BBDO Consulting

Press Release

Amazon is Germany’s strongest Retail Brand

BBDO Consulting publishes update of the study on trade brand strength in Germany/Online pioneer Amazon outdistances established stationary traders and leads the ranking/Aldi and Ikea follow on 2nd and 3rd place/The Promoted: Saturn and Real, the Demoted: Lidl/Conclusion: Online trading establishes itself as a universal alternative to stationary trade increasingly/Successful interplay of brand promise and customer experience at PoS determines position in the market/Failed enterprise policy burdens brands significantly

Düsseldorf, 5 June 2009 – Amazon, Aldi and Ikea are the strongest retail brands in Germany. In the inter-branch ranking of 60 trade companies, carried out by the international management consultancy firm BBDO Consulting, Amazon leads with a brand strength value of 8.32 (on a scale from 0 to 10) followed by the discounter Aldi (8.18) and the Swedish furniture store chain Ikea (7.3). BBDO Consulting conducts the brand strength ranking every second year. Though improving the absolute brand strength by 0.29 points compared to 2007, Tchibo could not defend its first rank (rank 4; 7.91). Further competitors ranked among the top 10 are the dm drugstore chain (rank 5; 7.67), the consumer electronic markets Saturn (rank 6; 7.42) and Media Markt (rank 7; 7.39), the clothing store chain C&A (rank 8; 7.38), the perfumery chain Douglas (rank 9; 7.36) as well as the optician store chain Fielmann (rank 10; 7.36). The ranking is based on the current study “Retail Brands in Germany - brand strength and brand images 2009”, which gives an extensive overview of the quality of branding in the German trade business.

The study analyses the strength of German retail brands and chooses a broader focus than the common one on singular aspects such as price, product range, shopping atmosphere and customer satisfaction. From the customers' point of view, the underlying multistage model establishes the brand strength resulting from the two components brand presence and brand benefit. The brand presence consists of brand awareness and the clearness of the image the consumers have of the retail brand. The brand benefit, however, is based on an emotional and a functional component. So, the evaluation of the brand benefit considers both the sympathy for and the confidence in the enterprise as well as the uniqueness and the trader’s orientation on the customers’ needs. Moreover, the study delivers a general grading of the strength of a retail brand compared to the direct competitors within the same sector but also to further key players of other trade sectors.

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Top 25 Retail Brands in Germany: Ranking of brand strength

Rank	Brand	Brand strength (Scale 0-10)	Change compared to 2007
1	Amazon	8.32	/
2	Aldi	8.18	+0.64
3	Ikea	7.93	+0.42
4	Tchibo	7.91	+0.29
5	dm	7.67	+0.24
6	Saturn	7.42	+1.12
7	Media Markt	7.39	+0.75
8	C&A	7.38	+0.01
9	Douglas	7.36	+0.22
10	Fielmann	7.36	+0.56
11	Rossmann	7.35	+0.34
12	Real	7.35	+0.94
13	Kaufhof	7.34	+0.30
14	H&M	7.32	+0.41
15	Kaufland	7.29	+0.47
16	Edeka	7.28	+0.46
17	Obi	7.28	+0.55
18	Quelle	7.26	+0.71
19	Rewe	7.21	+0.72
20	Karstadt	7.18	+0.45
21	Lidl	7.18	-0.14
22	Deichmann	7.16	+0.48
23	Esprit	7.06	+0.49
24	Weltbild	7.05	-0.26
25	Conrad	7.03	/

The results in detail
The front runner of the ranking is the mail-order dealer Amazon. The positive overall result is above all ascribed to the very high benefit of the online pioneer from the customers' point of view. Once having started as a bookseller, Amazon broadened its product range offer according to the customers needs continuously and uncompromisingly. Most recent examples for this are the newly started mp3 offer and the electronic book "Kindle". The product portfolio not

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only convinces by its broadness and quality but also by an attractive price level which is, given the price transparency of the internet, a key decision driver for acquisitions. The top rankings of the customers regarding the goods/services dimensions such as product range variety, quality and price-performance ratio result in the highest rational brand benefit of all examined enterprises. The strong performance in goods and services also leads to very high emotionally driven confidence and sympathy values. As a conceptionist, Amazon has enjoyed particular attention for years, so – though lacking in brand communication – the entertprise has succeeded in building a high brand presence.

The second-placed Aldi could significantly advance its top position in the food retail market. As to market presence, Aldi achieves the top value (9.26) of all trade companies. Altogether the discount pioneer enjoys the highest presence and has the highest benefit for consumers. Specifically in times of economic crises, the outstanding price-performance ratio is perceived by the customers as being highly oriented on their needs. The very good ranking of the emotional customer benefit shows that discounters are no longer exclusively associated with “price advantages”. The continuous high product quality increases the confidence in the brand.

As in 2007, the Swedish furniture store chain Ikea holds the 3rd place of the brand strength ranking. Driven by its expansion, Ikea could score above all in brand presence. The benefit is continuing at nearly the same high level. Thus the customers acknowledge the uniqueness of the business concept of offering shapely furnishing at cheap rates by giving top rankings.

The two biggest winners compared to 2007 are the consumer electronics dealer Saturn (increase in brand strength of 1.12 points) and the self-service department store Real (increase in brand strength of 0.95 points).
By intensifying its advertising pressure in combination with a clear and long-term oriented communication of its brand promise, Saturn has succeeded in achieving a significant improvement in customer perception. The clear focusing on prices by using the claim “Wir hassen teuer” (We hate expensive) appears to appeal to the consumers, above all in times of the economic crisis. Moreover, the retail brand profits from a consistent long-term goods and services promise which, combined with a high advertising pressure, creates a clear brand image. Real has as well succeeded in the last two years to improve its brand strength significantly. This is ascribed, above all, to clear rational brand benefit improvements. The enterprise profits from the sucessful brand relaunch and its intensified communicative backing. Both the new store brand strategy and the goods and services promise focused on a broad variety of offers are perceived by the customers positively.

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Conclusion

- Online trading establishes itself increasingly as a universal alternative to the stationary trade.
- Successful interplay of brand promise and customer experience at PoS determines the position in the market.
- Failed enterprise policy burdens the markets sustainably.
- Communication concepts conveying an emotional benefit promise are successful.
- Emotional benefit promises can anticipate reality but must not veer too far from it.
- The brand promise is a crucial motor of an active change process.
- Successful competitive differentiation requires uncompromising store brand management.

"In order to achieve and guarantee significant competitive advantages, brand clearness has to be created that is redeemed by rational and emotional brand experiences", Udo Klein-Bölting, CEO of BBDO Consulting, commented on the study results.

Study design

In the framework of an online questioning of more than 2,200 persons aged over 16 (federal territory), the brand strength ranking of over 60 retail brands was established. As to the contents, the questioning dealt with brand strength indicators (amongst other things brand awareness, clearness, needs orientation, sympathy, confidence and uniqueness) and with image batteries (amongst others product range, price, staff and shopping atmosphere). The survey took place in April 2009.

BBDO Consulting

BBDO Consulting is the top international management consultancy for market-oriented business management. Together with its clients, BBDO Consulting develops and implements strategies for market adaptation and translates them into tangible, behaviour-influencing principles and systems. International blue chip clients and market leaders have trusted its unparalleled expertise in the areas of strategic brand and customer management since the company's inception in 2000. BBDO Consulting builds upon the comprehensive know-how of its staff from both consultancy and industry. Excellent knowledge of local markets combined with a global outlook contributes to their success in offices in

Düsseldorf, Johannesburg, Madrid, Moscow, Munich, Shanghai, Tel Aviv and Zurich. BBDO Consulting is part of BBDO Worldwide, one of the leading international agency networks with over 290 offices in 77 countries.

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