Investments in emotional brand relationships pay off

Strong brands usually have a higher market share than weaker brands - they are chosen by more people, more often and enjoy a higher price premium. The relationship between the strength of a brand and market success is nothing new.

More interesting for the brand management is certainly the strength of the relationship between brand strength and brand success – especially in the industry they are working in. By using the Ipsos Brand Value Creator (BVC) database – the world's oldest and largest database for brand equity KPIs - this relationship can be examined closely for specific industries.

CONSUMERS SPEND 13 TIMES MORE FOR BRANDS THAT THEY BELIEVE ARE VERY ATTRACTIVE

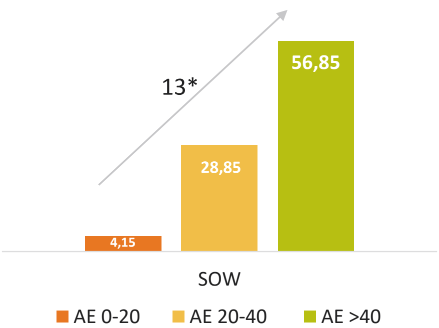
According to our database, the share-of-wallet (SoW), i.e. spending on a brand over a set period of time, increases across countries and industries by a factor of 13 when comparing consumers with strong and weaker brand engagement with the database. The growth rate is almost linear.

INVESTMENT IN BRAND STRENGTH PAYS OFF – HIGHEST ROI IN THE SERVICE SECTOR

The degree to which consumers and customers are attracted to a brand depends firstly on its potential to satisfy the expectations within the respective category, and secondly on the emotional bond with the brand. Both dimensions are measured with BVC – asking one question per dimension – and then summarized in our so-called Attitudinal Equity (AE) score - our measure of brand strength.

Comparing different industries, it shows that investing in brand equity in the service sector provides the highest return on investment. Here consumers with a strong brand equity show a 17,5 times higher SoW than consumers with a weak brand equity. In the automotive sector and retail industry, on the other hand, the correlation is noticeably lower, but with a factor of more than 13, it is still impressively high. Investments in strengthening a brand are therefore clearly paying off.

RELATIONSHIP: Attitudinal Equity (AE) AND SHARE OF WALLET



Committed customers give much more of their share to the brand

Across all sectors brands with an AE of 40 plus give more of their share of wallet to the brand, more in service industries which really benefit from strong brand relationships

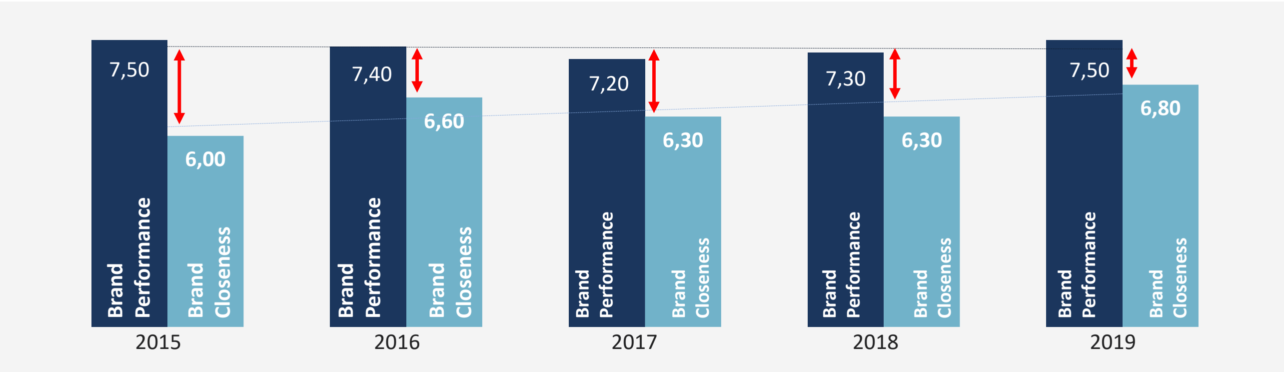
	FMCG	Alcoholic Beverages	Retail	Financial	Auto-motive	Restaurant	Services	
	Share of wallet							
AE 0-20	4	3	4	4	4	4	4	
AE 20-40	28	30	31	29	29	29	30	17,5
AE 40+	57	58	54	57	53	62	70	

GAME CHANGERS

Ipsos

EMOTIONAL BONDING IS GAINING IMPORTANCE

Looking at the average agreement on the mentioned BVC brand strength indicators – expectations and emotional bonding - over the last five years, one will recognize a clear development. The emotional dimension has been much more prevalent, while the importance of brand performance remained at a high level all the way to 2019. The clear gap between the brand strength drivers brand performance and brand closes that existed for a long time, is getting smaller and smaller.



STRONG BRANDS HAVE TO OFFER BOTH – PERFORMANCE AND EMOTIONS

The development illustrates the high degree of interchangeability between products as well as the resulting greater effort of marketing teams to differentiate brands with the help of emotional positioning strategies and brand experiences. Obviously, in the future, brands must invest even more in building relationships and emotional closeness to the consumer, while at the same time maintaining a high standard of performance if they want to successfully address the consumer.

This result from the BVC database underlines the necessity for brand managers to differentiate brands through relevant emotional positioning strategies and brand experiences. Our Brand Value Creator (BVC) can help brand managers to diagnose the reasons for their brand's level of desire in the market. We enable brand managers to know what levers to pull to achieve better emotional engagement for success, so that their brands can embark on the journey towards a sustainable growth strategy.

FOR MORE INFORMATION PLEASE CONTACT:

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