

RESEARCH

Ferrari deemed world's most powerful brand: report

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By JOE MCCARTHY

Italian automaker Ferrari earned the status of the most powerful brand in relation to its class set, while Apple maintained its position as the most valuable brand, according to the Brand Finance Global 500 report by brand valuation consultancy Brand Finance.

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Ferrari is one of 11 other brands, along with Hermès and Rolex, that received an AAA+ brand rating. Luxury brands that made valuation gains from the year-ago period include BMW, Mercedes-Benz, Cartier and Burberry, while brands such as Gucci, Prada and Christian Dior fell.

"One of the fundamental values of Ferrari is its exclusivity," said Edgar Baum, general manager of Brand Finance North America, Toronto. "One of the challenges they face as an organization is that there is a push from more people to buy and they have a very loyal customer base that keeps coming back to them.

"They have to make sure that they balance the engagement and support of those individuals, as opposed to trying to get as much cash as possible. Ferrari's decision to cut back production was a very bold statement of exclusivity."

Brand Finance calculates brand value by determining the royalties a corporation would

have to pay to license its brand if it did not own it, known as the "royalty relief" method. Brand ratings are based on the strength, risk and potential of a brand relative to its competitors, expressed as a letter code from AAA+ to D, similar to a credit rating.

Red on yellow

Factors that led to Ferrari's top ranking include desirability, loyalty, consumer sentiment, visual identity, online presence and employee satisfaction. The recognizable prancing horse and the brand's capacity to inspire a "cultish" following has vaulted it above other brands.

Mr. Baum said that Ferrari earned the top spot because it outperformed brands in its class set, such as Aston Martin and McLaren, at a higher level than brands in other categories outperformed their closest competitors.

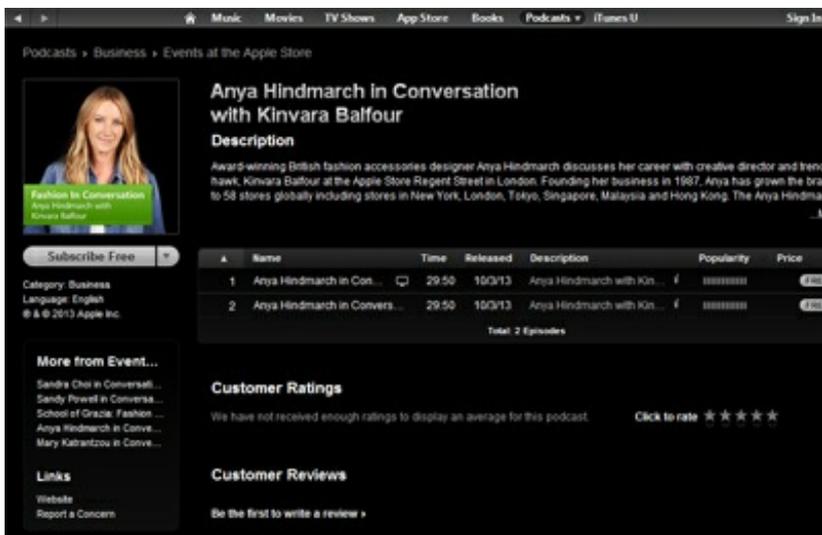
The automaker was ranked 350th in terms of brand value, because of its limited production lines that put the reins on revenue.

BMW rose four brand value places to 17th and achieved an AAA score. Mercedes-Benz climbed to 26th and was given an AAA- score.



BMW i8

Apple held the most valuable position for the second straight year, followed by Samsung, Google and Microsoft, which all retained their ranks from 2013. Speculations have abounded in recent months regarding Apple's potential push into the luxury market.



Apple fashion conversation in iTunes

The United States continued to dominate with its treasure chest of 185 top 500 brands. Japan lost seven top 500 brands compared to the year-ago period, to fall to 42 brands overall.

Germany, France, Britain and China are the other countries with more than 20 brands.

The BRIC nations fared poorly overall, according to the report.

Rising status

Ferrari has recently upped its social media activity to reach more aspirational consumers.

For instance, the brand is tapping into the growing excitement surrounding its 2014 racing season with a contest that asks fans to post videos of speedy actions.

The “Speed Lab” contest asks fans through the beginning of March to go as fast as possible while doing everyday tasks such as watering a plant, making a bed or tying a shoelace. The submitted video that receives the most likes will win the entrant tickets to Grand Prix races ([see story](#)).

Also, the automaker kept a contest as open-ended as possible by asking fans to showcase their passion for the brand.

Ferrari’s Snap your Passion contest garnered photos that show how the automaker has branded fan lives in some way, whether through a vehicle, clothing or a tapestry, thus turning the entrants into brand advocates. Although the contest did not present much in the way of originality, it affirmed the notion that many fans just want to connect with their favorite brands on a regular basis ([see story](#)).

Since luxury brands are in the game of imparting status, a brand's image plays a tremendous role in consumer purchasing decisions.

"Against its competitive set, Ferrari is stronger than any other brand against its competitive set," Mr. Baum said.

Final Take

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