TOTAL VALUE OF LATIN AMERICAN TOP 50 BRANDS

US$131.9 BILLION
2015

US$103.4 BILLION
2017

Brand Value Change 2015-2017
-22%

NEWCOMERS

#32 Food & Dairy
US$1,051 Mil.

#33 Beer
US$1,047 Mil.

#43 Retail
US$580 Mil.

#48 Credit Cards
US$734 Mil.

#49 Beer
US$679 Mil.

US$7,782 Million
-8%

US$7,647 Million
-10%

US$4,598 Million
-26%

US$4,257 Million
-10%

US$3,772 Million
-26%

US$3,593 Million
+16%

US$3,486 Million
-5%

US$3,269 Million
+28%

TOP 10 MOST VALUABLE LATIN AMERICAN BRANDS

1. SKQl
US$7,782 Million

2. Corona Extra
US$7,647 Million

3. Telcel
US$4,598 Million

4. fatabella
US$4,257 Million

5. fatabella
US$3,772 Million

6. BCP
US$3,593 Million

7. Banco de Chile
US$3,269 Million

8. Realplaza
US$3,166 Million

9. Cusquena
US$3,030 Million

10. Cusquena
US$2,563 Million

TOP 10 MOST VALUABLE COUNTRY BRANDS

Argentina
US$3.4 Bil.
-25%

Brazil
US$33.5 Bil.
-31%

Chile
US$20.6 Bil.
-12%

Colombia
US$55.8 Bil.
-11%

Mexico
US$17.5 Bil.
-12%

Peru
US$1.5 Bil.
-12%

Argentina
2 brands in the Top 50

Brazil
10 brands in the Top 50

Chile
9 brands in the Top 50

Colombia
10 brands in the Top 50

Mexico
9 brands in the Top 50

Peru
Top 10 in Brand Contribution

Brand contribution measures the influence of brand alone on financial value, on a scale of 1 to 5, 5 being highest.

Methodology and valuations by
KANTAR MillwardBrown

Download the Mobile app www.brandz.com/mobile

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WPP IN LATIN AMERICA
Economic growth has continued to be sluggish; the result of depressed oil prices, currency fluctuation and larder demand in some of LatAm countries’ key export markets. Major political changes in several markets have created uncertainty that has proved less than conducive to government and business investment. And, with inflation running as high as 30 percent at times, consumer confidence and household budgets have taken a bit of a battering. These are indeed challenging times, yet they also present opportunities to build strong, meaningful relationships with consumers.

In this report, we draw on nearly a century of WPP company expertise in LatAm, working with some of the most valuable and iconic brands in the region. We couple that with more than a decade of BrandZ™ global brand valuation research, which has tracked over 100,000 brands in 50 markets to identify the key drivers — local and global — of long-term growth in brand value.

These learnings are especially pertinent at times when business budgets are tight and there is pressure to deliver volume sales in the short term. Brands need to know that they are not simply spending on marketing, they are investing in connections with consumers that pay long-term dividends.

The value equation is shifting
Householders are spending more carefully, making more frequent shopping trips, but spending less on each visit. They’re looking for brands that offer great value. That means not just a good price and dependable quality, but also a promise to deliver beyond function and provide an emotional benefit.

Consumers want reasons to trust
There is a strong desire for business transparency, and this extends to people’s experience of products and brands. When conditions are unstable, consumers are seeking brands that are honest and open with them — and that do what they say they’ll do.

There is much positivity
There is caution but also a lot of optimism that things will soon get better. There’s an entrepreneurial spirit and ‘can-do’ attitude prevailing in many markets. People are still buying their favorite brands, even if a bit less often.

There is an opportunity to link creativity and data through digital media
Smartphone penetration continues to rise across the region, giving brands the chance to be both more timely and increasingly relevant to consumers. When digital technology, consumer data and brand creativity are united, that essential emotional connection is easier to achieve.

We know, through experience in this region and around the world, that brands that invest in maintaining and building relationships with consumers during difficult times bounce back faster and higher when consumer confidence returns. Strong, valuable brands also deliver superior shareholder returns.

I hope this report helps brands in LatAm learn from the past and build for the future.

About BrandZ™
This report is a collaboration by leading brand experts from WPP companies around the LatAm region. Their insights and Thought Leadership essays provide strategic understanding and tactical advice for brands seeking to grow their presence and improve their brand value.

WPP companies have been working in Latin America for close to 100 years. Strong, valuable brands also perform better in difficult times bounce back faster and higher when consumer confidence returns. Collectively, our experts bring global knowledge based on our WPP experience in 113 countries. By connecting this talent and wisdom, we explore global trends and insights that help our clients in unique and useful ways.

The backbone of all the intelligence in this report is the WPP BrandZ™ database, the world’s largest, customer-focused source of brand equity knowledge and insight, and the BrandZ™ brand valuation methodology of Kantar Millward Brown, a WPP company. Other titles in our industry-leading BrandZ™ resource library include: The BrandZ™ Top 100 Most Valuable Global Brands, the BrandZ™ Top 100 Most Valuable Chinese Brands 2016, the BrandZ™ Most Valuable Indonesian Brands 2016 and the BrandZ™ Top 50 Most Valuable Indian Brands.

To download these and other BrandZ™ reports, please visit www.brandz.com. For the interactive BrandZ™ mobile apps, go to www.brandz.com/mobile.

To find out more about how we can help brands across the LatAm region, please contact any of the WPP companies that have contributed expertise to this report. They are listed in the resources section at the end. Or feel free to contact me directly.
Introduction
Conquering consumers in hard times: promotional pricing vs. brand building

The economy in Latin America is facing hard times, and this reflects directly on consumers’ purchasing power. The challenge is knowing whether our brands can rediscover sustained growth.

Time and again, we watch our clients asking themselves whether to continue their marketing efforts or, on the contrary, reduce investment or even cancel the budget. They ponder whether to allocate resources to initiatives that could potentially generate more immediate sales, such as promotional pricing, temporary price decreases, and so on. It is precisely in those moments when clients come to wonder whether marketing activities generate the necessary sales volumes at the right speed for brands. What should the strategy be? Unfortunately, the answer to this question is not easy. Any route taken will have consequences. The truth is that short-term options, focused on volume, are helpful in so far as there is a “brand” to sell. That is not a path to be taken for too long, but rather a tactic within a brand strategy.

Gabriel Castellanos
CEO, Hispanic LatAm
Kantar
Gabriel.Castellanos@kantar.com

Gabriel has a degree in Economy and Finance and has held various management positions throughout his career in market research, marketing, sales and corporate affairs.

He has been at Kantar Millward Brown for 10 years, as CEO for the Andean Region for the last two and previously for four years as the CEO of Kantar Millward Brown Colombia.

Currently CEO of Hispanic LatAm, he is responsible for managing Insights for Mexico, Central America, Colombia, Peru, Venezuela, Ecuador, Chile and Argentina.

ASKING THE RIGHT QUESTIONS

Now, asking ourselves about marketing budgets gives us the opportunity to pose hard questions and enables us to make the necessary corrections in the course to be followed by our brand. The most important thing is to raise the right questions:

- Are we generating enough brand differentiation? Are we sure that every invested dollar is building differentiation attributes for our brand so that our target audience prefers it?
- Are we sure about the message to be transmitted by our brand? About how and when to communicate it?
- Do we understand our consumers? Are we capable of taking timely actions for their needs?
- Are our activities building sustainable brand equity?

Volume strategies are valuable as long as there is awareness that the brand is the axis of a company and that it should relate to its target adequately, so that this target can decisively understand and experience the differences between our brand and all other brands. If this is not taken into account and activity consists of a volume strategy disconnected from brand structure, we will most surely compromise the future of the brand. It’s vital to avoid the pitfall of ending up with a brand whose only difference will be a one-day offer, no more or less appealing than other offers.

FACTOR IN ALL VARIABLES

We must remember that, when consumers’ purchasing power is impacted, they do not want to buy the cheapest products, but those that give them more for their money, not only in rational but also in emotional terms. It is in those moments when consumers are more aware of their expenses, when they prefer brands with the best balance between quality, differentiation, relevance, and cost. So, as it can be seen, cost is just one variable among others. In fact, cost is something that, depending on the category, can be mitigated by the rest of the variables.

So, why do we wind up giving in and making decisions that often favor volume at the expense of margins? Let us remember that consumers are willing to pay a premium price for a brand that they feel gives them something they could not get otherwise. Premium brands need to be different enough to justify their price and defend themselves from potential competitors. Lack of differentiation could lead to declining gains if consumers have to pay a price so high that it feels out of line with what they perceive as differentiation in a brand.
Lessons in relationship-building from Latin America

European and Latin American growth rates have mirrored each other closely over the last decade. Faced with many of the same macroeconomic challenges, brands on the two continents can learn much from studying each other.

BrandZ™ Latin America - Kantar Millward Brown’s comprehensive brand value report—has just been released and it contains important lessons for European brands. The Latin American report is one of several BrandZ™ reports Kantar Millward Brown publish every year, based on 17 years of research into brands across the globe. This year’s report contains many insights about building closer relationships with consumers during an economic downturn and positioning a brand as emblematic of a broader region, trend or movement.

Building Relationships
The Brazilian beer brand Skol is Latin America’s most valuable brand for the second time. Skol has created value by building a close relationship with its target audience through music festivals and other special occasions. The brand’s mantra of “Desce Redondo” (“Easy to drink”) builds associations of fun, playfulness and happiness. Skol’s relationship with consumers is close, but not deep in the sense of being connected to more fundamental issues in consumers’ lives. This means that the brand can position itself as a welcome distraction from troubling financial prospects. Skol has understood that its role is not to be the main character at the party, but to help others have a good time.

Around Rock in Rio, the Rio Carnival and the FIFA World Cup, the brand organised more than 2,000 events where it let its consumers play the main role. During the World Cup, it even created small “embassies” where customers were invited to become Skol “ambassadors” and welcome foreigners. And its “Gringo your selfie” competition encouraged Brazilians to take selfies with tourists from all the countries competing in the World Cup in less than 24 hours.

By fine-tuning its relationship with consumers like this, Skol is always in the background, but never far away. Its ingenious approach is to not run the party but to be one of its fundamental building blocks. Its brand events do not have to be about the brand at all. The embassies and selfie competitions can be all about what consumers want to do, while Skol can confidently assume that the customer will bring the product to the party.

New Experiences and Old Values
Another aspect of building closer relationships with consumers is to create unique experiences. Chilean gas company Abastible - not yet in the BrandZ™ LatAm top 50 - had great success this year creating a different story about the warm values consumers care about can build closer relationships without engaging in the more serious debates about economic challenges.

Becoming Emblematic
An important difference between Europe and Latin America is foreign involvement in the economy. Because of the generally lower levels of foreign involvement in Latin America, local brands dominate these markets to a larger degree. This in turn creates a dynamic where local brands in LatAm -as in APAC—to try to break through internationally by converting local or regional USPs to international ones. An important strategy for these brands is to position themselves as “emblematic of the region,” so that they are seen to represent a broader location, trend or “local feel.”

Beauty and personal care products from Peru—such as Belcorp and Yanbal International, still outside the top 50—are expanding and starting to pose a threat to bigger, global companies. The Peruvian brands’ business models emphasise a strong understanding of the locally emerging middle classes in the entire Latin American region. This way they manage to represent a broader set of ideals and capture the mood of their target consumers better than competitors coming in from the outside.

Taking the Lessons Home
Of course, brands in Europe use many similar tactics to their Latin American counterparts; Louis Vuitton creates unique content for its consumers and IKEA is definitely emblematic of Scandinavia. However, subtle strategic differences do exist and a closer study of Latin American successes will show European CMOs how to gain the edge. By looking out to the wider global market—to Latin America and to Asia-Pacific—European CMOs will be in a better position than ever.
**TOP 50 MOST VALUABLE LATIN AMERICAN BRANDS 2017**

**OVERVIEW**

Firstly, with the Brexit (British Exit), when the British citizens voted in June 2016 to exit the European Union, eroding the British pound to its lowest level in decades. And now the election of Trump, with his promise of protectionist trade policy in the presidential election campaign.

The tendency is that the countries start to think more locally in terms of trade. In this scenario, local brands will play a very important role, increasingly seeking to meet local needs. For global brands the challenge is even bigger, because they need to have different positioning for each local market, in order to meet these local needs. One good example of this movement is Unilever, a global company that has adapted successful global brand concepts to suit local markets.

In terms of Political context, almost all socialist governments are facing problems and this can represent a very good opportunity for LatAm brands. For example, Cuba is trying to open relationships with US but also with other Latin American countries. Venezuela is facing some economic issues, and probably can represent good perspectives for brands in the middle term. Brazil, which went through the impeachment of Dilma Roussef - a president with a clear Socialist positioning, is following this trend.

In this context, the Top 50 Most Valuable Latin American Brands Rankings increases in importance and relevance, showing that the region has important local icon brands that have successfully explored emotional attributes, aligned with local needs. Skol (Brazilian Beer), Telcel (Mexican Communication Provider), Bradesco (Brazilian Bank), Aguila (Colombian Beer) and Falabella (Chilean Retail) are examples of successful brand strategies focused in this purpose.

However, the Latin American region is going through a crisis period.

The region continues showing a steady decrease in GDP rates. In 2015 GDP dropped 0.5%, the second worst performance in the last 13 years, having been surpassed only in 2009, when GDP declined -1.8% in the world’s financial crisis.

Since 2010 the region hasn’t have GDP growth, mainly due to political instability and external economic factors, such as evolution of oil prices and the US and China’s economies deceleration.

**The Latin American brands in a de-globalization context**

Recent facts have raised in the world the fear of a de-globalization process.

In terms of Political context, almost all socialist governments are facing problems and this can represent a very good opportunity for LatAm brands. For example, Cuba is trying to open relationships with US but also with other Latin American countries.

**GDP Growth Latin America**

Despite several economic and political problems in Brazil and Venezuela, whose GDPs dropped in 3.9% and 5.7% in 2015 respectively, the other countries in the region showed positive GDPs rates: Peru 3.3%, Colombia 3.0%, Mexico 2.5%, Argentina 2.4% and Chile 2.1%.

As Brazil is the largest country in the Latin America, representing almost 33% of the GDP in US dollars, its weak performance had the largest impact in the GDP of the region.

**Source:** CEPAL

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An economic contraction of 0.9% is expected in the Latin America’s GDP, according to CEPAL - Economic Commission for Latin America and the Caribbean. If this economic scenario is confirmed, it will mark the first time that Latin America has registered two consecutive years of negative growth. This scenario has only happened in 1982 and 1983 when the debt crisis was severe.

In terms of economic future trends, according to the McKinsey Global Institute study, the global economic growth is set to slow dramatically. The expectation is that the world economy growth rate for the next fifty years will be just half of what was observed in the past fifty years.

OVERVIEW

The concern is that the world is now entering into a slow and contracted economic growth, affecting both developed and emerging countries.

China’s economic data gives clear signals of this economic deceleration: the country’s GDP rate dropped from 10.6% in 2010 to 6.9% in 2015. Considering that China is the world’s main importer of commodities, responsible for approximately 60% of the total world trading of iron ore and wheat and 30% of copper ore, its economic slowdown affects directly Latin American countries like Brazil and Chile.

The BrandZ™ Top 50 Most Valuable Latin American Brands 2017 reflects all this unfavorable economic performance, as the total value of the Top 50 decreased 22% in 2017.

However, there are good news. Looking at the average Brand Contribution (the influence of the brand in the customers’ purchase decision process), we can see that the index has improved year by year since the first Top 50 LatAm ranking in 2012, providing evidence that strong brands provide protection against financial crisis.
Key Findings from BrandZ™

TOP 50 LATAM 2017 AND FUTURE TRENDS

1. BRAND PURPOSE
Brands associated with a ‘higher purpose’ - beyond functional product benefits - have a competitive advantage. Many initiatives that are developed connect the brand with relevant social initiatives. Driving factors include changing customer values, often connected with generational lift. Please, look at the attached chart from Global BrandZ™.

In the region we can see a lot of examples of local icons with a positioning that reflects their brand purpose very clearly.

- **Corona Extra**
  - The Mexican brand, original from Peru, underlines its national pride and symbols across its brand image, fostering a greater connection with the Peruvian gastronomy and a unique flavour.

- **AGUILA**
  - The Colombian beer brand has positioned itself due to a consistent communication idea and slogan of “The brand that reunites all Colombians”, highlighting soccer and festive events as undeniable elements of the Colombian people and its passion for their country.

2. CUSTOMER CENTRIC BRANDS
Regardless of the category, consumers have little problem in finding products and services that work well and are good enough. However, good enough doesn’t stand out from the competition. It certainly doesn’t command a premium price or keep customers returning for more. It is not enough to ask, does the product and service perform well? The key questions are: How does it make customer feel? Does the customer feel just ok? What would it take to make the customer delighted? In the following chart we can see the importance of innovation for creating competitive advantage and increase in brand value (%) for brands (from Global BrandZ™ database).

Latin American brands face a difficult economic environment, the local brands need to overcome the customers’ expectations, shifting their business model to meet consumer needs and demands in a more relevant and disruptive way.

Brands such as Skol, Telcel, Televisa, Falabella and Bimbo are very good examples of Customer centric brands. For example, in the case of Skol – most valuable Latin American brand – who innovates in communications, events and packaging. Another example is in the Brazilian retail: Raia Drogasil (drugstore) and Renner (retail) are examples of brands that have innovated to become a customer centric brand. The drugstore chain implemented beauty consulting services in their branches. On the other hand, the retail company used Google’s virtual reality glasses, a low-cost portable cardboard device, during the launch event of its 2015 collection. These actions have created emotional relations with the customers, strengthening the equities of these local brands. One evidence of these successful initiatives is the market capitalization of these companies, with both values increasing 71% and 33% from December 2015 to June 2016, respectively, against a 18% increase of the stock exchange index in the period.

3. REPUTATION BRINGS AND DESTROYS VALUE
As Warren Buffett said: “If you lose dollars for the firm I will be understanding. If you lose reputation for the firm, I will be ruthless.”

Warren Buffett, BGS/MRS conference 2014

Corporate reputation and trust has become an important asset of brands, and helps companies to deal with crisis moments. Trust is an extremely important attribute that is totally correlated to shareholder value. In the chart we show the importance of social responsibility in brand value (%).

Across Latin America many important conglomerates suffer some reputation issues, that affects shareholder values such as Carlos Slims’ companies, BTO, Petrobras, Vale. The region has several cases where the brand value was impacted due to corruption or bribery issues harming companies’ reputation. The same applies to banks. In the past, they used to be very important in the region, now almost all Banks dropped tremendously in brand value as a consequence of a perception of risk in the industry as whole. Some good news came from Mexican Cemex and Bimbo and Chilean Copec.

**Source:** Kantar Millward Brown and BrandZ™

**Shaking Things Up**

**Creative**

- Brands that scored high in Innovation
- Brands that scored low in Innovation

**Different**

**TRUSTED**

**Treats Employees Well**

- Brands that scored low in Responsibility
- Brands that scored high in Responsibility
The economic and political crisis that have recently plagued the Latin America, with a consequent reflection in the exchange rate in the Latin American region - which devaluated 29% in average, affected the performance of the BrandZ™ Top 50 Most Valuable Latin American Brands in 2017: the total value of the Top 50 decreased 22% in comparison to the previous year (from US$131.9 Bil. to US$103.4 Bil.).

This year 36 brands decreased in value and only 6 increased (8 are newcomers), what reveals this crisis scenario in the region.

However, looking at the Top 10 the variation was -14%, less than the variation of the Top 50, what demonstrates that more valuable and strong brands can better face long periods of crisis.

**THE TOP 5 POSITIONS**

Skol, the Brazilian beer (AB InBev Group), is the most valuable Latin American brand for the second consecutive year in the LatAm ranking. The brand has also been the most valuable Brazilian brand for the fourth consecutive year.

Skol has been successful in adapting its brand for the younger audiences who are very likely to change their attitude and interests rapidly. Skol has been creative to present your brand to the young people, who change their wishes day by day. One example of this strategy is Skol Ultra, a beer with fewer calories and less alcoholic content, targeted at people who practice sport or outdoor exercises and prefer healthier beverages.

The other four brands in the Top 5 positions were Corona (Beer – Mexico), Telcel (Communication Providers – Mexico), Falabella (Retail – Chile) and Televisa (Communication Providers – Mexico), repeating what was observed in the last year, when the segments beer, communication providers and retail dominated the Top 5.

**TOP 10 MOST VALUABLE BRANDS**

The Top 10 positions were represented by the segments beer, communication providers and retail as well, and again beer dominated this ranking, with five brands in this ranking for the fourth consecutive year.

*Source: Kantar Millward Brown and BrandZ™*
In 2017 the BrandZ™ Top 50 Latin American ranking had eight new entrants:

<table>
<thead>
<tr>
<th>#</th>
<th>Brand</th>
<th>Brand Value (M$)</th>
<th>Country</th>
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<tbody>
<tr>
<td>1</td>
<td>Masa</td>
<td>1,051</td>
<td>Food</td>
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<tr>
<td>2</td>
<td>Solia</td>
<td>1,047</td>
<td>Beer</td>
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<td>3</td>
<td>Tottus</td>
<td>810</td>
<td>Retail</td>
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<td>4</td>
<td>Macro</td>
<td>741</td>
<td>Banks</td>
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<td>5</td>
<td>Cielo</td>
<td>734</td>
<td>Credit Cards</td>
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<td>6</td>
<td>Tigo</td>
<td>693</td>
<td>Communication Providers</td>
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<td>7</td>
<td>Petrobras</td>
<td>681</td>
<td>Energy</td>
</tr>
<tr>
<td>8</td>
<td>ParqueArauco</td>
<td>679</td>
<td>Retail</td>
</tr>
</tbody>
</table>

For the fourth consecutive year Mexico leads the BrandZ™ Top 50 Most Valuable Latin American Brands 2017, with a share of 43%, against 37% of the previous year ranking.
The growth from 37% to 43% in the total contribution of Mexico to the BrandZ™ Top 50 Most Valuable Latin American Brands 2017 was mainly driven by the Beer, Food and Dairy & Personal Care category, which represents 42% of the Mexican Ranking and showed a 1% growth in the period. This category has benefited in the recent years by the access of the population to credit and by the growing number of the younger population.

Despite the fact that Brazil is the largest economy in Latin America, with 33% of the GDP in the region (against 22% of Mexico), the country saw its participation in the LatAm Top 50 dropping from 24% to 23%. This is a consequence of the huge decrease in value seen across all categories, reflecting the instability in the economic and political context and the consequent uncertainty of consumers and stock market investors in this scenario. All these factors impacted the exchange rate, which depreciated 32% in the period, affecting both the companies’ market and brand values.

Chile, the third largest contributor in the region, increased its participation from 15% to 17% from 2015 to 2017. The categories Beer, Food and Dairy & Personal Care and Services led this performance, growing 16% and 6%, respectively.

In fourth position, Colombia had a dramatic drop in its contribution to the Top 50 LatAm, decreasing from 15% to 8%. The Top 20 Most Valuable Colombian Brands dropped 48% from 2015 to 2017, mainly driven by the Banks category, which declined 80% in the period: in 2015 this category represented 44% of the Top 20 in the country’s ranking, and only 17% in 2017.

1
The growth from 37% to 43% in the total contribution of Mexico to the BrandZ™ Top 50 Most Valuable Latin American Brands 2017 was mainly driven by the Beer, Food and Dairy & Personal Care category, which represents 42% of the Mexican Ranking and showed a 1% growth in the period. This category has benefited in the recent years by the access of the population to credit and by the growing number of the younger population.

2
Despite the fact that Brazil is the largest economy in Latin America, with 33% of the GDP in the region (against 22% of Mexico), the country saw its participation in the LatAm Top 50 dropping from 24% to 23%. This is a consequence of the huge decrease in value seen across all categories, reflecting the instability in the economic and political context and the consequent uncertainty of consumers and stock market investors in this scenario. All these factors impacted the exchange rate, which depreciated 32% in the period, affecting both the companies’ market and brand values.

Chile, the third largest contributor in the region, increased its participation from 15% to 17% from 2015 to 2017. The categories Beer, Food and Dairy & Personal Care and Services led this performance, growing 16% and 6%, respectively.

In fourth position, Colombia had a dramatic drop in its contribution to the Top 50 LatAm, decreasing from 15% to 8%. The Top 20 Most Valuable Colombian Brands dropped 48% from 2015 to 2017, mainly driven by the Banks category, which declined 80% in the period: in 2015 this category represented 44% of the Top 20 in the country’s ranking, and only 17% in 2017.
The value distribution by category in the BrandZ™ Brand Valuation Rankings basically shows in 2017 what we saw in 2015. In the Chinese and the Global rankings, the Technology category continues gaining importance (in 2017 Technology became the most important category in China, comprising 2 brands in the Top 5) and in the LatAm rankings the most important category continues being Beer, Food and Dairy & Personal Care, enhanced in recent years with the growth of popular brands by the middle class.

### Comparison with Other BrandZ™ Brand Valuation Rankings

#### 2017 BRAND VALUATION SUMMARY

<table>
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<tr>
<th>Category</th>
<th>Latam</th>
<th>Brazil</th>
<th>Mexico</th>
<th>Chile</th>
<th>Colombia</th>
<th>Peru</th>
<th>Argentina</th>
<th>China</th>
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<td></td>
<td>27%</td>
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<tr>
<td>B2B</td>
<td>6%</td>
<td>3%</td>
<td>5%</td>
<td>12%</td>
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<td>3%</td>
<td>4%</td>
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<td>7%</td>
<td>7%</td>
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#### 2015 BRAND VALUATION SUMMARY

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<td>3%</td>
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Sources:
- BrandZ™ Top 50 Most Valuable Latin American Brands 2017
- BrandZ™ Top 100 Most Valuable Chinese Brands 2016
- BrandZ™ Top 100 Most Valuable Global Brands 2016
# BRANDZ™ TOP 50 MOST VALUABLE LATIN AMERICAN BRANDS 2017

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<tr>
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<td>53</td>
<td>Falabella</td>
<td>2,077</td>
<td>-22%</td>
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</table>

Source: Kantar Millward Brown and BrandZ™

Brand contribution measures the influence of brand alone on earnings, on a 1-to-5 Scale, 5 being highest.
Argentina
Argentina faces a new beginning

After twelve years, the Kirchner family departed from Government in Argentina after losing the National Elections last December to the opposition, led by Mauricio Macri. The win was not straightforward: a second ballot was required. The close-run result will create challenges for the new Government as they strive to bring about changes in politics.

Julio Fresno Aparicio
CEO Argentina, Kantar, Julio.FresnoAparicio@kantar.com

The changes in politics have concentrated on recovering the confidence of the capital markets in order to gather foreign investments, with the primary goal of solving the problem of how to unify and liberalize the exchange market. There are other aspects yet to be resolved: lower inflation and the fiscal deficit, together with a demand for transparency in the public indexes (poverty, inflation being key examples). However, the first macroeconomic actions that have been taken have helped Argentina to gain a better positioning in international indexes – Moody’s, Fitch and S&P – from CAA1 to B3, an acceptable stability according to specialists. By removing export taxes and duties on agricultural, the Central Bank increased the level of reserves which gave a positive signal to investors.

The economic environment showed that the IGA (General Index for Economic Activity) dropped significantly during the first term. However, once discussions about increases in public services had finished – almost simultaneously with the Mini-Davos Forum in Argentina – the IPC (Consumer Confidence Index) reversed the negative trend and also the Purchase Expectations from IGEE (source Kantar TNS). Moreover, there is also a synchronicity between this TNS Economic Expectations Index and the one from CEOs (the latter gathered during IDEA forum).

But challenges still exist. Companies need to deal with inflation and restrictions in consumption: creativity will be required to find ways to grow by reinforcing demand. In the consumer goods sector, promotions and discounts and the continuation of “Ahora 12” (a government plan for purchases paid in monthly installments) are key drivers of demand. This affects profitability levels which companies then need to compensate for through incremental increases in sales and increased internal efficiencies.

We predict that growth will be slow for the rest of the year, and will remain so in 2017, with consumers continuing the trend of making more shopping trips but with lower spending on each trip (careful consumers, searching for options); “Discount” retailers, the variety of brands – including white labels – and loyalty programs are all key to local consumption patterns and habits, irrespective of social class.

Another important consideration is digital: Argentina leads internet penetration in Latin America. Digital has become one of the most relevant touchpoints in the path to purchase – even for showrooming – with incremental business through e-commerce platforms building since 2013 and little rejection of cyber-selling. In this arena, both sides – supply and demand – are experiencing a positive learning curve after three years of continuous Cyber-days and specific retailer activities.

In conclusion, potential foreign (and local) investment – mostly in energy, communications and infrastructure – are expected to recover growth in 2017. These will help support the new patterns of consumption: stronger broadband to support e-commerce, collaboration on energy efficiencies, infrastructure for roads and transportation to reduce logistic costs, combined with liquidity in the financial sector to help promote consumption through credit. We anticipate that the Argentine consumers’ behavior will remain pragmatic, but optimistic.

The possibility of change brought a positive trend in the General Expectations Index about the Economy right after the election. This was supported by a more optimistic view amongst consumers who had new hope for a better future.

But the ‘future’ did not arrive fast enough to allay the anxiety of the population, and public opinion metrics dropped slightly during the first term. This was also reflected in consumers’ purchasing behavior. Not a major surprise: facing a hard first term to create an easier path for the second part of the year was the promise from the new Government.

Julio is an accountant and a graduate of Buenos Aires University. He started his career as a marketing consultant almost four decades ago, working for multiple companies across several industries.

In 1986, he founded ID Consultores, a company that became Kantar Millward Brown Argentina in 2006. Since then, he has been managing the local operation based in Buenos Aires. Julio is widely recognized as a pioneer in this industry.

Currently, he holds the presidency of CEIM (Cámara Empresas de Investigación de Mercado de Argentina) and he is a member of the Academic Comitee at San Andres University, where he manages the area of Market Research.

Julio is a key speaker at conferences, explaining the value of brands and sharing his experience in advertising effectiveness. He is also an active member of ESOMAR, SAIMO and AAM (Effie Awards). Since 2016, Julio is the CEO of Kantar Millward Brown and Kantar TNS.
ARGENTINA
KEY FACTS & BRAND STORIES ARGENTINA

BRAND VALUE
Total Value of Argentinian Brands
US$ 3.4 BILLION
Brand Value Change 2015 – 2017
-25%
Source: Kantar MillwardBrown and BrandZ™

KEY FACTS
Capital City: Buenos Aires
Currency: Argentine New Peso
Area: 2.78 million km²
Population growth rate (annual): 1.0% (2010-2015)
Life expectancy: 76 years (2014)
Literacy rate of 15-24 year olds: 99.3% (2015)
Unemployment rate: 7.1% (2014), 6.5% (2015)

Annual GDP at Current Prices
Growth rate: 1.3% (2015)
Country’s share in regional GDP: 11.0% (2015)

Source: CEPAL, Comisión Económica ONU
CEPALSTAT – Database and Statistical Publications
Financial Times Latin America & Caribbean World Bank
Unesco

YPF
1

YPF is Argentina’s leading energy company and largest fuel producer.
It operates a fully integrated oil and gas business with leading market positions across the domestic upstream and downstream segments. Upstream operations include the exploration, development and production of crude oil, natural gas and propane. Downstream operations are focused on refining, marketing, transportation and distribution of oil and a wide range of petroleum products, petroleum derivatives, petrochemicals, propane and bio-fuels. YPF operates a network of more than 1,600 filling stations and has the ability to produce 530,000 barrels of oil daily from 91 production areas transported by 2,700 kilometers (1,677 miles) of pipeline. The company was founded in 1922 and operated as a state run enterprise until 1993 when a public offering reduced the government’s ownership stake to a minority position. In 1999, Spain’s Repsol acquired majority ownership of YPF, but early in 2012 the government reassorted ownership with a presidential decree to nationalize YPF.

Macro
2

Macro is a private bank that has undergone enormous growth in the last ten years.
Founded in 1988 as a commercial bank, Macro acquired capital stock in numerous privatized provincial banks such as Banco Misiones, Banco Salta, Banco Jujuy, Banco Bancus. It also acquired some branches of Scotiabank Quilmes, Nuevo Banco Suquía, Banco Nuevo Balse, and Banco Privado de Inversiones Banco Tucumán. This ambitious acquisition program has resulted in its becoming the third-ranking private Argentine bank in terms of net assets, the fourth in terms of deposits and the fifth in terms of credit outstanding to the private sector. Macro Bank was listed on the New York Stock Exchange (NYSE) in 2006, becoming the first Argentine company to be listed abroad since the end of the 1990’s.
Cervecería y Maltería Quilmes is the top brewer in Argentina and part of the Anheuser-Busch InBev group’s extensive portfolio of more than 200 brands. Within the Anheuser-Busch InBev brand hierarchy, Quilmes is regarded as a “local champion” due to its leadership position within Argentina. The company has 4,850 employees and operates five plants and eight distribution centers. The brand is active in promoting social initiatives such as “Vivamos Responsablemente,” focused on encouraging responsible drinking, and the “Futuro Posible” campaign which provides student scholarships and donations to hospitals and educational institutions.

Personal is the mobile brand of The Telecom Group. Personal has 18.2 million customers in Argentina and nearly 70% of those rely on the company’s prepaid service. Personal relaunched its brand and introduced a distinctive new logo that features its name spelt out in letters that resemble handwriting. Personal drives brand awareness through sponsorship of signature events, such as the seventh annual Personal Fest musical festival which draws roughly 70,000 attendees over two days. The company offers products for different segments of the market, such as the high-end Personal Black handset, to the more value priced Personal Touch smartphone offering. The brand also seeks to drive loyalty through its Clubs Personal program. Personal’s parent company The Telecom Group was created in 1990 when the government allowed public ownership of the previously state run enterprise. Its shares are traded on the New York Stock Exchange.

Banco Galicia is a major bank with 2.2 million account holders and an expanding branch network. Banco Galicia serves its 2.2 million deposit account holders and 8.5 million credit card customers with nearly 500 branch locations. The company was founded in 1905 and ended its most recent fiscal year with 12,500 employees. The bank accounted for nearly 9% of loans to the private sector last year and remains a financial stalwart with year-end assets that totaled 50.6 billion pesos ($3.6 billion approximately). The company’s shares are traded on the Buenos Aires Stock Exchange.

# Brand | Brand Value (US$ Mil.) | Brand Contribution Index | Brand Value Change 2015-2017
--- | --- | --- | ---
1 | Energy | 1,149 | 1,575 | 2 -27%
2 | Macro | 741 | 656 | 3 13%
3 | Quilmes | 648 | 729 | 5 -11%
4 | Personal | 589 | 1,069 | 3 -45%
5 | Galicia | 346 | - | 3 NEW ENTRY

Source: Kantar Millward Brown and BrandZ™
Brand contribution measures the influence of brand alone on earnings, on a 1-to-5 scale, 5 being highest.
Main trends in global marketing are widely known: sustainability, digital and social networks, authenticity, meaningful brands, growth search and so forth…

Probably all found in an Argentine Brand Marketing Director’s calendar as well as in the Coca-Cola Global Marketing Director’s. Globalization and our daily life digitalization are likely to be the reason. Argentina is part of this world, though with its own singular features. Being fully aware of these gaps and acting accordingly provided the best outcome.

Whereas Argentina is truly globalized in some sense, it is ostensibly Latin American in some other. Therefore when thinking of marketing strategies to apply in Argentina we should not leave foreign trends aside but adjust or enhance them to meet current Argentine consumer needs.

Argentina has the highest literacy rate (98%) and Internet penetration (79%) in Latin America, beating both Mexico and Brazil. However, its GDP is half the Mexican and three times smaller than Brazil’s. Only during 2015-2016 inflation rose to 65-70% in basic need products and services and poverty reached 32% of the population. As a result, KWP foresees 2016 as the fifth running year with stagnant growth.

CONSUMER HABITS
It is true that in recent years Argentine consumers have acquired hyper-rational, conservative consumption habits. Regardless of their economic status, the need to watch their spending (whether to afford their supermarket shopping, their holiday trip or their restaurant outing) has made them fully alert and aware of price promotions, special offers, rebates, product pluses and so forth. Companies did understand the situation and developed a market of “rational” opportunities which is totally new in Argentina.

However, if you have ever visited Argentina you surely know we are not just rational. We are utterly and definitely emotional. We are either River or Boca fans. We are both optimist and pessimist, realistic and utopian. And in Kantar Millward Brown Argentina we believe that when these two worlds meet, magic appears.

Some global brands – and some domestic as well – have truly grasped this ambiguity between local and global, rational and emotional which so well depicts Argentine nature, and are the ones which showed resilience in the complex Argentine economy of the last two years, or at least are moving forward to this…”

THEIR SECRET
The first, and perhaps the most obvious aspect, is that they did not abandon consumers when they most needed them. It was an unspoken deal between friends or gentlemen, you name it. And this deal was accomplished through two ways: including of course price flexibility in their marketing strategies and spreading a more honest, genuine and real brand message. Some brands even went beyond story-telling to become story-doing getting involved in social action. After years of top-down marketing, metaphors and demanding consumers to make an effort to understand the message, some brands are simplifying and coming back to basics.

• Coca-Cola’s new “Taste the Feeling” campaign reminds consumers of the feeling when drinking Coke. It relies on what differentiates it from any other drink – its taste – which, together with other more emotional experiences, reminds us of how happy we feel when drinking Coke.

• Hellmann’s, an Argentine iconic mayonnaise brand, simply asked “Why always Hellmann’s?” an mayonnaise brand, simply asked “Why always Hellmann’s?” an invitation to show the product’s differentiating features (it tastes better) and the many occasions to try it in all age groups.

• Tarjeta Naranja, a credit card born in the Argentine Province of Córdoba, was coherent and consistent with its roots (as opposed to the multinational banks) and relied on football to build brand image and encourage customer choice. For every goal the Argentine Squad scored, Tarjeta Naranja donated a football field to a community. In the country Maradona and Messi were born football is like a religion.

• Quilmes, the traditional Argentine beer brand, decided to go back to its roots and return to the “national identity” that had given them so much satisfaction and success in the past, now with a modern, sensitive, authentic, and cool perspective.

All these brands (and many other) are mainstream brands in Argentina. Some have to respect global or regional requirements. However they all managed in different ways to reinvent and rethink themselves, including the Argentine consumer in that innovation. All of them, in different ways, showed positive indicators in brand health or sales in an Argentine scenario of zero growth.

As simple and complex as yin and yang. At least in Argentina, when well applied, this universal truth works. Brands which unveiled themselves and revealed what they really are were the ones which profited.

The evidence invites us to think of the future marketing now at present. The time is now and opportunities do exist. Let nobody say otherwise.
Is there a winner in the fight between on and off?

In the context of the slowdown of global growth, trends are weakened, and therefore strategies for advancement must be reconsidered. In Argentina, this situation is harder because of the crisis of a change of government, which demands that such strategies are more and more efficient.

Technology plays a fundamental role in helping optimize budgets, both for the production and distribution of products, and the development and dissemination of messages. It is precisely here that the question arises: Should all my communication be digital? However, we believe that the question should be rephrased as: How can I achieve the best possible media mix for my brand? and complemented with: I am doing my best in the digital world?

Today, there can be only a few companies in Argentina unfamiliar with the benefits of using the digital medium to amplify their message. We have some of the world’s highest penetration rates in social media and time devoted to social media. And even though they don’t carry the same weight as other sectors of the population, the lower socioeconomic segments and the elderly are represented in this medium. During the last Mother’s Day, at least four brands showed in their communications the intensive use of smartphones among mothers of all ages. The great penetration of this medium, together with the huge segmentation advantage it offers, make it ideal for addressing groups that are outside the mainstream segment, but who can be the first to start new consumption trends. If we add how accessible it is for brands and companies of all sizes, it is not hard to understand why the inclusion of TV in the media mix is now being called into question. Besides, it’s a fact that watching TV is a decreasing behavior, while the multiscroll phenomenon is growing, fragmenting attention during the TV advertising slots.

TV OR NOT TV?

There is local evidence that TV, mostly, is still the medium that creates the biggest impression, making it hard to replace this contribution with digital investment. But being aware of the great contribution the TV brings to a brand’s Equity does not negate our need to review its efficiency.

The TV’s share in the media mix spend can be up to double that of its share in brand building, showing the worst efficiency ratio from any media. Should you therefore stop investing on TV then? This will depend on the size of the brand and its category, but we should understand that for large mass brands, TV is fundamental to increase/maintain their equity.

We also know that virtually a third of brand building in a campaign results from media synergy. If we omit one of the medium with the largest contribution, we risk losing the additional synergy impact, one we are not even paying for. All of this leads us to state that we should not ask whether or not to invest on TV, but “How much, for my brand in my market, so that I don’t have wastage?”

PROJECT THE RIGHT AGE

If we are going to allocate a greater part of the investment in the digital medium, we should be aware of the relevance of creativity. On TV, a bad campaign is only ignored and we lose our investment, but there is no impact on our brand equity. In contrast, a bad campaign in the digital world increases the feeling of invasion and frustration typical that this medium implies. We have seen cases when this undermines a previously positive image. Therefore, here are some tips to take into account if you want to get the most out of your digital communication:

- Don’t be afraid to show the brand from the beginning: a brand creatively integrated into the message can build, even with only five seconds.
- Work with the right formats: those offering a kind of reward or the feeling of control over the medium (skippable or auto play) are clearly preferred and can help to decrease rejection of digital advertising.
- Adapt the content to the medium: expectations and mood are not the same when consuming content in the digital and in the TV environment, for example. And the screen size varies, so details can be lost.

In summary, the temptation to leap into the digital world is big; we could dramatically reduce communication budgets. But this does not mean we would be optimizing our investment; maybe we would only be doing less for our brand. In order to succeed, we should measure what is, currently, the contribution of each medium and at what cost. We should know how to build Equity in the digital medium, leveraging its full potential, and understand how to add more, putting both the ‘on’ and ‘off’ worlds to work together in synergy.
As a result, it’s very difficult – almost impossible to be honest – to convince a client that they should be allocating budget, or at least a share, to building their own brand. Yes, the brand – which sometimes helps more than a particular promotion to secure the purchase. These days, it’s very tough to tell the difference between all the retail offers. There is no distinguishing feature in the promotions.

The point is that the primary KPI in each and every retail company these days is to sell. Just that. To sell as much as they can, but spend as little as they can. 100% sales driven. So, in this environment, we suggest working in a more efficient way, tracking and measuring as much as we can, so to create a mix between brand and sales/performance.

As a VP Managing Partner, Martin focuses on client service and new business. Since 2014 he has also been the head of the m/SIX division in Argentina.

A LIGHT AT THE END OF THE TUNNEL

We believe that, despite the country’s current economic scenario (where the economy has not taken off yet) clients could create an interesting and healthy mix between promotion and brand building. A mix whereby they can focus on sales but at the same time contribute little by little to strengthening the brand. Why do we think that it should be this way? Because in this promo situation, as we have already said, there is no big difference between one supermarket promo vs. the other, the consumer’s decision depends on location, loyalty and differentiated benefits that the retail can offer.

To unlock this black box, we need to show our clients we have the right team supported by the best tools (or the skills to develop them). With regard to the people, we believe that a balanced team should include Communication Planning; Trading; Entertainment; Content +; Exchange, all under the digital cloud and care of the right Account Director.

With regard to the tools, as an agency that knows not only about media but also about the clients’ businesses, we should be able to choose the instruments that will contribute to making a significant difference in our clients’ communication and KPI’s. Always taking into account that each client is totally different from the next and we need to work uniquely for each one to meet the challenge; becoming the trusted advisors for them based on results.

IN THE TOOLBOX

So, what tools can we use to establish a solid multimedia strategy based on reaching the maximum coverage for each media, focused on the target and where they are? Programmatic + Dynamic Creative Optimization (DCO) or econometric modelling are two examples of these tools. They let us know what our consumers want and where they are, and they take us as close as possible to them.

These tools are backed up by studies that support them, and that give us the confidence that every step we take is worthwhile.

This strategy enables us to measure, ratify or rectify, on a daily basis. In turn, this enables us to leverage results with less investment, while driving a bit of budget towards brand building, without neglecting the promotional force.

All in all, as an agency we believe that if we do the right thing and use all company resources to the full (engaging the WPP network) our clients will increase sales. Not only by being efficient, but also by having a strong and well positioned brand.

BOGOFs; 40% off; on the second product; CRM; buy three get four; instant 15% off; 20% off in coupons for the next purchase; bank promotions; black weekends…. This is how our market has been operating over the last few years and particularly in 2016.

Martin began his career 20 years ago, in the JWT media department and then moved to work abroad in other companies, predominantly at MTV LatAm based in Miami.

After a few years, he returned to Argentina, joining Mindshare in 2010.

As a VP Managing Partner, Martin focuses on client service and new business. Since 2014 he has also been the head of the m/SIX division in Argentina.

MARTIN LAMMARDO
VP – Managing Partner
Mindshare World
Martin.Lammardo@mindshareworld.com
Hard-times branding: Building brand value in times of economic turmoil

It’s always a merit for a brand to be considered among the Latin America’s Top 50 brands; and for ever-changing markets such as Latin American ones, making the cut to the top 5 in their local markets is even more commendable.

Increasing brand value in times of economic turmoil is the ultimate challenge for brands, as the temptation to prioritize price and promotions – losing value in the long run – is strong. Argentinian brands have faced such challenges in the past few years, and with an economy that didn’t recover as expected in 2016 with the change of government, GDP dropping and an inflation rate that exceeds 30%, this has been quite a tough year. Consumption has stalled and brands are faced with the dilemma of becoming more accessible to customers while maintaining their worth.

Brand building strategies shouldn’t differ much in times of prosperity and adversity, except for tactical approaches for specific situations. After all, our mission as marketers and communications experts is to always understand what is going on with people and remain relevant and meaningful to them. In times of struggle, our job is to stay present. For many categories, especially consumer goods, affordability is key, but the ultimate goal is to maintain relevance, not to just reach our (financial) targets; and recessions often become an opportunity for brands to become stronger and create even more value for their consumers.

Brand building challenges in a tight economy also involve restrictions in marketing spend; this means optimizing budgets and therefore, prioritizing marketing tasks and making thoughtful channel choices. This is where brand experience comes into play. It’s not (only) about advertising, but also about creating the right connections, at the right place and at the right time for our consumers. This implies a thorough mapping of customer and shopper journeys and deep understanding of the mindsets and motivations at every stage of the decision-making process so the brand can act with precision and generate awareness, stimulate conversion or create a specific behavior change as needed.

In summary, when times are tough, brands have an even greater chance to create value by staying relevant and gaining a deeper understanding of what’s going on with their consumers and shoppers.

AN EXEMPLARY APPROACH

An Argentinian brand that consistently makes it into the BrandZ™ Top 50 Most Valuable Latin American Brands list is Quilmes, by AB InBev. In 2016, amidst recession and lower consumer spending, they launched “Pacto Porron”, an initiative that encourages use of reusable, individual 340ml bottles. This in turn helps Quilmes reduce their costs and maintain a consumer price of $10 (Argentinian pesos) per individual bottle (called porron). Communication also played its part and was framed as a “pact”: if consumers promise to return the bottles, Quilmes promise to keep the price at 10 pesos throughout 2016. This is highly relevant in a market with 3%-4% monthly inflation and constant price adjustments. As a result, Quilmes presented itself as a brand that stands by its people, makes a commitment and sticks to it.

BRAND EXPERIENCE CREATES BRAND VALUE

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In summary, when times are tough, brands have an even greater chance to create value by staying relevant and gaining a deeper understanding of what’s going on with their consumers and shoppers.
Brazil
Once again, the branding ‘prophecy’ has been confirmed. Brands lost on average 30% of their value in the last year. Much of this drastic reduction can be attributed to the economic crisis and the local currency devaluation.

We say that the branding ‘prophecy’ has been confirmed because brand behavior is not uniformly reflecting currency devaluation only. There is a more important component in brand value, which is able to ensure value even in periods of crisis. A more detailed analysis of the 50 most valuable brands in Brazil shows that a group of them have lost more value than the currency devaluation, others somehow have withstood the process of decline and others - around 10% - have had an increment in value.

Valeria is a chemistry graduate and M.B.A. She started her career at Unilever, initially working in product development and later in market research.

With more than 20 years of experience in market research, she has been working at Kantar Millward Brown Brazil in the last 18. Since early 2016 she has been leading Kantar in Brazil. Her experience with clients includes a global packaged goods company, a market-leading soft drinks producer and other clients in the telecommunications and bank services industry.

Valeria is a regular speaker on public platforms and at events in Brazil, especially at ABA (Association of Brazilian Advertisers) and ABEP (Association of Market Research Companies).
### BRANDZ™ TOP 50 MOST VALUABLE BRAZILIAN BRANDS 2017

<table>
<thead>
<tr>
<th>#</th>
<th>Brand</th>
<th>Brand Value (US$ Mil.)</th>
<th>Brand Contribution Index</th>
<th>Brand Value Change 2015-2017</th>
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<tr>
<td>1</td>
<td>SKOL</td>
<td>7,782</td>
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<tr>
<td>2</td>
<td>Brahma</td>
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<tr>
<td>3</td>
<td>Bradesco</td>
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<td>Ipiranga</td>
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<td>Cielo</td>
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<td>Petrobras</td>
<td>681</td>
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<td>Lojas Am</td>
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<td>13</td>
<td>Vivo</td>
<td>654</td>
<td>1</td>
<td>21%</td>
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### BRANDZ™ TOP 50 MOST VALUABLE LATIN AMERICAN BRANDS 2017

<table>
<thead>
<tr>
<th>#</th>
<th>Brand</th>
<th>Brand Value (US$ Mil.)</th>
<th>Brand Contribution Index</th>
<th>Brand Value Change 2015-2017</th>
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<tbody>
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<td>27</td>
<td>Smiles</td>
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<td>Embraer</td>
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<td>-54%</td>
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<td>Eletropaulo</td>
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<tr>
<td>37</td>
<td>Havaianas</td>
<td>168</td>
<td>5</td>
<td>-23%</td>
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<tr>
<td>38</td>
<td>Vale</td>
<td>122</td>
<td>2</td>
<td>-80%</td>
</tr>
</tbody>
</table>

Source: Kantar Millward Brown and BrandZ™

Brand contribution measures the influence of brand alone on earnings, on a 1-to-5 scale, 5 being highest.
**KEY FACTS**

**Capital City**
Brasília

**Currency**
REAL

**Area**
8.51 million km²

**Population (thousands)**
208,000 (2015)

**Population growth rate (annual)**
0.9% (2010-2015)

**Life expectancy**
76 years (2015)

**Literacy rate of 15-24 year olds**
98.9% (2015)

**Unemployment rate**
6.8% (2014)
9.3% (2015)

**Annual GDP at Current Prices**
Total at current prices: US$ 1.775 trillion (2015)
GDP per capita (annual dollars): US$ 8,539 (2015)
Growth rate: -4.7% (2015)
Country’s share in regional GDP: 33.5% (2015)
Net foreign direct investment: US$ 70.8 billion (2014)
US$ 61.5 billion (2015)

Source: CEPAL, Comisión Económica ONU, CEPALSTAT – Database and Statistical Publications, Financial Times Latin America & Caribbean, World Bank, Unesco

**KEY FACTS AND BRAND STORIES**

**1. Skol**

**PARENT COMPANY:** Companhia de Bebidas das Américas – AmBev

**HEADQUARTERS:** São Paulo, São Paulo State

**INDUSTRY:** Beer

**YEAR OF FOUNDATION:** 1964

**WEBSITE:** www.skol.com.br

**BRAND VALUE:** US$ 7,782 million

Skol is Brazil’s most popular beer. Its marketing emphasizes enjoyment of life and appeals especially to young people.

The brand, launched in 1964 in Europe and in 1967 in Brazil, has been a pioneer of innovation in the country. In 1971, Skol was the first canned beer in the market, in 1989 it launched the first aluminum can and in 1993 the long neck bottle.

Skol’s brand positioning is focused on young people: it has promoted various music festivals throughout Brazil, which has strengthened the brand in this segment. Since 1988, it has been the market leading beer in Brazil.

**2. Brahma**

**PARENT COMPANY:** Companhia de Bebidas das Américas – AmBev

**HEADQUARTERS:** Osasco, São Paulo State

**INDUSTRY:** Beer

**YEAR OF FOUNDATION:** 1888

**WEBSITE:** www.brahma.com.br

**BRAND VALUE:** US$ 3,772 million

Brahma is well known for its innovative and witty advertising that relies heavily on sex appeal.

Brazil’s second-largest beer in market share (after Skol), Brahma is marketed in a total of 31 countries. Founded in 1888 by Companhia Cervejaria Brahma, the brand is owned by AB InBev, the world’s largest brewer. In 2007, Brahma launched Brahma Fresh in the Northeast region, in order to compete with low-price beers.

**3. Bradesco**

**PARENT COMPANY:** Banco Bradesco SA

**HEADQUARTERS:** Osasco, São Paulo State

**INDUSTRY:** Banks

**YEAR OF FOUNDATION:** 1943

**WEBSITE:** www.bradesco.com.br

**BRAND VALUE:** US$ 1,943 million

Bradesco, with the acquisition of HSBC operations in Brazil, became the second largest private bank in terms of total assets.

Bradesco offers online banking, insurance, pension plans, credit card services, savings bonds, and personal and commercial loans. The bank continues with its strategy to become Brazil’s most accessible bank mainly through a branch presence around the country. It also intends to reach potential new customers among the country’s rising middle class. Bradesco pioneered the sale of insurance and pension plans through its subsidiary Bradesco Seguros.

**4. Itaú**

**PARENT COMPANY:** Itaú Unibanco Holding

**HEADQUARTERS:** São Paulo, São Paulo State

**INDUSTRY:** Banks

**YEAR OF FOUNDATION:** 1945

**WEBSITE:** www.itaú.com.br

**BRAND VALUE:** US$ 1,943 million

Itaú is the largest private Brazilian bank in terms of total assets and the largest financial conglomerate in the Latin America.

Established 90 years ago, Itaú evolved to its current size as a result of the 2008 merger of Banco Itaú and Unibanco. The bank, which operates in South America, Europe, Asia and the United States, has almost 4,400 branches and almost 28,000 ATMs in Latin America. Following the merger, Itaú is building on a reputation for innovation and efficiency, emphasizing personal service with the tagline “Feito para Você” (Made for You). It also intends to attract new customers from Brazil’s rising middle class, by offering credit cards to individuals who, until now, lacked access to bank credit.

**BRAND VALUE**

Total Value of Brazilian Brands
US$ 33.5 BILLION

Brand Value Change 2015 – 2017
-31%

Source: Kantar Millward Brown and BrandZ™
Sadia is a leading producer of processed and frozen foods such as hamburger patties and pizza. It exports to more than 65 countries. Founded in 1944 and listed on the stock market in 1971 as Sadia Concessão SA Industria e Comercio, Sadia also produces dairy products and serves both consumers and commercial customers, including fast-food chains. Sadia is part of BRF – Brazil Foods SA, a public company formed in 2009 by the merger of Sadia with another food giant, Perdigão. Exporting activities began in the 1970s with the sale of frozen halal-certified chicken to the Middle East.

Antarctica is a leading Brazilian beer and soft drink. Launched in 1885 in São Paulo, Antarctica adopted the image of two penguins as its logo in 1955. It continues to symbolize the brand. Antarctica beer is positioned as “the beer for the good moments of life.” Antarctica’s most popular soft drink is a soda called Guaraná Antarctica, made from the tropical guarana berry. In 1999, Antarctica combined with Brazil’s other large beer brand, Brahma, to form AmBev, which subsequently joined with Belgium’s Interbrew, becoming the world’s largest beer marketer, now called AB InBev.

Ipiranga is Brazil’s largest private fuel distribution company, with a network of approximately 7,100 service stations. Ipiranga is a brand well known among Brazilians with the slogan “Passionate about cars like every Brazilian” (in Portuguese “Apaixonados por carro, como todo brasileiro”). After expanding in rural Brazil during the 1960s and 70s, Ipiranga became a national brand through its acquisition of Atlantic in 1993. In 2008, Grupo Ultra bought both Ipiranga (in most regions), and Texaco, as Chevron was known in Brazil, and began to consolidate the gas stations under the Ipiranga brand. Because the brand name enjoys strong equity, it plays a role in influencing consumers in a highly commoditized category where convenience is often the key driver.

Bohemia is a leading premium beer in Brazil. Established in 1853, Bohemia enjoys the distinction of being the oldest beer brand in Brazil as well as the leader in the premium segment, thanks to a strategy of limiting distribution to select locations and introducing limited edition offers. The Bohemia brand is available in four variations, including wheat and dark beers. Bohemia was acquired by fellow Brazilian brewer Antarctica Paulista in 1961. The brand became part of an even larger brewer in 1999 when Antarctica Paulista and Brahma brewery merged to create AmBev.

Natura is Brazil’s leading manufacturer and marketer of cosmetics. Formed in 1969 and first publicly traded in 2004, Natura has used a direct sales approach for more than 30 years, and now has more than 1.6 million sales representatives (“consultants”) in Argentina, Australia, Brazil, Chile, Colombia, United States, France, Mexico, Peru and Venezuela. One of the first cosmetics companies to market natural and environmentally friendly products, Natura has a reputation for social responsibility. The company is also known for its emphasis on research and development and its use of ordinary people rather than supermodels in its advertisements.

Petrobras is Latin America’s fourth largest company in market value and the world’s fourth largest energy company in terms of production of oil and gas. Controlled by the Brazilian government, Petrobras is publicly traded and operates in 28 countries. The brand is highly regarded for its deep-sea exploration and is credited with enabling Brazil to achieve energy self-sufficiency. The company also operates oil refineries and a network of gas stations. This national presence contributes to the brand’s stature in Brazil, which is also enhanced by its reputation for social responsibility and high-profile sponsorships of sporting and cultural events.

Cielo is the market leader in persuading merchants to join a credit card network, and in handling the payment process. Formed in 1995 by several financial organizations, including Visa International, Bradesco, Banco do Brasil, Banco Real and the now obsolete Banco Nacional, Cielo was initially known as Visanet. The company was renamed in advance of its initial public offering (IPO), which was one of the largest in Brazil’s history. In an industry challenged by deregulation, Cielo surpasses its competition in profitability thanks to its competitive pricing and its reputation for a high level of customer service.

Lojas Americanas operates a national chain of discount department stores. One of Brazil’s largest non-food retailers, Lojas Americanas sells over 60,000 items in categories including apparel, health and beauty, home furnishings, and toys. With distribution centers in São Paulo, Rio de Janeiro, and Recife, the company has approximately 950 stores in Brazil as well as an online presence. The brand has a long heritage in Brazil – it was established in 1929 – and is popular with both low and high income groups.
Vivo is the largest telecommunications company in Brazil, with over 106 million users – 82.7 million in the mobile business, in which it holds the largest market share (29.3% - June 15), and 23.7 million in the fixed business.

As the result of a joint venture between Telefónica, the Spanish telecommunications provider, and Portugal Telecom (PT), Vivo invests heavily in advertising to deliver its message, “Best coverage in Brazil.” In 2010, Telefónica bought PT’s shares, and Vivo became the brand for phone, TV, and internet communication.

PORTO SEGURU

One of Brazil’s leading insurance companies, Porto Seguro offers a comprehensive portfolio of insurance products.

With products spanning vehicle, health, casualty, life and personal injury insurance, Porto Seguro offers policies to individuals, families, companies, and governmental agencies in Brazil and Uruguay through direct and indirect subsidiaries. Since the company established an alliance with Itaú in August 2009, Porto Seguro products have been available at the bank’s branches.

DROGASIL

Drogasil is the fourth largest retail drugstore by sales revenue in Brazil and operates 578 stores throughout Northeast, Southeast and Midwest regions.

It operates more than 280 stores in five Brazilian states and more than 75 cities. The company has been a retailer of pharmaceutical healthcare, skin care and personal care products for the past 75 years. In 2011, Drogalaba and Drogasil merged, becoming Raia Drogasil S.A., the largest company in the pharmaceutical retail segment in the country.

SEARA

Seara is Brazil’s largest exporter of pork.

The story begins in 1956 in the city of Seara City, in Santa Catarina (a region of Brazil), with the inauguration of the first large fridge in the region. The expansion of business and investments in quality processes and products made the Seara brand synonymous with quality in poultry and pigs, both “in natura” and processed.

Seara is controlled by JBS Group, a world leader in processing bovine, ovine meat and poultry which is synonymous with quality in poultry and pigs, both “in natura” and processed.

One of Brazil’s leading insurance companies, Porto Seguro offers a comprehensive portfolio of insurance products.

With products spanning vehicle, health, casualty, life and personal injury insurance, Porto Seguro offers policies to individuals, families, companies, and governmental agencies in Brazil and Uruguay through direct and indirect subsidiaries. Since the company established an alliance with Itaú in August 2009, Porto Seguro products have been available at the bank’s branches.

DrogaRaia and Drogasil merged, becoming Raia Drogasil S.A., the largest company in the pharmaceutical retail segment in the country.

Iguatemi is one of the largest shopping mall operators in Brazil.

The company designs, develops and operates regional centers throughout the country. Formed in 1979, it initiated its shopping center activity with the acquisition of Constructora Alfredo Matias SA. The transaction included an ownership interest in Iguatemi São Paulo, which was constructed in 1966 as the first shopping center in Brazil. The Company also developed the first shopping center in the Brazilian countryside – Iguatemi Campinas – and the first in the southern region of Brazil – Iguatemi Porto Alegre.

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The 2009 merger of Perdigão and Sadia into BRF, created the world’s largest poultry company.

Perdigão is one of Brazil’s largest food producers, specializing in frozen and chilled products. Its range of about 3,000 items is distributed throughout Brazil and to more than 100 countries. The company’s scale enables it to pursue a low-cost producer strategy. Established in 1934, as Brandonáise, Pontoias & Cia, the company changed its name to Perdigão SA in 1958. It began exporting in 1975 and went public in 1980.
Droga Raia is the fifth largest retail drugstore by sales revenue in Brazil, with a 544-store presence across the southeast, midwest and southern regions.

The story began in 1905 with the opening of Pharmacia Raia in Araquara City in the São Paulo State. At that time the company’s founder created a relationship model focused on the human element, the pharmacist figure, who prepared by hand the prescribed medications.

The name DrogaRaia was officially adopted only in 1982. In 2011, DrogaRaia and Drogasil underwent a merger, becoming Raia Drogasil S.A., the largest company in the pharmaceutical retail segment in the country.

Lojas Renner is Brazil’s largest fashion retailer. It expanded rapidly following a public offering in 2005, when the US department store JC Penney divested its interest. Lojas Renner now operates around 260 stores all over Brazil. The organization began in 1912 as AJ Renner, a retailer specializing in outdoor gear for gauchos in rural areas. The style became popular with city customers. The company transformed into a department store retailer, with an expanded range, during the 1940s. It was renamed Lojas Renner in 1965 and has been publicly traded since 1967.

Schin is one of the most widely consumed beers in the country, with strong and significant presence in São Paulo State and the northeast region.

The story began with a small and simple plant in 1939 in São Paulo. At that time the production was limited to producing soft drinks and only in 1989 started producing its first Pilsen beer, which was soon successful in the market. In 2011, the Japanese Kirin Holdings acquired Schincanol Group.

Today its product line consists of beer,draft beer, soft drinks and mineral water, which are distributed throughout Brazil, as well as several countries across Asia and Europe.

Smiles is a company in the reward, loyalty and commercial segment. It was initially developed in 1994, as a mileage program for Varig (a Brazilian airline company which went bankrupt in 2010).

Today Smiles is an independent business unit, created to administer, manage and operate exclusively The Smiles Program’s GOL Linhas Aéreas.

The company has partnerships with companies in various branches of the market providing benefits, products and services, in addition to awards for air services. The Smiles Program has over 10 million members and 150 air and non-air partners.

Buscapé is a free search engine for comparing prices and products in Brazil and Latin America, connecting consumers and sellers.

It is the largest free search engine in Latin America with approximately 30 million visits per month and over 11 million registered products. Buscapé groups and organizes the products in one place, making the purchase process much quicker and easier for the customers. For this the company establishes business partnerships with shops, brands and products. In 2009, Buscapé sold 91% of its shares to South African media conglomerate Naspers Limited, through its digital media company MIH Holdings, which contributed to the internationalization of the brand.
**BM&F BOVESPA** is the leading stock exchange in Latin America and the second largest in the Americas.

One of the largest stock exchanges in the world in terms of market value, BM&F BOVESPA was created in 2008 through the integration of the Brazilian Mercantile & Futures Exchange (BM&FB) with the São Paulo Stock Exchange. BM&F BOVESPA introduced stock investment to a wider and rural backgrounds. In 2013 Anhanguera was created in 2008 through the integration of the Brazilian Mercantile & Futures Exchange (BM&FB) with the São Paulo Stock Exchange. BM&F BOVESPA introduced stock investment to a wider popular audience while at the same time gaining credibility in the corporate segment with its record of successful IPOs.

**Anhanguera Educacional** is one of Brazil’s largest private education companies.

Founded in 1994 by a group of professors, Anhanguera Educacional Participações provides post-secondary education to prepare individuals for productive employment. With more than 73 campuses and hundreds of long-distance learning centers, Anhanguera serves more than 400,000 students, many of who come from lower income and rural backgrounds. In 2013 Anhanguera was acquired by Kroton Educacional, creating the world’s largest educational group with more than 1.4 million students.

**Localiza** operates the largest car rental network in Brazil.

It has 560 branches in 243 cities throughout Brazil and eight other countries in Latin America. The franchising of Locality’s branches, which started in 1983, enabled the company to expand its operations beyond Brazil. Its total fleet is over 118,000 cars. Along with car rentals, Localiza operates two related businesses: commercial leasing and used car sales. Localiza established its rental operations in 1973, with six used and financed Volkswagen Beetles, in the city of Belo Horizonte.

**Embraer** is the third largest commercial aviation company in the world.

Embraer was created in 1969 as an initiative of the Brazilian government in a strategic project to implement the aviation industry in the country. Privatized in 1994, the company designs, develops, manufactures and markets systems and aircraft. Its core business is the business segment of Commercial Aviation, Executive Aviation, and Defense & Security Systems. It has factories and offices in various parts of the world and more than 5,000 aircraft delivered across all continents. Today it is one of the world’s leading aerospace export companies.
Havaianas produces the world’s most recognizable flip-flop sandals.
It sells roughly 360 million pairs annually in over 107 countries.
The company introduced the sandals in the early 1960s, adopting a Japanese design made from rice straw and producing it in rubber.
With an emphasis on color and design, starting in early 1990, Havaianas transformed the shoes from inexpensive and utilitarian to fashion statements.
Havaianas has expanded its operations through brand franchise stores: currently there are 374 stores across the country.

Vale became a private company in 1997.
participating in several consortia and running nine companies, with railroads, ports and fleets of ships, balance of revenues. One of Brazil’s largest logistics
Vale also operates in the electric energy sector, 

Magazine Luiza is one of Brazil’s department store retailers, offering a wide range of household goods and appliances.
The chain focuses on serving the nation’s low-to-middle income consumers. It employs more than 24,000 people and operates a network of 736 stores. These stores are located across 16 Brazilian states and supported by a network of eight distribution centers.
Magazine Luiza was one of the first companies to adopt the multichannel approach to retail; it is Brazil’s second largest online retailer and an innovator in the use of social media to drive online sales. These grew 40% last year and now account for 11% of total company sales.

Arezzo is a leading retailer of women’s fashion footwear.
Two brothers, Anderson and Jefferson Birman, created the Arezzo brand 1972. Today it is Brazil’s leading retail brand of women’s fashion footwear and accessories. The brand focuses on high quality and contemporary designs and introduces about eight new collections annually. Currently Arezzo operates 455 brand franchise stores and 53 of its own stores. The Arezzo Company also markets under three other brands: Schutz, AnaCapi and Alexandre Birman. Including these brands, the company is present at more than three thousand stores.

Fleury is one of the most respected medical and health organizations in Brazil.
Gaston Fleury Silveira founded the company in 1926, initially as a clinical laboratory. From there, the company began providing medical services in the area of diagnostics, treatments and medical tests. In 2010, the company made 27 acquisitions in order to enter new regions, create a complementary mix of services and increase its knowledge base.
Today Fleury is part of Fleury Group, which has many laboratories within the Brazilian healthcare category.

Estácio is one of Brazil’s largest private-sector post-secondary groups in terms of number of students.
With a strong presence in almost all the states of Brazil, Estácio has more than 500,000 students distributed in university centers and colleges, more than five thousand teachers offering post-graduate courses (Bachelor and Bachelor), undergraduate and among other educational modalities. It is also known for making Summer Courses open to the community during July and January.
BomPreço, a Walmart Brasil brand, is a traditional supermarket chain in the northeast region.

The first BomPreço supermarket was established in 1966. It grew from a small warehouse in the Brazilian northeast to become one of the largest supermarket chains in that region. The focus has always been on quality, convenience and low prices.

In 2004, BomPreço was taken over by major North American retail chain WalMart. This enabled the technological modernization and the expansion of the network that has resulted in 61 stores in the northeast region.

Extra is a multi-sector banner of Brazil’s largest retail conglomerate, Grupo Pão de Açúcar.

Extra operates 137 hypermarkets called Extra Hiper. The convenience store Minimercado Extra offers a limited selection of about 3,000 items. In addition, the company operates about 204 full-line supermarkets called Extra Supermercado as well as pharmacies called Drogarias Extra, located within existing Extra outlets. Similarly, the brand operates Extra gas stations at some retail locations. It runs home appliance stores as well, and is present online as Extra.com.br

Hering is Brazil’s largest manufacturer and marketer of clothing for men, women, and children.

Its merchandise is sold throughout South America in both company-owned and franchise stores as well as online. The brand is represented in 749 stores in all Brazilian states: 653 Hering stores, 93 Hering Kids stores and 3 Hering for You stores. Sales have grown dramatically over the past several years, suggesting that customers value the brand’s combination of quality casual apparel and enjoyable shopping experience. Two German immigrants formed the company 136 years ago, then called Hering Textil.

Itambé is a dairy company that has had a market presence for 66 years.

Every day, the brand processes millions of liters of milk to create a portfolio of more than 190 products including yogurts, cheese and dulce de leche.

One of the greatest milk companies in Brazil, Itambé has more than 7,000 suppliers, five production plants (four in Minas Gerais and one in Goiânia). Itambé is the leader in the milk market in the north and northeast regions of Brazil and other cities like Rio de Janeiro, Goiás, Minas Gerais and Distrito Federal. In 2013 Vigor, which has operated in the dairy market for over 90 years, bought 50% of Itambé. In 2016 the brand launched its new brand identity with the slogan “milk is everything”.

G Barbosa is the largest retail supermarket chain in Sergipe, the second largest in the northeast region and the fourth largest in Brazil.

G Barbosa was founded in 1955 by the brothers Gentili and Noel Barbosa in Sergipe in the northeast region of Brazil. Since 2007, G Barbosa has been part of the Cencosud Group, one of the biggest retail companies in Latin America. Currently, G Barbosa has more than 180 units among supermarkets and pharmacies in the cities of Sergipe, Bahia, Alagoas, Ceará and Pernambuco. It employs more than 12,000 people.

Taeq has a wide and varied range of healthy products.

Taeq, created in 2006, is one of the own-brands of the Pão de Açúcar Group, a supermarket network. The brand is the result of research that identified a type of consumer looking to lead a healthier life. This led to the creation of products focused on wellbeing, health and quality of life.

Taeq is a neologism of the Eastern words “TAO” (path, balance) and “EKI” (vital energy). Currently the Taeq brand is divided into four segments: nutrition, organic, sports and beauty.
How to grow in a complex environment?

Penetration is a growth driver. Attracting new buyers becomes fundamental in the current scenario, and penetration is the measure that most correlates to the growth or fall of brands. Of all the brands that have risen in Brazil, 81% have gained penetration.

Political and economic instability, combined with urban chaos, overwork and excess of information, has led to Brazil becoming one of the most stressed countries in the world. This has resulted in a tendency towards the pursuit of a simpler life, in the face of so much disorder. In addition, in Brazil’s current scenario, consumers’ pockets are tighter, and a lot of family budget-juggling has been seen in recent years.

Consuming more at home and abandoning snack bars, restaurants and bars, the population has bet on categories that serve as the basis for the preparation of dishes, consolidating the trend of “restaurant in the house.” The return to eating at home has led to growth of various products in food, beverages and cleaning, with more sophisticated products (facilitating a clean and nice smelling home) benefiting from this trend.

The consumer, however, is less likely to buy. Data from Kantar Worldpanel points out that the Brazilian is more conscious, engaged and demanding when choosing a product. Today we have a consumer who is increasingly multi-brand, multi-category, multi-channel purchasing and conquering this consumer gets increasingly complex.

In this busy environment, impacted by the crisis and in which consumers seek simplicity and differentiation, Kantar Worldpanel and Kantar Futures have identified three trends: Simplified Life, Fun, and Indulgence and Diversity.

But the question remains: how to grow in such a complex reality?

Penetration, a growth driver

Following the analysis of opportunities, penetration continues to be highlighted as a key factor. Attracting new buyers becomes critical in the current scenario. Kantar Worldpanel has identified that penetration (the percentage of households that bought the brand over a given period) is the measure that most correlates to the growth or fall of brands. Of all the brands that have risen in Brazil, 81% have gained penetration. Of brands that have fallen, 76% lost penetration in the same period.

Another conclusion was that even the leading brands, which already reach a large number of households, have growth opportunities — for example, 11% of the population does not buy the leading toothpaste brand, that’s equivalent to 6 million households.

Innovation — a key factor to keeping a “viva” company

In such a complex and ever-changing world, building differentiation for brands becomes a key factor for companies to stay “alive” in the minds of consumers. Kantar Worldpanel’s analysis identifies three more trends to help companies innovate successfully:

Innovate in categories and products: strengthen the brand’s place in the set of consumer preferences. Be known, recognized, preferred, significant, salient and different, because there is a high correlation between brand equity and real purchases!

Create products that meet consumer needs, practical products that simplify, indulgent products that satisfy, and differentiated products that surprise them.

Innovate in channels: be available whenever someone wants to buy, attend every moment of consumption and be present in every purchase mission. It’s essential to see each act of purchase as a battle to be won, and have the appropriate assortment per channel.

Innovate in the business model: companies also need to constantly innovate in their business models. Kodak, for example, is trying to reinvent itself with the recent launch of the Kodak Ektra Smartphone.

Focus on evaluating trends to be able to predict the future, take advantage of opportunities of the new digital world and increasingly explore the ‘liquid’ consumer. More than ever, simplifying, satisfying and surprising will be the 3S crucial for anyone who is pursuing successful brand and business growth.
Brazil is famous around the world for the warmth of its people. Whether in the professional or personal environment, good relationships are one of the most important and valued aspects of our culture. When we begin a relationship, there is often a greater effort to charm the person who sparked our interest. This is why we take them to a nice restaurant, spend a weekend at a boutique hotel or give memorable gifts.

Henrique graduated in Business Administration from Pontifícia Universidade Católica do Rio Grande do Sul, Brazil, in 2003. A year later he gained a marketing certificate from the University of California, Berkeley, with academic distinction.

Starting at Google in 2005 as one of its first employees in Brazil, he worked at the company for almost five years, leaving it in 2010 to start the digital agency Jüssi. In September 2015, Jüssi was acquired by the WPP Group, integrating Ogilvy’s network of agencies.

Henrique is responsible for co-managing Jüssi with Marcos Del Valle and Xavier Penat, all three managing partners at the agency. Henrique coordinates the media teams and operations at the agency.

We do all that because we want the person to reciprocate our feelings. As we are not familiar with each other yet and don’t know details about what they like or desire, we make an effort to be more creative than expected, aiming to charm in order to gain love and respect.

As time goes by, we get to know more and more about the person. We find out their favorite food, favorite color, what makes them mad or happy, what they enjoy or hate doing on weekends, and so forth. Once all this data is compiled in our minds, we tend not to worry so much about charming them and focus on doing as little as necessary, given that we already know what pleases or displeases them. This is also the recipe for the failure of a relationship.

KEEPPING IT FRESH

In a way, this is what is going on in the relationship between brands and consumers in digital media. Since we now have the ability to use consumer data in media campaigns, after the development of programmatic buying, all of our efforts are put into data.

There is no doubt that creativity plays a major role in communications. However, data and creativity live in separate worlds. In one world, the creative process is much the same as 20 or 30 years ago. In the other world, media works in the organization of audience clusters, hoping that the creative process comes up with something that adapts well to one of these clusters. This model must evolve.

Data and creativity must get closer and closer. A positive attitude is not enough to make it happen. We must act in a coordinated way, seeking to offer better results for brands. Creative teams must think more about the consumer’s journey and less about campaigns. They must learn how to create ideas targeted to audience groups that spread in real time, and learn about formats and new possibilities.

Media, planning and creative departments must talk much more — consistently and on a regular basis — and adapt their communications to the results achieved.

Planning alone is no longer enough. We must plan, execute, adapt and continue to execute. And do all of that in a much shorter window than from one campaign to the next. Above all, we must think of it as a journey, which unlike a campaign, has no beginning, middle or end — just a beginning and middle.

In any relationship, in order to succeed, it takes commitment. Not only that. We must understand that charm and knowledge, meaning creativity and data, walk side by side. The time when we could place things in separate boxes is gone. Putting together skills and technology to offer consumers memorable brand experiences is inevitable.
How the guys in the garage impacted our brands

Some years ago, the advertising industry looked much simpler: fewer media channels, fewer and more solid brands - the ever present “blue chip” names. The brands were in control. And consumers passively believed in the ads and purchased the products. Technological advances weren’t significant and did not directly influence the industry. Nor did they threaten a brand’s “life”.

Marcia has over 14 years’ experience in Client Services and Integrated Channels Operation, having worked across Latin America, Barcelona and Brazil, across agencies of multiple disciplines.

She also has been part of the Global Digital Councils (at Rapp and Grey), Marcia graduated in Communication (FAAP – SP) in 2003, Specialist Marketing (IED – Milan) in 2004, MBA in Project Management (FGV – SP) in 2007; she also studied at Babson Executive Business Center (Omnimark University, Boston, USA) in 2009, completing her studies with the first Hyper Island Master Class de Digital Acceleration held in Brazil, in 2014.

Marcia has worked on many award-winning projects (including 7 Cannes Lions and 4 Effie Awards) and across numerous brands including Pfizer, Nature, Gillette, Downy, Wella, Telefónica, Banco Itaú, PepsiCo, Turner, HBO, Danone, Avianca, Samsung, and Brasil Kirim.

In that context we, the advertising professionals, developed slogans that became part of pop culture and of people’s daily lives. This is, and has always been, the goal of advertising: to become a part of people’s lives and influence them (preferably in a positive way).

But technology started to change fast and, as we all know, transformed the industry. With no prior warning or alarm bells going off, consumers became empowered, but many of us didn’t even notice.

CONSUMER TAKES CENTER STAGE


A new civilization demands new advertising. And a new perspective from brands. Passivity is a thing of the past. The consumer has the stage.

The core issue isn’t media channels anymore: online and offline shouldn’t even be topics for discussion, because they’re the past.

The core issue is finding and understanding motivation – the reason for being. Why do we advertise? What can a brand really represent in people’s lives? The core issue is about Purpose and Behavior. About dignity and respect.

Because people demand respect. Because dignity is a watchword. Because we have grown as a civilization.

People have already understood that. They take to the streets. They call for what’s right and noble, they call for respect. Why would they not demand the same from the corporate entities around them?

That is why the opinions aired on social networks are so important. That is why people expect a reasonable answer to their demands.

RISE TO THE OCCASION

This is something that brands and advertising urgently need to understand. That corporate entities are “people”. Corporate people, but people nonetheless. And they must act as people do: with a clear purpose and a consistent, virtuous and honest message. The age of the superficial “do as I say, not as I do” is over.

It doesn’t matter whether you have a leading brand today. Do not stay in your comfort zone. Behave like a startup: understand human needs. Don’t focus on the functional aspects, but understand that the function should exist to serve human needs. Ensure that your brand has a meaningful purpose. And live in a perpetual beta stage, because that’s how your consumers live and how they interact with the world.

Welcome to the new advertising: virtuous, consistent, true.

Welcome to a new era.
Chile
The years of great and sustained Chilean economic growth are over. Much has been said about its causes: the fall in the price of copper, the lack of certainty generated by large reforms in the business environment, the reduced trust among Chileans, and a change in attitudes towards institutions.

As expected, all these elements have already permeated the Chilean atmosphere, impacting its corporations and brands.

In the last couple of years, we have seen the Chilean economy grow only slowly. The causes of the slowdown have impacted employment, and this, in turn, has affected retail and financial services, which according to BrandZ™ analysis have decreased by 15% and 23% respectively, in brand value from 2015. In fact, contraction in the value of brands in these industries explain to a great extent the 12% loss in value of Chilean brands.

Different perspectives have all shown how Chilean consumers have become especially sensitive to prices. Kantar Worldpanel data confirms that two thirds of consumers perceive that prices have risen in the past three months, and four out of every ten Chileans state that their household income has decreased.

This has resulted in increased visits to points of sale but with a lower purchase amount per visit. The number of places of purchase has also increased. It is interesting to see that this increase in places to purchase has driven growth in shopping at fairs and through promotions. This has not meant that loyal consumers have decreased. In fact, consumers still feel fond of their preferred brands and are willing to buy them, but they do so less frequently while waiting for the turmoil to pass so they can go back to their regular buying rhythm.

Another prevailing factor for Chilean consumers is that their trust level has been undermined. Today they do not blindly trust either organizations or institutions, based on the events of the past few years.

Kantar Millward Brown have learned, from their qualitative and quantitative practices, that trust is one of the main commercial and relational assets between a brand and its consumers. A brand clashing with this dimension is a weakening brand and, in adverse economic conditions, it won’t be able to justify its value, or it will trigger a diminished willingness to purchase. Today consumers are citizens. Although they show a “learned hopelessness” because of past events, today they are empowered, and they demand that the promise of a product or service is fully met.

In this environment, brands must aim at true bonding programs that manage to establish a closer relationship with consumers. They must shift from a business purpose to a brand social purpose and a more symmetrical relationship with consumers that leads to a perception of win-win deals.
## BRANDZ™ TOP 15 MOST VALUABLE CHILEAN BRANDS 2017

<table>
<thead>
<tr>
<th>#</th>
<th>Brand</th>
<th>Brand Value (US$ Mil.)</th>
<th>Brand Contribution Index</th>
<th>Brand Value Change 2015-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>falabella</td>
<td>4,257 4,709</td>
<td>5</td>
<td>-10%</td>
</tr>
<tr>
<td>2</td>
<td>SODIMAC</td>
<td>2,689 3,107</td>
<td>5</td>
<td>-13%</td>
</tr>
<tr>
<td>3</td>
<td>COPEC</td>
<td>2,558 2,758</td>
<td>5</td>
<td>-7%</td>
</tr>
<tr>
<td>4</td>
<td>Banco de Chile</td>
<td>2,027 2,995</td>
<td>3</td>
<td>-22%</td>
</tr>
<tr>
<td>5</td>
<td>Lider</td>
<td>1,982 2,845</td>
<td>5</td>
<td>-30%</td>
</tr>
</tbody>
</table>

Source: Kantar Millward Brown and BrandZ™
Brand contribution measures the influence of brands alone on earnings, on a 1-to-5 scale, 5 being highest.
**CHILE**

**KEY FACTS AND BRAND STORIES**

**BRAND VALUE**

Total Value of Chile Brands

US$ 20.6 BILLION

Brand Value Change 2015 – 2017

-12%

Source: Kantar Millward Brown and BrandZ™

**KEY FACTS**

<table>
<thead>
<tr>
<th>Category</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital City</td>
<td>Santiago</td>
</tr>
<tr>
<td>Currency</td>
<td>Chilean Peso</td>
</tr>
<tr>
<td>Area</td>
<td>756 thousand km²</td>
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<tr>
<td>Population (THOUSAND)</td>
<td>17,950 (2015)</td>
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<tr>
<td>Population growth rate (ANNUAL)</td>
<td>1.0% (2010-2015)</td>
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<tr>
<td>Life expectancy</td>
<td>80 years (2015)</td>
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<tr>
<td>Literacy rate of 15-24 year olds</td>
<td>99.1% (2015)</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>6.3% (2014)</td>
</tr>
</tbody>
</table>

**Annual GDP at Current Prices**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value (2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total at current prices:</td>
<td>US$ 240 billion</td>
</tr>
<tr>
<td>GDP per capita (annual dollars):</td>
<td>US$ 13,383</td>
</tr>
<tr>
<td>Growth rate:</td>
<td>2.1% (2015)</td>
</tr>
<tr>
<td>Country’s share in regional GDP:</td>
<td>4.5% (2010)</td>
</tr>
<tr>
<td>Net foreign direct investment:</td>
<td>US$ 9.4 billion (2014)</td>
</tr>
<tr>
<td>Net foreign direct investment:</td>
<td>US$ 4.6 billion (2011)</td>
</tr>
</tbody>
</table>

Source: CEPAL, Comisión Económica ONU / CEPALSTAT - Database and Statistical Publications / Financial Times Latin America & Caribbean World Bank / Unesco

**Falabella**

1

**PARENT COMPANY** SACI Falabella

**HEADQUARTERS** Santiago

**INDUSTRY** Retail

**YEAR OF FOUNDATION** 1889

**WEBSITE** www.falabella.com

**BRAND VALUE** US$ 4,257 million

Falabella is the leading department store retailer in Chile. Falabella operates 40 large department stores throughout Chile and is the leading brand in the retail channel. The brand appeals to Chile’s more affluent shoppers with a consistently executed fashion-forward merchandising strategy that enables it to remain the industry leader. The brand’s first store opened in 1958. Following several decades of expansion throughout Chile, its presence was extended regionally in the 1990s. There are now a combined 39 Falabella stores in Peru, Argentina and Colombia.

The origins of the brand date back to 1889 when Italian immigrant Salvatore Falabella opened a tailor shop. Today, the brand he created is synonymous with department store retailing and also serves as the corporate identity of parent company SACI Falabella. This major conglomerate has extensive interests across the retail industry including the Mall Plaza shopping center brand, the Sodimac home improvement brand, the Tottus supermarket brand as well as financial services offered under the Banco de Falabella brand created in 1998.

**Homecenter Sodimac**

2

**PARENT COMPANY** Sodimac SA

**HEADQUARTERS** Santiago

**INDUSTRY** Retail

**YEAR OF FOUNDATION** 1988

**WEBSITE** www.sodimac.cl

**BRAND VALUE** US$ 2,689 million

Homecenter Sodimac is Chile’s Leading Home Improvement Brand.

The Homecenter brand appears on 67 stores throughout Chile that are focused on serving consumer needs for home improvement products. The Homecenter brand is the most prevalent of the three formats its parent company Sodimac uses to serve the home improvement, building and construction materials market, which it has segmented by homeowners, contractors and medium-to-large construction companies. The origins of the Homecenter brand date back to the 1940s, when a small company known as Sogeco began providing construction companies in Valparaiso with building materials. In 1952, the company became known as Sodimac. It entered the home improvement retail space in 1988, with the introduction of the Homecenter brand. In 2003, Sodimac became part of the Falabella retail conglomerate, which just two years earlier had bought out Home Depot’s ownership interest in a joint venture established in 1997. The Homecenter brand now enjoys a regional presence beyond Chile, with 52 stores located in Argentina, Colombia and Peru.
Copec is Chile’s Leading Fuel Brand.

Copec has been in existence for 78 years and is Chile’s best-known brand of fuel, with an estimated market share of 62%. The company leveraged its petrochemical expertise to enter the market for lubricants in 1996, where its market share is estimated to be 40%. To enhance the Copec network of 620 fuel stations, the company created a complementary brand called Pronto. Pronto comprises three convenience store formats where expanded assortments of general merchandise and food are offered at Copec branded service stations, under the banners of Ciudad, Pronto or Barra. Copec also operates a chain of 200 small format non-service stations, under the banners of Ciudado, Pronto or Barra. The Lider supermarket brand is owned by Walmart.  

Lider operates 69 supermarkets, as well as 57 smaller format Express Lider stores. In early 2009 Walmart Stores, Inc. acquired a controlling interest in the Lider brand’s parent company, Distribución y Servicios D&S SA. The following year D&S changed its name to Walmart Chile SA. Under Walmart’s ownership the Lider brand has placed an increased emphasis on everyday low prices in keeping with the long-standing strategy of its parent company. Growth of the Lider brand has taken a backseat to Walmart Chile’s other food formats, Ekono and SuperBodega aCuenta, which serve the market with a no-frills and limited assortment offering.

Banco de Chile is one of the nation’s largest full service banks.

Banco de Chile is a commercial bank focused on serving individuals and corporations with traditional banking, products and services; it ranks among Chile’s leading consumer lenders and originators of mortgage loans. The bank operates a branch network consisting of 441 locations following the 2011 addition of 25 locations under the banners of Banco de Chile, Banco Edwards-Citi and Banco CredChile. Founded in 1893, with the merger of Banco Nacional de Chile, Banco Agrícola and Banco de Valparaiso, Banco de Chile became the nation’s largest privately held bank. The bank remained privately controlled through the 1970s when the Chilean government asserted ownership of other Chilean banks. The bank’s long history and record of independence have enabled the brand to associate itself with stability and reliability, attributes that were reinforced in 2002 with the merger of Banco de A. Edwards and again in 2008 with the Banco de Chile and Citibank Chile merger.

Tottus, a network of supermarkets and hypermarkets, was established in Peru in 2000, as part of the Falabella group. In 2004, Falabella acquired a local supermarket chain in Chile, called San Francisco, which it renamed Tottus, bringing the brand to Chile. With 41 sites in Chile and 34 in Peru, the Tottus chain includes different formats – supermarkets, that sell traditional categories of food and personal care product, and hypermarkets, that offer durable goods, appliances, electronics and home ware.

Paris is the second largest department store brand in Chile, where it operates 36 stores in leading shopping centers.

Paris appeals to shoppers with a differentiated product assortment that includes brands from well-known designers, complemented by a range of well-established proprietary brands in key categories such as apparel, home ware and electronics.

Spanish entrepreneur José María Couso established the Paris brand in 1900 with the opening of the Paris Furniture store. In 1950, the name changed to Almacenes Paris and in 2005 the company’s name was shortened to Paris following an acquisition by retail conglomerate Cencosud. To enhance its competitive positioning in recent years, Paris has sought to project a more modern and stylish image that appeals to younger shoppers. The brand expanded its presence to Peru in 2015 with the opening of its first store outside of Chile.
Parque Arauco was founded 32 years ago and is the third largest shopping mall company in Chile. In the last four years the company’s revenues have shown a huge growth of 73%. The company has ambitious international plans to add to its current portfolio of 27 shopping centers in Chile, Peru and Colombia.

Entel is one of the biggest providers of telecommunications in Chile and has been operating here for more than 50 years. Entel offers mobile services, outsourcing IT and call centers, operating in Peru through its subsidiaries: Entel Peru, Americatel Peru and Servicios de Calle Center Del Peru.

In 1964, Empresa Nacional de Telecomunicaciones S.A. was created to provide telephone and telegraph services. In 1993, it broadened its scope with the creation of Americatel Corp to provide services abroad. In 2000 the company created Entel call centers, expanding the services to Chile and Peru. In 2008 it formed an alliance with Vodafone, and in 2010, it acquired the Transam company. 2012 saw expansion of its services into internet and cable TV. Last year, Entel was in the Top Ten ranking for corporate reputation in the telecommunications sector.

32 stores operating under the Jumbo brand in Chile, including 13 in the Santiago area. The company uses large format stores that average around 8,250 square meters. Cencosud uses the Jumbo brand for some of its hypermarkets outside of Chile, particularly in Argentina. The brand offers shoppers a broad assortment of merchandise at low prices, backed by a double guarantee, which allows dissatisfied customers a choice of a refund or double the quantity of a comparable item.

The Pension Fund Administrator Provida (Provida AFP) was founded in 1981 and is the leading manager of pension funds in Chile, operating across 59 branches nationwide. The main business of Provida AFP is the management of individual capitalization accounts and the provision of life and disability benefits, such as retirement pensions. In October 2013, the company was acquired by MetLife Inc., from Banco Bilbao Vizcaya Argentaria S.A. (BBVA). The bank offers a full range of financial services and is one of the few banks that remained private during Chile’s period of nationalization.

Since 1984, Bci has relied on the positioning statement, “We are different”, reinforcing its identity with a distinctive and colorful logo. The bank was founded in 1937 in Santiago and in 1956, Bci opened its first branch in Valparaiso. In 1987 the bank created its first subsidiary, Bancórdito Securities SA Agent. In 1999, the first international branch opened in Miami. Bci’s range of service offerings, and presence throughout Chile with 300 offices, has seen it retain its position as one of the nation’s most important banks.

Cristal is the leading beer brand from Chile’s largest brewer. The Cristal brand has been a market share leader in Chile for the past 20 years thanks to heavy and consistent advertising support that positions Cristal as a Chilean brand. It is regarded as the flagship brand of Compañía de Cervecerías Unidas (CCU).

The origins of the Cristal brand date back to 1850 when Chile’s first brewery was opened in Valparaíso by don Joaquín Plagemann. It later merged with other brewers and in 1902 became Compañía Cervecerías Unidas S.A. In 1992, the company’s shares began trading on the New York Stock Exchange under the symbol CCU.
Three turning points in Chile

In order to understand the context of today’s brands’ movement in Chile, I will begin by establishing the underlying principle of my essential argument: brands are in themselves pop culture, becoming active agents in the generation of commercial, social and symbolic wealth. The definition of current Chilean culture and how brands are articulated in that context becomes a necessary analysis if we want to insert products and services significantly and truly into the national market.

Vicente holds a degree in Advertising and Psychology, a Masters in Media and Communications from the London School of Economics and Political Science as well as a PhD (ABD) in Philosophy from the European Graduate School.

He started his career in advertising as an intern at J. Walter Thompson Chile in 1980 then followed a period of academic growth overseas specializing in Psychology and Psychoanalysis. Back from London, Vicente worked as an Account Planner at APL Lintas and other agencies.

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The natural flow of culture, together with the permanent movements that define it, are the most important source of trends for anyone willing and able to listen.

Here we define three territories where the brands face the challenge of moving and growing. They are not the only three elements, but those most strongly apparent.

1. Multicultural context

Chile today is not the country it used to be. An emerging feature in our culture that will cause the largest change in the medium and long term is the addition of a significant number of foreigners and their habits to our daily life.

In Chile, there is a tradition of colonies and an important history of immigration – just looking at the South of Chile or the city of Antofagasta brings a view of the myriad colonies settled in the last century. Today we see that, as a result of economic improvements, there is a second round of immigrants from Peru, Haiti, Colombia and other neighboring countries. These immigrants are settling in our country and generating the expansion of our environment, where multiculturalism becomes a central feature of our cultural reality.

This means that successful brands will need to study not only these new groups of customers, their habits and integration patterns, but also assess the impact of their penetration into the national life and culture in general. Thus, the analysis of the changes brought by this new reality in our subjectivity is critical for brands to become a fundamental part of that subjectivity.

2. Digitalized reality

A second force that will strongly change our daily lives is digitization. Government data reveals 13.1 million Internet users and that 80% of navigation is via smartphones, Chile is becoming digital and heavily mobile. Thus, we will see changes in the way we work, in how we relate and, clearly, in access to information.

This change will push brands to integrate communication strategies and formulas for evaluation, that consider not only indicators of memorability and scope, but strong engagement measures and indexes of real business conversion. Likewise, brands must complement traditional measurements with new ways of assessing that take into account this new communication structure present in the digital age.

3. A new social contract

Finally, the third force in Chile is the need to establish a new social contract between people and institutions. Lack of transparency and honesty has created audiences that adhere less and less to traditional sources of power. The shortcomings that corporations have shown in the clarity and certainty they give to the public – both in Chile and in the world – make public opinion suspicious of them as valid and reliable sources of information.

Thus, there is a new structure, “opinion leaders”, present through blogs and web sites where traditional power has no influence. This new sphere of opinion generation is fundamental when creating brand adherence. The challenge lies in innovation in the creation of new structures of relationship with audiences. This “new contract” must strengthen honesty, transparency, and the symmetry between brand and audience.

An attitude that is not true and that does not consider - as fundamental axis – respect and appreciation for customers, is not viable. Seeing customers as human beings to whom the company relates, and on whom its survival depends, is crucial to the company’s sustainability. The “new contract” between customers and companies wants everybody to get the same benefit from the relationship.
Isolated by a mountain range to the East, the Pacific Ocean to the West, a desert to the North, and a maze of lakes, fjords, forests and glaciers to the South, it would be easy to say that Chile is one of the countries with the most marked natural borders in the world.

Although it is true that for a long time these geographical conditions significantly restricted interaction between Chile and even its closest neighbors, Chile has sought more and more to connect with the world surrounding it, recognizing the opportunities that trade abroad represents.

With more than 20 trade agreements connecting it to over 50 countries around the world, Chile has established itself as one of the economies with the highest disposition to global commercial openness. Since its first trade agreement, signed with Canada in 1997, to the last one, signed with Thailand last year, the Chilean government has sought access to countries in all four corners of the world. This trade policy has allowed brands from the most varied origins and categories to enter the Chilean market to compete. They have found a more and more sophisticated consumer, hungry for new brands and experiences, with a relatively high income against the Latin American average. It constitutes a territory that, despite its relatively small population, can represent an important business opportunity for any brand willing to make the right bet.

AHEAD OF THE CURVE

However, there is another side to this story – that of Chilean brands going abroad, searching for opportunities in other places. A quick view of the BrandZ™ Top 15 Most Valuable Chilean Brands reveals some of the great Chilean brands that have seen the opportunity to operate outside their country’s borders. A closer analysis enables us to identify an important feature in them: in contrast with other major international brands in the region, Chilean brands have been able to distinguish an opportunity in trans-regionalization, and are becoming specialists in that.

What are the reasons behind these dynamics? First, the nature of the ranking. The Top Chilean Brands ranking is characterized by being significantly made up of retail brands, which influences the expansion patterns we see. In this category, expansion has taken place in geographically close places, due to the dependence on operative factors.

Brands such as Falabella, Sodimac, and Ripley have sought to expand their operations to other countries within the region, leveraging the experience acquired in the potentially hardest retail ecosystem in the region. The experience of these brands has allowed them to achieve, in a relatively short period of time, a place within the new markets where they compete, through robust shop and brand experiences. Likewise, these brands have known how to leverage cultural similarities in the region, and investigate what makes the differences, so as to be able to create powerful bonds with their consumers.

TAKING FLIGHT

Now, it is not only retail that is expanding and looking beyond the borders of their country of origin. Another important case of trans-regionalization is LATAM, which in the past few months has joined two important Latin American brands, merging them into what aspires to become one of the most important carriers in the world. This brand seeks to align all their points of contact and brand efforts to turn this vision into a reality.

With a relatively small population pool, Chilean champion brands have sought success in other places, and their sophisticated practices have managed to generate impact in the markets they entered. How will they be able to maintain this steady growth? They will have to face important adaptations to their Chilean business model, so that they can compete in other markets, like the Peruvian and the Colombian markets. For despite their closeness, they show important differences that might have an impact on the path towards bonding.
The Brand Z™ Top 100 Most Valuable Global Brands is not only the world’s largest brand database, but also an important source of information on brand management. Showcasing the Top 100 most valuable global brands within the same ranking makes it a useful tool for marketers all around the world, who can use it to learn about strategies or trends working in other categories or geographies, and discover how this can generate value for their own consumers or business.

It’s been several years since great brands within the Top 100, such as Facebook and Google, demonstrated the importance of branded ecosystems: ecosystems formed by brands engaging consumers and generating value based on synergies. Think about Alphabet and how it now owns and helps run YouTube, Google+, Google Search, Android, Google Play, Google Maps, and so on, or Facebook and how it integrates Messenger and Instagram to its platform, where it could also introduce WhatsApp.

What these brands seem to have learned and now exploit is how to create brand ‘networks’, with consumers generating value at different points of contact. The ‘network’ is also used to ‘trap’ consumers in an ecosystem they don’t feel it is worth getting out of, given the benefits they get while being there. We might see this as the next step in a well-implemented brand architecture, where different points of contact do not only coexist but also interact.

The top 15 Most Valuable Chilean brands are good illustrations of branded ecosystems which they have learned to leverage to generate value for their customers. Consider Falabella, Tottus, Sodimac and their sister brand CMR. These brands, pertaining to the Falabella Holding, have managed to generate a well-known brand ecosystem in Chile, by creating promotions that are relevant to consumers in their purchase decision and their deployment of financial tools.

The power of these branded ecosystems has been so great that they have even had an impact on the way Chileans establish relations with almost all other services, demanding more—and more tangible things—of practically every brand. In addition, this model is successfully spreading to other countries in the region, for it is now understood that a relationship in which everyone wins generates a high predisposition to purchase. For instance, Cencosud is encouraging this model in Colombia, and Falabella in Peru. These two cases are reshaping loyalty in the region, for consumers not only feel they are winning, but are actually getting something more.

The short- and medium-term outcome of these strategies is clear to everyone, especially in times of contracting consumption, in which any benefit makes the difference to what the consumers choose. We have sound evidence that long-term benefits are associated with an emotionally positive connection with brands that cultivate an ecosystem, as consumers can see in them the endorsement of an ally allowing their access to goods and services in more favorable conditions that would otherwise be too complex to achieve.
E-commerce: The new rules of the game

Undoubtedly, the use of digital devices has been gaining significant traction in how people spend their time. Whether logging into social networks and messaging, or searching for entertainment or information, virtually everything today begins with an online contact. This is significantly enhanced in millennials, who today set the trend for the things that tomorrow will become habits. They show a strong tendency to complement the online and the offline worlds, sometimes choosing the immediacy of social media through smartphones and other mobile devices.

According to Kantar TNS Connected Life, the percentage of Internet users in Chile is one of the highest worldwide (80% via smartphones). This is almost comparable to the level of penetration in developed countries, and way above the global average. Additionally, Chile has great access to credit, either through banking or payment opportunities offered by retailers. These features make Chile a fertile land, with a really high potential for the development of e-commerce without barriers. Only Brazil is above us regionally, with 65% of the region’s e-commerce. In this shaping environment, it is crucial for brands to start considering these media as a new platform with particular features, and focusing their marketing strategy on the online world. It is here that Chilean Internet users spend a daily average of six hours, connected via different devices (54% of the time mobile ones, with a strong predominance of social media and messaging). Another point to keep in mind is that the challenge for brands is larger than in offline channels, since Internet users spend their time in a space where they have more control over what they consume. A simple click allows them to incorporate something into their consumption, and make communications in their screen disappear. In this context of multiple channels of contact with consumers, the online and offline worlds coexist, complementing each other and making themselves stronger. This allows consumers to have a more all-encompassing experience with brands according to their needs and beyond the physical limits of a shop: they can search for information, compare prices and characteristics, and finally purchase from the channel they find most convenient. Falabella.com has really understood this. Besides being one of the brands with the highest development in e-commerce in Chile, it has been recognized for three consecutive years as the best website in Latin America. Falabella has understood that its online channel multiplies opportunities, setting the trend for the development of electronic commerce in Chile.

With the ever-growing number of touchpoints reaching consumers, and an amazing chance to market products, leading brands to good results has become an increasingly difficult challenge.

IN THE ZONE
In this shaping environment, it is crucial for brands to start considering these media as a new platform with particular features, and focusing their marketing strategy on the online world. It is here that Chilean Internet users spend a daily average of six hours, connected via different devices (54% of the time mobile ones, with a strong predominance of social media and messaging). Another point to keep in mind is that the challenge for brands is larger than in offline channels, since Internet users spend their time in a space where they have more control over what they consume. A simple click allows them to incorporate something into their consumption, and make communications in their screen disappear.

FORWARD TRAVEL
We know that e-commerce has mainly developed in product categories with a long lifecycle, such as travel, technology and finance. For example, travel is the most developed category for online purchase in Chile. Almost the same behavior is seen in all Internet users, irrespective of their age, sex or socio-economic realm. Those who travel buy online. Why? Because they save money and have more available information to compare choices. So consumers feel they are more in control.

LAN (now LATAM), is still the main travel player, not only in Chile but now in Latin America. It has played a fundamental role in tilting the balance towards e-commerce, inviting consumers to modify their purchase habits. How? By delivering a better benefit: optimizing time, facilitating choice comparison, and mainly offering better prices than the offline offer. LAN became leader by developing digital consumers in Chile.

Another business that has also worked well in the digital arena is BCI Bank, which is renowned as an innovator in local banking, leveraging its positioning as a “different bank” in the digital environment. It has been the fist to bet on mobile apps customized according to consumers’ profile, offering solutions tailored for each consumer.

STRENGTHENING CONNECTIONS
The main challenge is to understand how connectivity has changed consumers’ behaviors and how to develop brand content and strategies that appeal on all levels and that can turn every contact between consumers and brands into a useful and memorable experience.

Finally, it is most important to learn to play by new rules, for the online space tends to democratize the asymmetric power relations that have historically regulated the market. On the one hand, consumers face brands with much more information and demands, and on the other, smaller players are now competing with large brands in fairer conditions than ever before. In this context, there are great challenges but also great opportunities that Chilean and Latin American brands can and should use to their advantage.
Bricks, clicks, and a global omni-shopping experience

Chile’s retail sector is developed and expanding throughout the region. Despite economic and political uncertainty, the prospects are for growth of merchandise offers and shopper communities. The foundation is strong in terms of overall technology acumen and the inevitable IoT like mobile devices, democratization of Facebook and social media sharing, and the aspiration of consumers and corporate retailers.

Internet penetration clocks in at 78% of the population, with smart technology and mobile penetration equally robust at 80%*. Age distribution is strongly Millenial – young – as it is throughout Latin America. However, well-developed health services and consumer “healthy lifestyle” interests are supporting a growing “mature” population. This presents a multi-dimensional shopper profile that plays out across several dimensions, including:

HOME CENTER DAY
The suburban sprawl around metropolitan Santiago over the wine vineyards of 10 years ago is now coupled with on-going seismic disturbance from unbelievably beautiful volcanic mountain topography. This trend has supported the growth of the home center retail trade in Sodimac, the SACI Falabella asset that has expanded in Chile and beyond to Argentina, Uruguay, Peru, Colombia and Brazil.

MILLENNIAL MOMS
A smaller core group than in larger neighboring countries, but on average more affluent, technology active and definitely not the traditional ama de casa.

HEALTHY LIFESTYLE
Proximity to a splendid panorama of mountain and water sports venues and a developed palate for wine and food create a vast opportunity for specialty retail.

ARTISANAL INTEREST
Wine, design, technology, and a favorable export climate build on a heritage of higher education to produce a vibrant specialty and artisanal retail community, both online and off.

CONVENIENCE
Female workforce participation, professional development, and a growing number of two-working parent families support a consumer need and desire for convenience. Family food solutions have benefited. E-shopping groceries for pick-up on the commute home or delivery have been available in the market for several years. Eat-n, take-out, and delivery restaurants are also active.

future: the growth of the home center retail trade in Sodimac, the SACI Falabella asset that has expanded in Chile and beyond to Argentina, Uruguay, Peru, Colombia and Brazil.

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Cynthia Evans is the Latin America Director of Insights for GroupM. She has experience in quantitative business analytics, communication strategy, and research in the offline and online space, and global experience in FMCG, food and beverage, automotive and entertainment categories.

In her current position, Cynthia brings insight and strategic planning to the communication investment function for the Latin Americas. She has previously held sales and marcom research positions in the US general market across agencies, advertisers, and research suppliers.

Cynthia holds an MBA from Northwestern University Kellogg School with a concentration in quantitative business analysis and marketing science.

*2015 Kantar TGI syndicated research

2015 Kantar TGI syndicated research

Electronics expansion favor continued growth in e-shopping and online retail trade, despite challenges in delivery, distribution and credit card penetration.

DIGITAL FORWARD
Electronics expansion favor continued growth in e-shopping and online retail trade, despite challenges in delivery, distribution and credit card penetration.

A CONSERVATIVE LEGACY WITH ENTHUSIASTIC SOCIAL PRESENCE
Chileans tend to be conservative with a strong sense of what is socially responsible that plays out enthusiastically in social media. They spend leisure time at home and in private settings. Family and friends are a central thread in consumer lifestyles. When away from home, entertainment, special events and venues are popular – Viña del Mar, sports events and family shopping outings. These provide consumer context for retail shopping responses as well as providing venues where brands can become part of the consumer experience.

SPECIAL SHOPPING EVENTS
Cyber Day, Cyber Monday, Black Friday, Cyber Week and other similar events have been institutionalized and now represent key milestones of retail activity during the year. Sales on these days are impressive, surpassing by a wide margin the previous year, year after year, to the point of creating queues online. The best products sell out quickly, it’s a “madness.” Retailers’ online sales far exceed brick and mortar during these event periods.

ONLINE WINDOW SHOPPING
Abundant and easier than driving to the mall. Social influencers, blogs, and YouTube offer an array of recommendations and examples of what to buy and how to enjoy it.

OMNI-BORDER SHOPPING
Retailer expansion across borders and Tun-shopping support growth of the large corporate retail interests. Cencosud and Falabella retail giants have expanded through the region, with brick and click shopping options. Favorable economic and currency factors have drawn shoppers to Chile from neighboring countries.

MICRO-CONCENTRATION OF THE BUSINESS OPPORTUNITY
The majority of consumers live in Santiago where they shop in four main areas/Centers. Antofagasta is the second city where old money and new money come together from the riches of mineral mining business. Valparaiso and Viña del Mar are a short drive over the mountains to the coast. Micro targeting, by geography and by contextual interest, is available for directing communication, especially in online and OOH and/or sponsoring of venues/events.

A HIGHLY ADDRESSABLE MEDIA MARKET PLACE
Chilean consumers are among the most connected consumers in Latin America, and offer a variety of discrete but aspirational channels for retail. Video formats are very well received, and consumer generated content abounds. This, coupled with an active online “influencer/follower” outreach landscape, creates the opportunity to hyper-target prime prospects.

Basic economic stats are favorable, amongst the best in the LatAm region, showing more stability in the face of the prevailing economic uncertainty. The retail sector is strong, despite these economic headwinds, more brands are arriving in Chile, and more retail establishments opening.

To sum up, Chile is business-friendly and brands are increasingly part of a varied and sophisticated consumer identity – a professional “look”, the “best” technology, a well-trained home, suitable car, well-educated children and so on. Chile is open for business, both through bricks and mortar and via clicks online.
On the one hand, it was a year of good economic growth, progress in the peace process, and infrastructure development. On the other, it was also a year impacted by the fall of oil prices, the Boyo Phenomenon, which influenced the internal dynamics, border problems with our neighbors Ecuador and Venezuela, and the sharp increase in the price of the dollar.

Economic growth (GDP) was 3.1% in 2015, a figure below the goal set by the national bank —3.6%— but above the average growth of Latin American countries. Commerce and the public sector (infrastructure works) benefited from this dynamic. While the economy grew, inflation did too. There had not been such a high inflation level in the country (6.77%) since 2008. This generated an atmosphere of mistrust among consumers, and an apparent reduction in their purchase power. In 2016, this showed in the fall in the volumes of some goods and a lower frequency of visits to retailers.

This is when uncertainty began getting hold of Colombians, reducing consumers’ trust and their willingness to buy durable goods.

In addition to this, there was political pessimism, a polarization of opinion surrounding the peace process, and constant speculation concerning the price of the dollar.

Undoubtedly, 2017 and the coming years represent a big challenge for brands. How can they get the attention of consumers and be significant to them amidst such a volatile environment? How can brands engage consumers with a reduced purchase power, when they are worried about their immediate future, and distracted by so many issues?

Today, Colombian brands need to find a purpose that is relevant to today’s Colombians, one that helps consumers’ make their lives better and easier. Brands need to give consumers reasons beyond functional needs, to make sure their brand is chosen over the competition.

Carolina began her career in market research at Nielsen Colombia over 14 years ago. After this, she became the brand manager for Atun Van Camp’s in Colombia. Years later she worked as Latin America Media Director for McDonalds at OMD Latam and later she held the position of brand manager of Red Bull for South America, Andean region and Central America & Caribbean.

Carolina joined Kantar Millward Brown in 2013 as VP of Client Management in Colombia and she is now Managing Director.

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## Top 20 Most Valuable Colombian Brands 2017

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<td>1</td>
<td>Águila</td>
<td>Grupo Bavaria (SABMiller)</td>
<td>Bogotá</td>
<td>Beer</td>
<td>1913</td>
<td><a href="http://www.cervezaaguila.com">www.cervezaaguila.com</a></td>
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<td>Banco Popular</td>
<td>Medellín</td>
<td>Communication Providers</td>
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<td>618</td>
<td>695</td>
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<td>Exito</td>
<td>Banco Popular</td>
<td>Medellín</td>
<td>Retail</td>
<td>1958</td>
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<td>ecopetrol</td>
<td>Banco Popular</td>
<td>Medellín</td>
<td>Energy</td>
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<td>Medellín</td>
<td>Banks</td>
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Source: Kantar Millward Brown and BrandZ™

Brand contribution measures the influence of brands alone on earnings, on a 1-to-5 scale, with 5 being highest.

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### Águila

Águila was founded in the city of Barranquilla and the origins of this beer can be traced back to 1913. Initially Águila was founded by Bavaria S.A., a Colombian company acquired in 2005 by SABMiller. A cultural icon, the brand has sponsored the Colombian national soccer team in every category for over 17 years. It is also recognized for its Águila girls and recently for its non-alcoholic variety: Águila Cero. The brand is also known as the official sponsor of joy.

### Bancolombia

Bancolombia is the largest commercial bank in Colombia and one of the biggest in Latin America. The bank was founded in 1945 and is headquartered in Medellín. It belongs to the group SURA and is part of Grupo Empresarial Antioqueño. The bank has more than 8.1 million customers, a branch network of 779 Bancolombia branded locations and 2,876 ATMs. The bank employs around 27,000 people. Shares of Bancolombia have traded on the New York Stock Exchange since 1995 when it became the first Colombian company to enter the US market. The bank is a Multilatam company with presence in El Salvador, Peru, Puerto Rico, Panama and the Cayman Islands.

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**Poker** is the largest selling beer brand in Colombia. It was first brewed in Manizales in 1929 and soon spread to the Coffee Zone and then the Valle del Cauca, becoming the lead brand in western Colombia. In 2004, Poker began a program of national expansion, entering Bogotá and the center of the country and achieving rapid growth. A line extension in 2011 saw the launch of Poker Liger, a beer with less alcohol, aimed at expanding consumption occasions.

In recent years, Poker has been known for its messages of confidence and positive attitude towards friends, even creating the ‘Poker friend’s day’, a special day each year to share with friends and celebrate with a good beer.
The Tig’o brand was launched in 2006, but its origins date back two years earlier when UNE Telecomunicaciones SA ESP and Empresa de Telecomunicaciones de Bogota ETB SA ESP, created Colombia Movil to offer services under the Ola brand. The brand name changed from Ola to Tig’o, a condensed version of the Spanish word contigo (“with you”), following acquisition of a majority position by Luxembourg-based Millicom International Cellular SA, in 2006. The company then merged with UNE EPM Telecomunicaciones S.A, Millicom Spain Cable S.L., EPM and Millicom to offer an integrated package including fixed and mobile communication, as well as pay TV and internet.

As the country’s third largest mobile brand, Tig’o has nearly 4.9 mobile customers in Colombia, 80% of whom use prepaid service. They were among the first mobile operators to offer their customers pre-paid cell phones and on demand access to the web.

PepsiCo Colombia (or simply, Pilsen) is the leading beer brand in the Antioquía region. Pilsen is the official sponsor of the Festival of Flowers in Medellin and is part of the customs and traditions of the region. It is promoted as a “beer for sharing”.

Avianca is a subsidiary of Synergy Group in Brazil and is the third largest airline in South America, with more than a hundred destinations around America and Europe.

Formerly known as Empresa Colombiana de Petróleos S.A., Ecopetrol is Colombia’s largest petroleum company, it is ranked 39 worldwide and in the top four in Latin America. Ecopetrol is a vertically integrated oil company with presence in Colombia, Peru, Brazil and the US Gulf Coast. The company’s operations include exploration, production, transport, supply and marketing of its own oil surplus and by-products. Ecopetrol stocks are traded on the BVC (Bolsa de Valores de Colombia), the New York Stock Exchange, and the Toronto Stock Exchange.

Pétrán was launched in 2001 and is owned by Zenu. The company specializes in the premium segment of the category of lean meats. A key competitive differentiator is that its products contain 25% less sodium.
Banco de Bogotá is the oldest bank in Colombia, its history dates back to 1870 when it opened its doors with COP $500,000.

Since then, the bank has seen steady growth through mergers and acquisitions. In 2013, the bank expanded its operations abroad by acquiring Grupo Financiero Reformador from Guatemala, through its subsidiary Credomatic International Corporation, as well as BBVA Panama through its subsidiary Leasing Bogotá S.A. Panama. The bank’s international operations are run by its own subsidiaries and agencies in Panama, the Bahamas, Miami and New York. In Colombia it has around 263 branches. The brand has in recent years invested in enhancing its virtual channels and modernizing its communications with clients and stakeholders.

Argos is a leading brand in the Colombian cement industry.

With 51% market share, Argos is the fourth largest cement producer in Latin America, the only white cement producer in Colombia and the second largest in the South-East of the United States. The company belongs to Argos Group, founded in Medellín in 1934. The operation has 388 plants worldwide, with locations that include Panama, Haiti, Dominican Republic and Surinam. Recently the company entered the Dow Jones Sustainability Index, an indicator used to monitor the performance of leading companies in economic, social and environmental terms.

Zenú is a well-known name in meat production and distribution. Zenú began in Medellín in the 1950s, and today is recognized for its high technological standards, quality control, unique flavor, and for innovating several brands in the canned meats, sausage products and frozen fast foods, among others. Today the company has more than 2,500 employees.

Doria is the country’s largest pasta brand, with three product lines: Pasta Comarrico, Pastas Doria and Pasta Monticello.

The original company was founded in 1952 and installed its pulp mill in the former headquarters of Sweets and Pastries Papagayo Company in Bogotá. The Pastas Doria brand is widely recognized for its mustache-wearing chef with a catchphrase of “Ciao bambino” – which has become the staple slogan of the brand.
Colombia: Where the unpredictable happens

Nine years ago, during my first job interview I was asked which was the agency of the year according to Advertising Age. My answer was obviously not correct because the agency of the year was no agency, it was in fact “the Consumer”. Despite the fact that I gave the wrong answer, I got the job and my career began with this valuable lesson in expecting the unpredictable.

During 2016, two major events happened in Colombia that reminded me again about that revelation. In one week Colombians said “No” to the chance of ending a war that has been hurting us for over 60 years and five days later our President was awarded the Nobel Peace Prize. Two very unpredictable events, while the world was expecting us to say “yes” to peace, we said “no”. But it was not because we didn’t want war to be over, it was because we were asking for a complete, better and more meaningful solution to our needs. The Plebiscite was a demonstration that Colombians are not willing to ‘grin and bear’ it anymore.

GETTING REAL
The same situation is happening with brands; consumers are demanding more transparency and engagement and are no longer willing to ‘grin and bear’ problems with the product, services or messages that companies provide. These shifts in consumer behavior are making our role as communicators more challenging because we cannot pretend to build meaningful relationships with consumers if we continue to work under traditional business models and we only tackle superficial needs.

The Living Planet Report by the Worldwide Fund for Nature (WWF) in 2016, stated that the human race is the only one on earth that doesn’t live sustainably; we are exploiting natural resources as if we have an extra planet at our disposal. We have become television watchers, car drivers and fast-food eaters. However, there is a new generation that is self-aware of its consumption patterns and wants to make a change in the world, and not in a utopian way.

A MORE THOUGHTFUL CONSUMER
According to J. Walter Thompson’s Intelligence Group, this generation of new consumers has high ethical expectations from brands, they care about working practices, political issues and companies’ values. For them, sustainability is key to preferring or rejecting a brand.

In Colombia, some companies have approached the world’s issues by developing “eco-friendly” credentials, for example by planting trees or helping people in need. This “social marketing” formula worked for a while, but it did more harm than good because consumers lost their faith when they realized that it was mere ‘greenwashing’ to boost reputation or reduce taxes. It would be unfair to say that all companies in Colombia are guilty of ‘greenwashing’, but some still tackle social responsibility with a narrow scope, since those initiatives are not related to the business’ core and don’t create economic value.

USING BRAND POWER FOR GOOD
This is why brands that understand that sustainability goes beyond public service are far more likely to be the ones that will succeed in the near future. As Porter and Kramer remarked in the 2011 Harvard Business Review, “Creating Shared Value” is the right way to build businesses. They argued that brands can create economic value by addressing the social and environmental problems that are related to their core business.

There is a myriad of difficulties and unexpected shifts to overcome with Colombia’s consumers nowadays, and brands have enough economic power and influence to do something. The key is to solve those issues by using that power for meaningful purpose.

I believe that our most meaningful work should transcend advertising and create something far more valuable for people, solving their real needs and adapting to the unpredictable.
"Rebusque" as the origin of local brand success

Colombia has lived through troubled times, jumping from one conflict to the next. Civil war, guerrilla war and narco are all words that we want to leave behind forever. We are working on it, give us some time. In the meantime, I want to share some thoughts about how this phenomenon might have actively changed brands in Colombia.

If you look carefully you will notice that we have a very strong local brand in almost every category – restaurants, fashion, banks, non- and alcoholic beverages, confectionery, retail and so on. This is not common in most LatAm markets. Globalization is having some trouble taking over Colombia.

HARD EARNED SUCCESS

History tells us many international brands left Colombia when times were rough, leaving a lot of room for local brands. Colombian people are creative and "rebusque" is almost part of our local identity. It means "finding ways to achieve things". Hard times forge hard people, resilient, creative and brave, a perfect environment for early entrepreneurship and family businesses. In the 70’s and 80’s when the government was busy fighting a war against drug cartels led by Escobar, people decided to fight their own war against limitations and fear, and lots of businesses were born and grew against all odds. Alfredo Hoyos Mazuera opened a Pizza outlet called Frisby that is now the biggest fast food restaurant, Yonatan Bursztyn created Totto, one of the biggest brands in the region. Many more were writing their own wonderful stories.

The World Economic Forum has named Colombia the international benchmark in entrepreneurship because of all the above. Today, Colombia is an emerging market with huge potential, and big and famous international brands are trying to come back or enter for the first time. However, the local established and rising brands are also taking advantage and are investing hard in innovation and fighting aggressively to defend their terrain. Stay tuned and watch.
The past few years have marked the development of the age of hyperconsumption. There were brands reinventing themselves through product innovation, trends implementation, and seductive advertising. Thus, marketing increasingly encouraged the consumption of goods and services, to the point that today we have hyperconsumers with hedonistic features. They are prone to self-indulgence, allow their impulses to drive their choices, seek to fulfill their individuality, and have started to look for emotional benefits generated not only by the brands they consume, but by increasingly defined behavioral trends aimed at attaining increased harmony and well-being.

The challenge is to sustain brand value propositions, and to have more robust categories so as to avoid the commoditization of industries in terms of brand equity. Only those brands with balanced brand equity, offering value and meaning for consumers, will be hard to replace. Likewise, they have to find the way to balance their value equation, since in a more challenging economic scenario consumers will be forced to decide whether to stay loyal to their brands or to look for a better-priced replacement.

Only the most powerful brands, with robust brand equity, will continue to make progress. They will do this by creating a balance within their offering between emotional affinity and the satisfaction of the needs of consumers at a suitable price.

Leticia Navarro Torres
Head of Client Management - Insights, Kantar Millward Brown
Leticia.Navarro@millwardbrown.com

Leticia is a graduate in Finance and International Relations at the University Externado of Colombia and a postgraduate in consumer psychology. Having been with Kantar Millward Brown since 2005, she has extensive client-oriented experience. Leticia developed and led the Storytelling process at Kantar Millward Brown Colombia, and is now Head of Client Management.

How can we sustain consumption when a country’s economy is uncertain, consumers’ trust is affected, and they seek lean consumption in the face of such a financial scenario? The challenge for these brands is to satisfy those needs and to emotionally connect with people. In Colombia, what consumers value most is the emotional relationship with a brand. This is even more important than being well known or differentiated. Brands are aware of what consumers want and need to make them fall in love with them. Brands that understand these needs, and have a high level of affinity with consumers, tend to be more powerful.

This is why over 60% of brands fail to win a place in the minds of consumers. A fact reflected in fierce competitions in terms of volume share, and the entrance of new brands with a new retail proposal.

In the past year, we have witnessed accelerated growth in retail chains offering their own brands and products to consumers at better prices. This trend has leveraged the opportunity to connect with consumers by offering products with a good cost-value ratio, resulting in brands with a long history being replaced by these chains’ proprietary brands.

According to the LatAm 2017 study by BrandZ™, retailers such as D1 (soft discount) and PriceSmart (hard discount) have the highest potential to keep growing. With its differentiating proposition, D1 has quickly achieved its place in Colombian consumers’ minds and convinced them to buy its food and household cleaners.

The secret to sustainability

But, does this affinity translate into loyalty to the brands? Do consumers prefer these brands over other variables – such as more affordable prices – in their uncertain economic situation?

This loyalty depends on how consumers relate to the industry. There are some industries with more brand loyalty, such as OTC, baby care, and some within food, while there are others lacking loyalty and thus condemned to compete with a wide variety of options. It’s important to explain this because in Colombia there are many more small brands building their equity than global brands. Only one out of every three brands has a clear and well-defined equity.

A QUESTION OF LOYALTY

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How brands help new consumers in Latam

The challenge for brands is to become – or keep on being – the reference for consumers who are seeking new discourses that will allow them to express themselves, and justify their new desires and needs from a more individualistic perspective. From this point of view, it is worth considering to what extent a brand is still meaningfully different.

Innovation, disruption, equality, inclusion, entrepreneurship, opportunity, status, and individuality… these are some of the many words acquiring a new meaning in a continent characterized by being outside global conversations and where communication and brand building result from discussions that frequently do not take it into account.

ALFREDO TANCO
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Alejandro is an anthropologist from the Universidad de los Andes with more than 15 years of experience in administrative and market research areas.

He joined Kantar Millward Brown in 2010 as Director of the Qualitative Area after being the country manager in Panama for GFK. His goal is to help customers to grow and innovate, including the digital ecosystem.

However, little by little this market is becoming interesting; economic growth is starting to create a middle class eager to access a glamorous lifestyle, reflecting success and disruptive of previous generations.

We are seeing consumers who consider opportunities and follow new consumption rationales that represent a change of values. We are not only speaking about an increase in purchasing power, but also of a new consumption logic.

From this perspective, what made a brand significant for consumers is changing, given the new values emerging in this context of opportunity and where entrepreneurship, persistence, effort, and recognition have just begun to be appreciated. In a nutshell, we are at a time when several ideologies coexist, and where the uncertainty of the future makes strategies more and more complex.

MEANINGFUL DIFFERENTIATION

The challenge for brands is to become – or keep on being – the reference for consumers who are seeking new discourses that will allow them to express themselves, and justify their new desires and needs from a more individualistic perspective. From this point of view, it is worth considering to what extent a brand is still meaningfully different.

In this new reality, it is interesting to observe how consumers do not seek brands for them, but like them, brands that manage to speak in such a way so that consumers recognize their individuality. Here, there are two aspects to be considered:

1. They should transmit simple messages that also help to justify a more sophisticated consumption.
2. We are seeing consumers move from a group/supportive ideology to an individual one.
3. Brands need to be admired and stay close – the feeling that they are in reach makes them relatable and therefore lovable.
Mexico
Mexico stands in a very complex and shaky balance: On one end the Mexican economy continues to slow down in the face of high international volatility and a growing threat of cutting the influx of dollars to the Mexican economy due to President Trump’s America First protectionist policy.

On the other hand, the Mexican Government will need to balance its spend to reduce its debt – and prevent a lower rating from international financial institutions to access credit - while at the same time avoiding to drive the economy into a steeper slowdown by cutting too much of its social and infrastructure programs.

The International Monetary Fund cut its growth forecasts for Mexico in 2016 from 3.0% to 2.6%. This was mainly due to the general decrease in Latin America, the stagnation of China’s economy, the collapse of oil prices, fluctuations in exchange rates, and the barely moderate growth of the United States.

In response to speculation to President Trump’s views of NAFTA and Mexico, both Mexico’s Ministry of Finance and Public Credit and the Bank of Mexico, highlighted the strength of Mexican finance and institutions. The first 100 days of Trump’s administration will define if investors’ speculation is only temporal or if potential changes in the bilateral relationship between Mexico and the US do happen. Uncertainty is still present.

The structural reforms undertaken by the Mexican Government seek to bring comparative advantages to the country, by reducing the cost of power and telecommunications, while significantly increasing educational standards.

But growth has been weaker than expected, well below the expectations driven by these reforms because there has not been a strong focus on the main problems plaguing the country, such as insecurity, the “informal” sector that employs over 50% of the economically active population, and the corruption prevailing in many parts of the country.

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### BrandZ™ TOP 30 MOST VALUABLE MEXICAN BRANDS 2017

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<td>612</td>
<td>958</td>
<td>3</td>
<td>36%</td>
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<td>21</td>
<td>Banco Azteca</td>
<td>611</td>
<td>1,533</td>
<td>3</td>
<td>-60%</td>
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<tr>
<td>22</td>
<td>Volaris</td>
<td>594</td>
<td>555</td>
<td>5</td>
<td>7%</td>
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<td>23</td>
<td>Volaris</td>
<td>575</td>
<td>-</td>
<td>3</td>
<td>NEW ENTRY</td>
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<td>24</td>
<td>Superama</td>
<td>511</td>
<td>462</td>
<td>3</td>
<td>10%</td>
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<td>25</td>
<td>Leon</td>
<td>510</td>
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<td>26</td>
<td>Leon</td>
<td>508</td>
<td>510</td>
<td>5</td>
<td>0%</td>
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<tr>
<td>27</td>
<td>Lala</td>
<td>478</td>
<td>639</td>
<td>2</td>
<td>-25%</td>
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<tr>
<td>28</td>
<td>LaLa</td>
<td>462</td>
<td>469</td>
<td>2</td>
<td>-2%</td>
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<tr>
<td>29</td>
<td>Bimbo</td>
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<td>666</td>
<td>1</td>
<td>41%</td>
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<tr>
<td>30</td>
<td>Montele</td>
<td>341</td>
<td>-</td>
<td>3</td>
<td>NEW ENTRY</td>
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Source: Kantar Millward Brown and BrandZ™
Brand contribution measures the influence of brand alone on earnings, on a 1-to-5 scale, 5 being highest.
**TOP 50 MOST VALUABLE LATIN AMERICAN BRANDS 2017**

**MEXICO**

**BRAND VALUE**

**US$ 50.8 BILLION**

**Total Value of Mexican Brands**

-11%

**Brand Value Change 2015 – 2017**

**Source:** Kantar Millward Brown and BrandZ™

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**KEY FACTS**

**Capital City:** Ciudad de Mexico

**Currency:** MEXICAN PESO

**Area:** 1.96 million km²

**Population (thousand):** 127,000 (2015)

**Population growth rate (annual):** 1.3% (2010-2015)

**Life expectancy:** 77 years (2014)

**Literacy rate of 15-24 year olds:** 98.7% (2015)

**Unemployment rate:** 3.8% (2014)

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**Annual GDP at Current Prices**

**Total at current prices:** US$ 1,144 billion (2015)

**GDP per capita (annual dollar):** US$ 9,009 (2015)

**Country’s share in regional GDP:** 21.6% (2015)

**Net foreign direct investment:** US$ 20.3 billion (2014)

US$ 22.1 billion (2015)

**Sources:** CEPAL, Comisión Económica de ONU

CEPAL STAT – Database and Statistical Publications

Financial Times Latin America & Caribbean

World Bank

Unesco

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**BRANDS**

**TOP 50 MOST VALUABLE LATIN AMERICAN BRANDS 2017**

**1. Corona**

**PARENT COMPANY:** Grupo Modelo, SAB de CV

**HEADQUARTERS:** Mexico City

**INDUSTRY:** Beer

**YEAR OF FOUNDATION:** 1925

**WEBSITE:** www.corona.com

**BRAND VALUE:** US $7,647 million

Corona’s strong Mexican heritage has allowed it to surpass geographic frontiers; it is currently sold in over 180 countries.

Corona beer was first launched in 1925; the same year its parent company Grupo Modelo began operations. The brand has a rich history of innovation, having been able to tie itself to Mexican culture through simple, yet iconic communications. It has created strong brand cues that relate it to relaxation and music. The group’s staple brand across the globe, it’s the best-selling Mexican beer in the world and the best-selling import beer in almost fifty of the markets in which it is present.

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**2. Telcel**

**PARENT COMPANY:** América Móvil, SAB de CV

**HEADQUARTERS:** Mexico City

**INDUSTRY:** Communication Providers

**YEAR OF FOUNDATION:** 1989

**WEBSITE:** www.telcel.com

**BRAND VALUE:** US $4,598 million

Telcel is the leader in mobile phone services in Mexico, with approximately 71.5 million users. Its market share is around 70% of mobiles nationwide. Even when transferring their old number became an option for users, Telcel was a net winner of clients, making it evident to some extent that people value its wide user network, and certainly reflecting the message of its slogan: “Telcel is the Network.” This makes it one of the most important brands for América Móvil, the leader in telecommunications in Latin America, owned by the business tycoon Carlos Slim Hélio.

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**3. Televisa**

**PARENT COMPANY:** Grupo Televisa, SAB

**HEADQUARTERS:** Mexico City

**INDUSTRY:** Communication Providers

**YEAR OF FOUNDATION:** 1930

**WEBSITE:** www.televisa.com

**BRAND VALUE:** US $4,035 million

Founded in 1930, Televisa is the largest communications company in the Spanish speaking world and one of the most important players in the global entertainment business.

Televisa operates four broadcasters in Mexico, produces, distributes and exports contents to the American market through Univision – the leading Spanish speaking media company in the US – and to more than 50 countries through other media partners. Televisa also publishes and distributes magazines, films and owns radio broadcasters around the country.

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**4. Bodega Aurrerá**

**PARENT COMPANY:** Walmart de México, SAB de CV

**HEADQUARTERS:** Mexico City

**INDUSTRY:** Retail

**YEAR OF FOUNDATION:** 1958

**WEBSITE:** www.bodegaaurrera.com.mx

**BRAND VALUE:** US $3,593 million

Bodega Aurrerá is a chain of supermarkets in Mexico, created for the lower-income sector of the population. Its offer includes low prices, embodied in ‘Mamá Lucha,’ a masked luchadora who fights high prices and is constantly ‘struggling’ to make it to the end of the month. Bodega Aurrerá is one of the fastest growing business unit of Walmart de México, partly because of its ability to create more flexible store formats such as ‘Mi Bodega’ in small cities, and ‘Bodega Aurrerá Express.’ This latter format is an interesting price-convenience offer that brings high turnover lines to urban locations which competitors using bigger formats find more difficult to reach.
Founded in 1925 under two brands, Especial and Negra, Modelo was subsequently relaunched as one of Grupo Modelo’s first beers.

Modelo has focused on developing a strong portfolio that spans different beer types and attracts consumers with premium offerings through strong positioning cues. In particular, the use of innovative and differentiated packaging and emotionally charged campaigns that convey the premium quality and uniqueness of the products they promote.

El Puerto de Liverpool S.A.B. de C.V., commonly known as Liverpool, is a mid-to-high end retailer which operates the largest chain of department stores in Mexico, operating 17 shopping malls. Its 85 department stores comprise 73 stores under the Liverpool name, 22 stores under the Fábricas de Franca name, 6 Duty Free stores, and 27 specialized boutiques.

Its aim is to have people perceive it as “part of their lives”. In order to get closer to consumers, it has expanded to cover a huge area of Mexican territory, innovating with store formats that coexist with shopping centers and malls. This is because Liverpool not only operates its stores, but also controls their construction so that it can create appealing formats. Its income also comes from the lease of premises and financial leases from loans to consumers.

Cemex is a leader in the production and marketing of concrete, cement and other building materials.

Cemex is a well-known name not only in Mexico, where it has over 100 years of history, but also in the rest of the world. It was a local brand that became global, and has been involved in projects from around the world: tunnels in America, highways in Asia, social housing in South America.

Tecate is a beer brand that was founded in 1944 in the City of Tecate, in the Mexican state of Baja California.

In 1954 Cervecería Cuauhtémoc Moctezuma, a subsidiary of FEMSA (the largest Coca-Cola bottling company worldwide) purchased it. The brand is characterized by innovation in its product presentation – it was the first company to use cans for packaging beer in Mexico. Its communication strategy is focused exclusively on male audiences, which completely differentiates it within the category. Its slogan “For you”, is well known. Tecate has focused its efforts on increasing its presence in sports, including big boxing events, and it is a sponsor for FC Barcelona.
Gruma, S.A.B. de C.V., known as Gruma, is a Mexican multinational corn flour and tortillas manufacturing company headquartered in Monterrey. Its brand names include Mission (in Mexico), Guerrero and Maseca. The latter is Mexico’s leading corn flour brand - the base ingredient for tortilla, one of the country’s food staples.

The brand was launched following Gruma’s foundation of the first nixtamal flour facility in the world, in 1949. Beyond its home territory, Maseca is also an important player in European, African and Middle Eastern corn grits markets. The brand has been built upon superior quality and the omnipresence of the tortilla across the nation.

To bake loads of fine cakes for everyone to enjoy anytime they want, that’s what Marinela’s founder aimed when creating the company in 1954. It soon began producing convenient bakery-style birthday cakes packed with matches to light the candles. These were followed by slices and individual-sized cakes sold without packaging in paper baking cups.

With this mission in mind, ‘Gansito’ was created as Mexico’s first industrially manufactured cake. Gansito was so successful that when Bimbo purchased Marinela, the latter maintained an exclusive distribution network for its bestselling product in 1980 when they were known as Seguros México. The company is owned by Mexican billionaire, Carlos Slim.

Banco Inbursa, previously known as Inversora Bursátil, was formally created in 1992. It was formed as a result of the government authorizing the creation of new banks in order to promote competition in the financial sector. It is a subsidiary of Grupo Financiero Inbursa, which was created in 1985. Other subsidiaries of the Group include Seguros Inbursa, purchased in 1984 when they were known as Seguros México. The company is owned by Mexican billionaire, Carlos Slim.

Sanborns has grown from a single pharmacy into a large department store chain. Sanborns offers a restaurant and bar, and a selling space that includes a wide variety of departments such as jewelry, bakery, book store, electronics, and pharmacy. Founded in 1903 as a small pharmacy, the format first expanded by adding a soda fountain, in 1918. It opened its first branch (La Casa de los Azulejos – a building that became a tourist attraction in Mexico City because of its architecture) in 1919. It was acquired in 1985 by Grupo Carso, and in 1999 Grupo Sanborns was created, connecting Sanborns to brands such as Sears, Shop-and Mix Up.

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Soriana is a grocery and department store retail chain headquartered in Monterrey, Mexico. The company is 100% capitalized in Mexico and has been publicly traded on the Mexican stock exchange since 1987.

It started in 1905 as a business that only sold fabric, until 1958 when it incorporated a self-service store. The brand continued to grow but only in the northern area of Mexico until the 1990s, when the decision was made to start operations in the central area of the country. By 2000 there were 100 stores nationwide, and new formats were created for the brand during that decade: the City Club price club and Super City convenience stores. In 2007, Soriana purchased 205 stores from Gigante, at the time one of the country’s dominant supermarket operators. In early 2015, the brand purchased 160 stores from another competitor, Comercial Mexicana. Soriana currently has over 670 stores countrywide.

The strength of Banco Azteca is based upon almost 60 years of credit experience at Grupo Elektra, an unparalleled debt collection system, and state-of-the-art technology that supports solid management practices. With more than 5.2 million savings accounts, Banco Azteca continues showing dynamic growth in every banking variable of significance. In addition to consumer credit for goods (Credimax) Banco Azteca offers credit cards, personal loans, as well as car loans and mortgages, among other types of credit. Through Empresario Azteca it offers small business loans. Additionally, Banco Azteca offers payroll systems, and as an agent for Procampo, a government agricultural financing program, the bank has reinforced its presence in rural areas.

Banco Azteca currently operates through Grupo Salinas’ stores: Elektra, Salinas & Rocha and Bodega de Remates which together account for more than 3,762 direct customer touchpoints. Recent efforts point towards targeting the middle class with very specific products, and a higher relevance of digital technology in its offer.

Victoria beer was first produced in 1865 by Compañía Cervecería Toluca y México, which was purchased in 1935 by Grupo Modelo. This Vienna-style beer is the longest-standing product in the portfolio of Grupo Modelo. Particularly popular in the regions of central and southern Mexico, it has also been successfully exported to the United States since 2010. Victoria has in recent years re-defined its target market; previously considered a beer for the lower-middle class, its communication efforts are now more focused on young and middle-upper class adults.

Volaris is an ultra-low-cost airline, offering flights in and out of Mexico, the United States, Guatemala, Costa Rica and Puerto Rico.

Volaris offers cheap plane tickets, good quality service and a vast choice of products. It was formed in 2003 when Discovery Americas and Columbia Equity Partners investment funds joined forces with TACA Airlines to integrate a new Mexican ultra low-cost airline that would offer the opportunity of air travel to more Mexicans.

Volaris has the youngest aircraft fleet in Mexico, with an average age of four years; the fleet includes 63 Airbus used for flights to Mexico and the United States. It is listed on the Mexican Stock Exchange and New York Stock Exchange.
Superama is the premium store format of Walmart de México, focused on offering quality, convenience and service to consumers. Superama leverages the medium size of its premises to enable it to operate from locations close to urban consumers, offering carefully selected products. Superama has an innovative streak, as demonstrated when it developed a phone app and internet sales in response to changing shopping trends.

Produced since 1900 in Mazatlán, an important port on the Mexican northwestern coast, Pacifico is a beer brand from Grupo Modelo’s portfolio. Pacifico is particularly popular in the Mexican northern states where it has aimed at building a more friend-oriented and relaxed brand image, using campaigns that focus heavily on its distinctive taste and freshness.

Another beer brand from Grupo Modelo, León positions itself as a young alternative to more ‘adult’ and established brands. From its origin in Yucatán, León has won important market share elsewhere in the country. It has leveraged its positioning by associating itself with young and urban cultures, especially through music and music festivals. This is an important trend in the market that has pushed brands to participate in ever-more complex branded environments and experience-led marketing efforts.

Tía Rosa is one of Grupo Bimbo’s key brands. It specializes in iconic products such as Tortillinas Tía Rosa. Founded in 1971, this brand generates relevance through a promise built around the taste of homemade products. Tía Rosa marked a milestone in Mexico’s food industry when in 1976 it installed the first wheat flour tortilla-making machine. The brand is known for reinterpreting recipes from the country’s rich baking tradition, such as Banderillas, Doraditas and Orejas, and giving them their own particular stamp. This, together with a strong distribution network, has made Tía Rosa one of the key players in the landscape of Mexican food.

One of the many beer brands owned by Grupo Modelo, Montejo was established in 1900 in Merida, Yucatan. Montejo is an authentic Mexican beer that was named for the founding father of the city of Merida: Don Francisco de Montejo. The product was originally a dark Vienna lager before it became a Czech Pilsner. Today, it has a light golden color and is renowned for its crisp, refreshing finish. Montejo has never been brewed outside Mexico but the brand was recently launched in the United States.
Throughout the last decade, BrandZ™ has become one of the most influential reports on how consumers around the world think of brands, feel about products and services, and choose to spend their money. For sure, some brands are purely aspirational, such as the ones we are used to seeing in luxury categories like Beauty and Wellbeing. Others are part of our everyday consumption, whether at home, school, university, our workplace or commuting. Technology is increasingly driving the biggest revolution in our society and directly influences the way we stay in touch, engage and interact with a brand.

A DEEPER LOOK AT HOW MEXICAN COMPANIES NEED TO PUSH THE BOUNDARIES OF RISK

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THE VALUE OF VALUATION

Valuation is important for another reason: if you own or manage a business that is likely to be sold at some point – and if you understand valuation – you can run the company to maximize its value to a potential acquirer. You will know that acquirers look closely at financial value. This is precisely what BrandZ™ Brand Valuations shows year on year, how enterprises investing in their brand and/or brand portfolios, consistently grow stronger and minimize risk.

SIX OUT OF TEN

The good news is that, despite all of this, there are some great examples that showcase the way forward. Six Mexican companies rank among the Top 10 players in the BrandZ™ Top 50 Most Valuable Latin American Brands 2017 (also adding to the four most prominent risers), a region with an ongoing status of uncertainty – economic, social, political, technological, environmental. Such uncertainty is defining the volatility in markets like Brazil, the difficulty for customers in choosing transparent and reliable product and service providers, or the ambiguity of where to play and how to win in order to deliver sustainable business growth. The VUCA acronym (Volatility, Uncertainty, Complexity and Ambiguity) identifies general systemic and behavioural failures, which are also characteristic of organizational failure.

In my little life-experience working and living in Mexico, I have witnessed how organizations are not focused enough on orchestrating an integrated, holistic and whole-brain approach towards improving customer-centric growth. For sure, if you ask them, customers are always at the heart of what they do, but the way companies are organised, led, incentivized and measured to deliver such customer-centricity is far from customers’ actual expectations and needs. It comes as no surprise that beer providers have the most valuable brands across categories, where emotional delivery is much easier to fulfil – although here international competition is growing stronger than ever. Corporations have a desperate need to reinvent the way they engage with customers and beyond that, the way they transform into truly influential propositions.

With each year and each BrandZ™ ranking report published, new insights emerge that help companies better equip themselves to learn from the present and build for the future.

These influential touch points, such as the ones driving our digital ecosystem (see Uber, Google or our ubiquitous smartphones) are all part of what we call brand or customer experience; the actual delivery of a companies’ promise, its reputation and differentiating associations that it claims it can provide in a competitive landscape. Consumers have the power over the purchase decision, but brands have the capacity to influence such decisions.

When measuring brand strength, it is important to distinguish two key components: brand equity and brand value. When collating consumers’ perceptions about a brand, an industry or a specific category, we should refer to equity only. When considering the brand as the single, most important intangible asset of a company, we should always refer to brand value, financial value. This is precisely what BrandZ™ Brand Valuations shows year on year, how enterprises investing in their brand and/or brand portfolios, consistently grow stronger and minimize risk.

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Valuation is important for another reason: if you own or manage a business that is likely to be sold at some point – and if you understand valuation – you can run the company to maximize its value to a potential acquirer. You will know that acquirers look closely at specific financial metrics and mostly ignore others. You will not fall into the trap of thinking that your business is just as valuable to anyone else as it is to you. You will know how to assess and furthermore, manage, its potential. A potential largely based on how stakeholders relate to your brand’s proposition, your offer, your service, your communications, your customer journey and so on.

This year’s BrandZ™ Top 30 Most Valuable Mexican Brands shows how testing these times are. There are very few cases that have seen their brand value significantly increased, whilst the Top 30 average shows a brand value change of -11%. It is largely the financial services and the telecommunications providers driving this number. Reliant on their historic lack of competitive aggressiveness, companies require more than ever a disruptive, customer-centric redesign of their commercial and go-to-market strategies. With an increasingly greater choice of players reinventing traditional categories with ‘beyond the sector’ best practices, customers are now empowered to change the status quo. Companies failing to anticipate these changes expected and demanded by customers are very likely to remain on the edge of irrelevance.

SIX OUT OF TEN

The good news is that, despite all of this, there are some great examples that showcase the way forward. Six Mexican companies rank among the Top 10 players in the BrandZ™ Top 50 Most Valuable Latin American Brands 2017 (also adding to the four most prominent risers), a region with an ongoing status of uncertainty – economic, social, political, technological, environmental. Such uncertainty is defining the volatility in markets like Brazil, the difficulty for customers in choosing transparent and reliable product and service providers, or the ambiguity of where to play and how to win in order to deliver sustainable business growth. The VUCA acronym (Volatility, Uncertainty, Complexity and Ambiguity) identifies general systemic and behavioural failures, which are also characteristic of organizational failure.

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With each year and each BrandZ™ ranking report published, new insights emerge that help companies better equip themselves to learn from the present and build for the future.
In building brand influence is not the No. 1 priority, what is?

Brands we love are influential. Brands in the BrandZ™ Top 30 Most Valuable Mexican Brands are influential too. And influential brands have sustainable businesses. This means Brand Value and Brand Influence are two sides of the same coin.

Everything that happens to business is a consequence of brand influence. Little influence means poor business growth. Huge influence can mean superb growth. So, to make our brands and business win more, we need to start building and measuring our Brand Influence.

So how does a continuous Brand Influence effort relate to Brand Value? We all know that consumers are facing recessionary times in Mexico (no matter what the Government says). To get out of these tough times, money needs to be spent but in addition, emotion needs to be uplifted. Being wise and motivated are now more strongly linked.

Brands that keep this in mind and don’t remind consumers of their lack of opportunities, are the ones for which Brand Value has increased. Take for instance Bodega Aurrera and Liverpool with a 16% and 26% Brand Value growth this year. What is behind their vision of recession? They both structured their Brand Influence around consumers’ opportunities: save to spend. Bodega Aurrera and Liverpool help their consumers to be wisely inspired.

Nowadays it is no longer a matter of awareness, engagement or impact. These harder times demand new KPI’s to show if a business is really growing. Influence is the most relevant of all. It is because influence integrates three things: Brand Potential, User Loyalty and Market Buzz. Brand Potential is the contained power to drive sales continuously. User Loyalty the capacity to make users keep buying, and Market Buzz the capacity to spread love for the brand to others. Drive>>>Buy>>>Spread are the three constants of an Influential Brand.

What does it take to be influential?

Companies’ first need to have a user-centered way of working in their teams. Second, they must have the ability to create immersive brand experiences. Third, they need ways of monitoring Influence. Without user-centered thinking and immersive experiences, brands will lose more and have an increasingly difficult time. Keep this in mind: it is hard to grow 1% market share, sure, but losing 1% and then getting it back is almost impossible. One way or the other, it requires companies to be working on Influence. Insights2020, our global initiative that focuses on uncovering the drivers of customer-centric growth, showed that companies in Mexico have a lack in Touchpoint Consistency (42 out of 100) and Customer related KPI’s (40 of 100). Big opportunities exist for companies (and people) to think and act influentially.

Yet, to create Influential Brands, to make users Drive>>>Buy>>>Spread, and grow continuously, User Loyalty the capacity to make users keep buying, and Market Buzz the capacity to spread love for the brand to others. Drive>>>Buy>>>Spread are the three constants of an Influential Brand.

What is happening in terms of Influence in Mexico? The BrandZ™ Top 30 Most Valuable Mexican Brands lost 11% Brand Value (average) in 2017. Compare this to Top 30 Global Brands (which grew 8%) and you see Mexican brands are almost 19% behind - so Influence is not good enough. Brands in Mexico need to be more influential. Making it to the BrandZ™ Global Ranking for the three top Mexican Brands means that Corona need to reverse their -10% and grow 137%, Telcel reverse their -26% and grow 227%, and Televisa reverse their -9% and grow 259%.

Influence your company’s #1 Priority today.

We constantly hear “there’s no money/ interest to invest in building Brand Influence, it is not a priority”. If it is not the #1 priority, then what are the other ways to grow business? Money has to be invested in expanding Influence and increasing Brand Value. We strongly recommend when talking about business growth, companies speak of it as being “a matter of Brand Influence”. Beware, if you do not do it now, tomorrow may be too late. Make Brand Influence your company’s #1 Priority today.

Sergio has more than 20 years experience in the transformation of brands. Having graduated with an honors in Industrial Design he has brought design to a new era using it as a tool for the new generation of businesses. His interest in cultural change led him to study a Master’s degree in Education. He has been Professor at prestigious universities in Mexico including Ibero and ITAM.

Sergio has worked with more than 100 different companies. From local businesses to large transnational and international companies. This list includes; Coca-Cola, Samsung, Cinemex, Philip Morris, The British Council, Farmacias GI, Regasa, Michelin, Bachelet, Campbell’s and Toks.

He has been working for Kantar Vermeer for 4 years. He is responsible for the practice of excellence and his key work tool is Design Thinking.

SERGIO OLAVARRIETA
Associate, Kantar Vermeer
Sergio.Olavarrrieta@mbvermeer.com
Brand building in a digital era

It’s well known that today, brands face an increasingly competitive market. They must fight to be present and differentiate themselves to a consumer who is more demanding and overwhelmed by the number of similar brands that exist in the market. Furthermore, when the selling proposition and content is almost the same, and the price doesn’t vary much, what motivates the consumer to make a purchase decision, or even better, to generate loyalty for its favorite brand?

It’s for this reason that brands are investing heavily in creating a much more aggressive marketing plan, in order to ensure the final result in the delicate “Moment of Truth”. This is the moment when the brands look the most appealing on the shelf, they are there, ready and waiting for the consumer to make their choice, reaching the decision to buy. This action represents the outcome of a battle waged through different and constant messages, in both traditional and digital media. And the outcome of that simple action is one of three possibilities for the brand and consumer’s relationship: falling in love, indifference or disappointment.

THE OPPORTUNITY

Thus, we must amplify the brand message; it’s the key to product recognition. Nowadays, communication tools such as e-commerce and social media are focused on stimulating the sale of products in more creative and integrated ways. They strive to amplify the message and generate emotional connections across multichannels, thus maximizing the message. The brands are prioritizing digital strategies, which allow “play” with brand products. These experiences must always maintain the sensation of luxury, through an interaction that project and interactive actions that – besides being attractive for the client – help to engage the consumer, taking him to the next stage of the buying funnel.

The digital channels and creativity that are present in communication and sales strategies, will be a unique showcase for luxury brands and an example of how a digitalization process can consolidate the brand within the luxury market. Not only increasing revenue, but generating greater brand loyalty with its consumers, involving them in brand experiences in which the consumer is the main character. Such moments can be shared within their circles of influence, thus maximizing the message.

Today, we must take advantage of digital platforms, especially the search engines, to generate leads and ultimately support brands to reach their sales targets. As long as consumers have choices, they will look for brands that fit their values and give them something to believe in, as well as the best quality.

THE CHALLENGE

In Mexico, luxury brands face a dilemma in the form of the dollar vs. our currency. The main function of luxury stores is evolving beyond giving service in order to make the sale. They are prioritizing digital strategies, which have become a key pillar of brands in this sector, creating experiences that influence a buying decision and that encourage users to visit digital platforms to interact with the brand and generate more reach to achieve a final purchase.

The consumer experience is no longer limited to a good deal in the store. New generations are less attached to physical stores, and their interaction with the brands tends to occur through digital channels. Therefore, brands must generate emotional connections across multichannels, linked to tech application in both products and in-store, as in traditional sales systems.

THE CHALLENGE

The opportunity in Mexico is that those luxury brands that offer relevant digital experiences will become the perfect space to tell the story of the brand, through exclusive face-to-face digital experiences that captivate visually and allow “play” with brand products. These experiences must always maintain the sensation of luxury, through a fusion of fashion and technology via streaming screens, mirrors that project and interactive actions that – besides being attractive for the client – help to engage the consumer, taking him to the next stage of the buying funnel.

The digital channels and creativity that are present in communication and sales strategies, will be a unique showcase for luxury brands and an example of how a digitalization process can consolidate the brand within the luxury market. Not only increasing revenue, but generating greater brand loyalty with its consumers, involving them in
The mobile-first consumer is changing the retail world

The good news is that every day in Mexico we have more technology ready to interact with today’s complex and demanding consumer. Each week we hear of a new partner that has new ways to reach/interact/understand the consumer journey and how that understanding will help us to be more effective.

However, the big question we often hear is: How do we approach a consumer that has more options, information – and that is exposed to more advertising ‘white noise’?

More and more often we hear this question, whether we are listening to a brief about cheese, soap, condoms, ham or devices to make mobile payments.

But if we really want to impact sales we must add mobile to the discussion. With 52.8 million smartphone users, the way consumers decide how they shop for products is changing. They commonly spend over 10 hours per week on their mobile device, there is no other screen that commands more attention. And it’s exactly because of this that they receive more messages each day (advertising or content) than they used to. It’s no surprise that in 2016 mobile advertising accounted for US$ 699.3 and by 2017 it will surpass investment in desktop advertising.

ON THE GO

Showrooming right now is a bigger challenge, caused by the increased connectivity consumers have. Do you recall your last visit to a mall, public park, supermarket? Many of them now have free wifi and as different Mexico is as a market (82% mainly browse internet through paid wifi and 28% on public wifi), mobile “influenced” decisions are common these days. That matters to the final shopping decision and sales.

We must expect that many consumers will evaluate our products in order to make informed decisions and try to get more details prior to shopping. Even with promotional events (Buen fin, Christmas season, and so on) they will compare prices and opinions. That’s the reason we often hear requests for “mobile first”, “mobile optimized”, “mobile journey”.

As of today, mCommerce in Mexico is still in development. However, cinema tickets, flights, clothes, and event tickets are common purchases, in fact 13% of Mexicans make a weekly mobile purchase and this represents a spend of US$1.18 billion. That is a market we cannot ignore, if we reach them at the right time, with the right message and on the right device, we can fight for those sales.

MORE THAN JUST MOBILE

But we shouldn’t focus only on mCommerce. In smartphones, we have our most common channel for interaction online (email 64%, social media 79%, search 58%), but we also reach a lot of people on mobile who then go on to “bricks and mortar” or desktop shopping. If we as marketers are able to combine profiles/audience segmentation with mobile-oriented capabilities like geolocation, temperature, weather and so on, we are likely to have more successful interaction with potential consumers.

Those interactions help to build brands and a strong brand is still going to win on shelf and online. No matter how technological or hyper-targeted our competitors are, in the end a consumer trusts more well-known brands and is more willing to purchase them.

If brands want to push sales within this new context, marketers, agencies and publishers must have the discipline to build brands within this new ecosystem. This means looking to make great brand experiences on 3” to 5” screens, taking advantage of mobile device capabilities – and not only as a small test but as a way of having a frequent contact with potential consumers. It’s important that this is carried over to the retail environment, in fact it’s a must. We can’t ignore the possibility of the consumer making the final decision in the retail store.

Having the commitment to create visual impact within tiny spaces, moving towards a reduced-text, more graphic/video experience will not only be more mobile friendly but a more-consumer oriented experience. Consumers are mobile-first, so we must be ready to build brands using a mobile-first approach.

Source: eMarketer September 2016, IAB “estudio de consumo de medios y dispositivos entre internautas mexicanos 2016”, IAB and asociación mexicana de ventas online “Mobile eCommerce en México y el mundo”
Peru
When Ollanta Humala was elected President of Peru in 2011, FMCG (Fast Moving Consumption Goods) in the country grew at about 4% per annum. One of the main drivers of this growth were cities of the interior of the country that overall showed an average 7% growth rate. Another driver of consumption was that C and D socio-economic levels, which constitute 70% of the households in the country, grew at a rate of 6%. Today, these levels show virtually no growth, and provinces have had twenty-four months in the red.

It is clear that, due to the “collection” of unmet demands of many population segments, the poor or zero effectiveness of economic measures from the previous government, and the need for Peruvian entrepreneurs to rediscover the path to economic growth, the new Government has been well received. At least, it has been for its first 100 days. However, the ability of PPK’s administration to implement measures to move the country’s economic machinery forward, and drive consumption, will be critical. Otherwise, given the demands and the lack of tolerance from some political sectors, this new administration’s “honeymoon period” could end soon.

It is important that the construction industry starts growing again, that public spending, namely on large infrastructure projects, is channeled to activate Peru’s provinces, and, above all, that there are clear rules established so that investors decide to take a chance in Peru.
## TOP 20 MOST VALUABLE PERUVIAN BRANDS 2017

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Source: Kantar Millward Brown and BrandZ™

Brand contribution measures the influence of branding alone on earnings, on a 1-to-5 Scale, Strength highest.
**Cristal**

**Parent Company:** UCP Backus & Johnston (subsidiary of SAB Miller)

**Headquarters:** Lima  
**Industry:** Beer  
**Year of Foundation:** c.1920  
**Website:** www.cristal.com.pe  
**Brand Value:** US $1,396 million  

Cristal is promoted as the Peruvian beer that celebrates national unity.

With values such as diversity, harmony and positivity, its communications relate to consumers’ passion by focusing on soccer-related activities such as club sponsorship and even the naming of teams as “Sporting Cristal.”

Cristal is produced by the largest beer company in Peru – Backus, which produces the majority of the country’s most popular beers: Cristal, Pilsen Callao, Cusqueña, Pilsen Trujillo, Barana, Aprequeña and San Juan. UCP Backus & Johnston is a subsidiary of SABMiller group, one of the largest brewing groups in the world.

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**BCP**

**Parent Company:** BCP  
**Headquarters:** Lima  
**Industry:** Banks  
**Year of Foundation:** 1897  
**Website:** www.viabcp.com  
**Brand Value:** US $1,025 million

One of the largest banks in Peru, Banco Internacional del Perú (Interbank) has a growing portfolio of services. These services include personal credit, vehicle loans, mortgages, deposits, trade credits and retail. Interbank’s mission is to improve people’s quality of life, by delivering a fast and friendly service every time, everywhere. Key to this vision is its commitment to delivering flawless client service via multiple channels.

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**Pilsen Callao**

**Parent Company:** UCP Backus & Johnston (subsidiary of SAB Miller)  
**Headquarters:** Lima  
**Industry:** Beer  
**Year of Foundation:** 1863  
**Website:** www.pilsencallao.com.pe  
**Brand Value:** US $1,080 million

Created in 1863, Pilsen Callao was the first beer produced in Peru.

Pilsen Callao is known for its traditional flavor, but in recent years it has refocused its image to create a more premium positioning. The positioning focuses on an emotional connection with consumers, using the slogan: “the flavor of true friendship.”

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**Interbank**

**Parent Company:** Grupo Interbank  
**Headquarters:** Lima  
**Industry:** Banks  
**Year of Foundation:** 1897  
**Website:** www.interbank.com.pe  
**Brand Value:** US $918 million

One of the largest banks in Peru, Banco Internacional del Perú (Interbank) has a growing portfolio of services. These services include personal credit, vehicle loans, mortgages, deposits, trade credits and retail. Interbank’s mission is to improve people’s quality of life, by delivering a fast and friendly service every time, everywhere. Key to this vision is its commitment to delivering flawless client service via multiple channels.
Cusqueña is a premium quality beer, a winner of many international awards.

The brand was launched in 1909 and today is exported to countries in America, Europe and Asia. The beer is produced in four different varieties: Rubia, Negra, Trigo and Red Lager. In 2000, the brand was acquired by Backus & Johnston.

Inca Kola drink is the best-selling soft drink in Peru. Launched in Lima in 1935, it is a characteristic yellow-gold color. In a country famous for its gastronomy, this drink is considered to be a good accompaniment to the nation’s traditional cuisine, which focuses on spices and strong flavours. In 1996, the Coca Cola company acquired 49% of the brand.

Real Plaza is a chain of shopping malls. It is based in Lima but has a presence in many other cities in Peru. Launched in 2005, it is part of Interbank Group (a Corporate Peruvian Group present in many sectors like financial, retail, services and industrial). With ambitious plans for growth, Real Plaza has an in-house real estate development team focused on rental and development of new shopping centers and independent shops.

Pacifico is the leader in Peru’s insurance market. The company was established in 1909 and its main purpose is to provide clients with risk management solutions. Pacifico is part of Credicorp, the largest financial group in Peru. It has more than 5,000 professionals dedicated to providing customers with a full range of products and services through its three lines of business: General Risks, Health – through its subsidiary Pacific Health – and Life, through Pacific Life.

Pilsen Trujillo beer is associated with the Peruvian region from where it gets its name – the northern city of Trujillo. Launched in 1920, Backus & Johnston acquired the brand in 1994 and it is now widely available across Peru. The beer is known for the careful control of its fermentation process, which ensures its quality and taste are always consistent.

Inkafarma is the largest retail pharmacy chain in Peru. Inkafarma was founded in 1996 and today has more than 8,000 employees throughout Peru. The pharmacy offers a wide range of products including medicine, perfumery and personal care.

Cemento Sol is the market leading cement in Peru and UNACEM’s best-selling building product. Backed by more than 40 years of experience, it is the best-known and most reliable brand in the market, and widely used by professional builders and self-builders in Peru.

Plaza Vea is a Peruvian brand of hypermarkets and supermarkets, owned by Interbank Group. The first store was opened in 2001 and numbers have since expanded to more than 80 stores across the country. The brand employs around 10,000 people in Lima and the provinces.
Arequipena originated in the city of Blanca and today this brand of Pilsen beer is becoming widely recognized across the world.

The brand’s producers conduct the preparation process with great care, hence its use of the slogan “Hecha con Orgullo” (made with pride).

Cemento Andino has been producing cement and derivative products since 1952. In 2012 it merged with Cementos de Lima to form Unacem (Unión Andina de Cementos).

In 2015, Cemento Andino refreshed its image. A new packaging design promoted the quality and durability of its cement in an effort to differentiate the product and create a more premium positioning.

Metro Chorrillos was the first hypermarket to open in Peru, back in 1992.

Since then the brand has built its presence up to 69 units around the country. It is part of one of the biggest retail organizations in Latin America (Cencosud). This conglomerate operates in Argentina, Brazil, Chile, Peru and Colombia across many segments, including supermarkets, financial services and shopping centers.

Don Vittorio is a premium pasta and a familiar brand in households throughout Peru.

Don Vittorio is one of many products from Álcorp, the largest consumer goods company in Peru. In recent years, the Don Vittorio brand has expanded its range by adding sauces to some of its pasta products.

Mibanco is a bank that provides banking, lending and insurance services for small businesses and entrepreneurs.

Mibanco started operations in Lima in 1998, building upon the business of Acción Comunitaria del Perú (ACP), a non-profit civil association operating in the micro and small business sector.

Bolivar is Peru’s leading laundry soap bar brand, and the Bolivar detergent product is the second most popular in its category.

The Bolivar brand portfolio is owned by Álcorp, the largest consumer goods company in the country.

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The power of Peruvian brands

One of the things that most caught my attention when I arrived in Peru was how fond Peruvians are of some emblematic brands.

This year, with the launch of the BrandZ™ Top 20 Most Valuable Peruvian Brands 2017, I have been able to better understand what valuable brands do in Peru.

Catalina graduated in Psychology from Universidad de la Sabana and has a Masters in Strategic Marketing from Toulouse University, France.

She has led market research for over 15 years. In 2001, she started her career in Market Research in Colombia, where she became part of the Kantar Millward Brown team when it opened the Colombia offices (2002). In 2004, Catalina traveled to France, where she worked in the Kantar Millward Brown Paris office for four years.

In 2008, she returned to Colombia, where she served as Customer Service Director. From 2015 to date, Catalina has been Country Manager for Peru.

Beer brands Cristal and Pilsen have always been in the top positions. They are able to be part of the LatAm ranking year after year because of their strong emotional bond with Peruvian culture. Additionally, both brands have been able to reflect Peruvian values, such as union, each in terms of communication and by adapting their formats. An example of this is the large variants used to share, which perfectly adapt to the Peruvian consumption format, where consumers can even share a glass by passing it around a table.

There are also the banks, such as BCP, Interbank, and also Mi Banco, which is focused on microcredits. Although these brands might generate love or contempt, they exemplify the importance of responding clearly to the needs of both Peruvian employees and entrepreneurs. In a year when the price of the dollar had a significant impact on these brands, their bond with their users allowed them to continue being leaders.

In this year, when for the first time we have a BrandZ™ Top 20 Peruvian Brands ranking, we also find brands as well-loved as those of Alicorp: Don Vittorio (pasta), Primor (oils), and Bolivar (detergents). Despite their pertaining to such different segments, these brands are each anchored in daily family life. Alicorp is strong evidence that trying to build robust brands is worthwhile. This becomes clear when we look at the three axes of these brands: Their presence in the minds of housewives, their differentiating proposition, and their current work on emotional bonding are all contributing factors of success.

RELEVANT PROPOSITIONS

Supermarkets and malls are an important part of daily life in Peru. Although traditional markets are still the cornerstone of household shopping, supermarkets have, little by little, managed to offer propositions that understand the needs of housewives: Supermarkets Plaza Vea and Metro have worked hard to be present in the mind of female users. And Wong, a brand relying on differentiation, is managing to reach an audience willing to pay a little more.

Meanwhile, the brands that understand the Peruvian culture have been able to build more and more value, such as Real Plaza, which has doubled its brand value year after year.

So we see, brands that have worked to increase their power, either by being salient, meaningful, or different, that have managed to grow within the market to better ride out these times of lower economic growth. As the saying goes: “When the going gets tough, the tough get going.”
THOUGHT LEADERSHIP

This sounds like the title of a science fiction book, but frightening and surprising as it may seem, we have only three more years before we enter the third decade of the 21st century. For our clients and agencies, this third decade will present a myriad of challenges to continue building valuable and relevant brands.

The world is experiencing radical changes in the building of brands because of shared economies, digitization, and the impact of the new technologies in the business environments. Consequently, there are more empowered people and a constant search for individualization, but also a shared fight for creating fairer and equitable societies. In addition, we demand brands to be more crystal-clear and responsible, as part of the changes shaping this new reality.

MAINTAINING RELEVANCE

Peru values brands that have always been there for consumers, despite the social, economic or political conditions in any given moment. This is why it is not surprising to see how international Brands find it more difficult to compete and gain ground in comparison to other markets.

However, Peru is not unresponsive to this new reality, and there is a growing phenomenon that today places Peru as the seventh of 25 countries with the greatest growth projection for the penetration of smartphones up to 2020*. This heralds a change in the landscape for brand building, since formerly advertising relationships depended exclusively on the traditional mass media, such as TV, but the reality is that today the mobile phone is the main screen and medium through which to connect people with brands.

This leads people to discover and create a connection with new brands that have become hyper relevant in a really short time. How can the brands that have always been relevant to Peruvians continue to be so?

ADAPTING TO A NEW ORDER

We need to start viewing the digital mobile as a space for strategic brand building, not only as a support or a space where we need to be because others are there.

If brands wish to continue building this relationship in the long term, and add value, it is important to understand the human dynamics associated with the use and consumption occasions of our target audience.

The traditional model of message interruption and repetition does not work in the same way that it did 10 years ago. Today technology allows us, through different platforms such as Google, Facebook, or other external tools, to understand consumers in depth and learn what they do, when they do it, and in what moment a brand’s message and product are relevant to them.

To the extent that these brands understand the processes of information consumption, they will have to adapt to them with relevant messages within adequate time, and provide brand experiences that people value.

This new digital technological environment demands a change in vision for the short term, so as to achieve strategic brand building in the long term. This will mean more precise metrics, fed with sources of information almost in real time, where brands have greater control of investment and messages and are able to adapt rapidly to circumstances.

This does not have to be at the cost of losing relevance or neglecting strategic brand building. But it will mean in Peru, in 2020, these brands will be equally valued, but by then it will be because of their deep understanding of the population’s social and cultural dynamics.

* according to E-marketer

PAUL THORNDIKE
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Wunderman Phantasia
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THOUGHT LEADERSHIP

Paul is a graduate of Business Management from the Universidad del Pacífico, Lima, Peru. Under his leadership, Wunderman Phantasia, working for companies such as Backus SABMiller, Movistar, Nestle, and BCP, has been often recognized as the most important digital agency in Peru. In addition, he is on the Board of Directors of several companies and start-ups.
Brand value proposition

THE GREAT DIFFERENTIAL IN TIMES OF ECONOMIC SLOWDOWN

The reverberations of the economic slowdown in Latin America are being felt by Peruvian consumers. This is despite the fact that Peru has the highest expansion rates in the region.

According to Kantar Worldpanel, the food and dairy sectors are experiencing the most significant decrease, especially among medium-low and low socio-economic segments, and in the provinces. In these areas, consumers are increasingly looking for a “good value” proposition.

This creates a great challenge for brands, particularly those in FMCG. Through analysis of various categories using BrandDynamics®, we have found that in 2016, demand for a good price (28%) and quality/performance (12%) have significantly increased.

This clearly suggests a constant search for a value equation. It is important to point out that Peruvian consumers are not only looking for lower prices. Inexpensive brands that don’t deliver good performance won’t be the ones winning the battle; instead, winning brands will be those offering consumers quality at a good price.

BALANCING THE EQUATION

Consumption of brands with prices higher than the category average might be impacted if they do not develop marketing strategies that create empathy with consumers, by being supportive and close. There are plenty of ways to do this. For instance, during the economic crisis in Argentina in 2002, the Skip brand of detergents increased the availability of smaller packs and also introduced cheaper large sizes, offering consumers a better value equation.

We are not suggesting price decreases, just as long as the brands deliver added value. This can be done by offering intangible benefits that are hard to replicate (“Premium”). Brands need to carry out tactical activities that in the medium term retain their consumers and in the long term become more significant, consolidating their brand power in preparation for when the economy recovers.
The power of local brands is a phenomenon we have been analyzing in several emerging countries, where the close relationship consumers build with national brands is mediated by a growing feeling of belonging, community, pride, and nationalism. Thus, it is not surprising that many of the brands appearing today in the ranking connect with Peruvians from three key axes: The recognition of collective values, empowerment, and the mestizo symbolism.

The Peruvian brands currently in the BrandZ™ Top 20 Most Valuable Peruvian Brands 2017 are clear examples of the power of local brands to emotionally connect through content, values, languages, gestures, and symbols that are relevant to the local culture.

**PERU**

**TOP 50 MOST VALUABLE LATIN AMERICAN BRANDS 2017**

**THOUGHT LEADERSHIP**

The power of us

Héctor has a BA in anthropology, an MA in social anthropology and Advanced Diplomas in marketing and advertising planning.

Héctor joined Kantar Millward Brown's Peru office as Director of Firefly in 2016.

He brings broad experience across LATAM and Middle East markets, accumulated while working for Kantar Millward Brown in both Colombia and Dubai.

HÉCTOR NAVARRETE J.
Firefly Practice Director,
Kantar Millward Brown Peru
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**PRIDE IN WHAT WE ARE**

Peru is one of the world’s most community-minded markets, and brands have been able to capitalize on this desire for belonging amongst Peruvian consumers. Brands that highlight the value of the neighborhood (Cristal), of friendship (Pilsen Callao), or a sense of national identification through unique flavors (Inca Kola), have managed to connect with Peruvian consumers.

This is not the result of recent work: the credentials and credibility to speak to Peruvian consumers about collective values have been built by investing and looking for consistency through decades. Several brands that have managed to be included in this Top 20 have been transmitted from one generation to the next one.

**EMPowering IMPROvement**

In a global and regional context of uncertainty, Peru has been billed as one of the few markets that retains expectations of important growth for the next few years. Consumers, especially those from the emerging middle class, want to connect with this feeling of improvement, hope, and growth, and brands building messages from these territories stand out in the ranking. Besides promoting growth, outstanding brands are those that manage to connect with the feeling of empowerment resulting from the access to goods and services of high quality from a local provider. This has been the key element for brands from industries as diverse as banking, malls, detergents, and food.

**MESTIZO SYMBOLISM**

The Peruvian symbolic universe has multiple historical layers, built by decades of cultural interactions between indigenous cultures, and African, Asian and of course European migration. Brands have managed to include within their communication these explicit symbolic elements, such as music, food, or local humor. Some have even gone beyond, generating their own symbolic universes from Peruvian elements, such as the magic cuy (BCP), whose meaning and coherence can only be explained in the context of the local culture. The emotional connection that those Peruvian brands establish by correctly using local symbolism is relevant, for it allows them to stand out from a place of empathy and affinity.
Resources
BRANDZ™ BRAND VALUATION METHODOLOGY

Introduction

The brands that appear in this report are the most valuable in Latin America. They were selected for inclusion in the BrandZ™ Top 50 Most Valuable Latin American Brands 2017 based on the unique and objective BrandZ™ brand valuation methodology that combines extensive and on-going consumer insights with rigorous financial analysis.

At the heart of a brand’s value is its ability to appeal to relevant customers and potential customers. BrandZ™ uniquely measures this appeal and validates it against actual sales performance. Brands that succeed in creating the greatest attraction power are those that are:

**MEANINGFUL**
In any category, Meaningful brands appeal more, generate greater “love” and meet the individual’s expectations and needs.

**DIFFERENT**
Different brands are unique in a positive way and “set the trends,” staying ahead of the curve for the benefit of the consumer.

**SALIENT**
Salient brands come spontaneously to mind as the brand of choice for key needs.

**IMPORTANCE OF BRAND VALUATION**
Brand valuation is a metric that quantifies the worth of these powerful but intangible corporate assets. It enables brand owners, the investment community, and others to evaluate and compare brands and make faster and better-informed decisions.

**DISTINCTION OF BRANDZ™**
BrandZ™ is the only brand valuation tool that peel away all of the financial and other components of brand value and gets to the core – how much brand alone contributes to corporate value. This core, which we call Brand Contribution, differentiates BrandZ™.

**STEP 1: CALCULATING FINANCIAL VALUE**

**PART A**
We start with the corporation. In some cases, a corporation owns only one brand. All Corporate Earnings come from that brand. In other cases, a corporation owns many brands, and we need to apportion the earnings of the corporation across a portfolio of brands.

To make sure we attribute the correct portion of Corporate Earnings to each brand, we analyze financial information from annual reports and other sources, such as Kantar Retail. This analysis yields a metric we call the Attribution Rate.

We multiply Corporate Earnings by the Attribution Rate to arrive at Branded Earnings and multiply that by a multiple of current earnings. Information supplied by Bloomberg data helps us calculate a Brand Multiple. We take the Branded Earnings and multiply that number by the Brand Multiple to arrive at what we call Financial Value.

**STEP 2: CALCULATING BRAND CONTRIBUTION**

So now we have got from the total value of the corporation to the part that is the branded value of the business. But this branded business value is still not quite unique and important. BrandZ™ is the only brand valuation methodology that obtains the customer viewpoint by conducting worldwide on-going, in-depth quantitative consumer research, online and face-to-face, building up a global picture of brands on a category-by-category and market-by-market basis. Our research now covers 3.2 million consumers and more than 100,000 different brands in over 50 markets.

**STEP 3: CALCULATING BRAND VALUE**

Now we take the Financial Value and multiply it by Brand Contribution, which is expressed as a percentage of Financial Value. The result is Brand Value. Brand Value is the dollar amount a brand contributes to the overall value of a corporation. Isolating and measuring this intangible asset reveals an additional source of shareholder value that otherwise would not exist.

Meaningful (a combination of emotional and rational affinity), being Different (or at least feeling that way to consumers), and being Salient (coming to mind quickly and easily as the answer when people are making category purchases). We identify the purchase volume and any extra price premium delivered by these brand associations. We call this unique role played by brand, Brand Contribution.
Why BrandZ™ is the definitive brand valuation methodology

All brand valuation methodologies are similar – up to a point. All methodologies use financial research and sophisticated mathematical formulas to calculate current and future earnings that can be attributed directly to a brand rather than to the corporation. This exercise produces an important but incomplete picture.

What’s missing? The picture of the brand at this point lacks input from the people whose opinions are most important – the consumers. This is where the BrandZ™ methodology and the methodologies of our competitors part company.

HOW DO THE COMPETITION DETERMINE THE CONSUMER VIEW?
Interbrand derives the consumer point of view from panels of experts who contribute their opinions. The Brand Finance methodology employs a complicated accounting method called Royalty Relief Valuation.

WHY IS THE BRANDZ™ METHODOLOGY SUPERIOR?
BrandZ™ goes much further and is more relevant. Once we have the important, but incomplete, financial picture of the brand, we communicate with consumers, people who are actually paying for brands every day, constantly. Our on-going, in-depth quantitative research includes three million consumers and more than 100,000 brands in over 50 markets worldwide.

WHAT’S THE BRANDZ™ BENEFIT?
The BrandZ™ methodology produces important benefits for two broad audiences.

• Members of the financial community, including analysts, shareholders, investors and C-suite, depend on BrandZ™ for the most reliable and accurate brand value information available.
• Brand owners turn to BrandZ™ to more deeply understand the causal links between brand strength, sales, and profits, and to translate those insights into strategies for building brand equity and fueling business growth.

BRANDZ™ REPORTS, APPS AND IPAD MAGAZINES

WE WROTE THE BOOK

BrandZ™ Country Reports: Essential Travel Guides for Global Brand Building

Our BrandZ™ country reports contain unparalleled market knowledge, insights, and thought leadership about the world’s most exciting markets. You’ll find, in one place, the wisdom of WPP brand building experts from all regions, plus the unique consumer insights derived from our proprietary BrandZ™ database.

If you’re planning to expand internationally, BrandZ™ country reports are as essential as a passport.

ELIGIBILITY CRITERIA

The brands included in the BrandZ™ Top 50 Most Valuable Latin American Brands 2017 report meet two eligibility criteria:

• Brands are owned by an enterprise listed on stock exchanges in Latin America
• Bank brands derived at least 25 percent of earnings from retail business

BRANDZ™ TOP 50 MOST VALUABLE LATIN AMERICAN BRANDS 2017

Top 50 Most Valuable Latin American Brands 2017

Now in its second year, this study analyzes the success of Latin American brands, examining the dynamics shaping this fast-emerging market and offering insights for building valuable brands.
The opportunity to build brands in China is greater than ever. But so are the challenges.

The fastest growth is happening deep in the country, in less well-known cities and towns. Consumers are more sophisticated and expect brands to deliver high-quality products and services that show real understanding of local market needs.

WPP has been in China for over 40 years. We know the Chinese market in all its diversity and complexity. This experience has gone into our series of BrandZ™ China reports. They will help you avoid mistakes and benefit from the examples of successful brand builders.

Unmasking the Individual Chinese Investor
This exclusive new report provides the first detailed examination of Chinese investors, what they think about risk, reward and the brands they buy and sell. This will help brand owners worldwide understand market dynamics and build sustainable value.

The Chinese Golden Weeks in Fast Growth Cities
Using research and case studies, the report examines the shopping attitudes and habits of China’s rising middle class and explores opportunities for brands in many categories.

The BrandZ™ Insights Reports

IN-DEPTH BRAND-BUILDING INTELLIGENCE ABOUT TODAY’S CHINA

TrustR
Engaging Consumers in the Post-Recession World
Trust is no longer enough. Strong brands inspire both Trust (belief in the brand’s promise developed over time) and Recommendation (current confirmation of that promise). This combination of Trust plus Recommendation results in a new metric called TrustR.

RepZ
Maximizing Brand and Corporate Integrity
Major brands are especially vulnerable to unforeseen events that can quickly threaten the equity cultivated over a long period of time. But those brands with a better reputation are much more resilient. Four key factors drive Reputation: Success, Fairness, Responsibility and Trust. Find out how your brand performs.

CharacterZ
Brand personality analysis deepens brand understanding
Need an interesting and stimulating way to engage with your clients? Want to impress them with your understanding of their brand? A new and improved CharacterZ can help! It is a fun visual analysis tool, underpinned by the power of BrandZ™, which allows detailed understanding of your brand’s personality.

SocialZ
Real-time brand social media analytics dashboard
SocialZ is the new social media data visualisation product from BrandZ™ that enables you to easily track, visualise and present a data-driven approach using the real-time view of social landscape surrounding any brand.

Only available via your WPP Agency.
The BrandZ™
Industry Insights Reports

LEADERS IN THE HOT SEAT
Behind the brands that shape lives and build value

Interviews with chief marketing officers from some of the world’s most valuable global brands reveal the ingredients of brand strength, value and longevity.

BrandZ™ Top 25 Most Valuable Global Retail Brands 2016/2017

Shifting shopper habits and evolving priorities are transforming the retail sector – and the balance of power among retail brands. Insights, analysis, key trends and retailer profiles support this exclusive WPP report.

BRANDZ™ ON THE MOVE

Get this new report - BrandZ™ Top 50 Latin American Brands 2017 - on your smartphone or tablet.

Download mobile apps for other important BrandZ™ reports, including: Top 100 Most Valuable Global Brands 2016, Top 100 Most Valuable Chinese Brands 2016, BrandZ™ Top 30 Chinese Global Brand Builders 2017, Top 50 Most Valuable Indian Brands 2016, Top 50 Most Valuable Indonesian Brands 2016, along with Spotlight on Myanmar and Spotlight on Mongolia.

To download the mobile apps for these and other BrandZ™ reports go to www.brandz.com/mobile (for iPhone and Android).

BrandZ™ is the world’s largest and most reliable customer-focused source of brand equity knowledge and insight.

To learn more about BrandZ™ data or studies, or view one of our industry insight videos, please visit www.BrandZ.com, or contact any WPP company.
Cohn & Wolfe, a global communications agency, builds brands and corporate reputations through an uncompromising commitment to creativity. The agency’s strategic approach unearths fresh insights leading to communications solutions that deliver measurable success. Throughout its 45-year history, Cohn & Wolfe’s brand marketing work and world-class digital campaigns have attracted top global marketing work and world-class digital. Throughout its 45-year history, Cohn & Wolfe’s brand marketing work and world-class digital campaigns have attracted top global marketing work and world-class digital campaigns have attracted top brands. Winning awards at the Cannes Health Lions, Holmes Report, PRWeek Awards. Cohn & Wolfe has more than 50 offices across Asia, EMEA, Latin America and North America, and has been named a Best Place to Work by The Holmes Report, PRWeek and PRNews.

Geometry, the world’s largest and most international brand activation agency, builds brands and corporate reputations through an uncompromising commitment to creativity. The agency’s strategic approach unearths fresh insights leading to communications solutions that deliver measurable success. Throughout its 45-year history, Geometry’s brand marketing work and world-class digital campaigns have attracted top global brands. Winning awards at the Cannes Health Lions, PRWeek Awards. Geometry has more than 50 offices across Asia, EMEA, Latin America and North America, and has been named a Best Place to Work by The Holmes Report, PRWeek and PRNews.

Grey Group ranks among the largest global communications companies. Under the banner of “Grey Famously Effective Since 1977,” they continue to break new ground in brand experience across every platform and create lasting consumer connections. The agency serves a blue-chip client roster of many of the world’s best known brands. Procter & Gamble, GlassTrends, Honda, Mitsubishi, BCA, Orang Tua Group to name a few. Grey offers complete service covering advertising, activation, shopper marketing and digital.

Kantar Millward Brown is a leading global research agency specializing in advertising effectiveness, strategic communication, media and brand equity research. Kantar Millward Brown helps clients grow great brands through comprehensive research-based qualitative and quantitative solutions, embracing the latest technologies and leveraging them to develop new products and services to help marketers compete and win today and in the future. Part of Kantar, WPP’s data and investment management division, Kantar Millward Brown operates in more than 55 countries.

Kantar TNS ranks among the top 10 research agencies with experts in over 80 countries. With expertise in innovation, marketing and consumer research, Kantar TNS helps clients identify, optimize and activate the moments that matter to drive growth for their business. They are part of Kantar, one of the world’s leading data, insight and consultancy companies.

Kantar Vermeer is the only global marketing consultancy that helps managing and optimizing brand value. Specializes in understanding stakeholders’ commercial potential, anticipating the financial impact of marketing actions and developing organizational structures capable of generating sustainable growth. Kantar Vermeer’s whole-brain thinking brings an intrinsically multi-lens approach to creating solutions for strategic marketing challenges. Kantar Vermeer is part of WPP’s Kantar, one of the world’s leading data, insight and consultancy companies.
KANTAR WORLD PANEL
Kantar Worldpanel is the global expert in shoppers’ behavior. Through continuous monitoring, advanced analytics and tailored solutions, Kantar Worldpanel inspires successful decisions by brand owners, retailers, market analysts and government organizations globally.

With over 60 years’ experience, a team of 3,500, and services covering 60 countries directly or through partners, Kantar Worldpanel turns purchase behavior into directly or through partners, Kantar Worldpanel turns purchase behavior into

MAXUS
Maxus Global is a global network of local media agencies that embraces technology and innovation to deliver tangible business benefits for clients. Maxus has a clear vision: to lead clients into change and the brilliant opportunity that change creates. Maxus delivers meaningful business results through a mix of smart organic growth and by strengthening and expanding its specialist services. Clients include NBCU, L’Oreal, Church & Dwight, BT, Huawei and Aldi. Maxus is part of GroupM, the world’s largest media investment management group, responsible for nearly one-third of all media investment worldwide and serving as parent company for all of WPP’s media agencies. Founded in 2008, Maxus employs around 3,000 people across 55 countries in 70 offices and has been the world’s fastest growing media network for six consecutive years, according to RECMA.

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MINDSHARE
Mindshare is a global media agency network with billings in excess of US$34.5 billion (source: RECMA). The network consists of more than 7,000 employees, in 116 offices across 86 countries spread throughout North America, Latin America, Europe, Middle East, Africa and Asia Pacific. Each office is dedicated to forging competitive marketing advantage for businesses and their brands based on the values of speed, teamwork and provocation. Mindshare is part of GroupM, which oversees the media investment management sector for WPP, the world’s leading communications services group.

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OGILVY & MATHER
Ogilvy & Mather is one of the largest marketing communications companies in the world. It was named the Cannes Lions Network of the Year for five consecutive years, from 2012 to 2016, and the EFFIEs World’s Most Effective Agency Network for two consecutive years, 2012 and 2013. The company comprises of industry leading units in disciplines including advertising, public relations, branding and identity, shopper marketing, digital and relationship marketing, branded content and entertainment, and specialist communications. In Indonesia, Ogilvy has had a presence since 1972 and has consistently been a leading agency working with influential Indonesian and global brands.

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WUNDERMAN PHANTASIA
Wunderman is Creatively Driven. Data Inspired. A leading global digital agency, Wunderman combines creativity and data into work that inspires consumers to action and delivers results for brands. Wunderman has won multiple creative awards including a Cannes Lion Grand Prix and in 2015, industry analysts named Wunderman a leader in marketing database operations as well as a strong performer in customer engagement strategy. Headquartered in New York, the agency brings together 7,000 creatives, data scientists, strategists and technologists in 175 offices in 60 markets.

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WPP is the world’s largest communications services group with billings of US$73 billion and revenues of US$19 billion. Through its operating companies, the Group provides a comprehensive range of advertising and marketing services including advertising & media investment management; data investment management; public relations & public affairs; branding & identity; healthcare communications; direct, digital, promotion & relationship marketing and specialist communications. The company employs 194,000 people (including associates and investments) in over 3,000 offices across 112 countries. For more information, visit www.wpp.com.

WPP was named Holding Company of the Year at the 2016 Cannes Lions International Festival of Creativity for the sixth year running. WPP was also named, for the fifth consecutive year, the World’s Most Effective Holding Company in the 2016 Elle Effectiveness Index, which recognizes the effectiveness of marketing communications. In 2016 WPP was recognised by Warc 100 as the World’s Top Holding Company (second year running).

For more information please visit www.wpp.com
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The consumer viewpoint is derived from the BrandZ™ database. Established in 1998 and constantly updated, this database of brand analytics and equity is the world’s largest, containing over three million consumer interviews about more than 100,000 different brands in over 50 markets.

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