BRANDZ™ TOP 75 MOST VALUABLE GLOBAL RETAIL BRANDS 2018

SPECIAL GLOBAL LAUNCH EDITION

WORLD RETAIL CONGRESS

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MADRID

Methodology and Valuation by
KANTAR MILLWARDBROWN

Retail Data and Insights by
KANTAR CONSULTING

WPP

IAN MCGARRIGLE
Chairman, World Retail Congress.

The World Retail Congress is delighted to be partnering again with WPP and BrandZ™ to promote this new and expanded review of the world's top retail brands.

There has probably never been a more important time to focus on the power of a brand and to understand what really enables it to connect with today's consumers. To be a global brand today can no longer just be about longevity, because it is clear that the channel revolution brought about by the internet has meant that a new concept, platform or product can gain an almost immediate international following. There are many multi-billion dollar brands now that are less than 10 years old. This has led many commentators to question whether brands can ever mean as much as they once did. Can a retailer selling third-party products and ranges continue to retain a loyal following and special connection with consumers who have learnt how to shop online for the lowest price and fastest delivery? Does being a successful brand today mean that you have to own the name, the design, production and distribution? There are many more questions being asked across the retail landscape, which is why BrandZ™'s Top 75 Most Valuable Global Retail Brands for 2018 is so important. Its unique analysis and ranking provides an invaluable rating of retail brands, as well as information on the brands themselves. But it also brings together a series of expert views and opinions on the forces of change affecting all retail businesses. We hope that you find it to be useful and relevant for your business as you work to continually strengthen your brands.

Hold on tight – this ride's a thriller

Welcome, and thank you for your interest in the BrandZ™ Top 75 Most Valuable Retail Brands ranking, which we're proud to launch at the World Retail Congress 2018.

And what a world of retail this is! In the past year alone, we've seen voice-controlled shopping reach a critical mass in multiple markets.

Automated replenishment systems are moving mainstream. We see "experiential" stores that don't actually stock any products for sale and, in this era of all things digital, one of the biggest shifts in the landscape has been that of online retailers opening physical stores.

The pace of change is quite breathtaking. It was just five years ago that Amazon became the most valuable retail brand in the WPP BrandZ™ Top 100 Most Valuable Global Brands study, taking the top spot from industry stalwart Walmart, a brand with half a century of experience in the sector.

Since then, Amazon and other e-commerce giants have continued to extend their lead over what we might call traditional retailers – those whose heritage is in bricks and mortar.

Now, the boundaries between online and offline are melting away, as retailers of all origins seek to excel in both spheres and link the two as seamlessly as possible.

In fact, we should abandon the term "e-commerce" entirely. Soon, it will all simply be commerce.

The digitization of shopping has utterly up-ended consumer expectations of price, convenience, choice, speed, and a hassle-free, intuitive interface.

This is proving extremely challenging for many retail brands, many of whom have been striving to keep pace with ways that new technology can help them and their customers, at the same time as struggling to reallocate real estate and marketing plans.

And yet just last year, delegates to the World Retail Congress voted for their Retailer of the Year: Amazon. A case of the chickens voting for the fox? Or a sign that across the retail sector, there's acceptance of the new world order and a willingness to run with it? I think the latter.

DAVID ROTH
CEO
The Store WPP, EMEA and Asia

THE STORE WPP
THE WPP GLOBAL RETAIL PRACTICE

Competitors are now being seen as potential collaborators; no one is trying to fight the tide any more. Few retail brands still think they can stand out simply by stocking and shifting "stuff" – even really cool stuff.

The journey has been hard, and continues to be so, as businesses adjust to the new retail ecosystem. What's hugely encouraging, though, is that the analysis in the pages ahead shows that the biggest, most valuable retail brands are not just managing to tread water, they're swimming with the tide. Collectively, retail brands are actually growing their value at a faster rate than brands in unrelated business sectors.

As you will see in this report, the most valuable retail brands are adapting their services and in some cases entire business models to the fast-changing environment in which they find themselves. Some are not just evolving with the landscape; the landscape is adapting to them.

THE WIDER WORLD

For the first time in a WPP retail ranking, we are broadening the scope of what we define as retail. Just as the world of retail is shifting, so too must the way we measure it.

In this 2018 ranking, we are considering brands in four categories, of which Pure Retail (supermarkets, e-commerce platforms, department stores, convenience stores and DIY chains) is just one. In addition, we're ranking Luxury brands, Apparel, and Fast Food brands.

The way consumers regard shopping is no longer about buying things they want or need. Often, a decision to shop is a search for entertainment – whether in a physical space or the virtual world. It can be a way of spending time with like-minded people, or being in an environment that reflects an individual's values, preferences and priorities. Or a way of simply feeling good – what we used to call "retail therapy".

Understanding what's necessary and what's possible in this climate of change requires the kind of extensive global knowledge across sectors, markets and communications disciplines that WPP offers.

We have offices in more than 113 countries and a retail practice across our operating companies that extends from insight to activation. It includes research, advertising, marketing, digital, communications planning and media, PR, shopper marketing and e-commerce retail.

This study draws on that expertise. Kantar Millward Brown have undertaken the brand valuations based on WPP's proprietary BrandZ™ research, the world's largest and most comprehensive brand equity tool. Over 3 million consumers and B2B customers across 51 countries have shared their opinions about thousands of brands.

Kantar Consulting have used their well renowned and extensive retail knowledge and expertise to provide data from their exclusive retail data sets, analytics, analysis and sharp insights and also a commentary on each on each retailer in the BrandZ™ Top 75 Most Valuable Retail Brands 2018, for which I am very grateful.

This year, several other WPP companies have added commentary on the impact on retail brands of omnichannel shopping, changing consumer paths to purchase and the potential of voice and the Internet of Things to automate shopping. These companies include GroupM, Kantar Media, Wunderman, AKQA and Possible.

I invite you to contact me directly with any questions, or to learn more about how WPP can help you better compete in the fast-changing world of retailing and shopper marketing.

CEO, The Store WPP EMEA and Asia
Curator BrandZ™ Top 75 Most Valuable Global Retail Brands 2018,
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SECTION 01

Overview

How shoppers and retail brands are changing with the times

As consumers rethink the role of products and services in their lives - and what they do and don't want from the whole business of shopping - retail brands are being forced to adapt at incredible speed.

Let's be clear: this is an industry in flux, but it's not an industry in crisis. Yes, stores are closing, but the total number of retail outlets in the world today compared to a year ago is actually higher; space is being reconfigured, optimized and repurposed.

Yes, shoppers are switching from physical stores to digital, and they're looking for more from the brands they deal with; if you think that offering the right product at the right price is still a recipe for success, you're sadly mistaken.

Shoppers' value equations have changed. Kantar's ShopperScape study shows that in the past four years, what used to be the biggest priority – spending as little as possible – has declined in importance. That's now level pegging with "getting a good deal", which isn't the same as low prices at all. And "having as stress-free an experience as possible" has grown in significance, to the point where it's almost as important as price.

Now, leading retail brands are offering increasingly seamless experiences. They're showing they don't just "get" the new consumer; in many ways they're guiding them and encouraging them to expect more.

Retail brands are seeking new ways to connect with consumers. In some cases that means forging partnerships with other brands to provide the products people are seeking, and the unique experiences shoppers crave. They are tailoring and customizing options for different parts of the world, different parts of a city, and for individual shoppers.

Leading brands are looking for new shopping missions and fresh ways to build loyalty. And while competitive pressures for many years led inevitably to price wars, now there are innovation wars. The strongest and most valuable retail brands aren't just focused on growth, they're forging deeper connections and differentiating their offering.

>>

Trends to watch in 2018 include:

ONLINE MOMENTUM GROWS - AND GOES BEYOND SELLING

In advanced markets, the proportion of retail sales being made online is well into double digits. Between them, the top five e-commerce platforms account for more than US$1 trillion in sales (gross merchandise volume). These are Amazon, eBay, Alibaba, JD.com and Rakuten. But the digital world isn't just a place to seal a deal. It's also a place to inform and influence potential buyers, who may later make a transaction offline. The way people get online is also changing what they do and the ways they buy. While the early days of e-shopping were 100 percent desktop-based, desktop computers now account for less than half of e-commerce traffic, with smartphones accounting for the majority, and tablets a small proportion.

VOICE IS THE NEXT BATTLEGROUND FOR E-COMMERCE AND LOYALTY

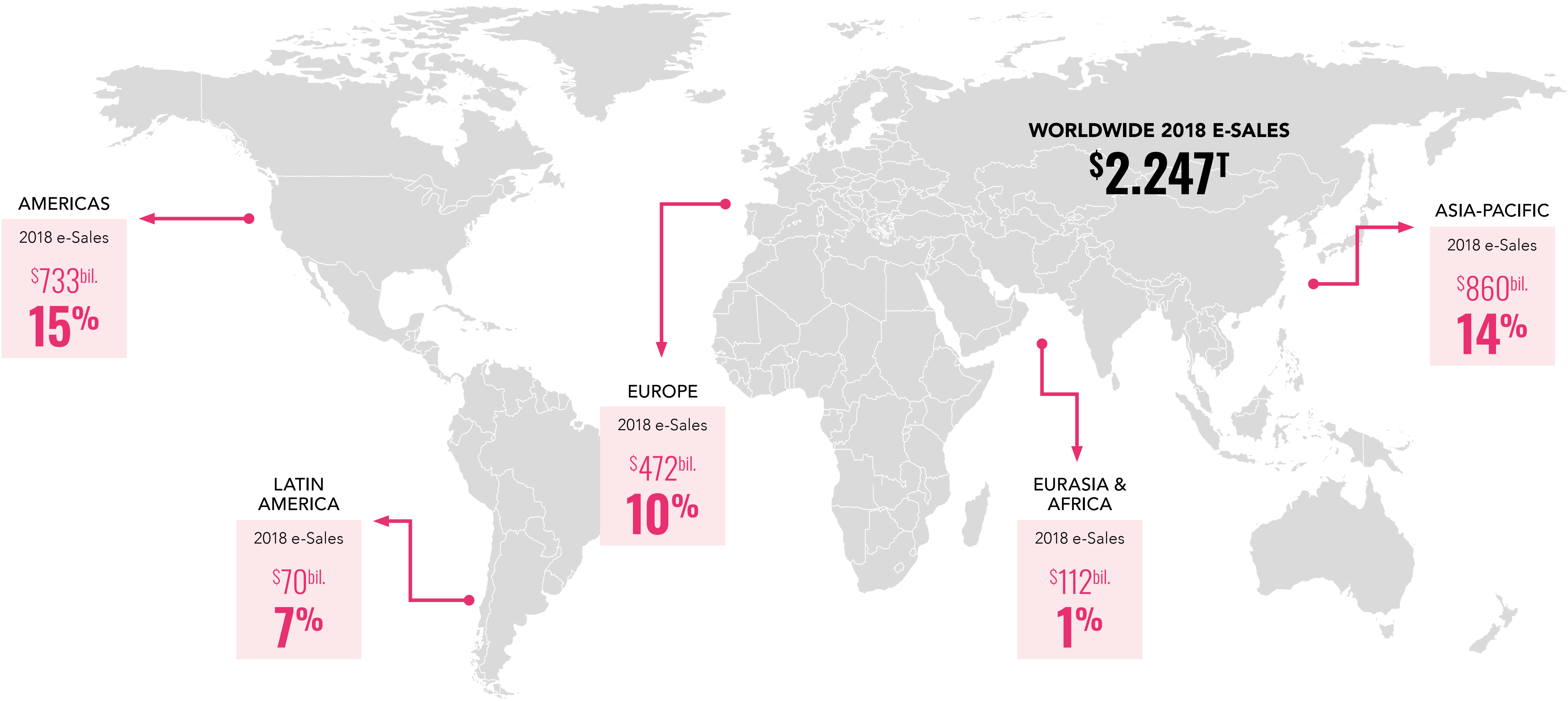
Smart speakers are becoming commonplace in many markets, and by 2020, 30 percent of all web browsing is expected to be done without a screen. This not only has implications for the way retail brands communicate and present themselves online, but raises big questions about consumer loyalty and how that's determined. If you want to "add coffee to my next delivery" via voice, your default supplier and brand stand to gain significantly, and competing brands are locked out of the conversation. See page 322 for our chapter on the huge opportunity voice presents to create a true one-to-one interface between an individual and a brand. In this era, brands that offer the right services, content, personalization and value can become a personal companion.

PEOPLE ARE SEEKING OUT SERVICES, NOT 'STUFF'

Changes in the way people live are affecting and reflecting what they want from life. Urban living is on the rise – more than half of the world's population now lives in cities, and while people still need certain things and want even more, they don't necessarily have to own this "stuff"; they just need access to it. The sharing economy continues to expand, and consumers seek experiences – as recommended by friends and trusted others – ahead of more stuff to put in their homes. Kantar Consulting data going back to 1980 shows that the share of consumer spending on goods has steadily declined, from 46 percent then to 32 percent now. Spending on services has risen, from 54 percent to 68 percent. This helps explain the rise of subscription and service-based brands and packages. Think here of Blue Apron and Hello Fresh in the food areas, Trunk Club in fashion, and Glossybox and Birchbox in personal care. In London, one Westfield shopping center in 2017 ran a pop-up designer outfit rental service, with proceeds going to charity.

DISCOUNTERS ARE SHIFTING THE DISCUSSION ON PRICE

Not only are they luring in shoppers with their own private label bargains – and growing their global footprint – they're also stocking a growing selection of branded goods, often at low prices. At the same time, private label ranges at discount chains are growing more sophisticated, with specialist labels in certain categories, and different tiers and options available within categories. The whole private label landscape is shifting; non-discounters are also rethinking their ranges, with multiple private labels offering different combinations of value, quality and unique brand promises. Auchan has launched the Cosmia health and beauty range, Lidl now has Esmara fashion, Carrefour Home has a range of new electronics private labels, and Sainsbury's Tu has launched a premium collection. Retailers have to pick the right battles to fight on price, use private label to help them deliver the value shoppers want, and use services to distinguish themselves beyond price. Speed and convenience, both in store, online and in delivery services, are ways of standing apart for reasons other than price. See page 316 for a look at how retailers and brands are using customization to personalize products and the shopping experience.



ESTIMATE ONLINE SHARE OF TOTAL RETAIL IN 2018

Source: Kantar Consulting

PHYSICAL SPACES ARE BEING REIMAGINED

The store as a place to browse and buy seems increasingly old-fashioned, if that's all it offers. Smart retail brands are changing the role that physical space plays in their business model, in view of the fact there are often better ways of inspiring and serving shoppers without the need to make them to traipse up and down the aisles. We're increasingly seeing the shop floor as a place to "feel" the brand. Think of Nike Stores, which go beyond displaying products, and the "immersive cultural center" at Samsung 837 in New York. Stores without inventory for sale are popping up around the world – Nordstrom Local in West Hollywood has personal stylists, manicurists, tailors and a bar – but no racks of clothes to browse. Instead, stylists curate a range for each client, and items are brought in on demand. Amazon Go is pioneering stores without checkouts. At the same time, new ways of getting products to people are being developed. In Tokyo, for instance, vending machines aren't just for potato chips and cola; everything from live seafood to women's underwear can be bought from what we usually think of as a snack machine. See page 214 for a look at how online and offline retail are merging.

SCI-FI IS THE NEW REALITY

Augmented reality, artificial reality, chatbots and robots are all now becoming entrenched in the retail world, and not just for their novelty value. They're delivering real value for consumers in the form of a better experience, and for retailers, by building loyalty and improving efficiency. Augmented reality tools by brands as varied as Sephora, IKEA and Dulux allow shoppers to see how products will look on them or in their homes, and reduce the need to buy multiple sizes and colors with the intention of just keeping one. Chatbots are helping browsers narrow down the choices to what is most likely to be right for them, as well as fielding customer service questions. And physical robots are now chatting to shoppers and showing them around, freeing up store staff to help with more complex inquiries. Smart shopping carts can help shoppers navigate stores and find items on their digital shopping lists. Codes on shelves can link browsers to product information and reviews, smart mirrors can help take the hassle out of trying on clothing by allowing it to be done virtually, and personalized coupons can be digitally served to an individual based on their known preferences. See page 304 for a look at how artificial intelligence is transforming retail.

IT'S IMPORTANT TO TAKE A STAND ON SOMETHING BIG

Consumers increasingly expect the brands they deal with to have a point of view and be open about their values. They want to see transparency and decency, and they want the brands they spend time and money with to reflect their own priorities, whether that's clean living, fair trade, or environmental concerns. And where they don't see evidence of this, they'll go online to hunt it down. Retail brands and their suppliers can make this easy for consumers by being open – sharing not just information but pictures, data and videos to show what they value, where they stand, how the products are made and that they're being transparent about it.

THE SEASONS ARE CHANGING

There used to be summer, winter and Christmas, but retail calendars are expanding. Now there are other big events – even day-long "seasons" – that change the way people shop. Black Friday began in North America but is now catching on across Europe, with significant knock-on effects on the rest of the winter shopping season. Similarly, Singles Day (November 11) is showing signs of gaining traction outside China, where it is the biggest shopping day of the year. Then there are "microseasons", such as "Dry January", in which consumers counter the excesses of the festive season with an alcohol-free month, and what's become known as "Veganuary", a period of vegan eating for people who aren't vegan for the rest of the year. All of these provide retail brands with opportunities to adapt – providing both the products shoppers want at the right time, as well as showing that they understand what's motivating people and can play a role in helping them achieve their goals.

THOUGHTS FROM WRC 2017

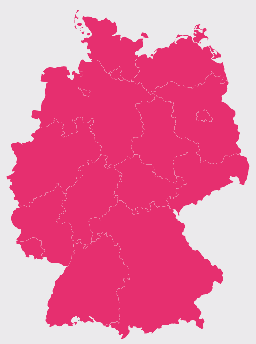
"My sense is that the true alchemy of innovation will be when big businesses understand how to really work with the small businesses … and once that fuses, there'll be some very powerful forces of innovation for the future."

JAMES BIDWELL
CEO
Springwise

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017.
To watch the complete interview and other retail leaders interviews, go to:
www.retail.wppbrandz.com

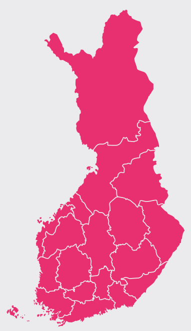
At the cutting edge – awesome innovations

GERMANY



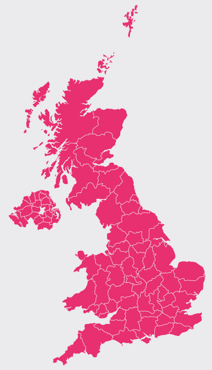
In Germany, Kochhaus has created experiential grocery stores, laying out items by recipe rather than in categories. Each recipe table has a recipe card and all the ingredients needed for that dish, which both inspires shoppers and gives new meaning to convenience. In-store cooking classes add excitement.

FINLAND



In Finland, pet store Musti Group created a loyalty card for dogs using RFID tags embedded in smart collars. When dogs entered the stores, staff received their information on a tablet, so could offer a personalized experience to both dog and owner.

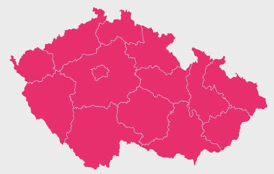
UK



L'Oreal used a Facebook Messenger chatbot during the UK Christmas shopping season to help people find the right beauty gift. Rather than ask just for information about the recipient, the "Beauty Gifter" also asked about the buyer, the occasion, their relationship with the recipient, and their budget.

The Intu shopping center group lauched Europe's first "shop bot" robot at its center in Milton Keynes, in the UK. The meter-high mobile robots, called Bo, can direct shoppers to different parts of the center, ask them about their experience, and tell them about special offers available at individual stores. Their aim is to entertain and engage shoppers, and drive sales for businesses in the center.

CZECH REPUBLIC



Arancia Europa, a packaging company in the Czech Republic, has created a "minimum waste (MIWA)" packaging solution for stores that enables shops to sell food wrapper-free. The technology reduces packaging throughout the supply chain, and offers consumers the chance to play a role in what's being dubbed "pre-cycling".

Net-a-Porter's TheOutnet.com partnered with Refinery29, a site dedicated to young women, to create an interactive pop-up store in central London that looked like a human-sized snow globe. For 10 days, shoppers could play games to win gifts and discounts, and explore what both brands were offering.

Key takeaways

01

Chatbots can be used to help the hurried or the less well-informed find the perfect item, while gathering vital shopper data to enhance the experience and improve operational efficiencies.

02

Focus on selling a lifestyle, catering for specific shopping missions and occasions in a way that makes it easy to shop, while creating excitement and a sense of discovery.

03

Use automation and technology – robots, chatbots and AI in stores and online – to enhance consumers' experience not just of shopping but of a brand.

04

Tech can be used to premiumize stores and the shopping experience. It's a way to help consumers differentiate between brands, and can help to counter shoppers focused on price.

05

Experiential stores that offer engagement in a stress-free atmosphere are ideal for introducing new product and sales concepts.

06

Pop-up stores can be a cost-efficient and time-effective way of engaging with shoppers during seasonal holidays, allowing creative partnerships to emerge, and offering shoppers a unique experience.

07

Providing shoppers with ways to contribute to sustainability increases the likelihood of both engaging them with the cause, but also creates a sense of shopper control over their role in it.

SECTION 01

The youth of today

A global generation is emerging, with young people in major world cities having more in common with their counterparts around the world than they do with other people from their own countries.

Millennials and Centennials, or Generation Z, have grown up in a digital world, and have very different expectations than do previous generations.

Generation Z – today's under 21s – are driven by a consumer-first mentality, and expect brands and retailers to tailor their offering to them as individuals. They see their time as a valuable resource, and demand the brands they deal with respect that, giving them the flexibility and stress-free experiences they crave.

Having grown up with immediate access to the Internet and endless information at their fingertips is shaping younger Millennials and Gen Z into well-informed consumers. They seek products and brands based on peer reviews and are not confined by geographical borders. As a result, they look for personalization and experiences when shopping and are able to look globally to find them. Being part of the selfie generation and sharing their lives on social media, this generation looks for experiences that are worth sharing, including their shopping. Creating retail concepts that engage becomes key for brands looking to connect with these consumers.

Young consumers...

- WANT TO DISCOVER RATHER THAN BE MARKETED TO.
- EXPECT TO BE ABLE TO BROWSE AND BUY BOTH ON AND OFFLINE.
- ARE HIGHLY INFLUENCED BY THEIR SOCIAL CIRCLE.
- ARE FLIGHTY, AND WILL ABANDON BRANDS THAT LET THEM DOWN.
- WANT EXPERIENCES AHEAD OF THINGS.
- EXPECT BRANDS TO HAVE INTEGRITY.
- INTERACT GLOBALLY WITH EASE.

SECTION 01

The key to success is to identify and leverage "moments of growth"

The relationship between brands and consumers is becoming more and more complex, confronting companies with a major challenge: how to identify precisely the moments that lead to growth opportunities.

Three main factors characterize the complexity of this relationship and provide a framework for reflection on the crucial role that the notion of "moments" can play in marketing strategies.

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CONSUMER NEEDS ARE MORE SUBTLE

Consumers are more demanding and have higher levels of expectation than ever before. Their needs are more specific and are often linked to a particular moment of their life - not just whether they are millennials or seniors, for instance, but the precise point in their day. Are they planning a meal or having lunch on the go? Are their children with them or not? Brands need to understand people's needs in these specific moments if they are to have meaningful interaction with their customers and prospects – and if they're to operate more efficiently.

MARKETS ARE BECOMING INCREASINGLY COMPETITIVE

New competitors now regularly arrive in the market to propose disruptive solutions that are better adapted to the expectations of consumers than legacy offerings. Brands that operate their own service platforms are especially adept at this. And in many countries, multinationals are faced with increasing competition from local businesses, which better understand the market conditions and the cultural factors that determine the needs of local people linked to particular moments.

THE NUMBER OF CONTACT POINTS IS EXPLODING

Technology and the prevalence of smartphones are accentuating the complexity and fragmentation of people's interactions, both with each other and with the world around them. Consumers engage in more frequent and shorter online activities. According to Google, there are nearly 100 billion "moments" spent every day in the world that are interactions on a smartphone. These are, potentially, 100 billion opportunities to understand the behavior of customers and prospects, and potentially to interact with them. If we add to this the multiplicity of offline contact points with which we interact daily, the difficulties that companies face become clear. And still, the opportunities for brands grow, if the right message, the right targets, in the right channel is delivered at the right time. Nothing changes, but everything changes.

Naturally, there are risks. The key to success is to focus precisely on the most important moments for both consumers and brands. But where do you look for these, and how do you identify the most important moments for a brand? These moments of opportunity for the brand can be everyday events, ephemeral, or rarer moments, but moments that are loaded with meaning in the lives of its customers. Thus truly disruptive and incremental innovations are constructed in a new and unique response to an unmet need associated with a particular moment.

The growth of a brand depends on its ability to identify specific moments that offer opportunities; and, with their communications, their ability to target particular moments rather than a channel. An example: if a company manages to identify and anticipate moments of frustration and sorrow, it can turn them into positive experiences; the brand can then share with someone an emotional interaction that satisfies them, meets their needs in that moment, and fuels brand preference.

Whether the objective is to generate growth through customer experience, product experience or brand experience via communication, the key to success lies in the precise identification of these moments of life, both small and large, and in the full exploitation of the opportunities they offer. This is what we call a strategy focused on "moments of growth".

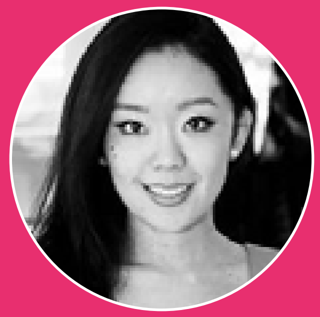
We should look outside our industry for inspiration, for ideas … that's important for the future success of any business and to make sure that experiences stay fresh and relevant.

AHMED GALAL ISMAIL
CEO
Majid Al-Futtaim Ventures

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017.
To watch the complete interview and other retail leaders interviews, go to:
www.retail.wppbrandz.com

Preparing for the future starts here

"If we do not change, we will no longer be competitive." We've heard these words time and time again from our clients. Indeed, as consumers ourselves, we face the undeniable truth is that our world is changing.



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Take a moment to imagine a world where we all have our own robots, one where people no longer drive, where the lines of virtual and physical realities blur. Although it sounds like something out of Minority Report, this is the reality that our grandchildren, if not our children, will know as run-of-the-mill. In fact, according to tech trends observed by venture capitalist Mary Meeker, and seen at the technology shows IFA and CES, this is a world that is already here.

The major trends of 2018 include the Internet of Things (IoT), supercomputer cars, and humanoid robots. Sound futuristic? Consider this. IoT is simply a fancy term to describe connecting devices with the internet, and/or to each other. A simple example is just your Apple smartwatch or your FitBit. What about supercomputer cars? These include, in their most basic forms, the navigation system on your car helping you find your next location, or if you're lucky enough, your car's ability to parallel park itself. As far as robots go, just think of the surge in drone usage.

To further put into perspective the impact of digital, simply think of your day today. As for me, I woke up from an alarm set on my Samsung, answered Line messages, checked my email, sent a Rollover Reaction lipstick on Instagram to a friend, and then started playing Spotify as I got ready for work. On my way home, I ordered dinner from Go-Food for the night, as well as groceries on HappyFresh as I took a Go-Jek home, all while still listening to Spotify. Highly digital, are we not?

Indeed, the consumer has changed and so has the ecosystem. In other words, the consumer journey is rapidly evolving. As marketers, we must ask ourselves, are we truly equipped for this reality? If not, what can we do to stay competitive?

Well, the first step we can take is to take a good look in the mirror and assess our own marketing capabilities. Such a significant change in the consumer ecosystem requires us to re-evaluate our entire way of working – a simple tweak or adjustment is not enough for us to adapt to this new reality. In assessing our capabilities, we should focus on three basic aspects: people, processes, and tools.

01 PEOPLE

Are our people digitally savvy? With the rise of technology, we must take into account that the lines of marketing and technical expertise are beginning to blur and become one. As such, we need to ensure that we hire the right talent with a mix of marketing and technology experience. At the same time, we must invest in building our internal capabilities to equip our marketers with the knowledge to succeed in an increasingly competitive marketplace.

02 PROCESSES

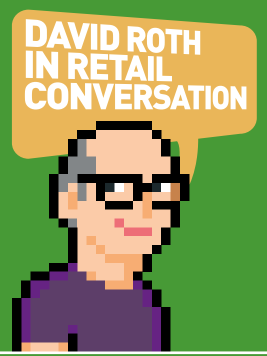
Do we have the right processes in place to respond to the market in real time? In today's world, fast becomes faster. By this, we mean that with the rise of social media and digital technologies, everything is moving forward at a record pace. Two common examples that we face are the speed of consumer word of mouth, as well as disruption in the market due to rapid product innovation. With all of these changes taking place, to stay ahead of the market, it has become increasingly crucial to break down organizational silos and empower our marketers to make decisions and take action in real time.

03 TOOLS

Finally, with the advent of big data, we must evaluate not only whether we have the right tools to understand our market, but also whether we're able to pinpoint the key insights to drive our businesses forward. Brands that succeed today are ones that approach insights and strategy holistically, to become meaningful, salient, and differentiated in the market. In short, to succeed and stay competitive, as marketers we must first evaluate ourselves. If, in doing so, we find gaps in our people, processes, and/or tools, let us be bold and make the changes necessary to drive our businesses forward. As businessman Mochtar Riady once said, "If you dare to think big things and are willing to fight for it, then you will succeed."

SECTION 02

View from the Shop Floor



Exclusive insight from global leaders in retail

Trailblazers in the business of retail gathered in the shoppers' paradise that is Dubai for the World Retail Congress 2017. David Roth, CEO of The Store WPP (EMEA and Asia), interviewed some of the most prominent and influential guest speakers from around the world at the event. Here we share highlights from some of those interviews.

During the World Retail Congress 2017 in Dubai, WPP's David Roth conducted a series of video interviews with retail leaders from around the globe. To watch them in full, just visit **www.world-retail-congress-2017.wppbrandz.com**. Interviews featured:


Ahmed Galal Ismail
CEO
MAJID AL FUTTAIM


Anan Fakhreddin
CEO
damas


Andrew Higginson
Chairman
Morrisons


Sir Ian Cheshire
Chairman
DEBENHAMS


James Bidwell
CEO
SPRINGWISE


Jo Malone
Founder
Jo LOVES


K. Guru Gowrappan
Global Managing Director
Alibaba Group


Kaspar Basse
Founder and CEO
JOE & THE JUICE


Manny Chirico
Chairman & CEO
PVH


Michael Hardwick
Chief Financial Officer
COTTON:ON


Neela Montgomery
Chairwoman, Crate & Barrel, Board Member - Multichannel Otto Group
otto group


Nim de Swardt
Chief Next Generation Officer
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Patrick Bousquet-Chavanne
Executive Director, Customer, Marketing & M&S.com
M&S EST. 1884


Paul Charron
Director
ESCADA


Paul Delaoutre
President of Retail
Al-Futtaim


Romain Voog
CEO
AFG


Sharmila Murat
Country Manager
REAL EMIRATES LLC


Simon Mottram
Co-founder and CEO
Rapha.

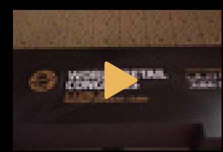

Terry Lundgren
Executive Chairman
★macy's

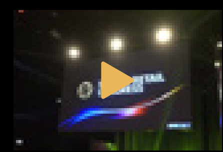

Tim Greenhalgh
Chairman & Group Creative Director
FITCH

During the World Retail Congress 2017, WPP broadcast live highlights and key takeaways. To watch this insightful series, just visit:


DAY 1
Digest Program


DAY 2
Digest Program


DAY 3
Digest Program


BONUS
Program 1

BONUS
Program 2

Social mobility, with a coffee on the side

If you thought you went to Joe & the Juice for a sandwich and a drink, you'd be somewhat mistaken. What the business actually provides, says Founder and CEO Kaspar Basse, is something much deeper and life-changing, not necessarily for you, but for the growing number of people he employs. The coffee is almost incidental.

He describes the brand as "hopefully, the optimal combination of entertainment, health and most importantly, education", and says this is what sets Joe & the Juice apart from the likes of Costa and Starbucks.

"The concepts you're talking about don't deliver the ultimate employee focus and experience," Basse says. "We're doing juice, coffee and sandwiches, yes, but what we're really doing is delivering a behavior and an execution according to our brand manifesto. So instead of looking at product and customers and trying to match them up, we have a way of doing things that we're very vain and ambitious about, which is to motivate, educate and inspire young people.

"As long as we can do that, 100 percent, whatever comes out of it we believe is something that enough people in the world will love so that we're able to pay the rent."

Basse says too many companies skip a vital link – their employees – in plotting how to make more money. His approach is to create a sense of belonging and satisfaction in the workplace, through training, promotion opportunities, and social activities.

"Quality employee focus evolves into a product or experience that hopefully is more enticing, igniting and surprising than anything I could very opportunistically sit down and formulate … and the beautiful thing is we also believe we'll make more money that way than any other way."

The drive to provide education and social mobility to as many young people as possible is on track, as the brand continues to open more stores around the world. "We feel we're catering to everyone and there's so much white space across the world it's going to take many years before we run out of space," Basse says.

"But instead of looking at the amount of stores, it's more the footprint in terms of how many people we can have join."

Ultimately, the brand may move into new markets and new segments of the market, but it will measure its success on the meaning that employees generate from the company, which Basse is convinced will directly relate to financial performance.

"In five years or 10 years it's going to be the way every company is expected to deliver KPIs. We're just the first ones trying it out."

KASPER BASSE
Founder and CEO

This was taken from a video interview conducted by WPP's David Roth at the World Retail Congress 2017. To watch these interviews in full, go to **www.world-retail-congress-2017.wppbrandz.com**

SECTION 02

Putting magic and sparkle back into high street legend

When Marks & Spencer talk about focusing on their customers, it's a very precise degree of focus that they have in mind. Patrick Bousquet-Chavanne, Executive Director, Customer, Marketing, says getting this right is like the difference between watching a TV screen at 720 pixels and watching in full 4K high-definition glory.

M&S

EST. 1884

A sharp understanding of the customer base is important not just at the top of a business but needs to be shared by all staff, something that's difficult to achieve the larger a retailer gets, he says.

"Today, we have to go back to the days when retail was a one-on-one understanding of the customer base; there was a local shopkeeper who you knew very well on a first-name basis. Today, because of technology and science we're able to do that. That's 4k resolution.

"It's data-driven but it's also driven by forensic and detailed research of your customer … the day-to-day feeds that you're getting."

M&S is investing significantly more money in insights and analytics that unite psychology, science and data. The idea is to listen lots, to customers themselves through social media, and to the expertise the business is bringing in, to determine which are the most important signals, then quickly act on them.

This is already changing the business, giving designers and buyers a clearer idea of what customers want, and making all aspects of the business – M&S specializes in apparel and homeware, as well as having a successful M&S Food division – work more seamlessly together.

Bousquet-Chavanne says working with such a long-established and respected brand as Marks & Spencer is both a privilege and a concern; it is an iconic British brand with a deep emotional connection to a vast number of consumers.

"It's a heritage brand and it has to become relevant today in the same way it was relevant in the 60s and the 70s and 80s. I think we're well on that journey."

He says now is a fantastic but slightly scary time to be in retail. "I don't think retailing is for the risk-averse; 20 years ago we probably had three or four levers to pull. Today you're basically in the cockpit of Concorde travelling at Mach 2 because that's the speed of it, and you have a dashboard which is much more complex.

"You need to know very clearly what you stand for. Once that's clear … if you have the right proposition and you articulate it to your customer base in a customer-centric way, and deliver the total experience for the customer, then I think you'll be highly successful, but you have to be able to manage change at pace."

PATRICK BOUSQUET-CHAVANNE
Executive Director of Customer, Marketing

This was taken from a video interview conducted by WPP's David Roth at the World Retail Congress 2017. To watch these interviews in full, go to **www.world-retail-congress-2017.wppbrandz.com**

Fast-paced journey from online to offline – in lycra

A cycling brand born online has moved into physical retail, not just to get its products in front of consumers but so it can invite them in for coffee and a chat.

Rapha doesn't have stores but rather clubhouses, places where members of the Rapha club can hang out, plan rides, watch cycling events together and grab a light meal. They can even buy some cycling kit, but the "store" part of these centers takes a back seat to the social element.

Co-Founder & CEO Simon Mottram says the plan was always for Rapha to have a physical presence. It now has 21 clubhouses in major cities in Europe, North America and Asia-Pacific, plus mobile and pop-up clubhouses in smaller locations.

"From day one we wanted this thing to feel like a very tangible, membership kind of organization, and it's hard to do that digitally. You really want to sit down with people and share things with them, so it's felt like a very natural thing."

Clubhouses are open long hours so people can call in when it suits them, whether they're in their lycra and out for a ride, or on their way home from work and want to watch a stage of the Tour de France. Consumers are encouraged to stay as long as they want and talk to each other; the clubhouse café takes up around 40 percent of total floor space.

"That seems a very indulgent thing to do, but it creates a much better atmosphere and a much less intrusive and adversarial retail environment," Mottram says. "They might look at products, but it's not forced down their throat."

"Our mission is for cycling not to be a niche sport for only a few very thin, very passionate people. It needs to be a much bigger sport because what it represents is so fundamentally appealing and transformative, it's an amazing part of your life if you can make it part of your life. It goes way beyond just sport and fitness."

There are products for sale, of course, ranging from travel services and publications to skin care, eyewear, cycling apparel and food and beverages. The collection, designed in-house, aims to offer everything a rider needs to make their cycling more rewarding.

As Rapha expands, it wants to make cycling more appealing to more people, with a focus on experiences and products that stay true to Rapha's brand.

"It starts and finishes with the brand," Mottram says. "The brand is the whole business for me – the organizational culture as well as the relationship with the customer and living in the customer's head. If anything, we're an exercise in how you can put the brand at the center of your business, which means putting the customer at the center of your business as well and then designing everything around that."

SIMON MOTTRAM
Co-Founder & CEO

This was taken from a video interview conducted by WPP's David Roth at the World Retail Congress 2017. To watch these interviews in full, go to **www.world-retail-congress-2017.wppbrandz.com**

"Consumers are saying 'whilst I'm still a consumer and I still need things, it's become less about what I can buy from you and more about what I can achieve with you.' I believe that the future of retail lies in conforming to the conventions of people's lives, not the conventions of supply and demand."

TIM GREENHALGH
Chairman and Global CCO
Fitch & GroupXP

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017. To watch the complete interview and other retail leaders interviews, go to: **www.retail.wppbrandz.com**

Rising to the challenge – why change is not the end

The department store chain Macy's is a legend of US retailing, as is former CEO and now Executive Chairman Terry Lundgren. This veteran of selling says the transformation under way in the way people shop requires careful shifts in investment and strategy, but it doesn't spell the end of people visiting and shopping in stores.

"I've heard this before; that we're doomed and we're only going to shop this way and not that way – we're only going to shop on your television or from a catalogue, and it's online now. None of those have been true. They've all had a profound impact for a period of time but over time, the consumer has chosen to spend time in a physical store and also do that other activity," he says.

The vast majority of transactions in the US still take place in a physical store, Lundgren says, and he doesn't see a time in the near future when digital will account for the lion's share of sales at either Macy's or the company's other retail brand, Bloomingdale's.

That said, Macy's is reducing its physical store footprint, and investing in improving remaining stores and continuing to refresh its digital offering.

"These are hard decisions that we have to make, but we're constantly thinking about where do we get the best long-term return on investment? and then there are some minimum standards that you must invest in as well. It's a combination."

The brand is focusing on developing exclusive arrangements with suppliers, giving shoppers greater reason to shop with Macy's and to differentiate the brand from other retailers.

"Today there's so much retail available, so much product available, that why would a customer choose you when they could find that same product somewhere else and have it delivered to them for free, and maybe discounted because there's just too much, there's oversupply?" he says.

Macy's is also looking at new markets, chief among them China, where through a joint venture with a local partner, the brand is selling – at least initially – online via Alibaba.

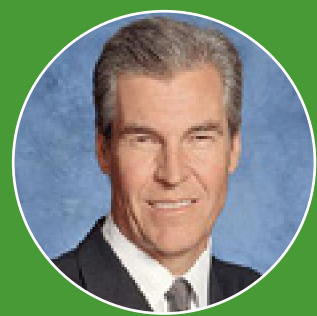
"We started thinking about stores, that was our natural instinct, but as time has gone on and we've looked more closely, it looks like there's been too much development in physical retail in some parts of China," Lundgren says.

"But we've seen this movie before in the United States, so (we thought) why don't we learn about the customer first and start online?

"It seems to make sense to make that investment first before you make that capital expenditure in physical stores."

Lundgren says this is a difficult but exciting time for the sector, and one in which the best and brightest find that it's their time to shine.

"When you have no other choice, you find creative ways to succeed because your back's against the wall so you must innovate, create and try new things. Often businesses are satisfied with the status quo … we need to constantly be trying new things because at some point the old things aren't going to work any more. Business moves too quickly."



TERRY LUNDGREN
Executive Chairman

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The smell of success – the second time around

Jo Malone started the global fragrance brand that bears her name with just four plastic jugs and some ingredients in her kitchen.

The growth of that brand has been well charted, and now, under owners Estée Lauder, is available in airports and major cities around the world.

But Jo Malone – the person, not the brand – is now growing a new business, offering a fresh take on the way fragrance is sold, but still focusing on the physical retail experience.

"It's just in my blood to be an entrepreneur, to do something," she says. "I'm not good at sitting on a beach. I love taking an idea and a concept and building something round it."

The Jo Loves brand is, as the name suggests, about everything that Jo loves. "I don't have a marketing team sit and tell me where the gaps in the market are going to be. That doesn't interest me at all," she says.

"I want to go out there and find worlds and bring them together." She links paintings and cosmetics, and uses the idea of a tapas bar as a new way of selecting fragrance. There is currently just one Jo Loves store, in London, but the range is available online.

The physical aspect of selling is essential, especially given the products Jo Loves offers, Malone says. The store is a place where people can not only find something to buy but feel welcomed into the brand, experience it, and feel like a creator as well as a consumer.

"I think I'm old school," she says. "I sell fragrance so you need to smell it. Anything you put online is a challenge, especially in taste and smell. But housing yourself, having bricks and mortar, I feel like they're my home. When you walk through that door I want you to feel really connected with this brand. It's about finding that wonderful, surreal moment and making it real, and in order to do that I need bricks and mortar."

Creating a brand for the second time is a completely new experience, Malone says, and in a social media world is a different kind of challenge.

"It's almost that Alice in Wonderland moment, going down the rabbit hole. It's looking at life with completely fresh and new eyes. Coming back and doing it a second time gave me that ability to look at my industry and say 'how do I do it differently?'"

She advises young entrepreneurs to develop three strengths: the ability to tell a passionate story about their brand, the resilience to be able to take the inevitable knocks, and, most importantly, to seize creativity when it strikes.

"(Creativity) will walk past you and whisper in your ear; just learn that it's one of your greatest friends – respect it and give it the air that it needs to breathe."

JO MALONE
Founder

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Shifting strategy in a world of bargain-hunters

Retailers selling at full price are under attack from the rise of discounters, according to Manny Chirico, Chairman & CEO at PVH Corp, which owns the Tommy Hilfiger and Calvin Klein brands.

"In America, and you're seeing that American influence really spread throughout the world, that off-price retailer or discounter that's able to offer brands at a discount, create a bit of a treasure hunt, has really become a very successful format … and the growth that they're experiencing has really been at the expense of the full-price department store," he says.

"You're seeing that business model migrate overseas so we're seeing it much more in continental Europe, in a big way in the UK, and we're starting to see it in parts of Asia so (discounters) are looking for growth and they see as virgin territory some of these markets."

PVH sells much of its stock through department stores, though has been gradually expanding its direct-to-consumer model and in Asia, this is a sizeable route to market.

In a market where consumers have come to expect brands at bargain prices, Chirico says there's a delicate balance to be struck between investing in promotions that keep shoppers keen, and in reinforcing the strength of their brands to ensure buyers are willing to pay for them.

The company is also looking at markets beyond the US; both Calvin Klein and Tommy Hilfiger generate more than half of sales outside the US, and have a strong presence in Europe, Asia and Latin America.

China is an especially important market; Calvin Klein was an early mover among international fashion brands in entering the country in the late 1990s. Chirico says the maturing of the Chinese market means the opportunity there is shifting away from the east-coast centers towards lower-tier cities with big populations and more economical store space.

"They come with challenges – the sophistication of those markets isn't what you see in Beijing and Shanghai, so making those connections with consumers is a ramp up as you build the store base, but if you do it right it can be very profitable."

The range of challenges brands and retailers are facing right now makes this a scary time to be in retail, especially in the US, where there's not just discounting to deal with but also extensive market consolidation and a much-needed reduction in the amount of retail space, Chirico says.

"We're being challenged as an industry and I feel like the US market is where the battle's being waged right now, because it's the most competitive market in the world. We're seeing bankruptcies, distribution changing, we're over-stored, and investment required to be competitive is very high too," he says.

"To use a poker term, it's a market where if you want to compete, you really need to be 'all in'. It creates winners and losers. If you're a winner it can be fantastic, but you're also seeing brands just not making it anymore. I think there'll be a significant number of losers in this game."

MANNY CHIRICO
Chairman & CEO

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SECTION 03

The BrandZ™ Retail Top 75

Methodology and Valuation by
KANTAR MILLWARDBROWN

Retail Data and Insights by
KANTAR CONSULTING

THE BRANDZ™ TOP 75 MOST VALUABLE GLOBAL RETAIL BRANDS 2018

Rank	Brand	Brand Value	Brand Contribution	Country
01	amazon	US$165,256MIL.	4	USA
02	McDonald's	US$110,266MIL.	4	USA
03	Alibaba Group 阿里巴巴集团	US$88,623MIL.	3	China
04	Starbucks	US$46,071MIL.	4	USA
05	The Home Depot	US$41,866MIL.	3	USA
06	Louis Vuitton	US$35,505MIL.	5	France
07	Nike	US$34,295MIL.	4	USA
08	Walmart	US$27,585MIL.	2	USA
09	HERMÈS PARIS	US$25,951MIL.	5	France
10	ZARA	US$25,135MIL.	4	Spain
11	SUBWAY	US$19,529MIL.	4	USA
12	IKEA	US$18,944MIL.	3	Netherlands
13	COSTCO WHOLESALE	US$16,785MIL.	2	USA
14	GUCCI	US$16,273MIL.	5	Italy
15	JD.COM	US$14,579MIL.	3	China
16	CHANEL	US$13,394MIL.	5	France
17	ebay	US$12,962MIL.	3	USA
18	KFC	US$12,895MIL.	3	USA
19	ALDI	US$12,893MIL.	2	Germany
20	LOWE'S	US$12,115MIL.	2	USA
21	adidas	US$11,820MIL.	4	Germany
22	H&M	US$10,482MIL.	2	Sweden
23	Walgreens	US$10,200MIL.	3	USA
24	CVS pharmacy	US$9,109MIL.	3	USA
25	7-ELEVEn	US$9,036MIL.	4	Japan
26	TESCO	US$8,876MIL.	5	UK
27	LIDL	US$8,178MIL.	1	Germany
28	ROLEX	US$8,053MIL.	5	Switzerland
29	UNIQLO	US$7,570MIL.	3	Japan
30	TARGET	US$7,517MIL.	3	USA
31	Pizza Hut	US$7,364MIL.	3	USA
32	Domino's	US$7,120MIL.	3	USA
33	Cartier	US$7,086MIL.	5	France
34	Carrefour	US$6,836MIL.	3	France
35	Woolworths	US$6,549MIL.	3	Australia
36	Kroger	US$5,898MIL.	3	USA
37	Tim Hortons	US$5,893MIL.	4	Canada
38	Chipotle Mexican Grill	US$5,684MIL.	4	USA
39	Burger King	US$5,533MIL.	2	USA
40	coles	US$5,449MIL.	4	Australia

Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg)
Brand Contribution Index = Brand contribution measures the influence of brand alone on earnings, on a 1-to-5 scale, 5 being highest.

THE BRANDZ™ TOP 75 MOST VALUABLE GLOBAL RETAIL BRANDS 2018

Rank	Brand	Brand Value	Brand Contribution	Country
41	Whole Foods Market	US$5,185 MIL.	5	USA
42	Auchan	US$4,785 MIL.	3	France
43	T.J.Maxx	US$4,765 MIL.	2	USA
44	Taco Bell	US$4,661 MIL.	3	USA
45	Sam's Club	US$4,467 MIL.	2	USA
46	Burberry	US$4,427 MIL.	5	UK
47	falabella.	US$4,257 MIL.	5	Chile
48	Wendy's	US$4,169 MIL.	4	USA
49	Prada	US$4,082 MIL.	5	Italy
50	Under Armour	US$3,991 MIL.	4	USA
51	Victoria's Secret	US$3,664 MIL.	3	USA
52	Bodega Aurrera	US$3,593 MIL.	2	Mexico
53	lululemon	US$3,570 MIL.	4	Canada
54	苏宁易购 suning.com	US$3,394 MIL.	3	China
55	Liverpool	US$3,269 MIL.	3	Mexico
56	M&S EST. 1884	US$3,010 MIL.	4	UK
57	Nordstrom	US$2,893 MIL.	4	USA
58	Massimo Dutti · SINCE 1985 ·	US$2,831 MIL.	4	Spain
59	Dior	US$2,787 MIL.	4	France
60	Sodimac	US$2,689 MIL.	5	Chile
61	Sainsbury's	US$2,673 MIL.	5	UK
62	ASDA	US$2,660 MIL.	3	UK
63	Best Buy	US$2,551 MIL.	3	USA
64	macy's	US$2,541 MIL.	3	USA
65	Tiffany & Co.	US$2,490 MIL.	3	USA
66	Armani	US$2,460 MIL.	4	Italy
67	next	US$2,458 MIL.	3	UK
68	Bath&Body Works	US$2,435 MIL.	3	USA
69	asos discover fashion online	US$2,365 MIL.	4	UK
70	Dunkin' Donuts	US$2,341 MIL.	3	USA
71	Edeka	US$2,341 MIL.	4	Germany
72	Ralph Lauren	US$2,256 MIL.	5	USA
73	Tommy Hilfiger	US$2,103 MIL.	3	USA
74	BOSS Hugo Boss	US$2,072 MIL.	4	Germany
75	Stradivarius	US$2,051 MIL.	3	Spain

Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg)
Brand Contribution Index = Brand contribution measures the influence of brand alone on earnings, on a 1-to-5 scale, 5 being highest.

01

amazon

COMPANY NAME
Amazon.com Inc.

BRAND VALUE
US$165,256 million

CATEGORY
Retail

HEADQUARTER CITY
Seattle, Washington, USA

YEAR FORMED
1994

NUMBER OF STORES GLOBALLY
13

What began as an online bookseller in 1994 is now the BrandZ™ Most Valuable Retail Brand, exceeding $100 billion a year in sales and serving more than 300 million customers worldwide.

Amazon operates e-commerce sites in more than a dozen countries and offers shipping worldwide. As a technology business first, retailer second, and studio third, Amazon's ecosystem has expanded beyond retail to cover logistics, payments, cloud services, media, and devices. Known for its relentless obsession with the customer, Amazon is primarily focused on elevating its Prime membership program, making it such a good value it would be "irresponsible not to be a member". Originally oriented around free two-day shipping, Prime now offers a variety of benefits, ranging from same-day and one-hour delivery services to private label products, music, movies, and audiobooks. Amazon has built its own award-winning entertainment studio that produces original content, largely to attract viewers into Prime. Prime is now available in 16 countries; in the US alone, nearly half of households are now Prime members.

Amazon is also guided by a passion for invention, developing unique platforms such as the Dash button, Dash Replenishment Services, and the Echo family of voice devices, to remove friction in the shopping process. Increasingly, the retailer is bringing its tech expertise to the physical environment, experimenting with a number of formats, including Amazon Books and its checkout-free Amazon Go store. With its acquisition of Whole Foods Market in 2017, Amazon is well-positioned to reinvent brick-and-mortar retail, while capturing greater share in fresh and natural grocery, as well as private label. Given its massive audience, Amazon also has rising media and advertising ambitions, and will continue to assert its appeal as a brand building and digital marketing platform.

McDonald's is a fast food chain known worldwide for its golden arches, speedy service, and diverse menu. The brand traces its roots to a barbecue restaurant opened in 1940 by Richard and Maurice McDonald.

02

McDonald's

COMPANY NAME
McDonald's Corporation

BRAND VALUE
US$110,266 million

CATEGORY
Fast Food

HEADQUARTER CITY
Oak Brook, Illinois, USA

YEAR FORMED
1955

NUMBER OF STORES GLOBALLY
36,976 (+361 vs. 2016)

In 1948, they changed to hamburgers and assembly-line production, and in 1955, McDonald's was reinvented as a franchise company by Ray Kroc.

Since then the brand has relied heavily on advertising to drive sales and perception, including its instantly recognizable mascot, Ronald McDonald. Its longtime "I'm lovin' it" slogan has been localized into many markets and languages. Today, the brand has almost 37,000 restaurants across 120 countries, and served 69 million customers daily in 2016. While it has traditionally been a burgers-and-fries destination, McDonald's has responded to changing public tastes by promoting healthier items, such as salads and oatmeal, as well as sourcing fresher ingredients. It is also focusing on sustainability, and by 2025 aims to source all packaging from recyclable or renewable sources, and for all packaging worldwide to be recycled.

Key growth drivers include the rollout of a fresh and modern look in restaurants, part of the "Experience of the Future", due for completion by 2020 to drive more frequent visits and higher spending. Digital technology is simplifying how customers order, pay and are served, via a mobile app and self-order kiosks. There is also table service and click-and-collect services allowing people to drive into a parking bay and have their order brought to them. In 2017 McDonald's planned to extend mobile order-and-pay services to 20,000 restaurants in their largest markets. They are also focusing on delivery, encouraged by a successful partnership with UberEATS; McDonald's aims to be the biggest delivery-service restaurant in the world.

03

Alibaba is China's business story of the century, founded by former teacher Jack Ma in the eastern Chinese city of Hangzhou and now a huge online platform connecting consumers and sellers.

Alibaba is unique among retailers in that it makes most of its revenue from marketing activities, not from the sale of items. Alibaba is primarily a data and technology company, built through strategic investments to control the entire conversation around how shoppers discover, buy and receive items. It operates multiple consumer facing e-commerce platforms, including the Taobao consumer-to-consumer platform and Tmall, for businesses selling to consumers. Alibaba drives and retains shoppers through a strong media and entertainment offering, from video content to mobile games. All of this is hosted on Alibaba's cloud computing business, Alicloud, payments are processed by Alipay, with logistics being operated by Alibaba company Cainiao.

Alibaba is a business growing at over 50 percent a year; the brand is the force that has taken "Singles Day", an annual Chinese celebration of being single, and turned it into a global shopping extravaganza. On Singles Day 2017 Alibaba generated sales of US$25.3 billion, a 39 percent increase over 2016. High-profile marketing around the day included two weeks of events, a live gala and multiple pop-up stores, moving the event from a pure pricing war to a bigger, experiential event. Alibaba is investing in physical retail, linking online and offline under its "New Retail" strategy; it owns 26 Hema stores in seven Chinese cities, and recently took a stake in Sun-Art Retail, China's largest supermarket chain. It is also expanding internationally, having acquired the southeast Asian e-tailer Lazada and invested in Indian e-commerce and payments player Paytm.

Photo courtesy of Alibaba Group

Alibaba Group
阿里巴巴集团

COMPANY NAME
Alibaba Group

BRAND VALUE
US$ 88,623 million

CATEGORY
Retail

HEADQUARTER CITY
Hangzhou, China

YEAR FORMED
1999

NUMBER OF STORES GLOBALLY
N/A

Photo courtesy of Alibaba Group

04

COMPANY NAME
Starbucks Corporation

BRAND VALUE
US$46,071 million

CATEGORY
Fast Food

HEADQUARTER CITY
Seattle, Washington, USA

YEAR FORMED
1971

NUMBER OF STORES GLOBALLY
27,339

Styled as its customers' "third home", Starbucks has become a dominant chain of coffee shops around the world.

Founded in 1971 by Howard Shultz, the brand operates 27,339 stores globally, selling hot and chilled drinks and snacks in comfortable surroundings, where the distinctive Starbucks style of music lends outlets a characteristic Starbucks ambience. Starbucks has relied more on its products, stores, and service, than on advertising, to build its business.

While a global corporation, it has created goodwill in local communities by offering its employees compensation and benefits well above industry norms. Starbucks has also invested heavily in digital innovation, especially with an app that enables mobile payments, digital rewards, and ordering ahead.

In 2017, Starbucks launched a redesigned mobile app for iPhone and Android with features to track earned rewards and to redeem rewards. The company also partnered with Ford, enabling drivers to order their coffee from their cars through Amazon Alexa. In Shanghai, Starbucks is using augmented reality to blend the online and in-store experiences. In 2017, Starbucks sold its Tazo tea brand to Unilever for US$384 million, to focus on its Teavana concept development. Starbucks will this year be fending off challenges under the lead of the former President and CEO of Sam's Club retail stores, Rosalind Brewer. She will become the first female president and chief operating officer of Starbucks.

05

COMPANY NAME
The Home Depot, Inc.

BRAND VALUE
US$41,866 million

CATEGORY
Retail

HEADQUARTER CITY
Atlanta, Georgia, USA

YEAR FORMED
1978

NUMBER OF STORES GLOBALLY
2,283

The Home Depot is the world's largest home-improvement superstore chain, and its warehouse-style stores sell everything from tools and paint to garden furniture and pool supplies.

Since 1978 the chain has established a strong relationship not only with household consumers but also professionals working in the building trade, who account for around 40 percent of sales. It has 2,283 stores (1,980 in the United States), and the brand distinguishes itself largely through its in-store experience, providing trusted products and good value. The Home Depot has increasingly been pursuing partnerships, diversified service offerings, and an expanded presence across channels to keep pace with new competitors, including Amazon. The Home Depot bucked negative retail trends in 2017, generating about $100.6 billion in sales, a 6.3 percent annual increase. Online rose 20 percent in six months, and now comprises 6.4 percent of total sales. The business is driven by what Home Depot describes as its "three-legged stool" strategy, through which value is created by providing: a strong customer experience, authority on products, and efficient capital allocation, linked together by an "interconnecting retail" strategy aiming for seamless, omnichannel experiences. Going forward, the retailer will focus particularly on how the "interconnecting retail" leg of the stool drives growth. Digital mapping in stores, linked to a mobile app, helps shoppers find things more quickly, self-checkout stations reduce waiting times, and lockers have been installed so shoppers can collect online orders without visiting the service desk. Home delivery times are being reduced by the introduction of van and car delivery for small items, and the opening of more fulfilment centers.

Louis Vuitton is one of the world's leading international fashion brands.

It was founded in 1854 by Louis Vuitton and the brand's initials now have an iconic status that signals quality and desirability to global consumers. It sells its products through standalone boutiques, lease departments in high-end department stores, and through the commerce section of its website. The travel trunks that launched the brand are still at the heart of the range, though LV also extends to fashion and fragrance as well as leather bags, watches, jewelry and accessories.

Asian markets, particularly China and Japan, have been instrumental in the brand's growth over the past decade. The Louis Vuitton brand cultivates a celebrity following and frequently uses famous models, musicians and actors in its advertising. Past ambassadors include Keith Richards, Madonna and, most recently, David Bowie and Alicia Vikander.

LVMH has brought in ex-Apple executive Ian Rogers as its chief digital officer to lead the digital transformation of all brands within the group. The company has launched a multi-brand e-commerce website inspired by its exclusive Parisian department store Le Bon Marché. The platform is named "24 Sevres" after the Rue de Sevres location of Le Bon Marche in the chic 7th arrondissement of the French capital.

In the past year, LV has hosted a series of pop-up stores to mark its collaboration with highly coveted youth brand Supreme, which broadened the brand's appeal among millennials. It has also diversified into wearables, launching a connected version of its classic Tambour watch. The brand is further investing in improving its environmental credentials, with tighter standards applied to sourcing raw materials, including leather, and looking at ways to make packaging and the stores themselves more energy efficient and environmentally friendly.

06

LOUIS VUITTON

COMPANY NAME
LVMH Moët Hennessy Louis Vuitton SE

BRAND VALUE
US$35,505 million

CATEGORY
Luxury

HEADQUARTER CITY
Paris

YEAR FORMED
1854

NUMBER OF STORES GLOBALLY
More than 400

Nike is the world's leading designer, marketer and distributor of athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities.

07

COMPANY NAME
Nike, Inc.

BRAND VALUE
US$34,295 million

CATEGORY
Apparel

HEADQUARTER CITY
Beaverton, Oregon, USA

YEAR FORMED
1964

NUMBER OF STORES GLOBALLY
Over 1,100

Founded as Blue Ribbon Sports by Bill Bowerman and Phil Knight, it became Nike in 1971. Nike markets its products under its own brand, as well as Nike Golf, Nike Pro, Nike+, Air Jordan, Nike Blazers and other brands. Nike sponsors many high-profile athletes and sports teams around the world, with the highly recognized trademarks of "Just Do it" and the Swoosh logo.

Nike operates its own stores as well as having stores within department stores. Its NikeTown stores in major cities around the world – these are large destinations laid out like a town - are not just to sell merchandise but also host events with athletes, sports clinics, and, often, displays of sporting memorabilia.

The brand announced a major operational shakeup in 2017, slashing the number of sneaker styles it offers, and 1,400 jobs. It plans to focus on expanding their digital capabilities and is trialing a store on the Amazon platform. In physical retail, Nike is emphasizing the 12 key cities in 10 countries that it expects to represent more than 80 percent of its projected growth through 2020. These include Los Angeles, New York, London, Paris, Milan, Mexico City, Tokyo, Seoul, Shanghai and Beijing. Nike is also focusing on getting more personalized products to market as part of its "Triple Double" strategy: doubling its focus on three key areas, namely innovation, speed, and direct consumer connections, particularly through social media. It is redesigning its logistics network to reduce lead times from 60 days to 10.

08

COMPANY NAME
Wal-Mart Stores, Inc.

BRAND VALUE
US$27,585 million

CATEGORY
Retail

HEADQUARTER CITY
Bentonville, Arkansas, USA

YEAR FORMED
1962

NUMBER OF STORES GLOBALLY
11,703

Walmart is a global retailer long known for providing good value at low prices.

It offers a broad range of products from grocery and clothing to electronics and baby goods. While the brand has traditionally had been associated with affordability, it continues to shift its investments toward initiatives to improve its image and broaden its value proposition with shoppers, particularly in digital. Walmart now operates hypermarkets, discount department stores and smaller grocery stores around the world, both under the Walmart banner and the brand names of businesses it has acquired. It is the largest grocery retailer in the US, and generates 62 percent of worldwide sales from its home market.

Following a $2.7 billion program begun in 2015 to provide education, salaries, and training to employees, the retailer announced in January 2018 that it would again raise starting wages for its associates. It also continues to invest heavily in e-commerce, spurring continued accelerated growth in the channel. In late 2016, Walmart acquired Jet.com, a US-based e-commerce retailer of consumables and general merchandise, and installed Jet's founder Marc Lore as Walmart's e-commerce leader in the US. It has since acquired another five e-commerce companies as management pushes the company to "move with speed" to drive more convenient, on-demand solutions for shoppers across Walmart's store and online channels. Physical stores remain the profit engine. Walmart is developing smart shopping solutions to help busy families, with a focus on improving the experience in the baby and fresh food sections of the store, and remodelling stores to aid navigation. Online Grocery Pickup is now in 1,100 stores in the US. Walmart's revenue in FY17 reached $485.9 billion, making it the largest company in the world by revenue.

Hermès is an iconic luxury brand with an equestrian heritage embedded in its logo.

09

HERMÈS PARIS

COMPANY NAME
Hermes International SCA

BRAND VALUE
US$25,951 million

CATEGORY
Luxury

HEADQUARTER CITY
Paris

YEAR FORMED
1837

NUMBER OF STORES GLOBALLY
307

Best known for its silk scarves and leather handbags, it also produces home furnishings, perfume, jewelry and ready-to-wear clothing, promoting timeless designs that keep pace with trends. It has recently expanded into luxury leather car interiors. The brand's most coveted Kelly bag has been made since the 1950s and a similarly prized Birkin range since the 1980s. Hermès is focused on increasing production as it seeks to reduce waiting times for its most sought-after items, and has opened two new workshops in France in the past year, employing 120 people.

Recent developments include store openings and expansions in Sao Paulo, Rome, London and Munich, as well as several store openings in France. In several global markets, the brand has launched temporary pop-up concepts called Hermesmatic, resembling a retro laundromat but with Hermès signature orange decor throughout.

Customers can visit to dye and update their Hermès scarves. The most recent Hermesmatic opening was in Los Angeles. The brand has also launched the Hermès Tie Society, a subscription service that provides members with new neckwear on a monthly, bi-monthly, or quarterly basis. It was announced as the kind of "specialized personal and convenient service" that the Hermès client appreciates.

In its communications in the past year, the brand has taken the theme "Objects for Life" in which the Hermès items themselves, rather than the models wearing or holding them, take center stage. Hermès was founded by Thierry Hermès and is majority owned by the Dumas family that has been involved with the brand since its launch.

10

ZARA

COMPANY NAME
Industria de Diseño Textil, S.A.

BRAND VALUE
US$25,135 million

CATEGORY
Apparel

HEADQUARTER CITY
Arteixo, Spain

YEAR FORMED
1974

NUMBER OF STORES GLOBALLY
2,127

Zara began as a single clothing store in the Spanish region of Galicia, and has grown into an international phenomenon as it has pioneered "fast fashion" and taken it to the world.

The essence of its business model is to maintain flexibility, enabling the range to reflect fast-changing trends, offering up-to-the-minute fashion at affordable prices. This helps the brand reinforce its position when market conditions are volatile. Zara develops and launches new collections in days and weeks, rather than months, as is the industry norm. The fast turnover keeps customers coming back regularly, and has proved highly efficient, with minimal leftover stock. The Zara range caters primarily to women, but there are also men's and children's collections, and Zara Home.

Flagship stores include Fifth Avenue in New York, London's Oxford Street, Ginza in Tokyo and the Calle Serrano in Madrid. Recent new markets for Zara include New Zealand and Vietnam, taking the brand to more than 2,000 stores in 94 markets. In the past year, Zara has made a large shift in strategy, slowing down new store openings, especially in Europe, closing some stores and focusing on high-impact flagships that make a clear statement about the brand's style. It has also

been promoting its e-commerce platform and experimenting with new technology. A robot in its A Coruña store in Spain helps put together online orders by scanning QR codes, while a new pop-up location in London is dedicated entirely to click and collect purchases. Expansion of the physical store footprint has continued in fast-growing markets, however, with the first store in Belarus opening, and growth in Asia and Latin America, as well as the US. The brand does not do traditional advertising, but is highly active on YouTube, where it works with acclaimed photographers and models to create films that are watched through the Zara channel and are promoted on third-party fashion blogs. The rise of Zara is inseparable from that of its founder, Amancio Ortega, ranked by Forbes in 2016 as the world's richest man.

CONSUMERS EXPECT SOCIALLY RESPONSIBLE BRAND POINTS OF VIEW

Brands in all categories need to have a point of view on the world, and, importantly, they need to act on it.

That message is more urgent than ever in apparel. People's emotions are heightened and their personal values stronger. Against today's political and social backdrop, companies are stepping forward to share in the causes of their consumers, demonstrating they care about the things their customers care about.

Adidas celebrates cultural diversity with its Pharrell Williams sneaker line, Hu, and partners with Parley to repurpose ocean waste as innovative performance wear. H&M has expanded its H&M Conscious brand and is committed to in-store recycling. Much like we are seeing with politicians, brands that have a clear point of view are more likely to connect with their customers and gain their loyalty.

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COMPETITION SENDS BRANDS BACK TO BASICS

There's been a return to basics. McDonald's is the bellwether.

Its competition is coming from chains like In-N-Out, Smash Burger, Five Guys, or Shake Shack, which offer a superior product without going to the level of family dining.

At the same time, Starbucks is evolving and focusing on its premium Roasters cafes. Also, like Amazon, the fast food brands are trying to remove friction from the order and delivery process. Amazon has set the bar for delivery. Clearing the bar will be a greater challenge for chains with menus that offer combinations of ingredients.

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BRANDS BALANCE SCARCITY WITH NEED TO REACH MILLENNIALS

The luxury market overall is chasing millennials.

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Some suggest that millennials are more likely to buy technology brands. But to me, tech is functional; luxury is a necessity. We are in danger of neglecting the Gen X shoppers, those who can educate their children about luxury, and get them on the road to appreciating real quality.

Scarcity is a related topic. Even Hermès, which has always been very exclusive, sometimes unavailable and focused on high-level craftsmanship, recognizes the need to reach new audiences. Hermès seems to have gone more into fragrance. How does the scarcity model change if brands like Hermès become more accessible?

LOOKING FORWARD TO TECH-LED SALES

E-commerce is undoubtedly one of the most exciting and developing industries, and it's vital that companies continue to innovate to boost business and consumer demand.

Exploring the latest technologies is no longer a nice-to-have but a must-have for any business expecting to drive sales and improve customer experience. Our research shows that top decision-makers at wholesale, retail and manufacturing companies are looking ahead to automation, the Internet of Things (IoT), and virtual reality to help them achieve this.

Already, 61 percent are investing in IoT enablement, with 35 percent saying it's their biggest priority to drive sales and improve the customer experience. At the same time, 69 percent plan to invest in robots and 60 percent in machine learning in the next five years, whilst 53 percent plan to invest in voice-interface technology following the success of the Amazon Echo and Google Home devices. Virtual and augmented reality is another target area, with 59 percent saying they plan to take advantage of the technology by 2022.

However, what's also clear is that many e-commerce businesses aren't ready for the future just yet: 29 percent say they don't have the technology in place to cope with emerging trends in the next five years, 92 percent of organizations say they need to better analyze consumer data, and nearly half say reacting to future change will be a major challenge.

It's no surprise, then, that 74 percent say they plan to switch e-commerce platform in the next 12 to 18 months, clearly recognizing the importance of a platform that is ready to meet the future needs of the business and its customers

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From disruptive product ideas to successful global brands

Unicorns are privately owned business valued at $1 billion or more. The billion dollar tech start up, the stuff of which myths were made, may now be more of a reality. A quick look at the list of the world's most valuable brands today tells the story of how Google, Facebook, Amazon, Tencent and Alibaba built successful brands and floated them for billions of dollars in a period of 20 years or less.

Fortune's list of the top 50 unicorns also shows that billion-dollar tech startups are here to stay. Snap went public this year valued at $3 billion, and any one of Uber, Xiaomi, Airbnb, or Pinterest could be next. So how are these unicorn brands born – how does one go from an embryonic idea to floating for billions of dollars to creating a valuable brand?

The most successful unicorns rarely begin life as money-making machines. They often start as a brilliant technology solution to an unmet consumer need or they purposefully or inadvertently tap into a changing consumer trend. Take BlaBlaCar as an example. Valued at $1.6 billion BlaBlaCar is the world's largest long-distance carpooling community. It was founded on the understanding that millennials value access more than ownership, and it uses technology to connect drivers willing to take on passengers to share the cost of the journey.

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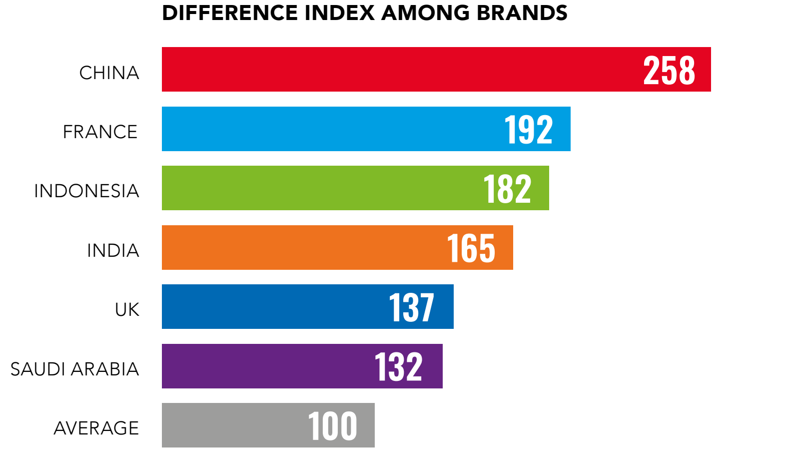

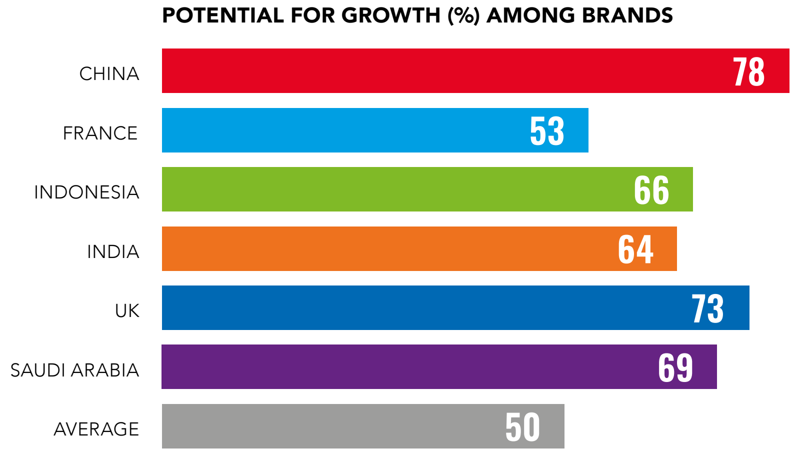

Source: BrandZ™ / Kantar Millward Brown

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Contrast BlaBlaCar to ChaCha, which was a free mobile answer service for people on the go. It was a human-based search engine formed just before the smartphone era, when internet search engines could match keywords but were not so good at answering questions. Advancements in technology destroyed the consumer need the service was meeting and as a result ChaCha failed. So the first step on the road to being a global and financially viable brand is to ensure consumers think your brilliant solution for meeting an unmet need is different. This creates potential for value share growth.

Instagram significantly increased its level of spontaneous awareness in both the UK and US. However, in both markets Instagram's Salience Index, which is the intensity of awareness in relation to its competitors, was largely unchanged. An emerging brand can and should maximize marketing budgets by running effective advertising so that it builds salience efficiently. A good example is Bukalapak, an e-commerce brand in Indonesia that managed to close the Google search gap on its more established competitor Lazada in this way.

The Ehrenberg Bass "laws of growth" suggest that success from this point forward is now purely dependent on continuing to drive physical availability (distribution) and mental availability (salience). This may be true to a point but is not the entire truth. First, over emphasizing salience ignores the contribution that premium margins make to brand growth. BrandZ™ data shows that the ability to command a premium is driven by meaningful difference, not salience. This can be an important route to growth for an emerging brand. In the music streaming business, margins are very thin which requires high volume to be viable. This is a race that few can win and the success of brands like Spotify is at the expense of competitors such as Rdio.

Second, although salience is the biggest driver of growth in short-term purchase cycle categories, BrandZ™ data shows that being meaningful is a bigger driver of volume growth in longer-term purchase cycles. Being meaningful is about meeting consumer needs either functionally or emotionally. In this respect, product or service experience plays a crucial role. If done well, experience drives conversion, turning saliency into sales. Amazon Prime is a fantastic example of the importance of experience. 63 percent of Amazon Prime members convert on the site in the same session – five times the rate of non-Prime members.

Inevitably, an emerging brand reaches a stage where growth slows or stalls when technology moves on or is copied as larger competitors with more resources figure out how they can respond to meeting the same consumer need. It could also be that increasing scale brings new challenges that a business struggles to manage. It's at this stage that building a brand becomes even more important. An emerging business must make a transition from being product and salience focused to building a meaningful, consumer-driven brand that appeals to more consumers. In addition, building a brand improves staff engagement, keeps a business focused and drives consistency. Aligning a business around serving a single-minded purpose, beyond making money, can be a nice way of shifting to a more consumer and brand-centric business model. Of course this has to be done credibly and would ideally link to the consumer need that drove the business to begin with. Airbnb's online marketplace and hospitality service has built rapidly around the purpose of helping people belong and feel at home anywhere. The challenge as Airbnb expands into "experiences" and "places" is to not lose sight of this purpose.

The final challenge as a brand grows is to build understanding of different consumer and market contexts so that a brand can subtly flex itself to local needs that are critical growth barriers or facilitators. It may require a fundamentally different business model, a tailored product offering or more nuanced advertising. For example, e-commerce retailers in India have to adapt to cash-on-delivery payment models driven by the financial infrastructure in the country. A non-tech example is the failure of Subway in Indonesia, where the brand didn't recognize that any meal without rice is considered a snack. Subway was unable to translate its bread-based product proposition, eventually closing. KFC did recognize this and offers rice on its menu to this day. Which unicorn businesses can navigate these challenges and enter the BrandZ™ Global Top 100 list in the next 5-10 years by building a brand worth billions?

Check out the CrunchBase Unicorn Leaderboards from TechCrunch **https://techcrunch.com/unicorn-leaderboard/** and decide.

ACTION POINTS:

- Build awareness smartly by maximising advertising ROI.
- Balance saliency with meaningful difference – especially if you want to sustain long term margins.
- Great product and service experience builds meaning and drives conversion.
- Don't wait too long to adopt a consumer centric, brand building model.
- Understand the why of consumer and market context and adapt to local needs.

Subway is the world's largest restaurant chain by number of stores, serving a variety of sandwiches to customers in 113 countries.

11

COMPANY NAME
Doctor's Associates Inc.
BRAND VALUE
US$19,529 million
CATEGORY
Fast Food
HEADQUARTER CITY
Milford, Connecticut, USA
YEAR FORMED
1965
NUMBER OF STORES GLOBALLY
44,086

More than 25,000 of Subway's branches are in the United States. In recent years, Subway has faced steady pressure from challenger brands that are capitalizing on changing consumer preferences for fresh, local ingredients and digitally enabled experiences. As a result, the brand has seen falling sales for the past three years, and reduced its US store count by over 900 in 2017. Subway is fighting back, however. To connect with millennials, the brand has hired a 150-person, in-house digital team and launched a new "Fresh Forward" concept that features brightly colored pilot stores with curated music and integrated digital ordering and pickup. Subway also debuted a new logo in 2016 and emphasized its value with a new "So much sandwich" tagline. In 2017, the chain revived a US$4.99 foot-long sandwich promotion to compete with the McDonald's dollar menu.

Friction between the chain and franchisees over pricing reportedly led to Karlin Linhardt, the North American Marketing SVP for Subway, leaving after just eight months in the role. His post has been filled by Len Van Popering, who was senior vice president for marketing and product innovation at Arby's Restaurant Group. Trevor Haynes has been promoted to Subway's chief business development officer, having been with the company for 11 years in a range of positions. He will focus on Subway's global brand expansion strategy.

IKEA is the world's largest furniture retail brand and is famous for its flat-packed, ready-to-assemble beds, chairs, desks and home accessories.

12

COMPANY NAME
IKEA International A/S
BRAND VALUE
US$18,944 million
CATEGORY
Retail
HEADQUARTER CITY
Leiden, Netherlands
YEAR FORMED
1943
NUMBER OF STORES GLOBALLY
355

Founded in Sweden in 1943, IKEA stores are now present in 49 countries. Stores are largely big-box, out-of-town warehouses featuring the blue and yellow of the Swedish flag. Most stores include restaurants, for which IKEA's Swedish meatballs have become world-renowned. IKEA had 817 million visits to its stores and 2.1 billion visits to its websites in the year to August 2017. In 2016, the business restructured to simplify and improve its franchise system in a way it said helped the brand more readily focus on consumer needs, adapt to changing shopping habits, and position the business for further growth.

Aware of the consumer shift away from out-of-town stores and the desire for smaller, urban shopping experiences, IKEA has been looking at smaller format, order-and-collect options, including one launched in London's prestigious Oxford Street shopping strip. A pop-up store that functions as private dining room has also been deployed. Copenhagen's first city-center IKEA store is due to open in 2020 and will serve as a flagship development for the city's sustainability agenda. The 37,000 sq.m. store will include recreational areas on its "green roof", and IKEA is working to achieve BREEAM environmental certification for the building. IKEA is also continuing to extend and improve its online offering, particularly in its biggest markets. While gross margins declined in 2017, so did operating expenses, resulting in a 7.3 percent increase in net profit.

SECTION 03

13

COSTCO WHOLESALE

COMPANY NAME
Costco Wholesale Corp.

BRAND VALUE
US$16,785 million

CATEGORY
Retail

HEADQUARTER CITY
Issaquah, Washington, USA

YEAR FORMED
1976

NUMBER OF STORES GLOBALLY
746

Costco is a retail club that offers access to its club buildings to members who pay an annual fee.

Warehouse-style clubs offer bulk groceries as well as electronics, furniture, toys and jewelry; the range is highly regionalized and frequently updated. This gives Costco shopping a "treasure hunt" experience, famously offering shoppers the chance to put mayonnaise and a diamond ring in the same trolley.

The number of cardholders worldwide reached 90.3 million total cardholders in fiscal 2017, up 4 percent in 12 months. There are tiers of membership, with the higher level providing access to a greater range of services. Demonstrating value through price, exclusivity, and rotation has been a big part of Costco's promise; the club experience coupled with strong member advocacy differentiates the brand from other retailers.

Costco has been investing in its digital capabilities; e-commerce is growing at 30 percent a year. Two-day delivery of non-perishable grocery is proving popular, online ordering and club pickup is now available on selected categories, Costco has extended its relationship with Instacart, and in the US also works Google Express, Shipt and is selling through third parties like Boxed for convenience and speed.

Costco has been a leader in expanding its range of organic and healthy foods, which account for more than US$5 billion in sales. Costco is expanding globally and is present in the US, Canada, Mexico, Australia, the UK, Spain, Taiwan, South Korea, Japan, and, through Alibaba's T-mall, mainland China. The first locations in France and Iceland opened in summer 2017.

14

GUCCI

COMPANY NAME
Kering S.A.

BRAND VALUE
US$16,273 million

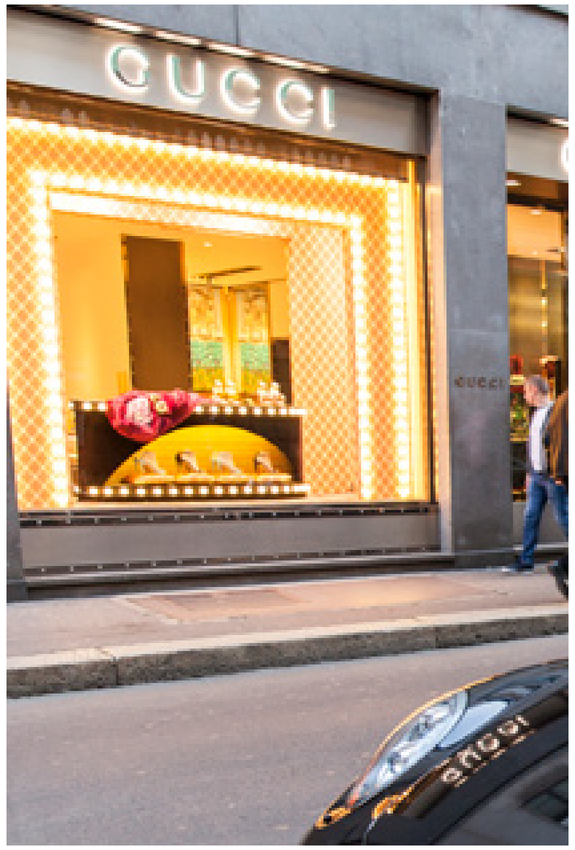
CATEGORY
Luxury

HEADQUARTER CITY
Florence, Italy

YEAR FORMED
1921

NUMBER OF STORES GLOBALLY
522

The Gucci brand was formed by Guccio Gucci, who became fascinated by the luxurious luggage used by upmarket travellers in the luxury hotels where he worked in Paris and London.



He set about designing premium-quality luggage and other leather goods in fashion and accessories, creating what is now a truly global brand representing not just quality craftsmanship but also elegance, romance and eclectic influences. In 2017, Gucci launched a new range of ornate high-end jewelry, and extended customization options, which began with the Dionysus bag, and extends to the menswear range sold from its Milan flagship store. Customers can choose fabrics, buttons, linings and monogramming.

Gucci has over 500 directly operated stores around the world, and an increasing focus on online sales, which have become a growing part of the business. In 2015, a new creative director, Alessandro Michele, was appointed, with a new vision focused on innovation, digital communication and sales, catering to millennial consumers. The brand has a rich heritage but also what it describes as a "wholly modern approach to fashion". In 2018, Gucci is launching a capsule collection with Harlem stylist Dapper Dan. Under Michele, Gucci's flagship store on Milan's Via Montenapoleone has been completely refitted, and the brand has used Gucci.com and innovative partnerships on social media to make the brand relevant to new generations of consumers. Advertising focuses heavily on online, along with television, print and outdoor. Ads tend to have a dreamlike quality to them and close with a hashtag related to the product or season advertised rather than a brand tagline. In January 2018 Gucci opened a fine-dining restaurant in Florence. Since 1999, Gucci has been owned by the French luxury goods group Kering.

JD.com provides B2B and direct-to-consumer retail services, selling everything from books and electronics to fashion and, more recently, grocery.

Based in China, it is one of the fastest-growing brands in the world. For the past five years, JD.com's gross merchandise value has grown at an average of 96 percent per year in local currency and continues to grow at high double-digit rates. The business has more than 250 warehouses and around 7,000 delivery and pickup stations in China. JD.com has global aspirations and in 2012 launched an English-language site enabling global suppliers to

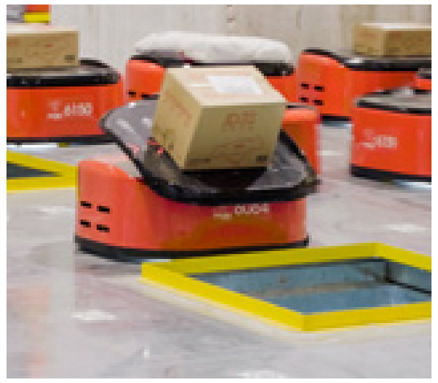


Photo courtesy of JD.com

reach Chinese consumers. A Russian version went live in 2015. The business has also been working to reach rural Chinese consumers, using drones for deliveries to areas hard to access by road. Drone airports are being built to make delivery/ies faster and more cost-efficient. JD has recently expanded its partnership with Tencent, with the new JD-Tencent Retail Marketing Solution integrating consumer behavior insights from Tencent's social platforms with JD.com shopping data to enable better targeting.

In 2016, JD.com and Walmart announced a strategic partnership relating to the Yihaodian grocery e-commerce business, which Walmart has sold to JD.com in return for a stake in the business. The partnership will allow JD.com to leverage Yihaodian's brand strength, especially in southeast China, giving shoppers opportunity to access high-quality groceries and imported goods. While JD.com is primarily digital, it acknowledges the role of physical interaction in the shopping experience, and has launched an unmanned store powered by technology that not only handles transactions but also personalizes marketing at the point of sale. The retailer is planning on opening of hundreds of such stores in coming years. In the past year, JD.com has invested US$397 million in Farfetch, the luxury online retailer, to bring hundreds of high-end brands and boutiques to the Chinese market. It has also launched the Toplife e-commerce platform, which links premium brands directly with affluent Chinese consumers.

15

JD.COM

COMPANY NAME
JD.com, Inc.

BRAND VALUE
US$14,579 million

CATEGORY
Retail

HEADQUARTER CITY
Beijing, China

YEAR FORMED
1998

NUMBER OF STORES GLOBALLY
e-commerce retailer

Photo courtesy of JD.com

Chanel is a classic French luxury brand with a range spanning high-end fashion, fragrance, cosmetics and accessories, and is the design house behind what is probably the world's most well-known perfume, Chanel No 5.

Other signature products include Coco Mademoiselle perfume. German artist and photographer Karl Lagerfeld is Chanel's head designer and creative director, and has directed several of the brand's recent advertising campaigns, which link with music and young celebrities to bring a younger audience to Chanel. Lily-Rose Depp featured in a lively video campaign for the new Chanel No 5 l'Eau fragrance, which features the focus on femininity that has long been associated with Chanel, but in a context in which the star shows the many aspects of modern women's lives. Other celebrity ambassadors include Willow Smith, while the new Gabrielle bag was launched with support from Kristen Stewart, Pharrell Williams, Cara Delevingne and Caroline de Maigret. In late 2017, the daughter of Cindy Crawford, Kaia Gerber, debuted on the Chanel runway at Paris Fashion Week. Chanel sponsored the Calvi on the Rocks

music festival, and in 2016 made its Latin American debut with a fashion show in Havana, Cuba.

Chanel's Paris flagship store is in Rue Cambon; it launched its e-boutique in late 2016. Until then, Chanel only allowed its resellers to sell fragrances, cosmetics, and sunglasses online. The brand still relies heavily on physical stores for sales, rather than online, where its affluent consumers – especially in Asia – are increasingly shopping. In summer 2017, Chanel launched a pop-up beauty café in Hong Kong. The brand is known for its spectacular shows during Paris Fashion Week; in 2017, this featured a recreation of the Eiffel Tower.

16

CHANEL

COMPANY NAME
Chanel International B.V.

BRAND VALUE
US$13,394 million

CATEGORY
Luxury

HEADQUARTER CITY
Paris, France

YEAR FORMED
1910

NUMBER OF STORES GLOBALLY
310

17

COMPANY NAME
eBay Inc.

BRAND VALUE
US$12,962 million

CATEGORY
Retail

HEADQUARTER CITY
San Jose, California, USA

YEAR FORMED
1995

NUMBER OF STORES GLOBALLY
N/A

eBay, one of the first major online marketplaces, serves as both an e-commerce and auction platform and attracts a wide variety of B2C and C2C sellers.

It has 171 million active users in over 20 countries, who buy and sell goods and services from a wide range of categories. Because of its broad offering and unique product selection, eBay reaches a variety of demographic groups and geographic areas. eBay has recently been working to shed its used-item auction house reputation and reposition its brand, working to attract business sellers and manufacturers of all sizes to expand its offering of new items. The brand has invested heavily in marketing campaigns to attract new shoppers promote the fact that new items account for 80 percent of all listings. eBay's "Fill Your Cart With Color" campaign featured ads across a wide variety of media platforms targeting millennials and women. Its marketing helped eBay be among the e-commerce sites with the most traffic over the 2017-18 winter holiday season.

The retailer has made major investments in structured data, curation, and AI-driven image search to elevate its platform and make product discovery easier. eBay looks to an enhanced shopper experience to help its continued efforts at repositioning the brand and regaining relevance among shoppers, particularly as major competitors' marketplaces – such as Amazon, Walmart and Alibaba – continue to see huge growth.

Photo courtesy of eBay

KFC is the world's fifth-largest fast food chain, after McDonald's, Starbucks, Subway and Burger King, by number of stores.

18

COMPANY NAME
KFC

BRAND VALUE
US$12,895 million

CATEGORY
Fast Food

HEADQUARTER CITY
Lousville, Kentucky, USA

YEAR FORMED
1930

NUMBER OF STORES GLOBALLY
21,063

It traces its roots to 1930, when Colonel Harland Sanders (the title is honorary, given by the state of Kentucky) opened a fried chicken and smoked meats stand in Louisville. For much of its early history, KFC was known as Kentucky Fried Chicken, but changed its name in 1991 to reflect health concerns over the effects of eating fried food. Above all, the brand positions itself as a family-friendly option, with menu choices that cater to groups as well as individuals. It has been doing particularly well in its home market thanks to a mobile rewards app, a healthier ingredient mix, and renovated restaurants.

Unconventional initiatives are fuelling the brand's relevance, including a mysterious follower list at its Twitter account, celebrity Colonels, and sending KFC sandwiches into the space. In Japan, the chain has tested a take-away version of its meals that suppresses the fried chicken smell, to reduce nuisance on public transport.

The brand continues to expand its presence globally. New markets include Tunisia, and there have been record numbers of store openings in growing markets such as Thailand. More change is expected under newly appointed Chief Concept Officer Kevin Hochman. KFC recently gave its suppliers until the end of 2018 to phase out the use of antibiotics in poultry.

19

ALDI is one of the world's original discount supermarkets and has been a leader in taking the concept beyond Germany to the rest of the world.

COMPANY NAME
ALDI Einkauf GmbH & Co. OHG

BRAND VALUE
US$12,893 million

CATEGORY
Retail

HEADQUARTER CITY
Essen (ALDI Nord) and Mülheim (ALDI Süd)

YEAR FORMED
1913

NUMBER OF STORES GLOBALLY
11,210

Photo courtesy of ALDI

The business has its origins in a store in Essen founded by the mother of brothers Karl and Theo Albrecht. The brothers took over the family business and in the 1960s introduced the ALDI name, and divided the business in two, ALDI Nord and ALDI Sud. To customers, the stores operated by the two divisions are indistinguishable; they focus on offering high-quality produce at the lowest possible prices, with an emphasis on everyday essentials to help customers get their shopping done quickly and cheaply, and then get home to their families. ALDI buys in large volumes, which enables them to pass on sizable discounts to customers. More than 90 percent of ALDI products are ALDI exclusive brand products, and each week, ALDI stores offer a changing range of special food and non-food promotional items, ranging from small kitchen appliances to furniture and gardening tools, known as "ALDI Finds". Stores are being updated, however, to improve lighting and make the shopping experience less utilitarian, with a focus on fresh and a more shopper-friendly environment. ALDI is reinventing formats, adapting its ranges, and leveraging its marketing capabilities. In communications, it is shifting the conversation beyond price to true value, where value includes fairness, ethics and responsible sourcing. Together, ALDI Sud and Nord have over 11,000 locations all over the world and are expanding. Italy will be a key area of focus in 2018, while Poland, the UK, Australia and the US are current areas of investment.

Lowe's is a home improvement chain with stores in Canada, Mexico, and the United States welcoming more than 17 million customers per week.

Its US stores account for 92 percent of sales, but the retailer has a growing presence in Canada through its purchase of the almost 500-store RONA hardware chain in early 2016. In 2017, two RONA locations were converted to the Lowe's banner, and there are plans to convert a total of 40 stores through 2019. More than its rival The Home Depot, Lowe's tends to focus its efforts on the DIY segment, catering to non-expert consumers seeking guidance as they undertake home-improvement projects with specialist staff who provide tailored advice. Lowe's recently partnered with retailer b8ta, to create an interactive smart home experience in 70 of its stores. The "store within a store" displays allow shoppers to interact with smart home products and learn from experts about which are best suited to their homes. The brand also caters to professionals through its Lowe's for Pros division, which offers special payment terms and bulk items. Sales to this segment make up close to 30 percent of revenue.

Recent sales growth has been robust, though less strong than rival Home Depot's through Q3 2017, with sales at stores open at least a year up 4.0 percent in the period compared to a 5.6 percent rise at Home Depot. Lowe's has been working to create more targeted, influential marketing campaigns and implement a more efficient staffing model, investing in digital and social-media tools that help consumers see projects through from idea to completion. It has used Instagram Stories to create tutorials on popular projects. Users click through step-by-step instructions and are then directed to a shoppable link to purchase everything they need for the project.

20

COMPANY NAME
Lowe's Companies, Inc.

BRAND VALUE
US$12,115 million

CATEGORY
Retail

HEADQUARTER CITY
Mooresville, North Carolina, USA

YEAR FORMED
1946

NUMBER OF STORES GLOBALLY
2,381

21

adidas

COMPANY NAME
Adidas AG

BRAND VALUE
US$11,820 million

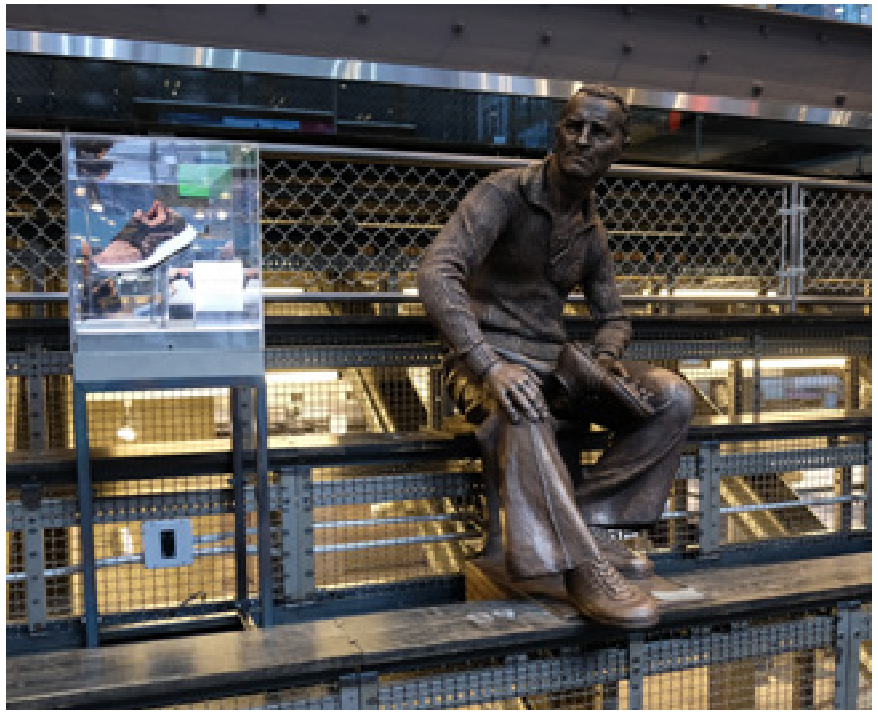
CATEGORY
Apparel

HEADQUARTER CITY
Herzogenaurach, Germany

YEAR FORMED
1949

NUMBER OF STORES GLOBALLY
1,416

adidas is a German-founded global sportswear brand and the largest sporting clothes and footwear name in the world after market leader Nike.



It has enjoyed strong growth in recent years, partly due to rising global demand for sports leisure wear, particularly among millennials. The adidas brand is instantly recognizable by the triple stripes on its footwear and the "trefoil" adidas logo, which the company calls "The Badge of Sport". adidas employs more than 60,000 people in over 160 countries, with more than 850 product units launched every year, generating sales of €19 billion as of 2016. Men's footwear is the beating heart of the business, but clothing and the women's range are increasingly areas of focus. The lifestyle category for adidas is growing at double-digit rates, and there is a focus on retro from adidas heritage designs such as the classic Superstars, Stan Smiths and Gazelles. Unlike rival Nike, adidas collaborates with prominent people outside the sporting industry, and has worked with Porsche Design and designers such as Stella McCartney and Raf Simons.

adidas has announced a partnership with technology company Carbon to create the first performance footwear crafted with light and oxygen; 100,000 pairs are expected to be ready by the end of 2018. In another technological partnership, the brand collaborated with Berlin transport providers on shoes that doubled as tickets. adidas has also launched a new app with the message "To you, for you, with you"; this is gradually being rolled out worldwide in 2018, with customized product recommendations, real-time sports updates, blogs, videos and other content.

22

H&M

COMPANY NAME
H&M Hennes & Mauritz AB

BRAND VALUE
US$10,482 million

CATEGORY
Apparel

HEADQUARTER CITY
Stockholm, Sweden

YEAR FORMED
1947

NUMBER OF STORES GLOBALLY
4,739

H&M is a multinational apparel retail company operating physical stores in 69 markets, some under franchise.

It also has a significant online presence, offering e-commerce in 43 markets. H&M is the first among a growing family of brands including H&M, COS, Monki, Weekday, & Other Stories, and Cheap Monday. In 2017, the retailer launched a new retail brand, Arket, with both a physical and digital presence. Arket is described as "a modern-day market" with essential products for men, women, children and the home. There are plans to launch a new luxury brand, Nyden, in 2018 aimed at millennials, as well as a discount marketplace called Afound, which will carry non-H&M brands. Image-recognition product search is now available in 13 markets and is gradually being expanded to more countries. This enables shoppers to snap a picture of an item they like using the H&M app, and the app will suggest the closest-matching items from the H&M range. E-commerce options within stores are also being rolled out, and H&M is extending its partnership with China-based digital retailer Alibaba; the brand plans to launch on the Tmall sales platform in spring 2018. H&M has been expanding its global footprint, with new stores opening in Kazakhstan, Colombia, Iceland, Vietnam and Georgia in the past year; there are plans to open in Uruguay and Ukraine in 2018. The brand has come in for recent censure over a marketing campaign that critics described as casually racist, and over reports that unsold clothing is incinerated. H&M has been working to improve its sustainability credentials, with initiatives to source organic materials, reduce use of chemically treated materials, and reduce air pollution and waste going to landfill.

23

Walgreens

COMPANY NAME
Walgreens Boots Alliance, Inc.

BRAND VALUE
US$10,200 million

CATEGORY
Retail

HEADQUARTER CITY
Deefield, Illinois, USA

YEAR FORMED
1901

NUMBER OF STORES GLOBALLY
13,100

Walgreens Boots Alliance (WBA) is a global health and wellness network operating across 25 countries. More than 60 percent of its stores are in the US, with the remainder in the UK, other European markets, Latin America, and Asia.

In the US, Walgreens stores provide shoppers with convenient omnichannel access to goods and services aimed at improving health outcomes for patients and managing costs for payers. Walgreens also provides specialty pharmacy services and manages in-store clinics branded Healthcare Clinics. Sales come from pharmacy sales and sales of healthcare and retail products including non-prescription drugs, beauty, toiletries, and general merchandise. The company is set to acquire 1,932 Rite Aid stores, concentrated mostly on the east coast of the US, by spring 2018. Walgreens will then focus on simplifying its offering and improving operational performance, rationalizing assortments and highlighting its private label beauty brands. Digital investment is a top priority for 2018: In 2017, FedEx pick-up/drop-off services were incorporated in Walgreens stores nationwide. Later in the year, Walgreens announced a new technology center of excellence in Chicago, and the retailer's December 2017 tele-health deal with New York Presbyterian hints at more remote health innovation to come. The international arm of the Walgreens business spans eight countries, and includes Boots in several markets, Benavides in Mexico; and Ahumada in Chile. Boots launched in South Korea in 2017 and WBA recently acquired a 40 percent stake in GuoDa, China's leading pharmacy chain.

CVS Health is the largest US pharmacy based on total prescription revenue. It has more than 9,700 retail pharmacies across the country, as well as more than 1,100 walk-in medical clinics.

24

CVS pharmacy

COMPANY NAME
CVS Health Corporation

BRAND VALUE
US$9,109 million

CATEGORY
Retail

HEADQUARTER CITY
Woonsocket, Rhode Island, USA

YEAR FORMED
1963

NUMBER OF STORES GLOBALLY
9,751

Stores sell prescription drugs and a wide assortment of nationally advertised brand-name and private label merchandise including over-the-counter drugs, beauty products and cosmetics, photo services, seasonal merchandise, gift items, and convenience food. In 2014, CVS became the first national pharmacy chain to stop selling cigarettes and other tobacco products. In 2015, CVS Health completed its acquisitions of Target pharmacies and clinics, which extended the core pharmacy business through the acquisition of more than 1,670 pharmacies and nearly 80 retail clinics. CVS's acquisition in 2015 of Omnicare, a provider of pharmacy services to the long-term care market, added 100 million prescriptions for the business, serving two million patients, and is geared towards catering for older consumers who have long-term, on-going healthcare needs. More recently, CVS Health's $69 billion acquisition of Aetna, announced in 2017, was a groundbreaking transaction, providing CVS with the potential to use big data analytics to optimize the customer experience and reduce costs.

CVS has launched store remodels over the past year to make them health and wellness destinations. It has expanded the reach of better-for-you food and beauty options; trans fats were removed from all private label food products, and harmful chemicals removed from all private label health, beauty and care items. Personalization and the integration of online and offline services are a high priority. Curbside order collection and mobile payment via the CVS app are available, and same and next-day prescription delivery is rolling out in 2018.

7-Eleven is the world's largest convenience store brand, with more than 63,000 stores in 18 countries.

In the US, home to around 10,500 7-Eleven stores, the brand is synonymous with the Slurpee frozen drink range and Big Gulp large soft drinks. 7-Eleven has been a pioneering brand in retail, installing the first ATM in a convenience store, and inventing the to-go cup for coffee. It also became the first convenience store chain allowing Amazon Cash as payment for online orders, and is rolling out a range of digital payment capabilities globally. In southeast Asia, it is working with Lazada, a subsidiary of Alibaba, to enable payment for online orders in its stores. Home delivery options are being rolled out in key markets including the US, and the brand has partnered with the Zipcar car-sharing service, with cars outside selected stores. 7-Eleven is using Facebook chatbots for customer service, and is rolling out app-based ordering in the US in 2018.

The scale of 7-Eleven gives it a competitive advantage, and stores share data to improve the customer experience and identify topics to discuss on social media. 7-Eleven also promotes itself through whimsical PR stunts, including Free Slurpee Day, which is held on the brand's "birthday", July 11 (7-11); the 7-Eleven name originally referred to the 7am to 11pm operating hours of stores, but many outlets are now open 24 hours. The brand is expanding both organically, through franchisee and license agreements, as well through acquisitions of whole chains. 7-Eleven opened its first store in Vietnam in mid-2017; in its home market, Japan, it has recently expanded into Okinawa.

25

COMPANY NAME
Seven & I Holdings Co. Ltd.

BRAND VALUE
US$9,036 million

CATEGORY
Retail

HEADQUARTER CITY
Tokyo, Japan

YEAR FORMED
1927

NUMBER OF STORES GLOBALLY
63,855

Tesco is the market-leading supermarket brand in the UK, with 28 percent market share (Kantar Worldpanel, Dec 2017) and more than 3,500 stores around the country.

Photo courtesy of Tesco

26

COMPANY NAME
Tesco Plc

BRAND VALUE
US$8,876 million

CATEGORY
Retail

HEADQUARTER CITY
Welwyn Garden City, UK

YEAR FORMED
1919

NUMBER OF STORES GLOBALLY
7,101 (including franchises)

Its stores range from large hypermarkets to Tesco Express convenience stores. Tesco has several private label ranges, including Healthy Living and its high-end Finest selection in grocery, and the F&F clothing range. Tesco began expanding overseas in the 1990s and now has more than 6,500 shops across Asia and Central Europe, with Thailand and Poland among its key markets.

Since 2014 under CEO Dave Lewis, the business has refocused its priorities to arrest a dip in market share and falling profitability. Centralization of its Central European operations and divestment of non-core businesses have helped drive efficiencies. Like-for-like sales in hypermarkets have improved with concession partnerships. In 2017, Tesco issued its first dividend payment in the last three years. Tesco has announced a merger with UK wholesaler and distributor Booker to secure a reliable supply chain amid Brexit pressures. Tesco's longstanding brand mantra is "Every little helps", which refers to value for money as well as Tesco's work in the community and promoting good causes. Its current "Food Love Stories" ads are inspired by shoppers, and aim to influence a new connection with food and cooking. In 2017, Tesco expanded their same-day delivery service nationwide and launched one-hour delivery in London to stay competitive against Amazon. Tesco's Clubcard loyalty programme has been revamped, giving it contactless functionality and new rewards partners such as Uber.

27

COMPANY NAME
Lidl Stiftung & Co KG
BRAND VALUE
US$8,178 million
CATEGORY
Retail
HEADQUARTER CITY
Neckarsulm, Germany
YEAR FORMED
1973
NUMBER OF STORES GLOBALLY
10,986

The discount supermarket chain Lidl launched in 1973 in Germany based on the no-frills model pioneered by Aldi.

It expanded rapidly across Europe fuelled by an aggressive store roll-out, everyday low prices and a focus on private-label goods. Lidl's primary focus is on everyday food items but also a range of themed weekly promotions featuring sports goods, homewares and other categories. Budget private label products account for the majority of the Lidl range, but the premium private label line Deluxe has been expanding, and Lidl does list some well-known brands, often at promotional prices. The brand is seen as something of a rule breaker and innovator in the discounter channel, and it continues to generate excitement around weekly specials and limited-time themes, which range from 'XXL Week' to food-oriented national cuisine weeks.

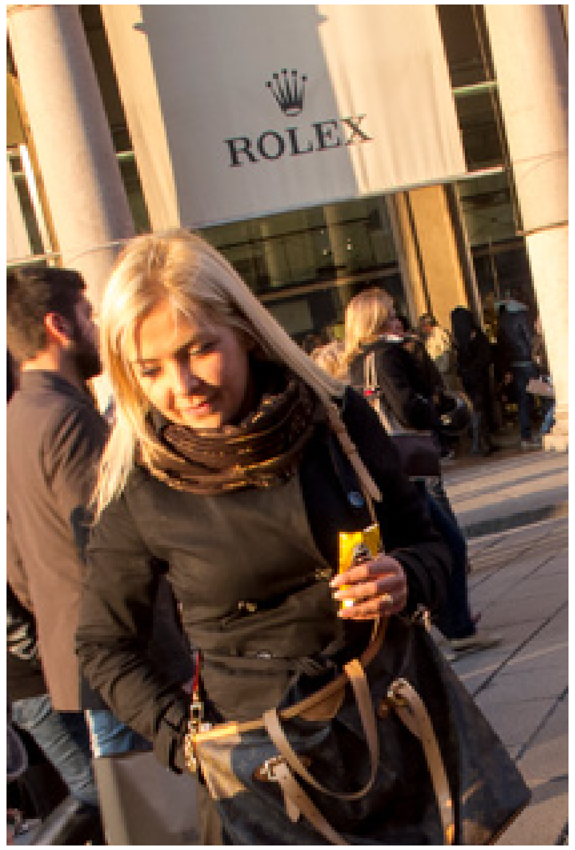
Lidl now has a presence in more than 20 countries, with almost 11,000 stores globally; last year it entered the United States, its first ever market outside of Europe, and there are plans to launch in Serbia in 2018. Lidl has low overheads and invests heavily in marketing to convince consumers that low prices don't have to mean a compromise on quality. It also promotes a very local message, famously renaming its milk in Sweden to "Bosse's Milk" to underline its local provenance, and in the UK turning cynics into converts with its #lidlsurprises campaign. Its "Store of the Future" program to drive frequency and basket size emphasizes fresh food and the treasure hunt aspect of browsing general merchandise at Lidl.

28

ROLEX

COMPANY NAME
Montres Rolex S.A.
BRAND VALUE
US$8,053 million
CATEGORY
Luxury
HEADQUARTER CITY
Geneva, Switzerland
YEAR FORMED
1905
NUMBER OF STORES GLOBALLY
Over 400

Rolex is a Swiss luxury watchmaker founded by Hans Wilsdorf in 1905 as Wilsdorf & David, and registered as Montres Rolex S.A. in Geneva in 1920.



The brand is an innovator in watchmaking, known for its technical excellence and for being the first to launch waterproof, airtight and dustproof watches. Rolex was the first watchmaker to receive the Swiss Certificate of Chronometric Precision, granted by the Official Watch Rating Centre in Bienne. Every year the brand participates in the Baselworld exhibition, presenting new models and revived retro pieces. The brand remains entirely loyal to mechanical and automatic movements; it has not followed the lead of other watchmakers that have moved into making smartwatches. Rolex's website does not have an e-commerce element, though it allows browsers to customize products, check prices, and find their nearest retailer. The brand is one of the best known in its category and is Switzerland's best-selling brand by revenue. However, its coveted status means that it is also one of the most frequently counterfeited watch brands.

Communications focus on social media, especially in Asia, and the sponsorship of sporting events. Rolex supports sailing, tennis and golf events, as well as individual athletes. In 2013, Rolex became the official timekeeper of Formula 1 motor racing and it is the official timekeeper at Wimbledon. Tennis star Roger Federer is a Rolex brand ambassador. In 2017, Rolex announced a strategic partnership with World Sailing, compounding its reputation for sports affiliations.

Uniqlo is a Japanese lifestyle and fashion brand, which promotes traditional values and quality in its range of casual wear.

29

UNIQLO

COMPANY NAME
Fast Retailing Co., Ltd.

BRAND VALUE
US$7,570 million

CATEGORY
Apparel

HEADQUARTER CITY
Tokyo, Japan

YEAR FORMED
1949

NUMBER OF STORES GLOBALLY
1,920

SECTION 03

The brand has been expanding around the world for some years; it is one of the most well-known specialty store chains in Japan, and has more than 1,900 stores in 18 countries. Recent expansion has focused on new store openings in the US, Europe and Asia. Uniqlo's 47th US store, a special denim concept store, recently opened in Los Angeles.

The brand is seeking approval from the Indian government to open stores there, and is on course to enter Scandinavia with its first store in Stockholm, Sweden, due to open in 2018. Uniqlo has opened its first African manufacturing plant in Ethiopia, which will significantly reduce its labor costs and bring finished goods closer to Europe.

One of the driving forces behind the global success of Uniqlo is its "Made for All" tagline, which helps give its products appeal across a broad spectrum of consumers. The brand is also innovating, using "Uniqlo To Go" vending machines and kiosks in key locations, and busy airports, to enable shoppers to buy the most popular Uniqlo lines as easily as buying a chocolate bar. In 2017, Uniqlo collaborated with designer J.W. Anderson on a highly popular 2017 fall/winter line; a second collaboration, on a 2018 spring/summer collection, is to follow. Uniqlo is also collaborating with Marimekko and Eames Office.

30

TARGET

COMPANY NAME
Target Corp.

BRAND VALUE
US$7,517 million

CATEGORY
Retail

HEADQUARTER CITY
Minneapolis, Minnesota, USA

YEAR FORMED
1902

NUMBER OF STORES GLOBALLY
1,834

Target is the United States' second-largest discount retailer, behind Walmart.

It has long been known for its middle market approach, appealing to younger, image-conscious shoppers with fashionable product lines. Target generates a little under half of sales from grocery, and the majority from general merchandise, primarily apparel and home goods. It currently has 1,834 stores scattered throughout the United States.

After a disappointing 2016, Target decided to invest $7 billion in its stores and supply chain. It is in the process of launching more than a dozen new brands by the end of 2018, hoping to deliver on its "Expect More. Pay Less." promise through a renewed focus on kids, babies, and style. It has also dropped several longtime partners and introduced new clothing brands that will refresh their lines more frequently. Results for 2017 were encouraging, as Target beat analyst estimates in Q2 and Q3, citing increased store traffic and online sales. Target is also improving its digital offering and expanding its order-fulfillment capabilities; in late 2017 it acquired same-day delivery service Shipt for $550 million. Furthermore, the retailer is also updating its real estate – it plans to remodel over 600 stores by the end of 2019 with wider aisles, improved lighting, and elevated presentation of its key general merchandise categories to inspire shoppers. Elsewhere, the retailer is opening smaller stores in urban centers to appeal to young city-dwellers.

31

COMPANY NAME
Yum! Brands, Inc.,Yum China Holdings Inc.

BRAND VALUE
US$7,364 million

CATEGORY
Fast Food

HEADQUARTER CITY
Plano, Texas, USA

YEAR FORMED
1958

NUMBER OF STORES GLOBALLY
16,551

Pizza Hut is the largest pizza chain in the world, with a global presence through more than 16,500 stores. Founded in Wichita, Kansas, it now serves pizza on every continent except Antarctica.

Photo courtesy of Pizza Hut

The brand has a highly successful, upscale presence in China. Pizza Hut has traditionally focused on its restaurants trying to provide a superior product and a wider selection of menu items than rival chains, but was a pioneer in the launch of home delivery services many years ago, and Pizza Hut was the world's first company to deliver pizza to space, sending a pizza to cosmonaut Yuri Usachov at the International Space Station.

In its home market, Pizza Hut has faced a challenging environment as digitally enabled and delivery-focused rivals have taken share in a market increasingly driven by convenience. In response, parent company Yum! Brands has invested in a rebranding effort and upgraded the brand's restaurants, introduced a generous new rewards program, and has moved to meet customer demands for faster delivery. In 2017, Pizza Hut introduced new ordering and delivery options, including ordering by voice through Amazon Alexa-powered devices, mobile delivery tracking, and trials of beer and wine delivery with food orders. It has also unveiled plans to use a fleet of driverless delivery vans, using Toyota e-Palette vehicles. While there was much positive news for Pizza Hut in 2017, the brand was hit by a cyberattack that affected around 60,000 customers in the US. The physical footprint of Pizza Hut will continue to expand in 2018, with the first restaurant in Zimbabwe due to open.

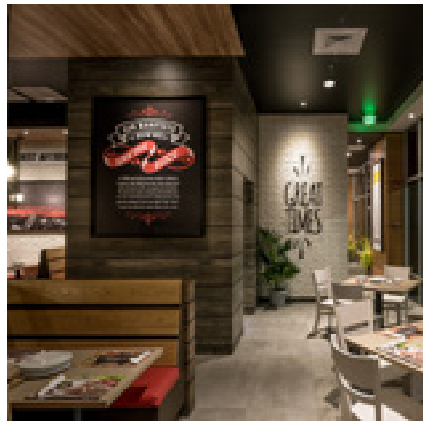


Photo courtesy of Pizza Hut

Domino's Pizza was founded in 1960 and has become famous as the brand that delivers pizzas within 30 minutes.

Photo courtesy of Domino's Pizza

32

COMPANY NAME
Domino's Pizza, Inc.

BRAND VALUE
US$7,120 million

CATEGORY
Fast Food

HEADQUARTER CITY
Ann Arbor Charter Township, Michigan, USA

YEAR FORMED
1960

NUMBER OF STORES GLOBALLY
14,434

It operates a network of company-owned and franchise-operated restaurants in the United States and around the world, primarily targeting young adults, college students and millennials. Today, there are nearly 5,500 franchised and company-owned restaurants in the United States and nearly 9,000 in over 85 international markets.

Focusing on digital technology, Domino's is among the most digitally enabled fast food brands, allowing customers to order via Facebook Messenger, Amazon Alexa, and even by tweeting a pizza emoji. Domino's offers mobile payments and loyalty rewards, and is partnering with Samsung to allow direct ordering using internet-connected TVs. In mid-2017, the brand announced plans to start delivering pizzas using self-driving Ford vehicles. This followed the launch in Hamburg, Germany, of autonomous pizza delivery robots. In early 2018, Domino's launched a "Recovery" TV channel with soothing images aimed at customers with a post-New Year's Eve hangover.

There are major plans for greater expansion outside the US. In early 2018 Domino's bought the Hallo pizza chain in Germany, and there are plans to increase from six to 100 the number of outlets in Sweden. There are plans to open 30 new outlets in Malaysia in 2018 and a further 70 by 2020, as well as 40 to 50 new stores in India by the end of 2018.

Photo courtesy of Domino's Pizza

33

Cartier

Cartier was launched in a Paris workshop 170 years ago and has gradually grown into a global brand renowned for its high-end jewelry and watches.

The brand is owned by luxury goods company Richemont, which has recently taken a stake in YOOX Net-a-Porter, the online luxury multibrand retailer, which will help online sales and distribution of brands such as Cartier. Globally, Cartier has more than 300 stores.

Several of its designs have been produced for decades, including its Tank and Santos watches. The Tank watch celebrates its 100th anniversary in 2018, and new models in the Juste un Clou range are at the heart of the current jewelry selection. To mark the reintroduction of its 1980s Panthère jewelry watch in 2017, Cartier gave director and producer Sofia Coppola carte blanche to create a video commercial around the new collection, in which the brand has invested heavily. In early 2017, Cartier announced a partnership with another French luxury group, Kering, to develop, produce and distribute Cartier eyewear. China is a key market for Cartier, and the brand was one of the first European luxury names to have a storefront on the WeChat Chinese digital platform.

In New York, the brand launched an innovative pop-up experience at a popular French-Vietnamese restaurant last year to engage millennial consumers with the Cartier brand; the Panthère Studio was a step change in focus from transactions to interactions. The company is also modernizing its appeal through new trendy collections, such as the Cactus de Cartier range. The company constantly reinvents itself to remain relevant and modernize its cultural positioning. As such, each year, Cartier recognizes six women from around the world in its Cartier Women's Initiative Awards, which aim to encourage female entrepreneurs.

COMPANY NAME
Compagnie Financière Richemont SA

BRAND VALUE
US$7,086 million

CATEGORY
Luxury

HEADQUARTER CITY
Paris

YEAR FORMED
1847

NUMBER OF STORES GLOBALLY
308

SECTION 03

34

Carrefour

Carrefour is the French retailer that pioneered the concept of the hypermarket – combining supermarket and department store – and took it to the world.

COMPANY NAME
Carrefour S.A.

BRAND VALUE
US$6,836 million

CATEGORY
Retail

HEADQUARTER CITY
Boulogne-Billancourt, France

YEAR FORMED
1959

NUMBER OF STORES GLOBALLY
12,300

It has more than 5,600 stores across France in a range of formats, including hypermarkets, supermarkets, convenience stores and cash-and-carry outlets. The brand is highly active in Europe, Asia and Latin America, and has over 12,000 stores globally. The brand is best known as a value-for-money retailer with a broad selection of products and brands in its stores, but it is also seeking to deepen its role in e-commerce and position itself as an innovator. In 2017, Carrefour acquired Rue du Commerce, one of the leading French e-commerce brands, and it has announced plans to raise its investment in online retailing by a significant amount by 2020. It marked a first in French retailing when it became the first supermarket to use virtual reality in stores; to mark its anniversary month in late 2016, it offered low-priced virtual reality glasses and in-store content to showcase the technology.

Alexandre Bompard was announced as Carrefour's new CEO in mid-2017. He is credited with the digital transformation of another French retail chain, Fnac, and is expected to lead a digital push at Carrefour. Bompard and his leadership team have released a 2022 Transformation Plan which has Carrefour refocusing on consolidating its price credentials and taking the lead on "food transition", while opening the organization to strategic partnerships with leading businesses operating in complementary areas to Carrefour's. In its communications, Carrefour explores the themes of optimism and optimization, encouraging consumers to be positive, and to do more with less – reducing waste and consuming more efficiently, without compromising on taste or quality.

35

Woolworths

Woolworths is an Australian retail brand that began as a single discount grocer and general store in Sydney in 1924, and is now one of the biggest businesses in Australia and New Zealand.

There are Woolworths supermarkets and petrol stations, BigW discount department stores, the Endeavour Drinks group of liquor outlets, and Woolworths Money financial services. The parent company also operates hotels.

Since 2016, the business has been restructuring to deal with a changing and increasingly competitive marketplace. It is slowing the rollout of new stores and focusing on refurbishment of existing outlets, improving customer service and the in-store experience, investing in own-label food, and has opened a Food Innovators Center in Sydney, where customers can take part in new product development and testing of own-brand products. The business continues revamping BigW, which has suffered as a result of falling sales and heavy discounting. New Managing Director Claire Peters took up her role in mid-2017, a year in which Woolworths focused on building its brand image and visibility through community and sustainability programs. Woolworths also became the fresh food partner of Netball Australia.

Online orders are growing, and Woolworths has launched a "Pick Up" click and collect service. Loyalty cards are linked with Apple Wallet and points can be used to earn Qantas flights. At the end of 2017, the company formerly known as Woolworths Limited changed its name to Woolworths Group Limited.

COMPANY NAME
Woolworths Group Ltd

BRAND VALUE
US$6,549 million

CATEGORY
Retail

HEADQUARTER CITY
Bella Vista, Australia

YEAR FORMED
1924

NUMBER OF STORES GLOBALLY
2,964

SECTION 03

36

Kroger

Kroger is the largest United States supermarket chain by revenue and its second-largest retailer behind Walmart.

With 2,790 grocery stores in 35 states, as well as over 300 fine jewelry stores, the brand targets a mass-market audience with a highly differentiated grocery offer. Through a clear focus on its customers' needs, Kroger continues to succeed in a highly competitive grocery market. The company operates 38 food production plants, supporting several multi-billion dollar private brands, which account for over 25 percent of total annual unit sales across grocery and general merchandise departments. These brands range from budget basics to its Simple Truth organics line and Private Selection gourmet foods.

Along with other retailers, Kroger has seen a dip in its stock price following a decline in results in the first half of 2017. News of Amazon's Whole Foods acquisition created added pressure and concern from investors. However, the company has the highest rates of loyalty of any US supermarket, and Kroger has invested heavily in developing its digital communication and e-commerce offering. As a result, the retailer's results rebounded later in 2017.

By the end of 2017, Kroger had launched its ClickList click-and-collect service in over 1,000 stores and is continuing to expand this in 2018. It has also announced a "Restock Kroger" strategy, which focuses on digital and technological expansion, a more integrated approach to data analytics, and renewed focus on foodservice and sustainability. The retailer has also highlighted its commitment to its core supermarket operation, selling off large portion of its convenience portfolio early in 2018.

COMPANY NAME
The Kroger Co.

BRAND VALUE
US$5,898 million

CATEGORY
Retail

HEADQUARTER CITY
Cincinnati, Ohio, USA

YEAR FORMED
1883

NUMBER OF STORES GLOBALLY
2,790

Key audiences share common beliefs, trends across cities

Countries seem like a broad, outdated marketing lens.

Within the apparel sector, and where the ambition remains securing the attention of the millennial mass or the increasingly powerful Gen Z, it has never been more important to have a city-focused business strategy.

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As a comms agency, we continue to receive briefs that cite the US, Germany, France, and China as focus markets, lumping together people that could be residing up to 3,000 miles apart. We are asked to provide a local rollout, and consider how to adapt the global creative and story for the UK, Brazil, or Russia. However, to consider key markets through the lens of countries feels increasingly outdated. Instead we need to relocate our outlook to critical cities.

Back in 2015, adidas declared a key city focus as part of its 2020 business plan, citing "the fate of global brands is decided in global cities. If we want to be successful in the future, we need to win in key cities." They said: "Across these cities, the adidas Group will disproportionately invest in marketing and retail experiences with the goal of maximizing brand experiences." And it's been a decision that so far has proven a good one. The year 2016 became an exceptional year for the company financially, with it reporting a significant increase in revenues and a record net income. adidas led the BrandZ™ Global Top 100 in annual rate of brand value increase with its 58 percent gain.

There are a number of reasons why a critical-city focus makes strategic sense. First, the disproportionate influence larger or capital cities have over global trends; second, the increasing disconnect between these cities and the rest of their countries, as proven repeatedly through the recent political agenda; and third, that members of this younger audience view themselves as global, not national, citizens. They care about a better world, not a better country, and they live in an international society online. A laser focus on the city can quickly become globally relevant and drive global success, thanks to the power and connectivity of this cross-national urban audience.

For example, someone from New York is likely to have far more in common with someone from Shanghai than with someone from Idaho, both in outlook and motivation, as well as clothes lusted after. There are tribes in Brooklyn connecting with crews in Botafogo, together creating the new trends that will hit high streets across the globe.

AUTHENTIC TO THE CITY

As part of a city-centered business and marketing strategy, brands need to increasingly consider how they can become a part of the fabric of these cities and an authentic part of their inhabitants' daily lives. This audience is seeking long-term (and hence valuable) relationships with brands, but only with those brands that share their belief systems and that meet their increasingly high expectations. They are demanding both transparency from companies, and for companies to add notable value to their communities and lives. The pressure is on to be a "civic brand".

There are many roles a brand can play within a community. An increasingly powerful option is "educator", helping quench this ever-ambitious audience's thirst for information and self-improvement. Apple was probably the champion of this, with its in-store lectures in purpose-built mini-auditoriums, but we've since seen other brands adopt this role in their quest to build loyal relationships with customers and future employees. Levi's developed a series of educational programs in the UK and US to support the brand's association with music. It offered courses in sound engineering, song writing, and audio-visual production.

Another valuable role a city brand can take is "connector", helping build communities and uniting people with similar mindsets or ambitions. Earlier this year, adidas launched its women's studio in Brick Lane, London, a space dedicated to fitness and well-being that people could be a part of for free. The studio has quickly become a hub and community for runners, yogis, and fitness fans. It connects them to both experts and each other, giving them company and encouragement for their weekly training.

As well as adding value to a community, transparency and openness are important for building a connection with the urban audience. Consequently, brands are looking at ways they can invite people in and collaborate with the city.

CITY COLLABORATION

One way to achieve this is through a more open, flexible retail environment, letting the city curate its own experience or products. Levi's and Gap are both brands that have encouraged customers to tailor their products in-store, adding their personal flair and identity to otherwise standard silhouettes. Topshop handed the reins over to city influencers, inviting them to curate sections of the store in a way they believed was fit for their urban neighbors.

H&M-owned & Other Stories has committed to three city design hubs—its "ateliers"—in Paris, Stockholm, and Los Angeles. Every season, stores will include collections by each atelier, all inspired by that city and its residents. At the recent launch of the Los Angeles Atelier, the brand's MD commented: "That's why we're living in the city we are designing for. We're not trying to design for Europe. We're designing for LA". The designs for LA quickly then flew off shelves around the world. City-driven, globally relevant. Brands are also increasingly collaborating with the city's freshest creative talent to help tell their stories. They are looking for ways to invite these influential voices in and bring their relevance to the brand. adidas partners with a diverse collection of city creators to deliver an authentic local edge to the global brand. Whether it's London's sneaker-obsessed graphic designer KickPosters creating Snapchat geo-filters for new store openings, French hip-hop artists Kaaris and Kalash Criminel bringing their own sound to the brand's Paris street football tournament, or fitness coach Robin NYC creating content to showcase the new collection, each partner helps bring the global brand further into the fabric of the city.

As I write this I'm hugely aware that I am sitting in my central London office before heading back to my Zone 2 flat, and we often wonder if in agency-land we're in a "city bubble". In addition, I'm also mindful that for other sectors and audiences the value of the more rural audience is extremely important, and in fact the opportunity from connecting with them and their values is arguably greater than ever. However, as proven by this report, and indeed stock markets, for global brands looking to attract a younger audience, a city strategy is needed: to rethink marketing teams, approach, and creative through the lens of cities, and to consider how to collaborate with the city.

SECTION 03

37

Tim Hortons

COMPANY NAME
Restaurant Brands International

BRAND VALUE
US$5,893 million

CATEGORY
Fast Food

HEADQUARTER CITY
Oakville, Ontario, Canada

YEAR FORMED
1964

NUMBER OF STORES GLOBALLY
4,680

Photo courtesy of Tim Hortons

Tim Hortons is a restaurant chain founded in 1964, the largest quick service restaurant chain in Canada.

Popularly known as "Timmies", the chain specializes in fresh coffee, baked goods and home-style lunches. In 1995, Tim Hortons merged with Wendy's International Inc., leading to its expansion in the US market. The year 2000 was special as Tim Hortons opened its 2,000th store, in Toronto. Six years later, Tim Hortons was listed on the New York Stock Exchange (NYSE) and Toronto stock markets (TSX). The 2017 launch of Tim Hortons in the United Kingdom had a lukewarm reception, as the market is heavily populated by many competing chains and independent coffee shops. British consumers, especially in London, are also quite particular about their daily brew.

In Canada, the brand has been the subject of recent protests outside Tim Hortons locations across Ontario, over an unpopular company decision to withdraw certain employee benefits to share with staff the burden of implementing of a new minimum hourly wage. As of late 2017, Tim Hortons operated 4,680 outlets across Canada, the US, Middle East, Philippines, Great Britain and Mexico. The brand is expanding, and recently opened its first two stores in Spain.

Chipotle was the first American fast casual restaurant chains specializing in a Mexican-inspired menu of tacos and burritos.

Founded by a graduate of the French Culinary Institute, Steve Ells, the brand distinguished itself early on by presenting "food with integrity". The brand operates more than 2,000 restaurants in the United States as well as in Canada, the United Kingdom, France and Germany. Chipotle has partnered with chef and restaurateur Richard Blais to open upmarket "Tasty Made" burger restaurants, offering burgers, fresh-cut French fries, shakes, and buns with no artificial ingredients. The first Tasty Made opened in Ohio in 2016.

The brand has suffered as a result of several widely-publicized outbreaks of food-borne illnesses. It has responded to the scandals, however, by focusing on catering, digital ordering, new menu items, and advertising—something it has not traditionally done. Its "As real as it gets" campaign, for example, highlights its small, quality ingredient list when compared with competitors. The brand has also launched a new mobile app. Chipotle expects to open 130 to 150 restaurants in 2018, and will focus on improving operations and the consumer experience. The business is looking for a new CEO; current CEO Steve Ells is stepping aside to become executive chairman.

38

Chipotle Mexican Grill

COMPANY NAME
Chipotle Mexican Grill, Inc.

BRAND VALUE
US$5,684 million

CATEGORY
Fast Food

HEADQUARTER CITY
Denver, Colorado, USA

YEAR FORMED
1993

NUMBER OF STORES GLOBALLY
2,374

39

COMPANY NAME
Restaurant Brands International.

BRAND VALUE
US$5,533 million

CATEGORY
Fast Food

HEADQUARTER CITY
Miami, Florida, USA

YEAR FORMED
1953

NUMBER OF STORES GLOBALLY
16,253

Burger King is an international fast food chain best known for its signature Whopper hamburger.

The brand's primary point of distinction is a diverse menu that includes burgers, french fries, sodas, milkshakes, and less common items, such as onion rings, veggie burgers, and chicken fries. It also focuses on taste, flame-grilling its burgers to order and customizing its sandwiches to individual preferences. Through much of the early 2000s, the brand sought to reach a young, male audience with items like bacon-topped burgers, but it has recently focused more on fresher ingredients to appeal to women and customers over 50. A longtime advertising powerhouse, it has recent regained its stride with award-winning work, like "Proud Whopper", which celebrated Gay Pride Day and won 13 Lions at The Cannes Lions International Festival of Creativity. Today, there are more than 16,000 Burger King restaurants in 100 countries; the majority are privately owned under franchise.

The brand is strengthening its position in southeast Asia, Sub-Saharan Africa and the United Kingdom. Burger King has signed master franchise agreements with local partners, has made executive appointments in the UK, and plans to focus on personalization of digital-out-of-home campaigns and dynamic marketing. This comes in light of fierce competition from other fast food chains.

40

COMPANY NAME
Wesfarmers Limited

BRAND VALUE
US$5,449 million

CATEGORY
Retail

HEADQUARTER CITY
Melbourne, Australia

YEAR FORMED
1914

NUMBER OF STORES GLOBALLY
2,475

Coles Group is one of Australia's biggest supermarket chains, formed in 1914 and bought by Wesfarmers Limited in 2007.

The Coles Group operates 801 supermarkets, 883 liquor stores, 702 convenience stores and 89 hotels around Australia, generating total revenue of AU$39,217 million in 2017. Coles Group also provides financial services, covering home, car, landlord insurance and credit card services. Coles follows an "Australia first" sourcing strategy, and around 95 percent of food, dairy and other farm produce is sourced locally. CSR activities include the Coles Nurture Fund, an initiative to help small to medium Australian producers, farmers and manufacturers to innovate and grow their businesses. It also collaborates with SecondBite, which donates surplus healthy, fresh produce to community food programmes to support disadvantaged Australians.

In 2017, Coles expanded both its supermarket and liquor store businesses with a significant number of new store openings. The Coles online business is proving increasingly popular, and Coles shoppers can now earn points towards the Virgin Velocity frequent flyer scheme. Coles is using technology to streamline operations and customer service; more than 1,400 SKUs are now part of a stockless supply chain, and all stores are now enabled with OneShop, a new, faster point-of-sale customer interface. In response to growing demand for convenience, Coles has opened 17 new Coles Express stores in the past year at Shell filling stations, and has expanded the range of goods in its "Every Day Value" range, to give customers more reason to shop with Coles.

SECTION 03

41

Whole Foods was a pioneer in the organic and health food market when it launched in 1980, presenting discerning shoppers with an unmatched range of organic goods, specialist healthy ingredients and high-end, ready-to-eat meals.

WHOLE FOODS MARKET

COMPANY NAME
Amazon.com, Inc.
BRAND VALUE
US$5,185 million
CATEGORY
Retail
HEADQUARTER CITY
Austin, Texas, USA
YEAR FORMED
1980
NUMBER OF STORES GLOBALLY
470

The brand has traditionally attracted an affluent customer base willing to pay a high premium for organic, sustainable products. As Whole Foods expanded, it rode the wave of growing consumer interest in organic and healthy living, and was able to charge a significant premium, leading to the somewhat unflattering nickname "Whole Pay Check". It came under pressure in the post-recession period as more mainstream supermarkets embraced organic and healthy lines and offered them at a much lower price.

Following its recent acquisition by Amazon, big changes have been made. The day the deal closed, Whole Foods slashed prices on key items; while Whole Foods had already been using the slogan "Great Everyday Low Prices", under Amazon it started emphasizing that even more strongly. It has also made Whole Foods' iconic 365 private label products available on its website, switched the brand's loyalty program to Amazon Prime, and started selling its popular Echo products in Whole Foods stores. Many Whole Foods stores now house lockers for Amazon order collection, and there have been a series of Prime-exclusive price deals at Whole Foods. The brand is also reported to be overhauling its logistics system to improve stock levels, and there are plans for further innovation at both online and digital shopper touchpoints.

42

Auchan is a French-based supermarket, hypermarket and convenience store chain that has grown into a major international retailer, with operations in 17 countries.

Auchan

COMPANY NAME
Groupe Auchan SA
BRAND VALUE
US$4,785 million
CATEGORY
Retail
HEADQUARTER CITY
Croix, France
YEAR FORMED
1961
NUMBER OF STORES GLOBALLY
3,850

It operates over 600 hypermarkets and close to 3,000 supermarkets around the world, and has a growing e-commerce presence. The brand describes itself as "audacious retailers". It is known for having a wide assortment and fair prices aided by a wide, three-tier private label offer. Auchan has recently refocused on becoming "good, healthy and local", promoting sustainable consumption and healthier eating.

France still accounts for over one-third of sales, but the balance is shifting, and China and Russia are each forecast to provide a quarter of sales by 2020. In 2013, Auchan acquired 90 Central and Eastern European stores from cash-and-carry giant Metro, and has since worked closely with Metro through a global strategic purchasing alliance that gives each retailer economies of scale. In Western European markets, Auchan has been challenged by its heavy presence in large-format stores, which are losing their appeal, and by having less representation in supermarkets and convenience stores than competing brands. Online operations, particularly in France and China, are being developed rapidly, and Auchan's top management has announced that in future, hypermarkets will provide services and entertainment – an experience – rather than just a place to shop. It is gradually reinventing its stores with features that combine physical and digital shopping; the first small-format My Auchan stores launched in 2016 with a select range of everyday essentials, the option to order from Auchan.fr, and home delivery via bicycle or collection from lockers. Alibaba's acquisition of a 50 percent stake in Auchan-Ruentex Chinese co-owned Sun Art is expected to spread its benefits to the broader organization.

TJ Maxx is one of the largest US clothing retailers, and while the brand keeps its exact strategy a closely held secret, it is generally known for providing brand-name clothing at a fraction of its usual cost, attracting both everyday bargain hunters as well as more affluent shoppers who don't want to pay full price.

TJ Maxx is also known for its "treasure hunt" experience, in which extremely high-end items are hidden among less exclusive ones in its baskets and on bargain racks. To reinforce this strategy, its most recent campaign focuses on the idea of "Ridiculous Possibilities". TJ Maxx is not a traditional discounter, however, and is known for providing excellent value rather than simply cheap products. The brand is expanding its bricks-and mortar presence, with plans to increase the number of stores by 50 percent. It is also active online, at tjmaxx.com. One trend that could have a negative impact on TJ Maxx sales is increasing competition from retailers such as Macy's and a limit on levels of inventory. Several luxury brands are also withdrawing their products from off-price retailers to protect their brand's image and ability to charge a premium. These include Ralph Lauren and Michael Kors.

43

T·J·maxx

COMPANY NAME
TJX Companies, Inc.

BRAND VALUE
US$4,765 Million

CATEGORY
Retail

HEADQUARTER CITY
Framingham, USA

YEAR FORMED
1976

NUMBER OF STORES GLOBALLY
1,219

SECTION 03

44

TACO BELL

COMPANY NAME
Yum! Brands, Inc.

BRAND VALUE
US$4,661 million

CATEGORY
Fast Food

HEADQUARTER CITY
Irvine, California, USA

YEAR FORMED
1962

NUMBER OF STORES GLOBALLY
6,738

Photo courtesy of Taco Bell

Taco Bell is a chain of Tex-Mex-style fast food restaurants, serving tacos, nachos, burritos, and its own, often-creative takes on the genre.

The brand currently has nearly 7,000 restaurants, most of them in its home market of the US, but there are 250 international outlets, and in early 2018, the brand announced plans to become a US$15 billion company with 9,000 restaurants globally by 2022. Taco Bell has recently been driving growth for its parent Yum! Brands, which reported that the brand's same-store sales rose 6 percent in Q3 2017 and 8 percent for the first nine months of 2017. Taco Bell International president Melissa Lora will step down in mid-2018, replaced by Liz Williams. A former KFC executive, Rahul Shinde, has been named chief financial officer, and Julie Felss Masino the new brand president.

With a strong, working-class brand positioning, Taco Bell appeals primarily to a younger audience, but ironically not to those who identify as Hispanic, who rarely buy the brand. Taco Bell is known for its large and eclectic menu, regularly launching PR-friendly items, such as Dorito Locos Tacos and its Naked Chicken Chalupa, which uses chicken as a taco shell. The brand also wins industry praise for its humorous social media presence, which has gained it nearly 2 million Twitter followers. It provides education opportunities and serves the community through its nonprofit organization, the Taco Bell Foundation. Recent innovations include a new restaurant model including table service, collaboration with the ride-share company Lyft, a new breakfast "naked egg taco", and the launch of a fashion collection with Forever 21.

Photo courtesy of Sam's Club

45

Sam's Club

COMPANY NAME
Wal-Mart Stores, Inc

BRAND VALUE
US$4,467 million

CATEGORY
Retail

HEADQUARTER CITY
Bentonville, Arkansas, USA

YEAR FORMED
1983

NUMBER OF STORES GLOBALLY
590

SECTION 03

Sam's Club is a US-based chain of members-only retail warehouse clubs offering access to low-cost bulk grocery and general merchandise – ranging from fresh food to jewelry and flowers – in return for an annual membership fee.

Photo courtesy of Sam's Club

Members also have access to a range of other services including pharmacy, optical, photographic and some financial services such as insurance. The brand is owned by Walmart and named after its founder, Sam Walton.

Sam's Club recently closed 63 clubs to increase profitability, and is slowly opening new clubs in more affluent parts of the US. Under new CEO John Furner, Sam's Club is attempting to tighten its SKU count, keeping only the most profitable lines and switching to more premium items in an effort to attract higher-income families as members. Sam's Club is improving its fresh food and organic ranges and general item quality with its fully revamped and expanded private label brand, Member's Mark. It is also positioning clubs as health destinations, with pharmacies and self-screening health kiosks available. The Sam's Club "Club of the Future" in Bentonville, Arkansas, is a club where new ideas and innovations – such as an upmarket meat and seafood center, club café, and alternative layouts and product placement – are piloted before more widespread introduction. Four of the top 10 biggest-selling Sam's Club outlets are in China.

BURBERRY

Burberry is a luxury British fashion brand best known for its iconic gabardine trench coat and signature check lining, created by founder Thomas Burberry as a lightweight alternative to the heavy coats used by British soldiers in World War I.

46

BURBERRY

COMPANY NAME
Burberry Group Plc

BRAND VALUE
US$4,427 million

CATEGORY
Luxury

HEADQUARTER CITY
London, UK

YEAR FORMED
1856

NUMBER OF STORES GLOBALLY
469

The coats – and Burberry check – are still synonymous with the brand, and are now sold in 461 company-owned stores and 47 franchise stores in 50 countries around the world. Its London flagship store is in Regent Street, Mayfair. Celebrities have featured heavily in Burberry advertising for many years; British model Kate Moss has had a long association with Burberry. Iris Law, Zhou Dongyu, Lily James and Matt Smith have all participated as recent ambassadors. Burberry has also worked with actor-singer Kris Wu to launch a capsule collection reflecting his own style.

The brand retains a reputation for quality, design and craftsmanship, but is investing heavily in digital innovation to stay current; it launched a Facebook Messenger chatbot for customer service in 2016, and has since added a combination of AI and live customer service options on the Line and Kakao chat platforms, as well as via the Burberry app. It uses Pinterest to build loyalty and personalize the customer experience. It has also entered into a beauty partnership with Coty. Burberry is the only global luxury brand to have joined the Climate Group's RE100, as part of its commitment to procure 100 percent of its energy from renewable resources by 2022. President and chief creative officer Christopher Bailey has announced his intention to leave the company in March 2018. Former Brioni and Kering executive Gianluca Flore joined as president of the Americas in July 2017.

47

falabella.

COMPANY NAME
Inversiones Falabella Ltda.
BRAND VALUE
US$4,257 million
CATEGORY
Retail
HEADQUARTER CITY
Santiago, Chile
YEAR FORMED
1889
NUMBER OF STORES GLOBALLY
483

Falabella is a multinational chain of department stores founded as a tailoring shop by Salvatore Falabella, an Italian Chilean, in 1889.

The company is headquartered in Santiago, Chile, and owned by Chilean multinational company S.A.C.I. Falabella. It has grown to become the largest South American department store chain. Falabella's operations include department stores, supermarkets, home improvement centers, malls and financial services, and the brand operates in Argentina, Brazil, Chile, Colombia, Peru and Uruguay.

Expansion began in the 1960s, with the first Falabella store launching outside of Santiago, in Concepción, southwest of the capital. In 1980 Falabella created CMR, a credit card with 5.5 million customers, and in the 1990s began its process of internationalization, expanding into Argentina, Peru and Colombia, in the 2000s. Some of the celebrities who have appeared in ads are Cecilia Bolocco, Valeria Mazza, Juanes, Kate Moss, Gisele Bündchen and Ricky Martin. The company announced in early 2018 that it plans to invest US$3.9 billion from 2018 to 2021 to expand its operations across the region, opening 108 new stores and eight shopping malls.

falabella.

48

COMPANY NAME
The Wendy's Company
BRAND VALUE
US$4,169 million
CATEGORY
Fast Food
HEADQUARTER CITY
Dublin, Ohio, USA
YEAR FORMED
1969
NUMBER OF STORES GLOBALLY
6,537

The Wendy's Company is an American international fast food restaurant chain founded by Dave Thomas on November 15, 1969, in Columbus, Ohio.

The company moved its headquarters to Dublin, Ohio in 2006. In 2008, it merged with Triarc Companies Inc., a publicly traded company and the parent company of Arby's, a quick-service sandwich restaurant chain.

The company operates a network of over 6,500 owned and franchised restaurants, of which 93 percent are in the US. The Wendy's menu consists primarily of hamburgers, chicken sandwiches, French fries and beverages, including the signature Frosty, which is a soft-serve frozen dairy dessert. Wendy's opened its 500th restaurant outside the US in 2017; openings in the past year include restaurants in Brazil, Chile, Indonesia, Japan and Malaysia. In the US, Wendy's has expanded its four for $4 menu to eight entrees, and has partnered with DoorDash, an on-demand restaurant delivery service to provide more convenience.

Photo courtesy of Wendy's

Prada was founded by brothers Mario and Martino Prada as a store selling high-end luggage, accessories and other luxury goods from Milan's prestigious Galleria Vittorio Emanuele II.

Its goods quickly became popular among the Italian aristocracy and European elite and, in 1919, Prada was made "Official Supplier of the Italian Royal Household". Mario Prada's daughter Luisa ran the business for almost 20 years after the founders stepped aside and Luisa's daughter Miuccia took over in 1978. Prada is now a truly global brand, specializing in leather handbags, travel accessories, shoes, ready-to-wear fashion, perfumes and other fashion accessories. Handbags and shoes are Prada's mainstays, with the brand recognized for the fine materials and quality of craftsmanship that go into its products. However, sales in key markets have been suffering over the past year; political tensions on the Korean peninsula have dampened spending in South Korea, and Prada's Fifth Avenue, New York store suffered due to repeated blockages around the store entrance. In response, Prada has been focusing on its digital strategy, and aims to complete a rollout of e-commerce sales platforms across the world by the end of 2018. The company aims to make 5 per cent of sales from e-commerce.

In early 2018, Prada unveiled Prada365, a new-generation advertising campaign dubbed a "continuous visual datastream", which jettisoned the two-seasons-a-year schedule in favor of fast-moving collaborations with photographers and models. The brand sees itself as an ambassador of culture, having established the Prada Foundation in 1993 to promote "the most radical of intellectual challenges in art and contemporary culture".

49

PRADA

COMPANY NAME
Prada S.p.A.

BRAND VALUE
US$4,082 million

CATEGORY
Luxury

HEADQUARTER CITY
Milan, Italy

YEAR FORMED
1913

NUMBER OF STORES GLOBALLY
392

Under Armour is an American brand that has become a global name in the manufacturing and distribution of sports footwear, sportswear and casual apparel.

50

UNDER ARMOUR

COMPANY NAME
Under Armour, Inc.

BRAND VALUE
US$3,991 million

CATEGORY
Apparel

HEADQUARTER CITY
Baltimore, Maryland, USA

YEAR FORMED
1996

NUMBER OF STORES GLOBALLY
11,220

Kevin Plank started the business from his grandmother's basement in Washington, D.C., and his first team sale came at the end of 1996. Under Armour seeks to provide athletes all over the globe with the most innovative performance clothing and accessories. It now has offices and stores around the world, is aiming to reach US$1 billion in turnover outside the United States by 2020. Under Armour's main distribution strategy is through leading specialist retailers and department store chains, supplemented by concept stores and factory outlets, though lately it has also moved into less specialist chains. In Spain, for example, it works with fashion retailer El Corte Ingles. The brand is seeking to drive growth based on personalized, connected and high-performance products. Under Armour is seen as a leader in its field, but its main rivals are also focused on innovation and personalization, making for tough competition. Rivals in sports apparel have a more clearly defined segmentation strategy and niche growth drivers, while Under Armour's brand image has suffered as it struggles to define its identity.

Victoria's Secret is a US-based specialty retailer of women's intimate and other apparel, with fashion-inspired collections and prestige fragrances.

Victoria's Secret operates in more than 70 countries and online at VictoriaSecret.com, with the US, Canada, UK and China among its biggest markets. Stores are operated by the brand itself as well as under franchise, license and wholesale arrangements. There are three retail formats. Victoria's Secret feature the lingerie as well as selected beauty and fragrance ranges. Victoria's Secret Beauty and Accessories stores are smaller stores at airports and in malls. Victoria's Secret PINK is a line of lingerie and apparel aimed at college-aged women; the range is available in larger Victoria's Secret stores as well as freestanding PINK locations. The brand is famous for its runway shows, featuring "Victoria's Secret Angels" dressed in intimate apparel with giant wings. The term angel comes from the 1997 Angel lingerie range campaign, which featured models and pop icons like Helena Christensen, Karen Mulder, Daniela Peštová, Stephanie Seymour and Tyra Banks. It was such a success that from then onwards the term "angel" became synonymous with being a brand ambassador.

In 2016, following poor results, the brand dropped swimwear and apparel from its Victoria's Secret range and decided to focus more on its core offering. There was also a major shift in brand marketing, as Victoria's Secret dropped catalogs in favor of online content and social media. The brand has been criticized for promoting women with unrealistic body shapes in its runway shows and advertising, but Victoria's Secret is extremely popular around Christmas and Valentine's Day as a destination for women's gifting.

51

VICTORIA'S SECRET

COMPANY NAME
L Brands Inc.

BRAND VALUE
US$3,664 million

CATEGORY
Apparel

HEADQUARTER CITY
Columbus, Ohio, USA

YEAR FORMED
1977

NUMBER OF STORES GLOBALLY
1,229

SECTION 03

Photo courtesy of Victoria's Secret

Bodega Aurrerá is a Mexican discount-store chain owned by American retail giant Walmart.

52

COMPANY NAME
Bodega Aurrerá

BRAND VALUE
US$3,593 million

CATEGORY
Retail

HEADQUARTER CITY
Mexico City, Mexico

YEAR FORMED
1970

NUMBER OF STORES GLOBALLY
1,782

The chain was first established in 1970 in Mexico City and there are now close to 1,800 branches, offering a wide range of goods at competitive prices across much of Mexico. The retailer operates under three main banners, from the larger Bodega Aurrerá, medium-sized Mi Bodega Aurrerá and smaller, mainly urban Bodega Aurrerá

Photo courtesy of Bodega Aurrera

Express The brand's strategy is to distribute leading brands and Walmart's own brands at the lowest possible prices.
The range is wide, spanning products from grocery, perishable foods and apparel, as well as cleaning, household items, car accessories and general merchandise.

In attempt to respond to the needs of growing numbers of Mexican mobile phone users, who have limited access to data because plans tend to be expensive, Bodega Aurrera has announced it will roll out free WiFi services across its stores by mid-2018. The investment is not just a service to shoppers; it enables the chain to gather data on its customers, which can be used to personalize offers as well as boost its nascent online business. The brand's combination of value, relevant marketing and a positive in-store experience has helped the retailer to become valued by consumers, particularly millennials.

SECTION 03

53

COMPANY NAME
lululemon athletica Inc.

BRAND VALUE
US$3,570 million

CATEGORY
Apparel

HEADQUARTER CITY
Vancouver, Canada

YEAR FORMED
1998

NUMBER OF STORES GLOBALLY
388

lululemon athletica is a Canadian athletic apparel retailer selling yoga, running and training apparel for women and men around the world.

The company also makes lifestyle apparel and yoga accessories. lululemon works with yogis and athletes in local regions to research and get product feedback on technical fabrics and functional designs. Lululemon uses social media platforms like Facebook, Twitter and Instagram as one means of marketing the company and its products. Photos and advertisements of "products of the day" are shown to keep followers interested and actively thinking about the brand.

In May 2017, the brand launched its first global marketing campaign and TV ad. The campaign's purpose was to restore glamor to the brand and help it differentiate itself from the growing number of fast fashion chains tapping into consumer demand for fitness and leisurewear. The brand has also been focusing on strategic markets outside North America, opening its first stores in Japan and Ireland.

In 2017, Lee Holman resigned from his posts as Executive Vice President and Creative Director. Lululemon has begun partnering with 7mesh Industries, an emerging global brand in high-performance cycling apparel, to co-create advanced technical clothing. It also launched it's first ever men's campaign, "Strength To Be", to encourage men to represent their own definitions of masculinity, and stand tall with both inner and outer strength.

54

苏宁易购 suning.com

COMPANY NAME
Suning.com Co., Ltd.

BRAND VALUE
US$3,394 million

CATEGORY
Retail

HEADQUARTER CITY
Nanjing, Jiangsu Province, China

YEAR FORMED
1990

NUMBER OF STORES GLOBALLY
1,600

Suning is one of the largest non-government retailers in China, operating more than 1,600 stores in more than 600 Chinese cities and internationally.

The Suning range is extensive, spanning household appliances, office equipment, electronics, and communications products. Suning also provides installation and maintenance services to customers. Suning operates a range of physical retail formats under different names, including Suning Cloud Store, Suning Life Plaza, Suning Direct Store, and Suning Supermarket. While Alibaba's Tmall is international vendors' usual route into the Chinese market, Suning has been working to position itself as a strong alternative, launching a "Czech Pavilion" featuring Czech food, cosmetics and clothing in cooperation with the Czech Trade Promotion Agency. It is also working with Metcash on the supply of fresh, quality produce from Australia and New Zealand.

In 2017, Suning introduced a new "Smart Retail" concept. This allows consumers to use an app to control all the intelligent electronic appliances in their home. It also includes a chatbot system for businesses to converse with their customers at any time, and an intelligent logistics system that tracks shipments when they are delivered, as well as a supply system that can divert products to retailers based on market data and analysis of expected demand. At the 2018 CES consumer electronics fair, Suning showcased its "Biu" unmanned store concept. Powered by big-data analysis, facial recognition and RFID technology, the store shows the company's expertise in online-to-offline retailing; the brand currently operates five Biu stores across China. Marketing is also highly personalized and dynamic, based on Suning data.

Liverpool is the largest chain of department stores in Mexico

55

Liverpool

COMPANY NAME
El Puerto de Liverpool S.A.B. de C.V.

BRAND VALUE
US$3,269 million

CATEGORY
Retail

HEADQUARTER CITY
Mexico City, Mexico

YEAR FORMED
1847

NUMBER OF STORES GLOBALLY
127

Of the 127 stores present today, 89 operate under the Liverpool name, and the other 38 under the name Fabricas de Francia. Besides department stores, Liverpool also operates several shopping malls, duty free stores and specialized boutiques. Liverpool was founded in 1847 by J.B. Ebrard, who initially sold clothes from trunks set up in downtown area of Mexico City. Since most of the clothes he imported came via Liverpool in England, he ended up naming the store after the city, Liverpool.

Liverpool opened its 100th store in 2014. In April 2017, El Puerto de Liverpool completed a 100 percent acquisition of the Mexican department store chain Suburbia, with its 122 stores. These stores still operate under the Suburbia name. Liverpool had also been in talks to acquire a majority stake in Ripley, a department store chain in Chile, for 813 billion Chilean pesos, but the deal was called off following months of talks, after a series of geopolitical and economic changes in both countries. The arrival of Amazon in Mexico has increased pressure on Liverpool, as has the strong e-commerce offering of local rival Mercado Libre.

56

M&S
EST. 1884

COMPANY NAME
Marks & Spencer Group Plc

BRAND VALUE
US$3,010 million

CATEGORY
Retail

HEADQUARTER CITY
London, UK

YEAR FORMED
1884

NUMBER OF STORES GLOBALLY
1,423

Marks & Spencer has grown from a "penny stall" in Kirkgate Market in Leeds into one of Britain's leading national retailers, with close to 1,000 UK stores.

It offers own-brand clothing, homeware and food, with a focus on durability and quality. In clothing, M&S is best known for its lingerie.

The food part of the business is what's currently driving growth, with food revenue up 3.6 percent in Q3 2017, compared to a 2.3 percent dip in revenue from clothing and home. Many stores are standalone "Simply Food" stores. This year, the M&S food and department stores have for the first time advertised under the same single campaign tagline; "Spend it well", a campaign focused on the importance of enjoying life, an attitude that has relevance across a range of age groups. While M&S has a reputation for quality and trustworthiness, its clothing range has frequently been considered bland, an association the brand has sought to overcome through collections designed by celebrities such as Alexa Chung and David Gandy. Shoppers, however, still complain about lack of clear offer segmentation and the brand having lost its identity.

M&S has had varied success internationally, and in 2017 withdrew from several markets in Europe and Asia. It currently operates about 400 international stores in around 50 markets across Europe, Asia and the Middle East. As a part of a five-year transformation plan, M&S has announced plans to become a digital-first business. There have been a host of senior appointments, and in 2018 the new team focus on aligning strategic priorities of the food and clothing and home business units.

FOOD BRANDS FLEX TO MEET THE EXPECTATIONS OF MILLENNIAL CUSTOMERS

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Brands in the category have worked to flex their offerings around millennial customers.

They are assessing all dimensions of the experience, including the look and feel of their sites, while also addressing millennials' different expectations about the quality of ingredients. They need to know not only that ingredients are safe and healthy, fresh and organic, but even their provenance—to understand where they come from!

CHANGING VIEWS OF OWNERSHIP OPEN ACCESS TO LUXURY

The sharing economy is well established in the luxury sector, where highly affluent people understand the costs and benefits of owning an asset vs. simply using one when they like.

To add to the rational financial arguments, there are other reasons behind changing attitudes to ownership, such as the desire for luxury experiences that are unique and shareable, over possessions.

For the luxury automotive sector, leasing and financing offer better flexibility than owning a vehicle and allow high-net worth individuals to invest capital elsewhere. Financing also expands access to luxury models, beyond premium, and certain automotive brands cover both segments within the same model range with substantially different price points.

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REWRITING THE RULES

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WUNDERMAN

Intelligent, voice-controlled helpers are increasingly finding their way from the smartphone to the living room.

For brands, this development means a fundamental upheaval for communications. The decades-old mantra of text, graphics and digital, complemented by interaction, gains a new dimension: voice. Voice and language. Spoken language is diverse and at the same time personal. This is what makes conversation such a complex interface. When consumers talk with brands, they take us back to the origins of selling. The power of direct, unvarnished contact with the customer will return to prominence, but now, unlike the old days, consumer expectations are high and their tolerance threshold is low.

In 2019, 75.5 million people will communicate with language assistants, according to eMarketer forecasts. The potential of conversational campaigning for brands is enormous. The main challenge for brands is to develop activation strategies that deliver voice services that are not just tolerated but enjoyed by the people who use them. They must prove they can have a natural discussion with consumers and adapt their content plans to voice. If they get this right, they can deliver the trigger that spurs someone to make a purchase; they can boost loyalty and drive revenue. But what counts to the consumer is convenience and relevance. For consumers to want to chat with you, deep market understanding is as important as the art of conversation.

THE VALUE OF BEING INVISIBLE

Traditional luxury is giving way to a more sober and discrete style of luxury, defined by durability, inclusiveness, and modernity.

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J. WALTER THOMPSON WORLDWIDE

What matters now is not the name or the size of the logo; it is the quality, modernity, and inclusiveness of the brand. These attributes can be invisible, just like Panasonic's new televisions, which simply blend into the room when turned off. In ready-to- wear luxury, the monogram is becoming more discreet than ever.

What matters is that it's real. To avoid counterfeits, some Chinese luxury brands have invested in Blockchain technology, which provides a unique ID code for each item, through which users can trace its origins. Luxury goods are changing, but so are ways of the consuming them. Luxurious living is no longer just about purchasing power; luxury brands must embody the lifestyle and values with which the consumer can identify. We believe that now is the time for sustainable, inclusive, and modern luxury.

CONSUMERS LOVE THE BRANDS, NOT THE HEALTH EFFECTS

The food category remains under pressure, certainly in developed markets.

Marketers continue to balance the impact of category health concerns and erosion of brand affinity in younger generations. The food category has started to directly acknowledge health concerns with moderation messaging, and soft drinks manufacturers are paying close attention, as finding the right balance between addressing concerns and brand building is the key to managing future growth. As in many other categories, there is also a degree of fragmentation as the range of functional beverages and niche offerings proliferate— so a challenge for the category giants is to get the relationship between their masterbrands and their expanding portfolios right.

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YOUNG GENERATION'S TASTES ARE ECLECTIC AND FAST-CHANGING

The younger generation is very eclectic and not afraid of mixing and matching.

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KANTAR TNS

They are less interested in brands that create a full, somewhat monochromatic ensemble. They are more inclined to say, "I'd love to wear that navy blue blazer, but I'm going to pair it with high-top sneakers and ripped jeans." It's an urban influence, but people living in places outside of the fashion hubs are picking pieces from it. In the US, trends that begin on the coasts might be over by the time they reach the Midwest, except that today, with social media, trends travel much faster. Trends can change so quickly, even the brands themselves are challenged to keep up.

57

NORDSTROM

COMPANY NAME
Nordstrom Inc.

BRAND VALUE
US$2,893 million

CATEGORY
Retail

HEADQUARTER CITY
Seattle, Washington, USA

YEAR FORMED
1901

NUMBER OF STORES GLOBALLY
366

Nordstrom is an American fashion retailer established by a partnership between John W. Nordstrom and Carl F. Wallin, a Seattle shoemaker.

The company started its operations in 1901 by selling shoes and now the retailer offers clothing, shoes and accessories for men, women and children. Currently it operates hundreds of physical stores in the US and Canada, and through its online platform it operates in 96 countries. The company operates under several brand names, including Nordstrom Rack for discounted goods "where style meets savings", Trunk Club for a more personalized service, and HauteLook, a members-only shopping website. The retailer strives to provide innovative concepts in fashion and beauty. In May 2017, it partnered with Goop, the online lifestyle brand created by actress Gwyneth Paltrow, and in September 2017 introduced "Nordstrom Local", a small format store concept which has no inventory, but is where shoppers can interact with stylists and place orders. During October 2017 Nordstrom reported sales of US$3.5 billion, and for FY 2017 it expected net sales to grow 4 percent.

58

Massimo Dutti

• SINCE 1985 •

COMPANY NAME
Industria de Diseño Textil, S.A.

BRAND VALUE
US$2,831 million

CATEGORY
Apparel

HEADQUARTER CITY
Barcelona, Spain

YEAR FORMED
1985

NUMBER OF STORES GLOBALLY
765

Massimo Dutti offers elegant but widely affordable fashion collections aimed at a broad audience of independent, urban and cosmopolitan consumers.

It has several lines to suit different aspects of consumers' lives, from office apparel to sportswear. It also has an equestrian-inspired collection, which it promotes around high-profile global equestrian events. The brand has a strong international presence, with 765 stores in 74 markets across Europe, America and Asia-Pacific. The brand originally offered only menswear, but has since expanded to cover women, children, tailoring and perfumery, an area in which it collaborates with the Spanish perfume company Puig. Massimo Dutti has been pushing international expansion, recently opening high-profile stores in Baku (Azerbaijan), Hangzhou (China), Goyang (South Korea), Kracow and Wroclaw in Poland, Mexico City and the brand's first store in Vietnam, in Ho Chi Minh City. The brand also launched new flagship stores in Valencia and Zurich.

The increasingly international flavor of Massimo Dutti is reflected in the 2018 launch of a collection inspired by Chinese New Year.

The Valencia flagship features a variety of cutting-edge technology, including interactive mirrors and virtual fitting rooms, along with Scan & Buy options and a click and collect service. Inditex took a stake in Massimo Dutti in 1991 and bought the remainder of the company in 1995. Like the other brands of the Inditex Group, Massimo Dutti does not advertise in conventional media and has built its success on the location of its stores and its window dressing. The brand is also highly active online, with an online store and strong involvement in blogs about fashion trends.

The Dior brand was created by designer and couturier Christian Dior.

59

Dior

COMPANY NAME
Christian Dior SE

BRAND VALUE
US$2,787 million

CATEGORY
Luxury

HEADQUARTER CITY
Paris

YEAR FORMED
1946

NUMBER OF STORES GLOBALLY
208

Having launched his "New Look" in 1947, the designer revolutionized high fashion after the second world war. The range of womenswear designs quickly expanded into cosmetics, leather goods, jewelry and watches. Fragrance was considered the ultimate final touch. Dior is one of France's best-known luxury brands around the world. E-commerce is growing in importance as brand awareness grows, enabling shoppers to access ranges that are not necessarily available in stores local to them.

A succession of high-profile designers and creative directors have steered the brand over the years, including Yves Saint Laurent, Marc Bohan, Gianfranco Ferré, John Galliano, Hedi Slimane and Raf Simons. One of the brand's most iconic products is the Miss Dior perfume, launched in 1947 and now advertised in a new campaign featuring actor Natalie Portman, along with Perfumes Sauvage (promoted by Johnny Depp), Eau Sauvage, Poison, Fahrenheit and J'adore. Other iconic lines include the Lady Dior handbag, popularized by Britain's Princess Diana, and a luxury BMX bike launched last year. Celebrities are key to Dior communications, with singer Rihanna, and actors Marion Cotillard, Charlize Theron and Jennifer Lawrence all associated with products in the Dior range.

Dior is part of the wider Christian Dior holding company, which includes other luxury brands such as Givenchy, Kenzo, and Berluti which, in 2017, was taken over by LVMH in a US$13 billion deal. In early 2018, former Fendi CEO Pietro Beccari replaced Sidney Toledano as CEO of Christian Dior Couture.

SECTION 03

60

SODIMAC

COMPANY NAME
S.A.C.I. Falabella

BRAND VALUE
US$2,689 million

CATEGORY
Retail

HEADQUARTER CITY
Santiago, Chile

YEAR FORMED
1952

NUMBER OF STORES GLOBALLY
248

Sodimac operates retail and wholesale home improvement chains of stores and has become a leader in the sector in its home market, Chile, as well as having a strong presence in Peru, Colombia, Argentina, Brazil and Uruguay.

The chain currently has plans to expand into Mexico. The brand promises to develop and provide solutions to customers' construction, home improvement and decorating needs, with excellent service a strong commitment to local communities. Sodimac has implemented a successful market-segmentation strategy, based on different sales formats and complementary services offered to its customers. These include Sodimac Homecenters, stores offering a wide range of products and services to help families renovate, decorate and improve their homes. Sodimac Constructor stores focus on professionals and contractors looking for value construction materials. Imperial outlets specialize in furniture and wood items, and Homy stores recreate home interiors to help inspire householders to design and decorate.

In most of the markets in which it operates, Sodimac offers e-commerce options and click-and-collect services in stores. The online store in Uruguay was recently launched. In stores, self-checkout tills are being rolled out, and environmental measures are being implemented. Sodimac is investing in solar panels and more sustainable stores, as well as reducing the use of plastic bags to reduce the chain's environmental footprint. Sodimac is expanding in Mexico in cooperation with the department store chain Falabella. The brands have the same parent company and are working together on expansion across Latin America.

Photo courtesy of Sainsbury's

Sainsbury's is the second-largest chain of supermarkets in the United Kingdom, with a 16.9 percent share of the local supermarket sector.

61

Sainsbury's

COMPANY NAME
J Sainsbury Plc

BRAND VALUE
US$2,673 million

CATEGORY
Retail

HEADQUARTER CITY
London, UK

YEAR FORMED
1869

NUMBER OF STORES GLOBALLY
1,427

There are now about 600 Sainsbury's supermarkets and 800 Sainsbury's Local convenience stores. Quality, low-priced groceries are the bulk of Sainsbury's business, but it also has a clothing line, TU, and sells homewares, financial services and energy services. In September 2016, Sainsbury's completed the acquisition of Home Retail Group, which resulted in stores adding items from the general merchandiser Argos to its portfolio. Sainsbury's shoppers can collect loyalty points under the Nectar system, which can then be used at stores to pay for purchases or redeemed at other participating retailers, restaurants and family entertainment centers. The brand's current slogan, "Live well for less", was introduced in 2011 to replace "Try something new today".

The retailer is one of several to recently announce a ban on the sale of energy drinks to minors. It has also increased its vegetarian and vegan ranges, and has vowed to reduce food and packaging waste. It is trialling "smart" packaging that indicates when a food item is past its best. Sainsbury's has extended the reach of its one-hour delivery service to compete with growing online competition from rival supermarkets and from Amazon Fresh and Prime Now. It is also trialling 30-minute click-and-collect grocery services, and has integrated Argos click and collect into Sainsbury's Local stores. The company recently announced plans to shake up operations, reducing the number of middle-management positions to improve profitability and store efficiency.

SECTION 03

Asda is the third one of the UK's "Big Four" grocers with 15.3 percent market share (Worldpanel, December 2017).

62

ASDA

COMPANY NAME
Wal-Mart Stores, Inc

BRAND VALUE
US$2,660 million

CATEGORY
Retail

HEADQUARTER CITY
Leeds, UK

YEAR FORMED
1949

NUMBER OF STORES GLOBALLY
631

While it formed as Associated Dairies and Farm Stores Limited in 1949, it has been known as ASDA since 1965. US grocery giant Walmart acquired Asda in 1999.

Asda is known for low prices and a broad range of groceries, items for the home, and its George clothing range. The rise of discount supermarkets in the UK in recent years has put intense pressure on Asda, so the grocer steadily invests in pricing of everyday essentials to chime with the brand's tagline "Save money. Live better".

Asda recorded growth in Q2 2017 for the first time after 12 consecutive quarters of loss, signaling stabilization and recovery. To drive growth for the future, Roger Burnley has been appointed as Asda's President and CEO, with effect from 1 January, 2018. Going forward, the business prioritizes store refurbishments, better availability and improved cost efficiencies. The grocer is reintroducing its private label, Farm Stores, throughout 2018, to replace its Smart Price range and create a better value proposition for the shoppers.

Asda launched George Home range in 2014, and there are Asda Mobile and Asda Money subsidiaries. Online shopping for home delivery or same-day click and collect is available, and the Asda app has a feature to help customers make their shopping budget go further.

Photo courtesy of ASDA

The consumer electronics retailer Best Buy made its name in the big-box retail era, housing a vast array of products in its large stores, which currently number more than 1,500 across North America.

63

COMPANY NAME
Best Buy Co., Inc

BRAND VALUE
US$2,551 million

CATEGORY
Retail

HEADQUARTER CITY
Richfield, Minnesota, USA

YEAR FORMED
1966

NUMBER OF STORES GLOBALLY
1,537

Over the last 10 years, growing competition online, and declining shopper interest in big-box shopping, had the potential to knock Best Buy off course. But the arrival in 2012 of CEO Hubert Joly kicked off a turnaround that now has the retailer re-establishing a growth path. Best Buy has become a best-in-class example of reshaping the in-store experience by curating assortment and elevating its expertise. Beginning in 2013, the retailer launched several branded stores-within-a-store, beginning with Samsung and extending to Microsoft, AT&T, and Verizon, among others. It continues to expand its Pacific Kitchen & Home high-end appliances and its Magnolia Home Theater spaces, and has also created smaller brand "islands" throughout the store that highlight its wide range of brands and create more engaging and interactive experiences for shoppers.

All Best Buy stores are fulfilment centers for online orders, and Best Buy has improved its mobile app to make it easier for shoppers to find information they need to make a purchase, including easier access to product reviews. Best Buy's famous "Blue Shirt" employees are now receiving more intensive training to run demos and inform shoppers about the assortment, particularly for more complicated products such as voice-activated technology and smart home equipment. Best Buy's well-known Geek Squad service providers are offering more on-demand programs for technical emergencies. And the retailer has launched in-home consultation services to advise shoppers.

The mid-range department store chain Macy's has been in business for 160 years, and its flagship store in Herald Square, Midtown Manhattan, is world famous both for its size and for being the end point of the annual Macy's Thanksgiving Day Parade.

64

COMPANY NAME
Macy's inc.

BRAND VALUE
US$2,541 million

CATEGORY
Retail

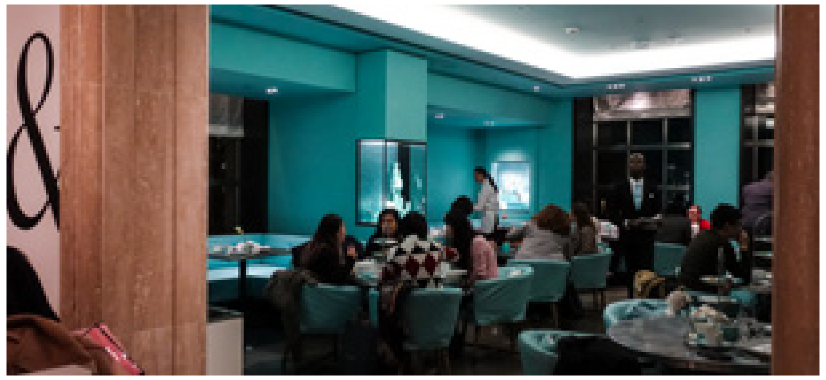
HEADQUARTER CITY
Cincinnati, Ohio, USA

YEAR FORMED
1858

NUMBER OF STORES GLOBALLY
659

The chain has more than 650 outlets around the US and in Puerto Rico and Guam, and plans to open a store in Dubai in 2018. Macy's has reduced its physical footprint as more sales have shifted online, dropping poor-performing stores and reinvesting the savings in omnichannel initiatives. It has also revamped its loyalty rewards program, Macy's Star Rewards, to better align the program's benefits with the retailer's top customers. Macy's President Jeff Gennette says the company is "building a vibrant omni-channel brand experience … (and) a more energized shopping experience in our remaining stores".

About 20 percent of sales comes from private label goods, particularly in apparel, and the brand has been investing in these as they provide shoppers with "exclusive to Macy's" products and reasons to make Macy's a shopping destination. The business is also investing in new avenues of retailing, acquiring specialty beauty brand Bluemercury in 2015, and continuing to refine its off-price strategies with its Backstage store concept, which is due for a larger rollout in 2018. These new investments will help Macy's diversify its presence in a changing apparel retailing landscape.



Tiffany & Co. is a luxury jewelry and specialty retailer headquartered in New York City.

65

TIFFANY & CO.

COMPANY NAME
Tiffany & Co

BRAND VALUE
US$2,490 million

CATEGORY
Luxury

HEADQUARTER CITY
New York, USA

YEAR FORMED
1837

NUMBER OF STORES GLOBALLY
315

The brand operates 315 stores across the US, Canada, Latin America, Asia Pacific, Europe and other international markets. It also trades through e-commerce-enabled websites in 13 countries, with informational websites operating in many more. The company's principal product category is jewelry, which represents 90 percent of worldwide net sales. It is the exclusive seller of its Tiffany & Co. branded jewelry, designed by in-house teams, suppliers and independent designers. It also sells timepieces, leather goods, sterling silver goods, crystal, stationery, fragrances and accessories. In 2017 the company expanded its range of home accessories, bringing a touch of luxury to everyday objects like toothbrushes as a form of art. Tiffany expects worldwide net sales this year to increase by 4 percent; holiday-season sales were up 8 percent over the previous year.

Late 2017 and early 2018 have brought a series of strategic leadership changes at Tiffany, including the appointment of Reed Krakoff as its chief artistic officer. There are three new independent directors and Alessandro Bogliolo has been named the new Chief Executive Officer. To mark the beginning of a new era for the brand, Tiffany has opened a Blue Box Café in its redesigned New York flagship store on Fifth Avenue. Krakoff describes the space as "experimental and experiential—a window into the new Tiffany". The brand is also looking to do more to cater to digital shoppers who are increasingly using mobile phones to research luxury purchases. The company's management will focus on expanding the customization options that Tiffany offers, as this is often a key consideration for mobile luxury shoppers.

Armani is the luxury fashion house founded by designer Giorgio Armani.

66

ARMANI

COMPANY NAME
Giorgio Armani SpA

BRAND VALUE
US$2,460 million

CATEGORY
Luxury

HEADQUARTER CITY
Milan, Italy

YEAR FORMED
1975

NUMBER OF STORES GLOBALLY
500

The company is famous for the design, manufacture, distribution and retailing of haute couture, ready-to-wear, leather goods, shoes, watches, jewelry, accessories, cosmetics and home interiors. The brand made its name globally in the 1970s as a highly influential luxury label and throughout the 1980s extended into new categories beyond fashion, including fragrances and eyewear. For a number of years, a range of sub-brands has operated under the Armani banner, which made the Armani name more accessible to consumers with a range of styles and budgets. These included the top-end Giorgio Armani range, Emporio Armani for trendy modern ready-to-wear lines, Armani Junior, which offers designer clothes for children, and Armani Jeans, a more casual collection for adults. However, the company is now consolidating its portfolio of brands, bringing many Armani sub-labels, including Armani Jeans, under the broader Giorgio Armani, Emporio Armani and AX Armani Exchange umbrellas.

In the late 1990s, Armani further extended the brand, moving into hotels, restaurants and resorts. The Armani Hotel Dubai has 160 rooms and suites in the iconic Burj Khalifa, and the Armani Hotel Milano, in the commercial capital's couture district, has 95. Giorgio Armani plans to launch a flagship e-tail store on China's Tmall to sell its luxurious cosmetic products in the Far East. It is also linking with Tmall's subsidiary Luxury Pavilion to provide online shoppers with access to exclusive sales called "Tmall Super Brand Days". Celebrities feature heavily in Armani advertising; the recent campaign for fragrance Sì stars actor Cate Blanchett in a video directed by Matthew Frost. Armani is a privately owned company.

SECTION 03

67

next

Next is a chain of stores offering fashionable and widely affordable clothing and homeware.

COMPANY NAME
Next Plc

BRAND VALUE
US$2,458 million

CATEGORY
Apparel

HEADQUARTER CITY
Leicester, UK

YEAR FORMED
1982

NUMBER OF STORES GLOBALLY
801

Since launching its womenswear collection, Next has gradually expanded into men's, children's, shoes, accessories, and home. It became famous in the mid-1980s for its Next Directory, a glossy and extensive catalogue that enabled shoppers to order by phone or mail and have goods home-delivered. A series of seasonal directories is still produced, though shopping is usually in-store or online; online shopping was introduced in 1999. There are more than 500 branches in the UK and Ireland, and a further 200 in 40 other countries around the world, with the Middle East identified for future expansion. In the UK, Next's Boxing Day sales, which start at 5am, are famously well attended by bargain-hunters.

Next had a mixed 2017; an investment of £11 million in website improvements and extra marketing staff paid off with a 1.5 percent rise in Christmas sales, but over the full year, the company posted its first decline in annual profits in more than eight years. To compete with online specialists such as ASOS and boohoo, the brand has focused on raising awareness of the many designer brands available through Next's digital platform. Next plans to increase floor space in its physical network by 85,000 square feet.

68

Bath&BodyWorks

Bath & Body Works stores offer body, bath and beauty products including soaps, hand washes, sanitizers, lotions, creams, body washes, shower gels, fragrances, styling accessories and many other products.

The brand also presents footwear, children's products and home products under the brand names BBW, C.O. Bigelow and White Barn Candle Co. Founded in 1990, Bath & Body Works operates as a subsidiary of L Brands Inc, and its headquarters are in Reynoldsburg, Ohio. Nicholas P.M. Coe is the CEO and President of Bath & Body Works.

The brand launches new collections of products with the seasons as well as speciality items, which recently have included shapeable soap. The Halloween 2017 collection included multiple themed bath products, and a relaunch of the Aromatherapy Collection includes oils and cream cleansers. The brand is currently focusing on relaunching some of their body care products. Bath & Body Works is experiencing solid growth and is the second-biggest contributor of revenue to parent company L Brands after Victoria's Secret. The brand's stores in shopping malls are a magnet for shoppers, and in 2017 the parent company put significant investment in place to remodel around 25 percent of Bath & Body Works stores.

COMPANY NAME
L Brands Inc

BRAND VALUE
US$2,435 million

CATEGORY
Retail

HEADQUARTER CITY
Reynoldsburg, Ohio, USA

YEAR FORMED
1990

NUMBER OF STORES GLOBALLY
1,708

Photo courtesy of Bath and Body Works

SECTION 03

69

asos
discover fashion online

COMPANY NAME
ASOS Plc

BRAND VALUE
US$2,365 million

CATEGORY
Apparel

HEADQUARTER CITY
London, UK

YEAR FORMED
2000

NUMBER OF STORES GLOBALLY
N/A

With a target audience of fashionable 20-something consumers, first in the UK but now globally, the brand is known for the extent of its range and its creative designs. It sells more than 85,000 branded and own-label products – womenswear, menswear, shoes, accessories, beauty, makeup and jewelry – and its own-label ASOS Curve, Maternity, Tall and Petite ranges.

ASOS has focused on improving the shopping experience; its mobile app uses artificial intelligence to learn from each transaction, then adapts and improves the shopping journey for the next person. Visual search is now live in the UK. ASOS's approach to marketing focuses on brand ambassadors sponsored by the brand to run affiliated Instagram accounts. Each individual account operates as a personal brand ambassador, with tags that begin with #ASOS. The company has also recently received praise for using un-retouched images of its models. Recent sales growth has come mainly from the upper end of the range. The business is expanding; 1,500 new jobs at the London headquarters have been announced, and a new office is soon to open in Shanghai. ASOS operates in an increasingly competitive market, however, with Amazon entering the fashion space, boohoo a strong rival in the UK and German-based Zalando playing the same role in Europe.

At the end of FY 2017, the retailer had over 20 million social media followers and 15.4 million active customers. ASOS reported sales of £1,876 million, up 34 percent, with UK sales up 16 percent and international sales up 47 percent. ASOS shipped 49.6 million orders in 2017 from its fulfilment centers in the UK, US, and around the world to more than 140 countries. A new fulfilment centre in Atlanta expected to create 1,600 jobs is due to become operational in fall 2018.

70

DUNKIN' DONUTS

COMPANY NAME
Dunkin Brands Group Inc

BRAND VALUE
US$2,341 million

CATEGORY
Fast Food

HEADQUARTER CITY
Quincy, Massachusetts, USA

YEAR FORMED
1950

NUMBER OF STORES GLOBALLY
12,435

Dunkin Donuts is an American-founded destination for coffee and baked goods.

Launched in 1950, it promised to "make and serve the freshest, most delicious coffee and donuts" with quick service in modern and well-merchandised stores. It is renowned for its hot regular, decaffeinated and flavored coffee, iced coffee, donuts, bagels and muffins. The brand still uses the original proprietary coffee blend recipe developed by its founder, Bill Rosenberg. Dunkin Donuts now has 12,435 stores present in over 46 countries and accounts for more than 75 percent of its parent company's revenues. The chain sells more than 2.7 billion donuts globally each year, and more than 2 billion cups of hot and iced coffee.

In recent times, the brand has trialled a new "next-generation concept store" in its home town of Quincy, Massachusetts, where multiple new offerings related to ordering, payment, signage and branding are being tested before a wider launch. A store in Quincy has also been renamed "Dunkin" as part of trials being undertaken by the brand. The store has a specialized drive-thru lane for customers on the go, which directly connects them to the pickup window. The brand also plans to implement digital ordering kiosks in the future. Dunkin Donuts stores are also receiving a facelift, with a more open layout and new uniforms for staff featuring inspiring messages like "Fuelled by Positive Energy" and "Drink Coffee. Be Awesome". Trials also include an upgraded menu, with no artificial colorings and with more natural ingredients.

71

Founded in 1898 as a co-operative alliance of independent merchants, EDEKA is Germany's leading group of grocery retailers, with about 11,400 stores across a range of store formats and sub-brands.

It promotes a positive shopping experience in a pleasant environment, with a format, location and range to suit consumers' needs within easy reach. The range of formats

includes EDEKA Center hypermarkets, which have specialist areas and offer more non-food products, and EDEKA markets and supermarkets, which frequently feature specialist service counters run by independent merchants. The company plans to roll out more stores in a wider range of formats, from forecourt retailers to discounters. It is also modernizing stores to improve the shopping experience. EDEKA offers a wide range of private label products in food and non-food categories such as beauty. These range from the economical Gut und Guenstig lines, to higher-priced international specialty foods. The private label ranges are highly popular and EDEKA has announced plans to further extend its portfolio. EDEKA tends to bring humor to its advertising, and its 2014 "Supergeil" music video featuring musician and actor Friedrich Liechtenstein became a viral hit. It now works closely with the WWF to promote sustainability, and comical pandas often appear in EDEKA ads, in one case accompanying shoppers around a store, helping them choose their goods responsibly. In 2017 the brand also ran an online spot #Vielfalt (diversity) to draw attention to racism, showing genuine reactions from EDEKA shoppers when they saw what would be missing from supermarket shelves if not for international diversity. Most ads carry the tagline Wir lieben Lebensmittel (We just ♥ food). EDEKA is privately owned.

SECTION 03

COMPANY NAME
EDEKA Zentrale AG & Co

BRAND VALUE
US$2,341 million

CATEGORY
Retail

HEADQUARTER CITY
Hamburg, Germany

YEAR FORMED
1898

NUMBER OF STORES GLOBALLY
11,400

72

RALPH LAUREN

Ralph Lauren is a global leader in the design, marketing and distribution of premium apparel, home, accessories and fragrances.

COMPANY NAME
Ralph Lauren Corporation

BRAND VALUE
US$2,256 million

CATEGORY
Luxury

HEADQUARTER CITY
New York, USA

YEAR FORMED
1967

NUMBER OF STORES GLOBALLY
615

For many years Ralph Lauren's reputation and distinctive logo have been consistently developed across an increasing number of products, brands and international markets. It is amongst the world's most widely recognized consumer brands. The Company operates under the brands Ralph Lauren Purple Label, Ralph Lauren Collection, Double RL, Polo Ralph Lauren, Polo Ralph Lauren Children's, Ralph Lauren Home, Lauren Ralph Lauren, RLX, American Living, Chaps and Club Monaco, each catering to a slightly different audience with a specific range.

In 2017 Ralph Lauren appointed Patrice Louvet, one of the most successful executives in the consumer products industry, as President and CEO. The retailer is strengthening its digital capabilities and has created a new position of chief digital officer, to which Alice Delahunt, formerly of Burberry, has been appointed. Ralph Lauren has also launched on Chinese e-commerce marketplaces like Tmall and JD.com and social messaging platform WeChat. There are plans to open flagship and small-format stores in China to reach customers directly, and partnerships are being developed with powerful opinion leaders. Ralph Lauren has designed the uniforms for Team USA for the 2018 Winter Olympics.

73

TOMMY HILFIGER

COMPANY NAME
Phillips-Van Heusen Corporation

BRAND VALUE
US$2,103 million

CATEGORY
Apparel

HEADQUARTER CITY
New York City, USA

YEAR FORMED
1985

NUMBER OF STORES GLOBALLY
1,800

Tommy Hilfiger is a designer lifestyle brand promising premium styling, quality and value to consumers worldwide.

Founder Tommy Hilfiger remains the company's principal designer and the brand launches collections under the Tommy Hilfiger and Tommy Jeans brands. There are men's, women's and children's collections, sportswear, denim, accessories, and footwear. In addition, fragrances, eyewear, watches and home furnishings are produced under license. The brand was acquired by PVH Corp. in 2010, and now operates throughout North America, Europe, Latin America and the Asia-Pacific region.

Since 2016, Tommy Hilfiger has launched a range of initiatives to breathe new life into a brand that fell out of favor among consumers in the 2000s. In partnership with model Gigi Hadid, the brand has launched a range of TommyxGigi womenswear, accessories and fragrances, which proved so popular that the brand was criticized for running out of stock too quickly. It went on to create two further collections with Hadid. Alex Pall and Andrew Taggart have more recently been announced as global brand ambassadors for Tommy Hilfiger menswear. Also in 2017, Tommy Hilfiger obtained a license to produce Peerless clothing, giving it an entry into the tailored men's clothing market in North America.

74

BOSS HUGO BOSS

COMPANY NAME
Hugo Boss AG

BRAND VALUE
US$2,072 million

CATEGORY
Apparel

HEADQUARTER CITY
Metzingen, Germany

YEAR FORMED
1924

NUMBER OF STORES GLOBALLY
442

Hugo Boss is a German upper-premium apparel brand that has become a global name in fashion and accessories for both men and women.

The range has a strong heritage in men's tailoring which remains at the core of the brand, though it also produces eveningwear, sports and casual apparel, as well as shoes and leather accessories. Branded fragrances, eyewear, watches, children's fashion, home textiles and writing instruments are sold under license. Goods are sold in 127 countries around the world, through 442 of its own retail stores, as well as via e-commerce. It uses celebrities to endorse the brand and specific collections; recent ambassadors include Formula 1 driver Lewis Hamilton, actor Theo James for Boss Parfums, and actor James Marsden, who featured in the Hugo Boss "Own Your Journey" campaign. The brand associates itself with premium sports such as golf, Formula 1, sailing and football to project an image of dynamism, excellence and precision. Hugo Boss has joined with Formula E racing as official apparel partner to build the brand's position as an innovator. In late 2017, it also launched a digital showroom in Berlin for its HUGO brand, where shoppers can explore collections on screens and buy virtually.

Andreas Streubig was recently named Director of Global Sustainability, and the brand has launched a unisex fashion collection. Sponsorship of cultural events is another key area of the Group's brand communications, linking design, art, aesthetics and creativity.

SECTION 03

75

stradivarius

stradivarius

COMPANY NAME
Industria de Diseño Textil, S.A.

BRAND VALUE
US$2,051 million

CATEGORY
Retail

HEADQUARTER CITY
A Coruna, Spain

YEAR FORMED
1994

NUMBER OF STORES GLOBALLY
1,024

Stradivarius is an affordable fashion brand that targets a young adult audience with its focus on the latest trends in design, fabric and accessories. The brand is known for its signature treble clef logo, reflecting the musical name, and its understated European style. The company was established in Spain 1994 and has since grown into a multinational brand. There are 1,024 Stradivarius stores across 74 markets around the world, 292 of these in Spain. Recent store openings include the first branch in Israel, one in Manchester (UK), and a store of almost 1,000 square meters in Donegall Place, Belfast. In 2016, the first store in the Netherlands opened, in central Amsterdam.
The brand initially sold only women's clothing, but Stradivarius Man was launched at the beginning of 2017.

Stradivarius was acquired by the Inditex Group in 1999 and, like other brands in the group, Stradivarius does not use traditional advertising; instead, it relies on having stores in prominent locations and using exciting window dressing to attract passers-by. Stradivarius is currently seeing less expansion activity than other brands in the Inditex stable, which is led by Zara. Its flagship store in Paseo de Gracia, Barcelona, has recently been remodelled, and Stradivarius will also open stores in Westfield White City shopping center in London, and in Dubai. A second store in El Salvador has opened, and Cardiff will be home to the first Welsh Stradivarius store, due to open in spring 2018.

SECTION 03

What are your brand's 'triggers' and how do you intend to deploy them?

How do you stand out from the crowd? What defines your appearance? Maybe you're blessed with a striking inherited feature, such as being tall, or perhaps you choose to have a unique hairstyle or fashion sense? People seek attention to various extents and choose to stand out or blend in as they see fit.

In the world of brands however, the protagonists do not have the advantage of inheritance—they must work hard against the competition to truly stand apart and be noticed, while ideally conveying why they are the right choice at that moment. So, how best to do that? How can brands gain an advantage and maximize their mental availability— their ability to come readily to mind at the point at which a purchasing decision is being made?

One way is to provide consumers with simple mental shortcuts to cue the brand and activate associated memories that relate to the brand experience. These unique shortcuts or "triggers" can achieve this in various ways, including but not limited to the use of slogans, colors, logos, fonts, physical cues (packaging, shape of product), characters, celebrity associations, and other imagery.

MARTIN GUERRIERIA
Global BrandZ™ Research Director
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Kantar Millward Brown has developed a methodology and framework for quantifying the strength of these triggers, to help us understand which are most associated with a particular brand and how they compare to competitors. After an extensive and ground-breaking BrandZ™ program of research, this capability has been further enhanced to establish a clear link between the strength of a brand's triggers and its equity in the mind of consumers (and therefore its likelihood to grow in value in the future). The study comprised a total of 4,265 consumer interviews across 15 categories in the US and UK, covering 110 brands and 681 de-branded triggers in the process. The approach deployed a unique neuroscience-based methodology to gather data on trigger performance and collect equity data in parallel, in line with BrandZ™'s long-established and proven framework.

A key result is a one-number summary of the overall strength of each brand's battery of triggers: the Brand Trigger Index (BTI), which shows a clear relationship with brand equity. The stronger a brand's BTI, the stronger its Brand Power score; brands with a high BTI had on average a 76 percent higher Brand Power score than those with a low BTI.

The Brand Power score measures a brand's current strength of demand and links to brand value growth. Brands with a high score grow at almost two and a half times the rate of brands with a low score.

But how is a brand's equity boosted by strong brand triggers? In addition to meaningful difference, BrandZ™'s equity framework isolates a third key element for successful brand building— Salience. Strong brand triggers exert a clear influence on Salience, amplifying a brand's meaningful difference and likelihood to grow. Brands with a high BTI have on average a 52 percent higher Salience score.

One mechanism for this impact on Salience is through a boost to the strength of a brand's advertising. Brands with a high BTI more than double their advertising strength versus those with a low score. Kantar Millward Brown Link™ data proves that the single best predictor of an ad's in-market sales effect is branding—a highly engaging creative with poor branding will not boost the ease with which a brand comes to mind and will not improve consumer motivation enough to deliver value growth.

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

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

CATEGORY NUANCES

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

TRIGGER TYPE

There was also a clear pattern with regards to the efficacy of the types of triggers tested. Typically, logos and packaging cues were much more effective at evoking a brand than slogans, celebrity endorsements, or sponsorships.

A brand's founder proved to be a very strong cue in several cases. Sir Richard Branson scored 125 for Virgin Media in the United Kingdom, Colonel Sanders 124 for KFC in the United States, and Steve Jobs 117 for Apple, also in the United States. The average score for all brands is 100.

This suggests that a commitment to consistency is a critical element in building a strong trigger, with more transient relationships with celebrities, sponsorships, and campaign-specific slogans likely to be much harder to own as intuitive branding devices, at least without persistent repetition and investment.

TOP TRIGGERS

The results also provide scores for each individual trigger, with an average brand and an average trigger each scoring 100.

The United States brands with the strongest groups of triggers came mostly from the world of soft drinks and fast food, with Coca-Cola, McDonald's, Pepsi, and Starbucks the top performers. The one exception within the Top 10 was Facebook, ranking 6th overall.

Logos proved the strongest triggers for each of the top five most valuable United States brands (Google, Apple, Amazon, Microsoft, Facebook), though only Google and Apple made the list of top 10 strongest individual US brand triggers, which was also dominated by logos. Only the incredibly distinctive Coca-Cola bottle (ranked #1 asset overall) and McDonald's' Ronald McDonald were non-logo related members of the Top 10.

In summary, instantly standing out from the crowd and catching the mind of the consumer is more important than ever.
What are your brand's triggers, and how do you intend to deploy them?

If all you're providing in a store is a place to pick up product, then you're doing an Amazon job and possibly not as well as they do. So the stores have to be all about the customer enjoying the experience of shopping, and that can mean everything from buying beauty as part of having a makeover, it could be having a glass of prosecco with your friends, or browsing with your children for a gift. It doesn't really matter what it is, it's the quality of the experience that counts and that's going to be the heart of the future department store.

SIR IAN CHESHIRE
Chairman
Debenhams

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017.
To watch the complete interview and other retail leaders interviews, go to:
www.retail.wppbrandz.com

ADD TO BASKET – AMAZON TAKES WINNER'S TROPHY

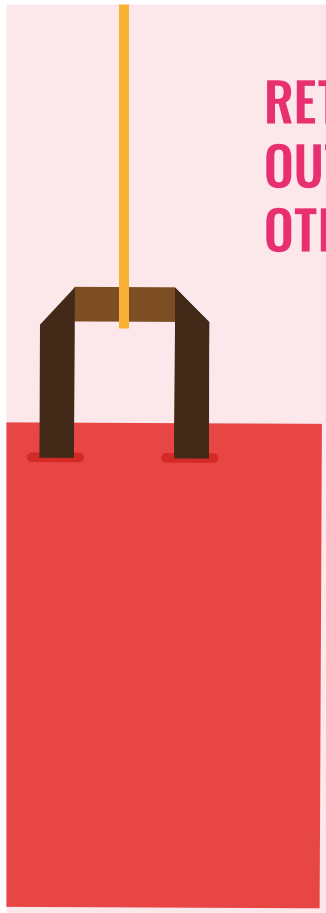
Amazon is the BrandZ™ Most Valuable Retail Brand for 2018, exceeding $100 billion a year in sales and serving more than 300 million customers worldwide. In the 2018 ranking, Amazon has a brand value of $165,256 million. Amazon's ecosystem has expanded beyond retail to cover logistics, payments, cloud services, media, and devices. Amazon innovations include the Dash auto-order button, the Echo family of voice devices, and the subscription service Prime, linking entertainment and other services with express delivery. Increasingly, Amazon is applying its tech expertise to the physical retail environment; its 2017 acquisition of Whole Foods Market means it's well-positioned to reinvent bricks-and-mortar retail, while at the same time growing market share in private label and grocery.

TOP 75 RETAIL BRANDS WORTH OVER US$1 TRILLION

The combined value of the BrandZ™ Top 75 Retail Brands 2018 is $1,017,465 million. These are among the biggest, most valuable and most influential brands of any category in the world. Retail is a sector that is increasingly changing consumers' expectations of other categories; at the same time, developments in technology, transport are affecting what shoppers want from retail brands. Retail brands account for around one-fifth of the total value of the Global Top 100, including two of the Top 10 places. Brands from four sub-categories are eligible for inclusion in the 2018 Retail Top 75: Pure retail, Apparel, Luxury and Fast Food.

WOULD YOU LIKE INNOVATION WITH THAT?

McDonald's is the most valuable Fast Food brand, and the second-highest-ranking brand overall, with a brand value of $110,266 million. This is more than double the value of the next-placed Fast Food brand, Starbucks. While it has traditionally been a burgers-and-fries destination, McDonald's has responded to changing public tastes by promoting healthier items, sourcing fresher ingredients, and focusing on packaging and sustainability. They have also been improving restaurants and offering innovative new services, such as mobile ordering via an app, and delivery both to people's homes and also to motorists as they pass by their outlets.



RETAIL OUTPERFORMING OTHER SECTORS

The business landscape has changed so much and so fast for retail brands, but BrandZ™ data indicates that the leaders are managing this change well – and better than leading names in other industries. The leading retail brands have grown in value by 137 percent in the past 10 years, outperforming the top non-retail brands, which have grown 102 percent over the same period.

JUST DID IT – NIKE LEADS APPAREL BRANDS

With a brand value of $34,295 million, Nike is the world's most valuable Apparel brand, and comes seventh overall in the Retail Top 75. The brand sponsors many high-profile athletes and sports teams around the world, and its "Just Do it" tagline and Swoosh logo are instantly recognizable. Nike markets casual apparel as well as performance items for sports including golf, athletics, basketball and football, and has an extensive online presence as well as more than 1,100 physical stores around the world.

LV STANDS FOR LEADERSHIP IN LUXURY

The brand whose initials alone have come to signal quality and craftsmanship around the world is the most valuable Luxury brand in the Retail Top 75, as well as France's most valuable brand. Louis Vuitton has a brand value of $35,505 million. Founded in 1854, it is still known for the monogrammed luggage it has been producing for decades, as well as a regularly refreshed range of clothing, shoes and accessories.

LOUIS VUITTON

'PURE RETAILERS' ARE HEALTHIEST AMONG TOP 75

On the BrandZ™ measure of vitality, it's the supermarkets, department stores and e-commerce platforms that show the strongest signs of health. These "Pure retail" players consistently outperform Luxury, Apparel and Fast Food brands on the five key ingredients of brand vitality: having a strong brand purpose, innovation, great communications, brand experience, and love.

US BRANDS DOMINATE CHECKOUTS

Brands from the United States account for nearly two-thirds of the brand value in the Retail Top 75, with Europe contributing a further 25 percent, and China 10 percent. This dominance of the rankings by US brands is not unique to Retail; many of the most valuable brands from any sector come from the States, including nine of the Top 10 most valuable global brands.

PRICE MATTERS, BUT VALUE MATTERS MORE

Consumers are checking prices and looking for bargains, but more important than getting a cheap deal is getting what they feel is a good deal, which means great value for money. Whether something is cheap or expensive, it still has to justify its price tag and feel like it's "worth it". The brands seen by shoppers as providing the best value are JD.com, Lidl, and Amazon.

TRUST AND GROWTH ARE NATURAL PARTNERS

Cultivating consumer trust is an important strategy for long-term growth in brand value. Among the 32 brands that both feature in the 2018 Top 75 Retail ranking and that were measured by BrandZ™ in 2008, the most trusted brands have grown at more than double the pace of the low-trust brands. The Home Depot is the most trusted brand in the Retail Top 75 2018, and ranks fifth overall on brand value.

People are bored. They want new things. We still see them spending on brands that they want … we need fresh product, fresh concepts, and we need excellent customer service.

SHARMILA MURAT
Country Manager
Real Emirates LLC

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017. To watch the complete interview and other retail leaders interviews, go to: www.retail.wppbrandz.com

What The Data Tells Us

Brand value and categories

Brand value is heavily concentrated at the top of the Retail ranking, with the leading brand, Amazon, accounting for 16 percent of the value of the entire Top 75.

The leading two brands make up 27 percent, and the first five brands – Amazon, McDonald's, Alibaba, Starbucks and The Home Depot – together contribute 44 percent of the value of the Top 75 Retail brands.

Those we call Pure Retail – supermarkets, convenience stores, department stores and e-commerce specialists – represent the bulk of the value of the Top 75.

They take around half of all the places in the Top 75, and account for just over half of the combined value of the leading Retail brands.

Specialist Apparel, Fast Food and Luxury brands are roughly equally represented according to number of brands, but it's the Fast Food brands that are financially strongest compared to the number of places they occupy in the Top 75. Led by McDonald's, Starbucks, Subway and KFC, the Fast Food brands have an average brand value that dwarfs that of Apparel brands and is more than 30 percent higher than the value of Pure Retail brands, on average.

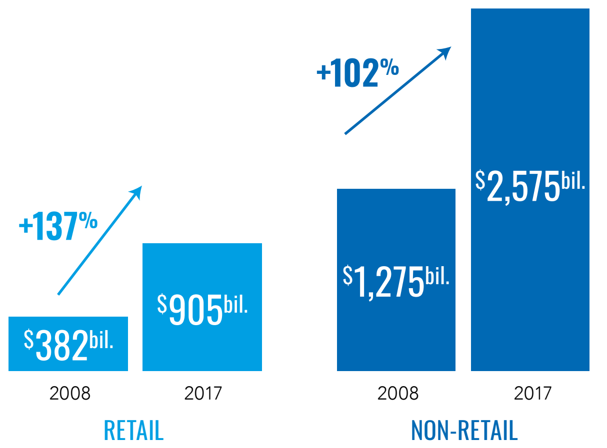
	APPAREL	FAST FOOD	LUXURY	PURE RETAIL
TOTAL VALUE	\$116,664mil.	\$231,526mil.	\$122,509mil.	\$546,766mil.
AVERAGE VALUE	\$7,778mil.	\$19,294mil.	\$11,137mil.	\$14,777mil.
NUMBER OF BRANDS	15	12	11	37

Source: BrandZ™ / Kantar Millward Brown

BEATING THE MARKET

The biggest brands in the Retail world have succeeded in growing more rapidly than the leading global brands in a range of other categories over the past 10 years – despite the challenges of a fast-changing business and consumer landscape. While their brand value is generally lower, unsurprising given the scale of some of the world's leading technology brands, they have been growing 35 percent faster than non-retailers.

GROWTH TREND (2008 TO 2017) TOP 40 BRANDS

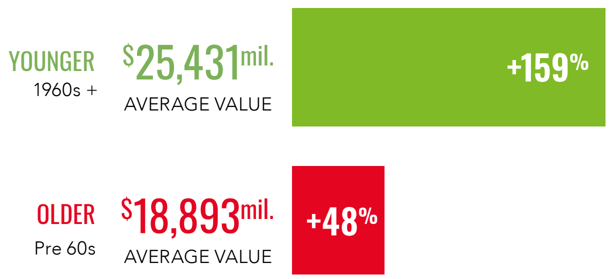


Source: BrandZ™ / Kantar Millward Brown

YOUNG BRANDS GROWING FASTEST

Among the four sub-categories of retail brands – Pure retail, Apparel, Luxury and Fast Food – there are clear differences in the age of the leading businesses. The Luxury brands are the elder statesmen of the retail world, with an average age of 127 years. The youngest are the Apparel brands, aged a relatively sprightly 42. Fast Food and Pure retail are middle aged, at 56 and 70 years old respectively.

Those brands "born" in the 1960s or later – the youngsters of the field – are not only worth more than older brands, on average, they're also growing at three times the pace.



% = Brand Value increase 2008 to 2017
Global common 32 brands in 2008 and 2017

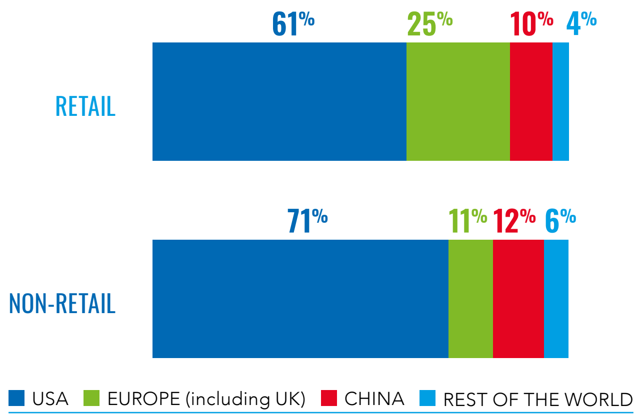
Source: BrandZ™ / Kantar Millward Brown

WHERE IT ALL BEGAN

Brands from the United States account for nearly two-thirds of total brand value in the Retail Top 75, with Europe contributing a further 25 percent, and China 10 percent. This dominance of the rankings by US brands is not unique to Retail; many of the most valuable brands from any sector come from the States, including nine of the Top 10 most valuable global brands.

Yet it is European countries' brandscapes that are most strongly dominated by retail brands. Markets such as the UK, France, Germany etc. account for a quarter of the world's leading retail brand value, but only 11 percent value of the most valuable non-retail brands. Europe is home to many of the world's leading Luxury brands, and in the Pure retail space, Europe has exported not just successful brands, such as Lidl, Zara, IKEA and Carrefour, it's also exported entire business models and retail formats along with them.

BRAND VALUE OF TOP 75 BY REGION OF ORIGIN



Source: BrandZ™ / Kantar Millward Brown

How to give retail brands an energy boost

Just as there are many contributors to human wellbeing, there are multiple factors that go towards building a brand that's bursting with vitality.

BrandZ™ analysis has identified five key attributes shared by healthy, strong and valuable brands that each reflects the extent to which a brand is delivering Meaningful Difference – a vital contributor to Brand Value.

Brands that score highly on all five aspects are the most successful: they are "healthy" brands. Those that are low on all five aspects are "frail" and the least successful. Brands with a mix of high and low scores are "OK".

These five key health indicators can be combined into a single score we call a brand's Vitality Quotient, or its vQ. The average score of all brands is a vQ of 100. Those with a score over 110 – making them at least 10 percent above average – are those we say are healthy overall. A vQ score of 95 or under – or a score of 99 or less on all five elements of vQ – means it's time to call emergency services.

Nurturing brand health makes good business sense. A strong vQ score means a brand is meaningfully different, and this can drive growth in brand value. In fact, globally, brands with a vQ score of 110 or more have a brand value almost 70 percent higher than brands with a low vQ score. Some of the best-known and most valuable brands are those with high vQ scores: names like Google and Ikea.

The five key indicators underpinning healthy brands and contributing to vQ are:

01 There's a strong sense of **brand purpose,** so the brand makes people's lives better

02 Brands must be **innovative,** which means they're seen as leading the way in their sector and shaking things up.

03 They must also have strong **communications,** with creative powerful and memorable advertising.

04 They provide a great **brand experience** that meets consumers' needs, and is available when and where consumers need it

05 Over time, consumers come to **love** the brand, and that helps sustain the brand until the next innovation.

HEALTHIER BRANDS HAVE HEALTHIER BOTTOM LINES

Healthy brands are worth more and grow at a faster rate than those whose vital signs are lacking. There are 32 brands in the Retail Top 75 ranking that have been measured by BrandZ™ since 2008. A look at how these brands' value has changed over time reveals that those brands with a high vQ score are worth more than triple those with low vQ scores. They've also grown at close to triple the pace.

HIGH VITALITY QUOTIENT (VQ)	$40,519mil. AVERAGE VALUE	+138%
LOW VITALITY QUOTIENT (VQ)	$12,546mil. AVERAGE VALUE	+51%

% = Brand Value increase 2008 to 2017
Global common 32 brands in 2008 and 2017

Source: BrandZ™ / Kantar Millward Brown

Brands can look at how they perform on the five individual health indicators when they are seeking clues to improving their overall brand health. When one or more of the indicators is flagging, overall brand health – and brand value – can suffer.

PEAK PERFORMANCE: THE HEALTHIEST BRANDS IN THE RETAIL TOP 75 2018

RANK	BRAND	VQ SCORE
1	IKEA	134
2	coles	127
3	The Home Depot	127
4	amazon	126
5	falabella.	126
6	Tim Hortons.	126
7	Nike	124
8	Woolworths	124
9	EDEKA	119
10	adidas	117

(Average Brand = 100)

Source: BrandZ™ / Kantar Millward Brown

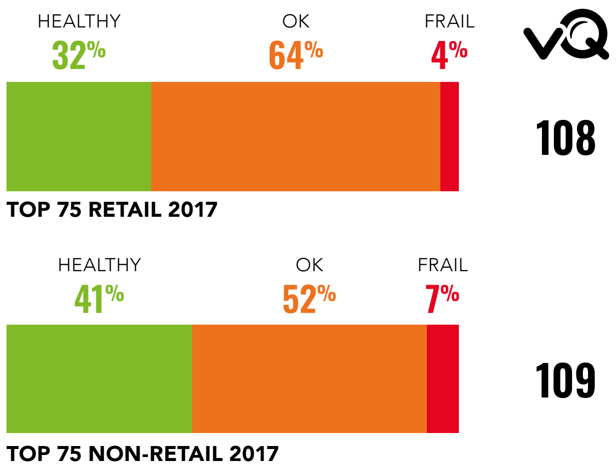
Brand health does not come about by accident, nor is it determined by the category in which a brand operates. It is the result of a concerted focus on investing in the factors that contribute to better brand health, and being meaningfully different in the eyes of consumers.

HOW RETAIL BRANDS MEASURE UP

Brands that make the Top 75 Most Valuable Retail Brands ranking are, not surprisingly, in much better shape than the average of all retail brands. In fact, they're nearly four times as likely as other retail brands to be fighting fit. Among the Top 75, one-third of brands are classed as healthy, and just 4 percent are frail. In the Top 10, levels of vitality are even better, with seven of these brands given a clean bill of health, and none in the danger zone. Among retail brands more broadly, however, only 9 percent are healthy, 54 percent are OK and a worrying 37 percent are frail.

This illustrates the relative strength of the Top 75, and shows that despite the pressures on the retail sector, those brands that are responding well to changing consumer demands and market conditions are not just surviving, they're thriving.

The Top 75 also fare well when their health is assessed alongside leading brands in other categories. The average vQ score of the leading retail and non-retail brands are virtually the same – quite some achievement given that the top non-retail brands are led by the likes of Google, Apple, Microsoft and Facebook.



Source: BrandZ™ / Kantar Millward Brown

It's very easy to convince yourself how hard life is, but you can't be a victim, you have to deal with the circumstances you're faced with and one of the ways to deal with those is to keep things very simple, particularly the bigger the organization gets.

ANDREW HIGGINSON
Chairman
Morrisons

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017. To watch the complete interview and other retail leaders interviews, go to: **www.retail.wppbrandz.com**

SECTION 03

The way to better brand vitality

PURPOSE

Brand purpose is what a brand sets out to achieve, beyond making money. It is the way a brand makes people's lives better – not just the practical, literal things that a product or service does for someone. Having a strong sense of purpose is increasingly important as consumers seek brands that don't simply do a good job at a fair price, but also do something positive for the community or the environment. Brands with purpose make consumers feel good. Brands with a strong purpose are significantly more valuable; high-purpose brands in the Retail Top 75 are worth more than three times those with low purpose (US$39,575 million compared to $13,041 million). Over time, they've also grown at more than double the pace.

LEADING BRANDS IN THE RETAIL TOP 75 FOR PURPOSE

RANK	BRAND	SCORE
1	IKEA	144
2	Tim Hortons	139
3	The Home Depot	127
4	amazon	125
5	coles	121
6	EDEKA	121
7	Nike	120
8	falabella.	120
9	McDonald's	119
10	Woolworths	118

Average score of all brands is 100

INNOVATION

Innovation is not just the preserve of technology brands. Any brand that is seen as doing something new, or setting trends for their category, will get talked about and tried. When trial goes well, that can lead to a longer-term relationship and, ultimately love, which correlates strongly with innovation. Innovation can mean developing a product that does something different, providing an innovative service, or expanding into a new category. Crucially, any innovation by a brand needs to be recognized as such by consumers, otherwise it doesn't count as innovation. Innovation creates a strong predisposition for sales. Innovative brands in the Retail Top 75 are worth, on average, more than four times what low-innovation brands are (US$50,163 million versus $12,828 million). They've also been growing eight times as fast as poor innovators over the past 10 years.

LEADING BRANDS IN THE RETAIL TOP 75 FOR INNOVATION

RANK	BRAND	SCORE
1	IKEA	133
2	amazon	127
3	Nike	122
4	falabella.	120
5	The Home Depot	118
6	Tim Hortons	116
7	adidas	115
8	McDonald's	114
9	coles	114
10	Alibaba Group 阿里巴巴集团	113

Average score of all brands is 100

LEADING BRANDS IN THE RETAIL TOP 75 FOR COMMUNICATION

RANK	BRAND	SCORE
1	coles	141
2	Nike	137
3	Woolworths	136
4	EDEKA	132
5	IKEA	132
6	Tim Hortons	130
7	falabella.	130
8	The Home Depot	128
9	McDonald's	125
10	adidas	120

Average score of all brands is 100

COMMUNICATION

Strong communication has two key elements to it, and neither one alone will be effective. At its most basic level, brands need to be doing sufficient advertising in the right places to be visible and recognizable to the people they're trying to reach. But being vocal and announcing a brand's presence is not enough on its own; brands also need something genuinely engaging to shout about. Brands therefore need to do great things, and then tell people they're doing them. One without the other means wasted resources, but strong communication and share of voice put a brand at a clear advantage. Brands that perform well for communications are worth 20 percent more than poor communicators (US$24,192 million compared to $20,944 million).

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SECTION 03

LEADING BRANDS IN THE RETAIL TOP 75 FOR EXPERIENCE

RANK	BRAND	SCORE
1	amazon	141
2	IKEA	136
3	falabella.	133
4	The Home Depot	129
5	coles	126
6	Woolworths	123
7	Nike	121
8	Tim Hortons	119
9	ebay	117
10	Alibaba Group 阿里巴巴集团	116

Average score of all brands is 100

EXPERIENCE

A brand not only has to deliver a great experience at every point of interaction, and help consumers at every step, it also has to remind consumers, through effective communications, that it is focused on doing this well. Experience starts long before a person considers buying a product, and lasts well beyond the moment of purchase and even the moment of consumption. It includes every exposure to an ad, every experience on a brand's web site, and every minute they spend waiting for help at a counter or on the phone. Providing a great brand experience cements the relationship between consumers and brands. They also tend to be worth more: brands with high experience scores are more than three times as valuable than poor performers in the Retail Top 75 (worth an average US$37,625 million, compared to $11,582 million). They also grow at close to triple the pace of the poor experience brands over time.

LOVE

Some of the most loved brands in the world are also the most innovative – brands like Nike and Apple, for instance. Love in this context is the emotional affinity of a brand, and it's something that can't be bought or manufactured. However, the conditions in which love can flourish can be created. If brands take the time and care to invest in promoting a higher purpose, innovating, and delivering a consistently great experience, then love tends to happen naturally. In the times between new innovations, love is often what sustains the consumer relationship with a brand. The most loved brands in the Retail Top 75 are worth more than double the least loved (worth an average of $31,921 million compared to $13,883 million). They have also grown at almost double the pace over 10 years.

LEADING BRANDS IN THE RETAIL TOP 75 FOR LOVE

RANK	BRAND	SCORE
1	coles	135
2	The Home Depot	134
3	Woolworths	131
4	amazon	130
5	falabella.	129
6	IKEA	127
7	Tim Hortons	124
8	Nike	123
9	EDEKA	121
10	LIDL	120

Average score of all brands is 100

Among the four types of brands in the Retail Top 75, it is the pure retail brands that have the highest average levels of vitality, and which consistently perform better across each of the five indicators of health.

APPAREL	FAST FOOD	LUXURY	PURE RETAIL
106	104	105	110
vQ SCORE	vQ SCORE	vQ SCORE	vQ SCORE

Source: BrandZ™ / Kantar Millward Brown

Pure retail brands perform better than all three other categories on the measures of Purpose, Innovation, Communications, Experience and Love. Apparel brands generally come in second place, followed by luxury and, not far behind them, fast food.

The value of offering great value

The range of brands that feature in the Retail Top 75 illustrates that consumers love and drive growth for brands that serve a wide range of budgets. What matters to shoppers is not so much the price of something, but the value for money it represents. Whether something is cheap or expensive, it still has to justify its price tag and feel like it's "worth it".

In the box below, brands of all kinds should be aiming to be in the top half. Whether they are expensive (as are those brands on the left) or not (those on the right), featuring in the top half means they are viewed by consumers as being good value for money – they are worth the prices being asked.

The worst quadrant for a brand to find itself in is the bottom right: these brands are inexpensive but consumers still don't think they're worth it. They're not just cheap, they're cheap and nasty.

TOP 75 RETAIL BRANDS 2018 – PRICE AND VALUE

	HIGH PRICE	LOW PRICE
HIGH WORTH	JUSTIFIED PREMIUM 33%	GOOD VALUE 33%
LOW WORTH	EXPENSIVE 27%	POOR VALUE 7%

Source: BrandZ™ / Kantar Millward Brown

SECTION 03

What's reassuring for retail brands is that these results show the best performers are generally getting the price-value equation right in the minds of shoppers. Severe pressure on pricing has forced retail brands to think differently about not just what they ask consumers to pay, but also what they offer in return – service, experience and other benefits that help an interaction with a brand feel "worth it".

The evidence is that the Top 75 have, on the whole, responded well to this challenge. In fact, the leading names in retail are significantly ahead of many other business sectors when it comes to justifying the prices they're charging.

	RETAIL TOP 75	GLOBAL TOP 75 EXCL. RETAIL	ALL BRANDS
JUSTIFIED PREMIUM	33%	27%	21%
GOOD VALUE	33%	12%	23%
EXPENSIVE	27%	40%	21%
POOR VALUE	7%	12%	36%

Source: BrandZ™ / Kantar Millward Brown

While good value is clearly not the same as being inexpensive, when consumers rate Retail brands on both measures, there is significant overlap between the brands that perform well. These are the brands most likely to be considered good value. Interestingly, however, the brand that consumers consider to provide the greatest value for money – JD.com – does not feature at all in the Top 10 on price. It's not a budget brand, but shoppers feel it strongly justifies the prices it charges.

TOP 75 RETAIL BRANDS – BEST PRICED AND MOST 'WORTH IT'

RANK	BEST PRICED	SCORE
1	ALDI	121
2	LIDL	120
3	Bodega Aurrera	120
4	TACO BELL	113
5	ebay	112
6	TARGET	111
7	ASDA	110
8	Alibaba Group 阿里巴巴集团	110
9	Tim Hortons	108
10	TJ·maxx	108

RANK	GREATEST WORTH	SCORE
1	JD.COM	126
2	LIDL	124
3	amazon	123
4	The Home Depot	121
5	Bodega Aurrera	120
6	IKEA	120
7	ALDI	119
8	苏宁易购 suning.com	117
9	ASDA	116
10	Tim Hortons	116

Average score of all brands is 100

Source: BrandZ™ / Kantar Millward Brown

Conquering consumers in hard times: Promotional pricing vs. brand building

The economy in Latin America is facing hard times, and this reflects directly on consumers' purchasing power. The challenge is knowing whether our brands can rediscover sustained growth.

Time and again, we watch our clients asking themselves whether to continue their marketing efforts or, on the contrary, reduce investment or even cancel the budget. They ponder whether to allocate resources to initiatives that could potentially generate more immediate sales, such as promotional pricing, temporary price decreases, and so on. It is precisely in those moments when clients come to wonder whether marketing activities generate the necessary sales volumes at the right speed for brands. What should the strategy be? Unfortunately, the answer to this question is not easy. Any route taken will have consequences. The truth is that short-term options, focused on volume, are helpful in so far as there is a "brand" to sell. That is not a path to be taken for too long, but rather a tactic within a brand strategy.

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Kantar
Gabriel.Castellanos@kantar.com

KANTAR

ASKING THE RIGHT QUESTIONS

Now, asking ourselves about marketing budgets gives us the opportunity to pose hard questions and enables us to make the necessary corrections in the course to be followed by our brand. The most important thing is to raise the right questions:

- Are we generating enough brand differentiation? Are we sure that every invested dollar is building differentiation attributes for our brand so that our target audience prefers it?
- Are we sure about the message to be transmitted by our brand? About how and when to communicate it? Do we understand our consumers? Are we capable of taking timely actions for their needs?
- Are our activities building sustainable brand equity?

Volume strategies are valuable as long as there is awareness that the brand is the axis of a company and that it should relate to its target adequately, so that this target can decisively understand and experience the differences between our brand and all other brands. If this is not taken into account and activity consists of a volume strategy disconnected from brand structure, we will most surely compromise the future of the brand. It's vital to avoid the pitfall of ending up with a brand whose only difference will be a one-day offer, no more or less appealing than other offers.

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FACTOR IN ALL VARIABLES

We must remember that, when consumers' purchasing power is impacted, they do not want to buy the cheapest products, but those that give them more for their money, not only in rational but also in emotional terms. It is in these moments when consumers are more aware of their expenses, when they prefer brands with the best balance between quality, differentiation, relevance, and cost. So, cost is just one variable among others. In fact, cost is something that, depending on the category, can be mitigated by the rest of the variables.

So, why do we wind up giving in and making decisions that often favor volume at the expense of margins? Let us remember that consumers are willing to pay a premium price for a brand that they feel gives them something they could not get otherwise. Premium brands need to be different enough to justify their price and defend themselves from potential competitors. Lack of differentiation could lead to declining gains if consumers have to pay a price so high that it feels out of line with what they perceive as differentiation in a brand.

For our customers, being a value retailer, they're still going to be looking for fashionability, wearability and affordability – and we hope that sustainability becomes part of that dialogue in years to come as well.

MICHAEL HARDWICK
CEO
Cotton On

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017. To watch the complete interview and other retail leaders interviews, go to: www.retail.wppbrandz.com

SECTION 03

The value of trust

MOST TRUSTED BRANDS IN THE RETAIL TOP 75 2018

RANK	BRAND	SCORE
1	THE HOME DEPOT	134
2	Liverpool	128
3	Woolworths	125
4	Tim Hortons	124
5		124
6	Woolworths	124
7	IKEA	123
8	amazon	123
9	falabella	122
10	adidas	121

Average score is 100

Winning the trust of consumers has always been important for brands – after all, who's going to buy something they don't believe will live up to expectations?

But in an increasingly digital world, the role of trust has become even more important. There is a close relationship between brand trust and recommendation, and this matters enormously, given the importance with which consumers regard recommendations from the individuals they know and trust.

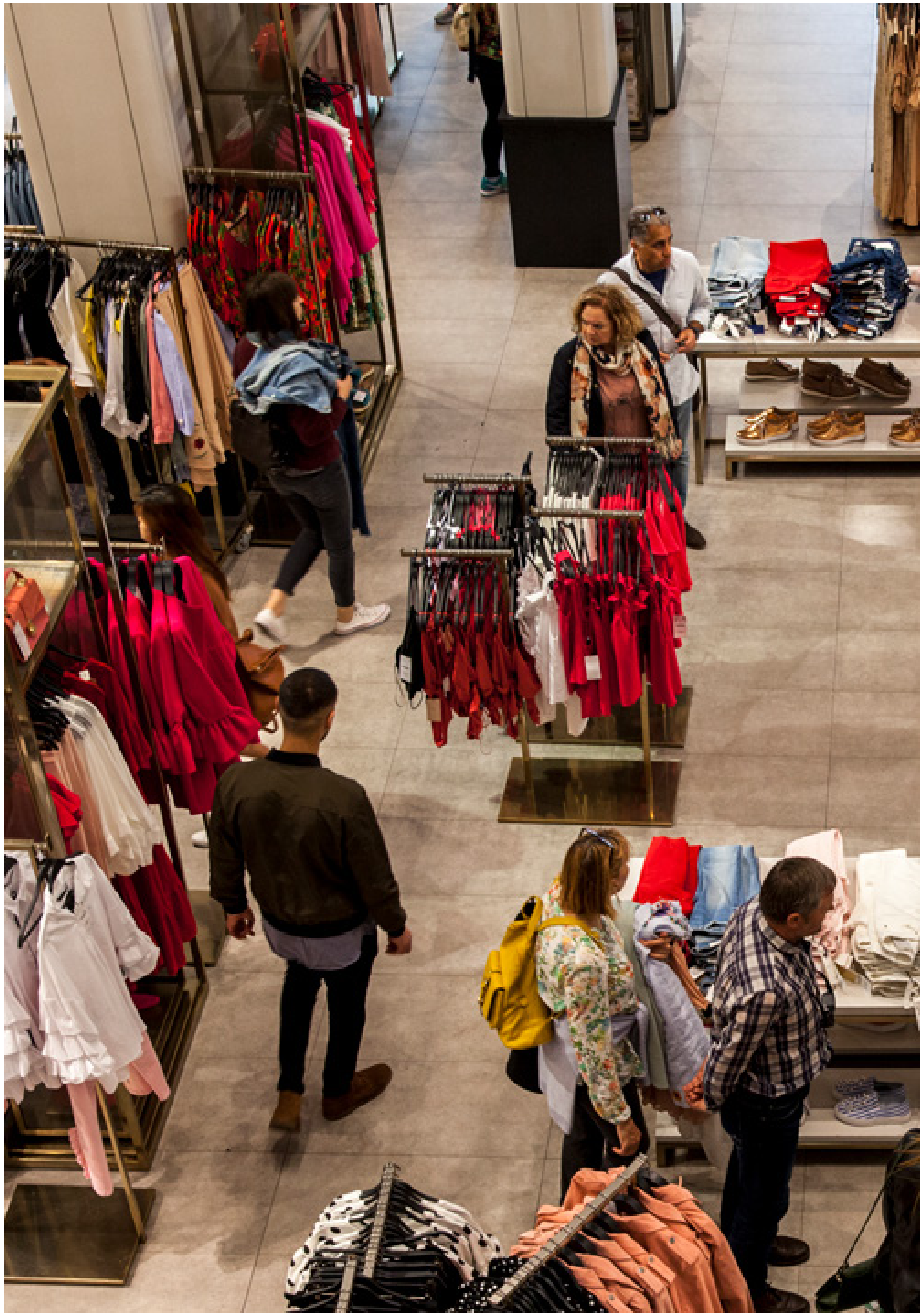
The good news for Retail brands is that, on the whole, they are widely trusted, and levels of trust in brands across the board have increased slightly since the turn of the decade.

Cultivating consumer trust is an important strategy for long-term growth in brand value. Among the 32 brands that both feature in the 2018 Top 75 Retail ranking and that were measured by BrandZ™ in 2008, the most trusted brands have grown at more than double the pace of the low-trust brands.

	AVERAGE VALUE	
HIGH TRUST	$32,243mil.	+129%
LOW TRUST	$14,322mil.	+57%

% = Brand Value increase 2008 to 2017

Source: BrandZ™ / Kantar Millward Brown



Brand purpose: Leading from the front

Purpose used to be about having a cause, and brands delivered that through Corporate Social Responsibility initiatives. But the world has moved on. Social media has made all brand activity riskier, so purpose isn't enough anymore: brands need to have a clear and publicly stated point of view on many things, including media and marketing.

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KANTAR MILLWARDBROWN

As a result of worker welfare scandals around 20 years ago, brands like Nike had to take defensive action to ensure that subcontractors in their supply chains were behaving honourably. Corporate Social Responsibility departments were set up to manage and oversee the new contracts and write reports. Brands began to define themselves not just on their intrinsic merits but also on their approach to broader global matters such as carbon neutrality, local communities, child labor, diversity, and sustainability. CSR is now actively woven into brand marketing programmes, for example, Unilever's global Sustainable Living initiatives are firmly attached to individual brands like Knorr and Sunlight.

We know from BrandZ™ that brands with purpose – "making peoples' lives better" – outperform those without. We measured brand value for the same 87 brands in 2006 and 2017, and the top third (high purpose brands) grew nearly three times more over that period than the bottom third (low purpose brands).

But a vague sense of purpose isn't enough anymore. It needs to be specific, and intrinsic to every brand action and behavior. There are so many more places where brands can take a wrong step. Social media enables consumers to harness collective power, sign petitions, respond publicly, humiliate and protest about almost any corporate activity. Public backlashes are becoming more frequent, and these grab social media attention and then spiral out of control. It's clear that brands are taking more risks than they should, particularly in media and marketing. This is a very delicate situation which can destroy brand growth overnight.

Brands should take ownership of all their actions by minimising risk, and, ideally, making it positive. Brands like KIND, the healthy snack food company founded in 2004 by Daniel Lubetsky, have a purpose at the very heart of their business, their products and marketing. But more than that, they define responsibility: not only do they use all natural ingredients, but they also encourage their consumers to be kind. Their aim is "make the world kinder, one snack and one act at a time" – and with their global expansion, this purpose is spreading.

Recently it's become even more obvious that brands need to take responsibility for their actions in marketing and media. The withdrawal of advertising from YouTube by brands whose ads have appeared alongside unacceptable content has resulted in a big debate about who is responsible.

And campaigns like #stopfundinghate mean that brands are now obliged to have a view on context more than ever before, for example in far-right publication Breitbart.

Brands need to have a point of view, a policy: they can't just leave it to media agencies and publishers to decide what happens to their ads, or they could damage or even contradict their stated purpose.

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POINT OF VIEW ON CONTEXT

With the rise of adtech and programmatic media, the digital media supply chain is complex and unwieldy, with myriad creative options. The recent furore about brand advertising appearing alongside inappropriate content on YouTube means that brands have to develop checks and balances for their programmatic activity, where context is completely stripped away in favor of following the target audience. And media owners need to develop algorithms and human intervention to prevent the content appearing on their platforms in the first place. This brand purpose is about protecting a brand from harm.

POINT OF VIEW ON AD FORMATS

Kantar Millward Brown's AdReaction research shows that receptivity in all generations is highly negative to ad formats which irritate consumers. Gen Z are particularly sensitive to this. They like control and interaction. Using formats that people dislike only serves to undermine the industry long term. A great example of what brands can do is to become part of the Coalition for Better ads, which was set up to discourage advertisers and publishers from using highly irritating ad formats like pop-ups. This part of a brand's purpose is about not annoying consumers.

POINT OF VIEW ON POLITICAL ASSOCIATIONS

We've all seen those charts which define Brexiters/Remainers by the supermarket where they shop, and the brands they buy. The Uber CEO stepped down from Trump's Economic Advisory Council after employees protested that it was inappropriate in the light of the travel bans. Frankly, it would be a bold brand that came out publicly on either side of a political debate. However, it may benefit some brands. This part of a brand's purpose is about taking care not to alienate its audience.

POINT OF VIEW ON HOW TO TAKE CONTROL

You could argue that brands have outsourced too much responsibility to agencies and suppliers. If something's not explicitly stated in an agency contract, it's not going to happen, so a brand's point of view on viewability, brand safety, measuring the real effectiveness of advertising, will need to become more prevalent. This brand purpose is about making sure brands don't abdicate responsibilities which should be theirs to manage.

We are beginning to see brands starting to take leadership positions on complex media and marketing matters. Tesco and Airbnb are now hiring their own media experts in house, for example.

We need to redefine purpose from its current nebulous definition, to be all-encompassing. At heart, brands should take responsibility. In a marketing and media environment that's fundamentally entropic, with consumers not behaving as they used to, marketers need to seize the opportunity to have a point of view and take control if they want to minimize risk and maximize their growth opportunities.

"The abundance of data really makes life a lot more difficult. When we focus on one group, we can attack that group, yes, but there are so many different groups that you could reach out to, that's a challenge."

PAUL CHARRON
Director
Escada

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017. To watch the complete interview and other retail leaders interviews, go to: www.retail.wppbrandz.com

SECTION 04

Tackling the 'a' Word

It's a Jungle Out There

How to work with and compete against a brand in its Prime

#4
IN THE BRANDZ™ TOP 100 GLOBAL BRANDS 2017

2nd FASTEST-GROWING
BRAND IN THE BRANDZ™ TOP 100 GLOBAL BRANDS 2017

$139.3bil.
BRAND IN THE BRANDZ™ TOP 100 GLOBAL BRANDS 2017

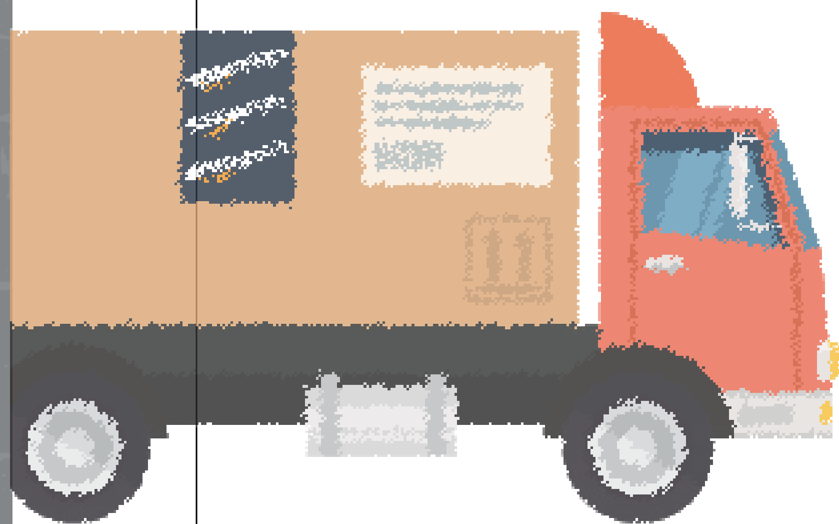
THE DIGITAL DREAM THAT'S BECOME REALITY

Amazon is one of those great American success stories that starts with a vision, long hours toiling in someone's garage, and becomes an international phenomenon that we can't now imagine ever being without.

This one began in 1994, when former investment banker Jeff Bezos wondered what would happen if you could sell things to the growing numbers of people accessing the internet. Starting with books and CDs, Amazon fast became a major player in electronics, homeware and clothing sales. It's the biggest internet-based retailer in the world by total sales and by market share, and by adding web services, home entertainment and voice-activated Internet of Things technology to its portfolio, it has become a major part of its customers' lives.

It has also been a thorn in the side of the industries with which it competes. It has disrupted entire business models, and rewritten the rules on what makes a successful company. Amazon didn't turn a profit until 2001, and only made a $2.4 billion profit in 2016 on $136 billion operating income. The company reinvests in the business to keep making the next leap ahead of its rivals. Now, it's primarily a data company, and it's this data that gives it an advantage against competing retail brands.

WPP has run a series of events for clients and associates around the world to help brands work with – and compete against – this business behemoth. Here we feature some of the highlights, with insight from WPP experts and guest speakers.



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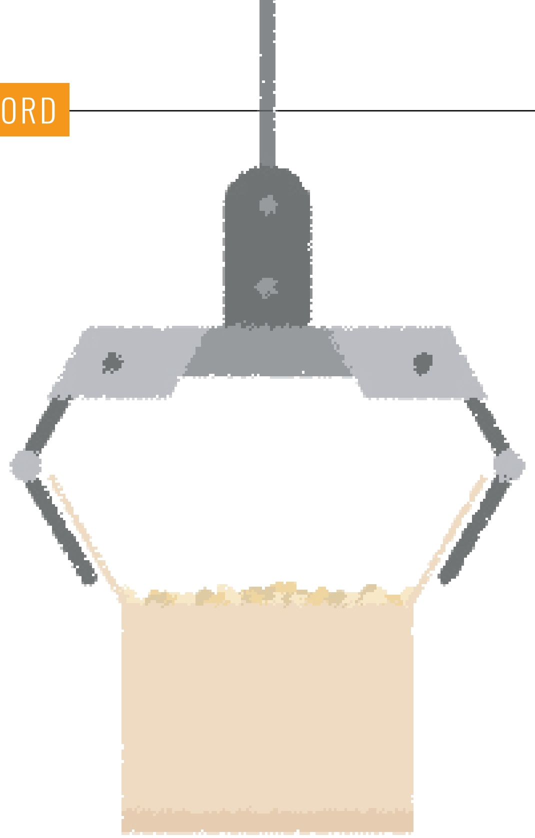

GAINING MOMENTUM – THE BRAND THAT BLEEDS DISRUPTION

Since WPP launched the BrandZ™ Top 100 Most Valuable Global Brands ranking in 2006, Amazon's brand value has grown more than 2,000 percent, from just $6 billion to $139 billion, taking it from number 78 in the ranking to number four in 2017.

Its focus on consumer-driven disruption is the driving force behind this growth. In the past year alone, one-click shopping has made way for no-click shopping, with voice-controlled buying.

Amazon was one of the fastest-rising brands in the Global Top 100 in 2017, adding 40 percent of its brand value in just 12 months.

"This is a brand that is not only big and growing, but its momentum is growing over time," says Martin Guerrieria, BrandZ™'s Global Research Director.

Brands that have high scores on the BrandZ™ scale of meaningful difference – they're innovators, trend-setters, meet people's needs and have an emotional connection with consumers – tend to grow faster than average. Amazon performs extremely well on this measure. The average of all brands is a "meaningful difference" score of 100; in 2006, Amazon scored 129, and now is on 169.

Guerrieria says that on the five measures that contribute to a brand being classed as healthy – purpose, innovation, experience, communications and love – Amazon is also a heavy hitter, ticking all five boxes. It is especially strong on brand experience (rating 147 compared to an average across all brands of 100), thanks to the strength of experience it delivers across all of its sub-brands, including Prime and Alexa. And it's seen as highly innovative.

"It's a brand that bleeds disruption, bleeds innovation; that's how it's perceived by consumers, and that alone adds value to the Amazon business."

SHOP RIGHT THERE - HOW AMAZON HAS CHANGED THE WAY THE WORLD BROWSES AND BUYS

Amazon has become more than a place to buy – it's also a research and comparison destination, and in most markets is the gold standard for ease of use and quick delivery.

Kerry Curran, Senior Partner and Managing Director, Marketing Integration, with WPP company Catalyst, says Amazon has created a wealth of information to support consumers in making their purchase decisions.

"With the variety, product details, suggested products, consumer reviews, ease of purchase, and of course Prime free two-day shipping options, Amazon has successfully met more customer needs than any other retailer. Because of this wealth of information, consumers who search on Amazon can more easily find what they are looking for in fewer steps than required when starting with a search engine or vertical specific retailer."

She points to 2016 BloomReach research showing that 55 percent of shoppers start their product research on Amazon rather than a search engine. They're also using Amazon to discover new products or get suggestions, searching terms like "gifts for a 5 year old". And nine in 10 shoppers say they check Amazon after finding a product they want on another retailer's site.

A Kenshoo study had similar results: 72 percent of consumers reported using Amazon as a source of ideas, and 29 percent said they checked alternatives, background information, and prices on Amazon if they found a potential purchase while standing in a store.

Paul Sweeney is US Director of Research and Senior Media Analyst at Bloomberg. In his 30 years' experience, he says Amazon is one of the two most amazing companies he's observed (the other is Netflix).

"It's a juggernaut from a financial perspective," he says. Its share price has outpaced the S&P 500 by 12 times over the past 10 years, and the company is still growing at rates of over 20 percent a year.

Sweeney estimates there are about 70 million Prime members, who pay an annual fee for quick delivery and access to TV content and other services. Prime members tend to spend about three times' what non-members do each year. And there's still plenty of scope for growth to come; while about 700 million homes globally have broadband, only 25 million of those so far have an Alexa voice-powered device.

The company is also a major player in content development, largely to drive Prime membership, as well as advertising and cloud computing services.

PAUL SWEENEY
US Director of Research and Senior Media Analyst
Bloomberg

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FRESH THINKING - THE SIGNIFICANCE OF THE WHOLE FOODS DEAL

Amazon stunned the business world with its $13.4 billion bid for organic grocery specialist Whole Foods in 2017.

This single, bold "Add to Basket" sent shockwaves around the globe, with potentially massive implications for retailers, manufacturers and brand owners. Whole Foods has more than 460 stores globally and annual turnover of around $16 billion.

Ian McGarrigle is founder and Chairman of the World Retail Congress, and puts the deal in context: "Online grocery sales in the US are less than 5 percent, so if you want to look at it that way, you'd say this is just a small earthquake and no one's yet injured," he says.

"But actually it's much more than that. As we've seen with Amazon over recent years, this is putting down a massive marker saying 'we want to learn and understand the grocery sector' because that quite clearly is their ambition – to understand it and bring all their fantastic knowledge and expertise, the technology, the innovation, logistics, to rethink the way the food sector operates."

The Whole Foods deal gives Amazon instant credibility in the fresh grocery sector, and in physical retailing generally. Prior to the deal, Amazon only had half a dozen physical stores, including the futuristic Amazon Go stores, which don't even require shoppers to go through a checkout.

The Amazon-Whole Foods deal will force other retailers to crank up the speed dial when it comes to fusing what they offer in the physical and the retail worlds.

The bid for Whole Foods was another great change among many right now in retailing, including collaboration between JD.com and Wal-Mart, and Alibaba's growing stake in Lazada.

"Retail is a scary place," McGarrigle says. "I think we've never quite seen the market as it is now. The transformation is enormous. No one quite knows, and I'm sure even Jeff Bezos couldn't paint you a picture of what the end point will be because it will be a continuing revolution to get there."

I don't like the word 'disruption'. I think it's been invented by consulting firms to get everybody scared. I prefer to talk of 'change and opportunity'. Digital is a great opportunity to give better service to our customers and we have to be clever at playing it.

PAUL DELAOUTRE
President
Al Futtaim

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017. To watch the complete interview and other retail leaders interviews, go to: www.retail.wppbrandz.com

LOOK OUT, THEY'RE COMING FOR YOU

If you think you're safe because your brand isn't in fresh food, books, toys or any other Amazon category, you're likely to be fooling yourself.

Naji El Arifi, head of innovation at WPP e-commerce specialist agency Salmon, says all categories are likely to be within Amazon's sights. "It's not if Amazon will be a competitor, but how much of the pie do you want when they are."

In a survey of 6,000 UK shoppers, it emerged that 39 percent of all online spend goes through Amazon, and 25 percent of them already use an Amazon Dash button for automatic re-ordering. In specific categories, the stats are staggering; El Arifi says that 94 percent of all batteries bought online are sold on Amazon, and nearly one-third of those are Amazon Basics brand. Similarly, Amazon has gone from zero market share in baby wipes to 15 percent in less than three years.

He says Amazon won't just be in phones, computers and smart speakers, they'll be in headphones and cars as well. "It's going to be everywhere."

Malcolm Pinkerton, Vice President E-commerce and Digital Insights at Kantar Retail, says this omnipresence means, "We can drop the 'e' from e-commerce, because it's just commerce."

He says Amazon's growing focus on private label – and the fact that they always recommend their own brand – gives shoppers simplicity and reinforces willingness to buy with Amazon. While they started with just a few categories, they now have a whole range of private labels, including Mama Bear, Happy Belly, Presto and Wickedly Prime. Now Amazon is starting to build credibility in fashion.

Pinkerton says brands should make sure they understand how reviews and recommendations work, combine paid and organic search optimization, and tailor their offerings to specific platforms.

El Arifi advises brands to have a presence on Amazon, but also to offer something different on their own web site, such as product customization. "You cannot be a fast follower any more," he says.

THINK LIKE AN AMAZONIAN

Working with Amazon requires brands and retailers to think differently about their approach to business, and see competing and collaborating as two sides of the same coin.

Eric Heller, CEO of Marketplace Ignition, spent 18 years at Amazon and now helps third parties make the most of the platform. "If you want to win, you have to operate like they do," he says.

Amazon cares most about the customer experience, he says, starting there and working backwards – even doing things that outsiders see as irrational, because they cost more money to implement than they generate, because they see it as making a down payment for the future.

Heller says winning on Amazon is not about having the right campaign with great creative.

"Amazon doesn't start with why people want to buy your product, but having the right people in place, people who understand operational marketing. If you don't have the right product in the way people want to buy it, available to ship today for arrival tomorrow, most of the other stuff doesn't matter."

Products have to be readily findable, and listings carefully crafted to answer the questions shoppers have. Pictures for Amazon are an art form in themselves; done well, they don't just show the product and pack, but tell a story.

HAVE A STRATEGY, GET RESULTS

While 63 percent of marketers are increasing their Amazon media budgets, only 17 percent say they have a clear Amazon media strategy, according to Kerry Curran at Catalyst.

"We extrapolate that potentially 46 percent are going to throw money at Amazon without a plan for how that investment is going to affect their sales, how they're going to measure success, or how they are going to maximize the opportunity to drive an efficient ROI," she says.

"It's great that brands recognize that their customers are using Amazon, and thus, Amazon should be part of their media mix. However, if they approach it without a strategy, they are just chasing after the shiny object, or the sexiest opportunity of the moment."

Display ads are great for building brand awareness and trust, but are not strong at driving direct sales, she says, while an e-commerce search program with sponsored products can drive sales. Without a clear strategy, investment with Amazon may well be wasted.

When the stars are aligned and a clear Amazon strategy put in place, the results can be tremendous, says Mudit Jaju, senior partner and head of MEC Commerce at WPP agency MEC. He points to the following examples of brands working with Amazon and getting it right:

- **Michelin partnered with the Amazon Original Series program The Grand Tour on brand integration, creating content that could then be used on YouTube, and making ads targeted at people who had recently bought a car or had bought car parts on Amazon.**
- **Tiffany & Co. in Germany targeted Amazon users who had bought high-end electronics, and served ads only on Kindle devices. The creative content made the diamonds in the jewelry images actually sparkle.**
- **Vodafone did a Christmas list promotion with Amazon, but did not limit placement just to the Amazon site. Rather, it used Amazon data to help it access people on other sites and drive scale.**
- **Pepsi developed a campaign linked to the Amazon Prime Now fast delivery service targeting people watching major football games with promotions on snacks and drinks.**

MUDIT JAJU
Senior Partner and
Head of Commerce
MEC

GRAY IS THE NEW BLACK

Amazon is such an integral part of the consumer path-to-purchase that it must be viewed as complimentary to brands' and retailers' own sales channels, according to Scott Hamm, Vice President, e-commerce analytics, at Rockfish.

"Retailers should treat Amazon as the likely first stop for consumer discovery during the consumer research phase; more than 50 percent of online product searches begin on Amazon, and Amazon has one of the largest repositories ever of product ratings and review data," he says.

"Other retailers should focus efforts on capitalizing off of any consumers leaving Amazon without a purchase by leveraging their own unique value propositions, which may include leveraging in-store displays for further discovery, promotions, customized content and offers via CRM programs or more convenient delivery and pick-up options."

As well as a place to sell, Amazon should be seen by other retailers as a learning platform, Hamm says. A place to develop the right product assortment, figure out supply chain and e-commerce-specific packaging, establish content best practices, build internal customer teams and develop processes around data acquisition and reporting.

Working in such a fast-moving space as e-commerce means taking the advice of Jeff Bezos and making decisions with 70 percent of the data you wish you had, Hamm says.

"It is often very difficult for brands and shopper marketers to get comfortable acting without complete data, especially out of the gate. This often leads to a sense of paralysis, where there's the constant wait for the 'perfect' scenario of data, assortment, content and team that never materializes. Getting comfortable with the 'gray area' requires effort.

"There needs to be that realization that every day, dollars and share are up for grabs – the longer you wait, the bigger hole there will be to overcome for future success. Focus on learning, and small, incremental improvements."

"Our vision is to become the world's most consumer-centric company, where consumers can come to find anything they want to buy online."

JEFF BEZOS
CEO
Amazon

Brands face threat from e-commerce sites controlling the important data.

Brand managers must act like retailers and own the customer relationship.

Up until now, your average brand manager has had his or her hands full thinking about brand equity, reach, and awareness. But brand managers beware; there has never been a greater threat to brands than that currently posed by e-commerce and retail revolutionaries like Amazon.

Brands that react may just have enough time to save their relationships with their customers. Those that do not react face the dilution of decades' worth of brand equity, the loss of data, and even the demise of their brands altogether.

Brands are at risk because, while brands have been pontificating about their e-commerce futures, the retail innovators, tech giants, and startups have been getting on with building the new retail future—a future that is pushing the brands further and further away from customers and their data.

These businesses have innovated with customer experience, technology, data, and logistics, and they have done what many brands have not done: put the customer at the heart of the experience and their decision making. This has resulted in a world where just a small number of organizations are defining the direction of e-commerce.

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Salmon
SHAPING FUTURE COMMERCE

And if you control e-commerce, you control future commerce. According to some estimates, 95 percent of purchases will be facilitated by e-commerce by 2040. Ignoring e-commerce is no longer an option if you want your brand to survive in the future.

AGE OF THE 'INTERFACE IMPERIALISTS'

The landscape of commerce has changed. And with this new landscape comes a redefinition of competitors. Competition for brands is coming from every angle, as this new breed of hungry competitor looks to aggressively expand into new products and service categories. Being an online retailer or a social media site is not enough for them. These new competitors have instigated a land grab; one whose aim is to own the interfaces with the customer. The age of the "interface imperialist" is now. This aggressive horizontal expansion strategy is what is pushing the acquisition and expansion growth strategies of the likes of Amazon and Facebook. This expansion has as its aim the ownership of the customer: "He who owns the interface owns the customer. He who owns the customer owns the data. And he who owns the data owns the future." This is the mantra of the interface imperialists like Amazon, Apple, and Facebook.

At every touchpoint, these organizations are looking at the products and services that they could and should be providing, not just what they are providing now.

This constant reassessment of their offering allows them to critically judge their current offer and identify new products and services that their customers want. This constant reassessment is not something that happens enough in brands. This thinking is fresh—take Netflix founder Reed Hastings' assessment of Netflix's competition. He said that Netflix's competition wasn't other content providers, but sleep itself. Such out-of-the-box thinking enables an organization to redefine its offer and approach, and define its expansion.

Brands that can think like this will increase their chances of survival; those that cannot will lose out to the "interface imperialists" and their aggressive expansion.

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'OWNING' THE CUSTOMER

This new commerce landscape is also changing traditional views of loyalty, which are too emotional and too fragile. Loyalty is no longer the holy grail. Rather, what is required is customer ownership. Most customers aren't loyal to Amazon. But most shop through Amazon. Why? It's a no-brainer. The shoppable products in one place are almost endless. The traditional friction points have been addressed with advances like one-click purchasing. And the service, through Amazon Prime, is second to none.

So customers are "loyal" to Amazon out of love for the service. Amazon probably doesn't put it like this, but they aren't after customer loyalty, they're after customer ownership. Jeff Bezos himself famously said "When people ask me if our customers are loyal, I say 'Absolutely, right up to the point that somebody else offers them a better service.'" With this type of mentality, brand loyalty is dead, and service loyalty is king.

This is an interesting challenge for brands. The equity in the brand and the product itself has been and will continue to be eroded by interface imperialists offering better service and an ecosystem providing more wide-ranging services and benefits. How can brands look to own the customer?

THINK LIKE RETAILERS

Brands need to think like retailers. They now need to invest in owning their customers, their data, and the customer-brand relationship, and not allow this interaction to be diluted by a third party like Amazon. This could be accomplished through direct-to-consumer sales, loyalty schemes, or more simply by making their existing data work harder for them through digital intelligence. Brands need to increase the number of customer touchpoints to maximize the amount of time, energy, and share of wallet spent with them. They need to do this by creating an ecosystem of complementary products and services that will keep their customers close and grow a mutually beneficial relationship. In addition:

» Brands need to understand the core service of their offering in order to identify horizontal expansion opportunities.

» Brands need to take long-term strategic decisions to prepare themselves for the future, not just think about their equity and sales results for this year.

» Brands need to wrestle back control of the customer interface. After all, he who owns the interface owns the customer. He who owns the customer owns the data. He who owns the data owns the future.

The future of brands will be defined by those that take on the challenges of the new commerce landscape. For those that pretend it isn't happening, the future is bleak.

> *"Clearly you need to think very carefully about what your physical footprint looks like, but the most important thing is to make the channel experience seamless for the customer."*

NEELA MONTGOMERY
Chairwoman
Crate & Barrel

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017. To watch the complete interview and other retail leaders interviews, go to: www.retail.wppbrandz.com

SECTION 04

Why brands need to find their voice

In recent years we have grown used to the idea that people can find what the things they need on their phone by "asking" aloud. However, the advent of Amazon's Alexa, followed by Google Home and Apple's Homepod, has elevated this to a new level. Now "smart speakers" have become a day-to-day part of many people's lives. For brands and marketers, "share of voice" has taken on a whole new meaning. How we will make use of this technology and of the role it plays will continue to evolve, and at a rapid rate.

According to Google, 20 percent of searches via the Google app are now via voice[1]. The audience for voice interactions is clearly out there. However, voice is more than just another platform to access information – it has the power to fundamentally change the relationship between a consumer and a brand.

Unlike other digital interactions, which typically involve a very deliberate, conscious decision – pick up your phone, unlock it, choose an app – voice tends to be instinctive and casual. If you want to know something and there is a person with you, you just ask them. You don't even really think about it, you just do it. Voice devices such as Alexa or Google Home bring this casual, instinctive behavior to the digital interactions we have with brands.

These devices won't stay as objects for long. Very soon, you should expect their services to be embedded into the environment around you, whether at home or on the move. Google Glass wasn't seen as a tremendously successful device, but the earpiece effectively delivered "voice-out-of-home", and there will be more of these wearables, known as "hearables". Less a platform, then, than a well-informed companion, an always-on presence that is consistent, whether you are at home or on the move; you speak to it, and it speaks back.

This companion brand can also be present in chat, through bots and on social media such as Twitter.

For voice search to be successful, brands have to make sure that the benefits of using it outweigh the issues – it has to be easier and just as effective as picking up our smartphone and looking for the information ourselves.

Optimizing for voice search will be one of the keys to future SEO success. Consumers tend to use longer questions when they talk than when they type, and the rise of digital voice assistants will have a big impact on current search engine marketing strategies.

There are numerous metrics here, and it will be a battleground on many fronts.

With Google Home there is no "app store" equivalent as there is on Alexa, so there will be a fight to be the default app invoked when you ask a question. If you ask for a bank loan but don't mention a specific bank, which bank responds? "Takeaway pizza, please." But which one?

And then there is the question of what happens to paid-for search: what will be the impact on opportunities to deliver ads when the consumer's default search mechanism is voice?

Digital voice assistants are still in their infancy, and we have only just begun to see the impact of voice on the way consumers will interact with brands in the future – and how marketers should respond.

However, the world looks set to embrace the promise of voice interaction: global sales of smart speakers such as Echo and Google Home are predicted to rise by 738 percent, to more than 15 million in 2020, from fewer than 2 million last year.[2]

The benefits for the brands that find their voice have the potential to be huge.

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[1] http://searchengineland.com/google-reveals-20-percent-queries-voice-queries-249917

[2] https://www.strategyanalytics.com/strategy-analytics/news/strategy-analytics-press-releases/strategy-analytics-press-release/2016/10/05/strategy-analytics-amazon-google-to-ship-nearly-3-million-digital-voice-assistant-devices-in-2017#.WYRAV9PytTa

Zero-sum game: Growing brand value in the Amazon era

As we look up and down the BrandZ™ list, perhaps no brand stands out more than Amazon. While it falls in the retail category, its impact stretches far beyond any one industry or vertical. Technology, packaged goods, consumer electronics, transportation, and telecommunications all find themselves in a position to partner with or be disrupted by Amazon. What makes Amazon such an important consideration for nearly all brand leaders today?

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AMAZON DESTROYS RETAIL BRANDS

Retail brand leaders have been thinking about Amazon for years, so the company's impact on the sector is hardly news. What is surprising, however, is the pace of retail brand disruption. By one estimate, 8,640 US retail stores will have closed in 2017, which is 39 percent higher than during the 2008 financial crisis. And Amazon's revenue growth in 2016 was higher than the total revenue of the top three department stores combined.

AMAZON IS A BRAND COMMODITIZER

Brands earn a premium by elevating perceived value and creating an emotional bond that influences purchase decisions, particularly at the point-of-sale. Leading brands in most categories have some level of product or pricing advantage, but that's a small component of what drives a premium over generic alternatives. Amazon's model has the potential to destroy brands by using data to connect people to their preferences, replacing the connection between a consumer and the brand with the convenience and simplicity of Amazon Prime. For example, Alexa today suggests products based not only on a customer's preferences, but also on Amazon's pricing, availability, and customer reviews. More than 45 percent of Amazon Echo owners have already put an item in their cart with Alexa, and the coming years will see more people letting the brand make their product and buying decisions for them.

AMAZON IS A MEDIA CHANNEL, NOT JUST A RETAIL CHANNEL

Part of increasing brand value lies in a brand's ability to create competitive advantage with superior targeting. With the Amazon Ad Platform (AAP), Amazon is rapidly becoming a force in advertising. Brand leaders will likely have no choice but to shift media dollars to Amazon—a company that is more than willing to invest its profits to compete directly with other advertisers. Outside of technology, brand leaders have never had to compete directly with their media channels.

Today, brand leaders don't just need to articulate a brand strategy. They need a strategy for working with and competing against Amazon. How?

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BRAND AS A COMMERCE EXPERIENCE

Warby Parker, Blue Apron, and Dollar Shave Club all offer commerce experiences that grow out of their business models. The way you buy razors at Dollar Shave Club is a huge part of the brand. The same goes for Warby Parker, whose try-on box makes shopping for frames a rewarding experience. While all of these brands are new, it's a mistake to think mature brands can't succeed with this as well. They have the products, data, and customer service expertise needed to create these kinds of services—sometimes more robustly than the narrowly focused online upstarts.

BUILD A COMMERCE-BASED RELATIONSHIP

Some major brands are succeeding by doubling down on their relationships with their best customers. While Nike and adidas both sell through Amazon, they also offer their own commerce platforms. And these aren't just stores, they're relationship magnets. For example, you can buy shoes on Nike+ SNKRS, but the app is also a source for new releases, limited editions, and sneakerhead-friendly content. adidas Glitch was a product initially available only via app and delivered within four hours. The catch? You needed a referral from another fan to get it. That may not be the best way to move lots of product, but it's a terrific one for making noise and connecting with loyal fans.

MAKE A PERSONAL CONNECTION

Human interaction still matters. Best Buy has proved that a personal touch (and smart salespeople) can create a competitive advantage, especially for high-consideration purchases. Nordstrom makes e-commerce a seamless extension of its legendary customer service. For example, you can first select clothing items on your phone, and when you visit a physical store, they will be waiting in a dressing room that has your name on it. This kind of hands-on attention can go a long way to keeping brands relevant and customers happy.

DELIVER SOMETHING SPECIAL

This is a narrower opportunity, but some retailers have found success by offering products no one else has. For example, Gleem & Co. is a jewelry e-consigner that focuses on one-of-a-kind estate engagement rings. That ensures that your fiancée's ring will be something very special. You can also do unique commerce at scale. Lululemon has stood apart for years by stocking very few of any one item in any store and changing collections frequently. As a result, its customers don't have to worry about running into someone else wearing the same thing. This makes the commerce (and by extension brand) experience highly personal and rewarding. Put simply, Amazon is a powerful brand that destroys retail brands, commoditizes brands of all kinds, and uses advertising revenue to take on everything. But if marketers can connect their brand strategy to Amazon strategy, the Big A doesn't have to be a zero-sum game for everyone.

"Focus on the long term and being the market leader, rather than short-term profitability."

JEFF BEZOS
CEO
Amazon

Grocery retail business shifting from self-service to personalized model, spawning new channels

Changes will affect how consumers shop and interact with brands

The grocery retail industry is facing a monumental shift. This shift can best be described as a shift from a "self-service" grocery industry to a "personalized" grocery industry. The age of driving a car to a big supermarket, taking a shopping cart around acres of retail shelves, filling the cart, and then filling the car is fading. The early stages of "personalized" retail are emerging to replace it.

Whenever an industry emerges quickly, satellite business channels grow alongside that industry. The companies that are satellites often work in tandem or partnership with the original industry. For example, in the 20th century, when the consumer automobile industry emerged, a variety of companies changed their original direction to meet new opportunities. The range of industries that arrived to support the car industry ranged from manufacturing (tire companies), to retail (gas stations and auto parts superstores). Very few people know that Michelin's original tire business was designed to service the bicycle industry. A few more know that Shell began as an import-export trading business, specializing in obtaining rare seashells for interior home designs that were popular at the time, and later switched to petroleum. Without the emergence of satellite industries, the core industry never can or will develop.

Can you imagine Ford Motor Company surviving without partnerships with tire manufacturers or motor fuel stations?

From where we sit today, we know that the shift of the grocery retail industry includes the use of technology to help retailers and shoppers communicate in real time. What does this look like? Instead of waving at a shelfstocker to come help you, you can instant-message for help, like pressing the assistance button on an airplane. We also know that some items will be available in stores for browsing, while others will only be made available if you ask for a chance to see them before buying. In addition, we know that consumers will be less predictable—one week they will visit the market, the next they will shop from home, and the next they'll simply order meal solutions in a delivery box. But this is boring stuff—everyone is talking about these things. So let's talk about what very few people are talking about: the satellite business channels growing rapidly to support this future. In the age of unicorn companies, the number of startup companies emerging to support a personalized grocery industry should not be underestimated. Dozens of companies get launched each month, specialized in working with personalized grocery giants to make the consumer shopping experience "frictionless". These companies are emerging at four stages on the path to grocery purchase.

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KANTAR CONSULTING

STAGE 1: PRODUCT DISCOVERY

In the age of self-service grocery there were two ways consumers would try new products. First, they would see it or try it via a friend, family member, or colleague. Second, they would see it or try it at the supermarket, decide to buy a sample, and then try it at home. In the age of personalized-service grocery, we can imagine new ways emerging. The "send samples in a box" industry has already seen some widespread success. Companies like Birchbox and Graze would not have existed prior to the age of personalized grocery. Pop-up grocery stores, sample vans, and other solutions are emerging.

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STAGE 2: REPLENISHMENT

The old way of buying groceries has been to check the supplies at home, make a list, go to the store, fill the basket, get home, and realize you forgot two items. In a personalized grocery future, companies will lock you into a subscription and the Internet of Things will begin to help you manage what is expiring soon and what is in short-supply, and even how to save money on your next order. Solutions such as Amazon Dash, which allows brands to supply reorder buttons to households, or Samsung's Family Hub Refrigerator, which allows families to receive a spoilage update, are just some of the many solutions arriving.

STAGE 3: PAYMENT

Most people under the age of 40 can imagine a cashless future. Canada may soon be the first country to officially stop printing cash. Kenya and Thailand are not there yet but not due to lack of trying. Only one in eight financial transactions in Sweden involves cash. As we enter the age of personalized grocery, we can imagine a day where technology, product scanning, and payment merge. Amazon Go is the example that has gone viral, where, using a phone, you can scan and pay for your goods. However, a number of companies are launching digital wallets and blockchain financial solutions. The banks and credit card companies are likely to lead the way in this area. Alibaba's investments in Alipay have in a short time made it the No. 1 form of payment in China. Surely more innovation is on the way.

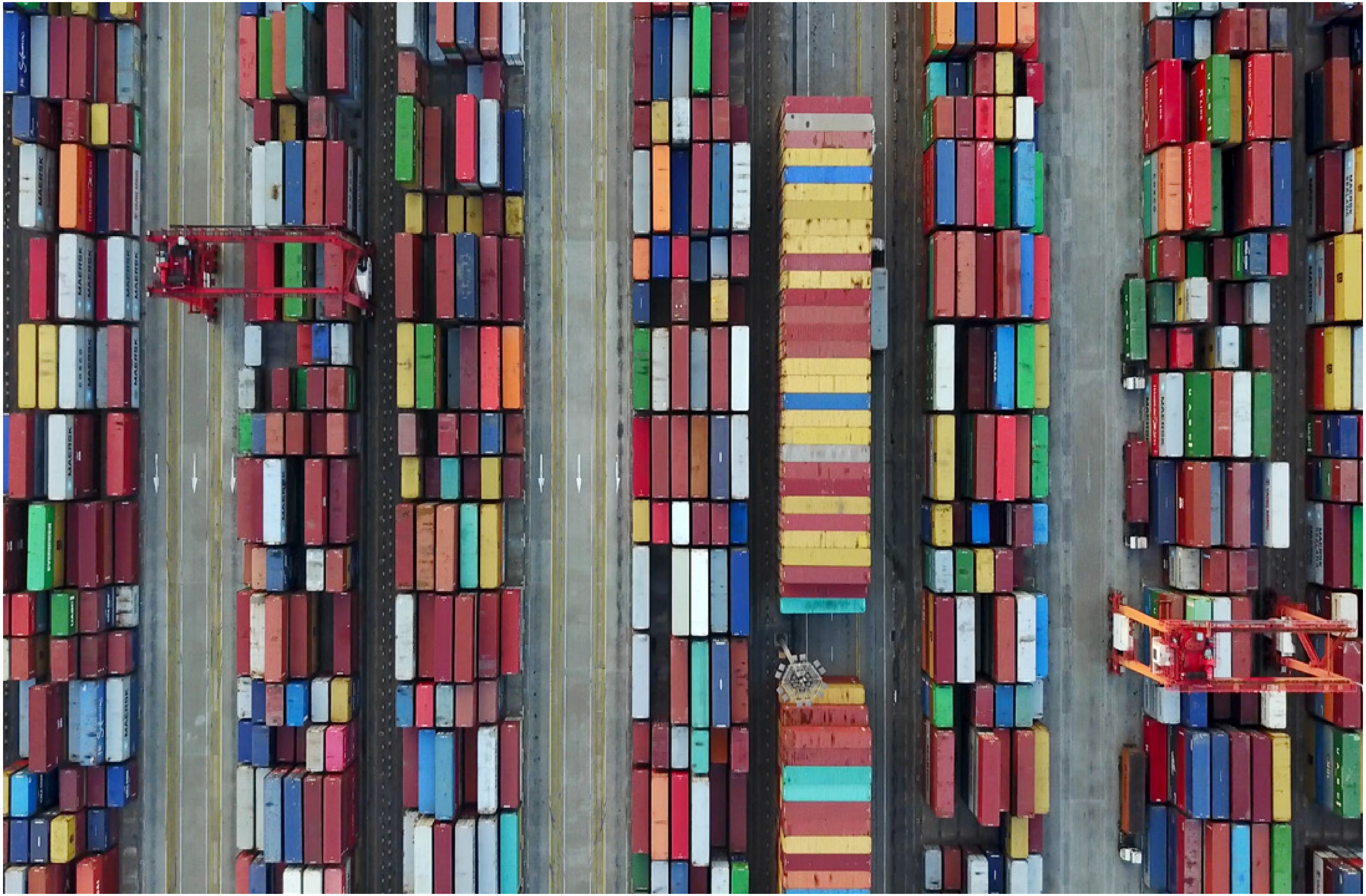
STAGE 4: DELIVERY

In the past, grocery shopping was linear. You would start at home or work, go to the store, and then bring your items home. If you had frozen food, you would have to go home quickly or borrow a neighbor's freezer. The future will be the opposite of linear. You fancy ice cream for the weekend barbecue? Why not order it now, ask for it to be put in a locker, and then pick it up at your kid's sports game on Saturday morning? Would that ruin the surprise? Why not have the balloon artist you hired pick it up for you, using the unique code you provided with his pre-booked Uber ride? Companies like DHL are already innovating in ways that may surprise you, and they are working in concert with leading retailers to bring the ideas to market.

SECTION 05

Shopping All Over The World

Photograph by Paul Reiffer



How China is leading the global charge from online to offline, and back again

One of the biggest headline-grabbing events of the past year in the world of retail was Amazon's surprise bid for Whole Foods Market – a huge step from the online world into offline stores.

China

But for observers of the Chinese retail sector, the news wasn't that surprising at all. China has for some years been leading way from online to offline, and can now show the rest of the world some insight into the shape of things to come.

In fact, just as the term O2O – online to offline – becomes a mainstream concept, in China it's already starting to sound passé. Retailers from both physical and digital backgrounds are shedding the distinction between e-commerce and any other type of selling; it's all just commerce.

No longer is talk about a shift in one direction or the other, but rather a seamless integration of shared services and experiences between digital and physical stores that enhance each other.

The significance of trends coming out of China is underlined by the scale of the retail sector – and especially online sales – in the country. This is by far the biggest e-commerce market in the world, with sales in 2017 around the US$1 trillion mark, and still growing by double-digit figures each year. Growth in China's e-commerce market is expected to average around 18 percent annually until 2020, according to Bain & Company.

Each year on November 11, "Singles Day" marks the largest e-commerce sales event in the world. In 2017, Alibaba alone sold goods worth 168.2 billion yuan on Singles Day, 39 percent higher than in 2016. And JD.com announced sales of 127.1 billion yuan during its "11.11 Global Shopping Carnival" (November 1-11), an annual increase of 50 percent.

In China, e-commerce is not only bigger than anywhere else, in many ways it's better. Same-day and next-day deliveries are increasingly the norm, and delivery by drone isn't just being trialled, it's all part of the service.

The sector is dominated by two e-commerce giants, who both offer not just an online marketplace but a whole digital ecosystem, including secure online payment options. Both have been expanding into the physical retail space over the past three years, and it's their early success uniting online and offline that signals what's likely to be on the way elsewhere.

Photograph by Paul Reiffer

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Alibaba became a household name in 2014 with its record-breaking IPO in New York.

The way it works is like a marketplace, where buyers and sellers can connect. Alibaba doesn't hold any stock, which means a lean operating model. Shoppers mostly pay using Alipay, a secure, digital payment system that's helped Chinese consumers overcome their concerns about paying by card. Alibaba has an active user base of around 500 million people.

JD.com is its biggest rival. The business was founded in 2004 and in 2016 became the first Chinese internet company to make the Fortune 500 list of the largest US corporations. JD.com is listed on the NASDAQ. Unlike both Alibaba and Amazon, the business owns all of its own stock, warehouses, and controls the delivery network. It also guarantees that all goods are genuine brands, important in a market where fakes are a constant worry for consumers.

BOOTS ON THE GROUND

In mid-2015, both of these digital giants took their first steps into physical retailing. Alibaba invested US$4.6 billion in a 20 percent stake in the Suning chain of consumer electronics stores. Suning at the time had 1,600 branches across China, and the link – in which Suning also took a small stake in Alibaba – encourages shoppers to try out a product in a Suning store and then either take it with them or order for delivery later with Alibaba. Goods could be delivered in as little as two hours, the companies said.

Almost at the same time, JD.com made its first foray into physical retail stores, buying a 10 percent stake in supermarket chain Yonghui Superstores for $700 million. At the time, Yonghui had about 270 stores; they now number more than 300 nationally.

The move meant that Chinese shoppers could go online to buy everyday items ranging from fresh fish and vegetables, to cooking sauces and baby milk powder. It also brought an extra layer of complexity into the business, though. The huge challenge with grocery – apart from keeping food fresh – is that people spend a lot less per shop than they do when buying electronics, meaning the cost of delivering those groceries is comparatively high.

Grocery is a high-frequency category and shoppers tend to be quite loyal to their grocery provider, so while JD.com was not making money on grocery from the start, it saw the segment as critical to its future success.

"We believe as we build the scale and reach a critical mass and optimize our fulfilment costs, we use big data to put the right product combination in one warehouse so when the consumer places the order we don't need to send the product from different areas, so we optimize all those operations. I think in future we can make this a huge category and also make decent money from it," said Laura Xiong, JD.com's Senior Vice President.

In 2016, JD.com took over online grocer Yihaodian from Walmart, which had taken over the company a year earlier. Under the new deal, Walmart operates as a retailer inside Yihaodian, and brings its Sam's Club membership service to JD.com, while Walmart's physical stores are listed on the JD.com delivery app New Dada.

Alibaba expanded its role in physical shopping in early 2017 through a partnership with Chinese retailer Bailian Group – which has 4,700 supermarkets, convenience stores and pharmacies – to explore new opportunities. The agreement enables both companies to use each other's data and integrate supply chains, logistics and payment systems to improve efficiency. The companies announced they would also combine membership bases using geolocation and facial-recognition software. Within months, Alibaba bought a stake in Bailian-owned Lianhua Supermarket chain.

At the time, Alibaba Group CEO Daniel Zhang said the partnership with Bailian was a step toward removing the distinction between online and offline retail. He said businesses would increasingly embrace big data and new innovations to better identify, reach, analyze and serve their customers. Alibaba founder Jack Ma has described the strategy as "New Retail", linking online and offline channels using data to improve efficiency and the customer experience.

China

THE RIPPLE EFFECT – HOW THE SHIFT AFFECTS PHYSICAL STORES

Many of the factors driving e-commerce growth, like the desire for choice, speed and convenience, are having a knock-on effect on the fortunes of bricks-and-mortar retail formats. Convenience stores and other small-store formats have gradually been gaining market share, while supermarkets and hypermarkets have declined, according to Kantar Worldpanel.

The power of e-commerce to drive the entire retail category is evident in the BrandZ™ Top 100 Most Valuable Chinese Brands ranking; three of the six retail brands in the ranking are e-commerce leaders, and two are bricks-and-mortar brands that have successfully implemented both online and offline strategies. In fact, Alibaba was ranked number two out out of the Top 100 in the 2017 ranking.

Brands with a heritage in physical retail have been hit hard by the voracious consumer appetite for online shopping. But some, such as consumer electronics retailer Gome, have been showing how an integrated O2O strategy can help them remain competitive. Gome has more than 1,800 bricks-and-mortar stores, and while it has struggled against e-commerce rivals in recent years, it has shown signs of bouncing back, having strengthened its online business and developed a complementary offline and online presence.

E-commerce has forced banks, meanwhile, to reinvent their businesses to face digital competitors from a non-banking background and better meet the needs of millennials. Online banking grew at a rate of 12.3 percent through the first half of 2016, according to the Chinese Internet Network Information Center (CINIC).

Several banks also integrated their offline and online offerings. ICBC, for example, developed products for online banking (ICBC Mobile) and online commerce (ICBC Mall). But the banks also face new competition, and opportunities for cooperation, as non-banking organizations offer financial services, including Baidu, e-commerce leader Alibaba, and Tencent, the internet company and top brand in the 2017 BrandZ™ China Top 100.

BREAKING DOWN THE WALLS – THE DEATH OF O2O?

The future of O2O, both of the big online players say, is not about shifting emphasis in one direction or the other – it's about integration.

"I don't think in terms of O2O. We are customer-centric as a retailer, and we need to think, where does the customer shop?" JD.com's Laura Xiong said in an interview with WPP's David Roth.

"Today, most customers shop in multiple channels. JD began online, but long-term we need to think about meeting the customer's needs in the different channels. E-commerce is growing rapidly now. And someday there will be a balance between physical and retail stores, but it is not clear where that balance will be."

K. Guru Gowrappan, Global MD of Alibaba Group, again speaking to David Roth, said the importance of the offline shopping experience was not going away, despite the astronomical rise of e-commerce in China. People still want to see and touch big-ticket items before they buy, and talk to staff about their options. But they also want quick delivery, and the option of online or in-store support regardless of whether they've bought online or offline.

"I think it's important that you have a unified approach; I should be able to buy online and go return it offline where I can look at something else, or buy offline and go home and

enjoy it right away," he said. "We see it as bricks to clicks and clicks to bricks. We want it to be one unified value chain. It's all interconnecting."

Gowrappan described data as the new natural resource for retailers, who could use it to connect the online and offline experience for shoppers, as well as to transform manufacturing, payment and financial services. It could be used to personalize services and refine targeting – even understanding whether individuals tend to return their purchases, and offering incentives to good customers. "It all helps make the experience even better."

E-commerce has grown tremendously over the past several years in China and, even more importantly, great potential remains. Retail brands must continue to develop their online capability and strengthen online and offline coordination. In most categories, significant opportunity awaits brands that can combine the best online experience with rapid fulfilment.

Chinese operators are especially good at O2O execution, probably surpassing the West, in part because of their world view. When confronted with competing channels, they are more inclined to seek holistic harmony rather than to make binary choices. Chinese operators also are fast. Categories can develop their e-commerce capability rapidly, and brand players need to be prepared to swim in a strong current.

There is much that retail brands in "more developed" markets can learn by watching China.

Photograph by Paul Reiffer

Evolving retail space must respond to new consumer expectations and digital challenges

Brands have an opportunity to inspire with reinvention.

Looking at the record-breaking $17.8 billion in sales for Alibaba's Singles Day in 2016, it makes sense to worry about the prognosis for growth in traditional brick and mortar stores and malls.

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While it's true that traditional channels may be facing some new challenges, the issue is not irrelevance - it's reinvention. By taking a step back to understand how people are interacting not just with retail space, but with space in general, we pinpoint four ways that brands can more proactively profit from change and build a more certain future. While the rise of e- and m-commerce is the obvious driver of changing behavior in China, other macro shifts are changing how consumers use space and interact with physical shopping environments.

As urbanization explodes, and cities become denser, it becomes harder to maintain large private spaces. People, too, are exploring different roles – requiring different things from their space each time. These factors are blurring private and public boundaries, and driving the creation of multifunctional spaces. People's relationships with physical objects are changing as well, as they de-emphasize ownership in favor of the sharing economy, and turn away from conspicuous consumption in favor of experiences. This is changing their purchase patterns, and in turn what they expect from brands' physical stores.

Lastly, environmental threats like pollution are forcing the Chinese to do more indoors. This requires spaces that can provide enough variety to eat, play, work, and discover, without ever having to step outside.

LEVERAGING THE CHANGE TO DRIVE GROWTH

As these new needs and expectations come to the fore, available space continues to shrink, creating new tensions around the use of shared spaces. We've identified the two most provocative ones, arising from the interaction of the drivers mentioned above. First, who controls the experience – businesses, or other consumers? Should we build spaces for our brand to connect to our consumers, or focus on facilitating connections between our consumers instead? And second, what do people get out of the experience? Do people want spaces centered around driving discovery, or should they be built for convenience and efficiency (like supermarkets)? By crossing these two themes to see how they might interact, we come up with four emerging territories that brands can use as a guide to rethink the role of their offline spaces.

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BRANDS AS LEADERS

The standard of living for Chinese consumers doubled every seven years from 1974 to 2011. Chinese consumers have been catapulted into completely new purchase tiers, and are seeking guidance not just on mainstream trends, but what is best for them and how to put it together. Brands should move beyond using their stores simply as a pick-up point for their global collections. Instead, they should use stores to showcase their own point of view on the category's latest innovations, while providing guidance on how to achieve it. For example, Samsung's latest store sells no products but instead showcases the brand point of view on the future smart home within an "experiential playground".

BRANDS AS CATALYSTS

Previously, specialized information rested with masters who trained apprentices to carry on the tradition. Nowadays, brands can play that expert role. Brands can be the catalysts for transforming retail spaces into the centerpiece of a community – whether it's by passing on expert knowledge, connecting them with other members of the community, or by tailoring a lifestyle space (from food to products to events) just for them. As Apple puts it, their store is their largest product. What does your largest product look like?

BRANDS AS STORYTELLERS

Brands can facilitate connections between makers and buyers, rather than focusing solely around brand itself. In traditional stores, wares are limited, and the transaction is limited to buying and selling in the name of efficiency. In this new marketplace, digital technologies like 3D printing and online purchase allow for a focus on interaction, rather than transaction, and making, rather than selling. Use your space to bring your craftsmen in, so people can connect to the makers behind your brand. Create an experience built around stories rather than purchase.

BRANDS AS DISCOVERERS

Spaces might be permanent, but what's inside them isn't. By constantly discovering and bringing home rare skills, objects, or insider knowledge, brands can generate immediacy and novelty even within their bricks-and-mortar channels. In Hong Kong, Little Square is just an empty space with white walls, set up to allow a variety of short-term tenants to make the space their own. The entire concept is completely new every time, allowing for novelty and excitement even in a permanent space. As the owners put it, "A lot can happen between four walls… If you're a brand, online shop, wholesaler, designer, artist, photographer, thinker, mover or shaker – Little Square is a pocket of spatial inspiration, at your service." The Chinese market is undeniably challenging, and changing rapidly. E- and m-commerce will only grow in power, while offline spaces will be pressed to prove their value. For brands brave enough to change how they think about channels, though, there is an opportunity to pivot away from a win-lose mindset of stores vs. e-commerce and instead profit from change. How are you planning on inspiring your consumers with your space?

"I believe the future of commerce is in branded goods. People want goods that are unique, that tell stories and are relevant and engaging to them, and that's where branding kicks in."

ANAN FAKHEREDDIN
CEO
Damas Jewellery

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017.
To watch the complete interview and other retail leaders interviews, go to:
www.retail.wppbrandz.com

SECTION 05

Millennials have more money and different priorities than earlier chinese generations

They purchase luxury online, in-store, and while travelling.

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It's no secret that China's post- 90s generation has a passion for luxury as powerful as the previous generation's in this voracious consumer market.

The differences are the degree to which they're spending, what's motivating them to spend, and where they're spending.

As such, there are three things a luxury marketer looking for meaningful engagement with post- 90s consumers must know:

01 Even in a cooling Chinese economy, young luxury consumers are buying more than ever;

02 Digital isn't just for discounts anymore; and

03 Your Outbound China marketing strategy matters.

Affluent post-90s Chinese consumers spend dramatically more on luxury goods compared to their peers in the rest of Asia – on average $4,000 per year versus just $2,500. And this aggressive spending on luxury goods is coming at a time when the traditional markers of success are feeling less attainable for the young than they were for their parents, who grew up in an era of double-digit annual growth. Here are several key insights into the millennials and their relationship to luxury.

HIGH ROLLERS

Over half of post-90s Chinese believe home ownership is a burden, and nearly half say marriage is unimportant as long as they're happy. The money that once went to these big, expensive life goals now goes to fund discretionary luxury purchases, with nearly two-thirds of Chinese millennials saying they want more luxury goods now than they did five years ago. And they're putting their money where their mouths are, doubling individual spending in categories like luxury watches and jewelry over the past five years.

Online is the new in-store. For older Chinese, making luxury purchases online meant one thing only – discounts. Chinese post-90s, however, are far happier than previous generations to pay full price for luxury goods via e-commerce, with 7 percent of 18-to-24 year olds doing so in the past year, versus 19 percent of those aged 40 to 49.

But post-90s shoppers are looking for shopping experiences online as rich, if not even richer, than what they'd find in-store. These buyers expect you to work for their money online. Half of them say they'd rather spend money on a luxury experience than a luxury product, so work to make your e-commerce a destination.

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Luxury here, there, everywhere. China's tourists are fueling one of history's largest tourism booms, and it's only just beginning. And where China's young tourists go, luxury purchases follow.

Half of all young travelers say they'll buy a luxury item in-store when they travel to another country. By way of example, year-on-year sales to Chinese tourists in Korean shopping malls were up over 60 percent in 2016. Further, Chinese tourists comprise nearly 80 percent of all duty-free sales in Korea.

Brand building action points:

01

GO YOUNG

Get your youth-oriented marketing right. Youthful key opinion leaders such as pop star Lu Han, a singer, actor, and male style icon, are bringing venerable luxury houses like Cartier to a new, younger audience.

02

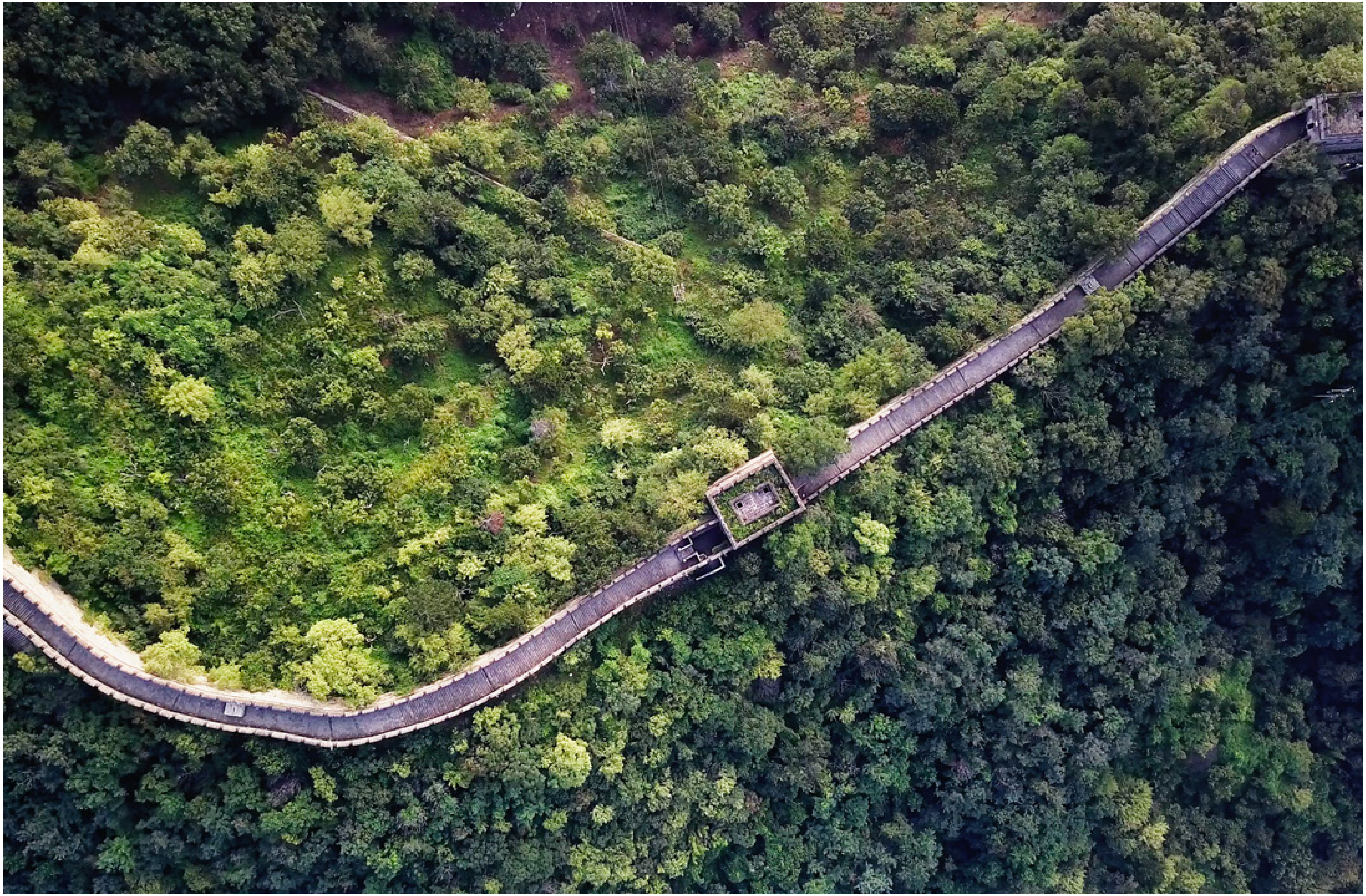
GO EXPERIMENTAL WITH E-COMMERCE

Given the challenges of executing brilliant in-store experiences consistently across China's vast market, digital channels allow you to get your brand perfectly delivered every time. Nearly two-thirds of post- 90s consumers say the uniqueness of a product is worth more than a big brand name, and the same percentage reported that they want to be first in their peer group to try new things. Deliver novelty to customers through your e-commerce platform, and they'll buy your brand online.

03

GO FAR AWAY

Chinese post-90s consumers view being adventurous as a critical attribute to develop and maintain into adulthood. As travel is a key mechanism to realize that sense of adventure, China's outbound tourism boom will continue to grow. Several European airports are now targeting this market by using WeChat pushes to drive Chinese consumers to duty free offerings on-site. Follow their lead and begin activating your Chinese marketing overseas to reach travelers when they're in high-spending holiday mode.



SECTION 05

Mobile-centric Chinese consumers remember useful brand experiences

Mobile commerce campaigns offer new brand-building opportunities.

Depending on which study you read, or which country you may be sitting in, digital media spend has now passed traditional spend, and the gap is expected to continue to widen. And China is ahead of this very sharp curve. Here in China, 95 percent of connected citizens—around 750 million people—access the internet via their mobile device.

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And while the numbers are of course significant, we would argue that the importance of mobile being the primary driver of internet connectivity goes beyond advertising. Mobile should be viewed as the cornerstone of marketing activity. Mobile links marketing and sales activity. And the opportunity for using mobile to build consumer engagement and brand building, in proximity to retail, exists in China like nowhere else.

Mobile has been the No. 1 way people access the internet in China since 2012. And the mobile experience, in terms of content and communications opportunities, has moved on exponentially since then, driven by smart phone adoption and improved servicing speeds. The big question from a marketing community perspective is, how well are we keeping up with the advances in mobile experience offered by the likes of Tencent's WeChat and the Alibaba Group?

Three major drivers of mobile use in China are: video streaming, gaming, and social media. The need for entertainment during moments of downtime, such as the daily commute, motivates video streaming and gaming. A desire for personal connections and fear of missing out motivate social media activity. All three mobile uses have created paid media opportunities and produced the shift in investment from traditional to digital media. But a fourth mobile opportunity—mobile commerce—fully emerged in 2017, demonstrated by the 90 percent of consumers who transacted their 11/11 shopping festival purchases on mobile.

UTILITY DRIVES ENGAGEMENT

To take advantage of this mobile commerce opportunity, look to some of its most successful practitioners. The ecosystems of WeChat and Alibaba have been strongly motivated by consumer utility rather than the desire to create platforms simply to attract "eyeballs" and generate media spending. Instead, consumer engagement, and with it mass adoption, was driven by usefulness. And here is a big point of learning for brand marketers looking to engage China's consumers–being useful to a consumer offers a more memorable experience than simply showing a display ad. In fact, the concept of mobile advertising itself is perhaps outdated and too passive. It speaks to the re-use of old formats into a new medium.

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China

How can our brands be more useful? In order to bring creative innovation in line with the habits of China's mobile-centric consumers, we must challenge ourselves to go beyond the typical view of demographics and target profile. It is vital to develop a deeper understanding of consumer behavior and the life moments where our brands can be most useful. This can be about utility or entertainment, but first and foremost we should acknowledge the context of the consumer and be of service to his/her needs. With the mobile device playing such an integral role in the lives of China's consumers the role of creativity is not to seek attention, it is to fit into the requirements being displayed and offer solutions accordingly.

We read recently about the study Unilever and Nestlé conducted in the UK looking at the impact of digital media on in-store purchases. For every £1 spent, the advertisers received £1.94 in sales. Interestingly, there was also a brand lift in awareness and being viewed favorably. It would be interesting to reflect on this data from a China market perspective. The assumption we would make is that with mobile transactions being a prime driver of sales in China (both online and offline) we would recommend building increasingly purchase-motivated mobile campaigns in the future.

As with any market, winning within China's quickly changing media landscape means being consumer-centric. Yet perhaps more than in any other global economy, it is vital in China that mobile solutions and creativity are the core drivers of marketing strategy. The great news is that much of the required infrastructure brands need to develop winning strategies is already available today and mobile is the accelerant they are looking for to ignite growth.

Innovative mobile engages consumers

01

NEW RETAIL is one of the most talked-about consumer engagement developments. The term, introduced by Alibaba CEO Jack Ma, describes the next step after O2O, the integration of online and offline shopping. In New Retail, old definitions and borders give way to a seamless system that coordinates e-commerce, physical retail, logistics, and data. For example, Starbucks launched its new Starbucks Reserve Roastery store in Shanghai with an augmented reality app created in collaboration with Alibaba. When shoppers aim their mobile device in the store they receive related information to enhance their in-store experience. An Alibaba app enables shoppers in Hema grocery stores to look up prices and information, place orders for home delivery, and order food from the in-store eateries.

02

Livestreaming has become a core component of the e-commerce selling arsenal. And the role of key opinion leaders (KOLs) in this phenomenon has been key. The link of entertainment to sales is not a new global approach, yet the adoption in China is widespread across many categories, from face cream to cars. In just one month during the summer of 2017, 35 million people watched live streaming on e-commerce platform Taobao.

03

Location Based Services (LBS) also have been key to engaging consumers. Consumers are already using such services to support their place-based needs, such as searching for restaurant deals nearby. But marketers can also leverage the services to promote products or retail locations with timely offers or product release information. Estée Lauder ran a campaign targeting Chinese outbound travelers for DFS, the airport retail chain. Leveraging shopper online behavior (travel bookings, search history, make-up preferences), Estée Lauder then utilized LBS to target travelers at their destination with a coupon for giveaway redemption with cosmetics purchases.

04

Cashless payment is already at critical mass. Consumers comfort level with going cashless is clear in China, with mobile payments 50 times greater than in the US. The scale of retailer adoption and government support is unparalleled, demonstrated by the speed of retail technology adoption and the emergence of "cashless cities" across China. The mobile experience loop is now complete and China is the world leader.

Now Showing, On A Screen Near You

Put your feet up and pass the popcorn. WPP's David Roth presents two short films that lift the lid on the booming e-commerce market in China.

'BLAZING A TRAIL - HOW CHINESE E-COMMERCE LEADS THE WORLD'

Looks at how China has become the most dynamic and most valuable online shopping market on the planet. This is a country that barely had phone lines 20 years ago … and where you can now buy a car with your mobile.

Consumer trends, rising wealth and home-grown innovations have turned e-commerce in China into a $600 billion-a-year sector. It's giving global brands an easy route to reach consumers, and turbo-charging the expansion of Chinese brands, both at home and internationally. David Roth looks at who and what is driving growth, how drone delivery is becoming a reality, and the huge potential that remains.

www.retail.wppbrandz.com

'HIDDEN DRAGON - THE RISE OF AN E-COMMERCE GIANT'

Charts the development of China's second-largest online brand, JD.com. Featuring an exclusive interview with JD brand officer Laura Xiong, this film explains what sets JD.com apart from its biggest rival, and how it's become one of the fastest-growing brands in the world.

It looks at value of JD.com's partnership with WeChat, the Chinese mega-app that consumers use to buy coffee, book a cab and just about everything else you can think of. And there's a look at what's next for JD.com. David and Laura discuss the role of big data in personalizing services, international expansion of the brand … and the strategic significance of fresh fish and ice-cream.

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Retail lexicon lags changes in new reality of shopping

Shift affects online, offline mom and pop, and suppliers.

China

With the slowdown in the rate of China's economic growth, compared with a few years ago, businesses, especially key retail sectors, are struggling to adjust to this "New Normal." Intensifying competition has forced retailers and manufacturers to reform their business models in line with the core of retail: shopper-oriented service with efficiency.

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Purchasing behaviors of key consumer groups are consistently evolving. While people born in the 70's and 80's are largely driving consumption, younger people gradually have become the new priority for brand attention. Meanwhile, the middle-aged and elderly, who have both wealth and leisure time, are more open to new products and services.

Moreover, the popularity of smart phones and increasing 4G availability lead to high mobile internet penetration. Shoppers are "always on," and mobile commerce now accounts for over 85 percent of the total e-commerce gross merchandise volume. The boundary between online and offline is vanishing, and the concept of omnichannel is evolving. Those omni-shoppers want extreme experience: a responsive and empathic shopping experience while always being in control.

With the rise of omnichannel, integration and consolidation between online and offline retail deepened, and became blurred. As online and offline operators moved into each other's spaces we needed a term to describe the changed reality. It was provided by Alibaba Chairman Jack Ma, who labeled the phenomenon New Retail.

NEW OPPORTUNITIES

In 2017, e-commerce giant Alibaba expanded its physical footprint by acquiring shares of offline retail giants Lianhua Supermarket and Sun Art Retail Group, and investing heavily in Hema supermarket. JD.com enhanced its collaboration with Yonghui Superstores and Walmart, to combine complementary strengths in supply chain, product range, logistics, and shopping experience.

Meanwhile, other retail giants, like CR Vanguard, which primarily operates bricks and mortar stores, have started to invest in their online businesses to fulfill shopper needs for anytime-and- anywhere convenience. Manufacturers, on the other hand, have put great effort into adjusting their channel strategies by customizing their product portfolios, pricing, promotions, communication, and services to fit the characteristics of different online and offline channels. In short, all participants are adapting to New Retail, striving to create the best experiences for omni-shoppers.

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Roles of retail channels are also changing. Besides selling, physical stores now emphasize more display, experience, and personalized value-added services. Kidswant, China's largest maternity and baby specialty retailer, is an excellent example of a retail brand that understands its customers and serves them with a well-considered combination of sales, service, and experience.

E-COMMERCE BEYOND A SALES CHANNEL

And e-commerce is evolving beyond a sole sales channel. More precisely, Alibaba with abundant resources and great competence, is rapidly expanding from an online marketplace that facilitates selling products, to a comprehensive platform that continues to sell merchandise, but also provides an array of services.

Alibaba describes this initiative as Uni Marketing, the effort to understand the needs and purchasing cycles of every single consumer within Alibaba's ecosystem, both online and offline. In a similar way, JD.com is optimizing the potential advantages from its cooperation with Tencent, to provide brands with integrated marketing backed by the most powerful social media data and tools in the China.

In addition, new channels are emerging in the New Retail context. The O2O takeaway platform—online ordering and physical delivery—has become one of the most frequently-used concepts in China, with ultra-high user stickiness. And those takeaway platforms are more than just service providers of catering deliveries.

O2O takeaway platforms help business partners, such as physical supermarkets, increase online ordering, and rapidly fulfill orders with fast store-to-home grocery deliveries. Leading players, such as Ele.me and Meituan, are now able to fulfill an order within 30 minutes, meaning that this channel can meet the immediate needs of shoppers, an accomplishment that had eluded e-commerce until now.

ECOSYSTEMS EMBRACE MOM AND POP

The retail revolution, driven by internet, is even penetrating mom and pop stores, a highly fragmented channel that accounts for almost half China's sales of fast moving consumer goods (FMCG) from over 600 million outlets across different regions and city tiers in China. In the past, this market could not be well covered and served by brands due to the fragmentation. But now a new business model has emerged. Named Online B2B, this model builds direct connections between manufacturers and local mom and pop stores by moving the procurement online to improve distribution efficiency and upgrade the stores.

This Online B2B model gained great exposure from the participation of Alibaba and JD.com. Besides winning in this B2B market, Alibaba and JD.com also aim to bring those offline mom and pop stores and their shoppers onto their ecosystems. In this marriage of e-commerce giants and mom and pop merchants, the most cutting-edge retail and the most traditional retail converge, producing improved merchandise, experience, and efficiency that benefits brands and consumers.

To fully benefit from the New Retail era, manufacturers and retailers need to change their mindset and take a shopper-oriented approach. They need to put themselves in the omni-shoppers' shoes to observe what they really want from retail, and from each channel—and respond. Roles of physical stores and e-commerce should be redefined, and portfolio, price, promotion, and communication mechanisms should be tailored to each channel accordingly. Today, whether your operation is more like Alibaba and JD.com, Walmart, or a mom and pop operation, success requires a flexible organization, capable of fully leveraging emerging channels and niche touch points to engage shoppers throughout their journeys.

China's social media landscape is the most unique, fragmented, dynamic in the world

The Chinese social media landscape is one of the most unique, fragmented, and dynamic in the world. In the 12 years that Kantar Media CIC has been analyzing Chinese social media, the rate of change has only gotten faster.

China

Here we take the pulse of China's social landscape and present five changes and developments – key trends that distinguish Chinese social media and are essential for brands, agencies, and tech players to understand.

In the West, brands may be able to get away with a two-platform strategy consisting of Facebook and Google. However, in China, there are not only unique platforms that do not exist anywhere else, but also multiple, overlapping platforms, as well as multiple, overlapping ecosystems, all of which are in constant flux. An environment like this requires persistent diligence in order to understand, plan and execute for maximum and appropriate impact internally. But they face several challenges.

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01 SOCIAL MEDIA ECOSYSTEMS ARE MORE IMPORTANT THAN IN MOST GLOBAL MARKETS

Baidu, Alibaba, Tencent, and Sina (aka the BATS) together have upwards of eight different social media and/or e-commerce platforms, each with hundreds of millions of active users. They are the absolute core of China's social and digital landscape because of their cumulative almost four billion users. These apps are at the heart of making the Chinese Internet Viral, Informative, and Practical (VIP). The "I" and the "P" are particularly important in differentiating China from the rest of the world.

Trusted information in China can be scarce, while the plentiful information on social media such as news, word of mouth, and rumors is often the type of content that cannot be found anywhere else. This makes social media more important in China than in most global markets. The practicality of Chinese social media is unmatched due to the deep integration of payment solutions and services such as, Alibaba's Alipay and Tencent's Tenpay. For over 700 million netizens, WeChat is the go to platform not only for e-commerce transactions, but also peer-to-peer transfers, bill payment and even mutual fund investment. Nowhere else in the world is there a complete social media ecosystem connecting internet word of mouth and payment so seamlessly.

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02 E-COMMERCE GROWS IN COMPLEXITY AS BOUNDARIES WITH SOCIAL MEDIA BLUR

As the number of consumers increases, the desire for a wide variety of products grows as well. Even today, some products are not always readily available offline or even on some of the largest e-commerce platforms like Taobao, Tmall, JD.com and Yihaodian. We are seeing an increasing number of e-commerce categories emerging in China. Some of these new platforms include: group sales sites such as Nuomi and Meituan; flash sales sites such as Glamour Sales; second-hand sales sites such as Xianyu; crowdfunding sites such as JD Finance; O2O sites such as ticketing service Gewara; and cross border retail platforms such as Little Red Book.

Now that payment is so integrated with social media, we are seeing the boundary between social media and e-commerce becoming blurred. Traditional e-commerce sites are integrating social features such as Taobao's Weitao, Tmall's FanEr, JD's Discover, and Yihaodian's Yipintang. Not to mention, social platforms integrating e-commerce, such as Little Red Book.

03 TRADITIONAL VIDEO PLATFORMS REMAIN IMPORTANT, AND NEW SEGMENTED SITES APPEAR

Traditional video sites like Youku and iQiyi continue to be important platforms. These platforms allow netizens to watch legal versions of local and imported long form content like TV dramas. Recently, many other sites have started to integrate Danmaku, the "rapid fire" netizen commentary, where the text appears right on your video screen. Danmaku was initially an innovation from the original Danmaku sites, Acfun and Bilibili, which show more youthful content like anime, cartoons and games.

Other video categories include short video apps like Meipai and Miaopai. These two apps have recently become a primary source of user-generated content on the social web. "Live" video broadcasting apps similar to Periscope, including Panda TV and Zhanqi TV, have also gained traction with consumers and even the watchful eye of government regulators. Brands like Maybelline have started to use live video platforms to promote their products. Maybelline quickly sold over 10,000 units of lipstick in two hours, via a live video broadcast hosted by celebrity spokesperson @Angelababy.

China

04 NEW PLATFORMS PROVIDE OPPORTUNITY TO LEVERAGE KEY OPINION LEADERS AND CELEBRITIES

Have you ever wanted to ask a celebrity how much money she has? If you haven't, at least now you have the option on "Ask Me Anything" sites like Fenda and Zhihu Live. Recently, these platforms have gained significant traction. For a fee ranging from a few hundred to a few thousand RMB, Fenda allows netizens to ask celebrities questions. Celebrity Wang Sicong made over $45,000 on Fenda for responding to gossip about his personal life. Another platform, Zhihu Live, features experts from various industries. The app launches private sessions that allow key opinion leaders (KOLs) to share information and insight with netizens. This gives netizens who are interested in certain categories the ability to easily communicate with industry leaders. Brands can consider how to utilize these sites to more effectively leverage their key opinion leaders and celebrities.

05 INTERNET FAME ADDS COMPLEXITY TO THE KEY OPINION LEADER LANDSCAPE

Recently, the rise of "Wang Hong", the phenomenon of being famous just for being famous, has added a layer of complexity to the KOL landscape. We are now dividing KOLs into three basic categories: experts, "Wang Hong", and celebrities. Experts tend to focus on their specific fields, like beauty or fashion, where they are able to persuade and inform the masses with their expertise and experience. Wang Hong, such as QKXLJ, focus on turning their online fame into an actual business. This is achieved by creating unique personal brands. Wang Hong tap into their social media following to promote and sell their products, leading to e-commerce sales that could not have been achieved without their social media promotion. Wang Hong are more willing to share their personal life on social platforms which can make them seem more "authentic". Celebrities who are famous online and offline command a premium price, yet do not appear as "authentic" as Wang Hong. With this increasingly complex KOL landscape, brands need to make more effort to obtain the right "fit" to optimize media impact.

Can you package politics, retail, religion, and price patriotism?

Countering global influence, Indians embrace local roots and culture. Brands need to unlock the stories that exist in the hearts of consumers.

For those who like to get straight to the point—the answer is yes. Brands don't exist in a vacuum. One cannot deny that social context affects the way brands must behave and do business in a country.

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Next time you're at a McDonald's restaurant in India, look out for the sign that says, "No beef and beef products sold here." But how can the socio-political context be leveraged to help Indian brands succeed? To understand the "how", let's first tackle the "why". It might seem counterintuitive to focus on a local political, religious, or patriotic story in today's aspiring, globally engaged India. But the observant will note that the reality is growing to be quite the opposite. Among all the firang (foreign) influences permeating Indian culture today, Indians crave some shuddh desi ghee (traditional clarified butter used in Indian cuisine).

Bye bye Prada, hello Patanjali. This isn't just an Indian phenomenon. The Brexit vote and Trump's election are both symptomatic of countries anxiously "reclaiming" their identities. In truth, brands represent ideals, values, and identities. As such, when they ally themselves with religion, politics, or nationalism, they are able to tap into a deep well of pre-existing emotion. With foreign players like Starbucks and their ilk penetrating the Indian market, Indian companies can leverage this Indian need for identity in order to drive brand loyalty. Even in a time when brands enjoy less consumer loyalty—faith sells. It's even inflation-proof. If you're trying to answer the question, "how do I get the Indian customer to care about me?" this certainly does seem to be a winning strategy. However, building a narrative around people's belief systems is a double-edged sword to be wielded with caution. In a country like India, a minefield of sentiments and opinions, you have to do it right.

Let's get down to brass tacks. Here are the five things you need to keep in mind.

>>

India

01

CREDIBILITY IS A MUST

While this may seem par for the course, authenticity is the backbone of any socio-political proposition. Authenticity is built over time, so this one is less of a criterion and more of a conviction. Think about it. Missionary schools in India don't sell a belief system, they live it.

02

DON'T OVERPLAY IT

Unless you happen to actually be a guru or Narendra Modi, the hero of your story cannot be religion or politics. It should, instead, manifest as part of the driving values of the brand. Think of Patanjali. It is not a brand with spiritual products per se. The brand instead leverages founder Baba Ramdev's image as a yoga guru to associate itself with the idea of natural, pure, healthy, and Indian—qualities directly relevant to the products that it sells.

03

BE SENSITIZED TO THE TOPICS YOU ARE DEALING WITH

In the internet age, where brands face the constant threat of the social media shredder, death by tweets and hashtags is a stark reality. The fiasco with Kendall Jenner in the Pepsi "Live for Now" film illustrates this point perfectly. The tone-deaf advertising that appeared to be capitalizing on the protests taking place in the US ultimately did the brand more harm than good.

04

FIND THE RIGHT POINT OF RESONANCE BETWEEN YOUR BRAND AND SOCIO-POLITICAL MESSAGE

The lack of resonance between Pepsi as a brand and political activism is perhaps what also led to the failure of the "Live for Now" campaign. In contrast, Dettol, a brand of soap and cleaning products, was able to ally itself with Prime Minister Modi's Swacch Bharat (Clean India) initiative with great success as a brand that has stood for hygiene and sanitation over the years. The brand outperformed category growth. Similarly, Tata Tea's Jaago Re (Awaken) campaigns to raise awareness around social issues connected at a fundamental level with their product's "refreshing" properties.

05

USE LANGUAGE TO BE AN ALLY OF THE NATION

Brands are able to tug on our collective Indian heartstrings with well-timed slogans like "Bleed blue", to support India's cricket team. I am personally susceptible to the word desh (native land), as used in Tata Salt's desh ka namak campaign to recognize people who in some way are giving back to India, or Hero Honda's desh ki dhadkan, which celebrates India's cultural and geographic diversity. The dairy brand Amul has consistently been there at every turning point in Indian history with a well-placed pun in the world's longest running campaign, establishing the brand's credibility as commentator. Indians are embracing their roots and culture, and there is great value to be found for brands tapping into cultural nuances. As with most things in branding, the key is finding your story and telling it right. The big difference? Your story already lives in the hearts of consumers; it's waiting to be unlocked.

More Indian brands now combine multiple services on a single app

The future of apps is about aggregating multiple services into a single app acting like a one-stop shop for different consumer needs.

How simple life would be if you could order that pizza, pay last-minute bills, and book a cab on the run while simultaneously replying to text and emails, all from a single app.

But many marketers are running in a herd in another direction, blindly eyeing a share of consumers' mobile devices and minds.

Meanwhile, the value of apps is gradually dwindling with proliferation of over 2.8 million and 2.2 million apps on the Google and Apple app stores, respectively. As many as 75 percent of apps are uninstalled soon after they are downloaded. Discovering and downloading the app that best suits a user's needs takes time. It sometimes makes more sense for the user to search for the appropriate service on Google.

With each app trying to woo consumer attention, what marketers fail to realize is that mobile users have limited attention span. Consumers choose apps with the aim of simplifying their daily grind and are likely to stick to them only if these apps continue to ease their drudgery.

The battle for a share in a consumer's mobile phone is fierce. Each new installation competes for space with essential apps like WhatsApp and Facebook. In addition, consumers complain about poor user experience, drained batteries, and data wastage.

BRIDGING THE APP GAP

Marketers need to devise a better way to bridge the gap between the apps they offer and the simplified life consumers desire. This app gap can prevent brands from making the consumer's consideration set. A single app with multiple uses can work well for consumers, especially in low-bandwidth areas.

Brands in India understand the need to aggregate and are increasingly adopting this concept. Calling itself "India's first all-in-one app", Tapzo partners with over 35 providers to integrate apps for device recharging, bill payment, cab booking, food ordering, and various other services, including access to news, videos, and other content.

Paytm is a classic example that integrates shopping, entertainment, travel, utility payment, and banking services from multiple providers in a single app. Google has launched its app Areo, which integrates restaurant delivery and home services. Flipkart is also reportedly planning to roll out a single app to integrate food ordering, cab hailing, travel booking, and shopping for daily essentials.

While aggregating services may help ease the consumer's life, it is not like one size fits all. The benefits are tangibly visible, however adopting this approach comes with its own set of challenges and might evoke skepticism from many marketers. Some critical considerations when executing include the following:

Aggregation should not come at the cost of personalization. The app content needs to be fluid and dynamic, serving users with the information and experience that is in line with each user's interests, preferences, location, and intention.

The user experience is a prime concern. Aggregating your offerings within an app that fails to provide the right usage experience can dilute brand equity. Content and experiences should be compelling enough for a user to engage with the app time and again.

There is an underlying cost in acquiring a user base, and keeping users hooked to the platform is equally challenging. Results will happen over time. Achieving scale with one-stop apps will largely depend on the app design offering seamless interface coupled with attractive incentives.

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The rapid growth of programmatic brings challenges and possibilities

Mobile habits and ad blockers require creative responses from brands.

"Elementary, my dear Watson," said Sherlock Holmes to his partner and friend. It's a good summary of programmatic or automated advertising buying for brands today, which has quickly become elementary—a basic necessity.

India

It's been only two years since the upheaval of programmatic began in India, and programmatic has become so colossal that even traditional businesses like auto, FMCG, and financial services are spending most of their digital marketing budgets on it.

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Brands initially moved to programmatic for two primary reasons: to automate buying and make life easier; and to reach the targeted consumer in the appropriate context. Since then, programmatic has rapidly become more sophisticated to keep pace with changing consumer viewing habits. Mobile has become the second screen, after TV, for daily video viewing according to the Kantar Millward Brown Ad Reaction Study. With the launch of the telecom Jio, internet speeds and the number of online data users increased significantly in India. Three other recent video development factors also influenced the rise of programmatic in India.

01 Several over-the-top (OTT) players in India launched. Netflix, Amazon, and every TV channel (led by Hotstar) made their way to the mobile screens of Indians, and now reach over 100 million users.

02 Video made in the vertical format made it easier to view content on a phone because it eliminated the need to turn the device sideways.

03 Native video, content created specifically for social media sites, like Facebook and Twitter, increased dramatically.

Video helps us understand content habits, which is a goldmine for any marketer. All these factors have led to a dramatic rise of mobile video ad revenue. Think of a scenario where you have to sell a bar of chocolate with a display ad. Marketers always question the impact of advertising. In the past, it was about the change of share of voice or brand image. However, a part of this is now shifted to sales: is my advertising positively affecting my sales?

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FUTURE-READY BRANDS DO GOOD

The other aspect to measure is whether consumers associate a brand with contribution to the social good. Over 80 percent of millennials believe it is important to leave a legacy of goodwill, to leave the world a better place for future generations, to balance out inequalities in the world. They believe that it is their generation's responsibility to shape the future of their country, according to the JWT BRIC millennials survey.

The survey finds that millennials are actively looking for ways to voice their opinion about social problems. In addition, there is overwhelming evidence that in an increasingly transparent world, consumers expect business to link profit with purpose. In modern times, brands are expected to contribute toward a social cause. Hence, to be in step with the consumer mainstream, and the expectation of advancing the social good, brands need to have a tangible dimension of social good associated with them.

FUTURE-READY BRANDS ARE DIFFERENT

The third aspect to measure is whether consumers see a brand as different in some way or other. Nearly 50 percent of millennials affirm that their own life will be very different from that of their parents. An "I'll pave my own way" thinking permeates the minds of millennials.

Over 70 percent agree with these statements: "I would date/marry outside my race," "I view race differently than my parents' generation did," "I don't see anything wrong with men taking on jobs traditionally associated with women or vice versa," and "technology has put so many professional and entrepreneurial opportunities in front of me."

We see there is an abundance of "we're different" data points about young consumers, and to be relevant to them, in the present and future, brands need to define themselves and, more importantly, embrace their own difference.

India

The BrandZ™ Top 50 Most Valuable Indian Brands 2017

Indian entrepreneurship and innovation factors, which have produced the strongest Gross Domestic Product (GDP) growth of any major industrialized economy, also drove a rise amongst local Indian brands.

This in-depth study analyzes the success of powerful and emerging Indian brands, explores the Indian consumer's shopping habits, and offers insights for building valuable brands.

Download the Full Report at **www.retail.wppbrandz.com**

Essential Viewing: The rise of Indian consumers and brands

WPP's David Roth presents a documentary series on one of the fastest-growing markets in the world - a land of unprecedented promise.

This series of six short films explores:

» **Episode 1:**
Changing attitudes to customer loyalty

» **Episode 2:**
The rise of individualism in a collective culture

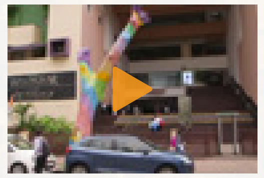
» **Episode 3:**
How traditions are adapting to social change

» **Episode 4:**
Young entrepreneurs exerting their influence

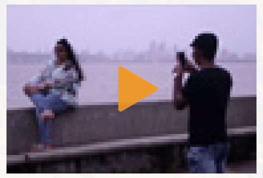
» **Episode 5:**
How startups are challenging established business models

» **Episode 6:**
Building brands in a fast-moving economy

EPISODE 1



EPISODE 2



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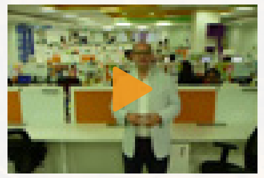
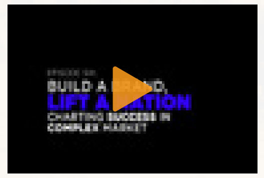


EPISODE 4

EPISODE 5



EPISODE 6

Watch all these episodes at **www.retail.wppbrandz.com**

Photograph by Paul Reiffer

The youth of today

Understanding what clicks with Gen Z.

There is a common expectation that Gen Z, the generation born between the mid-1990s and the early 2000s, are just an exaggerated version of millennials. Do a quick Google search about Gen Z's behavior and you'll find definitions such as "millennials on steroids", and descriptions of people who don't have a sense of digital privacy.

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KANTAR MILLWARDBROWN

But Kantar Millward Brown's recent research reveals that not all these stereotypes are true. Gen Z's media behavior, attitude towards brands, response to advertising, and motivations are truly unique compared to other generations, including millennials.

HOW GEN Z USE MEDIA

Gen Z are commonly described as digital natives – inseparable from their mobiles. Based on AdReaction, our annual research into people's media habits and receptivity to marketing, it's clear that TV remains an important medium to reach them, as they watch TV for about 1.8 hours daily. But mobile is where they spend most of their screen time. On average, Gen Z spends 3.5 hours accessing the internet on their mobile daily – about 13 percent longer than the average millennial. While most Indonesian consumers are predominantly on Facebook, Gen Z's social media tastes are more diverse, with an almost equal proportion accessing Facebook, YouTube, and Instagram daily.

But it's not just about time spent or where they're spending those hours. In Project Wayang, a series of conversations with consumers across Indonesia, we heard from different generations about their aspirations, values, and daily lives. We learned that mobile is so integrated into Gen Z's daily lives that it has become a very personal space. Their phone is an extension of themselves, almost as if it were an extra appendage.

There are two important implications of this sense of personal space:

- First, ads need to be mindful to not breach that personal space, or they risk a backlash. On mobile, if an ad interrupts or annoys someone, it is likely to generate negative sentiment. This explains why our research shows that Gen Z regard unskippable or autoplay video ads less favorably than other generations do.
- Second, and contrary to popular belief, Gen Z places strong value on digital privacy. Our research shows, for example, that most of them are very careful about what they share online. This is partly because their parents are online and on social media as well – something that the previous generations in Indonesia didn't experience.

So, how do we engage with Gen Z? What kind of advertising would they be more receptive to? In answering this question, we'll look at two key aspects: using the right content, in the right format.

>>

THE RIGHT CONTENT

The basic rules of great advertising still apply – a captivating story and relevant humor remain the most decisive elements in an ad for Gen Z. But there is more appreciation of visual design as well as good music among Gen Z. In fact, when we asked what made them more likely to pay attention to branded content, visual appeal came out on top. Oreo's "Open Up" ad is a great example of how a simple but touching message (open your heart to people that are different to you), packaged in delightfully playful animations with exciting music, is able to climb up to No. 1 on YouTube Indonesia's ad leaderboard.

Marketers should not only rely on traditional formats though. Gen Z's attitude is more positive towards content such as tutorial videos and product reviews. A number of make-up brands have gained success by using make-up tutorials, for example. These new types of advertising are less interruptive and offer help and information, which is clearly appreciated by a generation that primarily seeks information online.

Another important distinction is that Gen Z prefers social media celebrities over regular celebrities in branded content. This echoes a fact revealed at the South by Southwest (SXSW) conference and festival: out of the Top 10 list of influencers Gen Z took note of, nine were social media stars. If the same question were asked in Indonesia, the list would probably follow the same pattern.

THE RIGHT FORMAT

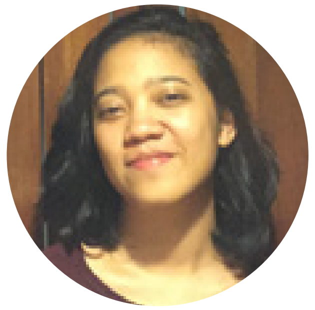
Gen Z is characterized by a shorter attention span than their older cousins. When most Indonesian millennials were teens, the main source of daily entertainment was primetime TV cut down by Dunia Dalam Berita, the nightly news broadcast. This is vastly different to the current Gen Z, who have unlimited sources of entertainment at their fingertips. They are used to paying partial attention to multiple types of content before choosing which one to watch. Thus, while millennials and Gen X – the generation a little older than millennials – prefer video ads to be about 11 to 20 seconds long, Gen Z wants them even shorter.

But that doesn't mean longer videos wouldn't work. It's all about purpose. Without question, grabbing Gen Z's attention early in a video is paramount, if longer videos want a slice of their time. Another strategy that works well is to tease, using shorter videos to pull them into longer content.

In our global study, we learn that Gen Z's tech savviness enables them to appreciate formats such as sponsored filters and lenses, or more complex ones such as augmented reality. While these newer formats aren't yet common in Indonesia, the global results present a good opportunity for marketers here to become early entrants. With technology enabling more targeted advertising, marketers have a larger opportunity to create more personalized content for their consumers. Thus, it is more relevant than ever to be mindful of what clicks with Gen Z.

DIGITAL INNOVATIONS HELP BUSINESSES 'GO OFFLINE'

Companies have been emphasizing their online activity for too long; now, they need to think about the links between online and offline.



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Consumers can undertake their entire purchase decision journey online, from gaining awareness via a YouTube pre-roll ad, to clicking to browse, and comparing products on a website, right through to making a purchase, all in one sitting. Moreover, digital also allows consumer to express post-purchase experience by sharing a review. But simply "going online" is not enough.

While a decision-making journey may happen entirely online, other business processes, including logistics, physical stores and manufacturing, mainly remain in the offline world. To fully capture demand from digital, companies must close the gap between the online and offline ecosystems.

In Indonesia, there are many digital innovations that help companies and brands unite their online and offline ecosystems. aCommerce is a logistics company that specializes in bringing brands and retailers online to reach consumers offline. Google My Business, Facebook, and programmatic geo-targeting help SMEs get discovered online and drive footfall to cafes, restaurants, and bars. These innovations are not only bridging online and offline, but they also allow companies and brands to quantify online activity and its contribution to meaningful business growth.

TECHNOLOGY PROVIDES THE PERSONAL TOUCH

With the rapid rise of digital technology, consumer expectations of brands have never been so complicated.

Brands, similarly, realize that consumer loyalty is dependent on giving people not just a great experience of a brand, but one that is personalized to them.

To deliver a personalized experience, first you must understand who your consumer is. The consumer's every digital action generates data that you can use to learn about your customer. This is complex; consumers are using multiple devices and platforms, so brands need a data management platform to unify all the data on a consumer into a single, 360-degree view of a consumer.

Once we understand who our consumer is, then it's time to deliver a personalized experience. Through cross-channel automated marketing, brands can deliver personalized experiences through social networks, display ads, search, websites, apps, emails, and text message.

By investing in this technology, brands can deliver the personalized brand experience that fuels business performance.

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THREE NEW RULES OF PREMIUMIZATION

As the Indonesian middle class continues to emerge, the shape of aspiration and the criteria that drive "premium" choices are evolving.

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The days of cash-splashing to assert status are diminishing. Brands that want to convince Indonesian consumers to pay more will increasingly need to strategize around three new rules of premiumization:

01 Adding value to consumers' lives, for example by emphasizing craftsmanship, quality materials, and durability that will last a lifetime.

02 Beyond the material product, delivering exceptional brand experiences that can be de-coupled from the object being sold, and which immerse the consumer.

03 Helping consumers express their identities, for example by building social or community causes into a brand's DNA.

Premium brands that apply these rules will put consumers at the heart of what they do, be flexible about their business models, and build powerful stories around their brands.

Social media ‘cottage industry’ empowering Saudi youth

A combination of unique socio-economic factors, cultural idiosyncrasies, and the growing number of highly engaged social media users, has led the “connected” generation of Saudi Arabia to develop a new business model: services, readymade and made-to-order goods are being promoted, sold, and delivered by private individuals almost entirely using Instagram and WhatsApp.

Saudi Arabia

This highly efficient, lucrative, and modernized hybrid of cottage industry and social commerce is helping Saudi youth combat the lack of employment opportunities and diversify the private sector of the national economy.

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But is there more to it? Are we witnessing the beginning of a new type of economy created by self-taught mobile entrepreneurs and delivered through a seamless, on-demand merger of the physical and virtual worlds?

Instagram entrepreneur “Accessories_ar” sells jewelry, watches and wallets. She has 121,000 followers and handles up to 25 orders a day. The owner of the “Ikea_del” Instagram account offers delivery and assembly of furniture bought from IKEA at more favorable rates and in a shorter time than the retailer itself. He has 278K followers. “Sh3biat3”, with over 7,000 Instagram followers, caters for private events with homemade food. So far, the fastest-growing categories have been food and catering, delivery services, furniture delivery and assembly, and clothing. The spectrum of services is expected to expand as Saudi Arabia’s young generation gets a taste of instant income, self-reliance, and experimentation.

How does it work? The model can be called “social cottage industry” because it is usually a small, informal enterprise with marketing and order-handling elements performed through social media. The examples above all use Instagram as a virtual shop window and a channel for interaction. The sales and delivery logistics then take place through WhatsApp, which allows instant order placement, provides a direct communication channel between the buyer and the seller, and enables geolocation. The two channels effortlessly cover the full path to purchase, and crucially, are always open for customer feedback. The followers are the customer base; the referral mechanism is simple and free – just forward or share with a friend in one click. The good old cash-on-delivery payment practice works well, and remains the preferred method of payment for goods ordered online in Saudi Arabia.

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Saudi Arabia

What makes it work? There are a number of factors that nurture the rapid growth of this business model in Saudi Arabia. First is the digital environment and habits of the people. According to the 2015 Arab Social Media Report, produced by TNS, over one-third of the Saudi population is active on social media. GMI 2016 Social Media Statistics show that 91 percent of those who have a social account are on WhatsApp. Instagram usage in Saudi Arabia is double the global average, Bloomberg reports. For private businesses, these platforms provide outstanding reach without requiring any investment in marketing.

Secondly, this business model presents a rare opportunity for Saudi women to establish their own enterprises, bypassing the gender restrictions they face in many aspects of their lives. For a Saudi woman, having her own income, without having to rely on male guardians, is seen as the ultimate personal achievement.

Thirdly, the real-time nature of social media challenges and often exceeds the customer service standards offered by traditional retail, especially when it comes to a personalized approach, communication between the buyer and the seller, and the speed of delivery.

And, finally, face-to-face interactions have always been an important part of the culture of doing business in the Arab world. Face-to-face interactions build trust, understanding and a real sense of a shared mission in business deals. Social media platforms, and chat applications create that sense of being in a one-to-one conversation that feels almost as personal as a face-to-face meeting.

For the time being, although Instagram in Saudi Arabia is full of these small, social businesses, their contribution to the national economy remains unmeasured. What is evident though, is the potential of the "connected" youth to reshape the fundamentals of trade and create new value propositions. According to the CIA's World Factbook, Saudi Arabia's youth population "generally lacks the education and technical skills the private sector needs". But it may be that they have lacked the formal training to develop the resourcefulness and confidence needed to explore new business avenues. Now, through the "social cottage industry" model, they are acquiring these skills for themselves, and this is just a starting point. The 13 million Saudi netizens under the age of 30 present a powerful force to pilot the formation of a new type of economy and revolutionize the way we do business.

A TASTY OPPORTUNITY – THE SEARCH FOR HEALTH AND SATISFACTION

It is no great surprise that with few avenues for entertainment, low participation in exercise, and a penchant for rich, sugary and fatty foods, rates of obesity and other health problems in Saudi Arabia are high.

As a result, young consumers are seeking healthier choices, and many food and drink manufacturers have responded with low-fat, low calorie and 'natural' ranges. Supermarket chains such as Panda, Othaim, Lulu and Danube are giving more shelf space to healthy and organic products. But even the most health-conscious Saudi consumers care, above all, about one thing: taste. And healthy foods aren't usually considered tasty.

Brands that can come up with healthy AND tasty products stand to grow in this market. But success is unlikely to come from communications about what's missing from food – less sugar, fewer calories, and so on. Connect with consumers' emotional need for a healthy lifestyle – and their insistence on great-tasting food.

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MOVING ONLINE LUXURY OUT OF THE THREAT ZONE

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Just three or four years ago, a SWOT analysis (Strengths, Weaknesses, Opportunites and Threats) of most luxury brands and retailers would have put e-commerce squarely in the Opportunity box.

When I see a SWOT analysis now, e-commerce frequently appears in the Threat box.

Saudi Arabia has one of the highest smartphone penetrations of any country in the world, over 70 percent, and luxury shoppers are likely to be accessing global prices in real time whilst in a store. In an industry where products are typically sourced in Euros, US Dollars and Pounds, margins are highly susceptible to currency fluctuations. This makes competing on price and finding parity with other markets a constant challenge for retailers. Retailers and luxury brands must therefore focus on differentiating through experience rather than price. Providing in-store services, knowledge and regionally exclusive lines will become critical to ensuring that the physical store doesn't become a mere "showroom" option for the shopper.

SECTION 05

(Still) teaching elephants to dance: Smart risks can drive brand value

Yes, the world is changing. Macroeconomic and geopolitical conditions are in flux, industries are being disrupted, and millennials and, yes, centennials are demanding new things. But is this really new? James Belasco's 1991 bestselling book, Teaching the Elephant to Dance, implored leaders to empower change. Belasco opens, "We are in trouble. Business as usual is out."

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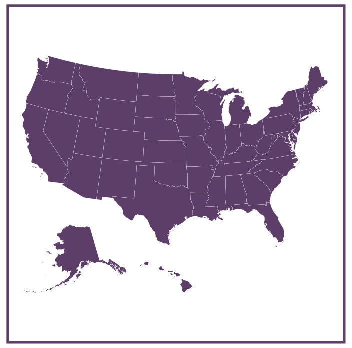
USA



More than 25 years later, does this sound familiar? So how do brands and especially established ones continue to embrace change that drives brand value? A startup is created to take risks; its investors embrace and encourage it.

For a large brand, though, where even a small quarterly miss may rattle investors, it's tempting for leaders to hunker down and rely on tried-and-true recipes for success. But to what end in the long term? We know risks—smart ones—can drive brand value, and there is much to learn from some of the world's most valuable brands. Despite small, nimble competitors and disruptive forces, there are large, strong brands that continue to lead the way. A common characteristic among these large, growing brands is a willingness to experiment and take risks. It seems the biggest threat may be the slow, steady decline caused by taking no risks at all.

Microsoft has overcome missteps during the early days of the internet and smartphones and re-emerged as an open, more collaborative company. Disney's focus on its customers and willingness to try new things in their parks resulted in innovations like MagicBand, which allowed the brand to boost customer satisfaction and operating income. Starbucks' commitment to living its purpose is clear through its leaders' passion and willingness to close locations and eliminate efficiency-minded processes contrary to the desired experience. CVS saw millennials thinking differently about health and an aging population focused on healthcare, and placed a purposeful bet by eliminating tobacco products from its stores. This was a significant risk in support of its purpose. GE explicitly trains and hires for curiosity so that its employees challenge the status quo and evolve. Verizon's CMO seeks out sessions where experts outside of his industry challenge him to think about the business differently and try new things.

If large, global companies like these can take risks, other large brands can too, using strategies that foster a culture of smart risk-taking and experimentation.

Among them, they can:

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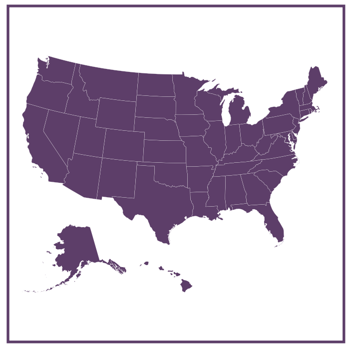
USA



01 INVITE CHALLENGES

Risk-taking starts at the top. Leaders must have ideas challenged by both external and internal parties to avoid tunnel vision and blind spots. Don't surround yourself with "yes" people, but instead create an environment where everyone is encouraged to think differently. When meeting with your team, don't say, "Everything's OK, right?" Ask, "Where should we improve?"

02 REVERSE MENTOR

Pioneered by GE, reverse mentoring is a practice in which junior employees mentor senior executives. In a win-win situation, senior executives keep a pulse on emerging trends ("Show me how Snapchat works—wait, you've never owned a TV?"), while junior employees gain exposure to senior leadership.

03 HIRE AND TRAIN FOR CURIOSITY

Curiosity is both innate and learned. Screen potential hires for latent curiosity that can then be further developed with training and coaching.

04 BUDGET FOR EXPERIMENTATION

Put your money—and time—where your mouth is. A workforce of curious employees, eager to take risks, will be frustrated without the resources they need to test ideas. Budgeting money and time for experimentation enables employees to act on their ideas rather than default to tried-and-true tactics to hit quarterly targets.

05 FAIL FAST

Silicon Valley lives by this mantra, but few within a large organization are likely to scrap a multi-million-dollar, year-in-the-making project or campaign. Large corporations need to create space, both physical and mental, where the objective is to experiment quickly with clear rules. The recipe for success is no longer plan, plan, plan, launch big, and (hopefully) win. It now needs to be try, fail, try, fail, try, succeed, scale, and win.

06 REWARD RISK-TAKING

Often, only success is rewarded, while the act of taking a risk, even when it was true to purpose, is not. Rewarding risk encourages experimentation and fosters a culture of risk-taking that results in breakthrough ideas. Rewarding only success, paradoxically, creates an organization where employees play it safe and can only achieve incremental success from proven tactics.

07 FACILITATE EXTERNAL EXPERIMENTATION

Nobody has a monopoly on good ideas. Startups and large organizations can work together to commercialize innovative ideas. Large, established companies can provide startups with a client base and resources, while the startup can bring innovative ideas and inject fresh thinking. Above all, startups don't have a monopoly on risk taking or innovation— and the given the right environment, even elephants can dance.

Building trust in changing times

The past few years have marked the development of the age of hyperconsumption. There were brands reinventing themselves through product innovation, trends implementation, and seductive advertising. Thus, marketing increasingly encouraged the consumption of goods and services, to the point that today we have hyperconsumers with hedonistic features.

Colombia

They are prone to self-indulgence, allow their impulses to drive their choices, seek to fulfil their individuality, and have started to look for emotional benefits generated not only by the brands they consume, but by increasingly defined behavioral trends aimed at attaining increased harmony and well-being.

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How can we sustain consumption when a country's economy is uncertain, consumers' trust is affected, and they seek lean consumption in the face of such a financial scenario?

The challenge for these brands is to satisfy those needs and to emotionally connect with people. In Colombia, what consumers value most is the emotional relationship with a brand. This is even more important than being well known or differentiated. Brands are aware of what consumers want and need to make them fall in love with them. Brands that understand these needs, and have a high level of affinity with consumers, tend to be more powerful. This is why over 60 percent of brands fail to win a place in the minds of consumers. A fact reflected in fierce competition in terms of volume share, and the entrance of new brands with a new retail proposal.

In the past year, we have witnessed accelerated growth in retail chains offering their own brands and products to consumers at better prices.

A QUESTION OF LOYALTY

But, does this affinity translate into loyalty to the brands? Do consumers prefer these brands over other variables – such as more affordable prices – in their uncertain economic situation?

This loyalty depends on how consumers relate to the industry. There are some industries with more brand loyalty, such as over-the-counter medicines, baby care, and some within food, while there are others lacking loyalty and thus condemned to compete with a wide variety of options. It's important to explain this because in Colombia there are many more small brands building their equity than global brands. Only one out of every three brands has a clear and well-defined equity.

The others - even those with a long history - are at risk of being replaced by these chains' proprietary brands.

According to the LatAm 2017 study by BrandZ™, retailers such as D1 (soft discount) and PriceSmart (hard discount) have the highest potential to keep growing. With its differentiating proposition, D1 has quickly achieved its place in Colombian consumers' minds and convinced them to buy its food and household cleaners.

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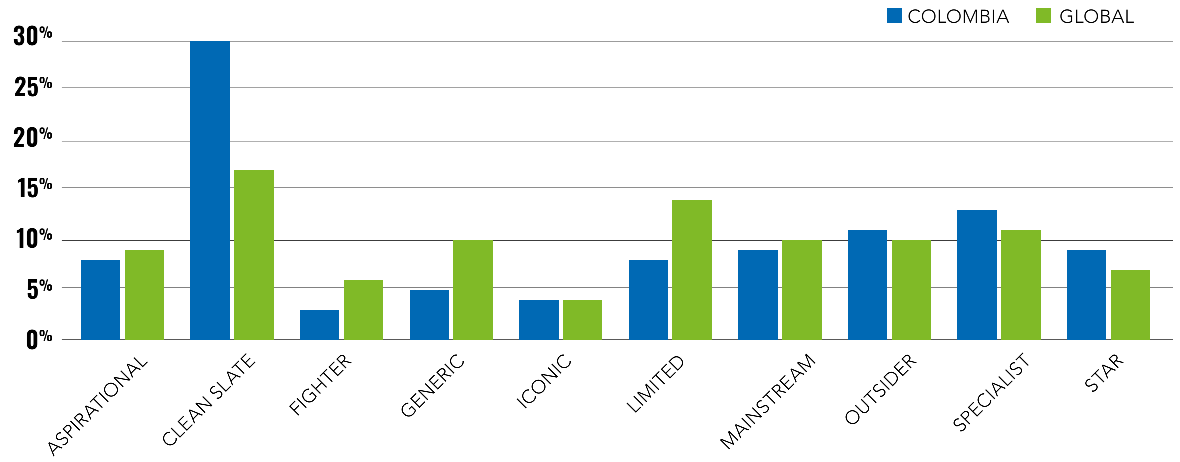
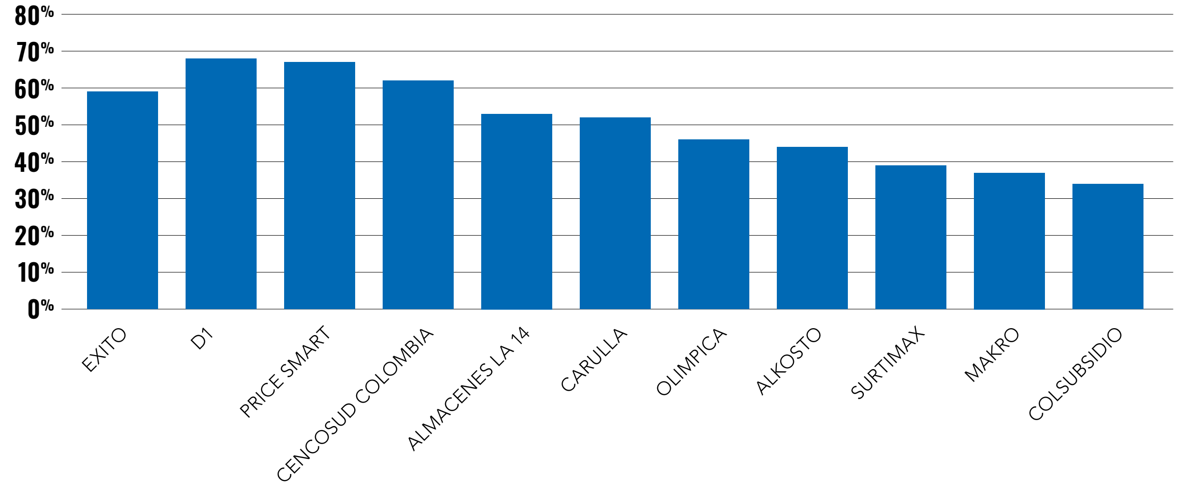
Colombia

BRANDS BY PERSONALITY TRAIT



Source: BrandZ™ / Kantar Millward Brown

GROWTH POTENTIAL



Source: BrandZ™ / Kantar Millward Brown

THE SECRET TO SUSTAINABILITY

The challenge is to sustain brand value propositions, and to have more robust categories so as to avoid the commoditization of industries in terms of brand equity. Only those brands with balanced brand equity, offering value and meaning for consumers, will be hard to replace. Likewise, they have to find the way to balance their value equation, since in a more challenging economic scenario consumers will be forced to decide whether to stay loyal to their brands or to look for a better-priced replacement.

Only the most powerful brands, with robust brand equity, will continue to make progress. They will do this by creating a balance within their offering between emotional affinity and the satisfaction of the needs of consumers at a suitable price.

Diversity truly fuels broader, more innovative thinking. So if you have an organization that's working in silos, the greatest thing you can do is start to cross-pollinate – genders, geographies, generations.

NIM DE SWARDT
Chief Next Generation Officer
Bacardi

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017. To watch the complete interview and other retail leaders interviews, go to:
www.retail.wppbrandz.com

The new rules of the game

With the ever-growing number of touchpoints reaching consumers, and an amazing chance to market products, leading brands to good results has become an increasingly difficult challenge.

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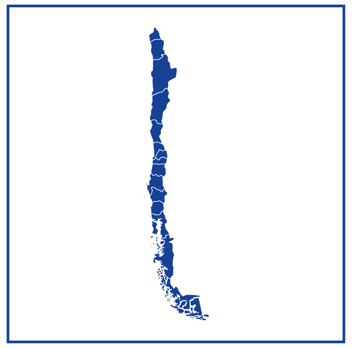

Undoubtedly, the use of digital devices has had a siginficant effect on how people spend their time. Whether logging in to social networks and messaging, or searching for entertainment or information, virtually everything today begins with an online contact.

This is significantly enhanced in millennials, who today set the trend for the things that tomorrow will become habits. They show a strong tendency to combine the online and the offline worlds, sometimes choosing the immediacy of social media through smartphones and other mobile devices.

According to Kantar TNS Connected Life, the percentage of internet users in Chile is one of the highest worldwide (80 percent via smartphones). This is almost comparable to the level of penetration in developed countries, and way above the global average. Additionally, Chile has great access to credit, either through banking or payment opportunities offered by retailers. These features make Chile a fertile land, with a really high potential for the development of e-commerce without barriers. Only Brazil is above us regionally, with 65 percent of the region's e-commerce.

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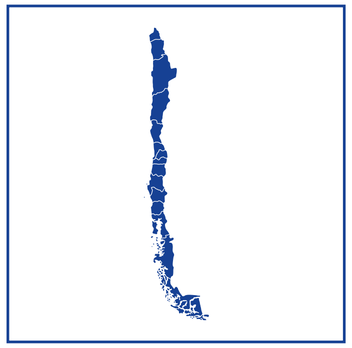
Chile



IN THE ZONE

In this evolving environment, it is crucial for brands to start considering these media as a new platform with particular features,and focusing their marketing strategy on the online world. It is here that Chilean internet users spend a daily average of six hours, connected via different devices (54 percent of the time mobile ones, with a strong predominance of social media and messaging). Another point to keep in mind is that the challenge for brands is larger than in offline channels, since internet users spend their time in a space where they have more control over what they consume. A simple click allows them to incorporate something into their consumption, or make communications in their screen disappear.

In this context of multiple channels of contact with consumers, the online and offline worlds coexist, complementing each other and making themselves stronger. This allows consumers to have a more all-encompassing experience with brands according to their needs and beyond the physical limits of a shop: they can search for information, compare prices and characteristics, and finally purchase from the channel they find most convenient. Falabella.com has really understood this. Besides being one of the brands with the highest development in e-commerce in Chile, it has been recognized for three consecutive years as the best website in Latin America. Falabella has understood that its online channel multiplies opportunities, setting the trend for the development of electronic commerce in Chile.

FORWARD TRAVEL

We know that e-commerce has mainly developed in product categories with a long lifecycle, such as travel, technology and finance. For example, travel is the most developed category for online purchase in Chile. Almost the same behavior is seen in all internet users, irrespective of their age, sex, or socioeconomic realm. Those who travel buy online. Why? Because they save money and have more available information to compare choices. So consumers feel they are more in control. LAN (now LATAM), is still the main travel player, not only in Chile but now in Latin America. It has played a fundamental role in tilting the balance towards e-commerce, inviting consumers to modify their purchase habits.

How? By delivering a better benefit: optimizing time, facilitating choice comparison, and mainly offering better prices than the offline offer. LAN became the leader by developing digital consumers in Chile. Another business that has also worked well in the digital arena is BCI Bank, which is renowned as an innovator in local banking, leveraging its positioning as a "different bank" in the digital environment. It has been the first to bet on mobile apps customized according to consumers' profile, offering solutions tailored for each consumer.

STRENGTHENING CONNECTIONS

The main challenge is to understand how connectivity has changed consumers' behaviors and how to develop brand content and strategies that appeal on all levels and that can turn every contact between consumers and brands into a useful and memorable experience. Finally, it is most important to learn to play by new rules, for the online space tends to democratize the asymmetric power relations that have historically regulated the market. On the one hand, consumers face brands with much more information and demands, and on the other, smaller players are now competing with large brands in fairer conditions than ever before. In this context, there are great challenges but also great opportunities that Chilean and Latin American brands can and should use to their advantage.

"Everybody wants to be brave and bold … it's easier said than done. You've got to keep your feet moving but always be calm in your thinking."

PAUL CHARRON
Director
Escada

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017.
To watch the complete interview and other retail leaders interviews, go to:
www.retail.wppbrandz.com

The mobile-first consumer is changing the retail world

The good news is that every day in Mexico we have more technology ready to interact with today's complex and demanding consumer. Each week we hear of a new partner that has new ways to reach/interact/understand the consumer journey and how that understanding will help us to be more effective. However, the big question we often hear is: how do we approach a consumer that has more options, information – and that is exposed to more advertising 'white noise'? More and more often we hear this question, whether we are listening to a brief about cheese, soap, condoms, ham or devices to make mobile payments.

But if we really want to impact sales we must add mobile to the discussion. With 52.8 million smartphone users, the way consumers decide how they shop for products is changing.

They commonly spend over 10 hours per week on their mobile device, there is no other screen that commands more attention. And it's exactly because of this that they receive more messages each day (advertising or content) than they used to. It's no surprise that mobile advertising has now surpassed investment in desktop advertising.

ON THE GO

Showrooming right now is a bigger challenge, caused by the increased connectivity consumers have. Do you recall your last visit to a mall, public park, supermarket? Many of them now have free wifi and as different Mexico is as a market (82 percent mainly browse internet through paid wifi and 28 percent on public wifi), mobile "influenced" decisions are common these days. That matters to the final shopping decision and sales.

We must expect that many consumers will evaluate our products in order to make informed decisions and try to get more details prior to shopping. Even with promotional events (Buen fin, Christmas season, and so on) they will compare prices and opinions. That's the reason we often hear requests for "mobile first", "mobile optimized", and "mobile journey".

M-Commerce in Mexico is still in development. However, cinema tickets, flights, clothes, and event tickets are common purchases, in fact 13 percent of Mexicans make a weekly mobile purchase and this represents a spend of US$1.18 billion. That is a market we cannot ignore, if we reach them at the right time, with the right message and on the right device, we can fight for those sales.

MORE THAN JUST MOBILE

But we shouldn't focus only on m-commerce. In smartphones, we have our most common channel for interaction online (email 64 percent, social media 79 percent, search 58 percent), but we also reach a lot of people on mobile who then go on to "bricks and mortar" or desktop shopping. If we as marketers are able to combine profiles/audience segmentation with mobile-oriented capabilities like geolocation, temperature, weather and so on, we are likely to have more successful interaction with potential consumers.

Those interactions help to build brands and a strong brand is still going to win on shelf and online. No matter how technological or hyper-targeted our competitors are, in the end a consumer trusts more well-known brands and is more willing to purchase them.
If brands want to push sales within this new context, marketers, agencies, and publishers must have the discipline to build brands within this new ecosystem. This means looking to make great brand experiences on 3" to 5" screens, taking advantage of mobile device capabilities – and not only as a small test but as a way of having frequent contact with potential consumers. It's important that this is carried over to the retail environment, in fact it is a must. We can't ignore the possibility of the consumer making the final decision in the retail store.

Having the commitment to create visual impact within tiny spaces, moving towards a reduced-text, more graphic/ video experience will not only be more mobile friendly but a more consumer-oriented experience. Consumers are mobile-first, so we must be ready to build brands using a mobile-first approach.

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THE GREAT DIFFERENTIAL IN TIMES OF ECONOMIC SLOWDOWN

The reverberations of the economic slowdown in Latin America are being felt by Peruvian consumers. This is despite the fact that Peru has the highest growth rates in the region.

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KANTAR MILLWARDBROWN

According to Kantar Worldpanel, the food and dairy sectors are experiencing the most significant decrease, especially among medium-low and low socio-economic segments, and in the provinces. In these areas, consumers are increasingly looking for a "good value" proposition.

This creates a great challenge for brands, particularly those in FMCG. Through analysis of various categories using BrandDynamics™, we have found that in 2016, demand for a good price (28 percent) and quality/ performance (12 percent) have significantly increased. This clearly suggests a constant search for a value equation. It is important to point out that Peruvian consumers are not only looking for lower prices. Inexpensive brands that don't deliver good performance won't be the ones winning the battle; instead, winning brands will be those offering consumers quality at a good price.

BALANCING THE EQUATION

Consumption of brands with prices higher than the category average might be impacted if they do not develop marketing strategies that create empathy with consumers, by being supportive and close. There are plenty of ways to do this. For instance, during the economic crisis in Argentina in 2002, the Skip brand of detergents increased the availability of smaller packs and also introduced cheaper large sizes, offering consumers a better value equation.

We are not suggesting price decreases, just as long as the brands deliver added value. This can be done by offering intangible benefits that are hard to replicate ("Premium"). Brands need to carry out tactical activities that in the medium term retain their consumers and in the long term become more significant, consolidating their brand power in preparation for when the economy recovers.

THRIVING IN A CHANNEL-LESS RETAIL WORLD REQUIRES PERSONALIZATION

Retailing is no longer defined by channels or touchpoints, but by interactions that are seamless, frictionless, and experiential. The winners are those delivering highly personalized, contextualized shopping experiences.

Linking up the online and instore shopper is the utopia for retailers. Binding the best of physical and digital, mobile has helped realize this, while the data this generates grants opportunities to create tailored and contextually relevant experiences. Shoppers are willing to part with their data and engage with retailers through social media, but in exchange they expect tailored experiences. True personalization requires a clear view of a customer instore, on-the-go, and at every digital touchpoint, including marketplaces, intermediaries, and social platforms.

In addition, those able to leverage customer-centric data to identify high-value customers, and understand how to retain and gain more from them, will certainly have a competitive edge. Unlocking the true value of this plethora of data will require artificial intelligence, programmatic and cognitive analytics. Amazon aside, notable retailers at the forefront of personalization in the UK are Waitrose's customizable loyalty scheme, and Shop Direct's fully personalized homepage for Very.co.uk. Simply put, the winners of tomorrow will be distinguished by their ability to create unique and personal connections with shoppers.

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Social networks are transforming the lives of consumers and their relationship with brands

The latest Connected Life study published by Kantar TNS analyzes how digital technology transforms consumer behavior and shows:

» 58 percent of people see social platforms as an appropriate (and possibly preferred) place to access content on brands.

» 36 percent use them to search for brand information.

More than ever, social media is now fully integrated into every stage of the consumer journey, from seeking information, to activation and customer service, to such an extent that nearly one in two French consumers (48 percent) sees social networks as the ideal place to express their feelings about a brand, whether that's positive or more critical, and 33 percent use it to ask a question to the brand, such as the availability of a product, or the opening hours of a store.

Social networks are a privileged space for dialogue between brands and their consumers. Brands have traditionally pushed out their message, through advertising messages and branded content, but different rules apply in the digital world. Social networks are a forum for discussion between consumers themselves, and between consumers and brands.

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KANTAR

Alongside the rise of social networks has been the boom of instant messaging platforms such as WhatsApp, Facebook Messenger and SnapChat. Instagram is also strong in this area; 21 percent of French consumers use it daily, an increase of 195 percent compared to just two years ago.

According to a recent study sponsored by Facebook, 63 percent of respondents said they had chatted with a company via instant messaging in the last two years - 56 percent prefer to send a message to them rather than call.

Beyond exchanging news and photos with family and friends, there is a real role for consumers to use social networks' messaging platforms to engage with brands. This could be at the time of consideration (with pre-sale information), at the time of purchase, or after purchase, to understand levels of satisfaction (or disappointment).

In dialogue mode, in which a consumer asks a question and a brand responds, consumers appreciate being able to interact with brands in this way because it is simple, fast, informal and creates proximity. These applications of instant messaging also offer opportunities to create and connect with a community and thus create social bonds and a sense of affinity. Indeed, according to a study conducted by Facebook IQ in 2016, one in two people said they were more likely to buy from a brand they could talk to in this way, and two-thirds said the possibility of making a payment via instant message was appealing. Already, Pizza Hut offers its customers the option of ordering their pizza directly via Facebook Messenger and to simplify the ordering process by linking their Pizza Hut account with their Facebook account, which saves them adding their address and payment details every time they order.

This kind of social consumer relationship management is now helped by the rise of artificial intelligence and chatbots, which make it possible for brands to answer questions and deal with queries even faster and more effectively. eBay in fact, with its ShopBot, provides a guide to consumers on the products they are looking at. These bots are becoming increasingly human in their ability to converse naturally. VoyagesSNCF.com's bot (French railways) makes a point of trying to be humorous in its conversations with consumers.

Another use of social media and instant messaging is developing very quickly: customer service. Twitter is full of complaints from unsatisfied customers, whether they challenge the brand to find a solution or express their frustration in the hope that the brand will notice and offer to help. Whether a bot or a real-life community manager is fielding the tweets, it's the speed of response that's prized by consumers. In the digital world, brands are expected to respond within the hour, and on @SG_etvous, Société Générale is committed to responding within 30 minutes.

As a result, social networks and especially instant messaging apps, are emerging as a natural tool for connecting with consumers, engaging in conversation with them, or even going so far as to make a sale.


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Reaching a generation in turmoil

Generation X - men and women born between 1965 and 1980 - is imploding. Think of Eric. He is approaching 50, and last year lost his job. He was replaced by a millennial, a youngster who can lead the digital transformation his company was demanding.

France

The blow was tough, and yet Eric's dismissal brings him some relief, because he has other ideas in mind. He wants to realize the dreams he had as a student and try something different. Eric is not an isolated case. There are hundreds like him, who every month are starting to question everything.

It was the writer Douglas Coupland who first described Generation X. He rejected the model of his parents, Baby Boomers, their loyalty to their employers, and their plans frozen in the Cold War. Yet faced with calamities like the end of full employment and the appearance of AIDS, Gen X's mood was not optimistic.

The children of Generation X belong to what we call Generation Y or Z, the famous millennials that so whet the appetite of marketers. Generation X looks at their children with envy. They approve of their revolts. They say that they are right, that work is not everything, that it is necessary to live, at all costs, before it is too late.

For it is perhaps already too late. Generation X have entered the second half of their lives and have started to panic. The crisis of turning 40 has been replaced by the crisis of turning 50, thanks to longer life expectancy. So Generation X has rebelled, rejecting fatalism. Yes, there is life after 50, and the recent film "Aurore", with Agnès Jaoui, is one of many examples illustrating this phenomenon in society, of Generation X questioning everything. Let us declare it: the advent of the X-Tension generation. Gen X-Tension is no longer afraid to shake up their lives. They no longer want to follow conventions. They, like their children, saw the winds of change embodied by Macron and Melenchon at the time of the elections and hoped for something new.

The signs of their revolt are everywhere. Witness the success of the novel L'homme- Dé, by Luke Rhinehart. It's about a bored New York psychologist who decides to plan his afternoon based on a dice roll. Number one means go back to work, two is go to the cinema, and so on. But it lands on a six, which he's decided means he'll seek out the love of his youth 400km away, and his life is turned upside down.

At the end of the book, he explains: "In stable, coherent societies, the narrowness of the personality had a value. One could be realized with one's ego. This is no longer true today. In a multivalent society, only a multifaceted personality can do the trick. We each have 100 versions of "me"; we can tread the narrow path of our personality, but we can never forget that our deepest desire is to play several different roles."

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We are conditioned from the earliest age to see life as a linear journey, but we are made to be multi-faceted, to live several lives. Rhinehart's book, written in the 70s, was premonitory. There have never been so many reconstituted families, sites of licentiousness, and opportunities for individual enterprise.

Everywhere, people are quitting bullshit jobs, and when psychologists ask adulterers why they have deceived their spouses, they respond unanimously: "I wanted to feel alive again." It's said that 79 percent of French people want to change their lives, and the X-Tension generation leads the dance.

Are the X-Tension a threat? No, they are a force. Why? Because the current march of the world consumes them. They celebrated the fall of the Berlin Wall; they did not expect to be surrounded by barricades. They witnessed the adoption of the single currency; they did not expect Europe to be questioned. They saw dictators fall; they did not expect populism to proliferate. They dreamt of a world where cultures would meet more easily; despite the new technologies, the hatred of the "other" grows. In short, they reject the world that is emerging, with less fierceness than in their youth, but with the determination of those who have lived enough to know that their cause is just.

Yet it is other generations that win all the attention: millennials and the "third age". The former because they embody the future, and the latter because they are so numerous, with 19 percent of the French population now aged over 65.

The X-Tension generation is stuck in between, torn and frustrated. It is not uncommon, moreover, that they carry the responsibilities of the generations either side of them. This 50-year-old testifies: "My son has no work. He's staying at home. My father is sick, so I spend all my weekends in the hospital. Result? I have no more time for myself. I can't do this anymore."

The implosion has already begun. The X-Tension generation has the means to pursue its desires, and it is more and more reactive to compromises. Recall that the X-Tension generation represents a quarter of the French population and one third of its wealth. Brands and media providers are only now beginning to realize this. The X-Tension generation finances the choices of Gens Y and Z, and supports the Baby Boomers. But above all, the X-Tension generation wants to achieve its dreams, even the craziest of them.

A disturbing revelation for some, a boon for others. The emancipation of the X-Tension generation will confirm the acceleration of professional diversification, deliver an explosion of leisure activity associated with individual expression, and will lead to an increase in single-parent households. All business sectors associated with these trends will be the big winners of the next two decades.

The BrandZ™ Top 50 Most Valuable French Brands 2017

Fr 40 FRANCE

France is one of the largest economies in the EU, seventh largest in the world, and has proved itself as being adept at managing change. This new report explores a brand landscape in transition, and how its rich heritage and expertise can help define the path for French brands in the future.

Download the Full Report at **www.retail.wppbrandz.com**

SECTION 06

Fast Forward

Here comes the future

At WPP, we spend a lot of time thinking (and debating) about where things are headed.

Scene from the FordHub smart mobility store

The evolving retail sector can be confusing and complex. So this section starts by setting out a structure to help make sense of it all.

"The Face, Bones and Brains of Retail" is an organizing principle for the future of retail, conceived by David Roth, CEO WPP The Store EMEA and Asia. (The "human" framework aligns with "the more human future" proposed in the last part of this report - "A View to 2022", which starts on page 320.)

After establishing the framework, this section then goes on to explore and explain some of the key technologies of tomorrow - in particular Artificial Intelligence and Voice Commerce.

The Face, Bones and Brains of Retail

It can be helpful to think of the evolving retail sector as a combination of complex systems – a little like human body, in which different elements perform specialist functions.

The most important components of this fast-developing life form are: the face, the bones, and the brains of retail.

THE FACE

All the customer-facing elements of a retail brand are what can be considered its face – so that means stores, websites, apps, pick-up points and call centers. Ideally, the face helps maximize the shopper experience in a way that helps shoppers get what they want easily and with pleasure.

If they're "mission shopping" – looking for something specific, like bread and milk, or shoes to match their new dress – the face of a retail brand will help shoppers find what they want and get it efficiently.

If the motivation for shopping is less specific and is more about having a retail experience, then the face of the brand will help make that trip (whether online or in the physical world) more enjoyable.

Staff are a key element of a retail brand's face. But there are other important elements that each play a small but important role in the overall impression a brand makes. These include merchandising, signage, and other look-and-feel elements of the store.

Future advances in this area might include interactive brand experiences, virtual shopping assistants, and spectacular holographic displays.

The face is also the place that data is gathered on the shopper and fed to the brain.

THE BONES

As in the human body, the bones of a retail brand are the supporting structure - all the retail elements that sit behind the face to feed the store and shopping experiences.

Today these include things like fixtures and fittings, the supply chain, inventory management systems, loyalty card and reward systems, and point-of-sale terminals. Future advances in the bones of the store might include smart infrastructure, indoor location tracking, 3D printers, robots, delivery drones, and automated and reconfigurable store fixtures.

THE BRAINS

Out of sight but essential to the smooth running of a retail brand is its brain. All the data analytics and intelligence deployed through every stage of the retail process come from this brain. This intelligence helps retailers to drive operational efficiency and better understand their customers. This knowledge is then used to deliver a personalized set of experiences, offers, pricing, services and products.

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MOVE YOUR BODY

Thinking about the face, bones, and brains of retail is a valuable way to reframe the conversation on the future of retail. It offers a helpful way to let go of old notions that are tied to increasingly redundant retail formats. And it's a productive way to frame ideas for future innovation and deployments.

It helps retail brands think differently about ways they can differentiate their brand proposition and gain competitive advantage through the deployment of technology that transforms the face, bones and brains of retail.

These include technology designed to:

- Personalize the shopping experience.
- Deliver personalized or customized products.
- Create new business models and revenue streams.
- Enable retailers to embrace the sharing economy with new selling models, such as sharing, bartering, and renting.
- Create interactive experiences in the store that make shopping more efficient, more fun, or more personal.
- Free up sales staff in the store to deliver better customer service by automating non-value-added activities that can be mechanized or handled by algorithms.
- Augment and improve sales staffs' selling capability using wearable technology and assistive AI.
- Generate the maximum profit from each customer over time by using dynamic pricing that varies by location, by customer, by minute, and by product.

AMPLIFY YOUR INVESTMENTS BY FEEDING THE BRAIN

It's worth noting that investment in the brains of retail can be considered a multiplier of the other two elements. Improving the brains can make the bones and the face of the store much more intelligent and thus more effective.

Shopper Experience = (Face + Bones) x Brains

For example, dynamic pricing at the shelf won't truly hit the mark unless it's backed up by cutting-edge analytics and comprehensive customer data held in the brain. Personalized experiences won't be very personal unless the brains can direct and choreograph them. And supply chains will only be as streamlined and efficient as the quality of the insights distilled from operational data allow them to be. Without a fully functioning retail brain—a brain fed by vast amounts of data and powered by sophisticated analytics software— investments in the retailers' face and bones won't yield maximum returns.

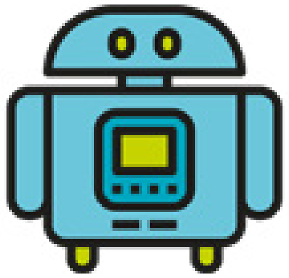
Technology will remake the face, the bones, and the brains of retail. Specifically, computing capability will come at costs, physical sizes, and performance levels that will quickly disrupt retail.

Historically, retail brands have focused IT spending on the "bones" of retail: manufacturer-facing efforts designed to optimize the supply chain, manage inventory, and handle secure transactions.

In response to new shopper expectations, they are rebalancing their IT spend to include customer-facing technologies that improve the "face" of retail: technology to improve the shopper experience, to make "mission shopping" more efficient, and "experience shopping" more enjoyable.

Computers that can see, hear and understand the world around them will enable brands and retailers to hold new types of interactions with shoppers, and tell stories in new ways. Wearable computing will help shop assistants to deliver much better customer service. Giant data centers will amplify the effectiveness of both the "bones" and "face" of retail by connecting them to the "brains": analytics and intelligence at every stage of retailing in ways that multiply the effectiveness of the bones and face.

This added intelligence will help retailers to drive operational efficiency, better understand their customers, and deliver personalized experiences, personalized offers, dynamic pricing, and customized products and services.



The robots are coming, and they're here to help

Get ready for one of the biggest and most exciting technological shifts we have ever seen. In fact, hang on tight, because it's already happening. People are now digitally connected to each other, to brands and even - through the Internet of Things - to their appliances. Increasingly, the objects around us are connected, and they're using Artificial Intelligence (AI) to help consumers do, and buy, things faster and more easily.

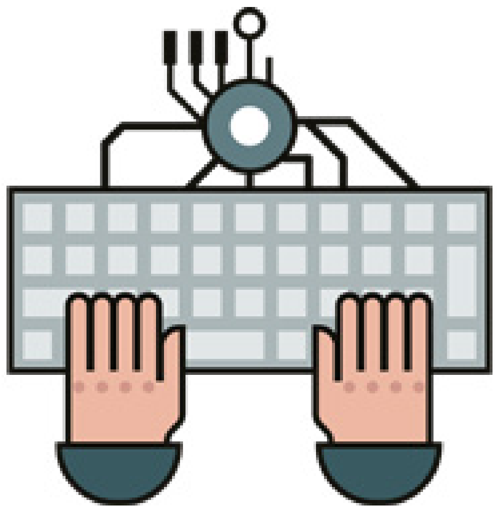
48% of customers say retailers should provide on-demand, personalized promotions when online	**45%** want the same options in store
91% of retail executives familiar with Artificial Intelligence believe it will play a disruptive role in their organization	**94%** of retail executives familiar with AI intend to invest in it

Sources: IBM, BrandZ™ / Kantar Millward Brown

We've reached an inflection point in the development of computer processing power that is a windfall to brands and retailers. So, while business is more challenging than ever, it's also possible to do things that just a few years ago would have been either unthinkable or prohibitively expensive.

We can now bring together vast amounts of data from sources as disparate as weather patterns, photos and an individual shopper's facial expressions, and draw meaning from it all in ways that can transform a business.

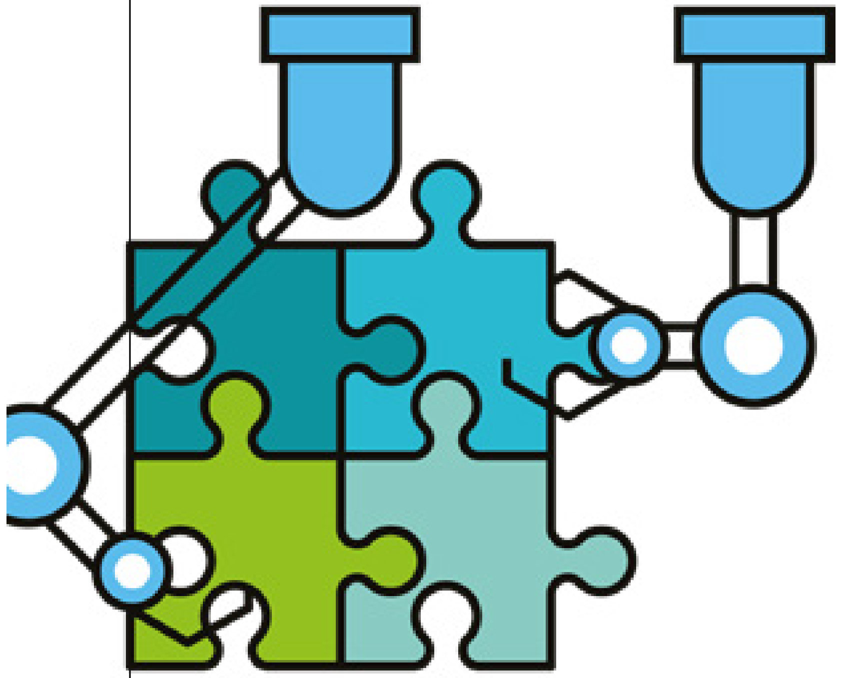
This is no longer science fiction. It's a powerful tool that brands and retailers can use right now to relieve some of the pressures on current business models.



Already, businesses as diverse as banks, carmakers, fashion labels and florists are using AI to become more profitable and to get closer to consumers. They're building brands more effectively, personalizing products and services, making consumer decision-making easier and improving business efficiency.

So, what exactly is AI? It's not a single technology but a range of tools that can perform some of the tasks we've previously thought of as being exclusively human. These tools can understand natural language, and learn from text, images, videos and sound.

Advanced AI systems like IBM's Watson can absorb vast amounts of information in seconds and minutes, learning in similar ways to humans – through sensing, processing information, and



experiencing – only much, much faster than people. Then AI can use that learning to make reasoned decisions and recommendations. IBM calls this "cognitive computing", because it approaches human cognition. And this is just the beginning.

AI will have an even greater impact on retailing than all other digital technology to date.

Data management has long been able to tell brands a great deal about 'what' is happening with the world and their customers; now AI tools like Watson can also help with the 'why' and the "what next", making predictions about everything from the clothes that will suit a particular shopper to when the foyer lighting will need maintenance.

Retail brands should now be thinking about how to fuse the best of what machines can do – to be faster, more accurate and to spot patterns and anomalies earlier – with the best of human creativity and personal service.

AI IN PRACTICE. HOW DOES IT ACTUALLY WORK?

There are countless ways in which Artificial Intelligence tools can be used to help retailers and brands improve their business and better serve their customers.

We've distilled them into four key challenges that are giving sleepless nights to CEOs and marketing directors with retail and manufacturer brands.

01 **Branding and new customer recruitment -** using AI to reach out to new customers and build relationships.

02 **Lighting up the path to purchase and customer engagement -** the digital personal shopper – how AI helps with tailored decision making**.**

03 **Personalization and loyalty -** the world really does revolve around your customer. AI helps brands get personal.

04 **Behind the scenes, boosting efficiency -** using AI to make efficiency gains and improve margin.

And now, the news in detail …

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01

BREAKING THE ICE – USING AI TO MAKE THE FIRST APPROACH

It is more difficult than ever for brands and retailers to make meaningful connections with busy, distracted consumers. Everyone wants to catch people's eyes, start conversations with consumers, make people smile and help solve shoppers' problems. Brands want to target individuals with truly valuable content that's a good fit – not just to a demographic profile or specific socio-economic group, but to the right moment in an individual's day.

Getting both the message and the timing right is a winning combination that contributes to a positive initial interaction with the brand for the consumer; an experience that's powerful and memorable for the right reasons.

HOW CAN AI HELP?

Artificial Intelligence is helping brands selling products as diverse as cars and cans of soup recruit new consumers by reaching them in new, powerful and cost-effective ways.

Artificial Intelligence can indicate to a brand, by tracking huge volumes of online activity, what percentage of your audience is anxious, ambitious, altruistic, angry or happy. This enables brands to deliver highly personalized content and conversations. It can even help to come up with the creative content – and spark ideas for new products.

Machine learning can also be used to identify and influence people who are themselves influential among a particular audience, and to help them create relevant, shareable content.

All of this contributes to a positive experience of a brand for a consumer, essential in an era where people are increasingly valuing their lives as the sum of their experiences rather than the sum of the things they've acquired.

TANGY DYNAMOS AND HOW TO KNOW IF YOU'RE ONE OF THEM

Not even the most enthusiastic foodies get all that excited about stock powder, but seasoning producer Knorr knows that everybody has a bunch of things they love to eat – and a few they really hate. The AI-enabled Knorr Flavour Selector game presents people with a series of choices to make from delicious looking images of food. Chocolate or king prawns for a Friday night treat? Fresh sashimi or baked Camembert? A series of quick-fire questions not only helps people work up an appetite, it's used to generate a flavor profile for users, whether they're Tangy Dynamos, Roasted Romantics or perhaps Earthy Idealists. Each profile then matches a series of recipe suggestions. It provides useful information in a way that feels fun.

The search for the perfect jacket from the 350-odd that The North Face has in its range can seem overwhelming, but the brand is using an IBM Watson chatbot to help people narrow that search to the handful that suit them and their needs. You don't need to know anything about zips, tabs or fillings; just tell the bot what you want the jacket for. 'Hiking in Iceland in November' or 'spring walks in New England'. It will ask a bit about who's going to wear that jacket and the colors and styles they prefer, then presto: your selection. A desktop trial attracting 50,000 users was a hit; three-quarters of people said they'd use it again, and 60 percent clicked through to the recommended items. A mobile version was launched as a result.

02

THE DIGITAL PERSONAL SHOPPER – HOW AI HELPS CONSUMERS MAKE DECISIONS

In a world of seemingly infinite choice, consumers are looking not just for options, but also for ways of sorting through them all. They need help finding what they really, really want – quickly and painlessly. They want ideas, but not too many; suggestions that are tailored to their needs, and ideally in a format they can search by asking questions, either by text or voice. They want to be able to have a conversation in the way they would talk with a friend via WhatsApp – using natural language, not formalizing or simplifying their speech into language they expect a search engine to understand.

HOW CAN AI HELP?

In stores and online, AI bots can analyze vast amounts of information from multiple sources; not just text but also images and video, and data on stock levels. By linking this with what a consumer is willing to tell them about what they're looking for, the bot can use human-style reasoning to narrow down the options, and then learn from what works and what doesn't.

Rather than typing "George Clooney's shoes" into a search engine, or trying to hunt down a dress just like the one you've just seen but would struggle to describe, AI can take in a picture and find the closest match in its bank of knowledge.

AI can also help consumers make complex decisions when they're juggling a bunch of conflicting requirements, such as wanting a phone with a great camera and a long-lasting battery – but not wanting to spend more than they need to.

In this instance, "trade-off analytics" help generate recommendations based on how much weight an individual consumer wants to give to each item on their wish list. What's the best small car to buy if I'm looking for a German brand, a good price and great fuel economy?

In the physical retail world, AI-powered tools take account of the fact that shoppers often want to bring the things they love about e-commerce, like the speed and convenience, to stores and malls. At the Westfield San Francisco Centre, for instance, a screen-based gift-finding tool was installed for the holiday season, allowing shoppers to find the perfect present to match the recipient's personality. The "Gift of Insight" project, powered by IBM's Watson, led to a 10 percent increase in sales. "It was helping me to find those gifts that I hadn't thought of yet," one shopper said.

Retail brands including Starbucks, McDonald's and Macy's are using AI and the Internet of Things to improve operational efficiency. Sensors can spot anomalies in variables like shopper behavior, trolley location, refrigeration, food quality, when bins need emptying, lighting and air quality, along with local weather and local events. AI can be taught to respond automatically or to recommend action to staff. It can call in contractors before an appliance develops a fault – and check their invoice matches the time actually spent on the job. It can also track worker safety, alerting someone if unusual movement or a sudden change in body temperature is monitored. A zoo in the US was able to relocate its rubbish bins so that they were a better match with the parts of the complex where people were finished with their food and drink.

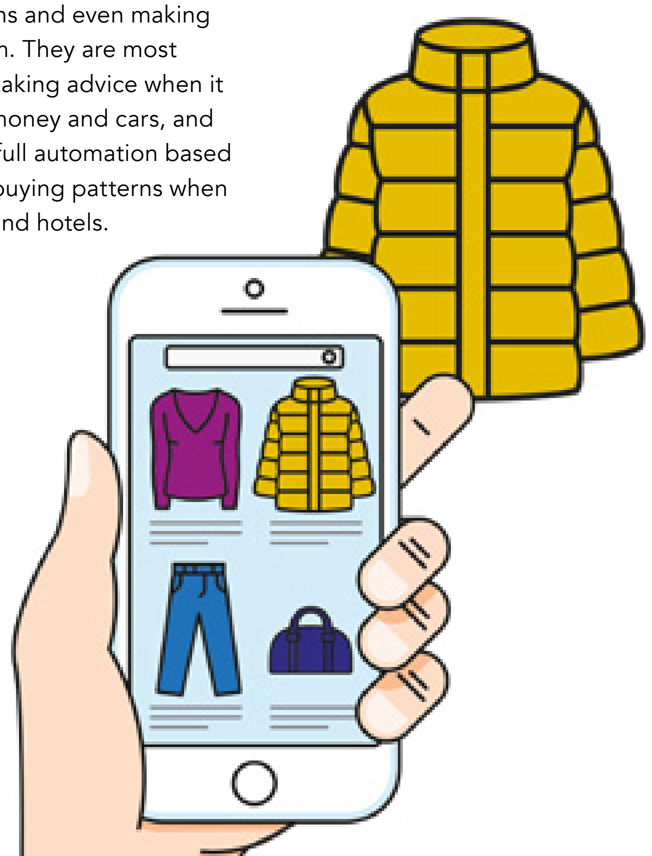
03

BY USING KNOWN PREFERENCES TO BUILD LOYALTY AND REPEAT PURCHASE

Everyone's waiting for autonomous cars, but in the meantime there are ways that Artificial Intelligence is already combining with the Internet of Things to automate aspects of people's lives.

AI and connected "things" – from cars and fridges, to buttons in your laundry linked to an online detergent retailer, are helping people quickly and easily buy what they need right when they need it – or, ideally, before they need it. When brands win a consumer's permission to automatically re-order when stocks are running low, it has won loyalty of a quality that's rarely been seen before. And, just as importantly, by making itself the automatic choice, it has locked the competition out of that consumer's life.

Research by J.Walter Thompson shows consumers around the world are increasingly open to machines making suggestions and even making purchases for them. They are most comfortable with taking advice when it comes to health, money and cars, and are happiest with full automation based on their previous buying patterns when selecting airlines and hotels.



Think Big. Look beyond what you can do today

AI is technology that potentially has a role in almost every aspect of consumers' lives, from health and education to travel, home life, socializing and shopping. If brands and retailers want to keep pace with their consumers, they need to be working with AI as well.

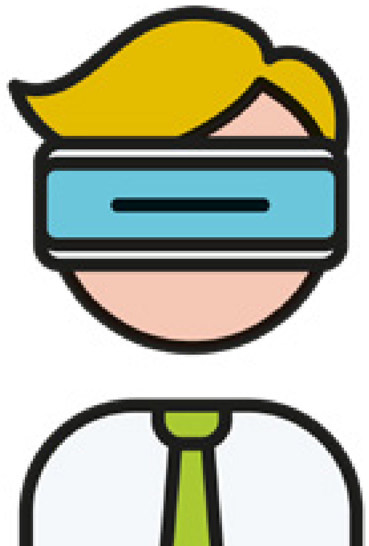
As we've seen, AI can help brands and retailers better understand their consumers' needs and preferences. It can help them reach out to potential new customers – and keep existing ones loyal. It can help them personalize products and experiences for consumers who want something "just for them". And it can streamline retailing behind the scenes – reducing costs, improving efficiency and, ultimately, improving the business of shopping, both for the retailer and the shopper.

Who doesn't need a slice of that?

We think the place to be right now is – at the very least – learning about AI, if not deploying it. Because you can bet that if you're not doing it, your competition, or a potential future challenger that's starting up in someone's basement, probably is.

For those willing to consider now what's possible, there's a chance to anticipate consumers' needs, to serve them better, to win their loyalty and to make efficiency gains. For those that are not, there is the danger of being left behind.

To read more on AI and retail, please see the WPP/IBM report *'Smart Shopping – How Artificial Intelligence is Transforming the Retail Conversation'*, visit: **www.retail.wppbrandz.com**



I think it's important that you have a unified approach; I should be able to buy online and go and return it offline where I can look at something else, or buy offline and go home and enjoy it right away. We see it as bricks to clicks and clicks to bricks. We want it to be one unified value chain.

K. GURU GOWRAPPAN
Global Managing Director
Alibaba Group

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017. To watch the complete interview and other retail leaders interviews, go to: www.retail.wppbrandz.com

SECTION 06

Let's go shopping. How artificial intelligence will transform e-commerce

Consumer behavior and the development of new technologies are strongly linked, especially with the advent of Artificial Intelligence (AI). AI is not a single technology, but a convergence of statistical models, algorithms and methods that make software intelligent by mimicking the processes of human reasoning. AI is already present in our digital life, such as in Amazon's dynamic pricing and Spotify's recommendations, although we are now only seeing the beginning of AI's immense potential.

The most impactful uses of AI will be within e-commerce, an area enjoying continuous growth. We are beginning to see applications that implement AI through cognitive technology, a simulation of human reasoning processes that responds to human language and provides positive experiences for clients. In the United States, 1,800 internet users have experienced an improvement in this area thanks to the launch of GWYN (Gifts When You Need), a digital service using IBM's Watson technology, to help customers find a personalized gift. Rather than using conventional search mechanisms, users can tell GWYN exactly what they are looking for through a simple conversation. Users respond to questions posed by an AI chatbot, receive tailored recommendations, and then can make a purchase without ever leaving the conversation.

PLOTTING CHECKMATE

The most common criticism of e-commerce is that the experience is sloppy. Having so many options can be too much for even the most savvy consumers, leading users to feel overwhelmed to the point where they simply stop browsing.

Data generated by these browsing experiences contains a wealth of information, but much of it, while collected and archived, is never actually used. This so-called "black data" accounts for up to 80 percent of the data generated by e-commerce sites each day. If AI could be applied to this data, it could have incredible value to retailers. Sophisticated artificial intelligence algorithms applied to "black data" could help retail brands minimize ambiguity and provide a more precise view of consumer behavior. For example, it could allow for fresh segmentation of web visitors, aid CRM, and create user profiles that can help define a target audience. Brands have to think about developing a data strategy as if they are playing chess, not Tetris. Instead of finding a place for each piece of data individually, as it comes in, they should develop a structured system that stores data in an orderly way, and into which data sequences that do not yet exist can be incorporated later.

THE NEXT FRONTIER

AI has made it possible to move from the use of computer screens to manage information, to using reasoning processes independently of a screen. We are moving from graphical interfaces to conversation interfaces. This will be reflected by the rise of digital assistants, such as Apple's Siri, Microsoft Cortana, Amazon's Alexa or the recently launched Google Assistant. It is inevitable that artificial intelligence will be at the forefront of the transformation of electronic commerce, and retailers and brands should be aware of what it means: surely the best interface in the future will not be an interface at all.

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WAVEMAKER
MEDIA. CONTENT. TECHNOLOGY

What shoppers really, really want

In so much of e-commerce, you hear people saying 'If we could only make it like the in-store experience'. This transcends it.

ANDREW SIROTNIK
Co-Founder and Chief Experience Officer
Fluid

RETAILING TO AN AUDIENCE OF ONE: HOW MASS CUSTOMIZATION MAKES THE PERSONAL POSSIBLE - AND PROFITABLE

While e-tailing has provided consumers with unparalleled convenience, it has lacked immersive, personal experiences.

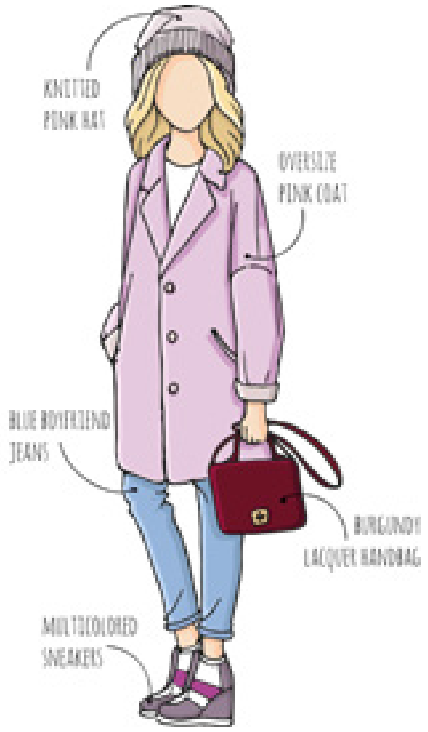
Until now.

This report explains how personalization and customization can work for you, dispels some common myths, and demonstrates how the personal touch has been successfully deployed to sell products, maximize relationships and build margins in categories as diverse as chocolate and tuxedos, sports shoes, clothing and table linen.

Download the Full Report at www.retail.wppbrandz.com

in partnership with FLUID

While e-commerce has provided consumers with unparalleled convenience, it has lacked the immersive, personal experience that "real" shopping can provide. Until now.



Now, technology allows online stores not just to get close to the experience that customers can have in a physical store - but in some ways to even surpass it.

Personalization is moving beyond content, recommendations and offers; shoppers can mix and match thousands of items virtually in a way that would be impossible in a physical shop. And customization is delivering the ultimate personal experience – the bespoke product – designed for a market of one.

For retail brands, the value of personalization comes in providing an intense, enduring, brand-building experience. It's a powerful antidote to the squeeze on margins being fuelled by widespread online price-cutting. It provides consumers with products and experiences they see as highly valuable, and for which they are prepared to pay a premium.

This new approach to e-tailing not only delivers brand differentiation and higher conversion rates, but also brand loyalty, innovation and, ultimately, brand love. A decade of WPP's proprietary BrandZ study into the most valuable global brands shows clearly that innovation is a key driver of growth in brand value, which in turn delivers superior returns for shareholders.

When consumers co-create with a brand, they spend more, come back more frequently, treasure their creations and, crucially, become advocates for the brand they have not only bought but have also shared an experience with. They become not just consumers of a brand, but a part of it – they go from being passive purchasers to partners with the brand owner in its development. This closeness makes them more loyal, long-term customers.

And it doesn't have to be complicated or expensive to implement. In fact, it can actually make a business more efficient – and at the same time cultivate the next generation of brand loyalists.

CUSTOMIZED PRODUCTS

- Sell at a 40-50% price premium.
- Conversion rates are double.
- Account for 50% of revenue on e-commerce sites (Bain & Co, Forrester).
- 1.8 billion – the number of millennials in the world.
- 1/3 – proportion of e-commerce sales globally made via mobile (Criteo).

THE WORLD HAS CHANGED

Consumers are no longer satisfied being passive shoppers; they want to shape and contribute to the products and services they buy. Almost one-third of the world's population are millennials – people who were born digital, with the tools to be creative. They have grown up expecting a platform on which they can have a say, and they expect the brands they buy to listen and respond.

For brands and retailers, there is the "Amazon effect" of e-tailing to contend with. Competition on price, convenience and assortment is squeezing margins and fuelling a race to the bottom. Personalization presents them with a new way of competing. Amazon is great at many things, but it doesn't (yet!) offer consumers something unique.

Personalization gives consumers a unique product that matches their desires perfectly. But perhaps even more importantly, it allows them to enter into a partnership with a brand, creating something they simply can't get anywhere else. That differentiation forms a protective barrier around brands that helps them fend off competition that might otherwise win on price.

- Consumers are ready for individualization. They're tired of messages just saying "You might also like …" and "Others who bought …". They want to be offered products that allow them to express themselves. By offering consumers personalization, your products feel truly "theirs". This has big implications for revenue, engagement and customer loyalty – which all contribute to brand value.
- The technology makes it not just possible, but a pleasure. Curation software can guide consumers through the maze of choice towards their personal preferences in a way that feels not only effortless but also fun. The visualization software now available means that what you see when you customize is what you get when your parcel arrives. The fine details – the sheen on the screws or the shimmer of a fabric choice – are incredibly realistic. This photo-realism helps browsers become buyers; they fall in love with their digital creations.
- Production of one-off pieces is quicker and easier than it has ever been. It does not require a huge capital outlay, and it enables manufacturers, at a stroke, to vastly increase the number of styles they can offer at any one time without increasing their SKU count or working capital inventory requirements –with the added use of mark-downs later on if the merchandise does not sell. With custom, brands can offer – literally – millions of variations of their products. Brand fans get exactly what they want, and the producers have a real-time research tool telling them exactly what's hot and what's not.

HOW IT WORKS

One level of personalization is a "match to order" tool, which can be deployed both online and in physical retail stores. Shoppers can virtually put items together from across a range or store, and find exactly the right combination for them – without the shop-floor chaos.

For the consumer, the ability to see combinations of goods inspires them to be creative and experiment with different pairings, and deepens their relationship with the brand or retailer that provides the service. They feel special, and valued. Brands and retailers stand to benefit in three ways: they boost customer engagement, they increase conversion rates, and average order value goes up.

"Made to order" takes personalization up a gear. Consumers – especially the young – are seeking something that no one else has, and brands are increasingly saying, "have it your way – create with us". In doing so, they are moving away from battles over price and convenience, and providing a shopping experience that goes beyond delivering a product. Customization promotes brand sharing, builds loyalty, and gives consumers unprecedented choice.

The more control you put in consumers' hands, the more they like it, and innovations such as 3D printing and increasingly flexible ways of manufacturing mean mass customization is within reach of every brand. Production lines can be refined in ways that mean designing and manufacturing for an audience of one is not prohibitively expensive; in fact, it makes great business sense, which is why customization is going mainstream.

Shoppers who customize are often willing to pay a premium of 40 to 50 percent to have something made just for them. In the longer term, brands build a closer relationship with their customers.

Shoppers who buy custom tend to come back more often, and they talk about the brand and "their" design with their friends. They proudly share their creations across social networks.

Consumers who create personalized collections and customized products are not just getting the very thing they want, they're also generating highly shareable branded content.

At a time when people are sharing more than 1.5 billion pictures online every day, brands that provide consumers with something they feel motivated to share are deepening their relationship with the shopper, and at the same time promoting their brand to that person's network of friends.

In consumers' minds, there's a spectrum of trustworthiness and credibility when it comes to recommendations, and the views of those closest to you are most valuable, with paid-for advertising at the other end, and editorial endorsement or blogger or vlogger backing somewhere in between.

THE OTHER BIG PAY-OFF OF PERSONALIZATION

Consumers are willing to pay significantly more for a product they have adapted, designed or created in collaboration with a brand than one they've chosen from stock. They're also more likely to promote a brand or retailer that allows them to customize their experience. But there's another reason why retail brands should consider how personalization can work for them.

Years of WPP's proprietary BrandZ research shows that there is a powerful link between brands that consumers view as being innovative, and those they love. And both of these add to a brand's bottom line. Innovation inspires a consumer to try something new, and when performance lives up to expectations and there's a sense of partnership between brand and user, that can lead to love. This love then helps sustain a brand during the times between innovations. If a brand inspires consumer love – a genuine fondness for that brand – it can help that brand command a premium over the competition and achieve higher volume sales.

Personalization is no gimmick; it's something that consumers increasingly expect. And the younger your consumers are, the more they expect it. Generation Z wants options; they want to co-create. Brands across a spectrum of categories are responding to that demand.

You can get a customized burrito from Chipotle, and a pair of QCut Jeans in one of 400 sizes. The proportion of footwear companies offering custom products has grown from 5 percent in 2006 to more than 20 percent now, and in sportswear, one-third of branded manufacturers offer customization.

A fully customized product with variable spec and a rainbow of colors might not be right for every brand, but there are more subtle ways to personalize products and shopping experiences - little details that can make a big difference to product differentiation and desirability. As well as generating sales and consumer engagement, personalization also generates huge volumes of highly valuable data that can be used to inform future product lines and variations in offering in different geographical regions and in different seasons.

Personalized experiences and the ability to customize for a bespoke feeling or experience will soon be ubiquitous. We see a day in the not-too-distant future where the information on a consumer's mobile device will contribute to an entirely tailored shopping experience, whether they're in a physical store or are browsing digitally. There will no longer be any delineation between regular and custom products; everything will be personalized. And that will lead to cross-sells and up-sells that generate the revenue that funds this bespoke experience.

To find out more, see WPP's book, created with customization specialists Fluid: *'Retailing to an Audience of One – How Mass Customization Makes the Personal Possible, and Profitable.'* Just visit: **www.retail.wppbrandz.com**

How voice-activated retail is changing the game

What began a few years ago as an awkward conversation with a mobile phone has fast become a normal part of daily life. Millions of people are now comfortable talking to an inanimate object that talks back – not just phones, but screen-less speakers around their home. They're adjusting lights and heating without even having to press a button, and shouting across rooms to ask for news updates and entertainment. And, crucially for retail brands, they're using their voice to make purchases.

33mil.
Voice-enabled devices installed globally.

1.8bil.
Expected to be using a voice-enabled device by 2021.

30%
of web browsing will be done without a screen by 2020.

99%
Voice recognition accuracy improved in the last two years, from 90%

20%
US ownership of smart speakers expected in early 2018. This has risen from 5% in October 2016 and 12% in July 2017.

Sources: IBM, BrandZ™ / Kantar Millward Brown

And while in the early days of voice-activation, anything more complex than the latest football scores usually ended in disappointment, voice recognition is now so good that users no longer have to speak like robots to be understood. But not only can people speak naturally to these devices and get results, the results themselves are becoming increasingly sophisticated.

Advanced voice-recognition tools can determine whether an adult or a child is speaking. They can identify an individual user when they've learnt their voice, and they can even determine the emotional state of the speaker.

For brands and retailers, this represents a massive opportunity, because voice is not just the new input method. We're fast approaching an age in which smart speakers can offer a true one-to-one interface between an individual and a brand. In this era, brands that offer the right services, content, personalization and value can become a personal companion.

It's also an opportunity to reach customers at different stages of their decision-making journey – including long before they're even contemplating a purchase – and to leverage the data and behavioral analytics these devices and interactions generate.

What's important to remember is that while smart speakers currently sit on kitchen tables or in living rooms, voice activation won't always rely on this kind of device. Earpieces are likely to be on their way; Amazon has expanded its partnership with BMW, with plans to integrate Alexa in every BMW and MINI vehicle by mid-2018.

HOW VOICE SHIFTS THE GOALPOSTS FOR RETAILERS

Voice won't replace keyboards and screens, but it is the beginning of a revolution in the way people live – including the way they shop. It's as big a shift as the launch of the smartphone was back in 2007.

For retailers and brands, the opportunity is three-fold:

01 **To raise visibility –** brands that optimize for voice search will be found, visited, shopped and re-visited.

02 **To build a brand –** this is a new way to surprise, delight and engage with shoppers at every stage of the purchase journey. Conversation is a tool of engagement.

03 **To sell –** yes, this is still important! Becoming the preferred brand on a voice-activated platform provides huge potential.

The brands and retailers that become the go-to for people using smart speakers have an incredible advantage – one that far exceeds the value of being top of a list of Google search results on a screen.

By engaging a consumer in conversation, a brand not only wins their attention and, most likely, their business ... they also shut out the competition.

The brand that already "knows" a person is the one that will provide them with the best services for their needs.

There are times, however, when voice interaction alone is not enough to enable consumers to do what they want. Some tasks will be initiated by voice but completed with the help of a screen. "Did you mean something like this?", a speaker might say, and then show a couple of options.

The power and simplicity of voice, combined with a visual element, brings an added dimension to voice-activated retail. Amazon is already a pioneer in this area, with the Echo Look device. It's unlikely to be alone for long.

CLASH OF THE TITANS

Amazon was the early bird that caught the voice-activation worm; over 70 percent of smart speakers installed so far are from its Echo range of Alexa-powered devices, which have been holiday-season bestsellers for two years now. Nearly 20 percent of Amazon Prime members have an Echo device of some kind.

Google Home was a relative latecomer, launching in late 2016 in the US and a few months later in the UK, while Apple's HomePod is the new kid on the block, launched in multiple markets in December 2017.

The HomePod is, for now, mainly an entertainment device, which means that it's Google and Amazon that are slugging it out for pride of place in people's homes. That fight turned ugly in late 2017 when Google pulled its YouTube content from Amazon's Echo Show device – a smart speaker with a screen.

In emerging markets, smart speakers are playing a different role, beyond getting existing shoppers to buy more. Amazon is using the Echo range to turbo-charge its efforts to gain ground in the lucrative Indian online shopping market, in which it's so far been a minor player. These devices are a lifestyle aid, catering to the always-on always connected generation, not just with shopping but also the lure of music and video. The Echo is being described as Amazon's Trojan horse to get shoppers into the ecosystem.

For brands and retailers, picking sides in this battle is a key decision, as smart speakers are becoming the gatekeepers of consumers. Those who own the technology are the ones with the ability to dictate what users can hear and find with them.

Collaboration and partnerships will be key to success in a voice-activated retail landscape.

WHO'S DOING WHAT?

Some of the biggest names in retail are already working with the businesses behind smart speakers. Costco, Home Depot and PetSmart in the US, as well as Tesco in the UK, have all entered into partnerships with Google Home. In the UK, online supermarket Ocado has partnered with Alexa to enable people to update existing orders. Domino's Pizza customers can order via Alexa and get updates on their order. And Starbucks customers can use Alexa to order by voice before they arrive at a store. One of the big game-changers in voice-activated retail, though, is Walmart's partnership with Google, which enables easy reordering from orders created online or in-store and special delivery services for users – giving both brands a boost in the voice-activated space.

SPEAKER'S NOTES: WHAT BRANDS NEED TO KNOW AND DO

It's estimated that more than half of marketers still have no plans to prepare for voice devices. Don't be one of them. Here are some rules to play by in the world of voice activation:

- Have both a digital developer and a user experience designer on the case. The interface is the new user experience.
- Start with one thing – a single, simple offering – and do it really well. Expand into more complex services later.
- Remember there's no screen. It sounds obvious, but if the user can't see anything, the interaction has to be very simple and intuitive.
- Ensure that users can speak in a natural way to get to what they want.
- Check that your brand name and products are easy to pronounce and describe.
- Monitor the uptake of various voice-activated devices among core shoppers, and work out which people are the early movers. Cater to their needs first, but count on usage becoming mainstream.
- Update content regularly to keep people coming back, and consider going beyond what your brand is already known for. These devices are an opportunity to entertain.
- Remember it's not all about selling. The integration of voice activation is leading to higher levels of content consumption, and at a broader range of points along the path to purchase.
- See the smart speaker as an opportunity to project not just information but a brand's own distinctive tone of voice, through your choice of words and conversational style.
- Rethink SEO and content optimization; the words people use when they speak aren't necessarily they use when they type.

"These days we can personalize medicine to your DNA, but in retail we're really at the beginning of that journey. The best we can do is personalize a few products."

NEELA MONTGOMERY
Chairwoman
Crate & Barrel

A quote from "In Conversation with David Roth" recorded at the World Retail Congress 2017.
To watch the complete interview and other retail leaders interviews, go to:
www.retail.wppbrandz.com

SECTION 07

The View to 2022

First look at an upcoming WPP and VML report that defines the "Third Era of Digital Retail"

To flourish in the future, retailers know they will need to learn new skills, embrace new technology, and take big risks.

Retail brands will all need to be much more courageous and more fast-moving than in the past; only the bravest and most agile will win. But in which areas should they invest, where should they hold fire, and how quickly will the cutting-edge innovations of today simply become everyone's everyday?

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CEO
WPP The Store EMEA and Asia

THE STORE WPP THE WPP GLOBAL RETAIL PRACTICE

JON BIRD
Executive Director
Global Retail & Shopper Marketing
VML

VML

Making sense of the future first means looking at the past and the present. The momentous change we've seen in the retail industry (and across the world as a whole) has come not only in small, incremental developments but also in a series of huge waves. These waves of transformation have shaped the history of the retail sector into what we see as three distinct digital eras.

The First Era of Digital Retail began in 1995, with Amazon and eBay launching online in the US. This age was all about the internet as a research and shopping tool, and was largely anchored to the desktop, with dial-up connections. This shift, while slow to begin with, shook up a physical retail world that at the time came in one size: extra large (XL). The early and mid-90s were all about the "category killer". Stores and malls were big, and getting even bigger. Retailers aimed to generate a "wow" factor with the largest array of product possible in a big physical location. All that was to change.

The Second Era of Digital Retail started in 2007, with the launch of the iPhone, and kicked into gear a decade of exponential growth in computing power, a drop in processing prices, the rise of the cloud, and the birth of the "Internet of Things" (IoT) and "omnichannel" shopping. Mobile devices freed the shopper, and connectivity was the goal for the retailer. In physical retail, the Apple Store redefined what shopping was about – experience, interaction, and service. The phone made the store truly mobile.

In some markets, connected shoppers have been browsing and buying via mobile for more than a decade. Elsewhere, this still feels new. But already we feel that we're on the brink of a **Third Era of Digital Retail,** marked by the rise of data analytics and the increasing sophistication of Artificial Intelligence (AI).

The old XL shape of retail is being replaced by CX, customer experience. But what will it look like, and how can retail brands prepare?

THE VIEW TO 2022

To get a clear view of this Third Era, we felt we needed to take a fresh approach to predicting the future – using emerging technology to understand an emerging landscape.

To achieve this, we partnered with Unanimous AI, a company that has developed Artificial Intelligence software that amplifies human intelligence. It empowers groups of people to optimize their collective knowledge, wisdom and intuition through real-time AI systems.

>>

In short, we're using AI to help us understand the implications of an AI-enabled retail sector. Unanimous AI's "Swarm AI®" platform builds on the old adage that two heads are better than one. It allows scores of people to connect, share their foresight, and "think together" in a way that is more powerful and useful than the sum of the individual parts of the process. Think of a swarm of bees or a flock of birds, and what they can achieve collectively by sharing their intelligence. This is the same principle in action.

For our View to 2022, we brought together around 80 senior people from WPP companies including VML, FITCH, SET Creative, Geometry and Barrows Global, from a range of roles and with a wide variety of skills: planners, creatives, analysts and digital experts. A series of in depth interviews was used to shape questions for the Swarm® Sessions, which then utilized an online interactive process to collectively identify the key features of the future of retail. The Swarm process, in just two 30-minute sessions, created a super-expert – a "brain of brains", if you will – that drew on the input generated by every individual.

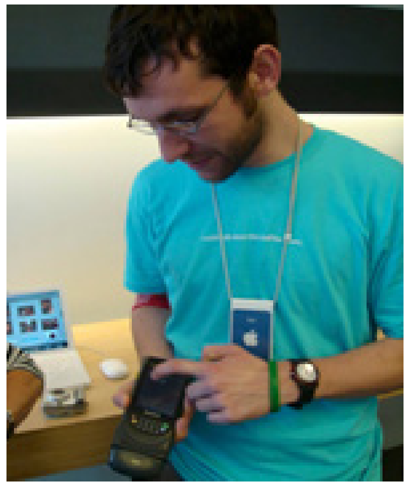
Why focus on 2022? A four-year outlook feels like the right balance of near and long-term evolution – far enough out for the world to be different, but not so far ahead that our experts feel like they're being asked to predict the impossible. It's also a time frame in which retailers and brands can make plans and change the way their businesses are run, in a swift but unhurried way.

As the sci-fi author William Gibson famously said, "The future is already here. It's just not very evenly distributed." This exercise – and its focal point four years from now – used our experts' knowledge of the latest innovations of today to help predict what will become commonplace by 2022.

An example of using the present to predict the future is the mobile check-out, which we first saw all the way back in 2006, at the Chicago Apple Store. 10 years later, that's just normal. Amazon's new Amazon Go stores, which promote "just walk out shopping" and have no checkout at all, seem futuristic and somewhat freaky now, but a decade from now, we're confident that we'll all be using something similar.

Participants in the Swarms responded to a series of questions using a magnet icon to drag a virtual puck towards their preferred answer among several choices. In real time, they could see which way other contributors were pulling. An algorithm made sense of all the pushing and pulling to create a clear, easy-to-define view. It's a little like sifting through big data to generate clear insights. The point is to achieve a degree of sharpness that in-depth interviews alone cannot generate: to focus the thoughts of many people into a collective vision.

Tech will help us go back to a time when service was personal.



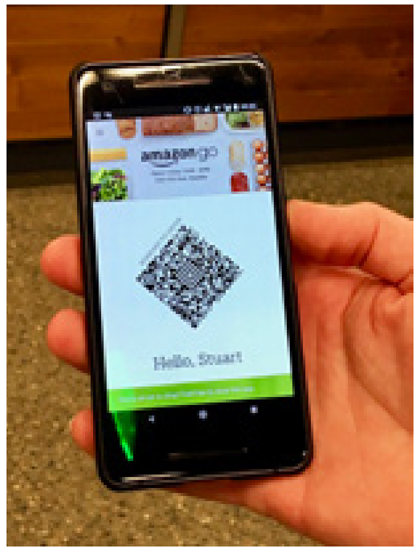
Mobile check-out, circa 2006. Today, it's everywhere.

A MORE HUMAN FUTURE

So what did all our research tell us? Our view is that the nascent Third Era of Digital Retail will be less "digital" and more "human". It will be a time where algorithms meet human rhythms; where screens recede and people step up to take their place, augmented by instant access to data; where the keyboard is replaced by the voice; where bricks and mortar are "smart" and responsive; where technology is less visible but even more powerful … and where the retail revolution will come full circle, back to a time when service was personal and products personalized.

In fact, we believe the **Third Era of Digital Retail** won't actually feel very digital at all. It will be dominated by voice, by vision and by virtual neurons. We envisage a decrease in "taps" and "clicks" and the rise of voice-activated assistants and visual search, turbo charged by AI. There'll be fewer screens, more natural AI, intuitive and seamless links between offline and online, and sales associates invisibly augmented with data. And all accelerated by 5G, the very latest super-fast networks. The result will be frictionless and effortless – and almost indistinguishable from magic.

Purchases will appear just as you need them. Like milk being delivered to your doorstep just before the milk in your fridge finishes. Shopkeepers will magically know your name and exactly what you want. It's just like they did in the old days of the general store, but at scale. Augmented reality and virtual reality will bring the best of the digital world into the physical shopping experience, and vice versa. Biometric recognition will help take away pain points in the shopping process and products will be better matched to consumer needs - reducing the need to send back unsuitable orders.



Shopkeepers will magically know your name

Things we now think of as cutting edge will be the norm; think not just of checkout-free shopping and mobile payment but also drone delivery, robot sales assistants and on-demand product customization. Yet the role of the human will still be paramount at key stages of the retail journey; we don't expect all sales associates to be replaced by robots (and certainly not those who are product experts). In fact, they will be freed up to deal with the most complex inquiries, providing expert guidance, while robots – virtual or physical – field simpler questions and undertake more mundane tasks, like stocking shelves and guiding customers.

In essence, retail will be less overtly digital, and more intrinsically human. And how do we know all this? Because one of the key tools of the future – AI – told us so.

"Just Walk Out Shopping" in Seattle.

What's the buzz? "Swarm thinking" explained

Artificial Swarm Intelligence (Swarm AI) has been used to predict everything from the Grammys, the Oscars and the Kentucky Derby to Time Person of the Year. Its developers, Unanimous AI, draw their inspiration from the way birds, bees, fish and even ants form swarms (or schools or colonies, as the case may be), and work together to conquer challenges that are beyond the capability of their individual members. While humans don't naturally flock or swarm, the Swarm AI platform allows people to connect with each other from anywhere in the world, and share their intelligence in real time to make decisions together. The results speak for themselves. Unanimous AI and Oxford University research shows that Swarm predictions of the results of 50 English Premier League games were 72 percent correct, compared to an average of 55 percent (not much better than a coin toss) for the people taking part when making their predictions individually.

Test yourself against the Swarm

Answer the questions to the right and see what the Swarm said at the bottom of the page

01 Which technology will impact retail most over the next 4 years?

- ☐ Voice – natural language interaction and voice commerce
- ☐ AR/VR – Augmented Reality and Virtual Reality
- ☐ Biometrics – frictionless recognition/transaction
- ☐ AI – Artificial Intelligence/Machine Learning
- ☐ IoT – Internet of Things connecting everything
- ☐ 5G – super-fast, next-generation networks

02 According to Statista, 10.1% of global retail sales were made via e-commerce in 2017. What percentage of global retail sales will be via e-commerce in 2022?

- ☐ 0-20%
- ☐ 20-40%
- ☐ 40-60%
- ☐ 60-80%
- ☐ 80-100%

Now you've selected a range, what do you think will be the precise percentage?____

03 According to PwC, 70% of global consumers said they still preferred to make their grocery purchases in a physical store in 2017. What % will make their grocery purchases in a physical store in 2022?

- ☐ 0-20%
- ☐ 20-40%
- ☐ 40-60%
- ☐ 60-80%
- ☐ 80-100%

Now you've selected a range, what do you think will be the precise percentage?____

04 According to PwC, 56% of global consumers reported shopping with Amazon in 2017. What % will shop with Amazon in 2022?

- ☐ 0-20%
- ☐ 20-40%
- ☐ 40-60%
- ☐ 60-80%
- ☐ 80-100%

Now you've selected a range, what do you think will be the precise percentage?____

05 Which innovation will be most commonly experienced in 2022?

- ☐ Robot sales assistants
- ☐ Instant personalized shopper recognition
- ☐ Mobile payments for everything
- ☐ On demand product customization
- ☐ Walk in/walk out shopping – no checkout
- ☐ Drone delivery/autonomous vehicle delivery

06 Which human function is least likely to be replaced by technology by 2022?

- ☐ Long haul delivery
- ☐ Last mile delivery
- ☐ Customer service
- ☐ Product expert/style consultant
- ☐ Sales associate
- ☐ Store greeter

07 What will concern shoppers most in 2022?

- ☐ Payment providers not secure
- ☐ Less control because AI makes choices automatically
- ☐ Too easy to spend/too many channels
- ☐ Amazon/Alibaba taking over
- ☐ Privacy/retailer knowledge of individual
- ☐ Data hacks/personal information stolen

08 To be best positioned in 2022, traditional retailers should focus on:

- ☐ Convenience/ease of purchase
- ☐ Unique customer experiences
- ☐ Speed of fulfillment through every channel
- ☐ Seamless online to offline
- ☐ Data capture and analytics
- ☐ AI and machine learning

09 What is most important for brands to be doing to prepare for 2022?

- ☐ Get on board with Amazon/Alibaba
- ☐ Build a Direct-to-Consumer offer
- ☐ Create or be included in subscription services
- ☐ Improve understanding of shoppers
- ☐ Invest in technology
- ☐ Innovate - think like a start up

ANSWERS: 1. Swarm expects Artificial Intelligence to have the greatest impact on retail over the next 4 years **2.** Swarm predicts that approx. 33% of global retail sales will be made via e-commerce in 2022, up from 10.1% in 2017. **3.** Swarm predicts that 60% of grocery purchases will happen in a physical store – a drop of about 10%. **4.** Swarm says 71% of global consumers will shop with Amazon in 2022, up about 15%. **5.** While initial positions of swarm members were spread across the options, the swarm quickly converged on Mobile Payment for Everything. **6.** Three functions received the most early support – Product Expert/Style Consultant, Customer Service and Last-Mile Delivery. Swarm then identified Product Expert/Style Consultant as the function least likely to be replaced by technology. **7.** Swarm concluded that data hacks and loss of personal information will concern shoppers most in 2022. **8.** Swarm said that traditional retailers should focus on Speed of Fulfillment and customer experience. **9.** Swarm said brands should focus on improving understanding of shoppers.

10 THINGS BRANDS SHOULD BE DOING NOW

The Third Era of Digital Retail is gathering momentum and retailers and manufacturers alike need to be prepared.

01

Find ways to work with the big online players, particularly Amazon and Alibaba. They're likely to have a bigger slice of your target audience – and more data on their habits – than you do.

02

Partner with existing and emerging delivery providers to improve speed of fulfillment for consumers, with the aim of best-in-category convenience. If immediate availability has been the main appeal of your physical store, develop new brand differentiators.

03

Rebalance the store and channel portfolio to improve proximity of the services people want to the people who want them. Focus less on holding stock and enabling a transaction, and more on providing an experience. The right combination will vary according to country, city and target audience.

04

Adapt the products and services on offer according to the kind of shopping experience a customer wants at a particular time. Are they stocking up on essentials or seeking inspiration for a special occasion? What they want from retailers will be very different in each case, as will the desired balance between efficiency and depth of experience and interaction.

05

Unify the in-store and online shopping experience so it feels truly seamless for the customer. This applies to communications as well as the commerce part of the interaction; enable a consistent, two-way conversation, using AI bots and machine learning where appropriate.

06

Understand the right mix of human and digital investment needed at each customer touch point to ensure you are able to meet or exceed customer expectations. Examine existing processes and determine where humans add true value and where automation can remove manual, tedious, or low-value activities, freeing up in-store human experts to do what they do best.

07

Build your ability to capture data and make sense of it to increase loyalty, build brand connections, improve efficiency and increase profits. At the same time, articulate to shoppers the value they get from allowing their behaviour to be tracked, and demonstrate how you're protecting their data.

08

Integrate social networking throughout the entire shopper journey, from discovery to purchase and beyond. Use it to help shoppers choose, make and share memories, and to deepen their emotional connection with your brand.

09

Customize products and experiences for an audience of one, using fun, easy-to-use interfaces that provide just enough choice without being overwhelming. "Made for me" is something growing numbers of consumers want, whether it's a pair of jeans, a car or just a burrito. It's also a great way retailers can guard against commoditization and price slashing.

10

Look at ways that AI can help you anticipate consumers' needs, personalize products and experiences, build loyalty, and improve behind-the-scenes efficiency. If you're not thinking about ways that artificial intelligence can improve your business, you're falling behind already.

SECTION 08

Resources

Done well, shopper marketing unlocks your biggest assets...

The practice of shopper marketing has become so complex and important for clients that WPP understands that no single agency could meet all of a client's needs. Rather, we believe clients require a customized consortium of best-in-class resources from multiple agencies.

WPP has over 30 agencies that specialize in shopper and retail marketing and activation.

Shopper marketing is important. Done well, it unlocks your two biggest assets – brand value and trade spend. Done well, shopper marketing investment can be your most productive investment in terms of sales return.

This consortium is based on your business and your particular business objectives. You tell us what you're trying to accomplish, and we craft a dream team, centrally managed, to help you meet your goals. This business growth will come from six key areas:

BETTER TALENT

The bigger the ask, the higher caliber of resources attracted to it. Our global, regional and local reach grants access to top experts in every discipline of shopper marketing. No one else can build a team this good.

TIGHTER INTEGRATION

A single Team Leader aligns WPP's agencies and experts around your specific plans. Everyone works together with a common brief, process, timeline and operating system. We've created a structure that encourages interdependency and allows expertise to flourish.

TRUE EFFICIENCY

The WPP Shopper Model enables the best thinking and work while eliminating a client's need to manage every relationship separately. The process also allows for de-duplication, since resources can be shared across the network.

PROVEN EFFECTIVENESS

Best-in-class experts drive superior programming, and the success of these programs should be provable given shopper marketing's proximity to sales.

SMARTER USE OF EXISTING & FUTURE ASSETS

By breaking down silos, we are able to make resources available across specialties and disciplines, from retail and channel insights to in-store visibility, while also eliminating redundancies.

THE POWER OF ONE

One agenda, one bill, one evaluation, one contract and one person that manages the relationship: WPP's structure promotes collaboration and rewards shared success. Everyone is 100% focused on your goals, and everyone sees the entirety of the task rather than only a portion.

...Team WPP shopper turbo charges your success

SHOPPER INSIGHTS

Our research and analysis capabilities can help you find new ways to reach, understand and influence the shoppers you care about most.

PATH TO PURCHASE PLANNING

Purchase decisions aren't always made in-store or online. Our goal is to help you reach shoppers with the right messages from start to cart.

IN-STORE COMMUNICATIONS

Take shoppers out of auto-pilot mode while they are in the aisle. We specialize in creating the right message – and placing it in the right location.

E-COMMERCE

Our companies offer strategic advice, technical know-how and creative solutions to drive winning commerce strategies. We also have in-house expertise on how to success in the era of Amazon and build a successful business on the Amazon platform.

RETAIL CUSTOMER INSIGHTS

It's always easier to sell what people want to buy. We can help you understand the reasons behind every purchase.

DIGITAL SHOPPER MARKETING

Shoppers are everywhere, from smartphones to social media. Our experts can help you be there too, with helpful tools, useful content and valuable offers.

EXPERIENTIAL / SAMPLING

We're experts in everything from pop up stores to mobile street teams. Events let shoppers experience your brand in a memorable (and loyalty-building) way.

CATEGORY/AISLE LEADERSHIP

Deeper retailer relationships can translate to more traffic and more sales. Our experts can help position you as a leader throughout the store.

CRM

Getting shoppers to try your product is only half the battle. Our customer relationship marketing programs can help you win the second half- making the next sale (and the next after that).

ROI & ANALYTICS

Our proprietary analytics models can help you measure touchpoints and tactics. So you can create stronger plans and manage budgets more efficiently.

RETAIL STORE DESIGN

Creating the right experience in the store can elevate even well-known brands. Our experts can help you develop an in-store identity that serves as a marketing tool.

MERCHANDISING & MIX

Every purchase has a story. Smart product bundling and displays can create new usage occasions and overcome old barriers to purchase.

AKQA

AKQA believe in the imaginative application of art and science to create iconic experiences, services and products that improve people's lives and place their clients at the forefront of the everchanging connected world. Their ideas embrace the most appropriate platform, whether harnessing the power of social media, mobile, interactive experiences or award-winning content creation. AKQA's extensive retail experience is fused with a deep understanding of how technology and data can deliver positive change, to satisfy audience needs and surpass business goals. This unique approach has earned them numerous international accolades for creative and strategic excellence, including the Queen's Award for Enterprise Innovation.

www.akqa.com

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ALWAYS

Always is the largest Field Marketing Services Agency in China, providing Total Field Marketing Solutions from "Sell In" to "Sell Out", from "Activation Strategic Planning" to "On-The-Ground Execution". With a network of 90+ fully-owned offices throughout China, Always has the capabilities to activate in 600+ Tier 1 to Tier 6 cities. Service Offerings include Promoter & Field Marketer Management, In-Store Activation / Promotion, Retail Audit / Mystery Shopper, Event / Road Show, POSM Management and Premium / Gifting. Always manages 800+ projects on an annual basis across 500+ cities, executing more than 3.5 million activations on behalf of a portfolio of Blue-Chip Clients. Client partners include Unilever, Nestle, Colgate, Johnson & Johnson, Ferrero, Nokia, Intel, Microsoft, Shell, VISA, Pfizer and many more.

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BARROWS

Barrows aim to make shopping better for retailers, brands and shoppers alike. Barrows have been operating in the global retail design realm for over 25 years, continually growing and adapting to meet the demands of each of the regions the company operates in. Everything Barrows do is centered on a single overarching mission; creating solutions that drive shopper conversion. Barrows' range of services encompass everything from insights and strategy, design and conceptualization, right through to engineering and execution. True to Barrows' heritage in manufacturing, their ideas and designs are firmly rooted in technical know-how. Barrows design with real-world results in mind, and always strive to be remarkable.

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BRAVO

Bravo is WPP's largest and most successful Hispanic and multicultural agency. As part of the WPP Shopper Model offering, Bravo offers marketing to shopper expertise that focuses on understanding today's Hispanic shoppers, and collaborates with our clients' retailer partners to craft successful shopper marketing solutions.

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DYNAMIC ACTION

DynamicAction is the most advanced analytics solution specifically built for retail merchandising teams. Connecting and analyzing millions of data points from every part of a retail organization, DynamicAction uses more than 600 proprietary algorithms that encapsulate hundreds of collective years of retail knowledge to pinpoint margineating disconnects in the business, prescribe the precise actions to take and accurately rank those actions by financial impact. Merchandising and eCommerce teams run more efficient organizations, sell more at full price, mitigate markdowns, capitalize on demand and increase profit.

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EVO

Evo is a specialist Shopper Marketing agency, building programs that inspire the behaviour of the brands target audience to drive traffic and conversion at the point of purchase. Evo inspires Shopping Behaviour Insightfully, Measurably, Creatively, Pragmatically. It is the evo teams enviable experience that enables them to create the work they do. Evo are a team of hybrids with deep experience on every side of the desk. The team has more than 130 years of collective shopper marketing experience, earned in Australia and in the worlds most developed markets. Evo are a globally connected shopper marketing agency, powered by a suite of tools that keep them connected to the industry in Australia and abroad.

www.evoagency.com.au

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FEEDBACK ASAP

Feedback ASAP's products and services provide Unique Customer Excellence Solutions. The team turns Feedback into Action, Action into Insights, Insights into Customer Excellence so you can turn Customer Excellence into Sales, Loyalty and ROI. Feedback ASAP has been built on nearly 20 years global experience across 74 countries, 200 clients, 200 million individual measures of performance, working globally with McDonald's, Yum, Shell and large organisations such as AT & T, UK Post, Carphone Warehouse and Radioshack.

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FITCH

FITCH transforms consumer experience and accelerates business success. They deliver seamless solutions by combining the physical, human and digital elements of a brand to create unique experience signatures. FITCH is a leading global retail and brand consultancy with an integrated offer of strategy, design and implementation, which enables them to deliver across all touchpoints. They do this for clients that include adidas, B&Q, Brown-Forman, Dell, H&M, Philips, Sberbank. FITCH is a member of the WPP Group of companies (NYSE).

www.fitch.com

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FUSEPUMP

FusePump is a strategic partner for brands, helping them understand and apply technology to succeed in digital commerce. The company's web-scraping technology allows them to gather information directly from any website (and other data sources) then optimise this for use in digital marketing applications. FusePump publish and promote clients' product information (via product data feeds) into multiple online marketing channels, and also use it to create product-led dynamic advertising and campaign content for agency partners.

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GEOMETRY GLOBAL

Geometry Global, the world's largest and most international brand activation agency, drives conversion, action and purchase through award-winning programs that change behavior and inspire people to buy well. With teams in 56 markets, Geometry Global has expertise in shopper, digital, experiential, relationship, promotional and trade marketing. Geometry Global is a WPP company.

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GREY SHOPPER

Grey Shopper is Grey's shopper marketing and brand activation agency. Experts in persuading people to buy, they talk directly to the shopper, rather than the consumer (they know they're not always the same person). Grey Shopper specialise in creating ideas that get clients' brands on the till receipt. Studies show that most purchase decisions are made at the point of sale. An idea should work hardest where it will have the biggest influence on sales. That's why Grey Shopper treat the retail environment as an essential creative platform to bring ideas to life. Grey Shopper drives people along the path to purchase, all the way from brand awareness to the till.

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GROUP XP

Group XP is a unique consulting model formed through the partnership between Brand Union, FITCH, SET & SET Live. The company believes that great customer experience is the key driver of business growth today. Together, they are are over 1000 strategic and creative thinkers located across 40 studios worldwide. By connecting diverse perspectives and skills in our network, GroupXP bring a holistic view of experience to create transformative interactions between brands and people.

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H-ART

H-ART works on brands marketing and communication strategies and builds amazing digital experiences. H-ART's goal is to discover how brands can leverage ONLINE channels such as the web, mobile devices, in-store technologies and other emerging media to engage people and to connect those channels to OFFLINE touchpoints such as retail, events, etc.

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HIGHCO

Since its creation, HighCo has placed innovation at the heart of its values, offering its clients – brands and retailers – Intelligent Marketing Solutions to influence shopper behaviour with the right deal, in the right place, at the right time and on the right channel. Listed in compartment C of Euronext Paris, HighCo has more than 700 employees and since 2010 has been included in the Gaia Index, a selection of 70 responsible Small and Mid Caps.

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IDEA WORKS

Idea Works are the experts in all things retail and shopper - in all forms and media. They embrace today's globalised, digitised, polarised and personalised consumer environment. They have global perspective with local understanding and credibility. They create impactful campaigns and memorable shopper experiences. They do it all wherever brands can engage with consumers and transactions can be influenced or made.

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KANTAR CONSULTING

Kantar Consulting's Retail, Sales and Shopper practice enables you to sell more effectively and profitably by turning insights into action and shoppers into buyers. In an ever more complex and competitive environment, we have the strategies, insights and analytics to help you grow your business, backed by our team of experienced consultants and next generation organisational capabilities. We help you stay ahead of retail, channel and eCommerce evolution and create long-term sales and growth strategies driving the commercial performance of your organisation. We increase ROI from sales activities and investments with improved assortments, promotions and pricing strategies, and make better, faster decisions using our virtual reality software. Knowing both your world and the whole world around us, we use the very latest retail/shopper insight, rigorous analytical tools and consumer/shopper driven strategy to turn insight into action and deliver powerful growth opportunities for your business.

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KANTAR WORLD PANEL

Kantar Worldpanel is the global expert in shoppers' behavior. Through continuous monitoring, advanced analytics and tailored solutions, Kantar Worldpanel inspires successful decisions by brand owners, retailers, market analysts and government organizations globally. With over 60 years' experience, a team of 3,500, and services covering 60 countries directly or through partners, Kantar Worldpanel turns purchase behaviour into competitive advantage in markets as diverse as FMCG, impulse products, fashion, baby, telecommunications and entertainment, among many others.

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KINETIC

Kinetic offers a full service, implementational planning and buying service for OOH proximity media, engaging shoppers while out of the home. A full understanding of the role and effects of reaching shoppers whilst out of the home as part of their daily lives and when in shopping mode. Excellent experience in optimising budgets and understanding how additional budgets can increase sales.

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KKLD

KKLD* is a creative agency for innovative communication in digital, integrated communications and e-commerce.

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LANDOR

A global leader in brand consulting and design, Landor helps clients create agile brands that thrive in today's dynamic, disruptive marketplace. Landor's branding services include strategy and positioning, identity and design, brand architecture, prototyping, innovation, naming and verbal identity, research and analytics, environments and experiences, engagement and activation, and interactive and media design. Landor has 27 offices in 21 countries, working with a broad spectrum of world-famous brands. Clients include Barclays, Bayer, BBC, BMW, BP, FedEx, GE, Kraft Heinz, Pernod Ricard, Procter & Gamble, Sony, and Taj Group.

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MARKETPLACE IGNITION

Marketplace Ignition is the leading strategy consultancy focused on helping brands and retailers grow their business on Amazon and other online marketplaces. Marketplace Ignition's clients win by leveraging the most critical methodology for this channel: Operational Marketing. Operational Marketing is the practice of maximizing the opportunity of a platform like Amazon by leveraging proven e-commerce strategies, product data, customer insights and operational excellence. Marketplace Ignition is a Wunderman Commerce Company.

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MINDSHARE SHOP+

Shop+ helps brand navigate how to use adaptive media techniques to accelerate their digital efforts in advancing online and offline sales. Mindshare is a global media agency network with billings in excess of US$34.5 billion (source: RECMA). The network consists of more than 7,000 employees, in 116 offices across 86 countries spread throughout North America, Latin America, Europe, Middle East, Africa and Asia Pacific. Each office is dedicated to forging competitive marketing advantage for businesses and their brands based on the values of speed, teamwork and provocation. Mindshare is part of GroupM, which oversees the media investment management sector for WPP, the world's leading communications services group.

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MIRUM

Mirum is a global digital agency that creates experiences that people want and businesses need. Named a Visionary in the 2016 Gartner Magic Quadrant, Mirum helps guide brands in business transformation, experience development, and commerce and activation. The agency operates in 22 countries, with more than 46 offices and 2,400 professionals. Mirum is part of the J. Walter Thompson Company and WPP Network.

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OGILVY

OgilvyOne Worldwide is The Customer Agency. It makes brands more valuable to customers and customers more valuable to brands by combining data and creativity to unlock Total Customer Value. Employing the unique DAVE methodology, OgilvyOne develops successful, digitally- and data-driven Customer Engagement solutions for clients. The process is divided into six phases to gauge customer ambition, identify customer personas, create a customer journey map, develop engagement ideas, cultivate an engagement strategy, and ultimately map an experience.

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POSSIBLE

With more than 1,500 employees in 19 offices around the globe, Possible are as adept at design, customer experience and technology as they are at leveraging data to drive insights, optimize performance and drive ROI. POSSIBLE helps major brands drive efficient sales growth and build brand equity on the most important digital retail channels including Amazon, Tmall, Walmart, and others, as well as clientowned and operated properties. With particular focus on Amazon and Tmall, their commerce capabilities include e-commerce strategy, performance marketing (search and display), content development and optimization, customer experience design and optimization, CRM, and analytics. They are among a very short list of agencies that enjoy three partnerships with Amazon: Trusted Creative Partner, AAP (Amazon Advertising Platform) Enterprise Partner, and AWS Global Consulting Partner. Possible is a Wunderman company.

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ROCKFISH

Rockfish is a full-service digital innovation partner that drives business for some of the world's largest brands. By combining shopper marketing insights with their digital ecosystem expertise, Rockfish creates a new brand of digital shopper marketing through Omnichannel Optimization. Their deep expertise in search science, content strategy, retail insights, user experience and retail technology helps deliver what clients need most: premium omnichannel placement that makes products fly off shelves. Rockfish is known as an expert in all things e-commerce. In fact, in 2014, Amazon Media tapped them for the Trusted Creative Partner program, enabling us to push the boundaries of e-commerce for Amazon channels. Rockfish is a VML company.

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SALMON

Salmon is a global commerce service provider that defines and delivers marketchanging commerce strategies and solutions for the world's leading brands. Salmon have a reputation for using their technical know-how to make things happen. But they are creative too, which means they don't always give clients exactly what they ask for. Instead, they call on Salmon's commerce expertise to put forward new and challenging ideas. Salmon then help brands decide what to do, before they go on to deliver. With Salmon, clients grow their online revenue and profit. We are trusted to run commerce solutions that generate more than £3 billion in sales each year. Our clients include Akzo Nobel, Argos, Audi UK, Halfords, Kiddicare, Morrisons, Premier Farnell, Sainsbury's and Selfridges. Salmon is a Wunderman company.

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SET

SET is a brand experience agency founded in Portland, Oregon in 2009. SET's home of craft coffee and wilderness seekers expanded to offices in Los Angeles, New York and London to work with the best world class brands. They create experiences across all active touch points with a brand –physical and digital –in retail, non-retail environments, through technology, in events and across the globe. In close collaboration with their clients, SET look to make every active interaction with a brand one that is meaningful, rewarding and one that translates into action. While SET see social amplification as a key success factor in the experiences and events they create, what redefines their relationship to experiences is seeing the results of their work in a client's bottom line because they and their clients believe the true assessment of an experience is the direct effect it has on sales.

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SMOLLAN

Smollan is an international retail solutions company. Focused on perfecting retail and shopper experiences, they are the pivot point where the retailer, brand owner and shopper intercept. Smollan deliver growth for retailers and brand owners across five continents through leading solutions in field sales and retail execution, activation, and information and technology. With extensive industry experience, an exceptional human platform and sophisticated systems, Smollan has provided consistent excellence in operational execution for three generations.

www.smollan.co.za

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SCHOLZ & FRIENDS TRADEMARKS

Scholz & Friends Trademarks is the specialist within the Scholz & Friends universe for the holistic development and management of retail brands. Scholz & Friends Trademarks offers professional product and brand consulting and accompanies interested firms throughout the process, from brand building and shaping, development of name and logo and range management to packaging design, product development and POS management. In addition, the agency can leverage the expertise of the entire Scholz & Friends network as needed.

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SCHOLZ & FRIENDS NEUMARKT

Scholz & Friends NeuMarkt is the Group's specialist for retail strategy and marketing. Based on its precise understanding of the market, brand, product and, especially, people, it offers strategic brand development and design combined with packaging design and ATL communication for all relevant media. Firmly committed to the power of superior presentation, the agency provides companies with tactical, strategic and psychological competitive advantages. Tailored campaign kits charge brands and products with functional and emotional added value. The agency's systematic approach for clients with a high share of standardised promotional materials allows products to be presented in a high-quality way while also enabling time and cost savings.

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TRIAD RETAIL MEDIA

Triad Retail Media is the leader in digital retail media. It helps leading retailers create, manage and operate digital media programs, turning their highly trafficked websites into valuable publishing properties. Walmart.com, Toys"R"Us, CVS, Sam's Club, Staples and Kohl's are among the major retailers that rely on Triad Retail Media to pioneer how thousands of brands engage, inform and inspire shoppers to purchase. Founded in 2004 and headquartered in St. Petersburg, Florida, Triad Retail Media is a WPP company with 400+ team members.

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SUPERUNION

Superunion is a next-generation brand agency built on a spirit of creative optimism. Superunion useupstream creativity to build brands that unite people and organisations. They are experts in brand strategy, identity, communications, brand engagement, reputation and brand management.

Superunion is a truly global agency of 750 people, with 23 offices in 18 countries, working with clients including Aetna, Airbus, Bank of America Merrill Lynch, Colgate-Palmolive, Dell, Deloitte, Diageo, FIFA, Ford, IAG, Land Rover, Nestle, Pfizer, Prudential, Tesco and Vodafone. They work with clients across a broad spectrum of their critical audiences, including corporate, consumer, customer and talent, and understand how they are connected. This means that Superunion can provide a more complete view of the role of brand in driving strategic advantage for our clients, adding value where and when it matters most.

www.superunion.com

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VML

Just as the world of communications has become more digital, so the world of marketing has shifted emphasis from the consumer to the shopper. Enter Labstore – a new global retail & shopper marketing agency that is an integral part of Y&R worldwide, and VML in the US. This is a business built for the way that people shop today - from Google search through to the shelf (whether that's physical or digital). We bring together a rich mix of cultures and skills across the planet. But we share three things in common: an absolute passion for retail, an obsessive focus on the shopper, and a desire to Create Shopper Chemistry™.

www.vml.com

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WUNDERMAN

Wunderman is a global digital agency whose mission is to inspire people to take action. It is Creatively Driven. Data Inspired. In 2015, industry analysts named Wunderman a leader in marketing database operations as well as a strong performer in customer engagement strategy and its creative work has won numerous awards globally. Headquartered in New York, the agency brings together 9,200 creatives, data scientists, strategists and technologists in 200 offices in 70 markets.

www.wunderman.com

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WUNDERMAN COMMERCE

Wunderman Commerce is a global eCommerce consultancy that brings strategic clarity, technical know-how and creative inspiration to help brands develop and drive winning commerce strategies. Wunderman Commerce brings together WPP's leading commerce agencies, Salmon, POSSIBLE Commerce & Marketplace Ignition under the Wunderman Family.

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BrandZ™ Brand Valuation Methodology

SECTION 08

Introduction

The brands that appear in this report are the most valuable Global Retail brands. They were selected for inclusion in the BrandZ™ Top 75 Most Valuable Global Retail Brands 2018 based on the unique and objective BrandZ™ brand valuation methodology that combines extensive and on-going consumer insights with rigorous financial analysis.

The BrandZ™ valuation methodology can be uniquely distinguished from its competitors by the way we use consumer viewpoints to assess brand equity, as we strongly believe that how consumers perceive and feel about a brand determines its success and failure. We conduct worldwide, on-going, in-depth quantitative consumer research, and build up a global picture of brands on a category-by-category and market-by-market basis.

Globally, our research covers over 3.6 million consumer interviews and more than 120,000 different brands in over 50 markets. This intensive, in-market consumer research differentiates the BrandZ™ methodology from competitors that rely only on a panel of "experts," or purely on financial and market desktop research.

Before reviewing the details of this methodology, consider these three fundamental questions: why is brand important; why is brand valuation important; and what makes BrandZ™ the definitive brand valuation tool?

IMPORTANCE OF BRAND

Brands embody a core promise of values and benefits consistently delivered. Brands provide clarity and guidance for choices made by companies, consumers, investors and other stakeholders. Brands provide the signposts we need to navigate the consumer and B2B landscapes.

At the heart of a brand's value is its ability to appeal to relevant customers and potential customers. BrandZ™ uniquely measures this appeal and validates it against actual sales performance. Brands that succeed in creating the greatest attraction power are those that are:

Meaningful
In any category, these brands appeal more, generate greater "love" and meet the individual's expectations and needs.

Different
These brands are unique in a positive way and "set the trends," staying ahead of the curve for the benefit of the consumer.

Salient
They come spontaneously to mind as the brand of choice for key needs.

IMPORTANCE OF BRAND VALUATION

Brand valuation is a metric that quantifies the worth of these powerful but intangible corporate assets. It enables brand owners, the investment community and others to evaluate and compare brands and make faster and better-informed decisions.

Brand valuation also enables marketing professionals to quantify their achievements in driving business growth with brands, and to celebrate these achievements in the boardroom.

DISTINCTION OF BRANDZ™

BrandZ™ is the only brand valuation tool that peels away all of the financial and other components of brand value and gets to the core–how much brand alone contributes to corporate value. This core, what we call Brand Contribution, differentiates BrandZ™.

The Valuation Process

STEP 1: CALCULATING FINANCIAL VALUE

Part A
We start with the corporation. In some cases, a corporation owns only one brand. All Corporate Earnings come from that brand. In other cases, a corporation owns many brands, and we need to apportion the earnings of the corporation across a portfolio of brands.

To make sure we attribute the correct portion of Corporate Earnings to each brand, we analyze financial information from annual reports and other sources, such as Kantar Consulting and Kantar Worldpanel. This analysis yields a metric we call the Attribution Rate. We multiply Corporate Earnings by the Attribution Rate to arrive at Branded Earnings, the amount of Corporate Earnings attributed to a particular brand. If the Attribution Rate of a brand is 50 percent, for example, then half the Corporate Earnings are identified as coming from that brand.

Part B
What happened in the past—or even what's happening today—is less important than prospects for future earnings. Predicting future earnings requires adding another component to our BrandZ™ formula. This component assesses future earnings prospects as a multiple of current earnings. We call this component the Brand Multiple. It's similar to the calculation used by financial analysts to determine the market value of stocks (Example: 6X earnings or 12X earnings). Information supplied by Bloomberg data helps us calculate a Brand Multiple. We take the Branded Earnings and multiply that number by the Brand Multiple to arrive at what we call Financial Value.

STEP 2: CALCULATING BRAND CONTRIBUTION

So now we have got from the total value of the corporation to the part that is the branded value of the business. But this branded business value is still not quite the core that we are after. To arrive at Brand Value, we need to peel away a few more layers, such as the in-market and logistical factors that influence the value of the branded business, for example: price, availability, and distribution.

What we are after is the value of the intangible asset of the brand itself that exists in the minds of consumers. That means we have to assess the ability of brand associations in consumers' minds to deliver sales by predisposing consumers to choose the brand or pay more for it.

We focus on the three aspects of brands that we know make people buy more and pay more for brands: being Meaningful (a combination of emotional and rational affinity), being Different (or at least feeling that way to consumers), and being Salient (coming to mind quickly and easily as the answer when people are making category purchases).

We identify the purchase volume and any extra price premium delivered by these brand associations. We call this unique role played by brand, Brand Contribution.

Here's what makes BrandZ™ so unique and important. BrandZ™ is the only brand valuation methodology that obtains the customer viewpoint by conducting worldwide on-going, in-depth and consistent quantitative consumer research, online and face-to-face, building up a global picture of brands on a category-by-category and market-by-market basis. Our research has grown to cover 3.6 million consumers and more than 120,000 different brands in over 50 markets since we first introduced BrandZ™ in 1998.

STEP 3: CALCULATING BRAND VALUE

Now we take the Financial Value and multiply it by Brand Contribution, which is expressed as a percentage of Financial Value. The result is Brand Value. Brand Value is the dollar amount a brand contributes to the overall value of a corporation. Isolating and measuring this intangible asset reveals an additional source of shareholder value that otherwise would not exist.

SECTION 08

Why BrandZ™ is the definitive Brand Valuation Methodology

All brand valuation methodologies are similar–up to a point.

All methodologies use financial research and sophisticated mathematical formulas to calculate current and future earnings that can be attributed directly to a brand rather than to the corporation. This exercise produces an important but incomplete picture.

What's missing? The picture of the brand at this point lacks input from the people whose opinions are most important—the consumers. This is where the BrandZ™ methodology and the methodologies of our competitors' part company.

HOW DOES THE COMPETITION DETERMINE THE CONSUMER VIEW?

Interbrand derives the consumer point of view from different sources like primary research and panels of experts who contribute their opinions. The Brand Finance methodology employees a complicated accounting method called Royalty Relief Valuation.

WHY IS THE BRANDZ™ METHODOLOGY SUPERIOR?

BrandZ™ goes much further and is more relevant and consistent. Once we have the important, but incomplete, financial picture of the brand, we communicate with consumers, people who are actually paying for brands every day, regularly and consistently. Our on-going, in-depth quantitative research includes 3.6 million consumers and more than 120,000 brands in over 50 markets worldwide. We have been using the same framework to evaluate consumer insights since we first introduced the BrandZ™ brand building platform in 1998, which enables historical understanding of changes in brand equity.

WHAT'S THE BRANDZ™ BENEFIT?

The BrandZ™ methodology produces important benefits for two broad audiences.

- Members of the financial community, including analysts, shareholders, investors and C-suite executives, depend on BrandZ™ for the most reliable and accurate brand value information available.
- Brand owners turn to BrandZ™ to more deeply understand the causal links between brand strength, sales and profits, and to translate those insights into strategies for building brand equity and fueling business growth. Since we have been using the same framework to measure these insights, this enables historical and cross-category comparisons.

These individuals created the report, providing valuations, research, analysis and insight, editorial, photography and production.

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IGOR TOLKACHEV

Igor Tolkachev is a part of The Store WPP's EMEA and Asia team and coordinates BrandZ™ worldwide projects and partnerships. Igor managed the development of BrandZ™ Top 75 Global Retail Brands report.

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Peter Walshe is Global Strategy Director of BrandZ™ and was involved in the creation of this brand equity and insight tool 20 years ago, and has contributed to all the valuation studies and developed BrandZ™ metrics, including CharacterZ, TrustR, and RepZ.

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The BrandZ™ Brand Valuation Contacts

The brand valuations in the BrandZ™ Top 75 Most Valuable Global Retail Brands 2018 are produced by Kantar Millward Brown using market data from Kantar Consulting and Kantar Worldpanel, along with Bloomberg.

The consumer viewpoint is derived from the BrandZ™ database. Established in 1998 and constantly updated, this database of brand analytics and equity is the world's largest, containing over 3.6 million consumer interviews about more than 120,000 different brands in over 50 markets.

For further information about BrandZ™ contact any WPP Group company or:

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Bloomberg
The Bloomberg Professional service is the source of real-time and historical financial news and information for central banks, investment institutions, commercial banks, government offices and agencies, law firms, corporations and news organizations in over 150 countries. (For more information, please visit www.bloomberg.com)

Photograph by Paul Reiffer

BRANDZ TOP 75 MOST VALUABLE GLOBAL RETAIL BRANDS 2018

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