Can Social Media be Killing Brand Preference?

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Branding in the Digital Age
WMS, September, 2014

Regardless of Who Is Doing the Estimating, Brands Appear to Have Substantial Value

Interbrand's Most Valuable Global Brands

2013 Rank	2012 Rank		2013 Value *billions*	2012 Value *billions*	% Change
1	2	Apple	$98.32	$76.57	28.4%
2	4	Google	$93.29	$69.73	33.8%
3	1	Coca Cola	$79.21	$77.84	1.8%
4	3	IBM	$78.81	$75.53	4.3%
5	5	Microsoft	$59.55	$57.85	2.9%
6	6	GE	$46.95	$43.68	7.5%
7	7	McDonald's	$41.99	$40.06	4.8%
8	9	Samsung	$39.61	$32.89	20.4%
9	8	Intel	$37.26	$39.39	-5.4%
10	10	Toyota	$35.35	$30.28	16.7%
11	11	Mercedes	$31.90	$30.10	6.0%
12	12	BMW	$31.84	$29.05	9.6%
13	14	Cisco	$29.05	$27.20	6.8%
14	13	Disney	$28.15	$27.44	2.6%
15	15	Hewlett Packard	$25.84	$26.09	-0.9%

Source: Interbrand "Best Global Brands 2013" released September 2013

Brand Finance 10 Most Valuable Global Brands 2014

Figures in USD Millions

Rank 2014	Rank 2013	Brand	Brand Value 2014	Brand Value 2013	Enterprise Value 2014	Enterprise Value 2013	Brand Value/ EV 2014	Brand Value/ EV 2013	Brand Rating 2014	Brand Rating 2013
1	1		104,680	87,304	356,091	382,490	29.4%	22.8%	AAA	AAA
2	2	SAMSUNG	78,752	58,771	243,424	242,668	32.4%	24.2%	AAA	AAA
3	3	Google	68,620	52,132	215,300	173,628	31.9%	30%	AAA+	AAA+
4	4	Microsoft	62,783	45,535	181,033	155,489	34.7%	29.3%	AAA-	AAA-
5	10	verizon	53,466	30,729	237,104	218,469	22.5%	14.1%	AAA-	AA+
6	7	GE	52,533	37,161	526,619	435,751	10%	8.5%	AA+	AA
7	11	at&t	45410	30,406	257,374	254154	17.6%	12%	AA	AA+
8	8	amazon.com and you're done.	45,147	36,788	126,400	97,371	35.7%	37.8%	AAA-	AAA-
9	5	Walmart	45,147	42,303	200,295	184,743	22.4%	22.9%	AA+	AA+
10	6	IBM	41,514	37,721	226,918	231,914	18.3%	16.3%	AA+	AA+

Source: BrandFinance® Global Brands 2014

Yet, Multiple Research/Consulting Organizations Are Saying "Brands Are in Trouble"

Some Examples

- Deloitte "American Pantry Study" – 88% of respondents say "store brands just as good as national brands"
- Havas "Meaningful Brands" – majority of respondents "would not care if 73% of measured brands disappeared"
- Core Brands – "brand favorability declining for past decade"
- BAV – starting in 2008, more brands lost equity than gained

Research at Medill: Aggregated and Combined 10 Years of U.S. Consumer Response Data

- 1,100,375 consumer responses analyzed
- 73 FMCG product categories
- 1,529 individual brands
- 31 media forms consumed – online and offline
- 23 in-store media forms reported
- Media consumption (minutes per day) and media influence by media form

10 Year AGR for Brands, Stores and No Brand Preference

- Brand AGR -1.68%
- Store AGR -0.98%
- No Preference +1.38%

AGR = Average growth/decline rate for the 10 year aggregated period

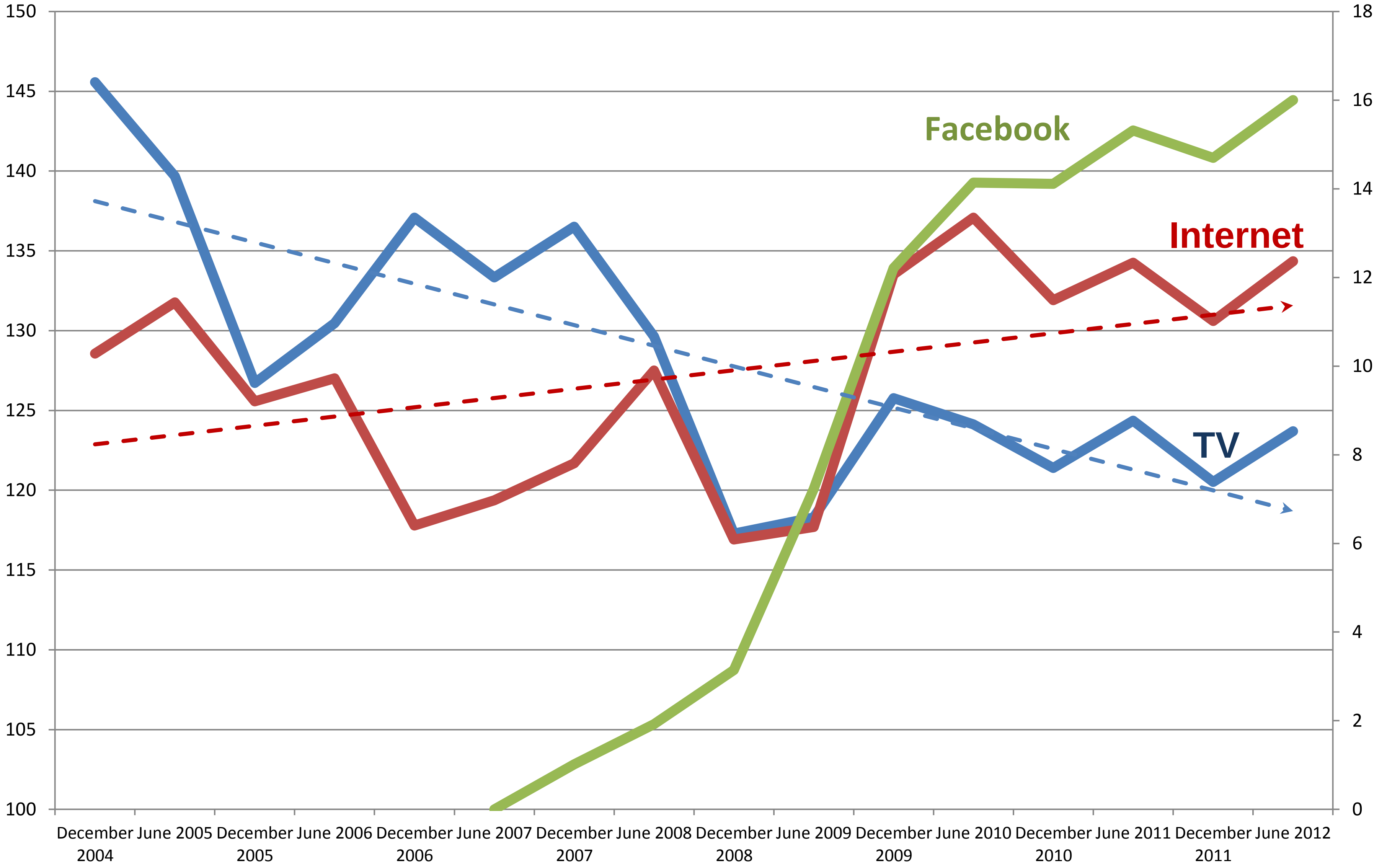
Are Brands Really in Trouble?

- Manufacturer brand preference is declining
- Not being taken up by store brands
- Being replaced by No Brand Preference….commoditization?
- The "signs" aren't good

What's Impacting Brands?

- High correlations between increases in social media usage and increases in "No Brand Preference"

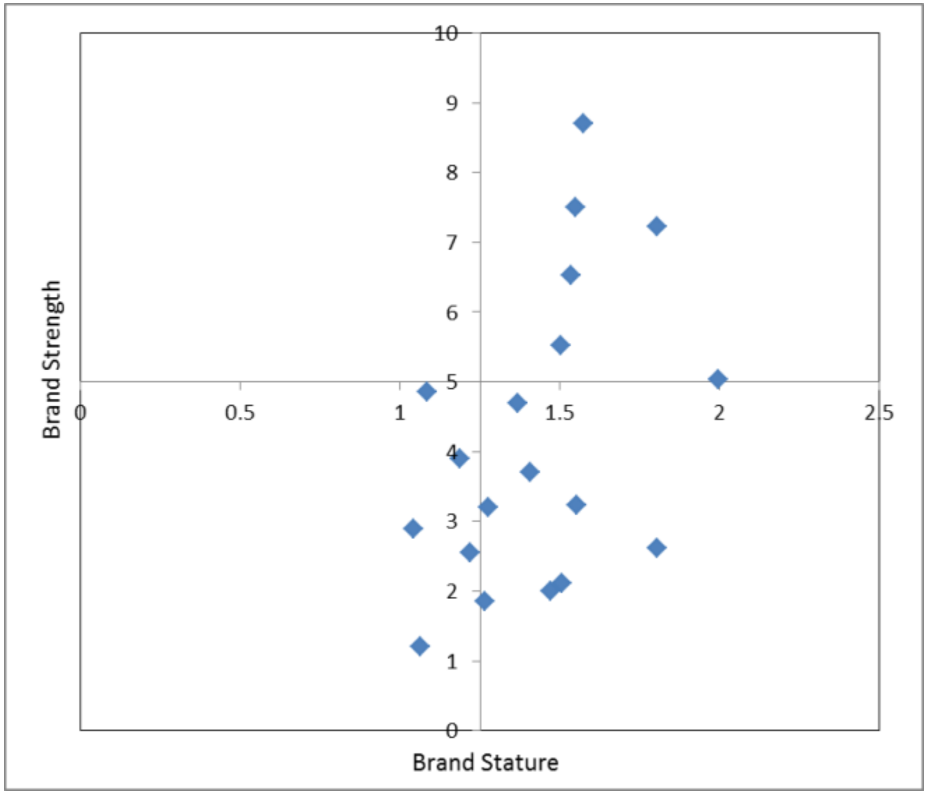
TV and Internet Consumption vs. Facebook as Favorite Site

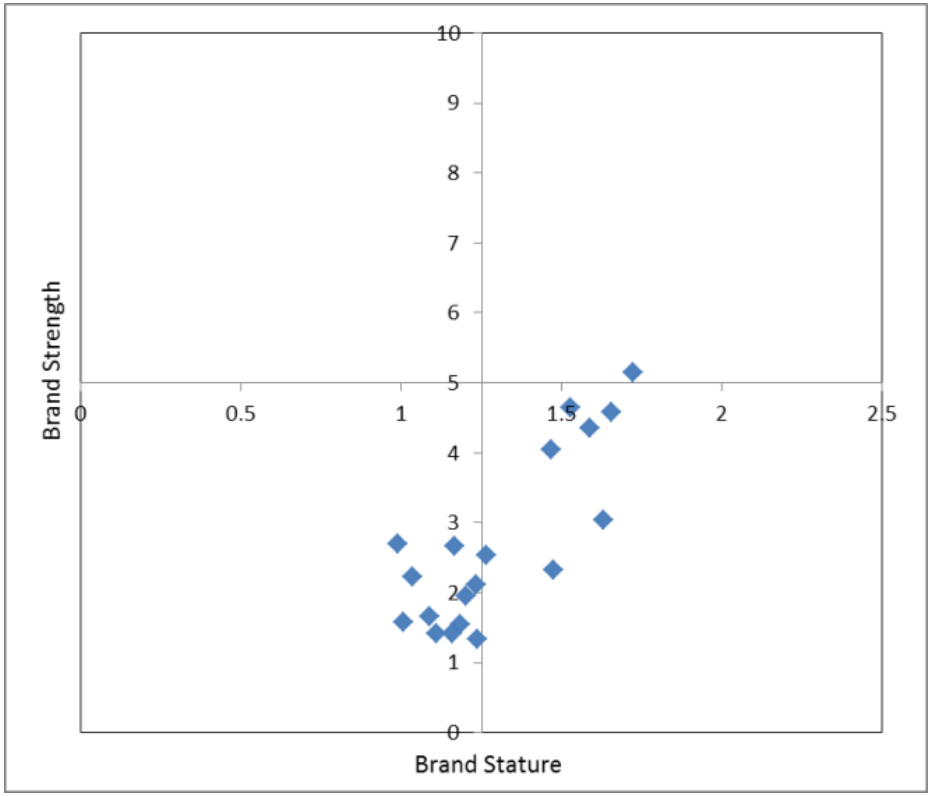


Can Social Media be "Killing Brands....Softly?"

Plots Look Like Rampant Commoditization

BAV Cereals





2002

2012

What Does All This Mean?

We likely need to re-think how brands are built and maintained in an interactive marketplace

What It Really Suggests Is a Radically New Research Agenda for Brands and Branding

Here's What We Likely Should be Studying

- Area #1: Shift from attitudinal to behavioral measures of customer brand affinity/value
- Area #2: Develop longitudinal measures, not one time snapshots
- Area #3: Think of networked systems, not simply short-term effects

- Area #4: Develop multi-dimensional models – today, everything is connected to everything else
- Area #5: Focus on the financial value of brands and branding – money out, money back in
- Area #6: Connections and inclusions – beyond marketing and beyond simply fmcg

Has Marketing Failed Brands or, Have Brands Failed Consumers?

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