


GROUP
XP

EXPERIENCE
INDEX



2016

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A NOTE FROM THE CEO

Simon Bolton

Eating Dim Sum round a noisy table at twilight on the Shanghai Bund, searching for elusive Pokémon down the ancient avenues of Rome or enjoying the craziness of the Burning Man festival in the arid Nevada desert—our lives are increasingly defined by memorable experiences, good and bad. The universal mantra is now “you are the sum of your experiences,” so spending our time and money on experiences makes us more interesting, rounded and truly complete human beings.

It's therefore hardly surprising today's marketing masters are thinking far beyond mere product, promotion, place and price. The quest to create, manage and deliver extraordinary brand experiences that impact purchase decisions, lifestyle choices and even consumers' self-image is an urgent issue. Just ask business leaders in any industry, geography or discipline. “Brand Experience” has graduated from marketing buzz-speak to a board room priority as brand managers and CEOs alike strive to capitalize on today's explosion of dazzling opportunities to reach prospects and customers.

However... while most would agree compelling brand experience is now a marketing given, no CEO or marketer has yet cracked the code on quantifying the actual value it provides.

Until now.

With the Group XP Experience Index, we can now quantify the true commercial impact of well-orchestrated brand engagement. As you will read in this study, the world's most successful brands promise, deliver and reap the significant financial benefits of extraordinary experiences.

We salute our 30 top Experience Index winners and hope their success inspires and stimulates. And, needless to add, we welcome the opportunity at Group XP to discuss how your own brand can improve its value through exceptional customer experience.

A handwritten signature in dark ink, appearing to read 'Simon Bolton'.

//

WELCOME TO THE AGE OF EXPERIENCE

Executive Summary



//

The most significant change in customer behavior has been the increase in customer reciprocity

Brand Value Transformation

A key aspect to the age of experience is customer reciprocity: the shared benefit of mutual effort and reward.

Consumers now habitually and actively engage with brands as never before. The internet has trained us to give a little individually so we get a lot more back collectively. Who hasn't checked an Amazon product score, generated by user feedback, before deciding whether to purchase?

This ongoing, active involvement with brands really matters. Uber's entire business model is based on a self-managing ecosystem wherein customers with poor scores are left waiting for rides while drivers with low scores risk quickly losing their Uber license. It encourages positive, mutual and reciprocal behaviors from both driver and rider—a win/win!

Most importantly, it has created a seamless, intuitive and enjoyable customer experience that has accelerated the company's commercial growth and geographic expansion. (It took Uber five years to book its billionth trip and just six months to hit its second billionth journey.)

It is this kind of quantifiable advantage, generated through delivering insightful, extraordinary experience, that we measure as *Experience Capital*.

Experience Capital is a leading indicator of enduring financial returns

Connecting all the dots and creating extraordinary experiences around the customer is what differentiates the world's most successful brands.

Our research has confirmed that organizations who create rich, seamless experiences built around an authentic brand purpose can directly generate Experience Capital and benefit from more enduring financial returns. For CEOs, however, achieving this Holy Grail of sustainable, profitable growth requires managing the firm beyond traditional strategies and metrics. Customers' sky-high expectations for their brands (and highly visible public response if disappointed) is driving a dynamic transition, forcing corporate leaders and managers to aggressively seek more reliable strategies and methods to help them navigate the evolving new world of experiential marketing.

It is for this reason we created Group XP and launched the Group XP Experience Index.

//
Higher performing
businesses focus on
creating and delivering
extraordinary
brand experiences

//
The Experience Index
quantifies the financial
impact of creating
compelling
brand experiences

- // Global and local brand data assessed from 46 countries
- // Over 43,000 brands evaluated across these markets
- // More than half a million data-points analyzed
- // 3 years' performance data for major global brands
- // Initial top 30 findings in this report with further deep dives to come

Quantifying success

Group XP's analytics have led to a breakthrough in measuring how winning brands drive both revenue and profit growth. It is now quantifiable that delivering extraordinary brand experiences which uniquely engage customers can build enduring and highly profitable relationships.

Experientially-focused brands integrate business model improvements, new technologies and innovative design to create fresh, engaging customer encounters, binding the entire organization cohesively around the customer and their needs. Grounded in thinking and analysis originated at Brand

These four criteria are based on a statistical analysis of the BrandZ database across millions of data points. The four characteristics correlate highly as drivers that increase consumer demand.

We have analyzed thousands of global brands and many more local brands in 46 countries around the world. This has provided us with rich insights about what makes the most compelling experiences. These insights allow our clients to compare not just their competitors in all of the markets, but also against the best experience brands in any category in these markets.

Union, the Group XP Experience Index quantifies and tracks four core metrics that define breakthrough experiences and then scores companies based on each category. These four criteria are the key components of *Experiential Capital*:

Impression

Stand for something unique

Interaction

Deliver on your most important needs

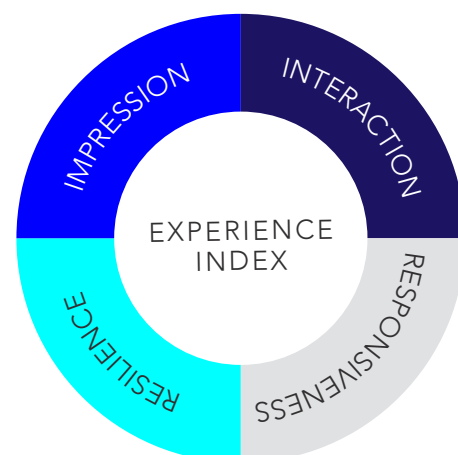
Responsiveness

Have better online services and engaging content

Resilience

Strive to make people's future lives better through higher brand purpose

The four quadrants of the Experience Index



// Theme 1

Brands need to effectively connect the dots across departments within their organization

Experience Capital Matters

Brands with high Experience Capital outperform the market by up to +166%. These brands score highly across all four of the core components. However, the one distinguishing characteristic shared by these brands is their stronger score on "Resilience." Consumers recognize these companies, products and services have a higher brand purpose beyond their immediate category and exert greater impact on society. This helps these brands turn customers into devoted fans, with its ensuing financial benefits.

Even brands with medium Experience Capital outperform the market by up to +66%. Brands in this group may have scored highly in one or two components but not consistently well across all four, resulting in less cohesive customer engagement. Nevertheless, they significantly outperform brands who have not focused on this aspect of marketing at all.

Importantly, brands with low Experience Capital actually stagnated, declining in value over the ten years we measured by around -0.4%. These brands scored poorly across all four Experience Capital components. Their use of more traditional marketing techniques and transactional customer service has resulted in net brand experiences that provide some functional but very little emotional attachment for customers.

Brands across all major markets and sectors, from high-tech, online-only brands to long-established hospitality, retail and financial services, are equally represented by the three levels of "high", "medium" and "low" Experience Capital. There is no evidence of geographic or sector bias in the study, suggesting that any type of business has the opportunity to deliver extraordinary experience and gain measurable financial benefit.

Three Dominant Themes Among our Top Performers

As we analyzed the strategies and tactics of the Top 30 brands in our Experience Capital study, three clear themes emerged from the 2016 data. Each of the brand leaders in our study understand and capitalize on one or more of these in a significant way:

// 1. Connecting the Dots

Sometimes we just want something that actually works the way we want it to, when we want it to, every single time we want it to. When life is uncertain, pure, bullet-proof reliability and simplicity can be highly valued. So brands like PayPal, Visa and UPS have mastered faultless execution to become default platform brands that inspire—and deliver on—total trust. But they also know and respect their place... their customers don't want a deep relationship, just one that is flawless and responsive.

By championing the idea of seamless logistics rather than mere package

// Theme 2

It's the details—the constant striving to perfect that creates value for customers

delivery, UPS has become not only the world's largest logistics company, but one of our most recognizable and trusted brands. They are highly valued because they epitomize reliability, consistency and accountability across their services while tailoring the experience closely to customer needs.

Brands like UPS, Visa and their peers score highly on responsiveness, providing total clarity about what they promise and ingrained mechanisms for constant feedback. To deliver these kinds of bullet-proof experiences, brands need to effectively connect the dots across departments and geographies throughout their organizations. Everyone in the brand experience delivery chain knows exactly what their customers expect and how to ensure they get it, from the IT team to pilots and drivers, distribution center employees, partners, social media and marketing managers down to phone operators and delivery men and women. One cohesive organization with one voice and one overarching goal: exceeding customer expectations every day.

// 2. Small Things Make Big Differences

Some brands go beyond expectations by adding value to customers' lives through a succession of small moments of genuine brilliance. They recognize it's the constant striving to improve and enhance people's experience that generates and builds their value. Brands like Pampers, Southwest and Bose deliver "flawsome" experiences—they are

both flawless and awesome. They constantly evolve their products and services, adapting to changing customer needs, technologies, usage habits, audiences and venues, creating a resilience and energy around their brands that transcends mere functionality.

Bose uses all of its touchpoints to demonstrate its constant pursuit of "Better sound through research." Their focus on the relentless, incremental improvement of the listening experience has resulted in multiple generations of superior noise-cancelling headphones, ear phones, portable speakers, radios and related aural technology with ever better sound quality.

But they have not only developed exceptionally well-designed products. Bose has devoted equal consideration to its customer connectivity, content and product personalization with finely tuned finesse. Everything from in-store sound demonstrations, to advertising and their web experience show a consistent effort to increase their value to their clients in new and innovative ways. Apple, too, has begun to follow this model in recent years. Where once the definitive change agent, it has remolded itself into delivering more incremental improvements to maintain product line superiority while still providing what many believe is the ultimate integrated customer experience ecosystem. These brands all share as well the ability to galvanize their employees towards actively defining, delivering and constantly improving the customer experience for which they are so well respected.

// Theme 3

Brands can radically re-imagine categories to deliver innovative experiences that drive customer acquisition and loyalty

// 3. Re-imagining for Remarkable Results

Finally, there are some one-of-a-kind brands that exude brash confidence and exert profound differentiation on the marketplace. Many of these brands have radically re-imagined a sector from which to deliver outstanding experiences. They lead their category, have devoted fans and are extremely difficult to copy or compete against.

Brands like Facebook, IKEA, Amazon, Tesla and Google dominate their markets in ways that create high barriers to entry. Who else but Tesla could take on a heavily entrenched industry like automotive and turn it on its head? Having launched highly rated, luxury-valued electric cars, Tesla has gone on to inspire and expand a roadside recharging network and build the world's biggest Giga battery factory while also advancing the concept of driverless autos from science fiction fantasy to widely anticipated reality.

The breathtaking completeness of Tesla's vision and ability to execute matches other, more established breakthrough leaders like IKEA and Amazon. These companies effortlessly leap from leading one category to embracing and driving new ones while challenging a fresh set of competitors along the way. Amazon has become our de-facto online marketplace, a champion product creator with Kindle e-books, a movie and content portal through Amazon Prime and is now pioneering the "Internet of Things" and home management

authority with their seductive Echo product that automates multiple tasks around the home.

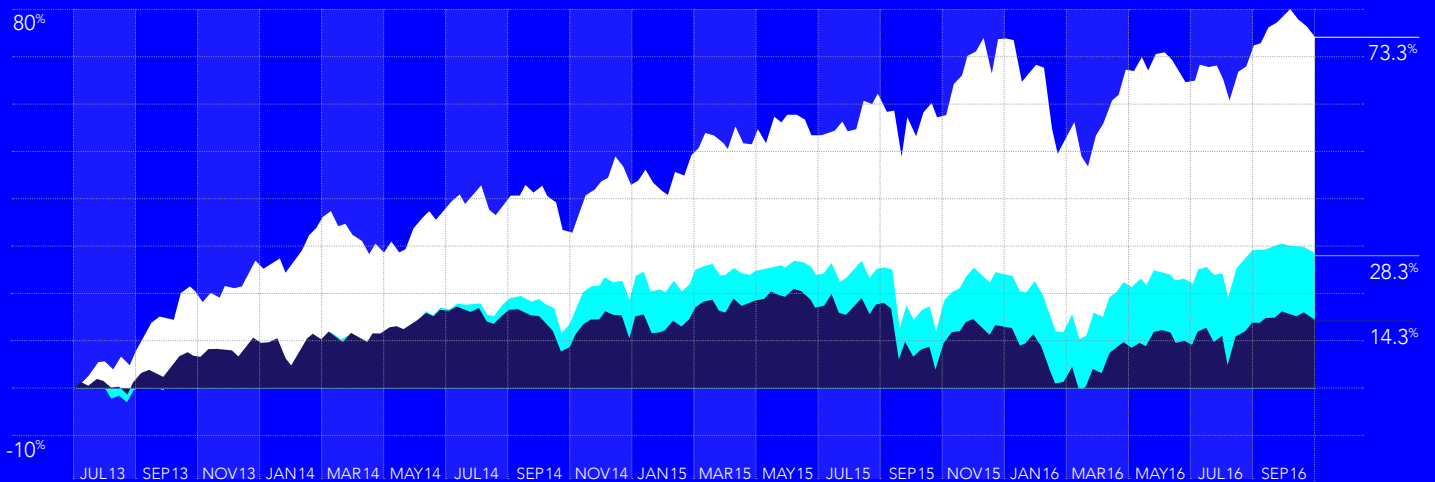
One of the most distinctive attributes of these brands is their high level of customer interactivity and engagement. They have, in essence, managed to outsource much of their brand experience directly to their customers, encouraging them to customize their interaction while using this input to fine tune highly targeted sales messaging back at them. It's a remarkably symbiotic relationship that dramatically reduces costs for the organization while simultaneously generating higher levels of customer satisfaction and loyalty. Again, a win/win scenario.

In the pages that follow, we present four detailed case studies on brands whose unwavering commitment to delivering comprehensive customer engagement at every level rank them among the best brands in any category. We'll let their stories speak for themselves but welcome any and all questions and thoughts about our study, our work and our special passion for this critical topic. //

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HIGH EXPERIENCE
BRANDS OUTPERFORM
THE S&P BY +50%





■ Experience Index
■ S&P 500
■ MSCI World Index

Historical Stock Performance of Experience Index Brands vs. S&P 500 vs. MSCI World Index Brands

Source: BrandZ/Kantar Millward Brown
Bloomberg

Jul 2013 – Sep 2016

Source: BrandZ
Millward Brown 2016

Group XP's 2016 top 30 global brands portfolio (those that are publicly quoted) has been analyzed against the MSCI and S&P 500 stock market indices.

This chart tracks the historical share price performance of the portfolio over the past 3 years. //

//

WINNERS
2016



| | Rank | Brand | Group XP Experience Score 2016 |
|--|------|---------------|--------------------------------|
| Top 30 global brands outperformed the global MSCI index over the last 5 years by 61% | 01 | Pampers | 149.99 |
| | 02 | Disney | 134.22 |
| | 03 | PayPal | 129.91 |
| | 04 | DHL | 129.75 |
| | 05 | Facebook | 128.54 |
| | 06 | Apple | 128.51 |
| | 07 | Google | 127.05 |
| | 08 | IKEA | 123.22 |
| | 09 | UPS | 122.24 |
| | 10 | Visa | 121.72 |
| | 11 | Nike | 120.88 |
| | 12 | Huggies | 120.87 |
| | 13 | FedEx | 120.47 |
| | 14 | Southwest | 119.92 |
| | 15 | Deutsche Post | 119.84 |
| | 16 | Amazon | 119.25 |
| | 17 | Samsung | 118.55 |
| | 18 | Sky | 117.91 |
| | 19 | Ecover | 117.48 |
| | 20 | Tesla | 116.79 |
| | 21 | Colgate | 116.60 |
| | 22 | Omo | 114.69 |
| Source: BrandZ analysis 2016 Yahoo Finance 2016 | 23 | BMW | 114.19 |
| | 24 | Bose | 113.76 |
| | 25 | IBM | 113.26 |
| | 26 | Adidas | 113.01 |
| | 27 | Verizon | 112.50 |
| | 28 | Mercedes-Benz | 111.98 |
| | 29 | Under Armour | 111.95 |
| | 30 | Ferrari | 111.70 |

| | Rank | Brand | Group XP Experience Score 2016 |
|------------------------|------|------------------------|--------------------------------|
| Top 15 Across UK | 01 | Pampers | 156.04 |
| | 02 | Amazon | 146.80 |
| | 03 | PayPal | 136.19 |
| | 04 | Apple | 134.30 |
| | 05 | BMW | 130.78 |
| | 06 | BUPA | 127.90 |
| | 07 | Huggies | 127.47 |
| | 08 | Audi | 123.69 |
| | 09 | IKEA | 123.29 |
| | 10 | Visa | 122.77 |
| | 11 | Sky | 121.71 |
| | 12 | Nike | 121.67 |
| | 13 | British Airways | 121.49 |
| | 14 | Mercedes-Benz | 120.00 |
| | 15 | John Lewis | 119.67 |
| Top 15 Across USA | 01 | Amazon | 142.72 |
| | 02 | Pampers | 141.45 |
| | 03 | Apple | 138.59 |
| | 04 | Huggies | 136.72 |
| | 05 | Disney | 134.22 |
| | 06 | Home Depot | 132.26 |
| | 07 | Enterprise | 131.49 |
| | 08 | Blue Cross/Blue Shield | 127.51 |
| | 09 | Lowe's | 125.76 |
| | 10 | Nike | 125.71 |
| | 11 | Starbucks | 125.24 |
| | 12 | Bose | 124.82 |
| | 13 | PayPal | 122.32 |
| | 14 | Visa | 120.67 |
| | 15 | Southwest | 119.92 |
| Top 15 Across China | 01 | Apple | 137.42 |
| | 02 | Pampers | 131.17 |
| | 03 | Philips | 129.14 |
| | 04 | Sinopec | 127.27 |
| | 05 | Ctrip | 126.47 |
| | 06 | PetroChina | 125.85 |
| | 07 | JD.com | 125.81 |
| | 08 | Blue Moon | 125.63 |
| | 09 | Tmall | 125.48 |
| | 10 | Zhang Yu | 124.90 |
| | 11 | Nongfu Spring | 124.66 |
| | 12 | Kangshifu | 123.03 |
| | 13 | BMW | 122.98 |
| | 14 | KFC | 122.88 |
| | 15 | Midea | 122.39 |

Source: BrandZ analysis 2016
Yahoo Finance 2016

//

HIGH PERFORMING EXPERIENCES IN ACTION

// PAMPERS
// IKEA
// AMAZON
// PAYPAL



// PAMPERS

Mother's Major Helper



[Image source](#)

"Pampers for years struggled in our company... because we were too... focused on the diaper, the tapes, the backsheet, all the technical features. A few years ago our leadership group decided they would focus on a purpose... caring for babies' development. And that took the focus...where it belonged, on the baby, on the mother, on the development of the child, not on the diaper. As a result of that we became much more innovative."

Bob MacDonald
Former CEO, P&G

There's no better example of how experience drives success than Pampers. The Procter & Gamble brand is at the very top of the Experience Index with a score of 159, but it's not the products that are driving results. Instead, Pampers became P&G's best-seller by being a trusted advisor to new mothers in the most important job on earth: raising a happy, healthy child.

Pampers tried the product-first route, focusing on technical functions like fit, price, closures and liquid capture. Positioning Pampers as superb disposable diapers didn't resonate with consumers, and in 1997, the brand was rock bottom at P&G in terms of market share growth and profitability. But by 2012, Pampers blossomed into Procter & Gamble's best-selling brand and the first to generate \$10 billion in annual revenue. Sales are growing 5% yearly, and, since 2009, Pampers gained 10% in sales points in their never-ending battle with Kimberly-Clark's Huggies.

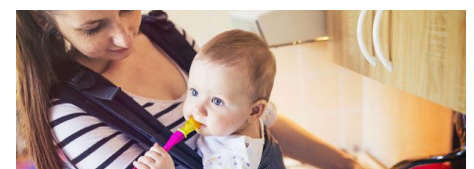
Chalk up Pampers' rebirth to a deep understanding that new mothers

want more than a good diaper. They want advice, conversation and support at every step of the journey. Instead of just providing utility, the company makes lives "easier, more joyful or more interesting" through original content, smart mobile apps and intimate community engagement. Pampers has evolved into much more than a product company—it's a trusted advisor for 25 million mothers across 100 countries.

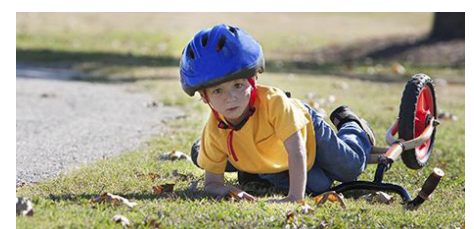
Pampers.com reads like a friendly Mommy Blog rather than a transactional e-commerce site. Consumers already know Pampers and know what they can purchase—why beat them over the head with it? The Shop Now buttons are lightly sprinkled among photos of Eskimo-kissing mothers, story discovery, invitations to review products and join parenting conversational communities. The result is that consumers understand Pampers stands for more than just sales and leads to an Impression score of 143, tied for third with Disney and Tesla.

Pampers uses content to nourish the seeds of a trusting relationship well before the first purchase. The Pampers Due Date Calculator tracks

[Pampers website](#) // [Image Source](#)



Post pregnancy workout



Baby safety around the house

“When you start to say, ‘we want to be a brand experience; we want to be there to help support parents and babies as they grow and develop,’ that creates all sorts of new needs.”

Jim Stengel
Former CMO, P&G



Pampers social media conversation // [Image source](#)

menstruation cycles and sends personalized updates and tips. It's an intimate connection that transparently invites user engagement—rather than, say, *Target's* embarrassing snooping gaffe a few years ago. The calculator is an acquisition strategy in the same vein as Amazon's Prime. Provide something of value, such as their early-day book store. Give before you ask for money or data in return. And an expecting mother doesn't have to commit to buying from Pampers to use the Calculator. The early trust is continuously fed and rewarded by Pampers. Need to prepare, save money and maximize gifts for a baby shower? Pampers has tips. Concerned with stretch marks or finding the right pediatrician? Pampers has tips for that, too.

Convening with parents to discuss body changes is a far cry from being a “diaper company.” As P&G's former CMO Jim Stengel said, “We want to be there to help support parents and babies as they grow and develop.” Stengel and Pampers recognized that diapers are not a mother's top priority—keeping babies safe and healthy is. Pampers is the helicopter parent that mothers can call out to when they need assistance. This approach primed Pampers to capture 1st place in Interaction, which measures delivery on a consumer's most important need. Helping families adapt their house to accommodate new, clumsy walkers. Celebrating weaning toddlers off diapers by describing bed-wetting as a bonding, family affair rather than a nerve-wracking, isolating experience.

Pampers' strategy shows consumers that the brand cares about more than money, that it's aligned with women's priorities as they evolve from pregnancy to new mother. Mothers need help sleeping, so Pampers creates a White Sounds app to soothe babies into slumber. Mothers need diapers regardless of budget, so Pampers downsizes the number per pack in less-wealthy markets. Mothers need intelligible information, so Pampers translates its site for more than 30 countries. Mothers need products—now!—so Pampers curates local stores and rapid shipping options on its site. Pampers does not simply put a product out to the world and ask you to buy from them. This Responsiveness gives Pampers a No.1 ranking in the category as well.

It'd be a mistake to ignore this fact, of course: P&G has an easy product to build experience around. Babies are nuclear power for emotion and attachment. But tapping that emotion and creating a powerful experiential ecosystem are two different tasks. Huggies, for instance, is still focused on the sell first. You see it in their Google description: Huggies Diapers, Baby Products, Supplies & Coupons. (Versus: Diapers, Baby Care and Parenting Information at Pampers.com). You see it in Huggies' site, which tries to organize the child-rearing experience as a linear, predictable path that's conquered by completing a trail of diaper purchases. Their approach leaves money and market share on the table because it fails to connect with consumers. Pampers' education-

first execution helps P&G outscore Kimberly Clark by 38 Experience Capital points and 7% market share.

Stepping away from *product product* frees Pampers to explore new ideas, connect online and off with consumers and create intellectual property. Their Pampers Village Parenting Panel convenes pregnancy and child-development experts for top-level knowledge. Meanwhile, P&G interviews almost 10,000 mothers each year to find out what's most important to them right now—like, say, diaper sag, which infuriated 80% of interviewees and led to rapid product innovation. Intimate knowledge of mothers, and a long-term game plan, gives Pampers a view beyond its fingertips. It establishes a reputation for future-

proofing and leadership, and builds Pampers' Resilience score to 159, far and away first in the world.

P&G's mantra of success "now and for generations to come" stretches from HQ to consumers to underserved populations through One Pack = One Vaccine program. The UNICEF partnership has provided 300 million vaccines for 100 million mothers since 2006, keeping young women free from neonatal tetanus. While making a diaper matter to a mother may be easy, making mothers matter this much to a corporation is truly a mindset focused on exceptional customer experience. //

Pampers.com reads like a friendly Mommy Blog vs a transactional e-commerce site

Customer experience innovations from Pampers:

- // Brand support through BabyCenter social media community
- // Digital content strategy for baby development advice
- // Focus on parenting community creation & activation
- // Facilitating moms' networking through Pampers Village online hub
- // Relevant and consistent social voice through UNICEF partnership

Net Sales 2015 By business segment



P&G at a glance
[Source](#)

Net Sales of Baby, Feminine and Family Care

\$20.2 Billion

\$10 Billion of which is Pampers alone

// IKEA

Retail Resurgent

"The store is their catalogue in physical form... and we can't get enough of it!"

Alan Penn,
Director, VR Centre for Built
Environment, UCL

IKEA tote bag // [Image source](#)



Lövet Table, 1956—The birth of flat-pack

Customer experience innovations
from IKEA:

- // Room set merchandising
- // Family Journey store layout
- // Crowd sourced catalogue content
- // Pop-Up Roomvertising shops
- // 15-minute hotel snooze
for tired shoppers
(Sovhotell, Stockholm)
- // Immersive 3D Catalogue App

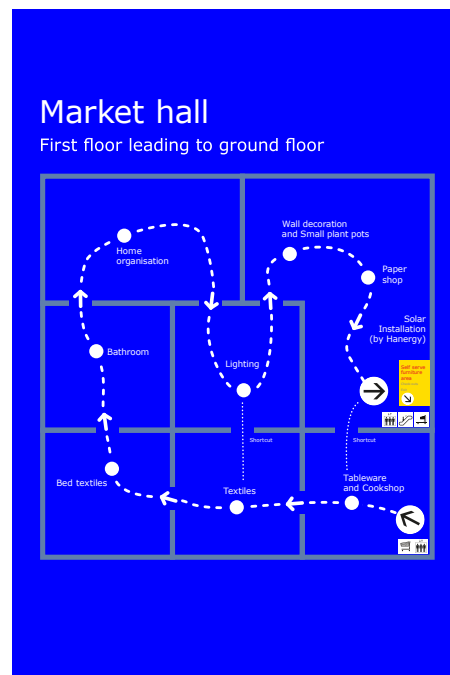
Do you remember your last visit to IKEA? In detail? You must have gone with someone—can't be many of the millions of visitors who go alone. If you went with your young daughter, you likely dropped her off at Smaland, the playground for kids. She's ecstatic about the ballpit, and you're relieved to get a few hours' break. Up the escalator, and to the showroom: you've arrived! Pick up a big yellow bag—no need for a cart, you won't be here long—and step onto IKEA's pathway. You've got a big bag now, so it makes sense to start foraging. Summer's coming up, and you love dressing the garden in flickering light. A package of 100 Glimma candles into the bag. Do you need one hundred tea lights? No—but it's just \$10 to make the garden romantic, and you won't be back for six months—so, yes. Pencil out like an ornithologist. Romance: check. Efficiency: check.

You do need dinner plates. Where are they? The Sommar azure is what you had in mind, but the Vadera's squarish edges catch your eye. Look

at how they stack flush against the wall in the Sektion/Bodbyn kitchen display. Crisp and white on the wide, flat countertop that's housing - what's that, you bend down—a self-cleaning oven? Hmm, \$999 for the beautiful, brushed-steel Nutid. Open, close it. A few portions of a few paychecks and home delivery. It's yours. No, definitely don't need a self-cleaning oven but you snap a picture of the article number just in case. If you can't have the Nutid, then might as well get sets of Sommar and Vadera instead. When you do come back, you'll have plates to match the oven.

Sound familiar? You're not alone. 884 million shoppers meandered through IKEA last year.

In an era of customization, immediate delivery and user-curated experiences, IKEA remains a stubbornly original big box chain. A retailer who we love to hate for making us walk the same path, the same way, each time. The store isn't built for quick shopping—at least not the way we (and especially men) shop—"it's their



IKEA store plan

catalogue in physical form.” But we can’t get enough of it. IKEA demands we play voyeur through a labyrinth of beautifully designed kitchens, living rooms, patios, bedrooms, bathrooms. Like a catalogue, sure, but no skipping pages, flipping through or just throwing the whole thing out. You might not ever be in the market for a sofa bed, but someone else is, so accommodate happily, they seem to ask. It’s all quite socialist, really, and at the center of IKEA’s incredible Impression score of 129—eighth overall. On your journey, you’ll get hours of free decor inspiration, a crash course in Scandinavian language, a slew of free pencils and tape measures. And when you get home, they throw in a mandatory cabinet-maker apprenticeship.

The retailer’s hyper-engagement is a refreshing departure from cold big box stores. It helps drive IKEA’s overall Experience Capital ranking to eighth in the world, just behind Apple, Facebook and Google. IKEA’s memorable Impression is matched by consistent delivery on our most important need: great design at very low prices. Last decade, IKEA actually decreased prices, on average, across the globe, but they were more profitable than Lowe’s and Target. Again, IKEA’s personality drives the result. They don’t skimp on stores; instead IKEA asks us to put in some work. We build furniture so we save money on the product, and the movers, and we help IKEA save money on supply chain and storage. Four birds, one Allen key.

It’s a bit of genius that makes IKEA as popular in Germany as it is in the United States. As relevant in Stockholm as Shanghai, where 80,000 shoppers came to celebrate opening day. In a fading retail environment, the 73-year-old IKEA is spry as ever, growing from 338 stores in 2012 to 375 three years later in 2015, 776m visitors to 884m, €28b in retail sales to €34b with a projection to reach €50b by 2020.

IKEA’s engagement helps address the company’s weakness, too. Despite likely being the biggest global consumer of wood, the consumer believes IKEA is building a better future, ranking the brand eighth in Resilience. IKEA is open about its waste and leads the conversation about sustainable

forestry, supplier audits, the rejection of PVC and elimination of plastic bags. Their Space10 in Copenhagen is an open-innovation R&D lab asking questions about all these problems.

IKEA's sustainability narrative outpaces their website storytelling, though, which needs some work. There's no blog or casual musings about design ideas. No interviews with up-and-coming designers and retrospectives of design icons. IKEA's website mimics the store a bit

too much by dropping all product storytelling and focusing on function. The vanilla strategy isn't hurting website visits—1.9b last year—but without lifestyle stories, IKEA will forever be furniture you graduate from, not into.

IKEA lowest score is Responsiveness, 26th on the Experience Index. But it looks like they're starting to adapt as companies like Etsy expand and indie furniture designers adopt digital fabrication. IKEA recently

started partnering with fresh, young designers like Britain's Tom Dixon, menswear designer Katie Eary and Denmark's HAY. The recent collaboration with culture site [Hypebeast](#) brings IKEA into new conversations (this one with [sneakerheads](#)) that spread through lifestyle publications. IKEA is also entering the virtual reality world in partnership with HTC, which should bring future collaborations to a headset near you. //

IKEA is open about its waste and leads the conversation about sustainable forestry, supplier audits, PVC rejection and eliminating plastic bags

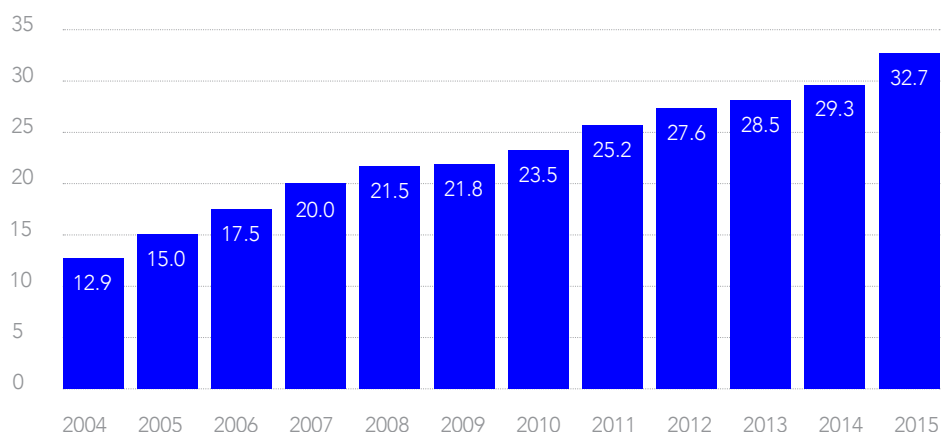
IKEA room share app // [Image source](#)



Total Revenue 2004–2015

Financial Growth Chart
[Source](#)

Billions of Euros



// AMAZON

Clicked-on Customer Experience

"The best customer service is if the customer doesn't need to call you, doesn't need to talk to you. It just works."

Jeff Bezos, CEO

Amazon warehouse // [Image source](#)



Who would have predicted that Amazon, launched as a bookstore, would ever surpass Walmart's market capitalization? No one in 1997, and likely very few in 2005 when Amazon generated a shade more than \$500,000 in sales. But today, Amazon is the world's fifth biggest company, beating Walmart and almost everyone else in market cap. Two core factors drive the brand's incredible rise: First is Amazon's intense customer-centric innovation, reflected in a Responsiveness score that ranks fifth on the Experience Index. Second is Jeff Bezos' perspective that marketing and customer satisfaction are an inseparable investment to generate revenue and highly individualized product development.

Amazon's electric growth is incongruous with our Impression of the company. Amazon's most material touchpoint is the humble cardboard box and its logo seems stuck in the '90s. "We are not great advertisers," Bezos once told Charlie Rose, a reality that's reflected by Amazon's low XP Impression rank. But we'd argue that Amazon is so responsive, we

don't give the brand enough credit.

More than any other company, Amazon redefined the online shopping experience. Amazon created and trademarked 1-Click Ordering. They beat Apple to the tablet punch with the connected Kindle. They so thoroughly outperform Google in online shopping that almost half of Web shoppers go directly to Amazon for product searches. Amazon also pioneered personalized product recommendations, popularized free shipping and returns and accelerated the validation of customer reviews.

In terms of a shopping experience, the cardboard box is actually quite brilliant. It means that Amazon, once again, has delivered. Likely in just a few hours, with no online confusion or in-person support. Bezos likes to say that the best customer service is when the process "just works," and his roughly 300 million active users must agree. Amazon's \$189 revenue per unique user is more than eBay, Google, Facebook, Tencent, Yahoo, Baidu and Mail.ru—combined and doubled.

Customer experience innovations from Amazon:

- // One-click shopping
- // Voice shopping
- // Personalized recommendations
- // No hassle returns
- // 2 hour delivery
- // Full disclosure of customer reviews

"Amazon's approach is to mine customer feedback and immediately improve products so the new experience disappears into our customers' every day"

Neil Lindsay, CMO

CMO Neil Lindsay says Amazon's approach is to mine customer feedback and immediately improve products so that the new experience "disappears into our customers' every day." Since the brand doesn't celebrate itself with much fanfare, we take a lot of their work for granted. Walmart hasn't, however—they just acquired Jet.com for \$3b in a strategy to try and catch up with Amazon. But, now that Amazon is our personalized portal to the commercial Web, they are looking to outpace Jet and other competitors may soon disappear everywhere in fashion, fine art, fresh food, smart homes, newspapers, movies, TV shows, podcasts and, of course, drones. Can Amazon do it?

We will see. Original content and haute couture require more than smooth delivery, and its upmarket mobility is challenged by low Impression, Resilience and Interaction scores. For example, the three-year-old Amazon Art brand is listless, remaining obscure even internally. Critics say fashion is too stylish for Amazon's brand and requires too much customization for one-click

shopping. Amazon Fire tanked, Amazon Studios is battling sturdy competition and AmazonFresh reviews aren't sparkling. In the smart home space, they will be up against more refined brands like Apple and Google.

But Amazon's stomach for risky experimentation is, at this point, a signature. Amazon has the heart of a startup with the scale of a giant, a unique combination that lets them roll out in India at the same time they experiment with the *Washington Post* as if it's a basement skunkworks. All the experimentation sparks conversation, feedback, user testing, complaints and compliments. Exactly the kind of fuel that's driven Bezos' company since launch.

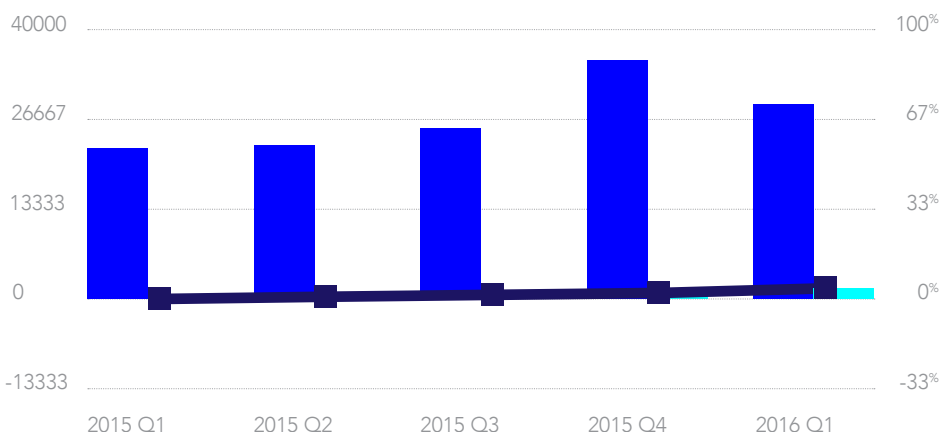
Amazon Fashion seems to be the blueprint for what to expect from Amazon moving forward. The eCommerce brand learned from Amazon Art that personality, voice, originality and credibility deeply matter. Instead of focusing on free returns and one-click purchasing, which consumers already know,

Total Revenue 2015–2016

■ Revenue
■ Net income
■ Profit margin %

Financial Growth Chart
Source

Millions of Dollars



"We've had three big ideas at Amazon that we've stuck with for 18 years, and they're the reason we're successful: put the customer first. Invent. And be patient."

Jeff Bezos, CEO

Amazon doubled down on original lifestyle content. They tapped their heritage of compelling storytelling (book reviews, back in the day) to take over a new market.

The brand created East Dane, a curated fashion site run by a former GQ editor. They're building private labels and sponsoring New York Fashion Week to engage the industry in conversation from a position of power. At the same time, Amazon is attracting less brand-

conscious consumers through pricing algorithms that undercut competition. Suddenly, Amazon is dominating retail—almost half of US shoppers buy clothing from Amazon, up 15% from last year. And, by 2017, unstylish Amazon is expected to be America's biggest apparel dealer. We expect Amazon to continue to rise in XP rankings, market cap and in consumers' hearts and minds. //

Some of Amazon's most interesting recent acquisitions



[Dec 1 2015](#) // Orbeus

An innovator in automated facial, object and scene recognition, image-to-text analysis and video indexing

→ Improved search and personal recommendations

[Sep 25 2015](#) // Safaba

Translation Solutions
Enterprise machine translation solutions

→ High velocity content localization

[Sep 3 2015](#) // Elemental Technologies

Leading supplier of software-defined video solutions for multiscreen content delivery

→ Improved mobile video offering for Web Services

[Apr 10 2015](#) // Shoefitr

A software solution that enables online footwear retailers to recommend shoe sizes for customers

→ Greater footwear purchase experience and future apparel customization

[Jan 22 2015](#) //

Annapurna Labs
Cutting-edge technology startup, focused on connected home solutions

→ Cost optimization and potential move into the chip market

// PAYPAL

“New Money” Pays Out

The PayPal experience is all about you, rather than a stream of updates about friends spotting another friend for pizza

PayPal stories // [Image source](#)



First Lady Announces PayPal's Support for Let Girls Learn

PayPal has the third highest Brand Experience Capital score after Disney. Not bad for a company that didn't exist twenty years ago. It's a real demonstration of the power of a well-managed brand, based of course on a great product that fulfils a real need. And it's a very rounded brand in that it scores almost identically on Impression, Delivery, Responsiveness and Resilience. Built with the sleek, simple attributes a modern brand needs. But dig a little deeper and it faces some big challenges.

Impressions of a brand are formed over time, and PayPal has been on quite a journey already in its short life. It's a journey from humility to an exuberant confidence, but the trajectory feels natural—somehow it works. PayPal was owned by eBay for most of its history and most people originally came to experience it as eBay's payment method. It wasn't even the dominant brand in that experience: eBay was the star and PayPal was its unassuming but competent little sibling. That sense was compounded by its name—short, friendly, unpretentious PayPal. Not

PayKing or PayRock or PayForce. Just reliable, chummy PayPal. So for many, it still feels like a useful and convenient little payment method they stumbled across even though they know it's used by 184 million people. Especially since the PayPal experience is all about you rather than a stream of endless updates about your friends just spotting another friend for pizza.

Now, however, PayPal is anything but quiet. The platform positions itself as “new money” and is a brash and cocky attack on the “old money” world of established financial services brands. (Talk about a soft target.) The platform is taken throughout the PayPal experience and although it's a bit pushy, it can be forgiven because it's already established trust. And for many it's still helped by the knowledge that its co-founder was the ever-dynamic Elon Musk. Overall, therefore, PayPal's Impression score may go even higher though it's a brand that was built by experience and reputation rather than a great deal of paid-for communication.

Customer experience innovations from PayPal:

- // Payment via texting option
- // Fast, easy global transfer
- // Seamless extension into other financial services
- // Social media feed integration through One Touch™ cross platform
- // Eco system attitude: commerce tools for retailers to maximize sales

"We should make things a lot easier to do, faster to do, and less expensive. We should figure out a way to create a system that busts the paradigm that it's expensive to be poor. And software and mobile should be able to go do that."

Dan Schulman, CEO

Impressions only lead to disappointment, however, unless a brand delivers on people's needs, and at a core product level, PayPal clearly does. Separate BrandZ data show PayPal to be a highly trusted brand despite its relatively short life. You don't always need heritage to build trust, even in a conservative sector like financial services, but you do need a great product. PayPal has delivered the right balance of convenience, reliability and security to many people and so they feel that it delivers what they need.

It's important, though, that PayPal continues to ensure that its product and experience provide value. Despite positioning itself against "the establishment," to some extent PayPal is actually becoming it, with all the resulting scrutiny. Successful interaction depends on delivering a great experience at an acceptable price and as noise increases about PayPal's charges this balance will need to be carefully managed. Especially from truly new competitors like Venmo, Stripe, Square and traditional banking products like Chase QuickPay

PayPal is seen as a Responsive brand, and such is the long-term reputation of banks that it could probably have generated a high rating on this factor merely by existing at scale. And undoubtedly when it launched, PayPal seemed like a good response to customer demand. As a truly responsive experience, though, it has a long way to go, and the brand appears still to be finding the balance between security and customer service. Regular users describe tortuous experiences on the phone and an absence of a satisfactory live chat option (when compared with a brand like Uber, for example). There is so much automation that PayPal's staff appear to lack the information required to inform and satisfy the customer. This is a problem for PayPal because expectations of service are on the rise, partly fueled by other online brands delivering a highly responsive experience.

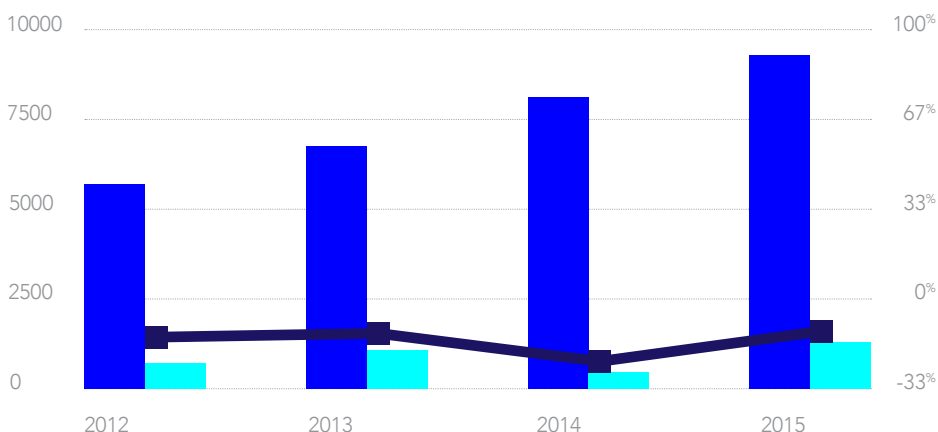
PayPal operates in a blurry category. Many brands are trying to own the mental space of "payment" and they will need to continue innovating

Total Revenue 2012–2015

- Revenue
- Net income
- Profit margin %

Financial Growth Chart
Source

Millions of Dollars



"Apple pay will not be the downfall of PayPal. The downfall of PayPal will be PayPal's atrocious customer service."

Quora member
[Source](#)



PayPal advertising // [Image source](#)

to keep their payment experience optimal and available in the right places. It's important to be seen as "of the future" rather than of the past and PayPal fits that profile as a future-facing brand striving to make people's lives better. Again, context is important: as a major disruptor of a lackluster sector, it's easy for people to feel that yes, this "new" brand is a lot more convenient than traditional money transfer services, so in its own small way it's creating a better future. But it also has a reputation for supporting social projects in developing markets, some of which are covered in the extensive "PayPal stories" blog. All of which is consistent with a creative platform that specifically positions PayPal as the money of the future.

As always, there are risks and challenges. PayPal has been very successful at its core competence but now competes with free features that form a natural part of an existing ecosystem, like Google Wallet or Apple Pay. These in turn compete with PayPal partners such as Vodafone Wallet. How that will all shake down is anyone's guess, although if the fundamentals of the PayPal experience aren't right, that guess is academic anyway. As one Quora respondent succinctly put it "Apple Pay will not be the downfall of PayPal. The downfall of PayPal will be its atrocious customer service." Even if that is an exaggeration, one thing's for sure: modern brands are all about connection and a great image and history count for little if significant parts of the brand experience are causing people pain. //

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INDEX METHODOLOGY



“Working with the team at Group XP has helped diagnose and quantify the role of brand experiences in building financially successful brands.”

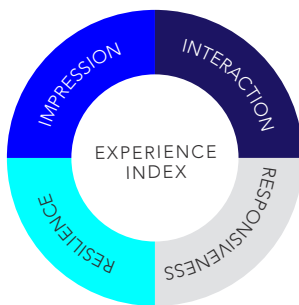
Martin Guerrieria
Millward Brown

Group XP worked with the BrandZ team to decode brand experience into 4 critical components, applying a BrandZ metric to quantify each of the four dimensions: Impression, Interaction, Responsiveness and Resilience.

By combining the 4 components equally we are able to create a single score for each brand and create an Experience Index for all brands in the BrandZ database. We also proved this had a strong relationship with current consumer demand. We were then able to examine the relationship between brands with High, Medium and Low Brand Experience Capital scores and their trended brand value over a ten year period.

STEP 1

Identified the four experience based drivers of Brand “Power,” BrandZ’s measure of drivers of current consumer demand.



BRANDZ

Four golden questions from the BrandZ global survey

STEP 2

Integrated the four individual driver scores to derive a single measure —The Experience Index.

// Business / Customer impact

STEP 3

Tracked the business performance of those top performing brands against the MSCI.

// Share price impact

The WPP BrandZ study is the largest and most authoritative brand analytics database on the planet.

Designed and managed by WPP’s marketing and brand consultancy Millward Brown, the BrandZ™ Top 100 Most Valuable Global Brands ranking is now in its eleventh year. It is the only study to combine measures of brand equity based on interviews with over three million consumers globally about thousands of consumer facing and business-to-business brands with a rigorous analysis of the financial and business

performance of each company (using data from Bloomberg and Kantar Retail) to quantify the role that brand plays in driving business and shareholder value. Consumer perception of a brand is a key input in determining brand value because brands are a combination of business performance, product delivery, clarity of positioning and leadership.

For more information and to download the BrandZ valuation reports go to www.brandz.com. //

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Simon Bolton

// CEO
// Group XP

With three of the world's best brand experience agencies under his portfolio, Simon set up Group XP in early 2016.

Simon began and developed his career at Ogilvy, before spending 6 years as CEO of FCB, and 5 as CEO of JWT.

Tim Greenhalgh

// CCO
// Group XP & FITCH

As Global Chairman and CCO of FITCH, Tim has driven the creative output of the world's leading retail & brand consultancy.

A relentless advocate of design as a business tool, Tim now also leads the creative vision of Group XP's promise to deliver seamless experience.

CONTRIBUTORS

Ksenia Starikova

// Head of Growth & Innovation
// Group XP

After 7 years managing some of FITCH's largest key client accounts, Ksenia joined Simon to establish Group XP's proposition in the market.

Ksenia leads all XP activity and is responsible for driving new business through innovative means of collaboration across the Group.

Iain Ellwood

// Chief Growth Officer
// Group XP

Iain joined Brand Union in 2015 to provide deep expertise in helping clients accelerate brand-driven profitable business growth.

Iain has been the key driver behind the Experience Index's data and analytics and is a true ambassador of its strategic thinking and application.

John Shaw

// Chief Product Officer
// Brand Union

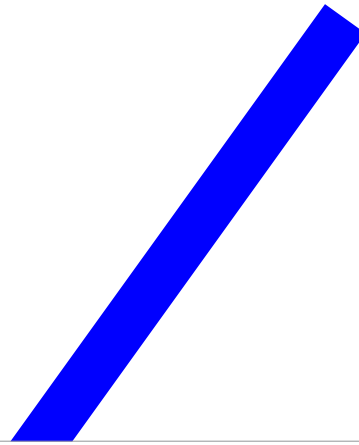
John is responsible for overseeing Brand Union's connected product offering from strategy & creative to design & technology.

He joined Brand Union in 2014 after working with companies such as Ogilvy and Wieden+Kennedy. His clients have included Vodafone, Nike, Disney, Coca-Cola and Ford.

Martin Guerrieria

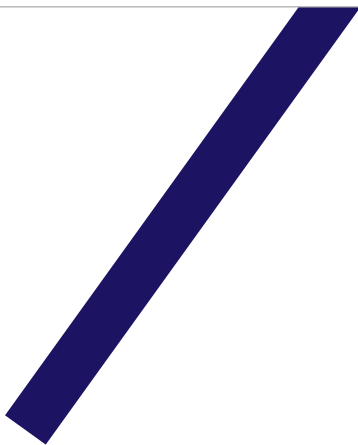
// Global BrandZ Research Director
// Millward Brown

With 15 years' experience in research, Martin runs multi-market brand equity studies for several global Millward Brown clients.



Group XP is a unique consulting model formed through the partnership between Brand Union, FITCH, SET and SET Live. We believe that great customer experience is the key driver of business growth.

Together, we are over 1000 strategic and creative thinkers located across 40 studios worldwide. By connecting diverse perspectives and skills in our network, we bring a holistic view of experience to create transformative interactions between brands and people. //



www.group-xp.com



For any further questions on the Experience Index please contact: ksenia.starikova@group-xp.com