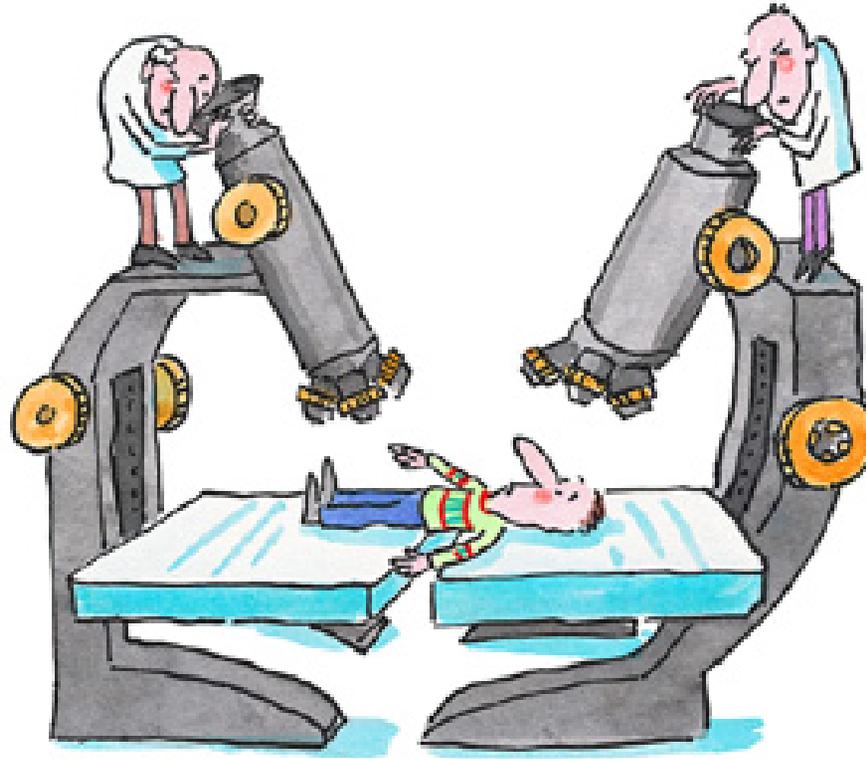


The 411 on Brand Building

November 4, 2004

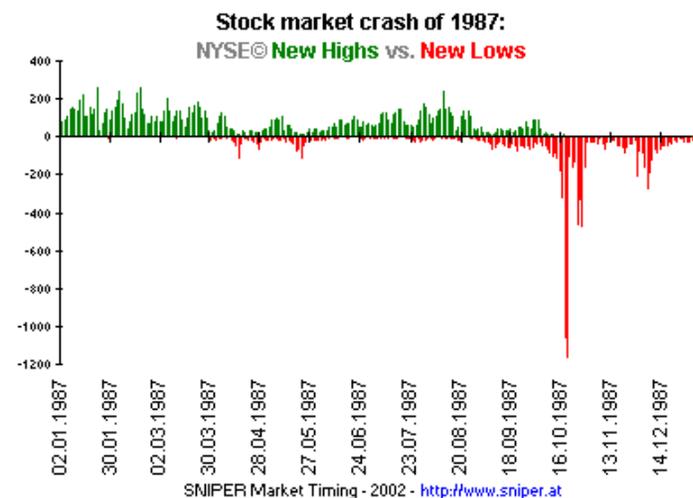


The Art and Science of Building Brands



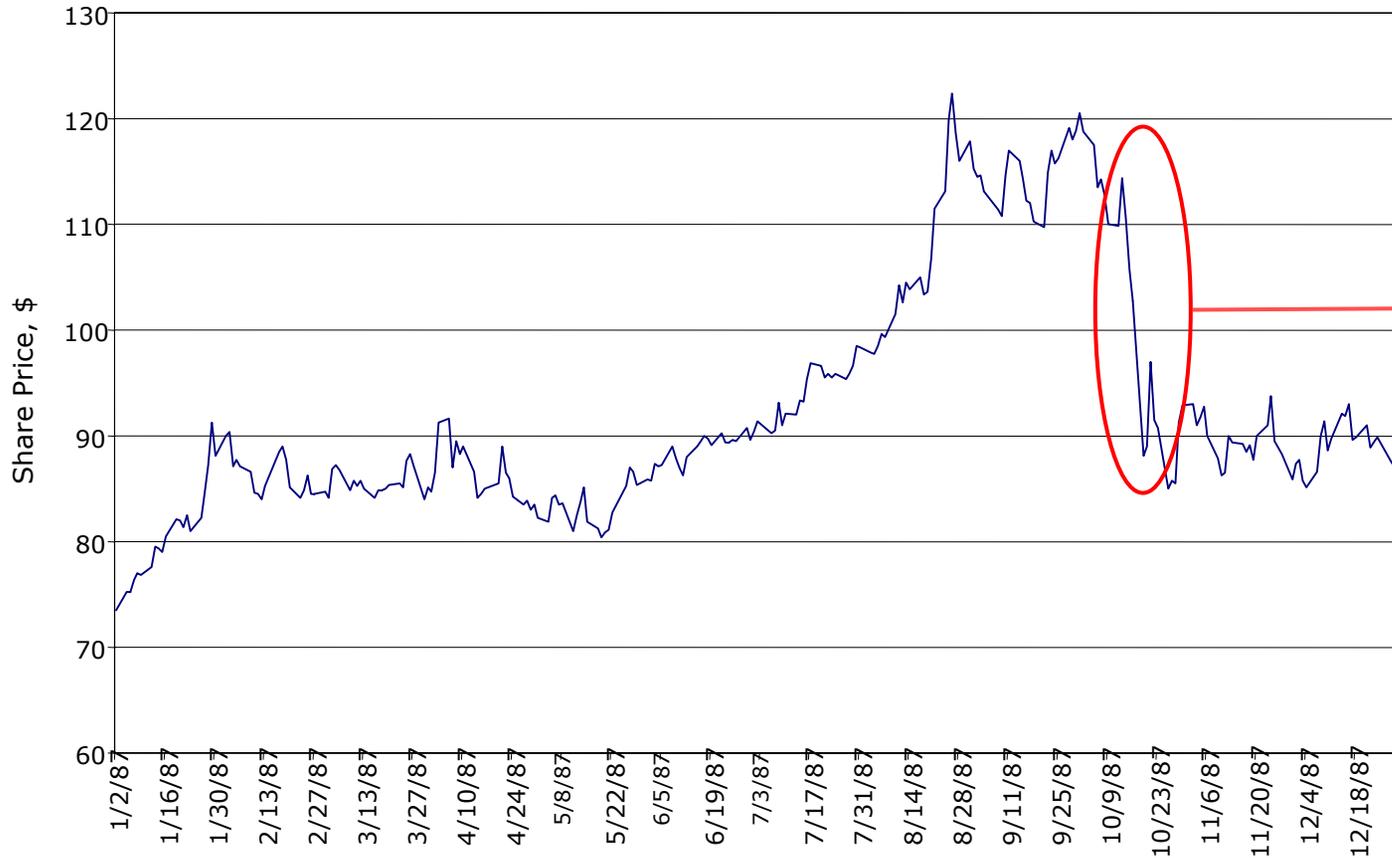
Y&R's Unique Understanding of Brands Was Born Out of an Important Historical Event

- "Black Monday" – Oct. 19, 1987
 - Massive stock market crash shook world markets
 - Fear of another widespread depression spreads
- In the US, everything tanks
 - S&P 500 loses 20.5% of its value
 - Dow Jones loses 22.6%
 - Nasdaq Composite loses a "meager" 11.3%



But What Does That Have to Do With Brands?

Daily Closing Price - Phillip Morris (Altria)



From Oct. 13 through Oct. 19 (Black Monday), Phillip Morris share price dropped 22%



At That Time, Marlboro Was the World's Biggest Brand

Question: If the parent company of the world's biggest brand can lose 22% of its value, does owning a strong brand have any value?



**Some of the minds at Y&R got
together to think about
answering the question:**

**How do you measure the
value of a brand?**



How Do You Get a Date?



Y&R Has a Proprietary Toolkit That Quantifies Brand Value

BRANDASSET® VALUATOR

The only modeling system and diagnostic tool that can accurately quantify brand value

With it, we can help determine the business, marketing and communications strategies that will most effectively increase the value of your Brand



BrandAsset® Valuator:

WORLD'S LARGEST BRAND DATABASE

Over 350,000 consumers

19,500 brands

173 studies

44 countries

10 years

56 different brand metrics

Common methodology

Continuously validated

USA: On-going quarterly tracking

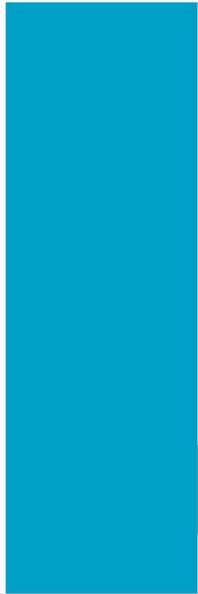


Building Brands, One Pillar at a Time

DIFFERENTIATION

The brand's point of difference.

Relates to margins.



RELEVANCE

How appropriate the brand is to you.

Relates to market penetration.



ESTEEM

How well regarded the brand is.



KNOWLEDGE

An intimate understanding of the brand.

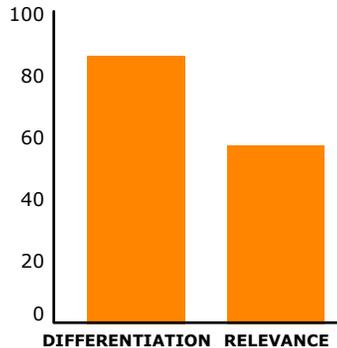
Relates to consumer experience.



Consumer Loves Me, Consumer Loves Me Not

I'd like to see you again

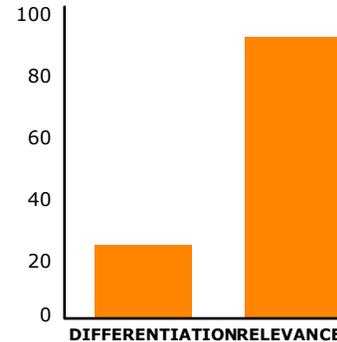
D > R



Ex.
Hummer
Apple

You're not so special and will do until
someone else comes along.

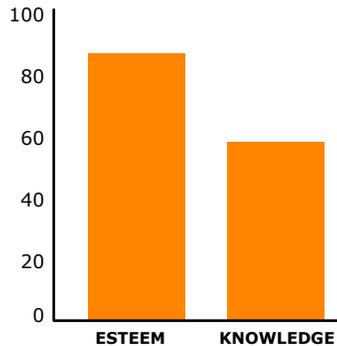
R > D



Ex.
Chevrolet
McDonalds

I'd like to get to know you better.

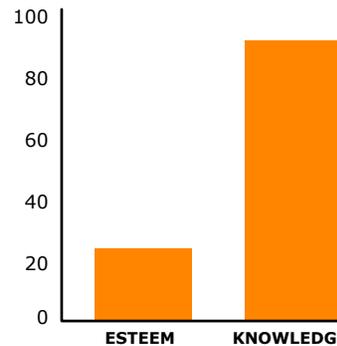
E > K



Ex.
Aston Martin
Calphalon

I know you and don't think this can work

K > E



Ex.
Hyundai
Marlboro

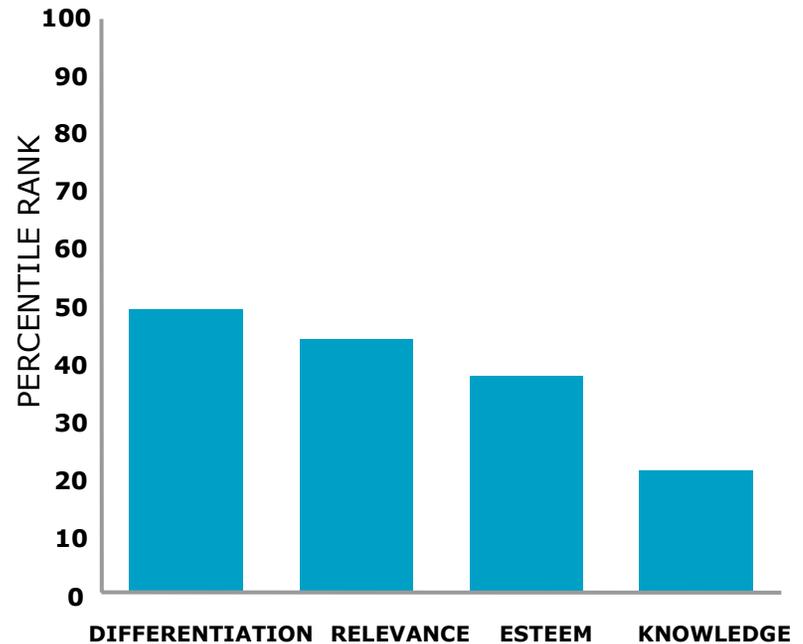
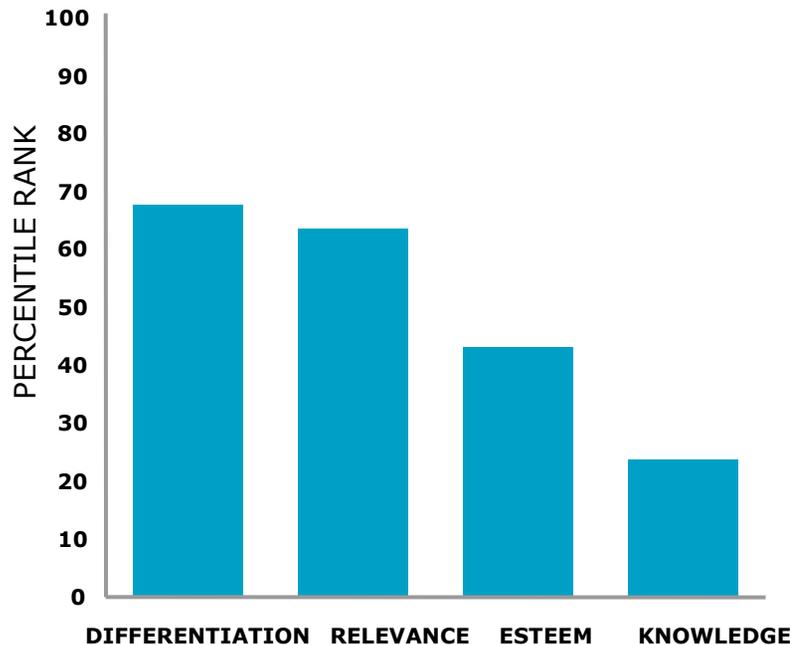
Base: BAV USA FY 2004 H1 All Adults



I've Noticed You And Might See You Again

WebMD

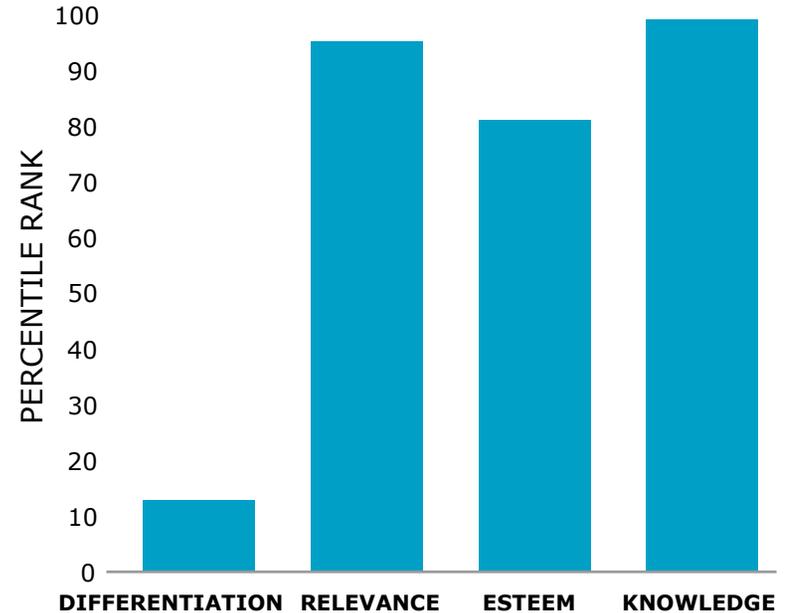
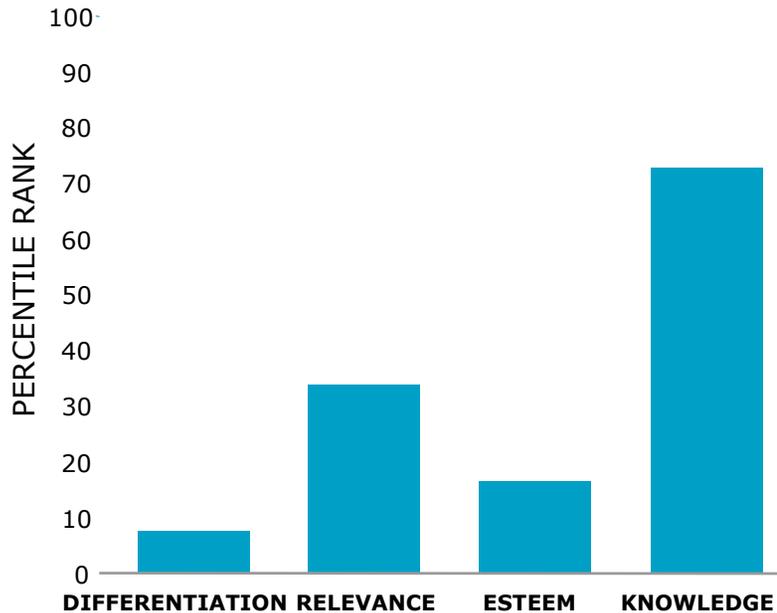
jetBlue



Source: BAV USA 2004 H1 All Adults



Somebody I Used To Date

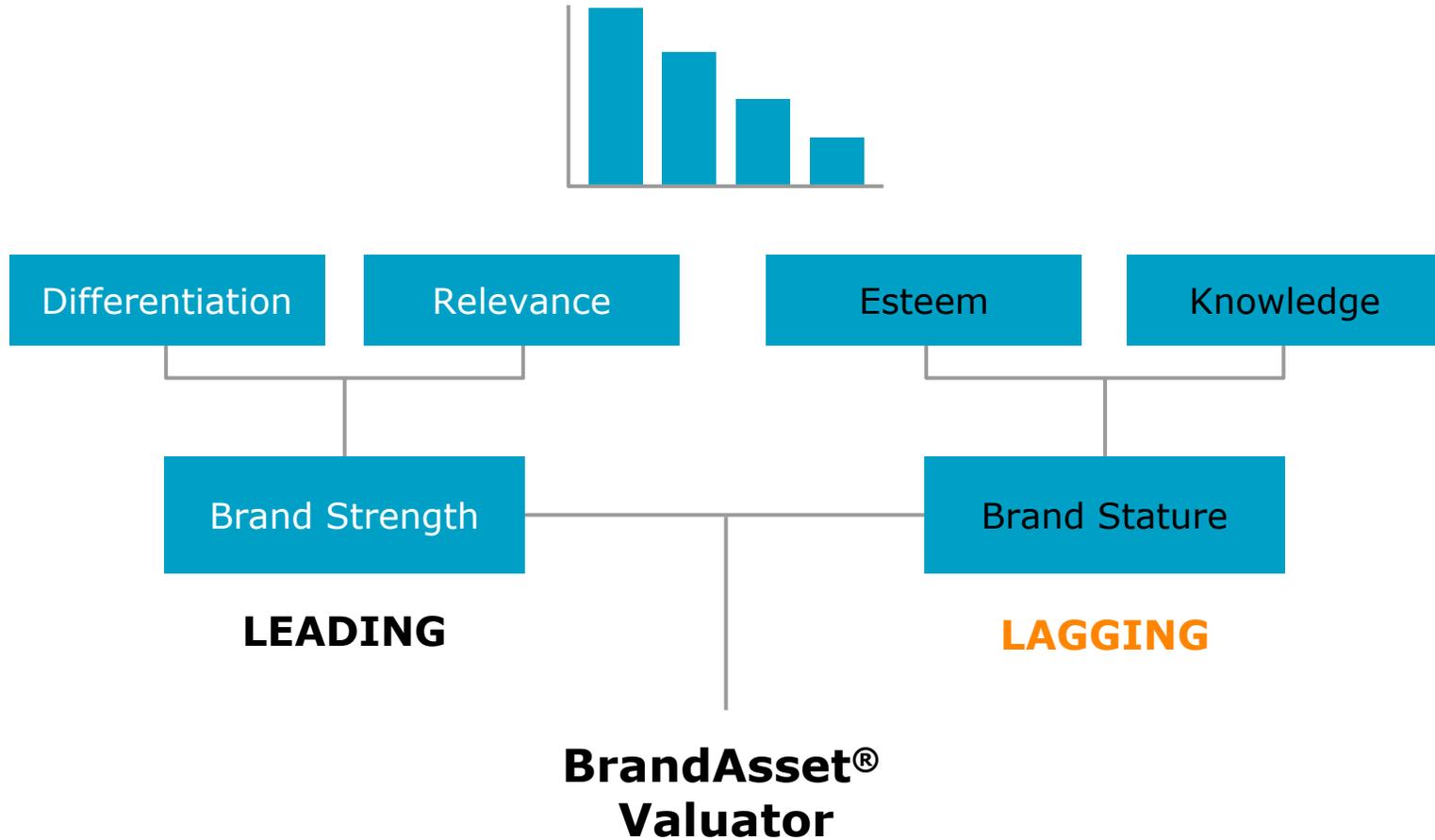


Companies that have filed for Chapter 11 bankruptcy protection Sunbeam (2001); KMart and MCI (2002)

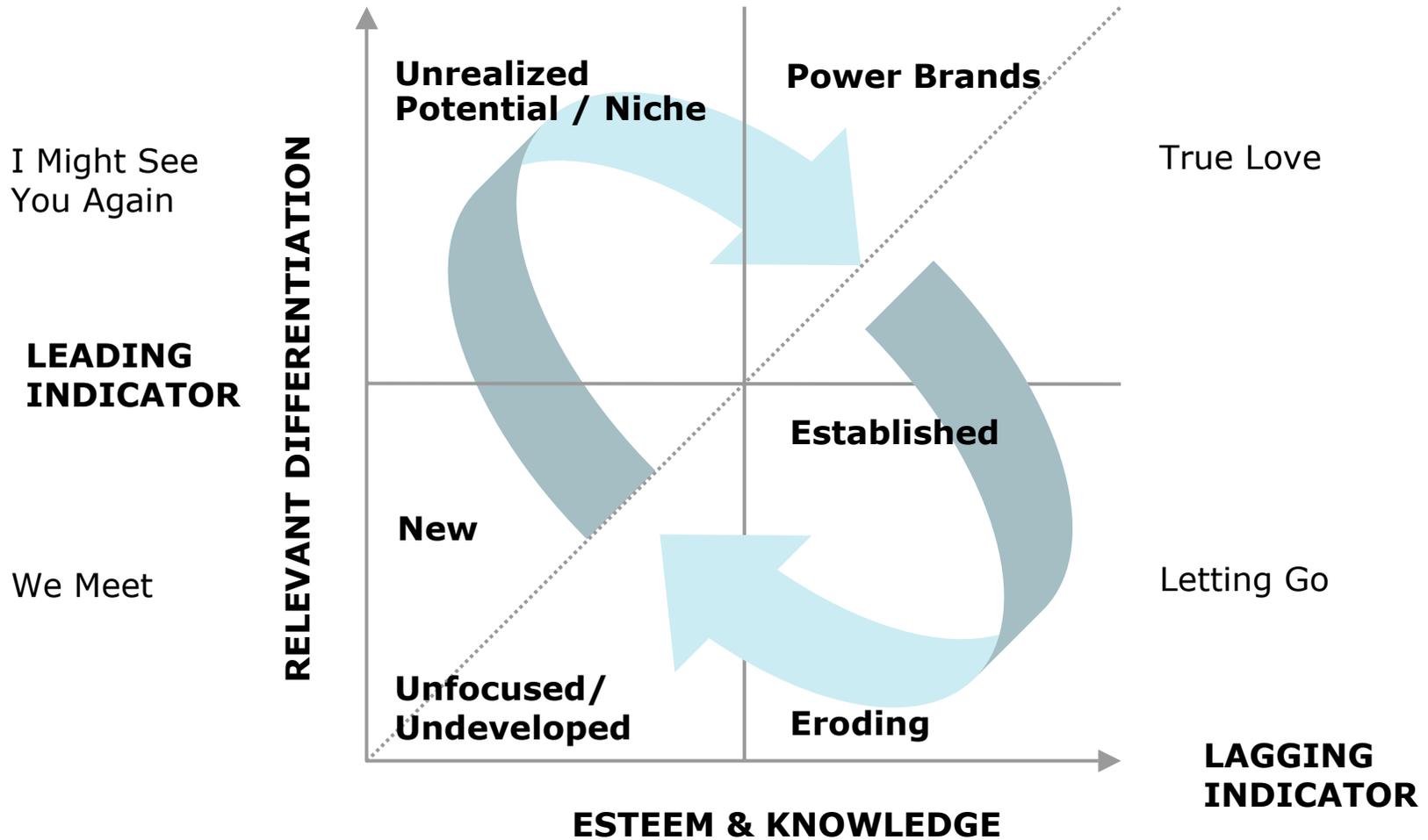
Source: BAV USA Adults 2002



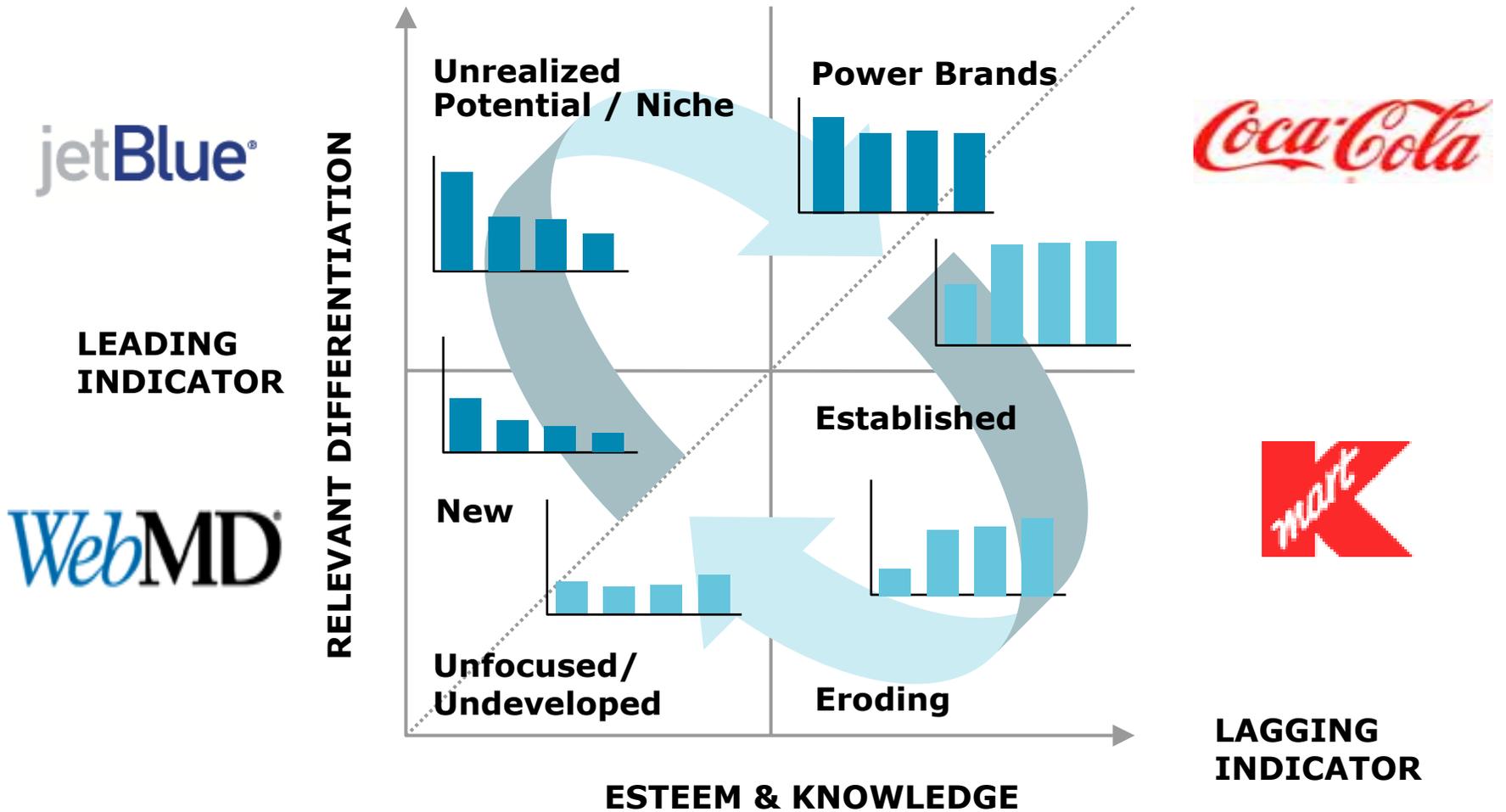
The Relationships Among The 4 Pillars Are Key



The Circle Of Love



The Black Book



Source: BAV USA Adults 2003.



**So Brand Building is
Easy, Right?**



45% of HHs Have Broadband

(That's over half of all internet households)



40% of TV viewing will be “On Demand” by 2006



**50 million homes have a TV and
a PC in the same room**



Disproportionate growth of TIVO-like devices



**Consumer-controlled media is a
bigger business than
advertiser-controlled media**



45% of HHs Have Broadband

40% of TV viewing will be “On Demand” by 2006

50 million homes have a TV and a PC in the same room

Disproportionate growth of TIVO-like devices

Consumer-controlled media is a bigger business than advertiser-controlled media



= choice



Number of messages the average US consumer is exposed to per day...



2,904

Of those, how many they pay attention to...



52

Of those 52, they actually, read/watch/listen to...



24

Of those 24, they dislike...



14

Of they 10 that are left, they positively remember...



4



That's 98% attrition

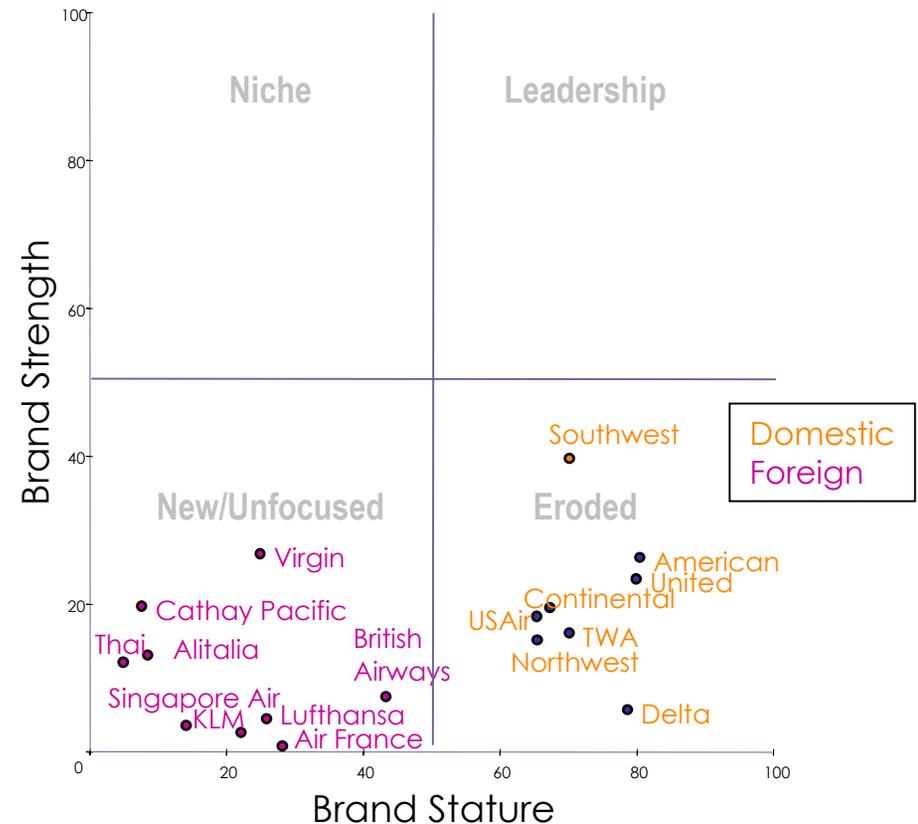


JetBlue's Case For Building a Brand Against the Grain



JetBlue: Positioning Within a Commodity Marketplace

- BAV learnings tell us that the airline category is intensely crowded – very few brands have momentum to grow brand appeal
- Customer dissatisfaction, price wars, and PR disasters have hampered brand growth
- Amidst this background, JetBlue made its maiden voyage in Feb. 2000



Source: BAV USA Adults Second Half 2001



JetBlue's Positioning

Consumer Insight: Domestic vacationers are fed up with their memorable vacations being undermined by horrendously painful journeys. It's the small things that make a big difference in travel.

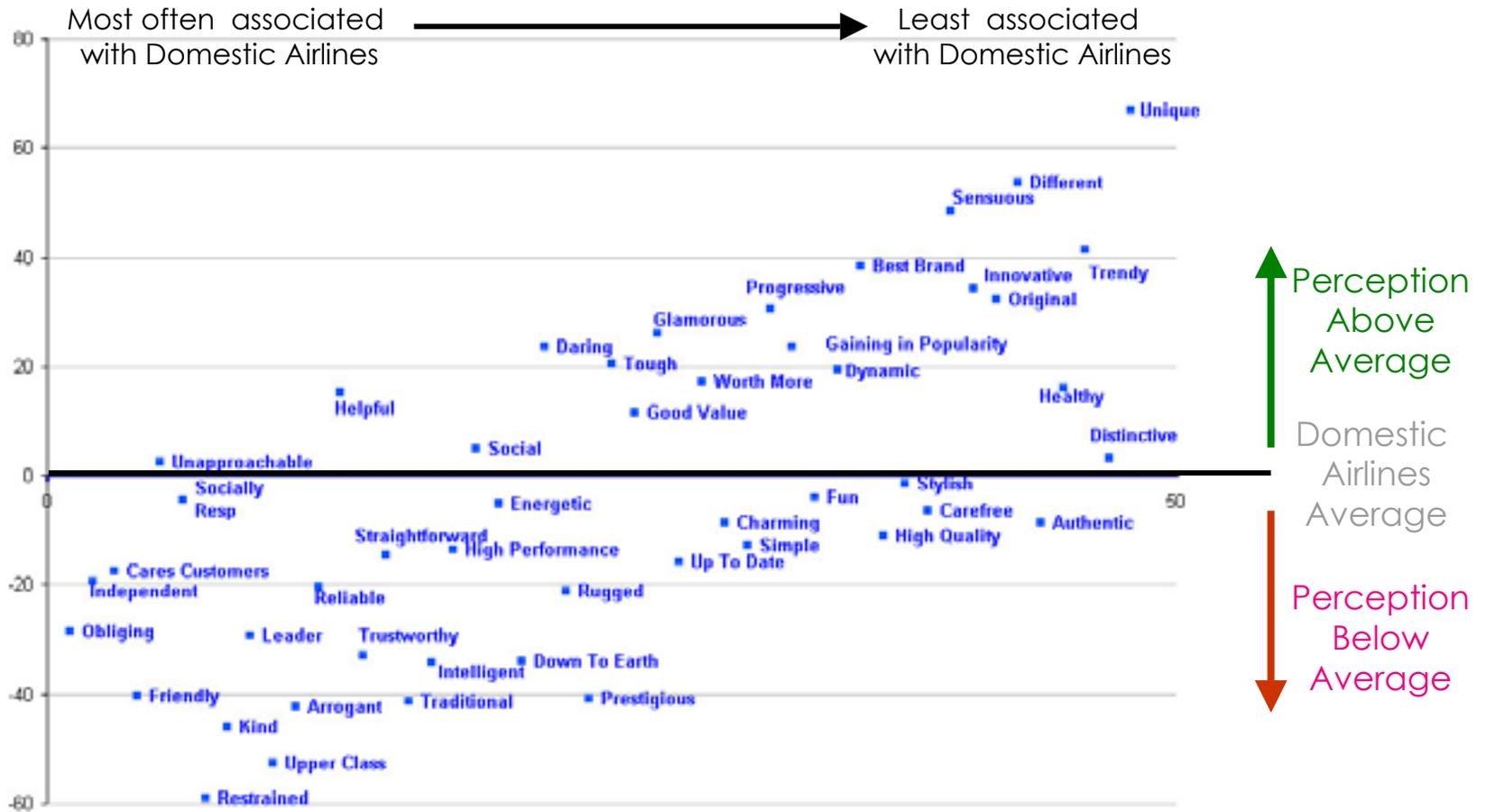
For **flexible, spontaneous escapists seeking value without hassle**, JetBlue is the **anti-airline** because only JetBlue **offers a truly unconventional travel experience.**



And Jet Blue's Positioning Comes Through In Its Creative



JetBlue Is What Other Airlines Aren't



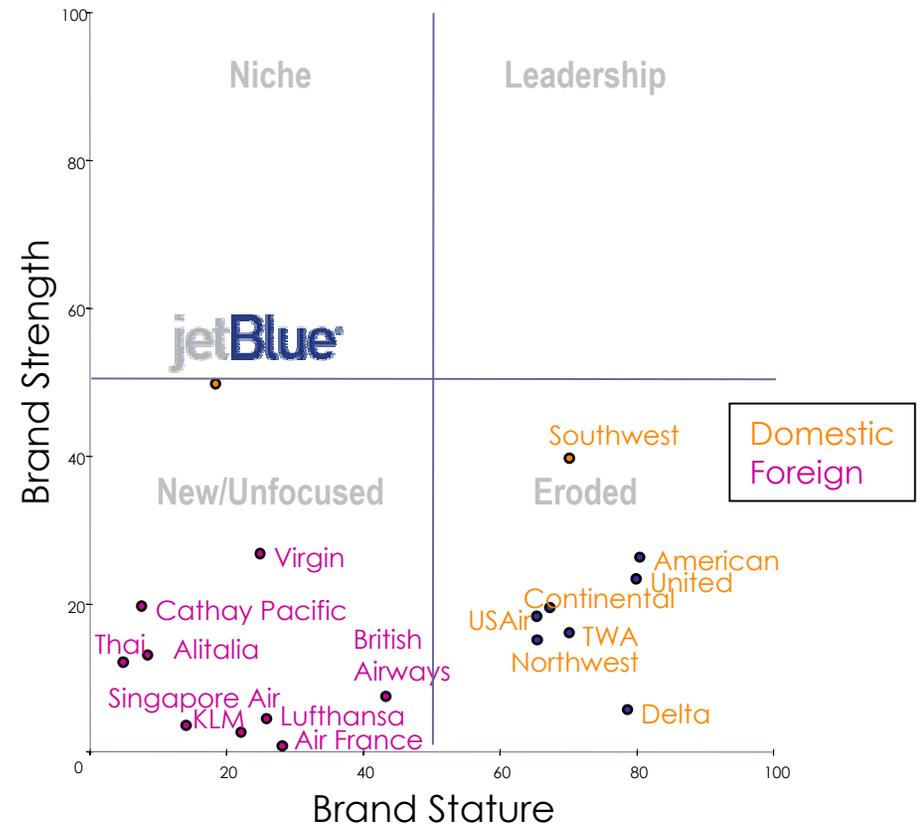
Source: BAV USA Adults Second Half 2001



JetBlue's Success – A Relevantly Differentiated Airline

- JetBlue posted strong results for the second quarter of 2002:
 - Operating revenues for the quarter totaled \$149.3 million, representing growth of 90.4% vs. 2001
 - Operating income was \$27.7 million, resulting in an 18.6% operating margin, an improvement of 4.5 percentage points vs. 2001

- According to BAV, JetBlue is the only 'momentum' airline, indicating the success of its positioning



Source: BAV USA Adults Second Half 2001



Wrapping It All Up



Thank You

