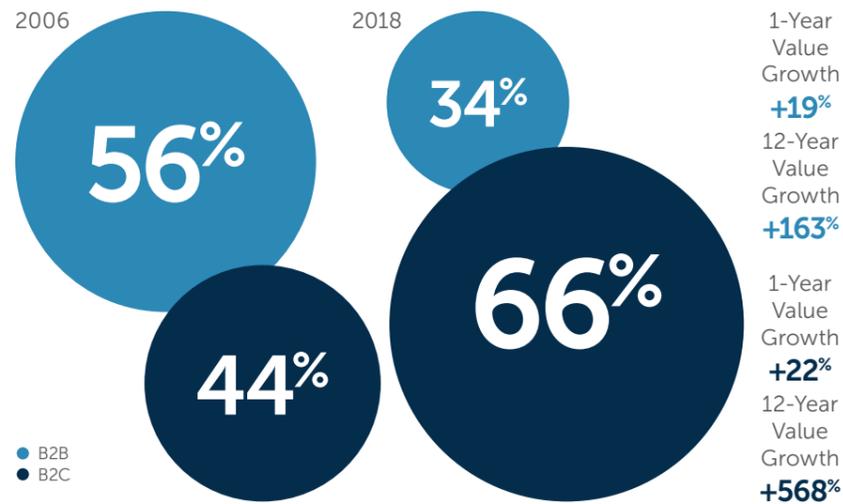
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VALUE SHIFTS FROM B2B TO B2C BRANDS...

The dominant proportion of BrandZ™ Global Technology Top 20 value shifted from business-to-business to business-to-consumer brands over the past 12 years, when B2B brands rose 163 percent in value compared with a rise of 568 percent for B2C brands. The shift reflects the scale of B2C brands like Apple and Google, and the struggle of B2B brands to transition from traditional business models to the cloud. As B2B brands more effectively make the transition, year-on-year value growth rates are equalizing.

Proportion of Value



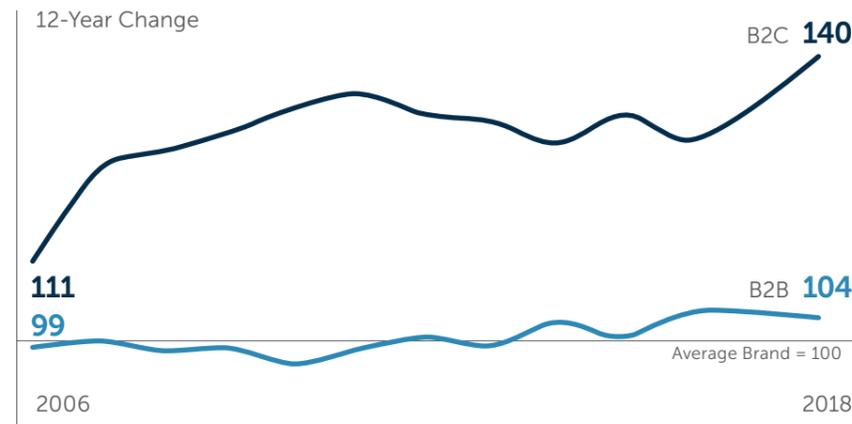
1-Year Value Growth **+19%**
12-Year Value Growth **+163%**
1-Year Value Growth **+22%**
12-Year Value Growth **+568%**

Source: BrandZ™ / Kantar Millward Brown

...MEANINGFUL DIFFERENCE EXPLAINS THE SHIFT

Contrasting levels of Meaningful Difference helps explain the disparity in value growth between B2C and B2B brands. Over the past 12 years, B2C brands increased from a score of 111 to 140 in Meaningful Difference, while B2B brands increased from 99 to 104. The BrandZ™ metric Meaningful Difference drives brand equity and measures the extent to which brands meet consumer needs in ways that are relevant and distinctive. An average score is 100.

Meaningful Difference



Source: BrandZ™ / Kantar Millward Brown

BRAND BUILDING ACTION POINTS

1 Give back

As major technology brands grow in size beyond the scale of even the largest industrial corporations, consumers question how much they are giving back. Along with benefits to the individual, the focus of most tech brands, it becomes important to also focus on benefits to society.

2 Be introspective

Large scale and well-publicized data breaches have eroded trust in certain brands, and probably in technology generally. Consumers are becoming more skeptical about the quid pro quo exchange of services for personal data. Now, at the relatively early stages of connectivity and smart home, is a propitious moment for introspection and course correction.

3 Compose "Act Two"

Technology, particularly social media, makes it easier for a brand to become known almost instantly, but longevity is the preferred goal. All brands—but especially disruptors—need to think about "Act Two."

4 Make content relevant

Content scarcity has become content surplus. Consumers are wondering what to watch, when, where, and on what device. The challenge is to produce relevant content that does not become like a pile of unread magazines, but rather is consumed by end users, in the most profitable way.

The Technology Categories

BrandZ™ Top 100 Most Valuable Global Brands 2018

Category Brand Value Year-on-Year Change

+2%

Category Brand Value 12-Year Change

+177%

Telecom Providers Top 10 Total Brand Value

\$455.6 billion



The telecom providers category includes brands that provide mobile or fixed line telephone or internet services as stand-alone or bundled packages (along with other services, like television).

Brands redefine, stretch slow-growing category

Pursue acquisitions for content and scale

In a year when Alexa became a household name, the category that invented electronic voice transmission over a century ago continued its transformational shift to data and content. And it competed with technology brands for leadership in digital connectivity. Slowing mobile growth and narrowing margins affected results, however, and the telecom provider category increased 2 percent in value, outperforming only the oil and gas category in the BrandZ™ Global Top 100.

The most valuable brands continued to think beyond the category. AT&T attempted to acquire media giant Time Warner, which would provide a vast library of content for the DirecTV streaming service it purchased a few years ago. The US government blocked the acquisition, however, arguing that the combined company could potentially be monopolistic. AT&T appealed the decision and

underscored its commitment to transforming into an entertainment company by relocating its entertainment division to Los Angeles, from the East Coast.

Other telecom brands also are attempting to become entertainment hubs. Comcast launched its Xfinity mobile service bundling with TV and

internet. Using voice search it was possible to search across YouTube and Netflix. The brand is aggregating services and adding simplicity. Vodafone, the UK-based telecom with operations in 26 countries, explored combining with Liberty Global, a giant UK-based TV and broadband entertainment company present across Europe and beyond.

TELECOM PROVIDERS TOP 10

			Brand Value 2018 \$ Million	Brand Contribution	Brand Value % Change 2018 vs. 2017
1	AT&T		106,698	3	-7%
2	Verizon		84,897	3	-5%
3	China Mobile		46,349	4	-18%
4	Xfinity		43,056	3	+3%
5	Deutsche Telekom		41,499	3	+8%
6	Spectrum		39,372	2	NEW
7	Vodafone		28,860	3	-9%
8	Movistar		22,824	3	+4%
9	NTT		22,377	3	+11%
10	Orange		19,647	3	+14%

Source: BrandZ™ / Kantar 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).

The Technology Categories

TELECOM PROVIDERS

INSIGHT
DataTelecoms may
face consumer
data concerns

Data security will become an important trend to watch for telecoms. Basically, every single piece of digital data gets routed through telecom providers, and up to now people haven't generally thought too much about it. With people starting to question the personal data provided to and collected by technology companies like Google and Facebook, it is only a matter of time before the broader cybersecurity question around telecom data in general arises. The point is not only whether people trust the telecoms with their data; it's also a question of how people can protect their own data, free of cyber threats and other data protection issues, with the help of their telecom provider.

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Japan's NTT prepared for 5G expansion in anticipation of the 2020 Olympic Games in Tokyo. Entertainment and content were not the only spaces telecoms entered as they reimagined the category. France's Orange, for example, launched Orange Bank in France, an effort to disrupt banking and leverage Orange's customer base and its knowledge of online banking gained from its Orange Money operations in Africa and the Middle East.

Verizon launched a new campaign that stretches the brand beyond being a voice and data conduit, and even a content provider, to becoming a brand at the intersection of human need and connectivity, with products that focus on Smart Cities and the Internet of Things. In a project aimed at controlling traffic congestion and pollution, Verizon is embedding sensors on roads around Sacramento, California. Verizon plans to launch 5G in Sacramento in 2018.

Stretching and reinforcing
brands

Moving from being an engineering-driven telecom company focused on designing and building reliable infrastructure to a content-driven platform brand dependent on artistic creativity requires a cultural leap, as the competitive set widens to include not only other telecoms, but Apple, Google, Amazon, and other technology and content providers.

In its largest ad campaign ever, Vodafone launched a theme called, "The future is exciting. Ready?" The campaign acknowledges that

INSIGHT
CommunicationTelecoms must
stress how they
make life better

Telecom providers will go through another challenging year of competition, consolidation, and contraction. To be successful, telcos need to focus on other c-words: providing compelling and unique content, adjusting to consumption patterns, and delivering convenience to consumers. To do this, they will need to re-define their place in the era of tech giants that are diversifying in the experiences they bring to people and the things they talk about. More than ever, telcos now need to move the conversation away from mobile data plans and connectivity to playing a more central role in the lives of humans and societal progress. Some brands have already started with this, by talking about technologies such as Artificial Intelligence and 5G and why they are important for our lives—rather than talking about the technologies themselves. We will see more of this. Consumers will align with telecom providers only when they understand what they stand for. Communicating their purpose clearly will be vital for telco brands. Expect more business-to-human communications from them.

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the telecom provider category is rapidly transforming, and it positions Vodafone as optimistic about a future being shaped by new technologies and helpful in helping consumers understand and use them.

Verizon introduced Verizon Up, a loyalty program that rewards spending, but requires users to share personal data, which helps target advertising. Verizon intends to build a strong advertising business by combining its technology and customer data strengths with the expertise of AOL and Yahoo, which it acquired and recently merged into a brand called Oath.

Ironically, while retailers and banks are shutting locations, T-Mobile added 2,800 stores (including MetroPCS, its prepaid brand), ending 2017 with around 5,400 stores, including 500 places where the telecom provider had no previous presence, enabling T-Mobile to reach new customers and leverage the cost of its national media investment.

Competitive pressures

Although people consumed a lot of content, over-the-top (OTT) streaming services competed with telecom providers for market share. The main challenge was not that customers were cutting the cord, rather they were "cable shaving," rejecting bundles to pay only for the channels they usually watch. In an effort add new subscribers, AT&T bundled a DirecTV Now, the streaming service of its DirecTV subsidiary, with phone, TV, and internet. Verizon introduced unlimited data plans to stabilize its customer count.

T-Mobile, Deutsche Telekom's brand in the US, acquired Layer3, the 4G OTT streaming TV service, intending to disrupt cable satellite TV by providing desired viewing rather than bundled content. T-Mobile's rebellious "uncarrier" positioning continued to draw new customers. Spectrum, which entered the BrandZ™ Telecom Providers Top 10, offers no-contract TV, internet, and voice packages. Spectrum, is the brand created by cable company Charter Communications after its purchase of Time Warner Cable and Bright House Networks.

With a strong performance by its T-Mobile business in the US, Deutsche Telekom, Europe's largest telecom provider, increased revenue and profit even as it invested in preparations for 5G. France's Orange increased in revenue for the first time in several years. Orange expanded the number of contract customers and increased income from increased data usage driven in part by online newspaper and magazine subscriptions combined under an offering called ePress. Driven by Spain's recovering economy, Movistar added more high-spending customers with offerings of more data and faster speed.

Many of the telecom provider brands, including AT&T, Verizon, and Deutsche Telekom, planned to prepare their networks for 5G and even introduce their first 5G offerings in limited markets. The advance to 5G is expected to facilitate new technologies and increase the transmission of data with the growth of the connected devices, including smart homes and autonomous vehicles. Verizon tested 5G in 11 US markets. AT&T planned to trial 5G in Texas.

INSIGHT
Beyond CategoryBrand leaders
think outside
their category

We've been thinking a lot about catalyst and disruptor brands both inside and outside of telecoms. All brands start someplace. But, at a macro level, the brands that are succeeding, both legacy brands and upstarts, are the ones that are moving away from being highly correlated with the legacy stalwarts in their industry. Brands that will be successful are the ones that are not thinking exclusively about their category—but instead recognizing the broader brandscape as both opportunity and as competition. If you're a telecom provider you shouldn't be thinking about your business as being solely a telecom provider, but instead you should be identifying ways to become less correlated with category peers and thinking about the business more broadly. In telecoms, this could be expanding into content or platform, not just infrastructure and services. In a category as broad as telecoms, the brand itself can become the fabric linking formerly disparate categories together. In our research, we find that consumers closely correlated a major telecom brands not just with cable providers, but also with content producers, wireless providers, and content platforms. These close correlations indicate opportunities for expansion that leverage existing infrastructure, as consumers already perceive telecoms as similar to these other categories.

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The Technology Categories

TELECOM PROVIDERS



INSIGHT
IoT

Telecoms seek leadership role in IoT

Every carrier talks about the Internet of Things and Smart Cities, but the telecom brands tend to be vague when talking about how these developments will happen. The conversation on these topics is part of the telecom providers' global citizenship positioning. The carriers want to own this space because ownership is not determined. And the carriers, with access to the home, are well positioned for ownership.

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Influence of regulations

In China, government directives to lower prices for data consumption and invest in 4G service squeezed telecom brand profits. China Mobile, the world's largest telecom with 867 million subscribers, experienced additional pressure when the government permitted two state-owned competitors, China Unicom and China Telecom, to collaborate in developing 4G infrastructure. Also, as part of the government's reforms aimed at strengthening State Owned Enterprises, China Unicom raised private investment and changed its ownership to a state-private mix.

Indian government digital priorities helped facilitate the rise of Reliance Jio, which disrupted competition in the second largest telecommunications market after China. Low pricing enticed subscribers to join Jio, and triggered a period of consolidation, including the merger of Vodafone and Idea Cellular, and the sale of Tata's telecom business to Bharti Airtel. Meanwhile, Jio reported its first quarterly profit since its launch in September 2016.

In the US, the Trump administration reversed net neutrality regulations promulgated by the Obama administration. The revised rules, which allow telecom providers to transmit data at varying speeds, opened the possibility that the telecoms would allocate bandwidth unevenly, favoring certain major customers at the expense of individual consumers. The telecom providers generally supported the new rules, while assuring consumers that service levels would remain unchanged.



INSIGHT
Experience

Brand building now depends on experience

Brand experience is arguably the most important element of brand building—especially for telecom providers. Yet, the telcos have historically struggled with delivering superior brand experiences, while companies like Google, Apple, Amazon, and Facebook are raising the bar—developing simple hardware devices that connect to your TV, offering live and on-demand entertainment services, spending billions on original content and letting you consume with it in effortless ways. As telcos evolve beyond just pipes into integrated media and entertainment companies, they will increasingly compete with the "big four," and they will need to reset customer expectations to provide simpler, more valuable, more personal experiences.

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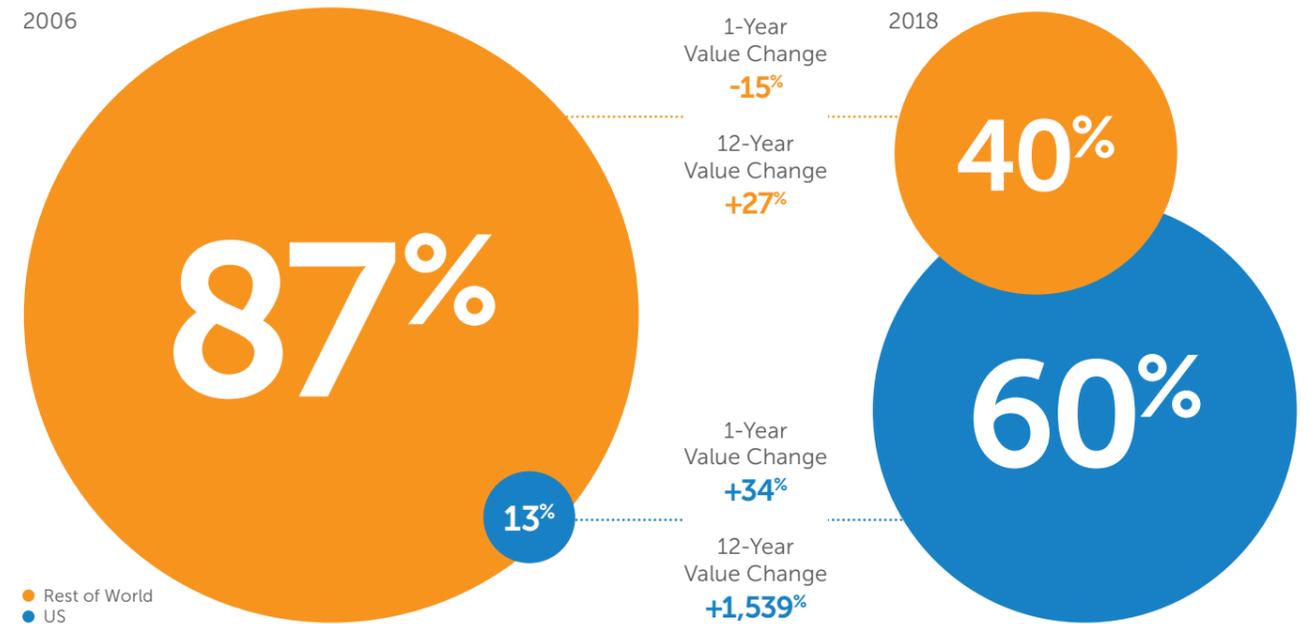


BRANDZ Analysis

US TELECOM PROVIDERS GROW DRAMATICALLY IN VALUE...

The US telecom providers grew enormously in value over the past 12 years, in absolute terms and relative to telecom providers in other parts of the world. In 2006, US telecom providers comprised only 13 percent of the BrandZ™ Telecom Provider Top 10 total value. Having grown 1,539 percent in value during the past 12 years, US telecom providers now comprise 60 percent of the Telecom Provider Top 10 total value. The US telecom provider leaders, AT&T and Verizon, competed for scale, which seemed to be the most important success determinant for brands viewed as commodities. Today, AT&T ranks the No. 10 in the BrandZ™ Top 100 Most Valuable Brands, and Verizon ranks No. 12.

Proportion of Value

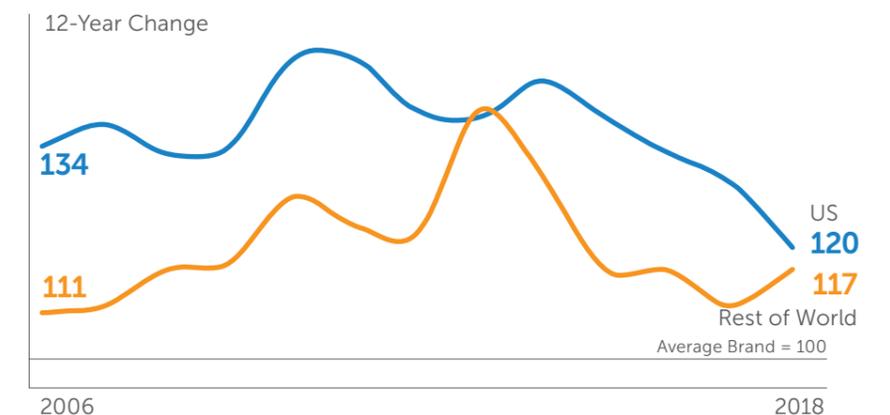


Source: BrandZ™ / Kantar Millward Brown

... BUT THE US TELECOM PROVIDERS DECLINE IN MEANINGFUL DIFFERENCE

Over the past 12 years, the US telecom provider leaders, AT&T and Verizon, battled for scale. But scale alone was not a sustainable strategy, and it became important to build Meaningfully Different brands, often based around providing content. Although the US telecom providers rank higher than telecom providers in the rest of the world in Meaningful Difference, the US telecom providers have been declining over time in this metric, while telecom providers from other parts of the world have been rising. Current initiatives, like AT&T's attempt to acquire media giant Time Warner, can potentially strengthen the Meaningful Difference of US telecom providers and grow brand equity.

Meaningful Difference



Source: BrandZ™ / Kantar Millward Brown

The Technology Categories

TELECOM PROVIDERS



BRAND BUILDING ACTION POINTS

1 Extend category

Consider category extension rather than category ownership. It is difficult for any individual brand to own its category because the most powerful brands do not sit squarely in only one category. Expansion into content is the clearest possibility.

2 Be at the center of life

The intersection of technology and human need (perceived and unperceived) is changing broad aspects of people's lives, including how we consume entertainment and conduct banking and other financial services. Telecom providers are well positioned at the center of this transformation.

3 Eliminate the pain

The technology may be state-of-the-art, but the quality of transmission, getting the signal into the home, is only part of the challenge. And a poor consumer experience with tangles of wires and clumsy remotes can blunt the impact of technological wizardry.

4 Connect emotionally

Because it is easy to switch carriers, loyalty must be based on more than convenience and habit. Cultivating a more emotional connection is important and part of moving from the commodity space to becoming a digital lifestyle provider.

5 Throttle down

Telecom providers are big ships to turn. But they do not have the luxury of navigating like a big ship. As they move beyond voice and data provision into the wider waters of content and other entertainment, the telecom providers will race with even bigger ships, like Apple and Google, which move rapidly.

Thought Leadership

VOICE



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Voice assistance will get smarter, and ubiquitous on purchase path

Brands need strategies to ensure consumers request them by name



WAVEMAKER

WAVEMAKER evolved from merging MEC and Maxus and integrates media, content & technology into the best operational system for marketing communication.

www.wavemakerglobal.com

In today's cross-screen, multi-device, always-on world, media, content and technology consistently and simultaneously overlap, often competing in their ability to best determine the most impactful points of influence for successful persuasion. Too many things today are fighting for consumer attention,

making the purchase journey a very crowded path. For marketers to really make meaningful connections with potential shoppers and brand enthusiasts, the focus has to move toward what I think are the new tools of persuasion: the platforms that smart, voice-activated devices plug into.

The technology behind voice search is already in our pockets and beginning to permeate our homes as Alexa and Google Home sales surge. These cylinder, voice-driven devices were the proverbial "gateway drug" for consumers, helping them get comfortable with bringing listening-based technology into the most intimate facets of their lives.



Thought Leadership

VOICE

As we come to accept new tech-driven behaviors such as talking to our technology to trigger a device response (OK Google), posing questions to inanimate objects (What's the weather like today Alexa?) or completing transactions without a physical interaction (via Amazon Prime), we will begin to see the evolution from singular-purpose cylinder devices to voice being embedded into all aspects of our life and across every room of the home (TVs, gaming consoles, kitchen appliances, etc.)

So, it comes as no surprise that technology is moving from individually smart to collectively intelligent, leveraging the power of these larger platforms to drive a seamless experience for consumers. As a result, we're seeing the launch of endless branded third-party apps flood the marketplace, designed to tap into opportunities to drive brand connectivity and conversation throughout a consumer's purchase journey. This is upending what we have come to accept as search and challenging the status quo for how quickly purchases can be made. Not only are we witnessing a behavioral shift in how consumers obtain information (talk vs type), it

has altered the means by which we position our questions, introducing a level of emotion the response chain has not experienced before.

When it comes to voice-driven search, the power is in the platform a brand utilizes versus individual technologies that the early proponents of the Internet of Things spoke of. Voice-based searches tend to be more conversational, allowing brands to tap into specific emotions within

"With more competition entering the marketplace this year from major players, conversational interfaces powered by AI will become the new communication tools for marketers to leverage in their interaction with consumers."

the communication response chain. It could be said that voice search represents the evolution in convenience as everyday life has become more dependent on connected devices and smart homes. By taking advantage of the seamless experiences provided by these platforms, marketers can uncover new opportunities to engage with

consumers in intimate, utility-driven ways.

Understanding context

Conversational interfaces are also transforming the Active Stage of the purchase journey—when a consumer is in market for a product—with brand selection directly influenced by a consumer's purchase history or exclusively by the algorithm. Additionally, how search engines service responses to voice queries is becoming more closely related to how they interpret traditional search, targeting concepts as opposed to targeting keywords when delivering organic search results. There's a reason major players have invested in Pulse Labs, a startup working with voice app developers to test new apps on target audiences pre-launch to understand how humans would ask for

and engage with the app offerings. As devices get more deeply integrated into the home, apps will have the ability to understand context and trigger various commands based on a consumer's location such as asking a virtual assistant to set a timer, the resulting response would be different if one is in kitchen cooking a meal vs. in the bathroom brushing their teeth.

With more competition entering the marketplace this year from major players, conversational interfaces powered by AI will become the new communication tools for marketers to leverage in their interaction with consumers. Now is the time to consider some key questions (Please see sidebar).

Ultimately, the brands that are asked for specifically by name will win out as loyalty becomes ever more critical to stealing share of voice. Understanding how consumers talk about a brand, including key terms and sentiments, as well as at what moments they turn to you, will be essential elements to crafting a strategy that brings together media, content, and technology to drive business results.

While it's still relatively early days in voice led assistance, one thing is certain, the brands that play first, and play smartly, will be well rewarded.

TAKEAWAYS

Key brand questions for AI preparation

1

How can I make an impact at point of sale when there is no point of sale, when there is no webpage or shelf?

2

Am I even defining point-of-sale correctly with consumer decision-making happening almost anywhere from physical brick and mortar or a pop-up shop to in transit or from one's kitchen?

3

What is the most seamless way for a transaction to occur and where are my consumers most responsive in the purchase journey?



Resources

[BrandZ™ Brand Valuation Methodology](#)

[BrandZ™ Genome Mapping](#)

[Reports and Apps powered by BrandZ™](#)

[WPP Company Contributors](#)

[WPP Company Brand Building Experts](#)

[BrandZ™ Global Top 100 Team](#)

[BrandZ™ Brand Valuation Contact Details](#)

[BrandZ™ Online and Mobile](#)

BrandZ™

Brand Valuation

Methodology

Introduction

A BrandZ™ ranking of brand valuations lists the brands making the largest absolute \$ contribution to the total value of their respective parent companies, considering both current and projected performance.

This is the true value of brand building and we want to isolate and reward the brands making the largest contributions to the success of their parent companies.

A company may have huge overall business value but the absolute \$ contribution made by the relevant brand(s) that the company owns may not be a comparatively large figure – at least not a large enough figure to qualify for the given BrandZ™ ranking of brand values.

The brands that appear in this report are the most valuable brands in the world. They were selected for inclusion in the BrandZ™ Top 100 Most Valuable Global Brands 2018 based on the unique and objective BrandZ™ brand valuation methodology that combines extensive and on-going consumer insights with rigorous financial analysis.

The BrandZ™ valuation methodology can be uniquely distinguished from its competitors by the way we use consumer viewpoints to assess brand equity, as we strongly believe that how consumers perceive and feel about a brand determines its success and failure. We conduct worldwide, on-going, in-depth quantitative consumer research, and build up a global picture

of brands on a category-by-category and market-by-market basis. Globally, our research covers over 3.6 million consumer interviews and more than 120,000 different brands in over 50 markets. This intensive, in-market consumer research differentiates the BrandZ™ methodology from competitors that rely only on a panel of “experts”, or purely on financial and market desktop research.

Before reviewing the details of this methodology, consider these three fundamental questions: why is brand important; why is brand valuation important; and what makes BrandZ™ the definitive brand valuation tool?

Importance of brand

Brands embody a core promise of values and benefits consistently delivered. Brands provide clarity and guidance for choices made by companies, consumers, investors and other stakeholders. Brands provide the signposts we need to navigate the consumer and B2B landscapes.

At the heart of a brand’s value is its ability to appeal to relevant customers and potential customers. BrandZ™ uniquely measures this appeal and validates it against actual sales performance. Brands that succeed in creating the greatest attraction power are those that are:

MEANINGFUL

In any category, these brands appeal more, generate greater “love” and meet the individual’s expectations and needs.

DIFFERENT

These brands are unique in a positive way and “set the trends”, staying ahead of the curve for the benefit of the consumer.

SALIENT

They come spontaneously to mind as the brand of choice for key needs.

Importance of brand valuation

Brand valuation is a metric that quantifies the worth of these powerful

but intangible corporate assets. It enables brand owners, the investment community and others to evaluate and compare brands and make faster and better-informed decisions.

Brand valuation also enables marketing professionals to quantify their achievements in driving business growth with brands, and to celebrate these achievements in the boardroom.

Distinction of BrandZ™

BrandZ™ is the only brand valuation tool that peels away all the financial and other components of brand value and gets to the core – how much brand alone contributes to corporate value. This core, what we call Brand Contribution, differentiates BrandZ™.

The Valuation Process

BrandZ™ valuations isolate the value generated by the strength of the brand alone in the minds of consumers i.e. with all other elements removed. To achieve this, we calculate and combine two important elements: Financial Value and Brand Contribution

- (i) **Financial Value** – the proportion of the total \$ value of the parent company that can be attributed to the brand in question, considering both current and projected performance.
- (ii) **Brand Contribution** – quantifies the proportion of this Financial Value that is directly driven by a brand’s equity. i.e. the ability of the brand to deliver value to the company by predisposing consumers to choose the brand over others or pay more for it, based purely on perceptions.

Note: this does not include the proportion of consumers who choose the brand for reasons other than this predisposition e.g. those attracted by price promotions, a particularly prominent display etc. Such purchases are not due to the brand’s equity and so are removed as part of the process.

BrandZ™ Brand Valuation Methodology

STEP-BY-STEP CALCULATIONS FOR DETERMINING BRAND VALUE

Part 1: Calculating Financial Value

Calculating Financial Value is a three-step process:

STEP 1

We begin with the brand's **parent company**, which generates earnings from:

- (i) **Tangible assets** – (assets with a physical form, which include fixed assets - e.g. buildings, machinery, land & current assets e.g. cash and inventory)
- (ii) **Intangible assets** (such as patents, trademarks and brands)

EXAMPLE - 'Volkswagen AG' is a parent company that generates earnings from tangible assets like its manufacturing plants and equipment, as well as its intangible assets - the brand names under which the cars are sold – Volkswagen, Audi, SEAT etc.

To determine the proportion of earnings directly derived from the company's intangible assets we begin with Corporate Earnings - sourced from Bloomberg, which represent the latest annual earnings reported by the parent company. Then by using other financial data from the same source, we calculate and apply a metric called the Intangible Ratio.

By multiplying Corporate Earnings by the Intangible Ratio, we are left with Intangible Earnings, which represent earnings derived from intangible assets.

STEP 2

Next, we need to determine the proportion of these **Intangible Earnings** that are directly attributable to the brand we want to value.

To do this we take the Intangible Earnings identified in Step 1 and apply the **Attribution Rate**, which literally attributes a proportion of the parent company's Intangible Earnings to the brand we want to value.

The Attribution Rate is determined by analysis of brand level financial information from the parent company's published financial reports and other credible sources, such as data from Kantar Consulting or Kantar Worldpanel.

Once the Attribution Rate is applied to Intangible Earnings, we are left with **Branded Intangible Earnings** i.e. the proportion of the parent company's Intangible Earnings that can be attributed to the specific brand in question e.g. this step would attribute a proportion of Volkswagen AG's Intangible Earnings to Volkswagen, Audi, SEAT etc.

STEP 3

The final step is to consider the projected earnings of the brand in question, which measures the brand's ability to generate earnings in the future and requires the addition of a final component – the Brand Multiple, which is also calculated from financial data sourced from Bloomberg. It's similar to the calculation used by financial analysts to determine the market value of stocks (Example: 6X earnings or 12X earnings).

When we multiply the Branded Intangible Earnings from Step 2 by the Brand Multiple, we reach the brand's true Financial Value – i.e. the proportion of the parent company's \$ value that can be attributed to the brand in question accounting for current and projected performance.

Part 2: Determining Brand Contribution

To arrive at the true value of the brand (i.e. the asset in the minds of consumers) we need to quantify its strength relative to competitors i.e. to isolate the Financial Value that is directly driven by its BRAND EQUITY. This allows us to understand the proportion of the Financial Value that is explained by the brand alone and hence the total \$ value of the brand itself.

A brand's equity can impact consumer behaviour and contribute value to a corporation in three ways:

- (i) **Current demand** – based on the strength of its equity alone a brand can influence consumers to choose it over others in the present – generating volume share.
- (ii) **Price premium** - based on the strength of its equity alone a brand can influence consumers to be willing to pay more for it over others – generating value share and profit.
- (iii) **Future demand and price** - based on the strength of its equity alone a brand can influence consumers to buy the brand more in future or to buy it for the first time at the desired price – increasing volume and value share in future.

Using BrandZ's unique survey based brand equity model (The Meaningfully Different Framework) we are able to quantify a brand's abilities in each of these three areas relative to competitors, with a survey based measure:

- (i) Current demand = **POWER**
- (ii) Price Premium = **PREMIUM**
- (iii) Future demand and price = **POTENTIAL**

Each of these measures contributes to the proportion of the company's total value accounted for by the brand's equity alone – i.e. the BRAND CONTRIBUTION

Part 3: Calculating Brand Value

Brand Value is the \$ amount that the brand contributes to overall business value of the parent company.

**BRAND VALUE =
FINANCIAL VALUE x
BRAND CONTRIBUTION**

Why BrandZ™ is the definitive Brand valuation methodology

All brand valuation methodologies are similar – up to a point.

All methodologies use financial research and sophisticated mathematical formulas to calculate current and future earnings that can be attributed directly to a brand rather than to the corporation. This exercise produces an important but incomplete picture.

What's missing? The picture of the brand at this point lacks input from the people whose opinions are most important – the consumer. This is where the BrandZ™ methodology and the methodologies of our competitors' part company.

How does the competition determine the consumer view?

Interbrand derives the consumer point of view from different sources like primary research and panels of experts who contribute their opinions. The Brand Finance methodology employees a complicated accounting method called Royalty Relief Valuation.

Why is the BrandZ™ methodology superior?

BrandZ™ goes much further and is more relevant and consistent. Once we have the important, but

incomplete, financial picture of the brand, we communicate with consumers, people who are actually paying for brands every day, regularly and consistently. Our on-going, in-depth quantitative research includes 3.6 million consumers and more than 120,000 brands in over 50 markets worldwide. We have been using the same framework to evaluate consumer insights since we first introduced the BrandZ brand building platform in 1998 which allows historical understanding of the change in brand equity.

What's the BrandZ™ benefit?

The BrandZ™ methodology produces important benefits for two broad audiences.

Members of the financial community, including analysts, shareholders, investors and C-suite, depend on BrandZ™ for the most reliable and accurate brand value information available.

Brand owners turn to BrandZ™ to more deeply understand the causal links between brand strength, sales and profits, and to translate those insights into strategies for building brand equity and fuelling business growth. Since we have been using the same framework to measure these insights, this enables historical and cross-category comparisons.

BrandZ™ Genome Mapping

THE SCIENCE BEHIND OUR ART

One of humanity's greatest recent achievements was successfully sequencing our own genome in 2003, revealing the key building blocks of what makes us each unique.

Now BrandZ™ gives you the ability to do the same for your brand of choice

- BRAND EQUITY
- BRAND EQUITY BUILDING BLOCKS
- BRAND STORIES
- DIGITAL FOOTPRINT
- BRAND VALUATIONS
- BEST COUNTRY RANKINGS
- POWERED BY BRANDZ

GI GLOBAL (100)	25 • BRANDZ™ Genome Product Number • BRANDZ™ Genome Symbol • Name • Number of Brands Ranked
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The BrandZ™ Brand Genome visualizes your brand's "genome" on a page, with all the genome sequence measures providing an instant overview of your brand.

The ultimate tool for a new business pitch and a lot more

Brand Genome is a unique BrandZ™ tool, exclusive to WPP. It's free, available 24/7 and takes just seconds to create.

Visit <http://genome-measures.wppbrandz.com/> where you will be able to find out about each of the BrandZ™ measures, what they are, how they are calculated and how you can access a report which contains the measure.

To download a sample genome map visit <http://wppwrap.com/bg.pdf>



BrandZ™ Genome Mapping

THE SCIENCE BEHIND OUR ART

BrandZ™ Brand Building Tools and Personalized Publications

Only available via your WPP Agency

Vq⁴
VITALITY QUOTIENT

Pu¹⁴ BRAND PURPOSE
In¹⁵ INNOVATION
Cm¹⁶ COMMUNICATION
Ex¹⁷ BRAND EXPERIENCE
Lo¹⁸ LOVE



Vitality Quotient (vQ)

vQ introduces a new framework to effectively diagnose a brand's health.

A high vQ score has a direct relationship with a brand's performance and its ability to grow its brand value. vQ looks at five key areas of a brand's health: Purpose, Innovation, Communication, Brand Experience, and Love. Ideal for new business pitches, brainstorming sessions and creative development. See how your brand performs against its competitors.

Tr⁹
TRUST AND ADVOCACY



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 BrandZ™ metric called TrustR.

Rz⁸
CORPORATE REPUTATION



RepZ

Maximizing 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.

Iz¹⁰
INNOVATION



InnovationZ

Discover real-time innovation and start up ideas sourced via the exclusive Springwise global network of 20,000 spotters.

InnovationZ packages provide real time access to the latest innovation and startup ideas and inspiration from across the globe to ensure you are up to date and ahead of your competition.

Cz¹²
PERSONALITY

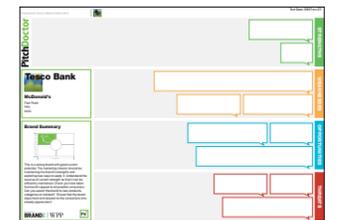


CharacterZ

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.

Pd¹⁹
PITCH DOCTOR



PitchDoctor

Everything you need to know about your brand on one page.

Ever wished that you could instantly analyze every one of the 5.1 billion individual data points included in BrandZ™? All the brand metrics, interrelationships, including TrustR, ValueD and then seamlessly use this to pinpoint an individual brand's Strengths, Weaknesses, Opportunities and Threats in one easy to digest page? Well now you can.

St²⁰
STORYTELLER



StoryTeller

An interactive data visualization tool to allow anyone to build story-led insights.

Its intuitive interactive nature means that you can see as little or as much of the detail as you wish and navigate seamlessly to content of interest.

Sz²¹
SOCIAL



SocialZ

See the real-time social landscape of brands, instantly.

SocialZ is the social media data visualization product from BrandZ™ that enables you to easily depict, visualize, and present a real-time view of the social landscape surrounding any brand.

Wz²²
WEB TRAFFIC



WebZ

A web traffic story for your brand.

WebZ helps you understand your brand's digital journey! Through analyzing how traffic is driven to your brand's website, it will help you understand your audience demographics and gain insights into viewer trends.

Reports and Apps powered by BrandZ™

Going Global?

We wrote the book

BrandZ™ The Ultimate Resource for Brand Knowledge and Insight

Our BrandZ™ country reports contain unparalleled market knowledge, insights, and thought leadership about the world's most exciting markets. You'll find, in one place, the wisdom of WPP brand building experts from all regions, plus the unique consumer insights derived from our proprietary BrandZ™ database.

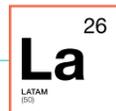
If you're planning to expand internationally, BrandZ™ country reports are as essential as a passport.



BrandZ™ Top 100 Most Valuable Global Brands 2018

This is the definitive global brand valuation study, analyzing key trends driving the world's largest brands, exclusive industry insights, thought leadership, B2B trends and a look at emerging brands.

brandz.com/region/global



BrandZ™ Top 50 Most Valuable Latin American Brands 2018

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.

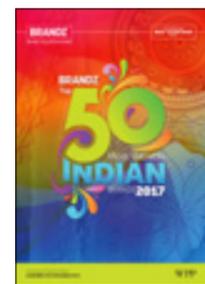
brandz.com/report/latin-america/2017



BrandZ™ Top 50 Most Valuable Indian Brands 2017

This in-depth study analyzes the success of powerful and emerging Indian brands, explores the Indian consumer's shopping habits, and offers insights for building valuable brands.

brandz.com/report/india/2017



BrandZ™ Top 50 Most Valuable Indonesian Brands 2017

Now in its third year, this study analyzes the success of Indonesian brands, examining the dynamics shaping this fast-developing market, and offering insights for building valuable brands.

brandz.com/report/indonesian/2017



BrandZ™ Top 20 Most Valuable Saudi Arabian Brands 2017

As Saudi Arabia embarks on an ambitious program of transformation, this ranking explores the country's most accomplished brands, analyzes their success and identifies the key forces that are driving growth in this market.

brandz.com/region/saudi-arabia



BrandZ™ Top 30 Most Valuable Spanish Brands 2017

This new report identifies the key forces driving growth in one of the largest, most influential and dynamic markets in Western Europe, built on centuries-old strengths, and adapting to new and challenging conditions.

brandz.com/region/spain



BrandZ™ Top 50 Most Valuable UK Brands 2017

As the UK embarks on a tumultuous period of transformation and uncertainty, this debut ranking explores the UK's most iconic brands, successes, and identifies the key forces driving growth in this market.

brandz.com/region/uk



BrandZ™ Top 30 Most Valuable Italian Brands 2018

Italy is home to some of the most recognizable and most coveted brands on the planet. In this first ever Italian BrandZ™ ranking, we look at how vision, passion, know-how and determination have turned small businesses into national treasures.

brandz.com/region/italy



BrandZ™ Top 50 Most Valuable French Brands 2018

France is one of the largest economies in the EU, seventh largest in the world, and has proved itself as being adept at managing change. This new report explores a landscape in transition, and how its rich heritage and expertise can help define the path for French brands in the future.

brandz.com/region/france



BrandZ™ Top 100 Most Valuable US Brands 2018

While America is in the midst of a unique economic and political period, US brands remain focused—and continue to thrive. This report demonstrates how consumers reward brands that evolve and deliver meaning over time, while also welcoming innovative game-changing brands.

brandz.com/region/us



BrandZ™ Top 50 Most Valuable German Brands 2018

In a world rippling with uncertainty, we have come to regard Germany as the ballast that keeps Europe steady. This inaugural German BrandZ™ ranking looks at the invention and creativity behind the country's leading brands.

brandz.com/region/germany

Reports and Apps powered by BrandZ™

Looking East

In-depth brand-building intelligence about today's China

The BrandZ™ China Insights Reports

The opportunity to build brands in China is greater than ever. But so are the challenges.

The fastest growth is happening deep in the country, in less well-known cities and towns. Consumers are more sophisticated and expect brands to deliver high-quality products and services that show real understanding of local market needs.

33
Ch
CHINA
100

WPP has been in China for over 50 years. We know the Chinese market in all its diversity and complexity. This experience has gone into our series of BrandZ™ China reports. They will help you avoid mistakes and benefit from the examples of successful brand builders.



BrandZ™ Top 100 Most Valuable Chinese Brands 2018

This report examines the impact on brands as China transforms into a technology innovator and Chinese consumers set the pace for how people worldwide shop and buy.

brandz.com/region/china

Google 45
Cb
CHINA GLOBAL BRAND BUILDERS 50



BrandZ™ Top 50 Chinese Global Brand Builders 2018

Now in its second year, this report profiles Chinese brands looking beyond Asia. It outlines major trends driving brand growth, with insights into the growing influence of Chinese brands at home and abroad.



Unmasking the Individual Chinese Investor

This exclusive report provides the first detailed examination of Chinese investors, what they think about risk, reward and the brands they buy and sell. This will help brand owners worldwide understand market dynamics and help build sustainable value.

brandz.com/article/unmasking-the-individual-chinese-investor-report



The Power and Potential of the Chinese Dream

The Power and Potential of the Chinese Dream is rich with knowledge and insight, and forms part of a growing library of WPP reports about China. It explores the meaning and significance of the "Chinese Dream" for Chinese consumers as well as its potential impact on brands.

brandz.com/article/chinese-dream-report



The Chinese Golden Weeks in Fast Growth Cities

Using research and case studies, the report examines the shopping attitudes and habits of China's rising middle class and explores opportunities for brands in many categories.

brandz.com/article/chinese-golden-weeks-report

For the iPad magazine, search Golden Weeks on iTunes.



The Chinese New Year in Next Growth Cities

The report explores how Chinese families celebrate this ancient festival and describes how the holiday unlocks year-round opportunities for brands and retailers, especially in China's lower-tier cities.

brandz.com/article/chinese-new-year-report

For the iPad magazine search for Chinese New Year on iTunes.

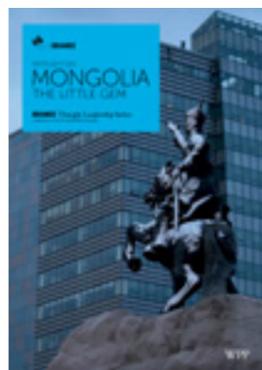
Reports and Apps powered by BrandZ™



Spotlight on Cuba

Cuba is a market unparalleled both in the Caribbean region and the world. Brand awareness among Cubans is high, but gaining access to them uniquely challenging. Now is the time to plan your Cuba strategy.

brandz.com/article/spotlight-on-cuba



Spotlight on Mongolia

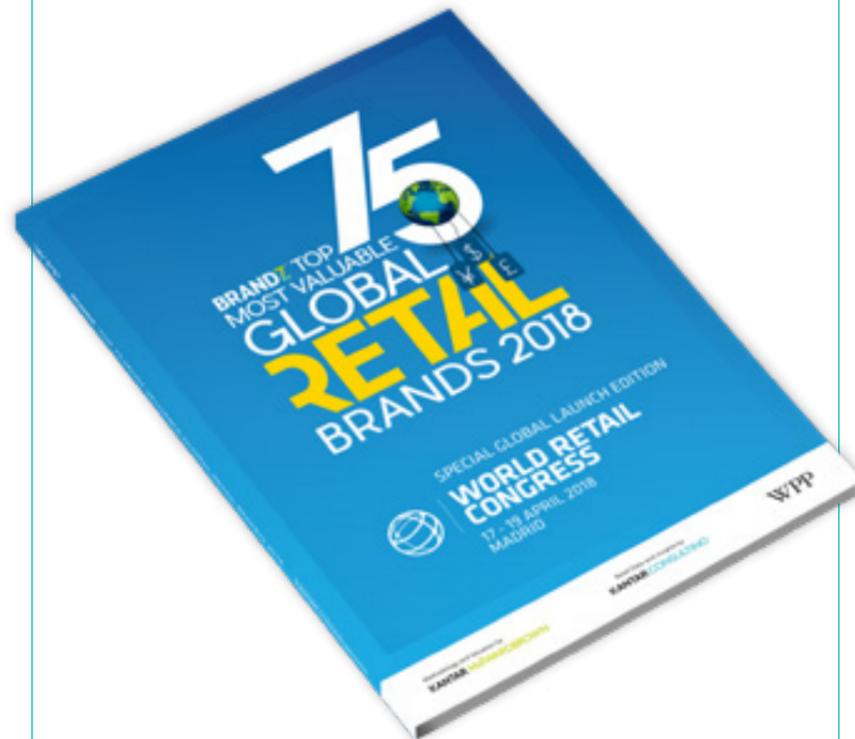
Mongolia's GDP has grown at rates as high as 17 percent in recent years, encouraging a growing number of international brands to gravitate toward this fast-growth market and make a beeline for one of Asia's hidden gems.

brandz.com/article/spotlight-on-mongolia-report

Out Now!

BrandZ™ Industry Insights Report

24
Re
RETAIL
(75)



BrandZ™ Top 75 Most Valuable Global Retail Brands 2018

Changing consumer priorities and a rapidly shifting shopping landscape present the world's retail brands with unprecedented challenges. This exclusive WPP report looks at how the leading brands are adapting, and provides insights into key trends and analysis of emerging opportunities.

What do Sony, Volkswagen, Jelly Belly Jelly beans and MAC cosmetics have in common?

They're all brands that have – quite literally – transformed people's lives.

Brand Stories from Brand Champions – Celebrating the Enduring Power of Iconic Brands, brings together personal stories about brands that have made a deep impression on some of the world's most influential business leaders.



Just Launched!

"These stories are wonderful, touching, humorous and revealing."



CEOs, decision-makers and game-changers in the world of retail have all shared their tales about why a particular brand is uniquely special to them.

The book includes stories about brands that have created life-long memories, led to marriage proposals, children, business inspiration...and have even eased the pain of crushed toes.

This is intensely human evidence of how investment in brands can create something far more valuable and enduring than spending on tangibles like plant and machinery.

"If proof were needed that brands touch and find permanent places in our hearts and minds, here it is."

BRANDZ

www.onceuponabrandstory.com

WPP

WPP Company Contributors

These companies contributed knowledge, expertise, and perspective to the report



acceleration

We enable the transformation of marketing organizations by building new data and technology-enhanced capability. Our goal is to steward a step change from marketing which is fragmented, static and product-centric, to marketing that is orchestrated, agile and customer-centric. Part of Wunderman, Acceleration employs 150 strategic marketing technologists globally.

www.acceleration.biz

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BAV

BAV Consulting is a global consultancy agency specializing in brand marketing strategies. BAV Consulting helps businesses assess, grow, and direct their brands as strategic corporate assets by using the proprietary BrandAsset Valuator (BAV) models and metrics. The agency's brand measurement combines the emotional aspects of brands with the quantitative measures of finances. BAV Consulting has been measuring brands for nearly 25 years, and today over 45,000 brands have been evaluated on 75 metrics, among 900,000 respondents in over 45 countries.

www.bavconsulting.com

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**burson
cohn
& wolfe**

Burson Cohn & Wolfe (BCW) is one of the world's largest, full-service, global communications agencies with deep expertise in digital and integrated communications, across all industry sectors. The agency combines expertise in digitally-driven creative content and integrated communications – across the consumer, healthcare and technology sectors – with deep strength in public affairs, corporate reputation, crisis, and research and analytics. Burson Cohn & Wolfe is a network of more than 4,000 employees across 42 countries.

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CAVALRY

Cavalry is a full service agency with a track record of creating growth for brands in highly competitive, often restricted categories. Unmatched experience in driving business through powerful creative ideas for brands that find themselves out-spent and out-resourced.

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cognifide

Cognifide is a marketing technology consultancy that works with some of the world's leading businesses to deliver exceptional customer experiences. Our technical and transformational expertise puts marketers in control, helping them to get to market faster, improve marketing execution, innovate and be more efficient. We are headquartered in London and have offices in Poznan, Bydgoszcz and New York, with over 300 staff globally.

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**THE
DATA
ALLIANCE
WPP**

The Data Alliance is a WPP company that supports the Group's data business by enhancing access to data and data-driven marketing applications. The Data Alliance leverages a global network of expert leaders from across WPP in data investment management, analytics, CRM, media, and digital to prioritize what data is secured and how it is used. In support of operating companies, Data Alliance assists in internal and external data partnerships and connects WPP's centers of excellence to address client data opportunities.

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These companies contributed knowledge, expertise, and perspective to the report



Europanel™ measures consumer behaviour to understand market movements and their implications. Our primary sources are high quality syndicated continuous consumer panels, run in more than 50 countries by our owners GfK and Kantar - two of the top marketing information companies in the world - and our other partners. From these, we deliver actionable and creative insights to enable better business decisions.

www.europanel.com

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Geometry is a global brand experience agency operating in 56 markets around the world. We help brands thrive in an omni-channel world by shaping and changing people's behavior at pivotal moments along the Purchase Decision Journey. Geometry has expertise in physical retail, ecommerce, experiential, branding & design and consultancy.

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Grey ranks among the largest global communications companies. It serves one-fifth of the FORTUNE 500 in 96 countries. Under the banner of "Grey Famously Effective since 1917," the agency serves a blue-chip roster of many of the world's best known companies: Procter & Gamble, GlaxoSmithKline, Kellogg's, Revlon, Pfizer, Canon, NFL, Marriott Hotels & Resorts, Nestlé, Volvo, Darden Restaurants and T.J. Maxx. In recent years, Grey has been named *ADWEEK's* "Global Agency of the Year" twice; *ADVERTISING AGE's* "Agency of the Year" and *CAMPAIGN* magazine's "Global Network of the Year" in recognition of its record creative and financial performance.

www.grey.com

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GroupM is the leading global media investment management company for WPP's media agencies including Mindshare, MediaCom, Wavemaker, Essence and m/SIX, and the outcomes-driven programmatic audience company, Xaxis. Responsible for more than US \$108B in annual media investment by some of the world's largest advertisers, GroupM agencies deliver an advantage to clients with unrivalled insights into media marketplaces and consumer audiences. GroupM enables its agencies and clients with trading expertise, data, technology and an array of specialty services including addressable TV, content and sports.

www.groupm.com

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GTB is an industry-leading, global advertising and communications agency that prides itself on inspired thinking, data-driven insight, and flawless execution at an unparalleled scale. We deliver true 'integration' within the speed, diversity and potential of modern communications – bringing together the best of breed data, media, advertising, technology and creative via an open-architecture model. Founded in 2007 and part of the WPP group, GTB has 52 global offices across 6 continents.

www.gtb.com

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HeathWallace delivers engaging digital experiences for some of the largest global brands. Our clients trust us to create high quality, user-centred solutions that align with strategic objectives and produce tangible results. We develop useable and accessible websites for leading global financial services companies. Set up in 2001, we recruited the liveliest minds in research, customer journey planning, design and technology; fusing their skills to create a team of people to do extraordinary things.

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With a 90-year legacy of excellence, Hill+Knowlton Strategies is one of the most respected strategic communications companies in the world. With more than 80 offices on six continents, is it also one of the largest. Core areas of expertise include creative, digital, and corporate advisory. H+K's branded service for C-suite clients ("The Fifth Seat") was pioneered by Global Chairman Jack Martin and underscores our enduring mission: harnessing the power of the public in today's uncertain times.

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J. Walter Thompson (JWT) has been at the forefront of advertising for over 153 years, constantly evolving and drawing upon our unique and innovative DNA to reimagine the future for our clients and our agency. JWT has always been first, changing the course of the future for ourselves and our clients. We aired the first TV commercial, launched the first global campaign, promoted the first female creative director, rocketed the first candy bar into space, created the first amphibious prosthetic limb, and taught a computer to "paint" a 3D "Rembrandt."

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Kantar is the data investment management arm of WPP and one of the world's largest insight, information and consultancy groups. By uniting 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. Our 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.

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Kantar Added Value, Kantar Futures, Kantar Vermeer, and Kantar Retail have joined forces to create Kantar Consulting, a specialist growth consultancy with brand and marketing, retail, sales, and shopper expertise all under one roof. We are focused on whole demand – we know how to generate and convert demand. Our purpose is to switch on growth for clients, categories, and people. Our mission is to re-write the rules of demand and the conventions of marketing and sales.

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Kantar Millward Brown specialize in advertising, marketing communications, media, digital and brand equity research, and work with 90 percent of the world's leading brands. The key area of company's focus is brand strategy, creative development, channel optimization and brand performance. With offices in 56 countries, Kantar Millward Brown understands the importance of both a global and local focus – and understand consumers. We know brands that are meaningfully different capture more volume share, command premiums and grow their value.

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Kantar 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, Kantar TNS has more conversations with the world's consumers than anyone else and understands individual human behaviours and attitudes across every cultural, economic and political region of the world.

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KANTAR WORLDPANEL

Kantar Worldpanel is the global expert in shoppers' behaviour. Through continuous monitoring, advanced analytics and tailored solutions, Kantar Worldpanel inspires successful decisions by brand owners, retailers, market analysts and government organisations globally. With over 60 years' experience, a team of 3,500, and services covering 60 countries directly or through partners, Kantar Worldpanel turns purchase behaviour into competitive advantage in markets as diverse as FMCG, impulse products, fashion, baby, telecommunications, and entertainment, among many others.

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Landor

Landor is a global leader in brand consulting and design, helping clients build agile brands that thrive in today's dynamic markets. Our services include strategy, brand architecture, visual and verbal identity, naming, insights and analytics, service design, culture and engagement, environments, and experiences. With 26 offices in 19 countries, Landor has a roster of world-famous brands including Barclays, Bayer, BMW, BP, FedEx, Kellogg's, Nike, Procter & Gamble, S&P Global, Samsung, Singapore Airlines, and Taj Group.

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LiGHTSPEED

Lightspeed is a leading digital data collection specialist, on a mission to help clients discover truth through data. Our 700 employees in 14 countries are passionate about boldly challenging the status quo to find faster, more creative ways of connecting brands and consumers. From modernizing surveys via our Programmatic Gravity Network and LifePoints mobile app, to amplifying the voice of the millennial through VICE Voices, or leveraging our first party panel relationships and patented Honesty Detector Service to find the quality in the quantity of data out there, we deliver the 'buy and why' insights that power today's marketing decisions.

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MARKETPLACEIGNITION

Marketplace Ignition is a leading strategy consultancy focused on helping brands and retailers grow their business on Amazon and other online marketplaces. Our clients win by leveraging the most critical methodology for this channel: Operational Marketing. The team leverages key strategies, product data, customer insights, operations/supply chain expertise and deep to maximize the performance on the marketplace platform and steal share.

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MEDIACOM

MediaCom is "The Content + Connections Agency", working to leverage its clients' communications across paid, owned and earned channels. One of the world's largest media communications specialists, with billings of US\$33 billion (Source: RECMA June 2017), MediaCom employs 7,000 people in 130 offices across 105 countries. Its global client roster includes: Dell, Coca-Cola (TCCC), Mars, NBC Universal, P&G, PSA, Sony, Shell and Richemont. In 2018, MediaCom was named Adweek's Global Media Agency of the Year, and currently holds Agency Network of the Year crowns from Campaign, the M&M Awards, and the Festival of Media Global Awards. It also topped the Gunn Media100.

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We were born in Asia in 1997, a start up with a desire to change the media world. Now we are a global agency with 116 offices in 86 countries and billings of \$35bn (source: RECMA). We aim to be our clients' lead business partner, to grow their business and drive profitability through adaptive and inventive marketing. We do this through speed, teamwork and provocation because in today's world everything begins and ends in media. We create new things and have fun doing it. Mindshare is part of GroupM, the media investment management arm of WPP, the world's leading communications services group.

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Mirum is a borderless agency of over 2400 digital savants, storytellers, makers and relentlessly curious minds who are united by an uncommon drive to make what's next. Active in 24 countries, we work across our global network of expertise to transform business, design innovative digital experiences and activate commerce at a global and local level. Mirum is part of the J. Walter Thompson Company and the WPP Network.

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Ogilvy is one of the largest marketing communications companies in the world. It was named the Cannes Lions Network of the Year for five consecutive years, 2012, 2013, 2014, 2015 and 2016; the EFFIEs World's Most Effective Agency Network in 2012, 2013 and 2016; and Adweek's Global Agency of the Year in 2016. The company is comprised of industry leading units in the following disciplines: 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. Ogilvy services Fortune Global 500 companies as well as local businesses through its network of more than 500 offices in 126 countries.

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Ogilvy Consulting is the strategy and innovation consulting arm of Ogilvy. We tackle the toughest brand, business, digital and innovation challenges our clients face in a constantly disrupted world. Our solutions help navigate complexity with a unique combination of rigor and creativity. We have four primary global services: Growth & Innovation, Business Design & Digital Transformation. We also have additional global practices in Health & Wellness, Behavioral Science, Marketing Transformation and Marketing Technology. Our team is made up of senior consultants, specialist experts, and strategic planners worldwide from across The Ogilvy Group. We also partner for media, data, and technology resources with WPP.

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POSSIBLE believes that a promise is the foundation of every good relationship – and the truth is, brands make promises every day. We are visionaries and innovators working in creative, technology, strategy, and data science to create experiences that keep brand promises so that every interaction is an opportunity to build trust and loyalty. We use data to help us identify opportunities, technology to help us take advantage of them and emotion to make the resulting experiences magical.

We've built our agency with our own promise: to foster a culture of inclusiveness and collaboration that appeals to those who want to do great work and make a difference. POSSIBLE creates experiences for some of the world's most dynamic brands, including Microsoft, AT&T, Nestle, Adidas, and Turner. POSSIBLE is part WPP and the Wunderman Group.

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PSB is a full-service global custom research and analytics consultancy that connects data-driven insights with human experience to help the world's most admired brands solve their most critical challenges. PSB brings together the lessons from the campaign trail and the boardroom along with a competitive mindset that is fast and focused on winning. Rooted in the science of public opinion and advanced analytics, PSB specializes in providing messaging and strategic guidance for blue-chip political, corporate, technology, healthcare, entertainment, and government/public sector clients.

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Prism is a leading, brand-centric, sport and entertainment agency with a sharp focus on helping brands engage audiences in those areas. Reflecting the convergence of the worlds of sport and entertainment, how audiences engage with them and the opportunities for brands, Prism's new positioning emphasizes this and focuses on driving value for brands. The group continues to build on its 25-year heritage. Prism's recent new client win from Fast & Furious Live adds to a rich client roster.

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SHAPING FUTURE COMMERCE

Salmon is a global digital commerce consultancy that defines and delivers market-changing ecommerce solutions and customer journeys for the world's leading brands. Founded in 1989, with operations in London, Amsterdam, New Delhi, Beijing, and Melbourne, we have over 750 experts in multichannel commerce, shaping client platforms that drive \$12 billion in revenue annually across retail, distribution, manufacturing, FMCG and financial services. Our clients include AkzoNobel, Asian Paints, Audi UK, DFS, Halfords, Jumbo, LloydsPharmacy, Premier Farnell, Sainsbury's, Selfridges, Ted Baker, and Sligro Food Group.

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The Spafax Group is one of the world's leading content providers. Uniquely positioned at the center of airlines, brands, content creators and tech companies, Spafax delivers innovative entertainment solutions across the customer experience. Originally founded to serve the airline market, Spafax Group companies now support a wide variety of leading brands around the world. Current clients include Air Canada, Bombardier, British Airways, Cathay Pacific, Delta Air Lines, Emirates, the Lufthansa Group, Mercedes-Benz, Singapore Airlines and many others. The group is headquartered in London with over a dozen offices around the world. Spafax is a tenthavenue company.

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Superunion is a next-generation brand agency built on a spirit of creative optimism. We use upstream creativity to build brands that unite people and organisations. We're experts in brand strategy, identity, communications, brand engagement, reputation, and brand management. We are a truly global agency of 750 people, with 23 offices in 18 countries, working with clients including Aetna, Airbus, Bank of America Merrill Lynch, Colgate-Palmolive, Dell, Deloitte, Diageo, FIFA, Ford, IAG, Land Rover, Nestle, Pfizer, Prudential, Tesco, and Vodafone.

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The Store is a global retail practice of WPP, specializing in providing expertise, support and added value to client initiatives in retail dynamics. The Store is a knowledge hub, built to help clients navigate through insights for consumers, retailing, marketing and sales activation, and technology. The Store is also a host of global workshops that bring together retailing and branding experts to share their vision and expertise for future growth.

wpp.com/wpp/about/whatwedo/store

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VML is a lead marketing agency that transforms brands through a connected consumer experience. VML's clients include Bridgestone, Colgate-Palmolive, Electrolux/Frigidaire, Ford, the Kellogg Company, Kimberly-Clark, New Balance, PepsiCo, Sprint and Wendy's. Founded in 1992, VML joined the world's largest communications services group, WPP, in 2001. We have more than 3,000 employees with principal offices in 33 locations across six continents.

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Wavemaker is a billion dollar-revenue next generation agency that sits at the intersection of media, content and technology. We are obsessed with the customer's purchase journey and this is what connects our mission directly to our client's business challenges. We invented WM Momentum, the world's most comprehensive study into how people make purchase decisions and have conducted over 375,000 surveys in 35 markets and across more than 70 categories. We are a business that is powered by the creativity and curiosity of our 8,500 people in 90 countries, united by our PACED values. We are a part of GroupM, WPP's global media investment management company.

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Wunderman is a global digital agency whose mission is to inspire people to take action. It is Creatively Driven. Data Inspired. In 2015, industry analysts named Wunderman a leader in marketing database operations as well as a strong performer in customer engagement strategy and its creative work has won numerous awards globally. Headquartered in New York, the agency brings together 9,200 creatives, data scientists, strategists, and technologists in 200 offices in 70 markets.

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Xaxis is the outcome media company. It combines advanced artificial intelligence with proprietary data and proven expertise to optimize programmatic media investments and achieve improved, verifiable results for its clients. Xaxis offers managed programmatic services in 47 markets including North America, Europe, Asia Pacific, Latin America, the Middle East, and Africa.

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Y&R is one of the leading and most iconic global advertising agencies. We operate as a Global Boutique, connecting deep insights from local business needs and consumers with strategies and objectives that travel across borders. United by a global infrastructure and common tools and technology, all our clients have access to people and resources from everywhere in our network. Y&R has 189 offices in 93 countries around the world, with clients that include Bel Brands, Colgate-Palmolive, Danone, Dell, Pepperidge Farms, Telefonica and Xerox, among many others.

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WPP is the world leader in communications services.

The Group provides a comprehensive range of services including digital, ecommerce and shopper marketing; advertising & media investment management; data investment management; public relations & public affairs; brand consulting; health & wellness communications; and specialist communications.

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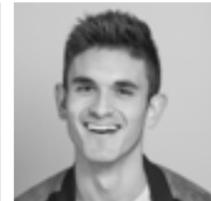
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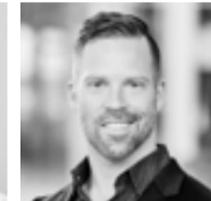
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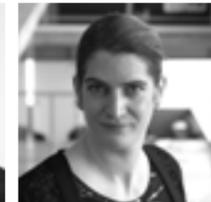
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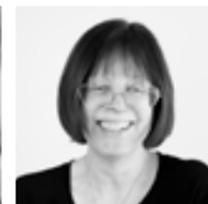
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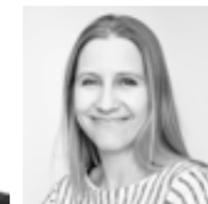
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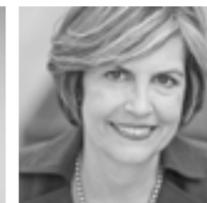
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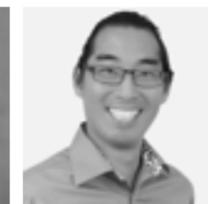
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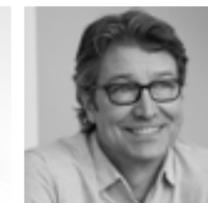
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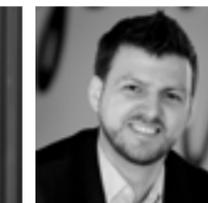
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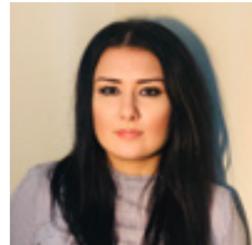
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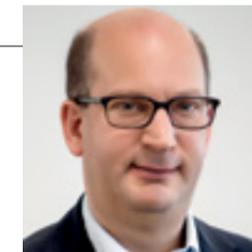
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The brand valuations in the BrandZ™ Top 100 Most Valuable Global Brands 2018 are produced by Kantar Millward Brown using market data from Kantar Consulting, along with Bloomberg.

The consumer viewpoint is derived from the BrandZ™ database. Established in 1998 and constantly updated, this database of brand analytics and equity is the world's largest, containing over 3.6 million consumer interviews about more than 120,000 different brands in over 50 markets.

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