

BRANDZ Top 100 World's Most Powerful Brands

How to grow the value of your brand

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Millward Brown Optimor, the brand consulting practice of market research company Millward Brown, has created a ranking of the world's most powerful and valuable brands. This study has highlighted some very interesting insights by drawing on data from BRANDZ™, the world's largest in-depth brand equity database built and updated through yearly interviews of more than 650,000 consumers around the world on more than 30,000 brands.

BRANDZ™ Top 10 Most Powerful Brands

Brand	Value (\$m)
Microsoft	62,039
GE (General Electric)	55,834
Coca-Cola	41,406
China Mobile	39,168
Marlboro	38,510
Wal-Mart	37,567
Google	37,445
IBM	36,084
Citi	31,028
Toyota	30,201

Source: Millward Brown Optimor (with data from BRANDZ™, Bloomberg and Euromonitor International)

By leveraging the might of BrandZ™, we were able to derive some key 'brand lessons':

How to create a star: strong brands are built through disruptive innovations and clear focus.

Our study shows that brands that create real value and momentum tend to have started with unique business models and new and clear positioning statements. Zara's success is mainly due to its innovative approach from the factory to the shop floor (unlike traditional clothes retailers, Zara directly manages the whole cycle 'from the notepad sketch to the clothes hanger').

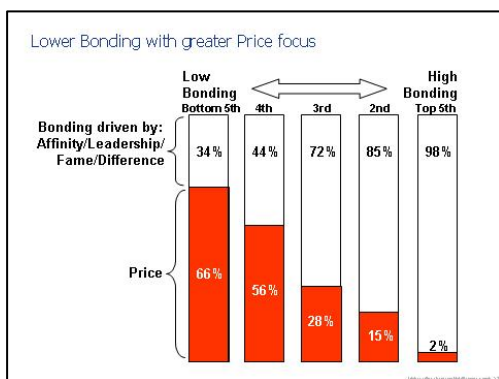
Consequently, it can manage the design process in close connection with the customer. Sales information is constantly transmitted to the designers thus quickly adapting to the trend of the moment. Similarly, Starbucks built a very strong brand in the US by championing the 'lounge experience' proposition against the traditional fast food model, while Prêt A Manger is on the rise thanks to a clear positioning that embraces the 'healthy eating' trend ('passionate about food').

Besides purely operational considerations, competitors can do very little about Prêt A Manger because they already own a well defined positioning. Customer perceptions are very hard to change, and established players could find it very dangerous to respond by replicating the innovation alongside their core business, indeed running the risk of killing their brand: McDonalds is facing a credibility issue in trying to ride the 'healthy eating' trend. Similarly, it's doubtful that M&S would be successful in replicating Zara's model.

Brand	Value (\$m)
McDonald's	28,985
Starbucks	11,077
Zara	5,112
Marks and Spencer	3,255
Prêt A Manger	193

The lost battle of brands focusing on price

Disruptive as it may be, a new business model and a clear positioning won't build a strong brand if purely based on price, location and similar 'linear benefits'. Unless you connect with consumers above and beyond the functional benefits you provide, any copycat will be able to come up with a better 'package' and steal your customers.



Our study shows that pure functional propositions don't drive customer loyalty: once stripped of functional drivers, the brand strength indices of low-cost airlines like easyJet and Ryanair are quite low. Rather than (low) price creating brand equity, brand equity dictates (premium) price: our study shows that brands that drive the highest proportion of value are typically where the barriers to switching to another brand are low, and yet the buyer perceives the brands to be highly differentiated and the brands have strong, relevant and distinctive images.

Indeed, data shows that in most categories customers choose brands based on non-functional considerations such as lifestyle appeal, country heritage and trust. In a word: quality, which hardly connects with low price in consumer's minds.

Mass-customization: the perfect way to combine cost advantage with 'premium' positioning

Does the above mean that there is no point in developing a cost advantage? Not necessarily. Our results for Zara show that it is possible to deliver a personalized experience to the customer through efficiently designed mass-production systems, therefore providing 'exclusivity' at affordable (and yet premium, compared to traditional mass-produced lines) prices. Starbucks moves along the same lines, being able to deliver the perfect 'coffee experience' and satisfy the most diverse customer tastes through combinations of standard components, charging a premium in the process. Nike has a similar concept in place, and the remarkable result from our study underlines its success. Yet, it's a fine line and there's the concrete risk of slipping into a price positioning: Dell's business model based on just-in-time management and tailored products made-to-order through different combinations of standard components enabled them to build a powerful brand, but then their relentless focus on the 'low price' proposition affected the quality perception and labelled them as 'cheap' in consumers' minds.

Brand	Value (\$m)
Google	37,445
Dell	18,303
Apple	15,976
Nike	10,783

New economy: power brands of the digital era

Our study shows that continuous innovation and a bold positioning based on lifestyle appeal and delivered through 'mass-customization' (personalized desktops, entertainment on demand, etc.) are paramount for building strong 'digital' brands: through its relentless focus on innovation (progressively occupying and leading each area the web offering by fundamentally rethinking it) and its 'against the system' attitude, Google was able to go above and beyond its mere 'ad broker' nature and build a powerful brand. Similarly, Apple's success derives from its positioning as a driver of innovation and a defender of the individual against 'the establishment'. In general, our analysis shows that continuous innovation is paramount, and that 'convergence' is the next challenge: indeed, the brands with the highest momentum are the ones that are well positioned in the 'battle for the digital home', like Microsoft (from operating system monopolist to media & entertainment power through digital TV and mobile solutions) and Apple (from Mac to iPod to entertainment solutions for home networks). Our study also confirms that there's no space for 'price players' in this battlefield: Dell's lower momentum and brand strength scores suggest that it might face difficulties in establishing itself as a leading player in the digital home.

Size matters in building powerful brands

Retailers

Brand	Value (\$m)
Wal-Mart	37,567
Tesco	15,532
Carrefour	10,803
Sainsbury	765

Innovation and clear positioning are paramount, but size matters too in building strong brands: retail brands obtained remarkable results in our study. Leading retailers show high momentum (e.g. Wal-Mart) and significant brand strength (e.g. Tesco, Carrefour), in many cases higher than that of the products they sell: indeed, thanks to their size and volumes, the leading retailer chains are able to exert pressure on suppliers of branded products and to capture part of the price premium that consumers are willing to pay for them; this, combined with the fact that consumers finally realize that the quality gap between branded goods and store goods is in many instances just a myth, implies that now private label products are no longer restricted to the value segment (e.g. Tesco, Sainsbury's). A strong brand (and deep pockets) also enables leading retailers to expand into non-traditional areas in which they can leverage their widespread distribution and their 'good value for money' proposition, like insurance, retail fuel, mobile communications: Tesco already offers pay-as-you go mobiles (1 million customer base), and is to launch an own-brand contract mobile phone in response to calls for simpler products from customers.

Be true to your roots: the growing pains of strong brands and the need to keep focus

Our study shows that deep pockets and a strong brand are not enough for successful growth: businesses need to stay focused and always choose fields that are consistent with their proposition, if they are to preserve their brands. McDonald's low momentum compared to Starbucks and Prêt A Manger underlines that its efforts to jump on the 'healthy' bandwagon are not consistent with its heritage and aren't paying off.

Similarly, having based its brand on the 'anti-establishment' attitude, Apple would probably harm itself if it decided to run Office off the Intel platform. On a similar note, while initiatives like retail coffee and music compilations are consistent with the overarching message and enable you to 'take a piece of the Starbucks experience home', the jury is still out on concepts like Starbucks to-go.

The bottom line: nurture your brand!

To sum up, our study showed that investing in brands is the key to long-term success, and our results for car manufacturers represent a good example: GM's brands score low in value, brand contribution and momentum – a clear result from GM's favouring short-term promotions and price cuts over long-term brand building. On the other hand, Toyota's outstanding results are driven by their vision of brand as a long-term investment.

BRANDZ™ is the WPP companies funded global brand equity study available to clients and potential clients via WPP owned companies. It is validated against sales and quantifies and diagnoses the strengths and weaknesses of brands

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