

GUCCI/ENEL/KINDER/TIM/
FERRARI/PRADA/FENDI/
ENI/NUTELLA/GENERALI/
FERRERO ROCHER/BVLGARI/
ARMANI/BOTTEGA VENETA/
INTESA SANPAOLO/
PIRELLI/UNICREDIT/FIAT/
WIND-TRE/APEROL/A2A/
SALVATORE FERRAGAMO/
FASTWEB/BARILLA/LAVAZZA/
CAMPARI/BANCA MEDIOLANUM/
VERSACE/FINECO/ESSELUNGA

KANTAR BRANDZ

2022 MOST VALUABLE
ITALIAN BRANDS



1

2

3

4

5

WELCOME

- 06 - INFOGRAPHIC
- 08 - WELCOME, FEDERICO CAPECI

INTRODUCTION
& ANALYSIS

- 12 - ECONOMICS AND POLITICS
- 16 - CROSS CATEGORY TRENDS
- 20 - INSIGHTS
- 24 - ECONOMY & DEMOGRAPHICS
- 26 - MEDIA

BRAND ANALYSIS

- 36 - TOP 30 MOST VALUABLE
ITALIAN BRANDS 2022
- 40 - BRAND VALUE
- 44 - CHARTING THE CHANGES
- 48 - LEARNING FROM LEADERS

LUXURY IN ITALY

- 62 - LUXURY TOP 10
- 64 - THE ERA OF THE PUBLIC

THOUGHT LEADERSHIP
AND BRAND BUILDING

- 74 - FROM SELLING TO CARING,
SILVIA LEONI
- 78 - HOW TO MAKE
SUSTAINABILITY ATTRACTIVE?
SHIVA MOHAMMADIAN
- 82 - BUILD A UNIQUE EXPERIENCE
THROUGH NEEDSCOPE
TO DRIVE YOUR BRAND'S
MEANINGFUL DIFFERENCE,
VALERIA CHIAPPINI
- 84 - TAKING UP THE CHALLENGE
OF DIFFERENTIATION,
MATTEO BECCARELLI
- 88 - REMINDING US OF THE
OBVIOUS ... OR IS IT REALLY
SO OBVIOUS? STÉPHANIE LEIX

RESOURCES

- 92 - BRAND VALUATION
METHODOLOGY
- 100 - GOING GLOBAL?
- 104 - KANTAR IN ITALY
- 106 - BRAND EXPERTS
- 112 - THE KANTAR BRANDZ
ITALY TEAM

TOTAL VALUE OF KANTAR BRANDZ
2022 TOP 30 MOST VALUABLE ITALIAN BRANDS

\$128.7 BILLION

Increase over last year: 12%

THE TOP 10 MOST VALUABLE ITALIAN BRANDS
The top 10 account for \$98.9 billion, or 77% of the total value.

#1

\$ 37,887

LUXURY

#2

\$ 12,595

UTILITIES

#3

\$ 9,824

FOOD AND BEVERAGES

#4

\$ 8,876

TELECOM PROVIDERS

#5

\$ 8,336

CARS

#6

\$ 5,642

LUXURY

#7

\$ 4,700

LUXURY

#8

\$ 3,894

ENERGY

#9

\$ 3,875

FOOD AND BEVERAGES

#10

\$ 3,246

INSURANCE

GUCCI

ENEL

KINDER

TIM

FERRARI

PRADA

FENDI

ENI

NUTELLA

GENERALI

BRAND RANK
Brand Value \$ (US) Millions

ITALY TOP 30 CATEGORY BREAKDOWN

Category	Percent of total	US\$ million	YOY growth
LUXURY	44.4%	57,156	19%
FOOD AND BEVERAGES	14.6%	18,806	2%
UTILITIES	10.8%	13,917	-5%
TELECOM PROVIDERS	8.9%	11,498	-2%
CARS	7.7%	9,845	25%
BANKS	4.3%	5,492	22%
ENERGY	3.0%	3,894	34%
INSURANCE	2.5%	3,246	22%
ALCOHOL	1.8%	2,330	30%
TIRES	1.3%	1,684	26%
RETAIL	0.6%	798	13%

TOP 10 LUXURY BRANDS

GUCCI

PRADA

FENDI

BVLGARI

ARMANI

BOTTEGA VENETA

Salvatore Ferragamo

VERSACE

VALENTINO

DOLCE & GABBANA

NEWCOMER

VERSACE

TOP FIVE RISERS

FENDI
ROMA

BVLGARI

PRADA



FOCUSING ON WHAT MATTERS BRANDS FIND HOPEFUL TRENDS IN DISRUPTIVE TIMES

The 2020s will not go down as one of the world's happiest decades. Just as countries were beginning to learn to live with the COVID-19 pandemic, they saw the outbreak of the largest conflict in Europe since World War II. The war has disrupted millions of lives, with destruction and human suffering on a scale unseen on the continent in 70 years. The ripple effects have also been enormous and unpredictable. Consumers across the globe are grappling with runaway inflation, soaring energy costs, and rising food insecurity.

Against this backdrop, it may seem strange to survey and analyse — much less celebrate — the current state of Italian brands. But such analysis has always proved most valuable brands in moments like these. The insights we gather today can help business leaders make informed decisions not merely during the present crisis, but in future ones as well.

Over the last two decades, Kantar BrandZ data has covered two major periods of disruption: the present day as well as the 2008/2009 financial crisis. During both of these times, we have gathered valuable data that has enabled business leaders to create the conditions for a better tomorrow. Above all, we've learned that brands that build high levels of Meaningful Difference tend to weather storms better and return to growth more quickly when normalcy returns.

So, without fanfare, I'd like to welcome you to the Kantar BrandZ Top 30 Italian Brands 2022. This year, the top 30 grew their value 12%, with two thirds of the ranking growing in double digits. Moreover, this story is not one of recovery. Last year, the top 30 brands also grew, as they have done every year since the inaugural version of this report in 2018. During that period, they have increased an astonishing 51% in value, making it clear that Italian companies have invested intelligently in great brands and leveraged their home country's formidable reputation for design and manufacturing.

In contrast to much of the world, Italy itself is also having a bright international moment. Under the much-praised prime ministership of Mario Draghi, it has experienced a faster vaccination rate and quicker economic recovery than most neighbouring countries. Overseas, the country has also seen a quick return of demand for its luxury products, particularly in the key market of China. As a result, *The Economist* recently named Italy 'Country of the Year' for 2021.

What's inside

This report begins with an overview of this positive political and economic climate, while highlighting the significant investments that the EU and the Italian government are making in the country's future through the National Recovery and Resilience Plan (NRRP).

We follow this with expert analysis and insights into the Kantar BrandZ Top 30 Italian Brands 2022, including a detailed outline of the key trends and developments affecting brand value in the country. Among other things, we note that purpose, or what a brand provides in addition to its goods and services, is proving an increasingly vital component of brand value growth. Purpose today has a broad remit, including everything from reflecting people's societal and environmental concerns to helping them achieve goals in their daily lives.

This report also repeatedly touches on inclusion, a topic that remains, quite frankly, a challenge for Italian brands. However, research has shown that consumers of all kinds respond positively to inclusive representations in advertising, making this an intriguing and easily grasped opportunity for growth.



In addition, this report contains thought leadership articles from experts in our organization. In particular, I'd like to call out Matteo Beccarelli's exploration of how Made in Italy brands can build differentiation and Stéphanie Leix's analysis of the role communication can play in building brand equity.

Top 10 Italian Luxury Brands 2022

Finally, we have included a special section on the Top 10 Italian Luxury Brands 2022. This is the second year we have done so, not least because of the unique role that luxury brands play in the Italian market. They account for 44.4% of the total value of the top 30, even though the rest of the ranking is quite diverse in its representation.

While luxury brands are not always well differentiated in consumers' minds; they score extremely well on measures like inclusivity and purpose, which makes them a bellwether for the performance of other brands looking to adopt these practices. This section of the report shows not merely how these iconic brands are getting it right, but where their gaps and opportunities lie, and what lessons they hold for other Italian brands.

How we can help

At Kantar Italy, we realise that we are living in unprecedented times, and we're here to help you understand the present and plan for the future. Our team has deep experience and understanding of how Italian and international consumers are reacting to ongoing events, in good ways and bad.

We know we are witnesses to a rapidly changing market, one in which people are building new relationships with each other, new identities in their communities, and new connections with brands — and all at unprecedented speed. We can help you understand what's working and not, how should you react to disruption, whether it's time to retrench or invest, and what's essential to future success.

If you have questions or would like to learn more, please reach out to your Kantar contacts, or connect with me directly.



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INTRODUCTION & ANALYSIS

- 12 – ECONOMICS AND POLITICS
 - 16 – CROSS CATEGORY TRENDS
 - 20 – INSIGHTS
 - 24 – ECONOMY & DEMOGRAPHICS
 - 26 – MEDIA
-

ITALY RISING: AN EMPHATIC RESURGENCE FROM COVID-19

At the onset of the pandemic, some historians looked back at the 14th century and argued that the Black Death had upended Italy's social fabric, which helped usher in the Renaissance. While academics can argue over that, the 21st century version of the script definitely holds true: Italy has emerged from the tragedy of COVID-19 in as good a shape and spirits as almost any other nation.

This wasn't a foregone conclusion. In the decade since the Great Recession, Italy had largely stagnated. GDP in 2019 was four percentage points below its 2007 peak, while in other Euro-denominated countries it had increased by at least double digits. Similarly, the nation's value added per hour worked had barely changed since 2010, while in peer countries it had risen between 7 and 8%.

The pandemic itself gave little cause for optimism. Not since World War II had the country experienced such a severe economic contraction as it did in 2020 (8.9%) or a higher number of deaths per capita. But unlike previous crises, the world in general and Italy in particular have confronted the crisis head-on, reacting with both individual perseverance and strong financial support. The downturn may have been the country's sharpest in modern times, but it was also its shortest, with most of the contraction occurring over a single quarter.

Italy emerged with a new and unexpected level of international favour. Some of the goodwill was created by the government of Mario Draghi, a highly regarded economist and former president of the European Central Bank. Ordinary Italians can also take some of the credit too. When the country was hard hit by the onset of the pandemic, they displayed a resilience that was an inspiration to the rest of the world. The country also saw a point of pride in 'Made in Italy', as its prowess in manufacturing translated into renewed demand for its high end and luxury goods.

All of this has created a surprising amount of international goodwill. Exports today sit above pre-pandemic levels. Sixty per cent of the international business community report finding the country more attractive, and 48% consider it a possible destination for future business investments. The OECD estimates that the economy grew at a 6.3% rate in 2021 and projects a 4.6% growth rate in 2022. As a result, its people are living through an unprecedented climate of optimism, with almost 7 out of 10 of them saying they think positively.

The uplifting mood is also reflected in this year's Kantar BrandZ data. Overall, the Kantar BrandZ Top 30 Italian Brands 2020 rose 12%, roughly doubling the rise in the GDP. On the 'Made in Italy' front, the cars category grew its brand value 25%, while luxury brands rose by 19%.





Fast forward to the future

As it has elsewhere, the pandemic has brought about massive changes in the country, especially when it comes to digitization. In 2020, number of digital ‘smart’ workers jumped more than 10-fold from 570,000 to 6,580,000, while online grocery sales soared 121%. When it comes to education, 97.8% of households with children now have access to the Internet.

And this might just be the beginning.

In April 2021, the Italian government adopted the Piano Nazionale di Ripresa e Resilienza (in English, the National Recovery and Resilience Plan, or NRRP). The programme is part of a larger European Union effort known as Generation EU, which commits €750 billion to recovery efforts from COVID-19. In Italy, the NRRP plans to invest over €235 billion¹ (€191.5 billion of which comes from the NGEU) between 2021 and 2026 to fund far-reaching changes that should set the country on a course for future success.

The NRRP is divided into six mission areas: health, digitisation, environmental transition, sustainable mobility, education and research, and inclusion and cohesion. While each of these has ambitious goals and prospects, brands and advertisers should have their sights set on a few key initiatives. For example, the plan seeks to make strong investments in infrastructure, with €31.5 billion earmarked for sustainable mobility, much of it designated to improve rail links in the Centre and South of Italy. This is sorely needed as the total length of the urban railways of the seven largest Italian cities combined is less than that of Metropolitan Paris alone.

On the digital front, the plan also thinks big. Fully one quarter of its investment is dedicated to improving access to digital technology, with the goal of providing broadband coverage of at least 1 GB per second to everyone in the country by 2025.

The plan also puts a major emphasis on combating climate change. Thanks to its milder climate, Italy does better on emissions than many European countries, but it has significant areas where it could improve, and especially in air quality and recycling. The plan aims to help the country transition to a more sustainable model across a range of activities, including agriculture, mobility, construction, and water infrastructure. It also includes major provisions for improving access to education, increasing diversity and inclusion, and improving healthcare.

Overall, economists have cheered both the size and ambitions of the NRRP. A simulation of its impact has predicted that the effect on GDP will range from 2.3% to 2.8% through 2026.

Inflation and other cautionary tales

Of course, nothing is set in stone, and there is reason to temper some of this optimism. The period of writing this report saw the devastating attack by Russian on the Ukraine break out with tragic effects that are still unpredictable.

Italy and its brands derive a significant amount of economic benefit from exports overseas, which could be impacted by instability, inflation, and rising material costs. Even before the war, 2021 saw massive increases in the price of raw materials, highlighted by a 211% rise in the price of oil. Farther from the headlines, metals like tin, lithium, and copper have all more than doubled in price over the year — and should continue to trend upward. By 2040, for example, the worldwide demand for lithium is expected to increase more than 4,000%. Given Italy’s dependence on raw materials from elsewhere, the circumstances could have a cooling effect moving forward.

For now, though, Italy sits in an economically hopeful place. In a disrupted world, it is experiencing both a strong cultural moment as well as a positive economic recovery. As the NRRP gains steam, the country should prove a welcome place for both businesses and the brands they build.

¹ Istat. *Annual Report 2021*. Data on the NRRP vary in size depending on source and methodology.

CROSS CATEGORY TRENDS



NFTS: THE METAVERSE TAKES ITS BABY STEPS

Even if the metaverse hasn't arrived yet, a key component of it is already here: the non-fungible token, or NFT. NFTs are critical to the development of virtual worlds because they allow people to prove their ownership of goods in them, providing a basis for a functioning metaverse economy.

The NFT market has exploded in the past year, with sales volumes reaching \$10.7 billion in Q3 2021. Even if we are still in the early days of this technology, brands are already exploiting a handful of key use cases, such as monetizing content, transforming existing assets into valuable collectibles, and creating engaging customer experiences. Overall, this burgeoning technology has great potential to provide solutions to problems ranging from space and distance to budget and finance.

The best part is that NFT's are exponentially multiplying the creative opportunities for brands to connect with people and culture, opening up opportunities for them to take a much more imaginative approach to marketing. However, whenever creativity is in great need, it's not necessarily in ample supply. Great activations are still few in number but look for more in the near future.



CREATORS AND IDENTITY ON THE SOCIAL MEDIA STAGE

Not so long ago, Italians saw their movies at the cinema, found books in the library, and obtained news from print and TV, but today's young people now turn to a single source for all: the Internet. They rely on mediated digital connections to access news, entertainment, education, and social connections. They are consuming increasingly heterogeneous and cross-platform content, with micro and nano-influencers serving as critical and trusted sources of information and recommendations.

These influencers (increasingly known as 'creators') are gaining dedicated followings and building loyal and engaged communities around them. In so doing, they are becoming a reference point for purchasing decisions and ambassadors for forward-thinking brands.

This is all causing a shift in the meaning and importance of social media. While the first wave of social concentrated on interpersonal connection, now people's relationship with these networks is evolving into something more: a construction and expression of identity.

Instagram and Snapchat first provided platforms for creating sophisticated and aesthetic content. This has accelerated with the global popularity of TikTok, which is allowing people to curate presentations of themselves and their lives. As a result, social media is evolving rapidly from a platform of pure connection to one of self-expression in which everyone can show who they really are.

For their part, brands have found the creator economy a tricky place to be. A lack of reliable reporting and measurement tools can make it hard to understand impact of advertising and sponsorship investment. Meanwhile, creators have often proved ineffective at selling a brand—and with some, the more they promote, the less their audience pays attention. One thing is clear, however: authenticity is the critical attribute in this new environment, so if you're a brand taking on this new world, don't be afraid to be upfront about who you are and why you are there.



ELECTRIC DREAMS

The record fall of carbon emissions in 2020 turned a renewed spotlight on electrification. This refers to the process of replacing technologies that use fossil fuels as a source of energy with ones that use electricity.

The shift is most obvious with mobility. People everywhere are pushing for greater efficiency, accessibility, and flexibility in how they get around. Meanwhile, businesses and governments are rapidly adopting newer modes of mobility as a means to alleviate traffic, pollution, and overcrowding. In 2021, for example, new electric vehicles sales soared 107% in Italy over the previous year, albeit over a small base.

But electrification is not merely about personal mobility. Pretty much *anything* that moves is fair game, from trucks and buses to machinery in mines and warehouses. People are also looking to heat their homes with low-cost electric heat pumps or even geothermal solutions powered by electricity.

As a result, demand is rising. Between 2020 and 2050, global electricity usage is expected to increase from 25,000 TW hours to 42,000 TW hours. The good news is that all of the increase should come from renewables, a welcome development in a world growing increasingly weary and wary of carbon-dependence.

Kantar BrandZ data has identified sustainability as a key driver of brand value growth in Italy. The general momentum for electric-everything should make it easier for brands and businesses to step up their sustainability efforts. But be wary too. As electrical conversion becomes easier to do, the tax for not doing it will only grow.

ARE YOU DIGITALLY RESPONSIBLE?

The divide between real and digital grows murkier every day as young consumers are relying on the digital world to access news, entertainment, education, social connection, and even construction of their identities.

But while tech undoubtedly makes some things easier, it is also increasing our anxiety about the future. Italian consumers today, for example, feel inadequate and unable to protect their personal and financial privacy. In addition, many are concerned about how society is changing in response to digital advances and how to protect their children from online threats. For example, the lockdown period saw a big increase in children's web usage, but that also brought with it a predictable spike in cyberbullying.

All of this is creating white space for brands, organizations, and governments to help mitigate the most worrying aspects of the digital world. They can prove valuable for consumers if they promote digital responsibility and the conscious and safe use of digital resources.

MADE HERE, LOVED EVERYWHERE

Italian consumers made not realise it, but Amazon.com has set up its own 'Made in Italy' storefront in other countries. This is a distinction Italy shares with no one, not Germany, France, or even the United States. That's because 'Made in Italy' is not a statement of origin, but a branded term with its own certification and regulatory framework. And right now, it's one of the most sought-after marques in the world.

This is also no accident. Since 1980, the Made in Italy brand has been regulated by both the government and the Istituto Tutela Produttori Italiani, which ensures that the products meet the highest standards for 'quality, extreme attention to detail, elegance, and a long-established tradition in manufacturing'. Companies selling under the banner range from large, international brands, such as those in this report, to the many small and medium sized companies that make up the bulk of the country's manufacturing base. It even extends to single-artisan shops.

Made in Italy is currently enjoying a prominent role on the world stage, as consumers, especially in China, are releasing pent-up demand from the pandemic. Now is a great time for Italian brands to lean into their origin stories and stress the qualities that have made the country's products renowned and desired. It's worth pointing out that the Kantar BrandZ Top 30 Most Valuable Italian Brands 2021 derive 73% of their value from overseas, while some of its individual brands top 95% in this regard.



INSIGHTS

DIVERSITY WANTED

The marketing world talks frequently about inclusion and diversity — and has begun to walk that talk as well. But while the representation of minorities in advertisements has gone up globally, Italy remains a laggard in this regard. This is a missed opportunity. Recent studies have shown that ads with representations of minority groups increase enjoyment and engagement rates not merely for minority communities but majority ones as well. However, it's important to use common sense. Although a diverse representation in advertising can improve your ROI, a clumsy, tokenised, or poorly considered attempt at diversity can come off worse than none at all.

GENZ MIND THEIR WALLET

Past stereotypes of young people being nonchalant about their finances simply don't apply to GenZ. Attitudinal surveys consistently show that they value money even more than older generations do, and half of them globally are looking for more control over their money in the future. That said, they are a cautious bunch. About two thirds of them say it's extremely important to take steps to conserve their funds. Older GenZs, who are taking their first steps as adults, appear even more risk adverse. Brands that want to meet these unexpected expectations should look to new digital services that make money management easier and more transparent, no matter the category.



BODY POSITIVE GOES MAINSTREAM

If you check out recent ads from Zalando, Adidas, or Vinted, you might see something surprising. Rather than a gorgeous model with sculpted abs, they often feature someone who looks quite ordinary. This trend towards ‘body positivity’ is not surprising. The pandemic brought out an increased interest in healthy living, and for many consumers that extends to their mental health as well. Younger generations, and especially GenZ, are looking for ways to be authentic rather than artificial. For them, makeup has become a means of self-expression not idealism. Pimples and body hair are in, perfection is out. Brands can embrace this ‘new beauty’ movement by moving away from stereotypical representations and towards models that are a better reflection of the people buying their products.

ITALY EMBRACES GREEN CAPITALISM

Kantar research has long identified a ‘value-action gap’ between people’s attitudes towards the environment and their willingness to change their spending habits. Today, that gap seems to be narrowing. More than half of global consumers say they’re willing to pay more for products that are better for the environment. As a result, businesses are increasingly adopting a new, regenerative economic model, often called ‘the circular economy’. They are moving away from ‘take, make, and waste’ practices and towards innovative designs that reduce product waste and manage materials for longer and greater usability. They are also developing products-as-a-service and a variety of sharing platforms to make it easy for customers to rent, co-use, and exchange goods and services.

A NEW PURPOSE COLLECTIVE

Recent events have proved that the world is volatile, uncertain, and fractured — and this has had a serious impact on GenZs. Today, they are putting their mark on the world stage in decidedly different ways than previous generations, aspiring to become change agents as they grapple at an early age with weighty social, cultural, and environmental issues. Advocacy is a key part of their identity, and they don’t like the idea of buying goods and services from brands whose beliefs contradict their own. This may pave the way to a new era of curated and collective brand activism. Brands that want to be emotionally relevant to their customers will take stances on issues of the day and then join with other brands to market their offerings based on shared perspectives. Customers will then be able to choose from an acceptable set of brands that align with their ideals.



ECOMMERCE GOES BOOM!

No surprise here, but two years of sitting at home have led to a huge increase in people shopping at home. At least 1.3 million new consumers have entered the Italian ecommerce market, which now accounts for roughly \$34.4 billion in purchases each year. \$26 billion of that goes for products, while the rest goes for services, and especially tourism and transport. Nearly all product categories have seen double digit increases during the pandemic, including online grocery purchases, which jumped 121% according to one estimate. This explosion in online demand is having ripple effects throughout the market. Globally, some large international retailers have already made significant shifts in investments, including Zara, which has closed 1200 stores, while investing \$1.1 billion in ecommerce. Meanwhile, Starbucks has closed over 400 points of sale to strengthen its network of pickup points for online orders.

ENVIRONMENT BEGINS AT THE TABLE

One of the pandemic’s more unexpected effects came in the form of diet. One in two Italians changed their eating habits, though not with the same intentions. Some turned to comfort foods, leading to a weight gain among 23% of the population. Others, albeit a smaller 15%, turned to a more balanced and healthy diet, losing on average 7.1 kg. But 18% do not think of themselves as belonging to any food culture, and only 24% say they follow a traditional Mediterranean diet. Interestingly, one out of six Italians now declare that they are adjusting their diets in order to reduce its environmental impact, while 13% have opted to reduce their consumption of meat. Food brands should take note. Italians are paying greater attention to companies’ values, sources, and production methods. That may make them less trusting in brands and more sensitive to the intrinsic content of products.

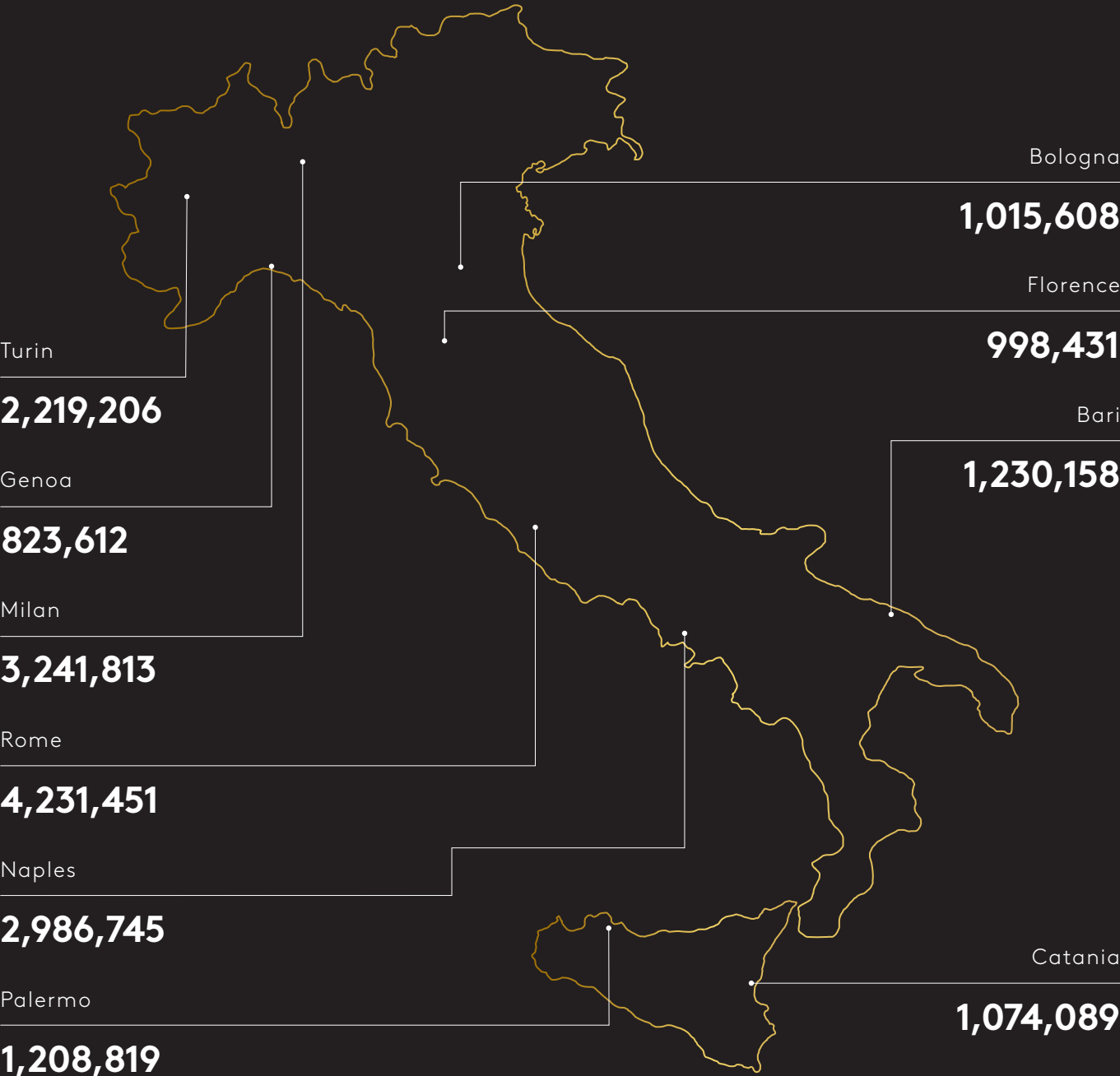
ACTIVATE YOUR PURPOSE

Consumers today are swamped with choice, communications, and plain old noise. This puts clarity at a premium for brands. Successful brands are able to resonate with people because they add value to their lives in a consistent, coherent way across all touchpoints. They create Meaningful Difference because they know who they are and deliver an experience that lives up to consumers’ expectations. That’s why it’s essential to move from speaking about your purpose to finding concrete ways to activate it. Every brand has opportunities to be a catalyst for positive change in ways that clearly and coherently reflect its identity. It’s now past time to seize them.

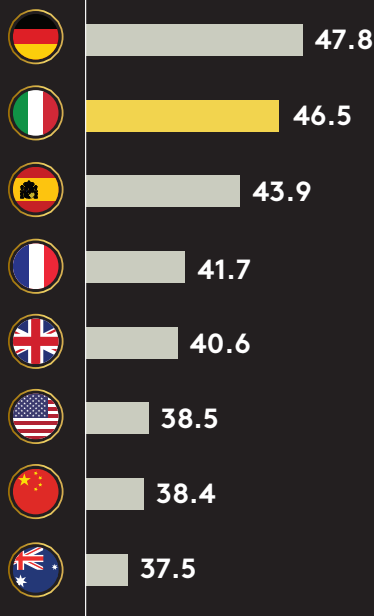
LAND AREA: **302,068 SQ KM**

TOTAL POPULATION: **59.2 MILLION**

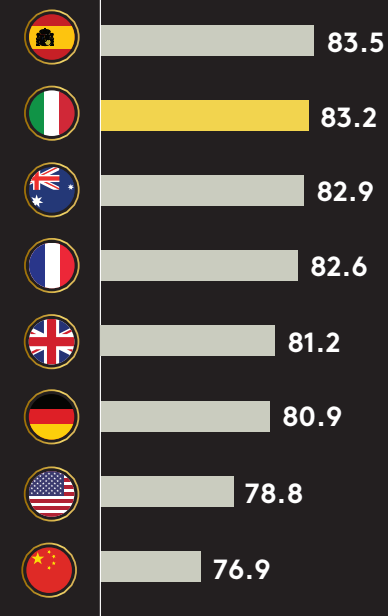
MAJOR CITIES AND POPULATIONS



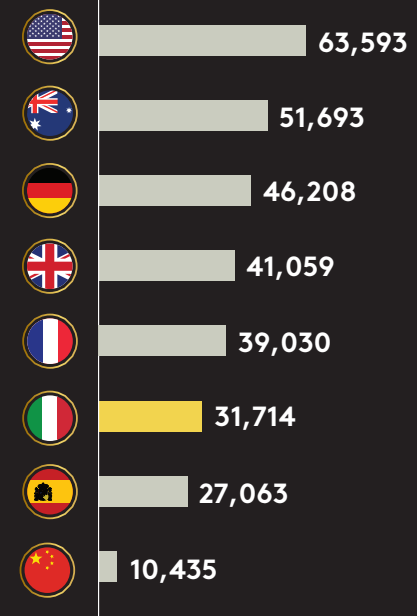
MEDIAN AGE



LIFE EXPECTANCY



GDP PER CAPITA 2020 (\$)



POPULATION PROJECTION

2030: **58.0 million**
2050: **54.1 million**
2070: **47.6 million**

Foreign nationals: **5.2 million**

25.6 million households in 2020

32.9% are single-person households in 2020

EMPLOYMENT AND EDUCATION

Employed persons: **22.7 million**

Self-employed: **4.5 million**

Unemployment rate: **9%**

Enrolled in university courses: **1,793,210**

Level I and II graduates: **344,850**

Number of innovative start-ups: **12,045**

MAIN EXPORT PARTNERS



MAIN IMPORT PARTNERS



MAJOR INDUSTRIES:

tourism, machinery, iron and steel, chemicals, food processing, textiles, motor vehicles, clothing, footwear, ceramics

TECHNOLOGY

(per 100 households with the same characteristics, year 2020)

Mobile phones: **96.1**

Internet access: **79**

Internet access (households with children): **97.8**

ECONOMICS

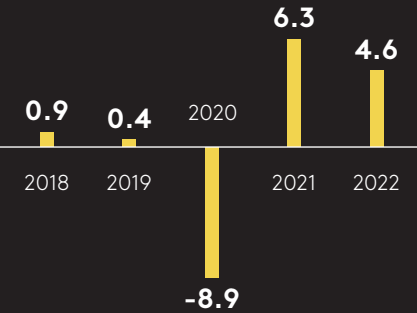
GDP per capita: **\$41,910**

GDP growth rate (2021): **6.3%**

GDP growth forecast (2022): **4.6%**

Inflation (2021): **1.9%**

GDP GROWTH RATE (%)



INCREASE IN SMART WORKERS DURING THE PANDEMIC

2019: **570,000**

2020: **6,580,000**

Sources: ISTAT, OECD, WORLD BANK, MILAN CHAMBER OF COMMERCE, CIA

STRONG RECOVERY, BIG QUESTIONS

By most measures, advertising in Italy is experiencing extremely good times. Propelled by strong investment from small and medium-size businesses — and especially online retailers — growth in media spending has outpaced the overall economy for quite some time. After a predictable drop in 2020, as advertisers fled many media, it experienced a welcome 16.9% jump in 2021.

However, as spending is racing ahead, advertisers may also be overlooking something critical: the creativity they need to make the most of their investments. Digital personalization, automated targeting, and dynamic content optimization have proved great assets, but they aren't everything. This brief survey of the Italian media market shows that while ad spending habits are rapidly evolving, the fundamentals of what makes an impact on consumers remain stubbornly the same.

The Italian media market is no exception to the rule. While Italy's GDP rose 6.3% in 2021, media spending jumped 16.9%. What's driving growth? Retail advertising, increased spending in digital, TV advertising supported by sporting events, and the return of badly impacted sectors, such as radio, OOH, and cinema.

Digital and TV: the new duopoly

Digital was the only medium that did not experience a contraction in the pandemic year of 2020, growing at a 6% clip, a trend that strengthened in 2021 to 21.2%. Overall, digital now accounts for nearly half of all media investment in Italy at a 46.9% share.

The global picture

In recent years, worldwide ad spending has been holding up a fun house mirror to growth, with the nearly limitless inventory of digital and increased adoption of online retail fostering a steady expansion of the media market as a whole. While global growth was a healthy 5.9% in 2021, ad spending jumped 22.5%¹, and in spite of the pandemic, it has increased 19% since 2019.²

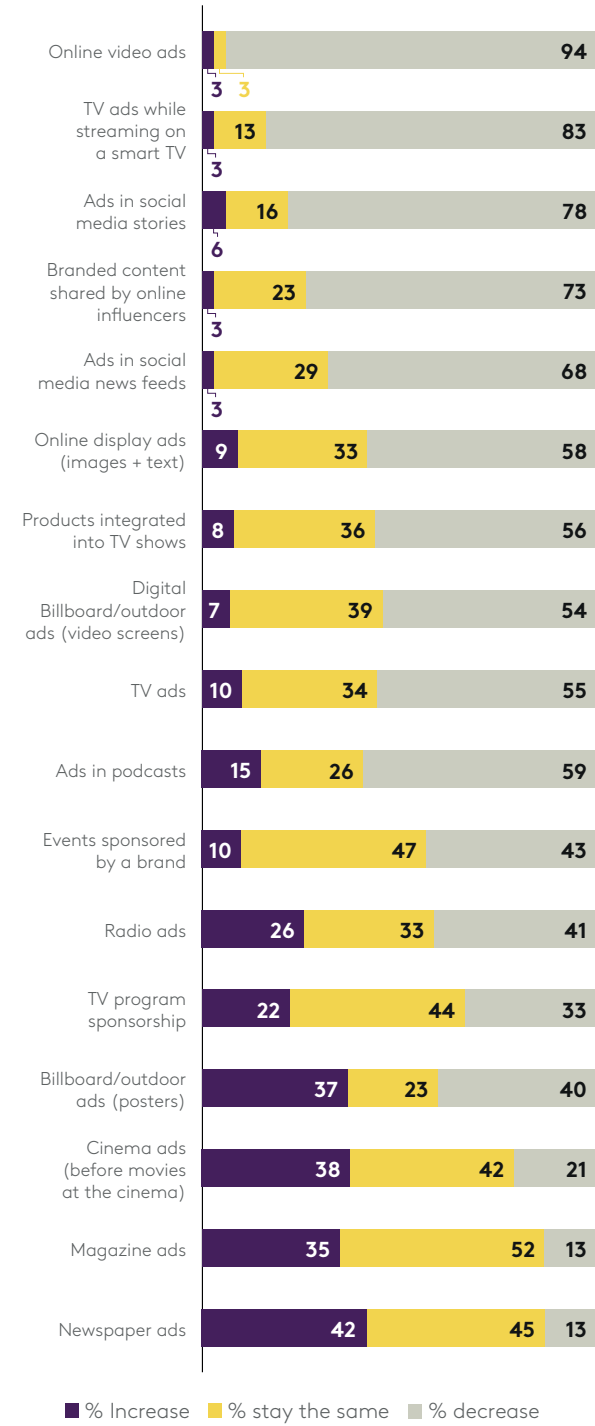
¹ GroupM

² Global data cited in this report excludes political advertising in the United States.





Digital spending on the rise in 2022



Source: Kantar Media Reactions 2021, Italian data - marketers sample

Digital provides an excellent lens into the evolution of advertising in Italy (and elsewhere). Growth in the market today is being impacted by two major forces: retail and small and medium-sized businesses (SMB). The retail category showed a 32.4% increase year-over-year in spending, and a 40.6% increase in the past two years combined. Meanwhile, SMB accounts for so much spending, that when it's taken out of the equation, digital's share of the market shrinks to only 31.9%.

Both of these reflect the rise of new business models that have emerged globally, in which data-driven brands are able to precisely tie sales to advertising investment, especially on platforms like Amazon.com. This enables them to have much higher advertising budgets relative to revenue than was previously possible. As a result, digital advertising has far outpaced other media and is growing not merely by taking share but by expanding the market overall.



TV is still in

TV remains a resilient category in Italy, growing 15.5% in 2021. Its overall share of marketing budgets has steadily decreased over time (it now accounts for 39.1% of overall budgets, down from 44.2% in 2015). However, in raw numbers, investment has remained roughly flat over that time period. And if we take small and medium-sized businesses out of the equation, TV retains slightly more than half of the overall ‘big spenders’ market, a share that has slightly increased since 2015.

Together, TV and digital account for the lion’s share of all media investment in Italy, a ‘duopoly’ phenomenon that is mirrored elsewhere in the world. An astonishing 86% of all media lira is spent on these two media alone.

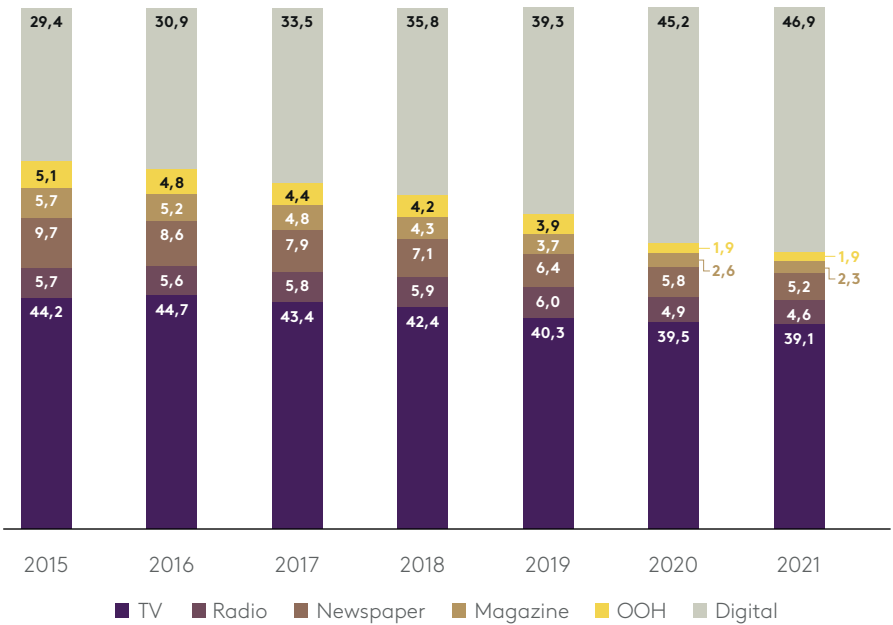
And the rest

The balance of the advertising market accounts for only 14% of total spending, but it also contains some of Italians’ favourite ad formats. If you’re looking for the yo-yo sectors of advertising for 2020 and 2021, they are out-of-home and cinema advertising. Cinema advertising grew 37.6% after a gut-wrenching 84.0% drop in 2020. Meanwhile, out of home advertising jumped 18.2% after a 55.8% drop in 2020.

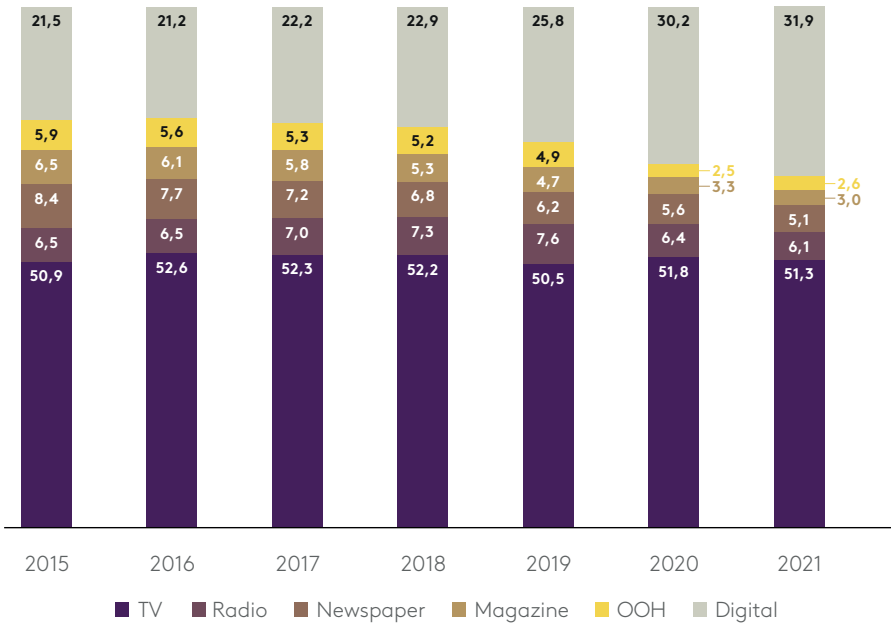
The other two major media, radio and print, are showing divergent fortunes. Radio is expected to grow 10.4% in 2021, while print continues what has been a long and seemingly irreversible slide towards less relevancy. It did rise 3.9% in 2021, though in the context of a boom year, this was not an encouraging performance.



Share of total market (%)



Share of total market minus SMB (%)



Source: GroupM Business Intelligence & Insight estimate

Delivering what consumers really want

In spite of the rapid growth in spending, it would be a mistake to think that advertisers are getting everything right. While digital video, TV ads, and out of home are quite popular areas of investment for marketers, consumers tend to prefer ad formats much less beloved by marketers. Their number one preference globally is for cinema ads, presumably because they can sit in and relax and enjoy an emotional experience. They also like sponsored events, magazine ads, points of sale, and newspapers.

Consumer and marketer preferences diverge

Preference	Global consumers	Marketers
1	Cinema ads	Online video ads
2	Sponsored events	Social media stories
3	Magazine ads	Influencer content
4	Point-of-sale ads	TV ads
5	Newspaper ads	Digital OOH ads

Source: Kantar Media Reactions 2021.

In other words, they tend to like ads that favour traditional models of creativity and connection. Rather than a quick, targeted digital banner, they like to sit back and enjoy a three-minute cinema ad. Instead of a retargeted ecommerce placement, they like the rich textual quality and images of a magazine ad. And after more than a year of staying at home, they enjoy interacting with real people at events and points-of-sale.

While these may not be welcome news for advertisers in general, they do point to a missing element in the new advertising model: creativity. It may be time to try to cinema-tise our social media feeds and event-ise our online video ads. If the goal is to get the most ROI out of an advertisement, reaching the right person at the right time may not be as important as delivering an impactful, emotional message that really connects.

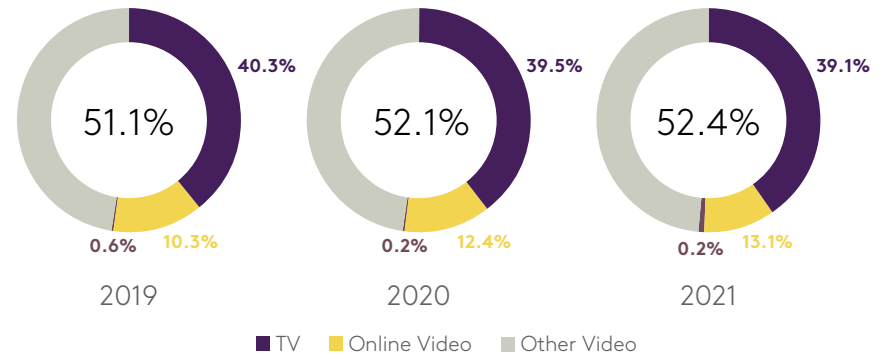


Video for the win

While media buying is often divided along TV and digital lines, it may make more sense to look at video as a distinct category. Today video plays a key role in the Italian advertising market, representing 52.4% of the total. Not surprisingly, 94% of Italian marketers plan to increase their investment in video in the future. As a result, the trio of Google, Facebook, and Amazon, is expected to dominate digital advertising in the country, with an 86.3% share of the total. This impressive and potentially worrisome influence is expected to continue into the near future.

Another trend to keep squarely in focus is the addressable TV market, which is experiencing massive growth. Between 2019 and 2021, it has grown nearly 300%, with a 76% year-over-year increase in 2021. The advent of connected TVs may give marketers the best of both worlds: the precise targeting power of digital combined with the rich emotional experience of television and cinema advertising. The end result should be a better connection with consumers and hopefully a better return on investment.

Video advertising growth 2019-2021



Source: GroupM Intelligence & Insight estimates

BRAND ANALYSIS

- 36 - TOP 30 MOST VALUABLE
ITALIAN BRANDS 2022
 - 40 - BRAND VALUE
 - 44 - CHARTING THE CHANGES
 - 48 - LEARNING FROM LEADERS
-

KANTAR BRANDZ

TOP 30 MOST VALUABLE ITALIAN BRANDS 2022

Rank	Brand	Brand Value (US\$ Mil.)	% Brand Value Change vs 2021	Category
1	GUCCI	37,887	12%	Luxury
2	ENEL	12,595	-7%	Utilities
3	KINDER	9,824	10%	Food and Beverages
4	TIM	8,876	-3%	Telecom Providers
5	FERRARI	8,336	23%	Cars
6	PRADA	5,642	42%	Luxury
7	FENDI	4,700	47%	Luxury
8	ENI	3,894	34%	Energy
9	NUTELLA	3,875	1%	Food and Beverages
10	GENERALI	3,246	22%	Insurance
11	FERRERO ROCHER	2,961	2%	Food and Beverages
12	BVLGARI	2,324	47%	Luxury
13	ARMANI	2,313	8%	Luxury
14	BOTTEGA VENETA	2,211	0%	Luxury
15	INTESA SANPAOLO	2,164	20%	Banks

Rank	Brand	Brand Value (US\$ Mil.)	% Brand Value Change vs 2021	Category
16	PIRELLI	1,684	26%	Tires
17	UNICREDIT	1,559	28%	Banks
18	FIAT	1,509	37%	Cars
19	WIND-TRE	1,407	-8%	Telecom Providers
20	APEROL	1,379	31%	Alcohol
21	A2A	1,322	32%	Utilities
22	SALVATORE FERRAGAMO	1,236	11%	Luxury
23	FASTWEB	1,215	13%	Telecom Providers
24	BARILLA	1,100	1%	Food and Beverages
25	LAVAZZA	1,047	8%	Food and Beverages
26	CAMPARI	951	29%	Alcohol
27	BANCA MEDIOLANUM	932	22%	Banks
28	VERSACE	843	N/A	Luxury
29	FINECO	836	15%	Banks
30	ESSELUNGA	798	13%	Retail

ITALIAN BRANDS WORTH \$128.7 BILLION

The total brand value of the Kantar BrandZ Top 30 Most Valuable Italian Brands 2022 rose 12% to \$128.7 billion. That marks an increase of \$14.1 billion and nearly doubles the already impressive 6.3% year-over-year increase of the country's GDP. All three of the top performing brands came from the luxury category, as did this year's only newcomer, Versace, which checked in at #28.

Breakdown by rank

TOP 5 COMBINED VALUE	BRANDS 6 TO 15 COMBINED VALUE	BRANDS 16 TO 30 COMBINED VALUE
\$77.5 BILLION	\$33.3 BILLION	\$17.8 BILLION
60.3% of Top 30's value	25.9% of Top 30's value	13.8% of Top 30's value

TOP 10 MOST VALUABLE ITALIAN BRANDS 2022



BRAND RANK
Brand Value \$ (US) Millions

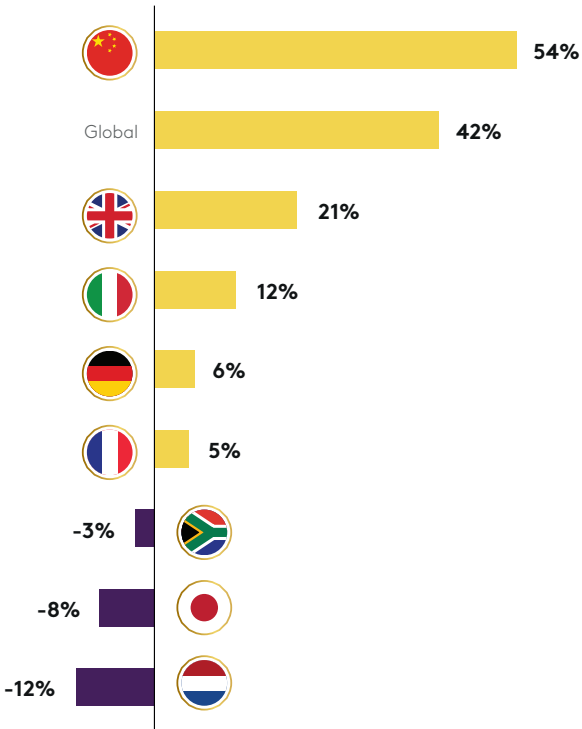
BRAND VALUE CONSISTENTLY ON THE MOVE

A comparison of the Italian top 30 with those of peer countries paints a mixed picture. On the downside, the value of Italy’s top brands lies significantly below those of nearby nations, like Germany, France, and the UK. France, for example, only enjoys a slight edge over Italy in terms of GDP, but its top 30 brands are worth twice as much.

This is not necessarily bad news. Kantar BrandZ rankings take both brand equity and financial strength into account, and as a result, they require companies to either be publicly listed or publish their financial data. The Italian market is dominated by small and medium-sized businesses, which are often either too small or not public enough for valuation.

On the positive side, brand value growth in Italy has been consistently stronger than in nearby countries in recent years. Internationally, only the UK and China grew their brand value faster in the past six months, however the UK story was one of rebound from pandemic lows, while Italy’s top brands also grew in value in 2020.

Year-over-year change in brand value of top 30 brands



In the ranking, all but three of the brands increased in value. Twenty-seven brands rose, with Fendi growing the most at 47%. The next two brands in growth— Bvlgari, Prada —also came from the luxury category, while the fourth and fifth, Fiat and Eni, represented the fast-recovering cars and energy sectors.

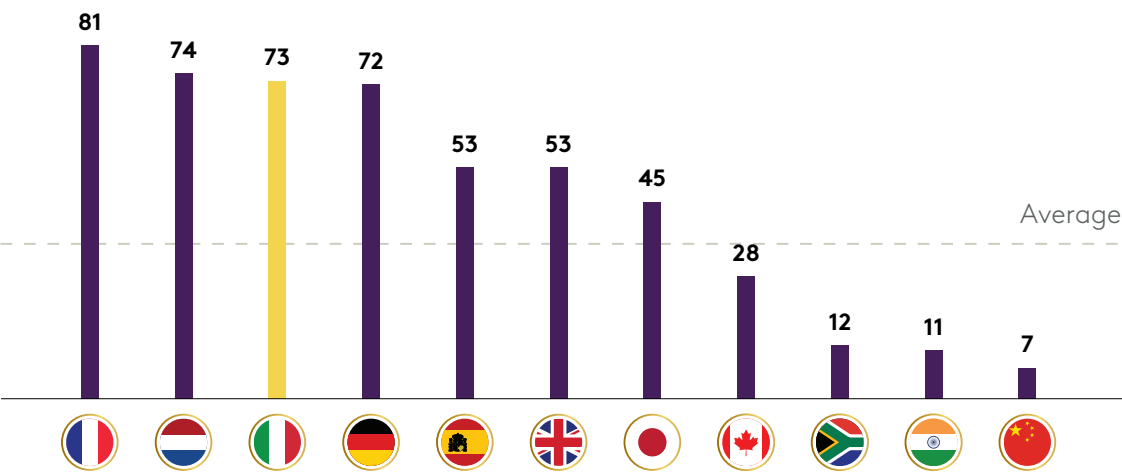


MADE (MUCH BETTER) IN ITALY

As noted earlier, Italy’s top 30 derive much of their value (73%) from overseas. This is doubtless due to the makeup of the top 30, which is dominated by luxury names. Brands like Fendi, Bottega Veneta, Salvatore Ferragamo, Prada, and Gucci all derive more than 95% of their value from their ‘overseas contribution’.

Another factor driving this foreign orientation is that the Italian ranking notably lacks a significant number of large banks and retail brands. Such brands tend to be more local, but they represent less than 5% of the total value of the top 30.

Proportion of total ranking brand value coming from overseas



Globally aggregated studies.



CHARTING THE CHANGES

The top 30 may be dominated by luxury brands, but overall, the ranking has a broad range of categories, eight in all. The good news is that nearly all are also growing in value, and none fell by much in 2021.

The top-performing category was alcohol with Italy’s two popular aperitif brands, Campari and Aperol. The next best sector was automotive, whose cars and tires brands benefited from an again-mobile population and a steady recovery from a global chip shortage. The only category that lost value was Italy’s disrupted telecom providers, which face stiff competition from upstart brands. Nonetheless, they still fell only 2% overall.

Year-over-year change in brand value of top 30 brands		
Category	2022 value	YoY increase
Luxury	57,156	19%
Energy and Utilities	17,811	2%
Food and beverages	18,806	2%
Automotive	11,529	25%
Telecom providers	11,498	-2%
Finance	8,738	22%
Alcohol	2,330	30%
Retail	798	13%
Total	128,666	12%

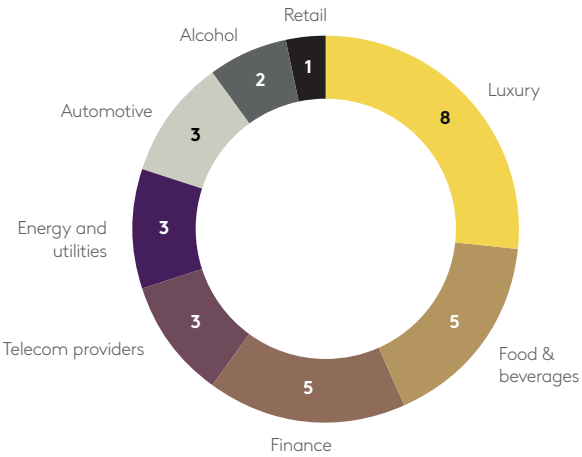


Luxury

Luxury brands are by far the largest category in the Italian top 30, both by number (eight) as well as by total value (44.4%). Luxury is also the category with the greatest growth in absolute value year-over-year (more than \$9 billion).

The best predictor of growth in the category this year was overseas exposure. Luxury brands also tend to be more purpose-centric, which is helping them sustain a higher value positioning. You can find out more about these brands in the Kantar BrandZ Top 10 Italian Luxury Brands section of this report.

Top 30 brands by category



Energy and utilities

Currently, Italian utilities are operating in a context of economic recovery, which has led to a rapid increase in energy consumption and a seemingly unstoppable growth for the prices of gas and electricity. On the one hand, these dynamics have had a positive impact on Italian energy companies, however, storm clouds are on the horizon. The Italian government is currently taking measures to limit the impact of costs on household and businesses, which could have negative repercussions for utilities by the end of 2022.

This year, the category was buoyed especially by the sharp recovery of energy giant Eni, which is benefitting from the steep rise in oil and gas prices as the world gets moving again.

Food and beverages

Food and beverages are the next largest category in the top 30, though their performance was muted this year, with an overall gain of 2%. The standout performer was Italy's largest food and beverage brand and the #3 overall, Kinder. It grew its brand value a healthy 10%, which was primarily due to improved financials, though the brand scores extremely well on all measures of brand equity, including Meaning, Difference, and Salience.

Food looks to be a category heavily affected by materials costs in the coming year, as the war affects harvests and fertiliser supplies from Russia and Ukraine. Italy is a major importer of wheat and corn, and while it does not rely heavily on those two countries for supplies, the United Nations expects basic food costs to rise as much as 20% in the coming year. This could squeeze marginal consumers and affect food producers' bottom lines.

Finance

2021 was a golden year for financial categories, with banks and insurance companies recording record profits. Three major factors are driving the boom for banks: Italian GDP growth, low interest rates, and government loan guarantees. In addition, non-performing loans, which formerly weighed heavily on many Italian banks, have been reduced in recent years.

The insurance sector, namely Generali, also logged positive brand value growth, thanks to a handful of factors, including the increased demand for insurance products due to COVID-19, the rise of ecommerce as a purchasing channel, and a new desire for protection against climate-related events. Overall, the brand value of banks was up a hefty 22%, while insurance rose 22% as well.



Telecom providers

Telecom providers had a mixed year, with TIM and Wind-Tre each falling slightly, while FastWeb jumped 13%. In reality, the overall drop in brand value of 2% should be a welcome surprise, as the Italian telecom market finds itself under pressure, with many low-cost entrants taking market share from established players and causing a scramble to develop new offerings.

Automotive

The automotive sector —both cars and tires — roared back in 2021 after a difficult year due to the pandemic and supply chain issues. Cars grew their brand value 25%, while tires jumped 26%. In particular, Ferrari, which is the largest brand in the category, benefited from the successful launch of two new models, the Roma and SF90 Stradale, which sold briskly in key markets. Fiat increased its value 37%, making it the fastest growing car brand as well as the fastest growing overall in a non-luxury category. The brand is benefiting from greatly increased volume and a new integrated organizational model that is allowing it to save money on parts, technology, and raw materials.

Alcohol

The COVID-19 pandemic brought dramatic increases in alcohol consumption rates in many countries. While this may be an area of concern for public health officials, it's good news for the Italian alcohol category and its two flagship aperitifs: Aperol and Campari. Their parent company, Davide Campari-Milano N.V., is experiencing strong performance and double-digit growth across key markets, largely because of a recovery in on-premises drinking, as well as a sustained demand for home tipping. And while boozing is up overall, these upscale brands are also riding a trendy wave towards more sophisticated home mixology and a global interest in craft cocktails.

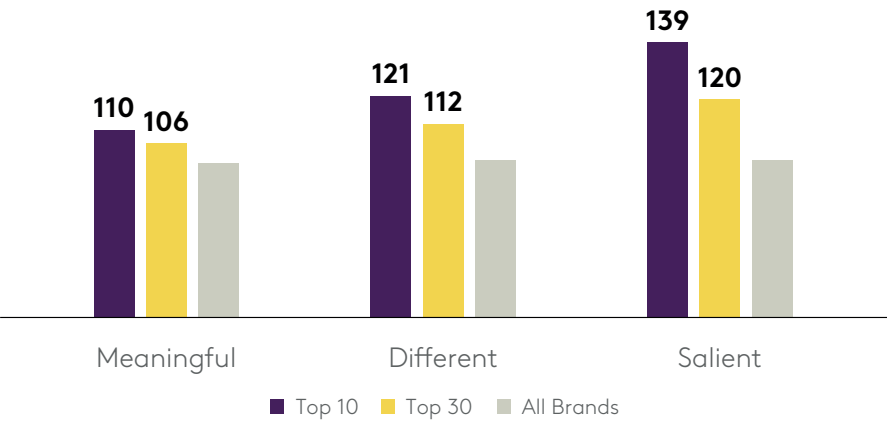
Retail

Finally, the highly fragmented Italian retail market has produced only one top 30 brand: Esselunga. Despite falling one rank to #30 due to the arrival of Versace, Esselunga had an excellent year for brand value growth, notching a 13% gain. This came in spite of inflation pressures, which have not yet impacted the retail sector. Esselunga performs well on all four fundamentals of brand value, but especially on function and experience. That said, the brand should find itself in one of the most challenging categories as food costs likely soar because of the conflict in Ukraine. 2022 should be a year of tough choices in grocery retail, and as the #30 brand in the ranking, Esselunga will need all of its innovative spirit to hold on.

LEARNING FROM LEADERS MEANINGFUL, DIFFERENT, AND SALIENT

When it comes to the three core characteristics of brand value— Meaningful, Different, and Salient — Italian brands follow a predictable pattern. The top ten Italian brands easily outpace the rest of the top 30 by these measures. In turn, the top 30 score better than the average of all Italian brands. In other words, bigger may very well be better.

Top Italian brands by Meaning, Difference, and Salience



So, what are these metrics and how do they contribute to brand value? Meaningfulness is a measure of how well a brand fulfils the functional needs of consumers and builds an emotional affinity with them as a result. Brands can excel in creating Meaning in different ways. A luxury brand might satisfy a consumer’s need for elegance and feeling special. A food brand obviously wants to provide healthy nourishment or comfort.

When brands succeed in meeting these needs in a consistent way, and especially one that reflects their audiences’ values, consumers come to trust and rely on them, building an emotional connection that can be surprisingly enduring. Children who experienced the joy of Kinder or Ferrero Rocher carry their love of sweets into adulthood. Salvatore Ferragamo may make comfortable and stylish shoes, but they also enable someone to feel competent and successful in life.

Difference is the quality of getting something from a brand that consumers cannot get anywhere else, and as such, it is a powerful tool for both pricing and resilience. Recently, it has served as a cushion for brands during the pandemic, as people tend to stick with products with no equivalent in the marketplace. Difference also gives brands the opportunity to charge a premium for their goods. The top global brands that are seen as unique, like Apple, are able to command much higher prices than their rivals.

Salience is the quality of being known, and it is typically the result of great advertising and a long history in the public eye. The top 30 tend to score well on Salience as they contain many legacy brands that are household names not only in Italy but also around the world. In their home market, they may be out of many consumers’ regular purchasing set, but they stand for something special in their minds. Brands like Gucci are so well-known that Hollywood studios are eager to associate their names with films. And while not everyone can afford a Bvlgari watch or Prada jacket, everyone knows what one is.

THE SEARCH FOR MEANING

In comparison to their peers in other countries, top 30 Italian brands struggle most with Meaningfulness. On this measure, they rank dead last of the countries surveyed, averaging a score barely above that of the average brand. The best brand in the ranking by this measure is Enel, Italy’s innovative state energy company, which is leading the way on many environmental efforts, most visibly around its widespread deployment of smart meters.

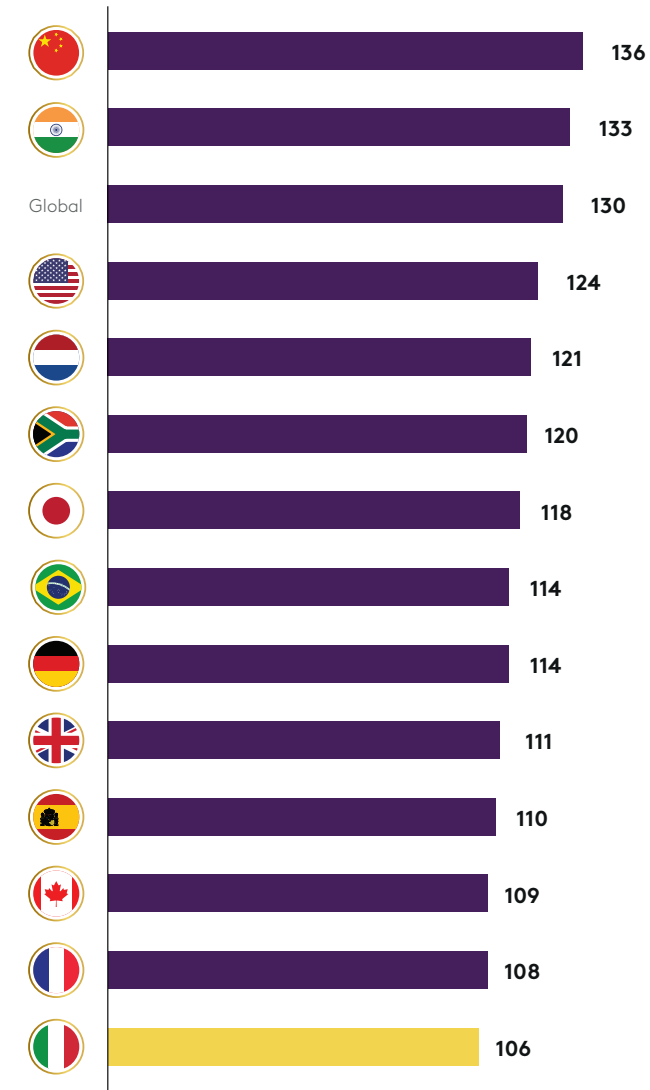
The good news is that consumers view Italian brands as quite Different when compared to their rivals in other countries, even though Italy has no technology brands in its ranking. This shows that no category has a lock on innovation. In fact, consumers view Italian food and alcohol brands as highly innovative, with Nutella, Kinder, Ferrero Rocher, and Aperol all in the top 10 by this measure.



Italian brands see an opportunity in Meaningfulness

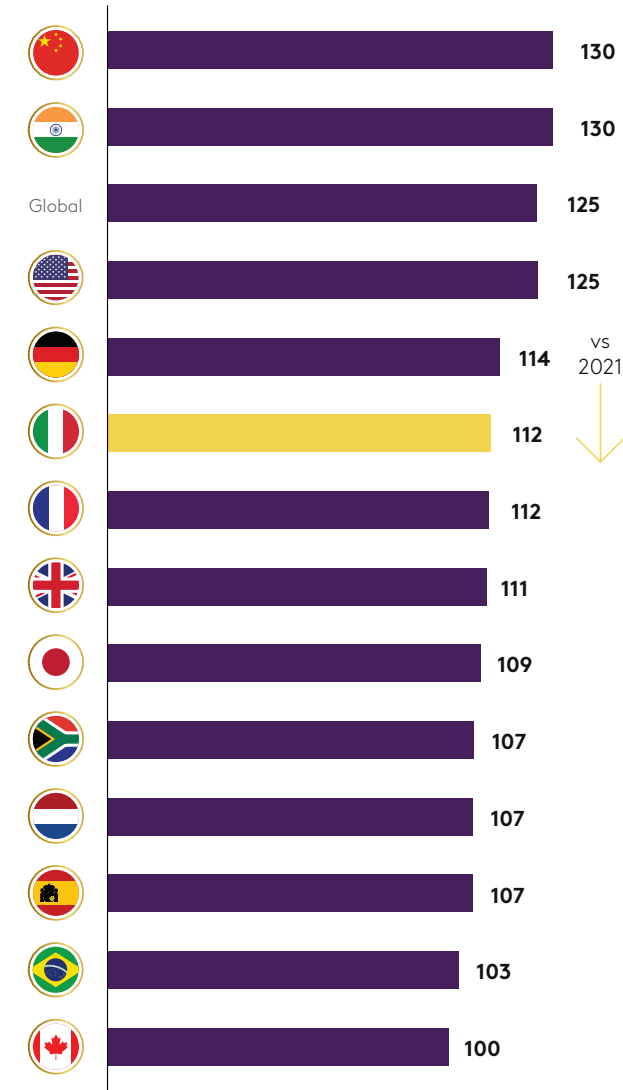
Meaningful – Top 30 country comparison

Global average 122



Difference – Top 30 country comparison

Global average 116



Fastest risers

Brand	Brand Value Rank	Category	2022 Brand Value	2021 Brand Value	YoY%
FENDI ROMA	7	Luxury	4,700	3,187	47%
BVLGARI	12	Luxury	2,324	1,582	47%
PRADA	6	Luxury	5,642	3,974	42%
	18	Cars	1,509	1,097	37%
	8	Energy	3,894	2,905	34%

The fastest rising brands in the ranking this year tell more of a macroeconomic story than a brand one. The top three brands by this metric come from the luxury category, which was boosted by the return of in-person shopping in many markets. Fiat naturally benefited from a rebound of the automotive sector (Ferrari and Pirelli also increased their brand value by more than 20%).

That said, luxury brands also increased their scores for purpose more than any other category in the past year. While economics are clearly behind much of the rise in their value, consumers who have stopped shopping a category can always reset their choices when they resume, and Italian luxury brands are clearly reaping the rewards of their loyalty.



FUNDAMENTALLY SPEAKING: GETTING THE HARD PART RIGHT

Kantar BrandZ research has identified four key fundamentals that account for 73% of brand value in Italy (compared to 70% globally). They are:

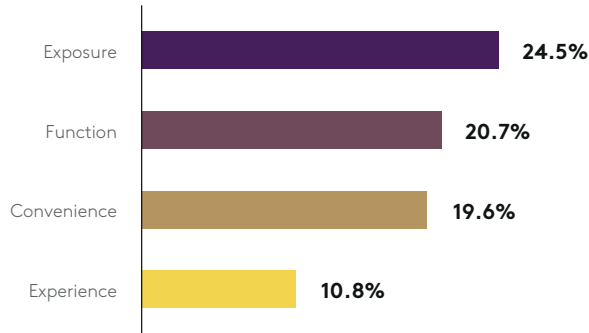
- **Experience.** Do consumers have a superior experience across all branded touchpoints?
- **Function.** Does the brand have a range of well-designed products and services?
- **Convenience.** Do these products fit well into consumers everyday lives?
- **Exposure.** Is the brand supported by great advertising with memorable icons and messages?

Interestingly, Italian brands derive their value differently from their peers in nearby countries. In the rest of Western Europe, function and exposure are the most important components of brand value, while in Italy, experience and convenience account for roughly 50%. By contrast, Italian brands gain only 10.7% of their value from exposure, or less than half of what's typical among their peers.

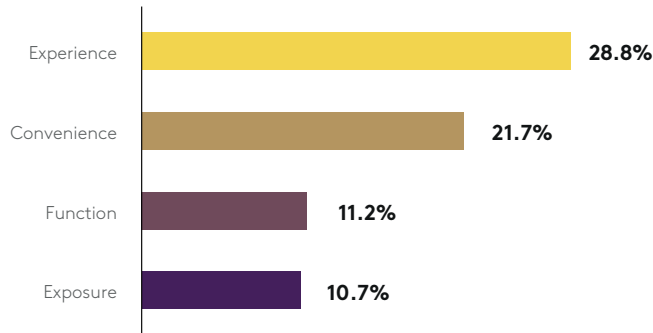


Italy excels in experience, lags in exposure

Western Europe



Italy

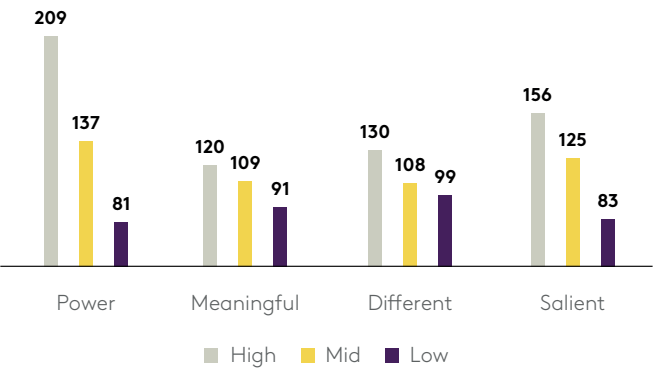


Interestingly, exposure also marks a stark contrast within the top 30. The top 10 derive more value from this measure than the rest of the brands in the ranking. The higher value a brand attains, it seems, the more likely it is to have quality advertising.

This also shows that brands have a significant opportunity to invest in creativity. Even the most excellent products alone cannot guarantee high brand value; marketers still need a loud and artful megaphone to break through the huge amount of clutter and chatter on screens today.

Great advertising drives brand strength

Brands that communicate better build more brand equity

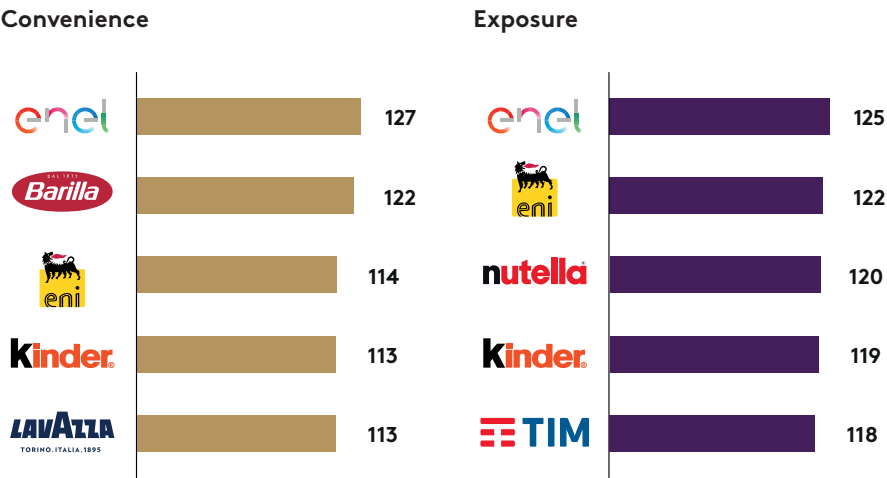
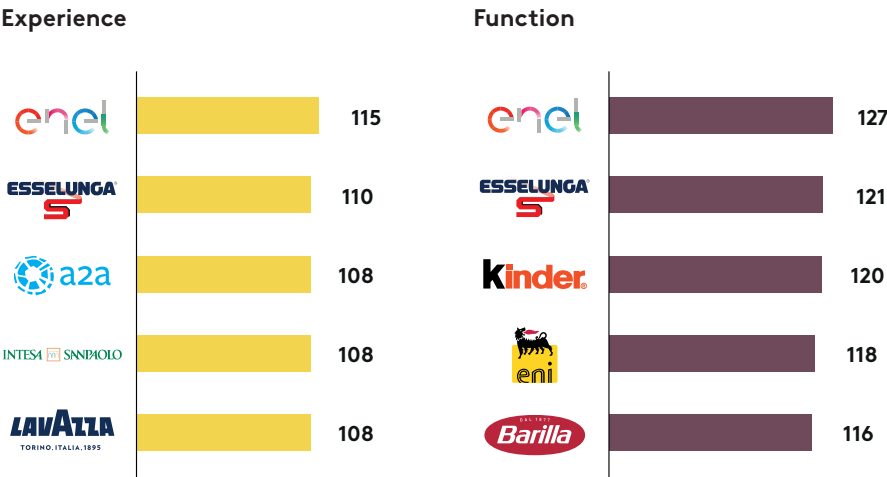


On the positive side of the ledger, Italian brands excel at experience, which is typically the most difficult of the four fundamentals to get right. To do well by this measure, brands need to provide a consistently excellent experience at every touch point can. Italian brands have this aspect of their value under control, which leaves them freer to concentrate on the less onerous task of letting consumers know.

FUNDAMENTALLY SOUND

Looking to emulate the best? A number of brands deliver standout performance on the fundamentals, even if they are not always the ones that are best known, especially internationally.

Top brands for the four fundamentals



The top five for each of the four fundamentals show that if you get one thing right, you tend to get several right. Many of these brands also enjoy a built-in advantage because they are products or services that consumers touch every day: they are banks, supermarkets, utilities, and beloved food brands.

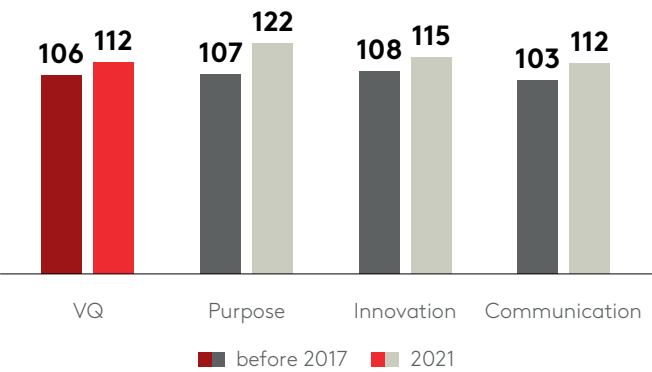
However, these brands are also investing in their equity and the experiences they deliver to consumers. Enel has strongly positioned itself as a provider of sustainable energy over the years and created advertising and partnerships — such as its sponsorship of the Formula-E racing championships.



SPOTLIGHT ON BRANDS: DUCATI

According to Kantar BrandZ research, Ducati is the most Meaningful motorcycle brand in the world today. This reflects its strong tradition of innovative development as well as its commitment to nurturing a worldwide community of enthusiasts.

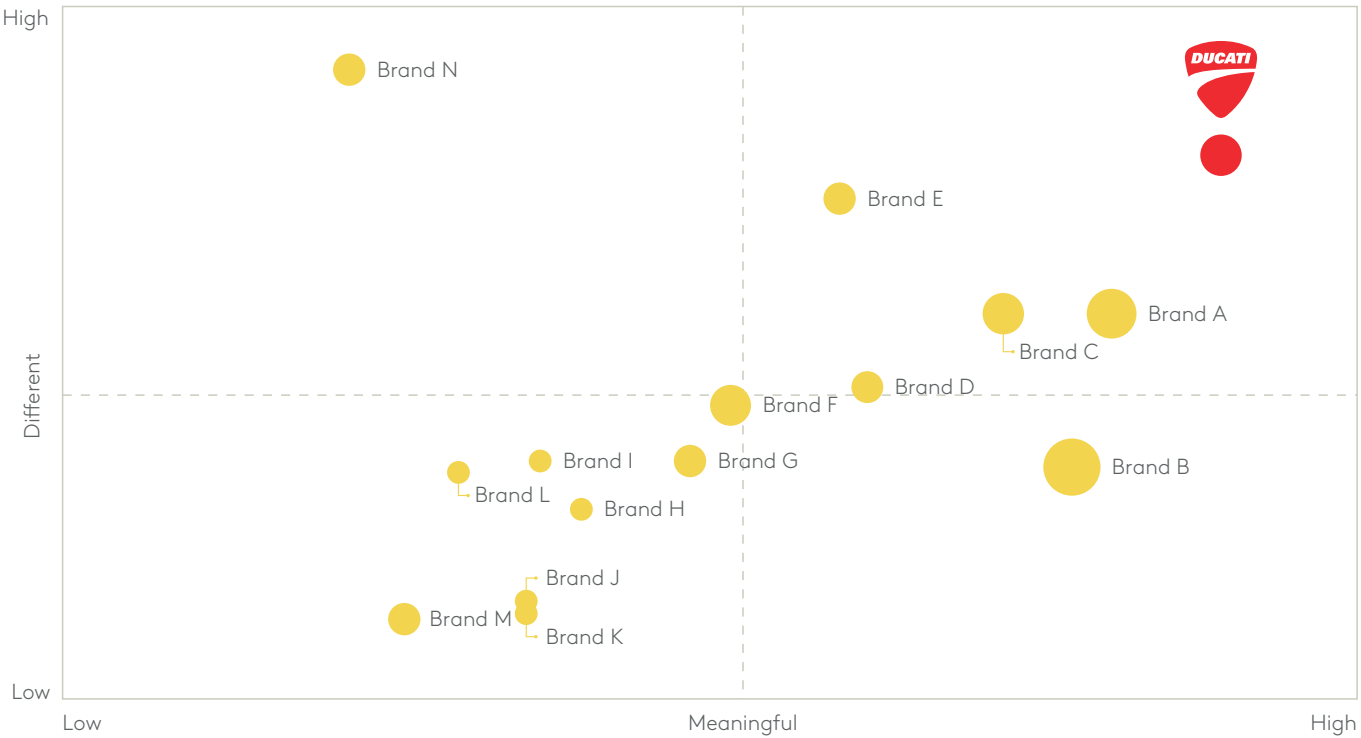
Pole positioning



In recent years, the brand has complemented innovative product development with an equally unusual communications strategy. In 2020, Ducati was unable to stage its traditional, live World Première event and responded by presenting its new model year through a series of web films. Lavishly produced, they blended commentary from designers and engineers with beautiful cinematography, inspiring soundtracks, and exotic locations. The format proved so popular that Ducati has repeated it this year with nine new episodes, each devoted to a different bike or aspect of engineering.



A leader in Meaning and Difference



Size of circle reflects brand salience's level

This singular communication strategy pairs well with the strong programme of product innovation that the brand has pursued in recent years. For example, Ducati is now the sole provider of racing bikes for the MotoE World Cup. It has also introduced the Multistrada 4V, which can go 60,000 before its first valve service and is the world's first motorcycle equipped with front and rear radar.

Not surprisingly, since 2017, the brand has increased its scores for Innovation 6%, Communication 9%, and Purpose 14%.

Looking behind the numbers

Interested in knowing more about the insights behind your brand's scores? Kantar BrandZ collects a wealth of data on brands and categories in every market it surveys, including many that do not make the country ranking. If you want to better understand the performance of your brand and where its gaps and opportunities lie, please reach out to your Kantar contact.

LUXURY IN ITALY

62 - LUXURY TOP 10

64 - THE ERA OF THE PUBLIC

THE KANTAR BRANDZ TOP 10 ITALIAN LUXURY BRANDS 2022

Luxury brands dominate the Kantar BrandZ Top 30 Italian Brands 2022, contributing the most valuable brand, three of the top 10, and the three fastest-growing brands. This is not surprising as Italian luxury brands are not merely successful but an iconic reflection of the country itself: exquisitely made, loved by global consumers, and seen as something more than just high-quality products. They are often intimately entwined in people’s identities, making them feel successful, accomplished, or however they want themselves to be.

This is the second year we are celebrating this vital category with its own ranking: The Kantar BrandZ Top 10 Most Valuable Italian Luxury Brands 2022. Together, these standout brands have a total value of \$58.4 billion, which represents a 17% growth rate over the previous year, tripling the performance of the Italian economy as a whole.

Italian luxury brands today are experiencing changes not seen since the transformation of leather goods from the carriage industry to high-end fashion a hundred years ago. These brands used to be top-down entities, led by visionary designers and executives who oversaw the production of quality, functional goods.

Today, they are reorienting themselves to become businesses that not merely fulfil the needs of people but also reflect their values and identities. They trade in new currencies, not just fabrics and jewels, but commitment, authenticity, and conviction. They have new criteria for excellence: consumers no longer merely think about how their goods are made, but by whom, under what conditions, and whether their materials are ethically sourced.

In this special section, we’ll see how corporate responsibility is becoming an increasingly important component of growth, how luxury brands have led the way in adopting purpose, and how their success has created new challenges they are working to overcome.



THE ERA OF THE PUBLIC

Italian luxury brands are truly global brands. For some of them, more than 95% of their brand value is derived from outside their home country. But as such, they increasingly are confronting global citizens’ demands for change.

Even prior to the COVID-19 pandemic, transnational movements have transfixed public attention with dizzying speed. While many of these emanate from the United States, such as #MeToo, #TimesUp, and Black Lives Matter, they can come from anywhere. The Bring Back Our Girls movement grew out of a tragedy in a Nigerian village, while a protest in Argentina sparked #NiUnaMenos. But wherever these movements start, their swift adoption speaks to changed sensibilities and new priorities for brands.

Businesses have traditionally stayed away from such issues, believing that consumers did not welcome their input on them. But in 2021 Kantar’s Sustainability Sector Index found this assumption to be erroneous for many consumers. For example, in Italy:

- 67% of consumers expect companies to make sacrifices to end racism and other forms of hate.
- 66% feel that it’s up to businesses and producers to make these changes.
- 61% say they pay a lot of attention to environmental and societal issues in the news.
- 40% say that they are prepared to invest time and money to support companies that try to do good.



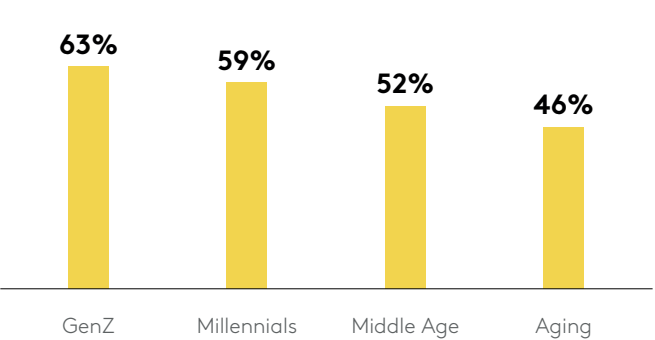
Italian consumers weigh in on sustainability



Source: Kantar Sustainability Sector Index 2021

Kantar Global Monitor also found that these tendencies are stronger in the audiences that matter most. Across almost any environmental or societal issue, younger consumers are looking to brands for leadership more than older.

'I like brands that have a point of view and stand for something'



Source: Kantar Global Monitor 2020

In addition, consumers in key growth markets in Asia, and particularly in China, are advocating for change, albeit only on certain issues. For example, 75% of Chinese consumers are willing to pay more for products that are better than the environment, which is far above global averages.

These leanings are also translating into real results. Kantar BrandZ has found that brands that are recognised by consumers as ‘making lives better’ grow 2.5 times faster than those that are not. Our data also shows that consumers view corporate responsibility as three times more important than it was 10 years ago, and that environmental responsibility and societal impact (sustainability) account for 65% of corporate reputation. Purpose is no longer a nice-to-have or a poster on the wall; it needs to be part of the fabric of a brand.

Social and enviromental responsibility have a measurable impact on growth
Total Effect of Reputation on Brand Power: 8.9%



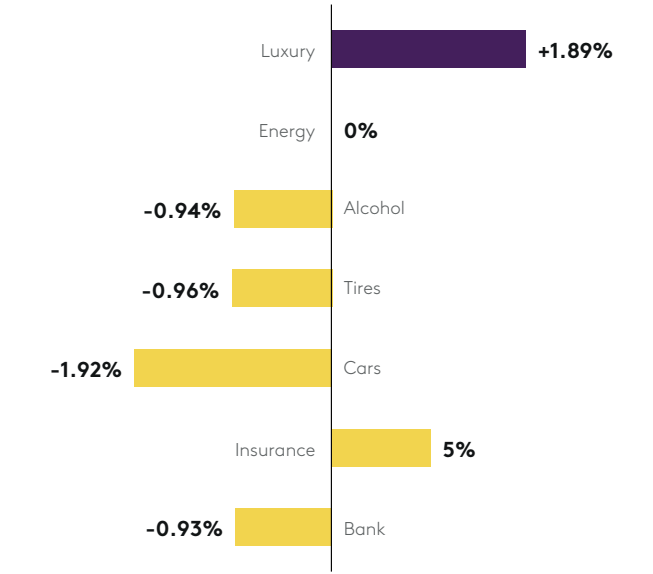
Source: Kantar BrandZ



Stepping up

The good news is that Italian luxury brands have taken a vanguard position in adopting purpose. In past year, they notched the largest overall increase in this metric of any category in the top 30 ranking. They score especially well for brand health, consumer trust, and corporate reputation.

Brand Purpose Index growth 2021-2022



Part of the reason is that the top 10 luxury brands have all undertaken initiatives to support their purpose. For some examples, Gucci has created the Gucci Equilibrium platform that expresses its commitment to generating positive change for people on the planet. Fendi has a new Sustainability section on its website that describes in detail the commitment of the brand to the environment, community, and a sustainable supply chain. To that end, it has released its FF Green Interlace Capsule collection, which features its iconic Peekaboo and Baguette bags made of recycled polyester that incorporates the brand’s signature weaving technique.

For its part, Valentino has released Open for a Change, an eco-friendly take on its exclusive Open and Rockstud Untitled shoes. The sneakers are vegan and are made from recycled and bio-based materials. In January 2022, Dolce & Gabbana released, without comment, an untitled collection that used a new kind of more environmentally friendly, synthetic fur.

Kantar Brand Purpose Index 2022

Brand	Brand Purpose Index 2022	Brand Purpose change (2020-2022)
GUCCI	116	13%
PRADA	105	5%
FENDI ROMA	102	10%
BOTTEGA VENETA	99	6%
ARMANI	114	7%
BVLGARI	103	4%
Salvatore Ferragamo	99	6%
VALENTINO	107	7%
VERSACE	106	7%
DOLCE & GABBANA	117	7%

This embrace of purpose also shows up in a final data point that may seem unrelated: luxury brands are lodging a large increase in a metric known as ‘mean worth score’. Essentially, this means that consumers feel these brands products are worth what they’re paying for them. They are delivering value by providing a total experience that adds up to something more than the sum of its parts. This is good work, but challenges lie ahead.

A tough road for differentiation

With nearly everyone in the luxury category embracing purpose, even the best-intentioned brands can find it difficult to stand out. That’s because purpose is not a differentiator unless brands support their commitment to it with more traditional brand-building techniques. The old rules still matter, even if brands have a new set of goals.

Kantar BrandZ has identified four principles for embracing a purpose that will unlock growth:

Build from your core. Every brand has a unique history, heritage, and offering. No one can make a difference everywhere. It’s important to align who you are and have been with what you’d like to change in the future.

Be Meaningfully Different. Differentiation springs from considering your brand’s unique traits and translating them into societal commitment.

Mobilise your people. Think beyond your brand and across your organization (and also your supply chain), ensuring that you are supporting people’s desire for fair treatment and inclusion.

Execute through action and experience. Walk the talk by the actions you take and the experience you provide at every consumer touchpoint. Remember that 20% of your touchpoints account for 80% of the impact on your brand.

Authenticity: much mentioned but bears repeating

Nowhere in the business world, perhaps, do expectations stand taller for authenticity than in the luxury category. Consumers place their trust in these brands’ heritage, quality, and craftsmanship and reward them with a willingness to pay a steep premium for ownership. As a result, luxury brands have much farther to fall if they stumble.

The Kantar Global Sustainability Sector Index found that consumers are deeply sceptical of brands’ societal commitments. Sixty-five percent worry that companies are involved in social issues merely for commercial reasons, while 42% say they have stopped buying certain products and services because of their impact on the environment.

As a result, luxury brands need to adopt a new paradigm for responsibility-led success, reinterpreting their traditional qualities. In this new, responsibility-led paradigm:

- Heritage ↔ Forward-looking continuity
- Exclusivity ↔ Helping people become their best selves
- Identity ↔ Alignment with a higher purpose
- Elusivity ↔ Transparency and open doors
- Craftsmanship ↔ Creative excellence
- Quality ↔ Durability and reusability
- Trust ↔ Sustainable sourcing and production



New approaches sweep the market

Luxury consumers have been reluctant adopters of ecommerce, likely because shopping itself is a big part of the luxury experience. In spite of the ongoing pandemic, 76% of consumers report that they purchased their last luxury item in a physical store, a number that drops to 68% for younger age groups.

Taken as a whole, Kantar Luxury Media Journey 2022 in collaboration with Hearst recently released Connect study on luxury consumers found that they can also be surprisingly conservative in the types of media that influence them. In a largely digitised world, print ads and advertorial still play a pivotal role in driving brand equity across all generations, making fashion magazines one of the last, successful bastions of print advertising. Luxury brands also tend to generate significant equity through their flagship stores and fashion events — especially among high spending consumers who pay close attention to what happens on the catwalk.

Consumers do not find TV an important touchpoint, but an opportunity may lie in out of home ads, which have a modest impact on luxury consumers, but likely because of low usage rather than potential.

Looking for inspiration? Gucci is the top performer across most touchpoints and generations, while Dolce & Gabbana sets the standard for TV and out of home. Prada resonates among GenZ thanks to its advertorial, apparel shops, and special offers. And Valentino scores well on Facebook, while Cuccinelli delivers the best experience on TikTok.

The metaverse and the experience gap

‘Struggle’ is not the correct word for how luxury brands perform in digital shopping channels, though there is a significant gap between the highly positive, in person experiences consumers have in their stores with the less personalised and special ones they have online.



The experience gap

Offline

Strongly + somewhat agree

71%

69%

It was a
'tailor made'
shopping
experience

I felt
pampered

Online

Strongly + somewhat agree

61%

36%

It was a
'tailor made'
shopping
experience

I felt
pampered

Source: 2021 Kantar & Class – Luxury shopper journey study

So, how can brands get this difficult channel right? Typically, the opportunity lies in using new technologies to mirror and replicate the excellent experiences that people have in stores.

The emerging metaverse encompasses experiences that mimic the real-world using 3D, virtual reality, and similar technology — and it could offer a significant opportunity to close the gap between physical and digital. Adidas and Prada, for example, teamed up for a non-fungible token NFT project called Adidas:Prada, Re-Source. People were able to upload images that were ‘minted’ into artworks by a filter created by artist Zach Lieberman, and then auctioned. Lieberman also created a final mass patchwork of all of these images which is available online.

As with so many things, however, success for brands in the metaverse will depend on two questions: are consumers in the space in the first place, and do they want to receive communications from brands while there?

The road ahead

The Kantar BrandZ Top 10 Italian Luxury Brands 2022 are adapting well to the sea changes in consumer expectations for the category. Purpose-led efforts are driving impressive growth in brand and financial value, but past performance does not guarantee future results. With so many brands navigating the new landscape successfully, the task of staying on track will not be easy. Luxury brands need to identify new ways to build an authentic, Meaningful Difference not only in the products and experiences they provide—but also in how well their can align with their consumers values and hopes for a changed and better world.

**THOUGHT
LEADERSHIP AND
BRAND BUILDING**

- 74 – FROM SELLING TO CARING,
SILVIA LEONI
 - 78 – HOW TO MAKE
SUSTAINABILITY ATTRACTIVE?
SHIVA MOHAMMADIAN
 - 82 – BUILD A UNIQUE EXPERIENCE
THROUGH NEEDSCOPE
TO DRIVE YOUR BRAND’S
MEANINGFUL DIFFERENCE,
VALERIA CHIAPPINI
 - 84 – TAKING UP THE CHALLENGE
OF DIFFERENTIATION,
MATTEO BECCARELLI
 - 88 – REMINDING US OF THE
OBVIOUS ... OR IS IT REALLY
SO OBVIOUS? STÉPHANIE LEIX
-



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FROM SELLING TO CARING: THE IMPORTANCE OF EMPATHY

- Learn more about how Kantar can [help brands identify and nurture their purpose](#), and ensure that it stays Meaningfully Different in changing times.



There's no question that the COVID-19 pandemic has been a major disruption in our lives. Lockdowns, restrictions, and social distancing have changed what we prioritise, how we look at the world, how we relate to ourselves and others, and ultimately how we interact with brands.

We once learned at school that species must adapt to changes in the environment if they want to survive. Brands are no exception. As Kantar's COVID-19 Barometer showed repeatedly over the last year, Italians expect brands to be actively part of ongoing change, serve as allies in their daily lives, and set an example for others to follow.

People expect them to become human and empathetic — and to take customer-centricity to the next level. But what does this empathy look like? And how can brands demonstrate their human sides?

Avoid the price trap

Brands have to recognise that Italian wallets have been hit hard by the pandemic. According to the COVID-19 Barometer, 76% of Italians report that their household income was either impacted by the pandemic or that they expect it to be.

Cutting prices might seem the easiest way to show people that a brand cares. But a price war is always a bad idea. Besides being unprofitable and unsustainable in the long term, a war fought on price shifts the focus away from the elements that make a brand unique, while we know that Difference is the biggest determinant of resilience and growth in challenging times. In fact, our analysis has shown that

brands in the BrandZ Top 100 Most Valuable Global Brands that grew 5% or more in value from 2019 to 2020 scored on average 126 on Difference (the average score of declining brands was 119).

Rather than reducing prices, it's more important than ever for companies to invest in the brand-building activities that increase their value through Meaningful Difference.

Empathy goes hand in hand with purpose

BrandZ data from the past 12 years also shows that brands with a recognised purpose have grown their value 2.5 times more than those without one. Purpose enables brands to wrap themselves in human clothing and immerse themselves in current trends and needs.

Luckily (or not), there isn't one single recipe to follow for purpose. Existing DNA, current offers, target audiences, and the competitive landscape are all elements to take into consideration when identifying what role a brand should play and how it can show its human side.

We have identified two major dimensions across which brands can demonstrate their purpose: collective and individual.

Collective dimensions

When thinking of purpose, a brand's involvement in initiatives around sustainability and social responsibility typically comes to mind. The world and the society we live in make such involvement no longer an optional commitment. According to Kantar's Global MONITOR, 76% of Italians (compared with a global average of 73%) say that brand involvement in social issues has an influence on their purchasing intent.

In addition to paying increased attention to the environment (think of Unilever's commitment to drastically reducing plastic packaging in favour of recycled and recyclable materials), pressing social themes are giving brands an opportunity to take bold positions and demonstrate their involvement in issues near and dear to their consumers' hearts.

It's easy to find examples of brands that have successfully embraced purpose and moved from selling a product to selling their values. For example, when hygiene became a hot topic during the pandemic, detergent brand Napisan put its expertise at the service of the community by offering an educational programme in schools to teach kids the basics of keeping clean.

Baci Perugina, a brand always linked to love, modernised its message recently to be more inclusive. When it produced Dolce Vita, a limited-edition praline made in collaboration with Dolce & Gabbana, it created a product that paid tribute to love in all its expressions.

Individual dimensions

The COVID-19 pandemic also put an increased public focus on mental health. According to the Global MONITOR, people identify wellbeing as their second-most relevant need after protection. This has opened up new opportunities for brands to show a more personal and individual kind of empathy.

Wellbeing starts at home for most brands. More and more companies are promoting initiatives that improve the work/life balance, such as working from home, embracing a four-day work week, implementing employee welfare programmes, and offering days off in recognition of World Mental Health Day.

Externally, brands are also helping customers feel their best. This may seem easier for brands that have health as their unique selling proposition, like fitness clubs or organic foods. But wellbeing can be achieved in many different ways, no matter the category.

In the world of less healthy food, for example, brands can embrace wellbeing as a mental state enabled by indulging in little pleasures. That's why Ferrero is thriving in an environment focused on health, with three of its chocolate brands — Kinder, Nutella and Ferrero Rocher — among the Top 30 Most Valuable Italian Brands 2022. It also explains why Giovanni Rana saw such a successful launch of its range of limited-edition ravioli (Oro Rosso) with unusual, refined ingredients, while urging people to simply, 'Enjoy it'.

Flexibility, delegation, usability, and comfort are also key concepts for services and durable goods. Some home appliance brands are launching campaigns promising to take care of everything, so that people can enjoy the moment. For example, a recent TV spot by Electrolux shows a young couple pressing the 'fish' function on their oven and enjoying nature while the appliance does the work.

Whenever your brand promises to help the community or support individuals, you should remain true to your mission across all touchpoints, from products and advertising to marketing and brand-building initiatives.

What would empathy be without listening?

Whatever your brand's chosen path, you always need to hear what people are saying. Feedback, reviews, and customer service are invaluable tools to solidify your connection with consumers and allow your brand to react at speed and stay Meaningfully Different.





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HOW TO MAKE SUSTAINABILITY ATTRACTIVE?

► Kantar helps brands [identify their purpose and their path](#) towards sustainability.

We have now entered the sustainability era. Every brand, no matter its category, wants to be connected with sustainability and recognised for it.

That's why most brands are injecting their purpose with a sustainability mission. However, this has also created a context in which brands often end up sharing purposes with one another and struggle to differentiate themselves from their competitors. Many even have difficulties with credibility or face accusations of greenwashing.

Consumers are convinced that sustainability is something every brand needs to do, but they don't view the efforts as particularly cool, sexy, or desired. They are sceptical about brands making a difference, both in their positioning and their actions. Sometimes, they even see brands as similar to governments, which always talk about sustainability, even though nothing seems to change.

After years of movements for social justice, people feel that brands should stand up and be accounted for, and that they should support the values they think are important. They also want proof. It's not enough to speak out on sustainability, consumers expect brands to live up to their words.

This means raising your voice — and upping your game. A brand can't get by with a slogan in a campaign; it has to be and do something more. It's about doing something and making it visible. People should know what brands are doing and connect those activities to them. That enables them to create an emotional connection and lays the groundwork for desirability.

So, how we can make sustainability not only resonant, but also attractive to consumers?

Purpose is the 'why' a brand exists. Sustainability should add value to that 'why'. It should not only impact people's lives in the long term, but also find its way into all branded touchpoints, starting from product or service itself. Everything should be sustainable or connected to that perception.



patagonia®

Patagonia is widely known as an outdoor and adventure wear brand that leads the way in taking care of the planet. It rejects fast fashion, instead creating high-quality, long-lasting products with a repair and reuse programme. It even discourages customers from purchasing too many of its products, as evidenced by its famous ‘Don’t Buy This Jacket’ campaign.

‘My belief is that our biggest contribution has not been the money we’ve given away’, says Ryan Gellert, Chief Executive Officer at Patagonia. ‘It’s not individual issues that we’ve advocated for. It’s not scaling grassroots environmental activism through various levels of support. It’s proving that businesses can exist to do more than maximise the wealth of their owners, really consistently proving that in ways big and small over decades’.

People don’t buy Patagonia only for its sustainable behaviour. They buy its image, its attitude, and its personality.

But a healthy brand should also evolve over time. Patagonia has a rich history of sustainable sourcing, social responsibility, and making an impact on the environment — and that has changed over time. Today, it calls itself a ‘responsible company’, which means that its scope now stretches beyond environmental causes.

The main mistake brands make is to focus their attention only on sustainability while forgetting their brand value and how it can serve customer needs. When that happens, the brand breaks the connection, and its efforts toward sustainability become something adjacent to it, rather than central to its identity.

‘We feel like we have an obligation to find our place in the intersection between environmental and social justice, where we have the credibility and the voice to do that’, says Gianluca Pandolfo, EMEA sales director at Patagonia.

When choosing what areas to support and be vocal about, companies should consider three questions: Is the cause in line with our values? Can we create positive and systemic change if we support it? Are our employees willing to support it and speak about it?

Sustainability is a wide area of endeavour, and every brand needs to find its own way to contribute in line with its essence. Making an impact on employees, society, and the environment is central to being perceived as a sustainable brand. But in your brand’s rush to become sustainable, don’t forget your customers. And don’t be afraid to be bold enough to collaborate with other brands to bring to life your contributions toward social responsibility.

Only in this way you can maintain connections and become an attractive brand for your consumers.





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BUILD A UNIQUE EXPERIENCE THROUGH NEEDSCOPE TO DRIVE YOUR BRAND'S MEANINGFUL DIFFERENCE: THE GROM CASE STUDY

- In the Age of Experience, [NeedScope](#) has what it takes to build irresistible, memorable brands throughout the marketing process.

We live in what some call the Age of Experience, in which the priorities of consumers have changed with material possessions losing currency in favour of experiences that provide stimulation, engagement – and in a word, memories. Consumers' focus, especially among younger generations, has shifted from accumulating to accessing, from possessing to sharing, and from owning to living life to the fullest.

That is why finding a compelling brand purpose and delivering it with clarity and discipline across all the aspects of the customer experience is more crucial than ever for brands. Being a brand nowadays is a matter of owing a share of life and granting access to a whole universe of experience, lifestyle, and meaning that goes well beyond the product. That is a tall order.

This is also the challenge Kantar took on with Grom, the super-premium Italian gelato brand founded in 2003 and currently owned by Unilever. In 2020, Grom was entering a new phase and had the ambition to grow from a gelateria network into a seamless ecosystem, focused on a multi-channel strategy for generating an impact on people's lives. In this scenario, Grom asked Kantar's help in finding a clear, compelling, differentiating, relevant, and actionable purpose that could inspire and shape everything the brand does. The goal was to present consumers with a single, unified brand and ensure a consistent experience across all touchpoints.

The decision to look at this challenge through the NeedScope lens was a natural one as relevance, clarity, and consistency are the mantras of the NeedScope model, which provides a sound compass for brands to build and deploy their strategies.

Our journey unfolded across several strategic milestones, during which NeedScope was the thread that held everything together.

The foundation for the project was to carry out a brand chronicle and audit to distil the brand's DNA and identify the key values and assets that could fuel the new purpose. An extensive trend, semiotic, and consumer research study was then conducted to uncover fresh and untapped spaces of opportunity, both in the category and the culture at large. This enabled us to find alternative NeedScope routes that rang true to the brand's DNA as well as with emergent culture and category trends.

Once the decision on Where to Play was made, Kantar accompanied Grom in the How to Win phase, which consisted of several co-creation sessions to build purpose and positioning statements and draw the guidelines of the Brand Key. As a result, Grom's current #PureWonder brand strategy platform came to life.

Of course, this was just the beginning of Kantar's journey with Grom, as other workstreams branched off to ensure that the purpose lived and breathed in the world across multiple brand touchpoints. In this phase, Kantar supported Grom to define the What to Do for its visual identity and Purpose in Action.

NeedScope has provided focus at every stage of the journey, granting a solid conceptual framework to unlock Grom's Meaningful Difference and ensure the clarity, alignment, and coherence of new brand experience.

NeedScope facilitated decision making around the purpose, offering a straightforward understanding of where the growth opportunities lay for Grom, and which territories were the best fit with the brand's DNA. It also provided guidance and inspiration to shape a seamless brand ecosystem and made it possible to distil a set of principles and guidelines to ensure consistency over time.



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TAKING UP THE CHALLENGE OF DIFFERENTIATION INNOVATION AS AN OPPORTUNITY FOR MADE IN ITALY BRANDS

- Kantar helps brands identify and nurture clear, future-proofed ideas, and [seize the most rewarding opportunities](#).

Meaning and Salience are two critical components of the Kantar BrandZ framework for measuring brand equity, but Difference has proved to be the most effective asset for growing brand value overall.

Currently, markets are saturated and globalised, and product lifecycles are shrinking as we move from a 'need' to a 'want' economy. In such an environment, if a brand can build a strong perception of Difference in the eyes of consumers, it will create a crucial lever for growth.

Contrary to what one might think, however, Difference is an opportunity for all brands. They all have it within their reach, not just those that already have innately distinct elements in their DNA.

In fact, Made in Italy brands have multiple ways to feed consumers' perceptions of being Different: they can assume a leadership role within their category, adopt a distinct style of communication, or learn to effectively leverage innovation. But of these possibilities, perhaps the biggest opportunity is the last. A recent analysis of Kantar BrandZ data, for example, identified two key insights about innovation in Italy:

1. The ability to innovate, or to be perceived as innovative, is a central characteristic of brands that have grown substantially in value.
2. Italian brands, when compared to their peers in other European countries, have not yet fully exploited this growth opportunity.

In view of these two points, it is clear that creating a perception of innovation is now essential for Italian brands. Some food for thought may come from the global context of the last decade. An extreme manifestation of the ability to innovate was shown by those brands that were defined as disruptive or that have shaken up the status quo and imposed new standards on a market segment. In some cases, such brands have been able to give life to new product categories, create new needs, and even influence the lifestyles of consumers.

Among the most representative examples in this area are brands that need no introduction — such as Amazon, Apple, Google, Tesla, and Airbnb — all of whom have grown exponentially in the last decade.



Of course, not every brand has the opportunity to be quite so disruptive and innovative, but with a good dose of productivity and creativity, it is possible for all brands to identify ways to differentiate themselves from the competition. The following examples show how brands of all kinds can use innovation to set themselves apart:

GUCCI

In recent years, Gucci has proved itself highly creative, not merely by designing iconic, new collections, but also by making its brand experience a core element of its uniqueness. A recent example is its introduction of a digital showroom that makes online shopping an interactive and personalised experience. The brand's customers can access it via a video call and connect with personal client advisers who serve as guides, enabling them to discover new collections while ensuring a unique experience.

LUXOTTICA®

The most traditional way to innovate — though not always the easiest — is to launch new products to keep pace with changing lifestyles. Highlighting one of its most iconic eyewear brands, Luxottica has launched Ray-Ban Stories, a new model of smart glasses that represents the next frontier of wearable technology. Equipped with a camera and audio system, these glasses combine Facebook technology with classic Ray-Ban design to enable consumers to take photos, make videos, listen to music, receive calls, and share content directly on social networks.

CHANEL

Some beauty and skincare brands, including Chanel, have introduced new refill options for their products through ecological packaging and in-store services. In this way, they are making good on their promises of sustainability and enhancing the perceived innovation of their brands.

iliad

Telecom provider Iliad entered the market with a distinctive positioning that emphasised simplicity, transparency, and convenience. In this way, the French brand has imposed new standards on the entire sector and given life to the low-cost segment of telecommunications in Italy, forcing other players to adapt.

These are just a few examples that demonstrate that the ability to innovate — and thus nurture uniqueness — is a recurring characteristic of successful brands. They also prove that innovation is something that is open to all brands, so long as they are able to:

- Fully exploit the potential offered by new technologies
- Stay tuned not only to needs, but also to new trends and lifestyles
- Move with agility and speed in the market
- Be daring and give space to creativity

Made in Italy companies have been able to build the success of their brands over the years by focusing on products, quality, and leadership. These characteristics continue to be fundamental assets, but today's competitive environment also requires them to explore all possible avenues — and innovation is too precious an opportunity not to be exploited to the fullest.





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REMINDING US OF THE OBVIOUS... OR IS IT REALLY SO OBVIOUS? THE ROLE OF COMMUNICATION IN BUILDING BRAND EQUITY

- Kantar's [Creative and Media teams](#) have the expertise and solutions to help you [optimise the impact of your communications on your brand](#).

If I tell you that communications make a significant contribution to brand equity and therefore to business success, that should sound like common sense. Yet, despite the well understood impact, there are still times when companies choose to make cuts to their advertising budgets, either because of internal or external financial pressure.

Unfortunately, evidence suggests that going dark for a significant period damages brand health, weakens the bond with consumers, and reduces market share. And once a decline sets in, it can prove hard to reverse. Research has shown that it's better to treat advertising as an investment instead of a cost and maintain communications rather than try to rebuild your metrics after a period of dormancy.

So how do communications impact brand growth?

Our analysis shows that brand exposure is the greatest lever of brand growth. In other words, the capacity of a brand to build positive associations increases the number of people predisposed to buy — and in turn influences future sales. Great communications create memories in the minds of consumers that build and maintain the brand's Meaningful Difference.

Our research also shows that quality of creative is the single greatest driver for brand exposure. This poses some important questions: are you investing enough time and budget to ensure that you have the most compelling content? Are you carefully considering the foundations of successful creative? For excellent communications, brands have a clear path forward:

Start with a creative idea. The first step involves identifying the right organizing idea, the creative expression of brand positioning that can inspire your communications and be used consistently across executions and touchpoints for years.

Use content to create lasting impressions in the long term. The key to doing this is to focus on delivering compelling creativity that leaves behind a strong impression about the brand, rather than agonising over a specific message to trigger an immediate sale. This means creating work that people notice and remember, often because of distinct or emotional content. And remember, great creative content doesn't just drive sales in the long term, it works in the short term as well.

Ensure that the content is linked to the brand.

Your brand has to be present if your efforts are going to have a positive effect. This may sound like common sense, but it is so often missed that it must be mentioned. Even award-winning content often ignores the basics that make it work in the service of the brand.

Of course, even if you have the perfect creativity, the job isn't done. You still need to realise its potential through the right media, optimising reach, frequency, and synergy.

That's because the second most important driver for increasing brand exposure is reach. Reach is about making sure your creativity connects with as many potential customers as possible. We know that multimedia campaigns deliver higher ROI, so consider choosing the channels that will get you the most exposure. Above all, you should select channels that truly reflect the habits of your target audience. Not because they are cool, or the latest thing that others have done, but because they help maximise your opportunities to deliver your message.

Remember: 20% of touchpoints deliver 80% of the impact. Do you know which 20% of touchpoints have the biggest impact on your brand?

According to Media Reactions 2021, advertisers are less confident than ever that they are getting the mix of their online and offline media investments right. Fifty-one per cent of marketers say they are not confident they have the right media mix (up from 44% in 2019). And over half of advertisers (57%) are not confident they have optimised frequency.

So, how are we ensuring that we are putting the right share of spend to drive the right frequency, especially when all channels are seeing diminishing returns, including digital? Optimising frequency is a great way to distribute your spend more evenly across channels.

Strong content synergy across touchpoints significantly increases the effectiveness of campaigns, but to achieve that, formats need to be adapted to the media context. Are we consistently investing in building the same content experience across channels? Are we choosing touchpoints that work well together?

These are just some of the questions you need to consider to get the most out of your media investment and unlock growth. But the most important task is to stay focused and in the game even when times are tough.

RESOURCES

92 - BRAND VALUATION
METHODOLOGY

100 - GOING GLOBAL?

104 - KANTAR IN ITALY

106 - BRAND EXPERTS

112 - THE KANTAR BRANDZ
ITALY TEAM

KANTAR BRANDZ BRAND VALUATION METHODOLOGY

INTRODUCTION

A Kantar BrandZ ranking of brand valuations lists the brands making the largest absolute \$ contribution to the total value of their respective parent companies, considering both current and future performance.

This is the true value of brand building and we want to isolate and reward the brands making the largest contributions to the success of their parent companies.

A company may have huge overall business value but the absolute \$ contribution made by the relevant brand(s) that the company owns may not be a comparatively large figure – at least not a large enough figure to qualify for the given Kantar BrandZ ranking of brand values.

The brands that appear in this report are the most valuable brands in Italy. They were selected for inclusion in the Kantar BrandZ Most Valuable Italian Brands 2021 report based on the unique and objective Kantar BrandZ brand valuation methodology that combines extensive and ongoing consumer insights with rigorous financial analysis.

The Kantar BrandZ valuation methodology can be uniquely distinguished from its competitors by the way we use consumer viewpoints to assess brand equity, as we strongly believe that how consumers perceive and feel about a brand determines its success and failure. We conduct worldwide, ongoing, in-depth quantitative consumer research, and build up a global picture of brands on a category-by-category and market-by-market basis.

Globally, our research covers 4 million consumer interviews in 512 categories, and 18,500 different brands in 51 markets. This intensive, in-market consumer research differentiates the Kantar BrandZ methodology from competitors that rely only on a panel of 'experts', or purely on financial and market desktop research.

Before reviewing the details of this methodology, consider these three fundamental questions: why is brand important; why is brand valuation important; and what makes Kantar BrandZ the definitive brand valuation tool?

Importance of brand

Brands embody a core promise of values and benefits consistently delivered. Brands provide clarity and guidance for choices made by companies, consumers, investors and other stakeholders. Brands provide the signposts we need to navigate the consumer and B2B landscapes.

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

Meaningful

In any category, these brands appeal more, generate greater 'love' and meet the individual's expectations and needs.

Different

These brands are unique in a positive way and 'set the trends', staying ahead of the curve for the benefit of the consumer.

Salient

They come spontaneously to mind as the brand of choice for key needs.

Importance of brand valuation

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

Brand valuation also enables marketing professionals to quantify their achievements in driving business growth with brands, and to celebrate these achievements in the boardroom.

Distinction of Kantar BrandZ valuation

Kantar BrandZ is the only brand valuation tool that peels away all the financial and other components of brand value and gets to the core – how much brand alone contributes to corporate value. This core, what we call Brand Contribution, differentiates Kantar BrandZ.

KANTAR BRANDZ BRAND VALUATION METHODOLOGY

THE VALUATION PROCESS

Kantar BrandZ valuations isolate the value generated by the strength of the brand alone in the minds of consumers i.e. with all other elements removed.

To achieve this, we calculate and combine two important elements: Financial Value and Brand Contribution.

- 1. **Financial Value** – the proportion of the total \$ value of the parent company that can be attributed to the brand in question, considering both current and future performance.
- 2. **Brand Contribution** – quantifies the proportion of this Financial Value that is directly driven by a brand’s equity i.e. the ability of the brand to deliver value to the company by predisposing consumers to choose the brand over others or pay more for it, based purely on perceptions.

Note: this does not include the proportion of consumers who choose the brand for reasons other than this predisposition e.g. those attracted by price promotions, a particularly prominent display etc. Such purchases are not due to the brand’s equity and so are removed as part of the process.

BRAND VALUATION CRITERIA

For a brand to be eligible for the Kantar BrandZ Most Valuable Italian Brands ranking, it must meet at least one of the following criteria:

- The brand must originally have been created in Italy and be owned by an enterprise listed on a recognised stock exchange
- For brands originating in the Italy and owned by private companies, their financial statements must be available in the public domain
- Italian unicorn brands have their most recent valuation publicly available.

Part 1 – Calculating Financial Value

STEP 1

We begin with the brand’s **parent company**, which generates earnings from:

- 1. **Tangible assets** (assets with a physical form, which include *fixed assets* - e.g. buildings, machinery, land and *current assets* e.g. cash and inventory)
- 2. **Intangible assets** (such as patents, trademarks and brands)

Example: “Volkswagen AG” is a parent company that generates earnings from tangible assets like its manufacturing plants and equipment, as well as its intangible assets – the brand names under which the cars are sold – Volkswagen, Audi etc.

To determine the proportion of earnings directly derived from the company’s intangible assets, we begin with **Corporate Earnings** – sourced from S&P Capital IQ, which represent the latest annual earnings reported by the parent company. Then by using other financial data from the same sources, we calculate and apply a metric called the **Intangible Ratio**.

By multiplying Corporate Earnings by the Intangible Ratio, we are left with **Intangible Earnings**, which represent earnings derived from intangible assets.

STEP 2

Next, we need to determine the proportion of these **Intangible Earnings** that are directly attributable to the brand we want to value.

To do this we take the Intangible Earnings identified in Step 1 and apply the **Attribution Rate**, which literally attributes a proportion of the parent company’s Intangible Earnings to the brand we want to value.

The Attribution Rate is determined by analysis of brand level financial information from the parent company’s published financial reports and other credible sources, such as data from Kantar.

Once the Attribution Rate is applied to Intangible Earnings, we are left with **Branded Intangible Earnings** i.e. the proportion of the parent company’s Intangible Earnings that can be attributed to the specific brand in question e.g. this step would attribute a proportion of Volkswagen AG’s Intangible Earnings to Volkswagen, Audi etc.

STEP 3

The final step is to consider the projected earnings of the brand in question, which measures the brand’s ability to generate earnings in the future and requires the addition of a final component – the **Brand Multiple**, which is also calculated from financial data sourced from S&P Capital IQ. It’s similar to the calculation used by financial analysts to determine the market value of stocks (e.g. 6X earnings or 12X earnings).

When we multiply the Branded Intangible Earnings from Step 2 by the Brand Multiple, we reach the brand’s true **Financial Value** – i.e. the proportion of the parent company’s \$ value that can be attributed to the brand in question accounting for current and projected performance.

KANTAR BRANDZ BRAND VALUATION METHODOLOGY

Part 2 – Determining Brand Contribution

To arrive at the true value of the brand (i.e. the asset in the minds of consumers) we need to quantify its strength relative to competitors i.e. to isolate the Financial Value that is directly driven by its **Brand Equity**. This allows us to understand the proportion of the Financial Value that is explained by the brand alone and hence the total \$ value of the brand itself. A brand’s equity can impact consumer behaviour and contribute value to a corporation in three ways:

- 1. **Current demand** – based on the strength of its equity alone, a brand can influence consumers to choose it over others in the present – generating volume share.
- 2. **Price premium** – based on the strength of its equity alone, a brand can influence consumers to be willing to pay more for it over others – generating value share and profit.
- 3. **Future demand and price** – based on the strength of its equity alone, a brand can influence consumers to buy the brand more in future or to buy it for the first time at the desired price – increasing volume and value share in future.

Using Kantar BrandZ’s unique survey-based brand equity model (The Meaningfully Different Framework) we are able to quantify a brand’s abilities in each of these three areas relative to competitors, with a survey-based measure:

- (i) Current demand = **Power**
- (ii) Price premium = **Premium**
- (iii) Future demand and price = **Potential**

The first two of these measures contribute to the proportion of the company’s total value accounted for by the brand’s equity alone – i.e. the **Brand Contribution**.

Part 3 – Calculating Brand Value

Brand Value is the \$ amount that the brand contributes to overall business value of the parent company. This is calculated as follows:

BRAND
VALUE

=

FINANCIAL
VALUE

X

BRAND
CONTRIBUTION

This is the final brand value figure that appears in the valuation, and positions the brand within the ranking as one of the country’s strongest, most valuable brands.



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- Kantar BrandZ
Most Valuable Chinese Brands
- Kantar BrandZ
Chinese Global Brand Builders
In association with Google
- Kantar BrandZ
Most Valuable Emirati and Saudi Brands
- Kantar BrandZ
Most Valuable French Brands
- Kantar BrandZ
Most Valuable German Brands
- Kantar BrandZ
Most Valuable Indian Brands
- Kantar BrandZ
Most Valuable Indonesian Brands
- Kantar BrandZ
Most Valuable Italian Brands
- Kantar BrandZ
Most Valuable Latin American Brands
- Kantar BrandZ
Most Valuable Netherlands Brands
- Kantar BrandZ
Most Valuable Japanese Brands
- Kantar BrandZ
Most Valuable South African Brands
- Kantar BrandZ
Most Valuable Spanish Brands
- Kantar BrandZ
Most Valuable UK Brands
- Kantar BrandZ
Most Valuable US Brands
- Kantar BrandZ Insights
US Retail
- Kantar BrandZ Insights
US FMCG
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KANTAR IN ITALY

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- 1 Focus on the touchpoints that matter
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- 3 Improve your performance
- 4 Assess your investments

To find out more, please contact:
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Emerging Trends



KANTAR BRANDZ

2022 MOST VALUABLE ITALIAN BRANDS

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kantar.com/brandz
