Grow your brand power and take control of brand equity

In good times (and bad)

kantaraustralia.com

Brand growth in 2020 was 4.5 times higher than any other time in the last 15 years

In the year that COVID-19 infiltrated and changed our lives so dramatically and so many brands struggled, this is a real-life enigma

Brand growth is a challenge in an ordinary year – on average, just 6% of businesses achieve it. Kantar BrandZ has been valuing brands since 2006 by measuring almost 20,000 brands in more than 50 markets. And the 42% annual growth observed in 2020 was overwhelmingly the highest change since then. What differentiated winners was not the market or the sector, but the company itself – and its ability to do the right things. Wherever you play, growth is always available – it is just never evenly distributed.

2007-2020

+9.4% Average annual growth rate

2021

+42% 4.5x Average growth rate

Growth is rarely hostage to a marketplace if you have brand equity – and you measure it.

But you must track, react and nudge it at every stage with short and long-term indicators to support sustainable growth. The topic of growth is always on the agenda. Those that win are using brand guidance as a compass to navigate and focus on the short and long-term indicators that support sustainable brand growth. Nudging brand equity at every step of your brand's tracking journey based on validated knowledge and evidence of how brands really grow is the secret to success.

Measurement is not (or rather shouldn't be) a vanity project; it's a meaningful input into the decision-making process that stimulates interaction and exercises influence in the boardroom. Successful brand building starts with the realisation that we are in it for the long run. The realisation that brand building is not a cost, it's an investment. The stronger the brand, the more superior the shareholder returns, the greater its resilience in times of crisis – or in our case, the aftermath of it.

Gareth O'Neill
Head of Brand Guidance, Australia and Asia-Pacific
Kantar

2022 is a brand new chapter in the Australian story

Society is changing.

A global pandemic corralled us to look to the powers that be, to play our role and to follow the rules. A loss of control and a threat to what we value in health, self-reliance, privacy and mobility has made us more mindful of what's important in life. Of upmost importance is honesty, authenticity, fairness and family.

Rebels with a cause.

Kantar's Millennium Monitor reveals we've moved from a state of 'conformity' driven by 9/11, the GFC and pandemic lockdowns to a great reset and a renewed focus on a different future. 'Rebellion' values can be seen in all Australian generations – led by those courageous enough to challenge the status quo, to change everything and to find a better way. Whether its older entrepreneurs refusing retirement, middle-aged parents prioritising mental health or teens normalising virtual existences - the future will be startlingly different. **And refreshingly confronting.**

Denise Hamblin
Head of Millennium Monitor
Kantar Australia

68%
are looking for ways to simplify their life

53%
prefer to buy from smaller companies whenever possible

70%
say that price is more important than brand names

72%
appreciate it when companies make it clear what they stand for and stay true to their values

49%
believe brands have an important role to play in social issues conversation

66%
like to show pride by buying products made in Australia whenever possible

Source: Kantar Millennium Monitor 2021

Brands that worked on their reciprocal relationship with consumers grew 45% faster than those focused on penetration alone.

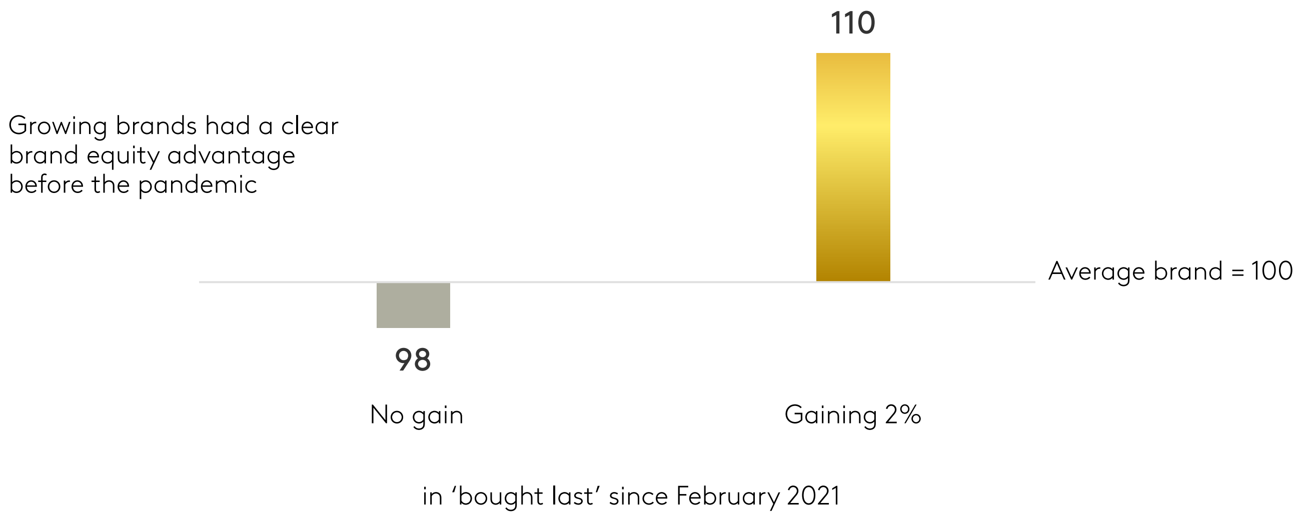
Source: Multi-year Kantar analysis and Mastering Momentum study

Your relationship with Australians is linked to growth potential

One in 3 Australians have tried different brands which they will continue to buy after COVID-19[1].

Brands with a clear equity advantage before the pandemic grew the most largely because they had solid existing customer relationships. They were perceived to offer a meaningful difference far in excess of their salience. Your brand is a most valuable asset and your brand's equity in the minds of the consumers is a game-changing multiplier in determining your value so nudge your brand equity at every stage.

Meaningful Difference pre-February 2020[2]



[1] Source: Kantar Australia Covid-19 Barometer August 2021
[2] Source: Kantar BrandZ

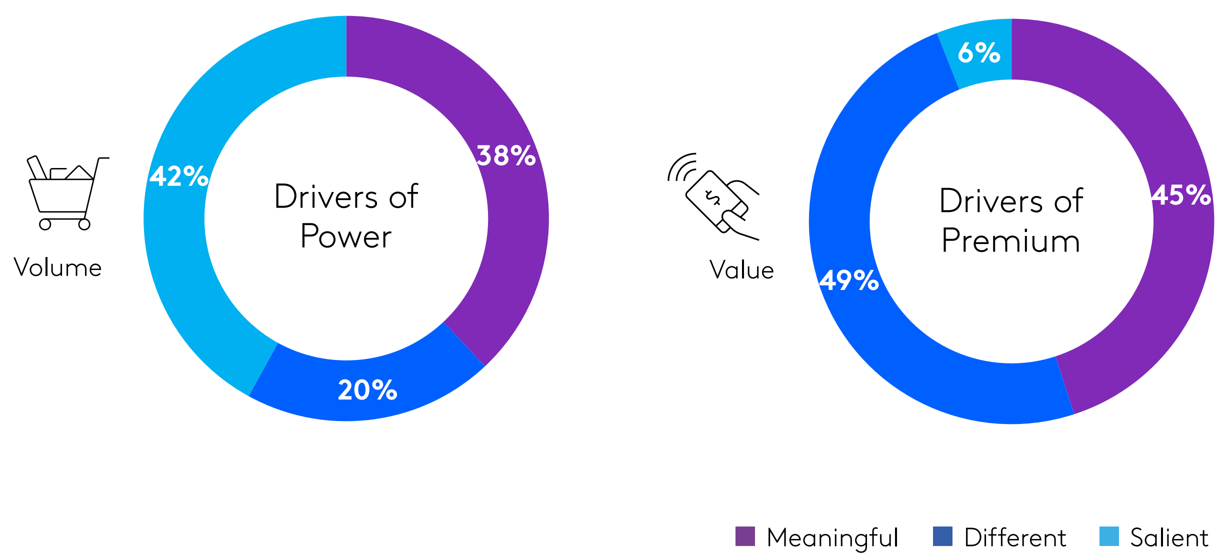
Brands with strong clarity contribute 70% more to sales

Make the most of every encounter with consumers.

Kantar BrandZ global data shows that brands with strong clarity (what they stand for is well understood) contribute 70% more to sales. In fact, **a brand's ability to charge a premium goes hand in hand with strong equity.**

Consumers are consistently willing to pay more for brands they regard as meaningfully different. Among people who are primarily brand-driven (they choose a brand first, then look for the best price), consumers are content to pay, on average, 37% more than for other brands. Even among price-driven consumers, there's still a willingness to pay 14% more for brands with strong meaningful difference.

Key drivers of a brand's premium



Are you in control of your brand's equity?

Don’t let short-term fixation hurt long-term growth.

Brand power is all about comprehensive brand equity metrics that explain and predict a brand’s market reality.

- **Meaningful** (is it meeting people’s needs and building a positive emotional connection?)
- **Different** (is it perceived as unique and as a trend setter for the category?)
- **Salient** a brand that comes to mind quickly in a purchase situation?

When your brand has all three attributes, it:

- has the power to capture significantly more volume
- can command a price premium
- has much greater potential to gain value share

But beware of two things: the combination is greater than the sum of its parts, and the needle here moves slowly. These are crucial but slow-moving indicators. Use a well-balanced blended scorecard that channels your focus from the short to the long and from the long to the short in the pursuit of brand equity and sustainable growth.

> "Dreamland for brands is the place of strong brand equity. Reaching it is a challenge: our analysis shows that on average equity shifts by 0.6% annually. But it comes with great perks: your brand is becoming consumers’ first choice and you are getting away with charging more."
>
> Mary Kyriakidi
> Demand Generation Director, Brand Guidance, Kantar

Tracking for brand growth: The magic formula, 21 October 2021, Kantar.com

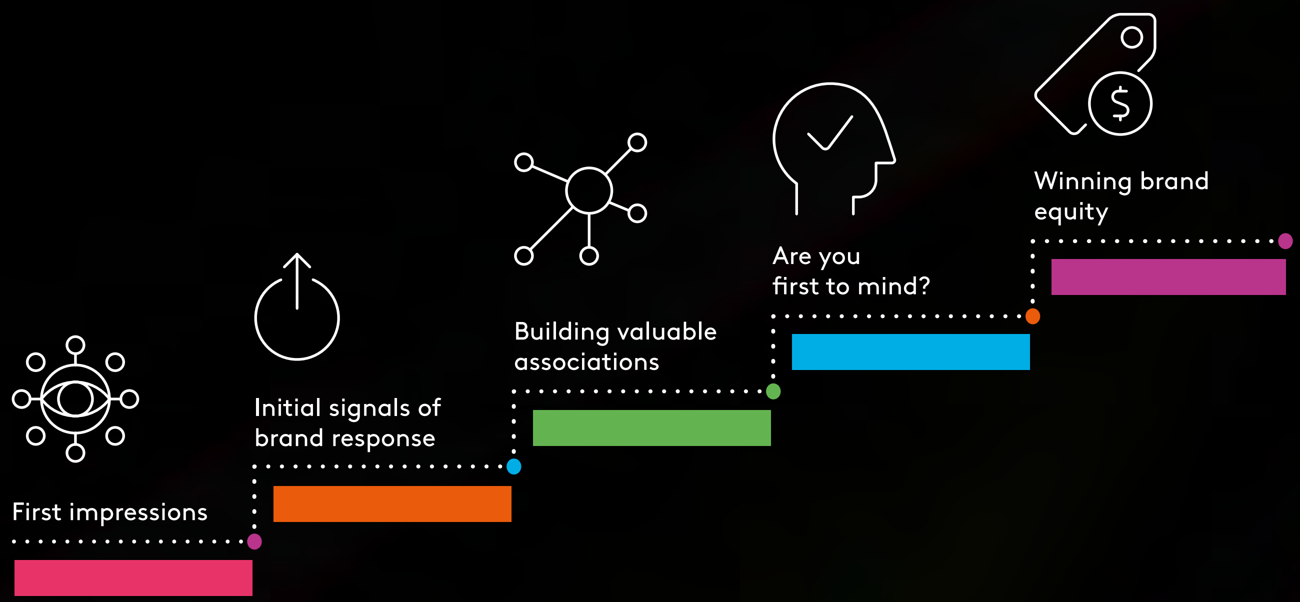
Maximise your marketing ROI with the magic formula for brand growth

What we are saying is that brand equity matters and that it's crucial to measure it.

Why? Because it's 'brand magic, a fundamental step to ensuring brand marketing is hardwired into the future growth strategy of your business. And what we need to do this is a 'blended scorecard'.

The magic formula for brand growth exists and it's rooted in your brand tracker. Systematic tracking leads to sustainable brand growth.

The trick is to pay attention to the right signals and act and react quickly. But remember, order matters – and your brand tracker comes first. It is fundamental to your hunt for growth and must be used for diagnosis before building, tweaking or revitalising your strategy. Then to supercharge your brand's growth, simulate 'what if' scenarios through advanced analytics.



1.

First impressions

First impressions count, only in this case, you get more than one chance.

Your brand is searched for, your activity gets people talking, consumers leave behind their trail of sentiment, and news spikes divulge what we collectively felt it was worth writing about. You can analyse search and social data about your brand and category using human expertise and AI, as often as it is needed – fortnightly or even more frequently. This provides an understanding of existing and potential new needs and occasions to fuel category and brand growth. But beware of stillness in search and social signals, as this can also reveal unexpected truths.

— Surface volume, sentiment and centrality

— Smarten up campaign spend with modelling

Gain an understanding of existing and potential new needs and occasions to fuel category and brand growth.

Analyse search and social data about your brand and category using human expertise and AI as often as needed.

2.

Initial signals of brand response

Still in the short term, you can measure the effectiveness of your individual ads and diagnose areas of strength and weakness before your campaigns go live or whilst in flight.

Is your advertising contributing to brand prominence? Is it hitting the mark with messaging towards intended associations? So, whether it's before or in-flight of your advertising, you've got to pay attention to these signals: does your campaign strengthen your intended associations? Does your ad impressions contribute to your brand prominence?

Is your advertising:

— Contributing to brand prominence?

— Hitting the mark with messaging towards intended associations?

You're still in the short-term and will learn the first signals of brand response to your advertising.

You can measure the effectiveness of your individual creative outputs and diagnose areas of strength and weakness.

3.

Building valuable associations

If all that's worked, by the time it's full moon again, you'll see progress in the way your brand associates with category needs and occasions.

The category dynamics are exactly that – dynamic. A monthly scan of these metrics is a sound and tactical move. It helps you insulate against new threats and maximise growth from adjacent categories. For example, Kantar BrandZ data shows that across a wide range of customer needs, Amazon is defined by a clear difference underpinned by customer centricity, online experience, leadership, disruption, creativity and adventure.

Measure your progress in associations with:

— Category needs and occasions

— Key brand benefits that drive equity

Are you building valuable associations?

Check your progress and take into account category dynamics so that you can insulate against new threats and maximise growth from adjacent categories.

4.

Are you first to mind?

Salience is how quickly your brand comes to mind and a proven indicator to monitor and guide performance in the immediate short-term.

And although in most product categories salience alone is not enough to make a sale nor an indicator of future success, the takeaway delivery category benefitted from the pulls of 'coming to mind' quickly during the pandemic. Despite many being new brands, they succeeded (obviously) because of their functional superiority, convenience and range, but also because they delivered on a value promised to consumers. They created strong trust. Does your brand come to mind first at key decision-making points? If yes, you are more likely to be chosen. The 'coming to mind' pulls can offer instant gratification.

— What is your trend in salience compared to that of your competitors?

— How quickly do you come to the minds of Australians?

— What is triggering needs and occasions?

Review your trend in salience and whether you are coming to the consumer's mind at key purchasing moments.

Use reaction time to differentiate between ideas that people intuitively associate with a brand (and its competitors) and those that only come to mind when they're thinking harder about a brand.

5.

Winning brand equity

In this last stage, we are measuring a brand's equity – the future contribution that an investment in a brand is making on your company's balance sheet.

It is fact that your brand is one of the most valuable assets of your business. If a brand is becoming the easy choice or getting away with charging more, it's because they are reaching this happy place of strengthened brand equity.

Measure your progress in associations with:

— What is your trend in attitudinal equity compared to your competitors?

— Has your connection with consumers strengthened?

Are you becoming the easy choice? Can you start charging more?

A meaningfully different brand (one that people agree meets their needs, is liked and different or setting the trends for its category) can command a strong price advantage over one that lacks meaningful difference.

But beware of the slow-moving pace of these metrics: they matter a lot but they don't move a lot.

What should my Brand KPIs be?

Knowing the expectation of what moves and what matters will help us build a balanced scorecard to know where to look for growth. But how can we give greater certainty as to the linkage from marketing activity to business outcomes?

This is not a new question but increasingly, marketeers are realising how critical it is for brand growth.

The expectation has also become more specific in recent times: in addition to short term metrics, how can you identify longer term brand metrics that are connected to business outcomes?

Or put differently; what survey-based metrics best capture drivers of sales today and demand tomorrow?

There are several ways that marketeers have been identifying their brand KPIs. A common way is to select metrics that align with different stages of the purchase funnel. For example, a large body wash brand chose as their KPI:

— unaided brand awareness

— moisturise your skin

— brand consideration

In doing so, they picked an upper funnel short-term metric (unaided brand awareness), a lower funnel long-term metric (brand consideration) and a mid-funnel metric that formed the basis of their messaging (moisturise your skin). Logically that made complete sense, but the in-market reality was very different.

What we saw was sales volume growing very rapidly but the brand metrics were either growing very slowly (unaided brand awareness) or were stagnant (consideration). The metrics also had a very low correlation with sales volume.

This opened up the discussion on whether or not the brand was measuring the right outcomes.

Our brand guidance

Kantar undertook this analysis by decomposing sales volume into

— short-term incremental sales

— long-term base sales

This not only improved the relationship between brand outcomes and sales, but also pinpointed that the brand metrics originally selected were not the most representative of business outcomes.

Our recommendation was to choose 'bought in the last 4 weeks' as a short-term metric and 'brand affinity' as a long-term metric. 'Moisturise your skin' proved to be a good leading indicator of both short- and long-term sales.

With strong analytical rigour, we were able to unpack the metrics in tracking that do have a relationship with business metrics, so that they could track the right ones - metrics that mattered to their brand.

The measurement insight was to not look at brand measures in a vacuum, but account for the full range of brand and non-brand related factors (as best as possible) that impact business outcomes.

The analysis we do at Kantar provides the foundation for a simpler, more actionable selection of brand equity metrics based on what is proven to relate to sales/business outcomes.

Straford Rodrigues
Partner, Kantar
Analytics Practice
Kantar

Talk to us about brand tracking to strengthen your brand power in 2022

About Kantar

Kantar is the world's leading evidence-based insights and consulting company. We have a complete, unique and rounded understanding of how people think, feel and act; globally and locally in over 90 markets. By combining the deep expertise of our people, our data resources and benchmarks, our innovative analytics and technology, we help our clients understand people and inspire growth.

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