Marketing Restrictions 2021

A global brand impact analysis and market research report on attitudes to brands and marketing

June 2021

Image: https://sydneyhealthlaw.com/tag/food-advertising/

Contents.

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We bridge the gap between marketing and finance
Brand Finance was set up in 1996 with the aim of 'bridging the gap between marketing and finance'. For more than 20 years, we have helped companies and organisations of all types to connect their brands to the bottom line.

We quantify the financial value of brands
We put 5,000 of the world's biggest brands to the test every year. Ranking brands across all sectors and countries, we publish nearly 100 reports annually.

We offer a unique combination of expertise
Our teams have experience across a wide range of disciplines from marketing and market research, to brand strategy and visual identity, to tax and accounting.

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Brand Finance is a chartered accountancy firm regulated by the Institute of Chartered Accountants in England and Wales, and the first brand valuation consultancy to join the International Valuation Standards Council.

Our experts helped craft the internationally recognised standards on Brand Valuation – ISO 10668 and Brand Evaluation – ISO 20671. Our methodology has been certified by global independent auditors – Austrian Standards – as compliant with both, and received the official approval of the Marketing Accountability Standards Board.

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Executive Summary.

Following the introduction of plain packaging for tobacco products and repeated calls to extend the legislation to other sectors, in 2017 and 2019 Brand Finance analysed the potential impact of such a policy on food and beverage brands. This year, we are taking it one step further to understand the wider implications of marketing restrictions in general, to brands, consumers, and societies.

Our analysis is split into two sections. Firstly, we undertake a brand impact analysis where we analyse the damage to both brand contribution and enterprise value across alcohol, confectionery, savoury snacks, and sugary drinks brands in the absence of certain branding elements as a result of wider marketing restrictions – looking beyond packaging restrictions only and adding the impact of limited advertising. We apply our methodology to nine major brand owners: AB InBev, The Coca-Cola Company, Diageo, Heineken, Mondelēz International, Nestlé, PepsiCo, Pernod Ricard, and Treasury Wine Estates, as well as the industry as a whole, looking at the potential impact of marketing restrictions across the board on alcohol, sugary drinks, savoury snacks, and confectionery segments.

The key findings:

+ The introduction of marketing restrictions has serious potential to significantly impact some of the world's most recognisable brands. Nine major brand owners analysed in the study: AB InBev, The Coca-Cola Company, Diageo, Heineken, Mondelēz International, Nestlé, PepsiCo, Pernod Ricard, and Treasury Wine Estates face potential losses of US$267 billion in brand contribution in total.

+ The implied loss across the endangered industries globally is a whopping US$521 billion.

+ Alcohol companies: AB InBev, Diageo, Heineken, Pernod Ricard, and Treasury Wine Estates would see 100% of their revenue exposed.

+ Diageo could lose 71.6% of the added value that its brands contribute to the business – more than any other company in the sample in relative terms, while PepsiCo has the most brand contribution at stake in absolute terms - US$61.7 billion.

Secondly, we conducted a research study to delve deeper into attitudes to brands, marketing, and marketing restrictions. We surveyed over 6,000 respondents from the general public, across 12 countries, with 5 continents represented. We also interviewed 13 CMOs who are currently or were recently overseeing brand marketing in leading organisations from Moët Hennessy to Subway and Coca-Cola. This research study provides a holistic view of global attitudes towards advertising, marketing and beyond, as well as specific, insider views from the likes of Nando's and Ferrari.

The key findings:

+ Brands are a mark of quality control – globally 89% of respondents agree.

+ Brands help in the fight against illicit trade – globally 90% said that brands ensure they buy genuine products. CMOs note that the increasing digitisation of the economy is an enabler to the illicit trade.

+ Consumers have a high expectation that brands should be a force for good.

+ Big brands support economies - 89% of global respondents agree.

+ There is little appetite for sweeping restrictions on marketing - fewer than 10% of consumers felt that there should be a ban on TV advertising, billboards, in-store demonstrations, or distinctive packaging. CMOs favour self-regulation as far as possible but accept that some form or regulation is appropriate.

+ Increased taxes lack support – unsurprisingly, only 36% of respondents would support increased taxes across all the categories covered. Not all CMOs are anti-tax, noting that in premium brand categories it can encourage choices driven by quality rather than quantity.

Background.

Background.

In November 2020, the UK government announced plans to enforce some of the most stringent marketing restrictions in the world for food and drinks – a total ban on the online advertising of so-called high fat, salt or sugar (HFSS) products. This has dumbfounded the advertising industry, with the likes of Kellogg's, Britvic and Mars calling the restrictions "disproportionate and lacking in evidence".

This proposal is but one example of how global regulators are attempting to restrict the marketing freedoms of brand owners. Regulations which limit on-pack branding, mandate deliberately shocking health warnings, or demand punitive taxation are already commonplace.

The new plans come even though the food and drink industry is the largest manufacturing sector in the UK, worth more than £28bn to the economy and employing almost 500,000 people, and despite a direct appeal to the government from trade bodies that such a ban would "do untold harm to the UK's vitally important creative sector and food and drink businesses at an economically precarious time".

If successful, it would impact full-spectrum digital marketing efforts in the UK including, but not limited to, Facebook ads, paid-search results on Google, text message promotions and social media activity on Twitter and Instagram.

In June 2021, the UK government also announced plans to ban HFSS product advertising from being aired before 9pm in a bid to limit its exposure to children. This impacts all online and TV advertising. In addition to these measures, the government issued a stark warning to advertisers: should the new regulations be met with defiance, authorities would introduce stronger statutory penalties, including civil sanctions and fines.

This is not a new phenomenon. In 2016, Public Health England released a report calling for the consideration of plain packaging for certain food and drink categories, with Transport for London – the network that operates all public transport across the capital with over 30 million journeys made each day – later banning HFFS food advertising completely in 2019.

In that same year, the Chilean government introduced a new food law banning the use of cartoon characters on children's cereal in an attempt to tackle the soaring obesity rates in the country, where currently over half of all six-year-olds are overweight or obese.

Ireland passed the Public Health (Alcohol) Act in October 2018, thereby stipulating a minimum price per gram of alcohol, making the inclusion of health warnings on packaging compulsory (including links to cancer), and implementing restrictions concerning the advertising and sponsorship of alcohol products.

Alcohol is an integral part of many cultures all over the world. Despite the country's well-known wine industry, alcohol marketing is even regulated in France. French law prohibits alcohol ads on television and in movie theatres, and where alcohol advertising is permitted, it must have a warning that consumption is harmful to one's health.

What are marketing restrictions?

Marketing restrictions are any regulations placed upon legal products relating to expression of brand identity and promotion to customers. Marketing restrictions can range from introduction of rules around advertising, imposition of targeted taxation, requirement of health warnings, to interference in visual branding, all the way to plain packaging.

Aside from tobacco – where stringent restrictions have been rolled out in many markets globally – food and drink brands operating in segments that are deemed unhealthy are at high risk of being impacted by marketing restrictions: alcohol, HFFS foods (sugary drinks, confectionery, savoury snacks), and fast-food restaurants. The gambling sector is subject to various marketing restrictions too, and increasingly, there has been debate about extending marketing restrictions to other brand categories, including autos and airlines, which are considered bad for the environment.

One of the most extreme marketing restrictions is plain packaging. Often referred to as a 'branding ban', where legislators require producers to remove all branded features from packaging, except for the brand name in a standardized font, with all surfaces in a pre-determined colour.

In 2012, Australia became the first country in the world to implement plain packaging for tobacco products. Since then, Israel, Saudi Arabia, Canada, Thailand,

New Zealand, and the UK, as well as several EU countries, have followed suit.

The controversy and debate surrounding plain packaging are rife. Supporters claim that by removing visual cues, plain packaging deters consumers from making poor product choices, leading to better health outcomes.

Opponents argue that plain packaging has not reduced smoking rates and that the removal of branding has led to commoditization, with incumbent brands losing market share to cheaper alternatives. This, they say, means it has not led to better health outcomes.

Furthermore, they claim it has fuelled an increase in illegal trade, and boosted profits for criminals. In Australia, for example, reports have suggested that illicitly sold tobacco represents 14% of the total tobacco market, costing the Australian economy up to AUS$2 billion a year.

A collaborative study conducted in 2020 by Glasgow Caledonian University and the University of Stirling found that while plain packaging increased warning recognition and decreased product and consumer-based ratings for alcohol, bigger labels with combined text and image warnings were more successful in changing consumer behaviours. Despite these findings however, warning labels in general lacked effectiveness, with only 7% of participants reporting a change in behaviour after reading alcohol warnings on packaging.

Despite the ongoing disagreement, it appears as though plain packaging in the tobacco sector may have set legislators on a slippery slope that could see more products subject to similar measures. Alcohol, confectionery, savoury snacks, and sugary drinks can all lead to adverse health effects, and their prevalence and promotion are coming increasingly under intense scrutiny. For example, in June 2019, a UK think tank known as the Institute for Public Policy Research called for an extension of plain packaging to all confectionery, crisps, and sugary drinks to put them on a 'level playing field with fruit and vegetables'. According to Action on Sugar's 'Children's Plain Packaging' report, half of all food and drinks brands that use cartoon animations on their packaging are considered HFSS.

In the past, food and drink producers distanced themselves from tobacco on the basis that if consumed in moderation, their products were not harmful. But obesity, and particularly childhood obesity, is commonplace and rates are continuing to rise exponentially, primarily in the Western World.

Governments globally have started the crackdown on HFSS products through the combination of marketing restrictions and the introduction of sugar taxes. Denmark has had a tax on sugary drinks since the 1930s. Since then, Ireland, France, South Africa, Philippines, Hungary, Norway, Chile, the UK, Mexico, Brunei, Thailand, Saudi Arabia, the UAE, and two cities in the US: Berkeley and Philadelphia, have followed in the Danes' footsteps. Most recently, Malaysia, where the obesity epidemic swallows 19% of the national health budget, has introduced the tax.

The introduction of sugar taxes has led to some companies reducing the overall sugar levels in their products. In the UK, for example, where the government introduced a sugar tax in 2018, AG Barr, which owns the Scottish drink Irn-Bru, stopped producing the original full-sugar version. However, there is no evidence to prove that sugar taxes have reduced obesity levels in the countries implementing them.

Why debate marketing restrictions?

Marketing restrictions are not costless. They can be harmful not only to brands but also to supply chain businesses and consumers. It is essential then, to raise awareness about the breadth and scale of the threat so that brand owners can act in time to defend their interests and ensure that the public debate is balanced.

Brands create an identity and offer consumers something that is seen to be more premium, meaning they are prepared to pay more for it, which will generate more income, thereby improving bottom and top lines, producing better jobs and driving economic growth. When you look at it from the perspective of the entire economy, that can be a very good thing.

Brian Crean
Former Senior VP Global Marketing, Diageo

All responsible brand owners agree that authorities should stamp out false and misleading claims by producers, but ramping up marketing restrictions, without consideration of the benefits of brands and marketing, is a mistake. Brands drive innovation and are a mark of quality which helps consumers make informed choices. Brands support important social causes and help bring about change. Brands are the backbone of the global economy, especially in times of crisis.

Background.

Marketing restrictions damage businesses, mostly by driving a greater commoditization of products, reducing brand value, and causing loss of market share from incumbent brands to cheaper alternatives. Additionally, marketing restrictions negatively impact supply chain business, such as in advertising, packaging, marketing, communications, and the media.

These regulations can take on many forms, from limitations on how products are advertised – such as the broadcast time of commercials or use of outdoor spaces – to increased taxation and bans on certain visual aspects, like requiring brands to include warning labels on products to highlight their health and environmental impact.

Some controls go further, especially constraints on packaging design and branding. Apart from causing damage to brand owners and associated industries, such restrictions undermine consumer's rights to make informed choices for themselves and their families.

Extreme marketing restrictions also enable illegal trade, which inflicts further damage upon industries by destroying brands, and damaging consumer trust by paradoxically removing the quality control offered by brands, and boosting the profits available to unscrupulous criminals.

Read the rest of our report to learn about the potential financial impact of marketing restrictions on brands and to dive deeper into consumer and industry attitudes to brands and marketing.

Brand management is the simultaneous governance of commercial and equity objectives. If you don't have equity, you won't be able to demand a price premium and businesses will lose out on building a strong reputation, which in turn helps to attract talent and navigate times of crises. So, branding is not just about sales, it's the simultaneous management of commercial growth and equity.

Damian Devaney
Former Marketing Director, The Coca-Cola Company Ireland

Brand Impact Analysis.

Brand Impact Analysis.

In 2017 and 2019, Brand Finance analysed the potential effects of a global adoption of plain packaging on alcohol, confectionery, savoury snacks, and sugary drinks products, with the findings presented in the two iterations of the Plain Packaging reports.

This year, Brand Finance has gone one step further and analysed the impact to both brand contribution and enterprise value across alcohol, confectionery, savoury snacks, and sugary drinks brands in the absence of certain branding elements as a result of wider marketing restrictions – looking beyond packaging restrictions only and adding the impact of limited communication with consumers instead of advertising.

The introduction of marketing restrictions has serious potential to significantly impact some of the world's most recognisable brands. Nine major brand owners: AB InBev, The Coca-Cola Company, Diageo, Heineken, Mondelēz International, Nestlé, PepsiCo, Pernod Ricard, and Treasury Wine Estates face potential losses of US$267 billion in brand contribution in total (Fig. 1).

The introduction of plain packaging and the limitations on advertising damages a brand's ability to differentiate itself from others in the market. We have calculated with these restrictions and bans in place, the value that brand contributes to the overall business of these nine companies would fall from US$553 billion to US$286 billion, seeing overall enterprise value decline from US$1394 billion to US$1127 billion. On average, the companies in question could each lose nearly a quarter of their enterprise value and over 50% of the value that brands contribute to the business - known as brand contribution.

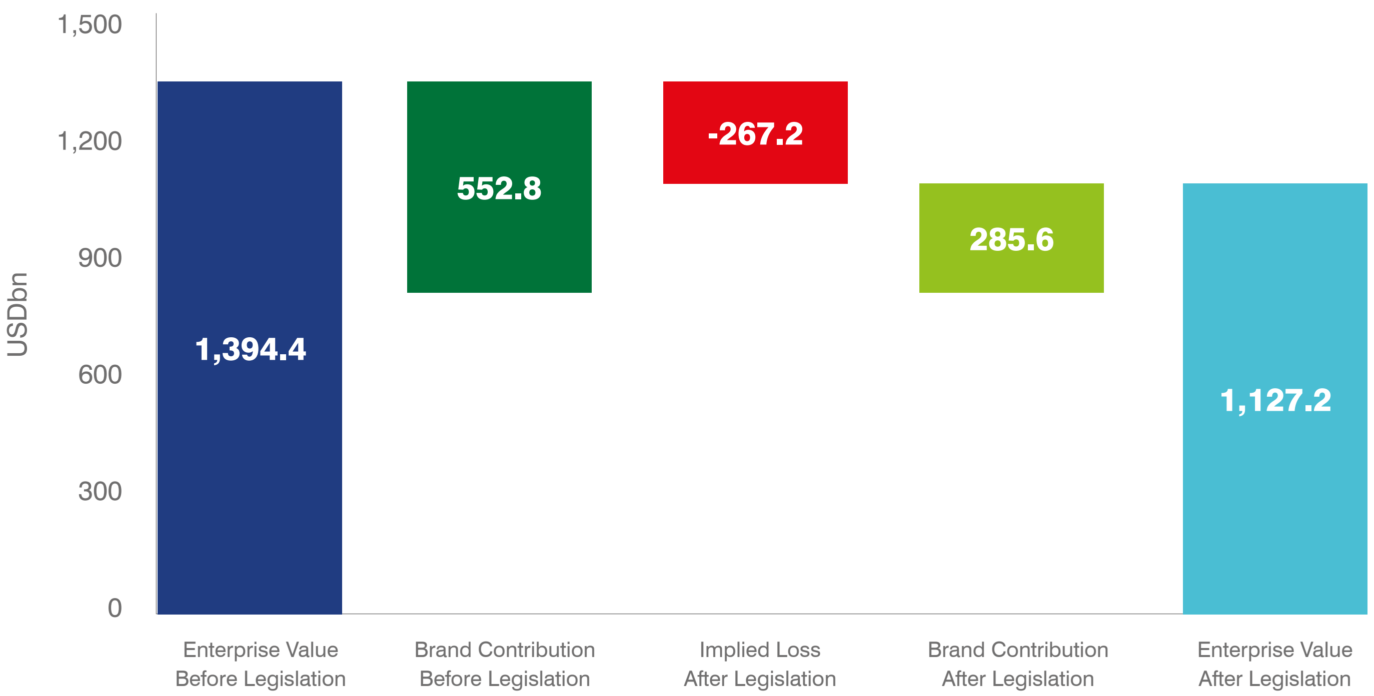
To put this into context, this loss, from just a handful of companies, is equivalent to the GDP of a whole economy the size of Finland. This should raise concerns not only for brand owners, but also for governments, policy makers, marketers, and campaigners.

Losses to soft drink giants

Given the importance of brand in the soft drink industry, the impact of imposing plain packaging or limiting advertising will cause severe damage.

PepsiCo would lose the most in absolute terms among all companies studied, with a potential loss of nearly US$62 billion. PepsiCo's flagship brand Pepsi stands to suffer the most within its portfolio, with a US$23 billion loss at stake. However, bitter rival, The Coca-Cola Company's flagship brand, Coca-Cola, stands to lose US$43 billion in absolute terms – considerably higher than Pepsi. The Coca-Cola Company also has a slightly higher revenue exposure to marketing restrictions and plain packaging, with 92.3% of its revenue exposed, compared to PepsiCo's which stands at 91.8%.

Figure 1: Implied Loss for Analysed Brands



Top alcohol companies face 100% revenue exposure

Alcoholic drinks giants, AB InBev, Heineken, Diageo, Pernod Ricard, and Treasury Wine Estates could face 100% revenue exposure should plain packaging and limited advertising be imposed on their sector on a global scale, due to the fact that their portfolios consist entirely of products that would be affected by the legislation. This highlights an undeniable risk for the industry.

In relative terms, Treasury Wine Estate's enterprise value would suffer the most compared to all companies analysed, with the potential to lose a significant 38.9%. The trend continues with Pernod Ricard potentially losing 27.4%, Diageo losing 26.9%, Heineken losing 21.0% and AB InBev losing 18.1%. At the same time, AB InBev would lose the most in absolute terms among alcohol corporations studied, with nearly US$40 billion of value at stake. Diageo is set to lose 71.6% of the added value that its brands contribute to the business – more than any other company in the sample.

Food sector not safe either

Despite the food-owning companies in our analysis being less susceptible to the damage caused by limited advertising and plain packaging than those owning just drinks brands, they are still likely to suffer considerable losses.

Food giants, Nestlé and Mondelēz International, both operate a similar business model, with a variety of food, drink, and other products in their portfolios. Despite operating similarly, these companies face different potential losses, with Mondelēz International more severely under threat out of the two, with 81.5% of its revenue exposed, due to its product categories being largely focused on chocolate, confectionary, and savoury snacks, and therefore having a higher exposure

Figure 2: 9 Portfoflios Breakdown - Affected Brands and Exposure Based on Enterprise Value (EV)

Parent	Alcohol	Sugary Drinks	Savoury Snacks	Confectionary	Enterprise Value Exposure	Implied Contribution Loss (USDm)	Contribution Loss as % of EV	Contribution Loss %
AB InBev	99.6%	0.4%	0.0%	0.0%	100.0%	-39,537	-18.1%	-50.8%
The Coca-Cola Company	0.0%	92.3%	0.0%	0.0%	92.3%	-57,460	-22.7%	-59.1%
Diageo	100.0%	0.0%	0.0%	0.0%	100.0%	-24,947	-26.9%	-71.6%
Heineken	100.0%	0.0%	0.0%	0.0%	100.0%	-15,230	-21.0%	-42.2%
Mondelēz International	0.0%	0.0%	7.2%	74.3%	81.5%	-13,029	-12.7%	-40.9%
Nestlé	0.0%	10.6%	0.9%	27.9%	39.4%	-38,271	-10.3%	-29.2%
PepsiCo	0.0%	66.8%	23.4%	1.6%	91.8%	-61,693	-27.6%	-52.0%
Pernod Ricard	100.0%	0.0%	0.0%	0.0%	100.0%	-14,797	-27.4%	-68.5%
Treasury Wine Estates	100.0%	0.0%	0.0%	0.0%	100.0%	-2,234	-38.9%	-63.1%

Brand Impact Analysis.

to marketing restrictions. Mondelēz has several brands with significant value at risk: Cadbury (US$3 billion), Oreo (US$2 billion), and Milka (US$1 billion). In absolute terms, however, due to its larger size, Nestlé has over US$38 billion at stake, compared to US$13 billion for Mondelēz.

Extrapolation to the entire global industries

Our analysis shows that companies which own alcohol, confectionery, savoury snacks, and sugary drinks brands will be severely impacted by the introduction of certain marketing restrictions. But, looking beyond the nine companies included in the study, the implied loss for the entire industries globally would be twice as significant and can be estimated at a whopping US$521 billion (Fig. 3).

For this global industry analysis, we split out the alcohol sectors into three sub sectors - beers, spirits, and wines - with 468, 98, and 40 brands analysed in each sector, respectively. Of these three, wine brands would be the most impacted with 34.8% of enterprise value at stake. Beers and spirits would be hit hard as well, recording 22.7% and 21.4% potential losses, respectively. In absolute terms, spirits brands stand to lose the most at US$168 billion.

Across the sugary drinks industry globally – with 89 brands analysed – there would be 27.2% of enterprise value at stake. In absolute terms, this equates to over US$138 billion. In the confectionary and savoury snacks would be 15.4% of enterprise value at stake. Equating to over US$96 billion in absolute terms.

The multiples for this extrapolation were obtained by identifying the percentage loss of brand contribution for the nine companies from the sample that operate brands within the alcohol, confectionery, savoury snacks, and sugary drinks categories. The multiples were then applied across Brand Finance's database of the largest global beverage and food brands whose parent companies have an enterprise value of more than US$1 billion, to arrive at the estimated loss in brand contribution value to the sector.

Figure 3: Global Industry Summary

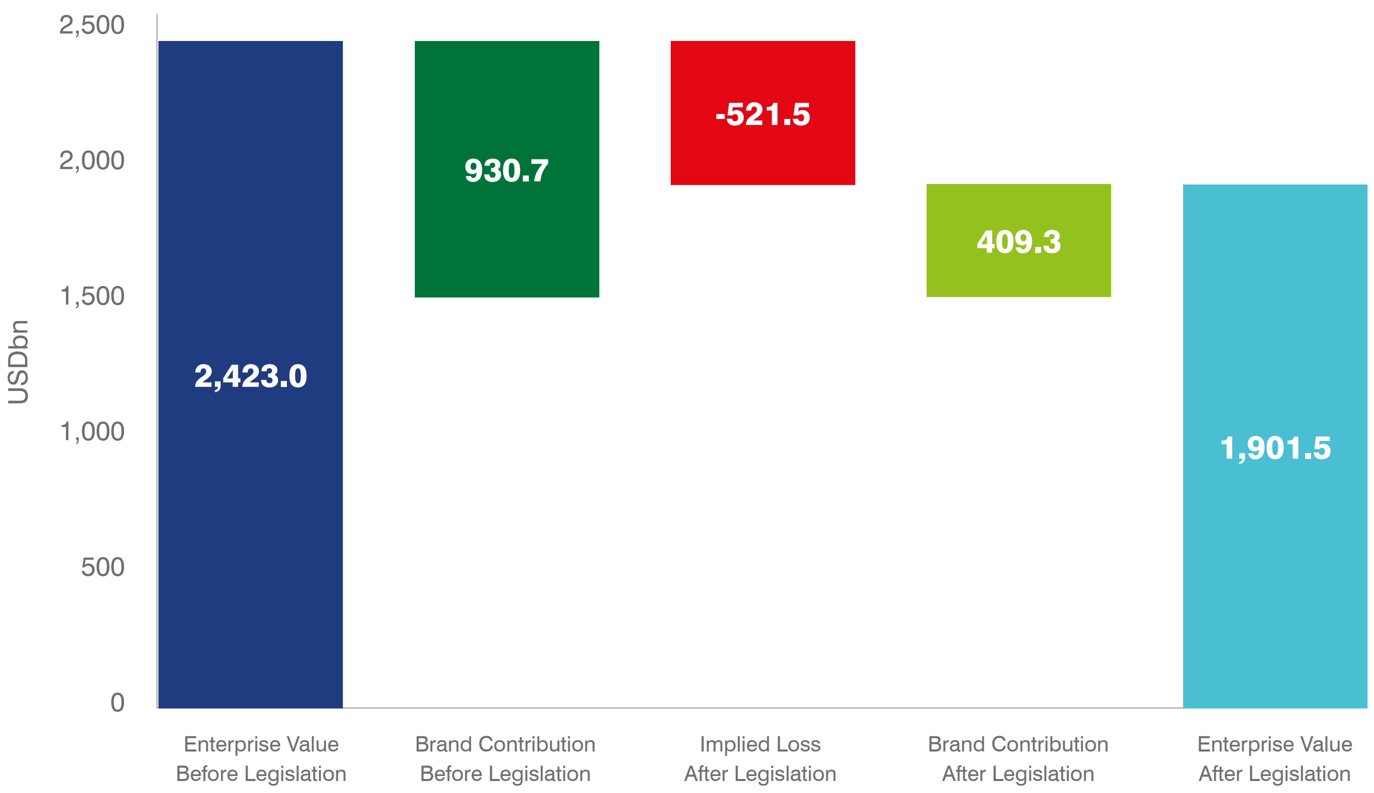


Figure 4: Global Industry Breakdown

Industry	No. of Brands included in the analysis	Implied Contribution Loss (USDm)	Contribution Loss as % of EV	Contribution Loss %
Beers	468	-105,481	-22.7%	-47.1%
Spirits	98	-168,156	-21.4%	-59.4%
Wines	40	-12,715	-34.8%	-68.5%
Sugary Drinks	89	-138,494	-27.2%	-59.8%
Confectionery & Savoury Snacks	175	-96,625	-15.4%	-55.8%

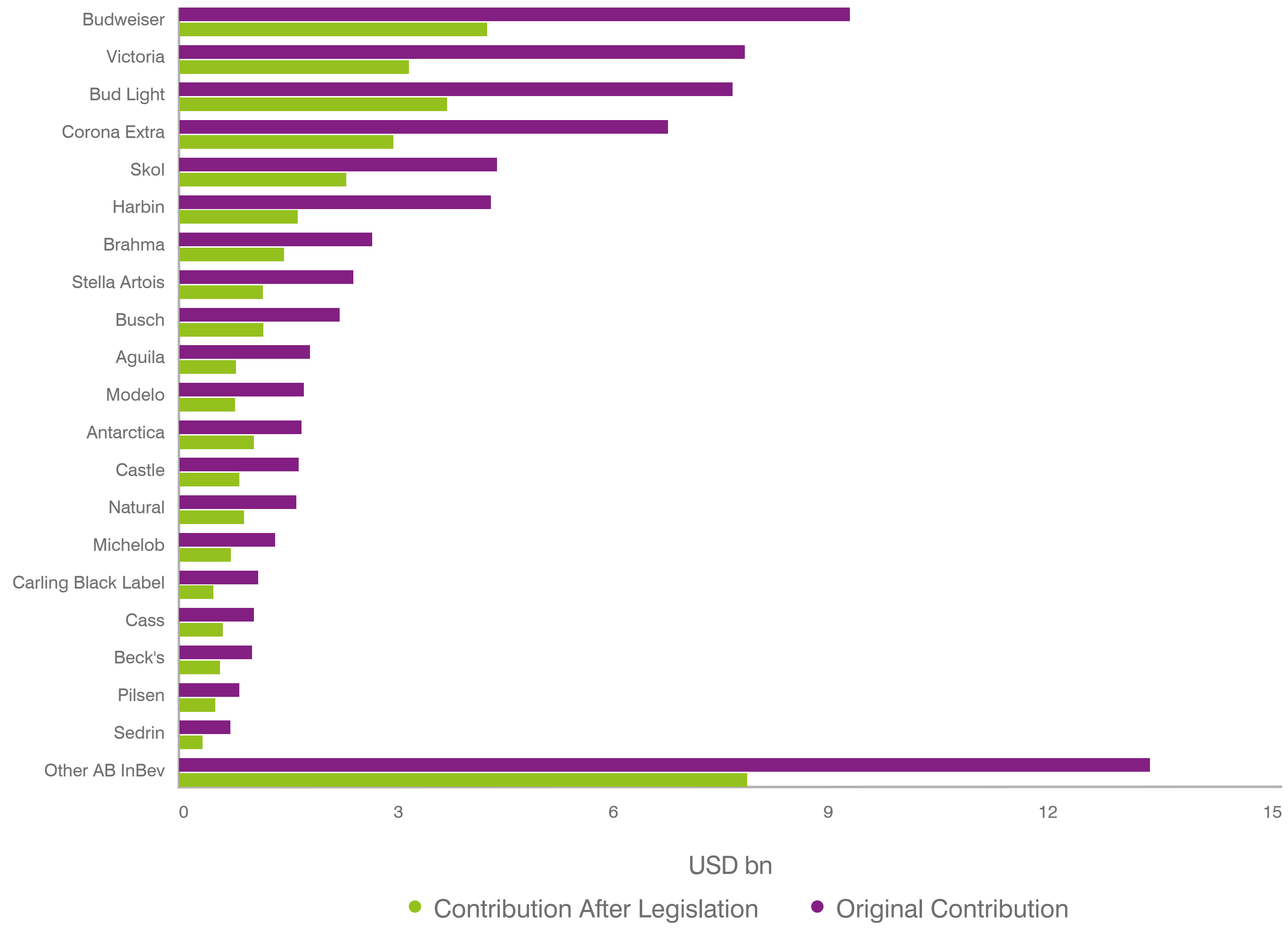
Scope of analysis

The analysis models the impact of certain marketing restrictions - namely limited advertising and plain packaging - on the appeal and thereby profitability of brands but does not extend to other considerations. For example, the effects of a potential increase in illicit trade on reported sales have not been modelled as part of this study. The impact would likely differ depending on the nature of the products, i.e. illicit trade in alcohol would likely rise, although savoury snacks would not be affected in the same manner.

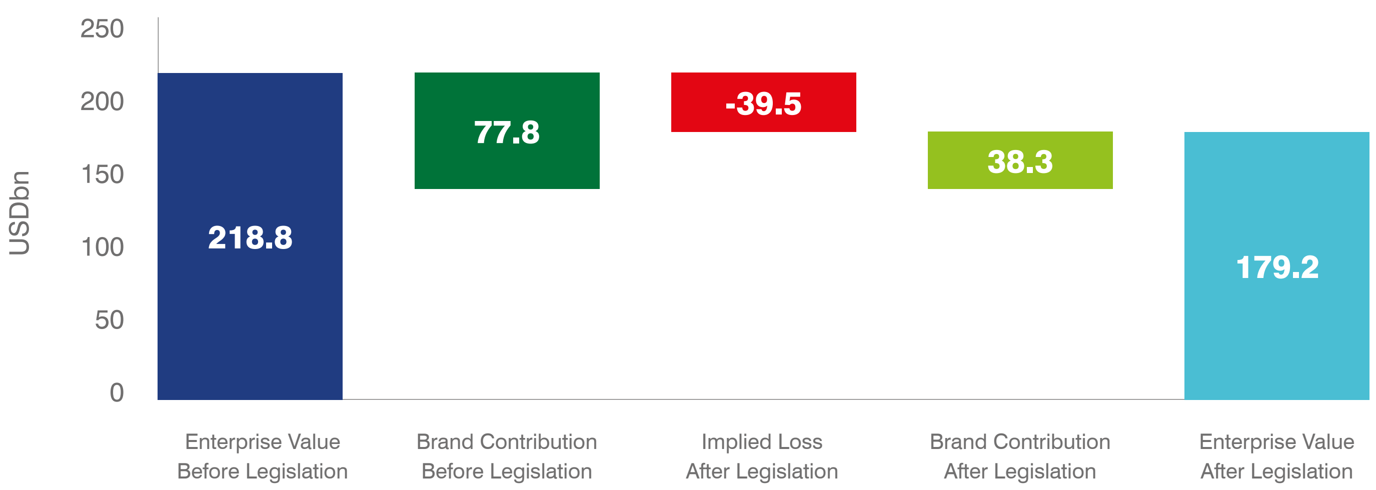
The analysis is also conducted in isolation from any other government policies, such as changes in taxes. Therefore, the findings should be treated as a conservative estimate with the aim of providing an illustration of the possible impact of plain packaging and limited advertising on the brands in question rather than a definite valuation of total business losses. The total damage to businesses affected is likely to be higher than the figures presented in this report. Predicted loss of brand contribution to companies at risk is only the tip of the iceberg. Plain packaging and limited advertising also means losses in the creative industries, including design and advertising services, which are heavily reliant on FMCG contracts.

EXPOSURE	IMPLIED LOSS	LOSS AS PROPORTION OF ENTERPRISE VALUE	LOSS AS PROPORTION OF BRAND CONTRIBUTION
100.0%	-$39,537m	-18.1%	-50.8%

AB InBev

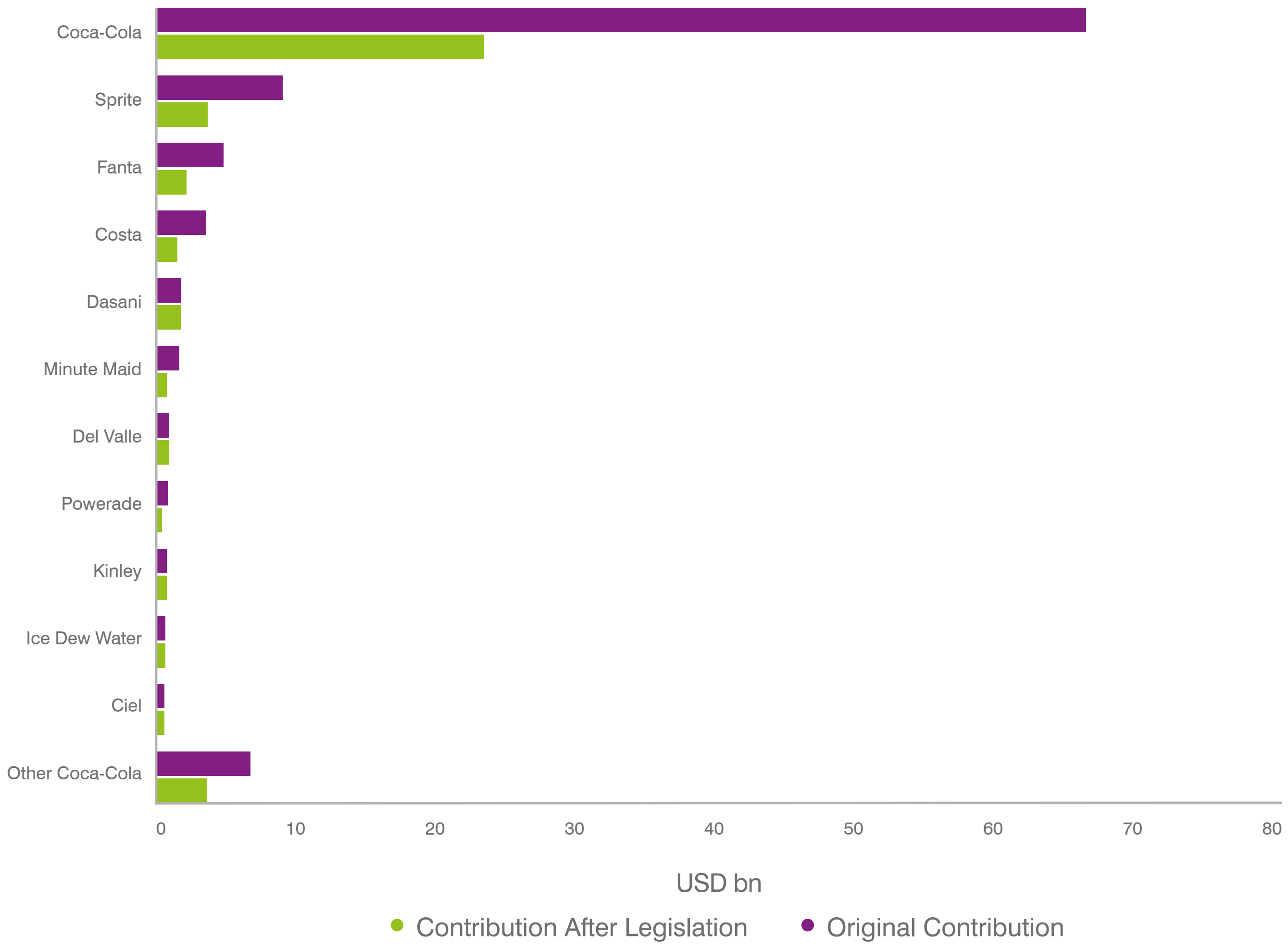


Total Value Loss for AB InBev

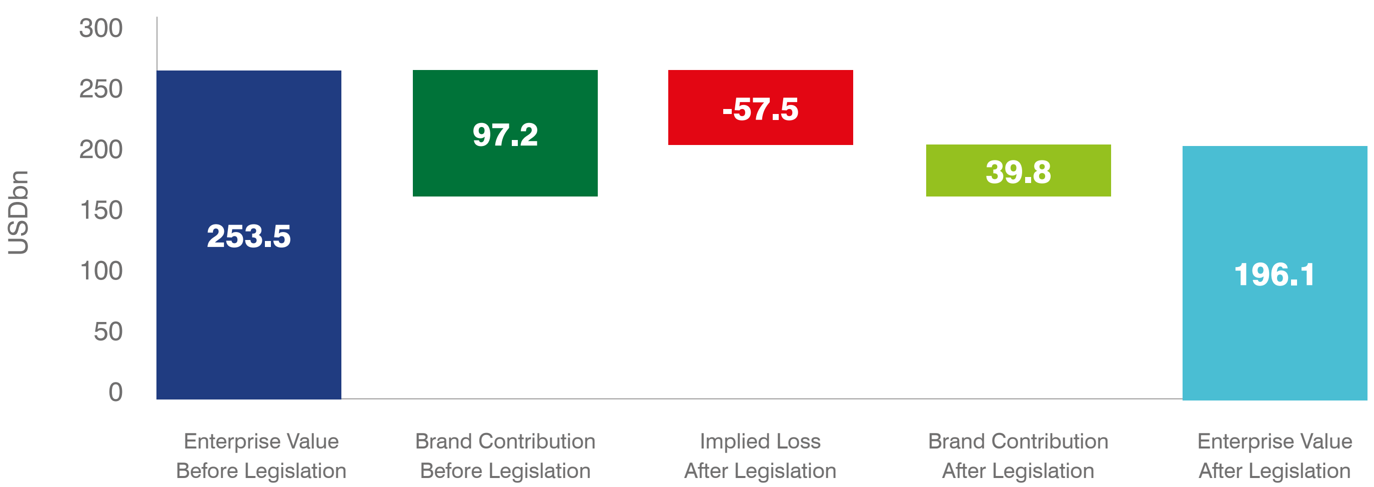


EXPOSURE	IMPLIED LOSS	LOSS AS PROPORTION OF ENTERPRISE VALUE	LOSS AS PROPORTION OF BRAND CONTRIBUTION
92.3%	-$57,460m	-22.7%	-59.1%

The Coca-Cola Company



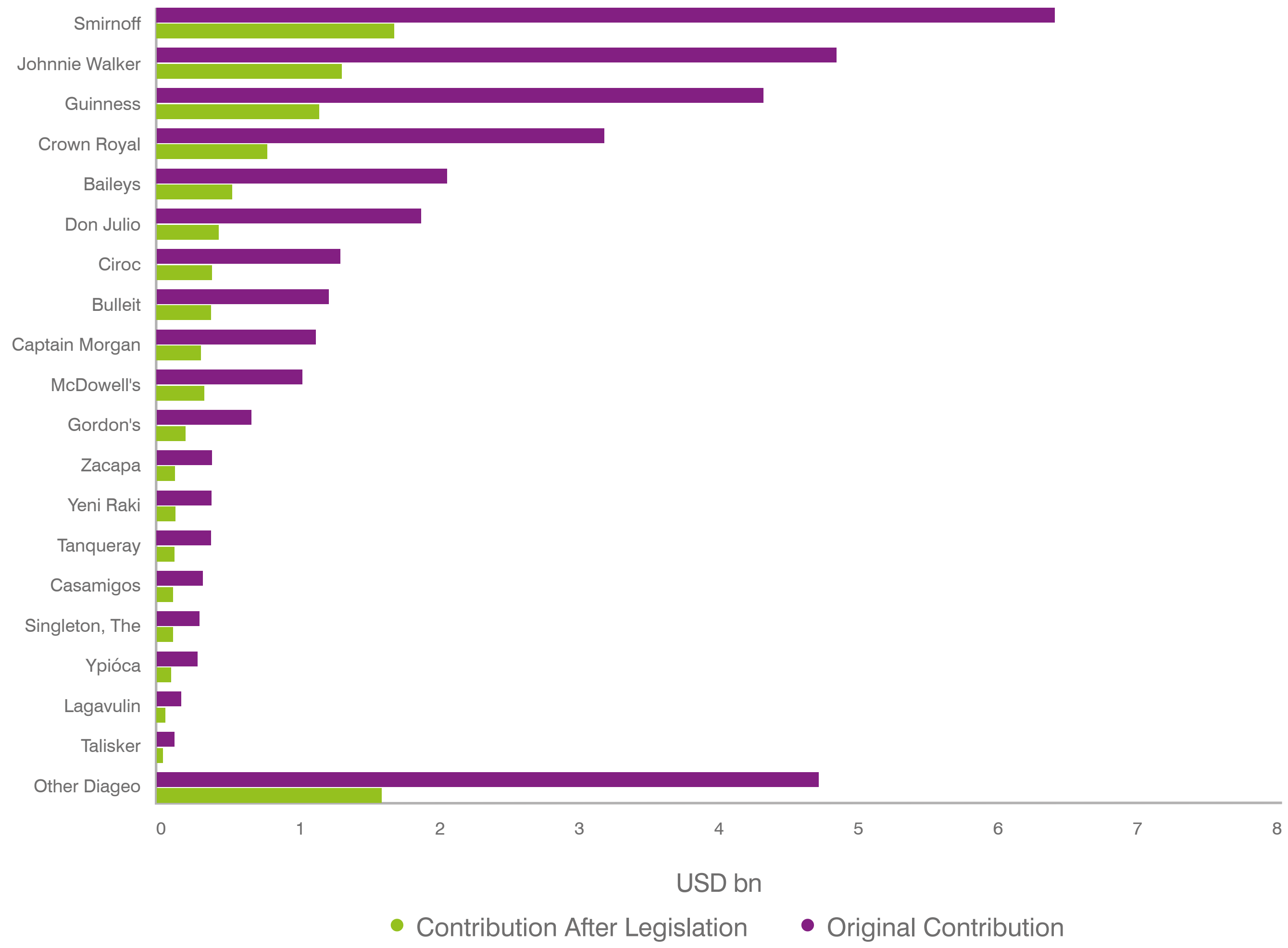
Total Value Loss for The Coca-Cola Company



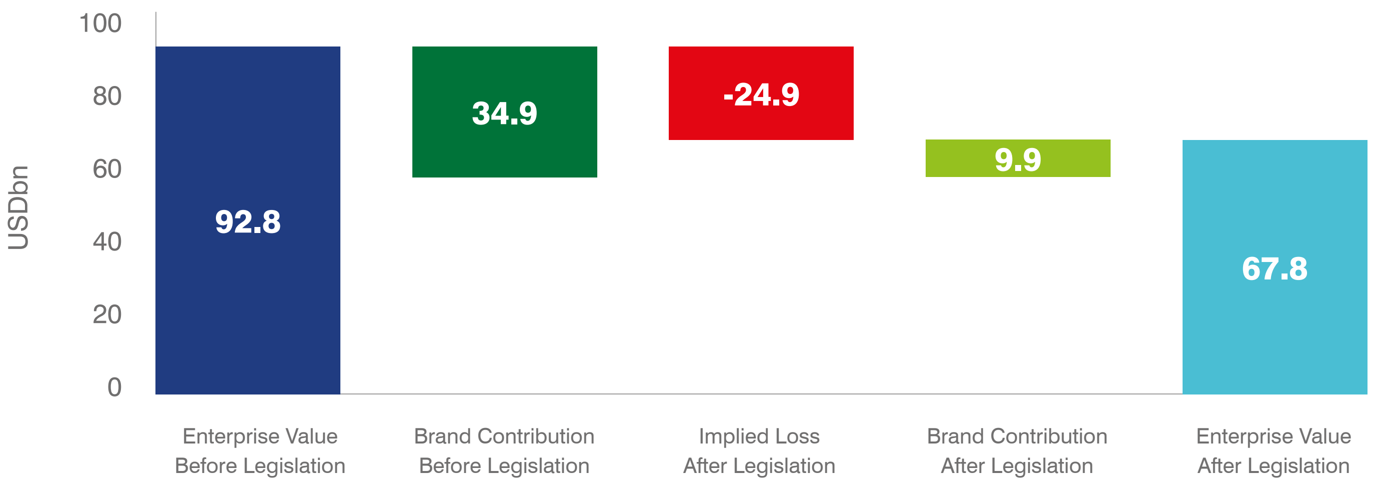
DIAGEO

EXPOSURE	IMPLIED LOSS	LOSS AS PROPORTION OF ENTERPRISE VALUE	LOSS AS PROPORTION OF BRAND CONTRIBUTION
100.0%	-$24,947m	-26.9%	-71.6%

Diageo

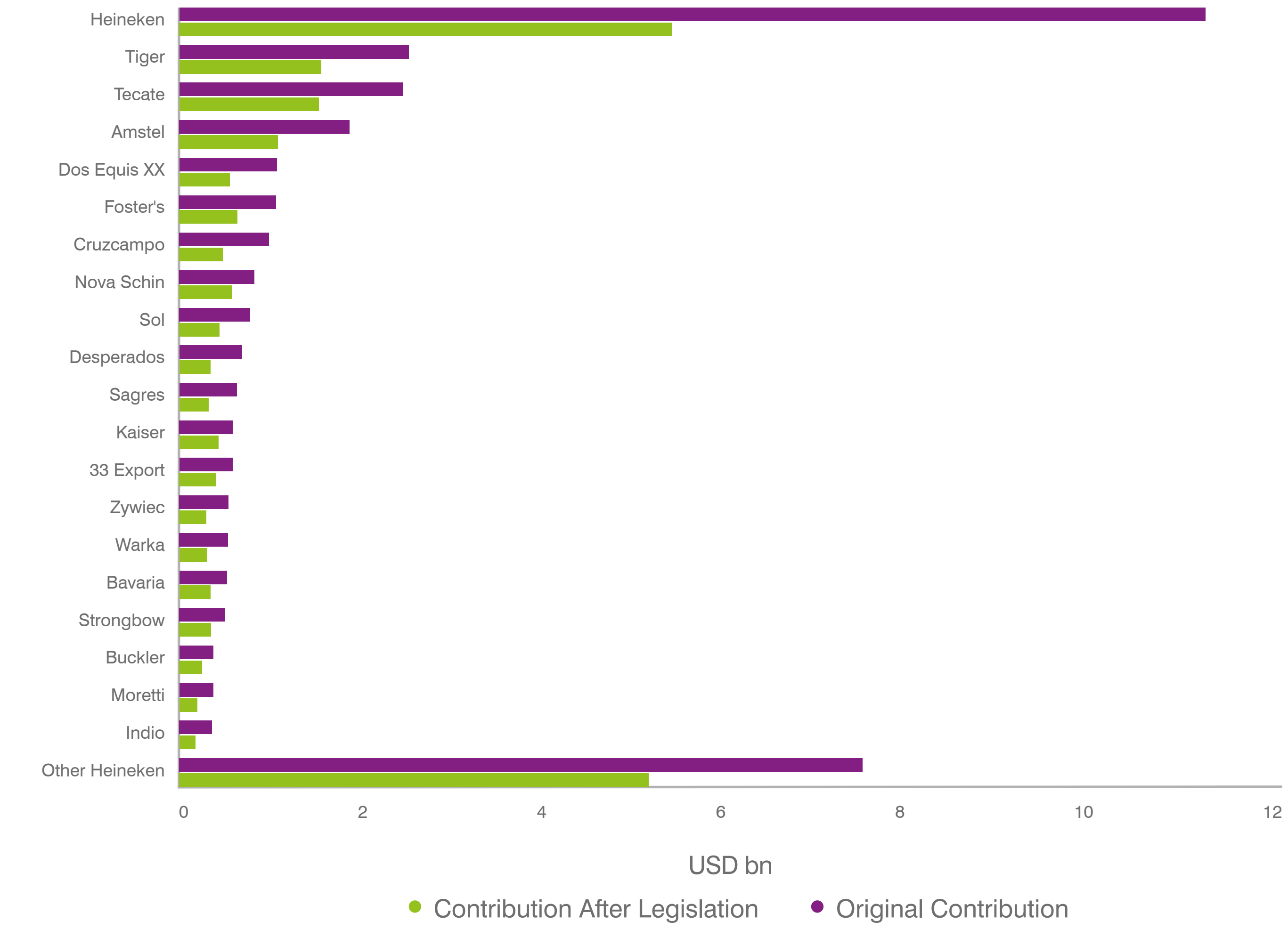


Total Value Loss for Diageo

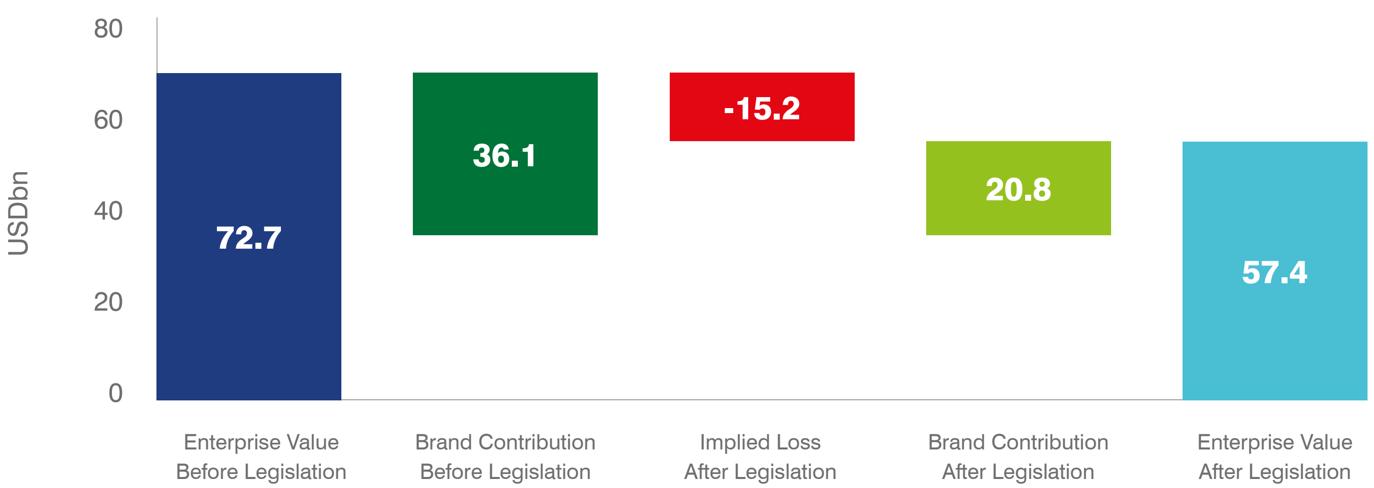


EXPOSURE	IMPLIED LOSS	LOSS AS PROPORTION OF ENTERPRISE VALUE	LOSS AS PROPORTION OF BRAND CONTRIBUTION
100.0%	-$15,230m	-21.0%	-42.2%

Heineken

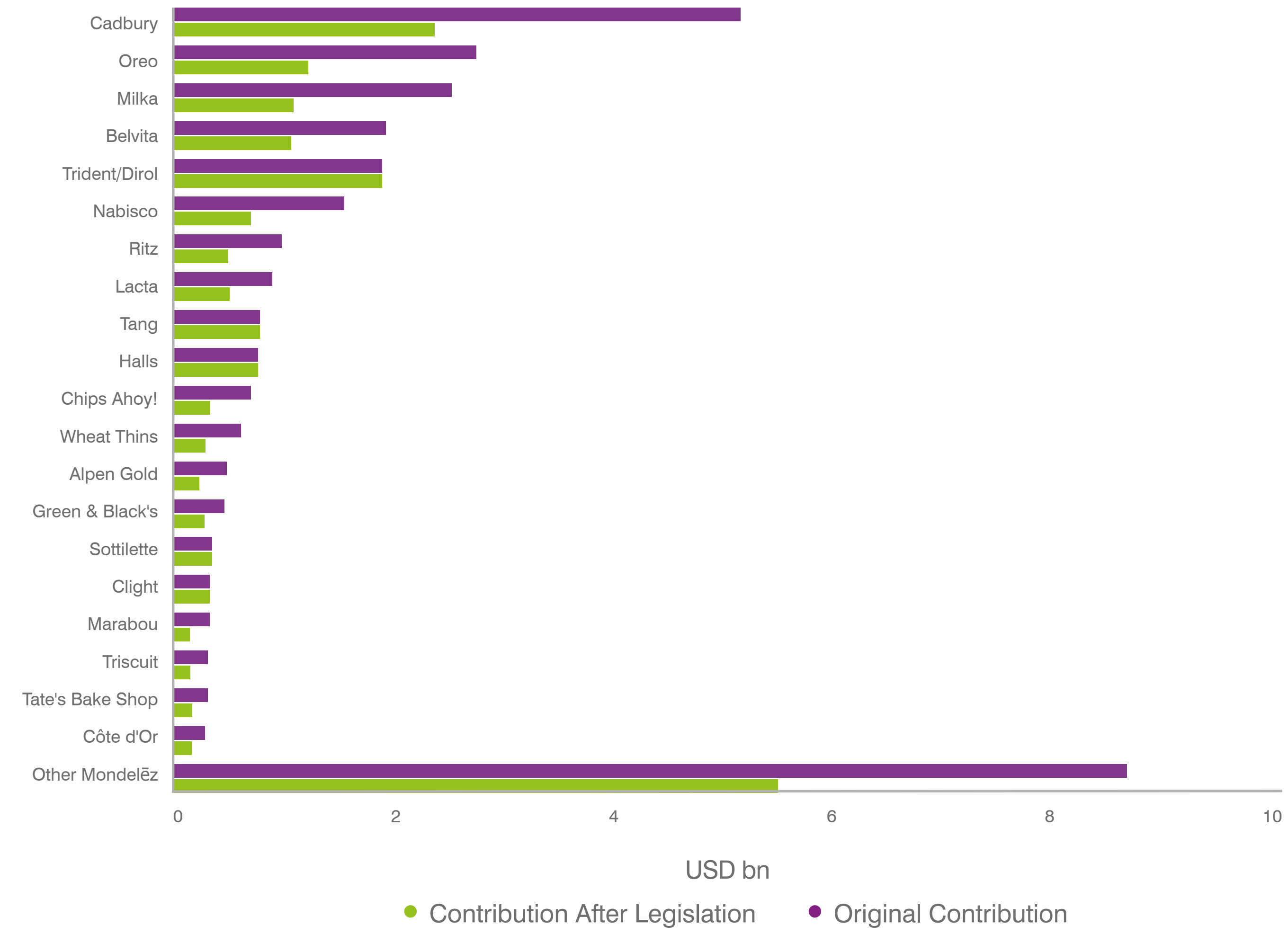


Total Value Loss for Heineken

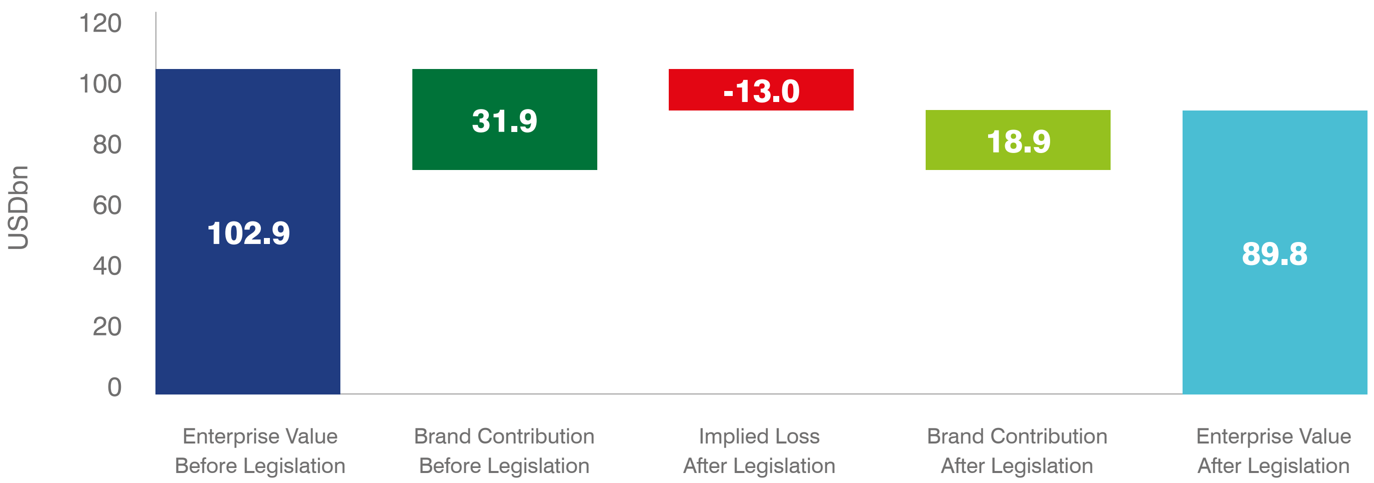


EXPOSURE	IMPLIED LOSS	LOSS AS PROPORTION OF ENTERPRISE VALUE	LOSS AS PROPORTION OF BRAND CONTRIBUTION
81.5%	-$13,029m	-12.7%	-40.9%

Mondelēz International

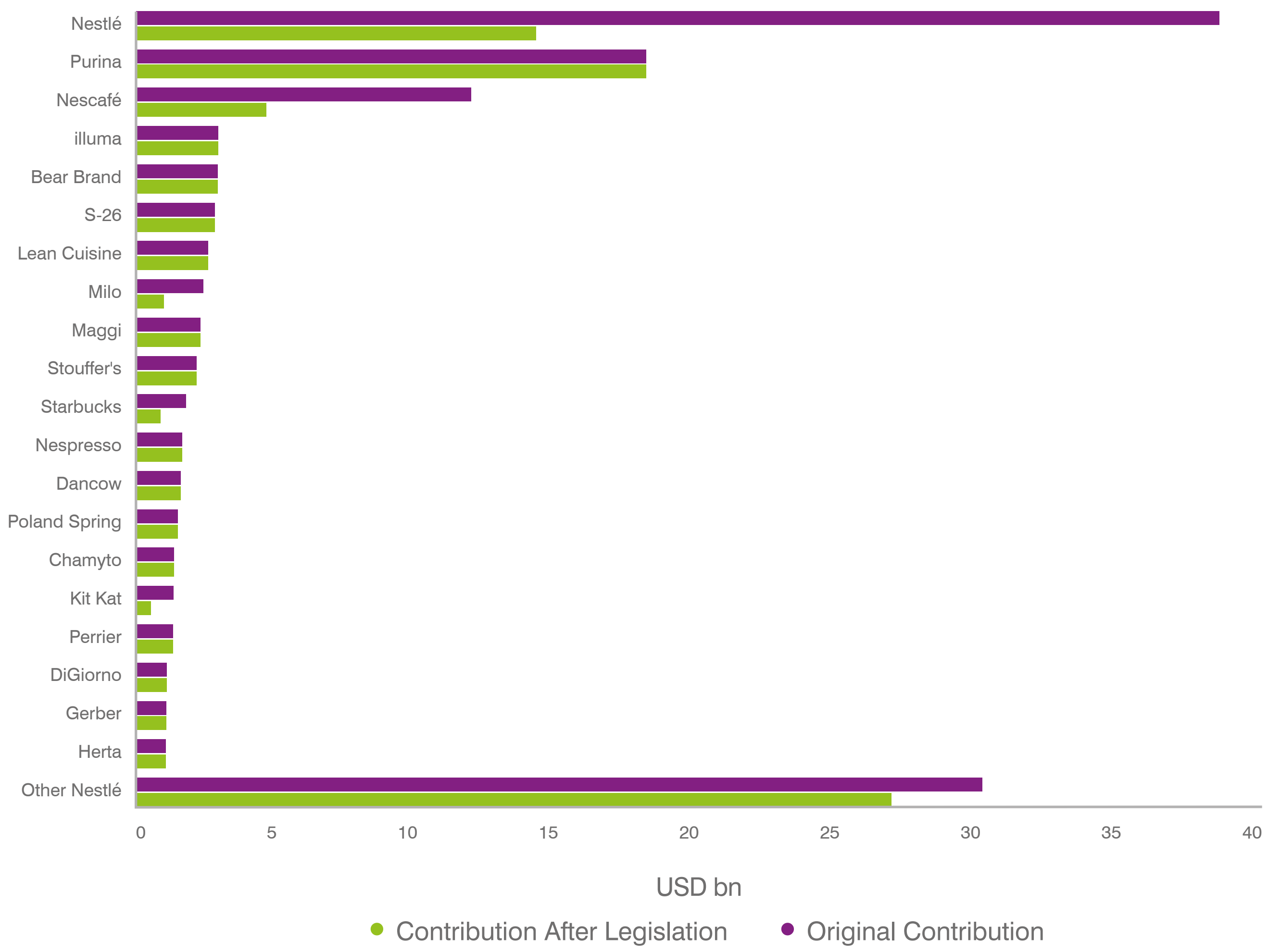


Total Value Loss for Mondelēz International

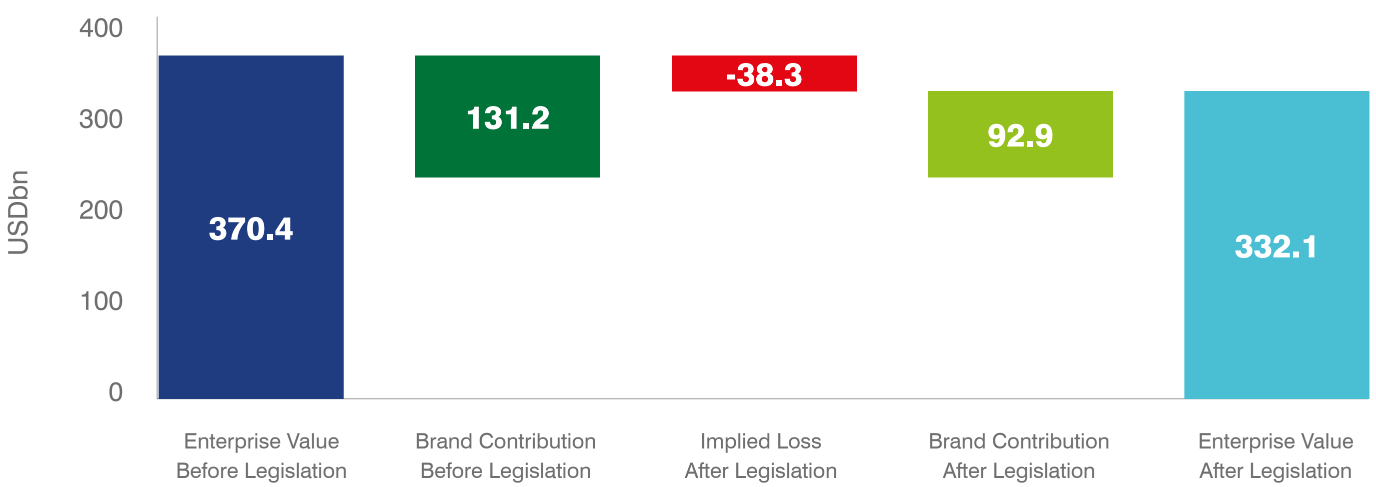


EXPOSURE	IMPLIED LOSS	LOSS AS PROPORTION OF ENTERPRISE VALUE	LOSS AS PROPORTION OF BRAND CONTRIBUTION
39.4%	-$38,271m	-10.3%	-29.2%

Nestlé

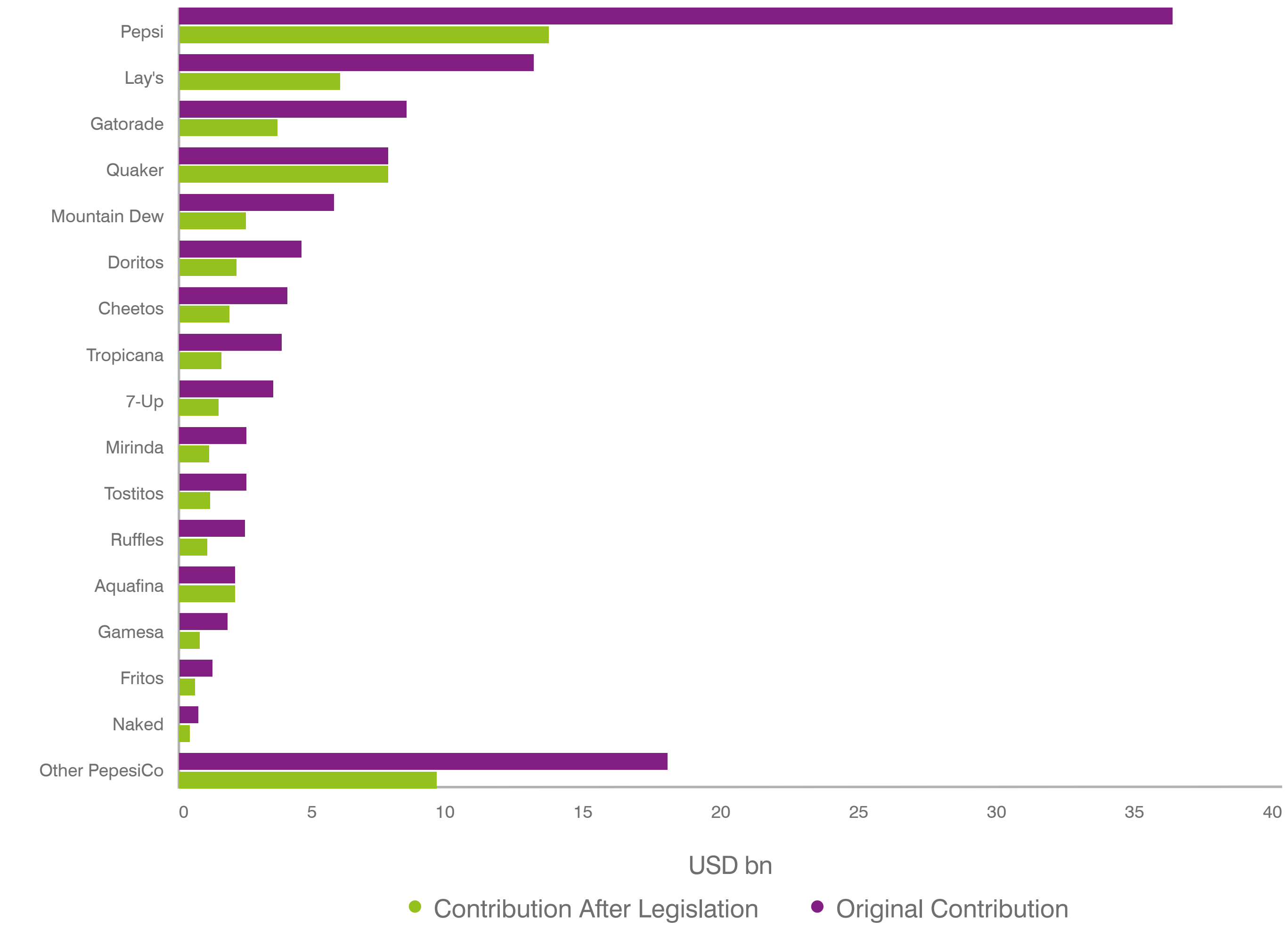


Total Value Loss for Nestlé

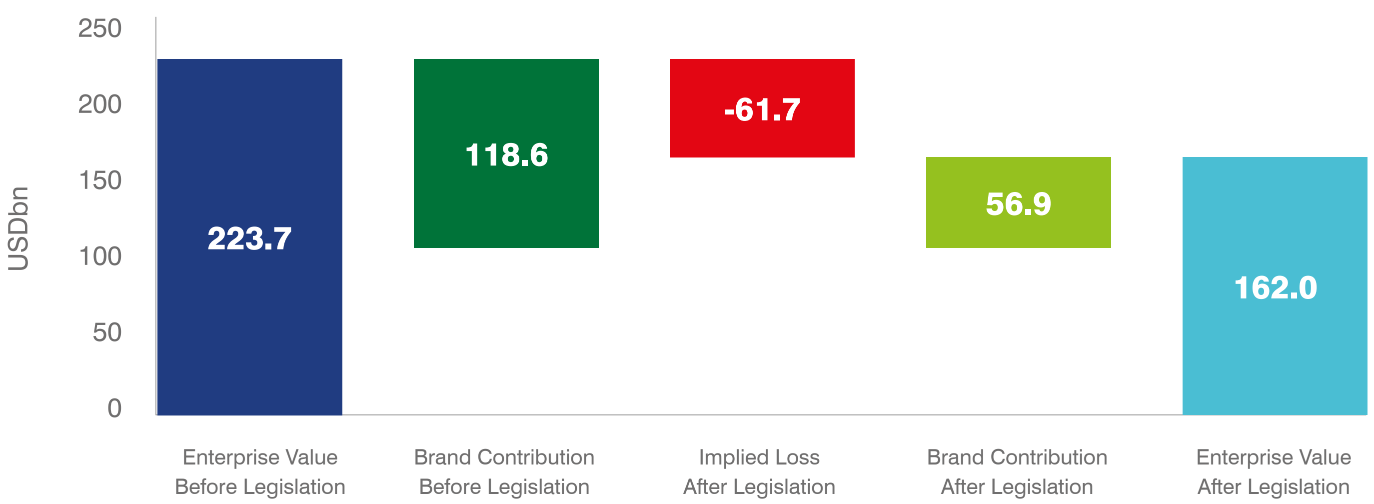


EXPOSURE	IMPLIED LOSS	LOSS AS PROPORTION OF ENTERPRISE VALUE	LOSS AS PROPORTION OF BRAND CONTRIBUTION
91.8%	-$61,693m	-27.6%	-52.0%

PepsiCo

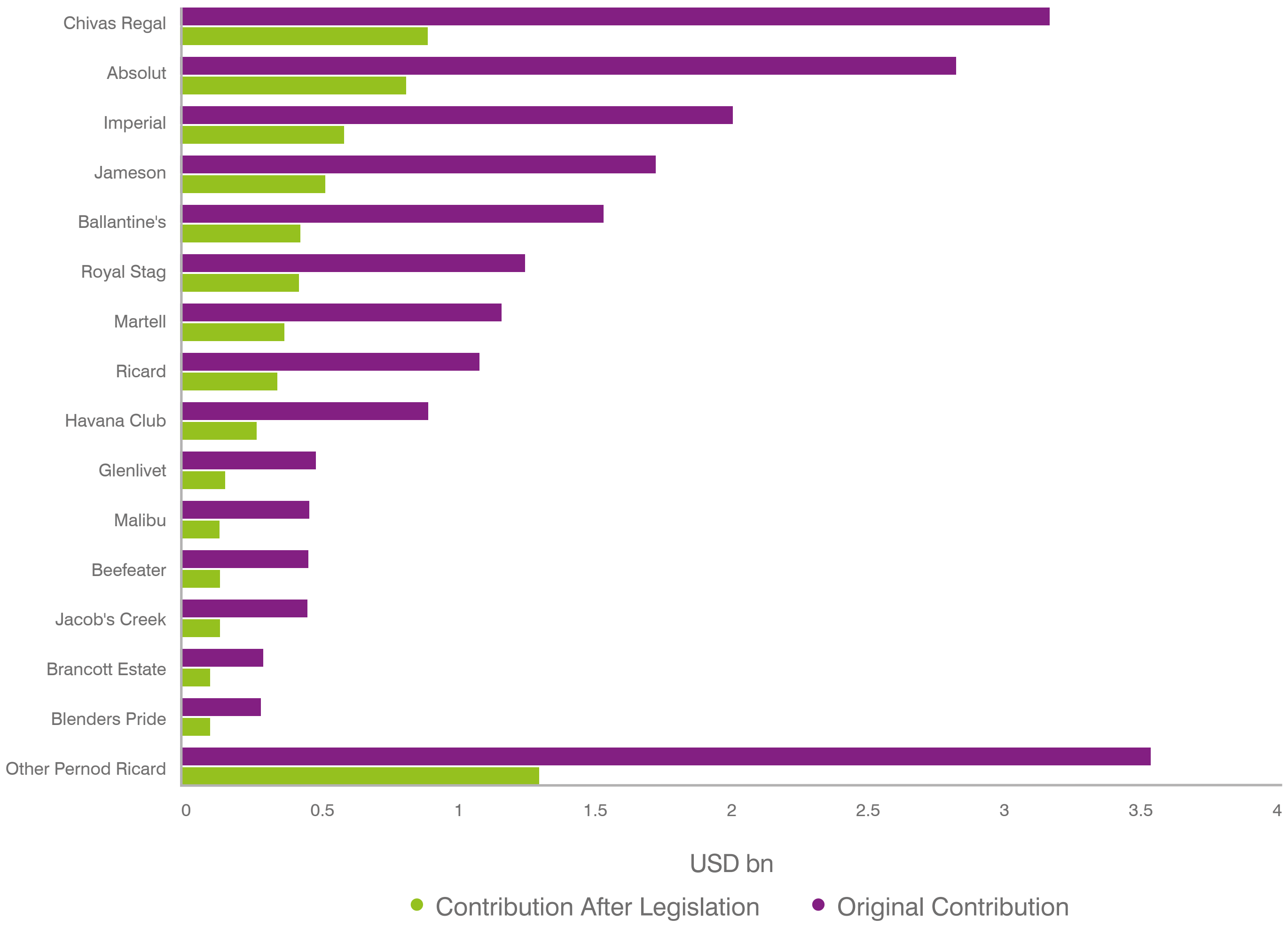


Total Value Loss for PepsiCo

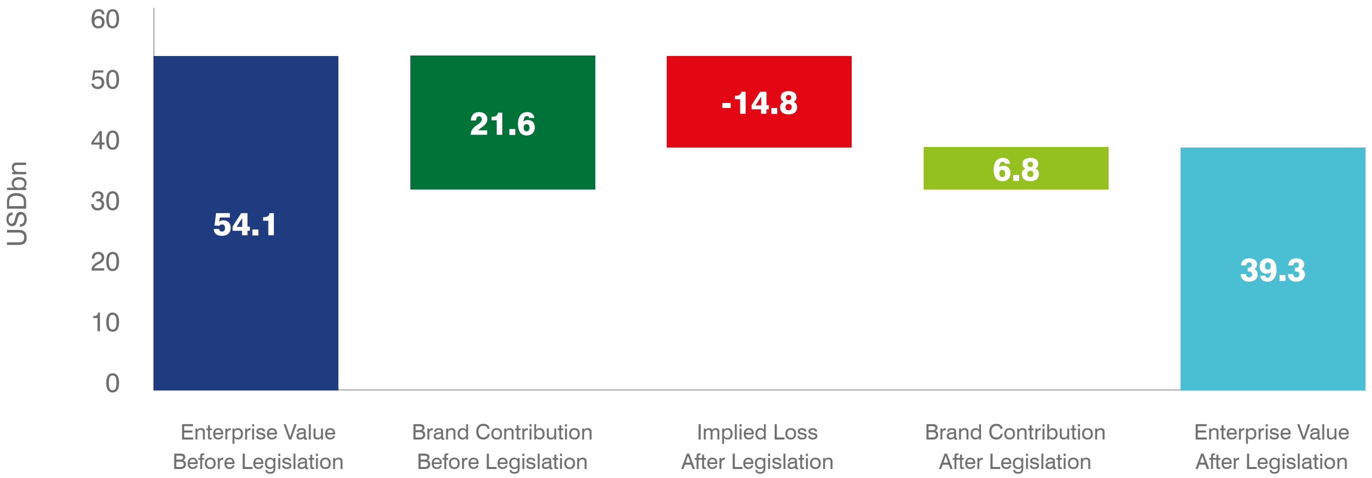


EXPOSURE	IMPLIED LOSS	LOSS AS PROPORTION OF ENTERPRISE VALUE	LOSS AS PROPORTION OF BRAND CONTRIBUTION
100.0%	-$14,797m	-27.4%	-68.5%

Pernod Ricard



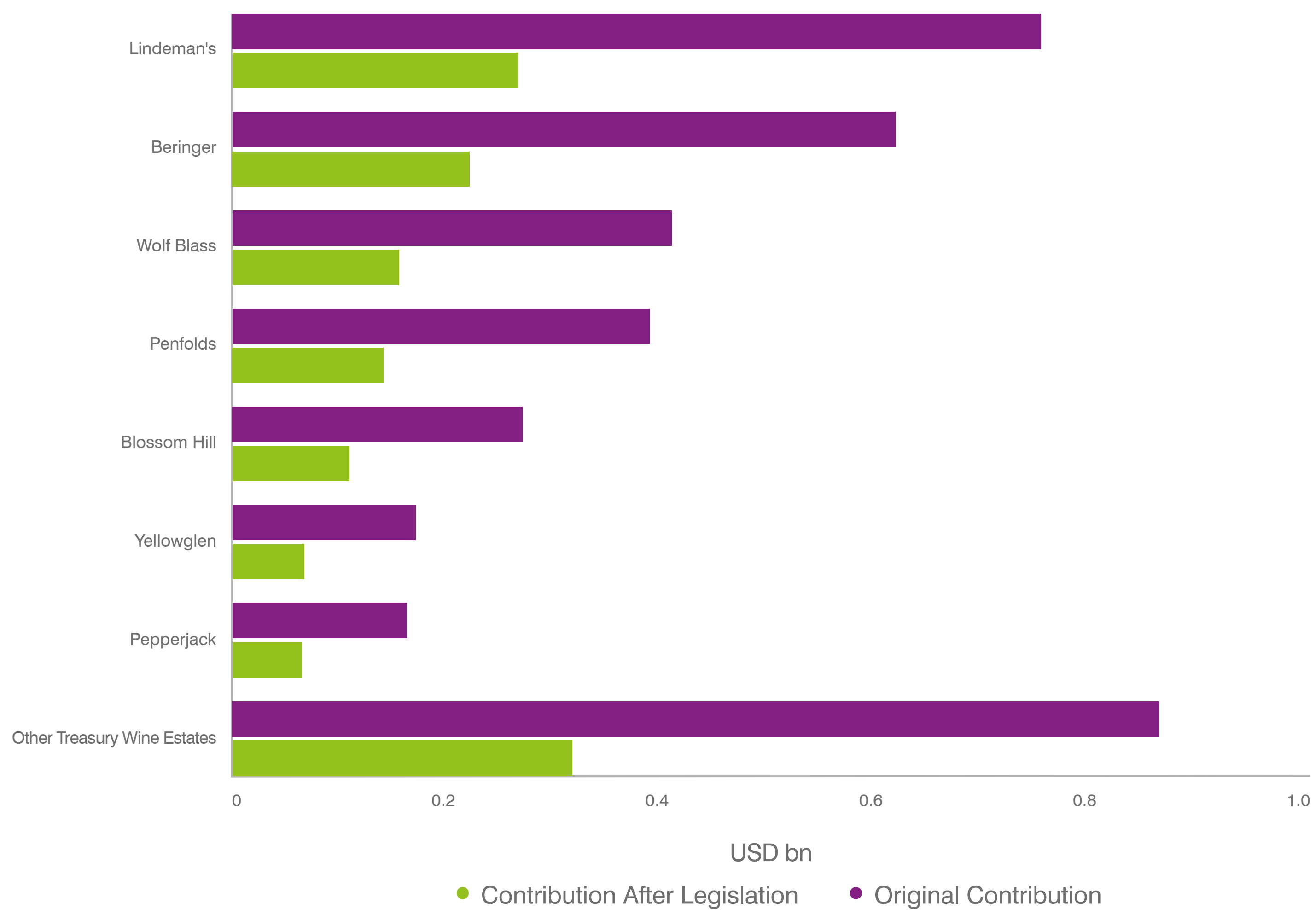
Total Value Loss for Pernod Ricard



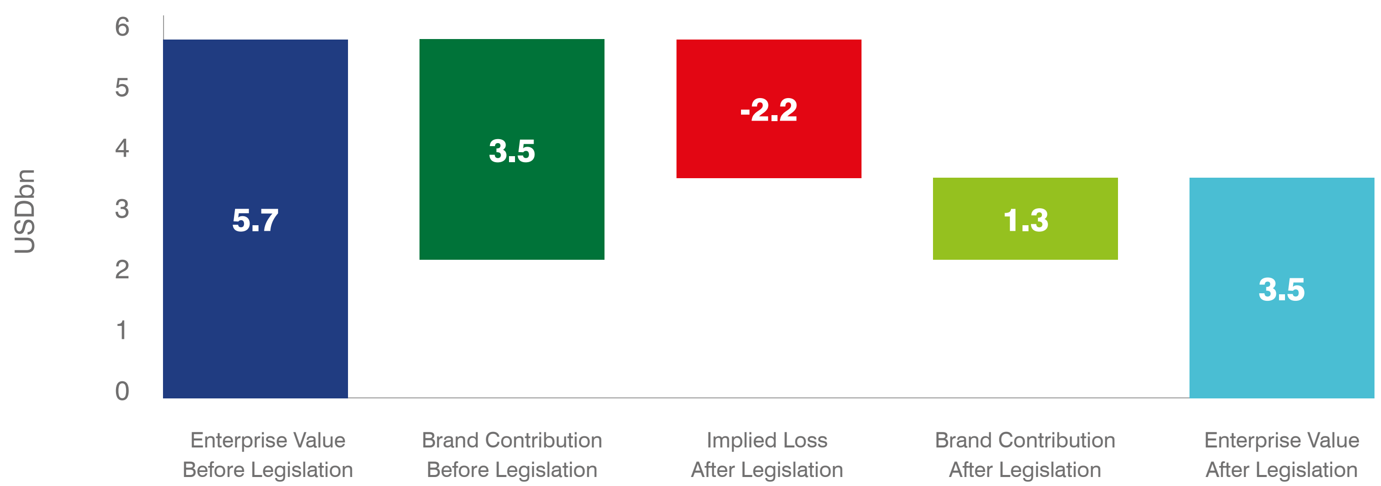
TREASURY WINE ESTATES

EXPOSURE	IMPLIED LOSS	LOSS AS PROPORTION OF ENTERPRISE VALUE	LOSS AS PROPORTION OF BRAND CONTRIBUTION
100.0%	-$2,234m	-38.9%	-63.1%

Treasury Wine Estates



Total Value Loss for Treasury Wine Estates



Public & CMO Perspectives on Brands and Marketing.

Attitudes to Brands.

Brands and quality control

Brands are an important indicator of quality. Companies use trademarks to show customers exactly where their products originate from and their protection, therefore, provides a form of privately funded quality control. Brands are there to protect consumers from the risks associated with unregulated and adulterated products. This protection can ultimately give consumers peace of mind that they have chosen a trustworthy product.

As would be expected, CMOs understand and can articulate this role of brands very clearly. The very mechanism of branding (and through this, allowing people to make informed choices between products) encourages brands to control quality, innovate, and meet genuine customer needs.

At the heart of it, there's an element of trust when it comes to brands.

Paul Dervan
CMO, National Lottery

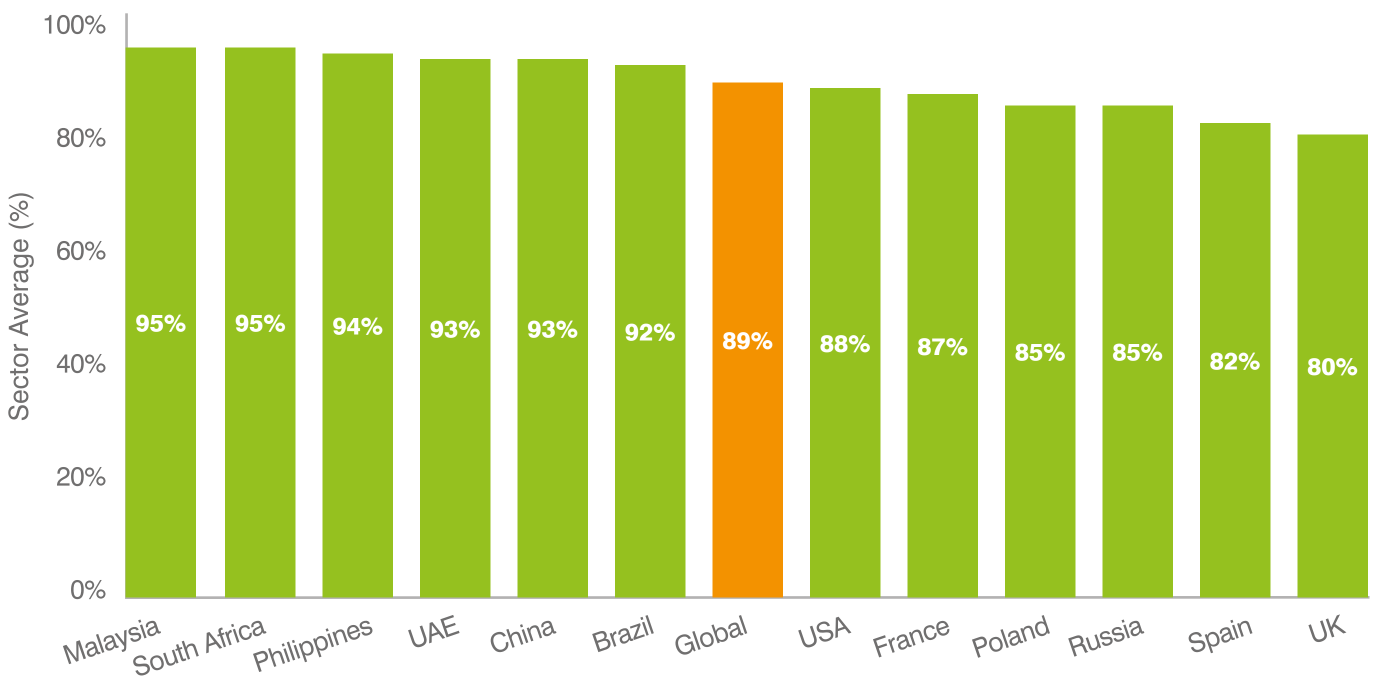
Some CMOs develop this argument further, noting that brands are an inherent feature of any society that allows freedom of choice (within reason) and a degree of competition between businesses.

Consumers are aware that brands are there to help them make informed decisions. On average, globally, 89% of respondents agree that a good brand is a mark of quality. This is especially the case in developing nations, where 94% agree with this statement, and governmental oversight of production and service standards is perhaps weaker, versus 85% in developed nations. South Africa and Malaysia score this answer highest at 95%. Furthermore, consumers understand that brands help them identify newer and better products (87%), that brands are there to help them make better choices (86%) and are, therefore, worth paying extra for (77%).

Brands in the fight against illicit trade

Marketing restrictions and standardisation have the potential to fuel the illicit trade market, with the counterfeiting of standardised and plain packaged products far easier than heavily branded and trademarked goods.

Brand is a Mark of Quality



Survey respondents understand the importance of brands to safeguard against potentially harmful products. 81% of consumers answered that brands help them navigate between real and fake goods, and 90% agreed that brands ensure they buy genuine products sold through reputable stores. Thus, most respondents understand the importance of brands to safeguard against potentially harmful products.

The consumer has absolutely no way of telling the quality of products...and in some categories that can be downright dangerous.

Brian Crean
Former Senior VP Global Marketing, Diageo

Since every purchase in the illicit market is a loss of sales in the legal market, each unlawful purchase represents a financial loss of tax revenue to the government. This has wider ramifications for the whole economy and consumers alike, as well as boosting profits for organised criminal gangs. Counterfeit products also expose consumers to more risks from unregulated and adulterated inputs, constituting a wealth of other issues.

Some CMOs note that the increasing digitisation of the economy is an enabler to the illicit trade - a fake website is much easier to build than an entire product supply chain – and that brands are a force to counter this. Established brands have a commercial incentive to stamp out the illicit trade.

Brand-literacy and positivity boosts overall life happiness

Brands fulfil consumer needs, and this goes beyond nutrition, cleaning, and other basic tasks. More broadly, they bring joy and colour to people's lives and are an avenue for consumers to express who they are. In today's world, societies view brands as a lifestyle choice. With consumers becoming increasingly product-conscious, brands are no longer chosen based purely on price, but also on what the brand represents - its morals, values, and ethos.

80% of respondents globally agree that brands bring fun and colour into their life. The French appear the most cynical, with only 62% agreeing with the statement; in contrast, 92% of Chinese respondents agree that brands do bring fun and colour to their life.

With China boasting a meteoric rise on to the global stage since the 'opening up' policy in the late 1970s - resulting in the nation's economy doubling in size every eight years - the impact on its society and consumer culture is undeniable. Now home to the third-largest luxury goods market in the world, the Chinese have certainly embraced the positivity that brands can bring into their lives.

In sophisticated marketing organisations, CMOs understand the ability of brands to deliver higher-level benefits to people and society. Some will overstate this of course, but most have a balanced view: they know that their brands are not individually saving the planet or bringing world peace – but they genuinely believe that their brands and products are making people's lives better or happier in some small way – as consumers acknowledge.

Branding benefits all stakeholders - employees, companies, consumers - because it provides them with a choice. But it also brings colour and a sense of expression. When done properly, branding is incredibly successful and I have never met somebody who is uninterested in learning how true brand management actually works because it affects all our lives.

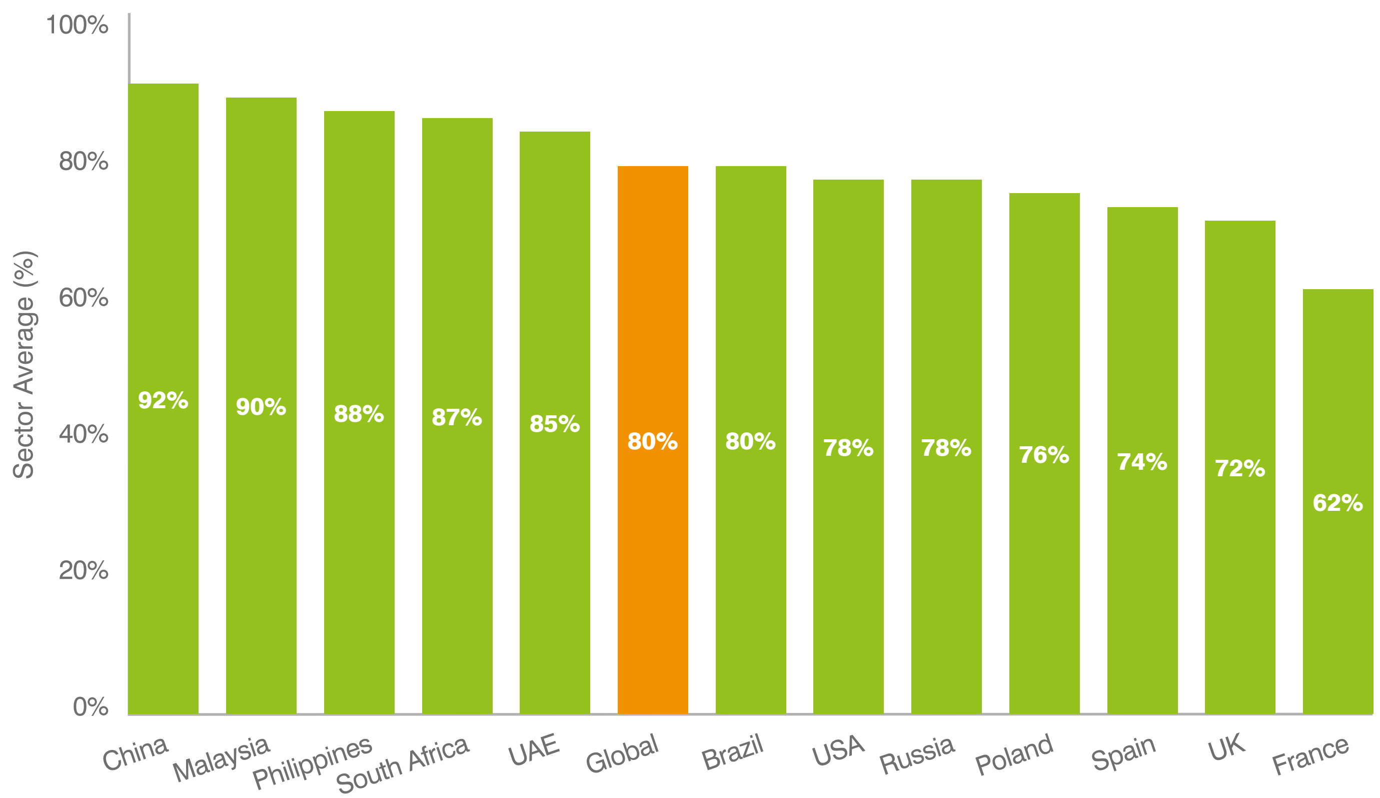
Damian Devaney
Former Marketing Director, The Coca-Cola Company Ireland

Price savviness ensures brands must deliver fair value

Across the consumable categories covered in the survey – fruit juice, alcoholic drinks, fast food, carbonated soft drinks, candy/chocolate, tea/coffee, and salty snacks – good value and price, taste, and other product characteristics consistently trump any factors relating to branding and marketing. Consumers are brand-literate but will not forego their own interests under the influence of marketing and advertising.

CMOs' views are again aligned with those of consumers. "Consumers are not idiots" was a common refrain, and in many product categories CMOs are only too aware of the price sensitivity of consumers, and the battle to break the cycle of frequent discounting.

Brands Bring Fun and Colour into My Life



Benefits of Brands to Society.

High expectations that brands should be a force for good

Consumers expect brands to be a positive force in society. They do not want brands that are silent on the causes that matter to them. In other words, there is a general expectation that brands should be doing their part to support society. As such, 79% of respondents expect brands to provide superior product safety and production standards, 74% expect brands to undertake ethical sourcing and supply chains, and 73% expect big brands to have better employment practices than smaller businesses.

Whether it's environmental concerns, labour practices, renewable energy...we should leave the world in a better place as a result of our brand, not worse.

Doug Place
CMO, Nando's - Africa, Middle East, South Asia

Of course, there are examples of 'greenwashing' and lip service paid by brands towards such causes. But equally, a conversation with a CMO, such as Doug Place, reveals genuine pride and passion about the difference that their brand can make. Social causes can be cynically exploited for commercial gain – but that does not mean that cause-related marketing is necessarily driven by such motives. From Lever's enlightened Port Sunlight of 1888 through to Nando's today, many marketers have understood how genuine commitment to social improvement can be good for business.

Every business started because an individual had a purpose to change the world.... Brands and businesses have always had purpose, if they didn't they would exist - ultimately consumers buy 'why' a brand exists.

Steve Axe
CMO, Nomad Foods

But not all consumers are convinced. Once again, the French, along with the Russians, are the most cynical on their expectations of brands, scoring the lowest average across all the expectations at just 58%. A mere 47% of French respondents expect brands to support charitable causes and 45% of Russians expect brands to be leaders in providing equal treatment regardless of gender, race, and disabilities.

People expect brands to take a stance, but we also have duties to go beyond just communication. We invest a significant amount of money in charities, to give back to our communities. If the trend is to restrict more and more, we won't be able to do so and that is a shame.

Philippe Stadnik
Deputy CMO, Moët Hennessy

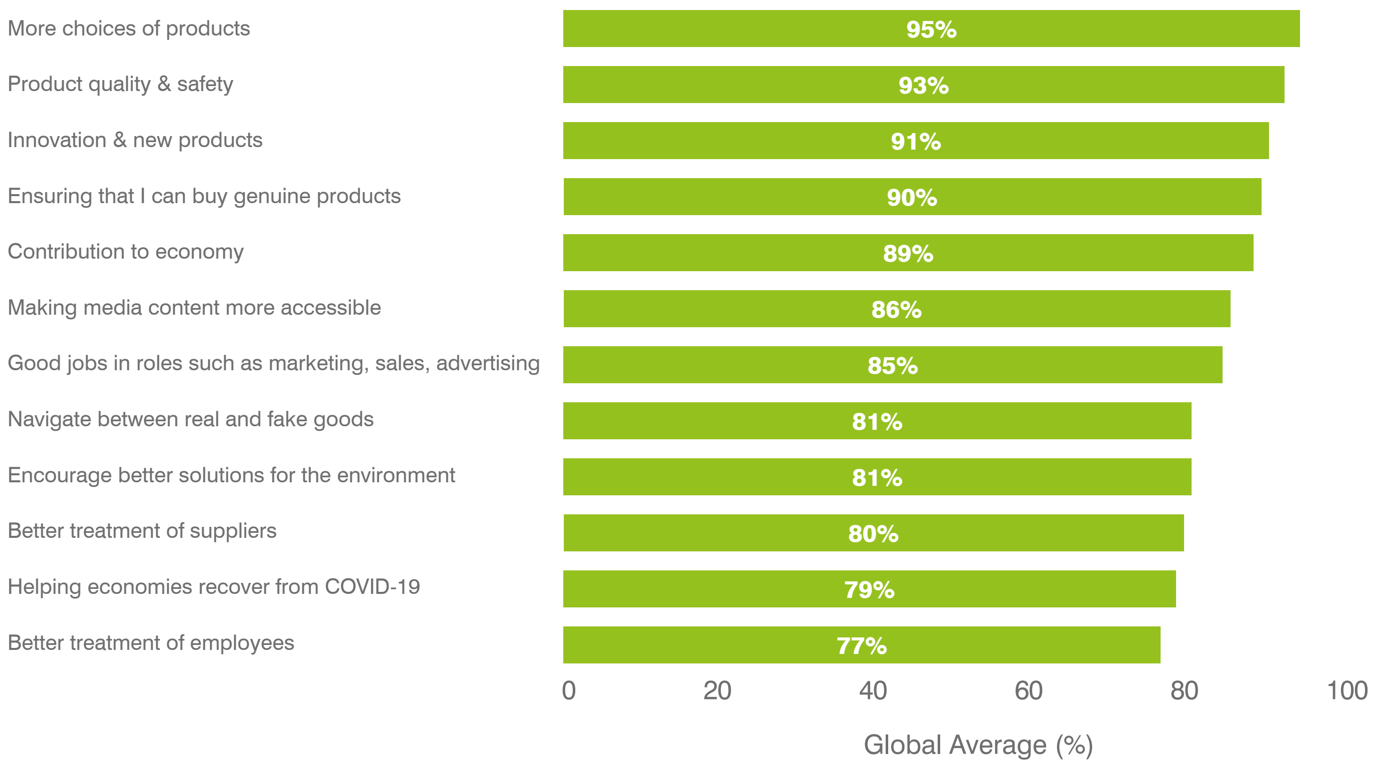
Brands more trusted than governments?

In contrast, Brazilians expect the most from brands, with a country average across all brand expectations at 84%. 78% of Brazilians agreed that they trust brands more than they do the government, compared to 71% globally. This assertion is more prevalent in South Africa than anywhere else in the world, with a staggering 84% agreeing. South Africans – similar to Brazilians – are experiencing high levels of economic and social volatility, and the work done by brands in supporting the nation's efforts is clearly recognised, on home soil and abroad.

Expectation versus reality

Respondents are demonstrating their high expectations of brands and their understanding that brands should be an integral part of society. We asked respondents whether brands were meeting these expectations and to a large extent, they are. Globally, 80% of respondents

Outcomes that Brands Provide or Encourage



Benefits of Brands to Society.

believe that brands provide or encourage better treatment of suppliers, 81% believe that brands encourage better solutions for the environment, and 77% agree that brands provide better treatment of employees.

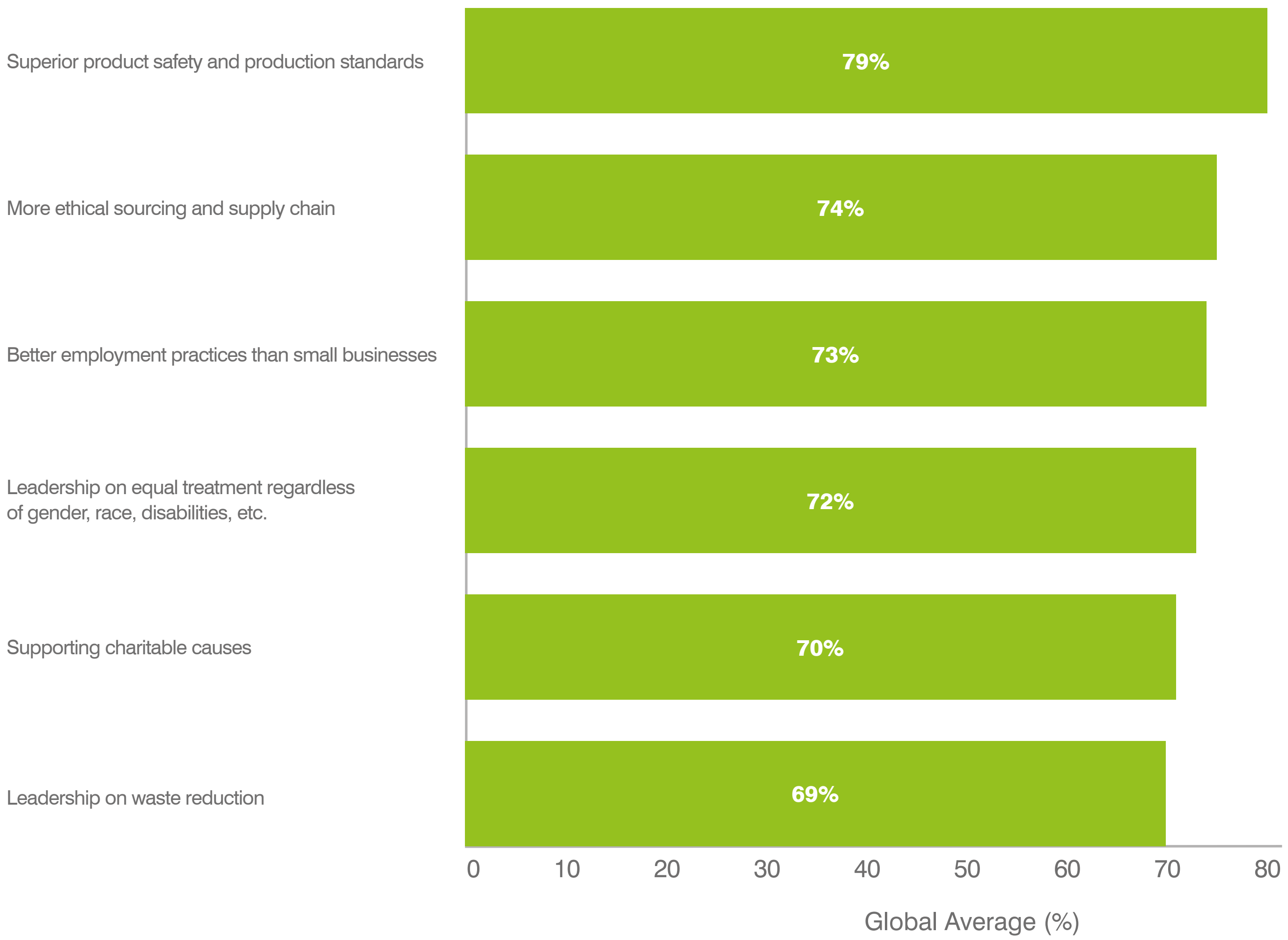
Not just a snowflake generation concern

Dubbed the 'snowflake generation', Millennials and Gen Z are considered at the forefront of societal change and evolution, placing high expectations and pressure upon governments and corporations to 'do the right thing'. However, our findings demonstrate that this demographic is not alone, with a reasonably even spread of respondents across generations – from age 18 to 75 – agreeing that they too expect brands to act as a force for good in society. All age brackets recorded an average of between 72% and 74% for all questions asked on brand expectation.

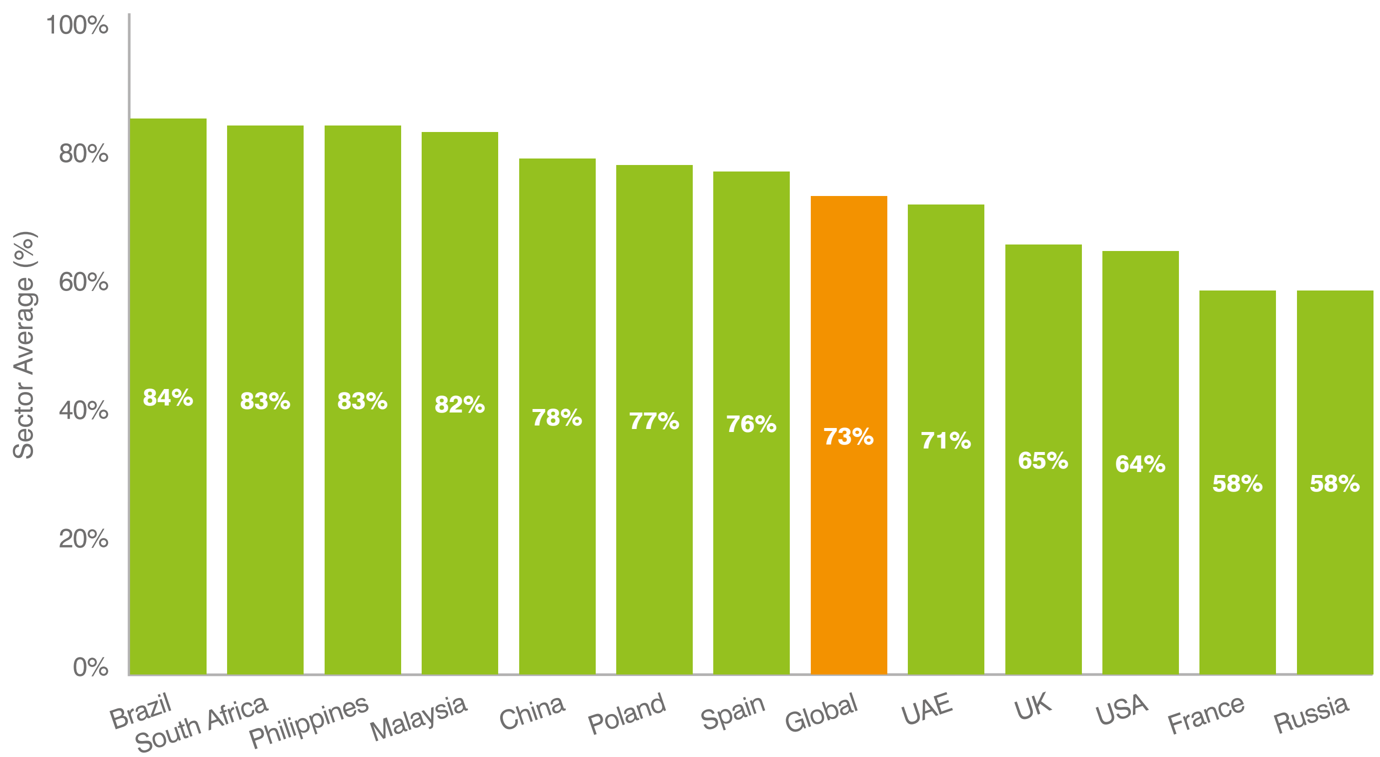
The more that brands build trust, the more trust will be given to us...maybe we're getting to the stage where brands are placing their own restrictions.

Paul Dervan
CMO, National Lottery

Brand Expectations



Average Expectations Across Countries



Benefits of Brands to the Economy.

Brands lead economic recovery

Strong intangible assets are crucial for growth in the modern economy. According to the Brand Finance Global Intangible Finance Tracker (GIFT™) Analysis, between the 2008 financial crisis and the beginning of 2020, global intangible value has grown on average by 13.2% per annum. By contrast, tangible net asset value has grown by 8.4% per annum.

Following the outbreak of COVID-19, total global intangible value had dipped from US$60.6 trillion at the beginning of 2020 to US$38.9 trillion on 1st April 2020, stripping away five years of value growth. Since then, the market corrected itself and total intangible value reached an all-time high of US$65.7 trillion as of 1st September 2020.

The sample included in the GIFT™ Analysis looks at the value of over 55,000 entities – all publicly listed companies in the world – which, by default, are highly branded and care for their reputation more because of the imperative to maintain stakeholder trust and share price.

While the global economy contracted by 4.3% in 2020, these highly branded companies have already bounced back from the decline caused by the COVID-19 crisis and recorded +3.8% growth (from US$116.6 to US$121.0 trillion between January and September 2020), driven by the US$5.1 trillion of intangible value added to their enterprises over the course of this year.

Further demonstrating the importance of brands for economic growth, the top 10 most intangible companies – which include the likes of Apple, Amazon, and Tesla – own the world's most valuable brands and IP, accounting for US$3.6 out of that US$5.1 trillion, or two thirds of the overall intangible value growth among all publicly listed companies.

During the year, the intangible value of these top 10 companies started at US$7.2 trillion, then dropped by just shy of US$1 trillion during the COVID-19 crash, and finally skyrocketed to a total of US$10.8 trillion as at 1st September 2020, surpassing the US$10 trillion mark for the first time in the history of the GIFT™ study.

There is the need to tell the story of the good that we as a business can do - the impact on unemployment and on the landscape of sustainability. This has never been more important.

Frazer Thompson
CEO, Chapel Down

Big brands' role in supporting economies

Despite consumers not being as au fait with the detail of how brands support economies and the businesses within them, there is a high level of understanding among the general public (as well as business leaders and CMOs) of their necessity and benefit. 87% of global respondents agree that big brands make an important economic contribution to their country – at the top end of the scale, 94% of Malaysians agree with this statement. Again, there seems to be a split between the developing and developed nations, with developed nations being, once again, more sceptical about the role of brands.

89% of respondents, globally, believe their favourite brands contribute to the economy through taxes and jobs. 85% of respondents, globally, believe their favourite brands provide good jobs in roles such as marketing, sales, and advertising. Furthermore, 77% of respondents agree that brands treat employees better.

CMOs of course support these arguments fully.

There was less consensus among CMOs, however, on whether such benefits were widely understood and accepted by consumers and other stakeholders. Some felt that the tangible benefits of branding and competition to society as a whole were not always sufficiently expressed. Reassuringly, the general public survey suggests that the vast majority of consumers do acknowledge branding and competition benefits them, at least when it is pointed out. If such sentiments are not always especially top-of-mind, it is a reminder that most consumers do not devote a huge amount of their waking lives to thinking about branding.

Brands are a very important part of a strong, functioning, growing economy.

Damian Devaney
Former Marketing Director, The Coca-Cola Company Ireland

Brands in times of crises

2020 has been a year like no other, putting the nations of the world to the test – from the impact of COVID-19 on economic activity and immediate GDP forecasts, to diminished long-term prospects. Brands can be powerful, helping fuel the engine of economic and social recovery, whether this be directly through repurposing operations to supply essential PPE, or indirectly through taxes. Globally, 79% of respondents answered that brands are helping economies function and recover during the COVID-19 pandemic.

Strong brands support stronger economies which support employment.

Jane Reeve
Chief Communication Officer, Ferrari

Attitudes to Marketing and Marketing Restrictions.

Brand benefits can only be delivered if brands can market themselves

Consumers acknowledge the benefits that brands bring to their lives and expect them to help address social issues. But CMOs naturally argue that in order to deliver these benefits and fulfil consumer expectations, they need to retain the ability to promote their brands. There is little incentive to improve and promote good causes if you are unable to tell the world what you are doing.

Maybe this is sort of sentimental and naïve, but a brand fundamental and branding since it was conceptualised - and certainly professionalised - was there to solve real problems in the world.

Doug Place
CMO, Nando's - Africa, Middle East, South Asia

In France spirits brands are only allowed to communicate about the product intrinsics, and in controlled ways. For example, it is not possible to communicate about our artistic collaborations. I think this is a cultural and aesthetic loss for the consumer, the shopper and even for non-buyers.

Philippe Stadnik
Deputy CMO, Moët Hennessy

Consumers generally accept this, and even if they don't 'love' advertising and marketing - and are sometimes cynical about their claims - the survey clearly indicates that consumers accept the need for them both. Consumers feel able to decipher advertising claims, see through them and still make an informed decision. They certainly accept its role and believe that it is appropriate for brands to promote themselves.

Consumers are more than happy for brands to communicate with them across a variety of channels, including: TV advertising (86%); billboards and posters (81%); brand posts in social media (81%); distinctive or brightly-coloured packaging (87%); advertising on websites (87%). Across all the channels of communication and marketing we asked our respondents about, and across all categories, the levels of acceptance never fell below 83% (sports betting at the lowest).

Strict marketing restrictions paradoxically remove quality control offered by brands

Brands provide a key step in the quality control process. Hefty marketing restrictions threaten this quality control process, which is only set to cause damage to consumers.

Little appetite for sweeping restrictions on marketing

The survey shows that the general public do not generally seek curbs on the most frequent marketing channels, regardless of product category.

There's a larger narrative which is that marketing is somehow manipulative and evil. There may be circumstances under which that's the case, but I think that, in my experience, they are very much the exception and not the rule.

Tony Pace
CEO of Marketing Accountability Standards Board (MASB); Former CMO, Subway

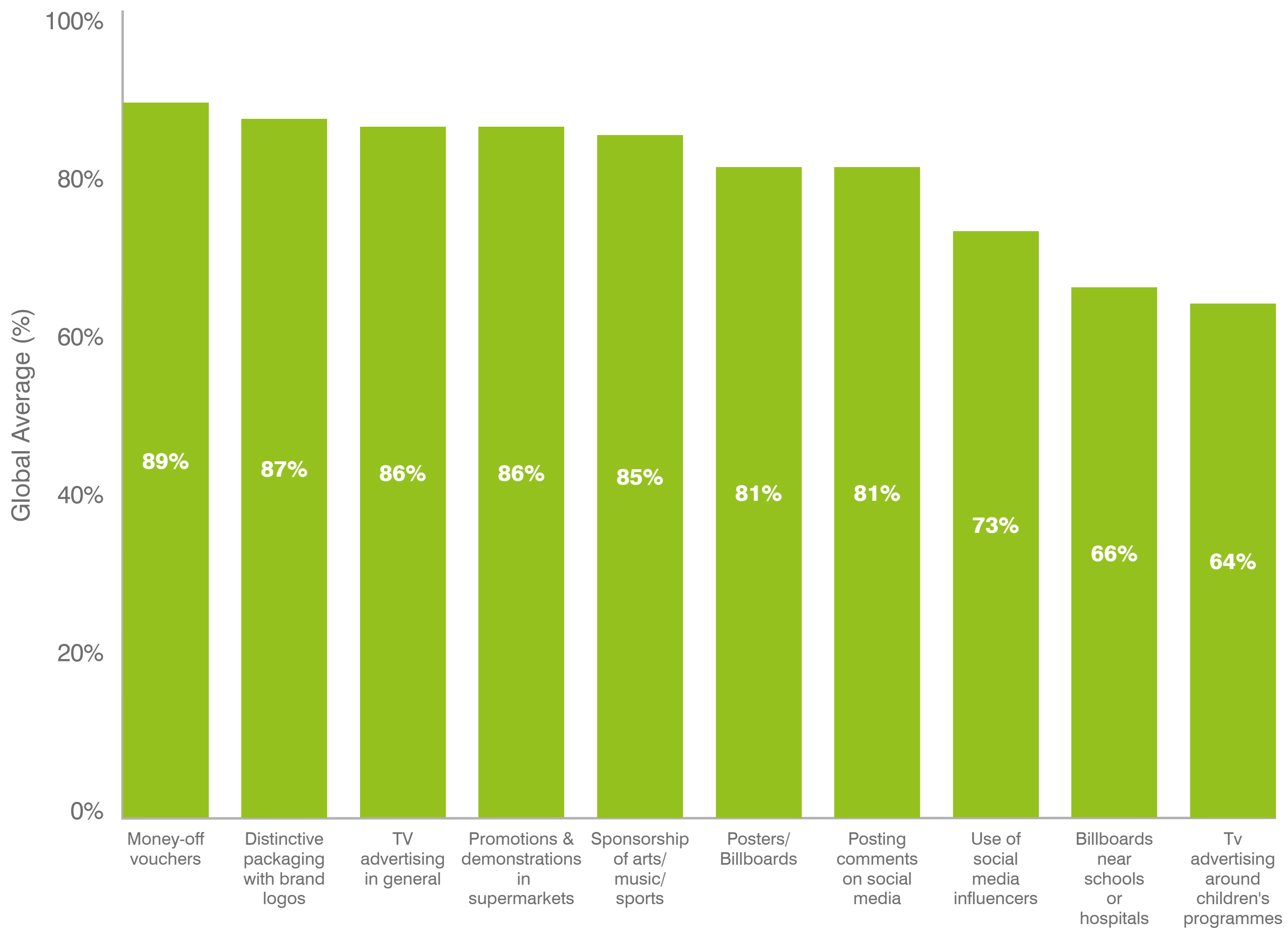
Across the global sample, fewer than 10% of consumers felt that there should be a ban on TV advertising, billboards, in-store demonstrations, or distinctive packaging – with little variation across product category. Typically, a further 10-15% wanted tight regulation, but these were outnumbered by larger groups who felt these channels were not simply 'acceptable', but actually enjoyable/desirable.

For example, for fast food, just 2% of category users wanted a ban on TV advertising, and a further 9%, tight regulation. In contrast, over 40% said they enjoyed TV advertising for fast food (and the remainder felt it was OK and 'acceptable').

Hence there is no clear evidence of an underlying desire among consumers to rein in the volume and nature of brand marketing. While this might be expected for less controversial product categories (e.g. tea/coffee), only for sports betting and alcohol does the picture change – but even here only a minority of category consumers seek tight regulation. Similarly, while it would be expected that marketing activities with an obvious consumer/civic benefit (money-off coupons, arts sponsorship) would be highly tolerated, this acceptance extends to channels such as outdoor/billboards and TV.

Thus, even if some consumers do not readily understand the fundamental link between marketing freedom and delivery of brand benefits (i.e. that if you restrict brand activity, the positive outcomes brands bring will be diminished), it does not mean that consumers want to shut marketing down.

% of Respondents Who Like or Accept Types of Advertising and Marketing Channels



As for CMOs, it is hardly surprising that regulation is disliked and criticised. However, it would be wrong to overstate this. Among CMOs in established, responsible companies, there was little desire for an unregulated free-for-all, and an acceptance that some form of regulation was appropriate.

Several areas of consensus emerged among CMOs:

+ Protection of vulnerable consumers – especially children – is appropriate and necessary

+ Demand-regulating or restricting measures could be appropriate on occasion

+ Regulation must be proportionate

CMOs' main gripe is that much regulation is developed without clear evidence of the purpose and likely outcomes, often with a more political (rather than scientific or social) agenda. They also, on the whole, favour self-regulation as far as possible. This is a laudable position, but for CMOs to obtain it they possibly need to be more vocal, and educate consumers better, regarding the steps being taken to market responsibly. Tangible actions *are* being taken by some brands and industries, but tiny on-pack references and hard-to-find web content may not be doing them justice.

There are already a lot of restrictions on advertising across our industry, which we adhere to willingly, but there is also an awful lot being talked about and considered, that for me, feel far more like political statements and personal opinions rather than being an evidence based conversation. The industry has been and is making great strides in advancing all that it does to protect the consumer. Take Advertising on football shirts for example, it is an important topic of conversation and whilst the spirit of the conversation is all about protecting against underage and problem gambling it is something that needs to be grounded in evidence and a fully rounded discussion that goes beyond personal opinion.

Richard Harris
Chief Marketing Officer, Gamesys plc

Increased taxes lack support

Predictably, perhaps, most respondents across our global survey do not agree that increased taxes are the answer. Globally, on average, only 36% of respondents would support increased taxes across all the categories covered in the survey. Airlines, cars, and sports betting are the top three industries that respondents would support increased taxes for, with the global average at 47%.

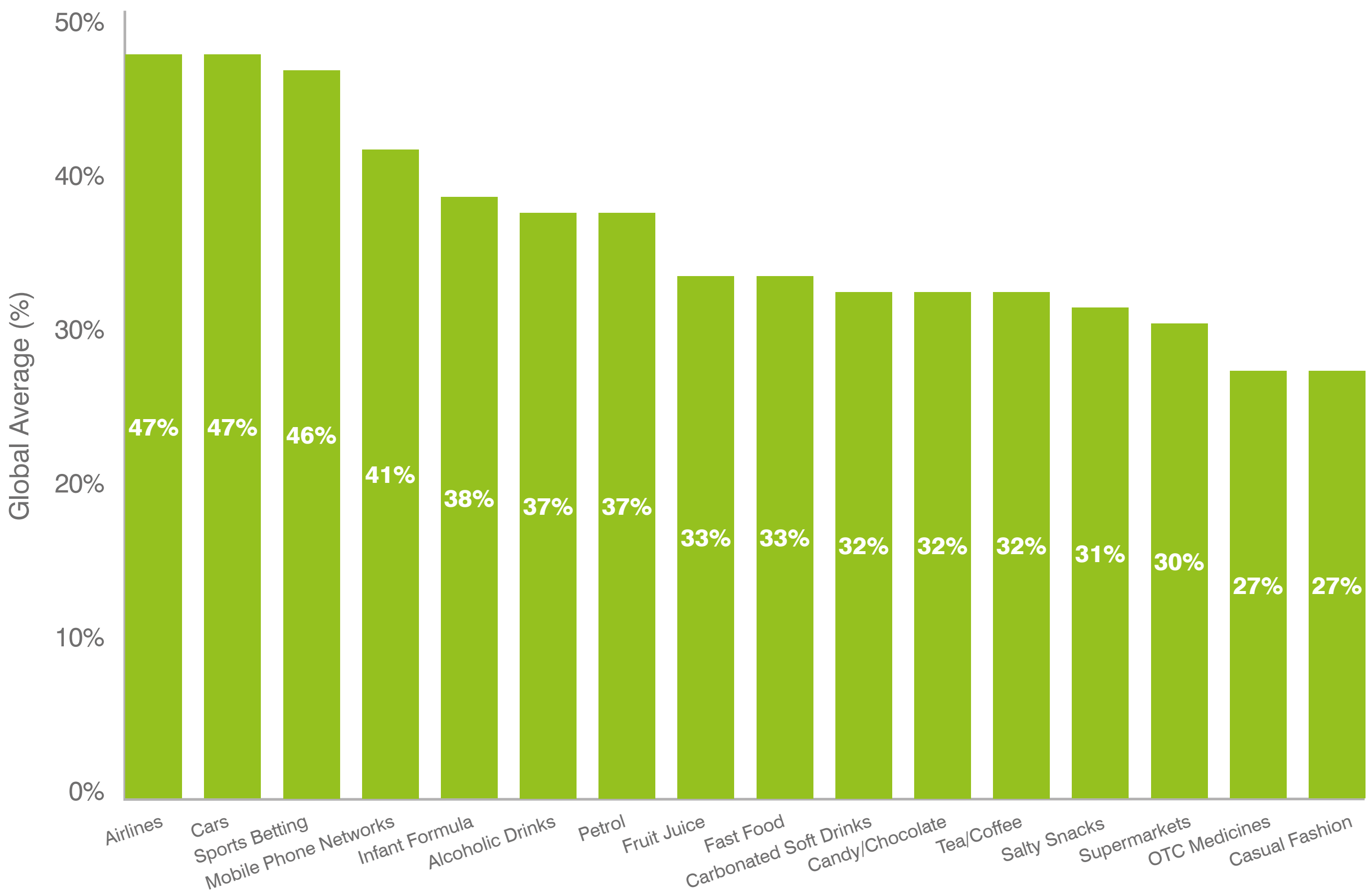
Looking from a country perspective, Chinese respondents are the most supportive of increased taxes (60%) whereas only 25% of Polish people would support higher taxes.

Interestingly, not all CMOs are anti-tax. For premium brands in categories such as alcohol, flat taxes narrow the (percentage) gap between low- and high-price, and encourage choices driven by quality rather than quantity – music to many CMOs' ears.

Rather than tax, a better way would be to ask the companies to use a certain percentage of their profits to go towards social causes. This would avoid the money going straight to governments and would be a better way for corporates to lead of this type of work and bring them in to work on social causes and social issues.

Adeep Gupta
Managing Director, South East Asia, Beam Suntory

% of Respondents Who Support Increased Taxation



I'd be more concerned by restrictions on what we're allowed to say - that feels like thought police - rather than economic policing, which is the privilege of a government.

Frazer Thompson
CEO, Chapel Down

Low-quality and illegal products are made up to look like a regulated beverage, which is confusing and endangers consumers. It is not easy to tell the difference between established brands and illicit products.

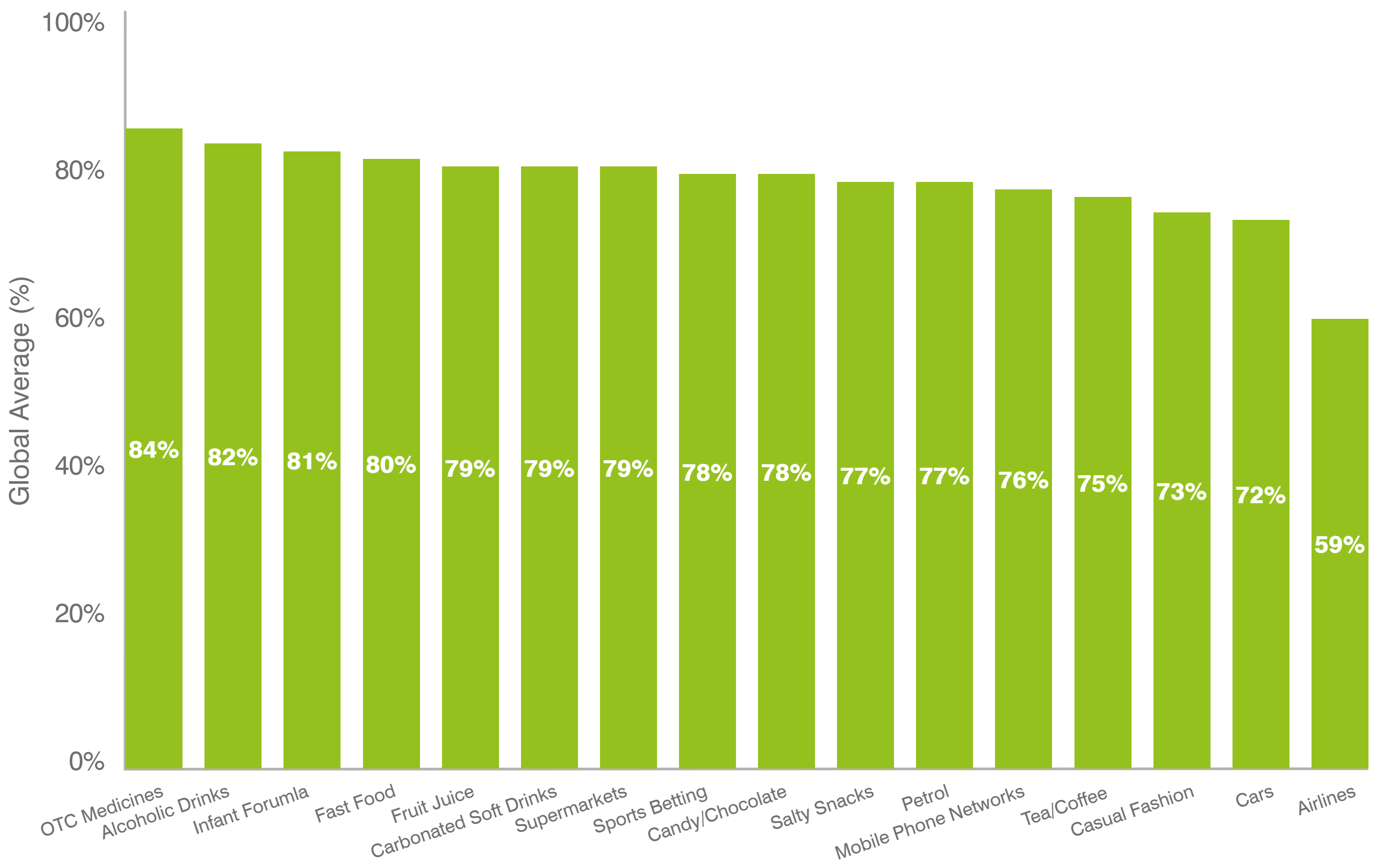
Shiyan Jayaweera
Head of Marketing, Lion Brewery

Marketing restrictions aggravate the illicit trade problem

Another reason that both marketers and consumers are wary of over-regulation is that marketing restrictions, particularly plain packaging, can facilitate fraud and present a danger to consumers.

Consumers emphatically acknowledge (80-90% agreement) the role that brands play in supporting legal sales channels, as well as helping to navigate between real and fake goods – and this brand literacy helps explain why most accept that brands should be allowed to promote themselves in a responsible fashion.

% of Respondents Who Support Health and Environmental Warnings in Advertising



Consumers and marketers accept some specific marketing restrictions

Certain specific restrictions and regulations do have higher levels of latent support. On average across all countries surveyed, 77% of respondents would support advertising of products to include environmental and health warnings. UK respondents demonstrate the lowest support for warnings however, with only 56% in favour.

Unsurprisingly, OTC medicines have the highest support for environmental and health warnings, with 84% globally supporting. Alcohol is the second highest supported category at 82% globally. Interestingly, airlines have the lowest level of support for warnings (59% globally), despite the aviation industry hitting the headlines for its contribution to climate change.

Once again, the numbers are also fairly high in support of government regulations on where, when, and how products are advertised – globally 60% support and 25% oppose. As a country that already operates under high governmental intervention, it is not surprising that Chinese respondents are the most supportive of increased government regulation at 76%.

Specifically, there is higher underlying support for restrictions regarding TV advertising around children's programmes, or for outdoor advertising, near schools and hospitals. Around 50% feel that advertising for alcohol or gambling should be tightly regulated, and 30-40% for products such as fast food or salty snacks.

As noted above, CMOs themselves are not opposed to targeted and appropriate marketing restrictions but argue this needs to be led by the brands and industries themselves.

Attitudes to Marketing and Marketig Restrictions.

The regulation around environmental concerns and labour practices are certainly well-intended. In execution, however, the side effects of these externalities bring restrictions on everyone and not only on offenders. Crude interventions, regardless of their intent, thus don't fulfil the full potential of the maladies they are seeking to address.

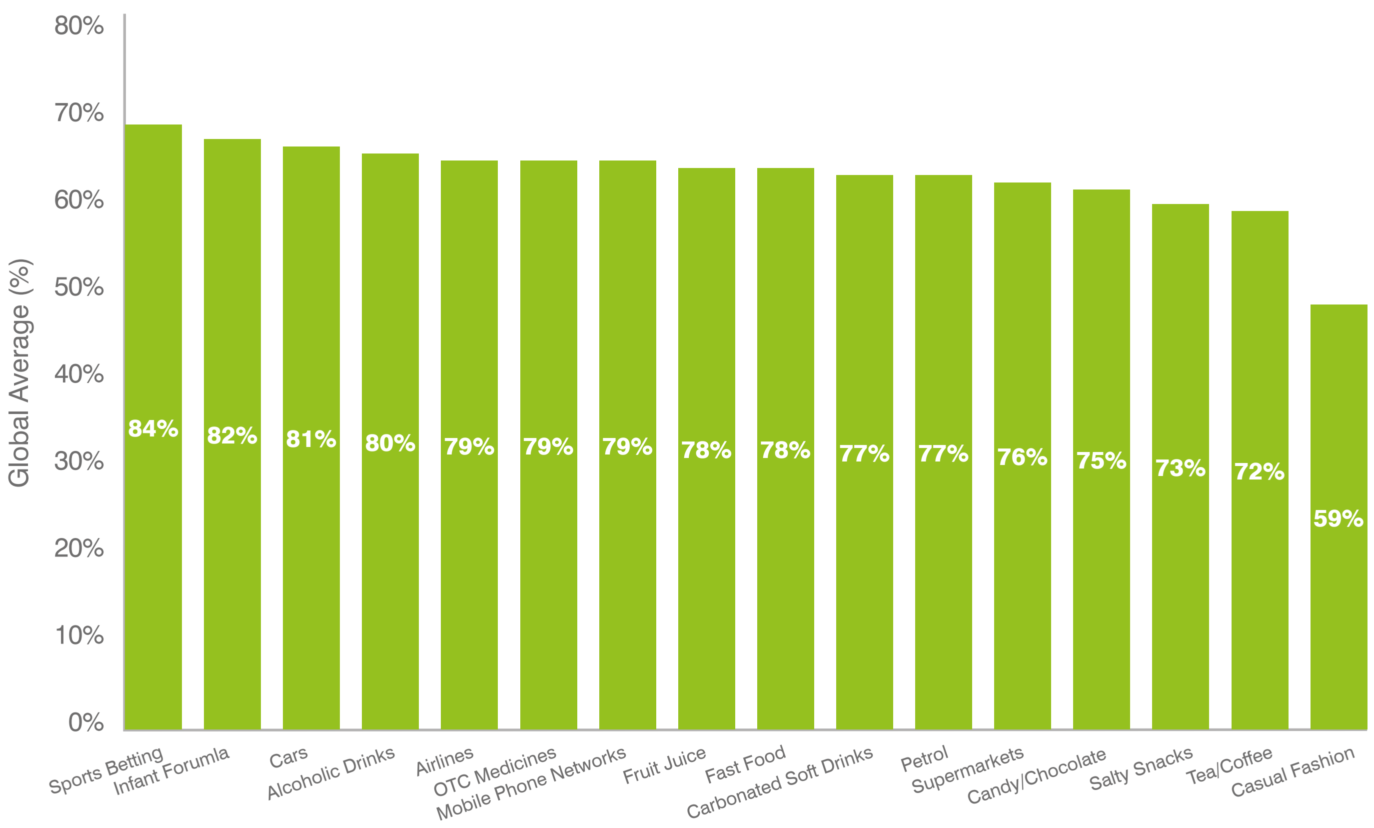
Doug Place
CMO, Nando's - Africa, Middle East, South Asia

Paul Dervan doesn't disagree that restrictions should be put in place, even if they are getting "stricter and stricter". But marketers must ensure that restrictions are targeted and proportionate – it is what consumers generally appear to favour, and will ensure that the 'benefits of branding' can continue to be delivered.

The question to the government is how much can you restrict and where do you stop restricting?

Adeep Gupta
Managing Director, South East Asia, Beam Suntory

% of Respondents Who Support Government Regulations on Where, When, and How Products are Advertised



Steve Axe - Nomad Foods.

Steve Axe
Chief Marketing Officer,
Nomad Foods

Nomad Foods

How have marketing restrictions affected you?
About 85% of our portfolio is a healthy meal choice based on government guidelines - this is far ahead of our competitors - our portfolio is focused on fish, vegetables and plant protein. So, we are far ahead in terms of supplying healthier options across Europe. We are working very hard to make our products better.

We've created our own version of what marketing restrictions should look like - what we regard as responsible marketing to children and how we should tackle issues around diversity and inclusion in our marketing. We actually see our own internal standards as far higher than anything external.

Are you concerned that should marketing restrictions become more onerous in adjacent categories, that there will be a 'slippery slope' effect, whereby more formal restrictions start to impact your sector more severely?
It's pretty clear what the culprits are in terms of categories - salty food, prepared food, carbonated soft drinks, confectionary, and sugar. Once you go beyond that list, there is not that much, the slippery slope pretty much stops there.

Should our expectation of brands simply be that they adhere to the law and act responsibly, or do they have more of a social purpose?
Brands and businesses have always had a purpose. So whether it was a Mars bar, whether it is Elon Musk, every single business started because an individual had a purpose to change the world.

Today, the ambitions and expectations of brands can become disconnected from their sphere of influence and category connection so that they are in danger of becoming disingenuous. Brands need to focus their purpose marketing on what truly matters to their brand, their category and their consumers - all three need to be included. People will buy 'why' you exist - but only if the 'why' is part of your DNA.

Can you tell us about Birds Eye's brand purpose?
Our Birds Eye brand purpose is 'helping our nation eat a little healthier every day'. To this end, our campaigns are focused on encouraging category growth e.g. Eat In Full Colour for vegetables, and Get On Board for fish. They are all messages you would expect from a category leader right now. It is all about growing the category in question and encouraging people to buy into healthier options that are better for the planet.

Image: Bird's Eye

Adeep Gupta - Beam Suntory.

Adeep Gupta
Managing Director,
South East Asia,
Beam Suntory

What are some of the key drivers and motivations behind marketing restrictions?

Rules governing what is and is not permissible are fundamental for markets to function well. In relation to marketing and the alcohol sector, responsible alcohol producers have adopted stringent marketing codes and have been working with regulators over several years to implement rigorous standards on advertising, ensuring that ads do not reach, target or appeal to minors. This also includes the online space, where alcohol producers have teamed up with digital and social media platforms to implement effective safeguards to prevent minors from seeing alcohol marketing online and making it easier for those who do not wish to receive alcohol advertising to opt out.

Health, wellness, and sustainability are increasingly on the minds of consumers, as they should be. Consumers are showing greater interest in holistic wellness and health, and are expecting more information about the products that they choose to consume – whether this be online or via more traditional marketing campaigns. This is why Beam Suntory has committed to invest $500 million by 2030 to promote responsible decisions and positively impact behaviour through brand communications, partnerships, and our Drink Smart platform. By 2030 we aim to engage more than 300 million consumers with messages and tools designed to promote responsible decisions and reduce harmful drinking. Our efforts will be geared towards making information available to help guide legal-age consumers to make informed choices, whether this is by enabling expanded choices through innovations or by providing nutrition and alcohol content information on 100% of our products.

We very much see regulators as partners in our efforts to address harmful consumption of alcohol and are eager to work with them to achieve this shared objective.

How do the problems companies and consumers face differ regarding marketing restrictions?

From a consumer standpoint, pervasive marketing restrictions ultimately limit the information that one has available to make informed and responsible choices about what products one decides to consume. This may also limit information on alternatives that may be better suited for specific individuals. How can I decide what is the more premium and sustainable option, or know about the craftsmanship involved in producing a certain product, if I am not able to readily access information on it, or if 'pricing' becomes the sole differentiating factor?

For companies in our sector, marketing is a tool used to communicate with current and new consumers, introducing new options, differentiating products, providing more information on them and supporting premiumisation trends towards drinking better, not more. When product or category communications are severely restricted, new brands or products may also struggle to find an opportunity to enter a market, hurting consumer choice and favouring incumbents.

Do restrictions deter consumers from consuming these products irresponsibly?

Policies in areas such as education are key to fostering long-term systemic change. The question we should ask ourselves is: what is the objective and are the specific restrictions likely to have the desired impact?

If we take the alcohol category, as a global leader in premium spirits, we're proud to be supporting real progress in reducing harmful drinking. Underage consumption, binge drinking, and impaired driving are at record lows in developed countries. This success has been achieved through hard and continuous work involving public-private partnerships, where governments and businesses have worked together towards a common aim. Communication and education have also been keen in fostering this positive impact. This is why Beam Suntory has committed to invest $500 million by 2030 to promote responsible decisions and positively impact behaviour through brand communications, partnerships, and elevating Drink Smart® – our dedicated platform for communicating with legal-purchase age adults – about making informed, responsible choices.

The best outcomes are achieved when all relevant stakeholders, including governments, consumers, civil society, academia, the media, and the private sector, come together in support of national efforts targeted towards specific outcomes.

Do you think authorities make a case for restrictions on marketing freedoms?

As a founding member of the International Alliance for Responsible Drinking (IARD) we have made significant strides, together with our industry peers, regulators and leading online retailers, to address alcohol-related harm, ensure our advertising is directed at legal-purchase age adults, and combat underage alcohol sales. Communication – and consumer communications in particular – have been key to the success we have collectively achieved.

While we are encouraged by the impact we are having through our efforts, we are fully aware that there is more work to do, and we are committed to helping accelerate it going forward. To turbocharge the progress that has been made, there is a need to adopt a whole of society approach, strengthening the coordination among all stakeholders in order to improve the effectiveness of our combined efforts and empowering individuals with the information they need to make informed and responsible choices..

Richard Harris - Gamesys.

Richard Harris
Chief Marketing Officer,
Gamesys Plc

Gambling is a contentious area, with frequent calls for tighter regulation of marketing, how do you strike the right balance?
It makes me smile because a good amount of noise comes from a small group of parliamentarians. As we know, political advertising is completely unregulated. You can say what you like without any substantiation, you can make up numbers, you do not need to reference the source. We all know that from having all lived through whatever side of the Brexit fence you are on, hence the welcome work of the Coalition for Reform of Political Advertising. I can only hope that the slight hypocrisy here does not go unnoticed given the rigour that exists around Advertising standards and regulation for the industry.

But to address the specific question, it is a really nuanced area and banning different forms of advertising can seem like very easy targets. There are arguments on both sides of course, which I absolutely appreciate. Advertising, marketing and restrictions are one part of it, no question, but the industry has come from a place where perhaps it did not self-regulate enough in the past and things are improving.

There is an awful lot of self-regulation being taken on board, certainly in the last couple of years. For example, the whistle-to-whistle ban on advertising in live sport, where two years ago you couldn't watch a football match without every ad being a gambling ad, that is no longer the case.

Do any countries stand out as having struck the right balance?
Well, in the gambling world, the UK is the most advanced market by a country mile, as far as regulation of advertising is concerned. Things are changing elsewhere, but the UK is by far the most advanced.

What do you see as the key risks of increasing marketing restrictions?
If you remove brand building and the ability for reputable organisations to build credibility, then you put us all on a level playing field with the black market and customers would not know how to differentiate between the two. It is a real concern for this industry. Where we are right now is that the unforeseen circumstances of over-regulation or inappropriate regulation could drive far more unregulated gambling advertising and create far more of a harmful environment for the consumer.

Love it or hate it, TV advertising builds trust and credibility in organisations, it encourages organisations to sign up to higher standards. Without it, where would it leave the consumer being able to differentiate between the good actors and the bad actors? That's not to say that you need to spend millions of pounds to launch a good brand and a good business because you don't, but restricting for the wrong reasons is something that we need to be very careful about.

Shiyan Jayaweera - Lion Brewery.

Shiyan Jayaweera
Head of Marketing,
Lion Brewery

Are marketing restrictions something that concerns you, or are we getting overly anxious about something that really doesn't affect your day-to-day activities?

In Sri Lanka, we have been under heavy restrictions since about 2007 in terms of advertising. So, any advertising and branding that is not at a licensed outlet is banned.

In terms of packaging, we are not at the levels of plain packaging for alcohol yet. However, any packaging must be approved by the regulator, which presents challenges for brands. For example, if we were to market a fruit flavoured beverage, the overt use of coloured fruits on the packaging is frowned upon as it is considered a tool to attract consumers. Now, at Lion beer, the impact of these restrictions is not so drastic because as a brand Lion has a huge market share with a history going back 139 years. But, these restrictions do hamper us from growing the category as it prevents us from launching new innovations and sister brands.

Given that you already face heavy marketing restrictions, what's the next battle you're facing specifically with regards to branding?

There is currently a restriction in place on low ABV beverages, which seems contradictory to government policies on reducing alcohol. Technically, any alcohol beverage cannot go below 4%; that's a government regulation. So now you see low ABV products – even zero ABV products in other markets – but that's not allowed in Sri Lanka. For example, anything below 4% is restricted under the beer category, so we cannot do a zero-alcohol beer in our market. We don't know the reason for that, but it seems counterproductive.

Marketers should definitely be doing more to highlight the importance and relevance of branding to consumers, but at the same time, we need to do it with regulators too. Regulators need to understand why a brand is important beyond just the fact that it makes the packaging look more attractive; that there is actual tangible purpose behind it because it creates trust and recognition among consumers when they see genuine, regulated products on the shelves.

Where does society potentially lose out by these restrictions being so tough?

In Sri Lanka, we have a regulated alcohol beverage market, but there is also an unregulated alcohol market where people take part in illicit trade. For instance, there's a drink called 'toddy' which is fermented coconut, it comes in a bottle with a very basic label but it remains largely unregulated. This is a major issue for consumers when advertising limitations are placed upon regulated brands because there is no trusted visual representation for consumers to differentiate between products. It becomes an even bigger issue in that we can't communicate with consumers about our brand when advertising is banned.

This could get even worse should packaging restrictions get tougher, opening up huge opportunities for illicit trade. While we don't have exact figures on the extent of illicit trade in the country, according to qualitative data, the unregulated market is almost as big as the regulated market. So, on the one hand, we lose revenue and the government loses revenue, but from the perspective of a consumer, they don't know what they're purchasing, or the quality of the product they are putting into their bodies.

Doug Place - Nando's.

Doug Place
Chief Marketing Officer, Nando's - Africa, Middle East, South Asia

Brand owners are being restricted in terms of promoting their brands and businesses. What are your thoughts on these types of restrictions?
A lot of the restrictions that have been placed on brands come from a good place, for instance, those around environmental concerns or labour practices. These are good things – people should be paid a fair living wage and we should leave the world in a better place as a result of our brand. So, I certainly do support the intent of a lot of these regulations and interventions. The negative side is often that these don't deliver on the promises they say they're going to deliver on. Often with these kinds of legislations, they punish everybody while not addressing the real problem. And so, the good guys suffer and the bad guys still profit, which is the total opposite of what policy makers had in mind.

We're not suggesting there should be no regulations at all, we accept – and it's very clear consumers accept – that regulations are often necessary to stop bad things from happening and to encourage positive actions. Are there any specific issues Nando's finds concerning in this respect?
To give another example, we recently had an interesting conversation with a packaging supplier about how moving from plastic bottles to glass in certain situations is worse for the environment because the energy consumption required to manufacture glass and recycle it is far more than recycling plastic. So, on the surface of things, we should ban plastics and for good reason, and there is a strong global narrative promoting environmental sustainability. However, it's a lot more complicated than people realise. We reduced our plastic footprint by about 4,000 tonnes in the last 18 months, mostly through our back of house supply chain. So, it's not something a consumer would ever see. While removing plastic drinking straws is a tiny but highly powerful symbol, it doesn't necessarily solve the plastic challenge.

Through operating on a global scale, do you face the challenge of differing restrictions across various markets?
A very pressing example is our market in the Middle East. We can't make changes to pricing on our menu without government approval in many cases and that can take six months to a year. If you have a situation like we have now – i.e. inflation borne on the back of a global pandemic or collapsing oil prices – there's there's very little we can do to help our franchise partners through menu pricing. So, while this regulation was born out of wanting to protect the consumer from greedy price inflation, it isn't effective in protecting our business model from macro shocks. Ironically, if we had free market in these regions, prices should self-regulate.

Jane Reeve - Ferrari.

Jane Reeve
Chief Communication Officer, Ferrari

How would you articulate the benefits of brands to society?
All brands act as a guarantee of quality. To live up to that guarantee, you need capital and the right people, so the creation and maintenance of brands leads to investment and jobs. If you are looking at the big picture of the economy right now, that is no small implication.

Ferrari's values include tradition and innovation. So, in living up to our values there is major investment in technology and equally, the commitment to tradition, means we are keeping artisanal skills and craftsmanship alive.

Do you think that these benefits are widely understood and acknowledged within society?
Probably not enough, because the brands themselves don't talk enough about it. Brands should make sure that they are opening a dialogue. People don't just want to know what you produce but how you produce it. It's a conversation piece, that wasn't so important years ago, but one that has now become crucial.

Do you think there are any particular markets or countries that are pursuing marketing restrictions particularly aggressively?
We live in a global village because all brands have an impact at a worldwide level these days. I think it would probably be wrong for brands to think in a localised way because the impact they can have is by definition international.

Do you think restrictions on marketing should be the brand's responsibility, or should it be, for example, governments imposing these restrictions? Who do you think the main responsibilities should lie with?
There should be joint responsibility and there needs to be dialogue and an exchange of information between the two sides. Often regulations are imposed on brands without sufficient understanding of their business and the implications. I don't think imposing directly without that understanding is the solution. It has to be a conversation between brands and governments and there has to be common sense in the application.

Do you think marketing restrictions are an issue purely for marketing, financial teams and corporate management or should this go wider?
Well, this is something that touches all parts of the company down to the people who develop the products and how the products are being developed in the first place. The more people involved, the more likely you'll be able to foresee issues before they arrive.

Philippe Stadnik - Moët Hennessy.

Philippe Stadnik
Deputy Chief Marketing Officer, Moët Hennessy

Moët Hennessy

To what extent do marketing restrictions make your role more challenging?
According to Mr Arnault, at LVMH, “we don't do marketing, we create desire”. For example, Hennessy is collaborating with artists to not only promote our products, but to also bring a culture value to the public. In certain countries, where regulations are strict, it is illegal to communicate and showcase this creativity.Communicating about these beautiful artistic creations can be a challenge.

Are there any other specific kinds of regulations that are particularly problematic or unfair?
The French one is an example, the notorious Loi Evan law.

In addition to the creative and artistic loss that I mentioned, there is also a risk of cultural and social loss. For example, the United States is our number one market for Hennessy. For many African Americans, and especially within hip-hop culture, Hennessy is way beyond a brand, some people even tattoo the bottle on their arm. We want to return the support that the community has shown us, and so in our campaigns we try to celebrate African American culture and success - for example, our spotlight on cycling champion Marshall “Major” Taylor or chess Grandmaster Maurice Ashley. If regulation of the kind you see in France and Russia were to compromise that, it would be a real shame.

How can brands better communicate their ability to do good?
Through the way a brand behaves it should prove its value to a tribe of people, to a culture. During COVID-19, some of the Hennessy brands invested invested in a program called ‘Unfinished Business’. Hennessy offered financial support to small business owners to help tackle the effects of the lockdown, and also supported bartenders. They were challenged to create content and were rewarded for this.

Do you have any final thoughts you would like to share?
In this debate, I think balance is key. When it comes to marketing regulation of alcohol, you need some rules of the game. Too little is no good, not everything should be allowed, but equally, too much is no good either.

Frazer Thompson - Chapel Down.

Frazer Thompson
CEO,
Chapel Down

CHAPEL DOWN
TENTERDEN ENGLAND

In your opinion, what positive social role can brands play?
Brands provide a valuable service to consumers. There is a basic reason that most consumers prefer the reassurance of branded products because they can understand the promise at its most simple level. It has to deliver, or it isn't a brand.

Brands can also prick social conscience, they have a role in being able to shift people's perceptions about industries and may even have a role in terms of shifting perceptions about society. Active brands with depth can change the way people behave. At my company, we want to change the way people think about English wines forever. Businesses and brands need a bigger purpose than to simply to make money. Making money is no longer the sole reason shareholders will invest in your business.

Is there a role for further restrictions on the sale and marketing of alcoholic beverages?
There needs to be some restraint. On the other hand, there has to be latitude to tell people there are small luxuries in life - and alcohol is one of them - and that alcohol in moderation is no bad thing. On the other hand, the active encouragement of potentially irresponsible consumption is plainly wrong. In France, of course, there is a ban on alcohol advertising, so we have an idea about what the impact of such restrictions would be elsewhere. Increasingly, the world is now connected. You can't just ban advertising in France and expect people not to know what a bottle of Heineken is all about. There are other ways of regulating alcohol that can be done and that are done. In my opinion, tax is the correct route. I would rather see restrictions placed on us by the central government on the price that we are able to charge, rather than on the way in which we communicate. So, the UK government and most Nordic governments use tax so that there is a proportionate benefit for something that is that seen to cause societal issues. It also makes premium products relatively better value! I'd be very concerned about further restrictions on free speech, rather than economic policing which is the privilege of government. Brands have a responsibility to ensure that we do not miscommunicate or abuse the privilege that we've been given.

What are some of the negative consequences of marketing restrictions?
Well, an interesting example is the Loi Evin, which effectively prohibits alcohol advertising in France. It makes it harder to launch, for example, other wine brands in France, so aids protectionism and stifles innovation. In the UK, you've seen the genesis of a whole new wine region over the last few decades, which would not have been possible without the ability to market the product.

Image: Chapel Down, 2020

Research Design and Methodology.

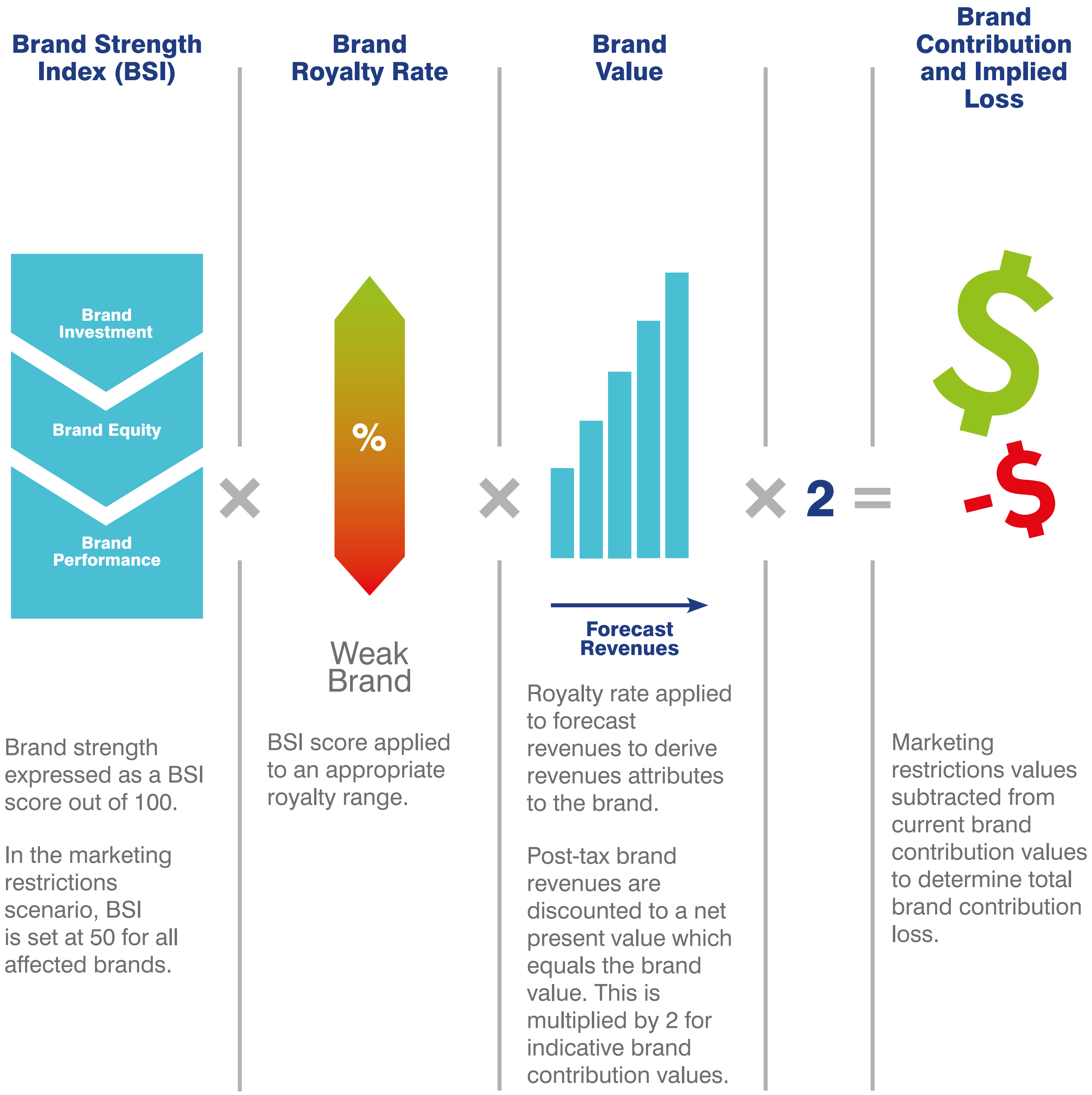
Brand Valuation and Contribution Loss Analysis Methodology.

Brand Finance's proprietary valuation methodology was adapted to consider the impact to brand and enterprise value in the absence of certain branding elements as a result of marketing restrictions, especially plain packaging and limited advertising.

Brand Finance uses the royalty relief method, a variant of the income approach to brand valuation. Under this method, brand value is represented as the net economic benefit that a licensor would achieve by licensing their brand in the open market.

Brand Strength Index (BSI)

Brand Finance assesses the strength of a brand using a balanced scorecard of metrics evaluating marketing



investment, stakeholder equity, and business performance, known as the Brand Strength Index (BSI) to determine a score out of 100 for each brand. 50 is used as an industry average score – if a brand's performed well, it will have positive influence to the BSI and will result in a score above 50. A weak brand usually commands a BSI score approaching 50. We assumed that in the absence of branded packaging and with limited brand advertising, the score would be 50, the industry average, in order to keep the assessment of loss conservative.

Brand Royalty Rate

The BSI score is used to set a royalty rate that the licensor could charge for licensing their brand. Brand Finance determines a royalty range for each specific industry, from 0% to a maximum percentage, based on the importance of brand to purchasing decisions in that industry. In luxury, the maximum percentage is high, in extractive industry, where goods are often commoditised, it is lower. The range is determined via reference to comparable real-world licensing agreements for that industry. To determine the royalty rate for a specific brand, the BSI score is applied to the relevant royalty range. A BSI score of 50 and a royalty range of 0% to 4% would mean a royalty rate of 2% for that specific brand.

Brand Value

The royalty rate is applied to a forecast of future revenues. The resulting figures are then discounted back to net present value to determine the value of the brand. Since this methodology calculates the value of the brand to the owner and licensor of a brand but not the operator and licensee, a modifier was used to calculate brand contribution, which is the total value to a company that both owns and operates a brand.

Brand Contribution & Implied Loss

A rule of thumb in many licensing transactions is to calculate the uplift that would be created by a brand's use and then split it 50:50 to start negotiations. Taking this assumption into account, the brand value was doubled in order to calculate the brand contribution. We identified alcohol, sugary drinks, confectionery and savoury snacks as potential targets for marketing restrictions legislation. For the analysis, nine major, listed international companies, predominantly from the Global Fortune 500 list, with multiple brands in at risk sectors were sourced as case studies. The companies analysed were AB InBev, The Coca-Cola Company, Diageo, Heineken, Mondelēz International, Nestlé, PepsiCo, Pernod Ricard and Treasury Wine Estates.

When studying each company, we looked at all brands in the portfolio, with the largest brands representing at least 80% of each company's revenue analysed individually and the smaller brands analysed collectively. Based on the branded products' segment, brands were judged as belonging to the affected categories (such as alcohol, sugary drinks, confectionery and savoury snacks) and unaffected categories (such as those operating in still water or yogurt). The brands in the affected categories were analysed with BSI scores based on the present situation first, and then with scores tapering down to 50 over the five-year explicit period, to represent a phased marketing restrictions scenario. The combined difference in brand contribution between these two sets of information is the total loss to brand and therefore enterprise value.

Industry Brand Contribution Loss Analysis

The industries that will be exposed to the Brand Contribution Loss the most are: Soft Drinks, Spirits, Beers, Champagne & Wines, Confectionary & Salty snacks.

We will use individual sectors' brand data from the 2021 Brand Finance Global 5,000 Database to conduct the analysis. For example, for Beer sector, we will download the whole sector's global brand valuation data, and apply the brand contribution loss analysis based on the plain packaging and limited advertising scenario of AB InBev and Heineken as an estimation, to work out the influence of marketing restrictions on the whole sector.

Food sector contains portfolios that mainly contain healthy brands (such as Dairy portfolios like Danone), so the analysis will be less accurate, therefore we won't include this sector in the Industry Brand Contribution Loss Analysis. However we will assess the Industry Brand Contribution Loss of the Confectionary & Salty snacks instead.

How the Research was Conducted.

Methodology – General Public

An online survey was conducted among 6,337 adults aged 18-75, across 12 countries. As such, our sample is representative of the online population of each country.

In markets with high internet access and very large online research panels (above 85% across all age groups, and even higher among the age group covered in this research), correctly structured online samples can be deemed to be representative of the population as a whole. This applies to France, Spain, UK, USA.

Fieldwork Method

Surveys were conducted among people drawn from established online research panels. Panel selection and management was conducted by our fieldwork partners, Savanta.

Quotas were applied by age, gender and region – in line with the online population profiles of each country. In addition, in several markets the samples were weighted (adjusted) to ensure that the numbers of respondents with a degree-level education is in line with the (online) population.

Questionnaire

The survey covered a range of topics on attitudes to brands and marketing, including:

+ Satisfaction with how big brands treat customers and employees
+ How brands are chosen across various product categories (brand, price, design etc.)
+ Extent to which consumers like/love and differentiate between brands
+ General attitudes to brands, marketing and advertising.
+ Understanding of brands' economic contributions.
+ Expectations of brands in addressing a range of social and environmental issues.
+ Appropriateness of different forms of brand marketing (advertising by channel, packaging, discounts, etc.), and whether further regulation is required.
+ Attitudes towards specific marketing restrictions (plain packaging, restrictions on advertising, etc.)
+ How people find out about new products

*Please contact Brand Finance at enquiries@brandfinance.com, if you would like more details on our methodology.

Country	Sample Size
BRAZIL	556
CHINA	541
FRANCE	524
MALAYSIA	514
PHILIPPINES	531
POLAND	511
RUSSIA	629
SOUTH AFRICA	503
SPAIN	503
UAE	504
UK	502
USA	519

Industries

FRUIT JUICE
SALTY SNACKS
ALCOHOLIC DRINKS
SUPERMARKETS
FAST FOOD
OTC MEDICINES
CARBONATED SOFT DRINKS
CASUAL FASHION
SPORTS BETTING
PETROL
INFANT FORMULA
MOBILE PHONE NETWORKS
CANDY/ CHOCOLATE
AIRLINES
TEA/ COFFEE
CARS

CMO Interviews.

Name		Company	Country
Steve Axe	Nomad Foods	CMO, Nomad Foods	
Brian Crean	DIAGEO	Former Senior VP Global Marketing, Diageo	
Paul Dervan		CMO, National Lottery	
Damian Devaney	Coca-Cola	Former Marketing Director, The Coca-Cola Company Ireland	
Adeep Gupta	Beam Suntory	Managing Director, South East Asia, Beam Suntory	
Richard Harris	gamesys group	Chief Marketing Officer, Gamesys Plc	
Shiyan Jayaweera	LION	Head of Marketing, Lion Brewery	
Tony Pace	SUBWAY MASB	CEO of Marketing Accountability Standards Board (MASB); Former CMO, Subway	
Doug Place	Nando's	CMO, Nando's - Africa, Middle East, South Asia	
Jane Reeve		Chief Communication Officer, Ferrari	
Fernando Rodrigues	MARS	Brand Director, Skittles/Lifesavers, Mars	
Philippe Stadnik	Moët Hennessy	Deputy CMO, Moët Hennessy	
Frazer Thompson	CHAPEL DOWN TENTERDEN ENGLAND	CEO, Chapel Down	

Brand Finance's global network identified and recruited 13 CMOs who are currently or were recently overseeing brand marketing in leading organisations in the sectors covered by this report (FMCG, alcohol, casual dining, cars, gambling).

The individuals are listed on the left hand page.

In-depth interviews were conducted by Brand Finance insight and communications managers, covering their attitudes and concerns on the main topics of this report:

+ The contribution brands make to economic and social wellbeing – and the extent to which this is acknowledged by consumers and other stakeholders

+ Concerns about marketing restrictions, and the extent to which this restricts brand-building (and thus limits positive outcomes derived from brands)

Local Perspectives on Marketing Restrictions from the Brand Finance Network.

Africa.

Jeremy Sampson
Managing Director,
Brand Finance Africa

Brands have become industry scapegoats. We all know that brands have a variety of purposes, ranging from financial to emotional. They develop into substantial assets for the businesses that own them, creating interest, loyalty, a premium margin, and relatively stable cash flow. A brand is a commitment that is made and maintained.

Off the curve regulators are wallowing in the wake of the internet revolution. After all, who had heard of Teams or Zoom at the start of last year, let alone used them? It doesn't help that regulators often operate in silos rather than creating one universal 'code of conduct'. Like many people who find themselves out of their depths, the authorities are beginning to thrash out.

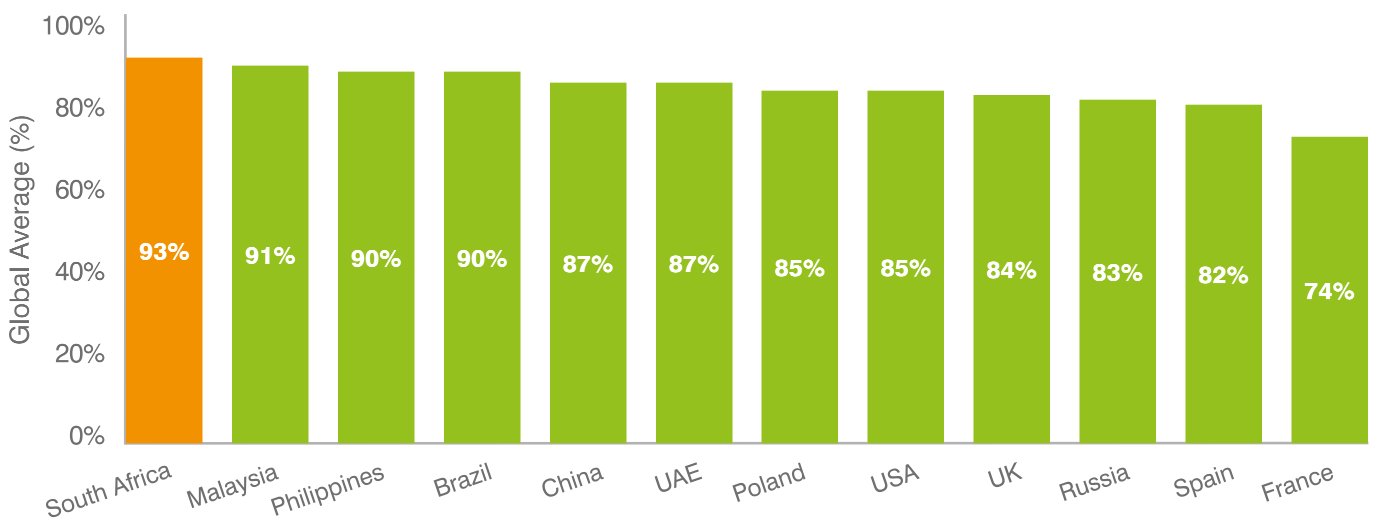
Plain packaging, for example, not only wipes out hugely valuable trademarks but plays right into the hands of counterfeiters with no guarantee of product controls, putting the most vulnerable consumers at risk.

Additionally, when regulators attempt to play catch-up with a heavy-handed approach, brands also become victims. Do Amazon and Facebook really have so much control that they should be split up? Is it fair to fine brands for establishing or dominating their markets, and what exactly is the criterion used for defining 'too powerful'?

Digitalisation means all brands have the potential to be global, irrespective of where they are domiciled. For instance, the COVID-19 vaccine marketed by US pharma giant Pfizer, was created by a German company, headed by a couple initially from Turkey, and manufactured at Belgium facilities. Other vaccines developed in the US are being produced in India, China, and worldwide.

Microsoft CEO Satya Nadella recently noted that he had experienced more digital change in the last three months than he had in the previous three years. More disruption happened in 2020 than during the last century, and the impacts thereof will be felt for the remainder of our lives. The future is now, and this is the new normal.

Global responses to the question: I enjoy using my favourite brands, and I'd miss them if they were taken away



Asia Pacific.

Samir Dixit
Managing Director,
Brand Finance
Asia Pacific

Given the importance of brands in the soft drinks market, the packaging and trademark restrictions in the beverage industry could have a catastrophic impact on the companies' overall enterprise value.

As this study indicates, the total implied loss to The Coca-Cola Company alone due to packaging and trademark restrictions would be upwards of US$57.0 billion across their portfolio, with their flagship brand alone suffering a potential loss of over US$40 billion of their branded business value. A pretty scary thought for investors.

Packaging and trademark restrictions are no longer just a potential threat. They are fast becoming a reality, forcing brand owners to navigate dangerous regulatory tides. The logic for governments imposing these restrictions is often ill-defined and ill-conceived, based on a flawed and partial analysis.

Since the role of governments is to protect their citizens, they should also protect them from harmful products and ensure that citizens are accessing products that fit high quality guidelines. Governments should also inform their citizens of the risks associated with the consumption of certain products.

There are several ways in which governments can do, ranging from making products illegal, imposing age restrictions, improving education on the harm of unhealthy products, promoting exercise and a healthier lifestyle, and even restricting the promotion of certain products.

However, it is not the government's place to essentially ban freedom of choice, which is exactly the consequence of imposing severe marketing restrictions and plain packaging. Branding is fundamental to commercial freedom and critical to competition in the market.

Decisions around trademark and marketing restrictions needs to be carefully thought out and governments need to understand where to draw the line.

Australia.

Mark Crowe
Managing Director,
Brand Finance Australia

The regulatory environment for marketing and advertising in Australia has historically leaned towards a system of self-regulation. This strategy is based on the principle that in a free, democratic society, marketers ultimately need to operate in a way that is acceptable to the public and prevailing community standards.

Australia's advertising industry's self-regulatory system has been operating since 1997. It is a system that prides itself on high governance, integrity standards, and cost-effectiveness. This system includes an adjudication of complaints from members of the public.

Yet, at the same time, the Australian government will legislate where it believes direct intervention is essential. The continuation of self-regulation will be reliant on a system that evolves to maintain a rigorous set of standards that enjoy businesses and consumers' confidence and respect.

As marketing becomes increasingly digitalised, brands will be less driven by self-regulatory requirements and more by the overriding need to meet functional consumer needs in a way that reflects their values and aspirations.

Brazil.

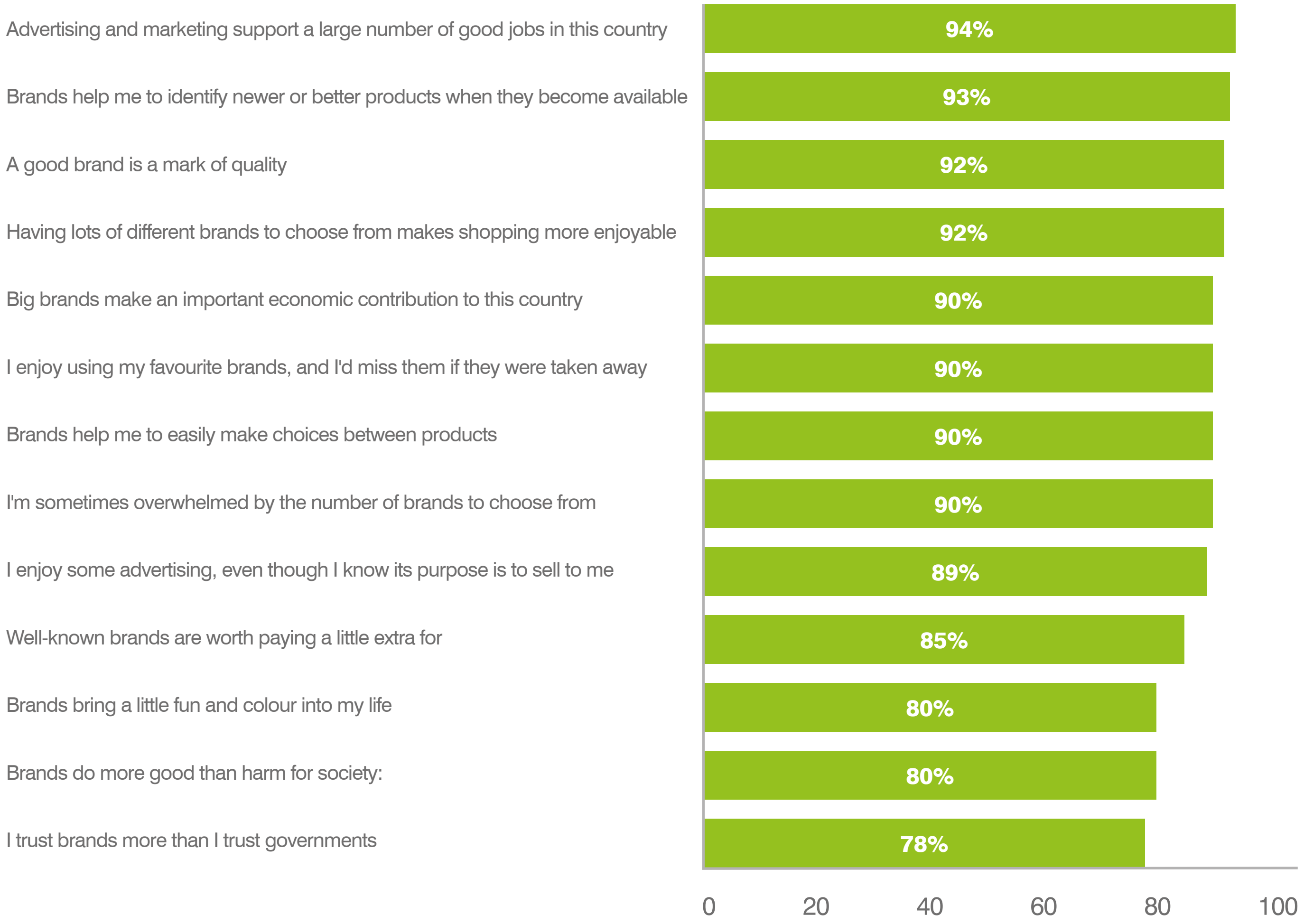
Eduardo Chaves
Managing Director,
Brand Finance Brazil

The benefits of brands for society are diverse: they can create relationships and build personalities, be a point of parity and differentiation, present consumption patterns, and encourage environmental and social responsibility. Brands help create experiences and build consumer culture across the globe. The main benefit of brands is to present a clear purpose in line with people's desires, thus delivering value.

In Brazil, the marketing regulatory agency CONAR aims to limit marketing performance in some areas, including tobacco and alcoholic beverages, or even toys and products intended for children. CONAR regulates marketing activities to promote conscious consumption and the protection of national public health. It also aims to protect Brazilian advertising and control the sector, creating rules for the realisation and ethical placement of advertising.

I see that there are differentiations between more mature and less mature markets concerning CONAR charges. Some markets seem to be more regulated than others, and there is still no equal performance in several sectors. The regulation is necessary to protect everyone; however, it needs to be well thought out and articulated so that it is not harmful to companies and their brands.

Brazilians' Opinions About Brands



France.

Bertrand Chovet
Managing Director,
Brand Finance France

In France, Green Party politicians are battling consumerism, listening to calls from a portion of the population for reform. It's about prohibiting ads from city centres to minimise visual noise and re-orienting messages to promote sustainable practices. To date, it has created a fierce debate.

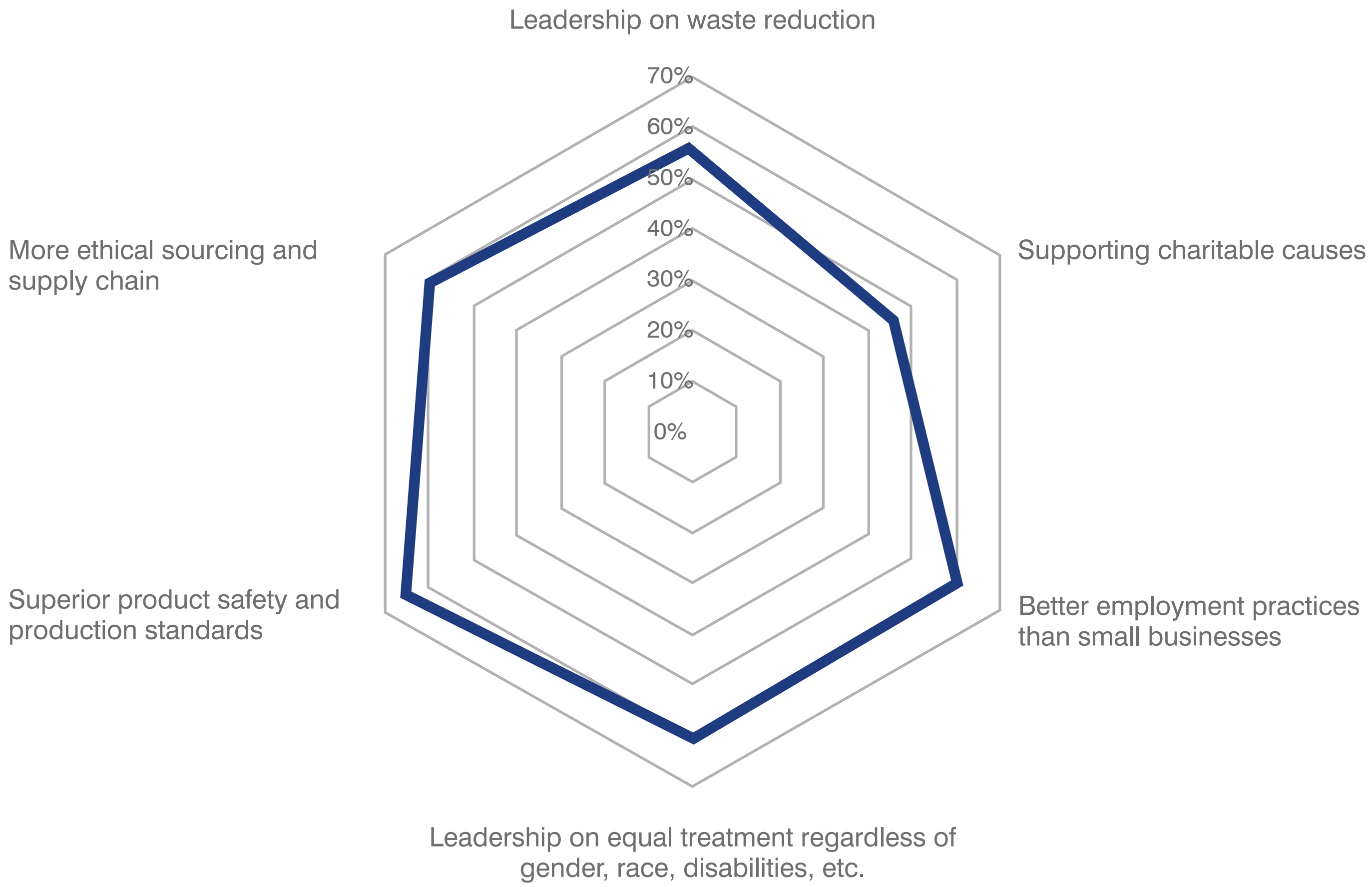
For example, the city of Grenoble had decided to ban JCDecaux, then revised its position given the budget contribution to city development from advertising. The same happened with SUV campaigns, despite them being strong profit contributors to the auto industry, which needs cash to address mobility reinvention.

With COVID-19 shrinking global economies, advertising bans or increased regulation could create a considerable threat to our financial recovery, unemployment levels, and worldwide competitiveness.

Brands have never been so dedicated to answering employee and customer needs while challenging the status quo.

For example, Carrefour with Act for Food or Engie with #JagieAvecEngie – both playing their part and initiating the expected societal change. Brand purpose, brand repositioning, employee engagement, rationalisation of brand portfolios, and brand activation are the drivers of transformation.

What French People Expect from Brands



Ireland.

Simon Haigh
Agent,
Brand Finance Ireland

In August 2020, over 700 industry leaders tuned into a live online seminar – Branding: Vital for Ireland's Economic Recovery – which was jointly hosted by The Institute of Directors in Ireland and The Institute of Advertising Practitioners in Ireland (IAPI).

All the speakers urged other leaders to take the widest view of their brand and not to abdicate responsibility to the marketing department alone – brand health should be an executive and financial imperative.

All the speakers agreed that doing the right thing by the Irish public and consumers has not only been a huge boost to the internal morale, but it has positively impacted their business commercials

A large proportion of Ireland's leading brands are in the FMCG and alcoholic beverages sectors, where current regulations seek to both meet the needs of customers and protect public safety. Yet, on the flip side, these regulations can be quite onerous, such as public advertising. A pragmatic approach is required in Ireland.

William Lavelle, Head of the Irish Whiskey Association, commented: "Some of the measures included in the Alcohol Bill are excessive, impractical, disproportionate and in some cases, just ludicrous. Irish whiskey distilleries attracted 814,000 paying visitors last year, over 90% of whom were overseas tourists."

Paul Kelly, CEO of Fáilte Ireland (Ireland's tourism trade support body) believes that brands "belong to customers and as a CEO, you need to see yourself as the custodian of your brand".

David McRedmond, CEO of An Post, urged Irish business leaders to use the COVID crisis as an opportunity to test the muscle power of their brand, and to use the "remarkable, unparalleled talent available in the media and creative industries in Ireland". He believes "great brands are born or revived in a crisis. A crisis gives brands a burning platform on which to reinvigorate the entire organisation"

Italy.

Massimo Pizzo
Managing Director,
Brand Finance Italy

Instead of going for the nuclear option of full marketing restrictions, smart regulators resort to information campaigns. This could be in the form of clear labelling, which while informing the customer, does not infringe on the freedom of marketing and advertising and therefore, does not negatively impact all the positives that brands bring to the consumer.

For over 15 years, The World Health Organisation has emphasised that "consumers require accurate, standardised and comprehensible information on the content of food items". To respond to this call, the European Union is trying to adopt a common labelling standard for member states easily understood by consumers.

Two fronts have developed among EU countries, one that points to the extreme simplicity of information and another more oriented to slightly less immediate but more complete information.

Specifically, a group of countries, including France, Germany, and Spain, are adopting the French Nutri-score system. This labelling system is based on a scale of colours and letters ranging from A-Green to E-Red, in which green means very healthy and red unhealthy. Based on 100 grams of product, it calculates nutritional content to prioritise fibre, protein, fruits and vegetables, limiting calories, saturated fatty acids, sugars, and salt.

Then there is Italy - supported by countries such as Greece, Hungary, and the Czech Republic - which has proposed NutrInform Battery, an alternative system less penalising than the typical POD or PGI products. This system does not judge whether the food is healthy or not but rather indicates the weight of the food components in relation to the optimal quantity that one should consume daily. No food is good or bad, it all depends on the amount consumed.

Another node is the quantity of food to refer to – i.e. whether it is better to adopt labelling with data referring to a standard amount, such as 100g for any food product, or to a variable portion, which will naturally depend on the type of product. The two systems diverge on this: Nutri-score is based on 100g, while NutrInform, on a normal portion.

On the one hand, the standardisation of quantity facilitates comparison; on the other, it results in misleading the consumer. For instance, 100ml of Coca-Cola is significantly lower than the amount a person typically consumes. In comparison, 100ml of olive oil for dressing or 100g of Parmigiano Reggiano on pasta is excessive for personal use.

In all this, the difference in the two systems' approach is quite evident; Nutri-score is more straightforward, but in many cases too superficial, while NutrInform requires more attention from the consumer but communicates more complete information. Which one to adopt depends a lot on the level of maturity of European consumers. Are Europeans able to choose based on data, or do they need someone to decide for them?

Romania.

Mihai Bogdan
Managing Director,
Brand Finance Romania

Brands enjoy a particular status in post-communist countries in Eastern Europe, following the grey decades of communism, when the lack of differentiation in all aspects was elevated to ideological status and state policy. Understandably, after the 1989 revolutions and the advent of the free market, brands – both the Western imported and the locally grown – became the tangible expression of choice and freedom.

Thirty years later, there is no noticeable fatigue in society's approach to brands – moreover, civil society has realised it can harness the power of commercial brands for the greater good, rather than shunning their existence.

Notably, in 2017, Romania was in turmoil as the governing party attempted to subdue the justice system, and corruption was rife – and, while hundreds of thousands of people were protesting in the streets, two national TV channels were distorting the facts and manipulating public opinion by presenting the bona-fide protesters as "foreign agents". When the independent journalist association, Frontline Club, appealed to over 100 brands to boycott the TV stations, most of the brands responded by withdrawing their advertising budgets, thus forcing the culpable broadcasters to revert to a balanced and fair view.

Events like these, corroborated with general CSR trends, may signal branding to have a more prominent role in the social fabric – a beneficial trade-off with governments more willing to support and protect the branded ecosystem.

Spain.

Teresa de Lemus
Managing Director,
Brand Finance Spain

The end of 2020 saw further announcements of new advertising restrictions across Spain. Not only a revision of the PAOS Code by creating a score for food advertising, but also a complete ban on all advertising directed towards children if the score revealed the product to be unhealthy.

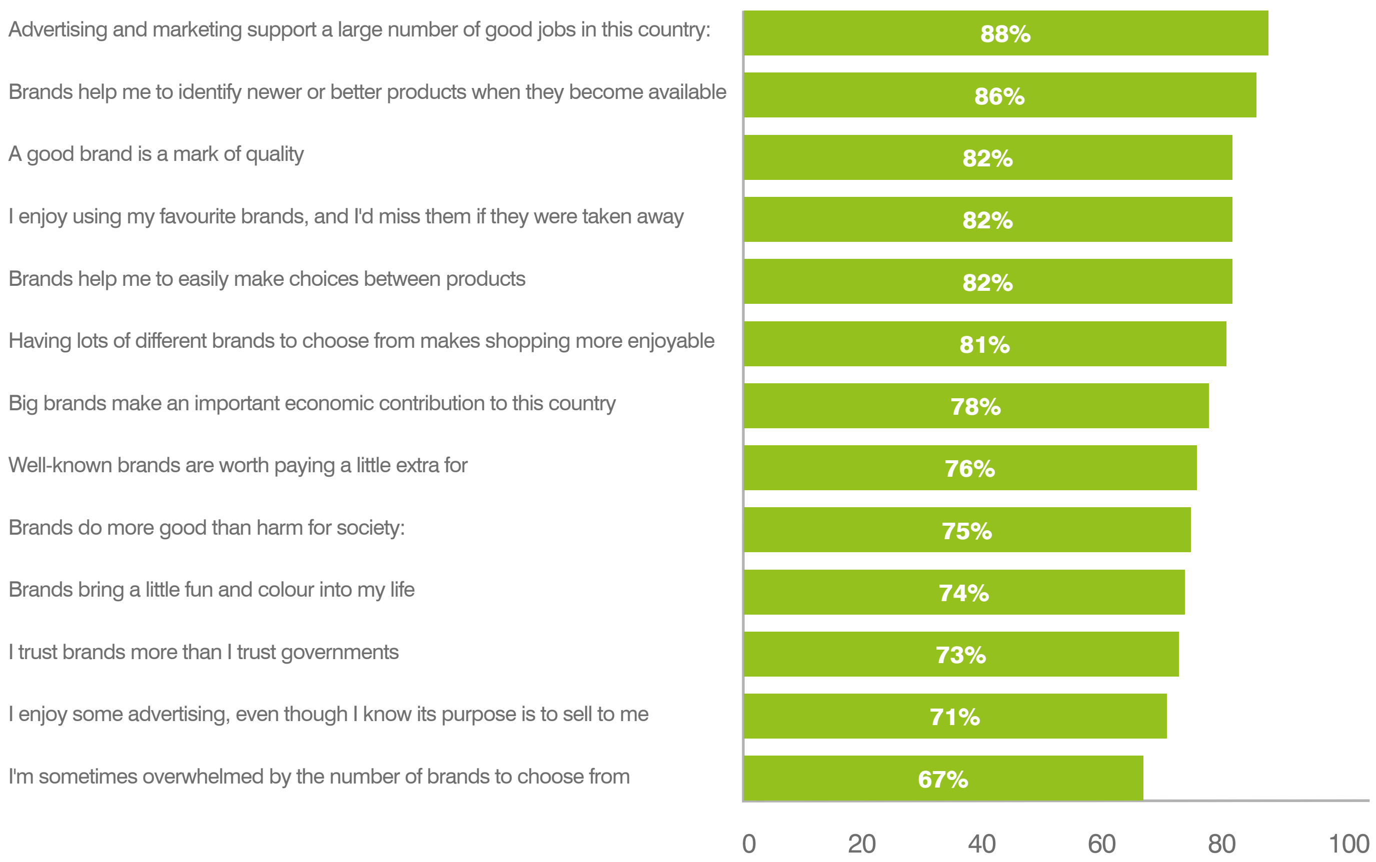
In the current exceptional market situation – with credits to companies, ERTEs, and a huge decrease in consumption – there should be incentives to help improve the Spanish economy.

Considering that the advertising industry has already contracted by 22%, one has to ask: Is it the best time to be imposing such bans on advertising? Can't we be flexible and adapt to the current economic situation by finding a more moderate approach?

A transitory measure would seem more reasonable, rather than this revision of the PAOS Code, which increases advertising limitations on products that are completely legal, compromising competitiveness.

If the objective is to reduce unhealthy habits, it would make more sense to guide brands on the type of beneficial messages that can be used. Just as the perfume industry learnt how to position their products without objectifying women.

Spanish People's Views on Brands



Contributions.

Marketing Restrictions Threaten to Destroy Brand Value.

John Broome
Former Chief
Executive Officer,
Australian Association of
National Advertisers

We cannot underestimate the role brands play in our economy, society and everyday lives. Simply put, brands create value beyond cost.

We would find it hard to distinguish one product from the other without branding, making price the only factor driving purchasing decisions. Of course, the product with the lowest price wins, destroying value as prices are discounted in the race to the bottom.

Giving a product or service a brand helps avoid this. Branding can differentiate one product from another on multiple variables other than price such as features, benefits, places you can buy, convenience, and performance. Brands give consumers a choice, and in the effort to be chosen, brands innovate and develop their propositions to become increasingly popular.

When brands do this well, demand increases, creating value beyond price, which supports business growth and promotes profitability, job creation and ultimately sustains our economy and society. I do not know a prosperous nation today that thrives without brands.

So, we need to be very careful when governments impose restrictions on marketing brands. Of course, it's in a brands interest to market their products and services responsibly, using prevailing community standards to strike the right balance.

The self-regulation of marketing has proven successful in the majority of situations. The AANA has successfully operated Australia's industry self-regulation system for 23 years. A transparent set of codes helps companies and consumers understand what is acceptable and what is not.

The independent Ad Standards Community Panel will hear a complaint made by any member of the public, made up of other members of the public. Upheld decisions are complied with in over 97% of cases. It's highly unlikely that an alternative government-run system could be as efficient or effective. Plus, it would come at a cost with taxes having to pay for it.

So, brands are critical to our economy, and the responsible marketing of these brands is equally crucial to the well-being of our society. If businesses and brands can get this balance right, governments should have no reason to impose additional restrictions or regulations. If they do, they may well find themselves threatening the health of the very same economic system they are charged with protecting.

Brands Share Messages That Keep Us Safe.

Stephen Woodford
Chief Executive,
Advertising Association

ADVERTISING
ASSOCIATION

The contribution of brands to a dynamic, competitive, and healthy economy has always been vital, and the events of the past year have shown this to be more valid than ever. Brands drive innovation and ensure the public get the best possible products and services, at the best possible price.

Every £1 spent on advertising generates £6 of GDP for the UK, a ratio that holds true across modern, market-driven economies. Advertising, the lifeblood of brands, also supports free, independent, and plural media, vital as a bulwark of democracy in its ability to hold power to account. It funds the digital services we take for granted that are intrinsic parts of modern life. Increasingly, it is a progressive force for good in society, a role that the public particularly values.

In addition, the pandemic has seen brands take on new roles in society. These include supporting local communities, providing public reassurance, and supporting public health initiatives. Advertising by brands was an essential medium for creating a sense of togetherness and solidarity, as well as for sharing the messages that kept us safe.

Looking ahead, the government needs to assist businesses and brands in aiding the nation's recovery, helping to restore the consumers' confidence that will get us back on our economic feet. There are policies I believe government should invest in to boost productivity and growth in the wake of the pandemic. Chief among these are tax credits to incentivise additional advertising investment and programmes to help people upskill and retrain to meet the needs of the future economy, especially in the digital sphere.

While we seek to expand opportunity, we also live in a world where marketing restrictions are becoming more prevalent. One example of this is the UK government's draconian new proposals to further restrict the advertising of foods high in fat, salt, and sugars. The evidence for the effectiveness of such measures is wafer-thin. In the wake of Brexit and the pandemic, blunt and poorly-designed restrictions on commercial freedom of speech would be a gross act of economic self-harm, impacting the UK's largest manufacturing industry, as well as the economically-vital hospitality sector.

Rigorous regulation from the ASA, coupled with brand agility to meet consumer preferences, is a far more effective means of balancing commercial freedoms with public health concerns than half-baked interventions from government.

Brands exist to serve their customers and are engines of prosperity on which our economies depend. Unwarranted and ineffective restrictions impede this prosperity, and the greater the scale of the industries affected, the greater the potential damage. As the UK slowly recovers and adjusts to its new global role, the government must do all it can to nurture this prosperity and not cause unnecessary harm.

The Social Value of Brands.

Pablo López Gil
Managing Director,
Brands of Spain

Leading Brands of Spain Forum

At Leading Brands of Spain we regularly underline the role of brands as a key factor of competitiveness and lasting differentiation for companies and therefore their importance both for Spain's economy and its international reputation. But perhaps we should emphasize their social role more. Not only as part of a culture and an identity, and thus of an intangible common heritage, nor only for their capacity to generate growth, employment and well-being, but because they build trust for their customers and play an important role during great social transformations.

Societies evolve, and brands evolve with them. If not, there would be no centennial brands. Consumer habits change, citizens' interests and concerns change, and so the demands on brands. Other than quality or price, today's customers demand transparency, sustainability, commitment, customization and, especially in the context of a pandemic, security. All this means, trust. And it is in this complex context where the legislator enters.

Normally, the need to legislate follows social and technological transformations, and thus needs to be adapted to them (often in less agile way). The legislation obviously has to be adjusted to new realities and new demands, but it must do so hand in hand with brands, understanding their concerns and their needs and enabling them to assume this transformative leadership. Self-control and self-regulation mechanisms, for example in commercial communication, have proven to be very effective. And, if we want to create a regulatory framework for a public-private collaboration or a brand-consumer co-creation, we also should involve the most prominent brands in every business sector in this process. Brands that are perfectly aware of the challenges and transformations they face and that their leadership today is not only measured by their market share, but also by being able to take the lead ahead of social transformations.

Citizens, public authorities and brands form a trinomial in which each of the parties needs each other, and therefore has to listen to each other. Efforts against buying counterfeit products, for example, are a good model of that shared interest and effort.

It is critical for the brands today to be agile and flexible, and those that are present at the international level have more experience to manage complex operations in different markets with different laws and regulations. At the same time, in order to operate successfully at a global level, brands first have to be competitive in their local markets and for that it is essential to preserve the concept of the single market (homogenizing regulation at the European level), yet at the same time, new regulation shouldn't create competitive disadvantage for them globally.

Brands – Slippery Things on Which We Depend.

John Noble
Director,
British Brands Group

In his brands lecture, Posh Spice and Persil, Jeremy Bullmore described brands as “fiendishly complicated, elusive, slippery, half-real/half-virtual things.” That is because they live in the heads and hearts of each us and are continually shifting and changing. Any new piece of information, any emotional reaction may have a brand effect, whether positive or negative.

Brands help us navigate complex markets. Faced with a myriad of choices, sometimes of complex products, it would take us an eon to choose were we to undertake a rational comparative analysis of every option. Instead we rely on our brands, those half-real, half-virtual things in our heads and hearts. And our brands can do this in a fraction of second. We use them to understand products, reduce risk, identify our preferences and discard other options.

Companies, keen to shape our brand understanding and win our preference, will make great efforts to ensure their products do not disappoint and will develop new products to meet our evolving needs and desires. Added rational and emotional values may encourage us to pay more than for a basic product, leading to wider choice and stronger competition.

Unquestionably brands make markets work well, with informed consumers, wide choice, low risk, stronger competition on factors beyond price, innovation, and products developed and companies behaving in tune with society’s concerns. Economically brands deliver too, creating significant market value, providing quality jobs and driving export performance.

Sustaining reputation is a strong self-regulatory motivation, though branded companies, like any other, are also heavily regulated by the state. Compliance with the relevant product specifications, consumer protection requirements, competition rules, and the host of other applicable regulations covering every aspect of business provides the licence to operate.

The introduction of new rules and regulations is constant. Some, like marketing restrictions, directly affect the way in which brands function, controlling information flows. Do such regulations, with their accompanying costs, deliver on their objectives, do they have unintended consequences and are they scrutinised over time, with the scope to refine if found wanting?

Recent research from IMK at EBS University in Germany, for example, suggests that advertising bans to reduce consumption of types of food are questionable, notably in mature markets where advertising serves primarily to differentiate brands rather than increase consumption. While advertising has an influence, other factors play a bigger role, such as the family and social environment, role models, social media and societal trends.

It is the role of policymakers to understand how markets work, how we as individuals make choices and what drives our behaviour. Effective policy requires clear, quantifiable goals, with the intervention being proportionate and based on sound evidence. Once introduced, objective monitoring and the scope to refine should help ensure that the intervention remains fit for purpose.

The True Value of Brands.

Mandy Pearse
President,
CIPR

CIPR CHARTERED INSTITUTE OF PUBLIC RELATIONS

Strong brands are vital to help consumers, citizens, suppliers, and partners navigate an increasingly complex digital landscape. They provide assurance on trust, quality, and service in a world where fake news, scams and online unethical behaviour abound.

The Chartered Institute of Public Relations (CIPR) encourages the focus on purpose, strong storytelling, and content in developing brand and managing reputation. We value the creative, entrepreneurial spirit that great brands and campaigns deliver. The colour, excitement, and fun that brands bring to consumers, especially in such turbulent times as these, cannot be underestimated.

We also, as a professional body, emphasise the need for those promoting brands to behave ethically and transparently. We believe that in a professional public relations (PR) and marketing context, voluntary regulation of brand advertising and packaging can be effective and we encourage leading brands to step up to the mark on their own behaviour, in supporting others that do, and calling out those that don't.

The recent collective action by supermarkets after the backlash to the Sainsbury's Christmas advert to support their approach is a great example. We have also seen similar action within the catering sector.

However, we also acknowledge that there are certain areas where the wider societal impact has to be considered, such as public health.

We would encourage industries to take a strong leadership role with products that may impact on health, if used in excess, by being transparent with consumers through appropriate labelling and sponsorship of mitigation measures such as increased activity.

Government regulation should be the last port of call when other interventions have not proved successful. We would expect that brands which take their environmental, societal and governance seriously not to encounter such issues.

Why Brands Matter - The Campaign.

Joel E. Netty
World President & Chairman, International Advertising Association

It is an undeniable fact that the COVID-19 pandemic has fundamentally altered our world and how we – as humans – interact with our environment.

Its impact has been massive and governments across the world have been encumbered with a multi-faceted problem. Not only have they had to bear the responsibility of finding innovative ways to protect their people but they are also having to find ways to either build resilience to withstand the impact of the COVID-19 pandemic on their economies, or finding ways to kick-start economies that have been severely hit by the impact of the pandemic.

Fact is, brands will play a leading role in re-starting the pulse of economies across the world.

Brands convey the source, quality and authenticity of products. Brands represent creativity, innovation, and optimism. Strong brands restore consumer confidence and brand competition can rebuild economic strength. In fact, research shows – such as the analysis presented by Brand Finance in this report – that the importance of brands actually increases during times of crisis.

This is why the IAA is launching a global campaign to promote the role brands can play in driving economic revival.

Our campaign visuals show the benefits brands bring to consumers - choice, trust, identity, pride and passion, amongst many others. At the same time, they highlight what will be lost to all of us if we lived in a world without brands. It would be a poorer world with less choice, less clarity, and less trust.

These are reasons why brands matter … and why at the IAA, we love brands!

These indeed are tough times for countries, people, and brands. But one thing is for certain: "This too, shall pass!"

As is becoming my custom, let me end this with an African proverb that puts our roles in perspective. It says: "where you will sit when you are old, shows where you stood in your youth".

In other words, the actions all of us – governments, citizens, brands, and marketeers – will determine where we will be in the future. It is the brands that show up during times of crises that will be remembered when the dust of this pandemic and every other crisis settle.

Let me also use this opportunity, on behalf of the International Advertising Association, to call on governments and all brands around the world to work together to create an environment that gives consumers the confidence to invest in brands that matter to them; an environment where brands are protected and nurtured and allowed to fulfil their full potential.

A WORLD WITHOUT BRANDS IS A WORLD WITHOUT CHOICE

This is why brands matter. A brand is a promise to consumers. It's a commitment to quality, trust and standards. Through their distinctive logos, packaging and colors, brands express their values and vision. Let's work together to make sure brands have a future and consumers are free to choose.

WE LOVE BRANDS

The Global Compass of Marketing Communications

IAAglobal.org

INTERNATIONAL ADVERTISING ASSOCIATION

Threats to Brands; What can Governments and Businesses do to Protect Brands?

Carla Michelotti
VP Self-Regulation,
International Advertising Association

A brand is a valuable intangible that indicates the source and quality of products and services. A brand is a "trademark", it conveys authenticity, integrity, quality, and consistency to consumers. Today, as the world continues to deal with the economic and public health implications of the COVID-19 pandemic, we certainly need authenticity and consistency of expectations more than ever!

At the outbreak of the pandemic consumers seemingly panicked as supply chains were impacted and product insecurity affected consumer choice. While supply lines were challenged, the branding of products selected for purchase was secondary to purchasing essential commodities, e.g. sanitary wipes, paper towels, toilet paper, cleaning goods, etc. There was no comfort in selecting much needed commodities based upon their shelf availability! Purchases were made without ability to select preferred brands, offerings were limited, quality was often unknown, price comparisons were not possible. As recognized and trusted brands once again appeared, consumer confidence increased, bulk buying ended, and trust returned to the marketplace. Simply said, this consumer confidence, based upon availability of trusted and recognized brands, is yet needed to reboot the economy.

Brands have the power to help fuel the engine of economic recovery.

You cannot touch a brand, but it touches you. It has intangible value, and is reported by corporations as an asset on balance sheets. Governments have long recognized the importance of trademark owners protecting and defending the ownership of their brands. The unique and valuable ownership of a brand can be registered by governments, which allows the brand owner the clear, recognized ability to use that brand identity for specific purposes on specific products, thus conveying the source and consistency of the quality of that unique product to consumers.

Brand freedom can be defined as being the ability to use a brand as intended, on the goods or services as intended, and to prevent others from using the brand at all.

Respecting brand owners' ability to use and protect their own brands is foundational to building a robust marketplace where a variety of brands compete and thrive. Lack of brands can create monopolistic possibilities, can stifle the ability to compete, and may result in challenged consumer trust.

Governments and regulators should recognize the importance of brands to help build the economic marketplace. Allowing brands to be used by brand owners as intended is key. Restrictions placed upon the ability to use this intangible property debunk the purpose of brands, the purpose of trademarks themselves! And, restricting the ability to use a brand to identify the source and quality of goods, owned by that same brand owner, frustrates the ability to build greater consumer trust.

There have been instances of some governments around the world preventing a brand owner's ability to use their brands as intended. The aim of any such potential branding restriction is usually to discourage the consumption of certain products, including alcohol beverages, tobacco products, or products rich in sugar, salt, calories or fat. The International Advertising Association (IAA) has

repeatedly gone on record in opposition of such efforts to impose behavior modification through restrictions placed upon branding. The IAA believes that brands drive the economy and that restrictions in one category can quickly move to another category. Regulations which restrict brand freedom do not directly impact the unwanted behavior, nor the underlying very real health issues that the restrictions hope to affect. Rather, restricting branding establishes a precedent of censorship, which has unintended consequences, which the IAA understands are damaging in any economy, and in an economy which needs to be rebooted, the ability to build and grow brands becomes critically important.

Brands build consumer trust. Governments and regulators should always recognize and respect the commercial and economic benefit of brand freedom. Brands promise consumers that they will receive the quality and integrity of the products and services selected without risk or surprise. Rather than reinventing everything in the post-COVID world, brands can continue to promise that purchases will be as expected – what can be better than promising consistency now?

Brands can deliver hope, trust, and confidence. Brand owners should be able to use their valuable intangible assets as intended, to help build a strong marketplace going forward.

No Brands. No Way!

Seth Hays
Chief Representative,
INTA Asia Pacific

International Trademark Association

Remove brands and trademarks, special colours, fonts, and diverse packaging — and the thinking goes — consumers will be less attracted to unhealthy products and ultimately cut the amount they use, pay more attention to health warnings, and quit bad habits. That was the thinking put forward by health activists when Australia passed tobacco plain packaging laws nearly 10 years ago, in 2011.

However, a study published in September in the prestigious journal *Nature* investigated the effectiveness of the policy to reduce smoking in Australia, in comparison to neighbouring New Zealand, which did not implement the policy.

The study reveals that after Australia implemented plain packaging, tobacco consumers began to buy less expensive cigarettes likely because all cigarette brands appeared the same. Common sense and basic economic theory tell us that when prices drop, consumption increases. And that is exactly what happened in Australia: smokers started to consume more cigarettes after brands were removed from the packaging. What a failure for the health activists pushing this policy!

Unfortunately, policy makers around the world are not looking at the data, and this failed policy continues to be adopted globally. The most recent example is Singapore, where the government adopted plain packaging for tobacco in 2020. The trend threatens intellectual property (IP) rights and consumers' right to choose.

The Zombie Policy Comes for Snacks and Beverages

In Chile, for example, trademarks and brands that appear as cartoons are prohibited from packaging on certain snack foods. This has led to the censoring of certain well-known trademarks.

Even though brand restrictions have been proven ineffective, and should be laid to rest as a well-meaning, but botched experiment, this policy continues to rise from the dead and is stumbling like a zombie after other product groups targeted by health activists.

Trademarks Support Innovation, Value Creation, Competition, and Consumer Protection.

Etienne Sanz de Acedo
CEO,
INTA

International Trademark Association

Branding lifts products from being mere commodities, and consumers happily invest in brands that return greater satisfaction. Brands also allow entrepreneurs to break into new markets and set themselves apart from the competition.

On the other hand, brand restrictions make it easier for criminals to counterfeit these products. Made outside any regulatory framework, fakes have no quality control, use exploited labour, and often fund criminal activity.

Brand restrictions also discriminate against illiterate or severely visually impaired persons who rely on elements of trade dress such as colours and packaging design to distinguish between brands.

More Innovation Needed: How to Fail Upward

All successful innovators will tell you that failure is the best feedback – and not something to be feared.

Plain packaging has clearly failed, but policy makers are yet to learn the lessons from this mistake. For example, the authors of the September 2020 *Nature* study, The effectiveness of plain packaging in discouraging tobacco consumption in Australia, issue a bizarre recommendation after clearly showing that plain packaging increases smoking. They recommend coupling brand restrictions with price floors and taxes to make the policy more effective in reducing smoking. Sadly, this shows how they have lost sight of actual health outcomes (such as reduced smoking) and care more about ensuring that a failed policy appears effective – even when negative health outcomes are a result!

A clear-eyed recommendation would be to recognize the failure, undo the damage done by repealing the initiative, and focus resources on where they are most effective. A good post-mortem of the issue would also look for any bright spots and ideas for the future.

Now more than ever, healthcare resources are stretched, and policy makers need to balance IP rights and healthcare objectives to eliminate time and effort wasted on flashy and ineffective programs such as plain packaging. This will also preserve the effective economic value of trademarks as well as their fundamental role in society: to protect consumers and foster fair competition.

Interview with Roger Wang.

Roger Wang
President,
Marketing Institute
of Singapore

Marketing Institute of Singapore

Brand Finance has produced several reports on marketing restrictions and, more specifically, plain packaging where we look at the economic impact of these restrictions on brands and their companies. Do you get the sense that the increasing number of marketing restrictions are making it more challenging for companies to create brand value?

RW: *Consumers will still go for their particular brand of cigarettes; they don't switch just because there is no branding on the packaging. I'm very doubtful about whether the regulations work. In all honesty, it's not about the cigarette brand itself, but rather about educating the public on the harmfulness of smoking. Although I don't have empirical studies on this at hand, I suspect that the campaign itself doesn't help with stopping current smokers.*

A large aspect of educating society should fall within the regulatory body of the industry. I think highly regulated industries or products stifles entrepreneurial spirit and creativity. Educating consumers on making the correct choice is far better than putting a stop to creativity within the marketing sphere. I do recognise the fact that certain industries need to be regulated, but instead of implementing draconian laws, education should play a larger role. I think that is my key message: educating the consumer is what is most important.

So, if you have a preferred brand, marketing restrictions – such as plain packaging – wouldn't really impact your choice? Then, what is the role and purpose of brands? If you had to define it in one or two sentences.

RW: *Brands are supposed to be a differentiator, an identifying factor for uniqueness. Does plain packaging serve that role? I think this is an important question. Let's look at it from the perspective of product manufacturing – generic drugs, for example. Here, industry is able to bring down the price of medication, improving affordability for economically challenged communities, which is of course a good cause.*

However, if you look at it from the perspective of the manufacturer, companies have invested a significant amount of money in building their brands, and there must be certain returns. Who would want to invest in research and development when competition is stifled because of plain packaging? How would those manufacturers profit from their investments? This would also impact the discovery of new and improved medication, which would be detrimental to society as a whole.

What are some other areas where you might see these kinds of brand or trademark restrictions, and how do you think marketeers should handle these?

RW: *Regulatory bodies are certainly going after things they consider vices like cigarettes, and probably cigars and alcohol in the future. It's destructive to the reputation of a business because counterfeits are very easily available in the market due to key identifiers being missing. I think as marketeers, we just have to be more creative in getting our messages across in a more practical way. Look at communicating with consumers using other aspects of brand association.*

Do you think governments and authorities have the right to interfere with how a company uses their trademark?

RW: *It all depends on the product and how it impacts society. If the product isn't damaging, I don't think anyone should stifle creativity when it comes to branding. They should leave it in the hands of the manufacturer and consumer. Like I said, branding is an important differentiator, it helps tell products apart. If we don't have strong branding, then consumer choice is stifled. That in itself can make or break a product or company in terms of assets and value.*

The tobacco industry is already facing these marketing restrictions and we could potentially see them starting to impact other industries soon, with some already in the firing line, for example the alcohol sector. Are marketeers able to proactively see these restrictions coming their way, or are they completely caught off guard?

RW: *Understanding the business environment is of the utmost importance. Of course, as marketeers we first do a PESTEL Analysis to look at the impact of political, economic, social, technological, environmental, and legal factors on the business environment. Companies should always be aware of the potential threats in their industries. In addition, you have to understand your legal environment.*

When it comes to marketing restrictions, unless companies are able to lobby for certain laws to be revoked, the power actually falls with the consumer and whether they are compelled to bring certain laws before the regulatory department. Brands not only tell a lot about products, they tell a lot about the consumers using them. Without branding, this sense of identity will be lost.

When Regulations Should Be Embraced and Developed.

Lesley C. Wilson
Master 2020-21,
The Worshipful
Company of Marketors

WORSHIPFUL COMPANY *of* MARKETORS

Successful brands are generally those that have stood the test of time and responded to changing market needs. Part of the way a market changes is of course linked to the prevailing values, ethics and expectations society has at any given point in time, be it in public life or across commercial enterprise.

A successful brand and its components work in tandem with changing mores and reflect the context of the times. Unsuccessful brands fall away when they fail to adapt and keep up. Conversely, one of the most revealing ways to understand how society has changed is to look at brand advertising and communications and how they reflect attitudes of past eras. It's a fascinating symbiotic relationship.

Regulating markets has been around since commercial activity first started. Where there's potential for a contract in the exchange of goods, there will always be a need for promoting fairness and managing disputes.

Livery Companies in the City of London were set up to police business practice and regulate trade hundreds of years ago. Founded on the principle "marketing benefits everyone", The Worshipful Company of Marketors believes in advertising that provides customers with information, choices and competitive offerings – all of which builds brand value. Poor marketing ultimately exploits, misleads and destroys brands.

In that sense, regulation is not to be feared but embraced and developed. In a volatile, uncertain, complex and ambiguous world, it may be that regulation creates certainty and provides something that brands, regulators and consumers can craft together.

Our Manifesto.

Our Manifesto.

How Governments and Businesses Can Help Support Brands and Promote Economic Recovery

Why brands matter to all stakeholders:

1. Brands matter for **customers**, as they indicate the source of origin, represent a shortcut for decision-making and allow them to express their own values and beliefs. More and more, brands are playing an activist role, and buying a particular brand is, at times, a political act.

2. Brands matter for **businesses**, as they create value through relevant differentiation. Businesses can leverage brand value by staying on top of social and consumer trends, translating them into relevant value proposition and protecting the IP associated to it. Particularly in times of crisis, strong brands contribute to business resilience. Businesses should recognize the role that brands play during tough times and keep leveraging brand strength through continued investment. For that, a strong, almost real-time brand information system is required.

3. Brands matter for **investors**, as well-positioned brands have a positive impact on risk and return. Reputation is a leading indicator of business value. Investors should incorporate multi-stakeholder, broad brand metrics into their decision making.

4. Brands matter for **governments**, as they are key instruments of their economic diplomacy. Governments must support businesses and forge the right environment for brands to thrive. More and stronger local brands translate into more soft power, and this, in turn, into more foreign direct investment, more jobs, and more influence into the world.

5. Brands matter for **society**, as they create social value. At a time in which governments have less resources and less reach than many global brands, brands play a crucial role at protecting citizens, helping governments in need, and having a positive impact on local communities and underprivileged groups. Businesses should recognize this role and understand leadership in a broader way, not just market share. If before we spoke about brands as ideas, now they are ideologies.

6. Brands matter for a strong and timely **post-COVID recovery**. No family or community has been immune to the economic impact of COVID-19. As we count the cost of the pandemic, and as governments try to tackle the spread of the virus, the focus ultimately turns to how we kickstart economic recovery. Brands play a leading role in helping rejuvenate economic activity and repair consumer confidence. The importance of brands increases during times of crisis by engendering trust, reliability, and familiarity among consumers.

This manifesto calls for:

Allowing brands to flourish
Governments and brand owners should work together to create an environment that stimulates creativity and growth

Protecting branding and marketing
Preserve and nurture brands by supporting brand freedom and avoiding excessive regulation

Tackling illicit trade
Support legal brands by enforcing laws and prosecuting criminals involved in the creation and circulation of black-market goods

Improving intangible asset reporting standards
All companies should value and report their intangible assets, whether acquired or internally generated

Welcoming consumers to engage with brands
Consumers should be inspired to interact with brands across the market and should be able to better their experience through open dialogue and feedback

Building a better, sustainable future
Brands need to embrace the responsibility bestowed upon them for advancing the environment, planet, and people

Our Services.

Consulting Services.

Make branding decisions using hard data

Brand Research
What gets measured

Brand evaluations are essential for understanding the strength of your brand against your competitors. Brand Strength is a key indicator of future brand value growth whether identifying the drivers of value or avoiding the areas of weakness, measuring your brand is the only way to manage it effectively.

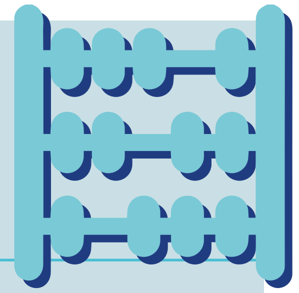
+ Brand Audits
+ Primary Research
+ Syndicated Studies
+ Brand Scorecards
+ Brand Drivers & Conjoint Analysis
+ Soft Power

+ Are we building our brands' strength effectively?
+ How do I track and develop my brand equity?
+ How strong are my competitors' brands?
+ Are there any holes in my existing brand tracker?
+ What do different stakeholders think of my brand?

Brand Valuation
Make your brand's business case

Brand valuations are used for a variety of purposes, including tax, finance, and marketing. Being the interpreter between the language of marketers and finance teams they provide structure for both to work together to maximise returns.

+ Brand Impact Analysis
+ Tax & Transfer Pricing
+ Litigation Support
+ M&A Due Diligence
+ Fair Value Exercises
+ Investor Reporting

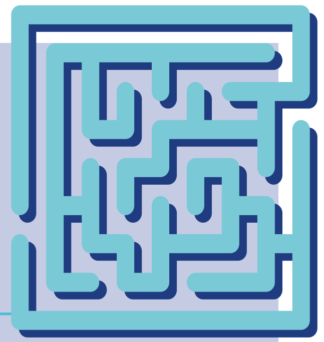


+ How much is my brand worth?
+ How much should I invest in marketing?
+ How much damage does brand misuse cause?
+ Am I tax compliant with the latest transfer pricing?
+ How do I unlock value in a brand acquisition?

Brand Strategy
Make branding decisions with your eyes wide open

Once you understand the value of your brand, you can use it as tool to understand the business impacts of strategic branding decisions in terms of real financial returns.

+ Brand Positioning
+ Brand Architecture
+ Franchising & Licensing
+ Brand Transition
+ Marketing Mix Modelling
+ Sponsorship Strategy



+ Which brand positioning do customers value most?
+ What are our best brand extension opportunities in other categories and markets?
+ Am I licensing my brand effectively?
+ Have I fully optimised my brand portfolio? Am I carrying dead weight?
+ Should I transfer my brand immediately?
+ Is a Masterbrand strategy the right choice for my business?

Brand Evaluation Services.

How are brands perceived in my category?

Brand Finance tracks brand fame and perceptions across 29 markets in 23 consumer categories. Clear, insightful signals of brand performance, with data mining options for those who want to dig deeper – all at an accessible price.

What if I need more depth or coverage of a more specialised sector?

Our bespoke brand scorecards help with market planning and can be designed to track multiple brands over time, against competitors, between market segments and against budgets. Our 30-country database of brand KPIs enables us to benchmark performance appropriately.

Do I have the right brand architecture or strategy in place?

Research is conducted in addition to strategic analysis to provide a robust understanding of the current positioning. The effectiveness of alternative architectures is tested through drivers analysis, to determine which option(s) will stimulate the most favourable customer behaviour and financial results.

How can I improve return on marketing investment?

Using sophisticated analytics, we have a proven track record of developing comprehensive brand scorecard and brand investment frameworks to improve return on marketing investment.

What about the social dimension? Does my brand get talked about?

Social interactions have a proven commercial impact on brands. We measure actual brand conversation and advocacy, both real-world word of mouth and online buzz and sentiment, by combining traditional survey measures with best-in-class social listening.

Brandirectory.com

Brandirectory is the world's largest database of current and historical brand values, providing easy access to all Brand Finance rankings, reports, whitepapers, and consumer research published since 2007.

+ Browse thousands of published brand values
+ Track brand value, strength, and rating across publications and over time
+ Use interactive charts to compare brand values across countries, sectors, and global rankings
+ Purchase and instantly unlock premium data, complete brand rankings, and research

Visit brandirectory.com to find out more.

Brand Finance Group.

Brand Finance Institute

Brand Finance Institute

Brand Finance Institute is the educational division of Brand Finance, whose purpose is to create and foster a professional environment for knowledge-sharing and networking among practitioners and experts in the market. BFI organises events, in-company training, and corporate educational initiatives around the world. In the quest for marketing excellence and with the purpose to equip the brand valuation and strategy practitioners with the necessary skills and tools, we have developed a wide range of programmes and certifications in collaboration with the most coveted business schools, universities and thought leaders in the field.

Brand Dialogue®

Brand Dialogue

Brand Dialogue is a public relations agency developing communications strategies to create dialogue that drives brand value. Brand Dialogue has over 25 years of experience in delivering campaigns driven by research, measurement, and strategic thinking for a variety of clients, with a strong background in geographic branding, including supporting nation brands and brands with a geographical indication (GI). Brand Dialogue manages communications activities across Brand Finance Group's companies and network.

VI360

VI360

VI360 is a brand identity management consultancy working for clients of all sizes on brand compliance, brand transition, and brand identity management. VI360 provide straightforward and practical brand management that results in tangible benefits for your business.

Brand Finance Institute

Brand Finance Institute

Learn how to build, protect and measure brand value

The Brand Finance Institute is the educational division of Brand Finance, offering expert training on brand evaluation, management and strategy.

Our in-house training and workshops, online learning offer and webinars will help you answer key strategic questions about your brand for different levels of seniority and development needs:

- How can I grow brand value?
- How can I build a business case to show the return on my marketing investment?
- How can I set up my marketing budget using brand research and analytics?

For more information, contact enquiries@brandfinance.com

Brand Finance Institute is a member of the Brand Finance plc group of companies

Brand Dialogue®

With strategic planning and creative thinking, we develop communications plans to create dialogue with stakeholders that drives brand value.

Our approach is integrated, employing tailored solutions for our clients across PR, marketing and social media, to deliver strategic campaigns and helping us to establish and sustain strong client relationships.

We also have a specific focus on geographic branding, including supporting nation brands and brands with a geographical indication (GI).

Brand Dialogue is a member of the Brand Finance plc group of companies

Research, Strategy & Measurement	Public Relations & Communications	Marketing & Events	Content Creation	Strategic Communications
Brand & Communications Strategy	Media Relations	Promotional Events	Bespoke Publications	Crisis Communications
Campaign Planning	Press Trips & Events	Conference Management	Press Releases	Brand Positioning & Reputation
Communications Workshops	Strategic Partnerships	Sponsorship Management	Blog Posts & Newsletters	Geographic Branding
Market Research & Insights	Relationship Management	Native Advertising	Marketing Collateral Design	Corporate Social Responsibility (CSR)
Coverage Analysis	Influencer Outreach	Print Advertising	Photography & Videography	
Social Media Analytics	Media Training	Shopper Marketing	Social Media Content	
	Social Media Management	Trade Marketing		

For more information, contact enquiries@brand-dialogue.com or visit www.brand-dialogue.com

Contact us.

Brand Finance is the world's leading brand research, valuation and strategy consultancy

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