

Focus on BRANDZ™ Germany

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Successful brands in Germany 2007

Money makes the World go round

Germany is one of the most successful economies in the World, the 3rd largest, with a GDP of about \$3 trillion (million million). This is about 6% of Global GDP.

In the Forbes 2007 Billionaires List, eight Germans were worth 6.8% of the top 100.

And in the 2007 BRANDZ™ Global Top 100 Most Powerful Brands, eight German-owned brands accounted for 7% of the value.

Value of brands

The German brands were collectively valued at \$112bn (thousand million):

	\$bn
BMW	25.8
SAP	18.1
Mercedes	17.8
Porsche	13.4
Deutsche Bank	13.2
Siemens	9.1
T-Mobile	8.0
VW	7.0

Intangible assets are rapidly overtaking tangibles as the major source of shareholder value, with brands accounting for approximately **one-third** of the value of the Fortune 500 companies.

Consumer Bonding

One of the key components in valuing the brands is the extent to which they 'Bond' with their consumers. How much of the intangible earnings are attributable to the brand alone? The BRANDZ™ customer loyalty database is an essential part of calculating the

'brand contribution' because it identifies the proportion who buy because of the brand promise rather than because of specific product features such as location and price.

For example, BMW has a high brand contribution (with Bonding at 12% compared to the German average of 3%) and Deutsche Bank has a relatively low brand contribution (Bonding 1%).

By increasing Bonding, the finances of corporations can grow enormously.

A visit to the BRANDZ™ clinic

A healthcheck is available from BRANDZ™ where the brand relationship can be investigated.

- Who knows about me?
- What is my promise?
- Does my product live up to it?
- What advantages do I have?
- What is unique about me?
- What is my 'character'?

And crucially what is my **Bonding**?

Top 20 Bonded brands

Out of the 410 brands measured in Germany in 2007 on BRANDZ™, the following achieve the greatest levels of Bonding with their target audience (eight are German):

	%		%
Google	57	eBay	16
Pampers	57	NIVEA	15
Nokia	38	Microsoft	14
McDonald's	29	Dove	14
Visa	25	BMW	12
Coca Cola	24	Esprit	11
LUFTHANSA	23	Vodafone	11
BECK'S	18	T-MOBILE	10
ARAL	18	Sony Ericsson	9
BOSS	18	TCHIBO	9

When we investigate what it is that drives Bonding we see six factors:

Emotional Appeal (such as having a higher opinion of the brand or the brand appeals more)

Rational Appeal (i.e. better product or service)

Difference

Challenge (i.e. setting the trends)

Fame

and *Price*.

Strong brands tend to Bond via factors other than price.

Looking at the Top 20 Bonded German brands (indexed on the average where 100 = average) we clearly see the importance of an emotional relationship:

Top 20 Bonded - Germany

Emotional Appeal	532
Fame	505
Challenge	263
Difference	246
Rational Appeal	221
Price	- 272

Boss, BMW and Esprit are particularly strong on their emotional relationships, whilst Microsoft, Coca Cola and McDonald's score very well on fame.

Perhaps the 'Real Beauty' campaign has ensured that Dove scores strongly on being a challenge brand, alongside Sony Ericsson, which in turn is strong on being different.

Of the entire Top 20, only eBay is Bonded because of price (which is as much to do with its product offering as it is to do with Bonding) but is also strong on fame, challenge and differentiation.

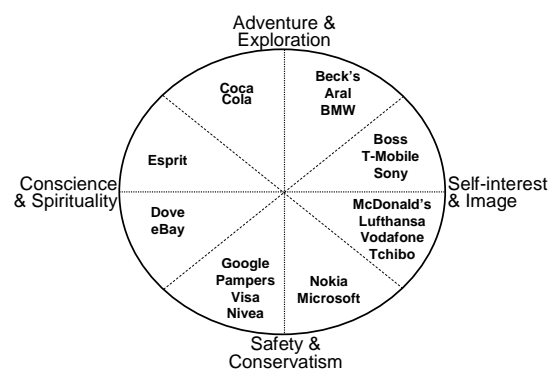
What the 'Bonded' believe

We also evaluate each person's beliefs and values. This is done by asking them how important they feel each of nine aspects are in their life.

These are then used to classify each respondent's overall 'life values'.

Those who feel that 'Having fun' and 'Excitement' are more important than 'Tradition' and 'Certainty' would bias towards Adventure & Exploration rather than Safety & Conservatism. Equally those who choose 'Creativity', 'Tolerance' and 'Helping others' over 'Achievement' and 'Influence' would veer towards Conscience & Spirituality rather than Self Interest & Image.

What is striking is that the top 20 brands attract very different people.



The values of those who are Bonded to **Esprit**, for example, are 'Utopians' and tend to focus on the philanthropic & spiritual, but also welcome change and risk. They tend to be idealistic & have strong convictions, so support many liberal causes such as environmental groups or conservation groups. They tend to reject materialism, and expect people / organisations to behave ethically.

The **Boss** Bonded are the 'Motivated' and put themselves first, but are also open to change. They are highly ambitious and willing to take risks to get to the top. They are very concerned with image and appearance and tend to be avid consumers.

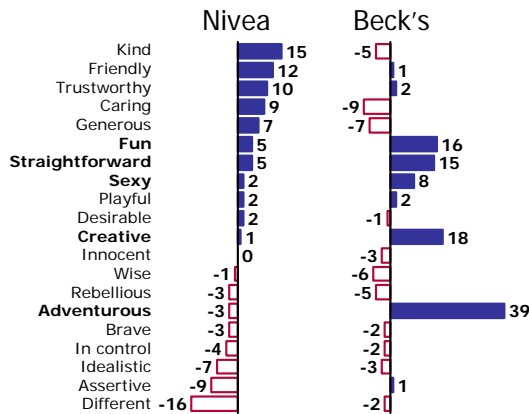
The **Nivea** fans are typically biased towards the 'Traditionalists' being conservative but with a less self-centred orientation. They tend to be patriotic and value society's existing customs. They are often religious, and can live fairly 'sedate' lives.

The **brand character** can sometimes reflect this.

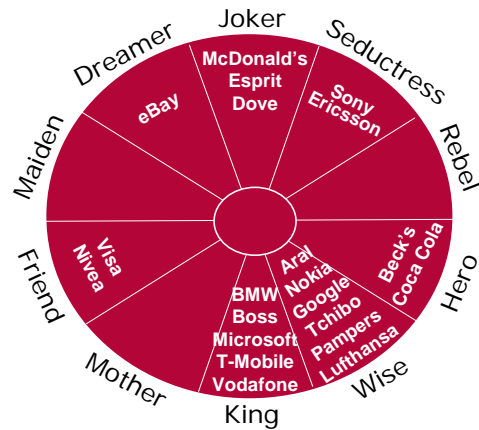
Brand Character

Nivea is rated as being a 'Friend' and scores strongly on kindness, trust and is felt to be caring and generous.

Beck's in contrast is a 'Hero' being very adventurous, creative and fun.



The Top 20 Bonded do tend to cluster around the characters of 'Wise' (particularly trusted) and 'King' (very much in control and assertive). Overall the 'Wise' and 'King' tend to be a bit more serious in character, steady and not necessarily a lot of fun or very playful:



The Top 20 Bonded tend to have **more** character with 45% more positive mentions compared to German brands as a whole (and only marginally more negative mentions).

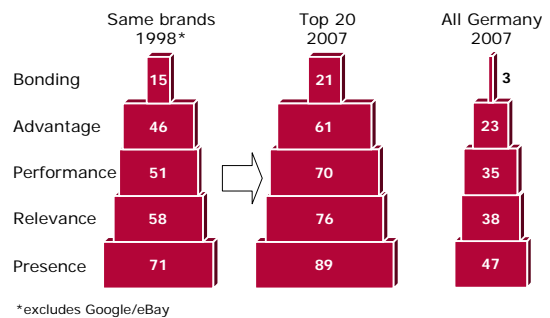
The last 10 years

Many things have changed dramatically in the last decade, not least the rise of the Internet.

Ten years ago only eight of the brands that are now in the Top 20 Bonded were also in the 1998 list (Aral, Coca Cola, Lufthansa, McDonald's, Nivea, Nokia, Pampers and Tchibo).

The average level of Bonding of both Top 20's is virtually the same – it is just that the make-up has changed. Packaged goods have been replaced by technology and telecoms brands. Luxury brands (such as BMW and Boss) have thrived.

The powerful relationship that has been forged by the 2007 Top 20 is clear to see. Huge increases from Presence all the way up the Brand Pyramid to Bonding – and a much bigger Pyramid than German brands on average:



Trust in German brands

The eight German brands in the Top 20 are different in character from the non-German brands.

They are perhaps reflective of an unfair stereotypical German image in being more 'In control', 'Assertive' and less 'Playful'.

But maybe German brands have the last laugh: they have an even greater association with 'Trustworthy'.