INTERBRAND

PARADIGM

A BRAND RENAISSANCE: THE ROLE OF BRAND IN THE AGE OF AI

PART 1: UNDERSTANDING

2026

EXCLUSIVE SUMMARY
2026 UPDATE

Brand represents the single most important competitive moat for organizations navigating an era of accelerated artificial intelligence and commoditization pressure.

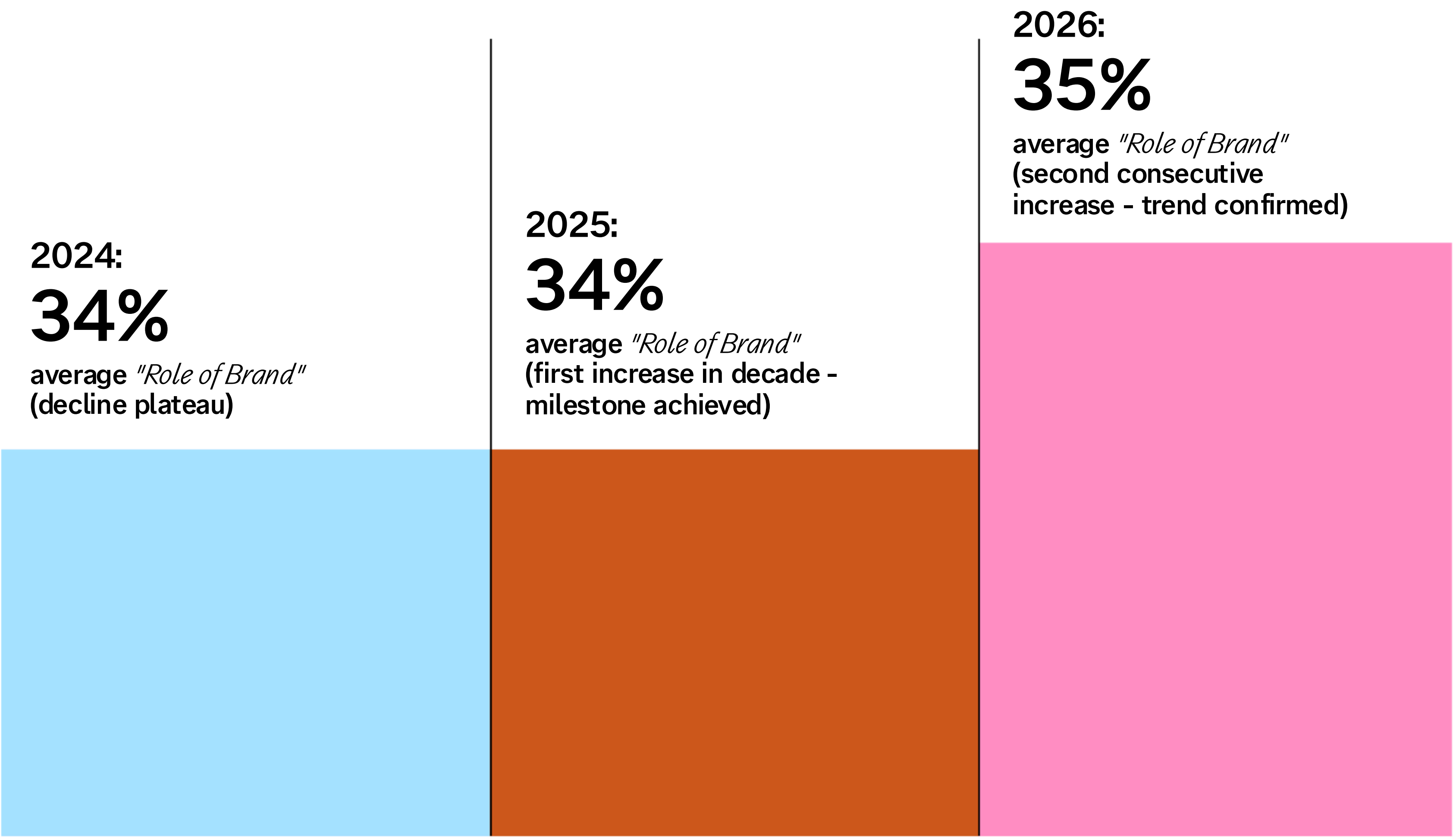
As part of the 26-year anniversary of measuring brand value, Interbrand and Paradigm Sample conducted a global discrete choice study to quantify the influence of brands across different sectors and provide guidance for marketing strategy in turbulent times.

"Role of Brand„ demonstrates a critical market inflection point now confirmed by two consecutive years of growth.

PARADIGM

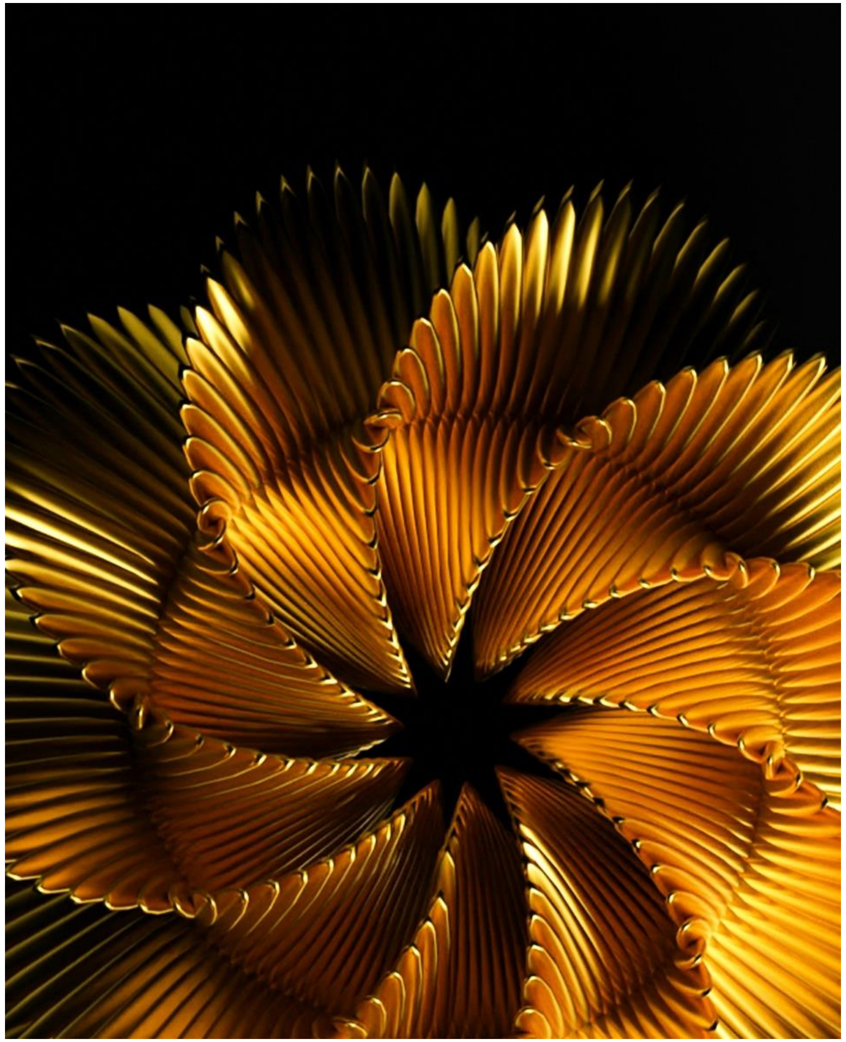
PIVOTAL FINDING FOR 2026

The historic decline of *"Role of Brand"* has reversed itself. After a decade of decline (2015-2025), *"Role of Brand"* has increased in 2026, signaling a possible durable market transformation where human preference is fundamentally reasserting itself against algorithmic intermediation.



STRATEGIC IMPLICATION

Brands that *increase* their *"Role of Brand"* by *at least 7%* compared to their competition grow revenue *40% faster*



Organizations that invested in brand building in 2025 are now capturing the tangible market share gains predicted by the research. Those that delayed or reduced brand investment risk being left behind as competitors consolidate position during this critical inflection period.

With the 2026 data confirming sustained momentum, the window to capitalize on this inflection is narrowing — organizations must act decisively to build brand preference now while competitors remain partially committed to legacy performance marketing approaches and to combat the emergence of Agentic influences on the purchase process.

1

UNDERSTANDING THE "ROLE OF BRAND" CONCEPT

DEFINITION AND METHODOLOGY

"Role of Brand" **quantifies the** ***percentage of a customer's purchase decision*** **that is driven by brand affinity relative to other factors such as:**

→ Price and cost
→ Product features and performance
→ Availability and convenience
→ Service and support quality
→ Warranty and guarantees

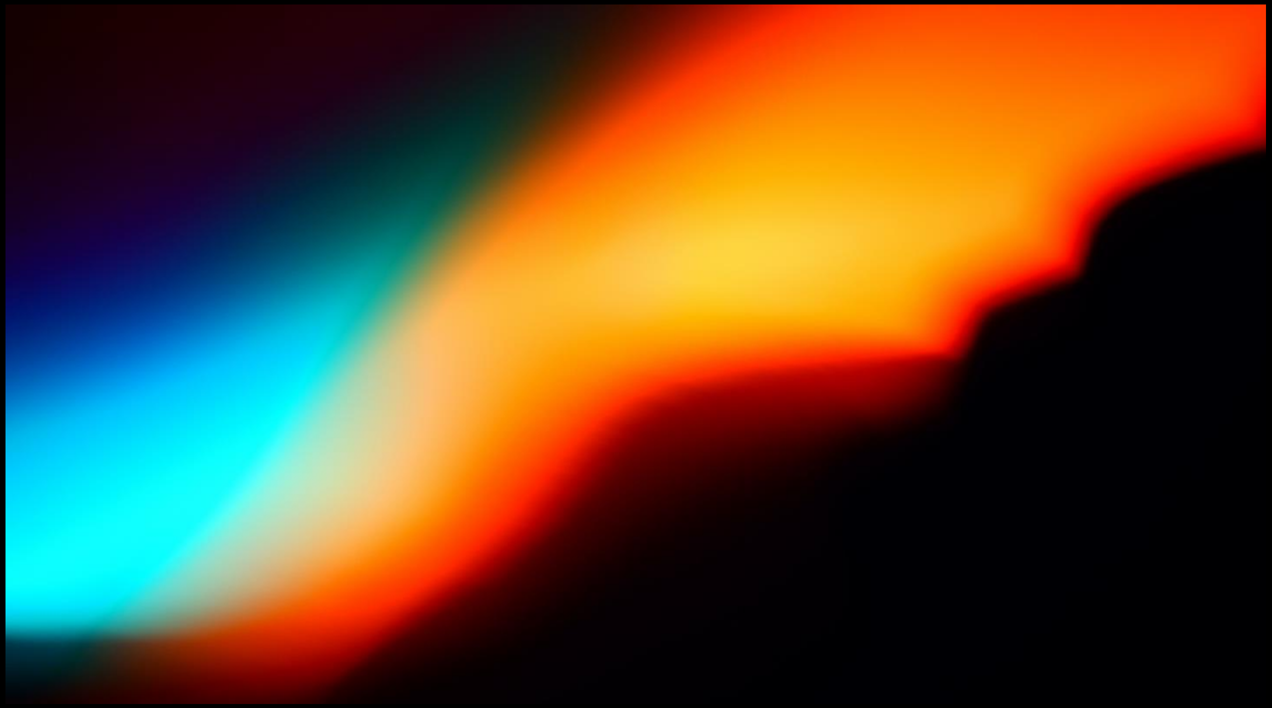
Unlike traditional brand perception studies that ask consumers to rate "how important brand is," *"Role of Brand"* uses discrete choice modeling to derive actual purchase behavior patterns. Respondents are presented with realistic market scenarios where they must choose between competing offers with varying brand, price, and feature combinations. By statistically isolating these variables, researchers determine brand's true influence on real purchase decisions.

WHY THIS MATTERS?

It measures *behaviours*, not *perception*.

This methodology reveals the authentic role brand plays in overcoming price barriers, driving customer preference against competing alternatives, and commanding premium positioning in the market.

EVOLUTION OF THE MEASUREMENT



Interbrand developed *"Role of Brand"* measurement because CMOs consistently asked:

"How do I show that brand matters when all the finance team sees is performance data?„

For more than *25 years*, Interbrand has measured the tangible brand value for the world's most ambitious organizations. The 2026 research conducted across *five global markets* (United States, Germany, India, China, Brazil) with *5,500+ assessments* reveals a decisive inflection point now confirmed by longitudinal data.

2

KEY FINDINGS: THE 2026 "ROLE OF BRAND" RESEARCH

Overview

1	2	3	4	5
Historic Reversal Confirmed – Second Year of Sustained Growth	The Bifurcation Between Winners & Losers Has Intensified	The AI/Agent Challenge Brands That Build Preference Win	Consumer Priorities Remain Economically Driven, But Authenticity Premiums Growing	Revenue Growth Correlation Validated

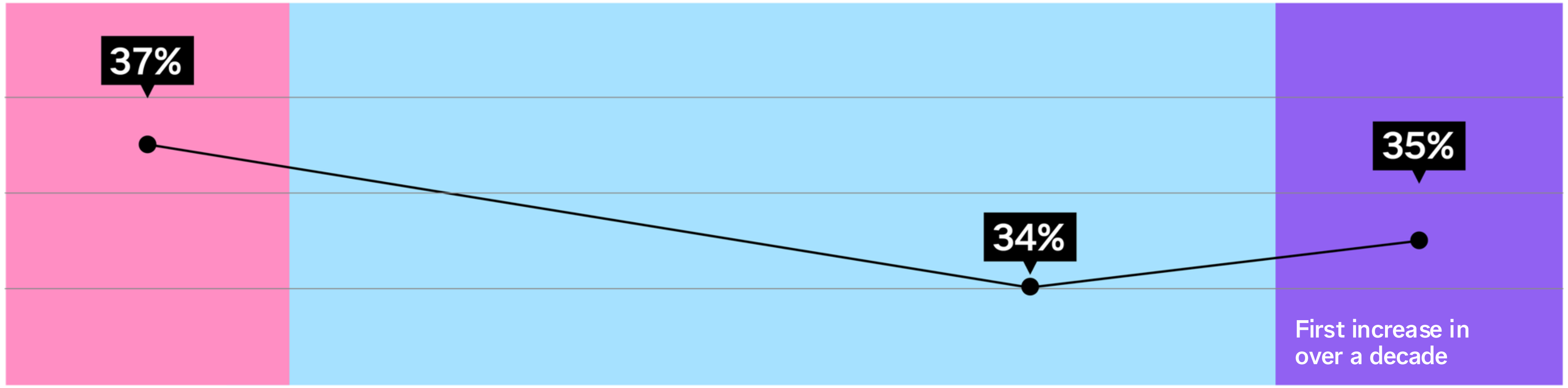
Historic Reversal Confirmed — Second Year of Sustained Growth

2019
37%
Avg. *"Role of Brand"*
(peak pre-decline)

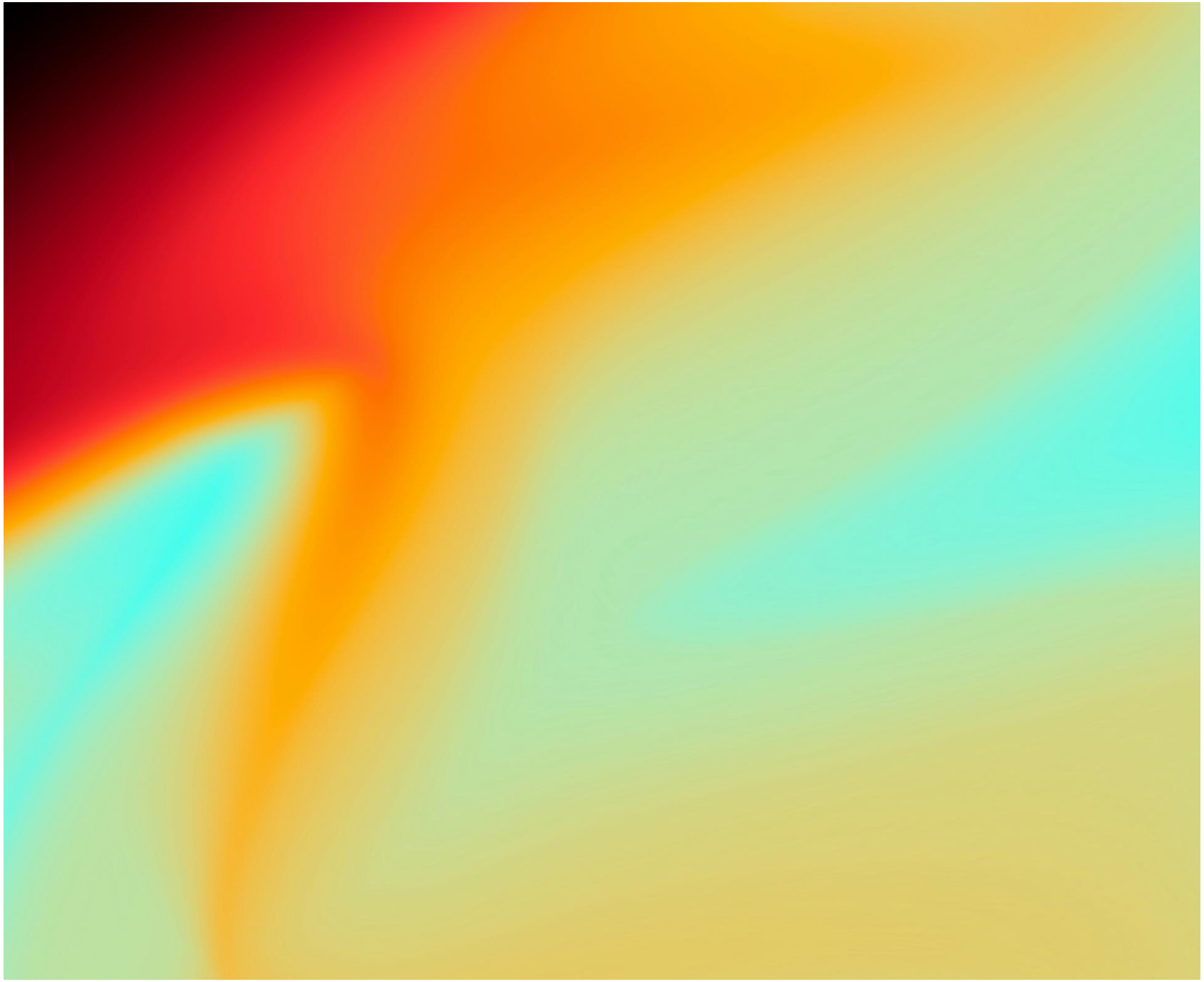
2020-2025
-1.5%
Steady decline averaging
-1.5% annually

2025
34%
Avg. *"Role of Brand"*

2026
35%
Avg. *"Role of Brand"*
(+3% vs. 2025)



IMPLICATION FOR LEADERSHIP

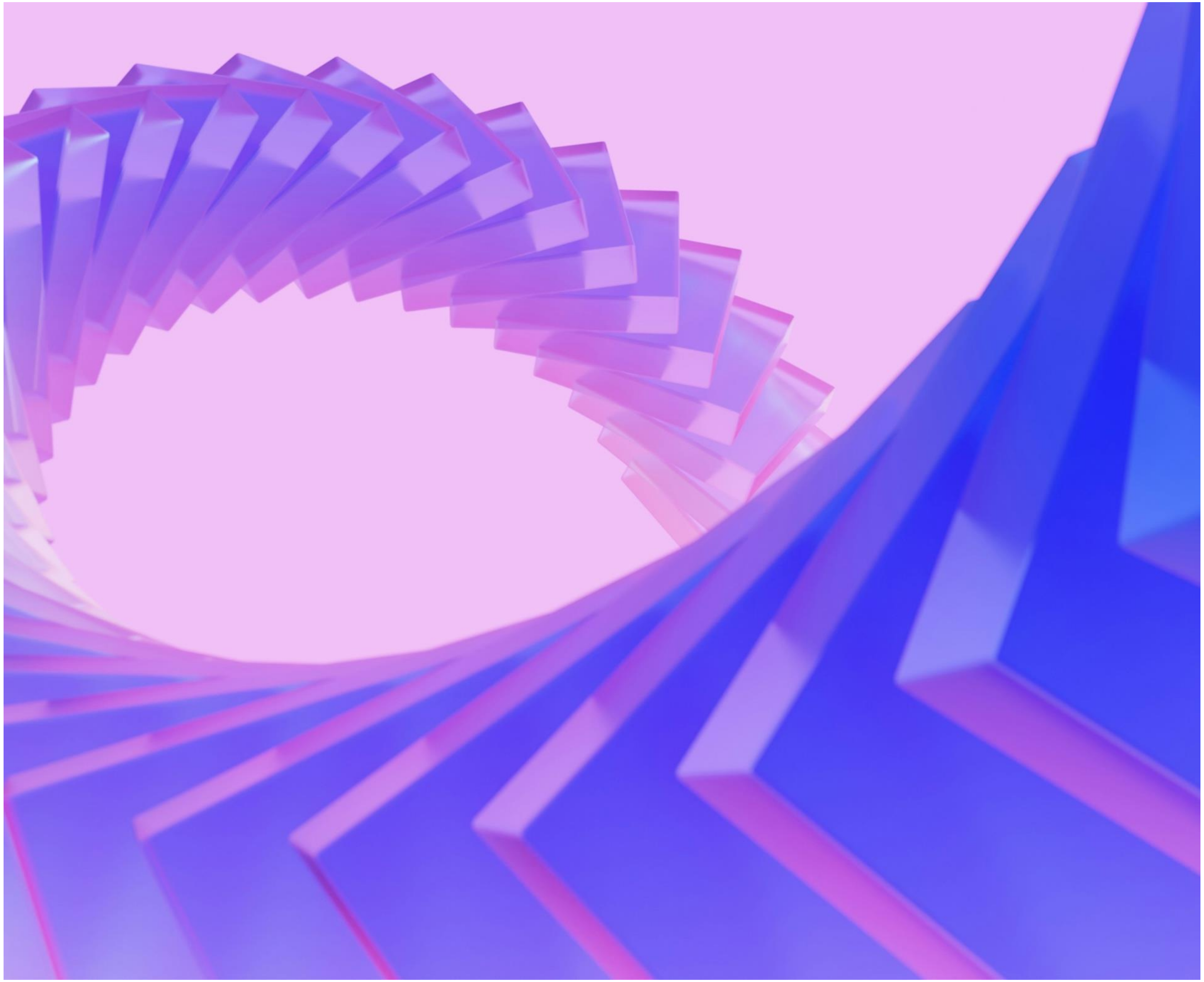


Organizations that recognized the 2025 inflection point and shifted investment from pure performance marketing back to brand building are now capturing disproportionate market share gains. Those that have extended this commitment into 2026 are accelerating competitive advantage.

Competitors still hesitating face a rapidly closing window to participate in this market shift without incurring significant catch-up costs.

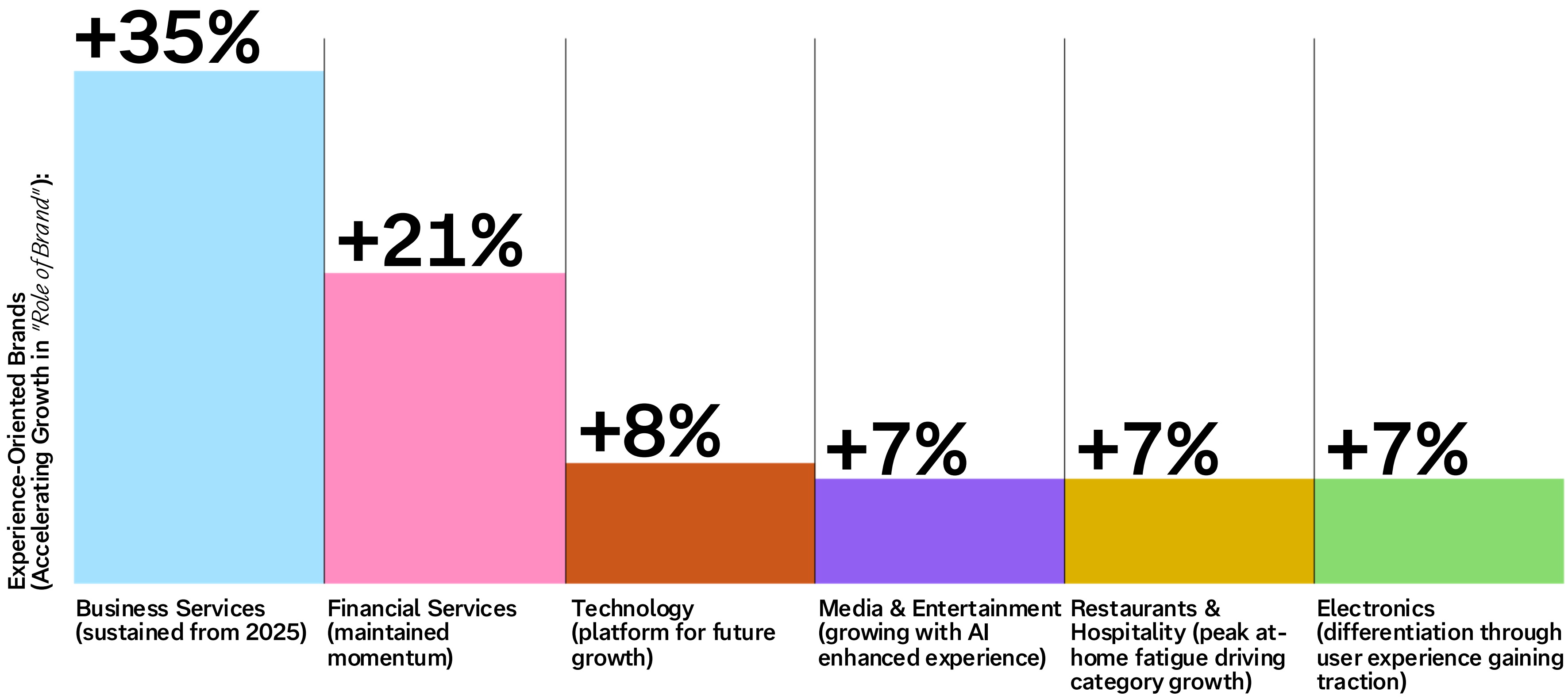
THE RECOVERY ARC

At the current +3% annual growth rate, *"Role of Brand"* will return to 2019 peak levels by 2028-2029. Early movers will have established market leadership by then; late movers will face entrenched competitive positions.



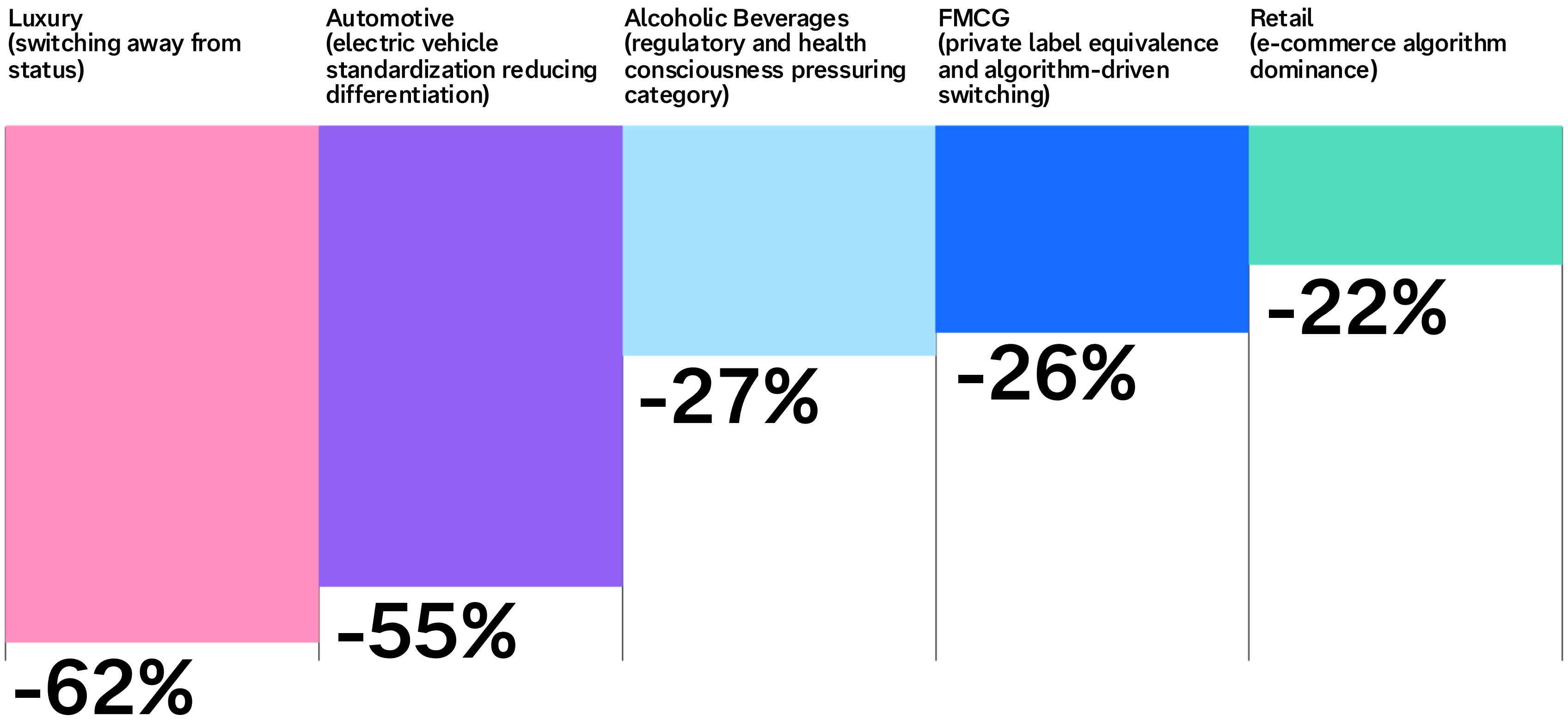
The Bifurcation Between Winners & Losers has intensified — *Winners*

The 2026 research reveals acceleration in category divergence patterns observed in 2025.



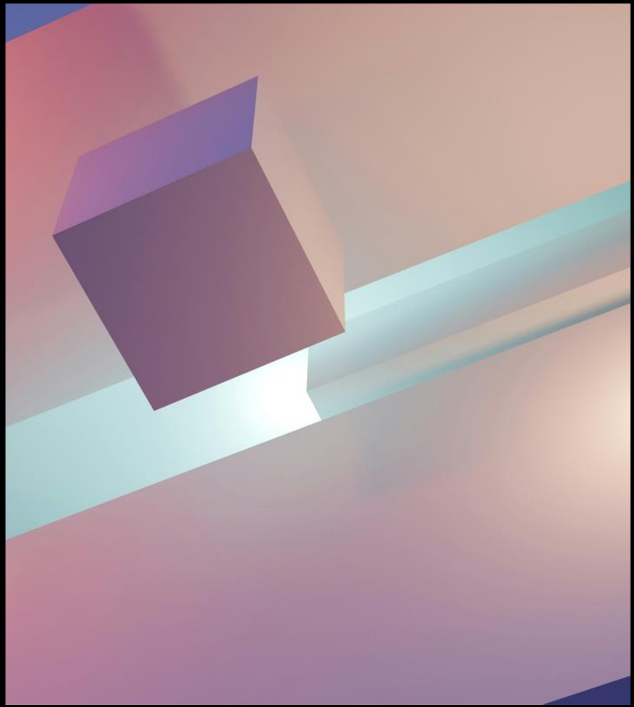
The Bifurcation Between Winners & Losers has intensified — *Losers*

The 2026 research reveals acceleration in category divergence patterns observed in 2025.



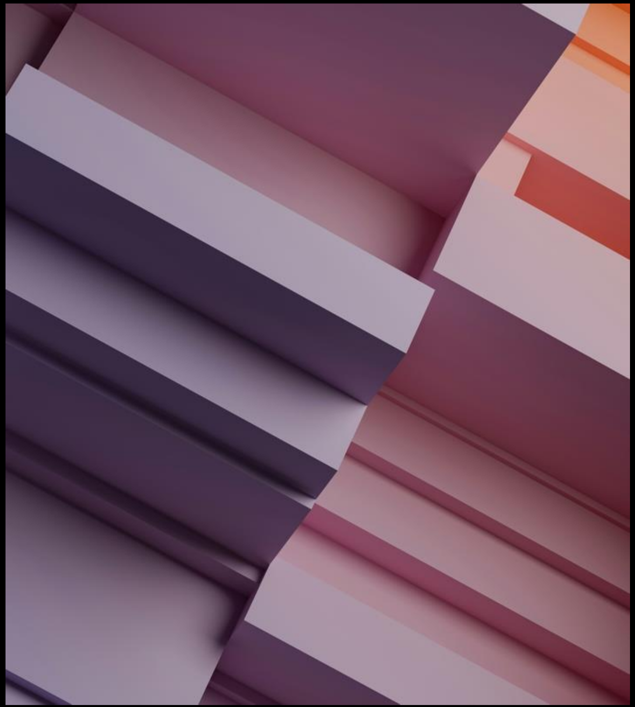
CRITICAL MARKET DYNAMIC

The data reveals two distinct market futures emerging within the same economy that are characterized by Brand Imperatives:



Innovative Leadership and Experiences

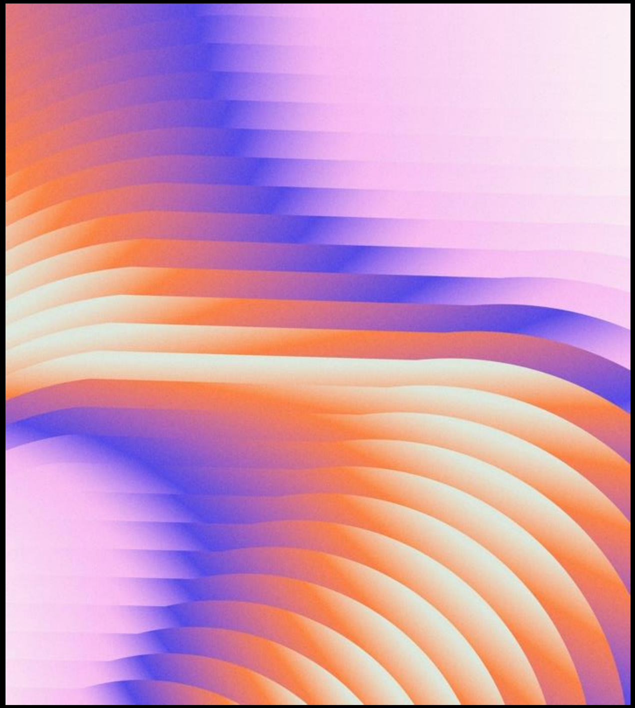
Moving toward *high* brand differentiation, premium positioning, and human-centric value delivery. *"Role of Brand"* growth creates opportunities for margin expansion and market consolidation.



Overlooked Ecosystems and Identities

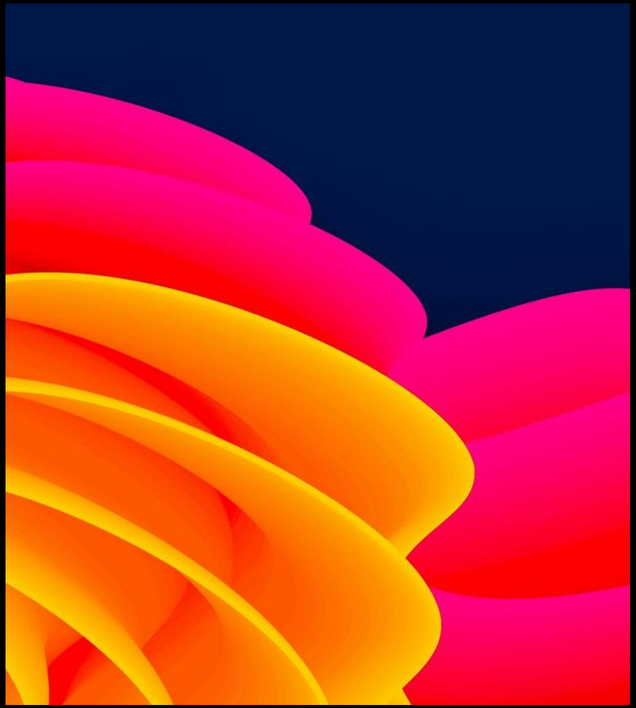
Moving toward *lower* brand differentiation, algorithmic mediation, and feature/price competition. *"Role of Brand"* decline creates margin pressure and requires operational excellence as competitive differentiator.

STRATEGIC IMPLICATION



Experience-oriented Categories

Organizations in *experience-oriented categories* **face** *unprecedented opportunities* **to build brand equity while competitors remain distracted by price competition.**



Commodity Categories

Organizations in *commodity categories* **must choose:** *compete* **on operational efficiency/cost, or** *engineer* **category redefinition through service/experience augmentation.**

The AI/Agent Challenge — Brands That Build Preference *Win*

The 2026 research explicitly addresses the bifurcation of purchasing decisions into *two distinct channels* with *measurably* different outcomes:

Brokered by Agents/AI

Decisions deferred to artificial intelligence prioritize optimization metrics (price, availability, specifications) over brand affinity. However, algorithms increasingly measure customer satisfaction and repeat purchase rates as core optimization targets.

Chosen by Humans

Direct consumer purchases continue to significantly value brand, particularly in experience categories. Human preference for authentic differentiation is strengthening despite increased algorithmic intermediation.

STRATEGIC INSIGHT

The relationship between human brand preference and algorithmic recommendation is becoming *symbiotic*, not antagonistic. High *"Role of Brand"* brands benefit from algorithmic amplification because:

Return Rates & Satisfaction

Customers choose high *"Role of Brand"* brands because those brands deliver on differentiated promises. Lower returns = algorithm prefers them (reduces operational cost, improves customer satisfaction metrics algorithms now track).

Repeat Purchase Behavior

Customers with brand preference become repeat purchasers. Algorithms learn this pattern and prioritize brands with demonstrably higher customer lifetime value.

Review Signals & Authenticity

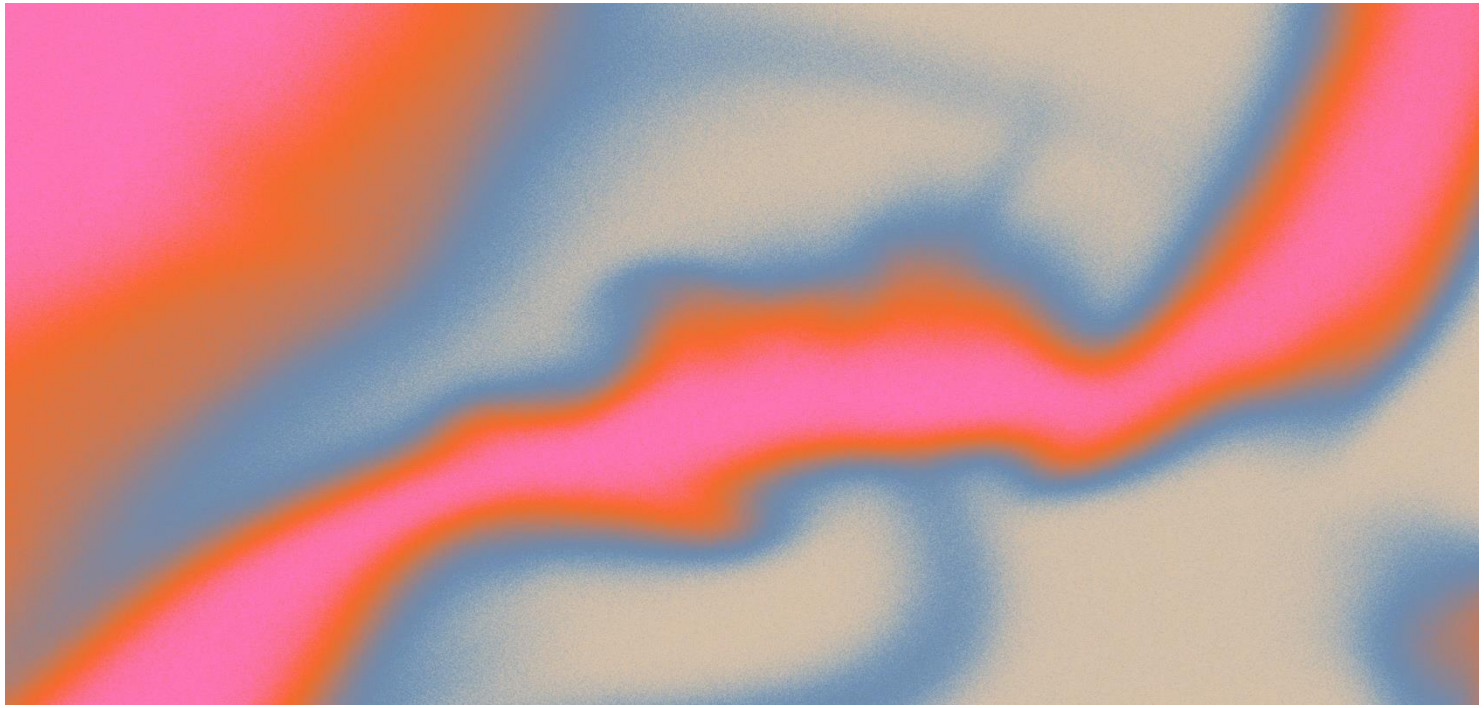
Brands that deliver on brand promise generate positive reviews and authentic engagement. Algorithms use these as primary ranking signals, creating virtuous cycle.

Resilience to Price Pressure

High *"Role of Brand"* means customers remain loyal even as competitors lower prices. Algorithms detect this brand stickiness and perceive it as competitive strength worth promoting.

Branded Search Intent

High *"Role of Brand"* brands have higher branded search volume. Algorithms prioritize branded keywords and direct search patterns, creating algorithmic moat.



Brands are not losing influence to algorithms; rather, brands that build *authentic human preference* are gaining algorithmic advantage because *customer satisfaction* is now the primary optimization target for most recommendation systems.

Consumer Priorities Remain Economically Driven, *But Authenticity Premiums Growing*

The primary drivers of the 2026 *"Role of Brand"* market dynamics:

57%

Rising Costs
(Persistent)

57% of consumers cite this as top concern, unchanged from 2025. Economic pressure remains structural.

42%

Economic/Political Uncertainty
(Intensified)

42% rate as major concern (up from 37% in 2025). Geopolitical fragmentation and inflation volatility driving increased consumer caution.

48%

Climate & Sustainability
(Accelerating)

48% cite this as major factor (up from 33% in 2025). Climate change moving from peripheral concern to primary purchase driver.

51%

Trust in Institutions
(New Finding)

51% cite declining trust in traditional institutions as driver of brand preference for authentic, values-driven companies.

MARKET PARADOX

Despite economic pressure, consumers are increasingly willing to pay *premium prices* for brands perceived as *authentic, sustainable,* and *values-aligned.*

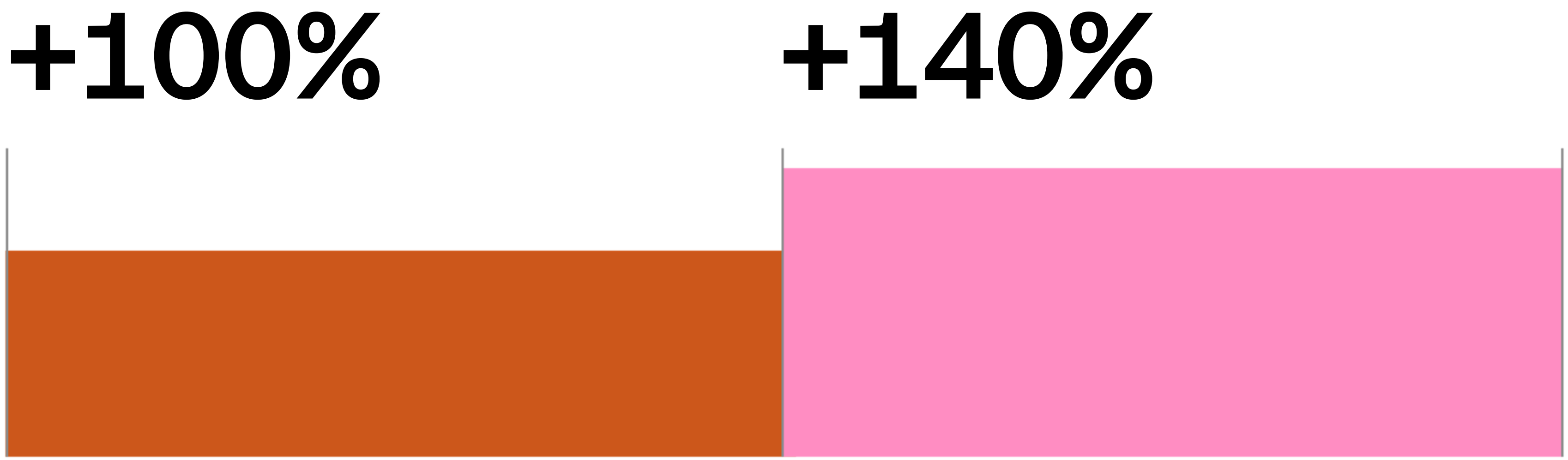
This creates opportunity for brands that can credibly invest in the *Leadership imperative*.

Brands that offer *authentic value* (experience, sustainability, community) are *capturing share* from *commoditized alternatives*, even in economically constrained environments.

The bifurcation in consumer behavior — simultaneously price-conscious and values-driven — explains the divergence in *"Role of Brand"* growth.

Revenue Growth Correlation Validated — *40% Growth Acceleration Confirmed*

The Interbrand Finding (Now Validated Through 2026):
"Brands that raise their 'Role of Brand' grow their revenue 40% faster than brands with lower 'Role of Brand'.„



Revenue Growth Correlation Validated — *40% Growth Acceleration Confirmed*

This is not correlation — this is causation rooted in fundamental economics:

Pricing Power

Higher *"Role of Brand"* = *ability to command price premiums* and maintain margins during competitive pressure

Market Share Velocity

Higher *"Role of Brand"* = *faster market share growth* in fragmented categories (measured in 2026 across experience categories)

Customer Loyalty & Retention

Higher *"Role of Brand"* = *stronger customer loyalty*, reduced fundability, and increased retention (average 25-35% higher lifetime value)

Economic Resilience

Higher *"Role of Brand"* = *resilience during economic downturns* (2026 data shows high *"Role of Brand"* brands maintaining share despite recession warnings)

New Customer Acquisition Efficiency

Higher *"Role of Brand"* = *lower customer acquisition cost* due to brand awareness and preference effects

COMPETITIVE CONTEXT

In markets where *"Role of Brand"* is growing (experience categories), the *40% growth multiplier* is now creating visible *market share redistribution.*

Winners are consolidating position; losers are facing margin compression. This is no longer theoretical — it is demonstrable in current market data.

3

CRITICAL IMPORTANCE TO THE C-SUITE

Overview

1

For CMOs: Rebuilding *Strategic Credibility* **in an AI-Driven World**

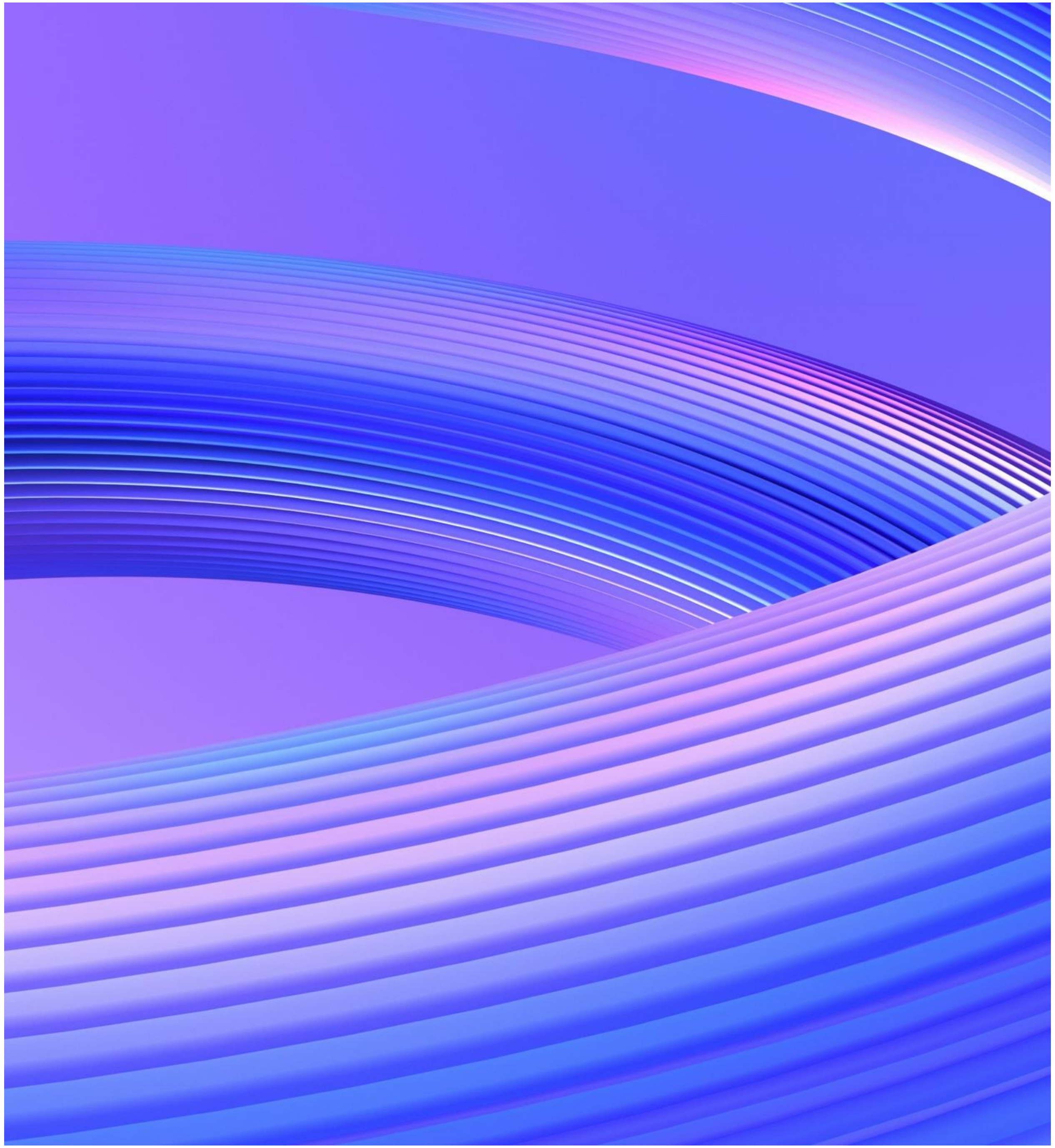
2

For CEOs: Strategic *Asset Protection* **and Shareholder** *Value Creation*

3

For Executive Staff: Organizational Alignment Around *Brand as Strategic Metric*

For CMOs: Rebuilding *Strategic Credibility* in an AI-Driven World



The 2026 Challenge:

CMOs face new urgency as marketing budgets are increasingly diverted to AI/automation initiatives perceived as more "productive" than brand building. Yet the 2026 *"Role of Brand"* data provides unprecedented arguments for the business case.

BOARD-LEVEL ARGUMENT

Our brand currently drives 28% of purchase decisions, below category average of 34%. Competitors with 40%+ *"Role of Brand"* are growing 40% faster and consolidating market share in real-time. Investing $50M in brand repositioning over 24 months is projected to increase *"Role of Brand"* to 38%, unlocking $200M+ in additional revenue and 15-point share gain.

"Role of Brand" **increase directly correlates to** ***40% revenue growth acceleration*****—this is not brand perception improvement, it's bottom-line revenue acceleration. We are** ***either growing our brand advantage*** **now or** ***losing share to competitors*** **that are.**

Framework for *CMO Success*

Quantify Brand's Revenue Impact

Map *"Role of Brand"* percentage directly to revenue attributable to brand preference vs. price/features. A 35% *"Role of Brand"* shows how the brand contributes to profitability and overcomes commoditizing algorithmic optimization or promotional mechanics.

Justify Investment Through Elasticity

Demonstrate that investing $1M in brand building (when *"Role of Brand"* is below competitive benchmark) generates 40% faster revenue growth—delivering 5-7x ROI vs. performance marketing.

Competitive Positioning

Use *"Role of Brand"* as primary competitive metric. If Competitor A has 45% *"Role of Brand"* and your brand has 28%, you're ceding market share gains in real-time. Closing that gap becomes a strategic imperative.

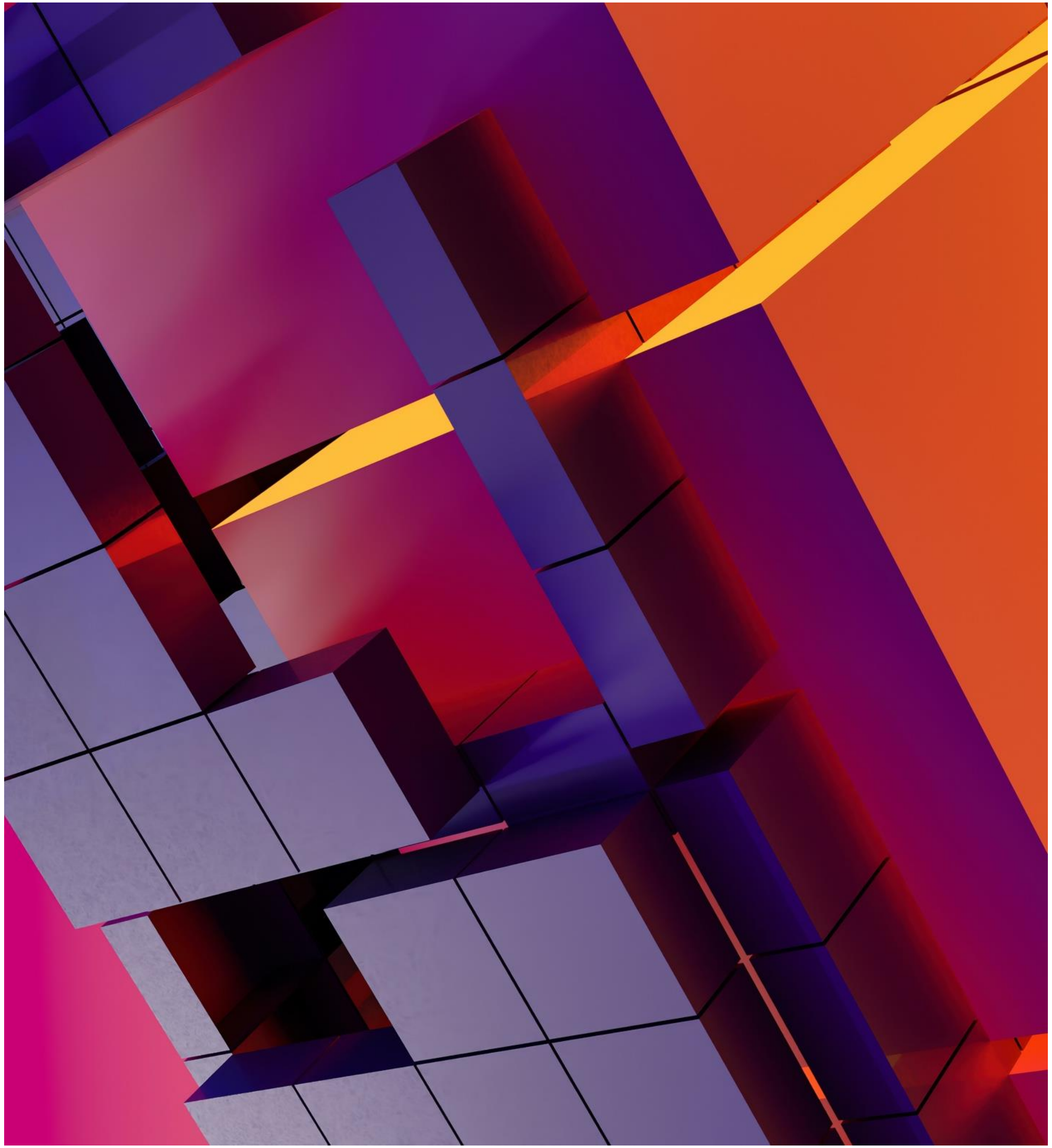
Predictive Model Building

Establish *"Role of Brand"* as KPI metric to track quarterly. Link changes in brand messaging, experience, and positioning to measurable movement in *"Role of Brand„* percentage. Demonstrate the causal relationship between marketing actions and business outcomes.

Agent/AI Strategy

Position brand building as essential infrastructure for algorithmic success. Brands with high *"Role of Brand"* are algorithmically preferred because they deliver superior customer satisfaction and retention—metrics algorithms now optimize for.

For CEOs: Strategic *Asset Protection* and Shareholder *Value Creation*



The 2026 Context:

Investors are increasingly focused on intangible asset management as driver of valuation multiples. Brand strength (measured as *"Role of Brand"*) has become a key metric for institutional investors evaluating competitive moat strength.

Why *"Role of Brand"* Matters to *Share Price*

Revenue Resilience & Predictability

Brands with high *"Role of Brand"* maintain market share during economic downturns. 2026 market uncertainty (recession forecasts, geopolitical risk) creates premium for revenue stability. Lower earnings volatility commands lower cost of capital and higher valuation multiples.

Premium Valuation Multiples

The Interbrand Best Global Brands Index dramatically outperforms the MSCI World Index and S&P 500 over 25+ years. High *"Role of Brand"* companies command P/E premiums averaging 20-30% higher than category peers.

Customer Lifetime Value & Terminal Value

Brands with high *"Role of Brand"* have lower churn rates, higher repeat purchase rates, and greater willingness to try new products. This directly impacts DCF valuation models—extending the revenue forecast horizon and increasing terminal value by 15-25%.

Pricing Power in Inflation

Companies with high *"Role of Brand"* can sustain price increases without share loss. In current inflationary environment, this becomes critical for margin protection and earnings accretion.

M&A Currency & Acquisition Premium

In-market data shows companies with 40%+ *"Role of Brand"* commanding 15-25% acquisition premiums. Brand strength is now explicit valuation component in M&A transactions.

De-Risking for Investors

High *"Role of Brand"* companies show 30-40% lower earnings volatility. Institutional investors increasingly weight this risk metric in portfolio construction.

BOARD-LEVEL FRAMING

Our *"Role of Brand"* stands at 28%, below peer average of 34%. Over 25 years, Interbrand's Best Global Brands Index delivered 12% annualized returns vs. 7% for MSCI World. The difference? Higher *"Role of Brand"* companies maintain pricing power through cycles, grow faster and de-risk earnings. In our current 2026 market environment where recession risk is elevated and investor focus on revenue stability is intensifying, our below-average *"Role of Brand"* represents a material valuation discount.

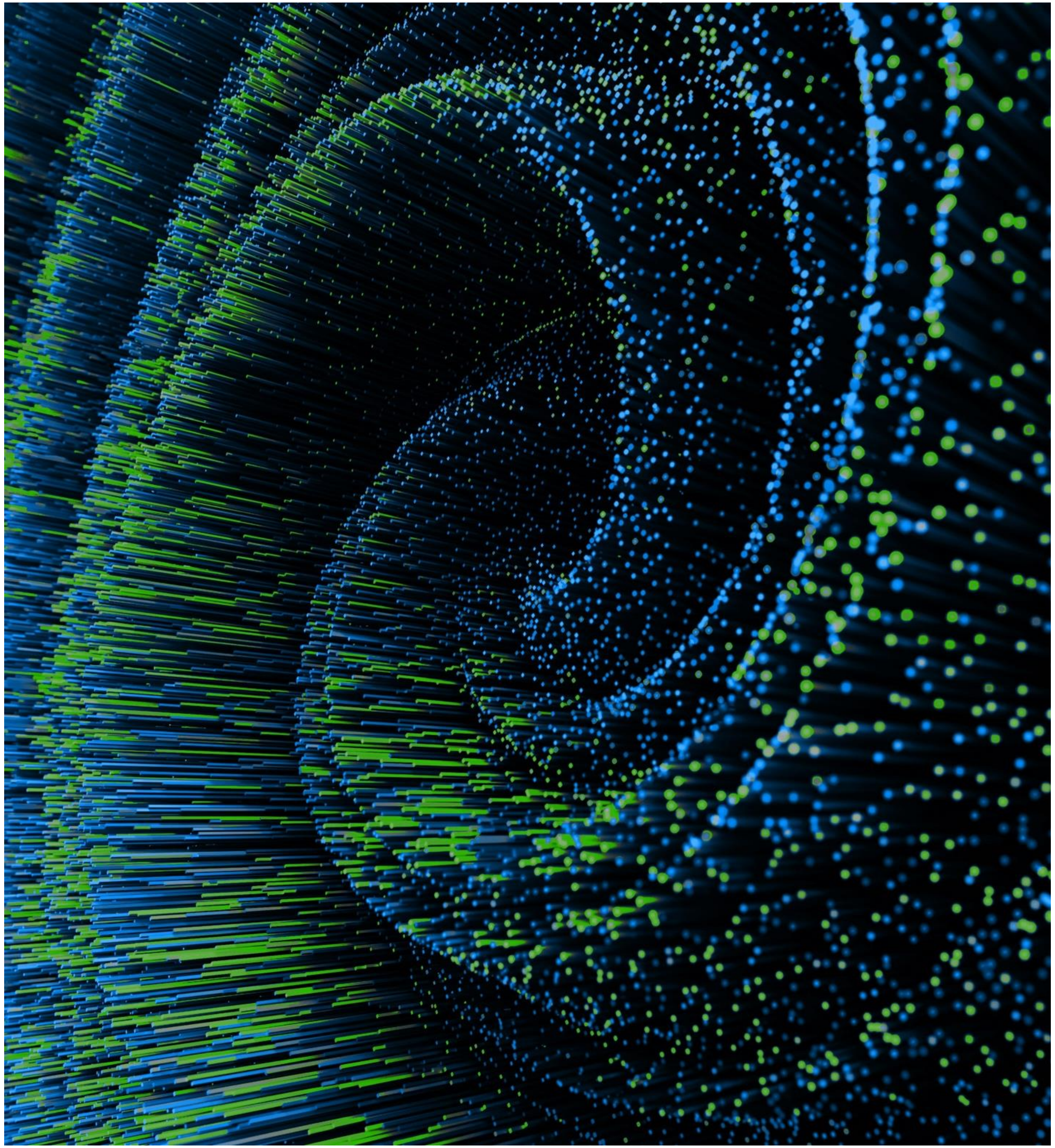
Protecting and growing our *"Role of Brand"* is directly tied to *share price appreciation* and investor perception of *management quality*.

We recommend $50M annual brand investment to close the competitive gap, with expected 18–24 month payoff through valuation multiple re-rating and revenue acceleration.

For Executive Staff: Organizational Alignment Around *Brand as Strategic Metric*

The 2026 Imperative:

Brand can no longer be siloed in marketing. In an AI-mediated market where product, service, digital experience, and customer touchpoints all influence algorithmic recommendations, brand must be an organization-wide accountability.



"Role of Brand" as *Organizational Alignment* Mechanism

Single Shared Metric

"Role of Brand" becomes the primary metric all departments optimize toward. Product teams ask: "Does this feature increase *'Role of Brand'*?" Operations teams ask: "Does this efficiency drive better customer experience and *'Role of Brand'*?" Digital teams ask: "Does this interface increase brand preference signals?"

Accountability Across Functions

Digital Twin attribution models reveal true contribution of each touchpoint—product, sales, customer service, operations, experience, etc. This distributes accountability across the organization rather than concentrating it in marketing.

Resource Allocation Framework

When you know which touchpoints truly drive *"Role of Brand"* improvement, capital investment decisions become data-driven. Redirect budget from low-impact touchpoints (often legacy paid media) to high-impact ones (often product experience, service delivery, digital interactions).

Risk Mitigation & Crisis Response

When a service failure or product recall occurs, teams understand the *"Role of Brand"* impact immediately. This enables coordinated crisis response and prioritization of recovery efforts. When a new competitor enters, *Role of Brand* measurement immediately shows whether you're losing brand preference or just losing price-sensitive buyers—dictating response strategy.

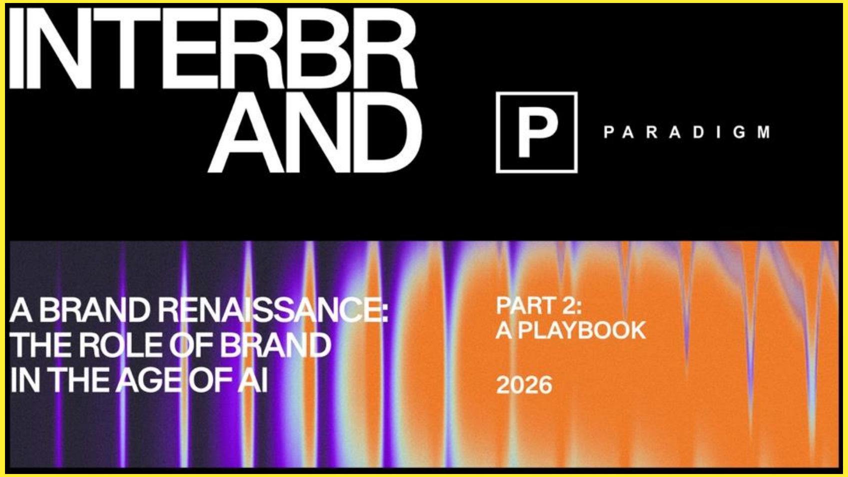
Innovation Prioritization

New product features, service offerings, and business model innovations can be evaluated on their *"Role of Brand"* impact potential before launch. This focuses the organization on differentiation rather than commodity features.

Competitive strategy

An overarching theme is that the pursuit of a higher *"Role of Brand"* requires that brand is set at the heart of the competitive strategy.

COMING SOON
PART 2



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