APPLE/GOOGLE/AMAZON/MICROSOFT/ TENCENT/MCDONALD'S/VISA/ FACEBOOK/ALIBABA/LOUIS VUITTON/ NVIDIA/MASTERCARD/NIKE/MOUTAI/ VERIZON/ARAMCO/COCA-COLA/IBM/ ADOBE/INSTAGRAM/UPS/ORACLE/AT&T/ YOUTUBE/THE HOME DEPOT/ACCENTURE/ HERMES/PAYPAL/TESLA/NETFLIX/SAP/ TELEKOM T-MOBILE/QUALCOMM/INTEL/ STARBUCKS/XFINITY/WALMART/DISNEY/ MARLBORO/LINKEDIN/CISCO/ TEXAS INSTRUMENTS/SALESFORCE/ SAMSUNG/CHANEL/TATA CONSULTANCY SERVICES/INTUIT/COSTCO/SPECTRUM/ L'OREAL PARIS/MEITUAN/AMD/TIKTOK/ AMERICAN EXPRESS/WELLS FARGO/ XBOX/RBC/GUCCI/J.P. MORGAN/JD/ HDFC BANK/ICBC/HAIER/INFOSYS/ **VODAFONE/TOYOTA/HUAWEI/CHASE/** BANK OF AMERICA/MERCEDES-BENZ/ MERCADO LIBRE/TD/SIEMENS/SNAPCHAT/ UNITEDHEALTHCARE/BMW/PING AN/ DHL/UBER/COMMONWEALTH BANK OF AUSTRALIA/DELL TECHNOLOGIES/ KUAISHOU/ZARA/NTT/FEDEX/LOWE'S/ LANCOME/CHINA MOBILE/ADIDAS/ TARGET/IKEA/LIC/BUDWEISER/AIA/ KFC/ADYEN/XIAOMI/ALDI/AIRBNB/ MORGAN STANLEY

# KANTAR BRANDZ

2022 MOST VALUABLE GLOBAL BRANDS

**WELCOME** INTRODUCTION **HOW BRANDS MOST VALUABLE CATEGORY THOUGHT GLOBAL BRANDS** & ANALYSIS **FOCUS CREATE VALUE LEADERSHIP** INFOGRAPHIC **OVERVIEW** WHAT'S IN A BRAND? TOP 100 GLOBAL BRANDS THE CATEGORY STORY BRAND BUILDING WELCOME STOCK PORTFOLIO GLOBAL TOP TEN 65 ALCOHOL 14 37 79 **BRAND STRATEGY KEY RESULTS** 40 **NEWCOMERS** 70 INNOVATION WHAT IS KANTAR BRANDZ? 15 **APPAREL** 109 CROSS-CATEGORY TRENDS TOP RISERS 82 CREATIVE 17 42 Banks 26 IN CONVERSATION WITH... GLOBAL PERSPECTIVES **BUSINESS SOLUTIONS &** CUSTOMER EXPERIENCE TECHNOLOGY PROVIDERS AGILE SOLUTIONS 92 CARS MEDIA 134 97 **CONSUMER TECHNOLOGY** DIVERSITY, EQUITY & INCLUSION 103 FAST FOOD E-COMMERCE 151 113 FOOD & BEVERAGES BRAND GUIDANCE LUXURY 119 MEDIA AND ENTERTAINMENT PERSONAL CARE 140 SUSTAINABILITY **CLIENT RESOURCES** RETAIL 145 **PERSPECTIVES** 155 TELECOM PROVIDERS THE SUSTAINABILITY BRANDZ HEINEKEN **BRAND VALUATION** INDEX METHODOLOGY PEPSICO 169 **REPORTS & PUBLICATIONS** 186 172 ROYAL BANK OF CANADA 188 **ABOUT US** MOUTAI 175 OUR BRAND EXPERTS 190 178 — HAIER 197 — KANTAR BRANDZ TEAM

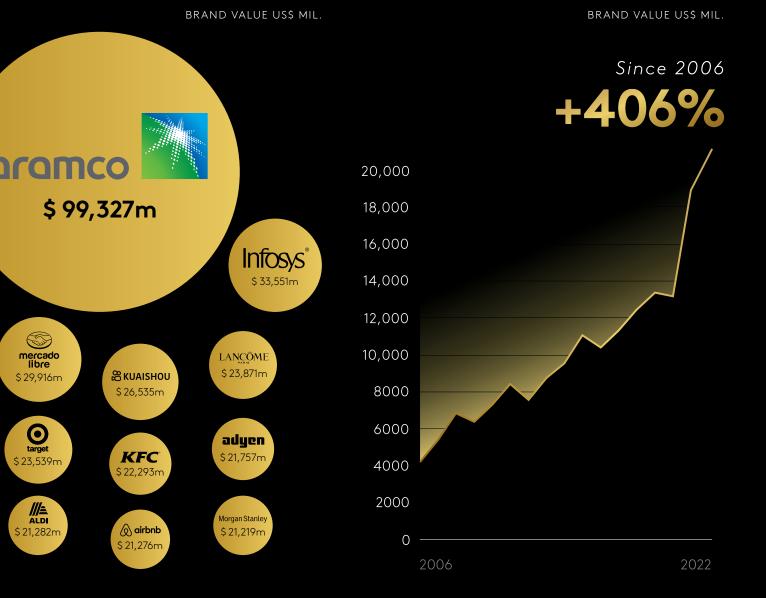
200 — CONTACT US

THE TOP 100 MOST VALUABLE **GLOBAL BRANDS** THE TOP 10 APPLE GOOGLE **MEITUAN** \$ 947,062 **AMD** \$ 819,573 **AMAZON TIKTOK MICROSOFT AMERICAN EXPRESS** G **TENCENT WELLS FARGO** \$ 705,646 MCDONALD'S **XBOX** \$ 611,460 **FACEBOOK GUCCI ALIBABA** J.P. MORGAN **LOUIS VUITTON** JD **NVIDIA** HDFC BANK **ICBC MASTERCARD HAIER INFOSYS MOUTAI VERIZON VODAFONE ARAMCO** TOYOTA HUAWEI COCA-COLA **CHASE BANK OF AMERICA ADOBE** MERCEDES-BENZ **INSTAGRAM** MERCADO LIBRE **UPS ORACLE NEWCOMERS** TD **SIEMENS** 

YOUTUBE **SNAPCHAT** THE HOME DEPOT UNITEDHEALTHCARE **ACCENTURE** HERMÈS **PING AN PAYPAL UBER** TESLA **COMMBANK\*\* NETFLIX DELL TECHNOLOGIES** SAP **KUAISHOU TELEKOM/T-MOBILE QUALCOMM ZARA INTEL** NTT **STARBUCKS FEDEX** LOWE'S LANCÔME XFINITY **WALMART** CHINA MOBILE DISNEY **ADIDAS MARLBORO** LINKEDIN **TARGET IKEA** CISCO **TEXAS INSTRUMENTS SALESFORCE BUDWEISER** SAMSUNG AIA KFC ADYEN CHANEL TCS\* XIAOMI **INTUIT** 48 COSTCO 49 SPECTRUM 50 L'ORÉAL PARIS 98 ALDI 99 AIRBNB 100 MORGAN STANLEY

### BRAND VALUE US\$ MIL \$ 214,023 \$ 186,421 \$ 196,526 \$ 169,966 \$ 191,032 VISA \$124,273 $\bigcirc$

#### THRESHOLD FOR ENTRY



#### **TOP 10 RISERS**

BRAND VALUE CHANGE 2022 VS. 2021



+88% \$10,110 m



+83% \$ 86,212 m MEDIA AND ENTERTAINMENT



+79% \$ 819,573 m MEDIA AND ENTERTAINMENT



+78% \$ 75,933 m



+73% \$ 80,323 m

**#6 LOUIS VUITTON** 

+64% \$ 124,273 m



+63% \$ 58,077 m MEDIA AND ENTERTAINMENT



+61% \$ 50,349 m BUSINESS SOLUTIONS AND TECHNOLOGY PROVIDERS

+60%



\$ 30,846 m +55%

\$ 37,412 m

#10 J.P.Morgan

#### CATEGORY COMPOSITION

BRAND VALUE US\$ MIL.	BRAND VALUE CHANGE 2022 VS. 2021
ALCOHOL \$252,325	+3%
APPAREL \$216,595	+20%
BANKS <b>\$428,046</b>	+30%
BUSINESS SOLUTIONS AND TECHNOLOGY PROVIDERS \$2,140,844	N/A
CARS <b>\$230,386</b>	+34%
consumer technology \$1,095,090	+46%
FAST FOOD \$354,177	+18%
FOOD AND BEVERAGES \$297,102	+16%
LUXURY \$344,355	+45%
MEDIA AND ENTERTAINMENT \$1,477,357	N/A
PERSONAL CARE \$206,917	+17%
RETAIL \$830,328	N/A

TELECOM PROVIDERS

\$484,071

+4%

Welcome KANTAR BRANDZ

## GROWTH AND CHANGE

# BRAND BUILDING IN AN AGE OF DISRUPTION

This year, the Kantar BrandZ Global Top 100 Most Valuable Brands grew by 23% year-on-year to a total value of nearly \$8.7 trillion.

For the Top 100, this represents the second straight year of robust growth, and is all the more remarkable considering that in 2020, total value rose by only 6%.

Still, with all that has happened in the world between now and 2020, it doesn't feel quite right to call this year's gains in branded business recovery. It was clear from early in the pandemic that even in the best-case scenarios, the world as it existed before COVID-19 could never fully reappear.

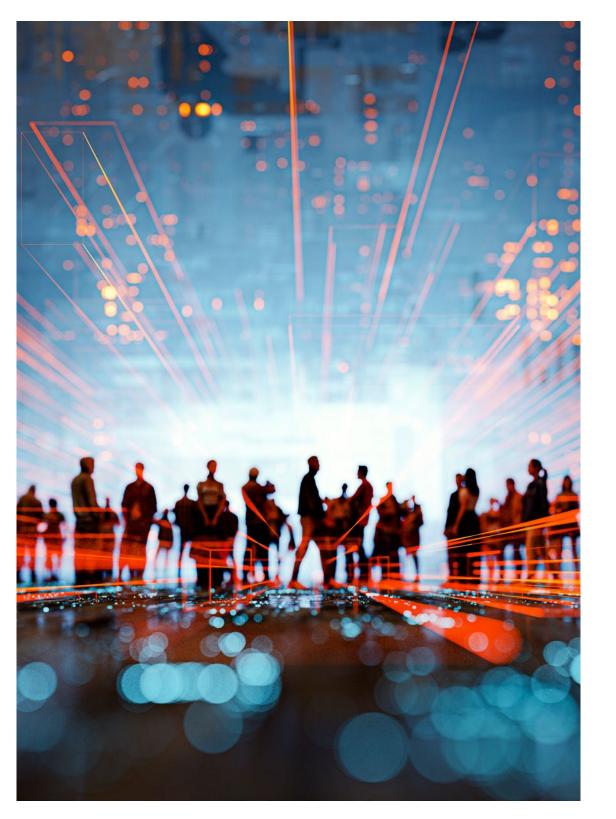
Indeed, today the biggest brands in the world are focused less on returning to the "old ways" of doing business - and more on building something new.

At Kantar, we think of this moment as the opening act of an entirely new era, one that will be marked by frequent disruptions. It's an age that will demand forward-thinking, transformational leadership from the world's biggest brands - on issues like sustainability, inclusion, and public health.

Already, brands are being called upon to define their transformational visions for 2030, 2050, and beyond. At the same time, however, brands are also responding to unprecedented challenges in the here and now. These include supply chain constraints, inflation, war, and energy shortages.

And then, of course, while doing all of the above, brands must *also* continue to deliver innovative, well-marketed products to consumers - in the hopes of securing repeat business, at a time when consumer loyalty remains very much up for grabs.

In short: we have much to discuss.



The report you have before you will explore all the subtleties and complications of today's branded business environment:
Light-speed digitalisation drives. Sink-orswim sustainability tests. Rapidly evolving media landscapes, and game-changing regulatory shifts. And above all, a global consumer base that is shifting to become more discerning, idealistic, and valueseeking than ever before – as the definition of "value" continues to evolve.

One thing that hasn't changed is Kantar's belief that long-term brand building remains the key to unlocking business growth.

This is a guiding philosophy that has been tested and re-tested, challenged and re-confirmed, across all the work that we do. Kantar began our BrandZ Global Rankings back in 2006. Over the years, Kantar's data and modeling has indicated how brand value derives from three core "building blocks" of growth: **Meaningfulness, Difference, and Salience**. Brand attributes like Creativity, Innovation, Purpose, and Trust — all of which are measured in the BrandZ database - ultimately contribute to a brand's Meaningful Difference.

Just two years into our project, in 2008, the global economy ground to a halt, and brands were tested in unprecedented ways. So, too, was Kantar's theory of brand value growth. But the data didn't lie: when the dust settled, it was clear that Meaningfully Different brands had retained more of their value during the initial period of the market crash, and captured more of the gains from the ensuing recovery once the economy got back on track.

Since then, Kantar's proprietary BrandZ database has expanded to include information from over 4.1 million consumers regarding their attitudes toward (and relationships with) 19,250 brands across 522 categories in 51 markets. All of that has produced more than 5.4 billion data points.

Year after year, this data has told a consistent story: in good times and bad, it pays to bet on strong, meaningful brands.

Overview Kantar Brandz





#### Reaffirming the Fundamentals

For the past 16 years, through our work with the BrandZ database, Kantar has been testing and refining a unique model of brand value. We start by examining relevant corporate financial data and stripping away everything that doesn't pertain to the branded business. Then we take the unique step of conducting ongoing, in-depth quantitative consumer research with more than 170,000 consumers annually, across more than 50 countries, to assess consumer attitudes toward, and relationships with, over 100,000 brands.

The category-spanning, insight-laden report you have before you is the fruit of these considerable labours. How you read the report, front-to-back or skipping around, depends on your needs and time available. Whatever way you choose, I guarantee that your time will be well spent. To help you navigate through it, here is a guide to the major components:

#### **Section 1: Introduction**

Here we connect the dots, summarising the key developments and findings, suggesting brand-building actions, and identifying cross-category trends.

#### Section 2: How Brands Create Value

Our latest view on how brands create value for their businesses through powerful connections.

#### Section 3: The Global Top 100

Here you'll find the year on year changes and analysis, which explains performance.

#### **Section 4: Category Focus**

Here we examine the dynamics and brand performance of 13 categories, with special insights and brand case studies.

#### **Section 5: Sustainability**

Introducing our NEW Sustainability BrandZ Index.

#### **Section 6: Client Perspectives**

Interviews with executives from our Global Top 100 — including PepsiCo, Heineken, RBC, and Moutai. They'll share how they identified opportunities for growth and implemented new approaches to consumer insight, as they steer their brands through this age of cascading disruption.

#### **Section 7: Resources**

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

Throughout the report, we have amplified our BrandZ data findings with Thought Leadership articles and Insights from Kantar's brand building experts, including our Chairman – Adam Crozier.

#### We can help

This report is a starting point. I urge you to follow up with the experts who contributed to it. We also have an extensive library of BrandZ country reports that sit alongside our annual Global Top 100 report; in them, you will find intelligence about brand building in key markets such as China, the UK, and the United States. I invite you to access the reports with our compliments at Kantar.com/campaigns/brandz.

Today's consumers have higher expectations than ever for safety, convenience, sustainability, and innovation. Tomorrow's consumers, even more so. In the years ahead, brand offerings will need to both reflect and shape the changed reality that we all are living in. That's where we at Kantar can help, as the world's leading marketing, data, and analytics company, with 25,000 people working with Kantar worldwide.

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

Using the vast Kantar and BrandZ reservoirs of intelligence, we can help you successfully navigate today's uncertainty. I am available to personally discuss how we can help you and your brand succeed—building valuable brands that add value to people's lives.

Please feel free to contact me directly or contact any of our Kantar leaders listed in the Resources section at the end of this report.

Sincerely,





**Chris Jansen**Chief Executive
Kantar

chrisj@kantar.com

#### WHAT IS KANTAR BRANDZ?

# THE DEFINITIVE GUIDE TO BRAND BUILDING

5.4 BILLION
4.1 MILLION
19,250 BRANDS
522 CATEGORIES
51 MARKETS

POINTS

CONSUMER

INTERVIEWS

Kantar BrandZ ranks the most valuable brands in the world... and shows you how to become one of them.

It is the world's largest, consumerfocused source of brand equity insight, which also powers our proprietary brand valuation methodology.

Kantar BrandZ brings you industry-leading brand valuations, along with research from the world's most extensive brand equity study: Over 4 million consumer interviews covering 19,250 brands across 522 categories in 51 markets.

This brand valuation series began in 1998 to help researchers, planners and strategists better understand the brands they worked on. Our reports rank, analyse and honour the world's top brands.

Kantar BrandZ has become a global standard brand value ecosystem, featuring our flagship Global Most Valuable Brands ranking and report. It also features country and regional rankings across six continents, and world-class thought leadership on building strong brands.

#### HOW DOES KANTAR BRANDZ WORK?

STEP

STEP

STEP

03

FINANCIAL VALUE



CONTRIBUTION — VALUE



The proportion of the total \$ value of the parent company that can be attributed to the brand in question, considering both current and future performance.

Proportion of financial value generated by the brand's ability to increase purchase volume and charge premium.

Brand Value is the \$ amount that the brand contributes to the overall business value of the parent company. Kantar 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.

We start by examining relevant corporate financial data and stripping away everything that doesn't pertain to the branded business.

We also conduct ongoing, in-depth quantitative consumer research with more than 170,000 consumers annually, and globally, to assess consumer attitudes about, and relationships with thousands of brands.

Then a team of our analysts combine those inputs with a financial model of the business to determine the brand's ability to generate value.

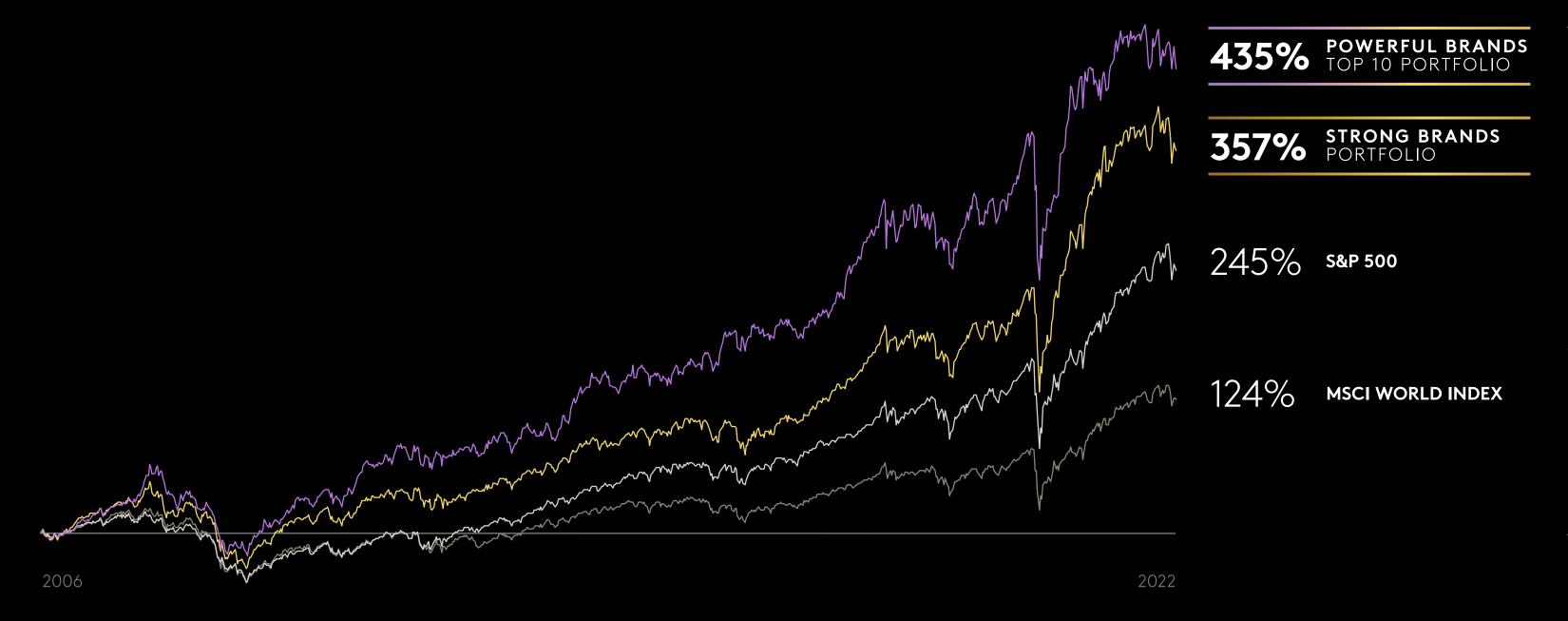
The result is a holistic portrait of brand equity: one that incorporates how the market values a company's brand assets - and how ordinary people do, too.

## WHAT CAN KANTAR BRANDZ DO FOR YOU?

Kantar BrandZ research data is uniquely linked to financial outcomes. Our analysis has repeatedly proven that businesses that invest in their brands outperform the market... and that investing in your brand remains the most powerful way to grow.

What's more, we can show you how. Our data and frameworks work to create a forensic portrait of a brand's strengths, weaknesses and opportunities, within one or many categories and markets.

Get essential insight on category trends and macroeconomic shifts – and how brands compare across crucial building blocks of brand value like Trust, Meaning, Innovation, Difference, and Responsibility.



# STRONG BRANDS:

DELIVER SUPERIOR SHAREHOLDER RETURNS

ARE MORE RESILIENT IN TIMES OF CRISIS

RECOVER MORE QUICKLY

## THE BUILDING BLOCKS OF BRAND EQUITY

The most valuable brands from all over the world are those that stand out from the crowd in a way that makes a positive difference to people's lives. It's really that simple, and we call it having Meaningful Difference.

Meaningful Difference doesn't just get a brand recognized or remembered; it also adds to the business bottom line by driving market share and, in turn, shareholder returns.

The **Meaning** of a brand can stem from a functional meaning, which means the brand does a good job of fulfilling a need consumers have. That could be a need for a reliable banking service, a safe and comfortable car, or a detergent that cleans your clothes. But to have longevity and lead a category, a brand must also have a layer of emotional meaning, and it's this extra layer that creates lasting affinity between consumer and brand.

**Difference** is what leads a consumer to interrupt their normal buying habits – to stop, and look at a brand that catches their eye in a store, online or in the street. Alternatively, they pause to consider a brand that uses its communications to promise something special that others in its category do not. Given that purchase decisions are increasingly being made in seconds, or fractions of a second, that moment of being noticed can be crucial.

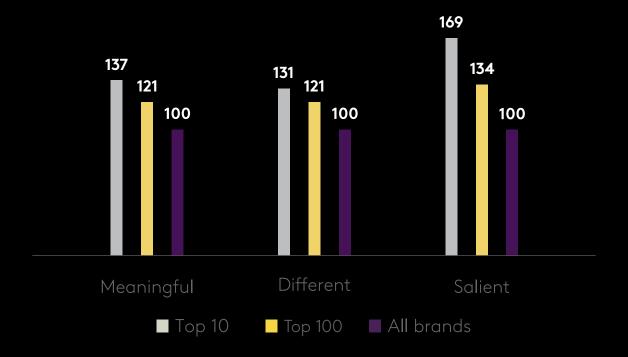
Meaning and Difference in combination create Meaningful Difference.

What the best brands also have is **Salience** – a way of amplifying Meaning and Difference that acts as a catalyst for growth.

Highly Salient brands are the ones that spring to mind when a consumer thinks of a category or has a need, but people don't just think of a famous name. They think of a name they believe will deliver Meaning and Difference.

Among the Global Top 100, it is the Top 10 that are proving more effective than other brands in the ranking at communicating their Meaning and Difference, and achieving Salience.

#### How the leaders perform



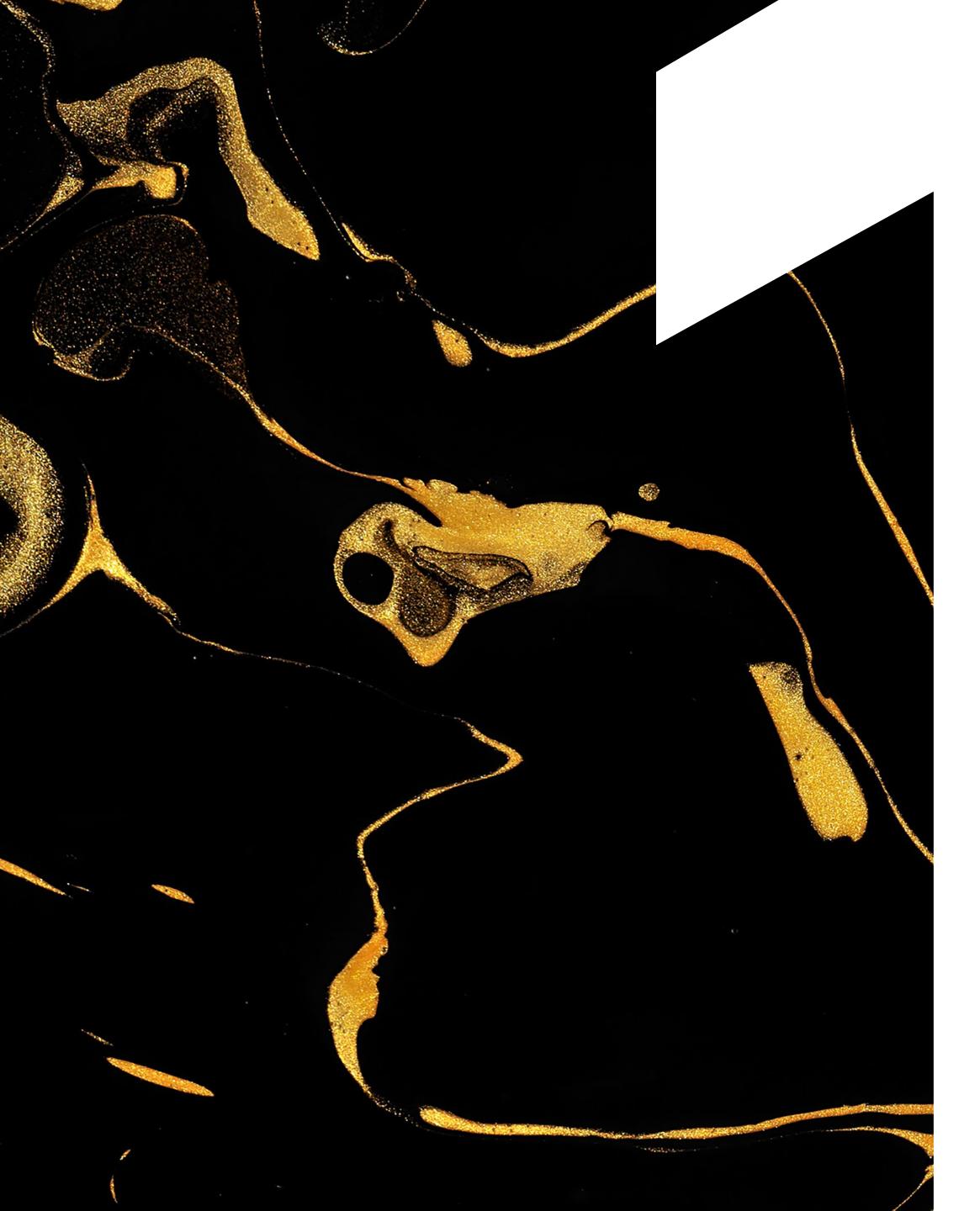
Note: These index scores compare to an average for all brands globally of 100

# Don't just take our word for it

University of Oxford's Saïd Business School has studied Kantar BrandZ brand valuations and compared them against the real-world ups and downs of business.

They found that Kantar BrandZ equity metrics are an excellent predictor of "abnormal" business returns – those not explained by historical share price performance and company results alone – and that adding Kantar BrandZ measures to their models allowed them to predict business performance with 99.5% accuracy.

What they also found was that Difference contributed most to the best business results.





1 — OVERVIEW

14 - STOCK PORTFOLIO

15 - KEY RESULTS

7 — CROSS-CATEGORY TRENDS

26 — IN CONVERSATION WITH...

Overview KANTAR BRANDZ

## TIME FOR TRANSFORMATION

# TOP BRANDS NAVIGATE AN EVOLVING GLOBAL ECONOMY

The Kantar BrandZ Top 100 Most Valuable Global Brands rose 23% for 2022, to reach a total value of nearly \$8.7 trillion. This represents the second-greatest annual rise in BrandZ history, following last year's benchmark of 42%. Compare those figures to 2019 and 2020's annual increases of 7% and 6%, respectively, and it's clear that the world's top brands are, in many ways, thriving as never before.

What's striking, however, is that the same cannot be said of the global economy as a whole. In April, the International Monetary Fund revised its projections for 2022 global GDP growth downward to 3.6%, citing a range of macroeconomic headwinds. Following a global economic contraction in 2020, and estimated bounce-back in global GDP of 6.1% in 2021, the IMF's indicators clearly do not portent the kind of straightforward recovery from the COVID-19 pandemic that one might have hoped for - especially considering that the pandemic itself has yet to be fully vanquished.

To understand how these two growth trajectories have so dramatically diverged, remember that the BrandZ Global Top 100 has never aimed to be a representative sample of the economy at large. Instead, every year Kantar aims to assemble the most exceptional array of branded businesses across the globe.

These are the businesses that, as exceptionally strong brands, possess the trend-bucking ability to make their own good fortune, in bull and bear markets alike. It's an ability that forms the essence of the kind of "brand magic" that Kantar has devoted itself to studying and harnessing on behalf of its clients. And it's more needed than ever in 2022.



Overview KANTAR BRANDZ



#### The Macroeconomic Picture

This is a highly challenging time for the global economy, but just as importantly it is a highly complex time - an era in which good and bad news commingle in unpredictable ways.

In 2022, macroeconomic developments that might on the surface might seem like positive progress, can in fact be pyrrhic victories. Consider, for instance, the way that Japan has aimed for years to boost inflation and weaken the yen - but now finds itself achieved these goals in the most painful way, on the back of surging food and energy prices.

At the same time, alarming headline figures might obscure a more mixed reality on the ground. Many American economists have become understandably alarmed as US inflation rates have reached four-decade highs. At the same time, however, household spending in the world's largest consumer market has largely held up - and consumer confidence has proven surprisingly resilient since the onset of the COVID-19 pandemic.

The truth is that for many tens of millions of Americans, the 2020s have been something of an unexpected financial boon, thanks to rising stock prices, high demand for skilled labor, and appreciating real-estate assets. (Even while inequalities persist around access to the US housing and labor markets). Keeping these kinds of "quietly prosperous" consumers in mind, it's no surprise that top luxury and consumer tech brands have had an especially strong showing in this year's BrandZ data.

America's more mixed fortunes also point to an explanation for overall success of the world's top brands: When people do have extra money, they want to spend it on the best of the best that's out there - which benefits strong brands. And when funds are tight, today's savvy budget consumers aim to get the most possible value for their dollar - which also benefits top brands, because of the way they are perceived to offer benefits that more generic competitors don't. Even as the economy at large polarizes, top brands retain multiple ways to win.

Then, too, there are markets where the economic outlook is perhaps more positive than mixed. Chief among these is India, which is set to become the world's fastest growing economy in the coming years. Bolstered by a state-of-the-art digital welfare payment infrastructure, hundreds of millions of Indians are buying their first smartphones, scooters, and branded clothing - and finding new opportunities in the country's towns and cities. Citizens in many Southeast Asian countries, too, stand to benefit from their countries' advantageous positioning along emerging trade routes.

Equally, however, there have been global developments for which no silver lining can be found. War in Ukraine has, first and foremost, caused untold human suffering. It has also disrupted supply chains and pushed up prices across Europe. The IMF now expects Europe to grow 1.6% in 2022, down from 5.9% the year before.

The biggest global unknown this year is China. For much of the pandemic, Chinese consumers were the engine of global growth, and an important bulwark for branded business. In 2022, however, China's continued pursuit of "Zero COVID" has put the country on a different trajectory than the rest of the world. And it remains to be seen how China will be able to balance its public health goals with its GDP targets for the year.

Overview KANTAR BRANDZ

#### Strong Brands Lead the Way

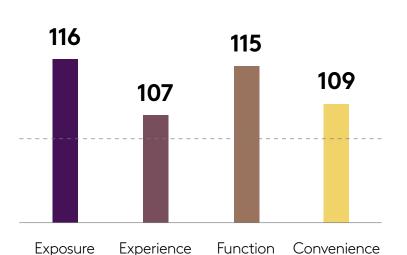
A prolonged slowdown in China could be especially challenging to those global brands that have staked their growth plans on the country. But don't write the coming year in branded business off just yet: Strong brands tend to be more agile than most when it comes to maintaining avenues for growth.

This agility starts with a commitment to excelling in those areas a brand can control for itself. Through its analysis of global brand value, BrandZ has identified the four 'fundamentals' essential for running a strong branded business: a range of well-designed products, that deliver a great product experience, fitting into consumers' everyday lives easily, all communicated effectively by the brand.

#### The world's most valuable brands do the basics well

Global Top 100 brands 2022

Avergae brand - 100



From there, strong brands also enjoy a trio of "power-ups" that can help them grow even faster than the overall market:

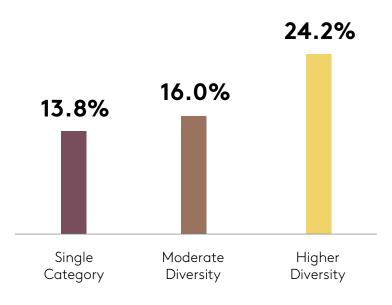
- Demand Power tracks consumers' predisposition to choose one brand over others in their category.
- Pricing Power, or Premium, tracks brands' relative ability to charge a premium for which consumers are willing to pay.
- Brand Power metrics are rooted in three factors: How Meaningful consumers perceive the brand to be, how Different it is from its competitors, and how Salient (i.e., quickly and easily brought to mind) it is.

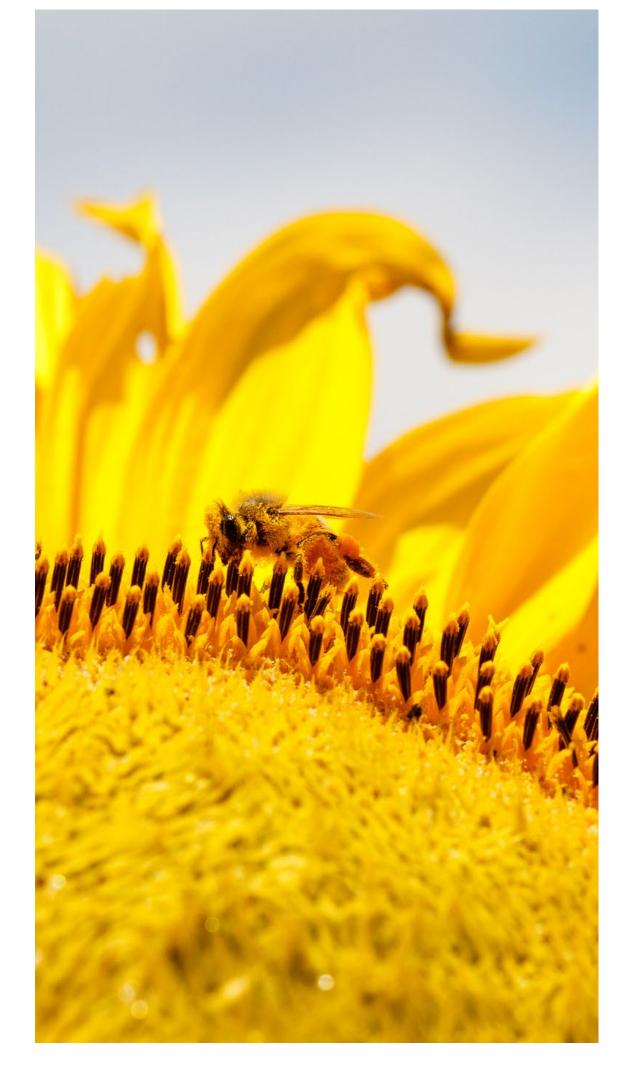
Innovation will be another crucial arrow in top brands' quivers in the year to come. Internally, brands can build on their pandemic-era digitalization efforts to find new savings and efficiencies in the face of rising costs and disrupted supply chains.

Externally, breakthrough innovations can help brands expand into adjacent offerings, and surface new possibilities to disrupt their categories - what Kantar's Global Knowledge Lead J. Walker Smith calls "growing the category, and not just the brand." What's more, perceived innovation remains a key differentiator in consumers' minds when choosing to purchase one brand over another.

## Brands that have diversified into multiple categories show faster brand value growth in 2022

Average % Brand Value change 2021 to 2022





Increasingly, sustainability is becoming another such differentiator in the market - with the caveat that consumer expectations for branded sustainability efforts vary by category and market, and must also fit with a brand's existing DNA.

Kantar's inaugural Sustainability Foundational Study, launched in August 2021, aims to inject this kind of contextual sensitivity into the realm of purpose-driven marketing. As part of this global study, Kantar surveyed consumers across 25 global markets about their attitudes toward the world's most environmental challenges, as set out in the UN's Sustainable Development Goal framework.

Immediately, it became clear that consumers' views on sustainability varied widely. For instance, in the United Kingdom, the issue of ocean plastics pollution is the number one sustainability concern for consumers. In India, by contrast, this topic ranks toward the back of the pack in terms of perceived relevance and urgency, behind a wealth of issues perceived as more important: these include water pollution, extreme weather, deforestation, and food insecurity.

The need for this kind of contextual intelligence is present across all major dimensions of strong branding, from purpose to trust to sustainability. Which is why at Kantar, we believe strong consumer and category insight is at the core of all brand-building activities. Brands can't understand with perfect clarity where the overall economy is headed; no one can. But even the strongest brands can work to better understand their consumers, their categories, and themselves - and that way lies all-weather growth.

Kantar BrandZ Stock Portfolios

## ALL-WEATHER VALUE

# STRONG BRANDS ARE MORE RESILIENT IN A CRISIS AND RECOVER FASTER

Strong brands do far more than win press accolades and consumer recognition. The value of a brand has a clear, measurable link with the share price of the company behind it.

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

Strong brands also turbocharge gains during periods of sustained economic growth.

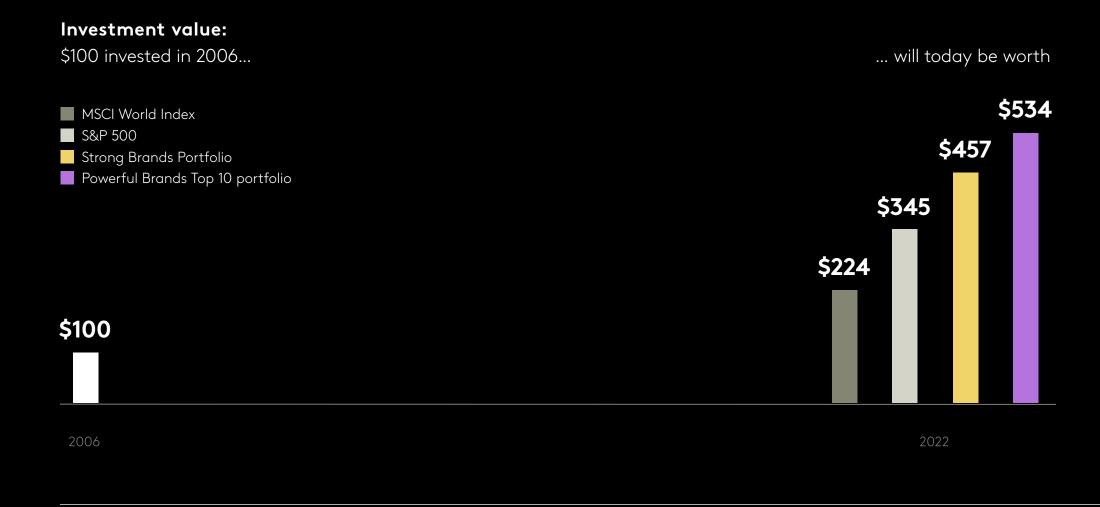
Over the 17 years in which we have been tracking the world's strongest brands, the companies behind the top-ranking

brands have far outperformed stock market benchmarks. The value of the Kantar BrandZ Powerful Brands Top 10 Portfolio increased 435% between April 2006 and February 2022, outperforming both the S&P 500 and the MSCI World Index. (The MSCI World Index is a weighted index of global stocks.)

What that means is that \$100 invested in 2006 would be worth \$224 based on the MSCI World Index growth rate, and \$345 based on the S&P 500 growth rate. But that \$100 invested in the Kantar BrandZ Strong Brands Portfolio would be worth \$534.

**KANTAR** BRANDZ





Key Results

## KEY RESULTS

# No. 1

#### Apple takes the top spot

With a 55% increase in brand value, Apple rose one spot to secure the number one spot on Kantar BrandZ global rankings for the first time since 2015. With a total brand value of \$947,062 million, Apple is now the clear global leader in brand value, thanks to its strength across its hardware, software, and services offerings.

# THE FAB FOUR

#### The race to \$1 trillion

Last year, Apple and Amazon became the first brands in BrandZ history to surpass a half a trillion dollars in total brand value. This year, they were joined in that feat by Google, which rose 79% year-on-year to become the world's second most valuable brand; as well as Microsoft, which rose 49% to retain the number four spot. Next year, one or more of this select foursome could very well surpass a trillion dollars in brand value.

# ALL-AROUND VALUE

Top 100 brands worth nearly \$8.7 trillion

This year, the total value of the Kantar BrandZ Top 100 brands is equivalent to over 9% of the world's entire GDP. Nearly \$1.6 trillion in brand value was added year-on-year, for a proportional increase of 23%. That is the second-steepest annual rise in BrandZ history, after last year's 42%.

## THE BIG THREE

#### Biz Tech, Media, Retail lead in total value

Media & Entertainment, Business Solutions and Technology Providers, and Retail account for over half of the total value of brands in the Top 100. These categories encompass some of the biggest brand names in the world – names like Disney, Google, Microsoft, and Amazon. And from top to bottom, they also offer some of the most consistent points of connection to people at work and play.

Key Results

## HAUTE GROWTH

# Strong year for luxury and tech brands

The value of top brands in Luxury and Consumer Technology increased 45% and 46% respectively, setting the high mark this year for category growth. The collected value of top banks and cars brands also grew faster than the overall BrandZ Top 100 - with growth in the cars category most notably driven by Tesla, which grew year-on-year by more than 78%.

#### **NEWCOMERS**

# Eleven brands join the Top 100

This year features an incoming class of 11 newcomers to the Top 100. Of these, six brands are making their Top 100 debut - led by Aramco, which is the top new entrant at number 16 in the 2022 rankings. Another five brands are returning to the list after a hiatus - and include such well-known global names as Lancôme, KFC, and Aldi.

#### AN ELITE GROUP

# Harder than ever to break in

It has never been tougher to earn a spot in the Kantar BrandZ Global Top 100. This year's threshold for entry stood at \$21.2 billion – which represents an increase of some 12% versus 2021, and of over 400% since 2006. This makes it more important than ever for brands to use their marketing investment to focus on building positive, Meaningfully Different perceptions of their brands in the minds of consumers. Doing so will help them to grow demand, justify a higher price point than competitors, and create potential for future business growth.

## TOP RISER

# Cartier's dazzling year

The luxury jewellery brand grew 88% in 2022, a rise that was fueled by strong demand for top-tier luxury goods. Alongside fellow Top Risers Hermès and Louis Vuitton, Cartier is seen as an especially smart buy when it comes to offering products that retain their worth over time.

## US BRANDS PREDOMINATE

# Top 100 expands its global reach

For the second straight year, American brands account for 56 out of the world's Top 100 brands. American brands' share of the Top 100's total value, meanwhile, has increased by 24%. This year, number of Chinese brands in the Top 100 fell by four, to 14, while the number of European brands on the list held steady at 18. Meanwhile, brands from Argentina and Saudi Arabia joined the Global Top 100 for the first time.

## KANTAR BRANDZ

# CROSS-CATEGORY TRENDS

- PEOPLE
- HEALTH AND WELLNESS
- LOGISTICS
- VALUE
- MARKETING
- TECHNOLOGY
- CULTURE
- TRADE
- SUSTAINABILITY



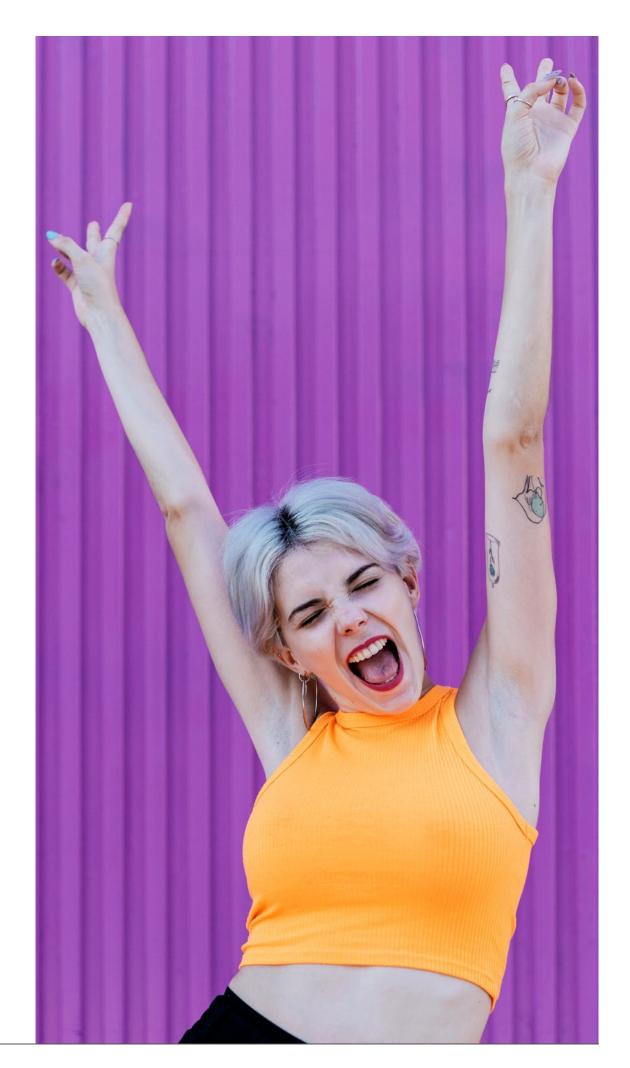
#### **PEOPLE**

# THE GEN Z IMPERATIVE

Even as their formative years have been shadowed by a pandemic, Gen Z consumers have nevertheless come into their own as a major commercial and cultural force.

Last decade, brand marketing toward Millennials was shaped by a visual imperative that took its cues from the curated perfection of Instagram. Now, with Gen Z, we're seeing a shift from identities that are organized around still photos, to those that are defined by self-shot video posted to platforms like TikTok and Douyin. What dominates today is a more *kinetic* imperative.

Shaped as they are by these more freewheeling social networks, Gen Z consumers are looking for branded products and content that they can truly make their own. They don't just want to stand still and pose with their purchases: they want to show them off, demonstrate them, and remix them – in motion, for all to see.

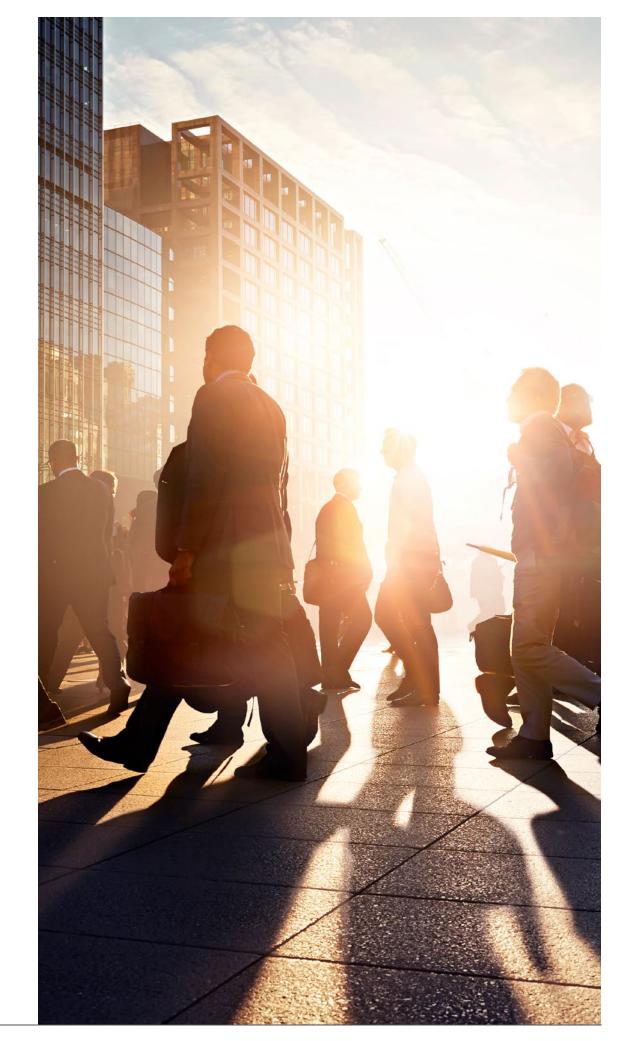


#### **PEOPLE**

# EMPOWERED EMPLOYEES

These days, some of the most important constituents for purpose-driven marketing aren't a brand's consumers, but rather its own employees. Thanks to tight labor markets in many major economies, businesses are having to work overtime to convince staff that their workplaces are a good long-term commitment. In short, brands today must demonstrate that their corporate cultures are as Meaningfully Different as their products.

In part, that means offering more in the way of scholarships, bonuses, and remote work options. But it also means proactively addressing employees' more idealistic concerns around issues like sustainability, diversity, and inclusion. More and more, employees don't just prefer that their workplaces' policies align with their personal ethics - they are demanding that this be so, and they are doing so quite publicly. Indeed, in the past year some of the most notable activist campaigns targeting brands have come from inside those brands' own organisations.



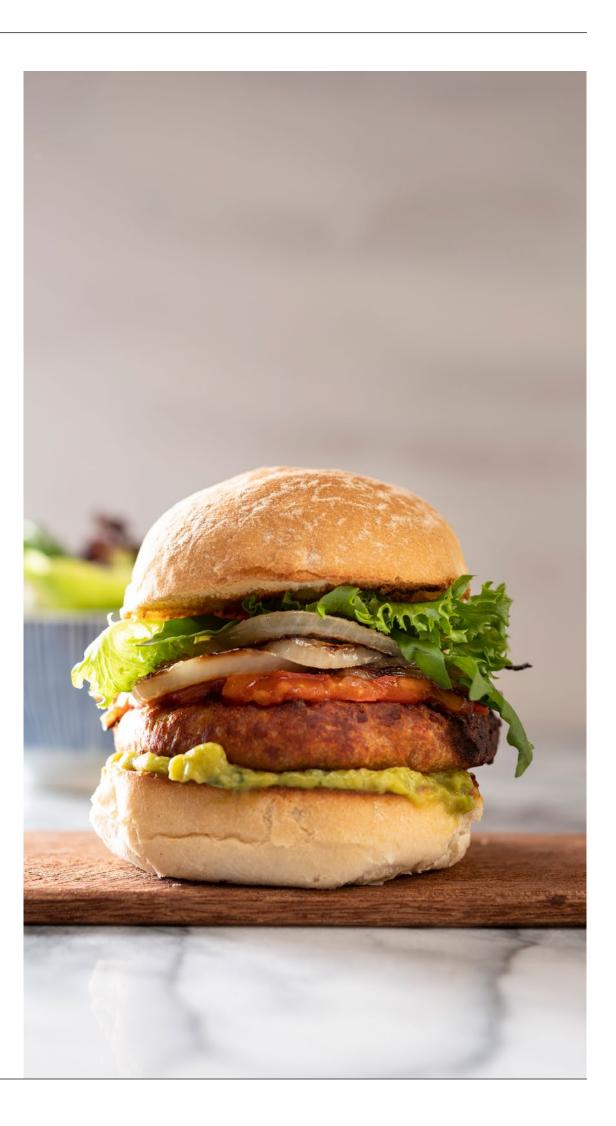
#### HEALTH AND WELLNESS

#### PLANT POWER

Last decade, much of the marketing around plant-based and natural ingredients focused on perceptions that they offered a "safer" alternative to synthetic ingredients. The appeal of the so-called "clean," natural label was inseparable, in other words, from the fear of the "dirty," "toxic," and artificial. Organic products were valued as much for what they were "free from", as for what they contained.

Now the conversation has matured, and there's more room to talk about the actual benefits of plant-based ingredients in their own right. Beverage brands now tout the stress-busting properties of adaptogenic mushrooms; personal care brands highlight the clinical efficacy of plant extracts like tea tree oil; apparel brands extoll the heat-dispersal properties of eucalyptus fiber. And therein lies the shift: Plant-based products aren't just seen as a safer option these days, but also as the more effective option across a wide array of performance metrics.

And going forward, plants may even be seen as more luxe, too. As brands like Hermès and Mercedes continue experiment with mushroom and cactusderived leathers, cow hide may soon seem crude by comparison.

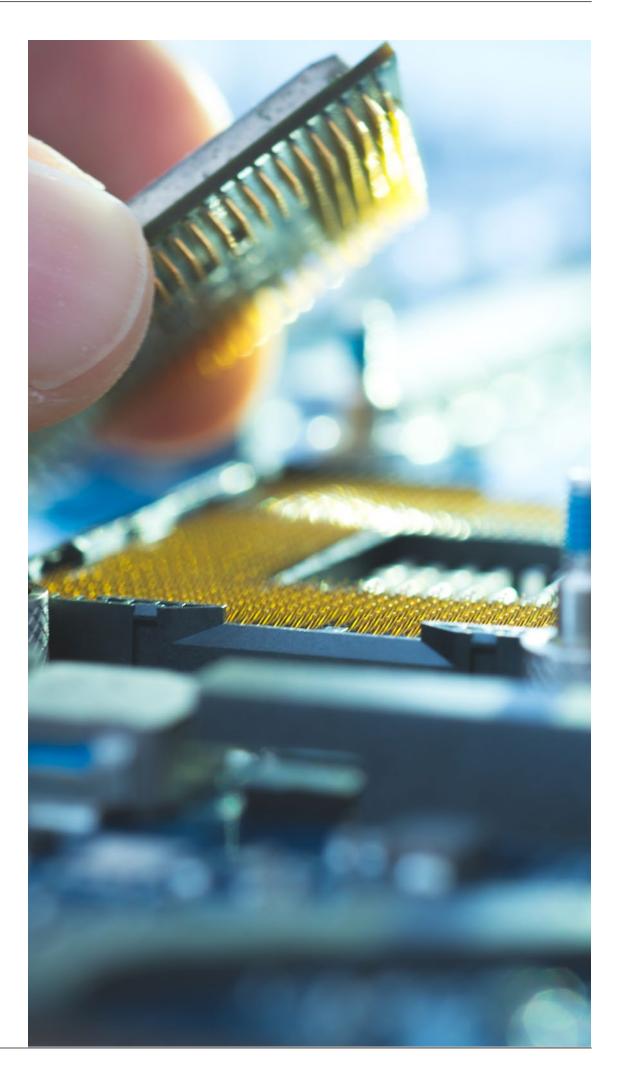


#### LOGISTICS

# IN-HOUSE EXPERTISE

From retail to technology, leading brands across a variety of categories have seen the benefits of bringing more of their operations in-house - especially in an age of supply chain disruptions, as well as rising prices for raw and finished materials. Sometimes this in-house strategy takes the form of greater vertical integration in design and manufacturing: as in the case of Apple's move to manufacture its proprietary M1 and A-series processing units; or of Tesla's vaunted battery division. Done successfully, these integrations ought not only reduce costs for the brand, but ultimately for the consumer, too.

These in-house projects can also serve as a point of marketing differentiation, as well. (Again, see Apple and Tesla). In the retail space, names as diverse as Aldi, Target and Lowe's have built their strategies around developing a stable of well-designed, well-priced store brands that are available nowhere else - but whose products look and perform more like DTC challenger brands than the generic "private label" offerings of yore.

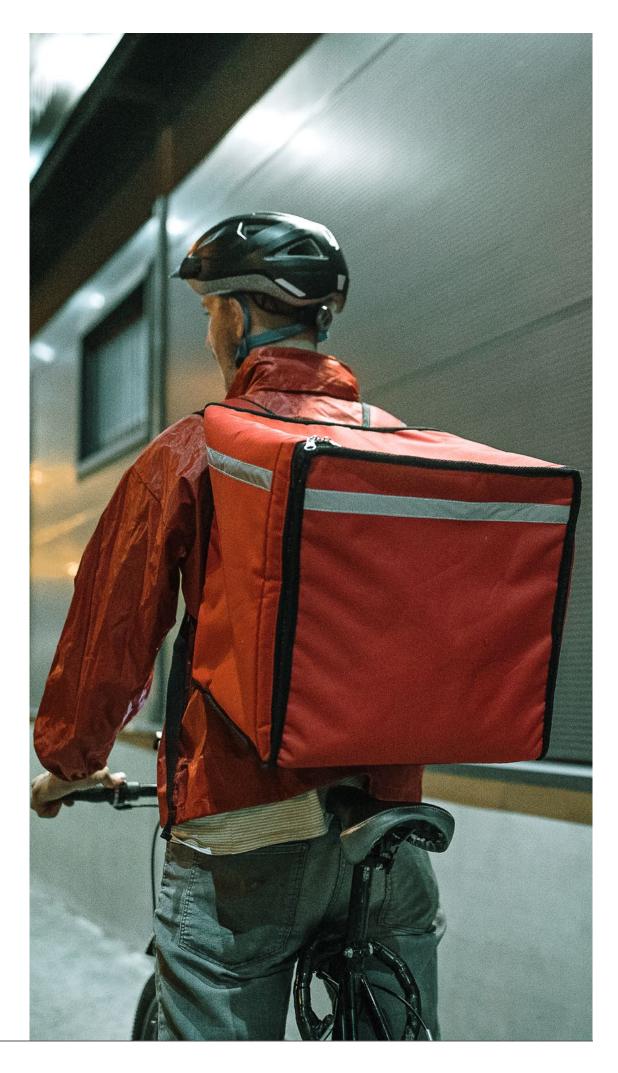


#### LOGISTICS

## ULTRAFAST AND ULTRALOCAL

Gone are the pre-pandemic days when two-day order fulfillment was enough to impress. These days, the world's major cities are rife with startups promising groceries in 15 minutes or less. Fast food brands in the US are opening deliveryonly ghost kitchens to shave crucial minutes off of the time it takes to fulfill orders; in China, major e-commerce and logistics brands are partnering with momand-pop vendors to embed e-commerce fulfillment networks directly into urban housing complexes.

For well-positioned brands, this new last-mile scramble offers a cornucopia of revenue options. Brands could aim to diversify into behind-the-scenes, "white label" B2B delivery services, as Walmart has recently done for clients like Home Depot. Or they could enter into more public brand partnerships, as in the high-profile deal that has seen Chinese retail app JD.com become the official e-commerce fulfillment partner for the social network Kuaishou.



#### **VALUE**

#### REFRAMING THE MIDDLE

In the 2010s, one popular strain of thought held that economic inequality would lead to a permanent hollowing-out of the so-called 'middle market.' The idea was that branded commerce would bifurcate to either serve budget-minded lower income shoppers, on one hand, or luxury-minded One Percenters, on the other. What happened instead is that mid-tier retail brands did indeed feel the squeeze (consider the decline of some high-street department stores).

But crucially, mid-tier products and services continue to appeal, so long as they're marketed well. It's no coincidence, for example, that after years of competing to produce the most ultra-premium headsets, both Samsung and Apple have taken steps to shore up their more middletier offerings.

For more mass brands, the middle-ground growth play most often lies in reaching *upward* into the mass-premium space, by charging more for products that can fairly claim to compete with luxury brands on their functional merits. This is the strategy that Maybelline, for instance, has executed this past year to much viral acclaim on TikTok.

For luxury or prestige brands, the play is to carefully reach downward through trial offers and brand extensions. If you're an upmarket entertainment brand like HBO, maybe that means offering an adsupported option for the first time in your brand's decades-long history; if you're a storied luxury house or beauty brand, maybe that means expanding further into cosmetics, accessories, and casual wear; if you're a prestige beauty brand, maybe that means offering a once-a-year introductory discount for new clients.

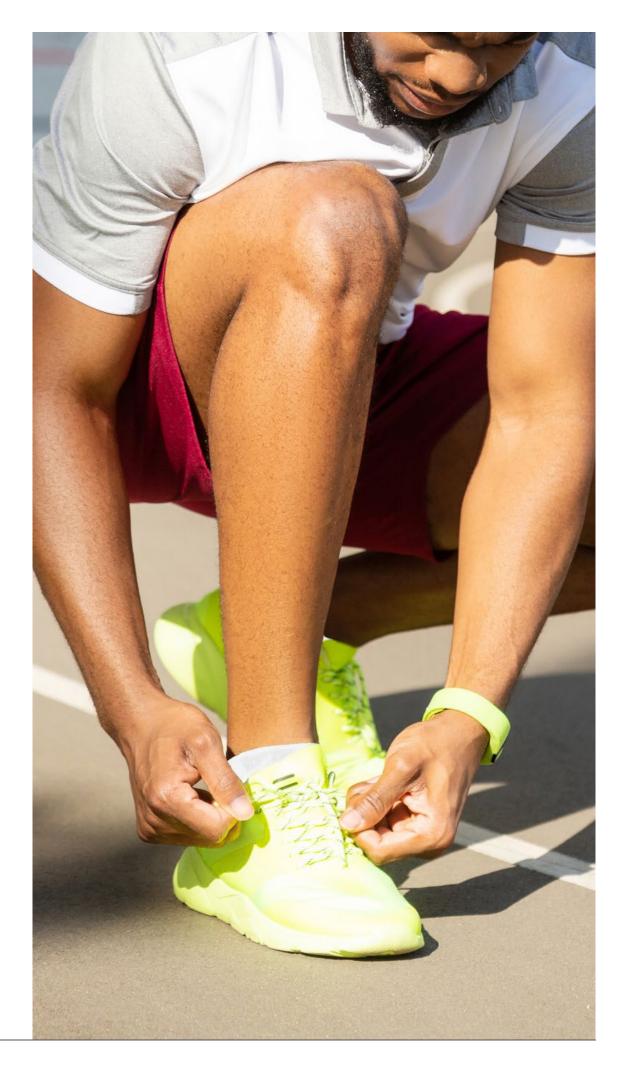
The hope is that in the long run, consumers will take advantage of next-gen credit and financing platforms to become full-fledged luxury goods patrons, regardless of their actual income levels. (In an age when fewer people own houses or cars, a surprisingly wide range of people are buying Louis Vuitton, even if doing so isn't always the wisest financial choice). And in the meantime, there's plenty of profit to be found, these days, from mining the middle market.

#### **VALUE**

# THE RESALE EFFECT

The notion of "resale value" has long informed brand value in the cars category, burnishing the reputation of brands like Toyota as "good buys" not just for today, but also for five or ten years down the line, when you might want to sell. Now, a variety of resale startups have brought the same financial calculus to bear on luxury, streetwear, and footwear brands as consumers can see in real time which products can best "hold their value" on the secondary market. This burgeoning resale trend has been a boon for brands with more classic, iconic "hero products" in their stables - as well as those that manage to bring out the seasons' hottest, hard-to-find viral sensation.

In a slightly different way, resale economics have also come to bear on the consumer tech category: in the gaming world, console shortages made for a brisk trade last year in second-hand PlayStation 5s and Xbox Series Xs; Apple, meanwhile, has aimed to capture more of the iPhone resale market for itself (and encourage more "trading up" besides) by offering very generous, very seamless trade-ins for old devices.

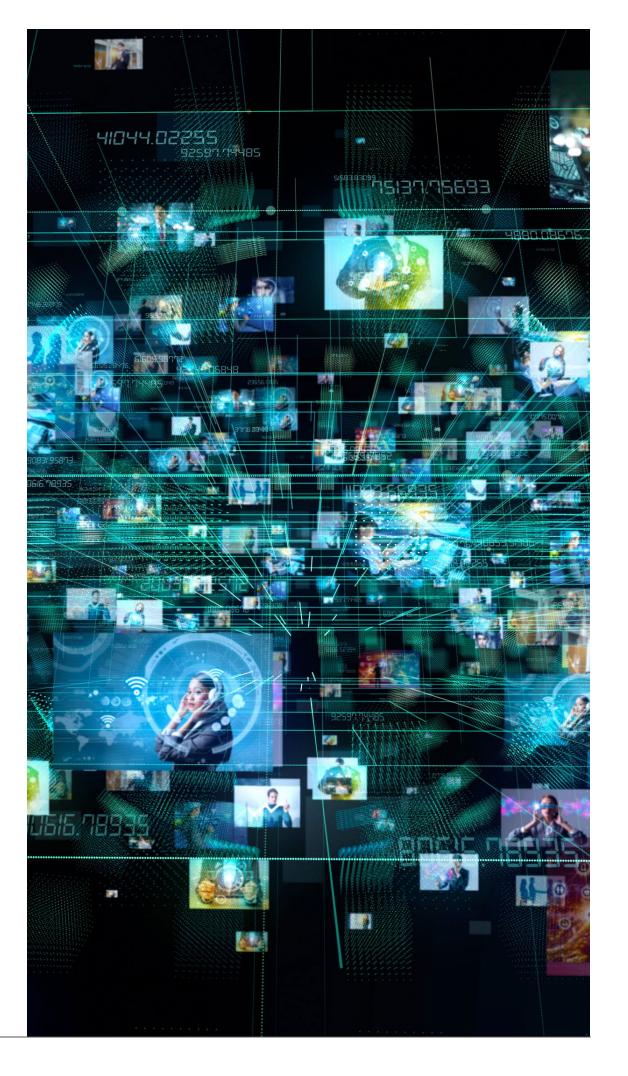


#### **MARKETING**

# THE (THIRD-) PARTY'S OVER

For brand marketers, the much-prophesied "post-cookie era" is finally nigh - having been hastened by a combination of regulatory pressure from jurisdictions like Europe and China, as well as strong pro-privacy stances by hardware manufacturers like Apple. What exactly does this mean for the future of digital marketing in general, and online performance marketing in particular? That is a billion-dollar question with no guaranteed answer.

It's certainly likely that in the absence of third-party trackers, the advantage will go to those brands and platforms with which consumers are most willing to share their own first-party data. That includes search brands like Google, of course. But also consider a brand like Nike, which has built out a content suite that includes fitness tools, fan communities, and the SNKRS shopping app - all of which should work together to provide the brand with rich consumer profiles and dynamic marketing opportunities. Brands have long aspired to build interactive "brand universes"; now, it really pays to actually have one.



#### **TECHNOLOGY**

## THE META MOMENT

When it comes to augmented and virtual reality, it's understandable why some have adopted a "once bitten, twice shy" approach; we all remember the rise and fall last decade of certain digital glasses prototypes. But what makes the rise of the Metaverse feel different, these days, is all the work that's gone on behind the scenes, to allow for the building out of digital worlds on a truly industrial scale. Much of this incipient Metaverse is based more on the process of video game design, than it is on traditional coding. This is why you see brands like Nvidia and Activision's Unreal Engine emerging as first movers in this space - in addition, of course, to Mark Zuckerberg's Meta (né Facebook).

The most encouraging development on the Metaverse front, perhaps, is Microsoft's enthusiasm for integrating VR into its Teams suite of collaboration tools. Going forward, the Metaverse may have all sort of outré implications for categories like fashion, furnishings, and beauty - not to mention immersive marketing experiences for products of all types. That's all quite exciting - but for now, the greatest test for the Metaverse will be to see if it can prove useful in a far more mundane corner of life: the routine business meeting.



#### **CULTURE**

#### RETRO EXPERIENCES

At a time when travel across physical distances remains limited for many, consumers worldwide are eager for brands and products that offer them the chance, at least, to travel through time. In other words: we are in the middle of a full-blown retro revival.

Nostalgia has always been a potent commercial force, of course. In 1990s America, for example, there was a brief but major craze for refurbished '50s Diners. But today, rather than elevating or idealizing any one time period, the market is offering a choice between each and every era, all at once.

Liquor brands are seeing a surge in interest in classic Midcentury cocktails like the gin martini, while apparel brands are exhuming old archival styles last seen in the acid-washed 1990s. Heritage luxury brands like Dior are reopening their flagship maisons as shoppable historic sites, while certain avant-garde fashion e-tailers have revived a more low resolution, early 2000s digital aesthetic. (In the entertainment world, an embarrassment of riches: The Gilded Age. Stranger Things. Plus any number of retro reboots and reimagining.) What retro products and experiences offer is a kind of grounded theatricality - the fantasy of stepping into alternate life, anchored by the very real textures of the past.

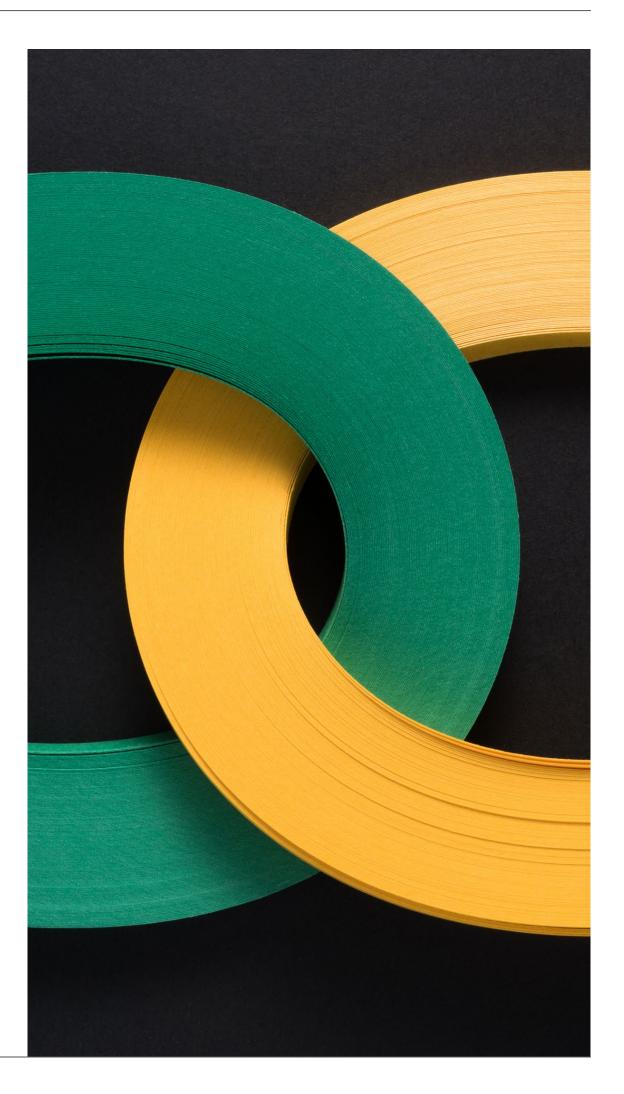


#### CULTURE

# NEXT-LEVEL MASHUPS

One big story in branding today is the use of collaborations as a shortcut to creating a cultural "moment" around a product. This could include creative partnerships between a brand and a celebrity (for instance, McDonald's and BTS). Or between a larger brand and a smaller brand. Or two large brands, in different but adjacent categories (e.g. Gucci and Adidas).

But even more striking is the rising trend in collaborations between two equally large competitors. In the luxury category, we've recently seen the unprecedented merging of Kering sister brands Balenciaga and Gucci - as well as Fendi and Versace, which is even more unusual because they don't share a corporate parent. Similarly, in the automotive realm, Honda is pursuing electric car collaborations with both GM and Sony. The lesson here is that brand equity is, of course, precious - but brand codes shouldn't always be treated preciously if there's room for a mutual win. Without that spirit of experimentation, for instance, Frito-Lay would never have decoupled its Flamin' Hot flavor platform from its origins in the Cheetos brand universe - which means we'd never have gotten snacks like Flamin' Hot Doritos, Flamin' Hot Lay's, Flamin' Hot Funyuns, Flamin' Hot Ruffles, Flamin' Hot Smartfood... and so on down the Flamin' line.

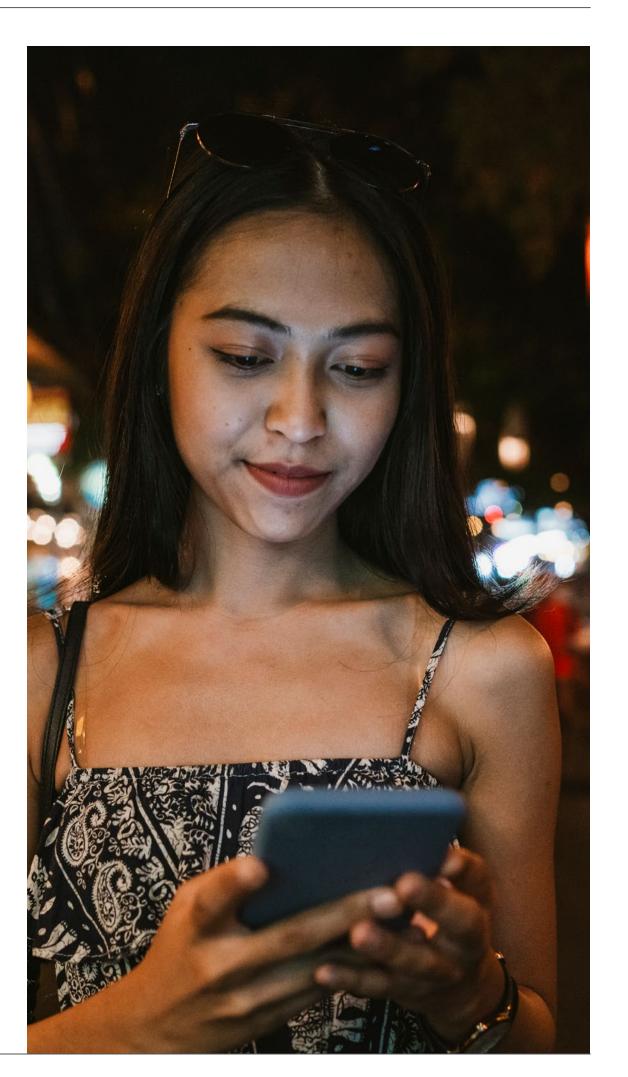


#### **TRADE**

#### GROWING INDIA

As China's long run of spectacular growth appears to be leveling off, for now, India has emerged as a major source of opportunity - not least for Chinese brands themselves, some of which have begun to open factories in Indian cities to better meet local demand. The sheer scale of the Indian market offers ample room for growth: For instance, according to the latest "ICUBE" report from The Internet and Mobile Association of India (IAMAI) and Kantar, India's total number of mobile internet users will rise 900 million by 2025 – up from 622 million in 2020.

But India also has its own impressive stable of home-grown brands (not to mention strict regulations aimed at supporting domestic factories). This year, the number of Indian brands in the Global Top 100 rose to four: Tata Consultancy Services, HDFC Bank, Infosys, and LIC. That's more than the amount that Japan, Italy, or the UK placed - combined.



#### **TRADE**

#### CHINESE BRANDS EXPAND ABROAD

Even as American and European brands remain dedicated to expanding their operations in China, they will increasingly have to contend with competition from mature, differentiated Chinese brands in their home markets. In Europe especially, Chinese smartphone manufacturers like Xiaomi, Oppo, and Vivo have become popular among young people for the way that they assemble a Swiss army knife's worth of killer features for a fraction of the price of an iPhone. In the cars realm, Chinese electric vehicle brands like Nio, Xpeng and BYD could similarly undercut homegrown brands on price while offering builds of similar quality. And IOT ecosystem brand Haier already owns a number of globally resonant sub-brands like Hoover and GE Appliances, while continuing to expand its own brand presence abroad.

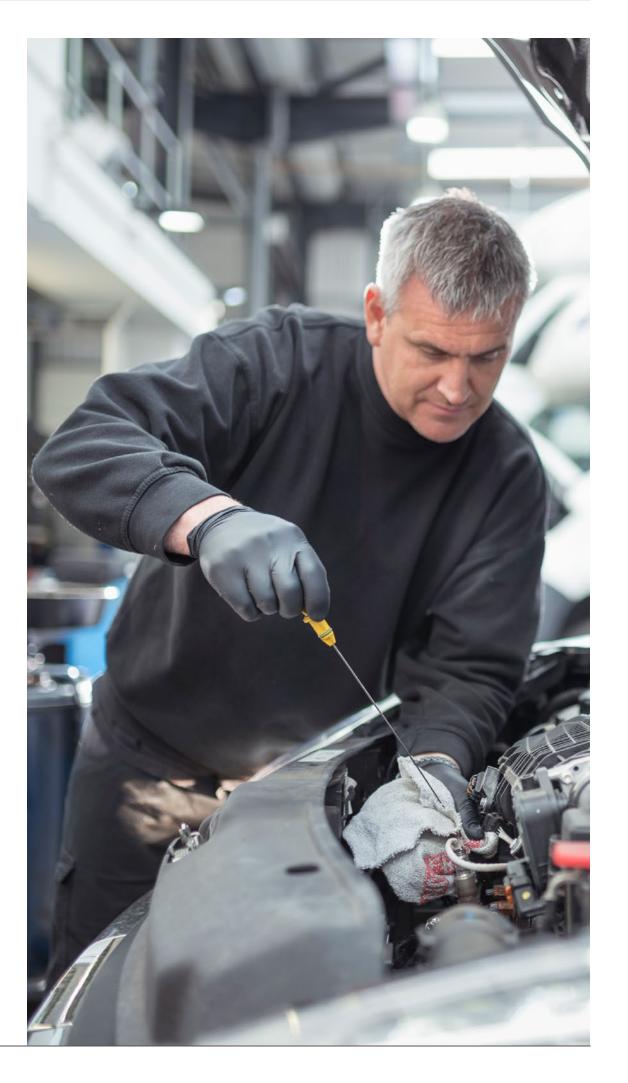


#### SUSTAINABILITY

#### FUTUREPROOF NOW

One way that brands can move the needle on sustainability is by making products that last longer. The opposite of planned obsolescence is the concept of futureproofing: finding ways to build, maintain, and service goods that last beyond typical product lifestyles. "Service" is the key verb here, as it points to how brands can continue to unlock profits under this new paradigm. In France, carmaker Renault has built a "used car factory" devoted to repairing used car bodies, electrifying combustion cars, repairing electric vehicle batteries, refurbishing damaged chips, and recycling mechanical parts. This is future proofing par excellence.

On a product level, the ideal "future-proofed" offering is sturdy enough to last, but flexible enough to adapt to changing times. In the US, for instance, doormaker Masonite has unveiled its first Smart Door, featuring power, lights, sensors, smart locks, and a video doorbell integrated directly into the frame. But crucially, they have done so using a fully modular design, which anticipates that you'll want to swap in new technology across the multi-decade lifespan of your house.



#### **SUSTAINABILITY**

#### TAILORED SUSTAINABILITY

In 2021, Kantar's Sustainable
Transformation Practice surveyed
a worldwide audience to determine
the global development issues that
consumers most expected brands in
various categories to prioritize. We found
that sustainability was not one size fits
all - instead, consumer expectations vary
by category, brand, and market. Most
broadly, some brand categories lend
themselves more to social dimensions of
sustainability, while others suggest a more
environmental focus.

SUSTAINABILITY CONCERNS
DIFFER BY CATEGORY, GLOBAL
LEADERS CAN BE FOUND IN ALL

Key sustainability concerns for categories according to Kantar's Sustainability Sector Index report

Global category leaders on social and environmental responsibility



Source: Kantar BrandZ Most Valuable Brands 2022

In conversation with...



## IN CONVERSATION WITH ADAM CROZIER

## CHAIR - BT, WHITBREAD & KANTAR

Adam Crozier became chairman of Kantar in 2020. In 2018 he became chair of Whitbread, and in 2021 chair of telecom giant BT - which encompasses fibre internet, broadband internet, TV, and mobile divisions serving the UK. He has also served as CEO of organizations as varied as ITV, the Royal Mail, and England's Football Association.

## Given your experience across a range of different industries, how do you feel that brands add value to businesses?

Well, I've been lucky enough to work with some fantastic brands over the years, from Saatchi and Saatchi, to The Football Association, Royal Mail, ITV, BT Group and Whitbread. What you see over many, many years is that really great brands generate superior returns. They're more resilient at times of crisis, and they generally return to growth quicker than other companies and other brands. That's really important right now, because we probably have more global disruption than ever before. I can certainly say that in my career, with the impact of the war in Ukraine and Russia, continuing impacts of the pandemic, the cost of living crisis, inflation, supply chain problems, and enormous digital disruption going on... it's a really important time to really focus on the brand. At these times of lower growth, it's all about market share, and that's generated and gained by superior brands.

## How has the playbook changed for building a successful media or telecom brand?

I think the media world has probably gone through faster disruption than many others, and so the rules have definitely changed. Streaming companies have really come to the forefront over the last few years, particularly during the pandemic. However, that growth is slowing

down now and it is increasingly becoming a question of which streamers will survive and prosper. There'll be multiple different revenue models for streamers going forward, too. It won't be just subscription models or ad-free models – there will be more advertising-funded models, as well.

And of course, all the traditional media and telecom players will be fighting back. So going forward, success will mean finding that intersection between having a fantastic media brand and brilliant content that you market in a really strong way, through multiple distribution models to reach the consumer. Because the viewer, the consumer, will always find the most convenient way to access great quality content.

#### How do you think some of those more traditional media and telecom brands can best combat these waves of disruption?

Well to slightly alter the words of Bill Clinton, "It's all about the content." In the end, you have to be able to provide access to fantastic content. Increasingly, you've got to start to own that content outright, and you've got to start to find multiple ways to engage with your viewers, both online and through the traditional models. The difficulty, of course, for the traditional players as is that new entrants have their foot firmly on the accelerator. While the legacy players have to defend their legacy revenue streams whilst trying to move on to new revenue streams that may be less

Client Perspectives



Adam Crozier Chair - BT, Whitbread & Kantar

profitable in the short run. That's a very difficult journey to approach and explain to your shareholders and stakeholders – especially now that it's clear that even the biggest of the "streamer startups" have not yet proven how they will generate profitability for the long run.

#### What do you think the media landscape will look like in five years time?

The truthful answer is I don't know, it's moving so quickly and it depends on how various brands behave and act: the decisions they take, and the quality of those decisions. I think there are a few things you can assume, however. First, that content will continue to be king. And second, I think you'll see further audience fragmentation, which I think for advertisers is a really big issue: How do you reach those mass audiences when the world is fragmenting?

Increasingly, advertisers will want seamless measurements across every conceivable platform so that they can understand how well their marketing and advertising is performing. I think consumers will become increasingly choosy about which services they take and which services they pay for – especially with the problems of inflation and rising costs of living.

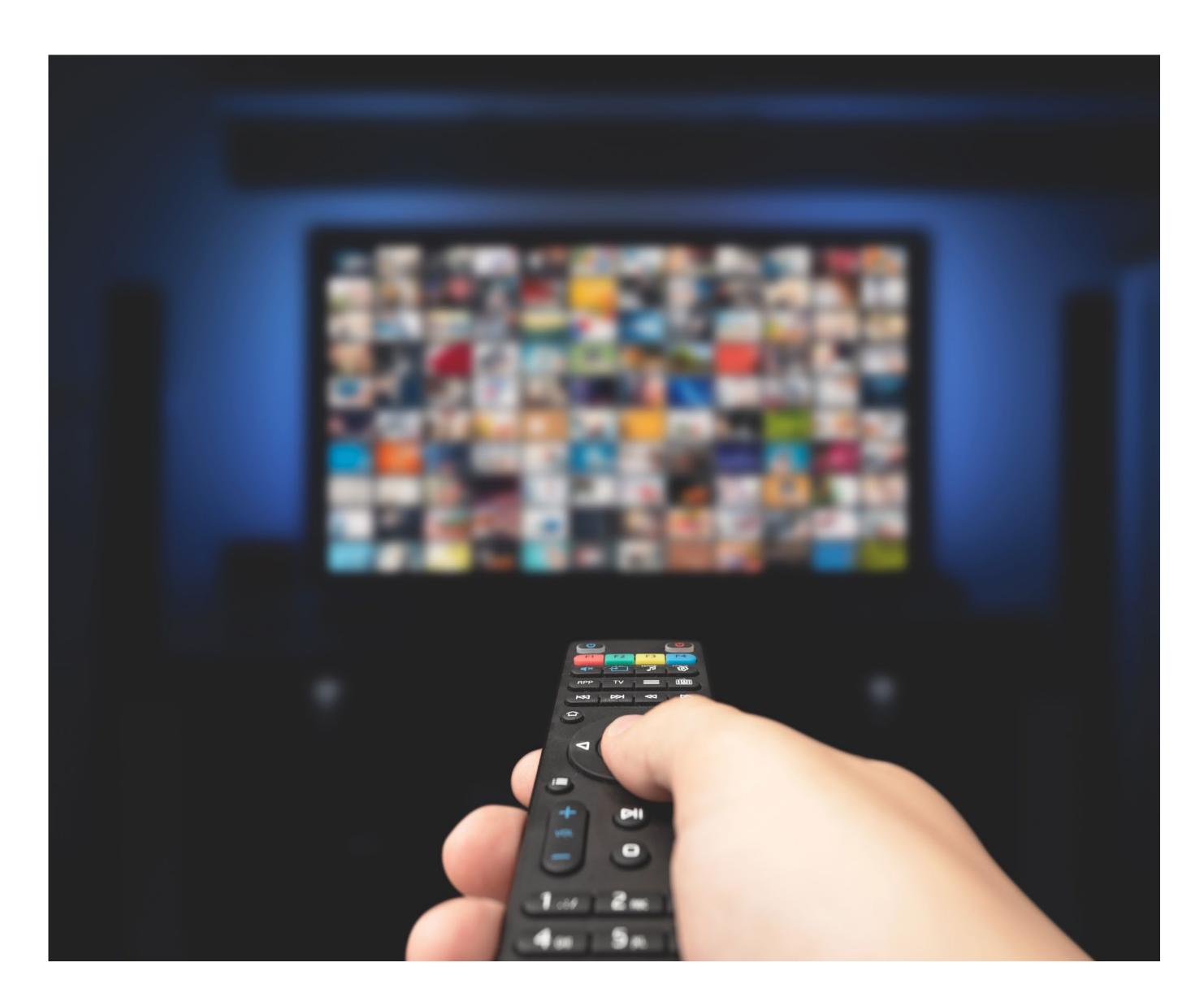
These pressures are why I think ad-funded models will continue to grow for the newer streamers. And why I also think that traditional players will have to adapt or they will eventually die: not in the next five years, but over the next 15 or 20 years. It's better to be proactive and make changes yourself, rather than wait for someone else to do it for me or to me.

What do you think the future will look like for television coverage of live events? Do you think that will become more of a focus for streamers and other upstarts – and if so, is it a battleground that can be defended by the existing media players?

In a world where you can feast or binge on content, or delay it and stretch things out, the viewer is increasingly in control. In this context, the one thing that becomes destination viewing is live events, and so it's not surprising that those have grown in importance, whether that's sports or music concerts.

The difference, for streamers and legacy players alike, is that with other, non-live content, you own the IP for that content. And you can use it again and again. Live sport, by contrast, has a very short shelf life. You don't own the rights. You effectively rent those rights for even three years or four years or five years, and you always stand the possibility of losing those rights at the end of that period. So the ability to plan for the long term isn't as easy.

Notwithstanding all of that, it's pretty clear that live rights will, I think, continue to grow in importance. They'll continue to grow in value, and I suspect all of the



Client Perspectives



Adam Crozier Chair - BT, Whitbread & Kantar

streamers eventually, will have some form of live events to sort of balance out those great swaths of content that they have in all other areas. And once they do add more live programming, I think they'll become more mixed models in many ways - a new, modern version of the old traditional media companies. Streamers will become a little bit more like the traditional guys, but using a more techforward distribution model. And I think the traditional guys will have to move more towards what the streamers doing. You'll end up meeting in this sort of middle ground, I suspect. And once you do meet in that middle ground, then of course what will really matter is the strength of your content and the strength of your brand That takes you right back again to really investing in the brand.

#### What do you think the future looks like for BT, and how would you like to see the brand evolve over the next few years?

That's a huge question. BT's got a very big agenda - and I think BT is undergoing of the biggest business transformations in the UK, and even globally. It's a hugely important brand and company. In many ways it underpins a lot of what needs to happen in terms of supporting the UK economy in the future, building back better, levelling up and connecting people for good.

We've seen in the last two years, through COVID, just how important BT is to everybody, in every part of the UK and

beyond. One important strategy for us, is all about the rollout of Fiber and 5G: connecting every house and home and business with super-fast Fiber and 5G. That's a marketing challenge as much as it's an infrastructure challenge: it's about ensuring that once we've spent all these billions in new networks, we can actually connect people to them and generate a return. Like all companies, we have a job to do in both consumers and businesses to migrate people from legacy products to new digital products. We share that with most brands.

At the same time, we've got a big job to do to change our culture and to become much more efficient. We've got to do all of that in a much more inclusive, responsible, and sustainable way. We really do touch the environment in many ways, including things people might not think about. Like, for instance, we are the second biggest fleet of vehicles in the UK. And therefore we need to move to more electric vehicles.

And during these transformations, brand is really important for us. Because if you look at telecoms companies all over the world, it's an unusual industry, right? Because you've had usage growth of maybe 50% every two years - and yet if you look at the revenue streams of most telecom companies, they've been relatively flat. So this is clearly an issue, and as we find ways to increase revenues brand strength is absolutely key. So how we use our brands to talk to customers in the future - not just BT, but also EE, Plusnet - is really crucial for us.



# Similarly, when we think about the research industry and Kantar's place within that, what do you see as the key challenges for the next couple of years?

Kantar's challenges are very similar to its clients' challenges - which is as it should be, because we should be working closely with our partners to make them as successful as is humanly possible. A starting point, for Kantar, lies in making sure our data services are as customercentric as possible. Everyone knows, of course, that having access to accurate data is becoming more and more important for every company in the world; data around a company's market, their brands, and their consumers.

That being said, many people I talk to in the corporate world say they're sort of drowning in data. It's like you've almost got too much data. And so it begs the question: How can I collate that data? How can I use it and interrogate it to drive insights that really help me compete in a world where the goal is to capture more market share, rather than just go with the flow? Our innovations are increasingly being used by us and the market generally allows us, greater and quicker access to data on audiences, consumers and indeed on brands and their performance. And I think it's how we use that data to help our clients compete. That is absolutely critical.

## HOW BRANDS CREATE VALUE

30 - WHAT'S IN A BRAND?



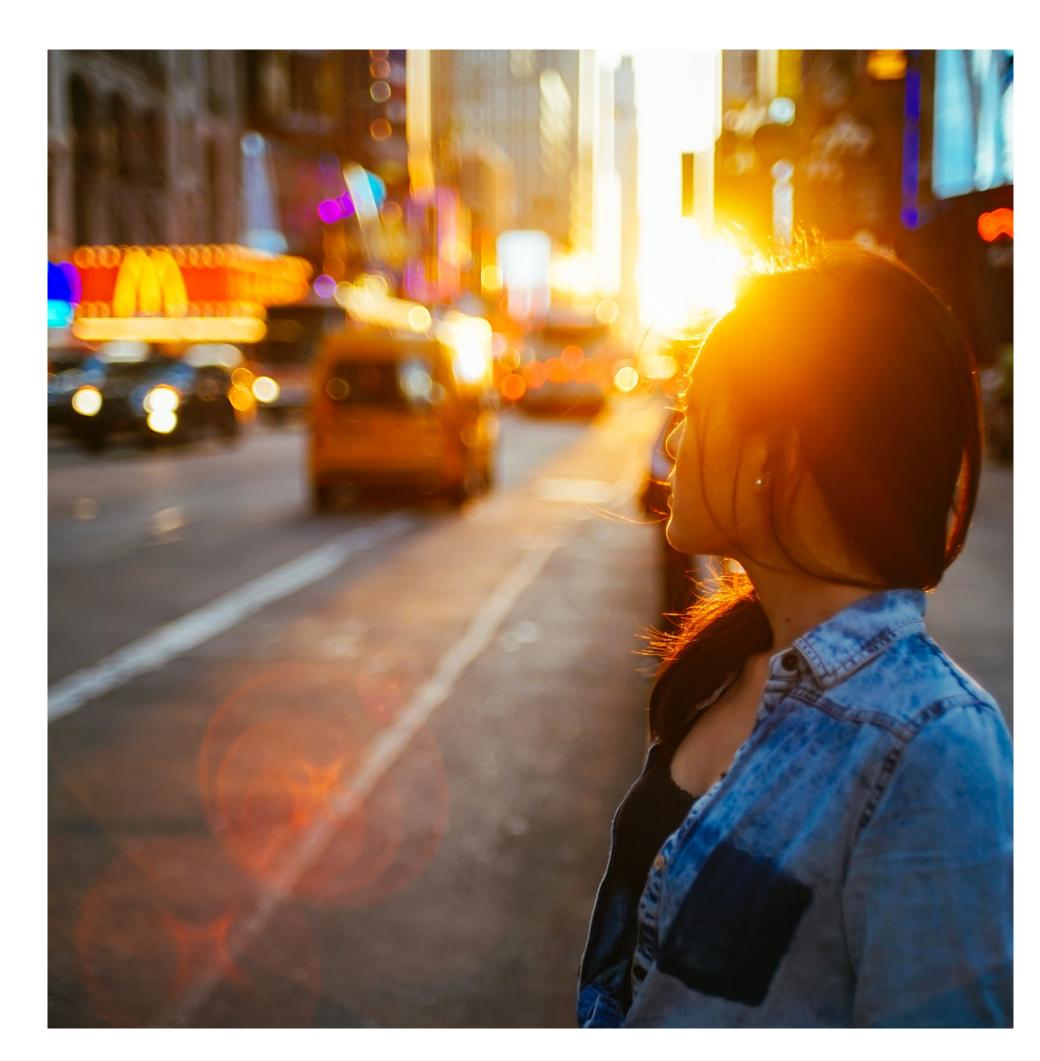


**Graham Staplehurst**Director, Thought Leadership
Kantar BrandZ

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## WHAT'S IN A BRAND?

UNRAVELLING THE FLOW
OF CONNECTIONS
THAT MAKE A BRAND
AND CREATE VALUE
FOR THEIR BUSINESSES



#### Brands: complex, dynamic flows of value

Marketing is typically seen as a series of discrete activities, at best as links in a chain where effect follows action. In reality, the world is dynamic and messy. The great marketing thinker, Jeremy Bullmore, once described brands as "fiendishly complicated, elusive, slippery, half-real/half-virtual things."

The consumer lives in a sea of marketing with currents swirling around them all the time. She is touched hundreds of times a day by brands, mostly in the smallest ways that she don't make any effort to attend to. Only some of these contacts are actively controlled by marketers, but all are part of the brand experience that shapes consumer attitudes and actions.

Equally, consumers are also creating many brand outcomes every day, some more obvious than others. A click, a search, a webpage view, a referral, a review, a moment of consumption, reading the packaging: all of these fresh connections are all potentially as important as a sale. Marketers are too frequently distracted by what is measurable easily, ignoring the broader and cumulative effects of their activities.

#### Multiple value streams, many unrecognised

The value that a brand creates for its business is typically understated. Business value comes in many forms, and a strong brand can support each of them.

- Brands predispose consumers to a product or a service. Increasing the number of people buying or choosing your brand (or their frequency of doing so) increases your volume share.
- Brands imbue products with qualities that consumers are willing to pay more for. Higher prices or lower promotional rates improve your value share, margin and profits.
- Brands attract and retain employees, partners and suppliers. Improving these relationships can reduce business costs and increase profits.
- Brands exist in the minds of people. Strong, well-built, and well-maintained brands persist in memory and deliver these value streams over time, lasting for years. A healthier business outlook improves investor relations, ease of borrowing, and the cost of capital.
- Brands have impacts outside the business. They can improve or damage aspects of society, the environment or the lives of individuals.

## The flow of connections that fill a brand's reservoir of equity

All these different forms of value are connected. We can construct a value formula which connects each element of value, one to the next. The variables involved are quantifiable. We call this formula the Meaningfully Different framework, and it helps businesses increase the value of their brands – their sales, their share price and their impact on society and the planet.

Kantar's work with clients is designed to measure *all* of these flows of value.

The Meaningfully Different framework measures the value of brand equity accumulated in the minds of consumers – its impact on penetration and market share; its impact on willingness to pay; and its impact on future growth potential.

Each brand is unique, represented by connections that each individual consumer makes in their mind. Brands are not like houses or apartments, all alike physically. They are like homes, personal to each of us, made of memories and experiences, inhabited by different personalities.

Each decision point is also unique, with an ever-changing context of needs. Brands face real-world factors like availability, pricing, and prominence. All of these impressions, connections, and experience points add up to this concept of brand equity.





## The ripple effect from consumers' decisions and how to measure it

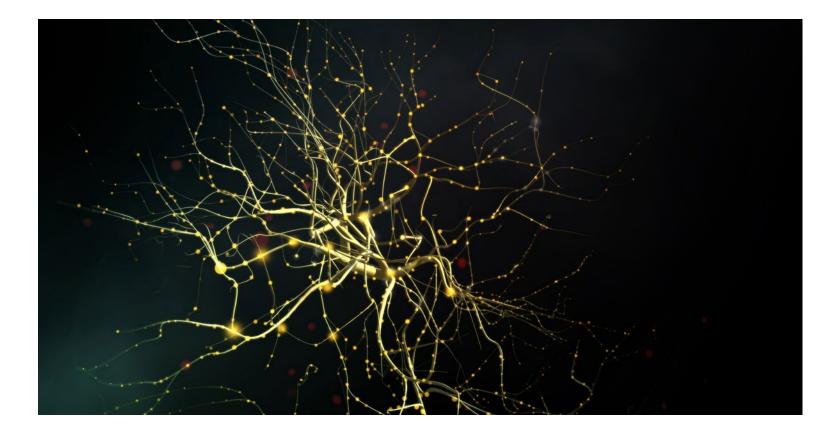
Decisions are fluid. Kantar's behavioural science team have illustrated the connections between memory, the external situation, and the processes of the brain in the diagram on the right.

Examined at a single point in time, the process seems relatively simple and linear – a combination of 'type 1' and 'type 2' thinking dominated by the easy, intuitive choices unless there are external factors or interruptions requiring a more considered view. But take a step back to a larger time frame and more connections and flows appear. Decisions and experiences feed back into memory. They affect the future contexts: trying online grocery delivery for the first time will affect decisions on many other brands and products afterwards; promotions create the expectation of lower prices; poor service delivery can trigger a later online search.

Decisions have wider consequences, like the ripples on a pond. We share experiences and memories with each other, we use brands as social currency, we see other people's brand choices, and we form part of the context for those decisions.

This bigger picture can be evaluated through brand research. We can measure the flow of inputs, we can measure the connections the consumers are making between them, and we can measure the flow of value that results.







#### **KEY TAKEAWAYS**

- Mantar BrandZ measures how meaningful, how different, and how salient brands are to consumers.

  Our metrics are the summary of the connections the consumer has to brand in their mind. These connections may be in the form of knowledge know what a brand or product does, how it works, and which needs it will meet. They may equally be feelings, emotional connections to a place, person or time in their life. And they may be previous experiences of the brand.
- Behavioural scientists have demonstrated that when any concept like the idea of a brand is needed by our brain for a task, it assembles the concept through connections of knowledge, feelings, and experiences. A balance and depth of each type of connection produces the fastest, most easily accessed representation.
- A strong brand has this same balance and depth: a wide variety of relevant thoughts and feelings evoked in the mind of the consumer. Stronger brands are evoked faster and more easily, giving it high mental availability. These guide intuitive responses when a decision is required, and support reflection, rethinking and justification around that decision.
- To guide marketers, we have also identified the four 'fundamentals' essential for strong brands: a range of well-designed products, that deliver a great product experience, fitting into consumers' everyday lives easily, all communicated effectively by the brand.

## Connecting your brand to your business's future cash flow

The value of brand equity to a business is seen in the first instance in a flow through to sales. Brand equity represents a 'reservoir' of positive connections in the minds of consumers that predisposes their current and future brand choices. Marketing can keep this reservoir replenished with a flow of fresh connections and reminders of existing ones. If a brand goes unsupported, the reservoir will maintain sales for a time, but eventually its pressure will reduce and sales decline.

Marketing also helps to optimise the activation of equity. Brands not only need to be easy to mind, they need to be easy to find. The right connections between the brand's mental associations and the context when consumers are making decisions – its price, availability, appearance and convenience – will ensure a positive flow of value to the brand.

Connections that a brand makes in people's minds are not just influential on sales. Employees are people, suppliers are people and investors are people too. The same connections that marketing has created – through product innovation, advertising and all other channels – influence decisions that people make about where they work, who they work with, and where to invest.

The value of these flows of brand connections are significant to any business even if they are more intangible and harder to measure. The ultimate flow of value from a brand is to its company's share price.

Kantar BrandZ analysis and these annual rankings have quantified the value of a brand as a business asset, using the brand equity measures that we have demonstrated flow through to sales volume, to margin and to future share growth.

Using the annual rankings, Kantar BrandZ has shown that the brands with the **strongest** connections help their company share price grow faster in good times, and resist and recover faster from difficult times, as shown by the graph on page 14.

## Don't stop there. Go beyond profit and more profit shall come

Over the last 10 years, we have seen value flow even faster into companies with the strongest brand connections. But there has also been a major change in the global context in which brands operate.

Brands are no longer seen as just the connection between the consumer and the company. Brands are the company's connection to the outside world, to our planet, and to its people. They are mechanisms through which consumers can affect many of the issues which have come to the fore over the last decade: the sustainability of our society and our environment.

You can read more about these connections and marketing's role elsewhere in this report from Kantar's Sustainable Transformation Practice. Kantar BrandZ is this year making the first step to connect social and environmental value to brand value.

Kantar BrandZ is actively developing a method to quantify the value of brands beyond profit: their value to people and to the planet. We hope to demonstrate that it is not a question of either/or. Brands can be a positive force for change in the world beyond their own marketplace. And we expect that, increasingly, brands that achieve this will see a positive flow through to their value as a business asset too.



#### KANTAR BRANDZ

#### 2022 MOST VALUABLE GLOBAL BRANDS

Rank	Brand	Brand Value (US\$ Mil.)	% Brand Value Change vs 2021	Category	Rank change	Market of Origin
1	APPLE	947,062	55%	Consumer Technology	1	US
2	GOOGLE	819,573	79%	Media and Entertainment	1	US
3	AMAZON*	705,646	3%	Retail	-2	US
4	MICROSOFT	611,460	49%	Business Solutions and Technology Providers	0	US
5	TENCENT**	214,023	-11%	Media and Entertainment	0	China
6	MCDONALD'S	196,526	27%	Fast Food	3	US
7	VISA	191,032	0%	Payments	1	US
8	FACEBOOK	186,421	-18%	Media and Entertainment	-2	US
9	ALIBABA***	169,966	-14%	Retail	-2	China
10	LOUIS VUITTON	124,273	64%	Luxury	11	France
11	NVIDIA	124,161	19%	Business Solutions and Technology Providers	1	US
12	MASTERCARD	117,253	4%	Payments	-2	US
13	NIKE	109,601	31%	Apparel	4	US
14	MOUTAI	103,380	-5%	Alcohol	-3	China
15	VERIZON	101,962	0%	Telecom Providers	-2	US
16	ARAMCO	99,327	N/A	Energy	N/A	Saudi Arabia
17	COCA-COLA****	97,883	12%	Food and Beverages	-1	US
18	IBM	96,992	6%	Business Solutions and Technology Providers	-3	US
19	ADOBE	92,830	18%	Business Solutions and Technology Providers	1	US
20	INSTAGRAM	92,098	11%	Media and Entertainment	-2	US
21	UPS	91,361	25%	Logistics	1	US
22	ORACLE	90,356	49%	Business Solutions and Technology Providers	6	US
23	AT&T	87,169	-13%	Telecom Providers	-9	US
24	YOUTUBE	86,212	83%	Media and Entertainment	15	US
25	THE HOME DEPOT	84,220	19%	Retail	0	US

Rank	Brand	Brand Value (US\$ Mil.)	% Brand Value Change vs 2021	Category	Rank change	Market of Origin
26	ACCENTURE	82,597	28%	Business Solutions and Technology Providers	1	US
27	HERMÈS	80,323	73%	Luxury	16	France
28	PAYPAL	78,745	-2%	Payments	-9	US
29	TESLA	75,933	78%	Cars	18	US
30	NETFLIX	73,518	3%	Media and Entertainment	-6	US
31	SAP	69,014	0%	Business Solutions and Technology Providers	-5	Germany
32	TELEKOM/T-MOBILE	64,572	50%	Telecom Providers	14	Germany
33	QUALCOMM	62,439	29%	Business Solutions and Technology Providers	4	US
34	INTEL	62,387	-13%	Business Solutions and Technology Providers	-11	US
35	STARBUCKS	61,758	2%	Fast Food	-6	US
36	XFINITY	61,613	4%	Telecom Providers	-5	US
37	WALMART	61,492	3%	Retail	-7	US
38	DISNEY	60,487	10%	Media and Entertainment	-5	US
39	MARLBORO	58,384	2%	Tobacco	-7	US
40	LINKEDIN	58,077	63%	Media and Entertainment	14	US
41	CISCO	57,026	22%	Business Solutions and Technology Providers	0	US
42	TEXAS INSTRUMENTS	56,123	14%	Business Solutions and Technology Providers	-7	US
43	SALESFORCE	54,970	12%	Business Solutions and Technology Providers	-7	US
44	SAMSUNG	54,029	16%	Consumer Technology	-2	S. Korea
<b>4</b> 5	CHANEL	53,021	13%	Luxury	-5	France
46	TATA CONSULTANCY SERVICES	50,349	61%	Business Solutions and Technology Providers	12	India
47	INTUIT	49,618	38%	Business Solutions and Technology Providers	6	US
48	COSTCO	49,614	41%	Retail	7	US
49	SPECTRUM	49,554	5%	Telecom Providers	-11	US
50	L'ORÉAL PARIS	47,480	24%	Personal Care	-2	France

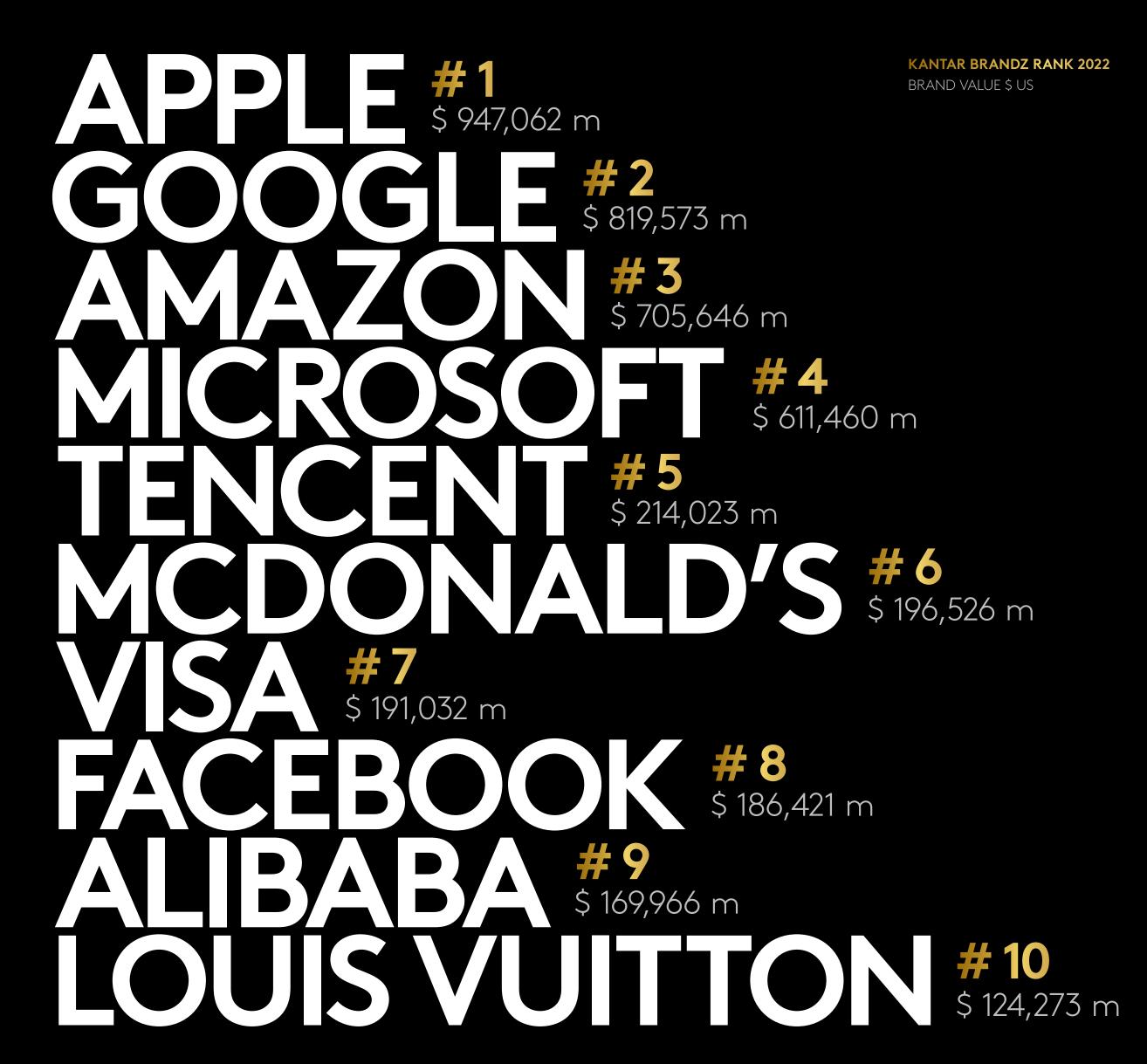
#### KANTAR BRANDZ

#### 2022 MOST VALUABLE GLOBAL BRANDS

Rank	Brand	Brand Value (US\$ Mil.)	% Brand Value Change vs 2021	Category	Rank change	Market of Origin
51	MEITUAN	45,051	-14%	Services Platform	-17	China
52	AMD	44,677	36%	Business Solutions and Technology Providers	5	US
53	TIKTOK	43,483	0%	Media and Entertainment	-8	China
54	AMERICAN EXPRESS	43,358	52%	Payments	7	US
55	WELLS FARGO	43,052	54%	Banks	7	US
56	XBOX	39,674	31%	Consumer Technology	3	US
57	RBC	39,522	43%	Banks	6	Canada
58	GUCCI	37,887	12%	Luxury	-2	Italy
59	J.P. MORGAN	37,412	55%	Banks	15	US
60	JD	36,812	-17%	Retail	-16	China
61	HDFC BANK	35,603	35%	Banks	5	India
62	ICBC	35,315	-6%	Banks	-11	China
63	HAIER	35,152	33%	loT ecosystem	2	China
64	INFOSYS	33,551	N/A	Business Solutions and Technology Providers	N/A	India
65	VODAFONE	33,357	12%	Telecom Providers	-5	UK
66	TOYOTA	33,108	23%	Cars	-2	Japan
67	HUAWEI	32,672	-14%	Consumer Technology	-17	China
68	CHASE	32,098	47%	Banks	12	US
69	BANK OF AMERICA	30,846	60%	Banks	29	US
70	MERCEDES-BENZ	30,349	17%	Cars	-3	Germany
71	MERCADO LIBRE	29,916	N/A	Retail	N/A	Argentina
72	TD	29,720	47%	Banks	18	Canada
73	SIEMENS	29,197	24%	Conglomerate	2	Germany
74	SNAPCHAT	28,934	34%	Media and Entertainment	8	US
75	UNITEDHEALTHCARE	28,315	36%	Insurance	10	US

Rank	Brand	Brand Value (US\$ Mil.)	% Brand Value Change vs 2021	Category	Rank change	Market of Origin
76	BMW	27,594	11%	Cars	-5	Germany
77	PING AN	27,438	-28%	Insurance	-28	China
78	DHL	26,951	34%	Logistics	14	Germany
79	UBER	26,892	20%	Services Platform	-1	US
80	COMMBANK*	26,601	37%	Banks	17	Australia
81	DELL TECHNOLOGIES	26,544	7%	Business Solutions and Technology Providers	-9	US
82	KUAISHOU	26,535	N/A	Media and Entertainment	N/A	China
83	ZARA	25,400	19%	Apparel	0	Spain
84	NTT	25,244	23%	Telecom Providers	4	Japan
85	FEDEX	24,626	4%	Logistics	-9	US
86	LOWE'S	24,562	19%	Retail	0	US
87	LANCÔME	23,871	37%	Personal Care	N/A	France
88	CHINA MOBILE	23,813	-8%	Telecom Providers	-20	China
89	ADIDAS	23,791	6%	Apparel	-10	Germany
90	TARGET	23,539	39%	Retail	N/A	US
91	IKEA	23,414	11%	Retail	-7	Sweden
92	LIC	23,265	-4%	Insurance	-19	India
93	BUDWEISER**	23,163	-9%	Alcohol	-24	US
94	AIA	22,733	10%	Insurance	-7	Hong Kong
95	KFC	22,293	23%	Fast Food	N/A	US
96	ADYEN	21,757	N/A	Payments	N/A	Netherlands
97	XIAOMI	21,653	-13%	Consumer Technology	-27	China
98	ALDI	21,282	20%	Retail	N/A	Germany
99	AIRBNB	21,276	N/A	Services Platform	N/A	US
100	MORGAN STANLEY	21,219	N/A	Banks	N/A	US

\*Commonwealth Bank of Australia. \*\*The Brand Value of Budweiser includes Bud Light. Source: Kantar/BrandZ (including data from Capital IQ and Kantar Consulting) Top 10 Global Brands



# TOP BRANDS

Apple is the most valuable brand in the world in 2022, regaining the top spot in the Kantar BrandZ Global rankings that it last held in 2015. Despite industrywide supply chain constraints, this year saw Apple move from strength to strength as it increased its brand value by a robust 55%.

Top 10 Global Brands

# THE GLOBAL TOP 10 APPLE RECLAIMS THE TOP SPOT

Even among top brands, Apple stands out for its high degree of differentiation and control. By manufacturing its flagship A15 and M1 processing units in-house, Apple has gained even more pricing power and logistical flexibility in the market.

Just as importantly, Apple's hardware advances have powered new consumerfacing breakthroughs in areas like computing speed and camera processing. These breakthroughs are then, in turn, brought to eye-popping life by the brand's best-in class marketing communications team - which has protected and expanded the brand's edge in measures of Difference.

In the regulatory realm, Apple's new data-collection policies for its iOS software have reshaped the advertising and social media industries as profoundly as any government regulations. Going forward, don't be surprised if Apple becomes the world's first brand to cross \$1 trillion in brand value in the Kantar BrandZ ledgers.

Just below Apple in the Global Top 10, Google has risen one spot to number two. The brand's 79% year-on-year growth makes Google the third fastest riser overall in the Global Top 100, behind only Cartier and Google's own sibling brand YouTube. Similar to Apple, Google's established dominance (here, in search), has allowed it to navigate the transition to "post-tracking" regulatory landscape from a position of strength - while Google's suite of work and productivity apps have made it an essential part of consumers' lives worldwide.

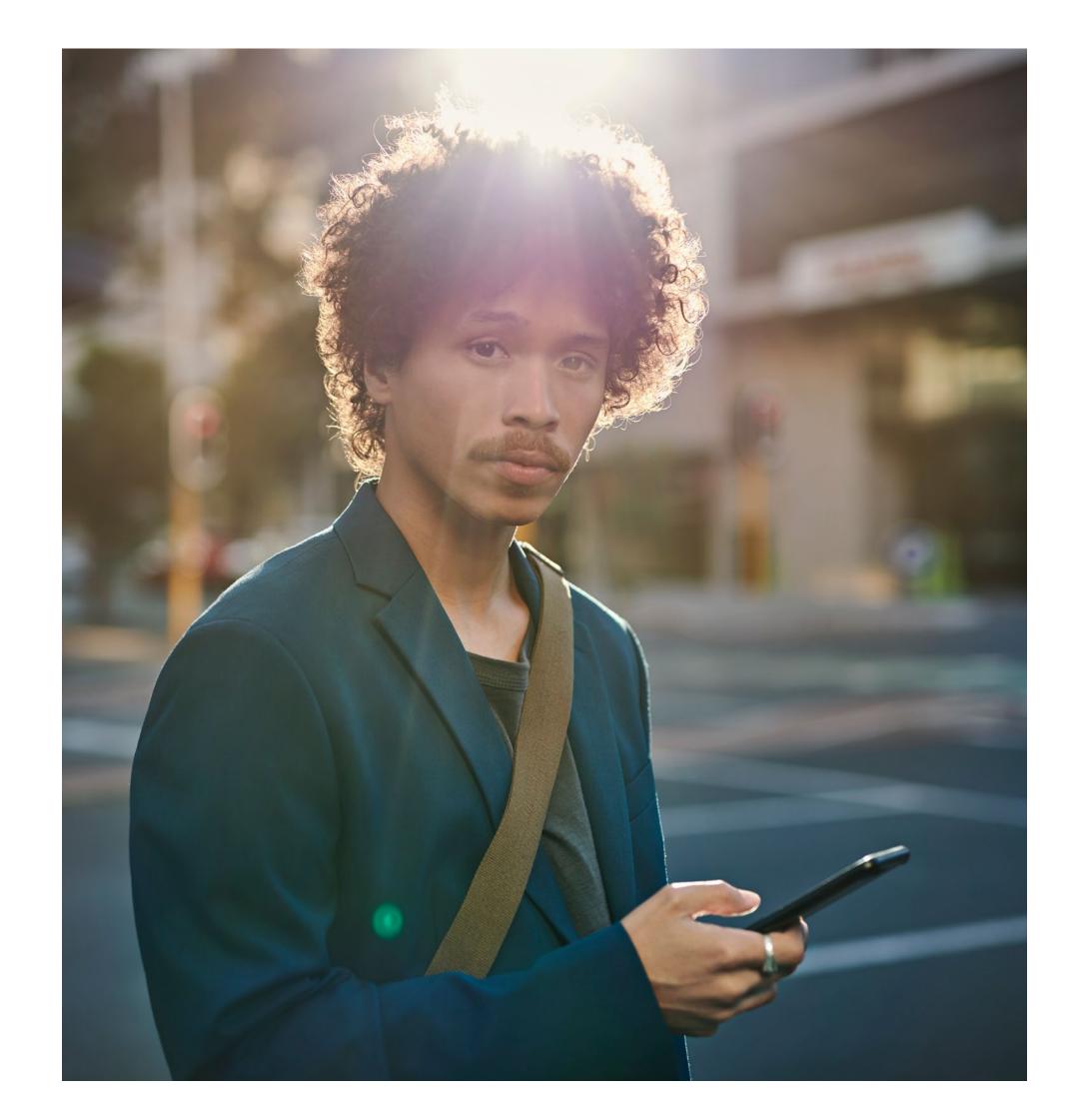
Last year Amazon was the world's most valuable brand. Now it sits at third on the list, after Apple and Google's exceptionally strong year-on-year growth figures allowed those brands to leapfrog the retail giant.

As lockdown-era surges in online shopping began to recede and stabilize, Amazon grew 3% year-on-year for a total of more than \$705 billion - which, to be sure, is still a massive valuation. Going forward, Amazon will seek to elevate its growing advertising, media, and cloud computing divisions alongside its core retail business.

When the Kantar BrandZ global rankings first launched in 2006, Microsoft was the world number one with a total valuation of some \$62 billion. In the years since, it has not only survived, but thrived, with a total value of more than \$611 billion and holding fast to the number four spot in the Global Top 10. It's true that, today, Microsoft is no longer trying be all things to all people - but what it's become instead under the watch of CEO Satya Nadella, is the world's most enduringly valuable Business Services brand, and that's no small feat.

For all that tech brands have remained a dominant force in the Kantar BrandZ Top 10, as a group they are more vulnerable to regulatory headwinds than brands in other categories. This fact helps to explain the more challenging year experienced by the Chinese brands Alibaba and Tencent - as well as the US social media giant Facebook, which has also had to contend with changing smartphone standards set forth by Apple and Google Android.

Nevertheless, nine brands from last year's Global Top 10 have returned to comprise this year's elite upper tier of brand value. They are joined for the first time by Louis Vuitton in the number 10 spot.



Top 10 Global Brands

### **BRAND SPOTLIGHT**



Even with supply constraints, Apple booked record revenue in 2021 on the strength of both its products and services. By the end of that year, Apple reported some 785 million paying subscribers for its entertainment, cloud, and app services. On the hardware side, it now boasts some 1.8 billion active installed devices worldwide. In March, Apple TV+ became the first streaming service studio to win a Best Picture Oscar, for its film CODA.

Apple's brand superpower lies in its Difference. No other brand in the Kantar BrandZ Global Top 100 has a higher score for this crucial attribute:

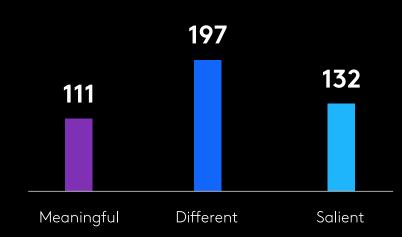
Apple's global reach and consistency have leveraged these qualities into a unique ecosystem

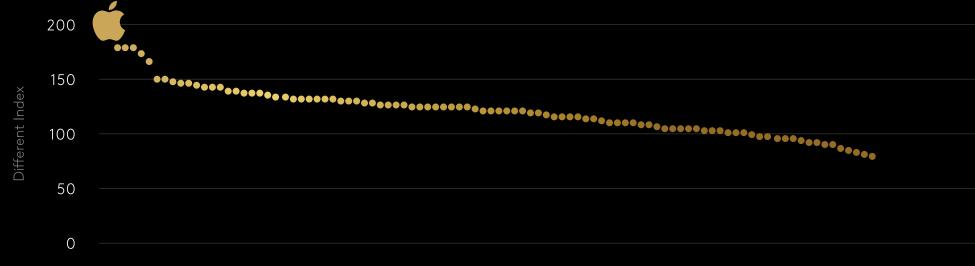
2022 BRAND VALUE

\$947,062m

2021 Brand value \$611,997m

+55% year on year





Top 100 brands, ranked on Difference

### **BRAND SPOTLIGHT**



2022 BRAND VALUE

\$611,460m

2021 Brand value \$410,271m

+49% year on year

### \$571M INVESTED

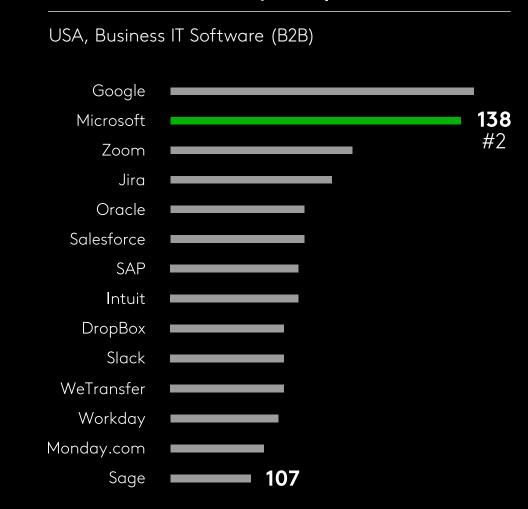
\$471M to the brand's Climate Innovation Fund to accelerate towards reduced carbon goals and address water waste.

\$100M donated to Breakthrough Energy's Catalyst initiative, aiming to fund and demonstrate decarbonisation technologies.

Microsoft is the world's most valuable Business Services brand, and has also made sustainability a key part of its differentiated business proposition. Most notably, it has committed to becoming a carbon negative, water positive, and zero waste company by 2030.

These efforts are good for the planet, and for Microsoft's brand reputation. But they're also advantageous for Microsoft's cloud and software clients, as well, now that companies are adding environmental impact benchmarks into their financial reports.

#### Consumer Sustainability Perception Index\*



#### Microsoft Consumer Sustainability Perception Index



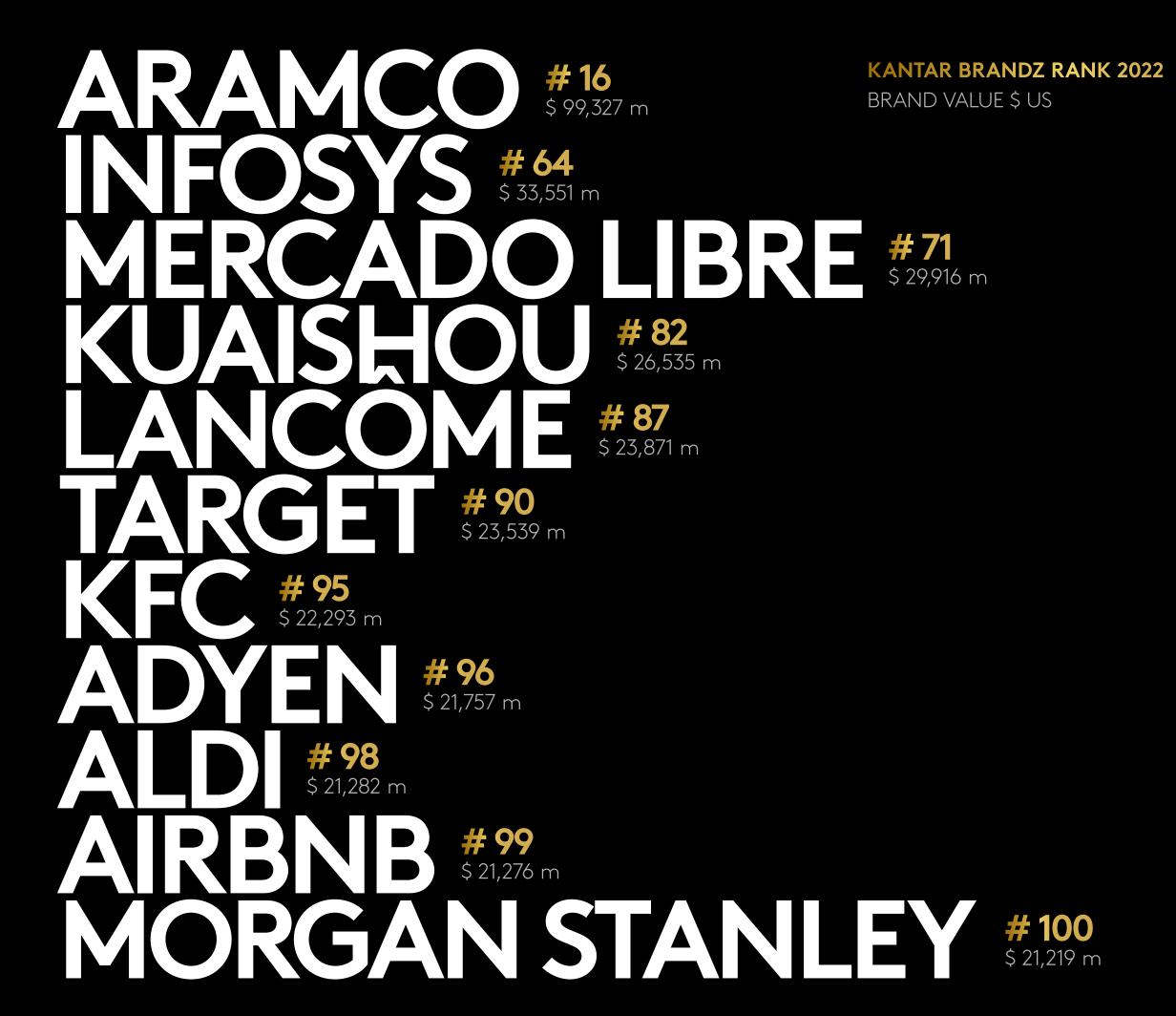




\*Consumer Sustainability Perception Index is a weighted average of behaviour towards the environment, society, employees and supply chain Source: Brand7, USA, 2021, Business IT Software

30

Newcomers KANTAR BRANDZ



# NEWCOMERS

This year's Kantar BrandZ Global Top 100 features 11 Newcomers - including six brands that are entering the list for the first time, and five returning names. Newcomers RANDZ

# **NEWCOMERS**

# ELEVEN BRANDS JOIN THE TOP 100

Aramco, one of the world's largest integrated energy and chemicals companies is the highest value new entrant on the Newcomers list, with a value of more than \$99 billion. Following its IPO in 2019, Aramco instantly became one of the world's largest publicly traded companies by market capitalisation.

As a group, 2022's Newcomers defy easy summary. They hail from nine different categories - including Airbnb, which essentially invented a category of its own upon its founding in 2008.

Even among the three retail brands included this year, you'll find a global brick-and-mortar grocery specialist (Germany's Aldi), a single-market omnichannel player (America's Target), and a regional e-commerce pioneer (Argentina's Mercado Libre). Among all retail brands in the Top 100, Aldi and Target stand out as especially strong in developing resonant in-house subbrands - a practice that can be crucial for retaining strong profit margins.

These Newcomers are similarly spread out geographically, hailing from eight different countries - and expanding the Top 100's geographic spread with the debut of brands from Saudi Arabia, Argentina, and The Netherlands (home to payment platform Adyen).

Some Newcomers began their lives as challenger brands before finding their own differentiated niche - as in the case of Kuaishou, which followed TikTok/Douyin into the short-form video market before carving out a reputation for its shoppable livestreams. Others, like Infosys, started out with a pioneering offer (e.g. outsourcing) and now provide a wider range of services.

Some Newcomers, like Adyen, have conspicuously spurned talks of mergers and acquisitions to focus on organisation growth. Others view linkups as a path to continued growth - as in the case of Morgan Stanley, which acquired the online broker E\*TRADE at the end of 2020.

What these Newcomers all share, ultimately, is the ability to scale an uncommonly high hurdle: the ever-rising barrier to entry into the BrandZ Global Top 100. This year, contenders needed to exceed a total valuation of \$21,219 million to earn the title of one of the world's biggest brands - a threshold that's increased more than fourfold since the list's debut in 2006.

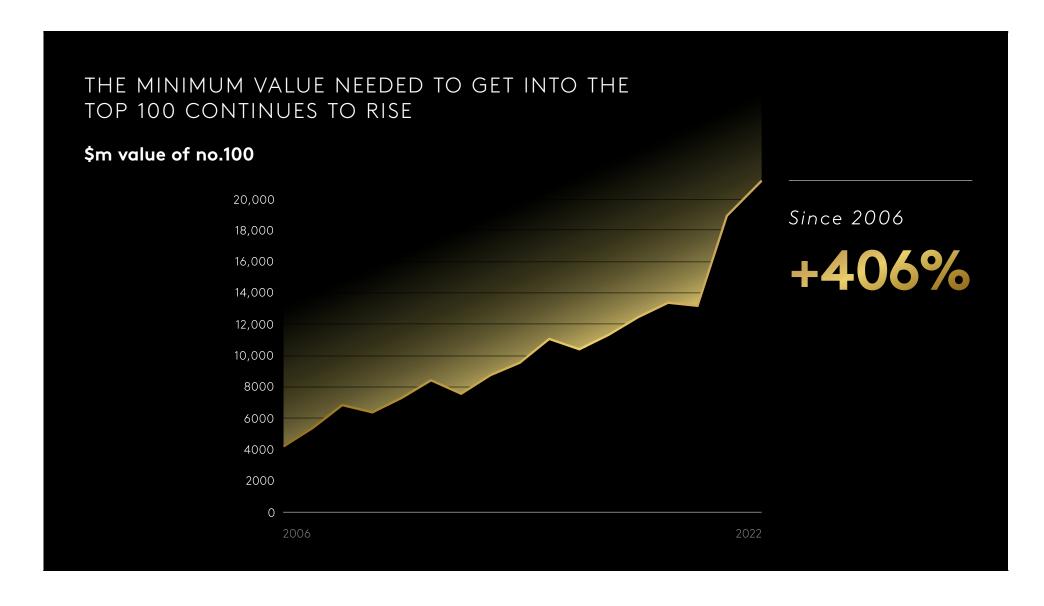
#### TOP 100 NEWCOMERS

# 6 brands have entered the Top 100 for the first time in 2022

Rank	Category	Brand	Brand Value (\$ Million)
16	Energy	ARAMCO	99,327
64	Business Solutions	INFOSYS	33,551
<b>7</b> 1	Retail	MERCADO LIBRE	29,916
82	Media and Entertainment	KUAISHOU	26,535
96	Payments	ADYEN	21,757
99	Services Platform	AIRBNB	21,276

#### 5 brands have returned to the Top 100

Rank	Category	Brand	Brand Value (\$ Million)
87	Personal Care	LANCÔME	23,871
90	Retail	TARGET	23,539
95	Fast Food	KFC	22,293
98	Retail	ALDI	21,282
100	Banks	MORGAN STANLEY	21,219



41

Top Risers KANTAR BRANDZ



# TOP RISERS

Luxury, search and social media brands lead this year's list of the fastest risers in the Kantar BrandZ global rankings.

# TOP RISERS

# CARTIER, YOUTUBE, GOOGLE ZOOM AHEAD

Among all brands in the Kantar BrandZ Global Top 100 and global category rankings, haute jeweler Cartier posted the strongest year-on year growth, at 88.3%. It is joined on the Top Risers list by fellow luxury brands Hermés, which rose 73.2%, and Louis Vuitton, which grew 64.1% to vault itself into this year's Global Top 10. Even in their rarified luxury cohort, these three brands stand out for their ability to set premium prices, and for the perception that their products are especially smart buys when it comes to retaining value.

Alphabet stablemates Google and YouTube also had a stellar showing, rising 79% and 83%, respectively, in a year when the average brand in the Global Top 100 grew 23%. They were joined on the Top Risers list by fellow media brand LinkedIn, which saw enhanced relevance as a recruiting tool thanks to tighter-than-ever labor markets.

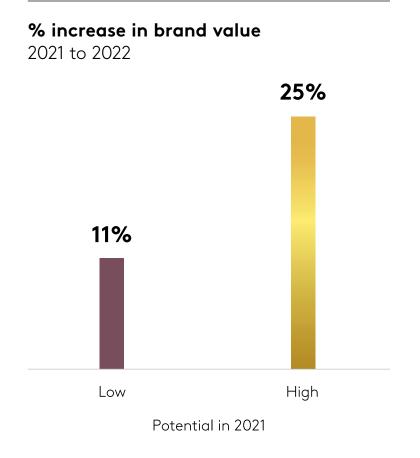
Brands devoted to enabling digital transformation also saw their fortunes soar, as legacy players like Telekom/T-Mobile, Microsoft, Oracle and Tata Consultancy Services took advantage of a system-wide reorganisation of how the world works.

Meanwhile, a number of North American bank and payments brands - including Bank of America, J.P. Morgan, Wells Fargo, American Express, TD, and Chase continued to benefit from macroeconomic recovery trends, while also catalyzing their own digital transformations in the form of revamped apps and new customer service platforms.

Last year, a big story among Top Risers was that of the classic bounce-back recovery; some 19 brands posted year-onyear gains of 60% or more as industries reset from lockdown-era lows. This year, it's about finding ways to grow in a new, transformed world.

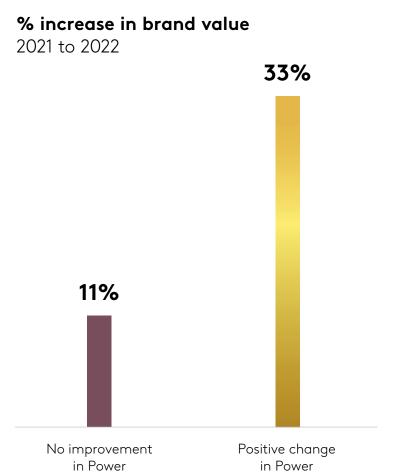
In this quest for brand value growth, category-leading brands like Tesla and Apple can draw on both consumer enthusiasm, and stock market hype which perhaps makes their return to the Top Risers this year no great surprise, even if it remains an impressive feat.

But the data shows that brands of all sizes can, and have, found pathways to exceptional growth. This growth journey starts with the fundamentals of brand building: As brands continued to recover from the pandemic, having a high Brand Potential in the 2021 data (i.e., an excess of Meaningful Difference relative to Salience) predicted much faster growth for 2022:

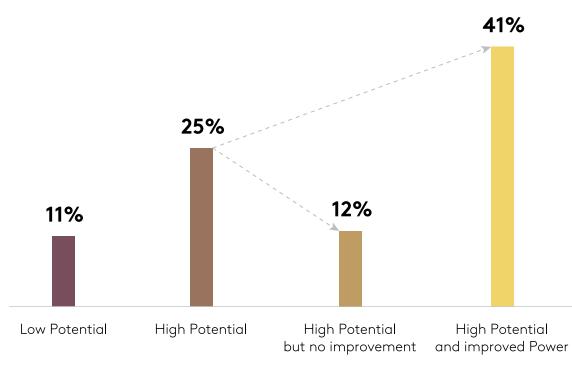


Meanwhile, brands that took positive action and improved their Brand Power (i.e., consumers' predisposition to choose their brand over others in their category) between this year and last also accelerated growth.

It's therefore no surprise that the brands that tended to grow most in the Kantar BrandZ data succeeded both ways: they came out of 2021 with high Brand Potential, and then capitalized on that potential by increasing their Brand Power scores.



% increase in brand value 2021 to 2022 25%

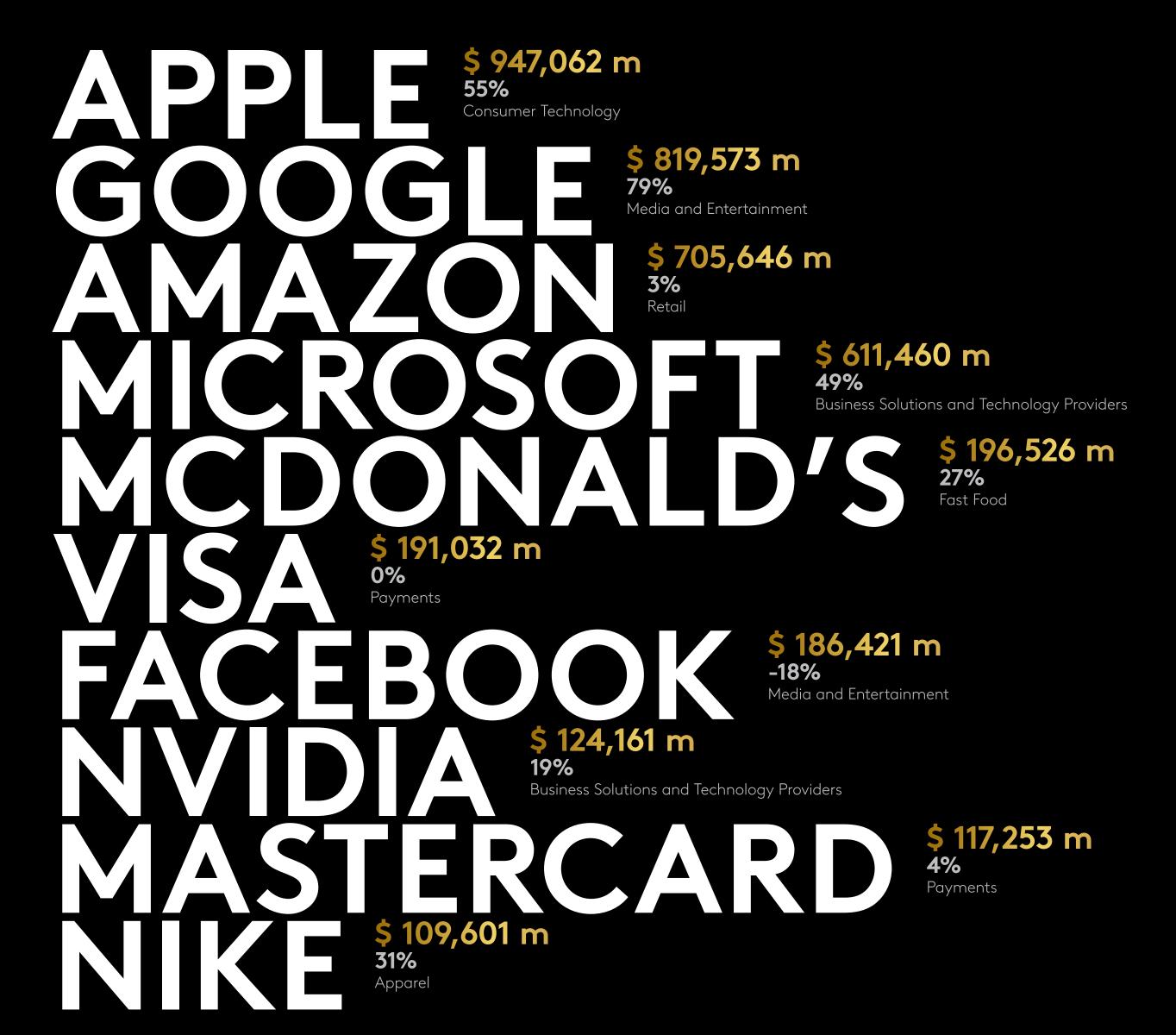


# KANTAR BRANDZ

# GLOBAL PERSPECTIVES

- THE AMERICAS
- ASIA-PACIFIC
- CHINA
- EUROPE, THE MIDDLE EAST AND AFRICA





# THE AMERICAS TOP TEN

**BRAND VALUE 2022** 

**% Brand Value Change 2022 vs 2021**Category



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Consulting Retail
Kantar

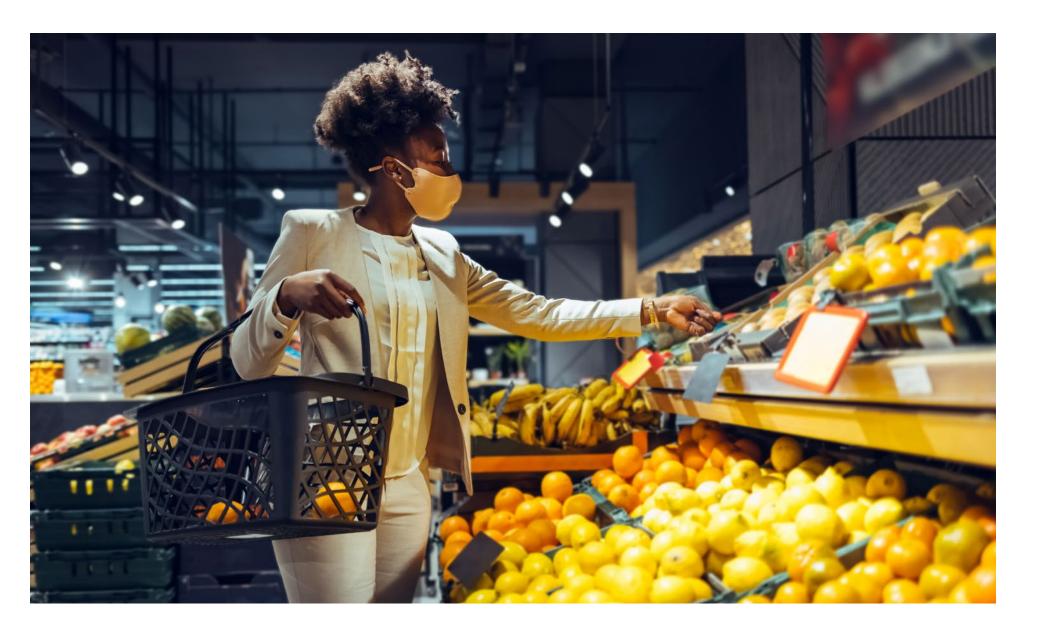
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# POWER UP BUILDING BRAND VALUE DURING DISRUPTIONS

#### **Disruptions**

This is a moment of disruption, a spirited moment of change. Oftentimes, the instinct during disruptions is to pull back on brandbuilding: to take value out, rather than build more in. But Kantar BrandZ shows that high-growth brands embrace disruption and lean into building brand value. They *power up*. This is the critical imperative for an age in which disruption is the new normal.

The trifecta of the continuing pandemic, the rise of inflation, and the Ukraine War have unseated any expectation of a return to pre-March 2020 "old normal." More than that, though, these events solidify the notion that we are living through an era – and perhaps even a century – that is characterised by an unusually high frequency of disruptive events, both bad and good.

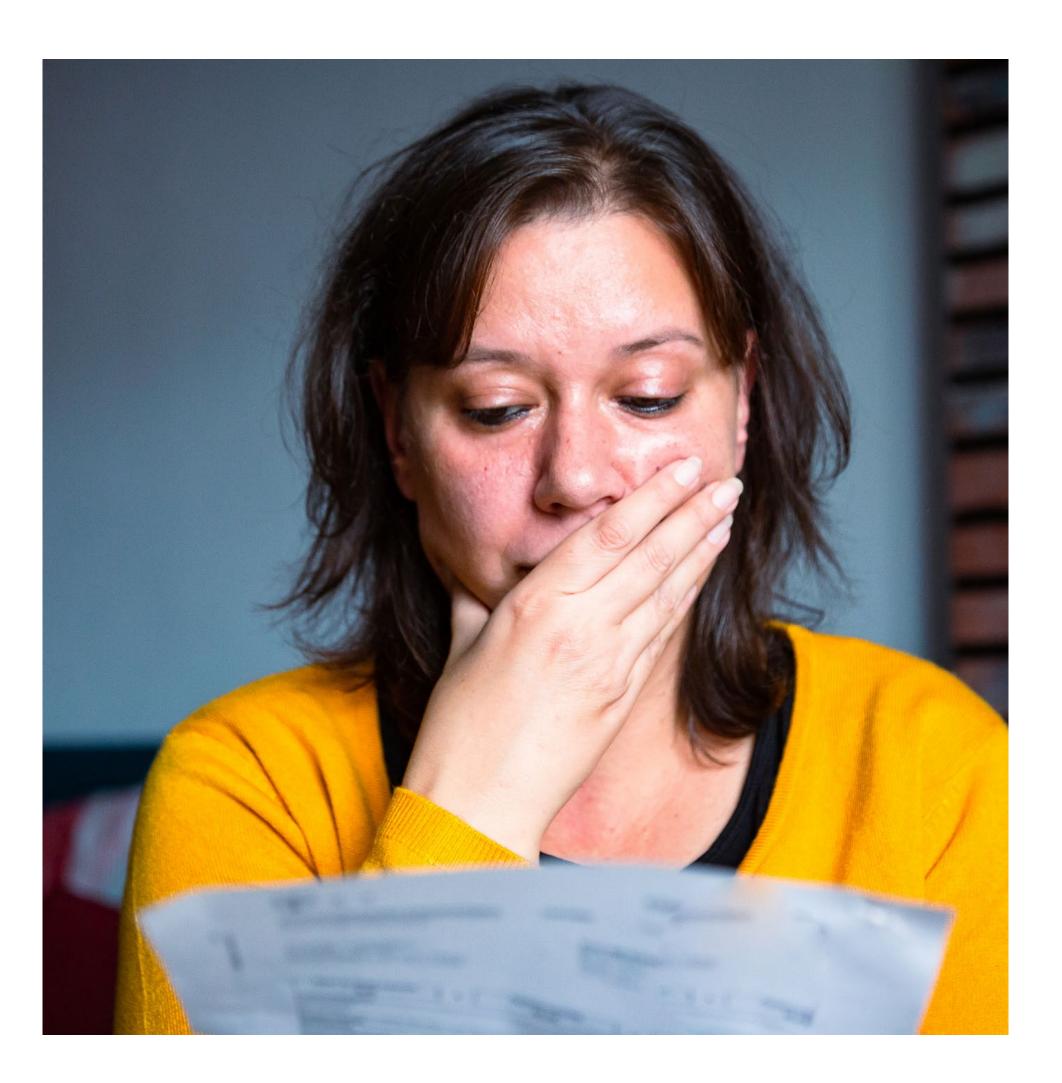


Brands should remember that with volatility, comes dynamism: disruptions always stir up new opportunities for change. Businesses that power up in the face of marketplace disruptions can ride the surge of positive change that often follows volatility. Why are volatility and dynamism so linked? Change, turnover, and realignment put pressure on incumbent models and processes. Critical mass appears in new places. Shifting lifestyles create new needs out of new habits and new routines, such as those created by the hybrid workstyles ushered in by the pandemic.

Everything is unsettled by disruptions. And that means value-building opportunities for forward-looking brands: brands that are willing to invest in reinventing categories, breaking rules, and redefining expectations.

The period from the mid-1980s to the start of the global financial crisis is known to economists as the Great Moderation. That was a time when disruptions were less frequent and market swings less volatile. This relative stability meant a more forgiving time for brand planning and business investment. Globalism was the aspirational framework of exchange. Technology supplied the infrastructure of efficiency. Progress was benchmarked against shared international commitments to reducing global poverty, forestalling environmental degradation, safeguarding the global peace, and keeping inflation at bay.

With the turn of the century, volatility has returned, particularly after the financial crisis. Looking ahead, a plethora of structural disruptions, both ongoing and imminent, will weaken the underpinnings of the previous global regime. The key dynamic here isn't the emergence of any one, individual disruption. Rather, it's that we're entering a macro environment of accumulating disruptions, all piling up and amplifying volatility and uncertainty. The current triple threat of the pandemic, inflation, and war in Ukraine is a foretaste of this future.



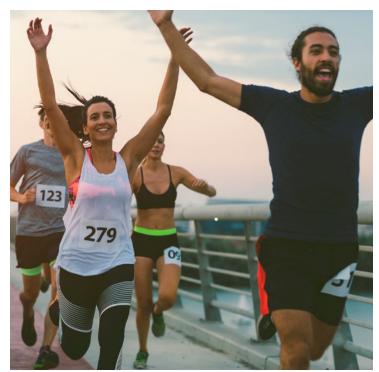
#### Dynamism

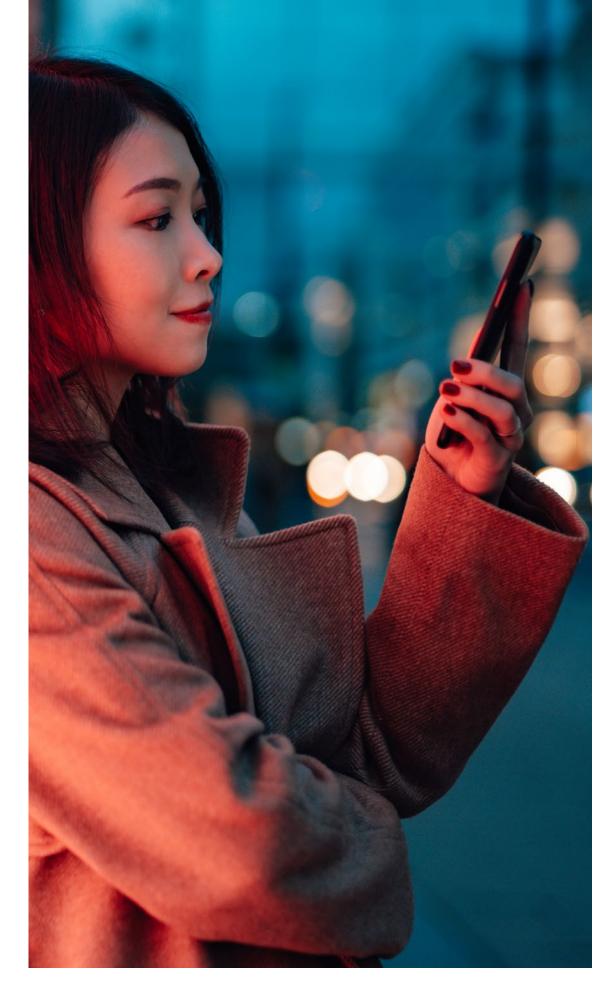
Disruptions can also be thought of as discontinuities: they interrupt business as usual, and set off a virtuous cycle of dynamism. A cascade of changes large and small ensues. This volatility creates a dynamic moment of new possibilities, which in turn creates even more disruptions that keep the cycle turning. But brands must power up to lean into dynamism, or the window of opportunity will close on them. In crisis after crisis, BrandZ tracking has shown that brands that sustain value-added marketing during disruptions overperform compared to those who cut back or suspend their brand-building activities. Expect the same to be true going forward.

Disruptions come in many forms. Perhaps the biggest disruption of this century has been the iPhone, which triggered the mainstream adoption of smart, handheld digital devices. The effect on commerce has been profound, and it has piled up with other disruptions to utterly reinvent how consumers live, work, shop and manage their lives. The dynamism unleashed by the iPhone installed bold new brands as the next generation of dominant enterprises. This is reflected in Apple's number one position in the 2022 Kantar BrandZ Top 10 – as well as in the next three positions of Google, Amazon and Microsoft, respectively, followed by Facebook/Meta in the number seven position and Nvidia at number eight.

Kantar BrandZ shows that brands building strong equity perform better both during and after economic disruptions. The next four most valuable North American brands—McDonald's, Visa, Mastercard and Nike—are further evidence of this.







#### Value-Add

To navigate this journey from disruption to dynamism, brands must be more thoughtful and more creative. This suggests three things in particular.

First, brands must widen their field of view with a more expansive understanding of context and scale. For example, Apple's network of products ranges across an ever-widening array of hardware, payments, and pricing, which opens up applications and crossover opportunities, and safeguards affordability in the face of inflation.

In this same vein, brands need tracking metrics tied to new perceptions and behaviors. Going forward, emotional security will be more and more important to building brand equity. Greater relevance in local communities will be critical for big global brands. And shifting the architecture of brand operations from systems built for *stability*, to systems built for *volatility*, will be essential.

Second, brands must lock down trust if they are to be a haven of stability and safety during disruptive times. More than in the past, brands today must build trust on the basis of societal performance, not just product performance. The pressure on brands to go beyond government sanctions during the Ukraine War is a reminder that consumers are holding brands accountable to a set of responsibilities and expectations that are greater than the commercial sphere alone. Sometimes, this means a social purpose that is integrated into the entire organisation. Nike is a good example with its ongoing commitment to inspiration and innovation for everyone, not just high-performance athletes, but particularly girls and minority communities.

Finally, brands must bring along the entire ecosystem of demand. Brands must de-risk disruption for consumers. Brands must become more imaginative in the structures, processes and practices that inform the vision and decisions of senior leaders. And brands must layer in foresights and futures thinking on top of traditional methods of extrapolation and linear thinking. The tried-and-true mechanics of marketing that worked well during the era of stability that is now in the rearview mirror will not suffice for the era of disruption and volatility that lies ahead.

Brands must power up and lean into building brand value during disruptions and dynamism. Consumers want something better, not a cheaper version of the same old thing. Brands must deliver greater value, not less, by powering up for the challenges and opportunities ahead.

Global Perspectives – APAC



# ASIA-PACIFIC TOP TEN

**BRAND VALUE 2022** 

**% Brand Value Change 2022 vs 2021**Category

\* Tata Consultancy Services \*\*Commonwealth Bank of Australia Global Perspectives – APAC



**Wayne Levings**President APAC, Insights
Division, Kantar

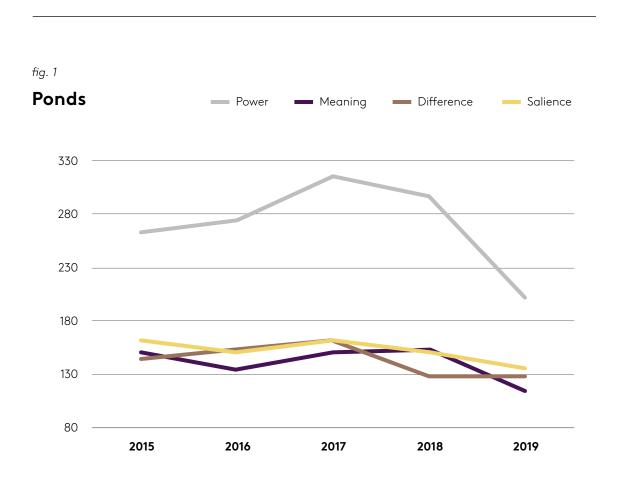
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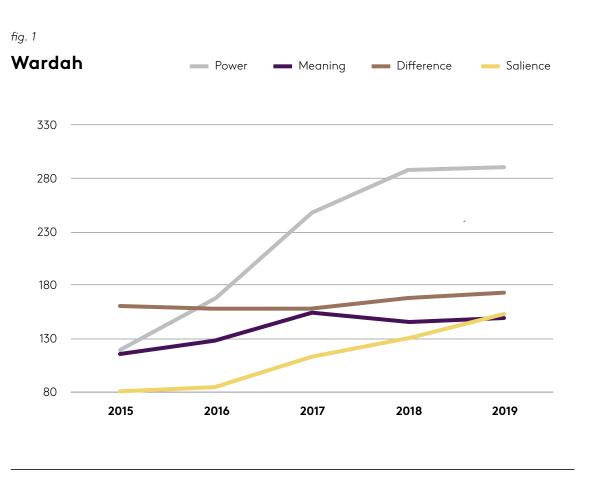
# SEEKING THE POT OF GOLD IN THE RAINBOW CONTINENT

Does the law of the jungle apply to the market? Al Ries and Jack Trout, in their classic book on *Marketing Warfare*, claim that the big fish always eat the small fish.

Wardah in Indonesia tells quite the opposite story. A pioneer of halal beauty products, Wardah grew from 4% to 16% in just three years. With an intimate understanding of beauty preferences of young fashionable Muslim women, the brand offers affordable product lines that were culturally and functionally customised to people's needs. In Indonesia, the halal certification is also wielded as a certification of health, quality, and safety. Now, the Wardah brand is expanding to other Muslim countries. Kantar BrandZ beautifully tracks the dramatic rise of this brand from Specialist to Iconic status – at the same time that more established global players in Personal Care are seeing their Brand Power decline in the Indonesian market.







Global Perspectives – APAC

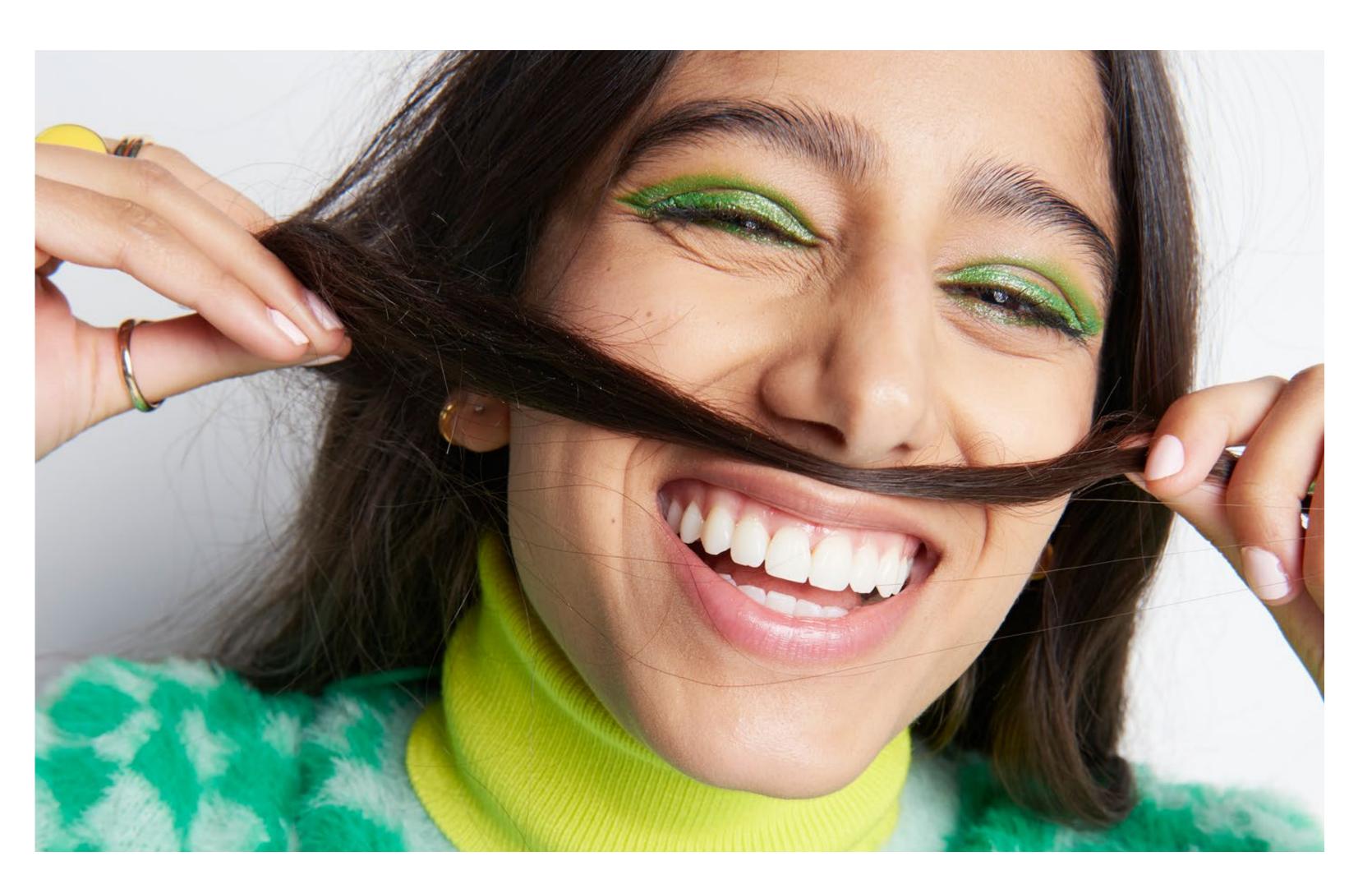
#### Opportunities for smaller brands

Wardah is exceptional, but not an exception. India, China, Indonesia – all markets are celebrating local successes. In India, the FMCG brands Patanjali and Dabur have rekindled local pride in Ayurveda, and have especially changed the shape of the Indian oral care market.

Similarly, the health supplement brand Yunnan Baiyao (China) and the toothpaste brand Tepthai (Thailand) are super-premium labels that draw on local knowledge of Chinese medicine and herbs. Both started as challengers and have now captured serious business from their respective market leaders. And crucially, their 'natural' positioning has helped them to outperform the bigger players not just on growth, but on premium pricing as well.

For decades, the Asian market landscape has been dominated by legacy brands. There were good reasons for this: big brands represented aspiration, and usually offered superior quality. Crucially, they also had the resources and the muscle to create the physical and mental presences that offered the "social proof" of their importance – which is so critical in markets that are taking their first steps into consumerism. In short, size and success made these legacy brands unbeatable on power in the market, and their deep pockets served as an entry barrier against would-be challengers.

The balance of power, however, is shifting. For almost a decade now, local homegrown brands have emerged as serious challengers. From modest starts, catering to small geographies or limited demographics, they are now undoubtedly contenders for the future. The pandemic has only accelerated this trend in many Asian markets. In most of the world, big brands may have held the advantage during this decade - but it was the smaller, nimbler players that grew faster during lockdowns in markets like Indonesia.



#### WHAT HAS POWERED THE GROWTH OF THESE BRANDS?

Attacking Weakness in the Strength

Several success stories have emerged through attacking bigger brands' Achilles heels. The very qualities that make market leaders strong (their scale, their international footprint, their clearly defined mission, and their well-laid-out plans) can also make big players less agile. These qualities can make them less culturally adaptive too, and thus distant from local consumers.

In contrast, local brands are nimble and agile, much more equipped to change at a moment's notice. They have been unafraid to use hyper-local strategies to win in segments ignored by their bigger rivals. The brand Ghari, for example, has used aggressive pricing and trust-building quality controls to become the largest detergent brand in India – in less than a decade. Ghari started modestly as a regional success story before taking on the mighty detergent giants. And today, holds a 17.1% share. Crucially, Ghari wasn't afraid to attack the strongest pillar of the leading brands: distribution and trade relationships. By offering higher margins to retailers, Ghari built loyalty with the trade, penetrating what felt like unassailable power in the market.

Competing in markets where discretionary income is minimal, many leading Asian brands are built on the conviction that price and quality are not tangential vectors, and that good quality is everyone's entitlement. This isn't a brand-new strategy: it is what Japan took to the world in the

Democratization of price and quality

1980's, when it quickly rose to become a leader in automotive and consumer technology categories.

**3** 

#### Back to Basics

Leading emerging brands discard the higher order narrative and refocus on the product and user-based innovations - innovations that optimally deliver access, pricing, and quality. The brand BCA, from Indonesia, has brought about digital transformation of financial services in that country. It has done so by simplifying; widening reach, pioneering new practices, and scaling up innovation. The telecom upstart Jio connected all of India through affordable high-quality mobile internet – instantly setting new category standards for consumer-friendly data pricing.

4

# Masterful blending of local ethos and embracing technology

The presence of Tata Consultancy Services (TCS) and Infosys in the APAC Kantar BrandZ Top 10 is not a fluke. Indian-born consulting companies that have combined the high quality of human resources in India, with innovative technological platforms that fully unlock their employees' capabilities. Formerly a challenger brand, TCS is now valued at \$199 billion, almost equal to its peer Accenture. Success fuels dreams that lead to more success. Today, India ranks number two on funded unicorns and number one in soon-to-be unicorns.





# So what will it take to compete for Asia's future?

As Asia's national markets emerge from their wide-eyed consumer adolescence, the brands that respect and celebrate the local consumers will win. They will do so by both recognising people's growing aspirations, as well as the very real constraints on affordability. Pay heed to Asian consumers' future dreams, as well as their cultural roots. While there is some premiumisation, the real pot of gold lies not at the top, but in the large middle and bottom of the pyramid.

Salience, historically a huge contributor to Brand Power in Asia, now plays a smaller role in driving brand value growth. While visibility is still important, brands can no longer rely on size and fame alone to win. To compete for the future, a brand must build meaningful connections with the Asian consumer. In the past year, all of the nimbler players I've mentioned above have record growing scores for Meaning, often outperforming their bigger rivals.

Provenance only matters if it is meaningful and delivers tangibly. We have seen "international" decline as a motivating image attribute. Interestingly, it is not being replaced by local pride as a motivator. There is a call for deeper, more intimate understanding of brand connection. Where you come from is less important than what you have to offer. All the local successes have excelled at catering to local needs – be it the palate, the pocket, or personal care.

Finally, it isn't surprising that 7 out of the top 10 APAC most valuable brands are service brands. The human element is essential to win in Asia. Asian brands uniquely combine the service element with technology creating the irresistible proposition that 'we exist for you'.

So have the laws of the jungle changed? Not really! Successful brands have always been about meeting human needs. Get closer, aim for greater intimacy – and growth will be yours!



# CHINA TOP TEN

**BRAND VALUE 2022** 

**% Brand Value Change 2022 vs 2021**Category



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# THE QUALITY GROWTH IMPERATIVE



# "How can we achieve high-quality growth?" In China, this is the business question of the day.

Government officials, entrepreneurs, and marketing executives all have slightly different ideas about what exactly 'quality growth' means. But what everyone agrees on, is that China's economy is entering a new and transitional phase of development. And in this emerging era, competitiveness will increasingly depend on embracing more multifaceted, long-term notions of success.

Even before the pandemic, the Chinese government had begun to steer the economy toward transformation - most notably in the form of new targets for domestic consumption and "Made in China" innovation. While GDP and exports are important, so are official themes like social cohesion, economic equality, and community development. What's more, the government has committed to strong emissions reduction targets by 2030 and 2060, with the goal of building a greener economy. All of these are consistent with a stated shift from "high-speed growth" to "high-quality growth."

Behind these government initiatives is a simple idea, that holds as true for businesses as it does for national economies: The best kind of short-term growth is the kind that *also* sets you up for long-term stability and success. A 'quality growth' paradigm, then, seeks to combine traditional yearly and quarterly business metrics, with indicators that correlate to longer-term success.

At Kantar, we have proven frameworks for understanding long-term growth in branded businesses. These include the concepts of Demand Power, Pricing Power, and Meaningful Difference - which are exemplified by the most valuable Chinese brands in 2022. We're also developing ways to integrate 'quality growth' indicators for sustainability, responsibility, and purpose into a range of analytics tools.

In China, even as we have been helping our clients respond to the daily challenges of Covid-19, Kantar has also been partnering with leading brands to strategise their transitions toward a longer-term 'quality growth' footing. What follows is a summary of what we've learned. These are lessons on 'quality growth' that hold true to not only Chinese brands, but for businesses around the world.

#### **Understanding China's New Consumer Brands**

For many emerging Chinese brands in the 2010s, the path to success was simple: bet big on digital, and trust that skyrocketing fortunes of Chinese e-commerce platforms would lead to rapid growth for your own brand as well. Chinese brands were fortunate to operate in a market that had pioneered many of the world's most important e-commerce innovations: this includes mobile payment services like Alipay; "super apps" that combine content, commerce, and social networking; rapid omnichannel order fulfillment; and the blurring of advertising media and entertainment content, as exemplified by China's many shoppable livestream platforms.

How has this story changed in the 2020s? In some ways, the pandemic has further turbocharged Chinese consumers reliance on e-commerce. Shoppable livestreaming, in particular, has fueled the rise this decade of China's so-called "New Consumer Brands." These are made-in-China start-ups that might only sell one or two buzzy products, but could nevertheless grow quickly, and achieve hundreds of millions of dollars in sales, on the strength of their e-commerce promotions alone.

Many of these New Consumer Brands have found success by focusing on a small number of e-commerce platforms. From there, they will then spend big sums on livestreams and other activation-focused content that urges consumers to "buy, buy, buy!" right away. In 2020, during a time when people were spending more time on their smartphones than ever, many consumers did indeed buy a lot from these New Consumer Brands.

Thus, these digital native brands have achieved considerable short-term success. But many have done so without always developing a unique brand purpose or a meaningfully different brand positioning. For all their strengths, New Consumer Brands may also lack differentiated customer experiences; meaningful connections with consumers; or memorable brand assets.

Now, it's time for a new playbook. In 2021 and 2022, the growth trajectories of Chinese e-commerce platforms themselves began to stabilize and flatten – and it's possible that the growth trajectories of New Consumer Brands could soon follow suit. As they look for new ways to grow, these digital native brands must now build out longer-term strategic plans and innovation pipelines for the first time.

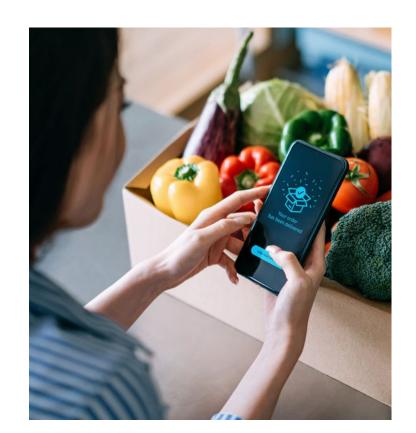
#### **Pivoting toward Quality Growth**

In many categories, China's e-commerce marketplace has become incredibly crowded, which has increased the costs of performance marketing at the very moment when it's becoming harder for brands to stand out from the growing crowd. As a result, New Consumer Brands are having to think more about product innovation, brand difference, sales channel diversification, and longer-term customer relationships. These can all be building blocks of 'quality growth.'

Meanwhile, more established Chinese brands have had to pursue their own paths to quality growth. For large Chinese brands of the kind that regularly show up on the BrandZ China Top 100, levelling GDP projections for the Chinese economy have naturally signaled the need for a new strategic approach. Much like the Chinese economy itself, large Chinese brands are pivoting from 'higher speed' to 'higher quality'. They are doing so by embracing longer-term engines of brand value growth: these include premiumization, innovative product development, and expansion into overseas markets.

Foreign brands in China are on a quality growth journey, too. Today, Chinese consumers have more and more quality local brands to choose from - while the prestige that comes from simply being a foreign brand in China is starting to diminish.

In the athletic apparel category, for instance, the local labels Anta and Li-Ning have made significant gains in market share over the past few years, thanks to their cultural fluency and heritage appeal. Overseas brands can still succeed, of course, but their engagement with the Chinese market must shift toward a 'higher quality' approach. Going forward, these brands must demonstrate that they truly understand Chinese society, and that they are committed to improving China as a long-term partner for 'quality growth.'







#### **Quality Growth Success Stories**

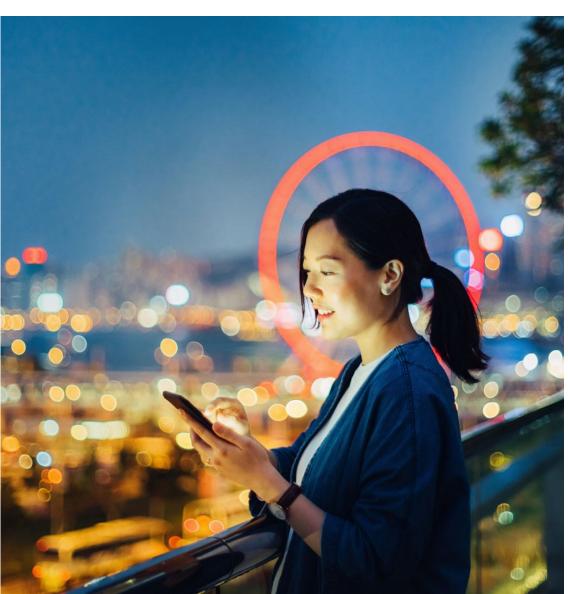
For all of these challenges, quality growth is not a far-off dream for businesses operating in China. It is already being achieved by committed brands across a variety of categories. In the Consumer Technology business, for example, Anker has pursued a thoughtful, incremental approach to innovation and product. In countries around the world, Changsha-based Anker has gained a strong reputation for innovation, product quality, and customer service. Over the past decade, Anker's brand equity has allowed it to expand methodically into new and adjacent categories; today, Anker has built out a range that encompasses everything from cell phone chargers to robot vacuums.

Among China's newer startups, low-calorie beverage brand Genki Forest has moved beyond mere Salience to build out a Meaningfully Different brand reputation centered on health, naturalness, and flavor innovation - while also investing in its grassroots relationships to smaller food stores and snack stalls.

In the automotive realm, electric vehicle startup Nio has fast built up a luxury reputation; Nio's brand position winningly combines product innovations (including an easily 'swappable' battery) with generous, concierge-level roadside assistance services. Among foreign car brands, BMW has signaled its long-term commitment to China by expanding its manufacturing in the country, and releasing China-only electric models.

How can your brand achieve high-quality growth? At Kantar, our purpose in China is to build strong brands for the long term. From experience, we've learned that high-quality growth can only be achieved by taking a considered, multilevel approach that is informed at every step by timely and accurate consumer insights.





#### THE FOUR LEVELS OF QUALITY GROWTH

#### Purpose:

To achieve high-quality growth, brands must define and pursue a meaningful Purpose – and then verify with data that this Purpose is being received as intended. Internally, Purpose is what keeps brands oriented strategically toward the long term even in the face of short-term challenges. And externally, a well-communicated and well-executive Purpose can serve as a cornerstone of a brand's Meaningfulness and Difference in consumers' eyes.

#### Holistic Innovation

With Kantar's clients in China, we talk about innovation as more than just product development. Instead, we consider 10 dimensions of innovation that encompass a brand's business model, products, and experience touchpoints. In today's market, you can't just be innovative internally – you have to be perceived as such by consumers and investors.

#### Enriched digital activations

Even as the costs of performance marketing increase, many brands remain tempted to pursue short-term sales activations exclusively, while ignoring long-term brand building. To achieve high-quality growth, however, the best brands pursue both goals at once, often within the same piece of digital content. And then these brands rigorously evaluate the success of their efforts, using up-to-the-minute analytics that track both sales data and brand-building effectiveness.

# Pursue Balanced and Diversified Business Strategies

In China, Kantar and BrandZ research data supports a balanced approach to growth centered around "3 C's". These are **Connection** (insights-driven, Meaningfully Different brand communications, experiences, and assets); **Creation** (holistic innovations); and **Conversion** (finding new ways to combine short-term sales with long-term growth, especially in digital channels).



# EUROPE, MIDDLE EAST AND AFRICA TOP TEN

**BRAND VALUE 2022** 

**% Brand Value Change 2022 vs 2021**Category



**Gonzalo Fuentes**President Insights EMEA
Kantar

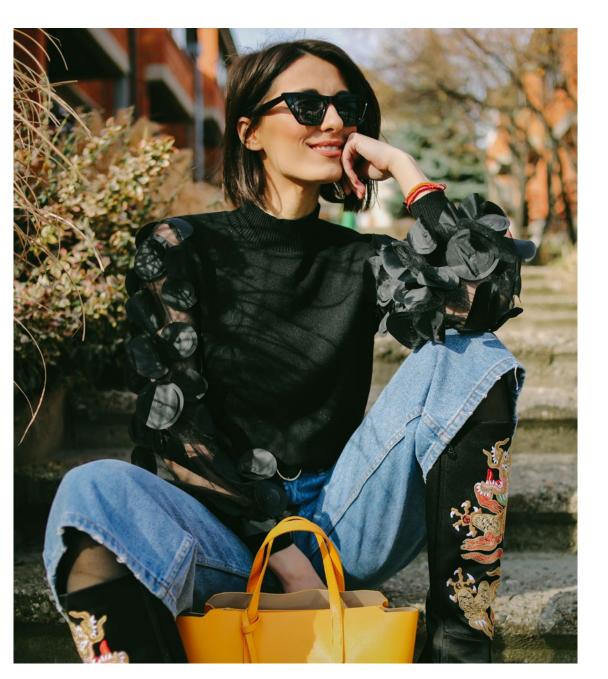
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# HERITAGE: PROVENANCE GOES A LONG WAY

#### **EMEA Regional Overview**

In a world that's fascinated by the cult of the founder, the disruptor, and the buzzy start-up – in a world that's fascinated by the cult of the 'new' – our industry can so often feel like a 'young brand's game.'

But this is not always the case: Take a look below at this year's most valuable EMEA brands. Among this group are many iconic names that embody the power of *heritage*: the power of deploying classic codes in cutting-edge new ways, to better unlock long-term brand growth.



#### Heritage can take many forms

As a group, the 10 most valuable EMEA brands in 2022 come in at an average age of some 97 years old, which corresponds to a founding date of 1925. Compare that to the top 10 most valuable North American brands, which combine for an average age of just 45 years.

While EMEA'S top brands may be a distinguished bunch, they are hardly all identical.

Yes, it's true that when many people think of 'heritage' brands, their minds immediately go to Europe's storied luxury houses. And it's true, of course, that Louis Vuitton, Europe's most valuable brand, was founded in 1854. Hermés opened its doors even earlier, in 1834, followed by Chanel and Gucci in 1910 and 1922, respectively. That is serious heritage, and these brands wear it well.

But in the EMEA Top 10 alone, there's also L'Oréal Paris, which was founded in 1909, as well Mercedes, which dates to 1926.

Consider, too, how in the fast-moving tech world, another top EMEA brand, Germany's SAP, has come to acquire quite a storied legacy for itself - even if, at 50 years old, it's not yet at full 'heritage' status.

Indeed, across all categories, many top brands are now aging into legacy territory. This means that going forward, they will be able to drive business not only on the strength of their latest offerings - but also on their rich, earned histories of positive associations and meanings.

Not every great brand, of course, is a heritage brand - yet. But all great brands can, and should, carry themselves as heritage brands in the making. What does it mean to do so?

#### Heritage brands nurture their icons

When Angela Ahrendts took over Burberry, another storied European brand, the well-known Burberry 'check pattern' had lost its focus and specialness. Angela transformed the company and drove phenomenal growth in larger part by restoring and recentering the special, storied origins of Burberry's iconic assets.

That is what heritage brands do. EMEA's most valuable brand, Louis Vuitton, is a luxury fashion brand, which means it rolls out multiple seasonal collections a year that are full of limited-edition, avant-garde propositions. But Louis Vuitton is also a luxury heritage brand, which means that it spends just as much time and money supporting its permanent collections of 'house icons.'

For Vuitton, these 'icons' include its original monogrammed trunks, as well as classic handbags like the Speedy, which debuted in 1930. But crucially, LV's permanent collection *also* features newer 'icons' as well, like 2007's instant classic "Neverfull"– which marries the brands signature monogram to a very 21st-century shape (the oversized tote).

There's a lesson here for newer brands, and a challenge as well: How consistent are you in identifying and supporting your emerging brand 'lcons'? How are you building those icons consistently, from the beginning?

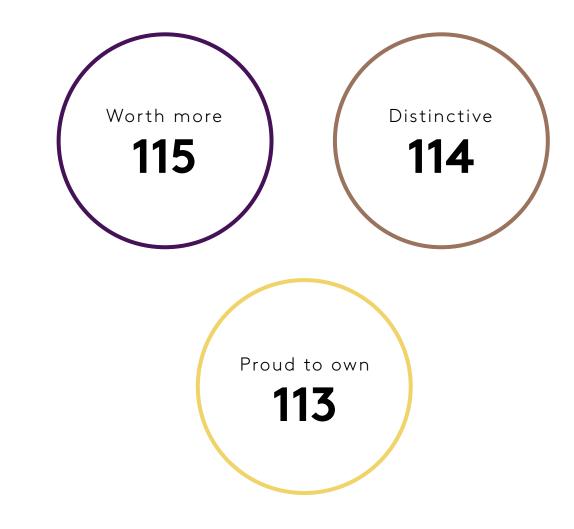
Iconic brand codes can prove especially important in turbulent times. For brands like LV, Chanel, and Hermés, signature heritage offerings like the Speedy, 2.55, and Kelly handbags are so much more than mere marketing mascots. They're crucial revenue drivers in volatile economic climates. That's when consumers turn away from risk, and instead, gravitate towards heritage products that are proven sources of value, comfort, and continuity.

We know that in BrandZ terms, brands with more Meaningful Difference perform better in the face of economic headwinds. This is certainly true of the world's most valuable luxury brands in the BrandZ rankings. Not coincidentally, all of these top luxury brands are heritage brands, with an average age of 129 years old - and nine out of 10 are European.

# DEFINING FEATURES OF LUXURY T10 2022

The Meaningful Difference of these brands IS their heritage – they set very high expectations (and prices!), that they justify through their history and expertise.

Average = 100



# Heritage brands drive innovations from their strengths

Heritage can be an especially valuable asset in categories that are being upended by disruptive newcomers.

These new entrants may try to portray their competition as out of touch. A heritage brand can respond to this challenge in ways that no one else can: not by denying the importance of disruptive innovation; but rather by making the case heritage brands are better-equipped than anyone else to combine old and new forms of excellence.

I have already spoken about how Luxury fashion brands have innovated from their strengths. But you also see this dynamic at play in Mercedes' response to the rise of Tesla. Mercedes has found ways to adapt its reputation for innovation to the new digital age: its new EQXX concept, for instance, promises a range of more than 650 miles per charge. At the same time, Mercedes has committed to bringing a level of traditional comfort, beauty, and luxurious finishing to its electric car interiors. This approach stands in sharp contrast to Tesla's more minimal interior stylings.

# Heritage brands tell timeless stories, in new and innovative ways

Innovation is not only about product, but also about the way brands reach out to consumers and create experiences.

For many, the name L'Oréal is synonymous with French beauty heritage. It also recalls a strong tradition of female empowerment, through the brand's "Worth It" campaign, which has been running for more than half a century.

At the same time, L'Oréal has some of the strongest innovation labs in the industry, and is constantly rolling out new tech tools and product formulations.

The brand's marketing and retail strategies further reflect L'Oréal's ability to fuse innovation with heritage. In China, for instance, L'Oréal moved its entire sales outreach operation online in just three weeks following the first COVID-era lockdowns. This meant training legions of in-store L'Oréal beauty advisors on how to use the brand's proprietary digital tools, like color matching and virtual try-on services. It also meant standing up new customer-outreach integrations with messaging networks like WeChat.

At the same time, L'Oréal also quickly scaled up its operations across China's booming shoppable livestream channels. This meant recruiting key Chinese consumer influencers to demonstrate new makeup innovations. But these influencers were also charged with telling the story of L'Oréal's classic brand heritage. The goal was to translate this heritage story into a new language: the kind of personal, intimate, freewheeling style that Chinese livestreams have become known for.

For many businesses, the pandemic was a wakeup call on digitalization. But not for L'Oréal: like all top heritage brands, it has long been open to finding new ways to tell its most timeless brand stories.

# Heritage brands come from someplace real... and adapt to what matters locally

It's common to think of heritage in terms of time, but an equally important component is place. Heritage brands didn't just spring up everywhere all at once: were founded by real people, in real communities.

It can be enormously beneficial for multinational brands to 're-localise' themselves by re-emphasising their specific cultural and geographic origin stories. You can see this emphasis in 'brand tourism' projects like Dior's new museum in Paris; as well Heineken's pioneering Heineken Experience complex in Amsterdam or the Mercedes Museum in Stuttgart. And many more such projects are on the way.

For newer brands, the lesson here is to banish the 'nowhere,' and instead embrace the real: the real people, environments, and communities that – if all goes well - will serve as the core of the heritage narrative that all brands should be writing from day one.

But another learning lies in how these heritage brands adapt their origins to make them relevant abroad, thus driving geographical expansion.

For an example, look at how Europe's heritage brands prepared for the 2022 Beijing Winter Olympics. The goal was to combine their brands' strong ties to mountain recreation, with the new excitement in China around winter sports.

What did that look like? In September last year, Prada opened up a "Prada on Ice" popup in Beijing, and released a range of Beijing Olympics-themed Linea Rossa apparel. Fendi took a similar tack, recruiting rapper Jackson Wang to launch a ski collection, and launching a branded coffeeshop in the Changbai Mountain International Tourism Resort.



# So, in summary, all brands can learn from how these successful "heritage" brands behave:

- **1** Build brand icons you can nurture
- **2** Build product innovations from your strengths
- **3** Build timeless stories in an innovative way
- **4** Build real connections and adapt locally





62 — THE CATEGORY STORY

65 – ALCOHOL

0 — APPAREL

5 — BRAND BUILDING

9 — BRAND STRATEGY

2 – BANKS

87 — BUSINESS SOLUTIONS & TECHNOLOGY PROVIDERS

92 – CARS

97 — CONSUMER TECHNOLOGY

03 - FAST FOOD

09 — INNOVATION

11 — CREATIVE

13 — FOOD & BEVERAGES

119 – LUXURY

24 — CUSTOMER EXPERIENCE

126 — AGILE SOLUTIONS

128 — MEDIA AND ENTERTAINMENT

134 – *MEDIA* 

37 — DIVERSITY, EQUITY & INCLUSION

140 — PERSONAL CARE

145 — RETAIL

151 — E-COMMERCE

153 — BRAND GUIDANCE

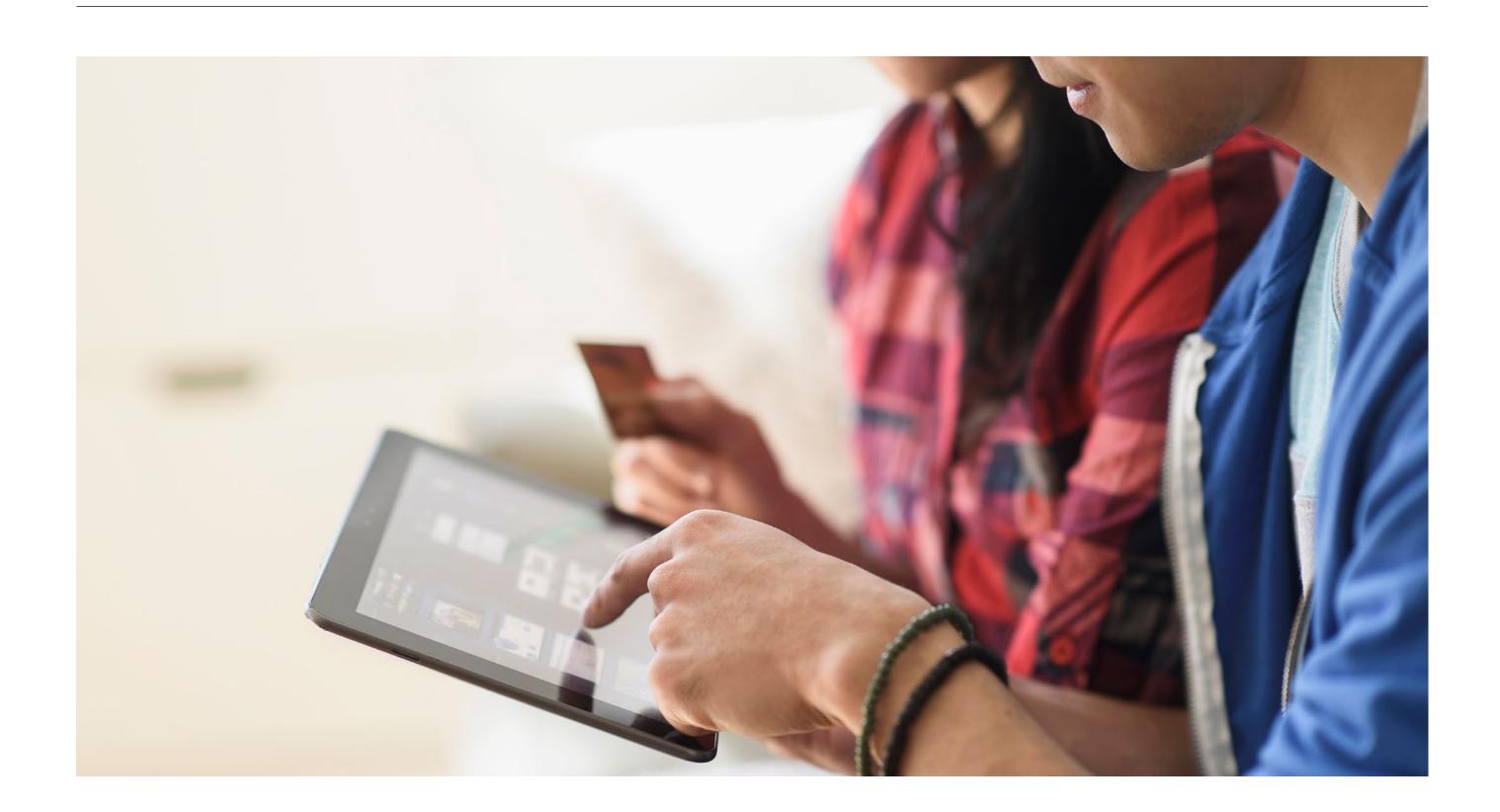
155 — TELECOM PROVIDERS



The Category Story

# GROWTH ACROSS ALL CATEGORIES

# RETAIL, CONSUMER TECH RISE FASTEST IN 2022 RANKINGS



This year, all of the 13 major brand categories recorded year-on-year value increases - most at rates equal to or exceeding the overall 23% growth of the BrandZ Top 100.

Consumer Technology and Luxury categories grew the fastest, increasing 46% and 45%, respectively. In part, this was due to the individual strengths of the brands that made up these categories - and especially these brands' ability to charge a robust premium.

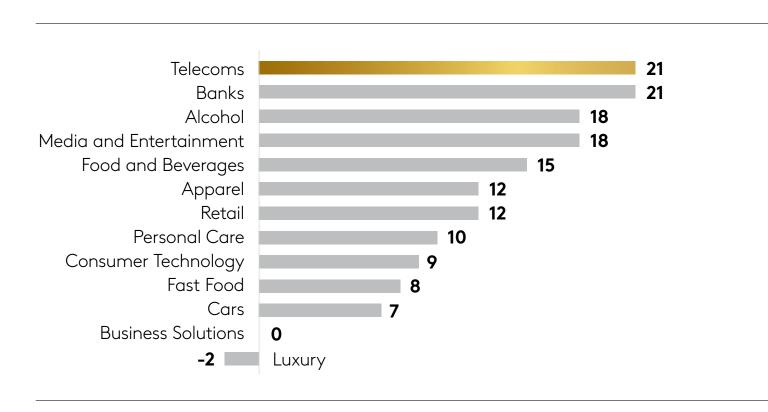
But pandemic-era consumption shifts have also buoyed the Consumer Tech and Luxury categories in major ways. Some consumers have continued to hold off on major travel, dining, and live entertainment expenses. But connected devices and luxury accessories retained their allure.

In some sectors, category-wide growth was driven from the top - most notably in Cars, where Tesla's 78% year-on-year rise boosted the category significantly (even as seven other Car brands also notched double-digit growth this year).

By contrast, the Alcohol category managed its modest positive growth this year - of some 3% - thanks to stronger performance by brands in the bottom two-thirds of that category's Top 20 rankings. This year, alcohol brands of all stripes are still recovering from disruptions to the out-of-home business in many countries - while also grappling with the ongoing challenge of increasing market fragmentation.

Top telecom brands, meanwhile, grew 4% year on year in a mixed year for the category. There are many reasons for this result - but one telling statistic is that among all brands in the BrandZ dataset, telecom brands have the highest 'salience gap'. This means that they are currently better-known, than they are valued for being Meaningfully Different.

#### TELECOMS HAS LARGEST SALIENCE GAP OF ALL THE GLOBAL CATEGORIES



The Category Story

#### **High-Value Categories**

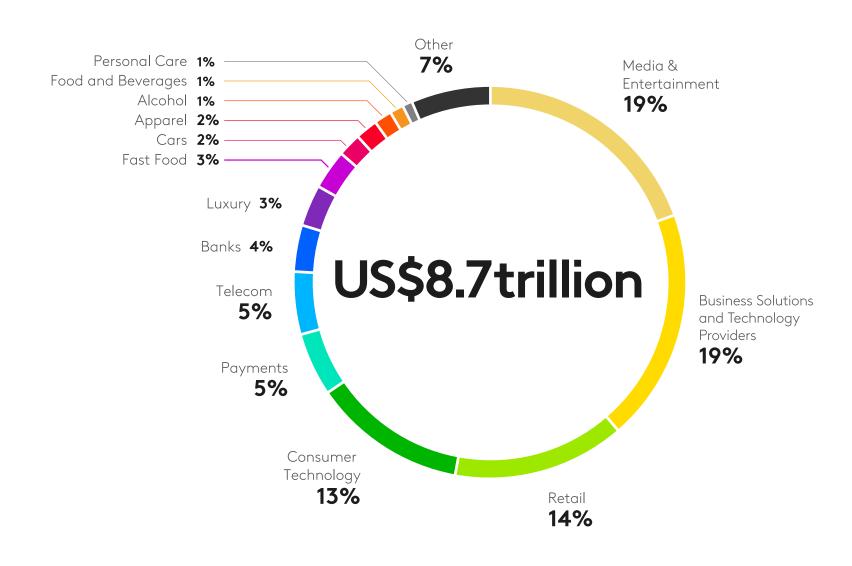
This year, Kantar BrandZ refined its valuation process to better reflect certain megabrands' cross-category reach. That meant, for instance, valuing Amazon Web Services as a separate Business Solutions and Technology Providers brand for the first time, while Amazon's e-commerce brand value is reflected in Retail. Similar category adjustments were made to value Google Cloud Services (Business Solutions and Technology Providers) separately from Google (Media & Entertainment).

Because of the magnitude of these accounting shifts, there are no year-on-year growth figures for Retail, Business Solutions and Technology Providers, and Media & Entertainment for 2022. Going forward, however, this adjustment will allow us to better capture changing dynamics of category growth - as well as provide an even more detailed, crosscategory accounting of some of the world's biggest brands.

Still, the robust performance of Media & Entertainment, Business Solutions and Technology Providers, and Retail brands this year is evident just from looking at their presence in the Kantar BrandZ Global Top 100. Taken together, brands in these three categories account for over half of the total value of this year's Top 100 brands. It's not hard to understand why: especially since the pandemic, the techpowered brands in these categories have offered some of the most frequent points of connection to people at work and play. Indeed, these three categories, plus Consumer Technology and Luxury, have seen the greatest amount of growth across the entirety of the 2020s to date.



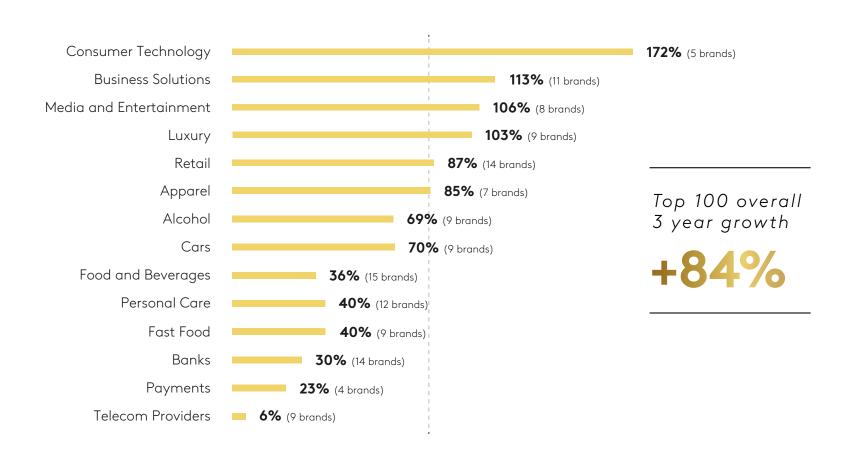
SHARE OF TOP 100





CONSUMER TECH BRANDS SEE FASTEST GROWTH OVER 3 YEARS TECHNOLOGY, MEDIA, ENTERTAINMENT AND LUXURY ALL MORE THAN DOUBLED THEIR VALUE IN PAST 3 YEARS

# **3 Year Brand Value change** 2019 to 2022



Categories Overview

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AL	<b>.</b> C C		OL	

Category Brand Value Year-on-Year Change

+3%

Top 20 Total Brand Value

\$ 252,325 m

### **FOOD AND BEVERAGES**

Category Brand Value Year-on-Year Change

+16%

\$ 297,102 m

#### **APPAREL**

Category Brand Value Year-on-Year Change

+20%

Top 10 Total Brand Value

\$ 216,595 m

### **LUXURY**

Category Brand Value Year-on-Year Change

+45%

Top 10 Total Brand Value

\$ 344,355 m

#### **BANKS**

Category Brand Value Year-on-Year Change

+30%

Top 15 Total Brand Value

\$ 428,046 m

### **PERSONAL** CARE

Category Brand Value Year-on-Year Change

+17%

Top 15 Total Brand Value

\$ 206,917 m

# **BUSINESS**

**SOLUTIONS AND TECHNOLOGY PROVIDERS** 

Category Brand Value Year-on-Year Change

N/A

Top 20 Total Brand Value

\$ 2,140,844 m

### **RETAIL**

Category Brand Value Year-on-Year Change

N/A

Top 20 Total Brand Value

\$ 830,328 m

### **CARS**

Category Brand Value Year-on-Year Change

+34%

Top 10 Total Brand Value

\$ 230,386 m

**MEDIA AND** 

**ENTERTAINMENT** 

### **CONSUMER TECHNOLOGY**

Category Brand Value Year-on-Year Change

+46%

Top 5 Total Brand Value

\$1,095,090 m

# **FAST FOOD**

Category Brand Value Year-on-Year Change

+18%

Top 10 Total Brand Value

\$ 354,177 m

## **TELECOM PROVIDERS**

Top 10 Total Brand Value

Category Brand Value Year-on-Year Change

\$ 484,071 m

Top 20 Total Brand Value

Category Brand Value

Top 10 Total Brand Value

\$ 1,477,357 m

# ALCOHOL

KANTAR BRANDZ

**ALCOHOL TOP 20:** 

```
Brand Value $ (US) millions
SMIRNOFF $4,313
YANGHE $4,070
MOET & CHANDON $3,862
```

#### **DEFINITION:**

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

# MORE TASTE OPTIONS THAN EVER/

ALCOHOL BRANDS CHASE VARIETY

Category Brand Value

Year-on-Year Change

+3%

Alcohol Top 20 Total Brand Value

\$ 252,325 m

Category Focus

# ALCOHOL

The alcohol category is in a state of transformation and flux. As formats, occasions, and demographic targets continue to blur, having strong brand equity remains more important than ever.

Much of the uncertainty in the alcohol industry surrounds the shift back to ontrade (out-of-home) consumption. Over the past two years, the COVID-19 pandemic forced alcohol brands to focus on at-home formats. In some ways, this pivot has opened up new opportunities and sparked overdue transformations. Home delivery and e-commerce platforms - previously seen as a longer-term concern - have become smart investments for the here and now.

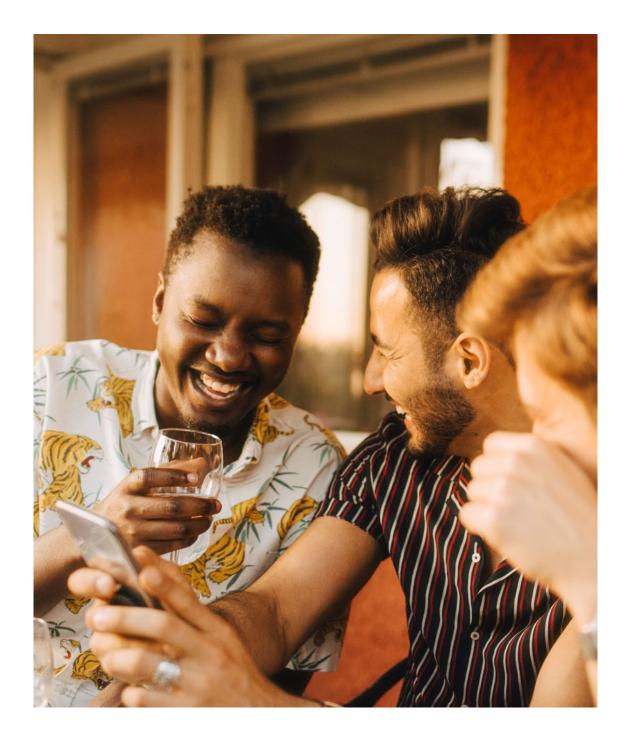
What's more, in some emerging markets, like India, there had never been much of a tradition of at-home alcohol consumption before the pandemic. When beer and liquor were purchased at all, they were drank outside of the home. Then came 2020 and 2021: two years of lockdown that did more to normalize responsible, at-home drinking occasions than decades worth of marketing ever could.

In China, similarly, there had never been much of a tradition of at-home mixology or cocktail drinking. During the pandemic, however, upscale Chinese consumers were eager to acquire new hobbies and skills - and liquor brands responded by sharing easy mixed drink recipes and tutorials, along with advice on how to set up the perfect home bar. This outreach will continue to bear fruit, as the culture around luxury in China shifts away from conspicuous consumption, and toward more discreet, mindful occasions.

In other ways, however, the interruption of on-trade alcohol sales worldwide has proved challenging, even as drinking venues have begun to open up again at full capacity. During lockdowns, consumers became accustomed to the lower prices associated with at-home drinking. Now, the fear is that consumers will balk at paying the higher prices that come with ordering alcohol at their favorite bars and restaurants. This is especially concerning in markets where people's discretionary budgets have been squeezed by inflation.

The challenge ahead for marketers, then, will lie in defending the premium positioning not only of their brand portfolios - but also of the very act of celebrating outside of the home. On the bright side, as the pandemic begins to recede in some markets, alcohol brands are regaining some of the most effective arrows in their marketing quivers: sponsorships of sports, music, and cultural events have resumed, along with concession sales and brand activations at these events.

Going forward, drinking occasions will be characterized by increasing fluidity. These days, rather than stick to one kind of drink, people might start out the night with a cocktail (be it freshly mixed, or canned) - and then switch to hard seltzer for a few hours, before finishing the night with a beer.











Category Focus

# ALCOHOL

Demographic boundaries, too, have grown more fluid, to the point where many leading seltzer brands are now enjoyed by men and women in roughly equal measure. Gone are the days when men were thought to prefer more "strong and bitter" beverages, while "light and fruitier" drinks remained the province of the female drinker. In many ways, the recent hard seltzer boom both exemplified - and catalyzed - this "boundary-blurring" moment.

Seltzer's sales growth may have come down to earth somewhat in the US in the past year. But the format continues to expand worldwide into markets like Australia and South Africa. And the "seltzer boom" has effected a lasting shift in how alcohol brands think about attributes like flavor, variety, and range.

A brand like Bud Light, for instance, now exists across many formats in the US: there's the original Bud Light lager; Bud Light Premium lager (fewer calories, higher alcohol percentage, stronger taste); Bud Light Premium seltzer (higher alcohol, fruit flavors, agave sweetened); Bud Light Peels (lager varieties brewed with citrus peels); Bud Light Peels Lemonade (a shandy-type beer flavored with various lemonades); Bud Light Seltzer (in permanent and seasonal flavors); Bud Light Seltzer lced Tea.

The brand's latest addition, Bud Light Next, is the world's first zero-carb beer - an innovation 10 years in the making, that combines hops, barley, and botanicals with a body that sits somewhere between seltzer, and traditional light beers. It represents a new, carb-conscious phase of beer innovation, after a period that saw many brands focus on introducing new zero-alcohol formats.

The evolution of Bud Light is only one example of brand diversification. Many of the world's leading beer conglomerates have endorsed similar "range plays," in which their brands have expanded to capture an ever-widening array of drinking preferences and occasions. This is a global phenomenon, encompassing the rise of radler formats in Africa, as well as the successful debut of fruit juice-spiked beers like Budweiser ME3 in China. Liquor brands, too, can win at the diversification game: witness Jack Daniel's expansion into the growing canned cocktail space.

There's a balancing act involved in product innovation during today's flavor boom. Do you roll out a popular, mainstream flavor, like Mango, even if that will have you competing with three or four other Mango products on the shelf? Or perhaps you go for a more niche, "long-tail" flavor play like Elderflower - which might not move as many units, but can drive differentiation for your brand, while also working as part of the alcohol category's increasingly popular "variety pack" format.

Regardless, there's a risk that consumers will become more loyal to certain flavor profiles than to certain brands. (Is she a Mango-flavored White Claw fan, or does she enjoy sampling Mango seltzer offerings across a wide variety of brands?) The race is on, then, to build meaningful brand difference in the flavored alcohol business - especially as soft drink brands begin to muscle in on this turf, with offerings like Hard Mountain Dew (Pepsi) and Fresca Mixes (Coca-Cola) entering US stores. Though not first movers, these entrants from soda brands come with decades of - built-in consumer recognition for their distinct flavor profiles.

As differentiation becomes more and more crucial, alcohol brands should also take a second look at responsibility and sustainability. Historically, alcohol brands have largely approached responsibility defensively, through the lens of promoting responsible drinking and otherwise managing reputational risks. Many alcohol brand managers don't think they have as much of a "right" to play in responsibility, compared to brands in less "adult" categories.

But imagine an alcohol brand with the mission-driven aspirations of a brand like Patagonia - or actually, just look at what Patagonia itself is doing with its Patagonia Provisions beer offerings. Patagonia's beer is brewed with a perennial grain called Kernza that helps to "restore damaged soils" and "draw down carbon" in accordance with the principles of regenerative architecture.

Larger players have made strides on sustainability as well, of course. This past year saw both Heineken and AB InBev announce ambitious new carbon neutrality pledges. And some large brands are beginning to incorporate sustainability directly into their product innovation pipelines as well - for instance, Carlsberg's bio-based "paper" bottle prototypes.

But for now, smaller alcohol brand are embracing responsibility with a level of bold, unapologetic ease that feels especially notable. In the early Aughts, the craft-beer boom pushed mainstream alcohol brands to look beyond the pilsner and embrace more complex and challenging varieties; today, a new class of socially-conscious brewers could play a similarly catalyzing role, in pushing the industry toward a more visionary embrace of sustainability and community care.



# ALCOHOL

### **BRAND SPOTLIGHT**



In 2021's BrandZ Top 100 Chinese brands ranking, Xing Hua Cun grew 248 percent from the year prior; now, after another year of strong performance, it is a newcomer on the global Alcohol rankings.

In addition to serving as symbols of national pride, China's leading baijiu brands also boast strong local identities. Xing Hua Cun benefits from being tied to the distinctive provincial culture of Shanxi. It is an example of the lighter-flavoured styles of fenjiu that predominate there. The brand's roots in the Shanxi province date back to Tang dynasty (618-907) and to the legendary poet Du Fu, who referenced his desire to drown his dismay with cups of liquor produced in the village of Xinghuacun.

2022 BRAND VALUE

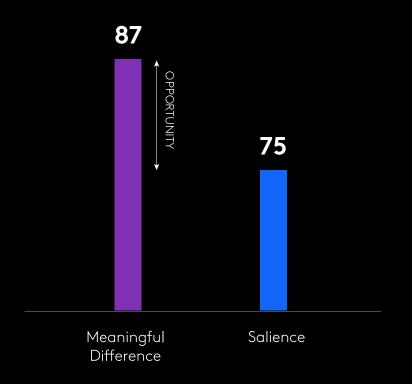
\$4,392M

2021 China T100 Brand Value \$3,210m

+37% year on year\*

Xing Hua Cun is small compared to baijiu giants, but shows signs of opportunity for future growth in equity terms in China with good momentum for future growth

Brand equity profile- positive salience gap



### **BRAND SPOTLIGHT**



Another newcomer on this year's global Alcohol rankings, Johnnie Walker is one of the world's leading whisky brands, with beginnings as a family-run business dating back to 1820's Scotland.

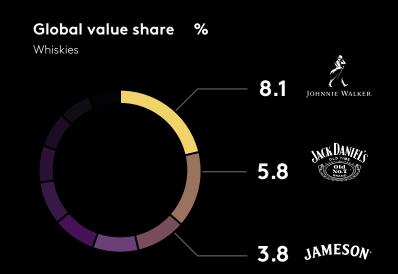
Johnnie Walker is a well-differentiated player within spirits. It has benefitted from having a strong range and a distinctive look and feel. Alongside the everyday Red label, the midrange Black label, and the rare premium Blue label, Johnnie Walker also produces a range of limited-edition products.

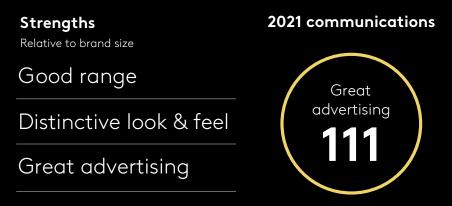
Johnnie Walker launched its latest global campaign in 2021, with a continuation of its recognisable 'Keep Walking' slogan. This focuses on a spirit of progress and resilience, featuring the words of a selection cultural icons who share this spirit. Localised to each market, the campaign features such luminaries as Grace Jones (UK), Mark Twain (US), and Ayrton Senna (Brazil).

2022 BRAND VALUE

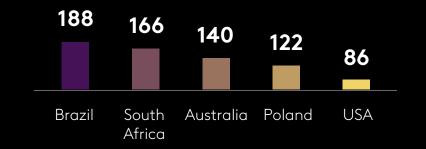
\$9,834M

Newcomer









\*value change vs China 2021 ranking

Category Focus

# ALCOHOL

# ACTION POINTS/BRAND BUILDING

# REDUCE WASTE

In the realms of corporate Responsibility and Sustainability, global consumers expect alcohol brands to lead on issues of overpackaging and waste, while also contributing to efforts around mental health and ocean plastic pollution. That's according to a study conducted last year by Kantar's Sustainable Transformation Practice, surveyed a worldwide audience on how different industries should prioritize the UN's 17 Sustainable Development Goals.

# GO RETRO

Even as they post video reviews of the latest seltzer flavors, TikTok users are also fueling a wave of renewed interest in retro alcohol formats - either made at home, or consumed in their city's most iconic midcentury cocktail bars. If the 2010's emblematic alcohol revival was the Aperol Spritz, in the 2020's could well be the gin martini, or a proper Mexican margarita, or whiskey on the rocks. The nostalgia revival is present the canned space, too, with brands looking back to past heydays to devise canned versions of drinks like a classic highball, or spiked colas. For younger adult drinkers, these preparations offer the possibility for both authenticity and discovery; for older drinkers, they feel like coming home.

3

# PROVIDE AN EXPERIENCE

Experiential hubs are becoming a major tool for brand building. While brewery tours have been around for decades, and attractions like the Heineken Experience began to lend a new level of polish to the practice in the 2010s, this decade's offerings aim to incorporate an even greater level of theatrical and immersion. The recently opened Johnnie Walker Princes Street venue in Edinburgh offers visitors guided tours featuring performance, animation, music, and special effects – as well as private tasting rooms, whisky archives, restaurants, rooftop bars, and extensive retail space. When it opens in 2023, Guinness at Old Brewers Yard promote community development in the form of an on-site hospitality training program. At a time when small, regional alcohol brands are gaining ground, these experiential centers offer big brands the chance to tell resonant stories about their local heritage.

# APPAREL

KANTAR BRANDZ

**APPAREL TOP 10:** 

ZARA \$25,400
ADIDAS \$23,791
LULULEMON \$20,424
UNIQLO \$14,156
H&M \$7,232
PUMA \$5,169
ANTA \$3,772
LINING \$3,767
UNDER ARMOUR \$3,284

#### **DEFINITION:**

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

# EVERYTHING, ALL AT ONCE/APPAREL FOR ALL OCCASIONS

Category Brand Value Year-on-Year Change +20%

Apparel Top 10

Total Brand Value

\$ 216,595 m

Category Focus

# APPAREL

The apparel category has proved remarkably resilient to the disruptions of COVID-19 - and this past year was no exception, as leading brands continued to rise in brand value.

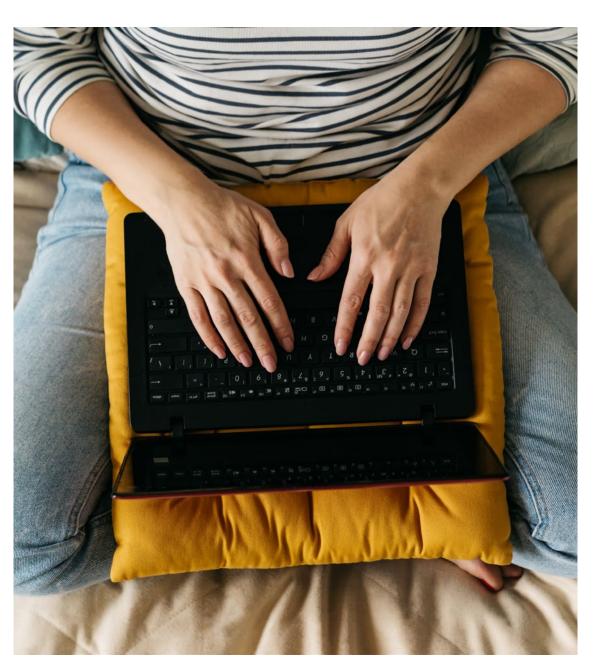
Even as spending on travel, dining, and other out-of-home pursuits has remained depressed, people have continued to buy new clothes and shoes (often with the money they'd saved from not being able to travel, dine, and otherwise venture into the wider world). Furthermore, the "Athleisure" trend that dominated the industry in the late 2010s, has meshed well with shoppers' current desire for comfort and flexibility. As a result, many top apparel brands (especially on the athletic side of the business) haven't had to adjust their product mix much because of the pandemic – though they have had to shore up their supply chains and delivery channels.

Now, as offices partially reopen and nightlife revs back up, you might think the forecast would call for a return of formal wear and a shift away from Athleisure. Not so. Instead, the apparel category is very much planning for a shopping climate of "everything, all at once."

"Everything, all at once" means that consumers will still want to buy Athleisure for their weekend, fitness, and workfrom-home pursuits. And also, they are willing to entertain new, colorful fashion propositions for the return of "going out": whether that's to festivals, weddings, or a night on the town.

"Everything, all at once" means an end to traditional trend cycles, replaced by a fashion free-for-all. Consider the rise of TikTok, and that platform's ability to constantly generate and sustain several niche trend waves at once. In the denim market, for example, the big story of the 2010s was the persistence of skinny jeans. Today, the big story in denim is that there is no one big story. Multiple retro revival eras are occurring simultaneously - which means that 80s high-waisted jeans are in vogue; but so are early-noughties low-slung looks; and so are baggy 90s rave-wear styles; and so are 70's bell-bottoms. And, of course, skinny jeans never truly went away.

"Everything, all at once" means being able quickly to design, produce, and ship a widerthan-ever range of products. This "range play" is well suited to Gen Z shoppers' disdain for sartorial monoculture - instead, they value the ability to sample the "long tail" of fashion microtrends. Ultra-fastfashion brands like Shein, FashionNova, and PrettyLittleThing are at the forefront of this new reality, building on models pioneered by the likes of ASOS and H&M. (It's no surprise, then, that TikTok owner Bytedance recently announced plans for its own fashion label; the idea is that it can move even faster - ultra, ultra-fast - by embedding TikTokemployed designers and trend-spotters in the very site where new trends are born.)







Category Focus

# APPAREL

Does the rise of these ultra-fast-fashion brands spell trouble ahead for more established fashion brands? Not necessarily - especially because the ultra-speedys have, as of yet, failed to meaningfully crack the athletic performance space. Brands like Nike, Adidas, Puma, ANTA, Lululemon, and Li-Ning have built up reputations for innovation, quality, and reliability that allow them to command meaningful premiums in the market. This allows them to earn profits of a magnitude that still dwarfs the ultra-fast players.

Another advantage established players currently enjoy over ultra-fast fashion brands is the ability to build up "hero products" - of the kind that help more established brands drive repeat, premiumtier sales. Ultra-fast brands' product array is, by design, constantly in flux, and sold at extremely low prices. This strategy helps them to satisfy customers' desires for instant fashion gratification - but it leaves online brands vulnerable if their trend bets start to miss, or a buzzier new competitor starts to steal their "cool."

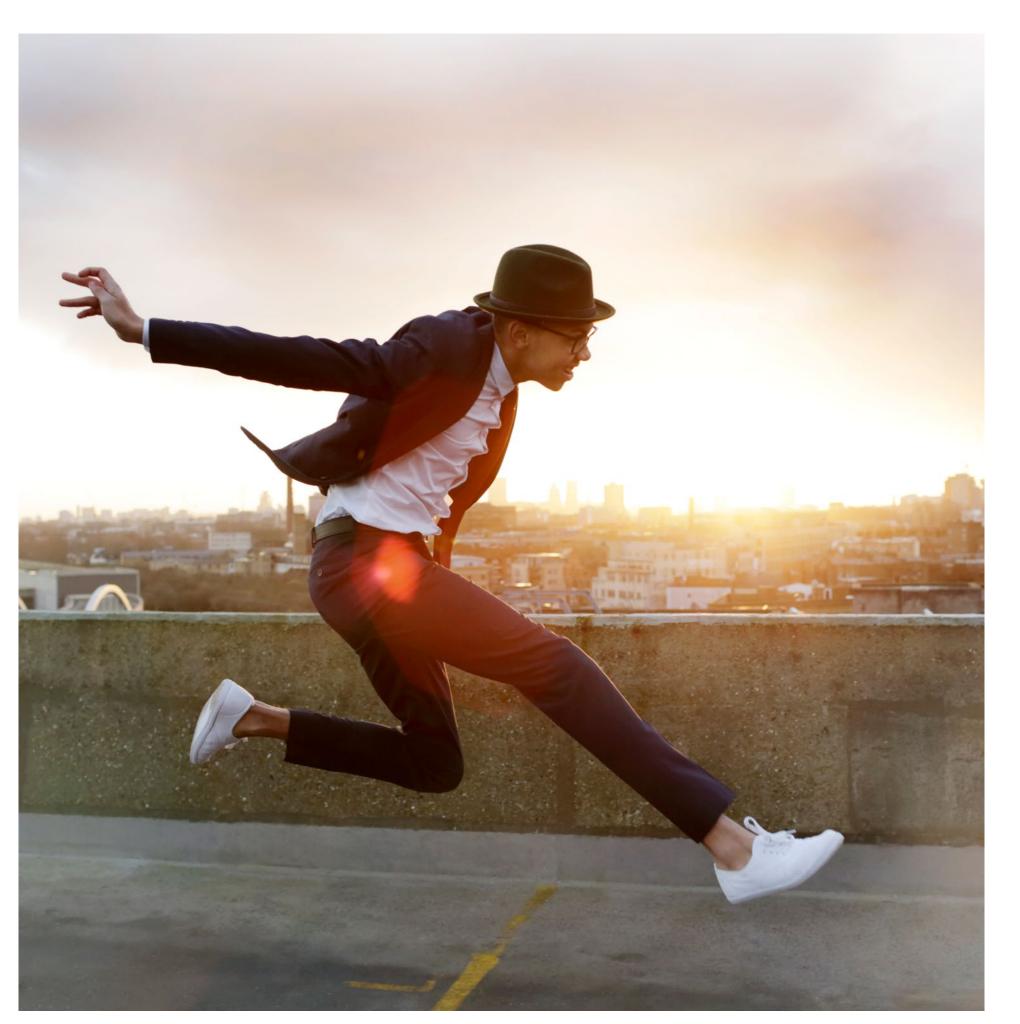
By contrast, even in difficult years, a brand like Uniqlo is able to rely on demand for "hero products" like its Heattech range of wintertime clothing. (The same is true of many high street brands, which - whatever their challenges - still do a brisk business in staples like socks and underwear). H&M, meanwhile, is investing in sustainable innovations that may someday lend a "heroic halo" around clothes made from inputs like cactus leather, food waste, and even greenhouse gas.

Athletic brands can build "hero products" cultural assets like Nike's Jordan range - or around proprietary innovations like Adidas's Boost and Primeknit technologies. These "star players" can easily be mashed up with the most of-the-moments trends. But these assets can also stand apart from the trend landscape, in offerings that trade on more "timeless" propositions. Timely, and timeless: big brands can offer both at once, and increasingly, they need to.

Indeed, there's an important cultural insight behind the rise of Shein and Fashionnova that apparel marketers shouldn't miss. It's an insight that's analogous to how brands like Nike have used marketing to support the notion that everyone's an athlete. Today, on TikTok, it could be said that everyone's a content creator - which is to say that everyone's a star, or, at least, a star-in-training.

Big brands know how to help a shopper dress like they're an athlete - for starters, it means selling them the same shoes and clothing worn by pro sports stars. For now, the implications of "dressing like a star" are more unsettled. What does "pro-tier" content creator gear look like? And how much of a premium can it command?

One interpretation of "dressing like a celebrity" implies a dressing with the kind of quirkiness, variety, and flash that the online "ultra-fasts" are so good at purveying. Celebrities never wear the same outfit twice on red carpets - and now, thanks to the low prices of outlets like Shein, even ordinary teens can banish repeat outfits from their social media grids.



Another route to "dressing like a celebrity" involves communing with enduring star images throughout the ages. Much of the glamour of this decade's various "retro revivals" comes from the fantasy of recasting oneself in the role of, say, 90's Kurt Cobain (in his mohair sweater) or Y2K Jennifer Lopez (in her velour tracksuit). Today, ultra-fast fashion sites are awash in retro recreations. But existing brands have the "authenticity advantage" of having actually been there for the inception of the retro trend.

Thus the rise of the "archival rerelease" phenomenon. Witness Nike Tennis's recent recreations of the day-glo kits first worn by Andre Agassi in 1990 (now remade in sweat-wicking technical fabric). Or Adidas's collaborations with the designer Grace Wales Bonner, which draw on the way Bob Marley and Jamaicans in Britain wore the "Three Stripes" in the 1970s and 80s.

Wearing luxury clothing is another route toward "dressing like a celebrity": in TikTok parlance, designer duds simply feel more like "main character clothes." Recent collaborations like Simone Rocha for H&M, or Yeezy Gap Engineered by Balenciaga, continue to bring to these luxury aspirations into more people's reach.

Then, of course, there are celebrity-backed labels like Beyonce's Ivy Park for Adidas, and Drake's Nike Nocta. And, especially, Rihanna's SavagexFenty lingerie venture - which exemplifies the "Everything, All at Once" approach as applied to influencer marketing. Every year, the brand invites together mass, midi- and micro-influencers alike, to participate in the label's annual fashion show (streamed exclusively by Amazon). There, they are anointed as brand stars by the biggest star of all, Rihanna herself.

#### APPAREL

#### **BRAND SPOTLIGHT**



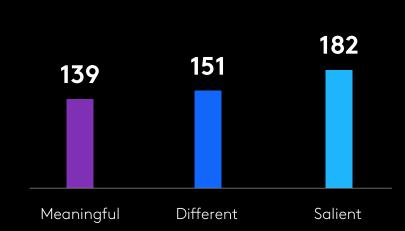
Based on its growth trajectory, Nike could well become a future member of the BrandZ Global Top 10. For now, Nike's focus on inclusion in both its marketing and corporate strategy has reinforced its positioning as a leader and a force for good. At the same time, its clear focus on community and the "everyday" athlete has instilled a sense of purpose beyond profit.

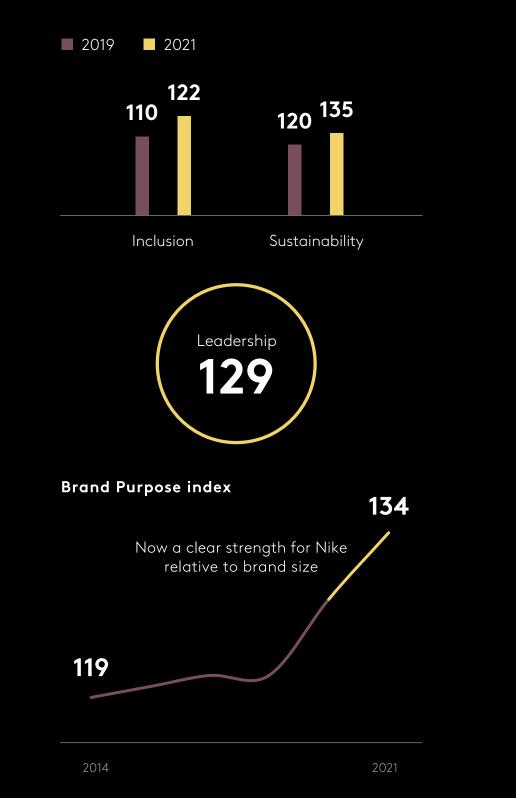
2022 BRAND VALUE

\$109,601M

2021 Brand value \$83,709m

+31% year on year





#### **BRAND SPOTLIGHT**



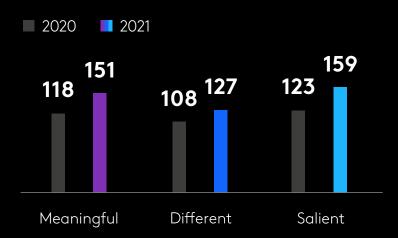
Like Lacoste in France and Nike's Jordan brand in the US, Li-Ning is an example of a successful apparel brand being built on the image of a beloved sports hero: in this case, the gold-medal-winning Olympic gymnast Li Ning, who started his eponymous label in 1989. In China, both the pandemic and the 2022 Winter Olympics helped turbocharge consumer interest in sports and fitness – at the same time that surging national pride has elevated homegrown brands like Li-Ning and its competitor Anta.

2022 BRAND VALUE

\$3,767M

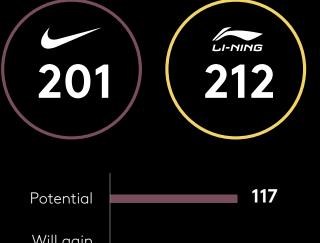
2021 China T100 Brand Value \$2,024m

+86% year on year\*



Li-Ning surpasses Nike to become No. 1 sportswear brand in equity terms in China with good momentum for future growth







\*Value change vs China 2021 Ranking

#### APPAREL

# ACTION POINTS/BRAND BUILDING

#### REDEFINE SUSTAINABILITY

In 2021, Kantar's Sustainable
Transformation Practice surveyed
a worldwide audience to determine
the global development issues that
consumers most expected apparel
brands to prioritize. Among the UN's 17
Sustainable Development Goals, apparel
brands were expected to lead on issues
like overconsumption and overpackaging,
while also contributing to the fight
against worker exploitation worldwide.

#### PURSUE GEN-Z GENDER PARITY

Very few apparel brands attract equal numbers of male and female customers. For the likes of Nike and Adidas, women remain a huge market for potential growth; the same is true for men, for a brand like Lululemon. Apparel brands have long recognized the upside of a more even gender split, of course - but weren't quite able to achieve it back when Millennial shoppers were lockingin their formative brand loyalties. Now apparel brands have a fresh start with the Gen Z shoppers who are now emerging into young adulthood. Brands should do everything they can to make sure they're effectively researching and reaching this demographic, reaching across all demographics, embracing diversity and championing inclusion.

3

### EMBRACE THE FIRST-PARTY REVOLUTION

Moreso than other industries, apparel brands have ability to weather the upcoming shift away from cookies and other third-party trackers in the e-commerce sphere. They have much more room to play in the realm of first-party customer data – if they invest in getting the tools right: fit-finder tests, style quizzes, newsletters, presale lotteries, and loyalty programs can all be rich sources of consumer marketing intelligence, if designed correctly.

Thought Leadership – Brand Building



**Martin Guerrieria** Head of Kantar BrandZ Kantar

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# IN PURSUIT OF 'DIFFERENCE' UNLOCKING A MULTITUDE OF BENEFITS

► Get ahead of your competition... Track and optimise your brand performance and campaign effectiveness using an agile brand guidance system, and shape future growth.

Now more than ever we understand that diversity is something to be celebrated: life is all the richer thanks to differences in looks, ethnicity, background, and ability. Yet when it comes to brands, Difference is a more nuanced, even controversial subject at times; its very existence is debated and questioned.

Based on a huge dataset gathered across more than 20 years, Kantar BrandZ offers compelling evidence that Difference not only exists, but can make a telling contribution in consumer decision making.

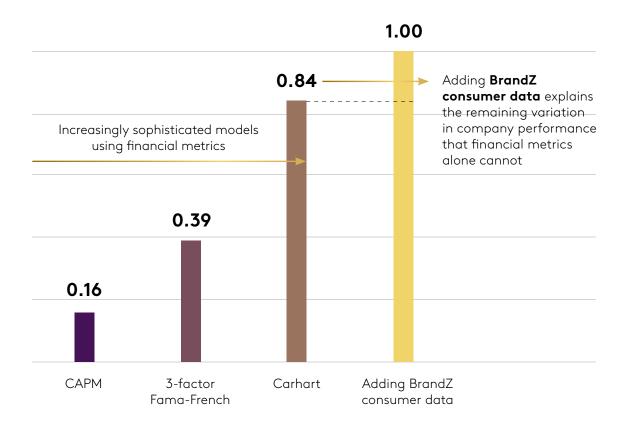
In 2021 Kantar offered Saïd Business School at the University of Oxford the opportunity to work independently using the BrandZ dataset. This work revealed that brand perceptions contribute to achieving 'abnormal business returns.' Those brands able to achieve perceptions of 'Difference,' as defined by a combination of uniqueness and leadership, were best placed to outpace their peers. Indeed, Difference was the number one brand contributor to superior financial returns. What's more, the Oxford/BrandZ model predicted market outcomes better than financial models that didn't feature brand performance data. (See figure 1).

A more complete definition of Difference is: a property of a brand as it exists in the mind of the consumer; the degree to which a brand's associations don't overlap with those held for replaceable brands.

fig. 1

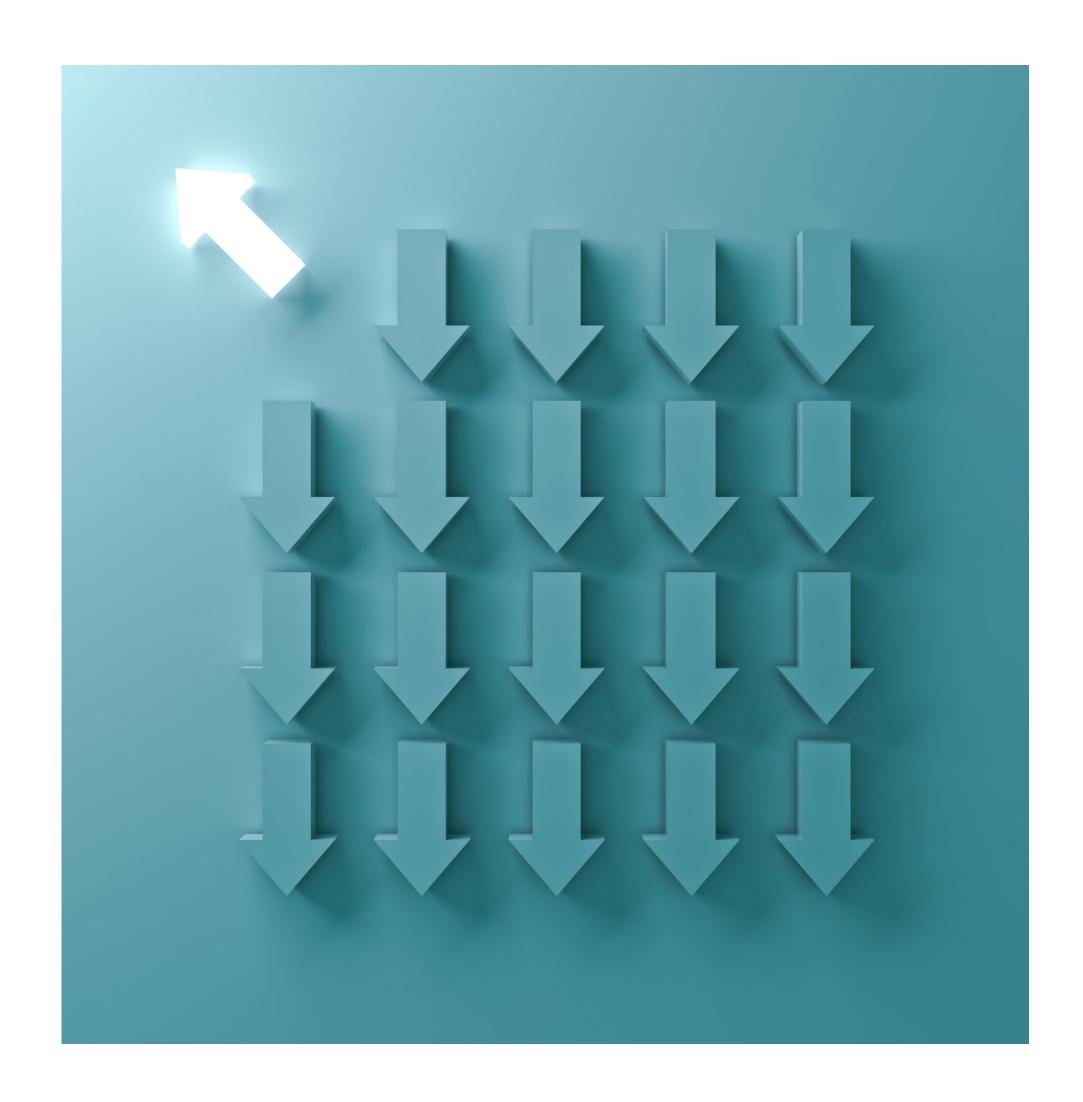
#### The Kantar BrandZ Difference variable is the No. 1 contributor to the model.

Out of sample R-squared



Base: financial data from 328 US-based companies owning 872 brands, 2007-2019; plus over 15,000 brand observations.

Thought Leadership - Brand Building KANTAR BRANDZ



#### **Distinctively Different**

Much has been written about the role of 'Distinctiveness' as opposed to 'Difference'. However, why shouldn't the two be intertwined to the point of a symbiotic, complementary relationship? Intuitively they certainly feel linked – if a brand stands out to me and I recognise it in some way, surely that recognition in itself will bring with it useful associations to aid my decision? 'I'm here, look at me and remember me!' or perhaps, 'Come and buy me again, you liked me last time, remember!'

Distinctiveness can be defined as: the degree to which a brand comes associated with stimuli, which trigger mental associations in people's minds making it easier for them to recognise and connect with the brand.

Essentially then, Distinctiveness can be thought of as an important contributor to a brand's perceived Difference: truly Distinctive assets will elicit immediate recognition AND bring to mind associations that set the brand apart from others in a way that will further influence decision making.

To give one example of distinctiveness: The shape of the Pringles' tin, the moustachioed logo of 'Julius Pringle,' and the contoured chips themselves, all combine into immediate recognition of the Pringles brand. They transform Pringles into a brand that's laden with memories and associations - perhaps of sharing, fun, and a certain taste experience. These associations are derived from a person's personal interactions with the brand to date, and also project forward to shape expected future experiences.

Pringles' distinctive brand assets combine to influence people's choice in the snack aisle versus Cheetos, Doritos, Walker's, Wotsits, and the rest; they are making people that much more likely to choose Pringles. The point is that their cumulative effect is greater than the sum of the individual component parts – distinctive assets combine to both boost recognition, and enhance or create difference.

An analogous way to consider this effect is to think about some of the world's most successful film franchises – each one of the following examples is both immediately recognisable and clearly distinctive 'assets'. They each hold a special sense of uniqueness and magic (one of them quite literally) for the viewer. Not all of

differentiated, partly as a result of the power of unique and these are physical props, but that doesn't dilute their power.













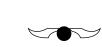
Lightsabres + The Millennium + Darth + Yoda Falcon Vader Force

#### **HARRY POTTER\*\***











Round + Lightning Hogwarts + The golden Sorting glasses bolt scar snitch

#### **JAMES BOND**









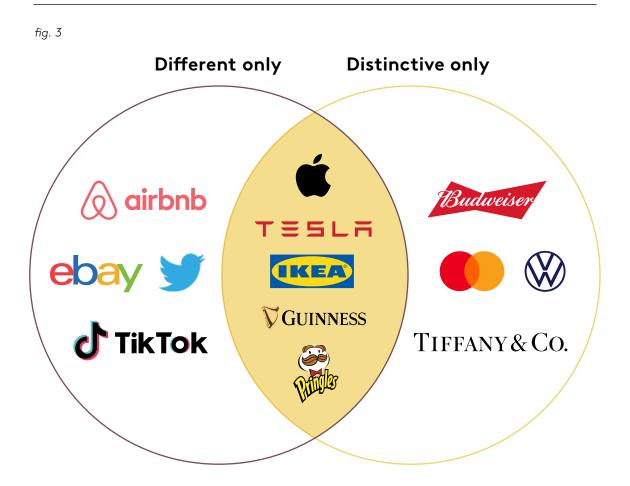
007 + Walther + Aston + Tuxedo + Martini ('shaken

\*Not pictured: Stormtroopers, R2-D2, C3PO, Chewbacca, Jabba the Hutt, Boba-Fett, Ewoks, The Death Star, X-wing fighters, Tie-fighters, the original score and sound effects – the list goes on and on...

\*\*Not pictured: Wands, the four Hogwarts houses, chocolate frogs, red and yellow stripes, the white owl

Thought Leadership – Brand Building

Coming back to the world of brands, Kantar BrandZ data illustrate the interplay between Distinctiveness and Difference with examples of brands that are perceived to be particularly Different, Distinctive, or both.



(Based on BrandZ survey data and BrandZ Brand Imprint study using implicit association techniques)

To date, Airbnb has achieved Difference primarily through the initial uniqueness of its offer: from the start, the platform created an entirely new way of seeing the world – and on the flipside, of monetising property. As COVID-19 restrictions continue to lift and we begin to travel frequently once more, Airbnb talked about the need to build brand as a differentiator and key means of driving growth – prioritising brand building over performance marketing with the recent 'made possible by hosts' campaign. CEO Brian Chesky said recently: "We're seeing great success in the brand marketing that we did last year and we're going to be expanding it to more countries. There will be incremental brand marketing spend this year."



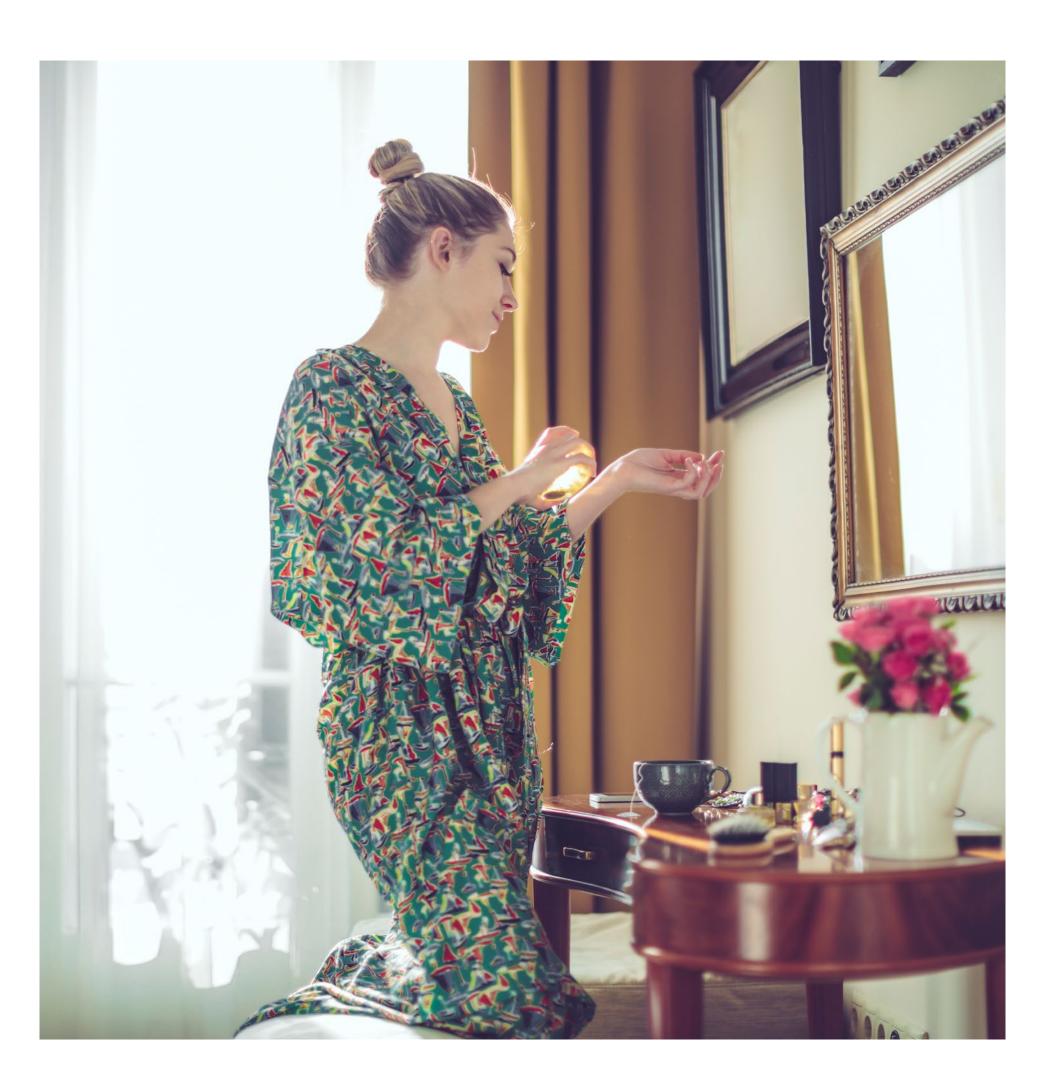
Thought Leadership – Brand Building

On the other side of the coin sit a number of brands currently lacking perceptual brand difference; some in particularly commoditised categories, and others very much defined by the dominance of their assets – Tiffany and Burberry are good examples of brands with hard won, very strong associations around colour and pattern, though when it comes to luxury goods, clearly consumers need more to justify their investment. To that end LVMH's purchase of Tiffany in 2021 immediately resulted in a range of new creative ideas, from playing with colour (the brand temporarily embraced a bright yellow) to new and provocative campaigns like '#NotYourMothersTiffany' aimed at younger customers, and 'Stand for love', which launched in Pride month accompanied by a claim that Tiffany was the first luxury jeweller to feature a same sex couple in its advertising.

Mastercard has such a strong visual identity, it was able to completely remove its name from the brand's logo in 2019. And yet it continues to struggle to truly differentiate from Visa, Amex, and others – as do each of those brands too of course - in a particularly functional, and quite literally transactional, category. This functional similarity is a challenge for many brands, particularly those operating in categories where consumers have a range of choices available. Adding a differentiating emotional component to a brand's positioning can certainly help-Myles George's article on 'Archetypes and emotion' has more on this later in the report. And finally, there are the select few brands who confidently sit astride both Distinctiveness and Difference; instantly recognisable, quick to mind, and clearly standing apart from the rest. These Distinctively Different brands include Guinness, IKEA, Pringles, Tesla, and Apple. All owners of very strong assets, and all capable of conjuring well-Differentiated and influential associations, when the need or occasion dictates.

Quality marketing can help unique associations to be noticed and remembered, potentially imbuing distinctive assets with the power to recall them. Cumulative associations build to enhance difference and aid choice.

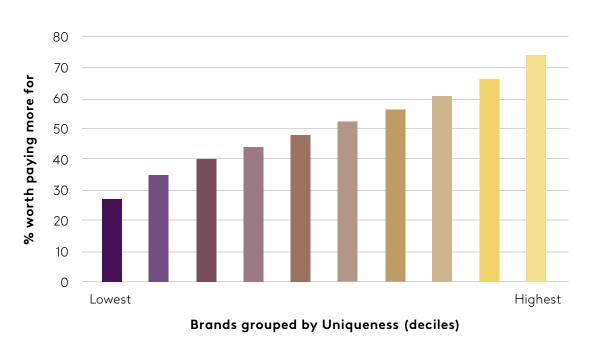
Distinctiveness is a key contributor to difference – distinctive assets are hard to build and maintain but are a nonetheless very worthwhile investment.



#### Scarcity equals premium

Finally, an often overlooked facet of a brand's perceived Difference is the ability to signal quality, and therefore support an advantageous price differential. Quite simply, **Difference is worth paying for.** 





In summary then, Difference is precious because it is relatively rare in any category—it is very hard to achieve. Perceptions of Differentiation accelerate growth, but to be perceived as Different, a brand must not only possess something special to distinguish itself from the crowd, but be able to communicate it clearly and compellingly.

What does your brand have in its arsenal to set it apart? How does your current strategy continually enhance and highlight your brand's Difference to your intended audience? How will that audience recognise your brand, both in the literal sense, but also in the sense of the small but unique contribution it can make to their lives? How is your brand actively pursuing Difference to unleash the many benefits it brings?

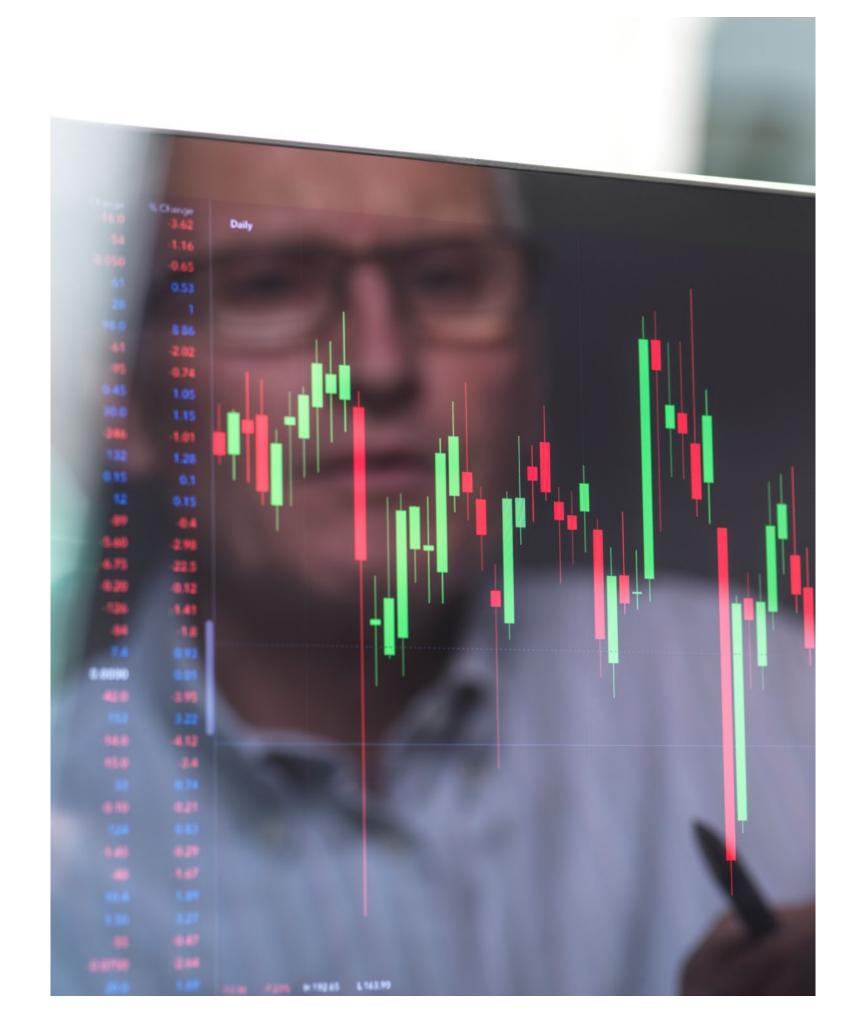
Thought Leadership – Brand Strategy



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Director, NeedScope
Kantar
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## ARCHETYPES AND EMOTION HELP BUILD MEANINGFUL DIFFERENCE

A 3-STEP APPROACH TO VALUE GROWTH

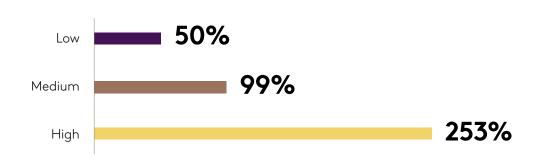


We know that powerful brands share three qualities: they are more meaningful to people, they are different to other brands, and they come to mind more quickly and easily than the competition. They also offer a frictionless choice. The phrase "easy to mind, easy to buy" captures this idea nicely and has become a shorthand of sorts to guide brands in thinking about the essentials in their strategy.

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fig. 1

Meaningful Difference: Long term brand value growth 94 common brands valued in 2006 and 2018



Source: Kantar BrandZ Top 100 Most Valuable Global Brands

<sup>►</sup> Learn more about how NeedScope and archetypes can build a point of meaningful difference for your brand, with help from Kantar.

Thought Leadership - Brand Strategy

#### Look to emotion to find Meaningful Difference

So what role does brand positioning play in this? In real life brand marketing, finding a point of meaningful difference can be challenging. Many brands are functionally similar, and consumers often have a wide range of choice.

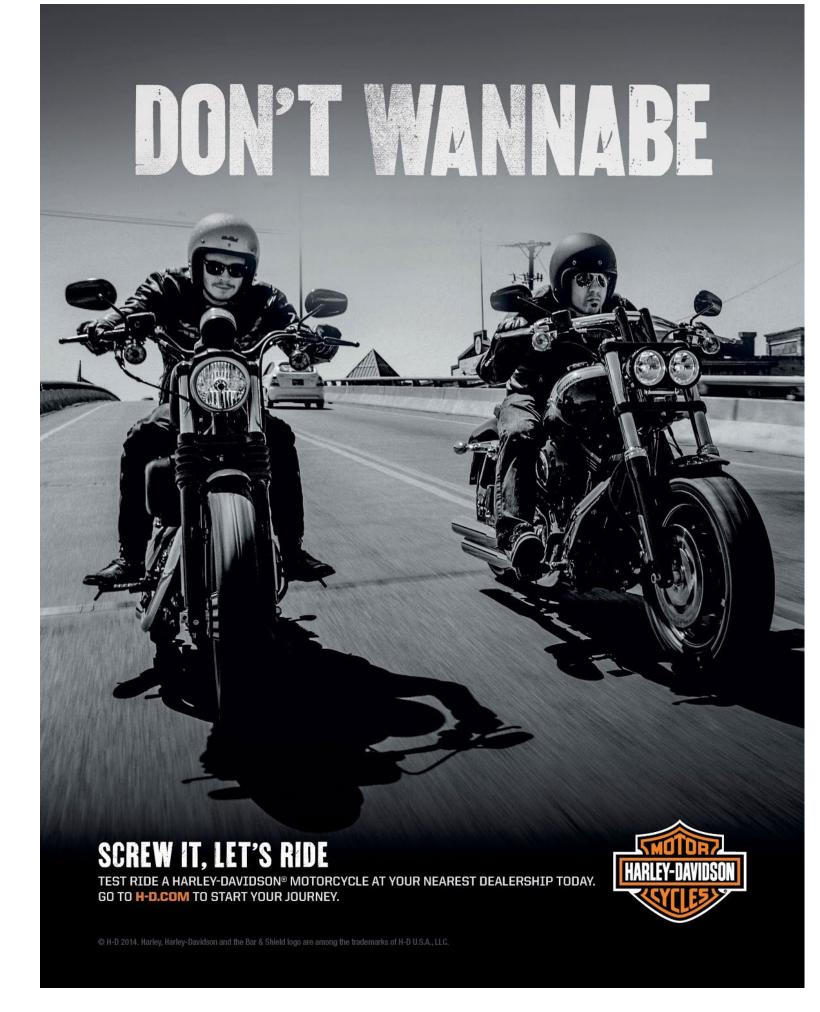
Brand owners should look to emotion in brand positioning to find that elusive point of difference. The latest neuroscience developments confirm the importance of emotion in human decision-making. Powerful brands, with high consumer predisposition, tap deep into the heart of what drives consumer choice. A framework helps to manage this – from brand strategy and positioning through to activation.

Kantar's NeedScope framework reveals the nature of the emotive needs in a category. These form the basis of potential positioning territories that brands can occupy. Using proven psychological principles, it gives brands a strong and very human foundation upon which to build a Meaningfully Different brand positioning. NeedScope helps understand how brands can be relevant and distinctive by conveying a recognisable, meaningful, emotive essence that permeates every part of the brand and its touchpoints.

#### Find out your brand's archetype and tell your story better

BrandZ now has data illustrating how emotive based positioning can work through brand archetypes. Humans have an innate need for storytelling – making sense of the world through mental constructs. They are the lens through which we understand ourselves and the other people we encounter. Archetypes are deeply rooted in the human psyche; and will trigger an emotional response.

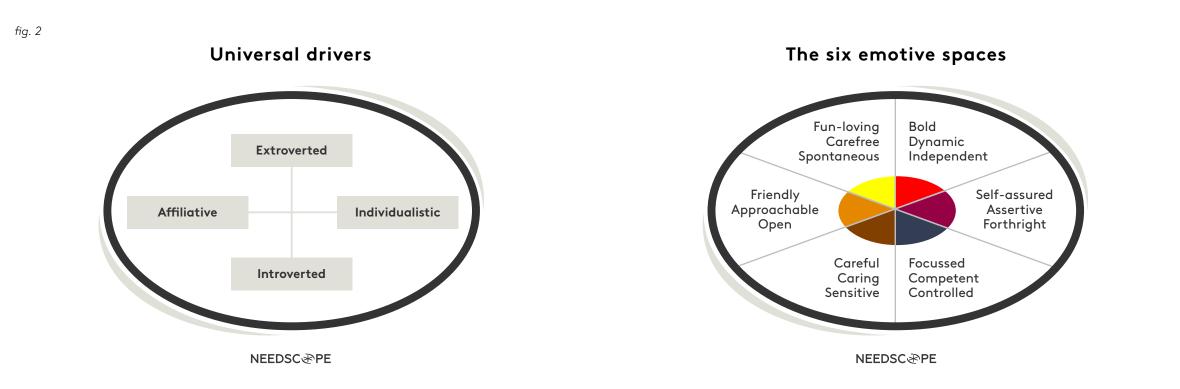
In brand marketing, archetypes can help brands resonate more deeply with consumers. A classic example is Harley Davidson. It's not difficult to assume their positioning leans heavily on the Rebel archetype. This reference is clear when you think of the attitude and the emotion portrayed by the brand through the logo (reminiscent of an outlaw motorcycle jacket 'patch') and the irreverant tonality often used in its advertising.



#### THERE ARE MORE EXAMPLES.

In fact, BrandZ uses 12 universal archetypes, each reflecting a personality dimension, with an essence here...

#### **Archetype:** Personality essence: Rebel: Rules are meant to be broken Hero: Where there is a will there is a way Enchanter Luxury is my only passion Ruler: Power isn't everything, it's the only thing To know is to grow Sage: Pursuit of excellence Expert: Caregiver: Love your neighbour as you do yourself A reflection of purity Innocent: and goodness Best friend: A trusted companion Bringing people together Networker: If I can't dance, I don't want to Joker: be a part of your revolution Free Spirit: You only live once

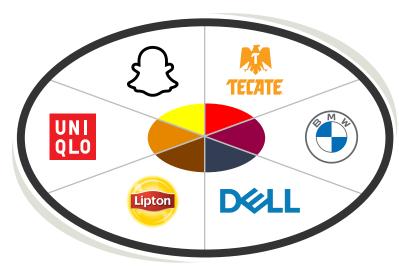


Thought Leadership – Brand Strategy

Reading the BrandZ Brand Personality data further we see several brands with a strong link to a different archetype. For example: Tecate Beer is a Rebel; BMW is a Ruler; Dell is a Sage; Lipton Iced Tea is a Caregiver; Uniqlo is a Networker; and Snapchat is a Joker. Through this link, these brands can map to the different spaces in the NeedScope model.

In their communications, the archetypes are seen even more clearly. Uniqlo's "made for all" campaign exudes a warm affiliative feeling aligning well with 'The Networker' archetype. Contrast that with the dynamic (albeit humorous) tonality BMW use in their recent Superbowl Ad featuring Zeus as a lead character! A literal archetypal character in this case.



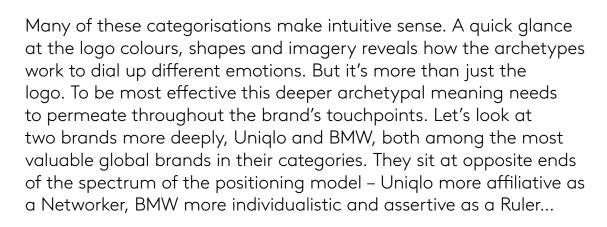


NEEDSC**⊛**PE

#### Uniqlo 'Made for all' – The Networker



BMW: 'Zeus' Electric Superbowl Ad – The Ruler



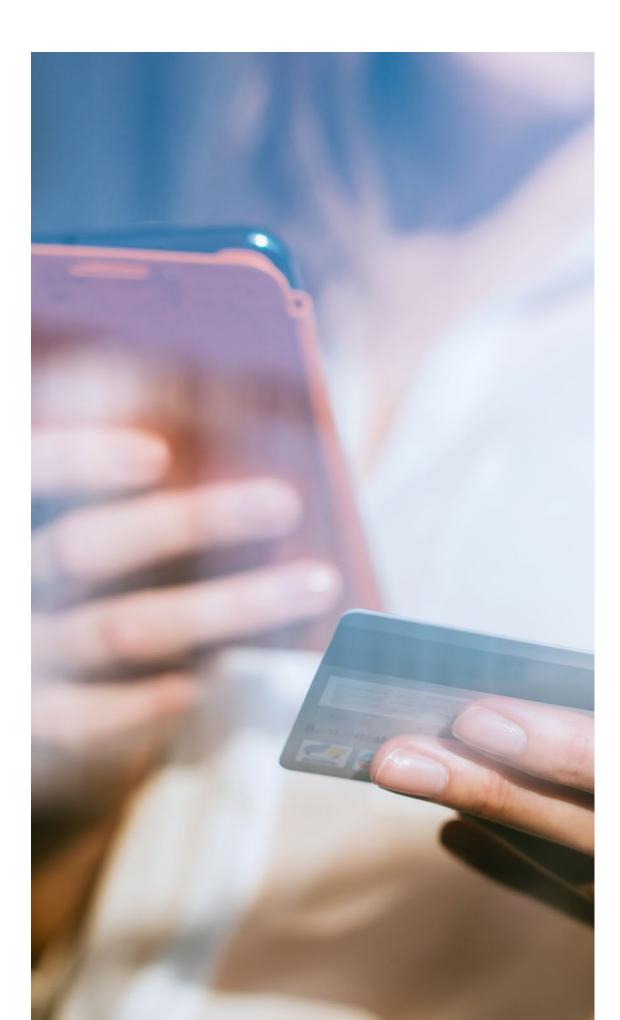




Individualistic 'The Ruler'







#### A crowded sector? Don't fret. Here's how to stand out.

You would think this powerful link between archetypes, emotional positioning and brand performance seems obvious.

However, BrandZ also reveals that only around one third of brands have a strong or moderate association with an archetypal personality. Most brands don't. This is a glaring lost opportunity.

For some brands this might not matter, particularly if you have a massive size advantage or a unique element in your functionality, such as Amazon and PayPal. But many brands operating in cluttered markets don't have this luxury. Finding a point of Meaningful Difference is crucial to achieving value growth in the longer term. If your brand is looking for a point of meaningful difference, then tapping a deeper sense of emotion though brand archetypes is a good way to build one.

#### BANKS

KANTAR BRANDZ

**BANKS TOP 15:** 

WELLS FARGO \$43,052
RBC \$39,522
J.P. MORGAN \$57,412
HDFC BANK \$35,603
ICBC \$35,315
CHASE \$32,098
BANK OF AMERICA \$30,846
TD \$29,720
COMMONWEALTH BANK OF AUSTRALIA \$26,601
MORGAN STANLEY \$21,219
CHINA MERCHANTS BANK \$20,552
BCA \$20,283
CITI \$19,435
CHINA CONSTRUCTION BANK \$19,214
HSBC \$17,175

**DEFINITION:** 

The banks category includes retail, business and investment banking institutions.

# MONEY MOVES/ BANKS BRANDS LOOK TO THE FUTURE

Category Brand Value Year-on-Year Change +30%

Banks Top 15 Total Brand Value \$ 428,046 m

#### **BANKS**

As a group, the world's biggest Banks brands had a strong year, growing more than 30% to a new total of \$ 428,046 million.

Major U.S. brands like Wells Fargo, J.P. Morgan, Chase, Citi, Morgan Stanley, and Bank of America all had banner years, with many posting record annual profits. The reasons behind this success were many: a busy and lucrative mergers environment; strong equities performance; increased consumer spending; and ample opportunities for gains in private equity and venture capital. In short: As the US and global economies recovered, American banks did very, very well.

The same general dynamic held true for top non-American brands like Canada's RBC and TD Bank, and the Commonwealth Bank of Australia, which all recovered alongside their home markets. In India, HFDC Bank built on lockdown-era breakthroughs in mobile banking and hyperlocal service to improve its BrandZ reputation scores - all while continuing to grow its bottom line and invest in new branches.

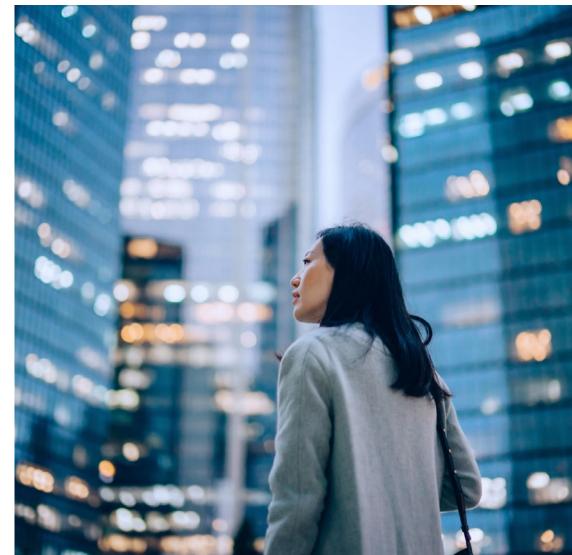
Elsewhere in Asia, some Chinese banking brands have found themselves in a more challenging situation. They are navigating the simultaneous challenges of continuing to clean up their real estate and industry loans, while also navigating ongoing trade tensions. They have also been affected by the cooling of China's tech sector in the wake of regulatory scrutiny.

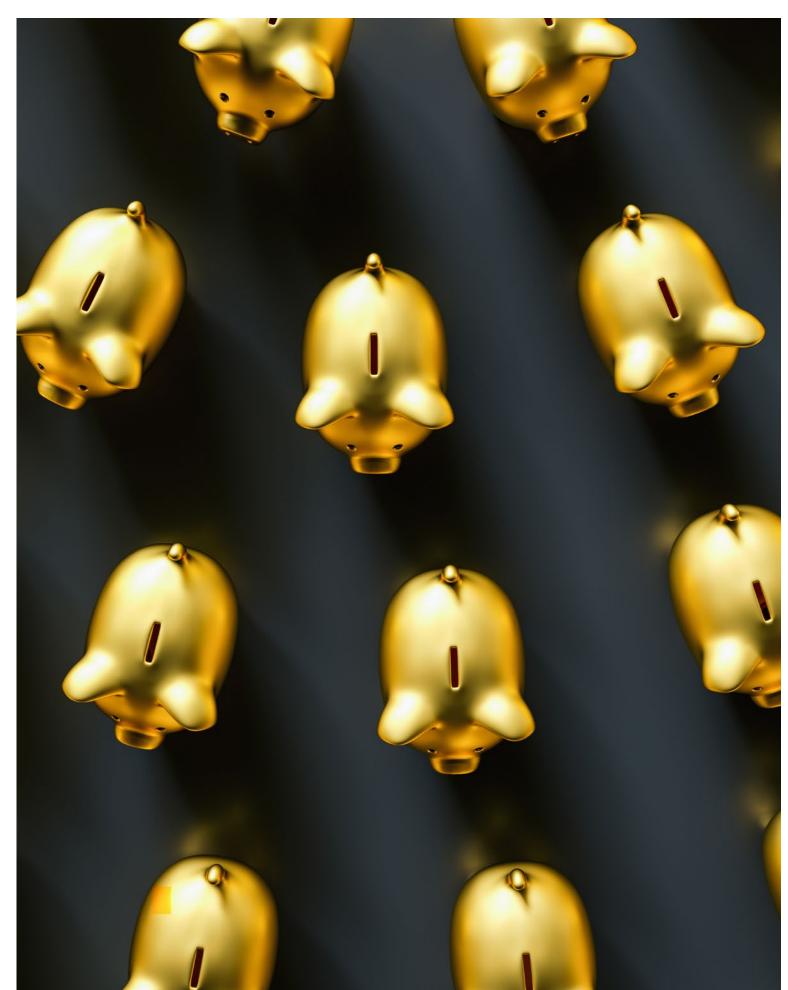
That being said, the Chinese government has also shown in the past year that it will continue to step in and save important markets and companies from collapse. This is a kind of insurance - reputational and financial - that bank brands in many other countries can only dream of. And there is an encouraging story, too, in the strong brand built by China Merchants Bank, which has established itself as a clear national leader in the areas of wealth and asset management. In May 2021, JP Morgan struck a deal to buy a 10% stake of China Merchants' wealthmanagement business, the first such deal of its kind between a Western and a Chinese bank.

Elsewhere in the industry, you may have heard some pundits predicting that bank brands will soon become obsolete. They believe, instead, in the disruptive potential of cryptocurrencies, as well as in the democratizing influence of independent online brokerages like Robinhood in the US and Zerodha in India.

Setting aside the more heated rhetoric, there have of course been recent cases of individual investors becoming rich by buying certain cryptocurrencies, or by making leveraged bets using independent brokerage apps. There have even been cases where coordinated small investor activity has foiled certain hedge fund bets.



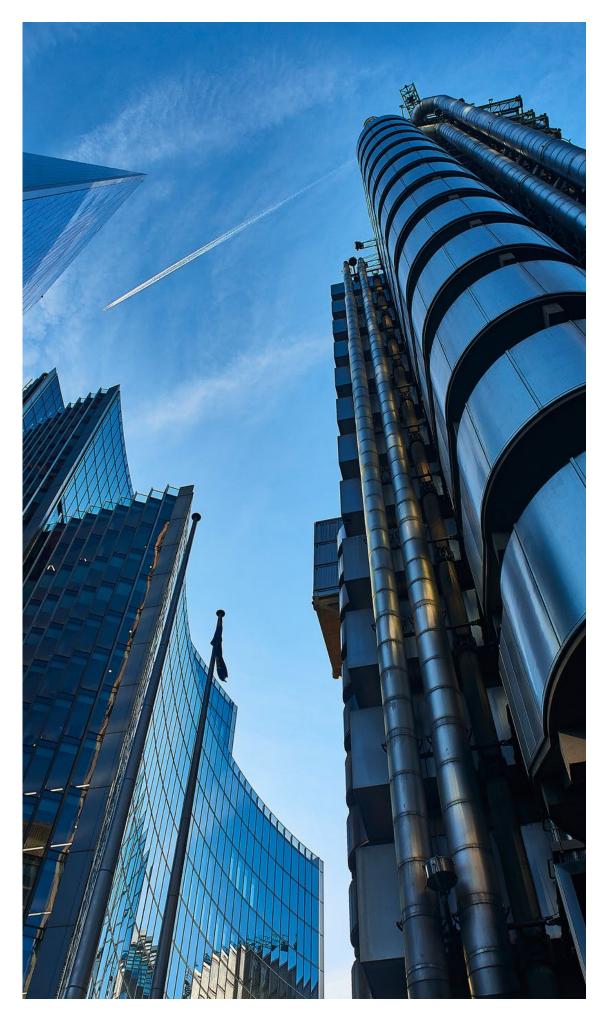




#### **BANKS**







What these cases do not yet suggest, however, is any real threat to big banks' ability to keep earning massive profits of their own. Even granting the potentially transformative nature of digital currencies, it seems likely that big bank brands will respond by simply building out large, profitable "digital shops" themselves. Consider, too, that countries like China, Japan, and the UK have begun the process of building their own digital currencies – all while looking for ways to bring forms of "outlaw crypto" under more centralized control.

It's true that young people, especially, are being driven by a new spirit of financial independence, and see savings, investment, and risk differently than their predecessors. But for every Gen Z-er looking to escape the typical 9-to-5 career path by becoming a crypto investor or day trader, there are plenty more who aspire to become founders and entrepreneurs.

In this realm, there's an opportunity for a banking revolution that's every bit as consequential as crypto - but much more human focused. It's about bank brands re-envisioning small business services in ways that speak to Gen Z's hustle mindset and digital fluency. There are signs that this shift is already underway. In South Africa, for instance, the country's most valuable brand, First National Bank, now offers a zero monthly service fee account for "digitally savvy sole proprietors." These "First Business" accounts also include free access to business apps like a customer payments portal and digital licensing renewal portal, as well access to a digital course that "provides free interactive entrepreneurial e-learning via videos, podcasts, quizzes, templates, and tools to set up businesses for success."

Going forward, expect bank brands to talk more about community development and entrepreneurial empowerment as their profits continue to rise. In the coming year, many leading bank brands are primed for a major profit windfall, as central banks look to fight inflation by increasing interest rates.

This is good for banks, of course. But reputation-minded banking brands are also sensitive to perceptions that, thanks to rate hikes, they will soon be earning billions more in loan revenue thanks to no overt "skill" of their own. Because of this, bank brands have already begun already signaling that how they will use this rate-hike revenue in meaningful ways. For starters, bank brands are committing to more jobs, geographic expansion, and the kinds of wholesale technological transformations that, in time, could lead to greater service and convenience for retail customers.

Another sizable portion of banks' rate-hike windfalls will likely go toward increased labor costs - as the industry confronts an increasingly tight market for talent. Here, too, there is room to enact positive change, around issues like retaining women workers (through better extended leave, and commitments to equal pay). Banks can also invest more in recruitment and mentorship programs that serve underrepresented groups.

In the realm of environmental sustainability, initiatives like green bonds, green investment funds, and carbon reduction targets all represent a step forward for the industry in the past decade. Environmental issues, and the UN Sustainable Development Goals, are now on banks' boardroom agendas as never

before. (What's more, as businesses of all types undertake more "sustainability audits," banks' environmental records could increasingly factor into when and how they win corporate business). Indeed, among the B2B audience surveyed for the BrandZ rankings, top bank brands' perceptions of sustainability have been noticeably trending upward.

One big remaining challenge around sustainability lies in finding ways to translate environmental gains into tangible benefits for retail customers ordinary savers, in other words, who aren't flush enough to need a "green" wealth management strategy, but still care about the environment. Among smaller banks, a brand like Triodos (which operates in the Netherlands, Belgium, Germany, United Kingdom, and Spain) can carve out a niche as an exceptionally virtuous brand. Triodos costs slightly more than competitors, in the form of a £3 monthly checking fee, but offers customers the satisfaction that their funds will be ethically invested.

At the outset, Triodos promises to never fund fossil fuels, fast fashion, weapons, or tobacco with customers' savings.

And it commits to offering a full list and accounting of the renewable energy, sustainable agriculture, and education projects it does fund. That's a heartening example of how to get it right on sustainability at a smaller scale. But what would green retail investing look like at the scale of a top global brand?

#### BANKS

#### **BRAND SPOTLIGHT**



National banking brands tend to overperform in the BrandZ top bank brands lists. Even among this cohort, Canadian standard-bearer RBC stands out for its high Meaningful scores. RBC's moves this past year are a strong example of how BrandZ data insights can align with strategic initiatives. In RBC's case, there is a clear incentive to raise the bank's Difference perceptions up to meet its high scores for Salient and Meaningful.

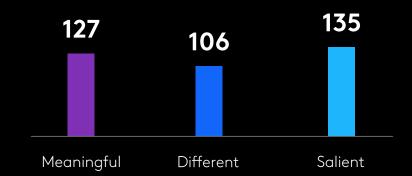
To that end, the brand's new "Ideas Happen Here" brand platform aims to highlight innovative offers across a range of marketing touchpoints. To date, ads have highlighted initiatives like the brand's redesigned app and integrated loyalty rewards program, as well RBC's startup incubator and small business tools.

2022 BRAND VALUE

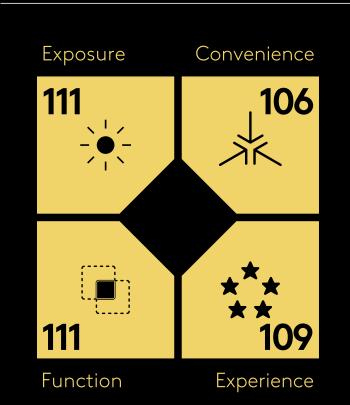
\$39,522M

2021 Brand value \$27,607m

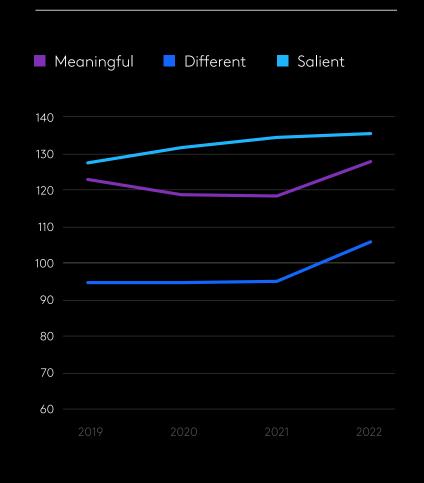
+43% year on year



Strong Fundamentals, consistently improving



#### Building Difference to reduce the Salience Gap



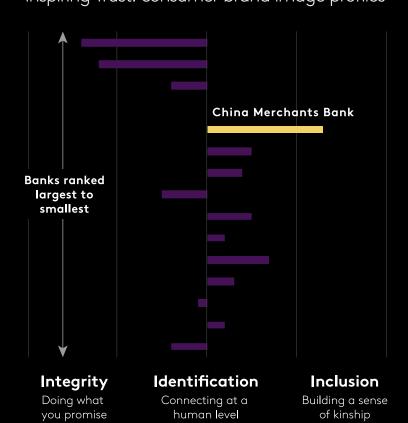
#### **BRAND SPOTLIGHT**



China Merchants Banks is well-differentiated, with a more modern appeal. Historically, the bank has been a first-mover in China in embracing digital transformation to boost profit, and in marketing gold- and platinumtier credit cards (with elevated customer service to match). Today, the brand enjoys a further high-Trust, luxury halo thanks to its formidable Wealth Management division.

#### China Merchants Bank is challenging perceptions

Inspiring Trust: consumer brand image profiles



2022 BRAND VALUE

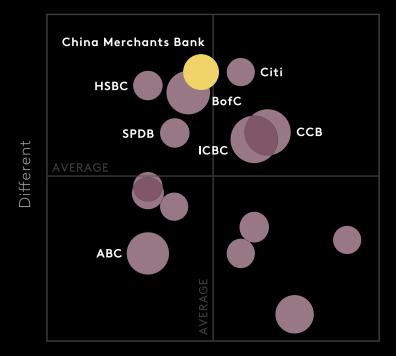
\$20,552M

2021 Brand value \$15,944m

+29% year on year

#### Digital transformation sustains a real Difference

Brand equity components



Meaningful

#### **BANKS**

# ACTION POINTS/BRAND BUILDING

#### PROMOTE FINANCIAL RESPONSIBILITY

In 2021, Kantar's Sustainable
Transformation Practice surveyed
a worldwide audience to determine
the global development issues that
consumers most wanted bank brands
to prioritize. They found that banks
brands were most expected to lead
on combatting tax evasion, financial
illiteracy, and increasing economic
inequality – while also contributing to
the fight against poverty.

#### REDISCOVER COMMUNITY SPIRIT

At the height of 2020's initial COVID-19 lockdowns, bank brands worldwide won plaudits for their willingness to grant loan holidays and waive extra fees; some banks even went to far as to drive mobile ATMs from block to block. That community spirit has receded somewhat in the intervening years. Now, many banks say they plan to use their ratehike profits to expand geographically. When allocating this money, they should consider ways to not only travel farther, but deeper as well – back into the fabric of local communities, to rekindle their recent goodwill.

3

#### UNLOCK HIDDEN ASSETS

Unlock Hidden Assets. As borrowing costs for ordinary people increase, bank brands could be more creative in helping people to unlock the value of their existing household possessions; there should be more steps between the loan officer and the pawn broker. To that end, in India the fintech startup Rupeek is trying to create a new kind of loan platform.

As a Rupeek executive recently told BrandZ, "Indian households have the largest amount of gold sitting at home of any global market. More broadly, almost 95% of Indian households have some form of security. It could be a scooter, it could be a car, it could be gold jewellery. But only 5% of Indian households have access to formal credit.... I think that technology has the ability to correct that divide, and that's what we want to do.

## BUSINESS SOLUTIONS AND TECHNOLOGY PROVIDERS

KANTAR BRANDZ

**BUSINESS SOLUTIONS AND TECHNOLOGY PROVIDERS TOP 20:** 

```
Brand Value $ (US) millions
                WEB SERVICES $401,815
              NSULTANCY SERVICES $50,349
INFOSYS $33,551
DELL TECHNOLOGIES $26,544
AUTODESK $21,144
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#### DEFINITION:

Business Solutions and Technology Providers include brands that provide (i) IT systems and software infrastructure, including software, middleware, cloud computing, components for manufacturing of smart/IoT devices or (ii) Software and applications for design, publishing and digital media, and business processes like accounting, finance, productivity, sales, teamworking or messaging, or (iii) IT consulting/outsourcing for business.

# SCALING UP/ THE BOOMING BUSINESS OF 'BUSINESS TRANSFORMATION'

Category Brand Value Year-on-Year Change



Business Solutions and Technology Providers Top 20 Total Brand Value \$ 2,140,844 m

### BUSINESS SOLUTIONS AND TECHNOLOGY PROVIDERS

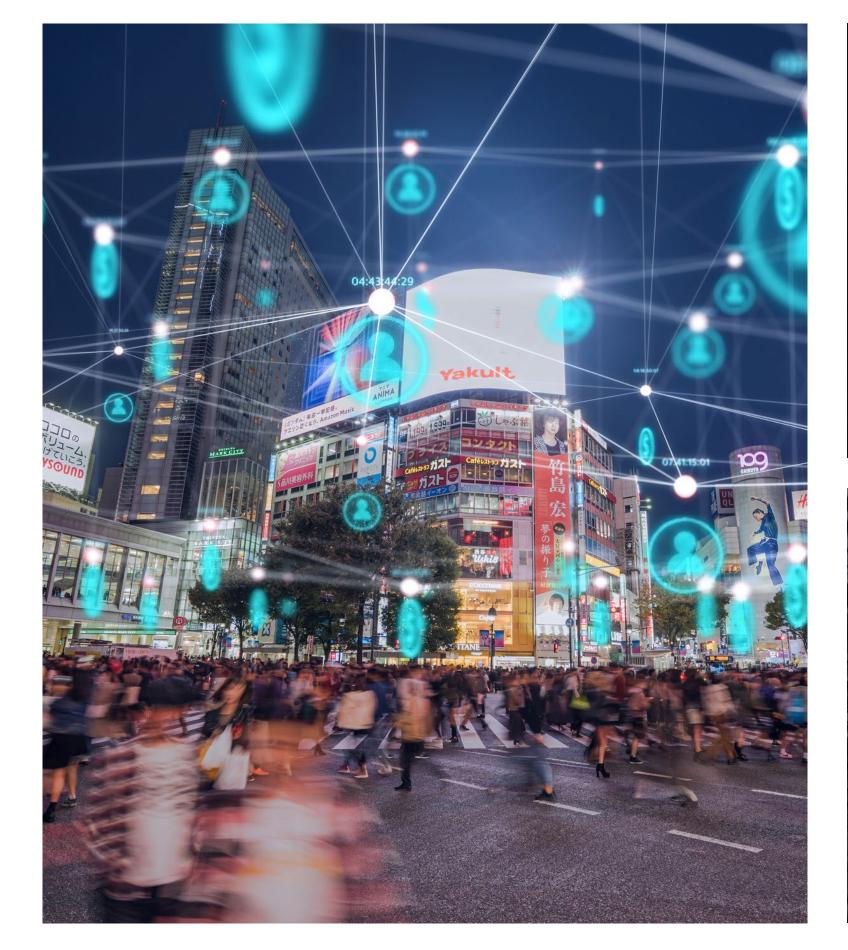
This year, the total value of the twenty brands that make up the world's top business solutions and technology providers exceeded \$2 trillion. Simply put, it's a good time to be in the business of business transformation.

The shifts toward digitalization and work-from-home, which began at the height of lockdown in 2020, have certainly continued through 2022. If anything, this digitalization push has acquired more scope and complexity as the world has begun to open up, and companies have started to emerge "survival mode" and plan more ambitiously for the coming decade.

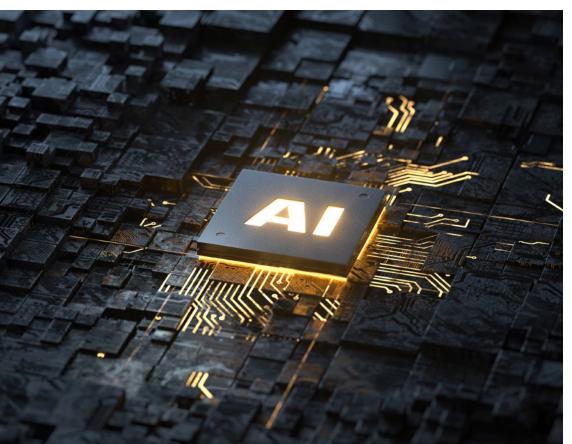
In other words, today's moment is about so much more than standing up new telecommuting software and e-commerce workflows - important as those tasks remain. Instead, the business world is working to overhaul its entire communications and enterprise infrastructure - to incorporate more cloud computing, more 5G, more Al and graphics processing power. More security protections and data compartmentalization, too, of course: to keep everything running safely in a perilous world, while remaining in compliance with a widening array of governmental requirements.

Meanwhile, in the digital marketing sphere, government regulations have hastened the shift to a post-cookie world. The race is now on to build the services that will supplant more traditional digital trackers.

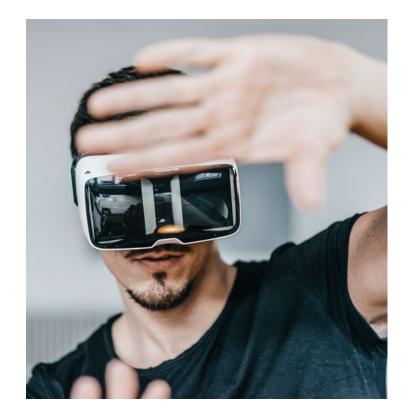
The business solutions and technology providers in this year's BrandZ Top 20 are all at the heart of these transformation efforts. Once again, though, Microsoft has stood apart as the world's most valuable brand in this category. Azure, Microsoft's cloud computing product, has continued to drive strong growth for the company during this new era of more flexible work and virtual schooling. These shifts have also driven surging sales of personal computers - and as a result, Windows has reemerged as a strong secondary growth engine for the company.



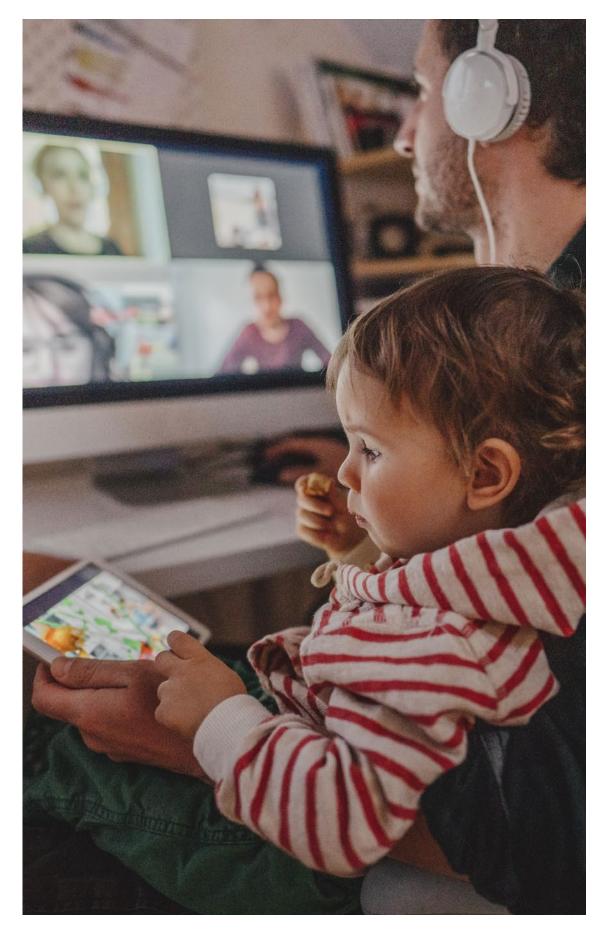




### BUSINESS SOLUTIONS AND TECHNOLOGY PROVIDERS







Going forward, the company's Teams product, which emerged as a pandemicera symbol of remote work, also aims to be the center of Microsoft's push into metaverse, with a focus on workplace collaboration. Today, startups like the New York-based Touch are offering "Metaverse as a Service," which involves building out custom, branded Teams spaces for companies that looking to jumpstart their migration into virtual realms.

Interestingly, one of the biggest emerging players in metaverse design is NVIDIA. It's easy to see NVIDIA's rise in the BrandZ rankings as chiefly a function of the global economy's insatiable demand for chips. Certainly, most (but not all) chipmaking brands have increased in value over the past year. But NVIDIA's future plans are intriguingly multifaceted in their embrace of software as well as hardware.

At the 2022 Consumer Electronics Show in Las Vegas, NVIDIA fully unveiled its so-called Omniverse concept: a 3D design and collaboration platform, powered by VR-optimized NVIDIA chips, that promises to be fully compatible with the newest 3D rendering tools from brands like Autodesk, Epic Games, and Adobe. NVIDIA's keynote presentation then culminated in the announcement of a new, free-to-use, consumer-facing version of Omniverse - available for immediate download on NVIDIA'S site.

The prominence of names like Epic Games and Adobe in metaverse chatter speaks to the uniquely spatial nature of this kind of system design; it's the rare business transformation realm in which fluency with video game animation engines is just as important as traditional codewriting skills.

Of course, Mark Zuckerberg's Meta, too, hopes to have a strong say in the future of the corporate metaverse - and indeed, many of Meta's proof of concept videos have featured business applications, rather than the more casual forms of social networking that the company formerly known as Facebook built its fortune on. These are still early days, but clearly the business upside of the metaverse is enticing enough that it's forced two big corporates to venture into entirely new areas of business. (And one of those corporations, the enterprise formally known as Facebook, is taking this opportunity so seriously that it's even changed its name!)

Meanwhile, back in "meatspace"... many top business solutions and technology providers have made real strides on their corporate reputations over the past year. Nine out of the world's 20 most valuable Business Solutions brands improved their responsibility credentials in the last year: Adobe, Amazon Web Services, AMD, Autodesk, Google Cloud, Infosys, Intel, Intuit and Qualcomm. The majority of these eight have improved their social and environmental credentials, and half have also improved their relationships with employees and their supply chain.

The business case is clear for increased attention to sustainability and responsibility in this category. As businesses of all stripes turn to publishing more environmental and social impact reports as part of their annual reporting processes, the strength (or weakness) of Business Solutions brands on issues like carbon neutrality can now directly and publicly affect how well their clients meet certain responsibility benchmarks. So clients have more incentive than ever to partner with service providers that have their own houses in order around social responsibility. In short, when Business Solutions brands do better, their partner brands do better too and look better, to boot.

#### BUSINESS SOLUTIONS AND TECHNOLOGY PROVIDERS

#### **BRAND SPOTLIGHT**



#### **BRAND SPOTLIGHT**



Valued separately for the first time in this year's BrandZ rankings, Amazon Web Services (AWS) continues to grow at an impressive rate. Founded in 2002, AWS is a pioneer in providing on-demand cloud computing platforms and APIs to individuals.

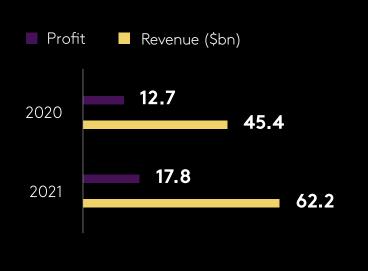
Just as importantly, AWS has retained its reputation for value and disruption through the unique flexibility of its "volume based" model. It offers a range of transparently priced cloud deals for huge corporations and small businesses alike.

2022 BRAND VALUE

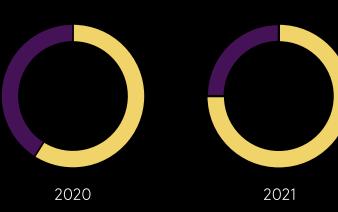
\$401,815M

New

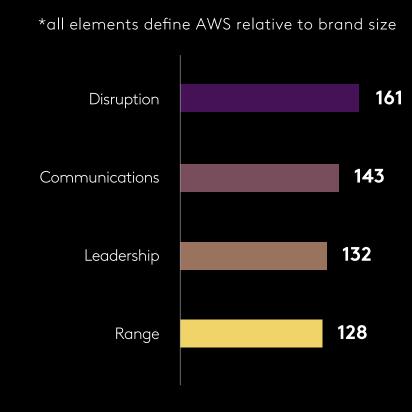
#### AWS continues to grow in revenue and profitability



AWS proportion of Amazon total operating income



#### A disruptive business model and range of services



### This year, one of India's most famous tech success stories has made its debut on the BrandZ Global Top 100. Thanks to the disruptions of COVID-19, Infosys's core competency of enabling digital transformation has never been more in demand.

But as the brand's CEO, Salil Parekh, put it recently to an Indian newspaper, "Infosys has invested heavily over the last few years in anticipation of an increase in digital spending by clients, and would have registered a similar pace of growth even without the Covid-19 pandemic."

"Large companies have seen the benefits of digital in the last 18-24 months to better connect with customers or employees or within the supply chain... [But] we've been taking digital projects over the last four years, and not just the last six months."

2022 BRAND VALUE

\$33,551M

New

#### Transforming businesses and their workforce in an increasingly digital environment



#### Big Ideals

Strong performance on both Corporate reputation AND Purpose



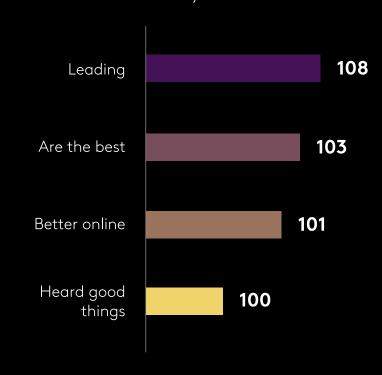
### Corporate Reputation

#### Navigate your next

'We help our clients transform their organizations to become a thriving Live Enterprise by augmenting their core digital capabilities, advancing their operating models and transforming their talent for the future.'

#### Investment in digital capabilities has built momentum and leadership credentials

\*all elements define Infosys relative to brand size



Source: BrandZ, Business Solutions & Technology Providers, 2022. Amazon.com Inc. earnings reports

## BUSINESS SOLUTIONS AND TECHNOLOGY PROVIDERS

# ACTION POINTS/ BRAND BUILDING

#### BUILD BRAND AWARENESS

Much of the marketing activity around Business Solutions brands is heavily tactical in nature – "performance marketing," essentially, that's geared towards lead generation and aimed at a small inner circle of decision makers. Much rarer is the marketing output that seeks to put forth a broader vision of a brand's distinctive identity and values. These are kinds of attributes that indicate not merely what services the brand can offer today, but where it is heading over the next decade – whether it's well-positioned, in other words, to be a longer-term strategic partner. Tactical outreach will always have its place in this category – but there are many missed opportunities to articulate a larger brand vision along the way.

2

#### COURT THE NEXT-GEN

Business Solutions brands have good handle on who their current customer is: relative to other categories, they are dealing with much smaller group of decision-makers. What they need to research, instead, is the next generation of corporate leaders. Career paths are changing, and companies are making concerted pushes toward incorporating greater diversity of experience in their ranks. The person who will be contracting with your brand in five or 10 years' time may think very differently from the MBA graduate or IT veteran you are currently accustomed to dealing with; for starters, this future leader may have very different philosophies around client service, environmental sustainability, and corporate responsibility.

3

#### EMBRACE META-WHIMSY

For years, Adobe's communications have stood apart for their embrace of the colorful, the creative, and the fanciful. Now, the burgeoning metaverse offers the chance for other, more staid Business Services brands to loosen up, and introduce elements of fun and absurdity into the mix.

In these early days, the metaverse is a little silly – and that's OK to admit, and even to use to one's benefit. (Let's be honest... Hardly anyone has legs yet! That's funny!) For the first time in a while, the rise of the metaverse has caused Silicon Valley to recapture some of the excitement that surrounded the early Internet.

#### CARS

KANTAR BRANDZ

CARS TOP 10:

TESLA \$75,933
TOYOTA \$33,108
MERCEDES-BENZ \$30,349
BMW \$27,594
FORD \$13,212
HONDA \$11,151
AUDI \$10,668
BYD \$10,519
VOLKSWAGEN \$9,246
PORSCHE \$8,605

#### **DEFINITION:**

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

#### ROOM TO MANOEUVRE/ CAR BRANDS ENVISION THE FUTURE OF MOBILITY

Category Brand Value Year-on-Year Change +34%

Cars Top 10 Total Brand Value \$ 230,386 m

#### CARS

The world's top car brands did all they could to accelerate growth this year - rising 34% to a total brand value of \$230,386m, even as chip shortages and other supply chain constraints continued to drag down the auto industry's recovery.

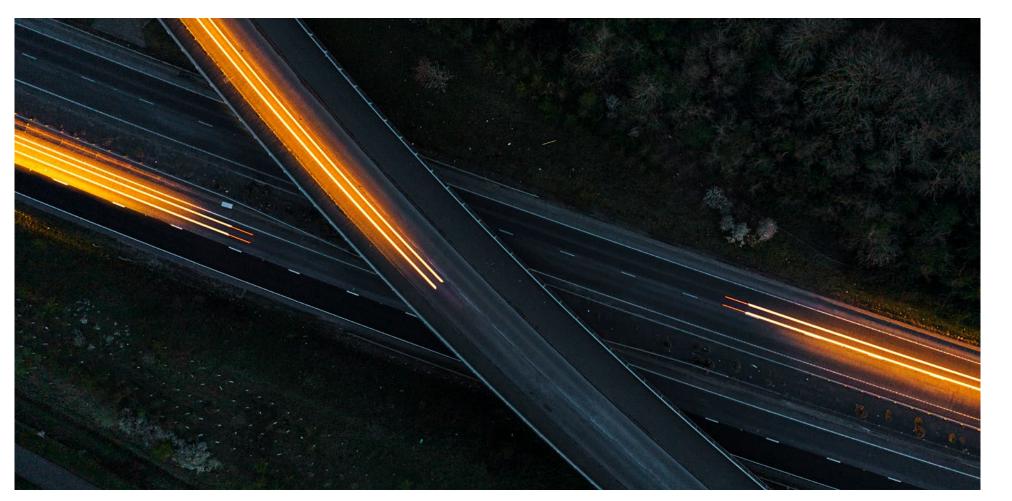
In 2021, these production snags meant that worldwide motor vehicle production only increased by 3% over pandemic-stricken 2020 levels, according to statistics from the International Organisation of Motor Vehicle Manufacturers. In response, some more value-focused car brands, like India's Tata Motors, have been to redesign their car models to reduce their reliance on semiconductors. For most carmakers, however, the past 12 months have featured at least one, if not several, manufacturing pauses - as waves of COVID-19 restrictions in car parts factories have led to shipment delays across a wide array of production inputs.

One big change in the past two years is that in many markets, used cars sales (and especially prices) have soared amid a climate of scarcity. In a way, this shift has pointed towards a *greater* role for brand in car marketing. Stronger brands are seen as better, more low-maintenance "bets" when buying used cars – and also retain their value more down the line.

There's a "future-proofing" imperative at play these days in new and used vehicle sales, which also speaks directly to the importance of brands. These are uncertain times - and that extends toward car upgrade cycles. If you think the car you buy could remain in your driveway for a longer period of time, it becomes even more important to get your choice of model right.

For all that demand has evolved, there remains a strong market for new cars - with some customers going to extraordinary lengths to track down popular models across their region's dealership networks. In the US, the National Automobile Dealers Association reported a sales volume increase of 3.1% for passenger cars and trucks, with a further rise of 3.4% forecast for 2022. In China, the China Passenger Car Association reported an annual sales increase of 4.4% in 2021 - with electric and plug-in hybrid car now making up some 15% of all new sales. That was good news for homegrown Chinese electric vehicle (EV) manufacturers like Nio and BYD, the latter of which is new to the BrandZ Global Cars Rankings this year. And it was good news, for global EV juggernaut Tesla.

This year, Tesla retained its title as the world's most valuable car brand, rising 78% last year to a new total value of \$75,933 million. As the years have gone by, Tesla has retained its edge not only thanks to its first-mover advantage in the world of EVs - but also because of its in-house expertise in areas like chip design and battery engineering. These advantages have made Tesla more nimble than most in the face of supply constraints.







Tesla has also been aided by a successful alobal diversification of its manufacturing base: by opening new factories in Germany and China (the latter of which remains the world's greatest hub for EV battery manufacturing), Tesla has further insured itself against upcoming supply chain shocks. None of this would matter, of course, if consumer demand for Tesla vehicles wasn't still strong - but it is, even as Tesla enters its second year without debuting a new car model. Since the start, Tesla has consistently deviated from traditional timetables for introducing and updating vehicle models. Nevertheless, consumers continue to see Tesla category leader across factors like body design, cabin layout, software innovation, and driving range. And that's more than enough to fuel the engine of demand.

At the same time, the EV market has clearly matured to the point where it's able to accommodate not just Tesla, but a whole slew of competing electric vehicle brands. This is especially the case in China, which has made significant investments in EV charging infrastructure, and where brands like BYD, Nio, Xpeng, Saic, and Li Auto offer models at prices that will extremely attractive even after Chinese government subsidies sunset at the end of this year. Tesla's range advantages are also shrinking; Mercedes-Benz's Vision EQXX concept, for instance, promises more than 650 miles per charge.

#### CARS

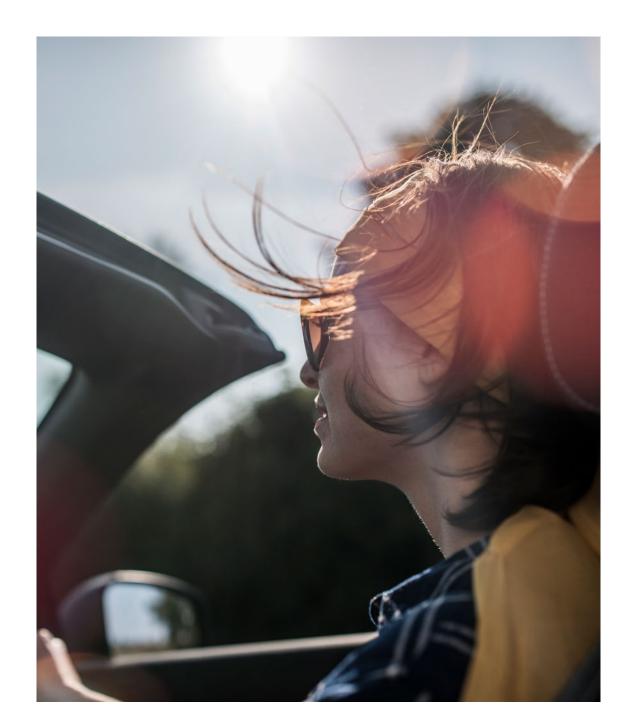
Farther afield, the Chinese consumer electronics brand Xiaomi has also announced plans to build an electric car plant. And another major consumer electronics player, Sony, recently announced plans to enter into the EV space in partnership with Honda.

Even when consumers aren't buying electric vehicles themselves, they are interacting with them through commercial, delivery, rental, and rideshare channels (for example, the Uber Green service in the UK). What was once a curiosity is quickly becoming a familiar part of daily life.

The drumbeat toward electric cars continued throughout 2021, as major brands announced ambitious future targets and began to unveil road-ready propositions - for example, GM's Cadillac Lyriq and Nissan's Ariya. These new electric models are being welcomed with genuine consumer interest: Ford, for example, has frozen its waitlist and doubled planned production for firstever electric version F-150 pickup truck, in the face of strong demand. Perhaps most notably, the world's top automaker by sales volume, Toyota, recently announced plans to introduce 30 EV models by 2030 - an effort it says will some \$17 billion. The commitment represents a pivot, of sorts, from the brand's longtime emphasis on hybrid vehicles - and is a further sign that car brands' electric eras are just around the corner.

In addition to debuting new EV platforms and models in the here and now, top car brands are also offering longer-term visions for how electric and self-driving technologies could revolutionize the *experience* of car travel for drivers and passengers alike.

There is a "roominess revolution" afoot in the world of car cabin design, as bulky internal combustion engines make way for a suite of wellness and lifestyle enhancements. The massage seats now featured in models like the Audi E-Tron electric crossover SUV are just the beginning. At this year's Consumer Electronic Show, for instance, BMW unveiled a new "Theatre Screen" concept that features a 31-inch, 8K display that can descend to turn the back seats of its luxury cars into an immersive private viewing room. Cadillac's InnerSpace concept anticipates a future where self-driving cars will have no need for pedals or steering wheels - instead, much of the front console is given to a wraparound, curved display that aims to transport passengers from noisy cities into oases of meditative calm.





The pandemic has accelerated the need to re-envision the experience of driving in new and daring ways. Kantar's most recent Mobility Futures study of transport trends in major global cities revealed a 30% drop in travel volume to work in 2021. Interestingly, though, even as enthusiasm for forms of "healthy travel" such as biking and walking increased during this time, so too did consumer's preference car driving, especially in comparison to taking public transit. Even as the daily necessity of car travel declines in many parts of the world, in other words, cars have become increasingly recognized for the freedom, flexibility, and safety they afford over other mobility options.

One manifestation of this shift can be seen in a new generation of "outdoor exploration vehicles." Cars themselves can become a kind of "healthy travel" to when they connect people with nature, and with outdoor pursuits like hiking, camping, and paddling. Today's outdoor segment goes far beyond mud-streaked off-roading vehiclesthough recent redesigns of the Ford Bronco and Jeep Wrangler have certainly tapped into nostalgic associations with this format. But what we're also seeing are gentler, more social valences of outdoor exploration, as exemplified by the classic VW Camper Van of yore. Which, not coincidentally, is set for an EV update in the form of Volkswagen's planned ID.California.

What this research suggests is that going forward, even in the "worst-case" scenario (for car manufactures, at least) where mass transit, ebikes, and ride-share platforms predominate... there will still be plenty of room for top car brands to position vehicle ownership as a premium, elevated experience. That's the logic behind the efforts of brands like Mercedes to push even more decisively into the luxury space - where cars are distinguished less by driving specs, and more by the smoothness and serenity of the cabin experience. Going forward, even in regions where cars may no longer be a daily functional necessity, they can still be sold to the world's growing middle and upper classes as a lifestyle platform - as essential components of a life well-lived.

#### CARS

#### BRAND SPOTLIGHT



**BRAND SPOTLIGHT** 

Among upscale car brands, Porsche is

toward electrification thanks to its

especially well-positioned for the transition

differentiated positioning that combines

luxury with high-speed performance. Since

its debut, Porsche's Taycan model has won

praise from the gear-press for providing a

well-rounded performance driving experience,

that goes beyond fast acceleration (which all

electric cars tend excel at as a class). Buyers have taken notice: the Taycan was Europe's

top-selling luxury sedan in 2021 (electric or

gasoline), and globally Taycan sales have

surpassed those of Porsche's flagship 911.

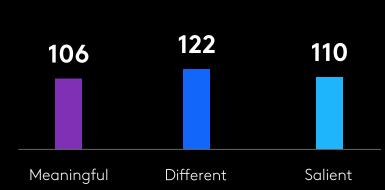


China is well on track to meet its government's target that electric cars make up 20% of new car sales by 2020. And according to BYD CEO Wang Chuanfu at a recent conference, that proportion could rise to 70% by 2030. Already, BYD has surpassed Tesla as the best-selling electric car brand in China; now, it has its sights set on overseas expansion.

2022 BRAND VALUE

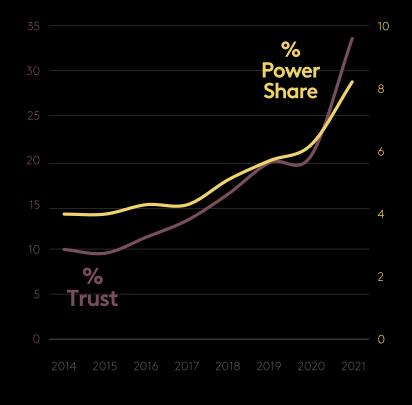
\$10,519M

#### New entrant



#### BYD's growth has accelerated in the last 2 years

BYD has successfully grown by offering a well-designed range of affordable EVs that consumers have learned to trust.



#### 2022 sales expected to approach 2 million units

Key attributes: Performance vs competitors

Disruptive +11 Purposeful +6 Sustainability +8

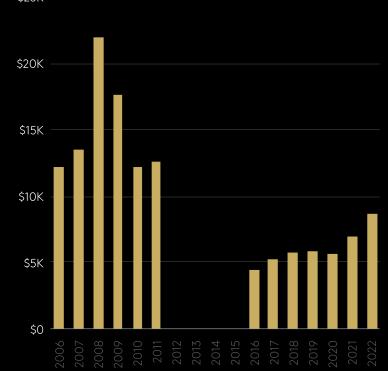
...and great value for money

Great Value BYD Wuling Geely Auto	Margin Opportunity	Justified Premium VW (Volkswagen) Honda
<b>Value</b> Changan Chery	<b>Average</b> Haval	<b>High Priced</b> Toyota Nissan
<b>Commoditised</b> Great Wall Poer	Margin Risk Hyundai Chevrolet	<b>Over-priced</b> Buick Ford

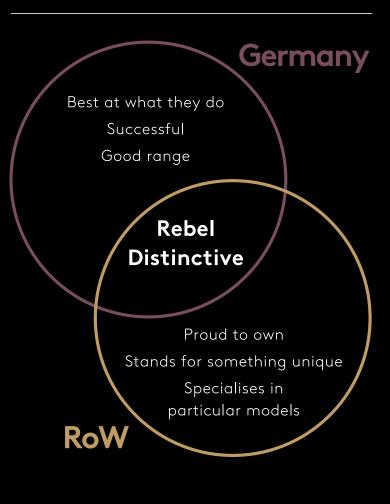
#### Porsche has a great positioning for 'good times'

The brand has struggled to realise its full value after the financial crisis and the disruption of Tesla and the move to EVs.

#### **Brand Value**



#### It remains more of a specialist outside Germany

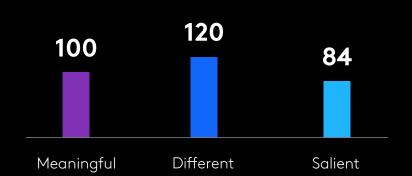


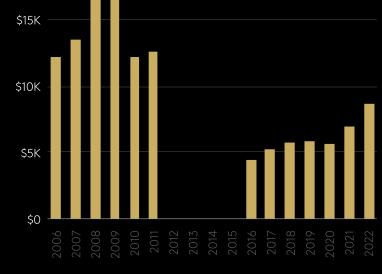
2022 BRAND VALUE

\$8,605M

2021 Brand value \$6,858m

+25% year on year





Source: Kantar BrandZ – China, Cars, 2021 Source: Kantar BrandZ – Luxury Cars – Germany, USA, Japan, China, UK

#### CARS

# ACTION POINTS/BRAND BUILDING

#### RETHINK RESPONSIBILITY

Ought car brands' commitments to corporate responsibility begin and end with electrification? Plenty of brands in plenty of categories can tackle issues like inequality and education, the thinking goes, but only car brands can help the world make the crucial transition away from gas-powered mobility. That's true enough – but it's also true that consumers want car brands to embed their electrification efforts within a wider ethos of environmental change. A global survey completed by Kantar's Sustainable Transformation Practice shows that consumers expect car brands to lead on issues like water and air pollution in addition to their work reducing greenhouse gas.

2

#### REFOCUS ON CHINA

Many top car brands have begun to see a divergence in their reputations in China versus the rest of the world. Brands like BMW, Toyota, Audi, and VW are losing some of their consumer attraction in China. At the same time, local Chinese brands are gaining in esteem, thanks to a combination of nationalism, rising innovation, and culturally resonant marketing. Western players can thrive in China – witness Tesla's ongoing, Elon Musk-led charm offensive there – but not by default. Now is the time for brands to decide if they're "all-in" or not.

What's more, Western brands should also begin to regard brands like Saic, Nio and Xpeng as genuine global players, and calibrate their competitive strategies accordingly; there's no reason why these brands can't become commonplace on the roads of Europe, especially if they maintain an ultracompetitive price.

**3** 

#### **GET CIRCULAR**

As used car prices remain high, the time is right for car brands to more thoroughly explore the sustainability - and business benefits of "the circular economy." Since coming online in September 2021, for instance, Renault's first-of-its-kind "used car factory" in Flins, France, has already reconditioned thousands of used cars that would otherwise not have been fit to send on to dealerships. The next phase of the project will introduce new systems to electrify used cars, repair electric vehicle batteries, refurbish damaged chips and recycle mechanical parts. At the Flins plant, Renault's goal is to recondition 45,000 vehicles and 20,000 batteries per year by 2020; it is also inaugurating a similar project in its facility in Seville Spain. The brand expects that refurbishment activities could generate some \$1.1 billion in annual revenue by 2030.

#### CONSUMER TECHNOLOGY

KANTAR BRANDZ

**CONSUMER TECHNOLOGY TOP 5:** 

APPLE \$ 947,062

SAMSUING \$ 54,029

XBOX \$ 39,674

HUAWEI \$ 32,672

XIAOM \$ 21,653

Brand Value \$ (US) millions

#### DEFINITION:

The consumer technology category includes manufacturers of consumer electronics products, including TVs, home audio equipment, game consoles, digital cameras, phones, personal computers, laptops, printers, keyboards, etc., as well as other electronic products used at home.

# TECH FOR ALL/ LEADING PLAYERS DIVERSIFY THEIR RANGES

Category Brand Value Year-on-Year Change +46%

Consumer Technology Top 5
Total Brand Value

\$1,095,090 m

#### CONSUMER TECHNOLOGY

The world's top consumer technology brands gained a combined 46% in value this past year as smartphone sales recovered and people's lives moved even further onscreen. Were it not for chip shortages and other manufacturing hurdles, it's likely that smartphone shipments would have surpassed pre-pandemic levels entirely.

As it is, top tech brands have used this transitional period to build up the middle levels of their smartphone ranges - and to prepare for a near future in which widespread 5G begins to power a truly mainstream "internet of things," as well as an emergent metaverse.

For much of the last decade, the rivalry between category leaders Apple and Samsung focused on who could debut the most feature-laden, ultra-high-end phones These brands' "upper-middle" tier offerings, meanwhile, sometimes struggled with a perception of being "unexciting" or "a step down." This reputation that was reinforced by conspicuous design divergences (plastic backing versus glass, for instance), as well as confusing naming conventions.

For a while, these perceptions were hardly a drag on Apple and Samsung's growth, especially in the absence of credible midrange competitors. The cellphone industry, some thought, would largely remain split between luxury handsets on the one end, and entry-level smartphones on the other; competitors might do brisk business in emerging markets, but posed little threat to Apple and Samsung's ability to command premium margins among wealthier shoppers.

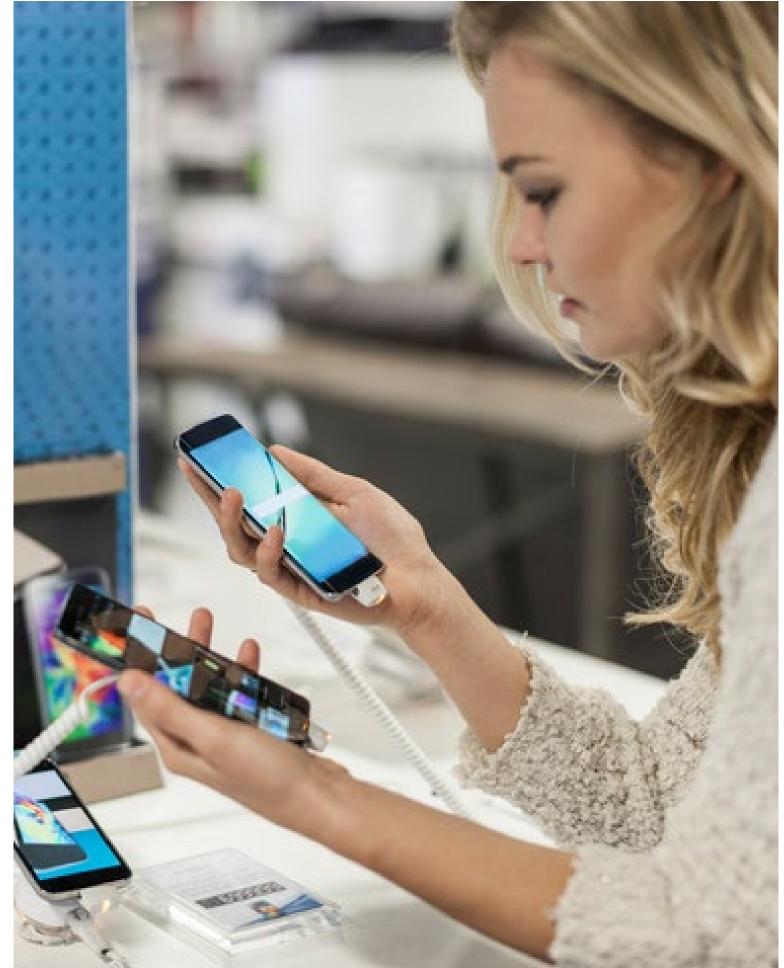
Since the start of this decade, however, it has become clear that consumers were taking longer and longer to upgrade their old smartphones - all while the price of Apple and Samsung's top-flight handsets began to regularly top the imposing \$1000 threshold. At the same time, competitors like Google, Xiaomi, Huawei, Oppo, Vivo, and OnePlus began to offer well-designed premium smartphones at half that price.

While not quite as fast or powerful on a sheer computing level, these challengers have aimed to match (or even exceed) luxury brands' performance on the features that customers care most about: capabilities like 5G streaming and gaming, or the ability to take great pictures and video (whether that's through proprietary algorithms, like Google Pixel's Al image processing, or through third-party lenses, as in the case of OnePlus's partnership with Hasselblad). This, then, was the state of play as the pandemic hit.

And what's the state of play now, nearly a quarter of the way into the 2020s? Perhaps surprisingly, nearly every major smartphone brand has emerged from the pandemic having made real progress their core strategic imperatives - all while moving plenty of units, besides.







#### CONSUMER TECHNOLOGY

This may seem surprising, at first: even mid-tier smartphone models cost a considerable sum – and you'd think people would hold off on big-ticket purchases during times of economic uncertainty. But consider that consumers have also been cutting back on discretionary expenses like traveling, restaurants, and out-of-home entertainment – which perhaps freed up more disposable income to spend on smartphones. Consider, too, that during lockdowns, smartphones themselves felt anything but disposable. Indeed, they became people's main link to the wider world of sociality and entertainment. What's worth spending money on, if not that?

What has changed is that the industry has become unmistakably diversified. For starters, many Chinese smartphone brands - especially Xiaomi and the BBK Electronics stable (which includes Oppo, Vivo, OnePlus, RealMe, and iQOO) - have continued to increase sales and build brand equity globally. In tech research firm Gartner's most recent estimates of 2022 global smartphone sales by unit, Samsung and Apple retained their top two spots - but Xiaomi, Oppo and Vivo were close behind, in that order.

India and Southeast Asia have been especially lucrative arenas for Chinese smartphone brands. India is a country that has seen hundreds of millions of new smartphone users come online in the last few years: a place where rural villagers have skipped landlines and televisions, and have progressed straight to streaming soap operas and gaming on their smartphones. According to the latest "ICUBE" report from The Internet and Mobile Association of India (IAMAI) and Kantar, India's total number of mobile internet users will rise 900 million by 2025 – up from 622 million in 2020.

India is also a country where no one smartphone brand dominates; instead, more than a dozen competitors are jockeying for market share.

From the Indian example, it's become clear that Chinese smartphones can attract new buyers outside of their home turf - and can do so on the strength of attractive features and brand appeal, rather than merely low prices. (Indeed, the lower tier of the Indian market is being much more aggressively courted by a homegrown telecom disruptor, Jio - which has partnered with Google to offer a budget smartphone priced at around \$75).

In a sign of South Asia's importance future of the smartphone industry, some Chinese brands have recently begun to open up manufacturing facilities directly in India. These products are then offered for sale in-country - as well as for export to other nearby emerging markets. That's another sign of Chinese success: consumer technology brands that originated in "the world's factory," are now opening their own factories in other parts of the world.

Among Chinese tech brands, Xiaomi's success is notable for the way it has embedded its smartphone business in a larger corporate project of building out connected investment. From the start, Xiaomi has aimed to create a linked universe of smart appliances and home wares - a universe that today, encompasses everything from vacuums to luggage to Segway scooters. Next on the horizon? Electric cars.

One exception to these general trends is Huawei, which spun off its phone subbrand, Honor, in 2020 amid trade tensions that made it harder for Huawei to market its products abroad. Even at home, Huawei is now investing more in non-consumerfacing solutions like localized industrial 5G networks, which can be used to automate factories and mining projects.

#### The Big Two

Samsung, the world's biggest smartphone manufacturer by market share, has been busy pursuing a strategic realignment of its own, partly in response to the rise of these Chinese challengers. Over the past two years, Samsung has successfully worked to enhance its upper-middle tier offerings - a feat it had to accomplish without cannibalizing sales of Samsung's top-flight luxury models.

Today, Samsung's \$800 Galaxy S22 model stands as a genuine "co-flagship" model alongside its more expensive S22 Plus and Ultra offerings. The brand has accomplished this feat by loading the S22 with the Galaxy Range's most advanced processors and OLED screens; it has also, this year, replaced the phone's plastic backing with glass. (At the same time, Samsung has retained its most premium camera features, and its biggest screens, for the Galaxy's higher tiers.) What's more, even amid rising commodity costs and shipment delays, Samsung has committed to holding the price of the Galaxy S22 steady at \$800, the same as the S21 the year before.



#### CONSUMER TECHNOLOGY

In other Samsung news, the brand merged its mobile and consumer electronics operations - while still keeping its chipmaking business separate so that it can contract with other smartphone manufactures. On the consumer electronics side, Samsung's home offerings have advanced the brand's reputation for cutting-edge design and cross-brand compatibility. The brand's "lifestyle televisions" - the Serif, the Sero, and the Frame - are some of the few genuinely differentiated television models left in a category that's become largely commoditized; you can also, now, stream content to your Serif via Apple Airplay, simply by resting your iPhone on the TV's bezel. Similarly, Samsung's Family Hub smart hub refrigerator now includes Alexa voice support as well as Samsung's own Bixby voice assistant – and comes in a mix-and-match range of colors that include sunrise yellow, morning blue, and clementine, all a far cry from the gray minimalism that characterised tech design in the 2010s.

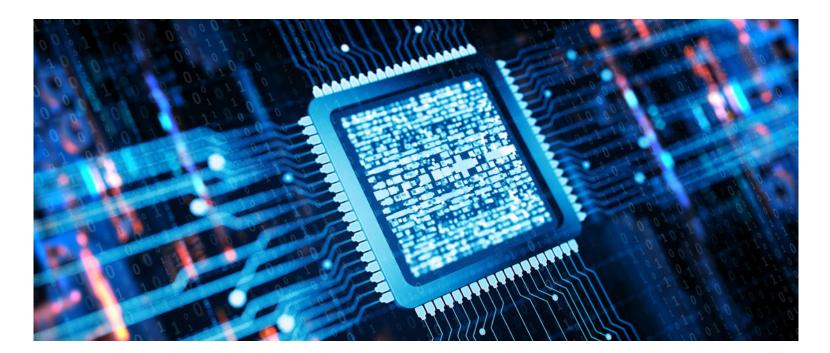
Apple, meanwhile, has also smartly rebranded its handset range. It's uppermid-tier smartphone now holds the flagship "numbered" designation - iPhone 13, iPhone 13 mini - and boasts the same ultrafast A15 chip as the higherpriced iPhone Pro line (while the Pro has more and better camera lenses). Just like Samsung, Apple has also decided to absorb rising manufacturing costs in order to keep the price of the iPhone 13 at \$800, the same as the preceding year's iPhone 12. That's a sign of just how important it is these days to be a credible player in the \$500-\$800 smartphone range - even for a luxury brand like Apple.

None of this should suggest that Apple has been forced onto the defensive. Apple remains, by far, the biggest consumer tech brand in the BrandZ rankings. Among all brands globally, it retains a sterling reputation for innovation and difference.

Indeed, this past year has seen Apple flex its power in new and notable ways, especially on the issue of privacy. Along with Google, Apple has led the industry in offering new ways to provide on-device machine learning, with the goal of minimizing the amount personal data that needs to be sent to the cloud. And its 2021 mobile software update, which made it easier for users opt out of in-app data tracking, has fundamentally altered the economics of doing business on the Internet.

In-store and online, Apple has also begun to foreground and streamline its device trade-in process, with the goal of speeding up the industry's stagnating upgrade cycles. At the same time, the brand has begun touting its phones' exceptional durability (achieved thanks to water resistance adaptations, and Apple's use of "Ceramic Shield glass). In a way, these are Sustainability benefits - it's better for the planet, after all, if devices both last longer, and are also more easily traded-in and recycled when they finally do wear out.

Interestingly, though, these features are not really being marketed as being sustainability initiatives per se - which does get at a peculiar feature of the consumer technology category in 2022. Even as leading consumer tech companies continue to grow in brand value, their sustainability scores have more or less reached a plateau. Could they be doing more?









#### CONSUMER TECHNOLOGY

#### **BRAND SPOTLIGHT**



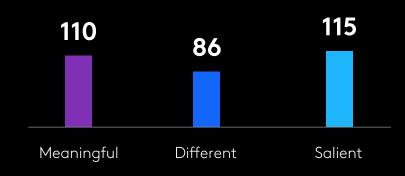
Two decades in, Microsoft's long-term strategy to build a new brand in gaming has created a massive new value stream for the company. The brand has become a major player in the content side of gaming, acquiring major studios like Bethesda and Activision; meanwhile, with its popular Gamepass offer, Xbox stands at the forefront of a possible industry-wide shift into subscription services.

2022 BRAND VALUE

\$39,674M

2021 Brand value \$30,398m

+31% year on year

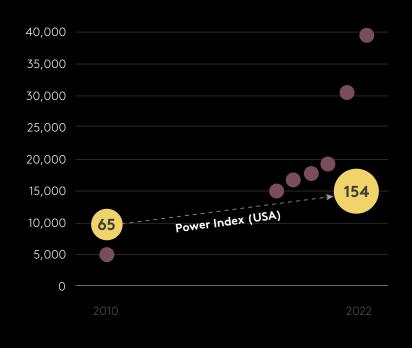


#### Xbox is incrementally winning over players

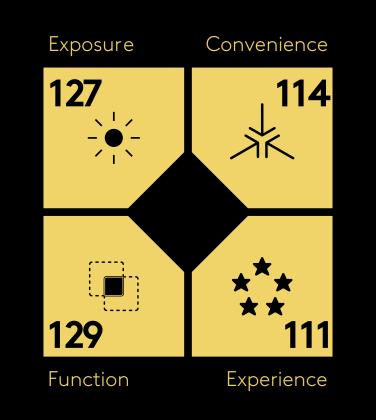
We've just learned that if we put the player at the center and try to build an ecosystem that works around their needs and creator needs, that the platform dynamic will take off.

- Phil Spencer, Xbox

#### Xbox Brand Value (US\$m)



#### Strong fundamentals support the brand's equity'



Key attributes:

Well designed
Superior
Positive word of mouth
Leading



#### CONSUMER TECHNOLOGY

# ACTION POINTS/BRAND BUILDING

#### FUTURE-PROOF

There's an increasing desire among some consumers to break out of the tech's rapid obsolescence cycle – and to move instead toward buying devices that last. Messages around future-proofing can resonate with value-conscious customers, and are especially important when marketing for the connected home (no one wants to buy a new refrigerator every two years). And there's a sustainability element, too, which is highlighted in some brands' refurbishment and repair programs. Going further, Nokia now sells phones that feature multiweek battery life and near-indestructible casings, with marketing that explicitly highlights the products' "eco" bona fides.

#### INTO THE METAVERSE

A full-fledged metaverse likely won't be a part of most people's lives for quite some time – and nor do they necessarily want it to be. But consumer technology brands can lay the groundwork for the metaverse by implementing new breakthroughs in sound, haptic, and body sensor technology – which should also provide users with a more immersive, differentiated entertainment experiences in the here and now. Gaming equipment brand Razer, for instance, has integrated haptics into an at-home entertainment chair that rumbles and wobbles in sync with the games you play. And Apple, for its part, took a quietly significant step in acclimating its users to the metaverse in 2021 when it rolled out spatial audio as the default playback form on its Apple Music platform.

3

#### GO DISCREET

One of the strongest emerging design trends this decade has been for more "hidden" or "discreet" tech - tech that offers consumers a respite from the glare of ultrabright screens. It's telling, for instance, that one of Samsung's most impactful announcements at the 2022 Consumer Electronic Show was of a new matte glass coating for its Frame TV range - a coating that lets these devices blend in more unobtrusively with their owners' surrounding wall art. LG, for its part, announced new uses for transparent screens that give home tech a lower profile when not switched on. In other "un-gadget-like gadget" news, routers and range extenders can now be embedded in LED light strips, and voice assistants have been incorporated into a variety of household furnishings.

#### FAST FOOD

KANTAR BRANDZ

**FAST FOOD TOP 10:** 

MCDONALD'S \$ 196,526 STARBUCKS \$ 61,758 KFC \$ 22,293 CHIPOTLE \$ 16,234 DOMINO'S PIZZA \$ 13,902 SUBWAY \$ 12,647 PIZZA HUT \$ 8,954 TACO BELL \$ 7,769 BURGER KING \$ 7,134 CHICK-FIL-A \$ 6,959

Brand Value \$ (US) millions

#### **DEFINITION:**

The fast food category includes quick service restaurants (QSR) and casual dining brands, which vary in customer and menu focus, but mostly compete for the same dayparts.

# QUICKAND MOBILE/ FAST FOOD'S DIGITAL REVOLUTION

Category Brand Value Year-on-Year Change +18%

Fast Food Top 10 Total Brand Value \$ 354,177 m

#### FAST FOOD

As a category, the world's top fast food brands grew a combined 18%, with nine out of 10 brands posting year-on-year growth in the 2022 BrandZ rankings. This is no small feat after a pandemic that forced these brands to operate well outside business as usual: less in-store dining, less workday lunch demand, less high street walk-in business.

In response to these challenges, top fast food brands have accelerated their pivots toward delivery, takeout, and online ordering. And these pivots have worked. Today, for instance, more than a quarter of McDonald's sales revenue in its top six markets worldwide come through digital channels.

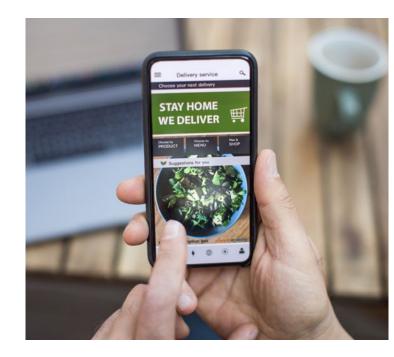
Revamped apps, extra drive-through lanes, personalized digital value bundles: innovations like these have made the transition to out-of-store dining as smooth and enticing as possible. But just as importantly, consumer demand for fast food has proved remarkably resilient over the past two years. At a time when so many other avenues for pleasure were canceled or compromised by COVID-19 protocols, people were eager to treat themselves in smaller, everyday ways. In this context, fast food's reputation for strict standardization is a bonus, not a bore. Even as so much has changed, a Big Mac still tastes exactly the same.

Fast food brands' continued financial success has given them welcome breathing room, as they assess their future and begin to fully reopen their dining rooms. Going forward, the task at hand is to determine what exactly the "next level" transformations should be, across all levels.

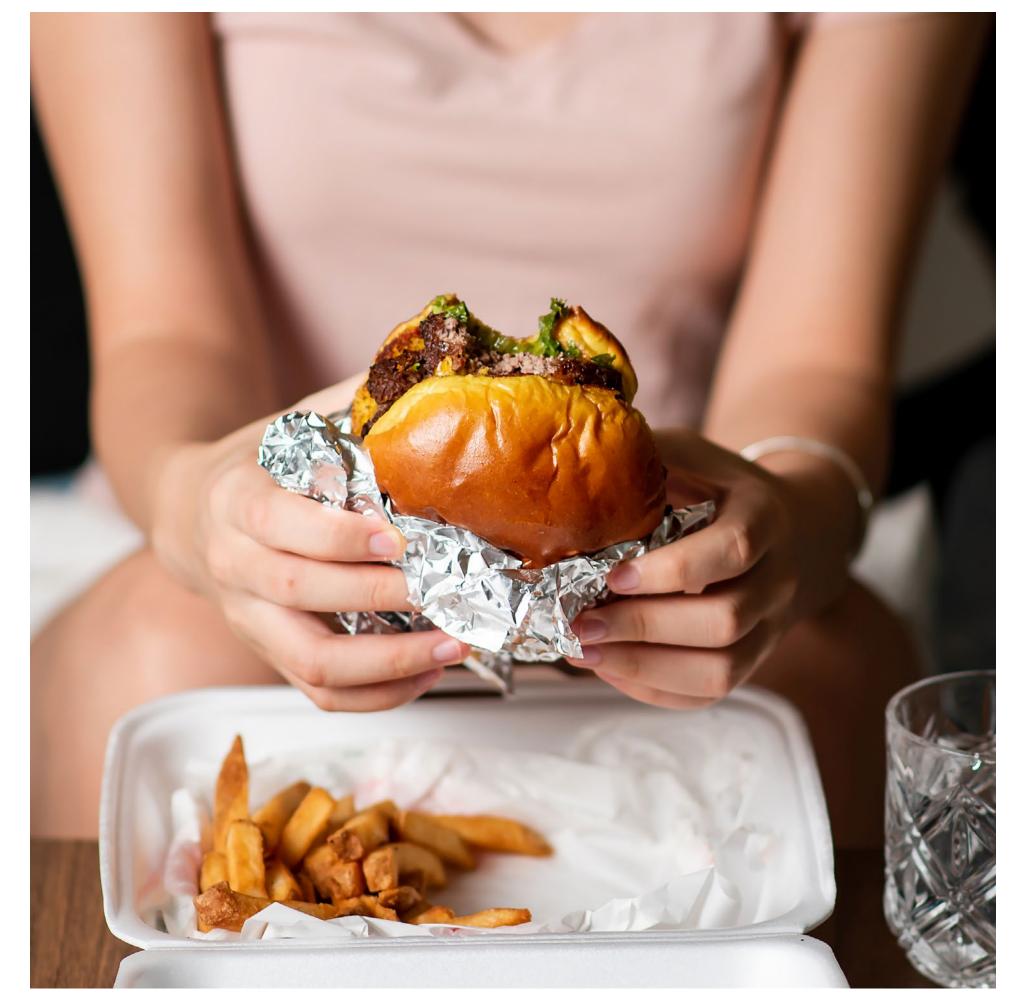
Real estate is one big decision area. Should fast food brands go all-in on designing concepts for additional drive-through lanes? And if so, should those lanes be optimised for ordering ahead, in the way that Chipotle has designed its "Chipotlanes" around app order pickup?

Relatedly, now that delivery and takeout are ascendant, should brands move away from the "cafe-style" restaurant concepts of the 2010s, and develop more limited-seating kiosk formats? Or should they go farther, and emulate the US burger chain Wendy's, which has announced plans to open up hundreds of delivery-optimized "ghost kitchens" around America?

Conversely, is there still room to double down on in-store experience, and turn certain restaurant outposts into even more inviting, joyful, design-forward spaces? More maximalist designs would certainly fit in with GenZ's screen-first visual aesthetic. On TikTok, for instance, video tours of pastel-hued, unrenovated 90-s era Taco Bells can rack up millions of views.







#### FAST FOOD







Logistics is another area where the need for ongoing transformation is clear - but the road ahead has many forks. Recently, for instance, McDonald's has renewed deals with brands like Doordash, Uber Eats, Grab (Southeast Asia), and Swiggy (India) to keep its food on their delivery platforms. But McDonald's has also built out new ways for people order delivery within the McDonald's App itself. These app orders can then be fulfilled either by third-party platforms, or sometimes by McDonald's own, in-house delivery fleets (which it currently operates some Asian markets).

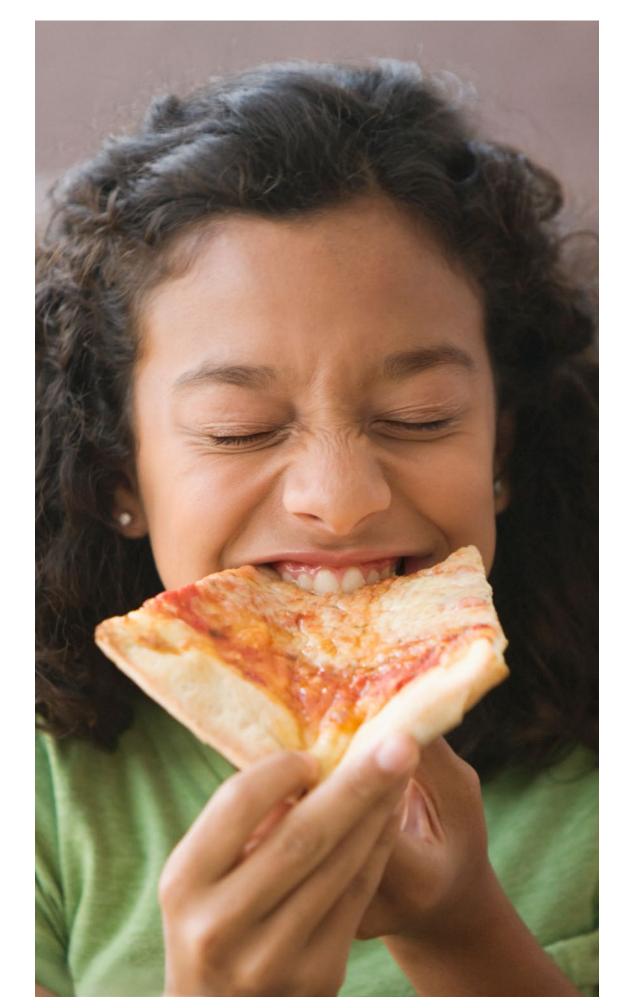
"White labeled" third-party delivery is fast becoming a new industry standard; Subway's in-app delivery debut, for instance, is powered by Doordash. Pizza brands like Domino's, however, still mostly to rely on their own apps and drivers. This controlled approach helps them to deploy proprietary technology that keeps their pies hot and intact over longer distances. (In the delivery realm, nothing is more hazardous to brand reputation than cold or damaged food).

In the digital era, the risks of moving onto the third-party apps are clear: suddenly, fast food brands' menu items represent just one option among a near-infinite scroll of delicacies: Mexican, Thai, Indian, Italian, and more... The benefit of going third-party is that customers *like* having all these options - which means they're more likely to start their meal search on an aggregator like Zomato than on an individual brand's app.

Going forward, too, there's an open question around just how much fast food brands are willing to commit to running inhouse tech incubators. Domino's decision to go all-in on online ordering in the early 2010s made it an expert on "last mile delivery" long before that term became a cross-category buzzword. Today, it is adapting the digital playbook it ran last decade in markets like the US and India, into new markets like Nigeria, where app-based delivery is still in its infancy.

Meanwhile, in 2021 Yum! Brands completed its acquisition of Al-based automation firm Dragontail, and is now integrating it into operations at brands like Pizza Hut and KFC. The goal of Dragontail's technology is to discover new efficiencies around kitchen flow and delivery routing, while also providing customers with richer order tracking information. Yum! has also acquired Kvantum, which uses Al and machine learning to power order recommendations and marketing insight. And it continues to refine HutBot, an app that provides digital coaching and restaurant management tools.

In contrast, McDonald's recently decided to spin off two of its highest-profile tech bets. One acquisition, which uses Al to process voice-based orders, has now been sold onward to IBM. The other, Dynamic Yield, uses data insights to integrate personalized deals into kiosks and apps; it has now been acquired by Mastercard. McDonald's has said it will continue to use both technologies in partnership with their new owners.



#### FAST FOOD

As fast food brands continue to chart their technological futures, they are also contending with the here-and-now challenge of inflation. This challenge is dual-pronged. The cost of many food ingredients has gone up in ways that brands cannot absorb, without adjusting menu prices slightly upward (or adjusting portion sizes slightly downward - say, 8 chicken wings instead of 10). At the same time, higher prices in other consumer sectors (such as gas) have squeezed household budgets.

The result is a new focus on value. Value doesn't have to mean rock-bottom prices. Indeed, the days of fast food brands competing to have the cheapest "budget menu" are long gone. Quite the opposite: Especially in the context of delivery (and delivery fees), for many customers, it's no longer the case that large fast food brands represent the absolute cheapest option for any given meal - or the quickest, for that matter. In some markets, the cost of fast food delivery may even be approaching that of restaurant takeout. But all the same, and even as family's budgets are becoming squeezed by inflation as well, fast food revenues have thus far held up - because their products are still valued. That is, they are still seen as providing a Meaningfully Different dining experience.

Even in the "infinite scroll" that is today's dining landscape, nobody but Starbucks can make a Frappuccino. Nobody but Burger King has the Whopper. Technology matters, then, but so does product - especially if that product can be embedded in marketing moments that enhance a product's intrinsic meaning. For this reason, fast food brands have started taking themselves seriously as purveyors of more than just food – but also of experiences, and culture.

The importance of experiences, sociality, and ritual to fast food brands can be seen in the rise of customizable, in-app "party bundles." It's present, as well, in the way that young people boast on dating apps of being just as happy throwing back cheeseburgers in a park, as they are sipping champagne on a rooftop bar: fast food has become a symbol of unpretentious "realness," and uncomplicated joy.

Sociality is an animating force, too, behind the rollout of products like Domino's melted dips, which encourages customers to gather, fondue-style, around a shared molten pot. (That product is shared, but also "shareable," in the sense that the "cheese pulls" it yields are perfect visual fodder for TikTok.) Culture, meanwhile, is the crux of the ongoing "celebrity collaboration" menu trend. In 2021, McDonald's launched its first-ever international celebrity tie-in, with the Korean boyband BTS. It also rebranded its annual, app-based "December Deals" promotion to include content from the "Queen of Christmas" herself, Mariah Carey. Subway, for its part, has paired its menu revamp (fresh mozzarella, crispier bread) with a range of athlete-endorsed sandwich deals that are only available in-app.

The thrill of participating in a cultural moment is also the motivating factor behind fast food menu items going viral on TikTok, whether that's Popeye's chicken sandwich in the US, or the Chicken Big Mac in the UK. (Both items had to be temporarily removed from menus, while the brands responsible caught up with surging demand). It's hard to predict, at present, which new items will "hit" in this way. But the very fact that there are "viral fast food trends" at all, speaks to the category's enduring cultural potency.



Category Focus KANTAR BRANDZ

#### FAST FOOD

#### **BRAND SPOTLIGHT**



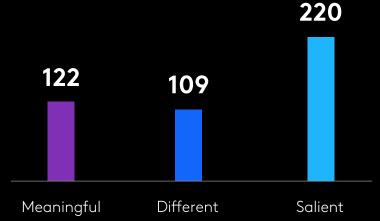
McDonald's has further strengthened its brand with a focus on digital ordering and delivery channels. After a successful launch in the US, McDonald's is expanding its loyalty and rewards app to global audience, with the goal of holding on to customers who tried online ordering for the first-time during pandemic – while driving more of these customers to order in-house rather than through third-party platforms.

2022 BRAND VALUE

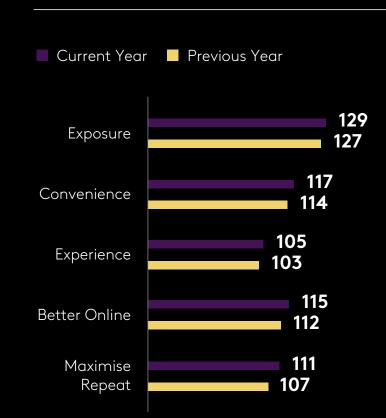
\$196,526M

2021 Brand value \$154,921m

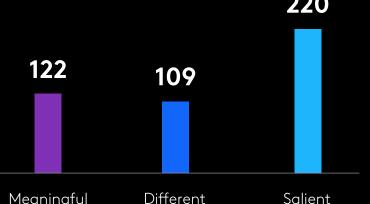
+27% year on year



#### Strong marketing plus enhanced digital experience lifts brand



#### Digital drives business success



YOY increase of of McDonald's US active digital system total sales sales in 2021 (total \$18 billion) 6 markets now loyalty program

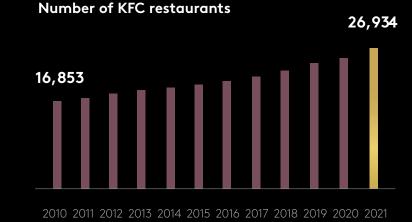
revenue in top digital customer though digital after 6 months

members of

This year, KFC re-enters the Global Top 100 on a wave of brand value growth. While KFC has long been one of the best-known and most distinctive Fast Food brands globally, in the US the brand has had to fend off strong domestic challenges from the likes of Chick-fil-A and Popeyes for share of the US fried chicken market. In 2021, the brand went on the offensive: unveiling a new app (digital orders rose 70% year on year); redesigning stores to optimize pickup and drive-thru lanes; and expanding its store footprint in the US for the first time in more than a decade.

Record global retail space and a return to US expansion

Global restaurants 2010-2021 (including the first net positive growth in the US in more than a decade)



Strong content, specialism and distinctiveness all deliver clear meaning for consumers

KFC

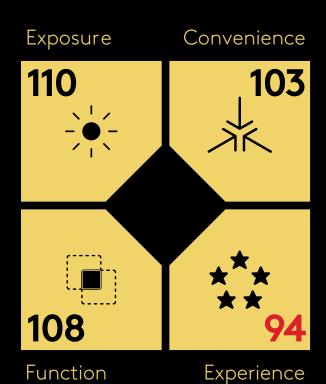
\*these elements define KFC relative to brand size



#### **CATEGORY** ANALYSIS

#### A do-over on Experience

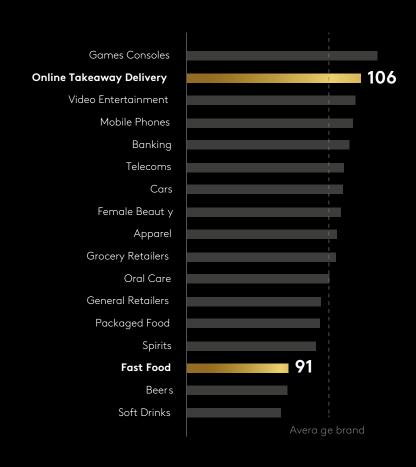
As they continue to re-envision their offerings and touchpoints as part of an industrywide pivot toward digital delivery, global Fast Food brands have another challenge to get it right on Experience. Customer Experience is one of the four fundamentals of brand building - and currently, it's the area where leading Fast Food brands are most lacking globally.



Notably, Fast Food brands' Experience scores in the US lag far behind those enjoyed by their new competitors in the digital meal ordering space: Online Takeaway / Delivery brands. If Fast Food brands can close the gap, they will not only boost their digital sales; they'll also become more well-rounded as brands.

#### Experience Index

#### USA Category comparison



Source: BrandZ, Global Data 2022, Statista

#### FAST FOOD

# ACTION POINTS/BRAND BUILDING

#### RETHINK WELLNESS

For the past two decades, fast food brands have approached the topic of wellness in a defensive crouch. But today, perceptions around health are changing, as activists start to question the wisdom of talking about foods as "good" or "bad". Even in the cultural mainstream, there's a growing awareness that, for instance, "a calorie is a calorie, no matter where it comes from" – and that a single indulgent meal simply does not have the power to change anyone's body composition.

Going forward, there may be room to talk about the positive functional benefits of certain fast food menu items, especially around protein intake. And there's room to decouple the sustainability and lifestyle benefits of meatless dining, from their calorie counts: there's room for more indulgent plant-based fast food.

2

#### FOCUS ON FAMILY

their family dining strategies is now. COVID-19 protocols have hastened the decline of restaurant play areas; toy trends are shifting toward more educational content; and, as noted above, there is now more nuance around nutrition, food, and various models of health. At the very least, there is an urgent need to understand how the dining attitudes of Generations Alpha and Z differ from their predecessors – the former as "backseat decision makers" in the drive-through lane, and the latter as an emerging generation of parents (the oldest Gen Z'ers are now 25!).

The time for fast food brands to revisit

3

#### PEOPLE MANAGEMENT

The pandemic exacerbated the labor supply issues that many employers are currently experiencing in mature markets. Hiring and retention remain some of franchisee's top operational concerns. And while automation can go some way to easing these strains, we're a long way off from "robot kitchens" (nor is it at all clear that customers would desire a completely impersonal experience). In this climate, internal corporate communications – not to mention talent retention policies – have become just as crucial to fast food brands' success as external marketing. Reputationally, it's still important, of course, to be a fast food brand that people want to eat at - but it's also vital to be a brand that people are willing to work for.

Thought Leadership - Innovation KANTAR BRANDZ



Dr Nicki Morley
Head of Behavioural Science
and Innovation Expertise,
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# KEEPING PACE WITH INNOVATION

AND NOT JUST ANY, THE TYPE THAT'S MEANINGFULLY DIFFERENT

► Whatever your innovation challenges we have agile solutions and specialist expertise in areas such as sustainable innovation to support you.

### Innovators find themselves in the perfect storm

Innovation is such an important lever for successful brands. Kantar BrandZ continues to inform us that brands that are Meaningful, Different, and perceived as Innovative afford better growth in the short term and the long term.

But today, innovators face a set of tough challenges - a perfect storm, one might say.

First, our Kantar Worldpanel data tells us that, due to COVID-19, 2020 and 2021 saw 24% fewer new product development launches versus two years ago. Now, with three years' worth of new products due to hit the market in 2022, innovators will have to work extra hard to make sure their breakthroughs are not lost in the shuffle.

What's more, these innovations will have to compete in a world that's being transformed by more than just the pandemic. According to Kantar's chief futurist J. Walker Smith, the biggest disruptions of the coming era are going to be from climate change and social change. Already, consumers are demanding brands take action. In Kantar's 2021 social sustainability study, it was found that 61% of consumers feel like sustainability isn't their responsibility... Instead, they feel it's up to businesses and producers.

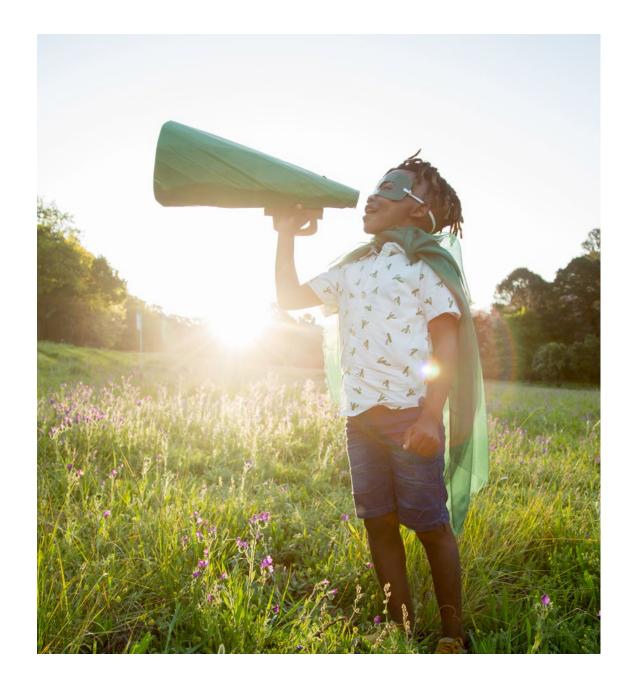
The perfect storm for innovators doesn't stop here. The pandemic has also accelerated digital transformation, with people increasingly shopping online. What this means is that innovations will have to make the case for their value not just in person, but on a smartphone screen.

Speaking of value, rising inflation and an increased cost of living in many markets means consumers will increasingly look to "trade down" - and at the same time, business will need to flex their portfolios and increase costs. This could be a good opportunity for innovation to play a role in unlocking new savings, but this will need to be done against the backdrop of our "perfect storm."

### What does it take to be an innovative brand?

Breakthrough innovations aren't flavour extensions. They are going to require some serious reframing of your brand's category and business. You may have to move away from more traditional short-term success metrics, because short-term thinking can keep some of the best disruptive ideas from ever making it out innovation process.

Innovators should not worry, however. At Kantar, we understand how to nurture and develop meaningful and different innovations at pace against the backdrop of a changing world.



Thought Leadership - Innovation

## THERE ARE SIX KEY PRINCIPLES THAT SHOULD GUIDE THE INNOVATOR TO SUCCESS...

- Firstly, it is important to adopt a "Learn, Test, and Learn" **mindset**. This means focussing on understanding and testing your critical assumptions and building confidence and momentum behind your ideas - through the funnel, but also out into market. We call it "Learn, Test, and Learn" for a reason. To really *learn*, brand must set up an iterative learning *system* to ensure that new knowledge stays within the business - while smart testing ensures that you can actually prove the benefit of investing in more breakthrough innovations.
- It is not enough to say you need to be consumer centric, you need to have really **deep empathy for people and their context**. Having a strong behavioural science lens will afford you better more meaningful insight. It will help you develop innovations that will be a frictionless and differentiated choice in market in this changing environment. Brands like Peloton and Fiit, for example, have certainly understood how to make exercise more accessible to people. Likewise, brands like Tesla have really understood how to make electric vehicles meaningful to people.
- Have a strong set of innovation metrics, but don't forget to listen to the weaker signals as well. This might sound counterintuitive, but at the start of the innovation process there will be some weaker clues as to which ideas might afford the greatest success is market. For example, listen to the responses of the "future shaper" respondent: What ideas are they backing?

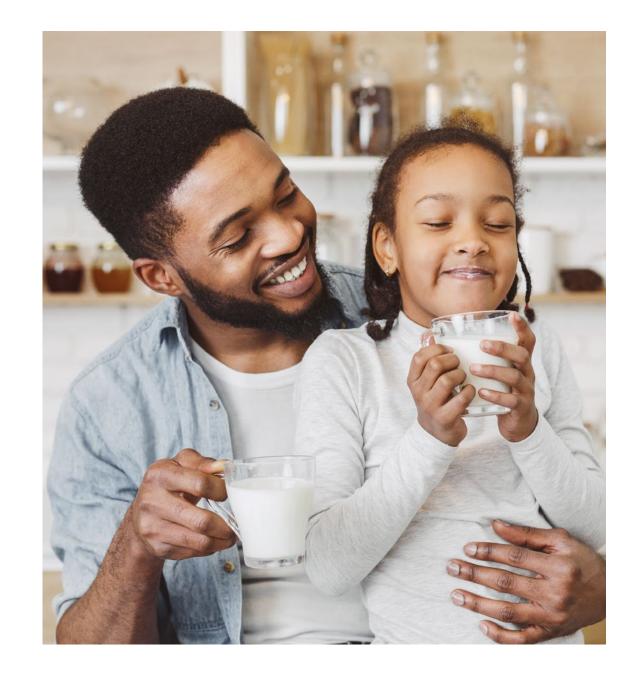
Also, when idea testing, look for the ideas that have a strong initial intuitive appeal. But also watch those ideas that afford better responses when people stop and think about them. Both these types of ideas have potential if you understand what is driving a consumer's response.

Be **brand centric** when you innovate. Innovation is an important driver of brand power so don't forget to ensure your innovation contributes to long term brand growth as you nurture it through the innovation process. Not all innovations are right for all brands, nor will they drive long term brand equity growth. Being brand centric will avoid these challenges.

planning earlier in the innovation process about how you intend to communicate your innovation and through which channels. It is also important to ensure you have a strong plan to monitor the innovation and comms in market to enable you to tweak and optimise accordingly.

Having early comms ideas means better minimum viable product testing. Secondly, for innovations that might involve a behaviour change, it enables you to think about the types of interventions you might need to implement beyond the innovation itself to drive effective change. We know from BrandZ data that those who are perceived as innovative spend 35% more on advertising.

The last but very important principle might seem a little more intangible on the surface, but we must "fuel the imagination." Cited as an important factor in the future needs of the research industry. We must fuel the imaginations of those who are innovating, helping them to reframe and think what is possible. We must also fuel the imagination of those who are going to ensure the innovation survives the businesses' internal funnel process. This can manifest itself as better stakeholder engagement, better storytelling, and better use of mixed data to build up confidence. It might simply be the right ideation conditions or ensuring ideas are built from strong foundations.



We observe these above principles in companies that are leading the way in being creative and disruptive. I am particularly enamoured with Oatly in the UK. Oatly took the humble oat drink, and recognised that choice of alternative milk substitutes was heavily impacted by coffee drinking behaviour. Their realisation that other milks didn't froth gave them a strong competitive advantage and brought new meaning to a crowded marketplace. Today, Oatly can be seen flying off the shelves in the UK.

So whilst I have worried you with the tough challenges facing innovators, hopefully I have reassured you that there is a way forward in these continued uncertain times.

Thought Leadership - Creative



**Vera Sidlova**Global Director - Creative
Kantar

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# THE POWER OF CREATIVITY IN CRISIS HOW SHOULD BRANDS CONNECT WITH CONSUMERS WHEN THINGS ARE NOT ROSY?

- ► Grow your brand with extraordinary creative. Know how your ad will perform, and how to improve it to maximise ROI.
- ► Get insights at the speed of business; high quality samples, validated solutions, self-serve surveys and expert consulting.

When the COVID-19 pandemic first hit, many advertisers began asking how to respond to a crisis of such global proportions: both in terms of whether to keep advertising – and, if so, how to speak to consumers at a time of such disruption.

A few months ago, the world woke up to the news of Russia's invasion of the Ukraine, and subsequently brands faced questions around *how* to respond in terms of their own advertising and business activities.

No two global crises are the same, of course, so brands need to carefully consider the context of the situation – including consumer perceptions - to make the right choice. But after more than two years of life in a pandemic, it's fair to say that we've learned some lessons about the power of creativity in a crisis.

### To advertise or not to advertise?

At the onset of the pandemic, marketers wrestled with whether it was appropriate to advertise during that time. Consumers were less concerned. Kantar's COVID-19 Barometer found only 8% of people believed that companies should stop advertising.

Furthermore, media pressure studies showed that reducing advertising spend or stopping advertising entirely could lead to nearly irreversible market share losses. We know, then, that advertising awareness is a key driver of maintaining brand salience. But the question remains: when crisis shocks businesses and consumers alike, should you change how you advertise?

### How can communication help in a crisis?

Over the past two years, pandemic has changed several consumer habits – a consequence of people spending more time at home, encountering intermittent supply chain issues, and adjusting to a slow 'return to normal' in many parts of the world.

During this time, increased online shopping opened doors to brands that were previously out of people's the consideration set, and new experiences led to people exploring entirely new categories of products.

For many brands, the pandemic thus presented an opportunity to strengthen their relationship with existing consumers, or to recruit new ones. During this time advertising content has remained a great way for brands to put themselves on people's radars.

To better understand the impact of strong communication during a crisis, let's look at the BrandZ data, and at the impact of communication on value change during 2019 – 2021. We see that brands that invested in great communication accelerated their growth in that two-year period.

Even those brands that did not start with strong brand equity increased in value by an average of 43% if they invested strongly in communication during this time. This illustrates the power of good communications for any brand.

However, even greater brand value gains were seen among brands that started with a Meaningfully Different proposition prior to the pandemic, AND who were then supported by strong communications during the crisis. These brands increased their value by some 60%. This underscores the importance of supporting a Meaningfully Different proposition with strong creative.

Thought Leadership - Creative

fia 1

### Strong communication accelerates brand growth

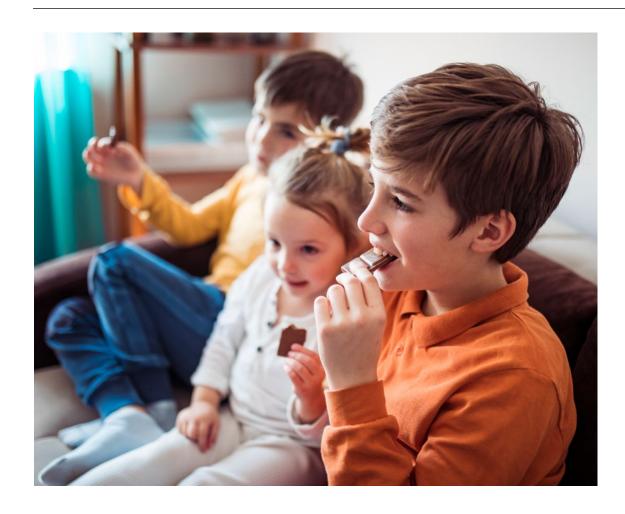
The effect of strong communications is even greater for a brand with a meaningfully different proposition



Average
2 year
brand value
% change

(2019-2021)

Source: Kantar BrandZ Most Valuable Brands 2019 vs 2021 (158 consistent brands)





### What does successful creative in a crisis look like?

When lockdowns were first imposed, many brands chose to reference the changes that COVID-19 had brought into people's lives. Not all of this "lockdown-era" messaging was created equal, however. In Kantar's testing, ads that focused on specific ways that brands were helping their community, or that showed concrete ways brands could fit into people's lives during lockdown, were both more effective than ads that focused on more general messaging around "getting through it together."

There is an important lesson here – while we may share an experience, the creative response itself – however well-meaning – shouldn't resort to being generic. It is important to connect with consumers in a way that is specific to you as a brand.

A great example of creativity in crisis is a French spot "ONSIGNES 2 SÉCURITY - THE RETOUR" for Burger King. It is a witty parody of an airline safety demonstrations, with a pilot presenting COVID-19 precautions that Burger King has implemented in their restaurants. What's more, the pilot introducing these precautions is none other than Fred Testot, who plays a pilot in a popular film, and whose "franglais" brings yet another layer of humour to a story filled with laugh-out-loud hyperbole.

While lockdowns were by no means a happy time, Burger King found a way to use a humorous tone to speak to consumers. This was a great example of how creative can be effective in a crisis - and it is no surprise the ad took the #3 spot in Kantar's Creative Effectiveness Awards in 2021.

Do crises change how people respond to advertising? While there are of course examples of creative missteps during a crisis, it takes a lot for a crisis to fundamentally and quickly change how the human brain works - how we perceive advertising. In the case of COVID-19, Kantar research showed that COVID-19 hasn't fundamentally changed how people perceive advertising, which meant that a business as usual approach wouldn't be rendered ineffective as a result of lockdowns. So continuing to build your brand without referencing the crisis was also a successful route.

Taking a different tack, Milka's "And a lot of Milka" campaign shows how a brand can stay true to its creative DNA without needing to reference a change in circumstance. Milka's campaign landed in the Top 10 of the Kantar Creative Effectiveness awards two years in a row, in 2020 and 2021; both years, it focused on a sweet story of a young boy who collects Milka chocolate bars to put together a reward for a neighbour's lost dog. When the dog finds his way, they all enjoy Milka together. So while their consumers have been experiencing massive change, Milka's advertising style did not do a step-change for the sake of a step-change. Instead, it focused on how Milka could keep bringing similarly positive stories to people at a time of great disruptions.

The above ads delivered a meaningful brand proposition, in ways that also pulled at audiences' heart strings or gave them a good belly laugh. They suggest that while much has changed as a result of the pandemic, the elements of effective ad creative have not.

# FOOD AND BEVERAGES

KANTAR BRANDZ

**FOOD AND BEVERAGES TOP 20:** 

Brand Value \$ (US) millions

### **DEFINITION:**

The food and beverages sub-category includes non-alcoholic ready-to-drink beverages: carbonated soft drinks, juice, bottled water, functional drinks (sport and energy), coffee and tea (hot and iced), packaged foods including snacks, meal and culinary brands, dairy products, and confectionery.

# BIG FLAVORS, FOCUSED RANGES/ TOP BRANDS REFINE THEIR OFFERINGS

Category Brand Value Year-on-Year Change

+16%

Food and Beverages Top 20 Total Brand Value \$ 297,102 m

# FOOD AND BEVERAGES

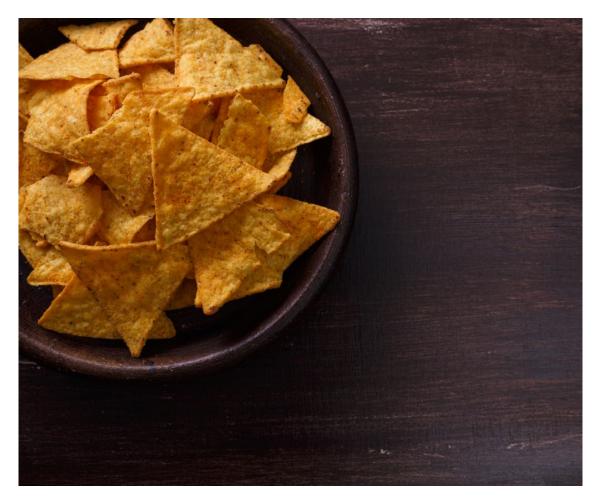
Operationally, the world's top food and beverage brands have spent the last few years in survival mode, working to keep their supply chains and distribution networks intact, while putting some planned innovations on hold. In terms of sales, however, these brands' businesses have held up remarkably well. This year, the total value of the BrandZ Top 20 Food and Beverage brands grew 16%, to a total value of \$ 297,102 million.

One of the biggest category stories of the past two years was the shift toward home consumption, and the decline in out of home (OOH) sales. It should be said that the decline of OOH wasn't bad for all the brands on this ranking; coffee brands like Nescafé and Nespresso especially benefitted from the move away from coffeeshops, and toward in at-home beverage occasions. But for most food and beverage brands, the return of out-of-home consumption has become an anxiously awaited milestone in the return to business as usual.

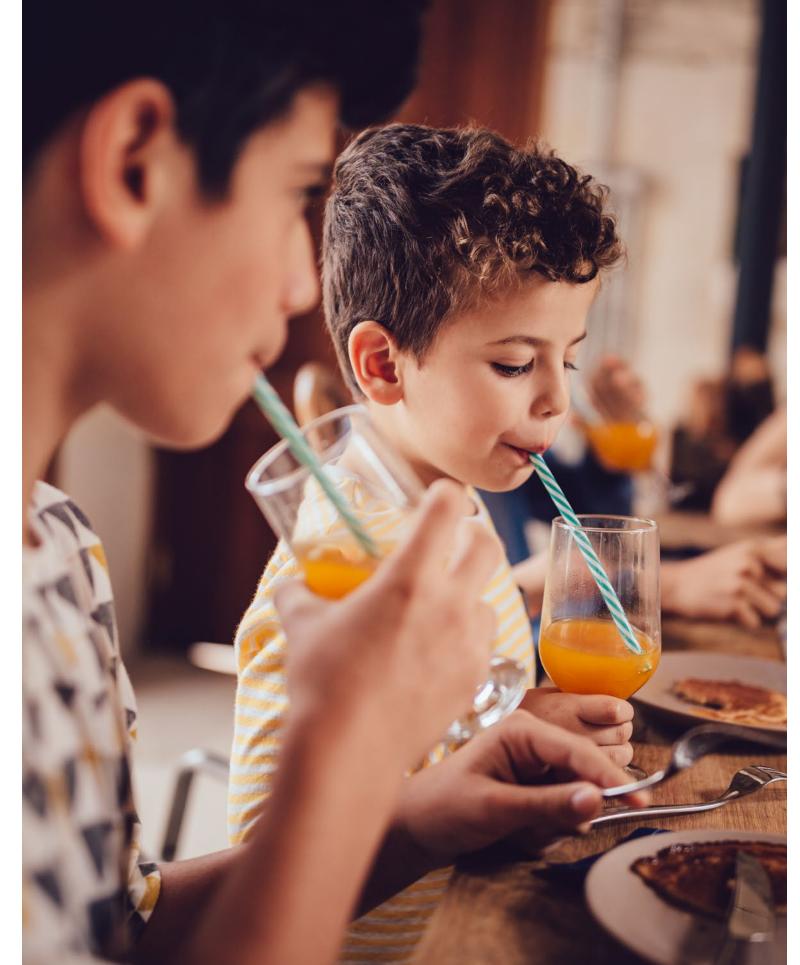
On this score, there has been some good news. According to Kantar Worldpanel's OOH Barometer, by Q4 of 2021, out of home consumption in eight key global markets had increased markedly over the sales volumes seen a year before, with OOH beverage consumption recovering slightly faster than food consumption.

While 2022 has brought its own geopolitical and supply chain disruptions, the hope for many soft drink brands, especially, is that consumers' shopping rituals more trips to restaurants, convenience stores, cafés, and vending machines. At the same time, however, the shift back toward OOH occasions might well lead to a decline in in-home occasions – which could affect spending on product types like milk and coffee.

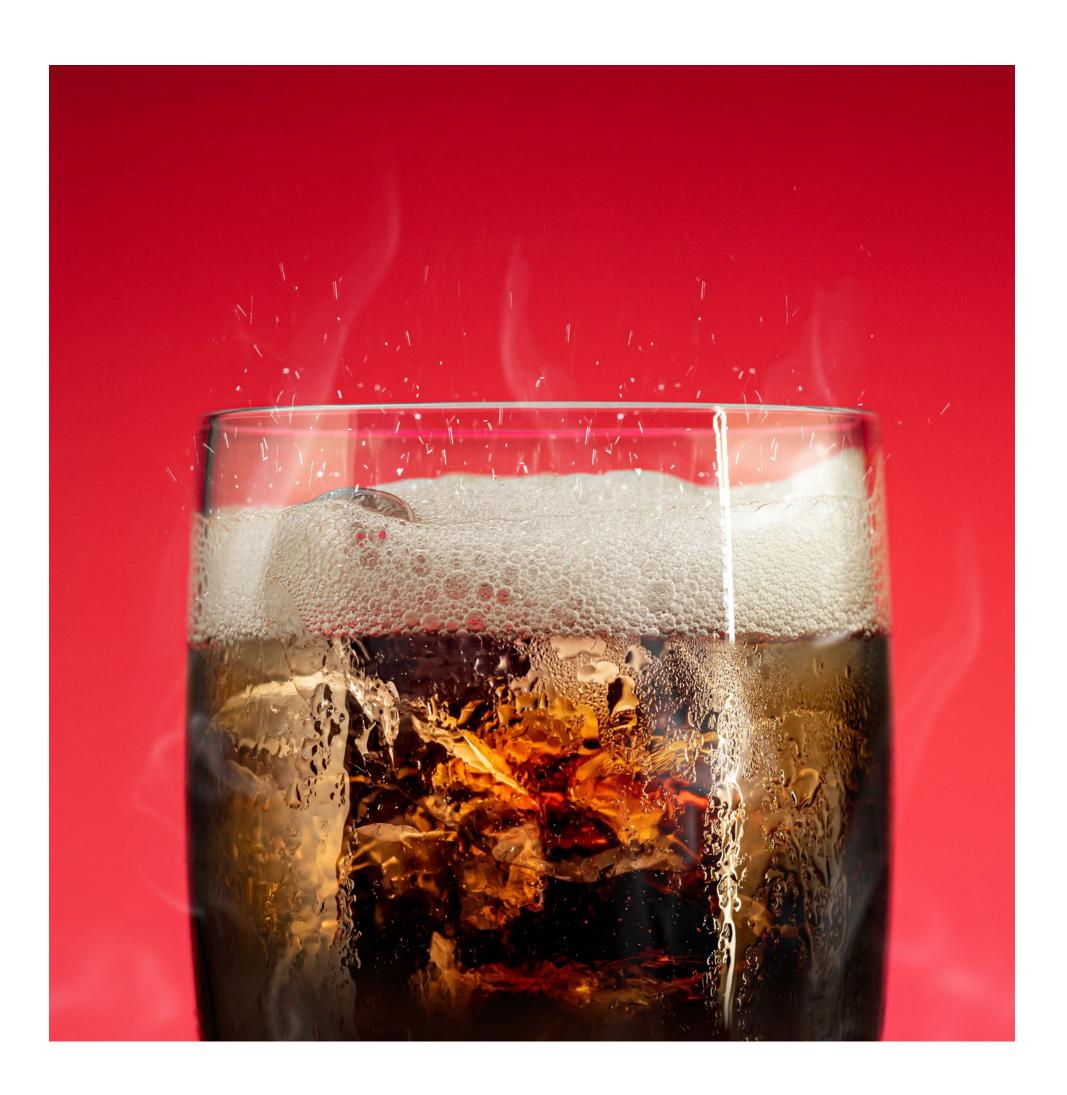
The impact of inflation and supply costs has been another industrywide concern. The Coca-Cola Company, for instance, has said that it expects its manufacturing expenses to increase by mid-single digits in 2022. For now, most brands are planning to adjust across their portfolios by combining a mix of moderate price increases, with occasional forays into socalled "shrinkflation" (in which brands keep prices constant but adjust product volume slightly downward; Frito-Lay's Doritos brand, for instance, plans to lighten its standard bag by about five fewer chips in the US.) As Coca-Cola CEO James Quincey put in a recent investor call: "We do have a view







# FOOD AND BEVERAGES



that we have to have brands that earn the right to take pricing. And secondly, we very much are not looking to just pass through in price, but to do it intelligently, because while it's easy to respond to inflation by putting up the prices, there is clearly ... going to be a squeeze on real incomes in a number of countries."

As this commentary suggests, brand equity will be crucial to retaining consumer's business. Transparency, too, will be key. If brands are more open and honest with consumers when introducing price increases - explaining what they're doing, and why - that makes it much more likely that a business can take consumers along with them.

More tactically, during inflationary periods brands will also seek to introduce new product formats and brand extensions. That's because these newcomers will not be "pegged" in consumers' minds to set price levels, in the way that legacy offerings are.

### **Beverage Brands**

Speaking of Coca-Cola, it is once again the most valuable food and beverage brand in the BrandZ rankings, growing 12% in value to a total of \$97,883 million. Coke's parent corporation did not achieve this feat by resting on its laurels. To the contrary, starting in 2020 the company began an aggressive campaign to cut hundreds of smaller brands from its global portfolio, the better to focus on maximizing the power of its most resonant names like Coke, Sprite, and Fanta.

This past year saw the further execution of the second, rebuilding phase of this strategy, as Coca-Cola expanded into new formats like Coca-Cola with Coffee (now available in Dark Roast, Vanilla, Caramel, and Mocha varieties). Coke has also unveiled more limited-edition innovations, like its cozy-spiced Starlight edition.

Perhaps most notably, brand's strong equity has also allowed it to successfully tweak the flavor profile of its Coke Zero Sugar product, in to bring it more in line with the flavor of classic Coke. For a long time after the "New Coke" disaster of the 1980s, Coke felt it had to move extracautiously around flavor changes to its mainline offerings. But this is a much different, and in many ways stronger, era in Coke's relationship with consumers.

PepsiCo, too, has begun to expand and innovate within its core brand ranges. Its new Pepsi Nitro offering, for instance, bills itself as at the world's first nitro cola: When you open a can, an embedded device uses nitrogen gas to create a drink with a creamier taste, smaller bubbles, and a longer-lasting layer of foam. Drinkers are encouraged to fully invert cans of Pepsi Nitro and then "hard pour" the drink into a tall glass, without fear that the foam head will bubble over; this is the kind of experiential, kinetic flourish that seems tailor made for an age where "drink trends" go viral with regularity on TikTok. (See also: dalgona coffee, or whipped strawberry Nesquik).

In China, meanwhile, bottled water brand Nongfu Spring has expanded its product range by finding new ways to address daily occasions and generational needs. There are Nongfu Spring varieties designed for rice cooking, and gifting – as well as babies, and senior citizens. In each instance, the bottles are beautiful designed to feel premium in the hand. Nongfu Spring had its IPO in Hong Kong in September 2020; in 2021, it made its debut in the BrandZ Top China 100 and grew its year-on-year revenue by nearly 30%. This year it debuts on the Global Food and Beverages Ranking at number two.

Another ongoing trend in the beverage industry is the move toward low- and zerosugar varieties. With the exception of Diet Coke, which retains name recognition and loyalty around its iconic silver can, very few of these offerings are sold as "diet" or "lite" products. Instead, these "Zero" drinks are being marketed as great-tasting beverages that just happen to have no sugar - thus allowing you to spend your "calorie budget" elsewhere in your day. Their appeal does not lie in dynamics of reduction or restriction - but rather, in the freedom to do more. What's more, thanks to breakthroughs in naturally-derived sugar alternatives like stevia, less-sugar innovations can also play well with the shift toward "cleaner" beverage labels.

Gatorade's new "G Fit" beverages, for instance, include watermelon juice, sea salt, and stevia; they also contain zero artificial flavors, sweeteners, or coloring agents, and come with no added sugars. 7-Up Simple, meanwhile, promises zero high fructose corn syrup, while containing just six ingredients: filtered carbonated water, sugar, citric acid, lemon extract, lime extract, and stevia leaf extract.

# FOOD AND BEVERAGES

In another sign of where the industry is heading, when Fanta launched its popular "mystery flavors" promotion around Europe in 2021 and 2022, it did so only in its Zero range, and not in its full-sugar offerings. To date, the flavors Fanta has revealed include "pomegranate and plum"; "peach and tomato"; and "blueberry, blackcurrant, and cranberry." Again, this is all perfect TikTok bait (especially the tomato-flavored shocker). It can also be understood as part of an overall industry trend toward more boldly experimental tastes, which also encompasses products like Coke Starlight and Sprite's winter-spiced holiday offerings.

In China, the move toward zero sugar is also gaining steam, as the Chinese beverage industry has continued to heed to the government's calls for a "3 minus" lifestyle: less salt, less oil, and less sugar. In the drinks category, this imperative has dovetailed with a surge in interest in zero-calorie sparkling beverages, such as those sold by the hot newcomer Genki Forest. Elsewhere in the Chinese market, taste discovery is king; for example,, flavoured tea infusions and fruit pulps have become especially popular additions to drinkable yoghurt sold by the dairy brand Mengniu.

In the energy-drink market, too, flavors have grown more sophisticated and gourmet – which makes sense, as the category's millennial early adopters have now grown into adulthood, and their Gen Z successors exhibit a strong appetite for flavor exploration. Red Bull's latest permanent flavor is a Green Dragonfruit variety, for instance, while Monster recently unveiled a new "Reserve" range featuring notes of White Pineapple.

Energy drinks are also making a renewed play in the area of functional fitness beverages, going head-to-head with protein-fortified "muscle milks" to become athlete's flavored drink of choice. Caffeine has become increasingly valued not just for its effects on mental alertness, but for its ability to increase strength and delay muscle failure at the gym. For evidence, look to the rise in popularity of "preworkout" drink powders – or consider the rising fortunes of challenger energy brand Bang, which comes fortified with a variant of the muscleboosting supplement creatine. In China, meanwhile, milk is seen as a leading athletic beverage thanks to its high protein content. To that end, dairy brand Yili has introduced a selenium-fortified milk for added immunity benefits - while Mengniu has inked a highprofile endorsement from Winter Olympics star Eileen Gu.

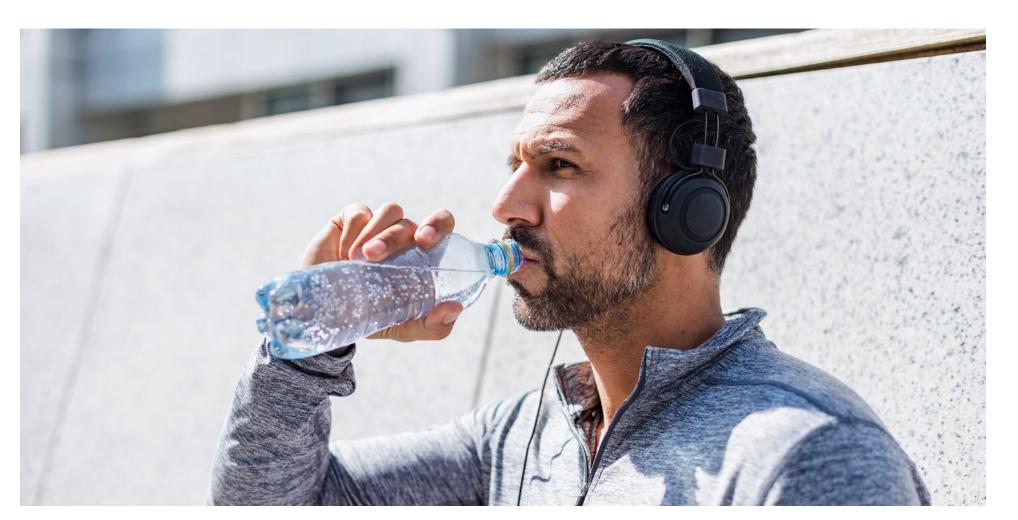
### Food Brands

Meanwhile, among top food brands, flavor experimentation has also reached new heights. While the pandemic led many shoppers back into the comfort and familiarity of mass brands, people were also hungry for new and transporting experiences. In the past, big food brands often found themselves limited by a desire to put forward tastes that were acceptable "for everyone"; today, the rise of the "range play" has permitted many companies to come out with brand extensions that offer bold, sometimes even polarizing levels of flavor and spice.

Witness the onward march, for instance, of Frito-Lay's "Flamin' Hot" flavoring, which has now enveloped everything from "Flamin' Hot Cool Ranch Doritos" to "Flamin' Hot Lays." In Asia, the popularity of "Buldak Hot Chicken" flavors - which was first popularized outside of Korean restaurants by the instant noodle brand Samyang - has led to noodle and snack brands continentwide introducing their own ultra-hot flavors. (Plus, of course, there's also now also a buldak flavor of Lays.)

Just as in the drinks business, the food space has also seen a trend toward lower-or zero-sugar offerings. But here, the picture is slightly more nuanced, thanks to the continued popularity of the full-sugar confectionary category.

What seems to be at play, here, is a desire among consumers to reduce sugar levels first and foremost in those foods where sugar is seen as playing a more "hidden," or secondary, role: for instance, in many nut butters, or in certain condiments. The idea is to save one's sugar consumption for truly indulgent occasions like desserts, cookies, and confections. By this logic, confectionary brands like the truffle maker Lindt, which rose 15% this year, provide people with the most sensorial rewards for each unit of sugar consumed. For many shoppers operating under this framework, the idea isn't to do away with sugar altogether - but rather, to make one's more limited sugar budget really "count," by saving it for more mindful, indulgent confectionary treats.







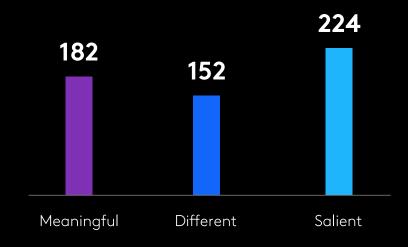
# FOOD & BEVERAGES

### **BRAND SPOTLIGHT**



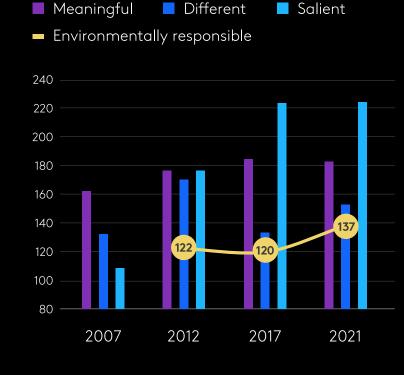
Following its strong IPO debut on the Hong Kong Stock Market in 2020, bottled water brand Nongfu Spring has continued to post impressive growth, and this year makes its debut on the Global BrandZ ranking. As the overall Chinese bottled water market continues to grow, Nongfu Spring has taken many steps to protect its unusually high Differentiation in an otherwise commoditized category.

Naturalness and nationalism are both strong selling points for the brand; Nongfu Spring has exclusive bottling rights at some of China's most famously pristine lakes and mountain springs. Product innovation geared toward offering options at all price ranges is another differentiator.

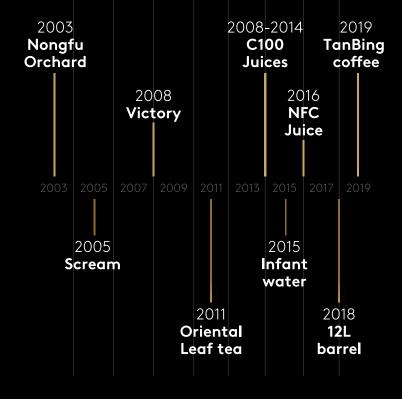


### Natural & healthy values at the brand's core

We are not manufacturers of water. We are porters of nature.



# Meaningful difference maintained through innovation



### **BRAND SPOTLIGHT**



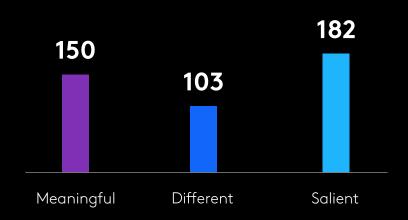
The shift this decade toward in-home food consumption has been especially lucrative for leading snack brands like Lay's. Even more than its leading global competitors, Lay's has proven adept at adapting its range to local tastes, and taking big flavor swings – from mint masala in India to buldak spicy chicken in Southeast Asia.

2022 BRAND VALUE

\$12,217M

2021 Brand value \$10,442m

+17% year on year



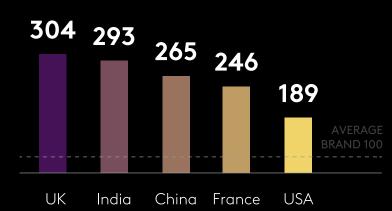
### Lay's wins when the category grows



Lay's consumer equity is exceptionally strong across the world. Kantar Worldpanel's Brand Footprint report, Lay's ranks no.5 in FMCG.

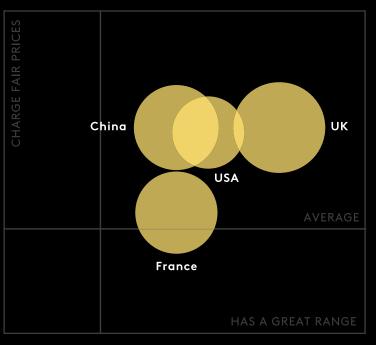
### Power Index

Crisps and Salty Snacks



### Lay's offers a fantastic range at a great price

Over 200 flavours are available in different markets – localised to suit local cultures and tastes.



Bubble size = Power Index

147

# FOOD AND BEVERAGES

# ACTION POINTS/BRAND BUILDING

# FEED THE CULTURE

Leading food and beverage brands are cultural assets as well as culinary products. But in the past two decades, reputational concerns around childhood obesity have kept these brands from more fully leveraging their intellectual property (in the way that, say, toy brands like Lego have struck lucrative film deals.). One way forward for food and beverage IP lies in entertaining "forever young" Millennials.

For example, look to the burgeoning world of candy-hued beauty brand collaborations: whether its lip balms flavored to taste like China's White Rabbit milk candy, or recent eyeshadow palettes themed around Hershey's Kisses and Lucky Charms cereal.

### **SLOW DOWN**

In America, especially, the most emblematic branded food item of the 2010s was "the bar": a protein rich, fiber-fortified, nutrient-dense meal replacement offering that was designed more to fuel people than to delight them. The rise of the bar was premised on the notion that hardworking consumers had no time for more traditional breakfast and lunch occasions. Except now, people do – and as flexible workdays look to become a more permanent feature of people's weekday lives, it's time to take mealtimes seriously again. Convenience in food preparation and cleanup are still key. But the notion that consumers are looking for products that they can scarf down in 45 seconds between meetings, or eat furtively at their office desks, is not of a piece with our times.

3

### REGENERATE

Recently, Kantar's Sustainable Transformation Practice surveyed a worldwide audience to determine the global development issues that people most wanted food and beverage brands to prioritize. Environmental causes were seen as most important: overconsumption and overpackaging, to ocean plastics, water pollution, pesticide abuse, over farming, and deforestation. In short, consumers are well aware that these products are sourced directly from the land and sea - which can be a good thing, businesswise, insofar as notions of "naturalness" can drive perceptions of value. But food and beverage brands, more than others, are expected to give back to the earth as well as take from it. In this truth, you can see the genesis of the Regenerative Agriculture movement, which is poised to become a key sustainability theme for the 2020s.

# LUXURY

KANTAR BRANDZ

**LUXURY TOP 10:** 

LOUIS VUITTON \$ 124,273

HERMES \$ 80,323

CHANEL \$ 53,021

GUCCI \$ 37,887

DIOR \$ 10,534

CARTIER \$ 10,110

ROLEX \$ 9,042

SAINT-LAURENT/YSL \$ 6,805

TIFFANY & CO. \$ 6,718

PRADA \$ 5,642

### **DEFINITION:**

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

# WHEN PRICE IS NO OBJECT/

LUXURY BRANDS CHASE EVER-HIGHER RETURNS

Category Brand Value Year-on-Year Change +45%

Luxury Top 10 Total Brand Value \$ 344,355 m

# LUXURY

The world's top luxury labels grew briskly in 2022, leveraging their elevated reputations and pricing powers in ways few other brands can.

On the surface, the past year may have seemed like a return to business as usual for Luxury brands. Stores reopened around the world, and in-person Fashion Weeks made their long-awaited comeback. Celebrity ambassadors, meanwhile, remained a major driver of Luxury marketing campaigns: major tie-ups this year included skier Eileen Gu for Louis Vuitton; actress Anya Taylor-Joy for Dior, and Beyoncé and Jay-Z for LVMH's newest acquisition, Tiffany & Co. (in a campaign that also featured artwork authorized by the estate of artist Jean-Michael Basquiat).

Limited-edition collaborations remained another surefire buzz-builder. The difference was that this year, the biggest collaborations didn't involve luxury houses partnering with artists, sports brands, or streetwear labels: Instead, major houses worked directly with each other. Hence the rise of "Fendace" (Fendi and Versace, pre-Fall 2022) and the Balenciaga-Gucci "Hacker Project" (which made up a portion of the latter's Fall 2021 show).

Many of the biggest developments in the Luxury category, however, have taken shape off the runway. Chief among these is the category-wide phenomenon of steady, incremental price increases. This upward adjustment strategy was pioneered last decade by Chanel and Hermès, two houses with especially strong brand equity; today, the price of the Chanel's signature quilted handbag is nearly double that of five years ago.

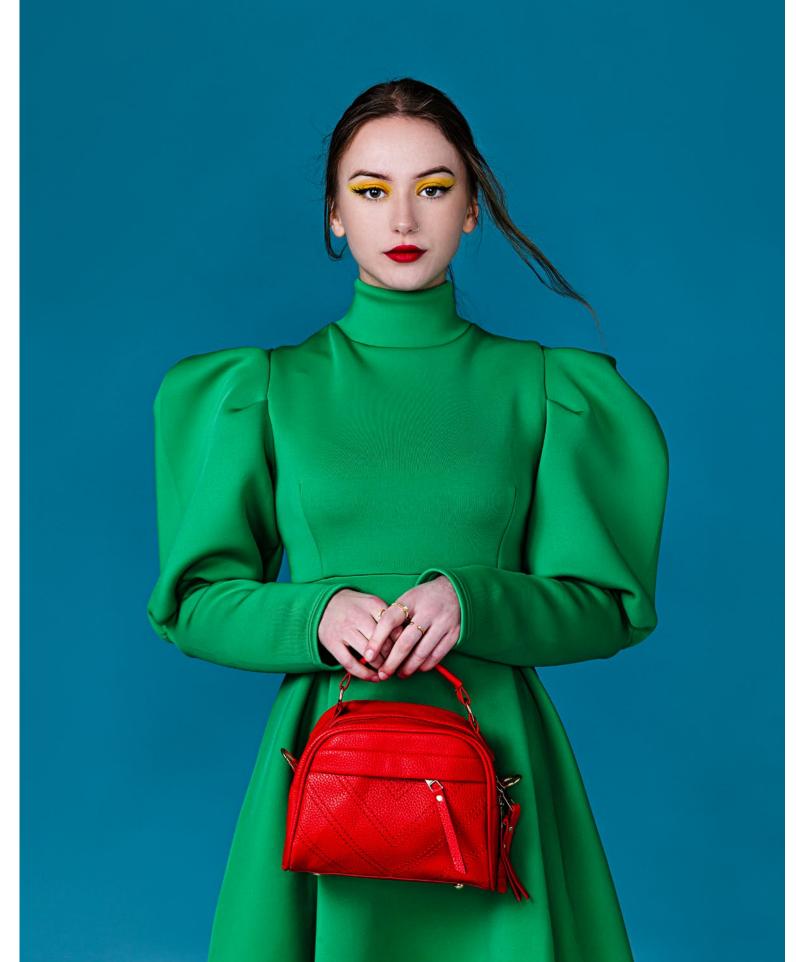
Since then, names like Louis Vuitton, Hermès, Dior, Balenciaga, Bottega Veneta, Gucci, Saint Laurent, and Prada have all followed suit in raising prices - sometimes multiple times in the same year. In part, this inflationary trend has been spurred on by supply chain stresses. Higher prices for raw materials have hit the industry even as luxury brands continue to move toward more vertical integration of supplies like exotic skins and cashmere.

But there are strategic concerns driving prices upward as well. Higher prices are also a natural outgrowth of luxury brands' efforts to move away from wholesale department store channels. Instead, luxury brands are emphasizing standalone boutiques and store-in-store concessions that grant them greater pricing control.

What's more, the world's biggest luxury conglomerates currently have big plans to build up a new crop of ultraluxury "megahouses" that can compete at the top tier of price alongside the likes of Vuitton, Hermès and Chanel. At LVMH, the goal is now to grow Dior to match the sales and stature of Louis Vuitton, which is currently the world's most valuable luxury brand in this year's BrandZ rankings. At Kering, the aim is for Saint Laurent (and, eventually, Balenciaga and Bottega Veneta) to join Gucci in the highest echelon of revenue.







# LUXURY

To achieve these goals, LVMH and Kering have committed to making new investments in their target brands' real estate portfolio, manufacturing capabilities, and product development pipeline. Increased sales volume is part of the envisioned play for brands like YSL and Dior - but what those investments also aim to effect, is an enhanced ability to price goods at the top end of the luxury range.

In part, however, the industry is raising prices simply because it can. It turns out that luxury shoppers value top luxury brands so highly... that in earlier years brands were essentially leaving money on the table by not charging even more for their wares. (It doesn't hurt, either, that news of impending price hikes often juice luxury brands' earnings with a temporary sales spike, as the savviest shoppers rush to clear their wish lists before any increases go into effect.) Even the booming luxury resale market, which might be expected to dent the sales of top brands, actually reinforces the category leaders' pricing power: thanks to platforms like The RealReal and Vestiare Collective, consumers can now see firsthand how high-priced wares from the likes of a Chanel or an Hermès can, in fact, hold their value exceptionally well over time. Elsewhere, for a category that fared better than most during the pandemic, the story of the past year was less about "recovery" and more about "redistribution" - of marketing spend, sales channels, and digital assets, to better reflect changes to elite lifestyles in the wake of COVID-19. In America, luxury brands are racing to expand their store networks in southern cities like Nashville, Atlanta, and Austin, Texas, that have grown in size. In China, Hainan Island has emerged as an important market for capturing the country's upscale tourism spend, which has moved onshore as cities like Paris and Rome remain out of reach for Chinese vacationers.

In the digital realm, brands like Hermès, Bulgari, and Fendi have opened digital flagships as a first foray into the metaverse. These activations anticipate the day when luxury purchases will include ownership of a digital copy of a garment, for use in myriad virtual realms - a technological advance that will be made possible by the blockchain.

Already, startups like the Aura Blockchain Consortium (supported by LVMH, Prada, and Cartier), and Eon (backed by Net-a-Porter founder Natalie Massenet) are working to pair every individual luxury product with a unique serial ID. In time, such IDs could also help to authenticate or track a garment's resale history across platforms like The RealReal and Vestiare Collective.





What's more, digital IDs could help consumers trace even farther back, into a garment's manufacturing history, the better to reveal a product's environmental footprint. Sustainability in the luxury industry is often discussed in the context of fur bans, or the use of synthetic and recycled leather – all of which are ongoing - but greater traceability is the key to unlocking a whole new wave of sustainability innovations.

In the here and now, luxury e-commerce has already entered a period of rapid transformation that prioritizes service and speed. When luxury stores closed in China at the height of the COVID-19 pandemic, luxury brands were forced to move their client outreach online, to platforms like WeChat. Suddenly, nearly every Chinese luxury customer – new or established – had their own dedicated sales associate, who could offer them personalized promotions, product exclusives, and fashion consultations.

As stores have opened back up in China, something interesting has happened: many Chinese luxury shoppers have found they enjoyed the connection, convenience, and attention that the digital outreach model provided. In an October 2021 survey of mainland luxury shoppers conducted by Oliver Wyman, 70% said they still used digital connections with sales assistants to facilitate purchases. What's more, 40% said they talked to their sales assistant at least once a week - either through WeChat, voice messages, or phone calls.

At the same time, the pandemic has also led luxury brands and retailers to embrace China's "super-apps" in new and lasting ways. Richemont-owned Farfetch made its debut last year on Alibaba's Tmall app, while Australian luxury platform Cettire inked a partnership with JD.com.

Livestreamed commerce is also now part of the mix, after some initial wariness surrounding brands' ability to maintain elevated and consistent messaging in this freewheeling format. Today, luxury brands have settled on the livestreaming approaches that work best for them. Burberry, for instance, has found success selling purses and jewelry in "big tent" livestreams on Tmall that can garner millions of eyeballs in one go; Dior, for its part, has held smaller, private livestreams for VIPs in China through its WeChat miniprogram. This is the cutting edge of luxury retail - and the rest of the world may not be far behind.

# LUXURY

### **BRAND SPOTLIGHT**

### LOUIS VUITTON

2022 BRAND VALUE

\$124,273M

+64% year on year



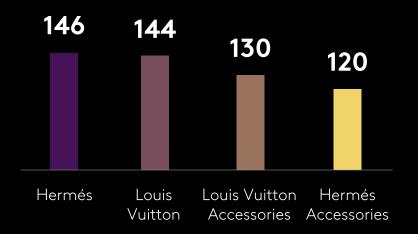
2022 BRAND VALUE

\$80,323M

+73% year on year

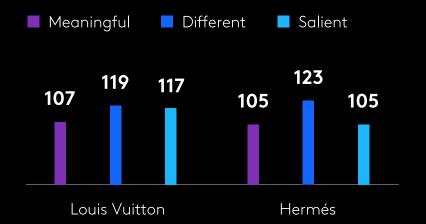
### Kantar BrandZ brand asset scores

Brand Imprint database



Louis Vuitton and Hermès continue to capitalize on their recognizable assets to reinforce distinctive identities. Clear and consistent deployment of key logos, patterns, and products over decades has built clear brand identities for these luxury players.

### Global brand equity profile





# LUXURY

# ACTION POINTS/BRAND BUILDING

# REDEFINE SERVICE

Today, luxury brands must be at the forefront of envisioning a new kind of high-tech, high-touch customer service culture: one that combines the agility messaging and commerce apps, with the personal relationships built by a brand's in-store sales ambassadors.

2

### CRAFT EXPERIENCES

Over the past two decades, luxury houses have begun to branch out into designing experiences like branded hotels, museum spaces, and ultra-immersive flagship stores. Now, they are bringing all of these functions under one roof, to create multifaceted tourist destinations miniature theme parks, really – that share DNA with experiential brand extensions like Dublin's Guinness Storehouse, or London's Harry Potter Experience. Dior's recently renovated headquarters at 30 Avenue Montaigne in Paris now includes three restaurants, a ticketed fashion museum, expanded couture salons, and an overnight hotel suite for VIP clients – plus, of course, scads of retail space.

3

### LOOK BEYOND THE RUNWAY

While fashion shows remain an important publicity tool, during the pandemic, some brands pioneered new and audacious forms of luxury marketing. Balenciaga, most notably, collaborated on a shoppable episode of The Simpsons - and pioneered a new form of VIP outreach when they "dressed" both sides of the Kim Kardashian / Kanye West divorce during those celebrities' first public appearances solo.

Thought Leadership – Customer Experience



**Peter Aitken** Head of CX Consulting Kantar

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# THE EXPERIENCE ADVANTAGE:

HOW TO SUPERCHARGE YOUR BRAND'S GROWTH

▶ We help clients from diverse industries at all stages of their journey to CX maturity. Our consulting solutions are designed to drive engagement at each stage of the CX maturity curve, and allow us to partner with clients on everything from defining a north star and embedding operational change, through to activating customer-centric behaviour and monitoring business impact.

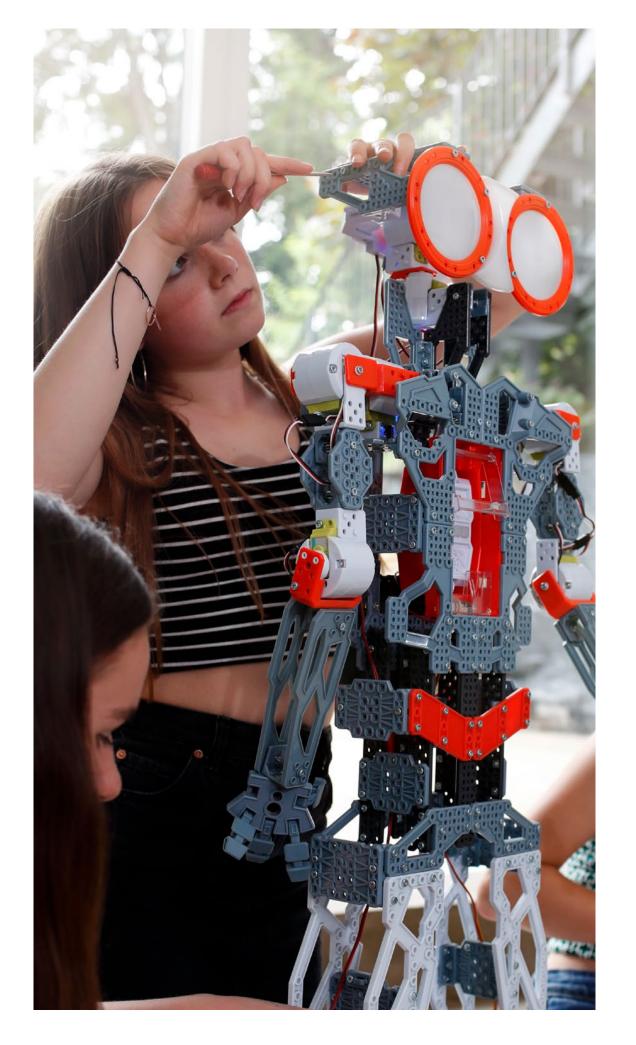
Brands are no longer competing simply on the quality of their products and services. In a world where 60% of UK millennials prefer to spend their money on experiences rather than on 'material things', brands are also now competing on the uniqueness of the experience they deliver to customers.

In this context, customer experience (CX) has become one of the key differentiators in business today, unlocking huge growth potential for those brands that get it right. Or as Clayton Christensen, the renowned Harvard professor and management guru, puts it: "If we put in place experiences that the consumers need, that's where differentiation occurs and that's the place where the customers decide to buy my product vs. your product. It's not by making a better product; this is very easy to copy."

### Mind the gap

It's good news, then, that 91% of CEOs agree that customer centricity – making the customer experience as brilliant as it can possibly be – is essential for driving business growth<sup>2</sup>. The less good news? Only 20% of customers rate these business leaders' brands as being truly customer-centric<sup>3</sup>.

Of course, this reality gap between brand vision and CX also represents an exciting opportunity. By working to align the brand promise with actual customer experience, businesses will begin to reap the lucrative benefits of being truly customer-centric.



Thought Leadership - Customer Experience

### The value of good CX

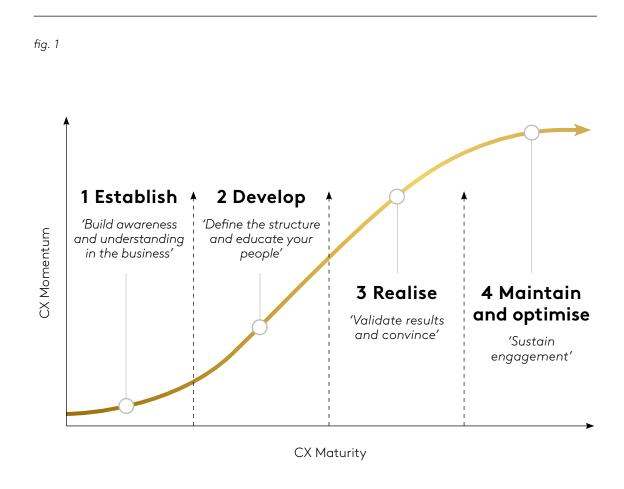
The most successful companies seek to surprise and delight their customers. Perhaps even more importantly, they do everything in their power to avoid disappointing customers by underdelivering on their brand promise. Why? Because they understand that great customer experiences have a direct impact on business value, driving both revenue and cost savings.

A great customer experience often explains why consumers choose one brand over another.<sup>4</sup> It is something buyers are willing to pay more for;<sup>5</sup> it can lead to customers buying more products from the same brand;<sup>6</sup> and it is a reason customers choose to stay with a brand.<sup>7</sup> Plus, when employees are trained to help, customers are 10x more likely to recommend. And the most successful companies understand that strong customer advocacy goes hand in hand, not only with customer base and market share growth, but also with brand value creation.

### Use your CX programme as a driver for change

So given the compelling reasons for customer-centricity, why are so many brands falling short of meeting their customers' expectations? The answer lies somewhere in between a company's willingness to invest in a CX programme, and its failure to truly capitalise on opportunities to drive change.

CX transformation pays dividends, but it is not a quick win. Typically, the path to CX maturity takes two to three years, a period during which companies systematically go through four different phases:



One way of ensuring your CX programme does not stand still, is to take time in the development stages to make sure you are asking customers the right questions, in the right way, to get the data you actually need. Not having enough data is rarely the problem. The challenge is more about making the right decisions early on regarding the metrics you need to be tracking to maximise internal understanding, and ongoing accountability.

What data is the right data? First, employees need the right data tools to understand how they can better support customers - and, ideally, to see the impact their personal contribution is having. Business leaders, meanwhile, need to feel that the data is usefully informing strategic prioritisation, by quantifying the scale and value of different opportunities.

Only when data is democratised in this way – with straightforward supporting governance and processes in place, and links to business and personal performance writ large – will employees feel sufficiently engaged and motivated to play their part.

### Focus on winning signature moments

Pioneering behavioural economist Daniel Kahneman often talks about how our "experiencing self" and our "remembering self" perceive happiness differently. We are quick to forget the majority of moments that make up our long lives. But changes, significant moments, and endings live on in our memories, and in the stories we tell.

For organisations, this insight holds two important truths. Firstly, focus on winning signature moments. If customers judge whole experiences based on their feelings either at peak moments or at the end of the experience, brands should invest time and resources in honing the experience and feelings they want their customers to have at these emotionally and financially critical moments. By creating the perfect moments, brands are in control of the experience and, more importantly, of the *memory* of the experience. Secondly, be relentless about turning negative customer experiences into positive ones. In a world where customers are choosier than ever, brands simply cannot afford to take their consumers' custom and loyalty for granted.

## BUILDING YOUR CHANGE ROADMAP

Wondering how best to set your brand up for CX success and accelerate growth?

- **Define your north star.** Articulate the customer experience you want your brand to stand for and work backwards to define the values and strategy that will bring your vision to life.
- Communicate your north star to the whole business. Invest in internal alignment around the why (the CX vision), the what (core values) and the how (CX strategy), and get all levels of your organisation excited about what CX transformation can do for them.
- Operationalise CX internally. Enable governance, reporting and processes that support a customer-centric culture and that foster accountability to use and respond to customer feedback on an ongoing basis.
- Enrich your customer view with analytics. Text- and off-platform analytics will help surface the right insights to inform strategic prioritisation.
- Go out of your way to delight your customers...
- ...and when things go wrong, bend over backwards to win them back.

<sup>4</sup> PwC 2018, <sup>5</sup> PwC 2018, <sup>6</sup> Forrester 2021, <sup>7</sup> PwC 2018, <sup>8</sup> Forrester 2021

Thought Leadership – Agile Solutions



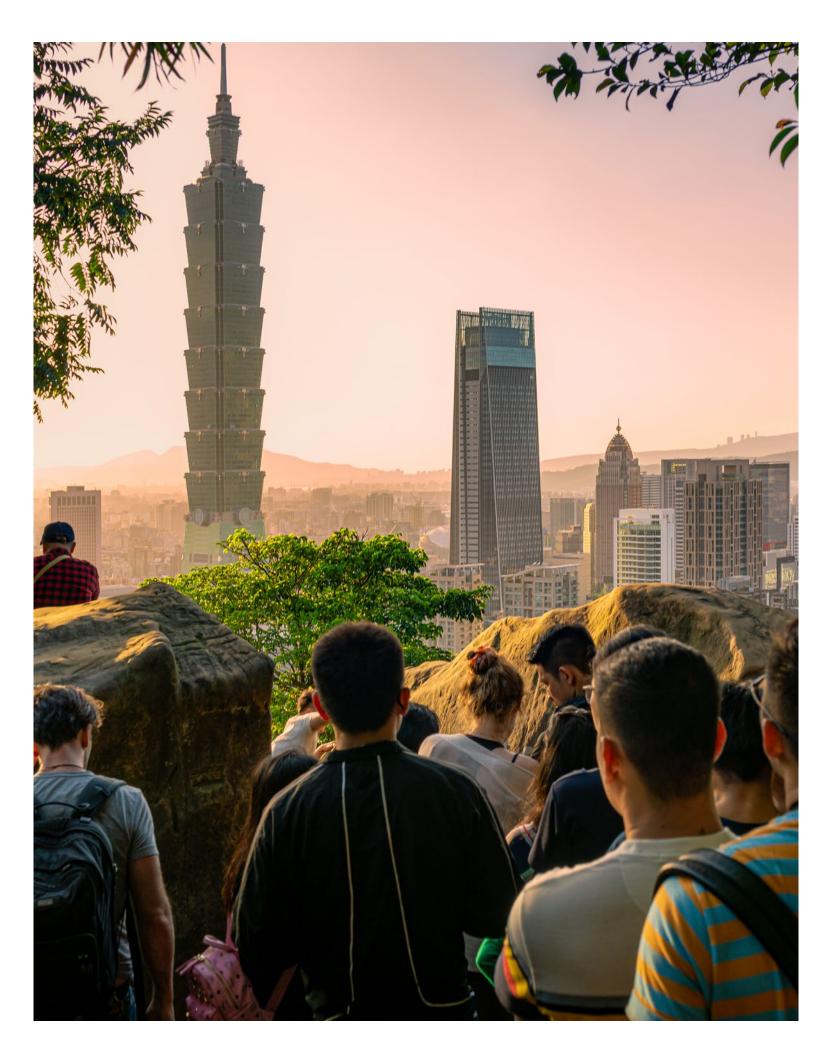
Will Galgey Executive Managing Director Kantar Marketplace

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# AGILE CONSUMER INSIGHTS

# BUILD YOUR BRAND ON FIRM BUT FLEXIBLE FOUNDATIONS

► For marketers who are bold enough to embrace agile consumer insights, the sky is the limit. Discover how the most dynamic brands are using Kantar Marketplace for their agile market research needs.



When construction on the Taipei 101 building was completed in 2004, it was the tallest building in the world, towering over both global and local competitors. To this day, it still dominates the skyline of Taipei.

But for developers looking to build big, Taipei isn't necessarily an obvious or hospitable choice due to consistent strong easterly winds and sizeable earthquakes that impact the area every few years. To construct something so iconic, the engineers needed to make use of cutting-edge technology - and have confidence in the data that showed their plans would actually work.

This story of building a colossal structure in such a challenging and dynamic environment draws parallels to building a strong, iconic brand. Fundamentally, big brands making bold choices need to have confidence in the data that backs their decisions.

# Laying the foundation for audacious brand building

Whatever you choose to build, your brand must be clearly defined so that it stands out on the competitive skyline. It needs to be properly (and purposefully) positioned. And to stand the test of time, it needs to be culturally relevant to its context.

Rather than rely only on assumptions or instinct, you must stress test your hypotheses. The building-blocks of your brand should be engineered to be strong yet adaptable. And when you push the boundaries of your experience, you need a way to model what will happen when your ideas get out into the real world.

If you are building in a challenging environment (and who isn't, these days) you need to account for foreseeable dangers. And if the unforeseen happens, you need to be able to respond quickly, with the flexibility to pivot. The most important thing is that you start with reliable data.

Thought Leadership – Agile Solutions

### The modern marketer's dilemma

If you are a marketer, it may feel like you are living in a world of everincreasing uncertainty. From the ongoing fragmentation of media channels, to global swings in the way people live, work, and consume: there are now more decisions to make, and less time to make them. Often, there is also too little real insight to inform decision-making. Historically, this conundrum has demanded that compromises be made.

Today there are many ways to get quick answers, but not all market research approaches are created equal. Going faster with your research radically increases your costs: that is, if it's genuine, decision-quality insights you need. On the other hand, speed can potentially undermine reliability and your confidence in results if you cut corners to make your deadline. The result is that all too often, tight turnarounds completely side-line the opportunity to get feedback on important initiatives.

### A new reality in market research

The cornerstones of brand growth - properly considered and effective innovation; media planning; and ad development - have been lost to the ever-faster speed of business. As a result, market research is experiencing a transformational moment fuelled by a combination of new technologies and a more iterative way of thinking. The most iconic and successful brands have recognised that to stay relevant and continue to grow, they must respond faster to changing market conditions and consumer needs. This means they have had to fully embrace the new era of agile market research.

### Agility is more than just a buzzword

Being agile isn't just about being nimble or fast. It's one of those buzzwords that is used by many but properly understood by only a few. Agile refers to an iterative development process in which teams design, test, and adapt their projects to bring them to completion quickly and successfully. And testing is essential to the agile process.

Marketing initiatives demand feedback from their intended audience. In marketing, the consumer is the boss, whether they are the potential users of a new product or the audience for an ad. At its heart, agile market research is like being able to sit down with your customers—at scale—and ask them what they like and don't like about your brand. It allows you to tweak your ideas and then go back to them to find out if you've hit the mark.

# Agile market research platforms harness the power of automation

None of this would be realistic without the power of automation. Automated market research platforms offer the chance to know within hours what resonates before further time and effort are committed to a project. And there is no compromise when it comes to the delivery of findings. Online dashboards make it easy to see what has worked and what has not, while relevant benchmarks and diagnostics offer insights into how things might be improved.



Automated market research platforms have come of age. No more is there a compromise between quality and speed, and that opens up the potential for truly agile market research. Whether you choose to conduct the same development process as before, but faster; opt to include more early-stage ideas; or test a wider variety of prototypes... automation widens your options. It gives you more time for thought, and encourages a better, more agile way of working.

## Agile doesn't mean forgetting about the fundamentals

So again, we return to the idea of strong foundations. The building blocks of brand growth involve understanding the levers you need to pull to build brand equity while driving ROI. And having the flexibility to withstand strong headwinds requires agility in your brand-building approach - with reliable consumer insights as a cornerstone of audacious decision-making.



# MEDIA AND ENTERTAINMENT

KANTAR BRANDZ

**MEDIA AND ENTERTAINMENT TOP 10:** 

GOOGLE \$766,779
FACEBOOK \$186,421
INSTAGRAM \$92,098
YOUTUBE \$86,212
WECHAT \$81,348
NETFLIX \$73,518
DISNEY \$60,487
LINKEDIN \$58,077
TIKTOK \$43,483
SNAPCHAT \$28,934

Brand Value \$ (US) millions

### **DEFINITION:**

The Media and Entertainment category includes traditional media (e.g. TV, Newspapers, etc.) as well as social media, search engines, video-sharing services, gaming, video, and music streaming services and leisure facilities.

# THE MEDIA RELOADED/ INTERNET BRANDS EVOLVE

Category Brand Value
Year-on-Year Change



Media and Entertainment Top 10
Total Brand Value

\$1,477,357 m

# MEDIA AND ENTERTAINMENT

This was, once again, a strong year for media and entertainment brands, as new and established players alike found ways to win.

Google has retained its title as the category's most valuable brand. This year, Google maintained its dominance in search while continuing to push into cloud services and consumer technology. Google's parent company Alphabet exceeded \$200 billion in revenue for the first time in 2021, and the BrandZ value of Google's media and entertainment properties now stands at \$766,779 million. (This year, for the first time, BrandZ is measuring the value of Google's cloud business separately).

But there was plenty of good news, too, for many of Google's peers in the media and entertainment space. In just a few years, for instance, TikTok has grown from a minor social media player to attracting upwards of a billion monthly users; Snapchat, meanwhile, just notched its first-ever quarterly profit. In the entertainment space, three streaming content providers - Netflix, Disney and Amazon Prime Video - all have active subscriber bases of more than 200 million accounts.

Altogether, Kantar BrandZ's Top 10 Media and Entertainment brands have reached a total value of \$1,477,357 million in 2022.

### A Pivotal Year for Social Media

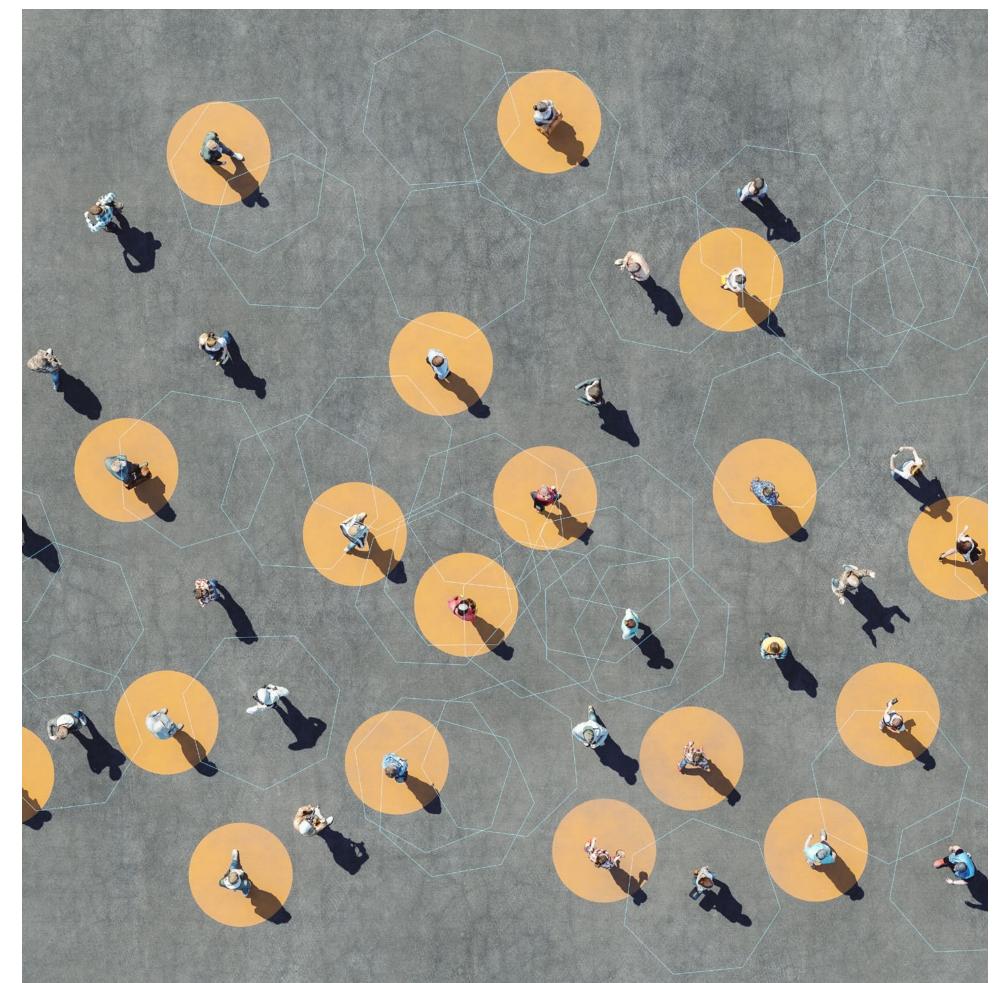
For search and social media brands, 2022 is shaping up to be a pivotal year. Cookies and other third-party trackers are on their way out - as consumers, regulators, and hardware manufacturers (read: Apple) push for new standards around online marketing.

This year, Google's Android platform will join Apple in introducing tools that encourage users to opt out of smartphone app tracking. This is just one of many business and regulatory shifts that are hastening the shift to a "post-cookie world." Google's core ad business shouldn't be terribly affected by this shift, because it relies more on voluntarily provided consumer inputs like search terms.

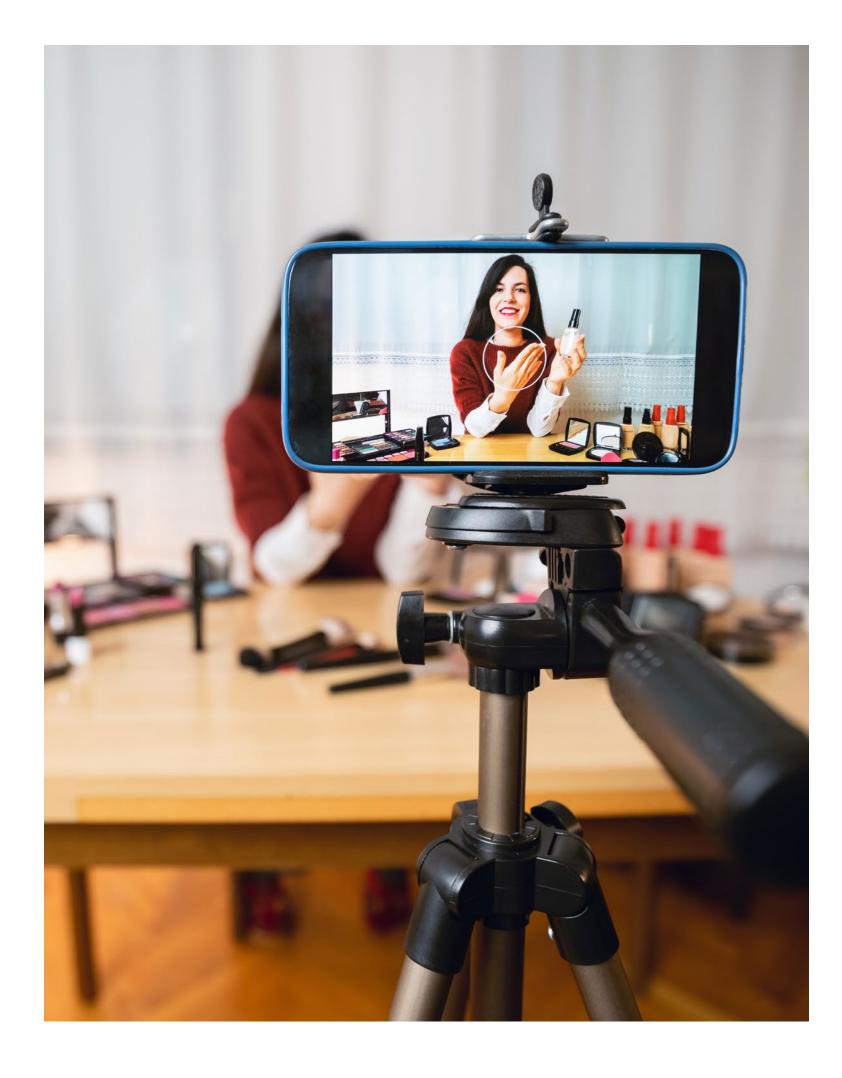
In 2022, Google's advantage on search remains overwhelming, with the brand accounting for somewhere between 85% and 90% of the world's search volume. In this core search business, Google has continued to find new ways to boost its average earnings per pageview - for instance, through product tweaks that have increased advertising revenue from more "niche" or "long-tail" search keywords.

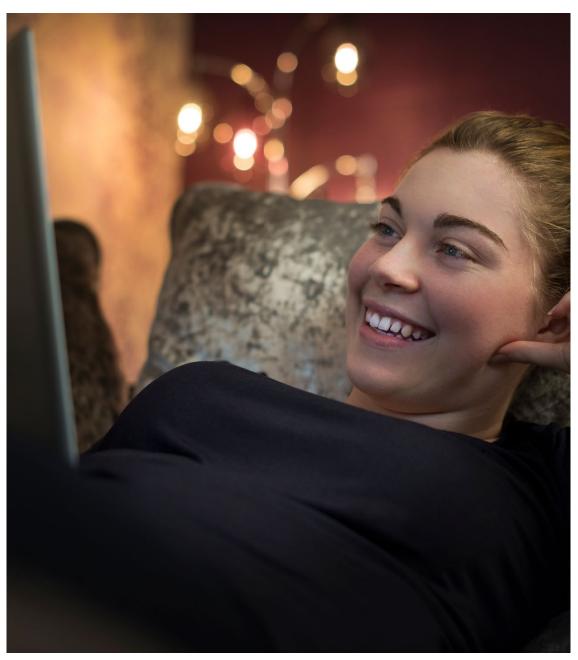






# MEDIA AND ENTERTAINMENT







What's more, Google's sister brand YouTube remains a star performer in Alphabet's stable of non-search offerings - some 17 years after its initial debut. This year, YouTube grew its brand value by 83% on the strength of its appeal among people of all ages. Contra to the predictions of some newer entrants to the video space, viewers' enthusiasm for longer-form video has not dimmed with the rise of smartphones. Indeed, by some metrics, YouTube in the US now attracts almost as many monthly viewers as more traditional television formats.

Although YouTube relies on user-generated content, it has not experienced the same repetitional challenges that some more pure-play social media brands have faced around "political fatigue" and stagnating product relevance. There's also a family factor driving YouTube's success: with certain guiderails in place, the platform is seen as one of a select few social media brands that are appropriate for children to engage with.

At the same time, however, there is currently more competition in the user-generated online video space than ever before. That's thanks to the emergence of Snapchat, TikTok, and now Instagram (through its "Reels" and "Instagram TV" features), as players with major reach and ambition in video.

The group that stands to benefit most from competition over video is independent content creators. The most prominent social media stars are now being signed to brand deals that ensure their exclusivity to certain platforms. And even figures with small- or medium-sized followings are benefitting from the "creator funds" that have sprung up as more informal alternatives to YouTube's pioneering Partner program. In 2021, for instance, Snapchat paid over \$250 million to creators who submitted stories to the brand's Spotlight exploration page.

Indeed, small and medium creators have become an increasingly important population to win over in 2022. That's because they are typically responsible for generating the kind of niche, content that has proved so winning for TikTok in the past two years.

Now, as TikTok surpasses a billion users (by its own estimates), the race is on to fully unlock advertising and e-commerce functionalities for the platform. Think of the way Instagram, last decade, stood up its advertising business relatively quickly - but took longer to incorporate shoppable posts and in-app transactions. Today, emerging social networks need to bake these functions in at the start.

# MEDIA AND ENTERTAINMENT

### The Streaming Evolution

In the 2010s, it was common to speak of the "streaming revolution" that was upending the world of filmed entertainment. This decade, it's perhaps more appropriate to speak of "the streaming evolution."

There's no doubt that brands like Netflix and Prime Video have had an enormous impact on how entertainment is made and marketed worldwide. Today, however, these early streaming disruptors have matured in ways that call to mind older ways of doing business. In markets like the United States, for instance, it's becoming clear that there's a ceiling to the number of streaming subscriptions that people are willing to pay for each month.

Of course, even if subscription growth rates in the US and Europe are leveling off for the moment, there is still plenty of opportunity to gain new customers globally.

But it's equally true that, in more mature markets, some brands have begun to focus more on maximizing revenue per user, rather than simply aiming to acquire more and more new customers each quarter.

Sometimes that hunt for new revenue has led to price hikes for brands' most popular subscription tiers. Executives are now betting, essentially, that consumers now value their platform's so highly, that they're willing to absorb a higher price point.

Increasingly, though, advertising sales have also entered the mix - in another sign that what's old is new. For example, in a bid to increase per-user revenues within its existing ad-supported plan, HBO Max recently began running ads on its HBObranded films - a category of content had previously been kept advertising-free on the platform. Disney, for its part, recently announced it would add a lower-priced, ad-supported tier to its Disney+ offerings, in order to unlock new signups in more mature markets. This spring, after reporting declining global subscription numbers for the first quarter of the year, Netflix similarly announced its plans to introduce an adsupported tier, while also moving to cut back on production costs.

The other big story in streaming is consolidation. HBO Max and Discovery+ are looking to combine in some form following the merger of their parent brands. Disney+ and Hulu, meanwhile, are separate brands in the US. But in other markets, all of Hulu's content - even its more adult programming - goes straight to Disney+. It's not hard to imagine a similar tie-up happening in America, provided Disney can build out parental control features to its liking.

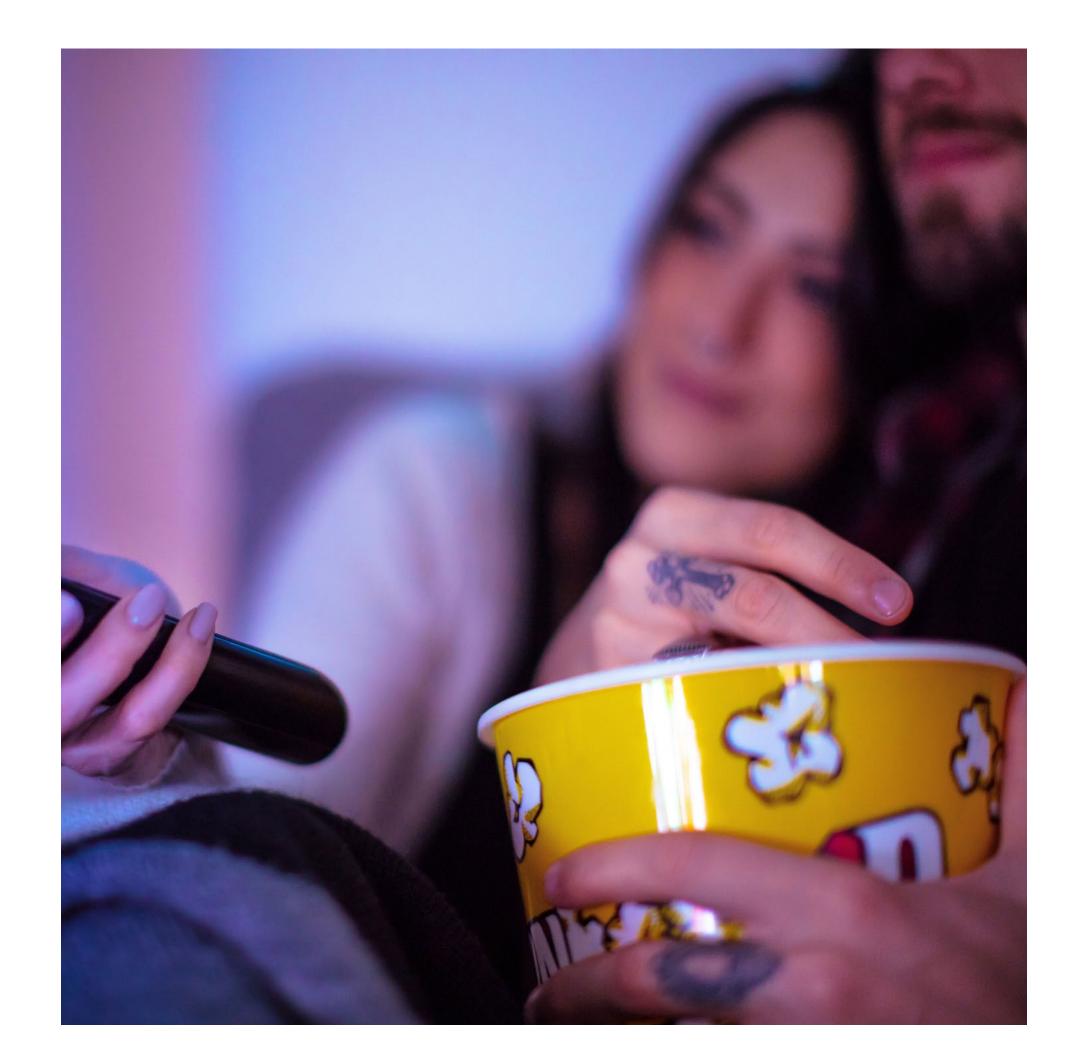
Meanwhile, content from the sports streamer ESPN+ is currently available only in the US, due to licensing restrictions in other countries. Disney's approach may need to shift as competitor DAZN tries to build itself out as a more truly global sports streamer. DAZN already made headway in that effort by hiring away former ESPN executives, and securing exclusive rights to boxing, MMA, and European football (soccer).

Sports has emerged as an important asset for customer acquisition in the "streaming wars," because of the way loyal fans will follow their teams to whatever platform may be airing them. Amazon is now paying more than \$10 billion to air the NFL's Thursday Night Football for the next ten years. In India, Disney+ Hotstar retained its rights to IPL cricket - after a bidding war that was seen as crucial to the Mouse's streaming fortunes in the country. (India has hundreds of millions of new streaming households up for grabs; last year, subscriptions for Disney+ Hotstar grew 57% on the strength of its cricket offerings.)

Elsewhere, the ongoing "content wars" have led to eye-popping outlays for tentpole scripted series and movies.

Amazon will pay a reported \$465 million for the first season of its "Lord of the Rings" series, while Netflix has spent the same amount on two sequels to the movie "Knives Out." Disney, for its part, will spend some \$33 billion on content in 2022.

And while none of the streamer's data algorithms can yet predict a hit with 100% certainty, it's clear that developing broadly appealing tentpoles will be vital to streaming brands' continued success. In 2020, for instance, research for Kantar's Entertainment on Demand service found that 40% of Disney+ subscribers cited the Mandalorian as the reason for signing up to the brand. On TikTok, pushing users toward niche communities is a surefire path to engagement – but in streaming, mass hits are king.



# MEDIA & ENTERTAINMENT

### **BRAND SPOTLIGHT**



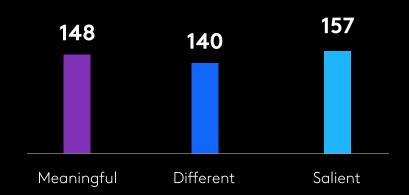
YouTube is one of 2022's fastest rising brands. Even as competitors have come and gone, it remains a leader in high-quality, wide-ranging content. YouTube managed the shift toward mobile viewing with aplomb, and now aims to do the same with the rise of shorter video formats. Last year it launched its vertically-oriented YouTube Shorts Studio to compete with the likes of TikTok and Instagram; since then, Shorts have already accumulated more than 5 trillion views globally.

2022 BRAND VALUE

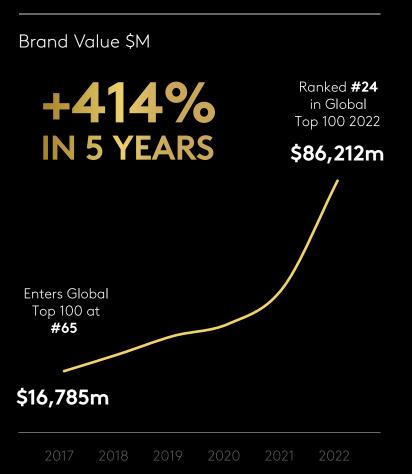
\$86,212M

2021 Brand value \$47,103m

+83% year on year



YouTube's value has rocketed in the last 5 years



YouTube's longstanding leadership is based on convenience of access, plus quality and range of available content



### **BRAND SPOTLIGHT**



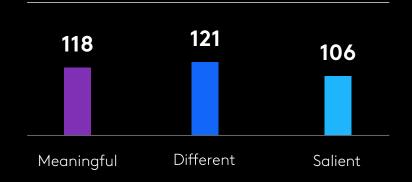
In 2021, the Chinese short-format video platform Kuaishou surpassed 1 billion monthly users for the first time, announcing itself as a major player in the global social media landscape. It turns out that China can support not just one, but two short-video titans (the other is Douyin, which also operates as TikTok worldwide).

Kuaishou is especially popular with older viewers and people outside of China's Tier I cities. Compared to Douyin, it also relies more on e-commerce revenue than on advertising, and works with major online retail JD.com to integrate ecommerce fulfillment into the platform's highly popular shoppable livestreams.

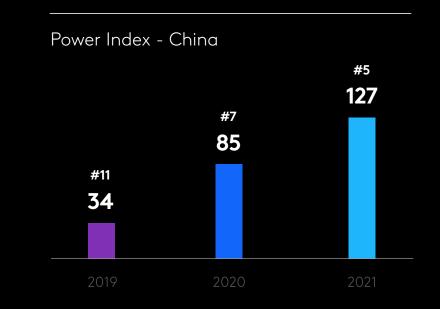
2022 BRAND VALUE

\$26,535M

New entry in T100



Huge brand equity growth in last three years



Clear potential to grow further: positive 'salience gap'



China only

# MEDIA AND ENTERTAINMENT

# ACTION POINTS/BRAND BUILDING

# ZERO IN ON NEEDS

There's a lot that social media brands – and brands of all types – could learn from the continued success of LinkedIn in the BrandZ rankings. By zeroing in on a specific, high-powered population – adult professionals – LinkedIn was able to really hone in on a product offering that not only gave that audience a platform people *liked*, but also a platform people *needed*, both to do their current job, and to find their next one.

### GO FIRST-PARTY

In a post-cookie world, the advantage will go to platforms with users who actually want to provide more data and context around their interests - because they see that doing so naturally leads to an enhanced experience. That can take the form of mutually beneficial, overt data exchanges - for instance, a "personality quiz" that provides a brand with more information about a user's preferences, while also providing users with new insight into their own identities. But there's also much to be learned from the kind of ongoing, first-party A/B testing and data analysis carried out by TikTok's discovery engine; by constantly exposing users to new inputs and measuring their engagement (as measured, in TikTok's case, by watch time), platforms can glean useful marketing data without deploying a single tracker.

3

### **SUSTAINABILITY**

In 2021, Kantar's Sustainable Transformation Practice surveyed a worldwide audience to determine the global development issues that consumers most wanted media and entertainment brands to prioritize. They found that social media brands were most expected to lead on issues like mental health, internet access, and discrimination. Home entertainment brands, meanwhile, were expected to lead on reducing greenhouse emissions in addition to address issues like discrimination and mental health. In the entertainment sphere, Disney has taken an especially innovative approach to sustainability. On productions like The Mandalorian, Disney has partnered with Epic Games' Unreal Engine to create LED curtain wall backgrounds that make most outdoor location shoots unnecessary, thus reducing productions' carbon emissions.

Thought Leadership – Media



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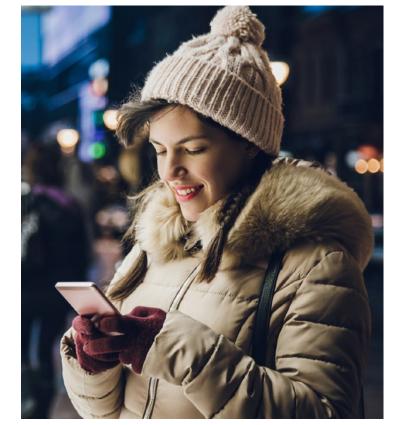
# MEDIA HALO: What advertisers

COMMUNICATE
THROUGH THEIR CHOICE
OF MEDIA BRANDS

► Ensure your media partner fits your brand personality and your campaign objectives. For the right ad in the right place Kantar's Context Lab is here to help.







Brands need to have a clear strategy for their media choices. This is partly to avoid risk and potential backlash. But it's also to create positive alignments between the brands' ads, and the environments they are delivered in.

Tonal match is important – and tonal *mis*match can be a momentum killer. When Applebee's light-hearted boneless wings ad aired during CNN's online coverage of the Russia-Ukraine war, the ensuing online criticism highlighted the need to consider alignment once again.

We know from BrandZ that brands with Purpose ("making peoples' lives better") outperform those without. We analysed the 94 global brands that we have brand values for in 2006 and 2018, and found the top third for Purpose (High Purpose brands) grew more than double over that period than the bottom third (Low Purpose brands).

There are many ways that brands can make mistakes these days. What's more, social media makes these mistakes more immediately public. What this means is that brands should question every decision they make, including their choices of media partners and whether their values are aligned.

Brand Purpose has come a long way since the days of picking a single cause that would resonate with consumers, and following that cause for the sake of reputation.

Brand Purpose is now pervasive across all aspects of a brand marketing. And authenticity is now key when communicating Purpose to your consumers.

A brand's actions may find their way to the public consciousness through different touchpoints - but advertising is one place where brand personality is conveyed routinely. Thought Leadership – Media

Today, advertisers have a responsibility to ensure they are not seen as impostors, whether the goal at hand is supporting a social cause, or communicating their identity in an authentic way. But the reputations of media brands that *host* this advertising online can also affect how authentically a message is received. That's true whether the media brand in question is an established player like Facebook, Amazon, or Google, or a newer player like TikTok or Snapchat.

The shifting reputations of these media brands can sometimes make advertisers feel uncertain. According to Kantar's 2020 Media Reactions survey, for instance, some 41% of marketers believe that many online platforms don't adequately balance the right to free speech with a need to protect the safety of its users and advertisers.

Good choices by media owners in the way they emotionally engage consumers can go a long way to building advertising equity – this reputational boost is the advertising equivalent of Brand Power for media advertising platforms. For advertisers themselves, understanding the emotional valences of not only their category, but also their media partners, is now key.

'Ad equity' is a Kantar metric that quantifies attitudes towards a media platform's advertising program. It can be measured both in terms of consumer preferences (i.e., consumers' attitudes toward advertising on the platforms they use recreationally), and in terms of marketer preferences (i.e., marketers' attitudes toward the platforms they pay to advertise on).

First, the consumer sentiment data. In 2021, online video sharing brand TikTok led the way in terms of consumer ad equity globally. Out of 23 markets surveyed<sup>1</sup>, 19 of them (including Brazil, China\*, South Africa, UK, and US) chose TikTok as the most fun and entertaining ad platform. And five markets saw it as the platform with the most innovative advertising.

Amazon, rated number two globally, had a completely different profile compared to TikTok. Most notably, in markets such as Germany, Mexico, Spain, the US, and the UK, Amazon was seen as the platform with the most relevant and useful advertising.

Consumer sentiment is important for brands looking to choose where to place their advertising - but they should also take into account the views the marketing professionals who'll ultimately produce and broker the advertising itself. And it turns out that marketers' ranking of media brand ad equity is fairly different from consumers.

Neither TikTok nor Amazon make marketing professionals' top five. Instead, Instagram leads the pack, as marketers think it has especially high ad receptivity (how receptive consumers feel to advertising on a platform). Among marketers, Instagram also enjoyed a balanced perception of 'trustworthy' versus 'innovative' advertising on its platform.

Marketers' number two brand for 'ad equity', YouTube, is seen as having particularly trustworthy advertising. TikTok is perceived as the most innovative advertising platform according to marketers. However, marketers want innovation to be balanced by a high trustworthiness perception as well – and for them, TikTok isn't quite there yet.

Now the question for non-media brands becomes: Which constituency should matter most when conceiving of an online marketing campaign – consumers or marketers? When choosing a digital media platform to advertise on, which attributes should matter most: fun, trustworthiness, innovation – or some other characteristic entirely?

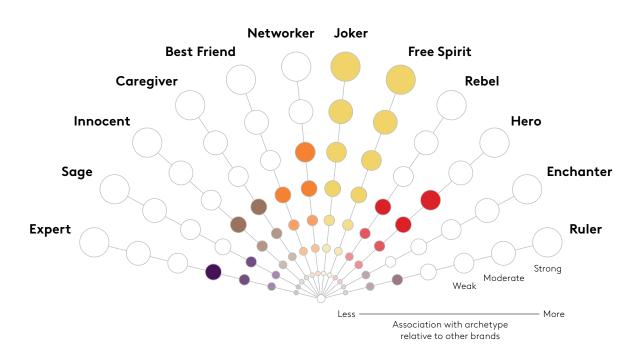
The key to unlocking these dilemmas is to first understand your own brand personality archetype – which you can then match with a media platform. Your own brand personality will be based on the emotional engagement that consumers have with your brand. BrandZ's validated NeedScope brand personality archetypes can serve as guidelines here. For one example as to how, see the infographic to your right.

fig. 1

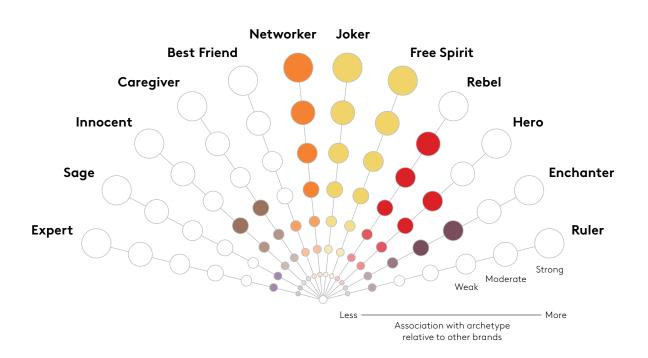
### Poker's brand personality in Colombia can be well-reflected across a media portfolio including Snapchat

Beer brand Poker's brand 'Joker' and 'Free Spirit' personality in Colombia can be well-reflected across a media portfolio including Snapchat, which has a similar profile.









<sup>1</sup>Kantar Media Reactions 2021. \*As Douyin.

Thought Leadership – Media



Advertiser brands that have more extroverted brand personality types themselves are likely to want to align more with innovative media brands. These are generally classified as falling under Rebel, Hero, Free Spirit, or Joker archetypes.

More cautious, introverted brands will place greater importance on trustworthy advertising environments. They may prefer to be associated with media brands that have Expert, Sage, Innocent or Caregiver archetypes.

It's important to note is that there is no one "correct" personality type. The best fit all comes down to your campaign objectives. Being a Joker, for example, suggests being a fun and playful platform - like TikTok or Snapchat. It is equally legitimate, however, to connect with consumers using a wise and knowledgeable Sage brand like Google, or a competent Expert like Amazon. The stronger your archetype, the more this personality will be reflected in the media halo effect for advertisers.

So, while advertisers need to take responsibility for their actions in marketing and media – it's not enough to give the media agency a brief and to consider the job is done. Brands need to consider every aspect of their choices: Not just what to avoid, but what to actively seek out in advertising and media partnerships.

It is important for advertisers to match brand personality and campaign objectives to those of their media partners. The next step is to ensure that the right advertising appears in the right context. Each ad can be tested for fit to the chosen platforms based on BrandZ's guidance.

Kantar's Context Lab can help optimise across digital contexts, with results in as little as 24 hours. Direct comparisons can be made between paid digital media, influencer content and more, measuring both creative performance and brand impact. Top-notch marketing tools can highlight harmonic media partnerships and alleviate the risk of backlash.

Thought Leadership – Diversity, Equity & Inclusion



Valeria Piaggio SVP, Head of Identity & Inclusivity Insights Global Lead Kantar Inclusion

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# THE GLOBAL INCLUSION IMPERATIVE

A CALL TO UNDERSTAND
DIVERSITY, EQUITY, AND
INCLUSION BEYOND BORDERS

Explore this initiative to understand the state of diversity, equity and inclusion in 26 markets around the world.





Today, Diversity, Equity, and Inclusion (DEI) has become an absolute imperative for branded businesses, in both developed and developing markets.

Even before the COVID-19 pandemic, consumers were increasingly recognising the impact of social and economic inequalities, and calling for change. The pandemic then highlighted these inequalities even further, as it became clear that certain vulnerable populations were facing outsized health and economic challenges.

Inclusion is sometimes discussed in moral terms. But make no mistake, inclusion is good not only for society, but also for business. Businesses can grow via inclusion by tapping into underserved groups – groups that are often rising in population size, buying power, and culture influence.

For example, people with disabilities now number more than 1.3 billion people worldwide. Together with their families, these people now hold \$8 trillion in buying power. And the number of people with disabilities is likely to increase in the future, as the Boomer generation ages and begins to face new mobility and health challenges.

Every year, Kantar's Global MONITOR study surveys the attitudes of people in 26 countries worldwide, with an eye to identifying both micro and macro trends. Last year, in 2021, we asked this global sample population to describe how they perceived their country in terms of diversity and inclusion.

What we found was that globally, the proportion of consumers that believe their society is very inclusive is only 22%. Meanwhile, close to 40% of people surveyed globally say their country is diverse. So what we have is a mismatch, or gap, between perceived *diversity* (which is the demographic trend of different people coexisting) and perceived *inclusion* (which is the cultural norm of welcoming and supporting difference). In this gap you'll find the inclusion imperative.

Thought Leadership – Diversity, Equity & Inclusion

Consumers are alternately hopeful and wary about their societies' ability to close this inclusion gap. In 2021, six out of 10 Global MONITOR respondents globally believed that people in their country were actively trying to be more inclusive and embrace diversity. At the same time, seven out of 10 people believed that their society was becoming more divisive.

Another important statistic is that globally, 59% of consumers tell us that it is important to them to buy from key that actively promote diversity and inclusion: in their businesses, in society, and in the marketplace. Just as crucially, Millennials and Gen Z people in our surveys display even higher even higher aspirations for inclusion. That suggests that inclusion isn't going away as a business imperative any time soon.

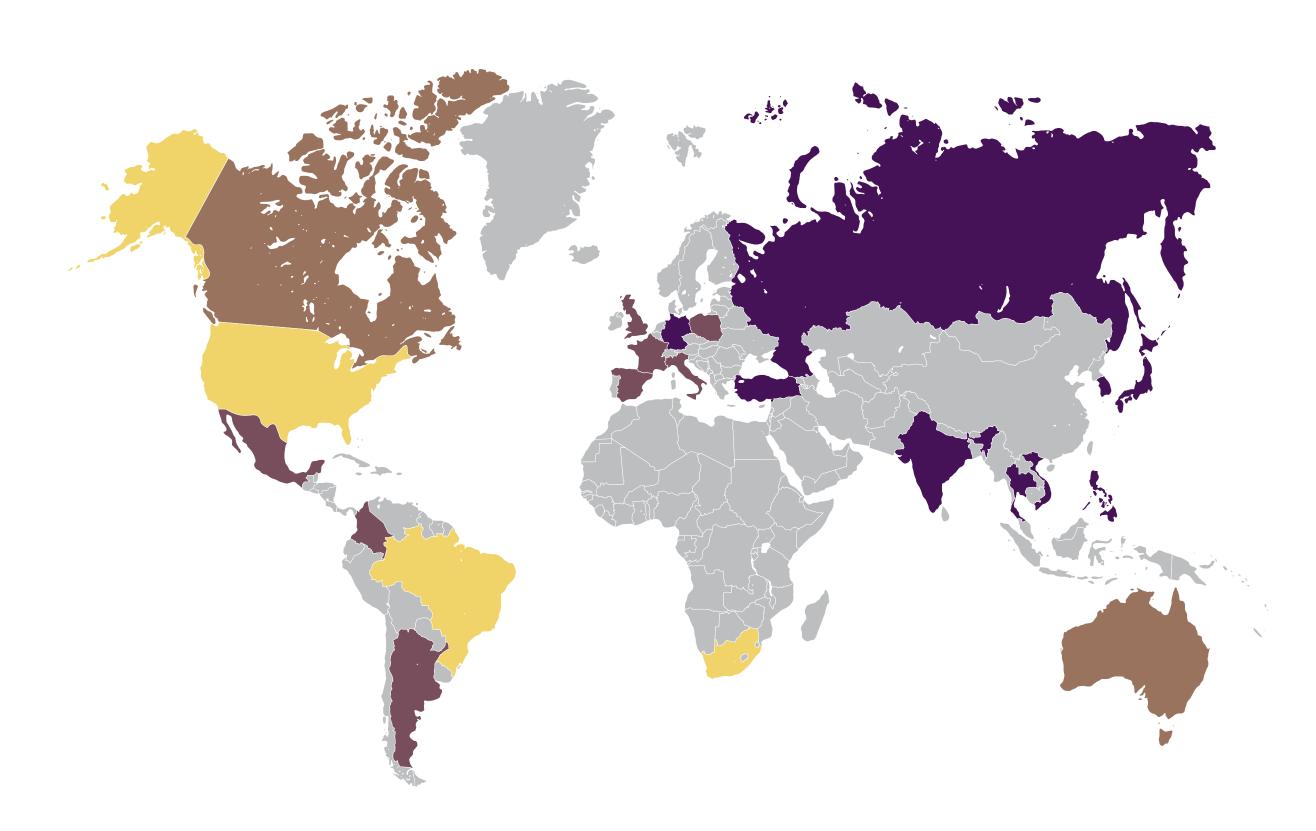
It's important to note that diversity and inclusion encompass several different demographic dimensions. In most global markets, discrimination based on social class is people's top concern; this concern is particularly high in the APAC region. Exclusion of people with disabilities is the second highest concern globally, driven by an aging Europe and LATAM where public services are often lacking. And in the U.S., Brazil, and South Africa, discrimination by race and ethnicity is the top worry.

Therefore, as you think about your global inclusion strategy, you need to pay attention to what's happening where. Businesses must approach inclusion with a combination of global strategy, and regional or local execution.

fig. 1

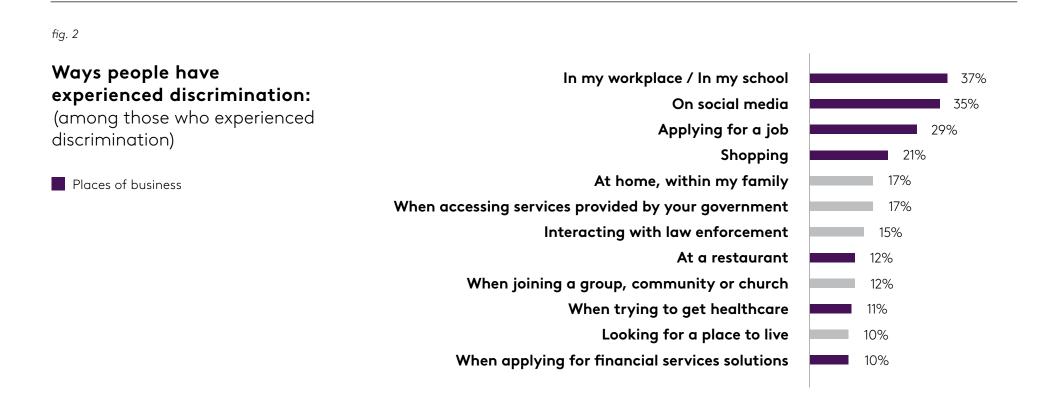
### Top discrimination concern by market

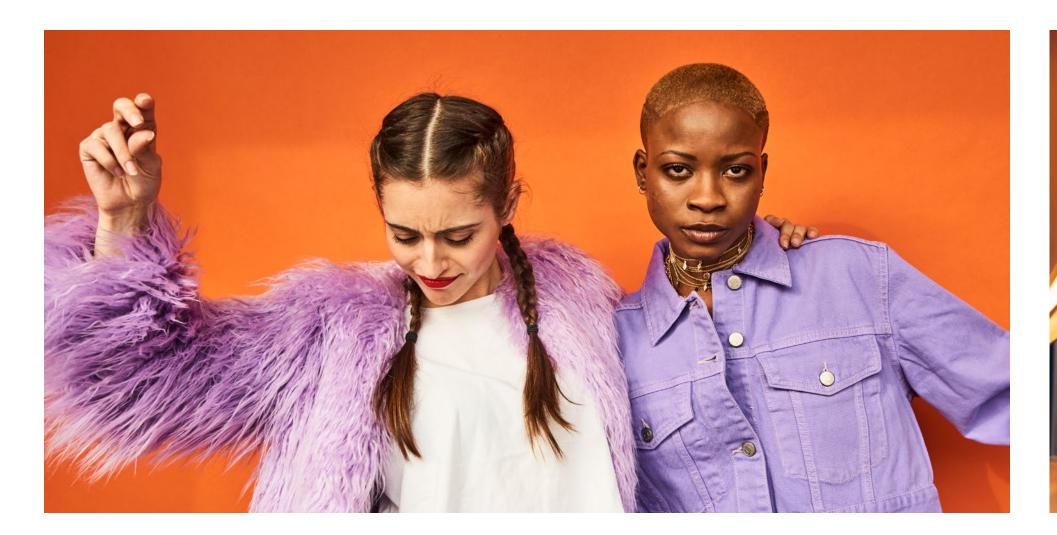
- Social Class
- Mental/Physical Disabilities
- Appearance
- Ethnic/Race



Thought Leadership - Diversity, Equity & Inclusion

Global MONITOR also uncovered that consumers often associate discrimination with business and commercial environments. Our findings show that globally, the top four ways in which people experience discrimination are: at work or school; on social media; while applying for a job; and while shopping. These are all places where people are trying to contribute their work, ideas, talents, and money. And they are places where branded businesses are very much present, whether as employers or as providers of products and services.







To do global inclusion right is difficult, but not impossible. True inclusion demands embracing DEI in all areas of business. It means creating a comprehensive approach that addresses acute painpoints for your consumers, employees, stakeholders, and brands.

Here are a few important reminders as you further your global DEI journey:

- First, **the inclusion imperative is a global mandate**: consumers around the world prefer brands that promote diversity and inclusion.
- Second, the inclusivity mandate is a business responsibility as much as a social concern.
- Third, even well-intentioned brands can fail if their global inclusion approach doesn't **account for market differences.** To avoid problems from irrelevance to backlash brands should conduct research that involves local experts, local creatives, and local consumer testing.
- Fourth, best-in-class companies take a committed, transparent, and holistic approach to diversity, equity, and inclusion. They have long-term and strategic plans, internal accountability, and communicate their actions and goals.
- And fifth, **the inclusivity benchmark is rising.** Younger generations have much higher expectations for diversity, equity and inclusion, and little tolerance for brands that don't demonstrate action.

We talk about this topic as a global inclusion *imperative* because not acting is not an option. Even if it's not easy, you need to move from awareness to action. Otherwise, you might risk being seen as part of the problem, with silence interpreted as complacency or even complicity.

If you ignore DEI, you will very likely alienate the next generation of consumers. And you might be putting your bottom line at risk as well, by jeopardizing the combined spending power of underserved and high-growth populations.

For more about the GLOBAL INCLUSION IMPERATIVE and Global MONITOR resources you can reach out to: valeria.piaggio@kantar.com Global Lead for Kantar Inclusion Practice, or jennifer.james@kantar.com and doreen.szeto@kantar.com at Global MONITOR.

# PERSONAL CARE

KANTAR BRANDZ

**PERSONAL CARE TOP 15:** 

```
L'OREAL PARIS $47,480

L'ANCOME $23,871

PAMPERS $19,666

COLGATE $18,198

GILLETTE $14,736

ESTEE LAUDER $14,170

GARNIER $11,718

CLINIQUE $11,388

SHISEIDO $7,946

DOVE $7,114

NIVEA $6,786

BATH & BODY WORKS $6,435

HUGGIES $6,266

MAYBELLINE $5,983

PANTENE PRO V $5,160
```

**DEFINITION:** 

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

# SITTING PRETTY/ BRANDS PUT A NEW GLOSS ON VALUE

Category Brand Value Year-on-Year Change +17%

Personal Care Top 15

Total Brand Value

\$ 206,917 m

# PERSONAL CARE

This was a strong year for the world's personal care brands, which grew 17 percent for a total value of \$ 206,917 million for 2022.

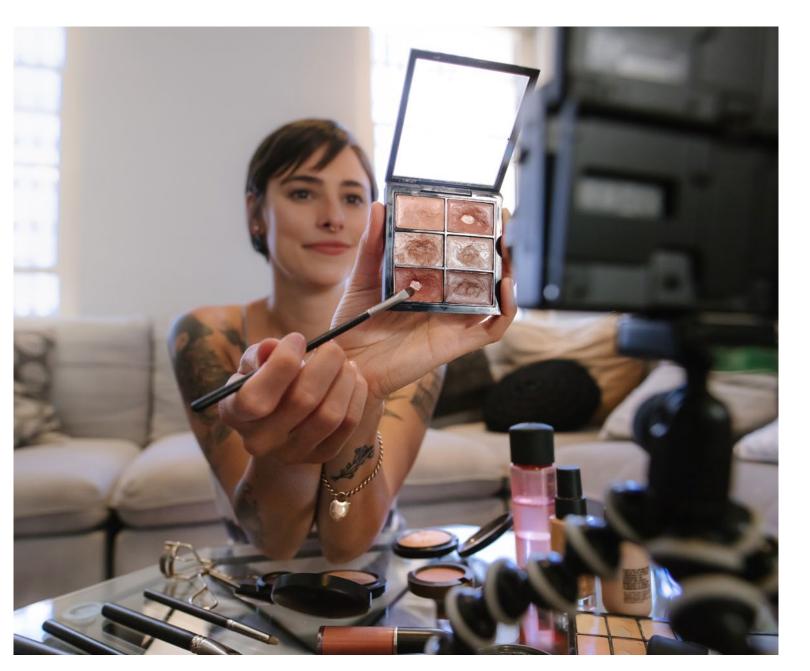
On a product and business level, one of the biggest stories of the category has been the blurring lines between mass and prestige. In the makeup and skincare business, especially, this is something of a golden age for drug store formulations. Today, mass brands sell products that are as good or better than the formulations sold by luxury brands last decade (or even, sold by luxury brands today). That's because of a few key factors.

For starters, there's a growing consensus (held by scientists and consumers alike) around clinically proven "hero ingredients" that are known to provide excellent functionality at a low price: hyaluronic acid is hyaluronic acid, whether it's part of a serum that costs \$10, or \$100. Secondly, the mass market has been disrupted by independently owned brands like e.l.f. and Colourpop. These challenger brands do not hesitate to deploy their labs' most innovative breakthroughs in their range's most affordable products - which has put pressure on big personal care conglomerates to do the same.

Today, mass brands have also become nimbler around incorporating forward-thinking beauty trends - cutting off the first-mover advantage previously held by prestige categories. For example, Dove now offers "de-stressing," multifunctional "face+body" washes through its Men+Care line that are fortified with adaptogens like turmeric and ashwagandha.

Another key advantage for mass brands is the democratizing ethos of many TikTok influencers. If a product is special enough, TikTokers will champion it to their followers and help it go viral. "Drugstore superstars" make for particularly exciting viral finds they're seen as "cheat codes" in a beauty industry that is constantly expanding upmarket. Last year, Maybelline struggled to keep units of its Lash Sensational Sky High Mascara in stock after TikTokers claimed it rivaled high-end options for lash lengthening, at a fraction of the cost. In the new world of personal care marketing, "TikTok made me buy it" is a phrase that's worth its weight in gold.

That being said, mass personal care brands also face some unique challenges. Because they operate on tighter margins, mass brands are especially susceptible to the effects of ongoing supply chain disruptions and rising ingredient prices. In the short term, mass brands can attempt to delay further price increases by innovating around format: finding ways to offer less overall product volume, but in more attractive, or more convenient, packaging. "Shrinkflation," but make it pretty.









# PERSONAL CARE



For now, rising prices will require mass personal care brands to draw on all their powers of brand equity. This is especially true in the highly price-conscious budget segment of the category, where family budgets have been especially squeezed by economy-wide inflation, and temptations are high to trade downward to generic options.

Price inflation has also created questions around the growing "mass premium" space, which encompass efforts by brands like Garnier and Pantene to play with more upmarket codes like "medical-grade," "personalized," "<10 ingredients" and "lab series". The challenge is that now, "mass premium" products are rising to just a few dollars shy of many prestige offerings - which raises the risk that these "mass premium" products will ultimately just serve as a stepping-stone to competitor's products. It doesn't help "mass premium" customer retention, either, when retail partners add prestige "pop-ins" to personal care aisles in a bid to boost their own bottom line. In the US, these new "storein-store" concepts include tie-ups between Sephora and the discount retailer Kohls; Ulta and Target; and UK luxury boutique Space NK, with Walmart.

The rise of prestige within this category was assured even before the COVID-19 pandemic. But since then, upper- and middle-class consumers alike have turned to prestige "self-care" indulgences with even greater vigor. This is especially the case in China, where luxury beauty products like lipstick and blusher proved a natural fit for the booming live-streamed retail trend.

Welcome, then, to the new "prestige boom." Beauty-focused personal care conglomerates like L'Oréal, of course, have long developed more democratic propositions like Maybelline alongside more luxurious brands like Lancôme. But now personal care players like Unilever and Procter & Gamble are expanding their prestige offerings, too, in areas ranging from beauty to skincare to makeup to bathing products. After divesting itself of its prestige personal care holdings seven years ago, for instance, P&G has returned the space by acquiring the upmarket hair care brand Ouai, as well as clean skincare players Tula and Pharmacy.

At the same time, this moment feels different from last decade's beauty startup acquisition bubble. That era saw conglomerates paying enormous sums to acquire midsized, influencer-touted brands like Becca and Too Faced - which then struggled to transition from local favorites to global players.

This decade, conglomerates are taking a more cautious approach, sometimes opting to pursue minority investments in promising personal care brands rather than buy them outright. These "slow and steady" acquisition processes can be better for all parties. They can provide smaller brands with important logistical support as they figure out how and whether they want to scale up – without the pressure to start raking in cash overnight. At the same time, the minority investment model allows the conglomerate to learn more about whether the smaller brand is truly a good fit to scale up globally, should a later acquisition occur.

L'Oréal, meanwhile, has begun to turn its acquisition focus to more early-stage beauty startups – another strategy that reduces the risk of overpaying, while still helping L'Oréal to grow its portfolio in new directions. In December 2021, for instance, L'Oréal acquired vegan, "superfood"-focused skincare brand Youth To the People, which had been pulling in around \$50 million per year in sales.

### **KANTAR** BRANDZ

# PERSONAL CARE

### **BRAND SPOTLIGHT**

# MAYBELLINE

### **BRAND SPOTLIGHT**



Taken together, Garnier and Maybelline, which are both in the L'Oréal brand stable, demonstrate several paths forward for the marketing of mass Personal Beauty brands.

Maybelline has been able to engineer viral product launches – and drive sales – around a perception that its products perform just as well as luxury brands, at a fraction of the price.

It is one of the most tried-and-true marketing messages in the book – "Get more while paying less!" – but it's been given a more participatory spin in the TikTok era, where people film themselves trying out products like Maybelline's Sky High mascara alongside more expensive competitors.

2022 BRAND VALUE

\$5,983M

New

### Offers a value propostion

# Price Index Global Beauty Brands Estée Lauder 121

Lancôme 119
Clinique 119
L'Oréal Paris 113
Shiseido 111
Garnier 96
Maybelline 84

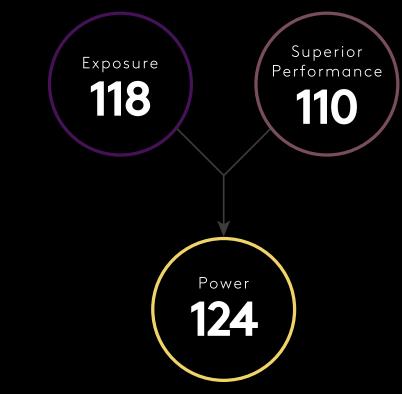
Fair Price Index

Other Beauty 102

Maybelline
115

### Superior performance + great comms drive its purchase power

Maybelline Sky High Mascara was a sell out global sensation in 2021 after going viral on TikTok with videos viewed more than 400 million times.



Garnier's product offer has long highlighted natural ingredients: it introduced its first all-plant-based shampoo, Ultra Doux, in 1982. And its logo and key brand marks have featured plant imagery since 2002.

In 2020, Garnier built on these associations by launching its Green Beauty Roadmap with commitments towards both environmental and social areas of concern.

2022 BRAND VALUE

\$11,718M

2021 Brand value \$9,134m

Green Beauty roadmaps Garnier's End-to-End Journey towards sustainability in 5 key areas

### **More Solidarity Sourcing**

Supporting communities producing Aloe Vera in Mexico, Coco butter from Ivory Coast.

### **Greener Sciences & formulas**

By 2025 7% of products will be biobased, derived from abundant minerals or circular process.

### Approved by Cruelty Free International

### Renewable energy

Achieving a low carbon business model with 100% of industrial sites to be carbon neutral by 2025.

### Fighting plastic pollution

Zero virgin plastics by 2025 and all packaging will be reusable, recyclable or composable.



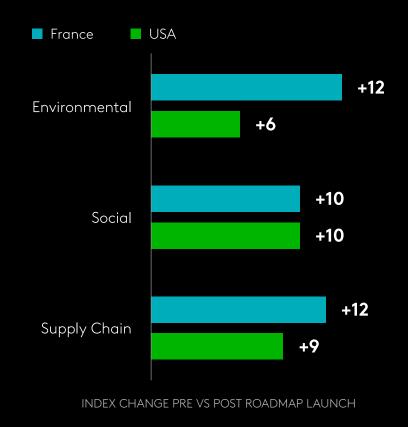
To sign post the above for consumers, Garnier is rolling out an **environmental and social impact score** for their products based on 14 planetary impact factors across the product life cycle.

## Early days but some green shoots of progress

Brand is defined by the following factors in its key USA and French markets

### Sustainability Convenience

Brand has shown improvements in sustainability perceptions in key areas



Source: Kantar BrandZ Global Personal Care data 2022

# PERSONAL CARE

# ACTION POINTS/BRAND BUILDING

# PARTNER UP FOR SUSTAINABILITY

An especially intriguing tie-up from the past year is Estée Lauder's minority investment in British natural beauty brand Haeckels, which makes hair and body products from food waste and locally sourced seaweed, and has begun to grow its own packaging using a mushroom derivative called Mycelium. As personal care brands begin to push into sustainability, there is so much more that they can do in addition to pursuing carbon neutrality, as important as that is.

In fact, when we look at what people worldwide see as Personal Care brands' chief responsibilities within the UN's 'Sustainable Development Goals' (SDGs) framework, issues beyond carbon emissions predominate - with overconsumption, ocean micro plastic, animal welfare, and water pollution all rising to the top of consumers' minds.

### PROTECT OUR FUTURE

Going forward, expect to see baby care at the forefront of consumerfriendly "mass sustainability" products, because of parents' inherent openness to products that will ensure a better world for their young children. Huggies, for instance, recently launched its first-ever biodegradable, natural-fiber baby wipe as part of its commitment to eliminate plastics from its range; in May 2021, meanwhile, Pampers launched its first ever hybrid diaper, which pairs reusable cotton covers with plant-based, leakproof disposable inserts. Clean labels, nontoxic packaging, the importance of "access for all" programs, the phasing out of plastic: it's all there in the diaper business.

3

### PURSUE TWO-TRACK GROWTH

Going forward, mass personal care brands' growth strategies will run on two tracks: continuing to push into emerging markets, while doubling down on premiumizing innovation in more mature regions. Toothpaste brand Colgate, for instance, sees opportunity for education-based marketing in countries where per capita daily brushing rates remain low. And it has also announced a patterned with 3D-printed supplement company Nouris3d for a line of oral chews that "support teeth and enamel" while "giving you fresh breath."

## RETAIL

KANTAR BRANDZ

RETAIL TOP 20:

```
ME DEPOT $84,220
DOLLAR GENERAL $ 12,865
WHOLE FOODS $ 12,458
WOOLWORTHS $ 12,132
```

Brand Value \$ (US) millions

#### **DEFINITION:**

The retail category includes physical and digital distribution channels in grocery and department stores and specialists in drug, electrical, DIY and home furnishings.

# FASTER, BETTER, MORE UNIQUE/ RETAIL'S NEW RULES OF VALUE

Category Brand Value Year-on-Year Change



Retail Top 20 Total Brand Value \$ 830,328 m

## RETAIL

For retail brands, this past year was an unsettled one. Businesses moved to consolidate pandemic-era shifts toward e-commerce and hyperlocal formats, all while confronting fresh challenges from rising costs and price inflation. Through it all, however, many of the world's Top 20 Retail brands found successful paths to growth.

Amazon was once again the world's most valuable retail brand, and one of the most valuable global brands of any kind, with a value of more than \$281 billion. Supply chain issues, rising transportation costs, and labor supply disruptions made this anything but a normal year for Amazon's core e-commerce business – but it nevertheless remains the brand's biggest division by far (even amid continued strong performance from digital service business).

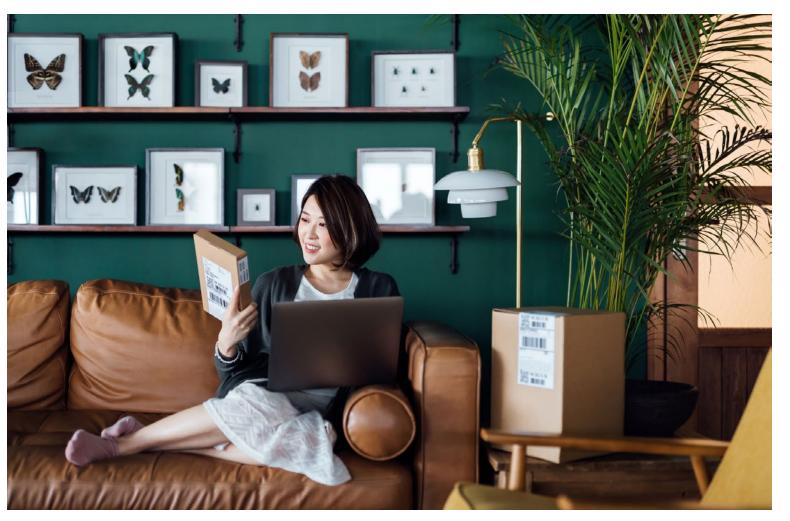
Fortunately, Amazon's dominance in retail has also fueled the emergence of a robust advertising business for the brand - chiefly based around selling sponsored ads and links on Amazon search results. Among Silicon Valley heavyweights, the brand now trails only Google and Meta in digital ad sales, exceeding more established brands like YouTube and Twitter.

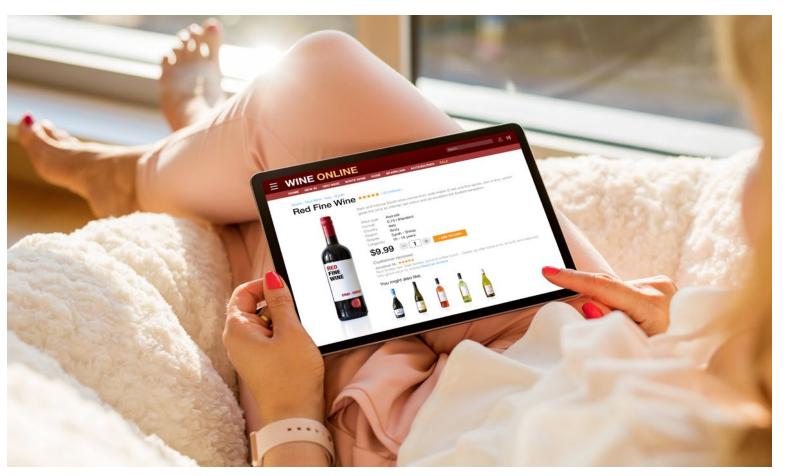
This year, a planned \$20 increase in the price of annual Prime memberships should afford Amazon some breathing room as it begins to position itself for its next phase of retail growth. Among other initiatives, this phase will include a refinement of Amazon's brick and mortar strategy, as the brand shutters experimental formats like its Amazon Books and "4-star" stores. Instead, Amazon plans to expand its use of cashierless "Just Walk Out" technology in Amazon Go and Amazon Fresh stores in the US and UK; it has also begun to experiment with the technology in Whole Foods grocery stores in Washington, DC, and Los Angeles.

This plan for tighter integration between the Amazon and Whole Foods brands could also pay dividends in the quest to offer customers more and easier options for product returns - which has emerged, industrywide, as one of the most crucial brand differentiators. In the 2020s, merely free returns are becoming table stakes (even if it means building the price of a possible return into product costs). Now, "return excellence" is all about exceeding expectations around speed and convenience.









## RETAIL



Indeed, the need for speed has become a guiding axiom across the entire retail industry this decade. This speed imperative is a natural consequence of consumers' pandemic-era embrace of e-commerce, in nearly all retail categories ranging from grocery shopping, to beauty. During the pandemic, retail brands began to invest heavily in hyperlocal warehouse formats, "dark stores," and last-mile infrastructure improvements - and, as a result, consumer expectations around on-demand delivery speed have begun to adjust accordingly.

For Amazon and many of its customers, "one-day shipping" has quickly supplanted "two-day shipping" as the ideal, default expectation for delivery speed. In the grocery sphere, 90-, 60-, and even 45-minute delivery guarantees are becoming a challenging but attainable gold standard for large brands, especially in urban areas.

In many cases, this "2 hours or less" imperative is being driven by digital-first brands like Southeast Asia's Shopee and India's Flipkart (both of which are new entrants in the retail rankings this year, and both of which offer ultrafast grocery guarantees in certain metro markets). But in some areas, it's more established grocery players who are spearheading the speed revolution. This is true in the case of South Africa's Checkers brand, which has outmaneuvered the startups in its market to make its Checkers Sixty60 offering (shop in 60 seconds, delivery in 60 minute) the country's top grocery delivery service. Meanwhile, Uber and Carrefour have partnered up in France to offer 15 minute grocery delivery on items stocked in a network of storefront dark stores across Paris - an offering meant to compete with the wave of hyperfast, microwarehouse grocery startups that in Europe include names like Getir, Gorillas, Zapp, and Yandex.

Today, Kantar's shopping trackers suggest while the growth in online grocery shopping has slowed somewhat from its lockdown-era peak, retail's larger shift toward e-commerce is permanent, irreversible, and ongoing.

In the near term, the big question is whether the appeal of faster speeds will be able to offset the pain of higher prices in the retail sphere. The pandemic-era shift to e-commerce was fueled, in part, by a new consumer calculus that saw values like convenience, safety, and reliability take their place alongside price as key decision factors in the path to purchase. For retailers, this was a welcome shift: it's good to have the pricing power to charge more money, should you choose to do so!

But this consumer math is new being tested by economy-wide inflation - which has squeezed household budgets at the same time that it has forced brands and retailers of all stripes to raise their prices. To date, inflationary pressures have been so great that it has not even been a question of *if* most retailers will raise their prices.

The open questions, instead, surround "when", and "how much," and "with what degree of marketing acknowledgment" brands should pursue price increases. (Should brands try to communicate explicit forward guidance about upcoming price hikes, and should they explain the reasons behind these cost increases? Or can they remain silent on these issues, and rely on more conventional retail marketing, as well brand equity, to weather the storm?).

In this inflationary environment, deep-discount retail brands like Dollar General may be well-primed to win among more price-conscious shoppers. (Notably, Dollar General has *not* raised its prices in the US even as many of its dollar-store competitors have.)

Also well-positioned are grocery chains like Aldi, Lidl, and Trader Joe's, which have pinned their low-price strategies on the use of fun, distinctive, premium-feeling private labels. These are discount retail brands that don't necessarily present as discount brands in shopper's minds – well-priced, sure, but not cut-rate in the undesireable sense. That's because of how Aldi et al have supplemented low prices with attributes like discovery and design. Own label does not need to mean generic, or unbranded.

## RETAIL

Indeed, there's a more refined, distinctive approach to private label that's on the march across a variety of retail categories. When done right, these products can not only provide retail brands with higher margins - but they can also attract foot traffic in their own right.

Consider the home improvement sector, for instance, where Home Depot has long been able to rely on its strong connections with the contracting industry to stand out from the pack. Its competitor Lowe's, meanwhile, has taken a more diversified customer approach. Today, it has supplemented its professional-tier offerings with a stable of well-regarded, consumer-facing private labels like Allen Roth, Origin 21, and Stainmaster. And it has also announced plans for store-in-store pop-ups from Petco.

The gold standard when it comes to resonant private brands is probably Target, which has now launched 10 own-label players worth a billion dollars or more (including, most recently, its women's activewear line All in Motion). At the same time, Target has also pursued partnerships with brands like Levi's and the beauty retailer Ulta.







#### The view from China

In China, the retail picture has been more mixed of late. Top e-commerce brands like Alibaba, JD, and Pinduoduo continue to launch successful promotions around events like Singles Day and Golden Week. And Chinese e-retailers continue to lead the world in innovations around group commerce and live-streamed shopping entertainment content. The latter format has not only yielded enviably high rates of sales conversions, but can also provide enormously rich data insights around how marketing messages are resonating in real time with consumers.

At the same time, however, regulatory pressures and the impact of ongoing COVID-19 lockdowns have led to declining revenues and layoffs across China's retail tech sector. Now, the hope is that the industry will establish a new equilibrium in the back half of 2022, as the Chinese government has begun to restate its commitment to supporting a strong (but ethical) local tech scene.

Overall, consumer spending on FMCG in urban China grew by 3.1% in 2021, an increase of 3.7% compared to 2019. This dovetails with how the bricks-and-mortar Chinese retail sector has gradually recovered from the impact of COVID-19.

This physical retail landscape may look different in the years to come, however: since 2020, small supermarkets have fared much better than hypermarkets and other "big box" stores, as shoppers favor brands that can meet their immediate needs in their nearby local communities. In response, Walmart closed more than 30 of its hypermarkets, while local player Yonghui Superstores converted more than 50 into warehouse stores that offer affordable products and an optimised shopping experience.

Going forward, large-format stores in China will need to transition to offering middle-class shoppers a more refined and focused customer experience. For an idea of what this will look like, consider the success of membership stores like Costco and Sam's Club, both of which are expanding in China alongside new membership-based formats from Freshippo, Metro, and Carrefour.

## RETAIL

#### **BRAND SPOTLIGHT**



Among brick-and-mortar retailers, Costco stands out for the singularity of its approach to branding. Its membershipbased approach and "warehouse store" model has allowed it to keep prices low while stocking top name brands.

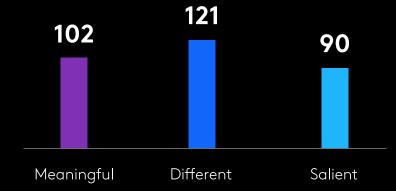
In many ways, Costco behaves more like an outlet store than a big-box retailer. Costco hides most of its online prices from nonmembers, which introduces friction to the online shopping experience but protects the brand's suppliers from comparison shopping. It has also eschewed most traditional advertising in favor of word of mouth – which partly explains its lower Salience scores. It is a unique approach, but one that seems to have global appeal: especially in China, where the store has become a hit with the country's growing middle class since opening its first store in Shanghai in 2019.

2022 BRAND VALUE

\$49,614M

2021 Brand value \$35,137m

+41% year on year



Clear differentiation based on range and pricing



Purpose led – supporting suppliers and employees

#### Big Ideals

Strong performance on both Corporate reputation AND Purpose



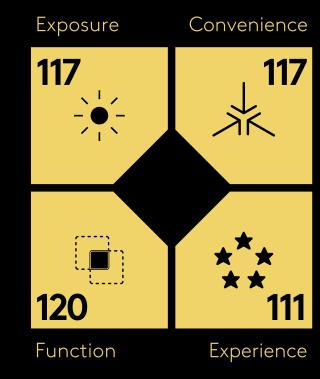
#### **CATEGORY ANALYSIS**

#### E-tailers reign supreme

The global pandemic has further accelerated the rise of top e-commerce brands. E-commerce brands have become even more relevant to consumers, building momentum for future growth.



E-commerce brands also execute the Four Fundamentals of brand growth well.



(Ahead of offline brands in all areas)

Source: BrandZ, Global data, Grocery stores, 2022

## RETAIL

# ACTION POINTS/BRAND BUILDING

### THINK B2B

Increasingly, leading retail brands are monetizing their logistics breakthroughs in the form of B2B technology and fulfilment divisions. In August 2021, for instance, Walmart announced that it would begin to open up its last-mile delivery fleet, omnichannel software, and hyperlocal supply chain infrastructure to select partners, as part of a new white-label fulfillment operation called Walmart GoLocal; clients to date include Home Depot and fashion retailer Chico's. Amazon, meanwhile, hopes to license its "Just Walk Out" technology to outside clients as well. The lesson is that investing in innovations can pay off – in more ways than one.

## TAKE CARE OF YOUR STAFF

For decades, Costco has offered abovemarket pay and generous perks for its employees - all while continuing to turn a healthy profit. Retirement accounts, life insurance, health and dental care, guaranteed college scholarship money, paid sick days and time off, semiannual bonuses: these were seen as bizarre eccentricities on Costco's part, rather than the brand's "secret sauce." Many brands claim to go above and beyond for their customers – but very few have built their brand identity around doing the same for their employees. Now, in a historically tight labor market, the wisdom of a more generous approach is becoming more apparent.

3

## MIND YOUR REPUTATION

This year, eight of the world's most valuable retail brands have strengthened their responsibility credentials in their home market in the last year: Amazon, Walmart, JD, IKEA, Aldi, Target, Lidl, Tesco.

Ikea exemplifies the benefits of a successful responsibility turnaround. As part of its ambitious circular economy goals, the brand has foregrounded the use of renewable and recyclable materials such as bamboo, seagrass, and handblown glass - while also streamlining its program to provide replacement parts and repair tools that can prolong the lifespan of its products. In the process, Ikea has increased its reputation for quality and value, while distancing itself from notions its low-cost furnishings were somehow more "disposable" or "synthetic" than its competitors.

Thought Leadership – E-Commerce



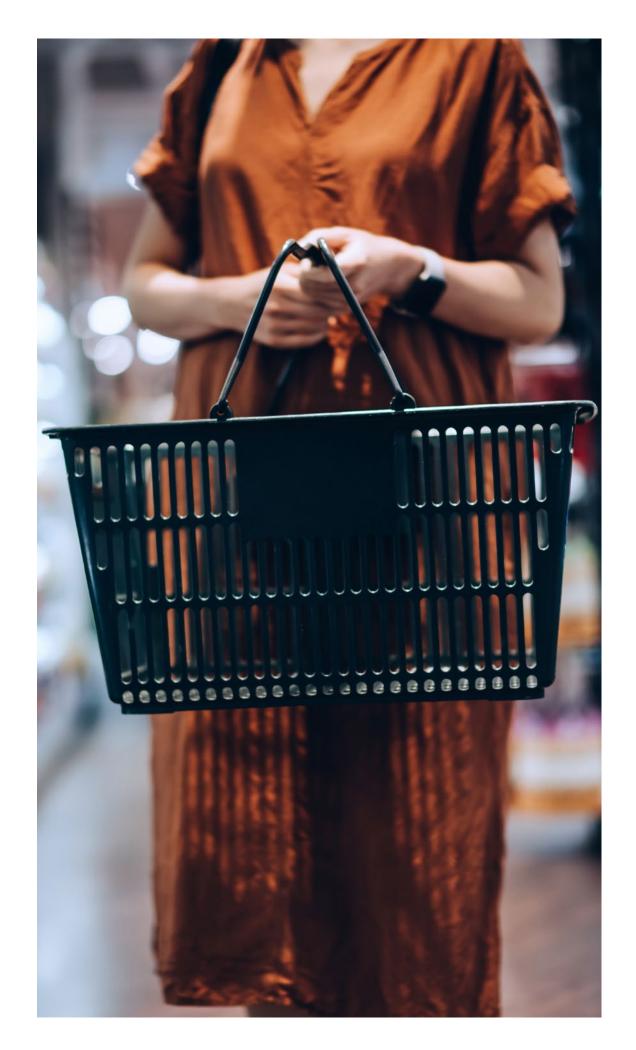
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## RE-THINKING THE BRAND-RETAILER-CONSUMER TRIANGLE

ARE THE MULTIPLE LAYERS OF RETAIL A HEADACHE OR AN OPPORTUNITY FOR BRANDS?

► Learn more about building your brand's equity to create value for your business and uncover how well in-market activations are working to catalyse the growth trajectory of your brand.



One of the great effects of digital is bringing Brands closer to the purchase moment. But recent developments in digital retail are throwing the brand-retailer-consumer triangle off balance. While some digital retail has distanced brands from shoppers, other digital retail models have brought shoppers uncomfortably close.

## The ultimate goal for retailers is to achieve omni-channel success

Omnichannel is now business as usual, whether you are a digitally-native brand or have been around for a century. Evolving a mostly offline brand to online sales is and remains a brand challenge, because the digital world comes in many flavours and shape-shifts like gods in Greek mythology. How to show up on the many forms of social media and online retail is a topic brands have and will continue to focus on. Recently, for example, the majority of highend fashion labels changed their logos to black all-caps, in an effort to be more easily identifiable on social media. With mixed results for the high-end shopping districts where store signs are now a sea of same.

Conversely, online-first brands face their own issues as they venture into bricks and mortar. Merchandising and point-of-sale communications are completely different digital vs IRL (in real life). Standing out among 40,000 products in a supermarket or expressing your brand via your own branded physical store is no small feat. Amazon is gradually opening more GO stores, having raised their game from owning Whole Foods. Still, walking through the store reminds us of their origin in the online shelf: very linear and clean, with limited human interaction.

Thought Leadership – E-Commerce

#### Digital sets new standards

Certain brands that are very successful online and on mobile – thanks to the interface, the brand experience, the ease of finding products or features – let people see what is possible, and changes their expectations of other, non-related brands and products. Look at Apple, Uniqlo and McDonald's who all perform highly on online and mobile aspects according to BrandZ data, setting new standards across their respective categories. Amazon wrote the rulebook on online shopping but is now perceived to be trailing other leading global brands in important activation areas of distinctiveness and product design - something to watch out for. Consumers who have a best-in-class experience with their bank will quickly raise their standards for apparel shopping, or ordering a ride.

fig. 1

#### **BrandZ Performance:**

Online and Mobile perceptions

Category average: 100







However, the delightful digital world is also playing tricks on brands. Most recently what we might call multiple layers of retail are causing brands to lose their grasp on selling spaces. This can manifest itself in a couple of ways, but always with additional degrees of separation from consumers. For one, quick delivery apps are muddying the brand waters, especially in FMCG categories. Functioning as a middleman between retailers and product brands, quick delivery platforms distance brands from the person buying (not to mention the consumer). Let's give an example:

Thandi orders six items via a quick delivery app: how particular can or will she be about the brand of each item? Maybe she cares about 1-2 of those brands - perhaps her favourite cereal - but she's willing to compromise on the yogurt and hand cream. Is yours a priority brand for Thandi? The data being collected by the delivery apps will tell the story, but already these heavily funded start-ups are opening small distribution centres in the middle of cities in order to supply products on the most wanted list in ten minutes or less. Are your brands and products on those shelves?

But it doesn't stop there: does Thandi care which retail brand is fulfilling the order? What is more important to her: the quick service app or her favourite supermarket? Retailer-delivery app partnerships and acquisitions are already underway, and the brand-retailer-delivery tangle will eventually be unknotted, but not without a few casualties.

The history of commerce tells us middlemen are eventually dispensed with unless they provide real value. Convenience alone won't suffice because it's hard to own: what else keeps people coming in? I'd argue brands. At the same time, brands need to understand the implications of convenience. Convenience in its various guises is paid for, ultimately, by the consumer. The rise of quick delivery shopping (and meals) has an effect on people's wallets -- and hence the economy - not dissimilar to inflation. Consumers are forced to prioritize. And keep in mind the competition of Brand A isn't just Brand B. It's different categories, products and experiences brawling for the same consumer budgets.

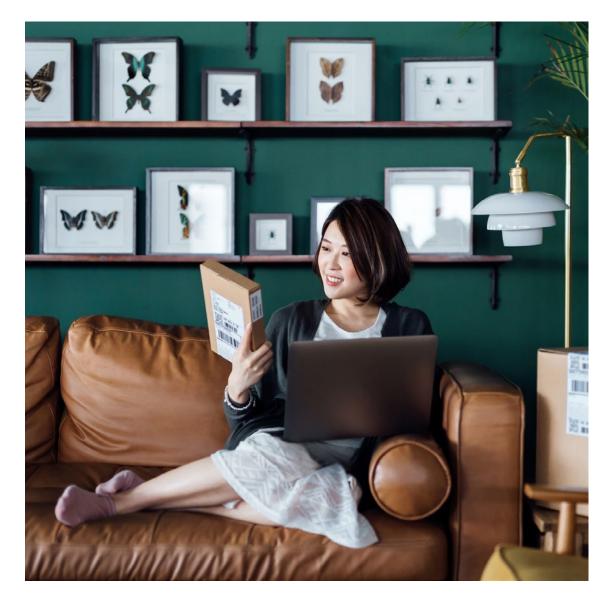
Kantar research shows that one of consumers' top 'coping' mechanisms is to buy private label. What does that mean for your brand and category? Retailers are on top of these trends and in it for the long haul. They plan for their private labels to play in higher price tiers, so careful of dismissing them as down market. Some private labels are prioritising sustainability and/or organic, further upping the ante. And there is nothing stopping quick delivery apps from identifying vulnerable categories in which to launch their own brands.

Outside the FMCG space, we see other, new challenges. Take a look at the circular economy, formerly known as second-hand and dismissed as an irrelevant niche (unless you are eBay).

For reasons such as sustainability, economics and scarcity, the commerce of recycled goods has become a notable market of its own, as evidenced by Pinterest buying second-hand C2C platform Depop. Other examples include Porsche attempting to edge into the passionate trading of their vintage cars, Rebag scouring the used luxury accessories market via their bricks and mortar stores, while second-hand phones have literally become their own commodity market.

What does this mean for brands? How is the Gucci image affected by listings on C2C platforms? Or flipping the question around, how can Gucci shape posts on C2C platforms? How does Porsche create a win-win situation for lovers of old 911s? These are topics brands must face head on, as the C2C platforms own the data, are publishing their own rankings, setting prices for their brands' products and offering consumers "investment" advice.

This goes beyond influencer marketing. We've moved from user generated content to user generated sales. Are the very consumers who most love our brands also competitors? Distributors? It will be crucial for brands to figure out how harness this energy and brand commitment.





Thought Leadership – Brand Guidance



**Lorcan McHarry** Head of Research Solutions, Insights Division

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## THE DYNAMIC DUO OF EQUITY AND GROWTH

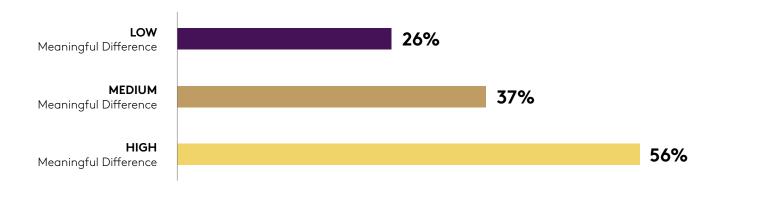
▶ Learn more about building your brand's equity to create value for your business and uncover how well in-market activations are working to catalyse the growth trajectory of your brand.



fia 1

#### The stronger your brand is, the stronger your growth

Brand Value growth among the world's most valuable brands (same 158 brands 2019 to 2021)



Source: BrandZ 158 brands valued in 2019 and 2021

#### Opening the floodgates to growth

Here is a question to consider: Would John Lennon and Paul McCartney have been as successful on their own compared to the Beatles? Doubtfully so. The Beatles defined an era of music; on their own, the individuals within the Beatles would not have made the same impact.

Another example: The 'Woodies' were a dominant tennis force in the 90s, winning 11 Grand Slam doubles titles and becoming household names in their native Australia. On their own, Todd Woodbridge and Mark Woodforde were not competitive as singles players. But in doubles, the baseline play of Mark and volleying of Todd turned them into a winning machine.

For many children, meanwhile, a peanut butter sandwich on its own is ho-hum. But it can be transformed into a far more enticing proposition with the addition of jam. The two ingredients need each other!

What connects these music, tennis, and food icons is how the complementary nature of distinct parts strengthens the overall proposition – while also uplifting the individual parts themselves. In the same way, we can consider the elements that drive growth for our brands.

Through years of BrandZ research, the importance of brand equity in creating business value is undisputed. The data trends are clear: the stronger your brand is, the stronger your growth.

However, we do still see individual businesses that are unable to translate their strong brand equity into growth.

Ministop is a well-established convenience store chain in Japan. It punches well above its weight in terms of brand power, reinforcing its brand position since 2018. In fact, 9 out of 10 Ministop shoppers are secured shoppers (i.e., their spend matches their predisposition to the brand).

Remarkably, we find that Ministop's brand power is more than double its current presence in the market. All of this would point to a well-primed launchpad for accelerated growth - a reservoir of excess brand equity waiting to be transformed into sales. Yet growth remained unmoved up to 2020. So why is that?

Thought Leadership - Brand Guidance

#### Decoding the consumers' decision journey

By combining BrandZ data with our research on consumers' decision journeys, we've introduced a simple framework for thinking about how brands grow.

After analysing nearly 4,000 brands across a three-year time frame in BrandZ, we identified the three stages of the consumer decision journey that were most important to overall brand value growth: Experience, Equity and Activation. Brands that managed to do well on all three facets realised a phenomenal 46% growth.

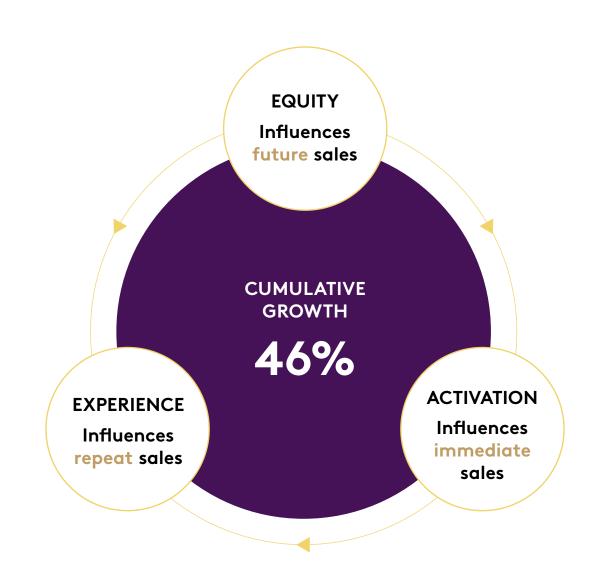
Experience and Equity refer to the influence on repeat and future choices respectively. Experience is how well the brand reaches current users and predisposes people to choose the brand again. Equity is how well the brand reaches out to new users, predisposing them to increase penetration. (Because shoppers are constantly seeking to minimize effort, predisposition has a massive influence on sales of branded goods.)

Activation refers to how well a brand can facilitate current sales. This means making sure the predisposed can buy the brand easily, and capturing undisposed shoppers in the moment.

Activation is driven by the brand's physical and virtual availability in the market. It includes all brand assets that are controllable and contribute to facilitating an easy transaction; these include findability, affordability, and packaging.

fig. 2

#### BRANDS THAT DO GROW PERFORM WELL AT ALL THREE STAGES OF THE BUYER CYCLE



#### Pulling the right levers for growth

Picking apart these dimensions sheds some key insight on how best to drive growth for brands.

Brands that do well only on Activation, but neglect to build predisposition through Equity and Experience, typically shrink by more than 20%. In contrast, a brand that leverages its Experience and Exposure assets are rewarded with strong growth, with an average brand value *gain* of 20%.

But in the same way that John and Paul are so much more effective together in the Beatles, brands that combine strong Activation, Experience, and Equity, can grow 46% - more than twice as fast as with Experience and Equity alone.

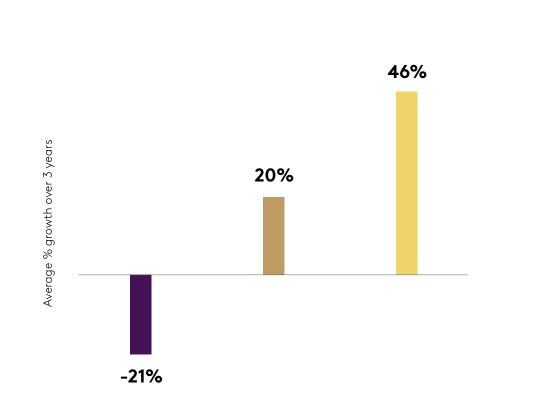
What the data tells us is that Activation alone will not create sustainable growth. But it can be a dramatic catalyst in accelerating further growth of brands that have already built strong brand equity.

And this brings us back to Japan and Ministop's inability to unlock its brand potential. It is when we look at the brand's market strength, that we get to appreciate what is holding the brand back. In particular, a red flag is the dwindling footprint of Ministop's store locations, a crucial table-stake for convenience stores. Over a three year period up to 2019, the number of Ministop stores declined by 14%. Without building Ministop's physical presence to ensure accessibility, the efficiency of its brand building effort has been severely diminished.

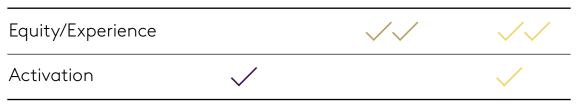
Lidl, a discount grocery retailer paints a pointed contrast. In 2014, Lidl was well ensconced as a mid-tier discount grocery retailer in France. This is a tough position to inhabit in a mature market. However, Lidl made a few key strategic moves that would propel the brand forward over the course of the next eight years.

One key decision was to significantly increase Lidl's communications investment, to strengthen its brand appeal. Despite being ranked 6th in the French retail category in terms of market penetration, Lidl actively outspent its larger competitors until it ranked 3rd in terms of communications spend. Then, - and unlike Ministop in Japan - Lidl supported its brand building investment with an aggressive acquisition strategy, to grow its footprint and accessibility to shoppers. By 2021, Lidl had become France's 3rd largest retail brand.





#### Performance on...



#### All you need is...balance

Plagiarising the Beatles song title, all you need in this case is not love, but balance. Because a balanced strategy is vital. Where brand building efforts are supported with in-market activations, brand value growth can be optimised. A purposeful Activation plan might be the catalyst to an accelerated growth trajectory for your brand. Brands that are **Meaningfully Different**, with strong **Activation**, can deliver greater financial benefits to companies.

## TELECOM PROVIDERS

KANTAR BRANDZ

**TELECOM PROVIDERS TOP 10:** 

VERIZON \$101,962
AT&T \$87,169
TELEKOM/T-MOBILE \$64,572
XFINITY \$61,613
SPECTRUM \$49,554
VODAFONE \$33,357
NTT \$25,244
CHINA MOBILE \$23,813
ORANGE \$18,736
AIRTEL \$18,049

#### **DEFINITION:**

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)

# VITAL LINKAGES/ TELECOM BRANDS EVOLVE WITH THE TIMES

Category Brand Value
Year-on-Year Change

+4%

Telecom Providers Top 10
Total Brand Value

\$484,071 m

## TELECOM PROVIDERS

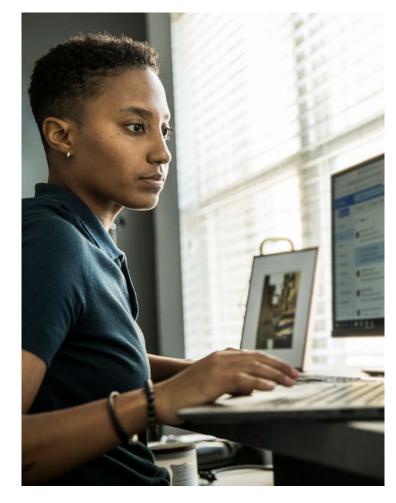
Telecom companies are unusual cases in the BrandZ rankings, in that they're infrastructure developers as much as they are consumer brands. In their roles building out the world's 5G and fiber networks, telecoms are poised to lead society into a new stage of digital development. But their financial capacity to build out this future depends, in part, on their ability to retain retail customers in the here and now.

Mobile data, broadband, television programming: no one can dispute the importance of the services telecom brands currently provide. The challenge is to make sure these services don't become commoditized in consumers' minds. To that end, there is more that telecom brands could do to stand out as brands to their users – which would help them, ultimately, to avoid the business distractions of customer churn and industry price wars.

Telecom brands find themselves today in an interesting moment. Smartphones, of course, have now decisively become "the first screen" for many forms of entertainment, e-commerce, and communication. This transition has been profitable for many mobile service providers, though it's been accompanied by rules that now make it easier than ever for people to switch providers. What this means is that mobile brands cannot afford to rest on their laurels and must find new ways to navigate Meaningful Difference.

And what of broadband providers? Even with the continued rise of smartphones, the past two years have demonstrated that they, too, have an important role to play in the telecom industry's next era. This is evident in the billions being spent worldwide by telecom brands to lay new fiber networks. The importance of building out these networks could go a long way toward softening governments' stances on upcoming telecom mergers. For instance, if EU regulators approve an upcoming proposed merger between MasMovil and Orange in Spain - which comes with substantial promised investments in 5G and fiber - expect a new wave of consolidation to reorient Europe's brand landscape.







## TELECOM PROVIDERS

You can also see the renewed case for broadband in people's daily lives. These days, we need our internet to be more than just fast: factors like bandwidth, stability, and reliability have all become more top of mind for household users. In a way, the pandemic turned all of us into amateur CTOs, as we were charged with safeguarding our families' internet connections during high-stakes work calls and virtual schooldays - not to mention during the streaming and gaming pursuits that have increasingly come to dominate our leisure time.

Last decade, the streaming revolution inspired some telecom brands to begin creating entertainment content of their own. Some telecom brands, it's true, have now exited these bets. Most notably, AT&T, which spun off its WarnerMedia business in a merger with Discovery. Deutsche Telekom made a similar, though smaller-scale, exit this year, when it wound down its cloud-based MagentaGaming platform.

But other telecom brands have continued to push ahead in the content game. The fruits of these efforts can be seen today in platforms like XFINITY's Peacock streaming network. In Latin America, meanwhile, television service provider Movistar has begun producing Spanish-language prestige television shows set in markets like Colombia and Peru that have largely been overlooked by the major streamers. In some Movistar markets, these originals now sit on the company's premium Movistar Plus portal alongside direct access to OTT streamers like Netflix, Prime Video, Disney Plus, and live sports startup DAZN.

As the Movistar example suggests, the decade ahead will see some degree of hybridity and cross-pollination between the old and new worlds of TV. Partly that's because the hype around streaming has matured: As consumers continue to "stack" OTT subscriptions, households' streaming expenses are moving more in line with cable rates. What's more, streaming is beginning to look more like cable, too: as their subscriber rates begin to plateau, many premium OTT streamers are experimenting with more ad-supported tiers and formats, to better maximize their revenue per customer.

None of this suggests that OTT streaming will fade away, or that legacy giants like Verizon, Spectrum, and XFINITY will have an altogether easy path ahead. But there is less daylight between the two camps than in years past, and more room to strike mutually beneficial deals.

What's also become clear, lately, is that telecom brands can entertain many other paths to diversification beyond content creation. In 2021, for instance, UAE-based telecom brand Etisalat launched a food delivery service on its Smiles app, which also provides group shopping and service deals. Indian telecom disruptor Jio has unveiled a low-cost, branded smartphone - Jio Phone Next - in partnership with Google.





Online and mobile finance has proven an especially popular extension for telecom brands, especially in developing markets. The business logic is enticing: whereas big banks have traditionally struggled to recruit the masses into the formal financial system, telecom brands in emerging markets have accumulated a lot of knowhow around how to ease new customers' entry into the digital economy.

Many telecom brands now hold licenses that allow them to offer savings, loan, e-wallet, and credit card products, in addition to phone-to-phone money transactions. Africa and India have become especially important incubators for telecom innovation in this space. Today, Vodafone, Airtel, and Orange all offer various digital money services in their African markets (although Airtel is currently spinning off its financial division on the continent). Orange has gone the farthest in offering full-service banking products to its customers, both in Africa and Western Europe.

At the moment, no market seems to exemplify the potential ahead for telecom brands more than India. Last decade, the conglomerate Reliance Industries disrupted the industry by offering rock-bottom data prices through a new brand called Jio. Though the ensuing price war was painful for all players, when the dust settled it became clear that there was plenty of business to go around.

Today, Jio has more than 428 million users in India, while Bharti Airtel has more than 355 million. And there's still plenty of room for growth, as new customers continue to buy their first cellphones, or trade up from feature phones to smartphones. The breadth of partners recruited by Airtel since 2020 speaks to the promise in the Indian telecom space: among other projects, Airtel has secured a collaboration with Tata Group to develop "made in India" 5G network solutions; an investment from Google that will go to promoting digital education and to helping small businesses move into the cloud; and a popular collaboration with PepsiCo that has put Airtel branding on snack bags countrywide - as part of a promotion that allows people to redeem 2GB of free data for each bag of Lay's, Kurkure, Uncle Chipps and Doritos that they purchase.

Sustainability and Responsibility are emerging areas of focus for the telecom category. In 2021, Kantar's Sustainable Transformation Practice surveyed consumers worldwide to determine the global issues that telecom brands were expected to prioritize. Choosing among UN's 17 Sustainable Development Goals, consumers expected telecom brands to serve as leaders in the fight to increase internet and educational access for all, while also working to decrease economic inequality. Going forward, there are also opportunities to incorporate sustainability into telecom infrastructure investment - as evidenced by Japanese telecom giant NTT's recent issue of \$2.7 billion worth of green bonds, which will be used to develop more energy-efficient broadband infrastructure.

## TELECOM PROVIDERS

#### **BRAND SPOTLIGHT**



Deutsche Telekom / T-Mobile has achieved growth on multiple fronts in the past year. In the US, it is facing the transition to 5G and added millions of users following its merger with Sprint.

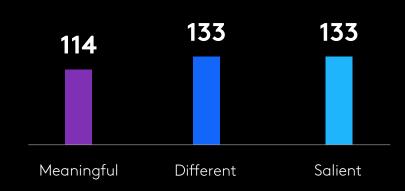
In Germany, mobile growth has been supplemented by higher broadband signups and increased customer satisfaction.

2022 BRAND VALUE

\$64,572M

2021 Brand value \$43,084m

+50% year on year



T-mobile is #1 in 5G speed and coverage in USA

310M

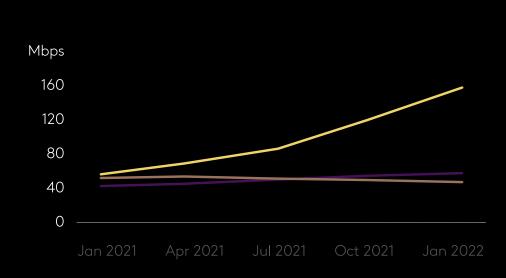
T-mobile 5G now covers 94% of USA population, dwarfing that of AT&T and Verizon +5.8M

+5.8 million US customers added to network in 2021 aided by Sprint merger and 5G expansion

## T-mobile average download speed superior to other networks

Verizon AT&T T-Mobile

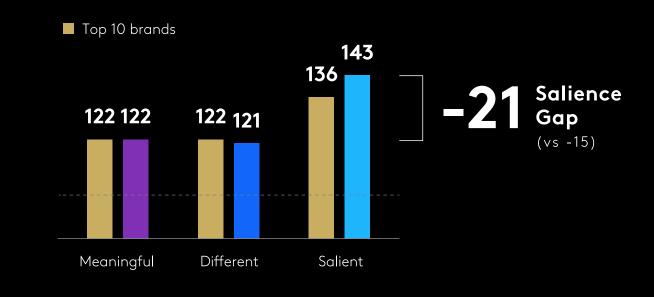
5G download speed (Average)



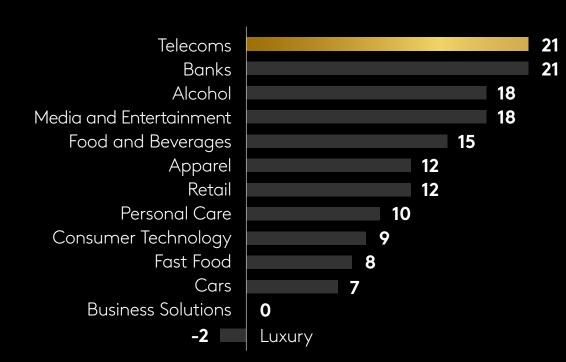
#### **CATEGORY ANALYSIS**

#### The telecom salience gap

Telecom brands are highly salient (well-known) but lack Meaningful Difference relative to their size.

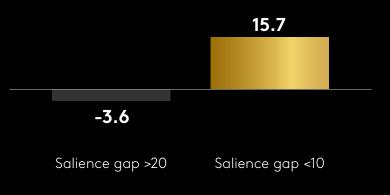


In fact, telecoms have largest salience gap of all the global categories



There is a strong business case for investing in Meaningful Difference.
Those telecom brands with a smaller salience gap have seen greater growth.

#### Brand Value % change



Source: Kantar BrandZ Global Telecoms data 2022
\*Financial report 2021 | Deutsche Telekom

## TELECOM PROVIDERS

# ACTION POINTS/BRAND BUILDING

## EMBRACE SME AND "BLEISURE" CUSTOMERS

More people than ever are starting small businesses or side hustles, from Gen Z on up. And for many of these entrepreneurial customers, the line between business and leisure has blurred in new and all-encompassing ways. Internet providers have typically treated their corporate and residential businesses as separate. But there is room to tailor new product offerings and service protocols for customers (call them "bleisure" accounts), whose needs encompass both business and leisure pursuits - or who have clear business needs, but on a much smaller and more informal scale than most traditional corporate accounts.

# EXPLORE NEW FAMILY STRUCTURES

Family plans have long been a staple of mobile providers' pricing menu. But it's a demographic fact that people around the world are getting married later and having fewer children, all while defining new forms of community and "chosen family" for themselves. As a result, there are new opportunities to offer bundled discounts and retention rewards for groups that define themselves beyond the confines of the traditional nuclear family.

3

## THINK BIG ABOUT CUSTOMER SERVICE

Customer churn and unpredictable retention rates continue to be big challenges for telecom brands – and yet year after year, Kantar's studies find that most of these brands continue to operate with undifferentiated customer service and customer experience protocols. At the very least, telecom brand managers should set aside time to ideate on what some true CX "moonshots" might look like for their business, if money and inertia weren't a problem. And then, perhaps, they should begin to think about whether and how components of these idealized visions could actually become a reality.



## SUSTAINABILITY

THE SUSTAINABILITY BRANDZ
 INDEX

## NEW FORMS OF VALUE AND THE ADVANCE OF ESG

## INTRODUCING THE SUSTAINABILITY BRANDZ INDEX

At the time of writing, as most of the world appears to be leaving the worst ravages of COVID-19 behind, we lurch into another huge disruption in the related forms of a war in Europe, a widespread energy crisis, inflation and for citizens, a cost of living crisis. The period from the mid-1980s to the beginning of the financial crisis is known to economists as the Great Moderation. Nowadays, moderation is in the rearview mirror: in the future, discontinuities will be a feature of the marketplace, not the exception. Volatility and uncertainty are here to stay while the sustainability imperative simply becomes more urgent.





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In spite of the huge gains in living standards and success in moving millions out of poverty this past half-century, it is hard to argue that things are going well. Surveys, increasing activism and growing demand for more sustainable offers and behaviours demonstrate appetite for change.

People are increasingly anxious to see more systemic change around social injustice and environmental sustainability.

With sustainability, in particular, people as citizens and consumers generally want to do the right thing. But the issues are too large and intractable for individuals to solve. And they do not accept that the burden of responsibility lies with them. They think that government and business got us into this mess and globally, 63% of people think it's up to businesses and governments to take the lead on social and environmental challenges (source: Kantar Sustainability Sector Index). They are right that this is not primarily a consumer or citizen task, though their acceptance and engagement will be a critical part of making change happen.

Ultimately, governments and financial institutions are the parties that can best set the levers for change, guiding big businesses and startups toward more innovative sustainability solutions. While governments may not yet have done everything they could to transition to a net-zero carbon emissions world, finance has been moving hard to effect change at a structural level, as we saw at the COP 26 summit in Glasgow earlier this year.

That summit yielded the Glasgow Financial Alliance for Net Zero (GFANZ), which is chaired by Mark Carney, the UN Special Envoy on Climate Action and Finance and the former Governor of the Bank of England. GFANZ unites over 160 financial firms (together responsible for assets in excess of US\$70 trillion[1]) and consolidates the industry's leading net-zero initiatives into a framework that aims to effect net-zero emissions by 2050 at the latest.

More recently, the US Securities and Exchange Commission (SEC) outlined ground-breaking new rules in March that could further accelerate the sustainability imperative. These proposed rules will require companies to disclose their greenhouse gas emissions and the material financial implications of climate risks; experts say the proposals, which they expect to be adopted this year, represent a 'seismic' shift in the regulatory landscape.

These days, everyone from investors to customers is asking to see your credentials and data in the sustainability space: that means your measures to achieve net zero, as well as your contribution to a just society as an employer and as a business. What's under way is nothing less than a fundamental shift in how society measures corporate success and impact. As Indra Nooyi, former CEO of PepsiCo, wrote recently of her final years leading that company, "We needed to change the way we made money – not just give away some of the money we earned."

In a piece elsewhere in this book, Graham Staplehurst outlines the many ways in which brands deliver value to their owners—and this remains the core function of most brands. But that, too, is changing. The Business Roundtable lobby group, which encompasses 181 of the US's biggest companies, recently redefined the Purpose of a corporation from shareholder primacy to a commitment, "to lead their companies for the benefit of all stakeholders—customers, employees, suppliers, communities and shareholders."

Those who criticise are missing the point: as Professor Dimitri Zenghelis puts it, we are facing a "constellation of disruptions" triggered by the upcoming effects of climate change on human society. People, even in the Global North, will start to feel the threat of climate change viscerally, as it rapidly comes to have tangible impacts on them and their world. Businesses should not be surprised when, in the next few decades, governments finally commit to appropriate regulation, taxation, and incentivization around sustainability; indeed, the smartest companies are already preparing to respond to this moment in with unprecedented technological innovation.





#### THE OVERTON WINDOW:

The Overton window is a term used in political theory to describe the range of policies politically acceptable to the mainstream population at any given point. What has previously been seen as unacceptable, even radical, can over time be perceived as sensible and popular, allowing policymakers leeway to act – in this case, with regard to environmental and social issues.

Becoming a Better Corporate Citizen, Harvard Business Review, March 2020

This tipping point is coming faster than we think. The UN's 2022 IPCC report tells us that emissions must peak by 2025, with a 43% fall by 2030, if humanity is to contain temperature rises to the goal of 1.5° Achieving this reduction is absolutely the purview of governments and businesses – and of brands, as instruments of commercial activity in the marketplace.

Brands, after all, are the interface between businesses and the public. Huge effort has been expended by our clients over the years on making their brands Meaningful, Different and Salient to current and future buyers. Going forward, we expect perceptions of social and environmental responsibility to become increasingly central to perceptions of brands' Meaningful Difference.

This year, Kantar has constructed its first Sustainability BrandZ Index for brands. To do so, we've combined brands' ESG performance (measured by MSCI), and their Brand Sustainability perceptions (from Kantar BrandZ). In doing so, we've discovered a positive relationship between best performers and brand value.

The top-rated brands on the Kantar Sustainability Index had a 40% incremental advantage in brand value growth compared to the lowest-rated brands; they grew 25% on average year-on-year, versus 15% for the lower performing group.

What's more, even today there is a clear risk to lagging far behind the pack on sustainability. From the MSCI ESG ratings alone, brands that performed below average – with a B rating or lower – actually lost brand value, with an average decline of -5% vs. 2021.

Our work in Kantar's Sustainable
Transformation Practice shows that
consumers do see brands as having a right
to play on issues that are relevant to their
sector. Depending on whether you are in
laundry or consumer tech or retail financial
services (for example), those issues are
going to be very different, and you need
to be sure you're working on the right
initiatives. You also need to do more than
speak; you need to act, and act now.

Get sustainability wrong, and you risk serious consumer cynicism. We have seen this outcome in cases where people don't see the link between a brand and the issue that brand has chosen to champion—as well as when a brand's statements are exposed as mere 'greenwashing.'

Get sustainability right, though, and you can help to close the value-action gap that prevents consumers from meeting their own aspirations in sustainability-while continuing to distinguish your brand from the pack.



Kantar's proprietary Swords & Shields methodology measures how important issues are to people overall against how much people associate issues to specific sectors and categories.

Shields are a brand's defensive plays - those issues you just have to address. Consumers won't thank you for it: they simply expect it, and they will hold you accountable if the spotlight is shone on lack of activity in these spaces. Let's take the example of Personal Care from Kantar's 2021 Global Sustainability Sector Index: over-packaging, waste and animal testing.

Swords are the issues the industry has a pre-disposition to champion: these are potential offensive plays, that will allow you to differentiate and grow your brand. In Personal Care, it's about water pollution and ocean plastics.

What we're increasingly seeing is that while people care about plastics, they perceive the issue as related to bigger challenges like water pollution and plastic microbeads entering the food chain.



#### THESE BRANDS LEAD ON THE SUSTAINABILITY BRANDZ INDEX

#### Top rated









## Highly rated























Source: Kantar BrandZ calculations using MSCI and Kantar BrandZ data



## CLIENT PERSPECTIVES

166 – HEINEKEN

169 — PEPSICO

172 — ROYAL BANK OF CANADA

175 — MOUTAI

178 — HAIER



# JAMES THOMPSON CHIEF COMMERCIAL OFFICER HEINEKEN

James Thompson became the Heineken's Chief Commercial Officer in early 2021. He previously held senior international leadership roles overseeing areas like brand marketing, innovation, digital transformation, and purpose, for companies including Avon, Diageo, and Unilever. The Heineken Company markets over 300 brands in more than 190 countries, including its namesake flagship brand.

## What would you say are the most important things to consider when building a strong brand?

I think that while the tools have changed, the principles of brand building really haven't. You've got to have your benefits, your role, your purpose, and your insights very clear. And you have to be consistent. Be brilliant, so people like and remember your brand - but then also reinforce that brilliance consistently, over a long period of time, at every touch point.

#### What do you see as the main headwinds for businesses and brands over the next year or two, and how is Heineken planning overcome those?

There are two headwinds we see as particularly challenging. The first is inflation. It's not just inflation in the price of ingredients or packaging materials. In some cases, freight is becoming incredibly expensive too. And media inflation is now in double digits as well. The result of these cost pressures is that people like us have to be better at pricing and revenue management than ever before. This whole generation of management that's now in charge, they've never really had to confront these challenges in such an extreme way.

I think the other headwind relates to the question of, "What's happening to socialising?" For example, in the broader alcohol category, we saw during COVID-19 at-home wine consumption go up, and more homemade spirit cocktails consumed as well. At the same time, beer consumption went down a little bit. Now, as we come out of the most difficult phases of the pandemic, at least in many parts of the world, we're seeing beer consumption on the rise again. And that's because people are out and socialising again. However, keeping an eye on these shifts can be tricky, because the picture changes month by month. We are more agile than we've ever been to monitor what's going on.

## How does Heineken make a concerted effort to stay in touch with consumers?

Our brands and national companies spend a large amount of time with, and getting to know consumers - some every month. I've just come back from our Dublin business, where they were just fresh from a consumer connection study, which they perform regularly – it's a core part of our strategy. Putting the customer at the centre of absolutely everything.

We also conduct foundational research around fundamental needs that people have, or wishes that they have. And then we make sure to keep that research updated with digital ethnographies and the like. We also regularly check in on how trends are changing and explore how those trends interact with the fairly constant consumer needs that we've identified. Then you add in tools like social listening, and the result is that we've got our finger on the pulse when it comes to knowing our customers, and the world we're in.



James Thompson Chief Commercial Officer Heineken

## What would you say are the largest emerging trends in the last two or three years?

I'd say the biggest trends are around diversity of flavour; lightness of product; and changing considerations of well-being across all age ranges – particularly in younger consumers. People haven't stopped socialising, and people haven't stopped consuming alcohol. But they are trying to figure out a balance that is better for them over time. Combine this with the explosion of new flavours, and it's quite challenging to keep up with shifting consumer preferences. Especially for a category where for a long time, the perception was that, "beer is beer." Now, there's so much more blurring between alcohol categories - whether it's cocktails, long drinks, and so on. So the biggest trend is simply that there's a bigger competitive set than ever.

## How do you balance localisation with globalisation from a marketing strategy perspective?

We do try to take on a level of global consistency with our Heineken brand but for many of our other brands it's always been more decentralised. For all of our brands, we always start from the point of view that beer is a very local thing: It's consumed locally. It's often associated with national and regional cultures - and it's often associated with people's passion points, which tend to be very local. So we don't try to impose a 'one size fits all'

mandate on our marketing teams. But we do try to have a consistency to our positionings - and where possible, to our frameworks for campaigns.

With the Heineken brand, there was a period where the pendulum would swing between global and local quite unhelpfully – and for a while, we were too 'one size fits all.' We've just completed some super localisation work in Southeast Asia, which I think is really nice, and are now examining our United States positioning in a similar way. Europe has its own work to do now, too of course. But, with Heineken as it currently is, there's now more of an ability to flex our local insights, while keeping within our overall brand guidelines.

## How does Heineken actually action and connect insights within the business?

I think an insight really is only an insight if the other competitors don't have it, and if you act on it; otherwise, it's just information. Therefore by definition, there aren't really that many true insights - you have to keep hunting for them and validating them.

You have to always be curious and ask, 'Why?" For us, once we've put that tracking in place, we have learning communities that coordinate how can we get together and talk about potential insights together, and then act together. It's not about putting together a complicated 'insight board' structure, or forcing things. We just connect people, and then cooperation happens organically.





James Thompson
Chief Commercial Officer
Heineken

For example, the Marketing Director in Mexico might send something to the Sales Director in Brazil, and that's a very nice organic process. We may have to do a little orchestration, a little shepherding, to make sure nothing important is missed. But we are increasingly finding that we can scale up knowledge and opportunities that we spot very close to the ground, just by ensuring good communication, and connecting everybody quickly. That's the goal.

#### Can you give us an example of an insight that has been successfully connected in the action the business has taken as a result of that information from consumers?

One example would be in our Mexican business, which is an absolute powerhouse for the company: we market over 15 brands there. And what we uncovered, not all that long ago, was that nine of those brands were competing in the same space. We discovered this because of a particular methodology we were using to understand what drives demand in a fully holistic way – a way that went beyond just looking at emotional drivers, or functional drivers, in isolation.

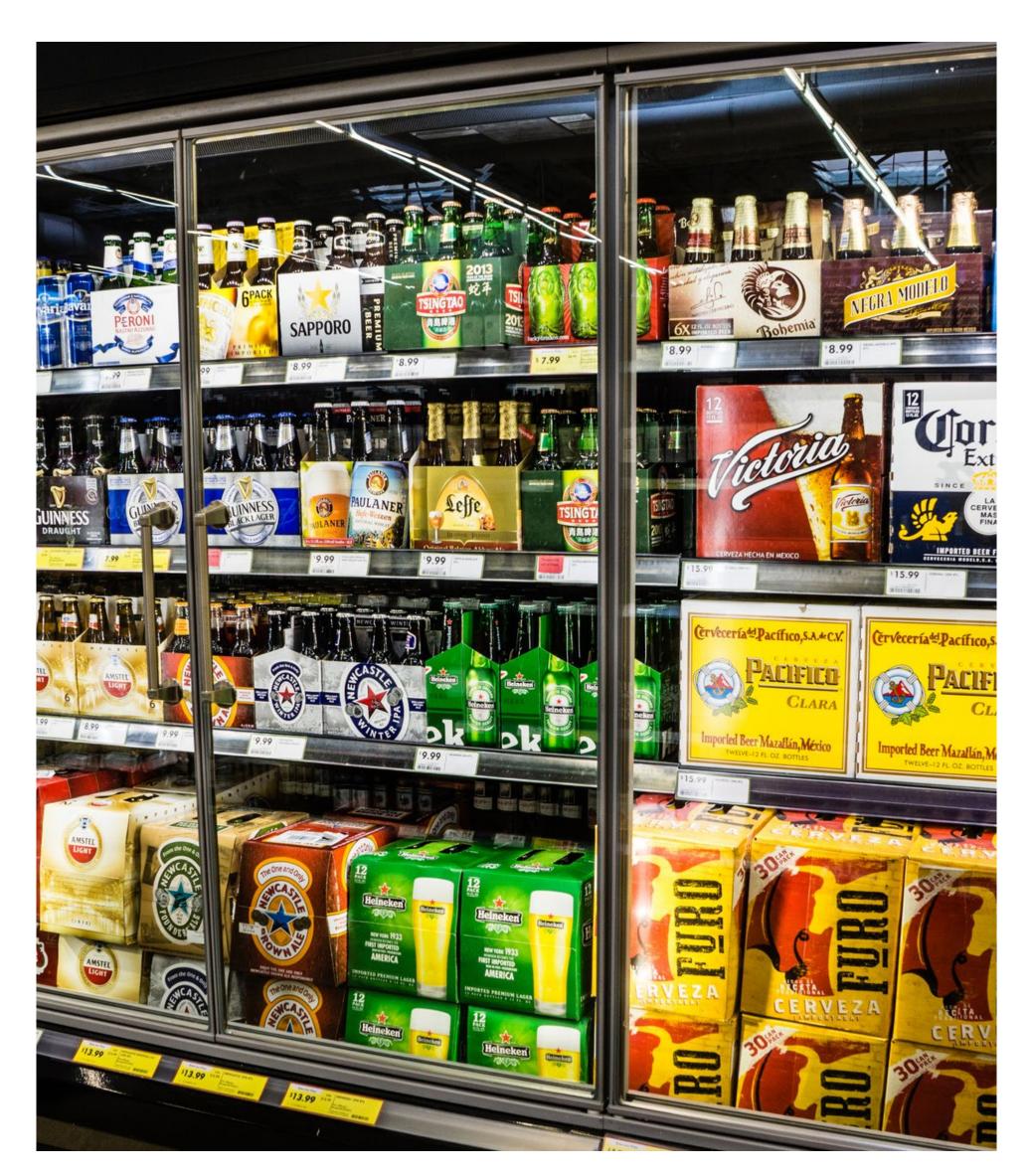
Mexico has, as a result, cut their portfolio dramatically. They've changed their investment profile, too – as well as their innovation goals and their salesforce calling patterns. They've changed the media outlets they prioritise. It's basically been a business re-engineering – and it was all based on an insight we discovered from consumers. We have now shared this insight process with 20 other countries around the world.

#### Can you take us briefly through Heinekens' sustainability agenda? What are the big challenges that you face as you aim to make the business more sustainable?

Our 'Brew a better world' program has been going for 15 years. We refreshed it a year ago as part of our overall new company strategy we call EverGreen.

As you grow, your environmental footprint increases – which can cause difficulties. But we are constantly looking at things like circular packaging – in some markets, we're aiming for 80% circularity in two or three years. We're looking into returnable bottles, because you get 10 times or more use out of them. In Brazil, three of our breweries are already powered by green energy, which is phenomenal. Our targets on carbon emissions get us to net zero in 2040, which is 10 years before the Paris climate agreement. So, we're striving incredibly hard.

At the same time, we have to stay cautious about this. We never want to get into the territory of greenwashing – not just because it can produce a consumer backlash, but because it's just the wrong thing to do. We're not going to make huge chest beating communications around things we haven't yet done. And even things you have done on sustainability can sometimes lead to new challenges. To go back to the Brazil example, we did let people know about our three new breweries, which are powered sustainable energy. Awareness of that



project contributed to an incredible surge in brand power in Brazil. And sales went through the roof – which of course, gave us more sustainability challenges, because expanding operations always poses the risk of increasing your sustainability footprint. Sustainability can drive growth, but then sustainability can also become complicated by the fact we're growing so much.

I'll also say that for us, sustainability means more than ecology. It also means moderation, and trying to drive responsible consumption of alcohol over time. One of the things that we're pioneering is that we're putting QR codes on all of our packaging by the end of next year. This will give consumers access to transparent facts and information about alcohol and health risks, especially around things like driving or underage consumption. And it will also have expanded nutritional information. We believe that people need information, and then they need to make choices. And we're going to take a stand for making sure people have the information they need.



# STEPHAN GANS SVP, CHIEF CONSUMER INSIGHTS AND ANALYTICS OFFICER, PEPSICO

Stephan Gans joined PepsiCo in 2017. Prior to PepsiCo Stephan was CEO of EffectiveBrands and worked at Unilever and Interbrand across a range of marketing and strategy roles. PepsiCo's stable of iconic food and beverage brands are available in over 200 countries.

## How do you ensure that PepsiCo's brands maintain that critical connection with your consumers?

We are in the business of, as we like to say, 'creating billions of smiles a day.' We are touching an incredible number of people all over the world with our brands and our products. So we are investing a lot of time, energy, and resources into listening to what is on people's minds and what is really relevant to people. We're also seeking to understand the extent to which people perceive us as authentic, and trying to probe whether the purpose behind each of our brands is truly coming through to consumers. Finally, we want to know how well we're leveraging what makes our brands unique: or in other words, how distinctive are our assets, and how successful are we are in leveraging those assets? So we are consistently talking, listening and learning about how people feel and think about each of those dimensions.

## Could you give us an example of where maybe one or two of those insights have led to genuine strategic change within PepsiCo?

Let me give you a really practical example. My favourite campaign of the last year or so was actually a campaign that started in the UK: Walker's 'Crisp In Or Crisp Out?' campaign. I always like to say that consumer-centricity is way too important to leave to only the consumer insights team.

In the case of this Walker's campaign, the business team learned that although the Walker's brand (which is what the Lay's brand is called in the UK) was doing great overall, the brand was losing market share at a very important consumption moment in the UK: during lunch.

Based on those insights and pieces of data, the team went out to learn from consumers. They asked them: 'What are you doing with your crisps during lunch?' They discovered that some people like to eat their crisps in a sandwich, and some people prefer to eat crisps next to their sandwich. What the team did brilliantly was create a movement around this 'crisp in' and 'crisp out' behaviour. That, for me, is a great example of the authentic and relevant way that a brand like Walker's took a consumer insight, and turn it into engagement with consumers all throughout the country. It literally brings smiles to people's faces, which is why we do what we do.



**Stephan Gans**SVP, Chief Consumer Insights and Analytics
Officer, PepsiCo

#### How do you think the rules of brand building are likely to change in the next couple of years?

So, I think all throughout society we'll continue to see a drive towards personalization and customization. Think about how we've gotten accustomed to personalization through streaming services like Netflix, or getting a cab through Uber, or finding exactly what we want through Google. I have zero doubts that these expectations are now transferring into the consumer product and brand space as well. I see this as a huge opportunity for companies like PepsiCo, to build the required capabilities for personalization of our products and marketing, while making sure that we stay great at those things already do quite well.

One competitive advantage we built over the years is to take, for example, huge events like the UEFA Champions League or the Super Bowl, and turn them into massive brand events that appeal to millions of people all over the world. We aim for these events to be interesting and relevant for the vast majority of people; but at the same time, that same vast majority of people will want their products - and increasingly their entertainment and marketing - exactly the way they want it. They don't want to see an ad that you or I think is funny, they just want to see what they think is funny. And they expect the brand to know what they like and what they don't like.

Fortunately, it's increasingly possible to tailor products, communications, and even channels so that people can get their hands on exactly what they need and want. So that is a major focus for capability building in our business and our company.

When it comes specifically to consumer insights, another key opportunity I see is the switch from validation to prediction. The whole industry that has been very focused on what I call 'rear view mirror wisdom'—we can see what happened last month, or even last week, or even yesterday. The industry has developed a lot of muscle in the area of validating whether something is probably a good idea to do or not based on recent data.

But what lies beyond that? Really predicting consumer behaviour, and being spot-on when it comes to predicting the success of an innovation or a piece of advertising – that's becoming increasingly possible. But it relies on a relatively new set of capabilities, and also a new way of working. There's a lot of cultural change that needs to happen in big and small companies, to shift that mindset of validation toward themindset of prediction. It's challenging to build the tools, but even more challenging to change the ways of working; integrating forward-looking tools that enable consumer centric commercial decision making.





**Stephan Gans**SVP, Chief Consumer Insights and Analytics
Officer, PepsiCo

#### Could you tell us a little bit about PepsiCo's sustainability agenda? What do you see is the biggest challenge for your business in that space?

Our sustainability agenda starts with our vision that we have as a company. We want to be the global leader in convenience foods and beverages, which is what our PepsiCo Positive platform is all about. PepsiCo Positive is not just our sustainability strategy, it is our business strategy— an end-to-end transformation to put sustainability at the heart of how we create value for people and the planet

With the size of our company, there are so many areas where we can and must have a positive impact on the environment. And we've bucketed them into three key areas: positive agriculture, positive value chain, and positive choices. Positive agriculture kind of speaks for itself. It's really about focusing on regenerative farming and local sourcing. Given the scale of our businesses - nobody buys more potatoes in the world than PepsiCo! - there's a very significant impact we have on all those millions of acres of farm lands.

Positive value chain is really about the way we manufacture. It's about being smarter, and more efficient and effective when it comes to conserving energy than we've ever been. It's also about packaging, because with those billions of servings of products comes a lot of packaging material. We're very aware of the fact that we need to reduce the burden that that puts on the

planet significantly. Using recycled PET plastic, and recycling our packaging are just two things that are crucial for the health and growth of our business.

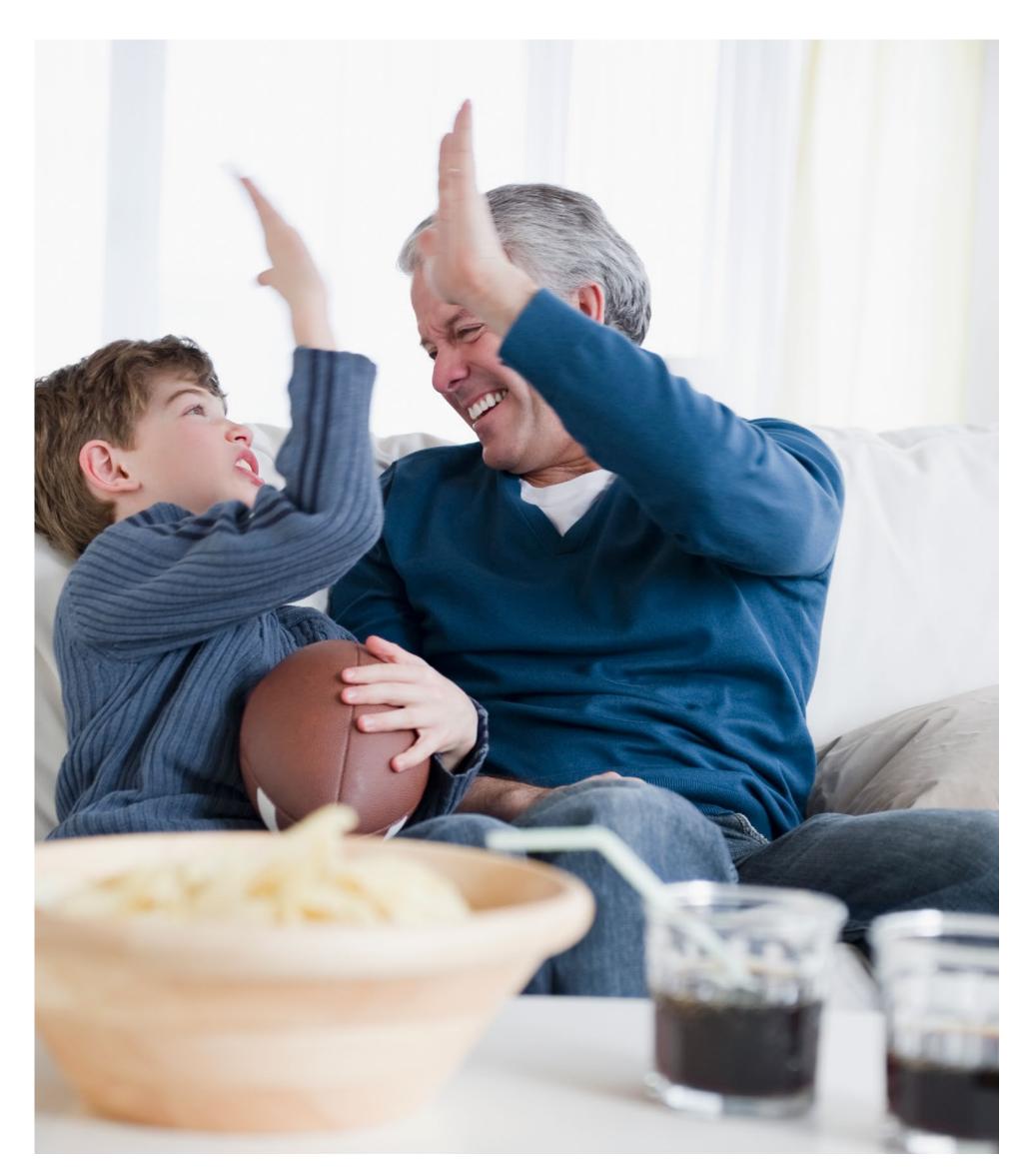
Positive choices are really about making it as easy as possible for consumers to make the environmentally sustainable choice, the right choice. Whether it's about reduced sugar or zero sugar or reduced sodium type of products, it's about providing choices that are better for people's health, as well as for the planet.

## Businesses sometimes find it challenging to make their corporate responsibility strategies meaningful for consumers. Can you share anything you've learned about doing this successfully?

I recognise that challenge very well.

Consumers are quick to agree with
the positive intent and the benefits of
sustainability-related initiatives. But
consumers are also quick to point out that
they don't want any of the measures that
we're taking to compromise the taste of the
product or the convenience of the products,
let alone that it leads to higher prices.

As for how we meet the challenge of increasing sustainability without sacrificing performance, it encompasses things like ongoing sensory testing, and very closely monitoring the in-market performance of more sustainable alternatives. And we also undertake more brand-building types of initiatives that really try to



connect consumers with what goes into the product, and with how consumers are helping us to make a difference.

One example of this kind of brand-building is our 'Farm to Smiles' program, where we're connecting consumers in parts of Europe and North America with potato farms. A lot of consumers don't really realize that potato chips are made from whole potatoes! So it's actually really helpful to re-establish that connection.

At the end of the day, the benefits of sustainability initiatives at this scale need to be intrinsic in the products. It needs to be about packaging that is recyclable or environmentally-friendly. So instead of plastic bags for snacks, can we find alternative packaging that just evaporates or can be reused? We need to make that sure the right choice, the more environmentally-friendly choice, becomes the easy choice. A similar dynamic is at play with our Baked Lay's crisps, or with our zero sugar beverages. On some level it has to do with nudging consumers towards those products when they have a choice of multiple beverages at a fountain, for example. But also, the demand is now clearly there: whether it's through Pepsi or Gatorade, around the globe taking sugar out and replacing it with natural, non sugar-based sweeteners continues to be an incredible driver of growth for us. So that's a very easily measurable example of progress that we're making. In the spirit of making the healthy choice also the easy choice, there's a lot we can do to keep that momentum going.



# MARY DEPAOLI EVP & CHIEF MARKETING OFFICER ROYAL BANK OF CANADA

As EVP and Chief Marketing Officer of Royal Bank of Canada, Mary DePaoli heads up marketing for the bank's retail, insurance and wealth management divisions, and oversees the brand's global sponsorships, corporate communications and citizenship initiatives. Under her leadership, the value of RBC's brand grew 43% this year to become the world's second most valuable banking brand.

In 2012, she was named Marketer of the Year by Strategy magazine, and in 2013 distinguished as one of Canada's Top 100 Most Powerful Women by the Women's Executive Network. Mary was also named one of Canada's top 40 under 40 recipients. In addition to her role as Chair for the RBC Foundation, Mary serves on the board of Women in Sports and Entertainment (WISE), Western University's Fundraising and Donor Relations Committee, and the Toronto International Film Festival (TIFF).

## At RBC, how do you connect consumer insights within your business, and actually make decisions as a result?

With the rise of so many digital channels, our focus is on using data-driven insights to build consistent full-funnel and always-on marketing capabilities across our businesses. This starts with identifying our target audiences, and then leveraging data to better understand how they view our brand, and how RBC can bring more value into their lives.

We draw on research and insights to develop a comprehensive picture of different segments within our target audiences based on consumer perceptions, the competitive landscape, and feedback on the competitiveness of our offers. This enables us to look at our business objectives, and match them to critical consumer segments – and then using an always-on approach, we move those segments through a full-funnel exercise.

Starting at the top of the funnel, we use insights to regularly evaluate our sponsorships and brand advertising, to ensure our audiences know who RBC is based on our purpose and values.

Moving to the middle of the funnel, we use deeper, more advanced methods and content to help us assess whether prospective customers are considering RBC as they look to make a decision about a product, service or offering.

Further down in the funnel is where we get very targeted in our use of data and relevant offers – to ensure we're generating the right leads and referrals to meet the prospective customer's needs. For us, the ultimate goal is about moving through the funnel in a way that is very thoughtfully orchestrated and consistent, so we're always putting forth the right offer with the right value, at the right moment in a prospective customer's journey.



Mary DePaoli EVP & Chief Marketing Officer Royal Bank Of Canada

## Can you give me an example of how consumer insights have driven tangible strategic change within RBC's business?

Several years ago, we did a full review of our retail banking brand in Canada, and discovered something interesting. Overall, we had very good brand perception among our existing customers, who demonstrated a strong predisposition towards choosing RBC, especially after getting to know us. However, among non-customers, and younger consumers in particular, we also surfaced a perception that perhaps RBC was not as approachable or as friendly as some of our key competitors.

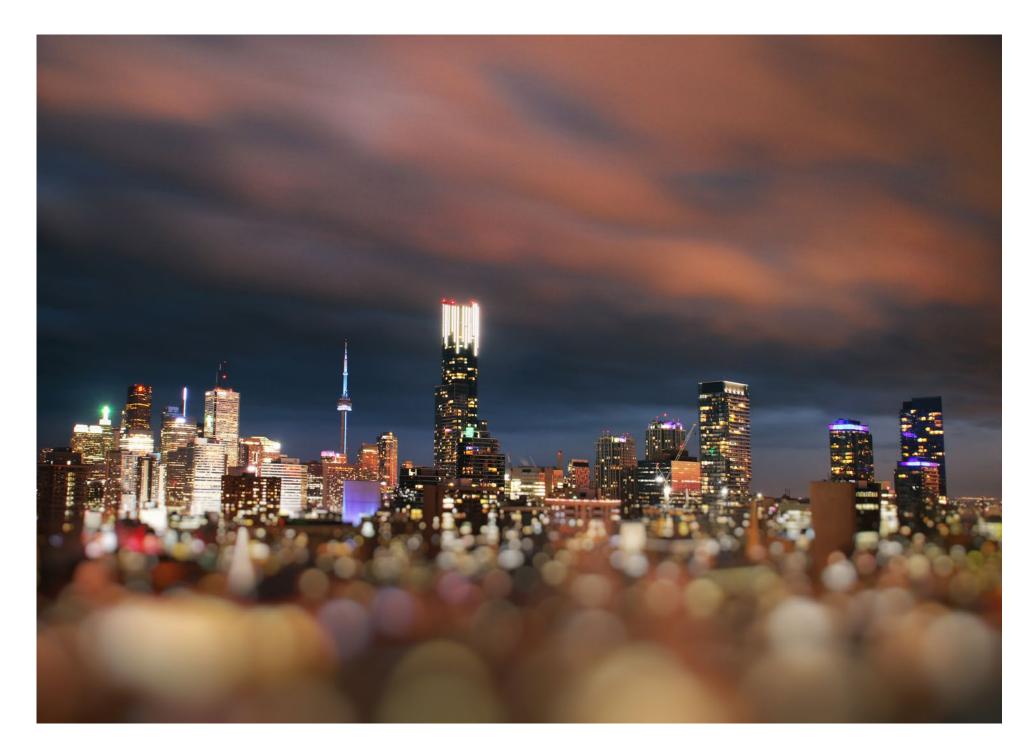
This insight drove wholesale change, starting with the recognition that we needed to focus more on the top and middle parts of the funnel to make our brand more approachable to non-customers. From the messages we used to tell our brand story to the assets in our sponsorship portfolio, we were determined to make our brand more relevant and approachable in ways that linked back to our values and purpose as a positive force in the lives of our clients and communities.

Fast forward a few years later, and we are proud to be number one in Canada, and have achieved significant gains among the younger cohort who tended to see our brand as lacking in approachability not so long ago.

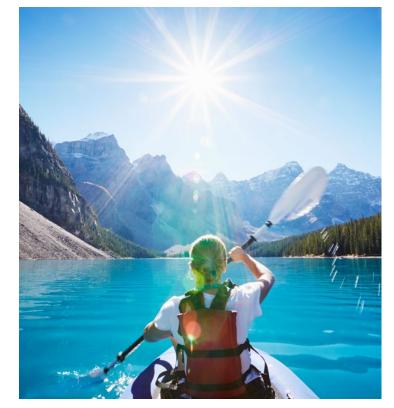
## What do you see as the biggest headwinds over the next year or two for brands and businesses?

The world has experienced so many significant shocks these last few years. We've witnessed social, political, health and economic events that are going to be impacting many businesses for years to come - perhaps even generations. We are dealing with rising inflation, battered supply chains and talent shortages on a global scale. Meanwhile, in the wake of pandemic, consumer needs and expectations are accelerating at a velocity we've never seen before.

It's clear that business and marketers need to keep evolving. At the same time, it's never been more important to remain demonstratively true to your values and purpose. The growing complexity surrounding reputational risk is something that companies are increasingly compelled to navigate with significant dexterity. Stakeholders across the board are demanding more transparency from our companies and brands, and obviously more from leadership as well. If you're serious about being perceived as an authentic purpose-driven organization, it's essential that your brand's evolution always tie back to what you stand for.







I would also say that climate change is top of mind on almost every company's agenda. The transition to a net-zero economy, and what that really means for business, society, our communities and the world more broadly is, without question, one of the most pressing issues of our lifetime. And it's clear that any consistent, effective approach is going to require significant innovation and capital investment as well commitment at all levels of society - from government to the private sector to individuals.

## Can you talk more about RBC's sustainability agenda and ESG strategy? What do you think are the biggest challenges for you to overcome as part of that?

Yes, ESG has been a significant part of our journey, and that was true long before the acronym became so ubiquitous. RBC's track record as a good corporate citizenship in the communities and markets where we operate goes back over 150 years.

Today, you'll find these commitments articulated in our ESG strategy, which we publish annually. RBC's environmental efforts include a commitment to mobilize CAD \$500 billion in sustainable finance by 2025. As an organization, we've also committed to achieving net-zero emissions in our own global operations by 2025.



Mary DePaoli EVP & Chief Marketing Officer Royal Bank Of Canada

While our social commitments are multi-faceted, we tend be very deliberate about channelling our energy into areas where we can make the greatest impact – and one of our key platforms is empowering young people for the future of work. Given the speed of change young people are navigating, we believe RBC can play a meaningful role in helping them match their academic background or training with skills of the future.

In our experience, businesses find it challenging to make their corporate responsibility strategies meaningful for consumers. Can you share anything you've learned about doing this successfully?

Yes, we've realized that in the very uncertain world we live in, it's essential for us to not only be transparent with our stakeholders and communities, but provide them with tangible measures of the positive impact we've driving. One example of this occurred when RBC embarked on the biggest single donation in our history a few years ago by committing \$500 million over 10 years to help young people prepare for the future of work.

We set out to fulfil this pledge by launching work-integrated learning opportunities, mentorship programs, and many other initiatives to help young people build and align their skills with where the opportunities will be in future. We committed to reaching three million young people - and I'm so happy to report that six years into our commitment, we're well on our way to exceeding our target.

And we already know the impact is beneficial because we've surveyed the young people we've impacted. To date, 73% have said they feel a greater sense of preparedness and readiness about the future and their careers. This is exactly the type of impact we like to measure because it shows our investments are changing things for the better. And I can't think of anything more motivating than knowing the work we're doing is helping young people to reach their full potential.





## DING XIONGJUN CHAIRMAN, MOUTAI GROUP

Moutai, one of the world's most valuable alcohol brands, is China's leading distiller of Baijiu: A clear spirit distilled from sorghum and other grains, which has been a part of Chinese culture for more than a millennium.

Moutai can trace its own history back to the Da Pu era when the aboriginal Pu tribe lived in the deep valley of the Chishui River. It began in the Qin and Han Dynasties, developed rapidly in the Tang and Song dynasties, highly skilled in the Ming and Qing dynasties, and flourished in the 1950's.

In the 20th century, the government of Renhuai, Guizhou province, started to consolidate these distillery operations, which were around the river town of Moutai, into one company. After decades of growth, Moutai transformed from a small workshop into tens of billions of dollars enterprise in modern industry, achieved leapfrog development and continued to brew more high-quality products to the consumers.

#### How does Moutai think about branding? What would you say are the most important things to consider when building a strong brand?

Brand, from my perspective, is a synthesis of atmosphere, temperament, and grace. Brands can cross borders: Moutai is a Chinese brand, as well as a global brand. Brands are always defined by their relationship with consumers: and so we always value and repay consumers' love for Moutai.

At Moutai, we see brand building as something that's fundamentally linked to business growth, for two reasons. Firstly, brand building improves our corporate image among consumers, which helps sales. And secondly, having strong brand benefits of corporate efficiency. Because having a strong brand identity keeps us focused on what's most important: Moutai's quality, Moutai's culture, Moutai's heritage, and Moutai's relationship with consumers.

## How does Moutai make a concerted effort to stay in touch with consumers?

Communication with consumers is highly important, of course, and we think about this mission on a few levels.

First, we focus on our fans. Compared to brands in other categories, Moutai does not just have casual users as its consumer base. Instead, we have a huge group of loyal customers, and we think about them as Moutai Fans. The "fan" relationship is typically marked by feelings of closeness, enthusiasm, and celebration. And so, each year, we hold Moutai fan festivals at different times and places.

Within this larger group of Moutai Fans, we've observed different motivations that bring people to the brand. The first kind of Moutai fans are frequent drinkers who are devoted to Moutai. They just love Moutai. The second kind of fan is someone who love Moutai's culture, and what Moutai means in Chinese history. And the third kind are advocators who approve Moutai's values. Moutai's goal with our communications and activations is to create emotional synergies with all three of these fan types.

There are also ways that we can educate and recruit new fans, too. This year we designed the third generation of our Moutai franchised store, which we are building nationwide throughout. We've designed these stores to provide tasting experiences and customer service, of course. But we



**Ding Xiongjun** Chairman, Moutai Group

also think of them as exhibitions of our history and culture. Going one step further, we've also launched cultural museums in several cities where you can get an even more comprehensive understanding of Moutai's heritage.

Then there's the digital piece. You might have noticed that we've create a brand new app called iMoutai. Through this digital marketing platform, we have been able to keep in more frequent communication with consumers.

What unites these efforts is a sense of beauty. We believe that the alcohol industry has entered an era of beauty: more than ever, consumers desire beautiful products and services. We want to brew beautiful products, and we want to provide beautiful, optimized service experiences as well. And then, as brand builders, it's our mission to deploy innovative digital marketing, cultural marketing, brand marketing and service marketing that is itself beautiful – and that works together beautifully.

So throughout the years of your observation for the consumers of the entire Baijiu category what are the changes in the past 5 years? For this category, what are some trends you have observed?

I might not be able to represent the entire industry, but in the past five years there have been some significant changes in

Baijiu's production and consumption. Here are three major changes. The first change is consumer group. For the young generation today, their idea of consumption is changing, especially for alcohol consumption. They tend to pursue personalization and fashion. The scenarios of consumption are also changing. For example, people are looking for immersive experiences like outdoor leisure or music bars, and some stay-at-home scenarios. These scenarios are constantly changing and emerging. The third change is consumer experience. Consumers are expecting a more convenient way to purchase Baijiu. Both online and in-store.

Either in a separated or a merged way, it gradually became a major channel to purchase alcohol, and consumers are pursuing a wine-tasting experience at a higher level. They are selective in the taste, design and culture of the products.

Health is becoming the common choice for more consumers. In terms of consumer needs becoming more diverse, more personalised, for Baijiu it can refer to different scents, different degrees, different styles and different sizes. Another evolving area is appearance, which refers to the product design and packaging and the culture background behind the packaging design.





**Ding Xiongjun** Chairman, Moutai Group

## What are Moutai's current sustainable development strategies, priorities, and challenges at the moment?

It's interesting: environmental initiatives are called "sustainable development" projects internationally. But in our context in China, we have another term for them, 'eco-civilization,' which is a concept that comes from [Chinese leader] Xi Jinping. The truth is that Moutai has been an 'ecoproduct' from its origins, and some of the most important moments in our recent corporate history are tied to environmental protection – because we are so linked to Moutai's core brewery area, and the landscape around it, we have always been highly cautious about the footprint we leave. But as the 'eco-civilization' term also suggests, we've also always thought about our responsibilities in terms of a high level of collaboration between all elements of society and the government.

Since the 1950s, local stakeholders and factory leaders have teamed up for the preservation environment of Moutai's surroundings. Even as we continually invest in and develop our home region, we also continuously take steps to protect its environment. That way, the quality of Moutai can remain the same or become better throughout the years. We've always seen high quality as the core brand competency of Moutai, and we see environmental protection as fundamental to our efforts to ensure that high quality.

And so it is natural for us to insist on what we call 'eco-priority and green development.' What we're aiming for, going forward, is to be the eco-environment pioneer of Baijiu industry.

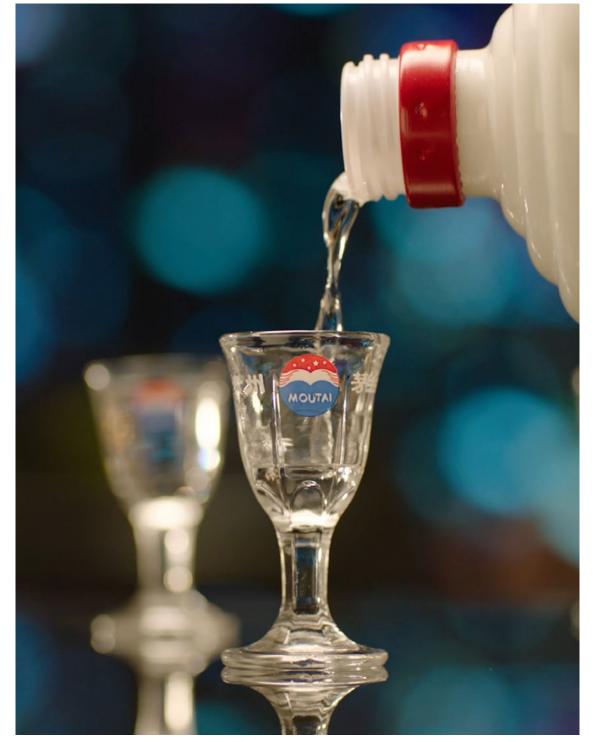
## How do you see the future development of Moutai? What are the opportunities and challenges?

We are full of confidence in the future development of Moutai. Our confidence originates from Moutai's stability and adaptability. For stability, first thing is our persistence in quality. The quality of Moutai will only get better and meet the needs of more consumers. We will keep this core competency forever.

Another constancy is, we will always keep protecting the eco-environment that Moutai depends on, and guarantee that Moutai's flavour will stay the same.

The third promise is that we will always preserve the roots of our legacy. Moutai's brewing technique is certified as an Intangible Cultural Heritage of China. We will maintain these traditional techniques, promote the Moutai's distinct culture, and continue to recruit talent that believes in the importance of guarding this heritage. That way we can secure the foundation of Moutai.





Expansion abroad is one important future opportunity era. At the global level, China's One Belt One Road Initiative continues to deepen. The status of China, and Chinese culture, is rising worldwide. The influence of Chinese culture is constantly expanding, and Moutai represents China's alcohol culture better than any other brand. For those who are familiar with us, Moutai already has a great international reputation as a brand. And now, I see us as ready for more opportunities overseas.

Domestically, the context we are operating in is that China is entering a new journey of development, where the goal is to ensure the stable growth of the economy alongside long-term social stability. After building a prosperous society in all respects, China is moving toward the forefront of global modernization and innovation.

What does that mean for Moutai? Overall, the national production capacity of Baijiu is stable, and the overall consumption is stable. And while the pandemic has brought a lot of uncertainty to our domestic and global businesses, what we've also seen during this time is that people's consumption needs have become upgraded. People have more desire than ever for high-quality products. Which is why we're seeing more brands and companies entering the Baijiu category – because it's seen as a luxury, high-quality beverage category. So we are preparing for more competition in the years ahead.

Because of Moutai's heritage, our strong geographic roots, and our commitment to only the highest quality... the truth is, that our production capacity is at the moment limited in some respects. Given this, innovation and product development will be key to meeting the needs of a growing consumer base while keeping our quality high. That means continuously assessing our processes in areas like making the distiller's yeast, brewing, storage, and blending. To that end, we have initiated more than 200 scientific research projects and partnered with top scientific research institutes globally, with the goal of building several new technology innovation platforms. This should all provide strong backup for Moutai's future market competition. But at the same time, too, we are continually assessing how we can better understand and meet consumers' needs for a better life. We strive for perfection in all of these areas.



## ZHOUYUNJIE CHAIRMAN OF THE BOARD & CEO HAIER GROUP

Zhou Yunjie is Chairman of the Board & CEO of the Haier Group based in Qingdao, China. Haier Group is a worldleading provider of better life and digital transformation solutions. Haier's subsidiary Haier Smart Home is one of the world's biggest consumer-facing companies, and its subsidiary COSMOPlat Industrial Internet platform is a leading Industrial IoT and digital service provider.

## In your opinion, what are the driving forces behind Haier's brand value growth?

First, behind all brands are people. And it is people who ultimately make brand value growth possible. That's always been true. But what has happened in the past year is, we've broadened our understanding of this 'people-powered growth.' In the past, our 'people' strategy mostly relied on Haier's own employees for creating value for our brands. Now, our users, too, have become a more integral part of our brand ecosystem - because we've succeeded in attracting and retaining them. They have transformed from consumers to "prosumers": people who can directly contribute to brand development as co-designers, co-creators, and even co-marketers, thanks to new forms of social media and research. This shift in the connotation of "people" has greatly driven Haier's brand value.

We also believe that the concept of the "ecosystem brand" continues to drive Haier's brand value. This was a model first put forth by Mr. Zhang Ruimin, the founder of Haier Group. Since then, the whole company has moved towards creating not just great products, or great scenarios, but great branded IoT ecosystem solutions. This has, once again, led to a broadening of the stakeholders who can drive brand value growth.

## What does it take to build out a true 'ecosystem brand'?

First of all, a brand must be supported by quality. And quality is judged by the products, services, and solutions that we provide to consumers. So that is always our first concern: getting the quality right.

Secondly, a brand must become highly relevant to a specific time period – ideally to the point where it becomes culturally iconic or prominent. What that means is that ecosystem brands, like all brands, must work to keep abreast of the times. We're always thinking about this at Haier. When consumer living patterns shifted from using individual products, to orchestrating linked 'scenarios,' our company shifted to becoming a scenario brand. Then, with the rise of IoT, we shifted to becoming an ecosystem brand that could work in both industrial and consumer contexts.

If your brand's values extend deeply into your own company culture, it becomes easier to manage these transformations, and to link all of your brands activities together around a unifying mission for growth. Because remember, when Haier became an ecosystem brand, it did not stop offering products or scenario solutions. It just linked these offerings to the higher goal of providing complete ecosystem services.



**Zhou Yunjie**Chairman of the Board & CEO
Haier Group

At all levels, then, you need a strong brand culture, and commitment to cultural relevancy. Although Haier Group was founded in China, we operate in 200 countries and regions around the world. In addition to our Haier and Casarte brandname offerings, for instance, we also operate GE APPLIANCES and Monogram for the U.S. market; FISHER & PAYKEL for the New Zealand market; and AQUA for Japanese market. And these are all 'product brands'.

And we have also launched THREE WINGED BIRD, which is a scenario brand. What does that mean? THREE WINGED BIRD's scenario solution is not only to provide a single product, but to customize the entire smart home. Haier's 'Smart Home Brain' can identify users' needs and emotions, link sensors and smart devices throughout the house, and proactively provide services to users without requiring users to give orders. For example, THREE WINGED BIRD can monitor the ingredients in the refrigerator and the detergent in the washing machine, and proactively place orders to buy beef, eggs and laundry detergent for users. THREE WINGED BIRD can even provide the whole process of design, decoration, construction and other services for the user's entire house or local spaces such as kitchen and balcony.

Going forward, we will continue to evolve in the direction of being a co-creation and sharing ecosystem brand. What that means is that we will continue to build out our own product and scenario brands, and strengthen Haier's smart home platform. But we will also do our part to build out society-wide ecosystems, and a more sustainable ecosystem. And for those large-scale efforts, our brand COSMOPlat platform is designed to not only connect Haier's own upstream and downstream ecosystem partners – but also to seamlessly integrate infrastructure, strength and resources from a wide range of partners to empower SMEs and promote high-quality economic growth.

## Could you tell us about how Haier's RenDanHeYi model fits into Haier's corporate strategy?

Haier has always focused on the real economy, and our business segments include: from smart appliances, to smart homes, to smart building – and then onward to smart communities and smart cities. We have grown from being a single product provider, to becoming a major solution provider for building, community and city. While we still market to household consumers, we also work for companies and organisations.

What holds all of these efforts together is the RenDanHeYi model you mentioned. This is an adaptive philosophy that allows us to remain responsive and nimble even as Haier continues to grow. RenDanHeYi gives business and functional units the independence, initiative and innovation they need to work more like a network of nimble microenterprises, rather than a large bureaucratic organization. Haier could not have expanded so quickly without it.





**Zhou Yunjie**Chairman of the Board & CEO
Haier Group

At the same time, the RenDanHeYi model is the integration of creating value and sharing value. The ecosystem brand essence underpinning this model is an utmost respect for people's human nature: we want to inspire people to reach their full potential, and empower them to create value for users and for company. No matter how we transform, Haier always insists on "Maximizing the Value of People." We see our employees as the dominant drivers of value creation and business transformation. And we also believe that any value created by our business, must ultimately derive from value created for our users.

## What are Haier's priorities for technological innovation?

Without technological innovation, a company will ultimately be spurned by consumers. For this reason, Haier plans to invest RMB 60 billion for research and development in the next three years. And we also plan to establish an industry fund of RMB 40 billion, to further develop our technology innovations with our ecosystem partners.

For reasons I've discussed above, I believe our RenDanHeYi model is well-suited to inspiring people to think innovatively and take risks. Beyond this, I think unlocking technological innovation ultimately comes down to managing three key relationships. First is the relationship between the innovation chain and the talent chain. An open talent system is essential to building strong innovation capability. With this in mind, Haier has established 10 innovation centers worldwide, and has recruited more than 20,000 global technology talents, including many first-rate scientists. These talents are based in different cities around the world, and are empowered by the RenDanHeYi micro-enterprise model to unlock new forms of value for users.

The second important relationship is the one between the innovation chain and the industry chain. Many innovations produce good results. But in the ecosystem business, if we fail to attract partners and consumers to support our innovations, they will not have an impact beyond our laboratories. We have become efficient at connecting our technology achievements to industrialised applications, which allows us to scale up and market our achievements in a short period of time. And on the consumer side of the industry chain, we have built out new capabilities to interact with consumers and demand discovery to further optimize our innovation results and upgrade consumer experience.



Third is the relationship between applied innovation and foundational innovation. Applied innovation mainly focuses on product improvements or transformation of existing results, with a market-oriented mechanism. By contrast, foundational research takes time - it cannot be accomplished overnight. To achieve it, Haier must sink a lot of time into research, encourage risk-taking innovation, and certain kinds of failure.

#### Could you briefly describe Haier's plans for environmental sustainability? How is that relevant to consumers and partners' experience?

China is carrying out a "dual carbon" strategy: peak carbon emissions before 2030, and carbon neutrality by 2060. Haier is devoted to progressing in these environment-friendly and resource-saving directions. We are the first company that has established a recycling base for household appliance waste - which not only serves Haier, but also provides dismantling services for the whole industry. In terms of carbon emission, we have established a smart integrated platform for energy control, serving both Haier's own parks and other enterprise parks. We have also engaged and invested in ESG and green development, including carbon reduction, zero-carbon, and even the carbon negative technologies. By doing this, we really hope we can contribute to and progress the green development of society.

### So, what are your expectations for the future of Haier and the Haier brand?

First, I want Haier to be recognized by consumers around the world – while also having consumers feel that Haier is, in some sense, a local brand in their market. I hope, by localization, Haier can really realize globalization.

Second, I hope, people will see Haier as a booming and sustainable ecological company rather than a household electric appliance company.

Third, I want Haier to be the best employer – to be seen as a platform that's attractive to all talents. Our company will be full of energy and vitality to enable all employees to work and develop happily. Those are my expectations for future.



### KANTAR BRANDZ BRAND VALUATION METHODOLOGY

### INTRODUCTION

A Kantar 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 future 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 Kantar 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 Kantar BrandZ Most Valuable Global Brands 2022 report based on the unique and objective Kantar BrandZ brand valuation methodology that combines extensive and on-going consumer insights with rigorous financial analysis.

The Kantar 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 4.1 million consumer interviews in 522 categories, and 19,250 different brands in 51 markets. This intensive, in-market consumer research differentiates the Kantar 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 Kantar 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. Kantar 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 Kantar BrandZ valuation

Kantar 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 Kantar BrandZ.

### KANTAR BRANDZ BRAND VALUATION METHODOLOGY

### THE VALUATION PROCESS

Kantar BrandZ valuations isolate the value generated by the strength of the brand alone in the minds of consumers i.e. with all other elements removed.

To achieve this, we calculate and combine two important elements: Financial Value and Brand Contribution

- 1. Financial Value the proportion of the total \$ value of the parent company that can be attributed to the brand in question, considering both current and future performance.
- 2. Brand Contribution quantifies the proportion of this Financial Value that is directly driven by a brand's equity. i.e. the ability of the brand to deliver value to the company by predisposing consumers to choose the brand over others or pay more for it, based purely on perceptions.

**Note:** this does not include the proportion of consumers who choose the brand for reasons other than this predisposition e.g. those attracted by price promotions, a particularly prominent display etc. Such purchases are not due to the brand's equity and so are removed as part of the process.

### Part 1 – Calculating Financial Value

### STEP 1

We begin with the brand's **parent company**, which generates earnings from:

- 1. Tangible assets (assets with a physical form, which include *fixed assets* e.g. buildings, machinery, land & *current assets* e.g. cash and inventory)
- **2. Intangible assets** (such as patents, trademarks and brands)

**Example**: 'Volkswagen AG' is a parent company that generates earnings from tangible assets like its manufacturing plants and equipment, as well as its intangible assets – the brand names under which the cars are sold – Volkswagen, Audi, SEAT etc.

To determine the proportion of earnings directly derived from the company's intangible assets we begin with **Corporate Earnings** – sourced from S&P Capital IQ, which represent the latest annual earnings reported by the parent company. Then by using other financial data from the same sources, we calculate and apply a metric called the **Intangible Ratio**.

By multiplying Corporate Earnings by the Intangible Ratio, we are left with **Intangible Earnings**, which represent earnings derived from intangible assets.

### STEP 2

Next, we need to determine the proportion of these **Intangible Earnings** that are directly attributable to the brand we want to value.

To do this we take the Intangible Earnings identified in Step 1 and apply the **Attribution Rate**, which literally attributes a proportion of the parent company's Intangible Earnings to the brand we want to value.

The Attribution Rate is determined by analysis of brand level financial information from the parent company's published financial reports and other credible sources, such as data from Kantar.

Once the Attribution Rate is applied to Intangible Earnings, we are left with **Branded Intangible Earnings** i.e. the proportion of the parent company's Intangible Earnings that can be attributed to the specific brand in question e.g. this step would attribute a proportion of Volkswagen AG's Intangible Earnings to Volkswagen, Audi, SEAT etc.

### STEP 3

The final step is to consider the projected earnings of the brand in question, which measures the brand's ability to generate earnings in the future and requires the addition of a final component – the **Brand Multiple**, which is also calculated from financial data sourced from S&P Capital IQ. 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

### KANTAR BRANDZ BRAND VALUATION METHODOLOGY

### 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:

- 1. 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
- 2. 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
- **3. 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 Kantar 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**

The first two of these measures contribute 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. This is calculated as follows:

This is the final brand value figure that appears in the valuation, and positions the brand within the ranking as one of the world's strongest, most valuable brands.



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   Most Valuable Australian Brands
- Kantar BrandZ
   Most Valuable Canadian Brands
- Kantar BrandZ
   Most Valuable Chinese Brands
- Kantar BrandZ
   Chinese Global Brand Builders in association with Google
- Kantar BrandZ
   Most Valuable Emirati and
   Saudi Brands
- Kantar BrandZ
   Most Valuable French Brands
- Kantar BrandZ
   Most Valuable German Brands

- Kantar BrandZ
   Most Valuable Indian Brands
- Kantar BrandZ
   Most Valuable Indonesian Brands
- Kantar BrandZ
   Most Valuable Italian Brands
- Kantar BrandZ
   Most Valuable Latin American Brands
- Kantar BrandZ
   Most Valuable Netherlands Brands
- Kantar BrandZ
   Most Valuable Japanese Brands
- Kantar BrandZ
   Most Valuable South African Brands
- Kantar BrandZ
   Most Valuable Spanish Brands
- Kantar BrandZ
   Most Valuable UK Brands
- Kantar BrandZ
   Most Valuable US Brands

- Kantar BrandZ Insights
   US Retail
- Kantar BrandZ Insights
   US FMCG
- Kantar BrandZ Insights
   US Banks
- Kantar BrandZ Insights
   US Business Solutions & Technology
- Kantar BrandZ Insights
   US Media & Entertainment

- Kantar BrandZ Spotlight
   Belgian Brands
- Kantar BrandZ Spotlight
   Canadian Brands
- Kantar BrandZ Spotlight
   Cuban Brands
- Kantar BrandZ Spotlight
   Emirati & Saudi Brands
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## ARE YOU INVESTING IN THE RIGHT MEDIA CHANNELS?

Media Reactions provides a comprehensive view of the current media landscape, online and offline, and shows you how to navigate it.

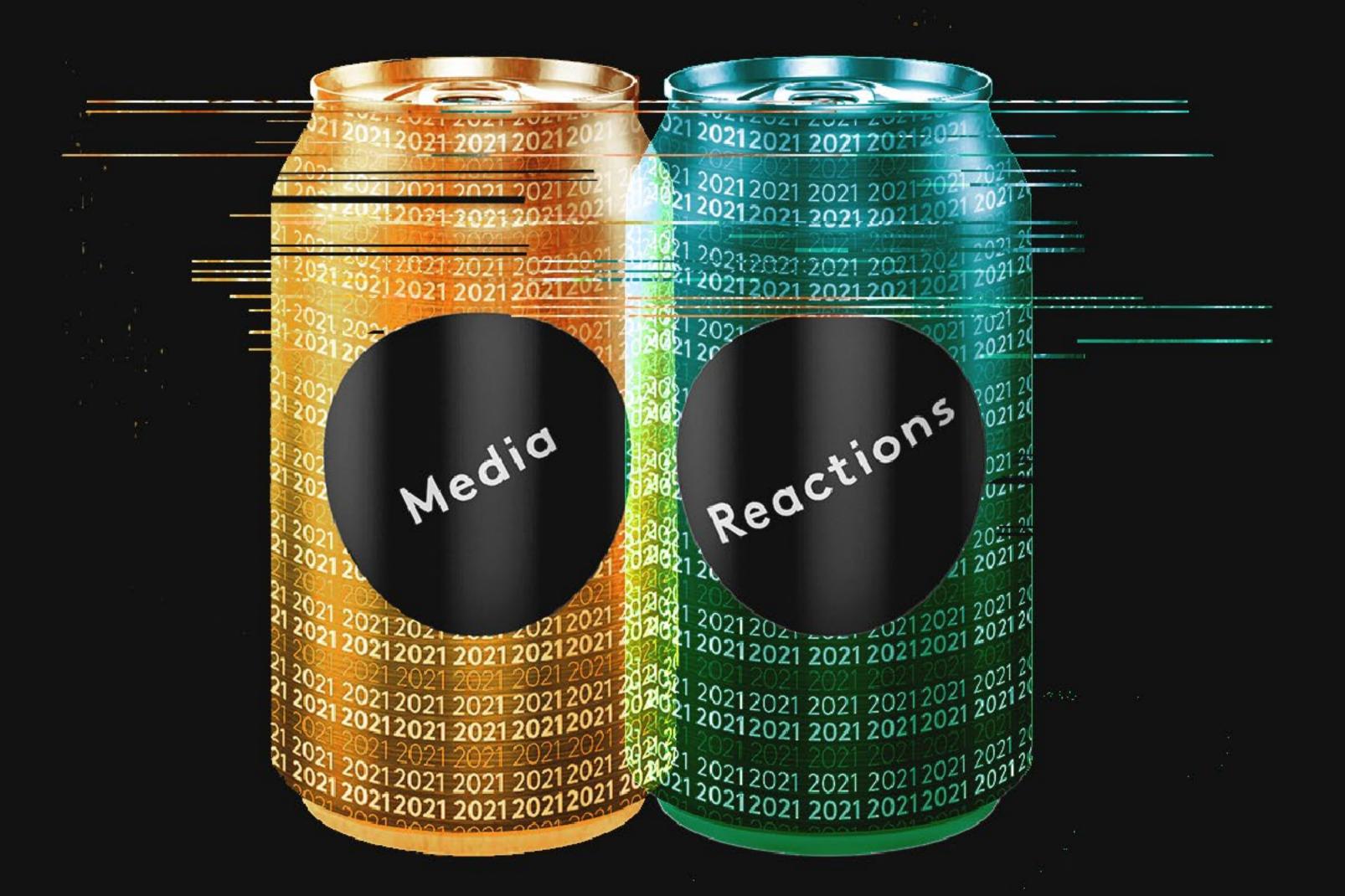
Campaigns are seven times more impactful among a receptive audience, so it is important to select the right media channels for your audience and optimise your creative for each environment.

Media Reactions is an annual global study that explores the dynamics of media channels and brands to help advertisers optimise their media spend and media brands strengthen their positioning. It combines consumer and marketer perceptions for a complete view of the current media landscape and how to navigate it.

Media Reactions 2022 – launches on Wednesday 7 September

Find out which channels and platforms consumers and marketers prefer to optimise your media strategy.

www.kantar.com/MediaReactions



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### THE KANTAR BRANDZ GLOBAL TEAM



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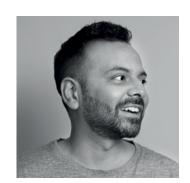
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# THE KANTAR SUSTAINABLE TRANSFORMATION PRACTICE

The world is at an inflection point; at the heart of these challenges is a need to understand people

"We are dedicated to leveraging our expertise in human understanding to identify how to translate values and purpose into meaningful action"

Jonathan Hall, Managing Partner Kantar Sustainable Transformation Practice

Environmental and social challenges dominate the news, and consumer and employee activism are the new normal. In response, the financial community is demanding action to de-risk business models. These changing values and expectations create risk for both private and public organisations.

The Kantar Sustainable Transformation Practice brings together expertise and tools from across Kantar to support organisations – both commercial and public – to better understand people and empower them in the definition, activation and measurement of their impactful sustainability strategies. Kantar has a diverse portfolio of research in this space, helping brands and organisations develop human-centric transformation programmes.

To find out more about the Kantar Sustainable Transformation Practice and how it could support your organisation, please visit www.kantar.com/expertise/sustainability



### KANTAR BRANDZ CONTACT DETAILS

The brand valuations in the Kantar BrandZ Most Valuable Global Brands 2022 report are produced using the latest market data from Kantar, along with S&P Capital IQ.

The consumer viewpoint is derived from the Kantar BrandZ database. Established in 1998 and constantly updated, this database of brand analytics and equity is the world's largest, containing 4 million consumer interviews, and 18,500 brands in over 50 markets.

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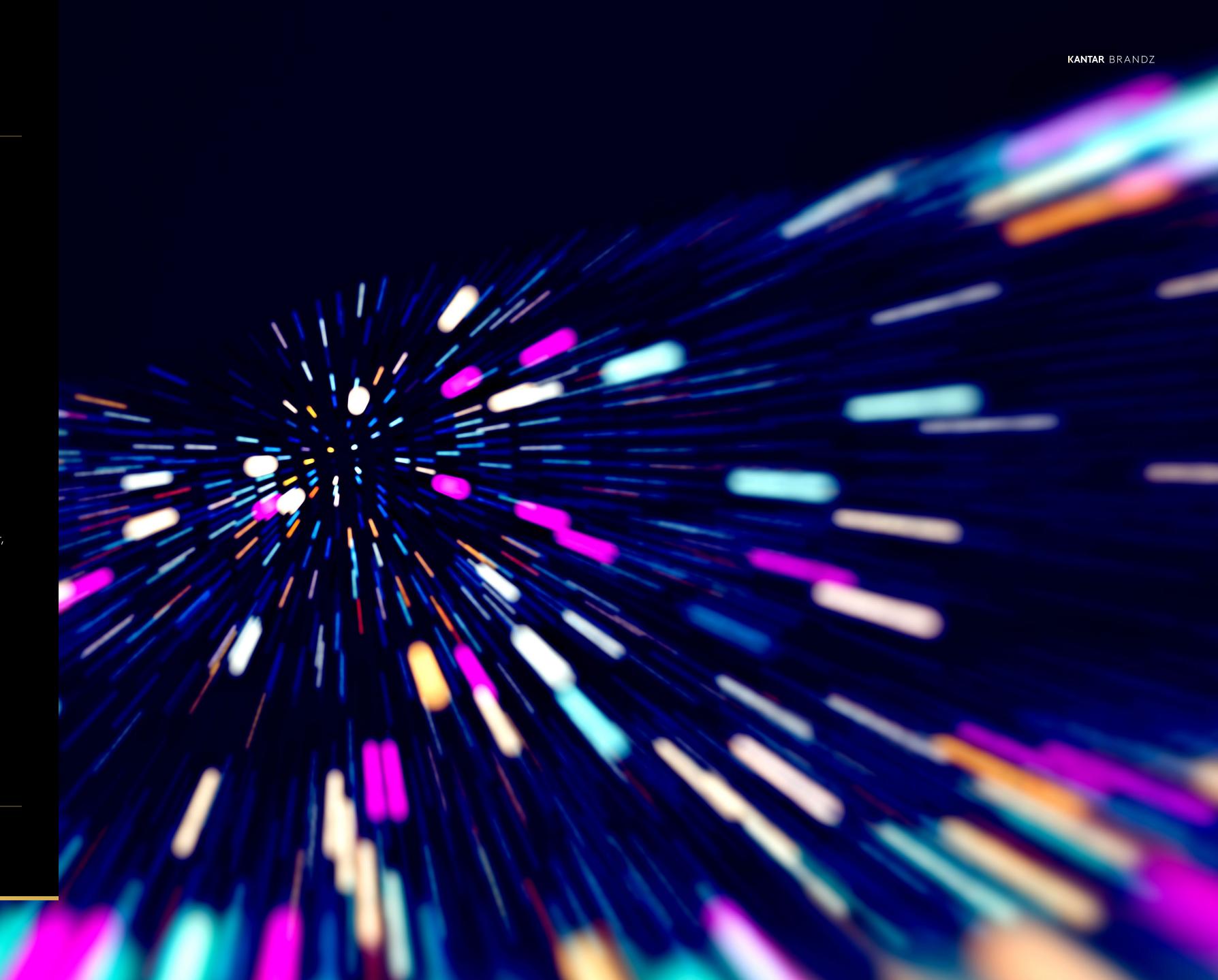
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Have a look at the winning ads and download our booklet or watch the webinar to find out what makes them winners. We uncover 5 strategic sparks, based on what we've learned, that will help ignite your creative and take it to the next level.



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## KANTAR BRANDZ

2022 MOST VALUABLE GLOBAL BRANDS

Author: **David Walter**Producer: **Raam Tarat**Design: **Hiten Thaker** 

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