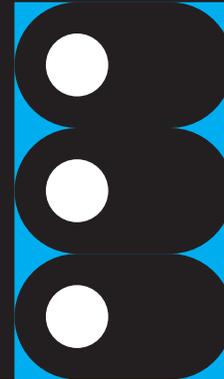


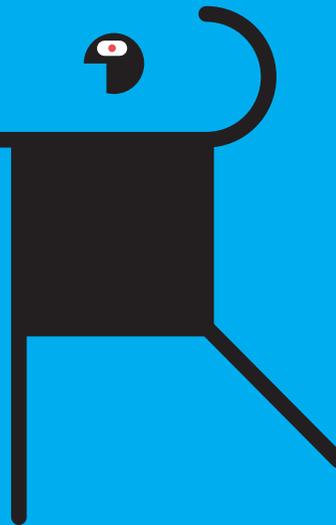
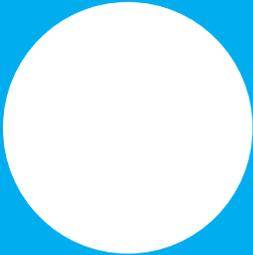
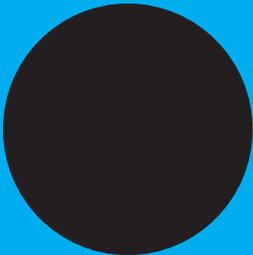


# The Future50



*Forecasting future  
brand strength*

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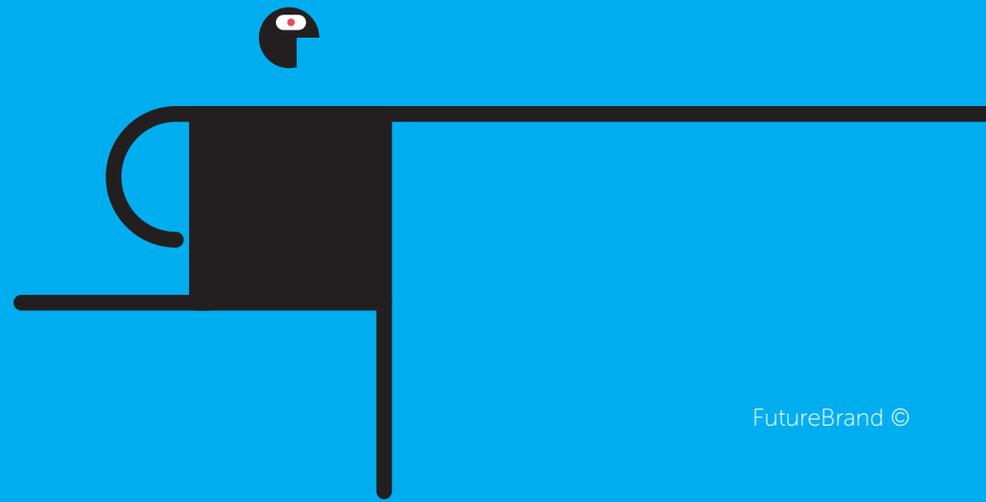
**FutureBrand**

*The  
creative  
future  
company.*

# *What's inside?*

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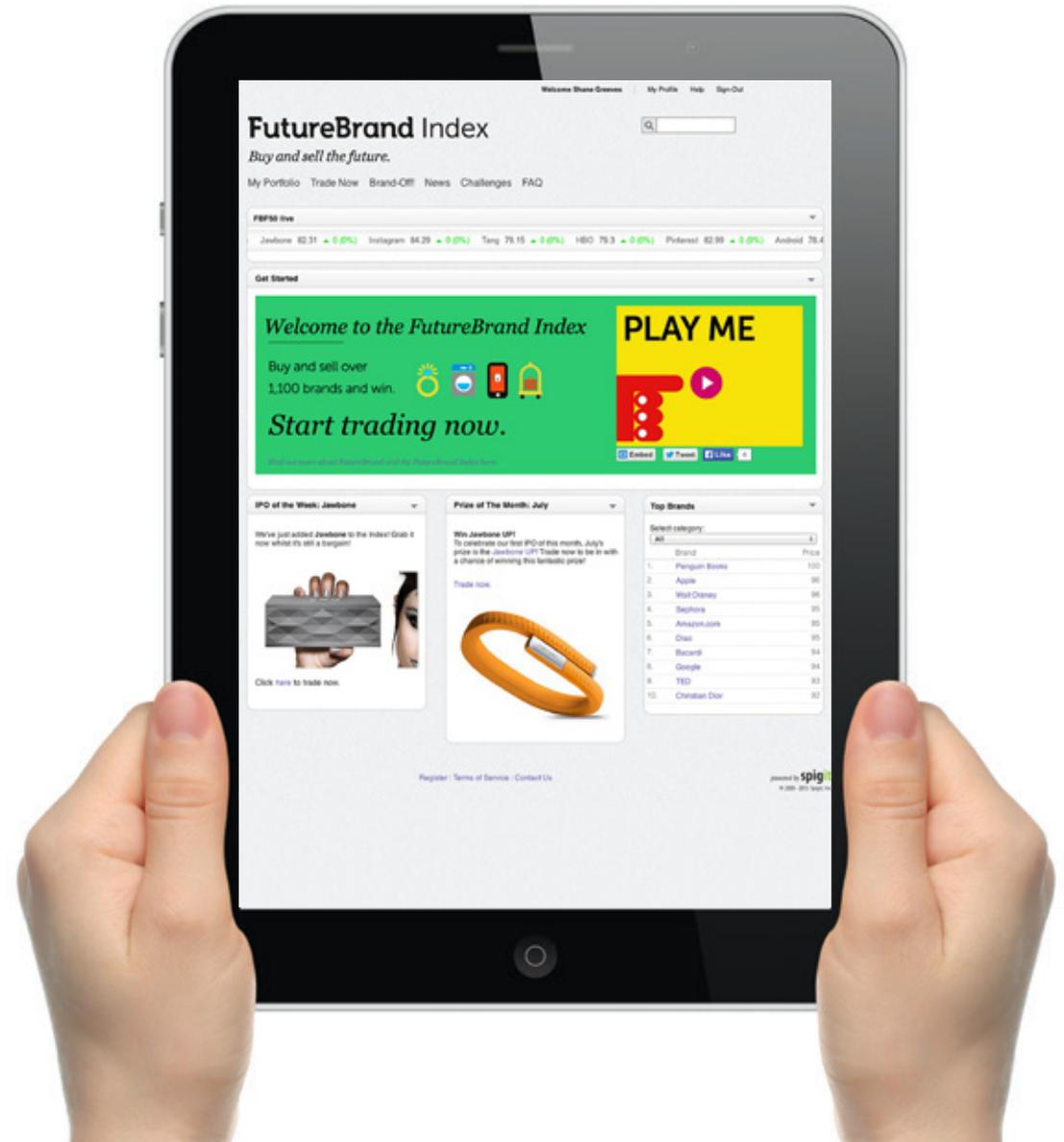
- 1. Forecasting future brand strength*
- 2. Categories and brands to watch*
- 3. The Future 50*
- 4. Five forecasts*
- 5. A word on methodology*



# 1. Forecasting future brand strength

*The FutureBrand Index – a year long brand prediction experiment*

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# 1. Forecasting future brand strength

## *What is the context?*

Most indices of brand strength assess current and historical performance and perceptions. They present a picture of today that quickly dates as the world moves on. But global brands are dynamic and their strength shifts as each day passes, particularly as reputation ebbs and flows across the social web. So we need new ways of assessing brands in real-time, and the patterns that form which hint at what might happen next: just like weather forecasting.

## *What did we set out to do?*

In December 2012, FutureBrand launched an innovative 12 month experiment in brand strength prediction. Inspired by the predictive potential of stock markets and consumer passion for brands, we created a unique online trading market for brands, allowing people to buy and sell brands as 'shares'. The FutureBrand Index incentivized 1,167 traders around the world to build the most valuable portfolio based on their prediction of future brand performance, and offered over 1,100 leading brands that you can buy across 20 categories from Amazon.com to Zopa. The aim was simple – instead of looking at past performance as an indicator of future brand strength, we wanted to look ahead and forecast what might happen next.

## *What did we learn?*

The resulting share prices created a real-time Index of the top 50 global future brands called the FBF50, revealed as a constantly changing 'ticker' of brand strength on [www.futurebrand.com](http://www.futurebrand.com).

As with all markets, the ranking was constantly changing as share prices rose and fell based on trading activity. Which gave us a dynamic view of brand perception unique to the contemporary digital environment. But behind the scenes, the market was also revealing patterns and trends that help us to make broader forecasts. Our view is that brands are powerful assets that influence commerce and culture and the patterns of trading around the world offer vital clues as to where and how brands might shape our future.

## *What is this report based on?*

The Future50 offers an alternative view to traditional brand studies. It combines activity in the Index with FutureBrand's expert opinion and experience, and makes some broad forecasts about brand and category strength in the future. The 'Future50' listing is based on those brands which achieved the highest share price in the market during the trading period from December 2012.

# 2. Categories and brands to watch

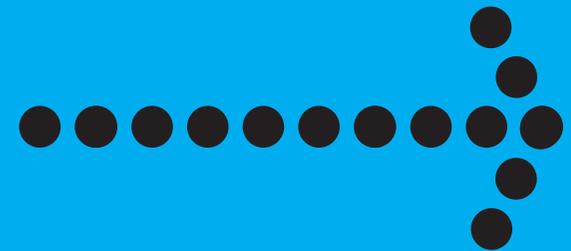
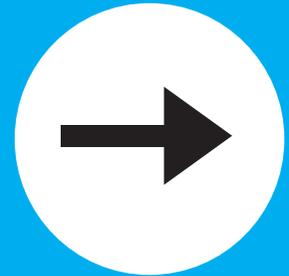
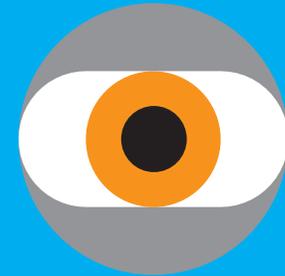
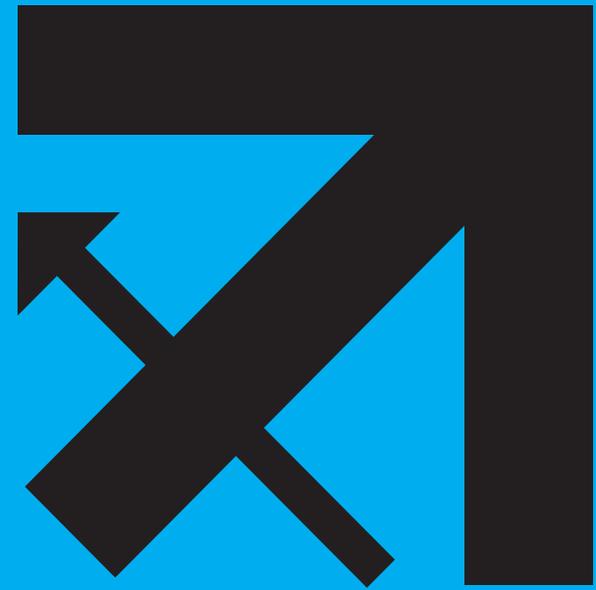
*Media, Retail, Fashion and Internet Services brands will dominate in 2014.*



## 2. Categories and brands to watch

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- The four strongest categories in the FutureBrand Index by trading in 2013 were Media, Retail, Fashion and Internet Services, with more brands in those categories trading in the top 10% than any other.
- The consumer electronics category is still strong, but feeling like a two horse race between Apple and Samsung, despite interest in specialist brands like Beats by Dr. Dre.
- Asian brands are starting to challenge the hegemony of established global leaders.
- Significant interest in Tesla hints at a clean-energy future for the automotive category and 'green thinking' across categories.



## 2. Categories and brands to watch

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### *Media – old and new world content brands fight for ascendancy*

Relatively new content brands like TED, HBO, Pixar, Wikipedia, and Netflix now rub shoulders with Discovery Channel, Walt Disney and Vogue, to make Media the most consistently high-performing category in the Index. Al Jazeera is also a strong performer, demonstrating its entry into global consciousness, together with stalwart old-world broadcasters like the BBC: proving that media brands can straddle generations as well as cope with a revolution in consumption behaviours, platforms and formats. As the race for device penetration dies down globally, and hysteria around Apple and Samsung fades with it, perhaps the content brands will be the ultimate winners in our newly converged, multichannel world.

## 2. Categories and brands to watch

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### *Retail – Mix of clicks and bricks, but Asia leads the pack*

Amazon.com has consistently been one of the strongest brands in the Index in 2013, holding its own with Apple, Google and Samsung. It is joined at the top of the retail category by Apple Store itself, as well as originally bricks-and-mortar global retailers like Gap, The Body Shop, IKEA, 7-Eleven and Tiffany & Co. More significant developments are perhaps the rise in trading around Asian retail brands like TaoBao – at number one in the category – and Tmall.com, reflecting interest in the growth of consumption fuelled by an exploding middle class population in China. All forecasts show retail growing as a category worldwide fuelled by increasing middle class discretionary income and omnichannel shopping behaviours – activity on the Index hints that some brands could benefit more than others, not least those from emerging markets.

## 2. Categories and brands to watch

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### *Fashion – global labels and style icons ensure fashion is still a la mode*

Continued trading interest in 20th century fashion brands Chanel, Prada and Ray-Ban perhaps prove the old dictum that style is timeless. They are joined by the new elite of high fashion like Vera Wang and Lulu Guinness in a category that has consistently had more brands in the top 10% than Internet Services this year. Interest in Paul Smith and Victoria's Secret perhaps reinforces the power of delivering a proven formula to a global marketplace hungry for consistency.

## 2. Categories and brands to watch

### *Internet Services – Google, Facebook and LinkedIn dominate, but for how long?*

No surprise that Google, Facebook, LinkedIn, Twitter and Instagram are leaders in the category they helped to create, although we would also expect to see Skype and other power brands in the sector coming to the fore in the next 12 months. Twitter's recent IPO demonstrates how brand reputation and buzz can be a powerful driver of corporate value. However, new interest in Chinese instant messenger brand QQ.com hints at the shift eastwards and reflects the exponential growth of a brand that now serves over 750 million users worldwide.



## 2. Categories and brands to watch

### *Brands to watch in 2014*

Significant trading interest in **Tesla**, making it one of only four automotive brands to exceed the \$90 share value threshold (together with Land Rover, Lexus and Toyota), makes it a brand to watch in 2014, not least following the successful launch of its Model S last year and strong sales performance outside its native United States in 2013. It will be interesting to see how brand perception is influenced by recent supply shortage and concerns about safety.

**Beats by Dr. Dre** has also consistently exceeded our expectations in trading activity, nearly matching performance by Nokia at various points of the year and making it a brand to watch for 2014. The business behind the iconic headphone brand – Beats Electronics – has recently been valued at more than \$1bn following the sale of a minority stake in the firm to Carlyle Group. It now accounts for almost two thirds of the \$100-plus headphone market in the United States.



# 3. The Future50

This listing shows the brands that achieved the highest share price in the FutureBrand Index across the whole trading period.



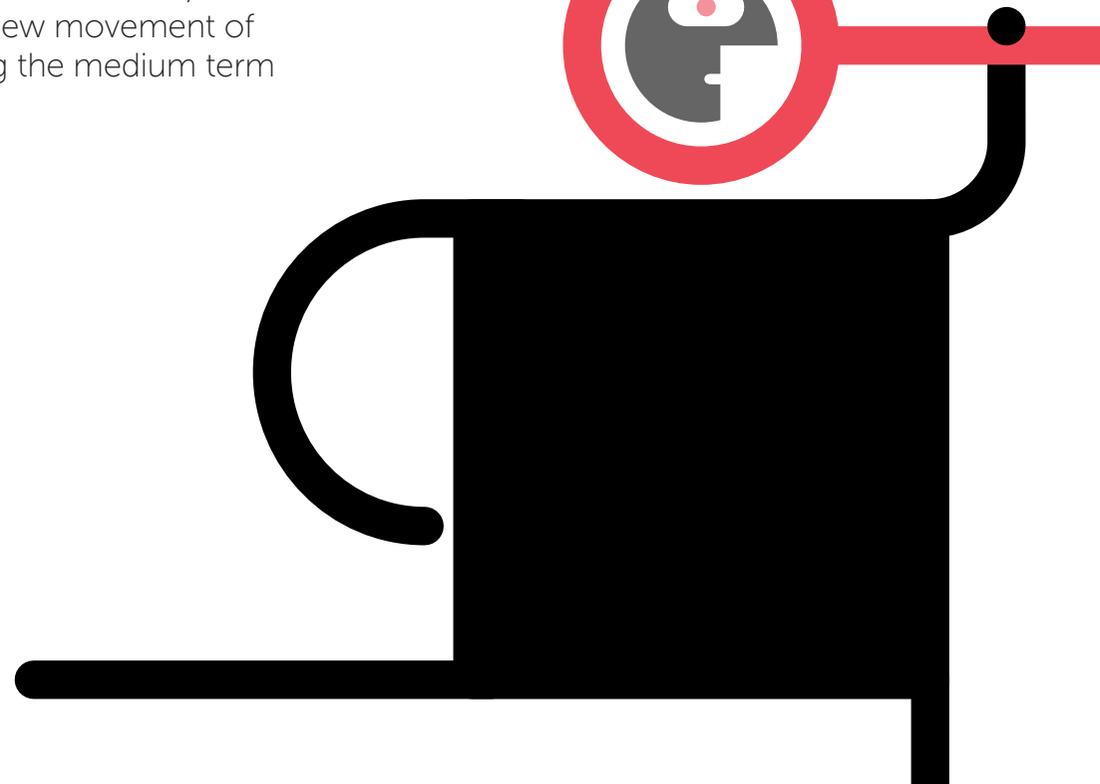
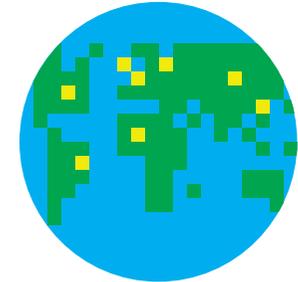
## 4. Five forecasts

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Trading activity in our market revealed some interesting patterns and trends over the course of 2013. We have used these clues, coupled with our view of the factors driving the future of brands on a global scale, to compile five forecasts for 2014 and beyond.

Firstly, there is a clear indication that what we think of as 'global brands' is still being driven and defined by a western cultural discourse. But whilst conspicuous consumption of these brands is dominant in the east, as new consumers explore the pleasure and choice offered by branded goods and services, there is more self-consciousness entering western consumption. And brands are responding in kind, with more attention to meaning, authenticity and being 'conscious' of their role and impact on the world. This is going to have an effect on current global brands across categories, as we see more focus on organisational and consumer brand 'purpose', and the mainstreaming of environmental and social concerns – doing the right thing as a strategy, not an obligation. In tandem with this, consumer appetite for collaboration is being met by

brands whose content and services are increasingly dependent on their participation, powered by ubiquitous mobile and social technologies. But looking further out, it is also clear that where 20th century cultural and economic influences evolved in parallel with American international growth, the political, social and corporate implications of China's rapid development have yet to materialise. As their corporations, investors and citizens move out into the world, so too will their brands, and we expect to see a new movement of Asian brands defining the medium term global landscape.



# 4. Five forecasts

Our five forecasts are arranged from near to distant future – and west to east – as we reflect on the forces that might influence brand strength and consumption:

1.

Back to reality in the West – the end of bling in everyday aspiration.

2.

Comfort & convenience will still be powerful across categories and markets.

3.

Conscious brands will move from niche to mainstream.

4.

Participation will be the norm, not the exception.

5.

From beer to technology – Chinese brands will power future growth.



Near Future

Distant Future



# *1. Back to reality in the West – the end of bling in everyday aspiration*

In 2012, Antoine Arnault, heir to the LVMH empire predicted the end of 'bling' in fashion and a growing rejection of ostentation in favour of understated quality and authentic values<sup>1</sup>. And we think we're starting to see the trickle down effect in trader preoccupation on the Index this year.



# 1. *Back to reality in the West – the end of bling in everyday aspiration*

Strikingly, only five of the top fifty traded brands were in the luxury category, all of which have authentic heritage (Chanel, Hermes), compelling technical differentiation (La Mer, Lexus), or simply sell products of high absolute and lasting value (Tiffany). Elsewhere, we see a preoccupation with everyday brands that make quality and effectiveness accessible to everyone. It's not about value, just a return to reality that feels long overdue in a world that has been dominated by the symptoms of 'affluenza' fuelled by lifestyle ideals out of reach of most consumers.

The brand in front of this is Toyota, the world's biggest car maker by volume and an archetype of accessible quality. Lenovo and Samsung are democratizing the kind of personal computing and mobile technology that was entirely out of reach of most people even five years ago. In fact, whilst Samsung gets the credit for Android penetration and its staggering 26% market share in mobile<sup>2</sup>, Lenovo occupies the number three position for global smartphone sales with a 4.1% share<sup>3</sup> – proving it really is for 'people who do'.

Ikea is committed to creating a better life through furniture for 'the many people' not the few, and is reaping the benefits with global sales up to nearly \$40bn this year, expansion in India, and nearly 700 million visitors to its stores worldwide<sup>4</sup>. On that front, it's interesting that 7-Eleven – the poster-child for everyday convenience – is the currently the largest retailer in the world by store count<sup>5</sup> and growing fast in markets like Indonesia where it is taking on new social meaning as a 'third space' for young people<sup>6</sup>. Growth mirrored by Gap with over thirty new stores in China alone last year and more on the horizon, with e-commerce revenues increasing by more than 60% in the saturated US market<sup>7</sup>.

In personal care, changing habits in emerging markets, ageing populations and the explosion in male grooming are fuelling the growth of everyday brands like Nivea – who's parent Beiersdorf AG is forecasting 5-6% growth<sup>8</sup> – and Oral-B, as people on ordinary household budgets seek out brands that contribute to their wellbeing and appearance. Childhood favourites like Dreamworks, Heartbrand

and Nesquik remind us that a significant proportion of global consumption is driven by families looking for simple treats and shared experiences, something that will only be fuelled by the rise of nuclear families in growing economies like India<sup>9</sup>.

And as we look to new standards of security and trust in retail banking with brands like Deutsche Bank, so too are consumption patterns changing in established markets like the USA, where spending seems to be shifting from credit card debt to larger financial commitments like cars, homes and education<sup>10</sup>. Music, as with fashion, offers us a hint at changes in attitude globally that will have an effect on brands.

As Lorde<sup>10a</sup> puts it in 'Royals', all we see are images of the super rich at parties with tigers on gold chains and private jets, but for her generation: 'that kind of lux just ain't for us, we crave a different kind of buzz.' We think the world's consumers will increasingly seek out more authenticity and less bling – going back to a purer sense of brand as the promise of quality, reliability and a mature balance between 'who I am' and 'who I aspire to be'.

# 1. *Back to reality in the West – the end of bling in everyday aspiration*

*“Toyota is very strong in Chile.”*

Trader comment

*“[Deutsche Bank is a] strong brand, especially in NYC. Aside from banking, they sponsor quite a lot with regard to the arts.”*

Trader comment

*“As Apple starts to slip, who’s waiting to take its place... Samsung looks like it’s at the head of the queue.”*

Trader comment

*“IKEA has made design accessible to even the most constrained budget and transformed the world’s living rooms in the process.”*

Trader comment

*“Chanel stands for classic, timeless style.”*

Trader comment

*“For those of us with hair that requires ‘taming’, I recommend Vidal Sassoon in all its forms.”*

Trader comment

## *2. Comfort & convenience will still be powerful across categories and markets*

Global concern about the health impact of high fat, salt and sugar content diets has never been higher. Research by the British medical journal the Lancet has revealed that obesity is a bigger global threat than hunger worldwide<sup>11</sup>.



## 2. *Comfort & convenience will still be powerful across categories and markets*

This coincides with governments like Mexico putting pressure on fast food and carbonated soft drink brands through taxation and other regulatory measures<sup>12</sup>. So it is perhaps surprising to see so much trading interest in comfort and convenience brands, particularly in the restaurant and food categories. However, this interest would seem to reflect market trends worldwide.

American fast food brands like McDonald's and Subway continue to grow at an exponential rate in emerging markets, proving that the world still has a passion for the American dining experience. Subway is currently the fastest expanding US restaurant chain worldwide and now operates in 100 countries<sup>13</sup>. Denny's, the American Diner chain, has recently expanded into Chile and exports its unique brand of 'craveable, indulgent menu items' across 1,700 outlets globally<sup>14</sup>. But it doesn't stop there.

Consumption of chocolate-based brands like Nutella is also on the rise with chocolate spread

category growth touching markets as diverse as the USA (12% growth in 2012) and India<sup>15</sup>. In fact, the world is seeing record chocolate sales and even more growth forecast (with some estimates putting the category at a record \$117 billion in 2014<sup>16</sup>) that are actually creating a shortage in supplies of cocoa. Ice cream sales are also on the rise in markets like China as demand for impulse and indulgence products increases to outstrip seasonality<sup>17</sup>.

What can we put this down to?

Firstly, of course, food is always on people's minds and continues to dominate the global consciousness regardless of individual brand or category performance (it was one of the fastest growing categories on Pinterest in 2012<sup>18</sup>).

One perspective could be that people turn to comfort and convenience in times of stress and uncertainty, and there is research evidence from the Institute of Fiscal Studies to show that UK consumers spent more on junk foods during

the recession than other periods since 2005<sup>19</sup>. But there is also evidence to suggest that people turn to indulgent foods and experiences when they are happy – good moods can trigger indulgence as much as depression it seems<sup>20</sup>. Whatever the causes, it would seem that the world continues to crave treats, comfort and the lure of impulse.

The trick, perhaps, will be to offer pleasure foods in a way that doesn't compromise our long-term health and wellbeing. Brands that offer that balance will certainly win in a future where indulgence still plays a leading role.

## 2. *Comfort & convenience will still be powerful across categories and markets*

*“I have some great childhood memories with Nesquik chocolate milk!”*

Trader comment

*“[Pixar] let me feel comfortable being a grown man watching animated movies!”*

Trader comment

*“[Walt Disney is] a brand not only for children!”*

Trader comment

*“Heartbrand has some of the tastiest ice cream around!”*

Trader comment

*“NUTELLA is an obsession.”*

Trader comment

*“McDonald’s are losing out to the image of health portrayed by subway.”*

Trader comment

*“[Heartbrand is] my favourite ice cream brand since I was a child.”*

Trader comment

### 3. *'Conscious' brands will move from niche to mainstream*

In November 2010, Paul Polman – CEO of one of the world's largest consumer goods companies – announced Unilever's commitment to doubling growth and halving impact by 2020. Unilever's Sustainable Living Plan<sup>21</sup>, and other initiatives like it signal two vital shifts in business thinking.



### 3. *'Conscious' brands will move from niche to mainstream*

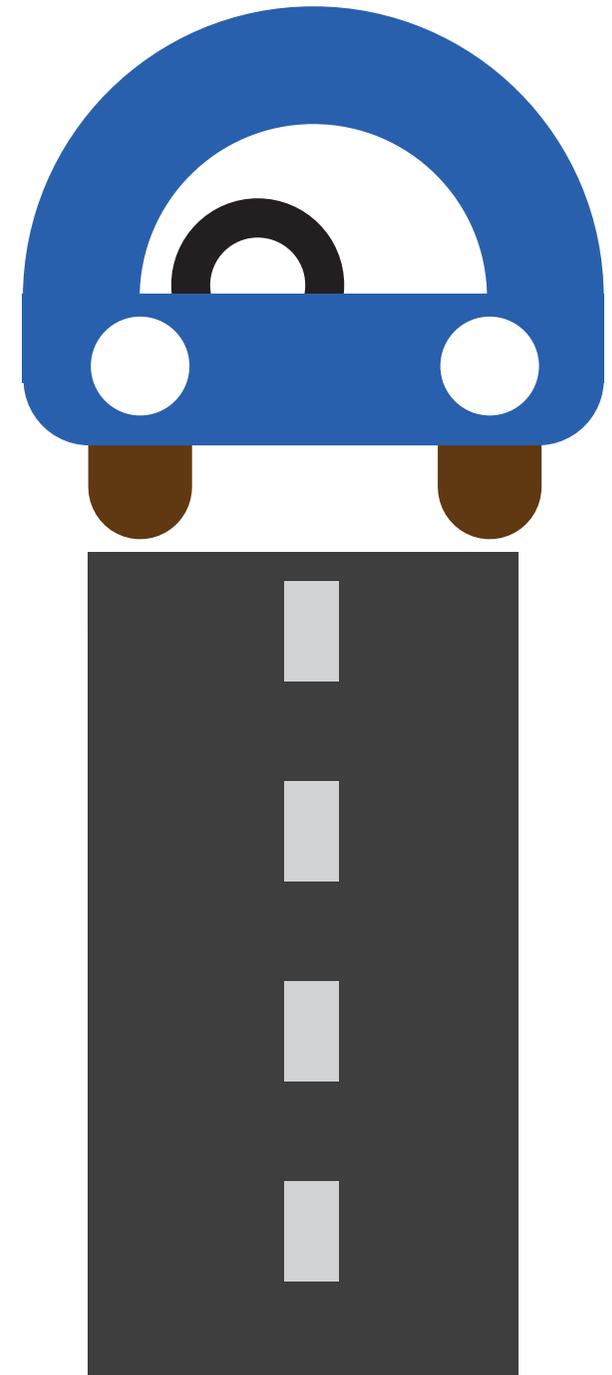
Firstly, there is a broadening of the definition of 'sustainability' beyond pure environmental concerns into an understanding that resources are finite and that our quality of life and associated progress can be maintained if we use them more intelligently, and less wastefully – from the supply chain to consumption habits.

And secondly, that businesses and brands are focusing on what will sustain them, commercially and in consumer's minds, over the long term. Part of this is a clear shift in consumption habits towards brands which consumers feel contribute some kind of social good or improve people's lives in measurable ways – or 'conscious' brands.

This is not just about being green any more, it's about providing a balance of emotional connection, affordability, quality and responsible stewardship. Because consumers increasingly make decisions based on broader criteria than habit or availability, not least what their peer groups think and the behaviour and values of the organisations that produce the brands they love. So it's perhaps no surprise that Toyota – the world's biggest car maker – has built much of its growth and reputation around the mainstreaming of hybrid vehicle technology through the Prius, providing technologies that offer the comforts of 20th

century motoring, with the promise of 21st century fuel options. All twelve of Toyota's models at this year's Frankfurt motor show had hybrid options, including the Lexus, and Toyota sold over 100,000 hybrid vehicles in Europe alone in 2012 – not far off 20% of its overall sales in the region<sup>22</sup>. So mainstream car buyers are able to get the best of both worlds.

This is even more strongly reinforced by the success of the Tesla brand this year. Tesla overtook VW as the best selling car in Norway this September and its global revenues are up 9%<sup>23</sup> – an acceleration that might only be hampered by the brand's inability to meet demand for its new Model S electric car<sup>24</sup>. Tesla offers speed, comfort and a premium driving experience without emissions: arguably the perfect template for mainstream cars of the future. As a parallel, the stratospheric growth of household cleaner brand Method since its launch in the early 2000s – it is now sold in more than 40,000 retail locations in North America, Europe and Asia – shows mainstream consumer appetite for 'a green that really cleans', when it is beautifully packaged, effective and readily available at the right price.

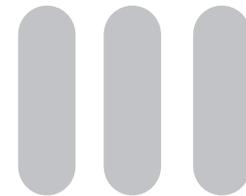


### 3. *'Conscious' brands will move from niche to mainstream*

Ecover's acquisition of Method to create the world's largest green cleaning company further indicates the commercial viability of sustainable brands in this traditionally low-interest category<sup>25</sup>. Brands like American Apparel, that actively promote their 'made in America' and no sweat shop supply chain, are also showing commercial growth – with over 10,000 employees and 200 retail stores in twenty countries<sup>26</sup>. So this kind of social conscience in retailing is clearly paying dividends – something that well established brands like The Body Shop pioneered several decades ago and continue to leverage for significant market share around the world.

Even when it comes to premium experiences, consumers continue to show loyalty to brands that manage a balance between luxury credentials and sustainable practices. Nespresso's extraordinary growth in the single serve coffee market is testament to this, combined with its strong commitment to helping coffee growers and institutionalizing consumer recycling behaviours – with over 80% of its coffee now sourced from the

Nespresso AAA Sustainable Quality™ Program and an aim to increase capsule recycling to 75% by 2013. So sustainability is growing up, driven by consumer demand and a new understanding that sustainable business practices lead to growth, rather than just being a politically-correct 'offset'. Brands that understand this – that are conscious – are already defining the new mainstream, and as they become normal, the world will change for the better one consumer decision at a time. As Paul Polman put it: "As our products are used 2 billion times a day in nearly every country in the world, our consumers' small actions add up to make a big difference."



### 3. *‘Conscious’ brands will move from niche to mainstream*

*“I love [The Body Shop] for their anti-human trafficking efforts. They’re a great example of a company living out a social mission, though I do wish they integrated that purpose more closely with their products and messaging.”*

Trader comment

*“I genuinely couldn’t live without Nespresso.”*

Trader comment

*“[Method] Cleans really well and has a good squirty bottle – plus it’s good for the planet.”*

Trader comment

*“The new [Tesla] Model S is a contender for the first genuinely desirable executive saloon that runs entirely on battery power. Fast, affordable, sleek and zero emissions. A taste of the future of automotive?”*

Trader comment

*“[American Apparel is] one of the only truly ‘honest’ brands I can think of...”*

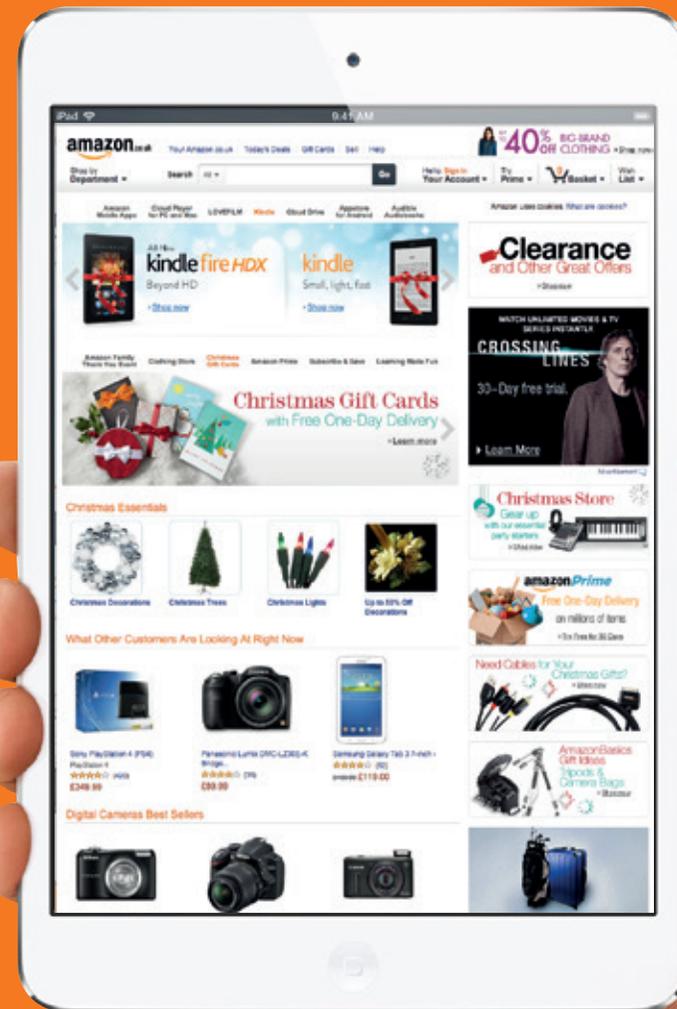
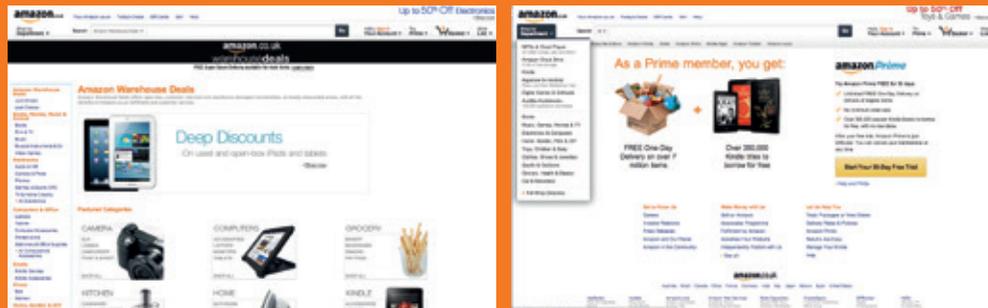
Trader comment

*“The Prius restarted the Toyota brand, especially in the United States, not that it was ever dying. But it definitely gave the brand a new story.”*

Trader comment

# 4. Participation will be the norm, not the exception

Amazon.com was a pioneer in harnessing customer purchase history and reviews in improving its service. Its recommendation engine makes sure that Amazon improves the more customers use it – something that they have exported to the Kindle platform, allowing readers to highlight passages and share them with others, and the marketplace which creates a platform for other sellers to reach new customers.

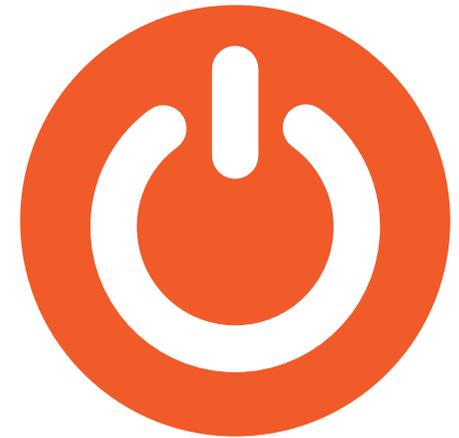


# 4. *Participation will be the norm, not the exception*

In simple terms, Amazon.com is a brand that improves through use, and this is arguably one of the factors behind its rise to the world's biggest online retailer. But whereas Amazon.com is enhanced by participation, other new category-shaping brands are entirely driven by it. The obvious candidates are Facebook and Twitter, but their platforms are designed to help people communicate and create relationships.

The primary focus of brands like Kickstarter is to harness communication and relationships in the service of a business outcome. Kickstarter is now synonymous with the crowd-funding category it helped to create, and has successfully united over 5 million people with creative projects they want to invest in, with over \$850 million pledged since their launch in April 2009<sup>1</sup>. Wikipedia is another obvious example of crowd participation re-shaping a category. Reference will never be the same again as demonstrated by the 116,835,000 visitors to Wikipedia in the month of September 2013, making it the ninth most popular site on the Internet across any category. And with one in every 15,000 visitors contributing five or more edits per month to the site across 4,376,085 articles<sup>2</sup>, Wikipedia must be the most dynamic, fast changing and comprehensive

reference brand in history. Content itself is changing with brands like TED and its little brother TEDx making the expertise and opinions of the world's most interesting people accessible to the masses. In its thirty year history, TED has brought together speakers as diverse as Bill Gates, Frank Gehry and Bono, and the brand reached 1 billion views in November 2013 across multiple platforms<sup>3</sup>. From retail to reference and venture capital, brands that harness consumer willingness to participate and improve their service, or even create their entire proposition around it, will become increasingly central to our lives. With 38% of the world's population now online<sup>4</sup>, 6.8 billion mobile subscribers worldwide<sup>5</sup>, the ubiquity of broadband and the rise of 4G, participation has never been easier or more natural. Which means it has never been easier for brands to get smarter based on what their customers do and say. We forecast the next major categories to take full advantage of this will be automotive and transportation, with the mainstream development of car sharing (Zipcar and Car2Go) and intelligent vehicles (like Google's self-driving car), as well as resource-efficient taxi services like Hailo and Uber leading the way to a participation-based future.



# 4. *Participation will be the norm, not the exception*

*“Where would we be without Wikipedia!?”*

Trader comment

*“Amazing customer service experiences on two occasions in the last two weeks. Amazon is going in the portfolio for living up to its ambition to be the world’s ‘most customer centric company’.”*

Trader comment

*“M-Pesa handles a huge volume of payments for the un-banked in Africa and is the brand pioneer in P2P mobile transactions. Definitely one to watch for the future.”*

Trader comment

*“Instagram just introduced video instant upload with its filters option. epic and quite frankly about time!”*

Trader comment

*“[Pinterest is] such a great site to interact and share ideas!” –*

Trader comment

## *5. From beer to technology, Chinese brands power future growth*

The Chinese consumer revolution and its role in the growth of brands across every category is well documented. But the numbers are still breath taking: there are now more middle class consumers across Asia than the entire population of Europe combined, Chinese average consumer spending has increased by over 200% since 2004<sup>1</sup>, and the share price of multinational corporations like LVMH is often directly affected by Asian fluctuations in demand and the Yuan.

# 5. *From beer to technology, Chinese brands power future growth*

But trading in Chinese brands on the Index raises awareness of a different phenomenon. From Snow and Tsingtao, (respectively the world's biggest selling beer brand<sup>1</sup> and China's biggest beer export to the USA), to Lenovo, the world's biggest PC maker<sup>2</sup>, Chinese brands are increasingly being sold to everyone else. Similarly, Chinese retailers like TaoBao and Tmall.com with 80% market share<sup>3</sup> and US\$35 billion<sup>4</sup> in revenue respectively, could be the next big brands to watch on the global retail scene, challenging Amazon.com with their sheer scale. More importantly, Internet Services brands like Baidu – which now handles 14.5 billion search requests per month and is second only to Google – are starting to move beyond Chinese borders and integrate with other platforms. For example, the Chinese messenger brand QQ.com is now extending into Facebook and offering real time translation across more than 80 countries<sup>5</sup>. So as China moves from being the world's biggest manufacturer to the world's biggest consumer, home-grown brands with hundreds of millions of advocates will make their way into global

consciousness. In terms of tangible international expansion, the global market share of Chinese home appliances brand Haier is now at 8.6%, making it the number one major appliances brand worldwide according to Euromonitor<sup>6</sup>. And on a more subtle level, Chinese corporate investment and growth make it one of the most influential social and economic forces in the world – it is Africa's biggest trading partner<sup>7</sup> and China-Latin America trade surpassed \$250 billion in 2012<sup>8</sup>, not to mention the huge investments China is making in the infrastructure of countries where it does business. But there is another force that could ensure this shift in focus from west to east. China is now the new number one tourism source market in the world, spending \$102 billion on travel abroad in 2012 according to the UNWTO<sup>9</sup>. The number of vehicles in China hit 240 million in 2013<sup>10</sup> – with the number added in 2012 alone (15.1 million) being more than the entire vehicle population in the whole country in 1999. The closest parallel with this kind of rapid tourism and travel penetration in recent history is the United

States in the 1960s, as more Americans than ever enjoyed the freedoms of car ownership and air travel. One of the direct results of American affluence and travel was the global growth of American international brands – from fast food chains like McDonald's to hotel groups like Holiday Inn and Hilton – as travelling Americans sought out familiar home comforts nationally and internationally. We are expecting to see the same phenomenon emerge from the East as more Chinese nationals travel for business and leisure, hoping for familiar foods, restaurants, hotels, entertainment and services like insurance, medical care and financial support. The difference is that they will look for domestic Chinese brands and experiences, not just brands that are familiar to the west. And the landscape of consumption and brands will change to reflect the 'Chinese Century' as a result.

# 5. *From beer to technology, Chinese brands power future growth*

*“[Tsingtao is] a fascinating story about a brand born in China and now part of mainstream western life. A taste of the future perhaps?”*

Trader comment

*“There’s more growth to come for China’s biggest search engine brand (Baidu).”*

Trader comment

*“Baidu is one of the few Chinese brands with personality in my opinion.”*

Trader comment

*“Never liked the Lenovo I had. Really need to do a better job creating something memorable or meaningful.”*

Trader comment

*“Lenovo is a powerhouse in the industry, but still can’t pull me away from my Apple.”*

Trader comment

*“TaoBao offers a good user experience and strong brand personality. Love it.”*

Trader comment

# 5. A word on methodology

## Participation sample:

Our online stock market for brands was launched in December 2012 and ran for a year until December 2013. Participation was open to the general public worldwide, with users invited to register for a trading account through activity on Facebook, YouTube and Twitter. We also recruited branding experts from FutureBrand, McCann Worldgroup and other Interpublic Group companies across Europe, the Americas and Asia-Pacific. The total number of registered traders was 1,167 and the audience had a bias towards North America and Europe.

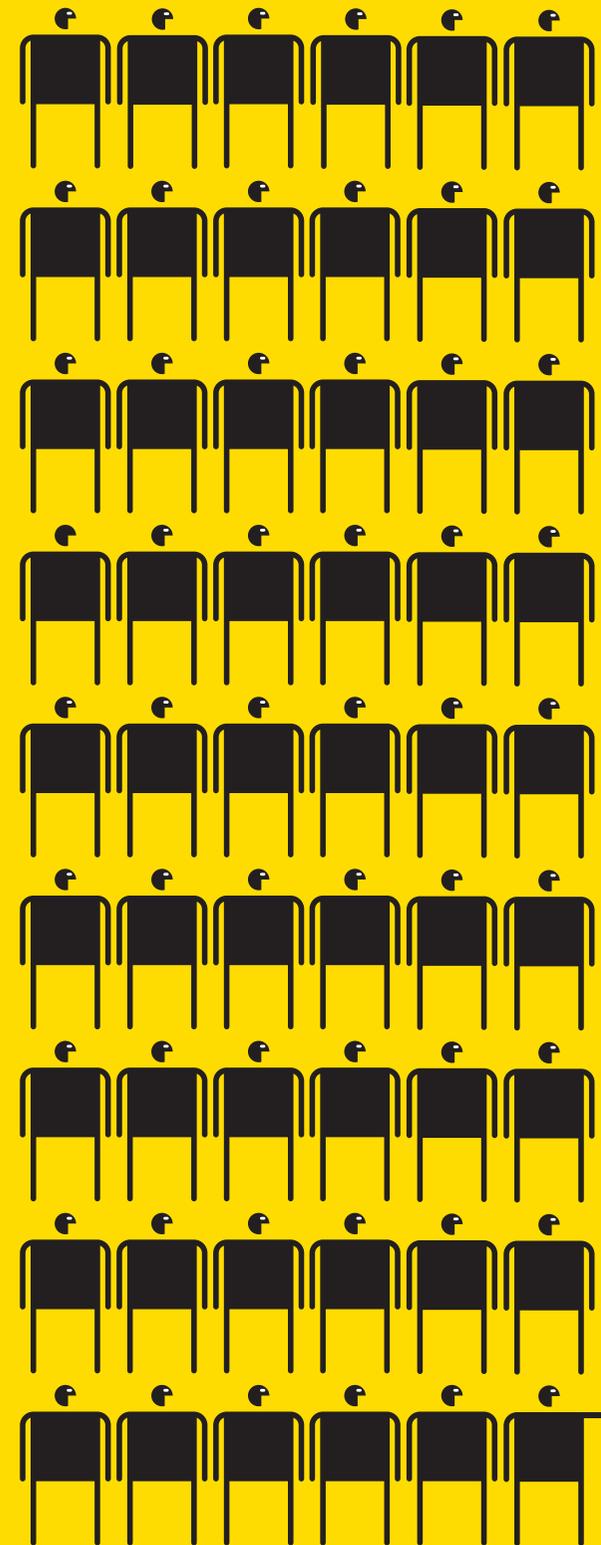
## Trader incentives:

Traders were free to buy and sell shares in brands across 20 categories using virtual currency – each trader was awarded the same amount on registration. Their trading activity had a direct impact on the price of individual brands – with larger trades exponentially increasing or reducing prices – and traders could see fluctuations in price, as well as movement up and down the Future50 ranking in real time. Traders were incentivized on the basis of their earnings – a single prize was awarded to the trader with the most valuable portfolio each month. There was no encouragement or weighting towards individual brands or categories on behalf of FutureBrand and traders were free to invest or

divest according to their personal preferences. Traders were also, on occasion, incentivized with additional currency for their comments, brand ratings and votes across any brand or category to encourage community participation – trader comments have been included in our commentary where relevant. But these additional contributions had no impact on individual brand share price.

## Data as a basis for forecasts:

FutureBrand analyzed aggregate share price data across the entire trading period with a focus on those brands that achieved the highest price – both within categories and across all 1,100 brands. The brands that achieved the highest prices overall were used as inputs to our forecasts by category and overall as well as the 'Future50' listing. The Future50 is a representation of the brands that achieved the highest share price overall and is designed to indicate the focus of trading activity and interest in the market, rather than provide an absolute ranking of brands by other strength measures. Data was treated in all cases as an input to our qualitative opinion on the future of brands and categories, and was balanced with external information and sources.



# What makes a future brand?

The future is created one decision at a time, and brands inform the most important decisions we make.

From what we eat to how we invest our money and the direction of our major corporations. But people tend to make decisions irrationally and with their feelings – driven by what we want now, rather than what we need tomorrow.

A future brand understands this. And is designed to avoid the compromise between what we think and how we feel, or the short and long term.

Which means it can be tasty and healthy, ethical and profitable, luxurious and environmentally friendly.

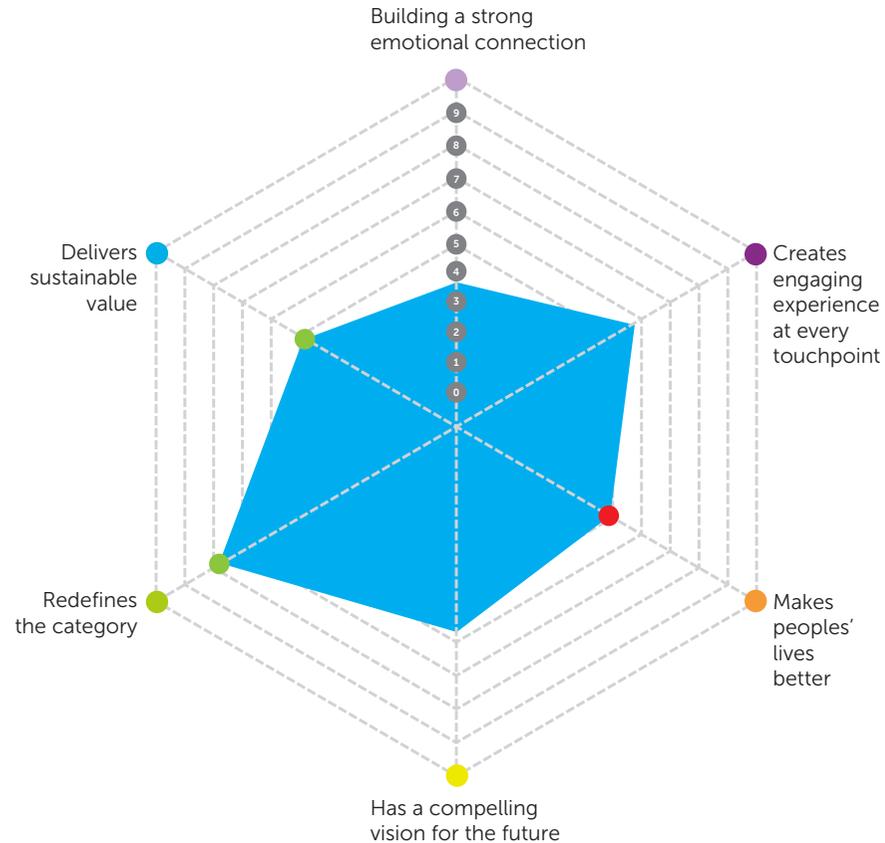
In fact, the brands that help people manage this tension always succeed, and often shape the future of their market.

Which is why we use six dimensions to measure a future brand – across perceptions of how it simultaneously addresses ‘wants’ and ‘needs’.

The FutureBrand Score map helps us to understand the relative strength of perceptions of a brand across these dimensions and what levers we can pull to improve the balance.

When we map the results of perception, we convert scores against ‘wants’ (on the right) and ‘needs’ (on the left), and it tells us something about how strong the brand’s purpose and experience are felt to be.

## FutureBrand Score



## Wants

-  Builds a strong emotional connection
-  Creates engaging experiences at every touch point
-  Makes people's lives better

## Needs

-  Has a compelling vision for the future
-  Redefines the category
-  Delivers sustainable business value

# Sources

## 1. Back to reality in the West – the end of bling in everyday aspiration

- 1 <http://fashion.telegraph.co.uk>
- 2 <http://techcrunch.com>
- 3 <http://techcrunch.com>
- 4 <http://www.bbc.co.uk>
- 5 <http://www.reuters.com>
- 6 <http://www.nytimes.com>
- 7 <http://www.forbes.com>
- 8 <http://www.reuters.com>
- 9 <http://articles.timesofindia.indiatimes.com>
- 10 <http://blogs.wsj.com>
- 10a The Lorde song 'Royals' is property of Lava Records, a subsidiary of Universal Music NZ.

## 2. Comfort & convenience will still be powerful across categories and markets

- 11 <http://edition.cnn.com>
- 12 <http://www.reuters.com>
- 13 <http://www.forbes.com>
- 14 <http://finance.yahoo.com>
- 15 <http://www.companiesandmarkets.com>
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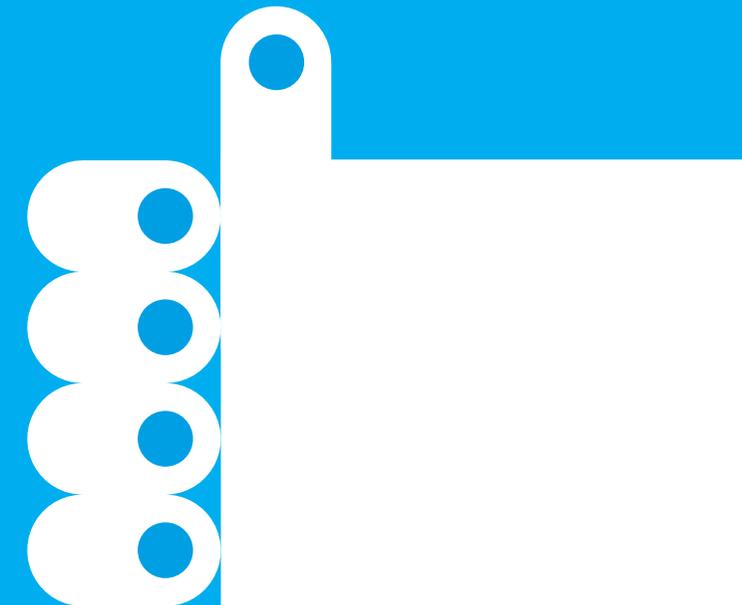
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## 3. 'Conscious' brands will move from niche to mainstream

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# Thank you

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