BREAKAWAY BRANDS 2013

by Mich Bergesen and Albert Kugel
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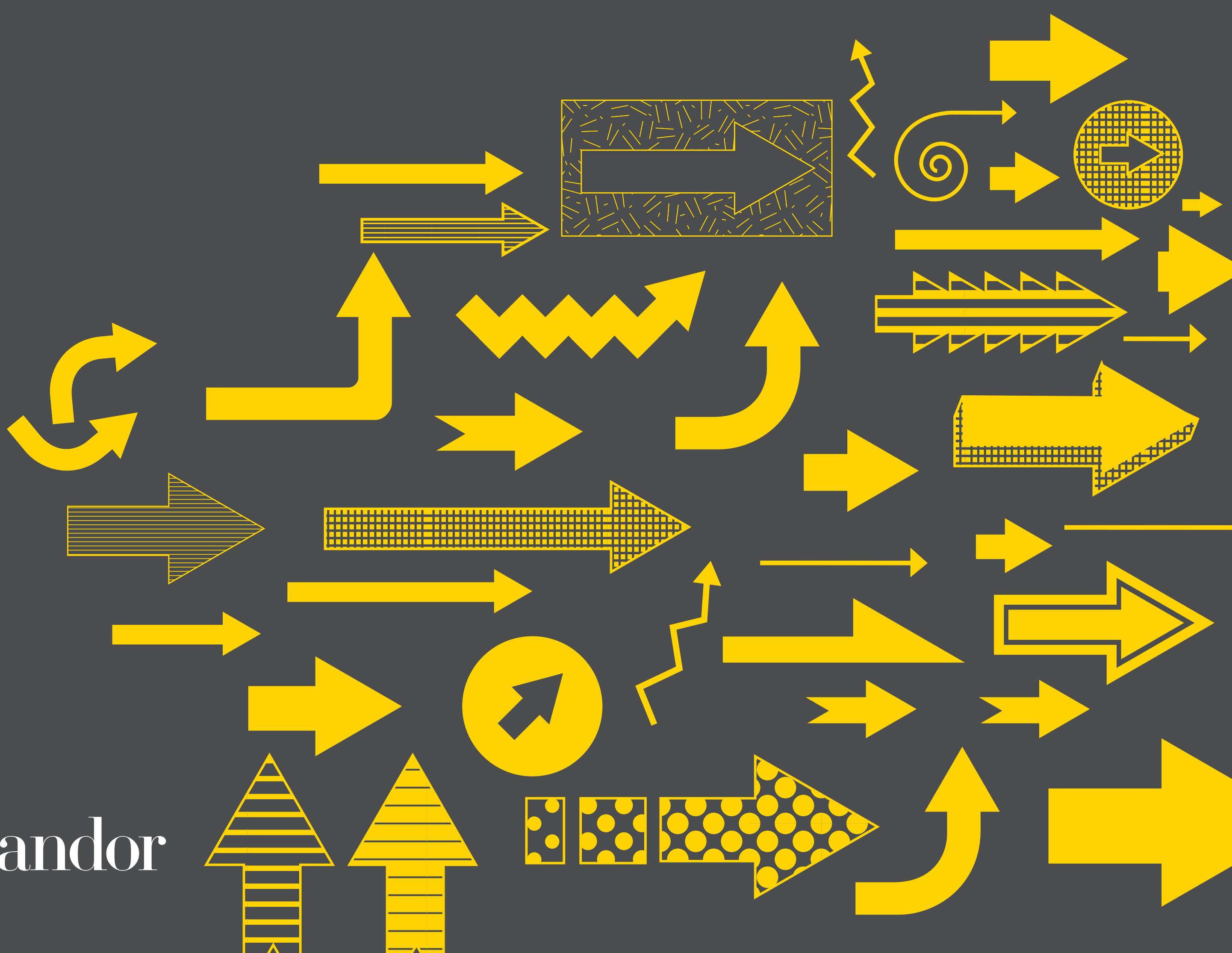

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Breakaway Brands 2013

This is not another story trumpeting the use of social media to build brand communities. While many have written about the need to reinvent the marketing plan to succeed in today's digital environment, the Breakaway Brands® 2013 study tells a different tale.

Landor's annual Breakaway Brands study measures sustained growth in brand strength over a three-year period using BrandAsset® Valuator (BAV) data (see Methodology sidebar). This year our study reveals that consumer packaged goods (CPG) brands predominantly led the charge with the greatest gains in relevant differentiation from 2009 to 2012. Each Breakaway Brand also showed strong business performance, whether in market share, profitability, or stock price growth.

Unlike last year's list, which was dominated by newer tech brands such as Facebook and Skype, this year's Breakaways are mostly venerable household names, ranging from Dawn to Dixie. They achieved standout performance by excelling in familiar strategies that have powered winning brands for decades. That is not to say they're ignoring twenty-first-century tactics, like digital and social, to help bring those strategies to life. All of the brands on our list have comprehensively embraced technology; the print and TV-heavy media plans of yesterday now include well-curated Facebook pages and engaging Twitter campaigns as integral elements. But the drivers of this year's Breakaway Brands' success are found in the tangible ways customers experience their products and the resulting brand loyalty this builds. The fact that digital has simply become another tool in the marketer's toolbox reminds us of the power of fundamental marketing strategies that have delivered sustained results for years.

Take **Quilted Northern**. It may not be the brand one would guess would top this year's list, but according to our BAV data, its differentiation scores jumped over 1,000 percent between 2009 and 2012. The reason can be traced back to 2008, when the brand launched its three-ply Ultra Plush toilet paper in response to market research that found that affluent women over 45 were willing to pay more for cleanliness.[1] Quilted Northern has embraced this new psychographic with the usual mediums—TV and print—but it has also

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Breakaway Brands 2013

BRAND	GROWTH IN BRAND STRENGTH, 2009–2012
Quilted Northern	91%
Jockey	78%
José Olé	70%
Kindle	59%
Dixie	58%
Febreze Sport	55%
Dawn	46%
Amazon.com	35%
Thomas' English Muffins	35%
Lego	29%

Watch List

BRAND	GROWTH IN BRAND STRENGTH, 2009–2012
Ford Sync	54%
Keurig	42%
Windows 7	38%
iPhone	32%
Reynolds Wrap	30%

METHODOLOGY Landor studied approximately 3,500 brands in Young & Rubicam Group's database, identifying those brands that exhibited the greatest increases in brand strength from 2009 to 2012. Growth in brand strength indicates how much the brand's raw strength score has risen over the past three years, expressed in percents.

capitalized on mom bloggers and social media with "Bathroom Confidential House Parties" that invite women to broach the taboo topic of toilet paper in homes across the country. In the first year alone, the new, plusher product earned $135 million in sales.[2]

Then there's **Jockey**, which has successfully evolved its brand while staying true to its roots through a combination of product innovation and a well-executed marketing plan. It continued with steady product development, introducing Staycool technology and the antimicrobial Jockey Sport line. To go along with these innovations, Jockey secured new celebrity endorsements to appeal to a younger, family-friendly audience: football star Tim Tebow for the men's line and celebrity stylist Rachel Zoe for the women's line. Complementing Jockey's traditional media spending are plenty of fun online activations, like Rachel Zoe's "Major Must Haves" from the Jockey Pinterest page. To target men, this year Jockey Sport made a big push in traditional and new ways. Macho ads appeal to guys while a Twitter campaign encourages users to hashtag their workout updates with #everydayathlete. It's quite clear the moves are paying off. Jockey outpaced the underwear category by over 7 percent in terms of sales growth in 2011 (see Chart 1).

Tough on grease, gentle on hands has long been **Dawn**'s brand promise, but in the face of increased competition in the dish soap category, it has cleverly evolved its pledge to consumers. During the aftermath of the 2010 Gulf of Mexico oil spill, and thanks to a generous donation from parent company Procter & Gamble, Dawn soap was used to clean affected animals. This helped elevate the brand in the mind of the consumer and stand out in the dish soap aisle. Together with small product extensions, like partnering with Olay on a hand renewal soap, these initiatives led Dawn sales to outpace the category average in sales growth by over 5 percent between 2007 and 2012.[3] This year, Dawn launched a branded content push on YouTube that is already a hit with consumers: a video series exploring how Dawn is used in oil cleanup efforts. Plenty of cute animals and Rob Lowe's narration made the series go viral.

ABOVE Febreze launched its Breathe Happy campaign, which positioned the product's primary benefit as a reward for clearing a room of unpleasant odors and included events such as yoga in Times Square.

LEFT In the past three years, Lego's product extensions, licensing deals, and new media activations have embraced its commitment to being a medium for creativity.

BELOW Dawn evolved its brand promise, *Tough on grease, gentle on hands,* by helping clean animals affected by the 2010 Gulf of Mexico oil spill and creating small product extensions, like partnering with Olay on a hand renewal soap.

CHART 1

Jockey's sales revenue growth compared to underwear category

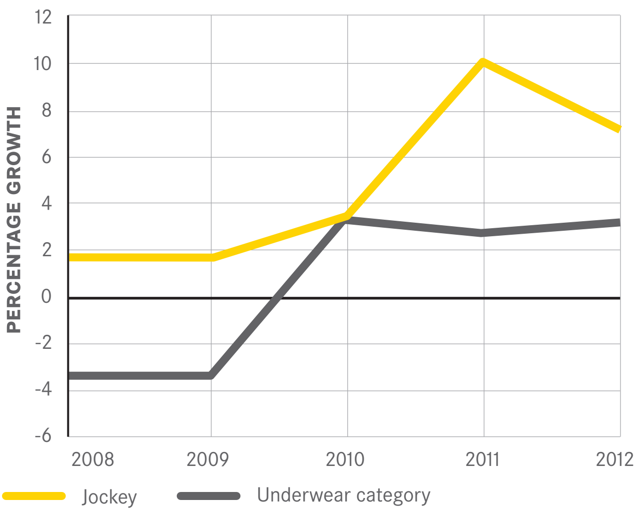

CHART 2

Internet retail growth in the United States by total retail sales

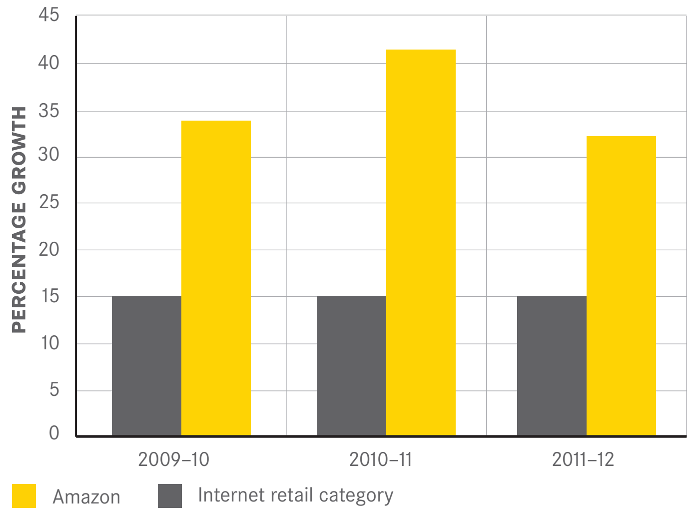

CHART 1 Euromonitor's 2013 data shows that Jockey consistently performed better than the underwear category as a whole between 2009 and 2012.[4]

CHART 2 Amazon's growth is over twice that of the average e-retailer according to Euromonitor data from 2013.[5]

Amazon is arguably the biggest success of this year's Breakaway Brands. Together with its Kindle subbrand, Amazon exemplifies how to use technology to create tangible customer experiences and convenient product delivery. This is the third year in a row that Amazon has made the list, and the retailer's results are certainly attributable in part to continued refinement of the online experience. Its vastly expanded range of purchase platforms—from the tablet and mobile to the connected TV or PlayStation—also adds to the company's success. This is an example of classic brand-and-channel-extension strategy.

The Amazon Prime membership program delivers highly relevant and valuable perks to repeat customers, deepening loyalty and brand attachment across multiple categories. For example, in addition to two-day shipping, Prime gives members access to a library of digital media (like ebooks and TV shows) that can be borrowed or streamed. It's no surprise that Amazon consistently grows at least two times faster than the e-commerce category overall (see Chart 2). Plus, Amazon is just getting started—its often-overlooked web services business is expected to double its revenue in 2013. And at any given time, one-third of web users are on websites or apps powered by Amazon. With an estimated 500,000 servers, Amazon Cloud is the largest cloud-based computer network on the planet.[6] Up next for the brand is Amazon Fresh, a grocery delivery service that, if it can find success where others have failed, will be yet another winner for the retailer.

One of Amazon's smart extensions has become a Breakaway Brand in its own right: the **Kindle**. Over just the past five years, Kindle e-readers have quickly become the most popular family of devices used by ebook buyers, capturing 55 percent of all sales in 2012 through either the e-ink or tablet versions. And the brand is not simply seen as an e-reader. Since launching the Kindle Fire in late 2011, it has taken 20 percent of the tablet market.[7] In the future, Kindle will be rolling out its e-readers into China, which is expected to be its biggest market yet.

Shifting back to CPGs, **Febreze** made our list for showing that its brand can successfully extend to new products and categories. It not only continues to develop new product extensions, like Febreze Sport and Febreze Sleep Serenity, but it also has a strong ingredient branding strategy, allowing it to attract new fans in other aisles of the supermarket. Both Tide and Mr. Clean added Febreze scent-freshening ingredients to their product lines. Meanwhile at over 1.5 million "likes," the number of fans on Febreze's Facebook page rivals the population of a small country. Last but not least, Febreze launched its Breathe Happy campaign, which positioned the product's primary benefit as a reward for clearing a room of unpleasant odors. The campaign—and new products—pushed Febreze sales over the $1 billion mark in 2012.[8]

Who would expect **Dixie** to be a Breakaway Brand? This brand, previously known primarily for its paper cups, made big strides in differentiation in 2009

after launching a super strong line of disposable products called Dixie Ultra. The new line claims to be 10 times stronger than the category average, and it backs up its promise with a seal of approval from *Good Housekeeping*. Dixie is no longer just a brand of regular paper cups and plates, and its BAV differentiation scores reflect that by jumping over 200 percent in 2011 alone.

Since launching in 2000, **José Olé** has ventured to dominate the frozen Mexican food section by insisting on high standards for flavor and quality. The brand has slowly but surely added product extensions, and today it offers customers a menu rivaling any Mexican restaurant's, right in the freezer aisle. Once just a burritos and taquitos line, José Olé now also makes chimichangas, tacos, empanadas, and stuffed nachos. According to *Grocery Headquarters*, the José Olé brand has driven 60 percent of the growth in the U.S. frozen Mexican food category between its 2000 launch and 2011.[9]

Thomas' is the oldest brand on the list, but it has been able to thoughtfully extend its offering beyond its long-standing English muffin tradition. By introducing bagel thins and pitas, Thomas' responded to today's customer desire for a healthier diet. Since the brand has always stood for freshness and quality, healthy options and natural ingredients make the extensions a great fit for Thomas'. In response, the brand's BAV differentiation scores nearly doubled between 2009 and 2012.

In the past three years, **Lego**'s product extensions, licensing deals, and new media activations have embraced the company's commitment to being a medium for creativity. The world of Lego has expanded to include some of the biggest entertainment franchises. Today, kids can use their Legos to reenact their favorite scenes from *Star Wars, Superman*, and *Marvel's The Avengers*.

In addition, Lego made moves to target girls with its Lego Friends line, which includes five spunky female characters, dollhouses, and accessories. Lego has used new media holistically to become much more than a plastic brick maker. Homemade models can be animated and shared via a storytelling app, and consumer-generated films from loyal and enthusiastic fans can be shared on Lego's website. Smart branding means Lego commands a large price premium against its closest competitor, Mega Bloks (Lego sets sell for almost twice as much as comparable Mega Bloks collections). The future looks bright for Lego: While as a whole, the toy market has lost steam because of competition with iPads and gaming devices, the construction toy category continues to grow at a clip.

The Watch List

This year, we placed five brands on the Watch List. Although improvement in brand strength would qualify them for inclusion as Breakaway Brands, we were uncertain about long-term category strength or the sustainability of their leadership positions.

Windows 8 already commands a larger market share than any Mac OS offering.

CHART 3

Sales of traditional toys & games by category: Year-on-year growth

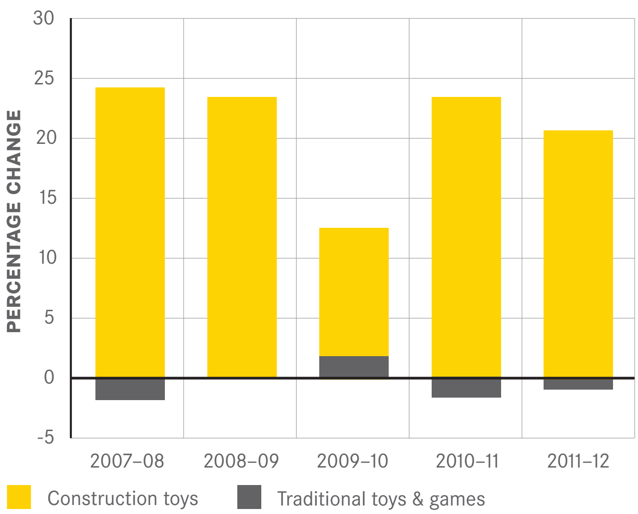

CHART 4

PC operating system share (May 2013)

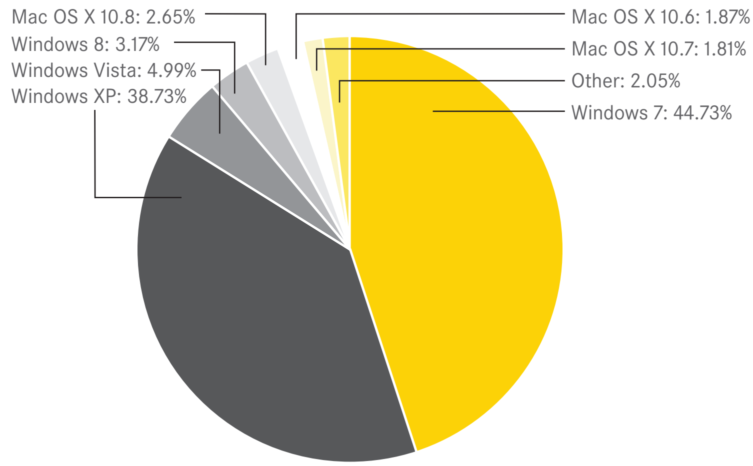

CHART 3 Euromonitor data from 2013 shows that while the traditional toys and games category's growth stagnated, sales skyrocketed in the construction toys category.[10]

CHART 4 According to Net Market Share in May 2013, Windows operating systems dominated with over 90 percent of the market share.[11]

Whether these brands are the next big winners or the next big losers remains to be seen.

Keurig was one of our top brands last year because of its sustainability efforts, but this year there is market uncertainty for the brand following the expiration of its K-Cup patents. However, Keurig is certainly far from down-and-out; it has secured strong brand partnerships with Green Mountain, Starbucks, and Dunkin' Donuts. Our question: Will it be able to hold on to its strong lead in the single-use coffee maker category?

Reynolds Wrap's performance during our three-year observation period also qualified it as a Breakaway Brand; online, it has made significant inroads with moms with its Real Moms social media campaign, featuring five real moms providing kitchen tips on its Facebook page. Even more impressive, the brand continues to fend off aggressive competition from private labels in today's down economy. Between 2008 and 2012, Reynolds Wrap's share of the aluminum foil segment jumped from 56 percent to over 59 percent; unfortunately, the segment's value shrunk from $462 million in 2009 to $438.6 million in 2012, likely because of increased competition and product innovation in the food storage category.[12] So, although Reynolds Wrap's performance in its category was strong, the category itself is suffering. Our question: Will Reynolds Wrap's success continue despite the category slowdown?

We identified several tech brands for the Watch List. Although the tech buzz might be around Apple's new OS X Mavericks, **Microsoft Windows** proves there's comfort in the familiar. Windows 7, released in 2009 when this year's measurement period began, is still the go-to operating system in the PC market. Microsoft Windows owns over 90 percent of the market, and the current edition, Windows 8, is breaking new ground with a customized touchscreen operating system—it already commands a larger market share than any of the Mac OS offerings.[13] Not all signs are positive, however; the company had to tweak Microsoft 8 in response to mixed market response that called for the return of older, more familiar features. Our questions: Will Microsoft be able to convince the market to try out Windows 8, or will Windows 7 continue to dominate? Is it possible that the innovator's crown could go to Apple's OS X Mavericks?

In the smartphone world, Apple's **iPhone** is still the most desired handset in the market, but will it stay that way? Growth in iPhone ownership has slowed in the past year or so, with global market share sliding from 16.6 percent in the second quarter of 2012 to 13.2 percent in the same quarter of 2013.[14] New Android-based handsets continue to flood the market, challenging the public's perception of the iPhone as the best in the category and solidifying Android's dominance with more than two-thirds of total handsets sold.[15] Recent upgrades to iPhones have been incremental at best, suggesting they may be losing their edge and competing on functional utility rather than brand distinctiveness. However,

because of Apple's history of creativity and innovation, it remains one to watch, and the eager anticipation of iOS 7 and new handset models in late September 2013 show that consumers want to believe the firm still has a few more tricks up its sleeve. Our question: Will iPhone continue to deliver a truly innovative customer experience and extend the brand's reign, or will it succumb to me-too strategy?

Ford Sync, a factory-installed multimedia system with touchscreen and voice-recognition capabilities, is new on the scene, but is a brand to watch as Ford and Microsoft work to perfect it. The two companies have collaborated nonstop to add new features, like voice command and AppLink, which let users access their mobile applications from their steering wheels. These technologies, as well as partnerships with companies like Audible and Pandora, allow Ford Sync to differentiate itself from other in-car infotainment options. Although there are still usability issues to work out, new Ford owners are increasingly choosing the additional $295 option, which has helped Ford to a 14 percent increase in transaction prices.[16] By the end of the 2009–2012 period, 70 percent of new Ford vehicles were being sold with Sync on board.[17] Our question: Is Ford's investment in Sync paying off despite the glitches?

Classic strategies win for old and new brands alike

This year's Breakaway Brands remind us of enduring marketing truths: Brands that deeply understand their customers' needs and satisfy those needs in distinctive yet practical ways will almost always rise above the competition. After several years of tech innovators dominating brand rankings, we enjoyed seeing how simple yet effective marketing strategies paid off for the 2013 Breakaway Brands. ■

ABOVE By the end of the 2009–2012 period, 70 percent of new Ford vehicles were being sold with Sync on board.

RIGHT Dixie is no longer just a brand of regular paper cups and plates, and its BAV differentiation scores reflect that by jumping over 200 percent in 2011 alone.

Endnotes

1. Sylvia Cochran, "Study proves that women value bathroom cleanliness while men want quality toilet paper," Yahoo Voices, voices.yahoo.com/study-proves-women-value-bathroom-cleanliness-5886946.html?cat=72 (23 April 2010).
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Methodology

First published in 2004, Landor's annual Breakaway Brands® study provides a unique look at brands that have exhibited sustained, quantifiable increases in brand strength over a three-year period.

Brand strength is determined using three years of consumer survey data from the BrandAsset® Valuator (BAV) U.S. database (we compared results from 2009 to 2012 for this study). Landor analyzed data for approximately 3,500 brands across industries, based on interviews with more than 17,000 consumers annually, evaluating against 48 different measures of brand health.

By comparing brand performance on key measures that drive consumer preference and choice—specifically, the brand's *differentiation* (including its distinctiveness, innovation, and dynamism)—and the brand's relevance (how appropriate it is to a consumer's life), we identified those brands that increased their scores most dramatically. When a brand grew significantly on both measures (an indication of true brand strength) and these numbers were sustained over the three-year period, they became candidates for the Breakaway Brands list.

Later, Landor consultants partnered with students from Wake Forest University's Graduate School of Business to conduct secondary research on key actions undertaken by brand owners to enhance performance and identify the strategies and initiatives employed to sustain brand growth over three years. The selected finalists are therefore not necessarily the biggest brands, but brands that proactively built their brand strength most consistently over time.

With more than 20 years of consumer data, BAV is the world's largest and most enduring study of brands. Polling consumers in the United States on a quarterly basis for their perceptions of brands, it identifies and analyzes brand strength and trends based on four pillars of brand building: *differentiation, relevance, esteem,* and *knowledge*.

To date, BAV tracks brands in 51 countries, covers some 50,000 brands, has conducted interviews with more than 750,000 consumers, and includes dozens of brand metrics and attitudinal questions. BAV is part of Young & Rubicam Group, a partnership of companies that includes Landor.

Breakaway Brands study

Landor's annual Breakaway Brands® study measures sustained growth in brand strength over a three-year period using data from Young & Rubicam Group's BrandAsset® Valuator (BAV), the world's largest database of consumer and brand behavior. This year's top brands achieved the greatest increases in brand strength from 2009 to 2012.

2013's top 10 brands

BAV has collected consumers' brand perceptions via survey **every quarter for the past 20 years**. Each year's Breakaway Brands are chosen based on United States data covering:

17,000 CONSUMERS

3,500 BRANDS

FOUR PILLARS

48 BRAND ATTRIBUTES

- [x] HIGH QUALITY
- [x] GOOD VALUE
- [x] TRENDY
- [x] HELPFUL
- [x] LEADER
- [ ] SIMPLE
- [x] TRADITIONAL
- [ ] RELIABLE

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