



Roland Berger
Strategy Consultants



BRAND EXCELLENCE

SUMMARY OF STUDY FINDINGS

Düsseldorf, January 2010

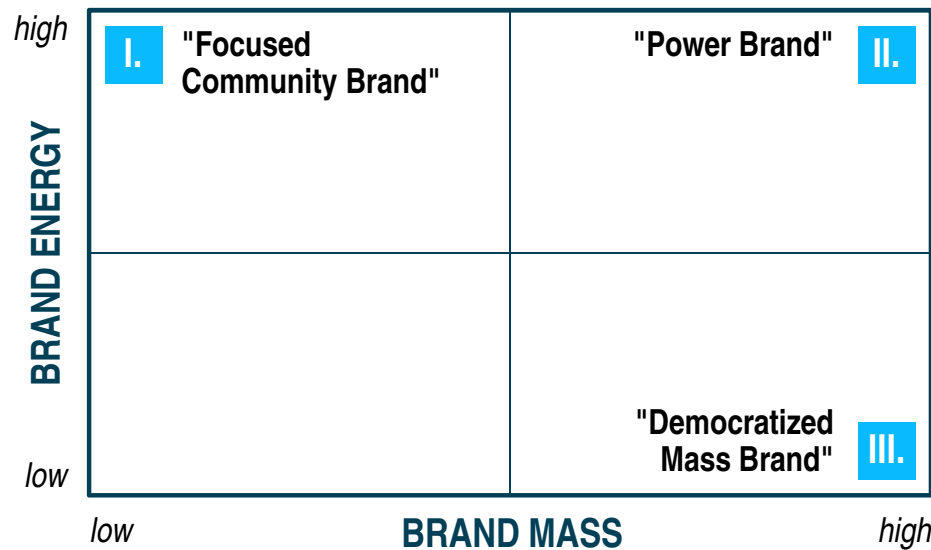
Study overview and summary

- > The "**Brand Excellence**" study, **conducted by Roland Berger and the leading German marketing magazine "Absatzwirtschaft" in October 2009**, analyzed the fundamental principles that govern the success of a brand
- > For this analysis, Roland Berger's brand & marketing experts looked at all winners of Germany's prestigious "Brand Award", granted by the German marketing magazine "Absatzwirtschaft"
- > The **brands were analyzed in terms of brand mass** [brand awareness, absolute and relative market share in the relevant product category] **and brand energy** [conversion rate (brand awareness to usage), brand profiles and differentiation relative to competitors]
- > The brand mass and brand energy evaluation matrix shows **three types of successful brands**: "Focused Community Brands", "Power Brands" and "Democratized Mass Brands"
- > Finally, detailed case analyses yield **twelve key factors/ principles** that determine the success of these winning brands

Brands have been analyzed in terms of "brand mass" and "brand energy"

Brand portfolio

- > Conversion (Brand awareness/usage)
- > Brand profiles¹⁾
- > Brand differentiation²⁾



- > Absolute market share³⁾
- > Relative market share³⁾
- > Brand awareness

BRAND MASS

- > expresses the reach/scope of the potential brand usage
- > bases upon 3 equally weighted categories (index from 1 to 10): brand awareness, absolute and relative share in the relevant product or market category

BRAND ENERGY

- > expresses the clarity/focus of the brand positioning
- > bases upon 3 equally weighted categories (index from 1 to 10): conversion rate (brand awareness to usage), brand profiles and differentiation relative to competitors (RB Profiler)

1) Based upon RB-Profiler 2) Compared to relevant competitors 3) Based upon relevant competitors

Three basic types of successful brand strategies have been identified



I. Focused Community Brands

- > These brands don't have the biggest market power, but their clear profile addresses certain target groups directly and builds its own brand community
- > Some of these brands develop from regional community brands into power brands

II. Power Brands

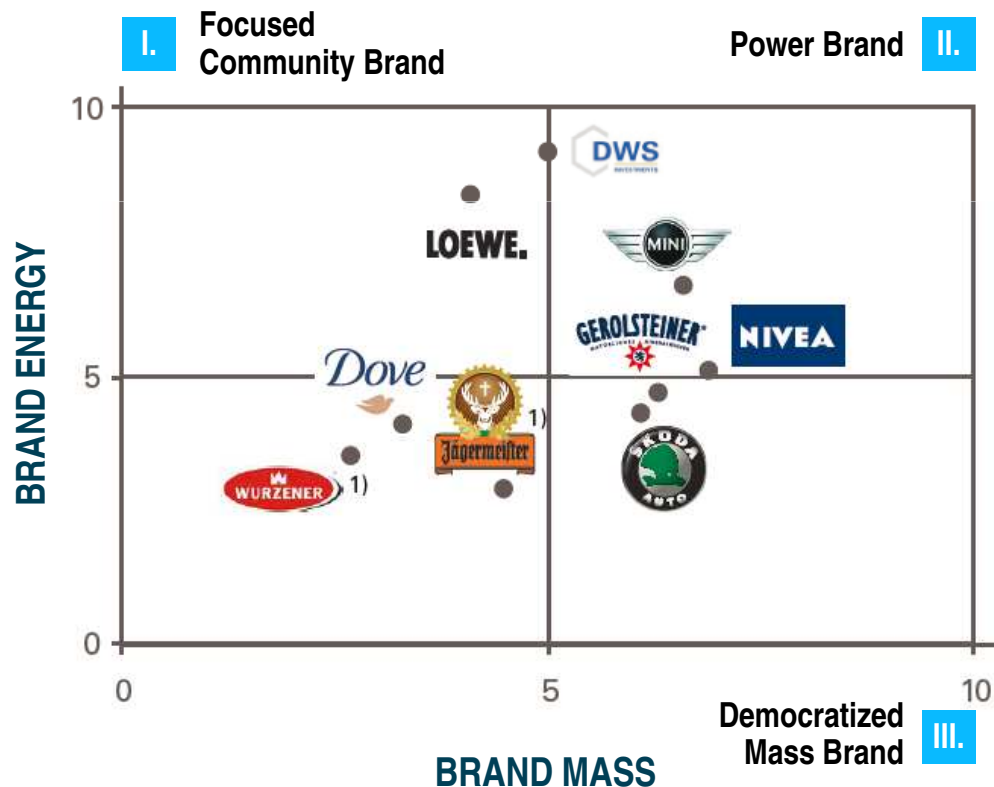
- > These brands are characterized by a clear brand profile, a high brand awareness in the target group and a superior brand relevance in the market
- > Continuous, consistent brand communication besides ongoing innovation as key success factor for these brands

III. Democratized Mass Brands

- > Mass brands are very attractive for a very large, and therewith heterogeneous target group
- > They have high market shares and high brand awareness; main challenge is to avoid brand erosion, as brand positioning is "democratized" (less clarity/sharp focus of brand profiles)

Successful power brands such as NIVEA, DWS or MINI belong to the category "Best Brand Relaunch"

Award category: Best Brand Relaunch



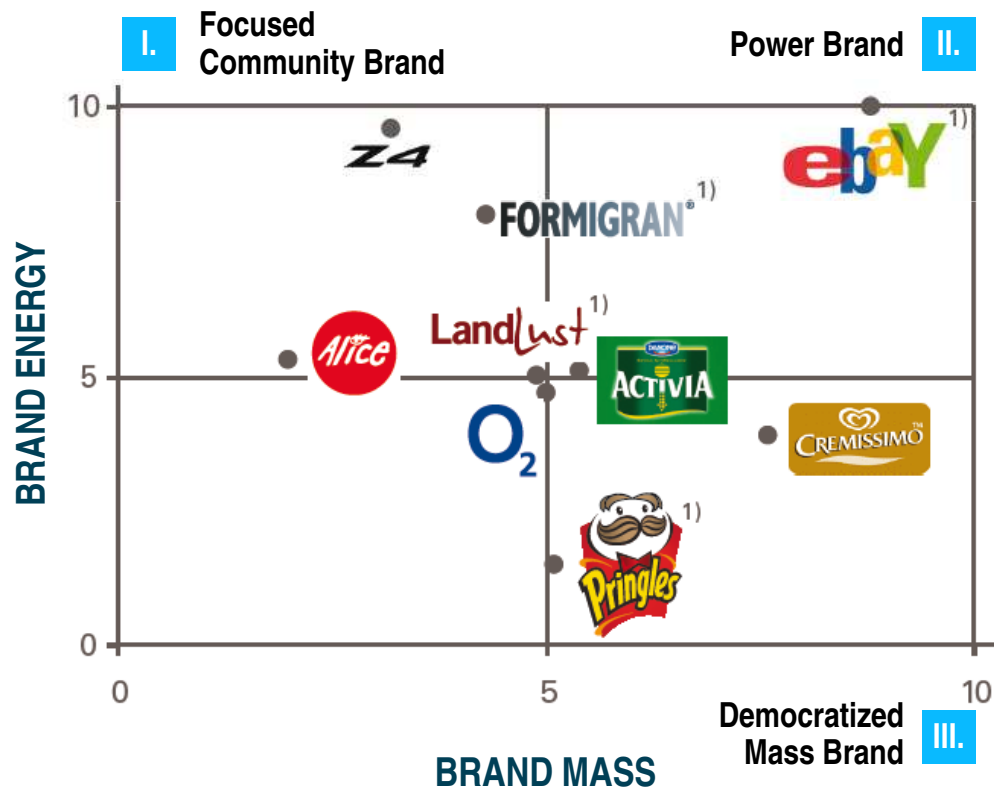
1) Brand Energy is based on "Conversion"

Source: Roland Berger, Absatzwirtschaft, brand data: e.g. GfK, JD Power

- > Despite a broad range of product categories and heterogeneous target groups, NIVEA has a clear positioning as a power brand
- > DWS's clear customer profile is persuasive
- > The cult character of the MINI brand combined with quality and design are the main pillars of its successful relaunch
- > Sometimes measurement of an overall brand profile, reflected in "brand energy", is difficult due to a mixture of old and new customer groups, such as Jägermeister

The "Best New Brand" category includes power brands such as ebay, Activia or Formigran

Award category: Best New Brand



1) Brand Energy is based on "Conversion"

Source: Roland Berger, Absatzwirtschaft, brand data: e.g. GfK, JD Power

- > ebay is a real high flyer brand; it radically gears targets and steering criteria to the target group and avoids contradictions to ensure consistency of message and communication channels
- > With a clear positioning, LandLust gained market share from well-established competitors
- > Formigran rigorously aligns the core brand values to the target group
- > The analysis focused on two Brand Award categories: "Best Brand Relaunch" and "Best New Brand"

3.

Detailed case analyses show: twelve key factors/guidelines form the essence of successful brand management (I)

EXAMPLES

Guidelines of successful brand management

1. Understanding target groups holistically and continuously



2. Rigorously aligning core brand values to the target group



3. Keeping the brand USP close to the target group while differentiating it from competitors



4. Representing the core brand values in all the elements of the marketing mix represent and deriving them from the values and behavior patterns of the target group



5. Carefully orchestrating all the customer touch-points in terms of content, timing and activities



6. Being consistent and persistent, maintaining the long-term view



Detailed case analyses show: twelve key factors/guidelines form the essence of successful brand management (II)

EXAMPLES

Guidelines of successful brand management

7. Having a close organizational link between brand management and the management of the marketing mix



8. Radically focusing business objectives and steering criteria to target groups and avoiding contradictions and inefficiencies



9. Employing customer-oriented people who can sell the brand with conviction



10. Closely monitoring progress and continuously improving the brand's standing among the core target groups



Süddeutsche Zeitung

11. Aligning pricing to the brand USP and target-group price sensitivity



12. Implementing efficient communication, that uses all the target group touch-points and synchronizing all actions



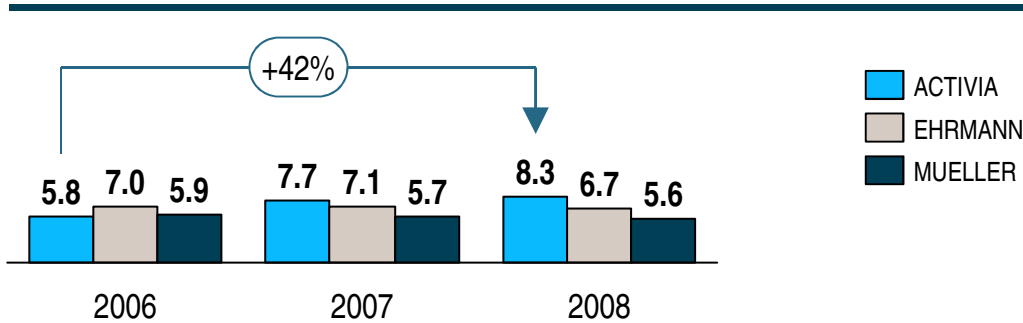
ACTIVIA is a successful new brand of Danone – Large advertising budget and close link to R&D are key elements

Case: ACTIVIA (Danone GmbH)

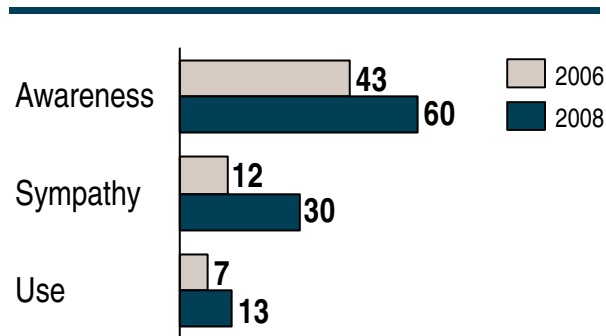


"Best New Brand"

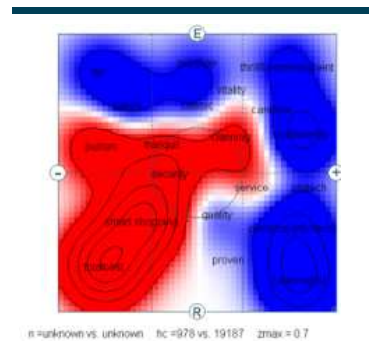
Market share for thick yoghurt in Germany [%]



Brand dimension [%]



ACTIVIA value set [%]



- > **Growing market share and rising sales of ACTIVIA:** the market share reached 8.3% in 2008 in Germany; from 2006 to 2008, sales of ACTIVIA increased by 27% p.a.
- > **High advertising presence:** approx. EUR 29 m (Jan-Sep 2008) advertising budget in Germany; scientific arguments were used in promotions
- > **ACTIVIA's brand value set:** ACTIVIA buyers are active and prefer natural, innovative products to enforce their well-being
- > **ACTIVIA's success factor:** massive market research & product development combined with sweeping advertising; close link between marketing and R&D

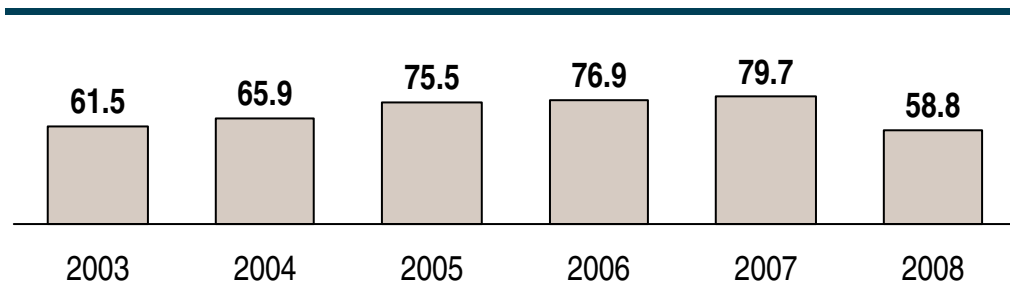
MINI has grown since its relaunch, slump in 2008 – Brand spirit at all customer touchpoints highly synchronized

Case: MINI (BMW Group)

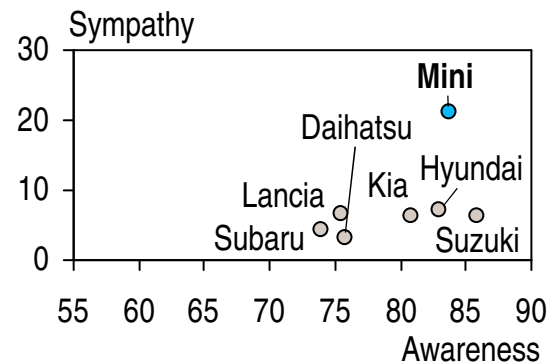


"Best Brand Relaunch"

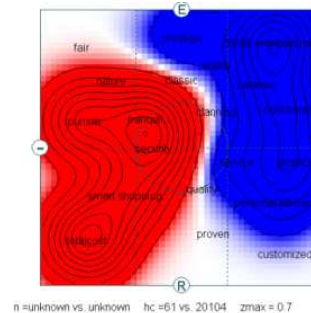
Market share for the MINI and its reference German market¹⁾ [%]



Brand dimension [%]



MINI value set [%]



- > **Continuous sales volume since 2003:** MINI grew 5.9% p.a.; 2008 market share in Germany declined by up to 21% due to product launches by competitors and the financial crises
- > **Sympathy of MINI above average:** brand is more appreciated by women (71%) than by men (56%)
- > **MINI brand value set:** the latest, innovative products and highly sophisticated technology; MINI drivers search for thrills, fun & adventure
- > **Focus on event marketing & guerilla campaigns:** globally synchronized
- > **MINI success factor:** constant improvement of the models, orchestrating all customer touchpoints

1) Reference market (MINI, VW Beetle, Fiat 500 as of 2007)

The study can be downloaded – Further studies provide more information on Brand Management and RB Profiler

Brand excellence study

The brand excellence study can be found at:
www.fachverlag-shop.de



Selected RB Profiler reports & studies

- > Several studies have been published on RB Profiler, such as
 - Corporate Responsibility Study '09
 - China Consumer Study China '09
 - CEE Brand & Consumer Study '08
 - Brand & Price Study '08
 - Automotive Study '07
 - Brand Power Report '05
- > RB Profiler book: "Moments of Truth"
- > You can find additional materials on our homepage: www.rolandberger.com



CONTACT PERSON



**RAINER
BALENSIEFER**

PRINCIPAL

Head of the Brand Excellence & RB Profiler team at Roland Berger Strategy Consultants

E-mail: Rainer_Balensiefer@de.rolandberger.com
Tel.: +49 211- 43 89 21 29