BRANDZ™
THE WPP BRAND EQUITY STUDY

How user friendly is your brand?

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'Net Promoters' are consumers who can grow your brand

Brands that stand for something and deliver a great product or service are more likely to get talked about.

User endorsement is an extremely powerful and credible force.

Frederick H. Reicheld[1], Director Emeritus at Bain & Company, has carried out work that suggests services that inspire their users to recommend them to others are ones that will grow and produce superior profits. He goes further and claims that 'satisfaction' is a poor predictor of success and that the one number you need is that of 'Net Promotion' – the positive balance of recommendation against detraction.

Attraction rather than satisfaction

Clearly he has a point when you see satisfaction scores for brands such as mobile phone network suppliers in excess of 90% when there is a churn rate of about 30%.

What consumers are really saying to us is that it is easy to be 'satisfied' (simply meeting basic standards) but that it is hard to be 'attractive' (an irresistible invitation to try!).

Getting at 'Net Promotion'

Taking the lead from Reicheld, we asked our BRANDZ respondents (from 2005) whether they would be <u>extremely likely</u> to recommend a brand to friends or colleagues or whether they would be <u>unlikely</u> to recommend it. The difference between the two (the 'net') for users of each brand gives us the score.

AVERAGE (1,972 brands)

Recommend to a friend or colleague:

Extremely likely	46%
Unlikely	4%
NET	**+42**

Although users are obviously more positive on average than negative (otherwise why would they be using the brand in the first place?), we do see some alarming exceptions. In Japan, for example, your friend is more likely to recommend Toyota than Mitsubishi. And the reasons relate to quality and safety:

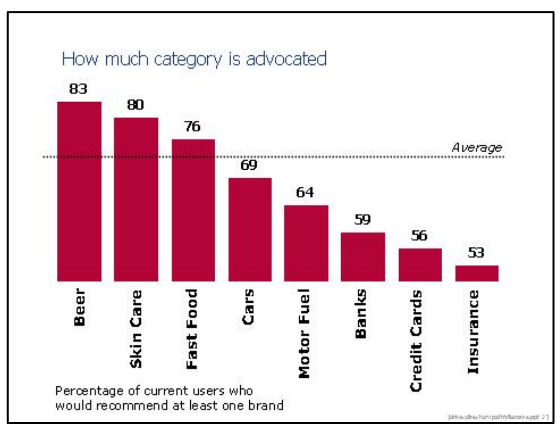
	Toyota	Mitsubishi
NET Promoters Score	+70	-24
Better quality	65%	2%
Not good enough quality	1%	54%
Not safe enough	3%	49%

(BRANDZ Cars, Japan, 2005)

This shows car manufacturers should be really concerned at word-of-mouth effects. Product seeding might be a remedy as well as traditional PR.

Some categories are advocated more than others.

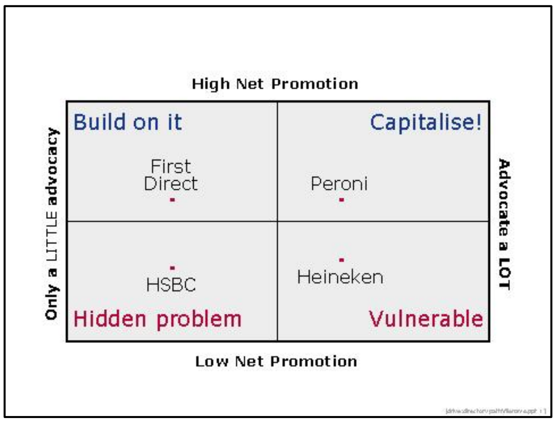
Cars are just below the average whilst beers tend to top the talkability list with financial products at the bottom.



Coping with the Gossip

A good Net promoters Score in a category that is talked about a lot is clearly a major advantage for a brand.

So Peroni in the UK is a good news story that can be capitalised upon and is likely to spread because consumers are more prone to talk about the category – on the Map below it appears in the top right box:



But for Heineken, being in a category that has high advocacy is a big problem – users will insist on washing your dirty laundry in public! (How wise is their recent decision to come off TV for at least a year?)

However low advocacy categories produce a different set of problems. As can be seen above, HSBC is not rated well (along with many of the other 'traditional' banks). But because consumers do not talk much about banks this just means that there is little chance of growth from any user endorsement that is positive.

HSBC's sibling, First Direct, has much that is positive about it but it will be harder to encourage gossip without much greater creative thought.

Love you, hate you

The Bank and Fast Food categories contain many of the brands that people love to hate.

The lack of recommendation for many of the brands is perhaps revenge for shoddy service and poor quality products.

In fact, the 'new' banks that offer convenience, continuous opening and a good service (the internet banks) score significantly better:

Internet Banks	**+56**
ALL BRANDS	+42
Traditional Banks	**+23**

In Fast Food, McDonald's users find themselves hard pressed to recommend the brand (reflecting much of the poor PR and threatened Government regulation and concerns about obesity and health issues). The same applies to Burger King, Pizza Hut and KFC who all variously suffer from perceptions of poor quality, a poor physical experience and environment, as well as health questions.

However there are brands that do extremely well because they are perceived to be offering something different, healthier, with good service in nice surroundings. Tim Horton's in Canada (where queuing is seen to be a sign that the product is worth waiting for), MOS Burger in Japan (where the products are more expensive but of superior quality and presentation) and Prêt A Manger in the UK (which represents something different and trend setting because it is seen as natural, healthy and with particularly tasty produce).

Tim Horton's / MOS Burger / Prêt A Manger	**+64**
AVERAGE FAST FOOD/ CANADA/JAPAN/UK	+40
McDonald's / Burger King / Pizza Hut / KFC	**+25**

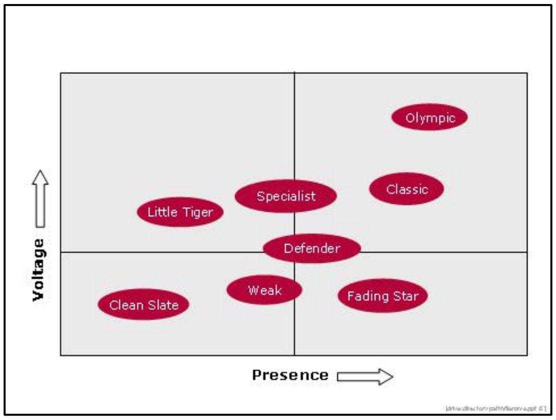
What is the link to brand equity?

Some brands manage to convince their consumers that they have more advantages than others and thus achieve greater 'Bonding'.

Consumers who are bonded are significantly more loyal and spend a greater proportion of their wallet on the brands they are bonded to.

Additionally some brands manage to convert the consumers who are aware of them up to this top level of loyalty at a better rate (i.e. more efficiently). This superior conversion is measured by the **'Voltage'** metric. High Voltage equates with future brand success, growth and profits.

Here are the brand typologies separated by not only how well known they are (Presence), but also by their momentum – Voltage:



Brands that are strong are in the top half – the dominant 'Olympics' and established 'Classics' (top right), 'Specialists' and 'Little Tigers' (those not yet so well known but offering something different and with considerable potential – top left).

Defenders appear midway and tend to lack affinity and differentiation.

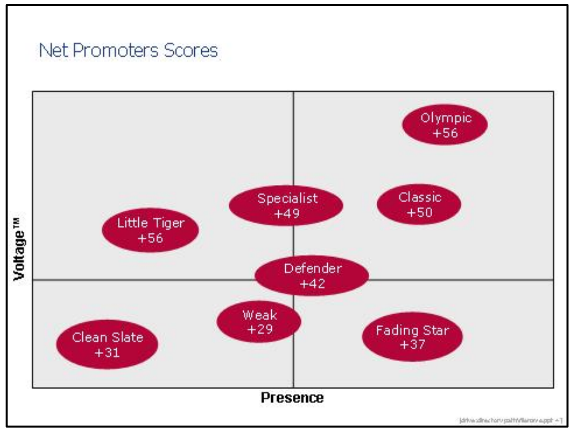
The other typologies are all at a disadvantage – particularly the 'Fading Stars' which are slowly but surely giving ground to more defined, energetic and distinctive competitors.

But what do their users say?

Brands with higher Voltage have higher Net Promoter Scores.

This is because their users are more positive about the brand as they know what it stands for and believe it has competitive edge.

This is absolutely clear to see when we look at the average scores by brand typology on the BRANDZ Map:



Little Tigers (typically growing brands with a new and/or differentiating proposition) and Olympics (the most dominant) have the highest scores.

Ten brands to watch

Here are ten Little Tigers with high scores from across the World:

Australia	Lavazza (coffee)	+78
Brazil	Original (beer)	+81
China	Kose (face care)	+68
France	Mango (apparel)	+82
Germany	Sparda (bank)	+68
Italy	ING Direct (bank)	+80
Japan	Shinsea (bank)	+68
Spain	Mondariz (water)	+69
UK	Café Direct (coffee)	+74
USA	San Pelligrino (water)	+68

Net Promoters, worth listening to.

[1] *'The One Number You Need to Grow' Harvard Business Review, copyright Harvard Business School Publishing, permissions@hbsp.harvard.edu*

Peter Walshe *is a Global Account Director of Millward Brown, the leading international brand and communications research consultancy.*

BrandZ *is the WPP 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.*